
Town of Norwood
Financial Statements and
Independent Auditor's Report
as of
December 31, 2022

Town of Norwood
Table of Contents

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



INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Town of Norwood, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Norwood, Colorado, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Town of Norwood, Colorado's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Norwood, Colorado, as of December 31, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Norwood, Colorado's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of Norwood, Colorado's internal control. Accordingly, no such opinion is expressed.

Certified Public Accountants

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Norwood, Colorado's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 3 - 10) and budgetary comparison information (page 33) be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Blair and Associates, P.C.

Cedaredge, Colorado

December 26, 2023

TOWN OF NORWOOD
Management's Discussion and Analysis
Fiscal Year Ended December 31, 2022

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, 2022. We encourage readers to consider the information presented here in conjunction with additional information provided in the financial statements.

FINANCIAL HIGHLIGHTS

- The Town's assets exceeded its liabilities and deferred inflows of resources by \$ 7,405,761 (i.e. net position) as of December 31, 2022, an increase of \$ 393,846 in comparison to the prior year.
- Governmental funds reported combined ending fund balances of \$ 1,346,125, a decrease of \$ 91,350 in comparison with the prior year.
- The Town's fund balance for the General Fund was \$ 871,343, a decrease of \$ 92,462 in comparison to the prior year.
- Total long-term liabilities decreased by \$ 44,042 during the 2022 fiscal year with no new debt issued.
- General property tax, sales tax, and other tax totaled \$ 600,492, or 69% of general revenues.

OVERVIEW OF FINANCIAL STATEMENTS

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

Government-wide Financial Statements

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

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

The **statement of activities** presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses reported in this statement for some items will result in cash flows in future periods (e.g. uncollected taxes and earned but unused personal time).

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

Fund Financial Statements

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

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

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

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

Proprietary Funds – The Town maintains one type of proprietary fund. *Enterprise Funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Town uses 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, 2022, the Town's combined assets exceed liabilities and deferred inflows of resources by \$ 7,405,761. Of this amount, \$ 1,848,845 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 \$ 5,044,684 (68% 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 2022 and 2021:

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Assets						
Current and other assets	\$ 1,481,127	\$ 1,548,394	\$ 1,074,294	\$ 800,267	\$ 2,555,421	\$ 2,348,661
Capital assets	1,530,627	1,166,027	3,720,469	3,899,308	5,251,096	5,065,335
Total assets	3,011,754	2,714,421	4,794,763	4,699,575	7,806,517	7,413,996
Current liabilities						
	52,133	17,499	45,128	30,238	97,261	47,737
Non-current liabilities						
Loans payable	-	-	206,412	250,454	206,412	250,454
Total liabilities	52,133	17,499	251,540	280,692	303,673	298,191
Deferred inflow of resources						
Deferred property taxes	97,084	103,887	-	-	97,084	103,887
Net position						
Investment in capital assets, net of related debt	1,530,627	1,166,027	3,514,057	3,648,854	5,044,684	4,814,881
Restricted	512,232	498,888			512,232	498,888
Unrestricted	819,679	928,115	1,029,166	770,031	1,848,845	1,698,146
Total net position	\$ 2,862,538	\$ 2,593,030	\$ 4,543,223	\$ 4,418,885	\$ 7,405,761	\$ 7,011,915

An additional portion of net position, \$ 512,232, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$ 1,848,845 (25% of net position), may be used to meet the government's ongoing obligations to citizens and creditors.

Change in Net Position

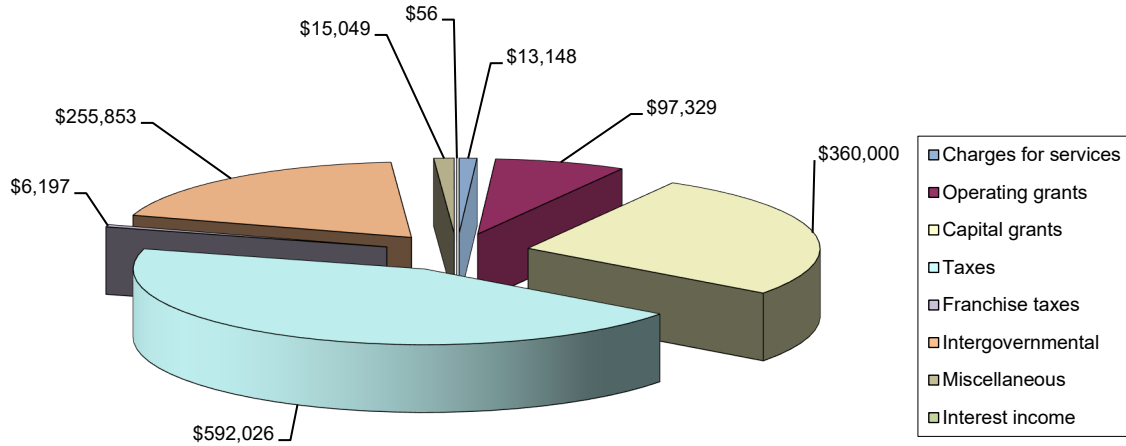
Governmental and business-type activities increased the Town's net position by \$ 393,846 in 2022.

	Governmental Activities		Business-Type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Revenues						
Program revenues						
Charges for services	\$ 13,148	\$ 17,475	\$ 532,591	\$ 479,987	\$ 545,739	\$ 497,462
Operating grants	97,329	98,155	-	-	97,329	98,155
Capital contributions	360,000	-	288,000	24,287	648,000	24,287
General Revenues						
Property taxes	102,767	89,178	-	-	102,767	89,178
Specific ownership	4,634	4,533	-	-	4,634	4,533
Sales taxes and other	484,625	452,485	-	-	484,625	452,485
Franchise taxes	6,197	6,225	-	-	6,197	6,225
Miscellaneous	15,049	5,558	500	477	15,549	6,035
Intergovernmental	255,853	182,257	-	8,120	255,853	190,377
Interest income	56	53	52	21	108	74
Totals	1,339,658	855,919	821,143	512,892	2,160,801	1,368,811
Expenses						
General Government	288,424	277,377	-	-	288,424	277,377
Judicial	3,300	3,600	-	-	3,300	3,600
Public safety	174,582	104,355	-	-	174,582	104,355
Public works	558,869	223,224	696,805	630,428	1,255,674	853,652
Culture and recreation	44,975	33,602	-	-	44,975	33,602
Total Expenses	1,070,150	642,158	696,805	630,428	1,766,955	1,272,586
Increase in net position	269,508	213,761	124,338	(117,536)	393,846	96,225
Beginning	2,593,030	2,379,269	4,418,885	4,536,421	7,011,915	6,915,690
Ending	\$ 2,862,538	\$ 2,593,030	\$ 4,543,223	\$ 4,418,885	\$ 7,405,761	\$ 7,011,915

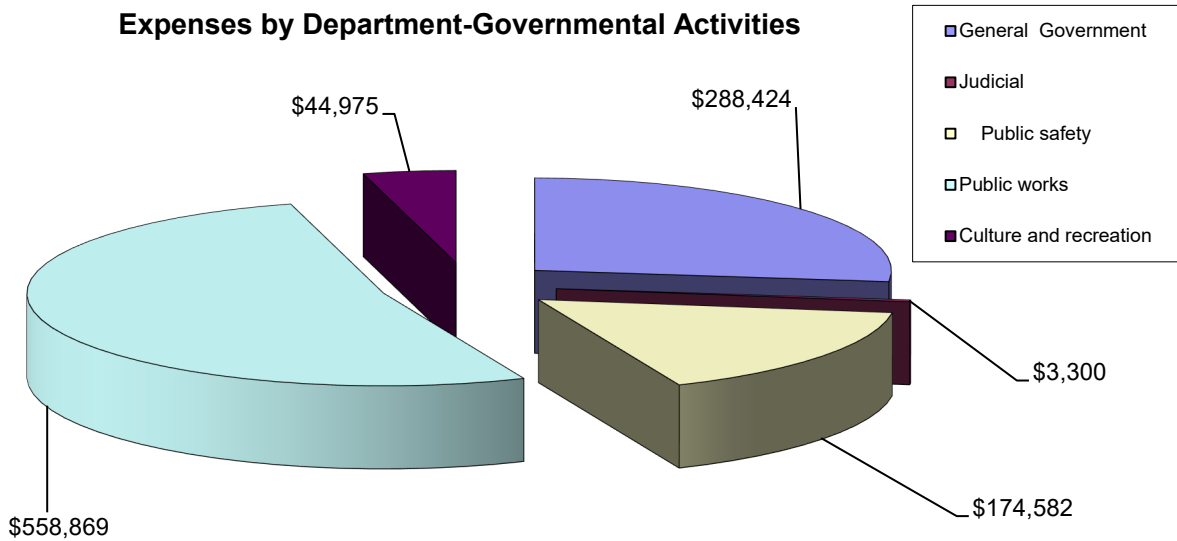
Governmental Activities

Governmental activities increased the Town's net position by \$ 393,846.

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 \$ 124,338. Charges for services accounted for 65% 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 2022, the Town's governmental funds reported combined ending fund balances of \$ 1,346,125, a decrease of \$ 91,350 in comparison with the prior year. Of the combined ending fund balances for all governmental funds 62% of this total amount, \$ 833,893, constitutes unreserved fund balance, which is available for appropriation at the Town's discretion. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it is already committed to meet a State constitution mandated emergency reserve, \$ 37,450, restricted for parks and recreation \$18,120 and \$ 456,662 for other purposes.

The Town has two major governmental funds, the General and Contingency Funds. At the end of 2022, unreserved fund balance of the General Fund was \$ 833,893, while the total fund balance was \$ 871,343. 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 decreased by \$ 92,462 during 2022.

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

The Town has two enterprise funds: Water and Raw Water Irrigation Funds. At the end of 2022, the fund represented the following net position amounts:

Fund:	Water	Raw Water Irrigation System
Unrestricted net position	\$ 926,159	\$ 103,007
Total net position	\$ 3,023,981	\$ 1,519,242
Increase or (decrease) in net position	\$161,003	(\$ 36,665)

GENERAL FUND BUDGETARY HIGHLIGHTS

The Town budgeted \$ 1,262,474 for 2022 expenditures. Actual expenditures were \$ 1,078,146. 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, 2022, was \$ 5,251,096. As required by GASB 34, the investment in capital assets includes land, buildings, building improvements, and equipment.

	Balance January 1, 2022	Additions	Dispositions	Balance December 31, 2022
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	345,298	146,784	(95,000)	397,082
Park Expansion	216,507	295,346	-	511,853
Infrastructure	272,764	-	-	272,764
	<u>1,220,531</u>	<u>442,130</u>	<u>(95,000)</u>	<u>1,567,661</u>
Less accumulated depreciation				
Buildings	(100,405)	(9,054)	-	(109,459)
Equipment	(270,716)	(25,035)	85,500	(210,251)
Park Expansion	(74,976)	(22,159)	-	(97,135)
Infrastructure	(154,308)	(11,782)	-	(166,090)
	<u>(600,405)</u>	<u>(68,030)</u>	<u>85,500</u>	<u>(582,935)</u>
Capital assets being depreciated, net	<u>620,126</u>	<u>374,100</u>	<u>(9,500)</u>	<u>984,726</u>
Total Governmental Activities Capital Assets	<u>\$ 1,166,027</u>	<u>\$ 374,100</u>	<u>\$ (9,500)</u>	<u>\$ 1,530,627</u>
	Balance January 1, 2022	Additions	Dispositions	Balance December 31, 2022
Business - Type Activities				
Capital assets not being depreciated				
Land and source of supply	\$ 290,207	\$ -	\$ -	\$ 290,207
Capital assets being depreciated				
Utility plant	6,669,360	-	-	6,669,360
Vehicles and equipment	31,027	6,500	-	37,527
Less accumulated depreciation	(3,091,286)	(185,339)	-	(3,276,625)
Capital assets being depreciated, net	<u>3,609,101</u>	<u>(178,839)</u>	<u>-</u>	<u>3,430,262</u>
Total Business-Type Activities Capital Assets	<u>\$ 3,899,308</u>	<u>\$ (178,839)</u>	<u>\$ -</u>	<u>\$ 3,720,469</u>

Long-term Debt

As of December 31, 2022, the Town had long-term debt as follows:

Enterprise Activities	Balance	Additions	Reductions	Balance	Due Within
	1/1/2022			12/31/2022	One Year
State of Colorado-EIA	\$ 2,558	\$ -	\$ (9,092)	\$ (2,558)	\$ -
Loans-CWCB	247,896	-	(41,484)	206,412	43,144
Totals	\$ 250,454	\$ -	\$ (50,576)	\$ 203,854	\$ 43,144

Management's Discussion and Analysis Economic Factors and Next Year's Budget

- 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 are budgeted to remain the same. The streets budget has increased due to the rising costs of fuel and employee wages.
- The Town of Norwood has contracted with University of Colorado Denver, DOLA, and Colorado, to prepare a Master Park Plan and Open Space Study/Assessment.
- The capital Improvement plan for 2022 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 is working with Telluride Foundation for a 24-unit project to provide housing, for purchase at an affordable price, by the local workforce.
- The Norwood Water Commission has filed for due diligence on the 5cfs on the San Miguel River and will actively seek engineering for the project to bring the water up from the San Miguel and engineering for the construction of a third 33,000,000-gallon reservoir.

Request for Information:

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

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

**Town of Norwood
Statement of Net Position
December 31, 2022**

	Governmental Activities	Business -Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 958,364	\$ 768,724	\$ 1,727,088
Property taxes receivable	97,084	-	97,084
Accounts receivables	65,679	253,569	319,248
Advance water assessments-net	-	52,001	52,001
Grant receivable	360,000	-	360,000
Capital assets, net	1,530,627	3,720,469	5,251,096
Total assets	3,011,754	4,794,763	7,806,517
LIABILITIES			
Accounts payable	33,967	39,787	73,754
Customer deposits	-	5,196	5,196
Accrued payroll taxes	3,951	-	3,951
Accrued compensated absences	14,215	-	14,215
Accrued interest payable	-	145	145
Non current liabilities			
Due within one year	-	43,144	43,144
Due in more than one year	-	163,268	163,268
Total liabilities	52,133	251,540	303,673
DEFERRED INFLOWS OF RESOURCES			
Property taxes revenues	97,084	-	97,084
NET POSITION			
Invested in capital assets, net of related debt	1,530,627	3,514,057	5,044,684
Restricted for:			
Emergencies	37,450	-	37,450
Other purposes	474,782	-	474,782
Unrestricted	819,679	1,029,166	1,848,845
Total net position	\$ 2,862,538	\$ 4,543,223	\$ 7,405,761

The accompanying notes are an integral part of this statement.

**Town of Norwood
Governmental Funds
Balance Sheet
December 31, 2022**

	<u>General Fund</u>	<u>Contingency Fund</u>	<u>Non-major Funds</u>	<u>Total Governmental Funds</u>
Assets				
Cash and cash equivalents	\$ 843,582	\$ 96,662	\$ 18,120	\$ 958,364
Taxes receivable	97,084	-	-	97,084
Grants receivable	-	360,000	-	360,000
Accounts receivable	65,679	-	-	65,679
Total assets	<u>1,006,345</u>	<u>456,662</u>	<u>18,120</u>	<u>1,481,127</u>
Liabilities				
Accounts payable	33,967	-	-	33,967
Accrued payroll taxes	3,951	-	-	3,951
Total liabilities	<u>37,918</u>	<u>-</u>	<u>-</u>	<u>37,918</u>
Deferred inflows of resources				
Deferred property taxes	97,084	-	-	97,084
Fund balance				
Restricted for emergencies	37,450	-	-	37,450
Restricted for Parks and Recreation	-	-	18,120	18,120
Committed for capital Improvements	-	456,662	-	456,662
Unassigned	833,893	-	-	833,893
Total fund balance	<u>\$ 871,343</u>	<u>\$ 456,662</u>	<u>\$ 18,120</u>	<u>\$ 1,346,125</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, 2022

Total fund balance, governmental funds \$ 1,346,125

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current period expenditures and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.

Cost of capital assets	\$ 2,113,562	
Less accumulated depreciation	<u>(582,935)</u>	1,530,627

Some liabilities, (such as Notes Payable, Capital Lease Contract Payable, Long-term Compensated Absences, and Bonds Payable), are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position.

Compensated absences	(14,215)
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Net Position of Governmental Activities in the Statement of Net Position \$ 2,862,537

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, 2022**

	<u>General Fund</u>	<u>Contingency Fund</u>	<u>Non-major Funds</u>	<u>Total Governmental Funds</u>
Revenues				
Taxes	\$ 614,737	\$ -	\$ -	\$ 614,737
Licenses and permits	4,009	-	-	4,009
Intergovernmental	324,937	360,000	3,415	688,352
Charges for services	840	-	-	840
Fines and forfeitures	2,347	-	-	2,347
Miscellaneous	38,814	54	2	38,870
Total revenues	<u>985,684</u>	<u>360,054</u>	<u>3,417</u>	<u>1,349,155</u>
Expenditures				
Current:				
General government	284,767	-	-	284,767
Judicial	3,300	-	-	3,300
Police department	172,710	-	-	172,710
Public works	276,857	360,000	-	636,857
Culture and recreation	10,159	-	2,359	12,518
Capital Outlay	330,353	-	-	330,353
Total expenditures	<u>1,078,146</u>	<u>360,000</u>	<u>2,359</u>	<u>1,440,505</u>
Excess of revenues over expenditures	(92,462)	54	1,058	(91,350)
Fund balance, January 1	963,805	456,608	17,062	1,437,475
Fund balance, December 31	<u>\$ 871,343</u>	<u>\$ 456,662</u>	<u>\$ 18,120</u>	<u>\$ 1,346,125</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, 2022

Net change in fund balances - total governmental funds \$ (91,350)

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	\$ 442,130	
Depreciation expense	(68,030)	
Excess of capital outlay over depreciation		374,100

Under the modified accrual basis of accounting used in governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources and revenues are not recognized until they become both measurable and available. In the statement of activities however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when the financial resources are available.

Changes in compensated absences		(3,745)
Disposal of assets		1,000

Change in net position of governmental funds \$ 280,005

The accompanying notes are an integral part of this statement.

**Town of Norwood
Statement of Net Position
Enterprise Funds
December 31, 2022**

	<u>Enterprise Funds</u>		<u>Totals</u>
	<u>Water Fund</u>	<u>Raw Water Irrigation System Fund</u>	
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 665,717	\$ 103,007	\$ 768,724
Accounts receivable, net	253,569	-	253,569
Total Current Assets	<u>919,286</u>	<u>103,007</u>	<u>1,022,293</u>
Other Assets			
Advance water assessments-net	52,001	-	52,001
Noncurrent Assets			
Capital assets			
Water rights	290,207	-	290,207
Utility system	5,126,935	1,542,425	6,669,360
Equipment and furniture	37,528	-	37,528
Less accumulated depreciation	<u>(3,150,436)</u>	<u>(126,190)</u>	<u>(3,276,626)</u>
Total Noncurrent Assets	<u>2,304,234</u>	<u>1,416,235</u>	<u>3,720,469</u>
Total Assets	<u>\$ 3,275,521</u>	<u>\$ 1,519,242</u>	<u>\$ 4,794,763</u>
LIABILITIES			
Current Liabilities			
Accounts payable	\$ 39,787	\$ -	\$ 39,787
Customer deposits	5,196	-	5,196
Accrued interest payable	145	-	145
Current portion on long-term debt	<u>43,144</u>	<u>-</u>	<u>43,144</u>
Total Current Liabilities	<u>88,272</u>	<u>-</u>	<u>88,272</u>
Long-Term Debt			
Loans payable	<u>163,268</u>	<u>-</u>	<u>163,268</u>
Total Long-Term Debt	<u>163,268</u>	<u>-</u>	<u>163,268</u>
Net Position			
Invested in capital assets, net of related debt	2,097,822	1,416,235	3,514,057
Unrestricted	<u>926,159</u>	<u>103,007</u>	<u>1,029,166</u>
Total Net Position	<u>\$ 3,023,981</u>	<u>\$ 1,519,242</u>	<u>\$ 4,543,223</u>

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, 2022

	Enterprise Funds		Totals
	Water Fund	Raw Water Irrigation System Fund	
Operating revenues:			
Charges for services	\$ 497,130	\$ 35,461	\$ 532,591
Total operating revenues	<u>497,130</u>	<u>35,461</u>	<u>532,591</u>
Operating expenses:			
Salaries and benefits	221,441	-	221,441
Maintenance and supplies	124,791	-	124,791
Water assessments	25,158	-	25,158
Utilities	34,336	658	34,994
Other expenses	85,331	8,373	93,704
Depreciation	123,577	63,095	186,672
Total operating expenses	<u>614,634</u>	<u>72,126</u>	<u>686,760</u>
Operating income (loss)	<u>(117,504)</u>	<u>(36,665)</u>	<u>(154,169)</u>
Nonoperating revenues (expenses):			
Grants and contributions	-	-	-
Interest income	52	-	52
Miscellaneous	500	-	500
Interest expense	(10,045)	-	(10,045)
Total nonoperating revenues (expenses)	<u>(9,493)</u>	<u>-</u>	<u>(9,493)</u>
Income (loss) before transfers and capital contributions	(126,997)	(36,665)	(163,662)
Capital contributions-Tap fees	288,000	-	288,000
Change in net position	161,003	(36,665)	124,338
Total net position, January 1	2,862,978	1,555,907	4,418,885
Total net position, December 31	<u>\$ 3,023,981</u>	<u>\$ 1,519,242</u>	<u>\$ 4,543,223</u>

The accompanying notes are an integral part of this statement.

**Town of Norwood
Statement of Cash Flows
Enterprise Funds
Year Ended December 31, 2022**

	<u>Enterprise Funds</u>		<u>Totals</u>
	<u>Water Fund</u>	<u>Raw Water Irrigation System Fund</u>	
Cash Flows From Operating Activities			
Cash received from charges for services	\$ 286,488	\$ 35,461	\$ 321,949
Cash payments for salaries and benefits	(221,441)	-	(221,441)
Cash payments for goods and services	(254,724)	(9,031)	(263,755)
Net cash provided (used) by operating activities	<u>(189,677)</u>	<u>26,430</u>	<u>(163,247)</u>
Cash Flows from Noncapital Financing Activities			
Miscellaneous revenues	500	-	500
Net cash provided (used) by noncapital financing activities	<u>500</u>	<u>-</u>	<u>500</u>
Cash Flows from Capital and Related Financing Activities			
Tap fees	288,000	-	288,000
Purchase of capital assets	(6,500)	-	(6,500)
Principal paid on loans and leases	(44,042)	-	(44,042)
Interest expense	(10,045)	-	(10,045)
Net cash provided (used) by capital and related financing activities	<u>227,413</u>	<u>-</u>	<u>227,413</u>
Cash Flows from Investing Activities			
Interest on investments	52	-	52
Net increase (decrease) in cash and equivalents	38,288	26,430	64,718
Cash balances, January 1	627,429	76,577	704,006
Cash balances, December 31	<u>\$ 665,717</u>	<u>\$ 103,007</u>	<u>\$ 768,724</u>
Reconciling of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (117,504)	\$ (36,665)	\$ (154,169)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	123,577	63,095	186,672
Assets (increase) decrease:			
Accounts receivables	(210,642)	-	(210,642)
Liabilities increase (decrease):			
Accounts payable	14,668	-	14,668
Customer deposits	224	-	224
Total adjustments	<u>(72,173)</u>	<u>63,095</u>	<u>(9,078)</u>
Net cash provided (used) by operating activities	<u>\$ (189,677)</u>	<u>\$ 26,430</u>	<u>\$ (163,247)</u>

The accompanying notes are an integral part of this statement.

Town of Norwood
Notes to the Financial Statements
December 31, 2022

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, 2022

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

C. Fund Financial Statements – (continued)

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

The Town reports the following major governmental fund:

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

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

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

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

Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an enterprise fund’s principal ongoing operations. The principal operating revenues of the Town are charges for water fees. Operating expenses for the enterprise funds include purchased services, utilities, repairs and maintenance, supplies, insurance and depreciation cost. All revenues and expenses not meeting this definition are reported as 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.

Town of Norwood
Notes to the Financial Statements
December 31, 2022

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, 2022

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

F. Use of Estimates

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

G. Property Taxes

Property taxes for the current year are levied and attached as a lien on property the following January 1. They are payable in full by April 30 or in two equal installments due February 28 and June 15. Property taxes levied in the current year and collected in the following year are reported as 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 cost where no historical records exist. Donated assets are valued at their estimated fair market value on the date received. The cost of normal maintenance and repairs that does not add to the value of an asset or materially extend asset life is not capitalized.

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

<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, 2022

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 15 days of vacation for the 1 to 9 years of service and 20 days for 10 years of service may be accrued by each employee. Employees are paid for the accumulated vacation leave upon retirement or other termination. Employees are encouraged to use accumulated vacation by the end of each year and are not allowed to accumulate more than 20 days.

K. Net Position

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

L. Interfund Transactions

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

M. Encumbrances

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

N. Accounts Receivable

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

Town of Norwood
Notes to the Financial Statements
December 31, 2022

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, 2022

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, 2022

Note 4 – Budgets – (continued)

- F. Budget appropriations lapse at the end of each year.
- G. Expenditures may not exceed appropriations at the fund level. Budget amounts included in the financial statements are based on the final amended budget. No revisions were made to the original budget.
- H. Budgets for governmental funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP), except for long-term receivables and advances and capital lease financing which are budgeted when liquidated rather than when the receivable/liability is incurred. Budgets for enterprise funds are adopted on a basis consistent with the spending measurement focus of the governmental funds. The Town could be in violation of Colorado Budget Law because the following funds actual expenditures exceeded budgetary amounts in the Contingency Fund.

Note 5 – Deposits and Investments

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories; eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to the aggregate uninsured deposits. Collateral in the pool is considered to be equal to depository insurance pursuant to definitions listed in GASB Statement No. 40. At December 31, 2022, the bank balance of the Town's deposits was \$1,757,219 of which \$250,000 was covered by federal depository insurance and \$1,507,219 was collateralized under PDPA.

The composition of all cash and cash investments held by the Town at December 31, 2022 is as follows

Cash on hand and with the County Treasurer	\$ 800
Cash in bank and savings accounts	<u>1,726,288</u>
Total cash and investments	<u>\$ 1,727,088</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, 2022

Note 6 – Long-Term Liabilities

Enterprise Activities	Balance 1/1/2022	Additions	Reductions	Balance 12/31/2022	Due Within One Year
State of Colorado - EIA	\$ 2,558	\$ -	\$ (2,558)	\$ -	\$ -
Loans- CWCB	247,896	-	(41,484)	206,412	43,144
Totals	<u>\$ 250,454</u>	<u>\$ -</u>	<u>\$ (44,042)</u>	<u>\$ 206,412</u>	<u>\$ 43,144</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 loan was paid off in 2022.

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 2022:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	43,144	8,256	51,400
2024	44,869	6,531	51,400
2025	46,664	4,736	51,400
2026	48,531	2,869	51,400
2027	23,204	928	24,132
Total	<u>\$ 206,412</u>	<u>\$ 23,320</u>	<u>\$ 229,732</u>

Town of Norwood
Notes to the Financial Statements
December 31, 2022

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, 2022 is presented below:

Expenses (GAAP Basis)	\$	696,805
Adjustments		
Add:		
Capital assets purchased		6,500
Principal payments		44,042
Less:		
Depreciation expense		(186,672)
Expenditures (Budgetary Basis)	\$	560,675

Note 8 – State Impact Assistance Grant

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

In order for public financing of improvements to the Gurley Reservoir to be legal, the funds must be used for public purposes. Since the grant proceeds were passed through to the FWDC, which is privately owned, the terms of the grant agreement include the stipulation that the FWDC will not charge the Town its yearly water assessment until the amount of \$100,000 is exceeded. The Town's yearly assessment in past years has been \$ 500 to \$ 600. The Town has recorded the \$100,000 grant receipts as contributed capital and the resulting prepayment of water assessments as an asset. A period of seventy-five years was used to amortize the prepaid water assessments based on the estimated life of the improvements financed by the grant. Amortization began in 1989 and amounts to \$ 1,333 per year. At December 31, 2022, a total of \$ 47,999 had been amortized, leaving a balance of \$ 52,001 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.

Town of Norwood
Notes to the Financial Statements
December 31, 2022

Note 10 – Capital Assets

	Balance 1/1/2022	Additions	Dispositions	Balance 12/31/2022
Governmental Activities				
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	345,298	146,784	(95,000)	397,082
Park Expansion	216,507	295,346	-	511,853
Infrastructure	272,764	-	-	272,764
	1,220,531	442,130	(95,000)	1,567,661
Less accumulated depreciation				
Buildings	(100,405)	(9,054)	-	(109,459)
Equipment	(270,716)	(25,035)	85,500	(210,251)
Park Expansion	(74,976)	(22,159)	-	(97,135)
Infrastructure	(154,308)	(11,782)	-	(166,090)
	(600,405)	(68,030)	85,500	(582,935)
Capital assets being depreciated, net	620,126	374,100	(9,500)	984,726
 Total governmental Activities capital assets	 \$ 1,166,027	 \$ 374,100	 \$ (9,500)	 \$ 1,530,627
	Balance 1/1/2022	Addition	Disposition	Balance 12/31/2022
Business-type Activities				
Capital assets not being depreciated				
Land and source of supply	\$ 290,207	\$ -	\$ -	\$ 290,207
Capital assets being depreciated				
Utility plant	6,669,360	-	-	6,669,360
Vehicles and equipment	31,027	6,500	-	37,527
Less accumulated depreciation	(3,091,286)	(185,339)	-	(3,276,625)
Capital assets being depreciated, net	3,609,101	(178,839)	-	3,430,262
	-	-	-	-
Total business-type activities capital assets	\$ 3,899,308	\$ (178,839)	\$ -	\$ 3,720,469

Town of Norwood
Notes to the Financial Statements
December 31, 2022

Note 10 – Capital Assets – (continued)

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

General government	\$ 1,784
Culture and recreation	24,850
Public works, including depreciation of general infrastructure assets	41,396
Total depreciation expenses	<u>\$ 68,030</u>
Water - depreciation	\$ 122,244
Water - amortization	1,333
Raw water - depreciation	63,095
Total	<u>\$ 186,672</u>

