

TOWN OF BOW MAR, COLORADO

FINANCIAL STATEMENTS

December 31, 2016



Logan and Associates, LLC
CERTIFIED PUBLIC ACCOUNTANTS

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TOWN OF BOW MAR, COLORADO

Roster of Town Officials

December 31, 2016

Mayor

Tom Feldkamp

Board of Trustees

Barb Cole
Carrie McLaughlin
Anne Justen
Jane Carlson
Marsha Dennis
Steve Fabricant

Administrative Staff

Sue Blair, Town Clerk/Treasurer

Town Attorney

Brian Jumps, Esquire



INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members of the Board of Trustees
Town of Bow Mar
Bow Mar, Colorado

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Bow Mar (the "Town") as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the 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 an opinion 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 of material misstatement.

An audit involves performing procedures to obtain 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 Town'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 Town'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 reasonable 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, and each major fund of the Town of Bow Mar as of December 31, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison schedule - general fund on pages 19 – 20 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the GASB who considers it to be an essential part of the 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 evidence sufficient to express an opinion or provide any assurance.

Management has omitted the management's discussion and analysis that GASB requires to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by GASB 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. Our opinion on the basic financial statements is not affected by this missing information.

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 accompanying other information, as listed in the table of contents, is presented for purposes of additional analysis and is 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 other information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Logan and Associates, LLC

Aurora, Colorado
July 17, 2017

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BASIC FINANCIAL STATEMENTS

TOWN OF BOW MAR, COLORADO

STATEMENT OF NET POSITION

December 31, 2016

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS
ASSETS			
Cash and Investments	\$ 854,112	\$ 64,599	\$ 918,711
Accounts Receivable	14,283	-	14,283
Property Taxes Receivable	648,000	-	648,000
Accounts Receivable - FPPA	42,234	-	42,234
Capital Assets, Not Being Depreciated	944,284	-	944,284
Capital Assets, Net of Accumulated Depreciation	489,688	-	489,688
TOTAL ASSETS	2,992,601	64,599	3,057,200
LIABILITIES			
Accounts Payable	19,724	-	19,724
TOTAL LIABILITIES	19,724	-	19,724
DEFERRED INFLOWS OF RESOURCES			
Deferred Property Taxes	648,000	-	648,000
NET POSITION			
Investment in Capital Assets	1,433,972	-	1,433,972
Restricted for			
Emergencies	23,600	-	23,600
Parks, Recreation and Open Space	62,880	-	62,880
Unrestricted	804,425	64,599	869,024
TOTAL NET POSITION	\$ 2,324,877	\$ 64,599	\$ 2,389,476

The accompanying notes are an integral part of the financial statements.

TOWN OF BOW MAR, COLORADO

STATEMENT OF ACTIVITIES
Year Ended December 31, 2016

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES	
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS
PRIMARY GOVERNMENT			
Governmental Activities			
General Government	\$ 178,128	\$ -	\$ 1,168
Public Safety	260,910	-	14,471
Public Works	54,794	291,893	48,816
Parks, Recreation and Open Space	81,809	-	46,790
Total Governmental Activities	575,641	291,893	111,245
Business-Type Activities			
The Bow Mar Foundation	5,220	-	7,250
TOTAL PRIMARY GOVERNMENT	\$ 580,861	\$ 291,893	\$ 118,495

GENERAL REVENUES
Property Taxes
Property Taxes - Roads
Specific Ownership Taxes
Franchise Taxes
Investment Income
Other

TOTAL GENERAL REVENUES

CHANGE IN NET POSITION

NET POSITION, Beginning

NET POSITION, Ending

The accompanying notes are an integral part of the financial statements.

