



# **AGENDA - City Council Meeting**

**Monday, March 25, 2024**  
**6:00 p.m.**

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- 1. CALL TO ORDER – Pledge of Allegiance**
- 2. ROLL CALL – CB, JC, DO, RZ, MW – *Silence Electronic Devices***
- 3. APPROVAL OF MINUTES**
  - February 26, 2024, Regular Meeting
- 4. CONSENT AGENDA – *All items listed under the Consent Agenda, unless removed from the Consent Agenda, shall be approved by a Council motion.***
  - Claims Payable
  - LU Permit #1.2024
- 5. ORDINANCES AND RESOLUTIONS**
- 6. OPEN FORUM – *For those not on the agenda, only three (3) minutes are allotted for you to address the council. No City Council action will be taken, although the Council may refer issues to staff for follow-up or consideration at a future meeting.***
  - Kinner & Company/City Auditors/Review of the 2023 Draft Audit – Rebecca Towne
- 7. REPORTS**
  - Fire Department
  - Public Works
  - Mayor/Council
  - City Clerk/Treasurer
- 8. UNFINISHED BUSINESS**
  - Park Bathrooms
- 9. NEW BUSINESS**
  - Dog Nuisances/Complaints
  - Redwood County Fair Donation
  - Spring Clean Up – June 7,8,9, 2024
  - Utility Meter Reader
- 10. MAYOR/COUNCIL ITEMS**
  - April 15 – Board of Appeal & Equalization Meeting 5:00 – 5:30PM
  - April 22 – City Council Meeting
- 11. ADJOURN**

## **CITY OF MILROY**

Regular City Council Meeting Minutes

February 26, 2024

### **CALL TO ORDER**

Mayor Weber called the meeting to order at 6:00 p.m. and the pledge of allegiance was recited.

Present: Mayor Weber, Council Members Brooks, Christensen and Zwach. Also present were Clerk/Treasurer Snyder, Public Works Director Duscher, Fire Chief Krueger and City Attorney Matthew Gross. Guests Present: Kent Miller, Jeff and Sharri VanDeWiele, Steve and Debbie Todd, Bryan Weber and Sue Thooft

### **MINUTES**

Motion to approve the January 22, 2024, Regular City Council minutes was made by Brooks, second by Zwach. Motion carried.

### **CONSENT AGENDA**

- Claims Payable

Motion to approve the consent agenda was made by Christensen, second by Brooks. Motion carried.

### **ORDINANCES/RESOLUTIONS**

Resolution #5-2024 Accepting Donations

Motion to approve the resolution was made by Zwach, second by Christensen. Motion carried.

### **OPEN FORUM/GUESTS**

Matt Gross, City Attorney, Quarnstrom & Doering, was present to introduce himself to the council and went over items in which he can help the city with. He then welcomed any questions from the council.

### **REPORTS & REQUESTS**

Fire Chief Krueger went over his report which was included in the packet. Motion to approve Nathan Lean and Colben Christensen as new members to the fire department was made by Christensen, second by Brooks. Motion carried.

The city should expect an invoice from North Star Training and Consulting for blood borne pathogens and right to know training. Physicals are done every other year and have been scheduled for May 6, 2024.

Motion by Christensen, second by Zwach to approve the quote from Heiman Fire in the amount of \$ 2,456.75 for the purchase of gloves, hoods, boots, name tags and turnout gear cleaner paid for out of the city budget. Motion carried.

Motion by Christensen, second by Brooks, to approve the quote from Heiman Fire in the amount of \$ 2,876.70 for the purchase of survivor led lights, collapsible cones and emergency signs, this will be reimbursed by the Milroy Relief general fund. Motion carried.

Motion by Christensen, second by Zwach to accept the quote from Knott's Welding in the amount of \$5,133.00 for new lockers, this will be reimbursed by the Milroy Relief general fund. Motion carried.

Motion by Christensen, second by Zwach to purchase name plates for the lockers from CE signs for a cost of \$ 14.00 each and a total of \$ 294.00, this will be reimbursed by the Milroy Relief general fund. Motion carried.

Public Works Director Duscher will be attending the MN Rural Water Conference March 5 – 7, 2024 in St. Cloud. There was a shortage of tin bought and more is needed to finish this project. Motion by Christensen, second by Brooks to use the funds from the Park Fund and buy the needed tin to finish the Park shelter. Motion carried.

Councilmember Christensen asked about the water tower repairs. Public Works Director Duscher explained the supply pipe going up the water tower will need replacement in the future.

City Clerk/Treasurer Snyder will be attending the MCFOA Annual Conference March 19 – 22, 2024 in St. Cloud. She asked the council to consider her attending the IIMC Conference in Calgary, Canada. Being she is the Administrative Assistant to the MCFOA organization, they pay for her costs to attend the MN conference, therefore she would like to use the funds budgeted to attend the IIMC conference. Motion by Brooks, second by Christensen to allow Clerk/Treasurer Snyder to attend the IIMC Conference May 19 – 22, 2024. Motion carried.

**UNFINISHED BUSINESS**

Motion to approve the purchase of a zero-turn mower was made by Brooks, second by Weber. Brooks, Weber in favor, Christensen, Zwach opposed. Motion fails.

**NEW BUSINESS**

Motion to accept the audit confirmation letter from Kinner & Company to conduct the 2023 audit was made by Brooks, second by Christensen. Motion carried.

Motion to approve the Fire Contracts was made by Zwach, second by Christensen. Motion carried.

Updating/reconstructing the park bathrooms was discussed. Public Works Director Duscher will get specs/quotes for the March meeting.

**MAYOR/COUNCIL ITEMS**

- March 25 – City Council Meeting
- April 15 – Board of Appeal & Equalization Meeting 5:00 5:30 p.m.

At this time the residents in the audience were allowed to address the council. Questions/comments were related to the purchase of the mower and equipment funds.

**ADJOURN**

Motion to adjourn the meeting at 7:00 p.m. was made by Zwach, second by Christensen. Motion carried.

Approved this 25<sup>th</sup> day of March 2024.

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Betsy Snyder, City Clerk/Treasurer

**Accounts Payable Check Register Report - First Independent Bank-1005284**

For The Date Range From 2/23/2024 To 3/21/2024

For All Vendors And For Outstanding Checks - Computer Generated, eCheck

Check # / eCheck ID	Type	Date	Vendor	Name	Amount	Status
12491	C	2/26/2024	31	Heiman Fire Equipment	\$806.07	O
12492	C	2/26/2024	43	Minnesota Department of Health	\$323.00	O
12493	C	2/26/2024	49	Minnesota Pollution Control Agency	\$345.00	O
12494	C	2/26/2024	54	Otter Tail Power Company	\$1,599.81	O
12495	C	2/26/2024	58	Redwood County Auditor/Treasurer	\$50.00	O
12496	C	2/26/2024	68	Wabasso Ambulance Association	\$1,000.00	O
12497	C	2/26/2024	170	Redwood County Attorney's Office	\$350.00	O
12498	C	2/26/2024	284	Menards	\$104.31	O
12499	C	2/26/2024	299	Computers and Beyond	\$26.10	O
12500	C	2/26/2024	350	NCPERS Group Life Ins.	\$16.00	O
12501	C	2/26/2024	357	North Star Training & Consulting	\$850.00	O
12502	C	2/26/2024	461	The Bike Shop	\$250.00	O
12503	C	3/14/2024	11	Wrenchers, LLC	\$895.53	O
12504	C	3/14/2024	27	FCAM	\$99.27	O
12505	C	3/14/2024	31	Heiman Fire Equipment	\$404.36	O
12506	C	3/14/2024	35	League of MN Cities Insurance Trust WC	\$923.00	O
12507	C	3/14/2024	41	MN Valley Telephone Co.	\$195.92	O
12508	C	3/14/2024	42	MCI	\$63.75	O
12509	C	3/14/2024	67	Volunteer Firefighters Benefit Association of MN	\$14.00	O
12510	C	3/14/2024	70	West Central Communications, INC.	\$237.50	O
12511	C	3/14/2024	170	Redwood County Attorney's Office	\$43.75	O
12512	C	3/14/2024	222	City of Lamberton	\$250.00	O
12513	C	3/14/2024	299	Computers and Beyond	\$4,464.07	O
12514	C	3/14/2024	428	City of Milroy	\$164.62	O
Meadowland Farmers Coop	E	3/14/2024	40	Meadowland Farmers Coop	\$1,856.09	O
MEDICA	E	3/14/2024	544	MEDICA	\$3,234.50	O
Southwest Sanitation	E	2/26/2024	413	Southwest Sanitation	\$1,245.34	O
Southwest Sanitation	E	3/14/2024	413	Southwest Sanitation	\$1,245.34	O
VISA	E	2/26/2024	90	VISA	\$1,897.72	O

**Cleared \$0.00**

**Outstanding \$22,955.05**

**Void \$0.00**

# MILROY

MINNESOTA

## Land Use Permit

NO: 1-2024  
\$ 100.00

IN CONSIDERATION OF The statements and representations made by **DOUG LAMOREAUX** in application therefore duly filed in this office, which application is hereby made part hereof, PERMISSION IS HEREBY GRANTED to build/add to a building described in the permit application.

Upon that tract of land described as:

**Parcel#: 85-200-1520**

**Lot: N 35' of Lot 14 & S 28' of Lot 15      Block: 11**

**Street Address: 302 Prospect Street**

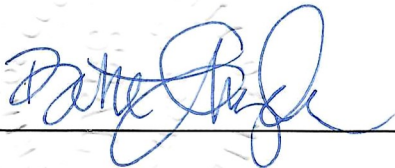
Which tract is of the size and area specified in said application

This permit is granted upon the express conditions that said owner(s) shall comply in all respects with the Ordinances of the City of Milroy; that it does not cover the use if property, such as streets, sidewalks, alleys, etc. for which special permits must be obtained.

All permits are valid for six (6) months from time of approval and can be extended for six (6) months with approval from the Zoning Administrator.

Given under the hand of the Zoning Administer of said City and its corporate seal this 4<sup>th</sup> day of March, 2024.

ATTEST:



ZONING ADMINISTRATOR

# MILROY

MINNESOTA

## City of Milroy Land Use Application

Request is hereby made for:

2024 cost = 100.00

- New Residential Structure (\$150.00)
- New Commercial Structure (\$150.00)
- Single Car Garage or Utility Shed – 320Sq. Ft. or Less (\$20.00)
- Single Car Garage or Utility Shed larger than 320 Sq. Ft. (\$65.00)
- An addition onto an existing Residential or Commercial Structure (\$65.00)
- Deck/Patio/Fence/Concrete or Accessory Structure (\$10.00)
- Step Replacement – Anything larger than 36 Sq. Ft. (\$10.00)

Legal Description: N 35' of Lot 14 & 28' of Lot 15

Lot: \_\_\_\_\_ Block: 11  
Width: 30' x 1" Length: 36'  
Parcel #: 85-200-1520

Street Address: 302 Prospect St. Milroy, MN 56263

Kind of Construction: Steel (wood, steel etc.)

Structure Dimensions  
Length: 36'  
Width: 30' x 1"  
Height: 18'4 9"  
Contents in Square Feet: 1,080

**Please draw location on Lot on the Back. Please include all measurement distances from lot lines.**

I, the owner, agree to pay the required fee for this application at time of request and understand that this request be refused, the fee will not be returned. I also understand that should this request be granted, all work shall be done within 6 (six) months from date of approval and all materials shall comply with the plans and specifications submitted and property taxes will be current with all the Ordinances of the City.

Owner Printed Name: Douglas L Lamoreaux Phone#: 507-476-8404

Douglas Lamoreaux

~~9-10-23~~ 2/26/24

Owner Signature

Date

City Office Use Only

Received: 2/26/2024 Amount: 100.00 Cash, EFT or Check#: 2722

Approved: ✓ Denied \_\_\_\_\_ Date: 3/4/2024 Permit#: 1-2024

Michelle's Property

N

~~36'~~ 36'

KID

32' 10"

30' 11"

PROPANE

30' 11"

ALLEY

118' 9"

62'

E

W

36'

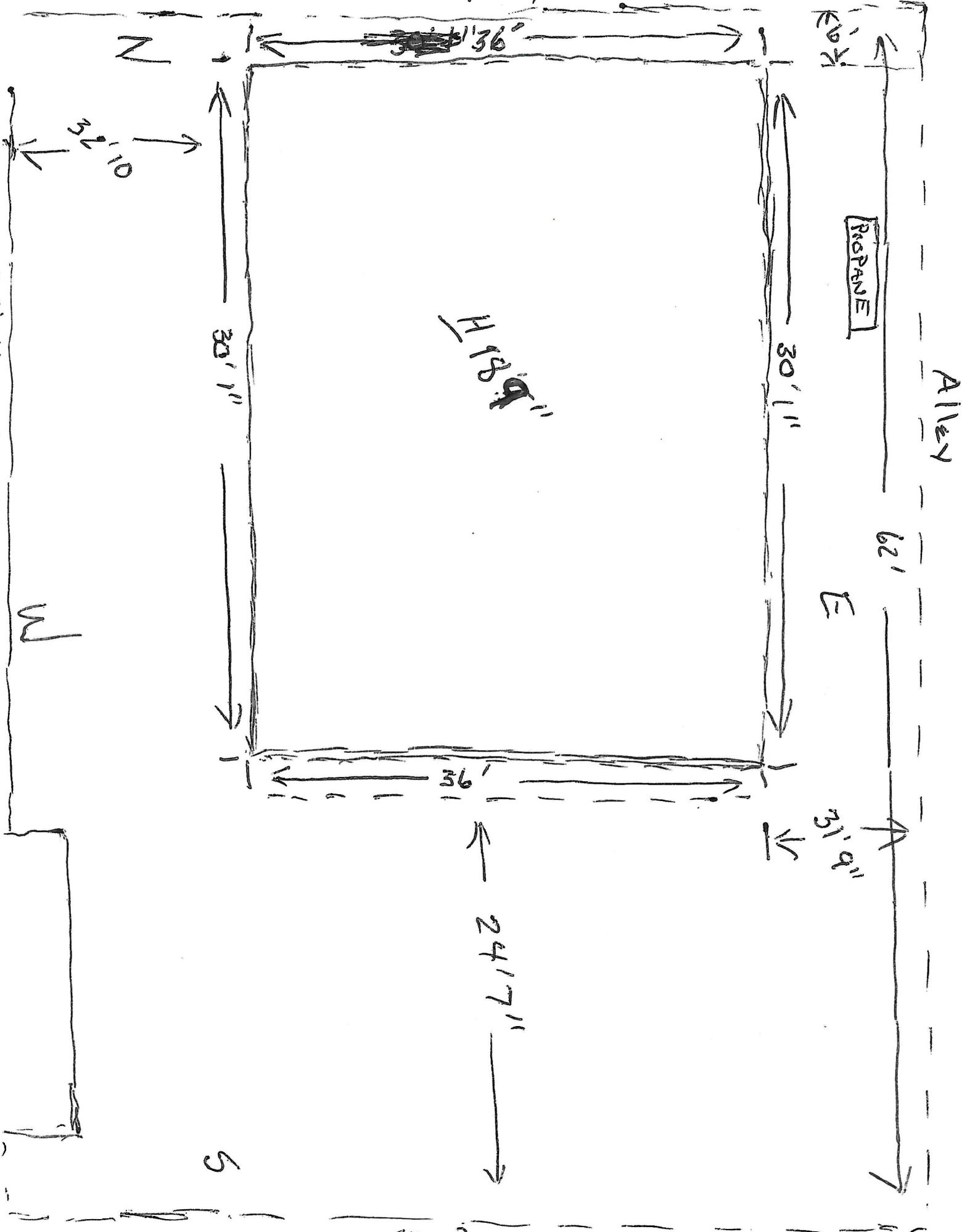
36'

31' 9"

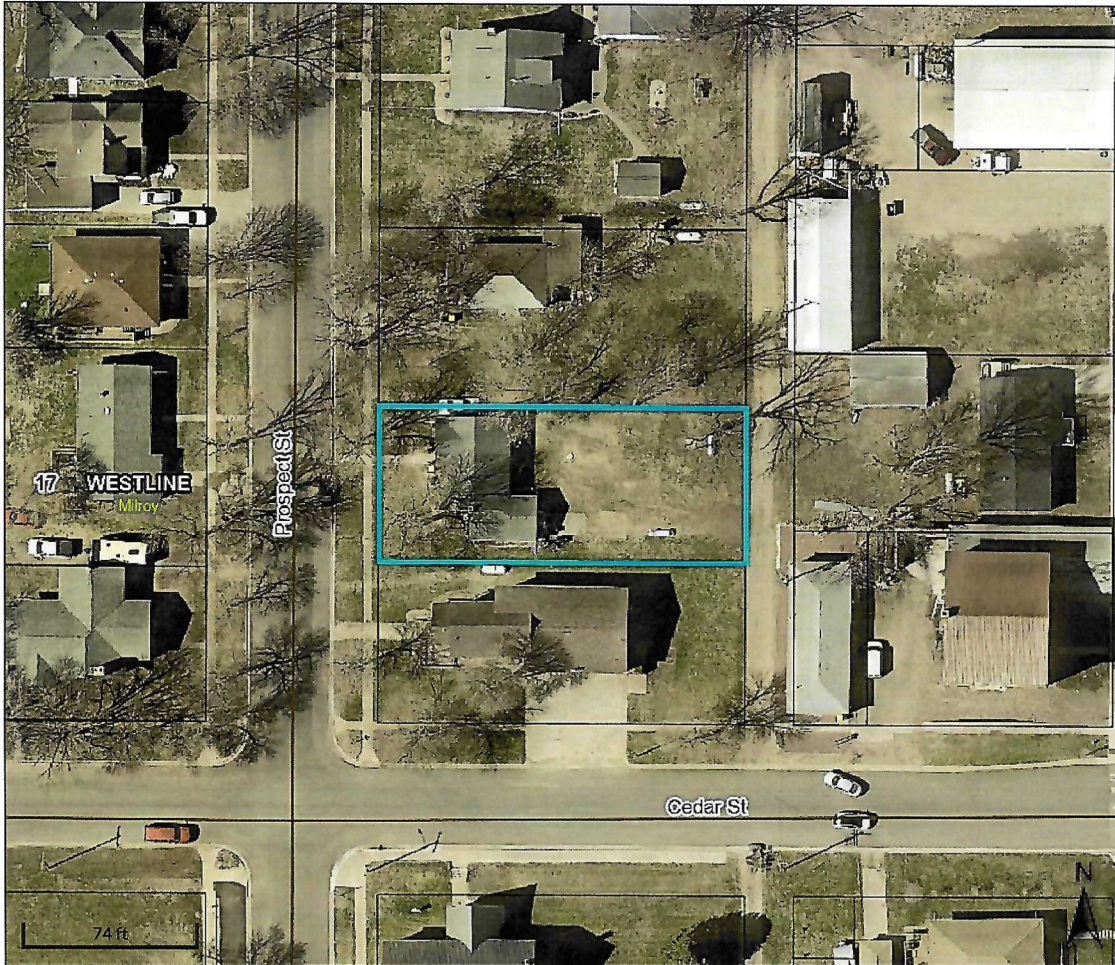
24' 7"

S

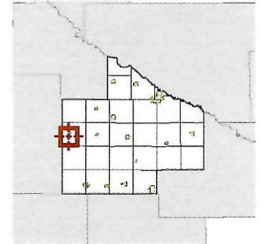
SIR D...







Overview



Legend

-  Municipal Boundaries
-  Surrounding Counties
-  Townships
-  Parcels
- Major Roads**
-  State/Federal
-  County
-  County/Twp/City
-  Minor Roads

<b>Parcel ID</b>	85-200-1520	<b>Alternate ID</b>	n/a	<b>Owner Address</b>	LAMOREAUX/DOUGLAS L
<b>Sec/Twp/Rng</b>	0-0-0	<b>Class</b>	RESIDENTIAL\ SINGLE UNIT		302 PROSPECT ST
<b>Property Address</b>	302 PROSPECT ST	<b>Acreeage</b>	n/a		PO BOX 105
	CITY OF MILROY				MILROY MN 56263
<b>District</b>	n/a				
<b>Brief Tax Description</b>	N 35' LOT 14 & S 28' LOT 15				
	(Note: Not to be used on legal documents)				

Date created: 3/12/2024  
 Last Data Uploaded: 3/11/2024 9:53:29 PM





**QUOTE**

2403-036708

PAGE 1 OF 3

SOLD TO
CITY OF MILROY 410 EUCLID AVE MILROY MN 56263

JOB ADDRESS
12 x 24 BATHROOMS WITH UTILITY ROOM MILROY MN 56263

ACCOUNT	JOB
2403	0
CREATED ON	03/19/2024
EXPIRES ON	04/19/2024
BRANCH	1000
CUSTOMER PO#	
STATION	I4
CASHIER	BD
SALESPERSON	
ORDER ENTRY	BD
MODIFIED BY	

1

Item	Description	D	Quantity	UM	Price	Per	Amount
2416T	2x4x16 .10 TREATED #1		6	EA	14.1900	EA	85.14
2416	2x4x16 SPF		12	EA	7.3900	EA	88.68
24PC	2x4 PRE CUT STUD		100	EA	4.3900	EA	439.00
T384	TITEN HD 3/8 x 4" CONCRETE ANCHO		30	EA	1.3900	EA	41.70
1416T	1x4x16 .10 TREATED		5	EA	10.1900	EA	50.95
1416	1x4x16 PINE		20	EA	10.9000	EA	218.00
9	24' rafters 5+2		1	EA	850.0000	EA	850.00
2616	2x6x16 SPF		6	EA	12.6000	EA	75.60
2414	2x4x14 SPF		6	EA	5.7500	EA	34.50
12OSB	15/32 4x8 OXBOARD		16	EA	19.4900	EA	311.84
EZFELT	DeWitt Dryshield UNDERLAYMENT 10SQ		1	EA	72.0000	EA	72.00
T50	5/16" GENERIC T-50		1	BX	16.9900	BX	16.99
SOC33071-000	4" EAVEMOLD		3	EA	17.8900	EA	53.67
LCS	38"x14'9" TUFF RIB STEEL		10	EA	67.8500	EA	678.50
SOC28556-002	14" UNIVERSAL RIDGE CAP		2	EA	33.6700	EA	67.34
VERSA	10'4" VERSA-VENT (10 PER CTN)		3	EA	21.2900	EA	63.87
BOTTOM	BOTTOM CLOSURE STRIP PROPANEL II		10	EA	1.6900	EA	16.90
SOC26832-001	16' RAKE AND CORNER		4	EA	42.4000	EA	169.60
112PBSCREW	1 1/2" SCREW FASTENER WHT. 100/#		500	EA	0.1200	EA	60.00
2PBSCREW	2" SCREW FASTENER WHITE 85/#		250	EA	0.1400	EA	35.00
HOMEGUARD	9' 100' ROLL HOUSEWRAP		1	RL	69.0000	RL	69.00
SOC32565-001	BASEMOLD 10'		8	EA	13.0000	EA	104.00
					Subtotal		
					Sales Tax		
					<b>Total</b>		

Buyer:

Signature



**QUOTE**

2403-036708

PAGE 2 OF 3

SOLD TO
CITY OF MILROY 410 EUCLID AVE MILROY MN 56263

JOB ADDRESS
12 x 24 BATHROOMS WITH UTILITY ROOM MILROY MN 56263

ACCOUNT	JOB
2403	0
CREATED ON	03/19/2024
EXPIRES ON	04/19/2024
BRANCH	1000
CUSTOMER PO#	
STATION	I4
CASHIER	BD
SALESPERSON	
ORDER ENTRY	BD
MODIFIED BY	

1

Item	Description	D	Quantity	UM	Price	Per	Amount
FTRIMW	ALUM F-TRIM WHITE 12'		8	EA	15.9500	EA	127.60
CVSW	ALUM C/V SOFFIT WHITE QUAD		13	EA	30.9500	EA	402.35
6FASW	6" STEEL WHITE FASCIA 10'	N	10	EA	18.1900	EA	181.90
M61	1 1/2" WHITE STEEL TRIM NAIL 380		1	BX	8.5900	BX	8.59
6	3'0" 7'0" COMMERCIAL DOOR WITH CLOSURE ENTRY LOCKS		3	EA	1450.0000	EA	4,350.00
LCS	38"x 8' " TUFF RIB STEEL		10	EA	36.8000	EA	368.00
LCS	38"x 9' " TUFF RIB STEEL		4	EA	41.4000	EA	165.60
LCS	38"x10' " TUFF RIB STEEL		4	EA	46.0000	EA	184.00
LCS	38"x11' " TUFF RIB STEEL		4	EA	50.6000	EA	202.40
LCS	38"x12' " TUFF RIB STEEL		4	EA	55.2000	EA	220.80
SOC20897-004	10' C METAL		18	EA	13.0000	EA	234.00
112PBSCREW	1 1/2" SCREW FASTENER WHT. 100/#		750	EA	0.1200	EA	90.00
2PBSCREW	2" SCREW FASTENER WHITE 85/#		250	EA	0.1400	EA	35.00
SOC26832-001	16' RAKE AND CORNER		3	EA	42.4000	EA	127.20
R1115B	R11 3 1/2x15 FF 155 SF (16)		5	BG	72.1900	BG	360.95
R3023KFB	R30 10x23X48 88 SF 11 BATTS/ROLL		4	RL	91.8900	RL	367.56
84POLY	8'4" x 100' 4 MIL CLEAR POLY		2	RL	24.9900	RL	49.98
SOC13217-000	GLASTEEL ON 3/8" PLYWOOD		40	EA	110.0200	EA	4,400.80
GLASDIVIDERSB	GLASTEEL DIVIDER WHITE V-9		40	EA	7.9900	EA	319.60
GLASISCOB	GLASTEEL I.S.CORNER WHITE V-21W		30	EA	7.9900	EA	239.70
SOC13217-003	1-1/2" NYLON RIVET		5	EA	47.2800	EA	236.40
GLASCAPOB	GLASTEEL CAP WHITE V-19		8	EA	4.9900	EA	39.92
					Subtotal		
					Sales Tax		
					Total		

Buyer:

Signature



**QUOTE**

2403-036708

PAGE 3 OF 3

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CITY OF MILROY 410 EUCLID AVE MILROY MN 56263

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CREATED ON	03/19/2024
EXPIRES ON	04/19/2024
BRANCH	1000
CUSTOMER PO#	
STATION	I4
CASHIER	BD
SALESPERSON	
ORDER ENTRY	BD
MODIFIED BY	

1

Item	Description	D	Quantity	UM	Price	Per	Amount
BOS12	BOST 12d STICK NAIL (S12D-2M) 80		1	BX	57.9900	BX	57.99
BOS8	BOST 8d STICK NAIL (S8D-2M) 80		1	BX	44.9900	BX	44.99
8	MISC. NAILS, SCREWS, ETC.....		1	EA	150.0000	EA	150.00
					Subtotal		16,567.61
					MN 7.375% EXE: ON FILE	Sales Tax	0.00
					Total		16,567.61

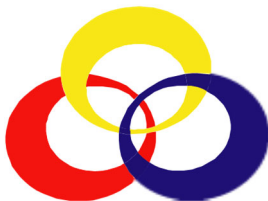
Buyer:

Signature

FINANCIAL AUDIT REPORT  
FOR THE YEAR ENDED  
DECEMBER 31, 2023



CITY OF MILROY,  
MINNESOTA



**Kinner & Company Ltd**  
Certified Public Accountants  
Taxes, QuickBooks &  
Investments

**CITY OF MILROY  
MILROY, MINNESOTA  
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MILROY, MINNESOTA  
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## **INTRODUCTORY SECTION**

**CITY OF MILROY  
MILROY, MINNESOTA  
DECEMBER 31, 2023**

ELECTED AND APPOINTED OFFICIALS

Elected

Megan Weber	Mayor
Drew Olson	Council Member
Colleen Brooks	Council Member
Renee Zwach	Council Member
John Christensen	Council Member

Appointed

Bette Snyder	Clerk-Treasurer
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## **FINANCIAL SECTION**



**Kinner & Company Ltd**  
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members of the Council  
City of Milroy  
Milroy, Minnesota 56263

**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 Milroy, Minnesota, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City of Milroy, Minnesota'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, business-type activities, each major fund and the aggregate remaining fund information of the City of Milroy, Minnesota as of December 31, 2023, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General and Fire Funds 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 financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Milroy, Minnesota and to meet our ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

**Responsibilities of Management for the Financial Statements**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Milroy, Minnesota'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.



## **Auditor's 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 auditor's 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 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, 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 of Milroy, Minnesota'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 of Milroy, Minnesota'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 and the pension required supplementary information, as listed in the table of contents, 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 Government 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 City of Milroy, Minnesota's basic financial statements. The accompanying combining nonmajor fund financial statements 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 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

## Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

## Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 25, 2024, on our consideration of the City of Milroy'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 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 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 Milroy's internal control over financial reporting and compliance.

*Kinner & Company Ltd*

Kinner & Company Ltd  
Certified Public Accountants  
March 25, 2024

**CITY OF MILROY  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2023**

As management of the City of Milroy, Minnesota, (the City), we offer readers of the City’s financial statements this narrative overview and analysis of the financial activities of the City for the year ended December 31, 2023.

**Financial Highlights**

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$1,111,929 (net position). Of this amount, \$812,261 (unrestricted net position) may be used to meet the City’s ongoing obligations to citizens and creditors.
- The City’s total net position decreased by \$106,880, compared to an increase of \$60,510 in the previous year. Of this decrease, business-type activities (enterprise funds) had an increase of \$19,144 and governmental activities had a decrease of \$126,024. The major factor in the change in governmental activities was due to additional depreciation expense related to the street project and ditch assessments to the county. The major factor contributing to the increase in business-type activities relates to the additional revenue and less expenses.
- As of the close of the current fiscal year, the City’s governmental funds reported combined ending fund balances of \$659,745, a decrease of \$202,358 in comparison with the prior year. Approximately 22 percent of this total amount, \$145,340 is available for spending at the City’s discretion. The remainder of fund balance is restricted for intergovernmental funds, nonspendable for prepaids, assigned for special revenue or committed by the Council.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the City’s basic financial statements. The City’s basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplemental information in addition to the basic financial statements themselves.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary schedules that further explain and support the information in the financial statements. Figure 1 shows how the required parts of this annual report are arranged and relate to one another.

**CITY OF MILROY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2023**

Figure 1  
Required Components of the  
City's Annual Financial Report

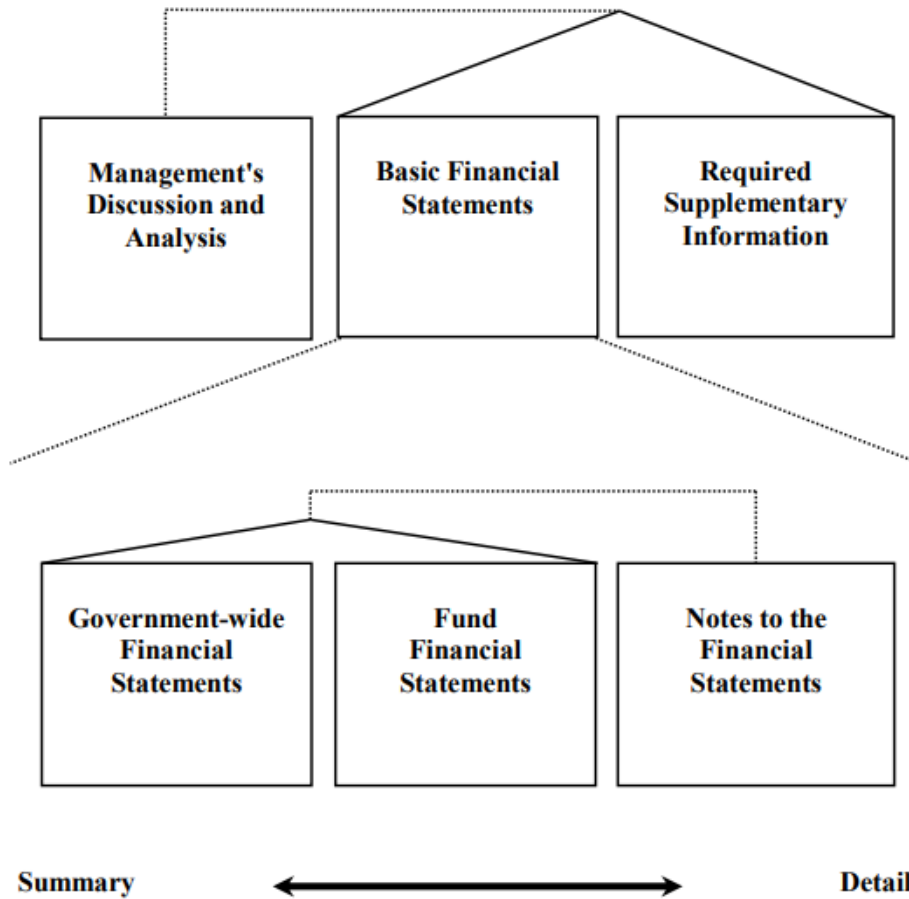


Figure 2 summarizes the major features of the City's financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

**CITY OF MILROY  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2023**

Figure 2  
Major Features of the Government-wide and Fund Financial Statements

	<b>Fund Financial Statements</b>		
	<b>Government-wide Statements</b>	<b>Governmental Funds</b>	<b>Proprietary Funds</b>
Scope	Entire City Government	The activities of the City that are not proprietary, such as the General Fund	Activities the City operates similar to private businesses, such as the water and sewer system and garbage operations.
Required Financial Statements	-Statement of Net Position -Statement of Activities	-Balance Sheet -Statement of Revenues, Expenditures, and Changes in Fund Balances	-Balance Sheet -Statement of Revenues, Expenditures, and Changes in Fund Balances -Statement of Cash Flows
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual account and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of deferred outflows/inflows of resources information	All deferred outflows/inflows of resources, regardless of when cash is received or paid	Only deferred outflows of resources expected to be used up and deferred inflows of resources that come due during the year or soon thereafter; no capital assets included	All deferred outflows/inflows of resources, regardless of when cash is received or paid
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of the City’s finances.

The *statement of net position* presents information on all of the City’s assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the City’s net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.



**CITY OF MILROY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**DECEMBER 31, 2023**

Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenue (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works, and culture and recreation. The business-type activities of the City include sewer, water, and garbage.

The City does not have any component units to report on for which it is financially accountable.

The government-wide financial statements can be found starting on page 16 of this report.

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other State and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact by the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains five governmental funds; the General fund, debt service fund and three special revenue funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the funds General, 2022 Tax Abatement and Fire, which are considered to be major funds. Data from the other nonmajor governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements or schedules elsewhere in this report.

**CITY OF MILROY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2023**

The City adopts an annual appropriated budget for its General fund and major special revenue funds. Budgetary comparison statements have been provided for the General fund and Fire fund to demonstrate compliance with these budgets.

The basic governmental fund financial statements can be found starting on page 19 of this report.

**Proprietary funds.** The City maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water, sewer and garbage operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for each of the enterprise funds which are considered to be major funds of the City.

The basic proprietary fund financial statements can be found starting on page 23 of this report.

**Notes to financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found starting on page 29 of this report.

**Required supplementary information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City of Milroy's share of net pension liabilities for defined benefit plans and schedules of contributions. The required supplementary information can be found on page 57 of this report.

### **Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$1,111,929 at the close of the most recent fiscal year.

A portion of the City's net position (26 percent) reflects its investment in capital assets (e.g., land, buildings and improvements, machinery and equipment); less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**CITY OF MILROY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2023**

City of Milroy's Summary of Net Position

	Governmental Activities		Business-Type Activities		2023
	2023	2022	2023	2022	Total
Current and other assets	\$ 673,328	\$1,087,641	\$ 314,012	\$ 304,636	\$ 987,340
Capital assets	2,220,284	2,314,788	204,089	228,269	2,424,373
Total assets	<u>2,893,612</u>	<u>3,402,429</u>	<u>518,101</u>	<u>532,905</u>	<u>3,411,713</u>
Deferred outflows	16,089	20,927	8,288	10,780	24,377
Long-term liabilities outstanding	2,027,604	2,392,989	94,838	132,658	2,122,442
Other liabilities	122,621	147,489	34,593	34,565	157,214
Total liabilities	<u>2,150,225</u>	<u>2,540,478</u>	<u>129,431</u>	<u>167,223</u>	<u>2,279,656</u>
Deferred inflows	29,373	26,751	15,132	13,780	44,505
Net position					
Net investment in capital assets	179,376	308,969	109,089	102,268	288,465
Restricted	11,203	345,278	-	-	11,203
Unrestricted	<u>539,524</u>	<u>201,880</u>	<u>272,737</u>	<u>260,414</u>	<u>812,261</u>
	<u>\$ 730,103</u>	<u>\$ 856,127</u>	<u>\$ 381,826</u>	<u>\$ 362,682</u>	<u>\$1,111,929</u>

Restricted net position of \$11,203 (1 percent) relates to Public Safety Aid funds that the City has not spent as of the end of the fiscal year.

The remaining balance of unrestricted net position (73 percent) may be used to meet the City's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position, both for the City as a whole, as well as for its separate governmental and business-type activities.

There was an increase of \$19,144 in net position reported in connection with the City's business-type activities. This increase was a result of the following funds: Sewer increase of \$2,448, Water increase of \$12,849 and Garbage increase of \$3,847.

**CITY OF MILROY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**DECEMBER 31, 2023**

**Governmental activities.** Governmental activities decreased the City's net position by \$126,024. Key elements of this decrease are described above and summarized as follows:

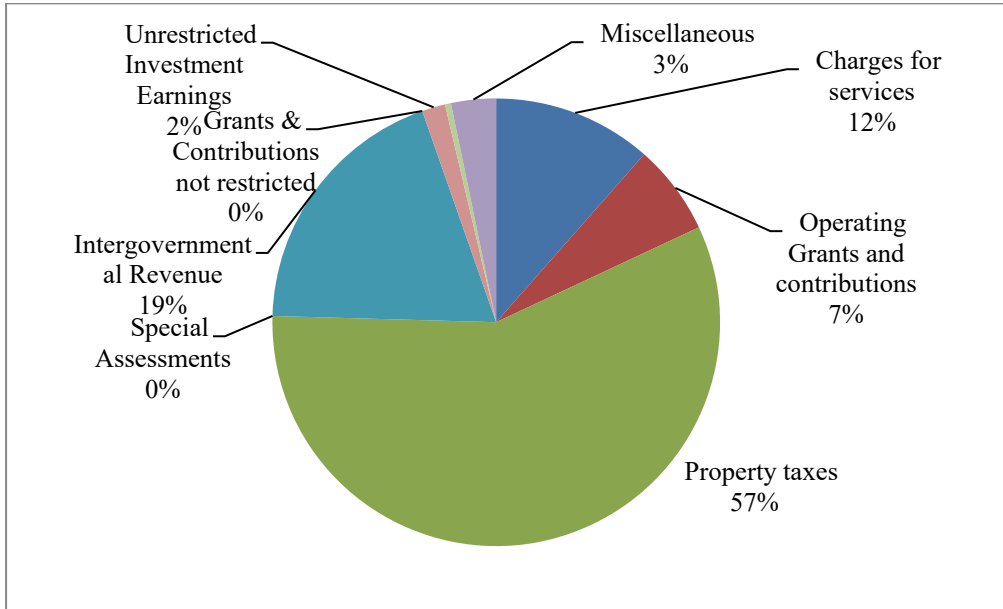
City of Milroy's Changes in Net Position

	Governmental Activities		Business-type Activities		2023
	2023	2022	2023	2022	Total
<b>Revenues:</b>					
Charges for services	\$ 39,424	\$ 32,207	\$ 150,009	\$ 150,717	\$ 189,433
Operating Grants and contributions	22,417	23,053	-	-	22,417
Capital grants and contributions	17,129	-	-	-	17,129
<b>General Revenues</b>					
Property taxes	196,922	196,506	-	-	196,922
Special Assessments	-	72,724	-	716	-
Intergovernmental Revenue	65,819	64,981	-	148	65,819
Grants & Contributions not restricted to specific programs	-	-	-	-	-
Unrestricted Investment Earnings	5,785	1,177	-	-	5,785
Gain on Sales of Assets	1,450	-	-	-	1,450
Miscellaneous	11,139	29,490	-	-	11,139
<b>Total Revenues</b>	<b>360,085</b>	<b>420,138</b>	<b>150,009</b>	<b>151,581</b>	<b>510,094</b>
<b>Expenses:</b>					
General Administrative	210,864	168,834	-	-	210,864
Public Safety	52,690	49,683	-	-	52,690
Streets & Highways	165,932	99,313	-	-	165,932
Cultural & Recreation	5,892	6,105	-	-	5,892
Economic Development	3,675	2,577	-	-	3,675
Fitness Center	4,388	4,913	-	-	4,388
Depreciation - Unallocated	7,580	9,890	-	-	7,580
Interest Expense and Fiscal Fees	35,088	38,004	-	-	35,088
Water	-	-	80,200	82,983	80,200
Sewer	-	-	36,003	34,180	36,003
Garbage	-	-	14,662	14,727	14,662
<b>Total expenses</b>	<b>486,109</b>	<b>379,319</b>	<b>130,865</b>	<b>131,890</b>	<b>616,974</b>
Transfers	-	-	-	-	-
<b>Increase (Decrease) in net position</b>	<b>(126,024)</b>	<b>40,819</b>	<b>19,144</b>	<b>19,691</b>	<b>(106,880)</b>
<b>Net Position, January 1</b>	<b>856,127</b>	<b>815,308</b>	<b>362,682</b>	<b>342,991</b>	<b>1,218,809</b>
<b>Net Position, December 31</b>	<b>\$ 730,103</b>	<b>\$ 856,127</b>	<b>\$ 381,826</b>	<b>\$ 362,682</b>	<b>\$ 1,111,929</b>

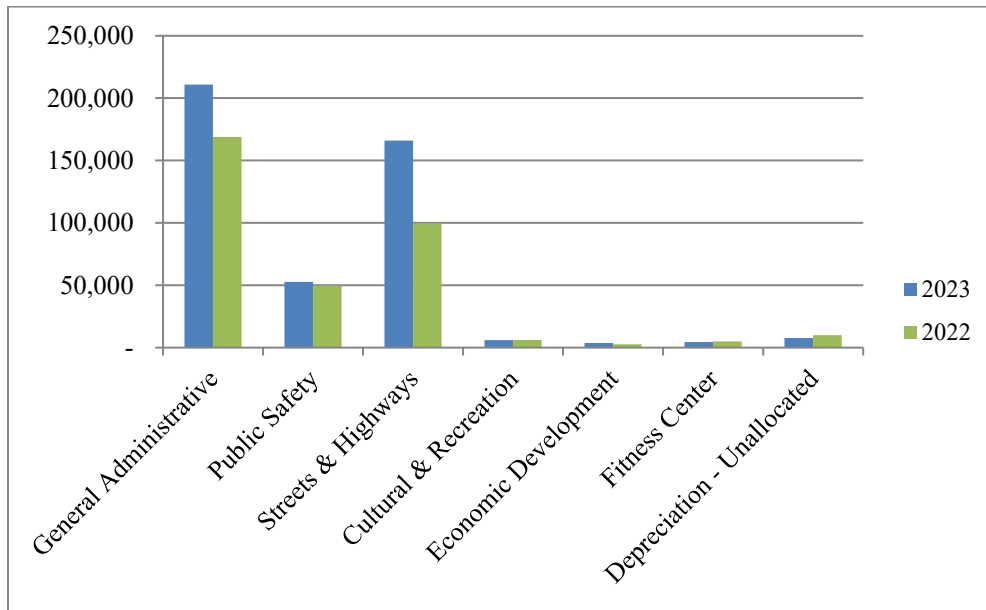
**CITY OF MILROY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2023**

The following graphs depict various governmental activities and show the revenues and expenses directly related to those activities.

**Revenues by Source- Governmental Activities**



**Expenses Compared to Prior Year – Governmental Activities**

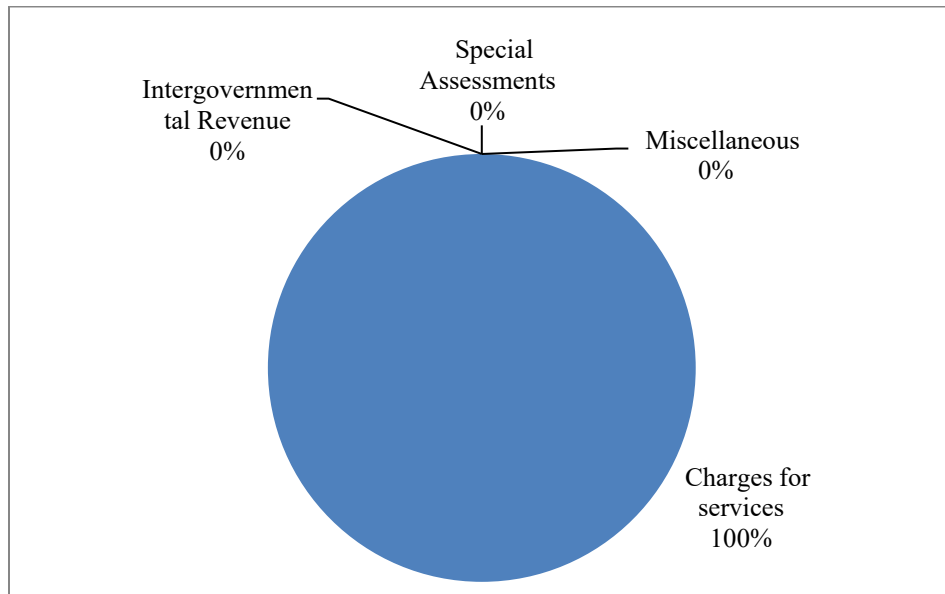


**CITY OF MILROY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2023**

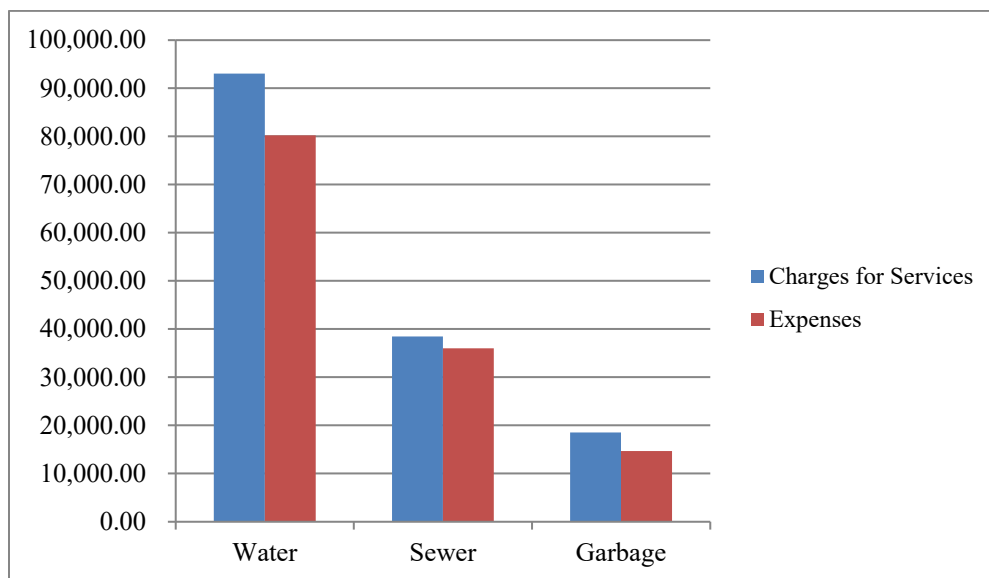
**Business-type activities.** Business-type activities increased the City's net position by \$19,144. Key elements of this increase are as follows:

- Overall revenue decreased by \$1,572 in the business-type funds while operating expenses decreased by \$1,025.

