THE CITY OF LARNED, KANSAS
FINANCIAL STATEMENTS
AND
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

For the Year Ended December 31, 2008

The City of Larned, Kansas
Governing Body
December 31, 2008

CITY COMMISSION:

Mayor	Robert Pivonka
Councilmember Ward 1	Charles Spina
Councilmember Ward 1	Gary Rainbolt
Councilmember Ward 2	George Elmore
Councilmember Ward 2 & Council President	David Zecha
Councilmember Ward 3	Harry Zielke
Councilmember Ward 3	Donna Bailey
Councilmember Ward 4	Anthony Moore
Councilmember Ward 4	Barbara Hammond

STAFF:

City Manager	Don Gaeddert
City Clerk	Pam Corby
City Treasurer	Joe Simmons
City Attorney	Jerry Larson
City Judge	Julie Cowell
Building Inspector/Zoning Administrator	Frieda Smith
Park/Cemetery Superintendent	Josh Kraisinger
Emergency Medical Director	Gary Hartman
Electric Distribution Superintendent	Austin Battin
Maintenance Shop Superintendent	Terry Taylor
Sanitation Superintendent	Jayne Torrez
Police Department Chief	Charles Orth
Electric Production Superintendent	Ralph Streit
Waste Water Plant Superintendent	John Drews
Street Department Superintendent	Dewight Kirchgassner
Water Department Superintendent	Robert Barker
Fire & Rescue Chief	Don Clapham

The City of Larned, Kansas
Financial Statements
For the Year Ended December 31, 2008

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Agler & Gaeddert CHARTERED
Certified Public Accountants

Lucille L. Hinderliter, CPA
Harold K. Mayes, CPA

W. Keith Gaeddert, CPA
(Retired)

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the City Council
City of Larned, Kansas

We have audited the accompanying financial statements of the individual funds of The City of Larned, Kansas as of and for the year ended December 31, 2008, which collectively comprise the basic financial statements of the City's primary government as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the *Kansas Municipal Audit Guide*; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The financial statements referred to above include only the primary government of The City of Larned, Kansas, which consists of all funds, organizations, institutions, agencies, departments, and offices that comprise the City's legal entity. The financial statements do not include financial data for the City's legally separate component unit, which accounting principles generally accepted in the United States of America require to be reported with the financial data of the City's primary government. As a result, the primary government financial statements do not purport to, and do not, present fairly the financial position of the reporting entity of The City of Larned, Kansas, as of December 31, 2008, the changes in its financial position, or, where applicable, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. In accordance with accounting principles generally accepted in the United States of America, the component unit has issued separate audited statements.

As described in Note C, the City prepared these financial statements using accounting practices prescribed or permitted by the State of Kansas, Division of Accounts and Reports, which practices differ from accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the statutory basis financial statement referred to in the first paragraph do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of The City of Larned, Kansas, as of December 31, 2008, or the changes in its financial position for the year then ended.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the cash and unencumbered cash balances of the individual funds of the primary government of The City of Larned, Kansas, as of December 31, 2008, and its cash receipts and expenditures, for the year then ended on the basis of accounting described in Note C.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 17, 2009 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts grant agreements and other matters. The purpose of that report is to determine the scope of our testing of internal control over financial reporting or on compliance. That report is an integral part of an audit

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performed in accordance with *Governmental Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of The City of Larned, Kansas taken as a whole. The information presented as supplemental information in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is also presented for purposes of additional analysis as required by *U.S. Office of Management and Budget Circular A-133 Audits of States, Local Governments and Non-Profit Organizations* and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Agler & Haeddert Chartered

Ottawa, Kansas
September 17, 2009

The City of Larned, Kansas
Summary of Cash Receipts, Expenditures and Unencumbered Cash
For the Year Ended December 31, 2008

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances
Governmental Type Funds:		
General Fund	$ 638,220.12	$ 550.90
Special Revenue Funds:		
Airport Fund	314.43	0.00
Industrial Fund	7,028.11	0.00
Library Fund	5,071.78	0.00
Trafficways Fund	223,075.15	0.00
Special Parks & Recreation Fund	1,284.02	0.00
Emergency Telephone 911 Fund	69,134.57	0.00
Wireless 911 Tax Fund	16,038.60	0.00
Tourism & Convention Promotion Fund	29,983.10	0.00
D.A.R.E Project Fund	14,968.85	0.00
Risk Management Reserve Fund	14,889.18	0.00
Equipment Reserve Fund	156,057.96	0.00
Capital Improvement Fund	246,253.23	0.00
Debt Service Fund:		
Bond & Interest Fund	147,187.65	0.00
Capital Project Funds:		
Edwards Park Improvement Fund	14,306.31	0.00
Housing Development Fund	26,882.93	0.00
Proprietary Type Funds:		
Enterprise Funds:		
Electric Utility Fund	1,355,513.98	561.00
Electric Surplus Fund	3,936,488.61	0.00
Water Utility Fund	18,360.78	243.58
Water Reserve Fund	42,028.30	0.00
Sewage Disposal Fund	130,327.96	0.00
Sewage Disposal Replacement Fund	(247,409.44)	0.00
Solid Waste Fund	21,461.21	0.00
Solid Waste Reserve Fund	36,170.54	0.00
Airport Facility Fund	45,210.61	0.00
Airport Surplus Fund	36,223.04	0.00
Fiduciary Type Funds:		
Private Purpose Trust Funds:		
EMT Memorial Fund	28,273.95	0.00
Schnack Cemetery Fund	28,475.68	0.00

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

Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Encumbrances and Accounts Payable	Ending Cash Balance
$ 2,701,953.77	$ 2,479,224.89	$ 861,499.90	$ 32,234.65	$ 893,734.55
8,874.77	9,189.20	0.00	0.00	0.00
32,039.29	31,000.00	8,067.40	0.00	8,067.40
143,134.24	148,183.07	22.95	0.00	22.95
115,792.12	190,124.38	148,742.89	0.00	148,742.89
14,027.36	12,821.50	2,489.88	0.00	2,489.88
21,057.87	10,274.18	79,918.26	0.00	79,918.26
14,563.99	19,725.49	10,877.10	0.00	10,877.10
30,159.31	22,415.02	37,727.39	0.00	37,727.39
1,377.41	4,616.10	11,730.16	2,875.00	14,605.16
37,222.15	17,152.34	34,958.99	0.00	34,958.99
50,490.35	0.00	206,548.31	0.00	206,548.31
197,267.88	443,125.12	395.99	30,426.00	30,821.99
240,574.07	278,147.50	109,614.22	0.00	109,614.22
5,903.66	0.00	20,209.97	0.00	20,209.97
893.69	0.00	27,776.62	0.00	27,776.62
4,724,115.44	4,758,415.27	1,321,775.15	19,066.31	1,340,841.46
325,868.55	760,918.24	3,501,438.92	378,543.37	3,879,982.29
546,892.29	532,339.48	33,157.17	2,204.61	35,361.78
14,782.00	25,992.00	30,818.30	0.00	30,818.30
518,472.95	517,475.85	131,325.06	0.00	131,325.06
4,193,177.17	3,374,822.51	570,945.22	30,654.17	601,599.39
201,479.60	191,724.33	31,216.48	0.00	31,216.48
5,265.02	0.00	41,435.56	0.00	41,435.56
166,327.54	169,468.40	42,069.75	0.00	42,069.75
6,746.00	34,168.21	8,800.83	0.00	8,800.83
4,347.66	32,113.83	507.78	20,075.20	20,582.98
936.95	0.00	29,412.63	0.00	29,412.63

The City of Larned, Kansas
Summary of Cash Receipts, Expenditures and Unencumbered Cash
For the Year Ended December 31, 2008

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances
Fiduciary Type Funds: (Cont'd.)		
Private Purpose Trust Funds:		
Larned Volunteer Fire Department Fund	6,649.49	0.00
Projects Improvement Fund	1,969.49	0.00
Insurance Proceeds Fund	10,164.02	0.00
Eggleston Bequest Fund	61,404.56	0.00
Schnack Trust Fund	25,000.00	0.00
Jordaan Park Fund	67,300.06	0.00
Total Primary Government Excluding Agency Funds (Memorandum Only)	$ 7,214,308.83	$ 1,355.48

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

Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Encumbrances and Accounts Payable	Ending Cash Balance
1,808.84	1,025.00	7,433.33	0.00	7,433.33
744.92	0.00	2,714.41	0.00	2,714.41
290.23	2,175.22	8,279.03	0.00	8,279.03
2,440.99	7,909.61	55,935.94	0.00	55,935.94
0.00	0.00	25,000.00	0.00	25,000.00
2,170.09	3,836.98	65,633.17	0.00	65,633.17
$ 14,331,198.17	$ 14,078,383.72	$ 7,468,478.76	$ 516,079.31	$ 7,984,558.07

Composition of Cash:

Petty Cash:	
Cash on Hand	$ 300.00
Checking Account - First State Bank, Larned, KS (Reconciled)	1,000.00
Checking Account - First National Bank, Larned, KS (Reconciled)	1,500.00
Other City Accounts:	
Checking Account - First State Bank, Larned, KS	9,881.07
NOW Account - First State Bank, Larned, KS	571,527.21
Plus Deposits in Transit	42,556.19
Less Outstanding Checks	(452,669.70)
MMA Account - First State Bank, Larned, KS	179,464.12
MMA Account - First National Bank, Larned, KS	31,628.75
Certificate of Deposits:	
First State Bank, Larned, KS	3,185,000.00
First National Bank, Larned, KS	40,000.00
Bank of the West, Larned, KS	4,374,370.43
Total Primary Government	$ 7,984,558.07

The City of Larned, Kansas
Summary of Expenditures - Actual and Budget
(Budgeted Funds Only)
For the Year Ended December 31, 2008

Funds	Certified Budget
Governmental Type Funds:	
General Fund	$ 3,008,182.00
Special Revenue Funds:	
Airport Fund	9,370.00
Industrial Fund	34,495.00
Library Fund	149,258.00
Trafficways Fund	285,848.00
Special Parks & Recreation Fund	11,847.00
Emergency Telephone 911 Fund	98,778.00
Wireless 911 Tax Fund	21,651.00
Tourism & Convention Promotion Fund	39,256.00
D.A.R.E Project Fund	12,190.00
Debt Service Fund:	
Bond & Interest Fund	311,170.00
Proprietary Type Funds:	
Enterprise Funds:	
Electric Utility Fund	5,231,691.00
Water Utility Fund	550,528.00
Sewage Disposal Fund	581,204.00
Solid Waste Fund	208,006.00
Airport Facility Fund	177,182.00

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

Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance - Over (Under)
$ 0.00	$ 3,008,182.00	$ 2,479,224.89	$ (528,957.11)
0.00	9,370.00	9,189.20	(180.80)
0.00	34,495.00	31,000.00	(3,495.00)
0.00	149,258.00	148,183.07	(1,074.93)
0.00	285,848.00	190,124.38	(95,723.62)
7,000.00	18,847.00	12,821.50	(6,025.50)
0.00	98,778.00	10,274.18	(88,503.82)
0.00	21,651.00	19,725.49	(1,925.51)
0.00	39,256.00	22,415.02	(16,840.98)
0.00	12,190.00	4,616.10	(7,573.90)
0.00	311,170.00	278,147.50	(33,022.50)
0.00	5,231,691.00	4,758,415.27	(473,275.73)
0.00	550,528.00	532,339.48	(18,188.52)
0.00	581,204.00	517,475.85	(63,728.15)
0.00	208,006.00	191,724.33	(16,281.67)
0.00	177,182.00	169,468.40	(7,713.60)

The City of Larned, Kansas
GENERAL FUND #10
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2008

	Actual	Budget	Variance Over (Under)
Cash Receipts			
Taxes and Shared Revenue:			
Ad Valorem Property Tax	$ 738,897.47	$ 776,346.00	$ (37,448.53)
Delinquent Tax	23,323.64	0.00	23,323.64
Motor Veh. & 16/20M Veh. Ta:	169,789.03	170,334.00	(544.97)
Recreational Vehicle Tax	2,228.19	1,909.00	319.19
Franchise Tax	213,846.65	200,000.00	13,846.65
Sales Tax	528,261.09	435,000.00	93,261.09
Machinery & Equipment Aid	6,094.69	0.00	6,094.69
Intergovernmental Revenues	34,292.24	32,231.00	2,061.24
Fines and Permits	52,141.09	27,775.00	24,366.09
Charges for Services	528,287.17	466,160.00	62,127.17
Miscellaneous	79,167.51	46,645.00	32,522.51
Transfers	325,625.00	302,125.00	23,500.00
Total Cash Receipts	2,701,953.77	$ 2,458,525.00	$ 243,428.77
Expenditures			
Emergency Medical Service	331,237.96	365,637.00	(34,399.04)
Cemetery Department	115,587.85	132,093.00	(16,505.15)
Fire Department	110,292.97	102,925.00	7,367.97
General Government	147,592.62	168,263.00	(20,670.38)
Park Department	212,597.59	246,343.00	(33,745.41)
Dispatching	255,190.28	252,205.00	2,985.28
Police Department	547,024.74	620,824.00	(73,799.26)
Public Buildings	92,833.19	145,002.00	(52,168.81)
Street Department	442,119.50	489,405.00	(47,285.50)
Street Lighting	804.00	5,829.00	(5,025.00)
Swimming Pool	67,784.83	99,550.00	(31,765.17)
Municipal Court	19,782.33	37,626.00	(17,843.67)
Building Inspection	6,521.03	8,050.00	(1,528.97)
Non-operating	129,856.00	334,430.00	(204,574.00)
Total Expenditures	2,479,224.89	$ 3,008,182.00	$ (528,957.11)
Receipts Over (Under) Expenditures	222,728.88		
Unencumbered Cash, Beginning	638,220.12		
Prior Year Cancelled Encumbrances	550.90		
Unencumbered Cash, Ending	$ 861,499.90		

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

The City of Larned, Kansas
AIRPORT FUND #14
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2008

	Actual	Budget	Variance Over (Under)
Cash Receipts			
Taxes and Shared Revenue:			
Ad Valorem Property Tax	$ 6,953.26	$ 7,305.00	$ (351.74)
Delinquent Tax	219.23	0.00	219.23
Motor Veh. & 16/20M Veh. Ta:	1,680.22	1,686.00	(5.78)
Recreational Vehicle Tax	22.06	19.00	3.06
Total Cash Receipts	8,874.77	$ 9,010.00	$ (135.23)
Expenditures			
Transfer to Airport Facility	9,189.20	9,370.00	(180.80)
Total Expenditures	9,189.20	$ 9,370.00	$ (180.80)
Receipts Over (Under) Expenditures	(314.43)		
Unencumbered Cash, Beginning	314.43		
Unencumbered Cash, Ending	$ 0.00		

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

The City of Larned, Kansas
INDUSTRIAL FUND #33
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2008

	Actual	Budget	Variance Over (Under)
Cash Receipts			
Taxes and Shared Revenue:			
Ad Valorem Property Tax	$ 27,802.80	$ 29,222.00	$ (1,419.20)
Delinquent Tax	476.61	0.00	476.61
Motor Veh. & 16/20M Veh. Ta:	3,360.43	3,372.00	(11.57)
Recreational Vehicle Tax	44.11	38.00	6.11
Machinery & Equipment Aid	3.40	0.00	3.40
Interest	351.94	0.00	351.94
Total Cash Receipts	32,039.29	$ 32,632.00	$ (592.71)
Expenditures			
Contractual Services	31,000.00	34,495.00	(3,495.00)
Total Expenditures	31,000.00	$ 34,495.00	$ (3,495.00)
Receipts Over (Under) Expenditures	1,039.29		
Unencumbered Cash, Beginning	7,028.11		
Unencumbered Cash, Ending	$ 8,067.40		

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

The City of Larned, Kansas
LIBRARY FUND #37
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2008

	Actual	Budget	Variance Over (Under)
Cash Receipts			
Taxes and Shared Revenue:			
Ad Valorem Property Tax	$ 111,247.36	$ 116,888.00	$ (5,640.64)
Delinquent Tax	3,404.12	0.00	3,404.12
Motor Veh. & 16/20M Veh. Ta:	26,427.90	26,978.00	(550.10)
Recreational Vehicle Tax	348.83	303.00	45.83
Machinery & Equipment Aid	863.77	0.00	863.77
Interest	842.26	0.00	842.26
Total Cash Receipts	143,134.24	$ 144,169.00	$ (1,034.76)
Expenditures			
Library Appropriation	148,183.07	149,258.00	(1,074.93)
Total Expenditures	148,183.07	$ 149,258.00	$ (1,074.93)
Receipts Over (Under) Expenditures	(5,048.83)		
Unencumbered Cash, Beginning	5,071.78		
Unencumbered Cash, Ending	$ 22.95		

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

The City of Larned, Kansas
TRAFFICWAYS FUND #44
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2008

	Actual	Budget	Variance Over (Under)
Cash Receipts			
Taxes and Shared Revenue:			
Highway Gas Tax	$ 106,570.40	$ 117,190.00	$ (10,619.60)
Special Assessments	1,935.81	0.00	1,935.81
Interest	7,285.91	0.00	7,285.91
Total Cash Receipts	115,792.12	$ 117,190.00	$ (1,397.88)
Expenditures			
Contracutal Services	15,060.90	0.00	15,060.90
Commodities	153,589.44	102,000.00	51,589.44
Capital Outlay	21,474.04	183,848.00	(162,373.96)
Total Expenditures	190,124.38	$ 285,848.00	$ (95,723.62)
Receipts Over (Under) Expenditures	(74,332.26)		
Unencumbered Cash, Beginning	223,075.15		
Prior Year Cancelled Encumbrances	0.00		
Unencumbered Cash, Ending	$ 148,742.89		

