

FINANCIAL & COMPLIANCE

December 31, 2019

REPORT



136 6th Street,
Steamboat Springs, CO 80477

www.co.routt.co.us

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ROUTT COUNTY, COLORADO
FINANCIAL AND COMPLIANCE REPORT
For the Year Ended December 31, 2019

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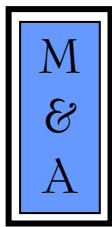
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McMAHAN AND ASSOCIATES, L.L.C.

Certified Public Accountants and Consultants

CHAPEL SQUARE, BLDG C
245 CHAPEL PLACE, SUITE 300
P.O. Box 5850, AVON, CO 81620

WEB SITE: WWW.MCMAHANCPA.COM
MAIN OFFICE: (970) 845-8800
FACSIMILE: (970) 845-8108
E-MAIL: MCMAHAN@MCMAHANCPA.COM

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, 2019, 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.

Member: American Institute of Certified Public Accountants

PAUL J. BACKES, CPA, CGMA
MICHAEL N. JENKINS, CA, CPA, CGMA
DANIEL R. CUDAHY, CPA, CGMA

AVON: (970) 845-8800
ASPEN: (970) 544-3996
FRISCO: (970) 668-3481

**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, 2019, 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.

Emphasis of Matter

As discussed in Note 13 to the financial statements, the County adopted Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*, in 2019. Our opinion is not modified with respect to this matter.

Other Matters

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 30 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 65 through 68 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 70 through 88, 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 17, 2020 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.

A handwritten signature in blue ink that reads "McMahan and Associates, L.L.C.".

McMahan and Associates, L.L.C.
September 17, 2020

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, 2019. Please read this in conjunction with the County's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

Property Tax revenue increased \$.6 million or 3% to \$21.2 million from the prior year. Base property taxes (General Fund, Road and Bridge, Human Services, and E911 Communications) increased \$.6 million or 3% to \$17.9 million from the prior year due to the Taxpayers Bill of Rights (TABOR) property tax revenue limitation of 4.3% and abatement/refunds. The 4.3% TABOR property tax revenue limitation is composed of a 1.2% increase from new construction and a 3.1% increase from inflation. The County's assessed valuation increased \$6.8 million or .6% to \$1.1 billion from the prior year. Voter approved property taxes (Purchase of Development Rights, Developmental Disabilities, and Museums) are unchanged from the prior year at \$3.3 million due to the .6% increase in assessed valuation.

Sales tax revenue for governmental activities increased \$1.4 million or 18% to \$9.0 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 \$1.2 million or 19% to \$7.5 million primarily from higher tourism and retail spending due to an excellent economy and a change in state legislation for internet sales after the United States Supreme Court ruling allowing states to charge tax on purchases made from out-of-state sellers. Lodging and accommodations sales tax increased \$.3 million with approximately \$.1 million of this increase from vacation rentals by owners. Sales tax collected on internet sales increased \$.2 million after the Colorado legislature approved the collection of sales tax by out-of-state retailers effective December 1, 2018 with a grace period to comply until June 1, 2019. Construction and building suppliers contributed \$.2 million to the increase in sales tax in 2019. General retail and sporting goods increased \$.1 million from the prior year. Building use tax collected on construction materials increased \$.2 million or 29% to \$.9 million from the prior year. Auto use tax collected on vehicles purchased outside of the County is \$.6 million and remained unchanged from the prior year.

The Combined Law Enforcement Facility (CLEF) was completed in June 2019 at a total cost to the County of \$7.4 million. The purpose of the CLEF is to expand administrative square footage cooperatively and reduce the overall cost of administration for the Routt County Sheriff's department and the City of Steamboat Springs (City) Police department. The facility's total cost was split approximately 60% to the City and 40% to the County. The County funded its \$7.4 million costs from the \$.9 million sales of land to City, \$.4 million of a \$1.0 million state grant sponsored by the City. The remainder is from reserves generated from several years of favorable budget variances. The County's new Communications Center located on the second floor of the CLEF was also completed in June 2019 at the cost of \$1.5 million and was funded by reserves. Routt County Communications provides public safety communication services for over 30 agencies, including local and county law enforcement, fire protection, Colorado Division of Wildlife and State Parks, and county public works. In 2019, the County spent \$3.1 million and \$1.2 million to complete the CLEF and the Communications Center construction, respectively. Initial ownership of the CLEF vests with the City and at the expiration of a 40-year lease term, the City and County shall have an undivided interest in the CLEF, and the title shall vest in both parties in joint tenancy. The County and City have entered into an Intergovernmental Agreement for the operations and maintenance of the CLEF, whereby the City and County generally split the costs 60% and 40%, respectively. The County maintains 100% ownership of the Communications Center and its related expenses.

Yampa Valley Regional Airport completed construction of an additional airplane parking apron for commercial airline service to reduce congestion and the potential for additional airline development. The new parking apron cost \$4.5 million, of which \$4.0 million and \$.1 million were funded by federal and state grants, respectively. The Fixed Based Operator (FBO) built a new general aviation facility on the east side

of Yampa Valley Regional Airport's property to help ease the congestion around the main terminal and provide general aviation travelers their own facility. The new building cost \$9.6 million and was 100% funded by the operator of the FBO. The ownership of the new building will revert to Yampa Valley Regional Airport at the termination of the lease with the FBO.



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 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 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 and what remains for future spending.
 - Proprietary funds statements include short and long-term financial information about the activities the County operates like a business, 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 been mainly included within governmental activities in the government-wide financial statements.

- Fiduciary fund statements provide information about the Custodial 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 financial statements' information 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 Custodial Fund.

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

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, deferred inflows/outflows of resources, 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 indicate whether its financial health is improving or deteriorating, respectively.
- To assess the County's overall health, 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 track 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 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. This is 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 \$223.3 million as of December 31, 2019, an increase of \$17.1 million or 8% from the prior year. The following table provides a summary of the County's governmental and business-type net position for 2019 and 2018.

Routt County, Colorado
Net Position
(in millions)

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Assets						
Current and other assets	\$ 63.2	\$ 62.3	\$ 10.3	\$ 9.5	\$ 73.5	\$ 71.8
Capital assets	122.9	117.9	62.2	53.9	185.1	171.8
Total assets	186.1	180.2	72.5	63.4	258.6	243.6
Deferred Outflows of Resources						
Deferred charge on refunding	0.2	0.3	-	-	0.2	0.3
Total assets and deferred outflows of resources	186.3	180.5	72.5	63.4	258.8	243.9
Liabilities						
Current and other liabilities	3.7	5.0	3.2	3.7	6.9	8.7
Long-term liabilities	8.0	9.0	0.3	0.4	8.3	9.4
Total liabilities	11.7	14.0	3.5	4.1	15.2	18.1
Deferred Inflows of Resources						
Unavailable revenue - property taxes	20.3	19.6	-	-	20.3	19.6
Net Position						
Net investment in capital assets	116.4	110.6	60.8	52.2	177.2	162.8
Restricted	5.5	4.2	0.2	0.2	5.7	4.4
Unrestricted	32.4	32.1	8.0	6.9	40.4	39.0
Total net position	154.3	146.9	69.0	59.3	223.3	206.2
Total liabilities, deferred inflows of resources and net position	\$ 186.3	\$ 180.5	\$ 72.5	\$ 63.4	\$ 258.8	\$ 243.9

Net Investment in Capital

The largest portion of net position is a net investment in capital assets of \$177.2 million, which increased \$14.4 million or 9% 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 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 \$40.4 million, which increased by \$1.4 million or 4% 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 is \$32.4 million and increased \$.3 million or 1% from the prior year.

Governmental activities generated \$8.4 million in operating income an increase of \$1.7 million or 25% from the prior year primarily from increases in operating revenues offset by a moderate increase in operating expenses. The \$8.4 million of operating income was used to purchase \$8.2 million of capital additions and replacements and for debt service of \$1.2 million. Non-operating revenue generated \$1.3 million from \$1.1 million in interest revenue and \$.2 million in proceeds from the sale of assets and insurance. 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 \$1.1 million or 16% to \$8.0 million from the prior year. The increase is primarily attributed to Yampa Valley Regional Airport with a \$.6 million increase and a \$.3 million increase for the Regional Building Department, 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 \$5.7 million, which increased \$1.3 million or 30% from the prior year.

Governmental activities restricted net position increased \$1.3 million or 31% to \$5.5 million from the prior year. The change in governmental activities restricted net position is primarily due to the Purchase of Development Rights (PDR) restricted net position increase of \$1.1 million or 42% to \$3.8 million after several 2019 Purchase of Development Rights transactions were delayed due to complexity and moved to 2020. The County’s TABOR Reserve increased in 2019 by \$.1 million or 9% to \$1.2 million.

Business-type 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 increased \$17.1 million in 2019 and \$9.9 million or 138% from the prior year. Governmental activities increased \$2.8 million or 61%, and business-type activities increased \$7.1 million or 273% from the prior year. The following financial statement summarizes the change in net position.

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

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues						
Program revenues						
Charges for services	\$ 4.0	\$ 3.8	\$ 6.9	\$ 6.4	\$ 10.9	\$ 10.2
Operating grants and contributions	11.3	10.3	0.2	0.2	11.5	10.5
Capital grants and contributions	1.9	0.7	11.2	4.6	13.1	5.3
General revenues						
Property tax	21.2	20.6	-	-	21.2	20.6
Sales tax	9.0	7.6	0.1	-	9.1	7.6
Interest earnings	1.1	0.7	0.1	-	1.2	0.7
Gain (loss) on disposal of capital assets	(0.2)	1.0	-	-	(0.2)	1.0
Total revenues	48.3	44.7	18.5	11.2	66.8	55.9
Expenses						
Administration	8.0	7.7	-	-	8.0	7.7
Community services	6.1	6.9	-	-	6.1	6.9
Property tax administration	2.3	2.4	-	-	2.3	2.4
Public safety	9.5	8.9	-	-	9.5	8.9
Road and bridge	10.1	9.4	-	-	10.1	9.4
Human services	4.6	4.5	-	-	4.6	4.5
Interest expense on long-term debt	0.3	0.3	-	-	0.3	0.3
Airport	-	-	7.4	7.2	7.4	7.2
Building department	-	-	1.2	1.2	1.2	1.2
Water and sewer	-	-	0.2	0.2	0.2	0.2
Total expenses	40.9	40.1	8.8	8.6	49.7	48.7
Increase in net position	7.4	4.6	9.7	2.6	17.1	7.2
Net position - beginning	146.9	142.3	59.3	56.7	206.2	199.0
Net position - ending	\$ 154.3	\$ 146.9	\$ 69.0	\$ 59.3	\$ 223.3	\$ 206.2

Governmental Activities

Total net position from governmental activities increased \$7.4 million or 5% to \$154.3 million from the prior year. The following are explanations of significant changes in revenue and expense from 2018 to 2019.

Revenues

Operating Grants and Contributions increased \$1.0 million or 10% to \$11.3 million from the prior year and are primarily from the following items.

Public Health increased \$.1 million from zero in the prior year, primarily due to creating a department for public health. The department is part of Colorado's public health transformation process to align the county programs with statewide goals.

Federal Payment in Lieu of Taxes (PILT) funds increased \$.2 million or 13% to \$1.8 million. The PILT formula in 2019 offset a decrease in 2018 federal mineral lease (FML) funds. The decrease in FML funds is the result of coal mine mining in nonfederal land.

Highway Users Tax Funds (HUTF) increased \$.2 million or 6% to \$3.7 million due to state legislation increasing the allocation of HUTF funds to Counties to improve and repair roads and bridges throughout Colorado.

State mineral severance tax increased \$.4 million or 133% to \$.7 million. The increase in severance taxes reflects a slight increase in commodity prices and a reduction in refunds filed relating to a Colorado Supreme Court ruling. Severance tax collections are low because of a Colorado Supreme Court's ruling allowing extraction activities additional tax deductions, which resulted in significant refunds for the past several years.

Capital Grants and Contributions increased \$1.2 million or 171% to \$1.9 million from the prior year, primarily due to the following items.

The County received \$.4 million or 40% of a \$1.0 million state Energy and Mineral Impact Assistance grant awarded to the City of Steamboat Springs for construction of the Combined Law Enforcement Facility (CLEF). The CLEF was completed in 2019, with the County's construction cost being \$7.4 million or 40% of the total facility cost.

The Emerald Mountain telecommunications tower and related facilities constructed by the City of Steamboat Springs (City) were transferred to the County in 2019 by the City. The \$.5 million in assets is a capital contribution.

Capital grants and contributions related to Road and Bridge projects increased \$.3 million or 38% to \$.9 million from the prior year. The change is due mainly to two bridge replacement projects. The Butler Creek Bridge, a \$1.2 million project, was completed in 2018 and funded in part by Federal Highway Department grants of \$.7 million in 2018 and \$0 in 2019 for a decrease of \$.7 million. The Green Truss Bridge, also a \$1.2 million project, completed in 2019 and funded in part by Federal Highway Department grants of \$.9 million in 2019 and \$0 in 2018 for an increase of \$.9 million from the prior year.

Property Tax revenue increased \$.6 million or 3% to \$21.2 million from the prior year. Base property taxes (General Fund, Road and Bridge, Human Services, and E911 Communications) increased \$.6 million or 3% to \$17.9 million from the prior year due to the Taxpayers Bill of Rights (TABOR) property tax revenue limitation of 4.3% and abatement/refunds. The 4.3% TABOR property tax revenue limitation is composed of a 1.2% increase from new construction and a 3.1% increase from inflation. The County's assessed valuation increased \$6.8 million or .6% to \$1.1 billion from the prior year. Voter approved property taxes (Purchase of Development Rights, Developmental Disabilities, and Museums) are unchanged from the prior year at \$3.3 million as a result of the .6% increase in assessed valuation.

Sales Tax revenue increased \$1.4 million or 18% to \$9.0 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 \$1.2 million or 19% to \$7.5 million primarily from higher tourism and retail spending due to an excellent economy and a change in state legislation for internet sales as detailed in the "Financial Highlights" section. Building use tax collected on construction materials increased \$.2 million or 29% to \$.9 million from the prior year. Auto use tax collected on vehicles purchased outside of the County is \$.6 million and remained unchanged from the preceding year.

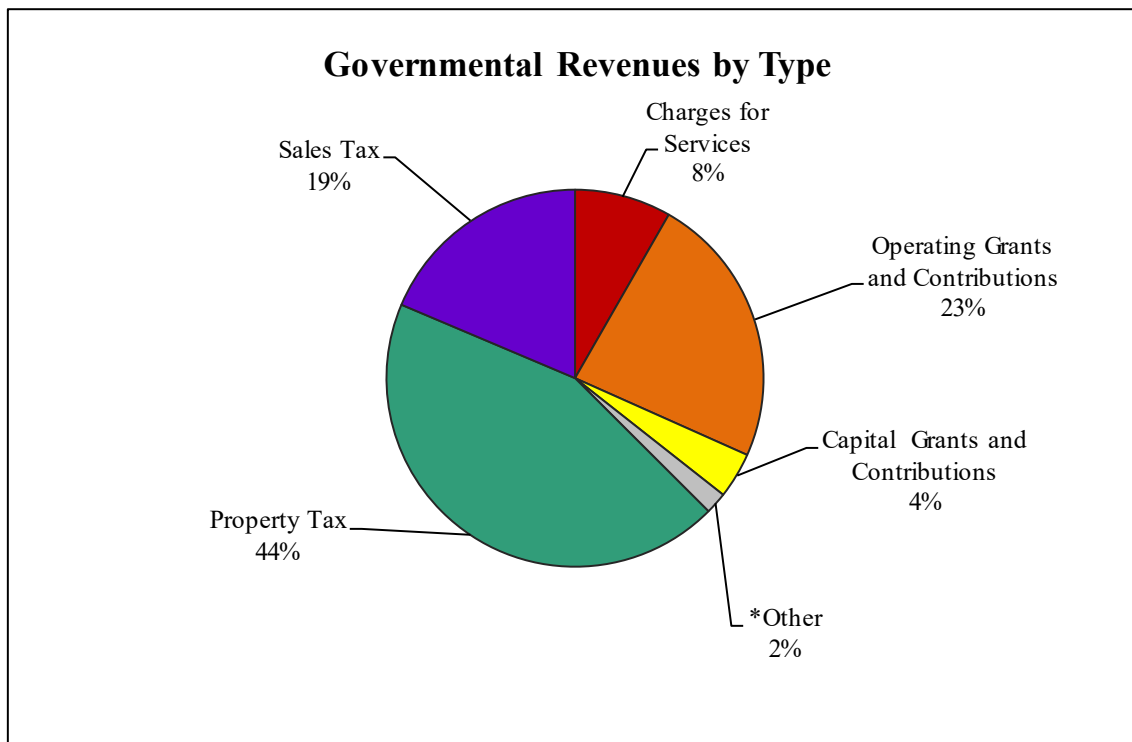
Interest Earnings increased \$.4 million or 57% to \$1.1 million because of increases in interest rates combined with an increase in funds available for investment.

Gain on Disposal of Capital Assets decreased \$1.2 million or 120% to a loss of \$.2 million from the prior year. The decrease is primarily from the sale of land to the City of Steamboat Springs for the Combined Law Enforcement Facility that occurred in the prior year.

Expenses

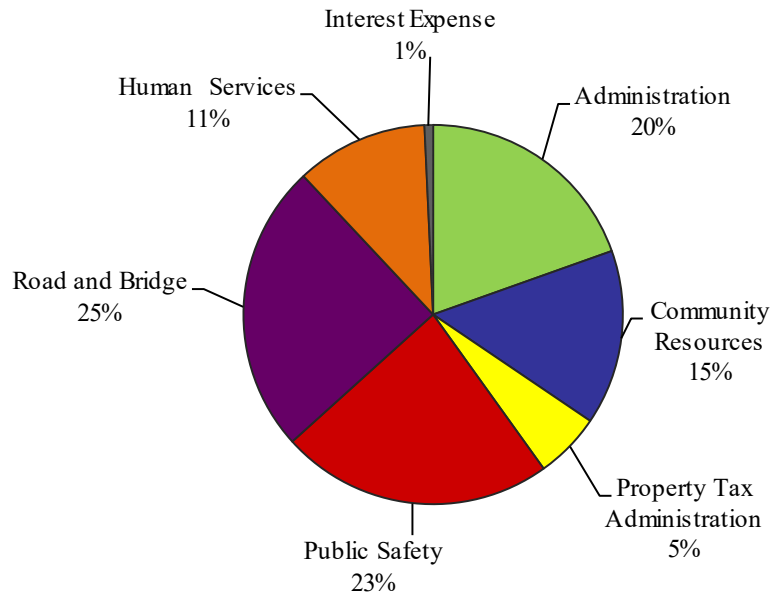
Community Services expenses decreased \$.8 million or 12% to \$6.1 million from the prior year. The decrease is primarily attributable to the \$1.0 million or 57% decrease from the Purchase of Development Rights (PDR) program. Several PDR transactions were delayed to 2020 because of the complexity of the transactions.

