

CITY OF SPRINGFIELD, ILLINOIS
WATER FUND
(AN ENTERPRISE FUND OF THE CITY OF SPRINGFIELD)
ANNUAL FINANCIAL REPORT



FOR THE FISCAL YEAR ENDED
FEBRUARY 29, 2024

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**WATER FUND
CITY OF SPRINGFIELD, ILLINOIS**

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INDEPENDENT AUDITOR'S REPORT

This section includes the opinion of the Fund's independent auditing firm.



INDEPENDENT AUDITOR'S REPORT

July 23, 2024

Members of the City Council
Water Fund
City of Springfield, Illinois

Opinions

We have audited the accompanying financial statements of the Water Fund, an enterprise fund of the City of Springfield, Illinois, as of and for the year ended February 29, 2024, and the related notes to the financial statements, which collectively comprise the Fund's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Water Fund, an enterprise fund of the City of Springfield, Illinois, as of February 29, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Fund, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 Fund'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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted 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.

Auditor's Responsibilities for the Audit of the Financial Statements - Continued

In performing an audit in accordance with generally accepted 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 Fund'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 Fund'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 the supplementary pension and other post-employment benefit (OPEB) schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted a Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, 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. Our opinions on the basic financial statements are not affected by this missing information.

Water Fund
City of Springfield, Illinois
July 23, 2024

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Water Fund, an enterprise fund of the City of Springfield, Illinois' basic financial statements. The supplemental schedules are presented for purposes of additional analysis and are 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 auditing standards generally accepted in the United States of America. In our opinion, the supplemental schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Lauterbach & Amen, LLP
LAUTERBACH & AMEN, LLP

BASIC FINANCIAL STATEMENTS

WATER FUND
CITY OF SPRINGFIELD, ILLINOIS

Statement of Net Position
February 29, 2024

See Following Page

WATER FUND
CITY OF SPRINGFIELD, ILLINOIS

Statement of Net Position
February 29, 2024

ASSETS	
Current Assets	
Cash and Investments	\$ 5,725,133
Receivables - Net of Allowances	
Accounts	
Billed	2,500,861
Unbilled	1,057,236
Leases	17,973,819
Due from Primary Government	786,184
Other Assets	15,810
Inventories	3,169,116
Prepays	270,826
Total Current Assets	<u>31,498,985</u>
Restricted Assets	
Restricted Cash and Investments	16,264,960
Accrued Interest	3,132
Total Restricted Assets	<u>16,268,092</u>
Noncurrent Assets	
Capital Assets	
Property, Plant and Equipment	
Construction in Progress	5,129,235
Plant Capital Assets	307,854,855
Accumulated Depreciation	(96,961,022)
Total Property, Plant and Equipment	<u>216,023,068</u>
Auxiliary Service Property	
Nondepreciable	1,566,977
Depreciable	7,535,886
Accumulated Depreciation	(5,257,779)
Total Auxiliary Service Property	<u>3,845,084</u>
Nonutility Property - Hunter Lake	
Nondepreciable	24,830,272
Total Capital Assets	<u>244,698,424</u>
Other Assets	
Unamortized Debt Issuance Costs	174,161
Total Noncurrent Assets	<u>244,872,585</u>
Total Assets	<u>292,639,662</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Items - IMRF	7,049,692
Deferred Items - RBP	2,423,016
Unamortized Loss on Refunding	216,927
Total Deferred Outflows of Resources	<u>9,689,635</u>
Total Assets and Deferred Outflows of Resources	<u>302,329,297</u>

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

LIABILITIES

Current Liabilities	
Accounts Payable	\$ 1,282,901
Unearned Revenues	28,949
Accrued Payroll	479,882
Due to Primary Government	4,937,283
Current Portion of Long-Term Liabilities	
Other Payables	116,607
Compensated Absences	779,189
IEPA Loans Payable	203,615
Total Current Liabilities	<u>7,828,426</u>
Current Liabilities Payable from Restricted Assets	
Revenue Bonds Payable	2,640,000
Loans Payable	190,550
Accrued Interest Payable	71,916
Total Current Liabilities Payable from Restricted Assets	<u>2,902,466</u>
Noncurrent Liabilities	
Other Payables	166,506
Compensated Absences Payable	435,036
Net Pension Liability - IMRF	9,859,992
Total OPEB Liability - RBP	19,500,471
Revenue Bonds Payable	68,327,654
IEPA Loans Payable	1,091,709
Loans Payable	349,251
Total Noncurrent Liabilities	<u>99,730,619</u>
Total Liabilities	<u>110,461,511</u>

DEFERRED INFLOWS OF RESOURCES

Deferred Items - IMRF	63,105
Deferred Items - RBP	7,775,000
Leases	17,685,110
Unamortized Gain on Refunding	2,288,702
Total Deferred Inflows of Resources	<u>27,811,917</u>
Total Liabilities and Deferred Inflows of Resources	<u>138,273,428</u>

NET POSITION

Net Investment in Capital Assets	180,962,756
Restricted - Debt Service	2,349,409
Restricted - System Repairs and Improvements	4,776,525
Unrestricted	<u>(24,032,821)</u>
Total Net Position	<u>164,055,869</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u><u>302,329,297</u></u>

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

WATER FUND
CITY OF SPRINGFIELD, ILLINOIS

Statement of Revenues, Expenses and Changes in Net Position
For the Fiscal Year Ended February 29, 2024

Operating Revenues	
Charges for Services	\$ 26,396,586
Operating Expenses	
Source of Supply	735,331
Pumping	1,380,681
Purification	6,078,590
Distribution	6,955,859
Accounting and Collection	1,930,257
Administrative and General	1,792,935
IMRF Pension	(2,368,212)
Other Post-Employment Benefits	(3,607,114)
Depreciation	5,640,996
Total Operating Expenses	18,539,323
Operating Income	7,857,263
Nonoperating Revenues (Expenses)	
Investment Income	872,267
Leases	1,387,177
Other Income (Expenses)	1,777,522
Auxiliary Service Property and Nonutility Property Operations	(3,022,698)
Interest Expense	(1,955,204)
	(940,936)
Income Before Transfers and Contributions	6,916,327
Contribution Revenue	2,397,151
Transfers In	557,266
	2,954,417
Change in Net Position	9,870,744
Net Position - Beginning as Restated	154,185,125
Net Position - Ending	164,055,869

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

WATER FUND
CITY OF SPRINGFIELD, ILLINOIS

Statement of Cash Flows
For the Fiscal Year Ended February 29, 2024

Cash Flows from Operating Activities	
Receipts from Customers	\$ 29,576,124
Payments to Employees	(18,873,653)
Payments to Suppliers	(1,432,993)
	<u>9,269,478</u>
Cash Flows from Capital and Related Financing Activities	
Purchase of Capital Assets	(6,942,852)
Auxiliary Service Property and Nonutility Property Operations - Net	(2,792,421)
Contribution Revenue	2,397,151
Retirement of Debt	(3,354,164)
Interest Expense	(1,948,508)
	<u>(12,640,794)</u>
Cash Flows from Noncapital Financing Activities	
Changes in Leases	1,072,213
Transfers In	557,266
	<u>1,629,479</u>
Cash Flows from Investing Activities	
Investment Income	<u>872,267</u>
Net Change in Cash and Cash Equivalents	(869,570)
Cash and Cash Equivalents	
Beginning	<u>22,859,663</u>
Ending	<u>21,990,093</u>
Reconciliation of Operating Income to Net Cash	
Provided (Used) by Operating Activities	
Operating Income	7,857,263
Adjustments to Reconcile Operating Income to Net Income to Net Cash	
Provided by (Used in) Operating Activities:	
Depreciation and Amortization	5,640,996
Other Income	3,164,699
(Increase) Decrease in Current Assets	14,839
Increase (Decrease) in Current Liabilities	(7,408,319)
Net Cash Provided by Operating Activities	<u>9,269,478</u>

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

WATER FUND
CITY OF SPRINGFIELD, ILLINOIS

Notes to the Financial Statements
February 29, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Water Fund (the Fund), an Enterprise Fund of the City of Springfield, Illinois (the City), have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to government units (hereinafter referred to as generally accepted accounting principles (GAAP)). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant of the Fund's accounting policies established in GAAP and used by the Fund are described below.