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

The City of Larned, Kansas
SPECIAL PARKS AND RECREATION FUND #62
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2008

	Actual	Budget	Variance Over (Under)
Cash Receipts			
Taxes and Shared Revenue:			
Liquor Tax	$ 6,883.38	$ 4,857.00	$ 2,026.38
Reimbursed Expense	7,000.00	6,000.00	1,000.00
Interest	143.98	125.00	18.98
Total Cash Receipts	14,027.36	$ 10,982.00	$ 3,045.36
Expenditures			
Contractual Services	821.50	847.00	(25.50)
Commodities	7,000.00	6,000.00	1,000.00
Transfer to Edwards Park	5,000.00	5,000.00	0.00
Adjustment for Qualifying Budget Credits		7,000.00	(7,000.00)
Total Expenditures	12,821.50	$ 18,847.00	$ (6,025.50)
Receipts Over (Under) Expenditures	1,205.86		
Unencumbered Cash, Beginning	1,284.02		
Unencumbered Cash, Ending	$ 2,489.88		

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

The City of Larned, Kansas
EMERGENCY TELEPHONE 911 FUND #38
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2008

	Actual	Budget	Variance Over (Under)
Cash Receipts			
Taxes and Shared Revenue:			
Emergency 911 Tax	$ 14,460.14	$ 17,333.00	$ (2,872.86)
Reimbursed Expenses	4,132.11	25,000.00	(20,867.89)
Administrative	54.05	0.00	54.05
Interest	2,411.57	0.00	2,411.57
Total Cash Receipts	21,057.87	$ 42,333.00	$ (21,275.13)
Expenditures			
Contractual Services	5,848.25	83,416.00	(77,567.75)
Commodities	265.00	1,000.00	(735.00)
Capital Outlay	4,160.93	14,362.00	(10,201.07)
Total Expenditures	10,274.18	$ 98,778.00	$ (88,503.82)
Receipts Over (Under) Expenditures	10,783.69		
Unencumbered Cash, Beginning	69,134.57		
Unencumbered Cash, Ending	$ 79,918.26		

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

The City of Larned, Kansas
WIRELESS 911 TAX FUND #34
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2008

	Actual	Budget	Variance Over (Under)
Cash Receipts			
Taxes and Shared Revenue:			
Wireless 911 Tax	$ 11,760.02	$ 10,500.00	$ 1,260.02
Reimbursed Expenses	2,410.70	0.00	2,410.70
Interest	393.27	0.00	393.27
Total Cash Receipts	14,563.99	$ 10,500.00	$ 4,063.99
Expenditures			
Contractual Services	13,123.73	21,651.00	(8,527.27)
Capital Outlay	6,601.76	0.00	6,601.76
Total Expenditures	19,725.49	$ 21,651.00	$ (1,925.51)
Receipts Over (Under) Expenditures	(5,161.50)		
Unencumbered Cash, Beginning	16,038.60		
Unencumbered Cash, Ending	$ 10,877.10		

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

The City of Larned, Kansas
TOURISM & CONVENTION PROMOTION FUND #41
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2008

	Actual	Budget	Variance Over (Under)
Cash Receipts			
Taxes and Shared Revenue:			
Transient Guest Tax	$ 28,408.00	$ 20,000.00	$ 8,408.00
Reimbursed Expense	708.52	0.00	708.52
Interest	1,042.79	0.00	1,042.79
Total Cash Receipts	30,159.31	$ 20,000.00	$ 10,159.31
Expenditures			
Contractual Services	11,953.14	34,406.00	(22,452.86)
Commodities	2,961.88	4,650.00	(1,688.12)
Capital Outlay	7,500.00	200.00	7,300.00
Total Expenditures	22,415.02	$ 39,256.00	$ (16,840.98)
Receipts Over (Under) Expenditures	7,744.29		
Unencumbered Cash, Beginning	29,983.10		
Unencumbered Cash, Ending	$ 37,727.39		

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

The City of Larned, Kansas
D.A.R.E. PROJECT FUND #21
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2008

	Actual	Budget	Variance Over (Under)
Cash Receipts			
Donations	$ 20.00	$ 250.00	$ (230.00)
Administrative	856.50	300.00	556.50
Interest	500.91	0.00	500.91
Total Cash Receipts	1,377.41	$ 550.00	$ 827.41
Expenditures			
Personal Services	$0.00	500	(500.00)
Contractual Services	1,500.00	0.00	1,500.00
Commodities	0.00	11,690.00	(11,690.00)
Capital Outlay	3,116.10	0.00	3,116.10
Total Expenditures	$ 4,616.10	$ 12,190.00	$ (7,573.90)
Receipts Over (Under) Expenditures	(3,238.69)		
Unencumbered Cash, Beginning	14,968.85		
Unencumbered Cash, Ending	$ 11,730.16		

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

The City of Larned, Kansas
RISK MANAGEMENT RESERVE FUND #45
Statement of Cash Receipts and Expenditures - Actual
For the Year Ended December 31, 2008

Cash Receipts	
Administrative	$ 36,528.36
Interest	693.79
Total Cash Receipts	37,222.15
Expenditures	
Personal Services	0.00
Contractual Services	15,356.34
Commodities	1,796.00
Total Expenditures	17,152.34
Receipts Over (Under) Expenditures	20,069.81
Unencumbered Cash, Beginning	14,889.18
Unencumbered Cash, Ending	$ 34,958.99

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

The City of Larned, Kansas
EQUIPMENT RESERVE FUND #65
Statement of Cash Receipts and Expenditures - Actual
For the Year Ended December 31, 2008

Cash Receipts	
Interest	$ 4,372.63
Transfer from General	42,715.00
Transfer from Airport Surplus	3,402.72
Total Cash Receipts	50,490.35
Expenditures	0.00
Total Expenditures	0.00
Receipts Over (Under) Expenditures	50,490.35
Unencumbered Cash, Beginning	156,057.96
Prior Year Cancelled Encumbrances	0.00
Unencumbered Cash, Ending	$ 206,548.31

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

The City of Larned, Kansas
CAPITAL IMPROVEMENTS FUND #66
Statement of Cash Receipts and Expenditures - Actual
For the Year Ended December 31, 2008

Cash Receipts		
Sale of Property	$	2,000.00
Reimbursed Expenses		18,298.31
Interest		5,905.57
Donations		3,050.00
Federal Aid		64,504.42
State Aid		16,368.58
Transfer from General		87,141.00
Total Cash Receipts		197,267.88
Expenditures		
Contractual Services		8,199.17
Commodities		16,367.50
Capital Outlay		418,558.45
Total Expenditures		443,125.12
Receipts Over (Under) Expenditures		(245,857.24)
Unencumbered Cash, Beginning		246,253.23
Unencumbered Cash, Ending	$	395.99

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

The City of Larned, Kansas
BOND & INTEREST FUND #17
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2008

	Actual	Budget	Variance Over (Under)
Cash Receipts			
Taxes and Shared Revenue:			
Ad Valorem Property Tax	$ 24,379.53	$ 25,579.00	$ (1,199.47)
Delinquent Tax	1,932.69	0.00	1,932.69
Motor Veh. & 16/20M Veh. Ta:	14,531.75	14,231.00	300.75
Recreational Vehicle Tax	189.22	160.00	29.22
Machinery & Equipment Aid	1,509.69	0.00	1,509.69
Interest	4,106.99	0.00	4,106.99
LSH Payment	58,882.20	48,357.00	10,525.20
Reimbursed Expenses	0.00	0.00	0.00
Transfer from Airport Facility	17,800.00	35,600.00	(17,800.00)
Transfer from Airport Surplus	17,800.00	0.00	17,800.00
Transfer from Water	14,782.00	14,782.00	0.00
Transfer from Electric	84,660.00	84,660.00	0.00
Total Cash Receipts	240,574.07	$ 223,369.00	$ 17,205.07
Expenditures			
Bond Principal	245,000.00	245,000.00	0.00
Bond Interest	33,145.00	33,145.00	0.00
Commissions	2.50	25.00	(22.50)
Cash Basis Reserve	0.00	33,000.00	(33,000.00)
Total Expenditures	278,147.50	$ 311,170.00	$ (33,022.50)
Receipts Over (Under) Expenditures	(37,573.43)		
Unencumbered Cash, Beginning	147,187.65		
Unencumbered Cash, Ending	$ 109,614.22		

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

The City of Larned, Kansas
EDWARDS PARK IMPROVEMENT FUND #63
Statement of Cash Receipts and Expenditures - Actual
For the Year Ended December 31, 2008

Cash Receipts	
Interest	$ 453.66
Transfer from Special Parks and Recreation	5,000.00
Sale of Property	450.00
Total Cash Receipts	5,903.66
Expenditures	0.00
Total Expenditures	0.00
Receipts Over (Under) Expenditures	5,903.66
Unencumbered Cash, Beginning	14,306.31
Unencumbered Cash, Ending	$ 20,209.97

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

The City of Larned, Kansas
HOUSING DEVELOPMENT FUND #50
Statement of Cash Receipts and Expenditures - Actual
For the Year Ended December 31, 2008

Cash Receipts	
Interest	$ 893.69
Total Cash Receipts	893.69
Expenditures	0.00
Total Expenditures	0.00
Receipts Over (Under) Expenditures	893.69
Unencumbered Cash, Beginning	26,882.93
Unencumbered Cash, Ending	$ 27,776.62

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

The City of Larned, Kansas
ELECTRIC UTILITY FUND #11
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2008

	Actual	Budget	Variance Over (Under)
Cash Receipts			
Sales	$ 3,502,121.03	$ 3,434,203.00	$ 67,918.03
Fuel Cost Adjustment	996,806.77	925,000.00	71,806.77
Sales Tax	96,031.78	90,000.00	6,031.78
Sale of Property	214.20	241.00	(26.80)
Meter Checks	445.00	0.00	445.00
Interest	55,441.23	42,500.00	12,941.23
Reimbursed Expense	10,243.90	71,230.00	(60,986.10)
Federal Aid	54,453.17	0.00	54,453.17
State Aid	7,260.43	0.00	7,260.43
Miscellaneous	1,097.93	1,004.00	93.93
Meter Deposits	0.00	0.00	0.00
Total Cash Receipts	4,724,115.44	$ 4,564,178.00	$ 159,937.44
Expenditures			
Commercial and General			
Personal Services	144,781.38	149,119.00	(4,337.62)
Contractual Services	119,139.72	128,200.00	(9,060.28)
Commodities	8,619.83	9,500.00	(880.17)
Capital Outlay	9,744.44	14,000.00	(4,255.56)
	282,285.37	300,819.00	(18,533.63)
Production			
Personal Services	387,858.40	425,473.00	(37,614.60)
Contractual Services	2,760,217.67	2,844,725.00	(84,507.33)
Commodities	212,779.24	351,209.00	(138,429.76)
Capital Outlay	9,891.40	24,000.00	(14,108.60)
	3,370,746.71	3,645,407.00	(274,660.29)
Transmission and Distribution			
Personal Services	286,738.76	266,313.00	20,425.76
Contractual Services	78,545.34	92,600.00	(14,054.66)
Commodities	103,194.70	121,200.00	(18,005.30)
Capital Outlay	64,266.26	263,567.00	(199,300.74)
	532,745.06	743,680.00	(210,934.94)

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

The City of Larned, Kansas
ELECTRIC UTILITY FUND #11 (Cont'd)
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2008

	Actual	Budget	Variance Over (Under)
Expenditures (Cont'd.)			
Non-Operating			
Meter Deposits	7,353.13	0.00	7,353.13
Transfer to Electric Surplus	200,000.00	200,000.00	0.00
Transfer to General	280,625.00	257,125.00	23,500.00
Transfer to Bond & Interest	84,660.00	84,660.00	0.00
	572,638.13	541,785.00	30,853.13
Total Expenditures	4,758,415.27	$ 5,231,691.00	$ (473,275.73)
Receipts Over (Under) Expenditures	(34,299.83)		
Unencumbered Cash, Beginning	1,355,513.98		
Prior Year Cancelled Encumbrances	561.00		
Unencumbered Cash, Ending	$ 1,321,775.15		

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

The City of Larned, Kansas
ELECTRIC SURPLUS FUND #29
Statement of Cash Receipts and Expenditures - Actual
For the Year Ended December 31, 2008

Cash Receipts	
Interest	$ 124,679.42
Transfer from Electric Utility	200,000.00
Reimbursed Expenses	1,189.13
Total Cash Receipts	325,868.55
Expenditures	
Contractual Services	669,442.49
Commodities	1,480.75
Capital Outlay	89,995.00
Total Expenditures	760,918.24
Receipts Over (Under) Expenditures	(435,049.69)
Unencumbered Cash, Beginning	3,936,488.61
Unencumbered Cash, Ending	$ 3,501,438.92

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

The City of Larned, Kansas
WATER UTILITY FUND #12
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2008

	Actual	Budget	Variance Over (Under)
Cash Receipts			
Sales	$ 508,779.98	$ 513,300.00	$ (4,520.02)
Sale of Property	47.32	250.00	(202.68)
Miscellaneous	11,971.68	13,500.00	(1,528.32)
Interest	2,401.14	1,500.00	901.14
Sales Tax	5,774.72	6,000.00	(225.28)
State Water Tax Fee	7,931.83	7,900.00	31.83
Reimbursed Expenses	9,985.62	6,000.00	3,985.62
Meter Deposits	0.00	0.00	0.00
Total Cash Receipts	546,892.29	$ 548,450.00	$ (1,557.71)
Expenditures			
Commercial and General			
Personal Services	114,937.84	116,364.00	(1,426.16)
Contractual Services	21,059.83	12,525.00	8,534.83
Commodities	2,317.49	2,111.00	206.49
Capital Outlay	0.00	2,078.00	(2,078.00)
	138,315.16	133,078.00	5,237.16
Production			
Personal Services	451.82	0.00	451.82
Contractual Services	53,701.47	63,800.00	(10,098.53)
Commodities	6,517.09	6,000.00	517.09
Capital Outlay	1,403.91	200.00	1,203.91
	62,074.29	70,000.00	(7,925.71)
Transmission and Distribution			
Personal Services	213,988.87	200,649.00	13,339.87
Contractual Services	13,949.95	22,180.00	(8,230.05)
Commodities	44,780.53	62,971.00	(18,190.47)
Capital Outlay	4,667.62	21,868.00	(17,200.38)
	277,386.97	307,668.00	(30,281.03)
Non-Operating			
Meter Deposits	(0.94)	0.00	(0.94)
Transfer to Water Reserve	14,782.00	0.00	14,782.00
Transfer to Bond & Interest	14,782.00	14,782.00	0.00
Transfer to General	25,000.00	25,000.00	0.00
	54,563.06	39,782.00	14,781.06
Total Expenditures	532,339.48	$ 550,528.00	$ (18,188.52)

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

The City of Larned, Kansas
WATER UTILITY FUND #12 (Cont'd)
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2008

	Actual	Budget	Variance Over (Under)
Receipts Over (Under) Expenditures	14,552.81		
Unencumbered Cash, Beginning	18,360.78		
Prior Year Cancelled Encumbrances	243.58		
Unencumbered Cash, Ending	$ 33,157.17		

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

The City of Larned, Kansas
WATER RESERVE FUND #46
Statement of Cash Receipts and Expenditures - Actual
For the Year Ended December 31, 2008

Cash Receipts	
Transfer from Water	$ 14,782.00
Total Cash Receipts	14,782.00
Expenditures	
Capital Outlay	25,992.00
Total Expenditures	25,992.00
Receipts Over (Under) Expenditures	(11,210.00)
Unencumbered Cash, Beginning	42,028.30
Unencumbered Cash, Ending	$ 30,818.30

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

The City of Larned, Kansas
SEWAGE DISPOSAL FUND #13
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2008

	Actual	Budget	Variance Over (Under)
Cash Receipts			
Sales	$ 446,031.71	$ 417,500.00	$ 28,531.71
LSH Charges	54,481.87	45,520.00	8,961.87
Interest	17,672.05	15,000.00	2,672.05
Reimbursed Expenses	287.32	0.00	287.32
Total Cash Receipts	518,472.95	$ 478,020.00	$ 40,452.95
Expenditures			
Personal Services	163,871.94	175,491.00	(11,619.06)
Contractual Services	96,539.25	77,965.00	18,574.25
Commodities	35,355.77	38,300.00	(2,944.23)
Capital Outlay	1,708.89	66,000.00	(64,291.11)
Transfer to Sewage Disp. Replace	200,000.00	203,448.00	(3,448.00)
Transfer to General	20,000.00	20,000.00	0.00
Total Expenditures	517,475.85	$ 581,204.00	$ (63,728.15)
Receipts Over (Under) Expenditures	997.10		
Unencumbered Cash, Beginning	130,327.96		
Unencumbered Cash, Ending	$ 131,325.06		

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

The City of Larned, Kansas
SEWAGE DISPOSAL REPLACEMENT FUND #23
Statement of Cash Receipts and Expenditures - Actual
For the Year Ended December 31, 2008

