

INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Miller, Missouri

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the City of Miller, Missouri as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City of Miller, Missouri's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund of the City of Miller, Missouri, as of June 30, 2025, and the respective changes in modified cash basis financial position and, where applicable, cash flows thereof for the year then ended in accordance with the modified cash basis of accounting described in Note A.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Miller, Missouri, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter – Basis of Accounting

We draw attention to Note A of the financial statements, which describe the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting described in Note A, and for determining that the modified cash basis of accounting is an acceptable basis for the presentation of the financial statements in the circumstances. Management is also responsible 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.

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 will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

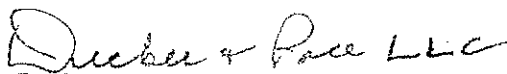
- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, 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 Miller, Missouri'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 Miller, Missouri'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.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the analysis and budgetary comparison information 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 mistake of the other information exists, we are required to describe it in our report.


Decker & Pace, LLC

Springfield, Missouri
November 12, 2025

CITY OF MILLER, MISSOURI

STATEMENT OF NET POSITION

(MODIFIED CASH BASIS)

JUNE 30, 2025

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 1,302,084	\$ 463,547	\$ 1,765,631
Restricted assets - cash and cash equivalents			
Capital improvements	200,903	-	200,903
Streets	7,081	-	7,081
Fire Reserve	43,408	-	43,408
Capital assets:			
Land	-	2,400	2,400
Construction in progress	9,215	222,262	231,477
Other capital assets, net of accumulated depreciation	212,390	3,638,611	3,851,001
Total Assets	<u>1,775,081</u>	<u>4,326,820</u>	<u>6,101,901</u>
LIABILITIES			
Customer deposits	-	65,939	65,939
Long-term liabilities:			
Due within one year	-	30,100	30,100
Due in more than one year	-	954,600	954,600
Total Liabilities	<u>-</u>	<u>1,050,639</u>	<u>1,050,639</u>
NET POSITION			
Net investment in capital assets	212,390	2,878,573	3,090,963
Unrestricted	1,562,691	397,608	1,960,299
Total Net Position	<u>\$ 1,775,081</u>	<u>\$ 3,276,181</u>	<u>\$ 5,051,262</u>

See accompanying notes to the basic financial statements.

CITY OF MILLER, MISSOURI
STATEMENT OF ACTIVITIES
(MODIFIED CASH BASIS)
FOR THE YEAR ENDED JUNE 30, 2025

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities
Governmental activities:						
General government	\$ 80,510	\$ 13,989	\$ 1,250	\$ -	\$ (65,271)	\$ -
Public safety						
Police	44,947	-	-	-	(44,947)	-
Fire	32,348	-	7,696	17,387	(7,265)	-
Sanitation	61,818	61,626	-	-	(192)	-
Streets	46,424	-	-	-	(46,424)	-
Total governmental activities	266,047	75,615	8,946	17,387	(164,099)	-
Business-type activities:						
Water	177,089	296,347	-	124,388	-	243,646
Sewer	229,169	229,027	-	-	-	(142)
Total business-type activities	406,258	525,374	-	124,388	-	243,504
Total Government	\$ 672,305	\$ 600,989	\$ -	\$ 124,388	(164,099)	243,504
General Revenues and transfers						
Taxes:						
Property taxes for general purposes					66,097	-
Franchise taxes					39,937	-
Sales taxes					218,482	-
Missouri motor fuel taxes					39,668	-
Interest on investments					36,396	11,228
Reimbursements					897	-
Miscellaneous					796	-
Total general revenues and transfers					402,273	11,228
Change in net position					238,174	254,732
Net position beginning					1,536,907	3,021,449
Net position ending					\$ 1,775,081	\$ 3,276,181
						\$ 5,051,262

See accompanying notes to the basic financial statements.

