ROUTT COUNTY
COLORADO

2025 Financial & Compliance Report

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ROUTT COUNTY, COLORADO
FINANCIAL AND COMPLIANCE REPORT
For the Year Ended December 31, 2025

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McMahan and Associates, L.L.C.
Certified Public Accountants and Consultants

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

Emphasis-of-Matter

As discussed in Note 1 to the financial statements, the County adopted Governmental Accounting Standards Board Statement No. 102, *Certain Risk Disclosures*, in 2025. Our opinion is not modified with respect to this matter.

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.

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Responsibilities of Management for the Financial Statements (continued)

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.

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 beginning on page A-5 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.

Required Supplementary Information (continued)

The budgetary comparison information in section B is not a required part of the basic financial statements but is supplementary information required by U.S. GAAP. The budgetary comparison information in section B 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 Information

Management is responsible for the other information included in the annual report. The other information comprises the statistical section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated August 20, 2026 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

McMahan and Associates, L.L.C.

McMahan and Associates, L.L.C.
Avon, Colorado
August 20, 2026

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, 2025. 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

Governmental Activities

- The County's base and voter approved property tax revenue continued to grow in 2025. Property Tax revenue increased $1.2 million or 4% to $30.1 million from the prior year. Base property taxes (General Fund, Road and Bridge, Human Services, and E911 Communications) increased $1.1 million or 5% to $24.0 million from the prior year. The primary reason for the increase is the Taxpayers Bill of Rights (TABOR) property tax revenue limitation, which is 4.1% in 2025 and is composed of a 1.5% increase from new construction and a 2.6% increase from inflation. The County's assessed valuation increased $18.9 million or 0.94% to $2.0 billion from the prior year. Voter approved property tax revenue (Purchase of Development Rights, Developmental Disabilities, and Museums), which are not subject to TABOR, increased $.1 million or 1% from the prior year to $6.1 million due to the increase in assessed valuation.

- The County made the final principal and interest payment on the $17.4 million Certificate of Participation debt on the Justice Center. Total principal and interest paid in 2025 was $1.2 million. All governmental activity debt has been paid off with the exception of leases and subscription based information technology agreements (SBITA)

- Governmental Activities sales tax revenue decreased $.7 million or 4% to $15.3 million under the prior year. Sales tax collected on retail sales increased $.3 million or 3% to $12.3 million primarily due to lodging and restaurant sales, construction and home goods, and internet sales. Building use tax collected on construction materials decreased $1.0 million or 33% to $2.0 million due to several significantly large commercial jobs starting in 2024 and driving up the construction valuation for 2024 as compared to fewer commercial projects starting in 2025. Auto use tax collected on vehicles purchased outside of the county remained consistent with 2024 at $1.0 million for 2025. See the "GOVERNMENTAL ACTIVITIES – REVENUES SALES TAX" section for a more detailed discussion.

- The County chipped and sealed 3.7 miles and overlaid 7.72 miles of road for combined total of 11.42 miles or 7% of the County's paved road system.

- To remain a competitive employer in the Yampa Valley and address a rising cost of living, a 2.6% pay increase and an additional step increase for those eligible was approved.

- A $10.8 million transfer from the governmental funds to the Equipment Pool for heavy equipment, facilities assets, and E911 Communications equipment was made to fund the estimated increase in replacement costs due to inflation.

- A $.5 million transfer from the governmental funds to the Insurance Pool for to help fund the increase in the claims expense for the last couple of years.

Business-type Activities

- Yampa Valley Regional Airport (YVRA) continued the design and planning phase of the Terminal Expansion Project that is estimated to be $82.6 million and projected to start in 2026. Construction is anticipated to start Spring 2026. Total cost for design and engineering is $2.5 million funded with $2.1 million of federal grants, $.1 million of state grants and $.3 million of reserves.

- Yampa Valley Regional Airport (YVRA) completed the blast pad to runway 28, rehabilitating the taxiway, improving connector taxiways, and adding safety improvements to the runway. The project was funded by $11.0 million in federal grants, $.2 million in state grants, and $1.6 million in reserves. Total cost is $12.8 million.

- The replacement of the wastewater treatment plant in Phippsburg is estimated to cost $4.1 million. Three sources are funding the project, the State Revolving Loan Fund grant for $.8 million, the Department of Local Affairs grant for $1.0 million, and $2.3 million from the American Recovery Plan Act Funds. Construction started in 2024 and is expected to be completed in 2026. Total costs of the project as of the end of 2025 is $3.3 million of the budgeted $4.1 million.

- The replacement of the wastewater treatment plant in Milner is estimated to cost $3.5 million. Three sources are funding the project, the State Revolving Loan Fund grant for $.8 million, the Department of Local Affairs for $1.0 million, and $1.7 million of American Recovery Act Plan Funds. Construction started in 2025 and is expected to be completed in 2026. Total costs of the project as of the end of 2025 is $3.3 million of the budgeted $3.5 million.

- To remain a competitive employer in the Yampa Valley and address a rising cost of living, a 2.6% pay increase and an additional step increase for those eligible was approved.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of five 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, statistical section 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:

- Government-wide statements include two statements that provide long-term and short-term information about the County's overall financial status.

- 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 Plan for the County's employees. The County acts solely as a trustee or agent for the benefit of others to whom the resources belong.

The notes to the financial statements explain some of the financial statements' information and provide more detailed data. The statements are followed by a section of required supplementary information that provides actual to budget comparisons for the General Fund and the following major special revenue funds: Road and Bridge, Human Services, and 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 Plan and for the Custodial Funds.

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:

<u>Governmental Funds</u>

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 partially self-funded insurance plans for employee health and dental insurances and County casualty and property insurance.

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 plan. 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.

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

The County's net position is $334.8 million as of December 31, 2025, an increase of $20.4 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 the current and prior year.

Routt County, Colorado
Net Position
(in millions)

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Assets						
Current and other assets **	$ 95.5	$ 90.2	$ 62.5	$ 56.9	$ 158.0	$ 147.1
Capital assets * ***	146.7	145.3	86.3	72.9	233.0	218.2
Total assets	242.2	235.5	148.8	129.8	391.0	365.3
Liabilities						
Current and other liabilities	5.1	4.4	7.6	3.2	12.7	7.6
Long-term liabilities * ***	3.2	4.0	1.9	1.0	5.1	5.0
Total liabilities	8.3	8.4	9.5	4.2	17.8	12.6
Deferred Inflows of Resources						
Unavailable revenue - property taxes	29.6	28.2	-	-	29.6	28.2
Lease related **	0.6	0.7	8.2	9.4	8.8	10.1
Total deferred inflow of resources	30.2	28.9	8.2	9.4	38.4	38.3
Net Position						
Net investment in capital assets *	146.4	143.8	83.4	72.2	229.8	216.0
Restricted	9.2	9.0	1.3	1.9	10.5	10.9
Unrestricted	48.1	45.4	46.4	42.1	94.5	87.5
Total net position	$ 203.7	$ 198.2	$ 131.1	$ 116.2	$ 334.8	$ 314.4

* See Note 14 Restatement of Net Position for a more detailed explanation of the $.8 million restatement of the 2024 capital asset balance. As this is a comparative statement, the December 31, 2024 balance is adjusted as compared to the beginning balance in the footnotes.

** See Note 14 Restatement of Net Position for a more detailed explanation of the $1.5 million restatement of the 2024 lease receivable and deferred inflow of resources for business-type activities. As this is a comparative statement, the December 31, 2024 balance is adjusted and there was no impact on net position.

*** See Note 14 Restatement of Net Position for a more detailed explanation of the $.2 million restatement of the 2024 capital assets and long-term liabilities for business-type activities. As this is a comparative statement, the December 31, 2024 balance is adjusted and there was no impact on net position.

Net Investment in Capital

The largest portion of net position is net investment in capital assets of $229.8 million, which increased $13.8 million or 6% from the prior year. Net investment in capital includes land, buildings and improvements, equipment, other, lease and subscription assets, and all road and bridge infrastructure, less depreciation, amortization, 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 $2.6 million or 2% to $146.4 million from the prior year. Net investment in capital assets for Business-type Activities increased $11.2 million or 16% to $83.4 million from the prior year. The major capital projects in 2025 are summarized in the section entitled "CAPITAL ASSETS AND DEBT ADMINISTRATION."

Unrestricted Net Position

The second-largest portion of net position is unrestricted at $94.5 million, which increased by $7.0 million or 8% from the prior year. This portion of net position is available to provide funds for capital asset replacements and additions, cash flow for ongoing operations, and cash flow for fluctuations between planned and actual resources and emergencies.

Governmental Activities unrestricted net position is $48.1 million, an increase of $2.7 million or 6% from the prior year.

Business-type Activities unrestricted net position increased $4.3 million or 10% to $46.4 million from the prior year. 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 $10.5 million, which decreased $.4 million or 4% from the prior year. Governmental Activities restricted net position increased $.2 million or 2% to $9.2 million from the prior year. The change in Governmental Activities restricted net position is primarily due to the combination of a $.1 million increase in Museum reserves due primarily to an increase in property tax as a result of an increase in assessed valuation in 2025, and a $.1 million or 1% increase in reserves for Purchase of Development Rights due primarily to the timing and complexity of the projects.

Business-type Activities restricted net position decreased $.6 million or 32% to $1.3 million primarily due to YVRA being approved by the Board of County Commissioners as an Enterprise fund and no longer is required to have a restricted TABOR reserve of $.4 million and the pledged cash and investments for Phippsburg Water and Sanitation System and Milner Sanitation System to pay off their authorized debt once the wastewater treatment plants have been completed in 2026 decreased by $1 million each due to annual debt service in 2025.

Changes in Net Position

Net position increased $20.4 million or 6% in 2025 and the change in net position increased $.5 million or 3% from the prior year. Governmental Activities decreased $6.2 million or 53% to $5.5 million and Business-type Activities increased $6.7 million or 82% to $14.9 million from the prior year. The following table provides a comparative summary of the county's governmental and business-type Statement of Activities for the current and prior year.

Routt County, Colorado
Statement of Activities
(in millions)

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Revenues						
Program revenues						
Charges for services	$ 4.8	$ 4.3	$ 13.1	$ 14.1	$ 17.9	$ 18.4
Operating grants and contributions	13.2	13.5	-	2.1	13.2	15.6
Capital grants and contributions	0.3	5.3	15.5	5.3	15.8	10.6
General revenues						
Property tax	30.3	29.0	-	-	30.3	29.0
Sales tax	15.3	16.0	0.4	0.5	15.7	16.5
Interest earnings	3.7	3.4	1.7	1.5	5.4	4.9
Lease interest income	-	-	0.3	0.2	0.3	0.2
Gain on disposal of capital assets	0.2	0.3	-	-	0.2	0.3
Total revenues	67.8	71.8	31.0	23.7	98.8	95.5
Expenses						
Administration	10.7	10.3	-	-	10.7	10.3
Community resources	13.6	13.5	-	-	13.6	13.5
Property tax administration	3.2	3.0	-	-	3.2	3.0
Public safety	15.1	14.1	-	-	15.1	14.1
Road and bridge	12.6	12.3	-	-	12.6	12.3
Human services	7.0	6.8	-	-	7.0	6.8
Interest expense on long-term debt	0.1	0.1	-	-	0.1	0.1
Yampa Valley Regional Airport *	-	-	12.7	12.9	12.7	12.9
Regional Building department	-	-	2.4	2.1	2.4	2.1
Water and sewer	-	-	1.0	0.5	1.0	0.5
Total expenses	62.3	60.1	16.1	15.5	78.4	75.6
Increase in net position	5.5	11.7	14.9	8.2	20.4	19.9
Net position - beginning	198.2	186.5	116.2	108.0	314.4	294.5
Net position - ending	$ 203.7	$ 198.2	$ 131.1	$ 116.2	$ 334.8	$ 314.4

* See Note 14 Restatement of Net Position for a more detailed explanation of the restatement of the beginning capital asset balance. As this is a comparative statement, the December 31, 2024 balance for Yampa Valley Regional Airport Expenses is adjusted to show the donation of an asset to the Town of Hayden. Restatement of $.8 million.

Governmental Activities

Business-type Activities

Total net position from Business-type Activities increased $14.9 million or 13% to $131.1 million from the prior year. The key factors related to this increase follow.

Yampa Valley Regional Airport (YVRA)

Total net position increased $14.8 million or 15% to $116.2 million from the prior year and consists of $78.0 million in net investment in capital assets and $38.2 million in unrestricted net position. Net investment in capital assets increased $10.6 million or 16% to $78.0 million from the prior year. Increases to net investment in capital assets consist of $17.0 million of capital additions. Decreases to net investment in capital assets consist of depreciation/amortization expense of $5.2 million and the increase in retainage payable of $1.2 million. Unrestricted net position increased $4.6 million or 14% to $38.2 million from the prior year. Restricted net position decreased $.4 million or 100% to $0. The following is an explanation of significant revenue and expense changes from the prior year:

YVRA loss from operations increased $.5 million or 42% from a net loss of $1.2 million in 2024 to a net loss of $1.7 million in 2025. YVRA relies on federal and state grants as opposed to fees to fund a significant amount of capital additions and replacements. The $1.7 million operating loss is primarily generated from the following items:

Enplanements for 2025 were 231,291, a slight decrease of 3,663 or 1.6% from 2024 which were 234,954. This decrease was as a result of a slight change in the flights schedules and a small decrease in available total seats.

Operating revenues in 2025 are consistent with 2024 at $10.9 million. Revenue from the airlines operating at the Airport increased by $.1 million or 1% to $4.1 million in 2025 from 2024 due primarily to airline landing fees decreasing $.1 million or 5% to $1.3 million in 2025 as the number of flight decrease 148 or 6% to 2,401 which is offset by an increase in landing weight as several of the airlines are using a large variant of aircraft as compared to 2024. Terminal square footage rent increased $.1 million or 4% to $2.3 million in 2025 primarily due to the increase in rent for joint use and exclusive rent charged to the airlines. Square footage rent is determined by the overall operating costs of the terminal which increased in 2025 from 2024. Operating revenues from parking increased by $.1 million or 7% to $1.2 million in 2025 from 2024 due to an increase in traffic through the paid parking lot. Operating revenues received from the rental car/taxi/bus/limo companies decreased by $.2 million or 10% to $2.0 million in 2025 from 2024 due to the Airport and car rental companies resetting the 2025 base MAG to reflect 2024 actual revenues. Operating revenues from the 3 Wire Bar and Grill restaurant, the Way Station snack bar and the General Store remained consistent at $2.1 million in 2025 as compared to 2024. Operating revenues received from general aviation operations (including amounts paid by the fixed based operator (FBO)) increased by $.1 or 8% to $1.6 million in 2025 from 2024 primarily to the increase in FBO land lease with the build out of the two hangars in the aviation business park and 2025 was the first year the tenants had to pay for their land lease.

Operating expenses increased by $.5 million or 4% to 12.6 million for 2025 from 2024. Personnel cost increased $.1 million or 3% to $4.6 million in 2025 from 2024 due to cost of living and step increases. Depreciation and amortization increased $.2 million or 4% to $5.1 Million primarily due to the depreciation expense associated with the taxiway project that was completed in fall 2025. Repairs and maintenance increased $.2 million or 50% to $.6 million in 2025 from 2024 due primarily to use the new Fluorine Free Foam on the ARFF vehicles in 2025 for $.3 million.

Nonoperating revenues (expense) increased by $.2 million or 13% to $1.8 in 2025 from 2024. Interest income increased $.1 million or 7% to $1.5 million for 2025 from 2024 due to the average monthly cash balance increasing by 11 % during the peak season and dropping during non-peak season as construction on the taxiway rehabilitation project was completed and the interest rate remained at 4.5%. Lease interest income increased $.1 million or 50% to $.3 million for 2025 from 2024 primarily due to the new ground lease in the aviation business park for two new hangers.

Capital grants increased $12.6 million or 600% to 14.7 million for 2025 from 2024 due to the following reasons. AIP entitlement, discretionary and BIL funding increased $11.6 million or 1,657% in 2025 from 2024 and state funding increased $.9 million or 2,313% to $.9 million in 2025 from 2024 primarily related to the taxiway and connector rehabilitation, runway 28 blast pad extension, and relocation of connector A4. Passenger facility charges (PFC) remained consistent at $.8 million in 2025 as compared to 2024. Customer facility charges (CFC) increased by $.1 million or 12.5% to $.6 million in 2025 from 2024 and the increase is due to a reduced capacity of shuttle and taxi companies in 2025 and more passengers opting to use rental cars for transportation.

Intergovernmental revenues decreased $2.0 million or 100% to $0 for 2025 from 2024 due to the Airport receiving its final Coronavirus Aid, Relief and Economic Security (CARES) Act, American Rescue Plan Act (ARPA), Airport Coronavirus Response Grant Program (ACRGP) payments in June 2024.

Donation decreased $.8 million or 100% to $0 for 2025 from 2024 due to the County donating the improvements to CR51 to the Town of Hayden in 2024 and no additional improvements were done to the road in 2025.

Regional Building Department

Unrestricted net position for the Regional Building Department (RBD) decreased $.1 million or 2% to $6.0 million in 2025 from 2024. Net operating income decreased $1.3 million or 100% from the prior year to $0 million. Significant changes in revenues and expenses are as follows:

Building permit fees decreased $1.1 million or 32% to $2.3 million in 2025 from 2024. The decrease in permit fees is due to an agreement with the City of Steamboat Springs (City) where the City dissolved their building permit fee schedule and share on building and planning permit fee schedule with RBD. The new fee schedule for 2025 within the City limits will be collected by the RBD and will remit to the City 25% of the fees collected and RBD will retain the other 75%. In addition, 2025 saw slightly fewer permits and lower total construction value mainly because large, high-cost homes in rural Routt County decreased even while building activity within Steamboat Springs itself increased.

Personnel costs for the Regional Building Department increased $.2 million or 15% to $1.5 million in 2025 from 2024. The increase is due to approved step and COLA increases as discussed in the highlight section along with an increase in FTEs within the department. In 2025 the department added an Assistant Building Official position along with reclassifying the Permit Tech to a Senior Permit Tech.

Operating expenses remained consistent for 2025 as compared to 2024 at $.8 million.

Non-major Business-type funds

Total net position increased $.2 million or 2% to $8.9 million from the prior year and consists of $5.4 million in net investment in capital assets, $2.2 million in unrestricted net position, and $1.3 million in restricted net position. Net investment in capital assets increased $.6 million or 13% to $5.4 million from the prior year. Increases to net investment in capital assets consist of $1.7 million of capital additions. Decreases to net investment in capital assets are $.1 million for retainage payable and $1.0 million for loans payable. Unrestricted net position decreased $.2 million or 8% to $2.2 million from the prior year. Restrict net position decreased $.2 million or 13% to $1.3 of which $1.2 million has been pledged to pay off the loan balance once the construction of the wastewater treatment plants are completed and $.1 million for TABOR. The following is an explanation of significant revenue and expense changes from the prior year:

Capital grants decreased $.8 million or 50% to $.8 million. Phippsburg Water and Sanitation System (PWSS) and Milner Sanitation System (MSS) received $.4 million and $.4 million, respectively, of capital grants in 2025 for the construction of the wastewater treatment plants.

Loan forgiveness decreased $1.6 million or 100% to $0 in 2025. See NOTE 6. LONG-TERM OBLIGATIONS, for further information on the loans received by Phippsburg Water and Sanitation System and Milner Sanitation System.

Lagoon mitigation costs increased $.5 million or 167% to $.8 million in 2025. PWSS and MSS spent $.4 million and $.4 million, respectively, on lagoon mitigation in 2025.

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 $30.9 million, a decrease of $10.5 million, or 25% from the prior year. A description of the types and changes in fund balance follows.

Nonspendable fund balance remained consistent at $.2 million. Nonspendable fund balances include amounts that cannot be spent because they are not in a spendable form or are legally or contractually required to be maintained intact.

Restricted fund balance increased $.2 million or 2% to $9.2 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 decreased $10.7 million or 33% to $21.5 million from the prior year. Committed fund balances are amounts that can only be used for specific purposes according to constraints imposed by an adopted resolution of the Board of County Commissioners.

The key factors related to these changes are as follows:

General Fund

The General Fund's total fund balance decreased by $9.1 million or 31.3% to $20.0 million from the prior year.

Nonspendable fund balance remained consistent at $.1 million.

The restricted fund balance increased $.2 million or 2% to $9.2 million from the prior year. The change in restricted fund balance is due primarily to an increase of $.1 million or 24% to $.4 million in Museums due to not completing planned Museum capacity projects in 2025, and the Purchase of Development Rights restricted fund balance increasing $.1 million or 1% to $6.7 million due primarily to the timing and complexity of the projects.

The committed reserve decreased $9.3 million or 46% to $10.8 million and is composed of the following items:

The 10% Committed Reserve increased $.2 million or 6% to $3.4 million from the prior year and the Capital Committed Reserve decreased by $9.5 million or 56% to $7.4 million from the prior year.

The 10% Committed Reserve Policy was adopted 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 primary reason for the increase in 10% Committed Reserve is that there was less costs incurred between the Purchase of Development Rights, Developmental Disabilities, the Museum and Heritage Fund that would have been excluded from the calculation thereby increasing the amount spent by the other general fund department.

The Capital Committed Reserve Policy was adopted by a resolution of the Board to 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 revenue in a calendar year greater than $235,000, and other funds as designated by the Board of County Commissioners.

The Capital Committed Reserve is funded in 2025 by $1.8 million of building use tax and from various favorable budget variances in the General Fund and Road and Bridge Fund. Capital committed reserve decreased in 2025 by $10.8 million primarily due to transfers to the equipment pool to help fund capital additions and replacements that have seen an increase in costs related to inflation and $.5 million transfer to the insurance pool to help fund in the increase in claims expense.

The 2025 Capital Committed Reserve ending balance is for 2026 approved capital additions and projects, and inflationary related costs related to capital replacements.

Road and Bridge Fund

The Road and Bridge total fund balance increased $2.0 million or 25% to $10.0 million from the prior year.

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

The Road and Bridge committed fund balance increased $2.0 million or 26% to $10.0 million from the prior year. The original Road and Bridge budget anticipated a $2.5 million decrease in committed fund balance due to the planned maintenance and replacement of various infrastructure items but ended the year with a $2.0 million increase. The following items explain the primary reasons for the change in the final budgeted committed fund balance and the actual ending committed fund balance.

Sales tax revenue had a 59% or $2.8 million favorable variance due to an increase in the percentage of total sales tax allocated to Road and Bridge from the County's total sales tax collections in 2025. The 2025 planned sales tax allocation was 67% to the General Fund and 33% to the Road and Bridge fund. After meeting the 10% General Fund Committed Reserve Balance, the General Fund Capital Committed Reserve and the ability to fund the replacement of Road and Bridge infrastructure into the future for twenty years given certain assumption in the 2026 budget, the 2025 actual sales tax allocation was decreased to 59% for the General Fund and increased to 41% for the Road and Bridge fund. Total 2025 actual sales tax collections for the County had an unfavorable of $.7 million or 4% variance for a total of $15.3 million as discussed previously in the "GOVERNMENTAL ACTIVITIES –REVENUE" section.

Other favorable variances include the following: State Highway Users Tax Fund (HUTF) has a $.1 million or 2% unfavorable variance due primarily to an decrease in road usage fees, road safety surcharges, and retail delivery fees. USDA Forest Service funding has a $.1 million or 1005 favorable variance due to the USDA providing funding the repair of the county road after the Crosho fire in 2025. Guardrail repair work had a $.4 million or 67% favorable variance due to contractor schedule delays, and the Clark Bridge scour project on County Road 62 had a $.5 million or 93% favorable variance as the project is delayed to 2026 due to delays in floodplain development permits and property owner construction easement signatures. Transfers to the Equipment Pool had a favorable variance of $.4 million or 78% primarily related to the following capital items being pushed to 2026, $.2 million for the Oak Creek scoria shed, and $.2 million for the design of a new Road and Bridge shop building. In addition, the cost of chip and seal related to maintaining an asphalt road decreased $.86 or 21% to $3.29 per square yard. The County chipped sealed 3.70 miles as planned in 2025 as compared to 4.27 miles in 2024.

Human Services

The Human Services Fund total committed fund balance increased $.1 million or 25% to $.5 million from the prior year. The following items explain the primary reasons for the change in the final budgeted committed fund balance and the actual ending committed fund balance.

Intergovernmental revenues had a $1.2 million or 20% unfavorable variance due to the following reasons. Federal Food Assistance revenues have an unfavorable budget variance of $.4 million, primarily due to a decline in the number of beneficiaries following the expansion of specific work requirements in 2025, which had been suspended during the COVID-19 pandemic. Additional work requirements were introduced in 2025 as well. As a result, some cases were closed, while others became ineligible for benefits due to noncompliance with work requirements. Federal Temporary Assistance for Needy Families (TANF) revenues have an unfavorable budget variance of $.1 million, primarily due to a reduction in the number of beneficiaries resulting from policy changes that reduced federal funding and limited both the number of families served and the amount of assistance available. Federal Child Care revenues have an unfavorable budget variance of $.1 million, primarily due to the state's implementation of stacked Universal Preschool (UPK) funding. Beginning in the fall of 2025, UPK funding was applied first and paid directly to eligible recipients, with Colorado Child Care Assistance Program (CCCAP) funds used only to supplement remaining costs. This resulted in lower CCCAP benefit payments during that period. In addition, decreased child care enrollment, driven by child care center closures and reduced provider capacity throughout the community, contributed to the revenue decline. Federal Child Welfare revenues have an unfavorable budget variance of $.2 million, primarily due to lower personnel costs resulting from staff turnover including the resignation of the Assistant Human Services Director, whose position was budgeted at 95% to Child Welfare. Federal Child Support Enforcement revenues have an unfavorable budget variance of $.1 million, primarily due to personnel costs that were lower than budgeted primarily attributed to the less time incurred by the County Attorney's Office. State CORE revenues have an unfavorable budget variance of $.1 million because Routt County serves as the Regional Coordinator for substance use and mental health CORE services. The state allocation is intended to cover claims for five regional counties, including Routt, and revenue is budgeted based on the full allocation amount. However, total annual claims across the region have consistently been well below the allocated funding, resulting in lower revenue than budgeted. State Child Welfare revenues have an unfavorable budget variance of $.2 million, primarily due to lower personnel costs resulting from staff turnover, including the resignation of the Assistant Human Services Director, whose position was budgeted at 95% to Child Welfare.

Personnel has a $.3 million or 10% favorable variance due to staff turnover throughout the year and a half year of vacancy savings of the assistant director position.

Operations has a $.8 million or 17% favorable variance due to the following reasons. Food Assistance benefits expense has a favorable budget variance of $.4 million, primarily due to a decline in the number of beneficiaries following the reinstatement of specific work requirements in 2025, which had been suspended during the COVID-19 pandemic. Additional work requirements were introduced in 2025 as well. As a result, some cases were closed, while others became ineligible for benefits due to noncompliance with work requirements. The CORE Services program has a favorable variance for benefit payments of $.2 million (see yellow above) due primarily because Routt County serves as the Regional Coordinator for substance use and mental health CORE services. The state allocation is intended to cover claims for five regional counties, including Routt, and revenue is budgeted based on the full allocation amount. However, total annual claims across the region have consistently been well below the allocated funding, resulting in lower expenses than budgeted. Child Care benefits has an unfavorable budget variance of $.1 million, primarily due to the state's implementation of stacked Universal Preschool (UPK) funding. Beginning in the fall of 2025, UPK funding was applied first and paid directly to eligible recipients, with Colorado Child Care Assistance Program (CCCAP) funds used only to supplement remaining costs. This resulted in lower CCCAP benefit payments during that period. In addition, decreased child care enrollment, driven by child care center closures and reduced provider capacity throughout the community, contributed to the benefits decline. The County Wide Cost Allocation (CWCA) expense had a favorable budget variance of $0.1 million. During the budget process, quarterly CWCA expenses are estimated using the most recently completed County Wide Cost Allocation Plan. Because of the time required to complete the plan, the most recent finalized plan available during budget development is based on actual costs from two years prior. Following completion of the Department of Human Services (DHS) building, the actual costs allocated to DHS decreased. During 2025, the state received the finalized 2024 Cost Allocation Plan, which reflected these lower allocated costs. Due to the timing differences between the state and county fiscal years, the state's billings for the last two quarters of 2025 were based on the updated 2024 allocation, resulting in lower CWCA expenses than were originally budgeted.

Transfer revenue has a $.1 million or 8% unfavorable variance due to the following reason. The decrease in transfer revenue is the direct result of the decrease in allocated costs to DHS in the 2024 cost allocation plan. The transfer revenue (the amount transferred from General Fund to DHS in order to cover overhead costs that state does not cover), budgeted in 2025 is budgeted using the most recently completed county wide cost allocation plan. Because of the time required to complete the plan, the most recent finalized plan available during budget development is based on actual costs from two years prior. December 31, 2023. Following completion of the DHS building, the actual costs allocated to DHS decreased. During 2025, the state received the finalized 2024 Cost Allocation Plan, which reflected these lower allocated costs. Due to the timing differences between the state and county fiscal years, the state's expenses/reimbursements for the last two quarters of 2025 were based on the updated 2024 allocation, resulting in lower CWCA expenses than were originally budgeted. Because of this, less transfer revenue from the General Fund was required to reimburse the DHS OH expense.

E911 Communications

Communications total fund balance decreased $3.5 million or 92% to $.3 million from the prior year. The decrease was primarily due to a transfer from the Communications Fund to the Communications Pool to provide funding for the three-year countywide radio replacement project scheduled to begin in 2026 and to provide approximately 10% of Communication Fund expenditures or unanticipated changes in revenues and expense and cash flow.

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 $15.6 million or 22% to $87.0 million. Unrestricted net position increased $13.5 million or 84% to $29.6 million over the prior year. Net investment in capital assets increased $2.1 million or 4% to $57.4 million over the prior year.

Equipment Pool

Unrestricted net position, which can be used for the future replacement of capital, increased $13.2 million or 102% to $26.1 million over the prior year primarily due to the following. Equipment Pool operations provided $3.0 million to the unrestricted net position. Capital purchases in 2025 totaled $4.4 million. Total transfers in from other funds are $14.8 million for $4.4 million in capital additions and a one-time transfer of $10.4 million to fund increased replacement costs due to inflation for heavy equipment, facilities assets, and E911/Communications equipment. Sale of assets provided $.1 million in proceeds primarily from heavy equipment asset auctions. Interest income added $.9 million. Debt service of $1.2 million on the Refunding Certificates of Participation Series 2012 was paid as planned in 2025.

Net investment in capital increased $2.1 million or 4% to $57.4 million over the prior year primarily due to the following. Capital purchases of $4.5 million and a principal payment of $1.2 million on capital-related debt contributed to an increase of $5.7 million. Depreciation of $3.5 million and capital deletions net of depreciation of $.1 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 (Pool) unrestricted net position increased $.3 million or 9% to $3.5 million over the prior year. Unrestricted net position can be used to fund future claims for the County's three partially self-funded insurance plans: health and dental claims for employees and casualty and property claims for the County.

Health Insurance

Actual County and employee health insurance contributions to the pool are $6.1 million and $.2 million more than the $5.9 million budget. The County for the first time in five years increased the employer and employee contributions by 10% to fund rising medical costs, large claims experience and year-over-year maximum liability increases. The County has tried hard to maintain costs for employees, but future employee and employer contribution increases are anticipated to maintain a positive financial position.

Actual medical claims are $6.9 million and after stop loss revenue of $2.1 million, total $4.8 million. Budgeted claims were $7.3 million and after budgeted stop loss revenue of $1.8 million, total $5.5 million. The favorable net claims budget variance is contributing to reserves for future claims. Actual medical claims, after stop loss receipts, hit a new threshold in 2023 at $4.8 million and have continued at this level with the three-year average from 2023 -2025 at $4.8 million. The increase from 2022 – 2025 for actual medical claims, after stop loss receipts, is $1.9 million or 57%. The County's increase in claims is due to an increase in small and large claims with some large claims being ongoing for certain claims managed by medication. Large claims are those above $35,000.

Stop loss insurance is for the County's losses greater than its $75,000 per claim deductible and for losses greater than its aggregate maximum claims liability. Claims and stop loss receipts increases are driving increases in the County's aggregate maximum claims liability set by stop loss insurance carrier. The aggregate maximum liability is $7.0 million for 2025, with a three-year average of $6.4 million and hit a high of $7.6 million in 2024. In 2025, the County switched to a much larger stop loss insurance carrier, which decreased the aggregate maximum claims liability to $7.0 million. To cover the increases in claims and the aggregate maximum claims liability, the County transferred as planned from the General Fund $.5 million and $1.1 million in 2025 and 2024, respectively.

Operations expense for the health insurance plan is $1.5 million and flat compared to the budget. Actual unrestricted net position, before transfers, decreased $.3 million, and after transfers of $.5 million, increased $.2 million to $2.8 million. The reserve balance of $2.8 million is sufficient to cover future claims, but transfers to stabilize reserves are anticipated in the future. The County aims to sustainably fund medical costs while keeping them affordable and a competitive benefit for employees. No changes were made to health insurance benefits and the County continues to offer competitive health insurance benefits to employees.

