Town of Norwood
Financial Statements and
Independent Auditor's Report
as of
December 31, 2018

Town of Norwood
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Blair and Associates P.C.
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

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, 2018, 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, 2018, 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.

Collice P. Blair, Jr., CPA, CFE

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Governmental Audit Quality Center

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
June 4, 2019

TOWN OF NORWOOD
Management's Discussion and Analysis
Fiscal Year Ended December 31, 2018

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, 2018. 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 $ 6,366,860 (i.e. net position) as of December 31, 2018 an increase of $ 854,317 in comparison to the prior year.
- Governmental funds reported combined ending fund balances of $ 538,971, decrease of $ 372,723 in comparison with the prior year.
- The Town's fund balance for the General Fund was $ 315,617, increase of $ 200,241 in comparison to the prior year.
- Total long-term liabilities decreased by $ 58,738 during the 2018 fiscal year with no new debt issued.
- General property tax, sales tax, and other tax totaled $ 346,065, or 60% 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 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, 2018, the Town's combined assets exceed liabilities and deferred inflows of resources by $ 6,366,860. Of this amount, $ 1,125,690 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 $ 4,995,316 (78% 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 2017 and 2018:

	Governmental Activities		Business-Type Activities		Total	
	2017	2018	2017	2018	2017	2018
Assets						
Current and other assets	$ 992,699	$ 621,282	$ 1,104,845	$ 861,406	$ 2,097,544	$ 1,482,688
Capital assets	1,087,613	1,259,972	2,895,226	4,140,553	3,982,839	5,400,525
Total assets	2,080,312	1,881,254	4,000,071	5,001,959	6,080,383	6,883,213
Current liabilities	9,055	10,011	22,889	26,833	31,944	36,844
Non-current liabilities						
Loans payable	-	-	463,946	405,209	463,946	405,209
Total liabilities	9,055	10,011	486,835	432,042	495,890	442,053
Deferred inflow of resources						
Deferred property taxes	71,950	72,300	-	-	71,950	72,300
Net position						
Investment in capital assets, net of related debt	1,087,613	1,259,972	2,431,280	3,735,344	3,518,893	4,995,316
Restricted	820,418	245,854	-	-	820,418	245,854
Unrestricted	91,276	293,117	1,081,956	834,573	1,173,232	1,127,690
Total net position	$ 1,999,307	$ 1,798,943	$ 3,513,236	$ 4,569,917	$ 5,512,543	$ 6,368,860

An additional portion of net position, $ 245,854, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, $ 1,127,690 (18% of net position), may be used to meet the government's ongoing obligations to citizens and creditors.

Change in Net Position

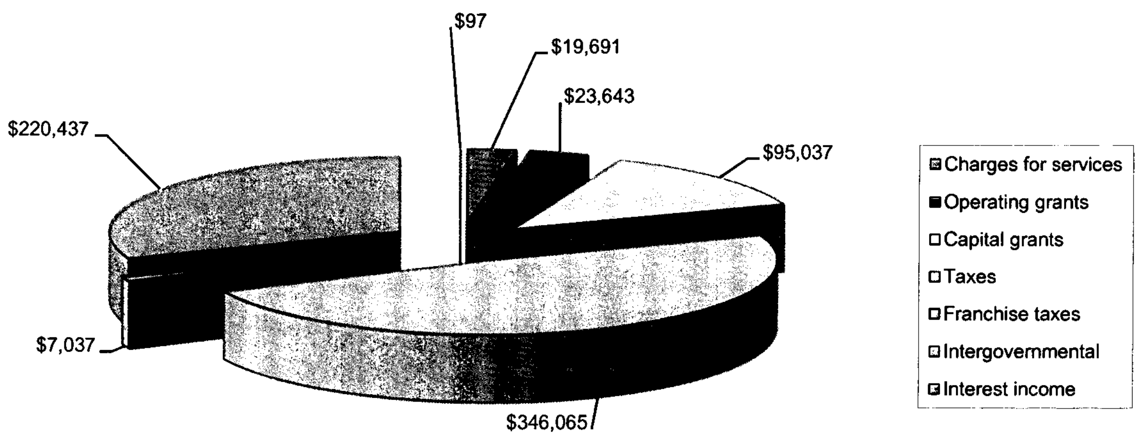
Governmental and business-type activities increase the Town's net position by $ 854,317 in 2018.