CITY OF MILLER, MISSOURI
BALANCE SHEET
(MODIFIED CASH BASIS)
GOVERNMENTAL FUND
JUNE 30, 2025

	General Fund
<u>ASSETS</u>	
Cash and cash equivalents	
Restricted cash-	\$ 1,302,084
Capital improvements	
Streets	200,903
Fire Reserve	7,081
	43,408
TOTAL ASSETS	\$ 1,553,476
<u>FUND BALANCES</u>	
Fund Balances -	
Restricted-	
Streets	362,425
Capital Improvements	235,922
Assigned-Fire/Water Tower	43,408
Unassigned	911,721
TOTAL FUND BALANCES	\$ 1,553,476
Reconciliation to Statement of Net Position:	
Total Fund Balances-Total Government Funds	\$ 1,553,476
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
	221,605
Net position of governmental activities	\$ 1,775,081

CITY OF MILLER, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
(MODIFIED CASH BASIS)
GOVERNMENTAL FUND
FOR THE YEAR ENDED JUNE 30, 2025

REVENUES	General Fund
Taxes:	
Property taxes	\$ 66,097
Franchise taxes	39,937
Sales taxes	218,482
Intergovernmental revenue:	
Missouri motor fuel taxes	39,668
Licenses & permits	13,989
Sanitation fees	61,626
Interest	36,396
Grants	25,083
Reimbursements	897
Donations	1,250
Miscellaneous	796
Total Revenues	<u>504,221</u>
 EXPENDITURES	
Current:	
General government	76,168
Police	44,765
Sanitation	61,818
Streets	42,637
Fire	19,510
Capital outlay	98,750
Total Expenditures	<u>343,648</u>
 NET CHANGE IN FUND BALANCE	 160,573
 FUND BALANCE - BEGINNING	 <u>1,392,903</u>
 FUND BALANCE - ENDING	 <u><u>\$ 1,553,476</u></u>

See accompanying notes to the basic financial statements.

CITY OF MILLER, MISSOURI
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE TO STATEMENT OF ACTIVITIES
(MODIFIED CASH BASIS)
FOR THE YEAR ENDED JUNE 30, 2025

Net change in fund balances--Local governmental funds

Amounts reported for governmental activities in the statement
of activities are different because:

\$ 160,573

Governmental funds report capital outlays as expenditures.
However, in the statement of activities the cost of those assets
is allocated over their estimated useful lives and reported as
depreciation expense.

Capital Outlay

98,750

Depreciation expense

(21,149)

Change in Net Position of Governmental Activities

\$ 238,174

See accompanying notes to the basic financial statements.

CITY OF MILLER, MISSOURI

STATEMENT OF NET POSITION

(MODIFIED CASH BASIS)

PROPRIETARY FUND

JUNE 30, 2025

ASSETS	Water	Sewer	Total
Current Assets:			
Cash and cash equivalents	\$ 359,896	\$ 103,651	\$ 463,547
Capital assets:			
Land	2,400	-	2,400
Construction in progress	222,262	-	222,262
Other capital assets, net of accumulated depreciation	284,043	3,354,568	3,638,611
TOTAL ASSETS	<u>868,601</u>	<u>3,458,219</u>	<u>4,326,820</u>
 LIABILITIES			
Current Liabilities:			
Customer deposits	65,939	-	65,939
Current portion of long-term debt	-	30,100	30,100
Total Current Liabilities	<u>65,939</u>	<u>30,100</u>	<u>96,039</u>
Noncurrent Liabilities			
Long-term debt - Net of current portion	-	954,600	954,600
Total Noncurrent Liabilities	<u>-</u>	<u>954,600</u>	<u>954,600</u>
TOTAL LIABILITIES	<u>65,939</u>	<u>984,700</u>	<u>1,050,639</u>
 NET POSITION			
Net investment in capital assets	508,705	2,369,868	2,878,573
Unrestricted	<u>293,957</u>	<u>103,651</u>	<u>397,608</u>
TOTAL NET POSITION	<u>\$ 802,662</u>	<u>\$ 2,473,519</u>	<u>\$ 3,276,181</u>

See accompanying notes to the basic financial statements.

CITY OF MILLER, MISSOURI
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION-
(MODIFIED CASH BASIS) PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2025