NET (EXPENSE) REVENUE
AND CHANGE IN NET POSITION

GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS
\$ (176,960)	\$ -	\$ (176,960)
(246,439)	-	(246,439)
285,915	-	285,915
(35,019)	-	(35,019)
(172,503)	-	(172,503)
-	2,030	2,030
(172,503)	2,030	(170,473)
365,325	-	365,325
255,824	-	255,824
47,116	-	47,116
44,789	-	44,789
2,108	63	2,171
3,669	-	3,669
718,831	63	718,894
546,328	2,093	548,421
1,778,549	62,506	1,841,055
\$ 2,324,877	\$ 64,599	\$ 2,389,476

TOWN OF BOW MAR, COLORADO

BALANCE SHEET
GOVERNMENTAL FUND
 December 31, 2016

	<u>GENERAL FUND</u>
ASSETS	
Cash and Investments	\$ 854,112
Accounts Receivable	14,283
Property Taxes Receivable	<u>648,000</u>
TOTAL ASSETS	<u>\$ 1,516,395</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	
LIABILITIES	
Accounts Payable	<u>\$ 19,724</u>
TOTAL LIABILITIES	<u>19,724</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred Property Taxes	<u>648,000</u>
FUND BALANCE	
Restricted for Emergencies	23,600
Restricted for Parks, Recreation and Open Space	62,880
Committed for Road Improvements	254,790
Unassigned	<u>507,401</u>
TOTAL FUND BALANCE	<u>848,671</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	<u>\$ 1,516,395</u>

Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:

Total Fund Balance of Governmental Fund	\$ 848,671
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund.	1,433,972
Net pension asset is applicable to future periods, and therefore is not reported in the governmental fund. However, because of the pension plan closure, the result is an accounts receivable from the pension plan at the year end.	<u>42,234</u>
Total Net Position of Governmental Activities	<u>\$ 2,324,877</u>

The accompanying notes are an integral part of the financial statements.

TOWN OF BOW MAR, COLORADO

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUND

Year Ended December 31, 2016

	<u>GENERAL FUND</u>
REVENUES	
Taxes	\$ 713,054
Licenses and Permits	291,893
Intergovernmental	96,774
Investment Income	2,108
Other	<u>3,669</u>
TOTAL REVENUES	<u>1,107,498</u>
EXPENDITURES	
General Government	178,128
Public Safety	260,910
Public Works	269,328
Parks, Recreation and Open Space	<u>79,300</u>
TOTAL EXPENDITURES	<u>787,666</u>
NET CHANGE IN FUND BALANCE	319,832
FUND BALANCE, Beginning	<u>528,839</u>
FUND BALANCE, Ending	<u>\$ 848,671</u>

The accompanying notes are an integral part of the financial statements.

TOWN OF BOW MAR, COLORADO

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2016

Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:

Net Change in Fund Balance of Governmental Fund	\$ 319,832
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are capitalized in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount of capital outlay \$230,746 exceed depreciation expense (\$18,721) in the current year.	212,025
Governmental funds report pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned is reported as pension expense. This is the amount by which the net pension asset was adjusted for the plan closure resulting in an accounts receivable from the pension plan.	<u>14,471</u>
Change in Net Position of Governmental Activities	<u>\$ 546,328</u>

The accompanying notes are an integral part of the financial statements.

TOWN OF BOW MAR, COLORADO

STATEMENT OF NET POSITION
PROPRIETARY FUND
December 31, 2016

	<u>FOUNDATION</u>
ASSETS	
Current Assets	
Cash and Investments	<u>\$ 64,599</u>
TOTAL ASSETS	<u>64,599</u>
NET POSITION	
Unrestricted	<u>64,599</u>
TOTAL NET POSITION	<u><u>\$ 64,599</u></u>

The accompanying notes are an integral part of the financial statements.

TOWN OF BOW MAR, COLORADO

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION

PROPRIETARY FUND

Year Ended December 31, 2016

	<u>FOUNDATION</u>
OPERATING REVENUES	
Donations	<u>\$ 7,250</u>
OPERATING EXPENSES	
Scholarships	3,000
Landscape Improvements	<u>2,220</u>
TOTAL OPERATING EXPENSES	<u>5,220</u>
OPERATING INCOME	2,030
NONOPERATING REVENUES	
Investment Income	<u>63</u>
CHANGE IN NET POSITION	2,093
NET POSITION, Beginning	<u>62,506</u>
NET POSITION, Ending	<u>\$ 64,599</u>

The accompanying notes are an integral part of the financial statements.

