

City of Republic, Missouri

Basic Financial Statements
Year Ended December 31, 2021

KPM
CPAS & ADVISORS

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Honorable Mayor and City Council
City of Republic
Republic, Missouri

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the City of Republic, Missouri, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the City of Republic, Missouri, as of December 31, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Republic and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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Auditors' 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 auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison, and pension information 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 10, 2022, on our consideration of the City of Republic, Missouri's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Republic, Missouri's internal control over financial reporting and compliance.

KPM CPAs, PC

KPM CPAs, PC
Springfield, Missouri
June 10, 2022

Management's Discussion and Analysis

City of Republic

Management's Discussion and Analysis

December 31, 2021

The management's discussion and analysis of the City of Republic's financial performance provides an overview of the City's financial activities for the fiscal year ended December 31, 2021. Please read it in conjunction with the City's financial statements.

Financial Highlights

The net position of the City's governmental activities, which consists of General Fund, Street Fund, Stormwater Fund, Park Fund, Fire Sales Tax Fund, Capital Improvement Sales Tax Fund, Capital Project Fund, Debt Service Fund, and Major Grants Fund, increased by \$7,745,864 for the year as a result of current year activities. The net position of the City's business-type activities increased by \$3,231,960 for the year.

The assets and deferred outflows of the City exceeded its liabilities and deferred inflows as of December 31, 2021, by \$63.5 million (net position). Of this amount \$14.4 million was unrestricted and may be used to meet future obligations of the City.

Non-pension long-term liabilities of the City decreased by \$183,353. The City's net pension liability decreased by \$1,840,660.

Using this Annual Report

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

Government-Wide Financial Statements

One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets, deferred outflows, liabilities, and deferred inflows using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. These two statements report the City's net position and changes in it. The City's net position – the difference between assets, net deferred outflows/inflows of resources, and liabilities – is one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving or deteriorating.

In the Statement of Net Position and the Statement of Activities, we divide the City into two kinds of activities:

Governmental Activities: Most of the City's basic services are reported here. Taxes are the primary source of financing for these activities.

Business-Type Activities: The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's water and sewer services are provided here.

See accompanying notes to the financial statements.

City of Republic

Management's Discussion and Analysis

December 31, 2021

Fund Financial Statements

The fund financial statements provide detailed information about the City's funds and not the City as a whole. Some funds are required to be established by state law and by bond covenants. However, the City Council establishes many other funds to help it control and manage money for a particular purpose or to show that it is meeting legal responsibilities for using certain taxes and grants.

Governmental Funds: Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and the governmental funds are shown in reconciliations following the fund financial statements.

Proprietary Funds: When the City charges customers for the services it provides – whether to outside customers or to other units of the City – these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities.

Notes to the Basic Financial Statements

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

See accompanying notes to the financial statements.

City of Republic

Management's Discussion and Analysis

December 31, 2021

Government-Wide Financial Analysis

Net Position

The following table presents the condensed Statement of Net Position for the City as of December 31, 2021 and 2020:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total December 31, 2021</u>	<u>Total December 31, 2020</u>
Assets				
Current and other assets	\$ 14,177,608	\$ 5,722,789	\$ 19,900,397	\$ 17,082,463
Capital assets	31,970,537	26,267,531	58,238,068	48,390,985
	<u>46,148,145</u>	<u>31,990,320</u>	<u>78,138,465</u>	<u>65,473,448</u>
Deferred Outflows of Resources				
Deferred pension outflows	780,767	246,823	1,027,590	1,302,475
Liabilities				
Other liabilities	3,664,834	1,202,289	4,867,123	2,659,450
Long-term liabilities outstanding	3,631,429	4,074,416	7,705,845	7,889,198
Net pension liability	1,097,858	356,891	1,454,749	3,295,409
	<u>8,394,121</u>	<u>5,633,596</u>	<u>14,027,717</u>	<u>13,844,057</u>
Deferred Inflows of Resources				
Deferred pension inflows	1,296,380	328,915	1,625,295	396,647
Net Position				
Net investment in capital assets	26,734,920	21,906,069	48,640,989	39,576,422
Restricted	481,071	-	481,071	407,984
Unrestricted	10,022,420	4,368,563	14,390,983	12,550,813
	<u>\$ 37,238,411</u>	<u>\$ 26,274,632</u>	<u>\$ 63,513,043</u>	<u>\$ 52,535,219</u>

Total net position of the City increased by \$10,977,824 for the year due to current year activity. Total liabilities for the City have increased by \$183,660. During the year, the City decreased its long-term liabilities by \$183,353. Restricted net position of the City totaled \$481,071 as of December 31, 2021.

See accompanying notes to the financial statements.

City of Republic

Management's Discussion and Analysis

December 31, 2021

Changes in Net Position

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total Year Ended December 31, 2021</u>	<u>Total Year Ended December 31, 2020</u>
Revenues and Transfers				
Program Revenues				
Charges for services	\$ 1,572,852	\$ 6,112,463	\$ 7,685,315	\$ 6,822,652
Operating grants and contributions	237,740	-	237,740	115,754
Capital grants and contributions	3,520,515	2,325,667	5,846,182	2,158,681
General Revenues				
Sales taxes	10,435,109	-	10,435,109	8,551,004
Ad valorem taxes	1,400,571	-	1,400,571	1,293,260
Motor vehicle and gas taxes	637,849	-	637,849	578,840
Other taxes	81,181	-	81,181	47,002
Franchise fees	764,519	-	764,519	742,603
County reimbursements	140,604	-	140,604	134,058
Interest	38,711	12,860	51,571	152,967
Other revenue	385,616	420,100	805,716	513,649
Transfers	692,323	(692,323)	-	-
Special Item				
(Loss) on asset disposal	(19,533)	-	(19,533)	(70,375)
Total Revenues, Transfers and Special Item	<u>19,888,057</u>	<u>8,178,767</u>	<u>28,066,824</u>	<u>21,040,095</u>
Expenses				
Administrative	1,181,913	-	1,181,913	2,150,683
Information technology	294,686	-	294,686	-
Human resources	241,692	-	241,692	-
Municipal court	144,335	-	144,335	165,991
Economic development	430,019	-	430,019	463,805
Police	2,192,327	-	2,192,327	1,925,663
Fire	1,909,958	-	1,909,958	1,638,565
Emergency management	20,820	-	20,820	20,820
Animal control	191,443	-	191,443	123,274
Street	1,680,893	-	1,680,893	1,598,027
Stormwater	95,826	-	95,826	90,000
Parks and recreation	3,642,140	-	3,642,140	2,597,830
Capital improvements	-	-	-	-
Debt service	116,141	-	116,141	109,755
Water	-	2,232,310	2,232,310	2,044,739
Sewer	-	2,714,497	2,714,497	2,294,415
Total Expenses	<u>12,142,193</u>	<u>4,946,807</u>	<u>17,089,000</u>	<u>15,223,567</u>
<i>Increase in Net Position</i>	<u>\$ 7,745,864</u>	<u>\$ 3,231,960</u>	<u>\$ 10,977,824</u>	<u>\$ 5,816,528</u>

See accompanying notes to the financial statements.

City of Republic

Management's Discussion and Analysis

December 31, 2021

Governmental Activities

Governmental activities increased the net position of the City by \$7,745,864. Tax revenues for the City were \$13,319,229. Program revenues for the functions totaled \$5,331,107. The following table shows the cost of the City's programs as well as each program's net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the taxpayers by each of these functions.

Net Cost of the City of Republic's Governmental Activities

	Total Cost of Services	Net Cost of Services
Administrative	\$ 1,181,913	\$ 632,275
Information technology	294,686	294,686
Human resources	241,692	241,692
Municipal court	144,335	(4,226)
Economic development	430,019	(120,904)
Police	2,192,327	1,925,465
Fire	1,909,958	1,904,628
Emergency management	20,820	20,820
Animal control	191,443	191,443
Street	1,680,893	(1,240,805)
Stormwater	95,826	95,826
Parks and recreation	3,642,140	2,754,045
Debt Service	116,141	116,141
	<u>\$ 12,142,193</u>	<u>\$ 6,811,086</u>

Business-Type Activities

Business-type activities increased the City's net position by \$3,231,960. This is up from the increase of the City's business-type activities of \$1,882,915 in the prior year.

Financial Analysis of the City's Funds

The combined fund balances of the City's governmental funds as of December 31, 2021, were \$12,491,267. The General Fund increased by \$620,921. The Street Fund increased by \$242,936. The Stormwater Fund decreased by \$93,797. The Fire Sales Tax Fund decreased \$25,633. The Park Fund increased \$192,694. The Capital Improvement Sales Tax Fund increased \$209,259. The Major Grants Fund increased by \$221,116. The Capital Project Fund increased \$1,347. The Debt Service Fund decreased \$146,947.

See accompanying notes to the financial statements.

City of Republic

Management's Discussion and Analysis

December 31, 2021

General Fund Budgetary Highlights

Differences between the original, the final amended budget, and the actual results can be summarized as follows:

- The City's General Fund budget was amended in November 2021.
- The City budgeted revenues and transfers in the General Fund at \$10,742,704 and expenditures at \$9,858,031 for the year ended December 31, 2021.

Capital Assets and Debt Administration

Capital Assets

Capital assets of the governmental activities were \$31,970,537 (net of accumulated depreciation) as of December 31, 2021. This represents a \$7,318,342 increase from the prior year. Net capital assets for business-type activities were \$26,267,531 as of December 31, 2021. This represents an increase of \$2,528,741 from the prior year.

Debt

Total debt of the governmental activities as of December 31, 2021, was \$5,638,145, which is up from \$4,585,344 in the prior year.

Total debt of business-type activities as of December 31, 2021, was \$4,455,754, which is down from \$4,680,309 in the prior year.

Economic Factors and Next Year's Budget

The following economic factors currently affect the City of Republic and were considered when developing the FY2022 budget.

Economic Factors

The City is conveniently located a few miles from the City of Springfield, the third-largest city in Missouri, and benefits from Springfield's demographics, economic statistics, and strong workforce. Rapid growth is occurring with the addition of larger employers building in the area. This rapid community growth was an important consideration for the FY 2021 Budget.

Next Year's Budget

Sales tax revenue has been steadily increasing since 2010. The FY 2022 Budget includes a projected three percent sales revenue growth over the FY 2021 budgeted revenue. The City has passed a new ¾ Cent Sales tax for Public Safety. The City is projecting \$2,066,738 be generated in the first year for these taxes.

General Fund revenues for FY 2022 are projected to be \$14,750,572. General Fund expenses for FY 2022 are estimated to be \$14,229,375. The General Fund is anticipating a \$521,197 Net Income with revenues exceeding expenditures.

The City budgeted a 5% COLA in the FY 2022 budget. The COLA will go into effect in April 2022 along with a new 9% additional retirement benefit through ICMA that is fully funded by the City.

See accompanying notes to the financial statements.

City of Republic

Management's Discussion and Analysis

December 31, 2021

The City was able to add 30 key positions through the budget process: 7 New Police Department Employees, 10 New Fire Employees, BUILDS Planner, Building Official, Full-Time Kennel Tech, Part-Time Kennel Tech, Operations Coordinator, Facility Cleaner, Park Maintenance Worker, Office Administrator/Assistant, 3 new Construction Workers, Street Laborer, and a Wastewater Project Manager.

The FY 2022 Budget includes a split to move Motor Fuel Sales Tax back to the Street Fund. This is to be split 50/50 between the Police and Street budget until the new tax balances out to return the funds to cover Street upgrades.

The FY 2022 Budget includes a \$1.7M deposit for ARPA funding that is anticipated to be deposited in September of 2022 that was awarded in 2021 as the second half of the total allocation awarded to the City through the State. This Federal funding will cover IT Upgrades, JR Martin Blvd, Parks Lost Revenue, ADA Compliance & HVAC Updates, PPE for Fire staff, and Wastewater Improvements as approved by City Council.

The City received \$220,500 in Cares Act funds in 2021 that are going towards the following items in the 2022 Budget: Police Department vehicles, parking lot expansion, watchguard body cameras, ballistic shields, digital crime scene cameras, computer voice stress analyzer, mobile data terminal tablet, and E-Ticket printers for vehicles.

