

CITY OF SPRINGFIELD, ILLINOIS

ANNUAL COMPREHENSIVE FINANCIAL REPORT



FOR THE FISCAL YEAR ENDED
FEBRUARY 28, 2025

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CITY OF SPRINGFIELD, ILLINOIS

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED FEBRUARY 28, 2025

Prepared by: Office of Budget and Management

Ramona M Metzger
Director Office of Budget and Management

CITY OF SPRINGFIELD, ILLINOIS

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INTRODUCTORY SECTION

This section includes miscellaneous data regarding the City of Springfield including:

Letter of Transmittal

List of Principal Officials

Organizational Chart

Certificate of Achievement for Excellence in Financial Reporting



**OFFICE OF BUDGET AND MANAGEMENT
CITY OF SPRINGFIELD, ILLINOIS**

**RAMONA M. METZGER
DIRECTOR**

October 29, 2025

Honorable Mayor Buscher,
Members of the City Council, and
Citizens of the City of Springfield

The Annual Comprehensive Financial Report of the City of Springfield, Illinois, for the year ended February 28, 2025, is hereby submitted. Responsibility for both accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial positions and result of operations of various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The Annual Comprehensive Financial Report is presented in three sections: introductory, financial and statistical. The introductory section includes this transmittal letter and an addendum to the transmittal letter that includes a list of principal officials, the City's organizational chart, and the descriptions of departmental functions. The financial section includes the basic financial statements and notes to financial statement, as well as the auditors' opinion on the financial statements and schedules. The statistical section includes selected financial and demographic information generally presented on a multi-year basis.

As a recipient of various federal financial assistance programs, the City of Springfield is required under the Federal Single Audit Act, to have an annual audit of certain major federal grant programs performed. Information related to this single audit, including a schedule of expenditures of federal awards, the independent auditors' reports on internal controls and compliance and other matters, with applicable laws and regulations, and a schedule of findings and questioned costs are included in a separately issued single report.

This report includes all funds of the City. The City provides a full range of services, including police and fire protections; the construction and maintenance of highways, streets and infrastructure; cultural events; parking facilities and structures; electric generation; and water and sewer services. In addition to general government activities, the City is financially accountable for the police and fire pensions; therefore, these activities are included in the reporting entity. However, the Springfield Public School District, the Springfield Park District, the Sangamon County Water Reclamation District, Springfield Housing Authority, the Sangamon Mass Transit District, Springfield Airport Authority, and the Springfield Metropolitan Exposition and Auditorium Authority have not met the established criteria for inclusion in the reporting entity, and accordingly, are excluded from the report.

Blended component units, although legally separate entities, are, in substance, part of the primary government's operations and are included as part of the primary government. Accordingly, the police and fire pension plans are reported as fiduciary funds. Accounting principles generally accepted in the United States of American (GAAP) requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found following the report of the independent auditors.

Local Economy

The City, incorporated in 1840 and consisting of 68 square miles, has a diversified economy, with the principal sectors being state and local government, retail and wholesale trade, healthcare, finance, rail and motor transportation. The City also is the headquarters for many national, regional and state trade associations, as well as several insurance companies. Additionally, Springfield's historical significance, especially that of the Abraham Lincoln legacy and Historic Route 66, are the driving force behind tourism's robust contribution to the local economy.

As the state's capital, a large part of Springfield's workforce is employed by the state. However, the City's central location in the region has shaped the economic structure and is expected to continue to do so into the future. Given its centrality in the region, Springfield serves as a regional retail, financial services and agribusiness hub. Important commercial corridors include Interstate 72 and MacArthur Boulevard, Wabash Avenue and Route 4 (Veteran's Parkway). Additional commercial corridors within the heart of the City would include 11th Street and Dirksen Parkway to the North.

With a population of approximately 114,394, Springfield's central location in the state and region along with the presence of two major hospitals and Southern Illinois University's School of Medicine has made it a medical center. The presence of these facilities along with those such as Springfield Clinic, Prairie Heart Institute and the Simmons Cancer Institute, have created a core medical and health care service industry with reach well beyond the limits of both Springfield and Sangamon County.

Intra and inter-state connectivity is supported by two interstate highways that connect in Springfield: I-55 which provides north to south connectivity and I-72 which provides connectivity east to west. In addition to its regional highway connection, Springfield is served by five Class 1 railroads and two short line railroads. The City's rail connections also include passenger rail service between St. Louis and Chicago via Amtrak. Along with rail-based passenger and freight service, Springfield also accommodates both passenger and freight service by air from its Abraham Lincoln Capital Airport. Along with fixed base services for private and corporate aircraft, the airport provides scheduled passenger jet service to Chicago's O'Hare International Airport, Orlando International Airport, and the Punta Gorda (Fort Myers) Airport in Florida.

Springfield's rich Lincoln heritage, anchored by the Lincoln Presidential Library & Museum and the Lincoln Home National Historic Site, along with Route 66, the Illinois State Fair, Kidzeum Children's Museum, and our many other attractions and special events makes Springfield a viable tourism destination for well over 1 million visitors each year from around the globe. In addition to its strong leisure tourism product, Springfield also boasts a fully developed convention and meeting product. With over 4,000 sleeping rooms and strong convention venues throughout the City, Springfield hosts numerous conventions each year. The Illinois Office of Tourism recently released the economic impact for 2023. The results showed a tourism industry annual economic impact of \$601M in Springfield and Sangamon County. The Springfield area jumped two spots to the second largest tourism destination in the State of Illinois outside of Chicago.

Springfield offers a diverse selection of entertainment, cultural and recreational activities. Lincoln Library, the City's public library, has holdings of nearly 400,000 volumes. The Springfield Park District operates 32 community parks, three public swimming pools, tennis courts, pickle ball courts, disc golf courses, four golf courses, an expanding bicycle trail system, ball parks, as well as the Henson Robinson Zoo. Residents and visitors alike can also enjoy a multitude of other opportunities whether it be playing golf at several non-park district golf courses, hiking at Lincoln Memorial Gardens, taking in a drive-in movie, or taking advantage of the City's growing craft brewery and pub scene.

