

City of Morrill
Morrill, Kansas

Report on the Audit of the Basic Financial Statements
As of and for the Year Ended
December 31, 2023

City of Morrill
Morrill, Kansas
For the Year Ended
December 31, 2023

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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, 2023 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, 2023 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, 2023, 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 22, 2024

City of Morrill, Kansas
Summary Statement of Receipts and Expenditures
Regulatory Basis
Year Ended December 31, 2023

	Beginning Cash Balance	Cash Receipts	Cash Disbursements	Ending Cash Balance
General Operating	$ 14,058	$ 84,773	$ 82,087	$ 16,744
Special Revenue Funds:				
Special Street	5,420	5,841	-	11,261
Morrill Fire Department	135,029	35,698	41,008	129,719
Employee Benefits	1,373	25,552	23,600	3,325
Capital Outlay Fund	56,091	72,546	15,000	113,637
Enterprise Funds:				
Water Utility Funds:				
Water Utility	46,717	54,354	67,434	33,637
Water Deposits	345	350	300	395
Electric Utility Fund:				
Electric Utility	80,320	394,039	368,095	106,264
Electric Deposit	495	500	500	495
Sewer Utility Fund	13,719	17,823	10,877	20,665
Trash Collection	6,884	14,641	14,000	7,525
Agency Funds:				
Petty Cash	125	1,200	1,275	50
Total Reporting Entity	$ 360,576	$ 707,317	$ 624,176	$ 443,717
Transfers		-	-	
Net Receipts and Disbursements		$ 707,317	$ 624,176	

Composition of Cash:	
Cash at Bank of Blue Valley	$ 350,785
Certificates of Deposits	92,882
Cash on Hand	50
	$ 443,717

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, 2023

	Cash Disbursements	Budget	Variance Favorable (Unfavorable)
General Fund	$ 82,087	$ 96,300	$ 14,213
Special Revenue Funds:			
Special Street	-	17,000	17,000
Morrill Fire Department	41,008	79,800	38,792
Employee Benefits	23,600	23,950	350
Enterprise Funds:			
Water Utility	67,734	94,000	26,266
Electric Utility	368,595	479,600	111,005
Sewer Fund	10,877	26,000	15,123
Trash Fund	14,000	14,000	-
Total Budget Funds	$ 607,901	$ 830,650	$ 222,749

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, 2023

	2022 Actual	2023 Actual	2023 Budget	Variance Favorable (Unfavorable)
CASH RECEIPTS:				
Ad Valorem	$ 20,720	$ 21,580	$ 22,566	$ (986)
Local Compensating Use Tax	6,052	6,385	5,000	1,385
Redemptions	404	797	500	297
Motor Vehicle Tax	3,225	3,206	3,065	141
Recreational Vehicle Tax	223	103	251	(148)
Local Retail Sales Tax	19,916	20,365	20,000	365
KPL Franchise Fees	6,132	6,723	5,000	1,723
Late Charges	2,374	3,059	3,000	59
Dog Tags	17	11	150	(139)
Miscellaneous	2,422	6,196	1,400	4,796
Insurance Proceeds	3,582	3,801	1,000	2,801
Parks and Recreation	700	730	700	30
Interest	1,733	3,146	-	3,146
Federal/State Withholding Tax	7,912	8,671	9,000	(329)
Total Cash Receipts	75,412	84,773	71,632	13,141
CASH DISBURSEMENTS:				
Administration	22,346	22,510	30,000	7,490
Fire Department	23,000	16,061	16,000	(61)
Parks Department	2,971	5,938	8,000	2,062
Street Lighting Department	773	755	2,000	1,245
Highway Department	13,657	10,379	12,000	1,621
Cemetary Department	10,000	15,000	15,000	-
Federal Withholding	5,534	6,047	6,800	753
Kansas Withholding	2,290	2,397	3,500	1,103
Transfer	2,500	3,000	3,000	-
Total Cash Disbursements	83,071	82,087	96,300	14,213
Receipts over (under) disbursements	(7,659)	2,686		
CASH, BEGINNING BALANCE	21,717	14,058		
CASH, ENDING BALANCE	$ 14,058	$ 16,744		

