CITY OF LARNED, KANSAS

Financial Statement With Independent Auditors' Report

For the Year Ended December 31, 2024

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INDEPENDENT AUDITORS' REPORT

To the City Council
City of Larned, Kansas
Larned, Kansas

Report on the Audit of the Financial Statement

Adverse and Unmodified Opinions

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of **City of Larned, Kansas**, as of and for the year ended December 31, 2024 and the related notes to the financial statement.

Adverse Opinion on U.S. Generally Accepted Accounting Principles
In our opinion, because of the significance of the matters 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 as of December 31, 2024, or changes in 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 as of December 31, 2024, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions 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), the *Kansas Municipal Audit and Accounting Guide* and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of the City, 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 adverse and unmodified audit opinions.

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 on the basis of the financial reporting provisions 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. The 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 Statement

Management is responsible for the preparation and fair presentation of this financial statement 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 statement 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 statement that is free from material misstatement, whether due to fraud or error.

In preparing the financial statement, 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 raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statement

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statement.

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 statement, 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 statement.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statement.
- conclude whether, in our judgment, 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 a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The summary of regulatory basis expenditures – actual and budget and individual fund schedules of regulatory basis receipts and expenditures – actual and budget (Schedules 1 and 2 as listed in the table of contents) 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.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statement of the City as of and for the year ended December 31, 2023 (not presented herein), and have issued our report thereon dated June 3, 2024, which contained an unmodified opinion on the basic financial statement. The 2023 basic financial statement and our accompanying report are not presented herein, but are available in electronic form from the web site of the Kansas Department of Administration at the following link https://admin.ks.gov/offices/accounts-reports/local-government/municipal-services/municipal-audits. The 2023 actual column (2023 comparative information) presented in the individual fund schedules of regulatory basis receipts and expenditures – actual and budget for the year ended December 31, 2024 (Schedule 2 as listed in the table of contents) is presented for purposes of additional analysis and is not a required part of the basic financial statement. Such 2023 comparative information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2023 basic financial statement. The 2023 comparative information was subjected to the auditing procedures applied in the audit of the 2023 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 2023 basic financial statement or to the 2023 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 2023 comparative information is fairly stated in all material respects in relation to the basic financial statement as a whole for the year ended December 31, 2023, on the basis of accounting described in Note 1.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 7, 2025, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the

City's internal control over financial reporting and compliance.

AdamsBrown, LLC

ADAMSBROWN, LLC
Certified Public Accountants
Larned, Kansas

July 7, 2025

CITY OF LARNED, KANSAS
Summary Statement of Receipts, Expenditures and Unencumbered Cash
Regulatory Basis
For the Year Ended December 31, 2024

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Receipts	Expenditures	**Ending Unencumbered Cash Balance**	Add Encumbrances and Accounts Payable	**Ending Cash Balance**
Regulatory Basis Fund Types							
General Fund	$ 829,201	-	3,175,872	3,095,570	**909,503**	84,124	**993,627**
Special Purpose Funds							
Airport Fund	21,531	-	15,443	14,635	**22,339**	-	**22,339**
Industrial Fund	52,710	-	34,840	76	**87,474**	-	**87,474**
Library Fund	13,314	-	183,554	180,000	**16,868**	-	**16,868**
Special Highway Fund	282,794	-	444,869	72,002	**655,661**	19,744	**675,405**
Special Parks and Recreation Fund	11,130	-	10,304	15,097	**6,337**	-	**6,337**
911 Fees Fund	77,397	-	64,997	76,009	**66,385**	-	**66,385**
Tourism and Convention Promotion Fund	18,049	-	26,267	21,027	**23,289**	-	**23,289**
D.A.R.E. Project Fund	16,150	-	586	1,931	**14,805**	-	**14,805**
Swimming Pool Reserve Fund	103,957	-	61,146	7,354	**157,749**	-	**157,749**
Risk Management Reserve Fund	88,929	-	-	2,669	**86,260**	-	**86,260**
Equipment Reserve Fund	(67,929)	-	57,830	447,407	**(457,506)**	-	**(457,506)**
Capital Improvement Fund	112,914	-	-	111,347	**1,567**	-	**1,567**
LFD Firefighter Fund	18,991	-	374,846	105,353	**288,484**	86,341	**374,825**
Grant Fund	-	-	421,824	421,824	**-**	-	**-**
Bond and Interest Fund							
Bond and Interest Fund	1,085,073	-	25,000	233,545	**876,528**	-	**876,528**
Business Funds							
Electric Fund	1,618,916	-	4,789,511	5,071,045	**1,337,382**	383,600	**1,720,982**
Electric Reserve Fund	4,838,953	-	500,000	708,126	**4,630,827**	10,000	**4,640,827**
Water Fund	875,109	-	1,239,607	940,297	**1,174,419**	6,251	**1,180,670**
Water Reserve Fund	468,585	-	250,000	23,961	**694,624**	-	**694,624**
Sewer Fund	84,888	-	1,081,953	1,165,282	**1,559**	40,580	**42,139**
Sewer Reserve Fund	131,508	-	381,051	512,559	**-**	-	**-**
Solid Waste Fund	65,962	-	272,185	250,114	**88,033**	406	**88,439**
Solid Waste Reserve Fund	55,000	-	25,000	-	**80,000**	-	**80,000**
Airport Facility Fund	53,519	-	90,189	84,706	**59,002**	350	**59,352**
Airport Facility Reserve Fund	35,914	-	259,586	375,030	**(79,530)**	5,338	**(74,192)**
Trust Funds							
Edwards Park Improvement Fund	2,387	-	8,220	284	**10,323**	-	**10,323**
Housing Development Fund	28,295	-	-	-	**28,295**	-	**28,295**
Schnack Cemetery Fund	33,499	-	-	272	**33,227**	-	**33,227**
Larned Volunteer Fire Department Fund	3,545	-	19,370	1,081	**21,834**	-	**21,834**
Projects Improvement Fund	3,161	-	-	-	**3,161**	-	**3,161**
Eggleston Bequest Fund	18,295	-	-	-	**18,295**	-	**18,295**
Schnack Trust Fund	25,000	-	-	-	**25,000**	-	**25,000**
Insurance Proceeds Fund	51,196	-	31,722	102,288	**(19,370)**	-	**(19,370)**
Jordaan Park Fund	1,147	-	-	1,147	**-**	-	**-**
City Loan Program Fund	-	-	3,527	3,503	**24**	-	**24**
Pride Committee Fund	12,046	-	113,252	66,240	**59,058**	-	**59,058**
Total Reporting Entity	$ 11,071,136	-	13,962,551	14,111,781	**10,921,906**	636,734	**11,558,640**

Composition of Cash	Checking Accounts	$ **510,942**
	Savings Accounts	**10,505,354**
	Certificate of Deposits	**542,344**
	Total Reporting Entity	$ **11,558,640**

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

City of Larned, Kansas has established a uniform system of accounting maintained to reflect compliance with the applicable laws of the State of Kansas. The accompanying financial statement is presented to conform to the cash basis and budget laws of the State of Kansas, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The following is a summary of such significant policies.

Financial Reporting Entity

The City is a municipal corporation governed by an elected eight-member council. This financial statement does not include the related municipal entity shown below. A related municipal entity is an entity established to benefit the City and/or its constituents.

Public Library

The City's Library Board operates the City's public library. Acquisition or disposition of real property by the board must be approved by the City. Bond issuances must also be approved by the City. Unaudited financial statements can be obtained by contacting the library.

Basis of Presentation – Fund Accounting

The accounts of the City are organized and operated on the basis of funds. In governmental accounting, a fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The following types of funds comprise the financial activities of the City for the years ended December 31, 2024.