Dental Insurance

The County pays 70% and the employee pays 30% for dental insurance. Contributions to dental insurance by the County and employees are $.3 million, which is flat compared to the budget. Actual claims and administration expenses are $.3 million, which is flat compared to the budget. Thus, the unrestricted net position change budgeted and realized is breakeven.

Employees are utilizing dental insurance at a higher rate than anticipated, which is not uncommon after an employer sponsors a new benefit. The County began its employer-sponsored plan in 2022. Stop loss insurance is not necessary for the dental insurance plan because the County's maximum dental claims expense per member is capped at $1,500. Unrestricted net position is sufficient with the dental plan designed so that revenues cover expenses while maintaining sufficient reserves for unexpected events. The dental plan helps the County remain competitive with its employee benefits.

Casualty and Property Insurance

The County participates in a partially self-funded casualty and property (CAP) insurance plan to help contain price increases from national factors such as wild fires, inflation and high jury awards regarding law enforcement and employment-related claims. The County's actual CAP contribution to the pool is $.9 million and equal to the amount budgeted. Contributions are budgeted to cover administrative and projected claims expense and to retain sufficient reserves to cover unforeseen increases in claims. Actual operating expenses were $.7 million and flat compared to the budget. Operating expenses include plan administration and excess insurance coverage costs. Actual CAP claims expense is $.2 million and flat compared to the budget. The budget for claims is based on the average annual claims expense for the past 5 years and set to cover at least two County losses greater than the County's per claim deductible. The County's first loss greater than the per claim deductible, since becoming partially self-insured occurred in 2025 for an employee related matter. Unrestricted net position increased by $.1 million due to the stop loss revenue from the one large claim. Unrestricted net position is $.7 million and is sufficient to cover future claims. There is no County aggregate stop loss insurance for the CAP plan. Excess insurance coverage is for County losses greater than its $75,000 - $100,000 per claim deductible, depending on the type of loss.

The pool's ending balance of $3.5 million is expected to be sufficient to cover the difference between the County's maximum liability for medical claims of $7.5 million and actual net medical claims after stop loss revenue of $5.5 million, or $2.0 million and still have approximately $1.5 million in reserves to help mitigate future increases in the maximum liability for medical claims and to cover dental claims and casualty and property claims.

General Fund Budgetary Highlights

<u>Budget Amendments</u>

<u>Revenue Budget Amendments</u>

The variance between the original revenue budget of $46.4 million and the final amended revenue budget of $47.2 million is a favorable variance of $.8 million or 2%. The primary items amending the revenue budget are as follow:

The original sales tax revenue budget was amended by an increase of $.3 million or 4% to $10.0 million. The unanticipated sales tax revenue was primarily used to fund unanticipated personnel expenses, an increase in medical claims, and increased operational costs at the Fair grounds for regular maintenance and the annual fair.

The original intergovernmental revenue budget was amended by an increase of $.2 million or 6% to $2.7 million primarily for the following reasons. Public Health was awarded the Substance Abuse Mental Health Services Administration (SAMHSA) grant which resulted in an increase in federal funding of $.1 million.

The original charges for sales and services budget was amended by an increase of $.4 million or 5% to $6.9 million primarily for the following reasons. Planning department's application professional service fees increased by $.3 million due to the costs being incurred on professional services to review the planning application for Stagecoach Mountain Ranch.

Expenditure Budget Amendments

The variance between the original expense budget of $50.1 million and the $51.40 million final amended expense budget was an unfavorable variance of $1.3 million or 3%. The significant expenditure budget amendments are as follows:

County Attorney personnel budget increased $.3 million or 36% to $1.0 million due to several factors, including funding the sick and vacation time payout due to the passing of the County Attorney, and for additional staffing to provide cross-training before the retirement of a Senior County Attorney. In addition, in 2025, there was a 20% decrease in the hours used by Human Services for attorney services due to fewer and less complex Child Welfare cases compared to the prior year that resulted in an increase in salaries and benefits for the General Fund County Attorney's personnel budget and a corresponding decrease in the Human Services personnel budget.

Facilities Management operations budget amendment increased $.1 million or 4% to $2.9 million to fund unanticipated heating, ventilation, and air conditioning repairs to the Historic Courthouse and repairs to the air handling unit at the Justice Center.

Fair operations budget amendment increased $.1 million or 21% to $.5 million due to several factors, including improvement of the quality of entertainment, arena events, Home Arts programs, and professional services at the annual Routt County Fair to increase overall attendance and community participation. Additional funding was also required for unanticipated repair and maintenance work at the fairgrounds including repairs to the arena drag, doors in the multipurpose barn, repair and reinstallation to the Fairgrounds sign, and repair of a tractor used to maintain the grounds and arenas. The RV Park also incurred unexpected repair costs to the water hydrant due to broken water lines that froze during the winter because of failed heating elements.

Public Health operations budget amendment increased $.1 million or 119% to $.2 million to fund the Substance Abuse and Mental Health Services Administration (SAMHSA) grant expenses to fight elevated youth alcohol use in Routt County. The grant was received after the adoption of the 2025 budget.

Sheriff Department Personnel budget increased $.1 million or 1% to $.5 million due to several factors, including overtime associated with responding to mental health crisis calls, extra duty provided to the Steamboat Springs Police Department due to staffing shortages, and a termination payout due to the departure of an Investigation's Deputy.

Debt Service budget increased $.2 million or 100%. The Elections Office entered into a Lease and SBITA (Subscription-Based Information Technology Arrangement) contract for elections system hardware and software. The contract results in $.2 million of lease and subscription liability proceeds and $.2 million of capital outlay for the lease and subscription asset. The Lease and SBITA expenses were budgeted as an operating expense in the Sheriff's Operations budget and should be budgeted as principal and interest in the Sheriff's Debt Service budget to the lease and subscription liability.

Planning operations budget amendment increased $.3 million or 41% to $1.0 million to fund professional services required to review the Planning applications for Stagecoach Mountain Ranch due to the complexity of the application. These costs are fully reimbursed by the applicant through a deposit paid to Routt County to cover review expenses.

Budget Variances

Revenue Variances

Total actual revenues of $45.6 million have a $1.6 million or 4% unfavorable variance from the $47.2 million final budget. The significant revenue budget variances are discussed as follows:

Sales tax revenues of $7.7 million reflect an unfavorable variance of $2.3 million or 23%, compared to the final budget of $10.0 million. The primary reasons for the unfavorable variance follow. Sales tax is composed of retail sales tax, building use tax and auto use tax. Sales tax (General Fund and Road and Bridge) ended the 2025 budget with a favorable $.5 million or 3% variance as described by type of sales tax below.

Retail sales tax in total for the 2025 budget anticipated an 7% increase from the 2024 budget which provides a 5% "cushion" in terms of an economic slowdown due to the possibility of a recession depending on Federal Reserve interest rate policy, national election, foreign wars, and consumer confidence. Retail sales tax ended the 2025 budget with a favorable $.2 million or 2% variance, lower than predicted due to economic pressures from inflation, uncertainties from national and international events, and a lower consumer confidence.

Building use tax in total for the 2025 budget was anticipated to increase 1% over the 2024 budget. Building activity in 2025 was anticipated to remain constant with 2024 levels. Building use tax ended the 2025 budget with a favorable $.3 million or 20% variance resulting from continued strength in both residential and commercial construction activity, although overall growth did not reach the elevated levels experienced in 2024.

The remainder of the variance is attributable to a reallocation of sales tax between the General Fund and the Road and Bridge Fund to be in compliance with the 10% Committed Reserve policy, the Capital Committed reserve policy and to provide sufficient funds in the Road and Bridge fund to replace infrastructure in a timely manner based on certain assumption for the next twenty years. The budget to actual sales tax variance is favorable by $.5 million or 3%. After the reallocation of sales tax, General Fund has an unfavorable $2.3 million or 23% sales tax variance and Road and Bridge has a favorable $2.8 million or 59% sales tax variance. See the "Financial Analysis of County Funds – Governmental Funds – Road and Bridge" for additional detail related to allocations mentioned above.

Intergovernmental revenues of $1.9 million has a $.8 million or 28% unfavorable variance from the $2.7 million final budget. The primary reasons for the unfavorable variance follow. State severance tax had a $.2 million or 100% unfavorable budget variance as a result of the State appropriating severance tax to balance the State General Fund. State historical preservation grant funding had a $.3 million unfavorable budget variance as a result of not being awarded the grant in 2025. Public Health federal and state funding had a $.1 million unfavorable variance due to change in funding allocation at the federal and state level. Community Services had a $1 million unfavorable variance due to the timing of the grant payment for the Council on Aging van replacement.

Investment earnings of $2.9 million has a $1.3 million or 77% favorable variance from the $1.6 million final budget. The County's average interest rate is 3.6% in 2025 compared to the 3.0% budgeted mainly due to interest rates continuing to remain higher longer than anticipated due to inflation. The County's average cash balance was higher than anticipated primarily due to Purchase of Development Rights projects budgeted but delayed due to the complexity of the projects, and a significant increase in the valuations of the available properties. With interest rates decreasing slower than anticipated, favorable unrealized mark to market gains on investments contributed to interest earnings in 2025.

Expenditure Variances

Total actual expenditures, before Other Financing Sources and Uses, of $42.7 million have a favorable $8.7 million or 17% variance compared to the $51.4 million final budget. The significant budget variances are discussed as follows:

Facilities Management reported a favorable variance of $.1 million or 2% compared to the final budget of $3.9 million comprised of $.1 million from personnel due to vacancy savings for groundskeeper and maintenance positions.

Information Technology had a favorable variance of $.6 million or 14% compared to the final budget of $4.2 million comprised of $.2 million from personnel and $.4 million from operations. The favorable personnel variance is from vacancy savings for a systems analyst position budgeted but not hired and for a database administrator budgeted as full-time and transitioned to part-time in anticipation of retirement. The favorable operations variance is primarily related to a favorable variance of $.2 million related to digital accessibility as the county was not able to find a consultant in 2025 to help with advancing the County's accessibility initiative. Additional favorable variances in 2025 relate to normal changes in the computer and equipment replacement cycle and replacements being delayed to 2026 due to the assets up for replacements were evaluated to have an additional year of useful life and the support and maintenance for the asset was still available and less continuing education and related travel by the staff for professional development in 2025.

Museums has a favorable variance of $.3 million or 36% compared to the final budget of $.9 million due primarily to budgeting the maximum spending authority amount for Capacity Building Grants which fund historic preservation activities. The amount of spending depends on the number of active projects in any given year.

Community Services has a favorable variance of $.9 million or 42% compared to the final budget of $2.0 million due primarily to the construction delay of a joint childcare and workforce housing facility in Steamboat Springs. The joint project was in partnership with Routt County, the City of Steamboat Springs, The Colorado Department of Transportation (CDOT), and the Public-Private Partnership (P3) Office of the State of Colorado. The County was contributing $.8 million in 2025 towards the construction of the project. The project is currently being reevaluated.

Planning Department has an unfavorable variance of $.2 million or 23% compared to the final budget of $.7 million due primarily to the review of several large-scale development applications that require outside consulting services. The scope, complexity, and duration of these reviews exceeded the original budget. Funding for these costs is fully reimbursed by the applicant through a deposit paid to Routt County.

Public Health has a favorable variance of $.2 million or 24% compared to the final budget of $1.0 million due primarily to vacancy savings related to two positions, community health specialist and emergency preparedness and response coordinator, for part of 2025.

Purchase of Development Rights (PDR) has a favorable variance of $5.5 million or 59% compared to the final budget of $9.5 million after existing projects were delayed due to the complexity and timing of the projects.

Sheriff has a favorable variance of $.1 million or 1% compared to the final budget of $6.1 million due primarily to lower than budgeted actual professional services costs associated with the Co-Responder Grant program. Funding for a third-party mental health practitioner who assists law enforcement in responding to individuals experiencing a crisis was budgeted at the maximum amount allowable under the grant; however, actual service hours were lower than anticipated.

Office of Emergency Management has a favorable variance of $.1 million or 18% compared to the final budget of $.7 million. The variance is due primarily to the actual cost of the analysis of the Community Wildfire Protection Plan (CWPP), which is intended to support the identification of project scopes and cost estimates to facilitate future grant opportunities, being less than anticipated. In addition, the Office of Emergency Management is annually budgeted with up to $.1 million in spending authority for significant emergency events. During 2025, only half of this amount was needed for the Crosho wildfire emergency.

District Attorney has a favorable variance of $.1 million or 8% compared to the final budget of $1.4 million due primarily to vacancy saving from staff turnover in 2025.

Other Financing Sources and Uses Variance

Total actual other financing sources and uses of $12.0 million have a $1.0 million or 8% favorable variance from the $13.0 million final budget. Transfers out have a favorable variance of $1.0 million or 8% attributed to the Equipment Pool facility projects being delayed to 2026.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

During 2025, the County's capital assets increased $23.6 million or 7% to $368.6 million. Capital assets include heavy equipment, motor vehicles, E911 communication equipment, buildings, road and bridge infrastructure, airport infrastructure, equipment and facilities, other, water and sewer systems, leased assets and subscription assets. Governmental Activities capital assets increased $5.1 million or 2% to $225.9 million. Business-type Activities capital assets increased $18.5 million or 15% to $142.7 million.

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

Routt County, Colorado
Capital Assets
(in millions)

	Governmental Activities		Business-type Activities		Total	
Asset Item	**2025**	**2024**	**2025**	**2024**	**2025**	**2024**
Land and improvements	$ 5.8	$ 5.6	$ 79.9	$ 66.3	$ 85.7	$ 71.9
Infrastructure	118.9	115.8	-	-	118.9	115.8
Buildings and improvements	57.1	56.4	31.5	31.5	88.6	87.9
Equipment	39.1	36.6	15.1	14.7	54.2	51.3
Water system	-	-	2.0	2.0	2.0	2.0
Sewer system	-	-	1.8	1.8	1.8	1.8
Other	2.7	2.8	1.1	1.1	3.8	3.9
Leased assets	0.3	0.2	-	-	0.3	0.2
Subscription assets	0.5	0.6	0.3	0.3	0.8	0.9
Construction in progress *	1.5	2.8	11.0	6.5	12.5	9.3
Total capital assets	225.9	220.8	142.7	124.2	368.6	345.0
Accumulated depreciation/amortization	(79.2)	(75.5)	(56.4)	(51.3)	(135.6)	(126.8)
Total	$ 146.7	$ 145.3	$ 86.3	$ 72.9	$ 233.0	$ 218.2

* See Note 14 Restatement of Net Position for a more detailed explanation of the $.8 million restatement of the 2024 capital asset balance for Business-type Activities. As this is a comparative statement, the December 31, 2024 balance is adjusted as compared to the beginning balance in the footnotes.

Major Governmental-type Capital Asset Projects

During 2025, 7.72 miles of County roads were overlaid for $2.0 million. The 7.72 miles of overlaid roads represent 5% of the paved road system. Heavy Equipment replacement purchases totaled $2.5 million for three graders, four bottom dump trailers, a bucket truck, a service truck, two sander truck sand boxes, a variable message board, a tactical assault vehicle, AZ, two Electric Vehicle (EV) charging stations located at the Steamboat Springs Road and Bridge shop, an entrance gate also located at the Steamboat Springs Road and Bridge shop, and a new fuel farm and tanks located at the Hayden Road and Bridge shop. Motor Pool replacement purchases totaled $.9 million for one shuttle bus for Serving Older Adults in Routt (SOAR) of which a federal grant was obtained that paid 80% of the cost of the bus, two vehicles for the Road and Bridge Department, one electric vehicle for the Planning Department, one vehicle for the Office of Emergency Management, and six vehicles for the Sheriff's Department.

The County completed approximately $.8 million in Facilities Management capital projects. This includes the $.2 million acquisition of Lot 1 at Hayden Business Park for a future County building to help attract and retain staff by providing work in the community staff live in and to provide convenient services where the public resides. Lot 1 was funded 75% by the Yampa Valley Regional Airport and 25% from reserves. The County also invested $.1 million in design services to replace two rooftop heating, ventilation, air conditioning (HVAC) units at the Historic Courthouse with a more energy-efficient system aimed at significantly reducing carbon emissions funded by reserves. At the Detention Center, $.2 million was invested to replace the boiler serving domestic hot water needs for staff and inmate areas funded by reserves. An additional $.1 million supported security system improvements, including installation of additional cameras to eliminate blind spots and enhance safety, as well as replacement of a network switch as part of planned preventive maintenance with both projects funded by reserves. The County also spent $.1 million at the Fairgrounds for a restroom remodel and evaluation of maintenance shop building alternatives, funded by state lottery proceeds and reserves.

Major Business-type Capital Asset Projects

In 2025, YVRA finished the design and engineering and completed construction of runway 28 blast pad and the taxiway connector and rehabilitation for $12.7 million, continued the design process for the terminal expansion incurring $.6 million, continued the design and engineering and started the construction of the aviation business park on the east end of the airport and purchased Lot 1 in the Town of Hayden Business Park for $.6 million. The lot was purchased in conjunction with the Equipment Pool, 75% to the airport and 25% to Equipment Pool for a total amount of $.8 million. YVRA plans to build a maintenance facility for the airport to give easier access the maintenance employees the landside operations of the airport.

Phippsburg Water and Sanitation System and Milner Sanitation System both had construction costs incurred for their wastewater treatment plants in 2024 that will replace the lagoons. Total construction costs incurred for Phippsburg Water and Sanitation System and Milner Sanitation System in 2025 are $.8 million and $.9 million, respectively. Both wastewater treatment plants are expected to be completed in 2026.

Long-term Debt

The following table summarizes the components of the County's long-term debt:

Routt County, Colorado
Outstanding Debt
(in millions)

	Governmental Activities		**Business-type Activities**	
	2025	2024	2025	2024
Certificates of participation	$ -	$ 1.2	$ -	$ -
Revenue loans	-	-	1.2	0.3
Leases	0.2	0.1	-	-
Subscription liability	0.2	0.2	0.2	-
Total	$ 0.4	$ 1.5	$ 1.4	$ 0.3

Governmental Activities long-term debt decreased $1.1 million or 73% from the prior year. After making the final principal payment of $1.2 million in 2025 on the Series 2012 Refunding Certificates of Participation, the outstanding balance for Governmental Activities, Justice Center certificate of participation is $0 as of December 31, 2025.

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.

Business-type Activities long-term debt increased $1.1 million or 100% to $1.4 million from prior year. Phippsburg Water and Sanitation System (PWSS) financed a portion of the new wastewater treatment plant with a loan through the Colorado Water Resources and Power Development Authority (CWRPDA). As of December 31, 2025 PWSS had incurred and recognized $.5 million of the $.7 million in authorized debt by CWRDPA. PWSS has restricted cash and investments of $.5 million pledged for the anticipated pay off of the loan in 2026. Milner Sanitation System (MSS) financed a portion of the new wastewater treatment plant with a loan through CWRPDA. As of December 31, 2025, MSS had incurred and recognized $.7 million of the $.7 million in authorized debt by CWRDPA. MSS has restricted cash and investments of $.7 million pledged for the anticipated pay off of the loan in 2026.

NEXT YEAR'S BUDGET AND ECONOMIC FACTORS

The 2026 Routt County budget projects $144.1 million in revenues/sources of funds and $129.4 million in expenses resulting in $14.7 million of revenue/sources of funds over expenses, and after removing $1.7 million of non-cash expenses such as depreciation, the increase in reserves is $16.5 million. The 2026 budget as compared to the 2025 budget includes a $35.3 million or 32% increase in revenues and a $9.2 million or 8% increase in expenses. Revenues, expenditures, and reserves are balanced twenty years into the future for Governmental Activities. The 2026 budget is separated into Governmental Activities and Business Type Activities as follows.

The entire ROUTT COUNTY 2026 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 $4.4 million or 6% to $74.3 million, expenses are anticipated to increase $5.6 million or 7% to $86.6 million and results in expenses over revenues of $12.3 million.

The primary reasons for the decrease in reserves are $6.4 million for Purchase of Development Rights acquisitions, $3.6 million for planned Road and Bridge overlay and bridge projects, and $3.7 million for planned equipment replacement. The reserve decreases have been offset by a $1.2 million reserve increase from paying off the Justice Center's construction certificates of participation in 2025, $.1 million from state lottery proceeds accumulated for capital projects at the Fairgrounds, and $.4 million from a favorable 2025 interest income variance.

Revenue

Governmental Activities revenues are anticipated to increase by $4.4 million or 6% from $69.9 million budgeted for 2025 to $74.3 million budgeted for 2026. Noted below are the primary reasons for the changes in revenues.

Property Taxes

Property tax revenue from all sources is anticipated to increase by $1.5 million or 5% to $31.3 million over the 2025 budget. The primary changes in property tax are as follows.

The property tax increase is split between Routt County base property taxes and voter-approved property taxes. Base property taxes provide revenue for basic services delivered by the General Fund, Road and Bridge, E911 Communications, and Human Services. Voter-approved property taxes provide revenue for the Purchase of Development Rights Program, Museums, and Developmental Disabilities.

The base property tax revenue is anticipated to increase $.9 million or 3.8% to $23.3 million. Base property tax revenue is anticipated to increase by $.9 million or 4.2% to $23.3 million and is limited by the Taxpayers Bill of Rights (TABOR). The TABOR property tax revenue limit increase of 4.2% is comprised of a 1.5% increase from new construction and a 2.7% increase from inflation. The gross base property tax increase is offset by the following items. The 2026 budget variance for tax abatements/refunds, the consumer price index (CPI) estimation and CPI estimation penalty is an unfavorable $.1 million.

Property tax from voter-approved mill levies, which are not subject to TABOR, increased by $.6 million or 10.5% to $6.3 million due to an increase in assessed valuation. Overall, Routt County's 2026 net assessed valuation increased by $214.0 million or 10.5% to $2.2 billion.

Specific ownership tax is collected on vehicles and allocated to the County and each taxing entity based on the percentage allocation of property tax to each taxing entity. Based on 2025 actual collections, specific ownership taxes allocated to Routt County base property taxes are anticipated to remain flat at $14.4 million compared to the prior year's budget. Voter-approved specific ownership taxes are anticipated to increase $.1 million or 32% to $.4 million due to the increase in the County's net assessed valuation, which increases the amount of revenue allocated. Zero growth is projected in collections due to high interest rates and an uncertain economy from new tariffs, national debt levels, possible stagflation, and labor market weakness.

Sales Tax

Sales tax from all sources is anticipated to increase by $1.0 million or 7% to $15.4 million over the 2025 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 by $1.0 million or 8% to $12.7 million over the 2025 budget. The economy has slowed down. Actual sales tax collections through July of 2025 compared to the same period in 2024 increased 2.24%. A mild recession is a possibility due to economic and political uncertainties such as the Federal Reserve interest rate policy, tariffs, foreign wars, and consumer confidence. The 2025 projection is forecast to increase 8% over the 2025 budget and is attributable to a conservative budget forecast in the 2025 budget. The 2026 budget is anticipating an 8% increase from the 2025 budget. There appears to be resiliency in the economy despite the uncertainty. The County has grown into the sales tax revenue increases and the forecast does not reflect any conservative budget estimates.

Building use tax is anticipated to remain flat with the 2025 budget at $1.7 million. Higher end construction activity in 2026 is anticipated to remain constant with 2025 activity

Auto use tax is anticipated to remain flat with the 2025 budget at $1.0 million. The 2026 budget is based on actual 2025 auto use tax collections. High interest rates and an uncertain economy as mentioned previously are reasons to forecast sales tax revenue flat. The Federal Reserve is anticipated to decrease interest rates in the later part of 2025 and into 2026, which may stimulate vehicle sales.

State

State revenues are anticipated to remain flat at $7.2 million primarily because of the changes in the revenues noted below.

Community Services is anticipated to decrease by $.2 million or 100% to $.0 million under the 2025 budget primarily due to the completion of the Office of Just Transition (OJT) grant. The grant was awarded in 2024 and will end in February 2026. The OJT grant was used to implement the project results of the Rural Economic Development Initiative (REDI) grant. REDI educated the regional counties and municipalities on how to grow economic diversity to balance a solid revenue base as they pursue economic resiliency and diversification and move away from reliance on tourism, coal mining, and coal-fired power plants as primary sources of revenue. Projects have been identified and implemented through REDI and OJT for development in the areas of clean energy, value-added agriculture/food processing, healthcare expansion, light manufacturing, housing, and childcare. OJT matching funds of $.1 million are from the counties of Routt, Moffat, and Rio Blanco, and the major towns and municipalities in those counties. The total two-year cost of the project is $.5 million.

Road and Bridge Highway User Tax Funds (HUTF) are anticipated to increase by $.1 million or 3% to $3.8 million over the 2025 budget, as revenue is expected to increase but at a slower pace. Senate Bill 25-258 temporarily reduces the road safety surcharge from September 1, 2025, to September 1, 2027. Road usage fees on gasoline and diesel fuel, retail delivery fees, and other transportation-related fees that were implemented in April 2023 are annually adjusted for CPI inflation and are expected to increase by 24% through 2026-2027. Fuel consumption is expected to remain relatively flat, and improved vehicle fuel efficiency, an increase in electric vehicles, and permanent shifts to remote or hybrid work reduce expectations for growth.

Federal

Federal revenues are anticipated to increase by $.6 million or 9% to $7.8 million over the 2025 budget primarily because of the changes in revenues noted below.

Public Health federal revenues are anticipated increase by $.1 million or 55% to $.3 million over the 2025 budget. Core Funding is expected to remain consistent with the 2025 budget of $.1 million. Core services includes Local Public Health Agency (LPHA), Emergency Preparedness Regional (EPR), Maternal Child Health (MCH), Child Fatality Program, and Immunizations. Non-Core Funding is anticipated to increase by $.1 million or 112% to .2 million over the 2025 budget. Non-Core funding includes COVID-19 Immunizations, Center for Disease Control (CDC) Workforce program, and Substance Abuse Mental Health Services Administration (SAMHSA) program. COVID-19 immunization is anticipated to decrease $.1 million or 100% to $0 million due to the grant period ending in June 2025. SAMHSA is anticipated to increase $.2 million or 100% to $.2 million as the 2025 grant was not awarded until after the 2025 budget was adopted.

Sheriff federal revenues are anticipated to increase by $.2 million or 852% to $.2 million over the 2025 budget due primarily to federal grant funding of $.2 million for the Co-Responder program. The Co-Responder program integrates behavioral health specialists with law enforcement to de-escalate behavioral health crises and connect individuals to appropriate services.

Road and Bridge grant revenue is anticipated increased by $.9 million or 1143% to $1.0 million over the 2025 budget. The increase is due to the County being the recipient of three new grants in 2026. The first is a $.1 million Congestion Mitigation and Air Quality Improvement (CMAQ) grant, anticipated to purchase dust abatement supplies for application to the County gravel roads. The second is a $.2 million Colorado Department of Transportation (CDOT) Multimodal Transportation and Mitigation Options Fund (MMOF) grant with a County match of 25% or $.1 million for a total of $.3 million, which will develop a comprehensive multimodal transportation plan to determine the types of infrastructure most needed to improve safety and mobility on U.S. 40 for the Heritage Park, Steamboat II, and Silver Spur neighborhoods. The third is a $1.5 million Colorado Department of Transportation (CDOT) Off-System Bridge grant with a County match of 20% or $.4 million for a total of $1.8 million for the replacement of the Moon Hill Bridge on County Road (CR) 56. The bridge replacement project will take two years to complete, 50% is budgeted for 2026 and 2027, respectively. In addition, the Trout Creek Bridge replacement project on CR 179 was completed in 2025, which decreased federal revenue by $.1 million.

Human Services federal revenues are anticipated to decrease by $.6 million or 13% to $3.8 million under the 2025 budget due primarily to the following programs. The County Wide Cost Allocation reimbursement decreased $.1 million or 37% to $.2 million. The decrease reflects the completion of the Public Health and Human Services Building and the discontinuation of construction-related cost allocation. Additionally, the Supplemental Nutrition Assistance Program (SNAP) administrative revenue is expected to remain consistent as 2025 budget at $.3 million. Economic Security decreased by $.3 million or 19% to $1.4 million due primarily to a decrease in SNAP benefits, driven by uncertainty surrounding future federal funding. The Child Welfare Program decreased $.2 million or 34% to $.3 million primarily due to lower personnel costs as a result of staff turnover.

Fees

Fee revenues are anticipated to increase by $1.4 million or 19% to $9.0 million over the 2025 budget primarily because of the changes in revenues noted below.

Accounting overhead fees increased by $.6 million or 17% to $3.8 million over the prior year budget. The increase is from 2024 overhead charges being allocated to the following departments.

Regional Building Department overhead increased by $.1 million or 14% to $.6 million over the prior year primarily related to the overall increase in compensation and benefit costs to provide competitive compensation for the Geographical Information Systems (GIS), and the Information Technology (IT) Departments. In addition, services and supplies costs went up due to an increase in casualty and property Insurance premiums, and the County Attorney's hours increased as this was the first full year that the Colorado Open Records Act (CORA) requests went through the Attorney's office instead of going directly through the Building Department.

E911 Communications overhead costs increased by $.7 million or 100% over the prior year to a total of $.7 million. This increase is primarily due to the implementation of fees charged to outside entities to help offset the cost of operating the Routt County E911 Dispatch Center. The County provides operational support services to the Center. These operational support costs include services provided by the County Manager's Office, Accounting, Human Resources, Geographic Information Services, Facilities Management, the Treasurer's Office, and Information Systems. In addition, operational support costs include depreciation of equipment associated with the Dispatch Center.

Human Services overhead costs decreased by $.5 million or 36% to $.8 million under the prior year due to the completion of the Health and Human Services Building in 2023. In 2024, the building was depreciated for a full year, contributing to a decrease in overhead revenue.

Planning Department overhead costs increased by $.2 million or 48% to $.7 million over the prior year primarily due to the County Attorney's hours increasing due to additional time spent on the adoption of the Unified Development Code and subsequent work on Housing Guidelines, as well as working with Planning Department staff on large-scale development projects. In addition, Information Technology (IT) operations increased the allocation among departments by 11%.

E911 Communications fees are anticipated to increase $.7 million or 75% to $1.5 million over the prior year budget due primarily to the state approved increase in E911 surcharges of $1.88 or 89% to $4.00 per line resulting in an increase of $.6 million or 81% to $1.4 million over the prior year. Additionally, the three-year phase-in of E911 Dispatch fee collections begins in 2026. This increase allocates the net cost of the E911 Communication System to user agencies based on Computer-Aided Dispatch (CAD) incidents. The City of Steamboat Springs is anticipated to pay $.1 million in dispatch fees and is the only user agency other then the County to pay the dispatch fee in the first year.

Motor Vehicle fees are anticipated to increase $.1 million or 16% to $.5 million over the prior year budget primarily due to the State of Colorado passing House Bill 24-1269, which implemented a flat $40 fee for recording lien fees. Other Motor Vehicle fees are also anticipated to increase due to historical collections.

<u>Other Revenue</u>

Other revenues are anticipated to decrease by $.1 million or 3% to $3.5 million under the 2025 budget primarily because of the changes in revenues noted below.

Community Services other revenue decreased by $.1 million or 100% to $0 under the prior year's budget. The decrease is primarily due to the completion of a $.2 million one-time grant from the Rockefeller Philanthropy Advisors for the Just Transition Fund (JTF) project. The project spanned 2024-2025, with 80% budgeted in 2025. The grant funded the development of the Northwest Colorado Innovation Center (NCIC) as a 501c3 launched by the Northwest Colorado Development Council (NWCDC). The NCIC is a non-profit organization committed to serving a tri-county region of Routt, Moffat, and Rio Blanco counties by providing resources to entrepreneurs, small businesses, and expanding companies. Resources include technical assistance, project management, fiscal management, economic development, grant writing, and business consulting. The JTF project was completed in 2025.

Interest revenue is anticipated to increase $.2 million or 9% to $2.3 million over the prior year budget. The County's 2026 interest rate is anticipated to remain at 3%, consistent with 2025, based on the longer maturities currently held by the Treasurer. The Federal Reserve continues to target a 2% core inflation rate, and while inflation is moving closer to that goal, conflicting employment and inflation data remain. The Federal Reserve is expected to continue lowering the Federal Funds rate through 2025 and into 2026. The County's average 2025 cash balance is anticipated to be higher than the 2024 actual balance, reflecting favorable sales tax collections, interest earnings, and favorable personnel and operational budget variances.

Governmental Activities reserves are expected to decline by the end of 2026, primarily due to the purchase of development rights, equipment additions and replacements, and Road and Bridge infrastructure projects. The County's interest rate is anticipated to decrease to 1.0% in 2027 and remain at that level for several years into the future.

Expense

Governmental Activities expenses are anticipated to increase by $5.6 million or 7% to $86.6 million over the 2025 budget. Noted below are the primary reasons for the change in expenses.

Personnel

Governmental Activities personnel expenses are anticipated to increase $1.3 million to $38.8 million or 3% over the 2025 budget. The primary changes in personnel costs are noted below.