REPORTING ENTITY

The Water Fund is a fund of the City and is classified as an Enterprise Fund (proprietary fund type). Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenue earned, expenses incurred, and/or change in net position is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The financial statements present only the financial position, changes in financial position, and cash flows of the City's Water Fund. These financial statements are not intended to present fairly the financial position, changes in financial position and cash flows of the City in conformity with GAAP.

The Fund's Board of Managers administers the fund but the City owns the Fund, approves operating revenues and expenses and has ultimate authority over Fund operations.

BASIS OF PRESENTATION

In the Statement of Net Position, the Fund's activities are reported on a full accrual, economic resources basis, which recognizes all long-term assets and receivables as well as long-term obligations.

The Fund uses fund accounting to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

The Fund utilizes a single proprietary fund. Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities are provided to outside parties.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

WATER FUND
CITY OF SPRINGFIELD, ILLINOIS

Notes to the Financial Statements
February 29, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING - Continued

Measurement Focus

All proprietary funds utilize an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position, financial position, and cash flows. All assets/deferred outflows and liabilities/deferred inflows (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

Basis of Accounting

The Fund’s basic financial statements are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned, including an estimate of water revenue unbilled at the end of each accounting period, and expenses are recorded when the liability is incurred or economic asset used.

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 the Fund are charges for services. Operating expenses include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY

Cash and Investments

For the purpose of the Statement of Net Position, the cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of purchase.

Investments are generally reported at fair value. Short-term investments are reported at cost, which approximates fair value. For investments, the Fund categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Restricted Cash and Investments

Restricted asset accounts are utilized in the Water Fund to comply with revenue bond ordinances. When both restricted and unrestricted resources are available for use, it is the City’s policy to use restricted resources first, then, unrestricted resources, as they are needed.

Inventories

Inventories of materials and supplies are stated at the lower of cost or market, with cost determined on an average cost basis. Inventory is used for maintenance of utility plant, not for resale.

WATER FUND
CITY OF SPRINGFIELD, ILLINOIS

Notes to the Financial Statements
February 29, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY - Continued

Receivables

In the government-wide financial statements, receivables consist of all revenues earned at year-end and not yet received. The Fund records an allowance as not all amounts are expected to be fully collectible. The Fund reports accounts and interest as its major receivables.

Capital Assets

Capital assets purchased or acquired with an original cost of \$5,000 or more, depending on asset class, are reported at historical cost or estimated historical cost. Contributed assets are reported at acquisition value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation has been provided using the straight-line method over the following estimated useful lives of the assets:

Plant and Distribution System	10 - 100 Years
Equipment	5 - 33 Years

Depreciation provided during the year ended February 29, 2024 was approximately 1.89 percent of depreciable utility plant at February 29, 2024.

Nonutility and Other Property

Nonutility and other property represents property acquired for the proposed John H. Hunter Lake project. The cost of farmland, including legal and other acquisition costs are capitalized assets. Rental revenue and operating expenses are reported on the statements of revenue, expenses and changes in net position.

Deferred Outflows/Inflows of Resources

Deferred outflow/inflow of resources represents a consumption/acquisition of net assets that applies to a future period and therefore will not be recognized as an outflow of resources (expense)/inflow of resources (revenue) until that future time.

Long-Term Obligations

In the financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as expenses at the time of issuance.

WATER FUND
CITY OF SPRINGFIELD, ILLINOIS

Notes to the Financial Statements
February 29, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY - Continued

Compensated Absences

Water Fund employees are granted vacation and sick pay in varying amounts. In the event of termination, a non-union employee is reimbursed for accumulated vacation days up to the equivalent of two years vacation. A union employee normally must take vacation accrued during the fiscal year of accrual. Vested or accumulated vacation leave is recorded as an expense and liability as the benefits accrue to employees.

Certain union employees may accumulate up to 90 days of sick leave to be paid upon death or retirement. Non-union employees may accumulate an unlimited number of days of sick leave. A portion of accumulated sick leave is to be paid upon death or retirement as decided by the City Council. No sick leave is paid upon termination. An actuarially determined liability is recognized for that portion of accumulated sick leave benefits estimated to be payable upon death or retirement.

Net Position

In the government-wide financial statements, equity is classified as net position and displayed in three components:

Net Investment in Capital Assets - Consists of capital assets, including restricted capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted - Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted - All other net position balances that do not meet the definition of "restricted" or "net investment in capital assets."

The Fund considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund position is available.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

WATER FUND
CITY OF SPRINGFIELD, ILLINOIS

Notes to the Financial Statements
February 29, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

OPERATING REVENUES AND EXPENSES

Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Retail revenue is billed monthly based on rates adopted by the City Council. For the year ended February 29, 2024, retail customers of the water system paid an average price of \$3.79 per 100 cubic feet of water. Retail customer class average prices for the 2024 fiscal year was as follows:

	<u>Average Prices</u>
Inside City	\$3.72
Outside City	4.70
Southern View	5.08

CONTRIBUTION REVENUE AND RELATED PROJECT COSTS

In accordance with *GASB Statement No. 33, Accounting and Financial Reporting for Nonexchange Transactions*, the Water Fund is required to recognize capital contributions from nonexchange transactions as revenues. Contributions are payments received from contractors and other businesses and individuals for special water construction projects and contributions from other City funds for certain capital projects. Costs of the projects are capitalized and depreciated, or expensed as appropriate.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

BUDGETARY INFORMATION

Annually, the City adopts a budget for the Fund. The budget is adopted using the modified accrual basis of accounting.

NOTE 3 - DETAIL NOTES ON ALL FUNDS

DEPOSITS AND INVESTMENTS

Permitted Deposits and Investments - Statutes authorize the Fund to make deposits/invest in commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. Agencies, obligations of States and their political subdivisions, credit union shares, repurchase agreements, commercial paper rated within the three highest classifications by at least two standard rating services and Illinois Funds.

Deposits. At year-end, the carrying amount of the Fund's deposits totaled \$15,089,373 and the bank balances totaled \$15,086,351. Additionally, at year-end, the Fund has \$6,585,706 invested in the Illinois Funds, which is measured at net asset value per share as determined by the pool, and \$315,014 in certificates of deposit, which are measured using Level 2 inputs. Debt Securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

WATER FUND
CITY OF SPRINGFIELD, ILLINOIS

Notes to the Financial Statements
February 29, 2024

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

DEPOSITS AND INVESTMENTS - Continued

Following are the components of the Fund's cash, cash equivalents and investments:

	Unrestricted	Restricted	Total
Cash and Cash Equivalents	\$ 230,329	14,859,044	15,089,373
Certificates of Deposit	—	315,014	315,014
Illinois Funds	5,494,804	1,090,902	6,585,706
	5,725,133	16,264,960	21,990,093

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with the master revenue bond ordinance, the Fund limits investments to those with a maturity of five years or less. City policy places further limits stating that the City will not directly invest in securities with a maturity of greater than five years three months from the date of purchase. Reserve funds, however, may be invested in securities exceeding five years three months if the maturity of such investments is made to coincide as nearly as practicable with the expected use of funds. At year-end, the Fund does not have any investments subject to interest rate risk.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City is empowered by statute to invest in certain types of securities as provided in the Public Funds Investment Act, 30 Illinois Compiled Statutes 235/1 et seq. The Fund may only invest in certain securities in accordance with a master revenue bond ordinance. Investments are restricted to U.S. Government issued or secured debt, insured or collateralized certificates of deposits, highly rated state and municipal debt, and state pooled investments. Investments may not mature beyond five years. The Fund's investments in the Illinois Funds is rated AAmmf by Fitch Ratings and the investments in certificates of deposits ratings are not available.

