City Utilities of Springfield, Missouri (A Component Unit of the City of Springfield, Missouri)

Independent Auditor’s Report and Financial Statements

September 30, 2022

City Utilities of Springfield, Missouri
September 30, 2022

Contents

Independent Auditor's Report 1

Management's Discussion and Analysis 4

Financial Statements

Statement of Net Position 19
Statement of Revenues, Expenses and Changes in Net Position 21
Statement of Cash Flows 22
Notes to Financial Statements 24

Required Supplementary Information

Schedule of City Utilities' Changes in Net Pension (Asset) Liability and Related Ratios 62
Schedule of City Utilities' Contributions 63

Supplementary Information

Combining Schedule of Revenues, Expenses and Changes in Net Position 66

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Independent Auditor's Report

The Honorable Mayor and Members of the
City Council of the City of Springfield, Missouri
City Utilities of Springfield, Missouri
Springfield, Missouri

Opinion

We have audited the financial statements of City Utilities of Springfield, Missouri (City Utilities), a component unit of the City of Springfield, Missouri, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise City Utilities' basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of City Utilities as of September 30, 2022, and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 City Utilities, 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 opinion.

Emphasis of Matter

As discussed in *Note 1* to the financial statements, in 2022 City Utilities adopted Governmental Accounting Standards Board Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 City Utilities' ability to continue as a going concern for 12 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 opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, 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 City Utilities' 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 City Utilities' 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 and pension information 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 an opinion on the financial statements that collectively comprise City Utilities' basic financial statements. The accompanying supplementary information including the combining schedule of revenues, expenses, and changes in net position for the year ended September 30, 2022, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

FORVIS, LLP

Springfield, Missouri
January 10, 2023

City Utilities of Springfield, Missouri
(A Component Unit of the City of Springfield, Missouri)
Management's Discussion and Analysis
September 30, 2022

City Utilities of Springfield, Missouri (City Utilities or the "Utility") is a municipally owned utility, which is a component unit of the City of Springfield, Missouri (City). This discussion and analysis of the financial performance of City Utilities provides an overview of City Utilities' financial activities for the fiscal year ended September 30, 2022. This analysis should be read in conjunction with the financial statements and notes thereto.

City Utilities is comprised of electric, natural gas, water, transportation and telecommunications/broadband. At September 30, 2022, City Utilities served approximately 119,000 electric, 85,000 natural gas and 84,500 water customers in the Springfield metropolitan area. This represents growth of approximately 0.4% customers for fiscal year 2022. In addition, City Utilities provided transportation for over 930,000 bus passengers and had over 1,700 telecommunication contracts.

Financial Highlights

	2022	2021
Net position (equity)	$1.4 billion	$1.4 billion
Change in net position (net income)	$19 million	$120 million
Capital improvements/additions	$249 million	$243 million
Peak demand		
Electric – maximum hourly peak demand	776 megawatts	720 megawatts
Natural gas – maximum daily throughput peak	117,164 dekatherms	115,875 dekatherms
Water – maximum daily pumpage	50.0 million gallons	40.0 million gallons
Credit ratings as follows:		
Fitch	AA	AA
S&P Global Ratings:		
Revenue Bonds	AA+	AA+
Certificates of Participation	AA	AA

Financial Statements

This report contains three basic financial statements and related notes. The *Statement of Revenues, Expenses and Changes in Net Position* presents City Utilities' results of operations and changes in net position for fiscal year ended September 30, 2022. The *Statement of Net Position* presents City Utilities' financial condition, assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position at September 30, 2022. The *Statement of Cash Flows* presents City Utilities' sources and uses of cash for fiscal year ended September 30, 2022. The *Notes to Financial Statements* are an integral part of the basic financial statements and contain information on accounting principles and other matters necessary for a more complete understanding of City Utilities' financial position.

Discussion and Analysis

Major Projects

Electric

Focus on reliability and infrastructure continued in fiscal year 2022 with the planned repair and replacement of 386 electric poles at a cost of $2.6 million. Over the next five years, $17.5 million has been planned for pole maintenance and replacements.

During 2022, $1.1 million was spent on the Grant Avenue Parkway project to underground electric facilities along Grant Avenue north of Sunshine Street to College. This multi-year project is estimated to be completed in 2024 at an additional cost of $2.9 million. The BUILD Grant will provide partial funding upon completion of the project.

Expenditures in 2022 to complete the Republic Substation were $2.9 million. The new substation will provide additional capacity and improved reliability to CU's service territory. Total capital investment including substation and transmission corridor land acquisitions and transmission line was $9 million. The project was completed and in service in June 2022.

As a result of inflation and supply chain challenges, we invested $2.2 million on distribution transformers to ensure adequate supply to meet reliability and growth goals. The five-year operating plan projects $12.7 million will be spent on distribution transformer replacements. Additionally, $1.9 million was spent in 2022 on substation transformer replacements to ensure dependability of our distribution system. Over the five-year planning horizon, $7.0 million is budgeted to replace substation transformers which are near or past their expected useful life.

To improve dependability, $3.2 million of substation switchgear equipment was installed during the year. An additional $6.5 million of switchgear replacements are planned through 2027 to prudently replace aging equipment ahead of failure.

Natural Gas

An additional $1.2 million was invested in 2022 on the Natural Gas Advanced Metering Infrastructure (AMI) project to reach 86% completion status. This multi-year project is estimated to be completed in 2023 for an additional cost of $1.5 million.

To ensure continuity of safe and reliable natural gas service, $4.6 million was spent on renewal of natural gas mains and services in 2022. Over the next five years, $33.9 million is forecasted to replace mains and services to reduce risk associated with aging piping systems.

City Utilities of Springfield, Missouri
(A Component Unit of the City of Springfield, Missouri)
Management's Discussion and Analysis
September 30, 2022

Water

At the end of 2022, the Water AMI project was 82% complete. This project allows for remote, two-way communication between water meters and City Utilities, allowing for an array of advanced services to encourage efficiencies and detect water leaks. For the year, $2.3 million was spent on this multi-year initiative. This effort is slated for completion in 2023 for an additional capital investment of $1.1 million.

To achieve and sustain a main and service renewal program, $7.8 million was invested to replace water mains and services during fiscal year 2022. An additional $48.3 million is projected in the five-year plan for main and service replacements to ensure safe, reliable, drinking water for our customers and to limit water loss and property damage due to leaks.

SpringNet

The multi-year SpringNet Fiber Expansion Project to provide broadband services which supports economic development and offers highspeed internet access to the Springfield community is nearing completion. During 2022, an additional $32.0 million was invested to provide the backbone network for private telecommunication providers to offer gigabit internet access to residents, schools, and businesses. This project is estimated to be completed in fiscal year 2023 at a forecasted direct cost of $147.8 million.

During 2022, $1.4 million was spent to meet customer demand for broadband services and further support economic development and growth. An additional $8.3 million is projected for revenue generation projects over the next five years.

City Utilities of Springfield, Missouri
(A Component Unit of the City of Springfield, Missouri)
Management's Discussion and Analysis
September 30, 2022

Net Position (Equity)
(In Thousands)

	2022	2021
Assets		
Net capital assets	$ 1,695,672	$ 1,640,283
Current and other assets	545,098	524,918
Total assets	2,240,770	2,165,201
Deferred outflows of resources	53,501	58,104
Total assets and deferred outflows	2,294,271	2,223,305
Less liabilities		
Long-term obligations	553,511	549,130
Other liabilities	119,756	122,912
Total liabilities	673,267	672,042
Deferred inflows of resources	219,089	167,898
Total liabilities and deferred inflows	892,356	839,940
Net position		
Net investment in capital assets	1,044,412	996,368
Restricted for debt service	6,422	6,421
Restricted for net pension asset	60,551	104,035
Unrestricted	290,530	276,541
Total net position	$ 1,401,915	$ 1,383,365

Long-Term Obligation Activity

City Utilities secured $129 million of Certificates of Participation (COPS) which closed on October 7, 2021. The $129 million fully paid the $90 million 2019 lease financing agreement and secured additional funds for the SpringNet Fiber Expansion Project. The October 2021 Fiber Expansion Financing COPS is a 15-year, fixed interest rate debt instrument with semi-annual debt service where principal payments are due annually.

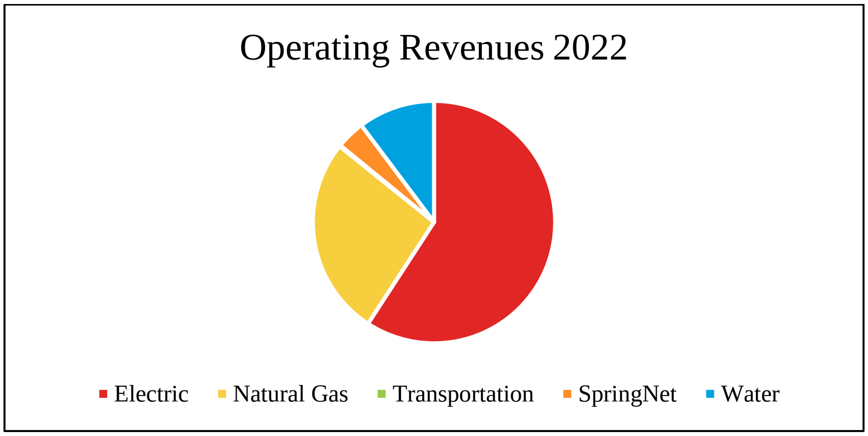
Operating Results – Revenues

There were no base rate increases effective for electric, natural gas or water for fiscal year 2022. City Utilities' revenues are impacted by fuel cost, weather, usage, and customer growth. During fiscal year 2022, City Utilities' customers experienced a mild winter, higher fuel prices and a slightly warmer than normal summer. In comparison, during fiscal year 2021, a major weather event occurred which significantly impacted electric off-system sales revenues.

The following table represents operating revenue information for City Utilities prior to interdepartmental eliminations:

	Operating Revenues (In Thousands) 2022	2021
Operating revenue		
Electric	$ 336,373	$ 361,266
Natural Gas	151,141	138,026
Transportation	888	701
SpringNet	21,731	18,733
Water	58,278	56,005
Total operating revenues	$ 568,411	$ 574,731

City Utilities of Springfield, Missouri
(A Component Unit of the City of Springfield, Missouri)
Management's Discussion and Analysis
September 30, 2022



In fiscal year 2022, our customers experienced a mild winter and a warmer than normal summer. Heating degree days were 6% below normal for the year. Summer weather and higher fuel recovery costs resulted in residential sales to be $32.6 million over the prior year. Commercial and Industrial revenues exceeded the prior year by $41.0 million. Sales for resale decreased $56.5 million from the prior year due primarily to the off-system sales during Winter Storm Uri in February 2021. This weather event significantly increased demand and reduced available supply of electricity and natural gas throughout the entire region. The high demand led to volatile prices which significantly impacted CU's fuel cost and related revenues.

Electric retail revenues were $19.8 million higher than 2021, an 8% increase. This increase was offset by a year over year decrease in off-system electric sales due to the February 2021 weather event which created unprecedented pricing of purchased power during February. CU's diverse, local generation capacity provided our customers the benefit of reliability and off-system sales margins during that timeframe.

Natural gas revenues increased 9% due to the increase in natural gas prices. Natural gas prices were more than double the previous year, excluding the February 2021 weather event, resulting in higher retail sales. Interdepartmental sales were higher due to increased natural gas generation prices and volumes.

Water operating revenues were 4% higher than the prior year due to a 5% increase in sales volumes. Rainfall for June through September was 44% less than normal, increasing the demand for irrigation.

SpringNet revenues were 16% over the prior year due to the long-term lease revenues for the SpringNet Fiber Expansion Project. The associated revenue increased $2.4 million over the prior year.

