

Springfield

Water and Sewer Commission

Springfield, Massachusetts



Annual Comprehensive Financial Report

For the Fiscal Year Ended June 30, 2025

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SPRINGFIELD WATER AND SEWER COMMISSION

Springfield, Massachusetts

Annual Comprehensive Financial Report
For the Year Ended June 30, 2025



COMMISSIONERS

Daniel Rodriguez, Chairman
Vanessa Otero
Matthew Donnellan

Joshua D. Schimmel
Executive Director

Patrick Burns
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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October 28, 2025

Springfield Water and
Sewer Commission
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To the Customers and Board of Commissioners of the
Springfield Water and Sewer Commission

It is our pleasure to submit the Springfield Water and Sewer Commission's (the "Commission") Annual Comprehensive Financial Report for the year ended June 30, 2025. Responsibility for the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the Commission's management. To the best of our knowledge and belief, this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of the Commission's operations. Disclosures necessary to enable the reader to gain an understanding of the Commission's financial activities have been included.

The Commission was created by an Act of the Massachusetts Legislature that requires an annual audit by independent certified public accountants. The Commission's Board selected the independent audit firm of CBIZ CPAs P.C. to perform an audit of the Commission's books for fiscal year ended June 30, 2025.

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

The Commission is required to assess whether an annual Single Audit in conformity with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") needs to be performed. In accordance with Uniform Guidance, a single audit was required for fiscal year 2025 because the Commission's federal expenditures were above \$750,000.

ABOUT THE COMMISSION

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

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

Effective fiscal year 2026, the Commission introduced a new Infrastructure Renewal Charge (IRC) to all retail customers. This new charge is a fixed charge separate and distinct from customer's consumption and is prorated based on your meter size. The revenue generated from this charge will support ongoing investment in renewal and repair of water and wastewater assets. The IRC ensures continued reliability of the systems by providing funding for necessary upgrades. The IRC helps to proactively address system needs, reduce the risk of service disruptions, support long term sustainability, and contributes to rate stability.

WATER SYSTEM

History of Springfield's Water Supply

The water system in Springfield developed in phases in the mid-nineteenth and early twentieth centuries. Prior to that time, most of Springfield's water source came from private wells, local streams, or springs. Formation of the Springfield Aqueduct Company in 1848 facilitated the use of Van Horn Reservoir, which became the City's primary water source. As population in the City increased during the Civil War due to industrialization, the City began investigating new water supplies. Ludlow Reservoir was completed in 1875 and its 1.75-billion-gallon supply became the City's main water source for the next 35 years.

In the early twentieth century, the continuing expansion of the City drove the development of a new water supply 20 miles to the west of the City in the Little River Watershed. In 1910 Borden Brook Reservoir in Granville became the main water supply for the City, with treatment taking place at the newly constructed West Parish Filters Water Treatment Plant in Westfield. The main water supply changed yet again in 1931, when the Cobble Mountain Dam and Reservoir in Blandford/Granville was constructed. Borden Brook Reservoir feeds into Cobble Mountain Reservoir and both reservoirs remain the main water supplies for the system today, while Ludlow Reservoir serves as an emergency water supply.

The system was operated by the Springfield Water Department until 1996, when the Springfield Water and Sewer Commission was established under Chapter 40N of the Massachusetts General Laws. Today the Commission and its approximately 240 employees administer, operate, and maintain the drinking water system that serves approximately 250,000 people in the lower Pioneer Valley.

Treatment

Water from Cobble Mountain Reservoir flows by gravity to the West Parish Filters Water Treatment Plant in Westfield. There, water is filtered to remove particles, organics, and any other impurities. Then

the pH of the water is adjusted and corrosion inhibitors are added to minimize the leaching of lead and copper from home plumbing. Finally, chlorine is added to disinfect the water from pathogens. Chlorine was in use in the United States as early as 1910, and was first utilized at West Parish Filters in 1965.

West Parish Filters was constructed in 1909. Originally treatment consisted of filtration through large underground “slow sand” filter chambers. In 1974 West Parish Filters Water Treatment Plant was substantially modernized with the construction of a new direct filtration plant (rapid sand filters), the same year as the passage of the Safe Drinking Water Act. More effective and efficient “rapid sand” filters were constructed as well as flocculation chambers for the coagulation and removal of dissolved material.

Today some slow sand filters remain in use during peak demand periods. Water production ranges from 30 million gallons/day (“MGD”) to 50 MGD, depending on the season. The on-site laboratory analyzes approximately 50,000 samples per year to ensure that the drinking water that is distributed to the public meets all applicable regulations. Currently, a new water treatment plant is under construction at West Parish Filters in order to comply with existing disinfection by-product (“DBP”) regulations.

Storage

After leaving West Parish Filters Water Treatment Plant, water travels through transmission mains to three underground storage tanks within Provin Mountain in Agawam. The storage tanks store a total of 43.7 million gallons and maintain pressure for the distribution system as well as sufficient supply in case of sudden large-scale usage such as a fire or water main break. The three tanks that are in service were constructed between 1931 and 1962, with the oldest tank, which was built in 1909, taken permanently offline in 2019.



Distribution

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

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

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

POWER GENERATION

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





The generated power is transmitted and sold to ISO New England electricity market. The Plant has a nominal capacity of 33 Megawatt-hours power production through three turbine generators: two rated at 13.6 Megawatts (“MW”) and one at 5.7 MW. Currently two of the three turbines are shut down (one 13.5 MW and one 5.7 MW) and partially disassembled for rehabilitation needs and improvement. In fiscal year 2025, the plant output was approximately 6,164 MW.

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

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



HG&E is also paid a flat monthly fee with a maximum annual cap for the marketing and facilitating of power sales. Historically, the Commission has received annual net income from the power station but saw reduction in the recent months due to lower capacity market energy rates and anticipates continuance of this trend while ISO New England market rates adjust to rules and forecast updates.

The Power Plant generated enough Green Power in fiscal year 2025 to meet the average annual power needs for approximately 872 homes in Massachusetts.

SEWER SYSTEM

Wastewater Collection

The Springfield Water and Sewer Commission services approximately 37,700 sewer accounts. The sewer collection consists of 150 miles of combined sewer stormwater pipe, 474 miles of combined and separated sewer pipe, 24 combined sewer overflow outfalls, 11,521 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 37 million gallons of wastewater is cleaned, treated, and returned to the Connecticut River. The SRWTF is the second-largest treatment facility in New England.

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



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

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



Bondi’s Island - The History Behind the Name



From his native Italy, Luigi Bondi came to Springfield with his wife and children in the late 1800’s. With a successful venture in the produce business under his belt, he started acquiring land in and around Springfield. He purchased an Island (“Bondi’s Island”) on the Connecticut River in 1889 for \$100. It was common practice in those days to measure real estate in approximations to local landmarks; unfortunately, landmarks

change as time goes on, so it is not known for certain where the original Bondi's Island lies. Speculation and local lore have the Island under the west end of the memorial bridge. So why is the Springfield Regional Wastewater Treatment Facility ("SRWTF") nicknamed "Bondi's Island"? Locals have said that Luigi Bondi also purchased land in West Springfield surrounded on three sides by water (the Connecticut and Agawam Rivers). These plots of land are guessed to be what was known as Big Island and Hermit Island. Hermit Island was also known to some as Little Island or Cambell's Island. He had peach trees on the island for his produce business and had plans to make a recreation area one day. As time went on, the course of the river may have changed, branches may have been filled in or dried up and the two islands became one. This is the plot of land that Luigi was said to have purchased and is the current location of the SRWTF.

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

In 1968, the land northwest of the treatment plant started being used as a landfill, and by now more of the water being treated at the treatment plant was coming from surrounding communities. As a result of the 1972 Clean Water Act and increased demand being placed on the treatment plant, a new regional secondary wastewater treatment facility 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>
Chairman	Daniel Rodriguez	Appointed by Mayor	June 30, 2028
Commissioner	Vanessa Otero	Appointed by Mayor	June 30, 2028
Commissioner	Matthew Donnellan	Appointed by Mayor	June 30, 2028

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

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

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

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

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

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

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

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

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

CUSTOMER BASE

The Service Area

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

Water System Customers

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

The costs of operating the Commission’s water supply and transmission systems are allocated to the following communities under regional water supply contracts based on a formula that considers each community’s consumption with respect to total water output. Five-year contracts with the communities of Agawam and Southwick commenced on July 1, 2019. The Towns of Longmeadow and East Longmeadow contracts were negotiated in fiscal year 2020 to address changes in the contracts with respect to a few customers located in each other’s community. The Town of East Longmeadow and Longmeadow contracts were ratified, signed, and ran until June 30, 2024. The Town of Agawam, Southwick and East Longmeadow have all ratified and signed five-year extensions that will expire on June 30, 2029. The Town of Longmeadow and the Commission continue negotiations regarding the customers located in each other’s community and have signed a contract extension, which expired on June 30, 2025. All reservoirs, treatment and storage facilities, pump stations, and water transmission mains, are owned by the Springfield Water and Sewer Commission. Each contracted regional community owns and maintains the water distribution pipes within its borders. The Commission owns all distribution pipes in Springfield and Ludlow.

Sewer System Customers

The operating costs for the Springfield Regional Wastewater Treatment Plant are allocated to the following users under contracts based on a formula that considers each participant’s contribution of flow, biochemical oxygen demand, and total suspended solids. Five-year contracts with the communities of Agawam, East Longmeadow, Ludlow, West Springfield, and Wilbraham commenced on July 1, 2021. The Commission is still in negotiations with the Town of Longmeadow, but the parties have extended the existing contract until June 30, 2026. A ten-year contract with the Commission’s largest user, Solutia, commenced on July 1, 2025, and expires on June 30, 2035. Industrial user Friendly’s Ice Cream, dba

Dean Foods, and the community of Chicopee also share about 1.3% of the annual plant operating costs under the same formula, as the above contracts.

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

ECONOMY

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

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

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

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

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

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

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

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

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

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

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

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

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

The region offers higher education at many area colleges and universities. The University of Massachusetts, a leading national research university, anchors a group of colleges in the region along with Smith, Mount Holyoke, and Amherst College. There are eight area schools centered in the Springfield area. These include American International College, Bay Path University, Elms College, Holyoke Community College, Springfield College, Springfield Technical Community College, Western New England University, and Westfield State University.

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

CAPITAL IMPROVEMENT PROGRAM

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



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

Water Infrastructure Finance and Innovation Act (WIFIA)



(From left to right) Springfield Water and Sewer Commission (“SWSC”) Mark Johnson Senior Project Engineer, Director of Engineering and Capital Projects Darleen Buttrick, U.S. Senator Edward Markey, Springfield Mayor Domenic J. Sarno, Commissioner Matthew Donnellan (SWSC), State Representative Orlando Ramos, Commissioner Vanessa Otero (SWSC), U.S. Congressman Richard Neal, Executive Director Josh Schimmel, U.S. EPA Deputy Regional Administrator Karen McGuire, State Representative Carlos Gonzalez, MassDEP Commissioner Bonnie Heiple, and Water Operations Director James Laurila (SWSC) appear at the groundbreaking for the new West Parish Water Treatment Plant.

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

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

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

The progress of various infrastructure capital projects in fiscal year 2025 included:

Water

- Contract execution and the start of construction of the new West Parish Water Treatment Plant (“WTP”) began in fiscal year 2025. The project includes a new 65-mgd treatment facility to replace the aging slow sand and direct filtration plant. The new facility will include coagulation, flocculation, DAF clarification, filtration, and new supporting facilities including piping, chemical feed, and residuals handling. The new facility will also include new office and laboratory space. Construction in fiscal year 2025 included the installation of temporary utilities, site preparation, and abatement of structures to be demolished.
- Construction for the rehabilitation and replacement of the 2-mile long 42-inch Raw Water Conveyance Pipeline and energy dissipation valves and equalization tank for the 42-inch bypass supply to the water treatment plant began in fiscal year 2025 and is anticipated to be completed in fiscal year 2026.
- Warranty and closeout phase activities for the new 0.5 million-gallon Clearwell and Backwash Pump Station at WPF were completed in fiscal year 2025.
- Contract award and Construction for replacement of existing gaseous chlorinators was completed in fiscal year 2025. Final punch list and closeout activities are expected in fiscal year 2026.
- Design, permitting, and bidding for the removal and disposal of the accumulating residuals were completed in fiscal year 2025, and residuals removal activities associated with construction began. Construction is anticipated to be completed in fiscal year 2026.
- Design, permitting, and bidding was completed in fiscal year 2025 for a new flow metering and sampling station at the Provin Mountain water storage tanks for primary disinfection compliance. Contract award and construction are anticipated to begin in fiscal year 2026.
- Construction of the fiscal year 2024 water infrastructure improvements project which includes the installation of 1,000 linear feet of 8-inch watermain on Liberty Street and 3,000 linear feet of 8-inch watermain on Westford Circle was completed in fiscal year 2025.
- Preliminary design for the fiscal years 2025 and 2026 watermain improvements projects were completed in fiscal year 2025, with final design estimated to be completed in the fiscal year 2026 and construction anticipated to be bid starting in the fiscal years 2027 and 2028.
- Bidding and contract award for 7,680 linear feet of water main replacement at Sumner Avenue near Dickenson Street and Belmont Avenue, “the X,” as part of a Mass DOT project.
- Construction of improvements to the 36-inch PCCP transmission main at Riverside Road as part of the Birnie Avenue transmission main repairs project.
- Complete leak detection of all water mains <16” in size in the distribution system as part of a comprehensive leak detection program.
- Purchased smart meters as part of our comprehensive lead detection and pressure monitoring program in the SWSC’s water distribution system.

- Construction was completed for the Saint James Avenue watermain replacement project, as part of a Mass DOT project. The project included 3,000 linear feet of watermain replacement.
- Construction for phase 1 repairs to the Provin Mountain Water Storage Tanks 3 and 4 were completed in fiscal year 2025.
- Additional current fiscal year water improvement projects included:
 - Preparation of a drought management plan for the Cobble Mountain Reservoir.
 - Preparation of a dam's master plan and updates to the operations and maintenance manuals for the dams.
 - Bidding and construction of the Borden Brook culvert replacement project.
 - Preliminary design for culvert and slope repairs at the Ludlow Reservoir and Jabish Canal.
 - Design, permitting, and bidding of repairs to the Borden Brook and Sugar Creek bridges.
 - Design of repairs to several slope failures in the watershed due to heavy rain.
 - Cleaning and ROV inspection of the Provin Mountain Tanks 2, 3, and 4.
 - Replacement of 24-inch valves in Slow Sand Filters 11-14.
 - Upgrades to existing transmission main flow meters at the Connecticut River.
 - Various facility improvement projects at the WPF campus, including evaluation of generator and switchgear performance at the WTP; mold assessment at the backwash pump station; structural evaluation of existing transmission main vent stacks, and the purchase of safety equipment for the backwash pump station.

Wastewater

- Annual comprehensive sewer collection system cleaning, condition assessment, and system mapping.
- Warranty activities and construction closeout of the York Street Pump Station and Connecticut River Crossing project.
- Construction and substantial completion of the Locust transfer and flow optimization project upgrades project.
- Contract award and the start of construction of a new grit removal system at the Springfield Regional Wastewater Treatment Plant.
- Substantial completion of electrical upgrades at the Springfield Regional Wastewater Treatment Plant.
- Construction of the fiscal year 2024 sewer infrastructure improvements project which includes the replacement of 4,653 LF of water main on Westford Circle, Dover Street, and Wilbraham Road including water main connections to side streets.
- Final design for the fiscal year 2025 improvements project was completed in fiscal year 2025.

- Design and bidding were completed for the rehabilitation of a portion of the North Branch Sewer Interceptor within the St. Michael's Cemetery. Construction is anticipated in fiscal year 2026.
- Emergency repairs to the North Branch Interceptor including open trench replacement of 20 linear feet of the existing 36-inch clay tile pipe with 36-inch ductile iron pipe, including sanitary sewer bypass, replacement of 15-inch drainage pipe and drainage bypass, and associated site repairs.
- Completion of the Phase 1 regional biosolids study for the Springfield Regional Wastewater Treatment Plant.

