
Town of Norwood
Financial Statements and
Independent Auditor's Report
as of
December 31, 2016



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Town of Norwood

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INDEPENDENT AUDITOR'S REPORT

To the Town Council
Town of Norwood, Colorado

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 Town of Norwood, Colorado (the Town), as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

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, 2016, 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.

-1-

Other Matters

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 on pages 3 through 10 and 33 be presented to supplement the basic financial statements. Such information, 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining and individual fund financial statements and Local Highway Finance Report are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and Local Highway Finance Report are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 fund financial statements and Local Highway Finance Report are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Blair and Associates, P.C.

Cedaredge, Colorado
August 9, 2017

TOWN OF NORWOOD
Management's Discussion and Analysis
Fiscal Year Ended December 31, 2016

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, 2016. 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 \$ 5,084,441 (i.e. net position) as of December 31, 2016 an increase of \$ 35,240 in comparison to the prior year.
- Governmental funds reported combined ending fund balances of \$ 990,038, an increase of \$ 61,539 in comparison with the prior year.
- The Town's fund balance for the General Fund was \$ 195,199, an increase of \$ 60,174 in comparison to the prior year.
- Total long-term liabilities decreased by \$ 93,971 during the 2016 fiscal year with no new debt issued.
- General property tax, sales tax, and other tax totaled \$ 331,405, or 59% 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 one major government fund, the General Fund. 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 fund.

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 a separate enterprise fund to account for its utility fund: Water Fund.

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, 2016, the Town's combined assets exceed liabilities and deferred inflows of resources by \$ 5,084,441. Of this amount, \$ 872,596 is unrestricted and available to meet the Town's ongoing financial obligations.

By far the largest portion of net assets is the investment in capital assets (net of related debt) of \$ 3,391,342 (67% 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 assets for 2015 and 2016:

	Governmental Activities		Business-Type Activities		Total	
	2015	2016	2015	2016	2015	2016
Assets						
Current and other assets	\$ 1,009,896	\$ 1,083,485	\$ 694,227	\$ 717,371	\$ 1,704,123	\$ 1,800,856
Capital assets	1,103,385	1,073,617	2,960,803	2,837,937	4,064,188	3,911,554
Total assets	2,113,281	2,157,102	3,655,030	3,555,308	5,768,311	5,712,410
Current liabilities	9,395	22,082	23,531	14,310	32,926	36,392
Non-current liabilities						
Loans payable	-	-	614,182	520,212	614,182	520,212
Total liabilities	9,395	22,082	637,713	534,522	647,108	556,604
Deferred inflow of resources						
Deferred property taxes	72,000	71,365	-	-	72,000	71,365
Net position						
Investment in capital assets, net of related debt	1,103,385	1,073,617	2,346,621	2,317,725	3,450,006	3,391,342
Restricted	773,844	820,503	-	-	773,844	820,503
Unrestricted	154,657	169,535	670,696	703,061	825,353	872,596
Total net position	\$ 2,031,886	\$ 2,063,655	\$ 3,017,317	\$ 3,020,786	\$ 5,049,203	\$ 5,084,441

An additional portion of net position, \$ 820,503, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$ 872,596 (17% of net position), may be used to meet the government's ongoing obligations to citizens and creditors.

Change in Net Position

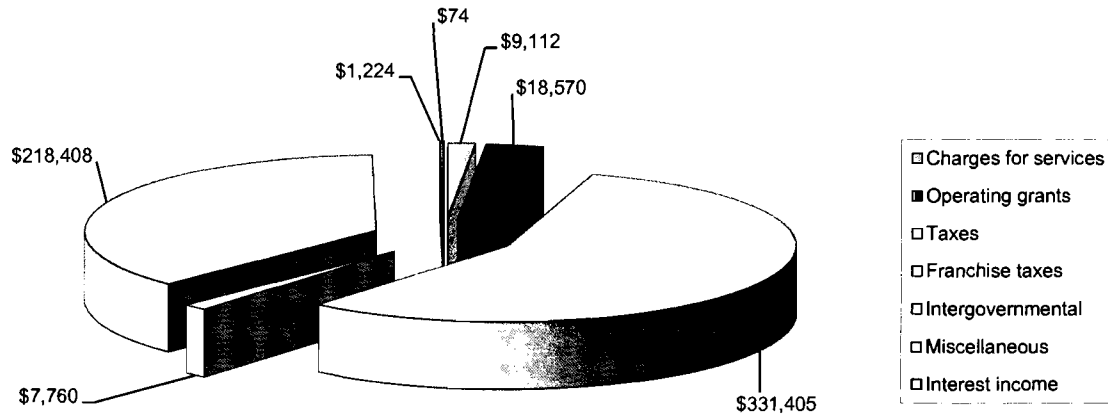
Governmental and business-type activities increase the Town's net position by \$ 35,240 in 2016.

