Town of Norwood
Financial Statements and
Independent Auditor's Report
as of
December 31, 2025

Town of Norwood
Table of Contents

	Page
Independent Auditor's Report	1
Management's Discussion and Analysis	3
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	11
Statement of Activities	12
Fund Financial Statements:	
Governmental Funds Balance Sheet	13
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	14
Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances	15
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	16
Statement of Net Position-Enterprise Fund	17
Statement of Revenues, Expenses and Changes in Net Position-Enterprise Fund	18
Statement of Cash Flows-Enterprise Fund	19
Notes to Basic Financial Statements	20
Required Supplementary Information	
Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual:	
General Fund	33
Other Supplementary Information	
Schedules of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual-Governmental Funds:	
Contingency Fund	34
Conservation Trust	35
Schedules of Revenues, Expenditures and Changes in Available Resources-Budget and Actual-Enterprise Funds:	
Water Fund	36
Local Highway Finance Report	37

Blair and Associates, P.C.
Cedaredge, Colorado

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Town of Norwood, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Norwood, Colorado, as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the Town of Norwood, Colorado'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 governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Norwood, Colorado, 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 Town of Norwood, Colorado, 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 Town of Norwood, Colorado'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
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- 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 Town of Norwood, Colorado'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 Town of Norwood, Colorado'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 and budgetary comparison information 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Norwood, Colorado's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. 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 statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Blair and Associates, P.C.

Cedaredge, Colorado
May 13, 2026

TOWN OF NORWOOD
Management's Discussion and Analysis
Fiscal Year Ended December 31, 2025

As management of the Town of Norwood (the "Town"), we offer readers of the Town's basic financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended December 31, 2025. We encourage readers to consider the information presented here in conjunction with additional information provided in the financial statements.

FINANCIAL HIGHLIGHTS

- The Town's assets exceeded its liabilities and deferred inflows of resources by $ 7,908,755 (i.e. net position) as of December 31, 2025, an increase of $ 115,940 in comparison to the prior year.
- Governmental funds reported combined fund balances of $ 1,638,842, an increase of $ 31,322 in comparison with the prior year.
- The Town's fund balance for the General Fund was $ 454,998, an increase of $ 24,612 in comparison to the prior year.
- General property tax, sales tax, and other tax totaled $ 678,663, or 64% of general revenues.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The basic statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances in a manner similar to a private-sector business.

The **statement of net position** presents information on all the Town's assets, liabilities and deferred inflows of resources, with the difference being reported as net position. Over time, the increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The **statement of activities** presents information showing how the Town's net position changed during the most recent 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.* Thus, revenues and expenses reported in this statement for some items will result in cash flows in future periods (e.g. uncollected taxes and earned but unused personal time).

The government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (*Governmental Activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*Business-type Activities*). The Governmental Activities of the Town include general government administration, police, fire, public works, and community center. The Business-type Activities of the Town include a water fund.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. The Town's funds can be divided into two categories: Governmental Funds and Proprietary Funds.

Governmental Funds – *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *short-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's short-term financing requirements. The accounting method is called *modified accrual* accounting.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental activities in the *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Town maintains two major government funds, the General and Contingency Funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General and Contingency Funds.

Proprietary Funds – The Town maintains one type of proprietary fund. *Enterprise Funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Town uses separate enterprise funds to account for its utility funds: Water and Raw Water Irrigation System Funds.

Notes to Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position

As noted previously, net position may serve over time as a useful indicator of the Town's financial position. For the year ended December 31, 2025, the Town's combined assets exceed liabilities and deferred inflows of resources by $ 7,908,755. Of this amount, $ 1,744,359 is unrestricted and available to meet the Town's ongoing financial obligations.

By far the largest portion of net position is the investment in capital assets (net of related debt) of $ 4,943,101 (63% of net position). This amount reflects the investment in all capital assets (e.g. infrastructure, land, buildings, and equipment) less any related debt used to acquire those assets that are still outstanding. These capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of debt, it should be noted that the resources needed to repay this debt must be provided from other sources since capital assets themselves cannot be used to liquidate these liabilities.

The following table summarizes the Town's governmental and business-type net position for 2024 and 2025:

	Governmental Activities		Business-Type Activities		Total	
	2024	2025	2024	2025	2024	2025
Assets						
Current and other assets	$ 1,739,277	$ 1,760,586	$ 1,348,117	$ 1,388,052	$ 3,087,394	$ 3,148,638
Capital assets	1,520,668	1,584,718	3,519,001	3,476,783	5,039,669	5,061,501
Total assets	3,259,945	3,345,304	4,867,118	4,864,835	8,127,063	8,210,139
Current liabilities	53,844	34,603	11,871	37,590	65,715	72,193
Non-current liabilities						
Loans payable	-	-	163,268	118,399	163,268	118,399
Total liabilities	53,844	34,603	175,139	155,989	228,983	190,592
Deferred inflow of resources						
Deferred property taxes	105,266	110,792	-	-	105,266	110,792
Net position						
Investment in capital assets, net of related debt	1,520,668	1,584,718	3,355,733	3,358,384	4,876,401	4,943,102
Restricted	1,214,584	1,221,294			1,214,584	1,221,294
Unrestricted	365,584	393,897	1,336,246	1,350,462	1,701,830	1,744,359
Total net position	$ 3,100,836	$ 3,199,909	$ 4,691,979	$ 4,708,846	$ 7,792,815	$ 7,908,755

An additional portion of net position, $ 1,221,294, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, $ 1,744,359 (22% of net position), may be used to meet the government's ongoing obligations to citizens and creditors.