Regulatory Basis Fund Types

General Fund – the chief operating fund. Used to account for all resources except those required to be accounted for in another fund.

Special Purpose Fund – used to account for the proceeds of specific tax levies and other specific revenue sources (other than Capital Project and tax levies for long-term debt) that are intended for specified purposes.

Bond and Interest Fund – used to account for the accumulation of resources, including tax levies, transfers from other funds and payment of general long-term debt.

Business Fund – fund financed in whole or in part by fees charged to users of the goods or services (enterprise and internal service funds).

Trust Fund – fund used to report assets held in trust for the benefit of the municipal financial reporting entity (i.e. pension funds, investment trust funds, private purpose trust funds which benefit the municipal reporting entity, scholarship funds, etc.).

Basis of Accounting

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 City 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 City to use the regulatory basis of accounting.

Reimbursements
The City records reimbursable expenditures in the fund that makes the disbursement and records reimbursements as a receipt to the fund that receives the reimbursement. For purposes of budgetary comparisons, the expenditures are properly offset by the reimbursements under KMAAG regulatory basis of accounting.

NOTE 2 – BUDGETARY INFORMATION

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special purpose funds (unless specifically exempted by statute), bond and interest funds, and business funds. Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

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

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

c. Public hearing on or before August 15th, but at least 10 days after publication of notice of hearing.

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

If the City is holding a revenue neutral rate hearing, the budget timeline for the public hearing is adjusted to no sooner than August 20th and no later than September 20th, but at least ten days after all statutory notification and publication requirements have been met. Municipal budgets requiring a hearing to exceed the revenue neutral rate should be adopted on or before October 1st but may not be adopted prior to the revenue neutral rate hearing. The City did hold a revenue neutral rate hearing for this year.

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 10 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 this 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.

All legal annual operating budgets are prepared using the regulatory 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 City 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 project funds, trust funds, and the following special purpose funds: Risk Management Reserve Fund, Equipment Reserve Fund, Capital Improvement Fund, LFD Firefighter Fund, and Grant 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 – DEPOSITS AND INVESTMENTS

City of Larned, Kansas follows the practice of pooling cash and investments of all funds. Each fund's portion of total cash and investments is summarized by fund category in the summary statement of receipts, expenditures and unencumbered cash.

K.S.A. 9-1401 establishes 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 banks 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 investment of idle funds to time deposits, open accounts, and certificates of deposit with 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.

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 K.S.A. 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 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%. The City does not use "peak periods". All deposits were legally secured at December 31, 2024.

At December 31, 2024, the City's carrying amount of deposits was $11,558,640 and the bank balance was $12,592,282. The bank balance was held by three banks resulting in a concentration of credit risk. Of the bank balance, $1,042,344 was covered by federal depository insurance, and $11,549,938 was collateralized with securities held by the pledging financial institutions' agents in the City's name.

Custodial Credit Risk – Investments
For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured. The City had no investments at December 31, 2024.

NOTE 4 – INTERFUND TRANSFERS

Interfund transfers within the reporting entity are substantially for the purpose of subsidizing operating functions, funding capital projects and asset acquisitions or maintaining debt service on a routine basis as authorized by Kansas statutes. **City of Larned, Kansas'** interfund transfers and regulatory authority for the year ended December 31, 2024 were as follows:

From	To	Authority		Amount
Electric Fund	General Fund	K.S.A. 12-825d	$	450,000
Electric Fund	Electric Reserve Fund	K.S.A. 12-825d		500,000
Electric Fund	LFD Firefighter Fund	Council Approved		99,000
Water Fund	Water Reserve Fund	K.S.A. 12-825d		250,000
Water Fund	Bond and Interest Fund	K.S.A. 12-825d		25,000
Solid Waste Fund	Solid Waste Reserve Fund	K.S.A. 12-825d		25,000
Solid Waste Fund	Electric Fund	K.S.A. 12-825d		7,850
General Fund	Equipment Reserve Fund	K.S.A. 12-1,117		57,830
Sewer Fund	Sewer Reserve Fund	K.S.A. 12-825d		251,431
LFD Firefighter Fund	Larned Volunteer Fire Department Fund	Council Approved		18,872

NOTE 5 – LITIGATION

City of Larned, Kansas is a party to various legal proceedings which normally occur in governmental operations. These legal proceedings are not likely to have a material financial impact on the affected funds of the City.

NOTE 6 – RISK MANAGEMENT

City of Larned, Kansas is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; business interruptions; errors and omissions; employee injuries and illnesses; natural disasters; and employee health, dental and accident benefits. The City has been unable to obtain workers' compensation insurance at a cost it considered to be economically justifiable. For this reason, the City joined together with other cities in the State to participate in the Kansas Municipal Insurance Trust (KMIT), a public entity risk pool currently operating as a common risk management and insurance program for 175 participating members.

City of Larned, Kansas pays an annual premium to the Kansas Municipal Insurance Trust for its workers compensation insurance coverage. The agreement to participate provides that the Kansas Municipal Insurance Trust will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of $500,000 for each insured event. During 2024, the City contributed $46,074 to the fund for this insurance coverage. Additional premiums may be due if total claims for the pool are different than what has been anticipated by Kansas Municipal Insurance Trust's management.

Commercial insurance coverage is purchased for claims arising from such matters other than related to employee health benefits. Settled claims resulting from these risks have not exceeded commercial

coverage in any of the three preceding years. There have not been significant reductions in coverage from prior years.

NOTE 7 – GRANTS AND SHARED REVENUES

City of Larned, Kansas participates in numerous state and federal grant programs, which are governed by various rules and regulations for the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the City has not complied with the rules and regulations governing the grants, refunds of any money received may be required. In the opinion of the City, any liability for reimbursement, which may arise as the result of the audit, is not believed to be material.

NOTE 8 – DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

Plan Description
City of Larned, Kansas participate 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 publicly 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 S 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, 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 the Death and Disability Program) and the statutory contribution rate was 9.26% for the fiscal year ended December 31, 2024. Contributions to the pension plan from the City were $224,848 for the year ended December 31, 2024.

Net Pension Liability

At December 31, 2024, the City's proportionate share of the collective net pension liability reported by KPERS was $2,061,926. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2023, which was rolled forward to June 30, 2024. The City's proportion of the net pension liability was based on the ratio of the City's 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 this financial statement.

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 9 – OTHER POST EMPLOYMENT BENEFITS

As provided by K.S.A. 12-5040, **City of Larned, Kansas** allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the City is subsidizing the retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in this financial statement.

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.

As provided by K.S.A.74-4927, disabled members in the Kansas Public Employees Retirement System (KPERS) receive long-term disability benefits and life insurance benefits. The plan is administered through a trust held by KPERS that is funded to pay annual benefit payments. The employer contribution rate is set at 1% for the year ended December 31, 2024.

NOTE 10 – COMPENSATED ABSENCES

Regular full-time employees are eligible for paid vacation leave. Part-time or temporary employees are not eligible for paid vacation leave. Eligible employees will receive vacation credit annually as follows:

Years Worked	Hours Accrued per Year	Maximum Accrual Hours
0-4	80 Hours	160 Hours
5-9	120 Hours	240 Hours
10-14	160 Hours	320 Hours
15+	200 Hours	400 Hours

No accumulated vacation leave may be taken by an employee until they have been in service of the City continually for a period of three months. Upon separation of employment, employees will be compensated for unused vacation leave.

