

City of Morrill
Morrill, Kansas

Report on the Audit of the Basic Financial Statements
As of and for the Year Ended
December 31, 2024

City of Morrill
Morrill, Kansas
For the Year Ended
December 31, 2024

TABLE OF CONTENTS

Financial Section	Page
Independent Auditors' Report	1-2
Basic Financial Statements:	
Summary Statement of Receipts and Expenditures – Regulatory Basis	3
Summary of Expenditures – Actual and Budget – Regulatory Basis	4
Regulatory-Required Supplementary Information	
Schedule of Receipts and Expenditures – Actual and Budget – General Fund Regulatory Basis	5
Schedule of Receipts and Expenditures – Actual and Budget – Fire Department Fund Regulatory Basis	6
Schedule of Receipts and Expenditures – Actual and Budget – Special Street Fund Regulatory Basis	7
Schedule of Receipts and Expenditures – Actual and Budget – Employee Benefit Regulatory Basis	8
Schedule of Receipts and Expenditures – Actual and Budget – Water Utility Fund Regulatory Basis	9
Schedule of Receipts and Expenditures – Actual and Budget – Electric Utility Fund Regulatory Basis	10
Schedule of Receipts and Expenditures – Actual and Budget – Sewer Utility Fund Regulatory Basis	11
Schedule of Receipts and Expenditures – Actual and Budget – Trash Collection Regulatory Basis	12
Schedule of Receipts and Expenditures – Actual – Capital Outlay Fund Regulatory Basis	13
Schedule of Receipts and Expenditures – Trust and Agency Funds Regulatory Basis	14
Notes to Financial Statements	15-22



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, 2024 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, 2024 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, 2024, 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
August 6, 2025

City of Morrill, Kansas
Summary Statement of Receipts, Expenditures and Unencumbered Cash
Regulatory Basis
Year Ended December 31, 2024

	Beginning Unemcumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Disbursements	Ending Unencumbered Cash Balance	Add Encumbrances and Acct Pay	Ending Cash Balance
General Operating	$ 16,744	$0	$ 83,333	$ 92,538	$ 7,539	-	$ 7,539
Special Revenue Funds:							
Special Street	11,261		7,178	-	18,439	-	18,439
Morrill Fire Departm	129,719		28,029	34,328	123,420	-	123,420
Employee Benefits	3,325		24,804	23,065	5,064	-	5,064
Capital Outlay Fund	113,637		136,005	142,147	107,495	-	107,495
Enterprise Funds:							
Water Utility Funds:							
Water Utility	33,637		91,886	117,635	7,888	18,076	25,964
Water Deposits	395		151	363	183	-	183
Electric Utility Fund:							
Electric Utility	106,264	22,020	422,557	495,164	11,637	-	11,637
Electric Deposit	495		200	625	70	-	70
Sewer Utility Fund	20,665		18,462	26,937	12,190	-	12,190
Trash Collection	7,525		14,892	15,216	7,201	-	7,201
Agency Funds:							
Petty Cash	50	-	1,200	1,200	50	-	50
Total Reporting Entity	$ 443,717	$ 22,020	$ 828,697	$ 949,218	$ 301,176	$ 18,076	$ 319,252
Transfers			-	-	-		-
Net Receipts and Disbursements			$ 828,697	$ 949,218	$ 301,176		$ 319,252

Composition of Cash:	
Cash at Bank of Blue Valley	$ 225,855
Certificates of Deposits	93,347
Cash on Hand	50
	$ 319,252

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, 2024

	Cash Disbursements	Budget	Variance Favorable (Unfavorable)
General Fund	$ 93,688	$ 246,800	$ 153,112
Special Revenue Funds:			
Special Street	-	17,500	17,500
Morrill Fire Department	34,328	128,500	94,172
Employee Benefits	23,065	23,565	500
Enterprise Funds:			
Water Utility	99,559	125,000	25,441
Electric Utility	495,164	518,515	23,351
Sewer Fund	26,937	27,000	63
Trash Fund	15,216	15,500	284
Total Budget Funds	$ 787,957	$ 1,102,380	$ 314,423

