

City of Morrill
Morrill, Kansas

Report on the Audit of the Basic Financial Statements
As of and for the Year Ended
December 31, 2022

City of Morrill
Morrill, Kansas
For the Year Ended
December 31, 2022

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JULIE D. BAUMAN, CPA, P.C.
"Solutions for your future"

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor
City of Morrill, Kansas
Morrill, Kansas

Adverse and Unmodified Opinions

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of City of Morrill, Kansas as of and for the year ended December 31, 2022 and the related noted to the financial statement.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse and Unmodified Opinions section of our report, the accompanying financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the City of Morrill as of December 31, 2022 or changes in the financial position and cash flows thereof for the year then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the City of Morrill as of December 31, 2022, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provision of *the Kansas Municipal Audit and Accounting Guide* described in Note #1.

Basis for Adverse and Unmodified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the Kansas Municipal Audit and Accounting Guide. 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 Morrill 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 opinion.

Matter Giving Rise to Adverse Opinion on U.S. Generally Accepted Accounting Principles

As discussed in Note #1 of the financial statement, the financial statement is prepared by the City of Morrill on the basis of the financial reporting provision of the *Kansas Municipal Audit and Accounting Guide*, which is a basis of accounting other than accounting principles generally accepted in the United States of America. These effects on the financial statement of the variances between the regulatory basis of accounting described in Note #1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Kansas Municipal Audit and Accounting Guide as described in Note #1. This includes determining that the regulatory basis of accounting is an acceptable basis for the preparation 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 the financial statements that is free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may arise 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 opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee than an audit conducted in accordance with GAAS and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, individually or in the aggregate, they could reasonable be expected to influence the economic decisions of users made on the basis of these financial statements.

In performing an audit in accordance with GAAS and Government Auditing Standards we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the City of Morrill.
- 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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about The City of Morrill.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures-actual and budget, individual fund schedules of regulatory basis receipts and expenditures-actual and budget, schedule of regulatory basis receipts and expenditures-agency funds are presented for purposes of additional analysis and are not a required part of the basic financial statement, however are required to be presented under the provisions of the Kansas Municipal Audit and Accounting Guide. 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 statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated in all material respects, in relation to the basic financial statement as a whole, on the basis of accounting described in Note #1.

Julie D. Bauman, CPA

Julie D. Bauman, CPA, P.C.
Falls City, Nebraska 68355
July 20, 2023

City of Morrill, Kansas
Summary Statement of Receipts and Expenditures
Regulatory Basis
Year Ended December 31, 2022

	Beginning Cash Balance	Cash Receipts	Cash Disbursements	Ending Cash Balance
General Operating	$ 21,717	$ 75,412	$ 83,071	$ 14,058
Special Revenue Funds:				
Special Street	12,955	5,975	13,510	5,420
Morrill Fire Department	141,885	29,902	36,758	135,029
Employee Benefits	2,441	20,684	21,752	1,373
Capital Outlay Fund	107,387	11,250	62,546	56,091
Enterprise Funds:				
Water Utility Funds:				
Water Utility	43,747	72,260	69,290	46,717
Water Deposits	95	400	150	345
Electric Utility Fund:				
Electric Utility	73,449	209,236	202,365	80,320
Electric Deposit	95	700	300	495
Sewer Utility Fund	5,146	17,015	8,442	13,719
Trash Collection	6,996	13,615	13,727	6,884
Agency Funds:				
Petty Cash	125	300	300	125
Total Reporting Entity	$ 416,038	$ 456,749	$ 512,211	$ 360,576
Transfers		-	-	
Net Receipts and Disbursements		$ 456,749	$ 512,211	

Composition of Cash:	
Cash at Bank of Blue Valley	$ 264,601
Certificates of Deposits	95,850
Cash on Hand	125
	$ 360,576

The accompanying notes are an intregral part of these financial statements.

City of Morrill, Kansas
Summary of Expenditures - Actual and Budget
Regulatory Basis
Year Ended December 31, 2022

	Cash Disbursements	Budget	Variance Favorable (Unfavorable)
General Fund	$ 83,071	$ 93,900	$ 10,829
Special Revenue Funds:			
Special Street	13,510	18,000	4,490
Morrill Fire Department	36,758	37,800	1,042
Employee Benefits	21,752	22,450	698
Enterprise Funds:			
Water Utility	69,440	93,000	23,560
Electric Utility	202,665	250,000	47,335
Sewer Fund	8,442	34,000	25,558
Trash Fund	13,727	14,000	273
Total Budget Funds	$ 449,365	$ 563,150	$ 113,785

The accompanying notes are an intregral part of these financial statements.

