CITY OF NORWICH, KANSAS

Independent Auditor's Report and
Financial Statement with
Supplementary Information

For the Year Ended December 31, 2025

CITY OF NORWICH, KANSAS

December 31, 2025

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JARRED, GILMORE & PHILLIPS, PA
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Norwich, Kansas

Adverse and Unmodified Opinions

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of the City of Norwich, Kansas, as of and for the year ended December 31, 2025 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 matter discussed in the Basis for Adverse and Unmodified Opinions section of our report, the accompanying financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the City of Norwich, Kansas as of December 31, 2025, 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 of Norwich, Kansas as of December 31, 2025, 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) and the *Kansas Municipal Audit and Accounting Guide*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of the City of Norwich, Kansas, 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 of Norwich, Kansas 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 of Norwich, Kansas' 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.

Auditor's 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 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, 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 of Norwich'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 of Norwich'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 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 of Norwich, Kansas as of and for the year ended December 31, 2024 (not presented herein), and have issued our report thereon dated April 12, 2025, which contained an unmodified opinion on the basic financial statement. The 2024 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. The 2024 actual column (2024 comparative information) presented in the individual fund schedules of regulatory basis receipts and expenditures—actual and budget for the year ended December 31, 2025 (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 2024 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 2024 basic financial statement. The 2024 comparative information was subjected to the auditing procedures applied in the audit of the 2024 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 2024 basic financial statement or to the 2024 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 2024 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, 2024, on the basis of accounting described in Note 1.

Jarred, Gilmore & Phillips, PA

JARRED, GILMORE & PHILLIPS, PA
Certified Public Accountants

March 7, 2026
Chanute, Kansas

CITY OF NORWICH, KANSAS

Summary Statement of Receipts, Expenditures, and Unencumbered Cash
Regulatory Basis
For the Year Ended December 31, 2025

Funds	Beginning Unencumbered Cash Balance	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance December 31, 2025
General	$ 179,061.41	$ 348,162.14	$ 349,549.84	$ 177,673.71	$ 3,901.36	$ 181,575.07
Special Purpose Funds:						
Fire	43,992.58	79,174.00	86,693.26	36,473.32	2,489.44	38,962.76
Library	9,073.22	19,471.58	19,615.02	8,929.78	669.38	9,599.16
Employee Benefits	10,495.43	38,474.73	34,246.85	14,723.31	-	14,723.31
Recreation Commission	-	94,039.14	94,039.14	-	1,458.33	1,458.33
Special Highway	75,310.42	11,183.24	50,021.57	36,472.09	74.37	36,546.46
Emergency Medical Service	31,847.24	265,923.67	265,637.64	32,133.27	7,724.47	39,857.74
Municipal Equipment Reserve	64,613.73	13,453.50	43,850.00	34,217.23	-	34,217.23
Capital Improvements Reserve	116,674.85	-	32,177.00	84,497.85	-	84,497.85
Special Machinery	2,954.51	-	-	2,954.51	-	2,954.51
Business Funds:						
Water Utility	61,481.75	161,096.14	164,762.94	57,814.95	2,119.36	59,934.31
Sewer Utility	38,323.90	49,834.34	54,830.43	33,327.81	913.50	34,241.31
Total Reporting Entity	$ 633,829.04	$ 1,080,812.48	$ 1,195,423.69	$ 519,217.83	$ 19,350.21	$ 538,568.04

Composition of Cash:	
Cash on Hand	$ 20.00
Checking Accounts	174,380.19
Money Market Accounts	364,167.85
Total Reporting Entity	$ 538,568.04

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statement and schedules of the City of Norwich, Kansas have been prepared in order to show compliance with the cash basis and budget laws of the State of Kansas. The Governmental Accounting Standards Board is the principal standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies follow. Note 1 describes how the City's accounting policies differ from generally accepted accounting principles.

Financial Reporting Entity
The City of Norwich, Kansas, is a municipal corporation governed by an elected five-member council. This financial statement presents the City of Norwich.

Related Municipal Entities: A related municipal entity is determined by the following criteria. Whether the City exercises oversight responsibility on financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters, scope of the public service, and significant operational or financial relationships with the City. Related municipal entities are not required to be included in the City's audit by the Kansas Municipal Audit and Accounting Guide (KMAAG). Based upon the application of this criterion, the following is a brief review of potential related municipal entities:

Norwich Public Library
The City of Norwich Library Board operates the City's public library. Acquisition or disposition of real property by the Board must be approved by the City. Separate unaudited financial statements are available at the Library.

Norwich Public Housing Authority
The City of Norwich Public Housing Authority operates the City's Housing Authority. Acquisition or disposition of real property by the Board must be approved by the City. Separate unaudited financial statements are available at the Housing Authority.

