

CONTINUING DISCLOSURE STATEMENT

WATER REVENUE BONDS, SERIES OF 2020A and 2020B

WATER REVENUE BONDS, SERIES OF 2021

City of Springfield, Illinois - Water Fund

For the Fiscal Year Ended February 28, 2022

By: _____

A handwritten signature in black ink, appearing to be 'Jaime Shobe', written over a horizontal line.

Jaime Shobe

Assistant Finance Director, Office of Public Utilities
September 30, 2022

PURPOSE

As a condition to the issuance of various Series of its Water Revenue Bonds dating back to 1997, the City of Springfield, Illinois has certain continuing disclosure obligations, which require the City to distribute "Annual Financial Information" to the Municipal Securities Rulemaking Board through Electronic Municipal Market Access. The following schedules and the attached audited financial statements represent that "Annual Financial Information" for the Fiscal Year ended February 28, 2022.

CUSTOMERS

The following table, prepared by the City, shows the average number of customers for Fiscal Years 2018 through 2022. The City has experienced a customer growth of approximately 0.10% from Fiscal Year 2021 to Fiscal Year 2022. The City has experienced average customer growth of approximately 0.21% per year over the last five years.

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Number of Customers:					
Retail					
Inside City	47,612	47,629	47,754	47,890	48,074
Outside City	5,022	4,970	4,935	4,881	4,817
Village of Southern View	814	816	812	808	801
Wholesale (1)	9	9	9	9	8
Total	53,457	53,424	53,510	53,588	53,700

(1) In Fiscal Year 2017, the Village of Chatham and the System agreed that the System would serve as an emergency backup water supply to Chatham.

SUMMARY OPERATING STATISTICS

The table below, which was prepared by the City, shows the system's production and disposition of water, in units of 100 cubic feet, for the Fiscal Years 2018 through 2022.

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Water Production	9,961,842	9,941,280	9,338,312	9,170,877	9,548,031
Retail Sales	7,566,393	7,446,595	6,936,430	6,578,407	6,682,603
Wholesale Sales (1)	536,455	549,481	574,279	589,068	587,731
Free Water (2)	46,203	40,881	54,503	47,236	52,764
System Use (3)	137,873	141,622	139,911	154,028	148,973
Total Accounted For	8,286,924	8,178,579	7,705,123	7,368,739	7,472,071
Unaccounted For (4)	1,674,918	1,762,701	1,633,189	1,802,138	2,075,960
Percent Unaccounted For	16.81%	17.73%	17.49%	19.65%	21.74%

(1) In Fiscal Year 2017, the Village of Chatham and the System agreed that the System would serve as an emergency backup water supply to Chatham.

(2) Water provided without charge to the City Street Department and City Fire Department. This category also includes an estimate of water which left the system due to known main breaks.

(3) Water used by System which is not billed to the System.

(4) Represents losses, metering inaccuracies and differences in metering/billing cycles.

WATER SALES

The following table, prepared by the City, shows the System's sales of water to retail and wholesale customers, in units of 100 cubic feet for Fiscal Years 2018 through 2022.

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Retail					
Inside City	7,079,805	6,985,652	6,490,636	6,049,683	6,152,305
Outside City	434,001	410,340	395,233	476,521	480,785
Village of Southern View	52,587	50,603	50,561	52,203	49,513
Total Retail	7,566,393	7,446,595	6,936,430	6,578,407	6,682,603
Wholesale					
Village of Rochester	127,859	123,326	115,545	123,370	125,879
Sugar Creek Public Water District	72,815	61,735	81,660	77,680	79,553
Village of Grandview	39,036	40,619	38,513	38,854	55,451
Village of Jerome	34,456	33,195	33,932	33,017	32,947
Village of Chatham (1)	0	23,503	40,226	33,997	4,534
Sherman/Williamsville Public Water District	213,678	217,579	214,107	230,602	236,967
Village of Loami	22,535	21,424	19,381	20,336	19,887
Curran-Gardner Public Water District	10,467	12,429	15,592	14,716	15,418
Round Prairie Water Coop	15,609	15,671	15,323	16,496	17,095
Total Wholesale	536,455	549,481	574,279	589,068	587,731
Total Water Sales	8,102,848	7,996,076	7,510,709	7,167,475	7,270,334
Percent Sales Growth (Decline).	3.85%	(1.32%)	(6.07%)	(4.57%)	1.44%
Free Water (2)	46,203	40,881	54,503	47,236	52,764
System Use (3)	137,873	141,622	139,911	154,028	148,973
Total Units Sold/Accounted For.	8,286,924	8,178,579	7,705,123	7,368,739	7,472,071

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(3) Water used by System which is not billed to the System.

HISTORICAL REVENUES, EXPENSES AND DEBT SERVICE COVERAGE

The following table, prepared by the City, shows the System's historical revenues, expenses and debt service coverage. For the purposes of this table the System's audited financial statements of income and expense have been used to reflect funds available for debt service, capital additions and other lawful System purposes in accordance with the Bond Ordinance. Financial information is presented for Fiscal Years 2018 through 2022.