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

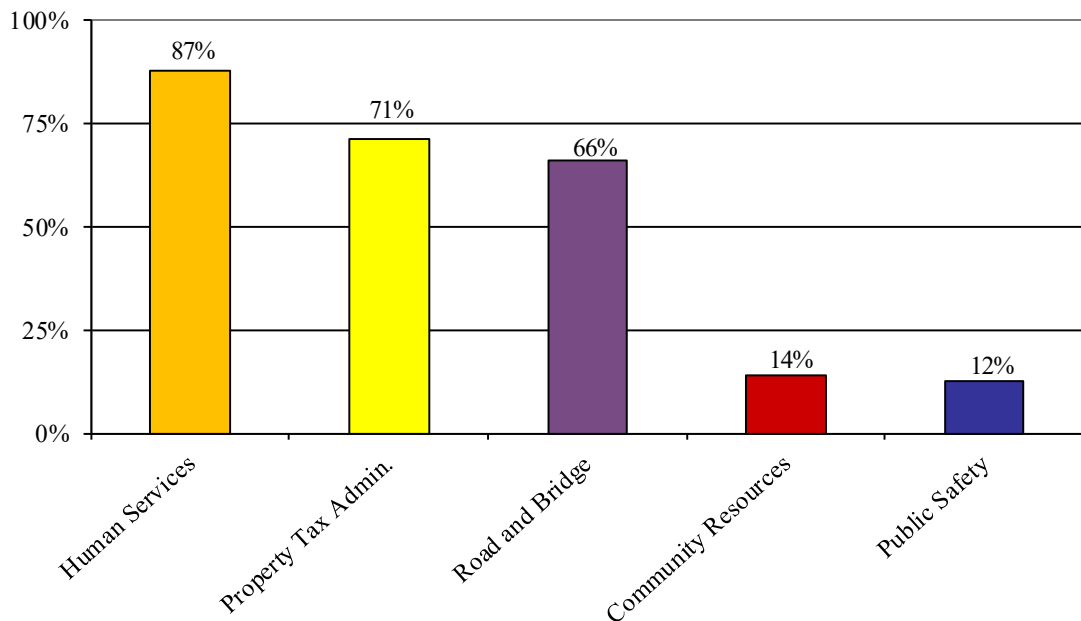


*Other: Unrestricted investment earnings and gain (loss) on disposal of capital assets.

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 and charges for services related to capital totaling \$1.9 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 \$9.7 million or 16% to \$69.0 million from the prior year. The key factors related to this increase follow.

Net investment in capital assets increased \$8.6 million or 16% to \$60.8 million from the prior year. The increase was primarily due to Yampa Valley Regional Airport's 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 \$1.1 million or 16% to \$8.0 million from the prior year and is described below in more detail.

Yampa Valley Regional Airport (YVRA)

Total net position increased \$9.2 million or 16% to \$65.2 million from the prior year and consists of \$60.5 million in net investment in capital assets, \$4.5 million in unrestricted net position, and \$.2 million in restricted net position.

Net investment in capital assets increased \$8.7 million or 17% to \$60.5 million from the prior year. The increase consists of \$11.5 million of capital additions, \$.3 million for retainage and a \$.1 million principal payment on the interfund 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 13% to \$4.5 million from the prior year.

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

The Airport operating loss remained unchanged at \$2.0 million from the prior year. The operating loss is primarily generated from depreciation on federal and state-funded capital items. The Airport relies on federal and state grants instead of fees to fund the replacement of a significant portion of capital.

Charges for Services increased \$.3 million or 6% to \$5.3 million from the prior year. The increase is primarily due to an increase in enplanements of 5,698 or 6% to 108,566.

Personnel costs increased \$.1 million or 4% to \$2.9 million from the prior year and resulted from an increase in compensation and health insurance to remain competitive in the market.

Operations costs increased \$.2 million or 14% to \$1.6 million from the prior year. The increase is primarily the result of airport management focusing on cost reduction and efficiencies in their operations. Depreciation expense remained consistent with the prior year at \$3.0 million.

Capital grants and contributions increased \$6.6 million or 143% to \$11.2 million from the prior year primarily due to the Fixed Based Operator's (FBO) building a new general aviation facility on the east side of Yampa Valley Regional Airport's property to help ease in the congestion around the terminal and provide general aviation travelers their own facility. The new building cost \$9.6 million. Respectively, all funding was through the operator of the FBO. Effective November 8, 2019, the FBO entered into a lease agreement for 39 years for use of the buildings and tracks of land within the premises of the Yampa Valley Regional Airport.

Sales Tax revenue increased by \$.1 million or 100% to \$.1 million from the prior year due to an increase in fuel sales in 2019 compared to 2018.

Interest Earnings increased \$.1 million or 100% to \$.1 million because of increases in interest rates combined with an increase in funds available for investment.

Regional Building Department

Unrestricted net position for the Regional Building Department (RBD) increased \$.3 million or 12% to \$2.8 million compared to the prior year.

Operating income increased \$.1 million or 100% to \$.2 million compared to the prior year. Significant changes in revenues and expenses are as follows.

Building permit fees increased \$.2 million or 15% to \$1.5 million. The increase in permit fees is due to an increase in new construction projects, which has in turn increased deferred revenue for 2019.

Personnel costs for the Regional Building Department increased \$.1 million or 13% to \$.9 million from the prior year and resulted in an increase in compensation and health insurance to remain competitive in the market. Operating expenses remained flat at \$.4 million.



FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

The County's governmental analysis provides 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 \$23.3 million, an increase of \$3.1 million, or 15% from the prior year. A description of the types and changes in fund balance follows.

Nonspendable fund balance increased \$.1 million or 8% to \$1.4 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 \$1.3 million or 31% to \$5.5 million from the prior year. Restricted fund balances include amounts restricted to 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 increased \$1.7 million or 11% to \$16.4 million from the prior year. Committed fund balances are amounts that can only be used for specific purposes according 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 General Fund's total fund balance increased by \$1.4 million or 22% to \$7.8 million from the prior year.

Nonspendable fund balance increased \$.1 million or 100% to \$.2 million from the prior year.

Restricted fund balance increased \$1.3 million or 31% to \$5.5 million from the prior year. The increase is primarily due to the Purchase of Development Rights (PDR) restricted fund balance increase of \$1.1 million or 42% to \$3.8 million after several 2019 Purchase of Development Rights transactions were delayed to 2020 because of the complexity of the transactions. The County's TABOR Reserve increased in 2019 by \$.1 million or 9% to \$1.2 million.

The General Fund's committed fund balance remained unchanged at \$2.1 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 increased \$1.5 million or 13% to \$13.2 million from the prior year.

The Road and Bridge Nonspendable fund balance decreased \$.1 million or 8% to \$1.1 million. The decrease is primarily due to the decrease of the interfund loan of \$1.2 million in 2018 to \$1.1 million in 2019.

The Road and Bridge committed fund balance increased \$1.6 million or 15% to \$12.1 million from the prior year. The Road and Bridge budget anticipated a \$2.0 million decrease in committed fund balance. The following items explain the primary reasons for the change between the budgeted committed fund balance and the actual ending fund balance.

Sales tax revenue had a 106% or \$2.1 million positive budget variance due to an increase in the percentage of total sales tax allocated to Road and Bridge and an increase in the County's total sales tax collections in 2019. The 2019 planned sales tax allocation was 72% to the General Fund and 28% to the Road and Bridge Fund. Due to favorable revenue and expenditure budget variances in the General Fund, the 2019 actual sales tax allocation was reduced to 54% to the General Fund and increased to 46% to the Road and Bridge Fund.

Actual sales tax collections for the County in total had a positive \$1.8 million or 25% variance compared to the final 2019 budget of \$7.2 million for the reasons discussed previously. Sales tax is comprised of the following items. Total County retail sales tax had a favorable budget variance of \$1.2 million or 19% from the final budget of \$6.3 million. Total building use tax had a favorable budget variance of \$.7 million or 350% from the \$.2 million final budget. The County has historically budgeted building use tax conservatively using 2010 actual collections because of the volatile nature of the construction industry. Total County auto use tax had an unfavorable budget variance of \$.1 million or 14% from the final budget of \$.7 million.

Intergovernmental revenues had a \$1.9 million or 33% positive budget variance from the original budget primarily for the following reasons. State Highway User Tax Fund (HUTF) revenue had a positive budget variance of \$.6 million due to the State increasing the allocation of HUTF funds to Counties to improve and repair roads and bridges throughout Colorado. State severance tax revenue from mineral extraction had a \$.7 million positive budget variance and is budgeted conservatively because of the volatility of mineral prices. Federal bridge revenue in the fund was higher than budgeted by \$.8 million and lower than budgeted by \$.4 million due to estimates related to the amount completed on the Green Truss Bridge and Butler Creek Bridge, respectively, in 2018 and 2019.

Operations had a positive \$.7 million or 12% variance to budget. The positive variance in operations is primarily due to the following items. Three minor bridges were scheduled for replacement in 2019, but were delayed to a future year, resulting in a \$.7 million positive variance in operations. The delay was due to the immediate need to repair a major bridge. Chip and seal had a \$.1 million positive budget variance resulting from favorable price and quantity variances. The asphalt road patching budget had a positive \$.1 million variance due to the condition of the asphalt roads being in good condition and requiring little maintenance in 2019. Spot gravel had a \$.2 million negative variance due to catching up on delayed maintenance in 2019 after several years of personnel and time constraints. Infrastructure had an unfavorable \$1.2 million budget variance. Timing differences between years 2018 and 2019 for work completed on the Green Truss Bridge resulted in a \$.6 million unfavorable variance. The County completed \$.4 million on the Roper Bridge, which was not budgeted in 2019, because a large sinkhole developed at the north abutment of the bridge requiring immediate attention. The remaining variance between actual and budget for infrastructure is from smaller variances on various projects.

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 \$3.8 million or 7% to \$54.6 million. Unrestricted net position decreased \$1.1 million or 6% to \$16.3 million from the prior year. Net investment in capital assets increased \$4.9 million or 15% to \$38.3 million from the prior year.

Equipment Pool

Unrestricted net position, which can be used for the future replacement of capital, decreased \$2.7 million or 18% to \$12.7 million from the prior year. Equipment Pool operations provided \$2.7 million to the unrestricted net position. Capital purchases in 2019 totaled \$7.5 million. Total transfers in from other funds are \$3.5 million. Interest income and proceeds from the sale of assets provided \$.3 million and \$.1 million, respectively. Transfers in are comprised of \$2.3 million for capital additions and \$1.2 million from the General Fund for future construction of a new Department of Human Service building. Transfers in for capital additions include \$.6 million from the General Fund as detailed below, \$.7 million moved from the Communications Pool to the Facilities Management Pool to fund the completion of the new Communications Center located at the Combined Law Enforcement Facility (CLEF), a \$.5 million non-cash transfer from Communications to recognize the capital contribution of the Emerald Mountain communication site assets from the City. As planned, funding of \$2.7 million to complete the CLEF and Evidence Center shared by the City and County is from reserves.

Capital expense for additions include \$2.5 million and \$.4 million to complete the County’s 40% portion of the CLEF and Evidence Center, respectively, \$.7 million to complete the construction of the Communications Center located at the CLEF, \$.5 million for Emerald Mountain communication site assets constructed by the City, \$.2 million for communications equipment at the CLEF, \$.2 million for the microwave systems at Emerald Mountain and Mt. Werner sites, \$.4 million for information technology networking and audiovisual equipment at the CLEF and the Clerk’s ballot sorting machine and 50% of a digital archiving project and \$.1

million in the motor pool for Sheriff's prisoner transport vehicle. Capital replacements of heavy equipment include \$1.2 million for two plow trucks, a semi-tractor, a backhoe, a trailer, two dump trucks and a steel roller and motor pool replacements include \$.5 million for five Sheriff's vehicles, four vehicles for Public Works and a community Council on Aging van. Sale of assets provided \$.1 million in proceeds from the Equipment and Motor pool asset auctions. Interest earnings provided \$.3 million in 2019 due to an increase in interest rates combined with an increase in funds available for investment. Debt service of \$1.2 million on the Refunding Certificates of Participation Series 2012 was paid as planned.

Net investment in capital increased \$4.9 million or 15% to \$38.3 million from the prior year. Capital purchases of \$7.5 million and a principal payment of \$1.0 million on capital-related debt contributed to an increase of \$8.5 million. Depreciation of \$3.1 million and capital deletions net of depreciation of \$.4 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 \$1.6 million or 80% to \$3.6 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 2019, the County increased its contribution and the employee contribution to the pool each by 9% to build the pool's reserves and improve the pool's sustainability while continuing to offer a competitive health insurance benefit to employees. The increase is based on a 17-year historical actual average increase of 9% and data supplied by the County's health insurance consultant. Actual 2019 County and employee contributions to the Insurance Pool were \$5.2 million or \$.1 million lower than the \$5.3 million budget.

Claims expense in 2019 was budgeted at \$4.7 million or 9% over the prior year based on historical and current claims expense. Total actual claims in 2019 were \$2.9 million and under budget by \$1.8 million or 38%. Claims experience in 2019 was very favorable compared to plan due primarily to significantly lower expenses for large claims. There were 21 large claims over \$35,000 totaling \$1.3 million or 49% of total claims. In 2018, there were 33 large claims totaling \$3.2 million or 69% of total claims.

The County purchases individual and aggregate stop-loss insurance to limit its exposure during years with high large claim expenses. Total receipts from stop-loss insurance in 2019 were \$14,000 or \$.8 million under the original budget. This was due to large claims being \$1.3 million, which is significantly less than projected based on the 2-year average of 27 claims and \$2.2 million. Stop-loss insurance reimbursements are received for individual claims greater than the County's \$75,000 deductible.

The County budgeted a \$.6 million increase in reserves in 2019. The actual reserve increase was \$1.6 million, mainly due to actual claims expense being \$1.8 million less than plan offset by slightly lower contributions of \$.1 million as discussed above. 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 variance between the original revenue budget of \$28.1 million, and the final amended revenue budget of \$28.6 million was a positive variance of \$.5 million or 2%.

Expenditure Budget Amendments

The variance between the original expense budget of \$27.0 million and the \$27.5 million final amended expense budget was a negative variance of \$.5 million or 2%. The significant expenditure budget amendments are as follows.

The Public Health budget amendment increased Public Health expenditures \$.2 million, or 100%. The County created a Public Health Department and split it out separately from the Environmental Health Department within the County as part of Colorado's public health transformation process to better align the county programs with statewide goals. The Public Health amendment was funded from state and federal grants and sales tax.

The Wildfire budget amendment increased Wildfire expenditures \$.1 million, or 208%. The 2019 wildfire suppression budget was increased for the Indian Run and Mill Creek 2 wildfires and was funded from sales tax.

The Transfers budget amendment increased Transfer expenditures \$.6 million or 33%. The Transfer budget was increased to fund additional transfers from the General Fund to the Facilities Management pool to help fund the future construction of a new Department of Human Services building. Funding was available from various favorable budget to actual variances that eventually accumulate in the General Fund fund balance.

Budget Variances

Revenue Variances

Total actual revenues of \$28.6 million had a \$.0 million or 0% variance from the \$28.6 million final budget. The significant revenue budget variances are discussed as follows.

Sales tax for the County in total had a negative \$.7 million or 13% variance compared to the final budget of \$5.5 million. Sales tax is composed of the following items. Total County retail sales tax had a negative budget variance of \$.8 million or 17% from the final budget of \$4.8 million. Total building use tax had a positive budget variance of \$.2 million or 100% from the final budget of \$.2 million. The County has historically budgeted building use conservatively using 2010 actual collections because of the volatile nature of the construction industry. Total County auto use tax had a negative budget variance of \$.1 million or 20% from the final budget of \$.5 million.

Interest income had a positive variance of \$.4 million or 100% above the \$.4 million final budget. The positive variance is due to the combination of an increase in interest rates and an increase in average funds available for investment.

Expenditure Variances

Total actual expenditures of \$24.8 million had a positive \$2.7 million or 10% variance compared to the \$27.5 million final budget. The significant budget variances are discussed as follows.

Museums had a positive variance of \$.1 million or 20% above the final budget of \$.5 million. The positive variance is due to the Capacity Building Grant project costs coming in less than budgeted.

Purchase of Development Rights (PDR) had a positive variance of \$1.7 million or \$68% above the final budget of \$2.5 million due to various PDR projects not coming to fruition due to the complexity of the transactions.

The remaining budget variances are relatively small per department.



CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

During 2019, the County's capital assets increased \$18.1 million or 7% to \$275.7 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 \$6.9 million or 4% to \$180.9 million. Business-type activities capital increased \$11.2 million or 13% to \$94.8 million.