Operating Results – Operating Expenses

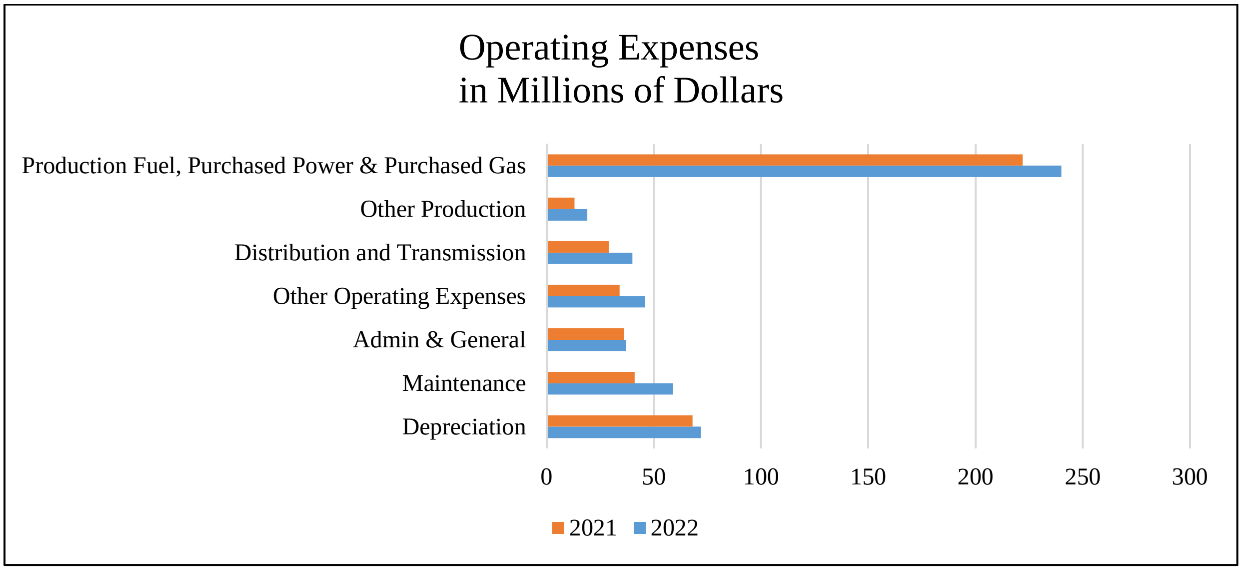
Almost half of the utility's operating expenses are comprised of fuel and purchased power. During 2022, $240 million was spent on generation fuel, purchased power, and natural gas which exceeded the prior year by $19 million primarily due to the higher cost of natural gas. Maintenance costs exceeded the prior year by $18 million due to outages for coal generation units and combustion turbines which comprised $15 million of the total maintenance increase.

Payment in Lieu of Taxes (PILOT) was $18 million for fiscal year ended 2022, a 7% increase over the prior year. City Utilities pays a percentage of its operating revenues into the general revenue fund of the City of Springfield, as required by the City Charter. These payments are made monthly to the City at a rate of 3% of electric revenue and 4% of natural gas and transit revenues for the fiscal year. In addition, water makes payments to the City at a rate of 4% of revenue. SpringNet pays an annual right-of-way fee to the City based on linear feet of as-built fiber optic cable in the City's right-of-way.

The following table presents City Utilities' operating expenses prior to interdepartmental eliminations:

Operating Expenses (In Thousands)

	2022	2021
Operating expenses		
Electric	$ 298,211	$ 267,973
Natural Gas	143,387	120,982
Transportation	13,596	8,771
SpringNet	18,965	13,995
Water	40,682	31,611
Total operating expenses	$ 514,841	$ 443,332



Total operating expenses were $514.8 million, an increase of $71.5 million over the prior year. Production fuel exceeded the previous year by $26.4 million and purchased gas exceeded 2021 by $12.4 million due to higher cost of natural gas during the year. These higher fuel costs were partially offset by lower purchased power costs of $20 million.

In comparison to operating expenses for the prior year, 2021 operating expenses were reduced by $36 million due to the favorable pension adjustment, which reduced the net pension liability.

Distribution and transmission costs increased $11.2 million over the previous year. The increase in distribution and transmission costs were attributed to electric for $5.0 million, natural gas for $4.0 million and $2.0 million for water.

Total maintenance costs increased $18 million, of which, $11 million was attributable to John Twitty Energy Center (JTEC) outages for coal generation units and a combustion turbine. Natural gas maintenance increased $1.4 million over the prior year while water maintenance for remote wells, pumping, and distribution increased $3.0 million.

City Utilities of Springfield, Missouri

(A Component Unit of the City of Springfield, Missouri)

Management's Discussion and Analysis

September 30, 2022

Changes in Net Position (Equity) (In Thousands)	2022	2021
Operating revenues	$ 529,701	$ 554,740
Less operating expenses	476,135	423,356
Operating income	53,566	131,384
Nonoperating revenues (expenses)		
Interest income	4,775	4,420
Interest income, leases	2,747	
Investment income	4,078	1,778
Net decrease in fair market value of investments	(33,789)	(6,519)
Interest expense, net	(17,729)	(19,473)
Other items, net	4,151	6,395
Nonoperating revenues (expenses)	(35,767)	(13,399)
Change in net position before contributions	17,799	117,985
Capital contributions		
Contributions in aid of construction	3,164	5,724
Donated property	8,180	2,100
Reduction of plant costs recovered through contributions	(10,593)	(6,241)
Net capital contributions	751	1,583
Change in net position	18,550	119,568
Net position (equity)		
Beginning of year	1,383,365	1,263,797
End of year	$ 1,401,915	$ 1,383,365

Change in Net Position

The change in net position for fiscal year 2022 was $18.6 million, $101 million less than the prior year. For 2021, the change in net position of $119.6 million reflected the electric operating income of $42 million associated with the February 2021 weather event. High market returns during 2021 resulted in a positive adjustment to CU's pension funding which resulted in a positive $36 million impact to net income. In 2022, the Federal Reserve's increase of the federal funds rate negatively impacted our fair market value by $34 million. This market adjustment is an unrealized loss; CU's investment strategy is to hold investments until maturity. These three factors comprise most of the year over year variances.

City Utilities continues to maintain a strong financial position with a net position increase of 1% over the prior year. CU maintains AA credit rating from Fitch Ratings. Standard and Poor's ratings are AA+ for revenue bonds and AA for certificates of participation.

City Utilities continues to utilize available grants for transit operations. CU received $4.2 million in Transit Grants during fiscal year 2022 which is comparable to the prior year.

Receipts and Disbursements

September 30, 2022 and 2021
(In Thousands)

	2022		2021	
	Receipts	Disbursements	Receipts	Disbursements
Budget	$ 682,326	$ 699,409	$ 649,734	$ 669,754
Actual	619,657	664,449	603,465	597,095
Over (under) budget	$ (62,669)	$ (34,960)	$ (46,269)	$ (72,659)

For fiscal year 2022, receipts were $16.2 million over the prior fiscal year. Rent revenue for SpringNet was $2.4 million over the prior year due to the SpringNet Fiber Expansion Project. In addition, gain on investments were $2.6 million favorable compared to the prior year and billings for the City for sewer revenue and sales tax were $6.7 million higher than 2021.

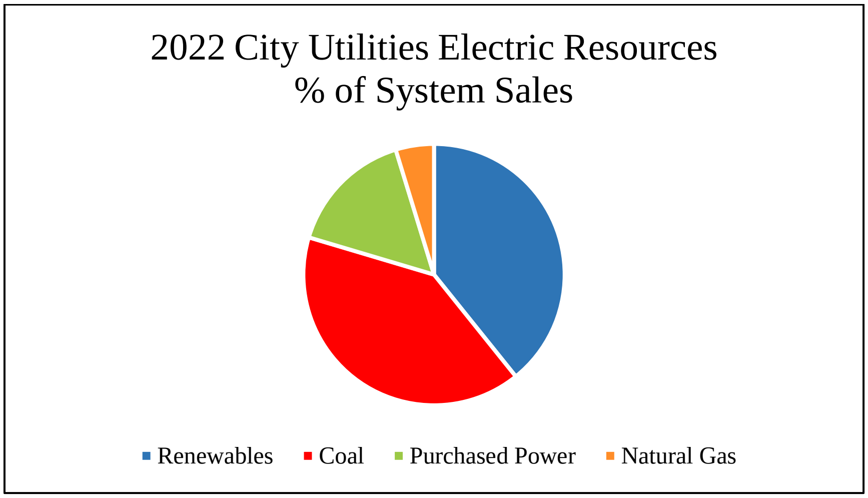
Receipts were $62.7 million less than budget. Budgeted receipts include $10 million in natural gas hedging and $45 million for fuel price and business volatility contingency which was not utilized. In addition, other income came in $29 million under budget.

For the current year, disbursements were $67.3 million above the prior year due to increase in operating expenses of $71.4 million, driven primarily by an increase in fuel costs. Production fuel increased $26.4 million and purchased gas increased $12.4 million over the previous year. In addition, maintenance costs increased $18.2 million, and distribution and transmission costs increased $11.2 million over the prior year.

Disbursements were favorable to budget by $35.0 million. Fuels were under budget by $14.8 million, non-capital expenditures were under budget by $4.8 million and capital expenditures were under budget by $12.5 million.

Resource Planning and Generation

City Utilities operates an integrated electric system including generation, transmission and distribution facilities. City Utilities uses a diverse mix of generation resources including coal, natural gas, hydro, solar and wind to meet our customer's needs. Renewable energy was 39% of system sales in 2022 as compared to 41% for 2021.



In 2022, City Utilities' electric generation includes base load availability of 503 MW from two coal-fired steam turbines and peak load availability of 359 MW from six combustion turbines. An additional 3 MW is available from the Noble Hill Landfill Renewable Energy Center.

Supplementing this internal generating capacity, the Utility has contracted the following purchased power agreements:

- Southwest Power Administration (SWPA) - 50 MW.
- Smoky Hills Wind Project II – 46.17 MW of wind generation and rights to 50 MW of firm transmission capacity.
- Diamond Vista – 97.65 MW of wind generation.
- Frontier Windpower – 201.3 MW of wind generation.
- Strata Solar - 4.95 MW of solar energy.

In March 2014, City Utilities began participation in the Southwest Power Pool (SPP) Integrated Marketplace allowing the Utility to purchase and sell electricity within the SPP region. The Integrated Marketplace is designed to improve grid reliability and regional balancing of supply and demand. In addition, owner-membership in The Energy Authority (TEA) continues to prove beneficial for City Utilities' customers. This mix of generation resources allows City Utilities to maintain low prices, provide optimum reliability to customers, and to take advantage of off-system sales opportunities as market conditions allow. City Utilities generated approximately 60% and purchased 40% of its power supply in 2022 compared to generating 61% and purchasing 39% in 2021. This calculation is comparing local generation to total generation and purchased power. Renewable contracts for solar and wind are included as purchased power.

Significant Future Items

Electric

Rates:

- The five-year operating plan projects requirements for electric rate increases of 5%, 3%, and 3% in April 2024, 2025, and 2026. These potential increases are for increased operations and maintenance costs, increasing the pole maintenance replacement program, and prudent capital expenditures.

Electric Generation:

- City Utilities is moving towards a 50-year pole replacement cycle. Over the next five years, $11.5 million is budgeted to replace a total of 2,300 electric poles.
- To reduce NOx emissions, $3.6 million has been budgeted to install Selective Catalytic Reduction modules to comply with environmental regulations at JTEC.
- Overhauls are planned at McCartney Generating Station for the combustion turbines. These are the first planned overhauls since the units were placed in service in 2002. Costs are forecasted at $18.7 million over the next 5 years.

Natural Gas

Rates:

- No natural gas rate adjustments are forecasted through 2027.

Natural Gas Main and Service Renewals:

- The on-going natural gas main and service renewal program has planned expenditures of $33.9 million over the next 5 years to replace aging infrastructure and provide safe, reliable natural gas service. Continued funding is necessary to ensure continued safe and reliable natural gas distribution system.

Water

Rates:

- Water rate adjustments of 5.3%, 4.7%, and 4% are approved for October 2023, 2024, and 2025, respectively. These adjustments will support the water main replacement program, address inflationary pressures, and cover increased capital, operation, and maintenance costs. The base rate increase of 5.3% in October 2023 includes 0.8% for a pass through primacy fee imposed by the Missouri Department of Natural Resources.

Water Main Renewals:

- Focus on water infrastructure continues to ensure value, reliability, and limit water leaks by investing $48.3 million through 2027 on water main and service renewals.

Water Supply and Treatment

- To provide a redundant water supply connection from Fellows Lake to Blackman Water Treatment Plant, $5.4 million has been budgeted in 2024 to complete the water main. Completion of the 48" water main connection from the treatment plant to Fellows Lake water supply will help ensure dependable infrastructure by creating redundant feed of water supply to our customers.

Transit

Rates:

- Transit fare increases are not planned in the five-year horizon.

Bus Fleet:

- To continue to provide transportation services to Springfield, $6.5 million has been budgeted to purchase eight fixed route buses over the planning five-year timeframe. Four of the buses are planned to be replaced with electric fleet which will help CU meet our goal of operating a 25% electric bus fleet by fiscal year 2026.

- Six paratransit buses and two hybrid minivans purchases are planned at an estimated cost of $1.3 million. This will meet the community's needs for paratransit passengers and will increase the fuel efficiency of our paratransit fleet.

SpringNet

Revenue Generation:

- To respond to new service requests and meet new customer demand for broadband services, $8.3 million has been planned over the next 5 years to promote economic development efforts.

Requests for Information

This financial report is designed to provide our citizens, customers, creditors and other stakeholders with a general overview of City Utilities' finances. If you have questions about this report or need additional information, contact the Chief Financial Officer, City Utilities of Springfield, Missouri, P.O. Box 551, Springfield, Missouri 65801-0551.

City Utilities of Springfield, Missouri

(A Component Unit of the City of Springfield, Missouri)

Statement of Net Position

September 30, 2022

(in Thousands)

Assets and Deferred Outflows of Resources

Noncurrent Assets	
Capital Assets	
Land	$ 56,312
Electric	1,507,554
Natural gas	303,784
Transportation	34,046
Water	447,087
Customer service	17,615
SpringNet	167,453
Common	81,403
Total	2,615,254
Less accumulated depreciation	(1,022,137)
Net total	1,593,117
Construction work in progress	102,555
Net capital assets	1,695,672
Leased Assets	
Leased assets	445
Less accumulated amortization	(147)
Net leased assets	298
Investments	
Funds for bonded indebtedness	6,422
Designated improvement account	163,653
Working capital account	25,402
Price risk management assets	6,528
Unamortized debt expense	3,321
Net pension asset	60,551
Lease receivable	80,415
Other noncurrent assets	30,981
Total noncurrent assets	2,073,243
Current Assets	
Cash	27,092
Short-term investments	19,975
Accounts receivable	
Customers, less allowance for doubtful accounts of $344	31,141
Unbilled revenue	14,628
Other	12,744
Lease receivable	5,286
Inventories	
Materials and supplies	35,554
Coal	6,118
Natural gas stored underground	12,668
Emissions consumables	161
Prepayments and other	2,160
Total current assets	167,527
Total assets	2,240,770
Deferred Outflows of Resources	
Electric fuel and purchased natural gas adjustment	23,737
Unamortized loss on reacquired debt	12,372
Pension related	17,392
Total deferred outflows of resources	53,501
Total assets and deferred outflows of resources	$ 2,294,271

City Utilities of Springfield, Missouri

(A Component Unit of the City of Springfield, Missouri)

Statement of Net Position

September 30, 2022

(in Thousands)

Net Position, Liabilities and Deferred Inflows of Resources

Net Position	
Net investment in capital assets	$ 1,044,412
Restricted for debt service	6,422
Restricted for net pension asset	60,551
Unrestricted	290,530
Total net position	1,401,915
Long-Term Obligations	
Long-term obligations	525,945
Unamortized debt premium, net of debt discount	27,566
Total long-term obligations	553,511
Other Noncurrent Liabilities	
Vacation and sick leave	14,936
Price risk management liabilities	303
Leases payable	158
Other	5,558
Total other noncurrent liabilities	20,955
Current Liabilities	
Current maturities of long-term obligations	32,145
Accounts payable	
Trade	21,930
Other	6,767
Accruals	
Interest	3,819
Salaries and wages	1,582
Pension contributions and other	3,626
Electric purchased power	2,220
Natural gas, coal and other fuels	8,926
Vacation and sick leave	10,845
Leases payable	148
Due to City of Springfield, Missouri in lieu of taxes	1,642
Customer deposits	5,151
Total current liabilities	98,801
Total liabilities	673,267
Deferred Inflows of Resources	
Contributions in aid of construction	67,046
Pension related	63,494
Leases	84,760
Fair value adjustments in derivative instruments	3,789
Total deferred inflows of resources	219,089
Total net position, liabilities and deferred inflows of resources	$ 2,294,271

City Utilities of Springfield, Missouri

(A Component Unit of the City of Springfield, Missouri)

Statement of Revenues, Expenses and Changes in Net Position

Year Ended September 30, 2022

(in Thousands)

Operating Revenues	
Services	$ 495,322
Other	34,379
Total operating revenues	529,701
Operating Expenses	
Production fuel and purchased power	102,737
Natural gas purchased for resale	105,324
Other production	16,923
Distribution and transmission	37,618
Bus and garage operations	6,645
Other services	6,715
Customer accounts	13,448
Administrative and general	36,569
Maintenance	59,564
Depreciation and amortization	72,138
Payments in lieu of taxes	17,799
Other taxes	655
Total operating expenses	476,135
Operating income	53,566
Nonoperating Revenues (Expenses)	
Interest income	4,775
Net decrease in fair value of investments	(33,789)
Investment income	4,078
Interest expense, net	(17,729)
Interest income from leases	2,747
Operation of recreational facilities, net	(304)
Amortization of debt-related costs	306
Other, net	4,149
Net nonoperating revenues (expenses)	(35,767)
Change in net position before contributions	17,799
Capital Contributions	
Contributions in aid of construction	3,164
Donated property	8,180
Reduction of plant costs recovered through contributions	(10,593)
Net capital contributions	751
Change in net position	18,550
Net Position	
Beginning of year	1,383,365
End of year	$ 1,401,915

City Utilities of Springfield, Missouri

(A Component Unit of the City of Springfield, Missouri)

Statement of Cash Flows

Year Ended September 30, 2022

(in Thousands)

Cash Flows from Operating Activities	
Receipts from customers	$ 518,678
Payments to suppliers	(313,844)
Payments to employees	(72,859)
Payments in lieu of taxes	(17,315)
Claims paid	(624)
Net cash provided by operating activities	114,036
Cash Flows from Noncapital Financing Activities	
Receipts from federal and state grants	4,236
Net cash provided by noncapital financing activities	4,236
Cash Flows from Capital and Related Financing Activities	
Cash received from leases	1,819
Lease and other payments	(99)
Capital grants and contributions	3,163
Additions to utility plant, net of removal	(125,710)
Proceeds from the issuance of capital obligations	128,966
Debt issuance costs	(948)
Repayment of long-term obligations	(120,610)
Interest paid	(20,132)
Net cash used in capital and related financing activities	(133,551)
Cash Flows from Investing Activities	
Sale and maturities of investment securities	71,260
Purchase of investment securities	(85,117)
Interest received	5,068
Equity investment in The Energy Authority, net	(368)
Equity interest in TEA Solutions	(118)
Equity investment in Partnership Industrial Center, net	(12)
Net cash used in investing activities	(9,287)
Net decrease in cash	(24,566)
Cash, Beginning of Year	51,658
Cash, End of Year	$ 27,092

City Utilities of Springfield, Missouri
(A Component Unit of the City of Springfield, Missouri)
Statement of Cash Flows
Year Ended September 30, 2022
(in Thousands)

Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating income	$	53,566
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation and amortization expense		72,138
Depreciation included in vehicle and power production		2,325
Miscellaneous income		(141)
Operation of recreational facilities		(304)
Change in assets, deferred outflows of resources, liabilities, and deferred inflows of resources		
Customer and other accounts receivable		(9,381)
Unbilled revenues		(114)
Recoverable fuel costs		8,498
Price risk management assets		(1,867)
Inventories		(12,677)
Prepayments and prepaid insurance		(322)
Other noncurrent assets		3,078
Deferred outflows related to pensions		(4,301)
Accounts payable		(1,461)
Customer deposits		42
Accrued liabilities		656
Net pension asset		43,483
Deferred inflows related to pensions		(39,182)
Net cash provided by operating activities	$	114,036
Noncash Capital Financing Activities		
Capital assets acquired through contributions from developers	$	8,180
Capital assets acquisitions included in accounts payable	$	10,929
Noncash Investing Activities		
Net decrease in fair value of investments	$	(33,789)

City Utilities of Springfield, Missouri
(A Component Unit of the City of Springfield, Missouri)
Notes to Financial Statements
September 30, 2022

Note 1: Summary of Significant Accounting Policies

Reporting Entity

City Utilities of Springfield, Missouri (City Utilities) is a municipally owned utility, which is a component unit of the City of Springfield, Missouri (the "City"), as provided for in the City Charter. City Utilities is comprised of the electric, natural gas, transportation, telecommunications/broadband and water departments. As of September 30, 2022, City Utilities serves approximately 119,000 electric customers, 85,000 natural gas customers and 84,500 water customers in the Springfield metropolitan area.

For financial reporting purposes, City Utilities includes all funds that are controlled by the Board of Public Utilities, as determined on the basis of financial interdependency, selection of management, ability to influence operations and budget adoption. No other funds or entities met any of these criteria.

Basis of Accounting

City Utilities activities are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. As required in Section 16.11 of the City Charter, City Utilities' accounting records are maintained in accordance with accounting principles generally accepted in the United States of America for regulated utilities and generally follow accounting policies and procedures established for investor-owned natural gas and electric utilities by the Federal Energy Regulatory Commission (FERC) and for investor-owned water utilities by the National Association of Regulatory Utility Commissioners (NARUC).

The financial statements are prepared in accordance with generally accepted accounting principles and follow accounting guidance provided by the Governmental Accounting Standards Board (GASB) in the regulated operations provisions of GASB Codification Section Re10, *Regulated Operations*, which permit certain entities with cost-based rates to defer certain costs or income that would otherwise be recognized when incurred to the extent that the rate-regulated entity is recovering or expects to recover such amounts in future rates charged to its customers. Regulatory assets are the deferral of costs expected to be recovered in future customer rates and regulatory liabilities represent current recovery of expected future costs. If City Utilities was required to terminate the application of these regulated operations provisions, it would have to record the amounts of all regulatory assets and liabilities in the statement of revenues, expenses and changes in net position.

Net Position

Net position is classified into three components – net investment in capital assets, restricted and unrestricted. These classifications are defined as follows:

- Net investment in capital assets - consists of capital assets and leased assets, net of accumulated depreciation and amortization, reduced by the outstanding balances of any debt that is attributable to those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt are included in this component of net position. If there are significant unspent related debt proceeds at year end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets.
- Restricted - consists of assets that have constraints placed upon their use imposed either by creditors (such as through debt covenants) or through laws, regulations or constraints imposed by law through constitutional provisions or enabling legislation, reduced by any liabilities to be paid from these assets. When an obligation is incurred for which both restricted and unrestricted net position is available, it is City Utilities' policy first to apply restricted resources in satisfying that obligation, followed by the utilization of unrestricted resources.
- Unrestricted **-** consists of net position that does not meet the definition of restricted or net investment in capital assets.

Revenues and Expenses

Revenue is recognized as services are rendered and includes an estimate for electricity and natural gas delivered but unbilled at the end of each reporting period. An estimate for water service delivered but unbilled is recorded at year end. Operating revenues include revenues from the provision and delivery of services to customers. Operating revenues reported in the statement of revenues, expenses and changes in net position are shown net of discounts and estimated allowances for bad debts.

Telecommunications/Broadband offers Ethernet and broadband services over its fiber optic network. As permitted by Section 16.1 of the City Charter, City Utilities provides certain telecommunications services to the medical, education, utility and government communities in the Springfield metropolitan area. SpringNet's Network Expansion Project will provide area businesses and residential neighborhoods with high-speed broadband access.

Operating expenses consist of costs incurred through the provision and delivery of electricity, natural gas, transportation, telecommunications/broadband and water to customers.

Capital Assets and Depreciation

The cost of additions and betterments of the utility plant is capitalized. Cost includes material, labor, vehicle and equipment usage, related overhead items, capitalized interest and certain administrative and general expenses. Currently, City Utilities has a capitalization threshold of $5,000 for individual plant assets and no capitalization threshold for mass composite assets.

Costs for maintenance and renewals of items not considered to be units of property are charged to operating expense as incurred. When composite units of depreciable property are retired, the original cost and removal cost, less salvage, are charged to accumulated depreciation. The composite rates used are as follows:

	Average Composite Rates 2022
Electric	2.3%
Natural gas	3.0%
Telecommunications/Broadband	6.7%
Water	2.0%

Transportation, office and computer equipment, vehicles and work equipment and certain other administrative assets are depreciated using the specific-identification method. When assets are depreciated using the specific-identification method are retired, a gain or loss is recognized. The estimated useful lives for these assets are as follows:

	Estimated Lives (in Years)
Transportation	5 to 40
Common	5 to 71
Customer service	9 to 10

Capital and Lease Asset Impairment

City Utilities evaluates capital and lease assets for impairment whenever events or circumstances indicate a significant, unexpected decline in the service utility of a capital or lease asset has occurred. No asset impairment was recognized during the year ended September 30, 2022.

