PRELIMINARY OFFICIAL STATEMENT DATED MAY 17, 2019

NEW ISSUE | **RATING Moody's: "A1"**
BOOK-ENTRY-ONLY | **(See "MISCELLANEOUS--Rating")**

In the opinion of Kutak Rock LLP, Bond Counsel, under existing laws, regulations, rulings and judicial decisions and assuming the accuracy of certain representations and continuing compliance by the County and the Trustee with certain covenants, the portion of the Base Rentals allocable to the Certificates paid by the County which is designated and paid as interest, as provided in the Lease, and received by the Owners of the Certificates (the "Interest Portion") (including any original issue discount properly allocable to the owner of a Certificate), is excludable from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax. Bond Counsel is also of the opinion that, under existing State of Colorado statutes, to the extent the Interest Portion is excludable from gross income for federal income tax purposes, such Interest Portion is excludable from Colorado taxable income and Colorado alternative minimum taxable income. For a more detailed description of such opinions of Bond Counsel, see "TAX MATTERS" herein.

$14,055,000[*]
CERTIFICATES OF PARTICIPATION, SERIES 2019
(Detention Center Project)
Evidencing Assignment of Interests in the Right to Receive Certain Revenues Payable by
ARCHULETA COUNTY, COLORADO
Pursuant to a Lease Purchase Agreement
Between the County and UMB Bank, n.a., as Trustee

Dated: Date of Delivery | **Due: December 1, as shown below**

The Certificates evidence undivided interests in the right to receive certain revenues under an annually terminable Lease Purchase Agreement dated as of June 1, 2019, between the County and UMB Bank, n.a., Denver, Colorado, in its capacity as Trustee under an Indenture dated as of June 1, 2019, as Lessor. The Certificates will be executed and delivered pursuant to the Indenture. The Certificates will be delivered in book-entry-only form and The Depository Trust Company will act as securities depository for the Certificates. Capitalized terms used on this cover page are defined in the Introduction to this Official Statement and in APPENDIX A. The Certificates mature, bear per annum interest payable on December 1, 2019 and semiannually thereafter on each June 1 and December 1, and are priced as follows:

MATURITY SCHEDULE[*]
CUSIP _________ [1,©]

Maturity Date (December 1)[*]	Principal Amount[*]	Interest Rate	Price or Yield	CUSIP [1,©]	Maturity Date (December 1)[*]	Principal Amount[*]	Interest Rate	Price or Yield	CUSIP [1,©]
2020	$395,000				2033	$555,000			
2021	400,000				2034	570,000			
2022	410,000				2035	590,000			
2023	420,000				2036	615,000			
2024	430,000				2037	635,000			
2025	440,000				2038	660,000			
2026	450,000				2039	680,000			
2027	460,000				2040	710,000			
2028	475,000				2041	735,000			
2029	485,000				2042	765,000			
2030	500,000				2043	795,000			
2031	520,000				2044	825,000			
2032	535,000								

The Certificates are being issued for the purpose of financing the acquisition, construction, installation, and equipping of various public improvements and paying the costs of issuance of the Certificates.

Neither the Lease nor the Certificates constitute a general obligation indebtedness or multiple fiscal year direct or indirect debt or other financial obligation whatsoever of the County within the meaning of any constitutional or statutory limitation or requirement. None of the Lease, the Indenture or the Certificates directly or indirectly obligate the County to make any payments beyond those appropriated for any fiscal year in which the Lease shall be in effect. Except to the extent payable from the proceeds of the Certificates and income from the investment thereof, from the net proceeds of certain insurance policies and condemnation awards, from net proceeds from the liquidation or leasing of the Leased Property or from other amounts made available under the Indenture, the Certificates are payable during the Lease Term solely from Base Rentals to be paid by the County under the Lease. All payment obligations of the County under the Lease, including, without limitation, the obligation of the County to pay Base Rentals, are from year to year only and do not constitute a mandatory payment obligation of the County in any fiscal year beyond a fiscal year in which the Lease shall be in effect. The Lease is subject to annual renewal at the option of the County and will be terminated upon the occurrence of an Event of Nonappropriation or Event of Default. In such event, all payments from the County under the Lease will terminate, and the Certificates and the interest thereon will be payable from certain moneys, if any, held by the Trustee under the Indenture, and any moneys made available by action of the Trustee regarding the Leased Property.

The Certificates are subject to redemption prior to maturity as described herein.

This cover page is not a summary of the issue. Investors should read the Official Statement in its entirety to make an informed investment decision, giving particular attention to the material under the caption "RISK FACTORS."

The Certificates are offered when, as and if executed and delivered and accepted by the Underwriter named below, subject to the approval of legality and certain other matters by Kutak Rock LLP, as Bond Counsel, and subject to other conditions. Kutak Rock LLP has also been retained to assist the County in the preparation of this Official Statement. Certain matters will be passed upon by Todd Weaver, Esq., as counsel to the County. It is expected that the Certificates will be available for delivery through the facilities of DTC on or about June __, 2019.

Selling: **May 30, 2019**
Manner of Sale: **(Electronically Through Parity)**

The date of this Official Statement is May __, 2019.

[1] The County takes no responsibility for the accuracy of CUSIP numbers, which are included solely for the convenience of owners of the Certificates.
[©] Copyright 2019 CUSIP Global Services. CUSIP is a registered trademark of the American Bankers Association. CUSIP Global Services is managed on behalf of the American Bankers Association by S&P Global Market Intelligence, a division of S&P Global.
[*] Preliminary; subject to change.

ARCHULETA COUNTY, COLORADO

Board of County Commissioners

Ronnie Maez, Chairman
Alvin Schaaf, Commissioner
Steve Wadley, Commissioner

County Officials

Scott Wall, County Administrator
Larry Walton, Finance Director
Todd Weaver, County Attorney

Underwriter

Trustee

UMB Bank, n.a.
Denver, Colorado

Municipal Advisor

Ehlers & Associates, Inc.
Denver, Colorado

Bond Counsel

Kutak Rock LLP
Denver, Colorado

No dealer, salesman, or other person has been authorized to give any information or to make any representation, other than the information contained in this Official Statement, in connection with the offering of the Certificates, and, if given or made, such information or representation must not be relied upon as having been authorized by the County or the Underwriter. The information contained in this Official Statement is subject to change without notice, and neither the delivery of this Official Statement nor any sale hereunder will, under any circumstances, create any implication that there has been no change in the affairs of the County since the date hereof. This Official Statement does not constitute an offer or solicitation in any jurisdiction in which such offer or solicitation is not authorized, or in which any person making such offer or solicitation is not qualified to do so, or to any person to whom it is unlawful to make such offer or solicitation. The information set forth herein has been furnished by the County and obtained from other sources which are believed to be reliable. The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information, and this Official Statement is not to be construed as the promise or guarantee of the Underwriter.

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Neither the Securities and Exchange Commission nor any securities regulatory authority of any state has approved or disapproved the Certificates or this Official Statement. Furthermore, the foregoing authorities have not confirmed or determined the accuracy of this Official Statement. Any representation to the contrary is unlawful.

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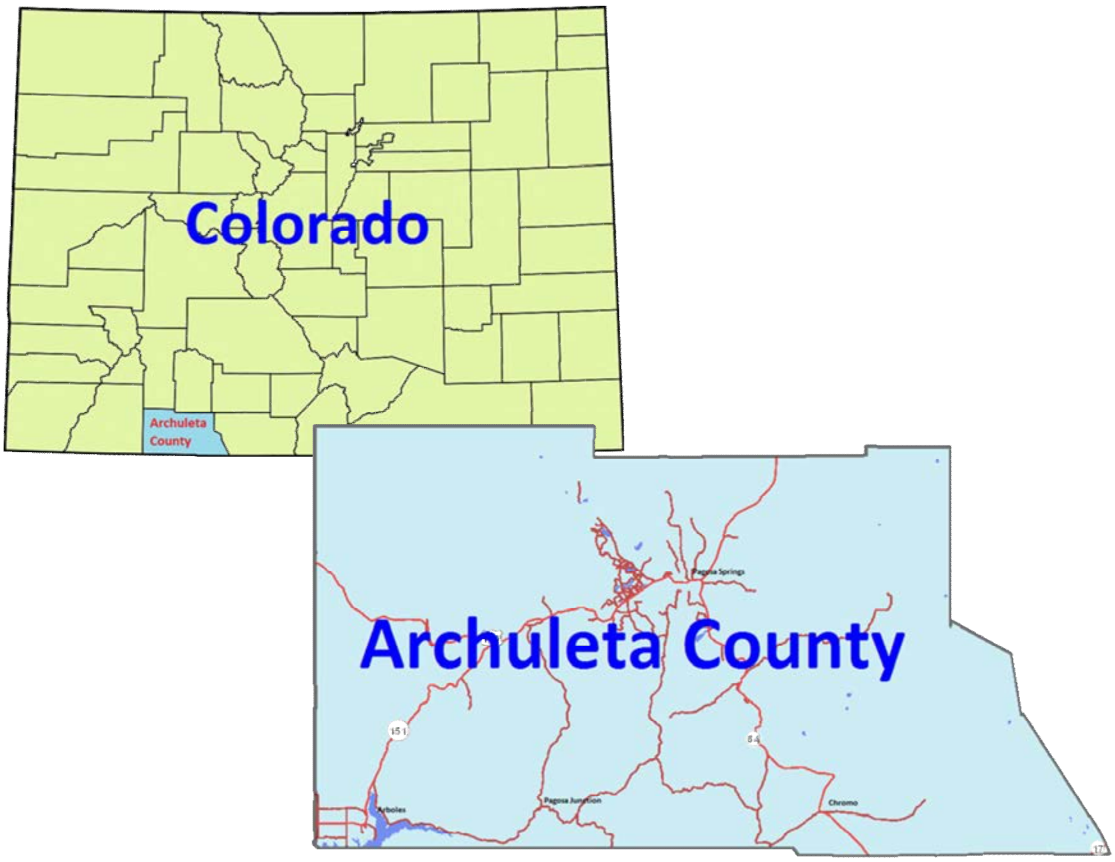
COUNTY VICINITY MAP



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INTRODUCTION

This Official Statement is furnished to prospective purchasers of $14,055,000* Certificates of Participation, Series 2019 (the "Certificates"), dated the date of their delivery, evidencing undivided interests in the right to receive certain revenues under an annually terminable Lease Purchase Agreement dated as of June 1, 2019 (the "Lease"), by and between Archuleta County, Colorado (the "County"), as lessee, and UMB Bank, n.a., Denver, Colorado, as lessor, in its capacity as Trustee (the "Trustee") under an Indenture of Trust by the Trustee dated as of June 1, 2019 (the "Indenture"). The offering of the Certificates is made only by way of this Official Statement, which supersedes any other information or materials used in connection with the offer or sale of the Certificates. This Official Statement speaks only as of its date, and the information contained herein is subject to change.

Certain of the capitalized terms used herein are defined in APPENDIX A hereto.

The following introductory material is only a brief description of, and is qualified by, the more complete information contained throughout this Official Statement. A full review should be made of the entire Official Statement and the documents summarized or described herein.

The County .... The County was founded on April 14, 1885 and is a duly and regularly created, organized and existing political subdivision under the constitution and laws of the State of Colorado (the "State"). The county seat and only incorporated municipality in the County is the Town of Pagosa Springs, Colorado (the "Town" or "Pagosa Springs"), which is located approximately 270 miles southwest of Denver, Colorado. The County contains approximately 1,350 square miles near the southern border of the State. The County has an estimated 2017 population of 13,316 (the most recent population estimate available from the U.S. Census Bureau). See the preceding "COUNTY VICINITY MAP" and for additional information on the County see "THE COUNTY."

Purpose .... The Certificates are being issued for the purpose of financing the acquisition, construction, installation, and equipping of the County's new detention facilities and paying the costs of issuance of the Certificates. See "THE CERTIFICATES—Application of Certificate Proceeds."

The Leased Property................At the time of execution and delivery of the Certificates, the County is to lease certain property owned by the County located at 125 Harman Drive in Pagosa Springs (the "Site Leased Property," on which site the Detention Center (as defined under the caption "THE CERTIFICATES—Application of Certificate Proceeds—*The Project*") is to be constructed) to the Trustee pursuant to the Site Lease, dated as of June 1, 2019, between the County, as lessor, and the Trustee, as lessee (the "Site Lease"). The term of the Site Lease ends on December 31, 20__. Concurrently with the execution and delivery of the Site Lease, the Trustee will lease its leasehold interest in the Site Leased Property back to the County (the "Leased Property") pursuant to the terms of the Lease. The County will retain its fee title to the Site Leased Property, and the Trustee will have a leasehold interest in the Site Leased Property, subject to the terms and provisions of the Site Lease, the Lease and the Indenture.

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* Preliminary; subject to change.

See "THE LEASED PROPERTY" and "THE CERTIFICATES—Application of Certificate Proceeds—*The Project*." Summaries of the Site Lease and the Lease are provided in APPENDIX A.

Security .... The Certificates are payable from amounts which may be appropriated annually by the County to make rental payments to the Trustee pursuant to the Lease, from certain Net Proceeds of insurance policies or condemnation awards, if any, from interest earnings on moneys in certain funds and accounts or from Net Proceeds from the liquidation or leasing of the Leased Property, if any.

The Certificates evidence assignments of proportionate undivided interests in the right to receive Revenues under the Lease. "Revenues" means (a) all amounts payable by or on behalf of the County with respect to the Leased Property pursuant to the Lease including, but not limited to, all Base Rentals, Purchase Option Prices, if any, and Net Proceeds, if any, but not including Additional Rentals other than Reserve Fund payments or deposits, payable thereunder; (b) any portion of the proceeds of the Certificates deposited with the Trustee in the Certificate Fund or the Reserve Fund; (c) any earnings on moneys on deposit in the Certificate Fund and the Reserve Fund; (d) all other revenues derived from the Lease, excluding Additional Rentals other than those constituting Reserve Fund payments; and (e) any other moneys to which the Trustee may be entitled for the benefit of the owners of the Certificates (the "Owners" or the "Owners of the Certificates"). As more fully set forth under the caption "DEFINED TERMS" in APPENDIX A, the term "Base Rentals" generally means the amounts payable by the County under the Lease during the Lease Term for the right to use the Leased Property (the schedule of payments of Base Rentals is designed to produce moneys sufficient to pay the Certificates), and the term "Additional Rentals" generally means: the reasonable fees and expenses of the Trustee and certain other costs and charges payable by the County under the Lease; the cost of taxes (if any), insurance premiums, maintenance, upkeep, repair, improvement, replacement and utility charges with respect to the Leased Property; payments or deposits in the Reserve Fund, as required by the Lease; and all other charges and costs which the County assumes or agrees to pay under the Lease, in the event that the County fails to pay the same. See APPENDIX A.

No provision of the Certificates, the Indenture or the Lease shall be construed or interpreted (i) to directly or indirectly obligate the County to make any payment in any Fiscal Year in excess of amounts appropriated for such Fiscal Year; (ii) as creating a debt or multiple Fiscal Year direct or indirect debt or other financial obligation whatsoever of the County within the meaning of Article XI, Section 6 or Article X, Section 20 of the Colorado Constitution or any other constitutional or statutory limitation or provision; or (iii) as a delegation of governmental powers by the County.

Neither the Certificates nor the Lease constitute a mandatory payment obligation in any Fiscal Year beyond the current Fiscal Year for which the County has appropriated amounts to make payments under the Lease. The County may terminate its obligations under the Lease on an annual basis. The exercise by the County of its option to terminate its obligations under the Lease (which exercise is defined as an "Event of Nonappropriation") is determined by the failure of the Board of County Commissioners of the County (the "County Board") to specifically appropriate moneys sufficient to pay all Base Rentals and reasonably estimated Additional Rentals as provided in the Lease. Upon the occurrence of an Event of Nonappropriation or Event of Default (as defined herein), the Trustee is entitled to possession of the Leased Property, is to give notice to the County to vacate the Leased Property, may sell the Leased Property, or otherwise dispose of the Leased Property in such manner as may be determined by the Trustee to be in the best interests of the Owners, or exercise any other remedies available to the Trustee. See "THE CERTIFICATES—Security for the Certificates."

The County has the option to purchase the Leased Property in accordance with the Lease by paying the Purchase Option Price (as more particularly defined herein), generally equal to an amount sufficient to effect a defeasance of the Certificates and any Additional Certificates then Outstanding. See the caption "THE LEASE" in APPENDIX A. The Trustee is required to use the Purchase Option Price to pay the principal of, premium (if any) and interest on such certificates.

Additional Certificates............ The Indenture permits the issuance of additional certificates which would be secured under the Indenture. See "THE CERTIFICATES—Security for the Certificates—*Additional Certificates*."

Payment Provisions................. The Certificates mature and bear interest at the rates (computed on the basis of a 360-day year, consisting of twelve 30-day months) as set forth on the cover page hereof. Interest on the Certificates is payable semiannually on June 1 and December 1 of each year, commencing on December 1, 2019. Payments to Beneficial Owners will be made as described in "APPENDIX F—BOOK-ENTRY-ONLY SYSTEM."

Record Date............................. The record date, with respect to each Interest Payment Date, means the 15^{th} day of the preceding month (whether or not such day is a Business Day) in which such Interest Payment Date occurs.

Book-Entry-Only Registration	The Certificates will be issued in fully registered form and will be registered initially in the name of "Cede & Co." as nominee for The Depository Trust Company, New York, New York ("DTC"), a securities depository. Beneficial ownership interests in the Certificates may be acquired in principal denominations of $5,000 or integral multiples thereof through brokers and dealers who are, or who act through, participants in the DTC system (the "Participants"). Such beneficial ownership interests will be recorded on the records of the Participants. Persons for which Participants acquire interests in the Certificates (the "Beneficial Owners") will not receive certificates evidencing their interests in the Certificates so long as DTC or a successor securities depository acts as the securities depository with respect to the Certificates. See "APPENDIX F—BOOK-ENTRY-ONLY SYSTEM" for a discussion of the operating procedures of the DTC system with respect to payments, registration, transfers, notices, and other matters. Except as otherwise provided in this Official Statement, the term "Owner" shall refer to the registered owner of any Certificate, as shown by the registration books maintained by the Certificate Registrar.
Prior Redemption.....................	The Certificates are subject to redemption as set forth in "THE CERTIFICATES—Redemption Provisions."
Denominations..........................	The Certificates will be delivered in denominations of $5,000 or any integral multiple thereof.
Tax Status	In the opinion of Kutak Rock LLP, Bond Counsel, under existing laws, regulations, rulings and judicial decisions and assuming the accuracy of certain representations and continuing compliance by the County and the Trustee with certain covenants, the portion of the Base Rentals allocable to the Certificates paid by the County which is designated and paid as interest, as provided in the Lease, and received by the Owners of the Certificates (the "Interest Portion") (including any original issue discount properly allocable to the owner of a Certificate), is excludable from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax. Bond Counsel is also of the opinion that, under existing State of Colorado statutes, to the extent the Interest Portion is excludable from gross income for federal income tax purposes, such Interest Portion is excludable from Colorado taxable income and Colorado alternative minimum taxable income. For a more detailed description of such opinions of Bond Counsel, see "TAX MATTERS."
Authority for Issuance.............	The Site Lease, the Lease and the Indenture have been authorized, executed, and delivered in full conformity with the constitution and laws of the State. The Certificates are executed and delivered pursuant to the Indenture.
Risk Factors..............................	The purchase of the Certificates is subject to certain investment risks. See "RISK FACTORS."

Delivery Information .... The Certificates are offered when, as, and if executed and delivered, and accepted by ___________________ (the "Underwriter"), subject to prior sale and the approving legal opinion of Bond Counsel. It is expected that the Certificates will be available for delivery on or about June __, 2019, against payment therefor.

Exchange and Transfer .... While the Certificates remain in book-entry-only form, transfer of ownership by Beneficial Owners may be made as described under the caption "APPENDIX F—BOOK-ENTRY-ONLY SYSTEM." In the event that DTC ceases to act as securities depository for the Certificates, the Indenture provides for the transfer of Certificates by the Registrar pursuant to specified terms and provisions.

Financial Statements................ Appended hereto are the audited basic financial statements of the County as of and for the year ended December 31, 2017, being the most recent audited financial statements available.

Additional Information .... ALL OF THE SUMMARIES OF THE STATUTES, RESOLUTIONS, OPINIONS, CONTRACTS, AND AGREEMENTS DESCRIBED IN THIS OFFICIAL STATEMENT ARE SUBJECT TO THE ACTUAL PROVISIONS OF SUCH DOCUMENTS. The summaries do not purport to be complete statements of such provisions and reference is made to such documents, copies of which are either publicly available or available upon request and the payment of a reasonable copying, mailing, and handling charge from: Archuleta County c/o County Administrator, 398 Lewis Street, P.O. Box 1507, Pagosa Springs, Colorado 81147, Telephone: (970) 264-8300.

THE CERTIFICATES

The maturities, principal amounts and interest rates for the Certificates are set forth on the cover page hereof. Provisions regarding payment of principal and interest, prior redemption, anticipated delivery and certain other matters are described in the "INTRODUCTION." The Certificates are being delivered pursuant to the Indenture. For a complete statement of the details and provisions of the Certificates, reference is made to the Lease and the Indenture, copies of which are available from the Town prior to delivery of the Certificates. See "INTRODUCTION—Additional Information" and APPENDIX A

Redemption Provisions

Optional Redemption. The Certificates maturing on and before December 1, 20__ are not subject to redemption prior to their respective maturity dates. The Certificates maturing on and after December 1, 20__ are subject to redemption prior to maturity at the option of the County, in whole or in part in integral multiples of $5,000, and if in part in such order of maturities as the County shall determine, and by lot within a maturity, on December 1, 20__ and on any date thereafter, at a redemption price equal to the principal amount thereof (with no redemption premium), plus accrued interest to the redemption date.

Redemption of Certificates in Whole Upon an Event of Nonappropriation or Event of Default. The Certificates are to be called, for redemption in whole, on any date, in the event of the occurrence of an Event of Nonappropriation or the occurrence and continuation of an Event of Default under the Lease. The redemption price will be the lesser of (a) the principal amount of the Certificates, plus accrued interest to the redemption date (without any premium); or (b) the sum of (i) the amount, if any, received by the Trustee from the exercise of remedies under the Lease with respect to the Event of Nonappropriation or the occurrence and continuation of the Event of Default that gave rise to such redemption; and (ii) the other amounts available in the Trust Estate for payment of the redemption price of the Certificates, which amounts will be allocated among the Certificates in proportion to the principal amount of each Certificate. Under the Indenture, the payment of the redemption price of any Certificate is deemed to be the payment in full of such Certificate and no Owner of any Certificate redeemed will have any right to any payment from the Trustee or the County in excess of such redemption price.

In addition to any other notice required to be given under the Indenture, the Trustee is to, as soon as reasonably practicable upon the occurrence of an Event of Nonappropriation or an Event of Default, notify the Owners (a) that such event has occurred; and (b) whether or not the funds then available to it for such purpose are sufficient to pay the redemption price set forth in clause (a) of the immediately preceding paragraph. If the funds then available to the Trustee are sufficient to pay the redemption price set forth in clause (a) of the immediately preceding paragraph, such redemption price will be paid as soon as reasonably practicable. If the funds then available to the Trustee are not sufficient to pay the redemption price set forth in clause (a) of the immediately preceding paragraph, the Trustee is to pay the portion of the redemption price that can be paid from the funds available, net of any funds which, in the judgment of the Trustee, should be set aside to pursue remedies under the Lease and subject to the provisions of the Indenture, as soon as reasonably practicable, begin to exercise and will diligently pursue all remedies available to them under the Lease in connection of such Event of Nonappropriation or Event of Default. The remainder of the redemption price, if any, will be paid to the Owners if and when funds become available to the Trustee following the exercise of such remedies.

Notice of Redemption. Notice of the call for any redemption, identifying the Certificates or portions thereof to be redeemed and specifying the terms of such redemption, will be given by the Trustee by mailing a copy of the redemption notice by United States first-class mail, at least 30 days prior to the date fixed for redemption, and to the Owner of each Certificate to be redeemed at the address shown on the registration books; provided, however, that failure to give such notice by mailing, or any defect therein, will not affect the validity of any proceedings of any Certificates as to which no such failure has occurred.

Any notice mailed as described under this caption will be conclusively presumed to have been duly given, whether or not the Owner receives the notice.

If at the time of mailing of notice of redemption there has not been deposited with the Trustee moneys sufficient to redeem all the Certificates called for redemption, which moneys are or will be available for redemption of such Certificates, such notice will state that it is conditional upon the deposit of the redemption moneys with the Trustee not later than the opening of business on the redemption date, and such notice will be of no effect unless such moneys are so deposited.

Redemption Payments. On or prior to the date fixed for redemption, the Trustee will apply funds to the payment of the Certificates called for redemption, together with accrued interest thereon to the redemption date, and any required premium. Upon the giving of notice and the deposit of such funds as may be available for redemption pursuant to the Indenture, interest on the Certificates or portions thereof thus called for redemption will no longer accrue after the date fixed for redemption.

The Trustee will pay to the Owners of Certificates so redeemed, the amounts due on their respective Certificates, at the Principal corporate trust office of the Trustee upon presentation and surrender of the Certificates.

Application of Certificate Proceeds

The Certificates are being issued for the purpose of financing the acquisition, construction, installation, and equipping of the County's new detention facilities and paying the costs of issuance of the Certificates.

The Project. The Project is anticipated to include the complete design, engineering, construction and equipping of the County's new detention facilities located at 125 Harman Park Drive in Pagosa Springs (the "Detention Center"). According to County officials, the Detention Center will be sited on a five-acre parcel purchased in January 2019 pursuant to the terms of a real estate contract between the County and the Harman Family Trust, which closed on March 22, 2019. As provided in the conveyance contract, the County received fee simple title of the donated property. Certificate proceeds are expected to be used to construct the Detention Center and related infrastructure components on the donated property (the "Project"). In accordance with the County's current architectural designs, the Detention Center is to generally include an approximately 23,668 square foot building containing the following amenities: 54-bed jail with facilities for male, female and juvenile holding; exercise yard; food service; laundry; medical; general and inmate storage; booking and inmate holding space; alternative sentencing space, visitation space; staff offices; as well as the usual areas for mechanical/electrical, information technology, janitorial and emergency generators.

The Project is to be constructed pursuant to a guaranteed maximum price contract between the County and Nunn Construction, Colorado Springs, Colorado, who was selected as the Project Construction Management-General Contractor by the County Board on March 5, 2019. The total price of the Project is not to exceed $14,500,000, of which the County currently anticipates $13,000,000 to be funded from Certificate proceeds. The balance of the construction costs are to be funded by County's Justice System Capital Fund. In the event of cost overruns, the County has utilized legally available moneys to fund a construction contingency in the amount of $1,700,000 which amount is equal to approximately 11.7% of the total Project costs. Construction is expected to begin no later than June 2019 and to be completed no later than December 31, 2020.

The anticipated life of the Detention Center and related improvements financed with Certificate proceeds exceeds the final maturity date of the Certificates. According to County officials, it is likely that the new Detention Center will need approximately three full-time and one part-time additional County employees.

The County anticipates reimbursing itself from Certificate proceeds for all or a portion of amounts previously incurred under the authorization of County Reimbursement Resolution No. 2017-38 dated July 18, 2017 and recorded with the County on July 20, 2017 and Resolution No. 2018-37 dated September 4, 2018, and recorded with the County on September 5, 2018.

Estimated Application of Certificate Proceeds. The estimated sources and uses of the proceeds of the Certificates, together with other legally available funds of the County, are as follows:

SOURCES	
Proceeds of the Certificates	
Net Original Issue Premium	
Total	
USES	
Deposit to Project Account	
Deposit to Reserve Fund	
Certificate issuance costs, including, without limitation, title insurance, premiums, and underwriting discount [1]	
Total	

[1] See "MISCELLANEOUS—Underwriting."

Security for the Certificates

The Certificates are payable solely from (a) annually appropriated Base Rentals and any Purchase Option Prices paid by the County under the Lease; (b) moneys held by the Trustee in the Certificate Fund and the Reserve Fund created under the Indenture; (c) any earnings on moneys deposited in the Certificate Fund and the Reserve Fund; (d) all other revenues derived from the Lease; and (e) all other moneys to which the Trustee may be entitled to for the benefit of the Owners. See "THE LEASED PROPERTY" and the caption "THE LEASE" in APPENDIX A.

No provision of the Certificates, the Indenture, the Lease, or the Site Lease is to be construed or interpreted (i) to directly or indirectly obligate the County to make any payment in any fiscal year in excess of amounts appropriated for such fiscal year; (ii) as creating a debt or multiple fiscal year direct or indirect debt or other financial obligation whatsoever of the County within the meaning of Article XI, Section 6 or Article X, Section 20 of the Colorado Constitution or any other constitutional or statutory limitation or provision; (iii) as a delegation of governmental powers by the County; (iv) as a loan or pledge of the credit or faith of the County or as creating any responsibility by the County for any debt or liability of any person, company or corporation within the meaning of Article XI, Section 1 of the Colorado Constitution; or (v) as a donation or grant by the County to, or in aid of, any person, company or corporation within the meaning of Article XI, Section 2 of the Colorado Constitution.

Base Rentals and Purchase Option Price. The Trustee will hold in trust, for the benefit of the Owners, the right to receive Base Rentals payable by the County under the Lease. The amount and timing of Base Rental payments are designed to provide sufficient moneys to the Trustee to pay the principal of and interest on the Certificates when due. Pursuant to the Lease, the County is entitled to a credit against the Base Rentals payable on any payment date for amounts on deposit in the Certificate Fund representing (a) accrued interest from the sale of Certificates, (b) earnings from the investment of moneys in the Certificate Fund during the six-month period prior to the date on which Base Rentals are required to be paid to the Trustee, (c) moneys deposited into the Certificate Fund from the Reserve Fund or otherwise, as provided in the Indenture; and (d) any moneys delivered to the Trustee by the County or any other Person that are accompanied by instructions to apply the same to the payment of Base Rentals or to deposit the same in the Certificate Fund. See "—*Certificate Fund*" below.

The Purchase Option Price, which is payable only if and when the County exercises its option to purchase the Leased Property pursuant to the Lease, is designed to provide sufficient moneys to the Trustee to defease the Certificates through maturity. See the caption the "THE LEASE" in APPENDIX A.

Except for tax revenues collected for the repayment of outstanding bonds or tax anticipation notes, there is no legal limitation on the source of funds the County can use to make payments under the Lease.