Cash Receipts	
Federal Aid	$ 202,427.00
Federal Grant	477,000.00
Interest	11,572.17
Reimbursed Expenses	3,302,178.00
Transfer from Sewage Disposal	200,000.00
Total Cash Receipts	4,193,177.17
Expenditures	
Contractual Services	68,096.81
Commodities	0.00
Capital Outlay	3,306,725.70
Total Expenditures	3,374,822.51
Receipts Over (Under) Expenditures	818,354.66
Unencumbered Cash, Beginning	(247,409.44)
Unencumbered Cash, Ending	$ 570,945.22

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

The City of Larned, Kansas
SOLID WASTE FUND #22
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2008

	Actual	Budget	Variance Over (Under)
Cash Receipts			
Refuse Charges	$ 171,819.06	$ 170,800.00	$ 1,019.06
Recycling Fees	22,474.66	9,600.00	12,874.66
Interest	1,921.60	1,000.00	921.60
Reimbursed Expenses	5,264.28	5,150.00	114.28
Total Cash Receipts	201,479.60	$ 186,550.00	$ 14,929.60
Expenditures			
Personal Services	149,087.22	158,446.00	(9,358.78)
Contractual Services	11,246.28	14,855.00	(3,608.72)
Commodities	22,433.82	28,000.00	(5,566.18)
Capital Outlay	3,957.01	6,705.00	(2,747.99)
Transfer to Solid Waste Reserve	5,000.00	0.00	5,000.00
Total Expenditures	191,724.33	$ 208,006.00	$ (16,281.67)
Receipts Over (Under) Expenditures	9,755.27		
Unencumbered Cash, Beginning	21,461.21		
Unencumbered Cash, Ending	$ 31,216.48		

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

The City of Larned, Kansas
SOLID WASTE RESERVE FUND #24
Statement of Cash Receipts and Expenditures - Actual
For the Year Ended December 31, 2008

Cash Receipts	
Interest	$ 265.02
Transfer from Solid Waste	5,000.00
Total Cash Receipts	5,265.02
Expenditures	0.00
Total Expenditures	0.00
Receipts Over (Under) Expenditures	5,265.02
Unencumbered Cash, Beginning	36,170.54
Unencumbered Cash, Ending	$ 41,435.56

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

The City of Larned, Kansas
AIRPORT FACILITY FUND #71
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2008

	Actual	Budget	Variance Over (Under)
Cash Receipts			
Rentals	$ 24,345.07	$ 21,000.00	$ 3,345.07
Transfer from Airport	9,189.20	9,370.00	(180.80)
Pawnee County Cost Sharing	17,025.57	14,600.00	2,425.57
Interest	3,226.39	3,000.00	226.39
Fuel Reimbursement	76,141.36	80,000.00	(3,858.64)
Donations	4.93	0.00	4.93
Sales Tax	4,779.71	4,000.00	779.71
Federal Grant	30,044.00	0.00	30,044.00
Reimbursed Expense	1,571.31	0.00	1,571.31
Total Cash Receipts	166,327.54	$ 131,970.00	$ 34,357.54
Expenditures			
Personal Services	11,409.04	13,200.00	(1,790.96)
Contractual Services	55,422.24	40,000.00	15,422.24
Commodities	81,719.92	87,682.00	(5,962.08)
Capital Outlay	3,117.20	700.00	2,417.20
Transfer to Bond & Interest	17,800.00	35,600.00	(17,800.00)
Total Expenditures	169,468.40	$ 177,182.00	$ (7,713.60)
Receipts Over (Under) Expenditures	(3,140.86)		
Unencumbered Cash, Beginning	45,210.61		
Unencumbered Cash, Ending	$ 42,069.75		

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

The City of Larned, Kansas
AIRPORT SURPLUS FUND #74
Statement of Cash Receipts and Expenditures - Actual
For the Year Ended December 31, 2008

Cash Receipts	
Reimbursed Expenses	$ 51.00
Donations	0.00
Federal Grant	6,695.00
Total Cash Receipts	6,746.00
Expenditures	
Contractual Services	12,965.49
Capital Outlay	0.00
Transfer to Bond & Interest	17,800.00
Transfer to Equipment Reserve	3,402.72
Total Expenditures	34,168.21
Receipts Over (Under) Expenditures	(27,422.21)
Unencumbered Cash, Beginning	36,223.04
Unencumbered Cash, Ending	$ 8,800.83

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

The City of Larned, Kansas
EMT MEMORIAL FUND #20
Statement of Cash Receipts and Expenditures - Actual
For the Year Ended December 31, 2008

Cash Receipts	
Donations	$ 3,510.00
Interest	837.66
Total Cash Receipts	4,347.66
Expenditures	
Contractual Services	5,309.00
Commodities	957.99
Capital Outlay	25,846.84
Total Expenditures	32,113.83
Receipts Over (Under) Expenditures	(27,766.17)
Unencumbered Cash, Beginning	28,273.95
Unencumbered Cash, Ending	$ 507.78

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

The City of Larned, Kansas
SCHNACK CEMETERY FUND #39
Statement of Cash Receipts and Expenditures - Actual
For the Year Ended December 31, 2008

Cash Receipts	
Interest	$ 936.95
Total Cash Receipts	936.95
Expenditures	0.00
Total Expenditures	0.00
Receipts Over (Under) Expenditures	936.95
Unencumbered Cash, Beginning	28,475.68
Unencumbered Cash, Ending	$ 29,412.63

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

The City of Larned, Kansas
LARNED VOLUNTEER FIRE DEPARTMENT FUND #49
Statement of Cash Receipts and Expenditures - Actual
For the Year Ended December 31, 2008

Cash Receipts	
Interest	$ 211.84
Donations	1,597.00
Total Cash Receipts	1,808.84
Expenditures	
Commodities	1,025.00
Capital Outlay	0.00
Total Expenditures	1,025.00
Receipts Over (Under) Expenditures	783.84
Unencumbered Cash, Beginning	6,649.49
Unencumbered Cash, Ending	$ 7,433.33

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

The City of Larned, Kansas
PROJECTS IMPROVEMENT FUND #48
Statement of Cash Receipts and Expenditures - Actual
For the Year Ended December 31, 2008

Cash Receipts	
Donations	$ 674.40
Interest	70.52
Total Cash Receipts	744.92
Expenditures	0.00
Total Expenditures	0.00
Receipts Over (Under) Expenditures	744.92
Unencumbered Cash, Beginning	1,969.49
Unencumbered Cash, Ending	$ 2,714.41

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

The City of Larned, Kansas
INSURANCE PROCEEDS FUND #52
Statement of Cash Receipts and Expenditures - Actual
For the Year Ended December 31, 2008

Cash Receipts	
Interest	$ 290.23
Administrative	0.00
Total Cash Receipts	290.23
Expenditures	
Contractual Services	2,175.22
Total Expenditures	2,175.22
Receipts Over (Under) Expenditures	(1,884.99)
Unencumbered Cash, Beginning	10,164.02
Unencumbered Cash, Ending	$ 8,279.03

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

The City of Larned, Kansas
EGGLESTON BEQUEST FUND #30
Statement of Cash Receipts and Expenditures - Actual
For the Year Ended December 31, 2008

Cash Receipts	
Interest	$ 2,440.99
Expenditures	
Contractual Services	3,000.00
Capital Outlay	4,000.00
Miscellaneous	909.61
Total Expenditures	7,909.61
Receipts Over (Under) Expenditures	(5,468.62)
Unencumbered Cash, Beginning	61,404.56
Unencumbered Cash, Ending	$ 55,935.94

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

The City of Larned, Kansas
SCHNACK TRUST FUND #40
Statement of Cash Receipts and Expenditures - Actual
For the Year Ended December 31, 2008

Cash Receipts	$ 0.00
Total Cash Receipts	0.00
Expenditures	0.00
Total Expenditures	0.00
Receipts Over (Under) Expenditures	0.00
Unencumbered Cash, Beginning	25,000.00
Unencumbered Cash, Ending	$ 25,000.00

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

The City of Larned, Kansas
JORDAAN PARK FUND #35
Statement of Cash Receipts and Expenditures - Actual
For the Year Ended December 31, 2008

Cash Receipts	
Interest	$ 2,170.09
Total Cash Receipts	2,170.09
Expenditures	
Contractual Services	795.29
Commodities	3,041.69
Capital Outlay	0.00
Total Expenditures	3,836.98
Receipts Over (Under) Expenditures	(1,666.89)
Unencumbered Cash, Beginning	67,300.06
Unencumbered Cash, Ending	$ 65,633.17

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

The City of Larned, Kansas is a municipal corporation governed by an elected eight-member council. A primary government is a legal entity or public politic and includes all funds, organizations, institutions, agencies, departments, and offices that are not legally separate. Such legally separate entities are referred to as component units. The Jordaan Memorial Library oversees the library activities of the City and is a component unit. The Library can sue and be sued, but acquisition of real property by the Library must be approved by the City. The City levies taxes for the Library and bond issuances must be approved by the City. The primary government financial statements presented do not include the financial data of the component unit of the City of Larned. The financial data of the Library is available at the Library's office.

B. FUND ACCOUNTING

A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

The following types of funds comprise the financial activities of the City of Larned, Kansas for the year of 2008:

GOVERNMENTAL FUNDS

General Fund--to account for all unrestricted resources except those required to be accounted for in another fund.

Special Revenue Funds--to account for the proceeds of specific revenue sources (other than special assessments or major capital projects) that are restricted by law or administrative action to expenditure for specified purposes.

Debt Service Funds--to account for the accumulation of resources for, and the payment of, interest and principal on general long-term debt, and the financing of special assessments which are general obligations of the City of Larned, Kansas.

Capital Projects Funds--to account for financial resources to be used for the acquisition or construction of major capital facilities.

PROPRIETARY FUNDS:

Enterprise Funds--to account for operations that are financed and operated in a manner similar to private business enterprises--where the stated intent is that the costs (expenses), including depreciation, 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.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. FUND ACCOUNTING (continued)

FIDUCIARY FUNDS:

Trust and Agency Funds--to account for assets held by a governmental unit in a trustee capacity or as an agent for individual, private organizations, other governmental units, and/or other funds. These include (a) Pension Trust Funds, (b) Investment Trust Funds, (c) Private Purpose Trust Funds, and (d) Agency Funds.

C. BASIS OF ACCOUNTING

Statutory Basis of Accounting: The statutory basis of accounting, as used in the preparation of these statutory basis financial statements, is designed to demonstrate compliance with the cash basis and budget laws of the State of Kansas. Cash receipts are recognized when the cash balance of a fund is increased. Expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods and services, and are usually evidenced by a purchase order or written contract. For an interfund transaction, a cash receipt is recorded in the fund receiving cash from another fund, and an expenditure would be charged in the fund from which the transfer is made.

The municipality has approved a charter ordinance 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 statutory basis of accounting.

Departure from Accounting Principles Generally Accepted in the United States of America: The basis of accounting described above results in a financial statement presentation, which shows cash receipts, expenditures, cash and unencumbered cash balances, and expenditures compared to budget. Balance sheets that would have shown noncash assets such as receivables, inventories, and prepaid expense, liabilities such as deferred revenue and matured principal and interest payable, and reservations of the fund balance are not presented. Under Accounting Principles Generally Accepted in the United States of America, encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the fiscal year in accordance with generally accepted accounting principles. Capital assets that account for the land, buildings, and equipment owned by the municipality are not presented in the financial statements. Also, long-term debt such as general obligation bonds, revenue bonds, capital leases, temporary notes, and compensated absences are not presented in the financial statements.

D. COMPENSATED ABSENCES

Employees are entitled to be paid for unused accrued vacation leave when two weeks notice is given in the event of separation for military service, voluntary resignation or in the event of a lay-off because of a reduction in force. No vacation time will be paid in cases where employees are discharged. Maximum accrued vacation time is thirty-six days. The potential liability for unused vacation leave at December 31, 2008 is $154,685.31. Accumulated sick leave is not paid upon separation from employment, except when an employee retires from service of the City. An employee will be paid for accrued sick leave in excess of 750 hours. The potential liability for unused sick leave at December 31, 2008 is $5,886.36.

E. CASH AND INVESTMENTS

Cash balances from all funds are combined and invested to the extent available. Cash and investments consist of interest bearing checking accounts, money market accounts, and certificates of deposit. Earnings from these investments are allocated to designated funds. Cash and investments are stated at cost.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. COMPARATIVE DATA

Comparative totals for the prior year have been presented in the accompanying individual fund financial statements in order to provide an understanding of changes in the City's financial position and operation. Some prior year balances have been reclassified to conform with the current year presentation.

G. TOTAL COLUMNS (MEMORANDUM ONLY)

Total Columns on the Summary of Receipts, Expenditures and Unencumbered Cash are captioned "Memorandum Only" to indicate that they are presented only to aid in financial analysis. Interfund eliminations have not been made in the aggregation of this data; and it is, therefore, not comparable to a consolidation.

H. AD VALOREM TAX REVENUE

The determination of assessed valuation and the collection of property taxes for all political subdivisions in the State of Kansas are the responsibility of the various counties. The County Appraiser annually determines assessed valuation and the County Clerk spreads the annual assessment on the tax rolls. One-half of the property taxes are due December 20 and distributed to the City by January 20. The second half is due May 10 and distributed to the City by June 5. The City Treasurer draws available funds from the County Treasurer at designated times throughout the year.

I. REIMBURSED EXPENSES

The City records reimbursable expenditures (or expense) in the fund that makes the disbursement and records the reimbursements as revenue to the fund. For purposes of budgetary comparisons, the expenditures (or expenses) are properly offset by the reimbursements.

J. USE OF ESTIMATES

The preparation of financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Kansas requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Note 2 - BUDGETARY INFORMATION

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

1. Preparation of the budget for the succeeding calendar year on or before August 1st.

2. Publication in local newspaper of the proposed budget and notice of public hearing on the budget on or before August 5th.

3. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.

4. Adoption of the final budget on or before August 25th.

Note 2 - BUDGETARY INFORMATION (continued)

The statutes 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. The Electric Utility Fund was amended during the year.

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.

Adjustment for Qualifying Budget Credits: Municipalities may use this line item for any budgeted fund. The adjustment would be a positive amount. All budget adjustments must be authorized by Kansas statutes. Examples include: expenditure of federal grant monies, reimbursements, gifts and donations and receipts authorized by law to be spent as if they were reimbursed expenses.

All legal annual operating budgets are prepared using the statutory basis of accounting, in which, revenues are recognized when cash is received and expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's 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. Any unused budgeted expenditure authority lapses at year-end.

A legal operating budget is not required for capital projects funds, fiduciary funds, permanent funds, and the following special revenue funds:

Risk Management Reserve Fund	Capital Improvement Fund
Equipment Reserve Fund	

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.

Note 3 - COMPLIANCE WITH KANSAS STATUTES

Management is aware of no statutory violations for the period covered by the audit.

Note 4 - DEPOSITS

K.S.A. 9-1401 established the depositories which may be used by the City. The statute requires banks eligible to hold the City's funds have a main or branch bank in the county in which the City is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the bank to pledge securities for deposits in excess of FDIC coverage. The City has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the City's investments of idle funds to time deposits, open accounts, and certificates of deposit with the allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The City has no investment policy that would further limit its investment choices.

Note 4 - DEPOSITS (continued)

Concentration of Credit Risk: State statutes place no limit on the amount the City may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405.

Custodial Credit Risk - Deposits: Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require the City's deposits in financial institutions to be entirely covered by federal depository insurance, bank guarantee bonds, or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. There were no designated "peak periods" during the year. All deposits were legally secured at December 31, 2008.

At December 31, 2008 the City's carrying amount of deposits was $7,984,558.07 and the bank balance was $8,385,378.03. The bank balance was held by three banks resulting in a concentration of credit risk. Of the bank balance, $575,016.27 was covered by federal depository insurance, and $7,810,361.76 was collateralized with securities held by the pledging financial institution's agents in the City's name.

Note 5 - CAPITAL PROJECTS

At year end, capital project authorizations compared with expenditures from inception are as follows:

	Project Authorization	Cash Disbursements and Accounts Payable to Date
Wastewater Treatment Plant	$ 7,408,705.00	$ 7,378,050.83

Note 6 - INTERFUND TRANSACTIONS

From	To	Statutory Authority	Amount
General	Equipment Reserve	K.S.A. 12-1,117	$ 42,715.00
General	Capital Improvement	K.S.A. 12-1,118	87,141.00
Electric Utility	Electric Surplus	K.S.A. 12-825d	200,000.00
Electric Utility	General	K.S.A. 12-825d	280,625.00
Electric Utility	Bond & Interest	K.S.A. 12-825d	84,660.00
Water Utility	Water Reserve	K.S.A. 12-825d	14,782.00
Water Utility	Bond & Interest	K.S.A. 12-825d	14,782.00
Water Utility	General	K.S.A. 12-825d	25,000.00
Sewage Disposal	Sewage Disp. Replacement	K.S.A. 12-825d	200,000.00
Sewage Disposal	General	K.S.A. 12-825d	20,000.00
Solid Waste	Solid Waste Reserve	K.S.A. 12-825d	5,000.00
Airport Facility	Bond & Interest	K.S.A. 12-825d	17,800.00
Airport Facility Surplus	Bond & Interest	K.S.A. 12-825d	17,800.00
Airport Facility Surplus	Equipment Reserve	K.S.A. 12-1,117	3,402.72
Airport	Airport Facility	K.S.A. 12-1,118	9,189.20
Special Parks & Recreation	Edwards Park Improvement	K.S.A. 12-1,118	5,000.00

Note 7 - LONG TERM DEBT

Changes in long-term liabilities for the City for the year ended December 31, 2008, were as follows:

Issue	Interest Rates	Date of Issue	Amount of Issue	Date of Final Maturity
General Obligation Bond:				
Series 2003	1.20%-3.75%	10/15/2003	$ 1,992,000.00	9/1/2013
KDHE Loans:				
Project No. 1287-01	2.68%	8/23/2007	7,691,400.00	9/1/2028
Total Contractual Indebtedness				
Compensated Absences				
Total Long-Term Debt				

Current maturities of long-term debt and interest for the next five years and in five year increments through maturity are as follows:

Principal:	2009	2010	2011
General Obligation Bond			
Series 2003	$ 150,000.00	$ 160,000.00	$ 160,000.00
KDHE Loans			
Project No. 1287-01	295,143.50	303,106.34	311,284.02
Total Principal	445,143.50	463,106.34	471,284.02
Interest:			
General Obligation Bond			
Series 2003	27,265.00	23,065.00	18,025.00
KDHE Loans			
Project No. 1287-01	204,165.22	196,202.38	188,024.70
Total Interest	231,430.22	219,267.38	206,049.70
Total Principal and Interest	$ 676,573.72	$ 682,373.72	$ 677,333.72

Note: Loan proceeds from the Kansas Department of Health and Environment are received as expenditures are incurred, as of December 31, 2008 the project was still in process so the City had not received the full loan amount of $7,691,400.00. The maturity schedule above has been scheduled out assuming the City is going to receive the full amount and payments will begin on time.