OPERATING REVENUES:	Water	Sewer	Total
Charges for Services	\$ 267,476	\$ 228,371	\$ 495,847
Connection charges and miscellaneous income	28,871	656	29,527
Total Operating Revenues	<u>296,347</u>	<u>229,027</u>	<u>525,374</u>
OPERATING EXPENSES:			
Depreciation	29,255	95,299	124,554
Dues and subscriptions	615	315	930
Group insurance and benefits	7,363	7,363	14,726
Insurance	7,635	8,552	16,187
Lab testing	-	1,830	1,830
Miscellaneous	1,230	1,200	2,430
Office supplies and postage	7,152	2,878	10,030
Payroll taxes	10,745	5,033	15,778
Professional fees	7,521	11,871	19,392
Repairs & maintenance	39,578	22,444	62,022
Salaries	39,928	32,041	71,969
Supplies	8,581	2,397	10,978
Telephone	264	263	527
Utilities	15,864	22,992	38,856
Vehicle expense	1,358	1,438	2,796
Total Operating Expenses	<u>177,039</u>	<u>215,916</u>	<u>393,005</u>
OPERATING INCOME	<u>119,258</u>	<u>13,111</u>	<u>132,369</u>
NON-OPERATING REVENUES (EXPENSES):			
Interest expense & agents fees	-	(13,253)	(13,253)
Interest income	5,245	5,983	11,228
Total Non-Operating Revenues (Expenses)	<u>5,245</u>	<u>(7,270)</u>	<u>(2,025)</u>
NET INCOME BEFORE GRANTS	<u>124,503</u>	<u>5,841</u>	<u>130,344</u>
Grants	<u>124,388</u>	<u>-</u>	<u>124,388</u>
CHANGE IN NET POSITION	<u>248,891</u>	<u>5,841</u>	<u>254,732</u>
TOTAL NET POSITION - BEGINNING (RESTATED)	<u>553,771</u>	<u>2,467,678</u>	<u>3,021,449</u>
TOTAL NET POSITION - ENDING	<u>\$ 802,662</u>	<u>\$ 2,473,519</u>	<u>\$ 3,276,181</u>

See accompanying notes to the basic financial statements.

CITY OF MILLER, MISSOURI
STATEMENT OF CASH FLOWS (MODIFIED CASH BASIS)
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2025

	Water	Sewer	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 288,459	\$ 234,927	\$ 523,386
Payments to suppliers	(77,299)	(82,080)	(159,379)
Payments to employees	(58,036)	(44,437)	(102,473)
Net Cash Provided by Operating Activities	153,124	108,410	261,534
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition of capital assets	(176,676)	(24,463)	(201,139)
Grants	55,018	-	55,018
Payment of Principal	-	(29,800)	(29,800)
Payment of Interest	-	(13,253)	(13,253)
Net Cash (Used for) Capital and Related Financing Activities	(121,658)	(67,516)	(189,174)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest earned	5,245	5,983	11,228
Net Cash Provided by Investing Activities	5,245	5,983	11,228
NET INCREASE IN CASH AND CASH EQUIVALENTS	36,711	46,877	83,588
BALANCE - BEGINNING OF THE YEAR (RESTATED)	323,185	56,774	379,959
BALANCE - END OF THE YEAR	<u>\$ 359,896</u>	<u>\$ 103,651</u>	<u>\$ 463,547</u>
SUMMARY OF CASH AND CASH EQUIVALENTS			
Cash and cash equivalents	\$ 359,896	\$ 103,651	\$ 463,547
Total cash and cash equivalents	<u>\$ 359,896</u>	<u>\$ 103,651</u>	<u>\$ 463,547</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 119,258	\$ 13,111	\$ 132,369
Adjustments to reconcile net operating income to net cash provided by operating activities:			
Depreciation expense	29,255	95,299	124,554
Increase in customer deposits	4,611	-	4,611
Net Cash Provided by Operating Activities	<u>\$ 153,124</u>	<u>\$ 108,410</u>	<u>\$ 261,534</u>

See accompanying notes to the basic financial statements.

CITY OF MILLER, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further under *Measurement Focus and Basis of Accounting*, these financial statements are presented in accordance with the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) established by the Governmental Accounting Standards Board (GASB). These modified cash basis financial statements generally meet the presentation and disclosure requirements applicable to GAAP, in substance, but are limited to the elements presented in the financial statements and the constraints of the measurement and recognition criteria of the modified cash basis of accounting.

FINANCIAL REPORTING ENTITY

PRIMARY GOVERNMENT

The City of Miller's primary government is a general purpose local government formed as a council-mayor form of municipal government under the laws of the State of Missouri. The governing body is an elected four-member City Council, with the Mayor serving as the president of the Council. The City operates the general government activities of the community, including police protection, street and road maintenance, parks, water, sewer, and various administrative functions.

BLENDED COMPONENT UNITS

The financial statements of the City present the financial activities of the City and any component units. The criteria used in determining the scope of the reporting entity are based on accounting principles generally accepted in the United States of America. The City is the primary government unit. Component units are those entities which are financially accountable to the primary government, either because the City appoints a voting majority of the component unit's Board or because the component unit will provide a financial benefit or impose a financial burden on the City. The City does not have any component units.