Certificate Fund. The Indenture creates the Certificate Fund and requires that the Trustee deposit into the Interest Account of the Certificate Fund (i) all accrued interest, if any, received at the time of the initial delivery of the Certificates; (ii) capitalized interest, if any; (iii) that portion of each payment of Base Rentals made by the County which is designated and paid as the interest component thereof under the Lease; and (iv) all other moneys received by the Trustee under the Indenture accompanied by directions that such moneys are to be deposited into the Interest Account of the Certificate Fund.

The Trustee is required by the Indenture to deposit into the Principal Account of the Certificate Fund (i) that portion of each payment of Base Rentals made by the County which is designated and paid as the principal component thereof under the Lease; and (ii) all other moneys received by the Trustee under the Indenture accompanied by directions that such moneys are to be deposited into the Principal Account of the Certificate Fund.

Moneys in the Interest Account of the Certificate Fund are to be used solely for the payment of interest on the Certificates and moneys in the Principal Account of the Certificate Fund are to be used solely for the payment of the principal of and premium, if any, due on the Certificates. In the event the Certificates are to be redeemed in whole, any moneys remaining in the Certificate Fund are to be applied to such redemption along with other moneys held by the Trustee for such purpose. Amounts deposited into the Certificate Fund are to be depleted at least annually except for an amount not to exceed the greater of one year's earnings on the Certificate Fund or $1/12^{th}$ of the annual debt service on the Certificates

Reserve Fund. The Indenture creates the "Archuleta County, Colorado Certificates of Participation, Series 2019, Reserve Fund." Pursuant to the Indenture, there is to be deposited into the Reserve Fund the amount of $859,877.50[*] (the "Reserve Fund Requirement").

Moneys held in the Reserve Fund are to be applied to any of the following purposes:

(a) To the payment of the principal amount of the Certificates and interest thereon, as the same shall become due, to the extent of any deficiency in either the Interest Account or the Principal Account of the Certificate Fund for such purpose;

(b) At the option of the Trustee, after an Event of Nonappropriation or an Event of Default, to the payment of any cost or expense necessary to preserve or protect the Leased Property or the interest of the Trustee or the Owners therein, or necessary to make any repairs or modifications to the Leased Property in preparation for the subleasing, leasing, sale or other disposition thereof, as the Trustee may deem to be in the best interests of the Owners;

[*] Preliminary; subject to change.

(c) In the event that the Certificates are to be redeemed subsequent to an Event of Nonappropriation or an Event of Default, to the redemption of the Certificates then Outstanding and the payment of interest thereon;

(d) In the event that the County shall exercise its option to purchase the Leased Property and terminate the Lease upon payment of the Purchase Option Price, to the County, or, at the option of the County, as a reduction of such Purchase Option Price; or

(e) At the option of the County, in reduction of the final payment of Base Rentals payable by the County under the Lease and, to the extent moneys in the Reserve Fund exceed the final payment of Base Rentals, to the next preceding payment or payments of Base Rentals.

Pursuant to the Lease, the County has agreed to pay the Trustee for deposit into the Reserve Fund, as Additional Rentals, any amounts as are required to maintain the Reserve Requirement on deposit in the Reserve Fund within 180 days, in equal monthly payments, immediately following any withdrawal of moneys from the Reserve Fund. In the event that investments held in the Reserve Fund are insufficient to meet the Reserve Requirement, the County has agreed, pursuant to the Lease, to pay to the Trustee for deposit into the Reserve Fund, as Additional Rentals, such amounts as are necessary to restore the amount on deposit to the Reserve Requirement within 90 days, in equal monthly payments, immediately upon notice thereof.

Amounts in the Reserve Fund that exceed the Reserve Requirement may, at the direction of the County so long as no Event of Nonappropriation or Event of Default has occurred and is continuing, be retained in the Reserve Fund or be transferred by the Trustee to the Interest Account of the Certificate Fund.

Additional Certificates. So long as the Lease Term is in effect and no Event of Nonappropriation or Event of Default has occurred thereunder, one or more series of Additional Certificates may be sold and delivered upon the terms and conditions provided in the Indenture. The maturity dates, Interest Payment Dates and the times and amounts of payments on such Additional Certificates shall be as provided in a Supplemental Indenture and an amendment to the Lease relating to such Additional Certificates. Additional Certificates may be sold and delivered to provide funding for the following purposes: (i) refunding all of the Outstanding Certificates and Additional Certificates; (ii) completing the construction and equipping of the Project in excess of the amount available in the Construction Fund pursuant to the Indenture, (iii) at any time or from time to time, making such modifications and improvements in, on or to the Leased Property as the County may deem necessary or desirable; and (iv) paying costs incurred in connection with the execution and delivery of the Additional Certificates, any deposit to the Reserve Fund necessary for the amount therein to equal the maximum amount allowed under the Internal Revenue Code of 1986, as amended (the "Code") and other costs reasonably related to the purpose for which the Additional Certificates are being executed and delivered.

Exercise of Remedies under Lease and Indenture. Upon the occurrence of an Event of Nonappropriation or an Event of Default under the Lease, the Trustee is permitted to sell or lease the Leased Property or exercise its other remedies under the Lease and the Indenture. See APPENDIX A. See "RISK FACTORS—Results of a Termination of the Lease Term" for descriptions of the limited sources of payment of the Certificates after a termination of the Lease.

Base Rental Payments and Payments of Principal and Interest on the Certificates

Set forth in the following table is a schedule of the Base Rental payments due by the County under the Lease and the payments of principal of and interest due on the Certificates. See the cover page of this Official Statement for the actual interest rates for each maturity of the Certificates.

TABLE I
Schedule of Base Rental Payments*

Fiscal Year [1]	**Principal**	**Interest**	**Annual Total**
2019	--		
2020	$ 395,000		
2021	400,000		
2022	410,000		
2023	420,000		
2024	430,000		
2025	440,000		
2026	450,000		
2027	460,000		
2028	475,000		
2029	485,000		
2030	500,000		
2031	520,000		
2032	535,000		
2033	555,000		
2034	570,000		
2035	590,000		
2036	615,000		
2037	635,000		
2038	660,000		
2039	680,000		
2040	710,000		
2041	735,000		
2042	765,000		
2043	795,000		
2044	825,000		
Total	$14,055,000		

[1] The County's applicable Base Rental Payment Dates under the Lease occur each May 15 and November 15, with one-half of the indicated interest component amount to be paid by the Trustee on each June 1 and December 1, and the indicated principal component amount to be paid on each December 1.
* Preliminary; subject to change.
Source: The Municipal Advisor

RISK FACTORS

THE PURCHASE OF THE CERTIFICATES IS SUBJECT TO CERTAIN RISKS. EACH PROSPECTIVE INVESTOR IN THE CERTIFICATES SHOULD READ THIS OFFICIAL STATEMENT IN ITS ENTIRETY GIVING PARTICULAR ATTENTION TO THE FACTORS DESCRIBED BELOW WHICH, AMONG OTHERS, COULD AFFECT THE PAYMENT OF THE CERTIFICATES AND COULD ALSO AFFECT THE MARKET PRICE OF THE CERTIFICATES TO AN EXTENT THAT CANNOT BE DETERMINED.

Special and Limited Obligations

The Certificates evidence assignments of proportionate undivided interests in rights to receive Revenues under the Lease. The Certificates are payable solely from the Revenues (which consist primarily of Base Rentals) received by the Trustee. All payment obligations of the County under the Lease, including but not limited to payment of Base Rentals, are from year to year only and do not constitute a mandatory charge or requirement in any year beyond the County's then current fiscal year. Any legally available moneys may be applied to the County's payment obligations pursuant to the Lease. However, neither the County, nor the Trustee on its behalf, has pledged the faith or credit of the County to the payment of the County's obligations under the Lease. No directors, officers, employees, attorneys or agents of the County shall be subject to any pecuniary liability by virtue of the Certificates, the Indenture or the Lease. See "THE CERTIFICATES" and "COUNTY FINANCIAL INFORMATION."

Right of the County to Renew the Lease Annually

The obligation of the County to make payments under the Lease does not constitute an obligation of the County for which it is obligated to pledge any form of taxation or for which it is obligated to levy taxes. Except to the extent payable from the proceeds of the Certificates and income from the investment thereof, from the Net Proceeds of certain insurance policies and condemnation awards, from the Net Proceeds of leasing or a liquidation of the Leased Property or from other amounts made available under the Indenture, the Certificates and the interest thereon are payable solely from Revenues, consisting principally of the Base Rentals and the Purchase Option Price, if paid. The requirement of the County to pay Base Rentals and Additional Rentals under the Lease constitutes a currently budgeted expenditure of the County, payable only if funds are appropriated by the County Board each year.

The obligation of the County to pay Base Rentals and Additional Rentals is limited to those County funds which are specifically budgeted and appropriated annually by the County Board for such purpose. Accordingly, a failure to renew the Lease would mean the loss of occupancy or use of the Leased Property by the County. In addition, the Lease directs the officer of the County at the time charged with the responsibility of formulating budget proposals to include in the budget proposals submitted to the County Board, in any year in which the Lease shall be in effect, items for all payments required for the ensuing Renewal Term under the Lease, so that the decision to renew or not to renew the Lease is to be made solely by the County Board and not by any other officer of the County.

The obligations of the County under the Lease may be terminated on an annual basis by the County without any penalty, and there is no assurance that the County will renew the Lease. Accordingly, the likelihood that the Lease will continue in effect until the Certificates are paid is dependent upon certain factors which are beyond the control of the registered owners of the Certificates, including, but not limited to (a) the continuing need of the County for the Leased Property and (b) the continued legal authority and ability of the County to generate sufficient funds from property taxes and other sources to pay obligations associated with the Lease and other obligations of the County. Payment of the principal of and interest on the Certificates in the event of an Event of Nonappropriation or an Event of Default with respect to the Lease will be dependent upon the ability of the Trustee to lease the Leased Property or the value of the Leased Property in a liquidation proceeding instituted by the Trustee.

Results of a Termination of the Lease Term

In the event that the County shall not budget and appropriate, specifically with respect to the Lease, on or before December 31 of each year, moneys sufficient to pay all Base Rentals and the reasonably estimated Additional Rentals coming due for the ensuing Renewal Term, an "Event of Nonappropriation" shall be deemed to have occurred.

Upon a termination of the Lease Term by reason of an Event of Nonappropriation or an Event of Default, the County is required to vacate the Leased Property (a) by the end of the tenth business day of the Fiscal Year in respect of which an Event of Nonappropriation occurs, or (b) within ten days after notice of the Trustee, in the case of an Event of Default. The County may also terminate the Lease as a result of certain events described under the caption "THE LEASE—Damage, Destruction and Condemnation" in APPENDIX A. Upon the occurrence of an Event of Nonappropriation or an Event of Default, the Trustee is required to exercise the rights and remedies of a secured party with respect to the Equipment included in the Leased Property and foreclose on and repossess the Leased Property and either lease the Leased Property or liquidate the Leased Property. The Net Proceeds from the leasing or sale of the Leased Property, along with other moneys then held by the Trustee under the Indenture (with certain exceptions as provided in the Lease and the Indenture), may be used to redeem the Certificates, to the extent of such moneys. See the caption "THE CERTIFICATES—Redemption Provisions."

The Leased Property is to be insured by policies of casualty and property damage insurance as described under the caption "THE LEASE—Insurance to Be Maintained for the Leased Property" in APPENDIX A. In the event of the damage to, destruction of, or the discovery of a defect in construction or manufacture with respect to, any of the Leased Property, and if the Net Proceeds from such insurance policies or certain other sources are insufficient to repair or replace such Leased Property, the County may terminate its obligations under the Lease with respect to such Leased Property by paying such Net Proceeds into the Certificate Fund. If the County should exercise its option to terminate the Lease with respect to the Leased Property in such an event, such Leased Property is required to be leased or liquidated by the Trustee and the proceeds thereof may be applied to the redemption of the Certificates. See the caption "THE CERTIFICATES—Redemption Provisions."

If the Net Proceeds from the leasing or sale of the Leased Property, along with other moneys then available under the Indenture are insufficient to pay in full the principal of and interest on the Certificates when due and the Certificates are redeemed for an amount less than the aggregate principal amount thereof and accrued interest thereon, no registered owner of any Certificate shall have any further claim for payment upon the Trustee or the County. See the caption "THE CERTIFICATES—Redemption Provisions."

Enforceability of Remedies

A termination of the Lease Term as a result of an Event of Nonappropriation or an Event of Default will give the Trustee the right to possession of, and the right to lease or liquidate the Trustee's interest in the Leased Property, in accordance with the provisions of the Lease and the Indenture. The enforceability of the Certificates, the Lease and the Indenture is subject to applicable bankruptcy laws, principles of equity affecting the enforcement of creditors' rights generally and liens securing such rights, the police powers of the State and its political subdivisions and judicial discretion. Because of the delays inherent in enforcing the remedies of the Trustee upon the Leased Property through the courts, a potential purchaser of the Certificates should not anticipate that the remedies of the Trustee are remedies which could be accomplished rapidly. Any delays in the ability of the Trustee to resolve its claim to the Leased Property in order to lease or liquidate any of its interest in the Leased Property may result in delays in the payment of the Certificates. Additionally, the Leased Property is subject to certain easements and covenants, conditions and restrictions that may affect the value of the Leased Property in the event the Trustee liquidates or leases its interest in the Leased Property pursuant to the terms of the Indenture and Lease.

Federal Securities Law Effects on the Certificates of an Event of Nonappropriation or an Event of Default

Bond Counsel has rendered no opinion with respect to the applicability or inapplicability of the registration requirements of the Securities Act of 1933, as amended, to any Certificate subsequent to a termination of the Lease Term by reason of an Event of Nonappropriation or an Event of Default. If the Lease Term is terminated by reason of an Event of Nonappropriation or an Event of Default, there is no assurance that the Certificates may be transferred by a registered owner thereof without compliance with the registration provisions of the Securities Act of 1933, as amended, or the availability of an exemption therefrom.

In addition, Bond Counsel has rendered no opinion as to the treatment for federal or State income tax purposes of any moneys received by a registered owner of the Certificates subsequent to an Event of Nonappropriation or an Event of Default. There is no assurance that any moneys received by the registered owners of the Certificates subsequent to an Event of Nonappropriation or an Event of Default will be excludible from gross income for purposes of federal or State income taxation or alternative minimum tax.

Trustee's Limited Obligation

The Trustee has no assets or revenues available for payment of the Certificates other than its rights to Base Rentals and Additional Rentals under the Lease, its access to moneys in the Certificate Fund (including the Reserve Fund) and its other rights and interests under the Indenture and the Lease.

Tax and Securities Law Exemptions
Following Termination of the Lease

Bond Counsel has expressed no opinion as to the effect of any termination of the Lease on the treatment for federal or Colorado income tax purposes of any moneys received by the Owners subsequent to such termination or as to the effect of any such termination of the Lease on the exemption of the Certificates from registration under federal securities laws subsequent to such termination. See "TAX MATTERS." Owners of the Certificates should not, therefore, assume that the interest received by them following a termination of the Lease will be exempt from federal or Colorado income taxation or that the Certificates will be transferable without registration under the federal securities laws following a termination of the Lease.

Casualty Risk

If all, substantially all, or any portion of the Leased Property is damaged or destroyed by any casualty, there is no assurance that casualty insurance proceeds and other available moneys of the County will be sufficient either to repair or replace the damaged or destroyed property or to pay the Certificates and any other Outstanding Certificates, if the Certificates are called for mandatory redemption as a result of such casualty. Although the County believes its casualty insurance coverages are adequate, there is no assurance that delays in the receipt of casualty insurance proceeds pertaining to the Leased Property or delays in the repair, restoration or replacement of property damaged or destroyed would not have a material adverse effect on the ability of the County to operate the Leased Property or upon its ability to make timely rental payment under the Lease.

Future Changes in Laws

Various State laws and constitutional provisions limit revenues and spending of the State and local governments, such as the County, and govern generally the operation of the County. State laws, constitutional provisions and federal laws and regulations also apply to the obligations created by the delivery of the Certificates. There can be no assurance that there will not be changes in interpretation of or additions to the applicable laws and provisions which would have a material adverse effect, directly or indirectly, on the affairs of the County.

THE LEASED PROPERTY

The Leased Property consists of the County's leasehold interest pursuant to the Lease in the land constituting the site of the Detention Center. The Detention Center is to be located at 125 Harman Park Drive in Pagosa Springs. See "THE CERTIFICATES—Application of Certificate Proceeds—*The Project*" for a detailed description of the Project and the Leased Property.

THE COUNTY

The County is a body corporate and politic and a political subdivision of the State founded April 14, 1885. The County contains approximately 1,350 square miles near the southern border of the State, and includes the incorporated municipality of Pagosa Springs, Colorado. The County has an estimated 2017 population of 13,316 (the most recent population estimate available from the U.S. Census Bureau).

The County, with Pagosa Springs as the county seat, is located in the Colorado Sunbelt, just 35 miles north of the New Mexico border and along the Western Slope of the Continental Divide. The combination of high desert plateau and Rocky Mountains to the north and east of town creates an unusually mild mountain climate. As a portal to the nearly 2,000,000 acres of the San Juan National Forest and Weminuche Wilderness Area, Pagosa Springs is a doorway to four seasons of outdoor adventure which landed the Town in the 2015 Outdoor Magazine's top 10 "Best Towns in America" and the 2017 Men's Journal "20 Best Mountain Towns in America."

Pagosa Springs serves as the activity hub for area schools, government offices, commercial business and parks. The community hosts visitors throughout the year who come to explore the rich geological and cultural history, or to participate in many of the year round activities.

The County and Pagosa Springs are at the crossroads of many archeological and cultural destinations, including Chimney Rock National Monument, Mesa Verde National Park, Chaco Canyon, the Durango Silverton Narrow Gauge Railway, and the historic Pueblos of Northern New Mexico including Taos, Zia, Jemez, San Carlos and others.

Governing Board

The County government consists of a three-person County Board which is elected by the voters of the County to four-year staggered terms. Each Commissioner represents one of the three separate districts and must reside in the district for which he or she is elected. The County Board serves as the legislative and policy-making body of the County government. Appointments to the County Board is limited to maximum service of two consecutive terms or, unless waived by the County Board. The current County Board and the years in which their respective terms expire are as follows:

Governing Board

Name	Title	Approximate Years of Service	Term Expires (January)
Ronnie Maez	Chairman of the Board	2	2021
Alvin Schaaf [1]	Commissioner	<1	2023
Steve Wadley	Commissioner	8	2021

[1] Mr. Schaaf was sworn in January 8, 2019.

The County Board acts by resolution, and in accordance with State law, has among its powers the following: to establish policies and procedures for the administration of County government; oversee County income and expenses, including adopting an annual budget; build and maintain County buildings; construct and repair public roads, bridges and drainage facilities; levy taxes as provided by State law and certify mill levies annually; organize the boundaries of precincts and establish voting places in each precinct; grant licenses as prescribed by State law; appoint staff and determine operating budget; and adopt ordinances as provided in the Colorado Revised Statutes. In addition, the County Board guides the operations of the County Administrator and the other departments and offices under the County Administrator; holds public hearings at which official County business is conducted; considers applications for funding from community agencies, County departments and elected officials; represents the people of Archuleta County on other boards and governing bodies; and establishes personnel policies.

Administration

While the Board exercises the legislative power of the County, other County officials oversee the daily operations of the County. Those most directly involved in the issuance of the Certificates are the County Administrator, the Finance Director and the County Attorney.

The following paragraphs summarize the background and experience of selected County administrative personnel.

County Administrator. The County Administrator serves as the chief operating officer of the County, directs the day to day operations of County government and is responsible for implementation of the policies of the County Board, and overseeing and directing the administration of County affairs and direct the action of the various departments of government within the County. These duties may be amended and supplemented by the County Board at any time during the course of the initial term or any subsequent term of the County Administrator's contract.

Current County Administrator. Scott Wall began his tenure as the County Administrator on March 18, 2019. The outgoing Interim County Administrator, Greg Schulte, is expected to be available to assist the new County Administrator during the transition period. See "*—Former Interim County Administrator*" below.

Mr. Wall has served in the city management profession for more than 25 years. He is a graduate of West Texas State A&M where he received a Bachelor of Science in Public Administration. He earned a Master's Degree in Interdisciplinary Studies from Texas State University. Additionally, he was the first city manager in the state of Texas to complete the Certified Public Manager Program from Texas State University's Public Service Academy. He was designated as an International City Management Association Credentialed Manager. Mr. Wall has served as the president of the Alamo Area City Management Association and as a board member of the Texas City Management Association. Additionally, he has taught municipal officials at the Texas State University's Public Service Academy on topics of internal fraud detection and municipal budget preparation. Mr. Wall specializes in economic development, strategic planning, project management and redevelopment initiatives.

Former Interim County Administrator. Greg Schulte served as Interim County Administrator for the County from late summer 2018 through March 22, 2019 following the departure of the then sitting administrator. See "*—Current County Administrator*" above.

Mr. Schulte has over 30 years of governmental experience in California and Colorado in state, county and municipal government. A graduate of Cal Poly, San Luis Obispo, Mr. Shulte spent a good portion of his professional career in California including positions with the State of California, San Luis Obispo County, Placer County, and the City of Sacramento. After moving to Colorado, he served as County Administrator for the County for approximately five years and as Town Manager for Pagosa Springs for a little over three years. He was selected as Colorado County Administrator of the Year in 2009, and in 2010 was selected as a Gates Family Foundation Fellow to attend the John F. Kennedy School of Government's program for Senior Executives in Local Government at Harvard University.

Shortly after Mr. Schulte's initial retirement in 2017, he was selected as one of six Senior Advisors for the State chapter (Colorado City/County Management Association) of the national professional organization for city and county managers – the International City/County Management Association (ICMA). The role of the Senior Advisor is to advise, counsel, and mentor existing and aspiring city and county managers. Mr. Schulte also serves Board Chair for the Upper San Juan Health Services District (dba Pagosa Springs Medical Center).

Finance Director. The Finance Director performs a variety of complex supervisory, professional, administrative, and technical accounting and finance functions, while maintaining the fiscal records and financial management systems of the County. The Finance Director exercises direct supervision over the Finance Department, as well as Information Technology/Geographic Information System staff and operations.

Larry Walton has been employed with the County since 2009, first serving as the Contracts and Procurement Officer and becoming the Finance Director in 2014. Prior to joining the county, Mr. Walton worked for several years for an international non-profit organization, holding the titles of business manager, director of finance and director of financial systems. He holds a Bachelor of Arts in Business Administration from Seattle Pacific University and is currently a member of the Colorado Government Finance Officers Association and the Government Finance Officers Association.

County Attorney. The County Attorney serves as the legal advisor to the County Board as well as to all elected officials, County departments and to County Board appointed commissions and boards, as well as managing all legal affairs in which the County.

Todd Weaver has been a licensed attorney in the State for nearly 19 years and during this time has represented or worked for municipal, county, state and federal governmental bodies and agencies, including serving as a federal law clerk to Chief Judge William C. Lee and Magistrate Judge Roger Cosbey in the U.S. District Court for the Northern District of Indiana and as a state law clerk to Judge Paul Widick in the Seventh Judicial District of Minnesota. He is admitted to practice law in the State and before the U.S. District Court for the District of Colorado, the Northern District of Indiana, the Southern District of Indiana and the Seventh Circuit Court of Appeals. Todd received his Bachelor of Science from Purdue University, his Master of Science from Indiana University and his Juris Doctorate from the University of Denver-Sturm College of Law.

Employees and Benefits

The County has 162 employees, which includes 143 full-time employees, 17 part-time employees and two temporary or seasonal employees. Total compensation for full-time employees includes a benefits package of: vacation pay, which accrues on a monthly basis (full-time employees begin accruing vacation leave on the first day of employment, for up to 60 months of service 6.67 hours per month, up to 120 months of service 10.0 hours per month, over 120 months of service 13.33 hours per month); sick leave, which accrues on a monthly basis (full-time employees begin accruing sick leave on the first day of employment at 8.0 hours per month); and health, dental, vision, short- and long-term disability and life insurance. The County does not recognize or collectively bargain with any employee unions or associations.

According to County officials, employee relations are characterized as “good” and there is no evidence of any problems that would cause work stoppages.

Services Available to County Residents

The County provides a wide range of services to its residents including public safety, highways and streets, health and human services, planning, zoning, property tax assessment, property tax collection and distribution, extension service, landfill operations, airport operations, recording, and general administrative services.

Capital Improvements Plan

The County does not have a formally adopted long range capital improvement plan. Approved and appropriated budgets, including budgets for capital improvements, are only done annually, one budget year at a time. However, the County budget process includes review of various capital improvement "sub-plans," prepared (generally with professional, engineering assistance) for most of the capital intensive funds, such as:

- FAA approved AIP (Airport Improvement Plan), prepared for the County Airport
- Five Year Road Plan, prepared for Public Works
- Revenue Sufficiency Report, prepared for Solid Waste
- 10-Year Capital Replacement Schedule, prepared for Combined Dispatch

The capital costs identified within these (and other) sub-plans, are part of the data run through the County's "Long Range Financial Modeling" process. That process is used to estimate the effect of current year decisions on future resources and budgets and to estimate the expected drain on County resources of possible future events, such as large capital projects. This information has been folded into the County Long Range (Comprehensive) Financial Modeling process, in order to test the reasonableness of the intended plans, in light of the best available assumptions. All of the intended plans "work" in the system.

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For the next five years, the following capital expenditures have been identified and quantified, as well as the resources needed to cover them, including a portion of the proceeds of the Certificates:

Five Year Estimated Capital Improvement Costs

Fund	Description	Estimated Costs	Source of Revenue
2020			
General	Capital Contingency	$ 100,000	Property & Sales Tax
Road & Bridge	Target Investment Road Capital Imp.	1,800,000	Property & Sales Tax; Fund Balance
Combined Dispatch	CAD Workstation	5,722	Intergovernmental Revenue
Justice System Capital	Detention Center Lease Purchase Payment	840,000	Fund Balance
Solid Waste	Compactor-Lease/Purchase Financing	32,589	Fee Revenue
Solid Waste	Heavy Equipment Rebuilds	165,000	Fee Revenue
Solid Waste	Cell 4-B Construction	2,494,238	Fund Balance and Fee Revenue
Fleet	Target Investment in Fleet Replacements	500,000	Fee Revenue; some Fund Balance
Total 2020		5,937,549	
2021			
General	Capital Contingency	100,000	Property & Sales Tax
Road & Bridge	Target Investment Road Capital Imp.	1,800,000	Property & Sales Tax; Fund Balance
Justice System Capital	Detention Center Lease Purchase Payment	840,000	Fund Balance
Solid Waste	Compactor-Lease/Purchase Financing	32,589	Fee Revenue
Fleet	Target Investment Fleet Replacements	500,000	Fee Revenue; some Fund Balance
Total 2021		3,272,589	
2022			
General	Capital Contingency	100,000	Property & Sales Tax
Road & Bridge	Target Investment Road Capital Imp.	1,800,000	Property & Sales Tax; Fund Balance
Combined Dispatch	CAD Server, Hardware, Software	42,507	Intergovernmental Revenue
Justice System Capital	Detention Center Lease Purchase Payment	840,000	Fund Balance; Property & Sales Tax
Solid Waste	Compactor-Lease/Purchase Financing	32,589	Fee Revenue
Airport	Pavement Maintenance	500,000	Intergovernmental Revenue; Fund Balance
Fleet	Target Investment Fleet Replacements	500,000	Fee Revenue; some Fund Balance
Total 2022		3,815,096	
2023			
General	Capital Contingency	100,000	Property & Sales Tax
Road & Bridge	Target Investment Road Capital Imp.	1,800,000	Property & Sales Tax; Fund Balance
Combined Dispatch	Radio Consoles; Hardware	28,154	Intergovernmental Revenue
Justice System Capital	Detention Center Lease Purchase Payment	840,000	Fund Balance; Property & Sales Tax
Solid Waste	Vehicle Replacement	50,000	Fee Revenue
Fleet	Target Investment Fleet Replacements	500,000	Fee Revenue; some Fund Balance
Total 2023		3,318,154	
2024			
General	Capital Contingency	100,000	Property & Sales Tax
Road & Bridge	Target Investment Road Capital Imp.	1,800,000	Property & Sales Tax; Fund Balance
Combined Dispatch	PBX Switch	12,601	Intergovernmental Revenue
Combined Dispatch	Radio Consoles, Hardware	28,717	Intergovernmental Revenue
Justice System Capital	Detention Center Lease Purchase Payment	840,000	Fund Balance
Solid Waste	Caterpillar D6R	450,000	Fee Revenue; Fund Balance
Solid Waste	Compactor	450,000	Fee Revenue; Fund Balance
Solid Waste	Chevrolet 2500 HD	45,000	Fee Revenue
Fleet	Target Investment Fleet Replacements	200,000	Fee Revenue; some Fund Balance
Total 2024		3,926,318	
Five Year Total Estimated Costs		$20,269,706	

Source: Archuleta County

Other projects are under consideration, but have not been quantified or scheduled, including: (i) the renovation of an existing facility or the construction of a new facility for the Courts; (ii) temporary housing for Sheriff's Offices; and (iii) a new location for the Department of Human Services. Significant grant funding is available for the most expensive of these projects (the Court facility renovation). No new debt is contemplated at this time.

COUNTY FINANCIAL INFORMATION

Accounting Policies

The accounts of the County are organized on the basis of funds and account groups. Such funds are segregated for the purpose of accounting for the operation of specific activities or attaining certain objectives. For a description of the various funds and account groups, see the County's 2017 audited financial statements appended hereto. Financial operations are accounted for by the County's finance department. In accordance with Title 29, Article 1, Part 6, Colorado Revised Statutes, an annual audit is required to be made of the County's financial statements at the end of the fiscal year. The audited financial statements must be filed with the County Board within six months after the end of the fiscal year and with the State auditor 30 days thereafter. Failure to file an audit report may result in the withholding of the County's property tax revenues by the County Treasurer pending compliance.

The County's audit for the year ended December 31, 2017 was performed by ACM LLP, Greeley, Colorado, and is appended hereto. Such financial statements represent the most current audited financial information available from the County.

