

FINANCIAL & COMPLIANCE

December 31, 2018

REPORT



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September 28, 2018



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ROUTT COUNTY, COLORADO
FINANCIAL AND COMPLIANCE REPORT
For the Year Ended December 31, 2017

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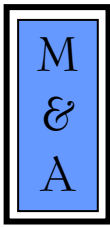
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INDEPENDENT AUDITOR'S REPORT

**To the Board of County Commissioners
Routt County, Colorado**

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Routt County, Colorado (the "County"), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including 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 County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluation of the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation.

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

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**INDEPENDENT AUDITOR'S REPORT
To the Board of County Commissioners
Routt County, Colorado**

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Routt County, Colorado as of December 31, 2017, 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

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 27 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The budgetary comparison schedules on pages 60 through 63 are not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. These budgetary comparison schedules have been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's financial statements taken as a whole. The combining fund financial statements, individual fund budgetary schedules, and the Local Highway Finance Report, on pages 64 through 84, as listed in the accompanying Table of Contents, are presented for purposes of additional analysis and are not a required part of the County's financial statements. The combining fund financial statements, the individual fund budgetary information, and the Local Highway Finance Report are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

**INDEPENDENT AUDITOR'S REPORT
To the Board of County Commissioners
Routt County, Colorado**

Other Matters (continued)

Additionally, the Schedule of Passenger Facility Charges Collected and Expended and the Schedule of Expenditures of Federal Awards are presented for the purpose of additional analysis, as required by the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration, and the audit requirements of Title 2, U.S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"), and are not a required part of the County's financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Passenger Facility Charges Collected and Expended and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2018 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

McMahan and Associates, L.L.C.

**McMahan and Associates, L.L.C.
September 28, 2018**

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Routt County's annual financial report presents the discussion and analysis of the County's financial performance during the year ended December 31, 2017. Please read this in conjunction with the County's financial statements which follow this section.

FINANCIAL HIGHLIGHTS

The County has seen a modest improvement in two of its major governmental activities revenues. Base property tax revenues (General Fund, Road and Bridge, Communications and Human Services) increased \$.6 million or 4% and sales tax increased \$.4 million or 6% from the prior year.

The County increased its contribution to the partially self-funded health insurance pool by 21% and employee contributions to the pool by 529% in order to build the pool's reserves and improve the pool's sustainability while continuing to offer a competitive health insurance benefit to employees. In order to reduce 2017 claims expense, the County made plan design changes by increasing deductibles, increasing out of pocket maximums and decreasing the coinsurance for the high deductible health plan. Reserves increased \$.9 million to \$1.4 million in 2017 from \$4.4 million in contributions less \$3.5 million in claims.

In 2017, the Broadband Fiber Optic project to improve broadband services through the installation of a City-wide fiber optic trunk line and lateral connections to community anchor institutions was completed at a total cost of \$1.7 million. Actual expenditures were \$1.1 million in 2017 funded by \$.4 million from the State grant, \$.4 million from the County's partners and the remainder the County.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts: management's discussion and analysis, the basic financial statements, required supplementary information and a supplementary section presenting combining statements for nonmajor proprietary funds and for internal service funds, actual to budget comparisons schedules for various funds, the statement of changes in assets and liabilities for agency funds and the local highway finance report.

The basic financial statements include two types of statements that present different views of the County's financial information. The two types of statements are Government-wide financial statements and Fund financial statements. They are described below:

- 1) Government-wide statements include two statements that provide both long-term and short-term information about the County's overall financial status.
- 2) Fund financial statements focus on individual parts of the County government, reporting the County's operations in more detail than the government-wide statements.

- The governmental funds statements illustrate how general government services such as public safety, road and bridge, human services and communications are financed in the short-term as well as what remains for future spending.
- Proprietary funds statements include short and long-term financial information about the activities the County operates like businesses such as the Yampa Valley Regional Airport, the Regional Building Department, the Phippsburg Water and Sanitation System, the Milner Sanitation System and the Internal Service Funds which provide services to other departments in the County on a cost-reimbursement basis. The Internal Service Funds predominantly provide governmental benefits rather than business-type functions and therefore have largely been included within governmental activities in the government-wide financial statements.
- Fiduciary fund statements provide information about the Agency Fund assets and liabilities and the Retirement Plans for the County's employees. The County acts solely as a trustee or agent for the benefit of others, to whom the resources belong.

The notes to the financial statements explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that provides actual to budget comparisons for the General Fund and the following major special revenue funds: Road and Bridge, Human Services and Communications. In addition to these required components, a section called supplemental information includes combining statements providing further detail about the County's nonmajor proprietary funds and internal service funds (each of which are added together and presented in single columns in each of the basic proprietary fund financial statements), proprietary and internal service funds budget to actual comparisons, combining fiduciary funds for the retirement fund and changes in assets and liabilities for the Agency Fund.

The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Government-wide Statements

The government-wide statements report information about the County as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the government's assets and liabilities, and deferred inflows/outflows of resources, as well as capital assets and road and bridge infrastructure. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid. The two government-wide statements report the County's net position and how it has changed. Net position (the difference between the County's assets and deferred outflows of resources and liabilities and deferred inflows of resources) is one way to measure the County's financial health or current financial position.

- Over time, increases or decreases in the County’s net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the County, consideration should be given to additional non-financial factors such as changes in the County’s property tax base and the condition of the County’s roads.

The government-wide financial statements of the County are divided into two categories as follows:

- 1) **Governmental Activities**—Most of the County’s basic services such as public safety, road and bridge, human services, etc. are included here. Property tax, sales tax and state and federal revenues finance most of these activities.
- 2) **Business-type Activities**—The County charges fees to customers to help cover the costs of providing certain services. The County’s Yampa Valley Regional Airport, Regional Building Department, Phippsburg Water and Sanitation System and Milner Sanitation System are included in these financial statements.

Fund Financial Statements

The fund financial statements provide more detailed information about the County’s most significant funds—not the County as a whole. Funds are accounting devices that the County uses to keep track of specific sources of funding and spending for particular purposes. Some funds are required by State law (Road and Bridge and Human Services) and other funds are established by the Board of County Commissioners to control and manage money for particular purposes (Communications and Airport). The County uses three types of funds as follows:

Governmental Funds

Most of the County’s basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the County’s programs. Because this information does not encompass the additional long-term focus of the government-wide statements, a reconciliation is provided after the Governmental Funds Balance Sheet that explains the relationship (or differences) between the government-wide Statement of Net Position and the Statement of Activities compared with the Governmental Funds statements.

Proprietary Funds

Services for which the County charges customers a fee are generally reported in proprietary funds. Proprietary Funds, like the government-wide statements, provide both short and long-term financial information. A reconciliation is provided after the Proprietary Funds Statement of Net Position that explains the relationship (or differences) between the

government-wide Statement of Net Position and the Statement of Activities compared with the Proprietary – Enterprise Funds statements.

- The County’s Proprietary Funds are the same as its business-type activities, but more detailed information is provided in the Proprietary Fund statements, such as cash flow statements.
- The County’s Internal Service Funds are used to report activities that provide supplies and services for the County’s other programs and activities, such as information systems, emergency communication system, fleet services, building and plant and a partially self-funded employee health insurance plan.

Fiduciary Funds

The County is the trustee or fiduciary for the property tax revenues collected and distributed to County funds and other governmental entities by statute, for special assessment revenues collected and distributed to bondholders and for its employees’ retirement plans. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the County’s fiduciary activities are reported in the separate statements of Fiduciary Net Position and Changes in Fiduciary Net Position. These activities are excluded from the County’s government-wide financial statements because the County cannot use these assets to finance its operations.



FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

The County’s net position is \$199.0 million as of December 31, 2017 an increase of \$5.8 million or 3% from the prior year. The following table provides a summary of the County’s governmental and business-type net position for 2017 and 2016 (as restated).

Routt County, Colorado
Net Position
(millions of dollars)

	Governmental		Business-type		Total	
	2017	2016 Restated	2017	2016 Restated	2017	2016 Restated
Assets						
Current and other assets	\$ 59.7	\$ 56.3	\$ 6.7	\$ 5.4	\$ 66.4	\$ 61.7
Capital assets	114.4	112.8	52.4	53.0	166.8	165.8
Total assets	174.1	169.1	59.1	58.4	233.2	227.5
Deferred Outflows of Resources						
Deferred charge on refunding	0.4	0.5	-	-	0.4	0.5
Total assets and deferred outflows of resources	174.5	169.6	59.1	58.4	233.6	228.0
Liabilities						
Current and other liabilities	3.2	2.8	2.0	2.0	5.2	4.8
Long-term liabilities	10.0	11.1	0.4	0.7	10.4	11.8
Total liabilities	13.2	13.9	2.4	2.7	15.6	16.6
Deferred Inflows of Resources						
Unavailable revenue - property taxes	19.0	18.2	-	-	19.0	18.2
Net Position						
Net investment in capital assets	106.2	103.7	50.9	51.4	157.1	155.1
Restricted	4.0	3.1	0.2	0.2	4.2	3.3
Unrestricted	32.1	30.7	5.6	4.1	37.7	34.8
Total net position	142.3	137.5	56.7	55.7	199.0	193.2
Total liabilities, deferred inflows of resources and net position	\$ 174.5	\$ 169.6	\$ 59.1	\$ 58.4	\$ 233.6	\$ 228.0

Net Investment in Capital

The largest portion of net position is net investment in capital assets of \$157.1 million, which increased \$2.0 million or 1% from the prior year. Net investment in capital includes land, buildings and improvements, equipment and all road and bridge infrastructure less

depreciation and associated debt. Although the net investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay the debt must be provided from other sources since the capital assets themselves cannot be used in a short period of time to liquidate these liabilities. The cost of these capital assets funded by capital grants and contributions does not offset these revenue sources as an expense in the government-wide Statement of Net Activities. Instead, these costs are capitalized and then depreciated over the useful life of the asset. The major capital projects are summarized in the section entitled “CAPITAL ASSETS AND DEBT ADMINISTRATION”.

Unrestricted Net Position

The second largest portion of net position is unrestricted of \$37.7 million, which increased \$2.9 million or 8% from the prior year. This portion of net position is available to provide funds for capital asset replacements and additions, cash flow for ongoing operations and cash flow for fluctuations between planned and actual resources and emergencies.

Governmental activities unrestricted net position increased \$1.4 million or 5% to \$32.1 million from the prior year.

Governmental activities generated \$6.5 million in operating income, an increase of \$1.2 million or 23% from the prior year. The \$6.5 million of operating income was used to purchase \$4.2 million of capital additions and replacements and debt service of \$1.4 million. Non-operating revenue generated \$.5 million from \$.4 million in interest revenue and \$.1 million in proceeds from the sale of equipment and resulted in a \$1.4 million increase in unrestricted net position. Additional information relating to the fund financial statements can be found in the “FINANCIAL ANALYSIS OF THE COUNTY’S FUNDS” sections.

Additional information for governmental activities revenue and expense is available in the following section entitled “Governmental Activities”.

Business-type activities unrestricted net position increased \$1.5 million or 37% to \$5.6 million from the prior year. The increase is primarily attributed to Yampa Valley Regional Airport with a \$.5 million increase and a \$.7 million increase for the Regional Building Department which is described in more detail in the following section entitled “Business-type Activities”.

Restricted Net Position

The remaining portion of the County’s net position is restricted net position of \$4.2 million which increased \$.9 million or 27% from the prior year.

Governmental activities restricted net position increased \$.9 million or 29% to \$4.0 million from the prior year. The change in governmental activities restricted net position is primarily due to the Purchase of Development Rights (PDR) restricted fund balance increase of \$1.0 million or 66% to \$2.6 million after several 2017 purchase of development rights transactions were pushed to 2018. Funds set aside from Colorado State Lottery

proceeds decreased \$.1 million for construction of the recreational vehicle (RV) park at the Fairgrounds.

Business activities restricted net position remained unchanged at \$.2 million from the prior year due to minimal change in the Taxpayer Bill of Rights (TABOR) reserve requirement for Yampa Valley Regional Airport.



Changes in Net Position

Net position in 2017 from 2016 (as restated) increased to \$5.8 million from zero the prior year. Governmental activities increased \$3.0 million or 166% and business-type activities increased \$2.8 million or 156% from the prior year. The following financial statement summarizes the change in net position.

Routt County, Colorado
Changes in Net Position
(in millions)

	Governmental		Business-type		Total	
	Activities		Activities		2016	
	2017	Restated	2017	Restated	2017	Restated
Revenues						
Program revenues						
Charges for services	\$ 3.8	\$ 3.7	\$ 6.7	\$ 6.4	\$ 10.5	\$ 10.1
Operating grants and contributions	9.5	9.9	0.1	0.1	9.6	10.0
Capital grants and contributions	1.6	1.6	2.5	0.5	4.1	2.1
General revenues						
Property tax	19.6	18.9	-	-	19.6	18.9
Sales tax	7.3	6.9	-	0.1	7.3	7.0
Interest earnings	0.4	0.3	-	-	0.4	0.3
Loss on disposal of capital assets	-	(0.3)	-	-	-	(0.3)
Total revenues	42.2	41.0	9.3	7.1	51.5	48.1
Expenses						
Administration	6.8	6.6	-	-	6.8	6.6
Community services	5.6	7.3	-	-	5.6	7.3
Property tax administration	2.1	2.2	-	-	2.1	2.2
Public safety	8.7	8.6	-	-	8.7	8.6
Road and bridge	9.1	8.9	-	-	9.1	8.9
Human services	4.7	5.2	-	-	4.7	5.2
Interest expense on long-term debt	0.4	0.4	-	-	0.4	0.4
Airport	-	-	7.1	7.8	7.1	7.8
Building department	-	-	1.0	0.9	1.0	0.9
Water and sanitation	-	-	0.2	0.2	0.2	0.2
Total expenses	37.4	39.2	8.3	8.9	45.7	48.1
Increase (decrease) in net position	4.8	1.8	1.0	(1.8)	5.8	-
Net position - beginning	137.5	135.7	55.7	57.5	193.2	193.2
Net position - ending	\$ 142.3	\$ 137.5	\$ 56.7	\$ 55.7	\$ 199.0	\$ 193.2

Governmental Activities

Total net position from governmental activities increased \$4.8 million or 3% to \$142.3 million from the prior year. The following are explanations of significant changes in revenue and expense from 2016 to 2017.

Revenues

Operating Grants and Contributions decreased \$.4 million or 4% to \$9.5 million from the prior year and is primarily from the following items.

Mineral Lease decreased \$.2 million or 121% to \$.2 million due primarily to refunds to oil and gas producers following the Colorado Supreme Court ruling allowing energy companies to deduct additional costs from revenue when calculating their severance tax.

Child Care revenue decreased \$.1 million or 27% to \$.3 million primarily due to the implementation of a waitlist in August 2016 in order to manage the program to the State fiscal year allocation and the existing caseload.

Food Assistance revenue decreased \$.1 million or 8% to \$1.3 million primarily due to an improving economy and the effects of the implementation of the Employment First program which requires those food assistance recipients who are capable of working to engage in “work registrant” activities in order to keep receiving benefits. Those activities can include volunteer work, educational activities, job search activities and work.

Property Tax revenue increased \$.7 million or 4% to \$19.6 million from the prior year. Base property taxes (General Fund, Road and Bridge, Human Services and E911 Communications) increased \$.6 million or 4% to \$16.5 million from the prior year due to the Taxpayers Bill of Rights (TABOR) property tax revenue limitation of 4.1% and abatement/refunds. The 4.1% TABOR property tax revenue limitation is composed of a 1.3% increase from new construction and a 2.8% increase from inflation. The County assessed valuation increased \$7.7 million or .7% to \$1.0 billion from the prior year. Voter approved property taxes increased \$.1 million or 3% to \$3.1 million from the prior as result of the .7% increase in assessed valuation.

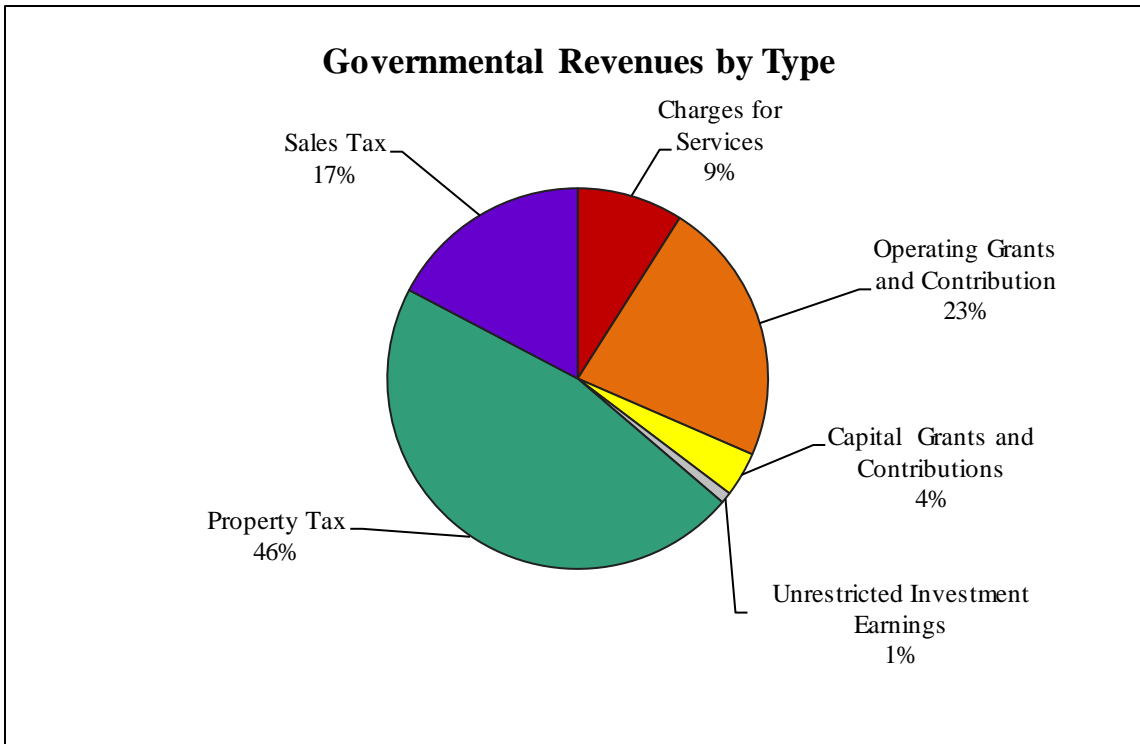
Sales Tax revenue increased \$.4 million or 6% to \$7.3 million from the prior year. Sales tax is collected on goods sold at retail, except for, food and pharmaceuticals and includes building and auto use taxes. Sales tax collected on retail sales increased \$.1 million or 2% to \$5.9 million on increases in tourist spending. Building use tax collected on construction materials increased \$.2 million or 33% to \$.8 million from the prior year due to an increase in construction activity because of an improved economy. Auto use tax collected on vehicles purchased outside of the County increased \$.1 million or 20% to \$.6 million from the prior year due to a strong economy.



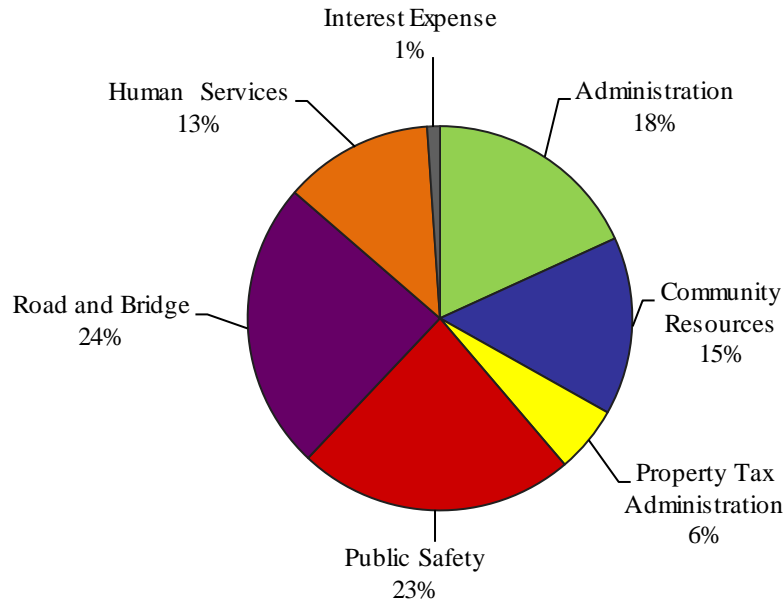
Expenses

Community Services expenses decreased \$1.7 million or 23% to \$5.6 million from the prior year. The decrease is primarily attributable to the \$1.7 million or 73% decrease to \$.6 million Purchase of Development Rights program. Several projects remained started yet incomplete at the end of 2017. The projects are expected to be completed in 2018.

The following graphs show governmental revenues and expenses by type and a comparison of governmental program revenue versus expense.



Governmental Expenses by Type



Governmental Programs Percentage of Program Expense Covered by Program Revenue



Note: The program revenue shown in the above graph does not include capital grants and contributions related to capital totaling \$1.5 million. The costs related to capital acquisitions are capitalized as assets and depreciated over the useful lives of the assets. Only depreciation on those assets is included above.

Business-type Activities

Total net position from business-type activities increased \$1.0 million or 2% to \$56.7 million from the prior year. The key factors related to this decrease follow.

Net investment in capital assets decreased \$.5 million or 1% to \$50.9 million from the prior year. The decrease was primarily due to Yampa Valley Regional Airport capital asset activity. The major business-type capital projects are summarized in the section entitled "CAPITAL ASSETS AND DEBT ADMINISTRATION".

Restricted net position remained unchanged at \$.2 million from the prior year.

