TOWN OF BOW MAR, COLORADO

FINANCIAL STATEMENTS

December 31, 2025

Logan and Associates, LLC
CERTIFIED PUBLIC ACCOUNTANTS

TABLE OF CONTENTS

TOWN OF BOW MAR, COLORADO

Roster of Town Officials

December 31, 2025

Mayor

Bryan Sperry

Board of Trustees

Jane Carlson, Building Commissioner
Leslie Hinton, Parks and Recreation Commissioner & Mayor Pro Tem
Jim Chrisman, Finance Commissioner
Liz Osborne-Manning, Intergovernmental Commissioner
Dave Peterson, Public Works Commissioner
Chris Mease, Public Safety Commissioner

Administrative Staff

Sue Blair, Town Clerk

Town Attorney

Michaela Szilagyi

Logan and Associates, LLC
CERTIFIED PUBLIC ACCOUNTANTS

6140 S. Gun Club Rd, Suite K6-132
Aurora, Colorado 80016
303.835.6815
Fax: 303.997.1056

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the 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, 2025, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Bow Mar, and to meet our 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 the 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'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 GAAS 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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgement 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 of 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's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town'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 budgetary comparison schedule on pages 20 - 21 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 (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. 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.

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 the 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 local highway finance report, 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 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 other information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Logan and Associates, LLC

Aurora, Colorado
April 20, 2026

BASIC FINANCIAL STATEMENTS

TOWN OF BOW MAR, COLORADO

STATEMENT OF NET POSITION
December 31, 2025

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS
ASSETS			
Cash and Investments	$ 987,784	$ 84,164	$ 1,071,948
Accounts Receivable	8,926	-	8,926
Prepaid Expenses	2,480	-	2,480
Property Taxes Receivable	729,616	-	729,616
Right-to-Use IT Subscriptions,			
Net of Accumulated Amortization	100,044	-	100,044
Capital Assets, Not Being Depreciated	944,284	-	944,284
Capital Assets, Net of Accumulated Depreciation	5,918,420	-	5,918,420
TOTAL ASSETS	8,691,554	84,164	8,775,718
LIABILITIES			
Accounts Payable	37,465	-	37,465
Unearned Revenue	1,180	-	1,180
Noncurrent Liabilities			
Due in One Year	17,642		17,642
Due in More Than One Year	64,098		64,098
TOTAL LIABILITIES	120,385	-	120,385
DEFERRED INFLOWS OF RESOURCES			
Deferred Property Taxes	729,616	-	729,616
NET POSITION			
Investment in Capital Assets	6,862,704	-	6,862,704
Restricted for			
Emergencies	90,000	-	90,000
Parks, Recreation and Open Space	26,774	-	26,774
Unrestricted	862,075	84,164	946,239
TOTAL NET POSITION	$ 7,841,553	$ 84,164	$ 7,925,717

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

THIS PAGE INTENTIONALLY LEFT BLANK

TOWN OF BOW MAR, COLORADO

STATEMENT OF ACTIVITIES
Year Ended December 31, 2025

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES CHARGES FOR SERVICES	PROGRAM REVENUES OPERATING GRANTS AND CONTRIBUTIONS	PROGRAM REVENUES CAPITAL GRANTS AND CONTRIBUTIONS
PRIMARY GOVERNMENT				
Governmental Activities				
General Government	$ 321,150	$ -	$ 2,032	$ -
Public Safety	389,158	-	-	-
Public Works	236,219	317,933	49,481	455,400
Parks, Recreation and Open Space	216,282	-	6,483	-
Interest on Long-Term Debt	-	-	-	-
Total Governmental Activities	1,162,809	317,933	57,996	455,400
Business-Type Activities				
The Bow Mar Foundation	9,699	-	39,500	-
TOTAL PRIMARY GOVERNMENT	$ 1,172,508	$ 317,933	$ 97,496	$ 455,400