Regular full-time employees are eligible for paid sick leave. Eligible employees will receive sick leave annually as follows. Full-time eligible employees will accrue sick leave at the rate of four hours per pay period. Sick leave can be used for illness or time off to care for members of their immediate family. During the three month introductory period of employment, eligible employees will accrue but not yet be eligible to utilize sick leave. Employees may accumulate a maximum of 1,000 hours of sick leave. Any accumulation in excess of 1,000 hours will be forfeited and accrual will cease until such time that the accumulation level drops below 1,000 hours. Employees will not be paid for unused sick leave except where an employee voluntarily retires from employment with the City in good standing. Eligible employees may be entitled to a percentage of the employee's unused sick leave above 400 hours and less than 1,000, up to a maximum of 480 hours.

NOTE 11 – LONG-TERM DEBT

City of Larned, Kansas has the following types of long-term debt.

General Obligations Bonds
On August 19, 2021, the City issued $1,050,000 in Series 2021 general obligation refunding bonds for the purpose of refunding Series 2013 general obligation bonds.

On February 24, 2022, the City issued $3,060,000 in Series 2022 general obligation bonds for the purpose of re-financing the remaining KDHE loans.

Changes in long-term liabilities for the City for the year ended December 31, 2024, were as follows:

Issue	Interest Rates	Date of Issue	Amount of Issue	Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	**Balance End of Year**	Interest Paid
General Obligation Bonds									
Series 2021 Refunding	1.45-2.00%	8/19/2021	$ 1,050,000	9/1/2028	$ 1,030,000	-	195,000	**835,000**	15,743
Series 2022	1.40-2.00%	2/24/2022	3,060,000	9/1/2033	2,250,000	-	415,000	**1,835,000**	36,350
Total Contractual Indebtedness					$ 3,280,000	-	610,000	**2,670,000**	52,093

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

	YEAR						
	2025	2026	2027	2028	2029	2030 - 2033	**Total**
Principal							
General Obligation Bonds	$ 620,000	635,000	640,000	655,000	20,000	100,000	**2,670,000**
Interest							
General Obligation Bonds	39,892	29,383	21,333	12,257	2,100	4,375	**109,340**
Total Principal and Interest	$ **659,892**	**664,383**	**661,333**	**667,257**	**22,100**	**104,375**	**2,779,340**

CITY OF LARNED, KANSAS

Regulatory-Required Supplementary Information

Schedule 1

CITY OF LARNED, KANSAS
Summary of Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2024

Funds	Certified Budget	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	**Expenditures Chargeable to Current Year**	Variance Over (Under)
Regulatory Basis Fund Types					
General Fund	$ 3,294,740	-	3,294,740	**3,095,570**	(199,170)
Special Purpose Funds					
Airport Fund	36,930	-	36,930	**14,635**	(22,295)
Industrial Fund	85,300	-	85,300	**76**	(85,224)
Library Fund	184,875	-	184,875	**180,000**	(4,875)
Special Highway Fund	678,933	-	678,933	**72,002**	(606,931)
Special Parks and Recreation Fund	20,305	-	20,305	**15,097**	(5,208)
911 Fees Fund	136,165	-	136,165	**76,009**	(60,156)
Tourism and Convention Promotion Fund	34,794	-	34,794	**21,027**	(13,767)
D.A.R.E. Project Fund	17,704	-	17,704	**1,931**	(15,773)
Swimming Pool Reserve Fund	157,828	-	157,828	**7,354**	(150,474)
Bond and Interest Fund					
Bond and Interest Fund	692,093	-	692,093	**233,545**	(458,548)
Business Funds					
Electric Fund	5,843,161	-	5,843,161	**5,071,045**	(772,116)
Water Fund	1,743,146	-	1,743,146	**940,297**	(802,849)
Sewer Fund	1,165,283	-	1,165,283	**1,165,282**	(1)
Solid Waste Fund	290,522	-	290,522	**250,114**	(40,408)
Airport Facility Fund	156,857	-	156,857	**84,706**	(72,151)

CITY OF LARNED, KANSAS
General Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2024
(With Comparative Actual Totals for the Prior Year Ended December 31, 2023)

		Current Year		
	Prior Year Actual	**Actual**	Budget	Variance Over (Under)
Receipts				
Taxes and Shared Revenues				
Ad Valorem Property	$ 932,972	**902,862**	961,910	(59,048)
Delinquent	37,608	**41,658**	25,000	16,658
Motor Vehicle / 16-20M Tax	174,787	**183,190**	182,495	695
Recreational Vehicle	2,029	**1,923**	2,328	(405)
Commercial Vehicle	7,423	**9,074**	7,792	1,282
Special Assessment	12,109	**1,170**	-	1,170
Sales Tax	774,921	**759,137**	592,000	167,137
Franchise Tax	173,201	**135,854**	144,000	(8,146)
Highway Connecting Links	45,650	**45,682**	45,000	682
Alcoholic Liquor Tax	3,757	**2,804**	3,316	(512)
Licenses, Fines, and Permits	58,771	**53,163**	12,000	41,163
Ambulance Fees and Subsidy	1,687	**882**	-	882
Cemetery Lots	19,150	**24,230**	20,000	4,230
Fire Services	61,060	**61,671**	61,665	6
Maps, Copies, etc.	292	**428**	300	128
Police Services	175,617	**133,774**	188,560	(54,786)
Community Center Receipts	3,930	**3,580**	2,000	1,580
USD 495 Payment	23,690	**23,690**	23,690	-
Swimming Pool Receipts	350	**1,925**	500	1,425
Animal Shelter Fees	1,850	**1,960**	2,000	(40)
Rents	2,147	**1,650**	500	1,150
Reimbursed Expenses	19,662	**36,117**	5,000	31,117
Interest on Idle Funds	250,703	**268,472**	80,000	188,472
Miscellaneous	7,956	**30,976**	10,500	20,476
Transfers In	450,000	**450,000**	450,000	-
Total Receipts	3,241,322	**3,175,872**	2,820,556	355,316
Expenditures				
Fire Department				
Personal Services	38,465	**33,585**	41,400	(7,815)
Contractual Services	29,210	**30,559**	32,600	(2,041)
Commodities	41,362	**45,807**	44,000	1,807
Capital Outlay	1,352	**63,710**	25,000	38,710
Administration				
Personal Services	109,711	**112,916**	120,000	(7,084)
Contractual Services	88,731	**86,889**	94,000	(7,111)
Commodities	15,955	**13,700**	26,000	(12,300)
Capital Outlay	1,630	**8,883**	6,000	2,883

CITY OF LARNED, KANSAS
General Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2024
(With Comparative Actual Totals for the Prior Year Ended December 31, 2023)