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, 2024

	2023 Actual	2024 Actual	2024 Budget	Variance Favorable (Unfavorable)
CASH RECEIPTS:				
Ad Valorem	$ 21,580	$ 23,086	$ 22,531	$ 555
Local Compensating Use Tax	6,385	7,024	8,000	(976)
Redemptions	797	280	960	(680)
Motor Vehicle Tax	3,206	3,202	2,765	437
Recreational Vehicle Tax	103	177	132	45
Local Retail Sales Tax	20,365	18,136	23,500	(5,364)
KPL Franchise Fees	6,723	4,775	7,500	(2,725)
Late Charges	3,059	2,789	2,450	339
Dog Tags/Permits	11	58	50	8
Miscellaneous	6,196	3,612	2,500	1,112
Insurance Proceeds	3,801	2,279	3,000	(721)
Parks and Recreation	730	380	700	(320)
Grants	-	2,022	150,000	(147,978)
Interest	3,146	6,054	1,700	4,354
Federal/State Withholding Tax	8,671	9,459	8,200	1,259
Total Cash Receipts	84,773	83,333	233,988	(150,655)
CASH DISBURSEMENTS:				
Administration	22,510	44,890	31,000	7,490
Fire Department	16,061	-	17,000	(61)
Parks Department	5,938	4,309	8,000	2,062
Street Lighting Department	755	774	2,500	1,245
Highway Department	10,379	11,771	162,000	1,621
Cemetary Department	15,000	12,000	12,000	-
Federal Withholding	6,047	7,842	6,800	753
Kansas Withholding	2,397	2,952	2,500	1,103
Transfer	3,000	8,000	5,000	-
Total Cash Disbursements	82,087	92,538	246,800	14,213
Receipts over (under) disbursements	2,686	(9,205)		
CASH, BEGINNING BALANCE	14,058	16,744		
CASH, ENDING BALANCE	$ 16,744	$ 7,539		

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, 2024

	2023 Actual	2024 Actual	2024 Budget	Variance Favorable (Unfavorable)
CASH RECEIPTS:				
City Support	$ 33,944	$ 26,150	$ 32,000	$ (5,850)
Kansas Gas Service	1,754	1,879	2,000	(121)
Support Other	-	-	10,200	(10,200)
Total Cash Receipts	35,698	28,029	44,200	(16,171)
CASH DISBURSEMENTS:				
Vehicle Expense	1,973	-	4,000	4,000
Mileage	-	1,380	5,000	3,620
Utilities	3,189	3,233	5,000	1,767
Equipment Maintenance	1,326	4,457	90,000	85,543
Miscellaneous	450	30	-	(30)
Building Maintenance	12,045	-	-	-
Supplies	498	-	500	500
Insurance	6,527	8,228	12,000	3,772
Capital Outlay	15,000	17,000	12,000	(5,000)
Total Cash Disbursements	41,008	34,328	128,500	94,172
Receipts over (under) disbursements	(5,310)	(6,299)		
CASH, BEGINNING BALANCE	135,029	129,719		
CASH, ENDING BALANCE	$ 129,719	$ 123,420		

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, 2024

	2023 Actual	2024 Actual	2024 Budget	Variance Favorable (Unfavorable)
CASH RECEIPTS:				
Special Street and Highway Tax	$ 5,841	$ 7,178	$ 6,140	$ 1,038
Transfers	-		10,000	(10,000)
Total Cash Receipts	5,841	7,178	16,140	(8,962)
CASH DISBURSEMENTS:				
Street Materials	-	-	17,500	17,500
Total Cash Disbursements	-		17,500	17,500
Receipts over (under) disbursements	5,841	7,178		
CASH, BEGINNING BALANCE	5,420	11,261		
CASH, ENDING BALANCE	$ 11,261	$ 18,439		

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, 2024

	2023 Actual	2024 Actual	2024 Budget	Variance Favorable (Unfavorable)
CASH RECEIPTS:				
Ad Valorem	$ 2,807	$ 1,470	$ 1,668	$ (198)
Deliquent Tax	-	31	-	31
Motor Vehicle Tax	577	422	458	(36)
Recreational Vehicle Tax	-	-	22	(22)
Employee Contributions	16,987	12,592	13,000	(408)
16/20M Vehicle Tax	-	-	22	(22)
KPERS	5,000	5,238	6,000	(762)
Transfers	-	5,000	-	5,000
Redemption Distribution	181	51	200	(149)
Total Cash Receipts	25,552	24,804	21,370	3,434
CASH DISBURSEMENTS:				
Social Security	11,984	11,299	12,000	701
Retirement	11,542	11,685	11,500	(185)
Unemployment	74	81	65	(16)
Total Cash Disbursements	23,600	23,065	23,565	500
Receipts over (under) disbursements	1,952	1,739		
CASH, BEGINNING BALANCE	1,373	3,325		
CASH, ENDING BALANCE	$ 3,325	$ 5,064		