Power Generation

- Peer review and design began for the Cobble Mountain Hydropower Station improvements project in fiscal year 2025. The project includes the restoration of the Unit No. 3 turbine-generator via refurbishment and replacement of generating unit components. The project also includes upgrades to modernize the hydropower station to allow the plant to provide reliable, long-term operation into the future.
- Completion of the procurement of materials for and the installation of new transmission line conductors for the new power transmission poles for power transmission (637 Line) was completed in fiscal year 2025. Punch list and final closeout is anticipated in fiscal year 2026.
- Development of procurement documents for a trailer-mounted backup generator for the Broome Gate and Diversion Gate buildings.
- Inspection of Unit 1 at the Cobble Mountain Hydropower Station and associated necessary repairs including replacement of a broke shear pin, runner crack repairs, cleaning and replacement of exciter and rotor brushes, application of Belzona to wicket gates, replacement of the bypass valve and operator, and repairs to stainless steel tubing for the Broome Gate fill valve.
- Replacement of the light bulbs and transformers associated with the Surge Tank FAA lighting system.
- Miscellaneous hydrostation maintenance projects including vegetation clearing near the power lines.

System-Wide Support

- Continued support of the Commission's fleet and rolling stock equipment replacement programs.
- Replacement of aging water mains to support appropriate fire protection and the continued replacement and installation of fire hydrants.
- The Commission continues to upgrade customers to smart meter technology.
- Continued the rebuild of the SCADA data center servers, storage, and network at 2 locations for system fault tolerance and high availability. This project is expected to be completed in fiscal year 2026.
- 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. Annual Revenues will fund 63% of the new three-year capital plan and Bonding will fund 37% of the three-year capital plan which includes an anticipated public financing Commission issued Revenue Bond. Projects typically funded through bonds are large scale projects over \$1 million.

Table I

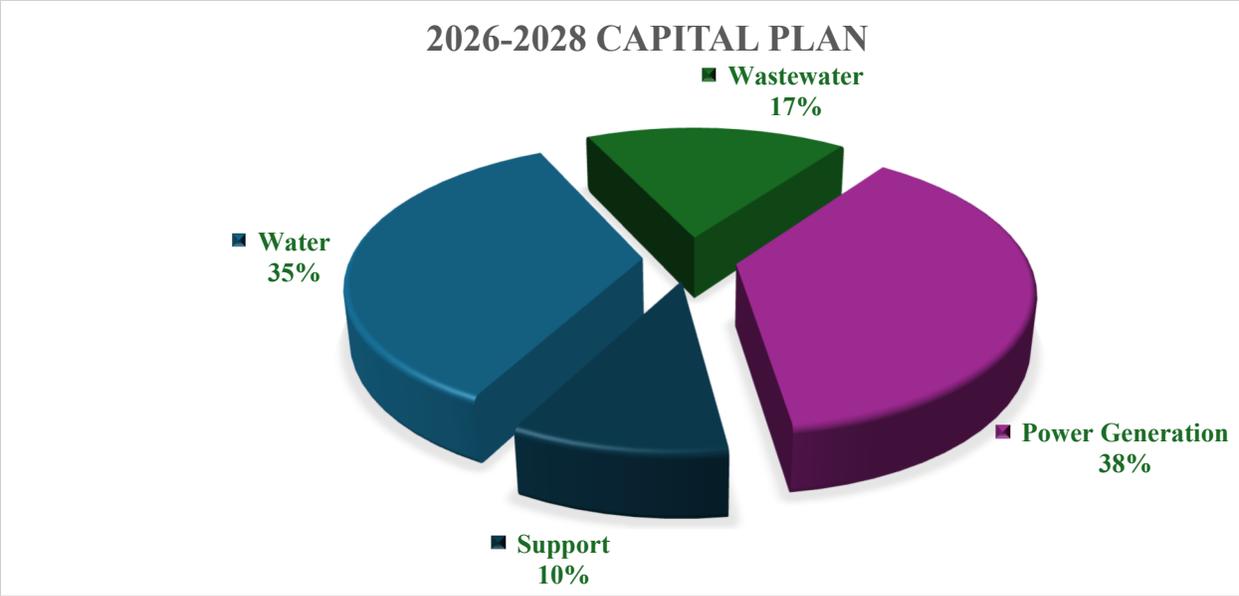
2026-2028 Capital Improvement Program Funding Sources			
Funding Source	2026	2027	2028
Revenues and Reserves	\$14,153,500	\$ 17,858,000	\$ 18,952,400
Bonds WIFIA	\$ 0	\$ 0	\$ 0
Bonds Revenue	\$ 30,000,000	\$ 0	\$ 0
Grand Total	\$ 44,153,500	\$ 17,858,000	\$ 18,952,400

Table II

2026-2028 Capital Improvement Program Funding of Activity Areas			
Activity Area	2026	2027	2028
Water	\$ 6,306,000	\$ 10,888,000	\$ 11,307,400
Wastewater	\$ 3,825,000	\$ 4,550,000	\$ 5,400,000
Power Generation	\$ 30,230,000	\$ 170,000	\$ 220,000
Support	\$ 3,792,500	\$ 2,250,000	\$ 2,025,000
Grand Total	\$ 44,153,500	\$ 17,858,000	\$ 18,952,400

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 35% water improvements, 17% wastewater improvements, 38% power generation projects, and 10% 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 that the cost of a control should not exceed the benefits likely to be derived and that the valuation of cost and benefits requires estimates and judgments by management.

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

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

Long-Term Financial Planning

The Springfield Water and Sewer Commission was established under Massachusetts General Laws Chapter 40N. The Commission is responsible for the operation and maintenance of the water supply, transmission, and distribution systems, as well as wastewater collection and treatment, which serve the City of Springfield, Town of Ludlow, and surrounding communities. In compliance with the General Bond Resolution, the Commission approved its Capital Expenditure program totaling \$80,963,900 for the three-year period 2026-2028. Expenditures are divided into four categories: Water Projects totaling \$28,501,400, Wastewater Projects totaling \$13,775,000, Power Generation Projects totaling \$30,620,000, and other Support Projects totaling \$8,067,500.

Funding approval for the fiscal year 2026 Capital Projects total \$44,153,500. The spending plan is as follows: Water Projects total \$6,306,000 (14%), Wastewater Projects total \$3,825,000 (9%), Power Generation Projects total \$30,230,000 (68%), and other Support Projects total \$3,792,500 (9%).

The various infrastructure capital projects scheduled in fiscal year 2026 include:

Water

- Continuation of construction of the new West Parish Water Treatment Plant (“WTP”) is anticipated in fiscal year 2026. The project includes a new 65-mgd treatment facility to replace the aging slow sand and direct filtration plant. The new facility will include coagulation, flocculation, DAF clarification, filtration, and new supporting facilities including piping, chemical feed, and residuals handling. The new facility will also include new office and laboratory space. Construction in fiscal year 2026 is anticipated to include primarily demolition of existing structures, completion of temporary utilities, continued work on site preparation, and installation of under-slab large diameter piping for the new treatment facility.
- Construction for the rehabilitation and replacement of the 2-mile long 42-inch Raw Water Conveyance Pipeline and energy dissipation valves and equalization tank for the 42-inch bypass supply to the water treatment plant is anticipated to be completed in fiscal year 2026.
- Construction for the removal and disposal of the accumulating residuals in the West Parish Upper lagoon began in fiscal year 2025 and are anticipated to be completed in fiscal year 2026.
- Contract award and construction of a new flow metering and sampling station at the Provin Mountain water storage tanks for primary disinfection compliance is planned for fiscal year 2026.
- Construction for 7,680 linear feet of water main replacement at Sumner Avenue near Dickenson Street and Belmont Avenue, “the X,” as part of a Mass DOT project.
- Construction of improvements to the 36-inch PCCP Northeast Trunk main and replacement of the valves and piping at the Birnie Avenue valve chamber.
- Additional planned fiscal year 2026 water improvement projects include:
 - Various dam related activities including ROV inspection of the Cobble Mountain Dam and Intake Reservoir intakes, alternatives analysis for the Borden Brook spillway and bridge replacement, Lidar inspection of the intake dam, and additional studies as recommended from the Dams Master Plan.
 - Vegetation clearing on the dams and spillways as well as phase 1 inspections of 6 high hazard dams.
 - Final Design, permitting, and bidding for culvert and slope repairs at the Ludlow Reservoir and Jabish Canal. Construction is anticipated in fiscal year 2027.
 - Contract award and construction of repairs to the Borden Brook and Sugar Creek bridges.
 - Construction of repairs to several slope failures in the watershed due to heavy rain as well as design of drainage improvements in the watershed.
 - Installation of safety equipment and fencing at the Provin Mountain Reservoirs.

- Design of new flow meters at the West Parish WTP.
- Annual system-wide leak detection.
- Development of an updated master plan for the Provin Mountain Storage Tanks.
- Various facility improvement projects at the WPF campus, including development of a decommissioning study for the old WTP, purchase of new water quality analyzers, and hydraulic analysis of transmission main vent stacks.

Wastewater

- Annual cleaning and assessment of the sewer collection system.
- Warranty activities and construction closeout of the Locust transfer and flow optimization project upgrades.
- Construction completion of the new grit removal system at the wastewater treatment plant.
- Startup, warranty work, and closeout for the electrical upgrades at the Springfield Regional Wastewater Treatment Plant.
- Bidding and construction of the fiscal year 2026 sewer improvements project which includes replacement of approximately 330 feet of 10 to 18 inch sewer pipe, two new sewer manholes, rehabilitation of 6,400 feet of 10 to 24-inch sewer pipe, 400 vertical feet of manhole rehabilitation, and 300 feet of 6- to 8-inch ductile iron watermain replacement as needed to facilitate the sewer pipe work.
- Final design for the fiscal year 2026 wastewater collection system infrastructure project, which includes infrastructure to be replaced or rehabilitated that is highly ranked on the Commission's prioritized infrastructure improvements model, and/or has been identified by the Commission's sewer operations department as in critical need for improvements or is located near the proposed coincidental high priority water infrastructure replacement projects. Project will be bid in fiscal year 2027.
- Construction is anticipated for the rehabilitation of a portion of the North Branch Sewer Interceptor within the St. Michael's Cemetery.
- Design of septage upgrades at the Springfield Regional Wastewater Treatment Plant.

Power Generation

- Final design and bidding for the Cobble Mountain Hydropower Station, including the existing penstocks. The project will include up to 7 contracts for the components of work. Construction of some portions of the project is anticipated to begin in fiscal year 2026.
- Punch list and final completion of the new transmission line conductors for the new power transmission poles for power transmission (637 Line) installed in fiscal year 2026.
- Miscellaneous improvements at the Cobble Mountain Hydropower Station including the annual dewatering and inspection of Unit No. 1 and any necessary repairs identified, as well as brush cutting near the power lines. Fiscal year 2026 also includes inspection of the Broome Gate tunnel and surge tank.

- Bidding and purchase of a trailer-mounted backup generator for the Broome Gate and Diversion Gate buildings.

Other Support Projects

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

Certificate of Achievement for Excellence in Financial Reporting

The Commission was awarded the Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting for its annual comprehensive financial report (“ACFR”) for the fiscal year ended June 30, 2024. This was the twelfth 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



Patrick S. Burns
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, 2024

Christopher P. Morill

Executive Director/CEO

SPRINGFIELD WATER AND SEWER COMMISSION

Commissioners

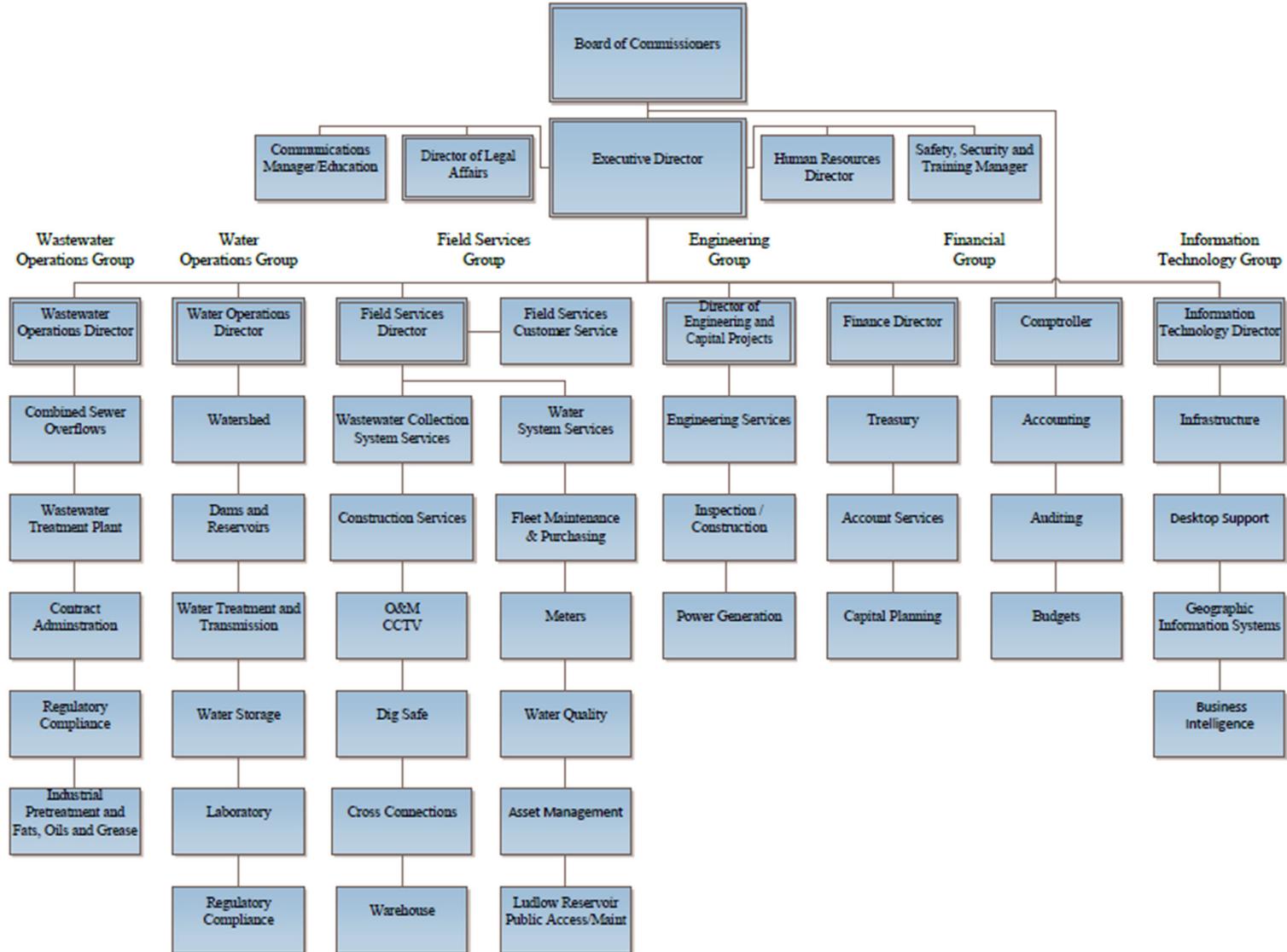
Daniel Rodriguez, Chairman
Vanessa Otero
Matthew Donnellan

Senior Management

Joshua D. Schimmel, Executive Director
Darleen Buttrick, Director of Engineering
Patrick S. Burns, Comptroller
Domenic P. Pellegrino, Finance Director
James R. Laurila, Drinking Water Operations Director
Ryan Wingerter, Field Services Director
Steven Frederick, Wastewater Operations Director
Ricardo Gomez, Information Technology Director
Theo Theocles, Director of Legal Services
Susan Tower, Laboratory and Regulatory Manager
Jaimye Bartak, Communications Manager

Springfield Water and Sewer Commission

Organization Chart



FINANCIAL SECTION

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Independent Auditors' Report

To the Commissioners
Springfield Water and Sewer Commission

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and fiduciary activities of the Springfield Water and Sewer Commission (the "Commission"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Commission. Springfield Water and Sewer Commission's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and fiduciary activities of the Commission, as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter – Change in Accounting Principle

As discussed in Note 2 to the financial statements, the Commission has changed its accounting of its business-type activities and discontinued deferring certain expenses and inflows that were previously deferred in accordance with GASB Codification Re10 - Regulated Operations. Our report is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis 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 GAAS, 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 is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the Schedule of Operating Expenses – Budget and Actual is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2025, on our consideration of the Commission’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Commission’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission’s internal control over financial reporting and compliance.