Custodial Credit Risk. In the case of deposits, this is the risk that, in the event of the failure of the counterparty to the investment, the Fund will not be able to recover the value of its investments that are in possession of an outside party. The City's investment policy requires that deposits with financial institutions be collateralized at 105 percent of the market value of the principal and interest of the deposit. The collateral is to be held by an independent third party with whom the entity has a current custody agreement. The City's bank balances are covered by the Federal Deposit Insurance Corporation (FDIC), Federal Home Loan Bank of Chicago irrevocable Letter of Credit, Insured Cash Sweep (ICS) accounts maintained in a deposit placement service, or collateral held at Independent Bankers Bank, Federal Reserve Bank of Chicago or Associated Bank Corporation. At year end, the entire bank balance was covered by collateral, federal depository or equivalent insurance.

WATER FUND
CITY OF SPRINGFIELD, ILLINOIS

Notes to the Financial Statements
February 29, 2024

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

DEPOSITS AND INVESTMENTS - Continued

Concentration of Credit Risk. This is the risk of loss attributed to the magnitude of the Fund's investment in a single issuer. The City's investment policy calls for diversification of its investments by security type and institution. With the exception of U.S. Treasury notes and authorized pools, no more than 50 percent of the City's total investment portfolio will be invested in a single security type or with a single financial institution. The City's investment policy is written to encompass all City investments. Diversification levels in the policy are for the total investment portfolio. At year-end, the Fund does not have any investments over 5 percent of the total cash and investment portfolio (other than investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments).

DUE TO/FROM PRIMARY GOVERNMENT

The following are the amounts due to/from the primary government as of year-end:

	Due from Primary Government	Due to Primary Government
General	\$ 728,513	69,249
Lincoln Library	5,028	—
Convention and Visitors	5,941	—
Recycling Fee	15	—
Electric Power and Light	12,479	4,000,000
Oak Ridge Cemetery	30	—
Support Services	104	—
Fleet Services	1,888	—
Self-Insurance	32,186	868,034
	<u>786,184</u>	<u>4,937,283</u>

These balances resulted from the time lag between dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system and (3) payments between funds are made.

WATER FUND
CITY OF SPRINGFIELD, ILLINOIS

Notes to the Financial Statements
February 29, 2024

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

TRANSFERS IN - PAYMENTS FROM THE PRIMARY GOVERNMENT

The following are the amounts transferred from the primary government as of year-end:

	Transfers from Primary Government
General	\$ 557,266

CAPITAL ASSETS

Property, Plant and Equipment

Capital asset activity for the year was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Construction in Progress	\$ 2,540,168	6,484,274	3,895,207	5,129,235
Plant Capital Assets				
Source of Supply	31,693,987	311,626	—	32,005,613
Pumping	63,859,631	—	—	63,859,631
Purification	61,196,528	7,960	—	61,204,488
Distribution	136,749,248	3,480,637	216,250	140,013,635
General Purpose	10,568,460	286,915	83,887	10,771,488
	304,067,854	4,087,138	300,137	307,854,855
Less Accumulated Depreciation				
Source of Supply	8,363,880	243,810	—	8,607,690
Pumping	12,641,807	1,317,040	—	13,958,847
Purification	20,396,178	1,740,454	—	22,136,632
Distribution	42,139,088	2,066,202	216,250	43,989,040
General Purpose	8,079,210	273,490	83,887	8,268,813
	91,620,163	5,640,996	300,137	96,961,022
Total Net Plant Capital Assets	212,447,691	(1,553,858)	—	210,893,833
Total Capital Assets	214,987,859	4,930,416	3,895,207	216,023,068

WATER FUND
CITY OF SPRINGFIELD, ILLINOIS

Notes to the Financial Statements
February 29, 2024

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

CAPITAL ASSETS - Continued

Auxiliary Service Property

The land surrounding Lake Springfield, owned by the Water Fund, is used for residential properties, private recreational clubs and public purposes. All land except public land is leased under operating leases to individuals and groups for 60 to 99 year periods with options to renew. Land for the proposed John H. Hunter Lake is leased under operating leases for one to two years. Capital asset activity for the year was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Nondepreciable Capital Assets				
Land	\$ 1,566,977	—	—	1,566,977
Depreciable Capital Assets				
Lake Building and Improvements	3,538,521	29,697	—	3,568,218
Park Building and Improvements	1,533,099	15,000	—	1,548,099
General Purpose	2,399,678	19,891	—	2,419,569
	7,471,298	64,588	—	7,535,886
Less Accumulated Depreciation				
Lake Building and Improvements	2,484,314	96,633	—	2,580,947
Park Building and Improvements	994,024	26,583	—	1,020,607
General Purpose	1,549,164	107,061	—	1,656,225
	5,027,502	230,277	—	5,257,779
Total Net Capital Assets	4,010,773	(165,689)	—	3,845,084

Nonutility Property - Hunter Lake

As of year-end, the Water Fund had acquired approximately 5,789 acres of farmland near Springfield for approximately \$15,717,000. The land was acquired to construct the proposed John H. Hunter Lake, which would supplement the present Lake Springfield's potable water supply and provide cooling water for the City's Electric Light and Power Fund's generating system. As of February 29, 2024, the Water Fund has incurred a total of \$24,830,272 for the project, which includes the purchase price of the farmland and additional legal, engineering and other acquisition costs of \$9,113,272. Costs incurred for the project are classified as nonutility property, pending a final decision on the proposed project. Capital asset activity for the year was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Nondepreciable Capital Assets				
Land	\$ 24,628,213	202,059	—	24,830,272

WATER FUND
CITY OF SPRINGFIELD, ILLINOIS

Notes to the Financial Statements
February 29, 2024

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

LEASES RECEIVABLE

The Water Fund has entered into 787 lease agreements as lessor for certain parcels of land. As of February 29, 2024, the Water Fund has recorded a lease receivable in the amount of \$17,973,819 in accordance with GASB Statement No. 87, *Leases*. The Water Fund applied an incremental borrowing rate of 3.08 percent as the interest rate for the right-to-use land lessor agreements. During the fiscal year, the Water Fund has recognized \$1,387,177 of lease revenue related to the aforementioned agreements. The leases expire at various dates through fiscal year 2123.

LONG-TERM DEBT

Revenue Bonds Payable

The City issues revenue bonds to undertake acquisition and construction of major improvements to the water system. Revenue bonds are limited obligations of the City and do not constitute an indebtedness or a pledge of the full faith and credit or the taxing power of the City. The bonds are not secured by a lien or security interest in the physical assets of the water system. The bonds are secured by lien on and security interest in the net revenues of the water system. Revenue bonds currently outstanding are as follows:

Issue	Beginning Balances	Issuances	Retirements	Ending Balances
Revenue Bonds of 2020A, due in annual installments of \$695,000 to \$5,915,000, plus interest at 0.649% to 3.426% through March 1, 2040.	\$ 52,925,000	—	1,735,000	51,190,000
Revenue Bonds of 2020B, due in annual interest payments of 3.00% through March 1, 2041, with installments of \$1,855,000 and \$6,500,000 on March 1, 2040 and March 1, 2041.	8,355,000	—	—	8,355,000
Revenue Bonds of 2021, due in annual installments of \$1,225,000 to \$1,345,000, plus interest at 0.41% to 1.64% through March 1, 2032.	12,760,000	—	1,225,000	11,535,000
	74,040,000	—	2,960,000	71,080,000

WATER FUND
CITY OF SPRINGFIELD, ILLINOIS

Notes to the Financial Statements
February 29, 2024

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

LONG-TERM DEBT - Continued

Loans Payable

The City enters into loans payable for the acquisition of capital equipment. Loans payable are direct obligations and pledge the full faith and credit of the City. Loans payable currently outstanding are as follows:

Issue	Beginning Balances	Issuances	Retirements	Ending Balances
Loan Payable of 2022, due in annual installments of \$190,550, plus interest at 2.25% through February 15, 2027.	\$ 730,351	—	190,550	539,801

IEPA Loans Payable

The Fund has entered into loan agreements with the IEPA to provide low interest financing for waterworks and sewerage improvements. IEPA loans currently outstanding are as follows:

Issue	Beginning Balances	Issuances	Retirements	Ending Balances
Illinois Environmental Protection Agency (IEPA) Loan Payable of 2011A, due in annual installments of \$174,731 through November 3, 2030.	\$ 1,397,848	—	174,731	1,223,117
Illinois Environmental Protection Agency (IEPA) Loan Payable of 2011B, due in annual installments of \$28,884 through June 2, 2026.	101,090	—	28,883	72,207
	1,498,938	—	203,614	1,295,324

WATER FUND
CITY OF SPRINGFIELD, ILLINOIS

Notes to the Financial Statements
February 29, 2024

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

LONG-TERM DEBT - Continued

Debt Service Requirements to Maturity

The annual debt service requirements to maturity, including principal and interest, are as follows:

Fiscal Year	Business-Type Activities					
	Revenue Bonds		IEPA Loans		Loans Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 2,640,000	1,890,941	203,615	—	190,550	12,348
2026	2,355,000	1,863,734	203,615	—	190,550	7,967
2027	2,515,000	1,835,063	189,170	—	158,701	3,621
2028	2,690,000	1,800,137	174,731	—	—	—
2029	2,870,000	1,756,731	174,731	—	—	—
2030	3,065,000	1,706,416	174,731	—	—	—
2031	3,275,000	1,648,670	174,731	—	—	—
2032	3,500,000	1,581,186	—	—	—	—
2033	5,265,000	1,503,014	—	—	—	—
2034	4,195,000	1,385,635	—	—	—	—
2035	4,480,000	1,267,630	—	—	—	—
2036	4,820,000	1,137,127	—	—	—	—
2037	5,170,000	971,994	—	—	—	—
2038	5,530,000	794,870	—	—	—	—
2039	5,915,000	605,412	—	—	—	—
2040	6,295,000	402,768	—	—	—	—
2041	6,500,000	195,000	—	—	—	—
Totals	71,080,000	22,346,328	1,295,324	—	539,801	23,936

WATER FUND
CITY OF SPRINGFIELD, ILLINOIS

Notes to the Financial Statements
February 29, 2024

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

LONG-TERM DEBT - Continued

Revenue Bond Disclosures

The bond ordinances for the 2020 and 2021 bond issues establish certain reserve accounts and restrict transactions of these accounts. A description of these accounts and a schedule of activity for the bonds are as follows:

Bond and Interest Accounts. Established to pay bond principal and interest when due. Amounts are to be deposited monthly to accumulate at a rate equal to a fractional amount of the current portion of long-term debt due plus a fractional amount of the next semi-annual interest payment due.

Debt Service Reserve Accounts. Established to pay bond principal and interest if sufficient funds are not available from other sources. The amount on deposit in each reserve account is to equal the maximum aggregate interest payment for the related debt issuance. Deposit deficiencies shall be funded in equal installments over thirty-six consecutive months.

Emergency Repair Account. Established to pay for emergency repairs and replacements and to pay bond principal and interest when no other funds are available. The amount on deposit is to be not less than \$1,000,000 or such other amount as the City Council may determine based upon the recommendation of an independent consulting engineer. Deposit deficiencies shall be funded in equal installments within sixty consecutive months.

Renewal, Replacement and Improvement Account. Established to pay the cost of extraordinary maintenance, necessary repairs, and replacements or contingencies; routine maintenance, but only when no other funds are available; improvements and extensions or acquisitions for the system, including equipment; and payment of principal and interest if sufficient funds are not available in the respective bond and interest accounts. Monthly funding is required to be no less than one-twelfth of 15 percent of revenue for the preceding fiscal year less costs of chemicals and pumping expenses. However, monthly funding may fall to one-fifteenth of 15 percent as long as, at the end of each year, the deposits to the account total 15 percent of net revenue less costs for chemicals and pumping expenses.

Water Rebate Account. Established to account for funds required to be deposited in order for the interest paid on the water revenue bonds to remain tax-exempt. Amounts are to be deposited on each anniversary date equal to the actuarial bond fund earnings for the year less allowable bond fund earnings which represent excess earnings on the gross funds for each computation period. Amounts on deposit must be paid to the U.S. Government on various anniversary dates.

Improvement Accounts. Established to account for unexpended proceeds from the Series 2012 and 2020 Bonds to be used to finance certain improvements to the municipal waterworks system, including the relocation of the water distribution facility.

WATER FUND
CITY OF SPRINGFIELD, ILLINOIS

Notes to the Financial Statements
February 29, 2024

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

LONG-TERM DEBT - Continued

Revenue Bond Disclosures - Continued

	2020 Bond and Interest	2021 Bond and Interest	2020 Debt Service Reserve	2021 Debt Service Reserve
Cash and Investments - Beginning	\$ 749,373	1,491,171	938,329	74,654
Additions (Deductions)				
Interest Income	71,815	30,302	36,320	2,600
Compliance Deposits	3,508,008	1,371,780	—	—
Principal and Interest Payments	(3,508,011)	(1,369,286)	—	—
Transfers (to) from Restricted Accounts	—	—	—	—
Transfers (to) from Unrestricted Accounts	—	—	—	—
Cash and Investments - Ending	821,185	1,523,967	974,649	77,254
	Emergency Repair	Renewal Replacement and Improvement	Water Rebate	CWLP Commercial Vehicle Fund
Cash and Investments - Beginning	\$ 1,029,301	4,280,975	5,416	503,281
Additions (Deductions)				
Interest Income	55,891	90,209	294	17,042
Compliance Deposits	—	2,360,665	—	—
Principal and Interest Payments	—	—	—	—
Transfers (to) from Restricted Accounts	—	—	—	—
Transfers (to) from Unrestricted Accounts	—	(3,392,702)	—	(172,819)
Cash and Investments - Ending	1,085,192	3,339,147	5,710	347,504
	2012 Water Improvement	2020 Water Improvement	Totals	
Cash and Investments - Beginning	\$ 2,647	8,134,348	17,209,495	
Additions (Deductions)				
Interest Income	11	277,641	582,125	
Compliance Deposits	—	—	7,240,453	
Principal and Interest Payments	—	—	(4,877,297)	
Transfers (to) from Restricted Accounts	(2,658)	2,658	—	
Transfers (to) from Unrestricted Accounts	—	(324,295)	(3,889,816)	
Cash and Investments - Ending	—	8,090,352	16,264,960	
Accrued Interest			3,132	
Total Restricted Assets			16,268,092	

WATER FUND
CITY OF SPRINGFIELD, ILLINOIS

Notes to the Financial Statements
February 29, 2024

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

LONG-TERM DEBT - Continued

Revenue Bond Disclosures - Continued

Various other agreements associated with the bond ordinances require the following:

- Additional revenue bonds can be issued if:
 1. The debt service requirement after a new issuance is no greater than the amount set forth for each bond year prior to the bond issuance except for the last year, and that the debt service requirement after the new issuance is not greater than the average of all bond years (excluding the last) prior to the issuance as determined by an Officer's Certificate;
 2. Estimated net revenues will be at least equal to 125 percent of maximum annual debt service on outstanding bonds as computed after the issuance of new bonds for each of the five fiscal years following the later of the date of delivery of new bonds or the last interest payment date for which interest on such bonds has been capitalized, as determined by an Officer's Certificate; or
 3. The adjusted net revenue (all revenue of the system after deduction of the reasonable and necessary expenses of operation and maintenance, but before depreciation, interest expense, and amortization) during any twelve consecutive months within the eighteen months immediately preceding the issuance of new bonds shall be at least equal to 125 percent times the combined maximum annual debt service on the bonds then outstanding and the additional bonds to be issued, as determined by an Officer's Certificate.
- Subordinate bonds may be issued for any lawful purpose of the City related to the System as determined by the City Council.
- Water charges are to be collected from the various City departments. The street and fire departments, however, may receive free water for street cleaning, sewer flushing and for use by the City's fire stations.
- Disposals of utility plant can only be of a routine operational nature.
- An annual operating budget for the Water Fund shall be adopted by the City.
- Investments, if any, are restricted as shown in the Deposits and Investments footnote (Note 3).
- Net revenue must equal or exceed the greater of 1.25 times principal and interest for each fiscal year, or 1.00 times principal and interest for each fiscal year plus amounts sufficient to meet reserve requirements.