Balance Beginning of Year	Additions	Reductions/ Payments	Net Change	Balance End of Year	Interest Paid
$ 1,055,000.00	$ 0.00	$ 245,000.00		$ 810,000.00	$ 33,145.00
3,395,759.90	3,428,702.04	0.00		6,824,461.94	0.00
4,450,759.90	3,428,702.04	245,000.00		7,634,461.94	33,145.00
156,508.05			4,063.62	160,571.67	
$ 4,607,267.95	$ 3,428,702.04	$ 245,000.00	4,063.62	$ 7,795,033.61	$ 33,145.00

2012	2013	2014-2018	2019-2023	2024-2028	Total
$ 165,000.00	$ 175,000.00	$ 0.00	$ 0.00	$ 0.00	$ 810,000.00
319,682.32	328,307.20	1,779,277.03	2,032,603.05	1,455,058.48	6,824,461.94
484,682.32	503,307.20	1,779,277.03	2,032,603.05	1,455,058.48	7,634,461.94
12,585.00	6,562.50	0.00	0.00	0.00	87,502.50
179,626.40	171,001.52	717,266.57	463,940.55	174,547.06	2,294,774.40
192,211.40	177,564.02	717,266.57	463,940.55	174,547.06	2,382,276.90
$ 676,893.72	$ 680,871.22	$ 2,496,543.60	$ 2,496,543.60	$ 1,629,605.54	$ 10,016,738.84

Note 8 - DEFINED BENEFIT PENSION PLAN

Plan description. The City of Larned contributes to 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. KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 S. Kansas Ave., Suite 100; Topeka, KS 66603-3803) or by calling 1-888-275-5737.

Funding policy. K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at 4% of covered salary. The employer collects and remits member-employee contributions according to the provisions of section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rate be determined annually based on the results of an annual actuarial valuation. KPERS is funded on an actuarial reserve basis. State law sets a limitation on annual increases in the contribution rates for KPERS employers. The employer rate established for calendar year 2008 is 5.93%. The City of Larned employer contributions to KPERS for the years ending December 31, 2008, 2007, and 2006, were $126,672.57, $108,409.36, and $91,720.09, respectively, equal to the required contributions for each year.

Note 9 - RISK MANAGEMENT

The City is exposed to various risks of losses related to torts; thefts of, damages to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City obtains coverage from commercial insurance companies in order to effectively manage risk. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years. The City does participate in a public entity risk pool for workers compensation insurance.

Note 10 - RELATED PARTY TRANSACTIONS

The City purchases supplies from Roth Equipment (Case Credit), a company for which a Council member is one of the owners. The amount purchased during the year was $2,577.49.

The City purchases supplies from Rainbolt Redi-Mix, a company for which a Council member is one of the owners. The amount purchased during the year was $493.07.

The City purchases supplies from Larned Sand & Gravel, a company for which a Council member is one of the owners. The amount purchased during the year was $2,329.12.

Note 11 - OTHER POST EMPLOYMENT BENEFITS

As provided by K.S.A. 12-5040, the City allows retirees to participate in the group health insurance plan. The retiree pays $600.00 of a family policy and $300.00 of a single policy and the City is responsible for the balance. During the year ended December 31, 2008, approximately four retirees participated in this plan and the City paid $2,169.60 in premiums for these retirees. Any remaining subsidy to retirees due to the plan's level premium structure has not been quantified in these financial statements.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the City makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured. There is no cost to the City under this program.

Note 12 - COMMITMENTS & CONTINGENCIES

In prior years the City of Larned, Kansas received federal funding from FEMA when the electrical department provided electricity to the surrounding area after a severe storm. FEMA determined an applicable rate times usage for the electricity and reimbursed the City in the amount of $241,492. FEMA later deobligated these funds and has requested the City to refund the entire amount. The City has appealed for the second time the decision by FEMA to deobligate these funds. The City has retained $241,492 in its cash account awaiting final decision by FEMA.

The City of Larned, Kansas has committed to loan $1,000,000 with no interest to the County for the acquisition and operation of the local hospital. As of September 17, 2009 no contract has been entered into by the County for the acquisition of the hospital.

Note 13 - LIMITED LIABILITY COMPANY

In 2009 the City became the managing member of a limited liability company. The purpose of the limited liability company is to construct six homes in the City, which will then be leased to income eligible families. These same families will also be eligible to purchase these homes at a later date.

The City of Larned, Kansas
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2008

Federal Grant Pass Through Grantor/Program Title	Federal CFDA Number	Pass Through Grantor's Number	Revenues	Expenditures
U.S. Department of Transportation				
Airport Improvement Program	20.106	3-20-046-09-2008	$ 30,044	$ 34,562
Airport Improvement Program	20.106	3-20-046-08-2006	6,695	6,695
Airport Improvement Program	20.106	3-20-046-10-2009	0	7,225
Total U.S. Department of Transportation			36,739	48,482
U.S. Environmental Protection Agency				
Capitalization Grants for Clean Water State State Revolving Funds	66.202	N/A	477,000	477,000
U.S. Department of Housing and Urban Development				
Pass Through Kansas Department of Commerce				
Community Development Block Agreement	14.228	06-pf-534	202,457	202,427
U.S. Department of Homeland Security				
Federal Emergency Management Assistance Agency	97.036	N/A	118,957	118,957
Total revenues and expenditures of federal awards			$ 835,153	$ 846,866

The above schedule was prepared using a basis of accounting which demonstrates compliance with the cash basis and budget laws of the State of Kansas.

The City of Larned, Kansas
GENERAL FUND
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2008
(With Comparative Actual Totals for the Prior Year Ended December 31, 2007)

Schedule 1

	Prior Year Actual	Current Year Actual	Current Year Budget	Current Year Variance Over (Under)
Cash Receipts				
Taxes and Shared Revenue:				
Ad Valorem Property Tax	$ 700,565.60	$ 738,897.47	$ 776,346.00	$ (37,448.53)
Delinquent Tax	19,909.00	23,323.64	0.00	23,323.64
Motor Veh. & 16/20M Veh. Ta	179,159.13	169,789.03	170,334.00	(544.97)
Recreational Vehicle	2,164.47	2,228.19	1,909.00	319.19
Franchise Tax	222,066.84	213,846.65	200,000.00	13,846.65
Sales Tax	477,425.27	528,261.09	435,000.00	93,261.09
Machinery & Equipment Aid	0.00	6,094.69	0.00	6,094.69
Intergovernmental Revenues:				
Highway Connecting Links	27,390.00	27,408.86	27,371.00	37.86
Liquor Club Tax	5,254.03	6,883.38	4,860.00	2,023.38
Fines and Permits:				
Animal Licenses	3,082.00	2,819.00	1,075.00	1,744.00
Cereal Malt Beverage Licenses	635.00	555.00	500.00	55.00
Liquor Occupational Licenses	1,300.00	1,200.00	900.00	300.00
Business Occupational License	5,060.00	6,880.00	3,000.00	3,880.00
Permits	11,741.62	10,712.14	3,000.00	7,712.14
Zoning Fees	375.00	975.00	300.00	675.00
Municipal Court Fines	26,437.77	28,999.95	19,000.00	9,999.95
Charges for Services:				
Ambulance Fees and Subsidy	342,550.78	343,512.74	295,000.00	48,512.74
Cemetery Lots	19,458.80	19,450.00	15,000.00	4,450.00
Fire Services	28,470.00	28,470.00	28,470.00	0.00
Maps, Copies, Etc.	1,273.10	818.81	1,000.00	(181.19)
Police Services	77,155.82	103,407.87	70,000.00	33,407.87
Community Center Receipts	2,245.00	3,370.00	5,000.00	(1,630.00)
USD 495 Payment	23,690.00	0.00	23,690.00	(23,690.00)
Weed Cutting	3,684.16	1,327.50	500.00	827.50
Swimming Pool Receipts	29,004.53	25,168.75	25,000.00	168.75
Animal Shelter Fees	2,663.00	2,761.50	2,500.00	261.50
Miscellaneous Receipts:				
Rents	6,645.00	11,255.00	5,000.00	6,255.00
Miscellaneous	284.95	1,119.92	500.00	619.92
Interest	34,853.13	29,221.07	21,145.00	8,076.07
Reimbursed Expense	31,535.46	11,639.52	20,000.00	(8,360.48)
State Aid	9,033.32	780.00	0.00	780.00
Federal Aid	3,330.68	0.00	0.00	0.00
Employee Medical Reimb..	10,124.50	8,248.00	0.00	8,248.00
Sound System	9,000.00	0.00	0.00	0.00
Donations	11,630.51	5,901.00	0.00	5,901.00
Sale of Property	505.00	1,003.00	0.00	1,003.00
Pilot	0.00	10,000.00	0.00	10,000.00

The City of Larned, Kansas
GENERAL FUND (Cont'd)
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2008
(With Comparative Actual Totals for the Prior Year Ended December 31, 2007)

Schedule 1

	Prior Year Actual	Current Year Actual	Current Year Budget	Current Year Variance Over (Under)
Cash Receipts (Cont'd)				
Transfers:				
From Electric Utility	257,125.00	280,625.00	257,125.00	23,500.00
From Water Utility	32,750.00	45,000.00	25,000.00	20,000.00
From Sewage Disposal	15,375.00	0.00	20,000.00	(20,000.00)
Total Cash Receipts	2,634,953.47	2,701,953.77	$ 2,458,525.00	$ 243,428.77
Expenditures				
Emergency Medical Service				
Personal Services	245,906.30	264,305.68	279,237.00	(14,931.32)
Contractual Services	42,328.54	25,046.45	40,900.00	(15,853.55)
Commodities	29,558.22	30,838.85	32,500.00	(1,661.15)
Capital Outlay	424.99	11,046.98	13,000.00	(1,953.02)
	318,218.05	331,237.96	365,637.00	(34,399.04)
Cemetery				
Personal Services	80,434.33	96,370.58	94,793.00	1,577.58
Contractual Services	6,171.48	2,839.47	7,400.00	(4,560.53)
Commodities	21,880.92	15,977.81	25,100.00	(9,122.19)
Capital Outlay	11,210.25	399.99	4,800.00	(4,400.01)
	119,696.98	115,587.85	132,093.00	(16,505.15)
Fire Department				
Personal Services	24,190.19	25,204.82	27,625.00	(2,420.18)
Contractual Services	15,116.78	18,500.36	24,800.00	(6,299.64)
Commodities	26,442.73	23,928.93	25,000.00	(1,071.07)
Capital Outlay	4,164.51	42,658.86	25,500.00	17,158.86
	69,914.21	110,292.97	102,925.00	7,367.97
General Government				
Personal Services	91,267.15	85,712.07	92,413.00	(6,700.93)
Contractual Services	57,574.33	41,332.95	50,400.00	(9,067.05)
Commodities	12,132.28	8,634.82	10,450.00	(1,815.18)
Capital Outlay	35,539.13	11,912.78	15,000.00	(3,087.22)
	196,512.89	147,592.62	168,263.00	(20,670.38)
Park				
Personal Services	122,559.05	132,775.92	164,543.00	(31,767.08)
Contractual Services	18,043.59	17,990.51	22,700.00	(4,709.49)
Commodities	46,525.60	34,500.36	45,700.00	(11,199.64)
Capital Outlay	6,610.23	27,330.80	13,400.00	13,930.80
	193,738.47	212,597.59	246,343.00	(33,745.41)

The City of Larned, Kansas
GENERAL FUND (Cont'd)
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2008
(With Comparative Actual Totals for the Prior Year Ended December 31, 2007)

Schedule 1

	Prior Year Actual	Current Year Actual	Current Year Budget	Current Year Variance Over (Under)
Expenditures (Cont'd)				
Dispatching				
Personal Services	218,072.99	246,561.59	237,255.00	9,306.59
Contractual Services	5,159.63	6,053.99	8,600.00	(2,546.01)
Commodities	2,162.61	2,366.72	3,350.00	(983.28)
Capital Outlay	5,474.44	207.98	3,000.00	(2,792.02)
	230,869.67	255,190.28	252,205.00	2,985.28
Police Department				
Personal Services	467,596.41	450,232.31	516,624.00	(66,391.69)
Contractual Services	33,623.77	26,919.93	27,200.00	(280.07)
Commodities	54,536.91	46,884.49	52,800.00	(5,915.51)
Capital Outlay	31,781.15	22,988.01	24,200.00	(1,211.99)
	587,538.24	547,024.74	620,824.00	(73,799.26)
Public Buildings				
Personal Services	29,627.10	30,920.35	31,872.00	(951.65)
Contractual Services	58,489.60	54,129.26	71,410.00	(17,280.74)
Commodities	5,855.84	7,783.58	9,720.00	(1,936.42)
Capital Outlay	6,101.00	0.00	32,000.00	(32,000.00)
	100,073.54	92,833.19	145,002.00	(52,168.81)
Street Department				
Personal Services	291,929.78	305,209.34	307,905.00	(2,695.66)
Contractual Services	19,280.64	23,996.76	32,000.00	(8,003.24)
Commodities	148,789.39	110,668.42	136,800.00	(26,131.58)
Capital Outlay	776.65	2,244.98	12,700.00	(10,455.02)
	460,776.46	442,119.50	489,405.00	(47,285.50)
Street Lighting				
Contractual Services	540.00	804.00	540.00	264.00
Commodities	6,175.75	0.00	3,289.00	(3,289.00)
Capital Outlay	0.00	0.00	2,000.00	(2,000.00)
	6,715.75	804.00	5,829.00	(5,025.00)
Swimming Pool				
Personal Services	44,633.06	37,754.70	49,200.00	(11,445.30)
Contractual Services	5,908.92	5,437.73	12,250.00	(6,812.27)
Commodities	26,237.14	20,016.61	28,100.00	(8,083.39)
Capital Outlay	4,312.69	4,575.79	10,000.00	(5,424.21)
	81,091.81	67,784.83	99,550.00	(31,765.17)

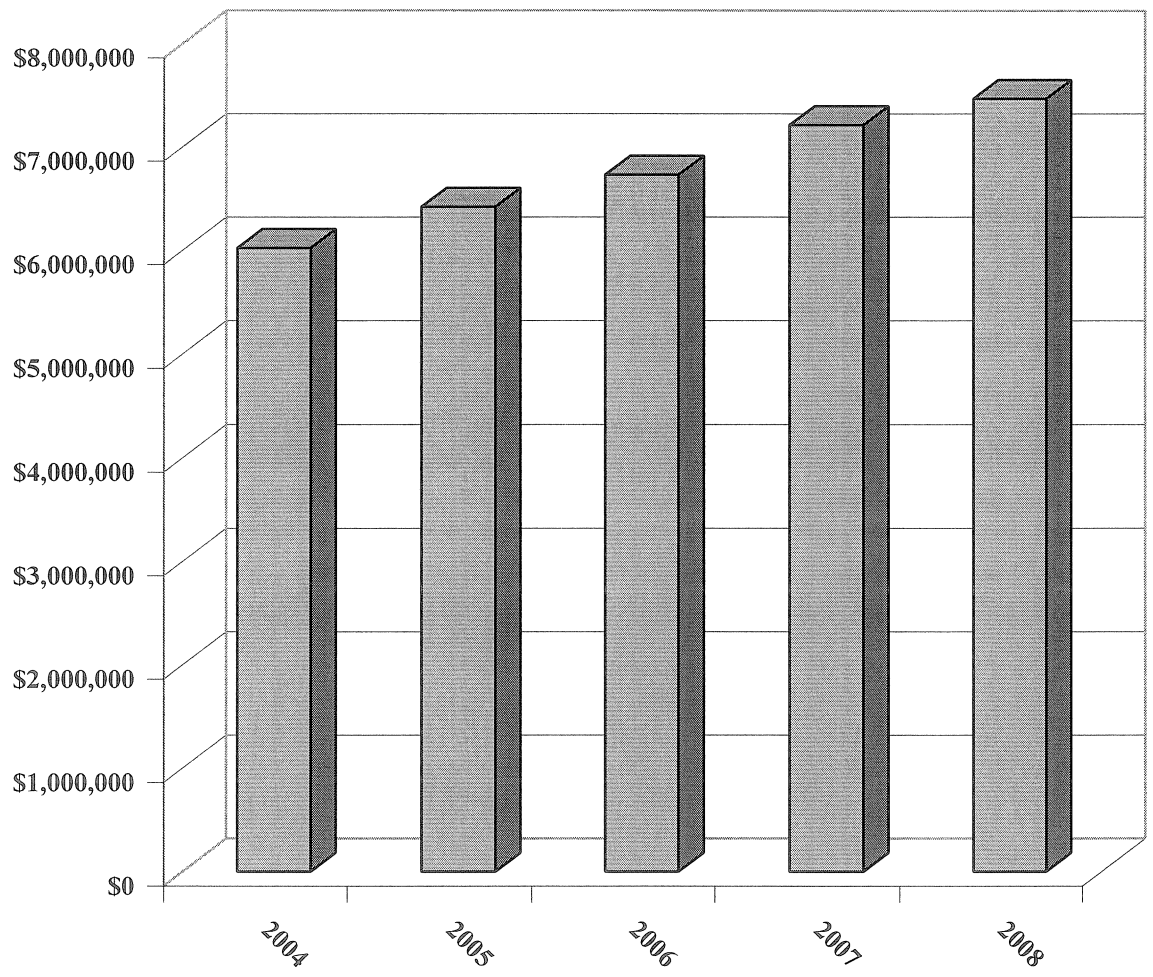
The City of Larned, Kansas
GENERAL FUND (Cont'd)
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2008
(With Comparative Actual Totals for the Prior Year Ended December 31, 2007)