The City has budgeted the following capital projects to improve the community: three Police vehicles in the amount of \$155,000, Shuyler Creek Trail Extension to WCNB in the amount of \$1.08M that will be partially reimbursed from a federal grant, East Hines Street Improvements in the amount of \$150,000, Park Land Acquisition in the amount of \$1.5M, ADA Improvements in the amount of \$15,000, three Fire Station vehicles in the amount of \$343,000, Equipment in the amount of \$12,000, Replacement of Fire Fighting gear in the amount of \$39,000, Stormwater Improvements \$200,000, McElhaney Lift Station repairs in the amount of \$150,000, I&I Reduction in the amount of \$200,000, Water Projects in the amount of \$140,000, Trucks for the Water Department in the amount of \$52,000, Illinois Street to widen overlay & Sawyer Street Overlay in the amount of \$500,000, \$400,000 Land Acquisition for MM Lane Widening, and a BUILDS vehicle in the amount of \$30,000, Fire Station carpet replacement in the amount of \$21,000.

The City is issuing \$48,503,967 in bonds in 2022, these proceeds will be used in the coming years to fund a new Public Works facility in the amount of \$5,500,000 and Wastewater treatment plant upgrades in the amount of \$43,003,967. This is going to be funded through revenues and utility rate increases that are step increases each year as approved before Council in 2021 and set through a Water and Sewer rate study completed in 2021.

Contacting the City's Financial Management

For additional information or questions, please contact:

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David Cameron, City Administrator
Jared Keeling, Assistant City Administrator
Lisa Addington, Chief of Staff

See accompanying notes to the financial statements.

City of Republic

Statement of Net Position

December 31, 2021

	Governmental Activities	Business-Type Activities	Total
Assets			
Current			
Cash and cash equivalents - unrestricted	\$ 8,456,696	\$ 1,898,697	\$ 10,355,393
Ad valorem taxes receivable, net	1,141,733	-	1,141,733
Sales taxes receivable	1,698,002	-	1,698,002
Franchise taxes receivable	139,114	-	139,114
Utilities receivable, net	-	1,186,230	1,186,230
Intergovernmental receivable	44,562	-	44,562
Other receivables	55,172	-	55,172
Prepaid insurance	137,532	40,363	177,895
Noncurrent			
Restricted cash and cash equivalents	2,504,797	2,597,499	5,102,296
Capital Assets			
Non-depreciable	6,529,297	1,379,308	7,908,605
Depreciable, net	25,441,240	24,888,223	50,329,463
Total Assets	46,148,145	31,990,320	78,138,465
Deferred Outflows of Resources			
Deferred pension outflows	780,767	246,823	1,027,590

See accompanying notes to the financial statements.

City of Republic

Statement of Net Position

December 31, 2021

Liabilities			
Current			
Accounts payable	126,296	268,713	395,009
Accrued expenses	207,165	46,626	253,791
Accrued interest payable	7,989	5,295	13,284
Police evidence payable	37,428	-	37,428
Deposits payable	-	500,317	500,317
Unearned revenue	1,279,240	-	1,279,240
Current maturities of long-term debt	2,006,716	381,338	2,388,054
	3,664,834	1,202,289	4,867,123
Noncurrent			
Revenue bonds payable, net	518,905	-	518,905
Capital lease payable	2,709,996	3,980,124	6,690,120
Compensated absences payable	402,528	94,292	496,820
Net pension liability	1,097,858	356,891	1,454,749
	4,729,287	4,431,307	9,160,594
Total Liabilities	8,394,121	5,633,596	14,027,717
Deferred Inflows of Resources			
Deferred pension inflows	1,296,380	328,915	1,625,295
Net Position			
Net investment in capital assets	26,734,920	21,906,069	48,640,989
Restricted	481,071	-	481,071
Unrestricted	10,022,420	4,368,563	14,390,983
Total Net Position	\$ 37,238,411	\$ 26,274,632	\$ 63,513,043

See accompanying notes to the financial statements.

City of Republic

Statement of Activities

Year Ended December 31, 2021

Functions/Programs	Program Revenues				Net (Expenses), Revenues, and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
Primary Government							
Governmental Activities							
Administrative	\$ (1,181,913)	\$ 11,490	\$ 2,095	\$ 536,053	\$ (632,275)	\$ -	\$ (632,275)
Information technology	(294,686)	-	-	-	(294,686)	-	(294,686)
Human resources	(241,692)	-	-	-	(241,692)	-	(241,692)
Municipal court	(144,335)	148,561	-	-	4,226	-	4,226
Economic development	(430,019)	486,638	-	64,285	120,904	-	120,904
Police	(2,192,327)	31,217	235,645	-	(1,925,465)	-	(1,925,465)
Fire	(1,909,958)	5,330	-	-	(1,904,628)	-	(1,904,628)
Emergency management	(20,820)	-	-	-	(20,820)	-	(20,820)
Animal control	(191,443)	-	-	-	(191,443)	-	(191,443)
Street	(1,680,893)	2,965	-	2,918,733	1,240,805	-	1,240,805
Stormwater	(95,826)	-	-	-	(95,826)	-	(95,826)
Parks and recreation	(3,642,140)	886,651	-	1,444	(2,754,045)	-	(2,754,045)
Debt Service	(116,141)	-	-	-	(116,141)	-	(116,141)
Total Governmental Activities	(12,142,193)	1,572,852	237,740	3,520,515	(6,811,086)	-	(6,811,086)

See accompanying notes to the financial statements.

City of Republic

Statement of Activities

Year Ended December 31, 2021

	Program Revenues				Net (Expenses), Revenues, and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
Business-Type Activities							
Water	(2,232,310)	2,549,589	-	1,165,240	-	1,482,519	1,482,519
Sewer	(2,714,497)	3,562,874	-	1,160,427	-	2,008,804	2,008,804
Total Business-Type Activities	(4,946,807)	6,112,463	-	2,325,667	-	3,491,323	3,491,323
Total Primary Government	\$ (17,089,000)	\$ 7,685,315	\$ 237,740	\$ 5,846,182	(6,811,086)	3,491,323	(3,319,763)
General Revenues and Transfers							
Sales taxes					10,435,109	-	10,435,109
Ad valorem taxes					1,400,571	-	1,400,571
Motor vehicle and gas taxes					637,849	-	637,849
Other taxes					81,181	-	81,181
Franchise fees					764,519	-	764,519
County reimbursements					140,604	-	140,604
Interest					38,711	12,860	51,571
Other revenue					385,616	420,100	805,716
Transfers					692,323	(692,323)	-
Total General Revenues and Transfers					14,576,483	(259,363)	14,317,120
Special Item							
(Loss) on asset disposal					(19,533)	-	(19,533)
<i>Changes in Net Position</i>					7,745,864	3,231,960	10,977,824
Net Position, Beginning of year					29,492,547	23,042,672	52,535,219
Net Position, End of year					\$ 37,238,411	\$ 26,274,632	\$ 63,513,043

See accompanying notes to the financial statements.

City of Republic

Balance Sheet – Governmental Funds

December 31, 2021

	Special Revenue Funds								Total Governmental Funds	
	General Fund	Street Fund	Stormwater Improvement Fund	Fire Sales Tax Fund	Parks and Recreation Fund	Capital Improvement Sales Tax Fund	Major Grant Fund	Capital Project Fund		Debt Service Fund
Assets										
Cash and cash equivalents - unrestricted	\$ 4,287,745	\$ 1,725,130	\$ 608,735	\$ 612,937	\$ 654,614	\$ 566,061	\$ -	\$ 1,474	\$ -	\$ 8,456,696
Ad valorem taxes receivable, net	806,175	112,618	-	-	222,940	-	-	-	-	1,141,733
Sales taxes receivable	726,123	353,411	-	88,351	353,411	176,706	-	-	-	1,698,002
Franchise taxes receivable	139,114	-	-	-	-	-	-	-	-	139,114
Other receivables	37,821	17,351	-	-	-	-	-	-	-	55,172
Intergovernmental receivable	44,562	-	-	-	-	-	-	-	-	44,562
Prepaid insurance	88,198	11,553	-	-	37,781	-	-	-	-	137,532
Restricted cash and cash equivalents	224,417	43,803	-	-	40,000	-	1,500,356	436,266	259,955	2,504,797
Total Assets	\$ 6,354,155	\$ 2,263,866	\$ 608,735	\$ 701,288	\$ 1,308,746	\$ 742,767	\$ 1,500,356	\$ 437,740	\$ 259,955	\$ 14,177,608
Liabilities, Deferred Inflows of Resources and Fund Balances										
Liabilities										
Accounts payable	\$ 42,989	\$ 72,342	\$ -	\$ -	\$ 10,965	\$ -	\$ -	\$ -	\$ -	\$ 126,296
Accrued expenses	158,292	19,285	-	-	29,588	-	-	-	-	207,165
Police evidence payable	37,428	-	-	-	-	-	-	-	-	37,428
Unearned revenue	-	-	-	-	-	-	1,279,240	-	-	1,279,240
Total Liabilities	238,709	91,627	-	-	40,553	-	1,279,240	-	-	1,650,129

See accompanying notes to the financial statements.

City of Republic

Balance Sheet – Governmental Funds

December 31, 2021

	Special Revenue Funds								Total Governmental Funds	
	General Fund	Street Fund	Stormwater Improvement Fund	Fire Sales Tax Fund	Parks and Recreation Fund	Capital Improvement Sales Tax Fund	Major Grant Fund	Capital Project Fund		Debt Service Fund
Deferred Inflows of Resources										
Deferred taxes	25,447	3,913	-	-	6,852	-	-	-	-	36,212
Total Deferred Inflows of Resources	25,447	3,913	-	-	6,852	-	-	-	-	36,212
Fund Balances										
Nonspendable										
Prepaid items	88,198	11,553	-	-	37,781	-	-	-	-	137,532
Restricted for										
Debt service	-	-	-	-	-	-	-	259,955	-	259,955
Grant funding	-	-	-	-	-	221,116	-	-	-	221,116
Assigned to										
Street	-	2,156,773	-	-	-	-	-	-	-	2,156,773
Stormwater	-	-	608,735	-	-	-	-	-	-	608,735
Fire	-	-	-	701,288	-	-	-	-	-	701,288
Parks and recreation	-	-	-	-	1,223,560	-	-	-	-	1,223,560
Capital improvements	-	-	-	-	-	742,767	437,740	-	-	1,180,507
Unassigned	6,001,801	-	-	-	-	-	-	-	-	6,001,801
Total Fund Balances	<u>6,089,999</u>	<u>2,168,326</u>	<u>608,735</u>	<u>701,288</u>	<u>1,261,341</u>	<u>742,767</u>	<u>221,116</u>	<u>437,740</u>	<u>259,955</u>	<u>12,491,267</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 6,354,155</u>	<u>\$ 2,263,866</u>	<u>\$ 608,735</u>	<u>\$ 701,288</u>	<u>\$ 1,308,746</u>	<u>\$ 742,767</u>	<u>\$ 1,500,356</u>	<u>\$ 437,740</u>	<u>\$ 259,955</u>	<u>\$ 14,177,608</u>

See accompanying notes to the financial statements.

City of Republic

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position

December 31, 2021

Fund balance - total governmental funds	\$ 12,491,267
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:	
Governmental capital assets	45,087,956
Less accumulated depreciation	<u>(13,117,419)</u>
	31,970,537
The net pension liability and deferred costs are not available to pay for current period expenditures and, therefore, not reported in the funds. The following is the detail of the net effect of these differences in the treatment of the net pension liability and related deferred items:	
Net pension liability	(1,097,858)
Deferred outflows due to pensions	780,767
Deferred inflows due to pensions	<u>(1,296,380)</u>
	(1,613,471)
Adjustment of deferred taxes	36,212
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditures when due	(7,989)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds	<u>(5,638,145)</u>
Net position of governmental activities	<u>\$ 37,238,411</u>

See accompanying notes to the financial statements.