Failure to Record Contributions. Between January 1, 2013 and December 31, 2017, an employee(s) of the County Sheriff's department obtained significant contributions of equipment and supplies, with an estimated value in excess of $1,600,000 dollars (at no cost to the County or to the County Sheriff's department), some of which items were not reported to the County and are yet to be accounted for in the appropriate County inventories. The 2017 audit included adjustments to reflect the receipt of the assets, and the write off of the same (as a loss, due to misappropriation). A recently concluded investigation by the Colorado Bureau of Investigation found no criminal wrongdoing. However, the Board of County Commissioners may open additional investigations. The County is unable to determine the eventual outcome of the investigations, or if any assets will ultimately be recovered. Any asset recovered will be recoded at fair value of the asset at the time of recovery. The County did not budget for, and was in no way anticipating, the receipt of the items and therefore this issue did not affect the County's financial health and it does not affect the future financial operations of the County. However, it caused the delay of the publication of the 2017 audited financial statements. See Note 2 to the County's 2017 audited financial statements attached hereto.

Major Sources of County Revenue

The County receives revenues from a variety of sources. The majority of revenues in the General Fund in 2018 were derived from ad valorem property taxes, sales and use taxes, charges for services and intergovernmental. These sources of revenue are applied to County operations and maintenance, capital expenditures and debt service repayment. Additional property tax revenue, sales tax revenue, intergovernmental and other revenue is deposited into special revenue funds of the County. The expenditure of certain of this revenue, or portions thereof, may be subject to restricted uses.

Ad Valorem Property Taxes. The largest source of revenue to the County's General Fund is property taxes levied pursuant to State law. In 2017, the County received $3,812,577 or approximately 31.45% of total General Fund revenue, has received in 2018 $3,892,932 (unaudited) or approximately 30.48% of total General Fund revenues from ad valorem property taxes, and has budgeted in 2019 to receive $4,070,103 or approximately 34.76% of total General Fund revenues from ad valorem property taxes. See "—Ad Valorem Property Taxes" below.

Sales and Use Taxes. Another of the largest sources of revenue to the County's General Fund is sales and use tax. In 2017, the County received $2,629,159 or approximately 21.69% of total General Fund revenue, and has received in 2018 $2,757,717 (unaudited) or approximately 21.59% of total General Fund revenues from sales and use taxes, and has budgeted in 2019 to receive $2,736,672 (which amount includes $211,000 from the County's lodging tax, which is accounted as use tax) or approximately 23.38% of total General Fund revenues from sales taxes. See "—Sales and Use Taxes" below.

Charges for Services. In 2017 the County received $1,903,866 or approximately 15.71% of total General Fund revenue from charges for services. The County has received approximately $1,812,362 (unaudited) or approximately 14.19% of total General Fund revenue from charges for services in 2018. The County has budgeted to receive $2,028,346 or approximately 17.33% of total General Fund revenues from such source in 2019. See "—Charges for Service Revenue" below.

Intergovernmental. In 2017 the County received $2,006,123 or approximately 16.55% of total General Fund revenue from intergovernmental revenues. The County has received approximately $1,968,562 (unaudited) or approximately 15.41% of total General Fund revenue from intergovernmental revenues in 2018. The County has budgeted to receive $1,054,035 or approximately 9.00% of total General Fund revenues from such source in 2019.

Ad Valorem Property Taxes

General. The County Board has the power, subject to constitutional and statutory guidelines, to certify a levy for collection of ad valorem taxes against all taxable property within the County. Property taxes are uniformly levied against the assessed valuation of all taxable property within the County. The property subject to taxation, the assessment of such property, and the property tax procedure and collections are discussed below.

Property Tax Reduction for Senior Citizens and Disabled Veterans. On November 7, 2000 and November 7, 2006, respectively, the electors of the State approved Referendum A and Referendum E, constitutional amendments granting a property tax reduction to qualified senior citizens and qualified disabled veterans. Generally, the reduction (a) reduces property taxes for qualified senior citizens and qualified disabled veterans by exempting 50% of the first $200,000 of actual value of residential property from property taxation; (b) requires that the State reimburse all local governments for any decrease in property tax revenue resulting from the reduction; and (c) excludes the State reimbursement to local governments from the revenue and spending limits established under Article X, Section 20 of the State Constitution.

Property Subject to Taxation. Both real and personal property located within the boundaries of the County, unless exempt, are subject to taxation by the County. Exempt property generally includes property of the United States of America; property of the State and its political subdivisions; public libraries; public school property; charitable property; religious property; irrigation ditches, canals and flumes; household furnishings; personal effects; intangible personal property; inventories of merchandise and materials and supplies which are held for consumption by a business or are held primarily for sale; livestock; agricultural and livestock products; agricultural equipment which is used on the farm or ranch in the production of agricultural products; and nonprofit cemeteries.

Assessment of Property. All taxable property is listed, appraised and valued for assessment as of January 1 of each year by the County Assessor. The "actual" value, with certain exceptions, is determined by the County Assessor annually based on a biennially recalculated "level of value" set on January 1 of each odd-numbered year. The "level of value" is ascertained for each two-year reassessment period from manuals and associated data prepared and published by the State property tax administrator for the eighteen-month period ending on the June 30 immediately prior to the beginning of each two-year reassessment period. For example, "actual" values for the 2017 levy/2018 collection year as well as the 2018 levy/2019 collection year are based on market data obtained from the period January 1, 2015–June 30, 2016. The "level of value" calculation does not change for even-numbered years. The classes of property the "actual" value of which is not determined by a level of value include oil and gas leaseholds and lands, producing mines and other lands producing nonmetallic minerals.

The assessed value of taxable property is then determined by multiplying the "actual" value (determined as described in the immediately preceding paragraph) times an assessment rate. The assessment rate for commercial property (including vacant and undeveloped lots) is fixed at 29%. The assessment rate of residential property is subject to change in odd-numbered years for the ensuing two-year assessment period based on a constitutionally mandated requirement to keep the ratio of the assessed value of commercial property to residential property at the same level as it was in the property tax year commencing January 1, 1985 (the "Gallagher Amendment"). The Gallagher Amendment requires that the total assessed value of residential property in the State must be approximately 45% of the total amended value of all taxable property in the State, with commercial and other assessed values making up the other 55% of the assessed value in the State. In order to maintain this 45% to 55% ratio, the assessment rate on commercial property (including vacant and undeveloped lots) is fixed at 29% and the residential assessment rate fluctuates. The residential rate was 7.96% from the 2003 levy year through the 2016 levy year. In 2017 the State Legislature approved a change of the residential rate to 7.20% for levy year 2017 (collection year 2018) and levy year 2018 (collection year 2019). Pursuant to Senate Bill 19-255, which is expected to be signed into law by the Governor of the State by or shortly after the date of this Official Statement, the residential assessment ratio was lowered from 7.20% to 7.15% for levy years 2019 and 2020 (collection years 2020 and 2021). In the 2021 legislative session, the residential assessment ratio will be reconsidered.

Section 39-1-104.2(5), C.R.S., states that, commencing January 1, 1989, for each year in which there is a change in the level of value used in determining actual value, the Colorado General Assembly shall by law adjust the assessment rate of residential property so that the percentage of aggregate statewide valuation for assessment which is attributable to residential real property equals the target percentage (which is described in the preceding paragraph). Such statute further provides that the residential assessment rate shall be based on a documented estimate of the total valuation for assessment of all taxable property in the State and that a documented estimate study is to be completed by the Division of Property Taxation of the Colorado Department of Local Affairs (the "Division of Property Taxation").

Assessment Appeals. Beginning in May of each year each county assessor hears taxpayers' objections to property valuations, and the County Board of equalization hears assessment appeals. The assessor is required to complete the assessment roll of all taxable property no later than August 25 each year. The abstract of assessment prepared therefrom is reviewed by the State property tax administrator. Assessments are also subject to review at various stages by the State board of equalization, the State board of assessment appeals and the State courts. Therefore, the County's assessed valuation may be subject to modification as a result of the review of such entities. In the instance of the erroneous levy of taxes, an abatement or refund must be authorized by the County Board; and in no case will an abatement or refund of taxes be made unless a petition for abatement or refund is filed within two years after January 1 of the year following the year in which the taxes were levied. Refunded or abated taxes are prorated among all taxing jurisdictions which levied a tax against the property.

Taxation Procedure. The assessed valuation and statutory "actual" valuation of taxable property within the County is required to be certified by the County Assessor to the County Board no later than August 25 each year. Such value is subject to recertification by the County Assessor prior to December 10. The County Board then determines a rate of levy which, when levied upon such certified assessed valuation, and together with other legally available revenues, will raise the amount required annually by the County for its General Fund and Certificate Redemption Fund to defray its expenditures during the ensuing fiscal year. In determining the rate of levy, the County Board must take into consideration the limitations on certain increases in property tax revenues as described in "COUNTY FINANCIAL INFORMATION—Constitutional Amendment Limiting Taxes and Spending" and "—Historical and Budgeted General Fund Financial Information—*Budget and Appropriation Procedure*." The Board must certify the County's levy to no later than December 15.

Upon receipt of the tax levy certification of the County and other taxing entities within the County, the County Board levies against the assessed valuation of all taxable property within the County the applicable property taxes. Such levies are certified by the County Board to the County assessor, who thereupon delivers the tax list and warrant to the County treasurer for the collection of taxes.

Property Tax Collections. Taxes levied in one year are collected in the succeeding year. Taxes certified in 2018, for example, will be collected in 2019. Taxes are due on January 1 in the year of collection; however, they may be paid in either one installment (not later than the last day of April) or two equal installments (not later than the last day of February and June 15) without interest or penalty. Taxes which are not paid within the prescribed time bear interest at the rate of 1% per month until paid. Unpaid amounts and the accrued interest thereon become delinquent on June 16 of the collection year. The County Treasurer collects current and delinquent property taxes, as well as any interest, penalties, and other requirements and remits the amounts collected on behalf of the County to the County on a monthly basis.

All taxes levied on real and personal property, together with any interest and penalties prescribed by law, as well as other costs of collection, until paid, constitute a perpetual lien on and against the taxed property. Such lien is on a parity with the liens of other general taxes. It is the County Treasurers' duty to enforce the collection of delinquent real property taxes by sale of the tax lien on such realty in December of the collection year and of delinquent personal property taxes by the distraint, seizure and sale of such property at any time after October 1 of the collection year. There can be no assurance, however, that the value of taxes, penalty interest and costs due on the property can be recovered by the county treasurer. Further, the treasurer may set a minimum total amount below which competitive bids will not be accepted, in which event property for which acceptable bids are not received will be set off to the county. Taxes on real and personal property may be determined to be uncollectible after a period of six years from the date of becoming delinquent and canceled by the County Commissioners.

Ad Valorem Property Tax Data. The County's historical mill levies and assessed valuation from levy year 2013 to date are set forth in the following tables. See "—Ad Valorem Property Taxes—*Assessment of Property*" above for a description of the assessment ratios for taxable property used in each of such years. See also"—Constitutional Amendment Limiting Taxes and Spending" below.

The following table sets forth the County's history of property tax mill levies, assessed valuation and property tax collections.

TABLE II
County's Historical Mill Levies

Levy Year / **Collection Year**	**2013** / **2014**	**2014** / **2015**	**2015** / **2016**	**2016** / **2017**	**2017** / **2018**	**2018** / **2019**
General Fund:						
General	14.586	12.763	12.763	12.763	12.763	12.763
Road and Bridge	2.735	4.558	4.558	4.558	4.558	4.558
Public Welfare	0.912	0.912	0.912	0.912	0.912	0.912
Abatement:						
General	0.131	0.083	0.096	0.046	0.025	0.065
Total	18.364	18.316	18.329	18.279	18.258	18.298

Sources: State of Colorado, Colorado Department of Local Affairs, Division of Property Taxation, *2013-2017 State of Colorado Property Tax Annual Reports;* and the County

TABLE III
History of County's Assessed Valuation

Levy/Collection Year	**Assessed Valuation**	**Increase (Decrease)**	**Percent Change**
2013/2014	$289,044,330	--	--
2014/2015	299,622,220	$10,577,890	3.66%
2015/2016	308,505,520	8,883,300	2.96
2016/2017	296,786,260	(11,719,260)	(3.80)
2017/2018	309,077,370	12,291,110	4.14
2018/2019	311,147,760	2,070,390	0.67

Sources: State of Colorado, Colorado Department of Local Affairs, Division of Property Taxation, *2013-2017 State of Colorado Property Tax Annual Reports;* and the County

TABLE IV
History of County's Property Collections

Levy/Collection Year	Total Taxes Levied [1]	Property Tax Collections	Percent of Collections To Levy
2013/2014	$5,308,010	$5,209,842	98.15%
2014/2015	5,487,881	5,393,676	98.28
2015/2016	5,654,598	5,547,874	98.11
2016/2017	5,424,956	5,313,016	97.94
2017/2018	5,643,135	5,450,740	96.59
2018/2019 [2]	5,693,382	2,653,980	46.62

[1] Net of adjustments. Includes only property tax revenue. Does not include abatements, delinquent tax, interest, etc.
[2] According to County officials, as of March 31, 2019.
Source: The County

The following table sets forth the 2018 assessed and "actual" valuations of specific classes of property within the County. As shown below, state assessed properties account for the largest percentage of the assessed valuation and will accordingly account for the largest percentage of ad valorem property taxes levied by the County.

TABLE V
2018 Assessed and "Actual" Valuation of Classes of Property in the County

Class	Assessed Valuation	Percent of Assessed Valuation	"Actual" Valuation	Percent of "Actual" Valuation
Residential	$171,258,400	55.04%	$2,378,588,889	84.05%
Commercial	52,147,500	16.76	179,818,966	6.35
Vacant	48,313,430	15.53	166,598,034	5.89
Oil and Gas	13,441,220	4.32	15,361,394	0.54
State Assessed	9,664,600	3.11	33,326,207	1.18
Agricultural	8,259,440	2.65	28,480,828	1.01
Natural Resources	6,548,290	2.10	22,580,310	0.80
Industrial	1,514,880	0.49	5,223,724	0.18
Total	$311,147,760	100.00%	$2,829,978,352	100.00%

Source: County Assessor's Office

2018 Largest Taxpayers. Set forth in the following table are the ten largest taxpayers for the 2018 levy year (2019 collection year) as provided by the County Assessor's Office. A determination of the largest taxpayers within the County can be made only by manually reviewing individual tax records. Therefore, it is possible that owners of several small parcels may have an aggregate assessment in excess of those set forth in the following table. Furthermore, the taxpayers shown in the table may own additional parcels within the County. No independent investigation has been made of and no representation is made herein as to the financial condition of any of the taxpayers listed below or that such taxpayers will continue to maintain their status as major taxpayers in the County.

TABLE VI
2018 Largest Property Taxpayers Within the County

Name	2018 Total Assessed Valuation	Percent of Total Assessed Valuation [1]
BP America, Inc.	$6,632,010	2.13%
Southland Royalty Company LLC	5,871,650	1.89
La Plata Electric Association, Inc.	5,037,120	1.62
EPR Springs Holdings LLC	3,687,670	1.19
Red Cedar Gathering Company	3,371,060	1.08
Wyndham Vacation Resorts, Inc.	3,182,570	1.02
Walmart	2,656,490	0.85
CenturyTel of Colorado	1,786,600	0.57
Red Willow Production Company	1,703,900	0.55
City Market, Inc. [2]	1,506,430	0.48
Total	$35,435,500	11.39%

[1] The 2018 total assessed value figure of the County used in computing the above is $311,147,760.
[2] Includes Dillon Real Estate which is the real property portion of City Market.
Source: County Assessor's Office

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Overlapping Mill Levies. Numerous entities located wholly or partially within the County are authorized to levy taxes on property located within the County. According to the Archuleta County assessor's Office, there are currently 20 entities overlapping all or a portion of the County. As a result, property owners within the County are currently subject to various levies depending upon the location of their property. The following table is representative of sample total 2018 mill levies (for payment in 2019) attributable to taxpayers within the County and are not intended to portray the mills levied against all properties within the County. Additional taxing entities may overlap the County in the future. See also "COUNTY DEBT STRUCTURE."

TABLE VII
Sample Total 2018 Mill Levy

Taxing Entity	2018 Mill Levy [1]
Alpha-Rock Ridge Metropolitan District	10.000
Archuleta School District 50 JT	29.700
Pagosa Area Water & Sanitation District 2	5.699
Pagosa Fire Protection District	7.865
San Juan Water Conservancy District	0.316
Southwest Water Conservancy District	0.407
Upper San Juan Health Services District	3.897
Upper San Juan Library District	1.505
Sample Overlapping Mill Levy	59.389
The County	18.298
Sample Total Mill Levy	77.687

[1] One mill equals 1/10 of one cent. Mill levies certified in 2018 are for the collection of ad valorem property taxes in 2019.
Source: County Assessor's Office

Sales and Use Taxes

The sales tax is imposed pursuant to Part 1 of Article 2 of Title 29, Colorado Revised Statutes, as amended (the "Sales Tax Act"). The Sales Tax Act provides that a County-wide sales tax can be adopted only if it has been approved by a majority of the registered electors of the County. According to the Colorado Department of Revenue, History of Local Sales/Use Taxes, the County's initial County-wide sales tax was approved at a rate of 1.0% by the voters of the County at a special election held on November 5, 1969. At the November 6, 1983 election, County electors approved an increase in the County's sales tax rate by 1.0%, with such sales tax becoming effective on January 1, 1984. At the November 8, 1988 election, County electors approved an increase in the County's sales tax by 2.0% with 1.0% of such increase for the County Jail and 1.0% for Pagosa Springs Capital Improvements. Such sales tax became effective on January 1, 1989, with a seven year sunset provision. At the November 8, 1994 election, County electors approved an extension of the 1988 sales tax increase for an additional seven years with the County's portion directed to the Road Capital Improvement Fund. At the November 6, 2001 election, County electors approved another seven year extension. At the November 4, 2008 election, County electors extended indefinitely the 4.0% sales tax approved in 1988.

The County currently collects a 4% sales tax, with 2% which has historically been allocated 50% to the General Fund and 50% to the Road & Bridge Fund for capital expenditures, and the other 2% going to the Town. On December 8, 2014, the Federal government made effective a revised rule titled "Policy and Procedures Concerning the Use of Airport Revenue; Proceeds from Taxes on Aviation Fuel." Under the new rule, sales tax generated by the sale of aviation fuel must be used to support aviation related activities. The rule was required to be implemented no later than Dec. 8, 2017, but early adoption was strongly encouraged. The County complied with the rule in 2016, ahead of the requirement. As a result of this compliance, the airport related part of collected sales tax is allocated directly to the Airport Fund. The balance of the collected sales tax is allocated 50% to the General Fund and 50% to the Road & Bridge fund, as in prior years.

Pursuant to the Sales Tax Act, the County's sales tax is imposed upon all sales and purchases of tangible personal property at retail or the furnishing of services which are subject to the State sales tax, and, is subject to most of the same exemptions applicable to the State sales tax. In accordance with the sales tax resolutions authorizing the sales tax (the "Sales Tax Resolutions") and Section 39-26-104, Colorado Revised Statutes, as amended, the sales tax is collected and paid on the purchase price paid or charged upon all sales and purchases of tangible property at retail; in the case of retail sales involving the exchange of property, on the purchase price paid or charged, including the fair market value of the property exchanged at the time and place of the exchange, excluding, however, from the consideration or purchase price the fair market value of the exchanged property if such exchanged property is to be sold thereafter in the usual course of the retailer's business, or such exchanged property is a vehicle and is exchanged for another vehicle and both vehicles are subject to licensing, registration or certification under the laws of the State, including, but not limited to, vehicles operating upon public highways, off highway recreation vehicles, watercraft and aircraft; on telephone and telegraph services, whether furnished by public or private corporations or enterprises, for all intrastate telephone and telegraph service; for gas and electric service, whether furnished by municipal, public or private corporations or enterprises for gas and electricity furnished and sold for commercial consumption and not for resale, and upon steam when consumed or used by the purchaser and not resold in original form whether furnished or sold by municipal, public or private corporations or enterprises; on the purchase price paid for food or drink served or furnished in or by restaurants, cafes, lunch counters, cafeterias, hotels, drugstores, social clubs, nightclubs, cabarets, resorts, snack bars, caterers, carryout shops and other like places of business at which prepared food or drink is regularly sold, including sales from pushcarts, motor vehicles and other mobile facilities. Cover charges shall be included as part of the amount paid for such food or drink; and on the entire amount charged to any person for rooms or accommodations, as defined by statute.

Part 7 of Article 26 of Title 39, Colorado Revised Statutes, as amended, provides that certain transactions are exempt from state taxation. These include, but are not limited to, sales to the United States government and to the State of Colorado, its departments and institutions, and the political subdivisions of the state in their governmental capacities; sales to charitable organizations in the conduct of their charitable functions and activities; sales which the County is prohibited from taxing under the Constitution or laws of the United States or the State of Colorado; sales of cigarettes; sales of prescription drugs, prosthetic devices, wheelchairs, hospital beds, corrective eyewear, hearing aids and certain physician recommended therapeutic devices and appliances; sales of commodities and services to the occupants of certain accommodations; sales to nonprofit schools; sales of trailers and trucks manufactured in the State but sold for use outside the State; sales of construction and building materials to a common carrier by rail for use in construction and maintenance of its railroad tracks; sales of special fuel for farm vehicles; sales of certain articles to retailers or vendors of food, meals or beverages, including bags and other containers, if a separate charge is not made to the consumer therefore, the article becomes the property of the consumer together with the food, meals or beverages, and if a tax is paid on the retail sale of such food, meals or beverages, which articles; sales of construction and building materials sold to contractors for the construction of certain public works; sales of aircraft used or purchased for use in interstate commerce by a commercial airline; sales of tangible personal property that is to be permanently affixed or attached as a component part of an aircraft; sales of certain poultry and livestock, feed therefore, and straw and other bedding for use in the care thereof, feeds and orchard trees; 48% of the purchase price of factory built housing; sales of food purchased with food stamps or with specified federal funds; and sales of precious metal bullion and coins which are substantially equivalent to transactions in securities or commodities through a national securities or commodities exchange. Reference is made to Part 7 of Article 26 of Title 39, Colorado Revised Statutes, as amended, for a complete listing of exemptions from the sales tax. In addition, gross receipts from sales subject to the sales tax will include delivery charges when such charges are subject to the State sales and use tax, regardless of the place to which delivery is made. The Sales Tax Resolutions exempt most, but not all of the transactions listed in this paragraph from taxation by the County.

As permitted by the Sales Tax Act, the Sales Tax Resolutions provide that the exemptions from the State sales tax for sales of food; sales and purchases of farm equipment or farm equipment under lease or contract; pesticides that are registered by the State Commissioner of Agriculture as set forth therein; sales of electricity, coal, gas, fuel oil or coke sold to occupants of residences; and sales of machinery or machine tools are also exempt from the County's sales tax.

The collection, administration, and enforcement of the County's sales tax is performed by the Executive Director of the Colorado Department of Revenue (the "Executive Director"), at no charge, in the same manner as the collection, administration and enforcement of the State sales tax. Except as provided by the Sales Tax Act, the provisions of Article 26 of Title 39, Colorado Revised Statutes, as amended, govern the collection, administration and enforcement of the County sales tax.

Each individual vendor in the County is liable for the amount of tax due on all taxable sales made by him. The County receives sales taxes so collected in the form of monthly distributions made to the County by the Executive Director. Sales taxes generally are distributed by the Executive Director two months after being collected by the retailer.

Sales Tax Data. Historical sales tax receipts by the County, for all funds, are set forth in the following table.

TABLE VIII
County Sales Tax Revenue Collection History [1]

Year	Total 2%County Sales Tax Revenue	Allocation to Airport Fund	Allocation to General Fund	Allocation to Road and Bridge Fund
2013	$3,344,378	--	$1,672,189	$1,672,189
2014	3,583,520	--	1,791,760	1,791,760
2015	4,228,046	--	2,114,023	2,114,023
2016	4,628,314	$ 9,377	2,309,469	2,309,468
2017	4,951,477	11,655	2,469,911	2,469,911
2018	5,132,788	30,868	2,550,960	2,550,960

[1] Includes sales tax only, no use tax, so figures are not comparable to other collections presented herein.
Source: Archuleta County

The County's 10 largest generators of the County's sales tax revenue in 2018, are set forth in the following table. The total number of vendors currently remitting Sale Tax to the County is 1,052.

TABLE IX
Ten Largest Generators of the County's Sales Tax Revenue in 2018 [1]

Business Type	Sales Tax Collected	Percent of Total Collections [2]
Retail Trade	$ 673,524	13.12%
Retail Trade	618,661	12.05
Utilities	276,158	5.38
Wholesale Trade	203,868	3.97
Retail Trade	105,472	2.06
Retail Trade	95,350	1.86
Retail Trade	74,834	1.46
Retail Trade	74,764	1.46
Accommodation and Food Services	73,518	1.43
Retail Trade	66,227	1.29
	$2,262,376	44.08%

[1] Due to the confidential nature of the gross sales of the individual entities the identity of the vendors cannot be divulged.
[2] Based on total County sales tax collections of $5,132,788 as of December 31, 2018.
Source: Archuleta County

The County's monthly breakdown of sales tax collections (all funds) for the two most recent 12-month periods is set forth in the following table.

TABLE X
Monthly Comparison of Collections of the County's Sales Tax Receipts

	12–month Period Ended December 31, 2017		12–month Period Ended December, 2018	
Month	Current Month	Year to Date [1]	Current Month	Year to Date [1]
January	$301,309	$ 301,309	$360,688	$ 360,688
February	307,248	608,557	327,339	688,027
March	374,506	983,063	409,456	1,097,483
April	327,480	1,310,543	343,489	1,440,972
May	383,195	1,693,738	389,788	1,830,760
June	502,800	2,196,538	513,971	2,344,731
July	525,468	2,722,008	530,217	2,874,948
August	517,269	3,239,275	489,861	3,364,809
September	464,795	3,704,070	464,991	3,829,800
October	401,096	4,105,166	448,733	4,278,533
November	368,287	4,473,453	381,272	4,659,805
December	478,022	4,951,475	472,985	5,132,790

[1] The year-end balance may not match such figures presented throughout this Official Statement due to rounding.
Source: Archuleta County

Factors Potentially Affecting Sales Tax Base. There are no known factors that are likely to affect the County's tax base in the foreseeable future. The County and Pagosa Springs (the only incorporated municipality in the County) have an excellent working relationship. Because the Town and County equally share sales tax, there is no incentive for either of the jurisdictions to try and "lure" a major sales tax generator to one side of a boundary. The Town and County jointly adopt key strategic priorities for the "community" as a whole and both entities have allocated funding towards the joint priorities. One development factor that separates the two jurisdictions is the fact that the Town has development impact fees and the County does not. It could be argued, however, that would only steer development to the County instead of the Town, but due to other development factors, that has not really been the case.

The County has identified the following as having a "potential" effect on the sales tax base:

Retail Marijuana. According to County officials, there are some restrictions on retail marijuana expansion, which would constrain growth in that segment of the economy within the unincorporated areas of the County. However, that segment of sales tax is less than 1% total sales tax, and the market may be nearly saturated already.

Internet Transactions. The United States Supreme Court's *South Dakota V. Wayfair, Inc., et al* decision allows for the collection of local sales tax on internet transactions, based on the destination of the purchased item. Retailers may voluntarily begin withholding (and paying) the sales tax as of December of 2018. Mandatory compliance goes into full effect by June 1, 2019. There is no history to guide the County in estimating the amount of new sales tax revenue this might generate.

Charges for Services Revenue

The County receives charges for services revenues as a large source of revenue to the County's General Fund. Charges for services include revenues based on exchange or exchange like transactions. These revenues arise from charges to customers or applicants who purchase, use or directly benefit from the goods, services or privileges provided. Revenues in this category in the General Fund include fees charged for specific services; licenses and permits, such as liquor licenses and building permits; and any other amounts charged to service recipients.

Intergovernmental Revenue

The County receives intergovernmental revenues as another large source of revenue to the County's General Fund. Intergovernmental revenues include Federal Payments in Lieu of Taxes, Federal and State grants, and grants from other political subdivisions.

Historical and Budgeted General Fund Financial Information

Set forth hereafter is a five-year comparative statement of revenues, expenditures and changes in fund balances for the County's General Fund. The following information should be read together with the County's financial statements and accompanying notes set forth in APPENDIX C to this Official Statement.

TABLE XI
History of General Fund Revenues, Expenditures and Changes in Fund Balances

	2013	2014	2015	2016	2017
Revenues					
Property and Specific Ownership Tax	$ 5,051,192	$ 4,687,700	$ 4,307,679	$ 4,371,465	$ 4,276,966
Intergovernmental	1,401,618	1,944,387	1,808,790	1,933,975	2,006,123
Sales and Use Taxes [1]	1,758,034	1,896,168	2,236,776	2,450,066	2,629,159
Licenses and Permits	397,172	481,315	492,518	501,858	546,566
Charges for Services	1,542,629	1,398,598	1,462,435	1,557,175	1,903,866
Other	282,606	490,112	404,691	950,807	524,746
Net Investment Earnings (Loss)	(18,144)	116,312	77,658	139,346	233,484
Total Revenues	10,415,107	11,014,592	10,790,547	11,904,692	12,120,910
Expenditures					
General Government	3,895,175	4,465,988	4,739,315	5,070,956	4,719,617
Public Safety	3,395,809	3,198,682	3,200,285	3,370,224	3,709,898
Health and Welfare	359,719	113,400	85,628	95,687	115,027
Highway and Streets	102,571	92,484	97,847	113,978	169,551
Economic Development	81,890	26,024	115,451	136,128	152,032
Culture and Recreation	200,656	246,466	320,467	388,753	1,221,845
Capital Outlay	371,243	314,030	120,769	--	244,806
Debt Service					
Principal Retirement	--	--	--	60,097	61,619
Interest	--	--	--	12,695	11,108
Total Expenditures	8,407,063	8,457,074	8,679,762	9,248,518	10,405,503
Excess of Revenues Over Expenditures	2,008,044	2,557,518	2,110,785	2,656,174	1,715,407
Other Financing Sources (Uses)					
Proceeds from Capital Assets	--	--	--	738,000	--
Transfers Out	(316,200)	(661,200)	(2,521,171)	(1,601,214)	(1,438,945)
Total	(316,200)	(661,200)	(2,521,171)	(863,214)	(1,438,945)
Net Change in Fund Balance	1,691,844	1,896,318	(410,386)	1,792,960	276,462
Beginning Fund Balance	7,188,345	8,880,189	10,776,507	10,366,121	12,159,081
Ending Fund Balance	$ 8,880,189	$10,776,507	$10,366,121	$12,159,081	$12,435,543

[1] Includes both sales tax and use tax, which use tax includes lodging tax.
Sources: County audited financial statements for years ended December 31, 2013-2017

Budget and Appropriation Procedure. The County's budget is prepared on a calendar year basis as required by § 29-1-101, et seq., Colorado Revised Statutes. The budget must present a complete financial plan for the County, setting forth all estimated expenditures, revenues, and other financing sources for the ensuing budget year, together with the corresponding figures for the previous fiscal year.