	Governmental Activities		Business-Type Activities		Totals	
	2017	2018	2017	2018	2017	2018
Revenues						
Program revenues						
Charges for services	$ 18,869	$ 19,691	$ 706,132	$ 418,066	$ 725,001	$ 437,757
Operating grants	18,455	23,643	-	-	18,455	23,643
Capital contributions	-	95,037	205,050	860,863	205,050	955,900
General Revenues						
Property taxes	70,234	70,918	-	-	70,234	70,918
Specific ownership	3,072	3,318	-	-	3,072	3,318
Sales taxes and other	256,066	271,829	-	-	256,066	271,829
Franchise taxes	7,340	7,037	-	-	7,340	7,037
Miscellaneous	-	-	221	235	221	235
Intergovernmental	243,868	220,437	8,120	980	251,988	221,417
Interest income	74	97	40	126	114	223
Transfers	(25,000)	(250,000)	25,000	250,000	-	-
Totals	592,978	462,007	944,563	1,530,270	1,537,541	1,992,277
Expenses						
General Government	286,303	249,615	-	-	286,303	249,615
Judicial	2,100	3,600	-	-	2,100	3,600
Public safety	110,268	105,970	-	-	110,268	105,970
Public works	246,590	254,573	452,113	475,589	698,703	730,162
Health and Welfare	1,000	1,000	-	-	1,000	1,000
Culture and recreation	11,065	47,613	-	-	11,065	47,613
Total Expenses	657,326	662,371	452,113	475,589	1,109,439	1,137,960
Increase in net position	(64,348)	(200,364)	492,450	1,054,681	428,102	854,317
Beginning	2,063,655	1,999,307	3,020,786	3,513,236	5,084,441	5,512,543
Ending	$ 1,999,307	$ 1,798,943	$ 3,513,236	$ 4,567,917	$ 5,512,543	$ 6,366,860

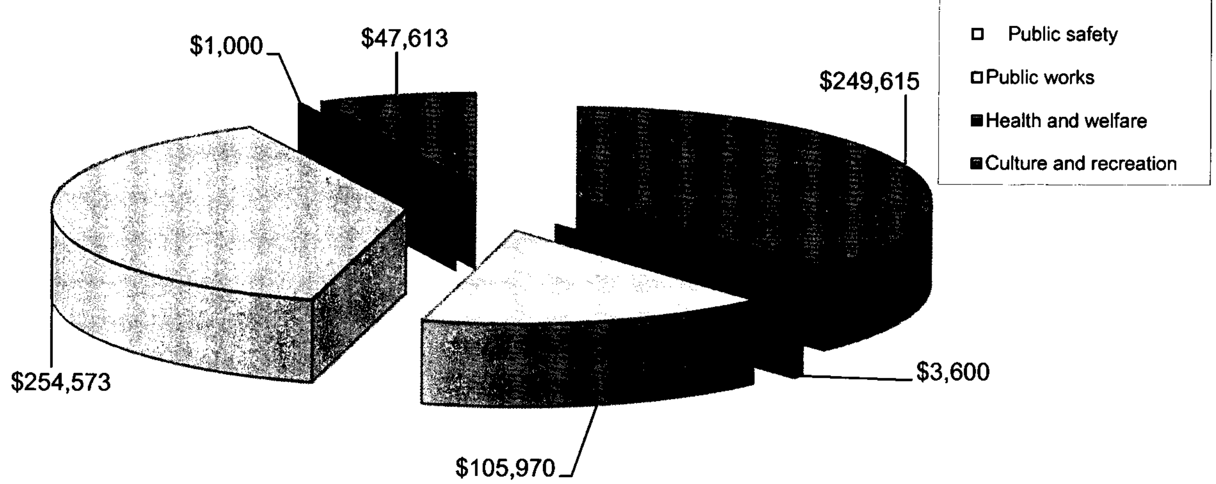
Governmental Activities

Governmental activities decreased the Town's net position by $ 200,364.

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 $ 1,054,681. Charges for services accounted for 33% 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 2018, the Town's governmental funds reported combined ending fund balances of $ 538,971, decrease of $ 372,723 in comparison with the prior year. Of the combined ending fund balances for all governmental funds 54% of this total amount, $ 293,117, 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, $ 22,500, restricted for parks and recreation $16,874 and $ 206,480 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 2018, unreserved fund balance of the General Fund was $ 293,117, while the total fund balance was $ 315,617. 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 $ 200,241 during 2018.

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 2018, the fund represented the following net position amounts:

Fund:	Water	Raw Water Irrigation System
Unrestricted net position	$ 618,011	$ 214,562
Total net position	$ 2,977,956	$ 1,589,961
Increase or (decrease) in net position	$ (30,824)	$ 1,085,505

GENERAL FUND BUDGETARY HIGHLIGHTS

The Town budgeted $ 668,514 for 2018 expenditures. Actual expenditures were $ 808,829. 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, 2018, was $ 5,400,525. As required by GASB 34, the investment in capital assets includes land, buildings, building improvements, and equipment.