City of Republic

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds

Year Ended December 31, 2021

	Special Revenue Funds							Capital Project Fund	Debt Service Fund	Total Governmental Funds
	General Fund	Street Fund	Stormwater Improvement Fund	Fire Sales Tax Fund	Parks and Recreation Fund	Capital Improvement Sales Tax Fund	Major Grant Fund			
Revenues										
Taxes	\$ 6,538,977	\$ 2,348,328	\$ -	\$ 469,938	\$ 3,022,094	\$ 939,893	\$ -	\$ -	\$ -	\$ 13,319,230
Licenses and permits	462,033	175	-	-	-	-	-	-	-	462,208
Intergovernmental revenues	5,360	140,604	-	-	1,444	106,371	659,967	-	-	913,746
Charges for services	41,871	-	-	-	886,650	-	-	-	-	928,521
Fines and forfeitures	176,890	-	-	-	-	-	-	-	-	176,890
Miscellaneous	145,965	263,907	2,029	2,446	6,242	73,042	-	1,347	960	495,938
Total Revenues	7,371,096	2,753,014	2,029	472,384	3,916,430	1,119,306	659,967	1,347	960	16,296,533
Expenditures										
Current										
Administrative	4,452,296	-	-	-	-	-	-	-	-	4,452,296
Information technology	279,901	-	-	-	-	-	-	-	-	279,901
Human resources	255,640	-	-	-	-	-	-	-	-	255,640
Municipal court	156,169	-	-	-	-	-	-	-	-	156,169
Economic development	556,149	-	-	-	-	-	-	-	-	556,149
Police	2,098,863	-	-	-	-	-	-	-	-	2,098,863
Fire	1,643,815	-	-	409,761	-	-	-	-	-	2,053,576
Animal control	165,696	-	-	-	-	-	-	-	-	165,696
Street	-	5,374,385	-	-	-	-	-	-	-	5,374,385
Stormwater	-	-	95,826	-	-	-	-	-	-	95,826
Parks and recreation	-	-	-	-	2,750,257	-	-	-	-	2,750,257
Capital improvements	-	-	-	-	-	910,047	438,851	-	-	1,348,898
Debt Service										
Principal and interest	-	11,644	-	-	-	-	-	-	1,154,270	1,165,914
Total Expenditures	9,608,529	5,386,029	95,826	409,761	2,750,257	910,047	438,851	-	1,154,270	20,753,570

See accompanying notes to the financial statements.

City of Republic

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds

Year Ended December 31, 2021

	Special Revenue Funds								Total Governmental Funds	
	General Fund	Street Fund	Stormwater Improvement Fund	Fire Sales Tax Fund	Parks and Recreation Fund	Capital Improvement Sales Tax Fund	Major Grant Fund	Capital Project Fund		Debt Service Fund
<i>Excess (Deficit) of Revenues Over Expenditures</i>	(2,237,433)	(2,633,015)	(93,797)	62,623	1,166,173	209,259	221,116	1,347	(1,153,310)	(4,457,037)
Other Financing Sources (Uses)										
Developer donated infrastructure	-	2,918,733	-	-	-	-	-	-	-	2,918,733
Capital lease proceeds	2,000,000	67,877	-	-	-	-	-	-	-	2,067,877
Operating transfers in	1,801,674	-	-	-	63,263	-	-	-	1,006,363	2,871,300
Operating transfers (out)	(943,320)	(110,659)	-	(88,256)	(1,036,742)	-	-	-	-	(2,178,977)
Total Other Financing Sources (Uses)	<u>2,858,354</u>	<u>2,875,951</u>	<u>-</u>	<u>(88,256)</u>	<u>(973,479)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,006,363</u>	<u>5,678,933</u>
<i>Excess (Deficit) of Revenues and Other Sources Over Expenditures and Other (Uses)</i>	620,921	242,936	(93,797)	(25,633)	192,694	209,259	221,116	1,347	(146,947)	1,221,896
Fund Balance, January 1	5,469,078	1,925,390	702,532	726,921	1,068,647	533,508	-	436,393	406,902	11,269,371
Fund Balance, December 31	<u>\$ 6,089,999</u>	<u>\$ 2,168,326</u>	<u>\$ 608,735</u>	<u>\$ 701,288</u>	<u>\$ 1,261,341</u>	<u>\$ 742,767</u>	<u>\$ 221,116</u>	<u>\$ 437,740</u>	<u>\$ 259,955</u>	<u>\$ 12,491,267</u>

See accompanying notes to the financial statements.

City of Republic

Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities

Year Ended December 31, 2021

Net change in fund balances - total governmental funds	\$ 1,221,896
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Amounts reported for governmental activities in the Statement of Activities
are different because:

Governmental funds report capital outlays as expenditures. However, in
the Statement of Activities the cost of these assets is allocated over their
estimated useful lives on a straight line basis and reported as depreciation
expense. The following is the net effect of these differences.

Capital outlay	8,393,457
Depreciation	(1,075,115)
	<u>7,318,342</u>

Some revenues reported in the governmental funds represent current financial
resources and were recognized in the Statement of Activities when earned.

The issuance of long-term debt provides current financial resources to
governmental funds. The repayment of the principal on long-term debt
is a use of current financial resources of governmental funds. In the
Statement of Activities, interest is accrued on outstanding debt whereas,
in the governmental funds, an interest expenditures is reported when
due. The following is the detail of the net effect of these differences:

Repayment of principal on bonds, loans and leases	1,052,071
Accrued interest payable	(2,298)
Capital lease proceeds	(2,067,877)
	<u>(1,018,104)</u>

Some expenditures reported in the governmental funds represent the use
of current financial resources and were recognized in the Statement of
Activities when incurred.

Change in pension related costs	305,661
Change in compensated absences	(36,995)
Change in deferred revenue	(44,936)
	<u>223,730</u>
Change in net position of governmental activities	<u><u>\$ 7,745,864</u></u>

See accompanying notes to the financial statements.

City of Republic

Statement of Net Position – Proprietary Fund

December 31, 2021

	Enterprise Funds		
	Water Fund	Sewer Fund	Total
Assets			
Current Assets			
Cash and cash equivalents	\$ 533,220	\$ 1,365,477	\$ 1,898,697
Utilities receivable, net	332,173	854,057	1,186,230
Prepaid insurance	18,598	21,765	40,363
Total Current Assets	883,991	2,241,299	3,125,290
Restricted Assets			
Cash and cash equivalents	811,434	1,786,065	2,597,499
Total Restricted Assets	811,434	1,786,065	2,597,499
Property, Plant and Equipment			
Non-depreciable	-	1,379,308	1,379,308
Depreciable	10,669,300	30,109,673	40,778,973
Accumulated depreciation	(4,105,835)	(11,784,915)	(15,890,750)
Total Property, Plant, and Equipment	6,563,465	19,704,066	26,267,531
Total Assets	8,258,890	23,731,430	31,990,320
Deferred Outflows of Resources			
Deferred pension outflows	123,705	123,118	246,823

See accompanying notes to the financial statements.

City of Republic

Statement of Net Position – Proprietary Fund

December 31, 2021

	Enterprise Funds		
	Water Fund	Sewer Fund	Total
Liabilities			
Current Liabilities			
Accounts payable	16,842	251,871	268,713
Accrued expenses	35,211	11,415	46,626
Accrued interest payable	2,616	2,679	5,295
Utility deposits	499,827	490	500,317
Current maturities of long-term debt	186,729	194,609	381,338
Total Current Liabilities	741,225	461,064	1,202,289
Long-Term Liabilities			
Capital lease payable	1,912,062	2,068,062	3,980,124
Compensated absences payable	71,376	22,916	94,292
Net pension liability	188,824	168,067	356,891
Total Long-Term Liabilities	2,172,262	2,259,045	4,431,307
Total Liabilities	2,913,487	2,720,109	5,633,596
Deferred Inflows of Resources			
Deferred pension inflows	151,926	176,989	328,915
Net Position			
Net investment in capital assets	4,464,674	17,441,395	21,906,069
Unrestricted	852,508	3,516,055	4,368,563
Total Net Position	\$ 5,317,182	\$ 20,957,450	\$ 26,274,632

See accompanying notes to the financial statements.

City of Republic

Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Fund

Year Ended December 31, 2021

	Enterprise Funds		
	Water Fund	Sewer Fund	Total
Operating Revenues			
Charges for services	\$ 1,943,064	\$ 3,562,046	\$ 5,505,110
Miscellaneous	606,525	828	607,353
Total Operating Revenues	2,549,589	3,562,874	6,112,463
Operating Expenses			
Wages and benefits	731,627	808,606	1,540,233
Professional services	27,454	266,417	293,871
Telephone and utilities	216,877	331,176	548,053
Insurance	21,366	45,725	67,091
Supplies	76,023	92,398	168,421
Travel, meetings and dues	19,507	8,115	27,622
Vehicle expense	33,838	13,534	47,372
Repairs and maintenance	688,663	263,342	952,005
Depreciation	256,732	667,967	924,699
General and administrative	12,259	12,186	24,445
Miscellaneous	50,904	90,364	141,268
Total Operating Expenses	2,135,250	2,599,830	4,735,080
<i>Operating Income</i>	414,339	963,044	1,377,383
Nonoperating Revenues (Expenses)			
Interest income	3,289	9,571	12,860
Interest expense	(97,060)	(114,667)	(211,727)
Impact fees	111,116	235,125	346,241
Rental income	73,859	-	73,859
Developer donated infrastructure	1,165,240	1,160,427	2,325,667
Total Nonoperating Revenues (Expenses)	1,256,444	1,290,456	2,546,900
<i>Income Before Operating Transfers</i>	1,670,783	2,253,500	3,924,283
Operating Transfers (Out)	(299,327)	(392,996)	(692,323)
<i>Net Income</i>	1,371,456	1,860,504	3,231,960
Net Position, January 1	3,945,726	19,096,946	23,042,672
Net Position, December 31	\$ 5,317,182	\$ 20,957,450	\$ 26,274,632

See accompanying notes to the financial statements.

City of Republic

Statement of Cash Flows – Proprietary Fund

Year Ended December 31, 2021

	Enterprise Funds		
	Water Fund	Sewer Fund	Total
Cash Flows from Operating Activities			
Cash received from customers	\$ 2,603,926	\$ 3,526,655	\$ 6,130,581
Cash paid to suppliers	(1,148,160)	(1,307,720)	(2,455,880)
Cash paid to employees	(747,630)	(830,571)	(1,578,201)
Net Cash Provided by Operating Activities	708,136	1,388,364	2,096,500
Cash Flows from Noncapital Financing Activities			
Operating transfers (out)	(299,327)	(392,996)	(692,323)
Nonoperating revenues	1,350,215	1,395,552	2,745,767
Net Cash Provided by Noncapital Financing Activities	1,050,888	1,002,556	2,053,444
Cash Flows from Capital and Related Financing Activities			
Acquisition and construction of capital assets	(1,260,976)	(1,976,747)	(3,237,723)
Proceeds from capital lease	67,877	67,877	135,754
Payment of bond principal	(19,952)	-	(19,952)
Payment of capital lease principal	(168,006)	(181,086)	(349,092)
Payment of interest expense	(97,351)	(114,875)	(212,226)
Net Cash (Used) by Capital and Related Financing Activities	(1,478,408)	(2,204,831)	(3,683,239)
Cash Flows from Investing Activities			
Interest received on investments	3,289	9,572	12,861
Net Cash Provided by Investing Activities	3,289	9,572	12,861
<i>Net Increase in Cash and Cash Equivalents</i>	283,905	195,661	479,566
Cash and Cash Equivalents, Beginning of year	1,060,749	2,955,881	4,016,630
Cash and Cash Equivalents, End of year	1,344,654	3,151,542	4,496,196
Less Restricted Cash and Cash Equivalents	811,434	1,786,065	2,597,499
Unrestricted Cash and Cash Equivalents	\$ 533,220	\$ 1,365,477	\$ 1,898,697

See accompanying notes to the financial statements.

City of Republic

Statement of Cash Flows – Proprietary Fund

Year Ended December 31, 2021

	Enterprise Funds		
	Water Fund	Sewer Fund	Total
Reconciliation of Operating Income to Net Cash Provided by Operating Activities			
Operating income	\$ 414,339	\$ 963,044	\$ 1,377,383
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	256,732	667,967	924,699
(Increase) decrease in			
Utilities receivable	7,474	(43,796)	(36,322)
Other receivable	8,388	7,727	16,115
Prepaid expense	14,142	1,173	15,315
Deferred pension outflows	12,851	15,473	28,324
Increase (decrease) in			
Accounts payable	(15,411)	(185,636)	(201,047)
Accrued expenses	(683)	(14,554)	(15,237)
Utility deposits payable	38,475	(150)	38,325
Deferred pension inflows	115,505	139,079	254,584
Net pension liability	(142,631)	(171,743)	(314,374)
Compensated absences	(1,045)	9,780	8,735
Net Cash Provided by Operating Activities	\$ 708,136	\$ 1,388,364	\$ 2,096,500

See accompanying notes to the financial statements.