On or before October 15 of each year, the County's appointed budget officer must submit a proposed budget to the County Board for the next fiscal year. Thereupon notice must be published stating, among other things, that the proposed budget is open for inspection by the public and that interested electors may file or register any objection to the budget.

Before the beginning of the fiscal year, the County Board must enact an appropriation resolution which corresponds with the budget. The income of the County must be allocated in the amounts and according to the funds specified in the budget for the purpose of meeting the expenditures authorized by the appropriation resolution. County expenditures may not exceed the amounts appropriated, except in the case of an emergency or a contingency which was not reasonably foreseeable. However, in the case of an emergency or a contingency which was not reasonably foreseeable, the County Board may authorize the expenditure of funds in excess of the budget by a resolution adopted by a majority vote. If the County receives revenues which were unanticipated or unassured at the time of adoption of the budget, the County Board may authorize the expenditure thereof by adopting a supplemental budget and appropriation resolution after proper notice and a hearing thereon. The transfer of budgeted and appropriated moneys within a fund or between funds may be accomplished only in accordance with State law.

The County Board adopted the County's 2019 budget and appropriation resolution pursuant to the above described procedure and filed such budget with the State division of local government on January 31 2019.

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The following table compares the County's adopted 2018 and 2019 General Fund budgets and actual year-end unaudited results for 2018 and year-to-date unaudited results for 2019.

TABLE XII
General Fund Budget Summary and Comparison

	2018 Budget	2018 Year-End Actual (unaudited) [1]	2019 Budget	2019 Year-to-Date Actual (unaudited) [2]
Revenues:				
Property Tax	$ 4,019,286	$ 3,892,932	$ 4,070,103	$1,859,564
Sales and Use Tax [3]	2,645,607	2,757,717	2,736,672	190,557
Other Taxes	438,064	463,206	511,497	52,984
Licenses and Permits	596,955	554,013	569,689	36,146
Charges for Services	1,754,054	1,812,362	2,028,346	447,466
Intergovernmental	1,187,235	1,968,562	1,054,035	(1,909)
Interest	100,068	468,920	350,405	157,811
Miscellaneous/Other	398,950	854,065	386,750	15,776
Total Revenues	11,140,219	12,771,777	11,707,497	2,758,395
Operating Expenditures:				
General Government	5,537,884	5,490,883	5,786,407	1,252,567
Judicial & Legal	414,616	372,054	429,213	(133,975)
Public Safety	3,222,730	3,547,293	3,888,608	755,757
Recreation & Culture	388,040	304,983	358,609	313
Health & Welfare	373,634	330,540	470,972	67,980
Capital Outlay	183,463	84,542	203,958	--
Highway and Streets	--		--	--
Economic Development	--		--	--
Other Uses:				
Transfers Out	3,445,110	3,445,110	2,153,952	538,488
Debt Service	72,728	72,728	72,728	18,182
Total Expenditures	13,638,205	13,648,133	13,364,447	2,499,312
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,497,986)	(876,356)	(1,656,950)	259,083
Beginning Fund Balance	12,070,475	12,435,543	11,241,758	11,559,185
Ending Fund Balance	$ 9,572,489	$11,559,187	$ 9,584,808	$11,818,268

[1] Unaudited figures through December 31, 2018, which are subject to change during the audit process.
[2] Unaudited figures through March 31, 2019.
[3] Includes both sales tax and use tax, which consists primarily of lodging tax.
Source: County budgets and the County

Administration's Discussion of Material Trends

For a discussion of financial material trends, see the County's December 31, 2017 audited financial statements attached as APPENDIX C hereto.

Retirement Pension Plan

The County participates in a contribution pension plan offered by Colorado County Officials and Employees Retirement Association ("CCOERA"). The County contributes 4% of the compensation of each employee and each participant contributes an amount equal to the County's contribution. Participants must contribute 4% and may contribute more at their election. Plan provisions and contribution requirements are established and may be amended by the County Board. For the year ended December 31, 2017, the County contributions were $264,333.

In addition, the County offers a voluntary deferred compensation plan created in accordance with Internal Revenue Code 457(f). The plan permits employees to defer a portion of their salaries until future years. The deferred amount is not available to employees until termination, retirement, death or unforeseeable emergencies. For this plan, the County makes the required monthly contribution and has no other liability. The County made no contributions to the deferred compensation plan in 2017.

See Note 10 to the County's 2017 audited financial statements attached hereto.

Deposit and Investment of County Funds

State statutes set forth requirements for the deposit of County funds in eligible depositaries and for the collateralization of such deposited funds. See also Note 4 to the County's 2017 audited financial statements appended hereto. The County also may invest available funds in accordance with applicable State statutes. The investment of the proceeds of this issue also is subject to the provisions of the Federal Tax Code. See "TAX MATTERS."

Constitutional Amendment Limiting Taxes and Spending

On November 3, 1992, Colorado voters approved an amendment to the Colorado Constitution, which is commonly referred to as the Taxpayer's Bill of Rights, or TABOR, and now constitutes Section 20 of Article X of the Colorado Constitution. TABOR imposes various limits and new requirements on the State and all State local governments which do not qualify as "enterprises" under TABOR (each of which is referred to in this section as a "governmental unit"). Any of the following actions, for example, now requires voter approval in advance: (a) any increase in a governmental unit's spending from one year to the next in excess of the rate of inflation plus a "growth factor" based on (i) for the State, the percentage change in State population, (ii) for a school district, the percentage change in student enrollment, and (iii) for any other local government, the net percentage change in actual value of all real property from construction of taxable real property improvements, minus destruction of similar improvements, and additions to, minus deletions from, taxable real property; (b) any increase in the real property tax revenues of a local governmental unit (not including the state) from one year to the next in excess of inflation plus the appropriate "growth factor" referred to in (a) above; (c) any new tax, tax rate increase, mill levy above that for the prior year, valuation for assessment ratio increase for a property class, extension of an expiring tax or a tax policy change directly causing a net tax revenue gain; and (d) except for refinancing bonded indebtedness at a lower interest rate or adding new employees to existing pension plans, creation of any multiple fiscal year direct or indirect debt or other financial obligation whatsoever without adequate present cash reserves pledged irrevocably and held for payments in all future fiscal years. Elections on such matters may only be held on the same day as a state general election, at the governmental unit's regular biennial election or on the first Tuesday in November of odd numbered years, and must be conducted in accordance with procedures described in TABOR.

Revenue collected, kept or spent in violation of the provisions of TABOR must be refunded, with interest. TABOR requires a governmental unit to create an emergency reserve of 3% of its fiscal year spending in 1995 and subsequent years. TABOR provides that "[w]hen [a governmental unit's] annual revenue is less than annual payments on general obligation bonds, pensions, and final court judgments, the [voter approval requirement for mill levy and other tax increases referred to in clause (c) of the preceding paragraph and the voter approval requirement for spending and real property tax revenue increases referred to in clauses (a) and (b) of the preceding paragraph] shall be suspended to provide for the deficiency." The preferred interpretation of TABOR shall, by its terms, be the one that reasonably restrains most the growth of government.

De-Brucing. The voters of the County passed a ballot issue in 1999 which removed the TABOR restriction on all revenues (except property tax) and authorized the County to collect, retain, spend, or reserve for growth related issues, all excess revenues and other funds collected during 1999 and each subsequent year thereafter, from any source, other than that generated by the County mill levy, notwithstanding any TABOR restrictions.

Risk Management

The County is exposed to various risks of loss related to property and casualties. The County joined with other counties in Colorado to form the Colorado Counties Casualty and Property Pool ("CAPP"), a public entity risk pool operating as a common risk management and insurance program for member counties. The County pays an annual contribution to CAPP for property and casualty insurance coverage. The pool purchases additional insurance through commercial companies for members' claims in excess of a specified self-insured retention that is determined each policy year.

The County is exposed to various risks of loss related to injuries of employees while on the job. With other counties in Colorado, the County formed the Colorado Workers' Compensation Pool ("CWCP"), a public entity risk pool 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 pool purchases additional insurance through commercial companies for members' claims in excess of a specified self-insured retention that is determined each policy year.

See Note 12 to the County's 2017 audited financial statements attached hereto.

COUNTY DEBT STRUCTURE

According to County officials, other than the Certificates, it is not anticipated that the County will incur additional debt in the near future.

Pursuant to Section 31-15-302(1), C.R.S., the total amount of indebtedness may not at any time exceed 3.0% of the actual value, as determined by the assessor, of the taxable property in the County, except such debt as may be incurred in supplying water.

Required Elections

TABOR requires that, except for refinancing bonded debt at a lower interest rate, the County must have voter approval in advance for the creation of any multiple-fiscal year direct or indirect County debt or other financial obligation whatsoever without adequate present cash reserves pledged irrevocably and held for payments in all future fiscal years. For a discussion of TABOR, see "COUNTY FINANCIAL INFORMATION—Constitutional Amendment Limiting Taxes and Spending."

General Obligation Debt

Authorized but Unissued General Obligation Debt. The County does not have any authorized or outstanding general obligation debt as of the date of this Official Statement, nor does the County anticipate any in the near future.

Estimated Overlapping General Obligation Debt. Certain public entities wholly or partially overlapping the County are authorized to incur general obligation debt, and to the extent that properties within the County are also within such overlapping public entities, such properties will be liable for an allocable portion of such debt. For purposes of this Official Statement, the percentage of each entity's outstanding debt chargeable to County property owners is calculated by comparing the assessed valuation of the portion overlapping the County to the total assessed valuation of the overlapping entity. The following table sets forth the estimated overlapping general obligation debt chargeable to properties within the County as of the date of this Official Statement.

The County is not responsible for payment of any of the indebtedness shown in the following table. Although the County has attempted to obtain accurate information as to the outstanding debt of the entities which overlap the County, it does not warrant its completeness or accuracy as there is no central reporting entity which is responsible for compiling this information.

TABLE XIII
Estimated Overlapping General Obligation Debt

Overlapping Entity [1]	General Obligation Debt	Net Outstanding General Obligation Debt Chargeable to Properties Within the County	
		Percent	Amount
Archuleta School District No. 50 JT	$ 2,245,000	99.23%	$ 2,227,714
Bayfield School District No. 10 JT-R	41,378,000	0.29	119,996
Ignacio School District 11 JT	32,446,686	9.48	3,075,946
Pagosa Area Water and Sanitation District	2,770,000	100.00	2,770,000
Pagosa Area Water and Sanitation District Sewer Subdistrict	1,390,000	100.00	1,390,000
Upper Pine River Fire Protection District	2,137,576	0.18	3,848
Upper San Juan Health Service District	9,330,000	97.97	9,140,601
Total			$18,728,105

[1] Other entities overlap the County; however such other entities do not currently have any outstanding general obligation debt, and therefore are not listed in this table. See "COUNTY FINANCIAL INFORMATION—Ad Valorem Property Tax Data—*Overlapping Mill Levies*."
Sources: County Assessor 2018 Abstract and individual entities

Current Debt Ratios. The County currently does not have any outstanding general obligation debt, therefore no debt ratios have been included herein.

Revenue Obligations

The County has the power to issue revenue bonds, subject to the election requirements described above in "—Required Elections." As of the date of this Official Statement, the County does not have any outstanding revenue obligations.

Leases and Other Financial Obligations

The County has the authority (i) to enter into types of financial obligations which do not extend beyond the current fiscal year and (ii) to enter into installment or lease option contracts, subject to annual appropriation, for the purchase of property or capital equipment without prior electoral approval as described above in "—Required Elections."

Certificates of Participation. Upon issuance, the Certificates will represent the County's only outstanding certificate of participation obligations.

Capital Leases. As of the date of this Official Statement, the County had the following capital lease outstanding:

2012 Capital Lease Payable. During 2012, the County entered into a $5,206,717 capital lease payable to defease the 2010 capital lease by placing the proceeds of the new capital lease totaling $5,132,543 (after payment of $74,464 in debt issuance costs), in an irrevocable trust to provide for all future debt payments of the defeased debt. Accordingly the trust assets and liabilities for the defeased debt is not included in the County's financial statements. The County refunded the 2010 capital lease to reduce its total debt service payments. The capital lease payable to Colorado Business Bank, is payable in quarterly installments of $125,093, at 2.5% interest. Final payment is due in 2023. Collateral includes the County courthouse, road and bridge equipment and vacant land. These assets are recorded in the capital assets of the government-wide financial statements at $1,071,814, less accumulated depreciation of $753,476 at December 31, 2018. The lease payments will be made from the Road and Bridge and General Funds, with a December 31, 2018, the balance outstanding was $2,344,339.

2017 Capital Lease Payable. On August 24, 2017, the County entered into a $148,400 government equipment lease purchase agreement for the acquisition of a Caterpillar 816K Landfill Compactor. The capital lease is payable in annual installments of $32,589 at 3.129% interest, with the final payment being due in 2022. At December 31, 2018, the principal balance outstanding was $120,464.

Note Payable. In 2014, the County, along with the Town, the Pagosa Fire Protection District and Upper San Juan Health Service District, jointly and severally refunded its 2011 note payable and entered into a $357,478 promissory note payable to the Bank of the San Juans, payable in monthly payments of $4,805 at 3.5% interest. The final payment is due in 2021. At December 31, 2018, the principal balance outstanding was $124,588.

LEGAL MATTERS

Sovereign Immunity

The Colorado Governmental Immunity Act, Title 24, Article 10, C.R.S. (the "Immunity Act"), provides that, with certain specified exceptions, sovereign immunity acts as a bar to any action against a public entity, such as the County, for injuries which lie in tort or could lie in tort. The Immunity Act provides that sovereign immunity is waived by a public entity for injuries occurring as a result of certain specified actions or conditions, including: the operation of a non-emergency motor vehicle owned or leased by the public entity; the operation of any public hospital, correctional facility or jail; a dangerous condition of any public building; certain dangerous conditions of a public highway, road or street; and the operation and maintenance of any public water facility, gas facility, sanitation facility, electrical facility, power facility or swimming facility by such public entity. In such instances, the public entity may be liable for injuries arising from an act or omission of the public entity, or an act or omission of its public employees, which are not willful and wanton, and which occur during the performance of their duties and within the scope of their employment.

The maximum amounts that may be recovered under the Immunity Act, whether from one or more public entities and public employees, are as follows: (a) for any injury to one person in any single occurrence, the sum of $350,000 for claims accruing before January 1, 2018, or the sum of $387,000 for claims accruing on or after January 1, 2018, and before January 1, 2022; (b) for an injury to two or more persons in any single occurrence, the sum of $990,000 for claims accruing before January 1, 2018, except in such instance, no person may recover in excess of $350,000; or the sum of $1,093,000 for claims accruing on or after January 1, 2018, and before January 1, 2022, except in such instance, no person may recover in excess of $387,000. These amounts increase every four years pursuant to a formula based on the Denver-Boulder-Greeley Consumer Price Index, with the first such increase to occur on or before January 1, 2018. The governing board of a public entity may increase any maximum amount that may be recovered from the public entity for certain types of injuries. However, a public entity may not be held liable either directly or by indemnification for punitive or exemplary damages unless the applicable entity voluntarily pays such damages in accordance with State law.

The County has not acted to increase the damages liability limitations in the Immunity Act. Suits against both the County and a public employee do not increase such maximum amounts which may be recovered. The County may not be held liable either directly or by indemnification for punitive or exemplary damages. In the event that the County is required to levy an ad valorem property tax to discharge a settlement or judgment, such tax may not exceed a total of ten (10) mills per annum for all outstanding settlements or judgments.

The County may be subject to civil liability and damages including punitive or exemplary damages and it may not be able to claim sovereign immunity for actions founded upon various federal laws, or other actions filed in federal court. Examples of such civil liability include suits filed pursuant to 42 U.S.C. Section 1983 alleging the deprivation of federal constitutional or statutory rights of an individual. In addition, the County may be enjoined from engaging in anti-competitive practices which violate the antitrust laws. However, the Immunity Act provides that it applies to any State court having jurisdiction over any claim brought pursuant to any federal law, if such action lies in tort or could lie in tort.

Pending and Threatened Litigation

The County Attorney states that, as of the date hereof, to the best of his knowledge, belief, and information, no litigation of any nature is now pending or threatened against the County which, if determined adversely to the County, would be expected to have a material adverse effect upon the County's ability to comply with its obligations under the Lease.

Legal Representation

Legal matters incidental to the authorization, issuance and delivery of the Certificates, and with respect to the treatment of interest thereon for purposes of federal and State income taxation, are subject to the approval of validity by Kutak Rock LLP, as Bond Counsel. In addition Kutak Rock LLP has been retained to advise the County concerning, and has assisted the County in the preparation of, this Official Statement. Certain legal matters will be passed upon for the County by Todd Weaver, Esq., as County Attorney.

The obligations of the County under the Lease are subject to the application of equitable principles, to the reasonable exercise in the future by the State and its governmental bodies of the police power inherent in the sovereignty of the State, and to the exercise by the United States of America of the powers delegated to it by the federal Constitution including without limitation, bankruptcy powers.

The legal opinions to be delivered concurrently with the delivery of the Certificates express the professional judgment of the attorneys rendering the opinions as to legal issues expressly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of the result indicated by that expression of professional judgment, or of the transaction on which the opinion is rendered, or of the future performance of parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

TAX MATTERS

Generally

In the opinion of Kutak Rock LLP, Bond Counsel, under existing laws, regulations, rulings and judicial decisions, the portion of the Base Rentals allocable to the Certificates paid by the County which is designated and paid as interest, as provided in the Lease, and received by the Owners of the Certificates (the "Interest Portion") (including any original issue discount properly allocable to the owner of a Certificate), is excludable from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax. The opinion described in the preceding sentence assumes the accuracy of certain representations and compliance by the County and the Trustee with covenants designed to satisfy the requirements of the Code that must be met subsequent to the issuance of the Certificates. Failure to comply with such covenants could cause the Interest Portion to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Certificates. The County and the Trustee have covenanted to comply with such requirements. Bond Counsel has expressed no opinion regarding other federal tax consequences arising with respect to the Certificates.

The accrual or receipt of interest on the Certificates may otherwise affect the federal income tax liability of the owners of the Certificates. The extent of these other tax consequences will depend upon such owners' particular tax status and other items of income or deduction. Bond Counsel has expressed no opinion regarding any such consequences. Purchasers of the Certificates, particularly purchasers that are corporations (including S corporations and foreign corporations operating branches in the United States of America), property or casualty insurance companies, banks, thrifts or other financial institutions, certain recipients of social security or railroad retirement benefits, taxpayers entitled to claim the earned income credit, taxpayers entitled to claim the refundable credit in Section 36B of the Code for coverage under a qualified health plan or taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, should consult their tax advisors as to the tax consequences of purchasing or owning the Certificates.

Bond Counsel is also of the opinion that, under existing State of Colorado statutes, to the extent the Interest Portion is excludable from gross income for federal income tax purposes, such Interest Portion is excludable from Colorado taxable income and Colorado alternative minimum taxable income. Bond Counsel has expressed no opinion regarding other tax consequences arising with respect to the Certificates under the laws of the State or any other state or jurisdiction.

Original Issue Discount

The Certificates that have an original yield above their stated interest rate, as shown on the cover page of this Official Statement (collectively, the "Discount Certificates"), are being sold at an original issue discount. The difference between the initial public offering prices of such Discount Certificates and their stated amounts to be paid at maturity constitutes original issue discount treated in the same manner for federal income tax purposes as the Interest Portion, as described above.

The amount of original issue discount which is treated as having accrued with respect to such Discount Certificate is added to the cost basis of the owner in determining, for federal income tax purposes, gain or loss upon disposition of such Discount Certificate (including its sale, redemption or payment at maturity). Amounts received upon disposition of such Discount Certificate that are attributable to accrued or otherwise recognized original issue discount will be treated as tax-exempt interest, rather than as taxable gain, for federal income tax purposes.

Original issue discount is treated as compounding semiannually, at a rate determined by reference to the yield to maturity of each individual Discount Certificate, on days that are determined by reference to the maturity date of such Discount Certificate. The amount treated as original issue discount on such Discount Certificate for a particular semiannual accrual period is equal to (a) the product of (i) the yield to maturity for such Discount Certificate (determined by compounding at the close of each accrual period) and (ii) the amount that would have been the tax basis of such Discount Certificate at the beginning of the particular accrual period if held by the original purchaser, (b) less the amount of any interest payable for such Discount Certificate during the accrual period. The tax basis for purposes of the preceding sentence is determined by adding to the initial public offering price on such Discount Certificate the sum of the amounts that have been treated as original issue discount for such purposes during all prior periods. If such Discount Certificate is sold between semiannual compounding dates, original issue discount that would have been accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

Owners of Discount Certificates should consult their tax advisors with respect to the determination and treatment of original issue discount accrued as of any date, with respect to when such original issue discount must be recognized as an item of gross income and with respect to the state and local tax consequences of owning a Discount Certificate. Subsequent purchasers of Discount Certificates that purchase such certificates for a price that is higher or lower than the "adjusted issue price" of the certificates at the time of purchase should consult their tax advisors as to the effect on the accrual of original issue discount.

Original Issue Premium

The Certificates that have an original yield below their stated interest rate, as shown on the cover page of this Official Statement (collectively, the "Premium Certificates"), are being sold at a premium. An amount equal to the excess of the issue price of a Premium Certificate over its stated redemption price at maturity constitutes premium on such Premium Certificate. A purchaser of a Premium Certificate must amortize any premium over such Premium Certificate's term using constant yield principles, based on the purchaser's yield to maturity (or, in the case of Premium Certificates callable prior to their maturity, generally by amortizing the premium to the call date, based on the purchaser's yield to the call date and giving effect to any call premium). As premium is amortized, the amount of the amortization offsets a corresponding amount of interest for the period, and the purchaser's basis in such Premium Certificate is reduced by a corresponding amount resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Premium Certificate prior to its maturity. Even though the purchaser's basis may be reduced, no federal income tax deduction is allowed. Purchasers of the Premium Certificates should consult their tax advisors with respect to the determination and treatment of premium for federal income tax purposes and with respect to the state and local tax consequences of owning a Premium Certificate.

Recognition of Income Generally

Section 451 of the Code was amended by Pub. L. No. 115-97, enacted December 22, 2017 (sometimes referred to as the Tax Cuts and Jobs Act), to provide that taxpayers using an accrual method of accounting for federal income tax purposes generally will be required to include certain amounts in income, including original issue discount, no later than the time such amounts are reflected on certain financial statements of such taxpayer. The application of this rule may require the accrual of income earlier than would have been the case prior to the amendment of Section 451 of the Code. The rule generally applies to taxable years after 2017, except that in the case of income from a debt instrument having original issue discount, the rule does not apply until taxable years after 2018. Investors should consult their own tax advisors regarding the application of this rule and its impact on the timing of the recognition of income related to the Certificates under the Code.

Backup Withholding

As a result of the enactment of the Tax Increase Prevention and Reconciliation Act of 2005, interest on tax-exempt obligations such as the Certificates is subject to information reporting in a manner similar to interest paid on taxable obligations. Backup withholding may be imposed on payments to any owner of the Certificates who fails to provide certain required information including an accurate taxpayer identification number to any person required to collect such information pursuant to Section 6049 of the Code. The reporting requirement does not in and of itself affect or alter the excludability of interest on the Certificates from gross income for federal income tax purposes or any other federal tax consequence of purchasing, holding or selling tax-exempt obligations.

Changes in Federal and State Tax Law

From time to time, there are legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to under this heading "TAX MATTERS" or adversely affect the market value of the Certificates. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Certificates. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Certificates or the market value thereof would be impacted thereby. Purchasers of the Certificates should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Certificates, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

PROSPECTIVE PURCHASERS OF THE CERTIFICATES ARE ADVISED TO CONSULT THEIR OWN TAX ADVISORS PRIOR TO ANY PURCHASE OF THE CERTIFICATES AS TO THE IMPACT OF THE CODE UPON THEIR ACQUISITION, HOLDING OR DISPOSITION OF THE CERTIFICATES.

MISCELLANEOUS

Rating

Moody's Investors Services, Inc. ("Moody's") has assigned a rating on the Certificates of "A1" with a no outlook. Such rating reflect only the view of such rating agency. Any explanation of the significance of the ratings should be obtained from Moody's at 250 Greenwich Street, New York, New York 10007.

Generally, a rating agency bases its ratings on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by the rating agency if in the judgment of the rating agency circumstances so warrant. Any downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Certificates.

Registration of Certificates

Registration or qualification of the offer and sale of the Certificates (as distinguished from registration of the ownership of the Certificates) is not required under the federal Securities Act of 1933, as amended, or the Colorado Securities Act, as amended. THE COUNTY ASSUMES NO RESPONSIBILITY FOR QUALIFICATION OR REGISTRATION OF THE CERTIFICATES FOR SALE UNDER THE SECURITIES LAWS OF ANY JURISDICTION IN WHICH THE CERTIFICATES MAY BE SOLD, ASSIGNED, PLEDGED, HYPOTHECATED OR OTHERWISE TRANSFERRED.

Undertaking to Provide Ongoing Disclosure

Pursuant to the requirements of the Securities and Exchange Commission Rule 15c2-12 (17 CFR Part 240, § 240.15c2-12) (the "Rule"), the County has covenanted, for the benefit of the holders of the Certificates, to provide certain financial information and other operating data and notices of material events after the Certificates are issued. The form of the County's Continuing Disclosure Undertaking is attached as APPENDIX B to this Official Statement (the "Undertaking"). This is the County's first issuance under the Rule.

Any failure to comply with the Rule, by the County will not constitute an event of default under the Indenture. Nevertheless, any failures must be reported in accordance with the Rule, and any failures must be considered by any broker, dealer, or municipal securities dealer before recommending the purchase or sale of the Certificates in the secondary market.

Interest of Certain Persons Named in this Official Statement

The legal fees to be paid to Kutak Rock LLP are contingent upon the sale and delivery of the Certificates.

Independent Auditors

The basic financial statements of the County for the fiscal year ended December 31, 2017, which are appended hereto, have been audited by independent auditors, ACM LLP, Greeley, Colorado, as stated in their report appearing therein. The audit has been included herein with the review and the consent of the auditor.

Underwriting

The Certificates are being delivered by the County at an underwriting discount of $__________ to the Underwriter pursuant to a purchase contract. See "THE CERTIFICATES—Application of Certificate Proceeds—*Estimated Application of Certificate Proceeds*." Expenses associated with the issuance of the Certificates are being paid from proceeds of the issue. The right of the Underwriter to receive compensation in connection with this issue is contingent upon the actual sale and delivery of the Certificates. The Underwriter has initially offered the Certificates to the public at the prices or yields set forth on the cover page of this Official Statement, plus accrued interest from the dated date of the Certificates. Such prices or yields, as the case may be, may subsequently change without any requirement of prior notice. The Underwriter reserves the right to join with dealers and other investment banking firms in offering the Certificates to the public.

Additional Information

Copies of constitutional provisions, statutes, resolutions, opinions, contracts, agreements, financial and statistical data, and other related reports and documents described in this Official Statement are either publicly available or available upon request and the payment of a reasonable copying, mailing, and handling charge from the sources noted in the "INTRODUCTION."

Official Statement Certification

The preparation of this Official Statement and its distribution have been authorized by the County Board. This Official Statement is hereby duly approved by the County Board as of the date on the cover page hereof. This Official Statement is not to be construed as an agreement or contract between the County and the purchasers or holders of any Certificates.

ARCHULETA COUNTY, COLORADO

By:____

Chairman, Board of County Commissioners

APPENDIX A

CERTAIN DEFINITIONS AND SUMMARY OF CERTAIN TERMS OF THE LEASE AND THE INDENTURE

This Appendix includes definitions of some of the terms used in this Official Statement, the Lease and the Indenture and summaries of certain provisions of the Lease and the Indenture. Reference is hereby made to the actual provisions of the Lease and the Indenture for a complete recital of the definitions used in and terms of the Lease and the Indenture. Copies of the Lease and the Indenture may be obtained from the Trustee, or the County as described in "INTRODUCTION" in the body of the Official Statement.

DEFINED TERMS

"*Additional Certificates*" means the Additional Certificates executed and delivered pursuant to the Indenture.

"*Additional Rentals*" means the cost of all (a) reasonable expenses and fees of the Trustee related to the performance of the provisions of the Lease, or otherwise incurred at the request of the County, (b) taxes, if any, insurance premiums, utility charges, maintenance, upkeep, repair, improvement and replacement in respect of the Leased Property, (c) payments or deposits in the Reserve Fund as required by the Lease, and (d) all other charges and costs (together with all interest and penalties that may accrue thereon) in the event that the County fails to pay the same, as specifically set forth in the Lease which the County assumes or agrees to pay under the Lease. Additional Rentals do not include Base Rentals.

"*Agreement to Construct*" means the Agreement to Construct, dated as of June 1, 2019, by and between the Trustee, as site lessee, and the County, as contractor.

"*Approval of Bond Counsel*" means an opinion of Bond Counsel to the effect that the matter proposed will not adversely affect the excludability from gross income, for federal income tax purposes, of interest on the Certificates.

"*Authorized Officer*" means (a) in the case of the Trustee, any person authorized to perform any act or sign any document by or pursuant to the bylaws or any resolution of the governing body of the Trustee; and (b) in the case of the County, means any person authorized by resolution of the Board or certificate of the County, to perform any act or execute any document.

"*Base Rentals*" means the payments payable by the County during the Lease Term pursuant to the Lease and as set forth in Exhibit B to the Lease which constitute the payments payable by the County for and in consideration of the right to use the Leased Property during the Lease Term. In the event that Exhibit B to the Lease sets forth separate schedules of Base Rentals payable with respect to one or more separate portions of the Leased Property, such payments will be combined for purposes of the Lease, but may be treated as separate schedules for other purposes of the Lease.

"*Base Rental Payment Dates*" means May 15 and November 15 of each Fiscal Year.

"*Board*" means the Board of County Commissioners of the County.

"*Bond Counsel*" means Kutak Rock LLP, or any other attorney or firm of attorneys of nationally recognized standing on the subject of municipal bonds and acceptable to the County and the Trustee.

