

CITY OF MILROY, MINNESOTA

Prepared Financial Statements
December 31, 2025

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Kinner & Company Ltd
Certified Public Accountants

City of Milroy
Statement of Net Position
December 31, 2025

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
<i>Current Assets</i>			
Cash and Cash Equivalents	\$ 161,654	\$ 319,795	\$ 481,449
Certificates of Deposit	513,859	--	513,859
Accrued Interest	1,966	--	1,966
Delinquent Taxes Receivable	9,588	--	9,588
Accounts Receivable	--	13,153	13,153
Prepaid and Other Assets	9,053	--	9,053
Total Current Assets	696,120	332,948	1,029,068
<i>Noncurrent Assets</i>			
Non-Depreciable	25,487	--	25,487
Depreciable, Net	2,016,886	159,702	2,176,588
Total Assets	2,738,493	492,650	3,231,143
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Pension Resources	7,186	3,702	10,888
Total Deferred Outflows of Resources	7,186	3,702	10,888
LIABILITIES			
<i>Current Liabilities</i>			
Accounts Payable	6,191	3,681	9,872
Accrued Interest Payable	31,522	376	31,898
Unearned Revenue	559	--	559
Bonds Payable-due within one year	85,600	30,000	115,600
Total Current Liabilities	123,872	34,057	157,929
<i>Noncurrent Liabilities</i>			
Accrued Leave	3,952	360	4,312
Bonds Payable-due beyond one year	1,789,702	--	1,789,702
Net Pension Liability	27,435	14,134	41,569
Total Liabilities	1,944,961	48,551	1,993,512
DEFERRED INFLOWS OF RESOURCES			
Deferred Pension Resources	20,701	10,664	31,365
Total Deferred Inflows of Resources	20,701	10,664	31,365
NET POSITION			
Net Investment in Capital Assets	167,070	129,702	296,772
<i>Unrestricted</i>	612,947	307,435	612,947
Total Net Position	\$ 780,017	\$ 437,137	\$ 1,217,154

No assurance is provided on these financial statements.

Substantially all disclosures required by accounting principles generally accepted in the United States are not included.

**City of Milroy
Statement of Activities
For the Year Ended December 31, 2025**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary Government							
Governmental Activities:							
Streets and Highways	\$ 164,344	\$ --	\$ 7,687	\$ --	\$ (156,657)	\$ --	\$ (156,657)
Culture and Recreation	17,521	--	--	--	(17,521)	--	(17,521)
Fitness Center	5,587	5,038	--	--	(549)	--	(549)
Depreciation-Unallocated	5,084	--	--	--	(5,084)	--	(5,084)
Debt - Interest	44,233	--	--	--	(44,233)	--	(44,233)
Economic Development	3,221	4,975	--	--	1,754	--	1,754
General Government and Administration	184,901	1,690	--	--	(183,211)	--	(183,211)
Public Safety	59,543	22,000	19,333	--	(18,210)	--	(18,210)
Total Governmental Activities	484,434	33,703	27,020	--	(423,711)	--	(423,711)
Business-type Activities:							
Garbage	15,880	20,856	--	--	--	4,976	4,976
Sewer	52,812	42,075	--	--	--	(10,737)	(10,737)
Water	78,290	100,429	--	--	--	22,139	22,139
Total Business-type Activities	146,982	163,360	--	--	--	16,378	16,378
Total Primary Government	\$ 631,416	\$ 197,063	\$ 27,020	\$ --	\$ (423,711)	\$ 16,378	\$ (407,333)
General Purpose Revenues:							
Revenues							
Taxes					311,880	--	311,880
Local Government Aid					74,592	--	74,592
Interest Revenue					24,336	--	24,336
Special Assessments					--	314	314
Gain (Loss) on Sale of Assets					15,002	--	15,002
Donations					15,875	--	15,875
Refunds and Reimbursements					7,680	--	7,680
Other					3,688	--	3,688
Total General Revenues					453,302	314	453,616
Change in Net Position					29,591	16,692	46,283
<i>Net Position at Beginning of Period</i>					<i>750,426</i>	<i>420,445</i>	<i>1,170,871</i>
Net Position at End of Period					\$ 780,017	\$ 437,137	\$ 1,217,154