City of Republic

Notes to the Financial Statements

December 31, 2021

1. Summary of Significant Accounting Policies

The City of Republic, Missouri, (the City) was incorporated in 1871, under the provisions of the State of Missouri. The City operates under a Mayor-City Council form of government. The City provides the following services as authorized by its charter: public safety (police and fire), streets, culture-recreation, public improvements, planning, and general administrative services. Other services include water and sewer operations.

The accounting policies of the City conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the more significant policies.

Financial Reporting Entity

The City is organized under the laws of the State of Missouri and is a primary government, which is governed by an elected City Council. As required by accounting principles generally accepted in the United States of America, the City has evaluated the criteria to determine whether any other entity meets the definition of a component unit and must be included in these financial statements. The City has determined that no other outside entity meets the above criteria and therefore, no other entity has been included as a component unit in the financial statements. In addition, the City is not aware of any entity for which the City would be considered as a component unit of that entity.

Government-Wide and Fund Financial Statements

The basic financial statements include both the government-wide (the Statement of Net Position and the Statement of Activities) and fund financial statements.

Government-Wide Financial Statements

The government-wide statements display information about the government as a whole. Interfund activity has been eliminated from these statements to minimize the duplication of internal activities. Governmental activities, which are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely on fees and charges for services for support.

In the government-wide Statement of Net Position, both the governmental and business-type activities are consolidated and presented on the full accrual, economic resources basis of accounting. The consolidated presentation incorporates long-term assets and receivables as well as long-term debt and obligations, and it provides information to improve analysis and comparability.

The government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each function of the City's governmental and business-type activities. Direct expenses are those that are specifically associated with a program or a function. Program revenues include charges for goods or services offered by the programs and grants and contributions that are restricted to meet operating and capital expenses of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

Separate fund financial statements report information on the City's governmental and proprietary funds. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column.

City of Republic

Notes to the Financial Statements

December 31, 2021

Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. Consequently, the emphasis on near-term inflows and outflows of resources do not present the long-term impact of transactions. Conversely, the proprietary fund statements incorporate the accrual basis of accounting and focus on the change in total economic resources. This presentation records long-term assets and liabilities, and recognizes revenues and expenses when transactions occur, regardless of their impact on the flow of cash. Since the accounting differs significantly between the governmental funds and the proprietary funds, it is necessary to convert the governmental fund data to arrive at the government-wide financial statements. Therefore, reconciliations have been provided following the Governmental Funds Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balance identifying categories that required conversion from the fund statements.

The City reports the following major governmental funds:

General Fund: The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Street Fund: The Street Fund is a special revenue fund used to account for resources restricted, committed or assigned for street maintenance, improvements and indebtedness.

Stormwater Fund: The Stormwater Fund is a special revenue fund used to account for resources restricted, committed or assigned for stormwater maintenance, improvements and indebtedness.

Fire Sales Tax Fund: The Fire Sales Tax Fund is a special revenue fund used to account for resources restricted, committed or assigned for the purpose of funding fire department operations.

Park Fund: The Park Fund is a special revenue fund used to account for resources restricted, committed or assigned for the operations of the City parks.

Capital Improvement Sales Tax Fund: The Capital Improvement Sales Tax Fund is a special revenue fund used to account for resources restricted, committed or assigned for capital improvements to the City.

Major Grant Fund: The Major Grant Fund is used to account for resources received and expensed through major grants.

Capital Project Fund: The Capital Project Fund is used to account for acquisition or construction of major capital assets and other capital outlay.

Debt Service Fund: The Debt Service Fund accounts for resources that are restricted, committed, or assigned for the retirement of principal, interest, and related costs.

The City reports the following major proprietary funds:

Water Fund: The Water Fund accounts for the activities and capital improvements of the City's water operations.

Sewer Fund: The Sewer Fund accounts for the activities and capital improvements of the City's sewer operations.

City of Republic

Notes to the Financial Statements

December 31, 2021

Capital Assets

Capital assets include land, buildings, improvements, equipment, and infrastructure assets (e.g., roads, bridges, storm sewers, and similar items) and are included in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets, excluding land, are defined by the City as assets with a cost of \$5,000 or greater and an estimated useful life of at least one year. All land purchases are capitalized regardless of cost. All purchased fixed assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Historically, governmental infrastructure assets have not been capitalized and reported in the financial statements. In conformity with GASB 34, infrastructure, such as streets and storm sewers, has been capitalized. Additionally, the City elected to depreciate its infrastructure assets. Depreciation is provided in amounts sufficient to relate the cost of the depreciable assets to operations over their estimated service lives on the straight-line basis. The service lives by type of asset are as follows:

Distribution systems	20-50 years
Buildings and improvements	40 years
Infrastructure	20-40 years
Machinery and equipment	5-10 years
Vehicles	5 years

Expenditures for maintenance and repairs are charged to expense; renewals and betterments are capitalized.

Pooled Cash and Cash Equivalents

The City pools cash resources of its various funds in order to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the pooled cash account is available to meet current operating requirements. For purposes of the statement of cash flows, cash equivalents are defined as deposits available on demand or with an original maturity of less than three months at the time of purchase.

Fair Value

The fair value measurement and disclosure framework provides for a fair value hierarchy that gives highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. There have been no significant changes from the prior year in the methodologies used to measure fair value. The levels of the fair value hierarchy are described below:

Level 1: Inputs using quoted prices in active markets for identical assets or liabilities

Level 2: Inputs using significant other observable inputs including quoted prices for similar assets or liabilities

Level 3: Inputs are significant unobservable inputs

City of Republic

Notes to the Financial Statements

December 31, 2021

Revenue Recognition – Property Taxes

Real estate property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on November 1 and are due and payable at that time. All unpaid taxes levied November 1 become delinquent after December 31 of that year.

Compensated Absences

Employees earn vacation time based on the number of years' service to the City. Outstanding vacation leave is payable upon termination of employment. Upon separation from the City's service, an employee is not entitled to receive payment for any accrued and unused sick leave. Compensated absences are recorded as a liability in the Statement of Net Position.

Use of 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 and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and services. All other revenues and expenses are considered nonoperating.

Program Revenues

In the Statement of Activities, revenues that are derived directly from each activity or from parties outside the City's taxpayers are reported as program revenues. These include 1) charges for city court fines, licenses and permits, planning and zoning services, parks and recreation services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. All other governmental revenues are reported as general. All taxes are classified as general revenues, even if restricted for a specific purpose.

Net Position

In the government-wide and proprietary fund financial statements, net position is displayed in three components as follows:

Net Investment in Capital Assets: This consists of capital assets, net of accumulated depreciation, less the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted: This consists of net position that is legally restricted by outside parties or by law through constitutional provisions or enabling legislation.

Unrestricted: This consists of net position that does not meet the definition of restricted or net investment in capital assets.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the City first applies restricted net position.

City of Republic

Notes to the Financial Statements

December 31, 2021

Fund Balance Classification

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on constraints imposed on the use of these resources as follows:

Nonspendable fund balance: This classification includes amounts that cannot be spent because they are either a) not in spendable form or b) legally or contractually required to be maintained intact.

Restricted fund balance: This classification reflects the constraints imposed on resources either a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance: These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions of the City Council – the government’s highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the Council removes the specified use by taking the same type of action imposing the commitment.

Assigned fund balance: This classification reflects the amounts constrained by the City’s “intent” to be used for specific purposes, but are neither restricted nor committed. Assigned fund balances include all remaining amounts (except negative balances) that are reported in the governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned fund balance: This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

In circumstances when a disbursement is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned, and unassigned.

Bond Premium

Bond premiums are deferred and amortized over the term of the bonds using the straight-line method, which approximates the effective interest method.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. Currently, the City has one item that qualifies for reporting in this category, deferred amounts relating to the pension plan.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Currently, the City has three items that qualify for reporting in this category, deferred amounts relating to the pension plan on the Statement of Net Position and deferred amounts related to deferred taxes and developer escrow on the Balance Sheet. These amounts are recognized as an inflow of resources in the period that the amounts become available.

City of Republic

Notes to the Financial Statements

December 31, 2021

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and 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.

2. Cash & Cash Equivalents

State statutes require that the City's deposits be insured or collateralized in the name of the City by the trust department of a bank that does not hold the collateralized deposits. As of December 31, 2021, all bank balances on deposit are entirely insured or collateralized.

3. Restricted Assets

Business-Type Activities

The 2001C Combined Waterworks and Sewerage System Revenue Bonds ordinance established amounts required to be deposited in certain sinking and reserve funds. All required deposits to these funds have been made. These special reserves consist of cash and investments and are reported in the accompanying balance sheet as restricted cash and investments and restricted net position. Restricted assets also include cash restricted for customer deposits, equipment reserves, impact fees, and operating reserves. These restrictions are as follows:

	Restricted Cash and Cash Equivalents	Restricted Net Position
Water Fund		
Equipment reserves	\$ 38,118	\$ -
Impact fees	249,418	-
Operating reserves	38,167	-
Customer Deposits	485,731	-
	<u>\$ 811,434</u>	<u>\$ -</u>
Sewer Fund		
Equipment reserves	\$ 19,059	\$ -
Impact fees	745,425	-
Operating reserves	797,226	-
Customer deposits	224,355	-
	<u>\$ 1,786,065</u>	<u>\$ -</u>

City of Republic

Notes to the Financial Statements

December 31, 2021

Governmental Activities

Cash, investments and net position have been restricted as follows:

	<u>Restricted Cash and Cash Equivalents</u>	<u>Restricted Fund Balance / Net Position</u>
General Fund		
Police equipment reserves	\$ 20,000	\$ -
Fire equipment reserves	20,000	-
Court bonds	6,015	-
Police evidence	37,543	-
Impact fees	19,180	-
Operating reserves	121,679	-
	<u>\$ 224,417</u>	<u>\$ -</u>
Street Fund		
Operating reserves	<u>\$ 43,803</u>	<u>\$ -</u>
Parks and Recreation Fund		
Operating reserves	<u>\$ 40,000</u>	<u>\$ -</u>
Capital Projects Fund		
Developer escrow	<u>\$ 436,266</u>	<u>\$ -</u>
Major Grants Fund		
Grant funding	<u>\$ 1,500,356</u>	<u>\$ 221,116</u>
Debt Service Fund		
Debt service	<u>\$ 259,955</u>	<u>\$ 259,955</u>

City of Republic

Notes to the Financial Statements

December 31, 2021

4. Accounts Receivable

Accounts receivable are presented net of an allowance for doubtful accounts as follows:

	Accounts Receivable	Allowance	Net Accounts Receivable
Ad Valorem Taxes Receivable			
General Fund	\$ 815,999	\$ (9,824)	\$ 806,175
Street Fund	115,262	(2,644)	112,618
Parks and Recreation Fund	224,451	(1,511)	222,940
	<u>\$ 1,155,712</u>	<u>\$ (13,979)</u>	<u>\$ 1,141,733</u>
Franchise Taxes Receivable			
General Fund	<u>\$ 139,114</u>	<u>\$ -</u>	<u>\$ 139,114</u>
Other Receivable			
General Fund	\$ 37,821	\$ -	\$ 37,821
Street Fund	17,351	-	17,351
	<u>\$ 55,172</u>	<u>\$ -</u>	<u>\$ 55,172</u>
Utilities Receivable			
Water Fund	\$ 332,173	\$ -	\$ 332,173
Waste Water Fund	854,057	-	854,057
	<u>\$ 1,186,230</u>	<u>\$ -</u>	<u>\$ 1,186,230</u>
Sales Tax Receivable			
General Fund	\$ 726,123	\$ -	\$ 726,123
Street Fund	353,411	-	353,411
Fire Sales Tax Fund	88,351	-	88,351
Parks and Recreation Fund	353,411	-	353,411
Capital Improvement Sales Tax Fund	176,706	-	176,706
	<u>\$ 1,698,002</u>	<u>\$ -</u>	<u>\$ 1,698,002</u>
Intergovernmental Receivable			
General Fund	<u>\$ 44,562</u>	<u>\$ -</u>	<u>\$ 44,562</u>

5. Long-Term Liabilities – Governmental Activities

The governmental activities long-term liabilities at December 31, 2021, consists of the 2017 Special Obligation Refunding Bonds, the 2006 MAMU lease, the 2007 Certificates of Participation, three capital leases, and compensated absences payable.