Governmental Activities	Balance January 1, 2018	Additions	Dispositions	Balance December 31, 2018
Capital assets not being depreciated				
Land	$ 545,901	$ -	$ -	$ 545,901
	545,901	-	-	545,901
Capital assets being depreciated				
Buildings	385,962	-	-	385,962
Equipment	284,263	-	-	284,263
Park Expansion	-	216,507	-	216,507
Infrastrucure	251,362	-	-	251,362
	921,587	216,507	-	1,138,094
Less accumulated depreciation				
Buildings	(64,187)	(9,056)	-	(73,243)
Equipment	(215,486)	(13,216)	-	(228,702)
Park Expansion	-	(8,500)	-	(8,500)
Infrastrucure	(100,202)	(13,376)	-	(113,578)
	(379,875)	(44,148)	-	(424,023)
Capital assets being depreciated, net	541,712	172,359	-	714,071
Total Governmental Activities Capital Assets	$ 1,087,613	$ 172,359	$ -	$ 1,259,972

Business - Type Activities	Balance January 1, 2018	Additions	Dispositions	Balance December 31, 2018
Capital assets not being depreciated				
Land and source of supply	$ 290,207	$ -	$ -	$ 290,207
Capital assets being depreciated				
Utility plant	5,091,982	1,375,399	-	6,467,381
Vehicles and equipment	23,027	-	-	23,027
Less accumulated depreciation	(2,509,990)	(130,072)	-	(2,640,062)
Capital assets being depreciated, net	2,605,019	1,245,327	-	3,850,346
Total Business-Type Activities Capital Assets	$ 2,895,226	$1,245,327	$ -	$ 4,140,553

Long-term Debt

As of December 31, 2018, the Town had long-term debt as follows:

Enterprise Activities	Balance 1/1/2018	Additions	Reductions	Balance 12/31/2018	Due Within One Year
State of Colorado-EIA	$ 65,468	$ -	$ (23,277)	$ 42,191	$ 15,856
Loans-CWCB	398,479	-	(35,461)	363,018	36,879
Totals	$ 463,947	$ -	$ (58,738)	$ 405,209	$ 52,735

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 Community Park was expanded to include a Splash Pad and two Pickle ball courts with the help of a GOCO grant.
- The capital Improvement plan for 2018 is to continue to resurface the streets systematically and improve drainage on our streets and alleys.
- The Town of Norwood budgeted to hire a full-time Deputy 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 has completed the installation of the Raw Water Irrigation System late fall 2018 and will test the system in the spring of 2019. Over 26,000 linier feet of 2 inch conduit and hand holes were installed concurrently with the Raw Water infrastructure, to house Broadband fiber for at least two providers.
- The Norwood Water Commission has upgraded all the meters in our system to radio read system and all but 25 meters have been installed.
- Norwood Water Commission will submit a due diligence filing for 10CW202, 10CW203 and the Forest Street Sub-Drain.
- The Capital Improvement Plan for Norwood Water Commission will be updated in 2019 to include costs of bringing the water from the San Miguel River and the construction of two additional reservoirs to hold the water.

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, 2018

	Governmental Activities	Business -Type Activities	Total
ASSETS			
Cash and cash equivalents	$ 500,904	$ 735,111	$ 1,236,015
Property taxes receivable	72,300	-	72,300
Accounts receivables	48,078	68,961	117,039
Advance water assessments-net	-	57,334	57,334
Capital assets, net	1,259,972	4,140,553	5,400,525
Total assets	1,881,254	5,001,959	6,883,213
LIABILITIES			
Accounts payable	2,089	21,364	23,453
Customer deposits	-	4,000	4,000
Accrued payroll taxes	7,922	-	7,922
Accrued interest payable	-	3,469	3,469
Non current liabilities			
Due within one year	-	52,735	52,735
Due in more than one year	-	352,474	352,474
Total liabilities	10,011	434,042	444,053
DEFERRED INFLOWS OF RESOURCES			
Property taxes revenues	72,300	-	72,300
NET POSITION			
Invested in capital assets, net of related debt	1,259,972	3,735,344	4,995,316
Restricted for:			
Emergencies	22,500	-	22,500
Other purposes	223,354	-	223,354
Unrestricted	293,117	832,573	1,125,690
Total net position	$ 1,798,943	$ 4,567,917	$ 6,366,860

The accompanying notes are an integral part of this statement.