BASIS OF PRESENTATION

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole within the limitations of the modified cash basis of accounting. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed, in whole or part, by fees charged to external parties for goods or services.

CITY OF MILLER, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

FUND FINANCIAL STATEMENTS

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position or fund balance, revenues, and expenditures or expenses. The City's funds are organized into two major categories: governmental and proprietary. The City presently has no fiduciary funds. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- a. Total assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, or expenditures or expenses of that individual governmental fund or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type.
- b. Total assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, or expenditures or expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the financial reporting entity are described subsequently:

Governmental Fund:

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

Proprietary Fund:

Water and Sewer Funds – These funds are used to account for operations of the City's water and sewer departments.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe what transactions or events are recorded within the various financial statements. Basis of accounting refers to when and how transactions or events are recorded, regardless of the measurement focus applied.

CITY OF MILLER, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

MEASUREMENT FOCUS

In the government-wide Statement of Net Position and Statement of Activities, both governmental and business-like activities are presented using the economic resources measurement focus, within the limitations of the modified cash basis of accounting, as subsequently defined in item (b).

In the fund financial statements, the current financial resources measurement focus or the economic resources measurement focus, as applied to the modified cash basis of accounting, is used as appropriate:

- a. All governmental funds utilize a current financial resources measurement focus within the limitations of the modified cash basis of accounting. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary fund utilizes an economic resources measurement focus within the limitations of the modified cash basis of accounting. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), net financial position, and modified cash flows. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources (whether current or noncurrent or financial or nonfinancial) associated with their activities are generally reported within the limitations of the modified cash basis of accounting.

BASIS OF ACCOUNTING

The financial statements are presented in accordance with a modified cash basis of accounting, which is a basis of accounting other than GAAP as established by GASB. This basis of accounting involves modifications to the cash basis of accounting to report in the statements of net position or balance sheets, cash transactions or events that provide a benefit or result in an obligation that covers a period greater than the period in which the cash transaction or event occurred. Such reported balances include investments, interfund receivables and payables, capital assets and related depreciation, and short-term and long-term liabilities arising from cash transactions or events.

This modified cash basis of accounting differs from GAAP primarily because certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected and other accrued revenue and receivables) and certain liabilities and their related expenses or expenditures (such as accounts payable and expenses for goods or services received but not yet paid and other accrued expenses and liabilities) are not recorded in these financial statements. In addition, other economic assets, deferred outflows of resources, liabilities, and deferred inflows of resources that do not arise from a cash transactions or event are not reported,

CITY OF MILLER, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

BASIS OF ACCOUNTING - continued

and the measurement of reported assets and liabilities does not involve adjustment to fair value.

If the City utilized accounting principles generally accepted in the United States of America, the fund financial statements for governmental funds would use the modified accrual basis of accounting, and the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financial statements would be presented in accordance with the accrual basis of accounting.

FINANCIAL POSITION

CASH AND CASH EQUIVALENTS

The City pools money from several funds to facilitate disbursement and investment and to maximize investment income. For the purpose of financial reporting, cash and cash equivalents includes all demand and savings accounts and certificate of deposits or short-term investments with an original maturity of three months or less.

INVESTMENTS

Investments would be certificates of deposits acquired with cash whose original maturity term exceeds three months. Which the City had none for the fiscal year ended June 30, 2024. Investments are carried at cost, which approximates fair value.

STATEMENT OF CASH FLOWS

For the purpose of the statement of cash flows, the City considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. State statutes authorize the City to invest in obligations of the U.S. Treasury, federal agencies, commercial paper, corporate bonds, and repurchase agreements.

DUE FROM OTHER FUNDS

Receivables and payables to other funds arising from cash transactions or events are recorded in the financial statements as a modification to the cash basis of accounting.

Inventories

The purchase method is used to account for inventories. Under the purchase method, inventories are recorded as expenditures when cash payment is made.

CITY OF MILLER, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Restricted assets

The Water and Sewer Funds, because of certain bond covenants, are required to establish and maintain prescribed amount of resources (consisting of cash and temporary investments) that can be used only to service outstanding debt. The bond account is used only for the payment of principal and interest on revenue bonds. The depreciation and replacement account is to be expended only for repairs or replacements to the water and sewer funds. The bond reserve account is to be used only to pay bonds at maturity or interest as it becomes due and to the extent other funds are not available for this purpose.