	Governmental Activities		Business-Type Activities		Totals	
	2015	2016	2015	2016	2015	2016
Revenues						
Program revenues						
Charges for services	\$ 9,052	\$ 9,112	\$ 389,334	\$ 400,823	\$ 398,386	\$ 409,935
Operating grants	22,036	18,570	-	-	22,036	18,570
Capital contributions	-	-	12,050	6,000	12,050	6,000
General Revenues						
Property taxes	74,818	70,220	-	-	74,818	70,220
Specific ownership	3,240	2,850	-	-	3,240	2,850
Sales taxes and other	244,524	258,335	-	-	244,524	258,335
Franchise taxes	7,739	7,760	-	-	7,739	7,760
Miscellaneous	2,751	1,224	942	736	3,693	1,960
Intergovernmental	227,590	218,408	8,580	8,120	236,170	226,528
Interest income	74	74	39	39	113	113
Totals	<u>591,824</u>	<u>586,553</u>	<u>410,945</u>	<u>415,718</u>	<u>1,002,769</u>	<u>1,002,271</u>
Expenses						
General Government	251,292	245,958	-	-	251,292	245,958
Judicial	2,181	2,100	-	-	2,181	2,100
Public safety	80,857	87,951	-	-	80,857	87,951
Public works	201,879	201,750	389,377	412,249	591,256	613,999
Health and Welfare	1,000	1,000	-	-	1,000	1,000
Culture and recreation	16,064	16,023	-	-	16,064	16,023
Total Expenses	<u>553,273</u>	<u>554,782</u>	<u>389,377</u>	<u>412,249</u>	<u>942,650</u>	<u>967,031</u>
Increase in net position	38,551	31,771	21,568	3,469	60,119	35,240
Beginning	<u>1,993,333</u>	<u>2,031,884</u>	<u>2,995,749</u>	<u>3,017,317</u>	<u>4,742,783</u>	<u>5,049,201</u>
Ending	<u>\$ 2,031,884</u>	<u>\$ 2,063,655</u>	<u>\$ 3,017,317</u>	<u>\$ 3,020,786</u>	<u>\$ 4,802,902</u>	<u>\$ 5,084,441</u>

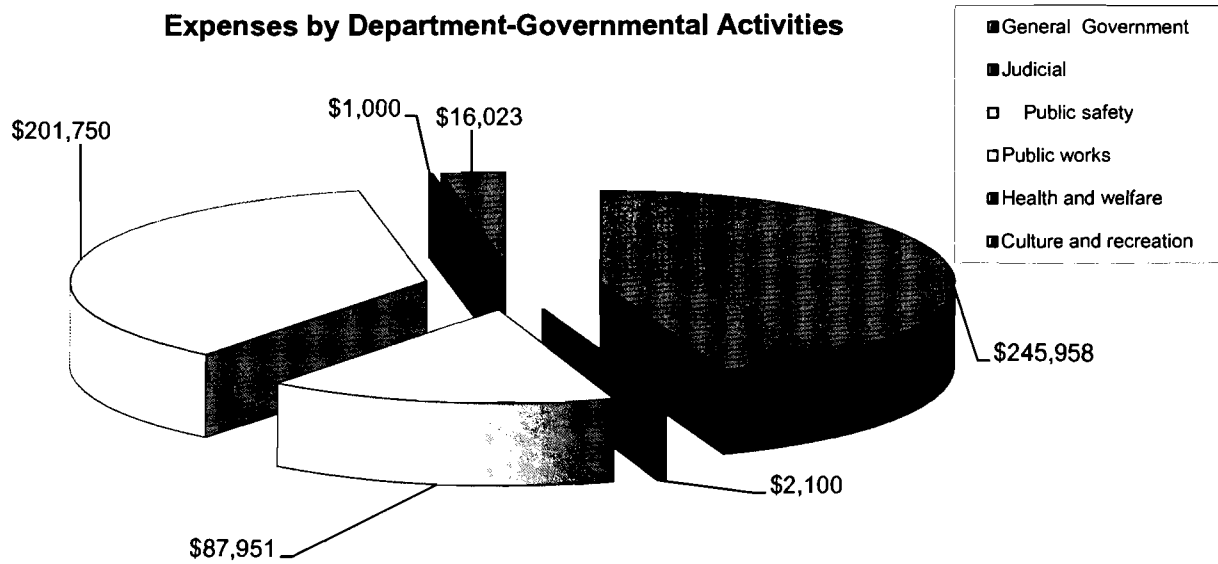
Governmental Activities

Governmental activities increased the Town's net position by \$ 31,771.

Revenues by Source-Governmental Activities



Expenses by Department-Governmental Activities



Business-type Activities

Business-type activities for the year resulted an increase in net position of \$ 3,469. Charges for services accounted for 97% 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 2016, the Town's governmental funds reported combined ending fund balances of \$ 990,038, an increase of \$ 61,539 in comparison with the prior year. Of the combined ending fund balances for all governmental funds 17% of this total amount, \$ 169,535, 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, \$ 25,664, restricted for parks and recreation \$38,523 and \$ 756,316 for other purposes.

The Town has one major governmental fund, the General Fund, which is the primary operating fund for the Town. At the end of 2016, unreserved fund balance of the General Fund was \$ 169,535, while the total fund balance was \$ 195,199. 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 \$ 60,174 during 2016.

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 one enterprise fund: Water Fund. At the end of 2016, the fund represented the following net position amounts:

Fund:	Water
Unrestricted net position	\$ 703,061
Total net position	\$ 3,020,786
Increase in net position	\$ 3,469

GENERAL FUND BUDGETARY HIGHLIGHTS

The Town budgeted \$ 587,001 for 2016 expenditures. Actual expenditures were \$ 523,228. 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, 2016, was \$ 3,911,554. As required by GASB 34, the investment in capital assets includes land, buildings, building improvements, and equipment.