"*Business Day*" means any day other than a Saturday, Sunday or legal holiday or day on which banking institutions in the city in which the Trustee has its principal corporate trust office are authorized or required by law to close.

"*Certificate Fund*" means the special fund created by the Indenture which is to be used for the payment of the principal of, premium, if any, and interest on the Certificates.

"*Certificates*" means the Certificates of Participation, Series 2019, which have been executed and delivered pursuant to the Indenture with the expectation that the interest component of the Base Rentals evidenced by such Certificates is to be excludable from gross income for the purposes of federal and State income taxation, as set forth in an opinion of Bond Counsel.

"*Code*" means the Internal Revenue Code of 1986, as amended, and regulations thereunder.

"*Completion Date*" means the date on or before December 31, 2020, or such later date established by the County, for acceptance of all components of the Project by the County, as evidenced by the certificate provided for in the Lease.

"*Costs of Issuance*" means administrative costs of issuance of any Certificates, including, but not limited to, any fees and expenses of any underwriter or financial advisor that provides services in connection with the delivery of any Certificates, legal fees and expenses, costs incurred in obtaining ratings from rating agencies, costs of immediately available funds, costs of publication, printing and engraving, accountants' fees and recording and filing fees.

"*Costs*" or "*Costs of the Projects*", as further defined in the Lease, means all costs and expenses in connection with the Project.

"*Counsel*" means an attorney at law or law firm (who may be counsel for the Trustee or the County) who is satisfactory to the Trustee.

"*Equipment*" means (a) those items of equipment, machinery and related property included in the Leased Property, if any, described on Exhibit A to the Lease, (b) any other equipment, machinery or related property included in the Project, and (c) any items of equipment, machinery and related property acquired in replacement or substitution for the Leased Property pursuant to the Lease, less equipment, machinery and related property released from the Lease pursuant to the Lease, or damaged, destroyed or condemned as provided in the Lease.

"*Event of Default*" means those defaults specified in the Indenture, which Events of Default generally include: (a) default in the payment of the principal of or premium, if any, on any Certificate when the same become due and payable, whether at the stated maturity thereof or upon redemption; (b) default in the payment of any installment of interest on any Certificate when the same become due and payable; or (c) the occurrence of an Event of Nonappropriation or an Event of Default by the County under the Lease.

“*Event of Nonappropriation*” means a termination of the Lease by the County, determined by the County’s failure for any reason, to duly enact by the last day of each Fiscal Year an appropriation resolution for the ensuing Fiscal Year which includes (a) by specific line item reference amounts authorized and directed to be used to pay all Base Rentals and (b) sufficient amounts to pay such Additional Rentals as are estimated to become due, as provided in the Lease. The term also means notice under the Lease of the County’s intention to terminate and an event described in the Lease relating to the failure by the County to appropriate amounts due as Additional Rentals in excess of the amounts estimated to become due.

“*Fiscal Year*” means the fiscal or budget year of the County

“*Force Majeure*” means, without limitation, the following: acts of God; strikes, lockouts or other industrial disturbances; acts of public enemies; orders or restraints of any kind of the government of the United States of America or of the State or any of their departments, agencies or officials or any civil or military authority; insurrection; riots; landslides; earthquakes; fires; storms; droughts; floods; explosions; breakage or accidents to machinery, transmission pipes or canals; or any other cause or event not within the control of the County.

“*Holders*” means any Certificateholders of the Certificates.

“*Initial Purchaser*” means (a) with respect to the Certificates, _______________, and (b) with respect to any Additional Certificates, the purchasers designated as such in any Supplemental Indenture.

“*Interest Payment Date*” means June 1 and December 1 of each calendar year, commencing December 1, 2019.

“*Lease Purchase Agreement Balance*” means the Outstanding principal amount of the Certificates.

“*Lease Remedy*” or “*Lease Remedies*” means any or all remedial steps provided in the Lease whenever an Event of Default thereunder has happened and is continuing, which may be exercised by the Trustee as provided in the Indenture.

“*Lease Term*” means the time during which the County is the lessee of the Leased Property under the Lease, including the Original Term and all Renewal Terms as provided in and subject to the Lease; certain provisions of the Lease survive the termination of the Lease Term, as provided in the Lease.

“*Leased Property*” means, collectively, the County’s leasehold interest pursuant to the Lease in the Site Leased Property, any improvements thereon and the Equipment, if any, as described in Exhibit A attached to the Lease.

“*Moody’s*” means Moody’s Investors Services, Inc. and its successors and assigns.

“*Net Proceeds*” when used with respect to any performance or payment of certificate proceeds, or proceeds of insurance, including self-insurance, required by the Lease, or proceeds from any condemnation award, or any proceeds resulting from default or breaches of warranty under a Project Contract or any other contract relating to the Leased Property or proceeds from any Lease Remedy, means the amount remaining after deducting from such proceeds (a) all expenses (including, without limitation, attorneys’ fees and costs) incurred in the collection of such proceeds or award; and (b) all other fees, expenses and payments due to the Trustee.

"*Opinion of Counsel*" means an opinion in writing of Counsel.

"*Original Term*" means the portion of the Lease Term that terminates on December 31, 2019.

"*Outstanding*" or "*Certificates Outstanding*" means all Certificates which have been executed and delivered under the Indenture, except:

(a) Certificates canceled or which have been surrendered to the Trustee for cancellation;

(b) Certificates in lieu of which other Certificates have been executed and delivered under the Indenture;

(c) Certificates which have been redeemed as provided in the Indenture (including Certificates redeemed on a partial payment as provided in the Indenture); and

(d) Certificates for the payment or redemption of which provision has been made in accordance with the Indenture.

"*Owner*" or "*owner*" or "*registered owner*" of a Certificate means the then current registered owner of any of the Certificates as shown in the registration records of the Trustee.

"*Permitted Encumbrances*" means those Permitted Encumbrances provided in Exhibit C to the Lease.

"*Permitted Investments*" means any lawful investment permitted for the investment of funds of the County by the laws of the State.

"*Person*" means natural persons, firms, associations, corporations and public bodies.

"*Project Contract*" means any contract entered into by the County regarding the construction and improvement of any part of the Project (including, without limitation, contracts with construction contractors, vendors, architects, engineers and other consultants).

"*Project Documents*" means the following: (a) plans, drawings and specifications for the construction and improvement of the Project, when and as they are approved by the County, including change orders, if any, as provided in the Lease; (b) any necessary permits for a Project Contract, including any building permits and certificates of occupancy; (c) all Project Contracts; (d) policies of title, public liability, property and workmen's compensation insurance, or certificates thereof, as required by the Lease with respect to any part of the Leased Property financed under the Lease; (e) performance and payment bonds with respect to the Leased Property or any Project Contract; and (f) all other documents executed by or furnished to the County in connection with the Leased Property or any Project Contract.

"*Purchase Option Price*" means the amount payable, at the option of the County, for the purpose of terminating the Lease with respect to the Leased Property and purchasing the Leased Property pursuant to the Lease, which amount is (a) an amount equal to the County's outstanding Lease Purchase Agreement Balance, plus all Base Rentals representing interest on the Certificates which may be due on any date to the proposed date of repayment of the Certificates, or (b) an amount calculated by an independent certified public accountant, which is due in addition to the Lease Purchase Agreement Balance upon prepayment equal to an amount that together with the amount of such Lease Purchase Agreement Balance, is to be invested in noncallable obligations issued or guaranteed by the United States of America (which do not have a yield in excess of the yield permitted pursuant to the Code), the principal of and interest on which will be sufficient to pay (i) the principal or redemption price of the Outstanding Certificates and (ii) interest on the Outstanding Certificates coming due on each Interest Payment Date until the last of the Outstanding Certificates is redeemed and cancelled, as specified by the County, and plus (c) any other amount for costs or otherwise necessary to discharge the Indenture with respect to the Lease, and plus (d) any Additional Rentals then due or accrued.

"*Rebate Fund*" means the special fund created by the Indenture.

"*Regular Record Date*" means the fifteenth day of the month (whether or not a Business Day) preceding the date on which an Interest Payment Date for the Certificates occurs (other than a Special Record Date).

"*Reserve Requirement*" means $859,877.50.*

"*Revenues*" means (a) all amounts payable by or on behalf of the County with respect to the Leased Property pursuant to the Lease including, but not limited to, all Base Rentals, Purchase Option Prices and Net Proceeds, but not including Additional Rentals other than Reserve Fund payments or deposits, payable thereunder; (b) any portion of the proceeds of the Certificates deposited with the Trustee in the Certificate Fund or the Reserve Fund; (c) any earnings on moneys on deposit in the Certificate Fund and the Reserve Fund; (d) all other revenues derived from the Lease, excluding Additional Rentals other than those constituting Reserve Fund payments; and (e) any other moneys to which the Trustee may be entitled for the benefit of the Owners of the Certificates.

"*Site Lease*" means the Site Lease dated of even date with the Lease, whereby the County conveys a leasehold interest in real property upon which the Project is to be located, and any existing improvements thereon, to the Trustee.

"*Site Leased Property*" means the property leased by the County to the Trustee pursuant to the Site Lease, as described in Exhibit A to the Site Lease.

"*Special Record Date*" means a special date fixed to determine the names and addresses of registered owners of the Certificates for purposes of paying interest on a special interest payment date for the payment of defaulted interest, all as further provided in the Indenture.

"*Supplemental Indenture*" means any indenture supplementing or amending the Indenture that is adopted pursuant to the Indenture.

"*Trust Estate*" means the property pledged and assigned to the Trustee pursuant to the granting clauses of the Indenture.

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* Preliminary; subject to change.

"*Trustee Default*" is any default of the Trustee under the Indenture, which Trustee Defaults generally include: (a) default in the payment of the principal of, premium, if any, and interest on any Certificate when due to the extent such failure is not directly caused by an Event of Default or an Event of Nonappropriation; (b) failure of the Trustee to enforce and diligently pursue any remedy available under the Indenture, unless the Trustee has been advised by counsel that such remedy is not legally available or would cause undue risk to the Trustee or the Holders, and after it has received assurances or indemnification satisfactory to it that it will be repaid for such action; and (c) failure by the Trustee to comply with any other provision of the Indenture within 30 days after receiving notice of noncompliance.

THE LEASE

The following provides a general summary of certain, but not all, provisions of the Lease.

Representations, Covenants and Warrants of the County Generally

Pursuant to the Lease, the County covenants and warrants as follows:

(a) The County is a political subdivision of the State, duly organized and existing under the laws of the State. The County is authorized to enter into the transactions contemplated by the Lease and to carry out its obligations thereunder. The County has duly authorized and approved the execution and delivery of the Lease and the Site Lease.

(b) The acquisition, construction and equipping of the Project by the County, under the terms and conditions provided for in the Lease, are necessary, convenient, in furtherance of and will at all times be used in connection with the County's governmental and proprietary purposes and functions (except to the extent that subleasing of the Leased Property by the County is permitted by the Lease) and is in the best interests of the citizens of the County, and no portion of the Leased Property will be used directly or indirectly in any trade or business carried on by any person other than a governmental unit of the State except with the prior Approval of Bond Counsel.

(c) Neither the execution and delivery of the Lease or the Site Lease, nor the fulfillment of or compliance with the terms and conditions of the Lease and the Site Lease, nor the consummation of the transactions contemplated thereby, conflicts with or results in a breach of the terms, conditions or provisions of any restriction or any agreement or instrument to which the County is now a party or by which the County or its property is bound, or violates any statute, regulation, rule, order of any court having jurisdiction, judgment or administrative order applicable to the County, or constitutes a default under any of the foregoing, or results in the creation or imposition of any lien or encumbrance whatsoever upon any of the property or assets of the County, except for Permitted Encumbrances.

(d) There is no litigation or proceeding pending or threatened against the County or any other person affecting the right of the County to execute the Lease or the Site Lease or the ability of the County to make the payments required thereunder or to otherwise comply with the obligations contained therein.

(e) To the best knowledge of the County, after due inquiry, (i) no dangerous, toxic or hazardous pollutants, contaminants, chemicals, waste, materials or substances, as defined in or governed by the provisions of any federal, state or local law, statute, code, ordinance, regulation, requirement or rule relating thereto (collectively, "Environmental Regulations"), and also including urea-formaldehyde, polychlorinated biphenyls, asbestos, asbestos containing materials, nuclear fuel or waste, radioactive materials, explosives, carcinogens and petroleum products, or any other waste, material, substance, pollutant or contaminant which would subject the owner of the Site Leased Property to any damages, penalties or liabilities under any applicable Environmental Regulation (collectively, "Hazardous Substances") are now or have been stored, located, generated, produced, processed, treated, transported, incorporated, discharged, emitted, released, deposited or disposed of in, upon, under, over or from the Site Leased Property in violation of any Environmental Regulation; (ii) no threat exists of a discharge, release or emission of a Hazardous Substance upon or from the Site Leased Property into the environment; (iii) the Site Leased Property has not been used as or for a mine, landfill, a dump or other disposal facility, industrial or manufacturing facility, or a gasoline service station; (iv) no underground storage tank is located at the Site Leased Property or has previously been located therein but has been removed therefrom; (v) no violation of any Environmental Regulation now exists relating to the Site Leased Property, no notice of any such violation or any alleged violation thereof has been issued or given by any governmental entity or agency, and there is not now any investigation or report involving the Site Leased Property by any governmental entity or agency which in any way relates to Hazardous Substances; (vi) no person, party or private or governmental agency or entity has given any notice of or asserted any claim, cause of action, penalty, cost or demand for payment or compensation, whether or not involving any injury or threatened injury to human health, the environment or natural resources, resulting or allegedly resulting from any activity or event described in (i) above; (vii) there are not now any actions, suits, proceedings or damage settlements relating in any way to Hazardous Substances, in, upon, under, over or from the Site Leased Property; (viii) the Site Leased Property is not listed in the United States Environmental Protection Agency's National Priorities List of Hazardous Waste Sites or any other list of Hazardous Substance sites maintained by any federal, state or local governmental agency; and (ix) the Site Leased Property is not subject to any lien or claim for lien or threat of a lien in favor of any governmental entity or agency as a result of any release or threatened release of any Hazardous Substance.

Representations, Covenants and Warranties of the Trustee Generally

Pursuant to the Lease, the Trustee covenants and warrants as follows:

(a) The Trustee (i) is a national banking association that is duly organized, validly existing and in good standing under the laws of the United States; (ii) is duly qualified to do business in the State; (iii) solely in its capacity as trustee under the Indenture, is the site lessee of the Leased Property pursuant to the Site Lease; and (iv) is authorized, under its articles of association and bylaws and applicable law, to act as trustee under the Indenture, to lease the Leased Property from the County, to lease the Leased Property to the County and to execute, deliver and perform its obligations under the Lease.

(b) Except as specifically provided in the Lease or the Indenture, the Trustee will not pledge or assign its right, title and interest in and to the Revenues derived under the Lease or any of its other rights under the Lease or assign, pledge, mortgage, encumber or grant a security interest in its right, title and interest in, to and under the Lease or the Leased Property, except for Permitted Encumbrances.

(c) Neither the execution and delivery of the Lease or the Site Lease nor the fulfillment of or compliance with the terms and conditions hereof and thereof, nor the consummation of the transactions contemplated thereby, conflicts with or results in a breach of the terms, conditions and provisions of any restriction or any agreement or instrument to which the Trustee is now a party or by which the Trustee is bound, or constitutes a default under any of the foregoing.

(d) Except as specifically provided in the Lease, the Site Lease or the Indenture, the Trustee will not assign its duties and obligations under the Lease or the Site Lease to any other person, firm or corporation, so as to impair or violate these representations, covenants and warranties.

(e) There is no litigation or proceeding pending or threatened against the Trustee or any other person affecting the right of the Trustee to execute the Lease, the Site Lease, or the Indenture and to perform its obligations thereunder.

(f) The Trustee acknowledges that the obligations of the County under the Lease are payable solely from the Revenues and do not constitute or give rise to a general obligation or multiple fiscal year direct or indirect debt or other financial obligation whatsoever of the County within the meaning of any constitutional, charter or statutory provision or limitation nor a mandatory charge or requirement against the County in any ensuing Fiscal Year beyond any Fiscal Year during which the Lease is in effect. The Trustee further acknowledges that the County may elect not to renew the Lease by failure to budget and appropriate funds sufficient to meet its next Fiscal Year's Base Rentals and Additional Rentals, and that the acts of budgeting and appropriating funds are legislative acts and, as such, are solely within the discretion of the Board.

(g) The Trustee is to hold its interest in the Leased Property and its rights, title and interest in, to and under the Lease (other than the Trustee's rights to payment of its fees and expenses and the rights of third parties to Additional Rentals payable to them) in trust for the benefit of the Owners pursuant to the Indenture. Any successor trustee under the Indenture is automatically succeed to the previous trustee's interest in the Leased Property and the previous trustee's rights, title, interest and obligations in, to and under the Lease. The Trustee must not, except as provided in the Lease or in the Indenture, assign, convey or otherwise transfer to any person or entity any of the Trustee's interest in the Leased Property or the Trustee's rights, title or interest in, to or under the Lease

Lease Term

The Lease Term is to commence as of the date of the Lease and continue through the last day of the current Fiscal Year of the County. The Lease Term may be renewed at the end of the Original Term and at the end of each renewal term thereafter for a term of twelve months coinciding with the next succeeding Fiscal Year. The County has the right to annually renew the Lease Term unless: (a) the County gives written notice to the Trustee not less than 90 days prior to the end of the Original Term or the then current renewal term of the County's intention not to renew the Lease at the end of the Original Term or the then current renewal term, or (b) an Event of Nonappropriation has occurred with respect to a renewal term occurring after the Original Term or any then current renewal term. The terms and conditions during any renewal term are to be the same as the terms and conditions during the Original Term, except for the amount of Base Rentals and Additional Rentals to be paid during such Renewal Term. The Lease Term, including the Original Term and all renewal terms, does not exceed the weighted average useful life of the Leased Property.

Termination of Lease Term

The Lease Term will terminate upon the earliest of any of the following events:

(a) the last day of any Fiscal Year during which there has occurred an Event of Nonappropriation pursuant to the Lease (unless such Event of Default is cured as provided in the Lease);

(b) the conveyance of all of the Leased Property to the County upon payment of the Purchase Option Price or all Base Rentals and Additional Rentals as provided in the Lease, and discharge of the Indenture as it relates to the Lease; or

(c) an Event of Default and termination of the Lease by the Trustee under the Lease.

An election not to renew the Lease Term will terminate all unaccrued obligations of the County under the Lease, and terminate the County's rights of possession under the Lease at the end of the last day of the Fiscal Year for which the Lease is in effect (except as provided in the Lease); but all other provisions of the Lease, including all obligations of the County accrued prior to such termination and all obligations of the Trustee with respect to the Owners and the receipt and disbursement of funds and all rights and remedies of the Trustee specifically provided in the Lease, will be continuing until the Indenture is discharged with respect to the Lease. Except for an event described in subparagraph (b) above, upon termination of the Lease, the County agrees to peaceful delivery of the Leased Property to the Trustee or its assigns at such reasonable location specified by the Trustee.

Payments by the County

The County and the Trustee acknowledge and agree that the Base Rentals and Additional Rentals under the Lease during the Original Term and all of the renewal terms, if any, will be paid from then currently budgeted expenditures of the County, using any legally available funds of the County. The County's obligations to pay Base Rentals, Additional Rentals or any other payments provided for under the Lease during the Original Term and all of the renewal terms, if any, are be subject to the County's annual right to renew the Lease and do not constitute a mandatory charge, requirement or liability in any ensuing Fiscal Year beyond the then current Fiscal Year. No provision of the Lease is to be construed or interpreted as a delegation of governmental powers or as creating indebtedness or a multiple-fiscal year direct or indirect debt or other financial obligation whatsoever of the County within the meaning of any constitutional or statutory debt limitation, including without limitation, Article XI, Sections 1, 2 and 6, and Article X, Section 20, of the Colorado Constitution. Neither the Lease nor the execution and delivery of the Certificates directly or indirectly obligate the County to make any payments of Base Rentals or Additional Rentals beyond the funds legally available to the County for its then current Fiscal Year.

The County is to pay all Base Rentals directly to the Trustee during the Original Term and all renewal terms, if any, on the Base Rental Payment Dates and in the amounts set forth in Exhibit B attached to the Lease. The Base Rentals and, if paid, Purchase Option Price, is to be paid by the County by certified funds, electronic wire or other method of payment acceptable to the Trustee in lawful money of the United States of America to the Trustee at its principal corporate trust office for deposit in accordance with the provisions of the Indenture.

Purchase Option Price

The County may, at any time during the Lease Term, pay the then applicable Purchase Option Price related to the Leased Property for the purpose of terminating the Lease and purchasing the Leased Property. If the County determines to pay the Purchase Option Price, Certificates will be redeemed on the first Interest Payment Date on which the Certificates may be redeemed following such payment. The County is to provide the Trustee notice of its intention to exercise its option not less than 60 days in advance of the date of exercise and is to deposit with the Trustee on or prior to an Interest Payment Date an amount equal to the Purchase Option Price.

Event of Nonappropriation

In the event that the Board does not specifically budget and appropriate, on or before the last day of each Fiscal Year, moneys to pay all Base Rentals and the reasonably estimated Additional Rentals coming due for the next ensuing Fiscal Year, an Event of Nonappropriation is deemed to have occurred, subject, however, to each of the following provisions:

(a) The Trustee must declare an Event of Nonappropriation on any earlier date on which the Trustee receives specific written notice from the County that the Lease will be terminated.

(b) Absent such notice from the County, the Trustee must give written notice to the County of any Event of Nonappropriation, on or before the fifth day of the next following Fiscal Year; but any failure of the Trustee to give such written notice will not prevent the Trustee from declaring an Event of Nonappropriation or from taking any remedial action which would otherwise be available to the Trustee.

(c) The Trustee may waive any Event of Nonappropriation which is cured by the County within a reasonable time if in the Trustee's judgment such waiver is in the best interest of the Owners.

(d) The Trustee must waive any Event of Nonappropriation which is cured by the County, within ten days of the giving of notice by the Trustee as provided in (b) above, by inclusion in a duly enacted appropriation resolution, (i) by specific line item, amounts authorized and directed to be used to pay all Base Rentals and (ii) sufficient amounts to pay reasonably estimated Additional Rentals coming due for such Fiscal Year.

In the event that during any Fiscal Year, any Additional Rentals become due which were not included in a duly enacted appropriation resolution then, in the event that moneys are not specifically budgeted and appropriated to pay such Additional Rentals within 45 days subsequent to the date upon which such Additional Rentals are due, an Event of Nonappropriation is deemed to have occurred, upon notice by the Trustee to the County to such effect (subject to waiver by the Trustee as provided in the Lease).

Notwithstanding any Lease provision to the contrary, if an Event of Nonappropriation occurs, the County's rights of possession of the Leased Property under the Lease terminates at the end of the last day of the Fiscal Year for which the Lease is in effect, and the County is not be obligated to make payment of the Base Rentals, Additional Rentals or any other payments provided for in the Lease which accrue after the end of the last day of the Fiscal Year for which the Lease is in effect; provided, however, that, subject to the limitations of the Lease, the County will continue to be liable for Base Rentals and Additional Rentals allocable to any period during which the County continues to occupy, use or retain possession of the Leased Property, beginning with the first day of the Fiscal Year in respect of which the Event of Nonappropriation occurs. The County must in all events vacate or surrender possession of the Leased Property by the 10^{th} Business Day of the Fiscal Year in respect of which the Event of Nonappropriation has occurred.

The Trustee is, upon the occurrence of an Event of Nonappropriation, entitled to all moneys then on hand and being held in the accounts within all funds created under the Indenture, including the Reserve Fund, for the benefit of the Owners. After the 10^{th} Business Day of the Fiscal Year in respect of which an Event of Nonappropriation has occurred, the Trustee may proceed to exercise all or any Lease Remedies. All property, funds and rights acquired by the Trustee upon the termination of the Lease by reason of an Event of Nonappropriation as provided therein, less any moneys due and owing to the Trustee, are to be held by the Trustee for the benefit of the Owners as set forth in the Indenture.

Construction of the Project

So long as the Lease has not been terminated by an Event of Nonappropriation or an Event of Default, the county agrees that it will make all contracts, take all other actions and do all things necessary for the construction and equipping of the Project, and, in connection therewith and in addition thereto, will comply with all applicable State and local law provisions.

Construction and equipping of the Project is to be completed in accordance with the Project Documents and the Agreement to Construct, pursuant to the applicable provisions of the Lease and subject to reasonable change orders or any other reasonable changes approved by the County. The County agrees to construct and equip the Project with all reasonable dispatch through the application of moneys to be disbursed by the Trustee from the Construction Fund. If for any reason the Project is not constructed and equipped by the Completion Date there is to be no resulting liability on the part of the County or Event of Default under the Lease, and there is to be no diminution in or postponement of the Base Rentals and Additional Rentals required to be paid by the County during the Lease Term. However, in the event that the Trustee does not receive a certificate to the effect that the Project has been constructed and equipped, as required by the Lease, by the Completion Date, and unless the County opts to complete the construction and equipping of the Project and submits a reasonable schedule of completion to the Trustee, the Trustee will, upon 30 days written notice to the County, be authorized, but not required, to construct and equip the Project from any moneys remaining in the Construction Fund.

Title to the Leased Property; Limitations of Encumbrances

Except for personal property purchased by the County at its own expense pursuant to the Lease, title to the Site Leased Property is to remain in the County, subject to the Site Lease and the Lease, and title to the Project and Equipment and any and all additions and modifications thereto and replacements thereof is to be held in the name of the Trustee, subject to the Site Lease and the Lease, until the Trustee has exercised Lease Remedies or until the Project and the Equipment are conveyed as provided in the Lease, notwithstanding (a) a termination of the Lease by the County by reason of an Event of Nonappropriation; (b) the occurrence of one or more Events of Default; (c) the occurrence of any event of damage, destruction, condemnation, or, construction, manufacturing or design defect or title defect, as provided in the Lease; or (d) the violation by the Trustee of any provision of the Lease.

Maintenance of the Leased Property by the County; Modification of the Leased Property

The County agrees that at all times during the Lease Term the County will maintain, preserve and keep all portions of the Leased Property or cause the Leased Property to be maintained, preserved and kept, in good repair, working order and condition, and that the County will from time to time make or cause to be made all necessary and proper repairs, except as otherwise provided in the Lease. Neither the Trustee nor any of the Certificate Owners have any responsibility for such maintenance or repairs or for the making of any additions, modifications or replacements to the Leased Property.

The County has the privilege of making substitutions, additions, modifications and improvements to any portion of the Leased Property, at its own cost and expense, subject to the Lease and the Indenture, and to be included under the terms of the Lease, the Site Lease and the Indenture; provided, however, that such substitutions, additions, modifications and improvements must not in any way damage the Leased Property or cause the Leased Property to be used for purposes other than lawful governmental or proprietary functions of the County (except to the extent of subleasing permitted under the Lease); and provided that the Leased Property, as improved or altered, upon completion of such substitutions, additions, modifications and improvements, is to be of a value not less than the value of the Leased Property immediately prior to making such substitutions, additions, modifications and improvements.

Taxes, Other Governmental Charges and Utility Charges

In the event that the Leased Property or any portion thereof, for any reason, is deemed subject to taxation, assessments or charges lawfully made by any governmental body, the County is to pay the amount of all such taxes, assessments and governmental charges when due, as Additional Rentals.

Insurance to be Maintained for the Leased Property

Upon the delivery and acceptance of the Leased Property, the County must, at its own expense, cause casualty and property insurance to be carried and maintained with respect to the Leased Property in an amount equal to the principal amount of the Certificates then Outstanding or the maximum insurable value of the Leased Property, whichever is greater. Such insurance policy may have a deductible clause in an amount not to exceed $25,000. The County may, in its discretion, insure the Leased Property under blanket insurance policies which insure not only the Leased Property, but other property as well, as long as such blanket insurance policies comply with the Lease requirements. Any property damage insurance policy required by the Lease must be so written or endorsed as to show the Trustee, as mortgagee/trustee and/or loss payee and/or additional insured, and to make losses exceeding $25,000, if any, payable to the County and the Trustee as their respective interests may appear.

Upon the execution and delivery of the Lease, the County must, at its own expense, cause public liability insurance, including blanket contractual liability or specific contractual liability insurance for the Lease and public officials' errors and omissions coverage, to be carried and maintained with respect to the activities to be undertaken by the County and its officers, officials, agents and employees in connection with the use and possession of the Leased Property, in accordance with the Lease.

Under the Lease, County must, at its own expense, cause worker's compensation insurance to be procured and maintained covering the County's employees working in or on the Leased Property. Such insurance, if issued by a private carrier, must contain a provision that such coverage will not be cancelled without 60 days' prior written notice to the County and the Trustee. A certificate issued by the Colorado State Insurance Fund or a private carrier evidencing such coverage must be provided by the County to the Trustee. Such worker's compensation insurance may be by blanket insurance policy or policies.

If the County insures against similar risks by self-insurance, the County, at its election and in accordance with the standards of the State relating thereto, may in lieu of obtaining policies for casualty and property, public liability and workers' compensation insurance coverage as required by the Lease provide one or more such coverages by a self-insurance fund so long as the County provides an annual certification to the Trustee that the reserves therein are adequate as determined by, in the case of public liability and workers' compensation insurance, the County's risk manager, insurance consultant or actuary, and in the case of casualty and property insurance, an independent insurance consultant or actuary.

Each property and liability insurance policy provided for in the Lease must contain a provision to the effect that the insurance company will not cancel the policy or modify it materially and adversely to the interests of the Trustee without first giving written notice thereof to the County and the Trustee at least 60 days in advance of such cancellation or modification. Upon receipt of such notice, the County must immediately furnish to the Trustee a new insurance policy or certificate evidencing such policy replacing the cancelled or modified policy and effective on or before the effective date of such cancellation or modification.

The County must provide certified copies of all insurance policies required under the Lease or certificates of insurance. A certificate of insurance will be acceptable evidence of insurance at closing, with the understanding that the County will furnish the policy or endorsements within 45 days after closing. All insurance policies issued pursuant to the Lease or certificates evidencing such policies, must be deposited with the Trustee. No agent or employee of the County has the power to adjust or settle any loss with respect to the Leased Property, whether or not covered by insurance, without the prior written consent of the Trustee; except that losses not exceeding $25,000 may be adjusted or settled by the County without the Trustee's consent.

