

City of Republic, Missouri

Basic Financial Statements Year Ended December 31, 2023



Table of Contents

Independent Auditors' Report	4
Management's Discussion and Analysis	8
Basic Financial Statements	
Statement of Net Position	20
Statement of Activities	22
Balance Sheet – Governmental Funds	24
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	26
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	27
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	29
Statement of Net Position – Proprietary Fund	30
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Fund	32
Statement of Cash Flows – Proprietary Fund	33
Notes to the Financial Statements	35
Required Supplementary Information	
Schedule of Changes in Net Pension Liability and Related Ratios	63
Schedule of Contributions	64
Notes to the Schedule of Contributions	65
Budgetary Comparison Schedule – General Fund	66
Budgetary Comparison Schedule – Street Fund	68
Budgetary Comparison Schedule – Parks and Recreation Fund	69
Notes to the Budgetary Comparison Schedules	70

Supplementary Information

Combining Balance Sheet – Nonmajor Governmental Funds 72

Combining Statement of Revenues, Expenditures, and Changes
in Fund Balance – Nonmajor Governmental Funds 73

Other Reporting Requirements

Independent Auditors’ Report on Internal Control over Financial Reporting
and on Compliance and other Matters Based on and Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards* 75

Independent Auditors' Report on Compliance for each Major Program
and on Internal Control over Compliance Required by the Uniform Guidance 77

Schedule of Expenditures of Federal Awards..... 80

Notes to the Schedule of Expenditures of Federal Awards..... 81

Schedule of Findings and Questioned Costs 82

Summary Schedule of Prior Audit Findings 84

KPM
CPAS & ADVISORS
Independent Auditors' Report

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, each major fund, and the aggregate remaining fund information of the City of Republic, Missouri, as of and for the year ended December 31, 2023, 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, each major fund, and the aggregate remaining fund information of the City of Republic, Missouri, as of December 31, 2023, 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 Auditors' 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.

www.kpmcpa.com

1445 E. Republic Road, Springfield, MO 65804 | 417-882-4300 | fax 417-882-4343
500 W. Main Street, Suite 200 Branson, MO 65616 | 417-334-2987 | fax 417-336-3403

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.

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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining nonmajor fund financial statements and Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements and the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 14, 2024, 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
May 14, 2024

Management's Discussion and Analysis

City of Republic

Management's Discussion and Analysis

December 31, 2023

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, 2023. Please read it in conjunction with the City's financial statements.

Financial Highlights

The net position of the City's governmental activities increased by \$14,836,958 for the year as a result of current year activities. The net position of the City's business-type activities increased by \$20,712,929 for the year.

The assets and deferred outflows of the City exceeded its liabilities and deferred inflows as of December 31, 2023, by \$115.3 million (net position). Of this amount \$33.9 million was unrestricted and may be used to meet future obligations of the City.

Non-pension-related long-term liabilities of the City increased by \$9,145,584. This is mainly due to the issuance of the Series 2023 bonds and the MTFC Loan. The City's net pension liability increased by \$735,413.

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.

City of Republic

Management's Discussion and Analysis

December 31, 2023

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.

City of Republic

Management's Discussion and Analysis

December 31, 2023

Government-Wide Financial Analysis

Net Position

The following table presents the condensed Statement of Net Position for the City as of December 31, 2023 and 2022:

	Governmental Activities	Business-Type Activities	Total December 31, 2023	Total December 31, 2022
Assets				
Current and other assets	\$ 28,829,055	\$ 46,896,780	\$ 75,725,835	\$ 67,249,165
Capital assets	53,965,269	61,372,088	115,337,357	75,590,446
	<u>82,794,324</u>	<u>108,268,868</u>	<u>191,063,192</u>	<u>142,839,611</u>
Deferred Outflows of Resources	1,485,530	366,436	1,851,966	1,230,843
Liabilities				
Current liabilities	2,672,444	7,601,835	10,274,279	6,455,217
Long-term liabilities	15,338,563	47,556,857	62,895,420	53,749,836
Net pension liability	2,354,723	629,396	2,984,119	2,248,706
	<u>20,365,730</u>	<u>55,788,088</u>	<u>76,153,818</u>	<u>62,453,759</u>
Deferred Inflows of Resources	279,670	1,219,849	1,499,519	1,904,761
Net Position				
Net investment in capital assets	44,768,553	36,588,143	81,356,696	58,297,014
Restricted	-	-	-	121,095
Unrestricted	18,865,901	15,039,224	33,905,125	21,293,825
	<u>\$ 63,634,454</u>	<u>\$ 51,627,367</u>	<u>\$ 115,261,821</u>	<u>\$ 79,711,934</u>

Total net position of the City increased by \$35,549,887 for the year due to current year activity. Total liabilities for the City have increased by \$13,700,059. The change in total liabilities is due a large increase in accounts payable due to the timing of the payment of invoices for large construction projects, the issuance of the Series 2023 bonds and the MTFC loan, and the increased calculation of the net pension liability during the current year.

City of Republic

Management's Discussion and Analysis

December 31, 2023

Changes in Net Position

	Governmental Activities	Business-Type Activities	Total Year Ended December 31, 2023	Total Year Ended December 31, 2022
Revenues and Transfers				
Program Revenues				
Charges for services	\$ 2,398,735	\$ 8,802,771	\$ 11,201,506	\$ 9,195,850
Operating grants and contributions	18,806	14,815,659	14,834,465	2,017,322
Capital grants and contributions	8,942,357	5,264,876	14,207,233	8,474,291
General Revenues				
Sales taxes	14,960,224	-	14,960,224	14,612,898
Ad valorem taxes	1,990,775	-	1,990,775	1,683,242
Motor vehicle and gas taxes	956,989	-	956,989	723,389
Other taxes	98,892	-	98,892	96,102
Franchise fees	1,008,391	-	1,008,391	958,501
Interest	705,273	1,125,784	1,831,057	574,577
Other revenue	590,810	567,661	1,158,471	855,248
Transfers	978,682	(978,682)	-	-
Total Revenues and Transfers	32,649,934	29,598,069	62,248,003	39,191,420
Expenses				
Administrative	2,050,887	-	2,050,887	2,478,930
Information technology	780,432	-	780,432	608,244
Human resources	360,526	-	360,526	-
Municipal court	205,737	-	205,737	127,767
Economic development	774,384	-	774,384	744,166
Police	3,253,645	-	3,253,645	2,957,917
Fire	2,796,859	-	2,796,859	2,378,185
Emergency management	14,417	-	14,417	20,820
Animal control	310,470	-	310,470	287,430
Street	3,270,911	-	3,270,911	2,078,897
Stormwater	56,272	-	56,272	7,750
Parks and recreation	3,363,932	-	3,363,932	3,583,915
Debt service	574,504	-	574,504	129,329
Water	-	3,361,621	3,361,621	2,339,592
Sewer	-	5,523,519	5,523,519	5,400,685
Total Expenses	17,812,976	8,885,140	26,698,116	23,143,627
<i>Increase in Net Position</i>	\$ 14,836,958	\$ 20,712,929	\$ 35,549,887	\$ 16,047,793

Governmental Activities

Governmental activities increased the net position of the City by \$14,836,958. Tax revenues for the City were \$19,015,271, which is an increase of \$941,139 from the prior year. Program revenues for the functions totaled \$11,359,898, which is

City of Republic

Management's Discussion and Analysis

December 31, 2023

an increase of \$1,232,510 from the prior year. 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	\$ 2,050,887	\$ 2,033,082
Information technology	780,432	780,432
Human resources	360,526	360,526
Municipal court	205,737	(92,358)
Economic development	774,384	156,452
Police	3,253,645	3,168,764
Fire	2,796,859	2,773,039
Emergency management	14,417	14,417
Animal control	310,470	310,470
Street	3,270,911	(5,648,222)
Stormwater	56,272	56,272
Parks and recreation	3,363,932	1,965,700
Debt Service	574,504	574,504
	<u>\$ 17,812,976</u>	<u>\$ 6,453,078</u>

Business-Type Activities

Business-type activities increased the City's net position by \$20,712,929. This is up from the prior-year increase of the City's business-type activities of \$2,477,864. The majority of the increase in net position of the business-type activities is due to the federal reimbursements of waste water treatment plant project costs that began occurring during the current year.

Financial Analysis of the City's Funds

The combined fund balances of the City's governmental funds as of December 31, 2023, were \$26,358,628, which was a net increase of \$9,707,581 across the funds. The increase is due to conservative budgeting.

General Fund Budgetary Highlights

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

- The City's General Fund budget was amended in December 2023.
- The City's original budgeted revenues and transfers in for the General Fund were \$17,228,366 and budgeted expenditures and transfers out were \$16,726,253, for the year ended December 31, 2023.

City of Republic

Management's Discussion and Analysis

December 31, 2023

- The City's amended budgeted revenues and transfers in for the General Fund were \$17,429,163, and amended budgeted expenditures and transfers out were \$16,181,668, for the year ended December 31, 2023. Actual revenues and expenditures, including transfers, were \$17,918,614 and \$15,876,685, respectively.

Capital Assets and Debt Administration

Capital Assets

Capital assets of the governmental activities were \$53,965,269 (net of accumulated depreciation) as of December 31, 2023. This represents a \$15,383,725 increase from the prior year. Net capital assets for business-type activities were \$61,372,088, as of December 31, 2023. This represents an increase of \$24,363,186 from the prior year. The increases are mainly due to infrastructure upgrades and a new facility being constructed.

Debt

Total debt of the governmental activities as of December 31, 2023, was \$16,470,131, which is a net increase of \$10,172,031 from the prior year. The increase is due to the issuance of the Series 2023 special obligation bonds in the amount of \$9,920,000 and the MTFC loan in the amount of \$2,007,533. Retirements of principal and amortization of premiums totaled \$1,857,880 during the year.

Total debt of business-type activities as of December 31, 2023, was \$49,318,203, which is a net decrease of \$1,679,961 from the prior year. Retirements of principal and amortization of premiums totaled \$1,699,549 during the year.

Economic Factors and Next Year's Budget

Economic Factors

The City of Republic (the "City") is located a few miles from the City of Springfield, the third-largest city in Missouri. As such, Springfield's demographics, economic statistics, and strong workforce continued to positively impact the City of Republic.

- Sales tax revenue increased in FY 2023 but at a declining rate when compared to prior years as the COVID stimulus programs, which resulted in incremental cash generation, along with pent-up product demand, which drove retail sales coming out of the Pandemic, were primarily depleted during 2021 and 2022.
- Furthermore, FY 2023 benefited from prior years' economic growth as exemplified in the growth in property taxes.

Capital Investment & Financial Results

During FY 2023, the City continued investment in two major capital projects.

- Parks & Recreation – The expansion of the pool ("The Rush") and the upgrade to portions of JR Martin Park. To fund this project, in March 2023, the City issued \$9.920 million ("Par") in tax exempt Series 2023 Special Obligation Bonds ("Series 2023 Bonds"). Par value, plus premium, less discounts and issuance costs resulted in net proceeds of \$9,998,565 to the City.
 - By Fiscal Year 2023 year-end, the City had spent \$3,292,958 on eligible expenditures, leaving a restricted cash balance of \$6,705,607.
 - The City remains continually grateful for the voter approval for the renewal of Parks Capital Improvement Sales Tax initiative in August 2022, which helps to fund ongoing capital products and provides cash to meet the annual debt service on the Series 2023 Bonds.

