



To the Honorable Mayor, City Council Members, City Staff, and the Citizens of Republic:

## **INTRODUCTION**

The City of Republic continues to challenge the status quo as we prepare for 2024. This new year will continue to exemplify great strides in wastewater improvements, increased Parks & Recreation investment, and the benefits of increased public safety funding. The sales tax growth, which remains relatively flat year over year, is the lifeblood of the City and is a direct result of the City's continual efforts in fostering partnerships within the economic development community.

## **SUMMARY**

The 2024 Consolidated Budget ("Budget") is presented for City Council consideration and consists of an (1) Operating Budget and a (2) Capital Budget, which are broken out as follows.

- Operating Budget with revenues of \$37,457,699, expenses of \$34,611,092 resulting in an Operating Surplus of \$2,846,607.
- Capital Budget with expenditures of \$64,558,749 funded as follows:
  - \$33,701,273 in transfers from existing cash; and
  - \$817,000 in transfers from Capital Improvement Sales Tax Fund or Fire Sales Tax Fund as appropriate; and
  - \$30,131,300 in Grants or Reimbursements from the State of Missouri or Missouri Department of Transportation.
- The combination of these two Budgets results in a Consolidated Net Surplus of \$2,937,432.
- This Budget establishes our operating and capital investment plan for Fiscal Year (FY) 2024. The City of Republic provides basic municipal services such as public safety, street maintenance, water and sewer services, and parks and recreation programs.

The City has prepared two (2) parallel documents: the Budget and the 2024-2028 5-Year Capital Improvement Program (CIP).

- The Budget contains 20 individual departmental budgets across ten (10) funds (General Fund, Police Fund, Fire Fund, Street Fund, Stormwater Fund, Water Fund, Wastewater Fund, Parks & Recreation Fund, Capital Improvements Project Fund, and Fire Sales Tax Fund).
- This Budget includes a separate Operating Budget and Capital Budget for each of the individual departmental budgets.
- The CIP identifies all capital and infrastructure needs the City foresees for the next five (5) years, including improvements to the American's Disabilities Act (ADA) of 1990.

The City must follow governmental accounting standards. These standards require the City to separate different activities into corresponding funds and departments so that the funding sources and uses are kept separate and reported in a particular manner. Financial planning is essential for sound fiscal management and stewardship of resources. At the forefront of any decision is the transparency, accuracy, and accountability of City funds. It is imperative for City Council and City staff to have well-founded internal controls and accuracy before approving a budget. The budget, as proposed, provides direction to the City as to resources available for planned expenditures while allowing for



unanticipated expenditures.

The City has also engaged KPM CPAs as our independent outside auditor to examine our financial statements and processes on an annual basis. KPM also provides accounting guidance throughout the year in the ever changing and evolving world of governmental accounting. The complete financial audit can be found on the City's website.

## **BUDGET ANALYSIS**

In accordance with the Missouri State Statute Section 67.010, the budget is to be balanced and the total proposed expenditures are not to exceed the estimated revenues and any unencumbered fund balance, less any deficit estimated for the beginning of the budget year. Each budget will outline a multi-year presentation of planned and actual resources to allow for the comparative analysis of the financial conditions of the City, as required.

The Operating Budget is comprised of the following Funds, with highlights below:

### **1. General Fund**

- a. Administration – is a consolidation of the following departments - City Administration, City Clerk, Legal, Finance, Information Technologies, Human Resources, Public Information Office, Community Development (BUILDS), Municipal Court, Animal Control
- b. Revenues & Expenses
  - i. Revenues are appropriated to each respective department as governed by ordinance, ballot, or budget statute.
  - ii. Real Property Levy of 0.4267 per assessed \$100 for the General Fund.
  - iii. Administration personnel costs are allocated proportionally to all funds & departments based on headcount.
    1. Each fund and/or department treats the administration allocation as expense to each respective department's budget.
    2. Alternatively, the General Fund treats the administration allocation as revenue in the Administration Budget.
    3. Both the revenue (in the General Fund) and the expense (in the Fund/Department) budgets are eliminated in the consolidation process.