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, 2023

	2022 Actual	2023 Actual	2023 Budget	Variance Favorable (Unfavorable)
CASH RECEIPTS:				
City Support	$ 27,625	$ 33,944	$ 82,000	$ (48,056)
Kansas Gas Service	1,632	1,754	150	1,604
Support Other	645	-	3,500	(3,500)
Total Cash Receipts	29,902	35,698	85,650	(49,952)
CASH DISBURSEMENTS:				
Vehicle Expense	1,555	1,973	8,000	6,027
Mileage	1,372	-	4,000	4,000
Utilities	3,159	3,189	3,800	611
Equipment Maintenance	2,828	1,326	8,000	6,674
Miscellaneous	409	450	-	(450)
Building Maintenance	-	12,045	-	(12,045)
Supplies	-	498	7,000	6,502
Insurance	8,535	6,527	3,000	(3,527)
Capital Outlay	18,900	15,000	46,000	31,000
Total Cash Disbursements	36,758	41,008	79,800	38,792
Receipts over (under) disbursements	(6,856)	(5,310)		
CASH, BEGINNING BALANCE	141,885	135,029		
CASH, ENDING BALANCE	$ 135,029	$ 129,719		

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, 2023

	2022 Actual	2023 Actual	2023 Budget	Variance Favorable (Unfavorable)
CASH RECEIPTS:				
Special Street and Highway Tax	$ 5,975	$ 5,841	$ 6,810	$ (969)
Transfers	-		5,000	(5,000)
Total Cash Receipts	5,975	5,841	11,810	(5,969)
CASH DISBURSEMENTS:				
Street Materials	13,510	-	17,000	17,000
Total Cash Disbursements	13,510		17,000	17,000
Receipts over (under) disbursements	(7,535)	5,841		
CASH, BEGINNING BALANCE	12,955	5,420		
CASH, ENDING BALANCE	$ 5,420	$ 11,261		

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, 2023

	2022 Actual	2023 Actual	2023 Budget	Variance Favorable (Unfavorable)
CASH RECEIPTS:				
Ad Valorem	$ 3,644	$ 2,807	$ 2,971	$ (164)
Deliquent Tax	15	-	-	-
Motor Vehicle Tax	730	577	538	39
Recreational Vehicle Tax	-	-	44	(44)
Employee Contributions	11,201	16,987	12,900	4,087
16/20M Vehicle Tax	-	-	20	(20)
KPERS	5,000	5,000	5,000	-
Redemption Distribution	94	181	200	(19)
Total Cash Receipts	20,684	25,552	21,673	3,879
CASH DISBURSEMENTS:				
Social Security	10,876	11,984	12,000	16
Retirement	10,806	11,542	11,950	408
Unemployment	70	74	-	(74)
Total Cash Disbursements	21,752	23,600	23,950	350
Receipts over (under) disbursements	(1,068)	1,952		
CASH, BEGINNING BALANCE	2,441	1,373		
CASH, ENDING BALANCE	$ 1,373	$ 3,325		

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, 2023

	2022 Actual	2023 Actual	2023 Budget	Variance Favorable (Unfavorable)
CASH RECEIPTS:				
Water Sales	$ 54,421	$ 52,896	$ 58,000	$ (5,104)
Grant	17,321	-	7,000	(7,000)
Reconnect Fees	50	250	250	-
Miscellaneous	336	1,079	12,650	(11,571)
Water Protection Fees	132	129	300	(171)
Total Cash Receipts	72,260	54,354	78,200	(23,846)
CASH DISBURSEMENTS:				
Water Purchased	21,292	20,731	26,000	5,269
Personnel Services	34,028	28,033	22,000	(6,033)
Contractual Services	5,152	9,817	20,000	10,183
Commodities	5,873	5,803	18,000	12,197
Transfer to Capital Outlay	2,750	3,000	8,000	5,000
Miscellaneous	195	50	-	(50)
Total Cash Disbursements	69,290	67,434	94,000	26,566
Receipts over (under) disbursements	2,970	(13,080)		
CASH, BEGINNING BALANCE	43,747	46,717		
CASH, ENDING BALANCE	$ 46,717	$ 33,637		

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, 2023

	2022 Actual	2023 Actual	2023 Budget	Variance Favorable (Unfavorable)
CASH RECEIPTS:				
Sales	$ 204,457	$ 236,281	$ 210,115	$ 26,166
Reconnect Fees	50	256	500	(244)
Material Sales	4,241	38	-	38
Miscellaneous / Loan	488	157,464	270,000	(112,536)
Total Cash Receipts	209,236	394,039	480,615	(86,576)
CASH DISBURSEMENTS:				
Electrical Energy Purchased	113,096	119,755	115,000	(4,755)
Personnel Services	26,643	36,526	34,500	(2,026)
Contractural Services	1,310	121,558	272,000	150,442
Commodities	10,791	20,918	-	(20,918)
Insurance	38,204	45,124	42,000	(3,124)
Sales Tax	4,321	6,214	6,100	(114)
Transfer to Capital Outlay	8,000	18,000	10,000	(8,000)
Total Cash Disbursements	202,365	368,095	479,600	111,505
Receipts over (under) disbursements	6,871	25,944		
CASH, BEGINNING BALANCE	73,449	80,320		
CASH, ENDING BALANCE	$ 80,320	$ 106,264		