	Prior Year Actual	Current Year Actual	Current Year Budget	Variance Over (Under)
Expenditures (Continued)				
Parks Department				
Personal Services	$ 206,742	**233,557**	243,000	(9,443)
Contractual Services	48,865	**58,254**	52,600	5,654
Commodities	66,963	**72,512**	90,000	(17,488)
Capital Outlay	-	**23,985**	20,000	3,985
Other	227	**177**	-	177
Dispatch				
Personal Services	357,137	**389,499**	448,000	(58,501)
Contractual Services	14,723	**10,132**	16,400	(6,268)
Commodities	4,137	**6,070**	7,000	(930)
Capital Outlay	3,588	**850**	-	850
Police Department				
Personal Services	736,663	**723,357**	748,000	(24,643)
Contractual Services	51,331	**47,002**	49,400	(2,398)
Commodities	66,977	**71,492**	73,000	(1,508)
Capital Outlay	55,143	**89,902**	86,500	3,402
Public Buildings				
Contractual Services	120,827	**94,742**	101,000	(6,258)
Commodities	10,665	**10,940**	15,000	(4,060)
Capital Outlay	1,946	**1,000**	-	1,000
Street Department				
Personal Services	336,763	**327,368**	421,000	(93,632)
Contractual Services	39,301	**95,330**	100,000	(4,670)
Commodities	285,065	**161,263**	182,000	(20,737)
Capital Outlay	8,588	**-**	10,000	(10,000)
Street Lighting				
Contractual Services	540	**540**	540	-
Swimming Pool				
Personal Services	97,114	**102,000**	80,000	22,000
Contractual Services	11,590	**12,503**	20,000	(7,497)
Commodities	18,991	**22,523**	25,000	(2,477)
Capital Outlay	6,224	**-**	-	-
Municipal Court				
Personal Services	34,368	**33,645**	35,000	(1,355)
Contractual Services	5,872	**925**	8,500	(7,575)
Commodities	442	**519**	300	219
Building Inspection				
Personal Services	35,604	**37,292**	36,000	1,292
Contractual Services	13,098	**13,145**	9,000	4,145
Commodities	1,942	**1,167**	3,500	(2,333)
Capital Outlay	291	**-**	-	-
Appropriation to Other Entities	-	**-**	25,000	(25,000)
Transfers Out	-	**57,830**	-	57,830
Total Expenditures	2,968,143	**3,095,570**	3,294,740	(199,170)

CITY OF LARNED, KANSAS
General Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2024
(With Comparative Actual Totals for the Prior Year Ended December 31, 2023)

		Prior Year Actual	Current Year Actual	Current Year Budget	Current Year Variance Over (Under)
Receipts Over (Under) Expenditures	$	273,179	**80,302**		
Unencumbered Cash - Beginning		556,022	**829,201**		
Unencumbered Cash - Ending	$	829,201	**909,503**		

CITY OF LARNED, KANSAS
Airport Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2024
(With Comparative Actual Totals for the Prior Year Ended December 31, 2023)

		Current Year		
	Prior Year Actual	**Actual**	Budget	Variance Over (Under)
Receipts				
Taxes and Shared Revenues				
Ad Valorem Property	$ 18,163	**10,818**	11,534	(716)
Delinquent	596	**780**	200	580
Motor Vehicle / 16-20M Tax	3,183	**3,629**	3,550	79
Recreational Vehicle	41	**38**	45	(7)
Commercial Vehicle	498	**178**	152	26
Total Receipts	22,481	**15,443**	15,481	(38)
Expenditures				
Appropriation	19,220	**14,635**	36,930	(22,295)
Receipts Over (Under) Expenditures	3,261	**808**		
Unencumbered Cash - Beginning	18,270	**21,531**		
Unencumbered Cash - Ending	$ 21,531	**22,339**		

CITY OF LARNED, KANSAS
Industrial Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2024
(With Comparative Actual Totals for the Prior Year Ended December 31, 2023)

		Current Year		
	Prior Year Actual	**Actual**	Budget	Variance Over (Under)
Receipts				
Taxes and Shared Revenues				
Ad Valorem Property	$ 15	**32,438**	34,536	(2,098)
Delinquent	1,097	**883**	-	883
Motor Vehicle / 16-20M Tax	5,439	**1,474**	-	1,474
Recreational Vehicle	64	**11**	-	11
Commercial Vehicle	235	**34**	-	34
Total Receipts	6,850	**34,840**	34,536	304
Expenditures				
Contractual Services	26,500	**76**	85,300	(85,224)
Receipts Over (Under) Expenditures	(19,650)	**34,764**		
Unencumbered Cash - Beginning	72,360	**52,710**		
Unencumbered Cash - Ending	$ 52,710	**87,474**		

CITY OF LARNED, KANSAS
Library Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2024
(With Comparative Actual Totals for the Prior Year Ended December 31, 2023)

		Current Year		
	Prior Year Actual	**Actual**	Budget	Variance Over (Under)
Receipts				
Taxes and Shared Revenues				
Ad Valorem Property	$ 145,143	**146,037**	155,608	(9,571)
Delinquent	5,988	**6,573**	2,000	4,573
Motor Vehicle / 16-20M Tax	29,002	**29,212**	28,389	823
Recreational Vehicle	339	**304**	362	(58)
Commercial Vehicle	1,254	**1,428**	1,212	216
Total Receipts	181,726	**183,554**	187,571	(4,017)
Expenditures				
Appropriation	170,000	**180,000**	184,875	(4,875)
Receipts Over (Under) Expenditures	11,726	**3,554**		
Unencumbered Cash - Beginning	1,588	**13,314**		
Unencumbered Cash - Ending	$ 13,314	**16,868**		

CITY OF LARNED, KANSAS
Special Highway Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2024
(With Comparative Actual Totals for the Prior Year Ended December 31, 2023)

		Current Year		
	Prior Year Actual	**Actual**	Budget	Variance Over (Under)
Receipts				
Taxes and Shared Revenues				
Highway Gas Tax	$ 99,172	**100,360**	99,330	1,030
Special Assessments	150	**2,723**	-	2,723
Reimbursed Expenses	300,000	**341,786**	-	341,786
Total Receipts	399,322	**444,869**	99,330	345,539
Expenditures				
Contractual Services	96,743	**65,072**	200,000	(134,928)
Commodities	-	**6,930**	200,000	(193,070)
Capital Outlay	644,318	**-**	278,933	(278,933)
Total Expenditures	741,061	**72,002**	678,933	(606,931)
Receipts Over (Under) Expenditures	(341,739)	**372,867**		
Unencumbered Cash - Beginning	624,533	**282,794**		
Unencumbered Cash - Ending	$ 282,794	**655,661**		

CITY OF LARNED, KANSAS
Special Parks and Recreation Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2024
(With Comparative Actual Totals for the Prior Year Ended December 31, 2023)

		Current Year		
	Prior Year Actual	**Actual**	Budget	Variance Over (Under)
Receipts				
Taxes and Shared Revenues				
Local Alcohol Liquor	$ 3,757	**2,804**	3,316	(512)
Reimbursed Expenditures	7,500	**7,500**	7,500	-
Total Receipts	11,257	**10,304**	10,816	(512)
Expenditures				
Contractual Services	1,240	**7,597**	12,805	(5,208)
Commodities	7,500	**7,500**	7,500	-
Total Expenditures	8,740	**15,097**	20,305	(5,208)
Receipts Over (Under) Expenditures	2,517	**(4,793)**		
Unencumbered Cash - Beginning	8,613	**11,130**		
Unencumbered Cash - Ending	$ 11,130	**6,337**		

CITY OF LARNED, KANSAS
911 Fees Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2024
(With Comparative Actual Totals for the Prior Year Ended December 31, 2023)

		Current Year		
	Prior Year Actual	**Actual**	Budget	Variance Over (Under)
Receipts				
Taxes and Shared Revenues				
Wireless 911 Tax	$ 59,945	**64,997**	55,000	9,997
Expenditures				
Contractual Services	40,022	**36,374**	45,000	(8,626)
Commodities	4,647	**3,331**	3,000	331
Capital Outlay	17,044	**36,304**	88,165	(51,861)
Total Expenditures	61,713	**76,009**	136,165	(60,156)
Receipts Over (Under) Expenditures	(1,768)	**(11,012)**		
Unencumbered Cash - Beginning	79,165	**77,397**		
Unencumbered Cash - Ending	$ 77,397	**66,385**		

Schedule 2-8

CITY OF LARNED, KANSAS
Tourism and Convention Promotion Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2024
(With Comparative Actual Totals for the Prior Year Ended December 31, 2023)