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, 2022

Revenues	Budgeted		Actual	Favorable (Unfavorable)
	Original	Final		
Taxes	\$ 563,507	\$ 563,507	\$ 614,737	\$ 51,230
Licenses and permits	5,600	5,600	4,009	(1,591)
Intergovernmental revenues	293,202	293,202	324,937	31,735
Charges for services	10,000	10,000	840	(9,160)
Fines and forfeitures	4,800	4,800	2,347	(2,453)
Miscellaneous revenue	385,365	385,365	38,814	(346,551)
Total revenues	1,262,474	1,262,474	985,684	(276,790)
Expenditures				
General government	342,522	342,522	284,767	57,755
Judicial	3,675	3,675	3,300	375
Police department	233,564	233,564	172,710	60,854
Public works	333,180	333,180	276,857	56,323
Health and welfare	1,000	1,000	-	1,000
Culture and recreation	18,600	18,600	10,159	8,441
Capital Outlay	329,933	329,933	330,353	(420)
Total Expenditures	1,262,474	1,262,474	1,078,146	184,328
Excess of revenues over (under) expenditures	-	-	(92,462)	(92,462)
Fund balance, January 1	484,836	484,836	963,805	478,969
Fund balance, December 31	\$ 484,836	\$ 484,836	\$ 871,343	\$ 386,507

The accompanying notes are an integral part of this statement.

**Town of Norwood
Contingency Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Year Ended December 31, 2022**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
Revenues				
Grant revenue	\$ -	\$ -	\$ 360,000	\$ 360,000
Interest income	41	41	54	13
Total revenues	<u>41</u>	<u>41</u>	<u>360,054</u>	<u>360,013</u>
Expenditures				
Capital outlay	<u>65,000</u>	<u>65,000</u>	<u>360,000</u>	<u>(295,000)</u>
Total expenditures	<u>65,000</u>	<u>65,000</u>	<u>360,000</u>	<u>(295,000)</u>
Excess of revenues over (under) expenditures	(64,959)	(64,959)	54	65,013
Other financing sources				
Transfers in (out)	<u>416,667</u>	<u>416,667</u>	<u>-</u>	<u>(416,667)</u>
Excess of revenues and sources over (under) expenditures and other (uses)	351,708	351,708	54	(351,654)
Fund balance, January 1	<u>351,585</u>	<u>351,585</u>	<u>456,608</u>	<u>105,023</u>
Fund balance, December 31	<u>\$ 703,293</u>	<u>\$ 703,293</u>	<u>\$ 456,662</u>	<u>\$ (246,631)</u>

**Town of Norwood
Conservation Trust Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Year Ended December 31, 2022**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
Revenues				
Lottery	\$ 3,000	\$ 3,000	\$ 3,415	\$ 415
Interest income	1	1	2	1
Total revenues	<u>3,001</u>	<u>3,001</u>	<u>3,417</u>	<u>416</u>
Expenditures				
Parks	<u>2,400</u>	<u>2,400</u>	<u>2,359</u>	<u>41</u>
Total expenditures	<u>2,400</u>	<u>2,400</u>	<u>2,359</u>	<u>41</u>
Excess of revenues over (under) expenditures	601	601	1,058	457
Fund balance, January 1	<u>18,617</u>	<u>18,617</u>	<u>17,062</u>	<u>(1,555)</u>
Fund balance, December 31	<u>\$ 19,218</u>	<u>\$ 19,218</u>	<u>\$ 18,120</u>	<u>\$ (1,098)</u>

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, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
Available resources				
January 1	\$ 732,750	\$ 732,750	\$ 693,453	\$ (39,297)
Revenues				
Water fees	433,300	433,300	496,640	63,340
Tap fees	288,000	288,000	288,000	-
Public Water Meter/shack	9,000	9,000	490	(8,510)
Interest Income	-	-	52	52
Grants and loans	8,120	8,120	-	(8,120)
Miscellaneous	6,500	6,500	500	(6,000)
Total revenues	<u>744,920</u>	<u>744,920</u>	<u>785,682</u>	<u>40,762</u>
Total available resources	<u>1,477,670</u>	<u>1,477,670</u>	<u>1,479,135</u>	<u>1,465</u>
Expenditures				
Salaries and benefits	233,889	233,889	221,441	12,448
Maintenance and supplies	92,250	92,250	122,767	(30,517)
Water assessments	30,000	30,000	25,158	4,842
Utilities	37,500	37,500	34,336	3,164
Other expenses	146,300	146,300	85,331	60,969
Capital Outlay	141,081	141,081	8,524	132,557
Debt service	63,400	63,400	54,087	9,313
Total expenditures	<u>744,420</u>	<u>744,420</u>	<u>551,644</u>	<u>192,776</u>
Amortization Costs	<u>-</u>	<u>-</u>	<u>(1,333)</u>	<u>(1,333)</u>
Available resources				
December 31	<u>\$ 733,250</u>	<u>\$ 733,250</u>	<u>\$ 926,158</u>	<u>\$ 192,908</u>

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, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
Available resources				
January 1	\$ -	\$ -	\$ 76,577	\$ 76,577
Revenues				
Charges for services	-	-	35,461	35,461
Total revenues	-	-	35,461	35,461
Total available resources	-	-	112,038	112,038
Expenditures				
Utilities	-	-	658	(658)
Miscellaneous	-	-	8,373	(8,373)
Total expenditures	-	-	9,031	(9,031)
Available resources				
December 31	\$ -	\$ -	\$ 103,007	\$ 103,007



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6. Remember to click "Save" to save any changes.