**Revenues by Source- Business-type Activities**



**Charges for Services and Expenses – Business-type Activities**



**CITY OF MILROY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2023**

**Financial Analysis of the City's Funds**

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

*Governmental fund.* The focus of the City's *governmental fund* is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The *General fund* is the chief operating fund of the City. At the end of the current year, the fund balance of the General fund was \$334,882. As a measure of the General fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 51 percent of fund expenditures, while total fund balance represents over 100 percent of that same amount.

The fund balance of the City's General fund increased by \$10,490 during the current fiscal year. The keys factor in this increase relate donations for the park shelter and public safety aid.

The Fire fund has a total fund balance of \$191,051. There was an increase in fund balance during the current year of \$13,534.

The 2022 Tax Abatement fund has a total fund balance of \$71,431. There was a decrease in fund balance during the current year of \$235,750 due to paying off the temporary financing bond with the USDA bond.

*Proprietary funds.* The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the enterprise funds at the end of the year amounted to \$272,737. The total increase in net position for the funds was \$19,144. Other factors concerning the finances of this fund have already been addressed in the discussion of the City's business-type activities.

**General Fund Budgetary Highlights**

The City's General fund budget had no amendments during the year. Actual revenues exceeded budget expectations by \$33,118 largely due to public safety aid and park shelter donations and actual expenditures exceeded the budget by \$22,673 due to capital outlay. Other financing sources/uses resulted in a negative \$560. The net result was an increase to the General fund balance of \$10,490 in 2023.

**CITY OF MILROY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2023**

**Capital Asset and Debt Administration**

**Capital assets.** The City's net investment in capital assets for its governmental and business type activities as of December 31, 2023 amounts to \$2,424,374 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment. The total decrease in the City's investment in capital assets for the current fiscal year was 5%.

Some of the major capital asset additions during the current fiscal year included the following:

The purchase of a pumper truck, thermal imaging camera, speed signs and park shelter improvements.

Additional information on the City's capital assets can be found in Note 3C of this report.

**City of Milroy's Capital Assets**

	Governmental Activities		Business-type Activities		2023
	2023	2022	2023	2022	Total
Land	\$ 27,987	\$ 27,987	\$ -	\$ -	\$ 27,987
Buildings & Improvements	2,363,081	2,365,061	637,202	637,202	3,000,283
Equipment	833,121	864,015	-	-	833,121
Totals	<u>3,224,189</u>	<u>3,257,063</u>	<u>637,202</u>	<u>637,202</u>	<u>3,861,391</u>
Less Accumulated Depreciation	<u>(1,003,905)</u>	<u>(942,275)</u>	<u>(433,113)</u>	<u>(408,934)</u>	<u>(1,437,018)</u>
Net Capital Assets	<u>\$2,220,284</u>	<u>\$2,314,788</u>	<u>\$ 204,089</u>	<u>\$ 228,268</u>	<u>\$2,424,374</u>

**Long-term debt.** At the end of the current fiscal year, the City had total debt outstanding of \$2,135,908. All of the City's debt is all backed by the full faith and credit of the City.

**City of Milroy's Outstanding Debt**

	Governmental Activities		Business-Type Activities		2023
	2023	2022	2023	2022	Total
Tax Abatement Bond	\$ 2,040,908	\$2,313,000	\$ -	\$ -	\$ 2,040,908
GO Utility Revenue Bond	-	-	95,000	126,000	95,000
Totals	<u>\$ 2,040,908</u>	<u>\$2,313,000</u>	<u>\$ 95,000</u>	<u>\$ 126,000</u>	<u>\$2,135,908</u>

The City's total debt decreased 12 percent during the current fiscal year.

Additional information on the City's long-term debt can be found in Note 3E.



**CITY OF MILROY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2023**

**Economic Factors and Next Year's Budgets and Rates**

The City's elected and appointed officials considered many factors when setting the fiscal year 2024 budget, tax rates and fees that will be charged for the business-type activities. The Council expects operations to remain consistent with 2023.

**Requests for Information**

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City Clerk, City of Milroy, PO Box 9, Milroy, MN 56263.

## **BASIC FINANCIAL STATEMENTS**

The basic financial statements include integrated sets of financial statements as required by the GASB. The sets of statements include:

Government-Wide Financial Statements

Fund Financial Statements:

Governmental Funds

Proprietary (Enterprise) Funds

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

**City of Milroy**  
**Statement of Net Position**  
**December 31, 2023**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
<i>Current Assets</i>			
Cash and Cash Equivalents	\$ 652,468	\$ 302,939	\$ 955,407
Accrued Interest	3,195	--	3,195
Delinquent Taxes Receivable	8,031	--	8,031
Accounts Receivable	--	9,175	9,175
Special Assessments Receivable	--	1,898	1,898
Prepaid and Other Assets	9,634	--	9,634
<b>Total Current Assets</b>	<b>673,328</b>	<b>314,012</b>	<b>987,340</b>
<i>Noncurrent Assets</i>			
Non-Depreciable	27,987	--	27,987
Depreciable, Net	2,192,297	204,089	2,396,386
<b>Total Assets</b>	<b>2,893,612</b>	<b>518,101</b>	<b>3,411,713</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Pension Resources	16,089	8,288	24,377
<b>Total Deferred Outflows of Resources</b>	<b>16,089</b>	<b>8,288</b>	<b>24,377</b>
<b>LIABILITIES</b>			
<i>Current Liabilities</i>			
Accounts Payable	3,574	1,402	4,976
Accrued Interest Payable	33,835	1,191	35,026
Deposits	850	--	850
Unearned Revenue	2,500	--	2,500
Bonds Payable-due within one year	81,862	32,000	113,862
<b>Total Current Liabilities</b>	<b>122,621</b>	<b>34,593</b>	<b>157,214</b>
<i>Noncurrent Liabilities</i>			
Accrued Leave	16,890	5,220	22,110
Bonds Payable-due beyond one year	1,959,046	63,000	2,022,046
Net Pension Liability	51,668	26,618	78,286
<b>Total Liabilities</b>	<b>2,150,225</b>	<b>129,431</b>	<b>2,279,656</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Pension Resources	29,373	15,132	44,505
<b>Total Deferred Inflows of Resources</b>	<b>29,373</b>	<b>15,132</b>	<b>44,505</b>
<b>NET POSITION</b>			
Net Investment in Capital Assets	179,376	109,089	288,465
<i>Restricted</i>	11,203	--	11,203
<i>Unrestricted</i>	539,524	272,737	812,261
<b>Total Net Position</b>	<b>\$ 730,103</b>	<b>\$ 381,826</b>	<b>\$ 1,111,929</b>

The notes to the financial statements are an integral part of this statement.

**City of Milroy**  
**Statement of Activities**  
**For the Year Ended December 31, 2023**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
<b>Primary Government</b>							
<b>Governmental Activities:</b>							
General Government and Administration	\$ 210,864	\$ 1,890	\$ --	\$ --	\$ (208,974)	\$ --	\$ (208,974)
Public Safety	52,690	20,103	22,417	7,065	(3,105)	--	(3,105)
Streets and Highways	165,932	--	--	--	(165,932)	--	(165,932)
Culture and Recreation	5,892	--	--	10,064	4,172	--	4,172
Economic Development	3,675	9,900	--	--	6,225	--	6,225
Fitness Center	4,388	7,531	--	--	3,143	--	3,143
Depreciation-Unallocated	7,580	--	--	--	(7,580)	--	(7,580)
Debt - Interest and Fiscal Fees	35,088	--	--	--	(35,088)	--	(35,088)
<b>Total Governmental Activities</b>	<b>486,109</b>	<b>39,424</b>	<b>22,417</b>	<b>17,129</b>	<b>(407,139)</b>	<b>--</b>	<b>(407,139)</b>
<b>Business-type Activities:</b>							
Garbage	14,662	18,509	--	--	--	3,847	3,847
Sewer	36,003	38,451	--	--	--	2,448	2,448
Water	80,200	93,049	--	--	--	12,849	12,849
<b>Total Business-type Activities</b>	<b>130,865</b>	<b>150,009</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>19,144</b>	<b>19,144</b>
<b>Total Primary Government</b>	<b>\$ 616,974</b>	<b>\$ 189,433</b>	<b>\$ 22,417</b>	<b>\$ 17,129</b>	<b>\$ (407,139)</b>	<b>\$ 19,144</b>	<b>\$ (387,995)</b>

**General Purpose Revenues and Transfers:**

**Revenues**

Taxes	196,922	--	196,922
Local Government Aid	65,819	--	65,819
Refunds and Reimbursements	5,608	--	5,608
Interest Revenue	5,785	--	5,785
Gain (Loss) on Sale of Assets	1,450	--	1,450
Other	5,531	--	5,531

**Transfers**

<b>Total General Revenues and Transfers</b>	<b>281,115</b>	<b>--</b>	<b>281,115</b>
<b>Change in Net Position</b>	<b>(126,024)</b>	<b>19,144</b>	<b>(106,880)</b>
<i>Net Position at Beginning of Period</i>	<i>856,127</i>	<i>362,682</i>	<i>1,218,809</i>
<b>Net Position at End of Period</b>	<b>\$ 730,103</b>	<b>\$ 381,826</b>	<b>\$ 1,111,929</b>

The notes to the financial statements are an integral part of this statement.

**City of Milroy  
Balance Sheet  
Governmental Funds  
December 31, 2023**

	<u>General</u>	<u>Special Revenue Fire</u>	<u>Debt Service 2022 Tax Abatement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 322,464	\$ 193,084	\$ 71,062	\$ 65,858	\$ 652,468
Accrued Interest	2,618	577	--	--	3,195
Delinquent Taxes Receivable	6,368	--	1,663	--	8,031
Prepaid and Other Assets	9,634	--	--	--	9,634
<i>Total Assets</i>	<u>341,084</u>	<u>193,661</u>	<u>72,725</u>	<u>65,858</u>	<u>673,328</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Aggregated deferred outflows	--	--	--	--	--
<i>Total Assets and Deferred Outflows of Resources</i>	<u>\$ 341,084</u>	<u>\$ 193,661</u>	<u>\$ 72,725</u>	<u>\$ 65,858</u>	<u>\$ 673,328</u>
<b>LIABILITIES</b>					
Accounts Payable	\$ 837	\$ 2,610	\$ --	\$ 127	\$ 3,574
Deposits	--	--	--	850	850
Unearned Revenue	--	--	--	2,500	2,500
<i>Total Liabilities</i>	<u>837</u>	<u>2,610</u>	<u>--</u>	<u>3,477</u>	<u>6,924</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable Revenue - Taxes	5,365	--	1,294	--	6,659
<i>Total Liabilities and Deferred Inflows of Resources</i>	<u>6,202</u>	<u>2,610</u>	<u>1,294</u>	<u>3,477</u>	<u>13,583</u>
<b>FUND BALANCE</b>					
Nonspendable	6,760	--	--	--	6,760
Restricted	11,203	--	71,431	--	82,634
Committed	171,579	153,483	--	5,404	330,466
Assigned	--	37,568	--	56,977	94,545
Unassigned	145,340	--	--	--	145,340
<i>Total Fund Balance</i>	<u>334,882</u>	<u>191,051</u>	<u>71,431</u>	<u>62,381</u>	<u>659,745</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balance</i>	<u>\$ 341,084</u>	<u>\$ 193,661</u>	<u>\$ 72,725</u>	<u>\$ 65,858</u>	<u>\$ 673,328</u>

The notes to the financial statements are an integral part of this statement.

**City of Milroy**  
**Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position**  
**December 31, 2023**

Total Fund Balance - Governmental Funds	\$	659,745
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		(16,890)
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.		(33,835)
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.		2,220,284
Receivables to be collected, but not available soon enough to pay for the current period's expenditures, and therefore are reported as deferred inflows.		6,658
Long- term debt reflected on Statement of Net Assets not in governmental funds balance sheet		(2,040,908)
Net pension liability is not due and payable in the current period from current financial resources, and therefore are not reported in the funds.		(51,668)
Pension related deferred inflows are not due and payable in the current period from current financial resources, and therefore are not reported in funds.		(29,373)
Pension related deferred outflows are not available to pay for current period expenditures and therefore are deferred in the funds.		16,089
<b>Total Net Position-Governmental Funds</b>	<b>\$</b>	<b><u>730,103</u></b>

The notes to the financial statements are an integral part of this statement.

**City of Milroy**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Governmental Funds**  
**For the Year Ended December 31, 2023**

	<u>Special Revenue</u>		<u>Debt Service</u>		<u>Total Governmental Funds</u>
	<u>General</u>	<u>Fire</u>	<u>2022 Tax Abatement</u>	<u>Other Governmental Funds</u>	
<b>Revenues</b>					
Taxes	\$ 180,382	\$ --	\$ 71,430	\$ --	\$ 251,812
Local Government Aid	65,819	--	--	--	65,819
Other State Aid	22,417	--	--	--	22,417
Licenses, Permits, Fines, and Fees	1,890	--	--	--	1,890
Charges for Services	--	20,103	--	17,431	37,534
Tax Abatement	16,500	--	--	--	16,500
Refunds and Reimbursements	--	12,673	--	--	12,673
Donations	10,064	100	--	--	10,164
Insurance Dividends	4,722	--	--	--	4,722
Other	709	--	--	--	709
Interest Revenue	4,296	1,489	--	--	5,785
Gain (Loss) on Sale of Assets	--	4,000	--	--	4,000
<b>Total Revenues</b>	<u>306,799</u>	<u>38,365</u>	<u>71,430</u>	<u>17,431</u>	<u>434,025</u>
<b>Expenditures</b>					
General Government and Administration	214,355	--	--	--	214,355
Public Safety	11,714	20,326	--	--	32,040
Streets and Highways	43,263	--	--	--	43,263
Culture and Recreation	1,281	--	--	--	1,281
Economic Development	--	--	--	3,675	3,675
Fitness Center	--	--	--	4,388	4,388
Capital Outlay	15,636	14,565	--	--	30,201
Debt - Interest	--	--	21,588	--	21,588
Debt - Principal	--	--	2,313,000	--	2,313,000
Debt - Bond Fees	--	--	13,500	--	13,500
<b>Total Expenditures</b>	<u>286,249</u>	<u>34,891</u>	<u>2,348,088</u>	<u>8,063</u>	<u>2,677,291</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>20,550</u>	<u>3,474</u>	<u>(2,276,658)</u>	<u>9,368</u>	<u>(2,243,266)</u>
<b>Other Financing Sources (Uses)</b>					
Proceeds from Loans	--	--	2,040,908	--	2,040,908
Transfers from Other Funds	--	10,060	--	--	10,060
Transfers to Other Funds	(10,060)	--	--	--	(10,060)
<b>Net Other Financing Sources (Uses)</b>	<u>(10,060)</u>	<u>10,060</u>	<u>2,040,908</u>	<u>--</u>	<u>2,040,908</u>
<b>Net Change in Fund Balance</b>	<b>10,490</b>	<b>13,534</b>	<b>(235,750)</b>	<b>9,368</b>	<b>(202,358)</b>
<b>Fund Balance at Beginning of Period</b>	<u>324,392</u>	<u>177,517</u>	<u>307,181</u>	<u>53,013</u>	<u>862,103</u>
<b>Fund Balance at End of Period</b>	<b>\$ 334,882</b>	<b>\$ 191,051</b>	<b>\$ 71,431</b>	<b>\$ 62,381</b>	<b>\$ 659,745</b>

The notes to the financial statements are an integral part of this statement.

**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, 2023**

Total Net Change in Fund Balances - Governmental Funds	\$ (202,358)
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.	(71,390)
Accrued interest expense included in Statement of Activities, expensed as paid in governmental fund statements	(33,835)
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.	(122,155)
Principal payments on long-term expensed in governmental fund statements, treated as reductions of outstanding debt in Entity wide statements	2,313,000
Capital assets expensed as capital outlay in governmental fund statements, capitalized as capital assets in Statement of Net Position.	30,201
Proceeds of long-term debt treated as revenue in the fund level statements, treated as increases to long-term debt in entity wide statements	(2,040,908)
The net effect of various transactions involving capital assets (i.e. Sales, trade-ins, and contributions) is to increase net position.	(2,550)
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.	(4,855)
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.	8,824
<b>Changes in Net Position-Governmental Funds</b>	<b><u>\$ (126,024)</u></b>

The notes to the financial statements are an integral part of this statement.



**City of Milroy**  
**Statement of Net Position**  
**Proprietary Funds**  
**December 31, 2023**

	<b>Business-type Activities - Enterprise Funds</b>			
	<b>Sewer</b>	<b>Water</b>	<b>Nonmajor - Garbage</b>	<b>Total Enterprise Funds</b>
<b>ASSETS</b>				
<i>Current Assets</i>				
Cash and Cash Equivalents	\$ 137,279	\$ 121,399	\$ 44,261	\$ 302,939
Accounts Receivable	3,318	4,373	1,484	9,175
Special Assessments Receivable	443	997	458	1,898
<b>Total Current Assets</b>	<b>141,040</b>	<b>126,769</b>	<b>46,203</b>	<b>314,012</b>
<i>Noncurrent Assets</i>				
Depreciable, Net	29,355	174,734	--	204,089
<b>Total Assets</b>	<b>170,395</b>	<b>301,503</b>	<b>46,203</b>	<b>518,101</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred Pension Resources	4,144	4,144	--	8,288
<b>Total Deferred Outflows of Resources</b>	<b>4,144</b>	<b>4,144</b>	<b>--</b>	<b>8,288</b>
<b>LIABILITIES</b>				
<i>Current Liabilities</i>				
Accounts Payable	--	169	1,233	1,402
Accrued Interest Payable	--	1,191	--	1,191
Bonds Payable-due within one year	--	32,000	--	32,000
<b>Total Current Liabilities</b>	<b>--</b>	<b>33,360</b>	<b>1,233</b>	<b>34,593</b>
<i>Noncurrent Liabilities</i>				
Accrued Leave	2,610	2,610	--	5,220
Bonds Payable-due beyond one year	--	63,000	--	63,000
Net Pension Liability	13,309	13,309	--	26,618
<b>Total Liabilities</b>	<b>15,919</b>	<b>112,279</b>	<b>1,233</b>	<b>129,431</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred Pension Resources	7,566	7,566	--	15,132
<b>Total Deferred Inflows of Resources</b>	<b>7,566</b>	<b>7,566</b>	<b>--</b>	<b>15,132</b>
<b>NET POSITION</b>				
Net Investment in Capital Assets	29,355	79,734	--	109,089
<i>Unrestricted</i>	121,699	106,068	44,970	272,737
<b>Total Net Position</b>	<b>\$ 151,054</b>	<b>\$ 185,802</b>	<b>\$ 44,970</b>	<b>\$ 381,826</b>

The notes to the financial statements are an integral part of this statement.

**City of Milroy**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**Proprietary Funds**  
**For the Year Ended December 31, 2023**

	<b>Business-type Activities - Enterprise Funds</b>			<b>Total Enterprise Funds</b>
	<b>Sewer</b>	<b>Water</b>	<b>Nonmajor - Garbage</b>	
<b>Operating Revenues</b>				
Charges for Services	\$ 10,005	\$ 45,948	\$ 18,509	\$ 74,462
Improvement Fees	28,446	47,101	--	75,547
<b>Total Operating Revenues</b>	<b>38,451</b>	<b>93,049</b>	<b>18,509</b>	<b>150,009</b>
<b>Operating Expenses</b>				
Sewer Operations	2,937	--	--	2,937
Water Operations	--	20,505	--	20,505
Garbage Operations	--	--	14,662	14,662
Depreciation	6,255	17,923	--	24,178
Salaries and Wages	19,695	19,695	--	39,390
Payroll Taxes and Benefits	2,790	2,790	--	5,580
Dues/Conferences/Training	2,099	1,051	--	3,150
Office Supplies and Expenses	322	366	--	688
Telephone	160	161	--	321
Utilities	3,621	1,403	--	5,024
Repairs and Maintenance	35	14,369	--	14,404
Miscellaneous	37	37	--	74
Shop Supplies	325	934	--	1,259
<b>Total Operating Expenses</b>	<b>38,276</b>	<b>79,234</b>	<b>14,662</b>	<b>132,172</b>
<b>Operating Income (Loss)</b>	<b>175</b>	<b>13,815</b>	<b>3,847</b>	<b>17,837</b>
<b>Non-Operating Revenues (Expenses)</b>				
Interest Expense	--	(2,844)	--	(2,844)
Bond Issuance Costs	--	(395)	--	(395)
Pension (Expense) Recovered	2,273	2,273	--	4,546
<b>Net Non-Operating Revenues (Expenses)</b>	<b>2,273</b>	<b>(966)</b>	<b>--</b>	<b>1,307</b>
<b>Income Before Contributions and Transfers</b>	<b>2,448</b>	<b>12,849</b>	<b>3,847</b>	<b>19,144</b>
Transfers from Other Funds	--	--	--	--
Transfers to Other Funds	--	--	--	--
<b>Change In Net Position</b>	<b>2,448</b>	<b>12,849</b>	<b>3,847</b>	<b>19,144</b>
<i>Net Position at Beginning of Period</i>	148,606	172,953	41,123	362,682
<b>Net Position at End of Period</b>	<b>\$ 151,054</b>	<b>\$ 185,802</b>	<b>\$ 44,970</b>	<b>\$ 381,826</b>

The notes to the financial statements are an integral part of this statement.