Additionally, the Illinois Symphony Orchestra, Springfield Municipal Band, Springfield Ballet Company, Springfield Muni Opera, Springfield Theater Center, Sangamon Auditorium, Hoogland Center for the Arts, Bank of Springfield Center, the Springfield Community Concert Association, university sports' teams, Springfield Lucky Horseshoes baseball team and the Junior Blues Junior Class A hockey team provide plenty of options for the citizens of our community. Springfield has also been fortunate to be a recipient of the Levitt Foundation grant award several years in a row, allowing for a series of outdoor concerts downtown throughout the summer.

Financial Planning

The City of Springfield presented an overview of the FY 2026 budget and its financial challenges to the City Council in January 2025.

- Increasing Public Safety Pensions assets, liabilities and long-term & fiscal year 25 funding options were reviewed along with the impact on fund balance.

The Office of Budget & Management continued to lean on the side of caution with conservative revenue projections and continued aggressive review of budget expense requests.

In the end the Corporate Fund ended the year above budgeted expectation due to delay in firehouse construction resulting in only a \$2.8M decrease of fund balance. Other funds, such as Motor Vehicle Parking, continued to not fare as well.

Fiscal Year 2025 Operating Highlights

The Office of Budget & Management maintained strong oversight of departmental spending and adopted conservative revenue projections, resulting in a leaner expense budget.

Office of Budget and Management

- Managed \$33.8M in federal SLFRF funds to mitigate pandemic impacts and support economic recovery.
- Refinanced 2014 General Obligation bonds through the 2024 issuance, securing \$10M for firehouses and \$5M for public safety equipment, generating total proceeds of \$27,310,274 and net present value savings of \$646,002.

Disaster Response and Recovery

- Responded to the June 29, 2023 derecho, which caused widespread damage and outages for 40,000 CWLP customers.
 - Received \$7.37M in FEMA reimbursements:
 - \$5.53M for electric system repairs
 - \$1.83M for emergency response, road repairs, and debris removal
 - Received ~\$50K in insurance proceeds
 - \$338K in pending FEMA reimbursement for disaster management costs

Public Works

- Expanded use of Cityworks AMS & PLL to improve operational efficiency and interdepartmental coordination.
- Completed Madison and Jefferson Street Underpasses, supporting the Springfield Rail Improvement Project.
- Reconstructed Stanford Avenue (11th St. to Taylor Ave.) and replaced a structurally deficient bridge on Eighth Street over Spring Creek.
- Substantially completed centralized traffic control system and downtown signal modernization, including audible pedestrian signals.
- Continued sidewalk and mobility improvements, including new pedestrian links along Greenbriar Drive.

Springfield Convention and Visitors Bureau (SCVB)

- Welcomed nearly 12,000 international visitors from 75 countries.
- Secured 40,000 future hotel room nights and supported over 150 meetings and conventions.
- Launched the Horseshoe Sandwich Trail with participation from nearly 30 states.
- Completed Route 66 Centennial projects: reopened Shea's Gas Station, installed Big Ron Muffler Man, and created a mural trail.
- Secured \$1M in tourism grants (\$300K Route 66, \$700K DCEO).
- Springfield/Sangamon County recorded \$601M in traveler spending in 2023, a third consecutive record year.
- Ranked second among Illinois cities outside of Chicago for tourism revenue.

City Water, Light and Power (CWLP)

- Refinanced 2015 Electric Bonds, generating \$397.7M in proceeds and \$23.1M in present value savings. Proceeds will fund Advanced Metering Infrastructure (AMI) for real-time monitoring, improved outage response, and flexible billing.
- Implemented second phase of a 32% water rate increase to build reserves, address rising costs, and ensure water quality and compliance.

Lincoln Library

- Hosted 551 programs with 10,690 attendees.
 - Featured the “Journey to Freedom” exhibit, viewed by nearly 30,000 visitors.
 - Held a Black History Program honoring the largest number of concurrently serving Black City leaders.
 - Partnered with Lincoln Memorial Gardens for outdoor story times, attracting over 300 children and families.
- Received two major grants:
 - \$1M HUD grant for Youth Services Department renovation
 - \$18K Project Next Generation grant for teen programming
 - Adopted the expanded Cards for Kids Act to increase access to library materials for minors in unserved areas.

Relevant Financial Policies

The City’s Annual Comprehensive Financial Report has been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as set forth by the Governmental Accounting Standards Board (GASB). Significant accounting policies are described in the accompanying notes to the financial statements.

The Office of Budget and Management is responsible for assuring that a system of internal controls exists to safeguard the City’s assets and preserve financial integrity and for the fair presentation of the City’s financial position and results of operations.

In developing and evaluating the City’s accounting control system, consideration is given to the adequacy of internal accounting controls. Accounting control indicates the plan of organization and the procedures and records that are concerned with the safeguarding of assets and the reliability of financial records, and consequently, are designed to provide reasonable assurance that:

- Transactions are executed in accordance with management’s general or specific authorization;
- Transactions are recorded as necessary (1) to permit preparation of financial statements in conformity with accounting principles generally accepted in the United States of America or any other criteria such as finance related legal issues and contractual compliance requirements applicable to such statements, and (2) to maintain accountability for assets; and
- Access to assets is permitted only in accordance with management’s authority.

The recorded accountability for assets is compared with the existing assets at reasonable intervals, and appropriate action is taken with respect to any difference.

The definition of accounting control means reasonable, but not absolute, assurance that the objectives expressed in it will be accomplished by the system. The concept of reasonable assurance recognizes that the cost of internal controls should not exceed the benefits derived. The benefits consist of reductions in the risk of failing to achieve the objectives implicit in the definition of accounting control.