Town of Norwood
Statement of Activities
For the Year Ended December 31, 2018

		Program Revenues		
Functions/Programs	**Expenses**	**Charges for Service and Fees**	**Operating Grants and Contributions**	**Capital Grants and Contributions**
Primary government:				
Governmental activities:				
General government	$ 249,615	$ 5,284	$ -	$ -
Judicial	3,600	-	-	-
Public Safety	105,970	10,751	-	-
Public Works	254,573	781	23,643	-
Health and welfare	1,000	-	-	-
Culture and Recreation	47,613	2,875	-	95,037
Total governmental activities	662,371	19,691	23,643	95,037
Business-type activities:				
Water	475,589	418,066	-	25,400
Raw Water Irrigation System	-	-	-	835,463
Total business- type activities	475,589	418,066	-	860,863
Total primary government	$ 1,137,960	$ 437,757	$ 23,643	$ 955,900

General Revenues
Taxes:
Property taxes
Specific ownership
Sales taxes and miscellaneous
Franchise taxes
Mineral leasing and severance taxes
Miscellaneous
Intergovernmental
Investment earnings
Transfers
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 Activities	Business-Type Activities	Total
$ (244,331)	$ -	$ (244,331)
(3,600)	-	(3,600)
(95,219)	-	(95,219)
(230,149)	-	(230,149)
(1,000)	-	(1,000)
50,299	-	50,299
(524,000)	-	(524,000)
-	(32,123)	(32,123)
-	835,463	835,463
-	803,340	803,340
(524,000)	803,340	279,340
70,918	-	70,918
3,318	-	3,318
271,829	-	271,829
7,037	-	7,037
5,398	-	5,398
-	235	235
215,039	980	216,019
97	126	223
(250,000)	250,000	-
323,636	251,341	574,977
(200,364)	1,054,681	854,317
1,999,307	3,513,236	5,512,543
$ 1,798,943	$ 4,567,917	$ 6,366,860

The accompanying notes are an integral part of this statement.

Town of Norwood
Governmental Funds
Balance Sheet
December 31, 2018

	General Fund	Non Major Funds	Total Governmental Funds
Assets			
Cash and cash equivalents	$ 277,550	$ 223,354	$ 500,904
Taxes receivable	72,300	-	72,300
Accounts receivable	48,078	-	48,078
Total assets	$ 397,928	$ 223,354	$ 621,282
Liabilities, deferred inflow of resources and Fund Balance			
Liabilities			
Accounts payable	$ 2,089	$ -	$ 2,089
Accrued payroll taxes	7,922	-	7,922
Total liabilities	10,011	-	10,011
Deferred inflows of resources			
Property taxes revenues	72,300	-	72,300
Fund balances			
Restricted for emergencies	22,500	-	22,500
Restricted for Parks and Recreation		16,874	16,874
Committed for capital Improvements	-	206,480	206,480
Unassigned	293,117	-	293,117
Total fund balance	315,617	223,354	538,971
Total liabilities, deferred inflow of resources and fund balance	$ 397,928	$ 223,354	$ 621,282

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, 2018

Total fund balance, governmental funds		$ 538,971
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	$ 1,683,995	
Less accumulated depreciation	(424,023)	1,259,972
Net Position of Governmental Activities in the Statement of Net Position		$ 1,798,943

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, 2018

	General Fund	Non Major Funds	Total Governmental Funds
Revenues			
Taxes	$ 373,427	$ -	$ 373,427
Licenses and permits	1,880	-	1,880
Intergovernmental	304,234	2,840	307,074
Charges for services	456	-	456
Fines and forfeitures	10,751	-	10,751
Miscellaneous	18,322	97	18,419
Total revenues	709,070	2,937	712,007
Expenditures			
Current:			
General government	247,831	-	247,831
Judicial	3,600	-	3,600
Police department	101,256	-	101,256
Public works	228,115	-	228,115
Health and welfare	1,000	-	1,000
Culture and recreation	10,520	25,901	36,421
Capital outlay	216,507	-	216,507
Total expenditures	808,829	25,901	834,730
Excess of revenues over expenditures	(99,759)	(22,964)	(122,723)
OTHER FINANCING (USES)			
Transfers in (out)	300,000	(550,000)	(250,000)
Total other financing (uses)	300,000	(550,000)	(250,000)
Net change to fund balance	200,241	(572,964)	(372,723)
Fund balance, January 1	115,376	796,318	911,694
Fund balance, December 31	$ 315,617	$ 223,354	$ 538,971

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, 2018

Net change in fund balances - total governmental funds		$ (372,723)
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 exceeded depreciation in the current period.		
Fixed assets current additions	$ 216,507	
Depreciation expense	(44,148)	
Excess of capital outlay over depreciation		172,359
Change in net position of governmental funds		$ (200,364)

The accompanying notes are an integral part of this statement.