Damage, Destruction and Condemnation

If, during the Lease Term (a) the Leased Property or any portion thereof is destroyed (in whole or in part), or damaged by fire or other casualty; or (b) title to, or the temporary or permanent use of, the Leased Property or any portion thereof or the estate of the County or the Trustee in the Leased Property or any portion thereof is taken under the exercise of the power of eminent domain by any governmental body or by any person, firm or corporation acting under governmental authority; or (c) a breach of warranty or a material defect in the construction, manufacture or design of the Leased Property becomes apparent; or (d) title to or the use of all or any portion of the Leased Property is lost by reason of a defect in title thereto; then the County is obligated to continue to pay Base Rentals and Additional Rentals, regardless of whether the certificate of the completion of construction of the project as required under the Lease has been delivered to the Trustee.

The County, and, to the extent such Net Proceeds are within its control, the Trustee, must cause the Net Proceeds of any insurance policies, performance bonds or condemnation awards, or from default under a Project Contract to be deposited in the Construction Fund, if received before the applicable Completion Date, or, if received thereafter, to be deposited in a separate trust fund held by the Trustee. All Net Proceeds so deposited are to be applied to the prompt repair, restoration, modification, improvement or replacement of the Leased Property by the County upon receipt of requisitions acceptable to the Trustee signed by an Authorized Officer as provided in the Lease.

If the Net Proceeds (plus any amounts withheld from such Net Proceeds by reason of any deductible clause) are insufficient to pay in full the cost of any repair, restoration, modification, improvement or replacement of the Leased Property required under the Lease, the County may elect, within 90 days of the occurrence of the event of damage, destruction or condemnation, to:

(a) complete the work or replace such Leased Property (or portion thereof) with similar property of a value equal to or in excess of such Leased Property or portion thereof;

(b) apply the Net Proceeds to the payment of the Purchase Option Price in accordance with the Lease. In the event of an insufficiency of the Net Proceeds for such purpose, the County must, subject to the limitations of the Lease, pay such amounts as may be necessary to equal that portion of the Purchase Option Price which is attributed to the Leased Property for which the Net Proceeds have been received (as certified to the Trustee by the County); and in the event the Net Proceeds exceed such portion of the Purchase Option Price, such excess is be retained by the County; or

(c) if the County does not timely budget and appropriate sufficient funds to proceed under either (a) or (b) above, an Event of Nonappropriation will be deemed to have occurred and, subject to the County's right to cure, the Trustee may pursue remedies available to it following an Event of Nonappropriation.

Events of Default and Remedies under the Lease

Any one of the following is an "Event of Default" under the Lease:

(a) failure by the County to pay any Base Rentals or Additional Rentals during the Lease Term within five days after the same become due;

(b) failure by the County to vacate or surrender possession of the Leased Property by the 10th Business Day of the Fiscal Year in respect of which an Event of Nonappropriation has occurred;

(c) failure by the County to observe and perform any covenant, condition or agreement on its part to be observed or performed under the Lease or under any certificates executed and delivered by the County in connection with the execution and delivery of the Lease, other than as referred to in (a) or (b), for a period of 30 days after written notice, specifying such failure and requesting that it be remedied is given to the County by the Trustee, unless the Trustee agrees in writing to an extension of such time prior to its expiration; provided, however, that if the failure stated in the notice cannot be corrected within the applicable period, the Trustee must not withhold its consent to an extension of such time if corrective action is instituted by the County within the applicable period and diligently pursued until the default is corrected. Such consent by the Trustee is not to be unreasonably withheld; or

(d) the County (i) files a petition or application seeking reorganization, arrangement under federal bankruptcy law, or other debtor relief under the laws of the State or (ii) is the subject of such a petition or application which is not contested by the County, or otherwise dismissed or discharged, within 30 days.

The foregoing is subject to the following limitations: (a) the County is obligated to pay the Base Rentals and Additional Rentals only during the Original Term or current renewal term, except as provided in the Lease; and (b) if, by reason of Force Majeure, the County is unable in whole or in part to carry out any agreement on its part contained in the Lease, the County is not deemed in default during the continuance of such inability. The County agrees, however, to remedy, as promptly as legally and reasonably possible, the cause or causes preventing the County from carrying out its agreement; provided that the settlement of strikes, lockouts and other industrial disturbances are entirely within the discretion of the County.

Lease Remedies on Default

Whenever an Event of Default has occurred, the Trustee must, without any further demand or notice, take one or any combination of the following remedial steps:

(a) The Trustee may terminate the Lease Term and give notice to the County to vacate and surrender possession of the Leased Property within 10 Business Days of such notice.

(b) The Trustee may proceed to foreclose through the courts on or otherwise sell, trade-in, repossess or liquidate its interest in the Leased Property, or any part thereof in any lawful manner and may exercise all the rights and remedies of a secured party under the Colorado Uniform Commercial Code with respect to the Equipment included in the Leased Property and in accordance with the remedies in the Indenture; provided, however, that the Trustee may not recover from the County any deficiency which may exist following the liquidation of the Leased Property in excess of Base Rentals and Additional Rentals for the then current Fiscal Year and in excess of amounts payable under subparagraph (d) below.

(c) In the event that the Trustee deems such action to be in the best interests of the Owners, the Trustee may lease or sublease the Leased Property or any portion thereof or sell any interest the Trustee has in the Leased Property for the benefit of such Owners.

(d) The Trustee may recover from the County:

(i) the portion of Base Rentals and Additional Rentals which would otherwise have been payable under the Lease, during any period in which the County continues to occupy, use or possess the Leased Property; and

(ii) Base Rentals and Additional Rentals which would otherwise have been payable by the County under the Lease during the remainder, after the County vacates and surrenders possession of the Leased Property, of the Fiscal Year in which such Event of Default occurs.

(e) The Trustee may take whatever action at law or in equity may appear necessary or desirable to enforce its rights in and to the Leased Property under the Lease and the Indenture.

The remedies provided above are subject to additional provisions of the Lease.

THE INDENTURE

The following provides a general summary of certain, but not all, provisions of the Indenture.

Trust Estate

The Trust Estate to be held by the Trustee for the benefit of the Owners is comprised of the following, subject to the terms of the Indenture:

(a) the Leased Property and the tenements, hereditaments, appurtenances, rights, privileges and immunities thereto belonging or appertaining, subject to the terms of the Lease and the Site Lease, including, but not limited to, the terms of the Lease permitting the existence of Permitted Encumbrances;

(b) all right, title and interest of the Trustee in, to and under the Lease and the Site Lease (other than the Trustee's rights to payment of its fees and expenses under the Lease and the rights of third parties to Additional Rentals payable to them under the Lease);

(c) all Base Rentals;

(d) all Additional Rentals that are payable to the Trustee for the benefit of the Owners;

(e) the Purchase Option Price, if paid; and

(g) all money and securities from time to time held by the Trustee under the Indenture in the Certificate Fund.

Terms of the Certificates

The Certificates are being executed and delivered to provide funds for the acquisition, construction and equipping of the Project by the County. The Certificates constitute assignments of proportionate undivided interests in the right to receive the Base Rentals and are additionally payable from certain other Revenues under the Lease.

The Certificates are to be executed and delivered solely as fully registered Certificates without coupons in denomination of $5,000 and any integral multiple thereof. The Certificates are to be known as Series 2019 and be lettered "R-" and be numbered separately from 1 upward. The Certificates are to be in substantially the form attached to the Indenture as Exhibit A.

The Certificates are to be dated as of the date of their execution by the Trustee. The Certificates bear interest from June __, 2019, if executed prior to December 1, 2019, or if executed on any later date, the Certificates bear interest from the June 1 or December 1 next preceding their date of execution, or if executed on a June 1 or December 1, the Certificates bear interest from such date; provided, however, that if interest on the Certificates is in default, Certificates executed and delivered in exchange for Certificates surrendered for transfer or exchange bear interest from the date to which interest has been paid in full on the Certificates so surrendered. Interest on the Certificates is payable on the first day of each June and December, commencing December 1, 2019, until such Certificates are paid pursuant to the provisions of the Indenture. Interest on the Certificates is calculated on the basis of a year of 360 days, consisting of 12 thirty day months. The Certificates mature on December 1 of the years, and in the amounts, and bear interest at the rates per annum, as set forth in the Indenture.

The principal of and premium, if any, on the Certificates is payable to the registered owners thereof, as shown on the registration books of the Trustee, upon presentation and surrender thereof at the corporate trust office of the Trustee or its successor. Payment of interest on any Certificate is to be made to the registered owner thereof by check or draft mailed by the Trustee, on or before each Interest Payment Date (or, if such Interest Payment Date is not a Business Day, on or before the next succeeding Business Day), to the registered owner thereof at his or her address as shown on the registration books of the Trustee at the close of business on the Regular Record Date for such interest payment date, unless there is an occasion for a Special Record Date, as provided in the Indenture. The Trustee may make payments of interest on any Certificate by such alternative means as may be mutually agreed to between the registered owner of such Certificate and the Trustee including payment through the Federal Reserve System by wire transfer in same day funds with any cost or expense to be paid by the registered owner. All such payments are to be made in lawful money of the United States of America without deduction for the services of the Trustee.

The Certificates are to be delivered initially only in book-entry form registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York, acting as securities depository and registered owner of the Certificates, and immobilized in the custody of DTC. The principal of, premium, if any, and interest on the Certificates is to be paid by wire transfer to DTC; provided, however, that, if at any time the Trustee determines, and notifies the County of its determination, that DTC is no longer able to act as, or is no longer satisfactorily performing its duties as, securities depository for the Certificates, the Trustee may, at its discretion, either (i) designate a substitute securities depository for DTC and re-register the Certificates as directed by such substitute securities depository or (ii) terminate the book-entry registration system with DTC and re-register the Certificates in the names of the beneficial owners thereof provided to it by DTC. Neither the County nor the Trustee have any liability to DTC, Cede & Co., any substitute securities depository, any Person in whose name the Certificates are re registered at the direction of any substitute securities depository, any beneficial owner of the Certificates or any other Person for (A) any determination made by the Trustee provided above or (B) any action taken to implement such determination and the procedures related thereto that are taken pursuant to any direction of or in reliance on any information provided by DTC, Cede & Co., any substitute securities depository or any Person in whose name the Certificates are re registered.

Certificates as Limited Obligations

The Certificates are payable solely from Revenues under the Lease as, when and if the same are received by the Trustee. Neither the Lease nor the Certificates constitute a general obligation indebtedness or a multiple-fiscal year direct or indirect debt or other financial obligation whatsoever of the County within the meaning of any constitutional or statutory debt limitation. Neither the Lease, the Indenture, nor the Certificates have directly or indirectly obligated the County to make any payments beyond those appropriated for any Fiscal Year in which the Lease is to be in effect. All payment obligations of the County under the Lease, including, without limitation, the obligation of the County to pay Base Rentals, are from year to year only and do not constitute a mandatory payment obligation of the County in any Fiscal Year beyond a Fiscal Year in which the Lease is in effect. The Lease is subject to annual renewal at the option of the County and will be terminated upon the occurrence of an Event of Nonappropriation.

Delivery of the Certificates and Application of Net Proceeds

The Trustee is to deliver the Certificates to the Initial Purchaser upon the payment to the Trustee of $___________, which amount constitutes the net proceeds of the Certificates less the amount withheld for payment of the Costs of Issuance.

The net proceeds of the Certificates are to be applied for the following purposes: (i) an amount sufficient to pay the accrued interest and capitalized interest on the Certificates, if any, deposited into the Interest Account of the Certificate Fund; (ii) the amount required to be deposited into the Reserve Fund; and (iii) the remaining amount to be deposited into the Construction Fund.

Mutilated, Lost, Stolen or Destroyed Certificates

In the event that any Certificate is mutilated, lost, stolen or destroyed, a new Certificate may be executed and delivered by the Trustee, of like date, series, maturity and denomination as that mutilated, lost, stolen or destroyed, provided that the Trustee has received indemnity from the Owner of the Certificate satisfactory to it, and provided further, in case of any mutilated Certificate, that such mutilated Certificate is first to be surrendered to the Trustee. In the event that any such Certificate has matured, instead of delivering a duplicate Certificate, the Trustee may pay the same without surrender thereof. The Trustee may charge the registered owner of the Certificate with its reasonable fees and expenses for this service.

Registration of Certificates; Transfer and Exchange of Certificates; Persons Treated as Registered Owners

The Trustee is appointed registrar of the Certificates and is to maintain books for the registration and for the transfer of Certificates. Upon surrender for transfer of a Certificate at the corporate trust office of the Trustee, the Trustee is to execute and deliver in the name of the transferee or transferees a new fully registered Certificate or Certificates of a like aggregate principal amount and of the same series and maturity. Certificates may be exchanged at the corporate trust office of the Trustee for an equal aggregate principal amount of Certificates of the same series and maturity and of other authorized denominations. All Certificates presented for transfer or exchange are to be accompanied by a written instrument or instruments of transfer or authorization for exchange to the satisfaction of the Trustee, duly executed by the registered Owner or by his or her legal representative.

New Certificates delivered upon any transfer or exchange evidence the same obligations as the Certificates surrendered, are secured by the Indenture and entitled to all of the security and benefits of the Indenture to the same extent as the Certificates surrendered. As to any Certificate, the person in whose name the same is to be registered is deemed and regarded as the absolute owner thereof for all purposes, and payment of the principal, premium, if any, and interest on the Certificate are to be made only to or upon the written order of the registered owner thereof or his or her legal representative, but such registration may be changed as provided in the Indenture. All such payments are valid and effectual to satisfy and discharge such Certificate to the extent of the sum or sums paid. The Trustee will require the payment, by any Owner requesting transfer or exchange of Certificates, of any fees incurred with respect to such transfer or exchange.

Cancelation of Certificates

Whenever any Outstanding Certificate is delivered to the Trustee for cancellation pursuant to the Indenture, upon payment thereof or for or after replacement pursuant to the Indenture, such Certificate will be promptly canceled in accordance with the customary procedures of the Trustee and applicable retention laws.

Additional Certificates

As long as the Lease Term is in effect and no Event of Nonappropriation or Event of Default has occurred, one or more issues of Additional Certificates may be issued upon the terms and conditions provided in the Indenture.

Additional Certificates may be executed and delivered to provide funds for any one or more of the following: (i) refunding all of the Outstanding Certificates and Additional Certificates; (ii) completing the construction and equipping of the Project in excess of the amount available therefor in the Construction Fund pursuant to the Indenture, (iii) at any time or from time to time, making such modifications and improvements in, on or to the Leased Property as the County may deem necessary or desirable; and (iv) paying costs incurred in connection with the execution and delivery of the Additional Certificates, any deposit to the Reserve Fund necessary for the amount therein to equal the maximum amount allowed under the Code and other costs reasonably related to the purpose for which the Additional Certificates are being executed and delivered.

Additional Certificates may be issued only upon there being filed with the Trustee:

(a) Originally executed counterparts of a Supplemental Indenture and an amendment to the Lease adopted in accordance with the requirements of the Indenture, including requirements regarding any applicable approval of the Owners, expressly providing that, for purposes of the Indenture, the Leased Property includes any property, buildings or equipment being financed by the Additional Certificates and further providing for an increase in the Base Rentals required to be paid to the Trustee under the Lease in such amount as necessary to pay (assuming that no Event of Nonappropriation or Event of Default occurs), the principal of and interest on the Certificates and any Additional Certificates executed and delivered and Outstanding as well as the Additional Certificates proposed to be executed and delivered;

(b) A written opinion or opinions of Bond Counsel, mutually acceptable to the County and the Trustee, to the effect that the amendment to the Lease and the execution and delivery of the Additional Certificates have been duly authorized, and valid and enforceable against the County, that the excludability from federal income taxation of the interest on the Certificates and any Additional Certificates executed and delivered with the expectation that the interest thereon will not be includible in federal income taxation, will not be adversely affected by the execution and delivery of the Additional Certificates proposed to be executed and delivered, and that the execution and delivery of the Additional Certificates will not constitute a default under the Lease or the Indenture nor cause any violation of the covenants, agreements or representations in the Lease or the Indenture.

(c) Evidence that the amount of the title insurance policy or policies required by the Lease has been increased, if necessary, to reflect the amount of the Certificates and Additional Certificates executed and delivered plus the Additional Certificates, (or such lesser amount as the maximum insurable value of the Leased Property that is to be insured by such policy or policies).

Additional Certificates must be executed and delivered in the manner and for the purposes provided in the Indenture.

Revenues and Funds

The following funds and accounts are established by the Indenture for the purposes described below:

(a) ***Certificate Fund.*** The Certificate Fund is to be used to pay the principal of, premium, if any, and interest on the Certificates. The Certificate Fund is comprised of the Interest Account and the Principal Account.

> (i) Moneys in the Interest Account of the Certificate Fund are to be used solely for the payment of the interest on the Certificates and includes: (a) all accrued interest received at the time of the execution and delivery of the Certificates; (b) the amount constituting capitalized interest on the Certificates, (c) that portion of each payment of Base Rentals made by the County which is designated and paid as interest in the amounts determined in accordance with the Indenture and paid at the times specified in the Lease; and (d) all other moneys received by the Trustee under the Indenture to be used for the purpose of paying interest on the Certificates.
>
> (ii) Moneys in the Principal Account of the Certificate Fund are to used solely for the payment of the principal of the Certificates and includes: (a) that portion of each payment of Base Rentals made by the County which is designated and paid as principal under the Lease; and (b) all other moneys received by the Trustee under the Indenture to be used for the purpose of paying the principal of the Certificates.

(b) ***Reserve Fund.*** The Reserve Requirement under the Lease is to be deposited into the Reserve Account for application to any of the following purposes:

> (i) To the payment of the principal amount of the Certificates and interest thereon, as the same become due, to the extent of any deficiency in either the Interest Account or the Principal Account of the Certificate Fund for such purpose;
>
> (ii) At the option of the Trustee, after an Event of Nonappropriation or an Event of Default, to the payment of any cost or expense necessary to preserve or protect the Leased Property or the interest of the Trustee or the Owners therein, or necessary to make any repairs or modifications to the Leased Property in preparation for the subleasing, leasing, sale or other disposition thereof, as the Trustee may deem to be in the best interests of the Owners;
>
> (iii) In the event that the Certificates are to be redeemed after an Event of Nonappropriation or an Event of Default, to the redemption of the Certificates then Outstanding and the payment of interest thereon;
>
> (iv) In the event that the County exercises its option to purchase the Leased Property and terminate the Lease by paying the Purchase Option Price, to the County, or, at the option of the County, as a reduction of such Purchase Option Price; or

(v) At the option of the County, in reduction of the final payment of Base Rentals payable by the County under the Lease and, to the extent moneys in the Reserve Fund exceed the final payment of Base Rentals, to the next preceding payment or payments of Base Rentals.

Use of moneys in the Reserve Fund must be in accordance with the Indenture.

(c) ***Construction Fund.*** Moneys deposited into the Construction Fund are to be expended on Costs of the Project, as provided in the Lease. Any moneys remaining in the Construction Fund on completion of the Project, as certified by the Trustee, are to be transferred to the Interest Account of the Certificate Fund.

(d) ***Costs of Issuance Account.*** The Costs of Issuance Account is to be used to pay Costs of Issuance, as directed by the County. Any remaining amounts in the Costs of Issuance Account after such payments are made are to be transferred by the Trustee to the Principal Account of the Certificate Fund, pursuant to written direction from the County 3 months after the date the Certificates are issued.

Rebate Fund

The following deposits are to be made into the Rebate Fund (i) any moneys transferred to the Rebate Fund from the Reserve Fund pursuant to the Indenture; (ii) all amounts paid by the County pursuant to the Indenture; and (iii) all other moneys delivered to the Trustee that are accompanied by instructions to deposit the same into the Rebate Fund. Not later than 60 days after December 1, 2023 and every five years thereafter, the Trustee must, at the direction of the County, pay to the United States of America 90% of the amount required to be on deposit in the Rebate Fund as of such payment date. No later than 60 days after the final retirement of the Certificates, the Trustee must, at the direction of the County, pay to the United States of America 100% of the amount required to be on deposit in the Rebate Fund which will remain in effect for such period of time as is necessary for such final payment to be made. Each such payment required to be paid to the United States of America must be filed with the Internal Revenue Service Center, Ogden, Utah 84201. Each payment must be accompanied by a copy of the Internal Revenue Form 8038 T executed by the County and a statement prepared by the County or its agent summarizing the determination of the amount to be paid to the United States of America. The Trustee acknowledges that the County has reserved the right, in all events, to pursue such remedies and procedures as are available to it in order to assert any claim of overpayment of any rebated amounts.

The administration of the Rebate Fund is to be in accordance with the provisions of the Indenture. Pursuant to the Lease, if, for any reason, the amount on deposit in the Rebate Fund is less than the amount required to be paid to the United States of America on any date, the County will pay to the Trustee as Additional Rentals under the Lease the amount required to make such payment on such date.

Nonpresentment of Certificates

In the event any Certificate is not be presented for payment when due, if funds sufficient to pay such Certificate have been made available to the Trustee for the benefit of the registered owner thereof, the Trustee must hold such funds for a period of five years, without liability for interest thereon, for the benefit of the registered owner of such Certificate, who will be restricted exclusively to such funds for any claim of whatever nature on his or her part under the Lease or the Indenture or on or with respect to such Certificate.

So long as there has not been an Event of Nonappropriation or any Event of Default, any funds held by the Trustee pursuant to the preceding paragraph which remain unclaimed after the five year period are to be paid to the County and the registered owner of the such Certificates will be limited to a claim against the County.

Redemption of Certificates

(a) ***Redemption Upon an Event of Nonappropriation or an Event of Default under the Lease.*** Upon an Event of Nonappropriation or an Event of Default:

(i) The Certificates are to be called for redemption, in whole, at a redemption price determined pursuant to subsection (ii) below, on any date, in the event of the occurrence of an Event of Nonappropriation under the Lease or the occurrence and continuation of an Event of Default under the Lease.

(ii) The redemption price is to be the lesser of (A) the principal amount of the Certificates, plus accrued interest to the redemption date (without any premium); or (B) the sum of (1) the amount, if any, received by the Trustee from the exercise of remedies under the Lease with respect to the Event of Nonappropriation or the occurrence and continuation of the Event of Default that gave rise to such redemption and (2) the other amounts available in the Trust Estate for payment of the redemption price of the Certificates, which amounts are to be allocated among the Certificates in proportion to the principal amount of each Certificate.

(iii) In addition to any other notice required to be given under the Indenture, the Trustee must, immediately upon the occurrence of an Event of Nonappropriation or an Event of Default under the Lease, notify the Owners (A) that such event has occurred and (B) whether or not the funds then available to it for such purpose are sufficient to pay the redemption price set forth in subsection (ii) above.

(b) ***Redemption of Certificates in Whole Upon Payment of the Purchase Option Price from Moneys Other than Moneys Derived from a Financing.*** The Certificates will be called for redemption, in whole, at a redemption price equal to the principal amount of the Certificates, plus accrued interest to the redemption date (without redemption premium), on any date in the event of, and to the extent that moneys are actually received by the Trustee from, the exercise by the County of its option to purchase the Leased Property from a source other than (i) moneys borrowed by the County or (ii) moneys made available to the County from a sale and lease-back or a lease and sublease-back of the Leased Property.

(c) ***Redemption of Certificates in Whole Upon Payment of Purchase Option Price from Moneys Derived from a Financing.*** The Certificates maturing in the years 20__ and thereafter are subject to redemption prior to their respective maturity dates, in whole or in part, at a redemption price equal to the principal amount of the Certificates, plus accrued interest to the redemption date (without redemption premium), on and after December 1, 20__, in the event of, and to the extent that moneys are actually received by the Trustee from, the exercise by the County of its option to purchase the Leased Property from either (i) moneys borrowed by the County or (ii) moneys made available to the County from a sale and lease back or a lease and sublease back of the Leased Property.

(d) ***Mandatory Sinking Fund Redemption.*** The Certificates maturing on December 1, 20__, are also subject to mandatory sinking fund redemption by lot on December 1 of the years and in the principal amounts specified in the Indenture, at a redemption price equal to the principal amount thereof (without redemption premium), plus accrued interest to the redemption date.

(e) ***Notice of Redemption.*** The Trustee is to give notice of the call for any redemption, identifying the Certificates or portions thereof to be redeemed and specifying the terms of such redemption, by mailing a copy of the redemption notice by first-class mail, or by electronic means if to DTC or its successors, at least 30 days and not more than 60 days prior to the date fixed for redemption, to the registered owner of each Certificate to be redeemed at the address shown on the registration books; provided, however, that failure to give such notice by mailing, or any defect therein, will not affect the validity of any proceedings for the redemption of Certificates as to which no such failure has occurred.

(f) ***Redemption Payments.*** On or prior to the date fixed for redemption, funds are to be deposited with the Trustee to pay, and the Trustee is authorized and directed to apply such funds to the payment of, the Certificates called for redemption, together with accrued interest thereon to the redemption date, and any required premium. Upon the giving of notice and the deposit of such funds as may be available for redemption pursuant to the Indenture (which may be less than the full principal amount of the Outstanding Certificates and accrued interest thereon to the redemption date), interest on the Certificates or portions thereof thus called for redemption will no longer accrue after the date fixed for redemption.

The Trustee is to pay to the registered owners of Certificates so redeemed, the amounts due on their respective Certificates, at the corporate trust office of the Trustee upon presentation and surrender of the Certificates. Redemption payments are to be accompanied by a written designation prepared by the Trustee stating the portion of the payment representing the unpaid principal amount of the Certificate immediately prior to the payment, the portion of the payment representing interest, and the remaining portion, if any, which is to be designated and paid as a redemption premium. Upon surrender and cancellation of a Certificate for redemption in part only, a new Certificate or Certificates of the same series and maturity and of authorized denomination in an aggregate principal amount equal to the unredeemed portion thereof, is to be executed on behalf of and delivered by the Trustee. The expenses of such execution, delivery and exchange are to be paid by the County as Additional Rentals under the Lease.

Investment of Moneys

All moneys held as part of the Certificate Fund, the Construction Fund, the Reserve Fund or any other Fund or Account created under the Indenture or under the Lease are to be deposited or invested and reinvested by the Trustee, at the written direction of the County, in Permitted Investments; provided, however, that the Trustee will not make deposits or investments of any Fund or Account created under the Indenture that interfere with or prevent withdrawals for payment of the Costs of the Project or for payment of the Certificates at or before maturity or of interest thereon as required under the Indenture. All investments and reinvestments of any amounts pursuant to the Indenture or the Lease are to be made in accordance with the provisions of the Indenture; and all investments and reinvestments of any amounts deemed to be, for purposes of the Code, proceeds of the Certificates, are to be in accordance with the requirements of the Tax Compliance Certificate executed by the County in connection with the execution and delivery of the Certificates, unless the Trustee receives an opinion of Bond Counsel to the effect that an alternate investment or reinvestment will not adversely affect the excludability from federal income taxation of interest on the Certificates, in which case such investment or reinvestment may be made in accordance with such opinion. Any and all such deposits or investments are to be held by or under the control of the Trustee.

Discharge of Indenture

If, when the Certificates secured by the Indenture become due and payable in accordance with their terms or otherwise as provided in the Indenture, the whole amount of the principal of, premium, if any, and interest due and payable upon all of the Certificates is paid (or, in the case of redemption of the Certificates pursuant to the Indenture, if full or partial payment of the Certificates and interest thereon is made as provided in the Indenture), or provision has been made for the payment of the same, together with all other sums payable under the Indenture, then the right, title and interest of the Trustee in and to the Trust Estate and all covenants, agreements and other obligations of the County to the Trustee and the Certificate Owners will thereupon cease, terminate and become void and be discharged and satisfied, pursuant to the terms of the Indenture.

Defaults and Remedies

The following events constitute Events of Default under the Indenture:

(a) default in the payment of the principal of or premium, if any, on any Certificate when the same becomes due and payable, whether at the stated maturity thereof or upon redemption;

(b) default in the payment of any installment of interest on any Certificate when the same becomes due and payable; or

(c) the occurrence of an Event of Nonappropriation or an Event of Default by the County under the Lease.

Upon the occurrence of an Event of Default under the Indenture, the Trustee must immediately give notice of such occurrence to the registered owners of the Certificates, to the Initial Purchaser and to Moody's.

If any Event of Default occurs and is continuing, the Trustee may enforce, for the benefit of the registered owners of the Outstanding Certificates, each and every right granted to it as the assignee or grantee of the Lease. In exercising such rights and the rights given the Trustee under the Indenture, the Trustee must take such action as in the judgment of the Trustee would best serve the interests of the registered owners of the Outstanding Certificates, including calling the Outstanding Certificates for redemption prior to their maturity in the manner and subject to the provisions of the Indenture and exercising the Lease Remedies provided in the Lease.

Notwithstanding anything in the Indenture to the contrary, the registered owners of a majority in aggregate principal amount of the Certificates then Outstanding, have the right, at any time, to the extent permitted by law, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the time, method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Indenture, or for the appointment of a receiver, and any other proceedings under the Indenture; provided that such direction not be otherwise than in accordance with the provisions of the Indenture. The Trustee will not be required to act on any direction given to it pursuant to the Indenture until the indemnity described in the Indenture is furnished to it by such Owners.

Trustee Default and Remedies; Rights of Certificate Owners

The following events constitute a Trustee Default under the Indenture:

(a) default in the payment of the principal of, premium, if any, and interest on any Certificate when due to the extent such failure is not directly caused by an Event of Default or an Event of Nonappropriation;

(b) failure of the Trustee to enforce and diligently pursue any remedy available under the Indenture, unless the Trustee has been advised by counsel that such remedy is not legally available or would cause undue risk to the Trustee or the Holders, and after it received assurances or indemnification satisfactory to it that it will be repaid for such action; and

(c) failure by the Trustee to comply with any other provision of the Indenture within 30 days after receiving notice of noncompliance.

Subject to the terms of the Indenture, upon the occurrence of any Trustee Default, the Owner of any Certificate may: (a) commence proceedings in any court of competent jurisdiction to enforce the provisions of the Indenture against the Trustee; (b) cause the Trustee to be removed and replaced by a successor trustee; and (c) take any other action at law or in equity that may appear necessary or desirable to enforce the rights of such Owner.