All internal control evaluation occurs within the above framework. We believe that the City’s internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

The City budgeting process is a strategic and legal framework used by local governments like Springfield to plan and manage public finances for the upcoming fiscal year. It serves as both a financial policy tool and a law that governs spending, ensuring compliance with state statutes and city ordinances. The process balances long-term planning with immediate service needs, while addressing political, legal, and community pressures. Key elements of a successful budget include aligning funding with organizational goals, engaging stakeholders, and focusing on results. The Budget Division's mission is to provide accurate financial data to guide decision-making, foster transparency, and build public trust by involving citizens in setting priorities and evaluating service delivery.

The City of Springfield adopts an annual budget that runs from March 1st through February 28th, in compliance with the Illinois Municipal Code, which does not permit multi-year budgeting. However, the city maintains a three- to five-year trend analysis for all funds to support long-term planning. Springfield uses a blended budgeting approach tailored to different cost centers. Salary lines are projected using five-year trends and growth factors like collective bargaining agreements or CPI. Operating lines incorporate historical data, agency input, and one-time cost pressures. Debt service is based on a fixed schedule, while pension and healthcare costs are determined by annual actuarial studies. Transfers to support programs are guided by approved service levels, and capital expenditures follow a zero-based budgeting model, factoring in projected cash flow and policy decisions. The Budget Staff may also use econometric models to validate spending estimates, ensuring a data-driven and adaptable budgeting process.

The City of Springfield prepares its budget at the minor object code level, allowing for detailed tracking of expenditures. However, budgetary control is maintained at the broader object class level. This structure provides departments with greater flexibility in managing funds within categories, enabling more responsive and efficient financial management in day-to-day operations while still maintaining overall fiscal discipline.

Certificate of Achievement for Excellence in Financial Reporting

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reports to the City of Springfield, Illinois for its Annual Comprehensive Financial Report for the fiscal year ending February 28, 2024. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Independent Audit

State statutes require an annual audit by independent certified public accountants. The Office of Budget and Management selected Lauterbach & Amen, LLP to perform the annual audit for fiscal year 2025. The auditor's report on the basic financial statements, individual fund statements and required supplementary information is included in the financial section of this report.

Acknowledgements

The preparation of the Annual Comprehensive Financial Report on a timely basis was made possible by the work of the Office of Budget and Management. Each member of the Office of Budget and Management has our sincere appreciation for the contributions made in preparation of this report. The leadership and support of the City Council made preparation of this report possible.

Respectfully Submitted,



Ramona M. Metzger, CPA
Director, Office of Budget and Management

CITY OF SPRINGFIELD, ILLINOIS

List of Principal Officials

February 28, 2025

MAYOR

Misty Buscher

ALDERMAN

Ward 1 - Jeff Cox

Ward 6 - Jennifer Notariano

Ward 2 - Shawn Gregory

Ward 7 - Brad Carlson

Ward 3 - Roy Williams, Jr.

Ward 8 - Erin Conley

Ward 4 - Larry Rockford

Ward 9 - Jim Donelan

Ward 5 - Lakeisha Purchase

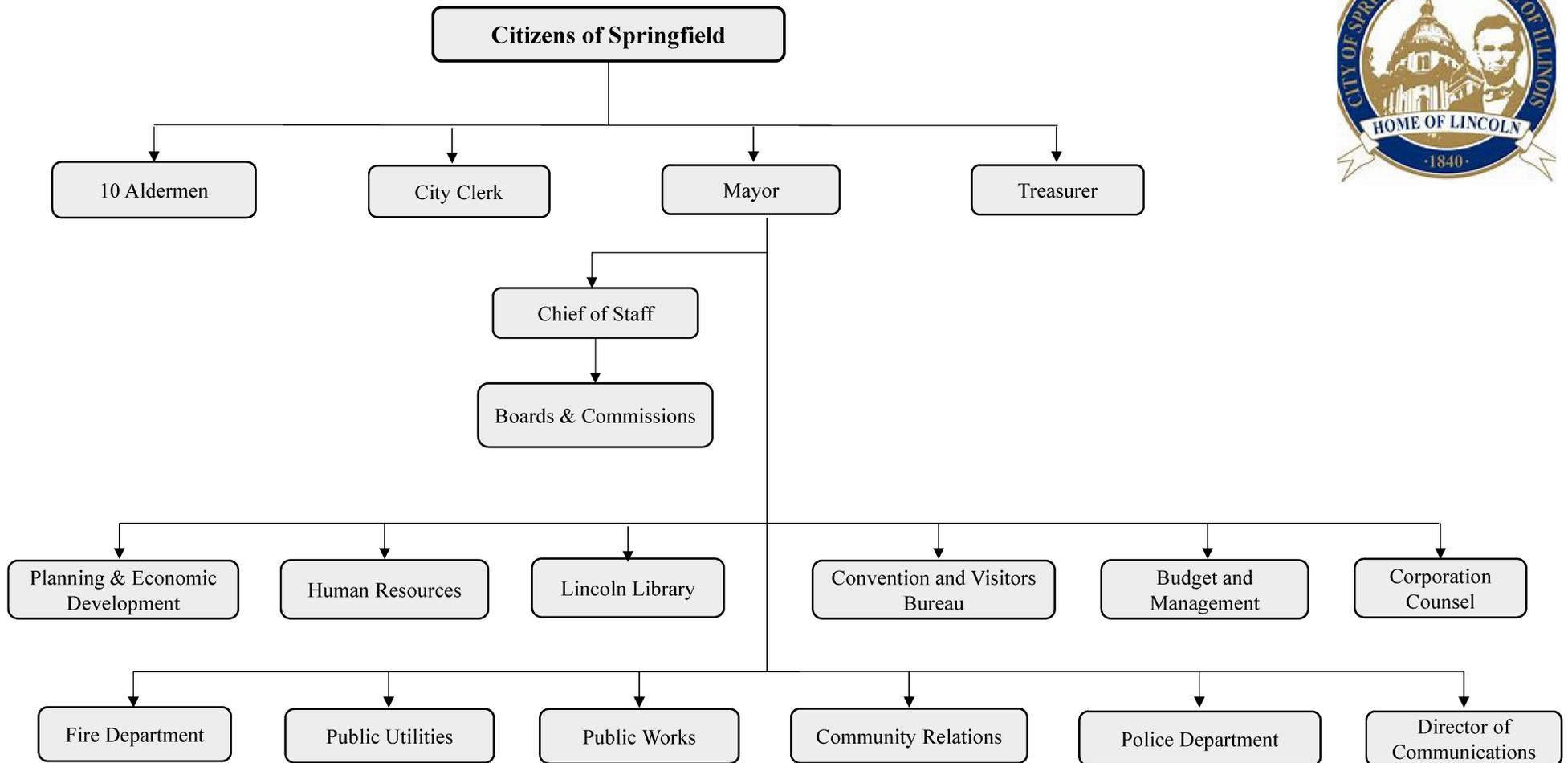
Ward 10 - Ralph Hanauer

CITY CLERK

Chuck Redpath

CITY TREASURER

Colleen Redpath Feger





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Springfield
Illinois**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

February 29, 2024

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION

This section includes:

Independent Auditor's Report

Management's Discussion and Analysis

Basic Financial Statements

Required Supplementary Information

Other Supplementary Information

Supplemental Schedules

INDEPENDENT AUDITOR'S REPORT

This section includes the opinions of the City's independent auditing firm.



INDEPENDENT AUDITOR'S REPORT

October 29, 2025

The Honorable City Mayor
Members of the City Council
City of Springfield, Illinois

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Springfield, Illinois (the City), as of and for the year ended February 28, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, based our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Springfield, Illinois, as of February 28, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Police Pension Fund and Firefighters' Pension Fund as of February 28, 2025, and the respective changes in financial position for the year then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinions, insofar as it relates to the amounts included for the Police Pension Fund and Firefighters' Pension Fund, are based solely on the report of the other auditors.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements - Continued

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 City'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.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City'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 City'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 management's discussion and analysis, the budgetary comparison schedules, and 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Springfield, Illinois' basic financial statements. The other supplementary information and 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, other supplementary information and supplemental schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2025, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Lauterbach & Amen, LLP
LAUTERBACH & AMEN, LLP

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF SPRINGFIELD, ILLINOIS

Management's Discussion and Analysis

February 28, 2025

This Management's Discussion and Analysis (MD&A) provides the reader with a narrative overview and analysis of the overall financial position and results of operations for the year ended February 28, 2025, for the City of Springfield. Please read it in conjunction with the transmittal letter which can be found in the introductory section of this report and the City's financial statements, which can be found in the basic financial statements section of this report.

FINANCIAL HIGHLIGHTS

- The City's net position totaled \$342,238,314 on February 28, 2025, which includes \$826,930,397 net investment in capital assets, \$43,655,031 subject to external restrictions, and a deficit of \$528,347,114 in unrestricted net position that may be used to meet the ongoing obligations to citizens and creditors.
- The City's net position increased as a result of this year's operations. Net position of the governmental activities a decrease by \$2,447,499, or 1.8 percent and net position of the business-type activities increased by \$19,326,503, or 4.2 percent.
- During the year, government-wide revenues for the primary government totaled \$524,007,924, while expenses totaled \$507,128,920, resulting in an increase to net position of \$16,879,004.
- At the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$108,643,473, an increase of \$7,574,663 in comparison with the prior year.
- The General Fund reported an increase this year of \$5,958,764 or 9.1 percent, resulting in ending fund balance of \$71,381,812.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. The remaining statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside of the government.

Government-Wide Financial Statements

The government-wide financial statements provide readers with a broad overview of the City's finances, in a matter similar to a private-sector business.

The Statement of Net Position reports information on all of the City's assets/deferred outflows and liabilities/deferred inflows, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. Consideration of other nonfinancial factors, such as changes in the City's property tax base and the condition of the City's infrastructure, is needed to assess the overall health of the City.

Management's Discussion and Analysis

February 28, 2025

OVERVIEW OF THE FINANCIAL STATEMENTS - Continued

Government-Wide Financial Statements - Continued

The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public health and safety, public works, economic development, highways and streets, and culture and recreation. The business-type activities of the City include electric light and power, water, sewer, cemetery, and parking.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the City's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate the comparison between governmental funds and governmental activities.

The City maintains twenty-five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General, Motor Fuel Tax, and Capital Improvements Funds, which are considered major funds. Data from the other twenty-two governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for all of the governmental funds, except for the Adirondack TIF Fund, Local Foreign Fire Insurance Fund, and Oak Ridge Endowment Care Sub-Fund. A budgetary comparison schedule for these funds has been provided to demonstrate compliance with this budget.

OVERVIEW OF THE FINANCIAL STATEMENTS - Continued

Proprietary Funds

The City maintains two proprietary fund types: enterprise and internal service. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements.

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. The City uses enterprise funds to account for its Electric Light and Power, Water, Sewer, Cemetery and Parking System functions. The proprietary fund financial statements provide separate information for the Electric Light and Power and Water Funds, which are considered major funds of the City. The remaining proprietary funds are reported in the aggregate. Individual fund data for each of these non-major enterprise funds is provided in the form of combining statements elsewhere in this report. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses Internal Service Funds to account for the facility maintenance function, fleet management function, unemployment escrow, and the balance of self-insurance activities. Because these services predominantly benefit government rather than business-type functions, they have been included within governmental activities in the government-wide financial statement.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting use for fiduciary funds is much like that used for proprietary funds.

Notes to the Financial Statements

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

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's I.M.R.F. and police and fire employee pension obligations, other post-employment benefit obligations and budgetary comparison schedules for the General Fund and major special revenue funds.

CITY OF SPRINGFIELD, ILLINOIS

Management’s Discussion and Analysis

February 28, 2025

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following table represents the net position as of February 28, 2025. Net position serves over time as a useful indicator of a government’s financial position. The following tables show that assets/deferred outflows exceeded liabilities/deferred inflows by \$342,238,314.