Compensation Initiatives in the 2026 budget includes a 2.5% across-the-board increase, and an anniversary step for eligible employees at $1.4 million. An additional $.2 million is a pay scale adjustment for Dispatchers in the E911 Communications Center to improve the ability to retain and recruit. The total of these changes is $1.6 million.

Full Time Equivalents (FTEs) in Governmental Activities are anticipated to increase $.2 million and 2.79 FTEs or 1% to 271.96 FTEs. This change includes a 2.67 increase in FTEs and a 0.12 change in FTEs related to overtime. The primary changes in FTEs are as follows:

Accounting is anticipated to increase $.1 million and 0.60 FTE or 6% to 10.81 FTEs due to a succession plan for an anticipated retirement, which includes a 0.50 FTE overlap for training, along with a 0.10 FTE increase from hours previously allocated to the Department of Human Services (DHS) based on a six-year average of actual hours. The allocation in 2026 is 70% Accounting and 30% DHS.

District Attorney (DA) is anticipated to decrease $.1 million and 0.57 FTE or 6% to 8.78 FTEs for Routt County. The changes include elimination of a Deputy District Attorney (DDA) and an Office Staff position and the addition of a Legal Assistant. Routt County's share of the overall DA personnel budget decreased from 47% to 46%. The 14th Judicial District serves Routt, Grand and Moffatt counties. High housing costs have created a hiring crisis, leaving critical DDA positions vacant. A 1.0 FTE DDA position has been eliminated in order to repurpose a portion of the existing salary budget from these vacant positions to lease housing for new attorneys, as successfully implemented in other jurisdictions. Housing assistance could help attract qualified candidates, improve staffing levels, and ensure the office can effectively serve all counties. Eliminating the 1.0 FTE Office Staff position and adding a 1.20 FTE across the Victim Witness and Legal Assistant positions will help the DA have more staffing for case management and investigations. These changes are intended to allow the DA to focus on high priority, complex cases with law enforcement, internal training, and collaboration with other community partners such as victim advocates and targeted response teams.

Sheriff is anticipated to increase $.1 million and 1.12 FTE or 4% to 31.99 FTEs. This increase includes the addition of 1.0 FTE for a new Mental Health Response Team (MHRT) Deputy position and 0.12 FTE related to overtime. The MHRT Deputy works alongside patrol deputies to provide on-scene mental health support during crisis situations by de-escalating incidents, offering immediate counseling, and connecting individuals to appropriate services. The additional overtime hours, funded by a grant, allow the deputy to participate in specialized co-responder training.

Human Services is anticipated to increase $.1 million and a net of 0.17 FTEs or 1% to 26.07 FTEs. The increase is the result of the addition of 1.0 FTE Economic Security Technician. As a result of growing demands and upcoming federal and state compliance mandates, the additional position will help sustain program quality, ensure ongoing compliance, and alleviate staff burnout. This increase is offset by a decrease of 0.73 FTE in allocation from the Attorney’s office due to a return to typical case levels after a two-year period of elevated legal support needs for complex Child Welfare cases. Additionally, a decrease of 0.10 FTE from the Accounting Department allocation was made to reflect historical actuals.

Health Insurance changes include an increase in employer and employee contributions off set by increases in the cost of stop loss insurance and the County's maximum claims liability. The County is partially self-insured for individual claims up to $75,000 and sets employer and employee contributions, as well as reserves to cover claims, stop-loss insurance, and administrative costs. Rising medical expenses and increased plan participation continue to drive higher health insurance costs. Large claims, those over $35,000, have steadily raised the County’s stop-loss premiums and maximum claims liability.

For 2026, stop-loss insurance increased $.7 million or 49% to $2.0 million, and the maximum claims liability rose $.4 million or 6% to $7.5 million. Net medical claims, which include reimbursements for claims above $75,000, grew $2.1 million or 69% between 2021 and 2026 to $5.2 million due to more small and large claims and some ongoing claims managed by medication. A new pharmacy benefit plan is expected to reduce costs by $.4 million compared to the prior year’s rebate program. Between 2021 and 2026, the maximum claims liability increased $2.8 million or 61% to $7.5 million.

To maintain adequate reserves and stabilize the health insurance pool, the County will transfer $.5 million from the General Fund as planned in 2025 and the same amount in 2026, and increase employer and employee contributions by 10.2% in 2026. Contributions rose 10% in 2025 after four years of no change or reduced contributions. In 2026, the total annual contributions for a family PPO (preferred provider option) plan will be $30,287 for the County and $3,941 for employees, resulting in increases of $2,803 and $365, respectively. The $.2 million increase in revenue over expenses for health insurance is netted against the increase in contributions to consolidate the overall financial impact to the County. The overall impact of these changes to Governmental Activities is a $.2 million decrease in personnel costs.

The County’s goal is to sustainably fund medical costs while maintaining affordable and competitive benefits for employees.

Workers’ Compensation is anticipated to increase $.1 million or 17% to $.4 million as a result of an increase in claims and payroll costs.

Other Personnel Changes include turnover in staff, promotions, reclassifications, and related benefit costs such as expected retirement payouts for a total net decrease of $.4 million in Governmental Activities.

Several departments experienced turnover at senior level positions in 2025 that when replaced were filled at staff level positions, resulting in significant costs savings that will continue into 2026; but, not change FTEs for those departments.

The District Attorney's office is part of the 14th Judicial District (encompasses three counties), and is independent of the salary and benefit system of Routt County. The above turnover savings includes Routt County's share of cost increases for the DA's office. This includes compensation increases of $.05 million, a health insurance increase of $.05 million and a new housing stipend of $.05 million. Total District Attorney cost increase is $.15 million.

Operations

Governmental Activities operating costs are budgeted to increase by $2.2 million or 7% to $35.1 million over the 2025 budget. The major changes in operating costs are noted below.

Community Services decreased by $.3 million, or 18%, to $1.6 million under the 2025 budget, primarily due to the following items.

Economic is anticipated to decrease by $.3 million or 69% to $.2 million due to the following items. The $.4 million Office of Just Transition (OJT) grant, which began in 2024, was 96% complete at the end of 2025. The grant will end in February 2026. The OJT grant was used to implement the project results of the Rural Economic Development Initiative (REDI) grant. REDI educated regional counties and municipalities on how to grow economic diversity to balance a solid revenue base as they pursue economic resiliency and diversification and move away from reliance on tourism, coal mining, and coal-fired power plants as primary sources of revenue. Projects have been identified and implemented through REDI and OJT for development in the areas of clean energy, value-added agriculture/food processing, healthcare expansion, light manufacturing, housing, and childcare. OJT matching funds of $.1 million are from the counties of Routt, Moffat, and Rio Blanco, and the major towns and municipalities in those counties. The total two-year cost of the OJT grant is $.5 million. In addition, a $.2 million one-time grant from the Rockefeller Philanthropy Advisors for the Just Transition Fund (JTF) project was completed in 2025. The project spanned 2024-2025, with 80% budgeted in 2025. The grant funded the development of the Northwest Colorado Innovation Center (NCIC) as a 501c3 launched by the Northwest Colorado Development Council (NWCDC). The NCIC is a non-profit organization committed to serving the tri-county region of Routt, Moffat, and Rio Blanco Counties by providing resources to entrepreneurs, small businesses, and expanding companies. Resources include technical assistance, project management, fiscal management, economic development, grant writing, and business consulting. The total cost of the project is $.2 million.

Human Services is anticipated to increase by $.1 million or 6% to $.9 million primarily due to Routt County partnering with the City of Steamboat Springs, the Colorado Department of Transportation (CDOT), and the Public-Private Partnership (P3) Office of the State of Colorado to construct a joint childcare and workforce housing facility in Steamboat Springs. This project will be a mixed-use building that will provide childcare services for infants and toddlers in Routt County and housing for snow removal staff primarily employed by CDOT. The property is owned by CDOT. In 2024, Routt County budgeted $.2 million to help fund construction documents, but only $.2 million was paid. The County will also be contributing $.8 million in 2026 towards the construction of the project for a total contribution of $1.0 million.

Developmental Disabilities is anticipated to increase $.2 million or 12% to $2.4 million over the 2025 budget due primarily to the increase in taxable assessed valuation and resulting increase in budgeted property tax distributions.

Elections is anticipated to increase $.2 million or 100% to $.1 million over the 2025 budget. The increase is due to the cyclical nature of election expenses. Even-year elections have increased operational costs compared to odd-year elections. There was one election in 2025 versus two elections in 2026.

Information Technologies (IT) is anticipated to increase by $.2 million or 9% to $1.8 million over the 2025 budget. The County continues to invest in technology that enhances accessibility, connectivity, and operational efficiency. A total of $.3 million is budgeted for software and services to meet the State's digital accessibility requirements. While last year's budget was not fully utilized due to in-house remediation work completed by staff, 2026 services include remediation and an audit of the County's website. The County will also complete the migration of all computers and servers to Microsoft Office 365 in 2026

Connectivity to the County's network for the satellite E911 Communications Center in Hayden will cost $21,000 annually, as no wired technologies are available in that area. Computer replacements total $.2 million, an increase of $57,000 due to replacing 24 mobile laptops for the Sheriff's Office, previously a capital expense in the IT Pool, offset by normal fluctuations in the annual replacement cycle across departments. The remaining increase reflects 3-5% annual price adjustments for software and application support and maintenance.

The Clerk's Office is transitioning to a six-year equipment lease and software subscription for the County's voting machines. These costs are now budgeted as debt service in the Elections budget, whereas they were previously recorded as $41,000 in IT support and maintenance.

Planning is anticipated to increase $.2 million or 24% to $.9 million over the 2025 budget due to the following items. Planning Department overhead costs increased by $.2 million or 48% to $.7 million, primarily due to the County Attorney's hours increasing due to additional time spent on the adoption of the Unified Development Code and subsequent work on the Housing Guidelines, as well as working with Planning staff on large-scale development projects.

Public Health is anticipated to increase $.1 million or 129% to $.2 million over the 2025 budget. The increase is primarily due to Non-Core services. Non-Core funding includes COVID-19 Immunizations, Community Health Assessment Plan (CHAP), CDC Workforce program, State Tobacco Education and Prevention Partnership (STEPP) program and Substance Abuse Mental Health Services Administration (SAMHSA). SAMHSA is anticipated to have an increase of $.1 million or 100% to $.1 million over the 2025 budget as the grant was not awarded until after the budget was approved.

Purchase of Development Rights costs is anticipated to increase $.6 million or 6% to $10.0 million over the prior year budget due primarily to the increase in taxable assessed valuation and resulting increase in budgeted property tax distributions. The prior year reserves and current year revenues are budgeted to be spent 100% in 2026.

Road and Bridge operations is anticipated to increase $1.1 million or 27% to $5.0 million over the prior year budget. This change is due primarily to the following items.

Bridge Maintenance is anticipated to increase by $.1 million or 208% to $.2 million to paint the McGregor Bridge on the south side of the Yampa River in Steamboat Springs. This bridge is painted once every four years.

Minor Bridges (bridges less than 20 feet) maintenance is anticipated to increase by $.3 million or 126% to $.5 million, primarily due to the following items. The 2026 budget includes $.2 million to replace two 48-inch culverts on County Road (CR) 56 with a single larger culvert to help mitigate flooding. In addition, design work for future minor bridge replacements increased by $.1 million to $.3 million for the design of two load restricted bridges on CR 5.

Road Maintenance is anticipated to increase by $.2 million or 17% to $1.3 million. The primary reason is an increase of $.2 million, or 21%, for dust retardant. The cost is estimated to increase by $.21 per gallon or 19% to $1.30 per gallon in 2026. The number of gallons purchased remains constant at 906,000.

Chip and Seal is anticipated to increase $.3 million or 107% to $.6 million. In 2026, 10.60 miles of road will be chip and sealed compared to 3.70 miles in 2025, an increase of 6.90 miles. In 2026, chip and seal costs are anticipated to decrease from $4.15 to $3.29 or 21% per square yard of material due to lower mobilization costs. The cost to chip and seal a mile of road decreased $14,732 or 21% to $56,733. The annual cost of chip sealing the paved road system decreased $.2 million.

Leveling is anticipated to increase $.1 million or 100% to $.2 million. As part of the scheduled maintenance plan, the County anticipates overlaying 9.55 miles of road in 2026 compared to 7.72 miles in 2025. Budgeting for leveling is a function of the number of miles to be overlaid in a given year. The estimate is then compared to the actual state of the roads, and the decision on how much in leveling costs is required is made by the Road and Bridge Department.

Patching is anticipated to increase $.2 million or 100% to $.3 million. There is a combined budget limit between leveling and patching of $.5 million for 2026. After the leveling budget is determined, the remaining amount is allotted to patching.

E911 Communications operations is anticipated to increase $.7 million or 197% to $1.1 million over the prior year budget due primarily to the following.

Overhead is anticipated to increase by $.7 million, or 100% to a total of $.7 million over the prior year. This change reflects the first year of a 3-year phased implementation of charging fees to outside entities to help offset the cost of operating the Routt County E911 Dispatch Center. As part of this phase-in, overhead costs are now allocated to the Communications Fund. The County provides operational support services to the Dispatch Center. These services include support from the County Manager's Office, Accounting, Human Resources, Geographic Information Services, Facilities Management, the Treasurer's Office, and Information Systems. Operational support costs also include depreciation of Dispatch Center equipment.

Human Services operations is anticipated to decrease $.7 million or 14% to $4.1 million under the prior year budget due primarily to the following. Cost allocation plan (overhead costs) decreased $.4 million or 36% to $.7 million due to the completion of the Health and Human Services Building. Economic Security decreased $.3 million or 18% to $1.5 million due primarily to a decrease in Supplemental Nutrition Assistance Program (SNAP) benefits driven by uncertainty surrounding future federal funding.

These decreases are offset by $.1 million in increases in the First Impressions Program due primarily to several new funding streams including the Agriculture Challenge grant which supports early childhood education, the Sustainability Project which focuses on long-term childhood funding planning, and the Comprehensive Literacy State Development grant (CLSD), which supports birth-to-kindergarten literacy as well as professional development for teachers.

Capital

Governmental Activities capital costs are anticipated to increase $1.5 million to $7.9 million or 23% over the 2025 budget. Noted below are the primary reasons for the changes in capital.

E911 Communications Pool capital expense is anticipated to increase by $.4 million or 166% to $.6 million over the prior year due primarily to the following. Radio replacements increased $.3 million or 252% to $.4 million due to the first phase of the county-wide radio replacement project, which will upgrade radios that are no longer compatible with the state-supported system.

Facilities Management Pool capital expense is anticipated to increase $1.0 million or 44% to $3.3 million over the 2025 budget. Capital additions increased $1.0 million or 48% to $3.2 million. The primary capital additions budgeted in 2026 include $1.0 million to replace two heating, ventilation air conditioning (HVAC) rooftop units on the Historic Courthouse with heat pump roof top units. Backup electric heat will be included as part of the packaged roof top unit as extreme cold temperatures impact the functionality of the heat pump. The boiler will be replaced with all electric equipment. The equipment upgrades the Courthouse HVAC systems will produce nearly zero carbon emissions. Other additions include $.4 million for a body scanner and related space remodel at the Detention Center to help improve inmate and staff safety by detecting hidden items partially funded by $.1 million from Inmate Commissary Reserves, $.5 million to upgrade the Building Automation system at the Detention Center to enhance monitoring, modernize the system for improved efficiency, and $.5 million for preservation and repair of the Historic Courthouse partially funded by a $.3 million State Historic Fund grant. Capital projects approved in 2025 and carried over to 2026 are $.2 million to modernize the elevator in the Historic Courthouse and $.1 million to repair the retaining wall masonry at the Justice Center.

Information Technology (IT) capital expense is anticipated to increase $.6 million or 204% to $.9 million over the 2025 budget. Capital additions increased $.3 million or 347% to $.4 million, and capital replacements increased $.3 million or 149% to $.5 million.

The primary reason for the increase in capital expenditures is the replacement of the Assessor's land management records/computer-aided mass appraisal software. The project cost is $.6 million, which includes project management.

A new software solution is needed for the Assessor to streamline workflows, improve data accuracy, enhance public service, and ensure compliance with all state and local regulations. This software interacts extensively with other County systems, such as the building land management and geographical information systems, and the Treasurer's tax collection software.

Other IT capital projects include backup storage expansion, replacement of host servers for the County's virtual servers, and a network firewall.

Heavy Equipment capital expense is anticipated to decrease by $.4 million or 15% to $2.4 million under the 2025 budget. Capital additions total $.3 million, and replacements are $2.2 million. The 2026 planned additions include a scoria shed at the Oak Creek Road and Bridge Shop, as well as a transformer upgrade for the Electric Vehicle (EV) charging station at the Steamboat Road and Bridge Shop. The 2026 planned replacements include three motor graders, three tractors, a forklift, a skidsteer, and a pressure washer. The overall decrease relates to having fewer additions in 2026 than in 2025.

Infrastructure costs are anticipated to increase $1.9 million or 67% to $4.6 million over the 2025 budget. The increase is primarily due to the following items: There is an increase in overlay of $.8 million or 40% to $2.8 million due to more miles being overlaid in 2026. Bridge improvements increased by $.6 million or 82% to $1.4 million due to the planned replacement of the Moon Hill bridge on County Road (CR) 56. There is an increase in slide repairs of $.2 million or 100% over the 2025 budget to design a repair solution for the recurring mudslide on CR 80 near California Park. An increase in Reconstruction costs of $.3 million or 100% over the 2025 budget for the "Move U.S. 40 Forward: Safe Crossings, Healthy Commutes" project, which will develop a comprehensive multimodal transportation plan to determine the types of infrastructure most needed to improve safety and mobility for the Heritage Park, Steamboat II, and Silver Spur neighborhoods, including access to Sleeping Giant and Steamboat Montessori schools partially funded by a $.2 million grant from the Colorado Department of Transportation's (CDOT) Multimodal Transportation and Mitigation Options Fund (MMOF).

As part of the scheduled maintenance plan, the County anticipates overlaying 9.75 miles of road in 2026 compared with 7.72 miles in 2025. The cost of a ton of asphalt is budgeted to increase by $2.69 or 2% to $161.02. The average cost to overlay a mile of road is $.3 million.

Long-term Debt

Governmental Activities debt service decreased $1.2 million or 100% to $0 under the 2025 budget. Total outstanding debt at the end of 2026 is $0.

On April 5, 2012, the County issued $13.3 million of 2012 Series Refunding Certificates of Participation (COPs) for the Justice Center Project with interest rates ranging from 2.0% to 3.25%. The outstanding balance of the COPs was $0 at the end of 2025. No additional debt has been budgeted in 2026.

Reserves

Reserves are comprised of the following. Restricted reserves are externally imposed by creditors, grantors, laws, and regulations of other governments, constitutional provisions, etc. Committed reserves are constrained by limitations the Board of County Commissioners has imposed on various funds. For example, substantial reserves have been committed for the replacement of equipment and Road and Bridge infrastructure. The following is a summary of the County's reserves.

Significant Items Affecting Reserves

Routt County continues to demonstrate strong fiscal management amid unprecedented uncertainty at the federal and state levels. The County's 2026 budget balances Governmental Activities revenues and expenditures while maintaining sufficient reserves to sustain service levels. Planned road and bridge overlays, bridge replacements, and equipment replacements are fully funded.

Governmental Activities reserves in 2026 are anticipated to decrease $12.3 million due primarily to the following items. Reserves decreased $6.4 million for Purchase of Development Rights (PDR) acquisitions, reducing PDR reserves to zero. PDR reserves have increased over the past several years because PDR projects are not completed as planned due to the complexity of the projects and an increase in property tax collections due to recent increases in assessed valuation. Road and Bridge used $3.6 million of reserves for planned infrastructure projects. Equipment Pool used $3.7 million of reserves for the planned replacement of motor pool vehicles, heavy equipment, communications equipment, and facilities and information technology assets. Museums reserves decreased $.3 million to spend down available funds on new and existing projects. Reserves increased $1.2 million from paying off the Justice Center's construction certificates of participation in 2025, $.1 million from state lottery proceeds accumulated for capital projects at the Fairgrounds, and $.4 million from a favorable 2025 interest income variance.

Separately, and not related to the change in Governmental Activities reserves, the General Fund committed capital reserve at the end of 2026 is $3.2 million and is available for future land acquisitions, inflation adjustments for equipment, buildings and infrastructure replacements, and to provide for unanticipated or unplanned decreases in revenues, and unanticipated increases in expenses and other projects. Tax collections greater than $45,000 and $235,000 for severance tax and building use tax, respectively, and favorable budget variances are set aside to fund future capital projects according to the County's Capital Committed Reserve Policy adopted in 2020. The General Fund committed capital reserve decreased by $3.1 million due primarily to a decrease of $4.2 million for capital additions requested in the 2026 budget and $.5 million for a one-time transfer to the Motor Pool to fund increased replacement costs for vehicles, driven by inflation over the last several years. The decreases are offset by $1.6 million in favorable tax collections.

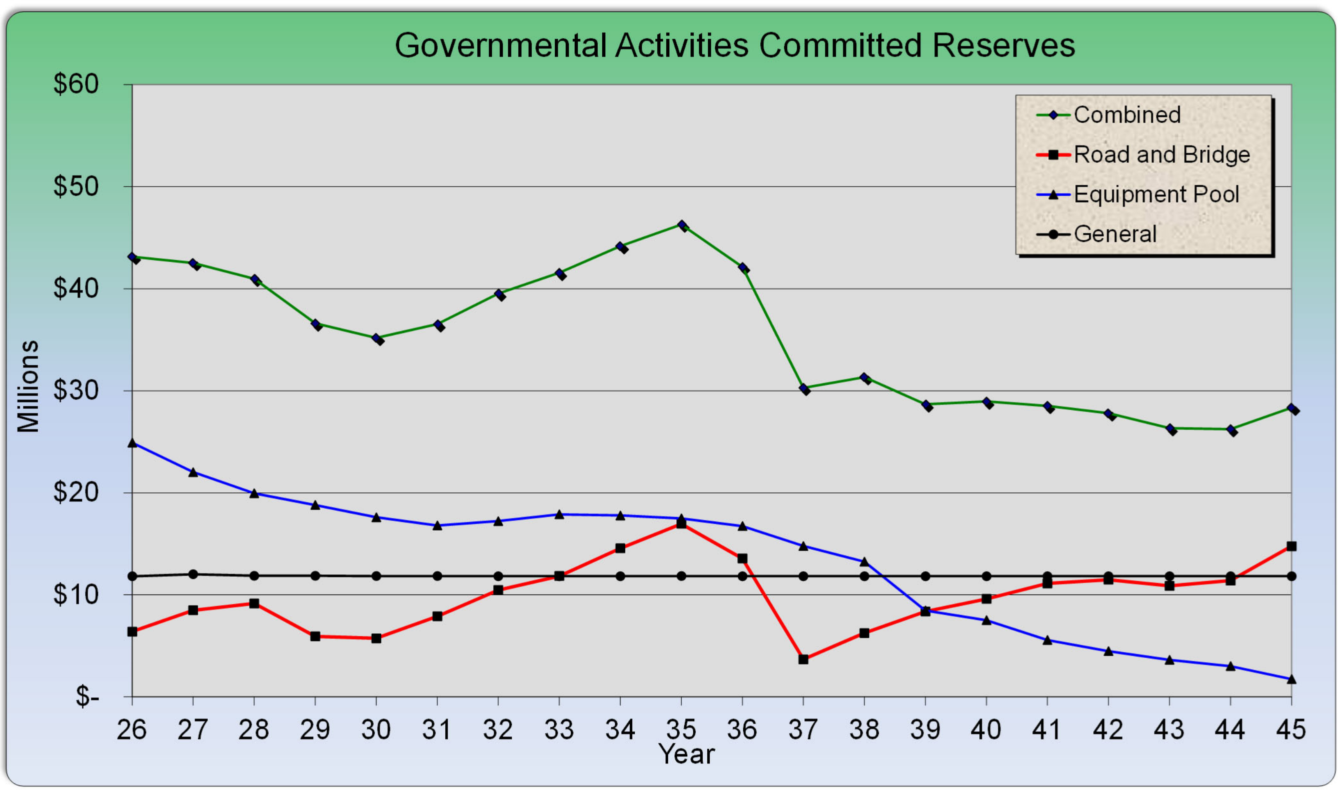
Items that could have a significant impact on future County resources include the following.

The County's property tax, sales tax, other major revenues, and reserves have been able to accommodate the following significant increases in costs and maintain a balanced budget into the future. Compensation has increased $12.5 million to $33.8 million or 59% since 2020. An average increase of 10% per year. Health benefit costs have increased $3.7 million to $8.6 million or 76% since 2020. An average increase of 13% per year. The cost to chip and seal and overlay a mile of road has increased $.2 million to $.4 million or 84% since 2020. An average increase of 14% per year. Inflation is receding given the Federal Reserve Board's interest rate policy.

The County remains cautious given the general uncertainty of the national and state budgets, national debt levels, recession or stagflation concerns related to inflation, interest rates, unemployment, wage growth, consumer spending, consumer debt levels, fluctuating consumer confidence, foreign wars, and political uncertainty. What will the future hold given the current federal administration, health care, fuel prices, labor shortages, foreign wars, etc.?

Future Reserves

The long-term forecast projects a balanced budget through 2045 as presented in the following graph, Governmental Activities Committed Reserves. In 2026 and for twenty years into the future, committed reserves are being used for the planned replacement of equipment and Road and Bridge infrastructure while maintaining appropriate reserve balances.



Routt County, Colorado
Governmental Activities Committed Reserves
(in millions)

Year	General Fund	Road and Bridge	Equipment Pool	Combined (in millions)
2026	$ 13.2	$ 6.9	$ 26.0	$ 46.1
2027	12.0	8.5	22.3	42.8
2028	11.9	9.2	20.2	41.3
2029	11.9	5.9	19.0	36.8
2030	11.8	5.7	17.8	35.3
2031	11.8	7.9	17.0	36.7
2032	11.8	10.5	17.4	39.7
2033	11.8	11.8	18.1	41.7
2034	11.8	14.6	17.9	44.3
2035	11.8	17.0	17.6	46.4
2036	11.8	13.6	16.7	42.1
2037	11.8	3.7	14.8	30.3
2038	11.8	6.3	13.2	31.3
2039	11.8	8.4	8.5	28.7
2040	11.8	9.6	7.5	28.9
2041	11.8	11.1	5.6	28.5
2042	11.8	11.5	4.5	27.8
2043	11.8	10.9	3.6	26.3
2044	11.8	11.4	3.0	26.2
2045	$ 11.8	$ 14.8	$ 1.7	$ 28.3

Business Type Activities include the Yampa Valley Regional Airport (YVRA), the Regional Building Department, the Phippsburg Water and Sanitation System, and the Milner Sanitation System. Revenues are anticipated to decrease $9.1 million or 23% to $29.8 million, and expenses are anticipated to increase $2.3 million or 6% to $40.0 million and results in expenses over revenues of $10.2 million. Debt proceeds are anticipated to increase $40.0 million or 100% to $40.0 million and debt service is anticipated to increase $1.2 million or 83% to $2.8 million and results in revenues/sources of funds over expenses/debt service of $27.0 million. After removing $1.7 million of non-cash expenses such as depreciation, reserves increased by $28.8 million to $75.1 million.

YVRA`s budget includes an anticipated decrease in net operating income of $1.3 million or 52% to $1.2 million. The primary items affecting net operating income are as follows.

Airside operations (Airside and Safety) anticipate an increase in the operating loss of $.8 million or 142% to an operating loss of $1.2 million due primarily to the following items.

Total commercial aircraft landing weight is expected to rise by 3.9 million pounds or 1% to 299.7 million pounds in 2026, while landing fees will remain unchanged at $4.28 per thousand pounds to stay competitive with other mountain airports. Despite the increase in landing weight, the number of commercial flights is projected to decrease by 29 or 1% to 2,498, and total enplanements are expected to fall by 703 or 1% to 230,599. However, total available seats are anticipated to increase by 627 or 1% to 315,727 due to airlines upgrading to larger aircraft.

The reduction in flights is mainly driven by American Airlines, which is cutting 91 flights or 32% to 191 by scaling back its Dallas/Fort Worth winter schedule. In contrast, United Airlines is increasing service by 67 flights or 5% to 1,513 by adding capacity from San Francisco and Newark during peak winter months and extending its Los Angeles service through the summer months. These aircraft upgrades and schedule adjustments allow airlines to transport more passengers per flight, offsetting some of the decline in overall flight numbers.

The Fixed Based Operations (FBO) fees are anticipated to increase by $.1 million or 15% to $1.1 million due to an overall increase in general aviation flights and the expected increase in hanger rental activity with the build out of the aviation business park. Rate setting depreciation increased $.9 million or 122% to $1.7 million primarily due to the de-ice pad 3 expansion, apron rehabilitation, and runway maintenance in 2023. YVRA has reduced the marketing incentive for new air services to the airlines by $.2 million or 100% to $0 until the terminal expansion is completed. Personnel costs increased $.1 million due to one full-time FTE Operations Safety and Security (OSS) Officer being added to YVRA's aircraft rescue and firefighting division due to YVRA exceeding the Federal Aviation Administration (FAA) Index C flight levels on a year-round basis. The addition of this position will allow more flexible use of paid time off and additional training opportunities.

Terminal operations (terminal, passenger services, landside, and security) anticipates a decrease in operating income of $.6 million or 21% to $2.3 million due to the following. Car rental fees decreased $.1 million or 9% to $1.3 million due a slight decrease in enplanements and the decrease in the forecast for the end of 2025. Parking concession increased $.1 million or 15% to $1.1 million as the airport is budgeting 2026 collections to be in line with projected 2025 collections. Taxi, bus, and limousine fees decreased $.4 million or 37% to $.6 million under the 2025 budget due to cancelling the contract of a licensed shuttle bus provider. The contract was cancelled for failure to pay the required monthly terminal rent and monthly gross revenue percentage operating fee to YVRA for most of 2024 and the first quarter of 2025. Rate setting depreciation increased $.2 million or 36% to $1.8 million primarily due to the paving of the north parking lot to add additional car rental parking spots in 2023.

Retail operations (restaurant and general store) anticipate operating income to remain consistent at $.1 million.

Other non-operating income and expense include open market debt issuance proceeds of $40.0 million for the terminal expansion project, interest income of $1.4 million, and non-cash items such as depreciation of $1.7 million for a total of non-operating income of $43.1 million. Net capital expense of $12.4 million related primarily to using reserves for the terminal expansion design and construction project, debt service expense of $1.3 million for a half a year of principal payments and accrued interest on the open market debt for a total non-operating expense of $13.7 million, and net non-operating income over expenses of $29.4 million. Net operating income after other non-operating income and expense is $30.6 million, resulting in an end of year reserve balance of $65.4 million. The reserve balance is anticipated to be used primarily to fund the terminal expansion, except for $3.0 million to be used for capital asset replacement or three months of operating expenses.

Regional Building Department (RBD) reserves are anticipated to decrease by $.4 million. The Regional Building Department's budget includes a net operating loss of $.4 million, primarily related to flat building permit revenue for 2026 which is offset by salary and benefit and operating cost increases due to more building activity in South Routt making an end of year reserve balance of $6.8 million. The reserve has been established to provide the Regional Building Department a "graceful slow down" in the event of a recession.

Phippsburg Water and Sewer System operating revenues less expenses are break even. Non-operating income and expenses include a $.7 million advance pay off of the sewer debt, and interest income of $.1 million resulting in a net loss of $.6 million, and an end of year reserve balance of $1.8 million, which is anticipated to be sufficient for ongoing operations.

Milner Sewer System is anticipated to have a net operating loss of $.1 million. The net-operating loss anticipates to be resolved by 2033 through a 10% annual increase in sewer rates. Non-operating income and expense includes a $.7 million advance pay off of the sewer debt, resulting in a $.8 million decrease in reserves, and an end of year reserve balance of $.3 million, which is anticipated to be sufficient for ongoing operations.

The reserve balance from the County's Self-Funded Insurance pool for health, dental and casualty and property insurances attributable to Business Type Activities decreased less than $.1 million to $.7 million. The decrease is attributable to the performance of the self-funded insurance pool and the changes in the percentage of the County's payroll for Business Type Activities.

Revenues/Sources of Funds

Business Type Activities revenues/sources of funds are anticipated to increase by $30.9 million or 79% from $38.9 million budgeted for 2025 to $69.8 million budgeted in 2026. Business Type Activities revenues are anticipated to decrease $9.1 million or 23% from $38.9 million budgeted for 2025 to $29.8 million budgeted for 2026. Noted below are the primary reasons for the changes in revenues.

State

State revenues are anticipated to decrease $1.2 million or 51% to $1.2 million under the 2025 budget primarily because of the changes noted below.

Yampa Valley Regional Airport (YVRA) state revenues are anticipated to decrease $1.2 million or 49% to $1.2 million under the 2025 budget.