City of Republic

Notes to the Financial Statements

December 31, 2021

Series 2017 Special Obligation Refunding Bonds

On October 19, 2017, the City issued \$4,080,000 in Special Obligation Refunding Bonds for the purpose of refunding the Series 2010 and a portion of the Series 2011 Special Obligation Bonds. 97.68% of the Special Obligation Bonds was recorded as long-term debt within the governmental activities and 2.32% was recorded as long-term debt within the business-type activities. The bonds bear interest ranging from 2.0% to 3.0% with principal payments due May 1 and interest payments due November 1 and May 1 each year. The bond purchase agreement calls for all bonds to be purchased by a sole purchaser who will then offer them for sale to the public. The bonds may not be called for redemption under the provisions outlined in the bond ordinance. In the event of default, Bond Owners of not less than 10% may take such actions as may be necessary, such as seeking mandamus or specific performance, to cause the City to comply with its obligations under the agreement.

The annual debt service requirements to amortize the principal on the bonds outstanding at December 31, 2021, are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 770,000	\$ 25,500	\$ 795,500
2023	130,000	12,000	142,000
2024	135,000	8,025	143,025
2025	200,000	3,000	203,000
	<u>\$ 1,235,000</u>	<u>\$ 48,525</u>	<u>\$ 1,283,525</u>
Governmental Activities	\$ 1,229,200		
Business-Type Activities	5,800		
	<u>\$ 1,235,000</u>		

Capital Lease Agreement – 2006 MAMU

In February 2007, the City entered into a lease purchase agreement with Missouri Association of Municipal Utilities to finance the construction of the addition and renovation of Fire Station No. 1 and the acquisition of related furnishings and equipment in the amount of \$992,000. The lease requires various monthly payments with interest at 4.0%. In the event of default, the Lessor may terminate the lease, retake possession of the property, lease or sublease the property with the Lessee remaining liable for the remaining lease payments, declare all lease payments immediately due and payable for the remainder of the current fiscal year, or take whatever action at law or in equity deemed necessary.

City of Republic

Notes to the Financial Statements

December 31, 2021

The following is a schedule of future minimum lease payments under the lease agreement (assuming noncancellation):

Year Ending December 31,	Direct Borrowing		
	Principal	Interest	Total
2022	\$ 47,000	\$ 21,277	\$ 68,277
2023	48,000	19,360	67,360
2024	48,000	17,440	65,440
2025	48,000	15,520	63,520
2026	48,000	13,600	61,600
2027	56,000	11,587	67,587
2028	60,000	9,220	69,220
2029	60,000	6,820	66,820
2030	60,000	4,420	64,420
2031	66,000	1,970	67,970
2032	12,000	60	12,060
	<u>\$ 553,000</u>	<u>\$ 121,274</u>	<u>\$ 674,274</u>

Series 2007 Certificates of Participation

In March 2007, the City issued \$1,800,000 in Certificates of Participation for the purpose of acquiring, constructing, furnishing, and equipping Fire Station No. 2. The Certificates of Participation bear interest at 3.25% with monthly payments of \$9,201 due on the first of each month. In the event of default, the Lessor may terminate the lease, retake possession of the property, lease or sublease the property with the Lessee remaining liable for the remaining lease payments, or take whatever action at law or in equity deemed necessary.

The annual debt service requirements to amortize the principal on the certificates outstanding at December 31, 2021, are as follows:

Year Ending December 31,	Direct Borrowing		
	Principal	Interest	Total
2022	\$ 77,613	\$ 25,097	\$ 102,710
2023	79,704	23,006	102,710
2024	81,791	20,919	102,710
2025	84,055	18,655	102,710
2026	86,320	16,390	102,710
2027	88,645	14,065	102,710
2028	90,999	11,711	102,710
2029	93,485	9,225	102,710
2030	96,004	6,706	102,710
2031	98,590	4,120	102,710
2032	101,239	1,471	102,710
	<u>\$ 978,445</u>	<u>\$ 151,365</u>	<u>\$ 1,129,810</u>

City of Republic

Notes to the Financial Statements

December 31, 2021

Capital Lease Agreement – Aerial Fire Truck

In June 2017, the City entered into a lease purchase agreement to finance the purchase of a 2017 Rosenbauer Firetruck in the amount of \$713,000. The lease requires semi-annual payments of \$44,128 with interest at 2.29%. In the event of default, the Lessor may declare all lease payments immediately due and payable, retake possession of the property, lease or sublease the property with the Lessee remaining liable for the remaining lease payments, or take whatever action at law or in equity deemed necessary.

The following is a schedule of future minimum lease payments under the lease agreement (assuming noncancellation):

Year Ending December 31,	Direct Borrowing		
	Principal	Interest	Total
2022	\$ 79,662	\$ 8,594	\$ 88,256
2023	81,486	6,769	88,255
2024	83,352	4,903	88,255
2025	85,261	2,995	88,256
2026	46,539	1,042	47,581
	\$ 376,300	\$ 24,303	\$ 400,603

Capital Lease Agreement – Komatsu Dozer & Excavator

In April 2021, the City entered into a lease purchase agreement to finance the purchase of a 2016 Komatsu Dozer and a 2018 Komatsu Excavator in the amount of \$203,630. 33.33% of the lease purchase agreement was recorded as long-term debt within the governmental activities and 66.67% was recorded as long-term debt within the business-type activities. The lease requires monthly payments of \$4,367 with interest at 1.4%. In the event of default, the Lessor may declare all lease payments immediately due and payable, retake possession of the property, lease or sublease the property with the Lessee remaining liable for the remaining lease payments, or take whatever action at law or in equity deemed necessary.

The following is a schedule of future minimum lease payments under the lease agreement (assuming noncancellation):

Year Ending December 31,	Direct Borrowing		
	Principal	Interest	Total
2022	\$ 50,305	\$ 2,093	\$ 52,398
2023	51,024	1,374	52,398
2024	51,750	648	52,398
2025	17,414	52	17,466
	\$ 170,493	\$ 4,167	\$ 174,660
	Governmental Activities	\$ 56,831	
	Business-Type Activities	113,662	
		\$ 170,493	

City of Republic

Notes to the Financial Statements

December 31, 2021

Capital Lease Agreement – Sawyer Park Land

In September 2021, the City entered into a lease purchase agreement to finance the purchase of land in the amount of \$2,000,000. The lease requires annual payments of \$1,000,000 no interest. In the event of default, the Lessor may declare all lease payments immediately due and payable.

The following is a schedule of future minimum lease payments under the lease agreement (assuming noncancellation):

Year Ending December 31,	Direct Borrowing		
	Principal	Interest	Total
2022	\$ 1,000,000	\$ -	\$ 1,000,000
2023	1,000,000	-	1,000,000
	<u>\$ 2,000,000</u>	<u>\$ -</u>	<u>\$ 2,000,000</u>

The following table is a summary of the changes in the Long-Term Liabilities – Governmental Activities for the year ended December 31, 2021:

	Balance December 31, 2020	Additions	Retirements	Balance December 31, 2021	Amounts Due Within One Year
Direct Borrowings					
Capital Leases Payable					
2006 MAMU	\$ 589,000	\$ -	\$ 36,000	\$ 553,000	\$ 47,000
2007 Certificates of Participation	1,054,022	-	75,577	978,445	77,613
2021 Promissory Note	-	2,000,000	-	2,000,000	1,000,000
Aerial Fire Trucks	453,147	-	76,847	376,300	79,662
Equipment Lease	-	67,877	11,046	56,831	50,305
Bonds Payable					
Series 2017 Refunding Bonds	2,069,248	-	840,048	1,229,200	752,136
Premium on Series 2017 issuance	54,394	-	12,553	41,841	-
	<u>2,123,642</u>	<u>-</u>	<u>852,601</u>	<u>1,271,041</u>	<u>752,136</u>
Compensated Absences	365,533	36,995	-	402,528	-
	<u>\$ 4,585,344</u>	<u>\$ 2,104,872</u>	<u>\$ 1,052,071</u>	<u>\$ 5,638,145</u>	<u>\$ 2,006,716</u>

City of Republic

Notes to the Financial Statements

December 31, 2021

6. Long-Term Liabilities – Business-Type Activities

The business-type activities long-term liabilities at December 31, 2021 consists of the 2017 Refunding Bonds, the 2006 MAMU lease, one capital lease, and compensated absences payable.

Series 2017 Special Obligation Refunding Bonds

On October 19, 2017, the City issued \$4,080,000 in Special Obligation Refunding Bonds for the purpose of refunding the Series 2010 and a portion of the Series 2011 Special Obligation Bonds. 97.68% of the Special Obligation Bonds was recorded as long-term debt within the governmental activities and 2.32% was recorded as long-term debt within the business-type activities. The bonds bear interest ranging from 2.0% to 3.0% with principal payments due May 1 and interest payments due November 1 and May 1 each year. The bond purchase agreement calls for all bonds to be purchased by a sole purchaser who will then offer them for sale to the public. The bonds may not be called for redemption under the provisions outlined in the bond ordinance. In the event of default, Bond Owners of not less than 10% may take such actions as may be necessary, such as seeking mandamus or specific performance, to cause the City to comply with its obligations under the agreement. See Note 5 for payment schedule.

Capital Lease Agreement – 2006 MAMU lease

In December 2006, the City entered into a lease purchase agreement with Missouri Association of Municipal Utilities to finance the extension of the water and sanitary sewer system lines and the construction of a new well and elevated water storage tank in the amount of \$7,865,000. The lease requires various monthly payments with interest at 3.975%. In the event of default, the Lessor may terminate the lease, retake possession of the property, lease or sublease the property with the Lessee remaining liable for the remaining lease payments, declare all lease payments immediately due and payable for the remainder of the current fiscal year, or take whatever action at law or in equity deemed necessary.

The following is a schedule of future minimum lease payments under the lease agreements (assuming noncancellation):

Year Ending December 31,	Direct Borrowing		
	Principal	Interest	Total
2022	\$ 342,000	\$ 162,448	\$ 504,448
2023	357,000	148,566	505,566
2024	376,000	134,037	510,037
2025	392,000	118,800	510,800
2026	412,000	102,853	514,853
2027	430,000	86,158	516,158
2028	450,000	68,698	518,698
2029	472,000	50,426	522,426
2030	494,000	31,273	525,273
2031	517,000	11,210	528,210
	\$ 4,242,000	\$ 914,469	\$ 5,156,469
Water Fund	\$ 2,036,160		
Sewer Fund	2,205,840		
	\$ 4,242,000		

City of Republic

Notes to the Financial Statements

December 31, 2021

Capital Lease Agreement – Komatsu Dozer & Excavator

In April 2021, the City entered into a lease purchase agreement to finance the purchase of a 2016 Komatsu Dozer and a 2018 Komatsu Excavator in the amount of \$203,630. 33.33% of the lease purchase agreement was recorded as long-term debt within the governmental activities and 66.67% was recorded as long-term debt within the business-type activities. The lease requires monthly payments of \$4,367 with interest at 1.4%. In the event of default, the Lessor may declare all lease payments immediately due and payable, retake possession of the property, lease or sublease the property with the Lessee remaining liable for the remaining lease payments, or take whatever action at law or in equity deemed necessary. See Note 5 for payment schedule.