Certain General Fund monies are classified as restricted assets on the Statement of Net Position (Modified Cash Basis) and Balance Sheet (Modified Cash Basis) because their use is limited by covenants of the capital lease agreement. The reserve account is to be used solely for the purpose of making lease payments on the applicable due dates when and to the extent other funds are not available for this purpose. The lease payment account is used only for the payment of the principal and interest on the lease obligation. Said funds above had no such restrictions for debt.

CAPITAL ASSETS

The City's modified cash basis of accounting reports capital assets resulting from cash transactions or events and reports depreciation, when appropriate. The accounting treatment over property, plant, and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Government-Wide Statements

In the government-wide financial statements, capital assets arising from cash transactions or events are accounted for as assets in the Statement of Net Position. All capital assets are valued at historical cost or estimated historical cost if actual is unavailable. The City has elected not to go back 20 years, and record estimated cost of streets less depreciation but started in 2004 recording capital outlay of street projects and then depreciating the assets from twenty to forty years.

CITY OF MILLER, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide Statements - continued

Depreciation of all exhaustible capital assets arising from cash transactions or events is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. A capitalization threshold of \$ 1,500 is used to report capital assets. The range of estimated useful lives by the type of asset is as follows:

Site improvements	10-50 years
Buildings and utility plants	50 years
Furniture and equipment	5-10 years
Infrastructure	20-40 years

Fund Financial Statements

In the fund financial statements, capital assets arising from cash transactions or events acquired for use in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets acquired for use in proprietary fund operations are accounted for the same as in the government-wide statements.

LONG-TERM DEBT

All long-term bonds, notes, and other debt arising from cash transactions or events to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements.

Long-term debt arising from cash transactions or events of governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources, and payments of principal and interest is reported as expenditures. The accounting for proprietary funds is the same in fund financial statements as the treatment in the government-wide statements.

CITY OF MILLER, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

NET POSITION/FUND BALANCE CLASSIFICATIONS

Government-Wide Statements

Net Position is classified and displayed in three components:

1. *Net investment in capital assets.* Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets and adjusted for any deferred inflows and outflows of resources attributable to capital assets and related debt.
2. *Restricted.* Consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets, with restriction constraints placed on the use either by external groups, such as creditors, grantors, contributors, or laws and regulations of other governments, or law through constitutional provisions or enabling legislation.
3. *Unrestricted.* Net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

It is the City's policy to first use restricted net resources prior to the use of unrestricted net resources when an expense is incurred for purposes for which both restricted and unrestricted net resources are available.

Fund Financial Statements

Governmental Funds

The difference among assets, deferred outflows, liabilities, and deferred inflows of governmental funds is reported as fund balance and classified as nonspendable, restricted, committed, assigned, and unassigned based on the respective level of constraint. These constraints are defined as follows:

Nonspendable - Amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact.

Restricted - Amounts constrained regarding use from restrictions externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or by restrictions imposed by law through constitutional provisions or enabling legislation.

Committed - Amounts constrained regarding use for specific purposes pursuant to requirements imposed by formal action of the City's highest level of decision-making authority.

CITY OF MILLER, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Funds - continued

Assigned - Amounts constrained by the City's intent to be used for specific purposes but that are neither restricted nor committed.

Unassigned - The residual classification of the General Fund for spendable amounts that have not been restricted, committed, or assigned to a specific purpose. The General Fund shall be the only fund to report a positive unassigned fund balance. All other governmental funds may report negative unassigned fund balance.

It is the City's policy to first use restricted fund balances prior to the use of unrestricted fund balances when an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available. It is also the City policy to use committed fund balances before assigned fund balances and assigned fund balances before unassigned amounts when an expenditure is incurred for purposes for which amounts in those classifications are available to be used.

The City has no formal minimum fund balance policies or any formal stabilization arrangements in place.

Proprietary Funds

The difference among assets, deferred outflows of resources, liabilities, and deferred inflows of resources of proprietary funds is reported as net position and classified in the same manner as the government-wide financial statements, as previously described.

REVENUES, EXPENDITURES AND EXPENSES

PROGRAM REVENUES

In the Statement of Activities, cash basis revenues that are derived directly from each activity or from parties outside the City's taxpayers are reported as program revenues. The City has the following program revenues in each activity:

General government	Licenses and fees
Police	Fines and forfeits, operating and capital grants

All other governmental revenues are reported as general revenues. All taxes are classified as general revenue even if restricted for a specific purpose.