TOWN OF BOW MAR, COLORADO

STATEMENT OF CASH FLOWS

PROPRIETARY FUND

Increase (Decrease) in Cash and Cash Equivalents
Year Ended December 31, 2016

	<u>FOUNDATION</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Donors	\$ 7,250
Cash Paid to Scholarships	(3,000)
Cash Paid to Suppliers for Goods and Services	<u>(2,220)</u>
Net Cash Used by Operating Activities	<u>2,030</u>
Interest Received	<u>63</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	2,093
CASH AND CASH EQUIVALENTS, Beginning	<u>62,506</u>
CASH AND CASH EQUIVALENTS, Ending	<u><u>\$ 64,599</u></u>

The accompanying notes are an integral part of the financial statements.

TOWN OF BOW MAR, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Bow Mar (the "Town") is a Colorado statutory town (a municipal corporation), incorporated in 1958 and is governed by a Mayor and six-member Board of Trustees elected by the residents. The Town provides public safety, public improvements, planning and zoning, municipal court, parks and recreation and general administrative services to its residents.

The accounting policies of the Town conform to generally accepted accounting principles as applicable to government entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Following is a summary of the more significant policies:

Reporting Entity

In accordance with governmental accounting standards, the Town has considered the possibility of including additional entities in its financial statements.

The definition of the reporting entity is based primarily on financial accountability. The Town is financially accountable for organizations that make up its legal entity. It is also financially accountable for legally separate organizations if Town officials appoint a voting majority of the organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the Town. The Town may also be financially accountable for organizations that are fiscally dependent upon it.

Based on the application of these criteria, the Town includes the following entity in its financial statements.

The Bow Mar Foundation (Foundation) provides improvement and beautification activities within the Town limits to enhance the quality of life of the residents. The Town Board of Trustees act as the governing board of the Foundation. The Foundation is reliant upon the Town to approve projects and receive funding. The Foundation does not issue separate financial statements and is blended into in the Town's financial statements as an enterprise fund.

TOWN OF BOW MAR, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide and Fund Financial Statements

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

The statement of net position reports all financial, capital and debt resources of the Town. The difference between the assets, deferred outflows of resources and liabilities and deferred inflows of resources of the Town is net position.

The statement of activities demonstrates the degree to which the direct expenses of the given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants 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.

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when the 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.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current year or soon enough thereafter to pay liabilities of the current year. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current year.

TOWN OF BOW MAR, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(Continued)

Taxes, intergovernmental revenues, grants, and interest associated with the current year are considered to be susceptible to accrual and so have been recognized as revenues of the current year. All other revenues are considered to be measurable and available only when cash is received by the Town.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Proprietary 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 a proprietary fund's principal ongoing operations. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. 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 practice to use restricted resources first, then unrestricted resources as they are needed.

The Town reports the following major governmental fund:

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

The Town reports the following major proprietary fund:

The Bow Mar Foundation provides for the improvement and beautification of the Town and for scholarships to Town residents.

Assets, Liabilities and Net Position/Fund Balances

Cash and Investments - Cash equivalents include investments with original maturities of three months or less. Investments are stated at fair value.

Receivables - All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

TOWN OF BOW MAR, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position/Fund Balances (Continued)

Capital Assets - Capital assets, which include land and land improvements, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and the proprietary fund in the fund financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Infrastructure assets acquired or constructed after 2003 are capitalized. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets of the Town are depreciated using the straight-line method over the following estimated useful lives.

Land Improvements	15 years
Infrastructure	20 years

Deferred Outflows/Inflows of Resources - In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement classification represents a consumption of net position that applies to a future period(s) and therefore will not be recognized as an outflow of resources (expense/expenditures) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement classification represents an acquisition of net position that applies to a future period(s) and therefore will not be recognized as an inflow of resources (revenue) until then. The Town has an item related to property tax revenue that is reported as deferred inflows of resources at December 31, 2016.