The following table is a summary of the changes in the Long-Term Liabilities – Business-Type Activities for the year ended December 31, 2021:

	Balance December 31, 2020	Additions	Retirements	Balance December 31, 2021	Amounts Due Within One Year
Water Fund					
Direct Borrowings					
Capital Leases Payable					
2006 MAMU	\$ 2,193,120	\$ -	\$ 156,960	\$ 2,036,160	\$ 164,160
Equipment Lease	-	67,877	11,046	56,831	16,769
Bonds Payable					
Series 2017 Refunding Bonds	25,752	-	19,952	5,800	5,800
Compensated Absences	72,421	-	1,045	71,376	-
	<u>2,291,293</u>	<u>67,877</u>	<u>189,003</u>	<u>2,170,167</u>	<u>186,729</u>
Sewer Fund					
Direct Borrowings					
Capital Leases Payable					
2006 MAMU	2,375,880	-	170,040	2,205,840	177,840
Equipment Lease	-	67,877	11,046	56,831	16,769
Direct Placements					
Bonds Payable					
Compensated Absences	13,136	9,780	-	22,916	-
	<u>2,389,016</u>	<u>77,657</u>	<u>181,086</u>	<u>2,285,587</u>	<u>194,609</u>
	<u>\$ 4,680,309</u>	<u>\$ 145,534</u>	<u>\$ 370,089</u>	<u>\$ 4,455,754</u>	<u>\$ 381,338</u>

City of Republic

Notes to the Financial Statements

December 31, 2021

7. Capital Assets

Capital asset activity for the year ended December 31, 2021, was as follows:

	Balance December 31, 2020	Additions	Deletions	Balance December 31, 2021
Governmental Activities				
Non-depreciable Capital Assets				
Land	\$ 2,437,724	\$ 3,914,673	\$ -	\$ 6,352,397
Construction in progress	37,103	415,843	276,046	176,900
Total Non-Depreciable Capital Assets	2,474,827	\$ 4,330,516	\$ 276,046	6,529,297
Depreciable Capital Assets				
Building and improvements	17,795,492	\$ 624,768	\$ -	18,420,260
Machinery and equipment	2,098,100	134,104	27,948	2,204,256
Vehicles	4,073,018	422,369	117,218	4,378,169
Infrastructure	10,253,062	3,302,912	-	13,555,974
Total Depreciable Capital Assets	34,219,672	\$ 4,484,153	\$ 145,166	38,558,659
Less Accumulated Depreciation				
Building and improvements	6,601,227	\$ 448,138	\$ -	7,049,365
Machinery and equipment	1,335,187	170,379	15,371	1,490,195
Vehicles	2,299,601	263,330	110,262	2,452,669
Infrastructure	1,806,289	318,901	-	2,125,190
Total Accumulated Depreciation	12,042,304	\$ 1,200,748	\$ 125,633	13,117,419
Total Depreciable Capital Assets, net	22,177,368			25,441,240
Total Capital Assets - Governmental Activities, net	\$ 24,652,195			\$ 31,970,537

City of Republic

Notes to the Financial Statements

December 31, 2021

Depreciation expense for governmental activities was charged to functions as follows:

Administrative	\$ 33,170
Police	163,986
Fire	222,883
Court	4,540
Streets and Stormwater	355,343
Planning	12,115
Parks	358,350
Emergency Management	20,820
Animal Control	29,542
	<u>\$ 1,200,749</u>

City of Republic

Notes to the Financial Statements

December 31, 2021

	Balance December 31, 2020	Additions	Deletions	Balance December 31, 2021
Business-Type Activities				
Water				
Depreciable Capital Assets				
Water plant	\$ 8,646,241	\$ 880,349	\$ -	\$ 9,526,590
Buildings and improvements	78,177	284,944	-	363,121
Major moveable equipment	289,374	95,683	-	385,057
Vehicles	394,532	-	-	394,532
Total Depreciable Capital Assets	9,408,324	\$ 1,260,976	\$ -	10,669,300
Less Accumulated Depreciation				
Water plant	3,319,407	\$ 173,913	\$ -	3,493,320
Buildings and improvements	50,616	3,851	-	54,467
Major moveable equipment	147,931	39,247	-	187,178
Vehicles	331,149	39,721	-	370,870
Total Accumulated Depreciation	3,849,103	\$ 256,732	\$ -	4,105,835
Total Depreciable Capital Assets, net	5,559,221			6,563,465
Sewer				
Non-depreciable Capital Assets				
Land	270,670	\$ -	\$ -	270,670
Construction in progress	226,433	882,205	-	1,108,638
Total Non-depreciable Capital Assets	497,103	\$ 882,205	\$ -	1,379,308
Depreciable Capital Assets				
Sewer plant	27,510,686	\$ 1,204,871	\$ -	28,715,557
Major moveable equipment	808,892	105,388	-	914,280
Vehicles	479,836	-	-	479,836
Total Depreciable Capital Assets	28,799,414	\$ 1,310,259	\$ -	30,109,673
Less Accumulated Depreciation				
Sewer plant	10,345,149	\$ 566,642	\$ -	10,911,791
Major moveable equipment	348,858	62,171	-	411,029
Vehicles	422,941	39,154	-	462,095
Total Accumulated Depreciation	11,116,948	\$ 667,967	\$ -	11,784,915
Total Depreciable Capital Assets, net	17,682,466			18,324,758
Total Capital Assets - Business-Type Activities, net	\$ 23,738,790			\$ 26,267,531

City of Republic

Notes to the Financial Statements

December 31, 2021

8. Assessed Valuation, Tax Levy, & Legal Debt Margin

The assessed valuation of the tangible property and the tax levy per \$100 assessed valuation of that property were as follows:

	2021
Assessed Valuation	
Real estate	\$ 246,449,866
Personal property	32,710,706
Total	\$ 279,160,572
 Tax Rate Per \$100 of Assessed Valuation	
General Fund	\$.4095
Park Fund	.1104
Street Fund	.0630
	\$.5829

The legal debt margin at December 31, 2021, was computed as follows:

	General Obligation Bonds		
	Ordinary (1)	Additional (2)	Total
Constitutional Debt Limit	\$ 27,916,057	\$ 27,916,057	\$ 55,832,114
General Obligation Bonds Payable	-	-	-
Amount Available in Debt Service Fund	259,955	-	259,955
Legal Debt Margin	\$ 28,176,012	\$ 27,916,057	\$ 56,092,069

(1) Under Article VI, Section 26(b) and (c), Missouri Constitution, the City, by a vote of its qualified electors voting therein, may incur an indebtedness for any purposes authorized in the charter of the City or by any general law of the State of Missouri. The borrowings authorized by this section shall not exceed ten percent of the value of the taxable tangible property in the City.

(2) Under Article VI, Section 26(d) and (e), Missouri Constitution, the City, by a vote of its qualified electors voting therein, may become indebted not exceeding in the aggregate an additional ten percent for the purpose of acquiring rights-of-way, construction, extending, and improving streets and avenues, and/or sanitary or storm sewer systems; and purchasing or constructing waterworks, electric or other light plants, provided that the total general obligation indebtedness of the City does not exceed twenty percent of the value of the taxable tangible property in the City.

9. Employee Pension Plan

General Information about the Pension Plan

Plan Description. The City's defined benefit pension plan provides certain retirement, disability and death benefits to plan members and beneficiaries. The City 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

City of Republic

Notes to the Financial Statements

December 31, 2021

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 the employer, 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 (55 for police and fire) 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 (50 for police and fire) and receive a reduced allowance.

2021 Valuation	
Benefit multiplier	1.25% for life
Final average salary	3 years
Member contributions	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, 2021, the following employees were covered by the benefit terms:

	General Division	Police Division	Fire Division	Total
Inactive employees or beneficiaries currently receiving benefits	34	6	4	44
Inactive employees entitled to but not yet receiving benefits	26	20	11	57
Active employees	71	19	16	106
	131	45	31	207

Contributions. The City 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 City contribute 0% of gross pay to the pension plan. The City’s contribution rates are 13.3% for General, 15.0% for Police, and 12.6% for Fire of annual covered payroll.

Net Pension Liability. The City’s net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of February 28, 2021.

City of Republic

Notes to the Financial Statements

December 31, 2021

Actuarial Assumptions. The total pension liability in the February 28, 2021, 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 inflation for the General Division 2.75% to 6.55% including inflation for the Police Division 2.75% to 7.15% including inflation for the Fire Division
Investment rate of return	7.00% net of investment and administrative expenses

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 Retiree Mortality Table for males and females. The pre-retirement mortality tables 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

The actuarial assumptions used in the February 28, 2021, valuation were based on the results of an actuarial experience study for the period March 1, 2010, through February 28, 2015.

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 expenses and inflation) are 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 estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Weighted Average 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 7.00%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and 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

City of Republic

Notes to the Financial Statements

December 31, 2021

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.

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Pension (b)	Net Pension Liability (a) - (b)
General Division			
Balance at beginning of year	\$ 7,041,431	\$ 4,782,802	\$ 2,258,629
Changes for the year			
Service cost	253,051	-	253,051
Interest	511,988	-	511,988
Difference between expected and actual experiences	138,552	-	138,552
Changes of assumptions	(118,809)	-	(118,809)
Contributions - employer	-	478,348	(478,348)
Contributions - employee	-	26	(26)
Net investment income	-	1,440,507	(1,440,507)
Benefits paid, including refunds	(211,380)	(211,380)	-
Administrative expenses	-	(11,201)	11,201
Other (net transfer)	-	19,401	(19,401)
<i>Net Changes</i>	<u>573,402</u>	<u>1,715,701</u>	<u>(1,142,299)</u>
Balance at end of year	<u>7,614,833</u>	<u>6,498,503</u>	<u>1,116,330</u>

City of Republic

Notes to the Financial Statements

December 31, 2021

	Increase (Decrease)		
	Total Pension Liability (Asset) (a)	Plan Fiduciary Net Pension (b)	Net Pension Liability (Asset) (a) - (b)
Police Division			
Balance at beginning of year	1,923,067	1,162,534	760,533
Changes for the year			
Service cost	77,237	-	77,237
Interest	140,091	-	140,091
Difference between expected and actual experiences	(109,507)	-	(109,507)
Changes of assumptions	7,035	-	7,035
Contributions - employer	-	147,436	(147,436)
Net investment income	-	319,304	(319,304)
Benefits paid, including refunds	(58,465)	(58,465)	-
Administrative expenses	-	(3,290)	3,290
Other (net transfer)	-	(2,826)	2,826
<i>Net Changes</i>	56,391	402,159	(345,768)
Balance at end of year	1,979,458	1,564,693	414,765
Fire Division			
Balance at beginning of year	1,639,760	1,363,513	276,247
Changes for the year			
Service cost	89,773	-	89,773
Interest	121,165	-	121,165
Difference between expected and actual experiences	(45,494)	-	(45,494)
Changes of assumptions	(8,213)	-	(8,213)
Contributions - employer	-	116,765	(116,765)
Net investment income	-	387,615	(387,615)
Benefits paid, including refunds	(25,678)	(25,678)	-
Administrative expenses	-	(3,085)	3,085
Other (net transfer)	-	8,529	(8,529)
<i>Net Changes</i>	131,553	484,146	(352,593)
Balance at end of year	1,771,313	1,847,659	(76,346)
Total Plan Balances at end of year	\$ 11,365,604	\$ 9,910,855	\$ 1,454,749
Governmental Activities			\$ 1,097,858
Business-Type Activities			356,891
			\$ 1,454,749

City of Republic

Notes to the Financial Statements

December 31, 2021

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following present the Net Pension Liability of the City, calculated using the discount rate of 7.00%, as well as what the City's Net Pension Liability 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%
General Division			
Total Pension Liability	\$ 8,846,298	\$ 7,614,833	\$ 6,609,185
Plan Fiduciary Net Position	6,498,503	6,498,503	6,498,503
Net Pension Liability	2,347,795	1,116,330	110,682
Police Division			
Total Pension Liability	2,358,634	1,979,458	1,677,817
Plan Fiduciary Net Position	1,564,693	1,564,693	1,564,693
Net Pension Liability	793,941	414,765	113,124
Fire Division			
Total Pension Liability	2,083,810	1,771,313	1,521,813
Plan Fiduciary Net Position	1,847,659	1,847,659	1,847,659
Net Pension Liability	236,151	(76,346)	(325,846)
Total Net Pension Liability	\$ 3,377,887	\$ 1,454,749	\$ (102,040)

City of Republic

Notes to the Financial Statements

December 31, 2021

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

For the year ended December 31, 2021, the City recognized a pension expense of \$274,577 in the General Division, \$111,490 in the Police Division, and \$28,819 in the Fire Division. The City reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred (Inflows) of Resources	Net Deferred Outflows (Inflows) of Resources
General Division			
Differences in experiences	\$ 450,190	\$ (183,767)	\$ 266,423
Differences in assumptions	56,029	(112,256)	(56,227)
Excess (deficit) investment returns	-	(732,801)	(732,801)
Contributions subsequent to the measurement date*	265,828	-	265,828
	<u>772,047</u>	<u>(1,028,824)</u>	<u>(256,777)</u>
Police Division			
Differences in experiences	70,283	(102,715)	(32,432)
Differences in assumptions	6,527	-	6,527
Excess (deficit) investment returns	-	(149,287)	(149,287)
Contributions subsequent to the measurement date*	83,071	-	83,071
	<u>159,881</u>	<u>(252,002)</u>	<u>(92,121)</u>
Fire Division			
Differences in experiences	13,383	(150,050)	(136,667)
Differences in assumptions	15,822	(7,296)	8,526
Excess (deficit) investment returns	-	(187,123)	(187,123)
Contributions subsequent to the measurement date*	66,457	-	66,457
	<u>95,662</u>	<u>(344,469)</u>	<u>(248,807)</u>
Total	<u>\$ 1,027,590</u>	<u>\$ (1,625,295)</u>	<u>\$ (597,705)</u>
Governmental Activities	\$ 780,767	\$ (1,296,380)	\$ (515,613)
Business-Type Activities	246,823	(328,915)	(82,092)
	<u>\$ 1,027,590</u>	<u>\$ (1,625,295)</u>	<u>\$ (597,705)</u>

*The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized in the Net Pension Liability for the year ending December 31, 2022.