CITY OF MILLER, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

OPERATING REVENUE AND EXPENSES

Operating revenues and expenses for proprietary funds result from providing services and producing and delivering goods or services. They also include all revenues and expenses not related to capital and related financing, noncapital financing, or investing activities.

Revenues and expenditures/expenses

Revenues for governmental activities and business-type activities are recorded when they are collected. Grants from other governments are recognized when qualifying expenditures are incurred. Expenditures for governmental activities and business-type activities are recorded when paid.

Revenue Recognition - Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on October 1 and are due and payable at that time. All unpaid taxes levied October 1 become delinquent January 1, of the following year. Valuation for 2024 was \$ 6,284,581 with the levy set at \$ 0.9797 for the General Fund only.

Revenue - Sales Taxes

The City has five sales tax authorizations. Recorded in the General Fund is a one cent General sales tax (\$ 86,185), ½ cent general purpose sales tax (\$43,092), 1/2 cent Capital Improvement sales tax (\$35,611), a 1/2 cent Transportation sales tax (\$ 35,729) and a ¼ cent sales tax for Fire Department operations (\$17,865) for a total sales tax of (\$ 218,482).

INTERNAL AND INTERFUND BALANCES AND ACTIVITIES

In the process of aggregating the financial information for the government-wide Statement of Net Position and Statement of Activities, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

FUND FINANCIAL STATEMENTS

Interfund activity resulting from cash transactions or events, if any, within and among the governmental and proprietary fund categories is reported as follows in the fund financial statements:

- a. *Interfund loans.* Amounts provided with a requirement for repayment are reported as interfund receivables and payables.
- b. *Interfund transfers.* Flow of assets from one fund to another when repayment is not expected and reported as transfers in and out.

CITY OF MILLER, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Interfund activity and balances resulting from cash transaction or events, if any, are eliminated or reclassified in the government-wide financial statements as follows:

- a. *Internal balances.* Amounts reported in the fund financial statements as interfund receivables and payables are eliminated in the "Governmental" and "Business-Type Activities" columns of the Statement of Net Position, except for the net residual amounts due between governmental and business-type activities, which are reported as Internal Balances.
- b. *Internal activities.* Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities, except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers-Internal Activities. The effects of interfund services between funds, if any, are not eliminated in the Statement of activities.

USE OF ESTIMATES

The preparation of financial statements in accordance with the modified cash basis of accounting used by the City requires management to make estimates and assumptions that affect certain reported amounts and disclosures (such as estimated useful lives in determining depreciation expense); accordingly, actual results could differ from those estimates.

STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets and Budgetary Accounting

The City is required by Missouri State Law RSMo 105.485 to prepare a budget each year based on estimates of revenues and expected expenditures which include at a minimum a budget message, budget summary, schedule with prior year comparison of estimated revenue and expenditures, schedule of bonded debt obligations and budget approval letter. The accompanying statement of revenues, expenditures, and changes in fund balance-budget and actual includes the budgeted expenditures for the year, along with management's estimate of revenues for the year for both the original budget and the final budget which is reflective of any amendments throughout the fiscal year. The legal level of budgetary control is at the total fund level.

Budgetary basis of accounting

Annual budgets are adopted on a basis consistent with an other method of accounting (modified cash basis) for all governmental funds.

CITY OF MILLER, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

Excess of expenditures over appropriations

For the year ended June 30, 2025, expenditures did not exceed appropriations in the General Fund.

Legal Debt Margin

The City's assessed value supports a general obligation bond limit of \$ 628,458. The City did not have any general obligation bonds outstanding as of June 30, 2025.

DETAILED NOTES ON ALL FUNDS

NOTE B – DEPOSITS AND INVESTMENTS

The City maintains a cash and investment account for each fund. Each fund account is displayed on the combined balance sheet as either "cash, investments, board designated investments, or bank overdrafts". In addition, investments are separately held by several of the City's funds. Deposits and investments are stated at cost, which approximates market.

Deposits. Certificates of deposits are classified as investments but are considered deposits for custodial risk determination. Custodial credit risk for deposits is the risk that in the event of a bank failure, the City's deposits may not be returned, or the City will not be able to recover collateral securities in the possession of an outside party. The City's bank deposits are required by state law to be secured by the deposit of certain securities specified at RSMo 30.270 with the City or trustee institution. The value of the securities must amount to the total of the City's cash not insured by the Federal Deposit Insurance Corporation.