	Balance January 1, 2016	Additions	Dispositions	Balance December 31, 2016
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 545,901	\$ -	\$ -	\$ 545,901
	<u>545,901</u>	<u>-</u>	<u>-</u>	<u>545,901</u>
Capital assets being depreciated				
Buildings	385,962	-	-	385,962
Equipment	235,830	-	-	235,830
Infrastrucure	251,362	-	-	251,362
	<u>873,154</u>	<u>-</u>	<u>-</u>	<u>873,154</u>
Less accumulated depreciation				
Buildings	(46,079)	(9,054)	-	(55,133)
Equipment	(199,108)	(7,337)	-	(206,445)
Infrastrucure	(70,483)	(13,377)	-	(83,860)
	<u>(315,670)</u>	<u>(29,768)</u>	<u>-</u>	<u>(345,438)</u>
Capital assets being depreciated, net	<u>557,484</u>	<u>(29,768)</u>	<u>-</u>	<u>527,716</u>
 Total Governmental Activities Capital Assets	 <u>\$ 1,103,385</u>	 <u>\$ (29,768)</u>	 <u>\$ -</u>	 <u>\$ 1,073,617</u>
	Balance January 1, 2016	Additions	Dispositions	Balance December 31, 2016
Business - Type Activities				
Capital assets not being depreciated				
Land and source of supply	\$ 290,207	\$ -	\$ -	\$ 290,207
Capital assets being depreciated				
Utility plant	4,911,827	-	-	4,911,827
Vehicles and equipment	23,027	-	-	23,027
Less accumulated depreciation	(2,264,258)	(122,866)	-	(2,387,124)
Capital assets being depreciated, net	<u>2,670,596</u>	<u>(122,866)</u>	<u>-</u>	<u>2,547,730</u>
 Total Business-Type Activities Capital Assets	 <u>\$ 2,960,803</u>	 <u>\$ (122,866)</u>	 <u>\$ -</u>	 <u>\$ 2,837,937</u>

Long-term Debt

As of December 31, 2016, the Town had long-term debt as follows:

Enterprise Activities	Balance 1/1/2016	Additions	Reductions	Balance 12/31/2016	Due Within One Year
Revenue bonds	\$ 39,703	\$ -	\$ (39,703)	\$ -	\$ -
State of Colorado-EIA	108,749	-	(21,113)	87,636	22,168
Loans-CWCB	465,731	-	(33,155)	432,576	14,527
Totals	\$ 614,183	\$ -	\$ (93,971)	\$ 520,212	\$ 36,695

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

- The Town of Norwood is in good financial condition.
- The Town's CD has a fund balance that will cover twelve months of the normal expenditures.
- The service levels for Building Inspection, Community Center and Park is budgeted to remain the same. The streets budget has decreased due to the lower fuel costs and wages of entry level employees.
- The capital Improvement plan for 2017 is to continue to resurface the streets systematically and improve drainage on our streets and alleys.
- The Town of Norwood added a Reserve Officer and anticipates adding a part-time position to the Marshal's Department which provides protective services to ensure the health, safety and welfare of our community.
- The Town Board continues to actively work toward replacement of equipment for the Public Works Department
- The Town of Norwood continues to budget for donations to various non-profit organizations providing services to the citizens of our community.
- The Town of Norwood and Norwood Water Commission have completed a feasibility study regarding a Raw Water Irrigation System and continue to work to find funding for the installation of the RWS.
- The Norwood Water Commission has rehabilitated two of its water rights for continued delivery to the Reservoir #1.
- Norwood Water Commission completed a hazard assessment for Reservoir #1 and dam classification for the State.
- The Capital Improvement Plan for Norwood Water Commission will be to continue to upgrade transmission and service lines in 2017.

Request for Information:

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

Patti Grafmyer, Administrator
P.O. Box 528
Norwood, CO 81423

**Town of Norwood
Statement of Net Position
December 31, 2016**

	Governmental Activities	Business -Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 972,687	\$ 603,634	\$ 1,576,321
Property taxes receivable	71,365	-	71,365
Accounts receivables	39,433	53,736	93,169
Advance water assessments-net	-	60,001	60,001
Capital assets, net	1,073,617	2,837,937	3,911,554
Total assets	<u>2,157,102</u>	<u>3,555,308</u>	<u>5,712,410</u>
LIABILITIES			
Accounts payable	14,073	5,791	19,864
Customer deposits	-	5,050	5,050
Accrued payroll taxes	8,009	-	8,009
Accrued interest payable	-	3,469	3,469
Non current liabilities			
Due within one year	-	36,695	36,695
Due in more than one year	-	483,517	483,517
Total liabilities	<u>22,082</u>	<u>534,522</u>	<u>556,604</u>
DEFERRED INFLOWS OF RESOURCES			
Property taxes revenues	<u>71,365</u>	<u>-</u>	<u>71,365</u>
NET POSITION			
Invested in capital assets, net of related debt	1,073,617	2,317,725	3,391,342
Restricted for:			
Emergencies	25,664	-	25,664
Other purposes	794,839	-	794,839
Unrestricted	169,535	703,061	872,596
Total net position	<u>\$ 2,063,655</u>	<u>\$ 3,020,786</u>	<u>\$ 5,084,441</u>

The accompanying notes are an integral part of this statement.