**City of Milroy**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended December 31, 2023**

	<b>Business-type Activities - Enterprise Funds</b>			<b>Total Enterprise Funds</b>
	<b>Major Sewer</b>	<b>Water</b>	<b>Non-Major Garbage</b>	
<b>Cash Flows from Operating Activities:</b>				
Cash Received from Customers	\$ 38,341	\$ 94,229	\$ 18,562	\$ 151,132
Cash Received from Other Sources	-	-	-	-
Cash Paid to Employees	(18,411)	(18,411)	-	(36,822)
Cash Paid for Goods and Services	(12,326)	(41,727)	(15,107)	(69,160)
Net Cash Provided (Used) by Operating Activities	<u>7,604</u>	<u>34,091</u>	<u>3,455</u>	<u>45,150</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>				
Bond Costs	-	(395)	-	(395)
Principal Paid on Bond	-	(31,000)	-	(31,000)
Interest Paid on Bond	-	(3,260)	-	(3,260)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>-</u>	<u>(34,655)</u>	<u>-</u>	<u>(34,655)</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<u>7,604</u>	<u>(564)</u>	<u>3,455</u>	<u>10,495</u>
Cash and Cash Equivalents - Beginning of Year	129,675	121,963	40,806	292,444
<b>Cash and Cash Equivalents - End of Year</b>	<u><u>\$ 137,279</u></u>	<u><u>\$ 121,399</u></u>	<u><u>\$ 44,261</u></u>	<u><u>\$ 302,939</u></u>

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

<b>Cash Flows From Operating Activities:</b>				
Operating Income (Loss)	\$ 175	\$ 13,815	\$ 3,847	\$ 17,837
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Depreciation	6,255	17,923	-	24,178
Changes in Assets and Liabilities:				
Accounts Receivable	(110)	1,180	53	1,123
Accounts Payable	-	(111)	(445)	(556)
Accrued Leave	1,284	1,284	-	2,568
<b>Net Cash Provided (Used) by Operating Activities</b>	<u><u>\$ 7,604</u></u>	<u><u>\$ 34,091</u></u>	<u><u>\$ 3,455</u></u>	<u><u>\$ 45,150</u></u>

The notes to the financial statements are an integral part of this statement.

**City of Milroy**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual**  
**General Fund**  
**For the Year Ended December 31, 2023**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Over (Under)</u> <u>Final to Actual</u>
<b>Revenues</b>				
Property Taxes	\$ 180,000	\$ 180,000	\$ 180,382	\$ 382
Licenses and Permits	1,200	1,200	1,890	690
Local Government Aid	64,981	64,981	65,819	838
State Grants and Aids	--	--	11,203	11,203
Fire Aid	8,000	8,000	11,214	3,214
Tax Abatement	16,500	16,500	16,500	--
Donations	--	--	10,064	10,064
Interest Revenue	500	500	4,296	3,796
Insurance Dividends	2,000	2,000	4,722	2,722
Miscellaneous	500	500	709	209
<b>Total Revenues</b>	<u>273,681</u>	<u>273,681</u>	<u>306,799</u>	<u>33,118</u>
<b>Other Financing Sources</b>				
<b>Total Revenues and Other Financing Sources</b>	<u>273,681</u>	<u>273,681</u>	<u>306,799</u>	<u>33,118</u>
<b>Expenditures</b>				
<b>General Government:</b>				
Mayor and Council Salaries	5,000	5,000	4,800	200
Clerk-Treasurer Salaries	51,000	51,000	56,060	(5,060)
Clerk-Treasurer Payroll Taxes and Benefits	11,272	11,272	12,077	(805)
Employee Health Insurance	30,000	30,000	31,056	(1,056)
Assessor Salaries	2,240	2,240	2,472	(232)
Tax Abatement	16,500	16,500	16,500	--
Travel	1,300	1,300	1,476	(176)
Bonds and Insurance	16,000	16,000	20,078	(4,078)
Professional Fees	15,500	15,500	46,272	(30,772)
Property Taxes/Ditch Lien	1,050	1,050	450	600
Dues/Conferences/Training	3,900	3,900	4,686	(786)
Office Supplies	2,800	2,800	5,217	(2,417)
Telephone	4,000	4,000	3,711	289
Utilities	12,000	12,000	7,774	4,226
Building Repairs and Maintenance	1,100	1,100	39	1,061
Miscellaneous	1,000	1,000	1,687	(687)
Capital Outlay	500	500	--	500

The notes to the financial statements are an integral part of this statement.

**City of Milroy**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual**  
**General Fund - Continued**  
**For the Year Ended December 31, 2023**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Over (Under)</u> <u>Final to Actual</u>
<b>Public Safety:</b>				
Ambulance Dues	1,500	1,500	500	1,000
State Relief Association Aid	8,000	8,000	11,214	(3,214)
<b>Public Works:</b>				
Salaries	18,000	18,000	18,416	(416)
Payroll Taxes	2,770	2,770	2,790	(20)
Shop Supplies	1,800	1,800	2,928	(1,128)
Shop Utilities	7,660	7,660	8,849	(1,189)
Repairs and Maintenance	2,600	2,600	1,256	1,344
Sealcoating & Crack filling	10,000	10,000	--	10,000
Vehicle Operating Expenditures	6,100	6,100	6,472	(372)
Miscellaneous	5,584	5,584	2,552	3,032
Capital Outlay	21,000	21,000	5,616	15,384
<b>Culture and Recreation:</b>				
Salaries	--	--	512	(512)
Repairs and Maintenance	100	100	126	(26)
Utilities	500	500	472	28
Supplies/Miscellaneous	1,800	1,800	171	1,629
Capital Outlay	1,000	1,000	10,020	(9,020)
<b>Total Expenditures</b>	<b>263,576</b>	<b>263,576</b>	<b>286,249</b>	<b>(22,673)</b>
<b>Other Financing Uses</b>				
Transfers to Other Funds	9,500	9,500	10,060	(560)
<b>Total Expenditures and Other Financing Uses</b>	<b>273,076</b>	<b>273,076</b>	<b>296,309</b>	<b>(23,233)</b>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>				
	605	605	10,490	9,885
<b>Net Change in Fund Balance</b>	<b>605</b>	<b>605</b>	<b>10,490</b>	<b>9,885</b>
<i>Fund Balance at Beginning of Period</i>	324,392	324,392	324,392	--
<b>Fund Balance at End of Period</b>	<b>\$ 324,997</b>	<b>\$ 324,997</b>	<b>\$ 334,882</b>	<b>\$ 9,885</b>

The notes to the financial statements are an integral part of this statement.

**City of Milroy**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual**  
**Fire**  
**For the Year Ended December 31, 2023**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance</b>
	<u>Original</u>	<u>Final</u>		<b>Over (Under)</b>
				<b>Final to Actual</b>
<b>Revenues</b>				
Refunds and Reimbursements	\$ --	\$ --	\$ 12,673	\$ 12,673
Interest Revenue	300	300	1,489	1,189
Miscellaneous	--	--	100	100
Township Contracts	8,250	8,250	15,580	7,330
User charges	1,500	1,500	4,523	3,023
Sale of Assets	--	--	4,000	4,000
<b>Total Revenues</b>	<u>10,050</u>	<u>10,050</u>	<u>38,365</u>	<u>28,315</u>
<b>Other Financing Sources</b>				
Transfers from Other Funds	<u>3,500</u>	<u>3,500</u>	<u>10,060</u>	<u>6,560</u>
<b>Total Revenues and Other Financing Sources</b>	<u>13,550</u>	<u>13,550</u>	<u>48,425</u>	<u>34,875</u>
<b>Expenditures</b>				
Salaries	2,000	2,000	2,221	(221)
Payroll Taxes	210	210	208	2
Professional Fees	2,500	2,500	2,257	243
Dues/Conferences/Training	1,500	1,500	4,876	(3,376)
Supplies	1,475	1,475	3,933	(2,458)
Repairs/Maintenance	3,300	3,300	6,215	(2,915)
Civil Defense Per Diem	500	500	500	--
Utilities	150	150	116	34
Capital Outlay	<u>3,000</u>	<u>3,000</u>	<u>14,565</u>	<u>(11,565)</u>
<b>Total Expenditures</b>	<u>14,635</u>	<u>14,635</u>	<u>34,891</u>	<u>(20,256)</u>
<b>Other Financing Uses</b>				
<b>Total Expenditures and Other Financing Uses</b>	<u>14,635</u>	<u>14,635</u>	<u>34,891</u>	<u>(20,256)</u>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	<u>(1,085)</u>	<u>(1,085)</u>	<u>13,534</u>	<u>14,619</u>
<b>Net Change in Fund Balance</b>	<u>(1,085)</u>	<u>(1,085)</u>	<u>13,534</u>	<u>14,619</u>
<b>Fund Balance at Beginning of Period</b>	<u>177,517</u>	<u>177,517</u>	<u>177,517</u>	<u>--</u>
<b>Fund Balance at End of Period</b>	<u>\$ 176,432</u>	<u>\$ 176,432</u>	<u>\$ 191,051</u>	<u>\$ 14,619</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF MILROY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Government Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. Although the City has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the City has not chosen to do so.

The more significant accounting policies established by GAAP and used by the City are discussed below.

**A. REPORTING ENTITY**

The City of Milroy, Minnesota (the City) is a municipal corporation, incorporated under the laws of the State of Minnesota, and governed under a charter adopted. The City was formed and operates pursuant to applicable Minnesota laws and statutes. The City operates under an elected Mayor and four member council form of government. The council has control over all activities related to the City of Milroy. The City provides the following services: sanitation, recreation, public improvements, planning and zoning, and general administrative services.

These financial statements present the City (the primary government), which has no component units. The City follows the standards promulgated by GASB Statement No. 14, *The Financial Reporting Entity*, and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus* to define the reporting entity. The City includes all component units of which the City appointed a voting majority of the unit's board; the City is either able to impose its will on the unit or a financial benefit or burden relationship exists.

**Blended Component Unit**

Blended component units are separate legal entities that meet the component unit criteria described above and whose governing body is the same or substantially the same as the City Council or the component unit provides services entirely to the City. These component units' funds are blended into those of the City's by appropriate activity to comprise the primary government presentation. Currently, the City has one blended component unit, the Economic Development Authority.

**CITY OF MILROY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**A. REPORTING ENTITY (Continued)**

**Discretely Presented Component Units**

Discretely presented component units are separate legal entities that meet the component unit criteria described above but do not meet the criteria for blending. Currently, the City has no discretely presented component units.

**Related Organization**

A related organization is excluded from the financial reporting entity. The City's accountability does not extend beyond the Mayor, Clerk-Treasurer and Fire Chief being ex officio members of the board. The related organization is as follows:

Milroy Fire Relief Association – The Association is organized as a non-profit organization by its members to provide pension and other benefits to members in accordance with Minnesota statutes. The Association's Board of Directors consists of seven members elected by the membership of the Association and three ex officio members, the Mayor, Clerk-Treasurer and Fire Chief. All funding is obtained in accordance with Minnesota statutes whereby state aids and tax levies, which are determined by the Association, flow through the City to the Association. The Association pays benefits directly to its members.

**B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

The government-wide financial statements (i.e. the statement of net position and statement of activities) report information on all activities of the City. For the most part, the effect of inter-fund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. They include all funds of the reporting entity except for fiduciary funds (of which, the City has none).

The statement of activities demonstrates the degree to which the direct expenses of a given function or identifiable activity is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or identifiable activity. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or identifiable activity and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or identifiable activity. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.



**CITY OF MILROY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provided have been met.

Governmental fund financial statements (i.e., balance sheet and statement of revenues, expenditures and changes in fund balances) are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Revenues subject to accrual are property taxes, interest on investments, and intergovernmental revenues. Property taxes are recorded as revenues in the fiscal year in which they are levied, provided they are collected in the current period or within sixty days thereafter. Interest on invested funds is recognized when earned. Intergovernmental revenues that are reimbursements for specific expenditures are recognized when all eligibility requirements are met. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The emphasis in fund financial statements is on major funds in either the governmental or business-type activities categories. GASB No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The non-major funds are combined in a column on the fund financial statements.

The funds of the financial reporting entity are described below:

Governmental Funds:

General Fund - The General Fund is the primary operating fund of the City and is always classified as a major fund. It is used to account for all financial resources not accounted for and reported in another fund.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service and capital projects. The city maintains fire, economic development and fitness center special revenue funds.

**CITY OF MILROY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION (Continued)**

Debt Service Fund - The Debt Service Fund is used to account for all financial resources that are restricted, committed, or assigned to expenditure for principal and interest. Special assessments are used for the payment of principal and interest.

Proprietary Funds:

Enterprise Funds - Enterprise Funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector. The City maintains water, sewer and garbage enterprise funds.

The City reports the following major governmental funds:

The *General Fund* is the City's primary operating fund. It accounts for all financial resources not accounted for and reported in another fund.

The *Fire Fund* accounts for all activities of the fire fund.

The *2022 Tax Abatement* fund accounts for the financial resources for principal and interest payments.

The City reports the following major proprietary funds:

The *Water Fund* accounts for the operations of the City's water system.

The *Sewer Fund* accounts for the operations of the City's sewer system.

Private sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent they do not conflict or contradict guidance of the GASB. Governments also have the option of following subsequent private sector guidance for their business-type activities and enterprise funds. The City has elected not to follow subsequent private sector guidance.

As a general rule the effect of inter-fund activity has been eliminated from the government-wide financial statements. Exceptions to this rule are charges between the City's enterprise funds and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

**CITY OF MILROY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION (Continued)**

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. General revenues include all taxes.

Proprietary funds distinguish operating revenues and expense from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

**D. ASSETS, LIABILITIES, AND NET POSITION or FUND BALANCE**

**Deposits and Investments**

For the purposes of the statement of cash flows, the City considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents. Cash and investments of the proprietary fund types are pooled with the City's pooled cash and investments.

**Receivables and Payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of inter-fund loans) or "advances to/from other funds" (i.e., the non-current portion of inter-fund loans). All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

**CITY OF MILROY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. ASSETS, LIABILITIES, AND NET POSITION or FUND BALANCE (Continued)**

**Receivables and Payables (Continued)**

All trade (utility) and property tax receivables are shown at a gross amount, since both taxes and trade (utility) receivables are assessable to the property taxes and are collectible upon sale of the assessed property.

The City levies its property tax for the subsequent year during the month of October. Property taxes attach as an enforceable lien on property as of January 1. Revenues are accrued and recognized in the year collectible.

December 31 is the last day the City can certify a tax levy to the County Auditor for collection the following year. The County Auditor makes up the tax list for all taxable property in the City and applies the applicable tax rate to the tax capacity of individual properties to arrive at the actual tax for each property. The County Auditor also collects all special assessments, except for certain prepayments paid directly to the City. Assessments receivable consist of the portion of improvements made by the City and charged against the properties affected.

These assessments are payable with interest over a period of years. The County Auditor remits a list of taxes and special assessments to be collected on each parcel of property to the County Treasurer in January each year. The County Treasurer mails copies of all real estate and personal property tax statements.

Real property taxes may be paid in two equal installments. The first payment is due on May 15 for both non-agricultural and agricultural property and the second payment is due on October 15 for non-agricultural property and November 15 for agricultural property. Personal property taxes may be paid on May 15 and October 15. The County is the collection agent for the levy. The County provides tax settlements to cities and other taxing districts three times a year in January, June, and December. Penalties and interest are assessed to property owners who do not pay their property taxes and special assessments by the due dates.

Portions of the tax levy paid by the state in the form of fair value assistance are included in intergovernmental revenue. Only that portion collected directly from property owners is reflected in tax revenue. Delinquent property taxes are deferred and recognized when received or in the hands of the collection agency in the fund financial statements since they do not constitute “available spendable resources”. In the government-wide financial statements, under the accrual basis of accounting, they are recognized as revenues since they are earned. No allowance for uncollectible taxes has been provided because such amounts are not expected to be material.

**CITY OF MILROY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. ASSETS, LIABILITIES, AND NET POSITION or FUND BALANCE (Continued)**

**Prepays**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. Prepaid expenditures of governmental funds are reported using the consumption method and recorded as expenditures/expenses at the time of consumption.

**Capital Assets**

Capital assets are defined by the City as assets with an initial individual cost of \$1,000 or more and an estimated life in excess of one year. Capital assets include property, plant, equipment, infrastructure assets (i.e., roads, bridges, sidewalks, drainage, and similar items), and intangible assets (i.e. internally generated computer software) are reported in the application governmental or business-type activities column of the government-wide financial statements.

Purchased or constructed assets are recorded at actual cost or estimated historical cost if actual cost is unavailable. Donated capital assets are recorded at estimated fair value at the date of donation.

GASB No. 34 required that the City report and depreciate new infrastructure assets effective fiscal year ending December 31, 2004. Infrastructure assets used in general government operations, consisting of certain improvements other than buildings, including roads, bridges, sidewalks, drainage systems, and lighting systems, acquired prior to December 31, 2003, were not required to be capitalized by the City. These infrastructure assets are likely to be the largest asset class of the City. Neither the historical cost nor related depreciation has historically been reported in the financial statements. The retroactive reporting of infrastructure is not required for cities of this size. City has elected not to record infrastructure values retroactively as allowed by accounting principles generally accepted in the United States of America.

**CITY OF MILROY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. ASSETS, LIABILITIES, AND NET POSITION or FUND BALANCE (Continued)**

**Capital Assets (Continued)**

The accounting and reporting treatment applied to capital assets associated with a fund are determined by the fund's measurement focus. General capital assets are assets of the City as a whole. When purchased, such assets are recorded as expenditures in a governmental fund and capitalized as assets in the governmental activities column of the government-wide statement of net position.

Capital assets of the enterprise funds are capitalized in the funds.

Additions, improvements, and other capital outlay that significantly extend the useful life of an asset are capitalized. The costs of normal maintenance and repairs that do not add to the value of an asset or materially extend lives are not capitalized.

In the government-wide financial statements and in the enterprise fund financial statements, the cost of property sold or retired, together with the related accumulated depreciation, is removed and any resulting gain or loss is included in income.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided using the straight-line method over the following estimated useful lives of the assets:

Land	Not Depreciated
Infrastructure	15-65 Years
Buildings	10-50 Years
Improvements	15-50 Years
Machinery and Equipment	3-20 Years

**Long-Term Obligations**

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

Bond premium and discounts, as well as issuance costs, are recognized as an outflow of resources and expensed in the period they are incurred. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported separately and expensed in the period they are incurred.

**CITY OF MILROY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. ASSETS, LIABILITIES, AND NET POSITION or FUND BALANCE (Continued)**

**Long-Term Obligations (Continued)**

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**Compensated Absences**

The City’s policies regarding vacation time permit employees to accumulate earned but unused annual leave. The liability for these compensated absences is recorded as long-term debt in the government-wide financial statements and the proprietary fund types. In the governmental funds of the fund financial statements, annual leave is recorded as expenditures and accrued as a current liability only if they have matured, for example, as a result of employee’s resignations and retirements. These are liquidated according to the fund they relate to.

Annual leave is accrued as follows:

<u>Years of Service</u>	<u>Annual Accrual Rates</u>
1	1.5 hours per pay period
2-5	4 hours per pay period
6-8	6 hours per pay period
9-12	8 hours per pay period
13-17	10 hours per pay period
18+	12 hours per pay period

Regular part-time employees will accrue annual leave based on length of service with the City. Employees can carry over any annual leave up to two times the amount earned in a year.

**Fund Balance Classifications**

The City implemented GASB Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions.” This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government’s fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

**CITY OF MILROY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. ASSETS, LIABILITIES, AND NET POSITION or FUND BALANCE (Continued)**

**Fund Balance Classifications (Continued)**

- Nonspendable fund balance – consists of amounts that cannot be spent because it is not in spendable form, such as inventory; or are legally or contractually required to be maintained intact.
- Restricted fund balance – consists of amounts related to externally imposed constraints established by creditors, grantors or contributors, bondholders, laws and regulations of other governments; or imposed by law through constitutional provisions or enabling legislation.
- Committed fund balance - consists of amounts that are constrained for specific purposes that are internally imposed by formal action (resolution) of the City Council. To be reported as committed, amounts cannot be used for any other purpose unless the City Council removes or changes that specified use by taking the same type of action it employed to previously commit those amounts.
- Assigned fund balance – consists of amounts intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In the General Fund, assigned amounts represent intended uses established by the governing body itself or by an official to which the governing body delegates the authority.
- Unassigned fund balance – consists of amounts that are available for any purpose. Positive amounts are reported only in the general fund. It also reflects negative residual amounts in other funds.

The City uses restricted amounts to be spent first when both restricted and unrestricted fund balance is available. Additionally, the City would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The City Council has formally adopted a fund balance policy for the General Fund. The City's policy is to maintain a minimum unassigned fund balance between the range of 35%-50% of budgeted operating expenditures for cash flow timing needs. At December 31, 2023, the unassigned fund balance of the General Fund was 53% of the subsequent year's budgeted expenditures.

**Net Position Classifications**

In the government-wide financial statements, net position represents the difference between assets and liabilities. Net position is displayed in three components:

- Net investment in capital assets – Consists of capital assets, net of accumulated depreciation reduced by any outstanding debt attributable to acquire capital assets.
- Restricted net position- Consists of net assets restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, laws or regulations of other governments.
- Unrestricted net position- All other net assets that do not meet the definition of “restricted” or “net investment in capital assets”.



**CITY OF MILROY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. ASSETS, LIABILITIES, AND NET POSITION or FUND BALANCE (Continued)**

**Deferred Outflows/Inflows of Resources**

The City of Milroy implemented GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position and GASB Statement No. 65 Items Previously Reported as Assets and Liabilities. In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City of Milroy currently recognizes deferred outflows relating to pensions for reporting in this category. The length of the expense recognition period for deferred amounts related is equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan, determined as of the beginning of the measurement period.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represent an acquisition of net position that applies to a future period and so will not be recognized as an inflows of resources (revenue) until that time. The City of Milroy has two types of items that qualify for reporting in this category; unearned property taxes and deferred inflows relating to pensions. These amounts are deferred and recognized as inflows of resources in the period that the amount is earned. Deferred amounts relating to pensions represent differences between projected and actual earnings on pension plan investments and are recognized over a five-year period.

**E. USE OF ESTIMATES**

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**CITY OF MILROY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**F. PENSIONS**

For purposes of measuring the net pension liability, deferred outflows/inflows of resources and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA except that PERA's fiscal year end is June 30. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Pensions are allocated between governmental activities and business-type activities in accordance with the allocation of employee's wages. Approximately 66% is allocated to governmental and 34% to business-type.

**NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. BUDGETARY INFORMATION**

**Budgets**

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are legally adopted by Council resolution for the General Fund. Budgets have not been adopted for the major Small Cities Development Special Revenue Fund as prescribed by Government Auditing Standards.

The City follows these legal compliance procedures in establishing the budgetary data reflected in the financial statements:

1. The department heads submit to the city clerk a budget of estimated expenditures for the ensuing year after which the City Clerk subsequently submits a budget of estimated expenditures and revenues to the City Council by August 15.
2. Upon receipt of the budget estimates, the Council holds a public hearing on the proposed budget. Information about the budget ordinance is then published in the official newspaper of the City.
3. At least ten days prior to October 1, the budget is legally enacted through the passage of an ordinance. The City Clerk is authorized to transfer budgeted amounts between line items and departments within any fund; however, any revision that alters the total expenditures of any fund must be approved by the City Council.
4. Budgeted amounts are as originally adopted by the City Council. All supplemental appropriations require the approval of the City Council. There were no amendments to the original appropriations. The City prepared and adopted a legal budget.
5. All budgeted appropriations lapse at the end of the year. The legal level of budgetary control is at the functional level.

**CITY OF MILROY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

**A. BUDGETARY INFORMATION (Continued)**

All budget amounts presented reflect the original budget and the final budget (which have been adjusted for legally authorized revisions of the annual budgets during the year). The General Fund utilized the same basis of accounting for both budgetary purposes and actual results. The City does not utilize encumbrance accounting.