Change in Net Position

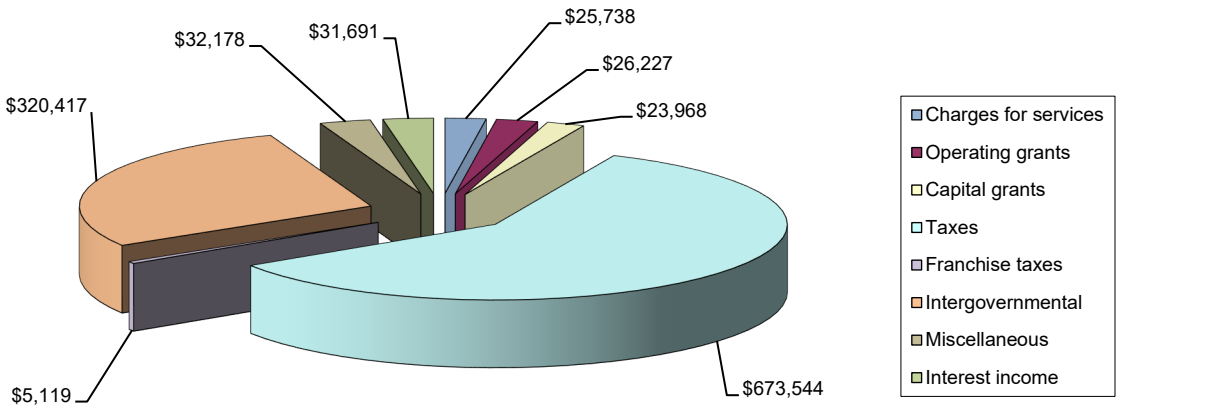
Governmental and business-type activities increased the Town's net position by $ 115,940 in 2025.

	Governmental Activities		Business-Type Activities		Totals	
	2024	2025	2024	2025	2024	2025
Revenues						
Program revenues						
Charges for services	$ 8,508	$ 25,738	$ 562,527	$ 621,518	$ 571,035	$ 647,256
Operating grants	33,775	26,227	-	-	33,775	26,227
Capital contributions	-	23,968	96,000	92,632	96,000	116,600
General Revenues						
Property taxes	125,579	108,788	-	-	125,579	108,788
Specific ownership	2,368	3,596	-	-	2,368	3,596
Sales taxes and other	530,246	561,160	-	-	530,246	561,160
Franchise taxes	5,563	5,119	-	-	5,563	5,119
Miscellaneous	21,432	32,178	6,593	7,627	28,025	39,805
Intergovernmental	282,175	320,417	33,394	42,108	315,569	362,525
Interest income	2,824	31,691	573	3,712	3,397	35,403
Totals	1,012,470	1,138,882	699,087	767,597	1,711,557	1,906,479
Expenses						
General Government	558,826	500,954	-	-	558,826	500,954
Judicial	225	4,819	-	-	225	4,819
Public safety	101,431	106,800	-	-	101,431	106,800
Public works	351,178	386,599	593,127	750,730	944,305	1,137,329
Culture and recreation	41,230	40,637	-	-	41,230	40,637
Total Expenses	1,052,890	1,039,809	593,127	750,730	1,646,017	1,790,539
Increase in net position	(40,420)	99,073	105,960	16,867	65,540	115,940
Beginning	3,141,256	3,100,836	4,586,019	4,691,979	7,727,275	7,792,815
Ending	$ 3,100,836	$ 3,199,909	$ 4,691,979	$ 4,708,846	$ 7,792,815	$ 7,908,755

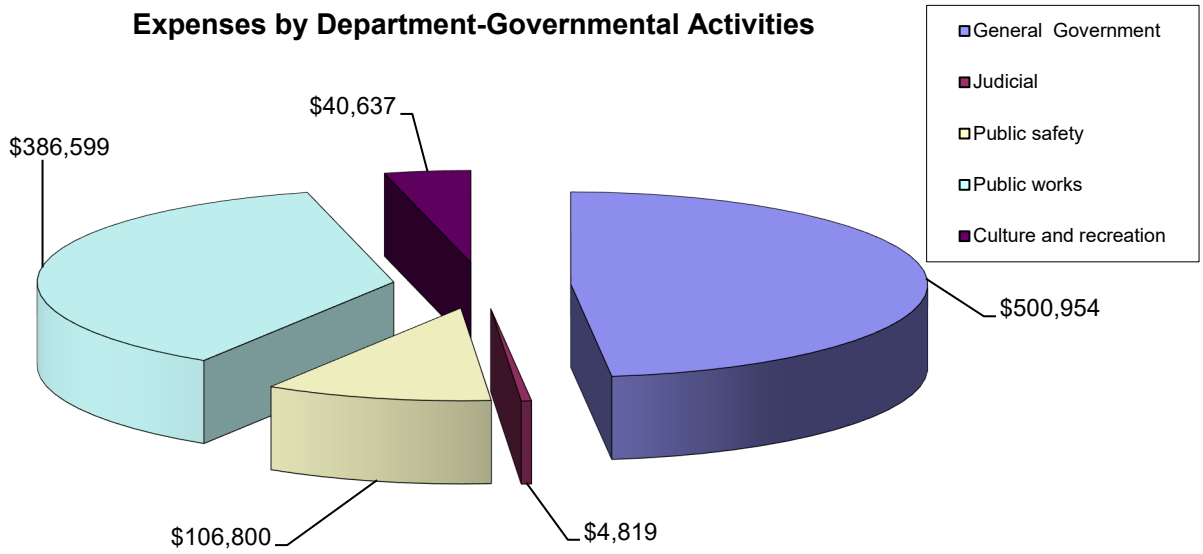
Governmental Activities

Governmental activities increased the Town's net position by $ 99,073.

Revenues by Source-Governmental Activities



Expenses by Department-Governmental Activities



Business-type Activities

Business-type activities for the year resulted in an increase in net position of $ 16,867. Charges for services accounted for 81% of total revenues.

FINANCIAL ANALYSIS OF GOVERNMENT'S FUNDS

Governmental funds - The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the Town's net resources available for spending at the end of the fiscal year.

As of the end of 2025, the Town's governmental funds reported combined ending fund balances of $ 1,638,842, an increase of $ 31,322 in comparison with the prior year. Of the combined ending fund balances for all governmental funds 25% of this total amount, $ 417,548, constitutes unreserved fund balance, which is available for appropriation at the Town's discretion. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it is already committed to meet a State constitution mandated emergency reserve, $ 37,450, restricted for parks and recreation $17,464 and $ 1,166,380 for other purposes.

The Town has two major governmental funds, the General and Contingency Funds. At the end of 2025, the unreserved fund balance of the General Fund was $ 417,548, while the total fund balance was $ 454,998. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. The fund balance of the Town's General Fund increased by $ 24,612 during 2025.

Proprietary funds - The Town's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail.

