

NORWOOD SANITATION DISTRICT - minutes

Meeting on: Thursday, June 11, 2026

Regular Session starting at: 6:30 p.m.

Meeting at: 1670 Naturita Street, Norwood CO 81423 at Norwood Town Hall and Zoom option

Call Regular Meeting To Order

The regular meeting was called to order by Tom Kyle at 6:30 pm.

Board Attendance:

Board Chair – Bernice White - Absent

Member – Kerry Welch – Present

Member – Tom Kyle- Present

Member – Ray Cossey – Present

Member – Talle Meehan – Present

Staff Attendance:

Town Manager – Sara Owens – Present

Public Works Director – Randy Harris- Present

Town Clerk – Cidney Ross – Present

Public Comment For Items Not On The Agenda

None

Consent Agenda

a. May 14, 2026, Minutes

Talle Meehan motioned to approve the May 14, 2026, minutes as presented. Ray Cossey seconded the motion. All voted, motion passed.

b. May Financials

Kerry Welch motioned to approve the May financial on the strike out of the double entered admin services. Talle Meehan seconded the motion. All voted, motion passed.

c. Budget to Actuals

The board discussed an unexpected increase in property casualty insurance costs from \$5,500 to nearly \$10,000 due to rate increases.

Executive Session

None

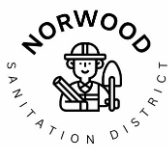
Board Business Agenda

a. **Resolution No. 0611 Series 2026: A RESOLUTION REGARDING POSTING LOCATIONS FOR NOTICE OF ORDINANCES AND PUBLIC MEETINGS**

Ray Cossey motioned to approve Resolution No. 0611 Series 2026: A RESOLUTION REGARDING POSTING LOCATIONS FOR NOTICE OF ORDINANCES AND PUBLIC MEETINGS. Kerry Welch seconded the motion. All voted, motion passed.

b. **Discussion of Rate Increase**

The board focused on discussing a necessary rate increase to fund upcoming infrastructure projects that the public will be made aware of. The board agreed that while specific costs are still being determined, a substantial rate increase is inevitable and should be implemented soon rather than waiting until year-end.



NORWOOD SANITATION DISTRICT - minutes

Meeting on: Thursday, June 11, 2026

Regular Session starting at: 6:30 p.m.

Meeting at: 1670 Naturita Street, Norwood CO 81423 at Norwood Town Hall and Zoom option

c. Discussion of Master Plan

The board also covered a draft master plan that Sara Owens, Town Manager, had prepared, which will serve as a foundation for future funding applications.

Board Member Reports and Announcements

Ray Cossey reported waiting for information from Catherine Carella at SGM regarding potential engineering and master plan assistance.

Staff Reports and Announcements

- **Randy Harris, Public Works Director – A written report will be posted.**

Kerry Welch discussed staffing costs, with maintaining the current 25% payment structure for sanitation staff, including consideration of how to account for additional public works personnel.

- **Sara Owens, Town Manager – A written report will be posted.**

Adjourn

Kerry Welch motioned to adjourn the Norwood Sanitation District Regular meeting at 7:10 pm. Talle Meehan seconded the motion. All voted, meeting is adjourned.



APPROVED



APPROVED AS CORRECTED

DATE APPROVED:

Minutes Taken by: Cidney Ross, Town Clerk

NORWOOD SANITATION DISTRICT			
ACCOUNTS PAYABLE - June 2026			

				NSD Portion	NWC Portion	TON Portion
PD	10-40-110	Ray Cossey	Director	\$ 60.00		
PD	10-40-110	Talle Meehan	Director	\$ 60.00		
PD	10-40-110	Kerry Welch	Director	\$ 60.00		
PD	10-40-110	Tom Kyle	Director	\$ 60.00		
PD	10-40-110	Bernice White	Director	\$ 60.00		
PD	10-40-630	Grand Junction Labs	Labs/Testing	\$ 392.50		
PD	10-40-310	Southwestern Systems	Jet Cleaning	\$ 2,191.20		
PD	10-40-630	City of Grand Junction	Labs/Testing	\$ 483.30		
PD	10-40-270	SMPA	Sewer/Lagoons	\$ 2,100.93		
PD	10-40-270	SMPA	Sewer Plant	\$ 98.22		
PD	10-40-270	SMPA	Forrest Lift Station	\$ 90.00		
PD	10-40-780	Trago Staats	Overpaid Refund	\$ 493.50		
PD	10-40-780	John Reynolds	Deposit Refund	\$ 18.50		
PD	10-40-270	SMPA	Forrest Lift Station	\$ 90.00		
PD	10-40-780	Jeremiah Mason	Tenant Mistakenly Paid Instead of Owner	\$ 31.50		
PD	10-40-630	Town of Telluride	Sample Testing	\$ 44.10		

MONTHLY TOTAL:	\$ 6,333.75
----------------	-------------

Report Criteria:

Includes only accounts with balances and activity

Includes grand totals

Account Number	Account Title	2026-26 Current year Actual	2026-26 Current year Budget	Earned Expended Percent
NORWOOD SANITATION DISTRICT				
TAXES				
10-31-100	INCOME - PROPERTY TAXES	14,078.92	18,000.00	78.22
10-31-500	CARRY OVER-SANITATION CHECKING	.00	26,804.00	.00
Total TAXES:		14,078.92	44,804.00	31.42
CHARGES FOR SERVICES				
10-34-200	SEWER CHARGES	87,297.49	193,000.00	45.23
10-34-500	DELINQUENT CHARGES	482.04	1,900.00	25.37
10-34-600	SEWER TAP FEES	4,000.00	15,000.00	26.67
Total CHARGES FOR SERVICES:		91,779.53	209,900.00	43.73
MISCELLANEOUS REVENUE				
10-36-100	INTEREST EARNINGS	63.85	.00	.00
10-36-200	Reconnect fees	100.00	.00	.00
10-36-300	DEPOSIT/TRANSFER	487.00	3,000.00	16.23
10-36-900	MISC/SUNDRY/SEWER DUMPS	.00	200.00	.00
Total MISCELLANEOUS REVENUE:		650.85	3,200.00	20.34
SANITATION EXPENDITURES				
10-40-110	SALARIES & WAGES-DIRECTORS	300.00	600.00	50.00
10-40-125	SALARIES REIMBURSEMENT - TOWN	52,660.86	126,959.00	41.48
10-40-133	EMPLOYEE BENEFITS-WORKERS COM	993.08	3,500.00	28.37
10-40-210	BOOKS, SUBSCRIPTIONS & MEMBERS	548.00	700.00	78.29
10-40-220	PUBLIC NOTICES	.00	100.00	.00
10-40-230	TRAVEL	697.68	1,000.00	69.77
10-40-240	OFFICE SUPPLIES AND EXPENSE	354.76	3,000.00	11.83
10-40-250	CHEMICALS/SUPPLIES	.00	3,000.00	.00
10-40-255	AUTOMOBILE EXPENSES	265.23	4,500.00	5.89
10-40-260	BLDGS & GROUNDS/DISCHARGE PER	.00	1,600.00	.00
10-40-270	UTILITIES	9,488.82	25,000.00	37.96
10-40-280	POSTAGE	344.86	3,000.00	11.50
10-40-290	Phones	222.99	650.00	34.31
10-40-310	CONTRACT LABOR	7,166.40	10,895.00	65.78
10-40-350	LEGAL FEES	300.00	7,500.00	4.00
10-40-360	ELECTIONS/MISCELLANEOUS	.00	1,500.00	.00
10-40-370	AUDIT REPORT FEES	.00	5,000.00	.00
10-40-440	SERVICE CHARGE	948.16	3,000.00	31.61
10-40-490	OPERATING SUPPLIES	2,024.49	14,000.00	14.46
10-40-510	PROPERTY/CASUALTY INSURANCE	9,999.63	5,500.00	181.81
10-40-520	EMPLOYEE HEALTH INSURANCE	721.77	10,000.00	7.22
10-40-620	MISCELLANEOUS SERVICES	248.22	500.00	49.64
10-40-630	LAB & TESTING	3,997.50	6,000.00	66.63
10-40-640	COMPUTER/POSTAGE METER SUPPO	8,575.11	7,000.00	122.50
10-40-650	COPIER/FAX SUPPORT	.00	200.00	.00
10-40-660	FREIGHT/SHIPPING	.00	1,800.00	.00
10-40-670	SAFETY/TRAINING	412.00	2,500.00	16.48
10-40-740	CLEANOUT	.00	6,000.00	.00

Account Number	Account Title	2026-26 Current year Actual	2026-26 Current year Budget	Earned Expended Percent
10-40-780	CREDITS & ADJUSTMENTS	53.60	400.00	13.40
10-40-795	Child Care	416.00	2,500.00	16.64
Total SANITATION EXPENDITURES:		100,739.16	257,904.00	39.06
NORWOOD SANITATION DISTRICT Revenue Total:		106,509.30	257,904.00	41.30
NORWOOD SANITATION DISTRICT Expenditure Total:		100,739.16	257,904.00	39.06
Total NORWOOD SANITATION DISTRICT:		5,770.14	.00	.00
Grand Totals:		5,770.14	.00	.00

Report Criteria:

Includes only accounts with balances and activity

Includes grand totals

Norwood Sanitation District
Norwood, Colorado
Financial Statements and
Report of Independent Certified Public Accountants
As of
December 31, 2025

Norwood Sanitation District
Norwood, Colorado

Table of Contents

	<u>Page</u>
Independent Auditor's Report	1
Management's Discussion and Analysis	3
Basic Financial Statements	
Statement of Net Position	8
Statement of Revenues, Expenses and Changes in Net Position	9
Statement of Cash Flows	10
Notes to the Financial Statements	11
Required Supplementary Information	
Schedule of Revenues and Expenditures – Budget and Actual	17



Blair and Associates, P.C.
Cedaredge, Colorado

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Norwood Sanitation District

Opinions

We have audited the accompanying financial statements of the business-type activities of the Norwood Sanitation District, as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the Norwood Sanitation District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Norwood Sanitation District, as of December 31, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Norwood Sanitation District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Norwood Sanitation District'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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our 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 generally accepted 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 statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

Certified Public Accountants

- 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 Norwood Sanitation District'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 statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Norwood Sanitation District'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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (page 3 through 7) and budgetary comparison information (page 17) be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Blair and Associates, P.C.

Cedaredge, Colorado
June 1, 2026

**Norwood Sanitation District
Management's Discussion and Analysis
Year Ended December 31, 2025**

This narrative overview and analysis of the Norwood Sanitation District (the District), performance through December 31, 2025, is provided as a supplement to the District year-end financial statements. Please read it in conjunction with the basic financial statements following this section and the notes to the basic financial statements.

Financial Highlights

- The assets of the District exceeded the liabilities at December 31, 2025, by \$ 521,034, (net position). Of this amount \$ 463,059 is unreserved and may be used to meet ongoing obligations, \$ 57,975 is invested in capital assets.
- The District total net position increased by \$ 14,433 from the prior year.
- Revenues were up by \$ 9,445 (5%), in comparison to the budget.
- Expenses were down by \$ 40,378 (18%), in comparison to the budget. Mainly because of Salaries were down by \$ 9,235 and operating supplies by \$11,522.

Overview of the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District basic financial statements are comprised of two components: 1) the Basic Financial Statements and 2) Notes to the Basic Financial Statements that provide additional disclosure of some of the information in the basic financial statements.

The balance sheets present information on the District's assets, liabilities and deferred inflow of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as useful indicators as to whether the District's financial health is improving or deteriorating.

The Statement of Revenues, Expenses and Changes in Net Position present information showing how the District's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Therefore, revenues and expenses are reported for some items that will only result in cash flows in future years.

The Statement of Cash Flows reports how the District's cash and cash equivalents were used in and provided by its operating, noncapital financing, capital and related financing, and investing activities during the periods reported. The net of these activities is added to the beginning of the year cash balance to reconcile to the cash and cash equivalents balances at December 31, 2025. The District uses the direct method of presenting cash flows, which includes a reconciliation of operating activities to operating income. These statements provide answers to such questions as where cash came from, how cash was used and what was the change in the cash balance during the year.

Notes to the Basic Financial Statements provide financial statement disclosures that are an integral part of the basic financial statements. Such disclosures are essential to a comprehensive understanding of the information provided in the basic financial statements.

Financial Analysis

Net position is summarized in the table below:

	2024	2025
Current assets	\$ 472,771	\$ 494,042
Capital assets, net	66,561	57,975
Total assets	<u>\$ 539,332</u>	<u>\$ 552,017</u>
Current liabilities	\$ 15,239	\$ 12,573
Total liabilities	<u>15,239</u>	<u>12,573</u>
Deferred Inflows of resources	<u>17,492</u>	<u>18,410</u>
Net investment in capital assets	66,561	57,975
Unreserved	<u>440,040</u>	<u>463,059</u>
Total net position	<u>\$ 506,601</u>	<u>\$ 521,034</u>

The District's current ratio reflects the relationship between current assets and current liabilities with deferred inflows of resources and is a measure of the District's ability to pay short-term obligations. At December 31, 2025, the District' current ratio is 16:1.

A large portion of the District's net position, (11%), consists of its net investment in capital assets net of outstanding related debt. The District utilizes the capital assets to fulfill its mission of providing sewer treatment services to residents of Norwood.

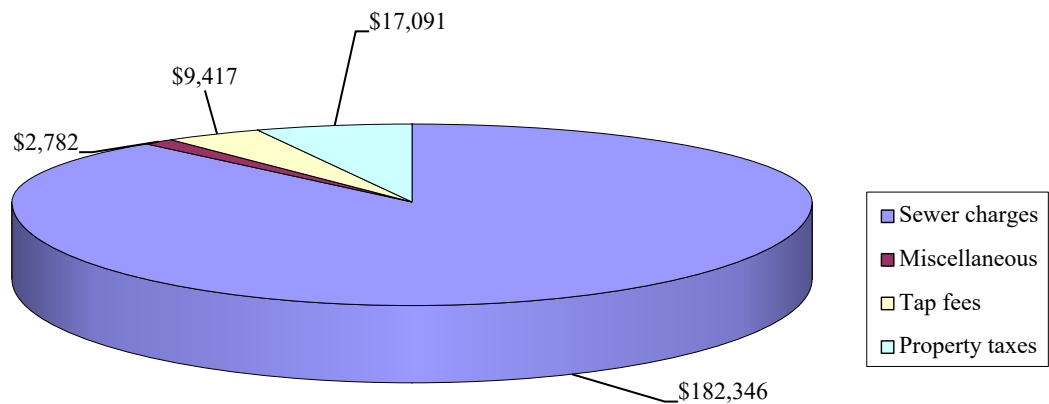
The remaining portion of net position is unrestricted and represents resources that could be used to meet ongoing obligations.

Changes in net position are summarized in the table below:

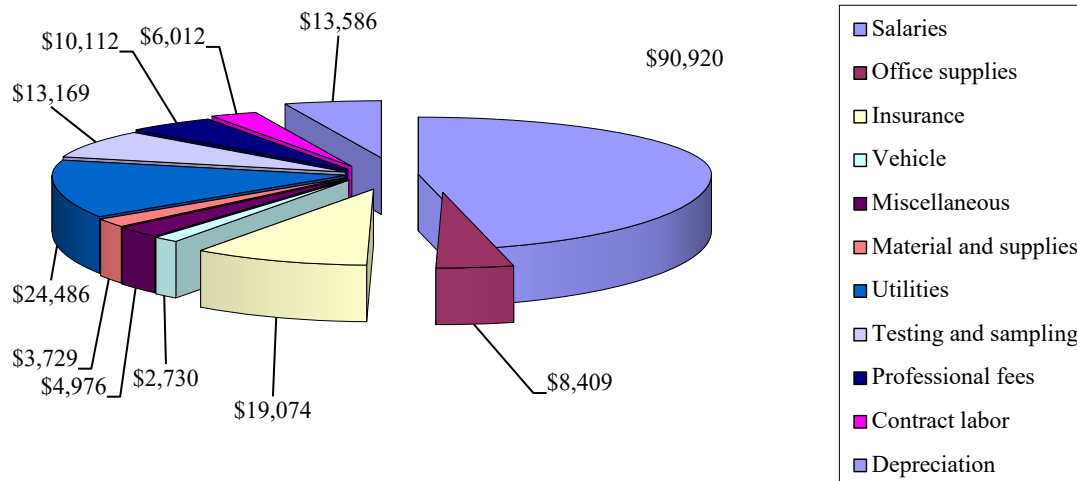
The District had an overall increase in net position of \$ 14,433 in 2025.

	2024	2025
Operating revenues	\$ 185,774	\$ 184,862
Operating expenses	248,174	197,203
Operating income	(62,400)	(12,341)
Nonoperating revenues (expenses)	21,499	17,357
Contributed capital tap fees	-	9,417
Changes in net position	(40,901)	14,433
Net position, January 1	547,502	506,601
Net position, December 31	<u>\$ 506,601</u>	<u>\$ 521,034</u>

Revenues By Source



Expenses by Source



Capital Assets and Debt Administration

The District's capital assets are summarized in the table below:

	2024	2025
Land	\$ 3,044	\$ 3,044
Treatment plant	486,131	486,131
Collection system	11,176	11,176
Equipment and vehicles	32,236	37,236
Storage shed	4,915	4,915
Total assets	537,502	542,502
Less: accumulated depreciation	(470,941)	(484,527)
Total	\$ 66,561	\$ 57,975

Management's Discussion and Analysis Economic Factors and Budget

The Norwood Sanitation District is a special taxing district located in San Miguel County and serves about 400 customers. The Norwood Sanitation District receives a small percentage of its annual operating revenue from a mill levy of 2.643. The Majority of the District's operating costs are funded by monthly fees charged for services. The Norwood Sanitation District was petitioned, and the Board approved the inclusion of 12 acres which was subdivided into two parcels. The new Lone Cone Library was constructed on Lot 1 and San Miguel County purchased Lot 2 for future housing. The Norwood Sanitation District will discuss and move forward with a minimal monthly rate raise to be implemented mid-year.

The District continues to budget funds to test for ammonia per regulation 35 and quarterly reports. The Norwood Sanitation District continues to budget for annual preventative measures such as cleaning and videotaping 3500 feet of sewer mains and root control.

This report is designed to provide a general overview of the Norwood Sanitation District's finances. Please contact Sara Owens, Town Manager, at (970) 327-4288 or email www.norwoodtown.com questions concerning any of the information provided in the report, 2025 Audit or request for additional financial information.

Norwood Sanitation District
Norwood, Colorado 81423

Norwood Sanitation District
Statement of Net Position
December 31, 2025

Assets	2025
Current assets	
Cash	\$ 446,957
Receivables	
Accounts	28,675
Property taxes	18,410
Total current assets	<u>494,042</u>
Utility plant in service	
Land	3,044
Treatment plant	486,131
Collection, transmission and distribution systems	11,176
Office equipment	2,518
Vehicles	34,718
Storage shed	4,915
	<u>542,502</u>
Accumulated depreciation	(484,527)
Total utility plant in service	<u>57,975</u>
Total assets	<u><u>\$ 552,017</u></u>
Liabilities and net position	
Current liabilities	
Accounts payable	\$ 4,258
Accrued wages	5,658
Customer deposits	2,657
Total current liabilities	<u>12,573</u>
Deferred inflows of resources	
Deferred property tax revenue	<u>18,410</u>
Net position	
Net Investment in capital assets	57,975
Unreserved	463,059
Total net position	<u><u>\$ 521,034</u></u>

See accompanying notes to the basic financial statements.

Norwood Sanitation District
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended December 31, 2025

Operating revenues	2025
Sewer charges	\$ 182,346
Miscellaneous income	2,516
Total operating revenues	184,862
Operating expenses	
Collection and treatment	
Depreciation	13,586
Materials and supplies	3,729
Utilities	24,486
Contract labor	6,012
Sewer lines testing	13,169
Administration and general	
Salaries	90,920
Office supplies	8,409
Professional services	10,112
Insurance	19,074
Automobile	2,730
Miscellaneous	4,976
Total operating expenses	197,203
Operating income or (loss)	(12,341)
Non-operating revenues (expenses)	
General property taxes and etc.	17,091
Interest	266
Total non-operating revenues (expenses)	17,357
Income (loss) before transfers and capital contributions	5,016
Capital contributions - tap fees	9,417
Change in net position	14,433
Net position, January 1	506,601
Net position, December 31	\$ 521,034

See accompanying notes to the basic financial statements.

Norwood Sanitation District
Statement of Cash Flows
For the Year Ended December 31, 2025

Cash flows from operating activities	2025
Cash received from charges for services	\$ 188,230
Cash payments for goods and services	(92,482)
Cash payments for employees for services	(93,801)
Net cash provided (used) by operating activities	<u>1,947</u>
Cash flow from noncapital financing activities	
Property taxes	17,091
Net cash provided (used) by noncapital activities	<u>17,091</u>
Cash flows from capital and related financing activities	
Tap fees	9,417
Acquisition of capital assets	(5,000)
Net cash provided (used) by capital and related financing activities	<u>4,417</u>
Cash flows from investing activities	
Interest on investments	<u>266</u>
Net increase (decrease) in cash and equivalents	23,721
Cash balances, January 1	<u>423,236</u>
Cash balances, December 31	<u><u>\$ 446,957</u></u>
Reconciling of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	<u>\$ (12,341)</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation expense	13,586
Assets (increase) decrease:	
Accounts receivable	3,368
Liabilities increase (decrease)	
Accounts payable	215
Accrued wages	(2,881)
Total adjustments	<u>14,288</u>
Net cash provided (used) by operating activities	<u><u>\$ 1,947</u></u>

See accompanying notes to the basic financial statements.

**Norwood Sanitation District
Norwood, Colorado
Notes to the Financial Statements
December 31, 2025**

Note A - Summary of Significant Accounting Policies

Reporting Entity

The Norwood Sanitation District operates as a special district under Colorado State Statutes. The District operates under an elected board form of government and provides sanitation services for the Town of Norwood, Colorado and certain areas surrounding the Town.

For financial reporting purposes, the District is a stand-alone entity; there are no component units included in the accompanying financial statements and the District is not considered a component unit of another entity.

Basis of Accounting

The accounting policies of the Norwood Sanitation District conform to generally accepted accounting principles. The following is a summary of such significant policies:

The accounting and reporting policies of the District relating to the funds and account groups included in the accompanying financial statements conform to generally accepted accounting principles applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication entitled Audits of State and Local Governmental Units and by the Financial Accounting Standards Board.

The financial statements of the District are prepared on accrual basis of accounting for proprietary funds, which are similar to those used by private business enterprises.

The assets, liabilities and net position of the District are reported in a self-balancing set of accounts, which include restricted and unrestricted resources, representing funds available for support of the District's programs.

Operating Revenues and Expenses – The District's operating revenues and expenses consist of revenues earned and expenses incurred in providing sanitation services.

Major sources of operating revenues are sewer charges and tap fees.

**Norwood Sanitation District
Norwood, Colorado
Notes to the Financial Statements
December 31, 2025**

Note A - Summary of Significant Accounting Policies (continued)

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include investments in highly liquid debt instruments with an original maturity of three months or less.

Budgetary Control

The District adheres to the following procedures in establishing the budgetary data reflected in the financial statements.

Budgets are required by state law for proprietary funds. During October the proposed budget is submitted to the Board of Directors for the fiscal year commencing the following January 1. The budget includes proposed expenditures and the means of financing them.

A public hearing is conducted by the Directors to obtain taxpayers' comments.

Prior to December 31, the budget is adopted, and appropriations are made by formal resolution.

Expenditures may not legally exceed appropriations at the fund level. Board approval is required for changes in budgets. Budget amounts included in the financial statements are based on the final, legally amended budget.

Budget appropriations lapse at the end of each year.

The budget is adopted on a basis that differs from generally accepted accounting principles. The District does not budget for depreciation costs on equipment and budgets for the purchase of equipment.

**Norwood Sanitation District
Norwood, Colorado
Notes to the Financial Statements
December 31, 2025**

Note A - Summary of Significant Accounting Policies (continued)

Encumbrances

Encumbrances accounting, under which purchase orders, contracts and other commitments for the expenditures of money are recorded in order to reserve that portion of the applicable appropriation, is not employed by the District because it is not necessary to ensure effective budgetary control or facilitate effective cash planning and control.

Property Taxes

Property taxes are levied on January 1 and attached as a lien on property as of December 31. They are payable in full by April 30 or in two equal installments due February 28 and June 15. Property taxes levied in the current year and payable in the following year are reported as receivable at December 31, net of an estimated uncollectible portion. However, since taxes are not available to pay current liabilities, the net receivables are recorded as deferred inflow of resources.

Property and Equipment

Property and equipment are recorded at cost or, if contributed property, at their fair market value at the time of contribution. Repairs and maintenance are recorded as expenses; renewals and betterments are capitalized.

Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Utility plant	50 years
Machinery and equipment	5-10 years
Storage shed	10 years

Pension Plan

The District does not provide a pension plan for its employees.

Norwood Sanitation District
Norwood, Colorado
Notes to the Financial Statements
December 31, 2025

Note A - Summary of Significant Accounting Policies (continued)

Compensated Absences

The District currently has an agreement with the Town of Norwood whereby salaries, wages and benefits are paid for and reported by the Town and reimbursed by the District. Reimbursements are reported as wages by the District; however, all related liabilities are recorded by the Town.

Note B - Contingent Liabilities

Risk Management

The District is exposed to various risks of loss related to torts; theft of damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. The District, a member of the Colorado Intergovernmental Risk Sharing Agency (CIRSA). CIRSA is a public entity risk pool currently operating as a common risk management and insurance program for the member entities. The District pays an annual premium to CIRSA for its property and casualty coverage. The agreement for formation of CIRSA provides that CIRSA will be self-sustaining through member premium and will reinsure through commercial companies for excess claims.

Note C - Deposits and Investments

Deposits - Colorado state statutes govern the entity's deposits of cash. The Public Deposit Protection Act for banks and savings and loans require the state regulators to certify eligible depositories for public deposits. The act requires the eligible depositories with public deposits in excess of the federal insurance levels to create a single institution collateral pool of defined eligible assets. Eligible collateral includes obligations of the United States, obligations of the State of Colorado or local Colorado governments and obligations secured by first lien mortgages on real property located in the State. The pool is to be maintained by another institution or held in trust for all the un-insured public deposits as a group. The market value of the assets in the pool must be at least equal to the un-insured deposits. Collateral in the pool is considered to be equal to depository insurance, pursuant to definitions listed in GASB Statement No. 40.

At year-end the carrying value of the District's deposit was \$446,906 and the bank balance was \$433,813. Of the total bank balance, \$ 250,000 deposits were covered by FDIC of FSLIC insurance, and the remainder was collateralized under PDPA.

**Norwood Sanitation District
Norwood, Colorado
Notes to the Financial Statements
December 31, 2025**

Note C - Deposits and Investments (continued)

Investments – On December 31, 2025, the District had no investments or formal investment policy.

Interest rate risk – The District does not have a formal policy limiting investment maturities, other than that established by the state statute of five years, which would help manage its exposure to fair value losses from increasing interest rates.

Note D - Reconciliation of Revenues and Expenses - Budget Basis to GAAP Basis

Excess of revenue over expenses, (Non-GAAP budgetary basis)	\$ 23,019
Adjustments	
Add: capital outlay	5,000
Less: depreciation	<u>(13,586)</u>
Changes in net position	<u>\$ 14,433</u>

Note E - Tax, Spending and Debt Limitations

In November 1992, Colorado voters passed an amendment (Amendment One) to the State Constitution (Article X, Section 20) which limits the revenue raising and spending abilities of the state and local governments.

The limits on property taxes, revenue, and "fiscal year spending" include allowable annual increases tied to inflation and local growth in construction valuation. Fiscal year spending as defined by the amendment excludes spending from certain revenue and financing sources such as federal funds, gifts, property sales, fund transfers, damage awards and fund reserves (balances).

The amendment requires voter approval for any increase in mill levy or tax rates, new taxes, or creation of multi-year debt. Revenue earned in excess of the "spending limit" must be refunded or approved to be retained by the District under specified voting requirements by the entire electorate. The amendment also requires that reserves be established for declared emergencies, with 3% of fiscal year spending required in 1994 and thereafter.

Norwood Sanitation District
Norwood, Colorado
Notes to the Financial Statements
December 31, 2025

Note E - Tax, Spending and Debt Limitations (continued)

The District had a ballot issue on November 5, 1996. The election authorizing the District to collect and spend all revenues generated by the existing mill levy (2.643), by state grants and taxes, by fees assessed for new development and by all other lawful sources of district revenues, in the fiscal year 1995 and for each subsequent years was approved by the voters.

The District's management believes it is in compliance with the remaining provisions of TABOR; however, TABOR is complex and subject to interpretation.

Note F - Capital Assets

	Balance January 1, 2025	Additions	Dispositions	Balance December 31, 2025
Business - Type Activities				
Capital assets not being depreciated				
Land and source of supply	\$ 3,044	\$ -	\$ -	\$ 3,044
Capital assets being depreciated				
Utility and distribution systems	497,307	-	-	497,307
Equipment and other	37,151	5,000	-	42,151
Less accumulated depreciation	(470,941)	(13,586)	-	(484,527)
Capital assets being depreciated, net	63,517	(8,586)	-	54,931
Total Business-Type Activities Capital Assets	\$ 66,561	\$ (8,586)	\$ -	\$ 57,975

Norwood Sanitation District
Schedule of Revenues and Expenditures - Budget and Actual
Budgetary Basis of Accounting
For the Year Ended December 31, 2025

	Original	Final		Variance
	Budget	Budget	Actual	Favorable
Revenues				(Unfavorable)
General taxes	\$ 17,491	\$ 17,491	\$ 17,091	\$ (400)
Sewer charges	162,000	162,000	182,346	20,346
Interest income	-	-	266	266
Miscellaneous	4,700	4,700	2,516	(2,184)
Tap fees	18,000	18,000	9,417	(8,583)
Total revenues	<u>\$ 202,191</u>	<u>\$ 202,191</u>	<u>\$ 211,636</u>	<u>\$ 9,445</u>
Expenditures				
Board salary	\$ 600	\$ 600	\$ 560	\$ 40
Salary - reimbursement	99,595	99,595	90,360	9,235
Workers compensation	2,500	2,500	4,089	(1,589)
Books, Subscriptions & Member	300	300	75	225
Public notices	50	50	86	(36)
Travel	400	400	70	330
Office supplies	2,000	2,000	1,427	573
Chemicals	3,000	3,000	200	2,800
Auto expenses	4,500	4,500	2,660	1,840
Permits	1,600	1,600	976	624
Utilities and telephone	25,650	25,650	24,486	1,164
Postage	2,200	2,200	1,225	975
Contract labor	10,000	10,000	6,012	3,988
Legal and audit	8,500	8,500	10,112	(1,612)
Service Charge	3,200	3,200	2,405	795
Elections	1,500	1,500	1,403	97
Operating supplies	14,000	14,000	2,478	11,522
Insurance and bonds	12,500	12,500	14,985	(2,485)
Miscellaneous services	500	500	269	231
Lab and testing	6,000	6,000	7,998	(1,998)
Computer support	6,000	6,000	5,014	986
Copier support	200	200	106	94
Freight	1,800	1,800	637	1,163
Safety and training	1,500	1,500	674	826
Engineering	5,000	5,000	-	5,000
Clean out - sewer lines	6,000	6,000	5,171	829
Capital outlay	9,500	9,500	5,000	4,500
Miscellaneous	400	400	139	261
Total expenditures	<u>\$ 228,995</u>	<u>\$ 228,995</u>	<u>\$ 188,617</u>	<u>\$ 40,378</u>



PO Box 528; 1670 Naturita St, Norwood, CO 81423

Phone: 970-327-4288 - Fax: 970-327-0451; www.norwoodtown.com

TOWN MANAGER REPORT – JULY 2026

STAFF

- Weekly staff meetings
- Monthly board meetings

OPERATIONS

- Reconciliations
- Customer and office support
- Public complaints
- Interviews Deputy Admin
- Conservation Trust Fund Annual Report
- Audit check in
- Chart of accounts clean up
- Transparency notices updated
- Agenda/Supporting Documents
- Process Payroll
- NWC WPA Loan follow up
- Tri-County Network community outreach discussion
- 4th of July check in with the Chamber
- Hired Deputy Administrator
- NSD training information to the board
- LUC check in with KLJ
- Raw water issues
- CDOT Sidewalk project check in with Tommy and Steve
- Follow up on sidewalk bids
- CDOT crosswalk signage
- CORA requests
- UT Byway marketing meeting
- Ordinance noticing
- HUFT annual report
- Website ordinances clean up
- Press release OJT waterline grant
- OJT midyear report
- LUC feedback from PZ to KLJ
- LOS from NWC drought planning with SMC
- LOS from NWC to SWWCD grant
- New hire set up

TRAINING

- CML District 10 Spring Meeting
- CML Annual Conference in Westminster

PUBLIC OUTREACH