REGULATORY-REQUIRED SUPPLEMENTARY INFORMATION

City of Morrill, Kansas
General Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
Year Ended December 31, 2022

	2021 Actual	2022 Actual	2022 Budget	Variance Favorable (Unfavorable)
CASH RECEIPTS:				
Ad Valorem	$ 20,577	$ 20,720	$ 20,891	$ (171)
Local Compensating Use Tax	5,208	6,052	3,800	2,252
Redemptions	528	404	1,262	(858)
Reimbursements	703	-	2,200	(2,200)
Motor Vehicle Tax	3,491	3,225	3,487	(262)
Recreational Vehicle Tax	213	223	97	126
Local Retail Sales Tax	18,637	19,916	18,000	1,916
KPL Franchise Fees	4,492	6,132	4,200	1,932
Late Charges	2,317	2,374	1,800	574
Dog Tags	10	17	35	(18)
Miscellaneous	7,678	2,422	1,000	1,422
Insurance Proceeds	3,633	3,582	3,000	582
Embarq Franchise	-	-	700	(700)
Parks and Recreation	600	700	1,000	(300)
Interest		1,733	100	1,633
Federal/State Withholding Tax	7,991	7,912	8,000	(88)
Total Cash Receipts	76,078	75,412	69,572	5,840
CASH DISBURSEMENTS:				
Administration	23,505	22,346	30,000	7,654
Police Department	-	-	100	100
Fire Department	25,000	23,000	23,000	-
Parks Department	1,409	2,971	2,500	(471)
Street Lighting Department	719	773	2,000	1,227
Highway Department	8,630	13,657	12,000	(1,657)
Cemetary Department	10,000	10,000	10,000	-
Federal Withholding	5,252	5,534	5,300	(234)
Kansas Withholding	2,732	2,290	3,000	710
Transfer	3,250	2,500	6,000	3,500
Total Cash Disbursements	80,497	83,071	93,900	10,829
Receipts over (under) disbursements	(4,419)	(7,659)		
CASH, BEGINNING BALANCE	26,136	21,717		
CASH, ENDING BALANCE	$ 21,717	$ 14,058		

The accompanying notes are an intregral part of these financial statements.

City of Morrill, Kansas
Fire Department Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
Year Ended December 31, 2022

	2021 Actual	2022 Actual	2022 Budget	Variance Favorable (Unfavorable)
CASH RECEIPTS:				
City Support	$ 39,526	$ 27,625	$ 28,000	$ (375)
Kansas Gas Service	1,479	1,632	2,000	(368)
Support Other	5,035	645	-	645
Total Cash Receipts	46,040	29,902	30,000	(98)
CASH DISBURSEMENTS:				
Vehicle Expense	1,140	1,555	3,000	1,445
Mileage	2,188	1,372	3,800	2,428
Utilities	2,845	3,159	2,000	(1,159)
Equipment Maintenance	1,100	2,828	4,000	1,172
Miscellaneous	338	409	-	(409)
Building Maintenance	-	-	2,000	2,000
Supplies	26	-	6,000	6,000
Insurance	5,132	8,535	5,000	(3,535)
Capital Outlay	5,245	18,900	12,000	(6,900)
Total Cash Disbursements	18,014	36,758	37,800	1,042
Receipts over (under) disbursements	28,026	(6,856)		
CASH, BEGINNING BALANCE	113,859	141,885		
CASH, ENDING BALANCE	$ 141,885	$ 135,029		

The accompanying notes are an intregral part of these financial statements.

City of Morrill, Kansas
Special Street
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
Year Ended December 31, 2022

	2021 Actual	2022 Actual	2022 Budget	Variance Favorable (Unfavorable)
CASH RECEIPTS:				
Special Street and Highway Tax	$ 6,560	$ 5,975	$ 7,000	$ (1,025)
Transfers	-	-		-
Total Cash Receipts	6,560	5,975	7,000	(1,025)
CASH DISBURSEMENTS:				
Street Materials	15,000	13,510	18,000	4,490
Total Cash Disbursements	15,000	13,510	18,000	4,490
Receipts over (under) disbursements	(8,440)	(7,535)		
CASH, BEGINNING BALANCE	21,395	12,955		
CASH, ENDING BALANCE	$ 12,955	$ 5,420		

The accompanying notes are an intregral part of these financial statements.