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

Routt County, Colorado

Capital Assets

(in millions)

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land and improvements	\$ 4.9	\$ 4.6	\$ 49.2	\$ 44.4	\$ 54.1	\$ 49.0
Buildings and improvements	44.4	36.8	19.8	19.7	64.2	56.5
Equipment	31.4	29.7	11.2	11.0	42.6	40.7
Infrastructure	98.6	96.4	-	-	98.6	96.4
Water system	-	-	2.0	2.0	2.0	2.0
Sewer system	-	-	1.8	1.8	1.8	1.8
Construction in progress	1.6	6.5	10.8	4.7	12.4	11.2
Total capital assets	180.9	174.0	94.8	83.6	275.7	257.6
Accumulated depreciation	(58.0)	(56.1)	(32.6)	(29.7)	(90.6)	(85.8)
Total	\$ 122.9	\$ 117.9	\$ 62.2	\$ 53.9	\$ 185.1	\$ 171.8

Major Governmental Capital Asset Projects

During 2019, 5.62 miles of County Roads were overlaid for \$1.0 million, and replacement work was completed on the Green Truss Bridge for a \$1.2 million cost. Green Truss Bridge is the last of three bridges on CR 67 to be replaced during 2015-2019. The replacement cost of all three bridges on CR 67 is \$3.7 million. The \$3.7 million cost of the bridges is offset with \$2.7 million of Federal Highway Department grants for a net cost of \$1.2 million. The County completed \$4 million on the Roper Bridge, which was not budgeted in 2019, but a large sinkhole developed at the north abutment of the bridge requiring immediate attention. Additionally, \$1.2 million of Heavy Equipment pool replacement purchases were completed. The purchases included two plow trucks, a semi-tractor, a backhoe, a trailer, two dump trucks, and a steel roller along with other smaller pieces of equipment.

The Combined Law Enforcement Facility (CLEF) was completed in June 2019 at a total cost to the County of \$7.4 million. The purpose of the CLEF is to expand administrative square footage cooperatively and reduce

the overall cost of administration for the Routt County Sheriff's office and the City of Steamboat Springs (City) Police department. The total cost of the facility was split approximately 60% to the City and 40% to the County. The County funded its \$7.4 million cost from the \$.9 million sale of land to City, \$.4 million of a \$1.0 million State grant sponsored by the City. The remainder is from reserves generated from several years of favorable budget variances. The County's new Communications Center located on the second floor of the CLEF was also completed in June 2019 at the cost of \$1.5 million funded by reserves. Routt County Communications provides public safety communication services for over 30 agencies, including local and county law enforcement, fire protection, Colorado Division of Wildlife and State Parks, and county public works. During 2019, the County spent \$3.1 million and \$1.2 million to complete the construction of the CLEF and the Communications Center, respectively. Initial ownership of the CLEF vests with the City and at the expiration of a 40-year lease term, the City and County shall have an undivided interest in the CLEF, and the title shall vest in both parties in joint tenancy. The County and City have entered into an Intergovernmental Agreement for the operations and maintenance of the CLEF, whereby the City and County generally split the costs 60% and 40%, respectively. The County maintains 100% ownership of the Communications Center and its related expenses.

In May 2017, Routt County entered into a Memorandum of Understanding with the Governor's Office of Information Technology (OIT), Communication Services, providing that the State of Colorado would install, maintain, and operate the public safety statewide digital trunked radio system equipment and microwave radio equipment at the then proposed Emerald Mountain Communications Site. In May 2018, Routt County entered into a Memorandum of Understanding with the City of Steamboat Springs and Yampa Valley Electric Association (YVEA), concerning the construction of the telecommunications tower and related facilities at the Emerald Mountain communications site. The MOU provided that the City would obtain access and finance construction, the County would oversee construction and undertake ongoing maintenance. YVEA would lease the site for use as a public safety communications facility. The MOU also provided that the City would transfer ownership of all Communications Facilities to the County after construction for future operation and maintenance. The construction was completed in 2019 at a cost of \$.5 million, and the assets were then transferred to the County.

Major Business-type Capital Asset Projects

Yampa Valley Regional Airport began construction on the terminal renovation and expansion in late 2019. This project is expected to be completed by early fall 2020 due to the bid costs coming in greater than projected in the spring of 2019. The terminal renovation and expansion will add an additional gate to the terminal and renovate the interior to add more seating areas for the passengers. Yampa Valley Regional Airport projects the project to cost \$3.9 million, of which federal and state grants, respectively, will fund \$3.5 million and \$.2 million. Total costs in 2019 for the project is \$.3 million.

The Fixed Based Operator (FBO) built a new general aviation facility on the east side of Yampa Valley Regional Airport's property to help ease the congestion around the main terminal and provide general aviation travelers their own facility. The new building cost \$9.6 million, and all funding is through the operator of the FBO. The County is capitalizing the asset and recording an offsetting capital contribution for the fiscal year 2019 as required by accounting standards. The ownership of the new building will revert to Yampa Valley Regional Airport at the termination of the lease with the FBO.

Completion of the Yampa Valley Regional Airport apron expansion and rehabilitation cost \$.2 million in 2019. The project was not finalized in 2018 due to quality standards not being met by the contractor. The contractor made corrections, and the project is now final. Federal grants funded the \$.2 million.

Long-term Debt

After making a principal payment of \$1.0 million in 2019 on the Series 2012 Refunding Certificates of Participation, the outstanding balance for Governmental activities, long-term debt is \$6.7 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. Again, the

rationale for these ratings was the County's strong reserve levels, above the 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 the Phippsburg Water and Sanitation System to finance a portion of the water filtration and wastewater 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	
	2019	2018	2019	2018	2019	2018
Certificates of participation	\$ 6.7	\$ 7.7	\$ -	\$ -	\$ 6.7	\$ 7.7
Revenue loans	-	-	0.1	0.1	0.1	0.1
Total	\$ 6.7	\$ 7.7	\$ 0.1	\$ 0.1	\$ 6.8	\$ 7.8



NEXT YEAR'S BUDGET AND ECONOMIC FACTORS

The 2020 Routt County budget projects \$57,023,000 in revenues and \$64,450,000 in expenses resulting in \$7,427,000 of expenses over revenues, and after removing \$483,000 of noncash expenses such as depreciation, the use of reserves is \$6,944,000. The 2020 budget as compared to the 2019 budget includes a \$10,602,000 or 16% decrease in revenues and an \$11,665,000 or 15% decrease in expenses. The 2020 budget is separated into Governmental Activities and Business-type 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 \$880,000 or 2% to \$47,017,000, expenses are anticipated to decrease \$571,000 or 1% to \$52,758,000 and results in expenses over revenues of \$5,741,000. The decrease in reserves is primarily due to funding \$4.1 million in Road and Bridge infrastructure and equipment replacements, \$3.3 million in Purchase of Development rights acquisitions and \$1.7 million in facilities and information technology capital additions offset by an increase of \$3.3 million to establish a committed reserve fund for capital addition projects, which at this time is primarily for construction of a new building for the County's Department of Human Services.

A \$3.3 million capital additions reserve was created from a \$2.4 million transfer from the Health Insurance pool after a significant decrease in actual claims compared to budget in 2019 and a \$.9 million revenue increase comprised of \$.6 million in severance tax and \$.3 million in building use tax both resulting from aligning the 2020 budget with actual historical collections.

Property tax revenue from all sources is anticipated to increase \$454,000 or 2% to \$21,752,000 over the 2019 budget. The County's base property tax revenue, which funds governmental activities, is anticipated to increase \$518,000 or 3.2% and is limited to this increase by the Taxpayers Bill of Rights (TABOR). The TABOR property tax revenue limit of 3.2% is composed of a 1.4% increase from new construction and a 1.8% increase from inflation. The TABOR increase is offset by \$121,000 in taxes abated and refunded. Property tax from voter-approved mill levies, which are not subject to TABOR, increased \$320,000 or 10.5% due to an increase in assessed valuation. Overall, Routt County's 2019 net assessed valuation increased \$114.0 million or 10.5% to \$1.2 billion. Specific ownership tax is collected on vehicles and allocated to the county and each taxing entity based on the percentage allocation of property tax to each taxing entity. Based on 2019 actual collections, specific ownership tax allocated to the County decreased \$243,000 or 14% to \$1,495,000.

Sales tax from all sources is anticipated to increase \$956,000 or 13% to \$8,116,000 from the 2019 budget. Sales tax is composed of a 1% sales tax, a 1% building use tax, and a 1% auto use tax. Sales tax is anticipated to increase \$751,000 or 12% to \$7,006,000, building use tax is anticipated to increase \$265,000 or 113% to \$500,000 and auto use tax is anticipated to decrease \$60,000 or 9% to \$610,000 based on 2019 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 \$707,000 to \$24,442,000 or 3% above the 2019 budget. The increase in personnel expense is primarily due to the following items. The compensation plan increased \$578,000 or 3% above the 2019 budget. In 2020, a 2% market adjustment across all pay scales, and for eligible employees, a current anniversary step was approved by the Board.

Full-time equivalents (FTEs) increased 6.37 FTE or 3% to 246.94 from the prior year resulting in an increase of \$546,000 in 2020. The change includes a 6.35 increase in FTEs and a .02 increase in FTEs related to overtime. Purchasing decreased 1.0 FTE or 50% to 1.0 FTE eliminating a buyer position for a total of \$89,000. Treasurer and Public Trustee increased a combined .5 FTE for an administrative assistant position to provide increased efficiency and to better service the public for a total of \$33,000. Facilities Management (FM) increased 1.0 FTE to add a working operation supervisor to address a growing list of deferred maintenance items throughout the county for \$86,000. Information Technology increased 1.0 FTE or 10% to 11.05 FTEs for an enterprise application analyst to manage large software implementation projects having a County-wide impact for a cost of \$127,000.

Sheriff increased 2.0 FTEs or 7% for patrol deputies at a cost of \$144,000. The goals are to improve response times, officer safety and to alleviate staff stress with scheduling that will allow for adequate time off and training while reducing turnover. Public Health Department was brought under the county umbrella in July 2019. It will include 2.91 FTEs for Routt County's needs in 2020. The Public Health Department includes .61 FTE for a Director and .30 FTE for an Administrative Assistant, both net of time allocated to Moffat County's needs, plus 1.0 FTE for a Regional Emergency Preparedness Coordinator and 1.0 FTE for a Nurse. A significant portion of these positions is funded via the Colorado Department of Public Health and Environment grants. The cost to staff the Public Health Department is \$299,000.

Health Insurance increased \$403,000 or 9% to \$4,878,000 over the 2019 budget. The health insurance increase is based on an 18-year historical actual average cost increase of 9%. The employer and employee contribution to health insurance cost both increased by 9% in 2020. Favorable health insurance claims expense budgeted in 2020 compared to 2019 reduced net personnel expense by \$788,000 based on data supplied by the County's health insurance consultant. This indicates that 2020 medical claims costs are anticipated to decrease by 16% based on the activity of the most recent 24 months. The budgeted 2020 ending reserve balance in the Health Insurance pool is \$2.2 million. The goal is to fund the medical costs of County staff consistently and sustainably while offering a competitive health insurance benefit to employees. The compensation and health insurance increases for governmental activities are primarily funded by anticipated increases in property tax and sales tax.

Operating costs for governmental activities are budgeted to increase from the 2019 budget by \$3,254,000 or 19% to \$20,738,000 in the 2020 budget. Major changes are as follows.

Community Services operating costs increased \$130,000 or 28% to \$594,000 over the prior year. A contribution to an electric car charging station in Yampa increased \$10,000 or 100% to assist in providing electric charging stations throughout the Yampa Valley. Funding for Northwest Colorado Health increased \$75,000. Historically, Public health funding of \$215,000 was included in the Environmental Health Budget. This funding provided services for Public Health along with Home Health/Hospice, the Haven, Senior Housing and the South Routt Dental Center. Public Health expense of \$140,000 has been moved to a new Public Health budget. The remaining \$75,000 of funding for Home Health/Hospice, the Haven and the South Routt Dental Center are now included in the Community Services budget. Animal Shelter funding increased \$40,000 to cover the costs of the animals brought to the shelter by Routt County more accurately.

Elections operating costs increased \$82,000 or 181% to \$127,000 above the 2019 budget. Elections cycle between odd and even years. 2020 is a Presidential election year, and with the new primary requirements, there will be more costs compared to 2019.

Environmental Health operating costs decreased \$231,000 or 61% to \$149,000 below the 2019 budget. Public Health expenses of \$140,000 that was previously included in this budget has been moved to the Public Health budget. The remaining \$75,000 of funding for the Home Health/Hospice, the Haven, and the South Routt Dental Center is now included in the Community Services budget. Climate Action Plan expenses increased \$65,000 or 100% to develop a joint-entity plan administered by the County in 2020. Funding of \$45,000 from a state grant, the City of Steamboat Springs and the Steamboat Ski Area offset the \$65,000 in costs.

Facilities Management operating costs increased \$234,000 or 12% to \$2,165,000 above the 2019 budget due to adding \$30,000 or 100% for preventive maintenance contracts for boilers, air handlers, air conditioning, and compressor units, \$63,000 or 50% for 12 months versus six months of operations for the new Combined Law Enforcement Facility (CLEF), \$30,000 or 100% for the new Communications Center at the CLEF and \$21,000 or 10% for utilities at all County Buildings based historical usage and price increases. User charges to fund capital replacements in the Facilities Management Pool increased \$75,000 or 6% primarily for the building systems and equipment installed at the CLEF, Communications Center, and Evidence Center. The asset cost added to the replacement cycle is \$1,172,000 at a total annual replacement cost of \$60,000. Replacements added by area are \$869,000, \$110,000 and \$193,000 for the CLEF, evidence area and Communications Center, respectively.

Information Technologies (IT) operating costs increased \$137,000 or 13% to \$1,154,000 above the 2019 budget. Computer-Aided Dispatch/Records Management System (CAD/RMS) software application increased \$32,000 or 100% for managed services by a third party administrator to allow for the proper utilization of the CAD/RMS software. End-user cybersecurity awareness training increased \$6,000 or 96% to provide ongoing annual training for Routt County employees to prevent cyber-attacks potentially. IT equipment replacement charges increased \$35,000 or 13% due to adding the remaining six copiers moved from the Facilities Management Pool and the virtual server environment in 2018.

Planning operating costs increased \$247,000 or 70% to \$600,000 above the 2019 budget. Master plan costs increased \$200,000 or 100% for a consultant to assist with updating the Routt County Master Plan. A \$100,000 state grant is anticipated to offset half of these costs.

Public Health operating costs increased \$110,000 or 100% to \$110,000 above the 2019 budget. The County developed a Public Health Department.

Purchase of Development Rights increased \$2,722,000 or 111% to \$5,181,000. The increase is primarily because 2019 projects were not completed as planned and moved to the 2020 Budget. 2019 Reserves and 2020 revenues are anticipated to be spent 100% in 2020.

Communications/Emergency Management operations decreased \$123,000 or 15% to \$684,000 below the 2019 budget. The \$60,000 Emergency Management Hazard Mitigation Plan was completed in 2019, and \$49,000 of controllable assets (assets less than \$5,000) for the Combined Law Enforcement Facility (CLEF) were purchased in 2019.

Human Services operations decreased \$356,000 or 12% to \$2,687,000 below the 2019 budget. This is primarily due to a \$325,000 decrease in Food Assistance as a result of a better economy and a requirement that participants are working to receive benefits and low enrollment in the program by people who could be eligible.

Public Works operations increased \$185,000 or 3% to \$5,908,000 above the prior year budget. Minor Bridge (bridges less than 20 feet) maintenance increased \$395,000 or 50% to complete the following bridge projects in 2020 which were delayed from 2019: Bear River Bridge on County Road 7, Cow Creek Culverts on County Road 33, Race Track Culverts on County Road 53 and to replace the bridge decking on the Clark Bridge. Rockfall mitigation decreased \$100,000 or 100% as there is no need for this item in 2020. Leveling decreased \$202,000 or 91% based on the number of miles to be overlaid in 2020.

Gravel costs increased by \$67,000 or 18% for the following reasons: a \$75,000 or 38% decrease in regravels to match historical actuals. Shouldering for overlays increased \$17,000 or 47% due to the increase in miles to be overlaid in 2020. Spot gravel increased \$125,000 or 100% to better match historical actuals. Chip and seal increased by \$37,000 or 11%. In 2019, 14.05 miles were chip and sealed compared to 10.89 miles in 2020. This is a decrease of 3.16 miles. In 2020, the cost of chip and seal per square yard increased \$.50 or 32% to \$2.06. This square yard cost increase equates to \$134,000 additional annual cost over the 21-year life cycle of the County paved road system.

Capital costs for governmental activities are anticipated to decrease \$4,806,000 to \$4,660,000 or 51% below the 2019 budget. Facilities management capital expense decreased \$3,847,000 or 73% from the 2019 budget. The decrease is primarily due to completion of the Combined Law Enforcement Facility (CLEF). Capital items budgeted in 2020 include \$500,000 for the former Communications Center remodel, \$216,000 for the Justice Center roof replacement, \$170,000 for security additions at the downtown campus, \$160,000 to modernize the Annex elevator and \$75,000 for the planning phase of a new Human Service building.

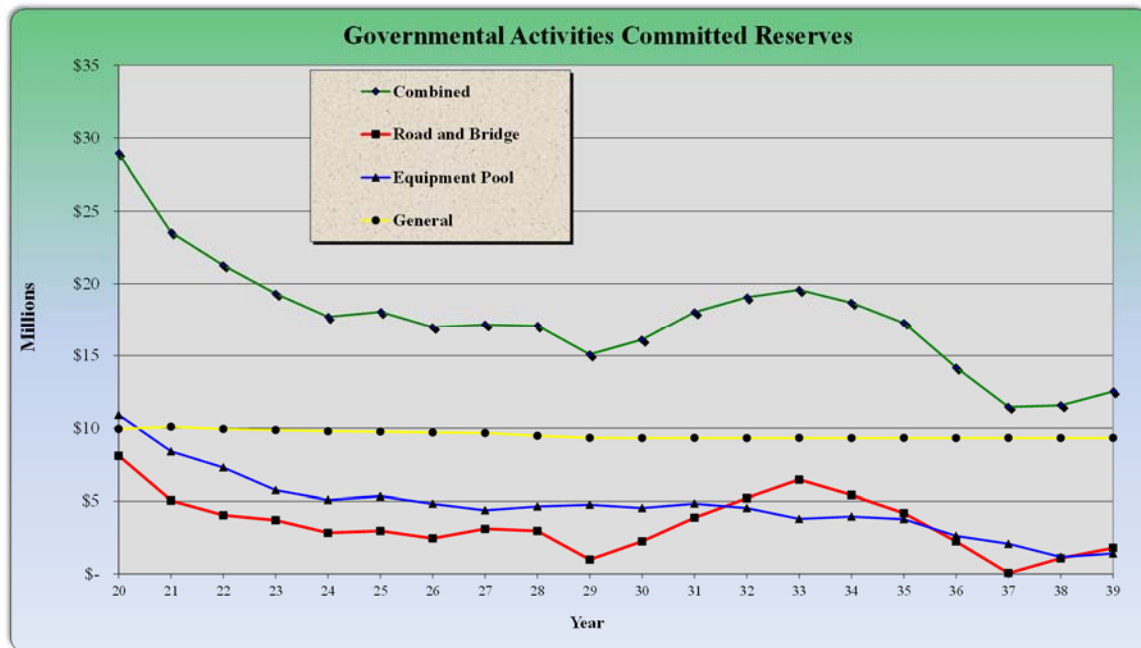
Information Technology capital expense decreased by \$541,000 or 36% from 2019 due to partial completion of the Land Management software implementation in 2019. From the actual cost of the software being much less than budgeted and completion of numerous networking and audiovisual items at the CLEF. Additions in 2020 include \$280,000 attributable to the Enterprise Resource Planning system's remaining costs and \$332,000 for the Land Management software.