The Town has two enterprise funds: Water and Raw Water Irrigation Funds. At the end of 2025, the fund represented the following net position amounts:

Fund:	Water	Raw Water Irrigation System
Unrestricted net position	$ 1,134,463	$ 215,999
Total net position	$ 3,243,147	$ 1,465,699
Increase or (decrease) in net position	$33,933	($17,066)

GENERAL FUND BUDGETARY HIGHLIGHTS

The Town budgeted $ 2,332,390 for 2025 expenditures. The actual expenditures were $ 1,079,481. There was no amendment to the original budget for General Fund.

CAPITAL ASSET AND DEBT ADMINISTRATION

The Town's investment in capital assets for its governmental and business-type activities as of December 31, 2025, was $ 5,061,500. As required by GASB 34, the investment in capital assets includes land, buildings, building improvements, and equipment.

Governmental Activities	Balance January 1, 2025	Additions	Dispositions	Balance December 31, 2025
Capital assets not being depreciated				
Land	$ 545,901	$ 25,003	$ -	$ 570,904
	545,901	25,003	-	570,904
Capital assets being depreciated				
Buildings	484,312	41,000	-	525,312
Equipment	424,229	32,916	-	457,145
Park Expansion	511,853	13,127	-	524,980
Infrastrucure	295,111	33,509	-	328,620
	1,715,505	120,552	-	1,836,057
Less accumulated depreciation				
Buildings	(127,773)	(12,453)	-	(140,226)
Equipment	(283,879)	(38,324)	-	(322,203)
Park Expansion	(141,453)	(21,497)	-	(162,950)
Infrastrucure	(187,633)	(9,231)	-	(196,864)
	(740,738)	(81,505)	-	(822,243)
Capital assets being depreciated, net	974,767	39,047	-	1,013,814
Total Governmental Activities Capital Assets	$ 1,520,668	$ 64,050	$ -	$ 1,584,718

Business - Type Activities	Balance January 1, 2025	Additions	Dispositions	Balance December 31, 2025
Capital assets not being depreciated				
Land and source of supply	$ 290,207	$ -	$ -	$ 290,207
Capital assets being depreciated				
Utility plant	6,756,297	115,038	-	6,871,335
Vehicles and equipment	72,528	15,000	-	87,528
Less accumulated depreciation	(3,600,031)	(172,256)	-	(3,772,287)
Capital assets being depreciated, net	3,228,794	(42,218)	-	3,186,576
Total Business-Type Activities Capital Assets	$ 3,519,001	$ (42,218)	$ -	$ 3,476,783

Long-term Debt

As of December 31, 2025, the Town had long-term debt as follows:

Enterprise Activities	Balance 1/1/2025	Additions	Reductions	Balance 12/31/2025	Due Within One Year
Loans-CWCB	$ 163,268	$ -	$ (44,869)	$ 118,399	$ 46,664
Totals	$ 163,268	$ -	$ (44,869)	$ 118,399	$ 46,664

Request for Information:

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in the report or requests for additional financial information should be addressed to:

Sara Owens, Administrator
P.O. Box 528
Norwood, CO 81423

Town of Norwood
Statement of Net Position
December 31, 2025

	Governmental Activities	Business -Type Activities	Total
ASSETS			
Cash and cash equivalents	$ 1,589,481	$ 1,278,768	$ 2,868,249
Property taxes receivable	110,792	-	110,792
Accounts receivables	60,313	61,282	121,595
Advance water assessments-net	-	48,002	48,002
Capital assets, net	1,584,718	3,476,783	5,061,501
Total assets	3,345,304	4,864,835	8,210,139
LIABILITIES			
Accounts payable	-	25,620	25,620
Customer deposits	-	3,432	3,432
Accrued payroll taxes	10,952	8,393	19,345
Accrued compensated absences	23,651	-	23,651
Accrued interest payable	-	145	145
Non current liabilities			
Due within one year	-	46,664	46,664
Due in more than one year	-	71,735	71,735
Total liabilities	34,603	155,989	190,592
DEFERRED INFLOWS OF RESOURCES			
Property taxes revenues	110,792	-	110,792
NET POSITION			
Invested in capital assets, net of related debt	1,584,718	3,358,384	4,943,102
Restricted for:			
Emergencies	37,450	-	37,450
Other purposes	1,183,844	-	1,183,844
Unrestricted	393,897	1,350,462	1,744,359
Total net position	$ 3,199,909	$ 4,708,846	$ 7,908,755

The accompanying notes are an integral part of this statement.

Town of Norwood
Statement of Activities
For the Year Ended December 31, 2025

Functions/Programs	Expenses	Program Revenues: Charges for Service and Fees	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Primary Government: Business-Type Activities	Primary Government: Total
Primary government:							
Governmental activities:							
General government	$ 500,954	$ 1,962	$ -	$ -	$ (498,992)	$ -	$ (498,992)
Judicial	4,819	-	-	-	(4,819)	-	(4,819)
Public Safety	106,800	3,481	-	-	(103,319)	-	(103,319)
Public Works	386,599	2,620	22,835	23,968	(337,176)	-	(337,176)
Culture and Recreation	40,637	17,675	3,392	-	(19,570)	-	(19,570)
Total governmental activities	1,039,809	25,738	26,227	23,968	(963,876)	-	(963,876)
Business-type activities:							
Water	677,631	598,118	-	60,000	-	(19,513)	(19,513)
Raw Water Irrigation System	73,098	23,400	-	32,632	-	(17,066)	(17,066)
Total business- type activities	750,729	621,518	-	92,632	-	(36,579)	(36,579)
Total primary government	$ 1,790,538	$ 647,256	$ 26,227	$ 116,600	(963,876)	(36,579)	(1,000,455)
		General Revenues					
		Taxes:					
		Property taxes			108,788	-	108,788
		Specific ownership			3,596	-	3,596
		Sales taxes and miscellaneous			561,160	-	561,160
		Franchise taxes			5,119	-	5,119
		Mineral leasing and severance taxes			238	-	238
		Miscellaneous			32,178	7,627	39,805
		Intergovernmental			320,179	42,108	362,287
		Investment earnings			31,691	3,712	35,403
		Total General Revenues			1,062,949	53,447	1,116,396
		Changes in Net Position			99,073	16,868	115,941
		Net Position-January 1			3,100,836	4,691,979	7,792,815
		Net Position-December 31			$ 3,199,909	$ 4,708,847	$ 7,908,756

The accompanying notes are an integral part of this statement.