Schedule 1

	Prior Year Actual	Current Year Actual	Current Year Budget	Current Year Variance Over (Under)
Expenditures (Cont'd)				
Municipal Court				
Personal Services	22,420.38	14,073.61	31,826.00	(17,752.39)
Contractual Services	3,534.59	4,580.56	4,750.00	(169.44)
Commodities	413.80	1,128.16	550.00	578.16
Capital Outlay	0.00	0.00	500.00	(500.00)
	26,368.77	19,782.33	37,626.00	(17,843.67)
Building Inspection				
Personal Services	0.00	44.53	0.00	44.53
Contractual Services	1,989.33	2,667.19	5,350.00	(2,682.81)
Commodities	2,662.44	3,429.30	2,700.00	729.30
Capital Outlay	129.99	380.01	0.00	380.01
	4,781.76	6,521.03	8,050.00	(1,528.97)
Non-Operating				
Capital Outlay	0.00	0.00	235,000.00	(235,000.00)
Transfer to Equipment Reserve	117,085.00	42,715.00	49,715.00	(7,000.00)
Transfer to Capital Improveme	117,085.00	87,141.00	49,715.00	37,426.00
	234,170.00	129,856.00	334,430.00	(204,574.00)
Total Expenditures	2,630,466.60	2,479,224.89	$ 3,008,182.00	$ (528,957.11)
Receipts Over (Under) Expenditures	4,486.87	222,728.88		
Unencumbered Cash, Beginning	630,761.54	638,220.12		
Prior Year Cancelled Encumbrances	2,971.71	550.90		
Unencumbered Cash, Ending	$ 638,220.12	$ 861,499.90		

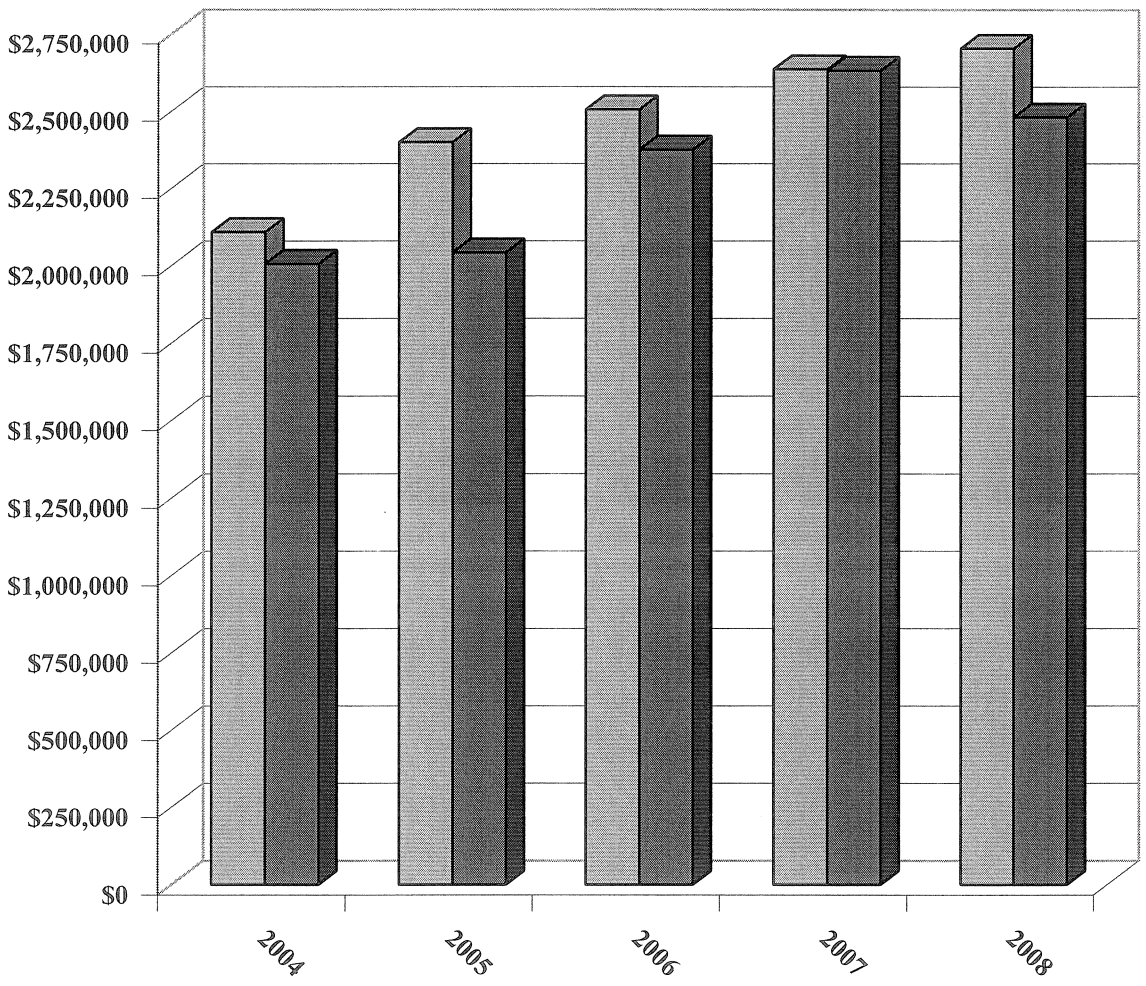
The City of Larned, Kansas
Graphical Analysis
Unencumbered Cash - All Funds
December 31, 2008

Schedule 2



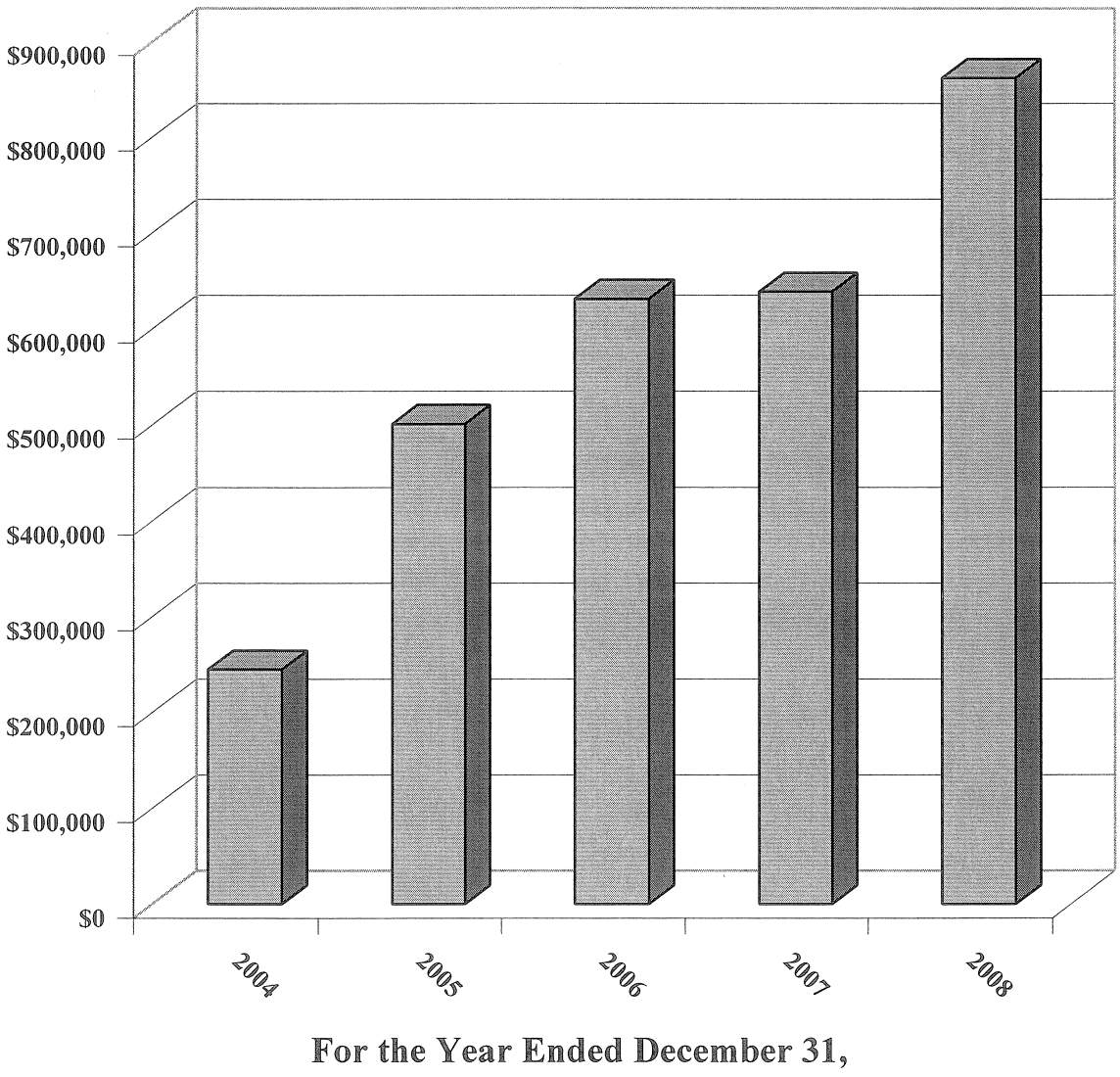
The City of Larned, Kansas
Graphical Analysis
General Fund - Revenues vs. Expenditures
December 31, 2008

Schedule 2



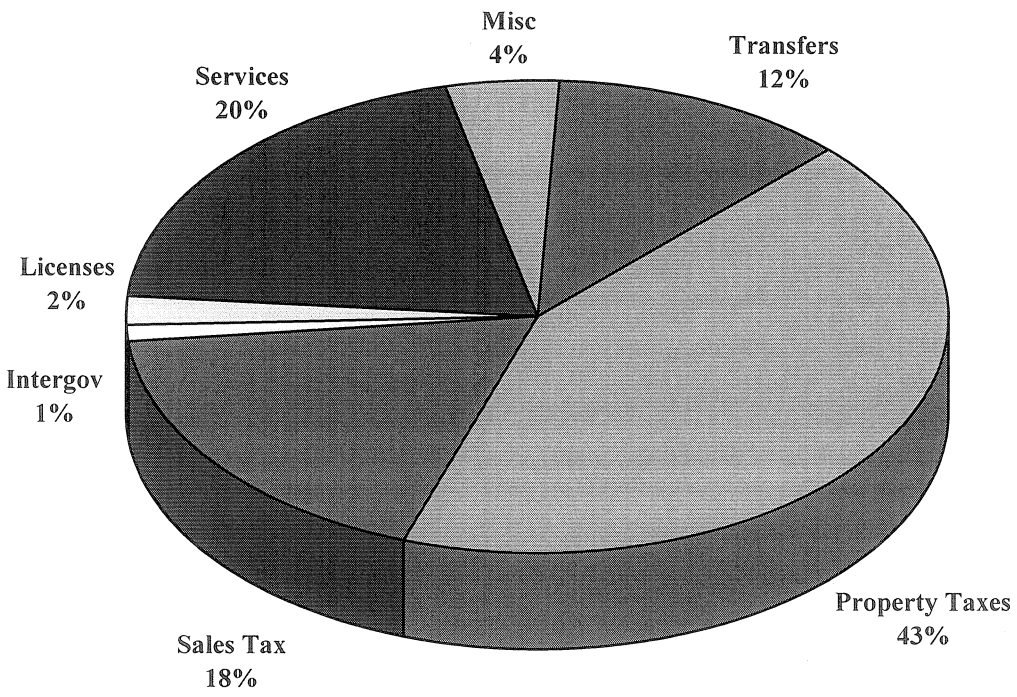
The City of Larned, Kansas
Graphical Analysis
Unencumbered Cash - General Fund
December 31, 2008

Schedule 2



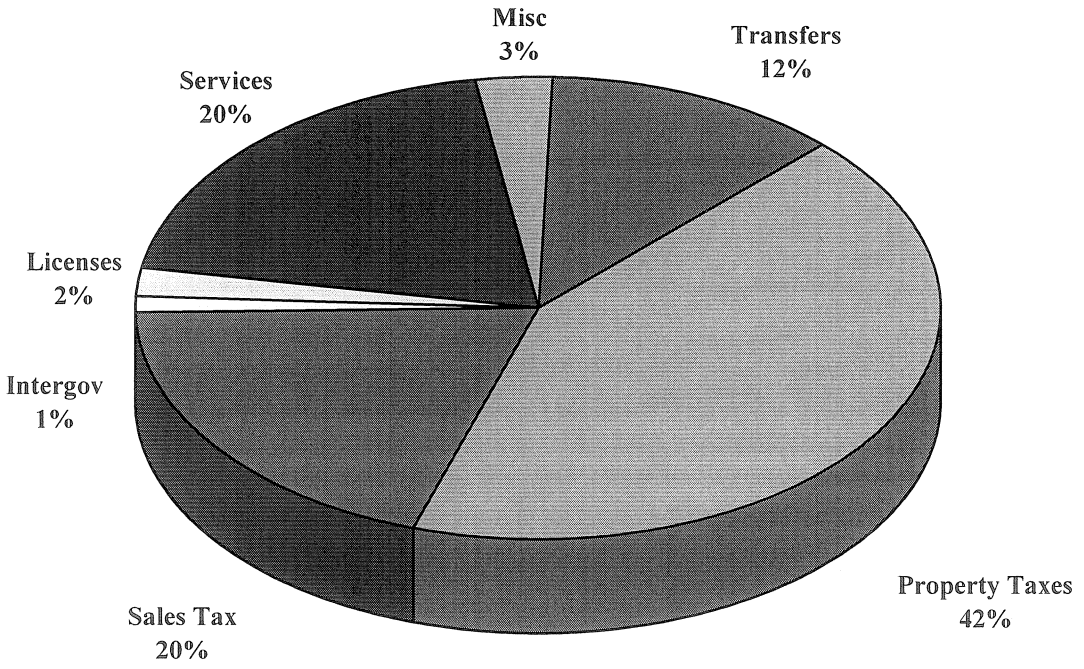
The City of Larned, Kansas
Graphical Analysis
General Fund Revenues - Prior Year (2007)
December 31, 2008

Schedule 2



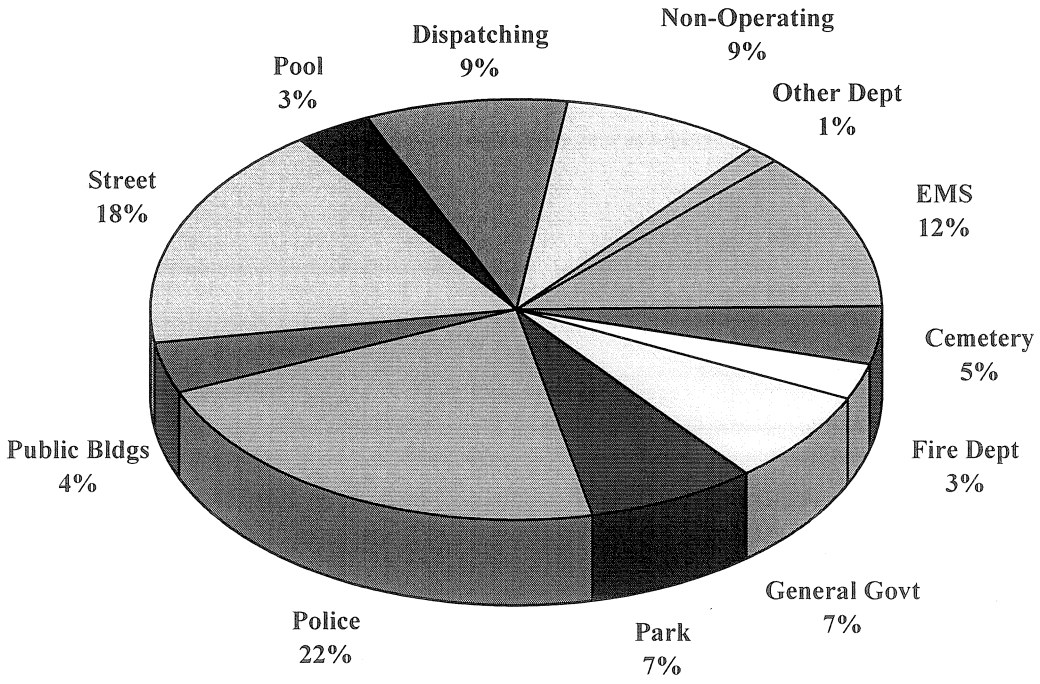
The City of Larned, Kansas
Graphical Analysis
General Fund Revenues - Current Year (2008)
December 31, 2008