**Town of Norwood
Statement of Activities
For the Year Ended December 31, 2016**

Functions/Programs	Expenses	Program Revenues		
		Charges for Service and Fees	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 245,958	\$ 4,595	\$ -	\$ -
Judicial	2,100	-	-	-
Public Safety	87,951	-	-	-
Public Works	201,750	538	18,570	-
Health and welfare	1,000	-	-	-
Culture and Recreation	16,023	3,979	-	-
Total governmental activities	<u>554,782</u>	<u>9,112</u>	<u>18,570</u>	<u>-</u>
Business-type activities:				
Water	412,249	400,823	-	6,000
Total business- type activities	<u>412,249</u>	<u>400,823</u>	<u>-</u>	<u>6,000</u>
Total primary government	<u>\$ 967,031</u>	<u>\$ 409,935</u>	<u>\$ 18,570</u>	<u>\$ 6,000</u>

General Revenues

Taxes:

Property taxes

Specific ownership

Sales taxes and miscellaneous

Franchise taxes

Mineral leasing and severance taxes

Miscellaneous

Intergovernmental

Investment earnings

Total General Revenues

Changes in Net Position

Net Position-January 1

Net Position-December 31

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental	Business-Type	
Activities	Activities	Total
\$ (241,363)	\$ -	\$ (241,363)
(2,100)	-	(2,100)
(87,951)	-	(87,951)
(182,642)	-	(182,642)
(1,000)	-	(1,000)
(12,044)	-	(12,044)
<u>(527,100)</u>	<u>-</u>	<u>(527,100)</u>
-	(5,426)	(5,426)
-	(5,426)	(5,426)
<u>(527,100)</u>	<u>(5,426)</u>	<u>(532,526)</u>
70,220	-	70,220
2,850	-	2,850
258,335	-	258,335
7,760	-	7,760
35,250	-	35,250
1,224	736	1,960
183,158	8,120	191,278
74	39	113
<u>558,871</u>	<u>8,895</u>	<u>567,766</u>
31,771	3,469	35,240
2,031,884	3,017,317	5,049,201
<u>\$ 2,063,655</u>	<u>\$ 3,020,786</u>	<u>\$ 5,084,441</u>

The accompanying notes are an integral part of this statement.

**Town of Norwood
Governmental Funds
Balance Sheet
December 31, 2016**

	General Fund	Non Major Funds	Total Governmental Funds
Assets			
Cash and cash equivalents	\$ 177,848	\$ 794,839	\$ 972,687
Taxes receivable	71,365	-	71,365
Accounts receivable	39,433	-	39,433
Total assets	<u>\$ 288,646</u>	<u>\$ 794,839</u>	<u>\$ 1,083,485</u>
Liabilities, deferred inflow of resources and Fund Balance			
Liabilities			
Accounts payable	\$ 14,073	\$ -	\$ 14,073
Accrued payroll taxes	8,009	-	8,009
Total liabilities	<u>22,082</u>	<u>-</u>	<u>22,082</u>
Deferred inflows of resources			
Property taxes revenues	<u>71,365</u>	<u>-</u>	<u>71,365</u>
Fund balances			
Restricted for emergencies	25,664	-	25,664
Restricted for Parks and Recreation		38,523	38,523
Committed for capital Improvements	-	756,316	756,316
Unassigned	169,535	-	169,535
Total fund balance	<u>195,199</u>	<u>794,839</u>	<u>990,038</u>
Total liabilities, deferred inflow of resources and fund balance	<u>\$ 288,646</u>	<u>\$ 794,839</u>	<u>\$ 1,083,485</u>

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, 2016**

Total fund balance, governmental funds **\$ 990,038**

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	\$ 1,419,056	
Less accumulated depreciation	<u>(345,439)</u>	1,073,617

Net Position of Governmental Activities in the Statement of Net Position	<u><u>\$ 2,063,655</u></u>
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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, 2016**

	General Fund	Non Major Funds	Total Governmental Funds
Revenues			
Taxes	\$ 354,885	\$ -	\$ 354,885
Licenses and permits	1,120	-	1,120
Intergovernmental	177,342	3,077	180,419
Charges for services	1,682	-	1,682
Fines and forfeitures	-	-	-
Miscellaneous	48,373	74	48,447
Total revenues	<u>583,402</u>	<u>3,151</u>	<u>586,553</u>
Expenditures			
Current:			
General government	244,174	-	244,174
Judicial	2,100	-	2,100
Police department	83,237	-	83,237
Public works	181,103	-	181,103
Health and welfare	1,000	-	1,000
Culture and recreation	11,614	1,786	13,400
Capital outlay	-	-	-
Total expenditures	<u>523,228</u>	<u>1,786</u>	<u>525,014</u>
Net change to fund balance	60,174	1,365	61,539
Fund balance, January 1	135,025	793,474	928,499
Fund balance, December 31	<u>\$ 195,199</u>	<u>\$ 794,839</u>	<u>\$ 990,038</u>

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, 2016

Net change in fund balances - total governmental funds **\$ 61,539**

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 depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Fixed assets current additions	\$ -	
Depreciation expense	<u>(29,768)</u>	
Excess of capital outlay over depreciation		(29,768)

Change in net assets of governmental funds	<u><u>\$ 31,771</u></u>
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The accompanying notes are an integral part of this statement.