Net Position - In the government-wide financial statements and the proprietary fund on the fund financial statements, net position are restricted when constraints placed on the net position are externally imposed.

- Investment in Capital Assets - This classification is intended to report the portion of net position which is associated with non-liquid, capital assets.
- Restricted Net Position - This classification includes liquid assets which have third party limitation on their use.

TOWN OF BOW MAR, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position/Fund Balances (Continued)

- Unrestricted Net Position – This classification includes the residual net position that does not meet the classification of “investment in capital assets” or “restricted.”

Fund Balance Classification – The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- Nonspendable – This classification includes amounts that cannot be spent because they are either (a) not in spendable form (such as prepaid items) or (b) are legally or contractually required to be maintained intact.
- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Town’s highest level of decision-making authority, the Board of Trustees. The constraint may be removed or changed only through formal action of the Board of Trustees.
- Assigned – This classification includes amounts that are constrained by the Town’s intent to be used for specific purposes, but is neither restricted nor committed. Intent is expressed by the Board of Trustees to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or changed than those imposed on committed amounts.
- Unassigned – This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

The Town has not established a formal policy for its use of restricted and unrestricted fund balance. However, if both the restricted and unrestricted fund balances are available the Town uses restricted fund balance first.

TOWN OF BOW MAR, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property Taxes

Property taxes attach as an enforceable lien on property on January 1 and are levied the following January 1. Taxes are payable in full on April 30 or in two installments on February 28 and June 15. The County Treasurer's Office collects property taxes and remits to the Town on a monthly basis.

Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; or acts of God. The Town maintains commercial insurance for these risks of loss.

Subsequent Events

The Town has evaluated events subsequent to the year ended December 31, 2016 through July 17, 2017, the date of these financial statements were issued, and has incorporated any required recognition into these financial statements.

NOTE 2: CASH AND INVESTMENTS

A summary of cash and investments at December 31, 2016, follows:

Cash Deposits	\$ 330,301
Investments	<u>588,410</u>
Total	<u>\$ 918,711</u>

Cash Deposits

The Colorado Public Deposit Protection Act (PDPA) requires local government entities to deposit cash in eligible public depositories. Eligibility is determined by State regulations. Amounts on deposit in excess of Federal Deposit Insurance Corporation (FDIC) levels must be collateralized by eligible collateral as determined by the PDPA.

The FDIC insures depositors' accounts up to \$250,000 for each financial institution. The PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another approved institution, or held in trust for all uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. At December 31, 2016, the Town had cash deposits with a carrying amount of \$330,301. The bank balances with the financial institutions were \$348,312 of which \$314,599 were FDIC insured and \$33,713 were collateralized with securities held by financial institutions' agents but not in the Town's name.

TOWN OF BOW MAR, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 2: CASH AND INVESTMENTS (Continued)

Investments

The Town is required to comply with State statutes which specify investment instruments meeting defined rating, maturity, and concentration risk criteria in which local governments may invest, which include the following. State statutes do not address custodial risk. State statutes generally limit investments to an original maturity of five years, unless the governing board authorizes the investment for a period in excess of five years.

- Obligations of the United States and certain U.S. agency securities
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities
- Banker's acceptances of certain banks
- Commercial paper
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts

Local Government Investment Pools - At December 31, 2016, the Town had \$294,984 and \$293,426 invested in the Colorado Surplus Asset Fund Trust (CSAFE) and the Colorado Local Government Liquid Asset Trust (Colotrust), respectively, investment vehicles established by State statute for local government entities in Colorado to pool surplus funds. The Pools operate in conformity with the Securities and Exchange Commission's Rule 2a7 as promulgated under the Investment Company Act of 1940, as amended. The Pools are rated AAAM by Standard and Poor's. Investments of the Pools are limited to those allowed by State statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. The custodian's internal records identify the investments owned by the participating governments.