Capital related state revenues are anticipated to decrease $1.1 million or 58% to $.8 million under the 2025 budget. The primary reasons for the decrease are as follows. YVRA anticipates a decrease of $1.0 million of state grant funding from $1.5 million in 2025 to $.5 million in 2026 for the aviation business park project which is improving the existing taxiway, constructing a new taxiway, extend water and sewer lines and relocate power lines to facilitate the development of additional general aviation hangers at the east end of the airport property with a significant portion of the project being completed in 2025 and rolling into 2026. YVRA received $.2 million of state grants to partially fund the construction of the runway 28 blast pad, taxiway and connector rehabilitation, taxiway shoulders, and relocation of connector A4 projects which were completed in 2025. YVRA is anticipating to receive a $.3 million of state grants to help partially fund the construction of the west terminal expansion in 2026 with a decrease in state grant funding of $.1 million for design and engineering for the west terminal project which was completed in 2025.

Operational state revenues are anticipated to decrease $.1 million or 14% to $.4 million under the prior budget. YVRA anticipates a decrease in fuel sales tax of $.1 million or 16% under 2025 budget, to reflect a decrease in fuel costs.

Milner Sanitation System anticipates a decrease of $.1 million or 100% to $0 under the 2025 budget. The Milner Sanitation System received a $.2 million Water Quality Improvement Fund (WQIF) grant in 2024 to help fund the replacement of the wastewater treatment plant and the decommissioning of its lagoons in 2025. The wastewater treatment plant was completed in 2025 along with the lagoon decommissioning and the grant is expected to be fully closed out by the end of 2025.

Federal

Federal revenues are anticipated to decrease $8.2 million or 39% to $13.0 million under the 2025 budget primarily because of the changes noted below.

YVRA anticipates a decrease of $7.4 million or 36% to $13.0 million under the 2025 budget.

Capital-related federal revenues are anticipated to decrease by $7.4 million or 36% to $13.0 million under the 2025 budget. The primary changes and awards of Federal funds follow.

Airport Improvement Program (AIP) entitlement funding is anticipated to decrease $1.2 million or 315% to $2.8 million under the 2025 budget due to the completion of the taxiway rehabilitation project in 2025.

Airport Improvement Program discretionary entitlement funding is anticipated to decrease $7.9 million or 100% to $0 under the 2025 budget due to the completion of the taxiway rehabilitation project in 2025.

Bi-Partisan Infrastructure (BIL) funding is anticipated to increase $1.7 million or 22% to $9.4 million over the 2025 budget due the terminal expansion in 2026.

Passenger Facility Charge funding is anticipated to remain constant at $.8 million as compared to the 2025 budget.

Federal funding has been awarded on the following projects: The general aviation improvement to the taxiway, constructing a new taxi lane, extending water and sewer lines and relocating power lines to facilitate the development of additional general aviation hangers in the aviation business park has been awarded $3.0 million of BIL funding.

The terminal expansion construction has been awarded $6.4 million of BIL funding and $1.8 million of AIP entitlement funding. The replacement of an airport fire fighting vehicle has been awarded $1.0 million of AIP entitlement funding.

Phippsburg Water and Sanitation System anticipate a decrease of $.3 million or 100% to $0 under the 2025 budget. In 2024, a $.8 million grant was awarded for the replacement of the sewer treatment plant. Construction of the wastewater treatment plant was completed in 2025.

Milner Sanitation System decreased $.4 million or 100% to $0 under the 2025 budget. In 2024, a $.8 million grant was awarded for the replacement of the sewer treatment plant. Construction of the wastewater treatment plant was completed in 2025.

Fees

Fees are anticipated to increase $7,000 or 0% to $13.3 million over the 2025 budget primarily because of the changes noted below.

Yampa Valley Regional Airport (YVRA) fees are anticipated to decrease by $24,000 or 1% to $10.7 million under the 2025 budget. Noted below are the primary reasons.

Airside fees are expected to increase $.2 million or 7% to $2.5 million over the 2025 budget due to the following items.

Fixed Based Operator (FBO) fees are anticipated to increase by $.1 million or 16% to $1.1 million over the 2025 budget. The primary reason for the increase is due to the following items.

FBO's landing fees are anticipated to increase $22,000 or 7% to $.3 million due to an increase in the overall general aviation activity through the FBO.

Fuel flow into planes are anticipated to increase by $28,000 or 10% to $.3 million due to an increase in the number of commercial and general aviation flights.

Other FBO fees are anticipated to increase by $76,000 or 59% to $.2 million due to an expected increase in FBO activity with the business aviation business park build out and additional hanger space available.

Commercial landing fees are expected to remain consistent with the 2025 budget at $1.3 million

Total landing weight for commercials flights is anticipated to increase 3,919,452 pounds or 1% to 299,661,070 pounds for 2026 compared to 295,741,618 pounds in 2025. Landing fees remain constant at $4.28 per thousand pounds of landed weight and were not raised to remain competitive with other mountain resort destinations.

Although total landing weight is anticipated to increase, the total number of flights are expected to decrease by 29 or 1% to 2,498, total enplanements are expected to decrease 703 or 1% to 230,599, and total number of seats are expected to increase 627 or 1% to 315,727 for 2026. Several of the airlines have been upgrading their flights to either a larger plane or a larger variant of a plane for the upcoming season. The larger planes can hold more passengers, provide an increase in landing weight and absorb the reduction in flights for the year.

The primary reason for the decrease in flights is related to American Airlines and United. American Airlines decreased their anticipated flights by 91 or 32% to 194 flights by reducing their Dallas/Fort Worth flight schedule by nearly 30 flights for January, February, and March. United has increased their anticipated flights by 67 or 5% to 1,513 flights by increasing their flights from San Francisco and Newark, during January, February, and March. United has also increased their flight schedule to Los Angeles by extending their period of operation to include not only January through March but through August for 2026.

Terminal fees are budgeted to increase $.1 million or 5% to $2.3 million over the 2025 budget primarily due to the following item. Square footage rent for airlines, car rentals, ground handling, and taxis increased by $.1 million or 5% to $2.2 million based on the new rates charged to commercial airlines related to increased personnel and operating costs due to inflation and rate making depreciation related to the terminal. Terminal square footage rent increased $2.85 or 5% to $56.73.

Landside fees are budgeted to decrease $.3 million or 10% to $3.1 million under the 2025 budget due primarily to the following items.

Car rental fees are anticipated to decrease $.1 million or 9% to $1.3 million under the 2025 budget due a slight decrease in enplanements and based on 2025 projections.

Parking concessions are anticipated to increase $.1 million or 15% to $1.1 million as the airport is budgeting 2026 collections to be in line with projected 2025 collections.

Taxi, bus, and limousine fees anticipated to decrease $.4 million or 37% to $.6 million under the 2025 budget due to cancelling the contract of a licensed shuttle bus provider. The contract was cancelled for failure to pay the required monthly terminal rent and monthly gross revenue percentage operating fee to YVRA for most of 2024 and the first quarter of 2025.

Restaurant fees are expected to remain consistent as the 2025 budget at $1.8 million.

Regional Building Department fees are anticipated to remain constant with 2025 at $2.3 million. Residential and commercial construction is expected to remain consistent with 2025. Increases in construction activity is not anticipated due to current economic uncertainty.

Other Revenue

Other revenues are anticipated to increase $.3 million or 17% to $2.3 million over the 2025 budget. Noted below are the primary reasons.

Interest revenue is anticipated to increase $.3 million or 30% to $1.5 million over the 2025 budget. Construction for the terminal expansion at the Yampa Valley Regional Airport will temporarily increase Business Type Activities cash balances due to the anticipated receipt of open market debt proceeds which will help fund the terminal expansion expected to start in 2026 and end in 2028. See Governmental Activities Other Revenues, Interest section above for an explanation of the County's interest rate and cash balances impacting projected interest revenue.

Yampa Valley Regional Airport Customer Facility Charges (CFC) from car rental companies are anticipated to be constant with the 2025 budget at $.6 million. The budget is based on 2025actual collections and a possible shortage of taxi, bus, and limousine transportation in 2026.

Expenses

Business Type Activities expenses are anticipated to increase $3.5 million or 9% to $42.8 million over the 2025 budget. Noted below are the primary reasons for the change in expenses.

Personnel

Business Type Activities personnel expenses increased $.2 million to $6.9 million or 3% over the 2025 budget. The primary changes in personnel costs are noted below.

Compensation Initiatives include a 2.5% cost of living adjustment and a step increase is $.3 million.

Full-Time Equivalents (FTEs) in Business Type Activities are anticipated to increase by $.1 million and 0.92 FTEs or 1% to 62.75 FTEs. The primary changes are as follows:

Yampa Valley Regional Airport (YVRA) is anticipated to increase $.1 million and 1.03 FTEs or 2% to 51.42 FTEs due primarily to the following reasons. One full-time FTE Operations Safety and Security (OSS) Officer is being added to YVRA's aircraft rescue and fire fighting division due to YVRA exceeding the Federal Aviation Administration (FAA) Index C flight levels on a year round basis. The addition of this position will allow more flexible use of paid time off and additional training opportunities.

Health Insurance changes include an increase in employer and employee contributions off set by increases in the cost of stop loss insurance and the County's maximum claims liability. See the Governmental Activities Health Insurance section above for a detailed explanation. The overall impact of these changes on Business Type Activities is consistent with 2025.

Workers’ Compensation is anticipated to be consistent as the 2025 budget.

Other Personnel Changes include turnover in staff, promotions, reclassifications, and related benefit costs such as expected retirement payouts for a total net decrease of $.1 million.

Operations

Business Type Activities operating costs are budgeted to decrease $.3 million or 5% to $6.2 million under the 2025 budget. The major changes in operating costs are noted below.

Yampa Valley Regional Airport operations is anticipated to increase $.8 million or 21% to $4.7 million over the 2025 budget. This increase is primarily due to the following items.

Rate Making Depreciation expense is anticipated to increase $1.0 million or 122% to $1.7 million. The primary reason for the increase is due to the de-ice pad 3 expansion, apron rehabilitation, runway maintenance, and paving of the north parking lot in 2023.

Administration has a decrease of $.2million or 66% to $.1 million under the 2025 budget. The primary reason for the decrease is due to the advertising costs decreased $.2 million or 100% to $0 of which $.2 million of the decrease is for airline incentives that were not used in the past couple of years.

Airside, Terminal, Operations Safety and Security, Landside, Restaurant, and General Store budgets are expected to remain in line with 2025 at $.4 million, $.4 million, $.3 million, $.2 million, $.5 million, and $.1 million, respectively.

Regional Building operations is projected to remain constant with the 2025 budget at $.9 million.

Phippsburg Water and Sanitation System operations decreased $.6 million or 75% to $.2 million under the 2025 budget. This decrease is primarily due to the lagoon decommissioning decreased $.7 million or 100% to $0 as all the lagoons were fully decommissioned in 2025.

Milner Sanitation System operations decreased $.5 million or 77% to $.2 million under the 2025 budget. This decrease is primarily due to the lagoon decommissioning decreased $.6 million or 100% to $0 as all the lagoons were fully decommissioned in 2025.

Capital

Business Type Activities capital costs are anticipated to increase $2.5 million to $26.9 million or 10% over the 2025 budget. Noted below are the primary reasons for the changes in capital.

Yampa Valley Regional Airport's (YVRA) capital expense increased by $2.5 million or 10% to $26.9 million over the 2025 budget. YVRA is planning for two projects, one new vehicle, three replacement vehicles, and one piece of equipment replacement in 2026 compared to six projects, one new vehicle, three replacement vehicles, six pieces of equipment, and one piece of equipment replacement in 2025. The following is a more detailed explanation of the capital increases.

Airside - In 2025, Airside is budgeting for the following projects. A runway 28 blast pad, taxiway and connector rehabilitation, taxiway shoulders, and relocation connector A4 construction for $12.0 million, and improving the taxiway, constructing a new taxiway, extending water and sewer lines, and relocating power lines to facilitate the development of additional general aviation hangers for the aviation business park for $7.4 million. In 2026, Airside is budgeting for the continued expansion of the aviation business park which includes constructing a new Taxiway F, extending water and sewer lines, and relocating power lines for $3.5 million.

Terminal - In 2025, Terminal is budgeting $2.2 million for continued design and engineering costs for the terminal expansion and $.9 million for the construction of phase 1 of the terminal expansion. In 2026, Terminal is budgeting $21.1 million for the construction of phase 1 of the terminal expansion.

Landside - In 2025 and 2026, there are no major projects budgeted.

Safety - In 2025, Safety budgeted to purchase a new Aircraft Rescue and Fire Fighting (ARFF) truck for $1.1 million. Due to the lengthy time to build the vehicle, YVRA is budgeting for the purchase in 2026 as well.

The remainder of the increases in capital expenditures are for other minor capital additions

Debt Proceeds

Business Type Activities debt proceeds are expected to increase $40.0 million or 100% to $40.0 million over the 2025 budget.

Yampa Valley Regional Airport debt proceeds are expected to increase $40.0 million or 100% to $40.0 million over the 2025 budget. The increase is due to an open market debt issuance to partially fund the construction of the terminal expansion at the airport in 2026.

Debt Service

Business Type Activities debt service increased by $1.2 million or 83% to $2.8 million over the 2025 budget.

Yampa Valley Regional Airport debt service increased $1.3 million or 100% to $1.3 million over the 2025 budget. The debt represents a half year of principal and interest on the open market debt issuance to fund a portion of the terminal expansion in 2026.

Phippsburg Water and Sanitation System debt service is projected to be consistent with 2025 at $.7 million. The debt represents a full year of interest and principal payments on the loan to fund a portion of the sewer plant construction and lagoon decommissioning and $.7 million of advance repayment of the loan to pay off 100% of the principal balance and interest of the Colorado Water Resources and Power Development Authority (Power Authority) loan issued in 2024.

Milner Sanitation System debt service is project to be consistent with 2025 at $.7 million. The debt represents a full year of interest and principal on the loan to fund a portion of the sewer plant construction and lagoon decommissioning and $.7 million of advance repayment of the loan to pay off 100% of the principal balance and interest of the Power Authority loan issued in 2024.

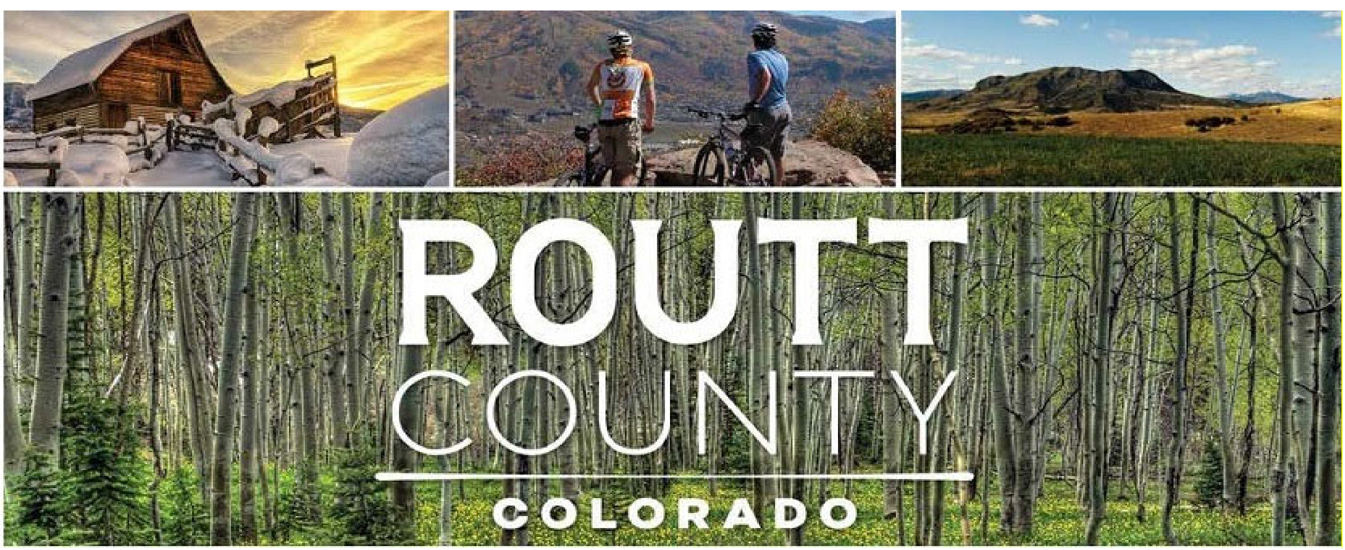
Conclusion

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 2026 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, Suite 111, 136 6th Street, Steamboat Springs, CO 80487, or by phone at 970-870-5333 or on the website at co.routt.co.us.



Routt County, Colorado
Statement of Net Position
December 31, 2025

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and investments	$ 60,791,367	$ 39,050,133	$ 99,841,500
Restricted cash and investments	-	1,241,723	1,241,723
Receivables (net of allowance for uncollectibles)	1,576,244	865,089	2,441,333
Lease receivable	596,870	8,159,438	8,756,308
Due from other governments	3,378,634	12,284,637	15,663,271
Internal balances	(755,381)	755,381	-
Prepaids and inventories	261,989	126,159	388,148
Property tax receivable	29,609,767	-	29,609,767
Noncurrent assets:			
Capital assets not being depreciated/amortized	67,671,553	40,192,538	107,864,091
Capital assets, net of depreciation/amortization	79,159,650	46,135,381	125,295,031
Total assets	242,290,693	148,810,479	391,101,172
LIABILITIES			
Current liabilities:			
Accounts payable and other current liabilities	3,667,378	6,148,940	9,816,318
Unearned revenue	1,419,170	1,545,316	2,964,486
Noncurrent liabilities:			
Due within one year	1,213,094	256,171	1,469,265
Due in more than one year	2,038,495	1,598,028	3,636,523
Total liabilities	8,338,137	9,548,455	17,886,592
DEFERRED INFLOWS OF RESOURCES			
Property taxes	29,609,767	-	29,609,767
Leases	596,870	8,159,438	8,756,308
Total liabilities and deferred inflows of resources	38,544,774	17,707,893	56,252,667
NET POSITION			
Net investment in capital assets	146,437,837	83,390,223	229,828,060
Restricted	9,164,890	1,283,235	10,448,125
Unrestricted	48,143,192	46,429,128	94,572,320
Total net position	$ 203,745,919	$ 131,102,586	$ 334,848,505

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

Routt County, Colorado
Statement of Activities
For the Year Ended December 31, 2025

		Program Revenues			Net (Expense) Revenue and Changes in Net Position — Primary Government		
Functions/Programs	Program Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
Administration	$ 10,701,376	$ 188,855	$ 124,637	$ 118,349	$ (10,269,535)	$ -	$ (10,269,535)
Community resources	13,600,654	1,074,167	991,231	120,611	(11,414,645)	-	(11,414,645)
Property tax administration	3,258,639	2,243,740	12,757	10,580	(991,562)	-	(991,562)
Public safety	15,085,799	1,045,656	798,332	-	(13,241,811)	-	(13,241,811)
Road and bridge	12,566,672	280,650	6,110,035	65,801	(6,110,186)	-	(6,110,186)
Human services	7,030,187	-	5,185,497	-	(1,844,690)	-	(1,844,690)
Interest expense on long-term debt, leases, SBITAs	67,521	-	-	-	(67,521)	-	(67,521)
Total governmental activities	62,310,848	4,833,068	13,222,489	315,341	(43,939,950)	-	(43,939,950)
Business-type activities:							
Yampa Valley Regional Airport	12,696,058	10,513,697	-	14,738,050	-	12,555,689	12,555,689
Regional Building Department	2,397,640	2,335,633	-	-	-	(62,007)	(62,007)
Water and sewer	1,036,861	281,719	-	814,588	-	59,446	59,446
Total business-type activities	16,130,559	13,131,049	-	15,552,638	-	12,553,128	12,553,128
Total primary government	$ 78,441,407	$ 17,964,117	$ 13,222,489	$ 15,867,979	(43,939,950)	12,553,128	(31,386,822)
			General revenues:				
			Property taxes		30,287,376	-	30,287,376
			Sales taxes		15,279,720	438,488	15,718,208
			Unrestricted investment earnings		3,741,450	1,668,761	5,410,211
			Lease interest income		19,135	316,752	335,887
			Gain on disposal of capital assets		160,205	-	160,205
			Total general revenues		49,487,886	2,424,001	51,911,887
			Change in net position		5,547,936	14,977,129	20,525,065
			Net position - beginning, as previously reported		198,197,983	116,945,760	315,143,743
			Restatement due to correction of an error		-	(820,303)	(820,303)
			Net position - beginning, as restated		198,197,983	116,125,457	314,323,440
			Net position - ending		$ 203,745,919	$ 131,102,586	$ 334,848,505

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

Routt County, Colorado
Balance Sheet
Governmental Funds
December 31, 2025

	General Fund	Road & Bridge	Human Services	E911 Communications	Total Governmental Funds
ASSETS					
Cash and investments	$ 20,662,613	$ 9,754,009	$ 781,421	$ 222,257	$ 31,420,300
Accounts receivable (net of allowance for uncollectibles)	167,188	4,850	1,218	140,103	313,359
Property taxes receivable	25,495,431	811,656	1,020,176	2,282,504	29,609,767
Lease receivable	-	217,153	-	379,717	596,870
Due from other governments	1,382,810	1,353,008	321,973	23,244	3,081,035
Prepaid expenses	83,632	2,038	1,048	12,667	99,385
Inventory	-	54,518	-	-	54,518
Total assets	47,791,674	12,197,232	2,125,836	3,060,492	65,175,234
LIABILITIES					
Accounts payable	1,983,615	384,719	208,147	118,890	2,695,371
Due to other governments	-	-	(2,162)	-	(2,162)
Unearned revenue	272,741	753,639	392,767	23	1,419,170
Total liabilities	2,256,356	1,138,358	598,752	118,913	4,112,379
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	25,495,431	811,656	1,020,176	2,282,504	29,609,767
Leases	-	217,153	-	379,717	596,870
Total deferred inflow of resources	25,495,431	1,028,809	1,020,176	2,662,221	30,206,637
Total liabilities and deferred inflows of resources	27,751,787	2,167,167	1,618,928	2,781,134	34,319,016
FUND BALANCES					
Nonspendable	83,632	56,556	1,048	12,667	153,903
Restricted	9,164,890	-	-	-	9,164,890
Committed					
General Fund	10,791,365	-	-	-	10,791,365
Special revenue funds	-	9,973,509	505,860	266,691	10,746,060
Total fund balances	20,039,887	10,030,065	506,908	279,358	30,856,218
Total liabilities, deferred inflows of resources, and fund balances	$ 47,791,674	$ 12,197,232	$ 2,125,836	$ 3,060,492	$ 65,175,234

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, 2025

Total governmental fund balances	$	30,856,218
Internal service funds are used by management to charge the cost of fleet management, information technologies, emergency communications, facilities management, casualty and property insurance, and employee health and dental insurance to individual funds. In addition, internal service funds provide a systematic method to replace capital assets and to finance partially self-insured casualty and property, health, and dental insurance programs. 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 casualty and property insurance, and employee health and dental insurance, to the business-type activities.		86,311,715
Compensated absences are not due and payable in the current period and therefore are not reported in the governmental funds.		(2,827,559)
Capital assets used in the governmental activities are not financial resources and, therefore, are not reported in the funds.		385,877
Road and bridge infrastructure used in governmental activities is not a financial resource and, therefore, is not reported in the funds.		89,021,944
Long-term liabilities and related items, including subscription liabilities and leases are not due and payable in the current year and, therefore, are not reported in the funds.		(389,069)
Current assets not collected within 60 days of December 31, 2025 and are not available as a current period resource, therefore, not included in governmental funds.		386,793
Net position of governmental activities	$	203,745,919

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, 2025

	General Fund	Road & Bridge	Human Services	E911 Communications	Total Governmental Funds
REVENUES					
Property taxes	$ 26,252,684	$ 1,038,645	$ 1,057,031	$ 1,939,016	$ 30,287,376
Sales taxes	7,710,704	7,569,016	-	-	15,279,720
Intergovernmental	1,937,075	6,352,623	4,919,137	112,417	13,321,252
Charges for sales and services	6,791,754	193,662	-	802,768	7,788,184
Investment earnings	2,888,868	-	-	-	2,888,868
Lease interest income	-	6,931	-	12,204	19,135
Operating grants	-	-	267,968	-	267,968
Total revenues	45,581,085	15,160,877	6,244,136	2,866,405	69,852,503
EXPENDITURES					
Administration	13,257,904	-	-	-	13,257,904
Community resources	13,571,506	-	-	-	13,571,506
Property tax administration	3,221,169	-	-	-	3,221,169
Public safety	12,155,342	-	-	2,666,693	14,822,035
Road and bridge	-	13,018,432	-	-	13,018,432
Human services	-	-	6,907,593	-	6,907,593
Capital outlay	298,817	-	-	-	298,817
Debt service					
Principal	188,093	-	-	-	188,093
Interest	21,357	-	-	-	21,357
Total expenditures	42,714,188	13,018,432	6,907,593	2,666,693	65,306,906
Excess (deficiency) of revenues over expenditures	2,866,897	2,142,445	(663,457)	199,712	4,545,597
OTHER FINANCING SOURCES (USES)					
Debt financing from leases	133,573	-	-	-	133,573
Debt financing from SBITAs	165,244	-	-	-	165,244
Transfers in	666	-	763,615	-	764,281
Transfers out	(12,302,233)	(115,757)	(666)	(3,686,500)	(16,105,156)
Total other financing sources (uses)	(12,002,750)	(115,757)	762,949	(3,686,500)	(15,042,058)
Net change in fund balances	(9,135,853)	2,026,688	99,492	(3,486,788)	(10,496,461)
Fund balances - beginning	29,175,740	8,003,377	407,416	3,766,146	41,352,679
Fund balances - ending	$ 20,039,887	$ 10,030,065	$ 506,908	$ 279,358	$ 30,856,218

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

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, 2025

Net change in fund balance - total governmental funds	$ (10,496,461)
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.	15,635,862
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.	(305,686)
Governmental funds reports 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/amortization expense. This is the amount by which capital outlays of $298,817 were greater than the depreciation/amortization of ($191,196) and loss on disposal of an intangible asset ($12,960) in the current period.	94,661
The Road and Bridge fund reports infrastructure capital outlays as expenditures. However, in the statement of activities the cost of these assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays of $2,503,339 were greater than the depreciation of ($1,868,289) and loss on disposal of assets of ($8,892) in the current period.	626,158
The repayment of the principal of long-term debt consumes the current financial resources of governmental funds, however, there is no effect on net position.	188,093
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position and does not affect the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt related items; debt financing from leases ($133,573) and subscriptions ($165,244).	(298,817)
Revenue reported in governmental activities, which is not a current financial resource and therefore, not reported in the funds.	104,126
Change in net position of governmental activities	$ 5,547,936

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

Routt County, Colorado
Statement of Net Position
Proprietary Funds
December 31, 2025

	Business-type Activities				Governmental Activities
	Yampa Valley Regional Airport	Regional Building Department	Total Nonmajor Funds	Total Enterprise Funds	Internal Service Funds
ASSETS					
Current assets:					
Cash and investments	$ 29,886,456	$ 7,586,528	$ 1,577,149	$ 39,050,133	$ 29,371,067
Restricted cash and investments	-	-	1,241,723	1,241,723	-
Accounts receivable (net of allowance for uncollectibles)	853,913	-	11,176	865,089	1,168,718
Lease receivable	8,159,438	-	-	8,159,438	-
Due from other governments	10,735,318	-	1,549,319	12,284,637	4,974
Prepaid expenses	-	-	-	-	43,502
Inventory	126,159	-	-	126,159	64,585
Total current assets	49,761,284	7,586,528	4,379,367	61,727,179	30,652,846
Noncurrent assets:					
Land and improvements (non-depreciable/non-amortizable)	29,119,495	-	39,894	29,159,389	3,269,875
Land improvements (depreciable/amortizable)	50,778,053	-	-	50,778,053	2,543,175
Buildings	31,526,877	-	-	31,526,877	57,078,089
Equipment	15,087,943	-	-	15,087,943	39,148,333
Water system	1,006,010	-	977,962	1,983,972	-
Sewer system	473,873	-	1,311,645	1,785,518	-
Other (depreciable)	1,070,984	-	-	1,070,984	1,901,061
Other (non-depreciable)	-	-	-	-	803,173
Subscription asset	256,656	-	-	256,656	-
Construction in progress	4,421,403	-	6,611,746	11,033,149	1,125,511
Accumulated depreciation/amortization	(54,370,350)	-	(1,984,272)	(56,354,622)	(48,445,834)
Total noncurrent assets	79,370,944	-	6,956,975	86,327,919	57,423,383
Total assets	129,132,228	7,586,528	11,336,342	148,055,098	88,076,229
LIABILITIES					
Current liabilities:					
Accounts payable	3,661,905	99,644	863,362	4,624,911	414,820
Compensated absences	130,590	46,211	-	176,801	14,589
Claims liability	-	-	-	-	555,050
Accrued interest	-	-	4,003	4,003	-
Retainage payable	1,203,671	-	316,355	1,520,026	4,300
Unearned revenue	-	1,545,316	-	1,545,316	-
Current portion of long-term debt (net of unamortized discount)	-	-	37,802	37,802	-
Current portion of subscription payable	41,568	-	-	41,568	-
Total current liabilities	5,037,734	1,691,171	1,221,522	7,950,427	988,759
Noncurrent liabilities:					
Compensated absences	184,719	79,012	-	263,731	20,375
Loans payable	-	-	1,199,918	1,199,918	-
Subscription payable	134,379	-	-	134,379	-
Total noncurrent liabilities	319,098	79,012	1,199,918	1,598,028	20,375
Total liabilities	5,356,832	1,770,183	2,421,440	9,548,455	1,009,134
DEFERRED INFLOWS OF RESOURCES					
Leases	8,159,438	-	-	8,159,438	-
Total deferred inflows of resources	8,159,438	-	-	8,159,438	-
NET POSITION					
Net investment in capital assets	77,991,326	-	5,398,897	83,390,223	57,419,083
Restricted	-	-	1,283,235	1,283,235	-
Unrestricted	37,624,632	5,816,345	2,232,770	45,673,747	29,648,012
Total net position	$ 115,615,958	$ 5,816,345	$ 8,914,902	$ 130,347,205	$ 87,067,095

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, 2025

Total enterprise funds net position	$	130,347,205
Cross over adjustment to reflect the consolidation of the insurance pool, an internal service fund for employee health insurance, to the business-type activities.		755,381
Net position of business-type activities	$	131,102,586

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, 2025

Change in net position - total enterprise funds	$	15,008,263
Cross over adjustment to reflect the consolidation of the insurance pool, an internal service fund for employee health insurance, to the business-type activities.		(31,134)
Change in net position of business-type activities	$	14,977,129

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, 2025

	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	$ 438,488	$ -	$ -	$ 438,488	$ -
Charges for sales and services	10,513,697	2,335,633	281,719	13,131,049	-
Internal service fees	-	-	-	-	12,505,181
Insurance proceeds	-	-	-	-	2,255,054
Total operating revenues	10,952,185	2,335,633	281,719	13,569,537	14,760,235
OPERATING EXPENSES					
Salaries and benefits	4,615,104	1,546,878	-	6,161,982	657,576
Depreciation	5,090,307	-	17,681	5,107,988	3,544,558
Amortization	48,756	-	-	48,756	301
Claims	-	-	-	-	7,481,472
Repairs and maintenance	567,849	-	7,409	575,258	1,423,153
Purchased services and supplies	2,343,135	843,144	207,427	3,393,706	2,365,484
Total operating expenses	12,665,151	2,390,022	232,517	15,287,690	15,472,544
Operating income (loss)	(1,712,966)	(54,389)	49,202	(1,718,153)	(712,309)
NONOPERATING REVENUES (EXPENSES)					
Investment earnings	1,524,922	-	143,839	1,668,761	852,584
Lease interest income	316,752	-	-	316,752	-
Interest expense	-	-	(24,554)	(24,554)	(46,166)
Interest expense - SBITA	(7,578)	-	-	(7,578)	-
Amortization of refunding debt insurance	-	-	-	-	(1,902)
Lagoon decommissioning	-	-	(779,603)	(779,603)	-
Gain (loss) on disposal of capital assets	-	-	-	-	126,644
Total nonoperating revenues (expenses)	1,834,096	-	(660,318)	1,173,778	931,160
Income (loss) before contributions and transfers	121,130	(54,389)	(611,116)	(544,375)	218,851
Transfers in	-	-	-	-	15,340,875
Tap fees	-	-	16,000	16,000	-
Capital grants	14,738,050	-	798,588	15,536,638	45,000
Change in net position	14,859,180	(54,389)	203,472	15,008,263	15,604,726
Total Net position - beginning, as previously reported	101,577,081	5,870,734	8,711,430	116,159,245	71,462,369
Restatement due to correction of an error	(820,303)	-	-	(820,303)	-
Total Net position - beginning, as restated	100,756,778	5,870,734	8,711,430	115,338,942	71,462,369
Total Net position - ending	$ 115,615,958	$ 5,816,345	$ 8,914,902	$ 130,347,205	$ 87,067,095