Unrestricted net position increased \$1.5 million or 37% to \$5.6 million from the prior year and is described below in more detail.

Yampa Valley Regional Airport (YVRA)

Total net position increased \$.1 million or 0% to \$53.5 million from the prior year and consists of \$50.5 million in net investment in capital assets, \$2.8 million in unrestricted net position and \$.2 million in restricted net position.

Net investment in capital assets decreased \$.4 million or 1% to \$50.5 million from the prior year. The decrease consists of \$2.7 million of capital purchases and \$.1 million principal payment on the inter fund loan with Road and Bridge offset by \$3.0 million of depreciation, and \$.2 million of capital deletions net of accumulated depreciation.

Unrestricted net position increased \$.5 million or 22% to \$2.8 million from the prior year.

The following is an explanation of significant revenue and expense changes from the prior year.

Charges for Services decreased \$.2 million or 4% to \$4.8 million from the prior year. The decrease is primarily due to enplanements decreasing 10,485 or 9% to 100,060.

Capital grants and contributions increased \$2.0 million or 400% to \$2.5 million from the prior year. The increase is primarily due to an increase in federal and state grants associated with the replacement of snow removal equipment and the addition of a snow removal equipment building.

Personnel costs decreased \$.1 million or 4% to \$2.6 million from the prior year. The decrease is the result of decreasing staff 3.86 full time equivalents due to the decrease in enplanements and was offset by a step increase, a market adjustment and a health insurance increase.

Operations costs decreased \$.1 million or 6% to \$1.5 million from the prior year. The increase is primarily the result of the decrease in enplanements mentioned above.

Depreciation expenses decreased \$.5 million or 14% to \$3.0 million from the prior year. The decrease in depreciation is primarily due to two aprons becoming fully depreciated in 2016.

Regional Building Department

Unrestricted net position for the Regional Building Department (RBD) increased \$.7 million or 41% to \$2.4 million compared to the prior year.

Operating income increased \$.4 million or 133% to \$.7 million compared to the prior year. Significant changes in revenues and expenses are as follows.

Building permit fees increased \$.5 million or 42% to \$1.7 million and is an indicator that the economy is improving. The \$.5 million increase in building permits is primarily a result of an increase in construction activity.

Personnel costs for the Regional Building Department remained flat at \$.6 million compared to the prior year. Operating expenses increased \$.1 million or 33% to \$.4 million compared to the prior year and is a result of an increase in construction activity.



FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

The analysis of the County's governmental funds is to provide information on short-term inflows, outflows and balances of spendable resources. This information is useful in assessing the County's financing requirements.

Governmental Funds

The fund balance for governmental funds is \$20.0 million, a decrease of \$1.7 million or 8% from the prior year. A description of the types and changes in fund balance follows.

Nonspendable fund balance decreased \$.2 million or 12% to \$1.5 million. Nonspendable fund balances include amounts that cannot be spent because they are not in a spendable form or they are legally or contractually required to be maintained intact.

Restricted fund balance increased \$.9 million or 29% to \$4.0 million from the prior year. Restricted fund balances include amounts that are restricted for specific purposes pursuant to constraints either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Committed fund balance decreased \$2.8 million or 16% to \$14.5 million from the prior year. Committed fund balances are amounts that can only be used for specific purposes pursuant to constraints imposed by an adopted resolution of the Board of County Commissioners.

The key factors related to these changes are as follows.

General Fund

The total fund balance of the General Fund increased \$.9 million or 18% to \$6.0 million from the prior year.

Nonspendable fund balance decreased \$.1 million or 50% to \$.1 million from the prior year based on normal changes in prepaid expenses.

Restricted fund balance increased \$.9 million or 29% to \$4.0 million from the prior year. The increase is primarily due to the Purchase of Development Rights (PDR) restricted fund balance increase of \$1.0 million or 66% to \$2.6 million after several 2017 purchase of development rights transactions were pushed to 2018. Funds set aside from Colorado State Lottery proceeds decreased \$.1 million to zero for construction of a recreational vehicle (RV) park at the Fairgrounds.

The committed fund balance of the General Fund increased \$.1 million or 6% to \$1.9 million from the prior year maintaining compliance with the General Fund Committed Reserve Policy. The General Fund Committed Reserve Policy was approved by a resolution of the Board of County Commissioners and establishes the year end committed fund balance of the General Fund to be no less than 10% of General Fund expenditures of the prior year and shall exclude expenditures from voter approved mill levies such as the Purchase of Development Rights, Developmental Disabilities, the Museum and Heritage Fund and future voter approved mill levies restricted for a specific purpose and transfers.

Road and Bridge Fund

The Road and Bridge total fund balance decreased \$2.9 million or 20% to \$11.7 million from the prior year.

The Road and Bridge committed fund balance decreased \$3.0 million or 22% to \$10.5 million. The following explanation includes the primary reasons for the decrease in Road and Bridge committed fund balance.

The original Road and Bridge budget anticipated a \$2.1 million net decrease in fund balance due to the planned replacement of infrastructure.

The entire \$.9 million allocation of sales tax to the Road and Bridge fund was allocated to the General Fund to fund a portion of the Combined Law Enforcement Facility (CLEF). The CLEF is a jointly funded project between the City and the County with an anticipated construction start date in 2018 and completion date in 2019.

Intergovernmental revenues had a \$.7 million negative budget variance primarily resulting from the partial completion of a bridge funded with a Federal bridge grant, a pavement project partially funded by a local governmental entity and a decrease in Federal mineral lease revenue. Federal bridge grant revenue of \$.2 million and local government revenue of \$.2 million was not recognized in 2017 because the receipt of the funds was later than 60 days after year end and not considered available for use per accounting policy. The \$.4 million of intergovernmental revenue will be recognized as revenue in 2018. Federal mineral lease revenue had a negative \$.3 million variance due to a decrease in coal being mined in Federal property. The decrease in Federal mineral lease funds will be “back filled” in 2018 with the distribution of Federal Payment in Lieu of Taxes (PILT).

These negative revenue budget variances were offset by \$.9 million of positive expenditure variance in salaries and benefits, operations and infrastructure.

Proprietary Funds

Enterprise Funds

Please refer to the previous section “FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE - Business-type Activities” above.

Internal Service Funds

The Internal Service Funds’ net position increased \$6.6 million or 17% to \$45.8 million. Unrestricted net position increased \$3.7 million or 28% to \$16.8 million from the prior year. Net investment in capital assets increased \$2.9 million or 11% to \$29.0 million from the prior year.

Equipment Pool

Unrestricted net position, which can be used for the future replacement of capital, increased \$2.8 million or 22% to \$15.4 million from the prior year. Equipment Pool operations provided \$2.6 million to unrestricted net position. Capital additions in 2017 were funded by \$3.7 million of transfers in from other funds. An additional \$2.4 million transfer from the General Fund was made in 2017 to fund the County's portion of the Combined Law Enforcement Facility (CLEF) construction in 2018. Sales of assets provided \$.1 million in proceeds. Capital purchases in 2017 totaled \$4.8 million. Capital additions included completion of the broad band fiber optic construction, design and engineering for the CLEF, recreational vehicle park construction and an Exhibit Hall heating/ventilation/air conditioning system at the Fairgrounds, training facility completion for the Sheriff, Road and Bridge shop heating upgrades and implementation of a County-wide enterprise resource planning system. Capital replacements included the replacement the Clerk's voting system, 10 vehicles, a sand truck, a loader, a trackhoe, two grader attachments and an equipment trailer. Debt service of \$1.2 million on the Refunding Certificates of Participation Series 2012 was paid as planned.

Net investment in capital increased \$2.9 million or 11% to \$29.0 million from the prior year. An increase of \$4.9 million is attributable to \$4.8 million of capital purchases and a principal payment of \$1.0 million on capital related debt. Depreciation of \$2.7 million and capital deletions of \$.1 million decreased net investment in capital. Deferred cash outflows related to the 2012 Series Certificates of Participation (COPs) used to refinance the 2006 Series COPs to construct the Justice Center resulted in a \$.1 million decrease.

See "CAPITAL ASSETS AND DEBT ADMINISTRATION" for more details about significant capital and debt projects.

Insurance Pool

The Insurance Pool's unrestricted net position increased \$.9 million or 180% to \$1.4 million from the prior year. Unrestricted net position can be used to fund future health insurance claims for the County's partially self-funded health insurance plan for employees.

In 2017, the County increased its contribution to the pool by 21% and employee contributions by 529% in order to build the pool's reserves and improve the pool's sustainability while continuing to offer a competitive health insurance benefit to employees. Actual 2017 County and employee contributions were right on plan at \$4.0 million and \$.4 million, respectively. In order to reduce 2017 claims expense, the County made plan design changes by increasing deductibles, increasing out of pocket maximums and decreasing the coinsurance for the high deductible health plan. Claims expense in 2017 was budgeted at \$4.0 million, based on exceptionally high actual claims in 2016 of \$4.0 million. Total actual claims in 2017 were under budget at \$3.5 million. The County purchases individual and aggregate stop loss insurance to limit its exposure during years with high claims expense. Total receipts from stop loss insurance in 2017 were \$.6 million for individual claims greater than the County's \$75,000 deductible, which is right on plan

for 2017. Large claim expense in 2017 was consistent with 2016. The number and amount of large claims in 2017 were 24 and \$1.9 million compared to 21 and \$1.9 million in 2016. The County budgeted a \$.4 million increase in reserves in 2017 and the actual increase was \$.9 million resulting from increased pool contributions, lower than anticipated claims expense and stop loss insurance receipts offsetting large claims in 2017. See the following “NEXT YEAR’S BUDGET AND ECONOMIC FACTORS” section for additional detail related to medical insurance.

General Fund Budgetary Highlights

Budget Amendments

Revenue Budget Amendments

The difference between the original revenue budget of \$28.8 million and the final amended revenue budget of \$30.5 million was an increase of \$1.7 million or 6%. The significant revenue budget amendments are as follows.

A \$1.4 million sales tax budget amendment allocated the entire Road and Bridge allocation of sales tax including the unanticipated increase in sales tax to the General Fund to fund a portion of the Combined Law Enforcement Facility (CLEF). The CLEF is a jointly funded project between the City of Steamboat Springs and the County. Construction of the CLEF is anticipated to start in in 2018 and project completion is anticipated in 2019.

An Environmental Health budget amendment increased Environmental Health intergovernmental revenues \$.14 million. A fire destroyed the Royal Hotel in Yampa, Colorado which contained asbestos materials hazardous to the health of the citizens. The County secured \$.14 million of grant funding from the Colorado Department of Public Health and Environment for abatement of the asbestos.

Expenditure Budget Amendments

The difference between the original expense budget of \$24.2 million and the \$24.9 million final amended expense budget was an increase of \$.7 million or 3%. The significant expenditure budget amendments are as follows.

An Environmental Health budget amendment increased Environmental Health expenditures \$.14 million or 18% as mentioned above for the abatement of asbestos.

The Wildfire Control budget amendment increased expenditures \$.39 million or 650%. The 2017 wildfire suppression cost was increased for the Deep Creek and Mill Creek fires and was funded from reserves.

The transfers out budget amendment increased transfers out to the Equipment Pool by \$1.4 million or 30% to fund a portion of the Combined Law Enforcement Facility (CLEF). The funding of this budget amendment was provided by allocating the entire Road and Bridge

allocation of sales tax including the unanticipated increase in sales tax to the General Fund. The cost of the CLEF is being accounted for in the Equipment Pool.

Budget Variances

Revenue Variances

Total actual revenues were \$.6 million or 2% below the final budget of \$30.5 million. The significant revenue budget variances are discussed as follows.

Property tax has a positive variance of \$.1 million or 1%. Specific ownership tax collections experienced a positive budget variance of \$.2 million or 18%. Specific ownership tax is collected on vehicles and is an indicator that the economy is improving. The increase in specific ownership tax was offset by a \$.1 million negative variance in abatements.

Sales tax has a positive variance of \$.3 million or 4% after budget amendments. Total sales tax in 2017 before budget amendments had a positive variance of \$.6 million or 9% from unanticipated collections. The sales tax budget amendment of \$1.4 million discussed above reflects the maximum amount of sales tax that could be used to fund a portion of the CLEF construction and maintain the 10% General Fund Committed Reserve policy. The remaining \$.3 million sales tax positive variance was needed to fund the 10% General Fund Committed Reserve policy.

Intergovernmental revenues have a \$1.2 million or 41% negative variance. This negative variance is primarily from the \$1.0 million negative revenue budget variance related to the Broadband Fiber Optic Project (Project) sponsored by the County. The County along with various other governmental and nonprofits funded the Project. The Project's negative revenue budget variance was due to more of the Project being completed in 2016 than originally budgeted and the cost of the project was less than anticipated in total.

Expenditure Variances

Total actual expenses were \$2.1 million or 8% below the final budget of \$24.9 million. The significant budget variances are discussed as follows.

Purchasing expenditures were \$.05 million or 18% under the budget due to the Purchasing department experiencing 100% staff turnover.

Museum expenditures were \$.09 million or 23% under the budget. Capacity building grants and sponsorship programs for various community museums projects did not materialize as planned in the budget.

Taylor Grazing department expenditures were \$.06 million or 100% under budget due to a project not being started in 2017.

Purchase of Development Rights (PDR) expenditure were \$1.03 million or 62% under budget due to various PDR projects not coming to fruition.

Public Trustee expenditures were \$.06 million or 45% under budget due to a decrease in foreclosures resulting from an improving economy. The 2017 budget was prepared with 50 foreclosures and actual foreclosures begun were 24.

Wildfire Control expenditures were \$.06 million or 15% under budget due to estimated fire suppression costs being less than anticipated in the final budget.

The remaining budget variances were relatively small.



CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

During 2017, the County's capital assets increased \$6.8 million or 2.8% to \$247.5 million. Capital assets include heavy equipment, motor vehicles, E-911 communication equipment, buildings, road and bridge infrastructure, airport infrastructure, equipment and facilities and water and sewer systems. Governmental Activities capital increased \$4.9 million or 3.0% to \$167.6 million mainly due to several items including a number of road and bridge overlay projects, the start of a bridge replacement, and the construction of a RV Park. Also completed was a training facility for Sheriff's deputies, the design work for the Combined Law Enforcement Facility (CLEF), implementation of the Enterprise Resource Planning software and the completion of the broadband fiber optic project. Business-type Activities capital increased \$1.9 million or 2.4% to \$79.9 million primarily due to the replacement of snow removal equipment and the addition of a new storage building to house snow removal equipment.

The following table summarizes the components of the County's capital assets.

Routt County, Colorado
Capital Assets
(in millions)

	Governmental		Business-type		Total	
	Activities		Activities			
	2017	2016	2017	2016	2017	2016
Land and improvements	\$ 4.7	\$ 4.0	\$ 44.4	\$ 44.4	\$ 49.1	\$ 48.4
Buildings and improvements	36.7	36.2	19.4	19.4	56.1	55.6
Equipment	28.5	25.7	11.1	10.0	39.6	35.7
Infrastructure	95.9	95.4	-	-	95.9	95.4
Water system	-	-	2.0	2.0	2.0	2.0
Sewer system	-	-	1.8	1.8	1.8	1.8
Construction in progress	1.8	1.4	1.2	0.4	3.0	1.8
Total capital assets	167.6	162.7	79.9	78.0	247.5	240.7
Accumulated depreciation	(53.2)	(49.9)	(27.5)	(25.0)	(80.7)	(74.9)
Total	\$ 114.4	\$ 112.8	\$ 52.4	\$ 53.0	\$ 166.8	\$ 165.8

Major Governmental Capital Asset Projects

During 2017, 6.17 miles of County Roads 32, 36, and 51 were overlaid for \$.7 million. Replacement work was begun on the Butler Creek Bridge for a cost of \$.2 million. Butler Creek Bridge is the second of three bridges on CR 67 to be replaced during the years 2015-2019. The replacement cost of all three bridges on CR 67 is estimated to be \$3.2 million. The \$3.2 million cost of the bridges is anticipated to be offset with \$2.2 million of Federal Highway Department grants for a bottom line cost of \$1.0 million. Additionally, \$.6 million of Heavy Equipment Pool replacements purchases were completed. The purchases included a sand truck, a 3-yard loader, a jet truck trailer and a trackhoe along with other smaller items.

The Routt County Fair completed construction of a RV Park for improved camping facilities during the annual fair. The total cost of the RV Park is \$.7 million and is anticipated to be offset by \$.4 million in Great Outdoors Colorado Grant funds. A Sheriff's Deputy training facility was completed at a cost of \$.4 million and design work on the Combined Law Enforcement Facility (CLEF) was begun at a cost of \$.3 million.

The first phase of the Enterprise Resource Planning software implementation was completed at a cost of \$.7 million. The County is upgrading the accounting software in three Phases. The next two phases are anticipated to be completed during 2020 – 2022. In 2017 the Broadband Fiber Optic project was completed at a total cost of \$1.7 million.

Actual expenditures were \$1.1 million in 2017 funded by \$.4 million from the State grant, \$.4 million from the County’s partners.

Major Business-type Capital Asset Projects

Yampa Valley Regional Airport purchased replacement snow removal equipment for a cost of \$1.1 million and constructed a new \$.9 million snow removal equipment building. Approximately 95% of the funding was provided by State and Federal grants.

Long-term Debt

After making a principal payment of \$1.0 million in 2017 on the Series 2012 Refunding Certificates of Participation, the outstanding balance for Governmental Activities long-term debt is \$8.7 million.

On March 3, 2017 Standard Poor’s assigned an AA rating to the Refunding Certificates of Participation, Series 2012 and affirmed an issuer credit rating of AA+. Standard and Poor’s outlook is stable and the rationale for these ratings again was the County’s strong reserve levels, above national average per capita market value and buying income, low debt level and very strong liquidity.

Long-term debt for Business-type Activities is \$.1 million for Phippsburg Water and Sanitation System to finance a portion of the water filtration and waste water systems which consists of three loans with the State of Colorado under the Energy and Mineral Assistance program.

Routt County, Colorado
Outstanding Debt
(in millions)

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Certificates of participation	\$ 8.7	\$ 9.6	\$ -	\$ -	\$ 8.7	\$ 9.6
Revenue loans	-	-	0.1	0.2	0.1	0.2
Total	\$ 8.7	\$ 9.6	\$ 0.1	\$ 0.2	\$ 8.8	\$ 9.8

NEXT YEAR’S BUDGET AND ECONOMIC FACTORS

The 2018 Routt County budget projects \$56,384,000 in revenues and \$61,084,000 in expenses resulting in \$4,700,000 of expenses over revenues, and after removing \$521,000 of noncash expenses such as depreciation, the use of reserves is \$4,179,000. The 2018 budget as compared to the 2017 budget includes a \$3,200,000 or 6% increase in revenues and a \$6,770,000 or 12% increase in expenses. The 2018 budget is separated into Governmental Activities and Business Activities as follows.

Governmental Activities include the County's basic services such as Property Tax Administration, Public Safety, Human Services, Community Services, Road and Bridge and Administration. Revenues are anticipated to increase \$595,000 or 1% to \$44,566,000, expenses are anticipated to increase \$3,450,000 or 8% to \$48,849,000 and results in expenses over revenues of \$4,283,000. The decrease in reserves is the primarily the result of funding \$3.0 million of the \$5.9 million Combined Law Enforcement Facility offset by the sale of land adjacent to the Detention Center to the City of Steamboat Springs for \$1.0 million and \$2.0 million for the planned replacement of capital and infrastructure and an increase in the health insurance pool reserve of \$.5 million for the future payment of claims.

The County's base property tax revenue, which funds governmental activities, is anticipated to increase \$645,000 or 5% and is limited to this increase by the Taxpayers Bill of Rights (TABOR).

Sales tax from all sources is anticipated to increase \$237,000 or 4% based on 2017 actual collections.

The modest growth experienced in the County's two largest revenue sources, property tax and sales tax, remains tentative given the continued degree of uncertainty in the economy.

Total personnel expense for governmental activities increased \$941,000 or 4% above the 2017 budget. The increase in personnel expense is primarily due to the following items.

The 2018 compensation plan's cost is \$631,000 or 4% above the 2017 budget. In 2018, the countywide compensation plan includes a 3% across the board market adjustment and eligible employees will receive an anniversary step.

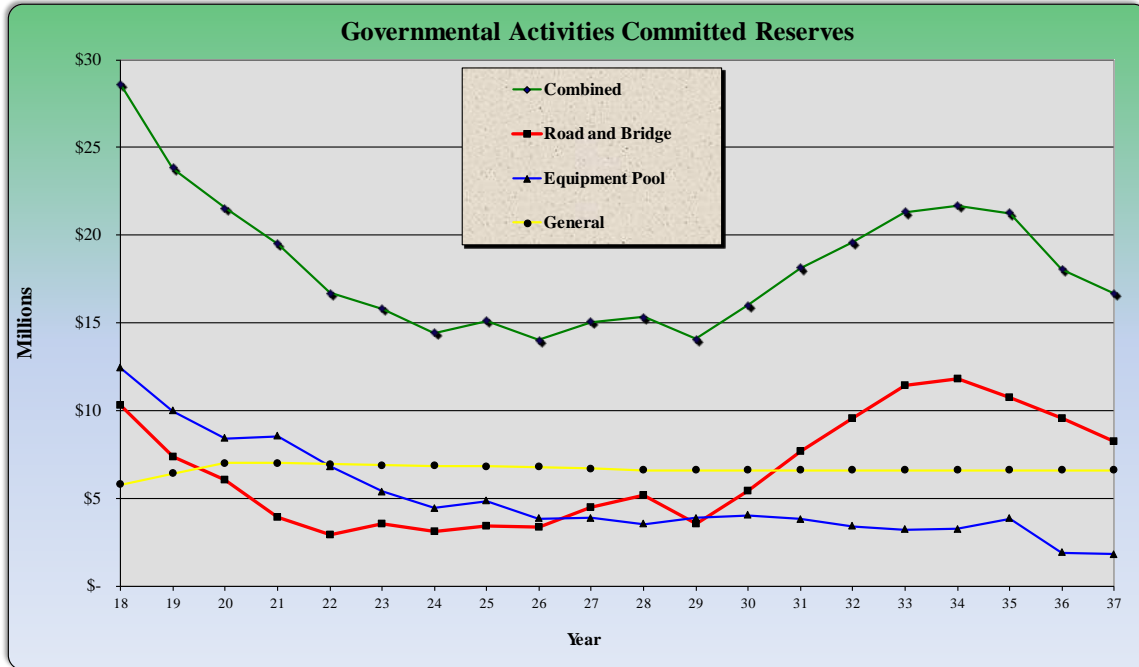
Health Insurance increased \$216,000 or 9% to \$3,982,000 over the 2017 budget. The health insurance increase is based on a 16-year historical actual average increase of 9% and data supplied by the County's health insurance consultant indicating 2018 medical claims costs are anticipated to increase 9%. The employer and employee contribution to health insurance cost both increased by the 9%. The goal is to fund the medical costs of County staff in a consistent and sustainable manner, while continuing to offer a competitive health insurance benefit to employees.