The Town measures and records its investments using fair market value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Quoted prices for identical investment in active markets;
- Level 2: Observable inputs other than quoted market prices; and,
- Level 3: Unobservable inputs.

Colotrust is an external investment pool that records its investments at fair value. The investment in Colotrust is categorized as a Level 2 investment.

TOWN OF BOW MAR, COLORADO

NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 3: CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2016, is summarized below:

	Balances 12/31/2015	Additions	Deletions	Balances 12/31/2016
Governmental Activities				
Capital Assets, not being depreciated				
Land	\$ 944,284	\$ -	\$ -	\$ 944,284
Capital Assets, being depreciated				
Land Improvements	37,634	-	-	37,634
Infrastructure	266,569	230,746	-	497,315
Total Capital Assets, being depreciated	304,203	230,746	-	534,949
Less accumulated depreciation				
Land Improvements	(23,208)	(2,509)	-	(25,717)
Infrastructure	(3,332)	(16,212)	-	(19,544)
Total accumulated depreciation	(26,540)	(18,721)	-	(45,261)
Total Capital Assets, being depreciated, net	277,663	212,025	-	489,688
Total Capital Assets, net	<u>\$ 1,221,947</u>	<u>\$ 212,025</u>	<u>\$ -</u>	<u>\$ 1,433,972</u>

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

Governmental Activities

Public Works	\$ 16,202
Parks, Recreation and Open Space	<u>2,509</u>
Total	<u>\$ 18,721</u>

NOTE 4: RETIREMENT COMMITMENTS

Old Hire Police Pension Plan

Effective December 6, 2004, the Town contracted with the Town of Columbine Valley to provide all police and municipal court services for the Town. As such, the Town no longer employs police officers. However, individuals who have previously served the Town as police officers may be eligible to participate in the following pension plan.

TOWN OF BOW MAR, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 4: RETIREMENT COMMITMENTS (Continued)

Old Hire Police Pension Plan (Continued)

Plan Description - The Town's police hired prior to April 8, 1978, are covered by an agent multiple-employer defined benefit pension plan. The Plan provides retirement benefits to plan members and beneficiaries as specified in Colorado Revised Statutes (C.R.S.) Title 31, Article 30.5. State statutes establish basic benefit provisions for the Plan and assign the authority to establish and amend benefit provisions of the Plan to the Town's Pension Board of Trustees. Assets of the plan are commingled for investment purposes in the Fire and Police Member's Benefit Fund. The Plan is affiliated with and administered by the Fire and Police Pension Association of Colorado (FPPA). FPPA issues publicly available comprehensive annual financial report that can be obtained at www.fppaco.org/PDF/annual-reports/14.annual.report.pdf.

Benefits Provided - Any police officer who attained the earlier, of fifty-five and twenty years of active service, or twenty-five years of active service, is eligible for a monthly pension payment equivalent to one-half of their average monthly salary one year before retirement. If a police officer dies, the surviving spouse receives, until death or remarriage, a monthly pension equal to one-half of the amount the officer was entitled to receive prior to death.

During the year ended December 31 2016, the remaining beneficiary passed away. As a result, the pension plan was closed and the remaining plan assets will be distributed to the Town to be used for law-enforcement-related expenses as defined in the Colorado Revised Statutes Title 31, Article 30.5, Section 209 ("Idle Funds Statute). The Town has reported an accounts receivable from the pension plan in the amount of \$42,234 at December 31, 2016.

NOTE 5: COMMITMENTS AND CONTINGENCIES

Tabor Amendment

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 government. The Amendment is complex and subject to judicial interpretation.

In November 1997, the Town's voters authorized the Town to collect and retain all revenues generated from all sources of the Town without any limitation contained in the Amendment. In addition, the Town's voters authorized the Town to increase the property tax mill levy without exceeding the annual property tax increase of 5.5% set forth in State statutes.

TOWN OF BOW MAR, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 5: COMMITMENTS AND CONTINGENCIES (Continued)

Tabor Amendment

The Town has established an emergency reserve, representing 3% of qualifying expenditures, as required by the Amendment. At December 31, 2016, the emergency reserve of \$23,600 was reported as a restriction of fund balance and net position in the General Fund and Governmental Activities, respectively.

Intergovernmental Agreements

Police and Municipal Court - The Town has approved an intergovernmental agreement with the Town of Columbine Valley ("Columbine Valley") to provide police and municipal court services January 1, 2014 through December 31, 2018. The agreement requires the Town to pay Columbine Valley \$250,780, \$255,795 and \$260,910 for these services for the years ended December 31, 2014, 2015 and 2016, respectively. For the years ending December 31, 2017 and 2018, the Town will pay Columbine Valley the previous year's amount increased by the Denver/Boulder/Greely "projected" CPI increase available in October of the previous year.

In addition, if the actual hours for police services are less than 12,480 in any year, Columbine Valley agrees to rebate a portion of the payment to the Town. If the actual hours are greater than 12,480, then the Town will pay the excess at a rate determined by the agreement.

Building Department Administrative Services - On October 6, 2016, the Town entered into an intergovernmental agreement with Columbine Valley to provide building department administrative services beginning November 1, 2016 through December 31, 2017 (the "Initial Term"). These services include building permit review, inspections, contractor licensing and collection of permit fees for remittance to the Town. The Town will pay Columbine Valley \$40,000 each calendar year, appropriately prorated for the Initial Term. Payments of \$10,000 are due on the 1st of each calendar quarter. The agreement may be renewed or terminated after the Initial Term by both parties. For the year ended December 31, 2016, the Town paid \$6,685 to Columbine Valley for these services.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF BOW MAR, COLORADO

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

Year Ended December 31, 2016

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE Positive (Negative)</u>
REVENUES				
Taxes				
Property Taxes	\$ 365,763	\$ 365,763	\$ 365,325	\$ (438)
Property Taxes - Roads	256,137	256,137	255,824	(313)
Specific Ownership Taxes	23,000	23,000	47,116	24,116
Franchise Taxes	43,500	43,500	44,789	1,289
Licenses and Permits	195,060	30,000	291,893	261,893
Intergovernmental	49,800	49,800	96,774	46,974
Investment Income	350	350	2,108	1,758
Other	400	400	3,669	3,269
TOTAL REVENUES	<u>934,010</u>	<u>768,950</u>	<u>1,107,498</u>	<u>338,548</u>
EXPENDITURES				
General Government	148,347	179,397	178,128	1,269
Public Safety	262,110	262,110	260,910	1,200
Public Works	330,393	330,393	269,328	61,065
Parks, Recreation and Open Space	28,100	28,100	79,300	(51,200)
TOTAL EXPENDITURES	<u>768,950</u>	<u>800,000</u>	<u>787,666</u>	<u>12,334</u>
NET CHANGE IN FUND BALANCE	165,060	(31,050)	319,832	350,882
FUND BALANCE, Beginning	<u>515,000</u>	<u>534,566</u>	<u>528,839</u>	<u>(5,727)</u>
FUND BALANCE, Ending	<u>\$ 680,060</u>	<u>\$ 503,516</u>	<u>\$ 848,671</u>	<u>\$ 345,155</u>

See the accompanying Independent Auditor's Report.

TOWN OF BOW MAR, COLORADO

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2016

NOTE 1: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets and Budgetary Accounting

The Town follows these procedures in establishing the budgetary data reflected in the financial statements:

- In October, management submits to the Board of Trustees a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted to obtain taxpayer comments.
- Prior to December 31, the budget is legally enacted through passage of an ordinance.
- Management is authorized to transfer budgeted amounts between departments within any fund. However, any revisions that alter the total expenditures of any fund must be approved by the Board of Trustees.
- Budgets are legally adopted for all funds of the Town on a basis consistent with generally accepted accounting principles (GAAP).
- All appropriations lapse at year end. Colorado governments may not exceed budgeted appropriations at the fund level.

OTHER INFORMATION

TOWN OF BOW MAR, COLORADO
LOCAL HIGHWAY FINANCE REPORT

Calendar Year 2016

LOCAL HIGHWAY FINANCE REPORT

COUNTY/CITY: Bow Mar

II - RECEIPTS FOR ROAD AND STREET PURPOSES

A. Receipts from local sources

2. General Fund Appropriations:	\$	338,522.00
3. Other local imposts: <i>from A.3. 'Total' below</i>	\$	
4. Miscellaneous local receipts: <i>from A.4. 'Total' below</i>	\$	
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
		<hr/>
SubTotal:	\$	
B. Private Contributions	\$	0.00

II - RECEIPTS FOR ROAD AND STREET PURPOSES (Detail)

A.3. Other local imposts

a. Property Taxes and Assessments	\$	0.00
b. Other Local Imposts		
1. Sales Taxes:	\$	0.00
2. Infrastructure and Impact Fees:	\$	96,833.00
3. Liens:	\$	0.00
4. Licenses:	\$	0.00
5. Specific Ownership and/or Other:	\$	57,633.00
		<hr/>
Total: <i>(a + b) carried to 'Other local imposts' above</i>	\$	

A.4. Miscellaneous local receipts

a. Interest on Investments:	\$	0.00
b. Traffic fines & Penalties:	\$	0.00
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:	\$	0.00
		<hr/>
Total: <i>(a through h) carried to 'Misc local receipts' above</i>	\$	

See the accompanying Independent Auditor's Report.

TOWN OF BOW MAR, COLORADO
LOCAL HIGHWAY FINANCE REPORT

C. Receipts from State Government

1. Highway User Taxes:	\$	34,545.00
3. Other State funds:		
c. Motor Vehicle Registrations:	\$	3,754.00
d. Other:		
Comments: undefined	\$	0.00
e. Other:		
Comments: undefined	\$	0.00
Total: <i>(1+3c,d,e)</i>	\$	0.00

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: <i>(2a-f)</i>	\$	0.00

III - DISBURSEMENTS FOR ROAD AND STREET PURPOSES

A. Local highway disbursements

1. Capital outlay: <i>(from A.1.d. 'Total Capital Outlay' below)</i>	\$	
2. Maintenance:	\$	28,763.00
3. Road and street services		
a. Traffic control operations:	\$	0.00
b. Snow and ice removal:	\$	9,818.00
c. Other:	\$	0.00
4. General administration & miscellaneous	\$	0.00
5. Highway law enforcement and safety	\$	261,960.00
Total: <i>(A.1-5)</i>	\$	261,960.00

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)* \$

See the accompanying Independent Auditor's Report.

TOWN OF BOW MAR, COLORADO
LOCAL HIGHWAY FINANCE REPORT

C. Payments to State for Highways:	\$	0.00
D. Payments to Toll Facilities:	\$	0.00
Total Disbursements: <i>(A+B+C+D)</i>		\$

III - DISBURSEMENTS FOR ROAD AND 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	\$
b. Engineering Costs:	\$ 0.00	\$ 0.00	\$
c. Construction			
1. New Facilities:	\$ 0.00	\$ 0.00	\$
2. Capacity Improvements:	\$ 0.00	\$ 0.00	\$
3. System Preservation:	\$ 0.00	\$ 0.00	\$
4. System Enhancement:	\$ 0.00	\$ 230,746.00	\$
5. Total Construction:			\$
d. Total Capital Outlay: <i>(Lines A.1.a. + 1.b. + 1.c.5)</i>			\$

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	\$
B. Notes (Total):	\$ 0.00	\$ 0.00	\$ 0.00	\$

V - LOCAL ROAD AND STREET FUND BALANCE

A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
\$ 0.00	\$ 531,287.00	\$ 531,287.00	\$ 0.00	\$ 0.00

Notes & Comments:
undefined

Date Submitted:

See the accompanying Independent Auditor's Report.