Town of Norwood
Governmental Funds
Balance Sheet
December 31, 2025

	General Fund	Contingency Fund	Non-major Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	$ 405,637	$ 1,166,381	$ 17,464	$ 1,589,482
Taxes receivable	110,792	-	-	110,792
Accounts receivable	60,313	-	-	60,313
Total assets	576,742	1,166,381	17,464	1,760,587
Liabilities				
Accrued payroll taxes	10,952	-	-	10,952
Total liabilities	10,952	-	-	10,952
Deferred inflows of resources				
Deferred property taxes	110,792	-	-	110,792
Fund balance				
Restricted for emergencies	37,450		-	37,450
Restricted for Parks and Recreation	-	-	17,464	17,464
Committed for capital Improvements	-	1,166,380	-	1,166,380
Unassigned	417,548	-	-	417,548
Total fund balance	$ 454,998	$ 1,166,380	$ 17,464	$ 1,638,842

The accompanying notes are an integral part of this statement.

Town of Norwood
Reconciliation of the Governmental Funds Balance
Sheet to the Statement of Net Position
December 31, 2025

Total fund balance, governmental funds		$ 1,638,842
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current period expenditures and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.		
Cost of capital assets	$ 2,406,961	
Less accumulated depreciation	(822,243)	
		1,584,718
Some liabilities, (such as Notes Payable, Capital Lease Contract Payable, Long-term Compensated Absences, and Bonds Payable), are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position.		
Compensated absences		(23,651)
Net Position of Governmental Activities in the Statement of Net Position		$ 3,199,909

The accompanying notes are an integral part of this statement.

Town of Norwood
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended December 31, 2025

	General Fund	Contingency Fund	Non-major Funds	Total Governmental Funds
Revenues				
Taxes	$ 697,902	$ -	$ -	$ 697,902
Licenses and permits	2,312	-	-	2,312
Intergovernmental	342,506	-	3,392	345,898
Charges for services	2,270	-	-	2,270
Fines and forfeitures	3,481	-	-	3,481
Miscellaneous	55,622	31,382	15	87,019
Total revenues	1,104,093	31,382	3,407	1,138,882
Expenditures				
Current:				
General government	499,067	-	-	499,067
Judicial	4,819	-	-	4,819
Police department	106,800	-	-	106,800
Public works	413,088	-	-	413,088
Culture and recreation	16,064	-	3,076	19,140
Capital Outlay	39,643	25,003	-	64,646
Total expenditures	1,079,481	25,003	3,076	1,107,560
Net change to fund balance	24,612	6,379	331	31,322
Fund balance, January 1	430,386	1,160,001	17,133	1,607,520
Fund balance, December 31	$ 454,998	$ 1,166,380	$ 17,464	$ 1,638,842

The accompanying notes are an integral part of this statement.

Town of Norwood
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities
For the Year Ended December 31, 2025

Net change in fund balances - total governmental funds		$ 31,322
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as deprecation expense. This is the amount by which capital outlays expense exceeded depreciation in the current period.		
Fixed assets current additions	$ 145,554	
Depreciation expense	(81,505)	
Excess of capital outlay over depreciation		64,049
Under the modified accrual basis of accounting used in governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources and revenues are not recognized until they become both measurable and available. In the statement of activities however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when the financial resources are available.		
Changes in compensated absences		3,702
Change in net position of governmental funds		$ 99,073

The accompanying notes are an integral part of this statement.

Town of Norwood
Statement of Net Position
Enterprise Funds
December 31, 2025

	Enterprise Funds		
	Water Fund	Raw Water Irrigation System Fund	Totals
ASSETS			
Current Assets			
Cash and cash equivalents	$ 1,062,769	$ 215,999	$ 1,278,768
Accounts receivable, net	61,282	-	61,282
Total Current Assets	1,124,051	215,999	1,340,050
Other Assets			
Advance water assessments-net	48,002	-	48,002
Noncurrent Assets			
Capital assets			
Water rights	290,207	-	290,207
Utility system	5,328,910	1,542,425	6,871,335
Vehicle & Equipment	52,528	35,000	87,528
Less accumulated depreciation	(3,444,562)	(327,725)	(3,772,287)
Total Noncurrent Assets	2,227,083	1,249,700	3,476,783
Total Assets	3,399,136	1,465,699	4,864,835
LIABILITIES			
Current Liabilities			
Accounts payable	25,620	-	25,620
Customer deposits	3,432	-	3,432
Accrued interest payable	145	-	145
Accrued payroll	8,393	-	8,393
Current portion on long-term debt	46,664	-	46,664
Total Current Liabilities	84,254	-	84,254
Long-Term Debt			
Loans payable	71,735	-	71,735
Total Long-Term Debt	71,735	-	71,735
Net Position			
Invested in capital assets, net of related debt	2,108,684	1,249,700	3,358,384
Unrestricted	1,134,463	215,999	1,350,462
Total Net Position	$ 3,243,147	$ 1,465,699	$ 4,708,846

The accompanying notes are an integral part of this statement.

Town of Norwood
Statement of Revenues, Expenses and Changes in Net Position
Enterprise Funds
Year Ended December 31, 2025

	Enterprise Funds		
	Water Fund	Raw Water Irrigation System Fund	Totals
Operating revenues:			
Charges for services	$ 598,118	$ 23,400	$ 621,518
Total operating revenues	598,118	23,400	621,518
Operating expenses:			
Salaries and benefits	229,955	-	229,955
Maintenance and supplies	141,417	-	141,417
Water assessments	41,508	-	41,508
Utilities	34,031	522	34,553
Other expenses	120,695	2,481	123,176
Depreciation	103,494	70,095	173,589
Total operating expenses	671,100	73,098	744,198
Operating income (loss)	(72,982)	(49,698)	(122,680)
Nonoperating revenues (expenses):			
Grants and contributions	42,108	32,632	74,740
Interest income	3,712	-	3,712
Miscellaneous	7,627	-	7,627
Interest expense	(6,531)	-	(6,531)
Total nonoperating revenues (expenses)	46,916	32,632	79,548
Income (loss) before transfers and capital contributions	(26,066)	(17,066)	(43,132)
Capital contributions-Tap fees	60,000	-	60,000
Change in net position	33,934	(17,066)	16,868
Total net position, January 1	3,209,214	1,482,765	4,691,979
Total net position, December 31	$ 3,243,148	$ 1,465,699	$ 4,708,847

The accompanying notes are an integral part of this statement.