The compensation and health insurance increases for Governmental Activities are primarily being funded by anticipated increases in property tax and sales tax.

The 2018 capital budget includes \$3.0 million of a \$5.9 million project to expand the Sheriff Department's administrative square footage as part of the combined City of Steamboat Springs (City) and County Combined Law Enforcement Facility (CLEF). The County funded its portion of the CLEF with \$1.0 million from the sale of land adjacent to the Detention Center to the City and the remaining \$4.9 million from several years of favorable budget variances. Construction of the CLEF starts in 2018 and is anticipated to end in 2019.

The County anticipates overlaying 3.7 miles of road, chip and sealing 9.7 miles of road, and the replacement of the Butler Creek Bridge on County Road 67 as part of the Road and Bridge maintenance plan.

A long-term forecast projects a balanced budget as seen in the following Governmental Activities Committed reserves graph; however, changes in levels of service, the cost of petroleum products, health insurance, etc. may cause the following graph to change positively or negatively.



Business Activities include the Yampa Valley Regional Airport (YVRA), the Regional Building Department, the Phippsburg Water and Sanitation System and the Milner Sanitation System. Revenues are anticipated to increase \$3,105,000 or 34% to \$12,318,000, expenses are anticipated to increase \$3,820,000 or 43% to \$12,735,000 and results in expenses over revenues of \$417,000. After removing \$521,000 of noncash expenses such as depreciation, reserves increase \$104,000. The business type activities are fundamentally financially self-sufficient by charging fees for services and receiving grants.

Total personnel expense for business type activities increased \$358,000 or 10% above the 2017 budget. The increase in personnel expense is primarily due to the following items. The 2017 compensation plan’s cost is \$112,000 or 4% above the 2017 budget. Health insurance expense charged to Business Activities to finance the County’s partially self-insured medical plans increased \$20,000 or 9% above the 2017 budget. Regional Building Department full time equivalents (FTEs) increased by 2.0 FTEs for a cost of \$167,000 as result of an increase in construction activity Compensation, FTE and health insurance changes are discussed in more detail in the following “Personnel” section.

A \$5.1 million commercial air carrier apron is scheduled for construction in 2018 to reduce congestion and allow for additional airline development. Federal and State grants primarily fund the air carrier apron.

Conclusion

The County continues to analyze the budget wherever possible to effectively increase revenues and decrease costs.

Right now, the long-term forecast projects a balanced budget. The 2018 budget is a snapshot in time based on both known factors and certain assumptions. This financial plan will need to be revised by the County to respond to changing economic conditions. As new financial information becomes available, management will respond in an appropriate manner to maintain the County's overall financial well-being.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Routt County Finance Office, 136 6th Street, Steamboat Springs, CO 80477 or by phone at 970-870-5313 or on the website at co.routt.co.us.



ROUTT COUNTY, COLORADO
STATEMENT OF NET POSITION
December 31, 2017

	Governmental Activities	Business-type Activities	Total
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Current assets			
Cash and investments	\$ 35,885,594	\$ 6,984,625	\$ 42,870,219
Receivables (net of allowance for uncollectibles)	546,299	460,377	1,006,676
Due from other governments	2,898,813	338,785	3,237,598
Internal balances	1,178,325	(1,178,325)	-
Prepays and inventories	168,883	27,386	196,269
Property tax receivable	19,002,469	-	19,002,469
Noncurrent assets			
Nondepreciable capital assets	54,704,260	22,091,169	76,795,429
Depreciable capital assets, net of accumulated depreciation	<u>59,698,672</u>	<u>30,346,180</u>	<u>90,044,852</u>
Total assets	174,083,315	59,070,197	233,153,512
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	<u>403,354</u>	<u>-</u>	<u>403,354</u>
Total assets and deferred outflows of resources	<u>174,486,669</u>	<u>59,070,197</u>	<u>233,556,866</u>
LIABILITIES			
Current liabilities			
Accounts payable and other current liabilities	2,106,812	858,095	2,964,907
Unearned revenue	1,073,883	1,126,405	2,200,288
Noncurrent liabilities			
Due within one year	1,609,327	142,228	1,751,555
Due in more than one year	<u>8,332,813</u>	<u>268,486</u>	<u>8,601,299</u>
Total liabilities	<u>13,122,835</u>	<u>2,395,214</u>	<u>15,518,049</u>
DEFERRED INFLOWS OF RESOURCES			
Property Taxes	<u>19,002,469</u>	<u>-</u>	<u>19,002,469</u>
NET POSITION			
Net investment in capital assets	106,181,949	50,950,988	157,132,937
Restricted	4,041,944	162,599	4,204,543
Unrestricted	<u>32,137,472</u>	<u>5,561,396</u>	<u>37,698,868</u>
Total net position	<u>\$ 142,361,365</u>	<u>\$ 56,674,983</u>	<u>\$ 199,036,348</u>

The notes to financial statements are an integral part of this statement.

ROUTT COUNTY, COLORADO
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2017

Functions/Programs	Program Expenses		Program Revenues		Net (Expense) Revenue and Changes in Net Position Total Government		
	Total	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities							
Administration	\$ 6,847,058	\$ 837,476	\$ 118,441	\$ -	\$ (5,891,141)	\$ -	\$ (5,891,141)
Community resources	5,620,137	456,025	275,279	1,189,102	(3,699,731)	-	(3,699,731)
Property tax administration	2,108,053	1,658,616	-	-	(449,437)	-	(449,437)
Public safety	8,721,707	673,850	180,134	-	(7,867,723)	-	(7,867,723)
Road and bridge	9,069,224	175,616	4,913,888	347,821	(3,631,899)	-	(3,631,899)
Human services	4,680,617	-	4,045,896	-	(634,721)	-	(634,721)
Interest expense on long-term debt	354,505	-	-	-	(354,505)	-	(354,505)
Total governmental activities	37,401,301	3,801,583	9,533,638	1,536,923	(22,529,157)	-	(22,529,157)
Business-type activities							
Airport	7,092,695	4,795,178	135,845	2,521,289	-	359,617	359,617
Regional building department	970,460	1,695,289	-	-	-	724,829	724,829
Water and sewer	205,013	164,851	-	13,138	-	(27,024)	(27,024)
Total business-type activities	8,268,168	6,655,318	135,845	2,534,427	-	1,057,422	1,057,422
Total government	\$ 45,669,469	\$ 10,456,901	\$ 9,669,483	\$ 4,071,350	(22,529,157)	1,057,422	(21,471,735)
General revenues:							
Property taxes					19,562,670	-	19,562,670
Sales taxes					7,348,857	45,624	7,394,481
Unrestricted investment earnings					350,326	11,370	361,696
Gain (loss) on disposal of capital assets					29,034	(86,251)	(57,217)
Transfers					5,700	(5,700)	-
Total general revenues and transfers					27,296,587	(34,957)	27,261,630
Change in net position					4,767,430	1,022,465	5,789,895
Net position - beginning (as restated)					137,593,935	55,652,518	193,246,453
Net position - ending					\$ 142,361,365	\$ 56,674,983	\$ 199,036,348

The notes to financial statements are an integral part of this statement.

Routt County, Colorado
Balance Sheet
Governmental Funds
December 31, 2017

	General Fund	Road & Bridge	Human Services	Communications	Total Governmental Funds
ASSETS					
Cash and investments	\$ 5,199,889	\$ 10,925,484	\$ 705,131	\$ 1,474,100	\$ 18,304,604
Accounts receivable (net of allowance for uncollectibles)	254,009	539	14,276	66,041	334,865
Property taxes receivable	16,242,407	813,310	515,889	1,430,863	19,002,469
Due from other governments	1,614,478	235,703	240,043	-	2,090,224
Due from other funds	-	97,809	-	-	97,809
Prepaid expenses	87,390	-	3,193	56,352	146,935
Inventory	-	21,948	-	-	21,948
Interfund loan	-	1,253,043	-	-	1,253,043
Total assets	<u>23,398,173</u>	<u>13,347,836</u>	<u>1,478,532</u>	<u>3,027,356</u>	<u>41,251,897</u>
LIABILITIES					
Accounts payable	527,056	326,775	58,895	34,552	947,278
Due to other governments	243,620	2,535	36,193	-	282,348
Retainage payable	-	11,305	-	-	11,305
Unearned revenue	306,601	451,480	280,509	2,000	1,040,590
Total liabilities	<u>1,077,277</u>	<u>792,095</u>	<u>375,597</u>	<u>36,552</u>	<u>2,281,521</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	16,242,407	813,310	515,889	1,430,863	19,002,469
Total deferred inflow of resources	<u>16,242,407</u>	<u>813,310</u>	<u>515,889</u>	<u>1,430,863</u>	<u>19,002,469</u>
Total liabilities and deferred inflows of resources	<u>17,319,684</u>	<u>1,605,405</u>	<u>891,486</u>	<u>1,467,415</u>	<u>21,283,990</u>
FUND BALANCES					
Nonspendable	102,090	1,274,991	3,193	56,352	1,436,626
Restricted	4,041,944	-	-	-	4,041,944
Committed					
General fund	1,934,455	-	-	-	1,934,455
Special revenue funds	-	10,467,440	583,853	1,503,589	12,554,882
Total fund balances	<u>6,078,489</u>	<u>11,742,431</u>	<u>587,046</u>	<u>1,559,941</u>	<u>19,967,907</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 23,398,173</u>	<u>\$ 13,347,836</u>	<u>\$ 1,478,532</u>	<u>\$ 3,027,356</u>	<u>\$ 41,251,897</u>

The notes to financial statements are an integral part of this statement.

ROUTT COUNTY, COLORADO
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO GOVERNMENTAL ACTIVITIES STATEMENT OF NET POSITION
December 31, 2017

Total governmental fund balances	\$	19,967,907
<p>Internal service funds are used by management to charge the cost of fleet management, information systems, emergency communications, building and plant and employee health insurance to individual funds. In addition, internal service funds provide a systematic method to replace capital assets and to finance a partially self-insured health insurance program. The assets and liabilities of the internal service funds are included in governmental activities statement of net position, except for the cross over adjustment required for the consolidation of the insurance pool, an internal service fund for employee health insurance, to the business-type activities.</p>		
		45,703,433
<p>Compensated absences are not due and payable in the current period and therefore are not reported in the governmental funds.</p>		
		(1,300,145)
<p>Road and bridge infrastructure used in governmental activities is not a financial resource and therefore, is not reported in the funds.</p>		
		77,155,287
<p>Current asset not collected within 60 days of December 31, 2017 and not available as a current period resource, therefore, not included in governmental funds.</p>		
		<u>834,883</u>
Net position of governmental activities	\$	<u>142,361,365</u>

ROUTT COUNTY, COLORADO
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE GOVERNMENTAL STATEMENT OF ACTIVITIES
December 31, 2017

Net change in fund balance - total governmental funds	\$	(1,746,518)
<p>The internal service funds are used by management to charge the cost of fleet management, information systems, emergency communications, building and plant and employee health insurance to individual funds. In addition, the internal service funds provide a systematic method to replace capital assets and to finance a partially self-insured health insurance program.</p>		
		6,614,469
<p>Change in compensated absences, which do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.</p>		
		19,122
<p>The Road and Bridge fund reports infrastructure capital outlays as expenditures. However, in the statement of activities the cost of these assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays of \$1,029,375 were less than depreciation of \$1,537,830 and the loss on disposal of \$33,805 in the current period.</p>		
		(542,260)
<p>Revenue reported in governmental activities, which is not a current financial resource and therefore, not reported in the funds.</p>		
		<u>422,617</u>
Change in net position of governmental activities	\$	<u>4,767,430</u>

The notes to financial statements are an integral part of this statement.

Routt County, Colorado
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2017

	General Fund	Road & Bridge	Human Services	Communications	Total Governmental Funds
REVENUES					
Property taxes	\$ 16,620,471	\$ 874,043	\$ 587,915	\$ 1,480,241	\$ 19,562,670
Sales taxes	7,296,804	-	-	-	7,296,804
Intergovernmental	1,736,023	4,905,829	4,045,896	-	10,687,748
Charges for sales and services	3,966,504	155,350	-	470,875	4,592,729
Investment earnings	233,931	44,764	-	-	278,695
Total revenues	<u>29,853,733</u>	<u>5,979,986</u>	<u>4,633,811</u>	<u>1,951,116</u>	<u>42,418,646</u>
EXPENDITURES					
Administration	7,942,115	-	-	-	7,942,115
Community resources	5,694,182	-	-	-	5,694,182
Property tax administration	2,182,609	-	-	-	2,182,609
Public safety	7,016,891	-	-	1,901,418	8,918,309
Road and bridge	-	8,595,628	-	-	8,595,628
Human services	-	-	4,763,926	-	4,763,926
Total expenditures	<u>22,835,797</u>	<u>8,595,628</u>	<u>4,763,926</u>	<u>1,901,418</u>	<u>38,096,769</u>
Excess (deficiency) of revenues over expenditures	<u>7,017,936</u>	<u>(2,615,642)</u>	<u>(130,115)</u>	<u>49,698</u>	<u>4,321,877</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	227,467	-	227,467
Transfers out	(6,023,610)	(272,252)	-	-	(6,295,862)
Total other financing sources (uses)	<u>(6,023,610)</u>	<u>(272,252)</u>	<u>227,467</u>	<u>-</u>	<u>(6,068,395)</u>
Net change in fund balances	994,326	(2,887,894)	97,352	49,698	(1,746,518)
Fund balances - beginning	5,084,163	14,630,325	489,694	1,510,243	21,714,425
Fund balances - ending	<u>\$ 6,078,489</u>	<u>\$ 11,742,431</u>	<u>\$ 587,046</u>	<u>\$ 1,559,941</u>	<u>\$ 19,967,907</u>

The notes to financial statements are an integral part of this statement.

Routt County, Colorado
Statement of Net Position
Proprietary Funds
December 31, 2017

	Business-type Activities			Governmental Activities	
	Yampa Valley Regional Airport	Regional Building Department	Total Nonmajor Funds	Total Enterprise Funds	Internal Service Funds
ASSETS					
Current assets:					
Cash and investments	\$ 4,078,013	\$ 2,720,791	\$ 185,821	\$ 6,984,625	\$ 17,580,990
Accounts receivable (net of allowance for uncollectibles)	437,680	-	22,697	460,377	182,449
Due from other governments	327,624	-	11,161	338,785	2,691
Inventory	27,386	-	-	27,386	-
Total current assets	<u>4,870,703</u>	<u>2,720,791</u>	<u>219,679</u>	<u>7,811,173</u>	<u>17,766,130</u>
Noncurrent assets:					
Land and improvements (non-depreciable)	20,810,792	-	39,894	20,850,686	3,102,766
Land improvements (depreciable)	23,563,540	-	-	23,563,540	1,567,982
Buildings	19,439,608	-	-	19,439,608	36,730,192
Equipment	11,101,872	-	-	11,101,872	28,472,988
Water system	1,044,170	-	977,962	2,022,132	-
Sewer system	443,367	-	1,311,645	1,755,012	-
Construction in progress	1,203,463	-	37,020	1,240,483	1,341,336
Accumulated depreciation	(25,845,153)	-	(1,690,831)	(27,535,984)	(33,967,619)
Total noncurrent assets	<u>51,761,659</u>	<u>-</u>	<u>675,690</u>	<u>52,437,349</u>	<u>37,247,645</u>
Total assets	<u>56,632,362</u>	<u>2,720,791</u>	<u>895,369</u>	<u>60,248,522</u>	<u>55,013,775</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charges on refunding	-	-	-	-	403,354
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>403,354</u>
Total assets and deferred outflows of resources	<u>56,632,362</u>	<u>2,720,791</u>	<u>895,369</u>	<u>60,248,522</u>	<u>55,417,129</u>
LIABILITIES					
Current liabilities:					
Accounts payable	731,542	9,490	20,862	761,894	497,391
Compensated absences	101,137	23,737	-	124,874	17,658
Claims liability	-	-	-	-	347,724
Accrued interest	-	-	2,339	2,339	20,766
Due to other funds	92,549	-	5,260	97,809	-
Due to other governments	-	69,467	-	69,467	-
Retainage payable	24,395	-	-	24,395	-
Unearned revenue	876,744	249,661	-	1,126,405	33,293
Current portion of long-term debt (net of unamortized discount)	-	-	17,354	17,354	980,555
Total current liabilities	<u>1,826,367</u>	<u>352,355</u>	<u>45,815</u>	<u>2,224,537</u>	<u>1,897,387</u>
Noncurrent liabilities:					
Compensated absences - noncurrent	125,701	19,813	-	145,514	-
Loans payable	-	-	122,972	122,972	-
Interfund loan payable	1,162,591	-	90,452	1,253,043	-
Certificates of participation (net of unamortized discount)	-	-	-	-	7,643,782
Total noncurrent liabilities	<u>1,288,292</u>	<u>19,813</u>	<u>213,424</u>	<u>1,521,529</u>	<u>7,643,782</u>
Total liabilities	<u>3,114,659</u>	<u>372,168</u>	<u>259,239</u>	<u>3,746,066</u>	<u>9,541,169</u>
NET POSITION					
Net investment in capital assets	50,510,939	-	440,049	50,950,988	29,026,662
Restricted	162,599	-	-	162,599	-
Unrestricted	2,844,165	2,348,623	196,081	5,388,869	16,849,298
Total net position	<u>\$ 53,517,703</u>	<u>\$ 2,348,623</u>	<u>\$ 636,130</u>	<u>\$ 56,502,456</u>	<u>\$ 45,875,960</u>

The notes to financial statements are an integral part of this statement.

ROUTT COUNTY, COLORADO
RECONCILIATION OF ENTERPRISE FUNDS STATEMENT OF NET POSITION
TO BUSINESS-TYPE ACTIVITIES STATEMENT OF NET POSITION
December 31, 2017

Total enterprise funds net position	\$	56,502,456
Cross over adjustment to reflect the consolidation of the insurance pool, an internal service fund for employee health insurance, to the business-type activities.		
		172,527
Net position of business type activities	\$	56,674,983

ROUTT COUNTY, COLORADO
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENSES, AND CHANGES IN NET POSITION OF ENTERPRISE FUNDS
TO THE BUSINESS -TYPE STATEMENT OF ACTIVITIES
December 31, 2017

Change in net position - total enterprise funds	\$	910,448
Cross over adjustment to reflect the consolidation of the insurance pool, an internal service fund for employee health insurance, to the business-type activities.		
		112,017
Change in net position of business type activities	\$	1,022,465

The notes to financial statements are an integral part of this statement.

Routt County, Colorado
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2017

	Business-type Activities			Governmental Activities	
	Yampa Valley Regional Airport	Regional Building Department	Total Nonmajor Funds	Total Enterprise Funds	Internal Service Funds
OPERATING REVENUES					
Sales taxes	\$ 45,624	\$ -	\$ -	\$ 45,624	\$ -
Charges for sales and services	4,795,178	1,695,289	164,851	6,655,318	-
Operating grants	135,845	-	-	135,845	-
Internal service fees	-	-	-	-	8,391,026
Insurance proceeds	-	-	-	-	582,917
Total operating revenues	<u>4,976,647</u>	<u>1,695,289</u>	<u>164,851</u>	<u>6,836,787</u>	<u>8,973,943</u>
OPERATING EXPENSES					
Salary and benefits	2,643,579	647,271	25,233	3,316,083	380,636
Depreciation	2,981,961	-	93,626	3,075,587	2,653,838
Claims	-	-	-	-	3,459,535
Repairs and maintenance	346,123	-	10,559	356,682	1,038,011
Purchased services and supplies	1,167,664	348,788	63,050	1,579,502	554,189
Total operating expenses	<u>7,139,327</u>	<u>996,059</u>	<u>192,468</u>	<u>8,327,854</u>	<u>8,086,209</u>
Operating income (loss)	<u>(2,162,680)</u>	<u>699,230</u>	<u>(27,617)</u>	<u>(1,491,067)</u>	<u>887,734</u>
NONOPERATING REVENUES (EXPENSES)					
Investment earnings	10,638	-	732	11,370	71,631
Interest expense	-	-	(7,567)	(7,567)	(354,505)
Interest expense - interfund	(39,786)	-	(4,978)	(44,764)	-
Amortization of refunding debt insurance	-	-	-	-	(15,308)
Gain (loss) on disposal of capital assets	(86,251)	-	-	(86,251)	62,839
Total nonoperating expenses	<u>(115,399)</u>	<u>-</u>	<u>(11,813)</u>	<u>(127,212)</u>	<u>(235,343)</u>
Income (loss) before contributions and transfers	<u>(2,278,079)</u>	<u>699,230</u>	<u>(39,430)</u>	<u>(1,618,279)</u>	<u>652,391</u>
Capital contributions					
Grants and donations	2,521,289	-	13,138	2,534,427	-
Transfers					
Transfers in	-	-	-	-	6,082,615
Transfers out	-	(5,700)	-	(5,700)	(8,520)
Change in net position	243,210	693,530	(26,292)	910,448	6,726,486
Total net position - beginning (as restated)	53,274,493	1,655,093	662,422	55,592,008	39,149,474
Total net position - ending	<u>\$ 53,517,703</u>	<u>\$ 2,348,623</u>	<u>\$ 636,130</u>	<u>\$ 56,502,456</u>	<u>\$ 45,875,960</u>

The notes to financial statements are an integral part of this statement.