Town of Norwood
Statement of Net Position
Enterprise Funds
December 31, 2018

	Enterprise Funds		
	Water Fund	**Raw Water Irrigation System Fund**	**Totals**
ASSETS			
Current Assets			
Cash and cash equivalents	$ 520,549	$ 214,562	$ 735,111
Accounts receivable, net	68,961	-	68,961
Total Current Assets	589,510	214,562	804,072
Other Assets			
Advance water assessments-net	57,334	-	57,334
Noncurrent Assets			
Capital assets			
Water rights	290,207	-	290,207
Utility system	5,091,983	1,375,399	6,467,382
Equipment and furniture	23,027	-	23,027
Less accumulated depreciation	(2,640,063)	-	(2,640,063)
Total Noncurrent Assets	2,765,154	1,375,399	4,140,553
Total Assets	$ 3,411,998	$ 1,589,961	$ 5,001,959
LIABILITIES			
Current Liabilities			
Accounts payable	$ 21,364	$ -	$ 21,364
Customer deposits	4,000	-	4,000
Accrued interest payable	3,469	-	3,469
Current portion on long-term debt	52,735	-	52,735
Total Current Liabilities	81,568	-	81,568
Long-Term Debt			
Loans payable	352,474	-	352,474
Total Long-Term Debt	352,474	-	352,474
Net Position			
Invested in capital assets, net of related debt	2,359,945	1,375,399	3,735,344
Unrestricted	618,011	214,562	832,573
Total Net Position	$ 2,977,956	$ 1,589,961	$ 4,567,917

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, 2018

	Enterprise Funds		
	Water Fund	**Raw Water Irrigation System Fund**	**Totals**
Operating revenues:			
Charges for services	$ 418,066	$ -	$ 418,066
Total operating revenues	418,066	-	$ 418,066
Operating expenses:			
Salaries and benefits	158,405	-	158,405
Maintenance and supplies	68,748	-	68,748
Water assessments	29,037	-	29,037
Utilities	26,524	-	26,524
Other expenses	42,258	-	42,258
Depreciation	131,405	-	131,405
Total operating expenses	456,377	-	456,377
Operating income (loss)	(38,311)	-	(38,311)
Nonoperating revenues (expenses):			
Grants and contributions	980	661,089	662,069
Interest income	84	42	126
Miscellaneous	235	-	235
Interest expense	(19,212)	-	(19,212)
Total nonoperating revenues (expenses)	(17,913)	661,131	643,218
Income (loss) before transfers and capital contributions	(56,224)	661,131	604,907
Capital contributions-Tap fees	25,400	174,374	199,774
Transfers		250,000	250,000
Change in net position	(30,824)	1,085,505	1,054,681
Total net position, January 1	3,008,780	504,456	3,513,236
Total net position, December 31	$ 2,977,956	$ 1,589,961	$4,567,917

The accompanying notes are an integral part of this statement.

Town of Norwood
Statement of Cash Flows
Enterprise Funds
Year Ended December 31, 2018

	Enterprise Funds		
	Water Fund	**Raw Water Irrigation System Fund**	**Totals**
Cash Flows From Operating Activities			
Cash received from charges for services	$ 413,325	$ 41,773	$ 455,098
Cash payments for salaries and benefits	(158,405)	-	(158,405)
Cash payments for goods and services	(160,623)	-	(160,623)
Net cash provided (used) by operating activities	94,297	41,773	136,070
Cash Flows from Noncapital Financing Activities			
Grants and contributions	980	661,089	662,069
Miscellaneous revenues	235	-	235
Net cash provided (used) by noncapital financing activities	1,215	661,089	662,304
Cash Flows from Capital and Related Financing Activities			
Tap fees	25,400	174,374	199,774
Purchase of capital assets	-	(1,375,399)	(1,375,399)
Principal paid on loans and leases	(58,737)	-	(58,737)
Transfers	-	250,000	250,000
Interest expense	(19,212)	-	(19,212)
Net cash provided (used) by capital and related financing activities	(52,549)	(951,025)	(1,003,574)
Cash Flows from Investing Activities			
Interest on investments	84	42	126
Net increase (decrease) in cash and equivalents	43,047	(248,121)	(205,074)
Cash balances, January 1	477,502	462,683	940,185
Cash balances, December 31	$ 520,549	$ 214,562	$ 735,111
Reconciling of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	$ (38,311)	$ -	$ (38,311)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	131,405	-	131,405
Assets (increase) decrease:			-
Accounts receivables	(4,741)	41,773	37,032
Liabilities increase (decrease):			-
Accounts payable	5,944	-	5,944
Total adjustments	132,608	41,773	174,381
Net cash provided (used) by operating activities	$ 94,297	$ 41,773	$ 136,070

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 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.
- Raw Water Irrigation System Fund, which account 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 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.

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 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 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:

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 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.

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. 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 General, Conservation and Contingency 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, 2018, the bank balance of the Town's deposits was $1,246,789 of which $500,000 was covered by federal depository insurance and $746,789 was collateralized under PDPA.