Heavy equipment capital expense increased \$846,000 or 85% from 2019. The increase is primarily due to the planned replacement of two loaders, two plow trucks, a tractor/truck, and a water truck. Motor pool capital equipment decreased \$207,000 or 33%, mainly due to twelve vehicle replacements and additions in 2019 as opposed to nine in 2020.

Infrastructure costs are anticipated to increase by \$274,000 or 19% in 2020. The increase is due to increases in overlay of \$834,000 or 98% and a decrease in bridgework of \$560,000 or 100%. The County anticipates overlaying 10.8 miles in 2020 as compared with 5.6 miles in 2019 as part of the scheduled maintenance plan.

The cost of a ton of asphalt increased \$6.74 or 9% to \$83.10. The average cost to overlay a mile of road is \$161,000. Bridge improvements decreased due to the completion of the Green Truss Bridge on County Road 67.

The long-term forecast projects a balanced budget, as seen in the following Governmental Activities Committed Reserves graph; however, changes in service levels, the cost of petroleum products, health insurance, the COVID 19 pandemic, etc. may cause the following graph to change positively or negatively.



Business-type 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 decrease \$11,895,000 or 54% to \$10,192,000, expenses are anticipated to decrease \$11,508,000 or 49% to \$11,878,000 and results in expenses over revenues of \$1,686,000. After removing \$483,000 of non-cash expenses such as depreciation, reserves decrease \$1,203,000. The decrease in reserves is primarily associated with \$1.7 million in capital expense at YVRA for terminal renovations and \$.2 million to implement the Building Department's new land management software. The business-type activities are fundamentally financially self-sufficient by charging fees for services and receiving grants.

Yampa Valley Regional Airport Federal revenue decreased \$5,376,000 or 74% to \$1,873,000 below the 2019 budget. Federal revenue for 2020 of \$1,873,000 consists of Federal Aviation Administration (FAA) Airport Improvement Program (AIP) funding of \$1,519,000. The AIP revenue funds 90% of the construction of a budgeted \$3.8 million terminal addition to relieve congestion and allow for additional airline development. Other federal revenue for 2019 includes \$340,000 in Passenger Facility Charges (PFC), which typically provides 5% of the match on AIP projects. 2019 federal capital projects offset budgeted federal revenue for 2020.

Yampa Valley Regional Airport fees increased \$322,000 or 7% to \$5,180,000 above the 2019 budget, primarily due to the following reasons. Airside FBO (Fixed Base Operator) rent increased \$46,000 or 73% due to the FBO renting a larger piece of land for their new building. The FBO landing fees are anticipated to increase by \$13,000 or 8% due to an anticipated increase in traffic. Jet fuel flowage fees are anticipated to increase \$120,000 or 70% based on the trend of increased traffic and projections that jet fuel prices will rise over the next year. Landside Car Rental increased \$30,000 or 5% due to increased traffic through the airport. Taxi/Bus/Limo fees are anticipated to increase \$30,000 or 11% due to anticipated higher traffic. General Store sales increased \$31,000 or 49% primarily from increased clothing, sundries, and souvenir sales due to higher traffic through the airport based on anticipated increased enplanements for 2020. Restaurant increased

\$37,000 or 12%, and snack bar fees are anticipated to increase \$8,000 or 2% due to an anticipated increase in enplanements and traffic through the airport.

Regional Building Department fees increased \$89,000 or 6% to \$1,502,000 above the 2019 budget due to an anticipated increase in commercial and residential projects from 2019 to 2020.

Water and Sanitation tap fees are increased \$32,000 or 800% to \$32,000 above 2019 due to six new sewer taps anticipated in Milner for 2020.

Other revenues are anticipated to decrease \$7,003,000 or 92% to \$638,000 below the 2019 budget due to a \$7,029,000 or 93% decrease for YVRA. The FBO made a \$7.0 million in improvements in 2019 and based on generally accepted accounting principles, YVRA will capitalize some or all of the improvements in 2019.

Total personnel expense for business-type activities decreased \$36,000 or 1% to \$3,868,000 below the 2019 budget. Full time equivalents (FTEs) decreased .08 FTEs or 0% to 48.84 FTEs. The change includes a .49 decrease in FTEs and a .41 increase in FTEs related to overtime. Phippsburg Water & Sewer and Milner Sanitation decreased personnel by \$34,000 or .46 FTE after converting the technician position from a part-time shared employee staff member to contract labor. The 2019 employee compensation plan includes a 2% across the board market adjustment, and eligible employees will receive an anniversary step. The compensation plan's cost is \$97,000 or 3% above the 2019 budget. Overtime increased \$47,000 or 171% for a total of .41 FTEs due to the Regional Building Department adding 857 hours in overtime for existing staff to implement a new land management software. Health insurance expense charged to business-type activities to finance the County's partially self-insured medical plans increased \$49,000 or 9% to \$594,000 above the 2019 budget. Favorable health insurance claims expense budgeted in 2020 compared to 2019 reduced net personnel expense by \$96,000, as discussed previously in the governmental activities personnel section.

Operations expense for business-type activities are budgeted to increase by \$367,000 or 14% to \$2,986,000 in 2020 from the 2019 budget.

Yampa Valley Regional Airport operations increased \$177,000 or 7% to \$2,860,000 above the 2019 budget. The Yampa Valley Regional Airport budgeted overhead allocation is anticipated to increase \$67,000 or 14%. The overhead allocation increase is primarily due to increases in Human Resources from termination payouts made to 2 long-term employees who retired, Information Technology (IT) with a decrease in IT projects to specific departments that increased the overall allocation to all departments, Accounting with the Enterprise Resource Planning (ERP) software implementation and turnover in staff and County Manager allocation of time. In Operations and Safety, fire suppression material increased \$54,000 or 100% with an expectation that Federal regulations will require Yampa Valley Regional Airport to use different fire suppression material.

Regional Building Department operations increased \$171,000 or 44% to \$565,000 above the 2019 budget. Regional Building Department's overhead allocation is anticipated to increase \$26,000 or 9%. The overhead allocation increase is primarily due to increases in Human Resources from termination payouts made to 2 long-term employees who retired, Information Technology (IT) with a decrease in IT projects to specific departments that increased the overall allocation to all departments and an increase in controllable asset purchases and Geographical Information System (GIS) with an increase in activity and a decrease in Facility Management due to a decrease in occupied square footage. Professional services increased by \$15,000 or 75% to provide help if there is a back log in plan review. To accomplish the new land management software implementation, cost increased \$83,000 or 100% and access to the City of Steamboat Springs land management software increased \$10,000 or 100%. County land management training costs increased by \$18,000 or 100%. The land management software implementation for both the City and the County are expected to start in late 2019 and be completed in 2020.

Capital expense for business-type activities decreased \$11,431,000 or 71% to \$4,672,000 below the 2019 budget. The decrease in capital and infrastructure expense is primarily due to the following items and is offset by projects completed in the previous year.

YVRA capital expense decreased \$11,494,000 or 72% to \$4,360,000 below the 2019 budget. The YVRA terminal expansion was anticipated to be \$6.7 million in the 2019 budget. The project was delayed in 2019

but incurred \$.5 million in costs. The 2020 expense is anticipated to be \$3.3 million (a total project of \$3.8 million) as the project's scope was decreased due to higher than anticipated construction costs. The terminal project is funded with federal and state grants. The terminal expansion is being constructed to reduce congestion and allow for additional airline development. The YVRA Fixed Based Operator (FBO) made \$7.0 million in improvements and based on generally accepted accounting principles YVRA will capitalize some or all of the improvements in 2019. The FBO improvements include but are not limited to buildings, hangers, ramps, automobile parking, and roads. YVRA capital expenses of \$4.4 million budgeted in 2020 include the addition of a \$.5 million rental car service facility, and other minor capital expenditures.

Phippsburg Water and Sanitation Systems' capital expenditures increased \$38,000 or 14% to \$312,000 above the 2019 budget. The 2020 budget includes \$274,000 for the replacement of the lagoon liner to comply with current regulations. The lagoon liner was included in the 2019 budget but was delayed to 2020 due to higher than anticipated construction costs. The lagoon liner replacement is funded by a \$150,000 state grant and a \$124,000 loan.

In response to the COVID-19 pandemic, the 2020 budget was amended on May 26, 2020, to reduce the County's total expenditures by \$3,400,000 as a result of reduced revenues from the negative impacts of the pandemic. See "Note 12 – Subsequent Events".

Conclusion

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

Right now, the long-term forecast projects a balanced budget. The 2020 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 appropriately 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, 2019

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and investments	\$ 39,071,057	\$ 9,314,609	\$ 48,385,666
Receivables (net of allowance for uncollectibles)	239,906	393,292	633,198
Due from other governments	2,486,709	1,279,595	3,766,304
Internal balances	725,346	(725,346)	-
Prepays and inventories	408,890	91,869	500,759
Property tax receivable	20,285,566	-	20,285,566
Noncurrent assets:			
Non-depreciable capital assets	54,492,136	32,236,504	86,728,640
Depreciable capital assets, net of accumulated depreciation	68,397,179	29,917,520	98,314,699
Total assets	<u>186,106,789</u>	<u>72,508,043</u>	<u>258,614,832</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	239,693	-	239,693
Total assets and deferred outflows of resources	<u>186,346,482</u>	<u>72,508,043</u>	<u>258,854,525</u>
LIABILITIES			
Current liabilities:			
Accounts payable and other current liabilities	2,570,908	1,532,277	4,103,185
Unearned revenue	1,147,193	1,559,946	2,707,139
Total current liabilities	<u>3,718,101</u>	<u>3,092,223</u>	<u>6,810,324</u>
Noncurrent liabilities:			
Due within one year	1,761,494	136,269	1,897,763
Due in more than one year	6,263,579	243,692	6,507,271
Total liabilities	<u>11,743,174</u>	<u>3,472,184</u>	<u>15,215,358</u>
DEFERRED INFLOWS OF RESOURCES			
Property taxes	20,285,566	-	20,285,566
Total liabilities and deferred inflows of resources	<u>32,028,740</u>	<u>3,472,184</u>	<u>35,500,924</u>
NET POSITION			
Net investment in capital assets	116,394,495	60,887,896	177,282,391
Restricted	5,509,158	166,443	5,675,601
Unrestricted	32,414,089	7,981,520	40,395,609
Total net position	<u>\$ 154,317,742</u>	<u>\$ 69,035,859</u>	<u>\$ 223,353,601</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, 2019

Functions/Programs	Program Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
Governmental activities:							
Administration	\$ 8,051,606	\$ 829,262	\$ 183,569	\$ 401,000	\$ (6,637,775)	\$ -	\$ (6,637,775)
Community resources	6,092,338	534,909	307,055	64,650	(5,185,724)	-	(5,185,724)
Property tax administration	2,266,368	1,611,198	-	61,706	(593,464)	-	(593,464)
Public safety	9,455,756	840,835	333,409	457,376	(7,824,136)	-	(7,824,136)
Road and bridge	10,111,380	212,973	6,444,924	904,983	(2,548,500)	-	(2,548,500)
Human services	4,593,896	-	4,017,123	-	(576,773)	-	(576,773)
Interest expense on long-term debt	297,525	-	-	-	(297,525)	-	(297,525)
Total governmental activities	<u>40,868,869</u>	<u>4,029,177</u>	<u>11,286,080</u>	<u>1,889,715</u>	<u>(23,663,897)</u>	<u>-</u>	<u>(23,663,897)</u>
Business-type activities:							
Water and sewer	181,947	177,492	-	-	-	(4,455)	(4,455)
Regional Building Department	1,244,699	1,535,569	-	-	-	290,870	290,870
Yampa Valley Regional Airport	7,444,312	5,271,789	174,497	11,159,846	-	9,161,820	9,161,820
Total business-type activities	<u>8,870,958</u>	<u>6,984,850</u>	<u>174,497</u>	<u>11,159,846</u>	<u>-</u>	<u>9,448,235</u>	<u>9,448,235</u>
Total primary government	<u>\$ 49,739,827</u>	<u>\$ 11,014,027</u>	<u>\$ 11,460,577</u>	<u>\$ 13,049,561</u>	<u>(23,663,897)</u>	<u>9,448,235</u>	<u>(14,215,662)</u>
General revenues:							
Property taxes					21,222,147	-	21,222,147
Sales taxes					8,962,086	61,527	9,023,613
Unrestricted investment earnings					1,128,295	132,721	1,261,016
Gain (loss) on disposal of capital assets					(254,107)	(8,057)	(262,164)
Miscellaneous Income					-	95,178	95,178
Transfers					4,514	(4,514)	-
Total general revenues and transfers					<u>31,062,935</u>	<u>276,855</u>	<u>31,339,790</u>
Change in net position					7,399,038	9,725,090	17,124,128
Net position - beginning					146,918,704	59,310,769	206,229,473
Net position - ending					<u>\$ 154,317,742</u>	<u>\$ 69,035,859</u>	<u>\$ 223,353,601</u>

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

Routt County, Colorado
Balance Sheet
Governmental Funds
December 31, 2019

	General Fund	Road & Bridge	Human Services	Communications	Total Governmental Funds
ASSETS					
Cash and investments	\$ 7,243,880	\$ 11,983,576	\$ 923,226	\$ 1,439,645	\$ 21,590,327
Accounts receivable (net of allowance for uncollectibles)	47,117	6,001	28,963	91,997	174,078
Property taxes receivable	16,916,866	813,010	562,853	1,992,837	20,285,566
Due from other governments	1,381,590	800,451	247,766	1,248	2,431,055
Due from other funds	-	103,001	-	-	103,001
Prepaid expenses	163,241	-	1,590	136,285	301,116
Inventory	-	55,270	-	-	55,270
Interfund loan	-	1,058,307	-	-	1,058,307
Total assets	<u>25,752,694</u>	<u>14,819,616</u>	<u>1,764,398</u>	<u>3,662,012</u>	<u>45,998,720</u>
LIABILITIES					
Accounts payable	668,333	225,160	112,138	9,347	1,014,978
Due to other governments	179,570	-	35,517	-	215,087
Retainage payable	-	55,033	-	-	55,033
Unearned revenue	207,696	539,691	359,547	-	1,106,934
Total liabilities	<u>1,055,599</u>	<u>819,884</u>	<u>507,202</u>	<u>9,347</u>	<u>2,392,032</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	16,916,866	813,010	562,853	1,992,837	20,285,566
Total deferred inflow of resources	<u>16,916,866</u>	<u>813,010</u>	<u>562,853</u>	<u>1,992,837</u>	<u>20,285,566</u>
Total liabilities and deferred inflows of resources	<u>17,972,465</u>	<u>1,632,894</u>	<u>1,070,055</u>	<u>2,002,184</u>	<u>22,677,598</u>
FUND BALANCES					
Nonspendable	163,241	1,113,577	1,590	136,285	1,414,693
Restricted	5,509,158	-	-	-	5,509,158
Committed					
General fund	2,107,830	-	-	-	2,107,830
Special revenue funds	-	12,073,145	692,753	1,523,543	14,289,441
Total fund balances	<u>7,780,229</u>	<u>13,186,722</u>	<u>694,343</u>	<u>1,659,828</u>	<u>23,321,122</u>
Total liabilities and fund balances	<u>\$ 25,752,694</u>	<u>\$ 14,819,616</u>	<u>\$ 1,764,398</u>	<u>\$ 3,662,012</u>	<u>\$ 45,998,720</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, 2019

Total governmental fund balances	\$ 23,321,122
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.	54,209,291
Compensated absences are not due and payable in the current period and therefore are not reported in the governmental funds.	(1,360,970)
Road and bridge infrastructure used in governmental activities is not a financial resource and therefore, is not reported in the funds.	78,076,451
Current assets not collected within 60 days of December 31, 2019 and are not available as a current period resource, therefore, not included in governmental funds.	<u>71,848</u>
Net position of governmental activities	<u>\$ 154,317,742</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
For the year ended December 31, 2019

Net change in fund balance - total governmental funds	\$ 3,058,510
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.	3,627,891
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.	49,129
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 \$2,601,030 were greater than depreciation of \$1,613,315 and loss on disposal of \$39,312 in the current period.	948,403
Revenue reported in governmental activities, which is not a current financial resource and therefore, not reported in the funds.	<u>(284,895)</u>
Change in net position of governmental activities	<u>\$ 7,399,038</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, 2019

	General Fund	Road & Bridge	Human Services	Communications	Total Governmental Funds
REVENUES					
Property taxes	\$ 17,758,649	\$ 879,127	\$ 609,450	\$ 1,974,921	\$ 21,222,147
Sales taxes	4,799,136	4,162,950	-	-	8,962,086
Intergovernmental	1,252,205	7,650,909	3,824,572	556,995	13,284,681
Charges for sales and services	4,052,545	186,629	-	474,220	4,713,394
Investment earnings	784,847	39,058	-	-	823,905
Operating grants	-	-	182,029	-	182,029
Total revenues	<u>28,647,382</u>	<u>12,918,673</u>	<u>4,616,051</u>	<u>3,006,136</u>	<u>49,188,242</u>
EXPENDITURES					
Administration	8,755,433	-	-	-	8,755,433
Community resources	6,215,619	-	-	-	6,215,619
Property tax administration	2,422,928	-	-	-	2,422,928
Public safety	7,480,925	-	-	2,454,934	9,935,859
Road and bridge	-	11,298,067	-	-	11,298,067
Human services	-	-	4,743,742	-	4,743,742
Total expenditures	<u>24,874,905</u>	<u>11,298,067</u>	<u>4,743,742</u>	<u>2,454,934</u>	<u>43,371,648</u>
Excess (deficiency) of revenues over expenditures	<u>3,772,477</u>	<u>1,620,606</u>	<u>(127,691)</u>	<u>551,202</u>	<u>5,816,594</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	171,032	-	171,032
Transfers out	(2,377,387)	(91,063)	-	(460,666)	(2,929,116)
Total other financing sources (uses)	<u>(2,377,387)</u>	<u>(91,063)</u>	<u>171,032</u>	<u>(460,666)</u>	<u>(2,758,084)</u>
Net change in fund balances	1,395,090	1,529,543	43,341	90,536	3,058,510
Fund balances - beginning	6,385,139	11,657,179	651,002	1,569,292	20,262,612
Fund balances - ending	<u>\$ 7,780,229</u>	<u>\$ 13,186,722</u>	<u>\$ 694,343</u>	<u>\$ 1,659,828</u>	<u>\$ 23,321,122</u>