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, 2025

	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 from customers and users	$ 11,328,247	$ 2,237,717	$ 282,506	$ 13,848,470	$ -
Receipts from interfund services provided	-	-	-	-	12,533,583
Receipts from insurance	-	-	-	-	1,518,821
Payments to suppliers	(2,375,746)	(826,467)	(204,424)	(3,406,637)	(3,725,010)
Payments to employees	(4,661,212)	(1,515,109)	-	(6,176,321)	(653,299)
Payments to claims	-	-	-	-	(7,249,611)
Net cash provided (used) by operating activities	4,291,289	(103,859)	78,082	4,265,512	2,424,484
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Collections for other governments	-	384,991	-	384,991	-
Payments to other governments for collections	-	(384,991)	-	(384,991)	-
Lease interest	316,752	-	-	316,752	-
Tap fees	-	-	16,000	16,000	-
Lagoon decommissioning	-	-	(509,669)	(509,669)	-
Net cash provided (used) by noncapital financing activities	316,752	-	(493,669)	(176,917)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Proceeds from the sale of capital assets	-	-	-	-	193,885
Capital grants	4,711,427	-	680,960	5,392,387	-
Debt proceeds	-	-	990,620	990,620	-
Acquisition and construction of capital assets	(13,834,334)	-	(1,327,567)	(15,161,901)	(4,540,853)
Principal paid on capital debt	-	-	(37,163)	(37,163)	(1,195,000)
Interest paid on capital debt	-	-	(24,661)	(24,661)	(38,693)
Principal paid on leased liability	-	-	-	-	(301)
Interest paid on leased liability	-	-	-	-	(1)
Principal paid on SBITA liability	(45,809)	-	-	(45,809)	-
Interest paid on SBITA liability	(7,578)	-	-	(7,578)	-
Transfers in	-	-	-	-	15,340,875
Capital contribution	-	-	-	-	45,000
Net cash provided (used) by capital and related financing activities	(9,176,294)	-	282,189	(8,894,105)	9,804,912
CASH FLOWS FROM INVESTING ACTIVITIES					
Earnings on investments	1,524,922	-	143,839	1,668,761	852,584
Net purchases and sales of investments	(2,089,921)	22,803	381,631	(1,685,487)	(11,136,018)
Net cash provided (used) by investing activities	(564,999)	22,803	525,470	(16,726)	(10,283,434)
Net increase (decrease) in cash and cash equivalents	(5,133,252)	(81,056)	392,072	(4,822,236)	1,945,962
Cash and cash equivalents - beginning of year	5,939,445	1,389,376	507,404	7,836,225	2,942,982
Cash and cash equivalents - end of the year	806,193	1,308,320	899,476	3,013,989	4,888,944
Investments	29,080,263	6,278,208	1,919,396	37,277,867	24,482,123
Cash and investments - end of the year	$ 29,886,456	$ 7,586,528	$ 2,818,872	$ 40,291,856	$ 29,371,067

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, 2025

	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)	$ (1,712,966)	$ (54,389)	$ 49,202	$ (1,718,153)	$ (712,309)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	5,090,307	-	17,681	5,107,988	3,544,558
Amortization	48,756	-	-	48,756	301
Noncapital financing activites					
Accounts payable	-	-	(269,934)	(269,934)	-
Capital financing activites					
Capital grants and transfers					
Accounts receivable	(3,420)	-	-	(3,420)	-
Due from other governments	10,272,464	-	251,034	10,523,498	-
Capital assets					
Accounts payable	(1,879,042)	-	(261,098)	(2,140,140)	41,555
Retainage payable	(189,636)	-	-	(189,636)	35,389
Debt service					
Accrued interest	-	-	(65)	(65)	3,236
Changes in assets and liabilities:					
(Increase) decrease					
Accounts receivable	116,851	140	787	117,778	(707,831)
Due from other governments	(10,246,726)	451	(251,034)	(10,497,309)	2,072
Inventory	(13,698)	-	-	(13,698)	(22,532)
Prepaid expenses	-	-	-	-	1,500
Increase (decrease)					
Accounts payable	2,708,843	27,101	541,444	3,277,388	44,340
Accrued interest	-	-	65	65	(3,236)
Compensated absences	(90,080)	21,345	-	(68,735)	969
Claims liability	-	-	-	-	231,861
Unearned revenue	-	(98,507)	-	(98,507)	-
Retainage payable	189,636	-	-	189,636	(35,389)
Total adjustments	6,004,255	(49,470)	28,880	5,983,665	3,136,793
Net cash provided (used) by operating activities	$ 4,291,289	$ (103,859)	$ 78,082	$ 4,265,512	$ 2,424,484
Noncash investing, capital and financing activities					
Increase (decrease) in fair value of investments	$ 178,605	$ 45,359	$ 16,854	$ 240,818	$ 56,614
Amortization related to refunding debt issue	-	-	-	-	(24,849)

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

Routt County, Colorado
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2025

	Employee Retirement Plan	Custodial Funds	Total
ASSETS			
Cash and investments	$ -	$ 1,917,850	$ 1,917,850
Investments restricted for retirement benefits	50,998,515	-	50,998,515
Property tax receivable	-	84,415,324	84,415,324
Total assets	50,998,515	86,333,174	137,331,689
LIABILITIES			
Due to other governments	-	1,344,903	1,344,903
Funds held for others	-	445,921	445,921
Total liabilities	-	1,790,824	1,790,824
DEFERRED INFLOW OF RESOURCES			
Property taxes	-	84,415,324	84,415,324
Total deferred inflow of resources	-	84,415,324	84,415,324
NET POSITION			
Restricted			
Individuals, organizations and other governments	-	127,026	127,026
Retirement benefits	50,998,515	-	50,998,515
Total net position	$ 50,998,515	$ 127,026	$ 51,125,541

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, 2025

	Employee Retirement Plan	Custodial Funds	Total
ADDITIONS			
Employee contributions	$ 1,605,431	$ -	$ 1,605,431
Employer contributions	1,605,431	-	1,605,431
Total contributions	3,210,862	-	3,210,862
Investment gain / (loss)	6,446,240	-	6,446,240
Tax collections for other governments	-	91,245,568	91,245,568
Public trustee activity	-	1,583,822	1,583,822
Funds held for others	-	16,028,615	16,028,615
Sales	-	38,659	38,659
Total additions	9,657,102	108,896,664	118,553,766
DEDUCTIONS			
Benefits paid to participants	3,012,847	-	3,012,847
Transfers to other plans	15,143	-	15,143
Taxes disbursed to other governments	-	91,245,568	91,245,568
Public trustee disbursements	-	1,583,822	1,583,822
Disbursements of funds held for others	-	16,029,211	16,029,211
Cost of goods sold	-	33,660	33,660
Total deductions	3,027,990	108,892,261	111,920,251
Net increase (decrease) in fiduciary net position	6,629,112	4,403	6,633,515
Net position, beginning	44,369,403	122,623	44,492,026
Net position, ending	$ 50,998,515	$ 127,026	$ 51,125,541

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

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 governed by 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 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 is recorded in the Equipment Pool internal service fund. The Authority continues to meet periodically to maintain the continued availability of the Authority to finance future lease purchase transactions.

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. 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 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 County has collected all District assessments from the property owners in the District as of June 30, 2024. As of December 31, 2025, cash on hand is $0. As directed by the Board of County Commissioners, the cash balance of $177,936 was transferred to the Road and Bridge Fund and the District was dissolved by Resolution 2025-084 on December 16, 2025.

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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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

Government-wide Financial Statements

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

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

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

Fund Financial Statements

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

The County reports the following major governmental funds:

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

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

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.

E911 Communications - to account for the operation of the E911 communications system. The E911 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, E911 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 and dental insurance coverage of County employees and the partially self-funded casualty and property insurance. Fees are charged to each department/fund to provide funding for administration, claims, commercial health and casualty and property 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 deeds to real property. Disbursements from this fund are made in accordance with legislative requirements.

Employee Retirement Plan – to account for the IRS section 401(a) plan.

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

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

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

Accounts Receivable

Receivables are presented net of allowance for uncollectible accounts of $282,845 and $189,477 in the Human Services Fund and Yampa Valley Regional Airport, respectively.

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/Amortization

Capital assets which include land, buildings, construction in process, equipment, other assets, leased assets, subscription 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/amortized over the remaining useful lives of the related capital assets. Depreciation/amortization on these assets is computed using the straight-line method based on estimated useful lives as follows:

Assets	Years
Land improvements	5-30
Buildings	5-30
Sewer and water transmission and distribution lines	10-30
Equipment	4-30
Other	4-20
Leased asset	4-20
Subscription asset	2-5
Roads	10-20
Bridges	50

Compensated Absences

County employees earn annual vacation leave at a rate of twelve days per year for the first three years and up to a maximum of twenty-two days per year after eleven 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 Routt County policy, a maximum of forty-five days is payable upon termination to any employee after a minimum of five years of service.

In July 2022, the County elected to opt out of the State of Colorado's new Paid Family and Medical Leave Insurance program to provide a more robust program at no cost to the County employees. The program provides up to twelve weeks of time off over a rolling twelve-month period for a qualifying event at 90% of base compensation on scheduled hours with no weekly cap.

Long-term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt, lease liabilities, subscription liabilities 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 net 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 assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County does not have any items that qualifies for reporting in this category.

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 assets 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 two types of items that qualify for reporting in this category, unavailable revenue on property taxes and leases. Unavailable revenue on property taxes are reported in the government-wide Statement of Net Position, the governmental funds balance sheet and the fiduciary fund Statement of Net Position. Leases related revenue are reported in the government-wide Statement of Net Position, the governmental funds balance sheet and the proprietary funds Statement of Net Position. This amount is deferred and recognized as an inflow of resources in the period that it becomes available.

Leases

Lessee

The County is a lessee for a non-cancelable lease of equipment. The County recognizes a lease liability and an intangible right-to-use the leased asset (leased asset) in the government-wide financial statements, proprietary Statement of Net Position and the internal service fund statements. The County recognizes lease liabilities with an initial, individual value of $5,000 or more for equipment leases.

At the commencement of a lease, the County initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The leased asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the leased asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the County determines 1) the discount rate it uses to discount the expected lease payments to present value, 2) lease term, and 3) lease payments.

> The County uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the County generally uses its estimated incremental borrowing rate as the discount rate for leases.
>
> The lease term includes the non-cancelable period of the lease.
>
> Lease payments included in the measurement of the lease liability is composed of the fixed payments.

The County monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability. Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the Statement of Net Position.

Lessor

The County is a lessor of non-cancelable leases on land, buildings, and equipment. The County recognizes a lease receivable and a deferred inflow of resources in the government-wide, governmental fund financial statements, and the proprietary funds financial statements.

At the commencement of a lease, the County initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of the lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgements include how the County determines 1) the discount rate it uses to discount the expected lease receipts to present value, 2) lease term, and 3) lease receipts.

If specified, the County uses the interest rate identified in the contract as the discount rate. If no interest rate is specified, the County generally uses its estimated incremental borrowing rate as the discount rate for leases.

The lease term includes the non-cancelable period of the lease.

The lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The County monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Subscription Based Information Technology Arrangements (SBITA)

The County has entered into various SBITAs. The County recognizes a SBITA liability and an intangible right-to-use the subscription asset (subscription asset) in the government-wide financial statements and proprietary Statement of Net Position. The County recognizes subscription assets and liabilities with an initial, contract value of $5,000 or more for subscriptions.

At the commencement of a SBITA, the County initially measures the subscription liability at the present value of payments expected to be made during the SBITA term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for payments made at or before the commencement date, plus certain initial direct costs. Subsequently, the subscription asset is amortized on a straight-line basis over its useful life.

Key estimates and judgements related to SBITAs include how the County determines 1) the discount rate it uses to discount the expected payments to present value, 2) subscription term, and 3) payments.

The County uses the interest rate charged by the SBITA vendor as the discount rate. When the interest rate charged by the third party is not provided, the County generally uses its estimated incremental borrowing rate as the discount rate.

The subscription term includes the noncancelable period of the subscription.

Subscription payments included in the measurement of the subscription liability is composed of the fixed payments.

The County monitors changes in circumstances that would require a remeasurement of its subscriptions and will remeasure the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability. Subscription assets are reported with other capital assets and subscription liabilities are reported with long-term debt on the Statement of Net Position.

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. Typically on or prior to December 15, the budget is adopted by formal resolution. The County recognized the property tax receivable and deferred inflow of resources as of December 31, 2025 to be consistent with historical presentations.

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 2025, 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 Road and Bridge Fund, the Human Services Fund, and the E911 Communications Fund are adopted on a basis consistent with generally accepted accounting principles. Annual appropriation budgets for 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 plan).

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

Implementation of new GASB Statements

As of January 1, 2025, the County implemented GASB Statement No. 102 (GASB 102), Certain Risk Disclosures. The primary objective of this Statement will improve financial reporting by providing users of financial statements with essential information that currently is not often provided. The disclosures will provide users with timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact. As a result, users will have better information with which to understand and anticipate certain risks to a government’s financial condition.

NOTE 2: DEPOSITS AND INVESTMENTS

Investment Type	Fair Market Value	Investment Maturities: Up to 120 days	120 Days up to 1 year	More than 1 year and less than 5 years
U.S. Treasuries	$ 60,742,519	$ 6,942,612	$ 10,474,852	$ 43,325,055
Commercial Paper	2,947,564	996,984	1,950,580	-
U.S. Instrumentalities	20,088,791	3,030,953	7,634,406	9,423,432
Total	83,778,874	$ 10,970,549	$ 20,059,838	$ 52,748,487
Deposits and Other Investments:				
Cash on Hand	104,681			
Demand Deposits	5,400,099			
Certificates of Deposit	2,077,210			
Government Investment Pools	11,640,209			
Retirement Plans	50,998,515			
Total Deposits and Investments	$ 153,999,588			

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, 2025, the County has U.S. Treasury securities, commercial paper, and U.S. instrumentalities of $60,742,519, $2,947,564, and $20,088,791, respectively, with fair value measurements valued using quoted 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, 2025, the County has an unrealized gain from the net change in fair market value of investments of $615,827 due to higher interest rates in 2025.

Retirement Plan investments market prices 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.

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 $8,142,866 at fair value. CSAFE reports its underlying investments of $3,497,343 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, 2025, 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 (72%), U.S. instrumentalities (24%), and commercial paper (4%). More than 5% of the County's investments are in Federal Home Loan Bank and Federal Farm Credit Bank representing 14% and 10%, respectively, of the County's total investments.

Custodial Credit Risk - Investments

The designated custodial bank provides safekeeping and depository services in connection with each pooled investment's direct investment and withdrawal functions. The Federal Reserve Bank holds all securities owned by each pooled investment 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, 2025, was $7,477,309. The bank balances were $8,730,139, of which $1,342,405 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 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.

NOTE 3. INTERFUND TRANSACTIONS

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	$ -	$ 763,615	$ 11,538,618	$ 12,302,233
Road & Bridge	-	-	115,757	115,757
Human Services	666	-	-	666
Communications	-	-	3,686,500	3,686,500
Total	$ 666	$ 763,615	$ 15,340,875	$ 16,105,156

NOTE 4. CAPITAL ASSETS

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

	Balances December 31 2024	2025 Additions	2025 Deletions	2025 Reclasses	Balances December 31, 2025
Governmental Activities:					
Capital assets, not being depreciated/amortized:					
Land and improvements	$ 3,092,916	$ 176,959	$ -	$ -	$ 3,269,875
Infrastructure	62,014,425	116,318	-	-	62,130,743
Other	803,173	-	-	-	803,173
Construction in progress	2,766,479	6,123,093	(7,421,810)	-	1,467,762
Total capital assets, not being depreciated/amortized	68,676,993	6,416,370	(7,421,810)	-	67,671,553
Capital assets, being depreciated/amortized:					
Land improvements	2,543,175	-	-	-	2,543,175
Buildings	56,337,260	755,993	(39,597)	24,432	57,078,088
Equipment	36,625,309	3,932,766	(1,385,312)	(24,432)	39,148,331
Other	1,943,061	-	(42,000)	-	1,901,061
Leased asset	234,458	133,573	(10,638)	-	357,393
Subscription asset	587,049	165,244	(296,833)	-	455,460
Infrastructure	53,783,088	3,281,979	(338,910)	-	56,726,157
Total capital assets being depreciated/amortized	152,053,400	8,269,555	(2,113,290)	-	158,209,665
Less accumulated depreciation/amortization for:					
Land improvements	(775,796)	(67,468)	-	-	(843,264)
Buildings	(22,625,932)	(1,170,836)	37,977	-	(23,758,791)
Equipment	(21,432,259)	(2,182,560)	1,321,640	-	(22,293,179)
Other	(1,468,905)	(123,694)	42,000	-	(1,550,599)
Leased assets	(113,297)	(66,643)	10,638	-	(169,302)
Subscription assets	(416,694)	(124,855)	283,873	-	(257,676)
Infrastructure	(28,638,933)	(1,868,289)	330,018	-	(30,177,204)
Total accumulated depreciation/amortization	(75,471,816)	(5,604,345)	2,026,146	-	(79,050,015)
Total capital assets being depreciated/amortized, net	76,581,584	2,665,210	(87,144)	-	79,159,650
Governmental activities capital assets, net	$ 145,258,577	$ 9,081,580	$ (7,508,954)	$ -	$ 146,831,203

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

	Balances December 31, 2024	Prior Period Adjustment	Restated December 31, 2024	2025 Additions	2025 Deletions	Balances December 31, 2025
Business-type activities:						
Capital assets, not being depreciated:						
Land and improvements	$ 24,230,396	$ -	$ 24,230,396	$ 4,928,993	$ -	$ 29,159,389
Construction in progress	7,336,317	(820,303)	6,516,014	17,906,594	(13,389,459)	11,033,149
Total capital assets, not being depreciated/amortized	31,566,713	(820,303)	30,746,410	22,835,587	(13,389,459)	40,192,538
Capital assets, being depreciated/amortized:						
Land improvements	42,061,127	-	42,061,127	8,716,926	-	50,778,053
Buildings	31,526,877	-	31,526,877	-	-	31,526,877
Equipment	14,706,884	-	14,706,884	586,942	(205,883)	15,087,943
Water system	1,983,972	-	1,983,972	-	-	1,983,972
Sewer system	1,785,518	-	1,785,518	-	-	1,785,518
Subscription asset	40,656	216,000	256,656	-	-	256,656
Other	1,070,984	-	1,070,984	-	-	1,070,984
Total capital assets being depreciated/amortized	93,176,018	216,000	93,392,018	9,303,868	(205,883)	102,490,003
Less accumulated depreciation/amortization for:						
Land improvements	(25,846,814)	-	(25,846,814)	(3,090,156)	-	(28,936,970)
Buildings	(13,314,420)	-	(13,314,420)	(1,070,191)	-	(14,384,611)
Equipment	(8,922,473)	-	(8,922,473)	(795,608)	60,348	(9,657,733)
Water system	(1,345,675)	-	(1,345,675)	(43,799)	-	(1,389,474)
Sewer system	(1,565,879)	-	(1,565,879)	(15,527)	-	(1,581,406)
Subscription assets	(35,099)	-	(35,099)	(48,756)	-	(83,855)
Other	(227,866)	-	(227,866)	(92,707)	-	(320,573)
Total accumulated depreciation/amortization	(51,258,226)	-	(51,258,226)	(5,156,744)	60,348	(56,354,622)
Total capital assets being depreciated/amortized, net	41,917,792	216,000	42,133,792	4,147,124	(145,535)	46,135,381
Business-type activities capital assets, net	$ 73,484,505	$ (604,303)	$ 72,880,202	$ 26,982,711	$ (13,534,994)	$ 86,327,919

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

Governmental activities:	
Administration	$ 2,284,634
Community Resources	16,477
Public Safety	473,104
Road and Bridge	2,829,447
Human Services	683
Total depreciation/amortization expense - governmental activities	$ 5,604,345
Business-type activities:	
Yampa Valley Regional Airport	$ 5,139,063
Phippsburg Water and Sanitation System	12,405
Milner Sanitation System	5,276
Total depreciation/amortization expense - business-type activities	$ 5,156,744

NOTE 5. LEASE RECEIVABLE

Summary of governmental activities and business-type activities lease receivable balance for the year ended December 31, 2025 is as follows:

Receivable Fund	Lease Receivable	Deferred Inflow of
Governmental Activities		
Road and Bridge	$ 217,152	$ 217,152
Communications	379,718	379,718
Total Governmental activities	$ 596,870	$ 596,870
Business-Type Acitivities		
Yampa Valley Regional Airport	$ 8,159,438	$ 8,159,438
Total Business-type activities	$ 8,159,438	$ 8,159,438

Summary of Governmental Activities - Lease Receivable

Lease receivable activity for the years following December 31, 2025, for governmental type activities is as follows:

Year Ending December 31,	Lease Revenue	Interest Revenue	Total Payment
2026	$ 42,303	$ 17,848	$ 60,151
2027	43,629	16,521	60,150
2028	41,548	15,163	56,711
2029	32,342	14,049	46,391
2030	33,355	13,035	46,390
2031-2035	183,128	48,823	231,951
2036-2040	175,826	19,283	195,109
2041-2042	44,739	1,278	46,017
	$ 596,870	$ 147,278	$ 744,148

Road and Bridge Ground Lease

In February 2019, the County entered into a five-year non-cancelable lease with CommNet Cellular Inc, dba Verizon Wireless (lessee) for a 700 square-foot ground lease located at 2300 County Shop Road with non-exclusive right for ingress and egress. The County will receive payments of $15,735 annually beginning February 15, 2019. Annually the lease payment shall increase three percent for the proceeding twelve-month term. The lease shall automatically be extended for three additional five-year terms unless the lessee terminates the agreement at the end of the current term, given their intent to terminate at least six months prior to the end of the term. The lease has an interest rate of 3.09%. The County recognized $13,164 in lease revenue and $6,931 in interest revenue during the current fiscal year. The County has a deferred inflow of resources associated with the lease that will be recognized as revenue over the lease term. For the current year, the County had no additional inflow of resources related to the variable payments related to the lease contract not included in the lease receivable. As of December 31, 2025, the County's lease receivable and deferred inflow of resources is $217,152.

E911 Communication Tower Leases

In August 2022, the County entered into a five-year non-cancelable lease with L3Harris Technologies, Inc. (lessee) on the premises of 25692 County Road 27, Oak Creek for the purpose of operating a communication site to support the lessee's contract with the Federal Aviation Administration (FAA) to replace the Wide Area Multilateration (WAM) Phase 1 system in Colorado. The County will receive $1,250 monthly beginning October 1, 2022. The monthly lease payment shall increase three percent annually at the anniversary of the commencement date. For the current year, the County received $15,113 in payments. The lessee shall have the option to renew the lease for three additional terms of five years each. The lease has an interest rate of 3.09%. The County recognized $15,422 in lease revenue and $10,873 in interest revenue during the current fiscal year. The County has a deferred inflow of resources associated with the lease that will be recognized as revenue over the lease term. For the current year, the County had no additional inflow of resources related to the variable payments related to the lease contract not included in the lease receivable. As of December 31, 2025, the County's lease receivable and deferred inflow of resources is $343,484.

In June 2023, the County entered into three, five-year non-cancelable leases with the U.S. Department of Transportation Federal Aviation Administration (FAA) to operate four Wide Area Multilateration sites located in the Towns of Hayden and Oak Creek and the E911 Communication Center in Steamboat Springs. The County will receive $359, $359, and $442 monthly beginning October 1, 2023. For the current year, the County received $3,480 in payments. The lease has an interest rate of 3.57%. The County recognized $12,432 in lease revenue and $1,329 in interest revenue for E911 Communications during the current fiscal year. E911 Communications has a deferred inflow of resources associated with the lease that will be recognized as revenue over the lease term. For the current year, the County had no additional inflow of resources related to the variable payments related to the lease contract not included in the lease receivable. As of December 31, 2025, the County's lease receivable and deferred inflow of resources is $36,233 for E911 Communications.

Summary of Business-Type Activities

Business-type activities lease and regulated receivable activity for the years following December 31, 2025, is as follows:

Year Ending December 31,	Lease Revenue	Interest Revenue	Total Payment
2026	$ 1,326,047	$ 278,275	$ 1,604,322
2027	1,376,544	227,775	1,604,319
2028	1,300,990	175,501	1,476,491
2029	85,912	149,727	235,639
2030	88,809	146,830	235,639
2031-2035	491,145	687,046	1,178,191
2036-2040	580,339	597,854	1,178,193
2041-2045	567,205	497,385	1,064,590
2046-2050	599,061	399,760	998,821
2051-2055	713,948	284,872	998,820
2056-2060	570,178	155,714	725,892
2061-2065	291,245	77,740	368,985
2066-2069	168,015	10,334	178,349
	$ 8,159,438	$ 3,688,813	$ 11,848,251

Business-Type Activities - Regulated Leases

Regulated lease activity for the years following December 31, 2025 for business type activities is as follows:

Airlines

YVRA leases a portion of its terminal to airlines under non-cancelable leases. Lease terms for the airlines is 12 months, December 1 through November 30. Under the lease terms, the airlines are required to pay monthly exclusive and joint-use space rents and landing fees. Exclusive space areas include ticketing and management offices, etc. Joint-use spaces are primarily the holding room and baggage claim areas. There are six airlines that service YVRA: Alaskan, American, Delta, Jet Blue, Southwest, and United Airlines. YVRA recognized $303,245 in exclusive space rent, $1,710,869 in joint use rent, and $1,193,937 in landing fees from the airlines during the current year.

Ground Handlers

In December 2022, YVRA entered into a three-year non-cancelable lease with G2 Secure Staff, LLC and United Ground Express to provide ground-handling service to the airlines. In December 2025, YVRA entered into a 6-month extension with G2 Secure Staff, LLC and United Ground Express to provide ground handling services to the airlines. The lease agreement gives the right to use the airport facilities, equipment and improvements at the airport for the operation of the airline's ground handling business and all activities reasonably necessary to such operations serving air carriers possessing a current airline-airport use and lease agreement. The ground handlers will pay YVRA exclusive rent for use of designated office space within the terminal. G2 Secure Staff, LLC is leasing 520 square feet. The rate charged will be adjusted annually on December 1 to the rate charged for exclusive space assigned to the airlines. The ground handlers are required to make four payments on the first of the month for December, January, February, and March. YVRA will receive annual payments for exclusive rent of $26,060 from G2 Secure Staff, LLC.

YVRA will receive from the ground handlers a ground handling service fee of two percent of the ground handler's monthly gross revenue. In the current year, YVRA recognized $54,643 and $3,972 of ground handling service fees from G2 Secure Staff, LLC and United Ground Express, respectively.

Business-Type Activities - Lease Receivable

Fixed Based Operations Lease

In November 2019, YVRA entered into a 39-year non-cancelable ground lease, A through F, with the exception of lease D, with Atlantic Aviation Steamboat-Hayden LLC, to operate Fixed Based Operations (FBO) at the airport. In November 2025, YVRA entered into a 3 year non-cancelable ground lease D with Atlantic Aviation Steamboat-Hayden LLC. YVRA will receive $10,497 monthly for ground leases A, B, C, E, and F (main ground leases) beginning December 1, 2021, and $11,666 monthly for ground leases A, B, C, E and F (main ground leases) beginning December 1, 2022. YVRA will receive $4,313 monthly for ground lease D beginning December 1, 2025. Annual adjustments to the lease payments will be based on the percentage increase of the U.S. City Average Consumer Price Index (CPI) and a market rate rental adjustment shall be made on each five-year anniversary date of this agreement. The main ground leases have an interest rate of 3.09% and ground lease D has an interest rate of 4.83%. In the current year, YVRA received payments of $164,092 and $4,313 for ground leases A, B, C, E, and F and ground lease D, respectively. YVRA recognized $44,975 and $3,732 in lease revenue and $80,993 and $581 in interest revenue for the main ground leases and ground lease D during the current fiscal year, respectively. YVRA has a deferred inflow of resources associated with the lease that will be recognized as revenue over the lease term. For the current year, YVRA had $38,125 and no additional inflow of resources related to the main ground leases and ground lease D, respectively, as a result of the variable payments related to the lease contract not included in the lease receivable.

As of December 31, 2025, YVRA's lease receivable and deferred inflow of resources is $2,596,640 and $140,554, respectively, for the main ground leases and ground lease D. See below for the main ground leases and ground lease D amortization schedules.

Main Ground Leases

For the Year-Ended December 31,	Lease Revenue	Interest Revenue	Total Payment
2026	$ 46,384	$ 79,583	$ 125,967
2027	47,838	78,129	125,967
2028	49,337	76,630	125,967
2029	50,884	75,084	125,968
2030	52,478	73,489	125,967
2031-2035	288,118	341,717	629,835
2036-2040	336,189	293,647	629,836
2041-2045	392,279	237,557	629,836
2046-2050	457,728	172,108	629,836
2051-2055	534,096	95,739	629,835
2056-2058	341,309	15,598	356,907
	$ 2,596,640	$ 1,539,281	$ 4,135,921

Ground Lease D

For the Year-Ended December 31,	Lease Revenue	Interest Revenue	Total Payment
2026	$ 45,981	$ 5,780	$ 51,761
2027	48,252	3,509	51,761
2028	46,321	1,126	47,447
	$ 140,554	$ 10,415	$ 150,969

The FBO is obligated to remit to YVRA $0.10 per gallon of fuel pumped for general aviation purposes and 75% of landing fees collected monthly. In 2025, FBO remitted to the airport $114,047 for fuel flow and $336,348 for landing fees.

Aviation Business Park Ground Lease

In June 2023, YVRA entered into a 35-year non-cancelable ground lease with two 5-year optional extension with HDN Hangars Investment Group, LLC, to lease 134,971 square feet of land on the east side of the airport property. YVRA will receive $3,475 monthly for the ground lease beginning December 12, 2024 as YVRA elected to waive the first 18 months of lease payments in recognition that it would take the lessee to construct the hangars. Effective November 1 in each year of the lease, the per-square-foot ground lease rate shall be adjusted by 3%. In October of the 5th year of the initial term and every 5 years afterwards, YVRA will contract with a general appraiser to determine the fair market value and adjustment to the annual rent. The lease had an original interest rate of 3.73%. In the current year up through October 2025, YVRA received payments of $34,755 for the ground lease. YVRA recognized $12,978 in lease revenue and $51,581 in interest revenue for the ground lease, respectively. In October 2025 an amendment was made to the original contract increasing the square feet of the leased property to 144,184, whereby requiring a reassessment of the lease receivable. The lease currently has an interest rate of 4.83%. In the current year under the amended contract, YVRA received payments of $7,648 for the ground lease. YVRA recognized $1,582 in lease revenue and $10,717 in interest revenue for the ground lease, respectively. YVRA has a deferred inflow of resources associated with the lease that will be recognized as revenue over the lease term. For the current year, YVRA had no additional inflow of resources related to the original ground lease and the amended ground lease, respectively, as a result of the variable payments related to the lease contract not included in the lease receivable.

As of December 31, 2025, YVRA's lease receivable and deferred inflow of resources is $1,330,135, respectively, for the ground lease. See below for the ground lease amortization schedule.

	Ground Lease		
For the Year-Ended December 31,	Lease Revenue	Interest Revenue	Total Payment
2026	$ 9,766	$ 64,031	$ 73,797
2027	10,248	63,549	73,797
2028	10,754	63,043	73,797
2029	11,285	62,512	73,797
2030	11,843	61,954	73,797
2031-2035	68,585	300,400	368,985
2036-2040	87,277	281,708	368,985
2041-2045	111,063	257,921	368,984
2046-2050	141,333	227,652	368,985
2051-2055	179,852	189,133	368,985
2056-2060	228,869	140,116	368,985
2061-2065	291,245	77,740	368,985
2066-2068	168,015	10,334	178,349
	$ 1,330,135	$ 1,800,093	$ 3,130,228

Rental Car Leases

In December 2023, YVRA entered into a five-year non-cancelable lease with Avis Budget Car Rental, LLC (lessee) for terminal counter space, fuel farm access, car wash facility access, ready return parking spaces, and overflow vehicle storage spaces.

In December 2024, YVRA remeasured and determined the base for the MAG for the lessee based on actual revenues from December 2023 through November 2024 as determined by the contract entered into December 2023. Based on this remeasurement, the full contract was re-evaluated and reassessed as a four year non-cancelable lease with the lessee for terminal counter space, fuel farm access, car wash facility access, ready return parking spaces, and overflow vehicle storage spaces. The lease includes 207 square feet of counter space within the terminal of the airport, exclusive use of 73 parking spaces for ready return vehicles, exclusive use of 44,796 square feet of overflow vehicle storage, and 8,478 square feet of non-exclusive fuel farm space at 265 Piper Lane. Effective December 1 in each year of the lease, the per-square-foot terminal space lease rate is adjusted to be the same as the rates charged to the airlines for counter space. Effective December 1 in each year of the lease, the space lease for the ready return parking, the overflow vehicle storage spaces, and the fuel farm access shall be adjusted by 3%. The lease has an interest rate of 3.73%. For the current year, YVRA collected $154,682 for terminal counter space, fuel farm access, car wash facility access, ready return parking spaces, and overflow vehicle storage spaces.