Leased Assets

Lease assets are initially recorded at the initial measurement of the lease liability, plus lease payments made at or before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease, plus initial direct costs that are ancillary to place the asset into service. Lease assets are amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset. No lease assets were impaired during the year ended September 30, 2022.

Capitalization of Interest

Net interest costs related to acquiring or constructing certain utility plant are capitalized as a part of the cost of the related asset. City Utilities capitalizes interest on construction projects financed with revenue bonds, commercial paper and renewal and replacement funds. City Utilities has adopted GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period* but has elected to continue including the interest incurred before the end of a construction period in the historical cost of the capital assets for our FERC records in accordance with regulatory accounting. Information regarding capitalized interest is as follows (in thousands):

Interest expense, gross	$ 20,805
Capitalized interest	(3,076)
Interest expense, net	$ 17,729
Average interest rate	3.1%

Investments and Investment Income

Investments in U.S. Treasury securities and mortgage-backed securities are reported at fair value based on quoted market prices, plus accrued interest. All investments are held in City Utilities' name.

Investment income includes dividend and interest income, realized gains and losses on investments carried at other than fair value and the net change for the year in the fair value of investments carried at fair value.

Inventories

Materials and supplies inventories and natural gas stored underground are stated at the average cost. Coal inventory is stated at the lower of cost (last-in, first-out) or market.

Deferred Outflows and Inflows of Resources

Unamortized Loss on Reacquired Debt

Costs incurred in connection with the refinancing of various bond issuances are being amortized over the remaining life of the old bonds or the life of the new bonds, whichever is shorter. Amortization is recorded in nonoperating expenses. At September 30, 2022, the unamortized loss balance of $12.4 million was recorded as a deferred outflow of resources in the Statement of Net Position.

Pension Related

Deferred outflows and deferred inflows of resources related to pensions are discussed in the Defined Benefit Pension Plan note. See Note 5 – Defined Benefit Pension Plan.

Leases

Deferred inflows of resources related to leases are discussed in the Leases note. See Note 14 – Leases.

Fair Value Adjustments in Derivative Instruments

As of September 30, 2022, City Utilities had purchased financial instruments to reduce, or hedge, the volatility of natural gas costs for fiscal years 2022 through 2024. As of September 30, 2022, the market value of the unexpired instruments were included as an asset and a liability on the Statement of Net Position with the offset of the monthly fair market value adjustment included as deferred inflows of resources until the hedging instruments are matched with the corresponding monthly purchased natural gas costs.

Contributions in Aid of Construction (CIAC)

Capital contributions are received from developers and other third parties primarily to offset the costs associated with expansion of the system. City Utilities follows FERC guidelines for Electric and Natural Gas and NARUC guidelines for Water in the recording of CIAC. These guidelines direct the utility to record these contributions as a contra asset in the Utility's accounting records. In order to comply with GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, while continuing to follow the FERC and NARUC guidelines, CIAC is recorded as other income and offset by a regulatory deferral in the same amount. As the Transportation utility does not follow FERC guidelines, capital contributions are recorded as revenue without an offsetting regulatory deferral.

Electric Fuel and Purchased Natural Gas Adjustments

General Ordinance Numbers 6139 and 5780 require City Utilities to adjust customers' electric and natural gas billing components for changes between estimated and actual costs of electric fuel, purchased power and purchased natural gas to City Utilities. Such cost includes amounts recognized in connection with financial instruments used to manage the overall cost of natural gas. An under-recovery of $13.4 million for electric fuel and over-recovery of $4.4 million for purchased natural gas adjustment clauses were recorded at September 30, 2022 as a net deferred outflow or inflow of resources in the Statement of Net Position. Per Board resolution dated February 25, 2021 and approval by City Council, the gas under recovery related to the polar vortex in February 2021 shall be recovered over a 24-month period beginning April 2022. As of September 30, 2022 the under-recovered balance was $14.8 million.

Cash and Short-Term Investments

City Utilities has securities pledged by Bank of America, to cover certain deposits in excess of Federal Deposit Insurance Corporation (FDIC) insurance levels. These securities have a fair value of at least 100% of the amount of total deposits in excess of $250,000 in accordance with the City Charter, Section 19.13. City Utilities considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents or short-term investments. At September 30, City Utilities held approximately $20 million in short-term investments.

Environmental Matters

City Utilities accrues environmental costs based on expected cash flows when an obligating event occurs and at least one component of the liability can be reasonably estimated. Such accruals are adjusted as additional information becomes known or circumstances change.

In accordance with GASB Statement No. 49, Accounting and Financial Reporting for Pollution Remediation Obligations, City Utilities recorded a liability for estimated remediation costs for a former manufactured gas holder site in fiscal year 2015. City Utilities' property at 320 N. Main in Springfield is the site of a former gas holder and cleaning house that served a manufactured gas plant previously operated by Springfield Gas & Electric. City Utilities never operated the holder site. The Final Remediation Action Plan was approved by Missouri Department of Natural Resources (MDNR) in January 2016. Initial site mobilization began in November 2015 and all remediation activities and site restoration were completed in fiscal year 2017. On November 26, 2018, City Utilities received final approval from MDNR for the Removal Action Completion and Ambient Air Monitoring Reports. During fiscal year 2022, City Utilities submitted its well installation and groundwater sampling and analysis plan to MDNR for approval. Installation of a monitoring well network and conducting a water quality assessment is the next step in finalizing closure for the site. Once approved, City Utilities plans to install groundwater monitoring wells in fiscal year 2023 and begin to collect background water quality data. As of September 30, 2022, estimated total remediation costs for the project were just under $6.9 million.

Vacation and Sick Leave

Under the terms of City Utilities' personnel policy, employees are granted vacation and sick leave. In the event of termination, an employee is paid for accumulated vacation days. Employees may carry over, from year to year, a maximum of 80 earned vacation hours with a maximum of 40 hours transferred as vacation and a maximum of 40 hours transferred to sick leave. Sick leave can be accumulated and paid, in the event of termination, at a rate of 60% of accumulated sick leave depending on hire date and reason for termination. The liability for accrued vacation and sick leave is presented as a current and as a noncurrent liability in the accompanying Statement of Net Position, representing the estimated amounts to be paid in future years to current employees for services rendered through the current year.

Agent Multiple Employer Defined Benefit Pension Plan

City Utilities participates in an agent multiple-employer defined benefit pension plan. For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position of the Missouri Local Government Employees Retirement System (LAGERS) and additions to/deductions from LAGERS fiduciary net position have been determined on the same basis as they are reported by LAGERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Management's Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources, and the disclosure of contingent assets and liabilities and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant items subject to such estimates and assumptions include the useful lives of fixed assets, allowances for doubtful accounts, fixed assets, inventory, investments, reserve for employee benefit obligations, environmental liabilities and other contingencies. The current economic environment has increased the degree of uncertainty inherent in those estimates and assumptions.

New Accounting Pronouncements

GASB Statement No. 87, *Leases* was issued in June 2017 and is effective for periods starting after June 15, 2021. The requirements of this statement increased the usefulness of governmental financial statements by requiring lessees and lessors to report leases under a single model. This statement provides useful information by requiring footnote disclosure related to the timing, significance, and purpose of the leasing arrangement. City Utilities implemented this Statement beginning October 2021. The implementation of this Statement resulted in the recognition of a lease receivable and a deferred inflow of resources of $75,429,000 for lessor contracts and a leased asset and lease liability of $445,000 for lessee contracts as of October 1, 2021. City Utilities did not restate the prior year information and elected to present single year financial statements for fiscal year 2022.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* was issued May 2020 and is effective for fiscal years beginning after June 15, 2022. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases,* as amended. City Utilities will be implementing this Statement for fiscal year ended 2023.

GASB Statement No. 99, *Omnibus 2022* was issued April 2022 and is effective for fiscal years beginning after June 15, 2022. The objectives of this Statement are to enhance the comparability in accounting and financial reporting and to improve consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting of financial guarantees. This Statement provides clarification of provisions in Statement No. 87, *Leases* and Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITA)*. This Statement also provides classification and reporting of derivative instruments within the scope of Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments,* that do not meet the definition of either an investment derivative instrument or a hedging derivative instrument.

GASB Statement No. 100, *Accounting Changes and Error Corrections,* an amendment of GASB Statement No. 62 is effective for fiscal years beginning after June 15, 2023. The objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

GASB Statement No. 101, *Compensated Absences* is effective for fiscal years beginning after December 15, 2023. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. Implementation of this Statement will result in a liability for compensated absences that more appropriately reflects when a government incurs an obligation. In addition, the model can be applied consistently to any type of compensated absence and will eliminate potential comparability issues between governments that offer different types of leave. The model also will result in a more robust estimate of the amount of compensated absences that a government will pay or settle, which will enhance the relevance and reliability of information about the liability for compensated absences.

Note 2: Capital and Leased Assets

Capital and lease asset activity for the year ended September 30, 2022, is as follows (in thousands):

	September 30, 2021	Increases	Decreases	September 30, 2022
Public utility				
Nondepreciable assets				
Land	$ 56,306	$ 12	$ (6)	$ 56,312
Construction work in progress	109,421	115,111	(121,977)	102,555
Depreciable assets				
Electric	1,474,280	43,593	(10,319)	1,507,554
Natural gas	288,720	18,562	(3,498)	303,784
Transportation	32,954	2,229	(1,137)	34,046
Water	423,470	25,971	(2,354)	447,087
Customer service	17,482	181	(48)	17,615
Telcommunications/Broadband	133,827	39,682	(6,056)	167,453
Common	79,055	3,537	(1,189)	81,403
Total capital assets	2,615,515	248,878	(146,584)	2,717,809
Less accumulated depreciation	(975,232)	(72,954)	26,049	(1,022,137)
Net capital assets	$ 1,640,283	$ 175,924	$ (120,535)	$ 1,695,672
Leased assets				
Leased assets	$ 445	$ -	$ -	$ 445
Less accumulated amortization	-	(147)	-	(147)
Net leased assets	$ 445	$ (147)	$ -	$ 298

As of September 30, 2022, depreciation expense was reduced by $2,300,000 for the recognition of the deferred inflow of resources related to contributions in aid of construction and regulatory accounting treatment of allowance for funds used during construction (AFUDC) for the year ended September 30, 2022.

Note 3: Investments

City Utilities maintains cash and investment securities. The Utility bond ordinances permit investments only in direct obligations of the U.S. government such as bills, notes or bonds and any other obligations guaranteed as to payment of principal and interest by the U.S. government or any agency or instrumentality thereof. City Utilities is also authorized to invest in interest-earning investment contracts for which the underlying securities must be U.S. Treasury notes, bonds, bills or other obligations guaranteed by the U.S. government or any agency or instrumentality thereof. Funds in the form of overnight bank deposits and cash on deposit are required to be insured by the FDIC or collateralized by permitted investments held by City Utilities' agents in City Utilities' name. The intention of the investment portfolio is to hold until maturity so any maturities within the year are reinvested and not reclassified as current, other than short term maturities.

City Utilities' investment portfolio includes securities that are either insured or registered, or for which the securities are held by City Utilities' agents in City Utilities' name.

The following represents City Utilities' total cash and investments at September 30, 2022 (in thousands):

U.S. Treasury securities	$ 50,787
Mortgage-backed securities	144,124
Accrued interest	566
Total investments	195,477
Cash	27,092
Short-term investments - U.S. Treasury securities	19,975
Total cash and investments	$ 242,544

Cash and investments are included in the following Statement of Net Position accounts at September 30, 2022 (in thousands):

Funds for bonded indebtedness	$	6,422
Designated improvement accounts		163,653
Working capital account		25,402
Cash		27,092
Short-term investments		19,975
Total cash and investments	$	242,544

As of September 30, 2022, City Utilities held cash and investments for restricted and designated purposes as follows (in thousands):

Funds for bonded indebtedness	$	6,422
Designated funds		
Board authorized		
Disaster, contingency and pollution reserve funds		84,518
Trunked radio system reserve		1,075
Fuel over-recovery		4,445
Chief Financial Officer authorized		73,615
Total reserved		170,075
Unreserved		72,469
Total cash and investments	$	242,544

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributed to the magnitude of City Utilities' investment in a single issuer. As a means of limiting concentration of credit risk, City Utilities' investment policy targets a concentration of less than 40% in any one agency and will include a minimum of 10% Treasury securities on a book value basis. City Utilities met this target as of September 30, 2022. Investments greater than 5% of total investments as of September 30, 2022, were as follows:

City Utilities of Springfield, Missouri
(A Component Unit of the City of Springfield, Missouri)
Notes to Financial Statements
September 30, 2022

Federal National Mortgage Association - Mortgage Backed Securities	25%
U.S. Treasury Bills and Notes	29%
Federal Home Loan Mortgage Corporation - Mortgage Backed Securities	33%

Interest Rate Risk – Interest rate risk is the risk that the fair value of City Utilities' fixed income investments will decrease as a result of increases in interest rates. As a means of limiting its exposure to interest rate risk, City Utilities' investment policy prohibits investments that are highly sensitive to interest rate changes.