As of June 30, 2025, the City's bank balances were entirely secured or collateralized with securities held by the City or by its agent in the City's name.

Investment Policies

Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City does have a written investment policy covering credit risk.

Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The City policy is to limit the length of investments to meet cash flow requirements for ongoing operations, thereby avoiding the need to sell securities before maturity.

CITY OF MILLER, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE B – DEPOSITS AND INVESTMENTS (Continued)

Concentration of Credit Risk is the risk of loss attributed to the magnitude of the City's investment in a single issuer. The City policy is to invest in only those instruments approved by the State of Missouri which have minimal risk.

Custodial Credit Risk is the risk that in the event of a broker/agent failure, securities that are uninsured and not registered in the name of the City and are held by either the counterparty to the transaction or the counterparty's trust department or agent but not in the government's name will not be returned to the City. The City does have a written investment policy on custodial credit risk in which all investments are either insured or registered in the City's name and held by the City's agent.

NOTE C – CAPITAL ASSETS AND DEPRECIATION

Capital asset activity resulting from cash basis transactions or events for the fiscal year ended June 30, 2025, was as follows:

Governmental Activities:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Construction in Progress	\$ -	\$ 9,215	\$ -	\$ 9,215
Capital assets being depreciated:				
Buildings	\$ 180,783	\$ -	\$ -	\$ 180,783
Infrastructure	31,787	47,081	-	78,868
Equipment	181,217	38,724	-	219,941
Vehicles	86,677	3,730	-	90,407
Total capital assets being depreciated	480,464	89,535	-	569,999
Less: Accumulated depreciation for:				
Buildings	108,385	6,128	-	114,513
Infrastructure	26,886	2,057	-	28,943
Equipment	126,199	10,271	-	136,470
Vehicles	74,990	2,693	-	77,683
Total accumulated depreciation	336,460	21,149	-	357,609
Total capital assets being depreciated, net	\$ 144,004	\$ 77,601	\$ -	\$ 212,390
Governmental activities capital assets, net	\$ 144,004	\$ 77,601	\$ -	\$ 221,605

CITY OF MILLER, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE C – CAPITAL ASSETS AND DEPRECIATION (Continued)

Depreciation expense was charged to functions as follows in the Statement of Activities:

Governmental Activities:

General government	\$ 4,342
Police	182
Streets	3,787
Fire	12,838
	<u>21,149</u>
	<u>\$ 21,149</u>

Business-type Activities

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 2,400	\$ -	\$ -	\$ 2,400
Construction in progress	152,538	69,724	-	222,262
Capital assets being depreciated:				
Plant	4,531,707	89,777	-	4,621,484
Equipment	137,304	8,055	-	145,359
Vehicles	91,766	33,583	-	125,349
Total capital assets being depreciated	4,760,777	131,415	-	4,892,192
Less: Accumulated depreciation				
Plant	929,074	108,168	-	1,037,242
Equipment	100,346	8,377	-	108,723
Vehicles	99,607	8,009	-	107,616
Total accumulated depreciation	1,129,027	124,554	-	1,253,581
Total capital assets being depreciated, net	3,631,750	6,861	-	3,638,611
Business-type activities capital assets, net	<u>\$3,786,688</u>	<u>\$ 76,585</u>	<u>\$ -</u>	<u>\$3,863,273</u>

CITY OF MILLER, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE C – CAPITAL ASSETS AND DEPRECIATION (Continued)

Depreciation expense was charged to functions as follows in the Statement of Activities:

Business-type Activities:

Water Fund	\$ 29,255
Sewer Fund	<u>95,299</u>
	<u>\$ 124,554</u>

NOTE D – LONG-TERM DEBT

Business-type Activities

The following is a summary of debt transactions of the City for the year ended June 30, 2025:

	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due Within One Year
Revenue bond	\$ 1,014,500	\$ -	\$ 29,800	\$ 984,700	\$ 30,100
	<u>\$ 1,014,500</u>	<u>\$ -</u>	<u>\$ 29,800</u>	<u>\$ 984,700</u>	<u>\$ 30,100</u>
Current portion long-term debt				\$ 30,100	
Revenue Bonds				<u>954,600</u>	
				<u>\$ 984,700</u>	

The Business-type long-term debt as of June 30, 2025, follows:

\$1,044,000, 2021 series Combined Waterworks and Sewerage System Refunding and improvement Revenue Bonds, this included refunding \$ 520,000 of existing bond issue and balance to be used for plant construction. Payments began on July 1, 2023, and are made semi-annually. Payment amounts range from \$ 18,563 to \$ 21,479 at .50% interest with the final payment July 1, 2052.