ROUTT COUNTY, COLORADO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2017

	Business-type Activities - Enterprise Funds				Governmental Activities
	Yampa Valley Regional <u>Airport</u>	Regional Building <u>Department</u>	Other Enterprise <u>Funds</u>	All Enterprise <u>Totals</u>	Internal Service <u>Funds</u>
Cash flows from operating activities					
Receipts from customers and users	\$ 5,072,866	\$ 1,486,639	\$ 167,663	\$ 6,727,168	\$ -
Receipts from interfund services provided	34	-	-	34	8,430,722
Receipts from insurance	-	-	-	-	528,640
Payments to suppliers	(1,421,957)	(343,958)	(73,576)	(1,839,491)	(1,577,854)
Payments to employees	(2,667,533)	(653,447)	(25,009)	(3,345,989)	(379,397)
Payments to claims	-	-	-	-	(3,591,833)
Net cash provided by operating activities	<u>983,410</u>	<u>489,234</u>	<u>69,078</u>	<u>1,541,722</u>	<u>3,410,278</u>
Cash flows from noncapital financing activities					
Transfers in	-	(5,700)	-	(5,700)	-
Collections for other governments	-	3,935,937	-	3,935,937	-
Payments to other governments for collections	-	(4,181,830)	-	(4,181,830)	-
Net cash used by noncapital financing activities	<u>-</u>	<u>(251,593)</u>	<u>-</u>	<u>(251,593)</u>	<u>-</u>
Cash flows from capital and related financing activities					
Proceeds from sale of capital assets	7,258	-	-	7,258	81,990
Capital grants	2,304,046	-	1,977	2,306,023	-
Capital charges	180,320	-	-	180,320	-
Acquisition and construction of capital assets	(2,397,419)	-	(4,425)	(2,401,844)	(4,727,680)
Principal paid on capital debt	(85,561)	-	(21,159)	(106,720)	(965,000)
Interest paid on capital debt	(40,089)	-	(12,838)	(52,927)	(270,020)
Transfers in	-	-	-	-	8,382,640
Transfers out	-	-	-	-	(8,520)
Net cash provided (used) by capital and related financing activities	<u>(31,445)</u>	<u>-</u>	<u>(36,445)</u>	<u>(67,890)</u>	<u>2,493,410</u>
Cash flows from special activities					
Special item	34,519	-	-	34,519	-
Net cash provided by special item	<u>34,519</u>	<u>-</u>	<u>-</u>	<u>34,519</u>	<u>-</u>
Cash flows from investing activities					
Earnings on investments	10,638	-	732	11,370	71,631
Net purchases and sales of investments	(545,650)	(200,363)	(20,235)	(766,248)	(2,992,456)
Net cash used by investing activities	<u>(535,012)</u>	<u>(200,363)</u>	<u>(19,503)</u>	<u>(754,878)</u>	<u>(2,920,825)</u>
Net increase in cash and cash equivalents	451,472	37,278	13,130	501,880	2,982,863
Cash and cash equivalents, beginning (as restated)	<u>1,902,999</u>	<u>1,533,590</u>	<u>94,156</u>	<u>3,530,745</u>	<u>7,167,652</u>
Cash and cash equivalents, ending	2,354,471	1,570,868	107,286	4,032,625	10,150,515
Investments	<u>1,723,542</u>	<u>1,149,923</u>	<u>78,535</u>	<u>2,952,000</u>	<u>7,430,475</u>
Cash and investments, ending	<u>\$ 4,078,013</u>	<u>\$ 2,720,791</u>	<u>\$ 185,821</u>	<u>\$ 6,984,625</u>	<u>\$ 17,580,990</u>

The notes to financial statements are an integral part of this statement.

ROUTT COUNTY, COLORADO
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUNDS
For the Year Ended December 31, 2017

	Business-type Activities - Enterprise Funds				Governmental Activities
	Yampa Valley Regional Airport	Regional Building Department	Other Enterprise Funds	All Enterprise Totals	Internal Service Funds
Reconciliation of operating income (loss) to net cash provided by operating activities					
Operating income (loss)	\$ (2,162,680)	\$ 699,230	\$ (27,617)	\$ (1,491,067)	\$ 887,734
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation	2,981,961	-	93,626	3,075,587	2,653,838
Noncapital financing activities					
Collections for other governments					
Due to other governments	-	245,893	-	245,893	-
Capital financing activities					
Capital grants and transfers					
Accounts receivable	3,254	-	-	3,254	-
Due from other governments	213,989	-	11,161	225,150	-
Due from other funds	-	-	-	-	(2,300,025)
Due to other funds	(2,265)	-	-	(2,265)	-
Capital assets					
Accounts payable	(189,002)	-	(12,027)	(201,029)	(57,164)
Retainage payable	(19,065)	-	-	(19,065)	24,105
Deferred revenue	(180,320)	-	-	(180,320)	-
Due to other funds	-	-	(212)	(212)	-
Interest expense					
Accrued interest	-	-	274	274	1,609
Special item					
Due from other governments	(34,519)	-	-	(34,519)	-
Change in assets and liabilities:					
(Increase) decrease					
Accounts receivable	408,923	300	(1,264)	407,959	(18,399)
Due from other funds	34	-	-	34	2,309,182
Due from other governments	(178,644)	-	(11,161)	(189,805)	950
Prepaid expenses	(10,442)	-	-	(10,442)	-
Increase (decrease)					
Accounts payable	(32,640)	4,830	16,360	(11,450)	58,610
Accrued interest	-	-	(274)	(274)	(1,609)
Compensated absences	(16,824)	(6,176)	-	(23,000)	4,032
Claims liability	-	-	-	-	(132,298)
Unearned revenue	180,320	(208,950)	-	(28,630)	3,818
Retainage payable	19,065	-	-	19,065	(24,105)
Due to other funds	2,265	-	212	2,477	-
Due to other governments	-	(245,893)	-	(245,893)	-
Total adjustments	<u>3,146,090</u>	<u>(209,996)</u>	<u>96,695</u>	<u>3,032,789</u>	<u>2,522,544</u>
Net cash provided by operating activities	<u>\$ 983,410</u>	<u>\$ 489,234</u>	<u>\$ 69,078</u>	<u>\$ 1,541,722</u>	<u>\$ 3,410,278</u>
Noncash investing, capital, and financing activities:					
Decrease in fair value of investments	\$ (5,415)	\$ (3,613)	\$ (247)	\$ (9,275)	\$ (23,344)
Capital asset trade-ins	131,514	-	-	131,514	-
Amortization related to refunding debt issue	-	-	-	-	(101,402)

The notes to financial statements are an integral part of this statement.

ROUTT COUNTY, COLORADO
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
December 31, 2017

	Employee Retirement Plans	Agency	Total
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and investments	\$ -	\$ 3,733,153	\$ 3,733,153
Due from other governments	-	53,944	53,944
Investments held for pension benefits	<u>34,615,753</u>	<u>-</u>	<u>34,615,753</u>
Total assets	<u><u>34,615,753</u></u>	<u><u>3,787,097</u></u>	<u><u>38,402,850</u></u>
LIABILITIES			
Due to other governments	-	818,198	818,198
Advanced tax collections	-	2,632,851	2,632,851
Funds held in trust	<u>-</u>	<u>336,048</u>	<u>336,048</u>
Total liabilities	<u>-</u>	<u><u>3,787,097</u></u>	<u><u>3,787,097</u></u>
NET POSITION			
Net position held in trust for pension benefits	<u>34,615,753</u>	<u>-</u>	<u>34,615,753</u>
Total liabilities and net position	<u><u>\$ 34,615,753</u></u>	<u><u>\$ 3,787,097</u></u>	<u><u>\$ 38,402,850</u></u>

The notes to financial statements are an integral part of this statement.

ROUTT COUNTY, COLORADO
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
For the Year Ended December 31, 2017

	<u>Employee Retirement Plans</u>
Additions	
Employee contributions	\$ 1,128,901
Employer contributions	<u>742,548</u>
Total contributions	1,871,449
Net investment earnings	4,204,992
Transfers from other plans	<u>300,148</u>
Total additions	<u>6,376,589</u>
Deductions	
Benefits	2,827,028
Transfers to other plans	<u>41,658</u>
Total deductions	<u>2,868,686</u>
Change in net position	3,507,903
Plan net position, beginning	<u>31,107,850</u>
Plan net position, ending	<u><u>\$ 34,615,753</u></u>

The notes to financial statements are an integral part of this statement.

ROUTT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 1. REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

Routt County is a body corporate and politic created by the Constitution of the State of Colorado, Article XIV and the Colorado State Legislature. Routt County exists as a political subdivision of the state to provide for the convenient administration of state government. The powers of the County, as enumerated in C.R.S. 30-11-101, shall be exercised by a Board of County Commissioners and such officers as may be required by statute or appointed by the Board.

The criteria used to determine the agencies or entities that comprise the County for financial reporting purposes include those entities for which the County is considered financially accountable. These financial statements present all the government and its component units. Blended component units, although legally separate entities, are in substance, part of the County's operations. The County does not have a discretely presented component unit.

Blended Component Units

The following component entities are blended because there is financial accountability by the County and the entities exclusively benefit the County.

The Routt County Public Building Authority (Authority) is made up of three members including one of the County Commissioners, the Finance Director of the County, and a person appointed by the County Commissioners. The purpose of the Authority is to acquire real estate for public purposes, and to facilitate the financing of certain facilities within the County, which will inure to the benefit of the residents of the County. The Authority leases the Routt County Justice Center to the County under an annual lease purchase agreement dated April 1, 2012. The operations of the Authority are recorded in the General Fund. The Justice Center capital asset and related certificates of participation long-term debt are recorded in the Internal Service funds.

The following provides specific reasons for excluding agencies where there is financial accountability by the County.

The County issued \$750,000 of general obligation library bonds on December 15, 1998 for the West Routt Library District. The outstanding principal balance as of December 31, 2017 is \$55,000. The County does not have oversight responsibility because the payment of principal and interest on the bonds is made by a levy of ad valorem taxes on all taxable property within the Library District. The bonds are not subject to the County's limitation on indebtedness. The nature of this transaction emphasizes that the debt and revenues are, in substance, the debt and revenues of the Library District. The County does not appoint a majority of the governing authority. Instead, the County, along with the Town of Hayden and the Hayden School District, ratifies the appointment of the board of trustees. The County is not able to impose its will on the governing authority and none of the other criteria for inclusion in the oversight entity have been met. The separately issued financial statements for the West Routt Library District can be obtained from the Library District.

On March 18, 2004, the County issued Meadowgreen at Stagecoach Local Improvement District No. 2002-1 special assessment bonds in the amount of \$1,375,000 and taxable assessment bonds in the amount of \$195,000 for a total amount of \$1,570,000. As of December 31, 2017, there is \$363,000 of outstanding bonds. The bonds have an interest rate of 6.50% through August 1, 2024 and are payable by the property owners within the Local Improvement District through special assessments levied on assessable land. The bonds do not constitute a debt of the County, are not a general obligation of the County, and the County is not obligated in any manner for the debt.

The County is only acting as a paying agent for the property owners in the Local Improvement District by collecting the assessments, forwarding the collections to bondholders, and initiating foreclosure proceedings, as applicable. As of December 31, 2017 a reserve totaling \$113,880 is available to prevent a default in the payment of interest and the estimated redemption of the bonds. The bonds were issued for construction within the District to include grading and paving streets, water and sewer lines, and the extension of electrical and telephone utilities. There are no separately issued financial statements for the Meadowgreen at Stagecoach Local Improvement District.

The District Attorney is an elected official and represents the 14th Judicial District, a separate political subdivision of the state providing criminal justice services to three counties: Routt, Grand, and Moffat. The District Attorney's

ROUTT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2017

Office is subject to the budget and audit laws of the state; however, funding for the District Attorney's operations is basically provided by the three counties in proportion to census population. Therefore, the counties have a substantive influence on the District Attorney's budget in that the District Attorney must apply to the counties for funds and must limit expenditures to the amount the counties are willing to budget and appropriate within their own operational budgets plus any other revenues the District Attorney's office may generate.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The County's basic financial statements consist of government-wide statements, including a statement of net position, a statement of activities, and fund financial statements, which provide a more detailed level of financial information. The government-wide focus shows the sustainability of the County as an entity and the change in overall financial position for the period.

Government-wide Financial Statements

The Statement of Net Position and the Statement of Activities present information on the County as a whole. The government-wide Statement of Net Position displays both the governmental and business-type activities on a consolidated basis, by column. These statements include all financial activities of the government with the exception of fiduciary activities. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely on charges for services for support. In general, the effect of interfund activity has been removed from these statements. Any net residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

The government-wide Statement of Activities presents both the functional expenses and net cost of each function of the County's governmental and business-type activity, illustrating the degree to which the functional expenses of a given function are offset by program revenues. Functional expenses are those that are clearly identifiable with a specific function of a segment. Program revenues include charges paid by the recipient of the goods or services provided by the program, grants, contributions, and interest restricted to the use of the particular program. There are no related expenses shown for capital grants because the asset is included with capital assets on the Statement of Net Position.

Revenues not classified as program revenues are presented as general revenues of the County. The difference between program revenues and functional expenses shows the amount of subsidy, if any, required from the general revenues of the County.

Fund Financial Statements

The financial transactions of the County are recorded in individual funds. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts made up of assets, liabilities, fund balance/net position, revenues and expenses or expenditures, as appropriate. Fund categories include governmental, proprietary and fiduciary. Separate statements for each fund category are presented. The focus of fund financial statements is on major governmental and enterprise funds, each shown in a separate column. All remaining governmental and enterprise funds are combined and shown as nonmajor funds.

The County reports the following major governmental funds:

General Fund - The General Fund is used to account for financial resources and transactions not properly accounted for in other funds. County operations such as public safety, property valuation, tax collection and distribution, planning and zoning, vehicle licensing and administration are financed from taxes and general revenues accounted for in this fund.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specific purposes. The County's special revenue funds and their purposes are:

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
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Road and Bridge - to account for the maintenance and improvement of roads and bridges. Financing is provided by property taxes, sales taxes, state highway user fees, and other revenue sources.

Human Services - to account for the operations of social services programs such as Child Care, Old Age Pension, and Foster Care. Financing is provided by state and federal grants, allotments, and property tax revenue.

Communications - to account for the operation of the communications system. The Communications Center provides dispatch services to local law enforcement, fire protection and ambulance agencies, as well as monitoring certain alarm systems and the emergency 911 (E-911) phone system. Financing is provided by property tax revenue and an E-911 surcharge fee.

Proprietary fund operating revenues, such as charges for services, are a product of exchange transactions resulting from the primary activity of the fund. Exchange transactions occur when each party gives and receives products of essentially equal value. Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the County, these revenues are charges for services for airlines, taxis, rental car companies, and building permits, etc. Nonoperating revenues, for example subsidies and investment earnings, result from nonexchange transactions or ancillary activities. Contributions of capital in proprietary fund financial statements arise from internal and external contributions of capital assets or from grants or outside contributions of resources restricted to capital acquisition and construction. There are no related expenses shown for capital grants because the asset is included with capital assets on the Statement of Net Position. Revenues not classified as operating revenues are presented as general revenues of the County. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of each fund.

The County reports the following major proprietary funds:

Yampa Valley Regional Airport (YVRA) - to account for the operations of the regional airport. Financing is provided by user fees and federal and state grants. Yampa Valley Regional Airport is a major enterprise fund.

Regional Building Department – to account for the operations of the Regional Building Department. Financing is provided by user fees from building permits. The Regional Building Department is a major enterprise fund.

Internal Service funds account for the financing of goods or services provided to other departments of the County on a cost-reimbursement basis.

Equipment Pool – to account for the financing of buildings, vehicles, heavy equipment, computer equipment, communications equipment, and office equipment purchases. Fees are charged for usage of the capital assets to each department/fund. The fund accounts for the operation and maintenance of the vehicles and heavy equipment.

Insurance Pool – to account for the partially self-funded health insurance coverage of County employees. Fees are charged to each department/fund to provide funding for administration, claims and commercial health insurance.

Fiduciary Funds account for assets held by the County in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds.

The County reports the following fiduciary funds:

Agency – to primarily account for the collection and distribution of property taxes. Disbursements from this fund are made in accordance with legislative requirements.

Employee Retirement Plans – to account for the IRS section 401(a) and 457 defined contribution plans.

Measurement Focus and Basis of Accounting

The government-wide financial statements, proprietary fund statements, and the employee retirement plans (one of the two fiduciary funds) statements report government activities using the economic resources measurement focus and

ROUTT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2017

the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Non-exchange transactions, transactions that do not involve the receipt of revenue for financial or capital resources of approximately equal value, include property taxes, grants, and donations. Grant and donation revenue is recognized in the fiscal year in which all eligibility requirements have been met. Further, grants and entitlements received for proprietary fund operating purposes are recognized as non-operating revenue. The Agency Fund does not have a measurement focus because it does not present an operating statement.

All governmental fund financial statements are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay the liabilities of the current period.

For this purpose, Routt County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting; however, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes are levied in December and attached as a lien on the property in January. Property taxes are payable in full by April 30 or in two equal installments due February 28 and June 15. The County bills and collects its own property taxes as well as those for other taxing districts in the County. Collections for other districts are accounted for in the Agency Fund. Property taxes are reported as a receivable and a deferred inflow of resources when levied, and as a revenue when due for collection in the following year. During November, the County holds a tax sale for delinquent property taxes. The property tax base is primarily dependent on businesses in the tourism industry.

Routt County levied a 1% sales tax effective July 1, 1988, with approval from the electorate. The Colorado Department of Revenue collects the tax during the month following sales. Sales tax is recorded as revenue and a receivable at the time of sale, although it is not remitted to the County until later. Sales taxes are primarily dependent on the tourism industry. As approved by the electorate, 20% of sales tax revenues has been restricted for capital improvements.

Since government activities in the government-wide financial statements and government fund statements use a different measurement focus and accrual basis, there can be significant differences in the total columns between these two reports. A reconciliation is presented when such differences occur. Transactions between funds that would be treated as revenues, expenditures or expenses, if they involved organizations external to the County are accounted for as revenues, expenditures, or expenses in the funds involved. Transactions which constitute reimbursements of a fund for expenditures or expenses initially made from that fund which are properly applicable to another fund are recorded as expenditures or expenses in the reimbursing fund and as reductions of the expenditure or expense in the fund that is reimbursed. At year end, outstanding balances between funds are reported as "due to/from other funds".

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

Cash and Investments

The operating cash of all governmental funds is pooled, except as required by trust agreements or statute. Investment earnings from the pool are allocated to the general and proprietary funds. Cash in excess of operating requirements is typically invested in time certificates of deposit, governmental pooled funds, repurchase agreements, or guaranteed funding agreements. Investments are reported at fair value.

Restricted cash and investments associated with legally mandated debt service are used only after the depletion of unrestricted resources. In the case of grants, restricted cash and investments are used first followed by unrestricted resources. The County applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

For purposes of the statement of cash flows, the proprietary funds consider all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

ROUTT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
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Accounts Receivable

The County's allowance for uncollectible accounts is \$270,131 in the Human Services Fund.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets and Depreciation

Capital assets which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of more than \$5,000 to \$30,000 depending on the type of capital asset. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at acquisition value. Interest incurred during the construction phase of proprietary fund capital assets is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period. However, interest incurred during the construction phase in the Internal Service Funds that are closed to governmental activities is not capitalized as part of the cost of the asset constructed. The cost of normal maintenance and repairs that does not add value to the asset or materially extend asset lives is not capitalized.

Capital assets are depreciated over the remaining useful lives of the related capital assets. Depreciation on these assets is computed using the straight-line method based on estimated useful lives as follows:

	Assets	Years
Land Improvements		5 - 30
Buildings		5 - 30
Sewer and Water Transmission and Distribution Lines		10 - 30
Equipment		4 - 30
Roads		10 - 20
Bridges		50

Compensated Absences

County employees earn annual vacation leave at a rate of ten days per year for the first five years and up to a maximum of twenty days per year after ten years of service. Accumulation of any unused vacation after year-end is subject to the approval of the elected officials.

Annual sick leave is earned at a rate of twelve days per year to a maximum of forty-five days payable upon termination to the employee after a minimum of five years of service.

Long-term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt, and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Premiums and discounts are deferred and amortized in a systematic and rationale basis over the life of the debt based on the debt outstanding at the beginning of each calendar year. Liabilities are reported net of the applicable premium or discount.

Fund Balance

Non-spendable fund balance – amounts that cannot be spent because they are not in spendable form or they are legally or contractually required to be maintained intact.

ROUTT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2017

Restricted fund balance – amounts that are restricted for specific purposes pursuant to constraints either externally imposed by creditors, grantors, contributors or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Unrestricted:

Committed fund balance – amounts that can only be used for specific purposes pursuant to constraints imposed by an adopted resolution of the Board of County Commissioners; therefore, to modify or rescind a fund balance commitment, the Board of County Commissioners must adopt a resolution for the change.

Assigned fund balance – amounts that can only be used for specific purposes pursuant to constraints imposed by an official who has been delegated the responsibility by the Board of County Commissioners. The County does not have an assigned fund balance.

Unassigned fund balance – is the residual fund balance classification that has not been restricted, committed or assigned for specific purposes. The County does not have an unassigned fund balance.

The County considers restricted amounts to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. In addition for unrestricted amounts, the County considers committed amounts to have been spent first when an expenditure is incurred for purposes for which both committed and unassigned fund balance is available.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has one item that qualifies for reporting in this category. It is the deferred charges on refunding for its certificates of participation and reported in the government-wide statement of net position and the proprietary funds statement of net position. The deferred charges on refunding item is comprised of (1) an amount equal to the difference in the carrying value of old or refunded certificates of participation and the reacquisition price of the new or refunding certificates of participation and (2) prepaid insurance for the refunding certificates of participation. The total amount of the deferred charges on refunding is being amortized over the remaining life of the refunding certificates of participation in a systematic and rationale basis based on the debt outstanding at the beginning of each calendar year.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item that qualifies for reporting in this category. It is unavailable revenue on property taxes reported in the government-wide statement of net position and the governmental funds balance sheet. This amount is deferred and recognized as an inflow of resources in the period that it becomes available.

Net Position

Net position represents the difference between assets plus deferred outflows and liabilities plus deferred inflows. Net investment in capital assets consists of capital assets, reduced by accumulated depreciation and any outstanding related debt, plus deferred outflows of resources. Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors, laws or regulations of other governments.

Sometimes the County will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. The County considers restricted net position to have been depleted before unrestricted net position is applied.

ROUTT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2017

Reclassifications

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses. Actual results could differ from these estimates. The County believes that the techniques and assumptions used in establishing these estimates are appropriate.

Basis of Budgeting

The County uses the following procedures in establishing the budgetary data reflected in the financial statements:

Budgets are required by state law for all governmental funds. During October, the Budget Officer submits to the Board of County Commissioners a proposed budget for the fiscal year commencing the following January 1. The budget includes proposed expenditures and the means of financing them.

Public hearings are conducted by the Commissioners to obtain taxpayer comments. On or prior to December 15, the budget is adopted by formal resolution.

Expenditures may not legally exceed appropriations for personnel, operations, capital, debt service or transfers at the department level. Changes in the total budget of any department must be approved by the Board of County Commissioners and accompanied by a public hearing for taxpayer comments. Final budgeted amounts included in the financial statements are based on the final, legally amended budget. During 2017, no department exceeded its budget. All budget amounts presented in the Required Supplementary Information and Supplementary Information reflect the original budget and the final amended budget.

Budget appropriations lapse at the end of the year.

Budgets for the General Fund, the Human Services Fund, and the Communications Fund are adopted on a basis consistent with generally accepted accounting principles. Annual appropriation budgets for the Road and Bridge Fund, as well as all enterprise and internal service funds, are adopted on a non-GAAP budget basis, and are reconciled to GAAP basis in schedules within the required supplementary information and supplementary information, as applicable.

The County does not record encumbrances as a restriction of fund balance, and encumbrance accounting is not used in any of the funds.

NOTE 2. DEPOSITS AND INVESTMENTS

Investment Type	Investment Maturities			
	Fair Market Value	Up to 120 days	120 Days up to 1 year	More than 1 year and less than 3 years
U.S. Treasuries	\$ 5,974,086	\$ -	\$ 3,986,271	\$ 1,987,815
U.S. Instrumentalities	11,736,143	3,753,843	2,997,902	4,984,398
Total	\$ 17,710,229	\$ 3,753,843	\$ 6,984,173	\$ 6,972,213

(continued on next page)

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December 31, 2017

Deposits and Other Investments:

Cash on Hand	\$ 893,333
Demand Deposits	17,165,675
Certificates of Deposit	1,986,341
Government Investment Pools	8,847,794
Retirement Plan	<u>34,615,753</u>
Total Deposits and Investments	<u>\$ 81,219,125</u>

Investments

The County's investment policy, which is described in the next sections, requires that County funds shall only be invested in instruments as allowed by Colorado state statutes. Investments are valued using fair value measurements and interest income is accrued as realized. The County categorizes its fair value measurements based on the valuation inputs used to measure the fair value of the asset using the following hierarchy: Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs, and Level 3 inputs are significant unobservable inputs. As of December 31, 2017 the County has U.S. Treasury securities and U.S. Instrumentalities of \$5,974,086 and \$11,736,143 respectively with recurring fair value measurements valued using quoted market prices (Level 1 inputs). Certificates of Deposit total \$1,986,341 with recurring fair value measurements valued using quoted market prices (Level 2 inputs).

Retirement Plan investments are determined according to a contract with a third party administrator. The Retirement Plan currently contains a wide range of money market and mutual funds.

Interest Rate Risk

Colorado Revised Statutes and the County's investment policy limit investment maturities to 5 years or less from the date of purchase. This limit on investment maturities is a means of limiting exposure to changes in fair market values arising from changes in interest rates.

Credit Risk

The County's investment policy defines rating and risk criteria in which the County may invest and includes the following types of investments: obligations of the United States, certain U.S. government agency securities, general obligation and revenue bonds of the U.S. and/or local government entities, bankers' acceptances of certain banks, prime commercial paper, written repurchase agreements collateralized by certain authorized securities, certain money market funds, guaranteed investment contracts, and local government investment pools. The County's U.S. Instrumentalities and U.S. Treasury investments are rated AA+ and Aaa by Standard & Poor's and Moody's, respectively.

Government investment pools are reported at net asset value or amortized cost with each share valued at \$1.00. The investment pools are routinely monitored by the Colorado Division of Securities with regard to operations and investments. Investments consist of U.S. Treasury Notes and other similar investments. Financial statements for the County's government investment pools are available at www.colotrust.com and www.csafe.org.

As of December 31, 2017, the local government investment pools in which the County participates, CSAFE and COLOTRUST, were both rated AAAM by Standard and Poor's.

Concentration of Credit Risk

The County investments are concentrated in U.S. Treasury investments (30%), U.S. Instrumentalities (60%) and certificates of deposit (10%). More than 5% of the County's investments are in Federal Home Loan Bank, Federal Home Loan Mortgage Corporation and Federal National Mortgage Association representing 25%, 19% and 15%, respectively of the County's total investments.

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Custodial Credit Risk - Investments

The designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions of each pooled investment. All securities owned by each pooled investment are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by each pool investor.

Custodial Credit Risk – Deposits

The carrying amount of the County's deposits as of December 31, 2017 was \$19,152,016. The bank balances were \$18,343,667 of which \$1,253,429 was covered by federal deposit insurance and the remainder is collateralized according to Colorado state statutes. The Colorado Public Deposit Protection Act for banks and savings and loans requires the state regulators to certify eligible depositories for public deposits. The Act requires the eligible depositories with public deposits in excess of the federal insurance levels to create a single institution collateral pool of defined eligible assets. Eligible collateral includes obligations of the United States, obligations of the State of Colorado or local Colorado governments, and obligations secured by first lien mortgages on real property located in the State. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The fair market value of the assets in the pool must be in excess of one hundred and two percent of the financial institutions total uninsured public deposits.

NOTE 3. INTERFUND TRANSACTIONS

Interfund Loans

Milner Sanitation System (Milner) anticipated receiving a loan from the Colorado Department of Local Affairs (DOLA) to finance sewer line modifications to meet state and federal discharge guidelines. Due to state budget constraints the DOLA loan program had been discontinued at the time when Milner needed the funding. In addition, the County evaluated a state/federal loan program, which resulted in prohibitive administrative costs. As a result of the aforementioned attempts to finance the sewer project, the County decided to loan funds from the Road and Bridge Fund in 2011. The \$120,000 interfund loan terms are 20 years, annual payments of \$9,629, 5% interest and a maturity in 2031. The loan payment will be paid from sanitation fees. The current portion of the loan is classified as a due to/due from other funds.

Yampa Valley Regional Airport was issued a loan from the Road and Bridge Fund which has been used to fund a portion of the 2015 Runway Rehabilitation Project. The \$1,500,000 interfund loan terms are 20 years, annual payments of \$125,650, 3% interest and a maturity in 2029. The loan was issued in two parts: \$705,000 on December 31, 2014 and \$795,000 on October 31, 2015. The loan payment will be funded from cash flows from operations at Yampa Valley Regional Airport. The current portion of the loan is classified as a due to/due from other funds.

Receivable Fund	Payable Fund	Amount
Road & Bridge	Milner Sanitation System	\$ 90,452
	Yampa Valley Regional Airport	1,162,591
Total		\$ 1,253,043

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Transfers

Transfers are primarily made for additions and replacements of capital assets in the Internal Service funds.

	Transfers In		
	Human Services	Internal Service Funds	Total
Transfers Out			
General Fund	\$ 227,467	\$ 5,796,143	\$ 6,023,610
Road & Bridge	\$ -	\$ 272,252	272,252
Building	\$ -	\$ 5,700	5,700
Internal Service Funds	\$ -	\$ 8,520	8,520
Total	\$ 227,467	\$ 6,082,615	\$ 6,310,082

NOTE 4. CAPITAL ASSETS

The following is a summary of the changes in governmental activities capital assets:

	Balances January 1, 2017	2017 Additions	2017 Deletions	2017 Reclasses	Balances December 31, 2017
Governmental Activities:					
Capital assets, not being depreciated:					
Land and improvements	\$ 3,102,766	\$ -	\$ -	\$ -	\$ 3,102,766
Infrastructure	49,755,646	-	-	-	49,755,646
Construction in progress	1,360,457	5,402,069	(4,916,678)	-	1,845,848
Total capital assets, not being depreciated	54,218,869	5,402,069	(4,916,678)	-	54,704,260
Capital assets, being depreciated:					
Land improvements	981,914	586,068	-	-	1,567,982
Buildings	36,150,409	600,432	(20,649)	-	36,730,192
Equipment	25,669,074	3,542,108	(738,194)	-	28,472,988
Infrastructure	45,707,393	849,328	(387,169)	-	46,169,552
Total capital assets being depreciated	\$ 108,508,790	\$ 5,577,936	\$ (1,146,012)	\$ -	\$ 112,940,714
Less accumulated depreciation for:					
Land improvements	\$ (350,010)	\$ (51,962)	\$ -	\$ -	\$ (401,972)
Buildings	(15,065,586)	(929,892)	20,650	(165,089)	(16,139,917)
Equipment	(16,364,665)	(1,671,984)	445,830	165,089	(17,425,730)
Infrastructure	(18,089,956)	(1,537,830)	353,363	-	(19,274,423)
Total accumulated depreciation	(49,870,217)	(4,191,668)	819,843	-	(53,242,042)
Total capital assets being depreciated, net	58,638,573	1,386,268	(326,169)	-	59,698,672
Governmental activities capital assets, net	\$ 112,857,442	\$ 6,788,337	\$ (5,242,847)	\$ -	\$ 114,402,932

ROUTT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2017

The following is a summary of the changes in business-type capital assets:

	Balances January 1, 2017	2017 Additions	2017 Deletions	2017 Reclasses	Balances December 31, 2017
Business-type activities:					
Capital assets, not being depreciated:					
Land and improvements	\$ 20,850,686	\$ -	\$ -	\$ -	\$ 20,850,686
Construction in progress	393,774	2,753,449	(1,906,740)	-	\$ 1,240,483
Total capital assets, not being depreciated	21,244,460	2,753,449	(1,906,740)	-	22,091,169
Capital assets, being depreciated:					
Land improvements	23,566,869	31,438	(34,767)	-	23,563,540
Buildings	19,454,060	-	(14,452)	-	19,439,608
Equipment	9,950,062	1,875,301	(723,491)	-	11,101,872
Water system	2,022,132	-	-	-	2,022,132
Sewer system	1,756,809	-	(1,797)	-	1,755,012
Total capital assets being depreciated	56,749,932	1,906,739	(774,507)	-	57,882,164
Less accumulated depreciation for:					
Land improvements	(10,023,635)	(1,624,132)	34,767	-	(11,613,000)
Buildings	(7,484,009)	(698,438)	12,725	-	(8,169,722)
Equipment	(5,264,911)	(606,090)	500,198	-	(5,370,803)
Water system	(997,839)	(61,240)	-	-	(1,059,079)
Sewer system	(1,239,488)	(85,687)	1,795	-	(1,323,380)
Total accumulated depreciation	(25,009,882)	(3,075,587)	549,485	-	(27,535,984)
Total capital assets being depreciated, net	31,740,050	(1,168,848)	(225,022)	-	30,346,180
Business activities capital assets, net	\$ 52,984,510	\$ 1,584,601	\$ (2,131,762)	\$ -	\$ 52,437,349

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

Governmental activities:	
Administration	\$ 1,390,567
Community Resources	25,541
Public Safety	439,776
Road and Bridge	2,332,591
Human Services	3,193
Total depreciation expense - governmental activities	\$ 4,191,668
Business-type activities:	
Yampa Valley Regional Airport	\$ 2,981,961
Phippsburg Water and Sanitation System	74,029
Milner Sanitation System	19,597
Total depreciation expense - business-type activities	\$ 3,075,587

ROUTT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2017

NOTE 5. LONG-TERM OBLIGATIONS

Certificates of Participation

In April 2012, the Routt County Public Building Authority (the Corporation), a nonprofit corporation, issued Refunding Certificates of Participation, Series 2012 to advance refund the Certificates of Participation, Series 2006 issued to finance the cost of construction of the Justice Center. The Refunding Certificates of Participation, Series 2012 were issued in the amount of \$13,290,000, with a discount at issue of \$50,148, representing assignments of proportionate interest in rights to receive certain payments under the Lease Purchase Agreement (the Lease) dated April 1, 2012 between the Corporation and Routt County due semi-annually in various amounts through December 1, 2025. Under the lease, the Corporation is leasing the Justice Center facility to the County over a lease term and a payment schedule consistent with the term and payment schedule of the Refunding Certificates of Participation. The Lease allows the County to purchase the Justice Center prior to the end of the lease term by paying the amounts necessary to discharge the Refunding Certificates of Participation, all rental payments, and all fees and expenses as agreed upon to the Trustee. The Trustee holds a mortgage and Indenture Trust with the Corporation on behalf of the Certificates of Participation owners, which represents a mortgage on the Justice Center and the administration of lease rental payments to such owners. The Series 2012 refunding certificates are subject to redemption on any date at the option of the County at the principal amount plus accrued interest without any premium. Interest at 2.0% to 3.25% is payable semi-annually. Neither the Refunding Certificates nor the Lease nor the Indenture constitute a general obligation or other indebtedness of the County and the lease will terminate if the County does not appropriate funds to make the payments in any fiscal year. Repayment of the Refunding Certificates is secured only by moneys, if any, held by the Trustee. The Refunding Certificates are insured for payment of principal and interest by a non-cancelable insurance policy and a surety bond in lieu of a reserve fund. Under the surety bond, the County is required to reimburse the issuer of the surety bond for any draws with any such reimbursement by the County being subordinate to its obligations with respect to the certificates. The insurance policy and surety bond are held with Assured Guaranty Municipal Corporation. A summary of the annual requirements to repay this obligation is as follows:

Year Ending December 31,	Principal	Interest	Total
2018	\$ 985,000	\$ 249,194	\$ 1,234,194
2019	1,005,000	229,494	1,234,494
2020	1,030,000	204,369	1,234,369
2021	1,055,000	176,044	1,231,044
2022	1,090,000	144,394	1,234,394
2023-2025	3,480,000	227,067	3,707,067
	\$ 8,645,000	\$ 1,230,562	\$ 9,875,562

Advance Refunding

The County issued \$13,290,000 in Refunding Certificates of Participation, Series 2012 with interest rates ranging from 2.0% to 3.25%. The proceeds were used to advance refund \$13,435,000 of outstanding Certificates of Participation, Series 2006, which had interest rates ranging from 3.75% to 4.50%, to purchase a surety bond and an insurance policy and to pay the costs of issuance of the certificates. The net proceeds of the issue of \$12,916,620 and \$1,078,002 in funds from the County for a total of \$13,994,622 were deposited in an irrevocable trust with an escrow agent and used to redeem the Series 2006 certificates of participation on December 1, 2012 at a price equal to 100% of par and accrued interest. As a result the Certificates of Participation, Series 2006, originally issued to fund the cost of construction of the Justice Center, are defeased and the liability for these certificates has been removed from the statement of net position.

The acquisition price of the new refunding certificates exceeded the net carrying amount of the old certificates by \$823,554. This amount is shown as a deferred charge on refunding and amortized over the remaining life of the refunding debt or 13 years. In 2017, a total of \$81,152 was amortized and the unamortized refunding cost as of

ROUTT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2017

December 31, 2017 is \$339,344. The County advance refunded the Certificates of Participation, Series 2006 to reduce its total debt service payments over 13 years by \$852,164 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new certificates) of \$674,430.

The prepaid insurance policy premium and cost of the surety bond for the refunding certificates of participation totaled \$155,347. This amount is shown as a deferred charge on refunding and amortized over the remaining life of the refunding debt or 13 years. In 2017, a total of \$15,308 was amortized and the unamortized refunding cost as of December 31, 2017 is \$64,010. Total deferred charges are reported as a deferred outflow of resources and the total unamortized balance as of December 31, 2017 is \$403,354.

On March 3, 2017 Standard and Poor's assigned an AA rating to the Refunding Certificates of Participation, Series 2012 and affirmed an issuer credit rating of AA+ with Standard and Poor's outlook stable and the rationale for these ratings again being the County's strong reserve levels, above national average per capita market value and buying income, low debt level and very strong liquidity.

Loans - Phippsburg Water and Sanitation System

On November 15, 2006, the State of Colorado under the Energy and Mineral Impact Assistance program, issued a twenty-year loan to the County for \$116,000 at an interest rate of 5% to fund a portion of the upgrades to the wastewater treatment lagoons. Annual principal and interest payments amounting to \$9,231 began in 2007 and will continue through 2026. This loan represents debt to Phippsburg Water and Sanitation System (an enterprise fund) and is not a general obligation to the County. The water and sanitation system shall establish rates and charges sufficient to include the annual repayment of the debt. A summary of the annual requirements to repay this loan is as follows:

Year Ending December 31,	Principal	Interest	Total
2018	\$ 5,950	\$ 3,281	\$ 9,231
2019	6,248	2,983	9,231
2020	6,560	2,671	9,231
2021	6,888	2,343	9,231
2022	7,233	1,998	9,231
2023 - 2026	32,731	4,191	36,922
	\$ 65,610	\$ 17,467	\$ 83,077

On September 2, 2002, the State of Colorado, under the Energy and Mineral Impact Assistance program, issued a loan to the County for \$38,500 at an interest rate of 5% to fund a portion of a water filtration facility in Phippsburg Water and Sanitation System through 2022. On September 1, 2003, the State increased the loan by \$92,500 to \$131,000, providing for interest only payments on the total loan through 2008, and principal and interest payments from 2009 through 2022. The increase in the loan was necessary after construction bids exceeded the original bid projections. This loan represents debt to Phippsburg Water and Sanitation System (an enterprise fund) and is not a general obligation to the County. The water and sanitation system shall establish rates and charges sufficient to include the annual repayment of the debt. A summary of the annual requirements to repay this loan is as follows:

ROUTT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2017

Year Ending December 31,	Principal	Interest	Total
2018	\$ 10,277	\$ 2,840	\$ 13,117
2019	10,791	2,326	13,117
2020	11,331	1,786	13,117
2021	11,897	1,220	13,117
2022	12,492	625	13,117
	<u>\$ 56,788</u>	<u>\$ 8,797</u>	<u>\$ 65,585</u>

On September 1, 2009, the State of Colorado, under the Energy and Mineral Impact Assistance program, issued a twenty-year loan to the County for \$25,000 at an interest rate of 5% to fund a portion of a water filtration upgrade in the Phippsburg Water and Sanitation System through 2029. The water filter upgrade was required to comply with State of Colorado Drinking Water regulations. This loan represents debt to Phippsburg Water and Sanitation System (an enterprise fund) and is not a general obligation to the County. The water and sanitation system shall establish rates and charges sufficient to include the annual repayment of the debt. A summary of the annual requirements to repay this loan is as follows:

Year Ending December 31,	Principal	Interest	Total
2018	\$ 1,127	\$ 896	\$ 2,023
2019	1,183	840	2,023
2020	1,242	781	2,023
2021	1,304	719	2,023
2022	1,369	654	2,023
2023-2027	7,943	2,171	10,114
2028-2029	3,760	285	4,045
	<u>\$ 17,928</u>	<u>\$ 6,346</u>	<u>\$ 24,274</u>

Long-Term Obligations

	Balance December 31, 2016	Additions	Deletions	Balance December 31, 2017	Due Within One Year
Governmental activities:					
Certificates of participation	\$ 9,610,000	\$ -	\$ (965,000)	\$ 8,645,000	\$ 985,000
Unamortized discount, certificates of participation	(25,605)	-	4,942	(20,663)	(4,445)
Total certificates of participation	9,584,395	-	(960,058)	8,624,337	980,555
Compensated absences	1,332,893	2,354,382	(2,369,472)	1,317,803	628,772
Total governmental	\$ 10,917,288	\$ 2,354,382	\$ (3,329,530)	\$ 9,942,140	\$ 1,609,327

(continued on next page)

ROUTT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2017

	Balance December 31, 2016	Additions	Deletions	Balance December 31, 2017	Due Within One Year
Business-type activities:					
Loans payable:					
Revenue loans	\$ 156,852	\$ -	\$ (16,526)	\$ 140,326	\$ 17,354
Compensated absences	293,388	410,938	(433,938)	270,388	124,874
Total business-type	450,240	410,938	(450,464)	410,714	142,228
Total long-term obligations	\$ 11,367,528	\$ 2,765,320	\$ (3,779,994)	\$ 10,352,854	\$ 1,751,555

Compensated absences for governmental activities are liquidated by the respective governmental funds or internal service funds and for business-type activities by the respective proprietary funds.