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, 2023

	2022 Actual	2023 Actual	2023 Budget	Variance Favorable (Unfavorable)
CASH RECEIPTS:				
Services	$ 17,015	$ 17,823	$ 24,500	$ (6,677)
Total Cash Receipts	17,015	17,823	24,500	$ (6,677)
CASH DISBURSEMENTS:				
Personnel Services	-	-	7,000	7,000
Contractural Services	5,442	7,408	15,000	7,592
Miscellaneous	-	469	1,000	531
Transfer to Capital Outlay	3,000	3,000	3,000	-
Total Cash Disbursements	8,442	10,877	26,000	15,123
Receipts over (under) disbursements	8,573	6,946		
CASH, BEGINNING BALANCE	5,146	13,719		
CASH, ENDING BALANCE	$ 13,719	$ 20,665		

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, 2023

	2022 Actual	2023 Actual	2023 Budget	Variance Favorable (Unfavorable)
CASH RECEIPTS:				
User Fees	$ 13,615	$ 14,641	$ 14,000	$ 641
Total Cash Receipts	13,615	14,641	14,000	641
CASH DISBURSEMENTS:				
Contractural Services	13,727	14,000	14,000	-
Total Cash Disbursements	13,727	14,000	14,000	-
Receipts over (under) disbursements	(112)	641		
CASH, BEGINNING BALANCE	6,996	6,884		
CASH, ENDING BALANCE	$ 6,884	$ 7,525		

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, 2023

	2022 Actual	2023 Actual
CASH RECEIPTS:		
Transfer from General Fund	$ 2,500	$ 3,000
Transfer from Water Fund	2,750	3,000
Transfer from Sewer Fund	3,000	3,000
Transfer from Fire Department Fund	-	15,000
Transfer from Electric Fund	3,000	48,546
Total Cash Receipts	11,250	72,546
CASH DISBURSEMENTS:		
Capital outlay	62,546	15,000
Total Cash Disbursements	62,546	15,000
Receipts over (under) disbursements	(51,296)	57,546
CASH, BEGINNING BALANCE	107,387	56,091
CASH, ENDING BALANCE	$ 56,091	$ 113,637

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, 2023

	Petty Cash
CASH RECEIPTS:	
Cash Receipts	$ 1,200
Total Cash Receipts	1,200
CASH DISBURSEMENTS:	
Disbursements	1,275
Total Cash Disbursements	1,275
CASH, BEGINNING BALANCE	125
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 2023.

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, 2023.

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 $350,785 and the bank balance was $350,785. 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	$ 350,785
Cash on Hand	50
Total	$ 350,835
Certificate of Deposit	$ 92,882
Total Cash and Investments	$ 443,717

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 2023, the City received the following from county and state taxes:

	General Fund	Street Fund	Employee Benefit Fund
Property Taxes	$ 21,580	$ -	$ 2,807
Motor Vehicle Taxes	3,206	-	577
Sales and Use Taxes	20,365	-	-
Other Vehicle Taxes	103	-	-
State Highway Aid	-	5,841	-
	$ 45,254	$ 5,841	$ 3,384

The assessed valuation in 2023 was $1,682,826, which was used to determine the mill levy for 2023. The mill levy was 14.801 for 2023.

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, 2023 was $40,028.79 (due January 10, 2024). The amount due to customers for utility deposits as of December 31, 2023 was water $395, electric $495

Utility Rates as of December 31, 2023 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, 2023. Contributions to the pension plan from the City of Morrill were $6,410 for the year ended December 31, 2023.

Net Pension Liability

At December 31, 2023, 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, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022, which was rolled forward to June 30, 2023. 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 $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 4,070,600 gallons of water to customers and purchased 4,389,500 gallons from the City of Sabetha, the water loss percentage was 8% in 2023.

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 1,287,287 kilowatt hours to customers and purchased 1,448,535 kilowatt hours from Energy, the electricity loss percentage was 12% in 2023.

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 – Notes Payable

The City of Morrill took out a loan payable from the Bank of Blue Valley on September 1, 2023. Total loan $295,943.66 as of December 31, 2023. The interest rate is 7.615%, with loan payments starting on July 31, 2024 monthly for 59 payments of $4,476.46

Note 15 – Subsequent Events

Subsequent events have been evaluated through the July 22, 2024, the date that the financial statements were available to be issued. No events or transactions were noted to that date which requires further disclosure.