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
$ (319,118)	$ -	$ (319,118)
(389,158)	-	(389,158)
586,595	-	586,595
(209,799)	-	(209,799)
-	-	-
(331,480)	-	(331,480)
-	29,801	29,801
(331,480)	29,801	(301,679)
603,186	-	603,186
452,132	-	452,132
61,564	-	61,564
56,948	-	56,948
89,512	2,399	91,911
705	-	705
1,264,047	2,399	1,266,446
932,567	32,200	964,767
6,908,986	51,964	6,960,950
$ 7,841,553	$ 84,164	$ 7,925,717

TOWN OF BOW MAR, COLORADO

BALANCE SHEET
GOVERNMENTAL FUND
December 31, 2025

	GENERAL FUND
ASSETS	
Cash and Investments	$ 987,784
Accounts Receivable	8,926
Prepaid Expenses	2,480
Property Taxes Receivable	729,616
TOTAL ASSETS	$ 1,728,806
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	
LIABILITIES	
Accounts Payable	$ 37,465
Unearned Revenue	1,180
TOTAL LIABILITIES	38,645
DEFERRED INFLOWS OF RESOURCES	
Deferred Property Taxes	729,616
FUND BALANCE	
Nonspendable	2,480
Restricted for Emergencies	90,000
Restricted for Parks, Recreation and Open Space	26,774
Unassigned	841,291
TOTAL FUND BALANCE	960,545
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	$ 1,728,806

Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:	
Total Fund Balance of Governmental Fund	$ 960,545
Right-to-Use IT subcriptions and capital assets used in governmental activities are not financial resources and, therefore are not reported in the fund.	6,962,748
Long-term liabilities and related items are not due and payable in the current period and are not reported in the funds. This includes the Subscription Based IT Arrangement liability.	(81,740)
Total Net Position of Governmental Activities	$ 7,841,553

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, 2025

	GENERAL FUND
REVENUES	
Taxes	$ 1,173,830
Licenses and Permits	317,933
Intergovernmental	513,396
Investment Income	89,512
Other	705
TOTAL REVENUES	2,095,376
EXPENDITURES	
General Government	321,150
Public Safety	374,597
Public Works	2,422,567
Parks, Recreation and Open Space	240,284
Right-to-Use Subscription Based IT Arrangement	58,947
Debt Service	
Principal - Subscription-Based IT Arrangement	20,000
Interest - Subscription-Based IT Arrangement	-
TOTAL EXPENDITURES	3,437,545
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,342,169)
OTHER FINANCING SOURCES (USES)	
Subscription Based IT Arrangement	58,947
NET CHANGE IN FUND BALANCE	(1,283,222)
FUND BALANCE, Beginning	2,243,767
FUND BALANCE, Ending	$ 960,545

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, 2025

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

Net Change in Fund Balance of Governmental Fund	$ (1,283,222)
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 $2,443,469 that exceeded depreciation expense of ($233,119) in the current year.	2,210,350
Right-to-Use subscription-based information technology arrangments are reported in governmental funds as expenditures. However, for governmental activities those costs are capitalized in the statement of net position and allocated over the subscriptions lives as annual amortization expense in the statement of activities. This is the amount of the subscription-based information technology arangements $58,947 that exceeded amortization expense ($1,696) and the net effect of the SBITA extension ($12,865) in the current year.	44,386
Subscription-based information technology arrangements are reported as financing sources in the governmental funds and increase fund balance. In the government-wide statements, however, issuing debt increases long-term liabilites in the statement of net position and does not affect the statement of activities.	(58,947)
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This includes principal payments of subscription-based information technology arrangements in the current year.	20,000
Change in Net Position of Governmental Activities	$ 932,567

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

TOWN OF BOW MAR, COLORADO

STATEMENT OF NET POSITION
PROPRIETARY FUND
December 31, 2025

	BOW MAR FOUNDATION
ASSETS	
Current Assets	
Cash and Investments	$ 84,164
TOTAL ASSETS	84,164
NET POSITION	
Unrestricted	84,164
TOTAL NET POSITION	$ 84,164