The composition of all cash and cash investments held by the Town at December 31, 2018 is as follows

Cash on hand and with the County Treasurer	$ 565
Cash in bank and savings accounts	1,235,450
Total cash and investments	$ 1,236,015

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 Activities	Balance 1/1/2018	Additions	Reductions	Balance 12/31/2018	Due Within One Year
State of Colorado - EIA	$ 65,468	$ -	$ (23,277)	$ 42,191	$ 15,856
Loans - CWCB	398,479	-	(35,461)	363,018	36,879
Totals	$ 463,947	$ -	$ (58,738)	$ 405,209	$ 52,735

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 2018:

Year	Principal	Interest	Total
2019	$ 7,897	$ 395	$ 8,292
Total	$ 7,897	$ 395	$ 8,292

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 2018:

Year	Principal	Interest	Total
2019	$ 7,959	$ 1,715	$ 9,674
2020	8,357	1,317	9,674
2021	8,775	899	9,674
2022	9,203	460	9,663
Total	$ 34,294	$ 4,391	$ 38,685

Note 6 – Long-Term Liabilities – (continued)

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 2017:

Year	Principal	Interest	Total
2019	$ 36,879	$ 14,521	$ 51,400
2020	38,354	13,046	51,400
2021	39,889	11,511	51,400
2022	41,484	9,916	51,400
2023	43,144	8,256	51,400
2024-2027	163,268	15,065	178,333
Total	$ 363,018	$ 72,315	$ 435,333

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, 2018 is presented below:

Expenses (GAAP Basis)	$ 475,589
Adjustments	
Add:	
Capital assets purchased	1,375,399
Principal payments	58,737
Less:	
Depreciation expense	(131,405)
Expenditures (Budgetary Basis)	$1,778,320

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.

Note 8 – State Impact Assistance Grant – (continued)

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, 2018, a total of $ 42,666 had been amortized, leaving a balance of $ 57,334 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 1/1/2018	Additions	Dispositions	Balance 12/31/2018
Capital assets not being depreciated				
Land and improvements	$ 545,901	$ -	$ -	$ 545,901
	545,901	-	-	545,901
Capital assets being depreciated				
Buildings	385,962	-	-	385,962
Equipment	284,263	-	-	284,263
Park Expansion	-	216,507		216,507
Infrastructure	251,362	-	-	251,362
	921,587	216,507	-	1,138,094
Less accumulated depreciation				
Buildings	(64,187)	(9,056)	-	(73,243)
Equipment	(215,486)	(13,216)	-	(228,702)
Park Expansion	-	(8,500)	-	(8,500)
Infrastructure	(100,202)	(13,376)	-	(113,578)
	(379,875)	(44,148)	-	(424,023)
Capital assets being depreciated, net	541,712	172,359	-	714,071
Total governmental Activities capital assets	$ 1,087,613	$ 172,359	$ -	$ 1,259,972

Note 10 – Capital Assets – (continued)

Business-type Activities	Balance 1/1/2018	Addition	Disposition	Balance 12/31/2018
Capital assets not being depreciated				
Land and source of supply	$ 290,207	$ -	$ -	$ 290,207
Capital assets being depreciated				
Utility plant	5,091,982	1,375,399	-	6,467,381
Vehicles and equipment	23,027	-	-	23,027
Less accumulated depreciation	(2,509,990)	(130,072)	-	(2,640,062)
Capital assets being depreciated, net	2,605,019	1,245,327	-	3,850,346
				-
Total business-type activities capital assets	$ 2,895,226	$ 1,245,327	$ -	$ 4,140,553

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

General government	$ 1,784
Public safety	4,714
Culture and recreation	11,192
Public works, including depreciation of general infrastructure assets	26,458
Total depreciation expenses	$ 44,148
Water - depreciation	$ 130,072
Total	$ 130,072

Note 11 – Transfers

Interfund Transfers

The following are the interfund transfers that occurred in 2018:

Funds	Transfers In	Transfers Out
General	$ 300,000	$ -
Raw Water Irrigation System	250,000	-
Contigency	-	550,000
Totals	$ 550,000	$ 550,000

Note 12 – Reinstatement

The General fund beginning balance was reinstated by $9,094 for accrued liabilities that were paid in 2017. Beginning balance when from $106,282 to $115,376 for the General Fund.