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, 2024

	2023 Actual	2024 Actual	2024 Budget	Variance Favorable (Unfavorable)
CASH RECEIPTS:				
Water Sales	$ 52,896	$ 55,602	$ 57,855	$ (2,254)
Grant	-	-	34,678	(34,678)
Reconnect Fees	250	-	200	(200)
Miscellaneous	1,079	300	1,000	(700)
Transfers In		35,854	22,172	13,682
Water Protection Fees	129	130	250	(120)
Total Cash Receipts	54,354	91,886	116,155	(24,270)
CASH DISBURSEMENTS:				
Water Purchased	20,731	21,547	26,500	4,953
Personnel Services	28,033	35,925	36,000	75
Contractual Services	9,817	31,724	20,000	(11,724)
Commodities	5,803	3,946	10,000	6,054
Transfer to Capital Outlay	3,000	2,750	32,500	29,750
Transfers to Fire	50	3,667	-	(3,667)
Total Cash Disbursements	67,434	99,559	125,000	25,441
Receipts over (under) disbursements	(13,080)	(7,673)		
CASH, BEGINNING BALANCE	46,717	33,637		
CASH, ENDING BALANCE	$ 33,637	$ 25,964		

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, 2024

	2023 Actual	2024 Actual	2024 Budget	Variance Favorable (Unfavorable)
CASH RECEIPTS:				
Sales	$ 236,281	$ 265,561	$ 215,220	$ 50,341
Reconnect Fees	256	-	300	(300)
Material Sales	38	6,016	7,000	(984)
Miscellaneous / Loan	157,464	150,980	239,938	(88,958)
Total Cash Receipts	394,039	422,557	462,458	(39,901)
CASH DISBURSEMENTS:				
Electrical Energy Purchased	119,755	122,533	120,015	(2,518)
Personnel Services	36,526	20,945	40,000	19,055
Contractural Services	121,558	263,672	228,500	(35,172)
Commodities	20,918	28,745	12,000	(16,745)
Insurance	45,124	43,611	42,000	(1,611)
Sales Tax	6,214	5,742	9,000	3,258
Miscellaneous	-	499	55,000	54,501
Transfer to Fire Dept.	-	6,667		
Transfer to Capital Outlay	18,000	2,750	12,000	9,250
Total Cash Disbursements	368,095	495,164	518,515	30,018
Receipts over (under) disbursements	25,944	(72,607)		
CASH, BEGINNING BALANCE	80,320	106,264		
Less: Prior Year Encumbrances	-	22,020		
CASH, ENDING BALANCE	$ 106,264	$ 11,637		

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, 2024

	2023 Actual	2024 Actual	2024 Budget	Variance Favorable (Unfavorable)
CASH RECEIPTS:				
Services	$ 17,823	$ 18,462	$ 20,050	$ (1,588)
Total Cash Receipts	17,823	18,462	20,050	$ (1,588)
CASH DISBURSEMENTS:				
Personnel Services	-	2,370	7,000	4,630
Contractural Services	7,408	9,900	15,000	5,100
Miscellaneous	469	5,000	1,000	(4,000)
Transfer to Fire Dept	-	6,667		
Transfer to Capital Outlay	3,000	3,000	4,000	1,000
Total Cash Disbursements	10,877	26,937	27,000	6,730
Receipts over (under) disbursements	6,946	(8,475)		
CASH, BEGINNING BALANCE	13,719	20,665		
CASH, ENDING BALANCE	$ 20,665	$ 12,190		