**Town of Norwood
Statement of Net Position
Enterprise Fund
December 31, 2016**

	<u>Enterprise Fund</u> <u>Water</u> <u>Fund</u>
ASSETS	
Current Assets	
Cash and cash equivalents	\$ 603,634
Accounts receivable, net	53,736
Total Current Assets	<u>657,370</u>
Other Assets	
Advance water assessments-net	<u>60,001</u>
Noncurrent Assets	
Capital assets	
Water rights	290,207
Utility system	4,911,827
Equipment and furniture	23,027
Less accumulated depreciation	<u>(2,387,124)</u>
Total Noncurrent Assets	<u>2,837,937</u>
Total Assets	<u><u>\$ 3,555,308</u></u>
LIABILITIES	
Current Liabilities	
Accounts payable	\$ 5,791
Customer deposits	5,050
Accrued interest payable	3,469
Current portion on long-term debt	<u>36,695</u>
Total Current Liabilities	<u>51,005</u>
Long-Term Debt	
Bonds payable	-
Loans payable	<u>483,517</u>
Total Long-Term Debt	<u>483,517</u>
Net Position	
Invested in capital assets, net of related debt	2,317,725
Unrestricted	<u>703,061</u>
Total Net Position	<u><u>\$ 3,020,786</u></u>

The accompanying notes are an integral part of this statement.

Town of Norwood
Statement of Revenues, Expenses and Changes in Net Position
Enterprise Fund
Year Ended December 31, 2016

	<u>Enterprise Fund</u> <u>Water</u> <u>Fund</u>
Operating revenues:	
Charges for services	\$ 400,823
Total operating revenues	<u>400,823</u>
Operating expenses:	
Salaries and benefits	126,851
Maintenance and supplies	55,534
Water assessments	15,355
Utilities	28,245
Other expenses	36,789
Depreciation	124,199
Total operating expenses	<u>386,973</u>
Operating income (loss)	<u>13,850</u>
Nonoperating revenues (expenses):	
Grants	8,120
Interest income	39
Miscellaneous	736
Interest expense	(25,276)
Total nonoperating revenues (expenses)	<u>(16,381)</u>
Income (loss) before transfers and capital contributions	(2,531)
Capital contributions-Tap fees	6,000
Change in net position	3,469
Total net position, January 1	3,017,317
Total net position, December 31	<u><u>\$ 3,020,786</u></u>

The accompanying notes are an integral part of this statement.

**Town of Norwood
Statement of Cash Flows
Enterprise Fund
Year Ended December 31, 2016**

	Enterprise Funds Water Fund
Cash Flows From Operating Activities	
Cash received from charges for services	\$ 390,248
Cash payments for salaries and benefits	(126,851)
Cash payments for goods and services	(145,143)
Net cash provided (used) by operating activities	<u>118,254</u>
Cash Flows from Noncapital Financing Activities	
Grants	8,120
Miscellaneous revenues	736
Net cash provided (used) by noncapital financing activities	<u>8,856</u>
Cash Flows from Capital and Related Financing Activities	
Principal paid on loans and leases	(93,971)
Interest expense	(25,276)
Net cash provided (used) by capital and related financing activities	<u>(113,247)</u>
Cash Flows from Investing Activities	
Interest on investments	<u>39</u>
Net increase (decrease) in cash and equivalents	13,902
Cash balances, January 1	589,732
Cash balances, December 31	<u><u>\$ 603,634</u></u>
Reconciling of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	<u>\$ 13,850</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation expense	124,199
Assets (increase) decrease:	
Accounts receivables	(10,575)
Liabilities increase (decrease):	
Accounts payable	(9,220)
Customer deposits	-
Accrued interest payable	-
Total adjustments	<u>104,404</u>
Net cash provided (used) by operating activities	<u><u>\$ 118,254</u></u>

The accompanying notes are an integral part of this statement.

Town of Norwood
Notes to the Financial Statements
December 31, 2016

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.

Town of Norwood
Notes to the Financial Statements
December 31, 2016

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 funds:

- 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:

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

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 nonoperating 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 account for all operations of the Town's water services. This is primarily financed 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 a 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.

Town of Norwood
Notes to the Financial Statements
December 31, 2016

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.

Town of Norwood
Notes to the Financial Statements
December 31, 2016

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 attach 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 a 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 the 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 costs 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:

<u>Asset Class</u>	<u>Useful Life</u>
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.

Town of Norwood
Notes to the Financial Statements
December 31, 2016

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 assets.

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

J. Compensated Absences

A total of 10 days vacation and 5 days of personal leave per year 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 are not allowed to accumulate more than 15 days. Personal leave is not paid upon retirement. Accrued compensated absences amount are immaterial to the financial statements and are not presented.

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 nonroutine 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.

Town of Norwood
Notes to the Financial Statements
December 31, 2016

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.

Town of Norwood
Notes to the Financial Statements
December 31, 2016

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. Any time during the fiscal year the Finance Officer may transfer part or all of any unencumbered appropriation balance within a department.