### **2. Parks and Recreation Fund**

- a. In March of 2023, the City issued \$9.9 million in Series 2023 Special Obligation Bonds to fund the Aquatic Center expansion & the JR Martin Park upgrades & improvements.
- b. The FY 2024 Capital Budget contains \$7,366,899 in expenditures, of which \$6,325,399 are for the Aquatic Center expansion and JR Martin Park upgrades. That specific amount will be funded with restricted cash generated from the Series 2023 Bond issue.
- c. The Operating Budget contains the revenues & expenses for the Parks & Recreation Department (community programming, park maintenance, Republic Aquatic Center, Senior Center).
  - i. Funded by sale of services; and



- ii. Two (2) ¼-cent Parks Sales Taxes; and
- iii. Real Property Levy of 0.1150 assessed per \$100 for the Parks and Recreation Fund.

3. Police Fund

- a. In 2021, the voters approved a ¾ cent Public Safety Sales Tax (“PSST”). The PSST is equally split between the Police and Fire Funds. For FY 2024, the Police portion of the PSST is \$1,585,573.
- b. For 2024, the total Operating Budget for the Police Fund is \$3,823,375, funded predominately with the \$1,585,573 PSST, a \$1,411,645 transfer from the General Fund, along with \$803,656 from Greene County’s Law Enforcement Sales Tax.

4. Fire Fund

- a. In 2021, the voters approved a ¾ cent Public Safety Sales Tax (“PSST”). The PSST is equally split between the Police and Fire Funds. For FY 2024, the Fire portion of the PSST is \$1,585,573.
- b. For 2024, the total Operating Budget for the Fire Fund is \$3,848,271, funded predominately with the \$1,585,573 PSST and a \$2,217,780 transfer from the General Fund.

5. Fire Sales Tax

- a. Capital projects and equipment for the Fire Department

6. Parks and Recreation Fund

- a. In March of 2023, the City issued \$9.9 million in Series 2023 Special Obligation Bonds to fund the Aquatic Center expansion & the JR Martin Park upgrades & improvements.
- b. The FY 2024 Capital Budget contains \$7,366,899 in expenditures, of which \$6,325,399 are for the Aquatic Center expansion and JR Martin Park upgrades. That specific amount will be funded with restricted cash generated from the Series 2023 Bond issue.
- c. The Operating Budget contains the revenues & expenses for the Parks & Recreation Department (community programming, park maintenance, Republic Aquatic Center, Senior Center).
  - i. Funded by sale of services; and
  - ii. Two (2) ¼-cent Parks Sales Taxes; and
  - iii. Real Property Levy of 0.1150 assessed per \$100 for the Parks and Recreation Fund.

7. Capital Improvement Sales Tax

- a. Voters approved the reallocation of the ¼-cent Stormwater Sales Tax to a general Capital Improvement Sales Tax (CIST), which took effect October 2017.
- b. Voters were presented with a list of projects to be funded by the CIST. To ensure future transparency, the projects are updated on the City website.
- c. The list of completed projects funded through the CIST is also made available on the City website.



8. Street Fund
  - a. Funded in part by the ½-cent Transportation Sales Tax.
  - b. The Real Property Levy of 0.0657 per assessed \$100 for lights is additional funding for the Street Fund.
  
9. Water Fund – The Water Fund is an Enterprise Fund that operates through the sale of water to the citizens of Republic.
  
10. Wastewater Fund – Likewise, the Wastewater Fund is an Enterprise Fund that operates through the sale of wastewater service to the citizens of Republic.

### **WATER AND WASTEWATER RATES**

2024 brings rate increases for both water and wastewater rates. Those increases are as follows:

1. Water
  - a. Inside City Limits
    - i. Monthly Base Charge will increase from \$8.09 to \$8.66 for 1,500 gallons.
    - ii. Surcharge will increase from \$3.81 to \$4.08 per 1,000 gallons.
  - b. Outside City Limits
    - i. Monthly Base Charge will increase from \$12.13 to \$12.98 for 1,500 gallons.
    - ii. Surcharge will increase from \$5.71 to 6.11 per 1,000 gallons.
2. Wastewater
  - a. Inside City Limits
    - i. Monthly Base Charge will increase from \$25.57 to \$26.85 for 1,500 gallons.
    - ii. Surcharge will increase from \$15.19 to \$15.95 per 1,000 gallons.
  - b. Outside City Limits
    - i. Monthly Base Charge will increase from \$38.35 to \$40.27 for 1,500 gallons.
    - ii. Surcharge will increase from \$22.81 to \$23.95 per 1,000 gallons.

### **CAPITAL**

Capital expenditures, both maintenance and major projects, are budgeted at \$64,558,749 for 2024. These capital expenditures can be broken down into the following major projects.