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, 2025

	BOW MAR FOUNDATION
OPERATING REVENUES	
Donations	$ 39,500
OPERATING EXPENSES	
Scholarships	8,000
Accounting and Administration	1,699
TOTAL OPERATING EXPENSES	9,699
OPERATING INCOME (LOSS)	29,801
NONOPERATING REVENUES	
Investment Income	2,399
CHANGE IN NET POSITION	32,200
NET POSITION, Beginning	51,964
NET POSITION, Ending	$ 84,164

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, 2025

	BOW MAR FOUNDATION
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Donors	$ 39,500
Cash Paid to Administration	(1,699)
Cash Paid to Scholarships	(8,000)
Net Cash Provided (Used) by Operating Activities	29,801
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Received	2,399
NET INCREASE IN CASH AND CASH EQUIVALENTS	32,200
CASH AND CASH EQUIVALENTS, Beginning	51,964
CASH AND CASH EQUIVALENTS, Ending	$ 84,164
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating Income (Loss)	$ 29,801
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities	
Changes in Assets and Liabilities	
Accounts Payable	-
Net Cash Provided (Used) by Operating Activities	$ 29,801

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

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, and higher education scholarships to Town 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.

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.

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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Prepaid expenses – Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses.

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, 2025.

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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

- Restricted Net Position – This classification includes liquid assets which have third party limitation on their use. The Town has reported restricted amounts for emergencies, and parks, recreation and open space at December 31, 2025.

- 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. The Town has reported restricted amounts for emergencies, and parks, recreation and open space at December 31, 2025.
- 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.

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, 2025 through April 20, 2026, 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, 2025, follows:

Cash Deposits	$ 89,451
Investments	982,497
Total	$1,071,948

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, 2025, the Town had cash deposits with a carrying amount of $89,451. The bank balances with the financial institutions were $89,976, all of which were FDIC insured.

NOTE 2: CASH AND INVESTMENTS (Continued)

Investments

The Town has not adopted a formal investment policy; however, the Town follows State statutes regarding investments. The Town generally limits its concentration risk of investments to Local Government Investment Pools, obligation of the United States and certain U.S. government agency securities, which are believed to have minimal credit risk, minimal interest rate risk and no foreign currency risk. Additionally, the Town is not subject to concentration of risk for investments that are in the possession of another party.

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Trustees. Such actions are generally associated with a debt service reserve or sinking fund requirements.

State statutes specify investment instruments meeting defined rating, maturity and concentration risk criteria in which local governments may invest which include the following:

- 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

At December 31, 2025, the Town had the following investments:

	Maturity	2025
Colorado Liquid Government Asset Trust (COLOTRUST) COLOTRUST PLUS+	Weighted Average under 60 days	$ 982,497

COLOTRUST
The Town invested in the Colorado Government Liquid Asset Trust (COLOTRUST) (the "Trust"), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust currently offers three portfolios – COLOTRUST PRIME, COLOTRUST PLUS+ and COLOTRUST EDGE.

COLOTRUST PRIME and COLOTRUST PLUS+, which operate similarly to a money market fund and each share is equal in value to $1, offer daily liquidity. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and any security allowed under CRS 24-75-601.

NOTE 2: CASH AND INVESTMENTS (Continued)

Investments (Continued)

COLOTRUST EDGE, a variable, Net Asset Value (NAV) Local Government Investment Pool, offers weekly liquidity and is managed to approximate a $10 transactional share price. COLOTRUST EDGE may invest in securities authorized by CRS 24-75-601, including U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies, highest rated commercial paper, and any security allowed under CRS 24-75-601. As of December 31, 2025, COLOTRUST EDGE possessed a weighted average maturity of 132 days and a weighted average life of 209 days.

A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as the safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTRUST PRIME and COLOTRUST PLUS+ are rated AAAm by Standard and Poor's. COLOTRUST EDGE is rated AAAf/S1 by FitchRatings. COLOTRUST records its investments at fair value and the Town records its investments in COLOTRUST at net asset value as determined by fair value. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

The remainder of this page is intentionally left blank.