CBIZ CPAs P.C.

Greenfield, MA
October 28, 2025

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, 2025.

Overview of the Financial Statements and Financial Highlights

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

The Commission discontinued its accounting for regulated operations and discontinued deferring certain expenses and revenues. As a result, net position as of June 30, 2024 was restated to write-off deferred outflows and deferred inflows, and as a result net position as of June 30, 2024 increased by approximately \$117.7 million.

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 \$321,644,928.

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, 2025, was a change of \$34,950,940 in comparison to the restated prior year net position.

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

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

Notes to Financial Statements

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

Required and Other Supplementary Information

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

Summary of Net Position and Changes in Net Position

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

	<u>2025</u>	Restated <u>2024</u>
Assets		
Current and other assets	\$ 158,304,843	\$ 164,411,904
Capital assets, net	<u>663,126,304</u>	<u>583,911,695</u>
Total Assets	821,431,147	748,323,599
Deferred Outflows of Resources	7,386,510	10,131,599
Liabilities		
Current liabilities	62,658,552	52,363,121
Noncurrent liabilities	<u>436,518,825</u>	<u>413,611,469</u>
Total Liabilities	499,177,377	465,974,590
Deferred Inflows of Resources	7,995,352	5,786,620
Net Position		
Net investment in capital assets	247,343,281	223,239,138
Restricted	74,054,228	67,944,721
Unrestricted	<u>247,419</u>	<u>(4,489,871)</u>
Total Net Position	<u>\$ 321,644,928</u>	<u>\$ 286,693,988</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 \$321,644,928, a change of \$34,950,940 in comparison to the restated prior year.

The Commission's net position is comprised of \$247,343,281 invested in capital assets, net of related debt, \$74,054,228 restricted for other purposes, namely restricted cash for debt reserves and the stabilization fund, and a balance of \$247,419 in unrestricted.

	<u>2025</u>	<u>Restated 2024</u>
Operating Revenues	\$ 107,310,152	99,677,611
Operating Expenses	<u>79,662,827</u>	<u>75,638,500</u>
Operating Income	27,647,325	24,039,111
Nonoperating Revenues (Expenses)	<u>(2,145,407)</u>	<u>(1,295,847)</u>
Excess Revenues Before Capital Contributions	25,501,918	22,743,264
Capital Contributions	<u>9,449,022</u>	<u>9,318,275</u>
Change in Net Position	34,950,940	32,061,539
Net Position, Beginning of Year, as Restated	<u>286,693,988</u>	<u>254,632,449</u>
Net Position, End of Year	<u>\$ 321,644,928</u>	<u>\$ 286,693,988</u>

Financial Analysis of the Commission

The Commission ended the year with operating income of approximately \$27.6 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.

In fiscal year 2025, water and sewer usage revenues increased by approximately \$7.6 million. This was the result of an overall increase in rates of approximately 8.4%, offset by decreases in consumption. Other revenues were consistent with those of the prior year. These and other factors resulted in total operating revenue of approximately \$107 million in fiscal year 2025, which is an increase of approximately \$7.6 million from the prior year.

Operating expenses increased by approximately \$4 million. This increase was due to new hires to fill vacant positions causing an increase in salary and benefit costs. In addition, union contracts for both units were ratified in fiscal year 2025, with retroactive payments and a signing bonus paid in fiscal year 2025. There was also an increase in debt service interest costs as the Commission's debt has been increasing each year due to ongoing capital projects, as well as an overall increase in other costs due to inflation, gas prices, etc.

As a result of the key elements described above, the activities for the year resulted in a change in net position of \$34,950,940.

Capital Assets and Debt Administration

Capital Assets

Total investment in capital assets at year-end amounted to \$663,126,304 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, furniture and fixtures, vehicles and equipment, infrastructure, and construction in progress.

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

Depreciation expense	\$	(10,823)
Acquisition/construction of:		
Water production facility projects		57,751
Waste water treatment system improvements projects		10,300
Various other rehab and improvement projects		8,716
Distribution system rehabilitation projects		3,735
Water treatment system improvements projects		2,234
New vehicle and equipment purchases		1,884
Provin Reservoir tank projects		1,738
Collection system assessment and rehabilitation		1,234
York Street and river design projects		1,201
Sewer main rehabilitation projects		642
Computer software and equipment purchases		491
Hydrant projects		96
Biosolids		16

Additional information on the Commission's capital assets can be found in the Notes to Basic Financial Statements, Note 11, *Capital Assets*.

Long-Term Debt

At the end of the current fiscal year, total bonded debt outstanding was \$380,875,747, 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 August 2025 for debt outstanding for both, the secured loan issued by the U.S. Environmental Protection Agency under the Water Infrastructure Finance and Innovation Act (the WIFIA loan) and the Commission's parity debt (revenue bonds).

Additional information on the Commission's long-term debt can be found in the Notes to Basic Financial Statements, Note 14, *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, 2025

Assets

Current:

Cash and cash equivalents	\$ 50,548,598
Investments	15,170,538
Accounts receivable, net of allowance for uncollectibles	12,218,724
Intergovernmental receivables	62,435
Inventory for consumption, net of allowance	1,954,269
Other assets	<u>157,731</u>

Total Current Assets 80,112,295

Noncurrent:

Restricted cash	53,224,730
Restricted investments	22,040,764
Intergovernmental receivables, net of current portion	576,558
Inventory held by others	1,855,269
Health insurance deposit	495,227
Capital assets:	
Nondepreciable capital assets	335,055,376
Other capital assets, net of accumulated depreciation	<u>328,070,928</u>

Total Noncurrent Assets 741,318,852

Total Assets 821,431,147

Deferred Outflows of Resources

Related to pension	5,727,524
Related to OPEB	1,192,750
Unamortized loss on refunding of debt	<u>466,236</u>

Total Deferred Outflows of Resources 7,386,510

(continued)

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

SPRINGFIELD WATER AND SEWER COMMISSION

Statement of Net Position

June 30, 2025

(continued)

Liabilities

Current:

Accounts payable	14,780,862
Accrued payroll and withholdings	429,648
Notes payable	21,622,430
Accrued interest payable	3,424,692
Current portion of long-term liabilities	
Bonds and loans payable	22,285,169
Compensated absences	115,751

Total Current Liabilities 62,658,552

Noncurrent:

Bonds and loans payable, net of current portion	344,104,271
Compensated absences, net of current portion	1,867,714
Net pension liability	71,858,030
Net OPEB liability	18,253,632
Accrued workers' compensation	435,178

Total Noncurrent Liabilities 436,518,825

Total Liabilities 499,177,377

Deferred Inflows of Resources

Related to pension	499,087
Related to OPEB	7,496,265

Total Deferred Inflows of Resources 7,995,352

Net Position

Net investment in capital assets	247,343,281
Restricted for:	
Reserve for stabilization fund	21,051,018
Reserve for debt covenants and scholarships	53,003,210
Unrestricted	247,419

Total Net Position \$ 321,644,928

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, 2025

Operating Revenues	
Water and sewer usage	\$ 106,877,638
Other	<u>432,514</u>
Total Operating Revenues	107,310,152
Operating Expenses	
Salaries and wages	19,982,880
Employee benefits	13,264,932
Operations	31,616,447
Intergovernmental	580,932
Capital outlay	2,348,955
Depreciation	10,823,636
Other	<u>1,045,045</u>
Total Operating Expenses	<u>79,662,827</u>
Operating Income	27,647,325
Nonoperating Revenues (Expenses)	
Investment income	5,821,044
Interest expense	<u>(7,966,451)</u>
Total Nonoperating Revenues (Expenses), Net	<u>(2,145,407)</u>
Excess Revenues Before Capital Contributions	25,501,918
Capital Contributions	<u>9,449,022</u>
Change in Net Position	34,950,940
Net Position, Beginning of Year, as Restated	<u>286,693,988</u>
Net Position, End of Year	<u><u>\$ 321,644,928</u></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, 2025

Cash Flows from Operating Activities	
Receipts from customers and users	\$ 107,902,974
Payments to vendors	(34,149,740)
Payments to employees	<u>(23,774,039)</u>
Net Cash Provided By Operating Activities	49,979,195
Cash Flows from Noncapital Financing Activities	
Intergovernmental receipts	<u>62,814</u>
Net Cash Provided By Noncapital Financing Activities	62,814
Cash Flows from Capital and Related Financing Activities	
Acquisition and construction of capital assets	(90,038,246)
Proceeds of intergovernmental notes and grants	62,258,505
Principal payments on bonds and loans	(18,922,781)
Interest expense	<u>(7,556,060)</u>
Net Cash (Used For) Capital and Related Financing Activities	(54,258,582)
Cash Flows from Investing Activities	
Sales of investments	4,040,619
Purchases of investments	(17,824,418)
Investment income	<u>5,821,044</u>
Net Cash (Used For) Investing Activities	<u>(7,962,755)</u>
Net Change in Cash and Cash Equivalents and Restricted Cash	(12,179,328)
Cash and Cash Equivalents and Restricted Cash, Beginning of Year	<u>115,952,656</u>
Cash and Cash Equivalents and Restricted Cash, End of Year	<u>\$ 103,773,328</u>

(continued)

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

SPRINGFIELD WATER AND SEWER COMMISSION

Statement of Cash Flows

June 30, 2025

(continued)

Reconciliation of Operating Income to Net Cash Provided By Operating Activities

Operating income	\$ 27,647,325
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	10,823,636
Changes in assets, liabilities, and deferred outflows/inflows:	
Accounts receivable	592,822
Inventory	(74,291)
Deferred outflows - related to pension	1,208,343
Deferred outflows - related to OPEB	1,420,187
Accounts payable and accrued payroll and withholdings	11,793,363
Accrued compensated absences	384,978
Net pension liability	(2,131,536)
Net OPEB liability	(4,024,123)
Deferred inflows - related to pension	(294,070)
Deferred inflows - related to OPEB	2,502,802
Accrued workers' compensation	<u>129,759</u>
Net Cash Provided By Operating Activities	<u>\$ 49,979,195</u>
Noncash Capital and Related Investing Activities	
Principal debt forgiveness in grant reimbursement revenue	<u>\$ 8,592,042</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, 2025

Assets	
Cash and cash equivalents	\$ 550,264
Investments:	
Corporate equities	2,600,162
Equity mutual funds	4,268,901
Fixed income mutual funds	<u>2,754,877</u>
Total investments	<u>9,623,940</u>
Total Assets	10,174,204
Net Position	
Restricted for OPEB	<u>10,174,204</u>
Total Net Position	\$ <u><u>10,174,204</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, 2025

Additions	
Employer contributions	\$ 1,737,173
Investment income, net	<u>927,110</u>
Total Additions	2,664,283
Deductions	
Benefit payments	<u>737,173</u>
Change in Net Position	1,927,110
Restricted Net Position	
Beginning of Year	<u>8,247,094</u>
End of Year	<u><u>\$ 10,174,204</u></u>

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

SPRINGFIELD WATER AND SEWER COMMISSION

Notes to Basic Financial Statements

1. Summary of Significant Accounting Policies

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

Business Entity

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

Regulation and Basis of Accounting

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

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

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

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

The Commission reports the following fiduciary fund:

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

Cash and Investments

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

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

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

Inventory for Consumption

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

Inventory Held by Others

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

Capital Assets

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

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

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

Compensated Absences

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

Net Position

Net position represents the difference between assets/deferred outflows and liabilities/deferred inflows. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are

limitations imposed on use either through enabling legislation adopted by the Commission or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The remaining net position is reported as unrestricted.

Use of Estimates

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

2. Change in Accounting Principle

Effective for the fiscal year ended June 30, 2025, the Commission has changed its accounting of its business-type activities and discontinued deferring certain expenses and inflows that were previously deferred in accordance with GASB Codification Re 10 - Regulated Operations. This change was made to provide more comprehensive financial information to users of the financial statements and allow for the financial statements to be comparable with other similar water and sewer commissions that apply full accrual accounting. As a result, the commission now records revenues when services are provided and expenses when incurred. This change is preferable because it was determined that similar governmental entities do not follow accounting of regulated operations as promulgated by GASB and it improves transparency of financial results.

The effect of this change has resulted in a restatement of the beginning net position as of July 1, 2024, as follows:

	Deferred <u>Charges</u>	Deferred <u>Credits</u>	<u>Net Position</u>
As previously reported	\$ 98,171,227	\$ 215,905,999	\$ 168,959,216
Change in accounting principle	<u>(98,171,227)</u>	<u>(215,905,999)</u>	<u>117,734,772</u>
As restated	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 286,693,988</u>

3. 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.

4. Deposits and Investments

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

Deposits

Custodial Credit Risk

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

As of June 30, 2025, none of the Commission’s bank balance of \$115,200,193 was exposed to custodial credit risk as uninsured and/or uncollateralized. Coverage is obtained through additional collateralization agreements with the Commission’s banks.

The Commission votes annually to fund capital projects from current year revenue. Included in the Commission’s cash balance is \$18,842,806 voted by the Commission in prior years that has been reserved for ongoing capital projects.

Investments

The following is a summary of the Commission’s investments as of June 30, 2025:

<u>Investment Type</u>	<u>Amount</u>
Federal agency securities	\$ 26,833,225
U.S. Treasury notes	<u>10,378,077</u>
	<u>\$ 37,211,302</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, 2025, the Commission did not have investments subject to custodial credit risk exposure as all assets were held in the Commission's name.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligations. For short-term investments that were purchased using surplus revenues, MGL, 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, 2025, all of the Commission's investments were rated AA1 by Moody's.

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, 2025, the Commission did not have investments in any one issuer that exceeded 5% of total investments.

Interest Rate Risk

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

Information about the sensitivity of the fair values of the Commission's investments to market interest rate fluctuations was as follows at June 30, 2025:

<u>Investment Type</u>	<u>Amount</u>	<u>Investment Maturities (in Years)</u>	
		<u>Less Than 1</u>	<u>1-5</u>
Federal agency securities	\$ 26,833,225	\$ 5,437,315	\$ 21,395,910
U.S. Treasury notes	<u>10,378,077</u>	<u>7,054,761</u>	<u>3,323,316</u>
	<u>\$ 37,211,302</u>	<u>\$ 12,492,076</u>	<u>\$ 24,719,226</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, 2025, none of the Commission's investments were exposed to foreign currency risk.

Fair Value

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

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

- Level 1 – inputs that reflect quoted prices (unadjusted) in active markets for identical assets or liabilities that are accessible at the measurement date.
- Level 2 – inputs other than quoted prices that are observable for an asset or liability either directly or indirectly, including inputs in markets that are not considered to be active. Because they must often be priced on the basis of transactions involving similar but not identical securities or do not trade with sufficient frequency, certain directly held securities are categorized as Level 2.
- Level 3 – unobservable inputs based on the best information available, using assumptions in determining the fair value of investments and derivative instruments.

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

The Commission has the following fair value measurements as of June 30, 2025:

<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:				
Federal agency securities	\$ 26,833,225	\$ -	\$ 26,833,225	\$ -
U.S. Treasury notes	<u>10,378,077</u>	<u>-</u>	<u>10,378,077</u>	<u>-</u>
	<u>\$ 37,211,302</u>	<u>\$ -</u>	<u>\$ 37,211,302</u>	<u>\$ -</u>

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

5. 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, excluding the debt service of the Clean Water Trust bonds). 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, 2025:

Stabilization Fund	\$ 21,051,018
Reserve Funds	
Operating reserve fund	11,964,168
Renewal/replacement fund	1,000,000
Debt service fund	10,002,605
Debt service reserve fund	30,036,437
Other Funds	
Project accounts	<u>1,211,266</u>
	<u>\$ 75,265,494</u>
Restricted Balances	
Restricted cash	\$ 53,224,730
Restricted investments	<u>22,040,764</u>
	<u>\$ 75,265,494</u>

6. Investments – OPEB Trust Fund

Generally, the OPEB Trust Fund’s investment policies mirror that of the Commission as discussed in Note 4.