City of Republic

Management's Discussion and Analysis

December 31, 2023

- Wastewater – The City continued work on the \$140 million Wastewater Treatment Plant Project (“WWTP”) during Fiscal Year 2023.
 - The City issued \$45,445,000 in tax exempt Series 2022 Special Obligation Bonds (“Series 2022 Bonds”).
 - The Series 2022 Bonds, issued at a Premium of \$3,422,527 less an Underwriters Discount of \$363,560 yielded \$48,503,967 in cash to the City.
 - The Series 2022 Bonds were issued to partially fund the WWTP and to build the new BUILDS facility that houses Water, Wastewater, Streets and Community Development.
 - In anticipation of the incremental cash required to pay the annual debt service on the Series 2022 Bonds, Wastewater rates were increased in 2022 and will gradually increase over the next few years to fund the debt service for the Series 2022 Bonds and future debt required to fund the WWTP Project.
 - From the time of issuance of the Series 2022 Bonds in Feb 2022 thru year end FY 2023, the City spent:
 - \$5.2 million on the BUILDS Facility; and
 - \$18.9 million on eligible WWTP expenditures, leaving a restricted cash balance of \$24,434,542.
 - To further aid in the funding, the City lobbied for and received grant commitments of:
 - \$25 million from ARPA administered thru the Department of Natural Resources. These funds are reimbursed at 70% from ARPA, 30% from the City.
 - \$25 million from Missouri’s state funded General Revenue fund. These funds are reimbursed at 50% from Missouri General Revenue, 50% from the City.
 - To complete the funding for the WWTP Project, the City has also secured up to \$50 million in State Revolving Fund (“SRF”) low interest rate debt. These funds are expected to close early summer 2024.

From an operating perspective, the City of Republic ended FY 2023 better than Budget.

- Revenue- better than Budget.
 - City sales taxes ended the year \$131,703 worse than Budget.
 - Property & other taxes ended the year \$297,961 better than Budget, more than offsetting the Budget miss on City Sales Taxes.
 - Interest income ended the year \$139,828 better than Budget due to:
 - Higher interest rates
 - Slower spend rate tied to Capital Expenditures, primarily on the Wastewater Treatment Plant Project.
- Expenses & Capital Expenditures – better than Budget.
 - Compensation expenses ended the year better than Budget due to unfilled budgeted jobs.
 - Operating expenses ended the year better than Budget.
 - Capital Expenditures ended the year better than Budget due to timing of the expenditure.

City of Republic

Management's Discussion and Analysis

December 31, 2023

- The City ended FY 2023 with \$51.6 million in total cash.
 - \$13.7 million | Unrestricted
 - \$8.3 Million – General Fund.
 - \$5.4 million – spread over remaining funds/departments.
 - \$37.9 million | Restricted or Assigned
 - \$24.4 million – Wastewater Project.
 - \$6.7 million – Pool & Parks Project.
 - \$6.8 million – Other.

Fiscal Year 2024 Budget

In the FY 2024 Budget, The City continues to challenge the status quo and has budgeted major strides in wastewater improvements, increased Parks & Recreation investment, and the benefits of increased public safety funding. Sales tax growth, which was flat year in FY 2023 when compared to FY 2022, is budgeted at a slight 1% increase over the FY 2023.

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

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

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

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

City of Republic

Management's Discussion and Analysis

December 31, 2023

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

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

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

- General Fund
 - Administration – is a consolidation of the following departments - City Administration, City Clerk, Legal, Finance, Information Technologies, Human Resources, Public Information Office, Community Development (BUILDS), Municipal Court, Animal Control
 - Revenues & Expenses
 - Revenues are appropriated to each respective department as governed by ordinance, ballot, or budget statute.
 - Real Property Levy of 0.4267 per assessed \$100 for the General Fund.
 - Administration personnel costs are allocated proportionally to all funds & departments based on headcount.
 - Each fund and/or department treats the administration allocation as expense to each respective department's budget.
 - Alternatively, the General Fund treats the administration allocation as revenue in the Administration Budget.
 - Both the revenue (in the General Fund) and the expense (in the Fund/Department) budgets are eliminated in the consolidation process.
- Parks and Recreation Fund
 - In March of 2023, the City issued \$9.9 million in Series 2023 Special Obligation Bonds to fund the Aquatic Center expansion & the JR Martin Park upgrades & improvements.
 - The FY 2024 Capital Budget contains \$7,366,899 in expenditures, of which \$6,325,399 are for the Aquatic Center expansion and JR Martin Park upgrades. That specific amount will be funded with restricted cash generated from the Series 2023 Bond issue.
 - The Operating Budget contains the revenues & expenses for the Parks & Recreation Department (community programming, park maintenance, Republic Aquatic Center, Senior Center).
 - Funded by sale of services; and

City of Republic

Management's Discussion and Analysis

December 31, 2023

- Two (2) ¼-cent Parks Sales Taxes (one for Operations, one for Capital Improvements); and
- One (1) ¼-cent Greene County Sales Tax designated to Parks; and
- Real Property Levy of 0.1150 assessed per \$100 for the Parks and Recreation Fund.
- Police Fund
 - In 2021, the voters approved a ¾ cent Public Safety Sales Tax ("PSST"). The PSST is equally split between the Police and Fire Funds. For FY 2024, the Police portion of the PSST is \$1,585,573.
 - For 2024, the total Operating Budget for the Police Fund is \$3,823,375, funded with the \$1,585,573 PSST, a \$1,411,645 transfer from the General Fund, along with \$803,656 from Greene County's Law Enforcement Sales Tax.
- Fire Fund
 - In 2021, the voters approved a ¾ cent Public Safety Sales Tax ("PSST"). The PSST is equally split between the Police and Fire Funds. For FY 2024, the Fire portion of the PSST is \$1,585,573.
 - For 2024, the total Operating Budget for the Fire Fund is \$3,848,271, funded with the \$1,585,573 PSST and a \$2,217,780 transfer from the General Fund.
- Fire Sales Tax Fund
 - Capital projects and equipment for the Fire Department
- Capital Improvement Sales Tax Fund
 - Voters approved the reallocation of the ¼-cent Stormwater Sales Tax to a general Capital Improvement Sales Tax (CIST), which took effect October 2017.
 - Voters were presented with a list of projects to be funded by the CIST. To ensure transparency, the projects are updated on the City website.
 - The list of completed projects funded through the CIST is also made available on the City website.
- Street Fund
 - Funded in part by the ½-cent Transportation Sales Tax.
 - The Real Property Levy of 0.0657 per assessed \$100 for lights is additional funding for the Street Fund.
- Water Fund
 - The Water Fund is an Enterprise Fund that operates through the sale of water to the citizens of the City.
- Wastewater Fund
 - Likewise, the Wastewater Fund is an Enterprise Fund that operates through the sale of wastewater service to the citizens of the City.

Water & Wastewater Rates

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

City of Republic

Management's Discussion and Analysis

December 31, 2023

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

Capital Expenditures

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

- Wastewater Project = \$51.9 M
- Schuyler Creek Trail = \$2.0 M
- Pool Expansion = \$4.5 M
- JR Martin Park = \$1.7 M
- Other = \$4.5 M

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

Personnel

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

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

- The City is budgeting for a total of 171 full-time employees by year end, mostly adding to our Public Safety teams.

City of Republic

Management's Discussion and Analysis

December 31, 2023

- Effective January 1, 2024, the City is budgeting a 4% COLA for all staff to maintain a competitive advantage in relation to surrounding entities and compensate employees for the rising costs associated with inflation.
- The City will continue to fund 100% of the employee's healthcare insurance cost. In addition, effective January 1, 2024, the City now funds 50% of the incremental cost of dependent healthcare which has historically been borne 100% by the employee.

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

- In 2014, City Council approved a change in the City's LAGERS program from the L-1 level to the L-3 level, increasing the employees' pension from a 1.0% multiplier to a 1.25% multiplier. The ensuing change resulted in an approximate 5.6% increase in LAGERS pension contributions on behalf of the employees.
- In 2019, the City assumed the employee's contribution rate of 4% and the employees no longer are required to contribute. No changes to the LAGERS benefit are budgeted in the 2024 Budget.

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

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

Conclusion

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

For additional information or questions, please contact:

City of Republic
213 North Main Street
Republic, MO 65738
(417) 732-3100
BFord@republicmo.com

Bob Ford, Finance Director
David Cameron, City Administrator
Jared Keeling, Assistant City Administrator
Lisa Addington, Chief of Staff

City of Republic

Statement of Net Position

December 31, 2023

	Governmental Activities	Business-Type Activities	Total
Assets			
Current			
Cash and cash equivalents - unrestricted	\$ 6,715,014	\$ 2,553,642	\$ 9,268,656
Investments - unrestricted	6,185,000	-	6,185,000
Ad valorem taxes receivable, net	1,582,175	-	1,582,175
Sales taxes receivable	2,207,726	-	2,207,726
Utilities receivable	-	2,177,858	2,177,858
Intergovernmental receivable	1,278,788	14,904,356	16,183,144
Leases receivable	-	1,193,744	1,193,744
Other receivables	485,964	-	485,964
Prepaid insurance	192,571	58,870	251,441
Noncurrent			
Cash and cash equivalents - restricted	10,181,817	26,008,310	36,190,127
Capital Assets			
Non-depreciable	12,737,575	23,536,769	36,274,344
Depreciable, net	41,227,694	37,835,319	79,063,013
Total Assets	82,794,324	108,268,868	191,063,192
Deferred Outflows of Resources			
Deferred pension outflows	1,485,530	366,436	1,851,966

See accompanying Notes to the Financial Statements

City of Republic

Statement of Net Position

December 31, 2023

	Governmental Activities	Business-Type Activities	Total
Liabilities			
Current			
Accounts payable	1,104,946	5,086,477	6,191,423
Retainage payable	210,468	-	210,468
Accrued expenses	171,218	45,055	216,273
Accrued interest payable	54,244	135,135	189,379
Deposits payable	-	573,822	573,822
Current maturities of long-term debt	1,131,568	1,761,346	2,892,914
	<u>2,672,444</u>	<u>7,601,835</u>	<u>10,274,279</u>
Noncurrent			
Bonds payable, net	11,652,046	44,278,532	55,930,578
Financed purchases	3,118,709	3,178,609	6,297,318
Compensated absences payable	567,808	99,716	667,524
Net pension liability	2,354,723	629,396	2,984,119
	<u>17,693,286</u>	<u>48,186,253</u>	<u>65,879,539</u>
Total Liabilities	<u>20,365,730</u>	<u>55,788,088</u>	<u>76,153,818</u>
Deferred Inflows of Resources			
Deferred pension inflows	279,670	49,399	329,069
Leases	-	1,170,450	1,170,450
Total Deferred Inflows of Resources	<u>279,670</u>	<u>1,219,849</u>	<u>1,499,519</u>
Net Position			
Net investment in capital assets	44,768,553	36,588,143	81,356,696
Unrestricted	18,865,901	15,039,224	33,905,125
Total Net Position	<u>\$ 63,634,454</u>	<u>\$ 51,627,367</u>	<u>\$ 115,261,821</u>