The lessee has agreed to pay a MAG of 85% of 10% of the first year revenues or 10% of the monthly gross revenue, whichever is greater. For the current year, YVRA collected $473,748 in fees, of which $467,901 in MAG fees and $5,847 in variable payments.

YVRA recognized $559,322 in lease revenue and $76,838 in interest revenue, respectively, during the current fiscal year. YVRA has a deferred inflow of resources associated with the lease that will be recognized as revenue over the lease term. For the current year, YVRA had $0 of inflow of resources related to the variable payments related to the lease contract not included in the lease receivable. As of December 31, 2025, YVRA’s lease receivable and deferred inflow of resources is $1,755,529.

For the Year-Ended December 31,	Lease Revenue	Interest Revenue	Total Payment
2026	$ 580,543	$ 55,617	$ 636,160
2027	602,568	33,591	636,159
2028	572,418	10,727	583,145
	$ 1,755,529	$ 99,935	$ 1,855,464

In December 2023, YVRA entered into a five-year non-cancelable leases with Hertz Corporation (Lessee) for terminal counter space, fuel farm access, car wash facility access, ready return parking spaces, and overflow vehicle storage spaces.

In December 2024, YVRA remeasured and determined the base for the MAG for the lessee based on actual revenues from December 2023 through November 2024 as determined by the contract entered into December 2023. Based on this remeasurement, the full contract was re-evaluated and reassessed as a four year non-cancelable lease with the lessee for terminal counter space, fuel farm access, car wash facility access, ready return parking spaces, and overflow vehicle storage spaces. The lease includes 162 square feet of counter space within the terminal of the airport, exclusive use of 44 parking spaces for ready return vehicles, exclusive use of 26,676 square feet of overflow vehicle storage, and 8,478 square feet of non-exclusive fuel farm space at 265 Piper Lane. Effective December 1 in each year of the lease, the per-square-foot terminal space lease rate is adjusted to be the same as the rates charged to the airlines for counter space. Effective December 1 in each year of the lease, the space lease for the ready return parking, the overflow vehicle storage spaces, and the fuel farm access shall be adjusted by 3%. The lease has an interest rate of 3.73%. For the current year, YVRA collected $99,736 for terminal counter space, fuel farm access, car wash facility access, ready return parking spaces, and overflow vehicle storage spaces.

The lessee has agreed to pay a MAG of 85% of 10% of the first year revenues or 10% of the monthly gross revenue, whichever is greater. For the current year, YVRA collected $234,352 in fees, of which $234,352 in MAG fees and $0 in variable payments.

YVRA recognized $326,470 in lease revenue and $44,849 in interest revenue, respectively, during the current fiscal year. YVRA has a deferred inflow of resources associated with the lease that will be recognized as revenue over the lease term. For the current year, the County had no additional inflow of resources related to the variable payments related to the lease contract not included in the lease receivable. As of December 31, 2025, YVRA's lease receivable and deferred inflow of resources is $1,024,681.

For the Year-Ended December 31,	Lease Revenue	Interest Revenue	Total Payment
2026	$ 338,856	$ 32,463	$ 371,319
2027	351,711	19,607	371,318
2028	334,114	6,259	340,373
	$ 1,024,681	$ 58,329	$ 1,083,010

In December 2023, YVRA entered into five-year non-cancelable leases with Enterprise Leasing Company of Denver, LLC (Lessee) for terminal counter space, fuel farm access, car wash facility access, ready return parking spaces, and overflow vehicle storage spaces.

In December 2024, YVRA remeasured and determined the base for the MAG for the lessee based on actual revenues from December 2023 through November 2024 as determined by the contract entered into December 2023. Based on this remeasurement, the full contract was re-evaluated and reassessed as a four year non-cancelable lease with the lessee for terminal counter space, fuel farm access, car wash facility access, ready return parking spaces, and overflow vehicle storage spaces. The lease includes 162 square feet of counter space within the terminal of the airport, exclusive use of 29 parking spaces for ready return vehicles, exclusive use of 17,916 square feet of overflow vehicle storage, and 8,478 square feet of non-exclusive fuel farm space at 265 Piper Lane. Effective December 1 in each year of the lease, the per-square-foot terminal space lease rate is adjusted to be the same as the rates charged to the airlines for counter space. Effective December 1 in each year of the lease the space lease for the ready return parking, the overflow vehicle storage spaces, and the fuel farm access shall be adjusted by 3%. The lease has an interest rate of 3.73%. For the current year, YVRA collected $79,817 for terminal counter space, fuel farm access, car wash facility access, ready return parking spaces, and overflow vehicle storage spaces.

The lessee has agreed to pay a MAG of 85% of 10% of the first year revenues or 10% of the monthly gross revenue, whichever is greater. For the current year, YVRA collected $300,066 in fees, of which $264,049 in MAG fees and $36,017 in variable payments.

YVRA recognized $248,025 in lease revenue and $34,072 in interest revenue, respectively, during the current fiscal year. YVRA has a deferred inflow of resources associated with the lease that will be recognized as revenue over the lease term. For the current year, YVRA had $97,786 of inflow of resources related to the variable payments related to the lease contract not included in the lease receivable. As of December 31, 2025, YVRA's lease receivable and deferred inflow of resources is $778,470.

For the Year-Ended December 31,	Lease Revenue	Interest Revenue	Total Payment
2026	$ 257,435	$ 24,663	$ 282,098
2027	267,201	14,895	282,096
2028	253,834	4,755	258,589
	$ 778,470	$ 44,313	$ 822,783

Taxi Leases

In April 2023, YVRA entered into a five-year non-cancelable lease with Storm Mountain Express, Inc (lessee), for the right to use a 225 square foot customer service booth in the terminal of the airport. YVRA will receive $835 monthly for the customer service space. Annually, commencing on December 1, 2023, the rental rate shall be adjusted to the rental rate charged for exclusive space assigned by signatory airlines operating in the terminal building. The lease has an interest rate of 3.57%. In the current year, YVRA received $12,175 in payments. YVRA recognized $9,059 in lease revenue and $840 in interest revenue during the current fiscal year. YVRA has a deferred inflow of resources associated with the lease that will be recognized as revenue over the lease term. For the current year, the County had $2,276 of inflow of resources related to the variable payments related to the lease contract not included in the lease receivable. As of December 31, 2025, YVRA's lease receivable and deferred inflow of resources is $22,258.

The lessee is also required to pay monthly eleven percent of gross revenue. During 2025, the lessee paid $168,669 to YVRA.

For the Year-Ended December 31,	Lease Revenue	Interest Revenue	Total Payment
2026	$ 9,343	$ 556	$ 9,899
2027	9,636	263	9,899
2028	3,279	21	3,300
	$ 22,258	$ 840	$ 23,098

In April 2023, YVRA entered into a five-year non-cancelable lease with NDW Enterprises LLC, doing business as Ski Town Transportation (lessee), for the right to use a 56-square-foot customer service booth in the terminal of the airport. YVRA will receive $205 monthly for the customer service space. Annually, commencing on December 1, 2023, the rental rate shall be adjusted to the rental rate charged for exclusive space assigned by signatory airlines operating in the terminal building. The lease has an interest rate of 3.57%. In the current year, YVRA received $3,727 in payments. YVRA recognized $2,461 in lease revenue and $265 in interest revenue during the current fiscal year. YVRA has a deferred inflow of resources associated with the lease that will be recognized as revenue over the lease term. For the current year, the County had $1,001 of inflow of resources related to the variable payments related to the lease contract not included in the lease receivable. As of December 31, 2025, YVRA's lease receivable and deferred inflow of resources is $6,094.

The lessee is also required to pay monthly eleven percent of gross revenue. During 2025, the lessee paid $198,366 to YVRA.

For the Year-Ended December 31,	Lease Revenue	Interest Revenue	Total Payment
2026	$ 2,550	$ 176	$ 2,726
2027	2,642	84	2,726
2028	902	7	909
	$ 6,094	$ 267	$ 6,361

In July 2025, YVRA entered into a three-year non-cancelable lease with Emerald Express Transportation, Inc (lessee), for the right to use a 176 square foot customer service booth in the terminal of the airport. YVRA will receive $790 monthly for the customer service space. Annually, commencing on December 1, 2025, the rental rate shall be adjusted to the rental rate charged for exclusive space assigned by signatory airlines operating in the terminal building. The lease has an interest rate of 4.83%. In the current year, YVRA received $1,621 in payments. YVRA recognized $4,178 in lease revenue and $564 in interest revenue during the current fiscal year. YVRA has a deferred inflow of resources associated with the lease that will be recognized as revenue over the lease term. For the current year, the County had $0 of inflow of resources related to the variable payments related to the lease contract not included in the lease receivable. As of December 31, 2025, YVRA's lease receivable and deferred inflow of resources is $20,886.

The lessee is also required to pay monthly eleven percent of gross revenue. During 2025, the lessee paid $5,021 to YVRA.

For the Year-Ended December 31,	Lease Revenue	Interest Revenue	Total Payment
2026	$ 8,664	$ 819	$ 9,483
2027	9,092	391	9,483
2028	3,130	31	3,161
	$ 20,886	$ 1,241	$ 22,127

Tower Lease

In June 2023, the County entered into one five-year non-cancelable lease with the U.S. Department of Transportation Federal Aviation Administration (FAA) to operate four Wide Area Multilateration sites located at YVRA. The County will receive $441 monthly beginning October 1, 2023. The lease has an interest rate of 3.57%. In the current year, YVRA received $5,315 in payments. The County recognized $4,733 in lease revenue and $506 in interest revenue for the Airport during the current fiscal year. The County has a deferred inflow of resources associated with the lease that will be recognized as revenue of the lease term. For the current year, the County had $76 of outflow of resources related to the variable payments related to the lease contract not included in the lease receivable. As of December 31, 2025, the Airport's lease receivable and deferred inflow of resources is $13,794.

For the Year-Ended December 31,	Lease Revenue	Interest Revenue	Total Payment
2026	$ 4,881	$ 357	$ 5,238
2027	5,034	205	5,239
2028	3,879	50	3,929
	$ 13,794	$ 612	$ 14,406

Office Space Lease

In November 2022, YVRA entered into a ten-year non-cancelable lease with the U.S. General Service Administration (lessee) for office space totaling 1,164 square feet. YVRA will receive $35,874 annually payable monthly in arrears beginning December 1, 2022. The lessee may renew the lease for an additional two option terms of five years. Annually, on the lease term commencement date, the annual payment shall be adjusted by the cost of living adjustment published for the prior month. The lease has an interest rate of 3.09%. In the current year, YVRA received $35,874 in payments. YVRA recognized $20,986 in lease revenue and $14,888 in interest revenue during the current fiscal year. YVRA has a deferred inflow of resources associated with the lease that will be recognized as revenue over the lease term. For the current year, the County had no additional inflow of resources related to the variable payments related to the lease contract not included in the lease receivable. As of December 31, 2025, YVRA's lease receivable and deferred inflow of resources is $470,397.

For the Year-Ended December 31,	Lease Revenue	Interest Revenue	Total Payment
2026	$ 21,644	$ 14,230	$ 35,874
2027	22,322	13,552	35,874
2028	23,022	12,852	35,874
2029	23,743	12,131	35,874
2030	24,488	11,387	35,875
2031-2035	134,442	44,929	179,371
2036-2040	156,873	22,499	179,372
2041-2042	63,863	1,907	65,770
	$ 470,397	$ 133,487	$ 603,884

Farm Ground Lease

In November 2019 and 2020, YVRA entered into two five-year non-cancelable leases for 65.08 grazing acreage and 17.86 hay acreage rights and one six-year lease for 119.14 farmable land acreage and 109.63 alfalfa acreage rights with three farmers (lessees). The lessees shall pay $5.60 per acre for grazing and hay rights, $18.59 per farmable acre and $25 per acre for alfalfa. YVRA will receive $4,680 annually for the farm leases. The lease has an interest rate of 3.09%. In the current year, YVRA received $4,218 in payments. YVRA recognized $4,072 in lease revenue and $58 in interest revenue during the current fiscal year. For the current year, the County had $88 of outflow of resources related to the variable payments related to the lease contract not included in the lease receivable. As of December 31, 2025, YVRA's lease receivable and deferred inflow of resources is $0.

NOTE 6. LONG-TERM OBLIGATIONS

Long-term liability activity for the year ended December 31, 2025 is as follows:

	Balance December 31, 2024	Restatement	Balance December 31, 2024 as Restated	Additions	Deletions	Balance December 31, 2025	Due Within One Year
Governmental activities:							
Certificates of participation	$ 1,195,000	$ -	$ 1,195,000	$ -	$ (1,195,000)	$ -	$ -
Unamortized discount, certificates of participation	(615)	-	(615)	-	615	-	-
Leases	121,162	-	121,162	133,573	(66,643)	188,092	64,845
Subscription liability	157,481	-	157,481	165,244	(121,751)	200,974	91,324
Compensated absences *	2,555,868	-	2,555,868	306,655	-	2,862,523	1,056,925
Total governmental activities	4,028,896	-	4,028,896	605,472	(1,382,779)	3,251,589	1,213,094
Business-type activities:							
Loans payable:							
Revenue loans - Phippsburg	87,995	-	87,995	478,704	(17,175)	549,524	17,564
Revenue loans - Milner	196,268	-	196,268	511,916	(19,988)	688,196	20,238
Subscription liability	5,756	216,000	221,756	-	(45,809)	175,947	41,568
Compensated absences *	509,267	-	509,267	-	(68,735)	440,532	176,801
Total business-type activities	799,286	216,000	1,015,286	990,620	(151,707)	1,854,199	256,171
Total long-term obligations	$ 4,828,182	$ 216,000	$ 5,044,182	$1,596,092	$ (1,534,486)	$ 5,105,788	$1,469,265

* The change in compensated absences liability is presented as a net change.

The governmental activity portion of the compensated absence liability is reported in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee terminations, resignations and retirements. A compensated absence liability for business-type activities is recorded in those funds. A compensated absence liability of internal service funds is recorded in those funds and is reported in governmental activities on the government-wide financial statements.

The County calculates a liability for both sick leave and vacation leave more likely than not to be used in a future period based on historical trend, and assumes any excess eligible for payment shall be paid upon separation. Such calculations include salary-related benefits as applicable. Fifty percent of accrued sick leave hours are paid out up to a limit of 360 hours (45 days) to those who have worked five years or more when their employment ends. Any unused comp time will be paid in full at the end of the accrual period. Other types of leave shall be paid as specified in the associated policies contained within the employee handbook, including Paid Family Medical Leave which is paid at 90% if/when used in the following year. If events in employees' lives cause other types of leave to commence prior to the end of the year, where a portion of the given benefit remains unused at the end of the year, such balance is included in compensated absences.

Governmental Activities – Long Term Obligations

Certificates of Participation

In April 2012, the Routt County Public Building Authority (the Corporation), a nonprofit corporation, issued $13,290,000 in Refunding Certificates of Participation, Series 2012, with a discount at issue of $50,148 and interest rates ranging from 2.0% to 3.25%. The proceeds were used to advance refund $13,435,000 of outstanding Certificates of Participation, Series 2006, which had interest rates ranging from 3.75% to 4.50%, to purchase a surety bond and an insurance policy, and to pay the costs of issuance of the certificates. The net proceeds of the issue of $12,916,620 and $1,078,002 in funds from the County for a total of $13,994,622 were deposited in an irrevocable trust with an escrow agent and used to redeem the Series 2006 certificates of participation on December 1, 2012, at a price equal to 100% of par and accrued interest. As a result, the Certificates of Participation, Series 2006, originally issued to fund the cost of construction of the Justice Center, are defeased, and the liability for these certificates has been removed from the Statement of Net Position. As of December 31, 2025 the Refunding Certificates of Participation, Series 2012 have an outstanding balance or $0.

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 2025, a total of $10,091 was amortized and the unamortized refunding cost as of December 31, 2025 is $0. The County advance refunded the Certificates of Participation, Series 2006 to reduce its total debt service payments over 13 years by $852,164 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new certificates) of $674,430.

The prepaid insurance policy premium and cost of the surety bond for the refunding certificates of participation totaled $155,347. This amount is shown as a deferred charge on refunding and amortized over the remaining life of the refunding debt or 13 years. In 2025, a total of $1,902 was amortized and the unamortized refunding cost as of December 31, 2025, is $0.

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.

Governmental Activities - Lease Payable

Governmental activities lease payable activity for the years following December 31, 2025, is as follows:

For the Year-Ended December 31,	Lease Expense	Interest Expense	Total Payment
2026	$ 64,845	$ 7,250	$ 72,095
2027	43,926	5,134	49,060
2028	32,663	3,381	36,044
2029	24,585	2,171	26,756
2030	22,073	1,035	23,108
	$ 188,092	$ 18,971	$ 207,063

Postage Machine Lease

The Equipment Pool entered into a five-year lease agreement for the use of a postage machine. An initial lease liability was recorded in the amount of $10,639. As of December 31, 2025, the value of the lease liability is $0. The County is required to make monthly payments of $302. The lease has an interest rate of 3.09%. The equipment has a useful life of 5 years. The value of the right to use the asset as of December 31, 2025, is $10,638 with accumulated amortization of $10,638 and was fully written off in 2025 as shown in Footnote 4 under governmental activities as an intangible lease asset.

The General Fund entered into a five-year lease agreement for the use of a postage machine. An initial lease liability was recorded in the amount of $19,340. As of December 31, 2025, the value of the lease liability is $16,430. The County is required to make monthly payments of $368. The lease has an interest rate of 4.83%. The equipment has a useful life of 5 years. The value of the right to use the asset as of December 31, 2025, is $19,340 with accumulated amortization of $2,908 are shown in Footnote 4 under governmental activities as an intangible lease asset.

For the Year-Ended December 31,	Lease Expense	Interest Expense	Total Payment
2026	$ 3,648	$ 714	$ 4,362
2027	3,828	533	4,361
2028	4,017	344	4,361
2029	4,216	146	4,362
2030	721	4	725
	$ 16,430	$ 1,741	$ 18,171

Body Cameras

The General Fund entered into a five-year lease agreement for body cameras for the Sheriff's Office and Detention center. An initial lease liability was recorded in the amount of $123,963. As of December 31, 2025, the value of the lease liability is $22,713. The County is required to make monthly payments of $2,303. The lease has an interest rate of 3.09%. The equipment has a useful life of five years. The value of the right to use the asset as of December 31, 2025, is $123,963 with an accumulated amortization of $101,250 are shown in Footnote 4 under governmental activities as an intangible lease asset.

For the Year-Ended December 31,	Lease Expense	Interest Expense	Total Payment
2026	$ 22,713	$ 322	$ 23,035

Dash Cameras

The General Fund entered into a five-year lease agreement for dash cameras for the Sheriff's Office. An initial lease liability was recorded in the amount of $90,457. As of December 31, 2025, the value of the lease liability is $45,736. The County is required to make monthly payments of $1,648. The lease has an interest rate of 3.57%. The equipment has a useful life of 5 years. The value of the right to use asset as of December 31, 2025, is $90,457 with accumulated amortization of $26,920 and are shown in Footnote 4 under governmental activities as an intangible lease asset.

For the Year-Ended December 31,	Lease Expense	Interest Expense	Total Payment
2026	$ 18,448	$ 1,333	$ 19,781
2027	19,118	663	19,781
2028	8,170	73	8,243
	$ 45,736	$ 2,069	$ 47,805

The General Fund entered into a five-year lease agreement for dash cameras for the Sheriff's Office. An initial lease liability was recorded in the amount of $9,400. As of December 31, 2025, the value of the lease liability is $5,846. The County is required to make monthly payments of $211. The lease has an interest rate of 3.73%. The equipment has a useful life of 5 years. The value of the right to use asset as of December 31, 2025, is $9,400 with accumulated amortization of $3,554 and are shown in Footnote 4 under governmental activities as an intangible lease asset.

For the Year-Ended December 31,	Lease Expense	Interest Expense	Total Payment
2026	$ 2,355	$ 178	$ 2,533
2027	2,445	89	2,534
2028	1,046	10	1,056
	$ 5,846	$ 287	$ 6,133

Election Voting Equipment

The General Fund entered into a five-year lease agreement for election voting equipment for the Elections office. An initial lease liability was recorded in the amount of $114,233. As of December 31, 2025, the value of the lease liability is $97,367. Annually, the annual payment shall be adjusted by 3%. The County first payment in 2025 is $19,682. The lease has an interest rate of 4.83%. The equipment has a useful life of 5 years. The value of the right to use asset as of December 31, 2025, is $114,233 with accumulated amortization of $16,866 and are shown in Footnote 4 under governmental activities as an intangible lease asset.

For the Year-Ended December 31,	Lease Expense	Interest Expense	Total Payment
2026	$ 17,681	$ 4,703	$ 22,384
2027	18,535	3,849	22,384
2028	19,430	2,954	22,384
2029	20,369	2,015	22,384
2030	21,352	1,031	22,383
	$ 97,367	$ 14,552	$ 111,919

Governmental Activities - Subscription-Based Information Technology Arrangements

The County has various SBITAs, including subscriptions for land management, property assessment, geographical information systems, client data tracking software, voting and elections software, and body and vehicle dash cameras. The SBITA arrangements expire in various years through 2030. As of December 31, 2025, SBITA assets and the related accumulated amortization totaled $436,452 and $257,147, respectively. For the current year, the County has no additional outflow of resources for variable payments, termination penalties, commitments before the commencement of the subscription term or any components related to a loss impairment. The future subscription payments under SBITA agreements are as follows:

Year Ending December 31,	Principal	Interest	Total
2026	$ 91,324	$ 7,054	$ 98,378
2027	40,344	4,543	44,887
2028	27,654	3,023	30,677
2029	20,335	2,012	22,347
2030	21,317	1,030	22,347
Total	$ 200,974	$ 17,662	$ 218,636

Business-Type Activities – Long-Term Obligations

Loans - Phippsburg Water and Sanitation System

On April 30, 2024, the Colorado Water Resources and Power Development Authority (CWRPDA), under the Water Pollution Control Revolving Fund, authorized a thirty-year loan (Loan) to the County for $1,500,000 at an interest rate of 2.25% to partially fund the construction of a new wastewater treatment plant which will replace the lagoon system. This Loan represents a debt to Phippsburg Water and Sanitation System (PWSS) and is not a general obligation to the County. PWSS shall establish rates and charges sufficient to include the annual repayment of the debt. At the execution of the loan, PWSS is responsible for making annual debt service payments.

Upon the execution of this Loan, CWRPDA forgave $781,915 of the Loan balance on April 30, 2024 leaving a remaining balance of $718,085. At the discretion of CWRPDA, post-closing of the Loan, and if such funds are available and PWSS is deemed eligible, the Loan may be forgiven in an amount up to 100% of the outstanding principal amount of the Loan. The forgiveness of the remainder of the Loan is considered remote.

PWSS pledged $552,104 of cash and investments to repay the Loan. The pledging of cash and investments maintains compliance with the Taxpayer Bill of Rights (TABOR) debt election requirements as an enterprise fund. See NOTE 11 CONTINGENCIES, Taxpayer's Bill of Right for additional information.

As of December 31, 2025, $1,357,058 of costs have been incurred and applied towards the Loan. PWSS applied those costs first against the $781,915 loan forgiveness portion of the agreement and recognized a loan liability of $96,440 in 2024 and $478,703 in 2025. PWSS anticipates completing the project in 2026 and will recognize the remaining portion of the liability once completed. For fiscal year 2026, PWSS will be required to make $33,046 of debt service payments, comprised of $17,564 of principal and $15,482 of interest.

Loans – Milner Sanitation System

On April 30, 2024, the CWRPDA, under the Water Pollution Control Revolving Fund, authorized a thirty-year loan (Loan) to the County for $1,500,000 at an interest rate of 1.25% to partially fund the construction of a new wastewater treatment plant which will replace the lagoon system. This Loan represents a debt to Milner Sanitation System (MSS) and is not a general obligation to the County. MSS shall establish rates and charges sufficient to include the annual repayment of the debt. At the execution of the loan, MSS is responsible for making annual debt service payments.

Upon the execution of this Loan, CWRPDA forgave $781,915 of the Loan balance on April 30, 2024 leaving a remaining balance of $718,085. At the discretion of CWRPDA, post-closing of the Loan, and if such funds are available and the MSS is deemed eligible, the Loan may be forgiven in an amount up to 100% of the outstanding principal amount of the Loan. The forgiveness of the remainder of the Loan is considered remote.

MSS pledged $689,619 of cash and investments to repay the Loan. The pledging of cash and investments maintains compliance with the Taxpayer Bill of Rights (TABOR) debt election requirements as an enterprise fund. See NOTE 11 CONTINGENCIES, Taxpayer's Bill of Right for additional information.

As of December 31, 2025, $1,500,000 of costs have been incurred and applied towards the Loan. MSS applied those costs first against the $781,915 loan forgiveness portion of the agreement and recognized a loan liability of $206,169 in 2024 and $511,916 in 2025. MSS anticipates completing the project in 2025 and will recognize the remaining portion of the liability once completed. For fiscal year 2026, MSS will be required to make $28,777 of debt services payments, comprised of $20,238 of principal and $8,539 of interest.

Business-Type Activities - Subscription-Based Information Technology Arrangements

The County has various SBITAs, including subscriptions for the restaurants point of sale software, and flight information display system software. The SBITA arrangements expire in various years through 2029. As of December 31, 2025, SBITA assets and the related accumulated amortization totaled $256,657 and $83,856, respectively. For the current year, the County has no additional outflow of resources for variable payments, termination penalties, commitments before the commencement of the subscription term or any components related to a loss impairment. The future subscription payments under SBITA agreements are as follows:

Year Ending December 31,	Principal	Interest	Total
2026	$ 41,568	$ 5,986	$ 47,554
2027	43,141	4,414	47,555
2028	44,772	2,782	47,554
2029	46,466	1,088	47,554
	$ 175,947	$ 14,270	$ 190,217

NOTE 7. FUND BALANCE AND NET POSITION

On December 31, 2025, the committed fund balance of the General Fund complied with the Board of County Commissioners' 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 Commissioners' 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, Building Use Tax collected in a calendar year greater than $235,000 and other funds designated by the Commissioners. The 10% committed fund balance will be funded prior to the capital committed fund balance in the General Fund.

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	Fund Balance					Net Position	
	General Fund	Road & Bridge	Human Services	E911 Communications	Total Governmental Funds	Governmental Activities	Business Activities
Nonspendable							
Prepaids/Inventory/Deposit	$ 83,632	$ 56,556	$ 1,048	$ 12,667	$ 153,903	$ -	$ -
Restricted							
Lottery	47,412	-	-	-	47,412	47,412	-
Museums and Heritage	382,543	-	-	-	382,543	382,543	-
Developmental Disabilities	396	-	-	-	396	396	-
Purchase of Development Rights	6,716,367	-	-	-	6,716,367	6,716,367	-
Public Trustee	18,236	-	-	-	18,236	18,236	-
Recycling	122,789	-	-	-	122,789	122,789	-
Sheriff Investigations	5,293	-	-	-	5,293	5,293	-
Contraband Forfeiture Act	1,527	-	-	-	1,527	1,527	-
Affordable Housing	75,000	-	-	-	75,000	75,000	-
County Manager severance	129,487	-	-	-	129,487	129,487	-
E-Recording	42,756	-	-	-	42,756	42,756	-
Phippsburg Water and Sanitation System - pledge for debt	-	-	-	-	-	-	552,104
Milner Sanitation System - pledge for debt	-	-	-	-	-	-	689,619
TABOR reserve for emergencies:							
General Fund	1,623,084	-	-	-	1,623,084	1,623,084	-
Phippsburg Water and Sanitation System	-	-	-	-	-	-	25,011
Milner Sanitation System	-	-	-	-	-	-	16,501
	9,164,890	-	-	-	9,164,890	9,164,890	1,283,235
Committed							
General Fund - 10%	3,383,681	-	-	-	3,383,681	-	-
General Fund - Capital	7,407,684	-	-	-	7,407,684	-	-
Road & Bridge	-	9,973,509	-	-	9,973,509	-	-
Human Services	-	-	505,860	-	505,860	-	-
Communications	-	-	-	266,691	266,691	-	-
	10,791,365	9,973,509	505,860	266,691	21,537,425	-	-
	$ 20,039,887	$ 10,030,065	$ 506,908	$ 279,358	$ 30,856,218	$ 9,164,890	$ 1,283,235

NOTE 8. 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 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.

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. As of January 1, 2022, employees are eligible to participate upon employment with the County, 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 2025 totaled $1,605,431. The forfeitures for employees who left employment with the County in 2025 totaled $48,075.

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. The financial statements for the Section 457 plan have not been included as part of this report per GASB Statement No. 97, Certain Component Unit Criteria, and Accounting for Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans.

NOTE 9. 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 the 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.

Insurance Pool

The County has partially self-funded health, dental, and casualty and property (CAP) insurance plans. All County departments are charged for payments to the insurance pool based on estimated amounts needed to pay prior and current year claims and to establish sufficient reserves. Health and dental insurance expense is allocated to departments by employee participation and type of coverage (family, single, etc.) and for CAP by a three-year weighted average of departmental claims incurred to total claims.

Casualty and Property Insurance

The County is exposed to various risks of loss related to property and casualty losses. In 1986, 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. As of January 1, 2022, the County is self-funded for the first $75,000 per claim per year. CAPP funds claims in excess of $75,000 and after the County's deductible. The County pays an annual contribution to CAPP for the administration of the self-insured plan and for 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.

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 12/31/2025
Unpaid claims, beginning of fiscal year	$ 15,118
Incurred claims (including IBNRs)	222,701
Claim payments	(58,776)
Unpaid claims, end of fiscal year	$ 179,043

Health and Dental Insurance

The County provides medical and dental coverage for eligible employees and is partially self-funded for these plans. The County is self-funded for the first $75,000 per claim per year for health insurance and $1,200 per member per year for dental insurance. A third party administers claim processing services. Commercial aggregate and individual stop loss insurance policies for health insurance are 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 2025 aggregate deductible of $6,957,829 up to $1,000,000 per coverage period. In the past three years, the amount of settlement for any claim and the aggregate have not exceeded the insurance coverage.

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

	Year Ended 12/31/2025
Unpaid claims, beginning of fiscal year	$ 284,726
Incurred claims (including IBNRs)	7,599,417
Claim payments	(7,531,680)
Unpaid claims, end of fiscal year	$ 352,463

NOTE 10. CONSTRUCTION COMMITMENTS

Facilities Management has contracts to finish the restroom remodel at the Routt County Fairgrounds; for consulting services to develop a solar array and battery energy storage system in the County; a back entry, historic preservation, and energy efficiency upgrades to the rooftop units and boiler, and a space needs assessment for the Clerk's offices at the Historic Courthouse; and a heating, ventilation, and air conditioning building automation system at the Justice Center. Funding for the County's facilities projects is provided by reserves and a state grant for Historic Courthouse preservation and the solar array and battery energy storage system.

Road and Bridge has two projects; the Clark Bridge scour on County Road 62 and the Moon Hill Bridge replacement on County Road 56. The Clark Bridge scour project has one contract for engineering services to design and support scour counter measure solutions. The Moon Hill Bridge replacement also has one contract for engineering and design work. Funding for these two projects is provided by one federal grant and Road and Bridge reserves.

YVRA has three projects; the Taxiway A connector rehabilitation, the terminal west expansion and taxiway B-F. The taxiway A project has two contracts; one contract for design and project management and one contract for construction. The terminal west expansion has two contracts; one for design and engineering and one contract for owner representative. The taxiway B-F project only has one contract for design and engineering. Funding for the taxiway project is provided by federal grants, state grants and reserves. The terminal west expansion project is funded by federal, state grants and YVRA reserves. The taxiway B-F project is funded by federal, state grants and YVRA reserves.

Phippsburg Water and Sanitation System has two contracts; one contract for design and engineering, and one contract for construction of the wastewater treatment plant project. Funding for the project is provided by two federal grants, a state grant and reserves.

Milner Sanitation System has two contracts; one contract for design and engineering and one contract for construction of the wastewater treatment plant project. Funding for the project is provided by two federal grants, a state grant and reserves.

Project	Spent to Date	Remaining Commitment
Facilities Management projects	$ 359,724	$ 449,953
Road and Bridge projects	266,856	48,890
YVRA taxiway A connector rehab	12,287,920	1,054,341
YVRA terminal west expansion	3,111,386	1,142,881
YVRA taxiway B-F	426,346	43,040
Phippsburg wastewater treatment plant	3,071,888	27,500
Milner wastewater treatment plant	3,140,753	15,387
Total	$ 22,664,873	$ 2,781,992

NOTE 11. 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 2025 year-end fund balance/net position in the General Fund, Phippsburg Water and Sanitation and Milner Sanitation for emergencies as required under TABOR. As of December 31, 2025, the County had restricted fund balance/net position of $1,623,084, $25,011 and $16,500 in the General Fund, Phippsburg Water and Sanitation and Milner Sanitation, 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."