The following is a summary of the OPEB Trust Fund’s investments as of June 30, 2025:

<u>Investment Type</u>	<u>Amount</u>
Corporate equities	\$ 2,600,162
Equity mutual funds	4,268,901
Fixed income mutual funds	<u>2,754,877</u>
	<u>\$ 9,623,940</u>

Custodial Credit Risk

As of June 30, 2025, none of the OPEB Trust Fund's total investments were subject to custodial credit risk exposure as all assets were held in the Commission's name.

Credit Risk

As of June 30, 2025, for the Commission's OPEB Trust Fund, the credit quality ratings assigned by S&P Global Ratings for fixed income mutual funds ranged from AAA to CCC & Below. Equity mutual funds and corporate equities held in the OPEB Trust Fund were not rated.

Concentration of Credit Risk

As of June 30, 2025, the OPEB Trust Fund did not have an investment in one issuer greater than 5% of total investments.

Interest Rate Risk

At June 30, 2025, the OPEB Trust Fund did not have any investments subject to interest rate risk.

Foreign Currency Risk

At June 30, 2025, 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, 2025:

<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	\$ 2,600,162	\$ 2,600,162	\$ -	\$ -
Equity mutual funds	4,268,901	4,268,901	-	-
Fixed income mutual funds	<u>2,754,877</u>	<u>2,754,877</u>	-	-
	<u>\$ 9,623,940</u>	<u>\$ 9,623,940</u>	<u>\$ -</u>	<u>\$ -</u>

7. Accounts Receivable

Accounts receivable consisted of the following at June 30, 2025:

Billed water, sewer, and wastewater regional	\$ 6,039,854
Less: allowances	<u>(539,403)</u>
Total billed	5,500,451
Unbilled water (including power generation) and sewer	7,502,358
Adjustment to wastewater regional and sewer pump station for actual usage through June 30, 2025	<u>(784,085)</u>
	<u>\$ 12,218,724</u>

8. Intergovernmental Receivables

The balance in this account represents amounts due from the Town of Wilbraham, Massachusetts (the “Town”) under an agreement signed in June 2007, whereby the Town agrees to reimburse the Commission a portion of the costs/debt incurred to enable the Town to enter the sewage disposal system. Future amounts to be paid by the Town are anticipated to coincide with certain debt issued by the Commission, which mature in fiscal years 2026 through 2038.

9. Inventory for Consumption

The inventory balance at June 30, 2025, consisted of the following:

Fuel inventory (gasoline and diesel)	\$ 130,064
Materials inventory (parts and supplies)	2,255,159
Less: adjustment for obsolete and slow moving materials inventory	<u>(430,954)</u>
	<u>\$ 1,954,269</u>

10. 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.

11. Capital Assets

Capital assets activity for the year ended June 30, 2025, was as follows (in thousands):

	Beginning Balance	Increases	Decreases	Convert CIP	Ending Balance
Capital Assets, Being Depreciated					
Furniture and fixtures	\$ 14,632	\$ -	\$ -	\$ 783	\$ 15,415
Vehicles and equipment	14,165	-	(364)	2,467	16,268
Buildings and improvements	10,406	-	-	444	10,850
Infrastructure	<u>512,995</u>	<u>-</u>	<u>-</u>	<u>10,437</u>	<u>523,432</u>
Total Capital Assets, Being Depreciated	552,198	-	(364)	14,131	565,965
Less Accumulated Depreciation					
Furniture and fixtures	(11,491)	(895)	-	-	(12,386)
Vehicles and equipment	(12,298)	(1,092)	364	-	(13,026)
Buildings and improvements	(4,720)	(387)	-	-	(5,107)
Infrastructure	<u>(198,926)</u>	<u>(8,449)</u>	<u>-</u>	<u>-</u>	<u>(207,375)</u>
Total Accumulated Depreciation	<u>(227,435)</u>	<u>(10,823)</u>	<u>364</u>	<u>-</u>	<u>(237,894)</u>
Capital Assets, Being Depreciated, Net	324,763	(10,823)	-	14,131	328,071
Capital Assets, Not Being Depreciated					
Land	6,285	-	-	-	6,285
Construction in progress (CIP)	<u>252,863</u>	<u>90,038</u>	<u>-</u>	<u>(14,131)</u>	<u>328,770</u>
Total Capital Assets, Not Being Depreciated	<u>259,148</u>	<u>90,038</u>	<u>-</u>	<u>(14,131)</u>	<u>335,055</u>
Capital Assets, Net	<u>\$ 583,911</u>	<u>\$ 79,215</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 663,126</u>

12. Deferred Outflows and Inflows of Resources

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, 2025:

Related to pension	\$ 5,727,524
Related to OPEB	1,192,750
Other:	
Unamortized loss on refunding of debt	<u>466,236</u>
Total Other	<u>466,236</u>
Total Deferred Outflows	<u>\$ 7,386,510</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 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, 2025:

Related to pension	\$ 499,087
Related to OPEB	<u>7,496,265</u>
Total Deferred Inflows	<u>\$ 7,995,352</u>

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

13. Notes Payable

The Commission had the following notes outstanding at June 30, 2025:

<u>Purpose</u>	<u>Maximum Note Amount</u>	<u>Interest Rate(s)%</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Balance at June 30, 2025</u>
Massachusetts Clean Water Trust Interim note CW-22-36	\$ 18,627,000	0.00%	11/28/23	*	\$ 8,461,452
Massachusetts Clean Water Trust Interim note CW-22-36A	3,362,339	0.00%	11/28/23	*	1,936,702
Massachusetts Clean Water Trust Interim note DWP-24-68	<u>65,000,000</u>	0.00%	06/05/25	*	<u>11,224,276</u>
	<u>\$ 86,989,339</u>				<u>\$ 21,622,430</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 2025:

<u>Purpose</u>	<u>Balance Beginning of Year</u>	<u>Issuance of New Notes</u>	<u>Converted to Long-Term Debt</u>	<u>Balance End of Year</u>
Massachusetts Clean Water Trust Interim notes	<u>\$ 25,852,696</u>	<u>\$ 43,289,071</u>	<u>\$ (47,519,337)</u>	<u>\$ 21,622,430</u>

14. Long-Term Debt

Revenue Bonds and Loans from Direct Borrowings

The Commission issues revenue bonds and loans from direct borrowings. Under the terms of these bonds, all operating revenues of the Commission are deposited in a dedicated operating reserve account, from which prescribed reserves are established (Note 5). Loans from direct borrowings are excluded from some of these reserve requirements. In addition, all bond proceeds have been deposited in separate project accounts that are under the lender's control. These project accounts may be accessed only to fund project-related costs.

Revenue bonds and loans from direct borrowings outstanding at June 30, 2025, were as follows:

	Serial Maturities <u>Through</u>	Interest Rate(s)% <u>Rate(s)%</u>	Balance <u>June 30, 2025</u>
<u>Revenue Bonds</u>			
Revenue bonds - 2014C (refunding)	07/15/26	3.0 - 5.0	\$ 2,455,000
Revenue bonds - 2017B (refunding)	04/15/31	2.0 - 5.0	11,290,000
Revenue bonds - 2014A	07/15/34	3.0 - 5.0	15,430,000
Revenue bonds - 2017C	04/15/37	2.0 - 5.0	12,660,000
Revenue bonds - 2019E	04/15/39	4.0	<u>15,925,000</u>
Total Revenue Bonds			57,760,000

	Serial Maturities <u>Through</u>	Interest Rate(s)% <u>Rate(s)%</u>	Balance <u>June 30, 2025</u>
<u>Loans - Direct Borrowings</u>			
Sewer CSO (MCWT CW-08-36)	07/15/30	2.00	3,342,224
Sewer CSO (MCWT CW-08-36-A)	07/15/32	2.00	2,775,065
Water (MCWT DW-10-06)	07/15/32	2.00	775,873
Water (MCWT DW-11-01)	07/15/32	2.00	2,894,287
Water (MCWT DW-11-22)	01/15/33	2.00	709,345
Sewer CSO (MCWT CW-12-03)	01/15/35	2.00	10,883,013
Water (MCWT DW-13-16)	01/15/35	2.00	12,843,345
Sewer CSO (MCWT CW-14-27)	01/15/37	2.00	14,931,841
Sewer CSO (MCWT CW-06-27)	07/15/37	2.00	15,220,543
Sewer CSO (MCWT CW-14-27) additional	01/15/40	2.00	1,544,186
Sewer CSO (MCWT CW-18-18)	01/15/41	2.00	40,898,967
Sewer CSO (MCWT CW-18-18A)	01/15/41	2.00	4,374,616
Sewer CSO (MCWT DW-20-01)	01/15/43	2.00	11,046,172
Sewer CSO (MCWT CW-18-18D)	01/15/43	2.00	50,542,982
Sewer CSO (MCWT CW-18-18E)	01/15/43	2.00	5,823,254
Sewer CSO (MCWT CW-18-18C)	01/15/44	2.00	1,582,981
Water (MCWT DW-21-03)	01/15/44	2.00	8,220,609
Sewer CSO (MCWT CW-21-11)	01/15/44	2.00	26,703,964
Sewer CSO (MCWT CW-18-18B)	01/15/45	2.00	14,548,793
Sewer CSO (MCWT CW-21-39)	01/15/45	2.00	23,497,958
Sewer CSO (MCWT CW-21-39A)	01/15/45	2.00	2,625,375
Sewer CSO (MCWT CW-23-140)	01/15/45	2.00	10,530,000
Water and Sewer (WIFIA)	03/15/52	1.85	49,962,638
Amounts not yet drawn			<u>(14,486,307)</u>
Total Loans - Direct Borrowings			<u>301,791,724</u>
Total Long-Term Bonds and Loans			<u>\$ 359,551,724</u>

Note: The Commission entered into a loan agreement in August 2021 with the Federal Environmental Protection Agency under the Water and Wastewater Infrastructure Renewal Program (“WIFIA”) for approximately \$249 million. The amount listed represents the amount of the WIFIA loan agreement received and drawn as of June 30, 2025. 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.

The amount reported as amounts not yet drawn represent loan schedules finalized by the MCWT, however, the project has not yet been completed, and the full loan amount has not been drawn as of June 30, 2025.

Future Debt Service

The annual payments to retire all long-term debt outstanding as of June 30, 2025, were as follows:

Year	Revenue Bonds		Loans - Direct Borrowings	
	Principal	Interest	Principal	Interest
2026	\$ 6,665,000	\$ 2,440,800	\$ 14,730,064	\$ 6,200,573
2027	6,790,000	2,133,625	15,052,117	5,988,447
2028	5,600,000	1,860,950	15,401,203	5,682,528
2029	5,670,000	1,610,200	15,737,505	5,369,533
2030	4,785,000	1,349,700	16,081,177	5,049,701
2031 - 2035	20,665,000	3,965,675	81,743,766	20,332,281
2036 - 2040	7,585,000	716,450	75,699,725	12,267,589
Thereafter	-	-	81,832,474	7,197,376
To be drawn	-	-	(14,486,307)	-
Total	\$ <u>57,760,000</u>	\$ <u>14,077,400</u>	\$ <u>301,791,724</u>	\$ <u>68,088,028</u>

Changes in Long-Term Liabilities

During the year ended June 30, 2025, the following changes occurred in long-term liabilities (in thousands):

	Beginning Balance	Additions	Reductions	Ending Balance	Less Current Portion	Equals Long-Term Portion
Bonds and loans payable:						
Revenue bonds	\$ 64,295	\$ -	\$ (6,535)	\$ 57,760	\$ (6,665)	\$ 51,095
Loans payable (direct borrowings)	263,380	50,799	(12,388)	301,791	(14,730)	287,061
Unamortized premium	<u>7,728</u>	<u>-</u>	<u>(890)</u>	<u>6,838</u>	<u>(890)</u>	<u>5,948</u>
Subtotal - bond and loans payable	335,403	50,799	(19,813)	366,389	(22,285)	344,104
Accrued compensated absences	1,599	738	(353)	1,984	(116)	1,868
Net pension liability	73,990	6,958	(9,090)	71,858	-	71,858
Net OPEB liability	22,278	-	(4,024)	18,254	-	18,254
Accrued workers' compensation	<u>305</u>	<u>130</u>	<u>-</u>	<u>435</u>	<u>-</u>	<u>435</u>
	\$ <u>433,575</u>	\$ <u>58,625</u>	\$ <u>(33,280)</u>	\$ <u>458,920</u>	\$ <u>(22,401)</u>	\$ <u>436,519</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 reserve accounts to be established and maintained (Note 5), the balances of which are restricted to various operating, debt service, capital expenses, and renewal and replacement purposes. The Commission has pledged all cash accounts and revenues as collateral for the debt.

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

The Commission was in compliance with all financial bond covenants for the year ended June 30, 2025.

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

15. Restricted Net Position

The balance in restricted net position of \$74,054,228 represents the restricted cash balance for required reserves and scholarships of \$53,003,210 and the balance in the Commission's Stabilization Fund of \$21,051,018, both established in accordance with the Commission's General Bond Resolution.

16. Springfield Contributory Retirement System

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

Plan Description

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

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

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

Participant Contributions

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

The percentages are as follows:

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

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

Participant Retirement Benefits

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

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

A retirement allowance may be received at any age, upon attaining 20 years of service. The plan also provides for retirement at age 55 if the participant was a member prior to January 1, 1978, with no minimum vesting requirements. If the participant was a member on or after January 1, 1978 and a member of Group 1 or 2, then a retirement allowance may be received if the participant (1) has at least 10 years of creditable service, (2) is age 55, (3) voluntarily left Commission employment on or after that date, and (4) left accumulated annuity deductions in the fund. Members of Group 4 have no minimum vesting requirements; however, they 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, 2025, was approximately \$9.1 million, which was equal to its annual required contribution.

Summary of Significant Accounting Policies

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

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

At June 30, 2025, the Commission reported a liability of approximately \$72 million for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2024, rolled forward to December 31, 2024. The Commission’s proportion of the net pension liability was based on a projection of the Commission’s long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2025, the Commission’s proportion was 8.23%, which was an increase of 0.18% from its proportion measured as of December 31, 2023.

For the year ended June 30, 2025, the Commission recognized pension expense of approximately \$7.9 million. In addition, the Commission reported deferred outflows and inflows of resources related to pension from the following sources (in thousands):

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Differences between expected and actual experience	\$ 2,029	\$ (499)
Changes in assumptions	729	-
Net difference between projected and actual earnings on pension plan investments	595	-
Changes in proportion and differences between contributions and proportionate share of contributions	<u>2,375</u>	<u>-</u>
	<u>\$ 5,728</u>	<u>\$ (499)</u>

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

<u>Year ended June 30:</u>	<u>Amount</u>
2026	\$ 1,737
2027	2,462
2028	349
2029	491
2030	<u>190</u>
	<u>\$ 5,229</u>

Actuarial Assumptions

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

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

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

Target Allocation

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

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

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equities	25.50%	7.20%
International equities	9.60%	6.90%
Emerging markets equities	4.10%	9.00%
Core fixed income	14.80%	4.71%
Value added fixed income	7.70%	8.00%
Private equity	16.60%	10.50%
Real estate	9.00%	6.80%
Timberland	2.90%	6.80%
Hedged equities	8.90%	6.60%
Portfolio completion	0.90%	6.80%
	<u>100.00%</u>	

Discount Rate

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

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

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

	Current Discount Rate	
1% Decrease		1% Increase
<u>(6.00%)</u>	<u>(7.00%)</u>	<u>(8.00%)</u>
\$85,424	\$71,858	\$60,350

Pension Plan Fiduciary Net Position

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

17. Other Post-Employment Benefits

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

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

All the following OPEB disclosures are based on a measurement date of June 30, 2025.

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 (the “Trust”). The benefits, benefit levels, employee contributions, and employer contributions are governed by Chapter 32 of MGL.

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, 2025, the following employees were covered by the benefit terms:

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

Investments

The OPEB Trust Fund assets consist of corporate equities, equity mutual funds, and fixed income mutual funds. The OPEB funds are managed in accordance with the “prudent person” rule, which allows a wider range of investment instruments in accordance with the principles of safety, liquidity, and yield. Additional information about the OPEB Trust Fund’s investments can be found at Note 4, *Investments – OPEB Trust Fund*.