See accompanying Notes to the Financial Statements

City of Republic

Statement of Activities

Year Ended December 31, 2023

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		Total
					Governmental Activities	Business-Type Activities	
Primary Government							
Governmental Activities							
Administrative	\$ (2,050,887)	\$ 12,360	\$ 5,445	\$ -	\$ (2,033,082)	\$ -	\$ (2,033,082)
Information technology	(780,432)	-	-	-	(780,432)	-	(780,432)
Human resources	(360,526)	-	-	-	(360,526)	-	(360,526)
Municipal court	(205,737)	298,095	-	-	92,358	-	92,358
Economic development	(774,384)	617,182	-	750	(156,452)	-	(156,452)
Police	(3,253,645)	68,990	13,361	2,530	(3,168,764)	-	(3,168,764)
Fire	(2,796,859)	5,242	-	18,578	(2,773,039)	-	(2,773,039)
Emergency management	(14,417)	-	-	-	(14,417)	-	(14,417)
Animal control	(310,470)	-	-	-	(310,470)	-	(310,470)
Street	(3,270,911)	12,919	-	8,906,214	5,648,222	-	5,648,222
Stormwater	(56,272)	-	-	-	(56,272)	-	(56,272)
Parks and recreation	(3,363,932)	1,383,947	-	14,285	(1,965,700)	-	(1,965,700)
Debt Service	(574,504)	-	-	-	(574,504)	-	(574,504)
Total Governmental Activities	(17,812,976)	2,398,735	18,806	8,942,357	(6,453,078)	-	(6,453,078)

See accompanying Notes to the Financial Statements

City of Republic

Statement of Activities

Year Ended December 31, 2023

	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	(3,361,621)	2,789,018	-	2,078,086	-	1,505,483	1,505,483
Sewer	(5,523,519)	6,013,753	14,815,659	3,186,790	-	18,492,683	18,492,683
Total Business-Type Activities	(8,885,140)	8,802,771	14,815,659	5,264,876	-	19,998,166	19,998,166
Total Primary Government	\$ (26,698,116)	\$11,201,506	\$14,834,465	\$14,207,233	(6,453,078)	19,998,166	13,545,088
General Revenues and Transfers							
Sales taxes					14,960,224	-	14,960,224
Ad valorem taxes					1,990,775	-	1,990,775
Motor vehicle and gas taxes					956,989	-	956,989
Other taxes					98,892	-	98,892
Franchise fees					1,008,391	-	1,008,391
Interest					705,273	1,125,784	1,831,057
Other revenue					590,810	567,661	1,158,471
Transfers					978,682	(978,682)	-
Total General Revenues and Transfers					21,290,036	714,763	22,004,799
<i>Changes in Net Position</i>					14,836,958	20,712,929	35,549,887
Net Position, Beginning of year, as restated					50,405,706	29,306,228	79,711,934
Equity Transfer					(1,608,210)	1,608,210	-
Net Position, End of year					\$ 63,634,454	\$ 51,627,367	\$115,261,821

See accompanying Notes to the Financial Statements

City of Republic

Balance Sheet – Governmental Funds

December 31, 2023

	Special Revenue Funds				
	General	Street	Parks and	Nonmajor	Total
	Fund	Fund	Recreation	Governmental	Governmental
	Fund	Fund	Fund	Funds	Funds
Assets					
Cash and cash equivalents - unrestricted	\$ 4,031,505	\$ 852,904	\$ 506,978	\$ 1,323,627	\$ 6,715,014
Investments - unrestricted	5,000,000	1,185,000	-	-	6,185,000
Ad valorem taxes receivable, net	1,115,664	160,296	306,215	-	1,582,175
Sales taxes receivable	1,236,400	353,210	353,209	264,907	2,207,726
Other receivables	390,862	95,102	-	-	485,964
Intergovernmental receivable	-	1,278,788	-	-	1,278,788
Prepaid insurance	127,404	21,043	44,124	-	192,571
Cash and cash equivalents - restricted	185,278	3,250,932	6,745,607	-	10,181,817
Total Assets	<u>\$ 12,087,113</u>	<u>\$ 7,197,275</u>	<u>\$ 7,956,133</u>	<u>\$ 1,588,534</u>	<u>\$ 28,829,055</u>
Liabilities					
Accounts payable	\$ 97,983	\$ 69,656	\$ 937,307	\$ -	\$ 1,104,946
Retainage payable	-	-	210,468	-	210,468
Accrued expenses	116,257	19,065	35,896	-	171,218
Total Liabilities	<u>214,240</u>	<u>88,721</u>	<u>1,183,671</u>	<u>-</u>	<u>1,486,632</u>

See accompanying Notes to the Financial Statements

City of Republic

Balance Sheet – Governmental Funds

December 31, 2023

		Special Revenue Funds			
	General Fund	Street Fund	Parks and Recreation Fund	Nonmajor Governmental Funds	Total Governmental Funds
Deferred Inflows of Resources					
Unavailable revenue	-	983,795	-	-	983,795
Total Deferred Inflows of Resources	-	983,795	-	-	983,795
Fund Balances					
Nonspendable					
Prepaid items	127,404	21,043	44,124	-	192,571
Assigned to					
Street	-	6,103,716	-	-	6,103,716
Stormwater	-	-	-	567,903	567,903
Fire	-	-	-	745,302	745,302
Parks and recreation	-	-	6,728,338	-	6,728,338
Capital improvements	-	-	-	275,329	275,329
Unassigned	11,745,469	-	-	-	11,745,469
Total Fund Balances	11,872,873	6,124,759	6,772,462	1,588,534	26,358,628
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 12,087,113	\$ 7,197,275	\$ 7,956,133	\$ 1,588,534	\$ 28,829,055

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, 2023

Fund balance - total governmental funds	\$ 26,358,628
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:	
Governmental capital assets	70,048,258
Less accumulated depreciation	<u>(16,082,989)</u>
	53,965,269
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	(2,354,723)
Deferred outflows due to pensions	1,485,530
Deferred inflows due to pensions	<u>(279,670)</u>
	(1,148,863)
Deferred revenues collected in subsequent years are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the governmental funds' balance sheet.	983,795
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditures when due	(54,244)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds	<u>(16,470,131)</u>
Net position of governmental activities	<u><u>\$ 63,634,454</u></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, 2023

		Special Revenue Funds			
	General Fund	Street Fund	Parks and Recreation Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Taxes	\$ 10,583,994	\$ 3,280,348	\$ 3,577,231	\$ 1,573,697	\$ 19,015,270
Licenses and permits	590,959	5,067	-	-	596,026
Intergovernmental revenues	34,469	979,562	-	-	1,014,031
Charges for services	67,440	-	1,383,948	-	1,451,388
Fines and forfeitures	366,956	-	-	-	366,956
Miscellaneous	324,530	443,149	252,336	56,941	1,076,956
Total Revenues	11,968,348	4,708,126	5,213,515	1,630,638	23,520,627
Expenditures					
Current					
Administrative	2,027,633	-	-	-	2,027,633
Information technology	786,429	-	-	-	786,429
Human resources	366,626	-	-	-	366,626
Municipal court	205,016	-	-	-	205,016
Economic development	768,409	-	-	-	768,409
Police	3,069,069	-	-	-	3,069,069
Fire	2,039,601	-	-	527,850	2,567,451
Animal control	284,608	-	-	-	284,608
Street	-	2,646,096	-	-	2,646,096
Stormwater	-	-	-	56,272	56,272
Parks and recreation	-	-	2,990,834	-	2,990,834
Capital outlay	658,246	2,565,506	5,557,879	85,596	8,867,227
Debt Service					
Principal and interest	172,803	616,246	1,430,259	88,256	2,307,564
Total Expenditures	10,378,440	5,827,848	9,978,972	757,974	26,943,234
<i>Excess (Deficit) of Revenues Over Expenditures</i>	1,589,908	(1,119,722)	(4,765,457)	872,664	(3,422,607)

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, 2023

		Special Revenue Funds			
	General Fund	Street Fund	Parks and Recreation Fund	Nonmajor Governmental Funds	Total Governmental Funds
Other Financing Sources (Uses)					
Insurance recoveries	194,643	-	-	-	194,643
Sale of assets	29,330	-	-	-	29,330
Proceeds from new debt issuances	-	2,007,533	9,920,000	-	11,927,533
Operating transfers in	5,726,293	2,012,957	772,701	-	8,511,951
Operating transfers (out)	(5,498,245)	(190,178)	(397,561)	(1,447,285)	(7,533,269)
Total Other Financing Sources (Uses)	452,021	3,830,312	10,295,140	(1,447,285)	13,130,188
Net Change in Fund Balances	2,041,929	2,710,590	5,529,683	(574,621)	9,707,581
Fund Balance, January 1	9,636,920	2,851,197	1,025,801	4,745,339	18,259,257
Equity Transfer	194,024	562,972	216,978	(2,582,184)	(1,608,210)
Fund Balance, December 31	\$ 11,872,873	\$ 6,124,759	\$ 6,772,462	\$ 1,588,534	\$ 26,358,628

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, 2023

Net change in fund balances - total governmental funds	\$ 9,707,581
--	--------------

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:

Expenditures for capital assets	17,046,296
Current year depreciation	(1,662,571)
	<u>15,383,725</u>

Governmental funds defer revenues that do not provide current financial resources.

However, the Statement of Activities recognizes such revenues at their net realizable
value when earned, regardless of when received.

(252,417)

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 theses differences:

Repayment of principal on debt	1,844,690
Accrued interest payable	(46,255)
Premium on bonds	(65,375)
Proceeds from the issuance of debt	(11,927,533)
	<u>(10,194,473)</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	219,355
Change in compensated absences	(26,813)
	<u>192,542</u>

Change in net position of governmental activities

\$ 14,836,958

See accompanying Notes to the Financial Statements

City of Republic

Statement of Net Position – Proprietary Fund

December 31, 2023

	Enterprise Funds		
	Water Fund	Sewer Fund	Total
Assets			
Current Assets			
Cash and cash equivalents	\$ 216,660	\$ 2,336,982	\$ 2,553,642
Utilities receivable	595,680	1,582,178	2,177,858
Intergovernmental receivable	88,697	14,815,659	14,904,356
Leases receivable	1,193,744	-	1,193,744
Prepaid insurance	32,024	26,846	58,870
Total Current Assets	2,126,805	18,761,665	20,888,470
Restricted Assets			
Cash and cash equivalents	655,226	25,353,084	26,008,310
Property, Plant and Equipment			
Non-depreciable	193,196	23,343,573	23,536,769
Depreciable	16,207,336	39,572,502	55,779,838
Accumulated depreciation	(4,717,818)	(13,226,701)	(17,944,519)
Total Property, Plant, and Equipment	11,682,714	49,689,374	61,372,088
Total Assets	14,464,745	93,804,123	108,268,868
Deferred Outflows of Resources			
Deferred pension outflows	146,061	220,375	366,436

See accompanying Notes to the Financial Statements

City of Republic

Statement of Net Position – Proprietary Fund

December 31, 2023

	Enterprise Funds		
	Water Fund	Sewer Fund	Total
Liabilities			
Current Liabilities			
Accounts payable	27,097	5,059,380	5,086,477
Accrued expenses	28,588	16,467	45,055
Accrued interest payable	7,299	127,836	135,135
Utility deposits	573,822	-	573,822
Current maturities of long-term debt	248,330	1,513,016	1,761,346
Total Current Liabilities	885,136	6,716,699	7,601,835
Long-Term Liabilities			
Bonds payable, net	1,733,768	42,544,764	44,278,532
Financed purchases	1,525,964	1,652,645	3,178,609
Compensated absences payable	49,897	49,819	99,716
Net pension liability	250,877	378,519	629,396
Total Long-Term Liabilities	3,560,506	44,625,747	48,186,253
Total Liabilities	4,445,642	51,342,446	55,788,088
Deferred Inflows of Resources			
Deferred pension inflows	19,690	29,709	49,399
Leases	1,170,450	-	1,170,450
Total Deferred Inflows of Resources	1,190,140	29,709	1,219,849
Net Position			
Net investment in capital assets	8,174,652	28,413,491	36,588,143
Unrestricted	800,372	14,238,852	15,039,224
Total Net Position	\$ 8,975,024	\$ 42,652,343	\$ 51,627,367