**B. FUND BALANCE CLASSIFICATION**

At December 31, 2023, a summary of the governmental fund balance classifications are as follows:

	General Fund	Fire Fund	2022 Tax Abatement	Other Governmental Funds	Totals
Nonspendable:					
Prepaid items	\$ 6,760	\$ -	\$ -	\$ -	\$ 6,760
Restricted:					
Public Safety Aid	11,203	-	-	-	11,203
Debt Service	-	-	71,431	-	71,431
Committed to:					
Capital Acquisition	53,774	153,483	-	5,404	212,661
Sealcoating/Crack filling	117,805	-	-	-	117,805
Assigned:					
Fire	-	37,568	-	-	37,568
Economic Development	-	-	-	56,977	56,977
Unassigned	145,340	-	-	-	145,340
Total Fund Balances	<u>\$ 334,882</u>	<u>\$ 191,051</u>	<u>\$ 71,431</u>	<u>\$ 62,381</u>	<u>\$ 659,745</u>

**C. EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

The following fund had excess expenditures over appropriations as of December 31, 2023:

General Fund	\$22,673
Fire Fund	\$20,256

**D. DEFICIT FUND BALANCES**

There were no funds with a deficit fund balances as of December 31, 2023.

**CITY OF MILROY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

**E. DEBT RESTRICTIONS AND COVENANTS**

**General Obligation Debt**

Minnesota Statutes §475.53, subd. 3 limits the amount of outstanding general obligation bonded debt of the municipality. The City complies with such laws.

**NOTE 3. DETAIL NOTES ON ALL FUNDS**

**A. DEPOSITS AND INVESTMENTS**

The City maintains a pooled cash and investment portfolio that is used by substantially all City funds using the pooled deposit and investment concept. This concept provides the City with the ability to maximize earnings on idle monies while ensuring the liquidity needs of each fund are met and the integrity of the cash balances of each fund are preserved. This pool is governed by an investment policy established by the City Council.

Investment income derived from the pooled funds is allocated to respective funds on the basis of applicable cash balance participation by each fund.

**Deposits**

In accordance with Minnesota Statutes, the City maintains deposits at those depository banks authorized by the City Council, all of which are members of the Federal Reserve System.

Minnesota Statutes require that all City deposits be insured, protected by surety bond or collateralized, and the fair value of collateral pledged must equal 110% of the deposits not covered by insurance or surety bonds.

Authorized collateral includes all treasury bills, notes, and bonds; issues of U.S. governmental agencies; general obligations rated "A" or better; revenue obligations rated "AA" or better; irrevocable standard letters of credit issued by the Federal Home Loan Bank and certificates of deposit. Minnesota statutes also require that securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or in an account at a trust department of a commercial bank or other financial institution that is not owned or controlled by the financial institution furnishing the collateral. The City does not have any deposit policies that would further limit deposit choices.

**CITY OF MILROY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 3. DETAIL NOTES ON ALL FUNDS (Continued)**

**A. DEPOSITS AND INVESTMENTS (Continued)**

**Deposits**

According to Minnesota Statutes, government depositors receive \$250,000 FDIC coverage for their demand accounts and separate \$250,000 FDIC coverage for their time/savings accounts if the bank is located in the same state as the government entity. If the depository bank is located in a different state, there is just one \$250,000 coverage available for all demand and time/savings accounts combined.

*Custodial Credit Risk – Deposits* - Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. Deposits in financial institutions, reported as components of cash and cash equivalents, had a bank balance of \$961,822 at December 31, 2023, that was fully insured by depository insurance or secured with collateral held by the City's agent in its name. The carrying amount of these deposits at December 31, 2023 was \$955,406.

**Investment Policy**

The City has an adopted investment policy, conforming to all applicable laws of the State of Minnesota, which serves as the guide to deposit and investment of operating funds which are managed within the City's pooled cash and investment portfolio. This policy sets for the City's investment objectives as well as authorized and suitable deposits and investments, and serves as a guide to proper diversification, maturity constraints, internal controls, and performance measurement. The foremost objective of the City's investment program as set forth by the investment policy is preservation of capital and protection of investment principal. Investment decisions are made under the assumption that except under limited circumstances, all investments within the pooled cash portfolio will be held to maturity.

Separate investment policies or agreements may exist to address proceeds from certain bond issues or debt service funds in accordance with arbitrage rebate requirements.

The City is authorized by Minnesota Statutes to invest idle funds as follows:

- a.) Direct obligations or obligations guaranteed by the United States or its agencies.
- b.) Shares of investment companies registered under the Federal Investment Company Act of 1940 and whose only investments are in securities described in (a) above.
- c.) General obligations of the State of Minnesota or its municipalities.
- d.) Bankers acceptances of United States banks eligible for purchase by the Federal Reserve System
- e.) Commercial paper issued by United States corporations or their Canadian subsidiaries, rated of the highest quality category by at least two nationally recognized rating agencies, and maturing in 270 days or less;

**CITY OF MILROY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 3. DETAIL NOTES ON ALL FUNDS (Continued)**

**A. DEPOSITS AND INVESTMENTS (Continued)**

**Investment Policy**

- f.) Repurchase or reverse repurchase agreements and securities lending agreements with financial institutions qualified as a “depository” by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000, a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers
- g.) Money market funds with institutions that have portfolios consisting exclusively of United States Treasury obligations and Federal Agency issues.
- h.) Guaranteed investment contract (GIC’s) issued or guaranteed by United States Commercial Banks or domestic branches of foreign banks or United State insurance company and with a credit quality in one of the top two highest categories.

The City does not have any investment policies that would further limit investment choices.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of the investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. Under the City’s investment policy the City is required to mitigate its exposure to interest rate risk as follows:

- Purchasing a combination of shorter and longer term investments.
- Timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needs for operation.
- Monitoring the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio.
- Unless matched to a specific cash flow requirement, the City will not directly invest in securities maturing more than five (5) years from the date of purchase.
- The average weighted maturity of the portfolio should not exceed three (3) years.
- Reserve funds may be invested in securities exceeding five (5) years if the maturity of such investments are made to coincide as nearly as practicable with expected use of funds.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The investment policy of the City limits their investment options to those authorized by the State of Minnesota as described above.

**CITY OF MILROY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 3. DETAIL NOTES ON ALL FUNDS (Continued)**

**A. DEPOSITS AND INVESTMENTS (Continued)**

**Investment Policy (Continued)**

Concentrations of Credit Risk

The risk of loss attributed to the magnitude of the City's investments in a single issuer. The City places no limit on the amount that may be invested in any one issuer. As of December 31, 2023 the City had no investments.

Custodial Credit Risk

For an investment, this is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. As of December 31, 2023 the City had no investments.

**B. ACCOUNTS RECEIVABLE**

Accounts receivable of the business-type activities consist of utilities receivable. No allowance for uncollectible accounts is deemed necessary at year end.

Accounts receivable of the governmental activities consist almost entirely of delinquent taxes. The balance as of December 31, 2023 is \$8,031. Delinquent taxes have been offset by deferred inflows of resources for delinquent taxes not received within 60 days after year-end in the governmental fund financial statements. The deferred inflow amount as of December 31, 2023 is \$6,659.

**CITY OF MILROY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 3. DETAIL NOTES ON ALL FUNDS (Continued)**

**C. CAPITAL ASSETS**

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

<b>Governmental Activities:</b>	Balance 1/1/2022	Additions	Deletions	Balance 12/31/2023
Capital Assets Not Being Depreciated:				
Land	\$ 27,987	\$ -	\$ -	\$ 27,987
Total Capital Assets Not Being Depreciated	27,987	-	-	27,987
Capital Assets Being Depreciated:				
Buildings and Improvements	2,365,061	10,020	12,000	2,363,081
Machinery and Equipment	864,015	20,181	51,075	833,121
Total Capital Assets Being Depreciated	3,229,076	30,201	63,075	3,196,202
Less Accumulated Depreciation for:				
Buildings and Improvements	277,385	75,655	9,450	343,590
Machinery and Equipment	664,890	46,500	51,075	660,315
Total Accumulated Depreciation	942,275	122,155	60,525	1,003,905
Total Capital Assets Being Depreciated, Net	2,286,801			2,192,297
Governmental Activity Capital Assets, Net	\$ 2,314,788			\$ 2,220,284
<b>Business-Type Activities:</b>	Balance 1/1/2022	Additions	Deletions	Balance 12/31/2023
Capital Assets Being Depreciated:				
Equipment and Improvements	\$ 637,202	\$ -	\$ -	\$ 637,202
Total Capital Assets Being Depreciated	637,202	-	-	637,202
Less Accumulated Depreciation for:				
Equipment and Improvements	408,934	24,179	-	433,112
Total Accumulated Depreciation	408,934	24,179	-	433,112
Total Capital Assets Being Depreciated, Net	228,268			204,089
Business-Type Activity Capital Assets, Net	\$ 228,268			\$ 204,089

Depreciation Expense was charged to functions/programs as follows:

<b>Governmental Activities:</b>		<b>Business-Type Activities:</b>	
General Government	\$ -	Water	\$ 17,923
Public Safety	20,650	Garbage	-
Street and Highways	89,314	Sewer	6,255
Culture & Recreation	4,611	Total Depreciation Expense-	
Depreciation-Unallocated	7,580	Business-Type Activities	\$ 24,179
Total Depreciation Expense-			
Governmental Activities	\$ 122,155		



**CITY OF MILROY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 3. DETAIL NOTES ON ALL FUNDS (Continued)**

**D. ACCOUNTS PAYABLE**

Payables in the general, major governmental funds and enterprise funds are composed almost entirely of payables to vendors.

**E. LONG-TERM LIABILITIES**

Description of Long-Term Debt

Long-term debt is comprised of the following as of December 31, 2023:

<b>Issuance:</b>	<u>Original Issuance</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Debt Outstanding</u>
Governmental Activities				
Tax Abatement Bond, Series 2023A	\$64,408	04/07/2043	2.25%	\$ 64,408
Tax Abatement Bond, Series 2023B	\$1,976,500	04/07/2043	2.50%	1,976,500
Business-Type Activities:				
GO Utility Revenue Bond	\$451,000	02/01/2030	2.95%	<u>95,000</u>
Total Outstanding Long-term Debt				<u>\$ 2,135,908</u>

**General Obligation Bonds**

The City issues general obligation revenue bonds to provide funds for the acquisition and construction of major capital improvements. General obligation revenue bonds have been issued for the water fund, which is also the fund used to liquidate the debt. The bonds are direct obligations and pledge the full faith, credit and taxing power of the City. Interest paid in 2023 was \$2,844.

The City issued general obligation tax abatement bonds for the 2022 street project. The debt service fund will be used to liquidate the debt. The bonds are direct obligations and pledge the full faith, credit and taxing power of the City. Interest paid in 2023 was \$21,588.

**Temporary Financing Agreement**

During 2022, the City entered into a temporary financing agreement through a private bank for funding the project costs of the 2022 Street Project. The agreement provided interim financing of \$2,313,000 at an interest rate of 3.5%. Interest payments due semi-annually. This loan was permanently financed with United States Department of Agriculture – Rural Development during 2023.

Minimum Debt Payments

Minimum annual principal and interest payments to retire general obligation bonds payable are as follows:

**CITY OF MILROY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 3. DETAIL NOTES ON ALL FUNDS (Continued)**

**E. LONG-TERM LIABILITIES (Continued)**

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 113,862	\$ 48,428	\$ 162,290
2025	116,710	45,622	162,332
2026	115,600	42,803	158,403
2027	87,533	40,427	127,960
2028	89,509	38,451	127,960
2029-2033	478,789	161,012	639,800
2034-2038	535,337	104,463	639,800
2039-2043	598,567	41,216	639,784
	<u>\$ 2,135,908</u>	<u>\$ 522,421</u>	<u>\$ 2,658,329</u>

Changes in Long-Term Liabilities

	<u>Balance</u> <u>12/31/22</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12/31/23</u>	<u>Due in</u> <u>One Year</u>
<b>Governmental Activities:</b>					
Tax Abatement Bond, Series 2022A	\$ 2,313,000	\$ -	\$2,313,000	\$ -	\$ -
Tax Abatement Bond, Series 2023A	-	64,408	-	64,408	2,521
Tax Abatement Bond, Series 2023B	-	1,976,500	-	1,976,500	79,341
Accrued Leave (net change)	12,036	4,855	-	16,891	-
Total Governmental Activities	<u>2,325,036</u>	<u>2,045,763</u>	<u>2,313,000</u>	<u>2,057,799</u>	<u>81,862</u>
<b>Business-Type Activities:</b>					
GO Utility Revenue Bond	126,000	-	31,000	95,000	32,000
Accrued Leave (net change)	2,652	2,569	-	5,222	-
Total Business-Type Activities	<u>128,652</u>	<u>2,569</u>	<u>31,000</u>	<u>100,222</u>	<u>32,000</u>
	<u>\$2,453,688</u>	<u>\$2,048,332</u>	<u>\$2,344,000</u>	<u>\$ 2,158,020</u>	<u>\$ 113,862</u>

**F. INTERFUND TRANSACTIONS**

Inter-fund Transfers

Transfers between funds of the primary government for the year ended December 31, 2023 were as follows:

<u>From</u>	<u>To</u>	<u>Purpose</u>	<u>Amount</u>
General	Fire	Operations	\$3,500
General	Fire	Truck Fund Contribution	\$6,560

**CITY OF MILROY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 3. DETAIL NOTES ON ALL FUNDS (Continued)**

**F. INTERFUND TRANSACTIONS (Continued)**

Inter-fund Balances

At December 31, 2023, there were no inter-fund balances.

**NOTE 4. OTHER INFORMATION**

**A. RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions, injuries to employees; and natural disasters. The City participates in the League of Minnesota Cities Intergovernmental Trust (LMCIT) to provide its general liability and property coverage. The LMCIT is a public entity risk pool currently operating as a common risk management and insurance program for participating Minnesota cities. All cities in the LMCIT are jointly and severally liable for all claims and expenses of the pool. The amount of any liability in excess of assets of the pool may be assessed to participating cities if a deficiency occurs. The LMCIT is self-sustaining through member premiums and re-insures through commercial companies for excess claims. The City is covered through the pool for any claims incurred but unreported, but retains risk for the deductible portion of its insurance policies.

As of December 31, 2023, the City did not have any claims which were probable and measurable and therefore no liability is recorded in the financial statements presented. The City has not had any claims which exceeded its deductible during the past three years.

**CITY OF MILROY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 4. OTHER INFORMATION (Continued)**

**B. COMMITMENTS AND CONTINGENCIES**

*Grant Program Involvement*

In the normal course of operations, the City participates in various federal or state grant/loan programs from year to year. The grant/loan programs are often subject to additional audits by agents of the granting or loaning authority, the purpose of which is to ensure compliance with the specific conditions of the grant or loan. Any liability for reimbursement, which may arise as the result of these audits cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.

*Litigation*

The City is party to various legal proceedings, which normally occur in the course of governmental operations. The financial statements do not include accrual or provisions for loss contingencies that may result from these proceedings.

While the outcome of potential litigation cannot be predicted, due to the insurance coverage maintained by the City, the City feels that the settlement or judgment not covered by insurance would not have a material adverse effect on the financial condition of the City.

**C. FEDERAL AIDS – SINGLE AUDIT ACT**

The City did not expend more than \$750,000 of federal financial assistance and therefore is not subject to the audit requirements of the Single Audit Act and all other federal audit requirements.

**D. TAX ABATEMENT**

The City is authorized to enter into property tax abatement agreements for the purpose of attracting or retaining businesses. Tax abatements for the Farmer's Cooperative Association of Milroy were approved by resolution in 2019. The abatement shall not exceed \$16,500 per year or a total of \$115,500 for a term of seven years commencing with taxes payable in 2020.

**CITY OF MILROY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 5. DEFINED BENEFIT PENSION PLANS – STATEWIDE**

**A. PLAN DESCRIPTION**

The City participates in the following cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees Retirement Association (PERA). PERA's defined benefit pension plans are established and administered in accordance with Minnesota Statutes, Chapters 353 and 356. PERA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code.

General Employees Retirement Plan

All full time and certain part time employees of the City are covered by the General Employees Plan. General Employees Plan members belong to the Coordinated Plan. Coordinated Plan members are covered by Social Security.

**B. BENEFITS PROVIDED**

PERA provides retirement, disability, and death benefits. Benefit provisions are established by state statute and can only be modified by the state Legislature. Vested, terminated employees who are entitled to benefits but are not receiving them yet, are bound by the provisions in effect at the time they last terminated their public service.

General Employees Plan Benefits

General Employees Plan benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated Plan members. Members hired prior to July 1, 1989, receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for Coordinated members is 1.2% for each of the first 10 years of service and 1.7% for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7% for all years of service. For members hired prior to July 1, 1989 a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989 normal retirement age is the age for unreduced Social Security benefits capped at 66.

Benefit increases are provided to benefit recipients January. The postretirement increase is equal to 50 percent of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1.0 percent and a maximum of 1.5 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. For recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. In 2023, legislation repealed the statute delaying increases for members retiring before full retirement age.

**CITY OF MILROY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 5. DEFINED BENEFIT PENSION PLANS – STATEWIDE (Continued)**

**C. CONTRIBUTIONS**

*Minnesota Statutes* Chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state Legislature.

General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.5 percent of their annual covered salary in fiscal year 2023; the City was required to contribute 7.50 percent for Coordinated Plan members. The City’s contributions to the General Employees Fund for the years ended December 31, 2023, 2022, and 2021 were \$8,347, \$7,708 and \$7,111, respectively. The City’s contributions were equal to the required contributions as set by the state statute.

**D. PENSION COSTS**

General Employee Fund Pension Costs

At December 31, 2023, the City reported a liability of \$78,286 for its proportionate share of the General Employee Fund’s net pension liability. The City’s net pension liability reflected a reduction due to the State of Minnesota’s contribution of \$16 million. The State of Minnesota is considered a non-employer contributing entity and the state’s contribution meets the definition of a special funding situation. The State of Minnesota’s proportionate share of the net pension liability associated with the City totaled \$2,100.

The 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 that date. The City’s proportionate share of the net pension liability was based on the City’s contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2022, through June 30, 2023, relative to the total employer contributions received from all of PERA’s participating employers. The City’s proportionate share was 0.0014% at the end of the measurement period and 0.0013% for the beginning of the period.

Entity’s proportionate share of the net pension liability	\$76,286
State of Minnesota’s proportionate share of the net pension liability associated with the City	<u>2,100</u>
Total	<u>\$78,386</u>

**CITY OF MILROY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 5. DEFINED BENEFIT PENSION PLANS – STATEWIDE (Continued)**

**D. PENSION COSTS (Continued)**

For the year ended December 31, 2023, the City recognized pension expense of \$2,006 for its proportionate share of General Employee Fund’s pension expense. In addition, the City recognized an additional \$9 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota’s contribution of \$16 million to the General Employees Fund.

At December 31, 2023, the City reported its proportionate share of General Employee Plan’s deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Economic Experience	\$ 2,527	\$ 501
Changes in Actuarial Assumptions	11,768	21,458
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	3,059
Changes in Proportion	5,940	19,487
Employer Contributions Subsequent to the Measurement Date	4,141	-
Totals	<u>\$ 24,377</u>	<u>\$ 44,505</u>

\$4,141 reported as deferred outflows of resources related to pensions resulting from the City’s contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Pension Expense Amount</u>
2024	(\$16,160)
2025	(\$9,501)
2026	\$3,092
2027	(\$1,700)

**CITY OF MILROY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 5. DEFINED BENEFIT PENSION PLANS – STATEWIDE (Continued)**

**E. LONG-TERM EXPECTED RETURN ON INVESTMENT**

The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness of the long-term expected rate of return using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Domestic Equity	33.5%	5.10%
International Equity	16.5%	5.30%
Fixed Income	25.0%	0.75%
Private Markets	25.0%	5.90%
Total	100%	

**F. ACTUARIAL METHODS AND ASSUMPTIONS**

The total pension liability in the June 30, 2023 actuarial valuation was determined using an individual entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of the total liability is 7.0 percent. This assumption is based on a review of inflation and investments return assumptions from a number of nation investment consulting firms. The review provided a range of return investment return rates deemed to be reasonable by the actuary. An investment return of 7.0 percent was deemed to be within that range of reasonableness for financial reporting purposes.

Inflation is assumed to be 2.25 percent for the General Employees Plan. Benefit increases after retirement are assumed to be 1.25 percent.

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25 percent after one year of service to 3.0 percent after 27 years of service.

Mortality rates for the General Employees Plan are based on the Pub-2010 General Employee Mortality Table. The tables are adjustment slightly to fit PERA’s experience.

Actuarial assumptions for the General Employees Plan are reviewed every four years. The most recent four-year experience study for the General Employees plan was completed in 2022. The assumption changes were adopted by the Board and became effective with the July 1, 2023 actuarial evaluation.



**CITY OF MILROY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 5. DEFINED BENEFIT PENSION PLANS – STATEWIDE (Continued)**

**F. ACTUARIAL METHODS AND ASSUMPTIONS (Continued)**

The following changes in actuarial assumptions and plan provisions occurred in 2023:

**General Employees Fund**

Changes in Actuarial Assumptions:

- The investment return assumption and single discount rate were changed from 6.5% to 7.0%

Changes in Plan Provisions:

- An additional one-time direct state aid contribution of \$170.1 million will be contributed to the Plan on October 1, 2023.
- The vesting period of those hired after June 30, 2010, was changed from five years of allowable service to three years of allowable service.
- The benefit increase delay for early retirements on or after January 1, 2024, was eliminated.
- A one-time, non-compounding benefit increase of 2.5 percent minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

**G. DISCOUNT RATE**

The discount rate used to measure the total pension liability in 2023 was 7.0%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at the rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the General Employees Fund was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**CITY OF MILROY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 5. DEFINED BENEFIT PENSION PLANS – STATEWIDE (Continued)**

**H. PENSION LIABILITY SENSITIVITY**

The following presents the City’s proportionate share of the net pension liability for all plans it participates in, calculated using the discount rate disclosed in the preceding paragraph, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate:

	1% Decrease in Discount Rate (6.0%)	Current Discount Rate (7.0%)	1% Increase in Discount Rate (8.0%)
City’s proportionate share of the General Employees Fund net pension liability:	\$138,495	\$78,286	\$28,763

**I. PENSION PLAN FIDUCIARY NET POSITION**

Detailed information about each pension plan’s fiduciary net position is available in a separately-issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained on the Internet at [www.mnpera.org](http://www.mnpera.org).