		Current Year		
	Prior Year Actual	**Actual**	Budget	Variance Over (Under)
Receipts				
Taxes and Shared Revenues				
Transient Guest Tax	$ 12,145	**26,267**	15,000	11,267
Expenditures				
Contractual Services	18,990	**20,621**	34,294	(13,673)
Commodities	400	**406**	500	(94)
Total Expenditures	19,390	**21,027**	34,794	(13,767)
Receipts Over (Under) Expenditures	(7,245)	**5,240**		
Unencumbered Cash - Beginning	25,294	**18,049**		
Unencumbered Cash - Ending	$ 18,049	**23,289**		

CITY OF LARNED, KANSAS
D.A.R.E. Project Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2024
(With Comparative Actual Totals for the Prior Year Ended December 31, 2023)

		Current Year		
	Prior Year Actual	**Actual**	Budget	Variance Over (Under)
Receipts				
Reimbursed Expenses	$ 645	**586**	200	386
Expenditures				
Contractual Services	50	**1,300**	17,704	(16,404)
Commodities	2,218	**631**	-	631
Total Expenditures	2,268	**1,931**	17,704	(15,773)
Receipts Over (Under) Expenditures	(1,623)	**(1,345)**		
Unencumbered Cash - Beginning	17,773	**16,150**		
Unencumbered Cash - Ending	$ 16,150	**14,805**		

CITY OF LARNED, KANSAS
Swimming Pool Reserve Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2024
(With Comparative Actual Totals for the Prior Year Ended December 31, 2023)

		Current Year		
	Prior Year Actual	**Actual**	Budget	Variance Over (Under)
Receipts				
Pool Surcharge	$ 61,329	**61,146**	58,000	3,146
Donations	800	**-**	-	-
Total Receipts	62,129	**61,146**	58,000	3,146
Expenditures				
Capital Outlay	-	**7,354**	157,828	(150,474)
Receipts Over (Under) Expenditures	62,129	**53,792**		
Unencumbered Cash - Beginning	41,828	**103,957**		
Unencumbered Cash - Ending	$ 103,957	**157,749**		

Schedule 2-11

CITY OF LARNED, KANSAS
Risk Management Reserve Fund
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2024
(With Comparative Actual Totals for the Prior Year Ended December 31, 2023)

		Prior Year Actual	**Current Year Actual**
Receipts			
Reimbursed Expenses	$	21,508	**-**
Expenditures			
Contractual Services		2,108	**2,669**
Receipts Over (Under) Expenditures		19,400	**(2,669)**
Unencumbered Cash - Beginning		69,529	**88,929**
Unencumbered Cash - Ending	$	88,929	**86,260**

Schedule 2-12

CITY OF LARNED, KANSAS
Equipment Reserve Fund
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2024
(With Comparative Actual Totals for the Prior Year Ended December 31, 2023)

		Prior Year Actual	**Current Year Actual**
Receipts			
Transfers In	$	-	**57,830**
Expenditures			
Capital Outlay		144,746	**447,407**
Receipts Over (Under) Expenditures		(144,746)	**(389,577)**
Unencumbered Cash - Beginning		76,817	**(67,929)**
Unencumbered Cash - Ending	$	(67,929)	**(457,506)**

Schedule 2-13

CITY OF LARNED, KANSAS
Capital Improvement Fund
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2024
(With Comparative Actual Totals for the Prior Year Ended December 31, 2023)

		Prior Year Actual	**Current Year Actual**
Receipts			
Donations	$	50	**-**
Transfers In		139,913	**-**
Total Receipts		139,963	**-**
Expenditures			
Contractual Services		476,219	**-**
Commodities		16,189	**85,062**
Capital Outlay		83,448	**26,285**
Total Expenditures		575,856	**111,347**
Receipts Over (Under) Expenditures		(435,893)	**(111,347)**
Unencumbered Cash - Beginning		548,807	**112,914**
Unencumbered Cash - Ending	$	112,914	**1,567**

CITY OF LARNED, KANSAS
LFD Firefighter Fund
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2024
(With Comparative Actual Totals for the Prior Year Ended December 31, 2023)

		Prior Year Actual	**Current Year Actual**
Receipts			
Donations	$	13,037	**21**
Transfers In		-	**99,000**
Fire Fees - LSH		-	**275,825**
Total Receipts		13,037	**374,846**
Expenditures			
Commodities		5,894	**140**
Capital Outlay		-	**86,341**
Transfers Out		-	**18,872**
Total Expenditures		5,894	**105,353**
Receipts Over (Under) Expenditures		7,143	**269,493**
Unencumbered Cash - Beginning		11,848	**18,991**
Unencumbered Cash - Ending	$	18,991	**288,484**

CITY OF LARNED, KANSAS
Grant Fund
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2024
(With Comparative Actual Totals for the Prior Year Ended December 31, 2023)

		Prior Year Actual	**Current Year Actual**
Receipts			
Reimbursement	$	-	**375,000**
Federal Aid		-	**46,824**
Total Receipts		-	**421,824**
Expenditures			
Contractual Services		-	**375,000**
Capital Outlay		-	**46,824**
Total Expenditures		-	**421,824**
Receipts Over (Under) Expenditures		-	**-**
Unencumbered Cash - Beginning		-	**-**
Unencumbered Cash - Ending	$	-	**-**

Schedule 2-16

CITY OF LARNED, KANSAS
Bond and Interest Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2024
(With Comparative Actual Totals for the Prior Year Ended December 31, 2023)

		Current Year		
	Prior Year Actual	**Actual**	Budget	Variance Over (Under)
Receipts				
Taxes and Shared Revenues				
Delinquent Tax	$ 6	**-**	-	-
Transfers In	25,000	**25,000**	314,283	(289,283)
Total Receipts	25,006	**25,000**	314,283	(289,283)
Expenditures				
Contractual Services	-	**4,627**	-	4,627
Bond Principal	173,175	**195,000**	610,000	(415,000)
Bond Interest	38,168	**33,918**	52,093	(18,175)
Bond Fees	-	**-**	5,000	(5,000)
Cash Basis Forward	-	**-**	25,000	(25,000)
Total Expenditures	211,343	**233,545**	692,093	(458,548)
Receipts Over (Under) Expenditures	(186,337)	**(208,545)**		
Unencumbered Cash - Beginning	1,271,410	**1,085,073**		
Unencumbered Cash - Ending	$ 1,085,073	**876,528**		

Schedule 2-17

CITY OF LARNED, KANSAS
Electric Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2024
(With Comparative Actual Totals for the Prior Year Ended December 31, 2023)

		Current Year		
	Prior Year Actual	**Actual**	Budget	Variance Over (Under)
Receipts				
Utility Revenue	$ 3,870,367	**3,825,407**	3,500,000	325,407
Fuel Cost Adjustment	951,394	**690,062**	800,000	(109,938)
Sales Tax Collected	155,054	**144,800**	125,000	19,800
Miscellaneous Charges and Fees	65,422	**100,770**	44,000	56,770
Sale of Assets	552	**2,223**	-	2,223
Reimbursed Expenses	150,508	**18,246**	10,000	8,246
Miscellaneous	-	**153**	-	153
Federal Aid	12,691	**-**	-	-
Transfers In	25,000	**7,850**	11,835	(3,985)
Total Receipts	5,230,988	**4,789,511**	4,490,835	298,676
Expenditures				
Commercial and General				
Personal Services	233,325	**233,147**	245,000	(11,853)
Contractual Services	380,673	**425,983**	325,000	100,983
Commodities	20,190	**6,820**	20,000	(13,180)
Capital Outlay	7,495	**-**	-	-
Production				
Personal Services	288,485	**294,448**	335,000	(40,552)
Contractual Services	2,421,513	**2,364,934**	2,915,000	(550,066)
Commodities	71,651	**69,437**	105,000	(35,563)
Capital Outlay	172,540	**1,356**	175,000	(173,644)
Transmission and Distribution				
Contractual Services	489,510	**413,457**	542,000	(128,543)
Commodities	66,599	**164,743**	105,000	59,743
Capital Outlay	17,427	**47,720**	126,161	(78,441)
Transfers Out	1,339,913	**1,049,000**	950,000	99,000
Total Expenditures	5,509,321	**5,071,045**	5,843,161	(772,116)
Receipts Over (Under) Expenditures	(278,333)	**(281,534)**		
Unencumbered Cash - Beginning	1,897,249	**1,618,916**		
Unencumbered Cash - Ending	$ 1,618,916	**1,337,382**		