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**City of Milroy
Balance Sheet
Governmental Funds
December 31, 2025**

		<u>Special Revenue</u>	<u>Debt Service</u>		
	<u>General</u>	<u>Fire</u>	<u>2022 Tax Abatement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and Cash Equivalents	\$ 89,981	\$ 47,967	\$ 21,312	\$ 2,394	\$ 161,654
Certificates of Deposit	358,746	155,113	--	--	513,859
Accrued Interest	1,184	782	--	--	1,966
Delinquent Taxes Receivable	6,719	--	2,869	--	9,588
Prepaid and Other Assets	9,053	--	--	--	9,053
Total Assets	<u>465,683</u>	<u>203,862</u>	<u>24,181</u>	<u>2,394</u>	<u>696,120</u>
DEFERRED OUTFLOWS OF RESOURCES					
Aggregated deferred outflows	--	--	--	--	--
Total Assets and Deferred Outflows of Resources	<u>\$ 465,683</u>	<u>\$ 203,862</u>	<u>\$ 24,181</u>	<u>\$ 2,394</u>	<u>\$ 696,120</u>
LIABILITIES					
Accounts Payable	\$ 4,790	\$ 1,211	\$ --	\$ 190	\$ 6,191
Unearned Revenue	--	--	--	559	559
Total Liabilities	<u>4,790</u>	<u>1,211</u>	<u>--</u>	<u>749</u>	<u>6,750</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue - Taxes	5,831	--	2,387	--	8,218
Total Liabilities and Deferred Inflows of Resources	<u>10,621</u>	<u>1,211</u>	<u>2,387</u>	<u>749</u>	<u>14,968</u>
FUND BALANCE					
Nonspendable	9,053	--	--	--	9,053
Restricted	--	--	21,794	--	21,794
Committed	183,705	187,503	--	1,645	372,853
Assigned	--	15,148	--	--	15,148
Unassigned	262,304	--	--	--	262,304
Total Fund Balance	<u>455,062</u>	<u>202,651</u>	<u>21,794</u>	<u>1,645</u>	<u>681,152</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 465,683</u>	<u>\$ 203,862</u>	<u>\$ 24,181</u>	<u>\$ 2,394</u>	<u>\$ 696,120</u>

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City of Milroy
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position
December 31, 2025

Total Fund Balance - Governmental Funds	\$ 681,152
Compensated absences expensed as paid in governmental fund statements, expensed as incurred in entity wide statements, and reflected as liability on Statement of Net Position	(3,952)
Accrued interest payable is accrued on Statement of Net Position and expensed on the Statement of Activities. Interest is expensed on a cash basis on the Statement of Revenues, Expenditures, and Changes in Fund Balance.	(31,522)
Capital assets are capitalized in the Statement of Net Position and depreciated in the Statement of Activities. These are expensed when acquired in the Statement of Revenues, Expenditures, and Changes in Fund Balance.	2,042,373
Receivables to be collected, but not available soon enough to pay for the current period's expenditures, and therefore are reported as deferred inflows.	8,217
Long- term debt reflected on Statement of Net Assets not in governmental funds balance sheet	(1,875,302)
Net pension liability is not due and payable in the current period from current financial resources, and therefore are not reported in the funds.	(27,435)
Pension related deferred inflows are not due and payable in the current period from current financial resources, and therefore are not reported in funds.	(20,701)
Pension related deferred outflows are not available to pay for current period expenditures and therefore are deferred in the funds.	7,186
Total Net Position-Governmental Funds	\$ <u>780,017</u>

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City of Milroy
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended December 31, 2025