City of Republic

Notes to the Financial Statements

December 31, 2021

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

Year Ending June 30,	General Net Deferred Outflows (Inflows) of Resources	Police Net Deferred Outflows (Inflows) of Resources	Fire Net Deferred Outflows (Inflows) of Resources	Total Net Deferred Outflows (Inflows) of Resources
2022	\$ (99,383)	\$ (32,296)	\$ (66,699)	\$ (198,378)
2023	(65,298)	(29,087)	(57,986)	(152,371)
2024	(116,112)	(33,506)	(59,930)	(209,548)
2025	(219,989)	(62,716)	(75,252)	(357,957)
2026	(23,104)	(16,977)	(18,157)	(58,238)
Thereafter	1,281	(610)	(37,240)	(36,569)
Total	<u>\$ (522,605)</u>	<u>\$ (175,192)</u>	<u>\$ (315,264)</u>	<u>\$ (1,013,061)</u>

Payable to the Pension Plan

At December 31, 2021, the City had \$95,157 of contributions to the pension plan required for the year ended December 31, 2021.

10. Risk Management

The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has transferred its risk by obtaining coverage from a public self-insured insurance pool. In addition, it has effectively managed risk through various employee education and prevention programs. There has been no significant reduction in insurance coverage from the previous year.

11. Claims & Adjustments

The City participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulation, the City may be required to reimburse the grantor government. As of December 31, 2021, expenditures have not been audited by grantor governments, but the City believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual government funds or the overall financial position of the City.

City of Republic

Notes to the Financial Statements

December 31, 2021

12. Interfund Transfers

Transfers between funds of the City for the year ended December 31, 2021, were as follows:

	Transfers In (Out)
General Fund	\$ 858,354
Street Fund	(110,659)
Fire Sales Tax Fund	(88,256)
Park Fund	(973,479)
Debt Service Fund	1,006,363
Water Fund	(299,327)
Sewer Fund	(392,996)
	<u>\$ -</u>

Transfers are used to (1) move receipts from the fund that statute or budget requires to collect them to the fund that statute or budget requires to disburse them, and (2) use unrestricted receipts in the Enterprise Funds and General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

13. Deferred Taxes

Revenues from receivables not expected to be collected in time to pay current operating expenses are deferred until received in the governmental funds. These deferred taxes are to be collected over several years. All of the deferred taxes at December 31, 2021, are accounted for as follows:

General Fund	
Deferred taxes	<u>\$ 25,447</u>
Street Fund	
Deferred taxes	<u>\$ 3,913</u>
Park Fund	
Deferred taxes	<u>\$ 6,852</u>

City of Republic

Notes to the Financial Statements

December 31, 2021

14. Commitments

At December 31, 2021, the City had the following commitments:

<u>Vendor</u>	<u>Project</u>	<u>Amount</u>
Burns & McDonnell	Wastewater Treatment Plant	\$ 1,568,303
Anderson Engineering	Hines & Lynn Roundabout	149,477
Ross Construction	BUILDS Project	5,146,440
Olsson	Schuyler Trail Extension	84,906
		<u>\$ 6,949,126</u>

15. Tax Abatements

As of December 31, 2021, the City provides tax abatements through one program –The Enhanced Enterprise Zones Program.

The Enhanced Enterprise Zones Program is designed to attract new or expanding businesses to the area. Under Sections 135.950-135.970, RSMo., in order for a manufacturer, distributor, or certain service industries to qualify for the 50% tax abatement for 10 years, the business must meet certain minimum criteria depending on the type of business facility. The City of Republic, Missouri voted for the qualifying business to include manufacturing, warehousing/distributions and supply chain, wholesale trade, processing wholesale material for wholesale trade, professional services, and any other business enterprise that creates and maintains 15 or more full time jobs, defined as 35 hours per week or more, excluding retail, eating and drinking establishments, and gaming operations. New or expanded business facilities must have \$100,000 in new investment. Replacement business facilities must have \$1,000,000 in new investment. Both types of business facilities must also offer health insurance to full time employees in Missouri, of which at least 50% is paid by the employer. During the year ended December 31, 2021 the total amount abated through the City's Enhanced Enterprise Zones Program was \$39,073.

16. Subsequent Events

On February 1, 2022, the City issued \$43,020,000 in Special Obligation Bonds for the purpose of funding wastewater and public works improvements. On March 15, 2022, the City approved engaging Burns and McDonnell for services to perform wastewater treatment system and public works improvements totaling \$42,824,000. On April 5, 2022, the City approved entering into a direct loan with the Missouri Transportation Finance Commission in the amount of \$4,200,000 to finance improvements to Missouri Route MM. In April 2022, the City identified a software problem in the utility billing system that resulted in only partial usage being included on November and December sewer bills which resulted in services for those periods being underbilled. On June 7, 2022, the City approved waiving the ability to rebill affected customers for the difference and has resolved the software issue that resulted in the issue.

17. Unearned Revenue

During the year ended December 31, 2021, the City received American Rescue Plan Act funds of \$1,708,922 of which \$429,682 were expended before year end. Revenue was recognized in the amount of the grant funds expended during the fiscal year. The remaining unspent funds of \$1,279,240 have been presented as unearned revenue at December 31, 2021.

Required Supplementary Information

City of Republic

Schedule of Changes in Net Position Liability and Related Ratios Year Ended December 31, 2021

Missouri Local Government Employees Retirement System (LAGERS)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total Pension Liability							
Service Cost	\$ 420,061	\$ 425,565	\$ 409,689	\$ 402,300	\$ 389,419	\$ 354,360	\$ 301,679
Interest on the Total Pension Liability	773,244	734,452	622,751	560,802	515,897	440,338	341,126
Changes of Benefit Terms	-	-	240,005	-	-	-	873,448
Difference between expected and actual experience	(16,449)	(344,870)	511,093	205,087	12,913	139,457	(17,410)
Changes of Assumptions	(119,987)	-	-	-	(46,438)	309,808	-
Benefit Payments	(295,523)	(259,849)	(241,731)	(390,372)	(208,873)	(151,552)	(160,817)
<i>Net Change in Total Pension Liability</i>	761,346	555,298	1,541,807	777,817	662,918	1,092,411	1,338,026
Total Pension Liability, Beginning	10,604,258	10,048,960	8,507,153	7,729,336	7,066,418	5,974,007	4,635,981
Total Pension Liability, Ending	<u>\$ 11,365,604</u>	<u>\$ 10,604,258</u>	<u>\$ 10,048,960</u>	<u>\$ 8,507,153</u>	<u>\$ 7,729,336</u>	<u>\$ 7,066,418</u>	<u>\$ 5,974,007</u>
Plan Fiduciary Net Position							
Contributions - employer	\$ 742,549	\$ 725,511	\$ 580,248	\$ 442,199	\$ 421,098	\$ 378,325	\$ 348,612
Contributions - employee	26	0	124,450	185,356	187,765	179,855	180,245
Net Investment Income	2,147,426	94,547	398,106	632,274	500,611	18,844	74,200
Benefit Payments	(295,523)	(259,849)	(241,731)	(390,372)	(208,873)	(151,552)	(160,817)
Pension Plan Administrative Expense	(17,576)	(22,194)	(19,331)	(12,809)	(12,308)	(11,867)	(12,770)
Other (Net Transfer)	25,104	20,943	4,070	221,637	(66,888)	(74,047)	(25,775)
<i>Net Change in Plan Fiduciary Net Position</i>	2,602,006	558,958	845,812	1,078,285	821,405	339,558	403,695
Plan Fiduciary Net Position, Beginning	7,308,849	6,749,891	5,904,079	4,825,794	4,004,389	3,664,831	3,261,136
Plan Fiduciary Net Position, Ending	<u>9,910,855</u>	<u>7,308,849</u>	<u>6,749,891</u>	<u>5,904,079</u>	<u>4,825,794</u>	<u>4,004,389</u>	<u>3,664,831</u>
Employer Net Pension Liability	<u>\$ 1,454,749</u>	<u>\$ 3,295,409</u>	<u>\$ 3,299,069</u>	<u>\$ 2,603,074</u>	<u>\$ 2,903,542</u>	<u>\$ 3,062,029</u>	<u>\$ 2,309,176</u>
Plan fiduciary net position as a percentage of the total pension liability	87.20%	68.92%	67.17%	69.40%	62.43%	56.67%	61.35%
Covered payroll	\$ 5,406,296	\$ 5,274,968	\$ 5,334,667	\$ 4,568,579	\$ 4,718,669	\$ 4,326,663	\$ 4,011,930
Employer's net pension liability as a percentage of covered payroll	26.91%	62.47%	61.84%	56.98%	61.53%	70.77%	57.56%

This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

City of Republic

Schedule of Contributions

Year Ended December 31, 2021

Missouri Local Government Employees Retirement System (LAGERS)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Actuarially determined contribution	\$ 752,329	\$ 768,674	\$ 703,488	\$ 467,478	\$ 454,354	\$ 399,756	\$ 367,770	\$ 289,486	\$ 271,747	\$ 273,811
Contributions in relation to the actuarially determined contribution	<u>752,329</u>	<u>767,679</u>	<u>703,487</u>	<u>467,478</u>	<u>440,229</u>	<u>385,535</u>	<u>367,771</u>	<u>289,486</u>	<u>271,748</u>	<u>273,811</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ 995</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 14,125</u>	<u>\$ 14,221</u>	<u>\$ (1)</u>	<u>\$ -</u>	<u>\$ (1)</u>	<u>\$ -</u>
Covered payroll	\$ 5,574,781	\$ 5,576,497	\$ 5,255,119	\$ 4,865,670	\$ 4,650,980	\$ 4,553,397	\$ 4,394,159	\$ 4,414,900	\$ 4,488,691	\$ 4,609,723
Contributions as a percentage of covered payroll	13.50%	13.77%	13.39%	9.61%	9.47%	8.47%	8.37%	6.56%	6.05%	5.94%

City of Republic

Notes to the Schedule of Contributions

Year Ended December 31, 2021

Valuation Date: February 28, 2021

Notes: The roll-forward of total pension liability from February 28, 2021, to June 30, 2021, 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: A level percentage of payroll amortization method is used to amortize the UAAL over a closed period of years. If the UAAL (excluding the UAAL associated with benefit changes) is negative, then this amount is amortized over the greater of, (i) the remaining initial amortization period, or (ii) 15 years.

Remaining Amortization Period: Multiple bases from 10 to 24 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 inflation for the General Division

2.75% to 6.55% including inflation for the Police Division

2.75% to 7.15% for the Fire Division

Investment Rate of Return: 7.00%, net of investment and administrative expenses

Retirement Age: Experience-based table of rates that are specific to the type of eligibility condition

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 Retiree Mortality Table for males and females. The pre-retirement mortality tables 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

City of Republic

Budgetary Comparison Schedule – General Fund

Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Taxes				
Ad valorem taxes	\$ 906,049	\$ 906,049	\$ 958,011	\$ 51,962
Railroad and utility taxes	26,000	26,000	25,900	(100)
Motor vehicle tax	593,000	629,000	329,106	(299,894)
City sales tax	3,348,049	4,266,260	4,403,333	137,073
Franchise tax	840,000	840,000	764,519	(75,481)
Financial institution tax	3,200	3,531	3,531	-
Surtax	28,000	54,494	54,494	-
Payment in lieu of tax	1,833	1,833	83	(1,750)
	5,746,131	6,727,167	6,538,977	(188,190)
Licenses and Permits				
Occupational licenses	215,000	215,000	98,806	(116,194)
Permits	347,500	347,500	363,227	15,727
	562,500	562,500	462,033	(100,467)
Intergovernmental Revenues				
Federal and state grants	9,000	9,000	5,360	(3,640)
Charges for Services				
Sanitation	13,201	16,559	41,871	25,312
Fines and Forfeitures				
City court fines	293,000	293,000	176,890	(116,110)
Miscellaneous				
Interest	15,000	17,000	20,677	3,677
Donations	7,000	7,000	2,095	(4,905)
Other	76,000	132,367	123,193	(9,174)
	98,000	156,367	145,965	(10,402)
Total Revenues	6,721,832	7,764,593	7,371,096	(393,497)

See accompanying notes to the Budgetary Comparison Schedules.