Town of Norwood
Notes to the Financial Statements
December 31, 2016

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.

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, 2016, the bank balance of the Town's deposits was \$1,592,645 of which \$500,000 was covered by federal depository insurance and \$1,092,645 was collateralized under PDPA.

The composition of all cash and cash investments held by the Town at December 31, 2016 is as follows

Cash on hand and with the County Treasurer	\$ 955
Cash in bank and savings accounts	<u>1,575,366</u>
Total cash and investments	<u>\$ 1,576,321</u>

Interest rate risk-The town 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.

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.

Town of Norwood
Notes to the Financial Statements
December 31, 2016

Note 6 – Long-Term Liabilities

	Balance 1/1/2016	Additions	Reductions	Balance 12/31/2016	Due Within One Year
Enterprise Activities					
Revenue bonds	\$ 39,703	\$ -	\$ (39,703)	\$ -	\$ -
State of Colorado - EIA	108,749	-	(21,113)	87,636	22,168
Loans - CWCB	465,731	-	(33,155)	432,576	14,527
Totals	<u>\$ 614,183</u>	<u>\$ -</u>	<u>\$ (93,971)</u>	<u>\$ 520,212</u>	<u>\$ 36,695</u>

The Town obtained a loan from the Colorado Department of Local Affairs for the purpose of improving the water treatment plant. The loan was obtained on October 5, 1999 and bears interest at 5% per year. Payments begin September 1, 2001 and are due annually for 20 years. The following is the annual maturities for the years subsequent to 2016:

Year	Principal	Interest	Total
2017	14,949	1,927	16,876
2018	15,696	1,180	16,876
2019	7,897	395	8,292
Total	<u>\$ 38,542</u>	<u>\$ 3,502</u>	<u>\$ 42,044</u>

The Town obtained a loan from the Colorado Department of Local Affairs for the purpose of upgrading the Town's water system. The loan was obtained on June 21, 2007 and bears interest at 5% per year. Payments begin on September 1, 2008 and are due annually for 15 years. The following is the annual maturities for the years subsequent to 2016:

Year	Principal	Interest	Total
2017	7,219	2,455	9,674
2018	7,580	2,094	9,674
2019	7,959	1,715	9,674
2020	8,357	1,317	9,674
2021	8,775	899	9,674
2022	9,204	460	9,664
Total	<u>\$ 49,094</u>	<u>\$ 8,940</u>	<u>\$ 58,034</u>

Town of Norwood
Notes to the Financial Statements
December 31, 2016

Note 6 – Long-Term Liabilities – (continued)

Note Payable- CWCB - The Town obtained two loans from the Colorado Water Conservation Board (CWCB) in the amount of \$950,000, to build a 92 acre-foot reservoir. The original loan of \$320,000 is at an annual interest rate of 2% over 20 years at \$ 14,570. The supplemental loan of \$630,000 will be at an annual interest rate of 4% over 40 years at \$ 31,830. 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 2016:

Year	Interest	Principal	Total
2017	17,303	14,527	31,830
2018	16,722	15,108	31,830
2019	16,118	15,712	31,830
2020	15,489	16,341	31,830
2021	14,836	16,994	31,830
2022-2026	63,420	95,730	159,150
2027-2031	42,680	116,470	159,150
2032-2036	17,447	141,694	159,141
Total	<u>\$ 204,015</u>	<u>\$ 432,576</u>	<u>\$ 636,591</u>

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, 2016 is presented below:

Excess of revenues over expenditures (budgetary basis)	\$ 33,697
Adjustments	
Add:	
Capital assets purchased	-
Principal payments	93,971
Less:	
Depreciation expense	(124,199)
Net income	<u>\$ 3,469</u>

Town of Norwood
Notes to the Financial Statements
December 31, 2016

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 had 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, 2016, a total of \$ 39,999 had been amortized, leaving a balance of \$ 60,001 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

	Balance 1/1/2016	Additions	Dispositions	Balance 12/31/2016
Governmental Activities				
Capital assets not being depreciated				
Land and improvements	\$ 545,901	\$ -	\$ -	\$ 545,901
	<u>545,901</u>	<u>-</u>	<u>-</u>	<u>545,901</u>
Capital assets being depreciated				
Buildings	385,962	-	-	385,962
Equipment	235,830	-	-	235,830
Infrastructure	251,362	-	-	251,362
	<u>873,154</u>	<u>-</u>	<u>-</u>	<u>873,154</u>
Less accumulated depreciation				
Buildings	(46,079)	(9,054)	-	(55,133)
Equipment	(199,108)	(7,337)	-	(206,445)
Infrastructure	(70,483)	(13,377)	-	(83,860)
	<u>(315,670)</u>	<u>(29,768)</u>	<u>-</u>	<u>(345,438)</u>
Capital assets being depreciated, net	<u>557,484</u>	<u>(29,768)</u>	<u>-</u>	<u>527,716</u>
Total governmental				
Activities capital assets	<u>\$ 1,103,385</u>	<u>\$ (29,768)</u>	<u>\$ -</u>	<u>\$ 1,073,617</u>

Town of Norwood
Notes to the Financial Statements
December 31, 2016

Note 10 – Capital Assets – (continued)