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

Routt County, Colorado
Statement of Net Position
Proprietary Funds
December 31, 2019

	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	\$ 5,727,126	\$ 3,335,372	\$ 252,111	\$ 9,314,609	\$ 17,480,730
Accounts receivable (net of allowance for uncollectibles)	372,755	-	20,537	393,292	43,251
Due from other governments	1,279,595	-	-	1,279,595	6,383
Prepaid expenses	6,258	10,294	572	17,124	-
Inventory	74,745	-	-	74,745	52,503
Total current assets	7,460,479	3,345,666	273,220	11,079,365	17,582,867
Noncurrent assets:					
Land and improvements (non-depreciable)	21,435,430	-	39,894	21,475,324	3,085,754
Land improvements (depreciable)	27,799,803	-	-	27,799,803	1,881,566
Buildings	19,755,168	-	-	19,755,168	44,429,464
Equipment	11,189,125	-	-	11,189,125	31,376,143
Water system	1,006,010	-	977,962	1,983,972	-
Sewer system	473,873	-	1,311,645	1,785,518	-
Construction in progress	10,714,584	-	46,596	10,761,180	267,499
Accumulated depreciation	(30,779,922)	-	(1,816,144)	(32,596,066)	(36,227,561)
Total noncurrent assets	61,594,071	-	559,953	62,154,024	44,812,865
Total assets	69,054,550	3,345,666	833,173	73,233,389	62,395,732
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charges on refunding	-	-	-	-	239,693
Total deferred outflows of resources	-	-	-	-	239,693
Total assets and deferred outflows of resources	69,054,550	3,345,666	833,173	73,233,389	62,635,425
LIABILITIES					
Current liabilities:					
Accounts payable	1,451,973	55,567	18,779	1,526,319	767,454
Compensated absences	92,243	24,894	-	117,137	21,382
Claims liability	-	-	-	-	409,532
Accrued interest	-	-	1,746	1,746	17,031
Due to other funds	97,283	-	5,717	103,000	-
Retainage payable	4,213	-	-	4,213	91,793
Unearned revenue	1,112,623	447,323	-	1,559,946	40,259
Current portion of long-term debt (net of unamortized discount)	-	-	19,132	19,132	1,026,578
Total current liabilities	2,758,335	527,784	45,374	3,331,493	2,374,029
Noncurrent liabilities:					
Compensated absences	134,510	23,564	-	158,074	-
Loans payable	-	-	85,618	85,618	-
Interfund loan payable	978,324	-	79,983	1,058,307	-
Certificates of participation (net of unamortized discount)	-	-	-	-	5,616,143
Total noncurrent liabilities	1,112,834	23,564	165,601	1,301,999	5,616,143
Total liabilities	3,871,169	551,348	210,975	4,633,492	7,990,172
NET POSITION					
Net investment in capital assets	60,518,039	-	369,857	60,887,896	38,318,044
Restricted	166,443	-	-	166,443	-
Unrestricted	4,498,899	2,794,318	252,341	7,545,558	16,327,209
Total net position	\$ 65,183,381	\$ 2,794,318	\$ 622,198	\$ 68,599,897	\$ 54,645,253

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, 2019

Total enterprise funds net position	\$ 68,599,897
Cross over adjustment to reflect the consolidation of the insurance pool, an internal service fund for employee health insurance, to the business-type activities.	<u>435,962</u>
Net position of business-type activities	<u><u>\$ 69,035,859</u></u>

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
For the year ended December 31, 2019

Change in net position - total enterprise funds	\$ 9,532,993
Cross over adjustment to reflect the consolidation of the insurance pool, an internal service fund for employee health insurance, to the business-type activities.	<u>192,097</u>
Change in net position of business-type activities	<u><u>\$ 9,725,090</u></u>

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, 2019

	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	\$ 61,527	\$ -	\$ -	\$ 61,527	\$ -
Charges for sales and services	5,271,789	1,535,569	177,492	6,984,850	-
Operating grants	174,497	-	-	174,497	-
Internal service fees	-	-	-	-	9,482,543
Insurance proceeds	-	-	-	-	73,691
Total operating revenues	5,507,813	1,535,569	177,492	7,220,874	9,556,234
OPERATING EXPENSES					
Salary and benefits	2,880,020	863,184	22,584	3,765,788	403,475
Depreciation	3,018,759	-	49,978	3,068,737	3,106,558
Claims	-	-	-	-	2,884,902
Repairs and maintenance	348,371	-	11,775	360,146	1,117,877
Purchased services and supplies	1,307,408	428,807	87,264	1,823,479	782,457
Total operating expenses	7,554,558	1,291,991	171,601	9,018,150	8,295,269
Operating income (loss)	(2,046,745)	243,578	5,891	(1,797,276)	1,260,965
NONOPERATING REVENUES (EXPENSES)					
Investment earnings	127,742	-	4,977	132,719	304,390
Interest expense	-	-	(5,845)	(5,845)	(297,525)
Interest expense - interfund	(34,557)	-	(4,501)	(39,058)	-
Amortization of refunding debt insurance	-	-	-	-	(12,202)
Gain (loss) on disposal of capital assets	(8,057)	-	-	(8,057)	(214,797)
Miscellaneous income	-	95,178	-	95,178	-
Total nonoperating revenues (expenses)	85,128	95,178	(5,369)	174,937	(220,134)
Income (loss) before contributions and transfers	(1,961,617)	338,756	522	(1,622,339)	1,040,831
Transfers in (out)	-	(4,514)	-	(4,514)	2,762,598
Capital contribution	9,617,659	-	-	9,617,659	16,558
Capital grants	1,542,187	-	-	1,542,187	-
Change in net position	9,198,229	334,242	522	9,532,993	3,819,987
Total net position - beginning	55,985,152	2,460,076	621,676	59,066,904	50,825,266
Total net position - ending	\$ 65,183,381	\$ 2,794,318	\$ 622,198	\$ 68,599,897	\$ 54,645,253

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, 2019

	Business-type Activities - Enterprise Funds				Governmental Activities
	Yampa Valley Regional Airport	Regional Building Department	Total Nonmajor Enterprises Funds	Total Enterprise Funds	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts for customers and users	\$ 4,781,356	\$ 1,595,122	\$ 189,143	\$ 6,565,621	\$ -
Receipts from interfund services provided	-	-	-	-	9,547,793
Receipts from insurance	-	-	-	-	196,262
Payments to suppliers	(1,585,893)	(396,315)	(88,004)	(2,070,212)	(1,857,489)
Payments to employees	(2,880,415)	(859,420)	(24,239)	(3,764,074)	(405,915)
Payments to claims	-	-	-	-	(2,608,944)
Net cash provided (used) by operating activities	315,048	339,387	76,900	731,335	4,871,707
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers in (out)	-	(4,514)	-	(4,514)	-
Payments to other governments for collections	-	(276,087)	-	(276,087)	-
Miscellaneous income	-	95,178	-	95,178	-
Collections for other governments	-	276,087	-	276,087	-
Net cash provided (used) by noncapital financing activities	-	90,664	-	90,664	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Proceeds from the sale of capital assets	-	-	-	-	128,045
Capital grants	2,905,871	-	3,502	2,909,373	-
Capital charges	51,354	-	-	51,354	-
Acquisition and construction of capital assets	(2,313,882)	-	(8,743)	(2,322,625)	(8,969,385)
Principal paid on capital debt	(90,772)	-	(23,328)	(114,100)	-
Interest paid on capital debt	(34,878)	-	(10,672)	(45,550)	-
Principal payments on certificates of participation	-	-	-	-	(1,005,000)
Interest payments on certificates of participation	-	-	-	-	(230,995)
Transfers in (out)	-	-	-	-	2,762,598
Net cash provided (used) by capital and related financing activities	517,693	-	(39,241)	478,452	(7,314,737)
CASH FLOWS FROM INVESTING ACTIVITIES					
Earnings on investments	127,742	-	4,977	132,719	304,390
Net purchases and sales of investments	(2,368,463)	(1,337,722)	(104,464)	(3,810,649)	(4,879,395)
Net cash provided (used) by investing activities	(2,240,721)	(1,337,722)	(99,487)	(3,677,930)	(4,575,005)
Net increase (decrease) in cash and cash equivalents	(1,407,980)	(907,671)	(61,828)	(2,377,479)	(7,018,035)
Cash and cash equivalents - beginning of year	2,555,600	1,560,595	112,495	4,228,690	10,536,586
Cash and cash equivalents - end of the year	1,147,620	652,924	50,667	1,851,211	3,518,551
Investments	4,579,506	2,682,448	201,444	7,463,398	13,962,179
Cash and investments - end of the year	\$ 5,727,126	\$ 3,335,372	\$ 252,111	\$ 9,314,609	\$ 17,480,730

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, 2019

	Business-type Activities - Enterprise Funds				Governmental Activities
	Yampa Valley Regional Airport	Regional Building Department	Total Nonmajor Enterprises Funds	Total Enterprise Funds	Internal Service Funds
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	\$ (2,046,745)	\$ 243,578	\$ 5,891	\$ (1,797,276)	\$ 1,260,965
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	3,018,759	-	49,978	3,068,737	3,106,558
Capital financing activities					
Capital grants and transfers					
Due from other governments	1,320,259	-	-	1,320,259	-
Due to other governments	-	-	(3,502)	(3,502)	-
Capital assets					
Accounts payable	296,404	-	-	296,404	1,413,441
Retainage payable	(327,198)	-	-	(327,198)	96,876
Unearned revenue	(51,353)	-	-	(51,353)	-
Due to other funds	-	-	234	234	-
Interest expense					
Accrued interest	-	-	304	304	2,094
Proceeds from disposal of capital assets					
Accounts receivable	-	-	-	-	(5,050)
Changes in assets and liabilities:					
(Increase) decrease					
Accounts receivable	(2,833)	-	12,752	9,919	187,376
Due from other governments	(1,787,078)	-	-	(1,787,078)	(2,615)
Inventory	-	-	-	-	(52,503)
Prepaid expenses	(12,669)	(10,294)	(572)	(23,535)	-
Increase (decrease)					
Accounts payable	(475,116)	43,488	8,851	(422,777)	(1,320,675)
Accrued interest	-	-	(304)	(304)	(2,094)
Compensated absences	4,067	3,063	-	7,130	2,757
Claims liability	-	-	-	-	275,958
Unearned revenue	51,353	59,552	-	110,905	5,495
Retainage payable	327,198	-	-	327,198	(96,876)
Due to other funds	-	-	(234)	(234)	-
Due to other governments	-	-	3,502	3,502	-
Total adjustments	2,361,793	95,809	71,009	2,528,611	3,610,742
Net cash provided (used) by operating activities	\$ 315,048	\$ 339,387	\$ 76,900	\$ 731,335	\$ 4,871,707
Noncash investing, capital and financing activities					
Increase (decrease) in fair value of investments	\$ 2,368,464	\$ 1,337,721	\$ 104,465	\$ 3,810,650	\$ 187,059
Capital asset trade-ins	(133,938)	-	-	(133,938)	-
Amortization related to refunding debt issue	-	-	-	-	(80,826)
In-kind donations for capital assets	9,617,659	-	-	9,617,659	16,558

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

ROUTT COUNTY, COLORADO
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
December 31, 2019

	Employee Retirement Plans	Custodial Fund	Total
ASSETS			
Cash and investments	\$ -	\$ 1,187,028	\$ 1,187,028
Investments restricted for retirement benefits	<u>39,506,873</u>	<u>-</u>	<u>39,506,873</u>
Total assets	<u><u>39,506,873</u></u>	<u><u>1,187,028</u></u>	<u><u>40,693,901</u></u>
LIABILITIES			
Due to other governments	<u>-</u>	<u>1,187,028</u>	<u>1,187,028</u>
Total liabilities	<u>-</u>	<u>1,187,028</u>	<u>1,187,028</u>
NET POSITION			
Net position held in trust for retirement benefits	<u>39,506,873</u>	<u>-</u>	<u>39,506,873</u>
Total liabilities and net position	<u><u>\$ 39,506,873</u></u>	<u><u>\$ 1,187,028</u></u>	<u><u>\$ 40,693,901</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, 2019

	Employee Retirement Plans	Custodial Fund
Additions		
Employee contributions	\$ 1,279,157	\$ -
Employer contributions	<u>842,522</u>	<u>-</u>
Total contributions	2,121,679	-
Investment earnings	5,949,502	-
Tax collections for other governments	<u>-</u>	<u>77,039,895</u>
Total additions	<u>8,071,181</u>	<u>77,039,895</u>
Deductions		
Benefits paid to participants	1,893,511	-
Transfers to other plans	3,650	-
Payments of tax collections to other governments	<u>-</u>	<u>77,121,824</u>
Total deductions	<u>1,897,161</u>	<u>77,121,824</u>
Net increase (decrease) in fiduciary net position	6,174,020	(81,929)
Net position, beginning restated	<u>33,332,853</u>	<u>1,268,957</u>
Net position, ending	<u>\$ 39,506,873</u>	<u>\$ 1,187,028</u>

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

ROUTT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

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.

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, 2019, there is \$173,000 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, 2019 a reserve totaling \$52,085.97 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 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.

ROUTT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2019

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.

ROUTT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2019

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:

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. Non-operating revenues, for example subsidies and investment earnings, result from non-exchange 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:

Custodial – 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.

ROUTT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2019

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 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.

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)
December 31, 2019

Accounts Receivable

The County's allowance for uncollectible accounts is \$308,520 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:

<u>Assets</u>	<u>Years</u>
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 ten days per year. A maximum of forty-five days is 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.

ROUTT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2019

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.

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.

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.

ROUTT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2019

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.

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 2019, 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.

ROUTT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2019

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	\$ 10,028,946	\$ -	\$ 4,030,523	\$ 5,998,423
Commerical Paper	3,731,803	1,740,326	995,756	995,721
U.S. Instrumentalities	24,085,440	3,024,804	4,059,674	17,000,962
Total	\$ 37,846,189	\$ 4,765,130	\$ 9,085,953	\$ 23,995,106

Deposits and Other Investments:

Cash on Hand	\$ 37,316
Demand Deposits	2,129,907
Certificates of Deposit	1,748,429
Government Investment Pools	7,810,854
Retirement Plan	39,506,873
Total Deposits and Investments	<u>\$ 89,079,568</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, 2019 the County has U.S. Treasury securities, Commercial Paper, and U.S. Instrumentalities of \$10,028,946, \$3,731,803 and \$24,085,440 respectively with recurring fair value measurements valued using quoted market prices (Level 1 inputs). Certificates of Deposit total \$1,748,429 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.

ROUTT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2019

Government investment pools are reported at net asset value or amortized cost with each share valued at \$1.00. COLOTRUST reports its underlying investments of \$4,876,285 at fair value. CSAFE reports its underlying investments of \$2,934,569 at amortized cost. 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.colotruster.com and www.csafe.org.

As of December 31, 2019, 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 (25%), U.S. Instrumentalities (61%), Commercial Paper (9%), and certificates of deposit (4%). More than 5% of the County's investments are in Federal Farm Credit Bank, Federal Home Loan Bank, and Federal National Mortgage Association representing 28%, 23%, and 10%, respectively of the County's total investments.