NOTE 3: CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2025, is summarized below:

	Balances 12/31/2024	Additions	Deletions	Balances 12/31/2025
Governmental Activities				
Capital Assets, not being depreciated				
Land	$ 944,284	$ -	$ -	$ 944,284
Construction in Progress	60,713		60,713	-
Total Capital Assets, NOT being depreciated	1,004,997	-	60,713	944,284
Capital Assets, being depreciated				
Land Improvements	141,606	357,185	-	498,791
Infrastructure	4,338,742	2,146,997		6,485,739
Total Capital Assets, being depreciated	4,480,348	2,504,182	-	6,984,530
Less accumulated depreciation				
Land Improvements	(38,562)	(7,236)	-	(45,798)
Infrastructure	(794,429)	(225,883)		(1,020,312)
Total accumulated depreciation	(832,991)	(233,119)	-	(1,066,110)
Total Capital Assets, being depreciated, net	3,647,357	2,271,063	-	5,918,420
Total Capital Assets, net	**$ 4,652,354**	**$ 2,271,063**	**$ 60,713**	**$ 6,862,704**

Depreciation expense was charged to the Public Works program of the Town.

NOTE 4: SUBSCRIPTION BASED INFORMATION TECHNOLOGY ARRANAGEMENT

During February 2024 the Town entered into a subscription-based IT arrangement with Flock Safety for providing public safety camera services through February 2028 (60 months). During 2025, the original agreement was replaced with a new agreement through October 2030. Under GASB 96, the Town identified this agreement as a subscription-based information technology arrangement (SBITA). At the inception of the new SBITA, the Town calculated the right-to-use subscription asset and IT subscription liability of $101,740, each, based on the present value of the future annual SBITA payments (ranging from $20,000 to $23,500) using an incremental borrowing rate of 2.885%. At December 31, 2025, the Town reported interest expense of $0.

Following is a summary of the right-to-use subscription asset at December 31, 2025:

	Balances 12/31/2024	Additions	Deletions	Balances 12/31/2025
Right-to-Use IT Subscriptions	$ 69,573	$ 101,740	$ 69,573	$ 101,740
Less accumulated amortization Right-to-Use IT Subscriptions	13,915	1,696	13,915	1,696
Total Right-to-Use IT Subscriptions – Net	$ 55,658	$ 100,044	$ 55,658	$ 100,044

NOTE 4: SUBSCRIPTION BASED INFORMATION TECHNOLOGY ARRANGEMENT (Continued)

Following is a summary of the Subscription Based IT Arrangement liability at December 31, 2025:

	Balances 12/31/2024	Additions	Deletions	Balances 12/31/2025	Due in One Year
Subscription Based IT Arrangement	$ 42,793	$ 58,947	$ 20,000	$ 81,740	$ 17,642

Annual debt service requirements for the Town's outstanding Subscription Based IT Arrangement liability are as follows:

Year ended December 31	Principal	Interest	Total
2026	$ 17,642	$ 2,358	$ 20,000
2027	18,151	1,849	20,000
2028	22,174	1,326	23,500
2029	23,773	687	24,460
	$ 81,740	$ 6,220	$ 87,960

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.

The Town has established an emergency reserve, representing 3% of qualifying expenditures, as required by the Amendment. At December 31, 2025, the emergency reserve of $90,000 was reported as a restriction of fund balance and net position in the General Fund and Governmental Activities, respectively.

Tax Spending Limitation

Section 29-1-1702, Colorado Revised Statutes (C.R.S.), contains limitations on revenues generated from property tax revenues that apply to certain local governments within the State of Colorado.

Annual operating revenue from property taxes is generally limited to a 10.50% increase over a two-year period (5.25% each year); such increase is determined based on a prior assessment period and adjusted for allowable exclusion and exemptions from qualified property tax revenues.

NOTE 5: COMMITMENTS AND CONTINGENCIES (Continued)

Tax Spending Limitation (Continued)

The Town's management believes it is in compliance with the provisions of Section 29-1-1702, C.R.S. However, this section of the C.R.S. is complex and subject to interpretation.

Ballot Question 2B

On April 2, 2024, the voters of the Town approved to extend the mill levy of 10 mills for street improvements that was originally set to expire December 31, 2024.