Town of Norwood
Statement of Cash Flows
Enterprise Funds
Year Ended December 31, 2025

	Enterprise Funds		
	Water Fund	Raw Water Irrigation System Fund	Totals
Cash Flows From Operating Activities			
Cash received from charges for services	$ 597,975	$ 23,400	$ 621,375
Cash payments for salaries and benefits	(221,562)	-	(221,562)
Cash payments for goods and services	(320,188)	(3,003)	(323,191)
Net cash provided (used) by operating activities	56,225	20,397	76,622
Cash Flows from Noncapital Financing Activities			
Grants and contributions	42,108	32,632	74,740
Miscellaneous revenues	7,627	-	7,627
Net cash provided (used) by noncapital financing activities	49,735	32,632	82,367
Cash Flows from Capital and Related Financing Activities			
Tap fees	60,000	-	60,000
Purchase of capital assets	(130,038)	-	(130,038)
Principal paid on loans and leases	(44,869)	-	(44,869)
Interest expense	(6,531)	-	(6,531)
Net cash provided (used) by capital and related financing activities	(121,438)	-	(121,438)
Cash Flows from Investing Activities			
Interest on investments	3,712	-	3,712
Net increase (decrease) in cash and equivalents	(11,766)	53,029	41,263
Cash balances, January 1	1,074,535	162,970	1,237,505
Cash balances, December 31	$ 1,062,769	$ 215,999	$ 1,278,768
Reconciling of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	$ (72,982)	$ (49,698)	$ (122,680)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	103,494	70,095	173,589
Assets (increase) decrease:			
Accounts receivables	(6)	-	(6)
Liabilities increase (decrease):			
Accounts payable	17,463	-	17,463
Customer deposits	(137)	-	(137)
Accrued payroll	8,393	-	8,393
Total adjustments	129,207	70,095	199,302
Net cash provided (used) by operating activities	$ 56,225	$ 20,397	$ 76,622

The accompanying notes are an integral part of this statement.

Note 1 – Summary of Significant Accounting Policies

The financial statements of the Town of Norwood, Colorado (the Town) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The more significant of the Town's accounting policies are described below:

A. Financial Reporting Entity

The Town is a statutory municipality with a mayor – council form of government with five elected Council members. As required by accounting principles generally accepted in the United States of America, these financial statements present the Town of Norwood (the primary government). The Town has no oversight responsibility for any other governmental entity since no other entities are considered to be controlled by or dependent on the Town. Control or dependence is determined on the basis of budget adoption, taxing authority, funding, and appointment of the respect governing body.

B. Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the activities of the Town. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by taxes, charges for services and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on user charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to those who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

C. Fund Financial Statements

The accounts of the Town are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

All governmental funds are accounted for on a flow of current financial resources basis. Balance sheets for these funds generally include only current assets and current liabilities. Reported fund balances are considered a measure of available, spendable resources. Operating statements for these funds present a summary of available, spendable resources and expenditures for the period.

Note 1 – Summary of Significant Accounting Policies – (continued)

C. Fund Financial Statements – (continued)

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The Town reports the following major governmental fund:

- The General Fund is the Town's primary operating fund. It accounts for all financial resources of the Town, except those required to be accounted for in another fund.

The remaining governmental funds are aggregated and presented as non-major funds. Those funds include:

- Contingency Fund, which accounts for expenditures that could not have been reasonably foreseen.
- The Conservation Trust Fund, which accounts for State of Colorado lottery funds to be used for parks and recreation services and capital investment.

Enterprise Funds account for operations that are financed and operated in a manner similar to private business enterprises, where the intent is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. Enterprise funds are considered major funds because of community interests in the activities and sources of funding supporting these operations.

Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. The principal operating revenues of the Town are charges for water fees. Operating expenses for the enterprise funds include purchased services, utilities, repairs and maintenance, supplies, insurance and depreciation cost. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as needed.

The Town reports the following major enterprise fund business-type activity:

- Water Fund, which accounts for all operations of the Town's water services. This is primarily financed by user charges.
- Raw Water Irrigation System Fund, which accounts for all operations of the Town's raw water irrigation services. This is primarily financed by grants and contributions and by user charges.

D. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the enterprise fund financial statements. Revenues are recorded when earned and expenses are recorded when liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Note 1 – Summary of Significant Accounting Policies – (continued)

D. Measurement Focus and Basis of Accounting – (continued)

The modified accrual basis of accounting is used by all governmental funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days at the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred. Exceptions to this general rule include principal and interest on general long-term debt which is recognized when due, and compensated absences which are recognized when the obligations are expected to be liquidated with expendable available resources.

Those revenues susceptible to accrual are interest revenue and charges for services. Entitlement revenues are not susceptible to accrual because generally, they are not measurable until received. Grant revenues are recognized as they are earned.

The accrual basis of accounting is utilized by enterprise funds. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Deferred Outflows / Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section of deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/ expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section of deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. Property taxes revenue that are related to a future period have been recorded as deferred inflows. Grants and entitlements received before eligibility requirements are met (e.g., cash advances) are recorded as deferred inflows. These amounts are deferred and will be recognized as an inflow of resources in the period that the amounts become available.

E. Cash and Cash Equivalents

For the purposes of the statement of cash flows of the enterprise funds, cash and cash equivalents consist of operating and restricted cash and highly liquid securities with an initial maturity of three months or less.

Note 1 – Summary of Significant Accounting Policies – (continued)

F. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

G. Property Taxes

Property taxes for the current year are levied and attached as a lien on property the following January 1. 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 collected in the following year are reported as receivable at December 31. However, since the taxes are not available to pay current liabilities, the receivable is recorded as deferred inflows of resources in the governmental and enterprise funds.

H. Capital Assets

Capital assets, which include property, equipment and infrastructure assets, are reported in the applicable governmental or business-type activities columns in government-wide financial statements. Capitalized assets are defined by the Town as assets that have a useful life of one or more years, and for which the initial, individual value equals or exceeds $ 5,000.

All purchased assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated assets are valued at their estimated fair market value on the date received. The cost of normal maintenance and repairs that does not add to the value of an asset or materially extend asset life is not capitalized.

Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Asset Class	Useful Life
Utility Plant and System	50 years
Machinery and Equipment	5-10 years
Infrastructure assets	15-40 years

Public domain assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems are examples of infrastructure assets. Infrastructure assets are distinguished from other capitalized assets as their useful life often extends beyond most other capital assets and are stationary in nature. General infrastructure assets are those associated with or arising from governmental activities.

Under GASB 34 the town is not required to retroactively report on infrastructure assets before June 30, 2004. Therefore, infrastructure assets before that date are not shown on the financial statements.

Note 1 – Summary of Significant Accounting Policies – (continued)

I. Long-Term Liabilities

In the government-wide financial statements, and enterprise fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable government activities, business-type activities, or enterprise fund type statement of net position.

The long-term compensated absences are serviced from revenues of the General Fund from future appropriations.

J. Compensated Absences

A total of 21 days of vacation for the 1 to 10 years of service and 26 days for 10 + years of service may be accrued by each employee. Employees are paid for the accumulated vacation leave upon retirement or other termination. Employees are encouraged to use accumulated vacation by the end of each year and Employees may carry over any unused PTO into the next year. The Entities will pay an employee for their accrued but unused PTO at the time of separation from employment, up to the maximum accruals of 21/26 days described above, respectively. The Entities will make such payment at the employee's pay rate in effect at the time the employee accrued the leave time.

K. Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition or construction of improvements on those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors, laws or regulations of other governments.

L. Interfund Transactions

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. At year end, outstanding balances between funds are reported as “due to/from other funds.” Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

M. Encumbrances

The Town does not use an encumbrance system for budgetary control.

N. Accounts Receivable

The Town considers accounts receivable for the water fund to be fully collectible because the Town can place liens on the individual properties; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when that determination is made.

Note 1 – Summary of Significant Accounting Policies – (continued)

O. Fund Equity

In the fund financial statements, governmental funds report the following classifications of fund balance:

- Non-spendable fund balance-amounts that are not in spendable form (such as inventory) or are required to be maintained intact;
- Restricted fund balance-amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions or by enabling legislation;
- Committed fund balance-amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint;
- Assigned fund balance-amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- Unassigned fund balance-amounts that are available for any purpose; positive amounts are reported only in the general fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Town considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Town considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless Town Council has provided otherwise in its commitment or assignment actions.

Note 2 – Reconciliation of Government-wide and Fund Financial Statements

The governmental funds balance sheet includes reconciliation between fund balances total governmental funds and net position - governmental activities as reported in the government-wide statement of net position. Additionally, the governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between net change in fund balances - total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. The enterprise fund statement of net position and statement of revenues, expenses and changes in net position also includes reconciliation to the government-wide statement of net position and activities.

These reconciliations detail items that require adjustment to convert from the current resources' measurement and modified accrual basis for governmental fund statements to the economic resources measurement and full accrual basis used for government-wide statements. However, certain items having no effect on measurement and basis of accounting were eliminated from the governmental fund statements during the consolidation of governmental activities.

Note 3 – Tax, Spending and Debt Limitations

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments. The amendment is complex and subject to judicial interpretation. However, the Town had made certain interpretations of the amendment's language in order to determine its compliance.

On the November 8, 1994 municipal election ballot, the voters authorized the Town, without any increase in the Town's Current tax mill levy rate of 15.129 mills or any increase in the Town's current sales tax and use tax rate of 2.0%, except by prior voter approval, to be authorized to generate, collect and retain all revenues from and in fiscal year 1993 and subsequent years and increase fiscal year spending up to the amount of such revenues generated and collected without limitation under Article X, Section 20, Colorado Constitution, or any other law, and without limiting in any year the amount of all lawful sources of Town revenues that may be collected and spent by the Town of Norwood for street improvements and maintenance, capital improvements and construction, and all other lawfully authorized municipal; purposes, including but not limited to property taxes at current level of 15.129 mills, sales and use tax of 2.0%, and any state, federal or other grants; provided that such voter-approved revenue change for fiscal year 1993 shall be in the amount of $ 10,000.

Note 4 – Budgets

The Town adheres to the following procedures in establishing budgetary data reflected in the financial statements:

A. By October of each year, the Finance Officer gives public notice of the budget calendar for the next fiscal year. The Finance Officer asks that all Town departments, boards, commissions, or citizens submit within thirty days from the notice any request for funds under the budget being prepared. The Finance Officer then prepares a proposed budget for the ensuing fiscal year and submits it to the Council no later than forty-five days prior to any date required by state law for the certification to the County of the tax levy.

B. The budget provides a complete financial plan of all Town funds and activities for the ensuing fiscal year indicating anticipated revenues, proposed operating and capital expenditures, a provision for contingencies, and anticipated net surplus or deficit for the ensuing fiscal year.

C. A public hearing on the proposed budget is held by the Council in early December.

D. The Council adopts the budget by resolution on or before the final day established by law for the certification of the ensuing year’s tax levy to the County. Adoption of the budget by the Council shall constitute appropriations of the amounts specified therein as expenditures from the funds indicated and shall constitute a levy of the property tax therein proposed.

E. If during the fiscal year the Finance Officer determines that there are expenses in excess of those estimated in the budget, the Council by resolution may make supplemental appropriations for the year up to the amount of such excess. To meet an emergency affecting public property, health, peace or safety, the Council may make emergency appropriations. If at any time during the fiscal year it appears probable to the Finance Officer that the revenues available will be insufficient to meet the amount appropriated, the Finance Officer reports to the Council, indicating the estimated amount of deficit, any remedial action already taken, and a recommendation as to any other steps to be taken. At any time during the fiscal year the Finance Officer may transfer part or all of any unencumbered appropriation balance within a department.

Note 4 – Budgets – (continued)

F. Budget appropriations lapse at the end of each year.

G. Expenditures may not exceed appropriations at the fund level. Budget amounts included in the financial statements are based on the final amended budget. No revisions were made to the original budget.

H. Budgets for governmental funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP), except for long-term receivables and advances and capital lease financing which are budgeted when liquidated rather than when the receivable/liability is incurred. Budgets for enterprise funds are adopted on a basis consistent with the spending measurement focus of the governmental funds. The Town could be in violation of Colorado Budget Law because the following funds actual expenditures exceeded budgetary amounts in the Contingency Fund.

Note 5 – Deposits and Investments

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories; eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to the aggregate uninsured deposits. Collateral in the pool is considered to be equal to depository insurance pursuant to definitions listed in GASB Statement No. 40. At December 31, 2025, the bank balance of the Town's deposits was $1,484,630 of which $250,000 was covered by federal depository insurance and $1,234,630 was collateralized under PDPA.

The Town invested $733,432 in the Colorado Government Liquid Asset Trust (COLOTRUST). COLOTRUST is an investment vehicle established by state statute for local government entities in Colorado to pool surplus funds for investment purposes. The State Securities Commission administers and enforces all state statutes governing public investment pools. The investment is an external investment pool that reports at the fair value per share of the pool's underlying portfolio. The unit of account is each share held, and the value of the position is the fair value of the pool's share price multiplied by the number of shares held. For pricing and redeeming share COLOTRUST maintains a stable net asset value (NAV) of $1 per share, which approximates fair value. The government-investor does not "look through" the pool to report a pro rata share of the pool's investments, receivables and payables. All COLOTRUST investments are reported at NAV and do not have any unfunded commitments, redemption restrictions or redemption notice periods. COLOTRUST offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+, which are both rated AAAm by Standard & Poor's. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and repurchase agreements collateralized by certain obligations of U.S. government agencies. Financial statements and information about the pool for COLOTRUST may be obtained through its website at www.colotrust.com. COLOTRUST may, without the necessity of a formal meeting of their Board, temporarily suspend the right of redemption or postpone the date of payment for redeemed shares under certain specific conditions described in their trust indenture and during any financial emergency when it is not reasonably practicable because of substantial losses which might be incurred.

Note 5 – Deposits and Investments – (continued)

The composition of all cash and cash investments held by the Town at December 31, 2025, is as follows

Cash on hand and with County Treasurer	$	2,905
Cash in bank and savings accounts		2,131,912
Cash investments		733,432
	$	2,868,249

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

Credit risk-Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. It is the Town's policy to limit its investments to U.S. Treasury obligations, certain U.S. government agencies securities, commercial paper, local government investment pools, repurchase agreements and money market funds.

Custodial Credit Risk- For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party.

Note 6 – Long-Term Liabilities

Enterprise Activites	Balance 1/1/2025	Additions	Reductions	Balance 12/31/2025	Due Within One Year
Loans- CWCB	$ 163,268	$ -	$ (44,869)	$ 118,399	$ 46,664
Totals	$ 163,268	$ -	$ (44,869)	$ 118,399	$ 46,664

Note Payable- CWCB - The Town obtained loans from the Colorado Water Conservation Board (CWCB) in the amount of $950,000, to build a 92-acre-foot reservoir. The remaining loan of $630,000 will be at an annual interest rate of 4% over 40 years at $ 31,830 with an additional payment of $19,570. The first payments are due January 1, 1998, and are due annually on the first of each year. The following is the annual maturities for the years subsequent to 2025:

Year	Principal	Interest	Total
2026	$ 46,664	$ 4,736	$ 51,400
2027	48,531	2,869	51,400
2028	23,204	928	24,132
Total	$ 118,399	$ 8,533	$ 126,932

Note 7 – Proprietary Fund Type Non-GAAP Budgetary Basis

The accompanying schedules of revenues, expenditures and changes in available resources, budget and actual (Non-GAAP budgetary basis) for the proprietary fund types, presents comparisons of the legally adopted budget with actual data on a budgetary basis. Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with generally accepted accounting principles, a reconciliation of resultant basis, timing, perspective, and entity differences in the excess (deficiency) of financial resources over expenditures and other uses of financial resources for the year ended December 31, 2025 is presented below:

Expenses (GAAP Basis)	$	750,730
Adjustments		
Add:		
Capital assets purchased		130,038
Principal payments		44,869
Less:		
Depreciation expense		(173,590)
Expenditures (Budgetary Basis)	$	752,047

Note 8 – State Impact Assistance Grant

During 1988, the Town applied for and received a grant from the Colorado Department of Local Affairs in the amount of $100,000. The grant proceeds were passed through to the Farmers Water Development Company (FWDC) to finance improvements to the Gurley Reservoir, which the FWDC owns and operates and from which the Town draws its water.

In order for public financing of improvements to the Gurley Reservoir to be legal, the funds must be used for public purposes. Since the grant proceeds were passed through to the FWDC, which is privately owned, the terms of the grant agreement include the stipulation that the FWDC will not charge the Town its yearly water assessment until the amount of $100,000 is exceeded. The Town's yearly assessment in past years has been $ 500 to $ 600. The Town has recorded the $100,000 grant receipts as contributed capital and the resulting prepayment of water assessments as an asset. A period of seventy-five years was used to amortize the prepaid water assessments based on the estimated life of the improvements financed by the grant. Amortization began in 1989 and amounts to $ 1,333 per year. At December 31, 2025, a total of $ 51,998 had been amortized, leaving a balance of $ 48,002 of advanced water assessments remaining unamortized.

Note 9 – Contingent Liabilities

Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damages to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town pays an annual premium to CIRSA Property/Casualty and Workers' Compensation for its general liability and workmen's compensation insurance coverage. The agreement with CIRSA will be self-sustaining through member premiums. CIRSA rate-setting policies are established by the Board of Directors, in consultation with independent actuaries. The Board of Directors may credit member municipalities' future contributions in the event of a surplus. Although it has never occurred, CIRSA member municipalities are subject to a supplemental assessment in the event of a deficiency.

Note 10 – Capital Assets

Governmental Activities	Balance 1/1/2025	Additions	Dispositions	Balance 12/31/2025
Capital assets not being depreciated				
Land and improvements	$ 545,901	$ 25,003	$ -	$ 570,904
	545,901	25,003	-	570,904
Capital assets being depreciated				
Buildings	484,312	41,000	-	525,312
Equipment	424,229	32,916	-	457,145
Park Expansion	511,853	13,127	-	524,980
Infrastructure	295,111	33,509	-	328,620
	1,715,505	120,552	-	1,836,057
Less accumulated depreciation				
Buildings	(127,773)	(12,453)	-	(140,226)
Equipment	(283,879)	(38,324)	-	(322,203)
Park Expansion	(141,453)	(21,497)	-	(162,950)
Infrastructure	(187,633)	(9,231)	-	(196,864)
	(740,738)	(81,505)	-	(822,243)
Capital assets being depreciated, net	974,767	39,047	-	1,013,814
Total governmental Activities capital assets	$ 1,520,668	$ 64,050	$ -	$ 1,584,718

Business-type Activities	Balance 1/1/2025	Addition	Disposition	Balance 12/31/2025
Capital assets not being depreciated				
Land and source of supply	$ 290,207	$ -	$ -	$ 290,207
Capital assets being depreciated				
Utility plant	6,756,297	115,038	-	6,871,335
Vehicles and equipment	72,528	15,000	-	87,528
Less accumulated depreciation	(3,600,031)	(172,256)	-	(3,772,287)
Capital assets being depreciated, net	3,228,794	(42,218)	-	3,186,576
				-
Total business-type activities capital assets	$ 3,519,001	$ (42,218)	$ -	$ 3,476,783

Note 10 – Capital Assets – (continued)

Depreciation expense was charged to functions/programs of the Town as follows:

General government	$	3,738
Culture and recreation		21,497
Public works, including depreciation of general infrastructure assets		56,270
Total depreciation expenses	$	81,505

Water - depreciation	$	102,161
Water - amortization		1,333
Raw water - depreciation		70,095
Total	$	173,589

Required Supplementary Information

Town of Norwood
Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual
General Fund
For the Year Ended December 31, 2025

	Budgeted			Favorable
Revenues	**Original**	**Final**	**Actual**	**(Unfavorable)**
Taxes	$ 591,488	$ 591,488	**$ 697,902**	$ 106,414
Licenses and permits	10,200	10,200	**2,312**	(7,888)
Intergovernmental revenues	1,420,354	1,420,354	**342,506**	(1,077,848)
Charges for services	7,000	7,000	**2,270**	(4,730)
Fines and forfeitures	5,000	5,000	**3,481**	(1,519)
Miscellaneous revenue	62,000	62,000	**55,622**	(6,378)
Total revenues	2,096,042	2,096,042	**1,104,093**	(991,949)
Expenditures				
General government	473,990	473,990	**499,067**	(25,077)
Judicial	6,100	6,100	**4,819**	1,281
Police department	107,200	107,200	**106,800**	400
Public works	1,453,909	1,453,909	**413,088**	1,040,821
Culture and recreation	18,600	18,600	**16,064**	2,536
Capital Outlay	272,591	272,591	**39,643**	232,948
Total Expenditures	2,332,390	2,332,390	**1,079,481**	1,252,909
Excess of revenues over (under) expenditures	(236,348)	(236,348)	**24,612**	260,960
Fund balance, January 1	1,108,692	1,108,692	**430,386**	(678,306)
Fund balance, December 31	$ 872,344	$ 872,344	**$ 454,998**	$ (417,346)

The accompanying notes are an integral part of this statement.

Town of Norwood
Contingency Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Year Ended December 31, 2025

	Original Budget	Final Budget	Actual	Favorable (Unfavorable)
Revenues				
Interest income	$ 300	$ 300	**$ 31,382**	$ 31,082
Total revenues	300	300	**31,382**	31,082
Expenditures				
Capital outlay	75,000	75,000	**25,003**	49,997
Total expenditures	75,000	75,000	**25,003**	49,997
Excess of revenues over (under) expenditures	(74,700)	(74,700)	**6,379**	81,079
Fund balance, January 1	417,583	417,583	**1,160,001**	742,418
Fund balance, December 31	$ 342,883	$ 342,883	**$ 1,166,380**	$ 823,497

Town of Norwood
Conservation Trust Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Year Ended December 31, 2025

	Original Budget	Final Budget	Actual	Favorable (Unfavorable)
Revenues				
Lottery	$ 3,400	$ 3,400	**$ 3,392**	$ (8)
Interest income	7	7	**15**	8
Total revenues	3,407	3,407	**3,407**	-
Expenditures				
Parks	3,100	3,100	**3,076**	24
Total expenditures	3,100	3,100	**3,076**	24
Excess of revenues over (under) expenditures	307	307	**331**	24
Fund balance, January 1	16,270	16,270	**17,133**	863
Fund balance, December 31	$ 16,577	$ 16,577	**$ 17,464**	$ 887

Town of Norwood
Water Fund
Schedule of Revenues, Expenditures and Changes in Available Resources-Budget and Actual
(Non-GAAP Budgetary Basis)
Year Ended December 31, 2025

	Original Budget	Final Budget	Actual	Favorable (Unfavorable)
Revenues				
Water fees	$ 540,477	$ 540,477	**$ 576,024**	$ 35,547
Tap fees	72,000	72,000	**60,000**	(12,000)
Public Water Meter/shack	12,800	12,800	**22,094**	9,294
Interest Income	-	-	**3,712**	3,712
Grants and loans	287,891	287,891	**42,108**	(245,783)
Miscellaneous	4,650	4,650	**7,627**	2,977
Total revenues	917,818	917,818	**711,565**	(206,253)
Expenditures				
Salaries and benefits	237,500	237,500	**229,955**	7,545
Maintenance and supplies	105,200	105,200	**120,356**	(15,156)
Water assessments	30,000	30,000	**41,508**	(11,508)
Utilities	40,000	40,000	**34,031**	5,969
Other expenses	117,831	117,831	**120,695**	(2,864)
Capital Outlay	725,028	725,028	**151,099**	573,929
Debt service	51,401	51,401	**51,400**	1
Total expenditures	1,306,960	1,306,960	**749,044**	557,916
Excess of revenues over (under) expenditures	(389,142)	(389,142)	**(37,479)**	351,663
Available resources, beginning	708,555	708,555	**1,173,276**	464,721
Less: Amortization expense			**(1,333)**	
Available resources, ending	$ 319,413	$ 319,413	**$ 1,134,464**	$ 816,384

Town of Norwood
Raw Water Irrigation System Fund
Schedule of Revenues, Expenditures and Changes in Available Resources-Budget and Actual
(Non-GAAP Budgetary Basis)
Year Ended December 31, 2025

	Original Budget	Final Budget	Actual	Favorable (Unfavorable)
Revenues				
Grants and contributions	$ -	$ -	**$ 32,632**	$ 32,632
Charges for services	-	-	**23,400**	23,400
Total revenues	-	-	**56,032**	56,032
Expenditures				
Utilities	-	-	**522**	(522)
Miscellaneous	-	-	**2,481**	(2,481)
Total expenditures	-	-	**3,003**	(3,003)
Excess of revenues over (under) expenditures	-	-	**53,029**	59,035
Available resources, Beginning	-	-	**162,970**	-
Available resources, Ending	$ -	$ -	**$ 215,999**	$ 59,035