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, 2019 was \$3,878,336. The bank balances were \$4,094,008 of which \$1,275,292 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 institution's 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 has 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 has 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. The long term portion of the interfund loan receivable/payable at December 31, 2019 is as follows:

ROUTT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2019

Receivable Fund	Payable Fund	Amount
Road & Bridge	Milner Sanitation System	\$ 79,983
	Yampa Valley Regional Airport	978,324
Total		\$ 1,058,307

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	\$ 171,032	\$ 2,206,355	\$ 2,377,387
Road & Bridge	-	91,063	91,063
Communications	-	460,666	460,666
Building	-	4,514	4,514
Total	\$ 171,032	\$ 2,762,598	\$ 2,933,630

NOTE 4. CAPITAL ASSETS

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

	Balances January 1, 2019	2019 Additions	2019 Deletions	2019 Reclasses	Balances December 31, 2019
Governmental Activities:					
Capital assets, not being depreciated:					
Land and improvements	\$ 3,060,866	\$ 24,888	\$ -	\$ -	\$ 3,085,754
Infrastructure	49,801,303	-	-	-	49,801,303
Construction in progress	6,457,526	9,384,559	(14,237,006)	-	1,605,079
Total capital assets, not being depreciated	59,319,695	9,409,447	(14,237,006)	-	54,492,136
Capital assets, being depreciated:					
Land improvements	1,587,601	433,622	(139,657)	-	1,881,566
Buildings	36,770,225	7,659,239	-	-	44,429,464
Equipment	29,748,791	4,131,527	(2,504,175)	-	31,376,143
Infrastructure	46,591,990	2,670,563	(505,203)	-	48,757,350
Total capital assets being depreciated	114,698,607	14,894,951	(3,149,035)	-	126,444,523
Less accumulated depreciation for:					
Land improvements	(452,878)	(49,688)	23,579	-	(478,987)
Buildings	(16,940,577)	(1,022,554)	1,373	-	(17,961,758)
Equipment	(18,039,186)	(2,034,316)	2,286,686	-	(17,786,816)
Infrastructure	(20,672,359)	(1,613,315)	465,892	-	(21,819,782)
Total accumulated depreciation	(56,105,000)	(4,719,873)	2,777,530	-	(58,047,343)
Total capital assets being depreciated, net	58,593,607	10,175,078	(371,505)	-	68,397,180
Governmental activities capital assets, net	\$ 117,913,302	\$ 19,584,525	\$ (14,608,511)	\$ -	\$ 122,889,316

ROUTT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2019

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

	Balances January 1, 2019	2019 Additions	2019 Deletions	2019 Reclasses	Balances December 31, 2019
Business-type activities:					
Capital assets, not being depreciated:					
Land and improvements	\$ 20,762,895	\$ -	\$ -	\$ 712,429	\$ 21,475,324
Construction in progress	4,722,368	11,801,705	-	(5,411,808)	11,112,265
Total capital assets, not being depreciated	25,485,263	11,801,705	-	(4,699,379)	32,587,589
Capital assets, being depreciated:					
Land improvements	23,612,398	-	(36,647)	4,224,052	27,799,803
Buildings	19,755,168	-	-	-	19,755,168
Equipment	11,014,977	-	(232,756)	406,904	11,189,125
Water system	1,952,580	-	-	31,392	1,983,972
Sewer system	1,748,487	-	-	37,031	1,785,518
Total capital assets being depreciated	58,083,610	-	(269,403)	4,699,379	62,513,586
Less accumulated depreciation for:					
Land improvements	(13,151,660)	(1,623,699)	36,647	-	(14,738,712)
Buildings	(8,311,896)	(693,436)	-	-	(9,005,332)
Equipment	(5,750,690)	(650,858)	90,762	-	(6,310,786)
Water system	(1,055,680)	(58,921)	-	-	(1,114,601)
Sewer system	(1,384,812)	(41,823)	-	-	(1,426,635)
Total accumulated depreciation	(29,654,738)	(3,068,737)	127,409	-	(32,596,066)
Total capital assets being depreciated, net	28,428,872	(3,068,737)	(141,994)	4,699,379	29,917,520
Business activities capital assets, net	\$ 53,914,135	\$ 8,732,968	\$ (141,994)	\$ -	\$ 62,505,109

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

Governmental activities:	
Administration	\$ 1,830,471
Community Resources	25,931
Public Safety	432,689
Road and Bridge	2,427,078
Human Services	3,704
Total depreciation expense - governmental activities	\$ 4,719,873
Business-type activities:	
Yampa Valley Regional Airport	\$ 3,018,759
Phippsburg Water and Sanitation System	30,381
Milner Sanitation System	19,597
Total depreciation expense - business-type activities	\$ 3,068,737

ROUTT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2019

NOTE 5. LONG-TERM OBLIGATIONS

Certificates of Participation

In April 2012, the Routt County Public Building Authority (the Corporation), a nonprofit corporation issued \$13,290,000 in Refunding Certificates of Participation, Series 2012, with a discount at issue of \$50,148 and 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 2019, a total of \$64,685 was amortized and the unamortized refunding cost as of December 31, 2019 is \$201,656. 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 2019, a total of \$12,202 was amortized and the unamortized refunding cost as of December 31, 2019 is \$38,037. Total deferred charges are reported as a deferred outflow of resources and the total unamortized balance as of December 31, 2019 is \$239,693.

The Refunding Certificates of Participation, Series 2012 represent 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. 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.

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.

A summary of the annual requirements to repay this obligation is as follows:

ROUTT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2019

Year Ending December 31,	Principal	Interest	Total
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	1,125,000	111,694	1,236,694
2024	1,160,000	76,538	1,236,538
2025	1,195,000	38,835	1,233,835
	\$ 6,655,000	\$ 751,874	\$ 7,406,874

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
2020	\$ 6,559	\$ 2,670	\$ 9,229
2021	6,888	2,343	9,231
2022	7,233	1,998	9,231
2023	7,594	1,637	9,231
2024	7,973	1,257	9,230
2025 - 2026	17,164	1,295	18,459
	\$ 53,411	\$ 11,200	\$ 64,611

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, 2019

Year Ending December 31,	Principal	Interest	Total
2020	\$ 11,331	\$ 1,786	\$ 13,117
2021	11,897	1,219	13,116
2022	12,492	625	13,117
	\$ 35,720	\$ 3,630	\$ 39,350

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
2020	\$ 1,242	\$ 781	\$ 2,023
2021	1,304	719	2,023
2022	1,369	654	2,023
2023	1,438	585	2,023
2024	1,509	513	2,022
2025-2029	8,757	1,357	10,114
	\$ 15,619	\$ 4,609	\$ 20,228

ROUTT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2019

Long-Term Obligations

	Balance December 31, 2018	Additions	Deletions	Balance December 31, 2019	Due Within One Year
Governmental activities:					
Certificates of participation	\$ 7,660,000	\$ -	\$ (1,005,000)	\$ 6,655,000	\$ 1,030,000
Unamortized discount, certificates of participation	(16,218)	-	3,939	(12,279)	(3,422)
Total certificates of participation	7,643,782	-	(1,001,061)	6,642,721	1,026,578
Compensated absences	1,428,724	2,579,922	(2,626,294)	1,382,352	734,916
Total governmental	9,072,506	2,579,922	(3,627,355)	8,025,073	1,761,494
Business-type activities:					
Loans payable:					
Revenue loans	122,972	-	(18,221)	104,750	19,132
Compensated absences	268,081	478,587	(471,457)	275,211	117,137
Total business-type	391,053	478,587	(489,678)	379,961	136,269
Total long-term obligations	\$ 9,463,559	\$ 3,058,509	\$ (4,117,033)	\$ 8,405,034	\$ 1,897,763

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.

ROUTT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2019

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	\$ 163,241	\$ 1,113,577	\$ 1,590	\$ 136,285	\$ -	\$ -
Restricted						
Museums	137,710	-	-	-	137,710	-
Purchase of Development Rights	3,781,627	-	-	-	3,781,627	-
Public Trustee	56,585	-	-	-	56,585	-
Recycling	47,149	-	-	-	47,149	-
Sheriff Investigations	6,669	-	-	-	6,669	-
Contraband Forfeiture Act	37,758	-	-	-	37,758	-
Detention - commissary	89,000	-	-	-	89,000	-
Affordable Housing	75,000	-	-	-	75,000	-
County Manager severance	94,136	-	-	-	94,136	-
E-Recording	34,916	-	-	-	34,916	-
TABOR reserve for emergencies:						
General Fund	1,148,608	-	-	-	1,148,608	-
Yampa Valley Regional Airport	-	-	-	-	-	166,443
	5,509,158	-	-	-	5,509,158	166,443
Committed						
General Fund	2,107,830	-	-	-	-	-
Road & Bridge	-	12,073,145	-	-	-	-
Human Services	-	-	692,753	-	-	-
Communications	-	-	-	1,523,543	-	-
	2,107,830	12,073,145	692,753	1,523,543	-	-
	\$ 7,780,229	\$ 13,186,722	\$ 694,343	\$ 1,659,828	\$ 5,509,158	\$ 166,443

At December 31, 2019, 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 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.

NOTE 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

ROUTT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2019

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 \$842,522. The forfeitures for employees who left employment with the County in 2019 totaled \$18,487.

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 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 2019 aggregate deductible of \$4,501,731 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:

ROUTT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2019

	Year Ended 12/31/2019
Unpaid claims, beginning of fiscal year	\$ 133,574
Incurred claims (including IBNRs)	2,876,907
Claim payments	<u>(2,600,949)</u>
Unpaid claims, end of fiscal year	<u><u>\$ 409,532</u></u>

NOTE 9. CONSTRUCTION COMMITMENTS

The Road and Bridge Department has engineering and construction contracts for bridges. Funding for the various bridge projects is being provided by Road and Bridge fund balance.

Information Technologies has two contracts, the first is for a new land management software. The second contract is for archiving historical vital records documents. Funding for both of these projects are provided by reserves.

Yampa Valley Regional Airport has one contract for design and project management and one for construction. Both contracts are for the airport terminal expansion scheduled to begin in early 2020.

Project	Spent to Date	Remaining Commitment
Bridge projects	\$ 84,286	\$ 72,364
Information Technologies projects	\$ 137,948	\$ 572,428
Terminal expansion	281,614	3,549,694
Total	<u><u>\$ 503,848</u></u>	<u><u>\$ 4,194,486</u></u>

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 2019 year-end fund balance/net position in the General Fund and Yampa Valley Regional Airport for emergencies as required under TABOR. As of December 31, 2019, the County had restricted fund balance/net position of \$1,148,608 and \$166,443 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

ROUTT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2019

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 ballot supports 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 airport 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, 2019 are as follows:

2020	\$ 1,824,620
2021	825,955
2022	819,789
2023	197,388
2024	<u>166,214</u>
Total	<u>\$ 3,833,966</u>

ROUTT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2019

NOTE 11. JOINTLY GOVERNED ORGANIZATIONS

Affordable Housing Fund

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.

Combined Law Enforcement Facility

The County identified the need to expand the existing Routt County Sheriff's Office (RCSO) and the City of Steamboat Springs (City) determined that the Steamboat Springs Police Department (SSPD) facilities were no longer adequate to provide the desirable level of law enforcement services. Both parties agreed the construction of a joint facility to house RCSO and the SSPD would benefit the citizens by eliminating the duplication of services, fostering cooperation and communication between the agencies and their staff, share in land costs and otherwise reduce the expenses to the public for the cost of providing law enforcement facilities. After much deliberation by the respective governing bodies and public comment, the County and City agreed to share the cost of a Combined Law Enforcement Facility (CLEF). The CLEF project also includes the remodel of the evidence area in the existing Sheriff's Office, the relocation of the County's Communication Center and a garage to house various vehicles.

Initial Ownership of the Premises and Ownership Upon Termination of the Lease

Initial ownership of the CLEF shall vest in the City immediately upon issuance of a certificate of occupancy. At the expiration of the lease term the City and County shall have an undivided interest in the CLEF and title shall vest in both parties in joint tenancy. The undivided interest for the CLEF and the Evidence Area shall be sixty percent to the City and forty percent to County. The City and County, from time to time, may change these proportions pursuant to the City and County by amending the intergovernmental agreement.

The City purchased the land upon which the CLEF is being built from the County for \$934,480. Upon termination or expiration of the lease, the County compensated the City for a share of the City property. The County shall pay the City forty one percent of the value of the City property, which shall be determined by appraisal as of the date of termination.

The County shall retain possession of the Communication Center and its share of the CLEF. The County's share shall be located in the County Premise in accordance with the following criteria: a) providing each party with useable space, b) recognizing each party's need to relocate the functions performed in the space vacated by that party, and c) separating incompatible uses. County shall vacate and surrender possession to the City the remainder of the County Premise.

Lease Term

As consideration for the County's financial contribution to the CLEF, the City granted the County a forty year lease of the CLEF. The County, as current owner of the Routt County Sheriff's Office which contains the evidence area,

ROUTT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2019

will continue to own that property, and as consideration for the City's financial contribution to the Project, the County will grant to City a forty year lease.

The term of the lease agreement between the City and the County commenced on May 22, 2019 and shall extend for forty years to May 22, 2059.

Construction Costs

CLEF – The City shall be responsible for sixty percent of the costs associated with the CLEF, except as described below, and County shall be responsible for forty percent of the costs. Evidence Area – The City shall be responsible for sixty percent of the costs associated with the Evidence Area and the County shall be responsible for forty percent of those costs. Communication Center – The County shall be responsible for the construction costs associated with the Communication Center. Garage – The City shall be responsible for ninety percent of the costs associated with the Garage and County shall be responsible for ten percent of those costs.

Construction began on the CLEF in 2018 and was completed in June 2019. The Evidence Area was completed in October 2019. The County's portion of the CLEF is \$7,471,800. The County has funded the CLEF primarily with reserves, the sale of the land mentioned above and a State grant of which the County is a co-recipient and the County's portion is \$400,000.

Operations and Maintenance Costs

CLEF – The City shall be responsible for sixty percent of the costs associated with the CLEF except as described below, and County shall be responsible for forty percent of the costs. Evidence Area – The City shall be responsible for sixty percent of the costs associated with the Evidence Area and the County shall be responsible for forty percent of those costs. Communication Center – The County shall be responsible for the operations and maintenance costs associated with the Communication Center. Garage – The City shall be responsible for ninety percent of the costs associated with the Garage and County shall be responsible for ten percent of those costs.

The financial obligations of the City and County related to the operations and maintenance costs shall be from year to year only and shall not constitute a multiple fiscal year direct or indirect debt or financial obligation or any obligation payable in any fiscal year beyond the fiscal year for which funds are appropriated for the payment of the obligation.

NOTE 12. SUBSEQUENT EVENTS

Phippsburg Water and Sanitation System

On August 17, 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. The Colorado Water Resources and Power Development Authority has agreed to push the required semiannual payments until May 2022. The County is still required to pay the semiannual payment due in May 2020 of \$3,500. Replacement of the lagoon liners and use of the loan proceeds are anticipated to be completed in 2020.

COVID-19

The spread of COVID-19 may have operational, economic and financial impacts on the County. The significant duration of the potential impacts cannot be reasonably estimated at this time.

The County was awarded approximately \$18.5 million in 2020 by the Federal Aviation Administration for the Yampa Valley Regional Airport, under the provisions of the Coronavirus Aid, Relief, and Economic Security (CARES) Act.

Routt County Power Plant and Mine

In 2020, the owner of the power plant located in Hayden, Colorado, announced that it will start the process to decommission the power plant over the next five to 10 years. The Hayden power plant is a coal driven plant and gets

ROUTT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2019

the majority of its coal from the 20 Mile Mine. In 2020, the County has a base property tax temporary mill levy credit of 2.084 mills, which would allow the County to decrease assessed valuation by \$154,863,016 or 12.88% before there would be a reduction in the base property tax to the County. If the power plant and coal mine were to close in 2020, the County's assessed valuation would decrease by \$82,519,410 or 6.86% of the total assessed valuation of the County and voter approved property taxes in 2020 would decrease \$231,054. As of June 30, 2020, the County can absorb the closure of the power plant and mine and not have an impact on the base property taxes of the County. There remains uncertainty as to the other impacts to Routt County operations from the planned closing of the power plant.

NOTE 13. CHANGE IN ACCOUNTING PRINCIPLE

The County implemented Government Accounting Standards Board Statement No. 84, *Fiduciary Activity* during 2019. The statement defines types of Fiduciary Funds and replaces Agency Funds with Custodial Funds. The statement also requires all Fiduciary Funds to report a Net Position and Statement of Changes in Net Position. This statement was implemented retroactively, resulting in a prior period restatement of Fiduciary Net Position of \$1,268,957.

Routt County, Colorado
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended December 31, 2019

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Property taxes	\$ 17,829,935	\$ 17,829,935	\$ 17,758,649	\$ (71,286)
Sales taxes	5,144,005	5,504,975	4,799,136	(705,839)
Intergovernmental	1,051,675	1,161,675	1,252,205	90,530
Charges for sales and services	3,734,255	3,763,755	4,052,545	288,790
Investment earnings	351,715	351,715	784,847	433,132
Total revenues	28,111,585	28,612,055	28,647,382	35,327
EXPENDITURES				
Administration				
Accounting	1,318,595	1,344,195	1,340,599	3,596
Attorney	494,940	494,940	414,570	80,370
Building and plant	2,580,810	2,580,810	2,522,938	57,872
Commissioners	1,190,440	1,190,440	1,125,260	65,180
Geographical information systems	378,815	378,815	351,966	26,849
Information technology	2,373,330	2,440,530	2,395,128	45,402
Human resources	506,775	506,775	470,684	36,091
Purchasing	198,580	198,580	134,288	64,292
	9,042,285	9,135,085	8,755,433	379,652
Community resources				
Developmental disabilities	1,186,870	1,186,870	1,176,807	10,063
Museums	478,190	478,190	334,372	143,818
Elections	330,290	343,710	343,444	266
Multi modal transportation	35,000	35,000	35,000	-
Affordable housing	67,000	67,000	65,000	2,000
Community services	396,840	413,340	399,405	13,935
Planning	1,100,735	1,100,735	1,091,840	8,895
Recycling	59,800	59,800	58,020	1,780
Surveyor	6,590	6,600	6,588	12
Taylor grazing	59,260	59,260	10,580	48,680
Noxious weed	240,900	240,900	237,354	3,546
Environmental health	853,400	816,360	785,935	30,425
Extension	326,230	326,230	313,865	12,365
Veterans	35,980	35,980	24,465	11,515
Purchase of development rights	2,464,075	2,464,075	728,335	1,735,740
Public health	-	159,280	129,888	29,392
Fair	462,200	481,300	474,721	6,579
	8,103,360	8,274,630	6,215,619	2,059,011
Property tax administration				
Clerk	299,330	299,330	298,032	1,298
Motor vehicle	428,470	428,470	421,195	7,275
Public trustee	68,680	68,680	55,168	13,512
Assessor	1,144,860	1,144,860	1,118,862	25,998
Treasurer	588,060	588,060	529,671	58,389
	2,529,400	2,529,400	2,422,928	106,472
Public safety				
Coroner	182,840	182,840	169,050	13,790
Detention center	2,752,330	2,814,330	2,804,383	9,947
Emergency medical	15,440	15,740	2,597	13,143
Sheriff	3,506,929	3,551,929	3,506,165	45,764
Wildfire control	65,450	204,550	197,575	6,975
District attorney	821,470	821,470	801,155	20,315
	7,344,459	7,590,859	7,480,925	109,934
Total expenditures	27,019,504	27,529,974	24,874,905	2,655,069
Excess (deficiency) of revenues over expenditures	1,092,081	1,082,081	3,772,477	2,690,396
OTHER FINANCING SOURCES (USES)				
Transfers out	(1,839,290)	(2,446,540)	(2,377,387)	69,153
Total other financing sources (uses)	(1,839,290)	(2,446,540)	(2,377,387)	69,153
Net change in fund balance	(747,209)	(1,364,459)	1,395,090	2,759,549
Fund balance - beginning	6,385,139	6,385,139	6,385,139	-
Fund balance - ending	\$ 5,637,930	\$ 5,020,680	\$ 7,780,229	\$ 2,759,549

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, 2019

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Property taxes	\$ 904,100	\$ 904,100	\$ 879,127	\$ (24,973)
Sales taxes	2,016,425	2,016,425	4,162,950	2,146,525
Intergovernmental	5,762,400	5,925,850	7,650,909	1,725,059
Charges for sales and services	128,920	128,920	186,629	57,709
Investment earnings	39,405	39,405	39,058	(347)
Interfund loan principal	95,890	95,890	95,879	(11)
Total revenues	8,947,140	9,110,590	13,014,552	3,903,962
EXPENDITURES				
Salaries and benefits	3,713,070	3,713,070	3,707,935	5,135
Operations	5,722,655	5,106,420	5,009,518	96,902
Infrastructure	1,410,110	2,581,350	2,580,614	736
Total expenditures	10,845,835	11,400,840	11,298,067	102,773
Excess (deficiency) of revenues over expenditures	(1,898,695)	(2,290,250)	1,716,485	4,006,735
OTHER FINANCING SOURCES (USES)				
Transfers out	(116,000)	(124,390)	(91,063)	33,327
Total other financing sources (uses)	(116,000)	(124,390)	(91,063)	33,327
Net change in fund balance	(2,014,695)	(2,414,640)	1,625,422	4,040,062
Fund balance - beginning	11,657,179	11,657,179	11,657,179	-
Fund balance - ending	<u>\$ 9,642,484</u>	<u>\$ 9,242,539</u>	<u>13,282,601</u>	<u>\$ 4,040,062</u>
Reconciliation to Generally Accepted Accounting Principles (GAAP) basis				
Interfund loan principal received			(95,879)	
Fund balances - ending GAAP basis			<u>\$ 13,186,722</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, 2019

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Property taxes	\$ 597,860	\$ 597,860	\$ 609,450	\$ 11,590
Intergovernmental	4,268,705	4,268,705	3,824,572	(444,133)
Operating grants	204,585	204,585	182,029	(22,556)
Total revenues	<u>5,071,150</u>	<u>5,071,150</u>	<u>4,616,051</u>	<u>(455,099)</u>
EXPENDITURES				
Salaries and benefits	2,188,675	2,188,675	2,118,079	70,596
Operations	3,042,565	3,042,565	2,625,663	416,902
Total expenditures	<u>5,231,240</u>	<u>5,231,240</u>	<u>4,743,742</u>	<u>487,498</u>
Excess (deficiency) of revenues over expenditures	<u>(160,090)</u>	<u>(160,090)</u>	<u>(127,691)</u>	<u>32,399</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	160,025	160,025	171,032	11,007
Total other financing sources (uses)	<u>160,025</u>	<u>160,025</u>	<u>171,032</u>	<u>11,007</u>
Net change in fund balance	(65)	(65)	43,341	43,406
Fund balance - beginning	651,002	651,002	651,002	-
Fund balance - ending	<u>\$ 650,937</u>	<u>\$ 650,937</u>	<u>\$ 694,343</u>	<u>\$ 43,406</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, 2019

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Property taxes	\$ 1,965,915	\$ 1,965,915	\$ 1,974,921	\$ 9,006
Intergovernmental	555,000	555,000	556,995	1,995
Charges for sales and services	477,660	477,660	474,220	(3,440)
Total revenues	<u>2,998,575</u>	<u>2,998,575</u>	<u>3,006,136</u>	<u>7,561</u>
EXPENDITURES				
Salaries and benefits	1,856,760	1,856,760	1,810,336	46,424
Operations	806,825	806,825	644,598	162,227
Total expenditures	<u>2,663,585</u>	<u>2,663,585</u>	<u>2,454,934</u>	<u>208,651</u>
Excess (deficiency) of revenues over expenditures	<u>334,990</u>	<u>334,990</u>	<u>551,202</u>	<u>216,212</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(450,000)</u>	<u>(455,290)</u>	<u>(460,666)</u>	<u>(5,376)</u>
Total other financing sources (uses)	<u>(450,000)</u>	<u>(455,290)</u>	<u>(460,666)</u>	<u>(5,376)</u>
Net change in fund balance	(115,010)	(120,300)	90,536	210,836
Fund balance - beginning	1,569,292	1,569,292	1,569,292	-
Fund balance - ending	<u>\$ 1,454,282</u>	<u>\$ 1,448,992</u>	<u>\$ 1,659,828</u>	<u>\$ 210,836</u>

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

ROUTT COUNTY, COLORADO
EXPLANATION OF FUNDS
December 31, 2019

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
Nonmajor Enterprise funds
December 31, 2019

	Milner Sanitation System	Phippsburg Water & Sanitation	Total Nonmajor Enterprise funds
ASSETS			
Current assets:			
Cash and investments	\$ 62,730	\$ 189,381	\$ 252,111
Accounts receivable (net of allowance for uncollectibles)	6,254	14,283	20,537
Prepaid expenses	-	572	572
Total current assets	<u>68,984</u>	<u>204,236</u>	<u>273,220</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	-	46,596	46,596
Accumulated depreciation	(410,783)	(1,405,361)	(1,816,144)
Total noncurrent assets	<u>165,802</u>	<u>394,151</u>	<u>559,953</u>
Total assets	<u>234,786</u>	<u>598,387</u>	<u>833,173</u>
LIABILITIES			
Current liabilities:			
Accounts payable	14,491	4,288	18,779
Accrued interest	-	1,746	1,746
Due to other funds	5,717	-	5,717
Current portion of long-term debt (net of unamortized discount)	-	19,132	19,132
Total current liabilities	<u>20,208</u>	<u>25,166</u>	<u>45,374</u>
Noncurrent liabilities:			
Loans payable	-	85,618	85,618
Interfund loan payable	79,983	-	79,983
Total noncurrent liabilities	<u>79,983</u>	<u>85,618</u>	<u>165,601</u>
Total liabilities	<u>100,191</u>	<u>110,784</u>	<u>210,975</u>
NET POSITION			
Net investment in capital assets	80,457	289,400	369,857
Restricted for:			
Unrestricted	54,138	198,203	252,341
Total net position	<u>\$ 134,595</u>	<u>\$ 487,603</u>	<u>\$ 622,198</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
Nonmajor Enterprise Funds
For the Year Ended December 31, 2019

	Milner Sanitation System	Phippsburg Water & Sanitation System	Total Nonmajor Enterprise Funds
OPERATING REVENUES			
Charges for sales and services	\$ 45,821	\$ 131,671	\$ 177,492
Total operating revenues	<u>45,821</u>	<u>131,671</u>	<u>177,492</u>
OPERATING EXPENSES			
Salary and benefits	6,842	15,742	22,584
Depreciation	19,597	30,381	49,978
Repairs and maintenance	9,553	2,222	11,775
Purchased services and supplies	40,007	47,257	87,264
Total operating expenses	<u>75,999</u>	<u>95,602</u>	<u>171,601</u>
Operating income (loss)	<u>(30,178)</u>	<u>36,069</u>	<u>5,891</u>
NONOPERATING REVENUES (EXPENSES)			
Investment earnings	1,387	3,590	4,977
Interest expense	-	(5,845)	(5,845)
Interest expense - interfund	(4,501)	-	(4,501)
Total nonoperating revenues (expenses)	<u>(3,114)</u>	<u>(2,255)</u>	<u>(5,369)</u>
Change in net position	(33,292)	33,814	522
Total net position - beginning	167,887	453,789	621,676
Total net position - ending	<u><u>\$ 134,595</u></u>	<u><u>\$ 487,603</u></u>	<u><u>\$ 622,198</u></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, 2019

	Milner Sanitation System	Phippsburg Water & Sanitation System	Total Nonmajor Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts for customers and users	\$ 44,754	\$ 144,389	\$ 189,143
Payments to suppliers	(36,502)	(51,502)	(88,004)
Payments to employees	(7,419)	(16,820)	(24,239)
Net cash provided (used) by operating activities	<u>833</u>	<u>76,067</u>	<u>76,900</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital grants	-	3,502	3,502
Acquisition and construction of capital assets	-	(8,743)	(8,743)
Principal paid on capital debt	(5,107)	(18,221)	(23,328)
Interest paid on capital debt	(4,523)	(6,149)	(10,672)
Net cash provided (used) by capital and related financing activities	<u>(9,630)</u>	<u>(29,611)</u>	<u>(39,241)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Earnings on investments	1,387	3,590	4,977
Net purchases and sales of investments	(17,634)	(86,830)	(104,464)
Net cash provided (used) by investing activities	(16,247)	(83,240)	(99,487)
Net increase (decrease) in cash and cash equivalents	(25,044)	(36,784)	(61,828)
Cash and cash equivalents - beginning of year	37,651	74,844	112,495
Cash and cash equivalents - end of the year	12,607	38,060	50,667
Investments	50,123	151,321	201,444
Cash and investments - end of the year	<u>\$ 62,730</u>	<u>\$ 189,381</u>	<u>\$ 252,111</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, 2019

	Milner Sanitation System	Phippsburg Water & Sanitation System	Total Nonmajor Enterprise Funds
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (30,178)	\$ 36,069	\$ 5,891
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	19,597	30,381	49,978
Capital financing activities			
Capital grants and transfers			
Due to other governments	-	(3,502)	(3,502)
Capital assets			
Due to other funds	234	-	234
Interest expense			
Accrued interest	-	304	304
Changes in assets and liabilities:			
(Increase) decrease			
Accounts receivable	(1,063)	13,815	12,752
Prepaid expenses	-	(572)	(572)
Increase (decrease)			
Accounts payable	12,477	(3,626)	8,851
Accrued interest	-	(304)	(304)
Due to other funds	(234)	-	(234)
Due to other governments	-	3,502	3,502
Total adjustments	31,011	39,998	71,009
Net cash provided (used) by operating activities	\$ 833	\$ 76,067	\$ 76,900
Noncash investing, capital and financing activities			
Increase (decrease) in fair value of investments	\$ 17,635	\$ 86,830	\$ 104,465

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, 2019

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Sales taxes	\$ 50,000	\$ 50,000	\$ 61,527	\$ 11,527
Charges for sales and services	5,424,740	5,424,740	5,271,789	(152,951)
Operating grants	177,920	177,920	174,497	(3,423)
Total revenues	5,652,660	5,652,660	5,507,813	(144,847)
EXPENSES				
Salary and benefits	3,032,830	3,032,830	2,880,020	152,810
Depreciation	381,930	381,930	381,930	-
Repairs and maintenance	441,880	441,880	348,371	93,509
Purchased services and supplies	1,309,495	1,309,495	1,307,408	2,087
Total expenses	5,166,135	5,166,135	4,917,729	248,406
Excess (deficiency) of revenues over expenditures	486,525	486,525	590,084	103,559
OTHER FINANCING SOURCES (USES)				
Investment earnings	63,800	63,800	127,742	63,942
Capital outlay	(15,828,470)	(15,828,470)	(11,441,877)	4,386,593
Principal payments	(90,780)	(90,780)	(90,772)	8
Interest expense - interfund	(34,880)	(34,880)	(34,557)	323
Intergovernmental	5,000	5,000	-	(5,000)
Operating grants	1,000	1,000	-	(1,000)
Capital grants	7,486,620	7,486,620	1,542,187	(5,944,433)
Capital contributions	7,000,000	7,000,000	9,617,659	2,617,659
Total other financing sources (uses)	(1,397,710)	(1,397,710)	(279,618)	1,118,092
Excess (deficiency) of revenues over expenditures				
and other financing sources (uses)	\$ (911,185)	\$ (911,185)	\$ 310,466	\$ 1,221,651

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, 2019

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Charges for sales and services	\$ 1,413,500	\$ 1,413,500	\$ 1,595,121	\$ 181,621
Total revenues	<u>1,413,500</u>	<u>1,413,500</u>	<u>1,595,121</u>	<u>181,621</u>
EXPENSES				
Salary and benefits	915,760	915,760	863,184	52,576
Purchased services and supplies	393,400	429,000	428,807	193
Total expenses	<u>1,309,160</u>	<u>1,344,760</u>	<u>1,291,991</u>	<u>52,769</u>
Excess (deficiency) of revenues over expenditures	<u>104,340</u>	<u>68,740</u>	<u>303,130</u>	<u>234,390</u>
OTHER FINANCING SOURCES (USES)				
Miscellaneous income	-	-	95,178	95,178
Transfers out	(600,000)	(600,000)	(4,514)	595,486
Total other financing sources (uses)	<u>(600,000)</u>	<u>(600,000)</u>	<u>90,664</u>	<u>690,664</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	<u>\$ (495,660)</u>	<u>\$ (531,260)</u>	<u>\$ 393,794</u>	<u>\$ 925,054</u>

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

Routt County, Colorado
Phippsburg Water & Sanitation - Enterprise Fund
Schedule of Revenues and Expenditures
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2019

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Charges for sales and services	\$ 135,530	\$ 135,530	\$ 131,671	\$ (3,859)
Total revenues	135,530	135,530	131,671	(3,859)
EXPENSES				
Salary and benefits	24,190	24,190	15,742	8,448
Repairs and maintenance	12,500	12,500	2,222	10,278
Purchased services and supplies	52,790	52,790	47,257	5,533
Total expenses	89,480	89,480	65,221	24,259
Excess (deficiency) of revenues over expenditures	46,050	46,050	66,450	20,400
OTHER FINANCING SOURCES (USES)				
Investment earnings	3,030	3,030	3,590	560
Capital outlay	(274,200)	(274,200)	(8,743)	265,457
Principal payments	(18,700)	(18,700)	(18,221)	479
Interest expense	(6,150)	(6,150)	(5,845)	305
Operating grants	124,200	124,200	-	(124,200)
Capital grant	150,000	150,000	-	(150,000)
Total other financing sources (uses)	(21,820)	(21,820)	(29,219)	(7,399)
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$ 24,230	\$ 24,230	\$ 37,231	\$ 13,001

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

Routt County, Colorado
Milner Sanitation System - Nonmajor Enterprise Fund
Schedule of Revenues and Expenditures
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2019

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Charges for sales and services	\$ 47,120	\$ 47,120	\$ 45,821	\$ (1,299)
Total revenues	47,120	47,120	45,821	(1,299)
EXPENSES				
Salary and benefits	9,600	6,900	6,842	58
Repairs and maintenance	4,000	9,800	9,553	247
Purchased services and supplies	24,040	39,890	40,007	(117)
Total expenses	37,640	56,590	56,402	188
Excess (deficiency) of revenues over expenditures	9,480	(9,470)	(10,581)	(1,111)
OTHER FINANCING SOURCES (USES)				
Investment earnings	1,340	1,340	1,387	47
Principal payments	(5,110)	(5,110)	(5,107)	(3)
Interest expense - interfund	(4,525)	(4,525)	(4,501)	24
Tap fees	4,000	4,000	-	(4,000)
Total other financing sources (uses)	(4,295)	(4,295)	(8,221)	(3,932)
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$ 5,185	\$ (13,765)	\$ (18,802)	\$ (5,043)

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, 2019

	Equipment Pool	Insurance Pool	Total Internal Service Funds
ASSETS			
Current assets:			
Cash and investments	\$ 13,443,027	\$ 4,037,703	\$ 17,480,730
Accounts receivable (net allowance for uncollectibles)	-	43,251	43,251
Due from other governments	6,383	-	6,383
Inventory	52,503	-	52,503
Total current assets	13,501,913	4,080,954	17,582,867
Noncurrent assets:			
Land and improvements (non-depreciable)	3,085,754	-	3,085,754
Land improvements (depreciable)	1,881,566	-	1,881,566
Buildings	44,429,464	-	44,429,464
Equipment	31,376,143	-	31,376,143
Construction in progress	267,499	-	267,499
Accumulated depreciation	(36,227,561)	-	(36,227,561)
Total noncurrent assets	44,812,865	-	44,812,865
Total assets	58,314,778	4,080,954	62,395,732
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charges on refunding	239,693	-	239,693
Total deferred outflows of resources	239,693	-	239,693
Total assets and deferred outflows of resources	58,554,471	4,080,954	62,635,425
LIABILITIES			
Current liabilities:			
Accounts payable	767,055	399	767,454
Compensated absences	21,382	-	21,382
Claims liability	-	409,532	409,532
Accrued interest	17,031	-	17,031
Retainage payable	91,793	-	91,793
Unearned revenue	-	40,259	40,259
Current portion of long-term debt (net of unamortized discount)	1,026,578	-	1,026,578
Total current liabilities	1,923,839	450,190	2,374,029
Noncurrent liabilities:			
Certificates of participation (net of unamortized discount)	5,616,143	-	5,616,143
Total noncurrent liabilities	5,616,143	-	5,616,143
Total liabilities	7,539,982	450,190	7,990,172
NET POSITION			
Net investment in capital assets	38,318,044	-	38,318,044
Unrestricted	12,696,445	3,630,764	16,327,209
Total net position	\$ 51,014,489	\$ 3,630,764	\$ 54,645,253

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
Internal Service Funds
For the Year Ended December 31, 2019

	Equipment Pool	Insurance Pool	Total Internal Service Funds
OPERATING REVENUES			
Internal service fees	\$ 4,259,536	\$ 5,223,007	\$ 9,482,543
Insurance proceeds	59,755	13,936	73,691
Total operating revenues	<u>4,319,291</u>	<u>5,236,943</u>	<u>9,556,234</u>
OPERATING EXPENSES			
Salary and benefits	403,475	-	403,475
Depreciation	3,106,558	-	3,106,558
Claims	-	2,884,902	2,884,902
Repairs and maintenance	1,117,877	-	1,117,877
Purchased services and supplies	72,195	710,262	782,457
Total operating expenses	<u>4,700,105</u>	<u>3,595,164</u>	<u>8,295,269</u>
Operating income (loss)	<u>(380,814)</u>	<u>1,641,779</u>	<u>1,260,965</u>
NONOPERATING REVENUES (EXPENSES)			
Investment earnings	304,390	-	304,390
Interest expense	(297,525)	-	(297,525)
Amortization of refunding debt insurance	(12,202)	-	(12,202)
Gain (loss) on disposal of capital assets	(214,797)	-	(214,797)
Total nonoperating revenues (expenses)	<u>(220,134)</u>	<u>-</u>	<u>(220,134)</u>
Income (loss) before contributions and transfers	<u>(600,948)</u>	<u>1,641,779</u>	<u>1,040,831</u>
Transfers in	2,762,598	-	2,762,598
Capital contribution	16,558	-	16,558
Change in net position	<u>2,178,208</u>	<u>1,641,779</u>	<u>3,819,987</u>
Total net position - beginning	<u>48,836,281</u>	<u>1,988,985</u>	<u>50,825,266</u>
Total net position - ending	<u>\$ 51,014,489</u>	<u>\$ 3,630,764</u>	<u>\$ 54,645,253</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, 2019

	Equipment Pool	Insurance Pool	Total
Cash flows from operating activities			
Receipts from interfund services provided	\$ 4,319,291	\$ 5,228,502	\$ 9,547,793
Receipts from insurance	-	196,262	196,262
Payments to suppliers	(1,147,527)	(709,962)	(1,857,489)
Payments to employees	(405,915)	-	(405,915)
Payments to claims	-	(2,608,944)	(2,608,944)
Net cash provided (used) by operating activities	<u>2,765,849</u>	<u>2,105,858</u>	<u>4,871,707</u>
Cash flows from capital and related financing activities			
Proceeds from sale of capital assets	128,045	-	128,045
Acquisition and construction of capital assets	(8,969,385)	-	(8,969,385)
Principal payments on certificates of participation	(1,005,000)	-	(1,005,000)
Interest payments on certificates of participation	(230,995)	-	(230,995)
Transfers in	<u>2,762,598</u>	<u>-</u>	<u>2,762,598</u>
Net cash provided (used) by capital and related financing activities	<u>(7,314,737)</u>	<u>-</u>	<u>(7,314,737)</u>
Cash flows from investing activities			
Earnings on investments	304,390	-	304,390
Net purchases and sales of investments	<u>(2,548,560)</u>	<u>(2,330,835)</u>	<u>(4,879,395)</u>
Net cash provided (used) by investing activities	<u>(2,244,170)</u>	<u>(2,330,835)</u>	<u>(4,575,005)</u>
Net increase (decrease) in cash and cash equivalents	(6,793,058)	(224,977)	(7,018,035)
Cash and cash equivalents, beginning	<u>9,498,894</u>	<u>1,037,692</u>	<u>10,536,586</u>
Cash and cash equivalents, ending	2,705,836	812,715	3,518,551
Investments	<u>10,737,191</u>	<u>3,224,988</u>	<u>13,962,179</u>
Cash and investments	<u>\$ 13,443,027</u>	<u>\$ 4,037,703</u>	<u>\$ 17,480,730</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, 2019

	<u>Equipment Pool</u>	<u>Insurance Pool</u>	<u>Total</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities			
Operating income (loss)	\$ (380,814)	\$ 1,641,779	\$ 1,260,965
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	3,106,558	-	3,106,558
Capital assets			
Accounts payable	1,413,441	-	1,413,441
Retainage payable	96,876	-	96,876
Interest expense			
Accrued interest	2,094	-	2,094
Proceeds from disposal of capital assets			
Accounts receivable	(5,050)	-	(5,050)
Change in assets and liabilities:			
(Increase) decrease			
Accounts receivable	5,050	182,326	187,376
Due from other funds	-	-	-
Due from other governments	(2,615)	-	(2,615)
Inventory	(52,503)	-	(52,503)
Increase (decrease)			
Accounts payable	(1,320,975)	300	(1,320,675)
Accrued interest	(2,094)	-	(2,094)
Compensated absences	2,757	-	2,757
Claims liability	-	275,958	275,958
Unearned revenue	-	5,495	5,495
Retainage payable	(96,876)	-	(96,876)
Total adjustments	<u>3,146,663</u>	<u>464,079</u>	<u>3,610,742</u>
Net cash provided (used) by operating activities	<u>\$ 2,765,849</u>	<u>\$ 2,105,858</u>	<u>\$ 4,871,707</u>
Noncash investing, capital, and financing activities:			
Increase (decrease) in fair value of investments	\$ 186,347	\$ 712	\$ 187,059
Amortization related to refunding debt issue	(80,826)	-	(80,826)
In-kind donations for capital assets from local vocational education center	16,558	-	16,558

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, 2019

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Internal service fees	\$ 4,200,060	\$ 4,200,060	\$ 4,259,536	\$ 59,476
Insurance proceeds	15,000	59,750	59,755	5
Total revenues	4,215,060	4,259,810	4,319,291	59,481
EXPENSES				
Salary and benefits	431,880	452,880	403,475	49,405
Repairs and maintenance	1,124,930	1,137,950	1,117,877	20,073
Purchased services and supplies	49,950	59,650	72,195	(12,545)
Total expenses	1,606,760	1,650,480	1,593,547	56,933
Excess (deficiency) of revenues over expenditures	2,608,300	2,609,330	2,725,744	116,414
OTHER FINANCING SOURCES (USES)				
Investment earnings	246,950	246,950	304,390	57,440
Capital outlay	(9,466,625)	(9,964,965)	(7,469,960)	2,495,005
Principal payments	(1,005,000)	(1,005,000)	(1,005,000)	-
Interest expense	(229,150)	(229,150)	(228,902)	248
Gain (loss) on disposal of capital assets	124,000	124,000	(214,797)	(338,797)
Transfers in	2,845,265	2,861,685	2,762,598	(99,087)
Capital grant	-	-	16,558	16,558
Total other financing sources (uses)	(7,484,560)	(7,966,480)	(5,835,113)	2,131,367
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$ (4,876,260)	\$ (5,357,150)	\$ (3,109,369)	\$ 2,247,781

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 and Actual
For the Year Ended December 31, 2019

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Internal service fees	\$ 5,291,160	\$ 5,291,160	\$ 5,223,007	\$ (68,153)
Insurance proceeds	751,040	751,040	13,936	(737,104)
Total revenues	<u>6,042,200</u>	<u>6,042,200</u>	<u>5,236,943</u>	<u>(805,257)</u>
EXPENSES				
Claims	4,689,730	4,689,730	2,884,902	1,804,828
Purchased services and supplies	711,305	711,305	710,262	1,043
Total expenses	<u>5,401,035</u>	<u>5,401,035</u>	<u>3,595,164</u>	<u>1,805,871</u>
Excess (deficiency) of revenues over expenses	<u>\$ 641,165</u>	<u>\$ 641,165</u>	<u>\$ 1,641,779</u>	<u>\$ 1,000,614</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, 2019

	Sec. 401 Employee Retirement Plan	Sec. 457 Employee Retirement Plan	Total
ASSETS			
Investments restricted for retirement benefits	\$ 30,379,757	\$ 9,127,116	\$ 39,506,873
Total assets	<u>30,379,757</u>	<u>9,127,116</u>	<u>39,506,873</u>
NET POSITION			
Net position held in trust for retirement benefits	<u>30,379,757</u>	<u>9,127,116</u>	<u>39,506,873</u>
Total net position	<u>\$ 30,379,757</u>	<u>\$ 9,127,116</u>	<u>\$ 39,506,873</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, 2019

	Sec. 401 Employee Retirement Plan	Sec. 457 Employee Retirement Plan	Total
	<u> </u>	<u> </u>	<u> </u>
Additions			
Employee contributions	\$ 842,522	\$ 436,635	\$ 1,279,157
Employer contributions	<u>842,522</u>	<u>-</u>	<u>842,522</u>
Total contributions	1,685,044	436,635	2,121,679
Investment earnings	<u>4,576,075</u>	<u>1,373,427</u>	<u>5,949,502</u>
Total additions	<u>6,261,119</u>	<u>1,810,062</u>	<u>8,071,181</u>
Deductions			
Benefits paid to participants	1,381,410	512,101	1,893,511
Transfer to other plans	<u>3,650</u>	<u>-</u>	<u>3,650</u>
Total deductions	<u>1,385,060</u>	<u>512,101</u>	<u>1,897,161</u>
Net increase (decrease) in fiduciary net position	4,876,059	1,297,961	6,174,020
Net position, beginning	<u>25,503,698</u>	<u>7,829,155</u>	<u>33,332,853</u>
Net position, ending	<u><u>\$ 30,379,757</u></u>	<u><u>\$ 9,127,116</u></u>	<u><u>\$ 39,506,873</u></u>

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

ROUTT COUNTY, COLORADO
NOTES TO THE SUPPLEMENTARY INFORMATION
December 31, 2019

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	\$ 9,198,229	\$ 334,242	\$ 33,814	\$ (33,292)	\$ 2,178,208
Revenues					
Unearned revenue	-	59,552	-	-	-
Expenditures					
Depreciation	2,636,829	-	30,381	19,597	3,106,558
Capital outlay	(11,441,877)	-	(8,743)	-	(7,469,960)
Loss on capital asset disposals	8,057	-	-	-	-
Amortization of refunding debt insurance	-	-	-	-	12,202
Interest expense, amortization of the deferred charge for refunding debt	-	-	-	-	64,684
Interest expense, amortization of the issue discount on refunding debt	-	-	-	-	3,939
Debt principal payments	(90,772)	-	(18,221)	(5,107)	(1,005,000)
Budget basis	\$ 310,466	\$ 393,794	\$ 37,231	\$ (18,802)	\$ (3,109,369)

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 : 2019
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)	2,601,030
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	5,833,071
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	650,485	b. Snow and ice removal	1,586,362
3. Other local imposts (from page 2)	5,055,398	c. Other	48,587
4. Miscellaneous local receipts (from page 2)	225,688	d. Total (a. through c.)	1,634,949
5. Transfers from toll facilities	0	4. General administration & miscellaneous	1,320,080
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	650,485
a. Bonds - Original Issues	0	6. Total (1 through 5)	12,039,615
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)	5,931,571	b. Redemption	0
B. Private Contributions	0	c. Total (a. + b.)	0
C. Receipts from State government		2. Notes:	
(from page 2)	4,558,533	a. Interest	0
D. Receipts from Federal Government		b. Redemption	0
(from page 2)	3,079,054	c. Total (a. + b.)	0
E. Total receipts (A.7 + B + C + D)	13,569,158	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)	12,039,615

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

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

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	\$ 11,657,179	13,569,158	12,039,615	13,186,722	0

Notes and Comments:

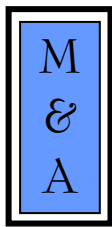
LOCAL HIGHWAY FINANCE REPORT		STATE: Colorado	
		YEAR ENDING (mm/yy): 12/19	

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	816,815	a. Interest on investments	0
b. Other local imposts:		b. Traffic Fines & Penalties	0
1. Sales Taxes	4,162,950	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	184,037
5. Other	75,633	g. Other Misc. Receipts	40,286
6. Total (1. through 5.)	4,238,583	h. Capital Credits	1,365
c. Total (a. + b.)	5,055,398	i. Total (a. through h.)	225,688
	(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	3,773,249	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	60,996	d. Federal Transit Administration	0
d. Severance Tax	724,288	e. U.S. Corps of Engineers	0
e. State P.U.C. and EIAF funds	0	f. Other Federal	3,079,054
f. Total (a. through e.)	785,284	g. Total (a. through f.)	3,079,054
4. Total (1. + 2. + 3.f)	4,558,533	3. Total (1. + 2.g)	3,079,054
			(Carry forward to page 1)

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL			
	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs	0	0	0
b. Engineering Costs	0	28,415	28,415
c. Construction:			
(1). New Facilities	0	0	0
(2). Capacity Improvements	0	1,544,790	1,544,790
(3). System Preservation	0	1,027,825	1,027,825
(4). System Enhancement & Operation	0	0	0
(5). Total Construction (1) + (2) + (3) + (4)	0	2,572,615	2,572,615
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	2,601,030	2,601,030
			(Carry forward to page 1)

Notes and Comments:



McMAHAN AND ASSOCIATES, L.L.C.

Certified Public Accountants and Consultants

CHAPEL SQUARE, BLDG C
245 CHAPEL PLACE, SUITE 300
P.O. Box 5850, AVON, CO 81620

WEB SITE: WWW.MCMAHANCPA.COM
MAIN OFFICE: (970) 845-8800
FACSIMILE: (970) 845-8108
E-MAIL: MCMAHAN@MCMAHANCPA.COM

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, 2019, 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 17, 2020.

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
MICHAEL N. JENKINS, CA, CPA, CGMA
DANIEL R. CUDAHY, CPA, CGMA

AVON: (970) 845-8800
ASPEN: (970) 544-3996
FRISCO: (970) 668-3481

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

Compliance and Other Matters

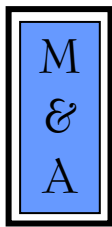
As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect 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 17, 2020**



McMAHAN AND ASSOCIATES, L.L.C.

Certified Public Accountants and Consultants

CHAPEL SQUARE, BLDG C
245 CHAPEL PLACE, SUITE 300
P.O. Box 5850, AVON, CO 81620

WEB SITE: WWW.MCMAHANCPA.COM
MAIN OFFICE: (970) 845-8800
FACSIMILE: (970) 845-8108
E-MAIL: MCMAHAN@MCMAHANCPA.COM

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, 2019 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, 2019. 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

PAUL J. BACKES, CPA, CGMA
MICHAEL N. JENKINS, CA, CPA, CGMA
DANIEL R. CUDAHY, CPA, CGMA

AVON: (970) 845-8800
ASPEN: (970) 544-3996
FRISCO: (970) 668-3481

**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, 2019.

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.
September 17, 2020**

Routt County, Colorado
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2019

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:	
Highway Planning and Construction	CFDA #20.205
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 <i>Government Auditing Standards</i>	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, 2019
(Continued)

There were no audit findings for the year ended December 31, 2018.

ROUTT COUNTY, COLORADO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2019

<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>				
Passed through Colorado Department of Human Services:				
Child Care and Development Block Grant	n/a	93.575	\$ 336,851	
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	n/a	93.596	<u>140,880</u>	
Total Child Care and Development Fund Cluster				\$ <u>477,731</u>
Guardianship Assistance	n/a	93.090	1,729	
Temporary Assistance for Needy Families (TANF)	n/a	93.558	<u>177,251</u>	
Total Temporary Assistance for Needy Families Cluster				\$ <u>177,251</u>
Child Support Enforcement	n/a	93.563	272,351	
Low-Income Home Energy Assistance	n/a	93.568	782	
Stephanie Tubbs Jones Child Welfare Services Program	n/a	93.645	4,227	
Foster Care -Title IV-E	n/a	93.658	166,077	
Adoption Assistance	n/a	93.659	18,635	
Social Services Block Grant	n/a	93.667	102,875	
Promoting Safe and Stable Families	n/a	93.556	92,959	
Community Mental Health Services Block Grant	n/a	93.958	24,197	
Passed through Department of Health Care Policy and Financing:				
Medical Assistance Program	n/a	93.778	<u>307,284</u>	
Total Medicaid Cluster				\$ <u>307,284</u>
Passed through Colorado Department of Local Affairs:				
Community Services Block Grant	L18CSBG39	93.569	13,964	
Passed through Colorado Department of Public Health and Environment				
Local Core Public Health Services (Maternal and Child Health, Child Fatality, Local Public Health Agency) Block Grant to the States	2019*1055 Amendment #2 Task Order 18 FAAA 97494	93.994	8,559	
Public Health Emergency Preparedness	CDC-RFA-TP19-1901 CT 2020274	93.069	56,574	
Preventative Health and Health Services (PHHS) Block Grant	n/a	93.991	6,250	
Pass through to Northwest Colorado Health				
Immunization Cooperative Agreements	20 FHHA 128230 2020*322	93.268	2,790	
Local Core Public Health Services (Maternal and Child Health, Child Fatality, Local Public Health Agency) Block Grant to the States	19 FAAA 107491 Task Order 18 FAAA 97494	93.994	<u>8,559</u>	
Total U.S. Department of Health and Human Services			\$ <u>1,742,794</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, 2019

<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 20-LE-11020600-004	10.unknown	\$ 8,000	
Passed through Colorado Department of Human Services:				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	n/a	10.561	147,281	
Total Supplemental Nutrition Assistance Program Cluster				\$ 147,281
Total U.S. Department of Agriculture			155,281	
<u>Department of Interior</u>				
Direct:				
U.S. Geological Survey Cooperative Funding Authority Agreement Number	19REJFACO 117	15.unknown	14,968	
Total U.S. Department of Interior			14,968	
<u>Department of Transportation</u>				
Direct:				
Airport Improvement Program	3-08-0031-044-2018 3-08-0031-047048	20.106	1,037,840	
Federal Highway Administration				
Passed through Colorado Department of Transportation:				
Division of Transportation Development				
Highway Planning and Construction	Project BRO C280-011 (18600)	20.205	332,566	
Highway Planning and Construction	Project BRO C280-014 (20938)	20.205	852,510	
Highway Planning and Construction	Project ACQ 280-015	20.205	36,915	
Total Highway Planning and Construction Program Cluster				\$ 1,221,991
Passed through Colorado Department of Transportation:				
Enhanced Mobility of Seniors and Individuals with Disabilities	19-HTR-ZL-00020	20.513	72,000	
Total Transit Services Programs Cluster				\$ 72,000
Total U.S. Department of Transportation			2,331,831	

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, 2019

<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>Homeland Security</u>				
Direct:				
Transportation Security Administration - Law Enforcement Reimbursement Program	HSTS02-16-H-SLR624	97.unknown	\$ 14,370	
Passed through Colorado Department of Public Safety, Division of Homeland Security and Emergency Management				
Emergency Management Performance Grants	EMD-2019-EP-00006	97.042	76,827	
Routt County Hazard Mitigation Plan Update	EMD-2018-PC-0007	97.047	22,792	
			<u>113,989</u>	
Total U.S. Department of Homeland Security				
<u>Department of Treasury</u>				
Direct:				
Equitable Sharing	n/a	21.016	14,219	
			<u>14,219</u>	
Total U.S. Department of Treasury				
<u>Department of Justice</u>				
Direct:				
Equitable Sharing	n/a	16.922	22,012	
			<u>22,012</u>	
Total U.S. Department of Justice				
			<u>4,395,094</u>	
Total Federal Expenditures				

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, 2019

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, 2019

	<u>Amounts for</u> <u>Current Year</u>	<u>Unliquidated</u> <u>Balance</u>
Unliquidated PFC revenues - beginning		\$ 121,957
Revenues:		
Revenues from air carriers	\$ 404,581	
Total PFC revenues	<u>404,581</u>	404,581
Expenditures:		
Application 19-10-C-00-HDN	526,538	
Total PFC expenditures	<u>\$ 526,538</u>	526,538
Unliquidated PFC revenues - ending		<u>\$ -</u>