1. Wastewater Project = \$51.9 M
2. Schuyler Creek Trail = \$2.0 M
3. Pool Expansion = \$4.5 M
4. JR Martin Park = \$1.7 M
5. Other = \$4.5 M

These 2024 Capital Budget projects comprise the first year of the 5-Year Capital Improvement Plan, which is submitted separately from the Budget and outlines future City needs pertaining to projects and capital equipment. When resources are tight, capital spending is often prioritized and/or deferred if possible. Capital improvements have long-term effects on City operations, as well as impacting both current and future Capital Budgets. The 2024-2028 5-Year CIP was developed in conjunction with the



FY 2024 Budget.

### **DEBT OBLIGATIONS**

In February 2022, the City issued \$45.5 million in Series 2022 Special Obligation Bonds to partially fund the Wastewater Project and to construct the BUILDS building.

- The BUILDS building officially opened in April 2023 and houses the City's Street, Water, Wastewater and Community Development Departments.
- The Wastewater Treatment Plant project ("WWTP") continues to move forward. To date, the City has spent approximately \$14 million of the bond proceeds on the WWTP. In addition to the Series 2022 Bond proceeds, the City has secured a \$50 million in State grants in additional funding for the WWTP. Therefore, the WWTP is approximately 2/3rds funded.

In March 2023, the City issued \$9.9 million in Series 2023 Special Obligation Bonds to fund the expansion of the Aquatic Center and upgrades to JR Martin Park. In addition, the Parks & Recreation Department is nearing the payoff of the outstanding principal of the 2017 Bond Refunding for the Republic Aquatic Center, currently scheduled for 2025.

### **PERSONNEL**

City Administration considers the employees to be the most valuable assets of the organization and the City continues to invest in our people. In return, it also warrants evaluation of performance, value, and accountability.

In the 2024 budget, wages and personnel benefits are budgeted at \$16,439,194 which is approximately 57% of the Operating Budget expenses. Additional highlights regarding the City's staff for 2024 include the following:

- The City is budgeting for a total of 171 full-time employees by year end, which the majority of the additions to our Public Safety teams.
- Effective January 1, 2024, the City is budgeting a 4% COLA for all staff to maintain a competitive advantage in relation to surrounding entities and compensate employees for the rising costs associated with inflation.
- The City will continue to fund 100% of the employee's. In addition, effective January 1, 2024, the City will fund 50% of the incremental cost of dependent healthcare which has historically been borne 100% by the employee.

The City participates in the Missouri Local Government Employees Retirement System (LAGERS), which is a defined benefit pension plan providing retirement, disability and death benefits to members and beneficiaries.

- In 2014, City Council approved a change in the City's LAGERS program from the L-1 level to the L-3 level, increasing the employees' pension from a 1.0% multiplier to a 1.25% multiplier. The ensuing change resulted in an approximate 5.6% increase in LAGERS pension contributions on behalf of the employees.
- In 2019, the City assumed the employee's contribution rate of 4% and the employees no longer



are required to contribute. No changes to the LAGERS benefit have been budgeted in the 2024 Budget.

In 2022, the City and its Council members boldly chose to provide an added benefit of a 9% ICMA Deferred Compensation program provided by the City on behalf of each full-time employee, which went into effect April 1, 2022. The City has budgeted \$891,210 to fund the same ICMA Deferred Compensation benefit for 2024.

Each year, the City remains diligent by taking all employee benefits out for bid, ensuring the best benefit package is available within their means. We are happy to report that our health and dental insurance premiums will remain the same for 2024. We will continue to offer ancillary benefits as options for our staff.

### **CONCLUSION**

In 2024, we will continue our mission to be “aggressively progressive through processes, relationships and trust”. We will constantly evaluate our processes to ensure timely service and response through exceptional customer service. We will consistently strengthen our relationships with the community through timely communication and updates, and we will continue to build trust through our dedication to process improvements. We will see ways to improve our local economy, which will ultimately help improve the quality of life for our citizens. We remain committed to our goal of enhancing & improving the City’s infrastructure and facilities. As such, we remain focused on two very specific needs of the City, additional funding for and execution of our Wastewater Treatment Plant Project, along with upgrades and enhancements to our Parks & Recreation system. We are grateful to be able to serve this community and, while there are challenges, we will continue to address and sustain the needs of our growing community.

Sincerely,

David Cameron  
City Administrator

Cc: Laura Burbridge, City Clerk