CITY OF LARNED, KANSAS
Electric Reserve Fund
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2024
(With Comparative Actual Totals for the Prior Year Ended December 31, 2023)

		Prior Year Actual	**Current Year Actual**
Receipts			
Transfers In	$	750,000	**500,000**
Reimbursed Expenses		22,298	**-**
Total Receipts		772,298	**500,000**
Expenditures			
Contractual Services		385,000	**471,191**
Commodities		**-**	**9,024**
Capital Outlay		226,604	**227,911**
Total Expenditures		611,604	**708,126**
Receipts Over (Under) Expenditures		160,694	**(208,126)**
Unencumbered Cash - Beginning		4,678,259	**4,838,953**
Unencumbered Cash - Ending	$	4,838,953	**4,630,827**

CITY OF LARNED, KANSAS
Water Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2024
(With Comparative Actual Totals for the Prior Year Ended December 31, 2023)

		Current Year		
	Prior Year Actual	**Actual**	Budget	Variance Over (Under)
Receipts				
Utility Revenue	$ 1,168,175	**1,175,768**	1,070,000	105,768
Sales Tax Collected	12,648	**12,480**	10,000	2,480
Miscellaneous Charges and Fees	31,011	**28,339**	20,000	8,339
Sale of Assets	1,360	**-**	-	-
Reimbursed Expenses	200	**2,357**	-	2,357
Federal Aid	75,039	**-**	-	-
Rental Revenue	20,061	**20,663**	-	20,663
Total Receipts	1,308,494	**1,239,607**	1,100,000	139,607
Expenditures				
Commercial and General				
Personal Services	170,195	**175,925**	185,000	(9,075)
Contractual Services	39,126	**40,839**	42,000	(1,161)
Commodities	2,807	**2,250**	5,000	(2,750)
Production				
Contractual Services	93,027	**43,750**	60,000	(16,250)
Commodities	11,465	**24,725**	15,000	9,725
Capital Outlay	15,966	**-**	60,000	(60,000)
Transmission and Distribution				
Personal Services	289,235	**257,182**	355,000	(97,818)
Contractual Services	68,071	**51,817**	150,000	(98,183)
Commodities	119,652	**68,809**	135,000	(66,191)
Capital Outlay	67,821	**-**	461,146	(461,146)
Transfers Out	275,000	**275,000**	275,000	-
Total Expenditures	1,152,365	**940,297**	1,743,146	(802,849)
Receipts Over (Under) Expenditures	156,129	**299,310**		
Unencumbered Cash - Beginning	718,980	**875,109**		
Unencumbered Cash - Ending	$ 875,109	**1,174,419**		

CITY OF LARNED, KANSAS
Water Reserve Fund
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2024
(With Comparative Actual Totals for the Prior Year Ended December 31, 2023)

		Prior Year Actual	**Current Year Actual**
Receipts			
Transfers In	$	250,000	**250,000**
Expenditures			
Loan Principal		17,407	**19,751**
Loan Interest		6,215	**4,210**
Loan Fees		1,051	**-**
Total Expenditures		24,673	**23,961**
Receipts Over (Under) Expenditures		225,327	**226,039**
Unencumbered Cash - Beginning		243,258	**468,585**
Unencumbered Cash - Ending	$	468,585	**694,624**

CITY OF LARNED, KANSAS
Sewer Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2024
(With Comparative Actual Totals for the Prior Year Ended December 31, 2023)

		Current Year		
	Prior Year Actual	**Actual**	Budget	Variance Over (Under)
Receipts				
Utility Revenue	$ 925,633	**940,455**	875,000	65,455
LSH Charges	123,814	**125,729**	110,000	15,729
Miscellaneous Charges and Fees	11,670	**12,576**	8,500	4,076
Reimbursed Expenses	1,382	**3,193**	-	3,193
Total Receipts	1,062,499	**1,081,953**	993,500	88,453
Expenditures				
Personal Services	290,445	**329,347**	351,000	(21,653)
Contractual Services	313,711	**375,148**	275,000	100,148
Commodities	227,047	**209,356**	150,000	59,356
Capital Outlay	328,050	**-**	100,000	(100,000)
Transfers Out	-	**251,431**	289,283	(37,852)
Total Expenditures	1,159,253	**1,165,282**	1,165,283	(1)
Receipts Over (Under) Expenditures	(96,754)	**(83,329)**		
Unencumbered Cash - Beginning	181,642	**84,888**		
Unencumbered Cash - Ending	$ 84,888	**1,559**		

CITY OF LARNED, KANSAS
Sewer Reserve Fund
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2024
(With Comparative Actual Totals for the Prior Year Ended December 31, 2023)

		Prior Year Actual	**Current Year Actual**
Receipts			
Transfers In	$	-	**251,431**
Reimbursed Expense		129,620	**129,620**
Total Receipts		129,620	**381,051**
Expenditures			
Capital Outlay		238,143	**-**
Contractual		-	**103,346**
Principal		224,416	**395,248**
Interest		14,960	**13,965**
Total Expenditures		477,519	**512,559**
Receipts Over (Under) Expenditures		(347,899)	**(131,508)**
Unencumbered Cash - Beginning		479,407	**131,508**
Unencumbered Cash - Ending	$	131,508	**-**

CITY OF LARNED, KANSAS
Solid Waste Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2024
(With Comparative Actual Totals for the Prior Year Ended December 31, 2023)

		Current Year		
	Prior Year Actual	**Actual**	Budget	Variance Over (Under)
Receipts				
Utility Revenue	$ 266,171	**266,887**	240,000	26,887
Miscellaneous Charges and Fees	4,646	**5,298**	3,000	2,298
Reimbursed Expenses	3,546	**-**	-	-
Total Receipts	274,363	**272,185**	243,000	29,185
Expenditures				
Personal Services	160,893	**160,222**	195,000	(34,778)
Contractual Services	12,901	**13,151**	25,000	(11,849)
Commodities	45,891	**27,350**	40,000	(12,650)
Capital Outlay	7,575	**16,541**	14,000	2,541
Transfers Out	45,000	**32,850**	16,522	16,328
Total Expenditures	272,260	**250,114**	290,522	(40,408)
Receipts Over (Under) Expenditures	2,103	**22,071**		
Unencumbered Cash - Beginning	63,859	**65,962**		
Unencumbered Cash - Ending	$ 65,962	**88,033**		

CITY OF LARNED, KANSAS
Solid Waste Reserve Fund
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2024
(With Comparative Actual Totals for the Prior Year Ended December 31, 2023)

		Prior Year Actual	**Current Year Actual**
Receipts			
Transfers In	$	20,000	**25,000**
Expenditures		-	**-**
Receipts Over (Under) Expenditures		20,000	**25,000**
Unencumbered Cash - Beginning		35,000	**55,000**
Unencumbered Cash - Ending	$	55,000	**80,000**

CITY OF LARNED, KANSAS
Airport Facility Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2024
(With Comparative Actual Totals for the Prior Year Ended December 31, 2023)