As of September 30, 2022, City Utilities' investment portfolio matures as follows (in thousands):

	Recorded Value	Less than 1 Year	2-3 Years	4-5 Years	More than 5 Years
U.S. Treasury securities	$ 50,787	$ 9,861	$ 19,220	$ 21,706	$ -
Mortgage-backed securities	144,124	15,528	25,704	20,045	82,848
Accrued interest	566	566	-	-	-
Total investments	$ 195,477	$ 25,955	$ 44,924	$ 41,751	$ 82,848

Credit Risk – Credit risk is the risk that City Utilities will not recover its investment due to the inability of the counterparty to fulfill its obligations. As a means of limiting credit risk, City Utilities' investment policy permits investments in U.S. government-backed securities or in investment contracts collateralized by U.S. government-backed securities. As of September 30, 2022, City Utilities' investments in U.S. treasury securities and mortgage-backed securities were all assigned long-term ratings of Aaa by Moody's Investors Service and AA+ by Standard and Poor's.

Note 4: Long-Term Obligations

The following is a summary of long-term obligations outstanding (in thousands) as of September 30, 2022:

Board of Public Utilities obligations under the October 2014 lease financing agreement; 3.00% to 5.00%; due September 1, 2015 to September 1, 2029	$	20,415
Public Utility Refunding Revenue Bonds, Series 2015; 3.25% to 5.00% due August 1, 2015 to 2036		408,275
Board of Public Utilities taxable obligations under the October 2021 lease financing agreement; at 0.45% to 2.50%; due November 1, 2021 to November 1, 2036		129,400
Total		558,090
Current maturities of long-term obligations		(32,145)
Total long-term obligations outstanding, net of current maturities		525,945
Unamortized debt premium, net of debt discount		27,566
Total long-term obligations	$	553,511

All long-term debt obligations are collateralized by the change in net position and revenues of City Utilities.

City Utilities of Springfield, Missouri
(A Component Unit of the City of Springfield, Missouri)
Notes to Financial Statements
September 30, 2022

Long-term debt and other long-term liabilities activity for the year ended September 30, 2022, were as follows (in thousands):

	Bonds and Obligations Payable September 30, 2021	Additions	Reductions	Bonds and Obligations Payable September 30, 2022	Amount Due in One Year
Revenue bonds - public utility	$ 429,120	$ -	$ (20,845)	$ 408,275	$ 21,890
Other obligations	120,180	129,400	(99,765)	149,815	10,255
Total	549,300	129,400	(120,610)	558,090	32,145
Less unamortized debt premium, net of debt discount	30,440	-	(2,874)	27,566	-
Total	$ 579,740	$ 129,400	$ (123,484)	$ 585,656	$ 32,145
Other long-term liabilities					
Vacation and sick leave	$ 24,980	$ 13,269	$ (12,468)	$ 25,781	$ 10,845
Other	6,717	-	(1,159)	5,558	
Total	$ 31,697	$ 13,269	$ (13,627)	$ 31,339	$ 10,845

The debt service to maturity on the outstanding bonds and obligations as of September 30, 2022, is summarized in the following table (in thousands):

	Principal	Interest
2023	$ 32,145	$ 19,775
2024	33,560	18,509
2025	34,895	17,163
2026	36,255	15,732
2027	37,705	14,243
2028-2032	196,310	53,408
2033-2037	187,220	17,205
Total	$ 558,090	$ 156,035

City Utilities' long-term debt is publicly traded infrequently; therefore, a current market price is not readily available for these bonds and leases. The fair value of long-term debt is estimated based upon market prices for similar issues or on the current rates offered for instruments of the same remaining maturities.

The estimated fair value of long-term debt at September 30, 2022, is as follows (in thousands):

	2022
Fair value of long-term debt	$ 542,237

City Utilities secured $129.4 million of Certificates of Participation (COPs) in September 2021 which closed on October 7, 2021. The $129.4 million fully paid off the $90 million 2019 lease financing agreement and secured additional funds for the SpringNet Fiber Expansion Project. The October 2021 Fiber Expansion Financing COPs is a 15-year term, with a true interest cost of 2.22%, and principal payment due annually.

City Utilities has pledged specific revenue streams to secure the repayment of certain outstanding debt issues. The following table lists those revenues and the corresponding debt issue, the amount and term of pledge remaining, the current year principal and interest on the debt, the amount of pledged revenue recognized during the current fiscal year, and the approximate percentage of the revenue stream that has been committed if estimable (dollars in thousands):

Issue	Type Revenue Pledged	Amount of Pledge	Term of Commitment	Percentage of Revenue Pledged	Principal and Interest for the Year Ended 2022
City Utilities Debt Obligations	Operating Revenue	$ 714,124	Through 2037	9%	$ 50,790

Certain of City Utilities' long-term obligations contain restrictions that require the maintenance of coverage ratios as defined in the related agreements. City Utilities' calculations of these ratios are performed in accordance with the long-term obligation agreements and are used solely to determine compliance with such covenants. City Utilities was in compliance with these covenants as of September 30, 2022.

Note 5: Defined Benefit Pension Plan

Plan Description

City Utilities' defined benefit pension plan provides certain retirement, disability and death benefits to plan members and beneficiaries. City Utilities participates in the Missouri Local Government Employees Retirement System (LAGERS). LAGERS is an agent multiple-employer, statewide public employee pension plan established in 1967 and administered in accordance with RSMo. 70.600-70.755. As such, it is LAGERS responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401(a) and is tax exempt. The responsibility for the operations and administration of LAGERS is vested in the LAGERS Board of Trustees consisting of seven persons. LAGERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by accessing the LAGERS website at www.molagers.org.

Benefits Provided

LAGERS provides retirement, death and disability benefits. Benefit provisions are adopted by the governing body of City Utilities, within the options available in the state statutes governing LAGERS. All benefits vest after 5 years of credited service. Employees who retire on or after age 60 with 5 or more years of service are entitled to an allowance for life based upon the benefit program information provided below. Employees may retire with an early retirement benefit with a minimum of 5 years of credited service and after attaining age 55 and receive a reduced allowance.

Benefit multiplier	2%
Final average salary	3 years
Member contribution	0%

Benefit terms provide for annual post-retirement adjustments to each member's retirement allowance subsequent to the member's retirement date. The annual adjustment is based on the increase in the Consumer Price Index and is limited to 4% per year.

Employees Covered by Benefit Terms

At June 30, 2022, the measurement date for the net pension asset at September 30, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	982
Inactive employees entitled to but not yet receiving benefits	96
Active employees	885
Total	1,963

Contributions

City Utilities is required to contribute amounts at least equal to the actuarially determined rate, as established by LAGERS. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance an unfunded accrued liability. Full-time employees of the employer generally do not contribute to the pension. City Utilities' contribution rate was 24.5% of annual covered payroll during fiscal year 2022. City Utilities contributed $20.1 million during fiscal year 2022.

Net Pension Asset

City Utilities' net pension asset as of September 30, 2022, was measured as of June 30, 2022, respectively, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of February 28, 2022. The roll-forward of the total pension liability from February 28, 2022 to June 30, 2022 reflects expected service costs and interest reduced by actual benefit payments and administrative expenses.

Actuarial Assumptions

The total pension liability in the February 28, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75% wage inflation, 2.25% price inflation
Salary increase	2.75% to 6.75% including wage inflation
Investment rate of return	7.00%, net of investment expenses

Mortality rates were determined by applying the MP-2020 mortality improvement scale to 115% of the PubG-2010 Retiree mortality tables.

The long-term expected rate of return on pension plan investments was determined using a model method in which the best-estimate ranges of expected future real rates of return (expected returns, net of investment and administrative expenses and inflation) were developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Alpha	15.00%	3.67%
Equity	35.00%	4.78%
Fixed income	31.00%	1.41%
Real assets	36.00%	3.29%
Strategic Assets	8.00%	5.25%
Cash/Leverage	-25.00%	-0.29%

Discount Rate

The discount rate used to measure the total pension liability is 7% for 2022, which is unchanged from the prior year. The projection of cash flows used to determine the discount rate assumes that employer contributions will be made at the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payment to determine the total pension liability.

City Utilities of Springfield, Missouri

(A Component Unit of the City of Springfield, Missouri)

Notes to Financial Statements

September 30, 2022

Changes in the Net Pension Asset (in Thousands)

	2022		
	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Asset (a) - (b)
Balances at beginning of year	$ 683,032	$ 787,067	$ (104,035)
Changes for the year			
Service cost	9,821	-	9,821
Interest	46,735	-	46,735
Difference between expected and actual experience	8,980	-	8,980
Contributions - employer	-	20,123	(20,123)
Contributions - employee	-	157	(157)
Net investment income	-	565	(565)
Benefit payments, including refunds	(41,136)	(41,136)	-
Administrative expense	-	(218)	218
Other changes	-	1,425	(1,425)
Net changes	24,400	(19,084)	43,484
Balances at end of year	$ 707,432	$ 767,983	$ (60,551)

Sensitivity of the Net Pension Asset to Changes in the Discount Rate (in thousands)

The following represents the Net Pension Asset of City Utilities, calculated using the discount rate of 7.00%, as well as what City Utilities' Net Pension Asset would be using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate.

	1% Decrease 6.00%	Current Single Discount Rate Assumption 7.00%	1% Increase 8.00%
Total Pension Liability	$ 793,516	$ 707,432	$ 635,230
Plan Fiduciary Net Position	767,983	767,983	767,983
Net Pension (Asset) Liability	$ 25,533	$ (60,551)	$ (132,753)

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

For the year ended September 30, 2022, City Utilities elected to use regulatory accounting and deferred $31.9 million in pension income. We recognized $20.6 million in pension expense through contributions paid and accrued. City Utilities reported deferred outflows and inflows of resources related to the pension plan from the following sources (in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 11,543	$ (5,071)
Assumption changes	-	(10,200)
Net difference between projected and actual earnings on pension plan investments	-	(16,300)
Contributions subsequent to the measurement date*	5,849	-
Regulatory accounting - deferred pension income	-	(31,923)
	$ 17,392	$ (63,494)

*The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the total pension liability for the year ending September 30, 2023.

City Utilities adopted the GASB accounting standards for the financial accounting and reporting of pension plans for fiscal year ended September 30, 2015. In 2022, the Board of Directors authorized the application of regulatory accounting for pension costs to establish a regulatory asset to match the pension expense to the amounts funded and the cost recovery through rates.

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

2023	$	(6,808)
2024		(8,881)
2025		(16,623)
2026		12,284
2027		-
Thereafter		-
Total	$	(20,028)

Payable to the Pension Plan

At September 30, 2022, City Utilities reported a payable of $2.4 million for the outstanding amount of contributions to the pension plan required for the year-end.

Note 6: Purchase Obligations

Obligations to Purchase Electric Power and Energy

Diamond Vista Wind Project

City Utilities has a purchased power agreement with Diamond Vista Wind Project to receive power through January 10, 2038. CU agrees to purchase power from the 97.65 MW capacity wind generation facility at a fixed price. The average cost was $519,000 per month for fiscal year ended September 30, 2022.

Frontier Windpower

Effective November 2015, City Utilities signed a purchased power agreement with Frontier Windpower. The 22-year agreement allows CU to purchase power from the 201.3 MW wind generation facility at an annual fixed price. For fiscal year ended September 30, 2022, the average cost was $1,421,000 per month.

Southwestern Power Administration

City Utilities has a purchased power agreement with the Southwestern Power Administration (SWPA) effective through September 30, 2023. Under this agreement, City Utilities purchases 50 MW of generation and transmission capacity and must take a minimum of 3,000 MWh of peaking energy each month. City Utilities must also purchase a minimum of 60,000 MWh for the year. For fiscal year ended September 30, 2022, the cost of peaking capacity was $2.7 million and the minimum for peaking energy was $970,000 for the year. The peaking rate is periodically adjusted.

Southwest Power Pool

In March 2014, City Utilities began buying and selling power in the Southwest Power Pool (SPP) Integrated Marketplace. As a Regional Transmission Operator (“RTO”), SPP is mandated by FERC to ensure reliable supplies of power, adequate transmission infrastructure, and competitive wholesale prices of electricity. SPP maintains a bid-based energy market, in which City Utilities offers essentially all of its generation and purchases much of its load requirement from the SPP market in accordance with the SPP Tariff. During the twelve months ended September 30, 2022 of participation in the SPP Integrated Marketplace, CU had sales of $29.5 million and purchased power of $6.3 million. CU participates in the ancillary services market operated by SPP. The ancillary market is an extension of the existing energy market in which SPP assumes the responsibility of maintaining sufficient generation reserves. In the ancillary services market, SPP provides the reserves for CU’s load, and CU may offer to sell reserves from its generating units.

Strata Solar

As of June 2014, City Utilities began receiving solar power from Strata Solar based on a 25-year agreement, signed in October 2013 that allows CU to purchase all of the energy generated at a fixed price of $.08 per Kwh. The 4.95 MW solar farm known as the CU Solar Farm was constructed on CU property but is owned by Strata Solar with an option for CU to purchase in the future. For the fiscal year ended September 30, 2022, purchases were $695,000.

Smoky Hills Wind Project II

City Utilities has a purchased power agreement with Smoky Hills Wind Project II (Smoky Hills) to receive power through December 31, 2028. City Utilities will purchase 31.09% of the total energy output, up to 46.17 MW, of Phase II of the Smoky Hills Wind Energy Project at an average cost during fiscal year 2022 of $668,000 per month.

Obligations to Purchase Coal

Navajo Transitional Energy Company LLC

On October 28, 2020, a Confirmation Letter Agreement was executed for the purchase of coal from the Antelope Mine during the period of January 1, 2021 through December 31, 2023. Under the terms of the fifth amendment to this agreement dated October 12, 2022, City Utilities' coal tonnage purchase obligation is up to 540,000 tons for calendar year 2022. As of September 30, 2022, City Utilities had purchased 535,989 tons of coal for the contract period ending December 31, 2022. Management believes the minimum tonnage requirement will be met for calendar year 2022.

On June 7, 2021 a Confirmation Letter Agreement was executed for the purchase of coal from the Antelope Mine during the period of August 1, 2021 through December 31, 2024. Under the terms of the fourth amendment to this agreement dated October 12, 2022, City Utilities' coal tonnage purchase obligation is 940,000 tons for calendar year 2022. As of September 30, 2022, City Utilities had purchased 585,437 tons of coal for the contract period ending December 31, 2022. Management believes the minimum tonnage requirement will be met for calendar year 2022.

Obligations to Purchase Rail Services

BNSF Railway Company

Effective December 17, 2014, City Utilities entered into an agreement with BNSF Railway Company to purchase rail services for transporting coal to City Utilities' power stations, terminating on December 31, 2019. On July 1, 2017, October 15, 2018, and September 15, 2020, amendments were made to the agreement. Under the terms of these agreements, City Utilities of Springfield minimum tonnage declaration is 900,000 tons for January 1, 2022 through December 31, 2022. As of September 30, 2022, City Utilities has tendered coal tonnage of 1,199,509 for the agreement period ending December 31, 2022. Management confirms that the minimum tonnage requirement has been met for calendar year 2022.

Obligations for Transportation and Storage Services of Natural Gas

Southern Star Central Gas Pipeline, Inc. and Enable Gas Transmission, LLC

City Utilities has signed agreements with Southern Star Central Gas Pipeline, Inc. ("Southern Star") and Enable Gas Transmission, LLC ("Enable") for transportation and/or storage services of natural gas, with various terms expiring in 1 to 10 years. For fiscal year ended September 30, 2022 the amount paid to Southern Star was $15.2 million and the amount paid to Enable was $2.2 million.

Obligations for Purchased Natural Gas

Public Energy Authority of Kentucky (PEAK)

During the fourth quarter of fiscal year 2018, City Utilities entered into a 30-year natural gas supply contract with the Public Energy Authority of Kentucky (PEAK) for approximately 15 percent of our annual natural gas requirements. PEAK completed a 30-year natural gas pre-pay transaction using tax exempt bond financing that closed on September 25, 2018; City Utilities was a participant in the deal.

Natural gas flows began on April 1, 2019, where City Utilities contracted to purchase 6,558 MMBtu per day. City Utilities will achieve total natural gas savings of $3.4 million versus market prices over the initial term of the deal. The last date of natural gas flow in the initial term of the deal is November 30, 2024. At the conclusion of the initial term, PEAK, and the counterparty to the transaction, will negotiate an extension of the contractual natural gas discounts based on future interest rate levels at that time. City Utilities is not required to purchase natural gas after the initial term unless the discount to market is $0.20 per Dth or greater; parties to the agreement believe that it is probable that volumes will be taken for the full 30-year duration of the agreement. For fiscal year ended September 30, 2022, the amount paid to PEAK was $13.8 million.

Municipal Gas Authority of Georgia (MGAG) – Main Street and Citadel

During the second quarter of fiscal year 2022, City Utilities entered into a 30-year natural gas supply contract with the Municipal Gas Authority of Georgia (MGAG) for approximately 5 percent of our annual natural gas requirements. MGAG completed a 30-year natural gas pre-pay transaction using tax exempt bond financing that closed on February 1, 2022; City Utilities was a participant in the deal. MGAG has purchased the gas from Main Street, where Main Street has purchased the gas from Citadel.

Natural gas flows will begin on November 1, 2022. City Utilities contracted to purchase 5,000 MMBtu per day in the months of November through March. City Utilities will achieve total natural gas savings of $2.2 million versus market prices over the initial term of the deal. The last date of natural gas flow in the initial term of the deal is June 30, 2027. At the conclusion of the initial term, MGAG, and the counterparty to the transaction, will negotiate an extension of the contractual natural gas discounts based on future interest rate levels at that time. City Utilities is not required to purchase natural gas after the initial term unless the discount to market is $0.23 per Dth or greater; parties to the agreement believe that it is probable that volumes will be taken for the full 30-year duration of the agreement. For fiscal year ended September 30, 2022, no payments were made to MGAG.

Municipal Gas Authority of Georgia (MGAG) – Main Street and Citi Prepaid Energy LLC

During the second quarter of 2022, City Utilities entered into a 30-year natural gas supply contract with the Municipal Gas Authority of Georgia (MGAG) for approximately 16 percent of our annual natural gas requirements. MGAG completed a 30-year natural gas pre-pay transaction using tax exempt bond financing that closed on March 23, 2022; City Utilities was a participant in the deal. MGAG has purchased the gas from Main Street, where Main Street has purchased the gas from Citi Prepaid Energy LLC.

Natural gas flows began on August 1, 2022. City Utilities contracted to purchase 9,950 MMBtu per day in the months of December through February and 5,000 MMBtu per day in all other months of the year. City Utilities will achieve total natural gas savings of $5.6 million versus market prices over the initial term of the deal. The last date of natural gas flow in the initial term of the deal is November 30, 2029. At the conclusion of the initial term, MGAG, and the counterparty to the transaction, will negotiate an extension of the contractual natural gas discounts based on future interest rate levels at that time. City Utilities is not required to purchase natural gas after the initial term unless the discount to market is $0.23 per Dth or greater; parties to the agreement believe that it is probable that volumes will be taken for the full 30-year duration of the agreement. For fiscal year ended September 30, 2022, the amount paid to MGAG was $2.4 million.

Note 7: Equity Interests

Equity Interest in The Energy Authority

City Utilities is an equity member of The Energy Authority (TEA), a power marketing joint venture based in Jacksonville, Florida and incorporated in Georgia. As of September 30, 2022, TEA was comprised of seven municipal utilities with equity interests, including five large partners with ownership interests of 17.65% each. The large partners are JEA (formerly the Jacksonville Energy Authority) of Florida, the Municipal Energy Authority of Georgia (MEAG Power), the South Carolina Public Service Authority (Santee Cooper), the Nebraska Public Power District and American Municipal Power Inc (AMP). City Utilities and Gainesville Regional Utilities are medium equity partners with ownership interests of 5.88% each.

As a member of TEA, City Utilities benefits from the risk management strategies maintained by TEA that seek to avoid financial losses by limiting financial exposure as a result of unexpected unit outages and volatile market prices. City Utilities also receives resource management services from TEA. City Utilities uses the equity method of accounting to record its investment in TEA. The investment is recorded within other non-current assets on the statement of net position. In accordance with the membership agreement between City Utilities and its joint venture members, City Utilities has provided TEA with guarantees that result in a maximum exposure of $7.1 million to secure power-marketing transactions. Total guarantees including a letter of credit are $15.0 million. City Utilities' guarantees are effective until its participation in the joint venture ends. The membership agreement provides for the addition of new members with a 75% approval of the existing members voting rights.

For the year ended September 30, 2022, total net position of TEA was approximately $144 million, an increase of $75 million from the prior year.

Complete separate financial statements for TEA may be obtained at The Energy Authority, 301 W. Bay St., Suite 2600, Jacksonville, Florida 32202.

Equity Interest in TEA Solutions

In March 2022, City Utilities became a 1/5 equity member in TEA Solutions. The investment of $150,000 is accounted for using the equity method. Amounts expended to date include the membership fee and City Utilities' capital contribution in TEA Solutions. The net profits or losses of the partnership are allocated on a pro-rata basis between the five TEA Solutions members.

Equity Interest in Prepaid Natural Gas Services

City Utilities entered into a partnership agreement with American Municipal Power, Inc. (AMP) to participate in prepaid natural gas services to be managed by The Energy Authority (TEA). Amounts expended are accounted for using the equity method. The net profits or losses of the partnership will be allocated on a pro-rata basis divided equally between the Prepaid Gas Services (PGS) Members in the PGS Project. As of September 30, 2022, City Utilities had incurred $90,000 in expenses associated with the start-up of the partnership.

Note 8: Related-Party Transactions

City Utilities is required by the City Charter to make certain payments and provide certain services to the City. The operations of City Utilities reflect payments in lieu of taxes to the City.

City Utilities also provided services, such as energy for street lighting and other electric, natural gas and water services, without charge to the City. At September 30, 2022, the estimated cost of providing such services was $12.8 million.

City Utilities participated in a partnership agreement with the City, the Springfield Area Chamber of Commerce, and the Springfield Business and Industrial Development Corporation, a Missouri not-for-profit corporation, to govern the process of development, management and selling of an industrial center in the City. Under this agreement, City Utilities is responsible for utilities consisting of natural gas, water, electricity and broadband services. Amounts expended for the industrial centers are accounted for using the equity method and are recorded in other noncurrent assets. The net profits or net losses of the partnership are allocated based upon each partner's percentage of the partnership's capital accounts. For the industrial park located on the west side of the City, as of September 30, 2022, City Utilities had incurred $2.2 million for land and improvements, recognized losses of $151,000 and received $184,000 in distributions, for a net equity balance of $1.9 million.

During 2006, the City and City Utilities agreed to a joint venture to develop a landfill natural gas project at the City's Noble Hill Landfill. The project includes an Electric Generation System (EGS) and a Gas Collection and Condensate Treatment System (GCCTS). City Utilities constructed and owns the EGS that includes power generation equipment with a target capacity of 3.2 MW with a total project cost of $3.7 million. City Utilities also constructed transmission lines with a total project cost of $1.1 million. City Utilities paid the City $1.5 million for the initial construction of GCCTS. The City will retain ownership of all assets associated with the GCCTS.

Note 9: Planned Construction

As of September 30, 2022, anticipated capital expenditures for extending and improving the Utility during the 2023 fiscal year are estimated to be approximately $62.3 million. Major capital initiatives include installation of Advanced Metering Infrastructure for Natural Gas and Water, replacement of natural gas mains, water mains and the electric poles.

The SpringNet Fiber Expansion project continues to be a major initiative to promote economic development by promoting highspeed broadband service. The SpringNet Fiber Expansion project, with a projected direct cost of $147.8 million, will meet customer needs through a third party provider in Springfield. Project-to-date expenditures through fiscal year 2022 are $143.8 million. This project is expected to be completed in fiscal year 2023.

Note 10: Air Quality Standards

The Clean Air Act Amendments of 1990 (the Act) mandated reduced sulfur dioxide (SO_2) and nitrogen dioxide (NO_x) emissions from electric utility power plants. The Act established a market-based compliance program which allows the selling and trading of SO_2 allowances. An "allowance" is the authorization to emit one ton of sulfur dioxide in a given year. Management believes that City Utilities is in full compliance with the emissions standards under the Act. No allowances were sold during the fiscal year ended September 30, 2022. City Utilities accounts for its allowances under the inventory method.