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, 2018

	Budgeted Original	Budgeted Final	Actual	Favorable (Unfavorable)
Revenues				
Taxes	$ 341,988	$ 341,988	**$ 373,427**	$ 31,439
Licenses and permits	1,350	1,350	**1,880**	530
Intergovernmental revenues	226,048	226,048	**304,234**	78,186
Charges for services	5,000	5,000	**456**	(4,544)
Fines and forfeitures	3,000	3,000	**10,751**	7,751
Miscellaneous revenue	13,300	13,300	**18,322**	5,022
Total revenues	590,686	590,686	**709,070**	118,384
Expenditures				
General government	270,605	270,605	**247,831**	22,774
Judicial	3,675	3,675	**3,600**	75
Police department	115,274	115,274	**101,256**	14,018
Public works	262,160	262,160	**228,115**	34,045
Health and welfare	1,000	1,000	**1,000**	-
Culture and recreation	15,800	15,800	**10,520**	5,280
Park Expansion	-	-	**216,507**	(216,507)
Total Expenditures	668,514	668,514	**808,829**	(140,315)
Excess of revenues over (under) expenditures	(77,828)	(77,828)	(99,759)	(21,931)
Other financing sources				
Transfers In	-	-	300,000	300,000
Excess of revenues and sources over (under) expenditures and other (uses)	(77,828)	(77,828)	**200,241**	278,069
Fund balance, January 1	262,572	262,572	**115,376**	(147,196)
Fund balance, December 31	$ 184,744	$ 184,744	**$ 315,617**	$ 130,873

The accompanying notes are an integral part of this statement.

Town of Norwood
Combining Balance Sheet
Non Major Funds-Governmental Funds
December 31, 2018

	Conservation Trust Trust Fund	Contingency Fund	Total
Assets			
Cash and cash equivalents	$ 16,874	$ 206,480	$ 223,354
Total assets	$ 16,874	$ 206,480	$ 223,354
Liabilities and Fund Balances			
Liabilities			
Accounts payable	$ -	$ -	$ -
Total liabilities	-	-	-
Fund balances			
Committed for Capital Improvements	-	206,480	206,480
Restricted for Parks and Recreation	16,874	-	16,874
Total fund balances	16,874	206,480	223,354
Total liabilities and fund balances	$ 16,874	$ 206,480	$ 223,354

Town of Norwood
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non Major Funds-Governmental Funds
December 31, 2018

	Conservation Trust Fund	Contingency Fund	Total
REVENUES			
Intergovernmental	$ 2,840	$ -	$ 2,840
Interest earnings	5	92	97
Total revenues	2,845	92	2,937
EXPENDITURES			
Current:			
Culture and recreation	25,901	-	25,901
Capital outlay	-	-	-
Total expenditures	25,901	-	25,901
Excess (deficiency) of revenues over expenditures	(23,056)	92	(22,964)
Fund balance, January 1	39,930	756,388	796,318
Fund balance, December 31	$ 16,874	$ 206,480	$ 223,354

Town of Norwood
Conservation Trust Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Year Ended December 31, 2018

	Original Budget	Final Budget	Actual	Favorable (Unfavorable)
Revenues				
Lottery	$ 2,700	$ 2,700	**$ 2,840**	$ 140
Interest income	2	2	**5**	3
Total revenues	2,702	2,702	**2,845**	143
Expenditures				
Parks	25,000	25,000	**25,901**	(901)
Total expenditures	25,000	25,000	**25,901**	(901)
Excess of revenues over (under) expenditures	(22,298)	(22,298)	**(23,056)**	(758)
Fund balance, January 1	40,468	40,468	**39,930**	(538)
Fund balance, December 31	$ 18,170	$ 18,170	**$ 16,874**	$ (1,296)

Town of Norwood
Contingency Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Year Ended December 31, 2018

	Original Budget	Final Budget	Actual	Favorable (Unfavorable)
Revenues				
Interest income	$ -	$ -	**$ 92**	$ 92
Total revenues	-	-	**92**	92
Expenditures				
Capital outlay	-	-	-	-
Total expenditures	-	-	-	-
Excess of revenues over (under) expenditures	-	-	**92**	92
Other financing sources				
Transfers in (out)	(110,000)	(110,000)	**(550,000)**	(440,000)
Excess of revenues and sources over (under) expenditures and other (uses)	(110,000)	(110,000)	**(549,908)**	(439,908)
Fund balance, January 1	756,316	756,316	**756,388**	72
Fund balance, December 31	$ 646,316	$ 646,316	**$ 206,480**	$ (439,836)

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, 2018

Available resources	Original Budget	Final Budget	Actual	Favorable (Unfavorable)
January 1	$ 505,540	$ 505,540	$ 577,501	$ 71,961
Revenues				
Water fees	416,400	416,400	407,251	(9,149)
Tap fees	36,000	36,000	25,400	(10,600)
Public Water Meter/shack	12,000	12,000	10,815	(1,185)
Interest Income	-	-	84	84
Grants and loans	1,440	1,440	980	(460)
Miscellaneous	10,500	10,500	235	(10,265)
Total revenues	476,340	476,340	444,765	(31,575)
Total available resources	981,880	981,880	1,022,266	40,386
Expenditures				
Salaries and benefits	179,548	179,548	158,405	21,143
Maintenance and supplies	78,300	78,300	58,729	19,571
Water assessments	25,000	25,000	29,037	(4,037)
Utilities	34,200	34,200	26,524	7,676
Other expenses	58,500	58,500	42,258	16,242
Capital Outlay	24,842	24,842	10,019	14,823
Debt service	77,950	77,950	77,950	-
Total expenditures	478,340	478,340	402,922	75,418
Available resources				
December 31	$ 503,540	$ 503,540	$ 618,011	$ 114,471