On September 17, 2002, by resolution, the Routt County Board of County Commissioners approved the Phippsburg Water and Sanitation System (System) as an Enterprise under Article X, Section 20 of the Colorado Constitution. The resolution states, "The System's service charges and fees shall be set to maintain the System as a self-funding enterprise and, in that regard, the System'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." During 2025, Phippsburg Water and Sanitation System received state funding for the design and construction of the replacement wastewater treatment facility. The state funding represents more than ten percent of Phippsburg Water and Sanitation System's funding from state and local governments and results in restricted net position $25,011.

On May 8, 2008, by resolution, the Routt County Board of County Commissioners approved the Milner Sanitation System (System) as an Enterprise under Article X, Section 20 of the Colorado Constitution. The resolution states, "The System's service charges and fees shall be set to maintain the System as a self-funding enterprise and, in that regard, the System'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." During 2025, Milner Sanitation System received state funding for the design and construction of the replacement wastewater treatment facility. The state funding represents more than ten percent of Milner Sanitation System's funding from state and local governments and results in restricted net position $16,500.

On August 12, 2025, by resolution, the Routt County Board of County Commissioners approved the Yampa Valley Regional Airport as an Enterprise under Article X, Section 20 of the Colorado Constitution. The resolution states, "The Yampa Valley Regional Airport's fees and charges shall be set to maintain the Airport as a self-funding enterprise and, in that regard, the Airport'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."

TABOR requires local governments to have voter approval in advance for the creation of multiple-fiscal year debt unless the local government has adequate present reserves pledged irrevocably and held for payment of the debt in all future years. Phippsburg Water and Sanitation System and Milner Sanitation System in 2025 pledged irrevocably cash and investments of $552,104 and $689,619, respectively for the future payment of debt and to meet the TABOR election requirements as stated above. See NOTE 6. LONG TERM OBLIGATIONS for additional information.

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 sunseted in the assessment year 2024, with final taxes for 2024 collected in 2025. On November 8, 2022, the electorate approved the extension of the 1.5 mill property tax for the purchase of development rights through assessment year 2034, with final taxes for 2034 collected in 2035.

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.

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.

On January 16, 2026, the County received a notice of claim asserting claims arising from the planning, construction, and operation of the Milner Wastewater Treatment Facility, including allegations of nuisance, negligence, trespass, inverse condemnation, property damage, noise, vibration, odor impacts, and diminution in property value associated with the Facility's proximity to the claimants' residence. Under the County's insurance pool, the County has a deductible of $125,000 and a self-insured retention of $75,000. Management, in consultation with counsel, has determined that in order to defend this action, expenditure of the deductible and self-insured retention is probable; however, the amount cannot be reasonably estimated at this time. Accordingly, no liability has been accrued in the accompanying financial statements.

NOTE 12. 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.

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 E911 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. 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 interests 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 E911 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

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. E911 Communication Center – The County shall be responsible for the operations and maintenance costs associated with the E911 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.

NOTE 13. SUBSEQUENT EVENTS

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. Both the power plant and mine are located in Routt County. In 2025, the County has a base property tax temporary mill levy credit of 5.783 mills, which would allow the County to decrease assessed valuation by $802,626,956 or 35.8% 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 2026, based on 2025 assessed valuation, the County’s assessed valuation would decrease by $77,414,190 or 3.5% of the total assessed valuation of the County. Voter approved property taxes, based on 2025 assessed valuation less the assessed valuation of the power plant and the mine, would decrease $216,760 in 2025. County base property taxes using data from 2025 will not decrease with the closure of the power plant and mine. This is because of an increase in the County's assessed valuation for 2025, which increased by $231,365,380 or 10.97%, to $2,354,965,340. The assessed valuation of the power plant and coal mine in 2025 is not substantial enough to affect the County's property tax revenue. However, uncertainties remain regarding other potential impacts on Routt County operations resulting from the planned closure of the power plant.

Routt County, Colorado Airport Revenue Bonds

On June 1, 2026, Yampa Valley Regional Airport issued $41,385,000 of Airport Revenue Bonds, Series 2026 (AMT) (Bonds). The Bonds bears interest rates ranging from 5.00% to 5.50% and maturing from June 1, 2028 through June 1, 2056. The Bonds were issued to finance a portion of the West Terminal Expansion Project, fund a debt service reserve requirement, and pay issuance costs. The bonds are payable solely from Airport Enterprise net revenues and are not a general obligation of the County. The $82.6 million West Terminal Expansion Project is anticipated to start in April 2026 and to be completed in summer of 2028. This issuance was determined to be a nonrecognized subsequent event requiring note disclosure only.

Routt County, Gravel Pit

On November 25, 2025, Routt County, Colorado executed a contract to acquire approximately 225 acres known as the Hewes Gravel Pit property, together with related mineral rights, water rights, permits, and certain equipment, for a purchase price of $3,200,000. In connection with the agreement, the County paid earnest money of $160,000, which is recorded in the construction in process account as of December 31, 2025. The purchase agreement was contingent upon approval and issuance of a special use permit for expansion of gravel pit operations. The special use permit application, Activity No. PL20250096, was scheduled for hearing before the Planning Commission on March 19, 2026, and before the Board of County Commissioners on March 31, 2026. Under the terms of the agreement, closing is to occur within 60 days after approval of the required special use permit, and the agreement permits the County to terminate the contract if the special use permit is not approved on or before August 1, 2026. As of year-end, the transaction had not closed and no capital asset or related liability, other than the earnest money described above, had been recorded in the accompanying financial statements. Management has evaluated this matter as a nonrecognized subsequent event that is disclosed because of its nature and potential significance to future financial position and operations. On July 28, 2026, the Board of County Commissioners authorized the purchase of the gravel pit for $3,200,000.

NOTE 14. RESTATEMENT OF NET POSITION

During the year ended December 31, 2025, the County identified errors in the accounting for certain capital assets, leases, and subscription-based information technology arrangements recorded in prior periods that affected Yampa Valley Regional Airport (the Airport). In accordance with GASB Statement No. 100, *Accounting Changes and Error Corrections*, these errors have been corrected as described below.

County Road 51B Capital Asset

In March 2024, ownership of the rerouted County Road 51B was transferred from the Airport to the Town of Hayden. Following the transfer, the roadway continued to be reported as a capital asset not being depreciated or amortized. Because the Airport no longer owned or controlled the roadway, the asset no longer met the definition of a capital asset. The continued reporting of the roadway constituted an error in prior-period financial reporting.

As a result, capital assets not being depreciated or amortized and net investment in capital assets were overstated by $820,303. This error was corrected through a restatement of beginning net position in the Statement of Net Position and the Statement of Net Position – Proprietary Funds.

Statement of Net Position Line Item	As Previously Reported	Adjustment	As Restated
Capital assets, not being depreciated / amortized	$ 31,566,713	$ (820,303)	$ 30,746,410
Net investment in capital assets	72,976,880	(820,303)	72,156,577
Total net position	$ 116,945,760	$ (820,303)	$ 116,125,457

Statement of Net Position Proprietary Funds Line Item	As Previously Reported	Adjustment	As Restated
Construction in progress	$ 2,419,959	$ (820,303)	$ 1,599,656
Net investment in capital assets	68,191,507	(820,303)	67,371,204
Total net position	$ 101,577,081	$ (820,303)	$ 100,756,778

Ground Lease – Aviation Business Park

In December 2024, the Airport entered into a ground lease agreement with an external party related to the aviation business park. The agreement conveys the right to use Airport property in exchange for consideration and met the criteria of a lease under GASB Statement No. 87, *Leases*. The contract was not initially evaluated or recorded in the financial statements.

As of December 31, 2024, the lease receivable and deferred inflow of resources – leases were understated by $1,514,596. The correction increased both balances by equal amounts. There was no effect on net position, and no restatement of beginning net position was required.

Situational Awareness System – Subscription-Based Information Technology Arrangement

In December 2024, the Airport entered into a contract for an airport situational awareness system that met the definition of a subscription-based information technology arrangement (SBITA) under GASB Statement No. 96. The contract was not evaluated or recorded in accordance with this guidance.

As of December 31, 2024, intangible assets and the current and noncurrent portions of subscription payable were understated by $216,000. The correction increased both the intangible asset and the related liability by equal amounts. There was no effect on net position, and no restatement of beginning net position was required.

Statement of Net Position Line Item	As Previously Reported	Adjustment	As Restated
Lease receivable	$ 7,945,948	$ 1,514,596	$ 9,460,544
Deferred inflow of resources - leases	7,945,948	1,514,596	9,460,544
Capital assets, net of depreciation/amortization	41,917,792	216,000	42,133,792
Noncurrent liabilities: Due within one year	273,859	40,053	313,912
Noncurrent liabilities: Due in more than one year	525,427	175,947	701,374
Total net position	$ 116,945,760	$ -	$ 116,945,760

Statement of Net Position Proprietary Funds Line Item	As Previously Reported	Adjustment	As Restated
Lease receivable	$ 7,945,948	$ 1,514,596	$ 9,460,544
Deferred inflow of resources - leases	7,945,948	1,514,596	9,460,544
Subscription Assets	40,656	216,000	256,656
Current portion of subscription payable	5,756	40,053	45,809
Noncurrent liabilities: Subscription payable	-	175,947	175,947
Total net position	$ 101,577,081	$ -	$ 101,577,081

Routt County, Colorado
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended December 31, 2025

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Property taxes	$ 26,003,469	$ 26,046,569	$ 26,252,684	$ 206,115
Sales taxes	9,665,018	10,009,868	7,710,704	(2,299,164)
Intergovernmental	2,531,257	2,684,257	1,937,075	(747,182)
Charges for sales and services	6,517,681	6,864,591	6,791,754	(72,837)
Investment earnings	1,635,113	1,635,113	2,888,868	1,253,755
Total revenues	46,352,538	47,240,398	45,581,085	(1,659,313)
EXPENDITURES				
Administration				
Accounting				
Salaries and benefits	1,745,795	1,778,295	1,778,024	271
Operations	129,475	96,975	94,579	2,396
Total	1,875,270	1,875,270	1,872,603	2,667
Attorney				
Salaries and benefits	709,258	962,558	961,618	940
Operations	19,060	19,060	9,047	10,013
Total	728,318	981,618	970,665	10,953
Commissioners				
Salaries and benefits	1,487,961	1,487,961	1,469,028	18,933
Operations	257,820	257,820	236,857	20,963
Total	1,745,781	1,745,781	1,705,885	39,896
Facilities management				
Salaries and benefits	981,430	981,430	891,441	89,989
Operations	2,770,767	2,869,227	2,869,212	15
Capital outlay	-	19,400	19,340	60
Debt Service	-	3,640	3,634	6
Total	3,752,197	3,873,697	3,783,627	90,070
Geographical information systems				
Salaries and benefits	471,190	471,365	471,346	19
Operations	30,550	30,375	22,848	7,527
Total	501,740	501,740	494,194	7,546
Information technology				
Salaries and benefits	2,196,479	2,196,479	1,966,878	229,601
Operations	1,971,491	1,927,891	1,571,573	356,318
Debt service	29,600	33,970	33,966	4
Total	4,197,570	4,158,340	3,572,417	585,923
Human resources				
Salaries and benefits	654,236	654,236	629,209	25,027
Operations	120,445	141,845	133,835	8,010
Total	774,681	796,081	763,044	33,037
Purchasing				
Salaries and benefits	151,194	151,594	151,582	12
Operations	1,095	1,095	827	268
Total	152,289	152,689	152,409	280
Total Administration	$ 13,727,846	$ 14,085,216	$ 13,314,844	$ 770,372

Routt County, Colorado
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended December 31, 2025

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Community Resources				
Developmental disabilities				
Operations	$ 2,121,652	$ 2,164,752	$ 2,164,735	$ 17
Total	2,121,652	2,164,752	2,164,735	17
Museums				
Salaries and benefits	2,067	2,067	1,585	482
Operations	923,405	923,405	593,578	329,827
Total	925,472	925,472	595,163	330,309
Elections				
Salaries and benefits	303,616	303,616	298,594	5,022
Operations	73,505	73,505	65,558	7,947
Capital Outlay	-	228,279	228,277	2
Debt Service	-	44,740	44,729	11
Total	377,121	650,140	637,158	12,982
Multi modal transportation				
Operations	110,000	110,000	110,000	-
Total	110,000	110,000	110,000	-
Affordable housing				
Operations	56,000	56,000	50,033	5,967
Total	56,000	56,000	50,033	5,967
Community services				
Operations	1,977,483	1,977,483	1,142,919	834,564
Total	1,977,483	1,977,483	1,142,919	834,564
Planning				
Salaries and benefits	941,284	941,284	908,799	32,485
Operations	728,295	1,028,295	943,257	85,038
Total	1,669,579	1,969,579	1,852,056	117,523
Recycling				
Operations	59,350	59,350	43,107	16,243
Total	59,350	59,350	43,107	16,243
Surveyor				
Salaries and benefits	7,305	7,305	7,304	1
Total	7,305	7,305	7,304	1
Taylor grazing				
Operations	9,300	9,300	8,781	519
Total	9,300	9,300	8,781	519
Noxious weed				
Salaries and benefits	334,772	334,772	278,518	56,254
Operations	108,094	139,094	122,476	16,618
Total	442,866	473,866	400,994	72,872
Environmental health				
Salaries and benefits	766,342	766,342	689,883	76,459
Operations	209,392	209,392	198,973	10,419
Total	975,734	975,734	888,856	86,878
Public health				
Salaries and benefits	825,175	825,175	633,691	191,484
Operations	83,796	183,796	131,835	51,961
Debt service	3,957	3,957	3,952	5
Total	912,928	1,012,928	769,478	243,450
Extension				
Salaries and benefits	324,297	324,297	323,216	1,081
Operations	88,095	88,095	82,790	5,305
Total	$ 412,392	$ 412,392	$ 406,006	$ 6,386

Routt County, Colorado
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended December 31, 2025

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Veterans				
Salaries and benefits	$ 34,994	$ 39,744	$ 39,732	$ 12
Operations	850	1,950	1,941	9
Total	35,844	41,694	41,673	21
Purchase of development rights				
Salaries and benefits	19,299	19,299	14,499	4,800
Operations	9,436,295	9,436,295	3,893,710	5,542,585
Total	9,455,594	9,455,594	3,908,209	5,547,385
Fair				
Salaries and benefits	245,573	280,573	280,473	100
Operations	448,106	541,606	541,519	87
Total	693,679	822,179	821,992	187
Total Community Resources	20,242,299	21,123,768	13,848,464	7,275,304
Property Tax Administration				
Clerk				
Salaries and benefits	345,321	345,321	344,801	520
Operations	30,505	30,505	29,292	1,213
Total	375,826	375,826	374,093	1,733
Motor vehicle				
Salaries and benefits	585,765	585,765	525,613	60,152
Operations	41,460	41,460	40,657	803
Total	627,225	627,225	566,270	60,955
Public trustee				
Salaries and benefits	70,697	70,697	17,199	53,498
Operations	19,490	19,490	5,659	13,831
Total	90,187	90,187	22,858	67,329
Assessor				
Salaries and benefits	1,478,953	1,478,953	1,474,742	4,211
Operations	68,726	68,726	53,563	15,163
Total	1,547,679	1,547,679	1,528,305	19,374
Treasurer				
Salaries and benefits	605,228	605,228	548,517	56,711
Operations	205,926	205,926	181,126	24,800
Total	811,154	811,154	729,643	81,511
Total Property Tax Administration	$ 3,452,071	$ 3,452,071	$ 3,221,169	$ 230,902

Routt County, Colorado
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended December 31, 2025

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Public Safety				
Coroner				
Salaries and benefits	$ 205,893	$ 205,893	$ 201,918	$ 3,975
Operations	120,120	120,120	81,384	38,736
Total	326,013	326,013	283,302	42,711
Detention center				
Salaries and benefits	3,614,155	3,614,155	3,601,228	12,927
Operations	628,951	628,951	594,764	34,187
Debt service	13,503	13,503	13,503	-
Total	4,256,609	4,256,609	4,209,495	47,114
Emergency medical				
Salaries and benefits	984	984	5	979
Operations	24,631	24,631	17,106	7,525
Total	25,615	25,615	17,111	8,504
Sheriff				
Salaries and benefits	4,903,823	4,966,823	4,966,416	407
Operations	1,002,894	969,349	882,453	86,896
Capital outlay	-	51,300	51,200	100
Debt service	76,565	110,110	109,666	444
Total	5,983,282	6,097,582	6,009,735	87,847
Office of Emergency Management				
Salaries and benefits	366,945	366,945	351,649	15,296
Operations	310,900	310,900	203,692	107,208
Total	677,845	677,845	555,341	122,504
District attorney				
Salaries and benefits	1,254,769	1,237,169	1,124,925	112,244
Operations	112,262	129,862	129,802	60
Total	1,367,031	1,367,031	1,254,727	112,304
Total Public Safety	12,636,395	12,750,695	12,329,711	420,984
Total expenditures	50,058,611	51,411,750	42,714,188	8,697,562
Excess (deficiency) of revenues over expenditures	(3,706,073)	(4,171,352)	2,866,897	7,038,249
OTHER FINANCING SOURCES (USES)				
Financing proceeds from leases	-	133,634	133,573	(61)
Financing proceeds from SBITAs	-	165,345	165,244	(101)
Transfers in	-	-	666	666
Transfers out	(13,260,849)	(13,312,549)	(12,302,233)	1,010,316
Total other financing sources (uses)	(13,260,849)	(13,013,570)	(12,002,750)	1,010,820
Net change in fund balance	(16,966,922)	(17,184,922)	(9,135,853)	8,049,069
Fund balance - beginning	29,175,740	29,175,740	29,175,740	-
Fund balance - ending	$ 12,208,818	$ 11,990,818	$ 20,039,887	$ 8,049,069

Routt County, Colorado
Road & Bridge Fund - Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended December 31, 2025

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Property taxes	$ 1,076,090	$ 1,076,090	$ 1,038,645	$ (37,445)
Sales taxes	4,767,469	4,767,469	7,569,016	2,801,547
Intergovernmental	6,186,526	6,186,526	6,352,623	166,097
Charges for sales and services	150,163	150,163	193,662	43,499
Lease interest income	6,931	6,931	6,931	-
Total revenues	12,187,179	12,187,179	15,160,877	2,973,698
EXPENDITURES				
Salaries and benefits	4,749,982	4,737,982	4,592,203	145,779
Operations	6,604,069	6,604,069	5,922,890	681,179
Infrastructure	2,783,339	2,783,339	2,503,339	280,000
Total expenditures	14,137,390	14,125,390	13,018,432	1,106,958
Excess (deficiency) of revenues over expenditures	(1,950,211)	(1,938,211)	2,142,445	4,080,656
OTHER FINANCING SOURCES (USES)				
Transfers out	(522,200)	(522,200)	(115,757)	406,443
Total other financing sources (uses)	(522,200)	(522,200)	(115,757)	406,443
Net change in fund balance	(2,472,411)	(2,460,411)	2,026,688	4,487,099
Fund balance - Beginning	8,003,377	8,003,377	8,003,377	-
Fund balance - Ending	$ 5,530,966	$ 5,542,966	$ 10,030,065	$ 4,487,099

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, 2025

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Property taxes	$ 1,024,910	$ 1,024,910	$ 1,057,031	$ 32,121
Intergovernmental	6,138,378	6,139,048	4,919,137	(1,219,911)
Operating grants	275,183	275,183	267,968	(7,215)
Total revenues	7,438,471	7,439,141	6,244,136	(1,195,005)
EXPENDITURES				
Salaries and benefits	3,378,526	3,184,826	2,861,091	323,735
Operations	4,891,169	4,891,169	4,046,502	844,667
Total expenditures	8,269,695	8,075,995	6,907,593	1,168,402
Excess (deficiency) of revenues over expenditures	(831,224)	(636,854)	(663,457)	(26,603)
OTHER FINANCING SOURCES (USES)				
Transfers in	832,543	832,543	763,615	(68,928)
Transfers out	-	(670)	(666)	4
Total other financing sources (uses)	832,543	831,873	762,949	(68,924)
Net change in fund balance	1,319	195,019	99,492	(95,527)
Fund balance - beginning	407,416	407,416	407,416	-
Fund balance - ending	$ 408,735	$ 602,435	$ 506,908	$ (95,527)

E911 Communications Fund - Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
For the Year Ended December 31, 2025

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Property taxes	$ 1,951,972	$ 1,951,972	$ 1,939,016	$ (12,956)
Intergovernmental	113,465	113,465	112,417	(1,048)
Charges for sales and services	820,523	820,523	802,768	(17,755)
Lease interest income	-	-	12,204	12,204
Total revenues	2,885,960	2,885,960	2,866,405	(19,555)
EXPENDITURES				
Salaries and benefits	2,199,826	2,199,826	2,061,397	138,429
Operations	684,959	684,959	605,296	79,663
Total expenditures	2,884,785	2,884,785	2,666,693	218,092
Excess (deficiency) of revenues over expenditures	1,175	1,175	199,712	198,537
OTHER FINANCING SOURCES (USES)				
Transfers out	(3,000,000)	(3,686,500)	(3,686,500)	-
Total other financing sources (uses)	(3,000,000)	(3,686,500)	(3,686,500)	-
Net change in fund balance	(2,998,825)	(3,685,325)	(3,486,788)	198,537
Fund balance - beginning	3,766,146	3,766,146	3,766,146	-
Fund balance - ending	$ 767,321	$ 80,821	$ 279,358	$ 198,537

ROUTT COUNTY, COLORADO
EXPLANATION OF FUNDS
December 31, 2025

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 grants and loan proceeds.

Routt County, Colorado
Combining Statement of Net Position
Nonmajor Enterprise Funds
December 31, 2025

	Phippsburg Water & Sanitation System	Milner Sanitation System	Total Nonmajor Enterprise Funds
ASSETS			
Current assets:			
Cash and investments	$ 1,399,735	$ 177,414	$ 1,577,149
Restricted cash and investments	552,104	689,619	1,241,723
Accounts receivable (net of allowance for uncollectibles)	7,819	3,357	11,176
Due from other governments	748,125	801,194	1,549,319
Total current assets	2,707,783	1,671,584	4,379,367
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	3,322,021	3,289,725	6,611,746
Accumulated depreciation	(1,496,597)	(487,675)	(1,984,272)
Total noncurrent assets	3,578,340	3,378,635	6,956,975
Total assets	6,286,123	5,050,219	11,336,342
LIABILITIES			
Current liabilities:			
Accounts payable	474,265	389,097	863,362
Accrued interest	2,580	1,423	4,003
Retainage payable	165,006	151,349	316,355
Current portion of long-term debt	17,564	20,238	37,802
Total current liabilities	659,415	562,107	1,221,522
Noncurrent liabilities:			
Loans payable	531,960	667,958	1,199,918
Total noncurrent liabilities	531,960	667,958	1,199,918
Total liabilities	1,191,375	1,230,065	2,421,440
NET POSITION			
Net investment in capital assets	2,861,230	2,537,667	5,398,897
Restricted	577,115	706,120	1,283,235
Unrestricted	1,656,403	576,367	2,232,770
Total net position	$ 5,094,748	$ 3,820,154	$ 8,914,902

Routt County, Colorado
Combining Statement of Revenues, Expenses, and Changes in Net Position
Nonmajor Enterprise Funds
For the Year Ended December 31, 2025

	Phippsburg Water & Sanitation System	Milner Sanitation System	Total Nonmajor Enterprise Funds
OPERATING REVENUES			
Charges for sales and services	$ 198,876	$ 82,843	$ 281,719
Total operating revenues	198,876	82,843	281,719
OPERATING EXPENSES			
Depreciation	12,405	5,276	17,681
Repairs and maintenance	6,159	1,250	7,409
Purchased services and supplies	132,413	75,014	207,427
Total operating expenses	150,977	81,540	232,517
Operating income (loss)	47,899	1,303	49,202
NONOPERATING REVENUES (EXPENSES)			
Investment earnings	93,947	49,892	143,839
Interest expense	(15,806)	(8,748)	(24,554)
Lagoon decommissioning	(399,505)	(380,098)	(779,603)
Total nonoperating revenues (expenses)	(321,364)	(338,954)	(660,318)
Income (loss) before contributions and transfers	(273,465)	(337,651)	(611,116)
Tap fees	-	16,000	16,000
Capital grants	381,310	417,278	798,588
Change in net position	107,845	95,627	203,472
Total net position - beginning	4,986,903	3,724,527	8,711,430
Total net position - ending	$ 5,094,748	$ 3,820,154	$ 8,914,902

Routt County, Colorado
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended December 31, 2025

	Phippsburg Water & Sanitation System	Milner Sanitation System	Total Nonmajor Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	$ 200,229	$ 82,277	$ 282,506
Payments to suppliers	(132,935)	(71,489)	(204,424)
Net cash provided (used) by operating activities	67,294	10,788	78,082
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Tap fees	-	16,000	16,000
Lagoon decommissioning	(226,706)	(282,963)	(509,669)
Net cash provided (used) by noncapital financing activities	(226,706)	(266,963)	(493,669)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital grants	196,979	483,981	680,960
Debt proceeds	478,704	511,916	990,620
Acquisition and construction of capital assets	(710,235)	(617,332)	(1,327,567)
Principal paid on capital debt	(17,175)	(19,988)	(37,163)
Interest paid on capital debt	(15,871)	(8,790)	(24,661)
Net cash provided (used) by capital and related financing activities	(67,598)	349,787	282,189
CASH FLOWS FROM INVESTING ACTIVITIES			
Earnings on investments	93,947	49,892	143,839
Net purchases and sales of investments	(81,274)	462,905	381,631
Net cash provided (used) by investing activities	12,673	512,797	525,470
Net increase (decrease) in cash and cash equivalents	(214,337)	606,409	392,072
Cash and cash equivalents, beginning	376,683	130,721	507,404
Cash and cash equivalents, ending	162,346	737,130	899,476
Investments	1,789,493	129,903	1,919,396
Cash and investments - end of the year	$ 1,951,839	$ 867,033	$ 2,818,872

	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)	$ 47,899	$ 1,303	$ 49,202
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	12,405	5,276	17,681
Noncapital financing activities			
Accounts payable	(172,799)	(97,135)	(269,934)
Capital financing activities			
Capital grants and transfers			
Due from other governments	184,331	66,703	251,034
Capital assets			
Accounts payable	(70,428)	(190,670)	(261,098)
Interest expense			
Accrued interest	(65)	-	(65)
Changes in assets and liabilities:			
(Increase) decrease			
Accounts receivable	1,353	(566)	787
Due from other governments	(184,331)	(66,703)	(251,034)
Increase (decrease)			
Accounts payable	248,864	292,580	541,444
Accrued interest	65	-	65
Total adjustments	19,395	9,485	28,880
Net cash provided (used) by operating activities	$ 67,294	$ 10,788	$ 78,082

Noncash investing, capital and financing activities

Increase (decrease) in fair value of investments	$ 11,670	$ 5,184	$ 16,854

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, 2025

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Sales taxes	$ 483,200	$ 483,200	$ 438,488	$ (44,712)
Charges for sales and services	10,744,790	10,744,790	10,513,697	(231,093)
Operating grants	23,400	23,400	-	(23,400)
Total revenues	11,251,390	11,251,390	10,952,185	(299,205)
EXPENSES				
Salaries and benefits	4,996,487	4,996,487	4,615,104	381,383
Repairs and maintenance	606,475	606,475	567,849	38,626
Purchased services and supplies	2,627,296	2,579,736	2,343,135	236,601
Depreciation	782,579	782,579	782,579	-
Total expenses	9,012,837	8,965,277	8,308,667	656,610
Excess (deficiency) of revenues over expenditures	2,238,553	2,286,113	2,643,518	357,405
OTHER FINANCING SOURCES (USES)				
Investment earnings	1,053,060	1,053,060	1,524,922	471,862
Lease interest income	-	-	316,752	316,752
Capital outlay	(24,450,530)	(24,450,530)	(17,054,609)	7,395,921
Principal payments - SBITA	(5,760)	(45,820)	(45,809)	11
Interest expense - SBITA	(80)	(7,580)	(7,578)	2
Capital grants	23,053,208	23,053,208	14,738,050	(8,315,158)
Total other financing sources (uses)	(350,102)	(397,662)	(528,272)	(130,610)
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	$ 1,888,451	$ 1,888,451	$ 2,115,246	$ 226,795

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, 2025

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
REVENUES				
Charges for sales and services	$ 2,300,300	$ 2,300,300	$ 2,434,140	$ 133,840
Total revenues	2,300,300	2,300,300	2,434,140	133,840
EXPENSES				
Salaries and benefits	1,578,985	1,578,985	1,546,878	32,107
Purchased services and supplies	994,003	994,003	843,144	150,859
Total expenses	2,572,988	2,572,988	2,390,022	182,966
Excess (deficiency) of revenues over expenditures	$ (272,688)	$ (272,688)	$ 44,118	$ 316,806

Routt County, Colorado
Phippsburg Water & Sanitation System - Enterprise Fund
Schedule of Revenues and Expenditures
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2025

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Charges for sales and services	$ 204,668	$ 204,668	$ 198,876	$ (5,792)
Total revenues	204,668	204,668	198,876	(5,792)
EXPENSES				
Repairs and maintenance	57,500	57,500	6,159	51,341
Purchased services and supplies	116,160	116,160	132,413	(16,253)
Total expenses	173,660	173,660	138,572	35,088
Excess (deficiency) of revenues over expenditures	31,008	31,008	60,304	29,296
OTHER FINANCING SOURCES (USES)				
Investment earnings	63,840	63,840	93,947	30,107
Capital outlay	-	(837,000)	(836,476)	524
Principal payments	(742,540)	(742,540)	(17,175)	725,365
Interest expense	(15,830)	(15,830)	(15,806)	24
Lagoon decommissioning	(650,000)	(650,000)	(399,505)	250,495
Tap fees	6,000	6,000	-	(6,000)
Capital grants	340,000	698,000	381,310	(316,690)
Bond proceeds	-	479,000	478,704	(296)
Total other financing sources (uses)	(998,530)	(998,530)	(315,001)	683,529
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	$ (967,522)	$ (967,522)	$ (254,697)	$ 712,825

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, 2025

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Charges for sales and services	$ 83,044	$ 83,044	$ 82,843	$ (201)
Total revenues	83,044	83,044	82,843	(201)
EXPENSES				
Repairs and maintenance	50,000	50,000	1,250	48,750
Purchased services and supplies	82,855	82,855	75,014	7,841
Total expenses	132,855	132,855	76,264	56,591
Excess (deficiency) of revenues over expenditures	(49,811)	(49,811)	6,579	56,390
OTHER FINANCING SOURCES (USES)				
Investment earnings	26,210	44,650	49,892	5,242
Capital outlay	-	(859,000)	(858,911)	89
Principal payments	(740,350)	(740,350)	(19,988)	720,362
Interest expense	(8,770)	(8,770)	(8,748)	22
Lagoon decommissioning	(550,000)	(550,000)	(380,098)	169,902
Tap fees	-	-	16,000	16,000
Capital grants	508,635	837,275	417,278	(419,997)
Bond proceeds	-	511,920	511,916	(4)
Total other financing sources (uses)	(764,275)	(764,275)	(272,659)	491,616
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	$ (814,086)	$ (814,086)	$ (266,080)	$ 548,006

Routt County, Colorado
Combining Statement of Net Position
Internal Service Funds
December 31, 2025

	Equipment Pool	Insurance Pool	Total Internal Service Funds
ASSETS			
Current assets:			
Cash and investments	$ 26,457,923	$ 2,913,144	$ 29,371,067
Accounts receivable (net of allowance for uncollectibles)	15,333	1,153,385	1,168,718
Due from other governments	4,974	-	4,974
Prepaid expenses	6,000	37,502	43,502
Inventory	64,585	-	64,585
Total current assets	26,548,815	4,104,031	30,652,846
Noncurrent assets:			
Land and improvements (non-depreciable/non-amortizable)	3,269,875	-	3,269,875
Land improvements (depreciable/amortizable)	2,543,175	-	2,543,175
Buildings	57,078,089	-	57,078,089
Equipment	39,148,333	-	39,148,333
Other (depreciable)	1,901,061	-	1,901,061
Other (non-depreciable)	803,173	-	803,173
Construction in progress	1,125,511	-	1,125,511
Accumulated depreciation/amortization	(48,445,834)	-	(48,445,834)
Total noncurrent assets	57,423,383	-	57,423,383
Total assets	83,972,198	4,104,031	88,076,229
LIABILITIES			
Current liabilities:			
Accounts payable	386,790	28,030	414,820
Compensated absences	14,589	-	14,589
Claims liability	-	555,050	555,050
Retainage payable	4,300	-	4,300
Total current liabilities	405,679	583,080	988,759
Noncurrent liabilities:			
Compensated absences	20,375	-	20,375
Total noncurrent liabilities	20,375	-	20,375
Total liabilities	426,054	583,080	1,009,134
NET POSITION			
Net investment in capital assets	57,419,083	-	57,419,083
Unrestricted	26,127,061	3,520,951	29,648,012
Total net position	$ 83,546,144	$ 3,520,951	$ 87,067,095

Routt County, Colorado
Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
For the Year Ended December 31, 2025

	Equipment Pool	Insurance Pool	Total Internal Service Funds
OPERATING REVENUES			
Internal service fees	$ 5,187,746	$ 7,317,435	$ 12,505,181
Insurance proceeds	43,735	2,211,319	2,255,054
Total operating revenues	5,231,481	9,528,754	14,760,235
OPERATING EXPENSES			
Salaries and benefits	657,576	-	657,576
Depreciation	3,544,558	-	3,544,558
Amortization	301	-	301
Claims	-	7,481,472	7,481,472
Repairs and maintenance	1,423,153	-	1,423,153
Purchased services and supplies	126,017	2,239,467	2,365,484
Total operating expenses	5,751,605	9,720,939	15,472,544
Operating income (loss)	(520,124)	(192,185)	(712,309)
NONOPERATING REVENUES (EXPENSES)			
Investment earnings	852,584	-	852,584
Interest expense	(46,166)	-	(46,166)
Amortization of refunding debt insurance	(1,902)	-	(1,902)
Gain (loss) on disposal of capital assets	126,644	-	126,644
Total nonoperating revenues (expenses)	931,160	-	931,160
Income (loss) before transfers	411,036	(192,185)	218,851
Transfers in	14,850,875	490,000	15,340,875
Capital contribution	45,000	-	45,000
Change in net position	15,306,911	297,815	15,604,726
Total net position - beginning	68,239,233	3,223,136	71,462,369
Total net position - ending	$ 83,546,144	$ 3,520,951	$ 87,067,095

Rout County, Colorado
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2025

	Equipment Pool	Insurance Pool	Total
Cash flows from operating activities			
Receipts from interfund services provided	$ 5,216,148	$ 7,317,435	$ 12,533,583
Receipts from insurance	-	1,518,821	1,518,821
Payments to suppliers	(1,495,043)	(2,229,967)	(3,725,010)
Payments to employees	(653,299)	-	(653,299)
Payments to claims	-	(7,249,611)	(7,249,611)
Net cash provided (used) by operating activities	3,067,806	(643,322)	2,424,484
Cash flows from capital and related financing activities			
Proceeds from sale of capital assets	193,885	-	193,885
Acquisition and construction of capital assets	(4,540,853)	-	(4,540,853)
Principal payments on certificates of participation	(1,195,000)	-	(1,195,000)
Interest payments on certificates of participation	(38,693)	-	(38,693)
Principal payments on leased asset	(301)	-	(301)
Interest payments on leased asset	(1)	-	(1)
Transfers in	14,850,875	490,000	15,340,875
Capital contribution	45,000	-	45,000
Net cash provided (used) by capital and related financing activities	9,314,912	490,000	9,804,912
Cash flows from investing activities			
Earnings on investments	852,584	-	852,584
Net purchases and sales of investments	(11,220,220)	84,202	(11,136,018)
Net cash provided (used) by investing activities	(10,367,636)	84,202	(10,283,434)
Net increase (decrease) in cash and cash equivalents	2,015,082	(69,120)	1,945,962
Cash and cash equivalents, beginning	2,388,957	554,025	2,942,982
Cash and cash equivalents, ending	4,404,039	484,905	4,888,944
Investments	22,053,884	2,428,239	24,482,123
Cash and investments	$ 26,457,923	$ 2,913,144	$ 29,371,067

Rout County, Colorado
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2025

	Equipment Pool	Insurance Pool	Total
Reconciliation of operating income (loss) to net cash provided (used) by operating activities			
Operating income (loss)	$ (520,124)	$ (192,185)	$ (712,309)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	3,544,558	-	3,544,558
Amortization	301	-	301
Capital assets			
Accounts payable	41,555	-	41,555
Retainage payable	35,389	-	35,389
Interest expense			
Accrued interest	3,236	-	3,236
Change in assets and liabilities: (increase) decrease			
(Increase) decrease			
Accounts receivable	(15,333)	(692,498)	(707,831)
Due from other governments	2,072	-	2,072
Inventory	(22,532)	-	(22,532)
Prepaid expenses	-	1,500	1,500
Increase (decrease)			
Accounts payable	36,340	8,000	44,340
Accrued interest	(3,236)	-	(3,236)
Compensated absences	969	-	969
Claims liability	-	231,861	231,861
Retainage payable	(35,389)	-	(35,389)
Due to other funds	-	-	-
Total adjustments	3,587,930	(451,137)	3,136,793
Net cash provided (used) by operating activities	$ 3,067,806	$ (643,322)	$ 2,424,484
Noncash investing, capital, and financing activities:			
Increase (decrease) in fair value of investments	$ 45,956	$ 10,658	$ 56,614
Amortization related to refunding debt issue	(24,849)	-	(24,849)

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, 2025

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Internal service fees	$ 5,176,223	$ 5,176,223	$ 5,187,746	$ 11,523
Insurance proceeds	62,000	62,000	43,735	(18,265)
Total revenues	5,238,223	5,238,223	5,231,481	(6,742)
EXPENSES				
Salaries and benefits	652,216	664,216	659,241	4,975
Repairs and maintenance	1,440,690	1,451,290	1,423,153	28,137
Purchased services and supplies	102,205	136,705	126,017	10,688
Total expenses	2,195,111	2,252,211	2,208,411	43,800
Excess (deficiency) of revenues over expenditures	3,043,112	2,986,012	3,023,070	37,058
OTHER FINANCING SOURCES (USES)				
Investment earnings	503,593	503,593	852,584	348,991
Capital outlay	(6,440,198)	(6,487,468)	(4,462,244)	2,025,224
Principal payments	(1,195,000)	(1,195,000)	(1,195,000)	-
Principal payments - leases	-	-	(301)	(301)
Interest expense	(37,350)	(37,350)	(35,457)	1,893
Interest expense - leases	-	-	(1)	(1)
Gain (loss) on disposal of capital assets	402,000	402,000	126,644	(275,356)
Transfers in	15,469,512	16,208,382	14,850,875	(1,357,507)
Capital contribution	-	-	45,000	45,000
Total other financing sources (uses)	8,702,557	9,394,157	10,182,100	787,943
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	$ 11,745,669	$ 12,380,169	$ 13,205,170	$ 825,001

Routt County, Colorado
Insurance Pool - Internal Service Fund
Schedule of Revenues and Expenditures
Budget and Actual
For the Year Ended December 31, 2025

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Internal service fees	$ 7,115,310	$ 7,115,310	$ 7,317,435	$ 202,125
Insurance proceeds	1,832,552	1,832,552	2,211,319	378,767
Total revenues	8,947,862	8,947,862	9,528,754	580,892
EXPENSES				
Claims	7,775,858	7,775,858	7,481,472	294,386
Purchased services and supplies	2,225,124	2,225,124	2,239,467	(14,343)
Total expenses	10,000,982	10,000,982	9,720,939	280,043
Excess (deficiency) of revenues over expenditures	(1,053,120)	(1,053,120)	(192,185)	860,935
OTHER FINANCING SOURCES (USES)				
Transfers in	490,000	490,000	490,000	-
Total other financing sources (uses)	490,000	490,000	490,000	-
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	$ (563,120)	$ (563,120)	$ 297,815	$ 860,935

Routt County, Colorado
Combining Statement of Fiduciary Net Position
Custodial Funds
December 31, 2025

	County Treasurer Fund	Public Trustee Fund	Inmate Commissary Fund	Total
ASSETS				
Cash and investments	$ 1,445,742	$ 340,624	$ 131,484	$ 1,917,850
Property tax receivable	84,415,324	-	-	84,415,324
Total assets	85,861,066	340,624	131,484	86,333,174
LIABILITIES				
Due to other governments	1,344,903	-	-	1,344,903
Funds held for others	100,839	340,624	4,458	445,921
Total liabilities	1,445,742	340,624	4,458	1,790,824
DEFERRED INFLOW OF RESOURCES				
Property taxes	84,415,324	-	-	84,415,324
Total deferred inflow of resources	84,415,324	-	-	84,415,324
NET POSITION				
Restricted				
Individuals, organizations, and other governments	-	-	127,026	127,026
Total net position	$ -	$ -	$ 127,026	$ 127,026

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, 2025

	County Treasurer Fund	Public Trustee Fund	Inmate Commissary Fund	Total
ADDITIONS				
Taxes collected for other governments	$ 91,245,568	$ -	$ -	$ 91,245,568
Public trustee activity	-	1,583,822	-	1,583,822
Funds held for others	15,606,140	-	422,475	16,028,615
Sales	-	-	38,659	38,659
Total additions	106,851,708	1,583,822	461,134	108,896,664
DEDUCTIONS				
Taxes disbursed to other governments	91,245,568	-	-	91,245,568
Public trustee disbusements	-	1,583,822	-	1,583,822
Disbursements of funds held for others	15,606,140	-	423,071	16,029,211
Cost of goods sold	-	-	33,660	33,660
Total deductions	106,851,708	1,583,822	456,731	108,892,261
Net increase (decrease) in fiduciary net position	-	-	4,403	4,403
Net position, beginning	-	-	122,623	122,623
Net position, ending	$ -	$ -	$ 127,026	$ 127,026

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

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	$ 14,859,180	$ (54,389)	$ 107,845	$ 95,627	$ 15,306,911
Revenues					
Unearned revenue	-	98,507	-	-	-
Expenditures					
Depreciation/amortization	4,307,728	-	12,405	5,276	3,544,558
Amortization of SBITA/Lease	48,756	-	-	-	301
Capital outlay	(17,054,609)	-	(836,476)	(858,911)	(4,462,244)
Capitalized salary and benefits	-	-	-	-	(1,665)
Amortization of refunding debt insurance	-	-	-	-	1,902
Interest expense, amortization of the deferred charge for refunding debt	-	-	-	-	10,093
Interest expense, amortization of the issue discount on refunding debt	-	-	-	-	615
Proceeds from debt issuance	-	-	478,704	511,916	-
Debt principal payments	-	-	(17,175)	(19,988)	(1,195,000)
SBITA principal payments	(45,809)	-	-	-	-
Lease principal payments	-	-	-	-	(301)
Budget basis	$ 2,115,246	$ 44,118	$ (254,697)	$ (266,080)	$ 13,205,170

LOCAL HIGHWAY FINANCE REPORT

THIS INFORMATION FROM THE RECORDS OF: COUNTY OF ROUTT	**PREPARED BY:** GINA NORTON gnorton@co.routt.co.us	**STATE:** COLORADO **REPORT YEAR ENDING DATE(mm/yyyy):** 12/2025

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

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other Local Imposts:		**A.4. Miscellaneous Local Receipts:**	
a. Property Taxes and Assesments	986,955	a. Interest on investments	6,931
b. Non-property Taxes and Assessments Imposts	7,638,603	b. Other Misc. Local Receipts	193,657
c. Total (a + b)	8,625,558	**c. Total (a + b)**	200,588

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		**D. Receipts from Federal Government**	
1. Highway-user Taxes (from Item I.C.5.)	3,605,193	1. FHWA (from Item I.D.5.)	0
2. State General Funds		2. Other Federal Agencies:	2,649,678
3. Other State funds:			
a. State Bond Proceeds			
b. Non-State Bond Proceeds	79,856		
c. Total (a + b)	79,856		
4. Total (1 + 2 + 3c)	3,685,049	**3. Total (1 + 2)**	$ 2,649,678

III. EXPENDITURES FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT
A.1. Capital outlay:	
a. Right-Of-Way Costs	0
b. Engineering Costs	268,632
c. Construction Costs	2,234,707
d. Total Capital Outlay (a+ b + c)	2,503,339

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

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

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

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES		III. EXPENDITURES FOR ROAD AND STREET PURPOSES	
ITEM	**AMOUNT**	**ITEM**	**AMOUNT**
A. Receipts from Local Sources:		**A. Local highway expenditures:**	
1. Local Highway-user Taxes		1. Capital Outlay (from page 1, Item III.A1.d)	$ 2,503,339
a. Motor Fuel (from Item I.A.1)		2. Maintenance:	$ 6,539,249
b. Motor Vehicle (from Item I.B.1)		3. Road and Street Services:	
c. Total (a + b)		a. Snow and Ice Removal	2,317,962
2. General Fund Appropriations	1,106,408	b. Other & Traffic Control Operations	118,953
3. Other Local Imposts (from page 1, Item II.A3.c)	8,625,558	**c. Total (a + b)**	2,436,915
4. Miscellaneous Local Receipts (from page 1, Item II.A4.c)	200,588	4. General Administration & Miscellaneous	1,654,682
5. Transfers from Toll Facilities	0	5. Highway Law Enforcement and Safety	1,106,408
6. Proceeds of Sale of Bonds and Notes:		**6. Total (1 through 5)**	14,240,593
a. Bonds - Original Issues	0	**B. Debt Service on Local Obligations:**	
b. Bonds - Refunding Issues	0	1. Bonds:	
c. Notes	0	a. Interest	0
d. Total (a + b + c)	0	b. Redemption	0
7. Total (1 through 6)	9,932,554	**c. Total (a + b)**	0
B. Private Contributions	0	2. Notes:	
C. Receipts from State government (from page 1, Item II.C.4)	3,685,049	a. Interest	0
D. Receipts from Federal government (from page 1, Item II.D.3)	2,649,678	b. Redemption	0
E. Total receipts (A.7 + B + C + D)	16,267,281	**c. Total (a + b)**	0
		3. Total (1c + 2c)	0
		C. Payments to State for Highways	0
		D. Payments to Toll Facilities	0
		E. Total Expenditures (A6 + B3 + C + D)	14,240,593

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

ITEM	OPENING DEBT	AMOUNT ISSUED	REDEMPTIONS	CLOSING DEBT
A. Bonds (Total)	0	$ -	$ -	$ -
1. Bonds (Refunding Portion)		$ -	0	
B. Notes (Total)	0	$ -	$ -	$ -

ROUTT COUNTY, COLORADO
STATISTICAL SECTION INDEX
For the Year Ended December 31, 2025

This part of Routt County Financial and Compliance Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the County's overall financial health.

Revenue Capacity

These schedules contain information to assist the reader in assessing the County's property tax revenue.

Yampa Valley Regional Airport

These schedules contain information to assist the reader in assessing the Yampa Valley Regional Airports financial position and key revenue indicators.

Routt County, Colorado
History of County Mill Levies
December 31, 2025

Table 1

	Governmental Base Mill Levy					Voter Approved				
Levy Year/ Collection Year	General and Special Revenue Funds	Tax Credits	Inflation Estimation Variance	Abatements	Total General and Special Revenue Funds	Open Space	Museums	Developmental Disabilities	Total	Total Mill Levy
2006/2007	16.173	(3.809)	-	0.056	12.420	1.500	0.300	1.000	2.800	15.220
2007/2008	16.173	(6.425)	-	0.041	9.789	1.500	0.300	1.000	2.800	12.589
2008/2009	16.173	(5.825)	(0.054)	0.069	10.363	1.500	0.300	1.000	2.800	13.163
2009/2010	16.173	(7.698)	-	0.055	8.530	1.500	0.300	1.000	2.800	11.330
2010/2011	16.173	(7.303)	(0.057)	0.072	8.885	1.500	0.300	1.000	2.800	11.685
2011/2012	16.173	(4.426)	-	0.408	12.155	1.500	0.300	1.000	2.800	14.955
2012/2013	16.173	(4.184)	-	0.053	12.042	1.500	0.300	1.000	2.800	14.842
2013/2014	16.173	(2.109)	(0.030)	0.169	14.203	1.500	0.300	1.000	2.800	17.003
2014/2015	16.173	(1.477)	-	0.158	14.854	1.500	0.300	1.000	2.800	17.654
2015/2016	16.173	(1.969)	-	0.145	14.349	1.500	0.300	1.000	2.800	17.149
2016/2017	16.173	(1.539)	(0.049)	0.182	14.767	1.500	0.300	1.000	2.800	17.567
2017/2018	16.173	(1.552)	(0.004)	0.153	14.770	1.500	0.300	1.000	2.800	17.570
2018/2019	16.173	(1.024)	-	0.086	15.235	1.500	0.300	1.000	2.800	18.035
2019/2020	16.173	(2.084)	(0.053)	0.031	14.067	1.500	0.300	1.000	2.800	16.867
2020/2021	16.173	(1.619)	-	0.203	14.757	1.500	0.300	1.000	2.800	17.557
2021/2022	16.173	(2.071)	(0.021)	0.110	14.191	1.500	0.300	1.000	2.800	16.991
2022/2023	16.173	(0.946)	(0.169)	0.053	15.111	1.500	0.300	1.000	2.800	17.911
2023/2024	16.173	(5.457)	(0.024)	0.030	10.722	1.500	0.300	1.000	2.800	13.522
2024/2025	16.173	(5.119)	-	0.059	11.113	1.500	0.300	1.000	2.800	13.913
2025/2026	16.173	(5.783)	-	0.016	10.406	1.500	0.300	1.000	2.800	13.206

Source: Routt County Finance Department

Steamboat Springs Redevelopment Area. The City of Steamboat Springs created the Steamboat Springs Redevelopment Authority (SSRA) in 2004, pursuant to the Urban Renewal Law. In forming the SSRA, the City Council based its designation of the land in the Redevelopment Area as blighted upon a number of the factors enumerated in the Urban Renewal Law. Pursuant to the Urban Renewal Law, the SSRA is a separate public body politic and corporate and is authorized to exercise broad governmental powers in implementing redevelopment projects pursuant to the Redevelopment Plan. Its powers include the authority to acquire, rehabilitate, administer and sell or lease property. The Steamboat City Council approved a Redevelopment Plan which established the property tax increment for the redevelopment area, also known as the Tax Increment Financing (TIF) Area. The term of the TIF extends for a 25 year period from the date the plan was adopted, expect sunset date of 2029/2030. At such time as the TIF expires, the County will retain the property tax revenues generated from the TIF subject to applicable TABOR limitations. The County's assessed valuation including gross valuation, tax increment assessed valuation, and net assessed valuation are set forth in the above table.

Routt County, Colorado
History of County Assessed Valuation
December 31, 2025

Table 2

Levy Year/ Collection Year	Gross Gross Assessed Valuation (1)	Incremental Assessed Valuation	Net Assessed Valuation	Percentage Change
2006/2007	$ 812,913,120	$ 5,414,260	$ 807,498,860	0.00%
2007/2008	1,093,543,020	13,105,320	1,080,437,700	33.80%
2008/2009	1,120,440,200	15,708,530	1,104,731,670	2.25%
2009/2010	1,458,756,940	41,775,103	1,416,981,837	28.26%
2010/2011	1,460,660,366	57,335,870	1,403,324,496	-0.96%
2011/2012	1,146,665,639	44,736,572	1,101,929,067	-21.48%
2012/2013	1,157,648,930	45,220,720	1,112,428,210	0.95%
2013/2014	1,019,011,840	39,803,740	979,208,100	-11.98%
2014/2015	1,010,602,650	39,127,116	971,475,534	-0.79%
2015/2016	1,067,425,410	38,606,900	1,028,818,510	5.90%
2016/2017	1,077,497,410	41,025,268	1,036,472,142	0.74%
2017/2018	1,125,008,410	43,479,083	1,081,529,327	4.35%
2018/2019	1,131,371,990	43,043,528	1,088,328,462	0.63%
2019/2020	1,253,130,110	50,452,279	1,202,677,831	10.51%
2020/2021	1,253,809,320	49,772,883	1,204,036,437	0.11%
2021/2022	1,370,934,040	54,112,848	1,316,821,192	9.37%
2022/2023	1,380,710,990	56,339,404	1,324,371,586	0.57%
2023/2024	2,103,204,440	93,538,024	2,009,666,416	51.74%
2024/2025	2,123,599,960	95,014,110	2,028,585,850	0.94%
2025/2026	$ 2,354,965,340	$ 112,820,360	$ 2,242,144,980	10.53%

(1) Includes the incremental assessed valuation in excess of "Base" valuation in the property tax increment area ('TIF") from which the County does not receive property tax revenue. At the time that the TIF expires, the County will retain the property tax revenues previously generated from the TIF subject to applicable TABOR limitations.

Source: Routt County Assessor's Office

Routt County, Colorado
Top 10 Largest Property Tax Payers
December 31, 2025

Table 3

	2025			2015		
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value
Alterra Mountain Company: dba Steamboat Ski & Resort Corporation	$ 88,813,420	1	3.8%	$ 23,320,610	4	2.2%
Public Service Company of Colorado (Xcel Energy)	54,834,550	2	2.3%	39,339,240	1	3.7%
Sheraton Hotel complex	44,678,090	3	1.9%	10,388,530	7	1.0%
Union Pacific Corporation	42,345,000	4	1.8%	25,048,500	3	2.3%
Yampa Valley Electric Association	19,266,800	5	0.8%	13,334,090	5	1.2%
Pacificorp	11,175,700	6	0.5%	11,127,000	6	1.0%
Summit Steam JV 154, LLC (dba: Residence Inn by Mariott)	10,424,200	7	0.4%			
PeaBody Energy	8,888,170	8	0.4%	38,060,730	2	3.6%
MHH Steamboat Ingles Holding LLC & MHH Steamboat Lincoln Holdings, LLC (La Quinta Inn & Holiday Inn)	7,662,100	9	0.3%			
The Steamboat Springs Development, LLC	6,957,540	10	0.3%			
DB Ski fee, LLC and DB Ski Thunder Fee, LLC (Thunderhead & Ski Time Square)	-		0.0%	6,272,640	8	0.6%
Qwest Corporation/Century Link/Centrytel	-		0.0%	5,620,800	9	0.5%
Salt River Project	-		0.0%	4,857,180	10	0.5%
	$ 206,232,150		8.77%	$ 154,048,710		14.40%

Data Source: Routt County Assessor's Office

Routt County, Colorado
Yampa Valley Regional Airport
History of Enplaned Passengers
December 31, 2025

Table 4

Calendar Year	Enplaned Passengers	Year-Over-Year Growth (Decline)
2016	110,545	14.3%
2017	99,371	-10.1%
2018	103,410	4.1%
2019	108,211	4.6%
2020	90,964	-15.9%
2021	153,440	68.7%
2022	200,719	30.8%
2023	209,837	4.5%
2024	234,954	12.0%
2025	231,291	-1.6%

Data Source: Yampa Valley Regional Airport

Routt County, Colorado
Yampa Valley Regional Airport
Enplaned Passenger Market Share by Airline
December 31, 2025

Table 5

Airline[1]	2021	2022	2023	2024	2025	2025 Percentage of Total
United Airlines	77,708	99,008	98,375	117,916	123,920	53.6%
Southwest Airlines	45,373	50,942	60,720	64,170	56,689	24.5%
American Airlines	22,014	23,386	23,612	23,385	20,992	9.1%
Delta Air Lines	1,930	18,026	16,491	18,647	18,327	7.9%
JetBlue Airways	3,552	4,497	6,111	6,148	6,660	2.8%
Alaska Airlines	2,863	4,860	4,528	4,620	4,537	2.0%
Charters/Others[2]	-	-	-	68	166	0.1%
	153,440	200,719	209,837	234,954	231,291	100.0%

[1] Includes regional/commuter affiliates.
[2] Includes airlines with minimal market share or that may not have operated at the Airport in CY 2024.

Routt County, Colorado
Yampa Valley Regional Airport
Landed Weights by Airline
December 31, 2025

Table 6

Airline[1] (in thousands of pounds)	**2021**	**2022**	**2023**	**2024**	**2025**	**2025 Percentage of Total**
United Airlines[1]	119,249	133,807	123,907	148,510	163,394	54.8%
Southwest Airlines	84,244	77,140	84,013	83,531	70,406	23.6%
Delta Air Lines[1]	3,236	20,138	18,686	25,027	24,674	8.3%
American Airlines[1]	31,351	27,604	26,929	28,491	24,348	8.2%
JetBlue Airways	8,815	6,257	7,474	8,532	8,390	2.8%
Alaska Airlines	6,446	6,896	6,521	6,671	6,896	2.3%
Charters/Others[2]	-	-	-	-	146	0.0%
Total	253,343	271,841	267,529	300,762	298,253	100.0%

[1] Includes regional/commuter affiliates.
[2] Includes airlines no longer serving the Airport, charter airlines, and/or other airlines.

Routt County, Colorado
Yampa Valley Regional Airport
Summary of Statement of Revenues, Expenses
and Changes in Net Position
Unaudited
December 31, 2025

Table 7

	2025	2024	2023	2022	2021
Operating Revenues					
Sales taxes	$ 438,488	$ 495,050	$ 475,861	$ 524,631	$ 308,252
Charges for sales and revenues	10,513,697	10,395,380	9,389,311	8,436,531	6,683,807
Operating grants	-	14,064	29,870	20,260	15,325
Total Operating Revenues	10,952,185	10,904,494	9,895,042	8,981,422	7,007,384
Operating Expenses					
Salaries and benefits	4,615,104	4,495,391	4,089,053	3,568,243	3,071,804
Depreciation	5,090,307	4,894,040	3,896,568	3,810,706	3,797,385
Amortization	48,756	10,967	24,132	-	-
Repairs and maintenance	567,849	434,196	539,551	432,256	362,286
Purchased services and supplies	2,343,135	2,212,822	2,085,711	1,942,396	1,711,378
Total Operating Expenses	12,665,151	12,047,416	10,635,015	9,753,601	8,942,853
Operating Income (Loss)	(1,712,966)	(1,142,922)	(739,973)	(772,179)	(1,935,469)
Nonoperating Revenues (Expenses)					
Investment earnings	1,524,922	1,361,003	973,317	(71,707)	(14,579)
Lease interest income	316,752	168,000	118,606	116,448	-
Interest expense – SBITA	(7,578)	(380)	(1,064)	-	-
Gain/(Loss) on disposal of assets	-	8,723	(121,887)	27,892	2,500
Total Nonoperating Revenues/ (Expenses)	1,834,096	1,537,346	968,972	72,633	(12,079)
Income (loss) before capital contributions and transfers	121,130	394,424	228,999	(699,546)	(1,947,548)
Capital contribution	-	-	-	-	307,653
Capital grants[2]	14,738,050	2,063,821	3,097,183	9,188,876 #	1,359,193
Intergovernmental[4]	-	2,059,117	5,976,504	4,529,547	4,112,604
Donation to other local government		(820,303)			
Change in Net Position	14,859,180	3,697,059	9,302,686	13,018,877	3,831,902
Total Net Position – beginning	100,756,778	97,059,719	87,757,033	74,738,156	70,906,254
Total Net Position – Ending	$ 115,615,958	$ 100,756,778	$ 97,059,719	$ 87,757,033	$ 74,738,156

[1] Totals may not sum due to rounding to nearest dollar.
[2] Includes PFCs, CFCs and federal and state grants.
[3] CY 2022 capital grants included federal grants for the apron rehabilitation project that was fully completed in 2022.
[4] Intergovernmental consists of funds received under the federal Coronavirus Aid, Relief, and Economic Security Act (CARES), the federal American Rescue Plan Act (ARPA), and the federal Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA).

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, 2025, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated August 20, 2026.

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.

Denver, Colorado Avon, Colorado Florence, Alabama

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
August 20, 2026

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, 2025 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, 2025. 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, 2025.

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.

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.

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
August 20, 2026

Routt County, Colorado
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2025

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:	$1,000,000
Identified as low-risk auditee	Yes

Part II – Findings Related to Financial Statements

Findings related to financial statements as required by *Government Auditing Standards*	None noted
Auditor-assigned reference number	Not applicable

Part III – Findings Related to Federal Awards

Internal control findings	None noted
Compliance findings	None noted
Questioned costs	None noted
Auditor-assigned reference number	Not applicable

There were no audit findings for the year ended December 31, 2024.

ROUTT COUNTY, COLORADO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2025

Federal Department/Direct or Pass-Through Entity/Program	Identifying Number Assigned by Pass-through Entity	Federal Assistance Listing Number	Grant Expenditure Amount	Cluster Ref
Department of Health and Human Services				
Passed through Colorado Department of Human Services:				
Child Care and Development Block Grant	CDHS - FFA	93.575	$ 545,025	A
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	CDHS - FFA	93.596	56,795	A
Total Child Care and Development Fund Cluster			-	601,820
Guardianship Assistance	CDHS - FFA	93.090	6,830	
Kinship Navigator Program	CDHS - FFA	93.471	31,571	
Family First Prevention Services Act	CDHS - FFA	93.472	12,560	
Temporary Assistance for Needy Families	CDHS - FFA	93.558	113,650	
Child Support Enforcement	CDHS - FFA	93.563	379,537	
Low-Income Home Energy Assistance	CDHS - FFA	93.568	2,023	
Stephanie Tubbs Jones Child Welfare Services Program	CDHS - FFA	93.645	1,557	
Foster Care -Title IV-E	CDHS - FFA	93.658	194,922	
Adoption Assistance	CDHS - FFA	93.659	10,472	
Social Services Block Grant	CDHS - FFA	93.667	75,260	
Promoting Safe and Stable Families	CDHS - FFA	93.556	66,499	
Block Grants for Community Mental Health	BO9SM087337/B09SM089602	93.958	33,766	
Passed through Department of Health Care Policy and Financing:				
Medical Assistance Program	CDHS - FFA	93.778	378,993	B
Total Medicaid Cluster				378,993
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	25 FAA 00052 B044202	93.994	17,117	
Immunization Cooperative Agreements	NH23IP922600	93.268	7,536	
COVID-19 Immunization #4	FHCA202200003017	93.268	31,003	
Total Immunization Cooperative Agreement Grants			38,539	
Public Health Emergency Preparedness Program	NU90TP922028	93.069	11,130	
Public Health Emergency Preparedness Program	NU90TU000029	93.069	8,554	
			19,684	
Preventative Health and Health Services Block Grant	FAAA202500004334	93.991	3,149	
Substance Abuse and Mental Health Services	H79SP084300	93.243	118,973	
Centers for Disease Control Collaboration with Academia to Strengthen Public Health	NE11OE000089	93.967	37,106	
Total Department of Health and Human Services			$ 2,144,028	

The notes to the Schedule of Expenditures of Federal Awards are an intergral part of this statement

ROUTT COUNTY, COLORADO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2025

Federal Department/Direct or Pass-Through Entity/Program	Identifying Number Assigned by Pass-through Entity	Federal Assistance Listing Number	Grant Expenditure Amount	Cluster Ref
Department of Agriculture				
Direct:				
Forest Service Cooperative Law Enforcement Agreement	20-LE-11020600-013	10.704	$ 4,743	
Forest Service Participating Agreement	22-PA-11020600-035	10.unknown	38,694	
Forest Service Road Project Agreement	24-R0-11020600-003	10.705	117,175	
Passed through Colorado Department of Human Services:				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	CDHS - FFA	10.561	296,272	C
				296,272
Total Department of Agriculture			456,884	
Department of Education				
Passed through Colorado Department of Education:				
Comprehensive Literacy State Development Grant	S371C240005	84.371C	8,272	
Total Department of Education			8,272	
Department of Interior				
Direct:				
U.S. Geological Survey Cooperative Funding Authority Agreement	25REJFACO 106	15.unknown	15,416	
Total Department of Interior			15,416	
Department of Transportation				
Direct:				
Airport Improvement Program	3-08-0031-061-2024	20.106	10,537,832	
Airport Improvement Program	3-08-0031-058-2024	20.106	41,834	
Airport Improvement Program	3-08-0031-062-2024	20.106	1,607,345	
Total Airport Improvement Program			$ 12,187,011	

The notes to the Schedule of Expenditures of Federal Awards are an intergral part of this statement

ROUTT COUNTY, COLORADO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2025

Federal Department/Direct or Pass-Through Entity/Program	Identifying Number Assigned by Pass-through Entity	Federal Assistance Listing Number	Grant Expenditure Amount	Cluster Ref	
Passed through Colorado Department of Transportation:					
Federal Highway Administration					
Routt County-CR179 Trout Creek Bridge	21-HA3-XC-03125	20.205	$ 20,949		
Federal Transit Administration					
2025-Faster Grant	25-HTR-ZL-00201	20.513	120,611	D	
			141,560		120,611
Total Department of Transportation			12,328,571		
Department of Homeland Security					
Passed through Colorado Department of Public Safety, Division of Homeland Security and Emergency Management:					
Emergency Management Performance Grants	EMD-2023-EP-00004	97.042	102,240		
Building Resilient Infrastructure and Communities Grant	EMD-2023-BR-002-0012	97.047	47,868		
Total Department of Homeland Security			150,108		
Total Federal Expenditures			$ 15,103,279		

The notes to the Schedule of Expenditures of Federal Awards are an intergral part of this statement

ROUTT COUNTY, COLORADO
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2025

Additional Information for Clusters:		**Amount**
A	Child Care Cluster (CCDF)	$ 601,820
B	Medicaid Cluster	$ 378,993
C	SNAP Cluster	$ 296,272
D	Transit Services Program Cluster	$ 120,611

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%, and effective October 1, 2024, 15% 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 passed 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, 2025

	Amounts for Current Year	Unliquidated Balance
Unliquidated PFC revenues - beginning		$ -
Revenues:		
Revenues from air carriers	$ 840,908	
Total PFC revenues	840,908	840,908
Expenditures:		
Application 19-10-C-00-HDN	840,908	
Total PFC expenditures	$ 840,908	840,908
Unliquidated PFC revenues - ending		$ -