Recreation Commission – City of Norwich Recreation Commission oversees recreational activities. The recreation commission can sue and be sued, but acquisition of real property by the commission, must be approved by the City. The County levies taxes for the recreation commission. Bond issuances must be approved by the City. The Recreation Commission funds in this financial statement only include tax levy money collected by the City and distributed to the Commission. Financial statements are available at the Commission.

Regulatory Basis Fund Types
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 Norwich, Kansas, for the year of 2025:

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Regulatory Basis Fund Types: (Continued)

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

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

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

Basis of Presentation – Regulatory 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.

Property Taxes

In accordance with governing state statutes, property taxes levied during the current year are a regulatory receipts source to be used to finance the budget of the ensuing year. Taxes are assessed on a calendar year basis and become a lien on the property on November 1st of each year. The County Treasurer is the tax collection agent for all taxing entities within the County. Property owners have the option of paying one-half or the full amount of taxes levied on or before December 20th during the year levied with the balance to be paid on or before May 10th of the ensuing year. State statutes prohibit the County Treasurer from distributing taxes collected in the year levied prior to January 1st of the ensuing year. Consequently, for regulatory receipts recognition purposes, taxes levied during the current year are not due and receivable until the ensuing year. At December 31st, such taxes are a lien on the property.

Reimbursed Expenses

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 the KMAAG regulatory basis accounting.

Special Assessments

Kansas statutes require projects financed in part by special assessments to be financed through the issuance of general obligation bonds which are secured by the full faith and credit of the City. Special assessments paid prior to the issuance of general obligation bonds are recorded as cash receipts in the appropriate project. Special assessments received after the issuance of general obligation bonds are recorded as cash receipts in the bond and interest fund. Further, state statutes require levying additional general ad valorem property taxes in the City bond and interest fund to finance delinquent special assessments receivable.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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:

1. Preparation of the budget for the succeeding calendar year on or before August 1st.
2. Publication in local newspaper on or before August 5th of the proposed budget and notice of public hearing on the budget.
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.

If the City is holding a revenue neutral rate hearing, the public hearing shall be 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 not 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 regulatory receipts 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. During the year ended December 31, 2025, the City did not amend any funds.

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 the individual funds. Budget comparison schedules 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, regulatory receipts 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 projects funds, trust funds, and the following special purpose funds:

- Municipal Equipment Reserve Fund
- Capital Improvements Reserve Fund
- Special Machinery Fund
- ARPA Fund

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

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Compliance with Kansas Statutes

Statement 1 has been prepared in order to show compliance with the cash basis laws of Kansas. As shown in Statement 1 the City was in compliance with Kansas cash basis of the State of Kansas.

Schedule 1 has been prepared in order to show compliance with the budget laws of Kansas. Expenditures in the Emergency Medical Service Fund exceeded the adopted budget for the year ended December 31, 2025, which is a violation of K.S.A. 79-2935.

Management is not aware of any other material statute violations.

3. DEPOSITS AND INVESTMENTS

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 branch 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 Government 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 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. All deposits were legally secured at December 31, 2025.

Deposits: At year-end, the City's carrying amount of deposits was $538,548.04 and the bank balance was $553,287.65. The bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, $439,119.80 was covered by FDIC insurance, and $114,167.85 was collateralized with Pledged Securities with Conway Bank in Wichita, Kansas.

4. FINANCE LEASE OBLIGATIONS

The City has entered into a finance lease agreement in order to finance the acquisition of a 2019 Ford E-450 Ambulance. Payments are made semi-annually, including interest at approximately 4.910%. Final maturity of the lease is June 1, 2029. Future minimum lease payments are as follows:

Year Ended December 31	Totals
2026	$ 19,571.74
2027	19,571.74
2028	19,571.74
2029	9,840.69
	68,555.91
Less: Imputed Interest	(6,341.89)
Net Present Value of Minimum Lease Payments	62,214.02
Less: Current Maturities	(16,683.07)
Long-Term Finance Lease Obligations	$ 45,530.95

The City has entered into a finance lease agreement in order to finance the acquisition of a 2007 International Fire Truck. Payments are made annually, including interest at approximately 5.750%. Final maturity of the lease is February 2, 2032. Future minimum lease payments are as follows:

Year Ended December 31	Totals
2026	$ 13,356.64
2027	13,356.64
2028	13,356.64
2029	13,356.64
2030	13,356.64
2031-2032	26,713.28
	93,496.48
Less: Imputed Interest	(18,487.50)
Net Present Value of Minimum Lease Payments	75,008.98
Less: Current Maturities	(8,983.72)
Long-Term Finance Lease Obligations	$ 66,025.26

5. LONG-TERM DEBT

Changes in long-term debt for the City for the year ended December 31, 2025, were as follows:

Issue	Interest Rates	Date of Issue	Original Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Balance End of Year	Interest Paid
Revolving Loans									
Paid with Utility Receipts									
Kansas Public Water Supply 2832	2.130%	March 4, 2015	$ 2,260,209.00	August 1, 2036	$ 925,811.69	$ -	$ 68,481.28	$ 857,330.41	$ 19,357.06
Finance Leases:									
2019 Ford E-450 Ambulance	4.910%	June 17, 2019	168,047.00	June 1, 2029	78,096.59	-	15,882.57	62,214.02	3,689.17
2015 John Deere Grader	2.990%	December 8, 2020	43,300.00	December 3, 2025	9,134.90	-	9,134.90	-	296.74
2007 International Fire truck	5.750%	June 25, 2024	100,000.00	February 2, 2032	85,352.79	-	10,343.81	75,008.98	3,012.83
Total Contractual Indebtedness					$ 1,098,395.97	$ -	$ 103,842.56	$ 994,553.41	$ 26,355.80

5. LONG-TERM DEBT (Continued)

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

Issue	2026	2027	2028	2029	2030	2031 - 2035	2036	Total
Principal								
Revolving Loans								
Kansas Public Water Supply 2832	$ 69,947.70	$ 71,445.51	$ 72,975.42	$ 74,538.07	$ 76,134.18	$ 405,834.82	$ 86,454.71	$ 857,330.41
Finance Leases:								
2019 Ford E-450 Ambulance	16,683.07	17,523.93	18,403.25	9,603.77	-	-	-	62,214.02
2007 International Fire truck	8,983.72	9,507.46	10,061.73	10,640.90	11,268.67	24,546.50	-	75,008.98
Total Principal Payments	95,614.49	98,476.90	101,440.40	94,782.74	87,402.85	430,381.32	86,454.71	994,553.41
Interest								
Revolving Loans								
Kansas Public Water Supply 2832	17,890.64	16,392.83	14,862.92	13,300.27	11,704.16	33,356.88	1,383.63	108,891.33
Finance Leases:								
2019 Ford E-450 Ambulance	2,888.67	2,047.81	1,168.49	236.92	-	-	-	6,341.89
2007 International Fire truck	4,372.92	3,849.18	3,294.91	2,715.74	2,087.97	2,166.78	-	18,487.50
Total Interest Payments	25,152.23	22,289.82	19,326.32	16,252.93	13,792.13	35,523.66	1,383.63	133,720.72
Total Principal and Interest	$ 120,766.72	$ 120,766.72	$ 120,766.72	$ 111,035.67	$ 101,194.98	$ 465,904.98	$ 87,838.34	$ 1,128,274.13

6. DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

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

Contributions. K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERS member-employee contribution rates. KPERS has multiple benefit structures and contribution rates depending on whether the employee is a KPERS 1, KPERS 2 or KPERS 3 member. KPERS 1 members are active and contributing members hired before July 1, 2009. KPERS 2 members were first employed in a covered position on or after July 1, 2009, and KPERS 3 members were first employed in a covered position on or after January 1, 2015. The City has not elected to participate in the employee contributions portion of KPERS under the approved adoption agreement.

The City of Norwich has elected to only participate in the KPERS Supplemental Defined Contribution portion of the State plan, 401(a) plan, which allows the City to choose from a variety of options. For the year ended December 31, 2025, the City has elected a contribution rate of 3.3%. Contributions to the pension plan from City of Norwich were $7,253.83 for the year ended December 31, 2025.

7. OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS

Compensated Absences

All full-time employees of the City are eligible for vacation benefits in varying annual amounts. Full time employees will be granted paid vacation time according to the following schedules:

After one year employment	1 Week
After three years of employment	2 Weeks
After ten years of employment	3 Weeks

The City council can, after ten years of service, award an employee additional vacation as they deem appropriate. All vacation or pay in lieu of must be used or paid in the year earned. In the event of termination employees will be compensated for unused vacation leave.

All full time employees are eligible for paid sick leave and begins accruing after the 90 day probationary period and is accrued at a rate of one eight hour day per month. Maximum accumulation of 90 days is allowed and not paid upon termination.

The City estimates a liability for compensated absences when the following conditions are met:

1. The City's obligation relating to employees' rights to receive compensation for future absences is attributable to employees' services already rendered.
2. The obligation relates to rights that vest or accumulate.
3. Payment of the compensation is probable.
4. The amount can be reasonably estimated.

In accordance with the above criteria, the City has estimated a liability for vacation benefits of $13,752.74, and not estimated a liability for sick pay which has been earned, but not taken by City employees, inasmuch as the amount cannot be reasonably estimated.

7. OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS (Continued)

Other Post Employment Benefits
As provided by K.S.A. 12-5040, the local government 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 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.

8. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employees' health and life; and natural disasters. The City manages these risks of loss through the purchase of various insurance policies.

9. RELATED PARTY

Ye Olde General Store and Double T Solutions are businesses owned by council members. During the year the City paid $10,319.02 to Ye Olde General Store and $735.00 to Double T Solutions.

10. INTERFUND TRANSFERS

Operating transfers were as follows:

From Fund:	To Fund:	Statutory Authority	Amount
General	Fire	K.S.A. 79-2934	$ 10,000.00
General	Municipal Equipment Reserve	K.S.A. 12-1,117	10,000.00
Sewer Utility	Emergency Medical Service	K.S.A. 12-825d	10,000.00

11. SUBSEQUENT EVENTS

The City evaluated events and transactions occurring subsequent to year end and there were no subsequent events requiring recognition in the financial statement. Additionally, there were no nonrecognized subsequent events requiring disclosure.

SUPPLEMENTARY INFORMATION

Schedule 1

CITY OF NORWICH, KANSAS

Summary of Expenditures - Actual and Budget
(Budgeted Funds Only)
Regulatory Basis
For the Year Ended December 31, 2025

Funds	Certified Budget	Adjustments for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance - Over (Under)
General	$ 494,198.00	$ -	$ 494,198.00	$ 349,549.84	$ (144,648.16)
Special Purpose Funds:					
Fire	97,156.00	-	97,156.00	86,693.26	(10,462.74)
Library	28,750.00	6,972.21	35,722.21	19,615.02	(16,107.19)
Employee Benefits	42,994.00	-	42,994.00	34,246.85	(8,747.15)
Recreation Commission	90,000.00	17,499.96	107,499.96	94,039.14	(13,460.82)
Special Highway	91,902.00	-	91,902.00	50,021.57	(41,880.43)
Emergency Medical Service	215,941.00	40,331.98	256,272.98	265,637.64	9,364.66
Business Funds:					
Water Utility	175,725.00	-	175,725.00	164,762.94	(10,962.06)
Sewer Utility	76,010.00	-	76,010.00	54,830.43	(21,179.57)

CITY OF NORWICH, KANSAS
GENERAL FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Amounts for the Year Ended December 31, 2024)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Taxes and Shared Receipts				
Ad Valorem Property Tax	$ 192,524.36	$ 181,692.61	$ 203,150.00	$ (21,457.39)
Delinquent Tax	28,059.13	3,527.58	7,813.00	(4,285.42)
Neighborhood Revitalization Rebate	(3,780.29)	(1,208.82)	(2,797.00)	1,588.18
Motor Vehicle Tax	25,889.74	24,524.92	23,443.00	1,081.92
Recreational Vehicle Tax	341.76	267.35	378.00	(110.65)
16/20M Vehicle Tax	335.58	551.12	289.00	262.12
Commercial Vehicle Tax	-	-	230.00	(230.00)
Franchise Tax	94,179.99	101,524.23	93,237.00	8,287.23
Charges for Services				
Swimming Pool Receipts	9,678.00	8,635.50	8,827.00	(191.50)
Police Agreement	4,200.00	-	4,200.00	(4,200.00)
VIN Inspections	1,860.00	1,000.00	2,000.00	(1,000.00)
Licenses and Permits	490.00	295.00	430.00	(135.00)
Municipal Court Fines	1,877.00	157.03	1,822.00	(1,664.97)
Use of Money and Property				
Donations	5,000.00	5,250.00	-	5,250.00
Interest Income	3,210.85	3,140.51	2,717.00	423.51
Lease/Rent of Property	6,700.00	10,875.00	7,016.00	3,859.00
Sale of Assets	4,465.58	-	-	-
Other Receipts				
Miscellaneous	2,664.89	4,068.39	-	4,068.39
Reimbursed Expense	5,712.01	3,861.72	-	3,861.72
Total Receipts	383,408.60	348,162.14	$ 352,755.00	$ (4,592.86)
Expenditures				
General				
Contractual Services	-	-	$ 65.00	$ (65.00)
General Government				
Contractual Services	13,734.18	16,043.14	10,108.00	5,935.14
Commodities	-	-	5,000.00	(5,000.00)