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Revenues :					
Retail Sales (1)	\$26,689,987	\$26,448,671	\$25,450,625	\$24,415,164	\$24,663,585
Wholesale Sales (2)	\$2,571,604	\$2,548,101	\$2,573,533	\$2,606,628	\$2,548,542
Other Revenues	\$172,922	\$157,064	\$161,682	\$93,285	\$370,148
Total Revenues	\$29,434,513	\$29,153,836	\$28,185,840	\$27,115,077	\$27,582,275
Operating Expenses :					
Source of Supply	\$1,422,499	\$702,462	\$920,404	\$1,569,713	\$866,259
Pumping	\$1,261,075	\$1,361,435	\$1,218,066	\$1,215,950	\$1,299,027
Purification	\$4,868,965	\$4,740,366	\$4,793,253	\$4,776,244	\$4,954,398
Distribution	\$6,971,565	\$6,345,709	\$6,051,737	\$6,099,891	\$6,196,376
Customer Billing/Collecting	\$1,973,958	\$1,966,753	\$2,004,884	\$1,778,715	\$1,937,089
Sewer Billing Reimbursement	(\$151,226)	(\$151,114)	(\$151,445)	(\$151,702)	(\$152,032)
Administration and General	\$2,162,785	\$2,623,020	\$1,643,513	\$2,156,097	\$2,183,986
Portion of OPEB Expense Actually Paid	\$634,549	\$0	\$0	\$0	\$0
IMRF Pension Expense Adjustment (3)	(\$743,482)	\$0	\$0	\$0	\$0
Total Operating Expenses	\$18,400,688	\$17,588,631	\$16,480,412	\$17,444,908	\$17,285,103
Net Operating Revenues	\$11,033,825	\$11,565,205	\$11,705,428	\$9,670,169	\$10,297,172
Other Expenses (Income) :					
Interest Income	(\$156,189)	(\$332,619)	(\$387,262)	(\$106,938)	(\$96,551)
Rent from the Electric Fund	\$0	\$0	\$0	\$0	(\$300,000)
Other	(\$1,113,004)	(\$821,024)	(\$1,110,288)	(\$452,157)	(\$1,469,578)
Total Other Expense	(\$1,269,193)	(\$1,153,644)	(\$1,497,549)	(\$559,095)	(\$1,866,129)
Deposits to Rate Stabilization Account	(\$24,956)	(\$85,644)	(\$268,762)	(\$172,715)	(\$163,593)
Withdrawals from Rate Stabilization Account	\$0	\$0	\$0	\$0	\$0
Net Revenues Available For Debt Service	\$12,278,061	\$12,633,204	\$12,934,215	\$10,056,548	\$11,999,708
Debt Service: (4)					
Principal	\$2,885,000	\$3,105,000	\$2,510,000	\$1,695,000	\$2,180,000
Interest	\$3,703,109	3,412,476	3,291,438	2,407,120	2,094,406
Total Debt Service	\$6,588,109	\$6,517,476	\$5,801,438	\$4,102,119.94	\$4,274,406
Debt Service Coverage	1.86	1.94	2.23	2.45	2.81
Balance Available for System Improvements and Auxiliary Services	\$5,689,953	\$6,115,728	\$7,132,777	\$5,954,428	\$7,725,302
Auxiliary Revenues:					
Recreation	\$227,649	\$248,090	\$185,858	\$253,942	\$260,452
Realty	1,076,479	1,056,875	\$1,056,472	\$1,072,656	\$1,098,302
Total Auxiliary Revenues	\$1,304,127	\$1,304,966	\$1,242,330	\$1,326,598	\$1,358,754
Auxiliary Expenses:					
Recreation	\$1,642,242	\$1,840,174	\$1,778,586	\$1,923,671	\$1,938,699
Realty	1,126,505	1,496,806	\$1,100,914	\$1,196,631	\$1,338,630
Total Auxiliary Expenses	\$2,768,747	\$3,336,980	\$2,879,499	\$3,120,302	\$3,277,329
Annual Balance Available for System Improvement and Other Authorized Purposes	\$4,225,333	\$4,083,713	\$5,495,608	\$4,160,724	\$5,806,728

(1) Excludes uncollectible accounts expense, includes unmetered sales and unbilled revenue adjustment.

(2) In Fiscal Year 2017, the Village of Chatham and the System agreed that the System would serve as an emergency backup water supply to Chatham.

(3) Beginning in FY2016, the IMRF Pension Expense Adjustment was allocated across Operating Expenses rather than being listed as a separate expense on the Income Statement. Only the cash portion affects debt coverage, so allocation needs to be backed out. Beginning in FY2019, the IMRF Pension Expense is now shown as a separate expense on the Income Statement.

(4) Water Fund Parity Debt of the City payable from the revenues of the Water System on a Bond Year or sinking fund basis. Specifically excludes subordinate lien debt.