		Current Year		
	Prior Year Actual	**Actual**	Budget	Variance Over (Under)
Receipts				
Rents and Royalties	$ 22,964	**26,937**	20,000	6,937
City Cost Share	19,219	**14,635**	23,016	(8,381)
Pawnee County Cost Share	38,439	**29,270**	46,032	(16,762)
Sales Tax Collected	634	**679**	400	279
Fuel Reimbursement	17,073	**18,308**	12,000	6,308
Reimbursed Expenses	562	**360**	-	360
Total Receipts	98,891	**90,189**	101,448	(11,259)
Expenditures				
Personal Services	19,200	**19,200**	19,200	-
Contractual Services	49,437	**40,401**	50,000	(9,599)
Commodities	30,452	**25,105**	30,000	(4,895)
Capital Outlay	-	**-**	57,657	(57,657)
Total Expenditures	99,089	**84,706**	156,857	(72,151)
Receipts Over (Under) Expenditures	(198)	**5,483**		
Unencumbered Cash - Beginning	53,717	**53,519**		
Unencumbered Cash - Ending	$ 53,519	**59,002**		

CITY OF LARNED, KANSAS
Airport Facility Reserve Fund
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2024
(With Comparative Actual Totals for the Prior Year Ended December 31, 2023)

		Prior Year Actual	**Current Year Actual**
Receipts			
Reimbursed Expenses	$	125,425	**259,586**
Expenditures			
Contractual Services		69,400	**375,030**
Capital Outlay		63,111	**-**
Total Expenditures		132,511	**375,030**
Receipts Over (Under) Expenditures		(7,086)	**(115,444)**
Unencumbered Cash - Beginning		43,000	**35,914**
Unencumbered Cash - Ending	$	35,914	**(79,530)**

CITY OF LARNED, KANSAS
Edwards Park Improvement Fund
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2024
(With Comparative Actual Totals for the Prior Year Ended December 31, 2023)

		Prior Year Actual	**Current Year Actual**
Receipts			
Golf Range Fees	$	6,788	**8,220**
Expenditures			
Contractual Services		276	**284**
Other		7,375	**-**
Total Expenditures		7,651	**284**
Receipts Over (Under) Expenditures		(863)	**7,936**
Unencumbered Cash - Beginning		3,250	**2,387**
Unencumbered Cash - Ending	$	2,387	**10,323**

CITY OF LARNED, KANSAS
Housing Development Fund
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2024
(With Comparative Actual Totals for the Prior Year Ended December 31, 2023)

		Prior Year Actual	**Current Year Actual**
Receipts	$	-	**-**
Expenditures		-	**-**
Receipts Over (Under) Expenditures		-	**-**
Unencumbered Cash - Beginning		28,295	**28,295**
Unencumbered Cash - Ending	$	28,295	**28,295**

CITY OF LARNED, KANSAS
EMT Memorial Fund
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2024
(With Comparative Actual Totals for the Prior Year Ended December 31, 2023)

		Prior Year Actual	**Current Year Actual**
Receipts	$	-	**-**
Expenditures			
Commodities		180	**-**
Receipts Over (Under) Expenditures		(180)	**-**
Unencumbered Cash - Beginning		180	**-**
Unencumbered Cash - Ending	$	-	**-**

CITY OF LARNED, KANSAS
Schnack Cemetery Fund
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2024
(With Comparative Actual Totals for the Prior Year Ended December 31, 2023)

		Prior Year Actual	**Current Year Actual**
Receipts	$	-	**-**
Expenditures			
Commodities		273	**272**
Receipts Over (Under) Expenditures		(273)	**(272)**
Unencumbered Cash - Beginning		33,772	**33,499**
Unencumbered Cash - Ending	$	33,499	**33,227**

CITY OF LARNED, KANSAS
Larned Volunteer Fire Department Fund
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2024
(With Comparative Actual Totals for the Prior Year Ended December 31, 2023)

		Prior Year Actual	**Current Year Actual**
Receipts			
Donations	$	-	**498**
Transfers in		-	**18,872**
Total Receipts		-	**19,370**
Expenditures			
Commodities		-	**1,081**
Receipts Over (Under) Expenditures		-	**18,289**
Unencumbered Cash - Beginning		3,545	**3,545**
Unencumbered Cash - Ending	$	3,545	**21,834**

CITY OF LARNED, KANSAS
Projects Improvement Fund
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2024
(With Comparative Actual Totals for the Prior Year Ended December 31, 2023)

		Prior Year Actual	**Current Year Actual**
Receipts	$	-	**-**
Expenditures		-	**-**
Receipts Over (Under) Expenditures		-	**-**
Unencumbered Cash - Beginning		3,161	**3,161**
Unencumbered Cash - Ending	$	3,161	**3,161**

CITY OF LARNED, KANSAS
Eggleston Bequest Fund
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2024
(With Comparative Actual Totals for the Prior Year Ended December 31, 2023)

		Prior Year Actual	**Current Year Actual**
Receipts			
Miscellaneous	$	761	**-**
Expenditures		-	**-**
Receipts Over (Under) Expenditures		761	**-**
Unencumbered Cash - Beginning		17,534	**18,295**
Unencumbered Cash - Ending	$	18,295	**18,295**

CITY OF LARNED, KANSAS
Schnack Trust Fund
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2024
(With Comparative Actual Totals for the Prior Year Ended December 31, 2023)

		Prior Year Actual	**Current Year Actual**
Receipts	$	-	**-**
Expenditures		-	**-**
Receipts Over (Under) Expenditures		-	**-**
Unencumbered Cash - Beginning		25,000	**25,000**
Unencumbered Cash - Ending	$	25,000	**25,000**

CITY OF LARNED, KANSAS
Insurance Proceeds Fund
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2024
(With Comparative Actual Totals for the Prior Year Ended December 31, 2023)

		Prior Year Actual	**Current Year Actual**
Receipts			
Insurance Claim Proceeds	$	50,846	**31,722**
Expenditures			
Contractual Services		-	**102,288**
Receipts Over (Under) Expenditures		50,846	**(70,566)**
Unencumbered Cash - Beginning		350	**51,196**
Unencumbered Cash - Ending	$	51,196	**(19,370)**

CITY OF LARNED, KANSAS
Jordaan Park Fund
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2024
(With Comparative Actual Totals for the Prior Year Ended December 31, 2023)

		Prior Year Actual	**Current Year Actual**
Receipts	$	-	**-**
Expenditures			
Contractual Services		5,717	**1,147**
Receipts Over (Under) Expenditures		(5,717)	**(1,147)**
Unencumbered Cash - Beginning		6,864	**1,147**
Unencumbered Cash - Ending	$	1,147	**-**

CITY OF LARNED, KANSAS
City Loan Program Fund
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2024
(With Comparative Actual Totals for the Prior Year Ended December 31, 2023)

		Prior Year Actual	**Current Year Actual**
Receipts			
CLP Payments	$	4,922	**3,527**
Expenditures			
Contractual Services		4,942	**3,503**
Receipts Over (Under) Expenditures		(20)	**24**
Unencumbered Cash - Beginning		20	**-**
Unencumbered Cash - Ending	$	-	**24**

CITY OF LARNED, KANSAS
Pride Committee Fund
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2024
(With Comparative Actual Totals for the Prior Year Ended December 31, 2023)

		Prior Year Actual	**Current Year Actual**
Receipts			
Donations	$	276	**294**
Grant Proceeds		-	**112,958**
Total Receipts		276	**113,252**
Expenditures			
Commodities		-	**36,961**
Capital Outlay		-	**29,279**
Total Expenditures		-	**66,240**
Receipts Over (Under) Expenditures		276	**47,012**
Unencumbered Cash - Beginning		11,770	**12,046**
Unencumbered Cash - Ending	$	12,046	**59,058**

CITY OF LARNED, KANSAS

Single Audit Information

INDEPENDENT AUDITORS' REPORT 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
Larned, Kansas

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the *Kansas Municipal Audit and Accounting Guide* and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statement of **City of Larned, Kansas**, as of and for the year ended December 31, 2024, and the related notes to the financial statement, and have issued our report thereon dated July 7, 2025. The report on the audited financial statement was adverse because it was not presented in conformity with accounting principles generally accepted in the United States of America; however, it was unqualified as presented on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Kansas, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered **City of Larned, Kansas'** internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of **City of Larned, Kansas'** internal control. Accordingly, we do not express an opinion on the effectiveness of **City of Larned, Kansas'** internal control.