**REQUIRED SUPPLEMENTARY INFORMATION  
OTHER THAN MD&A**

CITY OF MILROY  
SCHEDULE OF CITY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY  
PUBLIC EMPLOYEES GENERAL EMPLOYEES FUND

Fiscal Year	Employer's Proportion (Percentage) of the Net Pension Liability (Asset)	Employer's Proportionate Share (Amount) of the Net Pension Liability (Asset) (a)	State's Proportionate Share (Amount) of the Net Pension Liability Associated with the City (b)	Employer's Proportionate Share (Amount) of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability (a+b)	Employer's Covered-Employee Payroll (c)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll ((a+b)/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
Ending							
6/30/23	0.0014%	\$78,286	\$2,100	\$80,386	\$110,577	72.70%	83.10%
6/30/22	0.0013%	\$102,959	\$2,933	\$105,892	\$95,778	110.56%	76.70%
6/30/21	0.0013%	\$55,516	\$1,772	\$57,288	\$94,616	60.55%	87.00%
6/30/20	0.0014%	\$83,936	\$2,511	\$86,447	\$96,674	89.42%	79.10%
6/30/19	0.0013%	\$71,874	\$2,333	\$74,207	\$93,930	79.00%	80.20%
6/30/18	0.0014%	\$77,666	\$2,467	\$80,133	\$91,452	87.62%	79.50%
6/30/17	0.0013%	\$82,991	\$1,074	\$84,065	\$86,218	97.50%	75.90%
6/30/16	0.0013%	\$105,554	\$1,465	\$107,019	\$83,067	128.83%	68.90%
6/30/15	0.0013%	\$67,373	\$0	\$67,373	\$78,566	85.75%	78.20%

\* Schedule is intended to show 10-year trend. Additional years will be reported as they become available.

\*\*For purposes of this schedule, covered employee payroll is defined as "pensionable wages".

**CITY OF MILROY**  
**SCHEDULE OF CITY'S CONTRIBUTIONS**  
**PUBLIC EMPLOYEES GENERAL EMPLOYEES FUND**

Fiscal Year <u>Ending</u>	Statutorily Required <u>Contribution (a)</u>	Contributions in Relation to the Statutorily Required <u>Contribution (b)</u>	Contribution Deficiency <u>(Excess) (a-b)</u>	Covered- Employee <u>Payroll (d)</u>	Contributions as a Percentage of Covered-Employee <u>Payroll (b/d)</u>
December 31, 2023	\$8,347	\$8,347	-	\$111,297	7.50%
December 31, 2022	\$7,708	\$7,708	-	\$102,777	7.50%
December 31, 2021	\$7,111	\$7,111	-	\$94,812	7.50%
December 31, 2020	\$7,059	\$7,059	-	\$94,116	7.50%
December 31, 2019	\$7,044	\$7,044	-	\$93,917	7.50%
December 31, 2018	\$7,244	\$7,244	-	\$96,592	7.50%
December 31, 2017	\$6,608	\$6,608	-	\$88,108	7.50%
December 31, 2016	\$6,409	\$6,409	-	\$85,450	7.50%
December 31, 2015	\$6,022	\$6,022	-	\$80,301	7.50%

\* Schedule is intended to show 10-year trend. Additional years will be reported as they become available.

\*\*For purposes of this schedule, covered employee payroll is defined as "pensionable wages".

**CITY OF MILROY**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**DECEMBER 31, 2023**

**NOTE 1. DEFINED BENEFIT PENSION PLANS – STATEWIDE**

**General Employees Fund**

***2023 Changes***

Changes in Actuarial Assumptions:

- The investment return assumption and single discount rate were changed from 6.5% to 7.0%

Changes in Plan Provisions:

- An additional one-time direct state aid contribution of \$170.1 million will be contributed to the Plan on October 1, 2023.
- The vesting period of those hired after June 30, 2010, was changed from five years of allowable service to three years of allowable service.
- The benefit increase delay for early retirements on or after January 1, 2024, was eliminated.
- A one-time, non-compounding benefit increase of 2.5 percent minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

***2022 Changes***

Changes in Actuarial Assumptions:

- The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.

***2021 Changes***

Changes in Actuarial Assumptions:

- The investment return and single discount rates were changed from 7.50 percent to 6.50 percent, for financial reporting purposes.
- The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020

***2020 Changes***

Changes in Actuarial Assumptions:

- The price inflation assumption was decreased from 2.50% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.00%.
- Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25% less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the PUB-2010 General/Teacher disabled annuitant mortality table, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100% Joint & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

**CITY OF MILROY**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**DECEMBER 31, 2023**

Changes in Plan Provisions:

- Augmentation for current privatized members was reduced to 2.0% for the period July 1, 2020 through December 31, 2023 and 0.0% after. Augmentation was eliminated for privatizations occurring after June 30, 2020.

**2019 Changes**

Changes in Actuarial Assumptions:

- The mortality projection scale was changed from MP-2017 to MP-2018.

Changes in Plan Provisions:

- The employer supplemental contribution was changed prospectively, decreasing \$31.0 million to \$21.0 million per year. The State's special funding contribution was changed prospectively, requiring \$16.0 million due per year through 2031.

**2018 Changes**

Changes in Actuarial Assumptions:

- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed benefit increase was changed from 1.00 percent per year through 2044 and 2.50 percent per year thereafter to 1.25 percent per year.

**2017 Changes**

Changes in Actuarial Assumptions:

- The Combined Service Annuity (CSA) loads were changed from 0.8% for active members and 60% for vested and non-vested deferred members. The revised CSA loads are now 0.0% for active member liability, 15.0% for vested deferred member liability and 3.0% for non-vested deferred member liability.
- The assumed post-retirement benefit increase rate was changed from 1.0% per year for all years to 1.0% per year through 2044 and 2.5% per year thereafter.

**2016 Changes**

Changes in Actuarial Assumptions:

- The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2035 and 2.5% per year thereafter to 1.0% per year for all future years.
- The assumed investment return was changed from 7.9% to 7.5%. The single discount rate was changed from 7.9% to 7.5%.
- Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

**2015 Changes**

Changes in Plan Provisions:

- On January 1, 2015 the Minneapolis Employees Retirement Fund was merged into the General Employees Fund, which increased the total pension liability by \$1.1 billion and increased the fiduciary plan net position by \$892 million. Upon consolidation, state and employer contributions were revised.

Changes in Actuarial Assumptions:

- The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2030 and 2.5% per year thereafter to 1.0% per year through 2035 and 2.5% per year thereafter.

## **OTHER SUPPLEMENTARY INFORMATION**

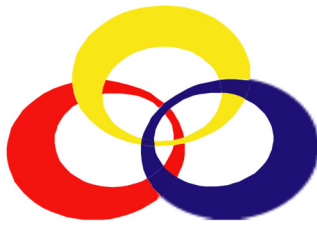


**City of Milroy  
Combining Balance Sheet  
Nonmajor Governmental Funds  
December 31, 2023**

	<u>Special Revenue</u>		<u>Total Nonmajor Governmental Funds</u>
	<u>Economic Development Authority</u>	<u>Fitness Center</u>	
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 57,953	\$ 7,905	\$ 65,858
<i>Total Assets</i>	<u>57,953</u>	<u>7,905</u>	<u>65,858</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Aggregated deferred outflows	--	--	--
<i>Total Assets and Deferred Outflows of Resources</i>	<u>\$ 57,953</u>	<u>\$ 7,905</u>	<u>\$ 65,858</u>
<b>LIABILITIES</b>			
Accounts Payable	\$ 126	\$ 1	\$ 127
Deposits	850	--	850
Unearned Revenue	--	2,500	2,500
<i>Total Liabilities</i>	<u>976</u>	<u>2,501</u>	<u>3,477</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Aggregated deferred inflows	--	--	--
<i>Total Liabilities and Deferred Inflows of Resources</i>	<u>976</u>	<u>2,501</u>	<u>3,477</u>
<b>FUND BALANCE</b>			
Committed	--	5,404	5,404
Assigned	56,977	--	56,977
Unassigned	--	--	--
<i>Total Fund Balance</i>	<u>56,977</u>	<u>5,404</u>	<u>62,381</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balance</i>	<u>\$ 57,953</u>	<u>\$ 7,905</u>	<u>\$ 65,858</u>

**City of Milroy**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Nonmajor Governmental Funds**  
**For the Year Ended December 31, 2023**

	<u>Special Revenue</u>		<u>Total Nonmajor Governmental Funds</u>
	<u>Economic Development Authority</u>	<u>Fitness Center</u>	
<b>Revenues</b>			
Charges for Services	\$ 9,900	\$ 7,531	\$ 17,431
<b><i>Total Revenues</i></b>	<u>9,900</u>	<u>7,531</u>	<u>17,431</u>
<b>Expenditures</b>			
Economic Development	3,675	--	3,675
Fitness Center	--	4,388	4,388
<b><i>Total Expenditures</i></b>	<u>3,675</u>	<u>4,388</u>	<u>8,063</u>
<b><i>Excess of Revenues Over (Under) Expenditures</i></b>	<u>6,225</u>	<u>3,143</u>	<u>9,368</u>
<b>Other Financing Sources (Uses)</b>			
Transfers from Other Funds	--	--	--
Transfers to Other Funds	--	--	--
<b><i>Net Other Financing Sources (Uses)</i></b>	<u>--</u>	<u>--</u>	<u>--</u>
<b><i>Net Change in Fund Balance</i></b>	<b>6,225</b>	<b>3,143</b>	<b>9,368</b>
<i>Fund Balance at Beginning of Period</i>	<u>50,752</u>	<u>2,261</u>	<u>53,013</u>
<b><i>Fund Balance at End of Period</i></b>	<b>\$ 56,977</b>	<b>\$ 5,404</b>	<b>\$ 62,381</b>



**Kinner & Company Ltd**  
Certified Public Accountants

INDEPENDENT AUDITOR'S 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 Members of the Council  
City of Milroy  
Milroy, Minnesota 56263

We have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Milroy, Minnesota, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City of Milroy, Minnesota's basic financial statements and have issued our report thereon dated March 25, 2024.

**Internal Control over Financial Reporting**

In planning and performing our audit, we considered the City of Milroy, Minnesota's internal control over financial reporting to determine the 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 Milroy, Minnesota's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Milroy, Minnesota's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Prior and Current Findings and Responses, we identified deficiencies in internal control over financial reporting that we consider to be material weaknesses.

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. We consider the deficiencies described in the accompanying Schedule of Prior and Current Findings and Responses, as items 2023-001 and 2023-002, to be material weaknesses.

212 3<sup>rd</sup> Street, Suite 1, Tracy, MN 56175  
507-629-3662, fax 507-629-3446  
Visit our [website](http://www.kinner.co) at [www.kinner.co](http://www.kinner.co)

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Milroy, Minnesota'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 determination of financial statement amounts. 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*.

## **Minnesota Legal Compliance**

In connection with our audit, nothing came to our attention that caused us to believe that the City of Milroy, Minnesota failed to comply with the provisions of the contracting and bidding, deposits and investments, conflicts of interest, claims and disbursements, public indebtedness, and miscellaneous provisions sections of the *Minnesota Legal Compliance Audit Guide for Cities*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the City of Milroy, Minnesota's noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

## **City of Milroy, Minnesota's Response to Findings**

City of Milroy, Minnesota's response to the findings identified in our audit is described in the accompanying Schedule of Prior and Current Findings and Responses. City of Milroy, Minnesota response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## **Purpose of 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.

*Kinner & Company Ltd*

Kinner & Company Ltd  
Certified Public Accountants

March 25, 2024

**CITY OF MILROY**  
**SCHEDULE OF PRIOR AND CURRENT**  
**FINDINGS AND RESPONSES**  
**DECEMBER 31, 2023**

**STATUS OF PRIOR AUDIT FINDINGS**

**Finding 2022-001:** A material weakness was reported due to the lack of segregation of duties within the organization. This finding continues to exist and has been restated as Finding 2023-001.

**Finding 2022-002:** A material weakness was reported due to significant audit adjustments. This finding continues to exist and has been restated as Finding 2023-002.

**CITY OF MILROY**  
**SCHEDULE OF PRIOR AND CURRENT**  
**FINDINGS AND RESPONSES**  
**DECEMBER 31, 2023**

**CURRENT YEAR FINDINGS**

**2023-001: Segregation of Duties**

**Condition:** Due to the limited number of accounting office personnel within the City, segregation of the accounting functions necessary to ensure adequate internal accounting controls is not always possible. The City does not segregate the duties of cash receipting and disbursing from one employee. The same employee also maintains the general ledger and prepares bank reconciliations.

**Effect:** This could affect the City's ability to initiate, record, process and report financial data consistent with the assertions of management in the financial statements.

**Cause:** The City has limited staff in the accounting department. The same employee is performing multiple accounting functions.

**Criteria:** One basic objective of internal control is to provide for segregation of incompatible duties. In other words, responsibilities should be separated among employees so that a single employee is not able to authorize a transaction, record the transaction in accounts, and maintain responsibility for custody of the asset resulting from the transaction.

**Recommendation:** Since we acknowledge that it is not economically feasible for the City to hire additional staff, we recommend the Mayor and City Council continue to monitor financial activity, and review and approve invoices. As an added control we would also recommend the Mayor or designated City Council Member continue to monitor and approve bank reconciliations. This review and approval should be evidenced by a signature on the bank reconciliation.

**Corrective Action Plan (CAP):**

1. Explanation of Disagreement with the Audit Finding  
There is no disagreement with the audit finding.
2. Action Planned in Response to Finding  
The City will respond to this by Continuing to have the Mayor or a designated City Council Member review, approve and initial invoices, review the bank statements, monthly reconciliations and initial that review process on the reconciliation.
3. Official Responsible for Insuring CAP  
The Mayor and the City Council are responsible for ensuring corrective action of this deficiency.
4. Planned Completion Date for CAP  
Alternate control procedures have been and will continue to be performed by the Mayor and the City Council. This plan will be reviewed on a continuing basis to ensure compliance.
5. Plan to Monitor Completion of CAP  
The Mayor and the City Council will be monitoring this plan.

**CITY OF MILROY**  
**SCHEDULE OF PRIOR AND CURRENT**  
**FINDINGS AND RESPONSES**  
**DECEMBER 31, 2023**

**2023-002: Audit Adjustments**

**Condition:** During our audit, we proposed numerous adjustments that resulted in significant changes to the City's financial statements. The adjustments resulted from the general ledger being partially maintained on the cash basis of accounting rather than the accrual basis.

**Effect:** A control deficiency 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 misstatements in the financial statements on a timely basis. One control deficiency that typically is considered significant is identification by the auditor of a material misstatement in the financial statements not initially identified by the entity's internal controls. This could affect the City's ability to initiate, record, process and report financial data consistent with the assertions of management in the financial statements.

**Cause:** As is the case with many small entities, the City has relied on its independent external auditors to assist in the preparation of the journal entries necessary to convert the general ledger to the accrual basis of accounting. Accordingly, the City's ability to produce an accrual basis general ledger is based, at least in part, on reliance on its external auditors, who cannot by definition be considered part of the City's internal control. This condition was caused by the City's decision that it is more cost effective to have its auditors assist in preparing an accrual basis general ledger than to incur the time and expense or training required to maintain an accrual basis general ledger.

**Criteria:** The City's accounting staff should prepare journal entries during the year, or at a minimum, at year end to convert the cash basis general ledger to a modified accrual basis general ledger. The external auditor's staff cannot be considered part of the City's internal control and should not be relied upon to propose a significant number of material audit adjustments.

**Recommendation:** If the City still intends to have the external auditors assist in the preparation of accrual basis journal entries, then at a minimum, we recommend they continue to provide adequate training so the City Clerk-Treasurer can sufficiently review, understand and approve the journal entries.

**Corrective Action Plan (CAP):**

1. Explanation of Disagreement with the Audit Finding  
There is no disagreement with the audit finding.
2. Action Planned in Response to Finding  
The City will continue to rely on the external auditors to recommend adjustments. The City Clerk-Treasurer will review and approve any proposed audit adjustments.
3. Official Responsible for Insuring CAP  
The Mayor and the City Council are responsible for ensuring corrective action of this deficiency.
4. Planned Completion Date for CAP  
This plan has been and will continue to be implemented.
5. Plan to Monitor Completion of CAP  
The Mayor and the City Council will be monitoring this plan.

## **TITLE IX: GENERAL REGULATIONS**

Chapter

- 90. ABANDONED PROPERTY**
- 91. ANIMALS**
- 92. HEALTH AND SAFETY; NUISANCES**
- 93. STREETS AND SIDEWALKS**



## CHAPTER 91: ANIMALS

### Section

- 91.01 Definitions
- 91.02 Dogs and cats
- 91.03 Non-domestic animals
- 91.04 Farm animals
- 91.05 Impounding
- 91.06 Kennels
- 91.07 Nuisances
- 91.08 Seizure of animals
- 91.09 Animals presenting a danger to health and safety of city
- 91.10 Diseased animals
- 91.11 Dangerous and potentially dangerous dogs
- 91.12 Dangerous animals (excluding dogs)
- 91.13 Basic care
- 91.14 Breeding moratorium
- 91.15 Enforcing officer
- 91.16 Pound
- 91.17 Interference with officers
- 91.18 Fighting animals
- 91.19 Feeding stray cats and dogs
  
- 91.99 Penalty

### § 91.01 DEFINITIONS.

For the purpose of this chapter, the following definitions shall apply unless the context clearly indicates or requires a different meaning.

**ANIMAL.** Any mammal, reptile, amphibian, fish, bird (including all fowl and poultry) or other member commonly accepted as a part of the animal kingdom. Animals shall be classified as follows:

(1) **DOMESTIC ANIMALS.** Those animals commonly accepted as domesticated household pets. Unless otherwise defined, domestic animals shall include dogs, cats, caged birds, gerbils, hamsters, guinea pigs, domesticated rabbits, fish, non-poisonous, non-venomous and non-constricting reptiles or amphibians, and other similar animals.

(2) **FARM ANIMALS.** Those animals commonly associated with a farm or performing work in an agricultural setting. Unless otherwise defined, farm animals shall include members of the equine family (horses, mules), bovine family (cows, bulls), sheep, poultry (chickens, turkeys), fowl (ducks, geese), swine (including Vietnamese pot-bellied pigs), goats, bees, ratitae (ostriches and emus), farm raised cervidae (caribous and mule deer), llamas and alpacas and other animals associated with a farm, ranch, or stable.

(3) **NON-DOMESTIC ANIMALS.** Those animals commonly considered to be naturally wild and not naturally trained or domesticated, or which are commonly considered to be inherently dangerous to the health, safety, and welfare of people. Unless otherwise defined, non-domestic animals shall include:

(a) Any member of the large cat family (family felidae) including lions, tigers, cougars, bobcats, leopards and jaguars, but excluding commonly accepted domesticated house cats.

(b) Any naturally wild member of the canine family (family canidae) including wolves, foxes, coyotes, dingoes, and jackals, but excluding commonly accepted domesticated dogs.

(c) Any crossbreeds such as the crossbreed between a wolf and a dog, unless the crossbreed is commonly accepted as a domesticated house pet.

(d) Any member or relative of the rodent family including any skunk (whether or not descended), raccoon, squirrel, or ferret, but excluding those members otherwise defined or commonly accepted as domesticated pets.

(e) Any poisonous, venomous, constricting, or inherently dangerous member of the reptile or amphibian families including rattlesnakes, boa constrictors, pit vipers, crocodiles and alligators.

(f) Any other animal which is not explicitly listed above but which can be reasonably defined by the terms of this section, including but not limited to bears, deer, monkeys and game fish.

**AT LARGE.** Off the premises of the owner and not under the custody and control of the owner or other person, either by leash, cord, chain, or otherwise restrained or confined.

**CAT.** Both the male and female of the felidae species commonly accepted as domesticated household pets.

**DOG.** Both the male and female of the canine species, commonly accepted as domesticated household pets, and other domesticated animals of a dog kind.

**OWNER.** Any person or persons, firm, association or corporation owning, keeping, or harboring an animal.

**RELEASE PERMIT.** A permit issued by the Animal Control Officer or other person in charge of the pound for the release of any animal that has been taken to the pound. A release permit may be obtained upon payment of a fee to the City Clerk in accordance with the regular license requirement if the animal is unlicensed, payment of a release fee, and any maintenance costs incurred in capturing and impounding the animal. The release fee shall be as established in the Ordinance Establishing Fees and Charges adopted pursuant to § 30.11, as it may be amended from time to time.

## § 91.02 DOGS AND CATS.

(A) *Running at large prohibited.* It shall be unlawful for the dog or cat of any person who owns, harbors, or keeps a dog or cat, to run at large. A person, who owns, harbors, or keeps a dog or cat which runs at large shall be guilty of a misdemeanor. Dogs or cats on a leash and accompanied by a responsible person or accompanied by and under the control and direction of a responsible person, so as to be effectively restrained by command as by leash, shall be permitted in streets or on public land unless the city has posted an area with signs reading “Dogs or Cats Prohibited.”

(B) *License required.*

(1) All dogs over the age of six months kept, harbored, or maintained by their owners in the city, shall be licensed and registered with the city. Dog licenses shall be issued by the City Clerk upon payment of the license fee as established by the Ordinance Establishing Fees and Charges adopted pursuant to § 30.11 of this code, as that ordinance may be amended from time to time. The owner shall state, at the time application is made for the license and upon forms provided, his or her name and address and the name, breed, color, and sex of each dog owned or kept by him or her. No license shall be granted for a dog that has not been vaccinated against distemper and rabies, as evidenced by a certificate by a veterinarian qualified to practice in the state in which the dog is vaccinated.

(2) It shall be the duty of each owner of a dog subject to this section to pay to the City Clerk the license fee established in the Ordinance Establishing Fees and Charges adopted pursuant to § 30.11, as it may be amended from time to time.

(3) Upon payment of the license fee as established by the Ordinance Establishing Fees and Charges adopted pursuant to § 30.11 of this code, as that ordinance may be amended from time to time, the Clerk shall issue to the owner a license certificate and metallic tag for each dog licensed. The tag shall have stamped on it the year for which it is issued and the number corresponding with the number on the certificate. Every owner shall be required to provide each dog with a collar to which the license tag must be affixed, and shall see that the collar and tag are constantly worn. In case a dog tag is lost or destroyed, a duplicate shall be issued by the City Clerk. A charge shall be made for each duplicate tag in an amount established in the Ordinance Establishing Fees and Charges adopted pursuant to § 30.11, as it may be amended from time to time. Dog tags shall not be transferable from one dog to another and no refunds shall be made on any dog license fee or tag because of death of a dog or the owner's leaving the city before the expiration of the license period.

(4) The licensing provisions of this division (B) shall not apply to dogs whose owners are nonresidents temporarily within the city, nor to dogs brought into the city for the purpose of participating in any dog show. Service animals do not require a license.

(5) The funds received by the City Clerk from all dog licenses and metallic tags fees as established by the Ordinance Establishing Fees and Charges adopted pursuant to § 30.11 of this code, as that ordinance may be amended from time to time, shall first be used to defray any costs incidental to the enforcement of this chapter; including, but not restricted to, the costs of licenses, metallic tags, and impounding and maintenance of the dogs.

(C) *Cats*. Cats shall be included as controlled by this division insofar as running-at-large, pickup, impounding, boarding, licensing and proof of anti-rabies vaccine is concerned. All other provisions of this section shall also apply to cats unless otherwise provided.

(D) *Vaccination*.

(1) All dogs and cats kept harbored, maintained, or transported within the city shall be vaccinated at least once every three years by a licensed veterinarian for:

(a) Rabies of the modified live vaccine type; and

(b) Distemper.

(2) A certificate of vaccination must be kept stating the date of vaccination, owner's name and address, the animal's name (if applicable), sex, description and weight, the type of vaccine, and the veterinarian's signature. Upon demand made by the City Clerk, the Animal Control Officer or a police officer, the owner shall present for examination the required certificate(s) of vaccination for the animal(s). In cases where certificates are not presented, the owner or keeper of the animal(s) shall have seven days in which to present the certificate(s) to the City Clerk or officer. Failure to do so shall be deemed a violation of this section.