CITY OF NORWICH, KANSAS
GENERAL FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Amounts for the Year Ended December 31, 2024)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Expenditures (Continued)				
General Administration				
Personal Services	$ 40,180.89	$ 48,801.17	$ 38,906.00	$ 9,895.17
Contractual Services	17,218.73	18,217.33	27,939.00	(9,721.67)
Commodities	6,654.05	12,656.41	8,000.00	4,656.41
Capital Outlay	-	-	2,000.00	(2,000.00)
Police				
Personal Services	68,831.93	701.25	68,390.00	(67,688.75)
Contractual Services	9,333.14	263.97	10,000.00	(9,736.03)
Commodities	5,962.31	102.48	12,000.00	(11,897.52)
Capital Outlay	-	-	2,000.00	(2,000.00)
Street Lights				
Contractual Services	9,402.58	9,246.25	10,000.00	(753.75)
Buildings and Properties				
Contractual Services	10,848.41	11,653.57	18,000.00	(6,346.43)
Commodities	494.69	437.68	4,500.00	(4,062.32)
Capital Outlay	-	-	2,000.00	(2,000.00)
Park				
Contractual Services	5,799.83	6,085.60	4,000.00	2,085.60
Commodities	2,682.33	4,585.17	5,000.00	(414.83)
Capital Outlay	-	1,800.00	3,500.00	(1,700.00)
Streets				
Personal Services	-	-	5,000.00	(5,000.00)
Contractual Services	2,000.85	3,226.90	7,000.00	(3,773.10)
Commodities	5,436.76	8,552.55	62,509.00	(53,956.45)
Capital Outlay	9,597.92	62,620.22	-	62,620.22
Swimming Pool				
Personal Services	22,828.02	19,852.50	18,604.00	1,248.50
Contractual Services	4,233.35	4,256.69	7,000.00	(2,743.31)
Commodities	5,482.98	7,783.62	9,000.00	(1,216.38)
Capital Outlay	1,907.00	-	5,000.00	(5,000.00)
Noxious Weeds				
Personal Services	-	-	6,000.00	(6,000.00)
Contractual Services	-	-	500.00	(500.00)
Commodities	928.32	-	1,000.00	(1,000.00)

CITY OF NORWICH, KANSAS
GENERAL FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Amounts for the Year Ended December 31, 2024)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Expenditures (Continued)				
Court				
Personal Services	$ 4,589.77	$ 4,800.00	$ 6,000.00	$ (1,200.00)
Contractual Services	1,227.50	-	3,000.00	(3,000.00)
Commodities	25.00	25.00	-	25.00
EMS				
Contractual Services	-	-	24,339.00	(24,339.00)
Debt Services				
Principal	67,045.60	68,481.28	68,481.00	0.28
Interest	20,792.74	19,357.06	19,357.00	0.06
Operating Transfers to:				
Municipal Equipment Reserve Fund	10,000.00	10,000.00	10,000.00	-
Fire Fund	10,000.00	10,000.00	10,000.00	-
Total Expenditures	357,238.88	349,549.84	$ 494,198.00	$ (144,648.16)
Receipts Over(Under) Expenditures	26,169.72	(1,387.70)		
Unencumbered Cash, Beginning	152,891.69	179,061.41		
Unencumbered Cash, Ending	$ 179,061.41	$ 177,673.71		

CITY OF NORWICH, KANSAS
FIRE FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Amounts for the Year Ended December 31, 2024)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Intergovernmental				
Township Appropriations	$ 50,000.00	$ 50,000.00	$ 50,000.00	$ -
Use of Money and Property				
Lease Proceeds	20,000.00	-	-	-
Other Receipts				
Donations	9,170.49	18,184.00	-	18,184.00
Miscellaneous	-	990.00	-	990.00
Operating Transfers from				
General Fund	10,000.00	10,000.00	10,000.00	-
Total Receipts	89,170.49	79,174.00	$ 60,000.00	$ 19,174.00
Expenditures				
Emergency Services				
Personal Services	4,000.00	4,200.00	$ 1,334.00	$ 2,866.00
Contractual Services	20,196.59	28,457.35	24,645.00	3,812.35
Commodities	15,552.91	40,679.27	22,893.00	17,786.27
Capital Outlay	25,127.92	-	34,927.00	(34,927.00)
Debt Service				
Finance Lease	12,188.57	13,356.64	13,357.00	(0.36)
Total Expenditures	77,065.99	86,693.26	$ 97,156.00	$ (10,462.74)
Receipts Over(Under) Expenditures	12,104.50	(7,519.26)		
Unencumbered Cash, Beginning	31,888.08	43,992.58		
Unencumbered Cash, Ending	$ 43,992.58	$ 36,473.32		