\$ 984,700

CITY OF MILLER, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE D – LONG-TERM DEBT (Continued)

The annual requirements to amortize bonded debt as of June 30, 2025, follows:

Year Ending June 30	Principal	Interest	Totals
2026	\$ 30,100	\$ 7,231	\$ 37,331
2027	30,500	7,008	37,508
2028	30,900	6,781	37,681
2029	31,300	6,552	37,852
2030	31,700	6,320	38,020
2031-2035	164,500	28,009	192,509
2036-2040	175,400	21,743	197,143
2041-2045	186,900	15,066	201,966
2046-2050	257,178	7,564	264,742
2051-2052	46,222	-	46,222
	<u>\$ 984,700</u>	<u>\$ 106,274</u>	<u>\$ 1,090,974</u>

NOTE E – 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 maintains commercial insurance coverage for property damage and various Missouri Official's bonds. Management believes coverage is sufficient to preclude any significant uninsured losses to the City. In the past three years, the City has had no losses that exceeded commercial insurance coverage.

NOTE F – GRANTS

Intergovernmental awards received by the City are subject to audit and adjustment by the grantor agencies. If grant revenues are received for expenditures, which are subsequently disallowed, the City may be required to repay the revenues to the funding agencies. No disallowed costs have resulted from this audit and management believes that further examination will not result in any disallowed costs.

NOTE G – TRANSFERS

Transfers between funds were for reimbursement of operating expenses.

CITY OF MILLER, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE H – RESTATEMENT OF NET POSISTION AND FUND BALANCE

For the year ended June 30, 2025, the beginning fund balance and net position were restated for the following reason: The city closed a bank account that had outstanding checks amounting to \$55,135. This amount was pooled amongst the water, sewer, and general funds. The net adjustment to total net position relates to the voiding of such outstanding items.

	General		Water/Sewer	Total Government
	Net Position	Fund Balance	Net Position	Net Position
Beginning	\$ 1,286,091	\$ 1,142,087	\$ 3,217,131	\$ 4,503,222
Closed Account	250,816	250,816	(195,682)	55,134
Beginning Restated	<u>\$ 1,536,907</u>	<u>\$ 1,392,903</u>	<u>\$ 3,021,449</u>	<u>\$ 4,558,356</u>

NOTE I – SUBSEQUENT EVENT

Management has evaluated events and transactions for subsequent events disclosures occurring after June 30, 2025, through November 12, 2025, the date of the financial statements were available to be issued.

On July 2, 2025, the City was authorized interim financing up to \$513,000 to help assist in meeting short term obligations related to engineering costs on a water project.

CITY OF MILLER, MISSOURI
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
- BUDGET AND ACTUAL - (MODIFIED CASH BASIS) UNAUDITED
FOR THE YEAR ENDED JUNE 30, 2025

	General Fund			
	Budget			Variance With
REVENUES	Original	Final	Actual	Budget
Taxes:				
Property taxes	\$ 51,300	\$ 66,097	\$ 66,097	\$ -
Franchise taxes	40,000	39,937	39,937	-
Sales taxes	211,625	218,482	218,482	-
Intergovernmental revenue:				
Missouri motor fuel taxes	34,000	39,668	39,668	-
Licenses & permits	-	13,989	13,989	-
Interest	-	36,396	36,396	-
Grants	-	25,083	25,083	-
Reimbursements	-	897	897	-
Donations	-	1,250	1,250	-
Sanitation	51,000	61,626	61,626	-
Miscellaneous	-	796	796	-
Total Revenues	<u>387,925</u>	<u>504,221</u>	<u>504,221</u>	<u>-</u>
EXPENDITURES				
Current:				
General government	137,982	76,168	76,168	-
Police	59,300	44,765	44,765	-
Fire	16,484	19,510	19,510	-
Sanitation	70,864	61,818	61,818	-
Streets	41,280	42,637	42,637	-
Capital outlay	-	98,750	98,750	-
Total Expenditures	<u>325,910</u>	<u>343,648</u>	<u>343,648</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ 62,015</u>	<u>\$ 160,573</u>	160,573	<u>\$ -</u>
FUND BALANCES - BEGINNING			<u>1,392,903</u>	
FUND BALANCES - ENDING			<u>\$ 1,553,476</u>	