No Owner has any right to institute any suit, action or proceeding in equity or at law for the enforcement of the Indenture or for the execution of any trust or for the appointment of a receiver or any other remedy under the Indenture, unless (a) a default has occurred of which the Trustee has been notified, or of which it is deemed to have notice; (b) such default has become an Event of Default as defined in the Indenture; (c) the registered owners of not less than a majority in aggregate principal amount of the Certificates then Outstanding have made written request to the Trustee and have offered reasonable opportunity either to proceed to exercise the powers granted in the Indenture or to institute such action, suit or proceeding in its own name; (d) such registered owners of the Certificates offered to the Trustee indemnity as provided in the Indenture; and (e) the Trustee thereafter failed or refused to exercise the powers granted in the Indenture, or to institute such action, suit or proceeding in its own name. The foregoing conditions are declared in every case to be conditions precedent to the execution of the powers and trusts of the Indenture, and to any action or cause of action for the enforcement of the Indenture, or for the appointment of a receiver or for any other remedy under the Indenture, it being understood and intended that no one or more Owners have any right in any manner whatsoever to affect, disturb or prejudice the lien of the Indenture by any action or to enforce any right thereunder except in the manner provided therein and that all proceedings at law or in equity be instituted, had and maintained in the manner therein provided and for the equal benefit of the registered owners of all Certificates then Outstanding. Nothing contained in the Indenture will, however, affect or impair the right of any Owner to enforce the payment of the principal of, premium, if any, and interest on any Certificate at and after the maturity thereof.

Upon the occurrence of an Event of Default under the Indenture, the lien on the Leased Property created and vested in the Trustee thereunder may be foreclosed either by sale at public auction or by proceedings in equity. Upon any such sale, any Owner or the Trustee may bid for and purchase the Leased Property or any portion thereof, in accordance with the provisions of the Indenture.

All rights of action and claims under the Indenture or any of the Certificates Outstanding thereunder may be enforced by the Trustee without the possession of any of the Certificates or the production thereof in any trial or proceedings relative thereto; and any suit or proceeding instituted by the Trustee is to be brought in its name as the Trustee, without the necessity of joining as plaintiffs or defendants any registered owners of the Certificates, and any recovery of judgment is to be for the ratable benefit of the registered owners of the Certificates, subject to the provisions of the Indenture.

Application of Moneys in Event of Default

Unless otherwise provided in the Lease or the Indenture, any moneys received by the Trustee under the Indenture are to be applied in the following order:

(a) To the payment of the expenses of the Trustee, including Counsel fees, and disbursements of the Trustee, and the payment of its reasonable compensation;

(b) To the payment of interest then owing on the Certificates, and in case such moneys are insufficient to pay the same in full, then to the payment of interest ratably without preference or priority of one Certificate over another or of any installment of interest over any other installment of interest;

(c) To the payment of principal or redemption price (as the case may be) then owing on the Outstanding Certificates, and in case such moneys are insufficient to pay the same in full, then to the payment of principal or redemption price ratably, without preference or priority of one Outstanding Certificate over another; and

(d) The surplus, if any, is to be paid to the County, or to the person lawfully entitled to receive the same as a court of competent jurisdiction may direct.

Duties of the Trustee

The duties of the Trustee under the Indenture include the following:

(a) The Trustee, prior to the occurrence of an Event of Default and after the curing of all Events of Default which may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in the Indenture. In case an Event of Default has occurred (which has not been cured or waived) the Trustee must exercise such of the rights and powers vested in it by the Indenture, and use the same degree of care and skill in their exercise as a reasonable and prudent person would exercise or use under the circumstances in the conduct of his or her own affairs.

(b) The Trustee may execute any of the trusts or powers hereof and perform any of its duties by or through attorneys, agents, receivers or employees but will be answerable for the conduct of the same in accordance with the standard specified above, and will be entitled to act upon an Opinion of Counsel concerning all matters of trust hereof and the duties under the Indenture, and may in all cases pay such reasonable compensation to all such attorneys, agents, receivers and employees as may reasonably be employed in connection with the Indenture trusts. The Trustee may act upon an Opinion of Counsel and will not be responsible for any loss or damage resulting from any action or nonaction taken by or omitted to be taken in good faith in reliance upon such Opinion of Counsel.

(c) The Trustee will not be responsible for any recital in the Indenture or in the Certificates (except in respect to the execution of the Certificates on behalf of the Trustee), or for the recording or rerecording, filing or refiling of the Lease or the Indenture or of any supplements thereto or instruments of further assurance, or collecting any insurance moneys or for the validity of the execution by the Trustee of the Indenture or of any supplements thereto or instruments of further assurance, or for the sufficiency of the security for the Certificates executed and delivered under the Indenture or intended to be secured thereby, or for the value of or title to the Leased Property, and the Trustee will not be bound to ascertain or inquire as to the performance or observance of any covenants, conditions or agreements on the part of the County, except as provided in the Indenture; but the Trustee may require of the County full information and advice as to the performance of the covenants, conditions and agreements aforesaid. The Trustee will have no obligation to perform any of the duties of the County under the Lease, and the Trustee will not be responsible or liable for any loss suffered in connection with any investment of funds made by it in accordance with the Indenture.

(d) The Trustee will not be accountable for the use of any Certificates executed and delivered under the Indenture. The Trustee may become the registered owner of the Certificates with the same rights which it would have if not the Trustee.

(e) The Trustee will be protected in acting upon any notice, request, consent, certificate, order, affidavit, letter, telegram or other paper or document believed to be genuine and correct and to have been signed or sent by the proper person or persons. Any action taken by the Trustee pursuant to the Indenture upon the request or authority or consent of any person who, at the time of making such request or giving such authority or consent, is the registered owner of any Certificate is conclusive and binding upon all future registered owners of the same Certificate and upon any Certificates issued in place thereof.

(f) As to the existence or nonexistence of any fact or as to the sufficiency or validity of any instrument, paper or proceeding, the Trustee is entitled to rely upon a certificate signed on behalf of the County by its Authorized Officers or such other person as may be designated for such purpose by a certified resolution, as sufficient evidence of the facts therein contained, and, prior to the occurrence of a default of which the Trustee has been notified as provided in the Indenture or of which by said subsection it is deemed to have notice, will also be at liberty to accept a similar certificate to the effect that any particular dealing, transaction or action is necessary or expedient, but will in no case be bound to secure the same.

(g) The permissive right of the Trustee to do things enumerated in the Indenture will not be construed as a duty and the Trustee will not be answerable for other than its negligence or willful default.

(h) The Trustee will not be required to take notice or be deemed to have notice of any default under the Indenture except failure by the County to cause to be made any of the payments to the Trustee required to be made by the Indenture unless the Trustee is specifically notified in writing of such default by the County or by the registered owners of at least 25% in aggregate principal amount of Certificates then Outstanding, and all notices or other instruments required by the Indenture to be delivered to the Trustee, must, in order to be effective, be delivered at the principal corporate trust office of the Trustee, and in the absence of such notice so delivered, the Trustee may conclusively assume there is no default except as aforesaid.

(i) All moneys received by the Trustee will, until used or applied or invested as provided in the Indenture, be held in trust in the manner and for the purposes for which they were received but need not be segregated from other funds except to the extent required by the Indenture or law. The Trustee will not be under any liability to pay interest on any moneys received under the Indenture except such as may be agreed upon.

(j) At any and all reasonable times, the Trustee and its duly authorized agents, attorneys, experts, engineers, accountants and representatives will have the right, but will not be required, to inspect any and all of the property pledged in the Indenture, including all books, papers and records of the County pertaining to the Leased Property.

(k) The Trustee will not be required to give any bond or surety in respect of the execution of the said trusts and powers or otherwise in respect of the premises.

(l) The Trustee will have no obligation to lend the Trustee's funds or credit to the County, or otherwise for the benefit or protection of the Leased Property or the Revenues.

(m) Before taking any action under the Indenture, the Trustee may require that satisfactory indemnity be furnished to it by the Owners for the reimbursement of all expenses which it may incur and to protect it against all liability, except liability which may result from its negligence or willful default, by reason of any action so taken.

Resignation or Replacement of the Trustee

The present or any future Trustee may resign by giving written notice to the County not less than 60 days before such resignation is to take effect. Such resignation will take effect only upon the appointment of a successor qualified as provided in the Indenture and such successor accepts the duties of Trustee. If an instrument of acceptance by a successor Trustee has not been delivered to the Trustee within 90 days after the giving of such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee. After payment of all outstanding fees and expenses, the present or any future Trustee may be removed at any time by an instrument in writing, executed by the registered owners of a majority in aggregate principal amount of the Certificates then Outstanding and delivered to the Trustee.

In case the present or any future Trustee at any time resigns or is removed or otherwise becomes incapable of acting, a successor may be appointed by the registered owners of a majority in aggregate principal amount of the Outstanding Certificates by an instrument or concurrent instruments signed by such Owners, or their attorneys-in-fact duly appointed; provided that the County may, by an instrument executed by order of the County, appoint a successor until a new successor is appointed by the Owners. The County after making such appointment will give notice thereof to each Owner, which notice may be given concurrently with the notice of resignation given by any resigning Trustee. Any successor so appointed by the County will immediately and without further act be superseded by a successor appointed in the manner above provided by the registered owners of a majority in aggregate principal amount of the Certificates Outstanding.

Every successor trustee and the appointment thereof must be in compliance with the provisions of the Indenture.

Supplemental Indentures and Amendments of the Lease

The Trustee may, with the written consent of the County, but without the consent of, or notice to, the Owners, enter into Supplemental Indentures for any one or more or all of the following purposes:

(a) To grant additional powers or rights to the Trustee;

(b) To cure any ambiguity, or to cure, correct or supplement any defect or omission or inconsistent provision contained in the Indenture, or to make any provisions with respect to matters arising under the Indenture or for any other purpose if such provisions are necessary or desirable and do not materially adversely affect the interests of the Owners;

(c) To subject to the Indenture additional revenues, properties or collateral;

(d) To amend or modify the description of the real property and improvements constituting the Leased Property; provided, however, that such amendment or modification must not materially adversely affect the interests of the Owners;

(e) To set forth the terms and conditions and other matters in connection with the execution and delivery of Additional Certificates pursuant to the Indenture; or

(f) To preserve or protect the excludability from gross income, for federal income tax purposes, of interest on the Certificates.

Exclusive of Supplemental Indentures covered above, the written consent of the County and the consent of the registered owners of a majority in aggregate principal amount of the Certificates then Outstanding will be required for the execution by the Trustee of any Supplemental Indentures; provided, however, that without the consent of the registered owners of all the Certificates at the time Outstanding the Indenture will not permit, nor be construed as permitting:

(a) A change in the maturity, terms of redemption or the method of calculating the interest on any Outstanding Certificate, or a reduction in the principal amount of or premium payable upon any redemption of any Outstanding Certificate without the consent of the registered owner of such Certificate;

(b) The deprivation of the registered owner of any Certificate then Outstanding of the lien created by the Indenture (other than as originally permitted by the Indenture);

(c) A privilege or priority of any Certificate or Certificates over any other Certificate or Certificates; or

(d) A reduction in the aggregate principal amount of the Certificates required for consent to such Supplemental Indenture.

If at any time the County requests the Trustee to enter into such Supplemental Indenture for any of the purposes provided above, the Trustee must, upon being satisfactorily indemnified with respect to expenses, cause notice of the proposed execution of such Supplemental Indenture to be mailed by registered or certified mail to the registered owners of the Certificates then Outstanding at the address of each such Owner shown on the registration books maintained by the Trustee. Such notice must briefly set forth the nature of the proposed Supplemental Indenture and must state that copies thereof are on file at the principal corporate trust office of the Trustee for inspection by all Owners.

If, within 60 days or such longer period as prescribed by the County following the giving of such notice, the registered owners of all or of a majority in aggregate principal amount of the Certificates then Outstanding, as the case may be, at the time of the execution of any such Supplemental Indenture, have consented to and approved the execution thereof, no Owner has any right to object to any of the terms and provisions contained therein, or in the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee from executing the same or from taking any action pursuant to the provisions thereof.

The Trustee may, with the written consent of the County, but without the consent of or notice to the Owners, consent to any amendment, change or modification of the Lease as may be required (a) by the provisions of the Lease or the Indenture, (b) for the purpose of curing any ambiguity, or curing, correcting or supplementing any defect or omission or inconsistent provision contained therein, or to make any provisions with respect to matters arising under the Lease or for any other purpose if such provisions are necessary or desirable and do not materially adversely affect the interests of the Owners, (c) in order to more precisely identify the Leased Property or to add additional improvements or properties acquired in accordance with the Lease and the Indenture; (d) in connection with the execution and delivery of Additional Certificates, (e) to add covenants of the County, (f) in order to preserve or protect the excludability from gross income, for federal income tax purposes, of interest on the Certificates, or (g) to amend or modify the description of the real property and improvements constituting the Leased Property; provided, however, that such amendment or modification must not materially adversely affect the interests of the Owners.

Except for the amendments, changes or modifications permitted above, the Trustee must not consent to any other amendment, change or modification of the Lease without giving notice to and receiving the written approval or consent of the registered owners of not less than a majority in aggregate principal amount of the Certificates at the time Outstanding given and procured as provided in the Indenture. If at any time the County requests the consent of the Trustee to any such proposed amendment, change or modification of the Lease, the Trustee must, upon being satisfactorily indemnified with respect to expenses, cause notice of such proposed amendment, change or modification to be given in the same manner as provided in the Indenture. Such notice must briefly set forth the nature of such proposed amendment, change or modification and must state that copies of the instrument embodying the same are on file at the principal corporate trust office of the Trustee for inspection by all Owners.

APPENDIX B

FORM OF CONTINUING DISCLOSURE UNDERTAKING

This Continuing Disclosure Agreement (this "Undertaking") is executed and delivered, as of June __, 2019, by Archuleta County, Colorado (the "County"), in connection with the issuance of $14,055,000[*] aggregate principal amount of Certificates of Participation, Series 2019 (the "Certificates"). The Certificates are authorized pursuant to the Indenture of Trust, dated as of June 1, 2019 (the "Indenture"), by UMB Bank, n.a., as trustee thereunder (the "Trustee"). Capitalized terms used but not otherwise defined herein shall have the meanings assigned thereto in the Indenture.

In consideration of the issuance of the Certificates by the County and the purchase of such Certificates by the Owners, the County hereby covenants and agrees as follows:

Section 1. Purpose of this Agreement. This Agreement is executed and delivered by the County as of the date set forth below, for the benefit of the holders and owners (the "Certificateholders") of the Certificates and in order to assist the Participating Underwriter (as defined below) in complying with the requirements of the Rule (as defined below).

Section 2. Definitions. The terms set forth below shall have the following meanings in this Agreement, unless the context clearly otherwise requires.

"*Agreement*" means the obligations of the County pursuant to Sections 4, 5 and 6.

"*Annual Financial Information*" means the financial information and operating data described in Exhibit I.

"*Annual Financial Information Disclosure*" means the dissemination of disclosure concerning Annual Financial Information and the dissemination of the Audited Financial Statements as set forth in Section 4 hereof.

"*Audited Financial Statements*" means the audited consolidated financial statements of the County, prepared pursuant to the standards and as described in Exhibit I.

"*Commission*" means the Securities and Exchange Commission.

"*Dissemination Agent*" means initially the County and any successor agent designated as such in writing by the County and which has filed with the County a written acceptance of such designation, and such agent's successors and assigns.

"*EMMA*" means the Electronic Municipal Market Access facility for municipal securities disclosure of the MSRB.

"*Exchange Act*" means the Securities Exchange Act of 1934, as amended.

"*Material Event*" means the occurrence of any of the events with respect to the Certificates set forth in Exhibit II.

[*] Preliminary; subject to change.

"*Material Events Disclosure*" means dissemination of a notice of a Material Event as set forth in Section 5.

"*MSRB*" means the Municipal Securities Rulemaking Board.

"*Participating Underwriter*" means each broker, dealer or municipal securities dealer acting as an underwriter in any primary offering of the Certificates.

"*Prescribed Form*" means, with regard to the filing of Annual Financial Information, Audited Financial Statements and notices of Material Events with the MSRB at *www.emma.msrb.org* (or such other address or addresses as the MSRB may from time to time specify), such electronic format, accompanied by such identifying information, as shall have been prescribed by the MSRB and which shall be in effect on the date of filing of such information.

"*Rule*" means Rule 15c2-12 adopted by the Commission under the Exchange Act, as the same may be amended from time to time.

"*State*" means the State of Colorado.

Section 3. CUSIP Number/Final Official Statement. The final CUSIP [1, ©] of the Certificates is _______ ___. The final Official Statement relating to the Certificates is dated May __, 2019 (the "Final Official Statement").

Section 4. Annual Financial Information Disclosure. Subject to Section 10 of this Agreement, the County hereby covenants that it will disseminate the Annual Financial Information and the Audited Financial Statements (in the form and by the dates set forth below and in Exhibit I) by the County's delivery of such Annual Financial Information and Audited Financial Statements to the MSRB within 240 days immediately following the completion date of the County's fiscal year.

The County is required to deliver such information in Prescribed Form and by such time so that such entities receive the information by the dates specified.

If any part of the Annual Financial Information can no longer be generated because the operations to which it is related have been materially changed or discontinued, the County will disseminate a statement to such effect as part of its Annual Financial Information for the year in which such event first occurs.

If any amendment is made to this Agreement, the Annual Financial Information for the year in which such amendment is made (or in any notice or supplement provided to the MSRB) shall contain a narrative description of the reasons for such amendment and its impact on the type of information being provided.

[1] The County takes no responsibility for the accuracy of the CUSIP numbers, which are included solely for the convenience of owners of the Certificates.

Section 5. Material Events Disclosure. Subject to Section 10 of this Agreement, the County hereby covenants that it will disseminate in a timely manner, not in excess of 10 Business Days after the occurrence of the event, Material Events Disclosure to the MSRB in Prescribed Form. Notwithstanding the foregoing, notice of optional or unscheduled redemption of any Certificates or defeasance of any Certificates need not be given under this Agreement any earlier than the notice (if any) of such redemption or defeasance is given to the owners of the Certificates pursuant to the Ordinance. From and after the Effective Date, the County is required to deliver such Material Events Disclosure in the same manner as provided by Section 4 of this Agreement.

Section 6. Duty To Update EMMA/MSRB. The County shall determine, in the manner it deems appropriate, whether there has occurred a change in the MSRB's e-mail address or filing procedures and requirements under EMMA each time it is required to file information with the MSRB.

Section 7. Consequences of Failure of the County to Provide Information. The County shall give notice in a timely manner, not in excess of 10 Business Days after the occurrence of the event, to the MSRB in Prescribed Form of any failure to provide Annual Financial Information Disclosure when the same is due hereunder.

In the event of a failure of the County to comply with any provision of this Agreement, the Certificateholder of any Certificate may seek specific performance by court order to cause the County to comply with its obligations under this Agreement. A default under this Agreement shall not be deemed an Event of Default under the Indenture or any other agreement, and the sole remedy under this Agreement in the event of any failure of the County to comply with this Agreement shall be an action to compel performance.

Section 8. Amendments; Waiver. Notwithstanding any other provision of this Agreement, the County may amend this Agreement, and any provision of this Agreement may be waived, if:

(i) The amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the County or type of business conducted;

(ii) This Agreement, as amended, or the provision, as waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(iii) The amendment or waiver does not materially impair the interests of the Certificateholders of the Certificates, as determined either by parties unaffiliated with the County or the County (such as the Trustee) or by an approving vote of the Certificateholder Representative or of the Certificateholders of the Certificates holding a majority of the aggregate principal amount of the Certificates (excluding Certificates held by or on behalf of the County or its affiliates) at the time of the amendment; or

(iv) The amendment or waiver is otherwise permitted by the Rule.

Section 9. Termination of Agreement. The Agreement of the County shall be terminated hereunder when the County shall no longer have any legal liability under the terms of the Indenture pursuant to the terms of the Indenture for any obligation on or relating to the repayment of the Certificates. The County shall give notice to the MSRB in a timely manner and in Prescribed Form if this Section is applicable.

Section 10. Dissemination Agent. The County shall transmit all information to the MSRB as provided in this Agreement. The County may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

Section 11. Additional Information. Nothing in this Agreement shall be deemed to prevent the County from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Financial Information Disclosure or notice of occurrence of a Material Event, in addition to that which is required by this Agreement. If the County chooses to include any information from any document or notice of occurrence of a Material Event in addition to that which is specifically required by this Agreement, the County shall not have any obligation under this Agreement to update such information or include it in any future disclosure or notice of the occurrence of a Material Event.

Section 12. Beneficiaries. This Agreement has been executed in order to assist the Participating Underwriter in complying with the Rule; however, this Agreement shall inure solely to the benefit of the County, the Dissemination Agent, if any, the County, the Certificateholder Representative and the Certificateholders of the Certificates, and shall create no rights in any other person or entity.

Section 13. Recordkeeping. The County shall maintain records of all Annual Financial Information Disclosure and Material Events Disclosure, including the content of such disclosure, the names of the entities with whom such disclosure was filed and the date of filing such disclosure.

Section 14. Assignment. The County shall not transfer its obligations under the Ordinance unless the transferee agrees to assume all obligations of the County under this Agreement or to execute a continuing disclosure agreement under the Rule.

Section 15. Governing Law. This Agreement shall be governed by the laws of the State.

EXHIBIT I

ANNUAL FINANCIAL INFORMATION AND TIMING AND AUDITED FINANCIAL STATEMENTS

"*Annual Financial Information*" means financial information and operating data exclusive of Audited Financial Statements as set forth below of the type appearing or incorporated by reference in Tables II, III, IV, VIII, XI and XII in the Final Official Statement.

All or a portion of the Annual Financial Information and the Audited Financial Statements as set forth below may be included by reference to other documents which have been submitted to the MSRB or filed with the Commission, and such information need not be provided in the exact format as shown in the Final Official Statement. The County shall clearly identify each such item of information included by reference.

Annual Financial Information will be provided to the MSRB within 240 days immediately following the last day of the County's fiscal year. Audited Financial Statements as described below should be filed at the same time as the Annual Financial Information. If Audited Financial Statements are not available when the Annual Financial Information is filed, unaudited financial statements shall be included, and Audited Financial Statements will be provided to the MSRB within 10 Business Days after availability to the County.

Audited Financial Statements will be prepared in accordance with generally accepted accounting principles in the United States as in effect from time to time.

If any change is made to the Annual Financial Information as permitted by Section 4 of the Agreement, including for this purpose a change made to the fiscal year-end of the County, the County will disseminate a notice to the MSRB of such change in Prescribed Form as required by such Section 4.

EXHIBIT II

EVENTS WITH RESPECT TO THE CERTIFICATES FOR WHICH MATERIAL EVENTS DISCLOSURE IS REQUIRED

1. Principal and interest payment delinquencies

2. Nonpayment-related defaults, if material

3. Unscheduled draws on debt service reserves reflecting financial difficulties

4. Unscheduled draws on credit enhancements reflecting financial difficulties

5. Substitution of credit or liquidity providers, or their failure to perform

6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security

7. Modifications to rights of security holders, if material

8. Certificate calls, if material, and tender offers

9. Defeasances

10. Release, substitution or sale of property securing repayment of the securities, if material

11. Rating changes

12. Bankruptcy, insolvency, receivership or similar event of the County*

13. The consummation of a merger, consolidation or acquisition involving the County or the sale of all or substantially all of the assets of the County, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material

14. Appointment of a successor or additional Paying Agent or the change of name of a Paying Agent, if material

15. Incurrence of a financial obligation of the County or obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the County or obligated person, any of which affect security holders, if material

16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation of the County or obligated person, any of which reflect financial difficulties.

* This event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the County in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the County, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the County.

APPENDIX C

AUDITED GENERAL PURPOSE FINANCIAL STATEMENTS OF THE COUNTY AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2017

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Independent Auditor's Report

To the Board of County Commissioners of Archuleta County, Colorado
Pagosa Springs, Colorado

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements.

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Archuleta County, Colorado, as of December 31, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 2, during the year management of the County determined that certain capital assets contributed to the County have not been properly recorded, and the County is unable to identify or locate the related assets. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages i through xi and the budgetary comparison information on pages 33 through 35 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other 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 other supplementary information, including other schedules and reports, as listed in the table of contents is presented for purposes of additional analysis and are not a required part of the basic financial statements

The other supplementary information as listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Governmental Auditing Standards*, we have also issued our report dated April 12, 2019 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 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 County's internal control over financial reporting and compliance.

ACM LLP

Greeley, Colorado
April 12, 2019

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The following discussion and analysis of Archuleta County's financial performance provides an overview of the County's financial activities for the fiscal year ended December 31, 2017. Management encourages readers to consider the information presented here in conjunction with the County's financial statements.

FINANCIAL HIGHLIGHTS

- The assets of Archuleta County exceeded its liabilities and deferred inflows of resources at December 31, 2017 by $60,717,298. Of this amount, $19,888,769 may be used to meet the County's ongoing obligations to citizens and creditors.

- The County's total net position increased by $2,334,365 or 4.0% during 2017. The governmental net position increased by $2,674,056 or 9.05% and the business-type net position decreased by ($339,691) or (1.18%).

- The combined governmental fund balances at December 31, 2017 were $19,629,344, an increase over 2016 of $1,378,550. The unassigned combined fund balance is $3,024,253 and is available for spending.

- The unassigned fund balance within the General Fund is $3,024,253 and is 29.07% of the total General Fund expenditures, excluding Transfers Out.

- The County's total long term liabilities decreased ($224,698) or (5.94%).

USING THIS ANNUAL REPORT

This discussion and analysis is intended to serve as an introduction to Archuleta County's basic financial statements. The County's basic financial statements comprise three components: 1) the government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains required and other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of Archuleta County's finances, in a manner similar to a private-sector business.

The ***Statement of Net Position*** presents information on all of Archuleta County's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between the categories reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of Archuleta County is improving or deteriorating.

The ***Statement of Activities*** presents information showing how Archuleta County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenditures reported in this statement for some items will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Government-wide financial statements distinguish functions of Archuleta County that are principally supported by taxes and intergovernmental revenues (G*overnmental Activities)* from other functions that are intended to recover all or a significant portion of their costs through user fees and charges

(*Business-type Activities).* The Governmental Activities of Archuleta County include general government, public safety, highway and streets, health and welfare, economic development and recreation. The Business-type Activities of Archuleta County include Solid Waste and Airport.

Fund Financial Statements
A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Some funds are required to be established by State law or bond covenants. All of the County's funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds – Most of the County's basic services are reported in governmental funds, which focus on how spendable resources flow into and out of those funds and the balances left at year-end that are available for future years. The funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental funds statements provide a detailed short-term view to cash, the governmental fund operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliations.

Proprietary funds – When the County charges customers for the services it provides – whether to outside customers or to other units of the County – these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the County's enterprise funds (components of proprietary funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds. The County uses an internal service fund (the other component of proprietary funds) to account for its fleet of vehicles. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the governmental-wide financial statements.

Fiduciary funds – Resources held for the benefit of parties outside the government are reported in fiduciary funds. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the County's operations. The accounting used for fiduciary funds is similar to that used for proprietary funds.

The basic fiduciary fund financial statements can be found within the basic financial statements, just before the Notes to the Basic Financial Statements.

Notes to the Basic Financial Statements
The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found immediately after the basic financial statements.

Other Information
In addition to the basic financial statements and accompanying notes, this report also presents the combining statements referred to earlier in connection with non-major Governmental Funds and Internal Service Funds. Schedules that compare actual revenues and expenditures/expenses to budget amounts are also included. Combining and individual fund statements and schedules can be found after the notes in the financial section.

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. For the County, assets exceeded liabilities and deferred inflows of resources by $60,717,298 at December 31, 2017.

The following table provides a summary comparison of the County's governmental and business-type net position at December 31, 2017.

Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
Current and other assets	$ 27,033,212	$ 24,924,705	$ 1,923,985	$ 1,904,208	$28,957,197	$26,828,913
Capital assets	15,081,816	14,487,581	27,287,556	27,469,408	42,369,372	$41,956,989
Total assets	42,115,028	39,412,286	29,211,541	29,373,616	71,326,569	68,785,902
Current liabilities	1,438,305	1,235,388	(30,821)	(40,735)	1,407,484	1,194,653
Noncurrent liabilities	2,823,079	3,215,489	735,573	567,861	3,558,652	3,783,350
Total liabilities	4,261,384	4,450,877	704,752	527,126	4,966,136	4,978,003
Deferred inflows of resources	5,643,135	5,424,956	-	-	5,643,135	5,424,956
Net position:						
Net investment in capital assets	12,125,893	11,057,201	27,139,156	27,469,408	39,265,049	38,526,609
Restricted	1,463,480	1,295,085	-	-	1,463,480	1,295,085
Unrestricted	18,621,136	17,184,167	1,367,633	1,377,072	19,988,769	18,561,239
Total net position	$ 32,210,509	$ 29,536,453	$ 28,506,789	$ 28,846,480	$60,717,298	$58,382,933

The largest portion of Archuleta County's net position, about 64.67%, reflects its investment in capital assets (e.g. land, buildings, equipment, etc.), less any related debt still outstanding (current and long-term), that was used to acquire those assets. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

About 2% of the County's net position is subject to restrictions on how it may be used. About 33% is unrestricted and may be used to meet the County's ongoing obligations to citizens and creditors. Note that "unrestricted" funds are not the same as "unassigned". Some of the "unrestricted" funding is assigned or committed to specific uses, or include internal reserves.

Governmental Activities

The Governmental Activities total revenues of $22,589,842 exceeded expenditures of $19,915,785, resulting in an increase in net assets of $2,674,057 at December 31, 2017.

The following table provides a summary comparison of the County's governmental and business-type net position at December 31, 2017.