		Special Revenue	Debt Service		
	General	Fire	2022 Tax Abatement	Other Governmental Funds	Total Governmental Funds
Revenues					
Taxes	\$ 209,417	\$ --	\$ 108,632	\$ --	\$ 318,049
Local Government Aid	74,592	--	--	--	74,592
Other State Aid	27,020	--	--	--	27,020
Licenses, Permits, Fines, and Fees	1,690	--	--	--	1,690
Charges for Services	--	22,000	--	10,013	32,013
Refunds and Reimbursements	--	7,680	--	--	7,680
Donations	--	15,875	--	--	15,875
Insurance Dividends	249	--	--	--	249
Other	2,464	374	--	850	3,688
Interest Revenue	18,640	5,696	--	--	24,336
Total Revenues	334,072	51,625	108,632	10,863	505,192
Expenditures					
General Government and Administration	201,757	--	--	--	201,757
Public Safety	20,833	24,832	--	--	45,665
Streets and Highways	81,785	--	--	--	81,785
Culture and Recreation	12,613	--	--	--	12,613
Economic Development	--	--	--	3,221	3,221
Fitness Center	--	--	--	5,587	5,587
Capital Outlay	11,619	31,943	--	--	43,562
Debt - Interest	--	--	44,233	--	44,233
Debt - Principal	--	--	83,727	--	83,727
Total Expenditures	328,607	56,775	127,960	8,808	522,150
Excess of Revenues Over (Under) Expenditures	5,465	(5,150)	(19,328)	2,055	(16,958)
Other Financing Sources (Uses)					
Sale of Capital Assets	--	--	--	19,167	19,167
Transfers from Other Funds	86,622	8,200	--	--	94,822
Transfers to Other Funds	(8,200)	--	--	(86,622)	(94,822)
Net Other Financing Sources (Uses)	78,422	8,200	--	(67,455)	19,167
Net Change in Fund Balance	83,887	3,050	(19,328)	(65,400)	2,209
<i>Fund Balance at Beginning of Period</i>	<i>371,175</i>	<i>199,601</i>	<i>41,122</i>	<i>67,045</i>	<i>678,943</i>
Fund Balance at End of Period	\$ 455,062	\$ 202,651	\$ 21,794	\$ 1,645	\$ 681,152

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City of Milroy
Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and
Changes in Fund Balance with Statement of Activities
For the Year Ended December 31, 2025

Total Net Change in Fund Balances - Governmental Funds	\$ 2,209
Revenue that will not be collected for several months after the City's year end are not considered available revenues in the governmental funds, and are instead considered deferred inflows.	(6,168)
Accrued interest expense included in Statement of Activities, expensed as paid in governmental fund statements	969
Principal payments on long-term expensed in governmental fund statements, treated as reductions of outstanding debt in Entity wide statements	83,727
Capital assets expensed as capital outlay in governmental fund statements, capitalized as capital assets in Statement of Net Position.	43,562
Depreciation expense reflected in entity wide statements, not reflected in governmental fund statements	(113,114)
The net effect of various transactions involving capital assets (i.e. Sales, trade-ins, and contributions) is to increase net position.	(4,165)
Accrued leave is reported in the government-wide statement of activities and changes in net position, but does not require the use of current financial resources; therefore, accrued leave is not reported as an expenditure in the government funds.	15,372
In the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as an element of pension expense. The fund financial statements report pension contributions as expenditures.	7,201
Changes in Net Position-Governmental Funds	\$ <u>29,591</u>

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City of Milroy
Statement of Net Position
Proprietary Funds
December 31, 2025

	Business-type Activities - Enterprise Funds			
	Sewer	Water	Nonmajor Garbage	Total Enterprise Funds
ASSETS				
<i>Current Assets</i>				
Cash and Cash Equivalents	\$ 134,624	\$ 130,555	\$ 54,616	\$ 319,795
Accounts Receivable	3,566	7,661	1,926	13,153
Total Current Assets	138,190	138,216	56,542	332,948
<i>Noncurrent Assets</i>				
Depreciable, Net	18,604	141,098	--	159,702
Total Assets	156,794	279,314	56,542	492,650
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Pension Resources	1,851	1,851	--	3,702
Total Deferred Outflows of Resources	1,851	1,851	--	3,702
LIABILITIES				
<i>Current Liabilities</i>				
Accounts Payable	1,054	1,276	1,351	3,681
Accrued Interest Payable	--	376	--	376
Bonds Payable-due within one year	--	30,000	--	30,000
Total Current Liabilities	1,054	31,652	1,351	34,057
<i>Noncurrent Liabilities</i>				
Accrued Leave	180	180	--	360
Net Pension Liability	7,067	7,067	--	14,134
Total Liabilities	8,301	38,899	1,351	48,551
DEFERRED INFLOWS OF RESOURCES				
Deferred Pension Resources	5,332	5,332	--	10,664
Total Deferred Inflows of Resources	5,332	5,332	--	10,664
NET POSITION				
Net Investment in Capital Assets	18,604	111,098	--	129,702
<i>Unrestricted</i>	126,408	125,836	55,191	307,435
Total Net Position	\$ 145,012	\$ 236,934	\$ 55,191	\$ 437,137