Penalty, see § 91.99

### § 91.03 NON-DOMESTIC ANIMALS.

Except as provided in M.S. § 346.155, as it may be amended from time to time, it shall be illegal for any person to own, possess, harbor, or offer for sale, any non-domestic animal within the city. Any owner of a non-domestic animal at the time of adoption of this code shall have 30 days in which to remove the animal from the city after which time the city may impound the animal as provided for in this section. An exception shall be made to this prohibition for animals specifically trained for and actually providing assistance to the handicapped or disabled, and for those animals brought into the city

as part of an operating zoo, veterinarian clinic, scientific research laboratory, or a licensed show or exhibition.

Penalty, see § 91.99

#### **§ 91.04 FARM ANIMALS.**

Farm animals shall only be kept in an agricultural district of the city, or on a residential lot of at least ten acres in size provided that no animal shelter shall be within 300 feet of an adjoining piece of property. An exception shall be made to this section for those animals brought into the city as part of an operating zoo, veterinarian clinic, scientific research laboratory, or a licensed show or exhibition.

#### **§ 91.05 IMPOUNDING.**

(A) *Running at large.* Any unlicensed animal running at large is hereby declared a public nuisance. Any Animal Control Officer or police officer may impound any dog or other animal found unlicensed or any animal found running at large and shall give notice of the impounding to the owner of the dog or other animal, if known. The Animal Control Officer or police officer shall not enter the property of the owner of an animal found running at large or the owner of an unlicensed animal unless the officer has first obtained the permission of the owner to do so or has obtained a warrant issued by a court of competent jurisdiction, as provided for in § 10.20, to search for and seize the animal. In case the owner is unknown, the officer shall post notice at the city office that if the dog or other animal is not claimed within the time specified in division (C) of this section, it will be sold or otherwise disposed of. Except as otherwise provided in this section, it shall be unlawful to kill, destroy, or otherwise cause injury to any animal, including dogs and cats running at large.

(B) *Biting animals.* Any animal that has not been inoculated by a live modified rabies vaccine and which has bitten any person, wherein the skin has been punctured or the services of a doctor are required, shall be confined in the city pound for a period of not less than ten days, at the expense of the owner. The animal may be released at the end of the time if healthy and free from symptoms of rabies, and by the payment of all costs by the owner. However, if the owner of the animal shall elect immediately upon receipt of notice of need for the confinement by the officer to voluntarily and immediately confine the animal for the required period of time in a veterinary hospital of the owner's choosing, not outside of the county in which this city is located, and provide immediate proof of confinement in the manner as may be required, the owner may do so. If, however, the animal has been inoculated with a live modified rabies vaccine and the owner has proof of the vaccination by a certificate from a licensed veterinarian, the owner may confine the dog or other animal to the owner's property.

(C) *Reclaiming.* For the purposes of this section regular business day means a day during which the establishment having custody of the animal is open to the public at least four consecutive hours between 8:00 a.m. and 7:00 p.m. All animals conveyed to the pound shall be kept, with humane treatment and sufficient food and water for their comfort, at least five regular business days, unless the animal is a dangerous animal as defined under § 91.11 in which case it shall be kept for seven regular

business days or the times specified in § 91.11, and except if the animal is a cruelly-treated animal in which case it shall be kept for ten regular business days, unless sooner reclaimed by their owners or keepers as provided by this section. In case the owner or keeper shall desire to reclaim the animal from the pound, the following shall be required, unless otherwise provided for in this code or established from time to time by resolution of the City Council:

(1) Payment of the release fee and receipt of a release permit as established by the Ordinance Establishing Fees and Charges adopted pursuant to § 30.11 of this code, as that ordinance may be amended from time to time.

(2) Payment of maintenance costs, as provided by the pound, per day or any part of day while animal is in the pound; and

(3) If a dog is unlicensed, payment of a regular license fee as established by the Ordinance Establishing Fees and Charges adopted pursuant to § 30.11 of this code, as that ordinance may be amended from time to time, and valid certificate of vaccination for rabies and distemper shots is required.

(D) *Unclaimed animals.* At the expiration of the times established in division (C) of this section, if the animal has not been reclaimed in accordance with the provisions of this section, the officer appointed to enforce this section may dispose of the unclaimed animal in a manner permitted by law. Any money collected under this section shall be payable to the City Clerk.

Penalty, see § 91.99

#### § 91.06 KENNELS.

(A) *Definition of kennel.* The keeping of three or more dogs on the same premises, whether owned by the same person or not and for whatever purpose kept, shall constitute a “kennel”; except that a fresh litter of pups may be kept for a period of three months before that keeping shall be deemed to be a “kennel.”

(B) *Kennel as a nuisance.* Because the keeping of three or more dogs on the same premises is subject to great abuse, causing discomfort to persons in the area by way of smell, noise, hazard, and general aesthetic depreciation, the keeping of three or more dogs on the premises is hereby declared to be a nuisance and no person shall keep or maintain a kennel within the city.

Penalty, see § 91.99

#### § 91.07 NUISANCES.

(A) *Habitual barking.* It shall be unlawful for any person to keep or harbor a dog which habitually barks or cries. Habitual barking shall be defined as barking for repeated intervals of at least five minutes

with less than one minute of interruption. The barking must also be audible off of the owner's or caretaker's premises.

(B) *Damage to property.* It shall be unlawful for any person's dog or other animal to damage any lawn, garden, or other property, whether or not the owner has knowledge of the damage.

(C) *Cleaning up litter.* The owner of any animal or person having the custody or control of any animal shall be responsible for cleaning up any feces of the animal and disposing of the feces in a sanitary manner whether on their own property, on the property of others or on public property.

(D) *Warrant required.* The Animal Control Officer or police officer shall not enter the property of the owner of an animal described in this section unless the officer has first obtained the permission of the owner to do so or has obtained a warrant issued by a court of competent jurisdiction, as provided for in § 10.20, to search for and seize the animal.

#### **§ 91.08 SEIZURE OF ANIMALS.**

Any police officer or Animal Control Officer may enter upon private property and seize any animal with the permission of the owner of the property, if that person is also the owner of the animal, provided that the following exist:

(A) There is an identified complainant other than the police officer or Animal Control Officer making a contemporaneous complaint about the animal;

(B) The officer reasonably believes that the animal meets either the barking dog criteria set out in § 91.07(A); the criteria for cruelty set out in § 91.13; or the criteria for an at large animal set out in § 91.02(A);

(C) The officer can demonstrate that there has been at least one previous complaint of a barking dog; inhumane treatment of the animal; or that the animal was at large at this address on a prior date;

(D) The officer has made a reasonable attempt to contact the owner of the animal and the property to be entered and those attempts have either failed or have been ignored;

(E) The Animal Control Officer or police officer shall not enter the property of the owner of an animal described in this section unless the officer has first obtained the permission of the owner to do so or has obtained a warrant issued by a court of competent jurisdiction, as provided for in § 10.20, to search for and seize the animal. If the officer has the permission of the owner, a property manager, landlord, innkeeper, or other authorized person to enter the property or has obtained a pass key from

a property manager, landlord, innkeeper, or other authorized person to have that key shall not be considered unauthorized entry, and a warrant to search for and seize the animal need not be obtained; and

(F) Written notice of the seizure is left in a conspicuous place if personal contact with the owner of the animal is not possible.

#### **§ 91.09 ANIMALS PRESENTING A DANGER TO HEALTH AND SAFETY OF CITY.**

If, in the reasonable belief of any person or the Animal Control Officer or police officer, an animal presents an immediate danger to the health and safety of any person, or the animal is threatening imminent harm to any person, or the animal is in the process of attacking any person, the person or officer may destroy the animal in a proper and humane manner whether or not the animal is on the property of its owner. Otherwise, the person or officer may apprehend the animal and deliver it to the pound for confinement under § 91.05. If the animal is destroyed, the owner or keeper of the animal destroyed shall be liable to the city for the cost of maintaining and disposing of the animal, plus the costs of any veterinarian examination. If the animal is found not to be a danger to the health and safety of the city, it may be released to the owner or keeper in accordance with § 91.05(C).

#### **§ 91.10 DISEASED ANIMALS.**

(A) *Running at large.* No person shall keep or allow to be kept on his or her premises, or on premises occupied by them, nor permit to run at large in the city, any animal which is diseased so as to be a danger to the health and safety of the city, even though the animal be properly licensed under this section, and a warrant to search for and seize the animal is not required.

(B) *Confinement.* Any animal reasonably suspected of being diseased and presenting a threat to the health and safety of the public, may be apprehended and confined in the pound by any person, the Animal Control Officer or a police officer. The officer shall have a qualified veterinarian examine the animal. If the animal is found to be diseased in a manner so as to be a danger to the health and safety of the city, the officer shall cause the animal to be painlessly killed and shall properly dispose of the remains. The owner or keeper of the animal killed under this section shall be liable to the city for the cost of maintaining and disposing of the animal, plus the costs of any veterinarian examinations.

(C) *Release.* If the animal, upon examination, is not found to be diseased the animal shall be released to the owner or keeper free of charge.

Penalty, see § 91.99



**§ 91.11 DANGEROUS AND POTENTIALLY DANGEROUS DOGS.**

(A) *Adoption by reference.* Except as otherwise provided in this section, the regulatory and procedural provisions of M.S. §§ 347.50 to 347.565 (commonly referred to as the “Dangerous Dog Regulations”), are adopted by reference.

(B) *Definitions.* Definitions in this section shall have the following meanings:

(1) ***DANGEROUS DOG.*** A dog that:

(a) Has when unprovoked, inflicted substantial bodily harm on a human being on public or private property;

(b) Has killed a domestic animal when unprovoked while off the owner's property;

(c) Has attacked one or more persons on two or more occasions; or

(d) Has been found to be potentially dangerous and after the owner has notice of the same, the dog aggressively bites, attacks or endangers the safety of humans or domestic animals.

(2) ***DOG.*** Both the male and female of the canine species, commonly accepted as domesticated household pets.

(3) ***GREAT BODILY HARM.*** Bodily injury which creates a high probability of death, or which causes serious permanent disfigurement, or which causes a permanent or protracted loss or impairment of the function of any bodily member or organ or other serious bodily harm.

(4) ***OWNER.*** Any person or persons, firm, corporation, organization, department, or association owning, possessing, harboring, keeping, having an interest in, or having care, custody or control of a dog.

(5) ***MAINTENANCE COSTS.*** Any costs incurred as a result of seizing an animal for impoundment, including, but not limited to, the capturing, impounding, keeping, treating, examining, securing, confining, feeding, destroying, boarding or maintaining seized animals, whether these services are provided by the city or the pound.

(6) ***POTENTIALLY DANGEROUS DOG.*** A dog that:

(a) Has when unprovoked, inflicted a bite on a human or domestic animal on public or private property;

(b) Has when unprovoked, chased or approached a person, including a person on a bicycle, upon the streets, sidewalks or any public or private property, other than the owner's property, in an apparent attitude of attack; or

(c) Has a known propensity, tendency or disposition to attack unprovoked, causing injury or otherwise threatening the safety of humans or domestic animals.

(7) **PROPER ENCLOSURE.** Securely confined indoors or in a securely enclosed and locked pen or structure suitable to prevent the dog from escaping and to provide protection for the dog from the elements. A proper enclosure does not include a porch, patio, or any part of a house, garage, or other structure that would allow the dog to exit of its own volition, or any house or structure in which windows are open or in which door or window screens are the only barriers which prevent the dog from exiting. The enclosure shall not allow the egress of the dog in any manner without human assistance. A pen or kennel shall meet the following minimum specifications:

(a) A minimum overall floor size of 32 square feet.

(b) Sidewalls shall have a minimum height of five feet and be constructed of 11-gauge or heavier wire. Openings in the wire shall not exceed two inches, support post shall be one and one-fourth inch or larger steel pipe buried in the ground 18 inches or more. When a concrete floor is not provided, the sidewalls shall be buried a minimum of 18 inches in the ground.

(c) A cover over the entire pen or kennel shall be provided. The cover shall be constructed of the same gauge wire or heavier as the sidewalls and openings in the wire shall not exceed two inches.

(d) An entrance/exit gate shall be provided and be constructed of the same material as the sidewalls and openings in the wire shall not exceed two inches. The gate shall be self-closing and self-locking. The gate shall be locked at all times when the dog is in the pen or kennel.

(8) **SUBSTANTIAL BODILY HARM.** Bodily injury that involves a temporary but substantial disfigurement, or that causes a temporary but substantial loss or impairment of the function of any bodily member or organ or that causes a fracture of any bodily member.

(9) **UNPROVOKED.** The condition in which the dog is not purposely excited, stimulated, agitated or disturbed.

(C) *Declaration of dangerous or potentially dangerous dog.*

(1) A police officer, community service officer, animal control officer or other authorized city employee may declare a dog to be dangerous or potentially dangerous when the officer has probable cause to believe that a dog is dangerous or potentially dangerous. The following factors will be considered in determining a dangerous or potentially dangerous dog:

(a) Whether any injury or damage to a person by the dog was caused while the dog was protecting or defending a person or the dog's offspring within the immediate vicinity of the dog from an unjustified attack or assault.

(b) The size and strength of the dog, including jaw strength, and the animal's propensity to bite humans or other domestic animals.

(c) Whether the dog has wounds, scarring, is observed in a fight, or has other indications that the dog has been or will be used, trained or encouraged to fight with another animal or whose owner is in possession of any training apparatus, paraphernalia or drugs used to prepare such dogs to fight with other animals.

(2) Beginning six months after a dog is declared dangerous or potentially dangerous, an owner may request annually that the city review the designation. The owner must provide evidence that the dog's behavior has changed due to the dog's age, neutering, environment, completion of obedience training or other factors. If enough evidence is provided, the city may rescind the designation.

(3) *Exceptions.*

(a) The provisions of this section do not apply to dogs used by law enforcement.

(b) Dogs may not be declared dangerous or potentially dangerous if the threat, injury, or danger was sustained by a person who was:

1. Committing a willful trespass or other tort upon the premises occupied by the owner of the dog;
2. Provoking, tormenting, abusing or assaulting the dog, or who can be shown to have a history of repeatedly provoking, tormenting, abusing, or assaulting the dog; or
3. Committing or attempting to commit a crime.

(D) *License required.* The owner must annually license dangerous and potentially dangerous dogs with the city and must license a newly declared dangerous or potentially dangerous dog within 14 days after notice that a dog has been declared dangerous or potentially dangerous. Regardless of any appeal that may be requested, the owner must comply with the requirements of M.S. § 347.52 (a) and (c) regarding proper enclosures and notification to the city upon transfer or death of the dog, until and unless a hearing officer or court of law reverses the declaration.

(1) *Process for dangerous dogs.* The city will issue a license to the owner of a dangerous dog if the owner presents sufficient evidence that:

(a) There is a proper enclosure;

(b) Written proof that there is a surety bond by a surety company authorized to conduct business in Minnesota in the sum of at least \$300,000, payable to any person injured by a dangerous dog, or receipt of a copy of a policy of liability insurance issued by an insurance company authorized to do business in Minnesota in the amount of at least \$300,000, insuring the owner for any personal injuries

inflicted by the dangerous dog. Such surety bond or insurance policy shall provide that no cancellation of the bond or policy will be made unless the city is notified in writing by the surety company or the insurance company at least ten days prior to such cancellation;

(c) The owner has paid the annual license fee for dangerous dogs as established in the Ordinance Establishing Fees and Charges adopted pursuant to § 30.11 of this Code.

(d) The owner has had a microchip identification implanted in the dangerous dog. The name of the microchip manufacturer and identification number of the microchip must be provided to the city. If the microchip is not implanted by the owner, it may be implanted by the city at the owner's expense; and

(e) The owner provides proof that the dog has been sterilized. If the owner does not sterilize the dog within 30 days, the city may seize the dog and sterilize it at the owner's expense.

(2) *Process for potentially dangerous dogs.* The city will issue a license to the owner of a potentially dangerous dog if the owner presents sufficient evidence that:

(a) There is a proper enclosure;

(b) The owner has paid the annual license fee;

(c) The owner has had a microchip identification implanted in the potentially dangerous dog. The name of the microchip manufacturer and identification number of the microchip must be provided to the city. If the microchip is not implanted by the owner, it may be implanted by the city at the owner's expense.

(3) *Inspection.* A pre-license inspection of the premises to insure compliance with the city code is required. If the city issues a license to the owner of a dangerous or potentially dangerous dog, the city shall be allowed at any reasonable time to inspect the dog, the proper enclosure and all places where the animal is kept.

(4) *Warning symbol.* The owner of a dangerous dog licensed under this section must post a sign with the uniform dangerous dog warning symbol on the property in order to inform children that there is a dangerous dog on the property. The sign will be provided by the city upon issuance of the license.

(5) *Tags.* A dangerous dog licensed under this section must wear a standardized, easily identifiable tag at all times that contains the uniform dangerous dog symbol, identifying the dog as dangerous. The tag shall be provided by the city upon issuance of the license.

(6) *License fee.* The city will charge the owner an annual license fee for a dangerous or potentially dangerous dog as established in the Ordinance to Establish Fees and Charges as it may be amended from time to time.

(E) *Properly restrained in proper enclosure or outside of proper enclosure.* While on the owner's property, an owner of a dangerous or potentially dangerous dog must keep it in a proper enclosure. Inside a residential home, there must be a secured area maintained where the dog will stay when persons other than family members are present. If the dog is outside the proper enclosure, the dog must be muzzled and restrained by a substantial chain or leash no longer than four feet and under the physical restraint of an adult. The muzzle must be made in a manner that will prevent the dog from biting any person or animal but that will not cause injury to the dog or interfere with its vision or respiration.

(F) *Notification requirements to city.*

(1) *Relocation or death.* The owner of a dog that has been declared dangerous or potentially dangerous must notify the City Clerk in writing if the dog is to be relocated from its current address or if the dog has died. The notification must be given in writing within 30 days of the relocation or death. The notification must include the current owner's name and address, and the new owner's name and the relocation address. If the relocation address is outside of the city, the city may notify the local law enforcement agency of the transfer of the dog into its jurisdiction.

(2) *Renter's obligations.* A person who owns or possess a dangerous or potentially dangerous dog and who will rent property from another where the dog will reside must disclose to the property owner prior to entering the lease agreement and at the time of any lease renewal periods that the person owns or possesses a dangerous or potentially dangerous dog that will reside at the property. A dog owner, who is currently renting property, must notify the property owner within 14 days of city notification if the owned dog is newly declared as dangerous or potentially dangerous and the owner keeps the dog on the property.

(3) *Transfer of ownership into the city.* No dog that has been previously determined to be dangerous or potentially dangerous by another jurisdiction shall be kept, owned or harbored in the city unless the dog's owner complies with the requirements of this section prior to bringing the dog into the city. Dogs in violation of this division are subject to impoundment and destruction.

(G) *Seizure.* Animal control may immediately seize any dangerous or potentially dangerous dog if:

(1) After 14 days after the owner has notice that the dog is declared dangerous or potentially dangerous, the dog is not validly licensed and no appeal has been filed;

(2) After 14 days after the owner has notice that the dog is dangerous, the owner does not secure the proper liability insurance or surety coverage as required or such required insurance is cancelled;

(3) The dog is not maintained in a proper enclosure;

(4) The dog is outside the proper enclosure and not under proper restraint, as required by § 91.11(E);

(5) After 30 days after the owner has notice that the dog is dangerous, the dog is not sterilized, as required by § 91.11(D)(1)(e);

(6) The dog's microchip has been removed.

(H) *Reclamation.* A dog seized under § 91.11(G) may be reclaimed by the owner of the dog upon payment of maintenance costs, and presenting proof to animal control that the requirements of this section have been met. A dog not reclaimed under this division within seven days may be disposed of and the owner will be liable to the city for maintenance costs. A person claiming an interest in a seized dog may prevent disposition of the dog by posting a security in an amount sufficient to provide for the dog's maintenance costs. The security must be posted with the city within seven days of the seizure inclusive of the date seized.

(I) *Subsequent offenses: seizure.* If a person has been convicted of violating a provision of this section, and the person is charged with a subsequent violation relating to the same dog, the dog may be seized. If the owner is convicted of the crime for which the dog was seized, the court may order that the dog be destroyed in a proper and humane manner and the owner pay the maintenance costs. If the owner is not convicted and the dog is not reclaimed by the owner within seven days after the owner has been notified that the dog may be reclaimed, the dog may be disposed of in manner permitted by law.

(J) *Notice, hearings.*

(1) *Notice.* After a dog has been declared dangerous or potentially dangerous or has been seized for destruction, the city shall give notice by delivering or mailing it to the owner of the dog, or by posting a copy of it at the place where the dog is kept, or by delivering it to a person residing on the property, and telephoning, if possible. The notice shall include:

(a) A description of the seized dog; the authority for and purpose of the declaration and seizure; the time, place, and circumstances under which the dog was declared; and the telephone number and contact person where the dog is kept;

(b) A statement that the owner of the dog may request a hearing concerning the declaration and that failure to do so within 14 days of the date of the notice will terminate the owner's right to a hearing;

(c) A statement that if an appeal request is made within 14 days of the notice, the owner must immediately comply with the requirements of M.S. § 347.52, paragraphs (a) and (c) regarding proper enclosures and notification to the city upon transfer or death of the dog, until such time as the hearing officer issues an opinion;

(d) A statement that if the hearing officer affirms the dangerous dog declaration, the owner will have 14 days from receipt of that decision to comply with all other requirements of M.S. § 347.51, 347.515, and 347.52;

(e) A form to request a hearing; and

(f) A statement that if the dog has been seized, all maintenance costs of the care, keeping, and disposition of the dog pending the outcome of the hearing are the responsibility of the owner, unless a court or hearing officer finds that the seizure or impoundment was not reasonably justified by law.

(2) *Right to hearing.*

(a) After a dog has been declared dangerous, potentially dangerous or has been seized for destruction, the owner may appeal in writing to the city within 14 days after notice of the declaration or seizure. Failure to do so within 14 days of the date of the notice will terminate the owner's right to a hearing. The owner must pay a \$100 fee for an appeal hearing.

(b) The appeal hearing will be held within 14 days of the request. The hearing officer must be an impartial employee of the city or an impartial person retained by the city to conduct the hearing.

(c) If the declaration or destruction is upheld by the hearing officer, actual expenses of the hearing up to a maximum of \$1,000, as well as all maintenance costs, will be the responsibility of the dog's owner. The hearing officer shall issue a decision on the matter within ten days after the hearing. The decision shall be delivered to the dog's owner by hand delivery or registered mail as soon as practical and a copy shall be provided to the city. The decision of the hearing officer is final.

(K) *Destruction of certain dogs.* The Police Chief and/or hearing officer are authorized to order the destruction or other disposition of any dog, after proper notice is given pursuant to § 91.11(J) and upon a finding that:

(1) The dog has habitually destroyed property or habitually trespassed in a damaging manner on property of persons other than the owner;

(2) The dog has been declared dangerous, the owner's right to appeal hereunder has been exhausted or expired, and the owner has failed to comply with the provisions of this section;

(3) It is determined that the dog is infected with rabies;

(4) The dog inflicted substantial or great bodily harm on a human on public or private property without provocation;

(5) The dog inflicted multiple bites on a human on public or private property without provocation;

(6) The dog bit multiple human victims on public or private property in the same attack without provocation;

(7) The dog bit a human on public or private property without provocation in an attack where more than one dog participated in the attack; or

(8) The dog poses a danger to the public's health, safety or welfare. In determining whether the dog poses a danger to the public's health, safety or welfare, the following factors may be considered:

- (a) The dog weighs more than 20 pounds;
- (b) The strength of the dog, including jaw strength;
- (c) The dog's tolerance for pain;
- (d) The dog's tendency to refuse to terminate an attack;
- (e) The dog's propensity to bite humans or other domestic animals;
- (f) The dog's potential for unpredictable behavior;
- (g) The dog's aggressiveness;
- (h) The likelihood that a bite by the dog will result in serious injury.