A *deficiency in internal control* 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 and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statement will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2024-001 and 2024-002 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether **City of Larned, Kansas'** financial statement is free from 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 financial statement. 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 or other matters that are required to be reported under *Government Auditing Standards*.

City of Larned, Kansas' Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on **City of Larned, Kansas'** response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. **City of Larned, Kansas'** response was not subjected to the other auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on the response.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Adams Brown, LLC

ADAMSBROWN, LLC
Certified Public Accountants
Larned, Kansas

July 7, 2025

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the City Council
City of Larned, Kansas
Larned, Kansas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited **City of Larned, Kansas'** compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of **City of Larned, Kansas'** major federal programs for the year ended December 31, 2024. **City of Larned, Kansas'** major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, **City of Larned, Kansas** complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2024.

Basis for Opinion on Each Major Federal Program

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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of **City of Larned, Kansas** and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of **City of Larned, Kansas'** compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to **City of Larned, Kansas'** federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on **City of Larned, Kansas'** compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance and will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about **City of Larned, Kansas'** compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, 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 **City of Larned, Kansas'** compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of **City of Larned, Kansas'** internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of **City of Larned, Kansas'** internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies

in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



ADAMSBROWN, LLC
Certified Public Accountants
Larned, Kansas

July 7, 2025

CITY OF LARNED, KANSAS
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2024

Federal Grantor/ Pass-through Grantor/ Program Title	Federal Assistance Listing Number	Agency or Pass-through Number	Passed-through to Subrecipients	Total Federal Expenditures
U.S. Department of Agriculture				
Direct Funding				
Community Facilities Loans and Grants	10.766	N/A	$ -	457,506
U.S. Department of Transportation				
Direct Funding				
Airport Improvement Program, Infrastructure Investment and Jobs Act Programs, and COVID-19 Airports Programs	20.106	3-20-0046-020-2023	-	332,723
U.S. Department of the Treasury				
Direct Funding				
COVID-19 Funding				
Coronavirus State and Local Fiscal Recovery Funds	21.027	KDNEU 406	-	118,464
Passed Through the Kansas Department of Commerce				
COVID-19 Funding				
Coronavirus State and Local Fiscal Recovery Funds	21.027	SLFRP0140	-	375,000
Passed Through the Kansas Governor's Office				
COVID-19 Funding				
Coronavirus State and Local Fiscal Recovery Funds	21.027	LSSE-64	-	46,824
Total U.S. Department of the Treasury			-	540,288
Total Expenditures of Federal Awards			$ **-**	**1,330,517**

See accompanying notes to schedule of expenditures of federal awards.

CITY OF LARNED, KANSAS
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2024

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of **City of Larned, Kansas** under programs of the federal government for the year ended December 31, 2024. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position or cash flows of the City.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are presented in accordance with the regulatory basis of accounting. This is the basis of the financial reporting provisions 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. Such expenditures are recognized following the cost principles contained in the Uniform Guidance cost principles, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

NOTE 3 – INDIRECT COST RATE

The City has not elected to use the 10% de minimis cost rate allowed under Section 200.414(f) of the Uniform Guidance.

NOTE 4 – OTHER EXPENDITURES

The City did not receive any federal awards in the form of noncash assistance, insurance, loans, or loan guarantees, and incurred no expenditures in relation thereof for the year ended December 31, 2024.

CITY OF LARNED, KANSAS
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2024

SECTION I - SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

Type of auditors' report issued on whether the financial statements were prepared in accordance with a special purpose framework that is not in compliance with GAAP. Unmodified

Internal control over financial reporting:

● Material weakness identified?	X	Yes		No
● Significant deficiency identified?		Yes	X	None reported
● Noncompliance material to financial statements noted?		Yes	X	No

FEDERAL AWARDS

Internal control over major programs:

● Material weakness identified?		Yes	X	No
● Significant deficiency identified?		Yes	X	None reported

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a) of the Uniform Guidance? Yes X No

Identification of major programs:

Assistance Listing Number	Name of Federal Program
21.027	Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between Type A and Type B programs: $ 750,000

Auditee qualified as low-risk auditee? Yes X No

SECTION II – FINANCIAL STATEMENT FINDINGS

MATERIAL WEAKNESSES

2024-001

Criteria or specific requirement
During the course of the audit, we identified material adjustments to the trial balance that were not initially identified by the City's internal control structure.

Condition
Material adjustments were not recorded on the books at prior year-end for unencumbered cash.

Context
We determined, through testing, that beginning unencumbered cash balances did not agree with the prior year audit reports.

Cause
Inappropriate application of the regulatory basis of accounting.

Effect
There is the potential that the financial statements may be materially misstated.

Recommendation
Controls should be established and implemented to ensure that all account balances are properly reflected.

Views of responsible officials
See Corrective Action Plan.

2024-002

Criteria or specific requirement
Amounts due to vendors or suppliers for goods and services received before year end, but not yet paid for, are considered accounts payable and should be booked for the year ended. Encumbrances are a commitment related to unperformed contracts for goods or services. Commitments should include purchase orders, Council approved expenditures, and written contracts that are entered into before year end. These commitments should be recorded in the year that they were approved to allow for an accurate matching of expenditures for accounting and budgetary purposes.

Condition
Material encumbrances and accounts payable were not recorded on the books at year-end.

Context
We determined, through a search for unrecorded liabilities, that there was a failure to properly record all encumbrances and accounts payable.

Cause
Personnel did not recognize the approval of purchases as encumbrances and accounts payable.

Effect
Management may not be aware of accurate expenditures for the year, which could result in budget violations.

Recommendation
We recommend that the City review its controls in order to ensure that all accounts payable and encumbrances are properly recorded.

Views of responsible officials
See Corrective Action Plan.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No material findings or questioned costs are required to be disclosed under the Uniform Guidance.

Larned

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Summary Schedule of Prior Audit Findings
For the Year Ended December 31, 2024

SECTION II – FINANCIAL STATEMENT FINDINGS

MATERIAL WEAKNESSES

2024-001

Criteria or specific requirement
During the course of the audit, we identified material adjustments to the trial balance that were not initially identified by the City's internal control structure.

Condition
Material adjustments were not recorded on the books at year-end for the aggregate and unencumbered cash balance and the aggregate receipts and expenditures in accordance with the financial reporting provisions of *Kansas Municipal Audit and Accounting Guide*.

Recommendation
Controls should be established and implemented to ensure that all account balances are properly reflected.

Corrective Actions
Adjusting entries related to transfers did not have any continuing issues for the period ended December 31, 2024.

The Finance Director reviews the minutes and makes note of any projects that are likely to need to be encumbered. Additionally, the financials are reviewed by the Council and City Manager at the monthly council meetings.

Status
Ongoing – see 2024-001.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No material findings or questioned costs for the year ended December 31, 2023 are required to be disclosed under the Uniform Guidance.