	Balance 1/1/2016	Addition	Disposition	Balance 12/31/2016
Business-type Activities				
Capital assets not being depreciated				
Land and source of supply	\$ 290,207	\$ -	\$ -	\$ 290,207
Capital assets being depreciated				
Utility plant	4,911,827	-	-	4,911,827
Vehicles and equipment	23,027	-	-	23,027
Less accumulated depreciation	(2,264,258)	(122,866)	-	(2,387,124)
Capital assets being depreciated, net	2,670,596	(122,866)	-	2,547,730
				-
Total business-type activities capital assets	\$ 2,960,803	\$ (122,866)	\$ -	\$ 2,837,937

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

General government	\$ 1,784
Public safety	4,714
Culture and recreation	2,623
Public works, including depreciation of general infrastructure assets	20,647
Total depreciation expenses	\$ 29,768
Water - depreciation	\$ 122,866
Total	\$ 122,866

Town of Norwood
Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual
General Fund
For the Year Ended December 31, 2016

Revenues	Budgeted		Actual	Favorable (Unfavorable)
	Original	Final		
Taxes	\$ 328,847	\$ 328,847	\$ 354,885	\$ 26,038
Licenses and permits	1,450	1,450	1,120	(330)
Intergovernmental revenues	201,950	201,950	177,342	(24,608)
Charges for services	5,000	5,000	1,682	(3,318)
Fines and forfeitures	3,000	3,000	-	(3,000)
Miscellaneous revenue	13,600	13,600	48,373	34,773
Total revenues	553,847	553,847	583,402	29,555
Expenditures				
General government	256,250	256,250	244,174	12,076
Judicial	2,475	2,475	2,100	375
Police department	87,081	87,081	83,237	3,844
Public works	224,195	224,195	181,103	43,092
Health and welfare	1,000	1,000	1,000	-
Culture and recreation	16,000	16,000	11,614	4,386
Total Expenditures	587,001	587,001	523,228	63,773
Excess of revenues over (under) expenditures	(33,154)	(33,154)	60,174	93,328
Fund balance, January 1	111,208	111,208	135,025	23,817
Fund balance, December 31	\$ 78,054	\$ 78,054	\$ 195,199	\$ 117,145

The accompanying notes are an integral part of this statement.

**Town of Norwood
Combining Balance Sheet
Non Major Funds-Governmental Funds
December 31, 2016**

	Conservation Trust Trust Fund	Contingency Fund	Total
Assets			
Cash and cash equivalents	\$ 38,523	\$ 756,316	\$ 794,839
Total assets	<u>\$ 38,523</u>	<u>\$ 756,316</u>	<u>\$ 794,839</u>
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ -	\$ -	\$ -
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances			
Committed for Capital Improvements	-	756,316	756,316
Restricted for Parks and Recreation	38,523	-	38,523
Total fund balances	<u>38,523</u>	<u>756,316</u>	<u>794,839</u>
Total liabilities and fund balances	<u>\$ 38,523</u>	<u>\$ 756,316</u>	<u>\$ 794,839</u>

Town of Norwood
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non Major Funds-Governmental Funds
December 31, 2016

	Conservation Trust Fund	Contingency Fund	Total
REVENUES			
Intergovernmental	\$ 3,077	\$ -	\$ 3,077
Interest earnings	2	72	74
Total revenues	<u>3,079</u>	<u>72</u>	<u>3,151</u>
EXPENDITURES			
Current:			
Culture and recreation	<u>1,786</u>	<u>-</u>	<u>1,786</u>
Total expenditures	<u>1,786</u>	<u>-</u>	<u>1,786</u>
Excess (deficiency) of revenues over expenditures	1,293	72	1,365
Fund balance, January 1	<u>37,230</u>	<u>756,244</u>	<u>793,474</u>
Fund balance, December 31	<u><u>\$ 38,523</u></u>	<u><u>\$ 756,316</u></u>	<u><u>\$ 794,839</u></u>

**Town of Norwood
Conservation Trust Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Year Ended December 31, 2016**

	Original Budget	Final Budget	Actual	Favorable (Unfavorable)
Revenues				
Lottery	\$ 2,700	\$ 2,700	\$ 3,077	\$ 377
Interest income	2	2	2	-
Total revenues	<u>2,702</u>	<u>2,702</u>	<u>3,079</u>	<u>377</u>
Expenditures				
Parks	<u>2,500</u>	<u>2,500</u>	<u>1,786</u>	<u>714</u>
Total expenditures	<u>2,500</u>	<u>2,500</u>	<u>1,786</u>	<u>714</u>
Excess of revenues over (under) expenditures	202	202	1,293	1,091
Fund balance, January 1	<u>37,822</u>	<u>37,822</u>	<u>37,230</u>	<u>(592)</u>
Fund balance, December 31	<u>\$ 38,024</u>	<u>\$ 38,024</u>	<u>\$ 38,523</u>	<u>\$ 499</u>

**Town of Norwood
Contingency Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Year Ended December 31, 2016**

	Original Budget	Final Budget	Actual	Favorable (Unfavorable)
Revenues				
Interest income	\$ -	\$ -	\$ 72	\$ 72
Total revenues	-	-	72	72
Expenditures				
Capital outlay			-	-
Total expenditures	-	-	-	-
Excess of revenues over (under) expenditures	-	-	72	72
Fund balance, January 1	756,233	756,233	756,244	11
Fund balance, December 31	\$ 756,233	\$ 756,233	\$ 756,316	\$ 83