Schedule 2



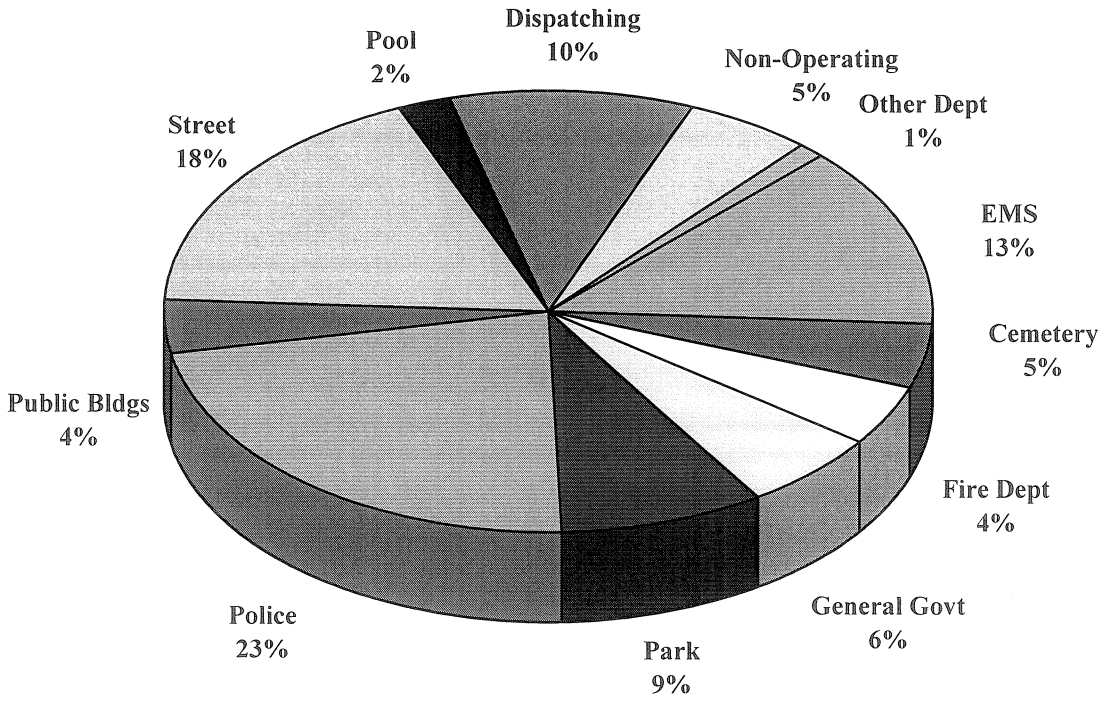
The City of Larned, Kansas
Graphical Analysis
General Fund Expenditures - Prior Year (2007)
December 31, 2008

Schedule 2



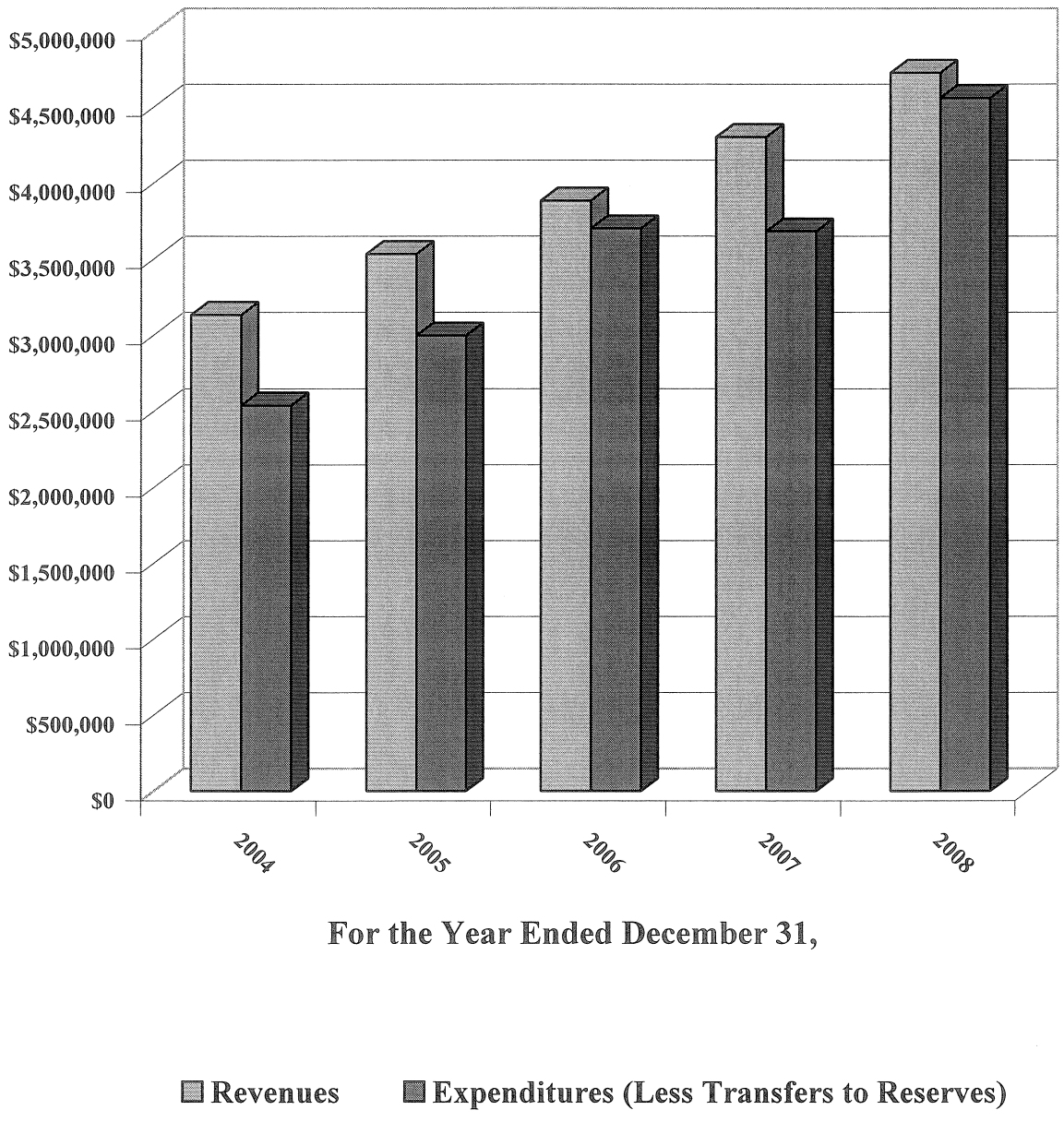
The City of Larned, Kansas
Graphical Analysis
General Fund Expenditures - Current Year (2008)
December 31, 2008

Schedule 2



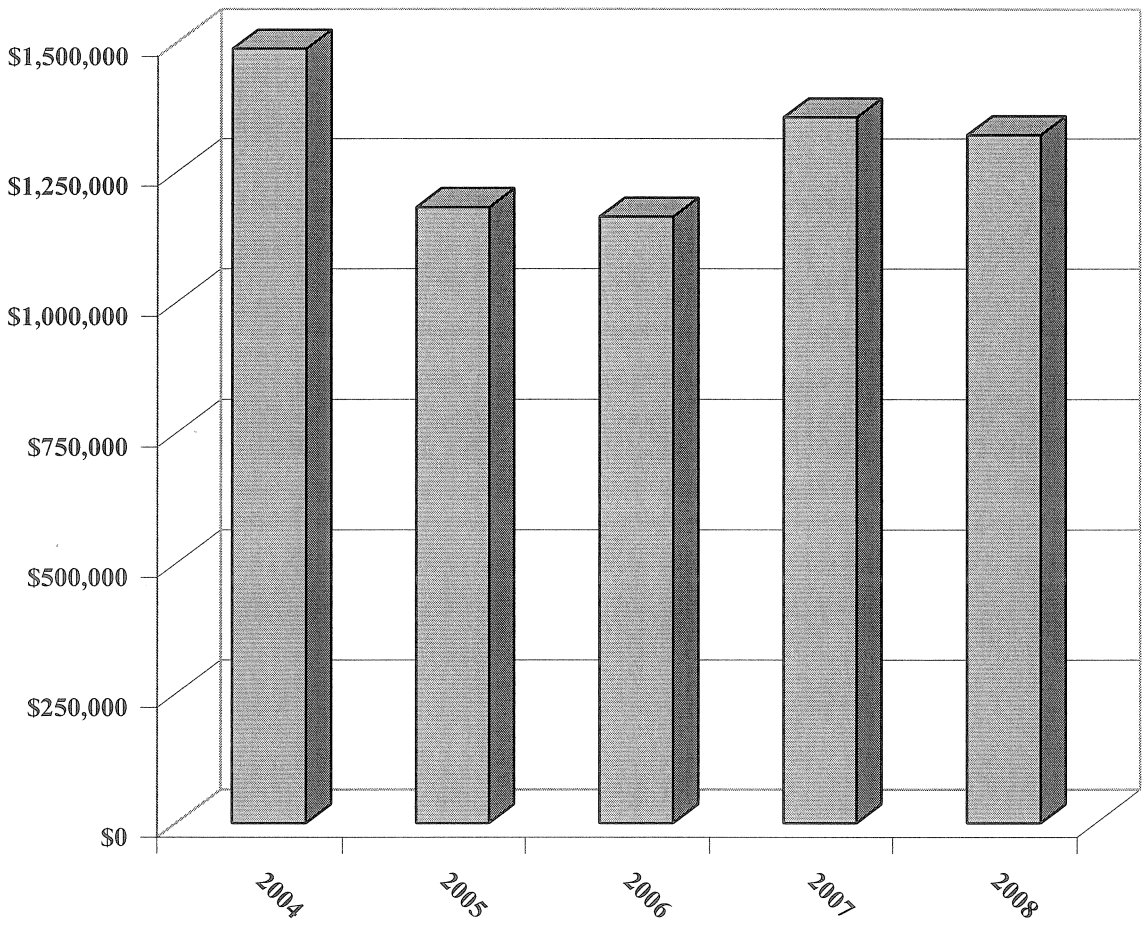
The City of Larned, Kansas
Graphical Analysis
Electric Fund - Revenues vs. Expenditures (Less Transfers to Reserves)
December 31, 2008

Schedule 2



The City of Larned, Kansas
Graphical Analysis
Unencumbered Cash - Electric Fund (Operating)
December 31, 2008

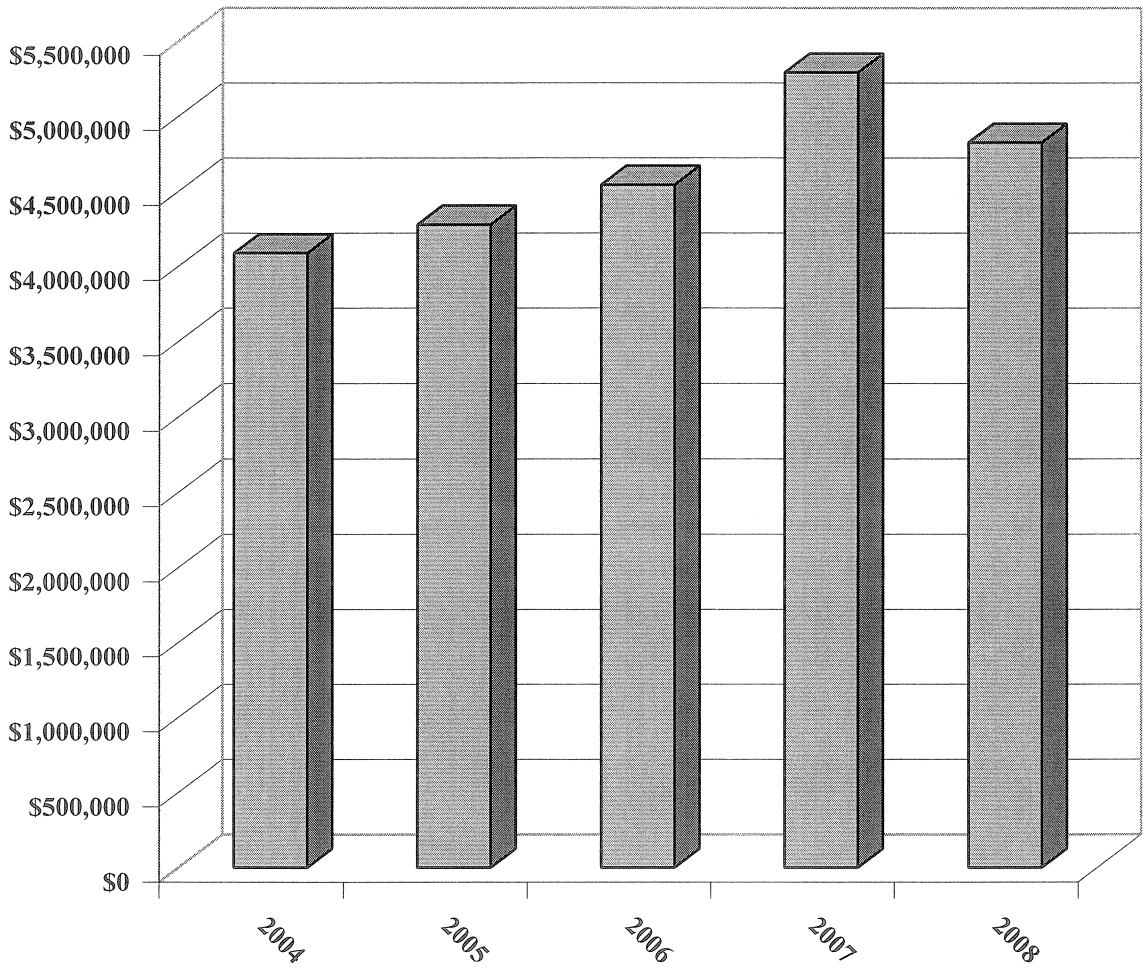
Schedule 2



For the Year Ended December 31,

The City of Larned, Kansas
Graphical Analysis
Unencumbered Cash - Electric Funds (All)
December 31, 2008