NOTE 6. FUND BALANCE AND NET POSITION

	Fund Balance				Net Position	
	General Fund	Road & Bridge	Human Services	Communi- cations	Governmental Activities	Business Activities
Nonspendable						
Prepays/Interfund loans/ Inventory/Deposit						
	\$ 102,090	\$ 1,274,991	\$ 3,193	\$ 56,352	\$ -	\$ -
Restricted						
Lottery	-	-	-	-	-	-
Museums	105,682	-	-	-	105,682	-
Purchase of Development Rights	2,570,798	-	-	-	2,570,798	-
Public Trustee	88,499	-	-	-	88,499	-
Recycling	31,724	-	-	-	31,724	-
Sheriff Investigations	6,669	-	-	-	6,669	-
Contraband Forfeiture Act	1,527	-	-	-	1,527	-
Detention - commissary	87,443	-	-	-	87,443	-
Affordable Housing	75,000	-	-	-	75,000	-
County Manager severance	89,821	-	-	-	89,821	-
TABOR reserve for emergencies:						
General Fund	984,781	-	-	-	984,781	-
Yampa Valley Regional Airport	-	-	-	-	-	162,599
	4,041,944	-	-	-	4,041,944	162,599
Committed						
General Fund	1,934,455	-	-	-	-	-
Road & Bridge	-	10,467,440	-	-	-	-
Human Services	-	-	583,853	-	-	-
Communications	-	-	-	1,503,589	-	-
	1,934,455	10,467,440	583,853	1,503,589	-	-
	\$ 6,078,489	\$ 11,742,431	\$ 587,046	\$ 1,559,941	\$ 4,041,944	\$ 162,599

At December 31, 2017, the committed fund balance of the General Fund is in compliance with the Board of County Commissioner's resolution to establish the year end committed fund balance of the General Fund to be no less than 10% of General Fund expenditures of the prior year and shall exclude expenditures from voter approved mill levies

ROUTT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2017

such as the purchase of development rights, developmental disabilities, the museum and heritage fund and future voter approved mill levies restricted for a specific purpose and transfers.

7. DEFINED CONTRIBUTION PLANS

The County provides pension benefits through two defined contribution plans. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The plans are administered through a retirement board as per Colorado Revised Statute 24-54-101 and the day-to-day administration of the plan is provided by ICMA Retirement Corporation. Plan provisions are established and may be amended by the Board of County Commissioners.

The County provides pension benefits for all of its employees working 30 hours or more per week for the entire year through an Internal Revenue Service Section 401(a) defined contribution plan. Employees are eligible to participate after one year of service, and at that time the County starts contributing to the plan. The County's contribution for each employee and earnings allocated to the employee's account is fully vested after five years of continuous service. County contributions for, and earnings forfeited by, employees who leave employment before five years of service are used to reduce the County's contribution requirement. Plan members and the County are required to contribute 6% of annual covered salary. The required contributions by the County matching those actually made by the employees totaled \$742,548.

In addition, the County provides pension benefits for all of its employees working 20 hours or more per week for the entire year through an Internal Revenue Service Section 457 plan. Participation in the plan is optional and employees are eligible to participate from their date of employment. The County is not required to contribute to the plan and plan members may contribute anywhere from 1% to 25% of annual covered salary or the plan year maximum.

NOTE 8. RISK MANAGEMENT

County Workers' Compensation Pool

The County is exposed to various risks of loss related to injuries of employees while on the job. In 1986, the County joined together with other counties in the State of Colorado to form the County Workers' Compensation Pool (CWCP), a public entity risk pool currently operating as a common risk management and insurance program for member counties. The County pays an annual contribution to CWCP for its workers' compensation insurance coverage. The intergovernmental agreement for formation of CWCP provides that the pool will be financially self-sustaining through member contributions and additional assessments, if necessary. The pool will purchase excess insurance through commercial companies for members' claims in excess of a specified self-insured retention, which is determined each policy year. In the past three years, the amount of settlement for any claim has not exceeded the insurance coverage.

Colorado Counties Casualty and Property Pool

The County is exposed to various risks of loss related to property and casualty losses. During 1986, the County was unable to obtain property and liability insurance at a cost it considered to be economically justifiable. Therefore, the County joined together with other counties in the State of Colorado to form Colorado Counties Casualty and Property Pool (CAPP), a public entity risk pool currently operating as a common risk management and insurance program for member counties. The County pays an annual contribution to CAPP for its property and casualty insurance coverage. The intergovernmental agreement for the formation of CAPP provides that the pool will be financially self-sustaining through member contributions and additional assessments, if necessary. The pool will purchase excess insurance through commercial companies for members' claims in excess of a specified self-insured retention, which is determined each policy year. In the past three years, the amount of settlement for any claim has not exceeded the insurance coverage.

Insurance Pool

In 2011, the County established a partially self-funded health insurance pool in response to significant increases in health insurance costs. All County departments with eligible employees are charged for payments to the insurance

ROUTT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2017

pool based on estimated amounts needed to pay prior and current year claims. County departments' costs per covered employee are based on the employee's choice of family or single coverage.

A third party administers claim processing services. A commercial aggregate and individual stop loss insurance policy has been purchased to limit the risk of loss to the County. The individual stop loss policy covers individual claims in excess of \$75,000 annually with no annual or lifetime maximum. The aggregate stop loss policy covers total annual claims in excess of the 2017 aggregate deductible of \$3,748,301 up to \$1,000,000 per coverage period. In the past three years, the amount of settlement for any claim has not exceeded the insurance coverage.

Liabilities include an amount for claims that have been incurred but not reported (IBNRs). The results of the process to estimate the claims liability is not exact as it depends on many complex factors, such as inflation, changes in laws, recent claim settlement trends and other economic and social factors. The changes in the balance of claims liabilities for the current year are as follows:

	Year Ended 12/31/2017
Unpaid claims, beginning of fiscal year	\$ 480,022
Incurred claims (including IBNRs)	3,459,534
Claim payments	(3,591,832)
Unpaid claims, end of fiscal year	\$ 347,724

NOTE 9. CONSTRUCTION COMMITMENTS

The Yampa Valley Regional Airport's (YVRA) has an engineering contract totaling \$589,731 for construction of cold storage building, Precision Approach Path Indicator (PAPI), apron design and construction of Federal Aviation Administration and Colorado Division of Aeronautics project.

The Road and Bridge Department has engineering and construction contracts for bridges totaling \$2,139,694. Funding for the various bridge projects is being provided by Federal Department of Transportation grants and Road and Bridge fund balance.

Project	Spent to Date	Remaining Commitment
Airport parking lot control and collections system	\$ 391,554	\$ 198,177
Bridge projects	582,925	1,556,769
Total	\$ 974,479	\$ 1,754,946

NOTE 10. CONTINGENCIES

Taxpayer's Bill of Rights

In November 1992, Colorado voters amended Article X of the Colorado Constitution with the addition of Section 20, commonly known as the Taxpayer's Bill of Rights (TABOR). TABOR contains revenue, spending, tax and debt limitations that apply to the State of Colorado and local governments. TABOR requires, with certain exceptions, advance voter approval for any new tax, tax rate increase, mill levy above that for the prior year, extension of an expiring tax, or tax policy change directly causing a net tax revenue gain to any local government.

TABOR also requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves are required to be 3% or more of fiscal year spending excluding certain expenditures as detailed in the amendment. The County has restricted a portion of its 2017 year-end fund balance/net position in the

ROUTT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2017

General Fund and Yampa Valley Regional Airport for emergencies as required under TABOR. As of December 31, 2017, the County had restricted fund balance/net position of \$984,781 and \$162,599 in the General Fund and Yampa Valley Regional Airport, respectively, for this purpose.

On December 31, 2013 by resolution, the Routt County Board of County Commissioners approved the Regional Building Department as an Enterprise under Article X, Section 20 of the Colorado Constitution. The resolution states “The Building Department’s fees and charges shall be set so as to maintain the Building Department as a self-funding enterprise and, in that regard the Building Department’s operations and capital expenditures shall be financed so that it shall not, in any year, receive ten percent or more of its funding from state or local governments”.

The initial base for local government spending and revenue limits is 1992 fiscal year spending. Future spending and revenue limits are determined based on the prior year’s fiscal year spending adjusted for inflation in the prior calendar year plus annual local growth. Fiscal year spending is generally defined as expenditures and reserve increases with certain exceptions. Revenue in excess of the fiscal year spending limit must be refunded in the next fiscal year unless voters approve retention of such revenue.

In 1998, the County obtained voter approval to retain revenue above the annual revenue/spending limitation, except for property taxes, in perpetuity. The property tax revenue limitation was not affected by the election.

In 2003, the County electorate approved levying a .3 mill property tax levy to fund the museums in Routt County in perpetuity. This revenue goes into the Museum and Heritage Fund for the support of historic preservation activities in the five museum districts located throughout the County.

In 2005, the County electorate approved a .5 mill levy increase to the existing 1.0 mill levy for a total 1.5 mill levy for the purchase of development rights. This ballot issue allows the revenue and spending limitation to be increased to the amount of 1.5 mills. This tax sunsets in assessment year 2024 with final taxes for 2024 collected in 2025.

Also in 2005, the County electorate approved a 1.0 mill levy for services for Routt County residents with developmental disabilities. This ballot increase allows the revenue and spending limitation to be increased to the 1.0 mill levy in perpetuity.

County’s management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of its provisions, including the interpretation of how to calculate fiscal year revenue limits, may require judicial interpretation.

Contingent Liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the County expects such amounts, if any, to be immaterial.

The County is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the County’s counsel the resolution of these matters will not have a material adverse effect on the financial condition of the County.

Leases

The Yampa Valley Regional Airport leases space within and outside the air terminal facility to airlines, car rental agencies, general aviation, federal government entities, other parties and other concessionaires. The future minimum rentals on the non cancellable leases for the next five years, subsequent to December 31, 2017 are as follows:

ROUTT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2017

YVRA Leases	
2018	\$ 1,655,641
2019	126,224
2020	101,956
2021	90,599
2022	<u>80,556</u>
 Total	 <u><u>\$ 2,054,976</u></u>

NOTE 11. JOINTLY GOVERNED ORGANIZATIONS

In March 2003, the Affordable Housing Fund (Fund) was established when Routt County entered into an Intergovernmental Agreement (IGA) with the City of Steamboat Springs (City). In 2004, the County and the City passed resolutions to establish the Yampa Valley Housing Authority (YVHA) as a multi-jurisdictional entity charged with developing local options for affordable housing. The County and City approve the appointment of all board members to YVHA.

The Fund was established with \$125,000 from the County and \$125,000 from the City and created a revolving loan of \$250,000 to assist qualified participants with affordable housing in the City/County area. The City acts as fund holder for the loan funds and administers the loans, which have a maximum term of twenty-four months. No ongoing financial responsibility is stated or implied in the IGA. Either the County or the City, with or without cause, may terminate the IGA. Upon termination, any funds, promissory notes or securities held by the City as the fund holder will be distributed equally between the two parties.

In 2016, the City and County entered into an agreement to reduce the Fund by \$100,000 (\$50,000 from the County and \$50,000 from the City) for the purpose of constructing a residential housing project which consists of forty eight apartment units to be used as housing for low-income persons.

NOTE 12. SUBSEQUENT EVENT

On August 14, 2018, Routt County Board of County Commissioners, as the owners of the wastewater treatment facility serving the community of Phippsburg, authorized the execution of a loan agreement with the Colorado Water Resources and Power Development Authority to finance the replacement of lagoon liners in the amount of \$124,200.

NOTE 13. RESTATEMENT OF FINANCIAL STATEMENTS

Governmental Activities

The State of Colorado (State) conducted a sales tax audit of a vendor with several locations throughout Colorado, including the County, which resulted in a \$279,971 increase in beginning governmental activities unrestricted net position and due from other governments. The results of the audit determined that sales tax had been distributed to one location in the State and should have been distributed to where the products were being sold, i.e. the County. The State audit covered the years 2014 through 2016. The governmental fund financial statements were not impacted due to the sales tax funds being received by the County more than sixty days after year-end.

The County determined that sales tax on aviation fuel collected by the County should only be distributed to the Yampa Valley Regional Airport pursuant to Federal regulations, which resulted in a \$103,120 decrease in beginning governmental activities unrestricted net position and cash and investments. The General Fund beginning fund balance and cash and investments were both decreased \$103,120 as result of the Federal regulation.

In 2013, the County entered into a cost share agreement with a coal company to share the cost of annual maintenance, chip and seal, overlay and leveling courses to a County road. The cost share agreement came about due to the coal

ROUTT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2017

company hauling coal in oversized loads and thereby negatively affecting the road greater than normal traffic. The portion of the County road impacted by the oversized loads was improved to accommodate the oversized loads. The improvement to the County road was completely funded by the coal company. The intent of the cost share agreement is for the coal company to fund the annual ongoing maintenance on an annual basis and to have funds set aside for future chip and seal, overlay and leveling courses based on a cost share between the County and the coal company. The cost share is based on the type of vehicle traveling the County road. The coal company is responsible for the oversized load portion of the cost share. From 2014 through 2016, the County received various payments from the coal company as part of the cost share agreement, however accounting information was not provided in a timely manner to the Accounting Department to properly account for the cost share agreement. The receipt of the information resulted in a \$246,854 decrease to Governmental Activities unrestricted net position and an increase in unearned revenue and a \$246,854 decrease to Road and Bridge fund balance and an increase to unearned revenue.

Business-type Activities

The County determined that sales tax on aviation fuel collected by the County should only be distributed to the Yampa Valley Regional Airport (Airport) pursuant to Federal regulations and resulted in a \$103,120 increase in Business-type Activities beginning unrestricted net position and cash and investments. The Airport fund financial statements beginning fund balance and cash and investments were both increased \$103,120 as result of the Federal regulation.

The County has imposed a Customer Facility Charge (CFC) upon On-Airport Rental Car customer rental contracts originating at the Airport to pay for the planning, design, and construction of various landside and passenger terminal facilities. CFCs totaling \$231,126 were used in 2015 and 2016 to fund the debt service on the Airport interfund loan between the Airport and the Road and Bridge fund. The interfund loan was used to finance improvements at the Airport. The County did not notify the On-Airport Rental Car companies as to the use of the CFCs to fund the debt service of the Airport interfund loan. The decision was made to fund the Airport's interfund loan debt service from operations and to restore the CFCs as unearned revenue for use on a future CFC project. The decision resulted in a \$231,126 decrease in Business-type Activities beginning unrestricted net position and an increase in unearned revenue. The Airport fund financial statements beginning unrestricted net position was decreased \$231,126 and unearned revenue was increased \$231,126 as result of the decision.

Routt County, Colorado
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Property taxes	\$ 16,508,825	\$ 16,513,825	\$ 16,620,471	\$ 106,646
Sales taxes	5,567,875	7,014,475	7,296,804	282,329
Intergovernmental	2,769,540	2,908,780	1,736,023	(1,172,757)
Charges for sales and services	3,810,985	3,883,540	3,966,504	82,964
Investment earnings	138,090	138,090	233,931	95,841
Total revenues	<u>28,795,315</u>	<u>30,458,710</u>	<u>29,853,733</u>	<u>(604,977)</u>
EXPENDITURES				
Administration				
Accounting	1,180,990	1,230,090	1,229,950	140
Attorney	402,580	402,580	361,673	40,907
Building and plant	2,467,495	2,467,495	2,448,100	19,395
Commissioners	945,220	945,220	936,382	8,838
Geographical information systems	311,440	311,440	295,383	16,057
Information technology	2,147,575	2,147,575	1,993,754	153,821
Human resources	483,485	483,485	446,888	36,597
Purchasing	280,110	280,110	229,985	50,125
	<u>8,218,895</u>	<u>8,267,995</u>	<u>7,942,115</u>	<u>325,880</u>
Community services				
Developmental disabilities	1,108,815	1,113,815	1,113,654	161
Museums	407,715	407,715	314,713	93,002
Elections	295,180	296,180	295,252	928
Multi modal transportation	35,000	35,000	35,000	-
Affordable housing	72,000	72,000	70,000	2,000
Community services	466,640	466,640	385,262	81,378
Planning	1,020,895	1,020,895	996,771	24,124
Recycling	56,800	56,800	53,489	3,311
Surveyor	3,610	3,610	3,602	8
Taylor grazing	57,960	57,960	-	57,960
Noxious weed	203,795	203,795	197,799	5,996
Environmental health	757,235	900,675	898,357	2,318
Extension	289,610	289,610	278,002	11,608
Veterans	30,050	31,050	29,111	1,939
Purchase of development rights	1,672,370	1,672,370	640,164	1,032,206
Fair	387,760	387,760	383,006	4,754
	<u>6,865,435</u>	<u>7,015,875</u>	<u>5,694,182</u>	<u>1,321,693</u>
Property tax administration				
Clerk	261,600	261,600	237,007	24,593
Motor vehicle	423,065	426,165	424,385	1,780
Public trustee	131,890	131,890	72,217	59,673
Assessor	1,010,725	1,010,725	991,544	19,181
Treasurer	435,620	465,620	457,456	8,164
	<u>2,262,900</u>	<u>2,296,000</u>	<u>2,182,609</u>	<u>113,391</u>
Public safety				
Coroner	145,830	145,830	135,069	10,761
Detention center	2,522,570	2,522,570	2,363,119	159,451
Emergency medical	15,270	15,270	14,711	559
Emergency management	228,085	245,245	220,418	24,827
Miscellaneous	-	-	25,429	(25,429)
Search and rescue	-	-	41,933	(41,933)
Sheriff	3,106,585	3,129,340	3,091,213	38,127
Sheriff - special services	-	-	3,710	(3,710)
Wildfire control	57,450	443,450	379,088	64,362
District attorney	789,160	789,160	742,201	46,959
	<u>6,864,950</u>	<u>7,290,865</u>	<u>7,016,891</u>	<u>273,974</u>
Total expenditures	<u>24,212,180</u>	<u>24,870,735</u>	<u>22,835,797</u>	<u>2,034,938</u>
Excess of revenues over expenditures	<u>4,583,135</u>	<u>5,587,975</u>	<u>7,017,936</u>	<u>1,429,961</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	115,000	115,000	-	(115,000)
Transfers out	(4,636,895)	(6,034,395)	(6,023,610)	10,785
Total other financing sources (uses)	<u>(4,521,895)</u>	<u>(5,919,395)</u>	<u>(6,023,610)</u>	<u>(104,215)</u>
Net change in fund balance	61,240	(331,420)	994,326	1,325,746
Fund balance - beginning (as restated)	<u>5,187,283</u>	<u>5,187,283</u>	<u>5,084,163</u>	<u>(103,120)</u>
Fund balance - ending	<u>\$ 5,248,523</u>	<u>\$ 4,855,863</u>	<u>\$ 6,078,489</u>	<u>\$ 1,222,626</u>

The notes to financial statements are an integral part of this statement.

Routt County, Colorado
Road & Bridge Fund - Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 879,130	\$ 879,130	\$ 874,043	\$ (5,087)
Sales taxes	930,125	-	-	-
Intergovernmental	5,564,480	5,564,480	4,905,829	(658,651)
Charges for sales and services	132,540	132,540	155,350	22,810
Investment earnings	46,420	46,420	44,764	(1,656)
Interfund loan principal	88,880	88,880	90,193	1,313
Total revenues	<u>7,641,575</u>	<u>6,711,450</u>	<u>6,070,179</u>	<u>(641,271)</u>
EXPENDITURES				
Salaries and benefits	3,354,840	3,354,840	3,301,081	53,759
Operations	4,630,960	4,630,960	4,271,494	359,466
Infrastructure	1,600,420	1,600,420	1,023,053	577,367
Total expenditures	<u>9,586,220</u>	<u>9,586,220</u>	<u>8,595,628</u>	<u>990,592</u>
Deficiency of revenues under expenditures	<u>(1,944,645)</u>	<u>(2,874,770)</u>	<u>(2,525,449)</u>	<u>349,321</u>
OTHER FINANCING USE				
Transfers out	(155,500)	(272,500)	(272,252)	248
Total other financing use	<u>(155,500)</u>	<u>(272,500)</u>	<u>(272,252)</u>	<u>248</u>
Net change in fund balance	(2,100,145)	(3,147,270)	(2,797,701)	349,569
Fund balance - beginning (as restated)	<u>14,877,179</u>	<u>14,877,179</u>	14,630,325	<u>(246,854)</u>
Fund balance - ending	<u>\$ 12,777,034</u>	<u>\$ 11,729,909</u>	11,832,624	<u>\$ 102,715</u>
Reconciliation to Generally Accepted Accounting Principles (GAAP) basis				
Interfund loan principal received			(90,193)	
Fund balance - ending GAAP basis			<u>\$ 11,742,431</u>	

The notes to financial statements are an integral part of this statement.

Routt County, Colorado
Human Services Fund - Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 571,915	\$ 571,915	\$ 587,915	\$ 16,000
Intergovernmental	4,156,880	4,156,880	4,045,896	(110,984)
Total revenues	<u>4,728,795</u>	<u>4,728,795</u>	<u>4,633,811</u>	<u>(94,984)</u>
EXPENDITURES				
Salaries and benefits	2,003,110	2,003,110	1,882,165	120,945
Operations	3,007,760	3,007,760	2,881,761	125,999
Total expenditures	<u>5,010,870</u>	<u>5,010,870</u>	<u>4,763,926</u>	<u>246,944</u>
Deficiency of revenues under expenditures	<u>(282,075)</u>	<u>(282,075)</u>	<u>(130,115)</u>	<u>151,960</u>
OTHER FINANCING SOURCES (USES)				
Transfer in	272,275	272,275	227,467	(44,808)
Transfer out	(115,000)	(115,000)	-	115,000
Total other financing sources (uses)	<u>157,275</u>	<u>157,275</u>	<u>227,467</u>	<u>70,192</u>
Net change in fund balance	(124,800)	(124,800)	97,352	222,152
Fund balance - beginning	<u>489,694</u>	<u>489,694</u>	<u>489,694</u>	<u>-</u>
Fund balance - ending	<u>\$ 364,894</u>	<u>\$ 364,894</u>	<u>\$ 587,046</u>	<u>\$ 222,152</u>

The notes to financial statements are an integral part of this statement.

Routt County, Colorado
Communications Fund - Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 1,481,365	\$ 1,481,365	\$ 1,480,241	\$ (1,124)
Charges for sales and services	480,525	480,525	470,875	(9,650)
Total revenues	1,961,890	1,961,890	1,951,116	(10,774)
EXPENDITURES				
Salaries and benefits	1,449,890	1,449,890	1,444,436	5,454
Operations	564,765	564,765	456,982	107,783
Total expenditures	2,014,655	2,014,655	1,901,418	113,237
Net change in fund balance	(52,765)	(52,765)	49,698	102,463
Fund balance - beginning	1,510,243	1,510,243	1,510,243	-
Fund balance - ending	\$ 1,457,478	\$ 1,457,478	\$ 1,559,941	\$ 102,463

The notes to financial statements are an integral part of this statement.

ROUTT COUNTY, COLORADO
EXPLANATION OF FUNDS
December 31, 2017

EXPLANATION OF PROPRIETARY FUNDS

Enterprise Funds

Enterprise funds account for the operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that costs (expenses including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Non-major Enterprise Funds

The **Phippsburg Water and Sanitation System Fund** accounts for the operations of the water and sanitation facility and is primarily funded by utility fees. Capital improvements are funded by grants and loan proceeds.

The **Milner Sanitation System Fund** accounts for the operation of the sanitation facility. Operations are funded by utility charges. Capital improvements are funded by loan proceeds.

Routt County, Colorado
Combining Statement of Net Position
Enterprise Funds
December 31, 2017

	Milner Sanitation System	Phippsburg Water & Sanitation System	Total Nonmajor Enterprise funds
ASSETS			
Current assets:			
Cash and investments	\$ 62,539	\$ 123,282	\$ 185,821
Accounts receivable (net of allowance for uncollectibles)	4,314	18,383	22,697
Due from other governments	-	11,161	11,161
Total current assets	<u>66,853</u>	<u>152,826</u>	<u>219,679</u>
Noncurrent assets:			
Land and improvements (non-depreciable)	18,610	21,284	39,894
Water system	-	977,962	977,962
Sewer system	557,975	753,670	1,311,645
Construction in progress	-	37,020	37,020
Accumulated depreciation	(371,588)	(1,319,243)	(1,690,831)
Total noncurrent assets	<u>204,997</u>	<u>470,693</u>	<u>675,690</u>
Total assets	<u><u>271,850</u></u>	<u><u>623,519</u></u>	<u><u>895,369</u></u>
LIABILITIES			
Current liabilities:			
Accounts payable	2,736	18,126	20,862
Accrued interest	-	2,339	2,339
Due to other funds	5,260	-	5,260
Current portion of long-term debt	-	17,354	17,354
Total current liabilities	<u>7,996</u>	<u>37,819</u>	<u>45,815</u>
Noncurrent liabilities:			
Loans payable	-	122,972	122,972
Interfund loan payable	90,452	-	90,452
Total noncurrent liabilities	<u>90,452</u>	<u>122,972</u>	<u>213,424</u>
Total liabilities	<u><u>98,448</u></u>	<u><u>160,791</u></u>	<u><u>259,239</u></u>
NET POSITION			
Net investment in capital assets	109,682	330,367	440,049
Unrestricted	63,720	132,361	196,081
Total net position	<u><u>\$ 173,402</u></u>	<u><u>\$ 462,728</u></u>	<u><u>\$ 636,130</u></u>

The notes to financial statements are an integral part of this statement.

Routt County, Colorado
Combining Statement of Revenues, Expenditures, and Changes in Net Position
Enterprise Funds
For the Year Ended December 31, 2017

	Milner Sanitation System	Phippsburg Water & Sanitation System	Total Nonmajor Enterprise funds
OPERATING REVENUES			
Charges for sales and services	\$ 42,129	\$ 122,722	\$ 164,851
Total operating revenues	<u>42,129</u>	<u>122,722</u>	<u>164,851</u>
OPERATING EXPENSES			
Salary and benefits	8,971	16,262	25,233
Depreciation	19,597	74,029	93,626
Repairs and maintenance	3,968	6,591	10,559
Purchased services and supplies	21,043	42,007	63,050
Total operating expenses	<u>53,579</u>	<u>138,889</u>	<u>192,468</u>
Operating (loss)	<u>(11,450)</u>	<u>(16,167)</u>	<u>(27,617)</u>
NONOPERATING REVENUES (EXPENSES)			
Investment earnings	442	290	732
Interest expense	-	(7,567)	(7,567)
Interest expense - interfund	(4,978)	-	(4,978)
Total nonoperating expenses	<u>(4,536)</u>	<u>(7,277)</u>	<u>(11,813)</u>
Loss before capital contributions	<u>(15,986)</u>	<u>(23,444)</u>	<u>(39,430)</u>
Capital contributions			
Grants and donations	<u>-</u>	<u>13,138</u>	<u>13,138</u>
Change in net position	(15,986)	(10,306)	(26,292)
Total net position - beginning	189,388	473,034	662,422
Total net position - ending	<u>\$ 173,402</u>	<u>\$ 462,728</u>	<u>\$ 636,130</u>

The notes to financial statements are an integral part of this statement.

ROUTT COUNTY, COLORADO
COMBINING STATEMENT OF CASH FLOWS
NON-MAJOR ENTERPRISE FUNDS
For the Year Ended December 31, 2017

	<u>Milner Sanitation System</u>	<u>Phippsburg Water & Sanitation System</u>	<u>Other Enterprise Total</u>
Cash flows from operating activities			
Receipts from customers and users	\$ 40,297	\$ 127,366	\$ 167,663
Payments to suppliers	(24,556)	(49,020)	(73,576)
Payments to employees	(8,701)	(16,308)	(25,009)
Net cash provided by operating activities	<u>7,040</u>	<u>62,038</u>	<u>69,078</u>
Cash flows from capital and related financing activities			
Capital grants	-	1,977	1,977
Acquisition and construction of capital assets	-	(4,425)	(4,425)
Principal paid on capital debt	(4,632)	(16,527)	(21,159)
Interest paid on capital debt	(4,997)	(7,841)	(12,838)
Net cash used by capital and related financing activities	<u>(9,629)</u>	<u>(26,816)</u>	<u>(36,445)</u>
Cash flows from investing activities			
Earnings on investments	442	290	732
Net purchases and sales of investments	(1,695)	(18,540)	(20,235)
Net cash used by investing activities	<u>(1,253)</u>	<u>(18,250)</u>	<u>(19,503)</u>
Net increase (decrease) in cash and cash equivalents	(3,842)	16,972	13,130
Cash and cash equivalents, beginning	<u>39,950</u>	<u>54,206</u>	<u>94,156</u>
Cash and cash equivalents, ending	36,108	71,178	107,286
Investments	<u>26,431</u>	<u>52,104</u>	<u>78,535</u>
Cash and investments, ending	<u>\$ 62,539</u>	<u>\$ 123,282</u>	<u>\$ 185,821</u>

The notes to financial statements are an integral part of this statement.

ROUTT COUNTY, COLORADO
COMBINING STATEMENT OF CASH FLOWS (CONTINUED)
NON-MAJOR ENTERPRISE FUNDS
For the Year Ended December 31, 2017

	<u>Milner Sanitation System</u>	<u>Phippsburg Water & Sanitation System</u>	<u>Other Enterprise Total</u>
Reconciliation of operating loss to net cash provided by operating activities			
Operating loss	\$ (11,450)	\$ (16,167)	\$ (27,617)
Adjustments to reconcile operating loss to net cash provided by operating activities:			
Depreciation	19,597	74,029	93,626
Capital financing activities			
Capital grants and transfers			
Due from other governments	-	11,161	11,161
Capital assets			
Accounts payable	-	(12,027)	(12,027)
Due to other funds	(212)	-	(212)
Interest expense			
Accrued interest	-	274	274
Change in assets and liabilities:			
(Increase) decrease			
Accounts receivable	(2,341)	1,077	(1,264)
Due from other governments	-	(11,161)	(11,161)
Increase (decrease)			
Accounts payable	1,234	15,126	16,360
Accrued interest	-	(274)	(274)
Due to other funds	<u>212</u>	<u>-</u>	<u>212</u>
Total adjustments	<u>18,490</u>	<u>78,205</u>	<u>96,695</u>
Net cash provided by operating activities	<u>\$ 7,040</u>	<u>\$ 62,038</u>	<u>\$ 69,078</u>
Noncash investing, capital, and financing activities:			
Decrease in fair value of investments	\$ (83)	\$ (164)	\$ (247)

The notes to financial statements are an integral part of this statement.

Routt County, Colorado
Yampa Valley Regional Airport - Enterprise Fund
Schedule of Revenues and Expenditures
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Sales taxes	\$ -	\$ -	\$ 45,624	\$ 45,624
Charges for sales and services	4,831,605	4,831,605	4,795,178	(36,427)
Operating grants	126,990	126,990	135,845	8,855
Total revenues	4,958,595	4,958,595	4,976,647	18,052
EXPENDITURES				
Salary and benefits	2,812,910	2,812,910	2,643,579	169,331
Depreciation	434,455	434,455	434,452	3
Repairs and maintenance	460,090	460,090	346,123	113,967
Purchased services and supplies	1,297,890	1,297,890	1,167,664	130,226
Total expenditures	5,005,345	5,005,345	4,591,818	413,527
Excess (deficiency) of revenues over (under) expenditures	(46,750)	(46,750)	384,829	431,579
OTHER FINANCING SOURCES (USES)				
Investment earnings	14,970	14,970	10,638	(4,332)
Capital outlay	(2,411,630)	(2,977,630)	(2,736,999)	240,631
Principal payments	(85,570)	(85,570)	(85,561)	9
Interest expense - interfund	(40,090)	(40,090)	(39,786)	304
Capital grants	2,359,640	2,897,340	2,521,289	(376,051)
Total other financing sources and (uses)	(162,680)	(190,980)	(330,419)	(139,439)
Excess (deficiency) of revenues over (under) expenditures and other financing uses	\$ (209,430)	\$ (237,730)	\$ 54,410	\$ 292,140

The notes to financial statements are an integral part of this statement.

Routt County, Colorado
Regional Building Department - Enterprise Fund
Schedule of Revenues and Expenditures
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for sales and services	\$ 1,413,500	\$ 1,433,700	\$ 1,486,338	\$ 52,638
Total revenues	1,413,500	1,433,700	1,486,338	52,638
EXPENDITURES				
Salary and benefits	641,940	647,440	647,271	169
Purchased services and supplies	321,170	349,170	348,788	382
Total expenditures	963,110	996,610	996,059	551
Excess of revenues over expenditures	450,390	437,090	490,279	53,189
OTHER FINANCING USES				
Transfers out	-	(5,700)	(5,700)	-
Total other financing uses	-	(5,700)	(5,700)	-
Excess of revenues over expenditures and other financing uses	\$ 450,390	\$ 431,390	\$ 484,579	\$ 53,189

The notes to financial statements are an integral part of this statement.

Routt County, Colorado
Phippsburg Water & Sanitation System - Enterprise Fund
Schedule of Revenues and Expenditures
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for sales and services	\$ 123,750	\$ 123,750	\$ 122,722	\$ (1,028)
Total revenues	<u>123,750</u>	<u>123,750</u>	<u>122,722</u>	<u>(1,028)</u>
EXPENDITURES				
Salary and benefits	22,790	22,790	16,262	6,528
Repairs and maintenance	12,500	12,500	6,591	5,909
Purchased services and supplies	45,570	45,570	42,007	3,563
Total expenditures	<u>80,860</u>	<u>80,860</u>	<u>64,860</u>	<u>16,000</u>
Excess of revenue over expenditures	<u>42,890</u>	<u>42,890</u>	<u>57,862</u>	<u>14,972</u>
OTHER FINANCING SOURCES (USES)				
Investment earnings	610	610	290	(320)
Capital outlay	(300,200)	(300,200)	(16,452)	283,748
Principal payments	(16,540)	(16,540)	(16,527)	13
Interest expense	(7,840)	(7,840)	(7,567)	273
Debt proceeds	160,100	160,100	-	(160,100)
Capital grants	140,100	140,100	13,138	(126,962)
Total other financing sources (uses)	<u>(23,770)</u>	<u>(23,770)</u>	<u>(27,118)</u>	<u>(3,348)</u>
Excess of revenues over expenditures and other financing uses	<u>\$ 19,120</u>	<u>\$ 19,120</u>	<u>\$ 30,744</u>	<u>\$ 11,624</u>

The notes to financial statements are an integral part of this statement.

Routt County, Colorado
Milner Sanitation System - Enterprise Fund
Schedule of Revenues and Expenditures
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
REVENUES				
Charges for sales and services	\$ 41,780	\$ 41,780	\$ 42,129	349
Total revenues	<u>41,780</u>	<u>41,780</u>	<u>42,129</u>	<u>349</u>
EXPENDITURES				
Salary and benefits	9,050	9,050	8,971	79
Repairs and maintenance	7,500	7,500	3,968	3532
Purchased services and supplies	23,750	23,750	21,043	2707
Total expenditures	<u>40,300</u>	<u>40,300</u>	<u>33,982</u>	<u>6,318</u>
Excess of revenues over expenditures	<u>1,480</u>	<u>1,480</u>	<u>8,147</u>	<u>6667</u>
OTHER FINANCING SOURCES (USES)				
Investment earnings	400	400	442	42
Principal payments - interfund	(4,640)	(4,640)	(4,632)	8
Interest expense - interfund	(5,000)	(5,000)	(4,978)	22
Total other financing sources (uses)	<u>(9,240)</u>	<u>(9,240)</u>	<u>(9,168)</u>	<u>72</u>
Deficiency of revenues under expenditures and other financing uses	<u>\$ (7,760)</u>	<u>\$ (7,760)</u>	<u>\$ (1,021)</u>	<u>\$ 6,739</u>

The notes to financial statements are an integral part of this statement.

Routt County, Colorado
Combining Statement of Net Position
Internal Service Funds
December 31, 2017

	Equipment Pool	Insurance Pool	Total Internal Service Funds
ASSETS			
Current assets:			
Cash and investments	\$ 15,970,880	\$ 1,610,110	\$ 17,580,990
Accounts receivable (net of allowance for uncollectibles)	1,064	181,385	182,449
Due from other governments	2,691	-	2,691
Total current assets	<u>15,974,635</u>	<u>1,791,495</u>	<u>17,766,130</u>
Noncurrent assets:			
Land and improvements (non-depreciable)	3,102,766	-	3,102,766
Land improvements (depreciable)	1,567,982	-	1,567,982
Buildings	36,730,192	-	36,730,192
Equipment	28,472,988	-	28,472,988
Construction in progress	1,341,336	-	1,341,336
Accumulated depreciation	(33,967,619)	-	(33,967,619)
Total noncurrent assets	<u>37,247,645</u>	<u>-</u>	<u>37,247,645</u>
Total assets	<u>53,222,280</u>	<u>1,791,495</u>	<u>55,013,775</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charges on refunding	403,354	-	403,354
Total deferred outflows of resources	<u>403,354</u>	<u>-</u>	<u>403,354</u>
Total assets and deferred outflows of resources	<u>53,625,634</u>	<u>1,791,495</u>	<u>55,417,129</u>
LIABILITIES			
Current liabilities:			
Accounts payable	497,190	201	497,391
Compensated absences	17,658	-	17,658
Claims liability	-	347,724	347,724
Accrued interest	20,766	-	20,766
Unearned revenue	-	33,293	33,293
Current portion of long-term debt (net of unamortized discount)	980,555	-	980,555
Total current liabilities	<u>1,516,169</u>	<u>381,218</u>	<u>1,897,387</u>
Noncurrent liabilities:			
Certificates of participation (net of unamortized discount)	7,643,782	-	7,643,782
Total noncurrent liabilities	<u>7,643,782</u>	<u>-</u>	<u>7,643,782</u>
Total liabilities	<u>9,159,951</u>	<u>381,218</u>	<u>9,541,169</u>
NET POSITION			
Net investment in capital assets	29,026,662	-	29,026,662
Unrestricted	15,439,021	1,410,277	16,849,298
Total net position	<u>\$ 44,465,683</u>	<u>\$ 1,410,277</u>	<u>\$ 45,875,960</u>

The notes to financial statements are an integral part of this statement.

Routt County, Colorado
Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
For the Year Ended December 31, 2017

	Equipment Pool	Insurance Pool	Total Internal Service Funds
OPERATING REVENUES			
Internal service fees	\$ 4,022,980	\$ 4,368,046	\$ 8,391,026
Insurance proceeds	16,826	566,091	582,917
Total operating revenues	<u>4,039,806</u>	<u>4,934,137</u>	<u>8,973,943</u>
OPERATING EXPENSES			
Salary and benefits	380,636	-	380,636
Depreciation	2,653,838	-	2,653,838
Claims	-	3,459,535	3,459,535
Repairs and maintenance	1,038,011	-	1,038,011
Purchased services and supplies	43,233	510,956	554,189
Total operating expenses	<u>4,115,718</u>	<u>3,970,491</u>	<u>8,086,209</u>
Operating income (loss)	<u>(75,912)</u>	<u>963,646</u>	<u>887,734</u>
NONOPERATING REVENUES (EXPENSES)			
Investment earnings	71,631	-	71,631
Interest expense	(354,505)	-	(354,505)
Amortization of refunding debt insurance	(15,308)	-	(15,308)
Gain on disposal of capital assets	62,839	-	62,839
Total nonoperating expenses	<u>(235,343)</u>	<u>-</u>	<u>(235,343)</u>
Income (loss) before transfers	<u>(311,255)</u>	<u>963,646</u>	<u>652,391</u>
Transfers in	6,082,615	-	6,082,615
Transfers out	(8,520)	-	(8,520)
Change in net position	<u>5,762,840</u>	<u>963,646</u>	<u>6,726,486</u>
Total net position - beginning	<u>38,702,843</u>	<u>446,631</u>	<u>39,149,474</u>
Total net position - ending	<u>\$ 44,465,683</u>	<u>\$ 1,410,277</u>	<u>\$ 45,875,960</u>

The notes to financial statements are an integral part of this statement.