CITY OF NORWICH, KANSAS
LIBRARY FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Amounts for the Year Ended December 31, 2024)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Taxes and Shared Receipts				
Ad Valorem Property Tax	$ 10,820.84	$ 10,957.19	$ 12,251.00	$ (1,293.81)
Delinquent Tax	1,363.13	193.83	471.00	(277.17)
Neighborhood Revitalization Rebate	(212.51)	(72.90)	(168.00)	95.10
Motor Vehicle Tax	1,292.73	1,378.71	1,318.00	60.71
Recreational Vehicle Tax	17.06	15.02	21.00	(5.98)
16/20M Vehicle Tax	15.29	27.52	16.00	11.52
Commercial Vehicle Tax	-	-	13.00	(13.00)
Other Receipts				
Reimbursed Expense	6,823.14	6,972.21	6,713.00	259.21
Total Receipts	20,119.68	19,471.58	$ 20,635.00	$ (1,163.42)
Expenditures				
Cultural and Recreation				
Library Appropriations	13,296.54	12,499.37	$ 21,160.00	$ (8,660.63)
Personal Services	6,834.39	7,115.65	7,590.00	(474.35)
Total Certified Budget			28,750.00	(9,134.98)
Adjustments for Qualifying Budget Credits			6,972.21	(6,972.21)
Total Expenditures	20,130.93	19,615.02	$ 35,722.21	$ (16,107.19)
Receipts Over(Under) Expenditures	(11.25)	(143.44)		
Unencumbered Cash, Beginning	9,084.47	9,073.22		
Unencumbered Cash, Ending	$ 9,073.22	$ 8,929.78		

CITY OF NORWICH, KANSAS
EMPLOYEE BENEFITS FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Amounts for the Year Ended December 31, 2024)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Taxes and Shared Receipts				
Ad Valorem Property Tax	$ 31,310.48	$ 32,142.62	$ 35,940.00	$ (3,797.38)
Delinquent Tax	3,505.69	560.94	1,383.00	(822.06)
Neighborhood Revitalization Rebate	(614.97)	(213.85)	(487.00)	273.15
Motor Vehicle Tax	3,740.41	3,989.69	3,813.00	176.69
Recreational Vehicle Tax	49.38	43.49	62.00	(18.51)
16/20M Vehicle Tax	32.64	79.63	47.00	32.63
Commercial Vehicle Tax	-	-	37.00	(37.00)
Other Receipts				
Reimbursed Expense	1,745.95	1,872.21	-	1,872.21
Total Receipts	39,769.58	38,474.73	$ 40,795.00	$ (2,320.27)
Expenditures				
General Administration				
Personal Services	36,102.80	32,670.05	$ 42,994.00	$ (10,323.95)
Contractual Services	1,576.80	1,576.80	-	1,576.80
Total Expenditures	37,679.60	34,246.85	$ 42,994.00	$ (8,747.15)
Receipts Over(Under) Expenditures	2,089.98	4,227.88		
Unencumbered Cash, Beginning	8,405.45	10,495.43		
Unencumbered Cash, Ending	$ 10,495.43	$ 14,723.31		

CITY OF NORWICH, KANSAS
RECREATION COMMISSION FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Amounts for the Year Ended December 31, 2024)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Intergovernmental				
Kingman County Appropriations	$ 65,000.00	$ 76,000.00	$ 78,000.00	$ (2,000.00)
Other Receipts				
Miscellaneous	-	539.18	-	539.18
Reimbursed Expense	15,999.96	17,499.96	12,000.00	5,499.96
Total Receipts	80,999.96	94,039.14	$ 90,000.00	$ 4,039.14
Expenditures				
Cultural and Recreation				
Commission Appropriations	65,268.73	76,000.00	$ 78,000.00	$ (2,000.00)
Personal Services	15,731.23	17,499.96	12,000.00	5,499.96
Contractual Services	-	539.18	-	539.18
Total Certified Budget			90,000.00	4,039.14
Adjustments for Qualifying Budget Credits			17,499.96	(17,499.96)
Total Expenditures	80,999.96	94,039.14	$ 107,499.96	$ (13,460.82)
Receipts Over(Under) Expenditures	-	-		
Unencumbered Cash, Beginning	-	-		
Unencumbered Cash, Ending	$ -	$ -		

CITY OF NORWICH, KANSAS
SPECIAL HIGHWAY FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Amounts for the Year Ended December 31, 2024)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Intergovernmental				
Special Highway Tax	$ 11,438.75	$ 11,183.24	$ 11,910.00	$ (726.76)
Total Receipts	11,438.75	11,183.24	$ 11,910.00	$ (726.76)
Expenditures				
Street Maintenance				
Contractual Services	894.26	6,678.73	$ 3,000.00	$ 3,678.73
Commodities	10,358.50	12,119.20	79,450.00	(67,330.80)
Capital Outlay	-	21,792.00	-	21,792.00
Debt Service				
Finance Lease - Equipment	9,451.87	9,431.64	9,452.00	(20.36)
Total Expenditures	20,704.63	50,021.57	$ 91,902.00	$ (41,880.43)
Receipts Over(Under) Expenditures	(9,265.88)	(38,838.33)		
Unencumbered Cash, Beginning	84,576.30	75,310.42		
Unencumbered Cash, Ending	$ 75,310.42	$ 36,472.09		

CITY OF NORWICH, KANSAS
EMERGENCY MEDICAL SERVICE FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Amounts for the Year Ended December 31, 2024)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Intergovernmental				
Kingman County Appropriations	$ 56,000.00	$ 66,000.00	$ 56,000.00	$ 10,000.00
Sumner County Appropriations	55,000.00	60,000.00	55,000.00	5,000.00
State Aid	2,300.00	6,900.00	-	6,900.00
Charges for Services				
Transports	72,700.12	87,831.69	60,000.00	27,831.69
Other Receipts				
Donations	23,142.00	21,576.46	-	21,576.46
Miscellaneous	2,160.00	1,760.00	-	1,760.00
Reimbursed Expense	-	11,855.52	34,323.00	(22,467.48)
Operating Transfer from:				
Water Utility Fund	5,000.00	-	-	-
Sewer Utility Fund	5,000.00	10,000.00	10,000.00	-
Total Receipts	221,302.12	265,923.67	$ 215,323.00	$ 50,600.67
Expenditures				
Emergency Services				
Personal Services	112,060.58	148,509.86	$ 116,369.00	$ 32,140.86
Contractual Services	56,295.59	53,185.57	55,000.00	(1,814.43)
Commodities	27,248.99	44,370.47	25,000.00	19,370.47
Debt Service				
Finance Lease - Equipment	19,571.74	19,571.74	19,572.00	(0.26)
Total Certified Budget			215,941.00	49,696.64
Adjustments for Qualifying Budget Credits			40,331.98	(40,331.98)
Total Expenditures	215,176.90	265,637.64	$ 256,272.98	$ 9,364.66
Receipts Over(Under) Expenditures	6,125.22	286.03		
Unencumbered Cash, Beginning	25,722.02	31,847.24		
Unencumbered Cash, Ending	$ 31,847.24	$ 32,133.27		

CITY OF NORWICH, KANSAS
MUNICIPAL EQUIPMENT RESERVE FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Amounts for the Year Ended December 31, 2024)

	Prior Year Actual	Current Year Actual
Receipts		
Other Receipts		
Miscellaneous	$ -	$ 3,453.50
Operating Transfer from		
General Fund	10,000.00	10,000.00
Total Receipts	10,000.00	13,453.50
Expenditures		
General Government		
Capital Outlay	14,800.00	43,850.00
Total Expenditures	14,800.00	43,850.00
Receipts Over(Under) Expenditures	(4,800.00)	(30,396.50)
Unencumbered Cash, Beginning	69,413.73	64,613.73
Unencumbered Cash, Ending	$ 64,613.73	$ 34,217.23

CITY OF NORWICH, KANSAS
CAPITAL IMPROVEMENTS RESERVE FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Amounts for the Year Ended December 31, 2024)

	Prior Year Actual	Current Year Actual
Receipts		
Operating Transfer from General Fund	$ -	$ -
Total Receipts	-	-
Expenditures		
General Government		
Contractual	9,091.96	6,677.00
Commodities	1,000.00	-
Capital Outlay	-	25,500.00
Total Expenditures	10,091.96	32,177.00
Receipts Over(Under) Expenditures	(10,091.96)	(32,177.00)
Unencumbered Cash, Beginning	126,766.81	116,674.85
Unencumbered Cash, Ending	$ 116,674.85	$ 84,497.85

CITY OF NORWICH, KANSAS
SPECIAL MACHINERY FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Amounts for the Year Ended December 31, 2024)

	Prior Year Actual	Current Year Actual
Receipts		
Use of Money and Property		
Interest Income	$ -	$ -
Total Receipts	-	-
Expenditures		
General Government		
Capital Outlay	-	-
Total Expenditures	-	-
Receipts Over(Under) Expenditures	-	-
Unencumbered Cash, Beginning	2,954.51	2,954.51
Unencumbered Cash, Ending	$ 2,954.51	$ 2,954.51

CITY OF NORWICH, KANSAS
ARPA FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Amounts for the Year Ended December 31, 2024)

	Prior Year Actual	Current Year Actual
Receipts		
Intergovernmental		
ARPA Grant Proceeds	$ -	$ -
Total Receipts	-	-
Expenditures		
General Government		
Capital Outlay	67,148.04	-
Total Expenditures	67,148.04	-
Receipts Over(Under) Expenditures	(67,148.04)	-
Unencumbered Cash, Beginning	67,148.04	-
Unencumbered Cash, Ending	$ -	$ -

CITY OF NORWICH, KANSAS
WATER UTILITY FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Amounts for the Year Ended December 31, 2024)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Operating Receipts				
Charges for Service	$ 152,126.93	$ 156,101.86	$ 140,177.00	$ 15,924.86
Connection Fees	100.00	200.00	-	200.00
Other Receipts				
Miscellaneous	6,303.46	4,794.28	-	4,794.28
Total Receipts	158,530.39	161,096.14	$ 140,177.00	$ 20,919.14
Expenditures				
Operations				
Personal Services	103,477.48	101,894.15	$ 112,627.00	$ (10,732.85)
Contractual Services	41,876.77	40,209.25	35,000.00	5,209.25
Commodities	22,983.26	22,659.54	27,500.00	(4,840.46)
Capital Outlay	-	-	598.00	(598.00)
Operating Transfer to				
Emergency Medical Service Fund	5,000.00	-	-	-
Total Expenditures	173,337.51	164,762.94	$ 175,725.00	$ (10,962.06)
Receipts Over(Under) Expenditures	(14,807.12)	(3,666.80)		
Unencumbered Cash, Beginning	76,288.87	61,481.75		
Unencumbered Cash, Ending	$ 61,481.75	$ 57,814.95		

CITY OF NORWICH, KANSAS
SEWER UTILITY FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Amounts for the Year Ended December 31, 2024)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Operating Receipts				
Charges for Service	$ 44,221.68	$ 48,934.34	$ 42,760.00	$ 6,174.34
Connection Fees	950.00	900.00	850.00	50.00
Total Receipts	45,171.68	49,834.34	$ 43,610.00	$ 6,224.34
Expenditures				
Operations				
Personal Services	25,869.39	25,473.56	$ 28,157.00	$ (2,683.44)
Contractual Services	14,402.53	13,157.91	12,000.00	1,157.91
Commodities	7,254.36	6,198.96	8,500.00	(2,301.04)
Capital Outlay	-	-	17,353.00	(17,353.00)
Operating Transfer to Emergency Medical Service Fund	5,000.00	10,000.00	10,000.00	-
Total Expenditures	52,526.28	54,830.43	$ 76,010.00	$ (21,179.57)
Receipts Over(Under) Expenditures	(7,354.60)	(4,996.09)		
Unencumbered Cash, Beginning	45,678.50	38,323.90		
Unencumbered Cash, Ending	$ 38,323.90	$ 33,327.81		

Jarred
Gilmore
Phillips

The Honorable Mayor and City Council
City of Norwich, Kansas

In planning and performing our audit of the financial statement of the City of Norwich, Kansas as of and for the year ended December 31, 2025, in accordance with auditing standards generally accepted in the United States of America, we considered the City of Norwich, Kansas' system of 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 Norwich, Kansas' internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Norwich, Kansas' internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

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 misstatement 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 misstatements of the City's financial statement will not be prevented, or detected and corrected, on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

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. We consider the following deficiencies in internal control to be significant deficiencies:

Preparation of Financial Statement

Professional standards require management to accept responsibility for the preparation and fair presentation of the financial statement, including related note disclosures. The City engages the auditor to assist in drafting the financial statement in accordance with the Kansas Municipal Audit and Accounting Guide. The City does not have personnel with specialized training in governmental financial reporting necessary to independently prepare the complete financial statement and related disclosures. Accordingly, management relies on the auditor for preparation of the financial statement. While this condition is common among smaller governmental entities and does not reflect on management's integrity or oversight, it represents a deficiency in internal control over financial reporting because the preparation of the financial statement is not performed by individuals independent of the audit process.

Management has reviewed and approved the financial statement and has accepted responsibility for them. We encourage management and the Council to continue their oversight of the financial reporting process and to remain informed of reporting requirements.

Segregation of Duties

Due to the limited number of personnel, complete segregation of duties is not achievable. As a result, certain internal control functions are necessarily performed by the same individual. Under auditing standards generally accepted in the United States, this condition represents a significant deficiency in internal control, as it increases the risk that errors or irregularities could occur and not be detected on a timely basis.

This comment is provided as a reminder to those charged with governance of their fiduciary oversight responsibilities, rather than as a recommendation for corrective action. Management and the governing body are aware of these circumstances and have determined that the costs associated with additional staffing or restructuring would outweigh the related benefits at this time.

Accordingly, the governing body should continue to exercise diligent financial oversight, including active involvement in the review of financial information, approval of disbursements, and periodic review of internal control procedures, to mitigate the risks inherent in these conditions.

This communication is intended solely for the information and use of management, the Mayor, City Council, and others within the City of Norwich, Kansas, and is not intended to be and should not be used by anyone other than these specified parties.

Jarred, Gilmore & Phillips, PA

JARRED, GILMORE & PHILLIPS, PA
Certified Public Accountants

Chanute, Kansas
March 7, 2026