Rate of Return

The money-weighted rate of return expenses investment performance, net of investment expense, adjusted for the changing amounts actually invested. For the year ended June 30, 2025, the annual money-weighted rate of return on investments, net of investment expense, was 11.50%.

Actuarial Assumptions and Other Inputs

The net OPEB liability was determined by an actuarial valuation as of July 1, 2023, rolled forward to June 30, 2025, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	Not explicitly stated
Salary increases	3.0%, average, including inflation
Investment rate of return	6.02%, net of OPEB plan investment expense
Municipal bond rate	4.76%
Discount rate	4.95%
Healthcare cost trend rates	6.50% for 2023, fluctuating 0.25% to an ultimate rate of 4.5% as of July 1, 2031 and later years
Retirees' share of benefit-related costs	25%
Participation rate	100% of eligible active employees

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

Target Allocations

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2025, are summarized in the following table.

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

Contributions

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

Discount Rate

The discount rate used to measure the net OPEB liability was 4.95%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate.

Based on those assumptions, the OPEB plan fiduciary net position was not projected to be available to make all projected future benefit payments of current plan members. As a result, a blended discount rate was used based on a combination of the investment rate of return of 6.02% through fiscal year 2029 and municipal bond rate of 4.76% thereafter (based on the average of indexes as of June 30, 2025, provided by S&P Municipal Bond 20-Year High Grade Rate Index – 4.81% and Fidelity GO AA 20 Years – 4.71%).

Net OPEB Liability

The components of the net OPEB liability, measured as of June 30, 2025, were as follows (in thousands):

Total OPEB liability	\$ 28,428
Less: plan fiduciary net position	<u>(10,174)</u>
Net OPEB Liability	<u>\$ 18,254</u>

Plan fiduciary net position as a
percentage of the total OPEB liability 35.79%

Changes in the Net OPEB Liability

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

	<u>Increase (Decrease)</u>		
	Total OPEB Liability <u>(a)</u>	Plan Fiduciary Net Position <u>(b)</u>	Net OPEB Liability <u>(a) - (b)</u>
Balances, Beginning of Year	\$ 30,525	\$ 8,247	\$ 22,278
Changes for the year:			
Service cost	840	-	840
Interest	1,493	-	1,493
Contributions - employer	-	1,737	(1,737)
Net investment income	-	927	(927)
Changes in assumptions	(3,693)	-	(3,693)
Benefit payments	<u>(737)</u>	<u>(737)</u>	<u>-</u>
Net Changes	<u>(2,097)</u>	<u>1,927</u>	<u>(4,024)</u>
Balances, End of Year	<u>\$ 28,428</u>	<u>\$ 10,174</u>	<u>\$ 18,254</u>

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

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

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

1% Decrease	Current Discount Rate	1% Increase
<u>(3.95%)</u>	<u>(4.95%)</u>	<u>(5.95%)</u>
\$23,752	\$18,254	\$13,291

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):

1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
<u>(5.25%)</u>	<u>(6.25%)</u>	<u>(7.25%)</u>
\$12,738	\$18,254	\$24,651

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

For the year ended June 30, 2025, the Commission recognized an OPEB expense of approximately \$899,000. At June 30, 2025, 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	\$ -	\$ (429)
Change in assumptions	<u>1,193</u>	<u>(7,067)</u>
	<u>\$ 1,193</u>	<u>\$ (7,496)</u>

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

<u>Year ended June 30:</u>	<u>Amount</u>
2026	\$ (1,018)
2027	(1,454)
2028	(1,539)
2029	(1,036)
2030	(449)
Thereafter	<u>(807)</u>
	<u>\$ (6,303)</u>

18. Commitments and Contingencies

Litigation

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

Grants

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

Combined Sewer Overflows

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

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

Drinking Water Administrative Consent Order

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

Other Environmental Liability

The Commission’s contractor and engineer for the construction of the West Parish Water Filter Plant have recently identified an unforeseen condition involving hazardous materials. The extent and impact of this unforeseen condition has not been fully determined at this time. Additional sampling and analyses is ongoing in order to identify the extent of the contamination and potential impacts to the construction cost and schedule. As part of the required notification process, the Commission informed the Massachusetts Department of Environmental Protection of the initial findings. On October 14, 2025, the Commission received a Notice of Responsibility from the Massachusetts Department of Environmental Protection related to the release of polychlorinated biphenyls (“PCBs”) at the project site which acknowledged the initial notification.

Workers’ Compensation Liability

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

Self-Insurance

The Commission participates in the Hampshire County Group Insurance Trust (the “Trust”) to provide health insurance coverage to its employees. The Trust is funded by member assessments, which are calculated in a manner similar to commercial insurance premiums. As of June 30, 2024, the Trust contracted with an insurance carrier for excess liability coverage which takes effect when an individual claim exceeds \$350,000.

If the Trust were to experience a cash deficit, each member would be required to contribute additional funds. At June 30, 2025, according to the Trust’s fiscal year 2023 audited financial statements, after accruing an estimated liability for incurred but unreported claims of approximately \$5.0 million, the Trust was in a surplus position of approximately \$22.8 million.

19. Transactions with City of Springfield

Other than the retirement system contribution previously noted, the Commission’s fiscal year 2025 transactions with the City consist primarily of payments for Police Department services of approximately \$171,000 and approximately \$457,000 for retiree health insurance costs.

20. 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 2025 was approximately \$1.3 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, 2025, the letter of credit was \$4,638,794.

SPRINGFIELD WATER AND SEWER COMMISSION

Required Supplementary Information
 Schedule of Proportionate Share of the Net Pension Liability
(Dollars expressed in thousands) (For the past ten years)

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, 2025	December 31, 2024	8.23%	\$71,858	\$17,312	415.08%	43.65%
June 30, 2024	December 31, 2023	8.05%	\$73,990	\$16,933	436.96%	39.14%
June 30, 2023	December 31, 2022	8.04%	\$73,847	\$14,212	519.61%	35.67%
June 30, 2022	December 31, 2021	7.91%	\$66,716	\$13,987	476.99%	39.53%
June 30, 2021	December 31, 2020	7.69%	\$69,512	\$13,202	526.53%	33.26%
June 30, 2020	December 31, 2019	7.67%	\$70,653	\$13,178	536.14%	30.23%
June 30, 2019	December 31, 2018	8.10%	\$73,244	\$12,483	586.75%	27.20%
June 30, 2018	December 31, 2017	8.00%	\$69,365	\$12,357	561.34%	28.36%
June 30, 2017	December 31, 2016	8.24%	\$70,365	\$12,530	561.57%	25.92%
June 30, 2016	December 31, 2015	8.69%	\$72,326	\$13,215	547.30%	25.70%

See independent auditors' report.

SPRINGFIELD WATER AND SEWER COMMISSION

Required Supplementary Information

Schedule of Pension Contributions

(Dollars expressed in thousands) (For the past ten years)

Springfield Contributory Retirement System

Fiscal Year	Measurement Date	Contributions in Relation to the			Covered Payroll	Contributions as a Percentage of Covered Payroll
		Actuarially Determined Contribution	Actuarially Determined Contribution	Contribution Deficiency (Excess)		
June 30, 2025	December 31, 2024	\$9,090	\$9,090	\$ -	\$19,228	47.27%
June 30, 2024	December 31, 2023	\$8,148	\$8,148	\$ -	\$17,526	46.49%
June 30, 2023	December 31, 2022	\$7,451	\$7,451	\$ -	\$16,096	46.29%
June 30, 2022	December 31, 2021	\$6,709	\$6,709	\$ -	\$14,952	44.87%
June 30, 2021	December 31, 2020	\$5,977	\$5,977	\$ -	\$12,874	46.43%
June 30, 2020	December 31, 2019	\$5,477	\$5,477	\$ -	\$13,358	41.00%
June 30, 2019	December 31, 2018	\$5,311	\$5,311	\$ -	\$12,839	41.37%
June 30, 2018	December 31, 2017	\$4,612	\$4,612	\$ -	\$12,451	37.04%
June 30, 2017	December 31, 2016	\$4,165	\$4,165	\$ -	\$12,351	33.72%
June 30, 2016	December 31, 2015	\$4,143	\$4,143	\$ -	\$12,606	32.87%

See independent auditors' report.

SPRINGFIELD WATER AND SEWER COMMISSION

Required Supplementary Information
Schedule of Changes in the Net OPEB Liability

(Amounts expressed in thousands) (For the past nine years)

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB Liability									
Service cost	\$ 840	\$ 981	\$ 1,172	\$ 1,211	\$ 1,487	\$ 1,358	\$ 809	\$ 754	\$ 1,513
Interest	1,493	1,202	1,180	1,315	783	786	803	912	888
Differences between expected and actual experience	-	-	-	-	-	-	-	(3,365)	-
Changes in assumptions	(3,693)	694	(1,143)	(6,820)	1,254	400	2,797	1,778	(3,592)
Benefit payments, including refunds of member contributions	<u>(737)</u>	<u>(760)</u>	<u>(596)</u>	<u>(599)</u>	<u>(556)</u>	<u>(603)</u>	<u>(472)</u>	<u>(451)</u>	<u>(452)</u>
Net Change in Total OPEB Liability	(2,097)	2,117	613	(4,893)	2,968	1,941	3,937	(372)	(1,643)
Total OPEB Liability - Beginning	<u>30,525</u>	<u>28,408</u>	<u>27,795</u>	<u>32,688</u>	<u>29,720</u>	<u>27,779</u>	<u>23,842</u>	<u>24,214</u>	<u>25,857</u>
Total OPEB Liability - Ending (a)	\$ <u>28,428</u>	\$ <u>30,525</u>	\$ <u>28,408</u>	\$ <u>27,795</u>	\$ <u>32,688</u>	\$ <u>29,720</u>	\$ <u>27,779</u>	\$ <u>23,842</u>	\$ <u>24,214</u>
Plan Fiduciary Net Position									
Contributions - employer	\$ 1,737	\$ 1,760	\$ 1,346	\$ 1,249	\$ 1,306	\$ 1,103	\$ 1,672	\$ 1,451	\$ 717
Net investment income	927	402	309	313	253	226	141	52	44
Differences between expected and actual experience	-	375	141	(1,146)	686	(133)	22	-	-
Benefit payments, including refunds of member contributions	<u>(737)</u>	<u>(760)</u>	<u>(596)</u>	<u>(599)</u>	<u>(556)</u>	<u>(603)</u>	<u>(472)</u>	<u>(451)</u>	<u>(452)</u>
Net Change in Plan Fiduciary Net Position	1,927	1,777	1,200	(183)	1,689	593	1,363	1,052	309
Plan Fiduciary Net Position - Beginning	<u>8,247</u>	<u>6,470</u>	<u>5,270</u>	<u>5,453</u>	<u>3,764</u>	<u>3,171</u>	<u>1,808</u>	<u>756</u>	<u>447</u>
Plan Fiduciary Net Position - Ending (b)	\$ <u>10,174</u>	\$ <u>8,247</u>	\$ <u>6,470</u>	\$ <u>5,270</u>	\$ <u>5,453</u>	\$ <u>3,764</u>	\$ <u>3,171</u>	\$ <u>1,808</u>	\$ <u>756</u>
Net OPEB Liability - Ending (a-b)	\$ <u>18,254</u>	\$ <u>22,278</u>	\$ <u>21,938</u>	\$ <u>22,525</u>	\$ <u>27,235</u>	\$ <u>25,956</u>	\$ <u>24,608</u>	\$ <u>22,034</u>	\$ <u>23,458</u>

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

See independent auditors' report.

SPRINGFIELD WATER AND SEWER COMMISSION

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

(Dollars expressed in thousands) (For the past nine years)

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Schedule of the Net OPEB Liability									
Total OPEB liability	\$ 28,428	\$ 30,525	\$ 28,408	\$ 27,795	\$ 32,688	\$ 29,720	\$ 27,779	\$ 23,842	\$ 24,214
Plan fiduciary net position	<u>(10,174)</u>	<u>(8,247)</u>	<u>(6,470)</u>	<u>(5,270)</u>	<u>(5,453)</u>	<u>(3,764)</u>	<u>(3,171)</u>	<u>(1,808)</u>	<u>(756)</u>
Net OPEB liability	<u>\$ 18,254</u>	<u>\$ 22,278</u>	<u>\$ 21,938</u>	<u>\$ 22,525</u>	<u>\$ 27,235</u>	<u>\$ 25,956</u>	<u>\$ 24,608</u>	<u>\$ 22,034</u>	<u>\$ 23,458</u>
Plan fiduciary net position as a percentage of the total OPEB liability	35.79%	27.02%	22.78%	18.96%	16.68%	12.66%	11.42%	7.58%	3.12%
Covered payroll	\$ 16,175	\$ 14,858	\$ 14,000	\$ 13,616	\$ 13,380	\$ 13,200	\$ 12,458	\$ 12,433	\$ 12,097
Net OPEB liability as a percentage of covered employee payroll	112.85%	149.94%	156.70%	165.43%	203.55%	196.64%	197.53%	177.22%	193.92%
Schedule of Contributions									
Actuarially determined contribution	\$ 2,282	\$ 2,335	\$ 2,416	\$ 2,416	\$ 2,754	\$ 2,611	\$ 1,986	\$ 1,992	\$ 1,732
Contributions in relation to the actuarially determined contribution	<u>(1,737)</u>	<u>(1,760)</u>	<u>(1,346)</u>	<u>(1,249)</u>	<u>(1,306)</u>	<u>(1,103)</u>	<u>(1,672)</u>	<u>(1,451)</u>	<u>(717)</u>
Contribution deficiency	<u>\$ 545</u>	<u>\$ 575</u>	<u>\$ 1,070</u>	<u>\$ 1,167</u>	<u>\$ 1,448</u>	<u>\$ 1,508</u>	<u>\$ 314</u>	<u>\$ 541</u>	<u>\$ 1,015</u>
Covered payroll	\$ 16,175	\$ 14,858	\$ 14,000	\$ 13,616	\$ 13,380	\$ 13,200	\$ 12,458	\$ 12,433	\$ 12,097
Contributions as a percentage of covered employee payroll	10.74%	11.85%	9.61%	9.17%	9.76%	8.36%	13.42%	11.67%	5.93%
Schedule of Investment Returns									
Annual money weighted rate of return, net of investment expense	11.50%	12.00%	Unavailable	Unavailable	13.35%	Unavailable	Unavailable	Unavailable	Unavailable

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

See Independent Auditors' Report.

SPRINGFIELD WATER AND SEWER COMMISSION

Other Supplementary Information
 Schedule of Operating Expenses - Budget and Actual
 For the Year Ended June 30, 2025

	<u>Original</u> <u>Budget</u>	<u>Final</u> <u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
Expenses				
Salaries and wages	\$ 20,853,892	\$ 20,403,892	\$ 19,942,930	\$ 460,962
Employee benefits	13,737,415	14,687,415	14,553,570	133,845
Operations	34,512,154	34,012,154	31,474,208	2,537,946
Intergovernmental	606,478	606,478	580,932	25,546
Capital outlay	392,247	392,247	346,585	45,662
Other	1,334,750	1,334,750	975,391	359,359
Debt principal	18,922,790	18,922,790	18,922,781	9
Debt interest	<u>8,657,820</u>	<u>8,657,820</u>	<u>8,562,582</u>	<u>95,238</u>
	<u>\$ 99,017,546</u>	<u>\$ 99,017,546</u>	<u>\$ 95,358,979</u>	<u>\$ 3,658,567</u>

See independent auditors' report and notes to other supplementary information.

Notes to Other Supplementary Information

Schedule of Operating Expenses – Budget and Actual

Budgetary Basis

The appropriation appearing on the previous page represents the operating budget of the Commission that was originally authorized in June 2024. The Commission's budget is prepared on a budgetary basis of accounting. Under the budgetary basis, the Commission recognizes revenues when they are measurable and available, and expenses are recognized when the liability is incurred.

The legal level of budgetary control is in total.

Budget/GAAP Reconciliation

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

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

GAAP Basis - Operating expenses	\$ 79,662,827
GAAP Basis - Non-operating expenses	7,966,451
Reverse capital expenses appropriated in a prior fiscal year	(2,477,358)
Remove depreciation and amortization expense not budgeted for	(10,823,636)
Add long-term debt payments budgeted for	18,922,781
Reverse the effect of prior year and current year GAAP accruals of:	
Accounts payable and accrued payroll	202,785
Interest on long-term debt	(293,970)
Amortization of bond premium	890,105
Inventory adjustment	(69,654)
Accrued compensated absences	(384,978)
Net pension liability, net of deferrals	1,217,263
Net OPEB liability, net of deferrals	101,134
Capital outlay	474,988
Accrued workers compensation	(29,759)
Budgetary Basis	<u>\$ 95,358,979</u>

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 76 and 77.

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 78 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 Rate Structure – Last Ten Fiscal Years
Meter Charges – Last Ten Fiscal Years
Infrastructure Renewal Charge – 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 – 2024 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 2025 Summary
Insurance Coverage – 2025 – 2026
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>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Net investment in capital assets	\$ 247,343,281	\$ 223,239,138	\$ 212,911,511	\$ 201,071,124	\$ 181,781,706	\$ 159,325,678	\$ 152,176,660	\$ 135,716,523	\$ 140,096,489	\$ 124,851,184
Restricted	74,054,228	71,679,968	67,717,316	62,790,797	62,948,144	59,930,406	50,334,806	58,368,491	46,627,990	37,694,132
Unrestricted	<u>247,419 *</u>	<u>(125,959,890)</u>	<u>(124,041,732)</u>	<u>(124,568,275)</u>	<u>(101,372,436)</u>	<u>(88,297,650)</u>	<u>(66,299,071)</u>	<u>(69,189,511)</u>	<u>(62,830,249)</u>	<u>(36,200,649)</u>
Total Net Position	<u>\$ 321,644,928</u>	<u>\$ 168,959,216</u>	<u>\$ 156,587,095</u>	<u>\$ 139,293,646</u>	<u>\$ 143,357,414</u>	<u>\$ 130,958,434</u>	<u>\$ 136,212,395</u>	<u>\$ 124,895,503</u>	<u>\$ 123,894,230</u>	<u>\$ 126,344,667</u>

* Commission implemented a change in accounting principle in fiscal year 2025 and discontinued the application of GASB 62 regulatory accounting.

Source: Audited Financial Statements

Table 2
Changes in Net Position
Last Ten Fiscal Years

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Operating Revenues										
Water and sewer usage	\$ 106,877,638	\$ 99,235,470	\$ 97,763,074	\$ 90,228,684	\$ 90,076,439	\$ 80,720,589	\$ 78,569,778	\$ 76,365,206	\$ 70,958,566	\$ 68,826,361
Other	<u>432,514</u>	<u>442,141</u>	<u>2,221,834</u>	<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>
Total Operating Revenues	107,310,152	99,677,611	99,984,908	91,884,507	90,547,174	81,063,786	79,022,695	76,648,551	71,080,673	69,046,482
Operating Expenses										
Salaries and wages	19,982,880	17,733,655	16,021,843	15,013,330	13,793,770	14,552,351	13,592,558	13,415,407	13,196,653	13,210,801
Employee benefits	13,264,932	11,274,298	11,458,635	9,182,040	10,632,203	11,136,631	11,384,289	9,119,516	11,035,903	11,138,171
Operations	31,616,447	32,295,556	31,048,637	26,865,756	26,238,699	24,768,918	23,229,294	23,625,366	22,467,683	23,210,770
Intergovernmental	580,932	568,604	564,401	622,920	626,879	642,225	573,277	586,514	572,476	557,125
Capital outlay	2,348,955	2,415,400	779,869	1,979,035	2,066,377	2,095,482	1,945,358	1,213,715	1,209,614	1,285,389
Depreciation	10,823,636	10,204,693	9,758,383	9,931,582	9,872,396	9,796,272	9,950,198	9,494,640	9,040,841	8,623,900
Other	<u>1,045,045</u>	<u>1,146,294</u>	<u>951,526</u>	<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>
Total Operating Expenses	79,662,827	75,638,500	70,583,294	64,477,335	63,792,232	63,643,785	61,242,938	57,955,221	58,206,763	58,405,991
Operating Income	27,647,325	24,039,111	29,401,614	27,407,172	26,754,942	17,420,001	17,779,757	18,693,330	12,873,910	10,640,491
Nonoperating Revenues (Expenses)										
Investment income (loss)	5,821,044	6,026,032	3,483,569	(1,105,289)	144,676	2,155,814	2,245,158	768,883	233,262	15,564
Interest expense	(7,966,451)	(7,321,879)	(6,477,426)	(5,959,800)	(5,575,113)	(5,310,745)	(5,282,890)	(5,455,009)	(4,678,636)	(5,035,560)
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>83,797</u>
Total Nonoperating Revenues (Expenses), Net	(2,145,407)	(1,295,847)	(2,993,857)	(7,065,089)	(5,430,437)	(3,154,931)	(3,037,732)	(4,686,126)	(4,445,374)	(4,936,199)
Capital grants and contributions	<u>9,449,022</u>	<u>9,318,275</u>	<u>3,744,112</u>	<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>
Excess revenues before deferrals	34,950,940	32,061,539	30,151,869	22,081,988	27,771,564	15,161,688	15,267,883	14,815,316	8,584,690	6,496,804
Excess revenues used to fund deferrals	<u>-</u> *	<u>(19,689,418)</u>	<u>(12,858,420)</u>	<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>
Change in Net Position	\$ <u>34,950,940</u>	\$ <u>12,372,121</u>	\$ <u>17,293,449</u>	\$ <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>

* Commission implemented a change in accounting principle in fiscal year 2025 and discontinued the application of GASB 62 regulatory accounting.

Source: Audited Financial Statements

Table 3
Largest Users
Last Ten Fiscal Years

Top 25 Customers	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Solutia, Inc.	\$ 10,936,164	\$ 10,591,165	\$ 9,306,554	\$ 8,844,691	\$ 7,973,048	\$ 7,487,202	\$ 7,766,295	\$ 7,768,760	\$ 7,550,467	\$ 7,367,101
Town of Agawam	4,858,556	4,026,788	3,701,214	3,228,431	4,130,774	3,458,927	2,831,206	3,319,151	3,009,713	3,007,522
Town of West Springfield	2,932,205	2,355,557	2,543,423	2,527,701	2,140,579	1,928,184	2,118,275	1,643,124	1,558,939	1,477,728
Town of East Longmeadow	2,762,323	2,294,839	1,405,823	1,828,979	2,288,407	1,951,442	1,566,007	1,634,575	1,575,946	1,246,046
Town of Longmeadow	2,656,722	2,136,210	2,022,591	1,738,773	2,303,274	1,874,712	1,534,103	1,745,160	1,620,606	1,324,505
Springfield Housing Authority	1,800,795	1,704,523	1,574,642	1,498,041	1,581,612	1,723,006	1,450,758	1,358,085	1,476,234	1,660,106
Town of Ludlow DPW**	1,697,185	1,551,553	1,276,187	1,200,483	1,132,502	1,126,200	1,049,457	812,133	806,227	902,631
Bay State Medical Center	1,597,735	1,517,571	1,417,929	1,362,841	1,233,726	1,070,792	1,041,969	1,016,664	989,015	873,883
City of Springfield/Schools*	1,173,142	830,190	762,989	861,825	768,528	650,408	589,371	375,004	445,895	468,008
East Springfield Realty LLC	1,033,409	947,791	770,067	595,675	322,674	475,972	609,749	389,201	-	-
Western New England University	752,835	626,239	616,460	609,731	613,821	541,692	461,747	482,811	512,172	491,598
Smith & Wesson	705,735	627,952	584,813	643,599	614,281	499,274	601,044	536,624	584,161	492,162
Springfield College	643,014	628,134	635,329	580,117	483,619	486,058	459,934	397,675	448,211	495,982
Papyrus Equities, LLC (formally Springfield Gardens***)	576,776	734,130	757,711	1,110,468	936,864	-	-	-	-	-
Catholic Health East-APSS	515,949	732,400	668,596	673,212	683,912	538,649	510,741	584,889	450,068	458,863
Pynchon Townhouses, LLC (formally Pynchon I Apartments, Ltd)	510,009	451,921	481,470	420,958	406,080	375,253	562,059	291,895	235,502	250,244
Colonial Estates	476,514	441,100	496,541	438,323	355,178	299,260	259,231	225,850	220,564	-
MGM Resorts International (formally Blue Tarp/Davenport Comp.)	448,660	423,832	411,609	307,665	-	346,134	416,063	-	-	-
Spring Meadow Apartments	435,390	404,421	356,221	311,498	283,925	231,981	-	-	173,163	221,225
Friendly Ice Cream Corp	414,522	333,390	345,577	383,025	350,766	279,804	398,816	412,348	353,305	230,315
Mass Power	405,390	483,902	389,514	-	250,655	-	-	-	-	259,600
Park Tenants Assoc., Inc.	397,575	337,226	308,914	269,202	-	239,287	220,785	214,785	-	-
Unifirst Corporation	389,161	375,954	-	-	-	255,793	258,509	216,016	260,479	265,276
Carando/Smithfield Foods	370,615	418,448	406,551	414,927	364,664	325,197	336,976	299,477	321,213	292,089
Edgewater Apartments	366,183	394,062	385,892	365,026	-	-	-	-	-	-
Allen Park 1 & 2	-	-	389,767	313,896	254,815	239,101	-	178,633	185,138	191,870
Town of Wilbraham	-	-	-	340,744	236,442	354,179	291,974	235,049	178,341	300,733
American International College	-	-	-	275,891	228,983	-	-	-	-	-
Bergen Circle Apartments	-	-	-	-	425,891	-	-	-	-	-
Rayes (frmly Related Springfield Assoc.)	-	-	-	-	-	221,196	281,948	247,736	438,962	421,723
Springfield Technical Comm College	-	-	-	-	-	-	205,833	-	-	183,651
Related Springfield Associates LP	-	-	-	-	-	-	185,506	-	-	-
Pynchon II Apartments, Ltd.	-	-	-	-	-	-	-	256,756	230,128	198,254
Armory Commons	-	-	-	-	-	-	-	176,052	188,622	206,610
Spfld 164/Belmont LLC (frmly Cardaropoli, Attilio)	-	-	-	-	-	-	-	-	227,042	-
Total	\$ 38,856,564	\$ 35,369,298	\$ 32,016,384	\$ 31,145,722	\$ 30,365,020	\$ 26,979,703	\$ 26,008,356	\$ 24,818,453	\$ 24,040,113	\$ 23,287,725
Percent of Total Operating Revenue	34%	34%	32%	33%	33%	33%	33%	34%	34%	34%

* Combined multiple accounts

** Includes IOPS

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

Source: Commission Billing Records

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

Water Sales (1000 gals)	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Residential	3,470,001	3,418,039	3,680,407	3,560,435	3,976,127	3,739,865	3,674,248	3,881,968	3,974,963	3,993,954
Commercial	936,980	983,243	996,420	942,418	923,456	951,713	1,074,234	1,047,640	1,020,339	1,043,817
Industrial	236,990	225,001	272,436	207,967	249,921	213,230	230,311	267,357	246,874	301,338
Municipal	110,579	130,862	148,617	142,430	128,660	133,021	110,883	111,240	124,078	119,125
Solutia contract	1,560,806	1,763,515	1,634,706	1,658,095	1,684,109	1,582,382	1,889,882	1,937,904	2,052,774	2,133,279
Town contracts	<u>2,540,033</u>	<u>2,326,536</u>	<u>2,686,163</u>	<u>2,452,692</u>	<u>2,993,661</u>	<u>2,702,195</u>	<u>2,369,513</u>	<u>2,533,247</u>	<u>2,720,622</u>	<u>2,938,450</u>
Total water billed	8,855,389	8,847,196	9,418,749	8,964,037	9,955,934	9,322,406	9,349,071	9,779,356	10,139,650	10,529,963
Water supplied	11,154,850	10,812,700	11,016,740	11,513,009	11,513,010	11,210,150	10,576,950	10,802,240	11,165,680	11,648,180
% Accounted for	79.4%	81.8%	85.5%	77.9%	86.5%	83.2%	88.4%	90.5%	90.8%	90.4%
Sewer Sales (1000 gals)	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Residential	3,216,864	3,182,379	3,394,332	3,283,937	3,663,476	3,443,074	3,422,186	3,521,594	3,672,325	3,700,999
Commercial	554,359	574,618	578,073	529,361	502,741	529,387	618,825	578,290	549,491	555,334
Industrial	137,173	143,963	143,200	138,705	146,841	146,567	168,098	182,626	182,541	175,459
Municipal	54,833	53,151	49,142	48,269	40,363	46,422	53,692	53,868	61,530	62,876
Food service	23,579	24,942	27,126	25,355	24,234	28,072	33,053	34,875	35,447	36,666
Medical	102,426	127,462	131,285	132,389	133,656	127,544	132,460	142,256	137,163	148,388
Solutia contract	1,115,029	1,355,893	1,333,389	1,422,486	1,439,633	1,243,311	1,484,451	1,473,494	1,628,296	1,667,604
Town contracts	<u>3,944,756</u>	<u>5,720,150</u>	<u>4,002,239</u>	<u>4,843,313</u>	<u>3,714,734</u>	<u>4,105,485</u>	<u>5,355,536</u>	<u>4,130,910</u>	<u>3,527,632</u>	<u>3,773,133</u>
Total sewer billed	9,149,019	11,182,558	9,658,786	10,423,815	9,665,678	9,669,862	11,268,301	10,117,913	9,794,425	10,120,459
Wastewater treated	11,850,895	17,138,014	12,824,753	12,364,684	12,364,685	13,535,850	17,321,557	13,354,455	11,972,147	12,325,910
% Accounted for *	77.2%	65.3%	75.3%	84.3%	78.2%	71.4%	65.1%	75.8%	81.8%	82.1%

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>2025</u>	<u>2024</u>	<u>2023**</u>	<u>2022</u>	<u>2021</u>	<u>2020*</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Billings	\$ 106,401,537	\$ 98,838,055	\$ 94,489,407	\$ 87,853,208	\$ 87,843,556	\$ 77,449,116	\$ 68,418,378	\$ 71,714,561	\$ 69,951,215	\$ 66,828,449
Adjustments	496,328	1,722,284	(99,141)	722,136	700,973	121,199	362,899	313,365	345,814	(281,823)
Write-offs	<u>58,065</u>	<u>8,083</u>	<u>10,426</u>	<u>38,615</u>	<u>10,084</u>	<u>24,360</u>	<u>255,550</u>	<u>4,025</u>	<u>104,364</u>	<u>99,880</u>
Net Billings	\$ 106,955,930	\$ 100,568,422	\$ 94,400,692	\$ 88,613,959	\$ 88,554,613	\$ 77,594,675	\$ 69,036,827	\$ 72,031,951	\$ 70,401,393	\$ 66,646,506
Payments	\$ 107,338,828	\$ 98,648,399	\$ 94,907,745	\$ 89,586,300	\$ 86,775,345	\$ 77,760,365	\$ 69,171,649	\$ 71,165,499	\$ 71,246,016	\$ 66,670,637
Collection rate	100.9%	99.8%	100.4%	102.0%	98.8%	100.4%	101.1%	99.2%	101.9%	100.0%
Ending Receivables (before accruals)	\$ 6,039,692	\$ 6,480,655	\$ 6,380,982	\$ 5,086,197	\$ 6,097,153	\$ 4,327,967	\$ 4,518,017	\$ 4,164,095	\$ 3,301,668	\$ 4,249,281

*Fiscal year 2020 adjusted during fiscal year 2021

**Fiscal year 2023 adjusted during fiscal year 2024

Source: Commission Billing System

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

Water Rates (per 1000 gals)	<u>2026</u>	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Residential	\$6.89	\$6.89	\$6.35	\$5.96	\$5.60	\$5.29	\$4.84	\$4.30	\$4.02	\$3.86
Commercial	\$6.89	\$6.89	\$6.35	\$5.96	\$5.60	\$5.29	\$4.84	\$4.30	\$4.02	\$3.86
Municipal	\$5.15	\$5.15	\$4.75	\$4.45	\$4.18	\$3.96	\$3.61	\$3.21	\$2.99	\$2.87
Industrial	\$5.15	\$5.15	\$4.75	\$4.45	\$4.18	\$3.96	\$3.61	\$3.21	\$2.99	\$2.87
Solutia contract	\$5.04	\$5.04	\$4.65	\$4.36	\$4.10	\$3.88	\$3.54	\$3.10	\$2.82	\$2.66
Town contracts	\$2.88	\$2.63	\$2.03	\$1.95	\$1.66	\$1.34	\$1.73	\$1.49	\$1.72	\$1.53
Residential Water % Change	0.0%	8.4%	6.5%	6.4%	5.8%	9.4%	12.4%	7.0%	4.2%	4.0%
Sewer Rates (per 1000 gals)	<u>2026</u>	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Residential	\$10.49	\$10.49	\$10.04	\$9.43	\$8.85	\$8.36	\$7.63	\$7.11	\$6.59	\$6.34
Commercial	\$11.55	\$11.55	\$11.04	\$10.37	\$9.73	\$9.20	\$8.40	\$7.82	\$7.25	\$6.97
Industrial	\$12.59	\$12.59	\$12.05	\$11.31	\$10.61	\$10.03	\$9.16	\$8.53	\$7.91	\$7.61
Municipal	\$10.49	\$10.49	\$10.04	\$9.43	\$8.85	\$8.36	\$7.63	\$7.11	\$6.59	\$6.34
Food service	\$13.64	\$13.64	\$13.05	\$12.26	\$11.51	\$10.87	\$9.93	\$9.25	\$8.57	\$8.24
Medical	\$11.55	\$11.55	\$11.04	\$10.37	\$9.73	\$9.20	\$8.40	\$7.82	\$7.25	\$6.97
Solutia contract	\$0.00	\$1.67	\$1.39	\$1.33	\$1.29	\$1.34	\$1.26	\$1.20	\$1.18	\$1.22
Town contracts	\$0.00	\$1.67	\$1.39	\$1.33	\$1.29	\$1.34	\$1.26	\$1.20	\$1.18	\$1.22
Residential Sewer % Change	0.0%	4.5%	6.5%	6.5%	5.9%	9.5%	7.3%	7.9%	4.0%	3.9%
Water Rates (per 100 CF)	<u>2026</u>	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Residential	\$5.15	\$5.15	\$4.75	\$4.46	\$4.19	\$3.96	\$3.62	\$3.22	\$3.01	\$2.89
Commercial	\$5.15	\$5.15	\$4.75	\$4.46	\$4.19	\$3.96	\$3.62	\$3.22	\$3.01	\$2.89
Municipal	\$3.85	\$3.85	\$3.55	\$3.33	\$3.13	\$2.96	\$2.70	\$2.40	\$2.24	\$2.15
Industrial	\$3.85	\$3.85	\$3.55	\$3.33	\$3.13	\$2.96	\$2.70	\$2.40	\$2.24	\$2.15
Solutia contract (per 100 CF)**	\$3.77	\$3.77	\$3.48	\$3.26	\$3.07	\$2.90	\$2.65	\$2.32	\$2.11	\$1.99
Town contracts (per million gals)*	\$2,881.92	\$2,632.81	\$2,028.37	\$1,950.32	\$1,656.62	\$1,340.94	\$1,727.00	\$1,491.03	\$1,717.86	\$1,526.61
Residential Water % Change	0.0%	8.4%	6.5%	6.4%	5.8%	9.4%	12.4%	7.0%	4.2%	4.0%
Sewer Rates (per 100 CF)	<u>2026</u>	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Residential	\$7.85	\$7.85	\$7.51	\$7.05	\$6.62	\$6.25	\$5.71	\$5.32	\$4.93	\$4.74
Commercial	\$8.64	\$8.64	\$8.26	\$7.76	\$7.28	\$6.88	\$6.28	\$5.85	\$5.42	\$5.21
Industrial	\$9.42	\$9.42	\$9.01	\$8.46	\$7.94	\$7.50	\$6.85	\$6.38	\$5.92	\$5.69
Municipal	\$7.85	\$7.85	\$7.51	\$7.05	\$6.62	\$6.25	\$5.71	\$5.32	\$4.93	\$4.74
Food service	\$10.20	\$10.20	\$9.76	\$9.17	\$8.61	\$8.13	\$7.43	\$6.92	\$6.41	\$6.16
Medical	\$8.64	\$8.64	\$8.26	\$7.76	\$7.28	\$6.88	\$6.28	\$5.85	\$5.42	\$5.21
Residential Sewer % Change	0.0%	4.5%	6.5%	6.5%	5.9%	9.5%	7.3%	7.9%	4.0%	3.9%
Average Combined Rate Increase	0.0%	6.5%	6.5%	6.5%	5.9%	9.4%	9.9%	7.4%	4.1%	4.0%

Source: Commission's adopted Rules and Regulations Chapter 5

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

(continued)

Sewer Contract Rates (per million gals)	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Agawam	\$1,649.80	\$2,059.58	\$1,115.65	\$1,603.56	\$1,341.53	\$1,868.11	\$1,553.44	\$1,105.93	\$1,431.59	\$1,503.64
Longmeadow	\$1,419.72	\$1,677.17	\$910.02	\$1,139.53	\$946.24	\$1,299.60	\$1,140.41	\$880.54	\$1,072.83	\$1,108.53
Chicopee	\$872.24	\$940.61	\$634.23	\$710.27	\$650.38	\$770.92	\$663.23	\$557.05	\$652.23	\$631.46
East Longmeadow	\$1,319.28	\$1,529.56	\$836.61	\$1,093.50	\$907.15	\$1,252.43	\$1,084.04	\$802.57	\$991.09	\$1,055.03
Ludlow	\$1,890.79	\$2,228.31	\$1,323.70	\$1,490.39	\$1,106.52	\$1,806.95	\$1,611.88	\$1,195.07	\$1,488.14	\$1,746.10
West Springfield	\$2,227.09	\$2,171.41	\$1,302.98	\$1,662.43	\$1,613.27	\$1,799.57	\$1,482.35	\$1,168.17	\$1,194.23	\$1,253.45
Wilbraham	\$1,549.83	\$1,710.62	\$1,105.43	\$1,303.23	\$1,121.72	\$1,365.85	\$1,343.92	\$1,115.76	\$1,281.69	\$1,116.32
Springfield	\$1,610.61	\$1,668.40	\$1,049.24	\$1,277.62	\$1,106.39	\$1,075.00	\$1,207.57	\$914.55	\$1,123.16	\$1,178.85
Solutia / Nova	\$1,535.78	\$1,251.16	\$1,183.45	\$1,029.78	\$942.68	\$1,476.57	\$1,006.25	\$936.01	\$1,030.71	\$988.48
Friendly DBA Dean Foods	\$12,023.82	\$10,415.25	\$9,080.45	\$9,578.44	\$9,440.10	\$9,552.57	\$9,094.13	\$11,608.00	\$12,232.93	\$10,498.96
Totals	\$1,687.48	\$1,760.94	\$1,104.94	\$1,326.36	\$1,161.73	\$1,500.94	\$1,263.53	\$983.52	\$1,175.82	\$1,217.98

* Fiscal year 2026 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)***	\$1,687.48	\$1,760.94	\$1,104.94	\$1,326.36	\$1,161.73	\$1,500.94	\$1,263.53	\$983.52	\$1,175.82	\$1,217.98
Town contracts (per million gals)***	\$1,687.48	\$1,760.94	\$1,104.94	\$1,326.36	\$1,161.73	\$1,500.94	\$1,263.53	\$983.52	\$1,175.82	\$1,217.98

**Table 7
Meter Charges
Last Ten Fiscal Years**

Customer Meter Size	Count of Meters Commission Wide	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
1/2" & 5/8"	39,851	\$ 3.76	\$ 3.42	\$ 2.85	\$ 2.75	\$ 2.75	\$ 2.75	\$ 2.75	\$ 2.75	\$ 2.75	2.50
3/4"	0	4.01	3.65	3.04	2.94	2.94	2.94	2.94	2.94	2.94	2.67
1"	1,883	4.74	4.31	3.59	3.49	3.49	3.49	3.49	3.49	3.49	3.17
1-1/4"	0	5.69	5.17	4.31	4.21	4.21	4.21	4.21	4.21	4.21	3.83
1-1/2"	471	5.69	5.17	4.31	4.21	4.21	4.21	4.21	4.21	4.21	3.83
2"	681	8.37	7.61	6.34	6.24	6.24	6.24	6.24	6.24	6.24	5.67
3"	112	27.97	25.43	21.19	21.09	21.09	21.09	21.09	21.09	21.09	19.17
4"	160	35.23	32.03	26.69	26.59	26.59	26.59	26.59	26.59	26.59	24.17
6"	79	52.15	47.41	39.51	39.41	39.41	39.41	39.41	39.41	39.41	35.83
8"	55	71.53	65.03	54.19	54.09	54.09	54.09	54.09	54.09	54.09	49.17
10"	1	86.05	78.23	65.19	65.09	65.09	65.09	65.09	65.09	65.09	59.17
12"	0	122.35	111.23	92.69	92.59	92.59	92.59	92.59	92.59	92.59	84.17
1/2" & 5/8" percentage change		10%	20%	4%	0%	0%	0%	0%	0%	10%	N/A
Fire Service											
Pipe Size											
2"	36	\$ 9.02	\$ 4.51	\$ 3.76	\$ 3.66	\$ 3.66	\$ 3.66	\$ 3.66	\$ 3.66	\$ 3.66	3.33
4"	178	53.90	26.95	22.46	22.36	22.36	22.36	22.36	22.36	22.36	20.33
6"	526	155.14	77.57	64.64	64.54	64.54	64.54	64.54	64.54	64.54	58.67
8"	159	330.24	165.12	137.60	137.50	137.50	137.50	137.50	137.50	137.50	125.00
10"	29	593.38	296.69	247.24	247.14	247.14	247.14	247.14	247.14	247.14	224.67
12"	6	764.98	382.49	318.74	318.64	318.64	318.64	318.64	318.64	318.64	289.67

Source: Commission Billing System

Table 8
Infrastructure Renewal Charge
Last Ten Fiscal Years

Customer Meter Size	Count of Meters Commission Wide *		<u>2026</u>	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
1/2" & 5/8"	39,851	\$	11.50	N/A								
3/4"	0		11.50	N/A								
1"	1,883		11.50	N/A								
1-1/4"	0		23.00	N/A								
1-1/2"	471		23.00	N/A								
2"	681		36.80	N/A								
3"	112		80.50	N/A								
4"	160		138.00	N/A								
6"	79		322.00	N/A								
8"	55		644.00	N/A								
10"	1		1,035.00	N/A								
12"	0		1,265.00	N/A								

* Households with a second meter will only be charged for one Infrastructure Renewal Charge.

The Infrastructure Renewal Charge is effective July 1, 2025 (Fiscal Year 2026).

Source: Commission Billing System

Table 9
Commission Per Capita Debt
Last Ten Fiscal Years

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Outstanding Principal	\$ 366,389,440	\$ 335,402,656	\$ 292,589,052	\$ 471,571,568	\$ 237,373,443	\$ 196,877,365	\$ 185,252,698	\$ 198,021,678	\$ 185,598,197	\$ 170,821,830
City Springfield Population	152,600	153,672	154,064	154,789	155,929	153,060	153,060	154,341	154,758	153,703
Town of Ludlow Population ⁽¹⁾	20,817	20,831	21,002	21,233	21,119	21,233	21,472	21,502	21,502	21,103
Per Capita Debt	2,113	1,922	1,671	2,679	1,341	1,130	1,061	1,126	1,053	977
City of Springfield:										
Total Personal Income ⁽²⁾⁽³⁾	\$ 4,133,930,472	\$ 3,944,606,568	\$ 3,568,276,304	\$ 3,453,033,012	\$ 3,537,093,436	\$ 2,309,536,560	\$ 2,288,247,000	\$ 2,210,367,000	\$ 2,109,884,000	\$ 2,084,349,000
Town of Ludlow:										
Estimated Total Personal Income ⁽³⁾	\$ 749,441,000	\$ 640,417,000	\$ 640,417,000	\$ 644,575,000	\$ 602,330,000	\$ 583,946,000	\$ 563,460,000	\$ 553,134,000	\$ 541,567,000	\$ 518,896,000
Debt per Personal Income	7.50%	7.32%	6.95%	11.51%	5.73%	6.80%	6.50%	7.17%	7.00%	6.56%

Source:

(1) From Massachusetts Department of Revenue

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

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

Table 10
Debt Coverage
Last Ten Fiscal Years

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Operating Revenue										
Beginning revenue cash	\$ 47,206,905	\$ 33,135,022	\$ 32,411,767	\$ 43,946,782	\$ 36,731,290	\$ 29,213,733	\$ 30,858,423	\$ 23,543,264	\$ 35,282,607	\$ 40,949,346
Deposits to revenue account	<u>111,246,996</u>	<u>100,982,882</u>	<u>101,043,018</u>	<u>93,759,816</u>	<u>89,226,889</u>	<u>81,689,505</u>	<u>81,361,548</u>	<u>74,568,571</u>	<u>73,080,877</u>	<u>67,844,909</u>
Total cash receipts	\$ 158,453,901	\$ 134,117,904	\$ 133,454,785	\$ 137,706,598	\$ 125,958,179	\$ 110,903,238	\$ 112,219,971	\$ 98,111,835	\$ 108,363,484	\$ 108,794,255
Transfers										
To operating accounts	\$ 67,247,772	\$ 64,383,784	\$ 60,373,093	\$ 55,777,460	\$ 51,020,111	\$ 51,655,361	\$ 51,368,058	\$ 42,859,242	\$ 46,681,334	\$ 44,787,949
To (from) debt service reserve*	<u>-</u>	<u>-</u>	<u>42,000</u>	<u>261,018</u>	<u>(6,046)</u>	<u>(7,598,820)</u>	<u>(638,043)</u>	<u>19,186</u>	<u>1,247,387</u>	<u>1,223,597</u>
Total transfers	\$ 67,247,772	\$ 64,383,784	\$ 60,415,093	\$ 56,038,478	\$ 51,014,065	\$ 44,056,541	\$ 50,730,015	\$ 42,878,428	\$ 47,928,721	\$ 46,011,546
Net Revenue	\$ 91,206,129	\$ 69,734,120	\$ 73,039,692	\$ 81,668,120	\$ 74,944,114	\$ 66,846,697	\$ 61,489,956	\$ 55,233,407	\$ 60,434,763	\$ 62,782,709
Debt Service Requirement	\$ 27,020,740	\$ 24,964,965	\$ 20,511,800	\$ 21,067,863	\$ 18,587,675	\$ 18,023,355	\$ 17,191,399	\$ 16,897,703	\$ 15,348,323	\$ 12,837,884
Debt Coverage	337.5%	279.3%	356.1%	387.6%	403.2%	370.9%	357.7%	326.9%	393.8%	489.0%
Alternate (no begin balance)	162.8%	146.6%	198.1%	179.0%	205.6%	208.8%	178.2%	187.5%	163.9%	170.1%
125% of debt service required	\$ 33,775,925	\$ 31,206,206	\$ 25,639,750	\$ 26,334,829	\$ 23,234,594	\$ 22,529,194	\$ 21,489,249	\$ 21,122,129	\$ 19,185,404	\$ 16,047,355
140% of debt service required	\$ 37,829,036	\$ 34,950,951	\$ 28,716,520	\$ 29,495,008	\$ 26,022,745	\$ 25,232,697	\$ 24,067,959	\$ 23,656,784	\$ 21,487,652	\$ 17,973,038