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City of Milroy
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2025

	Business-type Activities - Enterprise Funds			
	Sewer	Water	Nonmajor Garbage	Total Enterprise Funds
Operating Revenues				
Special Assessments	\$ --	\$ 314	\$ --	\$ 314
Charges for Services	10,436	48,055	20,856	79,347
Improvement Fees	31,639	52,374	--	84,013
Total Operating Revenues	42,075	100,743	20,856	163,674
Operating Expenses				
Sewer Operations	13,715	--	--	13,715
Water Operations	--	23,112	--	23,112
Garbage Operations	--	--	15,880	15,880
Depreciation	6,286	15,713	--	21,999
Salaries and Wages	19,224	19,224	--	38,448
Payroll Taxes and Benefits	3,129	3,129	--	6,258
Dues/Conferences/Training	17	1,610	--	1,627
Office Supplies and Expenses	704	753	--	1,457
Telephone	160	160	--	320
Utilities	2,995	1,162	--	4,157
Repairs and Maintenance	4,853	2,472	--	7,325
Miscellaneous	67	67	--	134
Shop Supplies	3,516	11,390	--	14,906
Total Operating Expenses	54,666	78,792	15,880	149,338
Operating Income (Loss)	(12,591)	21,951	4,976	14,336
Non-Operating Revenues (Expenses)				
Interest Expense	--	(958)	--	(958)
Bond Issuance Costs	--	(395)	--	(395)
Pension (Expense) Recovered	1,855	1,855	--	3,710
Net Non-Operating Revenues (Expenses)	1,855	502	--	2,357
Income Before Contributions and Transfers	(10,736)	22,453	4,976	16,693
Transfers from Other Funds	--	--	--	--
Transfers to Other Funds	--	--	--	--
Change In Net Position	(10,737)	22,453	4,976	16,692
<i>Net Position at Beginning of Period</i>	<i>155,749</i>	<i>214,481</i>	<i>50,215</i>	<i>420,445</i>
Net Position at End of Period	\$ 145,012	\$ 236,934	\$ 55,191	\$ 437,137

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City of Milroy
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2025

	Business-type Activities - Enterprise Funds			
	Sewer	Major Water	Nonmajor Garbage	Total Enterprise Funds
Cash Flows from Operating Activities:				
Cash Received from Customers	\$ 42,553	\$ 98,370	\$ 21,115	\$ 162,038
Cash Received from Other Sources	-	1,606	-	1,606
Cash Paid to Employees	(22,379)	(22,379)		(44,758)
Cash Paid for Goods and Services	(28,102)	(42,801)	(15,859)	(86,762)
Net Cash Provided (Used) by Operating Activities	(7,928)	34,796	5,256	32,124
Cash Flows from Capital and Related Financing Activities:				
Bond Costs	-	(395)	-	(395)
Principal Paid on Bond	-	(33,000)	-	(33,000)
Interest Paid on Bond	-	(1,771)	-	(1,771)
Net Cash Provided (Used) by Capital and Related Financing Activities	-	(35,166)	-	(35,166)
Net Increase (Decrease) in Cash and Cash Equivalents	(7,928)	(370)	5,256	(3,042)
Cash and Cash Equivalents - Beginning of Year	142,552	130,925	49,360	322,837
Cash and Cash Equivalents - End of Year	\$ 134,624	\$ 130,555	\$ 54,616	\$ 319,795

Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities

Cash Flows From Operating Activities:				
Operating Income (Loss)	\$ (12,591)	\$ 21,951	\$ 4,976	\$ 14,336
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Depreciation	6,286	15,713	-	21,999
Changes in Assets and Liabilities:				
Accounts Receivable	(142)	(2,059)	(199)	(2,400)
Special Assessments Receivable	620	1,292	458	2,370
Accounts Payable	1,054	1,054	21	2,129
Accrued Leave	(3,155)	(3,155)	-	(6,310)
Net Cash Provided (Used) by Operating Activities	\$ (7,928)	\$ 34,796	\$ 5,256	\$ 32,124

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