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, 2023

	Enterprise Funds		
	Water Fund	Sewer Fund	Total
Operating Revenues			
Charges for services	\$ 2,456,036	\$ 6,010,753	\$ 8,466,789
Miscellaneous	332,982	3,000	335,982
Total Operating Revenues	2,789,018	6,013,753	8,802,771
Operating Expenses			
Wages and benefits	1,076,443	1,531,139	2,607,582
Professional services	5,525	72,566	78,091
Telephone and utilities	276,226	447,258	723,484
Insurance	31,580	53,406	84,986
Supplies	111,562	138,505	250,067
Travel, meetings and dues	22,104	7,665	29,769
Vehicle expense	48,531	18,685	67,216
Repairs and maintenance	1,233,518	789,827	2,023,345
Depreciation	325,515	786,309	1,111,824
General and administrative	9,736	21,770	31,506
Miscellaneous	64,768	172,079	236,847
Total Operating Expenses	3,205,508	4,039,209	7,244,717
<i>Operating Income (Loss)</i>	<i>(416,490)</i>	<i>1,974,544</i>	<i>1,558,054</i>
Nonoperating Revenues (Expenses)			
Interest income	70,864	1,054,920	1,125,784
Interest expense	(156,113)	(1,484,310)	(1,640,423)
Impact fees	150,550	353,200	503,750
Rental income	63,911	-	63,911
Total Nonoperating Revenues (Expenses)	129,212	(76,190)	53,022
<i>Income (Loss) Before Contributions and Transfers</i>	<i>(287,278)</i>	<i>1,898,354</i>	<i>1,611,076</i>
Capital contributions - federal grant	-	14,815,659	14,815,659
Capital contributions - developer donated infrastructure	2,078,086	3,186,790	5,264,876
Operating Transfers (out)	(410,636)	(568,046)	(978,682)
<i>Change in Net Position</i>	<i>1,380,172</i>	<i>19,332,757</i>	<i>20,712,929</i>
Net Position, January 1, as restated	7,356,127	21,950,101	29,306,228
Equity Transfer	238,725	1,369,485	1,608,210
Net Position, December 31	\$ 8,975,024	\$ 42,652,343	\$ 51,627,367

See accompanying Notes to the Financial Statements

City of Republic

Statement of Cash Flows – Proprietary Fund

Year Ended December 31, 2023

	Enterprise Funds		
	Water Fund	Sewer Fund	Total
Cash Flows from Operating Activities			
Cash received from customers	\$ 2,541,328	\$ 5,491,822	\$ 8,033,150
Cash paid to suppliers	(1,809,410)	(1,832,453)	(3,641,863)
Cash paid to employees	(1,057,447)	(1,535,567)	(2,593,014)
Net Cash Provided (Used) by Operating Activities	(325,529)	2,123,802	1,798,273
Cash Flows from Noncapital Financing Activities			
Net operating transfers in (out)	(171,911)	801,439	629,528
Nonoperating revenues	143,470	353,200	496,670
Net Cash Provided (Used) by Noncapital Financing Activities	(28,441)	1,154,639	1,126,198
Cash Flows from Capital and Related Financing Activities			
Acquisition and construction of capital assets	(681,048)	(15,158,973)	(15,840,021)
Payment of bond principal	(48,965)	(1,117,070)	(1,166,035)
Payment of other debt principal	(188,368)	(202,648)	(391,016)
Payment of interest expense	(156,503)	(1,624,714)	(1,781,217)
Lease receipts	76,006	-	76,006
Net Cash (Used) by Capital and Related Financing Activities	(998,878)	(18,103,405)	(19,102,283)
Cash Flows from Investing Activities			
Interest received on investments	53,706	1,054,920	1,108,626
Net Cash Provided by Investing Activities	53,706	1,054,920	1,108,626
<i>Net (Decrease) in Cash and Cash Equivalents</i>	(1,299,142)	(13,770,044)	(15,069,186)
Cash and Cash Equivalents, Beginning of year	2,171,028	41,460,110	43,631,138
Cash and Cash Equivalents, End of year	871,886	27,690,066	28,561,952
Less Restricted Cash and Cash Equivalents	655,226	25,353,084	26,008,310
Unrestricted Cash and Cash Equivalents	<u>\$ 216,660</u>	<u>\$ 2,336,982</u>	<u>\$ 2,553,642</u>

See accompanying Notes to the Financial Statements

City of Republic

Statement of Cash Flows – Proprietary Fund

Year Ended December 31, 2023

	Enterprise Funds		
	Water Fund	Sewer Fund	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Operating income (loss)	\$ (416,490)	\$ 1,974,544	\$ 1,558,054
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	325,515	786,309	1,111,824
(Increase) decrease in			
Utilities receivable	(188,793)	(521,931)	(710,724)
Intergovernmental receivable	(88,697)	-	(88,697)
Prepaid expense	(9,669)	(7,345)	(17,014)
Deferred pension outflows	119,967	(98,846)	21,121
Increase (decrease) in			
Accounts payable	3,809	(103,347)	(99,538)
Accrued expenses	7,285	(5,647)	1,638
Utility deposits payable	29,800	-	29,800
Deferred pension inflows	(116,191)	(30,919)	(147,110)
Net pension liability	(11,653)	137,036	125,383
Compensated absences	19,588	(6,052)	13,536
Net Cash Provided (Used) by Operating Activities	<u>\$ (325,529)</u>	<u>\$ 2,123,802</u>	<u>\$ 1,798,273</u>
Noncash Capital Activities			
Contributions of capital assets from developers	\$ 2,078,086	\$ 3,186,790	\$ 5,264,876
Amortization of bond premiums	\$ -	\$ 136,446	\$ 136,446

See accompanying Notes to the Financial Statements

City of Republic

Notes to the Financial Statements

December 31, 2023

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, 2023

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.

Parks and Recreation 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.

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.

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

City of Republic

Notes to the Financial Statements

December 31, 2023

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

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position and Balance Sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets or fund balance that applies to future periods and will not be recognized as an outflow of resources (expense/expenditure) 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 and Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to a future periods and so will not be recognized as an inflow of resources (revenue) until that time. The City's business-type activities reports deferred inflows related to the pension plan and leases. The governmental funds report deferred inflows from unavailable revenue from grants. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

City of Republic

Notes to the Financial Statements

December 31, 2023

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.

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.

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.

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.

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.

City of Republic

Notes to the Financial Statements

December 31, 2023

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.

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.

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.

Leases

The City is a lessor for several leases of equipment on the City’s water tower. The City recognizes a lease receivable and deferred inflows of resources in the government-wide and fund financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflows of resources is initially measured as the initial amount of the lease

City of Republic

Notes to the Financial Statements

December 31, 2023

receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to the Missouri Local Government Employees Retirement System (LAGERS) pension and pension expense, information about the fiduciary net position of 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, 2023, all bank balances on deposit are entirely insured or collateralized.

3. 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	\$ 1,125,488	\$ (9,824)	\$ 1,115,664
Street Fund	162,940	(2,644)	160,296
Parks and Recreation Fund	307,726	(1,511)	306,215
	<u>\$ 1,596,154</u>	<u>\$ (13,979)</u>	<u>\$ 1,582,175</u>

City of Republic

Notes to the Financial Statements

December 31, 2023

4. Restricted Assets

Cash and cash equivalents and fund balance/net position have been restricted as follows:

	Restricted Cash and Cash Equivalents	Restricted Net Position
General Fund		
Fire equipment reserves	\$ 144,940	\$ -
Court bonds	5,891	-
Police evidence	29,865	-
Impact fees	2,903	-
Operating reserves	1,679	-
	<u>185,278</u>	<u>-</u>
Street Fund		
STP match funds	3,187,515	-
Developer escrow	54,614	-
Other	8,803	-
	<u>3,250,932</u>	<u>-</u>
Parks and Recreation Fund		
Unspent bond proceeds	6,705,607	-
Capital replacement reserves	40,000	-
	<u>6,745,607</u>	<u>-</u>
Total Governmental Activities	<u><u>\$ 10,181,817</u></u>	<u><u>\$ -</u></u>
Water Fund		
Capital replacement	\$ 38,118	\$ -
Impact fees	43,286	-
Customer deposits	573,822	-
	<u>655,226</u>	<u>-</u>
Sewer Fund		
Capital replacement	816,285	-
Impact fees	102,257	-
Unspent bond proceeds	24,434,542	-
	<u>25,353,084</u>	<u>-</u>
Total Business-type Activities	<u><u>\$ 26,008,310</u></u>	<u><u>\$ -</u></u>

City of Republic

Notes to the Financial Statements

December 31, 2023

5. Capital Assets

Capital asset activity for the year ended December 31, 2023, was as follows:

	Balance December 31, 2022	Additions	Deletions	Balance December 31, 2023
Governmental Activities				
Non-depreciable Capital Assets				
Land	\$ 6,352,397	\$ 470,218	\$ -	\$ 6,822,615
Construction in progress	2,782,869	6,633,727	3,501,636	5,914,960
Total Non-Depreciable Capital Assets	9,135,266	<u>\$ 7,103,945</u>	<u>\$ 3,501,636</u>	12,737,575
Depreciable Capital Assets				
Building and improvements	18,420,260	\$ 2,694,514	\$ -	21,114,774
Machinery and equipment	2,600,287	264,841	-	2,865,128
Vehicles	4,866,249	205,051	26,119	5,045,181
Infrastructure	18,006,019	10,279,581	-	28,285,600
Total Depreciable Capital Assets	43,892,815	<u>\$ 13,443,987</u>	<u>\$ 26,119</u>	57,310,683
Less Accumulated Depreciation				
Building and improvements	7,517,512	\$ 496,500	\$ -	8,014,012
Machinery and equipment	1,630,556	190,781	-	1,821,337
Vehicles	2,763,919	386,884	26,119	3,124,684
Infrastructure	2,534,550	588,406	-	3,122,956
Total Accumulated Depreciation	14,446,537	<u>\$ 1,662,571</u>	<u>\$ 26,119</u>	16,082,989
Total Depreciable Capital Assets, net	29,446,278			41,227,694
Total Capital Assets - Governmental Activities, net	<u>\$ 38,581,544</u>			<u>\$ 53,965,269</u>

City of Republic

Notes to the Financial Statements

December 31, 2023

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

Administrative	\$ 42,271
Police	212,783
Fire	310,832
Court	7,783
Streets and Stormwater	659,550
Planning	8,541
Parks	378,703
Emergency Management	14,417
Animal Control	27,691
	<u>\$ 1,662,571</u>