City of Republic

Budgetary Comparison Schedule – General Fund

Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
Expenditures				
Current				
Administrative	2,327,003	4,431,447	4,452,296	(20,849)
Information technology	-	275,000	279,901	(4,901)
Human resources	-	250,000	255,640	(5,640)
Municipal court	195,579	195,579	156,169	39,410
Community development	602,342	602,342	556,149	46,193
Police	2,199,025	2,255,025	2,098,863	156,162
Fire	1,657,934	1,687,075	1,643,815	43,260
Animal control	161,563	161,563	165,696	(4,133)
Total Expenditures	7,143,446	9,858,031	9,608,529	249,502
<i>(Deficit) of Revenues Over Expenditures</i>	(421,614)	(2,093,438)	(2,237,433)	(143,995)
Other Financing Sources (Uses)				
Lease proceeds	-	2,000,000	2,000,000	-
Operating transfers in	1,908,675	1,917,663	1,801,674	(115,989)
Operating transfers (out)	(939,552)	(939,552)	(943,320)	(3,768)
Total Other Financing Sources (Uses)	969,123	2,978,111	2,858,354	(119,757)
<i>Excess of Revenues and Other Sources Over Expenditures and Other (Uses)</i>	547,509	884,673	620,921	(263,752)
Fund Balance, January 1	5,469,078	5,469,078	5,469,078	-
Fund Balance, December 31	\$ 6,016,587	\$ 6,353,751	\$ 6,089,999	\$ (263,752)

See accompanying notes to the Budgetary Comparison Schedules.

City of Republic

Budgetary Comparison Schedule – Street Fund

Year Ended December 31, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues				
Taxes				
Ad valorem taxes	\$ 128,029	\$ 128,029	\$ 147,395	\$ 19,366
Street sales taxes	1,408,210	1,796,643	1,879,815	83,172
Motor vehicle taxes	-	-	308,743	308,743
Railroad and utility	3,627	3,627	3,987	360
Surtax	4,318	8,387	8,388	1
	<u>1,544,184</u>	<u>1,936,686</u>	<u>2,348,328</u>	<u>411,642</u>
Permits				
Street cuts	11,023	11,023	-	(11,023)
Street signs	2,345	2,345	-	(2,345)
Right of way permits	965	965	175	(790)
	<u>14,333</u>	<u>14,333</u>	<u>175</u>	<u>(14,158)</u>
Intergovernmental Revenues				
County reimbursements	122,542	140,604	140,604	-
	<u>122,542</u>	<u>140,604</u>	<u>140,604</u>	<u>-</u>
Miscellaneous				
Interest	26,371	26,371	6,064	(20,307)
Other	5,000	252,072	257,843	5,771
	<u>31,371</u>	<u>278,443</u>	<u>263,907</u>	<u>(14,536)</u>
Total Revenues	<u>1,712,430</u>	<u>2,370,066</u>	<u>2,753,014</u>	<u>382,948</u>

See accompanying notes to the Budgetary Comparison Schedules.

City of Republic

Budgetary Comparison Schedule – Street Fund

Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
Expenditures				
Current				
Street	1,951,390	5,877,063	5,374,385	502,678
Debt Service				
Principal and interest	-	8,733	11,644	(2,911)
Total Expenditures	1,951,390	5,885,796	5,386,029	499,767
<i>(Deficit) of Revenues Over Expenditures</i>	(238,960)	(3,515,730)	(2,633,015)	882,715
Other Financing Sources (Uses)				
Developer donated infrastructure	-	2,918,733	2,918,733	-
Operating transfers in	348,600	348,600	-	(348,600)
Operating transfers (out)	(109,581)	(109,581)	(110,659)	(1,078)
Capital lease proceeds	-	-	67,877	(67,877)
Total Other Financing Sources (Uses)	239,019	3,157,752	2,875,951	(417,555)
<i>Excess (Deficit) of Revenues and Other Sources Over Expenditures and Other (Uses)</i>	59	(357,978)	242,936	465,160
Fund Balance, January 1	1,925,390	1,925,390	1,925,390	-
Fund Balance, December 31	\$ 1,925,449	\$ 1,567,412	\$ 2,168,326	\$ 465,160

See accompanying notes to the Budgetary Comparison Schedules.

City of Republic

Budgetary Comparison Schedule – Stormwater Fund

Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Miscellaneous	\$ 800	\$ 800	\$ 2,029	\$ 1,229
Total Revenues	800	800	2,029	1,229
Expenditures				
Current				
Stormwater	180,000	180,000	95,826	84,174
Total Expenditures	180,000	180,000	95,826	84,174
<i>(Deficit) of Revenues Over Expenditures</i>	(179,200)	(179,200)	(93,797)	85,403
Fund Balance, January 1	702,532	702,532	702,532	-
Fund Balance, December 31	\$ 523,332	\$ 523,332	\$ 608,735	\$ 85,403

See accompanying notes to the Budgetary Comparison Schedules.

City of Republic

Budgetary Comparison Schedule – Fire Sales Tax Fund

Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Fire sales tax	\$ 366,135	\$ 448,635	\$ 469,938	\$ 21,303
Miscellaneous	700	700	2,446	1,746
Total Revenues	366,835	449,335	472,384	23,049
Expenditures				
Current				
Fire	457,815	460,901	409,761	51,140
Total Expenditures	457,815	460,901	409,761	51,140
<i>Excess (Deficit) of Revenues Over Expenditures</i>	(90,980)	(11,566)	62,623	74,189
Other Financing (Uses)				
Operating transfers (out)	-	-	(88,256)	(88,256)
Total Other Financing (Uses)	-	-	(88,256)	(88,256)
<i>(Deficit) of Revenues Over Expenditures and Other (Uses)</i>	(90,980)	(11,566)	(25,633)	(14,067)
Fund Balance, January 1	726,921	726,921	726,921	-
Fund Balance, December 31	\$ 635,941	\$ 715,355	\$ 701,288	\$ (14,067)

See accompanying notes to the Budgetary Comparison Schedules.

City of Republic

Budgetary Comparison Schedule – Park Fund

Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Taxes				
Ad valorem taxes	\$ 244,142	\$ 244,142	\$ 258,299	\$ 14,157
Sales taxes	2,158,210	2,680,610	2,742,130	61,520
Railroad and utility	7,000	7,000	6,980	(20)
Surtax	7,000	14,685	14,685	-
	2,416,352	2,946,437	3,022,094	75,657
Intergovernmental Receipts				
State grants	-	-	1,444	1,444
Charges for Services				
Rental income	216,100	219,306	118,574	(100,732)
Adult and youth programs	361,350	238,290	187,140	(51,150)
Swim lessons	17,000	19,880	21,274	1,394
Special events	152,150	152,100	103,054	(49,046)
Concession	115,000	127,057	128,570	1,513
Admissions	306,500	327,163	328,038	875
	1,168,100	1,083,796	886,650	(197,146)
Miscellaneous				
Interest	3,700	3,700	3,313	(387)
Other	2,000	2,679	2,929	250
	5,700	6,379	6,242	(137)
Total Revenues	3,590,152	4,036,612	3,916,430	(120,182)
Expenditures				
Current				
Parks and recreation	2,581,280	2,907,944	2,750,257	157,687
Total Expenditures	2,581,280	2,907,944	2,750,257	157,687
<i>Excess of Revenues Over Expenditures</i>	1,008,872	1,128,668	1,166,173	37,505
Other Financing Sources (Uses)				
Operating transfer in	75,914	75,914	63,263	(12,651)
Operating transfer (out)	(1,036,742)	(1,036,742)	(1,036,742)	-
Total Other Financing Sources (Uses)	(960,828)	(960,828)	(973,479)	(12,651)
<i>Excess of Revenues and Other Sources Over Expenditures and Other (Uses)</i>	48,044	167,840	192,694	24,854
Fund Balance, January 1	1,068,647	1,068,647	1,068,647	-
Fund Balance, December 31	\$ 1,116,691	\$ 1,236,487	\$ 1,261,341	\$ 24,854

See accompanying notes to the Budgetary Comparison Schedules.

City of Republic

Budgetary Comparison Schedule – Capital Improvement Sales Tax Fund

Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Sales tax	\$ 704,105	\$ 885,306	\$ 939,893	\$ 54,587
Intergovernmental	956,100	956,100	106,371	(849,729)
Miscellaneous	66,085	66,085	73,042	6,957
Total Revenues	1,726,290	1,907,491	1,119,306	(788,185)
Expenditures				
Current				
Capital improvements	1,501,304	1,763,020	910,047	852,973
Total Expenditures	1,501,304	1,763,020	910,047	852,973
<i>Excess of Revenues Over Expenditures</i>	224,986	144,471	209,259	64,788
Fund Balance, January 1	533,508	533,508	533,508	-
Fund Balance, December 31	\$ 758,494	\$ 677,979	\$ 742,767	\$ 64,788

See accompanying notes to the Budgetary Comparison Schedules.

City of Republic

Budgetary Comparison Schedule – Major Grant Fund

Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Intergovernmental	\$ -	\$ 1,939,207	\$ 659,967	\$ (1,279,240)
Total Revenues	-	1,939,207	659,967	(1,279,240)
Expenditures				
Special Projects	-	472,160	438,851	33,309
Total Expenditures	-	472,160	438,851	33,309
<i>Excess of Revenues Over Expenditures</i>	-	1,467,047	221,116	(1,245,931)
Fund Balance, January 1	-	-	-	-
Fund Balance, December 31	\$ -	\$ 1,467,047	\$ 221,116	\$ (1,245,931)

See accompanying notes to the Budgetary Comparison Schedules.

City of Republic

Notes to the Budgetary Comparison Schedules

Year Ended December 31, 2021

Budgets and Budgetary Accounting

The City uses the following procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to January, Administration submits to the City Council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditure plans for all fund types and the proposed means of financing them.
2. One public hearing is conducted by the City Council in late November or early December to obtain taxpayers' comments on the proposed budget and tax levy.
3. Prior to January 1, ordinances are passed by the Council, which provide for legally adopted budgets for all funds of the City.
4. The City operates on a program performance budget system, with legally adopted budgets prepared by fund, program and department. The level of budgetary control is at the department level. The City's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of City Council.
5. Formal budgetary integration is employed as a management control device for all funds of the City.
6. Budgets for the General and Special Revenue Funds are adopted on a basis consistent with GAAP. Budgeted amounts may be amended during the year by the City Council on approved budget adjustment forms.

Other Reporting Requirements



Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Honorable Mayor and City Council
City of Republic
Republic, Missouri

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, and each major fund of the City of Republic, Missouri, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City of Republic, Missouri's basic financial statements, and have issued our report thereon, dated June 10, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Republic, Missouri's internal control over financial reporting (internal control) as a basis of designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Republic, Missouri's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that were not identified.

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Republic, Missouri's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KPM CPAs, PC

KPM CPAs, PC
Springfield, Missouri
June 10, 2022

City of Republic

Schedule of Findings and Responses

Year Ended December 31, 2021

Significant Deficiency

2021-001 Segregation of duties

Condition: Because of a limited number of available personnel, it is not always possible to adequately segregate certain incompatible duties so that no one employee has access to both physical assets and the related accounting records, or to all phases of a transaction.

Criteria: Duties should be segregated so that no one employee has access to both physical assets and the related accounting records, or to all phases of a transaction.

Effect: Risk is present that errors or irregularities in amounts that would be material to the basic financial statements may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Recommendation: We realize that because of limited resources and personnel, management may not be able to achieve a proper segregation of duties; however, our professional standards require that we bring this lack of segregation of duties to your attention in this report.

Response: The limited number of available personnel prohibits segregation of incompatible duties.