# AGENDA ITEM ANALYSIS

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| Project/Issue Name: | 26-31 An Ordinance Approving Budget Amendment No. 2 to the Budget for the Fiscal Year 2026. |
| Submitted By: | Jake Jones, Assistant Finance Director |
| Date: | October 6, 2026 |

## Issue Statement

To amend the FY 2026 Operating & Capital Budgets to better reflect revenues, expenses/expenditures & net cash contribution for fiscal year 2026.

## Discussion and/or Analysis

On May 19, 2026, City Council approved the FY 2026 Budget Amendment 1 as part of Ordinance No. 26-17, which included both the Operating Budget and Capital Budget for the City of Republic. These two Budgets collectively are referred to as the "Budget," whose results can be broken out as follows.

- Operating Budget with revenues of $38,663,755, expenses of $33,664,830 resulting in an Operating Earnings of $4,998,926. Additional one-time real estate sales revenue of $1,950,800 results in an Operating Surplus of $6,949,726.
- Capital Budget with Uses of $43,950,598, funded with Sources of $42,544,258, resulting in a Capital Deficit of ($1,406,340).
- The combination of the Operating and Capital Budgets results in a Consolidated Net Surplus of $5,543,386.

Since this adoption of the Budget Amendment 1 in May, additional data has become known, and the proposed Amended Budget for FY 2026 (Budget Amendment 2) identifies the following changes to the Budget adopted then.

**Operating Budget**

- **No Changes to the operating budget established in Budget Amendment 1.**

**Capital Budget**

**City of Republic's proposed Amended Capital Budget for FY 2026 reflects a $545k reduction in CapEx, driven primarily by:**

- Net reduction in Wastewater Fund CapEx of $2.7 million
  - $1.1 million reduction in the WWTP Expansion Project due to timing – expenditures originally budgeted in 2026 will be spent in FY 2027.
  - $1.6 million decrease for the demolition of the old plant due to timing. Now a FY 2027 expenditure.
- A $860k reduction Street Fund CapEx due to various timing changes in Street related projects.
- A $2,531,446 increase in CapEx related to the April Hailstorm. Insurance proceeds and internal transfers to be used as the funding source.
- Other miscellaneous changes.

**Summary**

This proposed modification to the FY 2026 Budget will result in:

- An Operating Budget with revenues of $38,663,755, expenses of $33,664,830, resulting in an Operating Earnings of $4,998,926. Additional one-time real estate sales revenue of $1,950,800 results in an Operating Surplus of $6,949,726. No changes from Budget Amendment 1.

- A Capital Budget with Uses of $43,405,290, funded with Sources of $42,639,935, resulting in a Capital Deficit of ($765,354).
- When combining the Operating Surplus of $6,949,726 with the Capital Deficit of ($765,354), it results in a Consolidated Net Surplus of $6,184,372.

**Recommended Action**

Staff recommends approval.