	Balance December 31, 2022	Additions	Deletions	Balance December 31, 2023
Business-Type Activities				
Water				
Non-depreciable Capital Assets				
Construction in progress	\$ 1,278,209	\$ 193,196	\$ 1,278,209	\$ 193,196
Total Non-depreciable Capital Assets	1,278,209	<u>\$ 193,196</u>	<u>\$ 1,278,209</u>	193,196
Depreciable Capital Assets				
Water plant	11,048,832	\$ 2,078,086	\$ -	13,126,918
Buildings and improvements	363,121	1,766,061	-	2,129,182
Major moveable equipment	540,307	-	-	540,307
Vehicles	410,929	-	-	410,929
Total Depreciable Capital Assets	12,363,189	<u>\$ 3,844,147</u>	<u>\$ -</u>	16,207,336
Less Accumulated Depreciation				
Water plant	3,690,043	\$ 230,639	\$ -	3,920,682
Buildings and improvements	63,272	26,813	-	90,085
Major moveable equipment	251,316	56,499	-	307,815
Vehicles	387,672	11,564	-	399,236
Total Accumulated Depreciation	4,392,303	<u>\$ 325,515</u>	<u>\$ -</u>	4,717,818
Total Depreciable Capital Assets, net	7,970,886			11,489,518

City of Republic

Notes to the Financial Statements

December 31, 2023

	Balance December 31, 2022	Additions	Deletions	Balance December 31, 2023
Sewer				
Non-depreciable Capital Assets				
Land	270,670	\$ -	\$ -	270,670
Construction in progress	7,329,921	17,646,519	1,903,537	23,072,903
Total Non-depreciable Capital Assets	7,600,591	<u>\$ 17,646,519</u>	<u>\$ 1,903,537</u>	23,343,573
Depreciable Capital Assets				
Sewer plant	31,046,798	\$ 4,581,506	\$ -	35,628,304
Buildings and improvements	-	2,391,388	-	2,391,388
Major moveable equipment	1,039,894	-	-	1,039,894
Vehicles	512,916	-	-	512,916
Total Depreciable Capital Assets	32,599,608	<u>\$ 6,972,894</u>	<u>\$ -</u>	39,572,502
Less Accumulated Depreciation				
Sewer plant	11,508,344	\$ 658,643	\$ -	12,166,987
Buildings and improvements	-	24,910	-	24,910
Major moveable equipment	490,632	83,432	-	574,064
Vehicles	441,416	19,324	-	460,740
Total Accumulated Depreciation	12,440,392	<u>\$ 786,309</u>	<u>\$ -</u>	13,226,701
Total Depreciable Capital Assets, net	20,159,216			26,345,801
Total Capital Assets - Business-Type Activities, net	<u>\$ 37,008,902</u>			<u>\$ 61,372,088</u>

6. Long-Term Liabilities – Governmental Activities

The governmental activities long-term liabilities at December 31, 2023, consist of bonds, certificates of participation, loans, financed purchases, and compensated absences.

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 principal amount recorded within the business-type activities has matured as of December 31, 2022. 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.

City of Republic

Notes to the Financial Statements

December 31, 2023

The annual debt service requirements for these bonds at December 31, 2023, are as follows:

Year Ending December 31,	Principal	Interest	Total
2024	\$ 135,000	\$ 8,025	\$ 143,025
2025	200,000	3,000	203,000
	<u>\$ 335,000</u>	<u>\$ 11,025</u>	<u>\$ 346,025</u>

Series 2022 Special Obligation Bonds

On February 16, 2022, the City issued \$45,445,000 in Series 2022 Special Obligation Bonds for the purpose of construction of a new public works facility, for approximately \$4,965,000 and improvements to the City's sewerage system for approximately \$40,480,000. The amount attributable to the public works facility is recorded in the governmental activities and the amount for the sewerage system improvements is recorded in the enterprise funds and business-type activities. The bonds bear interest ranging from 3.00% to 4.00%, with principal payments due May 1 and interest payments due May 1 and November 1 each year. The City has not pledged its full faith and credit and is not obligated to levy taxes or resort to any other moneys or property of the City to pay the principal and interest.

The annual debt service requirements for these bonds at December 31, 2023, are as follows:

Year Ending December 31,	Principal	Interest	Total
2024	\$ 1,265,000	\$ 1,610,100	\$ 2,875,100
2025	1,320,000	1,558,400	2,878,400
2026	1,375,000	1,504,500	2,879,500
2027	1,430,000	1,448,400	2,878,400
2028	1,485,000	1,390,100	2,875,100
2029-2033	8,405,000	5,988,500	14,393,500
2034-2038	9,810,000	4,136,800	13,946,800
2039-2043	9,955,000	2,234,125	12,189,125
2044-2047	9,185,000	561,375	9,746,375
	<u>\$ 44,230,000</u>	<u>\$ 20,432,300</u>	<u>\$ 64,662,300</u>
Governmental Activities	\$ 1,784,368		
Business-Type Activities	42,445,632		
	<u>\$ 44,230,000</u>		

Series 2023 Special Obligation Bonds

On March 23, 2023, the City issued \$9,920,000 in Series 2023 Special Obligation Bonds for the purpose of providing funds for the cost of capital improvements to the City's parks and recreational facilities, including but not limited to the expansion of the aquatic center and the construction of a new community event space. The bonds bear interest ranging from 4.00% to 5.00%, with principal payments due May 1 and interest payments due May 1 and November 1 each year.

City of Republic

Notes to the Financial Statements

December 31, 2023

The City has not pledged its full faith and credit and is not obligated to levy taxes or resort to any other moneys or property of the City to pay the principal and interest.

The annual debt service requirements for these bonds at December 31, 2023, are as follows:

Year Ending December 31,	Principal	Interest	Total
2024	\$ 280,000	\$ 430,775	\$ 710,775
2025	65,000	422,475	487,475
2026	100,000	419,175	519,175
2027	125,000	414,675	539,675
2028	160,000	408,975	568,975
2029-2033	1,385,000	1,906,375	3,291,375
2034-2038	2,600,000	1,503,050	4,103,050
2039-2043	4,275,000	725,063	5,000,063
2044	930,000	20,925	950,925
	<u>\$ 9,920,000</u>	<u>\$ 6,251,488</u>	<u>\$ 16,171,488</u>

Capital Financed Purchase – 2006 MAMU

In February 2007, the City entered into a financing 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 agreement requires various monthly payments with interest at 4.0%. In the event of default, the lender may terminate the agreement, retake possession of the property, lease or sublease the property with the City remaining liable for the remaining payments, declare all 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 payments under this agreement (assuming noncancellation):

Year Ending December 31,	Direct Borrowing		
	Principal	Interest	Total
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>\$ 458,000</u>	<u>\$ 80,637</u>	<u>\$ 538,637</u>

City of Republic

Notes to the Financial Statements

December 31, 2023

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 lender may terminate the agreement, retake possession of the property, lease or sublease the property with the City 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 payments under this agreement (assuming noncancellation):

Year Ending December 31,	Direct Borrowing		
	Principal	Interest	Total
2024	\$ 82,777	\$ 18,065	\$ 100,842
2025	84,758	16,083	100,841
2026	86,734	14,107	100,841
2027	88,756	12,085	100,841
2028	90,796	10,046	100,842
2029	92,942	7,900	100,842
2030	95,108	5,733	100,841
2031	97,326	3,516	100,842
2032	99,590	1,252	100,842
	<u>\$ 818,787</u>	<u>\$ 88,787</u>	<u>\$ 907,574</u>

Financed Purchase – Aerial Fire Truck

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

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

Year Ending December 31,	Direct Borrowing		
	Principal	Interest	Total
2024	\$ 83,376	\$ 4,880	\$ 88,256
2025	85,285	2,971	88,256
2026	44,459	1,018	45,477
	<u>\$ 213,120</u>	<u>\$ 8,869</u>	<u>\$ 221,989</u>

Financed Purchase – Equipment

In April 2021, the City entered into an agreement to finance the purchase of a 2016 Komatsu Dozer and a 2018 Komatsu Excavator in the amount of \$203,630. The debt was recorded as long-term debt within both the governmental activities and the business-type activities based on the activity that was to utilize the equipment. The usage was estimated to be

City of Republic

Notes to the Financial Statements

December 31, 2023

33.33% for governmental activities and 66.67% for business-type activities. The agreement requires monthly payments of \$4,367 with interest at 1.4%. In the event of default, the lender may declare all payments immediately due and payable, retake possession of the property, lease or sublease the property with the City remaining liable for the remaining payments, or take whatever action at law or in equity deemed necessary.

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

Year Ending December 31,	Direct Borrowing		
	Principal	Interest	Total
2024	\$ 51,750	\$ 648	\$ 52,398
2025	17,414	52	17,466
	<u>\$ 69,164</u>	<u>\$ 700</u>	<u>\$ 69,864</u>
Governmental Activities	\$ 23,055		
Business-Type Activities	46,109		
	<u>\$ 69,164</u>		

Direct Loan Agreement – 2022 MTFC Loan

On June 1, 2022, the City entered into a direct loan agreement and promissory note with the Missouri Transportation Finance Corporation (MTFC) for the purpose of a cost share program with the Missouri Highways and Transportation Commission. The loan shall be specifically used for the widening of Route MM to four lanes plus a center turn lane from Route 360 to Interstate 44. The total amount of the direct loan is \$4,200,000, however, the proceeds are to be issued to the City in four disbursements with the first loan disbursement occurring in June 2022, in the amount of the \$685,692. The second disbursement of \$2,007,533 was provided to the City in calendar year 2023 and the third and fourth disbursements of \$1,506,775, in total, will be provided to the City in calendar year 2024. The loan bears interest at 1.4% and principal and interest payments are due annually on April 15 of each year.

The balance as of December 31, 2023 was \$2,255,330, which includes the first two disbursements to the City plus repayments made by the City. The following is a schedule of future payments under the agreement assuming that all disbursements to the City will be made:

Year Ending December 31,	Direct Borrowing		
	Principal	Interest	Total
2024	\$ 418,180	\$ 29,794	\$ 447,974
2025	399,415	46,843	446,258
2026	405,007	41,251	446,258
2027	410,677	35,581	446,258
2028	416,427	29,832	446,259
2029	422,257	24,002	446,259
2030	426,168	18,090	444,258
2031	434,162	12,096	446,258
2032	429,812	9,017	438,829
	<u>\$ 3,762,105</u>	<u>\$ 246,506</u>	<u>\$ 4,008,611</u>

City of Republic

Notes to the Financial Statements

December 31, 2023

The following table is a summary of the changes in the Long-Term Liabilities – Governmental Activities for the year ended December 31, 2023:

	Balance December 31, 2022	Additions	Retirements	Balance December 31, 2023	Amounts Due Within One Year
Direct Borrowings					
2006 MAMU	\$ 506,000	\$ -	\$ 48,000	\$ 458,000	\$ 48,000
2007 Certificates of Participation	899,729	-	80,942	818,787	82,777
2021 Land Note	1,000,000	-	1,000,000	-	-
Aerial Fire Truck	295,000	-	81,880	213,120	83,376
Equipment	40,063	-	17,008	23,055	17,250
2022 MTFC Loan	685,692	2,007,533	437,895	2,255,330	418,180
	<u>3,426,484</u>	<u>2,007,533</u>	<u>1,665,725</u>	<u>3,768,292</u>	<u>649,583</u>
Bonds					
Series 2017 Special Obligation					
Refunding Bonds	465,000	-	130,000	335,000	135,000
Series 2022 Special Obligation Bonds	1,833,333	-	48,965	1,784,368	50,600
Series 2023 Special Obligation Bonds	-	9,920,000	-	9,920,000	280,000
Premium on Bonds	29,288	78,565	13,190	94,663	16,385
	<u>2,327,621</u>	<u>9,998,565</u>	<u>192,155</u>	<u>12,134,031</u>	<u>481,985</u>
Compensated Absences	540,995	26,813	-	567,808	-
	<u>\$ 6,295,100</u>	<u>\$12,032,911</u>	<u>\$ 1,857,880</u>	<u>\$16,470,131</u>	<u>\$ 1,131,568</u>

7. Long-Term Liabilities – Business-Type Activities

The business-type activities long-term liabilities at December 31, 2023 consists of the following debt issuances as well as compensated absences payable:

Financed Purchase – 2006 MAMU

In December 2006, the City entered into an 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 agreement requires various monthly payments with interest at 3.975%. In the event of default, the lender may terminate the agreement, retake possession of the property, lease or sublease the property with the City remaining liable for the remaining payments, declare all 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, 2023

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

Year Ending December 31,	Direct Borrowing		
	Principal	Interest	Total
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
	<u>\$ 3,543,000</u>	<u>\$ 603,455</u>	<u>\$ 4,146,455</u>
Water Fund	\$ 1,700,640		
Sewer Fund	1,842,360		
	<u>\$ 3,543,000</u>		

Financed Purchase – Equipment

See Note 6.

Series 2022 Special Obligation Bonds

See Note 6.

City of Republic

Notes to the Financial Statements

December 31, 2023

The following table is a summary of the changes in the Long-Term Liabilities – Business-Type Activities for the year ended December 31, 2023:

	Balance December 31, 2022	Additions	Retirements	Balance December 31, 2023	Amounts Due Within One Year
Water Fund					
Direct Borrowings					
2006 MAMU	\$ 1,872,000	\$ -	\$ 171,360	\$ 1,700,640	\$ 180,480
Equipment	40,062	-	17,008	23,054	17,250
	<u>1,912,062</u>	<u>-</u>	<u>188,368</u>	<u>1,723,694</u>	<u>197,730</u>
Bonds					
Series 2022 Special Obligation	1,833,333	-	48,965	1,784,368	50,600
Compensated Absences	30,309	19,588	-	49,897	-
	<u>3,775,704</u>	<u>19,588</u>	<u>237,333</u>	<u>3,557,959</u>	<u>248,330</u>
Sewer Fund					
Direct Borrowings					
2006 MAMU	2,028,000	-	185,640	1,842,360	195,520
Equipment	40,063	-	17,008	23,055	17,250
	<u>2,068,063</u>	<u>-</u>	<u>202,648</u>	<u>1,865,415</u>	<u>212,770</u>
Bonds					
Series 2022 Special Obligation	41,778,334	-	1,117,070	40,661,264	1,163,800
Premium on Series 2022 Bond	3,320,192	-	136,446	3,183,746	136,446
	<u>45,098,526</u>	<u>-</u>	<u>1,253,516</u>	<u>43,845,010</u>	<u>1,300,246</u>
Compensated Absences	55,871	-	6,052	49,819	-
	<u>47,222,460</u>	<u>-</u>	<u>1,462,216</u>	<u>45,760,244</u>	<u>1,513,016</u>
	<u>\$ 50,998,164</u>	<u>\$ 19,588</u>	<u>\$ 1,699,549</u>	<u>\$ 49,318,203</u>	<u>\$ 1,761,346</u>

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:

	2023
Assessed Valuation	
Real estate	\$ 326,132,911
Personal property	75,719,076
Total	<u>\$ 401,851,987</u>
Tax Rate Per \$100 of Assessed Valuation	
General Fund	\$.4267
Park Fund	.1150
Street Fund	.0657
	<u>\$.6074</u>

City of Republic

Notes to the Financial Statements

December 31, 2023

The legal debt margin at December 31, 2023, was computed as follows:

	General Obligation Bonds		
	Ordinary (1)	Additional (2)	Total
Constitutional Debt Limit	\$ 40,185,199	\$ 40,185,199	\$ 80,370,398
General Obligation Bonds Payable	-	-	-
Amount Available in Debt Service Fund	-	-	-
Legal Debt Margin	\$ 40,185,199	\$ 40,185,199	\$ 80,370,398

(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. Defined Contribution Pension Plan

The City provides benefits to employees through a defined contribution plan established under section 457 of the Internal Revenue Code. This defined contribution plan is administered by MissionSquare Retirement, and benefits depend solely on amounts contributed to the Plan, plus investment earnings. The City contributes 9% per payroll for all employees starting six months after full-time status date, which are then retroactively paid back to the full-time date. Employees are eligible to participate from the date of hire. Employer and employee contributions are fully vested immediately.

During the year ended December 31, 2023, employer contributions were \$821,739 and employee contributions were \$250,602.

10. 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 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.

City of Republic

Notes to the Financial Statements

December 31, 2023

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.

2023 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, 2023, the following employees were covered by the benefit terms:

	General Division	Police Division	Fire Division	Total
Inactive members or beneficiaries currently receiving benefits	36	6	6	48
Inactive members entitled to but not yet receiving benefits	29	20	12	61
Active members	93	25	22	140
	<u>158</u>	<u>51</u>	<u>40</u>	<u>249</u>

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 13.1% for General, 14.5% for Police, and 12.2% for Fire of annual covered payroll.

Net Pension Liability. The City's net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of February 28, 2023.

Actuarial Assumptions. The total pension liability in the February 28, 2023, 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

City of Republic

Notes to the Financial Statements

December 31, 2023

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, 2023, valuation were based on the results of an actuarial experience study for the period March 1, 2015, through February 29, 2020.

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 inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payment to determine the total pension liability.

City of Republic

Notes to the Financial Statements

December 31, 2023

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Pension	Net Pension Liability
	(a)	(b)	(a) - (b)
General Division			
Balance at beginning of year	\$ 8,280,629	\$ 6,703,118	\$ 1,577,511
Changes for the year			
Service cost	315,472	-	315,472
Interest	580,829	-	580,829
Difference between expected and actual experiences	525,737	-	525,737
Contributions - employer	-	714,471	(714,471)
Net investment income	-	237,714	(237,714)
Benefits paid, including refunds	(281,045)	(281,045)	-
Administrative expenses	-	(21,621)	21,621
Other (net transfer)	-	7,419	(7,419)
<i>Net Changes</i>	<u>1,140,993</u>	<u>656,938</u>	<u>484,055</u>
Balance at end of year	9,421,622	7,360,056	2,061,566
Police Division			
Balance at beginning of year	2,263,996	1,685,099	578,897
Changes for the year			
Service cost	101,326	-	101,326
Interest	160,184	-	160,184
Difference between expected and actual experiences	111,383	-	111,383
Contributions - employer	-	210,550	(210,550)
Net investment income	-	65,786	(65,786)
Benefits paid, including refunds	(51,806)	(51,806)	-
Administrative expenses	-	(5,939)	5,939
Other (net transfer)	-	11,085	(11,085)
<i>Net Changes</i>	<u>321,087</u>	<u>229,676</u>	<u>91,411</u>
Balance at end of year	2,585,083	1,914,775	670,308

City of Republic

Notes to the Financial Statements

December 31, 2023

	Increase (Decrease)		
	Total Pension	Plan Fiduciary	Net Pension
	Liability (Asset)	Net Pension	Liability (Asset)
	(a)	(b)	(a) - (b)
Fire Division			
Balance at beginning of year	2,051,462	1,959,164	92,298
Changes for the year			
Service cost	108,777	-	108,777
Interest	144,162	-	144,162
Difference between expected and actual experiences	134,993	-	134,993
Contributions - employer	-	149,811	(149,811)
Net investment income	-	74,200	(74,200)
Benefits paid, including refunds	(92,515)	(92,515)	-
Administrative expenses	-	(5,939)	5,939
Other (net transfer)	-	9,913	(9,913)
<i>Net Changes</i>	295,417	135,470	159,947
Balance at end of year	2,346,879	2,094,634	252,245
Total Plan Balances at end of year	\$ 14,353,584	\$ 11,369,465	\$ 2,984,119

City of Republic

Notes to the Financial Statements

December 31, 2023

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	\$ 10,959,085	\$ 9,421,622	\$ 8,167,698
Plan Fiduciary Net Position	7,360,056	7,360,056	7,360,056
Net Pension Liability	3,599,029	2,061,566	807,642
Police Division			
Total Pension Liability	3,076,238	2,585,083	2,193,061
Plan Fiduciary Net Position	1,914,775	1,914,775	1,914,775
Net Pension Liability	1,161,463	670,308	278,286
Fire Division			
Total Pension Liability	2,755,267	2,346,879	2,019,360
Plan Fiduciary Net Position	2,094,634	2,094,634	2,094,634
Net Pension Liability	660,633	252,245	(75,274)
Total Net Pension Liability	<u>\$ 5,421,125</u>	<u>\$ 2,984,119</u>	<u>\$ 1,010,654</u>

City of Republic

Notes to the Financial Statements

December 31, 2023

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

For the year ended December 31, 2023, the City recognized a pension expense of \$614,397 in the General Division, \$180,530 in the Police Division, and \$121,791 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	\$ 724,837	\$ (98,543)	\$ 626,294
Differences in assumptions	-	(63,261)	(63,261)
Excess (deficit) investment returns	90,319	-	90,319
Contributions subsequent to the measurement date*	385,094	-	385,094
	<u>1,200,250</u>	<u>(161,804)</u>	<u>1,038,446</u>
Police Division			
Differences in experiences	182,098	(55,081)	127,017
Differences in assumptions	3,540	-	3,540
Excess (deficit) investment returns	33,637	-	33,637
Contributions subsequent to the measurement date*	116,695	-	116,695
	<u>335,970</u>	<u>(55,081)</u>	<u>280,889</u>
Fire Division			
Differences in experiences	192,224	(106,722)	85,502
Differences in assumptions	11,078	(5,462)	5,616
Excess (deficit) investment returns	30,757	-	30,757
Contributions subsequent to the measurement date*	81,687	-	81,687
	<u>315,746</u>	<u>(112,184)</u>	<u>203,562</u>
Total	<u>\$ 1,851,966</u>	<u>\$ (329,069)</u>	<u>\$ 1,522,897</u>
Governmental Activities	\$ 1,485,530	\$ (279,670)	\$ 1,205,860
Business-Type Activities	366,436	(49,399)	317,037
	<u>\$ 1,851,966</u>	<u>\$ (329,069)</u>	<u>\$ 1,522,897</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 in the year ending December 31, 2024.

City of Republic

Notes to the Financial Statements

December 31, 2023

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	Police	Fire	Total
	Net Deferred Outflows (Inflows) of Resources	Net Deferred Outflows (Inflows) of Resources	Net Deferred Outflows (Inflows) of Resources	Net Deferred Outflows (Inflows) of Resources
2024	\$ 136,723	\$ 43,343	\$ 10,132	\$ 190,198
2025	32,846	14,133	(5,190)	41,789
2026	229,730	59,874	51,903	341,507
2027	162,993	34,901	28,239	226,133
2028	91,060	11,943	10,041	113,044
Thereafter	-	-	26,750	26,750
Total	<u>\$ 653,352</u>	<u>\$ 164,194</u>	<u>\$ 121,875</u>	<u>\$ 939,421</u>

Payable to the Pension Plan

At December 31, 2023, the City had \$94,552 of contributions payable to the pension plan required for the year ended December 31, 2023.

11. Leases

The City leases tower space on the water tower to third parties, as a lessor. Payments are fixed and payable monthly. During the year ended December 31, 2023, the City recognized \$70,991 in lease revenue.

12. 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.

13. 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, 2023, 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.

14. Interfund Operating and Equity Transfers

Operating 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

City of Republic

Notes to the Financial Statements

December 31, 2023

General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Operating transfers between funds of the City for the year ended December 31, 2023, were as follows:

	Operating Transfers In (Out)
General Fund	\$ 228,048
Street Fund	1,822,779
Park Fund	375,140
Capital Improvement	(1,447,285)
Water Fund	(410,636)
Sewer Fund	(568,046)
	<u>\$ -</u>

Equity transfers were utilized by the City during the year ended December 31, 2023 for the purpose of distributing remaining funds from the Major Grant, Capital Project, and Debt Service Funds to the funds that expended the resource in prior years. Equity transfers between the funds of the City were as follows:

	Equity Transfers In (Out)
General Fund	\$ 194,024
Street Fund	562,972
Park Fund	216,978
Major Grant Fund	(2,019,212)
Capital Project Fund	(441,877)
Debt Service Fund	(121,095)
Water Fund	238,725
Sewer Fund	1,369,485
	<u>\$ -</u>

15. Tax Abatements

As of December 31, 2023, the City provides tax abatements through 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

City of Republic

Notes to the Financial Statements

December 31, 2023

employer. During the year ended December 31, 2023 the total amount abated through the City's Enhanced Enterprise Zones Program was \$103,807.

16. Commitments

At December 31, 2023, the City had the following commitments:

Vendor	Project	Amount
Burns & McDonnell	Wastewater treatment facility expansion project	\$ 34,285
Burns & McDonnell	Wastewater treatment facility blending project	\$ 3,621,596
Burns & McDonnell	Lift station #4 and forcemain improvements project	\$ 48,515
Burns & McDonnell	Lower Brookline linear improvement project	\$ 3,698,970
Burns & McDonnell	McElhaney lift station and forcemain project	\$ 3,965,603
Branco Enterprises	Aquatic Center	\$ 3,413,306
Sapp Design Architects	JR Martin Park	\$ 50,243
Springfield Winwater Works	Republic Intermediate waterline project	\$ 147,390

17. Restatement

Certain balances in the Statements of Net Position have been restated due to an error in reporting for pensions in the previous year between the activities. The net position of the City as a whole was not changed. Changes to these balances were as follows:

	Water Fund	Sewer Fund	Business-type Activities	Governmental Activities
Net Position, as previously stated, December 31, 2022	\$ 7,090,542	\$ 21,661,954	\$ 28,752,496	\$ 18,259,257
Net Pension Obligation	351,084	389,399	740,483	(740,483)
Deferred Outflows of Resources	(176,934)	(195,727)	(372,661)	372,661
Deferred Inflows of Resources	91,435	94,475	185,910	(185,910)
Net Position, as restated, January 1, 2023	<u>\$ 7,356,127</u>	<u>\$ 21,950,101</u>	<u>\$ 29,306,228</u>	<u>\$ 17,705,525</u>

Required Supplementary Information

City of Republic

Schedule of Changes in Net Position Liability and Related Ratios

Year Ended December 31, 2023

Missouri Local Government Employees Retirement System (LAGERS)									
	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability									
Service Cost	\$ 525,575	\$ 437,395	\$ 420,061	\$ 425,565	\$ 409,689	\$ 402,300	\$ 389,419	\$ 354,360	\$ 301,679
Interest on the Total Pension Liability	885,175	797,906	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	772,113	365,317	(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	(425,366)	(370,135)	(295,523)	(259,849)	(241,731)	(390,372)	(208,873)	(151,552)	(160,817)
Net Change in Total Pension Liability	1,757,497	1,230,483	761,346	555,298	1,541,807	777,817	662,918	1,092,411	1,338,026
Total Pension Liability, Beginning	12,596,087	11,365,604	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	\$ 14,353,584	\$ 12,596,087	\$ 11,365,604	\$ 10,604,258	\$ 10,048,960	\$ 8,507,153	\$ 7,729,336	\$ 7,066,418	\$ 5,974,007
Plan Fiduciary Net Position									
Contributions - employer	\$ 1,074,832	\$ 876,412	\$ 742,549	\$ 725,511	\$ 580,248	\$ 442,199	\$ 421,098	\$ 378,325	\$ 348,612
Contributions - employee	-	-	26	-	124,450	185,356	187,765	179,855	180,245
Net Investment Income	377,700	11,795	2,147,426	94,547	398,106	632,274	500,611	18,844	74,200
Benefit Payments	(425,366)	(370,135)	(295,523)	(259,849)	(241,731)	(390,372)	(208,873)	(151,552)	(160,817)
Pension Plan Administrative Expense	(33,499)	(22,657)	(17,576)	(22,194)	(19,331)	(12,809)	(12,308)	(11,867)	(12,770)
Other (Net Transfer)	28,417	(58,889)	25,104	20,943	4,070	221,637	(66,888)	(74,047)	(25,775)
Net Change in Plan Fiduciary Net Position	1,022,084	436,526	2,602,006	558,958	845,812	1,078,285	821,405	339,558	403,695
Plan Fiduciary Net Position, Beginning	10,347,381	9,910,855	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	11,369,465	10,347,381	9,910,855	7,308,849	6,749,891	5,904,079	4,825,794	4,004,389	3,664,831
Employer Net Pension Liability	\$ 2,984,119	\$ 2,248,706	\$ 1,454,749	\$ 3,295,409	\$ 3,299,069	\$ 2,603,074	\$ 2,903,542	\$ 3,062,029	\$ 2,309,176
Plan fiduciary net position as a percentage of the total pension liability	79.21%	82.15%	87.20%	68.92%	67.17%	69.40%	62.43%	56.67%	61.35%
Covered payroll	\$ 7,825,446	\$ 6,107,681	\$ 5,274,968	\$ 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	38.13%	36.82%	62.47%	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, 2023

	Missouri Local Government Employees Retirement System (LAGERS)									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 1,137,104	\$ 982,685	\$ 752,329	\$ 768,674	\$ 703,488	\$ 467,478	\$ 454,354	\$ 399,756	\$ 367,770	\$ 289,486
Contributions in relation to the actuarially determined contribution	<u>1,137,104</u>	<u>982,685</u>	<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>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 995</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 14,125</u>	<u>\$ 14,221</u>	<u>\$ (1)</u>	<u>\$ -</u>
Covered payroll	\$ 8,618,846	\$ 7,221,381	\$ 5,574,781	\$ 5,576,497	\$ 5,255,119	\$ 4,865,670	\$ 4,650,980	\$ 4,553,397	\$ 4,394,159	\$ 4,414,900
Contributions as a percentage of covered payroll	13.19%	13.61%	13.50%	13.77%	13.39%	9.61%	9.47%	8.47%	8.37%	6.56%

City of Republic

Notes to the Schedule of Contributions

Year Ended December 31, 2023

Valuation Date: February 28, 2023

Notes: The roll-forward of total pension liability from February 28, 2023, to June 30, 2023, 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, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Taxes				
Ad valorem taxes	\$ 957,759	\$ 1,074,181	\$ 1,373,108	\$ 298,927
Railroad and utility taxes	25,000	25,000	26,421	1,421
City sales tax	8,236,690	8,088,157	8,104,864	16,707
Franchise tax	810,000	810,000	1,008,391	198,391
Financial institution tax	5,800	5,800	3,922	(1,878)
Surtax	60,000	60,000	65,366	5,366
Payment in lieu of tax	1,900	1,900	1,922	22
	<u>10,097,149</u>	<u>10,065,038</u>	<u>10,583,994</u>	<u>518,956</u>
Licenses and Permits				
Occupational licenses	100,000	100,000	106,488	6,488
Permits	320,000	320,000	484,471	164,471
	<u>420,000</u>	<u>420,000</u>	<u>590,959</u>	<u>170,959</u>
Intergovernmental Revenues				
Federal and state grants	15,445	15,445	34,469	19,024
Charges for Services				
Sanitation	22,700	22,700	67,440	44,740
Fines and Forfeitures				
City court fines	238,450	238,450	366,956	128,506
Miscellaneous				
Interest	43,022	261,280	285,421	24,141
Donations	500	500	7,395	6,895
Other	44,000	58,650	31,714	(26,936)
	<u>87,522</u>	<u>320,430</u>	<u>324,530</u>	<u>4,100</u>
Total Revenues	<u>10,881,266</u>	<u>11,082,063</u>	<u>11,968,348</u>	<u>886,285</u>

See accompanying Notes to the Budgetary Comparison Schedules

City of Republic

Budgetary Comparison Schedule – General Fund

Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget
Expenditures				
Current				
Administrative	3,603,192	3,502,291	2,027,633	1,474,658
Information technology	-	-	786,429	(786,429)
Human resources	-	-	366,626	(366,626)
Municipal court	217,969	218,714	205,016	13,698
Economic development	1,013,154	995,744	768,409	227,335
Police	3,314,841	3,155,856	3,069,069	86,787
Fire	3,002,734	2,579,612	2,039,601	540,011
Animal control	275,988	263,061	284,608	(21,547)
Capital outlay	88,100	253,100	658,246	(405,146)
Debt service	-	-	172,803	(172,803)
Total Expenditures	11,515,978	10,968,378	10,378,440	589,938
 <i>Excess (Deficit) of Revenues Over Expenditures</i>	 (634,712)	 113,685	 1,589,908	 1,476,223
 Other Financing Sources (Uses)				
Insurance recoveries	-	-	194,643	194,643
Sale of assets	-	-	29,330	29,330
Operating transfers in	6,297,100	6,297,100	5,726,293	(570,807)
Operating transfers (out)	(5,210,275)	(5,210,275)	(5,498,245)	(287,970)
Total Other Financing Sources (Uses)	1,086,825	1,086,825	452,021	(634,804)
 <i>Net Change in Fund Balance</i>	 452,113	 1,200,510	 2,041,929	 841,419
 Fund Balance, January 1	 9,636,920	 9,636,920	 9,636,920	 -
Equity Transfer	-	-	194,024	194,024
Fund Balance, December 31	\$ 10,089,033	\$ 10,837,430	\$ 11,872,873	\$ 1,035,443