Annual Highway Finance Report - CY22

Email address: grafmyer@norwoodtown.com

City/County: Norwood

Receipts, Disbursements & Costs

II - Receipts for Road & Street Purposes

A. Receipts from local sources

2. General Fund Appropriations:	\$	0.00
3. Other local imposts: <i>from A.3. Total below</i>	\$	122,568.00
4. Miscellaneous local receipts: <i>from A.4. Total below</i>	\$	8,722.00
5. Transfers from toll facilities	\$	0.00
6. Proceeds of sale of bonds and notes		
a. Bonds - Original Issues:	\$	0.00
b. Bonds - Refunding Issues:	\$	0.00
c. Notes:	\$	0.00

SubTotal: \$ 131,290.00

B. Private Contributions

\$ 0.00

Receipts, Disbursements & Costs

II - Receipts for Road & Street Purposes (Detail)

A.3. | Other local imposts

a. Property Taxes & Assessments	\$	20,000.00
b. Other Local Imposts		
1. Sales Taxes:	\$	97,934.00
2. Infrastructure and Impact Fees:	\$	0.00
3. Liens:	\$	0.00
4. Licenses:	\$	0.00
5. Specific Ownership and/or Other:	\$	4,634.00
Total: (a + b) carried to 'Other local imposts' above	\$	<u>122,568.00</u>

A.4. | Miscellaneous local receipts

a. Interest on Investments:	\$	0.00
b. Traffic fines and Penalties:	\$	2,347.00
c. Parking Garage Fees:	\$	0.00
d. Parking Meter Fees:	\$	0.00
e. Sale of Surplus Property:	\$	0.00
f. Charges for Services:	\$	0.00
g. Other Misc. Receipts:	\$	0.00
h. Other:	\$	6,375.00
Total: (a through h) carried to 'Misc local receipts' above	\$	<u>8,722.00</u>

C. Receipts from State Government

1. Highway User Taxes:	\$	20,981.00
3. Other State funds:		
c. Motor Vehicle Registrations:	\$	3,682.00
d. Other (Specify):		
Comments: undefined	\$	0.00
e. Other (Specify):		
Comments: undefined	\$	0.00
Total: (1+3c,d,e)	\$	<u>24,663.00</u>

D. Receipts from Federal Government

2. Other Federal Agencies		
a. Forest Service:	\$	0.00

b. FEMA:	\$	0.00
c. HUD:	\$	0.00
d. Federal Transit Administration:	\$	0.00
e. U.S. Corp of Engineers	\$	0.00
f. Other Federal:	\$	0.00
Total: (2a-f)		\$ 0.00

Receipts, Disbursements & Costs

III - Disbursements for Road & Street Purposes

A. Local highway disbursements

1. Capital outlay: (from A.1.d. Total Capital Outlay below)	\$	0.00
2. Maintenance:	\$	41,950.00
3. Road and street services		
a. Traffic control operations:	\$	0.00
b. Snow and ice removal:	\$	2,656.00
c. Other:	\$	11,068.00
4. General administration and miscellaneous	\$	56,829.00
5. Highway law enforcement and safety	\$	43,450.00
Total: (A.1-5)		\$ 155,953.00

B. Debt service on local obligations

1. Bonds		
a. Interest	\$	0.00
b. Redemption	\$	0.00
2. Notes		
a. Interest	\$	0.00
b. Redemption	\$	0.00
SubTotal: (1+2)		\$ 0.00

C. Payments to State for Highways:	\$	0.00
D. Payments to Toll Facilities:	\$	0.00

Total Disbursements: (A+B+C+D) \$ 155,953.00

Receipts, Disbursements & Costs

III - Disbursements for Road & Street Purposes - (Detail)

	A. ON NATIONAL HIGHWAY SYSTEM	B. OFF NATIONAL HIGHWAY SYSTEM	C. TOTAL
A.1. Capital Outlay			
a. Right-Of-Way Costs:	\$ 0.00	\$ 0.00	\$ 0.00
b. Engineering Costs:	\$ 0.00	\$ 0.00	\$ 0.00
c. Construction			
1. New Facilities:	\$ 0.00	\$ 0.00	\$ 0.00
2. Capacity Improvements:	\$ 0.00	\$ 0.00	\$ 0.00
3. System Preservation:	\$ 0.00	\$ 0.00	\$ 0.00
4. System Enhancement:	\$ 0.00	\$ 0.00	\$ 0.00
5. Total Construction:			\$ 0.00
d. Total Capital Outlay: (Lines A.1.a. + 1.b. + 1.c.5)			\$ 0.00

Receipts, Disbursements & Costs

IV. Local Highway Debt Status

	OPENING DEBT	AMOUNT ISSUED	REDEMPTIONS	CLOSING DEBT
A. Bonds (Total)	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
1. Bonds (Refunding Portion)	\$	\$ 0.00	\$ 0.00	\$ 0.00
B. Notes (Total):	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00

Receipts, Disbursements & Costs

V - Local Road & Street Fund Balance

A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
\$ 0.00	\$ 155,953.00	\$ 155,953.00	\$ 0.00	\$ 0.00

Notes and Comments:

undefined

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