As of February 29, 2024, the City was in compliance with the debt covenants of the bond ordinances. Net revenue equaled 2.63 times the principal and interest.

WATER FUND
CITY OF SPRINGFIELD, ILLINOIS

Notes to the Financial Statements
February 29, 2024

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

LONG-TERM LIABILITY ACTIVITY

Changes in long-term liabilities during the fiscal year were as follows:

Type of Liability	Beginning Balances	Additions	Deduction	Ending Balances	Current Portion
Other Payables	\$ 222,219	173,764	112,870	283,113	116,607
Compensated Absences	1,106,300	1,148,284	1,040,359	1,214,225	779,189
Net Pension Liability/(Asset) - IMRF	14,276,437	—	4,416,445	9,859,992	—
Total OPEB Liability - RBP	18,813,499	686,972	—	19,500,471	—
Revenue Bonds	74,040,000	—	2,960,000	71,080,000	2,640,000
Unamortized Bond Discount	(119,042)	—	(6,696)	(112,346)	—
IEPA Loans	1,498,938	—	203,614	1,295,324	203,615
Loans Payable	730,351	—	190,550	539,801	190,550
	<u>110,568,702</u>	<u>2,009,020</u>	<u>8,917,142</u>	<u>103,660,580</u>	<u>3,929,961</u>

NET INVESTMENT IN CAPITAL ASSETS

Capital Assets - Net of Accumulated Depreciation	\$ 244,698,424
Plus: Unspent Bond Proceeds	9,067,111
Less Capital Related Debt:	
Revenue Bonds	(71,080,000)
IEPA Loans	(1,295,324)
Loans Payable	(539,801)
Unamortized Discount	<u>112,346</u>
Net Investment in Capital Assets	<u><u>180,962,756</u></u>

NET POSITION RESTATEMENT

Beginning net position was restated to correct an error in recognition of leases receivable. The following is a summary of the net position as originally reported and as restated:

Net Position	As Reported	As Restated	(Decrease)
Water	\$ 155,160,568	154,185,125	(975,443)

WATER FUND
CITY OF SPRINGFIELD, ILLINOIS

Notes to the Financial Statements
February 29, 2024

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

PLEDGED REVENUE

The Water Fund has pledged future net revenues, net of operations and maintenance costs, to repay \$84.66 million in water revenue bonds issued in 2018, 2020 and 2021. Proceeds from these bonds provided financing for various water system projects. The bonds are payable solely from water system net revenues and are payable through March 1, 2041. The total principal and interest remaining to be paid on the bonds is \$93,426,328 as of February 29, 2024. Annual principal and interest payments on the bonds are required to be 80 percent or less of net revenues as per the bond ordinance.

For fiscal year 2024, the total principal and interest paid and total net revenues were \$4,877,297 and \$12,849,507, respectively.

NOTE 4 - OTHER INFORMATION

DEFERRED COMPENSATION

Certain employees paid by the Water Fund participate in a deferred compensation plan (the Plan) established in accordance with the requirements of the Internal Revenue Code Section 457 and sponsored by the City. Participation in the Plan is available to all employees of the City. The Water Fund has no administration responsibility, investment responsibility or liability for losses under the Plan.

RELATED PARTY TRANSACTIONS

The Water Fund provides water service to the other departments of the City at normal rates, except that services may be and are provided at no charge to fire stations and for fire fighting and street cleaning.

During the year ended February 29, 2024, certain employees performed services for both the Water Fund and the Electric Light and Power Fund. Salaries and employee expenses for such individuals are generally allocated 15 percent to the Water Fund and 85 percent to the Electric Light and Power Fund based on the Massachusetts Formula, which gives equal weighting to each Fund's revenue, property and labor.

The Water Fund, the Electric Light and Power Fund and the Sewer Fund jointly bill customers for services. Each of these funds records its billed accounts receivable from customers each month. Beginning in fiscal year 2019, the Water Fund pays a shared service amount for certain mayoral, legal, human resource, purchasing and accounts payable services provided by the City's Corporate Fund. For fiscal year ended February 29, 2024, the Water Fund's allocated portion of these shared service expenses totaled \$192,010. The Water Fund provides information technology and support services to the General (Corporate) Fund and certain other City funds at no charge.

WATER FUND
CITY OF SPRINGFIELD, ILLINOIS

Notes to the Financial Statements
February 29, 2024

NOTE 4 - OTHER INFORMATION - Continued

RISK MANAGEMENT

The Fund is exposed to various types of risk including, but not limited to, property/casualty losses, workers compensation, employee health and public officials' liability. The Fund is insured for these losses through the City's Self Insurance Fund. Additional information regarding the limits of exposure can be found in the City's Annual Comprehensive Financial Report for the year ended February 29, 2024.

The City is self-insured for medical benefits, workers' compensation claims, and general liability claims. The Fund makes monthly contributions to the City's Self Insurance Fund for medical claims and workers' compensation based on a budgeted per-member amount. Any unpaid claims, or incurred but not reported claims, are a liability of the Self Insurance Fund.

The City is also self-insured for certain general liability claims and workers' compensation claims. The Water Fund maintains cash and investment reserves to fund such claims. If needed, budgetary provisions may be established to provide additional funding. The Water Fund is responsible for actual general liability claims up to \$900,000 and for all workers' compensation claims. Changes in the balances of claims liabilities are as follows:

	2024	2023
Claims Payable - Beginning	\$ 210,284	235,181
Incurred Claims	173,764	68,542
Claims Paid	(112,870)	(93,439)
	<u>271,178</u>	<u>210,284</u>
Claims Payable - Ending	<u>271,178</u>	<u>210,284</u>

Under the Master Bond Ordinance, the City is required to maintain insurance for the System of the kinds and in the amounts customarily carried by private parties operating similar properties; provided, however, that the City may self-insure over all or a part of such risks by establishing reasonable reserves or budgetary provisions. The City uses a combination of insurance policies and self-insurance to comply with the provisions of the Master Bond Ordinance. The City has property coverage contracts with ACE American Insurance, National Union Fire Insurance Company of Pittsburgh, Pa., Princeton Excess and Surplus Lines Insurance Company, Lloyd's of London, and Lloyd's StarStone, all of which provide property insurance coverage for the facilities of the System, including the Water Purification Plant, all Water Storage Towers, Spaulding Dam, Dividing Dam and the Saddle Dam. These contracts, which expire on July 14, 2024, have a combined liability limit of \$350,000,000. Settlement amounts have not exceeded insurance coverage for the current and three prior fiscal years. In addition, the City has established, within the General Account of the Water Fund, an Insurance Reserve Account which is used to pay for losses incurred by the System which are not covered by insurance policies and are less than \$900,000. As of February 29, 2024, the amount on deposit in the System's Insurance Reserve Account was \$1,085,189.

WATER FUND
CITY OF SPRINGFIELD, ILLINOIS

Notes to the Financial Statements
February 29, 2024

NOTE 4 - OTHER INFORMATION - Continued

RISK MANAGEMENT - Continued

Monies received pursuant to casualty insurance policies maintained by the City, for the benefit of the System, are required to be deposited to the credit of the Renewal, Replacement and Improvement Account and used to repair or replace the loss or damage with respect to which the monies were received or, at the option of the City, deposited into the Special Redemption Fund established under the Master Bond Ordinance and used (a) to pay principal of or interest or redemption premium on any bonds when there are no other funds for such purpose or, if not needed for the purposes set forth in this clause (a), then (b) to redeem or purchase bonds subject, in the case of purchases, to the certain limitations provided in the Master Bond Ordinance. The City maintains a self-insurance program for general liability for the System and for workers' compensation which covers the Department as well as other City agencies and departments.

COMMITMENTS

The City Council approved a contract with Crawford Murphy & Tilly for design and construction engineering services for water purification plant filter system upgrades. Ordinance 073-03-18, passed in March 2018 for \$1,452,558, was supplemented by Ordinance 003-01-21 in January 2021. This allowed for additional spending of \$148,200, bringing the total for the project to \$1,600,758. As of February 29, 2024, the amount remaining on this contract was \$15,720.

A contract with Petersburg Plumbing & Excavating (Ordinance 178-05-21) was passed in May 2021 for Lead Water Service Line Replacement Project for \$4 million. As of February 29, 2024, \$2,259,694 remained outstanding on the contract and \$174,640 was being held as retainage on this project.

A contract with Petersburg Plumbing & Excavating (Ordinance 148-04-22) was passed in April 2022 for Water Service Line Pothole Project for \$1 million. As of February 29, 2024, \$708,240 remained outstanding on the contract and \$33,328 was being held as retainage on this project.

CONTINGENT LIABILITIES

Litigation

From time to time, the Fund is party to various pending claims and legal proceedings with respect to employment, civil rights, property taxes and other matters. Although the outcome of such matters cannot be forecasted with certainty, it is the opinion of management and the Fund attorney that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the Fund's financial position or results of operations.

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, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Fund expects such amounts, if any, to be immaterial.

WATER FUND
CITY OF SPRINGFIELD, ILLINOIS

Notes to the Financial Statements
February 29, 2024

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLAN

The City, as a whole, contributes to three defined benefit pension plans. The Fund only contributes to the Illinois Municipal Retirement Fund (IMRF), a defined benefit agent multiple-employer public employee retirement system. Participating employees are covered by the Illinois Municipal Retirement Fund (IMRF) through the City. IMRF issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole, but not by individual employer. That report may be obtained online at www.imrf.org. The benefits, benefit levels, employee contributions, and employer contributions are governed by Illinois Compiled Statutes (ILCS) and can only be amended by the Illinois General Assembly.

The Fund's participation in IMRF is equivalent to a cost sharing multiple-employer pension plan since only one actuarial valuation is performed for both the City and the Fund combined. All disclosures for an agent plan can be found in the City's Annual Comprehensive Financial Report. Contributions are paid by the City and are reimbursed by the Fund.

Plan Descriptions

Plan Administration. All employees hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. The plan is accounted for on the economic resources measurement focus and the accrual basis of accounting. Employer and employee contributions are recognized when earned in the year that the contributions are required, benefits and refunds are recognized as an expense and liability when due and payable.

Benefits Provided. IMRF provides two tiers of pension benefits. Employees hired **before** January 1, 2011, are eligible for Tier 1 benefits. Tier 1 employees are vested for pension benefits when they have at least eight years of qualifying service credit. Tier 1 employees who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) with eight years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any consecutive 48 months within the last 10 years of service, divided by 48. Under Tier 1, the pension is increased by 3% of the original amount on January 1 every year after retirement.

Employees hired on or after January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with ten years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any 96 consecutive months within the last 10 years of service, divided by 96. Under Tier 2, the pension is increased on January 1 every year after retirement, upon reaching age 67, by the lesser of:

- 3% of the original pension amount, or
- 1/2 of the increase in the Consumer Price Index of the original pension amount.

WATER FUND
CITY OF SPRINGFIELD, ILLINOIS

Notes to the Financial Statements
February 29, 2024

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLAN - Continued

Plan Descriptions - Continued

Plan Membership. As of December 31, 2023, the measurement date, membership for the entire City consisted of:

Inactive Plan Members Currently Receiving Benefits	1,743
Inactive Plan Members Entitled to but not yet Receiving Benefits	460
Active Plan Members	<u>874</u>
Total	<u><u>3,077</u></u>

Contributions. As set by statute, the regular plan members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. For the year-ended February 29, 2024, the Fund's contribution was 9.99% of covered payroll.

Net Pension Liability. The City's net pension liability was measured as of December 31, 2023. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation performed, as of December 31, 2023, using the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Fair Value
Actuarial Assumptions	
Interest Rate	7.25%
Salary Increases	2.85% to 13.75%
Cost of Living Adjustments	2.75%
Inflation	2.25%

WATER FUND
CITY OF SPRINGFIELD, ILLINOIS

Notes to the Financial Statements
February 29, 2024

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLAN - Continued

Plan Descriptions - Continued

Actuarial Assumptions - Continued. For non-disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male (adjusted 108.0%) and Female (adjusted 106.4%) tables, and future mortality improvements projected using scale MP-2021. For disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Disabled Retiree, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2021. For active members, the Pub-2010, Amount-Weighted, below-median income, General, Employee, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2021.

The long-term expected rate of return on pension 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 pension plan 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 to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target	Long-Term Expected Real Rate of Return
Fixed Income	24.50%	4.75%
Domestic Equities	34.50%	5.00%
International Equities	18.00%	6.35%
Real Estate	10.50%	6.30%
Blended	11.50%	6.05% - 8.65%
Cash and Cash Equivalents	1.00%	3.80%

WATER FUND
CITY OF SPRINGFIELD, ILLINOIS

Notes to the Financial Statements
February 29, 2024

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLAN - Continued

Discount Rate

The discount rate used to measure the total pension liability was 7.25%, the same as the prior valuation. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the member rate. Based on those assumptions, the Fund'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.

Discount Rate Sensitivity

The following is a sensitivity analysis of the net pension liability to changes in the discount rate. The table below presents the net pension liability of the Fund calculated using the discount rate as well as what the Fund's 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:

	1% Decrease (6.25%)	Current Rate (7.25%)	1% Increase (8.25%)
Net Pension Liability	\$ 21,899,389	9,859,992	59,457

Changes in the Net Pension Liability

At February 29, 2024, the Fund reported a liability of \$9,859,992, for its proportionate share of the net pension liability. The Fund's proportion of the net pension liability was based on the Fund's actual contributions to the plan for the year ended February 29, 2024, relative to the actual contributions of the City as a whole. At February 29, 2024, the Fund's proportion was 14.57% of the total contribution.

WATER FUND
CITY OF SPRINGFIELD, ILLINOIS

Notes to the Financial Statements
February 29, 2024

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLAN - Continued

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

For the year ended February 29, 2024, the Fund recognized pension revenue of \$1,382,041. At February 29, 2024, the Fund reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred (Inflows) of Resources	Totals
Difference Between Expected and Actual Experience	\$ 1,263,278	—	1,263,278
Change in Assumptions	—	(63,105)	(63,105)
Net Difference Between Projected and Actual			
Earnings on Pension Plan Investments	5,612,712	—	5,612,712
Total Expense to be Recognized in Future Periods	6,875,990	(63,105)	6,812,885
Contributions Made Subsequent to the Measurement Date	173,702	—	173,702
Total Deferred Amounts Related to IMRF	7,049,692	(63,105)	6,986,587

\$173,702 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the reporting year ended February 28, 2025.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

Fiscal Year	Net Deferred Outflows/ (Inflows) of Resources
2025	\$ 1,200,658
2026	2,334,901
2027	4,084,882
2028	(807,556)
2029	—
Thereafter	—
Totals	6,812,885

WATER FUND
CITY OF SPRINGFIELD, ILLINOIS

Notes to the Financial Statements
February 29, 2024

NOTE 4 - OTHER INFORMATION - Continued

OTHER POST-EMPLOYMENT BENEFITS

General Information about the OPEB Plan

Plan Description. The City's defined benefit OPEB plan, Retiree Benefits Plan (RBP), is a single-employer defined benefit OPEB plan administered by the City. Retired employees of the City of Springfield and their dependents are eligible to participate in the plan. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the City Council. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

Benefits Provided. RBP provides continued health insurance coverage at the active employee rate to all eligible employees in accordance with ILCS, which creates an OPEB for retirees, commonly referred to as an implicit rate subsidy. To be eligible for benefits, an employee must qualify for retirement under the City's retirement plans. Per ordinance (624.09.05), the City pays 75% of the total premium costs per retiree who stays on the City insurance for life. Refunds, rebates subrogation funds 2.50% of the premium costs. The employees and retirees pay the difference in coverage premiums, or 22.50%. Disabled and retired employees are required to pay 100% of the premiums for such coverage.

Plan Membership. As of February 29, 2024, the measurement date, membership for the entire City consisted of:

Inactive Plan Members Currently Receiving Benefits	457
Inactive Plan Members Entitled to but not yet Receiving Benefits	—
Active Plan Members	<u>1296</u>
Total	<u><u>1753</u></u>

Total OPEB Liability

The City's total OPEB liability was measured as of February 29, 2024, and was determined by an actuarial valuation as of the same date.

Actuarial Assumptions and Other Inputs. The total OPEB liability in the February 29, 2024 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.25%
Salary Increases	2.75%
Discount Rate	3.92%
Healthcare Cost Trend Rates	Initial rate of 6.75%, grading down to the ultimate trend rate of 5.00%
Retirees' Share of Benefit-Related Costs	100% of the benefit costs

The discount rate was based on an index of 20-year general obligation bonds with an average AA credit rating.

WATER FUND
CITY OF SPRINGFIELD, ILLINOIS

Notes to the Financial Statements
February 29, 2024

NOTE 4 - OTHER INFORMATION - Continued

OTHER POST-EMPLOYMENT BENEFITS - Continued

Total OPEB Liability - Continued

Actuarial Assumptions and Other Inputs - Continued. Mortality rates were based on the PubG-2010 table base rates Improved Generationally using scale MP-2021. Police and Firefighter Mortality follows the Sex Distinct Raw Rates as Developed in the PubS-2010(A) Study Improved to 2017 using MP-2019 Improvement Rates. These rates are then Improved Generationally using MP-2019 Improvement Rates.

Change in the Total OPEB Liability

	Water Fund OPEB Liability
	<u> </u>
Balance at February 28, 2023	\$ 18,813,499
Changes for the Year:	
Service Cost	154,622
Interest on the Total OPEB Liability	203,835
Difference Between Expected and Actual Experience	(74,086)
Changes of Assumptions or Other Inputs	578,075
Benefit Payments	(175,474)
Net Changes	<u>686,972</u>
Balance at February 29, 2024	<u><u>19,500,471</u></u>

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

The discount rate used to measure the total pension liability was 3.92%, while the prior valuation used 4.06%. The following presents the total OPEB liability of the Water Fund, calculated using the discount rate, as well as what the total OPEB liability of the Fund would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher:

	1% Decrease (2.92%)	Current Discount Rate (3.92%)	1% Increase (4.92%)
	<u> </u>		
Total OPEB Liability	\$ 22,996,387	19,500,471	16,758,783

WATER FUND
CITY OF SPRINGFIELD, ILLINOIS

Notes to the Financial Statements
February 29, 2024

NOTE 4 - OTHER INFORMATION - Continued

OTHER POST-EMPLOYMENT BENEFITS - Continued

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

The following presents the total OPEB liability of the Water Fund, calculated using a variable Healthcare Trend Rate, as well as what the total OPEB liability of the Fund would be if it were calculated using a Healthcare Trend Rate that is one percentage point lower or one percentage point higher:

		Healthcare Cost Trend Rates (Varies)	1% Increase (Varies)
	1% Decrease (Varies)		
Total OPEB Liability	\$ 16,495,528	19,500,471	23,412,810

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

For the year ended February 29, 2024, the Water Fund recognized OPEB revenue of \$3,431,640. At February 29, 2024, the Fund reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Totals
Difference Between Expected and Actual Experience	\$ —	(659,452)	(659,452)
Change in Assumptions	2,423,016	(7,115,548)	(4,692,532)
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	—	—	—
Total Deferred Amounts Related to OPEB	2,423,016	(7,775,000)	(5,351,984)

WATER FUND
CITY OF SPRINGFIELD, ILLINOIS

Notes to the Financial Statements
February 29, 2024

NOTE 4 - OTHER INFORMATION - Continued

OTHER POST-EMPLOYMENT BENEFITS - Continued

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

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

Fiscal Year	Net Deferred (Inflows) of Resources
2025	\$ (1,765,237)
2026	(1,250,449)
2027	(529,200)
2028	(618,219)
2029	(618,219)
Thereafter	<u>(570,660)</u>
Total	<u><u>(5,351,984)</u></u>

REQUIRED SUPPLEMENTARY INFORMATION

WATER FUND
CITY OF SPRINGFIELD, ILLINOIS

Illinois Municipal Retirement Fund
Schedule of Employer Contributions
February 29, 2024

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess/ (Deficiency)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2016	\$ 1,492,549	\$ 1,492,549	\$ —	\$ 9,574,141	15.59%
2017	1,545,434	1,545,434	—	9,760,133	15.83%
2018	1,493,065	1,493,065	—	9,598,110	15.56%
2019	1,432,435	1,432,435	—	9,187,083	15.59%
2020	1,272,997	1,272,997	—	9,196,343	13.84%
2021	1,493,031	1,493,031	—	9,149,695	16.32%
2022	1,440,691	1,440,691	—	9,234,511	15.60%
2023	1,224,829	1,224,829	—	9,583,408	12.78%
2024	986,172	986,172	—	9,868,647	9.99%

Notes to the Required Supplementary Information:

Actuarial Cost Method	Aggregate Entry Age Normal
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	20 Years
Asset Valuation Method	5-Year Smoothed Fair Value
Inflation	2.25%
Salary Increases	2.75% to 13.75%, Including
Investment Rate of Return	7.25%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2020 valuation pursuant to an experience study of the period 2017-2019.
Mortality	For non-disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male (adjusted 106%) and Female (adjusted 105%) tables, and future mortality improvements projected using scale MP-2020. For disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Disabled Retiree, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020. For active members, the Pub-2010, Amount-Weighted, below-median income, General, Employee, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020.

Note:

This schedule is intended to show information for ten years. Information for additional years will be displayed as it becomes available.

WATER FUND
CITY OF SPRINGFIELD, ILLINOIS

Illinois Municipal Retirement Fund

Schedule of the Fund's Proportionate Share of the Net Pension Liability/(Asset)

February 29, 2024

	12/31/15	12/31/16	12/31/17
Water's Proportion of Net Pension Liability/(Asset)	13.49%	13.48%	13.62%
Water's Proportionate Share of Net Pension Liability/(Asset)	\$ 14,301,049	14,497,045	5,293,078
Water's Covered-Employee Payroll	9,678,215	9,729,319	9,441,153
Water's Proportionate Share of the Net Pension Liability/ (Asset) as a Percentage of its Covered-Employee Payroll	147.77%	149.00%	56.06%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability/(Asset)	83.47%	83.70%	93.92%

Note:

This schedule is intended to show information for ten years. Information for additional years will be displayed as it becomes available.

12/31/18	12/31/19	12/31/20	12/31/21	12/31/22	12/31/23
13.14%	12.97%	13.58%	13.93%	14.45%	14.57%
16,674,394	8,279,277	1,219,551	(9,140,671)	14,276,437	9,859,992
9,612,199	9,258,717	9,176,952	9,174,702	9,582,835	9,786,179
173.47%	89.42%	13.29%	(99.63%)	148.98%	100.75%
81.72%	91.30%	98.66%	108.72%	86.95%	91.26%

WATER FUND
CITY OF SPRINGFIELD, ILLINOIS

Retiree Benefit Plan

Schedule of Fund's Proportionate Share of the Total OPEB Liability and Related Ratios
February 29, 2024

	<u>2/28/19</u>
Total OPEB Liability	
Service Cost	\$ 950,107
Interest	1,046,937
Changes in Benefit Terms	—
Differences Between Expected and Actual Experience	—
Change of Assumptions or Other Inputs	(9,186,853)
Benefit Payments	<u>(635,553)</u>
Net Change in Total OPEB Liability	(7,825,362)
Total OPEB Liability - Beginning	<u>27,006,774</u>
 Total OPEB Liability - Ending	 <u><u>19,181,412</u></u>
 Covered-Employee Payroll	 \$ 8,254,771
 Total OPEB Liability as a Percentage of Covered-Employee Payroll	 232.37%

Notes:

This schedule is intended to show information for ten years. Information for additional years will be displayed as it becomes available.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

Changes of Assumptions. Change of assumption related to the discount rate were made in 2019 through 2024.

2/29/20	2/28/21	2/28/22	2/28/23	2/29/24
1,206,145	(5,747,169)	1,489,385	826,316	154,622
1,643,109	(3,838,636)	985,986	523,626	203,835
—	—	—	—	—
(1,055,414)	—	(713,046)	—	(74,086)
2,762,361	4,883,917	575,507	(6,170,259)	578,075
(1,295,626)	5,137,447	(1,014,532)	(567,030)	(175,474)
3,260,575	435,559	1,323,300	(5,387,347)	686,972
19,181,412	22,441,987	22,877,546	24,200,846	18,813,499
22,441,987	22,877,546	24,200,846	18,813,499	19,500,471
9,517,658	9,508,131	9,357,244	9,282,295	9,828,566
235.79%	240.61%	258.63%	202.68%	198.41%

SUPPLEMENTAL SCHEDULES

WATER FUND
CITY OF SPRINGFIELD, ILLINOIS

Long-Term Debt Requirements
Water Revenue Bonds of 2020A
February 29, 2024

Date of Issue	November 12, 2020
Date of Maturity	March 1, 2040
Authorized Issue	\$57,740,000
Interest Rate	0.649% - 3.426%
Interest Dates	March 1 and September 1
Principal Maturity Date	March 1
Payable at	US Bank

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements		
	Principal	Interest	Totals
2025	\$ 1,410,000	1,502,391	2,912,391
2026	1,115,000	1,484,329	2,599,329
2027	1,265,000	1,467,303	2,732,303
2028	1,425,000	1,446,089	2,871,089
2029	1,595,000	1,418,116	3,013,116
2030	1,775,000	1,384,733	3,159,733
2031	1,965,000	1,345,452	3,310,452
2032	2,170,000	1,298,037	3,468,037
2033	3,920,000	1,241,335	5,161,335
2034	4,195,000	1,134,985	5,329,985
2035	4,480,000	1,016,980	5,496,980
2036	4,820,000	886,477	5,706,477
2037	5,170,000	721,344	5,891,344
2038	5,530,000	544,220	6,074,220
2039	5,915,000	354,762	6,269,762
2040	4,440,000	152,118	4,592,118
	<u>51,190,000</u>	<u>17,398,671</u>	<u>68,588,671</u>

WATER FUND
CITY OF SPRINGFIELD, ILLINOIS

Long-Term Debt Requirements
Water Revenue Bonds of 2020B
February 29, 2024

Date of Issue	November 12, 2020
Date of Maturity	March 1, 2041
Authorized Issue	\$8,355,000
Interest Rate	3.00%
Interest Dates	March 1 and September 1
Principal Maturity Date	March 1
Payable at	US Bank

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements		
	Principal	Interest	Totals
2025	\$ —	250,650	250,650
2026	—	250,650	250,650
2027	—	250,650	250,650
2028	—	250,650	250,650
2029	—	250,650	250,650
2030	—	250,650	250,650
2031	—	250,650	250,650
2032	—	250,650	250,650
2033	—	250,650	250,650
2034	—	250,650	250,650
2035	—	250,650	250,650
2036	—	250,650	250,650
2037	—	250,650	250,650
2038	—	250,650	250,650
2039	—	250,650	250,650
2040	1,855,000	250,650	2,105,650
2041	6,500,000	195,000	6,695,000
	<u>8,355,000</u>	<u>4,205,400</u>	<u>12,560,400</u>

WATER FUND
CITY OF SPRINGFIELD, ILLINOIS

Long-Term Debt Requirements
Water Revenue Bonds of 2021
February 29, 2024

Date of Issue	December 1, 2021
Date of Maturity	March 1, 2032
Authorized Issue	\$12,760,000
Interest Rate	0.41% - 1.64%
Interest Dates	March 1 and September 1
Principal Maturity Date	March 1
Payable at	US Bank

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements		
	Principal	Interest	Totals
2025	\$ 1,230,000	137,900	1,367,900
2026	1,240,000	128,755	1,368,755
2027	1,250,000	117,110	1,367,110
2028	1,265,000	103,398	1,368,398
2029	1,275,000	87,965	1,362,965
2030	1,290,000	71,033	1,361,033
2031	1,310,000	52,568	1,362,568
2032	1,330,000	32,499	1,362,499
2033	1,345,000	11,029	1,356,029
	<u>11,535,000</u>	<u>742,257</u>	<u>12,277,257</u>

WATER FUND
CITY OF SPRINGFIELD, ILLINOIS

Long-Term Debt Requirements
Illinois Environmental Protection Agency Loan of 2011A
February 29, 2024

Date of Issue	November 3, 2011
Date of Maturity	November 3, 2030
Authorized Issue	\$3,375,699
Interest Rate	0.00%
Interest Dates	May 3 and November 3
Principal Maturity Date	May 3 and November 3
Payable at	Illinois Environmental Protection Agency

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements		
	Principal	Interest	Totals
2025	\$ 174,731	—	174,731
2026	174,731	—	174,731
2027	174,731	—	174,731
2028	174,731	—	174,731
2029	174,731	—	174,731
2030	174,731	—	174,731
2031	174,731	—	174,731
	1,223,117	—	1,223,117

WATER FUND
CITY OF SPRINGFIELD, ILLINOIS

Long-Term Debt Requirements
Illinois Environmental Protection Agency Loan of 2011B
February 29, 2024

Date of Issue	December 2, 2011
Date of Maturity	June 2, 2026
Authorized Issue	\$433,253
Interest Rate	0.00%
Interest Dates	June 2 and December 2
Principal Maturity Date	June 2 and December 2
Payable at	Illinois Environmental Protection Agency

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements		
	Principal	Interest	Totals
2025	\$ 28,884	—	28,884
2026	28,884	—	28,884
2027	14,439	—	14,439
	<u>72,207</u>	<u>—</u>	<u>72,207</u>

WATER FUND
CITY OF SPRINGFIELD, ILLINOIS

Long-Term Debt Requirements

Loan Payable of 2022

February 29, 2024

Date of Issue	August 1, 2022
Date of Maturity	February 15, 2027
Authorized Issue	\$920,901
Interest Rate	2.25%
Interest Dates	February 15
Principal Maturity Date	February 15
Payable at	INB National Association

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements		
	Principal	Interest	Totals
2025	\$ 190,550	12,348	202,898
2026	190,550	7,967	198,517
2027	158,701	3,621	162,322
	539,801	23,936	563,737