	Net Position					
	Governmental		Business-Type		Totals	
	Activities	Activities	Activities	Activities	2025	2024
	2025	2024	2025	2024	2025	2024
Current Assets	\$ 244,472,330	245,434,982	219,954,846	237,540,537	464,427,176	482,975,519
Capital Assets	425,404,061	388,631,134	951,025,750	954,521,177	1,376,429,811	1,343,152,311
Other Assets	44,523	38,950	1,014,592	174,161	1,059,115	213,111
Total Assets	669,920,914	634,105,066	1,171,995,188	1,192,235,875	1,841,916,102	1,826,340,941
Deferred Outflows	99,613,118	91,630,136	35,452,845	63,767,813	135,065,963	155,397,949
Total Assets and Deferred Outflows	769,534,032	725,735,202	1,207,448,033	1,256,003,688	1,976,982,065	1,981,738,890
Long-Term Liabilities	687,414,942	615,340,645	638,659,970	700,847,452	1,326,074,912	1,316,188,097
Other Liabilities	66,185,172	53,771,795	26,350,264	38,309,450	92,535,436	92,081,245
Total Liabilities	753,600,114	669,112,440	665,010,234	739,156,902	1,418,610,348	1,408,269,342
Deferred Inflows	150,792,245	189,033,590	65,341,158	59,076,648	216,133,403	248,110,238
Total Liabilities and Deferred Inflows	904,392,359	858,146,030	730,351,392	798,233,550	1,634,743,751	1,656,379,580
Net Position						
Net Investment in Capital Assets	330,219,732	311,238,086	496,710,665	449,328,564	826,930,397	760,566,650
Restricted	17,972,588	18,254,915	25,682,443	59,326,566	43,655,031	77,581,481
Unrestricted (Deficit)	(483,050,647)	(461,903,829)	(45,296,467)	(50,884,992)	(528,347,114)	(512,788,821)
Total Net Position	(134,858,327)	(132,410,828)	477,096,641	457,770,138	342,238,314	325,359,310

A large portion of the City’s net position, \$826,930,397, reflects its investment in capital assets (for example, land, construction in progress, buildings and improvements, equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens. Although the City’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion, \$43,655,031 of the City’s net position represents resources that are subject to external restrictions on how they may be used. The remaining deficit of \$528,347,114, represents unrestricted net position and may be used to meet the government’s ongoing obligations to citizens and creditors.

CITY OF SPRINGFIELD, ILLINOIS

Management's Discussion and Analysis

February 28, 2025

GOVERNMENT-WIDE FINANCIAL ANALYSIS - Continued

	Change in Net Position					
	Governmental		Business-Type		Totals	
	Activities	Activities	Activities	Activities	2025	2024
	2025	2024	2025	2024	2025	2024
Revenues						
Program Revenues						
Charges for Services	\$ 8,200,886	7,702,849	249,732,694	241,844,639	257,933,580	249,547,488
Operating Grants/Contrib.	22,753,098	22,187,498	3,300	3,300	22,756,398	22,190,798
Capital Grants/Contrib.	21,993,212	23,878,251	11,164,327	2,739,271	33,157,539	26,617,522
General Revenues						
Property Tax	31,939,398	30,329,052	—	—	31,939,398	30,329,052
Intergovernmental	68,358,467	68,847,076	—	—	68,358,467	68,847,076
Other Taxes	74,617,559	71,538,546	—	—	74,617,559	71,538,546
Other General Revenues	28,591,353	29,918,133	6,653,630	9,443,761	35,244,983	39,361,894
Total Revenues	256,453,973	254,401,405	267,553,951	254,030,971	524,007,924	508,432,376
Expenses						
General Government	45,730,218	36,947,907	—	—	45,730,218	36,947,907
Public Health and Safety	126,550,972	112,335,772	—	—	126,550,972	112,335,772
Public Works	15,630,844	15,678,874	—	—	15,630,844	15,678,874
Economic Development	21,403,381	14,021,510	—	—	21,403,381	14,021,510
Highways and Streets	43,945,611	38,366,476	—	—	43,945,611	38,366,476
Culture and Recreation	8,563,914	8,191,912	—	—	8,563,914	8,191,912
Interest on Long-Term Debt	3,298,678	2,791,780	—	—	3,298,678	2,791,780
Electric Light and Power	—	—	198,028,602	169,108,020	198,028,602	169,108,020
Water	—	—	31,534,441	23,517,225	31,534,441	23,517,225
Sewer	—	—	9,291,244	9,332,397	9,291,244	9,332,397
Oak Ridge Cemetery	—	—	2,403,452	1,171,064	2,403,452	1,171,064
Motor Vehicle Parking	—	—	747,563	412,929	747,563	412,929
Total Expenses	265,123,618	228,334,231	242,005,302	203,541,635	507,128,920	431,875,866
Change in Net Position						
Before Transfers	(8,669,645)	26,067,174	25,548,649	50,489,336	16,879,004	76,556,510
Transfers	6,222,146	6,940,949	(6,222,146)	(6,940,949)	—	—
Change in Net Position	(2,447,499)	33,008,123	19,326,503	43,548,387	16,879,004	76,556,510
Net Position - Beginning	(132,410,828)	(165,418,951)	457,770,138	414,221,751	325,359,310	248,802,800
Net Position - Ending	(134,858,327)	(132,410,828)	477,096,641	457,770,138	342,238,314	325,359,310

CITY OF SPRINGFIELD, ILLINOIS

Management’s Discussion and Analysis

February 28, 2025

GOVERNMENT-WIDE FINANCIAL ANALYSIS - Continued

Net position of the City’s governmental activities a decrease by 1.8 percent (a deficit \$134,858,327 in 2025 compared to a deficit \$132,410,828 in 2024). Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints, totaled a deficit of \$483,050,647 at February 28, 2025.

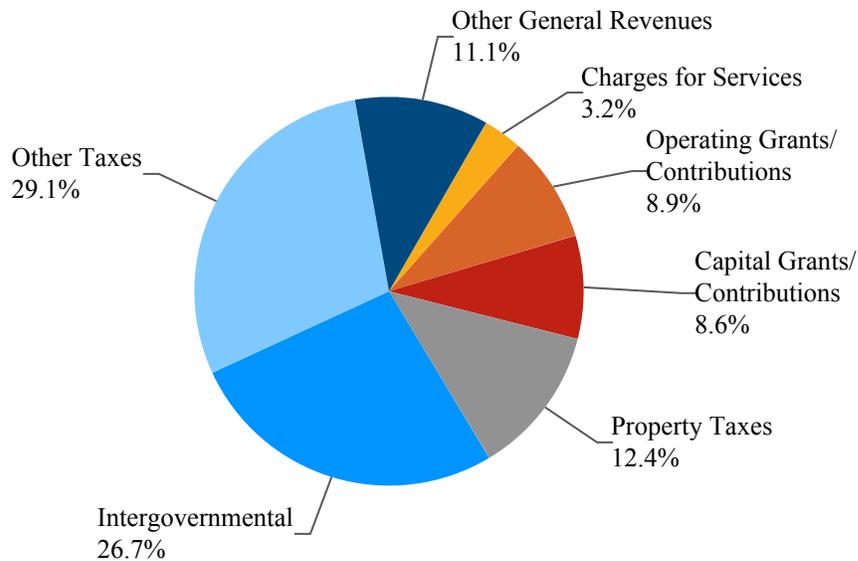
Net position of business-type activities increased by 4.2 percent (\$477,096,641 in 2025 compared to a restated \$457,770,138 in 2024).

Governmental Activities

Revenues for governmental activities totaled \$256,453,973, while the cost of all governmental functions totaled \$265,123,618. This results in a deficit of \$8,669,645 prior to transfers in of \$6,222,146. In 2024, revenues of \$254,401,405 exceeded expenses of \$228,334,231, resulting in a surplus of \$26,067,174 prior to transfers in of \$6,940,949. The deficit in the current year is primarily due to expenses related to the construction of 3 new firehouses, increased public safety staffing and increasing pension costs included in the category of Public Health and Safety. In addition, reimbursement of developer costs in the Legacy Pointe Business District and Sports Park increased Economic Development expenses. Highway and Streets' expenses increased \$4.5M as the Motor Fuel Tax fund incurred additional expenses related to the multi-year high speed rail project. General Government expenses increased due to increased expenses to Other Post-Employment Benefits and IMRF Pension Obligations. The Government also refunded both the 2014 Series of General Obligation Debt as well as Legacy Point Business District debt increasing the interest cost on long-term debt. Grant revenue for the governmental activities decreased. Property tax revenue increased \$1.6M due to the Sangamon County multiplier increase as the city tax rate of 0.9385% has remained unchanged for decades. Sales Tax, State Income Tax and Vehicle Use Tax revenues have increased \$3.1M over 2024. Grant revenue has decreased and represents primarily less available grant funds from the 2021 and 2022 influx of \$33.8M American Rescue Plan Act (ARPA) State and Local Fiscal Recovery Funds (SLFRF) for pandemic recovery.

The following table graphically depicts the major revenue sources of the City. It depicts very clearly the reliance of intergovernmental revenues to fund governmental activities. It also clearly identifies the less significant percentage the City receives from property taxes.

Revenue by Source - Governmental Activities



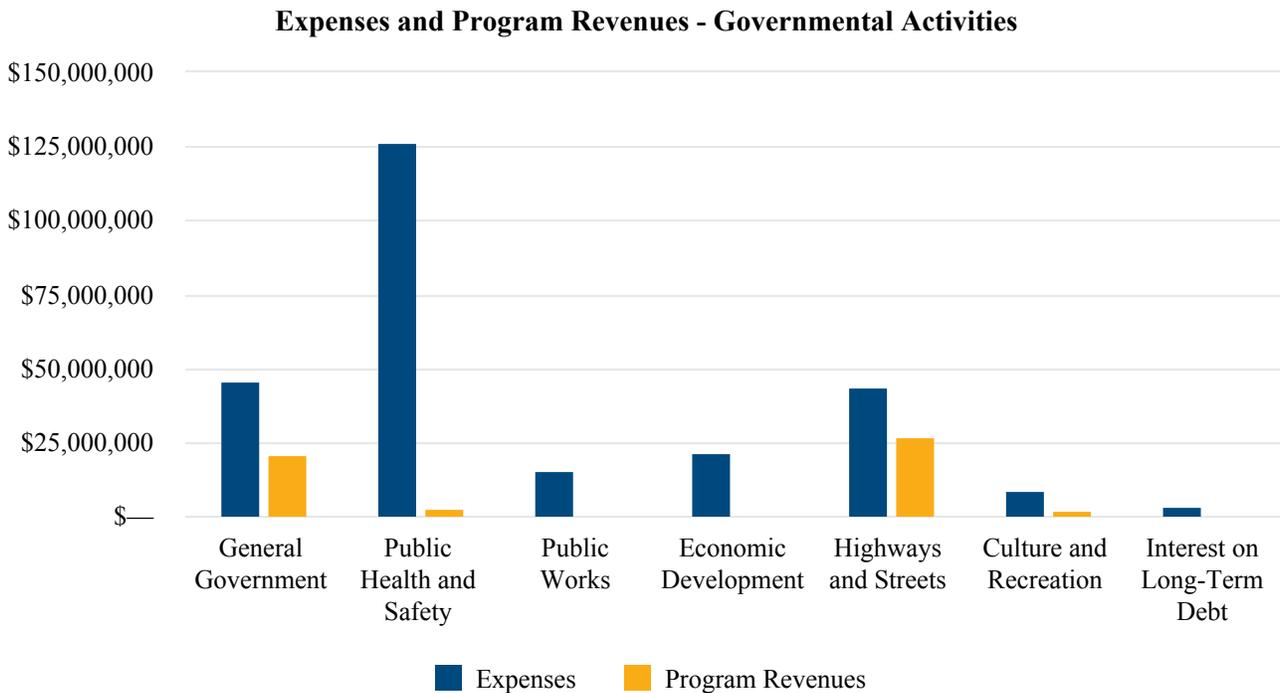
Management’s Discussion and Analysis

February 28, 2025

GOVERNMENT-WIDE FINANCIAL ANALYSIS - Continued

Governmental Activities - Continued

The ‘Expenses and Program Revenues’ Table identifies those governmental functions where program expenses greatly exceed revenues.



As depicted in the chart above, general government, public health and safety, public works, economic development, and culture and recreation expenses far exceed any directly allocated revenues. Unlike the Water and Sewer Fund that is supported by user fees, these activities are substantially tax supported.

Business-Type Activities

Business-Type activities posted total revenues of \$267,553,951, while the cost of all business-type activities totaled \$242,005,302. This results in a surplus of \$25,548,649, prior to transfers out of 6,222,146. In 2024, expenses of \$254,030,971 exceeded revenues of \$203,541,635, resulting in a surplus of \$50,489,336, prior to transfers out of \$6,940,949. The surplus in 2025 was significantly less than last year primarily due to the actuarial adjustment in OPEB and IMRF Pension obligations.

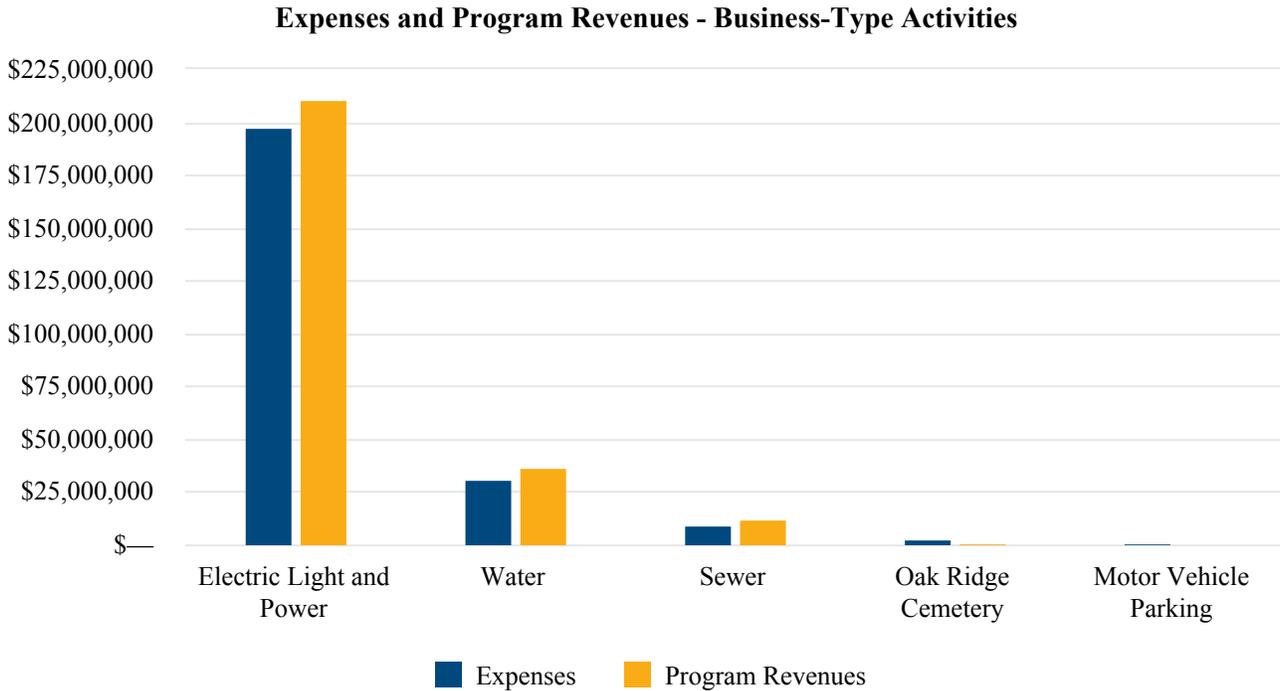
CITY OF SPRINGFIELD, ILLINOIS

Management’s Discussion and Analysis

February 28, 2025

GOVERNMENT-WIDE FINANCIAL ANALYSIS - Continued

Business-Type Activities - Continued



The above graph compares program revenues to expenses for the business-type activities.

FINANCIAL ANALYSIS OF THE GOVERNMENT’S FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the City’s governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. In particular, unassigned fund balance may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year.

The City’s governmental funds reported combining ending fund balances of \$108,643,473, which is \$7,574,663, or 7.5%, higher than last year’s total of \$101,068,810. Of the \$108,643,473 total, \$44,951,476, or approximately 41.4%, of the fund balance constitutes unassigned fund balance.

The General Fund is the chief operating fund of the City. As mentioned earlier, the General Fund reported an increase in fund balance for the year of \$5,958,764, which is an increase of 9.1%. This was primarily due to better than expected Property Tax (multiplier was unusually high), Sales Tax and Per Capita share of Income Tax, less than expected Personal Service expenses due to vacancies and delays in contract settlements, timing of grant expenses due to the City’s Fiscal Year varied from grant years.

CITY OF SPRINGFIELD, ILLINOIS

Management's Discussion and Analysis

February 28, 2025

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS - Continued

Governmental Funds - Continued

Unassigned fund balance in the General Fund was \$68,472,811, which represents 95.9% of the total fund balance of the General Fund. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance in the General Fund represents approximately 39.4% of total General Fund expenditures.

The Motor Fuel Tax Fund is a major special revenue fund of the City. At the end of the current fiscal year, the Motor Fuel Tax Fund reported a decrease in fund balance of \$8,520,460 and ending deficit fund balance of \$23,365,459. On a budgetary basis the fund would not show a negative ending position, however, audit accruals for pending invoices from the Illinois Department of Transportation to the City created a deficit fund balance.