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, 2024

	2023 Actual	2024 Actual	2024 Budget	Variance Favorable (Unfavorable)
CASH RECEIPTS:				
User Fees	$ 14,641	$ 14,892	$ 15,500	$ (608)
Total Cash Receipts	14,641	14,892	15,500	(608)
CASH DISBURSEMENTS:				
Contractural Services	14,000	15,216	15,500	284
Total Cash Disbursements	14,000	15,216	15,500	284
Receipts over (under) disbursements	641	(324)		
CASH, BEGINNING BALANCE	6,884	7,525		
CASH, ENDING BALANCE	$ 7,525	$ 7,201		

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, 2024

	2023 Actual	2024 Actual
CASH RECEIPTS:		
Transfer from General Fund	$ 3,000	$ 3,000
Transfer from Water Fund	3,000	2,750
Transfer from Sewer Fund	3,000	3,000
Transfer from Fire Department Fund	15,000	17,000
Transfer from Electric Fund	48,546	2,750
Loan Proceeds	-	107,505
Total Cash Receipts	72,546	136,005
CASH DISBURSEMENTS:		
Capital outlay	15,000	142,147
Total Cash Disbursements	15,000	142,147
Receipts over (under) disbursements	57,546	(6,142)
CASH, BEGINNING BALANCE	56,091	113,637
CASH, ENDING BALANCE	$ 113,637	$ 107,495

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, 2024

	Petty Cash
CASH RECEIPTS:	
Cash Receipts	$ 1,200
Total Cash Receipts	1,200
CASH DISBURSEMENTS:	
Disbursements	1,200
Total Cash Disbursements	1,200
CASH, BEGINNING BALANCE	50
CASH, ENDING BALANCE	$ 50

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 2024.

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, 2024.

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 $225,855 and the bank balance was $225,855. The difference between the carrying amount and the bank balance is December was encumbrances. 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	$ 225,855
Cash on Hand	50
Total	$ 225,905
Certificate of Deposit	$ 93,347
Total Cash and Investments	$ 319,252

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 2024, the City received the following from county and state taxes:

	General Fund	Street Fund	Employee Benefit Fund
Property Taxes	$ 23,086	$ -	$ 1,470
Motor Vehicle Taxes	3,202	-	422
Sales and Use Taxes	18,136	-	-
Other Vehicle Taxes	177	-	-
State Highway Aid	-	7,178	-
	$ 44,601	$ 7,178	$ 1,892

The assessed valuation in 2024 was $1,456,094, which was used to determine the mill levy for 2024. The mill levy was 16.942 for 2024.

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, 20245 was $41,750 (due January 10, 2025). The amount due to customers for utility deposits as of December 31, 2024 was water $183, electric $70

Utility Rates as of December 31, 2024 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 9.263% for the fiscal year ended December 31, 2024. Contributions to the pension plan from the City of Morrill were $6,750 for the year ended December 31, 2024.

Net Pension Liability

At December 31, 2024, the City of Morrill's proportionate share of the collective net pension liability reported by KPERS was $70,142. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2023, which was rolled forward to June 30, 2024. 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 year December 31, 2024.

Note 7 – Water Purchase Contract

The City purchases its water from the City of Sabetha, Kansas at a rate of $4.08 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 4,077,700 gallons of water to customers and purchased 4,521,900 gallons from the City of Sabetha, the water loss percentage was 10% in 2024.

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 residential customer and $29.00 per commercial customer.

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 1,247,760 kilowatt hours to customers and purchased 1,421,476 kilowatt hours from Energy, the electricity loss percentage was 13% in 2024.

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. Settled claims resulting from these risks have not exceeded commercial insurance coverage.

Note 14 – Long - Term Debt

The City of Morrill took out a loan payable from the Bank of Blue Valley on September 1, 2023. Total loan $467,269 as of December 31, 2024. The interest rate is 7.615%, with loan payments starting on July 31, 2024 monthly for 59 payments of $4,476.46. This loan balloons and matures June 30, 2029

	Balance Janaury 1, 2024	Additions	Reductions	Balance December 31, 2024
Revolving Loan	474,938	---	7,669	467,269

Year Ending December 31	Principle	Interest
2025	18,326	36,999
2026	20,428	33,289
2027	21,838	31,880
2028	23,560	30,147
2029	383,117	14,391
	467,269	146,706

Note 15 – Subsequent Events

Subsequent events have been evaluated through the August 6, 2025, the date that the financial statements were available to be issued. No events or transactions were noted to that date which requires further disclosure.