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

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

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

Source: Commission Accounting System

Table 11
Population, Income, and Employment
Last Ten Calendar Years

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
United States										
Total Personal Income (\$000)	\$24,669,300,000	\$23,402,500,000	\$21,804,672,169	\$23,138,636,220	\$20,564,900,000	\$18,599,062,000	\$17,813,035,000	\$16,820,250,000	\$16,115,630,000	\$15,324,108,725
Per Capita Income (\$)	\$72,512	\$69,876	\$65,423	\$69,717	\$62,090	\$56,663	\$54,446	\$51,640	\$49,831	\$47,665
Population	340,212,000	334,914,896	333,287,562	331,893,745	331,209,000	328,239,523	327,167,434	325,719,178	323,405,935	321,467,160
Employment	167,292,666	164,300,374	169,852,882	166,900,336	147,795,000	157,538,000	200,746,000	196,132,200	193,368,900	190,195,400
New England										
Total Personal Income (\$000)	\$1,347,776,900	\$1,278,575,592	\$1,200,166,525	\$1,156,873,537	\$1,098,140,600	\$1,049,299,200	\$1,008,436,200	\$952,330,566	\$915,452,998	\$867,004,548
Per Capita Income (\$)	\$87,597	\$84,340	\$79,326	\$76,651	\$73,961	\$70,683	\$67,893	\$64,303	\$62,033	\$58,863
Population	15,386,085	15,159,777	15,129,548	15,092,739	14,847,468	14,845,063	14,853,290	14,810,001	14,727,573	14,729,289
Employment	8,146,355	8,016,896	12,603,450	12,537,490	10,783,355	10,127,365	10,032,617	9,886,800	9,777,804	9,571,509
Massachusetts										
Total Personal Income (\$000)	\$668,762,500	\$634,296,100	\$593,083,781	\$576,063,500	\$549,564,800	\$516,713,600	\$494,764,600	\$463,930,693	\$444,812,504	\$414,723,656
Per Capita Income (\$)	\$93,714	\$90,596	\$84,945	\$82,475	\$79,721	\$74,967	\$71,683	\$67,630	\$65,186	\$61,032
Population	7,136,171	7,001,399	6,981,974	6,984,723	6,893,574	6,892,503	6,902,149	6,859,819	6,823,721	6,795,177
Employment	3,831,790	3,753,345	5,805,465	5,790,261	3,760,335	4,936,751	4,872,851	4,777,678	4,710,176	4,542,723
Western Massachusetts ⁽¹⁾										
Total Personal Income (\$000)	(2)	\$53,599,348	\$50,271,327	\$51,632,549	\$47,945,845	\$44,927,459	\$43,647,850	\$41,889,827	\$40,025,022	\$39,196,508
Per Capita Income (\$)	(2)	\$65,329	\$61,129	\$62,664	\$58,466	\$54,635	\$52,647	\$50,551	\$48,365	\$47,201
Population	829,147	820,447	822,382	823,962	820,225	822,326	829,072	828,667	827,568	830,411
Employment	409,435	403,831	395,533	377,885	455,990	503,002	499,052	494,421	493,325	478,874

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

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

(2) Information is not presented as it is unavailable

Table 12
Demographic and Economic Statistics
2024 Calendar Year End Summary

	Springfield, MA	United States
ECONOMY		
Unemployment Rate	6.5%	4.6%
Recent Job Growth *	1.1%	0.2%
3 Year Average	0.0%	0.9%
5 Year Average	3.4%	4.2%
Future Job Growth *	unavailable	unavailable
Sales Tax	6.25%	0.0%
Income Per Capita	\$27,224	\$45,256
Household Income (Median)	\$57,384	\$81,604
HOUSEHOLD INCOME		
Income less than 10K	11.8%	5.1%
Income between 10K and 15K	5.8%	3.3%
Income between 15K and 25K	9.7%	6.0%
Income between 25K and 35K	7.6%	6.3%
Income between 35K and 50K	8.8%	9.9%
Income between 50K and 75K	17.2%	15.6%
Income between 75K and 100K	11.5%	12.6%
Income between 100K and 150K	14.3%	17.8%
Income between 150K and 200K	7.4%	9.7%
Income greater than 200K	5.9%	13.7%
POPULATION BY OCCUPATION		
Management, business, science, and arts occupations	32.7%	43.5%
Service occupations	25.4%	16.5%
Sales and office occupations	17.7%	19.1%
Natural resources, construction, and maintenance occupations	6.2%	8.3%
Production, transportation, and material moving occupations	18.0%	12.6%

* Growth between May 2023 and May 2024
Source: Bureau of Labor Statistics 2025

Table 13
Distribution of Customers by Account Type
Last Ten Fiscal Years

Water Accounts	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Residential	40,785	40,746	40,706	40,668	40,621	40,532	40,462	40,394	40,358	40,303
Commercial	2,217	2,206	2,204	2,204	2,200	2,187	2,183	2,175	2,174	2,175
Industrial	78	80	79	83	85	84	85	86	87	88
Municipal	218	214	206	193	192	185	183	169	162	158
Solutia contract	24	24	24	24	25	25	25	25	23	24
Town contracts	6	6	6	6	6	6	6	6	6	6
Totals	43,328	43,276	43,225	43,178	43,129	43,019	42,944	42,855	42,810	42,754
% Change	0.1%	0.1%	0.1%	0.1%	0.3%	0.2%	0.2%	0.1%	0.1%	0.2%
Sewer Accounts	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Residential	35,792	35,749	35,704	35,660	35,610	35,483	35,412	35,347	35,298	35,243
Commercial	1,703	1,704	1,703	1,704	1,702	1,705	1,702	1,695	1,689	1,689
Industrial	100	100	100	100	100	99	100	101	102	104
Municipal	18	18	108	106	106	105	102	99	96	97
Food service	63	64	63	63	61	62	61	65	67	71
Medical	113	114	21	20	19	19	19	19	19	19
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	37,796	37,756	37,706	37,660	37,605	37,480	37,403	37,333	37,278	37,230
% Change	0.1%	0.1%	0.1%	0.1%	0.3%	0.2%	0.2%	0.1%	0.1%	0.1%

Source: Commission Billing System

Table 14
Largest Private Employers
Current Year and Nine Years Prior

<u>Employer</u>	<u>Nature of Business</u>	<u>2025</u>			<u>2016</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	Healthcare	8,000	1	12.3%	9,925	1	15.7%
MassMutual	Insurance	4,000	2	6.2%	4,273	2	6.8%
Sisters of Providence (Mercy Hospital)	Healthcare	2,800	3	4.3%	1,942	3	3.1%
MGM Springfield	Hospitality	1,562	4	2.4%	n/a	n/a	0.0%
Big Y	Grocery	1,000	5	1.5%	1,002	5	1.6%
Smith & Wesson	Manufacturing	907	6	1.4%	1,518	4	2.4%
Western New England University	Education	768	7	1.2%	879	6	1.4%
Peter Pan Bus Lines	Transportation	750	8	1.2%	n/a	n/a	0.0%
Springfield Tech Community College	Education	700	9	1.1%	805	7	1.3%
Center for Human Development	Social Services	650	10	1.0%	507	9	0.8%
Springfield College	Education	630	n/a	1.0%	698	8	1.1%
Solutia	Manufacturing	300	n/a	0.5%	384	10	0.6%
		<u>22,067</u>		<u>34.1%</u>	<u>21,933</u>		<u>34.8%</u>

Source: City of Springfield, Massachusetts June 30, 2025 Annual Comprehensive Financial Report
Official Statements, Massachusetts Department of Labor and Workforce Development

Table 15
Divisional Breakdown of SWSC Funded (Budgeted) Positions
Last Ten Budget Years

	<u>2026</u>	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Administration	13	12	14	13	13	11	11	9	8	7
Public Relations and Education	3	3	0	0	0	0	0	0	0	0
General Accounting	4	4	5	4	4	4	4	4	4	4
Customer Service	10	10	10	8	8	8	8	8	8	8
Information Systems	16	17	17	13	11	10	10	10	10	7
Asset Management	7	6	5	1	3	3	3	4	4	4
Engineering	13	13	12	21	25	15	19	19	19	21
Operations Management Water	0	2	2	2	2	3	3	4	3	3
SERTS	0	0	0	0	0	0	0	0	1	1
Water Supply Administration	7	5	4	4	5	4	4	3	3	3
Ludlow Reservoir	6	6	6	5	5	5	6	6	6	6
Provin Mountain	6	6	6	9	9	9	9	9	9	9
West Parish Filters	34	36	32	30	30	26	31	36	37	35
Watershed Management	3	3	3	2	2	1	2	1	1	1
Borden Brook	4	4	4	4	3	4	4	3	3	3
Laboratory	9	7	7	6	6	5	5	5	5	5
Cross Connection Control	6	6	6	5	5	4	5	4	4	4
Warehouse Management	5	5	5	6	6	6	4	4	4	4
Customer Field Service	10	10	10	9	8	9	7	6	5	5
Meters and Field Service	25	24	24	22	21	21	21	22	22	22
Water Quality	14	14	15	14	14	14	16	13	13	14
Water Distribution	38	38	39	34	32	32	34	35	36	35
Fleet Management	2	2	2	2	2	2	2	0	0	0
WW Operations Management	1	1	1	2	2	2	2	1	1	1
Sewer Collection Services	28	30	29	30	33	33	38	41	39	39
Industrial Pretreatment	3	3	3	3	3	2	2	2	2	2
FOG	0	0	0	0	0	0	1	1	1	1
Totals	267	267	261	249	252	233	251	250	248	244

Source: Commission Budget Documents

Table 16
Water and Sewer Distribution System
Summary Fiscal Year 2025

Water Distribution System

<u>Appurtenances</u>		<u>Water Main City Wide</u>	
Hydrants	6,230	Total Linear Feet	3,056,478
Valves	19,943	Total Linear Miles	579
Meters	47,118		
		Water Booster Pump Stations	5

Sewer Collection System

<u>Appurtenances</u>		<u>Sewer Pipes City Wide</u>	
CSO Regulator Structures & Outfalls	24	Total Linear Feet	2,503,817
Manholes	11,521		
Regulators	24	Combined Sewer Miles	150
Flood Control Gates	42	Separated Sewer Miles	<u>324</u>
		Total Sewer Miles	474
		Sewage Pumping Stations	26
		Flood Control Pumping Stations	8
		Active CSO's	24

Source: Commission's GIS System

Table 17
Insurance Coverage
2025 - 2026

<u>Provider</u>	<u>Policy Period</u>	<u>Type of Coverage</u>	<u>Liability Limits</u>	<u>Annual Premium</u>
Starr Surplus Lines Insurance Company	4/2/2025 - 4/2/2026	Property	\$100,000,000	\$328,571
Accredited Specialty Insurance Company	4/2/2025 - 4/2/2026	Special Primary/Excess Liability	\$5,000,000	\$125,104
Lexington Insurance Company	4/2/2025 - 4/2/2026	Excess Liability/1st layer	\$5,000,000	\$175,000
Safety Insurance Company	4/2/2025 - 4/2/2026	Automobile (OOS)	\$1,000,000	\$18,888
Hanover Insurance Group	4/2/2025 - 4/2/2026	Crime	\$1,000,000	\$14,721
United States Aircraft Insurance Group	6/3/2025 - 6/3/2026	Drone	\$1,000,000	\$10,813
CFC Underwriting Limited	4/17/2025 - 4/17/2026	Cyber	\$2,000,000	\$38,792

Source: Commission's Insurance Records

**Table 18
Water and Sewer Sales
Last Ten Fiscal Years**

Water Revenues

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Residential	\$ 23,404,966	\$ 21,322,489	\$ 21,117,952	\$ 19,443,812	\$ 20,447,895	\$ 17,292,613	\$ 15,616,135	\$ 14,911,091	\$ 15,218,954	\$ 14,381,642
Commercial	6,316,135	6,126,126	5,695,713	5,139,100	4,745,864	4,398,794	4,563,718	4,018,447	3,902,296	3,752,587
Industrial	1,603,080	1,397,708	1,548,066	1,139,079	1,274,604	977,510	973,305	1,019,910	944,766	1,080,588
Municipal	737,417	892,154	847,055	768,216	650,861	605,125	475,838	428,362	472,383	432,235
Solutia contract	8,015,644	8,012,914	7,205,824	6,816,682	6,229,929	5,714,593	5,944,006	5,521,688	5,536,360	5,352,632
Town contracts	<u>6,805,685</u>	<u>5,454,367</u>	<u>5,060,104</u>	<u>5,396,009</u>	<u>4,932,096</u>	<u>3,409,620</u>	<u>4,295,035</u>	<u>4,293,041</u>	<u>4,162,012</u>	<u>2,327,342</u>
Total	<u>\$ 46,882,927</u>	<u>\$ 43,205,758</u>	<u>\$ 41,474,714</u>	<u>\$ 38,702,898</u>	<u>\$ 38,281,249</u>	<u>\$ 32,398,255</u>	<u>\$ 31,868,037</u>	<u>\$ 30,192,539</u>	<u>\$ 30,236,771</u>	<u>\$ 27,327,026</u>
% Change	8.9%	4.5%	7.2%	1.1%	18.2%	1.7%	5.5%	-0.1%	10.6%	-0.1%

Sewer Revenues

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Residential	\$ 32,732,821	\$ 31,090,660	\$ 30,266,555	\$ 28,201,429	\$ 28,687,877	\$ 25,248,071	\$ 23,742,570	\$ 22,283,701	\$ 22,417,606	\$ 21,468,222
Commercial	5,642,012	5,612,366	5,159,947	4,533,647	3,921,619	3,896,503	4,300,077	3,656,813	3,335,785	3,229,732
Industrial	1,393,860	1,408,106	1,270,733	1,178,034	1,165,887	1,077,082	1,167,164	1,142,754	1,102,505	1,004,203
Municipal	557,544	517,509	423,578	428,376	317,969	348,468	368,578	342,826	339,232	352,828
Food service	241,325	244,714	231,042	214,188	176,649	190,073	215,004	228,551	226,155	217,125
Medical	1,040,194	1,243,626	1,155,212	1,142,336	1,059,897	950,367	921,445	914,203	848,081	868,499
Solutia contract	2,920,520	2,578,251	2,100,730	2,028,009	1,743,119	1,772,609	1,822,289	2,247,072	2,078,416	2,014,469
Town contracts	<u>8,943,983</u>	<u>7,832,923</u>	<u>6,742,655</u>	<u>7,869,775</u>	<u>7,154,688</u>	<u>6,773,341</u>	<u>6,351,866</u>	<u>5,562,796</u>	<u>4,551,677</u>	<u>4,902,426</u>
Total	<u>\$ 53,472,259</u>	<u>\$ 50,528,155</u>	<u>\$ 47,350,452</u>	<u>\$ 45,595,794</u>	<u>\$ 44,227,705</u>	<u>\$ 40,256,514</u>	<u>\$ 38,888,993</u>	<u>\$ 36,378,716</u>	<u>\$ 34,899,457</u>	<u>\$ 34,057,504</u>
% Change	5.8%	6.7%	3.8%	3.1%	9.9%	3.5%	6.9%	4.2%	2.5%	9.4%

Source: Commission Billing System

Table 19
Capital Spending by Category
Last Ten Fiscal Years

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>Totals</u>	<u>% of Total</u>
Water	\$ 53,713,812	\$ 22,280,533	\$ 24,379,276	\$ 14,911,646	\$ 8,864,872	\$ 10,848,846	\$ 9,454,096	\$ 8,086,519	\$ 7,516,116	\$ 15,371,825	\$ 175,427,541	36%
Sewer	20,683,503	43,400,255	56,122,095	46,273,978	28,078,727	32,523,915	8,869,437	15,705,575	19,415,137	17,824,767	288,897,389	59%
Power Generation	321,459	662,261	775,269	246,658	553,559	576,743	539,395	952,337	894,471	253,744	5,775,896	1%
Support	2,540,980	3,628,281	3,004,163	1,538,640	1,149,930	2,371,762	945,701	1,152,620	2,484,984	2,255,125	21,072,186	4%
Total	<u>\$ 77,259,754</u>	<u>\$ 69,971,330</u>	<u>\$ 84,280,803</u>	<u>\$ 62,970,922</u>	<u>\$ 38,647,088</u>	<u>\$ 46,321,266</u>	<u>\$ 19,808,629</u>	<u>\$ 25,897,051</u>	<u>\$ 30,310,708</u>	<u>\$ 35,705,461</u>	<u>\$ 491,173,012</u>	<u>100%</u>

Source: Commission's Accounting System