The Capital Improvements Fund is a major capital projects fund of the City. At the end of the current fiscal year, the Capital Improvements Fund reported an increase in fund balance of \$5,044,638 to an ending fund balance of \$35,390,656. The Capital Improvement Fund houses budgetary authority for various capital projects. An increase in fund balance represents the planned use of fund balance for various capital infrastructure activities approved by the City Council.

Proprietary Funds

The City's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail.

The City reports the Electric Light and Power Fund and Water Fund as a major proprietary funds.

The Electric Light and Power Fund's net position increased by \$5,395,032 and the net position of the Water Fund increased by \$9,292,475 for 2025. The Electric Light and Power Fund operating income decreased \$31,143,346.00 or 133% due to actuarial adjustment to Other Post-Employment Benefits and IMRF Pension Obligations.

The Water Fund operating income decreased \$1,719,873.00 or 28% due to actuarial adjustment to Other Post-Employment Benefits and IMRF Pension Obligations.

CITY OF SPRINGFIELD, ILLINOIS

Management’s Discussion and Analysis

February 28, 2025

GENERAL FUND BUDGETARY HIGHLIGHTS

The City Council approved General Fund budgetary amendments totaling \$13,716,739 for FY 2025. The largest single budgetary amendment was in the Fire Department’s cost center for \$10M of expense from bond proceeds to supplement the funding of construction for three firehouses. General Fund actual revenues for the year totaled \$167,472,224, compared to budgeted revenues of \$177,712,368. All other revenue categories were over budget by \$6.7M.

General Fund actual expenditures for the year were \$26,935,800 lower than budgeted (\$173,631,606 actual compared to \$200,567,406 budgeted) due to lower than anticipated costs in public safety and essential services. These savings are largely attributable to challenges in recruiting for vacant positions, as well as project expenditure delays.

CAPITAL ASSETS

The City’s investment in capital assets for its governmental and business type activities as of February 28, 2025 was \$1,376,429,811 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings and improvements, equipment, and infrastructure.

	Capital Assets - Net of Depreciation					
	Governmental		Business-Type		Totals	
	Activities		Activities			
	2025	2024	2025	2024	2025	2024
Land	\$ 71,643,907	69,297,638	47,011,624	46,971,919	118,655,531	116,269,557
Construction in Progress	140,820,971	136,197,400	19,712,242	36,642,111	160,533,213	172,839,511
Buildings and Improvements	37,796,844	15,024,385	494,030,400	482,352,686	531,827,244	497,377,071
Equipment	18,674,014	19,428,346	92,894,027	95,896,207	111,568,041	115,324,553
Infrastructure	156,468,325	148,683,365	297,377,457	292,658,254	453,845,782	441,341,619
Totals	425,404,061	388,631,134	951,025,750	954,521,177	1,376,429,811	1,343,152,311

This year’s major additions included:

Land	\$ 3,014,239
Construction in Progress	67,303,077
Equipment	9,459,817
Infrastructure	993,666
	<u>80,770,799</u>

Additional information on the City’s capital assets can be found in Note 3 of this report.

CITY OF SPRINGFIELD, ILLINOIS

**Management’s Discussion and Analysis
February 28, 2025**

DEBT ADMINISTRATION

As of February 28, 2025, the City had total outstanding debt of \$535,688,259 as compared to \$578,392,652 the previous year, a decrease of 7.4 percent. The following is a comparative statement of outstanding debt:

	Long-Term Debt Outstanding					
	Governmental		Business-Type		Totals	
	Activities		Activities			
	2025	2024	2025	2024	2025	2024
General Obligation Bonds	\$ 56,490,000	48,310,000	—	—	56,490,000	48,310,000
Tax Increment Financing Bonds	29,429,683	17,081,403	—	—	29,429,683	17,081,403
Installment Contracts Payable	5,995,422	8,057,762	—	—	5,995,422	8,057,762
Revenue Bonds	—	—	436,180,000	496,295,000	436,180,000	496,295,000
IEPA Loans Payable	—	—	6,682,954	7,241,687	6,682,954	7,241,687
Loans Payable	—	—	910,200	1,406,800	910,200	1,406,800
	91,915,105	73,449,165	443,773,154	504,943,487	535,688,259	578,392,652

Moody’s Investors Service upgraded the city’s bond rating from A3 to A2 in March 2024. Improved operations which have bolstered the city’s reserves were cited as the primary reason for the rating adjustment.

Additional information on the City's long-term debt can be found in Note 3 of this report.

ECONOMIC FACTORS AND NEXT YEAR’S BUDGET AND RATES

The City of Springfield prepared the FY 2026 budget with the following factors in mind:

- The FY 2026 budget preparation began in October 2024 when the Office of Budget & Management instructed City agencies to prepare a baseline/maintenance budget with attention to re-appropriation for unfinished projects as well as new initiatives.
- The lingering effects of inflation and high interest rates continue to be a factor in Springfield’s local economy.
- The FY 2026 budget includes extensive use of Corporate Fund balance and American Rescue Plan Act dollars for a multitude of projects, including construction of 3 new fire houses, Enterprise Resource Planning system upgrade, lead water line replacement, and sewer repairs.
- Aggressive review of budget requests and early financial planning and implementation remains critical in preserving healthy fund balance.
- Springfield’s economy remained relatively stable for the past several years. The unemployment rate has remained within a stable range with the February 2025 rate improving 0.4% to 4.4 % compared to the February 2024 rate of 4.8%.

CITY OF SPRINGFIELD, ILLINOIS

Management's Discussion and Analysis

February 28, 2025

REQUESTS FOR INFORMATION

This financial report is designed provide citizens, customers, investors and creditors and for all those with an interest in the government's finances, a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. Questions concerning this report or requests for additional financial information should be directed to Ramona M. Metzger, Director, Office of Budget & Management, City of Springfield, Room 210, Municipal Center West, Springfield, Illinois 62701.