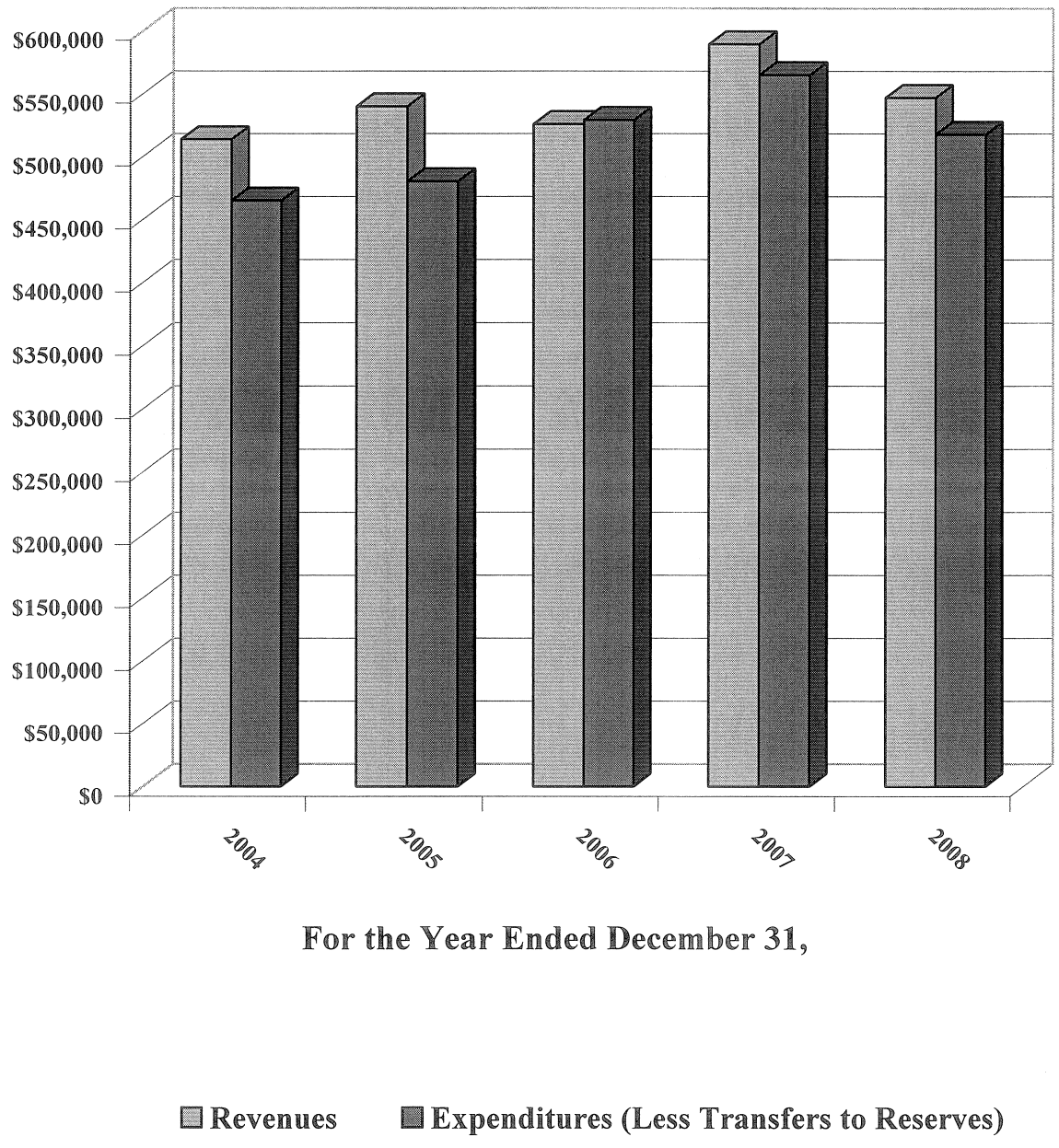
Schedule 2



For the Year Ended December 31,

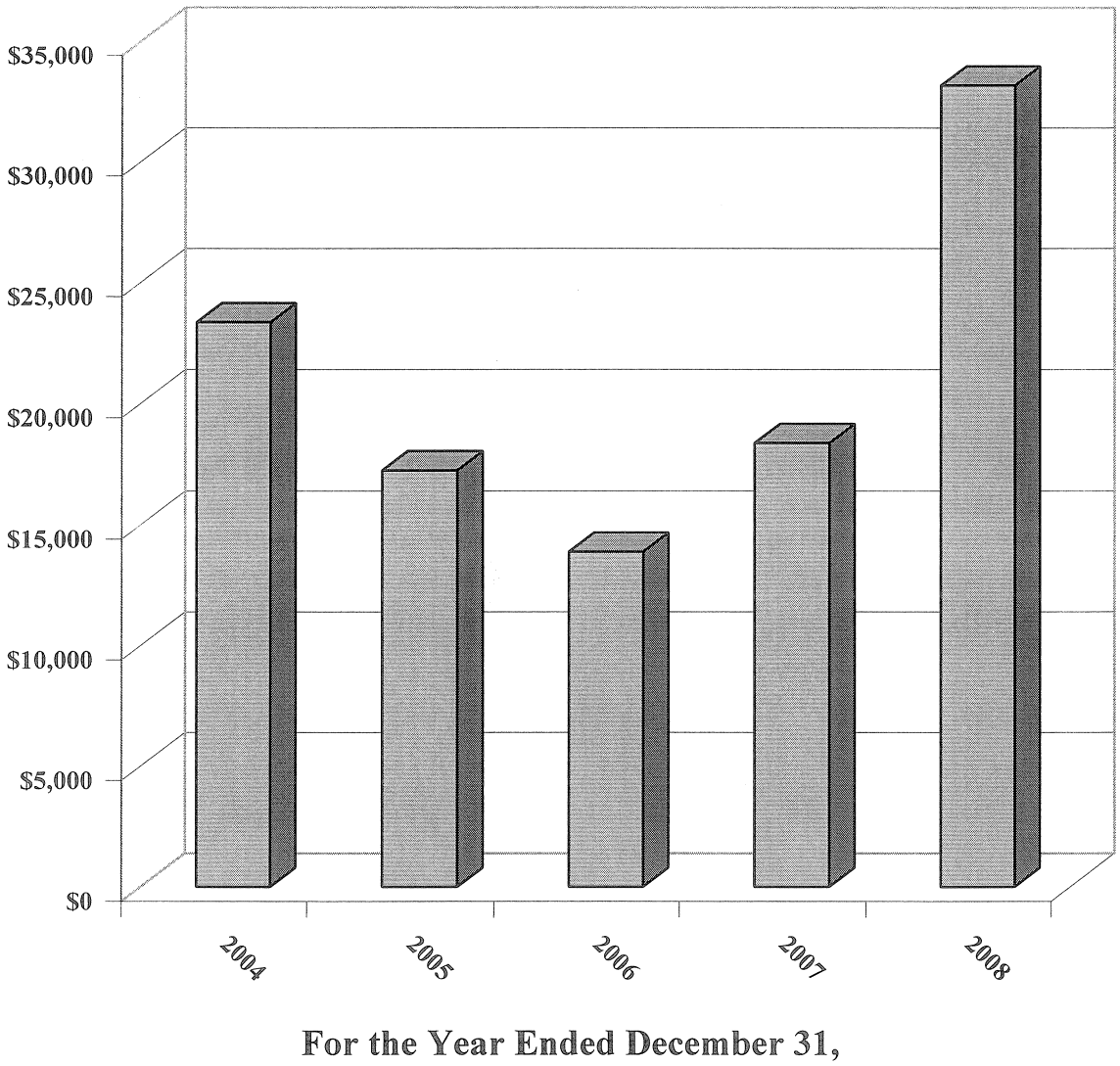
The City of Larned, Kansas
Graphical Analysis
Water Fund - Revenues vs. Expenditures (Less Transfers to Reserves)
December 31, 2008

Schedule 2



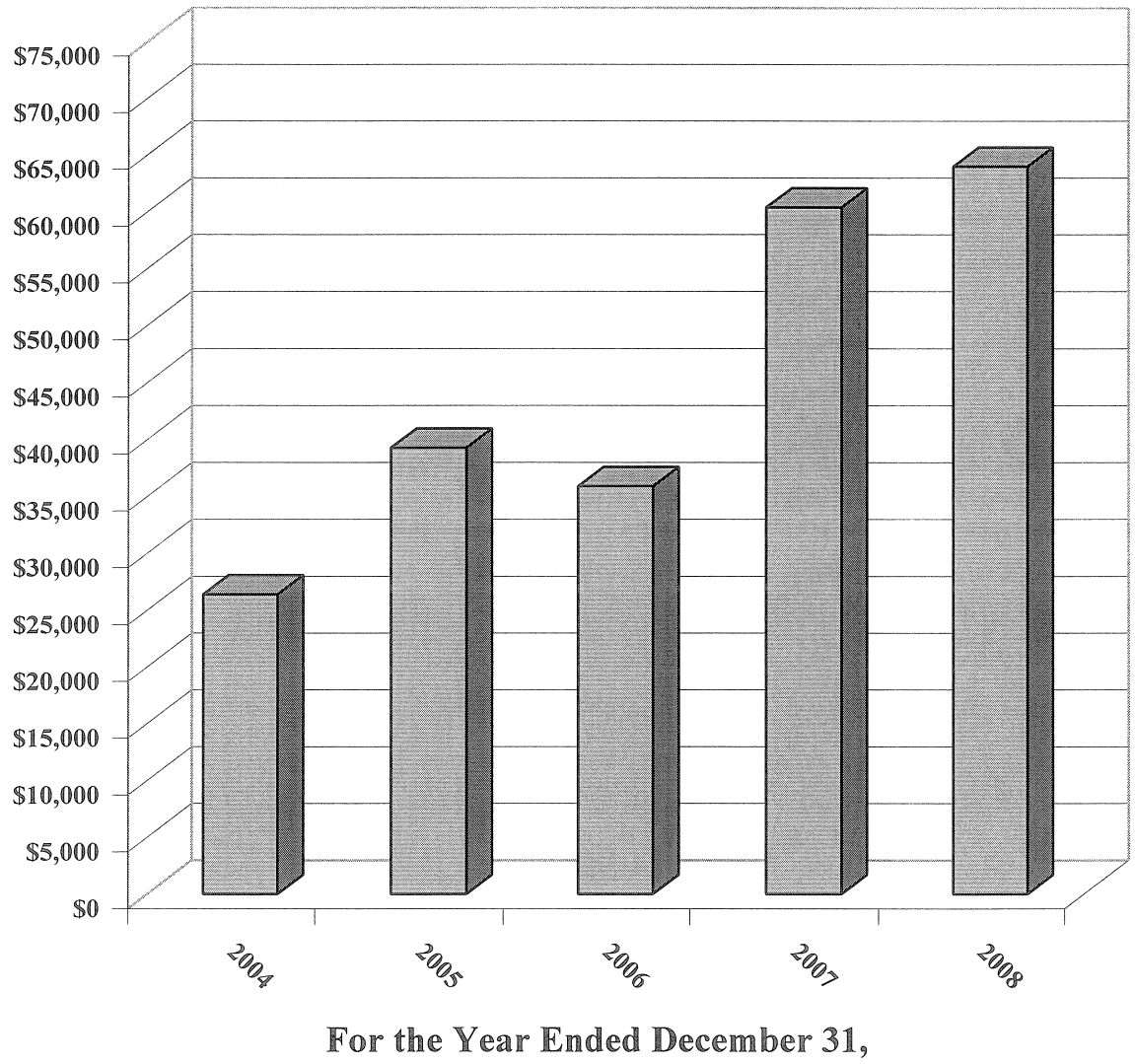
The City of Larned, Kansas
Graphical Analysis
Unencumbered Cash - Water Fund (Operating)
December 31, 2008

Schedule 2



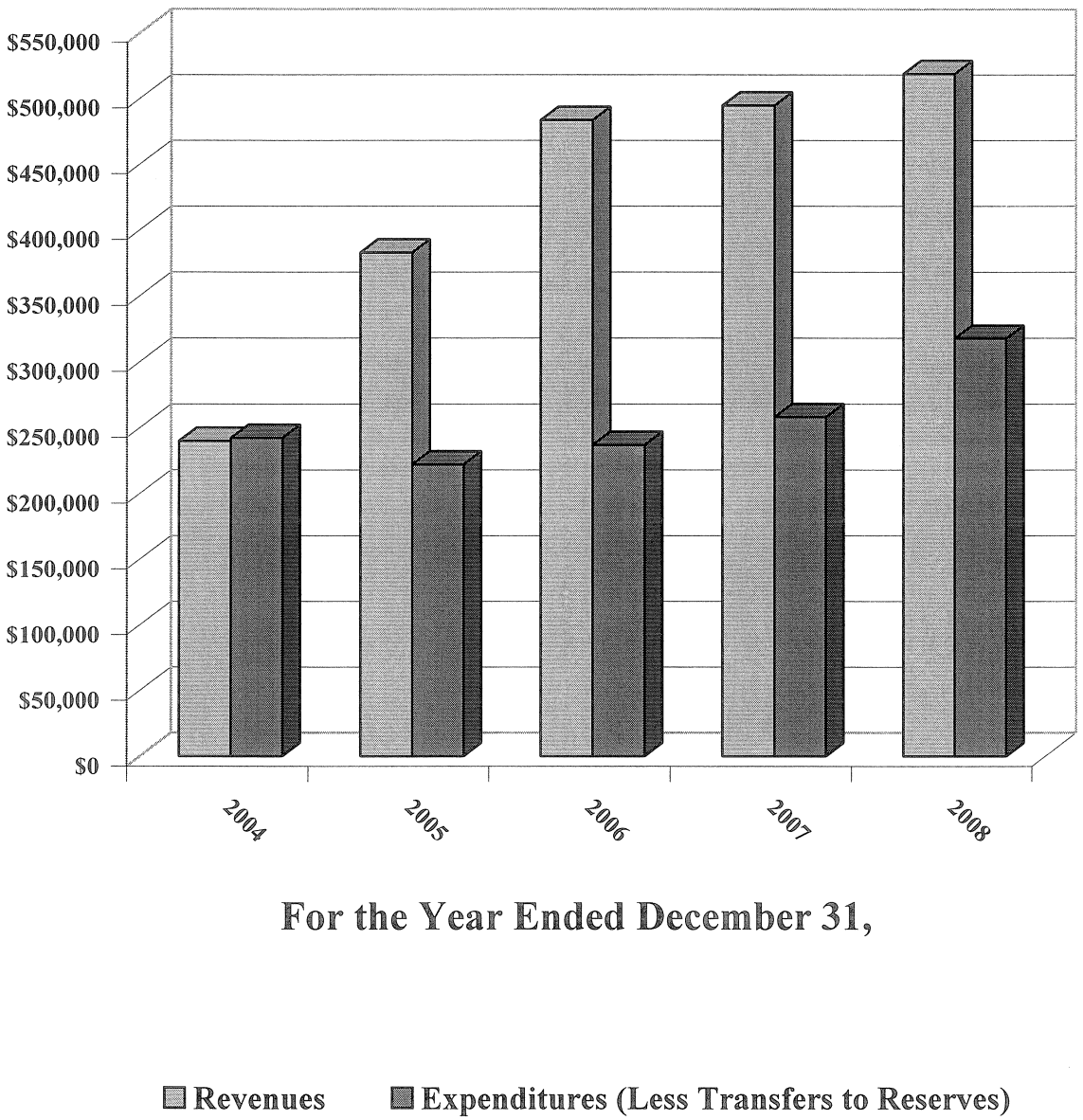
The City of Larned, Kansas
Graphical Analysis
Unencumbered Cash - Water Funds (All)
December 31, 2008

Schedule 2



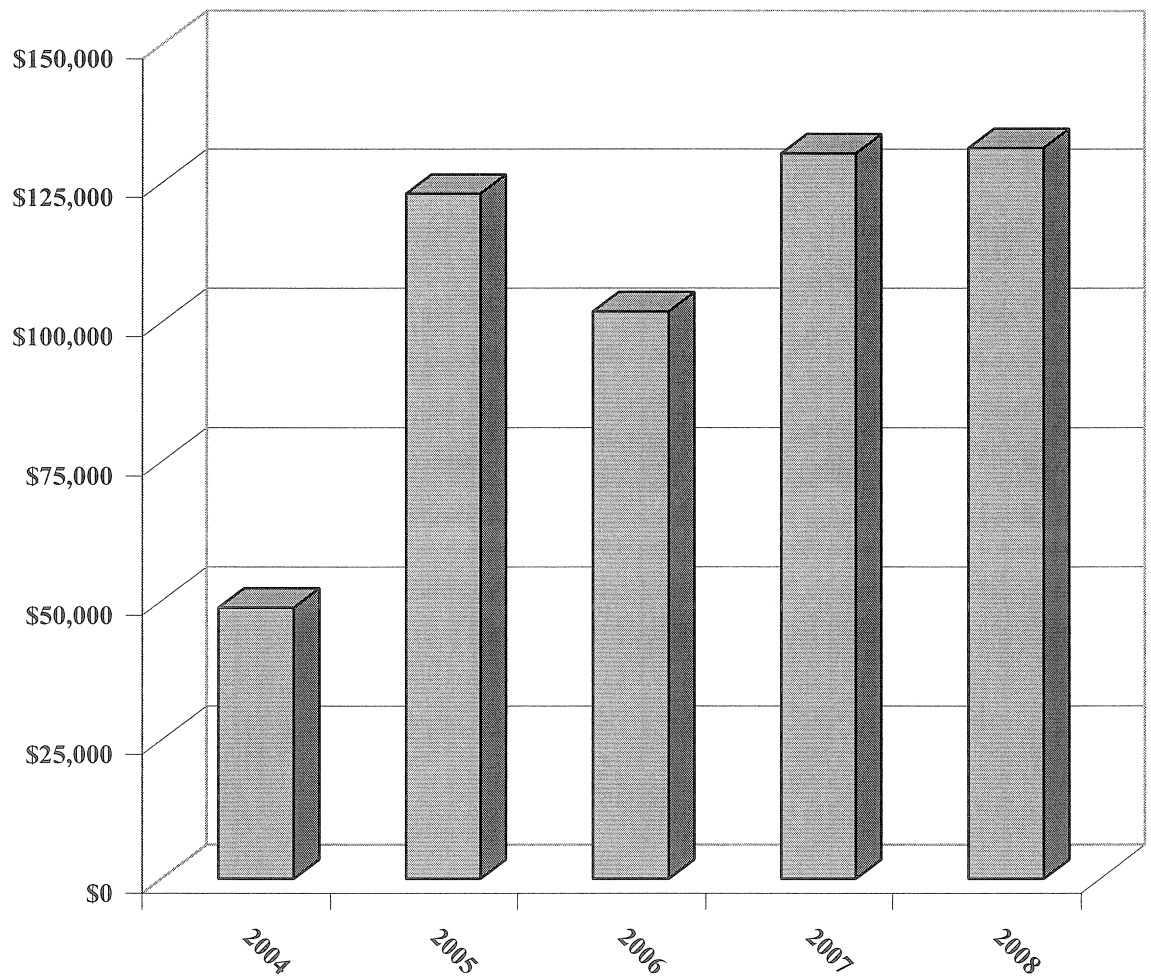
The City of Larned, Kansas
Graphical Analysis
Sewer Fund - Revenues vs. Expenditures (Less Transfers to Reserves)
December 31, 2008