Intergovernmental Agreements

Police and Municipal Court - The Town had an intergovernmental agreement with the Town of Columbine Valley ("Columbine Valley") to provide police and municipal court services January 1, 2014 through December 31, 2019. The agreement was renewed during 2019 to continue with these services from January 1, 2019 to December 31, 2023. In December 2023, the agreement was renewed through December 31, 2024. Subsequent to December 31, 2023, the agreement was renewed for an additional ten (10) years, starting January 1, 2025 through December 31, 2034. The agreement requires the Town to pay Columbine Valley for these services based on the amount paid during the prior year (2019), increased by the Denver/Aurora/Lakewood CPI projected increase available from the Colorado Department of Local Affairs in October 2019. For each subsequent year of the agreement, the annual amount due will be the prior year's amount increased by the Denver/Aurora/Lakewood CPI projected increase available each preceding October from the Colorado Department of Local Affairs. The amount paid under this agreement for the year ending December 31, 2025 was $372,797.

Building Department Administrative Services – In 2016 the Town entered into an intergovernmental agreement with Columbine Valley to provide building department administrative services beginning November 1, 2016 through December 31, 2018 (the "Initial Term"). The agreement was renewed during 2018 to continue with these services from January 1, 2019 to December 31, 2020 and again in 2021 through 2025. These services include building permit review, inspections, contractor licensing and collection of permit fees for remittance to the Town. The Town pays Columbine Valley $20,000 each calendar year. Payments of $5,000 are due on the 1st of each calendar quarter. For the year ended December 31, 2025, the Town paid $20,000 to Columbine Valley for these services.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF BOW MAR, COLORADO

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
Year Ended December 31, 2025
(With Comparative Actual Totals for the Year Ended December 31, 2024)

	2025				2024
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE with FINAL BUDGET	ACTUAL
REVENUES					
Taxes					
Property Taxes	$ 604,786	$ 604,786	$ 603,186	$ (1,600)	$ 631,561
Property Taxes - Roads	455,926	455,926	452,132	(3,794)	455,957
Specific Ownership Taxes	63,643	63,643	61,564	(2,079)	63,780
Franchise Taxes	63,000	58,000	56,948	(1,052)	50,975
Licenses and Permits	244,665	308,000	317,933	9,933	314,186
Intergovernmental	515,100	514,600	513,396	(1,204)	652,089
Investment Income	90,100	90,000	89,512	(488)	114,192
Other	500	700	705	5	3,872
TOTAL REVENUES	2,037,720	2,095,655	2,095,376	(279)	2,286,612
EXPENDITURES					
General Government	377,767	321,807	321,150	657	399,936
Public Safety	375,797	374,597	374,597	-	339,800
Public Works	2,095,800	2,323,625	2,422,567	(98,942)	935,934
Parks, Recreation and Open Space	434,600	345,100	240,284	104,816	317,899
Right-to-Use Subscription Based IT Arrangement	-	58,947	58,947	-	69,573
Debt Service					
Principal - SBITA	-	20,000	20,000	-	26,780
Interest - SBITA	-	-	-	-	3,220
TOTAL EXPENDITURES	3,283,964	3,444,076	3,437,545	6,531	2,093,142
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,246,244)	(1,348,421)	(1,342,169)	6,252	193,470
OTHER FINANCING SOURCES (USES)					
Subscription-Based IT Arrangement	-	58,947	58,947	-	69,573
NET CHANGE IN FUND BALANCE	(1,246,244)	(1,289,474)	(1,283,222)	6,252	263,043
FUND BALANCE, Beginning	2,065,086	2,243,767	2,243,767	-	1,980,724
FUND BALANCE, Ending	$ 818,842	$ 954,293	$ 960,545	$ 6,252	$ 2,243,767

See the accompanying Independent Auditor's Report.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2025

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

LOCAL HIGHWAY FINANCE REPORT

LOCAL HIGHWAY FINANCE REPORT		STATE: COLORADO
THIS INFORMATION FROM THE RECORDS OF: Town of Bow Mar	PREPARED BY: Diane Rodriguez drodriguez@crsofcolorado.com	REPORT YEAR ENDING DATE(mm/yyyy): 12/2025