ROUTT COUNTY, COLORADO
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the year ended December 31, 2017

	Equipment Pool	Insurance Pool	Total
	<u> </u>	<u> </u>	<u> </u>
Cash flows from operating activities			
Receipts from interfund services provided	\$ 4,058,858	\$ 4,371,864	\$ 8,430,722
Receipts from insurance	-	528,640	528,640
Payments to suppliers	(1,055,244)	(522,610)	(1,577,854)
Payments to employees	(379,397)	-	(379,397)
Payments to claims	<u>-</u>	<u>(3,591,833)</u>	<u>(3,591,833)</u>
Net cash provided by operating activities	<u>2,624,217</u>	<u>786,061</u>	<u>3,410,278</u>
Cash flows from capital and related financing activities			
Proceeds from sale of capital assets	81,990	-	81,990
Acquisition and construction of capital assets	(4,727,680)	-	(4,727,680)
Principal payments on certificates of participation	(965,000)	-	(965,000)
Interest payments on certificates of participation	(270,020)	-	(270,020)
Transfers in	8,382,640	-	8,382,640
Transfers out	<u>(8,520)</u>	<u>-</u>	<u>(8,520)</u>
Net cash provided by capital and related financing activities	<u>2,493,410</u>	<u>-</u>	<u>2,493,410</u>
Cash flows from investing activities			
Earnings on investments	71,631	-	71,631
Net purchases and sales of investments	<u>(2,627,072)</u>	<u>(365,384)</u>	<u>(2,992,456)</u>
Net cash used by investing activities	<u>(2,555,441)</u>	<u>(365,384)</u>	<u>(2,920,825)</u>
Net increase in cash and cash equivalents	2,562,186	420,677	2,982,863
Cash and cash equivalents, beginning	<u>6,658,720</u>	<u>508,932</u>	<u>7,167,652</u>
Cash and cash equivalents, ending	9,220,906	929,609	10,150,515
Investments	<u>6,749,974</u>	<u>680,501</u>	<u>7,430,475</u>
Cash and investments	<u>\$ 15,970,880</u>	<u>\$ 1,610,110</u>	<u>\$ 17,580,990</u>

The notes to financial statements are an integral part of this statement

ROUTT COUNTY, COLORADO
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the year ended December 31, 2017

	<u>Equipment Pool</u>	<u>Insurance Pool</u>	<u>Total</u>
Reconciliation of operating income (loss) to net cash provided by operating activities			
Operating income (loss)	\$ (75,912)	\$ 963,646	\$ 887,734
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	2,653,838	-	2,653,838
Capital financing activities			
Capital grants and transfers			
Due from other funds	(2,300,025)	-	(2,300,025)
Capital assets			
Accounts payable	(57,164)	-	(57,164)
Retainage payable	24,105	-	24,105
Interest expense			
Accrued interest	1,609	-	1,609
Change in assets and liabilities:			
(Increase) decrease			
Accounts receivable	19,052	(37,451)	(18,399)
Due from other funds	2,309,182	-	2,309,182
Due from other governments	950	-	950
Increase (decrease)			
Accounts payable	70,264	(11,654)	58,610
Accrued interest	(1,609)	-	(1,609)
Compensated absences	4,032	-	4,032
Claims liability	-	(132,298)	(132,298)
Unearned revenue	-	3,818	3,818
Retainage payable	(24,105)	-	(24,105)
 Total adjustments	 <u>2,700,129</u>	 <u>(177,585)</u>	 <u>2,522,544</u>
Net cash provided by operating activities	\$ 2,624,217	\$ 786,061	\$ 3,410,278
Noncash investing, capital, and financing activities:			
Decrease in fair value of investments	\$ (21,206)	\$ (2,138)	\$ (23,344)
Amortization related to refunding debt issue	(101,402)	-	(101,402)

The notes to financial statements are an integral part of this statement

Routt County, Colorado
Equipment Pool - Internal Service Fund
Schedule of Revenues and Expenditures
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Internal service fees	\$ 3,999,335	\$ 3,999,335	\$ 4,022,980	\$ 23,645
Insurance proceeds	10,000	10,000	16,826	6,826
Total revenues	<u>4,009,335</u>	<u>4,009,335</u>	<u>4,039,806</u>	<u>30,471</u>
EXPENDITURES				
Salary and benefits	390,060	392,060	380,636	11,424
Repairs and maintenance	1,057,310	1,055,310	1,038,011	17,299
Purchased services and supplies	45,620	45,620	43,233	2,387
Total expenditures	<u>1,492,990</u>	<u>1,492,990</u>	<u>1,461,880</u>	<u>31,110</u>
Excess of revenues over expenditures	<u>2,516,345</u>	<u>2,516,345</u>	<u>2,577,926</u>	<u>61,581</u>
OTHER FINANCING SOURCES (USES)				
Investment earnings	81,220	81,220	71,631	(9,589)
Capital outlay	(6,191,620)	(6,191,620)	(4,760,739)	1,430,881
Principal payments	(965,000)	(965,000)	(965,000)	-
Interest expense	(268,640)	(268,640)	(268,411)	229
Gain on disposal of capital assets	726,500	726,500	62,839	(663,661)
Transfers in	4,520,120	4,520,120	6,082,615	1,562,495
Transfers out	-	(8,520)	(8,520)	-
Total other financing sources (uses)	<u>(2,097,420)</u>	<u>(2,105,940)</u>	<u>214,415</u>	<u>2,320,355</u>
Excess of revenues and other financing sources over expenditures	<u>\$ 418,925</u>	<u>\$ 410,405</u>	<u>\$ 2,792,341</u>	<u>\$ 2,381,936</u>

The notes to financial statements are an integral part of this statement.

Routt County, Colorado
Insurance Pool - Internal Service Fund
Schedule of Revenues and Expenses
Budget (GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Internal service fees	\$ 4,375,580	\$ 4,375,580	\$ 4,368,046	\$ (7,534)
Insurance proceeds	599,180	599,180	566,091	(33,089)
Total revenues	<u>4,974,760</u>	<u>4,974,760</u>	<u>4,934,137</u>	<u>(40,623)</u>
EXPENSES				
Claims	4,018,450	4,018,450	3,459,535	558,915
Purchased services and supplies	539,965	539,965	510,956	29,009
Total expenditures	<u>4,558,415</u>	<u>4,558,415</u>	<u>3,970,491</u>	<u>587,924</u>
Excess of revenues over expenses	<u>\$ 416,345</u>	<u>\$ 416,345</u>	<u>\$ 963,646</u>	<u>\$ 547,301</u>

The notes to financial statements are an integral part of this statement.

ROUTT COUNTY, COLORADO
COMBINING STATEMENT OF FIDUCIARY NET POSITION
EMPLOYEE RETIREMENT PLANS
December 31, 2017

	Sec. 401 Employee Retirement Plan	Sec. 457 Employee Retirement Plan	Total
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Investments held for pension benefits	\$ 26,396,793	\$ 8,218,960	\$ 34,615,753
Total assets	<u>26,396,793</u>	<u>8,218,960</u>	<u>34,615,753</u>
NET POSITION			
Net position held in trust for pension benefits	<u>26,396,793</u>	<u>8,218,960</u>	<u>34,615,753</u>
Total net position	<u>\$ 26,396,793</u>	<u>\$ 8,218,960</u>	<u>\$ 34,615,753</u>

The notes to financial statements are an integral part of this statement.

ROUTT COUNTY, COLORADO
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
EMPLOYEE RETIREMENT PLANS
For the Year Ended December 31, 2017

	Sec. 401 Employee Retirement Plan	Sec. 457 Employee Retirement Plan	Total
	<u> </u>	<u> </u>	<u> </u>
Additions			
Employee contributions	\$ 742,548	\$ 386,353	\$ 1,128,901
Employer contributions	<u>742,548</u>	<u>-</u>	<u>742,548</u>
Total contributions	1,485,096	386,353	1,871,449
Net investment earnings	3,201,850	1,003,142	4,204,992
Transfers from other plans	<u>-</u>	<u>300,148</u>	<u>300,148</u>
Total additions	<u>4,686,946</u>	<u>1,689,643</u>	<u>6,376,589</u>
Deductions			
Benefits	1,560,070	1,266,958	2,827,028
Transfer to other plans	<u>41,658</u>	<u>-</u>	<u>41,658</u>
Total deductions	<u>1,601,728</u>	<u>1,266,958</u>	<u>2,868,686</u>
Change in net position	3,085,218	422,685	3,507,903
Plan net position, beginning	<u>23,311,575</u>	<u>7,796,275</u>	<u>31,107,850</u>
Plan net position, ending	<u>\$ 26,396,793</u>	<u>\$ 8,218,960</u>	<u>\$ 34,615,753</u>

The notes to financial statements are an integral part of this statement

ROUTT COUNTY, COLORADO
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
For the Year Ended December 31, 2017

	<u>Balance January 1, 2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31, 2017</u>
ASSETS				
Cash and investments	\$ 1,087,099	\$ 51,657,680	\$ (49,011,626)	\$ 3,733,153
Due from other governments	<u>-</u>	<u>53,944</u>	<u>-</u>	<u>53,944</u>
Total assets	<u>1,087,099</u>	<u>51,711,624</u>	<u>(49,011,626)</u>	<u>3,787,097</u>
 LIABILITIES				
Due to other governments				
Schools	159,598	27,642,056	(27,587,125)	214,529
State	253,171	3,489,904	(3,489,310)	253,765
Cities and towns	115,752	2,077,584	(2,036,647)	156,689
Special districts	<u>200,909</u>	<u>13,439,093</u>	<u>(13,446,787)</u>	<u>193,215</u>
Total	729,430	46,648,637	(46,559,869)	818,198
Advanced tax collections	326,484	2,734,072	(427,705)	2,632,851
Funds held in trust	<u>31,185</u>	<u>2,328,915</u>	<u>(2,024,052)</u>	<u>336,048</u>
Total liabilities	<u>\$ 1,087,099</u>	<u>\$ 51,711,624</u>	<u>\$ (49,011,626)</u>	<u>\$ 3,787,097</u>

The notes to financial statements are an integral part of this statement

ROUTT COUNTY, COLORADO
NOTES TO THE SUPPLEMENTARY INFORMATION
December 31, 2017

NOTE 1. RECONCILIATION OF BUDGET TO GAAP

Adjustments necessary to convert the change in net position of the proprietary funds at the end of the year on the generally accepted accounting principles (GAAP) basis to the budgetary basis are as follows:

	Yampa Valley Regional Airport	Regional Building Department	Phippsburg Water & Sanitation System	Milner Sanitation System	Equipment Pool
GAAP basis	\$ 243,210	\$ 693,530	\$ (10,306)	\$ (15,986)	\$ 5,762,840
Revenues					
Unearned revenue	-	(208,951)	-	-	-
Expenditures					
Depreciation	2,547,509	-	74,029	19,597	2,653,838
Capital outlay	(2,736,999)	-	(16,452)	-	(4,760,739)
Loss on capital asset disposals	86,251	-	-	-	-
Amortization of refunding debt insurance	-	-	-	-	15,308
Interest expense, amortization of the deferred charge for refunding debt	-	-	-	-	81,152
Interest expense, amortization of the issue discount on refunding debt	-	-	-	-	4,942
Debt principal payments	(85,561)	-	(16,527)	(4,632)	(965,000)
Budget basis	\$ 54,410	\$ 484,579	\$ 30,744	\$ (1,021)	\$ 2,792,341

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

LOCAL HIGHWAY FINANCE REPORT		City or County: County of Routt
		YEAR ENDING : 12/17
This Information From The Records Of the County of Routt	Prepared By: Phone:	Chris Pohlman 970-870-5302

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

ITEM	A. Local 0 Taxes	B. Local Motor-Vehicle Taxes	C. Receipts from State Highway- User Taxes	D. Receipts from Federal Highway Administration
1. Total receipts available				
2. Minus amount used for collection expenses				
3. Minus amount used for nonhighway purposes				
4. Minus amount used for mass transit				
5. Remainder used for highway purposes				

II. RECEIPTS FOR ROAD AND STREET PURPOSES

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	1,029,374
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	5,624,855
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	0
2. General fund appropriations	619,995	b. Snow and ice removal	922,488
3. Other local imposts (from page 2)	908,939	c. Other	23,601
4. Miscellaneous local receipts (from page 2)	165,219	d. Total (a. through c.)	946,089
5. Transfers from toll facilities	0	4. General administration & miscellaneous	1,267,563
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	619,995
a. Bonds - Original Issues	0	6. Total (1 through 5)	9,487,876
b. Bonds - Refunding Issues	0	B. Debt service on local obligations:	
c. Notes	0	1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	0
7. Total (1 through 6)	1,694,153	b. Redemption	0
B. Private Contributions	0	c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	3,373,044	2. Notes:	
D. Receipts from Federal Government (from page 2)	1,532,785	a. Interest	0
E. Total receipts (A.7 + B + C + D)	6,599,982	b. Redemption	0
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	0
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total disbursements (A.6 + B.3 + C + D)	9,487,876

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

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

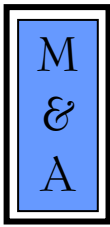
V. LOCAL ROAD AND STREET FUND BALANCE

Restated

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	\$ 14,630,325	6,599,982	9,487,876	11,742,431	0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT		STATE: Colorado	
		YEAR ENDING (mm/yy): 12/17	
II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL			
ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments	806,570	a. Interest on investments	0
b. Other local imposts:		b. Traffic Fines & Penalties	0
1. Sales Taxes	0	c. Parking Garage Fees	0
2. Infrastructure & Impact Fees	0	d. Parking Meter Fees	0
3. Liens	0	e. Sale of Surplus Property	0
4. Licenses	0	f. Charges for Services	117,587
5. Other	102,369	g. Other Misc. Receipts	46,542
6. Total (1. through 5.)	102,369	h. Capital Credits	1,090
c. Total (a. + b.)	908,939	i. Total (a. through h.)	165,219
	(Carry forward to page 1)		(Carry forward to page 1)
ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	3,100,029	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	0
a. State bond proceeds		b. FEMA	0
b. Project Match		c. HUD	0
c. Motor Vehicle	59,316	d. Federal Transit Administration	0
d. Severance Tax	213,699	e. U.S. Corps of Engineers	0
e. State P.U.C. and EIAF funds	0	f. Other Federal	1,532,785
f. Total (a. through e.)	273,015	g. Total (a. through f.)	1,532,785
4. Total (1. + 2. + 3.f)	3,373,044	3. Total (1. + 2.g)	1,532,785
			(Carry forward to page 1)
III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL			
	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs		7,757	7,757
b. Engineering Costs		11,953	11,953
c. Construction:			
(1). New Facilities		0	0
(2). Capacity Improvements		222,338	222,338
(3). System Preservation		787,326	787,326
(4). System Enhancement & Operation		0	0
(5). Total Construction (1) + (2) + (3) + (4)	0	1,009,664	1,009,664
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	1,029,374	1,029,374
			(Carry forward to page 1)
Notes and Comments:			



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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

**To the Board of County Commissioners
Routt County, Colorado**

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Routt County, Colorado (the "County") as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated September 28, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Member: American Institute of Certified Public Accountants

PAUL J. BACKES, CPA, CGMA
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DANIEL R. CUDAHY, CPA, CGMA

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**INDEPENDENT AUDITOR'S REPORT
To the Board of County Commissioners
Routt County, Colorado**

Compliance and Other Matters

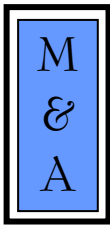
As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

McMahan and Associates, L.L.C.

**McMahan and Associates, L.L.C.
September 28, 2018**



MCMAHAN AND ASSOCIATES, L.L.C.

Certified Public Accountants and Consultants

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; ON COMPLIANCE WITH THE PASSENGER FACILITY CHARGE PROGRAM; AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND THE PASSENGER FACILITY CHARGE AUDIT GUIDE FOR PUBLIC AGENCIES

**To the Board of County Commissioners
Routt County, Colorado**

Report on Compliance for Each Major Program

We have audited the compliance of Routt County, Colorado (the "County") with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended December 31, 2017 and its compliance with the compliance requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies* (the "Guide"), issued by the Federal Aviation Administration, for its Passenger Facility Charge program for the year ended December 31, 2017. The County's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs and to its Passenger Facility Charge program.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs and to its Passenger Facility Charge program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"), and the Guide. Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program and on the Passenger Facility Charge program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program and on the Passenger Facility Charge program. However, our audit does not provide a legal determination on the County's compliance with those requirements.

Member: American Institute of Certified Public Accountants

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**INDEPENDENT AUDITOR'S REPORT
To the Board of County Commissioners
Routt County, Colorado**

Opinion on Each Major Federal Program and Passenger Facility Charge Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and on its Passenger Facility Charge program for the year ended December 31, 2017.

Report on Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with types of requirements that could have a direct and material effect on each major federal program and on the Passenger Facility Charge program to determine our auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and the Passenger Facility Charge program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program or the Passenger Facility Charge program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program or the Passenger Facility Charge program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program or the Passenger Facility Charge program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report in internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and the Guide. Accordingly, this report is not suitable for any other purpose.

McMahan and Associates, L.L.C.

**McMahan and Associates, L.L.C.
September 28, 2018**

Routt County, Colorado
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2017

Part I – Summary of Auditor’s Results

Financial Statements:

Type of auditor’s report issued Unmodified

Internal control over financial reporting:

Material weakness identified	None noted
Significant deficiency identified	None noted
Noncompliance material to financial statements noted	None noted

Federal Awards:

Internal control over major programs:

Material weakness identified	None noted
Significant deficiency identified	None noted
Type of auditor’s report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations Part 200	None noted

Major programs:

Airport Improvement Program	CFDA #20.106
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Dollar threshold used to identify Type A from Type B programs: \$750,000

Identified as low-risk auditee Yes

Part II – Findings Related to Financial Statements

Findings related to financial statements as required by *Government Auditing Standards* None noted

Auditor-assigned reference number Not applicable

Part III – Findings Related to Federal Awards

Internal control findings None noted

Compliance findings None noted

Questioned costs None noted

Auditor-assigned reference number Not applicable

Routt County, Colorado
SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2017
(Continued)

There were no audit findings for the year ended December 31, 2016.

ROUTT COUNTY, COLORADO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2017

<u>Federal Agency/Direct or Pass-Through Entity/Program</u>	<u>Identifying Number Assigned by Pass-through Entity</u>	<u>Federal CFDA Number</u>	<u>Grant Expenditure Amount</u>	<u>Clusters of Programs</u>
<u>Department of Health and Human Services</u>				
Child Care and Development Block Grant	n/a	93.575	\$ 270,079	
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	n/a	93.596	112,955	
Total Child Care and Development Fund Cluster				<u>\$ 383,034</u>
Guardianship Assistance	n/a	93.090	1,503	
Temporary Assistance for Needy Families (TANF)	n/a	93.558	187,406	
Total Temporary Assistance for Needy Families Cluster				<u>187,406</u>
Child Support Enforcement	n/a	93.563	228,881	
Low-Income Home Energy Assistance	n/a	93.568	5	
Stephanie Tubbs Jones Child Welfare Services Program	n/a	93.645	6,634	
Foster Care -Title IV-E	n/a	93.658	192,833	
Adoption Assistance	n/a	93.659	17,968	
Social Services Block Grant	n/a	93.667	90,350	
Medical Assistance Program	n/a	93.778	228,629	
Total Medicaid Cluster				<u>\$ 228,629</u>
Passed through Colorado Department of Local Affairs:				
Community Services Block Grant	L15CSBG39	93.569	19,343	
Passed through Colorado Department of Public Health and Environment				
Maternal and Child Health Services Block Grant to the States	18 FEFA 101625 Task Order 18 FAA 97494	93.994	<u>17,117</u>	
Total U.S. Department of Health and Human Services			<u>1,373,703</u>	
<u>Department of Education</u>				
Passed through Colorado Department of Human Services:				
Race to the Top Early Learning Challenge	17 IHIA 95082 CTGG1201700000251	84.412A 84.412A	6,142 <u>9,975</u>	
Total U.S. Department of Education			<u>\$ 16,117</u>	

The notes to financial statements are an integral part of this statement.

ROUTT COUNTY, COLORADO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2017

<u>Federal Agency/Direct or Pass-Through Entity/Program</u>	<u>Identifying Number Assigned by Pass-through Entity</u>	<u>Federal CFDA Number</u>	<u>Grant Expenditure Amount</u>	<u>Clusters of Programs</u>
<u>Department of Agriculture</u>				
Direct:				
U.S. Forest Service Cooperative Law Enforcement Agreement	Number 15-LE-11020600-007	10.unknown	\$ 1,006	
Passed through Colorado Department of Human Services:				
Supplemental Nutrition Assistance Program	n/a	10.551	1,630	
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	n/a	10.561	<u>171,146</u>	
Total Supplemental Nutrition Assistance Program Cluster				<u>\$ 172,776</u>
Total U.S. Department of Agriculture			<u>173,782</u>	
<u>Department of Justice</u>				
Direct:				
State Criminal Alien Assistance Program	n/a	16.606	<u>9,221</u>	
Total U. S. Department of Justice			<u>9,221</u>	
<u>Department of Interior</u>				
Direct:				
U.S. Geological Survey Cooperative Funding Authority Agreement Number	17CMCO171020000	15.unknown	<u>14,630</u>	
Total U.S. Department of Interior			<u>\$ 14,630</u>	

The notes to financial statements are an integral part of this statement.

ROUTT COUNTY, COLORADO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2017

<u>Federal Agency/Direct or Pass-Through Entity/Program</u>	<u>Identifying Number Assigned by Pass-through Entity</u>	<u>Federal CFDA Number</u>	<u>Grant Expenditure Amount</u>	<u>Clusters of Programs</u>
<u>Department of Transportation</u>				
Direct:				
Airport Improvement Program	n/a	20.106	\$ 2,048,463	
Federal Highway Administration				
Passed through Colorado Department of Transportation:				
Division of Transportation Development				
Highway Planning and Construction	Project BRO C280-010 (18311)	20.205	<u>(8,059)</u>	
Total Highway Planning and Construction Program Cluster				<u>\$ (8,059)</u>
Total U.S. Department of Transportation			<u>2,040,404</u>	
<u>Environmental Protection Agency</u>				
Pass through Colorado Water Resources and Power Development Authority				
Capitalization Grants for Clean Water State Revolving Funds	na	66.458	<u>11,161</u>	
Total Clean Water State Revolving Fund Cluster				<u>\$ 11,161</u>
Total Environmental Protection Agency			<u>11,161</u>	
<u>Homeland Security</u>				
Direct:				
Transportation Security Administration - Other Transactional Agreement				
	(HDN) HSTS02-16-H-SLR624	97.unknown	19,060	
Passed through Colorado Department of Public Safety, Division of Homeland Security and				
Emergency Management				
Emergency Management Performance Grants	Encumbrance #17EM-18-55	97.042	<u>60,000</u>	
Total U.S. Department of Homeland Security			<u>79,060</u>	
Total Federal Expenditures			<u>\$ 3,718,078</u>	

The notes to financial statements are an integral part of this statement.

ROUTT COUNTY, COLORADO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2017

Note 1. Program Costs

The amounts shown as current year expenditures represent only the federal portion of program costs. Actual program costs, including the County's portion, may be more than shown.

Note 2. Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Routt County, Colorado, and is presented on the modified accrual basis of accounting for governmental funds, and the accrual basis for proprietary funds. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of, the basic financial statements.

Note 3. Indirect Facilities and Administration costs

The County does not use the 10% de minimis cost rate allowed in Title 2 U.S. Code of Federal Regulations (CFR) Part 200.414, Indirect (F & A) costs. Instead, the County prepares an annual cost allocation plan to allocate indirect costs.

ROUTT COUNTY, COLORADO
SCHEDULE OF PASSENGER FACILITY CHARGES ("PFC")
COLLECTED AND EXPENDED
For the Year Ended December 31, 2017

	<u>Amounts for</u> <u>Current Year</u>	<u>Unliquidated</u> <u>Balance</u>
Unliquidated PFC revenues - beginning		\$ -
Revenues:		
Revenues from air carriers	\$ 339,020	
Total PFC revenues	339,020	339,020
Expenditures:		
Application 13-09-C-00-HDN	339,020	
Total PFC expenditures	\$ 339,020	339,020
Unliquidated PFC revenues - ending		\$ -

The notes to financial statements are an integral part of this statement.