Schedule 2



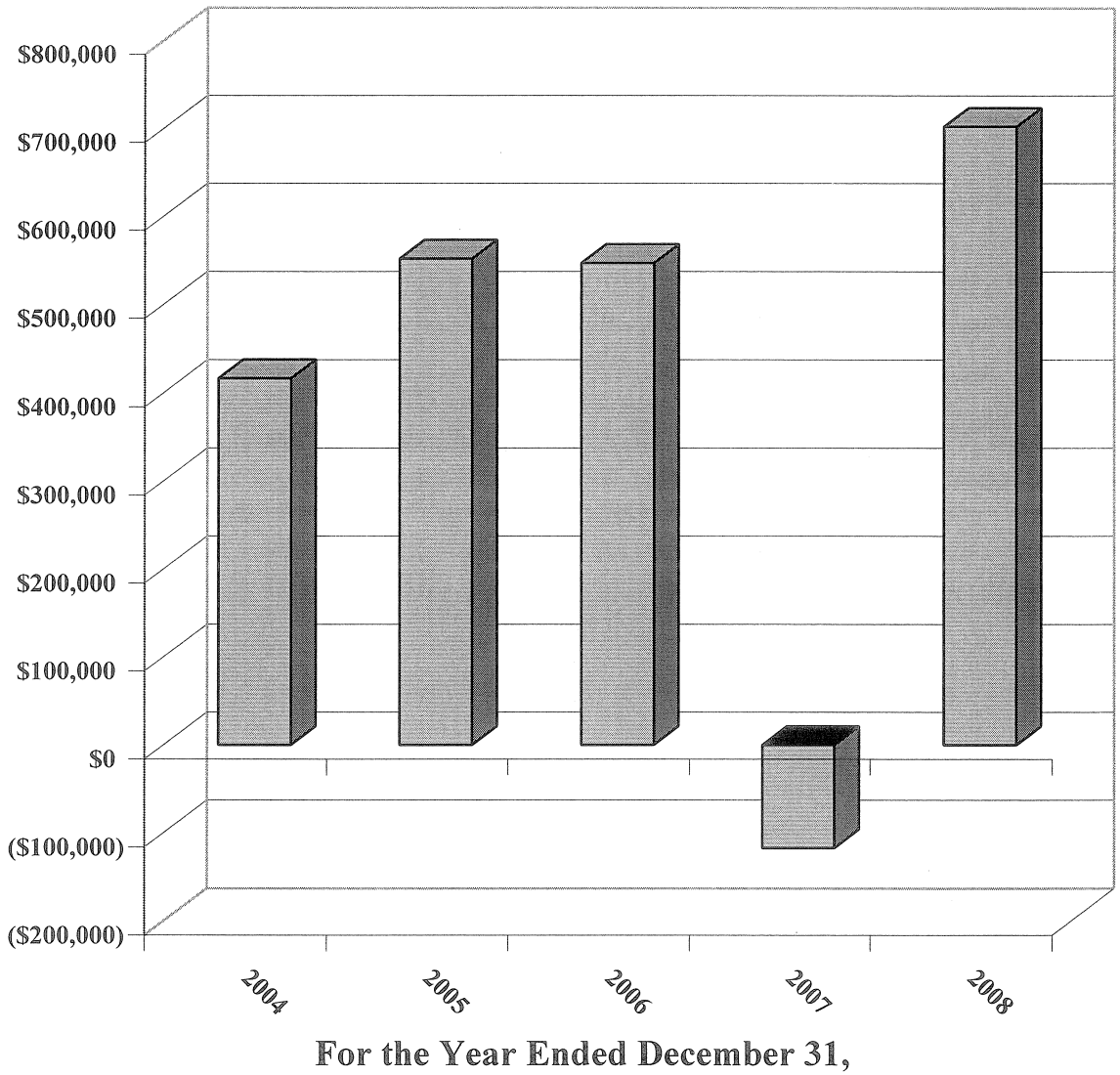
The City of Larned, Kansas
Graphical Analysis
Unencumbered Cash - Sewer Fund (Operating)
December, 31, 2008

Schedule 2



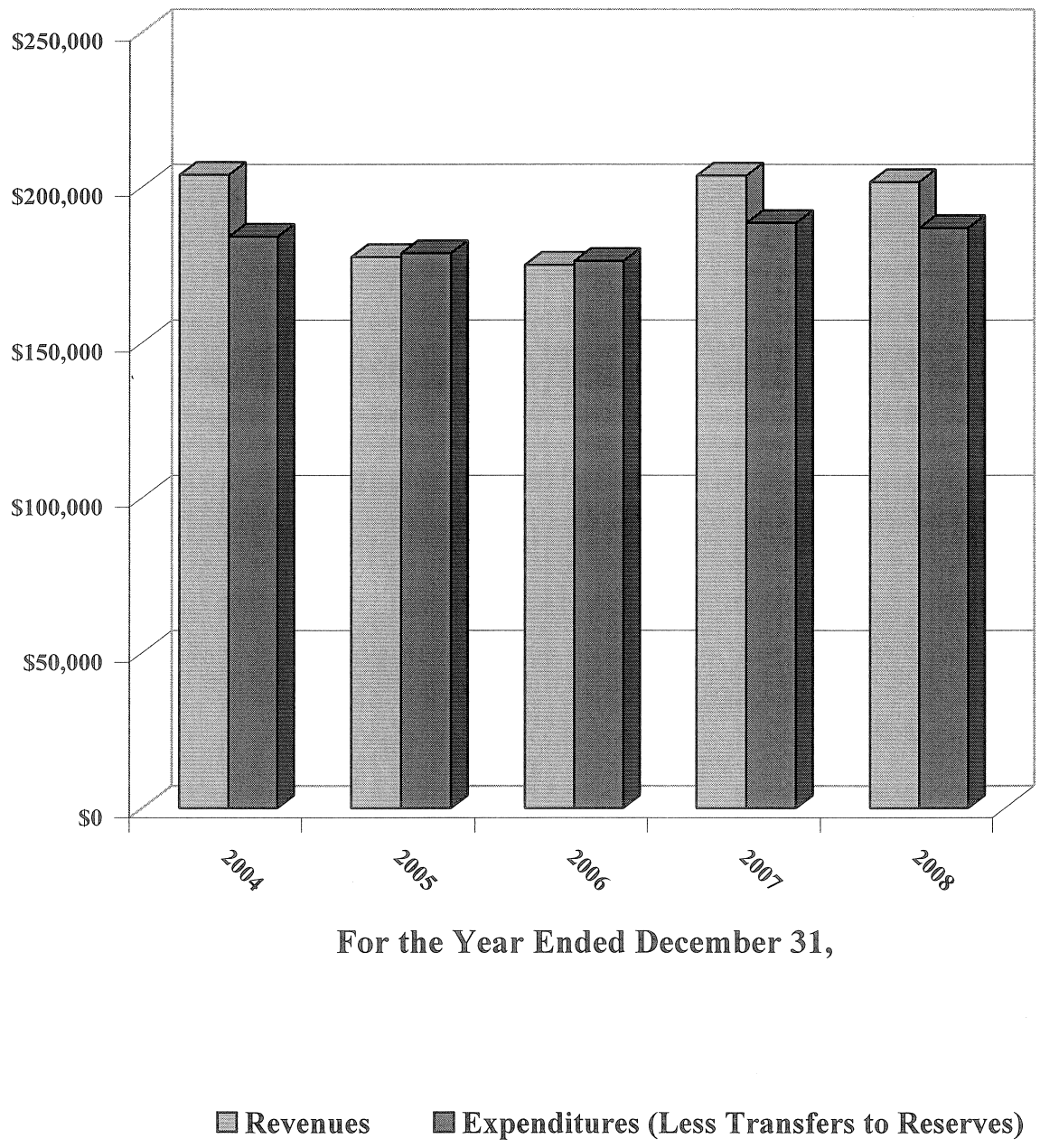
The City of Larned, Kansas
Graphical Analysis
Unencumbered Cash - Sewer Funds (All)
December 31, 2008

Schedule 2



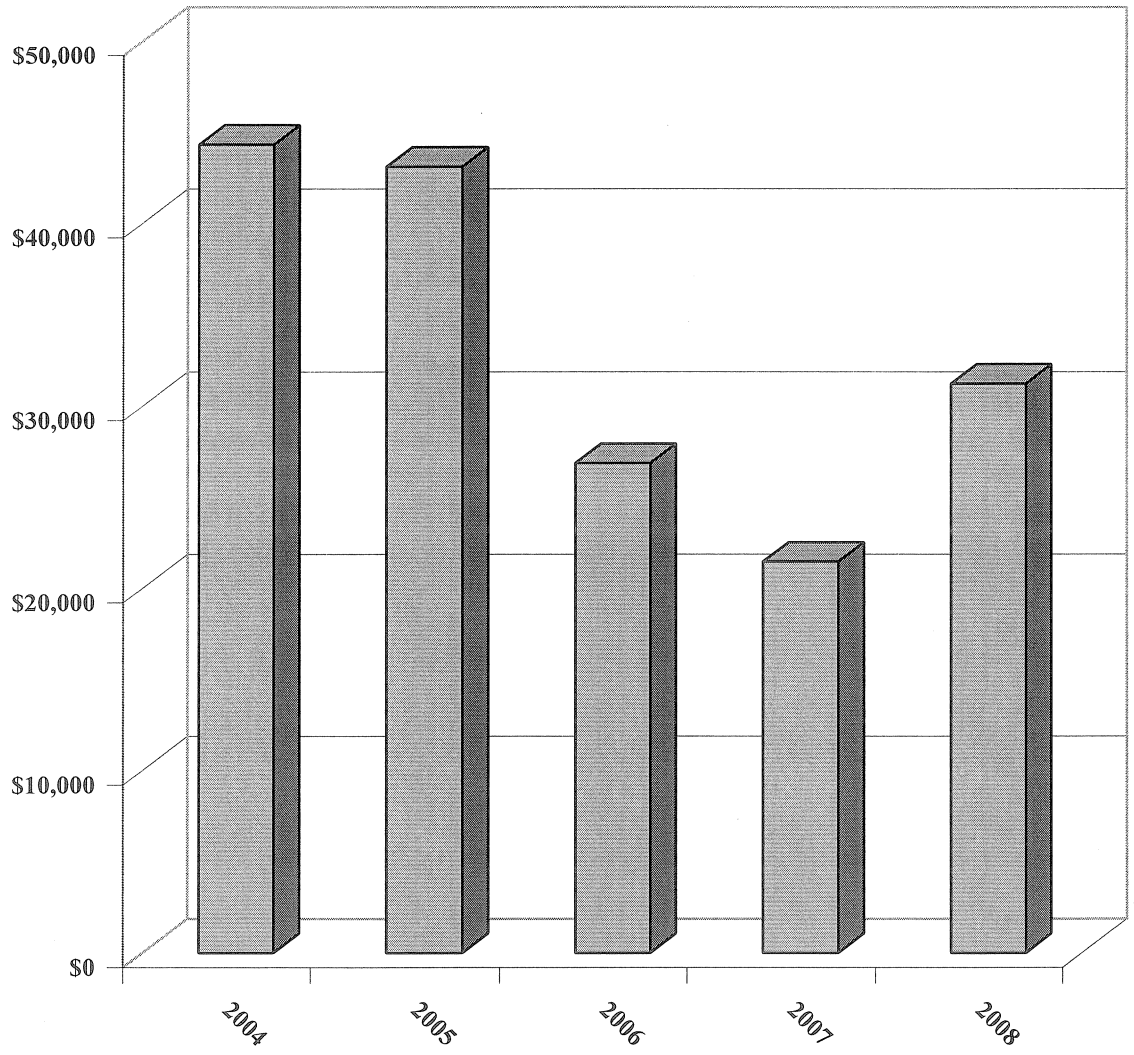
The City of Larned, Kansas
Graphical Analysis
Solid Waste Fund - Revenues vs. Expenditures (Less Transfers to Reserves)
December 31, 2008

Schedule 2



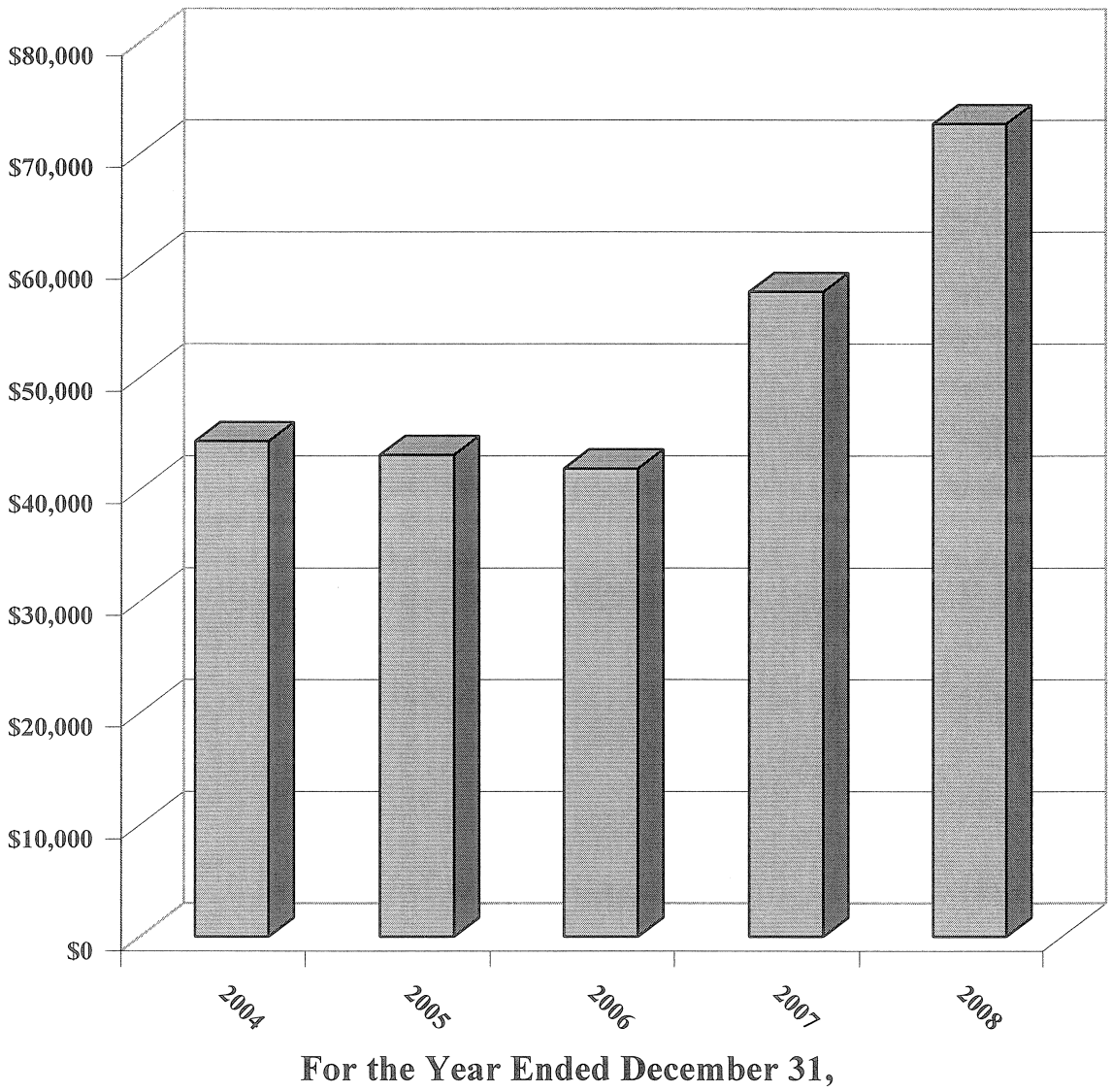
The City of Larned, Kansas
Graphical Analysis
Unencumbered Cash - Solid Waste Fund (Operating)
December 31, 2008

Schedule 2



The City of Larned, Kansas
Graphical Analysis
Unencumbered Cash - Solid Waste Funds (All)
December 31, 2008

Schedule 2



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Agler & Gaeddert CHARTERED
Certified Public Accountants

Lucille L. Hinderliter, CPA
Harold K. Mayes, CPA

W. Keith Gaeddert, CPA
(Retired)

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the City Council
City Of Larned, Kansas

We have audited the financial statements of the City Of Larned, Larned, Kansas, as of and for the year ended December 31, 2008, and have issued our report thereon dated September 17, 2009. The City prepares its financial statements on a basis of accounting that demonstrates compliance with the cash basis and budget laws of Kansas, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be presented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weakness. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weakness, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

INPACT
INTERNATIONAL NETWORK OF PROFESSIONAL ACCOUNTANTS
AFFILIATE

We noted certain matters that we reported to the management of the City of Larned in a separate letter dated September 17, 2009.

This report is intended solely for the information and use of the City Council, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Agler + Haeddert Chartered

Ottawa, Kansas
September 17, 2009

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(Retired)

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the City Council
City of Larned, Kansas

Compliance

We have audited the compliance of the City of Larned, Kansas, with the types of compliance requirements described in the Office of Management and Budget's (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2008. The City's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations.* Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion the City complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2008.

Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the City's internal control that might be significant deficiencies or

PACT
INTERNATIONAL NETWORK OF PROFESSIONAL ACCOUNTANTS
AFFILIATE

material weaknesses. We did not identify any deficiencies internal control over compliance that we consider to be material weaknesses as defined above.

This report is intended solely for the information use of the City Council, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Agler + Laeddert Chartered

Ottawa, Kansas
September 17, 2009

City of Larned, Kansas
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2008

SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiencies identified not considered to be material weaknesses:	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiencies identified not considered to be material weaknesses:	No
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133, Section .510(a)?	No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster		Amount
66.202	U.S. Evironmental Protection Agency	$	477,000

Dollar threshold used to distinguish between Type A and Type B programs	300,000
Auditee qualified as a low-risk auditee?	No