In July 2011, EPA promulgated the Cross-State Air Pollution Rule (CSAPR) to replace the Clean Air Interstate Rule (CAIR). CSAPR restricted emissions in the original 28 CAIR states and added three more states to the control region. Phase 1 of CSAPR began January 1, 2015, and Phase 2 implementation began on January 1, 2017.

Further, based on the "good neighbor" policy under the Act, Missouri's CSAPR ozone season (OS) NO_x allowances were reduced an additional 27 percent from the original Phase 2 emission levels that began May 1, 2017. Although the "CSAPR Update" was challenged in the D.C. Circuit, these additional reductions are deemed necessary for downwind regions of the U.S. to meet the 2008 National Ambient Air Quality Standard (NAAQS) for ozone. Based on expected unit allocations (i.e., SO_2, NO_x, and OS NO_x) and operational forecasts, City Utilities holds sufficient allowances for its generating assets. Management believes that City Utilities is in full compliance with current CSAPR requirements. In February 2022, the EPA disapproved Missouri's revised "good neighbor" State Implementation Plan (SIP) and subsequently (in April 2022) proposed a Federal Implementation Plan (FIP) that will drastically reduce Missouri's CSAPR ozone season NOx allowances and by design those allowances to City Utilities. City Utilities provided written comments to the proposed rulemaking. A decision on the final FIP rule and EPA's responses to comments are expected by the end of 2022. Compliance under the FIP could begin as early as May 1, 2023. As part of a supplemental response to EPA, MDNR and the affected units in the state with add-on controls (including John Twitty Unit 1) agreed to limit NOx emissions during the ozone season and maintain a high control device availability in order to avoid the more draconian impacts imposed by the proposed FIP. City Utilities continues to be engaged in the process and is following EPA's actions. Management believes that City Utilities will remain in compliance with the revised CSAPR Update requirements regardless of the pending final actions.

EPA published the Mercury and Air Toxics Standard (MATS) in 2012. City Utilities examined the impacts of this rule along with promulgated rules pertaining to industrial boiler emissions and National Ambient Air Quality Standards. At that time, our analysis indicated the need to install new capital control equipment totaling $33 million spread over fiscal years 2013-16 to comply with these measures. The MATS compliance date began April 2015; however, utilities were afforded a one-year compliance extension to allow time for equipment installation. JTEC completed installation of the control equipment in early 2015. Additionally, semi-continuous mercury monitoring equipment was procured, installed and certified at JTEC ahead of the compliance deadline. On June 29, 2015, the Supreme Court in a 5-4 decision (*Michigan v. EPA*), decided that cost should be considered when EPA deemed it "appropriate and necessary" to regulate power plants under Section 112(n)(1)(A) of the Act. In February 2019, the Trump administration made efforts in a proposed rulemaking to address the Court's finding of "appropriate and necessary" that would include cost considerations. On May 22, 2020, EPA published a final rule in the *Federal Register* in response to the *Michigan v. EPA* decision to reconsider its Supplemental Cost Finding for MATS and determined that it was not "appropriate and necessary" to regulate HAP emissions from coal- and oil-fired EGUs. However, EPA determined that this correction did not remove the source category for the CAA section 112(n) listing. No revisions to the MATS rule were made following EPA's final residual risk and technology review (RTR) conducted as part of this process. The direct final rule was legally challenged by both industrial and environmental groups. Currently, the rule remains in effect. In February 2022, the Biden Administration reviewed the previous administration's position and issued a proposed rulemaking that revokes the previous administration's 2020 reconsideration and affirms the "appropriate and necessary" supplement finding, as well as the RTR review. Additionally, the Biden administration is considering revisions to the MATS rule that could lower thresholds for HAPs or the surrogate parameters. Management believes that City Utilities is fully compliant with the MATS monitoring, reporting, and notification requirements and will continue to meet future regulatory standards should the current administration choose to adjust them.

Other Standards

In June 2014, EPA proposed regulations to govern emissions of carbon dioxide (CO_2) from fossil fuel power plants. In August 2015, EPA finalized regulations referred to as the Clean Power Plan (CPP) for the sole purpose of reducing carbon dioxide emissions from the utility sector. On October 23, 2015, the final rule was published in the Federal Register requiring States to cut their CO_2 emissions 32% from 2005 levels by 2030. The rule became effective December 22, 2015. In February 2016, the United States Supreme Court stayed implementation of the CPP rule until after all legal challenges were satisfied. In September 2016, the *en banc* U.S. Court of Appeals for the District of Columbia Circuit heard oral arguments on the merits of the CPP in *West Virginia v. EPA*. The court never issued a ruling on the merits due to the change in administrations. Further, on October 10, 2017, the EPA Administrator signed an advanced notice of proposed rulemaking (ANPRM) to repeal the final rule regulating greenhouse gas emissions from existing power plants under Section 111(d) of the Act. The proposed rule was published in the *Federal Register* on October 16, 2017. The ANPRM and other rule reviews are consistent with Executive Order 13783 that was issued by the President on March 28, 2017. Initially, the Court paused ruling on the litigation and later dismissed the case due to EPA's decision to reconsider and revise the rulemaking.

On August 21, 2018, the EPA proposed the Affordable Clean Energy (ACE) rule that would curb CO_2 emissions from existing sources but not to the extent and levels proposed under the CPP. On July 8, 2019, EPA published in the *Federal Register* the proposed rule repealing the CPP, provided emission guidelines for controlling CO_2 emissions from existing Electric Generating Units by finalizing the ACE rule, including revisions to the state implementing regulations. The rule became effective on September 6, 2019. The rule was legally challenged by environmental and public health groups, 21 state attorney generals, including the District of Columbia. Oral arguments in the U.S. Court of Appeals for the District of Columbia in the ACE litigation (*American Lung Association, et al. v. EPA*) were heard on October 8, 2020. On January 19. 2021, the U.S. Court of Appeals for the District of Columbia issued its ruling vacating the ACE rule, including changes to the implementing rule and remanded the matter back to EPA. On February 22, 2021, the D.C. Circuit issued an order to stay the mandate that could have allowed the 2015 Clean Power Plan (CPP) rule to be re-instated following the vacatur of the ACE rule. However, on October 29, 2021, the U.S. Supreme Court granted *certiorari* based on states' attorney generals and industry groups challenging the D.C. Circuit January decision (*West Virginia v. EPA*). In February 2022, the Supreme Court heard oral arguments and decided in June 2022, that the D.C. Circuit decision erred and remanded back to the lower court. The current order still allows the EPA to decide "afresh" how to regulate greenhouse gas emissions from coal-fired Electric Generating Units (EGUs). City Utilities continues to monitor closely both legislative and regulatory actions that may impact CU's units.

In addition to uncertainties over future SO_2 and NO_x rules, including the second implementation phase under the Regional Haze Rule (RHR), City Utilities is monitoring regulations on power plant waste disposal and effluent water quality. EPA proposed revisions to water effluent discharge guidelines in June 2013. The EPA Administrator signed the final rule for the Effluent Limitation Guidelines (ELG) for Steam Electric Generation Point Sources on September 30, 2015. The rule became effective 60 days after publication in the Federal Register. The rule required the dry handling of both bottom and fly ash from exiting coal-fired boilers with generation capacity greater than 50 MW. City Utilities addressed the ELG rule by designing and constructing a self-supporting, impervious basin (i.e., Bottom Ash Dewatering Tank) at its John Twitty Energy Center (JTEC). Bottom ash is sluiced from JTEC Unit 1 to the holding tank and dewatered prior to removal to the permitted onsite landfill. Fly ash has been handled dry for some time at the power station. In April 2017, EPA paused future compliance dates under the rule for two (2) years, as EPA reconsidered the best available technology economically achievable (BAT) limits. On August 31, 2020, the EPA finalized the revised technology-based effluent limitations guidelines and standards for bottom ash transport water (BA). City Utilities has positioned itself to meet current and future compliance technology/limits that are included in our discharge permits. Further, EPA finalized the Coal Combustion Residuals (CCR) rule in April 2015 and the rule became effective on October 19, 2015. City Utilities determined to discontinue operation of its surface impoundments at both power stations. City Utilities awarded a consultant contract to assist with the multi-year, multifaceted provisions of the rule pertaining to the CCR landfills. At minimum, costs were incurred to investigate stability, location restrictions, install groundwater monitoring systems, and support annual or periodic compliance report requirements. By June 2017, the surface impoundments at both locations were completely empty of all remaining ash and soils have been capped with a vegetative cover. Groundwater monitoring installation provisions under the rule were met in October 2017. The initial and subsequent annual groundwater monitoring reports are certified and posted in January each year. CU continues to conduct required sampling, analyses and validation of the groundwater monitoring data. Currently, City Utilities is under assessment monitoring provisions for both its JRPS and JTEC utility waste landfills. Management expects to fully meet the on-going compliance schedule outlined in the federal regulation for CCR landfills, including requirements under the State program or future State CCR permitting program.

Note 11: Legal Proceedings

Through the performance of operations, City Utilities is sometimes named as a defendant in litigation, usually relating to claims for personal injury or property damage. Insurance coverage is maintained for such claims to the extent deemed prudent by management. Although the outcome of the claims and proceedings against City Utilities cannot be predicted with certainty, management believes that there are no existing claims or proceedings that are likely to have a material adverse effect on City Utilities' financial position, results of operations or cash flows.

Risk Management

City Utilities is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; directors' or officers' liabilities; fiduciary and employee benefits responsibilities; employment practices; errors and omissions; injuries to employees and the public; and acts of God. For risks of loss related to property, City Utilities places $1,000,000,000 in coverage, excess of a $2,000,000 deductible. City Utilities self-insures general and auto liability and places $125,000,000 in coverage, excess of a $2,000,000 retention. There were no liability insurance recoveries in the current year and settled claims have not exceeded coverage in any of the past three fiscal years.

City Utilities has a self-insured retention of $300,000 for Director's and Officer's Liability with a limit of $20,000,000. Additionally, CU carries a Fiduciary and Employee Benefits Liability limit of $20,000,000 over its self-insured retention of $25,000. For Employment Practices Liability, City Utilities purchases a limit of $10,000,000 with self-insured retention of $200,000. City Utilities places a Cyber Liability policy with limits of $11,000,000, subject to a $250,000 retention.

City Utilities has a self-insured retention for Workers' Compensation and retains $750,000 for each accident. City Utilities maintains Statutory Excess Workers' Compensation Insurance. City Utilities also has a self-insured retention of $350,000 per employee for medical and health claims and maintains Stop Loss Insurance for excess claims.

City Utilities analyzes its exposures for self-insured risks on an incurred loss basis. In connection with this analysis, City Utilities estimates the outstanding liabilities for the current year end and forecasts ultimate incurred losses and incurred but not reported losses for future years based on historical data. City Utilities periodically reviews insured and uninsured exposures and recommends reserves to reflect retained and excess exposures.

Note 12: Disclosure About the Fair Value of Financial Instruments

Fair value is the exchange price that would be received to sell an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date.

GASB Statement No. 72, *Fair Value Measurement and Application*, establishes a fair value hierarchy that prioritizes the inputs used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in an active market for identical assets or liabilities and the lowest priority to unobservable inputs. Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The three levels of fair value hierarchy defined in GASB Statement No. 72 are as follows:

Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 – Pricing inputs are other than quoted market prices in the active markets included in Level 1, which are either directly or indirectly observable for the asset or liability as of the reporting date. Level 2 inputs include the following:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability; or
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 2 assets and liabilities primarily include U.S. Treasury, federal agency securities and other U.S. government secured mortgage bonds, held in City Utilities funds and certain investments in current assets.

Level 3 – Pricing inputs include significant inputs that are unobservable and cannot be corroborated by market data. Level 3 assets and liabilities are valued based on internally developed models and assumptions or methodologies using significant unobservable inputs. City Utilities currently does not have Level 3 assets or liabilities.

City Utilities performs an analysis annually to determine the appropriate hierarchy level classification of the assets and liabilities that are included within the scope of GASB Statement No. 72. Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to their fair value measurement.

Recurring Measurements

The following table presents the fair value measurement of assets recognized in the accompanying Statement of Net Position measured at fair value on a recurring basis and the level within the fair value hierarchy in which fair value measurements fall at September 30, 2022 (in thousands):

	Level 1	Level 2	Level 3	Total
Investments by Fair Value Level				
Debt securities				
U.S. Treasury securities	$ -	$ 70,762	$ -	$ 70,762
Mortgage-backed securities	-	144,124	-	144,124
Total debt securities	$ -	$ 214,886	$ -	$ 214,886
Derivative Instruments				
Price risk management assets				
Natural gas options - long	$ 6,528	$ -	$ -	$ 6,528
Price risk management liabilities				
Natural gas options - short	(303)	-	-	(303)
Total derivative instruments	$ 6,225	$ -	$ -	$ 6,225

Investments and Financial Derivatives

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy.