See accompanying Notes to the Budgetary Comparison Schedules

City of Republic

Budgetary Comparison Schedule – Street Fund

Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Taxes				
Ad valorem taxes	\$ 139,500	\$ 164,963	\$ 210,900	\$ 45,937
Street sales taxes	2,157,768	2,100,258	2,098,328	(1,930)
Motor vehicle taxes	658,000	924,414	956,989	32,575
Railroad and utility	4,000	4,000	4,068	68
Surtax	9,300	9,300	10,063	763
	<u>2,968,568</u>	<u>3,202,935</u>	<u>3,280,348</u>	<u>77,413</u>
Permits				
Street cuts	10,000	10,000	-	(10,000)
Street signs	5,000	5,000	-	(5,000)
Right of way permits	13,000	13,000	5,067	(7,933)
	<u>28,000</u>	<u>28,000</u>	<u>5,067</u>	<u>(22,933)</u>
Intergovernmental Revenues				
Grants	-	-	809,447	809,447
County reimbursements	150,000	1,435,000	170,115	(1,264,885)
	<u>150,000</u>	<u>1,435,000</u>	<u>979,562</u>	<u>(455,438)</u>
Miscellaneous				
Interest	2,000	112,630	128,485	15,855
Other	35,000	56,926	314,664	257,738
	<u>37,000</u>	<u>169,556</u>	<u>443,149</u>	<u>273,593</u>
Total Revenues	<u>3,183,568</u>	<u>4,835,491</u>	<u>4,708,126</u>	<u>(127,365)</u>
Expenditures				
Current				
Street	2,405,704	2,356,573	2,646,096	(289,523)
Capital outlay	1,437,195	3,157,000	2,565,506	591,494
Debt Service				
Principal and interest	578,844	578,844	616,246	(37,402)
Total Expenditures	<u>4,421,743</u>	<u>6,092,417</u>	<u>5,827,848</u>	<u>264,569</u>
<i>Excess (Deficit) of Revenues Over Expenditures</i>	<u>(1,238,175)</u>	<u>(1,256,926)</u>	<u>(1,119,722)</u>	<u>137,204</u>
Other Financing Sources (Uses)				
Operating transfers in	-	-	2,012,957	2,012,957
Operating transfers (out)	(216,875)	(216,875)	(190,178)	26,697
Proceeds from new debt issuances	-	-	2,007,533	(2,007,533)
Total Other Financing Sources (Uses)	<u>(216,875)</u>	<u>(216,875)</u>	<u>3,830,312</u>	<u>32,121</u>
<i>Net Change in Fund Balance</i>	<u>(1,455,050)</u>	<u>(1,473,801)</u>	<u>2,710,590</u>	<u>169,325</u>
Fund Balance, January 1	2,851,197	2,851,197	2,851,197	-
Equity Transfer	-	-	562,972	562,972
Fund Balance, December 31	<u>\$ 1,396,147</u>	<u>\$ 1,377,396</u>	<u>\$ 6,124,759</u>	<u>\$ 732,297</u>

See accompanying Notes to the Budgetary Comparison Schedules

City of Republic

Budgetary Comparison Schedule – Park and Recreation Fund

Year Ended December 31, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues				
Taxes				
Ad valorem taxes	\$ 277,500	\$ 288,764	\$ 369,157	\$ 80,393
Sales taxes	3,192,768	3,184,567	3,183,335	(1,232)
Railroad and utility	6,750	6,750	7,121	371
Surtax	16,500	16,500	17,618	1,118
	<u>3,493,518</u>	<u>3,496,581</u>	<u>3,577,231</u>	<u>80,650</u>
Charges for Services				
Rental income	268,600	239,700	290,580	50,880
Adult and youth programs	284,350	297,350	307,820	10,470
Swim lessons	28,000	28,000	16,506	(11,494)
Special events	131,500	131,500	123,026	(8,474)
Concession	175,000	175,000	201,814	26,814
Admissions	407,500	407,500	444,202	36,702
	<u>1,294,950</u>	<u>1,279,050</u>	<u>1,383,948</u>	<u>104,898</u>
Miscellaneous				
Interest	8,500	201,234	234,428	33,194
Other	21,500	21,500	17,908	(3,592)
	<u>30,000</u>	<u>222,734</u>	<u>252,336</u>	<u>29,602</u>
Total Revenues	<u>4,818,468</u>	<u>4,998,365</u>	<u>5,213,515</u>	<u>215,150</u>
Expenditures				
Current				
Parks and recreation	3,809,660	4,080,272	2,990,834	1,089,438
Capital outlay	212,000	6,359,872	5,557,879	801,993
Debt Service				
Principal and interest	505,300	505,300	1,430,259	(924,959)
Total Expenditures	<u>4,526,960</u>	<u>10,945,444</u>	<u>9,978,972</u>	<u>966,472</u>
<i>Excess (Deficit) of Revenues Over Expenditures</i>	291,508	(5,947,079)	(4,765,457)	1,181,622
Other Financing Sources (Uses)				
Bond Proceeds	-	9,920,000	9,920,000	-
Operating transfer in	210,375	210,375	772,701	562,326
Operating transfer (out)	(501,720)	(501,720)	(397,561)	104,159
Total Other Financing Sources (Uses)	<u>(291,345)</u>	<u>9,628,655</u>	<u>10,295,140</u>	<u>666,485</u>
<i>Net Change in Fund Balance</i>	163	3,681,576	5,529,683	1,848,107
Fund Balance, January 1	1,025,801	1,025,801	1,025,801	-
Equity Transfer	-	-	216,978	216,978
Fund Balance, December 31	<u>\$ 1,025,964</u>	<u>\$ 4,707,377</u>	<u>\$ 6,772,462</u>	<u>\$ 2,065,085</u>

See accompanying Notes to the Budgetary Comparison Schedules

City of Republic

Notes to the Budgetary Comparison Schedules

Year Ended December 31, 2023

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.

Supplementary Information

City of Republic

Combining Balance Sheet – Nonmajor Governmental Funds

Year Ended December 31, 2023

	Special Revenue Funds						Total
	Stormwater Improvement Fund	Fire Sales Tax Fund	Capital Improvement Sales Tax Fund	Major Grant Fund	Capital Project Fund	Debt Service Fund	
Assets							
Cash and cash equivalents - unrestricted	\$ 567,903	\$ 657,000	\$ 98,724	\$ -	\$ -	\$ -	\$ 1,323,627
Sales taxes receivable	-	88,302	176,605	-	-	-	264,907
Total Assets	<u>\$ 567,903</u>	<u>\$ 745,302</u>	<u>\$ 275,329</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,588,534</u>
Liabilities and Fund Balance							
Liabilities							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Liabilities	-	-	-	-	-	-	-
Fund Balances							
Assigned to							
Stormwater	567,903	-	-	-	-	-	567,903
Fire	-	745,302	-	-	-	-	745,302
Capital improvements	-	-	275,329	-	-	-	275,329
Total Fund Balances	<u>567,903</u>	<u>745,302</u>	<u>275,329</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,588,534</u>
Total Liabilities and Fund Balances	<u>\$ 567,903</u>	<u>\$ 745,302</u>	<u>\$ 275,329</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,588,534</u>

City of Republic

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds

Year Ended December 31, 2023

	Special Revenue Funds						Total
	Stormwater Improvement Fund	Fire Sales Tax Fund	Capital Improvement Sales Tax Fund	Major Grant Fund	Capital Project Fund	Debt Service Fund	Governmental Funds
Revenues							
Taxes	\$ -	\$ 524,533	\$ 1,049,164	\$ -	\$ -	\$ -	\$ 1,573,697
Miscellaneous	17,442	19,209	20,290	-	-	-	56,941
Total Revenues	<u>17,442</u>	<u>543,742</u>	<u>1,069,454</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,630,638</u>
Expenditures							
Current							
Fire	-	527,850	-	-	-	-	527,850
Stormwater	56,272	-	-	-	-	-	56,272
Capital outlay	-	-	85,596	-	-	-	85,596
Debt Service							
Principal and interest	-	88,256	-	-	-	-	88,256
Total Expenditures	<u>56,272</u>	<u>616,106</u>	<u>85,596</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>757,974</u>
<i>Excess (Deficit) of Revenues Over Expenditures</i>	(38,830)	(72,364)	983,858	-	-	-	872,664
Other Financing Sources (Uses)							
Operating transfers (out)	-	-	(1,447,285)	-	-	-	(1,447,285)
<i>Net Change in Fund Balances</i>	(38,830)	(72,364)	(463,427)	-	-	-	(574,621)
Fund Balance, January 1	606,733	817,666	738,756	2,019,212	441,877	121,095	4,745,339
Equity Transfer	-	-	-	(2,019,212)	(441,877)	(121,095)	(2,582,184)
Fund Balance, December 31	<u>\$ 567,903</u>	<u>\$ 745,302</u>	<u>\$ 275,329</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,588,534</u>

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, each major fund, and the aggregate remaining fund information of the City of Republic, Missouri, as of and for the year ended December 31, 2023, 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 May 14, 2024.

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 or significant deficiencies may exist that were not identified.

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
May 14, 2024



Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance

Honorable Mayor and City Council
City of Republic
Republic, Missouri

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Republic, Missouri's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City of Republic, Missouri's major federal programs for the year ended December 31, 2023. The City of Republic, Missouri's major federal programs are identified in the Summary of Auditors' Results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the City of Republic, Missouri, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City of Republic, Missouri, and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City of Republic, Missouri's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about the City of Republic, Missouri's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 City of Republic, Missouri's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City of Republic, Missouri's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we

consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

KPM CPAs, PC

KPM CPAs, PC
Springfield, Missouri
May 14, 2024

City of Republic

Schedule of Expenditures of Federal Awards

Year Ended December 31, 2023

Federal Grantor/Pass Through Grantor/Program Title	Assistance Listing Number	Pass-through Grantor's Number	Pass-through to Subrecipients	Federal Expenditures
U.S. Department of Transportation				
Missouri Department of Transportation				
Highway Planning and Construction	20.205	STBG-6900(813)	\$ -	\$ 424,807
Alcohol Open Container Requirements	20.607	24-154-AL-063	-	369
<i>Highway Safety Cluster</i>				
State and Community Highway Safety	20.600	23-PT-02-097	-	3,349
		24-PT-02-059	-	869
National Priority Safety Programs	20.616	23-M5HVE-03-038	-	2,299
<i>Total Highway Safety Cluster</i>			-	6,517
Total U.S. Department of Transportation			-	431,693
U.S. Department of Treasury				
Direct				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	-	35,983
Missouri Office of Administration				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	E5B3F40BFA16	-	14,815,659
Total U.S. Department of Treasury			-	14,851,642
Total Expenditures of Federal Awards			\$ -	\$ 15,283,335

N/A - Not Applicable

City of Republic

Noted to the Schedule of Expenditures of Federal Awards

Year Ended December 31, 2023

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of the City of Republic, Missouri, under programs of the federal government for the year ended December 31, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City of Republic, Missouri, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City of Republic, Missouri.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. Indirect Cost Rate

The City of Republic, Missouri, has elected not to use the 10-percent *de minimis* indirect cost rate allowed under the Uniform Guidance.

4. Coronavirus State and Local Fiscal Recovery Funds

Included in the Schedule for the year ended December 31, 2023, is \$5,204,090 of federal expenditures under the Coronavirus State and Local Fiscal Recovery Funds, ALN 21.027, pass-through grantor number E5B3F40BFA16, that were paid in a previous fiscal year. The expenditures were identified and approved in the current fiscal year as federal expenditures and have been reported in the current fiscal year Schedule in accordance with reporting requirements.

City of Republic

Schedule of Findings and Questioned Costs

Year Ended December 31, 2023

Section I: Summary of Auditors' Results

Financial Statements		
Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:		Unmodified
Internal Control over Financial Reporting:		
Material weakness(es) identified?		No
Significant deficiency(ies) identified?		None Reported
Noncompliance material to financial statements noted?		No
Federal Awards		
Internal control over major federal programs:		
Material weakness(es) identified?		No
Significant deficiency(ies) identified?		None Reported
Type of auditors' report issued on compliance for major federal program:		Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2CFR 200.516(a)?		No
Identification of major federal programs:		
Assistance Listing Number(s) 21.027	Name of Federal Program or Cluster COVID 19 – Coronavirus State and Local Fiscal Recovery Funds	
Dollar threshold used to distinguish between type A and type B programs:		\$750,000
Auditee qualified as low-risk auditee?		No

City of Republic

Schedule of Findings and Questioned Costs

Year Ended December 31, 2023

Section II: Financial Statement Findings

None

Section III: Federal Award Findings and Questioned Costs

None

City of Republic

Summary Schedule of Prior Audit Findings

Year Ended December 31, 2023

Financial Statement Finding

2022-001 *Segregation of duties*

Auditor's 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.

Status: Uncorrected