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, 2018

	Original Budget	Final Budget	Actual	Favorable (Unfavorable)
Available resources				
January 1	$ -	$ -	$ 504,456	$ 504,456
Revenues				
Tap fees	-	-	174,374	174,374
Grants and contributions	-	1,653,941	661,089	(992,852)
Interest Income	-	-	42	42
Transfers In	-	-	250,000	250,000
Total revenues	-	1,653,941	1,085,505	(568,436)
Total available resources	-	1,653,941	1,589,961	(63,980)
Expenditures				
Capital Outlay	-	1,552,618	1,375,399	177,219
Total expenditures	-	1,552,618	1,375,399	177,219
Available resources				
December 31	$ -	$ 101,323	$ 214,562	$ 113,239

LOCAL HIGHWAY FINANCE REPORT	STATE: Colorado
	YEAR ENDING (mm/yy): December 2018

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		**A.4. Miscellaneous local receipts:**	
a. Property Taxes and Assessments	15,000	a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalities	10,751
1. Sales Taxes	72,285	c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	3,318	g. Other Misc. Receipts	
6. Total (1. through 5.)	75,603	h. Other Rd. & Bridge	4,159
c. Total (a. + b.)	90,603	i. Total (a. through h.)	14,910
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		**D. Receipts from Federal Government**	
1. Highway-user taxes	23,947	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	3,001	d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	3,001	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	26,948	3. Total (1. + 2.g)	
			(Carry forward to page 1)

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)

A.1. Capital outlay:			
a. Right-Of-Way Costs			0
b. Engineering Costs			0
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation			0
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	0	0	0
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	0	0
			(Carry forward to page 1)

Notes and Comments:

The public report burden for this information collection is estimated to average 380 hours annually.

Financial Planning 02/01
Form # 350-050-36

LOCAL HIGHWAY FINANCE REPORT

City or County: San Miguel	YEAR ENDING : December 2018
This Information From The Records Of (example - City of _ or County of _): Town of Norwood	Prepared By: Patti Grafmyer Phone: 970-327-4288

I. DISPOSITION OF HIGHWAY-USER REVENUES AVAILABLE FOR LOCAL GOVERNMENT EXPENDITURE

ITEM	A. Local Motor-Fuel Taxes	B. Local Motor-Vehicle Taxes	C. Receipts from State Highway-User Taxes	D. Receipts from Federal Highway Administration
1. Total receipts available				
2. Minus amount used for collection expenses				
3. Minus amount used for nonhighway purposes				
4. Minus amount used for mass transit				
5. Remainder used for highway purposes				

II. RECEIPTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Receipts from local sources:	
1. Local highway-user taxes	
a. Motor Fuel (from Item I.A.5.)	
b. Motor Vehicle (from Item I.B.5.)	
c. Total (a.+b.)	
2. General fund appropriations	
3. Other local imposts (from page 2)	90,603
4. Miscellaneous local receipts (from page 2)	14,910
5. Transfers from toll facilities	
6. Proceeds of sale of bonds and notes:	
a. Bonds - Original Issues	
b. Bonds - Refunding Issues	
c. Notes	
d. Total (a. + b. + c.)	0
7. Total (1 through 6)	105,513
B. Private Contributions	
C. Receipts from State government (from page 2)	26,948

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Local highway disbursements:	
1. Capital outlay (from page 2)	0
2. Maintenance:	26,451
3. Road and street services:	
a. Traffic control operations	
b. Snow and ice removal	5,133
c. Other Lights	8,177
d. Total (a. through c.)	13,310
4. General administration & miscellaneous	54,300
5. Highway law enforcement and safety	38,400
6. Total (1 through 5)	132,461
B. Debt service on local obligations:	
1. Bonds:	
a. Interest	
b. Redemption	
c. Total (a. + b.)	0
2. Notes:	
a. Interest	

D. Receipts from Federal Government (from page 2)	0	b. Redemption	
		c. Total (a. + b.)	0
E. Total receipts (A.7 + B + C + D)	132,461	3. Total (1.c + 2.c)	0
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total disbursements (A.6 + B.3 + C + D)	132,461

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
A. Bonds (Total)				0
1. Bonds (Refunding Portion)				
B. Notes (Total)				0

V. LOCAL ROAD AND STREET FUND BALANCE

A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	132,461	132,461		0

Notes and Comments: