



ROUTT
COUNTY
COLORADO

Financial & Compliance Report
December 31, 2021

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ROUTT
COUNTY

COLORADO

ROUTT COUNTY, COLORADO
FINANCIAL AND COMPLIANCE REPORT
For the Year Ended December 31, 2021

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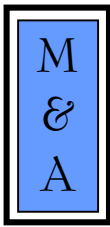
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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Routt County, Colorado (the "County"), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County as of December 31, 2021, 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 ("U.S. GAAP").

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("U.S. GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. GAAP; 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for one year after the date that the financial statements are issued.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with U.S. GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

U.S. GAAP require that Management's Discussion and Analysis on pages 4 – 31 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Management's Discussion and Analysis in accordance with U.S. GAAS, 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.

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

Required Supplementary Information (continued)

The budgetary comparison information on pages 69 – 72 is not a required part of the basic financial statements but is supplementary information required by U.S. GAAP. The budgetary comparison information on pages 69 – 72 is the responsibility of management and was derived from and relates 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 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining fund financial statements, individual fund budgetary information, the Schedule of Passenger Facility Charges Collected and Expended (as required by the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration), the Local Highway Finance Report, and the Schedule of Expenditures of Federal Awards (as required by Title 2, U.S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*) are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining fund financial statements, individual fund budgetary information, the Schedule of Passenger Facility Charges Collected and Expended, the Local Highway Finance Report, and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. GAAS. In our opinion, the combining fund financial statements, individual fund budgetary information, the Schedule of Passenger Facility Charges Collected and Expended, the Local Highway Finance Report, and the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic 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 27, 2022 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.



**McMahan and Associates, L.L.C.
Avon, Colorado
September 27, 2022**

MANAGEMENT'S DISCUSSION AND ANALYSIS

ROUTT COUNTY, COLORADO

December 31, 2021

In this Management's Discussion and Analysis (MD&A) section of the Annual Financial Report, we provide readers with a narrative overview and analysis of the financial activities of Routt County, Colorado (the County) for the fiscal year ended December 31, 2021. When analyzing financial activities of the current fiscal year, it is useful to compare current fiscal year information with comparable information of the previous fiscal year. This discussion and analysis is also intended to serve as an introduction to the County's basic financial statements. We encourage readers to consider the information presented here in conjunction with the information presented in the basic financial statements to enhance their understanding of the County's financial activity and performance.

FINANCIAL HIGHLIGHTS

- The County's property tax and sales tax revenue continued to grow in 2021. Governmental Activities property tax revenue increased \$1.3 million or 6% to \$22.7 million from the prior year. The primary reason for the increase is the revenue increase allowed under the Taxpayers Bill of Rights (TABOR) property tax revenue limitation, which is 3.4% in 2021 and is composed of a 1.3% increase from new construction and a 2.1% increase from inflation. The remaining increase is due to property tax abatements and refunds collected from prior years as allowed under TABOR. The County's assessed valuation increased \$1.4 million or 0.1% to \$1.2 billion from the prior year.
- Governmental Activities sales tax revenue growth is unprecedented in 2021 and increased \$2.7 million or 29% to \$12.1 million from the prior year. Sales tax collected on retail sales increased \$1.8 million or 23% to \$9.5 million primarily due to sales tax on lodging and restaurant sales, general merchandise and sporting goods sales, construction, home goods, and building suppliers, and internet sales. Building use tax collected on construction materials increased \$.6 million or 60% to \$1.6 million from the prior year. Auto use tax collected on vehicles purchased outside of the county increased \$.3 million or 43% from the prior year to \$1.0 million. See the "GOVERNMENTAL ACTIVITIES - REVENUES" section for a more detailed discussion.
- COVID-19 expense decreased \$2.2 million to \$.2 million or 92% in 2021 due to 2021 being the second year of the pandemic. Personnel costs of \$.2 million related to the pandemic are allocated from individual departments for personnel working on the County's 2021 COVID-19 response. Funding for COVID-19 personnel expenses is partially provided by Corona Virus Relief Funds distributed by the Colorado Department of Local Affairs.
- The County received \$2.5 million or 50% of its American Rescue Plan Act (ARPA) funding in 2021. The remaining \$2.5 million will be received in 2022.
- The architectural design phase is complete for the new Health and Human Services (HHS) building and construction began in November 2021. The County is funding the new HHS building with reserves and anticipates completion of the building in March 2023. The total HHS project cost is \$14.1 million with \$1.4 million completed in 2021.
- The Emergency Operations Command (EOC) center located in the former E-911 Communications area in the Detention Center was completed in 2021 at a total cost of \$.9 million. The County's Emergency Management Department, Coroner's Office, and command response center are now housed in the EOC. The remodel provided needed natural light, renovated office layout, and an EOC space with up-to-date audiovisual equipment necessary for emergency management response and training.
- Yampa Valley Regional Airport's (YVRA) operating income in 2021 before depreciation expense of \$3.8 million is \$1.9 million compared to \$.1 million in 2020, an increase of \$1.8 million or 1800%. See the "BUSINESS-TYPE - ACTIVITIES" section for a more detailed discussion.
- YVRA in 2021 continued the design phase of a second de-ice pad near gate one along with a treatment facility in order to have two de-ice pads that can accommodate the larger commercial aircraft for de-icing. Total project costs in 2021 for the second de-ice pad is \$.2 million. The second de-ice pad is anticipated to be completed in 2022, for a total cost of \$6.0 million.



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 combining statements for fiduciary 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 E911 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
ROUTT COUNTY, COLORADO
December 31, 2021

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 E911 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 Plans and 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 government 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 essential 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 funding sources 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 (E911 Communications and Yampa Valley Regional 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, facility management, 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. In addition, the fiduciary funds account for special assessment revenues collected and distributed to bondholders, Detention Inmate Commissary funds, and for County 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 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
 ROUTT COUNTY, COLORADO
 December 31, 2021

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

The County's net position is \$247.7 million as of December 31, 2021, an increase of \$13.0 million or 6% from the prior year. The following table provides a comparative summary of the County's Governmental and Business-type Statement of Net Position for 2021 and 2020.

Routt County, Colorado
Net Position
 (in millions)

	Governmental		Business-type		Total	
	Activities		Activities		2020	
	2021	(as restated)	2021	2020	2021	(as restated)
Assets						
Current and other assets	\$ 79.9	\$ 70.8	\$ 21.3	\$ 15.3	\$ 101.2	\$ 86.1
Capital assets	123.0	121.3	62.0	63.6	185.0	184.9
Total assets	<u>202.9</u>	<u>192.1</u>	<u>83.3</u>	<u>78.9</u>	<u>286.2</u>	<u>271.0</u>
Deferred Outflows of Resources						
Deferred charge on refunding	0.1	0.2	-	-	0.1	0.2
Total assets and deferred outflows of resources	<u>203.0</u>	<u>192.3</u>	<u>83.3</u>	<u>78.9</u>	<u>286.3</u>	<u>271.2</u>
Liabilities						
Current and other liabilities	6.7	4.4	3.0	3.5	9.7	7.9
Long-term liabilities	6.1	7.1	0.4	0.4	6.5	7.5
Total liabilities	<u>12.8</u>	<u>11.5</u>	<u>3.4</u>	<u>3.9</u>	<u>16.2</u>	<u>15.4</u>
Deferred Inflows of Resources						
Unavailable revenue - property taxes	22.4	21.1	-	-	22.4	21.1
Net Position						
Net investment in capital assets	118.3	115.8	61.8	63.2	180.1	179.0
Restricted	7.6	6.0	0.2	0.2	7.8	6.2
Unrestricted	41.9	37.9	17.9	11.6	59.8	49.5
Total net position	<u>\$ 167.8</u>	<u>\$ 159.7</u>	<u>\$ 79.9</u>	<u>\$ 75.0</u>	<u>\$ 247.7</u>	<u>\$ 234.7</u>

Net Investment in Capital

The largest portion of net position is a net investment in capital assets of \$180.1 million, which increased \$1.1 million or 1% from the prior year. Net investment in capital includes land, buildings and improvements, equipment, other, 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.

Net investment in capital assets for Governmental Activities increased \$2.5 million or 2% to \$118.3 million from the prior year. Net investment in capital assets for Business-type Activities decreased \$1.4 million or 2% to \$61.8 million from the prior year. The major capital projects in 2021 are summarized in the section entitled "CAPITAL ASSETS AND DEBT ADMINISTRATION."

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
ROUTT COUNTY, COLORADO
December 31, 2021

Unrestricted Net Position

The second-largest portion of net position is unrestricted of \$59.8 million, which increased by \$10.3 million or 21% 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 \$41.9 million and increased \$4.0 million or 11% from the prior year and represents 39% of the County's total increase in unrestricted net position. Business-type Activities unrestricted net position increased \$6.3 million or 54% to \$17.9 million from the prior year and represents 61% of the County's total increase in unrestricted net position. Key elements of the changes in unrestricted net position can be found in the following sections entitled "Governmental Activities" and "Business-type Activities" and in the "FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS" sections.

Restricted Net Position

The remaining portion of the County's net position is restricted net position of \$7.8 million, which increased \$1.6 million or 26% from the prior year. Governmental Activities restricted net position increased \$1.6 million or 27% to \$7.6 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 \$1.2 million after existing projects and new applications were delayed due to COVID-19. 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.



MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
 ROUTT COUNTY, COLORADO
 December 31, 2021

Changes in Net Position

Net position increased \$13.0 million in 2021 and the change in net position increased \$1.5 million or 13% from the prior year. Governmental Activities increased \$2.6 million or 47% and Business-type Activities decreased \$1.1 million or 18% from the prior year. The following table provides a comparative summary of the county's governmental and business-type Statement of Activities for 2021 and 2020.

Routt County, Colorado							
Statement of Activities							
(in millions)							
	Governmental		Business-type		Total		
	Activities		Activities		Activities		
	2021	2020 (as restated)	2021	2020	2021	2020 (as restated)	
Revenues							
Program revenues							
Charges for services	\$ 5.2	\$ 4.1	\$ 9.3	\$ 6.6	\$ 14.5	\$ 10.7	
Operating grants and contributions	12.2	12.8	4.1	4.4	16.3	17.2	
Capital grants and contributions	1.1	0.1	1.7	4.6	2.8	4.7	
General revenues							
Property tax	22.7	21.4	-	-	22.7	21.4	
Sales tax	12.1	9.4	0.3	0.2	12.4	9.6	
Interest earnings	(0.1)	1.0	-	0.1	(0.1)	1.1	
Gain on disposal of capital assets	0.2	0.1	-	-	0.2	0.1	
Total revenues	53.4	48.9	15.4	15.9	68.8	64.8	
Expenses							
Administration	8.9	7.3	-	-	8.9	7.3	
Community services	7.8	9.5	-	-	7.8	9.5	
Property tax administration	2.3	2.3	-	-	2.3	2.3	
Public safety	9.9	9.3	-	-	9.9	9.3	
Road and bridge	10.2	9.7	-	-	10.2	9.7	
Human services	6.0	5.1	-	-	6.0	5.1	
Interest expense on long-term debt	0.2	0.3	-	-	0.2	0.3	
Airport	-	-	8.9	8.3	8.9	8.3	
Building department	-	-	1.4	1.3	1.4	1.3	
Water and sewer	-	-	0.2	0.2	0.2	0.2	
Total expenses	45.3	43.5	10.5	9.8	55.8	53.3	
Increase in net position before transfers	8.1	5.4	4.9	6.1	13.0	11.5	
Transfers	-	0.1	-	(0.1)	-	-	
Increase in net position	8.1	5.5	4.9	6.0	13.0	11.5	
Net position - beginning (as restated)	159.7	154.2	75.0	69.0	234.7	223.2	
Net position - ending	\$ 167.8	\$ 159.7	\$ 79.9	\$ 75.0	\$ 247.7	\$ 234.7	

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
ROUTT COUNTY, COLORADO
December 31, 2021

Governmental Activities

Total net position from Governmental Activities increased \$8.1 million or 5% to \$167.8 million from the prior year. Following is an overview of the primary changes from 2020 to 2021.

Revenues

Charges for services increased \$1.1 million or 27% to \$5.2 million from the prior year and the change is primarily from the following items. The County Fair managed the Junior Livestock Sale (JLS) for the first time in 2021. Fair JLS fees increased by \$.6 million or 100% from JLS sales with 98% of the proceeds being distributed to youth who sold their animals. All other Fair fees increased by \$.1 million or 50% to \$.2 million from the prior year due primarily to the RV (recreational vehicle) park being at near full capacity during 2021 and the Annual Fair going back to a live versus a virtual event in 2021. Motor vehicle fees increased \$.1 million or 25% to \$.5 million from more new vehicle purchases since the impact from COVID-19 have eased and Clerk recording fees on real estate transactions increased \$.1 million or 17% to \$.7 million due to higher sales value transactions. The E-911 surcharge rate increased 38% in June 2021 resulting in a \$.1 million increase or 20% to \$.6 million in Communications revenue in 2021.

Capital Grants and Contributions increased \$1.1 million or 1,000% to \$1.1 million from the prior year primarily due to the following items. Capital grants and contributions related to Road and Bridge increased \$.9 million due to a donation from the Steamboat Springs School District RE-2 for the County Road 42 roundabout project.

Property Tax revenue increased \$1.3 million or 6% to \$22.7 million from the prior year. Base property taxes (General Fund, Road and Bridge, Human Services, and E911 Communications) increased \$1.1 million or 7% to \$17.8 million from the prior year. The primary reason for the increase is the revenue increase allowed under the Taxpayers Bill of Rights (TABOR) property tax revenue limitation, which is 3.4% in 2021 and is composed of a 1.3% increase from new construction and a 2.1% increase from inflation. Tax abatements and refunds collected from prior years as allowed under TABOR also contribute to the base property tax increase. The County's assessed valuation increased \$1.4 million or 0.1% to \$1.2 billion from the prior year. Specific ownership tax on vehicles purchased within the County increased \$.2 million or 18% to \$1.3 million from the prior year due to an increase in motor vehicle sales as COVID-19 eased and an overall increase in the cost to purchase a motor vehicle. Voter approved property taxes (Purchase of Development Rights, Developmental Disabilities, and Museums), which are not subject to TABOR, increased slightly from the prior year to \$3.6 million due to the 0.1% increase in assessed valuation and an increase in specific ownership tax.

Sales tax revenue for Governmental Activities increased \$2.7 million or 29% to \$12.1 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 \$1.8 million or 23% to \$9.5 million. The primary changes in retail sales tax collection are as follows: Sales tax on lodging and restaurant sales increased \$.5 million or 40% and \$.4 million or 35% from prior year, respectively, due to the post-pandemic pent up demand for travel. General merchandise and sporting goods sales tax increased \$.3 million or 24 % as consumer confidence and demand were high in 2021. Construction, home goods, and building suppliers increased \$.3 million or 29% and internet sales increased \$.1 million or 14% to the increase in sales tax as many consumers continued their COVID-19 home improvement purchasing trends. Building use tax collected on construction materials increased \$.6 million or 60% to \$1.6 million from the prior year. Auto use tax collected on vehicles purchased outside of the county increased \$.3 million or 43% from the prior year to \$1.0 million.

Interest earnings for Governmental Activities decreased \$1.1 million or 110% to (\$.1) million from the prior year. The change is due to a decrease in fair market value of the County's investment as of December 31, 2021.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
ROUTT COUNTY, COLORADO
December 31, 2021

Expenses

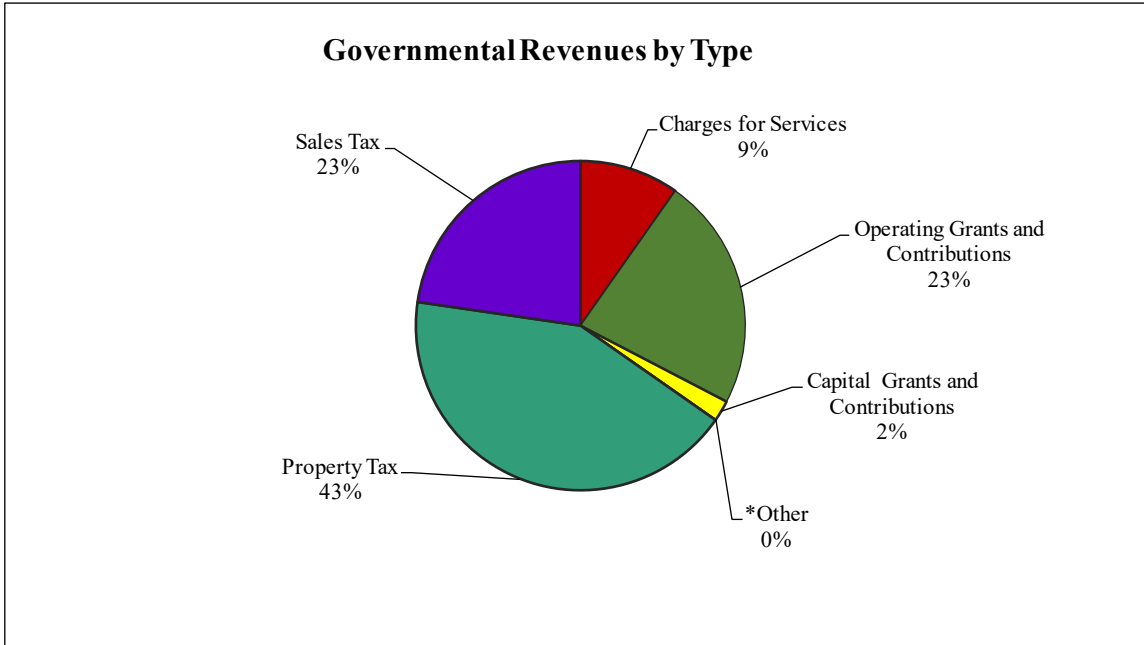
Administration expenses increased \$1.6 million or 22% to \$8.9 million from the restated prior year. The primary changes in Administrative expenses are as follows. Personnel expenses increased \$.4 million due to \$.3 million in personnel costs remaining in Administration instead of being allocated to the COVID-19 response in the Community Services program and \$.1 million for worker's compensation expense allocated to the Facilities Management Department based on an increase in the department's actual losses over the past 3 years, and \$.1 million for a Facilities Management Division Manager position that was vacant in 2020 and filled in 2021. Operations expenses increased \$.9 million due to the following items. Facilities Management operations increased \$.4 million, which includes \$.3 million for the demolition and related asbestos mitigation costs for the Department of Human Services (DHS) building, and \$.1 million for an increase in casualty and property insurance due to the state Law Enforcement and Integrity Act that expanded liability insurance coverage for law enforcement personnel conduct and raised the number of claims state-wide, furniture purchases for the new Emergency Operations Command center completed in 2021, outsourcing County janitorial services for a full year, and office rent for DHS until the new Health and Human Services building is ready in 2023. Information Technology operations increased \$.3 million due to \$.1 million to replace the mobile data terminals in the Sheriff's vehicles, \$.1 million for the annual support and maintenance expense for Building Department's new land management software, \$.1 million for annual cost increases for support and maintenance for the County's website and various departmental software systems. Loss on disposal of assets increased \$.3 million due to the demolition of the old Department of Human Services building.

Community Resources expenses decreased \$1.7 million or 18% to \$7.8 million from the restated prior year. The primary changes are as follows. Personnel and operating expenses to respond to COVID-19 decreased \$2.2 million or 92% due to 2021 being the second year of the pandemic. Purchase of Development Rights (PDR) decreased \$.7 million or 50% after existing projects and new applications were delayed due to COVID-19. County Fair expenses increased by \$.7 million or 175% for the distribution of net proceeds from the Junior Livestock sale to the youth who raised and sold animals. Public Health expenses increased \$.3 million or 50% due to a full year of responding to COVID-19 versus a partial year in 2020. Personnel expenses related to vaccination and testing increased \$.2 million for part-time contract tracers, nurses, and an epidemiologist, and operations expenses increased \$.1 million for a Public Information Officer, a medical doctor, and traveling nurses. Planning Department operations expenses increased \$.2 million or 20% due to \$.1 million for the annual master plan project and \$.1 million for the County overhead allocated to the department.

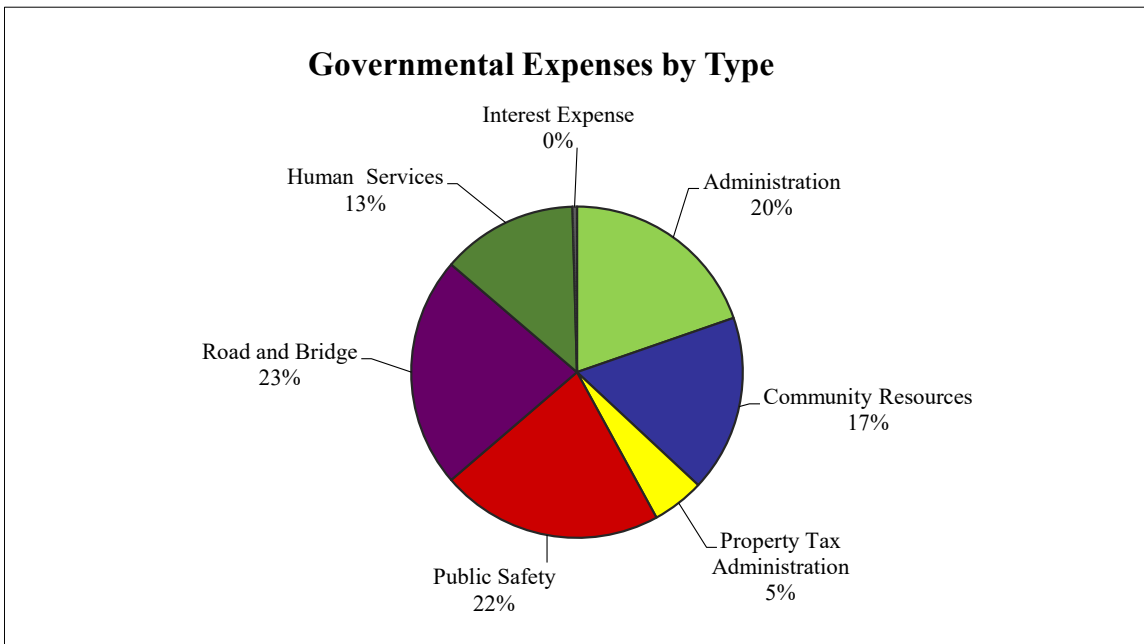
Human Services expenses increased \$.9 million or 18% to \$6.0 million from the restated prior year. The primary changes are as follows. Food Assistance benefits increased \$.6 million or 40% to \$2.1 million from the prior year and Child Care benefits increased \$.1 million or 17% to \$.7 million, as a result of increased applicants and the continued effects of the COVID-19 pandemic. Food Assistance benefits are 100% federally funded and Child Care benefits are 90% funded by state and federal funds. Staff salaries increased \$.1 million primarily due to the First Impressions Administrator position being filled in November of 2020, after a ten month vacancy, as well as vacancies in Child Welfare and Child Support being filled in late 2020 and continuing to be filled for the entire year of 2021.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
 ROUTT COUNTY, COLORADO
 December 31, 2021

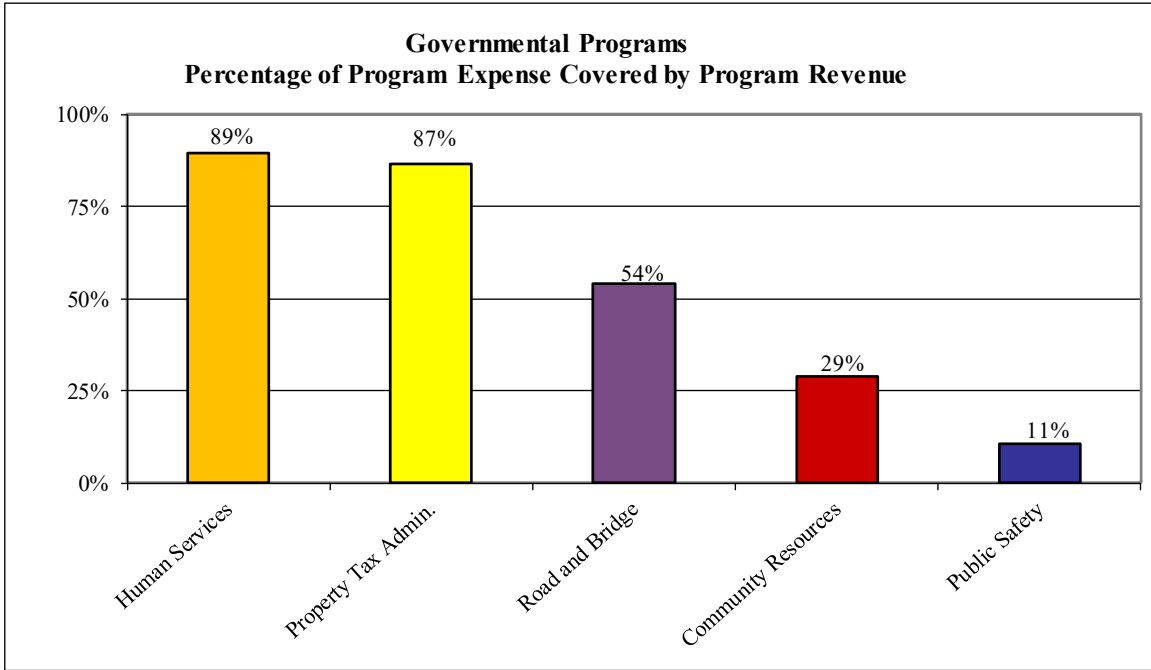
The following graphs show governmental revenues and expenses by type and a comparison of governmental program revenue versus expense.



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



MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
 ROUTT COUNTY, COLORADO
 December 31, 2021



Note: The program revenue shown in the above graph does not include capital grants and contributions and charges for services related to capital totaling \$1.1 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 \$4.9 million or 7% to \$79.9 million from the prior year. The key factors related to this increase follow.

Yampa Valley Regional Airport (YVRA)

Total net position increased \$3.8 million or 5% to \$74.7 million from the prior year and consists of \$61.4 million in net investment in capital assets, \$13.1 million in unrestricted net position, and \$.2 million in restricted net position. Net investment in capital assets decreased \$1.4 million or 2% to \$61.4 million from the prior year. Increases to net investment in capital assets consist of \$2.2 million of capital additions and change in retainage payable of \$.2 million. Decreases to net investment in capital assets consist of depreciation expense of \$3.8 million. Unrestricted net position increased \$5.2 million or 66% to \$13.1 million from the prior year. The following is an explanation of significant revenue and expense changes from the prior year.

YVRA operating loss decreased \$1.4 million or 42% from the prior year to \$1.9 million. The operating loss is primarily generated from the \$3.8 million in depreciation. YVRA relies on federal and state grants as opposed to fees to fund a significant amount of capital additions and replacements. The \$1.9 million operating loss is primarily generated from the following items.

YVRA operating revenues increased \$2.0 million or 40% to \$7.0 million from the prior year. Charges for Services increased \$1.9 million or 40% to \$6.7 million from the prior year. The increase is primarily due to an increase in enplanements of 60,091 or 68% to 152,911 as a result of COVID-19 restrictions being lifted, Southwest Airlines having a full year of flights and United Airlines adding additional summer flights.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
ROUTT COUNTY, COLORADO
December 31, 2021

YVRA operating expenses increased \$.6 million or 7% to \$8.9 million. The increase is related to the following items. Personnel costs increased \$.1 million or 3% to \$3.1 million from the prior year. The change resulted from an increase in compensation and health insurance to remain competitive in the market and an increase in personnel in order to respond to the COVID-19 pandemic. Repairs and maintenance, purchased services and supplies increased \$.1 million or 5% to \$2.1 million as a result of COVID-19 and the increase in enplanements mentioned above. Depreciation expense increased \$.4 million or 12% from the prior year to \$3.8 million and is primarily from the terminal expansion that was completed in December 2020.

Capital Grants and Contributions decreased \$2.9 million or 65% to \$1.7 million from the prior year primarily due to the terminal expansion being completed in 2020. The terminal expansion cost \$4.4 million and was mostly complete in 2020, which was primarily funded through the FAA (Federal Aviation Administration). FAA funding in 2021 for the terminal expansion was \$.1 million as compared to \$3.4 million in 2020, a decrease of \$3.3 million or 96% from 2020 to 2021. YVRA also had a backup generator and solar array system installed to provide back-up power to the terminal and key flight safety operations for a cost of \$.5 million and \$.7 million, respectively. YVRA received \$.4 million in FAA AIP funding for the backup power generator and \$.3 million on donations for the solar array project. YVRA had a decrease of \$.6 million or 84% to \$.1 million in 2021 of CARES Act capital funding. YVRA finalized the design of the second de-ice pad project, which will be completed in 2022. Passenger facility charges had an increase of \$.3 million or 75% to \$.7 million from 2020. The increase is due to an increase in enplanements.

Intergovernmental revenue decreased \$.2 million or 5% to \$4.1 million from the prior year due to various vacant positions within YVRA during 2021. YVRA was awarded an \$18.6 million in COVID-19 CARES Act grant in 2020. The CARES Act funding was used to help cover the costs of personnel and operations during 2021.

Regional Building Department

Unrestricted net position for the Regional Building Department (RBD) increased \$.9 million or 31% to \$3.8 million compared to the prior year. Operating income increased \$.6 million or 200% from the prior year to \$.9 million. Significant changes in revenues and expenses are as follows.

Building permit fees increased \$.7 million or 44% to \$2.3 million. The increase in permit fees is due to an increase in new construction projects, both commercial and residential. Personnel costs for the Regional Building Department increased \$.1 million or 11% to \$1.0 million as a result of the increase in construction activity and operating expenses remained the same 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 \$36.1 million, an increase of \$6.0 million, or 20% from the prior year as restated. A description of the types and changes in fund balance follows.

Nonspendable fund balance increased \$.3 million or 100% to \$.6 million from 2021. 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 \$1.6 million or 27% to \$7.6 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 \$4.1 million or 17% to \$27.9 million from the prior year as restated. 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 \$10.5 million or 83% to \$23.1 million from the prior year as restated.

Nonspendable fund balance increased by \$.2 million or 100% to \$.4 million from the prior year. The increase in the Governmental Activities nonspendable fund balance is due to \$.2 million in prepaid health insurance expense for 2022.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
ROUTT COUNTY, COLORADO
December 31, 2021

Restricted fund balance increased \$1.6 million or 27% to \$7.6 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 \$1.2 million or 27% from existing projects and new applications being delayed due to COVID-19.

Committed fund balance increased \$8.7 million or 136% to \$15.1 million from the prior year as restated. Committed fund balance is composed of two balances and maintains compliance with the 10% Committed Reserve and the Capital Committed Reserve policies. The 10% Committed Reserve is unchanged from the prior year as restated at \$2.4 million and the Capital Committed Reserve increased by \$8.7 million or 218% to \$12.7 million from 2020. The Capital Committed Reserve is funded in 2021 by \$1.4 million of building use tax, \$4.0 million of sales tax revenue in excess of budget, a \$.8 million transfer from the County's Insurance Pool, and \$2.5 million from favorable budget variances. The Capital Committed Reserve is primarily being set aside to fund the construction of the new Health and Human Service Building.

The 10% Committed Reserve Policy was approved by a resolution of the Board of County Commissioners (Board) 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. The Capital Committed Reserve Policy adopted by a resolution of the Board sets aside funds for the acquisition of capital assets additions and replacements as defined in the Routt County Capital Asset Policy. Funding for the Capital Committed Reserve will come from severance tax collected in a calendar year greater than \$45,000, building use tax collected in a calendar year greater than \$235,000, and other funds as designated by the Board of County Commissioners.

Road and Bridge Fund

The Road and Bridge total fund balance decreased \$4.5 million or 31% to \$10.2 million from the prior year.

The Road and Bridge nonspendable fund balance remained at \$.1 million.

The Road and Bridge committed fund balance decreased \$4.5 million or 32% to \$10.1 million from the prior year. The Road and Bridge budget anticipated a \$2.4 million decrease in committed fund balance due to the replacement of various infrastructure items but ended the year with a \$4.5 million decrease. The following items explain the primary reasons for the change between the budgeted committed fund balance and the actual ending committed fund balance.

Sales tax revenue had a 100% or \$3.1 million unfavorable budget variance due to a decrease in the percentage of total sales tax allocated to Road and Bridge from the County's total sales tax collections in 2021. The 2021 planned sales tax allocation was 62% to the General Fund and 38% to the Road and Bridge Fund. After meeting the 10% General Fund Committed Reserve Balance and the ability to fund the replacement of Road and Bridge infrastructure into the future for several years given certain assumptions in the budget, the 2021 actual sales tax allocation was increased to 100% to the General Fund and 0% to the Road and Bridge Fund in order to contribute \$12.1 million in 2021 to the Committed Capital Reserve for construction of the new Health and Human Services building. The Road and Bridge actual amount of sales tax allocated to the General Fund is \$4.6 million. Total actual governmental sales tax collections for the County had a positive \$3.6 million or 43% variance compared to the final 2021 budget of \$8.5 million for the reasons discussed previously in the "GOVERNMENTAL ACTIVITIES – REVENUE" Section.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
ROUTT COUNTY, COLORADO
December 31, 2021

The personnel budget ended the year with a \$.4 million or 11% favorable budget variance due to turnover in staff.

The operations budget ended the year with a \$.2 million or 4% favorable budget variance. The primary reason for the favorable budget variance is due to the paving leveling project on CR 129 was not started in 2021.

The infrastructure budget had a \$.3 million or a 10% favorable budget variance. The primary reasons for the favorable budget variance is due to the Trout Creek Bridge project for \$.7 million was not started in 2021 and several overlay projects had an unfavorable budget variance of \$.4 million.

Human Services

The Human Services Fund total fund balance decreased \$.4 million or 50% to \$.4 million from the prior year as restated. The Human Services Fund committed fund balance decreased \$.4 million or 50% to \$.4 million from the prior year as restated. The primary reason for the decrease is the transfer of \$.5 million from Human Services reserves to the General Fund Committed Capital Reserve to help fund the construction of the new Health and Human Services building. The decrease was offset by a favorable personnel budget variance due to a Child Welfare Case Aide vacancy, as well as unbudgeted COVID-19 CARES ACT funding received for the pandemic.

E911 Communications

The Communications Fund total fund balance increased \$.5 million or 25% to \$2.5 million from the prior year as restated. The Communications Fund nonspendable fund balance remained at \$.1 million. The Communications Fund committed fund balance increased \$.5 million or 28% to \$2.4 million from the prior year as restated. Dispatch staff turnover and the vacancy of the Communication Center Manager for the first five months of the year resulted in a \$.3 million favorable personnel budget variance. The remaining \$.2 million is the result of the following. The increase in the E-911 surcharge from \$1.24 to \$1.72 that became effective in June of 2021, grant revenue for the Emergency Service IP Network (ESINet) PUC 10% state surcharge implemented to offset the costs of the ESINet migration, and the unanticipated increase in specific ownership tax, which is collected on vehicles and allocated to the County and each taxing entity.

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 \$1.1 million or 2% to \$54.5 million. Unrestricted net position decreased \$.1 million or 1% to \$15.0 million from the prior year as restated. Net investment in capital assets increased \$1.2 million or 3% to \$39.5 million from the prior year as restated.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
ROUTT COUNTY, COLORADO
December 31, 2021

Equipment Pool

Unrestricted net position, which can be used for the future replacement of capital, decreased \$.5 million or 4% to \$13.0 million from the prior year as restated. Equipment Pool operations provided \$2.9 million to the unrestricted net position. Capital purchases in 2021 totaled \$3.9 million. Total transfers in from other funds are \$1.5 million to fund capital additions offset by a \$.1 million transfer to the General Fund. Sale of assets provided \$.2 million in proceeds primarily from the Heavy Equipment asset auctions. Debt service of \$1.1 million on the Refunding Certificates of Participation Series 2012 was paid as planned. Net investment in capital increased \$1.2 million or 3% to \$39.6 million from the prior year as restated. Capital purchases of \$3.9 million and a principal payment of \$1.1 million on capital-related debt contributed to an increase of \$5.0 million. Depreciation of \$3.4 million and capital deletions net of depreciation of \$.4 million decreased net investment in capital. 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 \$.4 million or 25% to \$2.0 million from the prior year as restated. Unrestricted net position can be used to fund future health insurance claims for the County's partially self-funded health insurance plan for employees.

The County decreased its contribution and the employee contribution to the pool by 9% each in 2021 after actual claims were lower than budget in both 2019 and 2020, internal service fees exceeded the cost of claims in 2021, and sufficient reserves are available to fund future unforeseen increases in claims. No changes were made to benefits so the County continues to offer competitive health insurance benefits to employees. Actual 2021 County and employee contributions to the Insurance Pool were lower by \$.1 million or 2% from the \$5.1 million budget due to normal participation and plan election fluctuations. Total claims expense in 2021 is \$3.6 million, which includes reimbursements to employees of \$.2 million from a health care cost reduction incentive program administered by a third party. Actual claims, without the unbudgeted \$.2 million incentive program expense, are lower than budget by \$.2 million in 2021. The incentive program allows employees to request cost and quality data for up to three physicians and facilities and reimburses employees for a portion of the claims savings. Before transfer expense, the unrestricted net position increased \$1.2 million compared to the original \$1.0 million budgeted in 2021.

After the \$.8 million transfer from the pool to the General Fund Capital Committed Reserve, the increase in net position is \$.4 million. As mentioned previously, the Capital Committed Reserve is planned to fund the construction of the new Health and Human Services building. The pool's ending balance of \$2.0 million is expected to be sufficient to cover the difference between the County's maximum liability of \$4.7 million and budgeted claims after individual stop loss revenue of \$3.3 million or \$1.4 million in exposure and still have approximately \$.6 million in reserves.

General Fund Budgetary Highlights

Budget Amendments

Revenue Budget Amendments

The variance between the original revenue budget of \$29.4 million and the final amended revenue budget of \$30.7 million is a favorable variance of \$1.3 million or 4%.

The original sales tax revenue budget was amended by an increase of \$.4 million or 8% to \$1.2 million. The unanticipated sales tax revenue was primarily used to fund unanticipated personnel expense, mobile computers for the Sheriff's vehicles originally budgeted as capital, and asbestos mitigation prior to demolition of the Department of Human Services building.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
ROUTT COUNTY, COLORADO
December 31, 2021

The original intergovernmental revenue budget was amended by an increase of \$.3 million or 33% to \$1.2 million. The Public Health revenue budget amendment of \$.2 million is for state grant revenue used to fund personnel, professional services for a medical doctor, traveling nurses and a public information officer, supplies and equipment for the County's COVID-19 response.

The original charges for services revenue budget was amended by an increase of \$.7 million or 16% to \$5.0 million. The Fair revenue budget amendment of \$.6 million is for fee revenue generated by livestock sales from the 2021 Junior Livestock Sale (JLS) event held during the County's annual fair. This is the first time the County has administered the JLS. The JLS fees fund payments to youth who raise and sell the animals and a portion of the operating expenses to produce the event.

Expenditure Budget Amendments

The variance between the original expense budget of \$32.9 million and the \$34.7 million final amended expense budget was an unfavorable variance of \$1.8 million or 5%. The significant expenditure budget amendments are as follows.

The original Administration expenditure budget was amended by an increase of \$.5 million or 5% to \$9.7 million.

The Facilities Management operations budget amendment increased expenditures by \$.4 million to fund an increase in casualty and property insurance and the demolition and related asbestos mitigation costs for the Department of Human Services building. The state Law Enforcement and Integrity Act expanded liability insurance coverage for law enforcement personnel conduct, raising the number of claims state-wide. The building demolition, originally budgeted as a capital addition for the new Health and Human Services building, was funded by General Fund reserves. The asbestos mitigation and casualty and property insurance were funded by unanticipated sales tax revenue.

The original Community Resources expenditure budget was amended by an increase of \$1.1 million or 8% to \$14.2 million.

The Public Health operations budget amendment increased expenditures by \$.2 million to fund increased operating costs associated with the COVID-19 pandemic. The Public Health amendment was funded from various grant funds.

The COVID-19 personnel budget amendment increased expenditures by \$.2 million to fund the increase in personnel costs from departments other than Public Health necessary to respond to the pandemic. Funding for the COVID-19 personnel amendment is available by reducing the personnel budgets of the individual departments allocating time to COVID-19.

The Fair operations expense budget amendment of \$.6 million is for 2021 Junior Livestock Sale (JLS) expenses. The JLS expenses include the distribution of net sales proceeds to the youth who raised and sold the animals and the expenses to produce the event.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
ROUTT COUNTY, COLORADO
December 31, 2021

Budget Variances

Revenue Variances

Total actual revenues of \$38.1 million have a \$7.4 million or 24% favorable variance from the \$30.7 million final budget. The significant revenue budget variances are discussed as follows.

Sales tax has a favorable variance of \$6.8 million or 126% from the final budget of \$5.4 million. The County's favorable sales tax budget variance is attributable to an influx of people to the County from other locations throughout the nation on a full or part-time basis, a high demand for post-pandemic travel, the ability to collect sales tax on internet sales as a result of "Wayfair", an increase in new building and renovation construction and a significant increase in the purchase of motor vehicles. Sales tax for the County in total had a favorable \$3.6 million or 43% variance compared to the final budget of \$8.5 million. One hundred percent of sales tax revenue is allocated to the General Fund in 2021 with zero percent in the Road and Bridge Fund in order to increase the amount set aside in the Capital Committed Reserve for the construction of the new Health and Human Services building. The 100% allocation of sale tax from the Road and Bridge fund to the General fund did not have a negative impact in relation to the future replacement of Road and Bridge infrastructure given the current assumptions being used in the budget.

Intergovernmental revenues has a favorable variance of \$.4 million or 33% from the final budget of \$1.2 million. The favorable variance is primarily from \$.4 million in Corona Virus Relief Funds (CVRF) for Public Health personnel expenses and also for small businesses and not-for-profit grants. State grant revenue for the Planning Department's County's Master Plan project grant revenue is lower than the final budget by \$.1 million due to delays resulting from COVID-19 and is offset by the Clerk's unbudgeted \$.1 million state grant for a digital archiving project.

Charges for services has a favorable variance of \$.3 million or 6% from the final budget of \$5.0 million. The primary reasons for the favorable budget variance are Clerk real estate transaction fees of \$.2 million and Motor Vehicle fees of \$.1 million. Clerk real estate transaction fees have increased due to people wanting to purchase property in the County. Vehicle purchases increased due to favorable financing and COVID-19 restrictions lifting.

Transfer Variances

Transfer revenue has a favorable variance of \$1.3 million or 2,613% from the final budget of \$.1 million. The primary reasons for the favorable budget variance are a \$.5 million transfer from Human Services and a \$.8 million transfer from the Insurance Pool to the Capital Committed Reserve for the construction of the new Health and Human Services building.

Expenditure Variances

Total actual expenditures of \$27.4 million have a favorable \$7.3 million or 21% variance compared to the \$34.7 million final budget. The significant budget variances are discussed as follows.

Purchase of Development Rights (PDR) has a favorable variance of \$5.7 million or 89% compared to the final budget of \$6.4 million after existing projects and new applications were delayed due to COVID-19.

Other notable variances compared to the final budget include.

Facilities Management has a \$.1 million or 3% favorable variance compared to the final budget for a Division Manager position budgeted for a full year and filled in September 2021.

The Board of County Commissioners has a favorable variance of \$.1 million or 10% compared to the final budget due to staffing vacancies and turnover in 2021. The position of Deputy County Manager remains unfilled in 2021.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
ROUTT COUNTY, COLORADO
December 31, 2021

Planning has a favorable variance of \$.2 million or 14% compared to the final budget due to \$.1 million for staffing vacancies and turnover and \$.1 million for the Master Plan grant. The Master Plan Grant is \$.2 million. The completion of the grant was delayed due to COVID-19. The grant was 50% completed in 2021 and the remainder of the grant work will be completed in 2022.

The Routt County Sheriff's Office had a favorable variance of \$.2 million or 5% compared to the final budget due to patrol deputy vacancies. The Detention Center had a favorable variance of \$.1 million or 3% compared to the final budget due to staff vacancies as well as lowered operating costs due to the Chief Judge Order 2020-05, which enacted COVID-19 protocol changes. The protocol changes permitted inmates to automatically receive personal recognizance bonds without a court appearance as long as specific conditions were met. This allowed for a reduced inmate population, which resulted in lower food, extradition, and Medication-Assisted Treatment (MAT) program costs.



CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

During 2021, the County's capital assets increased \$6.2 million or 2% to \$288.8 million. Capital assets include heavy equipment, motor vehicles, E-911 communication equipment, buildings, road and bridge infrastructure, airport infrastructure, equipment and facilities, other, and water and sewer systems. Governmental Activities capital increased \$4.0 million or 2% to \$187.3 million. Business-type Activities capital increased \$2.2 million or 2% to \$101.5 million.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
 ROUTT COUNTY, COLORADO
 December 31, 2021

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

Routt County, Colorado						
Capital Assets						
(in millions)						
	Governmental		Business-type		Total	
	Activities		Activities			
	2021	2020 (as restated)	2021	2020	2021	2020 (as restated)
Land and improvements	\$ 5.0	\$ 5.0	\$ 55.8	\$ 54.9	\$ 60.8	\$ 59.9
Buildings and improvements	44.7	44.4	28.2	24.0	72.9	68.4
Equipment	30.1	30.0	11.9	12.0	42.0	42.0
Infrastructure	103.1	100.6	-	-	103.1	100.6
Water system	-	-	2.0	2.0	2.0	2.0
Sewer system	-	-	1.8	1.8	1.8	1.8
Other	2.3	2.4	0.2	-	2.5	2.4
Construction in progress	2.1	0.9	1.7	4.6	3.8	5.5
Total capital assets	187.3	183.3	101.6	99.3	288.9	282.6
Accumulated depreciation	(64.3)	(62.0)	(39.6)	(35.7)	(103.9)	(97.7)
Total	\$ 123.0	\$ 121.3	\$ 62.0	\$ 63.6	\$ 185.0	\$ 184.9

Major Governmental Capital Asset Projects

During 2021, 12.58 miles of County Roads were overlaid for \$2.3 million. The 12.58 miles of overlaid roads represent 11% of the paved road system. Additionally, construction of the County Road 42 roundabout was completed at a cost of \$.9 million, which was donated by the Steamboat Springs RE-2 School District. Heavy equipment replacements purchases totaled \$.8 million for a plow truck, a water tank trailer, a plow/dump truck, and a grader. The County did not purchase everything that was planned for in 2021. Heavy equipment additions included a water pump, a portable steam cleaner, and a deployable sprinkler system at a total cost of \$.1 million. Motor pool replacement purchases totaled \$.1 million for two vehicles for the Road and Bridge Department, one vehicle for the Sheriff's Department, and one vehicle upgrade for the Sheriff's Department.

Several projects for the Facilities Management Department that were delayed in 2020 due to COVID-19 were completed in 2021. The County completed the security upgrades and space remodel for a new Emergency Operations Command (EOC) center located in the area previously occupied by the Communications Center in the Detention Center. The total EOC project cost was \$.9 million and was completed in the fall of 2021. The EOC serves as a centralized location to monitor and coordinate emergency response and recovery activities for Routt County, which includes measures taken to protect public health and safety, restore essential government services, and provide emergency relief to governments, businesses, and individuals affected by the consequences of an emergency. The County demolished the Department of Human Services building in 2021 and construction of the new Health and Human Services (HHS) building began with \$1.4 million of the project completed in 2021. Completion of the new building is anticipated to be in March 2023. The total budgeted cost for the new HHS building is \$14.1 million.

Information Technologies capital projects include the Building Department's completion of the land management and permitting software installation with costs in 2021 of \$.1 million and a total project cost of \$.4 million. The land management and permitting software provides a 100% online building permits system to streamline and add transparency to the process for applicants in the County, cities, and towns. The Clerk's digital archiving project was completed at a cost of \$.1 million with 80% of the funding coming from a state grant and the remaining 20% from the Clerk's E-Recording funds. The digital archives house historical marriage, road, voting book, and deed records.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
 ROUTT COUNTY, COLORADO
 December 31, 2021

Major Business-type Capital Asset Projects

YVRA in late 2021, started the design phase of a second de-ice pad near gate one along with a treatment facility in order to have two de-ice pads that can accommodate the larger commercial aircraft and expedite the de-icing process. Total project costs in 2021 for the de-ice pad is \$.2 million. The second de-ice pad is anticipated to be completed in 2022 for a total cost of \$6.0 million. YVRA installed a backup generator and solar array system to provide backup power to the terminal and key flight safety operations for a cost of \$.5 million and \$.7 million, respectively. YVRA completed the expansion and paving of the paid parking lot which cost \$.7 million. YVRA maintained its capital replacement plan during 2021.

Long-term Debt

After making a principal payment of \$1.0 million in 2021 on the Series 2012 Refunding Certificates of Participation, the outstanding balance for Governmental Activities, long-term debt is \$4.6 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, consisting of three loans with the State of Colorado under the Energy and Mineral Assistance program.

Route County, Colorado
Outstanding Debt
 (in millions)

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Certificates of participation	\$ 4.6	\$ 5.6	\$ -	\$ -	\$ 4.6	\$ 5.6
Revenue loans	-	-	0.1	0.1	0.1	0.1
Total	\$ 4.6	\$ 5.6	\$ 0.1	\$ 0.1	\$ 4.7	\$ 5.7

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
ROUTT COUNTY, COLORADO
December 31, 2021



NEXT YEAR'S BUDGET AND ECONOMIC FACTORS

The 2022 Routt County budget projects \$78.5 million in revenues and \$92.8 million in expenses resulting in \$14.3 million of expenses over revenues, and after removing \$.5 million of noncash expenses such as depreciation, the use of reserves is \$13.8 million. The 2022 budget as compared to the 2021 budget includes a \$14.6 million or 23% increase in revenues and a \$23.7 million or 34% increase in expenses. Revenues, expenditures and reserves are balanced twenty years into the future, given the assumptions in the budget. The 2022 budget is separated into Governmental Activities and Business-type Activities and the 2022 highlights are as follows. The entire ROUTT COUNTY 2022 BUDGET is published on the County's website at co.routt.co.us.

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 \$7.3 million or 16% to \$54.2 million and expenses are anticipated to increase \$17.5 million or 31% to \$73.2 million, and results in expenses over revenues of \$19.0 million and reserves totaling \$29.2 million.

The primary reasons for the projected decrease in reserves is \$12.1 million in capital expenditures for construction of the new Health and Human Services (HHS) building, \$3.7 million in Road and Bridge infrastructure replacements, \$5.6 million in Purchase of Development Rights acquisition, and \$1.0 million in equipment replacements. The decreases in reserves are offset by a \$1.7 million increase in the General Fund Committed Capital Reserve for future capital projects, a \$.5 million increase from the Taxpayer's Bill of Rights (TABOR) reserve set aside for emergencies, and a \$1.2 million increase in Insurance Pool reserves for the County's partially self-funded health insurance.

Governmental Activities revenues are anticipated to increase \$7.3 million or 16% from \$46.8 million budgeted for 2021 to \$54.2 million budgeted for 2022. Noted below are the primary reasons for the changes in revenues.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
ROUTT COUNTY, COLORADO
December 31, 2021

Property tax revenue from all sources is anticipated to increase \$1.5 million or 7% to \$24.1 million over the 2021 budget. The primary reasons for the change are as follows. County's base property tax revenue is anticipated to increase by \$1.1 million or 6.1% and is limited to this increase by the Taxpayers Bill of Rights (TABOR). The TABOR property tax revenue limit increase of 6.1% is composed of a 1.4% increase from new construction and a 4.7% increase from inflation. Base property taxes provide revenue for basic services delivered by the General Fund, Road and Bridge, E-911 Communications, and Human Services. Property tax from voter-approved mill levies, which are not subject to TABOR, increased \$.3 million or 9% due to an increase in assessed valuation. Voter-approved property taxes provide revenue for the Purchase of Development Rights Program, Museums, and Developmental Disabilities. Overall, Routt County's 2022 net assessed valuation increased \$112.8 million or 9% to \$1.3 billion.

Sales tax from all sources is anticipated to increase \$2.1 million or 26% to \$10.3 million above the 2021 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 \$1.0 million or 15% to \$8.1 million over the 2021 budget. The significant increase in sales tax revenue is attributable to increased internet sales from consumers relying heavily on online purchases during COVID-19, increased construction and home goods purchases as buyers steered away from services to purchasing hard goods, and higher grocery, liquor, and marijuana sales during the pandemic.

Building use tax is anticipated to increase \$1.1 million or 218% to \$1.6 million over the 2021 budget due primarily to strong construction activity, price inflation for labor and materials, and a higher number of more expensive homes above the middle-class range being built. Given the uncertainty of the building industry and any impacts of COVID-19, the building use tax budget for 2023 and future years has been reduced to \$.5 million, which is a more conservative amount and similar to prior years budgets. The budget increase helps build the County's committed reserve for capital projects.

Auto use tax is anticipated to remain unchanged for 2022 given the uncertainty of semiconductor chip shortages that continue to disrupt vehicle production.

State revenues are anticipated to increase by \$1.8 million or 39% to \$6.3 million over the 2021 budget. The change is primarily related to the increase of \$.6 million in Highway User Tax Fund (HUFT) as a result of COVID-19 restrictions being lifted and people being able to travel more, an increase in state funding for a \$.2 million Rural Economic Development Initiative (REDI) program within the County designed to generate economic resilience and diversification away from tourism, coal mining, coal-fired power plants and pandemics, a \$.6 million state funded grant to help with the construction of the new Health and Human Service (HHS) building, a \$.2 million grant to help fund the replacement of the fairgrounds arena railing, and a \$.2 million increase in Health and Human Services operating grants mainly for child welfare and child care assistance programs. Child Care assistance increased as a result of increased applicants and the continued effects of the COVID-19 pandemic. Child Welfare increased due to staff vacancies being filled in late 2021.

Federal revenues are anticipated to increase by \$1.1 million or 20% to \$6.8 million over the 2021 budget. The change is primarily related to the continued COVID-19 funding through the Public Health Department of \$.4 million and \$.7 million in additional funding through the Health and Human Services Department for nutrition assistance and child care assistance programs.

Fee revenues are anticipated to increase by \$.2 million or 5% to \$5.1 million over the 2021 budget primarily because of the changes noted below.

Road and Bridge fees increased \$.2 million or 180% to \$.4 million. The increase is primarily due to the Haul Road maintenance agreement with the Coal Mine. County Road 27 will be chip and sealed in 2022. The mine will pay for a share of the maintenance costs per the maintenance agreement.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
ROUTT COUNTY, COLORADO
December 31, 2021

E911 Communications fees increased \$.1 million or 31% to \$.6 million primarily due to a \$.2 million or 39% increase in E911 surcharges to \$.6 million, which went into effect in June 2021 due to an increase in the rate threshold set by the Public Utilities Commission (PUC). The rate for Routt County increased \$.47 to \$1.72 per phone line. This increase was offset by a decrease in Aviation Radar Fees, which are no longer collected from the FAA since the state has taken over the microwave system.

Governmental Activities expenses are budgeted to increase from the 2021 budget by \$17.5 million or 31% to \$73.2 million in the 2022 budget. Noted below are the primary reasons for the changes in expenses.

Total personnel expenses are projected to increase \$2.1 million to \$27.1 million or 9% above the 2021 budget. The 2022 budget includes an overall 10% pay increase to allow for adjustments resulting from a salary survey that is not yet complete and an anniversary step for eligible employees. The estimated market adjustment and anniversary step show an increase in compensation by \$2.2 million or 12% overall.

Full Time Equivalents (FTEs) increased 5.52 FTEs or 2% to 255.41 FTEs, which is an increase of \$.4 million or 411% in 2022. Grant Administration Department is a new department added in 2021 with a 1.0 FTE. The Grant Administrator is responsible for the full range of grant development, management, administration, and tracking for Routt County. These activities include grant research, relationship development, project development, grant-related technical assistance, and training to project managers, along with grant writing to secure grant funds in support of Routt County projects, activities, and operations. Community Engagement Office is a new department added in 2021 with a 1.0 FTE. The Community Information Officer works with the Board of County Commissioners to develop, promote and maintain the positive image and brand of the County aimed at building trust and driving awareness, facilitating transparency and two-way communication between the County and its varied constituencies. It also provides leadership for special projects as assigned by the County Manager.

Health insurance premiums are budgeted to increase \$31,000 or 1% to \$4.4 million. There is no change in 2022 for employer and employee premiums due to anticipated favorable plan performance in 2021 and sufficient reserves available to fund future unforeseen increases in claims. The County's goal is to fund the medical costs of County staff consistently and sustainably while continuing to offer a competitive health insurance benefit to employees. While health insurance premiums remain the same for employees in 2022, the employee benefits for the preferred provider plan are being improved with lower deductibles, out of pocket maximums, and co-pays. The improvements to the employee benefits mentioned above are the result of the County selecting a vendor whereby larger discounts are provided by the local hospital.

Dental insurance premiums is a new benefit in 2022 and budgeted to increase personnel expenses by \$.1 million. For budget year 2022, the County will pay 70% and the employee will pay 30% of the dental insurance premiums.

Retirement eligibility changes in 2022 to allow newly hired employees the ability to participate starting on the date hired and allow any employees hired in 2021 to begin participating on January 1, 2022, which increased expenses by \$.1 million.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
ROUTT COUNTY, COLORADO
December 31, 2021

Operating costs are budgeted to increase from the 2021 budget by \$5.0 million or 24% to \$25.9 million in the 2022 budget. The increase is related to a \$.3 million increase for the Casualty and Property Pool (CAPP) Insurance premium in 2022 due to the change in the law enforcement integrity act, a \$.4 million increase in economic development programs related to Routt County Economic Development Corporation that provides resiliency and diversity to the economy by growing outdoor gear companies, location neutral residents, value added agriculture and creative industries and the Rural Economic Development Initiative is the second economic program designed to generate economic resilience and diversification away from tourism, coal mining, coal fired power plant and pandemics, a \$.1 million increase to help fund a feasibility study to explore the possibility of a dedicated funding source to expand child care services within the County and provide for the cost of a possible ballot issue

There is an increase of \$.3 million of finalizing the Master Plan that will help guide the strategic direction of land use in unincorporated Routt County along with a Community Plan will be reviewed as a joint effort between the County and the City of Steamboat Springs. A \$.3 million increase in Information Technology for replacement of controllable assets, software maintenance, and new software packages, a \$.1 million increase in emergency response for wildfire mitigation, and a \$1.3 million increase for Purchase of Development Rights finalizing several projects in 2022. A \$1.2 million increase for Road and Bridge maintenance costs mainly for chip and seal guard rail, and patching as part of the planned maintenance system. The planned chip and seal increase costs is \$1.0 million or 295% above 2021 budget and the County will chip and seal 37.41 or 24% of the 157.7 paved miles in the County. A \$.7 million increase in Human Services expenses for core services such as nutrition assistance and child care assistance based on projected service volume increases as the full effect of the pandemic was not yet fully realized or budgeted for in 2021 and assistance costs increased significantly.

Capital costs are anticipated to increase \$11.1 million to \$17.0 million or 189% over the 2021 budget. The increase is primarily related to \$.8 million in Communications capital costs to replace the solar panel at the Farwell site and the generators at numerous sites, and \$12.1 million for the construction of the new Health and Human Services (HHS) building. Funding for the HHS building is from reserves and a \$.6 million state grant. The HHS building is expected to be complete in March 2023 at a total cost of \$14.1 million.

Road and Bridge infrastructure costs are anticipated to decrease \$.7 million or 28% to \$1.9 million primarily due to a decrease in the overlay budget. As part of the scheduled maintenance plan, the County anticipates overlaying 7.03 miles of road in 2022 compared with 12.58 miles in 2021. The cost of a ton of asphalt is budgeted to increase by \$2.20 or 3% to \$88.69. The average cost to overlay a mile of road is \$172,000. The increase in the price per ton of asphalt results in a \$51,000 annual cost increase over the paved road system's 21-year estimated life.

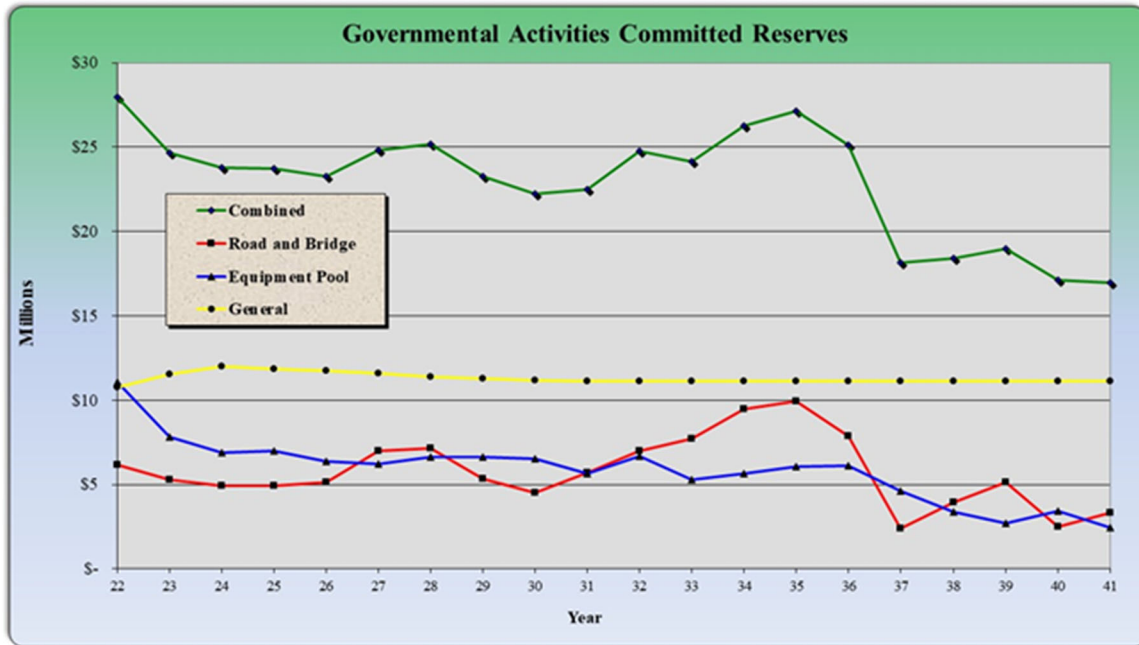
2012 Series Refunding Certificates of Participation (COP) debt service costs are anticipated to increase \$3,000 or 0% to \$1.2 million over the 2021 budget. The \$1.2 million in debt service is for the Justice Center. The COPs outstanding balance is \$3.5 million at the end of 2022.

Items that could have a significant impact on future County resources include the following.

Major revenues are forecast to increase in 2022 with modest growth anticipated in property tax revenue due to the TABOR revenue limitation and only interest revenue showing a decrease. In 2021, there was unexpected and unprecedented growth in sales tax, auto use tax, building use tax, real estate recording fees and motor vehicle fees. The County remains cautious given the general uncertainty of the local and national economy due to COVID-19 in relation to inflation, interest rates, unemployment, wage growth, consumer spending, fluctuating consumer confidence, supply chain and labor shortages and stimulus packages. What will the future hold given the current federal administration, the cost of health care, high fuel prices, labor shortages, etc.? How long will high fuel prices remain in effect?

The long-term forecast projects a balanced budget, as seen below in the Governmental Activities Committed Reserves graph; however, changes in the items discussed in the above paragraph, may cause the following graph to change positively or negatively.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
 ROUTT COUNTY, COLORADO
 December 31, 2021



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 increase \$7.7 million or 45% to \$24.9 million, expenses are anticipated to increase \$6.7 million or 50% to \$20.1 million and results in revenue over expenses of \$4.8 million. After removing \$.5 million of non-cash expenses such as depreciation, reserves increase \$5.3 million to \$23.8 million.

Reserves for Business-type Activities in 2022 are anticipated to increase \$5.3 million primarily due to YVRA reserves being budgeted to increase \$5.6 million. YVRA’s budget includes an operating income of \$2.4 million due mainly to the increase in flights and anticipated enplanements for 2022. After net capital expenses of \$3.0 million and CARES Act funding of \$5.7 million covering the operations of YVRA, the increase in reserves is \$5.1 million. Depreciation and equipment trade-ins of \$.5 million increase the net operating income, net capital expense and CARES Act funding of \$5.1 million to \$5.6 million in reserves. YVRA expects 179,000 enplanements in 2022, an increase of 85,000 or 90% from the prior year. The increase in enplanements is the result of Southwest Airlines being a new carrier and the resulting increase competition.

The Regional Building reserves are anticipated to decrease \$.3 million. The Regional Building Department’s budget includes operating income of \$.2 million mainly due to an anticipated increase in building permits, commercial and residential and a transfer out of \$.5 million to the Information Technology Pool for a data conversion project resulting in a net decrease in reserves of \$.3 million.

Business-type Activities revenues are anticipated to increase \$7.7 million or 45% from \$17.2 million budgeted for 2021 to \$24.9 million budgeted in 2022.

Federal revenues are anticipated to increase \$3.5 million or 37% to \$13.1 million above the 2021 budget. The primary reasons for the changes are as follows.

YVRA’s Airport Improvement Program (AIP) funding is anticipated to increase \$5.8 million based on a roll-over balance of AIP funding of \$1.0 million for capital projects and \$4.8 million of discretionary funding being awarded to complete the de-ice pad project. There is a budgeted decrease of capital-related COVID-19 CARES Act Funding of \$2.9 million and an increase of CARES Act funding to cover the operations and maintenance of \$.8 million.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
ROUTT COUNTY, COLORADO
December 31, 2021

YVRA has been awarded three separate grants related to the COVID-19 pandemic, CARES Act for \$18.7 million, Airport Coronavirus Response Grant Program (ACRGP) for \$1.3 million, and American Rescue Plan Act (ARPA) for \$1.9 million. In 2022, YVRA will spend down approximately \$5.7 million of CARES Act funding to cover operations and maintenance of the airport. For 2023, YVRA will spend \$2.3 million of CARES ACT funding, \$1.3 million of ACRGP funding, and \$1.9 million of ARPA funding to cover the operation and maintenance of the airport. All three grants as expected to be fully received by the end of 2023.

Fees are anticipated to increase \$4.0 million or 65% to \$10.1 million above the 2021 budget. YVRA fees are anticipated to increase \$3.2 million or 66% to \$8.0 million above the 2021 budget. Commercial landing fees are anticipated to increase \$.9 million due to an increase in the number flights in 2022. With the increase in flights comes an increase in passenger traffic, which results in the remaining fee increase of \$2.2 million for rental car fees, parking and taxi/limo fees, terminal fees, store fees, and restaurant revenues.

Regional Building Department fees are anticipated to increase \$.8 million or 71% to \$1.9 million above the 2021 budget due to an anticipated increase in commercial and residential building projects in 2022.

Business-type Activities expenses are anticipated to increase \$6.7 million or 50% from \$13.4 million budgeted for 2021 to \$20.1 million budgeted in 2022.

Total budgeted personnel expenses are projected to increase \$.4 million to \$4.5 million or 9% above the 2021 budget. The primary reasons for the change are as follows.

The compensation budget includes an overall 10% pay increase to allow for adjustments resulting from a salary survey that is not yet complete and an anniversary step for eligible employees. The estimated market adjustment and anniversary step show an increase in compensation by \$.3 million or 11% overall.

Budgeted full time equivalents (FTEs) increased 2.86 FTEs or 6% to 53.10 FTEs.

The Yampa Valley Regional Airport increased 1.51 FTEs or 4% to 42.69 FTEs to add two part-time Maintenance Workers at the Terminal, and to change three seasonal Counter Attendants in the restaurant plus one Retail Lead and two Retail Associates in the General Store from seasonal to part-time, and increase by three seasonal Passenger Service Representatives for a total increase in cost of \$.1 million.

The Regional Building Department increased 1.35 FTEs or 15% to 10.41 FTEs to add a Permit Technician and 35% of a Code Enforcement Officer to be shared with the Planning department for a total increase in cost of \$.1 million.

Health insurance premiums are budgeted to increase \$30,000 or 5% to \$.6 million. See the Governmental Activities personnel explanation above for a detailed explanation for health insurance. Dental insurance premiums being partially paid by the County increase personnel expenses by \$12,000 and the retirement eligibility change mentioned previously increases personnel expenses by \$17,000 in 2022.

Operating costs are budgeted to increase from the 2021 budget by \$.3 million or 11% to \$3.3 million in the 2022 budget. The increase is primarily related to a \$.1 million increase from the County moving to a partially self-fund Casualty and Property Pool (CAPP) Insurance in 2022 and a \$.2 million increase in YVRA operating costs related to the terminal, restaurant and general store. In the terminal, janitorial services increased \$18,000 or 67% to \$45,000 due to COVID-19. The restaurant and general store have increases in the cost of goods sold of \$.1 million and \$41,000, respectively, due to an anticipated increase in passengers for 2022.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
ROUTT COUNTY, COLORADO
December 31, 2021

Capital costs are anticipated to increase \$5.6 million to \$11.8 million or 90% over the 2021 budget. The increase is related to a \$5.8 million increase in capital costs at YVRA primarily for the design and construction of an additional de-ice pad anticipated to be complete in late 2022 offset by a budgeted decrease of \$.3 million for a lagoon liner replacement at Phippsburg Water and Sanitation delayed by higher than expected construction costs. The YVRA second de-ice pad is being funded by Federal Aviation Administration (FAA) grants.

Debt service is anticipated to decrease \$3,000 or 9% to \$32,000 from the prior year budget. Debt service for 2022 of \$32,000 represents four loans issued to fund a portion of the upgrades to the wastewater treatment lagoons, a portion of a water filtration facility, and an upgrade to the facility. The outstanding balance of the loans at the end of 2022 is \$.2 million.

Reserves are anticipated to increase \$5.3 million to \$23.9 million and includes non-cash items such as depreciation for \$.5 million. The primary anticipated reserve balances include YVRA and the Regional Building Department with \$18.7 million and \$3.6 million, respectively

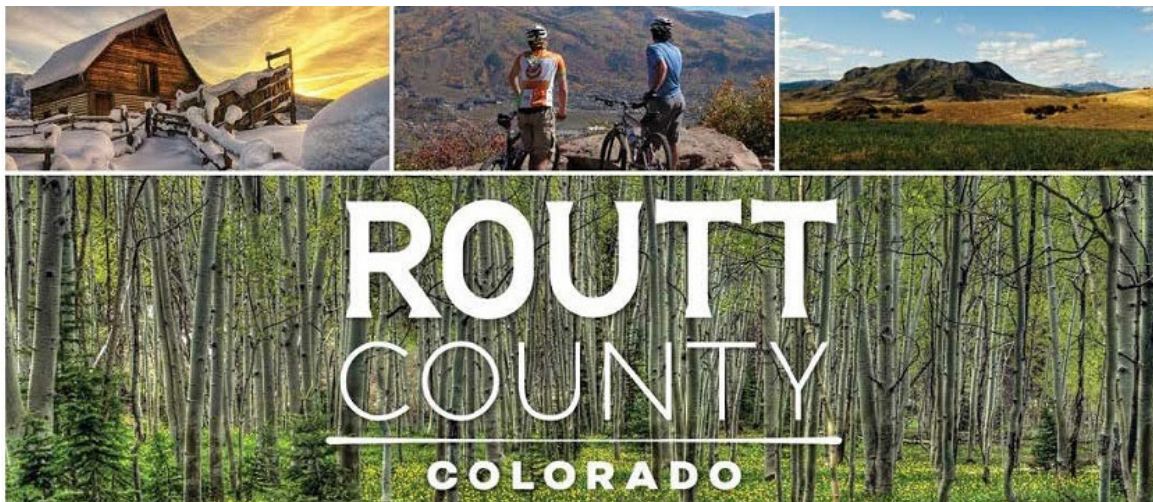
Conclusion

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 2022 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, 2021

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and investments	\$ 53,628,993	\$ 18,531,882	\$ 72,160,875
Receivables (net of allowance for uncollectibles)	611,656	762,154	1,373,810
Due from other governments	3,204,248	1,231,440	4,435,688
Internal balances	(614,042)	614,042	-
Prepays and inventories	659,926	138,882	798,808
Property tax receivable	22,374,107	-	22,374,107
Noncurrent assets:			
Non-depreciable capital assets	56,228,045	25,737,228	81,965,273
Depreciable capital assets, net of accumulated depreciation	66,756,250	36,234,114	102,990,364
Total assets	<u>202,849,183</u>	<u>83,249,742</u>	<u>286,098,925</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charges on refunding	116,433	-	116,433
Total assets and deferred outflows of resources	<u>202,965,616</u>	<u>83,249,742</u>	<u>286,215,358</u>
LIABILITIES			
Current liabilities:			
Accounts payable and other current liabilities	2,291,459	672,837	2,964,296
Unearned revenue	4,345,190	2,354,018	6,699,208
Noncurrent liabilities:			
Due within one year	1,875,221	125,754	2,000,975
Due in more than one year	4,159,185	219,879	4,379,064
Total liabilities	<u>12,671,055</u>	<u>3,372,488</u>	<u>16,043,543</u>
DEFERRED INFLOWS OF RESOURCES			
Property taxes	22,374,107	-	22,374,107
Total liabilities and deferred inflows of resources	<u>35,045,162</u>	<u>3,372,488</u>	<u>38,417,650</u>
NET POSITION			
Net investment in capital assets	118,457,433	61,756,543	180,213,976
Restricted	7,573,906	210,217	7,784,123
Unrestricted	41,889,115	17,910,494	59,799,609
Total net position	<u>\$ 167,920,454</u>	<u>\$ 79,877,254</u>	<u>\$ 247,797,708</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, 2021

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Program Expenses	Charges for Services	Program Revenues		Primary Government		Total
			Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental activities:							
Administration	\$ 8,899,861	\$ 1,077,604	\$ 150,397	\$ 34,500	\$ (7,637,360)	\$ -	\$ (7,637,360)
Community resources	7,831,857	1,161,473	1,103,985	9,467	(5,556,932)	-	(5,556,932)
Property tax administration	2,335,816	2,027,096	-	70,238	(238,482)	-	(238,482)
Public safety	9,866,387	764,441	289,422	-	(8,812,524)	-	(8,812,524)
Road and bridge	10,166,067	176,739	5,323,629	958,988	(3,706,711)	-	(3,706,711)
Human services	5,951,967	-	5,322,583	-	(629,384)	-	(629,384)
Interest expense on long-term debt	225,299	-	-	-	(225,299)	-	(225,299)
Total governmental activities	45,277,254	5,207,353	12,190,016	1,073,193	(26,806,692)	-	(26,806,692)
Business-type activities:							
Yampa Valley Regional Airport	8,833,955	6,683,807	4,127,929	1,666,846	-	3,644,627	3,644,627
Regional Building Department	1,421,968	2,375,641	-	-	-	953,673	953,673
Water and sewer	177,407	193,014	-	600	-	16,207	16,207
Total business-type activities	10,433,330	9,252,462	4,127,929	1,667,446	-	4,614,507	4,614,507
Total primary government	\$ 55,710,584	\$ 14,459,815	\$ 16,317,945	\$ 2,740,639	(26,806,692)	4,614,507	(22,192,185)
General revenues:							
Property taxes					22,744,483	-	22,744,483
Sales taxes					12,140,449	308,252	12,448,701
Unrestricted investment earnings					(77,789)	(14,942)	(92,731)
Gain on disposal of capital assets					169,594	2,500	172,094
Transfers					39,454	(39,454)	-
Total general revenues and transfers					35,016,191	256,356	35,272,547
Change in net position					8,209,499	4,870,863	13,080,362
Net position - beginning (as restated)					159,710,955	75,006,391	234,717,346
Net position - ending					\$ 167,920,454	\$ 79,877,254	\$ 247,797,708

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

Routt County, Colorado
Balance Sheet
Governmental Funds
December 31, 2021

	General Fund	Road & Bridge	Human Services	Communications	Total Governmental Funds
ASSETS					
Cash and investments	\$ 24,169,059	\$ 10,509,192	\$ 628,477	\$ 2,281,984	\$ 37,588,712
Accounts receivable (net of allowance for uncollectibles)	58,287	2,597	3,727	104,218	168,829
Property taxes receivable	18,831,859	813,795	704,499	2,023,954	22,374,107
Due from other governments	2,232,517	225,683	218,620	43,706	2,720,526
Due from other funds	-	6,221	-	-	6,221
Prepaid expenses	359,339	57,475	34,838	89,046	540,698
Inventory	-	58,912	-	-	58,912
Interfund loan	-	68,442	-	-	68,442
Total assets	<u>45,651,061</u>	<u>11,742,317</u>	<u>1,590,161</u>	<u>4,542,908</u>	<u>63,526,447</u>
LIABILITIES					
Accounts payable	801,994	138,997	78,261	41,442	1,060,694
Due to other governments	37,115	-	917	-	38,032
Unearned revenue	2,930,093	615,257	373,989	-	3,919,339
Total liabilities	<u>3,769,202</u>	<u>754,254</u>	<u>453,167</u>	<u>41,442</u>	<u>5,018,065</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	18,831,859	813,795	704,499	2,023,954	22,374,107
Total deferred inflow of resources	<u>18,831,859</u>	<u>813,795</u>	<u>704,499</u>	<u>2,023,954</u>	<u>22,374,107</u>
Total liabilities and deferred inflows of resources	<u>22,601,061</u>	<u>1,568,049</u>	<u>1,157,666</u>	<u>2,065,396</u>	<u>27,392,172</u>
FUND BALANCES					
Nonspendable	359,339	116,387	34,838	89,046	599,610
Restricted	7,573,906	-	-	-	7,573,906
Committed					
General fund	15,116,755	-	-	-	15,116,755
Special revenue funds	-	10,057,881	397,657	2,388,466	12,844,004
Total fund balances	<u>23,050,000</u>	<u>10,174,268</u>	<u>432,495</u>	<u>2,477,512</u>	<u>36,134,275</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 45,651,061</u>	<u>\$ 11,742,317</u>	<u>\$ 1,590,161</u>	<u>\$ 4,542,908</u>	<u>\$ 63,526,447</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, 2021

Total governmental fund balances \$ 36,134,275

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. 53,852,699

Compensated absences are not due and payable in the current period and therefore are not reported in the governmental funds. (1,445,332)

Road and bridge infrastructure used in governmental activities is not a financial resource and therefore, is not reported in the funds. 78,888,251

Current assets not collected within 60 days of December 31, 2021 and are not available as a current period resource, therefore, not included in governmental funds. 490,561

Net position of governmental activities \$ 167,920,454

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, 2021

Net change in fund balance - total governmental funds \$ 5,968,759

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. 944,770

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. (6,335)

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 \$3,216,784 were greater than depreciation of \$1,735,672 and loss on disposal of assets of \$103,660 in the current period. 1,377,452

Revenue reported in governmental activities, which is not a current financial resource and therefore, not reported in the funds. (75,147)

Change in net position of governmental activities \$ 8,209,499

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, 2021

	General Fund	Road & Bridge	Human Services	Communications	Total Governmental Funds
REVENUES					
Property taxes	\$ 19,118,552	\$ 875,782	\$ 612,754	\$ 2,137,395	\$ 22,744,483
Sales taxes	12,140,449	-	-	-	12,140,449
Intergovernmental	1,579,273	5,361,790	5,037,764	174,506	12,153,333
Charges for sales and services	5,284,642	152,017	-	614,043	6,050,702
Investment earnings	(64,591)	3,976	-	-	(60,615)
Operating grants	-	-	291,583	-	291,583
Contributions and donations	-	907,439	-	-	907,439
Total revenues	<u>38,058,325</u>	<u>7,301,004</u>	<u>5,942,101</u>	<u>2,925,944</u>	<u>54,227,374</u>
EXPENDITURES					
Administration	9,345,946	-	-	-	9,345,946
Community resources	7,915,254	-	-	-	7,915,254
Property tax administration	2,465,239	-	-	-	2,465,239
Public safety	7,702,058	-	-	2,371,382	10,073,440
Road and bridge	-	11,812,026	-	-	11,812,026
Human services	-	-	6,052,450	-	6,052,450
Total expenditures	<u>27,428,497</u>	<u>11,812,026</u>	<u>6,052,450</u>	<u>2,371,382</u>	<u>47,664,355</u>
Excess (deficiency) of revenues over expenditures	<u>10,629,828</u>	<u>(4,511,022)</u>	<u>(110,349)</u>	<u>554,562</u>	<u>6,563,019</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	1,369,864	-	217,632	-	1,587,496
Transfers out	(1,574,000)	(58,881)	(500,000)	(48,875)	(2,181,756)
Total other financing sources (uses)	<u>(204,136)</u>	<u>(58,881)</u>	<u>(282,368)</u>	<u>(48,875)</u>	<u>(594,260)</u>
Net change in fund balances	10,425,692	(4,569,903)	(392,717)	505,687	5,968,759
Fund balances - beginning (as restated)	12,624,308	14,744,171	825,212	1,971,825	30,165,516
Fund balances - ending	<u>\$ 23,050,000</u>	<u>\$ 10,174,268</u>	<u>\$ 432,495</u>	<u>\$ 2,477,512</u>	<u>\$ 36,134,275</u>

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

Routt County, Colorado
Statement of Net Position
Proprietary Funds
December 31, 2021

	Business-type Activities				Governmental
	Yampa Valley Regional Airport	Regional Building Department	Total Nonmajor Funds	Total Enterprise Funds	Activities Internal Service Funds
ASSETS					
Current assets:					
Cash and investments	\$ 13,525,797	\$ 4,711,336	\$ 294,749	\$ 18,531,882	\$ 16,040,281
Accounts receivable (net of allowance for uncollectibles)	743,224	-	18,929	762,153	427,457
Due from other governments	1,231,440	-	-	1,231,440	8,532
Prepaid expenses	54,225	11,048	4,072	69,345	8,606
Inventory	69,537	-	-	69,537	51,710
Total current assets	<u>15,624,223</u>	<u>4,722,384</u>	<u>317,750</u>	<u>20,664,357</u>	<u>16,536,586</u>
Noncurrent assets:					
Land and improvements (non-depreciable)	24,004,712	-	39,894	24,044,606	3,092,916
Land improvements (depreciable)	31,759,084	-	-	31,759,084	1,902,009
Buildings	28,165,830	-	-	28,165,830	44,704,182
Equipment	11,867,382	-	-	11,867,382	30,069,295
Water system	1,006,010	-	977,962	1,983,972	-
Sewer system	473,873	-	1,311,645	1,785,518	-
Other (depreciable)	210,732	-	-	210,732	1,935,353
Other (non-depreciable)	-	-	-	-	388,939
Construction in progress	1,646,026	-	46,596	1,692,622	1,862,609
Accumulated depreciation	(37,643,065)	-	(1,895,339)	(39,538,404)	(39,859,260)
Total noncurrent assets	<u>61,490,584</u>	<u>-</u>	<u>480,758</u>	<u>61,971,342</u>	<u>44,096,043</u>
Total assets	<u>77,114,807</u>	<u>4,722,384</u>	<u>798,508</u>	<u>82,635,699</u>	<u>60,632,629</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charges on refunding	-	-	-	-	116,433
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>116,433</u>
Total assets and deferred outflows of resources	<u>77,114,807</u>	<u>4,722,384</u>	<u>798,508</u>	<u>82,635,699</u>	<u>60,749,062</u>
LIABILITIES					
Current liabilities:					
Accounts payable	576,520	9,371	10,939	596,830	907,179
Compensated absences	78,960	25,701	-	104,661	25,039
Claims liability	-	-	-	-	194,264
Accrued interest	-	-	1,092	1,092	12,033
Due to other funds	-	-	6,221	6,221	-
Retainage payable	74,914	-	-	74,914	79,259
Unearned revenue	1,495,664	858,354	-	2,354,018	425,851
Current portion of long-term debt (net of unamortized discount)	-	-	21,093	21,093	1,087,650
Total current liabilities	<u>2,226,058</u>	<u>893,426</u>	<u>39,345</u>	<u>3,158,829</u>	<u>2,731,275</u>
Noncurrent liabilities:					
Compensated absences	150,593	24,850	-	175,443	-
Loans payable	-	-	44,436	44,436	-
Interfund loan payable	-	-	68,442	68,442	-
Certificates of participation (net of unamortized discount)	-	-	-	-	3,476,385
Total noncurrent liabilities	<u>150,593</u>	<u>24,850</u>	<u>112,878</u>	<u>288,321</u>	<u>3,476,385</u>
Total liabilities	<u>2,376,651</u>	<u>918,276</u>	<u>152,223</u>	<u>3,447,150</u>	<u>6,207,660</u>
NET POSITION					
Net investment in capital assets	61,415,669	-	340,874	61,756,543	39,569,182
Restricted	210,217	-	-	210,217	-
Unrestricted	13,112,270	3,804,108	305,411	17,221,789	14,972,220
Total net position	<u>\$ 74,738,156</u>	<u>\$ 3,804,108</u>	<u>\$ 646,285</u>	<u>\$ 79,188,549</u>	<u>\$ 54,541,402</u>

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

Routt County, Colorado
Reconciliation of Enterprise Funds Statement of Net Position
to Business-Type Activities Statement of Net Position
December 31, 2021

Total enterprise funds net position	\$	79,188,549
Cross over adjustment to reflect the consolidation of the insurance pool, an internal service fund for employee health insurance, to the business-type activities.		688,705
Net position of business-type activities	\$	79,877,254

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, 2021

Change in net position - total enterprise funds	\$	4,726,847
Cross over adjustment to reflect the consolidation of the insurance pool, an internal service fund for employee health insurance, to the business-type activities.		144,016
Change in net position of business-type activities	\$	4,870,863

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, 2021

	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	\$ 308,252	\$ -	\$ -	\$ 308,252	\$ -
Charges for sales and services	6,683,807	2,375,641	193,014	9,252,462	-
Operating grants	15,325	-	-	15,325	-
Internal service fees	-	-	-	-	9,410,223
Insurance proceeds	-	-	-	-	690,274
Total operating revenues	<u>7,007,384</u>	<u>2,375,641</u>	<u>193,014</u>	<u>9,576,039</u>	<u>10,100,497</u>
OPERATING EXPENSES					
Salary and benefits	3,071,804	952,509	-	4,024,313	464,743
Depreciation	3,797,385	-	33,628	3,831,013	3,265,520
Claims	-	-	-	-	3,630,349
Repairs and maintenance	362,286	-	11,194	373,480	1,013,719
Purchased services and supplies	1,711,378	504,577	124,663	2,340,618	906,157
Total operating expenses	<u>8,942,853</u>	<u>1,457,086</u>	<u>169,485</u>	<u>10,569,424</u>	<u>9,280,488</u>
Operating income (loss)	<u>(1,935,469)</u>	<u>918,555</u>	<u>23,529</u>	<u>(993,385)</u>	<u>820,009</u>
NONOPERATING REVENUES (EXPENSES)					
Investment earnings	(14,579)	-	(363)	(14,942)	(17,174)
Interest expense	-	-	(3,946)	(3,946)	(225,299)
Interest expense - interfund	-	-	(3,976)	(3,976)	-
Amortization of refunding debt insurance	-	-	-	-	(8,960)
Gain (loss) on disposal of capital assets	2,500	-	-	2,500	(138,503)
Total nonoperating revenues (expenses)	<u>(12,079)</u>	<u>-</u>	<u>(8,285)</u>	<u>(20,364)</u>	<u>(389,936)</u>
Income (loss) before contributions and transfers	<u>(1,947,548)</u>	<u>918,555</u>	<u>15,244</u>	<u>(1,013,749)</u>	<u>430,073</u>
Transfers in	-	-	-	-	1,503,578
Transfers out	-	(39,454)	-	(39,454)	(869,864)
Tap fees	-	-	600	600	-
Capital contribution	307,653	-	-	307,653	-
Capital grants	1,359,193	-	-	1,359,193	25,000
Intergovernmental	4,112,604	-	-	4,112,604	-
Change in net position	<u>3,831,902</u>	<u>879,101</u>	<u>15,844</u>	<u>4,726,847</u>	<u>1,088,787</u>
Total net position - beginning (as restated)	<u>70,906,254</u>	<u>2,925,007</u>	<u>630,441</u>	<u>74,461,702</u>	<u>53,452,615</u>
Total net position - ending	<u>\$ 74,738,156</u>	<u>\$ 3,804,108</u>	<u>\$ 646,285</u>	<u>\$ 79,188,549</u>	<u>\$ 54,541,402</u>

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

Routt County, Colorado
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2021

	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	\$ 6,786,619	\$ 2,592,647	\$ 204,152	\$ 9,583,418	\$ -
Receipts from interfund services provided	-	-	-	-	9,742,002
Receipts from insurance	-	-	-	-	982,661
Payments to suppliers	(2,120,230)	(564,007)	(141,332)	(2,825,569)	(1,989,018)
Payments to employees	(3,062,574)	(947,753)	-	(4,010,327)	(451,592)
Payments to claims	-	-	-	-	(3,855,995)
Net cash provided (used) by operating activities	<u>1,603,815</u>	<u>1,080,887</u>	<u>62,820</u>	<u>2,747,522</u>	<u>4,428,058</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Payments to other governments for collections	-	(549,323)	-	(549,323)	-
Tap fees	-	-	600	600	-
Collections for other governments	5,173,944	549,323	-	5,723,267	-
Net cash provided (used) by noncapital financing activities	<u>5,173,944</u>	<u>-</u>	<u>600</u>	<u>5,174,544</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Proceeds from the sale of capital assets	2,500	-	-	2,500	238,536
Capital grants	1,600,839	-	-	1,600,839	-
Capital charges	233,560	-	-	233,560	-
Acquisition and construction of capital assets	(2,727,057)	-	-	(2,727,057)	(3,393,893)
Principal paid on capital debt	-	-	(25,719)	(25,719)	-
Interest paid on capital debt	-	-	(8,280)	(8,280)	-
Principal payments on certificates of participation	-	-	-	-	(1,055,000)
Interest payments on certificates of participation	-	-	-	-	(177,543)
Transfers in	-	-	-	-	1,503,578
Transfers out	-	(39,454)	-	(39,454)	(869,864)
Net cash provided (used) by capital and related financing activities	<u>(890,158)</u>	<u>(39,454)</u>	<u>(33,999)</u>	<u>(963,611)</u>	<u>(3,754,186)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Earnings on investments	(14,582)	-	(363)	(14,945)	(17,174)
Net purchases and sales of investments	(1,868,645)	55,834	28,777	(1,784,034)	2,213,644
Net cash provided (used) by investing activities	<u>(1,883,227)</u>	<u>55,834</u>	<u>28,414</u>	<u>(1,798,979)</u>	<u>2,196,470</u>
Net increase (decrease) in cash and cash equivalents	4,004,374	1,099,362	57,835	5,159,476	2,870,342
Cash and cash equivalents - beginning of year	2,291,680	1,099,362	79,590	3,470,632	4,608,332
Cash and cash equivalents - end of the year	6,296,054	2,196,629	137,425	8,630,108	7,478,674
Investments	7,229,743	2,514,707	157,324	9,901,774	8,561,607
Cash and investments - end of the year	<u>\$ 13,525,797</u>	<u>\$ 4,711,336</u>	<u>\$ 294,749</u>	<u>\$ 18,531,882</u>	<u>\$ 16,040,281</u>

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

Routt County, Colorado
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2021

	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)	\$ (1,935,469)	\$ 918,555	\$ 23,529	\$ (993,385)	\$ 820,009
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	3,797,385	-	33,628	3,831,013	3,265,520
Noncapital financing activities					
Due from other governments	(1,061,340)	-	-	(1,061,340)	-
Capital financing activities					
Capital grants and transfers					
Accounts receivable	83,407	-	-	83,407	-
Due from other governments	(325,050)	-	-	(325,050)	-
Capital assets					
Accounts payable	696,379	-	-	696,379	(438,136)
Retainage payable	112,790	-	-	112,790	(71,259)
Unearned revenue	(233,560)	-	-	(233,560)	-
Interest expense					
Accrued interest	-	-	(355)	(355)	2,637
Changes in assets and liabilities:					
(Increase) decrease					
Accounts receivable	(252,159)	-	11,138	(241,021)	614,274
Due from other governments	1,334,377	25	-	1,334,402	(6,197)
Inventory	(2,888)	-	-	(2,888)	(4,944)
Prepaid expenses	239	570	-	809	1,722
Increase (decrease)					
Accounts payable	(686,443)	(47,427)	(5,475)	(739,345)	389,926
Accrued interest	-	-	355	355	(2,637)
Compensated absences	(44,623)	(7,817)	-	(52,440)	1,638
Claims liability	-	-	-	-	(225,646)
Unearned revenue	233,560	216,981	-	450,541	9,892
Retainage payable	(112,790)	-	-	(112,790)	71,259
Total adjustments	3,539,284	162,332	39,291	3,740,907	3,608,049
Net cash provided (used) by operating activities	<u>\$ 1,603,815</u>	<u>\$ 1,080,887</u>	<u>\$ 62,820</u>	<u>\$ 2,747,522</u>	<u>\$ 4,428,058</u>
Noncash investing, capital and financing activities					
Increase (decrease) in fair value of investments	\$ (94,274)	\$ (32,791)	\$ (2,051)	\$ (129,116)	\$ (111,641)
Amortization related to refunding debt issue	-	-	-	-	(59,353)
In-kind donations for capital assets	307,653	-	-	307,653	25,000

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

ROUTT COUNTY, COLORADO
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
December 31, 2021

	Employee Retirement Plans	Custodial Funds	Total
ASSETS			
Cash and investments	\$ -	\$ 1,437,023	\$ 1,437,023
Due from other governments	-	21,796	21,796
Investments restricted for retirement benefits	50,318,654	-	50,318,654
Property tax receivable	-	62,576,149	62,576,149
	<u>50,318,654</u>	<u>64,034,968</u>	<u>114,353,622</u>
Total assets	50,318,654	64,034,968	114,353,622
LIABILITIES			
Due to other governments	-	1,287,410	1,287,410
Funds held for others	-	68,535	68,535
Accounts payable and other liabilities	-	6,880	6,880
	<u>-</u>	<u>1,362,825</u>	<u>1,362,825</u>
Total liabilities	-	1,362,825	1,362,825
DEFERRED INFLOW OF RESOURCES			
Property taxes	-	62,576,149	62,576,149
	<u>-</u>	<u>62,576,149</u>	<u>62,576,149</u>
Total deferred inflow of resources	-	62,576,149	62,576,149
NET POSITION			
Restricted			
Individuals, organizations and other governments	-	95,994	95,994
Retirement benefits	50,318,654	-	50,318,654
	<u>50,318,654</u>	<u>-</u>	<u>50,318,654</u>
Total net position	\$ 50,318,654	\$ 95,994	\$ 50,414,648

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, 2021

	Employee Retirement Plans	Custodial Funds	Total
Additions			
Employee contributions	\$ 1,311,391	\$ -	\$ 1,311,391
Employer contributions	806,986	-	806,986
Total contributions	2,118,377	-	2,118,377
Investment earnings	5,897,948	-	5,897,948
Transfers from other plans	60,514	-	60,514
Tax collections for other governments	-	69,040,110	69,040,110
Public trustee activity	-	1,562,672	1,562,672
Funds held for others	-	17,268,472	17,268,472
Sales	-	41,608	41,608
Total additions	8,076,839	87,912,862	95,989,701
Deductions			
Benefits paid to participants	3,039,784	-	3,039,784
Transfers to other plans	6,916	-	6,916
Taxes disbursed to other governments	-	69,040,110	69,040,110
Public trustee disbursements	-	1,562,672	1,562,672
Disbursements of funds held for others	-	17,268,544	17,268,544
Miscellaneous	-	42,656	42,656
Total deductions	3,046,700	87,913,982	90,960,682
Net increase (decrease) in fiduciary net position	5,030,139	(1,120)	5,029,019
Net position, beginning	45,288,515	97,114	45,385,629
Net position, ending	\$ 50,318,654	\$ 95,994	\$ 50,414,648

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

ROUTT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

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 a public purpose 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 in long-term debt are recorded in the Equipment Pool internal service fund.

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 (District) special assessment bonds in the amount of \$1,375,000 and taxable assessment bonds of \$195,000 for a total amount of \$1,570,000. As of December 31, 2021, there is \$0 in outstanding bonds. The bonds had an interest rate of 6.50% through August 1, 2024, and were paid off early in 2021. The bonds were payable by the property owners within the District through special assessments levied on assessable land. The bonds did not constitute a debt of the County, were not a general obligation of the County, and the County was not obligated for the debt.

The County is only acting as a paying agent for the property owners in the District by collecting the assessments, forwarding the collections to bondholders, and initiating foreclosure proceedings, as applicable. As of December 31, 2021 cash on hand is \$106,358 and the assessment receivable is \$187,081. A \$9,841 cash reserve is also available. 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 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 the 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, 2021

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, 2021

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, is 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, building permits, etc. Non-operating revenues, for example, are 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; for monies held by the Sheriff's office for inmates; and for assets held in a trustee capacity by the Public Trustee in connection with the execution of foreclosure transactions and in contracts for deed to real property. 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, 2021

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 Custodial Funds. 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 that constitute reimbursements of a fund for expenditures or expenses initially made from that fund that 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.

ROUTT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2021

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.

Accounts Receivable

The County's allowance for uncollectible accounts is \$350,299 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 land, buildings, construction in process, equipment, other assets, 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 do 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
Other	4-20
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 for full-time employees. In 2020, Colorado adopted the Healthy Families and Workplaces Act. The voter-approved law C.R.S. § 8-13.3-401-418 requires employers to provide paid sick leave to part-time, temporary, and seasonal employees, accrued at one hour of paid sick leave for every 30 hours worked, up to a maximum, of 48 hours per year. Per Rout County policy, a maximum of forty-five days is payable upon termination to any employee after a minimum of five years of service.

ROUTT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2021

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 rational basis over the life of the debt based on the debt outstanding at the beginning of each calendar year. Liabilities are reported net of the applicable premium or discount.

Fund Balance

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

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, the governmental funds balance sheet and the fiduciary fund statement of net position. This amount is deferred and recognized as an inflow of resources in the period that it becomes available.

ROUTT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2021

Net Position

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

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

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 2021, 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.

Budgets are not adopted for the County's fiduciary funds (custodial and retirement plans).

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, 2021

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	\$ 16,715,668	\$ -	\$ 4,031,087	\$ 12,684,581
Commercial Paper	1,944,649	-	1,944,649	-
U.S. Instrumentalities	18,824,643	3,036,798	5,074,497	10,713,348
Total	37,484,960	\$ 3,036,798	\$ 11,050,233	\$ 23,397,929

Deposits and Other Investments:

Cash on Hand	27,177
Demand Deposits	22,381,408
Certificates of Deposit	1,798,409
Government Investment Pools	11,905,944
Retirement Plans	50,318,654
Total Deposits and Investments	\$123,916,552

Investments

The County's investment policy, described in the following 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, 2021, the County has U.S. Treasury securities, Commercial Paper, and U.S. Instrumentalities of \$16,715,668, \$1,944,649, and \$18,824,643, respectively, with fair value measurements valued using quote market prices in active markets, pricing models or pricing matrices (Level 2 inputs).

The County recognizes gains or losses on investments at the time the investment matures, which is a separate calculation from the net change in fair market value of the investment and recorded as an increase or decrease in investment income. As of December 31, 2021, the County has an unrealized loss from the net change in fair market value of investments of \$512,246 due to lower interest rates in 2021. In 2021, the unrealized loss exceeded net investment income resulting in negative investment income.

Retirement Plan investments are determined according to a third-party administrator contract. 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 limits exposure to changes in fair market values arising from changes in interest rates.

ROUTT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2021

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, specific U.S. government agency securities, general obligation and revenue bonds of the U.S. and local government entities, bankers' acceptances of certain banks, prime commercial paper, written repurchase agreements collateralized by specifically 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+/Aaa/AAA by Standard & Poor's, Moody's, and Fitch, respectively.

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 \$8,944,493 at fair value. CSAFE reports its underlying investments of \$2,961,451 at amortized cost. The Colorado Division of Securities routinely monitors the investment pools with regard to operations and investments. Investments consist of U.S. Treasury Notes and other similar investments. Financial statements for the County's government investment pools are available at www.colotrust.com and www.csafe.org.

As of December 31, 2021, 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 (43%), U.S. Instrumentalities (48%), Commercial Paper (5%), and certificates of deposit (4%). More than 5% of the County's investments are in Federal Farm Credit Bank, Federal Home Loan Bank, Federal National Mortgage Association, and Federal Home Loan Mortgage Corporation representing 10%, 8%, 10%, and 20%, respectively of the County's total investments.

Custodial Credit Risk - Investments

The designated custodial bank provides safekeeping and depository services in connection with each pooled investment's direct investment and withdrawal functions. 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, 2021 was \$24,179,817. The bank balances were \$24,547,203, of which \$1,311,359 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 qualified 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.

ROUTT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2021

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 maturity in 2031. The loan payment will be paid from sanitation fees. As of December 31, 2021, Milner has a remaining balance of \$74,353, of which the short-term portion is shown as due to/from other funds. The long-term portion is shown as an interfund loan receivable/payable on December 31, 2021, is as follows:

Receivable Fund	Payable Fund	Amount
Road & Bridge	Milner Sanitation System	\$ 74,353
Total		\$ 74,353

Transfers

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

	Transfers In			
	General Fund	Human Services	Internal Service Funds	Total
Transfers Out				
General Fund	\$ -	\$217,632	\$ 1,356,368	\$ 1,574,000
Road & Bridge	-	-	58,881	58,881
Human Services	500,000	-	-	500,000
Communications	-	-	48,875	48,875
Building	-	-	39,454	39,454
Internal Service Funds	869,864	-	-	869,864
Total	\$ 1,369,864	\$ 217,632	\$ 1,503,578	\$ 3,091,074

ROUTT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2021

NOTE 4. CAPITAL ASSETS

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

	Balances January 1, 2021 (as originally reported)	Restatement	Balances January 1, 2021 (as restated)	2021 Additions	2021 Deletions	2021 Reclasses	Balances December 31, 2021
Governmental Activities:							
Capital assets, not being depreciated:							
Land and improvements	\$ 3,092,916	\$ -	\$ 3,092,916	\$ -	\$ -	\$ -	\$ 3,092,916
Infrastructure	50,009,194	-	50,009,194	690,534	(14,224)	-	50,685,504
Other	262,649	126,290	388,939	-	-	-	388,939
Construction in progress	866,161	-	866,161	6,995,798	(5,801,273)	-	2,060,686
Total capital assets, not being depreciated	54,230,920	126,290	54,357,210	7,686,332	(5,815,497)	-	56,228,045
Capital assets, being depreciated:							
Land improvements	1,902,009	-	1,902,009	-	-	-	1,902,009
Buildings	44,412,563	-	44,412,563	947,342	(705,723)	50,000	44,704,182
Equipment	32,154,247	(2,137,970)	30,016,277	1,498,341	(1,395,322)	(50,000)	30,069,296
Other	-	2,011,682	2,011,682	311,424	(387,753)	-	1,935,353
Infrastructure	50,594,635	-	50,594,635	2,502,906	(641,527)	-	52,456,014
Total capital assets being depreciated	129,063,454	(126,288)	128,937,166	5,260,013	(3,130,325)	-	131,066,854
Less accumulated depreciation for:							
Land improvements	(536,123)	-	(536,123)	(59,180)	-	-	(595,303)
Buildings	(18,879,648)	-	(18,879,648)	(1,071,808)	436,340	(12,500)	(19,527,616)
Equipment	(19,527,648)	1,511,132	(18,016,516)	(1,954,619)	1,305,948	12,500	(18,652,687)
Other	-	(1,273,212)	(1,273,212)	(179,913)	369,469	-	(1,083,656)
Infrastructure	(23,267,762)	-	(23,267,762)	(1,735,672)	552,092	-	(24,451,342)
Total accumulated depreciation	(62,211,181)	237,920	(61,973,261)	(5,001,192)	2,663,849	-	(64,310,604)
Total capital assets being depreciated, net	66,852,273	111,632	66,963,905	258,821	(466,476)	-	66,756,250
Governmental activities capital assets, net	\$ 121,083,193	\$ 237,922	\$ 121,321,115	\$ 7,945,153	\$(6,281,973)	\$ -	\$ 122,984,295

ROUTT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2021

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

	Balances January 1, 2021	2021 Additions	2021 Deletions	2021 Reclasses	Balances December 31, 2021
Business-type activities:					
Capital assets, not being depreciated:					
Land and improvements	\$ 23,862,363	\$ 182,243	\$ -	\$ -	\$ 24,044,606
Construction in progress	4,593,554	2,225,542	(5,126,474)	-	1,692,622
Total capital assets, not being depreciated	28,455,917	2,407,785	(5,126,474)	-	25,737,228
Capital assets, being depreciated:					
Land improvements	31,074,630	684,454	-	-	31,759,084
Buildings	23,994,128	4,171,702	-	-	28,165,830
Equipment	11,990,040	-	(122,658)	-	11,867,382
Water system	1,983,972	-	-	-	1,983,972
Sewer system	1,785,518	-	-	-	1,785,518
Other	-	210,732	-	-	210,732
Total capital assets being depreciated	70,828,288	5,066,888	(122,658)	-	75,772,518
Less accumulated depreciation for:					
Land improvements	(16,672,626)	(2,037,199)	-	-	(18,709,825)
Buildings	(9,582,147)	(1,028,237)	-	-	(10,610,384)
Equipment	(6,812,768)	(678,377)	-	189,867	(7,301,278)
Water system	(1,170,233)	(44,042)	-	-	(1,214,275)
Sewer system	(1,469,617)	(31,474)	-	-	(1,501,091)
Other	-	(11,684)	-	(189,867)	(201,551)
Total accumulated depreciation	(35,707,391)	(3,831,013)	-	-	(39,538,404)
Total capital assets being depreciated, net	35,120,897	1,235,875	(122,658)	-	36,234,114
Business activities capital assets, net	\$ 63,576,814	\$ 3,643,660	\$ (5,249,132)	\$ -	\$ 61,971,342

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

Governmental activities:	
Administration	\$ 1,963,790
Community Resources	17,291
Public Safety	529,644
Road and Bridge	2,489,726
Human Services	741
Total depreciation expense - governmental activities	\$ 5,001,192
Business-type activities:	
Yampa Valley Regional Airport	\$ 3,797,385
Phippsburg Water and Sanitation System	14,031
Milner Sanitation System	19,597
Total depreciation expense - business-type activities	\$ 3,831,013

ROUTT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2021

NOTE 5. LONG-TERM OBLIGATIONS

Long-term liability activity for the year ended December 31, 2021 is as follows:

	Balance			Balance	
	December 31, 2020	Additions	Deletions	December 31, 2021	Due Within One Year
Governmental activities:					
Certificates of participation	\$ 5,625,000	\$ -	\$ (1,055,000)	\$ 4,570,000	\$ 1,090,000
Unamortized discount, certificates of participation	(8,857)	-	2,892	(5,965)	(2,350)
Total certificates of participation	5,616,143	-	(1,052,108)	4,564,035	1,087,650
Compensated absences	1,462,397	2,483,645	(2,475,671)	1,470,371	787,571
Total governmental	7,078,540	2,483,645	(3,527,779)	6,034,406	1,875,221
Business-type activities:					
Loans payable:					
Revenue loans	85,618	-	(20,089)	65,529	21,093
Compensated absences	332,544	417,300	(469,740)	280,104	104,661
Total business-type	418,162	417,300	(489,829)	345,633	125,754
Total long-term obligations	\$ 7,496,702	\$ 2,900,945	\$ (4,017,608)	\$ 6,380,039	\$ 2,000,975

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.

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 of \$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 2021, a total of \$47,501 was amortized and the unamortized refunding cost as of December 31, 2021, is \$97,957. 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.

ROUTT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2021

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 2021, a total of \$8,960 was amortized and the unamortized refunding cost as of December 31, 2021, is \$18,476. Total deferred charges are reported as a deferred outflow of resources and the total unamortized balance as of December 31, 2021, is \$116,433.

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 money, 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:

Year Ending December 31,	Principal	Interest	Total
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
Total	<u>\$4,570,000</u>	<u>\$371,461</u>	<u>\$4,941,461</u>

ROUTT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2021

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 a 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
2022	\$ 7,233	\$ 1,998	\$ 9,231
2023	7,594	1,637	9,231
2024	7,973	1,257	9,230
2025	8,372	859	9,231
2026	8,791	438	9,229
Total	<u>\$ 39,963</u>	<u>\$ 6,189</u>	<u>\$ 46,152</u>

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 Phippsburg 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
2022	\$ 12,491	\$ 625	\$ 13,116
Total	<u>\$ 12,491</u>	<u>\$ 625</u>	<u>\$ 13,116</u>

ROUTT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2021

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 a debt to Phippsburg Water and Sanitation System (an enterprise fund) and is not a general obligation to the County. The Phippsburg 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
2022	\$ 1,369	\$ 654	\$ 2,023
2023	1,438	585	2,023
2024	1,509	513	2,022
2026	1,585	438	2,023
2026	1,664	359	2,023
2027-2029	5,510	560	6,070
Total	<u>\$ 13,075</u>	<u>\$ 3,109</u>	<u>\$ 16,184</u>

ROUTT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2021

NOTE 6. FUND BALANCE AND NET POSITION

	Fund Balance					Net Position	
	General Fund	Road & Bridge	Human Services	Communi-cations	Total Governmental Funds	Governmental Activities	Business Activities
Nonspendable							
Prepays/Inventory/Deposit	\$ 359,339	\$ 116,387	\$ 34,838	\$ 89,046	\$ 599,610		
Restricted							
Lottery	192,266	-	-	-	192,266	192,266	-
Museums and Heritage	209,880	-	-	-	209,880	209,880	-
Purchase of Development Rights	5,610,569	-	-	-	5,610,569	5,610,569	-
Public Trustee	41,361	-	-	-	41,361	41,361	-
Recycling	42,444	-	-	-	42,444	42,444	-
Sheriff Investigations	6,669	-	-	-	6,669	6,669	-
Contraband Forfeiture Act	37,757	-	-	-	37,757	37,757	-
Affordable Housing	75,000	-	-	-	75,000	75,000	-
County Manager severance	104,590	-	-	-	104,590	104,590	-
E-Recording	26,748	-	-	-	26,748	26,748	-
TABOR reserve for emergencies:							
General Fund	1,226,622	-	-	-	1,226,622	1,226,622	-
Yampa Valley Regional Airport	-	-	-	-	-	-	210,217
	<u>7,573,906</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,573,906</u>	<u>7,573,906</u>	<u>210,217</u>
Committed							
General Fund - 10%	2,433,129	-	-	-	2,433,129		
General Fund - Capital	12,683,626	-	-	-	12,683,626		
Road & Bridge - Interfund Loan	-	68,442	-	-	68,442		
Road & Bridge	-	9,989,439	-	-	9,989,439		
Human Services	-	-	397,657	-	397,657		
Communications	-	-	-	2,388,466	2,388,466		
	<u>15,116,755</u>	<u>10,057,881</u>	<u>397,657</u>	<u>2,388,466</u>	<u>27,960,759</u>		
	<u>\$ 23,050,000</u>	<u>\$ 10,174,268</u>	<u>\$ 432,495</u>	<u>\$ 2,477,512</u>	<u>\$ 36,134,275</u>	<u>\$ 7,573,906</u>	<u>\$ 210,217</u>

On December 31, 2021, the committed fund balance of the General Fund complied 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. It shall exclude expenditures from voter-approved mill levies such as the purchase of development rights, developmental disabilities, the museum and heritage, and future voter-approved mill levies restricted for a specific purpose and transfers. Additionally, the committed fund balance complies with the Board of County Commissioner's resolution to set aside funds to acquire capital assets. The capital committed fund balance will be comprised of Severance Tax collected in a calendar year greater than \$45,000 and Building Use Tax collected in a calendar year greater than \$235,000. The 10% committed fund balance will be funded prior to the capital committed fund balance in the General Fund.

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 Mission Square Retirement Corporation. Plan provisions are established and may be amended by the Board of County Commissioners.

ROUTT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2021

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 Code Section 401(a) defined contribution plan. Employees are eligible to participate after one year of service, and at that time the County starts contributing to the plan. The County's contribution for each employee and earnings allocated to the employee's account is fully vested after five years of continuous service. County contributions for, and earnings forfeited by, employees who leave employment before five years of service are used to reduce the County's contribution requirement. Plan members and the County are required to contribute 6% of the annual covered salary. The required contributions by the County matching those actually made by the employees in 2021 totaled \$806,986. The forfeitures for employees who left employment with the County in 2021 totaled \$7,813.

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 Code 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 the 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 2021 aggregate deductible of \$4,399,857 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.

ROUTT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2021

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

	Year Ended 12/31/2021
Unpaid claims, beginning of fiscal year	\$ 419,910
Incurred claims (including IBNRs)	3,435,684
Claim payments	(3,661,330)
Unpaid claims, end of fiscal year	\$ 194,264

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.

Facilities Management has construction, architecture, owner’s representation, engineering, security design, and energy commissioning contracts for the new Health and Human Services building in downtown Steamboat Springs. The security design contract also includes design services for the Historic Courthouse and Annex. Funding for the County’s facilities projects is provided by reserves.

Information Technologies has one contract for archiving historical deed records documents, which is funded by reserves and a state grant.

YVRA has two projects; reconfiguration of the outbound baggage claim and a de-ice pad expansion and apron rehabilitation. Each project has two contracts; one contract for design and project management and one contract for construction. Funding for both projects is provided by federal grants.

Project	Spent to Date	Remaining Commitment
Bridge projects	\$ 55,947	\$ 41,556
Facilities projects	1,340,625	10,643,127
Information Technologies projects	68,536	68,536
Airport de-ice pad expansion and apron rehabilitation	368,308	6,366,861
Airport outbound baggage belt reconfiguration	29,036	416,315
Total	\$ 1,862,452	\$ 17,536,395

ROUTT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2021

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 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 2021 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, 2021, the County had a restricted fund balance/net position of \$1,226,622 and \$210,217 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 to maintain the Building Department as a self-funding enterprise and, in that regard, the Building Department's operations and capital expenditures shall be financed so that it shall not, in any year, receive ten percent or more of its funding from state or local governments."

The initial base for local government spending and revenue limits is the 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 previous 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 the 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 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 1.5 mills. This tax sunsets in the 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 complies with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of its provisions, including how to calculate fiscal year revenue limits, may require judicial interpretation.

ROUTT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2021

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 the grantor may disallow 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 County's financial condition.

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 minimum future rentals on the non-cancellable leases for the next five years, subsequent to December 31, 2021, are as follows:

2022	\$1,916,788
2023	204,315
2024	177,047
2026	135,504
2026	<u>135,504</u>
Total	<u>\$2,569,158</u>

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 jointly 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 a 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. The remaining \$75,000 in the Fund from the County is a restricted fund balance in the General Fund.

ROUTT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2021

Combined Law Enforcement Facility (CLEF)

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 desired level of law enforcement services. Both parties agreed to the construction of a joint facility to house the RCSO and the SSPD, an evidence area and vehicles garage that would benefit the citizens by eliminating the duplication of services, fostering cooperation and communication between the agencies and their staff, sharing in land costs and otherwise reduce the expenses to the public for the cost of providing law enforcement facilities. The County's Communication Center was also relocated to the second floor of the CLEF.

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 as detailed below, the City and County shall have an undivided interest in the CLEF and the 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 has been built from the County for \$934,480. Upon termination or expiration of the lease as detailed below, the County shall compensate the City for a share of the land in proportion to the County's interest in the CLEF (excluding the garage). The County's interest is forty one percent of the total floor area of the CLEF (excluding the garage). Accordingly, the County shall pay the City forty one percent of the value of the land, which shall be determined by an appraisal as of the date of termination from a mutually agreed upon appraiser. Thereafter, the County would have an undivided forty one percent interest in the CLEF joint tenancy.

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. The County shall vacate and surrender possession to the City the remainder of the space which will no longer house the RCSO.

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 the current owner of the Routt County Sheriff's Office which contains the evidence area, 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.

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 the 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.

ROUTT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2021

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 (CWRPDA) to finance the replacement of lagoon liners in the amount of \$124,200. The CWRPDA has agreed to push the required semiannual payments until May 2022. The County, through the Phippsburg Water and Sanitation Fund, was originally required to pay the semiannual payment due in May 2020 of \$3,500. Replacement of the lagoon liners and use of the loan proceeds were anticipated to be completed in 2020. In May 2022, the County notified CWRPDA that the County will repay the balance of \$120,850. However given the impacts of COVID-19, this project has been extended further into the future and the County is looking at other viable options for the community.

COVID-19

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

In the spring of 2021, the County was awarded \$4,979,881 in pandemic relief aid from the American Rescue Plan Act of 2021. The County is currently evaluating its options for spending these funds.

The County was awarded \$1,853,709 by the Federal Aviation Administration for the Yampa Valley Regional Airport, under the provisions of the American Rescue Plan Act of 2021. The funds will be primarily used for personnel and operations of Yampa Valley Regional Airport.

The County was awarded \$4,112,604 in 2021 by the Federal Aviation Administration for the Yampa Valley Regional Airport from the Coronavirus Response and Relief Supplemental Appropriation Act. The funds will be primarily used for personnel and operations of Yampa Valley Regional Airport.

Routt County Power Plant and Mine

In 2021, the owner of the power plant located in Hayden, Colorado, announced that it will close Unit Two in 2027 and Unit One in 2028, which is earlier than the previously anticipated time frame of 2030 to 2036. The Hayden power plant is a coal driven plant and gets the majority of its coal from the 20 Mile Mine. In 2022, the closure of the mine was projected as early as 1.5 years or 2023 or 2024 based on reserves. Both the power plant and mine are located in Routt County. In 2022, the County has a base property tax temporary mill levy credit of 2.071 mills, which would allow the County to decrease assessed valuation by \$168,637,182 or 12.81% 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 2022, based on 2021 assessed valuation, the County's assessed valuation would decrease by \$83,342,330 or 6.08% of the total assessed valuation of the County. Voter approved property taxes, based on 2021 assessed valuation, would decrease \$233,359 in 2022. As of September 27, 2022, 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.

ROUTT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2021

Casualty and Property Pool (CAPP)

As of January 1, 2022, the County moved from its 2021 fully insured casualty and property (CAP) insurance coverage with a \$5,000 deductible to a partially self-insured coverage with a \$75,000 deductible per claim. The change to partially self-insured CAP insurance is due to an unprecedented cost increase for fully insured coverage after the state Law Enforcement Integrity Act was enacted in 2020. The Act expands the liability insurance coverage for law enforcement's conduct and the rising number of claims state-wide involving law enforcement personnel in recent years. Beginning in 2022, the County will use \$861,000 of internal service fees to fund the CAPP self-insurance administration, excess insurance and claims. The excess insurance covers the County for losses greater than the County's \$75,000 per claims deductible. There is no aggregate stop-loss insurance in the partially self-insured plan, so the County plans to build a reserve for CAP losses in the Insurance Pool. In 2022, County-wide claims budgeted for CAPP are \$469,000 yet average CAP claims for the past five years are \$122,000, so the County anticipates building a reserve for future CAPP losses by the end of 2022.

NOTE 13. RESTATEMENT OF NET POSITION

The beginning balances of certain net positions and fund balances were restated from their ending December 31, 2020 balance as summarized and explained below:

	Fund Balance/Net Position			
	December 31, 2020	Health Insurance Restatement	Capital Asset Restatement	January 1, 2021
General Fund	\$ 12,401,058	\$ 223,250	\$ -	\$ 12,624,308
Road & Bridge	14,694,845	49,326	-	14,744,171
Human Services	797,067	28,145	-	825,212
Communication	1,949,991	21,834	-	1,971,825
Total Governmental Funds	<u>\$ 29,842,961</u>	<u>\$ 322,555</u>	<u>\$ -</u>	<u>\$ 30,165,516</u>
Yampa Valley Regional Airport	\$ 70,868,920	\$ 37,334	\$ -	\$ 70,906,254
Regional Building Department	2,913,389	11,618	-	2,925,007
Phippsburg Water & Sanitation District	496,503	-	-	496,503
Milner Sanitation District	133,938	-	-	133,938
Total Proprietary Funds	<u>\$ 74,412,750</u>	<u>\$ 48,952</u>	<u>\$ -</u>	<u>\$ 74,461,702</u>
Equipment Pool	\$ 51,586,200	\$ 9,228	\$ 237,922	\$ 51,833,350
Insurance Pool	2,000,000	(380,735)	-	1,619,265
Total Internal Service Funds	<u>\$ 53,586,200</u>	<u>\$ (371,507)</u>	<u>\$ 237,922</u>	<u>\$ 53,452,615</u>

	Net Position			
	December 31, 2020	Health Insurance Restatement	Capital Asset Restatement	January 1, 2021
Governmental Activities	\$ 159,473,033	\$ -	\$ 237,922	\$ 159,710,955
Business-Type Activities	75,006,391	-	-	75,006,391
	<u>\$ 234,479,424</u>	<u>\$ -</u>	<u>\$ 237,922</u>	<u>\$ 234,717,346</u>

ROUTT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2021

Health Insurance

Employer and employee paid health insurance premiums in December 2020 were moved to January 2021 to align with the month services are provided by the insurer and claims are incurred by the County. This change in accounting principle results in a reduction of net position for the Insurance pool of \$380,735 and an increase in fund balance/net position for the other funds.

Capital Assets

The County changed the classification of digitally archived documents from a depreciable asset to a non-depreciable asset as these assets are historical documents of the County and will not be replaced in the future. This change in accounting principle results in an increase of \$237,922 in net position for the Equipment Pool and in governmental activities as of January 1, 2021.

Routt County, Colorado
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended December 31, 2021

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Property taxes	\$ 19,028,783	\$ 19,040,783	\$ 19,118,552	\$ 77,769
Sales taxes	4,996,180	5,378,275	12,140,449	6,762,174
Intergovernmental	923,441	1,182,476	1,579,273	396,797
Charges for sales and services	4,309,115	4,969,840	5,284,642	314,802
Investment earnings	148,065	148,065	(64,591)	(212,656)
Total revenues	<u>29,405,584</u>	<u>30,719,439</u>	<u>38,058,325</u>	<u>7,338,886</u>
EXPENDITURES				
Administration				
Accounting	1,253,050	1,182,910	1,179,206	3,704
Attorney	521,745	517,425	488,889	28,536
Commissioners	975,245	978,415	867,076	111,339
Facilities management	2,891,475	3,272,695	3,189,428	83,267
Geographical information systems	362,185	366,175	357,410	8,765
Grant administration	-	49,000	43,042	5,958
Information technology	2,618,200	2,727,125	2,655,679	71,446
Human resources	542,860	542,490	452,995	89,495
Purchasing	111,310	112,430	112,221	209
	<u>9,276,070</u>	<u>9,748,665</u>	<u>9,345,946</u>	<u>402,719</u>
Community resources				
Developmental disabilities	1,288,355	1,300,355	1,295,440	4,915
Museums	545,260	545,260	346,191	199,069
Elections	313,520	319,520	307,599	11,921
Multi modal transportation	35,000	35,000	35,000	-
Affordable housing	55,000	55,000	55,000	-
Community services	519,615	570,915	562,900	8,015
Planning	1,385,960	1,385,960	1,155,352	230,608
Recycling	63,980	64,455	64,426	29
Surveyor	6,540	6,540	6,538	2
Taylor grazing	71,410	71,410	12,525	58,885
Noxious weed	250,085	254,735	240,383	14,352
Environmental health	576,725	554,870	539,647	15,223
Public Health	666,790	909,525	892,208	17,317
COVID-19	-	193,975	190,775	3,200
Extension	335,970	335,785	309,646	26,139
Veterans	27,440	27,440	27,069	371
Purchase of development rights	6,374,135	6,374,135	722,404	5,651,731
Fair	562,385	1,194,075	1,152,151	41,924
	<u>13,078,170</u>	<u>14,198,955</u>	<u>7,915,254</u>	<u>6,283,701</u>
Property tax administration				
Clerk	322,430	326,930	326,179	751
Motor vehicle	447,105	447,105	392,995	54,110
Public trustee	64,430	71,230	43,663	27,567
Assessor	1,179,830	1,179,260	1,153,820	25,440
Treasurer	582,830	610,730	548,582	62,148
	<u>2,596,625</u>	<u>2,635,255</u>	<u>2,465,239</u>	<u>170,016</u>
Public safety				
Coroner	182,645	182,645	175,573	7,072
Detention center	2,948,790	2,948,790	2,812,194	136,596
Emergency medical	13,990	14,025	12,849	1,176
Sheriff	3,901,730	3,901,730	3,691,285	210,445
Wildfire control	63,800	166,800	154,435	12,365
District attorney	896,880	896,880	855,722	41,158
	<u>8,007,835</u>	<u>8,110,870</u>	<u>7,702,058</u>	<u>408,812</u>
Total expenditures	<u>32,958,700</u>	<u>34,693,745</u>	<u>27,428,497</u>	<u>7,265,248</u>
Excess (deficiency) of revenues over expenditures	<u>(3,553,116)</u>	<u>(3,974,306)</u>	<u>10,629,828</u>	<u>14,604,134</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	50,500	1,369,864	1,319,364
Transfers out	(2,480,390)	(2,289,390)	(1,574,000)	715,390
Total other financing sources (uses)	<u>(2,480,390)</u>	<u>(2,238,890)</u>	<u>(204,136)</u>	<u>2,034,754</u>
Net change in fund balance	<u>(6,033,506)</u>	<u>(6,213,196)</u>	<u>10,425,692</u>	<u>16,638,888</u>
Fund balance - beginning (as restated)	12,624,308	12,624,308	12,624,308	-
Fund balance - ending	<u>\$ 6,590,802</u>	<u>\$ 6,411,112</u>	<u>\$ 23,050,000</u>	<u>\$ 16,638,888</u>

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

Routt County, Colorado
Road & Bridge Fund - Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual - With Reconciliation to GAAP Basis
For the Year Ended December 31, 2021

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Property taxes	\$ 895,869	\$ 895,869	\$ 875,782	\$ (20,087)
Sales taxes	3,119,600	3,119,600	-	(3,119,600)
Intergovernmental	5,435,715	5,435,715	5,361,790	(73,925)
Charges for sales and services	132,875	132,875	152,017	19,142
Investment earnings	4,000	4,000	3,976	(24)
Interfund loan principal	5,360	5,360	5,630	270
Contributions and donations	-	907,450	907,439	(11)
Total revenues	<u>9,593,419</u>	<u>10,500,869</u>	<u>7,306,634</u>	<u>(3,194,235)</u>
EXPENDITURES				
Salaries and benefits	3,745,860	3,740,285	3,319,020	421,265
Operations	5,500,285	5,500,285	5,276,223	224,062
Infrastructure	2,651,110	3,558,560	3,216,783	341,777
Total expenditures	<u>11,897,255</u>	<u>12,799,130</u>	<u>11,812,026</u>	<u>987,104</u>
Excess (deficiency) of revenues over expenditures	<u>(2,303,836)</u>	<u>(2,298,261)</u>	<u>(4,505,392)</u>	<u>(2,207,131)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(62,335)	(62,335)	(58,881)	3,454
Total other financing sources (uses)	<u>(62,335)</u>	<u>(62,335)</u>	<u>(58,881)</u>	<u>3,454</u>
Net change in fund balance - Budgetary basis	(2,366,171)	(2,360,596)	(4,564,273)	(2,203,677)
Fund balance - Beginning (as restated)	14,744,171	14,744,171	14,744,171	-
Fund balance - Ending - Budgetary basis	<u>\$ 12,378,000</u>	<u>\$ 12,383,575</u>	<u>10,179,898</u>	<u>\$ (2,203,677)</u>
Reconciliation to Generally Accepted Accounting Principles (GAAP) basis				
Interfund loan principal received			(5,630)	
Fund balances - Ending GAAP basis			<u>\$ 10,174,268</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, 2021

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Property taxes	\$ 599,304	\$ 599,304	\$ 612,754	\$ 13,450
Intergovernmental	3,858,420	5,103,120	5,037,764	(65,356)
Charges for sales and services	19,000	19,000	-	(19,000)
Operating grants	139,985	139,985	291,583	151,598
Total revenues	<u>4,616,709</u>	<u>5,861,409</u>	<u>5,942,101</u>	<u>80,692</u>
EXPENDITURES				
Salaries and benefits	2,118,265	2,118,265	2,055,317	62,948
Operations	2,741,430	4,002,130	3,997,133	4,997
Total expenditures	<u>4,859,695</u>	<u>6,120,395</u>	<u>6,052,450</u>	<u>67,945</u>
Excess (deficiency) of revenues over expenditures	<u>(242,986)</u>	<u>(258,986)</u>	<u>(110,349)</u>	<u>148,637</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	242,755	242,755	217,632	(25,123)
Transfers out	-	(500,000)	(500,000)	-
Total other financing sources (uses)	<u>242,755</u>	<u>(257,245)</u>	<u>(282,368)</u>	<u>(25,123)</u>
Net change in fund balance	(231)	(516,231)	(392,717)	123,514
Fund balance - beginning (as restated)	825,212	825,212	825,212	-
Fund balance - ending	<u>\$ 824,981</u>	<u>\$ 308,981</u>	<u>\$ 432,495</u>	<u>\$ 123,514</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 Balances
Budget and Actual
For the Year Ended December 31, 2021

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Property taxes	\$ 2,105,310	\$ 2,105,310	\$ 2,137,395	\$ 32,085
Intergovernmental	115,000	140,000	174,506	34,506
Charges for sales and services	472,455	472,455	614,043	141,588
Total revenues	<u>2,692,765</u>	<u>2,717,765</u>	<u>2,925,944</u>	<u>208,179</u>
EXPENDITURES				
Salaries and benefits	2,043,650	2,017,045	1,762,190	254,855
Operations	693,905	693,905	609,192	84,713
Total expenditures	<u>2,737,555</u>	<u>2,710,950</u>	<u>2,371,382</u>	<u>339,568</u>
Excess (deficiency) of revenues over expenditures	<u>(44,790)</u>	<u>6,815</u>	<u>554,562</u>	<u>547,747</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(50,000)	(48,875)	1,125
Total other financing sources (uses)	<u>-</u>	<u>(50,000)</u>	<u>(48,875)</u>	<u>1,125</u>
Net change in fund balance	<u>(44,790)</u>	<u>(43,185)</u>	<u>505,687</u>	<u>548,872</u>
Fund balance - beginning (as restated)	1,971,825	1,971,825	1,971,825	-
Fund balance - ending	<u>\$ 1,927,035</u>	<u>\$ 1,928,640</u>	<u>\$ 2,477,512</u>	<u>\$ 548,872</u>

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

ROUTT COUNTY, COLORADO
EXPLANATION OF FUNDS
December 31, 2021

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, 2021

	Phippsburg Water & Sanitation	Milner Sanitation System	Total Nonmajor Enterprise Funds
ASSETS			
Current assets:			
Cash and investments	\$ 244,968	\$ 49,781	\$ 294,749
Accounts receivable (net of allowance for uncollectibles)	8,233	10,696	18,929
Prepaid expenses	4,072	-	4,072
Total current assets	<u>257,273</u>	<u>60,477</u>	<u>317,750</u>
Noncurrent assets:			
Land and improvements (non-depreciable)	21,284	18,610	39,894
Water system	977,962	-	977,962
Sewer system	753,670	557,975	1,311,645
Construction in progress	46,596	-	46,596
Accumulated depreciation	(1,445,361)	(449,978)	(1,895,339)
Total noncurrent assets	<u>354,151</u>	<u>126,607</u>	<u>480,758</u>
Total assets	<u>611,424</u>	<u>187,084</u>	<u>798,508</u>
LIABILITIES			
Current liabilities:			
Accounts payable	9,924	1,015	10,939
Accrued interest	1,092	-	1,092
Due to other funds	-	6,221	6,221
Current portion of long-term debt (net of unamortized discount)	21,093	-	21,093
Total current liabilities	<u>32,109</u>	<u>7,236</u>	<u>39,345</u>
Noncurrent liabilities:			
Loans payable	44,436	-	44,436
Interfund loan payable	-	68,442	68,442
Total noncurrent liabilities	<u>44,436</u>	<u>68,442</u>	<u>112,878</u>
Total liabilities	<u>76,545</u>	<u>75,678</u>	<u>152,223</u>
NET POSITION			
Net investment in capital assets	288,621	52,253	340,874
Unrestricted	246,258	59,153	305,411
Total net position	<u>\$ 534,879</u>	<u>\$ 111,406</u>	<u>\$ 646,285</u>

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

Routt County, Colorado
Combining Statement of Revenues, Expenses, and Changes in Net Position
Nonmajor Enterprise Funds
For the Year Ended December 31, 2021

	Phippsburg Water & Sanitation	Milner Sanitation System	Total Nonmajor Enterprise Funds
OPERATING REVENUES			
Charges for sales and services	\$ 141,323	\$ 51,691	\$ 193,014
Total operating revenues	<u>141,323</u>	<u>51,691</u>	<u>193,014</u>
OPERATING EXPENSES			
Depreciation	14,031	19,597	33,628
Repairs and maintenance	9,074	2,120	11,194
Purchased services and supplies	76,208	48,455	124,663
Total operating expenses	<u>99,313</u>	<u>70,172</u>	<u>169,485</u>
Operating income (loss)	<u>42,010</u>	<u>(18,481)</u>	<u>23,529</u>
NONOPERATING REVENUES (EXPENSES)			
Investment earnings	(288)	(75)	(363)
Interest expense	(3,946)	-	(3,946)
Interest expense - interfund	-	(3,976)	(3,976)
Total nonoperating revenues (expenses)	<u>(4,234)</u>	<u>(4,051)</u>	<u>(8,285)</u>
Income (loss) before contributions and transfers	<u>37,776</u>	<u>(22,532)</u>	<u>15,244</u>
Tap fees	600	-	600
Change in net position	<u>38,376</u>	<u>(22,532)</u>	<u>15,844</u>
Total net position - beginning	496,503	133,938	630,441
Total net position - ending	<u>\$ 534,879</u>	<u>\$ 111,406</u>	<u>\$ 646,285</u>

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

Routt County, Colorado
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended December 31, 2021

	Phippsburg Water & Sanitation System	Milner Sanitation System	Total Nonmajor Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts for customers and users	\$ 153,793	\$ 50,359	\$ 204,152
Payments to suppliers	(88,331)	(53,001)	(141,332)
Net cash provided (used) by operating activities	<u>65,462</u>	<u>(2,642)</u>	<u>62,820</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Tap fees	600	-	600
Net cash provided (used) by noncapital financing activities	<u>600</u>	<u>-</u>	<u>600</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Principal paid on capital debt	(20,089)	(5,630)	(25,719)
Interest paid on capital debt	(4,281)	(3,999)	(8,280)
Net cash provided (used) by capital and related financing activities	<u>(24,370)</u>	<u>(9,629)</u>	<u>(33,999)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Earnings on investments	(288)	(75)	(363)
Net purchases and sales of investments	11,832	16,945	28,777
Net cash provided (used) by investing activities	<u>11,544</u>	<u>16,870</u>	<u>28,414</u>
Net increase (decrease) in cash and cash equivalents	53,236	4,599	57,835
Cash and cash equivalents, beginning	60,979	18,611	79,590
Cash and cash equivalents, ending	<u>114,215</u>	<u>23,210</u>	<u>137,425</u>
Investments	<u>130,753</u>	<u>26,571</u>	<u>157,324</u>
Cash and investments - end of the year	<u>\$ 244,968</u>	<u>\$ 49,781</u>	<u>\$ 294,749</u>

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

Routt County, Colorado
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended December 31, 2021

	Phippsburg Water & Sanitation System	Milner Sanitation System	Total Nonmajor Enterprise Funds
Reconciliation of operating income (loss) to net cash provided (used) by operating activities			
Operating income (loss)	\$ 42,010	\$ (18,481)	\$ 23,529
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	14,031	19,597	33,628
Capital financing activities			
Interest expense			
Accrued interest	(355)	-	(355)
Changes in assets and liabilities:			
(Increase) decrease			
Accounts receivable	12,470	(1,332)	11,138
Increase (decrease)			
Accounts payable	(3,049)	(2,426)	(5,475)
Accrued interest	355	-	355
Total adjustments	23,452	15,839	39,291
Net cash provided (used) by operating activities	\$ 65,462	\$ (2,642)	\$ 62,820
Noncash investing, capital and financing activities			
Increase (decrease) in fair value of investments	\$ (1,705)	\$ (346)	\$ (2,051)

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, 2021

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Sales taxes	\$ 166,725	\$ 166,725	\$ 308,252	\$ 141,527
Charges for sales and services	5,615,240	5,695,180	6,683,807	988,627
Operating grants	18,530	18,530	15,325	(3,205)
Total revenues	<u>5,800,495</u>	<u>5,880,435</u>	<u>7,007,384</u>	<u>1,126,949</u>
EXPENSES				
Salary and benefits	3,278,540	3,278,540	3,071,804	206,736
Depreciation	379,237	379,237	379,237	-
Repairs and maintenance	437,779	437,779	362,286	75,493
Purchased services and supplies	1,509,004	1,648,719	1,711,378	(62,659)
Total expenses	<u>5,604,560</u>	<u>5,744,275</u>	<u>5,524,705</u>	<u>219,570</u>
Excess (deficiency) of revenues over expenditures	<u>195,935</u>	<u>136,160</u>	<u>1,482,679</u>	<u>1,346,519</u>
OTHER FINANCING SOURCES (USES)				
Investment earnings	50,000	50,000	(14,579)	(64,579)
Capital outlay	(5,941,205)	(5,941,205)	(2,225,542)	3,715,663
Gain (loss) on disposal of capital assets	-	-	2,500	2,500
Capital contributions	-	-	307,653	307,653
Capital grants	4,906,858	4,906,858	1,359,193	(3,547,665)
Intergovernmental	4,864,702	4,864,702	4,112,604	(752,098)
Total other financing sources (uses)	<u>3,880,355</u>	<u>3,880,355</u>	<u>3,541,829</u>	<u>(338,526)</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	<u>\$ 4,076,290</u>	<u>\$ 4,016,515</u>	<u>\$ 5,024,508</u>	<u>\$ 1,007,993</u>

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, 2021

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Charges for sales and services	\$ 1,109,000	\$ 1,176,500	\$ 2,592,623	\$ 1,416,123
Total revenues	<u>1,109,000</u>	<u>1,176,500</u>	<u>2,592,623</u>	<u>1,416,123</u>
EXPENSES				
Salary and benefits	928,500	964,500	952,509	11,991
Purchased services and supplies	527,980	559,480	504,577	54,903
Total expenses	<u>1,456,480</u>	<u>1,523,980</u>	<u>1,457,086</u>	<u>66,894</u>
Excess (deficiency) of revenues over expenditures	<u>(347,480)</u>	<u>(347,480)</u>	<u>1,135,537</u>	<u>1,483,017</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(96,685)	(96,685)	(39,454)	57,231
Total other financing sources (uses)	<u>(96,685)</u>	<u>(96,685)</u>	<u>(39,454)</u>	<u>57,231</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	<u>\$ (444,165)</u>	<u>\$ (444,165)</u>	<u>\$ 1,096,083</u>	<u>\$ 1,540,248</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, 2021

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Charges for sales and services	\$ 156,930	\$ 156,930	\$ 141,323	\$ (15,607)
Total revenues	<u>156,930</u>	<u>156,930</u>	<u>141,323</u>	<u>(15,607)</u>
EXPENSES				
Repairs and maintenance	12,500	12,500	9,074	3,426
Purchased services and supplies	74,125	74,125	76,208	(2,083)
Total expenses	<u>86,625</u>	<u>86,625</u>	<u>85,282</u>	<u>1,343</u>
Excess (deficiency) of revenues over expenditures	<u>70,305</u>	<u>70,305</u>	<u>56,041</u>	<u>(14,264)</u>
OTHER FINANCING SOURCES (USES)				
Investment earnings	1,070	1,070	(288)	(1,358)
Capital outlay	(250,000)	(250,000)	-	250,000
Interest expense	(8,070)	(8,070)	(3,946)	4,124
Principal payments	(26,345)	(26,345)	(20,089)	6,256
Capital grants	250,000	250,000	-	(250,000)
Tap fees	-	-	600	600
Total other financing sources (uses)	<u>(33,345)</u>	<u>(33,345)</u>	<u>(23,723)</u>	<u>9,622</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	<u>\$ 36,960</u>	<u>\$ 36,960</u>	<u>\$ 32,318</u>	<u>\$ (4,642)</u>

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

Routt County, Colorado
Milner Sanitation System - Enterprise Fund
Schedule of Revenues and Expenditures
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2021

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Charges for sales and services	\$ 54,200	\$ 54,200	\$ 51,691	\$ (2,509)
Total revenues	<u>54,200</u>	<u>54,200</u>	<u>51,691</u>	<u>(2,509)</u>
EXPENSES				
Repairs and maintenance	15,000	15,000	2,120	12,880
Purchased services and supplies	37,450	37,450	48,455	(11,005)
Total expenses	<u>52,450</u>	<u>52,450</u>	<u>50,575</u>	<u>1,875</u>
Excess (deficiency) of revenues over expenditures	<u>1,750</u>	<u>1,750</u>	<u>1,116</u>	<u>(634)</u>
OTHER FINANCING SOURCES (USES)				
Investment earnings	500	500	(75)	(575)
Principal payments	(5,360)	(5,630)	(5,630)	-
Interest expense - interfund	(4,000)	(4,000)	(3,976)	24
Total other financing sources (uses)	<u>(8,860)</u>	<u>(9,130)</u>	<u>(9,681)</u>	<u>(551)</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	<u>\$ (7,110)</u>	<u>\$ (7,380)</u>	<u>\$ (8,565)</u>	<u>\$ (1,185)</u>

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

Routt County, Colorado
Combining Statement of Net Position
Internal Service Funds
December 31, 2021

	Equipment Pool	Insurance Pool	Total Internal Service Funds
ASSETS			
Current assets:			
Cash and investments	\$ 13,725,233	\$ 2,315,048	\$ 16,040,281
Accounts receivable (net of allowance for uncollectibles)	1,610	425,847	427,457
Due from other governments	8,532	-	8,532
Prepaid expenses	8,606	-	8,606
Inventory	51,710	-	51,710
Total current assets	<u>13,795,691</u>	<u>2,740,895</u>	<u>16,536,586</u>
Noncurrent assets:			
Land and improvements (non-depreciable)	3,092,916	-	3,092,916
Land improvements (depreciable)	1,902,009	-	1,902,009
Buildings	44,704,182	-	44,704,182
Equipment	30,069,295	-	30,069,295
Other (depreciable)	1,935,353	-	1,935,353
Other (non-depreciable)	388,939	-	388,939
Construction in progress	1,862,609	-	1,862,609
Accumulated depreciation	(39,859,260)	-	(39,859,260)
Total noncurrent assets	<u>44,096,043</u>	<u>-</u>	<u>44,096,043</u>
Total assets	<u>57,891,734</u>	<u>2,740,895</u>	<u>60,632,629</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charges on refunding	116,433	-	116,433
Total deferred outflows of resources	<u>116,433</u>	<u>-</u>	<u>116,433</u>
Total assets and deferred outflows of resources	<u>58,008,167</u>	<u>2,740,895</u>	<u>60,749,062</u>
LIABILITIES			
Current liabilities:			
Accounts payable	786,399	120,780	907,179
Compensated absences	25,039	-	25,039
Claims liability	-	194,264	194,264
Accrued interest	12,033	-	12,033
Retainage payable	79,259	-	79,259
Unearned revenue	-	425,851	425,851
Current portion of long-term debt (net of unamortized discount)	1,087,650	-	1,087,650
Total current liabilities	<u>1,990,380</u>	<u>740,895</u>	<u>2,731,275</u>
Noncurrent liabilities:			
Certificates of participation (net of unamortized discount)	3,476,385	-	3,476,385
Total noncurrent liabilities	<u>3,476,385</u>	<u>-</u>	<u>3,476,385</u>
Total liabilities	<u>5,466,765</u>	<u>740,895</u>	<u>6,207,660</u>
NET POSITION			
Net investment in capital assets	39,569,182	-	39,569,182
Unrestricted	12,972,220	2,000,000	14,972,220
Total net position	<u>\$ 52,541,402</u>	<u>\$ 2,000,000</u>	<u>\$ 54,541,402</u>

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

Routt County, Colorado
Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
For the Year Ended December 31, 2021

	Equipment Pool	Insurance Pool	Total Internal Service Funds
OPERATING REVENUES			
Internal service fees	\$ 4,377,136	\$ 5,033,087	\$ 9,410,223
Insurance proceeds	82,585	607,689	690,274
Total operating revenues	<u>4,459,721</u>	<u>5,640,776</u>	<u>10,100,497</u>
OPERATING EXPENSES			
Salary and benefits	464,743	-	464,743
Depreciation	3,265,520	-	3,265,520
Claims	-	3,630,349	3,630,349
Repairs and maintenance	1,013,719	-	1,013,719
Purchased services and supplies	95,829	810,328	906,157
Total operating expenses	<u>4,839,811</u>	<u>4,440,677</u>	<u>9,280,488</u>
Operating income (loss)	<u>(380,090)</u>	<u>1,200,099</u>	<u>820,009</u>
NONOPERATING REVENUES (EXPENSES)			
Investment earnings	(17,174)	-	(17,174)
Interest expense	(225,299)	-	(225,299)
Amortization of refunding debt insurance	(8,960)	-	(8,960)
Gain (loss) on disposal of capital assets	(138,503)	-	(138,503)
Total nonoperating revenues (expenses)	<u>(389,936)</u>	<u>-</u>	<u>(389,936)</u>
Income (loss) before contributions and transfers	<u>(770,026)</u>	1,200,099	430,073
Transfers in	1,503,578	-	1,503,578
Transfers out	(50,500)	(819,364)	(869,864)
Capital contribution	25,000	-	25,000
Change in net position	<u>708,052</u>	<u>380,735</u>	<u>1,088,787</u>
Total net position - beginning (as restated)	51,833,350	1,619,265	53,452,615
Total net position - ending	<u>\$ 52,541,402</u>	<u>\$ 2,000,000</u>	<u>\$ 54,541,402</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, 2021

	<u>Equipment Pool</u>	<u>Insurance Pool</u>	<u>Total</u>
Cash flows from operating activities			
Receipts from interfund services provided	\$ 4,699,023	\$ 5,042,979	\$ 9,742,002
Receipts from insurance	-	982,661	982,661
Payments to suppliers	(1,156,806)	(832,212)	(1,989,018)
Payments to employees	(451,592)	-	(451,592)
Payments to claims	<u>-</u>	<u>(3,855,995)</u>	<u>(3,855,995)</u>
Net cash provided (used) by operating activities	<u>3,090,625</u>	<u>1,337,433</u>	<u>4,428,058</u>
Cash flows from capital and related financing activities			
Proceeds from sale of capital assets	238,536	-	238,536
Acquisition and construction of capital assets	(3,393,893)	-	(3,393,893)
Principal payments on certificates of participation	(1,055,000)	-	(1,055,000)
Interest payments on certificates of participation	(177,543)	-	(177,543)
Transfers in	1,503,578	-	1,503,578
Transfers out	<u>(50,500)</u>	<u>(819,364)</u>	<u>(869,864)</u>
Net cash provided (used) by capital and related financing activities	<u>(2,934,822)</u>	<u>(819,364)</u>	<u>(3,754,186)</u>
Cash flows from investing activities			
Earnings on investments	(17,174)	-	(17,174)
Net purchases and sales of investments	<u>2,190,643</u>	<u>23,001</u>	<u>2,213,644</u>
Net cash provided (used) by investing activities	<u>2,173,469</u>	<u>23,001</u>	<u>2,196,470</u>
Net increase (decrease) in cash and cash equivalents	2,329,272	541,070	2,870,342
Cash and cash equivalents, beginning	<u>4,070,026</u>	<u>538,306</u>	<u>4,608,332</u>
Cash and cash equivalents, ending	6,399,298	1,079,376	7,478,674
Investments	<u>7,325,935</u>	<u>1,235,672</u>	<u>8,561,607</u>
Cash and investments	<u>\$ 13,725,233</u>	<u>\$ 2,315,048</u>	<u>\$ 16,040,281</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, 2021

	<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)	\$ (380,090)	\$ 1,200,099	\$ 820,009
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	3,265,520	-	3,265,520
Capital assets			
Accounts payable	(438,136)	-	(438,136)
Retainage payable	(71,259)	-	(71,259)
Interest expense			
Accrued interest	2,637	-	2,637
Change in assets and liabilities:			
(Increase) decrease			
Accounts receivable	239,302	374,972	614,274
Due from other governments	(6,197)	-	(6,197)
Inventory	(4,944)	-	(4,944)
Prepaid expenses	1,722	-	1,722
Increase (decrease)			
Accounts payable	411,810	(21,884)	389,926
Accrued interest	(2,637)	-	(2,637)
Compensated absences	1,638	-	1,638
Claims liability	-	(225,646)	(225,646)
Unearned revenue	-	9,892	9,892
Retainage payable	71,259	-	71,259
Total adjustments	<u>3,470,715</u>	<u>137,334</u>	<u>3,608,049</u>
Net cash provided (used) by operating activities	<u>\$ 3,090,625</u>	<u>\$ 1,337,433</u>	<u>\$ 4,428,058</u>
Noncash investing, capital, and financing activities:			
Increase (decrease) in fair value of investments	\$ (95,528)	\$ (16,113)	\$ (111,641)
Amortization related to refunding debt issue	(59,353)	-	(59,353)
Capital assets donated from local school district	25,000	-	25,000

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, 2021

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Internal service fees	\$ 4,475,740	\$ 4,475,740	\$ 4,377,136	\$ (98,604)
Insurance proceeds	27,000	27,000	82,585	55,585
Total revenues	<u>4,502,740</u>	<u>4,502,740</u>	<u>4,459,721</u>	<u>(43,019)</u>
EXPENSES				
Salary and benefits	486,800	486,800	464,743	22,057
Repairs and maintenance	1,020,440	1,080,440	1,013,719	66,721
Purchased services and supplies	54,760	54,760	95,829	(41,069)
Total expenses	<u>1,562,000</u>	<u>1,622,000</u>	<u>1,574,291</u>	<u>47,709</u>
Excess (deficiency) of revenues over expenditures	<u>2,940,740</u>	<u>2,880,740</u>	<u>2,885,430</u>	<u>4,690</u>
OTHER FINANCING SOURCES (USES)				
Investment earnings	126,800	126,800	(17,174)	(143,974)
Capital outlay	(5,860,895)	(5,719,895)	(3,928,288)	1,791,607
Principal payments	(1,055,000)	(1,055,000)	(1,055,000)	-
Interest expense	(175,160)	(175,160)	(174,906)	254
Gain (loss) on disposal of capital assets	245,700	245,700	(138,503)	(384,203)
Transfers in	2,396,655	2,255,655	1,503,578	(752,077)
Transfers out	-	(50,500)	(50,500)	-
Capital contribution	-	-	25,000	25,000
Total other financing sources (uses)	<u>(4,321,900)</u>	<u>(4,372,400)</u>	<u>(3,835,793)</u>	<u>536,607</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	<u>\$ (1,381,160)</u>	<u>\$ (1,491,660)</u>	<u>\$ (950,363)</u>	<u>\$ 541,297</u>

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

Routt County, Colorado
Insurance Pool - Internal Service Fund
Schedule of Revenues and Expenditures
Budget and Actual
For the Year Ended December 31, 2021

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Internal service fees	\$ 5,123,680	\$ 5,123,680	\$ 5,033,087	\$ (90,593)
Insurance proceeds	-	370,000	607,689	237,689
Total revenues	<u>5,123,680</u>	<u>5,493,680</u>	<u>5,640,776</u>	<u>147,096</u>
EXPENSES				
Claims	3,265,150	3,635,150	3,630,349	4,801
Purchased services and supplies	810,360	810,360	810,328	32
Total expenses	<u>4,075,510</u>	<u>4,445,510</u>	<u>4,440,677</u>	<u>4,833</u>
Excess (deficiency) of revenues over expenditures	<u>1,048,170</u>	<u>1,048,170</u>	<u>1,200,099</u>	<u>151,929</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(820,000)	(819,364)	636
Total other financing sources (uses)	<u>-</u>	<u>(820,000)</u>	<u>(819,364)</u>	<u>636</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	<u>\$ 1,048,170</u>	<u>\$ 228,170</u>	<u>\$ 380,735</u>	<u>\$ 152,565</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, 2021

	Sec. 401 Employee Retirement Plan	Sec. 457 Employee Retirement Plan	Total
ASSETS			
Investments restricted for retirement benefits	\$ 38,691,723	\$ 11,626,931	\$ 50,318,654
Total assets	38,691,723	11,626,931	50,318,654
NET POSITION			
Net position held in trust for retirement benefits	38,691,723	11,626,931	50,318,654
Total net position	\$ 38,691,723	\$ 11,626,931	\$ 50,318,654

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, 2021

	Sec. 401 Employee Retirement Plan	Sec. 457 Employee Retirement Plan	Total
	<u> </u>	<u> </u>	<u> </u>
Additions			
Employee contributions	\$ 806,986	\$ 504,405	\$ 1,311,391
Employer contributions	<u>806,986</u>	<u>-</u>	<u>806,986</u>
Total contributions	1,613,972	504,405	2,118,377
Investment earnings	4,683,752	1,214,196	5,897,948
Transfers from other plans	<u>-</u>	<u>60,514</u>	<u>60,514</u>
Total additions	<u>6,297,724</u>	<u>1,779,115</u>	<u>8,076,839</u>
Deductions			
Benefits paid to participants	2,238,802	800,982	3,039,784
Transfer to other plans	<u>6,916</u>	<u>-</u>	<u>6,916</u>
Total deductions	<u>2,245,718</u>	<u>800,982</u>	<u>3,046,700</u>
Net increase (decrease) in fiduciary net position	4,052,006	978,133	5,030,139
Net position, beginning	<u>34,639,717</u>	<u>10,648,798</u>	<u>45,288,515</u>
Net position, ending	<u>\$ 38,691,723</u>	<u>\$ 11,626,931</u>	<u>\$ 50,318,654</u>

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

ROUTT COUNTY, COLORADO
COMBINING STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS
December 31, 2021

	<u>County Treasurer Fund</u>	<u>Public Trustee Fund</u>	<u>Inmate Commissary Fund</u>	<u>Total</u>
ASSETS				
Cash and investments	\$ 1,272,118	\$ 58,405	\$ 106,500	\$ 1,437,023
Due from other governments	21,796	-	-	21,796
Property tax receivable	<u>62,576,149</u>	<u>-</u>	<u>-</u>	<u>62,576,149</u>
Total assets	<u>63,870,063</u>	<u>58,405</u>	<u>106,500</u>	<u>64,034,968</u>
LIABILITIES				
Due to other governments	1,287,410	-	-	1,287,410
Funds held for others	6,504	58,405	3,626	68,535
Accounts payable and other liabilities	<u>-</u>	<u>-</u>	<u>6,880</u>	<u>6,880</u>
Total liabilities	<u>1,293,914</u>	<u>58,405</u>	<u>10,506</u>	<u>1,362,825</u>
DEFERRED INFLOW OF RESOURCES				
Property taxes	<u>62,576,149</u>	<u>-</u>	<u>-</u>	<u>62,576,149</u>
Total deferred inflow of resources	<u>62,576,149</u>	<u>-</u>	<u>-</u>	<u>62,576,149</u>
NET POSITION				
Net Position				
Restricted				
Individuals, organizations, and other governments	<u>-</u>	<u>-</u>	<u>95,994</u>	<u>95,994</u>
Total net position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 95,994</u>	<u>\$ 95,994</u>

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

ROUTT COUNTY, COLORADO
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS
For the Year Ended December 31, 2021

	County Treasurer Fund	Public Trustee Fund	Inmate Commissary Fund	Total
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Additions				
Taxes collected for other governments	\$ 69,040,110	\$ -	\$ -	\$ 69,040,110
Public trustee activity	-	1,562,672	-	1,562,672
Funds held for others	17,152,468	-	116,004	17,268,472
Sales	<u>-</u>	<u>-</u>	<u>41,608</u>	<u>41,608</u>
Total additions	<u>86,192,578</u>	<u>1,562,672</u>	<u>157,612</u>	<u>87,912,862</u>
Deductions				
Taxes disbursed to other governments	69,040,110	-	-	69,040,110
Public trustee disbursements	-	1,562,672	-	1,562,672
Disbursements of funds held for others	17,152,468	-	116,076	17,268,544
Cost of goods sold	<u>-</u>	<u>-</u>	<u>42,656</u>	<u>42,656</u>
Total deductions	<u>86,192,578</u>	<u>1,562,672</u>	<u>158,732</u>	<u>87,913,982</u>
Net increase (decrease) in fiduciary net position	-	-	(1,120)	(1,120)
Net position, beginning	<u>-</u>	<u>-</u>	<u>97,114</u>	<u>97,114</u>
Net position, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 95,994</u>	<u>\$ 95,994</u>

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

ROUTT COUNTY, COLORADO
NOTES TO THE SUPPLEMENTARY INFORMATION
December 31, 2021

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	\$ 3,831,902	\$ 879,101	\$ 38,376	\$ (22,532)	\$ 708,052
Revenues					
Unearned revenue	-	216,982	-	-	-
Expenditures					
Depreciation	3,418,148	-	14,031	19,597	3,265,520
Capital outlay	(2,225,542)	-	-	-	(3,928,288)
Loss on capital asset disposals	-	-	-	-	-
Amortization of refunding debt insurance	-	-	-	-	8,960
Interest expense, amortization of the deferred charge for refunding debt	-	-	-	-	47,501
Interest expense, amortization of the issue discount on refunding debt	-	-	-	-	2,892
Debt principal payments	-	-	(20,089)	(5,630)	(1,055,000)
Budget basis	\$ 5,024,508	\$ 1,096,083	\$ 32,318	\$ (8,565)	\$ (950,363)

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 : 2021
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)	3,216,784
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	5,594,681
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	0
c. Total (a.+b.)		a. Traffic control operations	0
2. General fund appropriations	700,857	b. Snow and ice removal	1,468,625
3. Other local imposts (from page 2)	875,782	c. Other	23,089
4. Miscellaneous local receipts (from page 2)	155,993	d. Total (a. through c.)	1,491,714
5. Transfers from toll facilities	0	4. General administration & miscellaneous	1,567,729
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	700,857
a. Bonds - Original Issues	0	6. Total (1 through 5)	12,571,765
b. Bonds - Refunding Issues	0	B. Debt service on local obligations:	
c. Notes	0	1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	0
7. Total (1 through 6)	1,732,632	b. Redemption	0
B. Private Contributions	907,439	c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	3,414,795	2. Notes:	
D. Receipts from Federal Government (from page 2)	1,946,996	a. Interest	0
E. Total receipts (A.7 + B + C + D)	8,001,862	b. Redemption	0
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	0
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total disbursements (A.6 + B.3 + C + D)	12,571,765

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

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

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	\$ 14,744,171	8,001,862	12,571,765	10,174,268	0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT	STATE: Colorado
	YEAR ENDING (mm/yy): 12/21

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

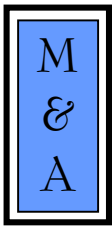
ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments	814,881	a. Interest on investments	0
b. Other local imposts:		b. Traffic Fines & Penalties	0
1. Sales Taxes	0	c. Parking Garage Fees	0
2. Infrastructure & Impact Fees	0	d. Parking Meter Fees	0
3. Liens	0	e. Sale of Surplus Property	0
4. Licenses	0	f. Charges for Services	149,953
5. Other	60,901	g. Other Misc. Receipts	4,392
6. Total (1. through 5.)	60,901	h. Capital Credits	1,648
c. Total (a. + b.)	875,782	i. Total (a. through h.)	155,993
	(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	3,332,868	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	69,776	d. Federal Transit Administration	0
d. Severance Tax	12,151	e. U.S. Corps of Engineers	0
e. State P.U.C. and EIAF funds	0	f. Other Federal	1,946,996
f. Total (a. through e.)	81,927	g. Total (a. through f.)	1,946,996
4. Total (1. + 2. + 3.f)	3,414,795	3. Total (1. + 2.g)	1,946,996
			(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	23,344	23,344
c. Construction:			
(1). New Facilities	0	0	0
(2). Capacity Improvements	0	516,247	516,247
(3). System Preservation	0	2,677,193	2,677,193
(4). System Enhancement & Operation	0	0	0
(5). Total Construction (1) + (2) + (3) + (4)	0	3,193,440	3,193,440
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	3,216,784	3,216,784
			(Carry forward to page 1)

Notes and Comments:



MCMAHAN AND ASSOCIATES, L.L.C.

Certified Public Accountants and Consultants

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Routt County, Colorado (the "County") as of and for the year ended December 31, 2021, 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 27, 2022.

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

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

Compliance and Other Matters

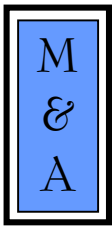
As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect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

Purpose of this Report

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

McMahan and Associates, L.L.C.

**McMahan and Associates, L.L.C.
Avon, Colorado
September 27, 2022**



MCMAHAN AND ASSOCIATES, L.L.C.

Certified Public Accountants and Consultants

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

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

Report on Compliance for Each Major Federal 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, 2021 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, 2021. 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.

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 for the year ended December 31, 2021.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America ("U.S. GAAS"); 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 of Federal Awards* (the "Uniform Guidance"), and the Guide. Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the County's compliance with the compliance requirements referred to above.

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

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the County's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the County's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with U.S. GAAS, *Government Auditing Standards*, the Uniform Guidance, and the Guide will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the County's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with U.S. GAAS, *Government Auditing Standards*, the Uniform Guidance, and the Guide, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and the Guide, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 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 will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal 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.

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

Report on Internal Control Over Compliance (continued)

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

McMahan and Associates, L.L.C.

**McMahan and Associates, L.L.C.
Avon, Colorado
September 27, 2022**

Routt County, Colorado
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2021

Part I – Summary of Auditor’s Results

Financial Statements:

Type of auditor’s report issued	Unmodified
Internal control over financial reporting:	
Material weakness identified	None noted
Significant deficiency identified	None noted
Noncompliance material to financial statements noted	None noted

Federal Awards:

Internal control over major programs:	
Material weakness identified	None noted
Significant deficiency identified	None noted
Type of auditor’s report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations Part 200	None noted
Major programs:	
Airport Improvement Program	ALN 20.106
Dollar threshold used to identify Type A from Type B programs:	\$750,000
Identified as low-risk auditee	No

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, 2021
(Continued)

There were no audit findings for the year ended December 31, 2020.

ROUTT COUNTY, COLORADO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2021

<u>Federal Department/Direct or Pass-Through Entity/Program</u>	<u>Identifying Number Assigned by Pass-through Entity</u>	<u>Federal Assistance Listing Number</u>	<u>Grant Expenditure Amount</u>	<u>Cluster Ref</u>
<u>Department of Health and Human Services</u>				
Passed through Colorado Department of Human Services:				
Child Care and Development Block Grant	CDHS - FFA	93.575	\$ 286,261	A
CARES/COVID Child Care	CDHS - FFA	93.575	16,529	A
Total Child Care and Development Block Grant			<u>302,790</u>	
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	CDHS - FFA	93.596	310,890	A
Guardianship Assistance	CDHS - FFA	93.090	1,887	
Temporary Assistance for Needy Families	CDHS - FFA	93.558	138,796	
Temporary Assistance for Needy Families Pandemic Emergency Assistance Fund	CDHS - FFA	93.558	5,910	
Total Temporary Assistance for Needy Families Grant			<u>144,706</u>	
Child Support Enforcement	CDHS - FFA	93.563	228,458	
Low-Income Home Energy Assistance	CDHS - FFA	93.568	2,218	
CARES/COVID Child Welfare	CDHS - FFA	93.645	20,718	
Foster Care -Title IV-E	CDHS - FFA	93.658	129,590	
Adoption Assistance	CDHS - FFA	93.659	23,549	
Social Services Block Grant	CDHS - FFA	93.667	85,727	
Promoting Safe and Stable Families	CDHS - FFA	93.556	59,129	
Passed through Department of Health Care Policy and Financing:				
Medical Assistance Program	n/a	93.778	296,196	B
Passed through Colorado Department of Local Affairs:				
Community Services Block Grant	L18CSBG39	93.569	14,702	
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	1 B04MC33825-01-00	93.994	843	
Immunization Cooperative Agreements	NH231P922600	93.268	10,776	
COVID-19 Immunization	FHJA202100006294	93.268	25,818	
COVID-19 Immunization	FHJA202100010309	93.268	21,917	
Total Immunization Cooperative Agreement Grants			<u>58,511</u>	
Public Health Emergency Preparedness	N5 NU90TP922028-03-00	93.069	38,717	
Preventative Health and Health Services Block Grant	FAAA202200007072	93.991	1,267	
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC-1)	FHJA202000013644	93.323	215,131	
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC-2)	FHJA202100010532	93.323	360,199	
Total Epidemiology and Laboratory Capacity for Infectious Diseases Grant			<u>575,330</u>	
Total Department of Health and Human Services			<u>\$ 2,295,228</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, 2021

<u>Federal Agency/Direct or Pass-Through Entity/Program</u>	<u>Identifying Number Assigned by Pass-through Entity</u>	<u>Federal Assistance Listing Number</u>	<u>Grant Expenditure Amount</u>	<u>Cluster Ref</u>
<u>Department of Agriculture</u>				
Direct:				
Forest Service Cooperative Law Enforcement Agreement	20-LE-11020600-004	10.704	\$ 4,433	
Forest Service Participating Agreement	16-PA-11020603-052 Mod. 4	10.unknown	3,109	
Passed through Colorado Department of Human Services:				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	n/a	10.561	<u>185,018</u>	C
Total Department of Agriculture			<u>192,560</u>	
<u>Department of Interior</u>				
Direct:				
U.S. Geological Survey Cooperative Funding Authority Agreement	21REJFACO 120	15.unknown	<u>15,416</u>	
Total Department of Interior			<u>15,416</u>	
<u>Department of Transportation</u>				
Direct:				
Airport Improvement Program	3-08-0031-047048	20.106	40,727	
Airport Improvement Program	3-08-0031-053-2021	20.106	222,537	
Airport Improvement Program	3-08-0031-050-2021	20.106	22,393	
COVID-19 Airport Improvement Grant	3-08-0031-049-2020; DOT-FA20NM-K1055	20.106	4,219,233	
Total Airport Improvement Program			<u>4,504,890</u>	
Passed through Colorado Department of Transportation				
Division of Transportation Development				
Highway Planning and Construction	AQC C280-017	20.205	51,549	D
Passed through Colorado Department of Regulatory Agencies				
911 Grant Agreement	69N3761930000011C00	20.615	<u>24,159</u>	
Total Department of Transportation			<u>\$ 4,580,598</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, 2021

<u>Federal Agency/Direct or Pass-Through Entity/Program</u>	<u>Identifying Number Assigned by Pass-through Entity</u>	<u>Federal Assistance Listing Number</u>	<u>Grant Expenditure Amount</u>	<u>Cluster Ref</u>
<u>Department of Homeland Security</u>				
Direct:				
Transportation Security Administration - Law Enforcement Reimbursement Program	70T02021T6114N208	97.unknown	\$ 15,325	
Passed through Colorado Department of Public Safety, Division of Homeland Security and Emergency Management				
Emergency Management Performance Grants	EMD-2021-EP-00004	97.042	60,000	
Emergency Management Performance Grants Special Project Award	EMD-2019-EP-00006	97.042	<u>25,000</u>	
Total Emergency Management Performance Grants			85,000	
Passed through Northwest Colorado Council of Governments Homeland Security Grant Program	EMW-2021-SS-00044	97.067	<u>1,500</u>	
Total Department of Homeland Security			<u>101,825</u>	
<u>Department of Treasury</u>				
Passed through Colorado Department of Human Services Coronavirus Relief Fund	n/a	21.019	6,359	
Passed through Colorado Department of Public Health and Environment Coronavirus State and Local Fiscal Recovery Funds	FAAA202200006796	21.027	<u>75,775</u>	
Total Department of Treasury			<u>82,134</u>	
Total Federal Expenditures			<u>\$ 7,267,761</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, 2021

Additional Information for Clusters:

	<u>Amount</u>
<i>A Child Care Cluster</i>	\$ 613,680
<i>B Medical Assistance Cluster</i>	296,196
<i>C SNAP Cluster</i>	185,018
<i>D Highway Planning and Construction Cluster</i>	\$ 51,549

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 uses the 10% de minimis cost rate allowed in Title 2, U.S. Code of Federal Regulations (CFR), Part 200.414, Indirect (F & A) costs for some grants, primarily grants through Colorado Department of Public Health and Environment. The County also prepares an annual cost allocation plan to allocate indirect costs for other grants.

ROUTT COUNTY, COLORADO
SCHEDULE OF PASSENGER FACILITY CHARGES ("PFC")
COLLECTED AND EXPENDED
For the Year Ended December 31, 2021

	<u>Amounts for</u> <u>Current Year</u>	<u>Unliquidated</u> <u>Balance</u>
Unliquidated PFC revenues - beginning		\$ -
Revenues:		
Revenues from air carriers	\$ 666,383	
Total PFC revenues	<u>666,383</u>	666,383
Expenditures:		
Application 19-10-C-00-HDN	666,383	
Total PFC expenditures	<u>\$ 666,383</u>	666,383
Unliquidated PFC revenues - ending		<u><u>\$ -</u></u>