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

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other Local Imposts:		**A.4. Miscellaneous Local Receipts:**	
a. Property Taxes and Assesments	452,132.00	a. Interest on investments	758.00
b. Non-property Taxes and Assessments Imposts	155,983.00	b. Other Misc. Local Receipts	
c. Total (a + b)	$ 608,115.00	**c. Total (a + b)**	$ 758.00
ITEM	**AMOUNT**	**ITEM**	**AMOUNT**
C. Receipts from State Government		**D. Receipts from Federal Government**	
1. Highway-user Taxes (from Item I.C.5.)	12,655.00	1. FHWA (from Item I.D.5.)	
2. State General Funds		2. Other Federal Agencies:	455,400.00
3. Other State funds:			
a. State Bond Proceeds			
b. Non-State Bond Proceeds			
c. Total (a + b)	$ -		
4. Total (1 + 2 + 3c)	$ 12,655.00	**3. Total (1 + 2)**	$ 455,400.00

III. EXPENDITURES FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT
A.1. Capital outlay:	
a. Right-Of-Way Costs	
b. Engineering Costs	
c. Construction Costs	2,135,321.00
d. Total Capital Outlay (a+ b + c)	$ 2,135,321.00

Form FHWA-536 (Rev. 02-2025) Page2

See the accompanying Indepdent Auditor's Report.

LOCAL HIGHWAY FINANCE REPORT	STATE: COLORADO
	REPORT YEAR ENDING DATE(mm/yyyy): 12/2025

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

ITEM	A. Local Motor-Fuel Taxes	B. Local Motor-Vehicle Taxes	C. Receipts from State Highway-User Taxes	D. Receipts from Federal Highway Administration
1. Amount used for highway purposes				

II. RECEIPTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Receipts from Local Sources:	
1. Local Highway-user Taxes	
a. Motor Fuel (from Item I.A.1)	
b. Motor Vehicle (from Item I.B.1)	
c. Total (a + b)	
2. General Fund Appropriations	1,189,584.00
3. Other Local Imposts (from page 1, Item II.A3.c)	$ 608,115.00
4. Miscellaneous Local Receipts (from page 1, Item II.A4.c)	$ 758.00
5. Transfers from Toll Facilities	
6. Proceeds of Sale of Bonds and Notes:	
a. Bonds - Original Issues	
b. Bonds - Refunding Issues	
c. Notes	
d. Total (a + b + c)	$ -
7. Total (1 through 6)	$ 1,798,457.00
B. Private Contributions	
C. Receipts from State government (from page 1, Item II.C.4)	$ 12,655.00
D. Receipts from Federal government (from page 1, Item II.D.3)	$ 455,400.00
E. Total receipts (A.7 + B + C + D)	$ 2,266,512.00

III. EXPENDITURES FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Local highway expenditures:	
1. Capital Outlay (from page 1, Item III.A1.d)	$ 2,135,321.00
2. Maintenance:	
3. Road and Street Services:	
a. Snow and Ice Removal	16,400.00
b. Other & Traffic Control Operations	114,791.00
c. Total (a + b)	$ 131,191.00
4. General Administration & Miscellaneous	
5. Highway Law Enforcement and Safety	
6. Total (1 through 5)	$ 2,266,512.00
B. Debt Service on Local Obligations:	
1. Bonds:	
a. Interest	
b. Redemption	
c. Total (a + b)	$ -
2. Notes:	
a. Interest	
b. Redemption	
c. Total (a + b)	$ -
3. Total (1c + 2c)	$ -
C. Payments to State for Highways	
D. Payments to Toll Facilities	
E. Total Expenditures (A6 + B3 + C + D)	$ 2,266,512.00

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

ITEM	OPENING DEBT	AMOUNT ISSUED	REDEMPTIONS	CLOSING DEBT
A. Bonds (Total)		$ -	$ -	$ -
1. Bonds (Refunding Portion)		$ -		
B. Notes (Total)		$ -	$ -	$ -

See the accompanying Independent Auditor's Report.