**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, 2016**

Available resources	Original Budget	Final Budget	Actual	Favorable (Unfavorable)
January 1	<u>\$ 618,476</u>	<u>\$ 618,476</u>	<u>\$ 670,696</u>	<u>\$ 52,220</u>
Revenues				
Water fees	391,888	391,888	384,790	(7,098)
Tap fees	36,000	36,000	6,000	(30,000)
Public Water Meter/shack	15,000	15,000	16,033	1,033
Interest Income	-	-	39	39
Grants and loans	6,930	6,930	8,120	1,190
Miscellaneous	6,700	6,700	736	(5,964)
Total revenues	<u>456,518</u>	<u>456,518</u>	<u>415,718</u>	<u>(40,800)</u>
Total available resources	<u>1,074,994</u>	<u>1,074,994</u>	<u>1,086,414</u>	<u>11,420</u>
Expenditures				
Salaries and benefits	157,334	157,334	126,851	30,483
Maintenance and supplies	61,781	61,781	46,151	15,630
Water assessments	25,000	25,000	15,355	9,645
Utilities	35,300	35,300	28,245	7,055
Other expenses	46,600	46,600	38,121	8,479
Capital Outlay	10,378	10,378	9,383	995
Debt service	120,125	120,125	119,247	878
Total expenditures	<u>456,518</u>	<u>456,518</u>	<u>383,353</u>	<u>73,165</u>
Available resources				
December 31	<u><u>\$ 618,476</u></u>	<u><u>\$ 618,476</u></u>	<u><u>\$ 703,061</u></u>	<u><u>\$ 84,585</u></u>



COLORADO
Department of Transportation

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ANNUAL HIGHWAY FINANCE REPORT

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Step 3: Click on "Submit" at the bottom of the form to edit/update your data.

Your Email Address:

Select City: Norwood

II - RECEIPTS FOR ROAD AND STREET PURPOSES

A. Receipts from local sources

2. General Fund Appropriations:	\$ 0
3. Other local imposts: <i>(from A.3. Total below)</i>	\$ 101,126
4. Miscellaneous local receipts: <i>(from A.4. Total below)</i>	\$ 5,778
5. Transfers from toll facilities	\$ 0
6. Proceeds of sale of bonds and notes	
a. Bonds - Original Issues:	\$ 0
b. Bonds - Refunding Issues:	\$ 0
c. Notes:	\$ 0
SubTotal:	\$ 106,904

B. Private Contributions

\$

II - RECEIPTS FOR ROAD AND STREET PURPOSES (Detail)

A.3. Other local imposts

a. Property Taxes and Assessments	\$ 14123
b. Other Local Imposts	
1. Sales Taxes:	\$ 83763
2. Infrastructure and Impact Fees:	\$ 0
3. Liens:	\$ 0
4. Licenses:	\$ 0
5. Specific Ownership and/or Other:	\$ 3240
Total: (a + b) carried to 'Other local imposts' above	\$ 101,126

A.4. Miscellaneous local receipts

a. Interest on Investments:	\$ 0
b. Traffic fines & Penalties:	\$ 1107
c. Parking Garage Fees:	\$ 0

ANNUAL HIGHWAY FINANCE REPORT

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Step 3: Click on "Submit" at the bottom of the form to edit/update your data.

Your Email Address:

Select City: ▼

II - RECEIPTS FOR ROAD AND STREET PURPOSES

A. Receipts from local sources

2. General Fund Appropriations:	\$ 0
3. Other local imposts: <i>(from A.3. Total below)</i>	\$ 101,126
4. Miscellaneous local receipts: <i>(from A.4. Total below)</i>	\$ 5,778
5. Transfers from toll facilities	\$ 0
6. Proceeds of sale of bonds and notes	
a. Bonds - Original Issues:	\$ 0
b. Bonds - Refunding Issues:	\$ 0
c. Notes:	\$ 0

SubTotal: \$

B. Private Contributions

\$

II - RECEIPTS FOR ROAD AND STREET PURPOSES (Detail)

A.3. Other local imposts

a. Property Taxes and Assessments	\$ 14123
b. Other Local Imposts	
1. Sales Taxes:	\$ 83763
2. Infrastructure and Impact Fees:	\$ 0
3. Liens:	\$ 0
4. Licenses:	\$ 0
5. Specific Ownership and/or Other:	\$ 3240

Total: *(a + b) carried to 'Other local imposts' above* \$

A.4. Miscellaneous local receipts

a. Interest on Investments:	\$ 0
b. Traffic fines & Penalties:	\$ 1107
c. Parking Garage Fees:	\$ 0
d. Parking Meter Fees:	\$ 0
e. Sale of Surplus Property:	\$ 0
f. Charges for Services:	\$ 0
g. Other Misc. Receipts:	\$ 4671
h. Other:	\$ 0

Total: *(a through h) carried to 'Misc. local receipts' above* \$

C. Receipts from State Government

1. Highway User Taxes:	\$ 19390
3. Other State funds:	
c. Motor Vehicle Registrations:	