



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 enter 2023. This new year exemplifies great strides in wastewater improvements and public safety funding. We are also grateful for the voter approved renewal of two (2) Parks Sales Tax initiatives in August 2022. The sales tax growth is a direct result of the City's continual efforts in fostering partnerships within the economic development community.

SUMMARY

The proposed budget for 2023, in the amount of \$63,714,991 addresses the funding of core operations and capital project needs of the City. This budget was brought forth and adopted by City Council on December 6, 2022 and establishes a plan for Fiscal Year (FY) 2023. 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 2023-2027 5-Year Capital Improvement Program (CIP). The budget contains 14 individual budgets across four (4) funds (General Fund, Enterprise Fund, Capital Projects Fund, and Special Revenue Fund). 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 departments and funds 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 is also contracted with KPM CPAs to examine the City's financial statements regularly. 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.

2023 revenues are anticipated to be \$37,213,976. 2023 budgeted expenditures are anticipated



to be \$63,714,991. This results in a \$26,011,093 difference. The deficit will be funded by bond proceeds received in 2022 and unencumbered funds from prior years.

The budget is presented as follows:

1. General Fund

- a. Administration – City Administration, City Clerk, Legal, Finance, Information Technologies, Human Resources, and Utility Billing
- b. BUILDS (Community Development)
- c. Public Safety (Police and Fire)
- d. Municipal Court
- e. Animal Control

Revenues are appropriated to each respective department as governed by ordinance, ballot, or budget statute.

Real Property Levy of 0.4326 per assessed \$100 for the General Fund.

Administration fees are distributed proportionally to all departments, reflected as revenue in the Administration Budget and expenses to each department budget.

2. Enterprise Funds

- a. Water – water administration charge is 1/3 of the Public Works administration cost.
- b. Wastewater – wastewater administration charge is 1/3 of the Public Works administration cost.
- c. The Water and Wastewater Departments were split into two (2) separate funds in FY 2018 in an effort to continue reconciliation of cost to revenues and infrastructure improvements. The Water and Wastewater Departments are Enterprise Funds that operate through the sale of water and wastewater to the citizens of Republic.
- d. A transfer from the Water and Wastewater Departments is split to cover the cost of the Utility Billing services in the Administration budget.

3. Street Fund

- a. Includes a street administration charge of 1/3 of the Public Works administration cost.
- b. Funded in part by the ½-cent Transportation Sales Tax.
- c. The Real Property Levy of 0.0666 per assessed \$100 for lights is funding for the Street Fund.

4. Fire Sales Tax

- a. Capital projects and equipment for the Fire Department

5. Parks and Recreation Fund

- a. Contains the budgets for the Parks & Recreation Department (community



- programming, park maintenance, Republic Aquatic Center, Senior Center).
 - b. Funded by sale of services and two (2) ¼-cent Parks Sales Taxes.
 - c. Real Property Levy of 0.1166 assessed per \$100 for the Parks and Recreation Fund.
6. 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 a list of projects to be funded from the CIST. To ensure future transparency, the projects will be updated on the City website.
 - c. The list of completed projects funded through the CIST will also be made available on the City website.
7. Debt Fund
- a. Created in 2020 to transfer cash reserves to payoff debts that were close to expiring for the Police Department and Street Department.
8. Multiple Grant Fund
- a. Created in 2021 to separately track major grant monies received by the City through American Rescue Plan Act (ARPA) funding and the CARES Act.
 - b. This fund allows for better tracking and transparency of expenses in relation to the grant deposits that are to be spent over a multi-year period.

City Administration will continue to evaluate services and programs and review organizational structure to determine overall operational efficiency.

WATER AND WASTEWATER RATES

2023 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 \$7.56 to \$8.09 for 1,500 gallons.
 - ii. Surcharge will increase from \$3.56 to \$3.81 per 1,000 gallons.
 - b. Outside City Limits
 - i. Monthly Base Charge will increase from \$11.34 to \$12.13 for 1,500 gallons.
 - ii. Surcharge will increase from \$5.34 to \$5.71 per 1,000 gallons.
2. Wastewater
 - a. Inside City Limits
 - i. Monthly Base Charge will increase from \$18.80 to \$25.57 for 1,500 gallons.
 - ii. Surcharge will increase from \$11.17 to \$15.19 per 1,000 gallons.
 - b. Outside City Limits
 - i. Monthly Base Charge will increase from \$28.20 to \$38.35 for 1,500 gallons.
 - ii. Surcharge will increase from \$16.77 to \$22.81 per 1,000 gallons.



CAPITAL

Capital assets and major projects are budgeted at \$31,365,526 for 2023. They comprise approximately 50% of the 2023 budget as outlined in the 2023-2027 5-Year Capital Improvement Plan, which was submitted collectively with the budget. This plan 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 operating budgets. The 2023-2027 5-Year CIP was developed and approved in conjunction with the FY 2023 budget.

DEBT OBLIGATIONS

The City has made great strides in paying down debt in order to address and accommodate long-awaited capital needs. The City continues to make great strides in securing funds for the Wastewater Treatment Plant upgrades through Special Obligation Funds and State funds. The Parks & Recreation Department expired the debt on the Republic Aquatic Center in 2022.

PERSONNEL

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

In the 2023 budget, wages and personnel benefits are budgeted at \$15,353,148.62 which is approximately 24.1% of the overall budget. The City is budgeting for a total of 171 full-time employees.

The voter approved Public Safety Sales Tax in 2021 allowed for the hiring of six (6) employees within the Police Department and eight (8) employees within the Fire Department, along with the pay and structure changes outlined in the 2022 budget document.

The proposed 2023 budget includes a 5% COLA for all staff, effective January 1, 2023, in an effort to maintain a competitive advantage in relation to surrounding entities.

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 employees contribution rate of 4% and the employees no longer are required to contribute. No changes to the LAGERS benefit have been budgeted in 2023.

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 \$908,034.62 to fund the same ICMA Deferred Compensation benefit for 2023.

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 2023. We will continue to offer ancillary benefits as options for our staff.

CONCLUSION

In 2023, 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. 2023 will also bring focus to the needs of the City, which include funding for our Wastewater Treatment Plant 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