(L) *Concealing of dogs.* No person may harbor, hide or conceal a dog that the city has the authority to seize or that has been ordered into custody for destruction or other proper disposition.

(M) *Dog ownership prohibited.*

(1) Except as provided below, a person shall not own a dog if the person has been:

(a) Convicted of a third or subsequent violation of § 91.11(D), (E) or (F) or similar ordinance in another jurisdiction, or M.S. §§ 347.51, 347.515 or 347.52;

(b) Convicted of 2nd degree manslaughter due to negligent or intentional use of a dog under M.S. § 609.205 (4); or

(c) Convicted of gross misdemeanor harm caused by a dog under M.S. § 609.226, Subd. d.

(2) Any person who owns a dangerous or potentially dangerous dog and is found to be in violation of any of the provisions of this section or had owned a dangerous or potentially dangerous dog but never achieved compliance with this section may be prohibited from ownership or custody of another dog for a period of five years after the original declaration. Any dog found to be in violation, may be impounded until due process is completed, pursuant to § 91.11(J).



(3) If any member of a household is prohibited from owning a dog in § 91.11(M)(1) or (2), unless specifically approved with or without restrictions by the city, no person in the household is permitted to own a dog.

(N) *Dog ownership prohibition review.* Beginning three years after a conviction under § 91.11(M)(1) that prohibits a person from owning a dog, and annually thereafter, the person may request in writing to the Police Chief that the city review the prohibition. The city may consider such facts as the seriousness of the violation or violations that led to the prohibition, any criminal convictions, or other facts that the city deems appropriate. The city may rescind the prohibition entirely or rescind it with limitations. The city also may establish conditions a person must meet before the prohibition is rescinded, including, but not limited to, successfully completing dog training or dog handling courses. If the city rescinds a person's prohibition and the person subsequently fails to comply with any limitations imposed by the city or the person is convicted of any animal violation involving unprovoked bites or dog attacks, the city may permanently prohibit the person from owning a dog in this state.

(O) *Penalties.*

(1) Unless stated otherwise, any person who violates a provision of this section is guilty of a misdemeanor.

(2) Any person who is convicted of a second or subsequent violation of any provision of § 91.11(D), (E), or (F) is guilty of a gross misdemeanor.

(3) Any person who violates § 91.11(M), whether an owner or household member, is guilty of a gross misdemeanor.

## § 91.12 DANGEROUS ANIMALS (EXCLUDING DOGS).

(A) *Attack by an animal.* It shall be unlawful for any person's animal to inflict or attempt to inflict bodily injury to any person or other animal whether or not the owner is present. This section shall not apply to dogs as regulated by § 91.11.

(B) *Destruction of dangerous animal.* The Animal Control Officer shall have the authority to order the destruction of dangerous animals in accordance with the terms established by this chapter.

(C) *Definitions.* For the purpose of this division, the following definitions shall apply unless the context clearly indicates or requires a different meaning.

(1) ***DANGEROUS ANIMAL.*** An animal which has:

(a) Caused bodily injury or disfigurement to any person on public or private property;

(b) Engaged in any attack on any person under circumstances which would indicate danger to personal safety;

(c) Exhibited unusually aggressive behavior, such as an attack on another animal;

(d) Bitten one or more persons on two or more occasions; or

(e) Been found to be potentially dangerous and/or the owner has personal knowledge of the same, the animal aggressively bites, attacks, or endangers the safety of humans or domestic animals.

(2) **POTENTIALLY DANGEROUS ANIMAL.** An animal which has:

(a) Bitten a human or a domestic animal on public or private property;

(b) When unprovoked, chased or approached a person upon the streets, sidewalks, or any public property in an apparent attitude of attack; or

(c) Has engaged in unprovoked attacks causing injury or otherwise threatening the safety of humans or domestic animals.

(3) **PROPER ENCLOSURE.** Securely confined indoors or in a securely locked pen or structure suitable to prevent the animal from escaping and to provide protection for the animal from the elements. A proper enclosure does not include a porch, patio, or any part of a house, garage, or other structure that would allow the animal to exit of its own volition, or any house or structure in which windows are open or in which door or window screens are the only barriers which prevent the animal from exiting. The enclosure shall not allow the egress of the animal in any manner without human assistance. A pen or kennel shall meet the following minimum specifications:

(a) Have a minimum overall floor size of 32 square feet.

(b) Sidewalls shall have a minimum height of five feet and be constructed of 11-gauge or heavier wire. Openings in the wire shall not exceed two inches, support posts shall be 1¼-inch or larger steel pipe buried in the ground 18 inches or more. When a concrete floor is not provided, the sidewalls shall be buried a minimum of 18 inches in the ground.

(c) A cover over the entire pen or kennel shall be provided. The cover shall be constructed of the same gauge wire or heavier as the sidewalls and shall also have no openings in the wire greater than two inches.

(d) An entrance/exit gate shall be provided and be constructed of the same material as the sidewalls and shall also have no openings in the wire greater than two inches. The gate shall be equipped with a device capable of being locked and shall be locked at all times when the animal is in the pen or kennel.

(4) **UNPROVOKED.** The condition in which the animal is not purposely excited, stimulated, agitated or disturbed.

(D) *Designation as potentially dangerous animal.* The Animal Control Officer shall designate any animal as a potentially dangerous animal upon receiving evidence that the potentially dangerous animal has, when unprovoked, then bitten, attacked, or threatened the safety of a person or a domestic animal as stated in division (C)(2). When an animal is declared potentially dangerous, the Animal Control Officer shall cause one owner of the potentially dangerous animal to be notified in writing that the animal is potentially dangerous.

(E) *Evidence justifying designation.* The Animal Control Officer shall have the authority to designate any animal as a dangerous animal upon receiving evidence of the following:

(1) That the animal has, when unprovoked, bitten, attacked, or threatened the safety of a person or domestic animal as stated in division (C)(1).

(2) That the animal has been declared potentially dangerous and the animal has then bitten, attacked, or threatened the safety of a person or domestic animal as stated in division (C)(1).

(F) *Authority to order destruction.* The Animal Control Officer, upon finding that an animal is dangerous hereunder, is authorized to order, as part of the disposition of the case, that the animal be destroyed based on a written order containing one or more of the following findings of fact:

(1) The animal is dangerous as demonstrated by a vicious attack, an unprovoked attack, an attack without warning or multiple attacks; or

(2) The owner of the animal has demonstrated an inability or unwillingness to control the animal in order to prevent injury to persons or other animals.

(G) *Procedure.* The Animal Control Officer, after having determined that an animal is dangerous, may proceed in the following manner: The Animal Control Officer shall cause one owner of the animal to be notified in writing or in person that the animal is dangerous and may order the animal seized or make orders as deemed proper. This owner shall be notified as to dates, times, places and parties bitten, and shall be given 14 days to appeal this order by requesting a hearing before the City Council for a review of this determination.

(1) If no appeal is filed, the Animal Control Officer shall obtain an order or warrant authorizing the seizure and the destruction of the animal from a court of competent jurisdiction, unless the animal is already in custody or the owner consents to the seizure and destruction of the animal.

(2) If an owner requests a hearing for determination as to the dangerous nature of the animal, the hearing shall be held before the City Council, which shall set a date for hearing not more than three weeks after demand for the hearing. The records of the Animal Control or City Clerk's office shall be admissible for consideration by the Animal Control Officer without further foundation. After considering

all evidence pertaining to the temperament of the animal, the City Council shall make an order as it deems proper. The City Council may order that the Animal Control Officer take the animal into custody for destruction, if the animal is not currently in custody. If the animal is ordered into custody for destruction, the owner shall immediately make the animal available to the Animal Control Officer. If the owner does not immediately make the animal available, the Animal Control Officer shall obtain an order or warrant authorizing the seizure and the destruction of the animal from a court of competent jurisdiction.

(3) No person shall harbor an animal after it has been found by to be dangerous and ordered into custody for destruction.

(H) *Stopping an attack.* If any police officer or Animal Control Officer is witness to an attack by an animal upon a person or another animal, the officer may take whatever means the officer deems appropriate to bring the attack to an end and prevent further injury to the victim.

(I) *Notification of new address.* The owner of an animal which has been identified as dangerous or potentially dangerous shall notify the Animal Control Officer in writing if the animal is to be relocated from its current address or given or sold to another person. The notification shall be given in writing at least 14 days prior to the relocation or transfer of ownership. The notification shall include the current owner's name and address, the relocation address, and the name of the new owner, if any.

(J) *Dangerous animal requirements.*

(1) *Requirements.* If the City Council does not order the destruction of an animal that has been declared dangerous, the City Council may, as an alternative, order any or all of the following:

(a) That the owner provide and maintain a proper enclosure for the dangerous animal as specified in § 91.12(C)(3);

(b) Post the front and the rear of the premises with clearly visible warning signs, including a warning symbol to inform children, that there is a dangerous animal on the property;

(c) Provide and show proof annually of public liability insurance in the minimum amount of \$300,000;

(d) If the animal is outside the proper enclosure, the animal must be muzzled (if physically possible depending on the type of animal) and restrained by a substantial chain or leash (not to exceed six feet in length) and under the physical restraint of a person 16 years of age or older. The muzzle must be of a design as to prevent the animal from biting any person or animal, but will not cause injury to the animal or interfere with its vision or respiration;

(e) The animal shall have a microchip implant as provided by M.S. § 347.515, as it may be amended from time to time;

(f) All animals deemed dangerous by the Animal Control Officer shall be registered with the county in which this city is located within 14 days after the date the animal was so deemed and provide satisfactory proof thereof to the Animal Control Officer.

(g) If the animal is a cat or ferret, it must be up to date with rabies vaccination.

(2) *Seizure.* As authorized by M.S. § 347.54, as it may be amended from time to time, the Animal Control Officer shall immediately seize any dangerous animal if the owner does not meet each of the above requirements within 14 days after the date notice is sent to the owner that the animal is dangerous. Seizure may be appealed to district court by serving a summons and petition upon the city and filing it with the district court.

(3) *Reclaiming animals.* A dangerous animal seized under § 91.12(J)(2), may be reclaimed by the owner of the animal upon payment of impounding and boarding fees and presenting proof to animal control that each of the requirements under § 91.12(J)(1), is fulfilled. An animal not reclaimed under this section within 14 days may be disposed of as provided under § 91.12(F), and the owner is liable to the city for costs incurred in confining and impounding the animal.

(D) *Subsequent offenses.* If an owner of an animal has subsequently violated the provisions under § 91.12 with the same animal, the animal must be seized by animal control. The owner may request a hearing as defined in § 91.12(G). If the owner is found to have violated the provisions for which the animal was seized, the Animal Control Officer shall order the animal destroyed in a proper and humane manner and the owner shall pay the costs of confining the animal. If the person is found not to have violated the provisions for which the animal was seized, the owner may reclaim the animal under the provisions of § 91.12(J)(3). If the animal is not yet reclaimed by the owner within 14 days after the date the owner is notified that the animal may be reclaimed, the animal may be disposed of as provided under § 91.12(F) and the owner is liable to the animal control for the costs incurred in confining, impounding and disposing of the animal.

### § 91.13 BASIC CARE.

(A) All animals shall receive from their owners or keepers kind treatment, housing in the winter, and sufficient food and water for their comfort. Any person not treating their pet in a humane manner will be subject to the penalties provided in this section.

(B) Dogs and cats. Dogs and cats must be provided the following basic care.

(1) *Food.* Dogs and cats must be provided with food of sufficient quantity and quality to allow for normal growth or the maintenance of body weight. Feed standards shall be those recommended by the National Research Council.

(2) *Water.* Dogs and cats must be provided with clean, potable water in sufficient quantity to satisfy the animal's needs or supplied by free choice. Snow or ice is not an adequate water source.

(3) *Transportation and shipment.* When dogs or cats are transported in crates or containers, the crates or containers must be constructed of nonabrasive wire or a smooth, durable material suitable for the animals. Crates and containers must be clean, adequately ventilated, contain sufficient space to allow the animals to turn around, and provide maximum safety and protection to the animals. Exercise for 20 to 30 minutes and water must be provided at least once every eight hours. Food must be provided at least once every 24 hours or more often, if necessary, to maintain the health and condition of the animals.

(4) *Shelter size.* A confinement area must provide sufficient space to allow each animal to turn about freely and to easily stand, sit, and lie in a normal position. Each confined animal must be provided a minimum square footage of floor space as measured from the tip of its nose to the base of its tail, plus 25%, expressed in square feet. The formula for computing minimum square footage is: (length of animal plus 25%) times (length of animal plus 25%), divided by 144. A shaded area must be provided sufficient to protect the animal from the direct rays of the sun at all times during the months of May to October.

(5) *Exercise.* All dogs and cats must be provided the opportunity for periodic exercise, either through free choice or through a forced work program, unless exercise is restricted by a licensed veterinarian.

(6) *Group housing and breeding.* Animals housed together must be kept in compatible groups. Animals must not be bred so often as to endanger their health.

(7) *Temperature.* Confinement areas must be maintained at a temperature suitable for the animal involved.

(8) *Ventilation.* An indoor confinement area must be ventilated. Drafts, odors, and moisture condensation must be minimized. Auxiliary ventilation, such as exhaust fans, vents, and air conditioning, must be used when the ambient temperature rises to a level that may endanger the health of the animal.

(9) *Lighting.* An indoor confinement area must have at least eight hours of illumination sufficient to permit routine inspection and cleaning.

(10) *Confinement and exercise area surfaces.* Where applicable, the interior surfaces of confinement and exercise areas, including crates or containers, must be constructed and maintained so that they are substantially impervious to moisture and may be readily cleaned. They must protect the animal from injury and be kept in good repair.

(11) *Drainage.* Where applicable, a suitable method must be used to rapidly eliminate excess fluids from confinement areas.

(12) *Sanitation.* Food and water receptacles must be accessible to each animal and located so as to minimize contamination by excreta. Feeding and water receptacles must be kept clean. Disposable food receptacles must be discarded when soiled. Measures must be taken to protect animals from being contaminated with water, wastes, and harmful chemicals. Wastes must be disposed of properly. Where

applicable, flushing methods and a disinfectant must be used periodically. Bedding, if used, must be kept clean and dry. Outdoor enclosures must be kept clean and base material replaced as necessary.

(C) *Birds, rodent other animals.* Basic care provided to pet and companion animal birds, rodents and other shall be consistent with M.S. § 346.40, § 346.41 and §346.42, as those statutes may be amended from time to time.

(D) *Dogs and cats in motor vehicles.*

(1) *Unattended dogs or cats.* A person may not leave a dog or a cat unattended in a standing or parked motor vehicle in a manner that endangers the dog's or cat's health or safety.

(2) *Removal of dogs or cats.* A peace officer, as defined in M.S. § 626.84, as it may be amended from time to time, a humane agent, a dog warden, or a volunteer or professional member of a fire or rescue department of the city may use reasonable force to enter a motor vehicle and remove a dog or cat which has been left in the vehicle in violation of (D)(1). A person removing a dog or a cat under this division shall use reasonable means to contact the owner of the dog or cat to arrange for its return home. If the person is unable to contact the owner, the person may take the dog or cat to an animal shelter.

(E) *Dog houses.* A person in charge or control of any dog which is kept outdoors or in an unheated enclosure shall provide the dog with shelter and bedding as prescribed in this section as a minimum.

(1) *Building specifications.* The shelter shall include a moisture proof and windproof structure of suitable size to accommodate the dog and allow retention of body heat. It shall be made of durable material with a solid, moisture proof floor or a floor raised at least two inches from the ground. Between November 1 and March 31 the structure must have a windbreak at the entrance. The structure shall be provided with a sufficient quantity of suitable bedding material consisting of hay, straw, cedar shavings, blankets, or the equivalent, to provide insulation and protection against cold and dampness and promote retention of body heat.

(2) *Shade.* Shade from the direct rays of the sun, during the months of May to October shall be provided.

(3) *Farm dogs.* In lieu of the requirements of (E)(1) and (E)(2), a dog kept on a farm may be provided with access to a barn with a sufficient quantity of loose hay or bedding to protect against cold and dampness.

#### **§ 91.14 BREEDING MORATORIUM.**

Every female dog or female cat in heat shall be confined in a building or other enclosure in a manner that it cannot come in contact with another dog or cat except for planned breeding. Upon capture and failure to reclaim the animal, every dog or cat shall be neutered or spayed prior to being transferred to a new owner.

**§ 91.15 ENFORCING OFFICER.**

The Council is hereby authorized to appoint an animal control officer(s) to enforce the provisions of this section. In the officer's duty of enforcing the provisions of this section, he or she may from time to time, with the consent of the City Council, designate assistants.

**§ 91.16 POUND.**

Every year the Council shall designate an official pound to which animals found in violation of this chapter shall be taken for safe treatment, and if necessary, for destruction.

**§ 91.17 INTERFERENCE WITH OFFICERS.**

No person shall in any manner molest, hinder, or interfere with any person authorized by the City Council to capture dogs, cats or other animals and convey them to the pound while engaged in that operation. Nor shall any unauthorized person break open the pound, or attempt to do so, or take or attempt to take from any agent any animal taken up by him or her in compliance with this chapter, or in any other manner to interfere with or hinder the officer in the discharge of his or her duties under this chapter. Penalty, see § 91.99

**§ 91.18 FIGHTING ANIMALS.**

(A) The provisions of M.S. § 343.31, as it may be amended from time to time, are adopted herein by reference.

(B) No person shall:

(1) Promote, engage in, or be employed in the activity of cockfighting, dogfighting, or violent pitting of one pet or companion animal as defined in M.S. § 346.36, Subd. 6, as it may be amended from time to time, against another of the same or a different kind;

(2) Receive money for the admission of a person to a place used, or about to be used, for that activity;

(3) Willfully permit a person to enter or use for that activity premises of which the permitter is the owner, agent, or occupant; or

(4) Use, train, or possess a dog or other animal for the purpose of participating in, engaging in, or promoting that activity.



(5) Purchase a ticket of admission or otherwise gain admission to the activity of cockfighting, dogfighting, or violent pitting of one pet or companion animal against another of the same or a different kind.

#### § 91.19 FEEDING STRAY CATS AND DOGS.

(A) *Definitions.*

(1) **FEED** or **FEEDING** means the placing of dog or cat food, or similar food products or consumable materials attractive to dogs and cats, which may result in dogs and cats congregating thereon on a regular basis, placed on the ground, in an obviously intended feeder, or in a feeder at a height accessible to cats and dogs.

(2) **STRAY** means an unlicensed domestic or feral dog or cat running at large and unaccompanied or controlled by an owner.

(B) *Policy and purpose.* High populations of stray dogs and cats pose a hazard to human health and safety, as such animals provide a fruitful breeding ground for infectious disease, including but not limited to rabies and distemper, and may otherwise bite or attack humans and domestic animals. In addition, food provided for stray animals is often attractive to wild animals such as raccoons and rodents and may create nuisance conditions such as a rat harborage or other wild animal infestation.

(C) No person shall feed or allow the feeding of any stray cat or dog within the city.

(D) *Exceptions.* Veterinarians and persons who, acting within the scope of their employment with any governmental entity non-profit, or humane society has custody of or manages stray dogs and cats are not subject to the prohibitions of this section.

#### § 91.99 PENALTY.

(A) *Separate offenses.* Each day a violation of this chapter is committed or permitted to continue shall constitute a separate offense and shall be punishable under this section.

(B) *Misdemeanor.* Unless otherwise provided, violation of this chapter shall constitute a misdemeanor punishable as provided in § 10.99.

(C) *Petty misdemeanor.* Violations of §§ 91.02, 91.07, 91.13 and 91.14 are petty misdemeanors punishable as provided in § 10.99.

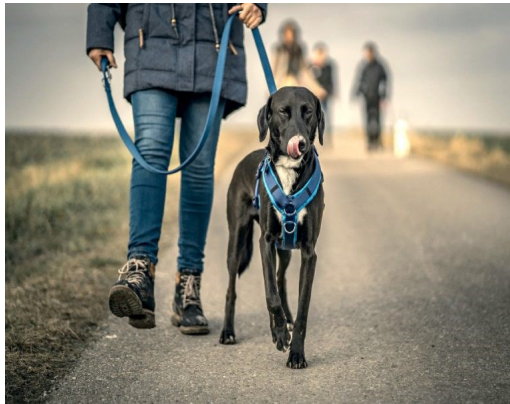
# DOG OWNERS

The weather is turning nice and we are all enjoying time outside!

Please remember:

1. All animals must be on leashes if they are not in a fenced yard. This includes if they are on a walk with you.
2. Pick up after your animal does their business.
3. Barking animals are a nuisance.

Not everyone likes having pets. We all need to be respectful of those that have them and those that do not.



Thank You for your cooperation.  
CITY OF MILROY



# 2024 Redwood County Fair

*Celebrating 151 Years*

Dear City of Milroy Leaders,

We want to extend a huge "Thank You" for your past support of the Redwood County Fair and ask for your continued support. We would like you to be one of the sponsors for the free entertainment stage at the fair.

The Redwood County Fair is a non-profit agricultural organization. We own and maintain our fairgrounds and all buildings. We are one of the oldest celebrations in the county. We are a society with an annual meeting and run by a board of directors elected by the members of the Redwood County Agricultural Society.

This year Merriam's Midway will be back with the kind of family rides we all have come to expect. Also, there will be the Demo Derby, Side Shows, Commercial Exhibits and multiple food vendors. There will also be the very popular children's Pedal Pull, 4H and Open Class Competition, SMSBC Baking Contest, Century Farm recognition, Beer Garden and much more family friendly entertainment. The Redwood County Fair has become well-known for the world-class performers it brings to the main stage each evening.

The Redwood County Fair Board would like to request a minimum of \$200 from your city for funding of the community stage. This donation would be greatly appreciated and all sponsors will get recognition in the advertising and promotion that is done. Your donation will allow the fair to maintain multiple family acts on the Community Stage for all fair-goers to enjoy.

A representative of the fair would be more than happy to talk to your group if you wish. Just give Jeff Potter (507.993.6491) or Kelly Scheffler (507.430.4529) a call to schedule a presentation.

Thank you so very much for your consideration of our request and we look forward to working with you.

Sincerely,

Jeff Potter (Redwood Falls), Tiffany Hansen (Vesta), Jim Sandgren (Redwood Falls), John Welu (Milroy), Andy Ourada (Redwood Falls), Kirby Josephson (Redwood Falls), Jeff Sandgren (Redwood Falls), Dillon Kuehn (Redwood Falls), Mark Buyck (Redwood Falls), Jeff Tauer (Morgan), Chuck Davis (Redwood Falls), Nancy Frank (Wabasso), John Sandgren (Olivia), Cory Faulds (Morgan), Kelly Scheffler (Morton).