Note 13: Financial Derivatives

City Utilities engages in hedging activities in an effort to minimize risk from volatile natural gas prices and power cost risk associated with exposure to congestion costs. Derivative instruments are recognized at fair value on the statements of net position and the unrealized gains or losses recorded in regulatory assets or liabilities in accordance with GASB Statement No. 62, or GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, unless an exception to this accounting is met.

As of September 30, 2022, City Utilities held financial instruments that were purchased to reduce or hedge the volatility of natural gas costs. The notional amount of these financial instruments range 10 contracts per month with a quantity of 10,000 MMBtu per contract. As of September 30, 2022, the average strike price ranges between 3.75 and $10.00 per MMBtu. The contracts were entered into between August 2021 and June 2022 and mature between December 2022 and December 2024. At September 30, 2022, the market values of the unexpired instruments were included as an asset and a liability on the Statement of Net Position with the offset of the monthly fair market value adjustment included as a deferred inflow until the hedging instruments are matched with the corresponding monthly purchased natural gas costs. At September 30, 2022, the market value of the unexpired instruments were $6.2 million.

September 30, 2022			
Notional Amount (Number of contracts)	**Effective Date**	**Termination Date**	**Fixed Price per MMBtu**
Calls	**Monthly starting**	**Monthly through**	
10	11/1/2022	12/31/2022	$4.00
10	11/1/2022	12/31/2022	$10.00
10	1/1/2023	12/31/2023	$3.75
10	1/1/2023	12/31/2023	$7.00
10	1/1/2024	12/24/2024	$3.75
10	1/1/2024	12/31/2024	$5.75
Puts	**Monthly starting**	**Monthly through**	
10	1/1/2024	12/31/2024	$3.00

City Utilities uses Auction Revenue Rights (ARRs) and Transmission Congestion Rights (TCRs) in the Southwest Power Pool (SPP) Integrated Marketplace to hedge against transmission congestion charges. These financial instruments were designed primarily to allow firm transmission customers the opportunity to offset price differences due to transmission congestion costs between resources and loads. Awarded ARRs provide a fixed revenue stream to offset congestion costs. TCRs can be acquired through the conversion of ARRs or purchases from SPP auctions or secondary market trades. The financial transactions for all ARRs and TCRs in SPP are netted and recorded as other purchases, as City Utilities is generally a net purchaser in SPP. Unearned revenues are recorded for awarded ARRs, net of conversion of TCRs, until the revenues are realized in the SPP Integrated Market financial transactions. Outstanding TCR positions are recorded on the statement of net position until expired. The balance of TCRs reported was $20,708, and is included within Other noncurrent assets on the Statement of Net Position.

Note 14: Leases

City Utilities engages in lease contracts, either as the lessor or the lessee, in the normal course of doing business.

Lease Receivable

City Utilities leases fiber optic assets, pole space, water tower space and an electric substation. Lease terms range from 4 to 30 years and expire 2024 through 2049. The lease receivable balance as of September 30, 2022 was $85,701,000, of which $5,286,000 is current and $80,415,000 is long-term on the Statement of Net Position. City Utilities recognized revenue of $5,785,000 and interest income of $2,760,000 which is reported on the Statement of Revenue, Expenses, and Change in Net Position. City Utilities applied the average internal borrowing rate to the contracts because the lease agreements did not include specific interest rates. There were no variable lease payments received in 2022.

Lease Payable

City Utilities leases office equipment and fiber optic communication equipment from a third party. Lease terms range from 5 to 10 years and expire in 2024. City Utilities has lease assets totaling $445,000 with associated accumulated amortization of $147,000 as of September 30, 2022 as shown on the Statement of Net Position. There were no payments recorded in the current period that were not included in the measurement of the lease liability, no commitments prior to the commencement of the lease contract, and no lease impairments as of September 30, 2022.

The following table summarizes the lease principal and interest payments as of September 30, 2022:

	(In Thousands)		
	Principal	**Interest**	**Total**
2023	$ 148	$ 8	$ 156
2024	158	3	161
	$ 306	$ 11	$ 317

Required Supplementary Information

City Utilities of Springfield, Missouri

(A Component Unit of the City of Springfield, Missouri)

Required Supplementary Information

Schedule of City Utilities' Changes in Net Pension (Asset) Liability and Related Ratios

September 30, 2022

(In Thousands)

	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability								
Service cost	$ 9,821	$ 9,806	$ 9,545	$ 9,418	$ 9,355	$ 9,198	$ 9,188	$ 8,936
Interest on the total pension liability	46,735	48,891	46,759	44,968	43,369	41,854	39,582	37,903
Difference between expected and actual experience	8,980	(8,754)	9,442	4,707	1,420	(460)	(10,678)	4,040
Assumption changes	-	(17,610)	-	-	-	-	21,480	-
Benefit payments, including refunds	(41,136)	(37,057)	(35,863)	(33,103)	(31,161)	(28,445)	(28,026)	(27,684)
Net Change in Total Pension Liability	24,400	(4,724)	29,883	25,990	22,983	22,147	31,546	23,195
Total Pension Liability, beginning of year	683,032	687,756	657,873	631,883	608,900	586,753	555,207	532,012
Total pension liability, end of year	707,432	683,032	687,756	657,873	631,883	608,900	586,753	555,207
Plan Fiduciary Net Position								
Contributions - employer	20,123	19,440	18,374	18,199	17,893	17,583	16,984	17,178
Contributions - employee	157	68	-	-	215	349	119	-
Pension plan net investment income	565	170,762	8,370	39,757	68,867	59,811	(993)	10,265
Benefit payments, including refunds	(41,136)	(37,057)	(35,863)	(33,103)	(31,161)	(28,445)	(28,026)	(27,684)
Pension plan administrative expense	(218)	(200)	(259)	(229)	(159)	(157)	(155)	(170)
Other	1,425	(60)	3,575	(37)	379	1,270	42	(5,652)
Net Change in Plan Fiduciary Net Position	(19,084)	152,953	(5,803)	24,587	56,034	50,411	(12,029)	(6,063)
Plan Fiduciary Net Position, Beginning of Year	787,066	634,113	639,916	615,329	559,295	508,884	520,913	526,976
Plan Fiduciary Net Position, End of year	767,982	787,066	634,113	639,916	615,329	559,295	508,884	520,913
City Utilities Net Pension (Asset) Liability	$ (60,551)	$ (104,034)	$ 53,643	$ 17,957	$ 16,554	$ 49,605	$ 77,869	$ 34,294
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	108.56%	115.23%	92.20%	97.27%	97.38%	91.85%	86.73%	93.82%
Covered Employee Payroll	$ 80,973	$ 82,873	$ 80,981	$ 78,710	$ 78,335	$ 77,436	$ 75,517	$ 74,330
Net Pension (Asset) Liability as a Percentage of Covered Employee Payroll	-74.78%	-125.53%	66.24%	22.81%	21.13%	64.06%	103.11%	46.14%

This schedule presents the information available to City Utilities and will include ten-year trend information once available.

In accordance with GASB 68, information presented in this schedule was determined as of the measurement date (June 30) of the net pension (asset) liability.

In 2016, amounts reported as changes in assumptions resulted primarily from a change in the mortality tables. In 2021, amounts reported as change in assumptions resulted primarily from a decrease in the discount rate from 7.25% to 7%.

City Utilities of Springfield, Missouri

(A Component Unit of the City of Springfield, Missouri)

Required Supplementary Information

Schedule of City Utilities' Contributions

September 30, 2022

Fiscal Year	Actuarially Determined Contribution	Contribution in Relation	Contribution Deficiency*	Covered Employee Payroll	Contribution as Percentage
2013	$ 16,369,192	$ 15,389,838	$ 979,354	$ 69,953,809	22.00%
2014	16,977,181	16,903,685	73,495	73,494,286	23.00%
2015	17,250,031	17,250,032	(1)	75,327,646	22.90%
2016	17,224,630	17,224,628	2	78,293,772	22.00%
2017	17,299,688	17,299,689	(0)	79,356,369	21.80%
2018	18,088,924	18,088,925	(2)	79,337,384	22.80%
2019	18,151,516	18,151,517	(1)	79,962,624	22.70%
2020	18,507,301	18,507,302	(1)	81,172,367	22.80%
2021	19,673,049	19,673,049	-	83,715,100	23.50%
2022	20,870,358	20,785,520	84,839	84,838,855	24.50%

* Deficiency is a result of the limitation of Missouri State Statute 70.730, which limits increases to the contribution percentage to 1% per year.

Notes to Schedule of Contributions

Valuation Date	February 28, 2022
Notes:	The roll-forward of total pension liability from February 28, 2022, to June 30, 2022, reflects expected service cost and interest reduced by actual benefit payments.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal and Modified Terminal Funding
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	Multiple bases from 7 to 15 years
Asset Valuation Method	5-year smoothed market: 20% corridor
Inflation	2.75% wage inflation; 2.25% price inflation
Salary Increases	2.75% to 6.75% including wage inflation
Investment Rate of Return	7.00%, net of investment expenses
Retirement Age	Experience-based table of rates that are specific to the type of eligibility conditions

Mortality	The healthy retiree mortality tables, for post-retirement mortality, used in evaluating allowances to be paid were 115% of the PubG-2010 Retiree Mortality Table for males and females. The disabled retiree mortality tables, for post-retirement mortality, used in evaluating allowances to be paid were 115% of the PubNS-2010 Disabled Mortality Table for males and females. The pre-retirement mortality tables used were 75% of the PubG-2010 Employee Mortality Table for males and females of General groups and 75% of the PubS-2010 Employee Mortality Table for males and females of Police, Fire and Public Safety groups. Mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scale to the above described tables.
Other Information	None

In accordance with GASB 68, information presented in this schedule was determined as of City Utilities' fiscal year end (September 30).

Supplementary Information

City Utilities of Springfield, Missouri
(A Component Unit of the City of Springfield, Missouri)
Combining Schedule of Revenues, Expenses and Changes in Net Position
Year Ended September 30, 2022
(In Thousands)

	Electric	Natural Gas	Trans-portation	SpringNet	Water	Eliminations	Total
Operating revenues	$ 336,373	$ 151,141	$ 888	$ 21,731	$ 58,278	$ (38,710)	$ 529,701
Operating expenses							
Production fuel and purchased power	135,065	-	-	-	-	(32,328)	102,737
Natural gas purchased for resale	-	105,324	-	-	-	-	105,324
Other production	11,709	-	-	-	7,662	(2,448)	16,923
Distribution and transmission	25,237	9,738	-	-	4,934	(2,291)	37,618
Bus and garage operations	-	-	6,959	-	-	(314)	6,645
Other services	-	-	-	7,045	-	(330)	6,715
Customer accounts	5,919	3,895	-	29	3,749	(144)	13,448
Administrative and general	20,202	5,514	2,514	3,001	6,189	(851)	36,569
Maintenance	44,720	5,269	1,917	-	7,658	-	59,564
Depreciation and amortization	45,670	7,897	2,170	8,241	8,160	-	72,138
Payments in lieu of taxes	9,689	5,744	36	-	2,330	-	17,799
Other taxes	-	6	-	649	-	-	655
Total operating expenses	298,211	143,387	13,596	18,965	40,682	(38,706)	476,135
Operating income (loss)	38,162	7,754	(12,708)	2,766	17,596	(4)	53,566
Nonoperating revenues (expenses)							
Interest income							4,775
Net decrease in fair value of investments							(33,789)
Investment income							4,078
Interest expense, net							(17,729)
Interest income from leases							2,747
Operation of recreational facilities, net						4	(304)
Amortization of debt-related costs							306
Other, net							4,149
Net nonoperating revenues (expenses)						4	(35,767)
Change in net position before contributions						-	17,799
Capital contributions							
Contributions in aid of construction	745	329	751	(160)	1,499	-	3,164
Donated property	1,770	2,463	-	-	3,947	-	8,180
Reduction of plant costs recovered through contributions	(2,515)	(2,792)		160	(5,446)	-	(10,593)
Net capital contributions	-	-	751	-	-	-	751
Change in net position							18,550
Net position							
Beginning of year							1,383,365
End of year							$ 1,401,915