City of Morrill, Kansas
Employee Benefit
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
Year Ended December 31, 2022

	2021 Actual	2022 Actual	2022 Budget	Variance Favorable (Unfavorable)
CASH RECEIPTS:				
Ad Valorem	$ 4,171	$ 3,644	$ 3,667	$ (23)
Deliquent Tax	5	15	-	15
Motor Vehicle Tax	1,124	730	702	28
Recreational Vehicle Tax	-	-	19	(19)
Employee Contributions	10,445	11,201	11,000	201
16/20M Vehicle Tax	-	-	59	(59)
KPERS	5,000	5,000	500	4,500
Redemption Distribution	519	94	3,696	(3,602)
Total Cash Receipts	21,264	20,684	19,643	1,041
CASH DISBURSEMENTS:				
Social Security	10,551	10,876	11,000	124
Retirement	10,458	10,806	11,000	194
Unemployment	67	70	450	380
Total Cash Disbursements	21,076	21,752	22,450	698
Receipts over (under) disbursements	188	(1,068)		
CASH, BEGINNING BALANCE	2,253	2,441		
CASH, ENDING BALANCE	$ 2,441	$ 1,373		

The accompanying notes are an intregral part of these financial statements.

City of Morrill, Kansas
Water Utility Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
Year Ended December 31, 2022

	2021 Actual	2022 Actual	2022 Budget	Variance Favorable (Unfavorable)
CASH RECEIPTS:				
Water Sales	$ 55,153	$ 54,421	$ 57,000	$ (2,579)
Grant	17,321	17,321	17,000	321
Reconnect Fees	250	50	300	(250)
Miscellaneous	2,188	336	15,100	(14,764)
Water Protection Fees	1,991	132	175	(43)
Total Cash Receipts	76,903	72,260	89,575	(17,315)
CASH DISBURSEMENTS:				
Water Purchased	22,197	21,292	26,000	4,708
Personnel Services	18,133	34,028	17,000	(17,028)
Contractual Services	5,697	5,152	22,000	16,848
Commodities	9,221	5,873	3,000	(2,873)
Transfer to Capital Outlay	11,275	2,750	25,000	22,250
Miscellaneous	275	195	-	(195)
Total Cash Disbursements	66,798	69,290	93,000	23,710
Receipts over (under) disbursements	10,105	2,970		
CASH, BEGINNING BALANCE	33,642	43,747		
CASH, ENDING BALANCE	$ 43,747	$ 46,717		

The accompanying notes are an intregral part of these financial statements.

City of Morrill, Kansas
Electric Utility Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
Year Ended December 31, 2022

	2021 Actual	2022 Actual	2022 Budget	Variance Favorable (Unfavorable)
CASH RECEIPTS:				
Sales	$ 191,425	$ 204,457	$ 215,000	$ (10,543)
Reconnect Fees	150	50	500	(450)
Material Sales	-	4,241	8,000	(3,759)
Miscellaneous	-	488	-	488
Total Cash Receipts	191,575	209,236	223,500	(14,264)
CASH DISBURSEMENTS:				
Electrical Energy Purchased	104,443	113,096	118,000	4,904
Personnel Services	30,979	26,643	15,000	(11,643)
Contractural Services	1,100	1,310	28,000	26,690
Commodities	35,551	10,791	1,500	(9,291)
Insurance	36,780	38,204	34,000	(4,204)
Sales Tax	3,881	4,321	5,500	1,179
Transfer to Capital Outlay	13,725	8,000	48,000	40,000
Total Cash Disbursements	226,459	202,365	250,000	47,635
Receipts over (under) disbursements	(34,884)	6,871		
CASH, BEGINNING BALANCE	108,333	73,449		
CASH, ENDING BALANCE	$ 73,449	$ 80,320		

The accompanying notes are an intregral part of these financial statements.

City of Morrill, Kansas
Sewer Utility Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
Year Ended December 31, 2022

	2021 Actual	2022 Actual	2022 Budget	Variance Favorable (Unfavorable)
CASH RECEIPTS:				
Services	$ 17,157	$ 17,015	$ 20,000	$ (2,985)
Transfer In	-	-	11,000	$ (11,000)
Total Cash Receipts	17,157	17,015	31,000	$ (13,985)
CASH DISBURSEMENTS:				
Personnel Services	3,389	-	11,000	11,000
Contractural Services	9,458	5,442	15,000	9,558
Commodities	3,566	-	5,000	5,000
Transfer to Capital Outlay	3,250	3,000	3,000	-
Total Cash Disbursements	19,663	8,442	34,000	25,558
Receipts over (under) disbursements	(2,506)	8,573		
CASH, BEGINNING BALANCE	7,652	5,146		
CASH, ENDING BALANCE	$ 5,146	$ 13,719		

The accompanying notes are an intregral part of these financial statements.

City of Morrill, Kansas
Trash Collection
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
Year Ended December 31, 2022

	2021 Actual	2022 Actual	2022 Budget	Variance Favorable (Unfavorable)
CASH RECEIPTS:				
User Fees	$ 12,197	$ 13,615	$ 14,000	$ (385)
Total Cash Receipts	12,197	13,615	14,000	(385)
CASH DISBURSEMENTS:				
Contractural Services	12,420	13,727	14,000	273
Total Cash Disbursements	12,420	13,727	14,000	273
Receipts over (under) disbursements	(223)	(112)		
CASH, BEGINNING BALANCE	7,219	6,996		
CASH, ENDING BALANCE	$ 6,996	$ 6,884		

The accompanying notes are an intregral part of these financial statements.

City of Morrill, Kansas
Capital Outlay Fund
Schedule of Receipts and Expenditures
Regulatory Basis
Year Ended December 31, 2022

	2021 Actual	2022 Actual
CASH RECEIPTS:		
Transfer from General Fund	$ 3,250	$ 2,500
Transfer from Water Fund	11,275	2,750
Transfer from Sewer Fund	3,250	3,000
Transfer from Electric Fund	3,725	3,000
Total Cash Receipts	21,500	11,250
CASH DISBURSEMENTS:		
Capital outlay	2,876	62,546
Total Cash Disbursements	2,876	62,546
Receipts over (under) disbursements	18,624	(51,296)
CASH, BEGINNING BALANCE	88,763	107,387
CASH, ENDING BALANCE	$ 107,387	$ 56,091

The accompanying notes are an intregral part of these financial statements.

City of Morrill, Kansas
Trust and Agency Funds
Schedule of Receipts and Expenditures
Regulatory Basis
Year Ended December 31, 2022

	Petty Cash
CASH RECEIPTS:	
Cash Receipts	$ 300
Total Cash Receipts	300
CASH DISBURSEMENTS:	
Disbursements	300
Total Cash Disbursements	300
CASH, BEGINNING BALANCE	125
CASH, ENDING BALANCE	$ 125

The accompanying notes are an intregral part of these financial statements.

Note 1 - Summary of Significant Accounting Policies

A. Basis of Presentation – Fund Accounting -

The accounts of the City of Morrill, Kansas are organized on the basis of funds, each of which is considered a separate accounting entity.

The following types of funds comprise the financial activities of the City for 2022.

Governmental funds:

General fund – to account for all unrestricted resources except those required to be accounted for in other funds or account groups.

Special revenue funds – to account for the proceeds of specific revenue sources or to finance specified activities as required by law or administrative regulation.

Capital project funds – to account for major capital expenditures not financed by other funds.

Proprietary funds:

Enterprise funds – to account for operations that are financed and operated in a manner similar to business enterprises-where the stated intent is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges-or where periodic determination of revenues earned, expenses incurred, and/or net income is deemed appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Fiduciary funds:

Agency funds – to account for assets held by the governmental entity as trustee or agent for others.

B. Basis of Accounting

These financial statements are presented on a basis of accounting, which demonstrates compliance with the cash basis and budget laws of Kansas. Cash receipts are recognized when the cash balance of a fund is increased. For an interfund transaction, a cash receipt is recorded in the fund from which the cash is transferred. Expenditures include disbursements, accounts payable, and encumbrances. Encumbrances are commitments related to unperformed (executor) contracts for goods and services, and are usually evidenced by a purchase order or written contract.

C. Departure from Generally Accepted Accounting Principles

Regulatory Basis of Accounting and Departure from Accounting Principles Generally Accepted in the United States of America. The KMAAG regulatory basis of accounting involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investments balance on a regulatory basis for each fund, and the reporting of changes in unencumbered cash and investments of a fund resulting from the difference in regulatory basis receipts and regulatory basis expenditures for the fiscal year. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligation against cash. The KMAAG regulatory basis does not recognize capital assets, long-term debt, accrued receivables and payables, or any other assets, liabilities or deferred inflows or outflows, other than those mentioned above.

The municipality has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the municipality to use the regulatory basis of accounting.

D. Budgetary Information

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special revenue funds (unless specifically exempted by statue), debt service funds and enterprise funds. The statutes provide for the following sequence and timetable in the adoption of the legal annual operating

1. Preparation of the budget for the succeeding calendar year on or before July 20. Determine if this will exceed the Revenue Neutral Rate.
2. Publication in local newspaper of the proposed budget and notice of public hearing on the budget on or before August 5.
3. Public hearing on or before August 15, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25.

The statues allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication, the hearing may be held and the governing body may amend the budget at that time. There were no such budget amendments for the year ended December 31, 2022.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison statements are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the modified accrual basis of accounting, modified further by the encumbrance method of accounting. Revenues are recognized when cash is received. Expenditures include disbursements, accounts payable and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. All unencumbered appropriations (legal budget expenditure authority) lapse at year-end.

A legal operating budget is not required for capital project funds.

Spending in funds, which are not subject to the legal annual operating budget requirement, is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

E. Reporting Entity

This report includes all of the services provided by the City of Morrill to residents and businesses within its boundaries and includes all of its component units

Note 2 – Deposits

At year-end, the carrying amount of the City's deposits was $264,601 and the bank balance was $264,601. The difference between the carrying amount and the bank balance is December interest earned. The bank balance is covered by FDIC insurance and collateralized by pledged securities held under joint custody receipts issued by a third-party bank in the City's name and insurance.

Composition of Cash and Investments

	Amount
Bank of Blue Valley:	
Checking	$ 264,601
Cash on Hand	125
Total	$ 264,726
Certificate of Deposit	$ 95,850
Total Cash and Investments	$ 360,576

Note 3 – Taxes

Property Taxes – The determination of assessed valuations and the collection of property taxes for all political subdivisions in the State of Kansas is the responsibility of the various counties. The County Appraiser annually determines assessed valuations and the County Clerk spreads the annual assessment on the tax rolls. The County Treasurer is the tax collection agent for all taxing entities within the county.

In accordance with state statutes, property taxes levied during the current year are a revenue source to be used to finance the budget of the following year. Taxes are assessed on a calendar year basis and become a lien on the property on November 1 of each year. One-half of the property taxes is due December 20, prior to the fiscal year for which they are budgeted, and the second half is due the following May 10.

Motor Vehicle Taxes – Since 1981 most motor vehicles became subject to a special tax paid at the time of registration instead of the traditional property tax.

In 2022, the City received the following from county and state taxes:

	General Fund	Street Fund	Employee Benefit Fund
Property Taxes	$ 20,720	$ -	$ 3,644
Motor Vehicle Taxes	3,225	-	730
Sales and Use Taxes	19,916	-	-
Other Vehicle Taxes	223	-	-
State Highway Aid	-	5,975	-
	$ 44,084	$ 5,975	$ 4,374

The assessed valuation in 2022 was $1,682,826, which was used to determine the mill levy for 2022. The mill levy was 16.038 for 2022.

Note 4 – Utilities

The City provides water, sewer, electric and solid waste services. The City reads the meters at the 18th of each month and mails their utility bills on the 20th day of each month for the previous month's service. The utility bills are due the tenth day of the month. Payments received after this date, are subjected to a late charge of 10.0% on the unpaid bill. If bills are not paid by the twentieth of the month, services will be disconnected on the twenty-first.

The City requires that, at the time of making application for utility service, the property owner or customer shall make a cash deposit in the amount of $50 for water service and $100 for electric service, set by the governing body to secure payment of accrued bills or bills due on discontinuance of service.

Note 4 – Utilities (continued)

The amount due to the City for utility services as of December 31, 2022 was $34,824.20 (due January 10, 2023). The amount due to customers for utility deposits as of December 31, 2021 was water $345, electric $495

Utility Rates as of December 31, 2022 are as follows:

Water Rates:

Minimum Charge	$26.52 for residents inside city limits includes 1,000 gallons
Minimum Charge	$31.14 for residents outside city limits includes 1,000 gallons
Next 1,000 Gallons	$5.39 per 1,000 gallons, inside the City limits
	$5.39 per 1,000 gallons, outside the City limits

Sewer Rates:

Flat Rate	$15.00 for residential
Flate Rate	$15.00 for commercial

Solid Waste:

Monthly Charge	$13.00 for residential
Monthly Charge	$29.00 for commercial

Electric Rates:

Monthly Charge	$9.00 for residential
Monthly Charge	$11.00 for commercial
All Customers	$0.15 per KWHR
	plus Energy Cost Adjustment

Note 5 – Pension Plan

Plan Description. The City of Morrill participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et. Seq. Kansas law establishes and amends benefit provisions. KPERS issues a publically available financial report that includes financial statements and required supplementary information. KPERS' financial statements are included in its Comprehensive Annual Financial Report which can be found on the KPERS website at www.kpers.org or by writing to KPERS (611 South Kansas, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737.

Contributions. K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERS member-employee contribution rates. KPERS has multiple benefit structures and contribution rates depending on whether the employee is a KPERS 1, KPERS 2 or KPERS 3 member. KPERS 1 members are active and contributing members hired before July 1, 2009. KPERS 2 members were first employed in a covered position on or after July 1, 2009, and KPERS 3 members were first employed in a covered position on or after January 1, 2015. Effective January 1, 2015, Kansas law established the KPERS member-employee contribution rate at 6% of covered salary for KPERS 1, KPERS 2 and KPERS 3 members. Member contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code.

State law provides that the employer contribution rates for KPERS 1 and KPERS 2 and KPERS 3 be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate (not including the 1% contribution rate for Death and Disability Program) and the statutory contribution rate was 8.39% for the fiscal year ended December 31, 2022. Contributions to the pension plan from the City of Morrill were $6,036 for the year ended December 31, 2022.

Net Pension Liability

At December 31, 2022, the City of Morrill's proportionate share of the collective net pension liability reported by KPERS was $61,129. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021, which was rolled forward to June 30, 2022. The City of Morrill's proportion of the net pension liability was based on the ratio of the contributions to KPERS, relative to the total employer and non-employer contributions of the Local subgroup within KPERS. Since the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in these financial statements.

The complete actuarial valuation report including all actuarial assumptions and methods, and the report on the allocation of the KPERS collective net pension liability to all participating employers are publicly available on the website at www.kpers.org or can be obtained as described above.

Note 6 – Compliance with Kansas Law

References made herein to the statutes are not intended as interpretations of law, but are offered for consideration of the Director of Accounts and Reports and interpretation by the County Attorney and legal representatives of the City. There were no apparent statutory violations during the year ended December

Note 7 – Water Purchase Contract

The City purchases its water from the City of Sabetha, Kansas at a rate of $5.39 per 1,000 gallons the original contract is dated August 29, 1991 and is subject to increases after each audit of the Sabetha water utility. The City sold 4,164,900 gallons of water to customers and purchased 4,284,100 gallons from the City of Sabetha, the water loss percentage was 10% in 2022.

Note 8 – Waste Management Contract

The City contracts with P&J Solid Waste Management, LLC for refuse collection at a rate of $13.00 per

Note 9 – Electrical Service Contract

The City purchases power from Evergy at a rate of $.1712 plus variable charges per kilowatt hour. The contract is effective August 2, 2010 and has a term of twenty years. The City sold 1,080,238 kilowatt hours to customers and purchased 1,218,082 kilowatt hours from Energy, the electricity loss percentage was 22% in 2021.

Note 10 – Compensated Absences

The City vacation and sick policies are as follows:

Vacation Leave:

Years of Service	Numbers of days received on anniversary date
0-1	5
1-10	10

After ten years of service the employee earns one extra day of vacation for each year over ten years the maximum accrual is 120 hours.

Sick Leave:

Employees earn 40 hours of sick time per year and can be carried over for two additional years. The maximum accumulated sick leave shall not exceed 120 hours.

Note 11 – Infrastructure

The City has elected not to comply with Government Accounting Standards Board 34 (GASB 34), which requires Cities to account for their infrastructure.

Note 12 – Concentrations

The City is engaged in the sale of water, trash, electric and sewer services to customers located in the City. The City grants credit to those customers and requires no collateral but does require a service deposit.

Note 13 – Risk Management

The City has various risks including general liabilities, employees injured while working, automobile, etc. The City insures these risks through various insurance policies.

Note 14 – Subsequent Events

Subsequent events have been evaluated through the July 20, 2023, the date that the financial statements were available to be issued. No events or transactions were noted to that date which requires further disclosure.