Changes in Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
Program revenues:						
Charges for services	$ 2,742,516	$ 2,326,729	$ 1,099,997	$ 975,572	$ 3,842,513	$ 3,302,301
Operating grants	6,984,775	6,814,923	-	-	6,984,775	6,814,923
Capital grants/Contributions	28,980	77,809	17,200	1,108,214	46,180	1,186,023
General revenues:						
Property taxes	6,098,069	6,223,788	-	-	6,098,069	6,223,788
Sales and use taxes	5,099,070	4,759,534	-	-	5,099,070	4,759,534
Other taxes	1,190,178	1,185,511	-	-	1,190,178	1,185,511
Other general revenues	846,254	1,278,155	-	-	846,254	1,278,155
Transfers	(400,000)	(580,000)	400,000	580,000	-	-
Total revenues	22,589,842	22,086,449	1,517,197	2,663,786	24,107,039	24,750,235
Program expenses:						
General Government	4,848,044	5,098,364	-	-	4,848,044	5,098,364
Public Safety	4,899,146	4,173,249	-	-	4,899,146	4,173,249
Health and Welfare	4,225,262	4,095,809	-	-	4,225,262	4,095,809
Highways and Streets	4,479,907	4,550,485	-	-	4,479,907	4,550,485
Economic Development	152,617	136,128	-	-	152,617	136,128
Recreation and Culture	1,229,224	398,142	-	-	1,229,224	398,142
Interest Expense	81,586	94,102	-	-	81,586	94,102
Airport	-	-	1,153,596	1,810,889	1,153,596	1,810,889
Solid Waste	-	-	703,292	675,084	703,292	675,084
Total expenses	19,915,786	18,546,279	1,856,888	2,485,973	21,772,674	21,032,252
Change in Net Position	2,674,056	3,540,170	(339,691)	177,813	2,334,365	3,717,983
Beginning Net Position	29,536,453	25,996,283	28,846,480	28,668,667	58,382,933	54,664,950
Ending Net Position	$ 32,210,509	$ 29,536,453	$ 28,506,789	$ 28,846,480	$ 60,717,298	$ 58,382,933

Expenditures exceeded Program Revenues for Governmental Activities by $10.2 million in 2017. In 2016 expenditures exceeded Program Revenues by $9.3 million.

Total revenues for governmental activities are made up of 43.2% of program revenues and 56.8% general revenues. In 2016, program revenues were 41.7% of the total revenues and general revenues represented 58.3%.

Governmental Activities Program Revenues increased $536,810 or 5.8% in 2017 compared to 2016. The overall increase is due to a significant increase in Charges for Services, and a healthy increase in Operating Grants, partially offset by decreases in Capital grants/Contributions.

General revenues, primarily property taxes and sales taxes, were used to pay for $10,159,515 of expenses that were not covered by program revenues.

The following illustrates program revenues, expenses, and amounts covered by general revenues, by function:

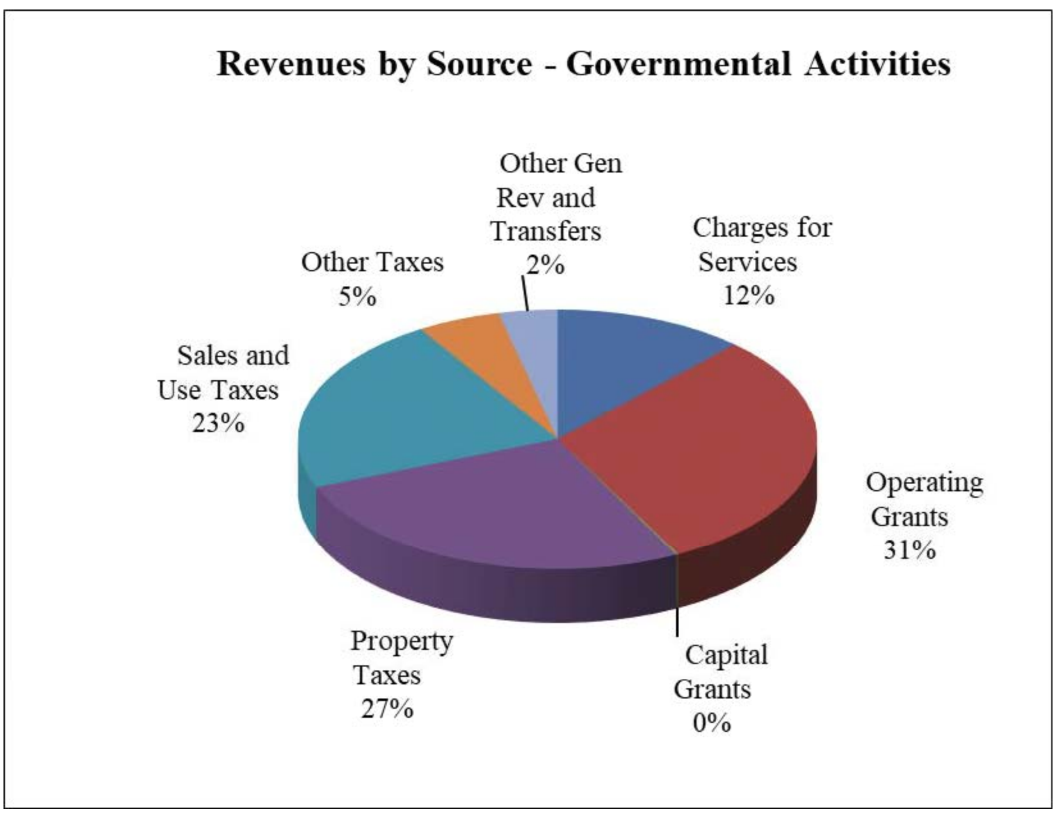
Net Program Cost to Taxpayers

Governmental Activities

	Program Revenues	Expenses	Net (Expense) Revenue
General Gov't	$ 3,172,617	$ 4,848,044	$ (1,675,427)
Public Safety	775,403	4,899,146	(4,123,743)
Health and Welfare	3,889,641	4,225,262	(335,621)
Highways and Streets	1,918,610	4,479,907	(2,561,297)
Economic Dev	-	152,617	(152,617)
Recreation and Culture	-	1,229,224	(1,229,224)
Interest Expense	-	81,586	(81,586)
Totals	**$ 9,756,271**	**$ 19,915,786**	**$ (10,159,515)**

Governmental Activities total revenues increased $503,393 or 2.28% in 2017.

The following illustrate revenues by sources:

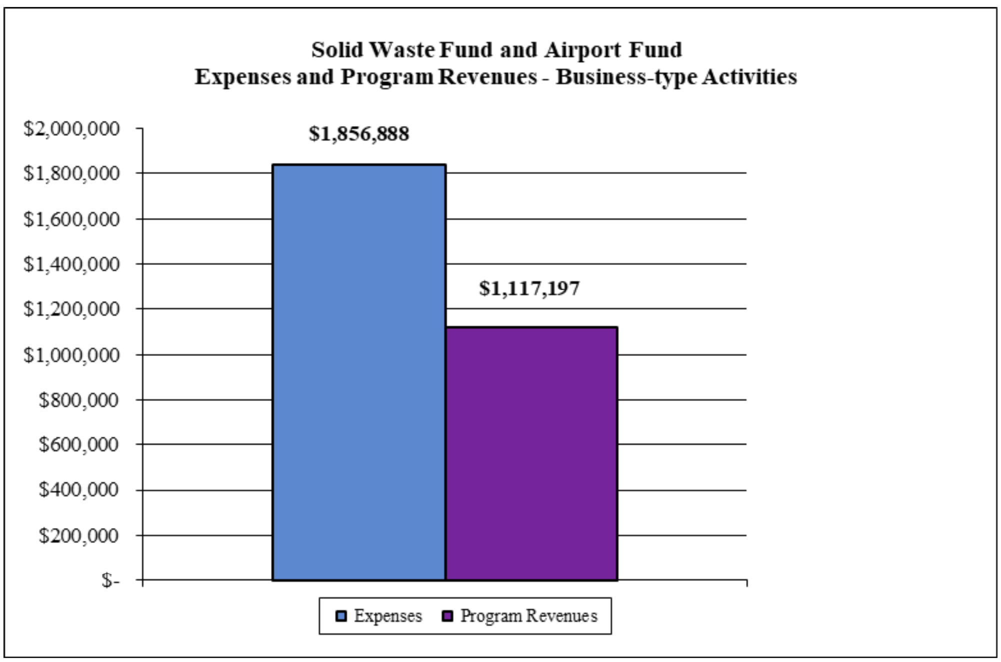


The percentages of total County expenses in each function are as follows:

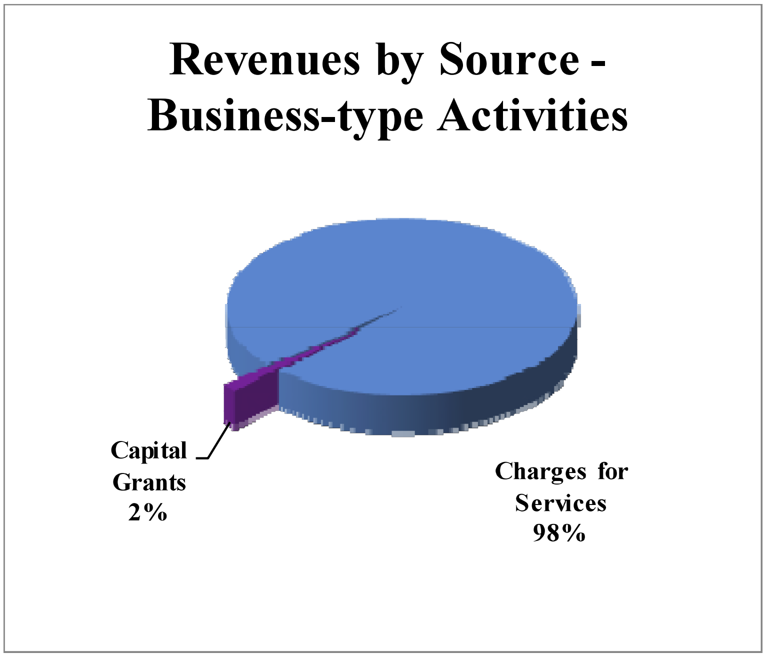
	2017	2016
General Government	24.3%	27.5%
Public Safety	24.6%	22.5%
Health and Welfare	21.2%	22.1%
Highways and Streets	22.5%	24.5%
Economic Dev	0.8%	0.7%
Recreation	6.2%	2.2%
Interest Expense	0.4%	0.5%

Business-type Activities
Net position in Business-type Activities decreased by ($339,691) in 2017.

The following illustrates the Business-type Activities, showing program revenues and expenses:



Charges for Services for business-type activities were 98% of revenues and Capital Grants were 2% of revenues.



THE COUNTY'S FUNDS

At year end, the County's Governmental Funds reported a combined fund balance of $19,629,344, an increase of $1,378,550 compared to 2016. Fund balances in the Governmental Funds are as follows:

Governmental Fund Balances Comparison

	2017	2016	2015	2014	2013
General Government Fund	$ 12,435,543	$ 12,159,081	$ 10,366,121	$ 10,776,507	$ 8,880,189
Road and Bridge Fund	5,284,125	4,472,920	5,247,450	4,007,333	3,449,934
Dept. of Human Services Fund	806,407	697,705	571,359	432,128	391,179
Other Governmental Funds	1,103,269	921,088	880,068	888,817	1,023,701
Combined Governmental Fund Balance	**$ 19,629,344**	**$ 18,250,794**	**$ 17,064,998**	**$ 16,104,785**	**$ 13,745,003**

The Proprietary Funds ended 2017 with total unrestricted net position of $2,291,672, an increase of $286,992 from 2016. The total net position, including net invested in capital assets, was $31,075,630, a decrease of ($30,181).

Proprietary Funds Net Positions are as follows:

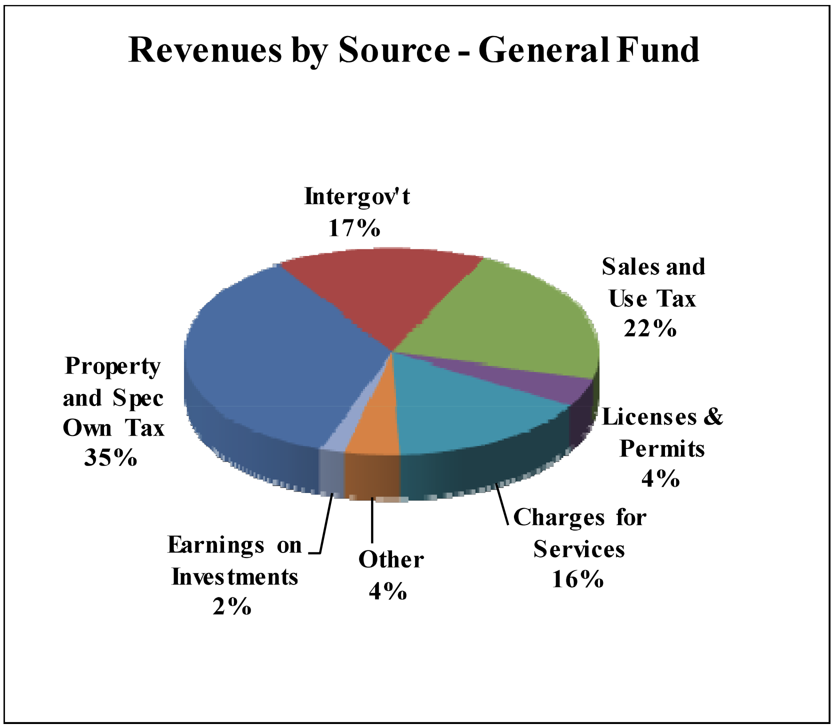
Solid Waste Fund	$1,839,158
Airport Fund	$26,568,436
Fleet Fund (Internal Service)	$2,668,036

GENERAL FUND BUDGETARY HIGHLIGHTS
The General Fund accounts for all of the general services provided by Archuleta County. At the end of 2017, the General Fund's fund balance totaled $12,435,543. This is an increase of $276,462 compared to 2016.

A comparison of unassigned fund balance to total fund expenditures is often a useful measure of the ability to continue financial operations. At December 31, 2017 the unassigned fund balance in the General Fund represented 29.1% of the General Fund expenditures.

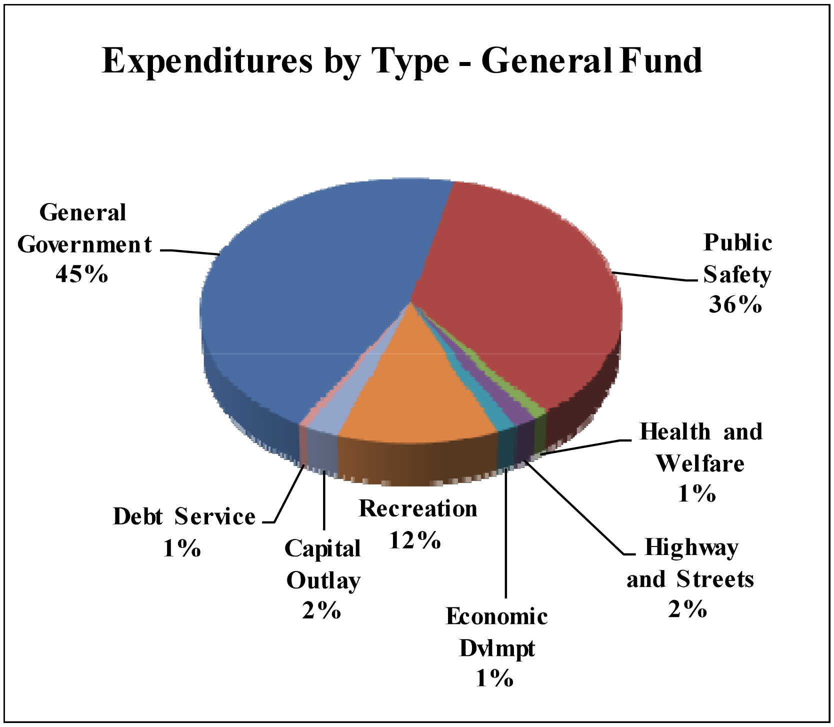
2017 General Fund revenues increased $216,218 from 2016. Most categories of revenue increased. The most significant increases were in Charges for Services up $346,691 and Licenses and Permits up $44,708. Other Revenue was down significantly $426,061, but this was because there was a one-time sale of land in 2016.

The following illustrates revenues by sources in the General Fund:



General Fund expenditures include all administrative functions of the County (i.e. Commissioners, Administrator, Finance, Attorney, Human Resources, IT/GIS, etc.); public safety; health and welfare; planning and development and outdoor recreation. Total General Fund expenditures increased $1,156,985, about 12.5%, in 2017.

The following illustrates expenditures by type for the General Fund:



During 2017, the County Commissioners approved budget amendments that included changes to the General Fund budget. Resolution enactment requires public hearing and the opportunity for public discussion. The County does allow small inter-departmental budget changes that modify line items within departments within the same fund.

Actual revenues collected in the General Fund were $572,904 more than budgetary estimates (excluding other financing sources) and expenditures were $813,641 less than the final budgetary estimates (excluding other financing uses).

The following illustrates the General Fund Budget:

2017 General Fund Budget

	Adopted Budget	Amendments	Final Budget
Beginning Fund Balance	$ 11,155,116	$ -	$ 11,155,116
Sources	10,554,249	993,757	11,548,006
Uses	11,664,332	993,757	12,658,089
Ending Fund Balance	$ 10,045,033	$ -	$ 10,045,033

CAPITAL ASSETS

In 2017, the County invested in a broad range of capital assets, including infrastructure (roads), heavy equipment and vehicles and improvements at the Airport.

The table below provides a comparative summary of total capital assets at December 31, 2017 and 2016.

Capital Assets at Year-end
(Net of Depreciation, in Thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
Land	749	749	3,574	3,574	4,323	4,323
Construction in progress	2	33	-	6	2	39
Runway	-	-	20,752	21,476	20,752	21,476
Improvements nonbuilding	18	21	362	57	380	78
Buildings and Improvements	1,309	1,300	1,735	1,798	3,044	3,098
Machinery and Equipment	1,133	1,371	610	252	1,743	1,623
Vehicles	848	591	50	80	898	671
Computer Equipment	81	116	-	-	81	116
Infrastructure	10,942	10,307	205	226	11,147	10,533
Totals	**15,082**	**14,488**	**27,288**	**27,469**	**42,370**	**41,957**

Major capital expenditures during 2017 included:

2017 Major Capital Expenditures

Infrastructure (Roads)	$1,315,267
Machinery and Equipment	$623,946
Vehicles	$500,976

The County remains committed to the upkeep and maintenance of the County's largest assets. More detailed information about the County's capital assets is presented in Notes 1 and 7 to the financial statements.

DEBT

Note 8 of the financial statements provide a summary of the County's long-term debt. At the end of 2017, the County had total debt outstanding of $3.1 million. The County's total debt decreased ($326,057) from 2016.

Outstanding Debt, at Year-end

	Governmental Activities		Business-type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
Notes Payable	$ 176,895	$ 227,406	$ -	$ -	$ 176,895	$ 227,406
Capital leases	2,779,028	3,202,974	148,400	-	2,927,429	3,202,974
Totals	$ 2,955,923	$ 3,430,380	$ 148,400	$ -	$ 3,104,324	$ 3,430,380

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Over the last decade, the County significantly constrained spending; first to survive steep declines in core funding such as property tax, and later to build critical reserves in working capital and later still to establish a strategic reserve. Despite the last recession and the very slow recovery since then, the County's austerity measures have paid off. Fund balances have steadily increased; investments in deferred maintenance and capital replacement have been ramped up and the freeze on employee wage rates have given way to adjustments to bring all employees back in line with the marketplace.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and investors and creditors with a general overview of the County's finances and to show the County's accountability for the funds and assets it receives. If you have questions about this report, or should you need additional financial information, contact the County's Finance Department at Archuleta County, PO Box 1507, Pagosa Springs, CO 81147, or at finance@archuletacounty.org.

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ARCHULETA COUNTY, COLORADO

BASIC FINANCIAL STATEMENTS

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

	Primary Government		
	Governmental Activities	Business-Type Activities	TOTAL
ASSETS			
Current Assets:			
Cash and Cash Equivalents	$ 13,396,772	$ 1,813,246	$ 15,210,018
Investments	5,944,830	-	5,944,830
Property Taxes Receivable	5,643,135	-	5,643,135
Other Receivables	1,126,647	107,797	1,234,444
Inventories	166,310	2,942	169,252
Prepaid Items	3,947	-	3,947
Due from Other Governments	751,571	-	751,571
Total Current Assets	27,033,212	1,923,985	28,957,197
Noncurrent Assets:			
Capital Assets:			
Land	748,711	3,574,229	4,322,940
Construction in Progress	2,152	-	2,152
Runway, net	-	20,752,401	20,752,401
Buildings and Improvements, net	1,308,518	1,735,359	3,043,877
Machinery and Equipment, net	1,132,798	609,988	1,742,786
Vehicles, net	847,848	49,807	897,655
Improvements - Non-building, net	18,964	362,290	381,254
Computer Equipment, net	81,195	-	81,195
Infrastructure, net	10,941,630	203,482	11,145,112
Total Noncurrent Assets	15,081,816	27,287,556	42,369,372
TOTAL ASSETS	42,115,028	29,211,541	71,326,569
LIABILITIES			
Current Liabilities:			
Accounts Payable	687,120	33,063	720,183
Internal Balances	99,195	(99,195)	-
Accrued Interest Payable	11,626	-	11,626
Accrued Payroll and Liabilities	35,077	-	35,077
Deposits Payable	9,348	-	9,348
Accrued Compensated Absences, Current Portion	108,943	7,375	116,318
Notes and Capital Leases Payable, Due Within One Year	486,996	27,936	514,932
Total Current Liabilities	1,438,305	(30,821)	1,407,484
Noncurrent Liabilities:			
Closure and Post-Closure Costs	-	586,944	586,944
Accrued Compensated Absences, Noncurrent	354,152	28,165	382,317
Notes and Capital Leases Payable, Due After One Year	2,468,927	120,464	2,589,391
Total Noncurrent Liabilities	2,823,079	735,573	3,558,652
TOTAL LIABILITIES	4,261,384	704,752	4,966,136
DEFERRED INFLOWS OF RESOURCES			
Deferred Revenue - Property Taxes	5,643,135	-	5,643,135
TOTAL DEFERRED INFLOWS OF RESOURCES	5,643,135	-	5,643,135
NET POSITION			
Net Investment in Capital Assets	12,125,893	27,139,156	39,265,049
Restricted for:			
TABOR	543,374	-	543,374
Capital Projects	574,210	-	574,210
Forest Reserve Title III	2,664	-	2,664
Parks and Recreation	343,232	-	343,232
Unrestricted	18,621,136	1,367,633	19,988,769
TOTAL NET POSITION	$ 32,210,509	$ 28,506,789	$ 60,717,298

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

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

		Program Revenues			Net (Expense) Revenue and Change in Net Position – Primary Government		
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities**	**Business-Type Activities**	**TOTAL**
Primary Government:							
Governmental Activities:							
General Government	$ 4,848,044	$ 1,931,393	$ 1,212,244	$ 28,980	$ (1,675,427)	$ -	$ (1,675,427)
Public Safety	4,899,146	775,403	-	-	(4,123,743)	-	(4,123,743)
Health and Welfare	4,225,262	-	3,889,641	-	(335,621)	-	(335,621)
Highways and Streets	4,479,907	35,720	1,882,890	-	(2,561,297)	-	(2,561,297)
Economic Development	152,617	-	-	-	(152,617)	-	(152,617)
Recreation and Culture	1,229,224	-	-	-	(1,229,224)	-	(1,229,224)
Interest Expense	81,586	-	-	-	(81,586)	-	(81,586)
Total Governmental Activities	19,915,786	2,742,516	6,984,775	28,980	(10,159,515)	-	(10,159,515)
Business-Type Activities:							
Airport	1,153,596	130,792	-	17,200	-	(1,005,604)	(1,005,604)
Solid Waste	703,292	969,205	-	-	-	265,913	265,913
Total Business-Type Activities	1,856,888	1,099,997	-	17,200	-	(739,691)	(739,691)
Total Primary Government	$ 21,772,674	$ 3,842,513	$ 6,984,775	$ 46,180	(10,159,515)	(739,691)	(10,899,206)
		General revenues:					
		Taxes:					
		Property and Specific Ownership Taxes			6,098,069	-	6,098,069
		Sales and Use Taxes			5,099,070	-	5,099,070
		Payments in Lieu of Taxes			1,190,178	-	1,190,178
		Net Earnings on Investments			247,386	-	247,386
		Miscellaneous			567,529	-	567,529
		Net gain on sale of capital assets			31,339	-	31,339
		Transfers			(400,000)	400,000	-
		Total General Revenues and Transfers			12,833,571	400,000	13,233,571
		Change in Net Positon			2,674,056	(339,691)	2,334,365
		Net Position - Beginning			29,536,453	28,846,480	58,382,933
		Prior Period Adjustment - See Note 2			-	-	-
		Net Position - Ending			$ 32,210,509	$ 28,506,789	$ 60,717,298

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

ARCHULETA COUNTY, COLORADO
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2017

	GENERAL FUND	ROAD AND BRIDGE FUND	HUMAN SERVICES FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS					
Cash and Cash Equivalents	$ 5,729,402	$ 4,861,165	$ 757,251	$ 1,065,647	$ 12,413,465
Investments	5,944,830	-	-	-	5,944,830
Property Taxes Receivable	3,952,481	1,408,775	281,879	-	5,643,135
Other Receivables	575,250	490,251	22,089	38,857	1,126,447
Inventories	22,116	29,373	-	-	51,489
Prepaid Items	3,947	-	-	-	3,947
Due From Other Governments	653,169	-	98,402	-	751,571
TOTAL ASSETS	$ 16,881,195	$ 6,789,564	$ 1,159,621	$ 1,104,504	$ 25,934,884
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE					
LIABILITIES					
Accounts Payable	$ 483,823	$ 96,664	$ 36,258	$ 1,235	$ 617,980
Accrued Payroll and Liabilities	-	-	35,077	-	35,077
Inmate Deposits	9,348	-	-	-	9,348
TOTAL LIABILITIES	493,171	96,664	71,335	1,235	662,405
DEFERRED INFLOWS OF RESOURCES					
Deferred Revenue - Property Taxes	3,952,481	1,408,775	281,879	-	5,643,135
TOTAL DEFERRED INFLOWS OF RESOURCES	3,952,481	1,408,775	281,879	-	5,643,135
FUND BALANCE					
Nonspendable for:					
Inventory and Prepaid Items	26,063	29,373	-	-	55,436
Restricted for:					
TABOR	298,793	176,506	51,909	16,166	543,374
Capital Projects	-	-	-	574,210	574,210
Title III	-	2,664	-	-	2,664
Parks and Recreation	-	-	-	343,232	343,232
Committed to:					
1A Projects - Parks & Recreation	90,195	-	-	-	90,195
1A Projects - Facilities & Technology	9,946	-	-	-	9,946
Fund Reserves Policy	6,376,061	-	-	-	6,376,061
Assigned to:					
Highways and Streets	-	5,075,582	-	-	5,075,582
Public Safety	-	-	-	169,661	169,661
Health and Welfare	-	-	754,498	-	754,498
Clerk eRecording System	93,552	-	-	-	93,552
Livestock Auction	18,694	-	-	-	18,694
Subsequent Year Expenditures	2,497,986	-	-	-	2,497,986
Unassigned	3,024,253	-	-	-	3,024,253
TOTAL FUND BALANCE	12,435,543	5,284,125	806,407	1,103,269	19,629,344
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	$ 16,881,195	$ 6,789,564	$ 1,159,621	$ 1,104,504	$ 25,934,884

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

ARCHULETA COUNTY, COLORADO
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
WITH THE GOVERNMENT-WIDE STATEMENT OF NET POSITION
December 31, 2017

Total governmental fund balances			$ 19,629,344
Amounts reported for governmental activities in the statement of net position are different because:			
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the fund financial statements.			13,437,014
Long-term liabilities are not due and payable in the current period and therefore are not reported in the fund financial statements.			
	Capital Leases Payable	$ (2,779,028)	
	Notes Payable	(176,895)	
	Compensated Absences	(457,141)	
	Accrued Interest Payable	(11,626)	(3,424,690)
Internal service funds are used by management to charge the cost of fleet management to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.			2,568,841
Net position of governmental Activities			$ 32,210,509

ARCHULETA COUNTY, COLORADO
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2017

	GENERAL FUND	ROAD AND BRIDGE FUND	HUMAN SERVICES FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES					
Property and Specific Ownership Taxes	$ 4,276,966	$ 1,517,432	$ 303,671	$ -	$ 6,098,069
Intergovernmental	2,006,123	1,882,890	3,889,641	396,299	8,174,953
Sales and Use Taxes	2,629,159	2,469,911	-	-	5,099,070
Licenses and Permits	546,566	-	-	-	546,566
Charges for Services	1,903,866	35,720	-	228,837	2,168,423
Other	524,746	30,989	8,078	3,716	567,529
Earnings on Investments	233,484	-	-	13,902	247,386
TOTAL REVENUES	12,120,910	5,936,942	4,201,390	642,754	22,901,996
EXPENDITURES					
General Government	4,719,617	-	-	-	4,719,617
Public Safety	3,709,898	-	-	1,048,397	4,758,295
Health and Welfare	115,027	-	4,092,688	-	4,207,715
Highway and Streets	169,551	3,347,029	-	30,000	3,546,580
Economic Development	152,032	-	-	-	152,032
Culture and Recreation	1,221,845	-	-	-	1,221,845
Capital Outlay	244,806	1,351,064	-	38,457	1,634,327
Debt Service					
Principal Retirement	61,619	362,327	-	50,511	474,457
Interest	11,108	65,317	-	7,153	83,578
TOTAL EXPENDITURES	10,405,503	5,125,737	4,092,688	1,174,518	20,798,446
Excess (Deficiency) of Revenues Over Expenditures	1,715,407	811,205	108,702	(531,764)	2,103,550
OTHER FINANCING SOURCES (USES)					
Transfers In	-	-	-	713,945	713,945
Transfers Out	(1,438,945)	-	-	-	(1,438,945)
TOTAL OTHER FINANCING SOURCES (USES)	(1,438,945)	-	-	713,945	(725,000)
Excess (Deficiency) of Revenues Over Expenditures and Other Financing Sources (Uses)	276,462	811,205	108,702	182,181	1,378,550
Fund Balances - Beginning	12,159,081	4,472,920	697,705	921,088	18,250,794
Fund Balances - Ending	$ 12,435,543	$ 5,284,125	$ 806,407	$ 1,103,269	$ 19,629,344

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

ARCHULETA COUNTY, COLORADO
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES WITH THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2017

Net change in fund balances - total governmental funds		$ 1,378,550
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the difference between depreciation and capital outlay in the current period.		
Capital asset purchases	$ 1,634,327	
Net book value of assets disposed	(31,738)	
Depreciation expense	(1,021,433)	581,156
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
Loan and capital lease payments		474,457
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Compensated Absences	$ (71,609)	
Accrued Interest Payable	1,992	(69,617)
Internal service funds are used by management to charge the cost of fleet management to individual funds. A portion of the net revenue or loss of these services is reported with governmental activities.		309,510
Change in net position of governmental activities		$ 2,674,056

ARCHULETA COUNTY, COLORADO
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2017

	Business-type Activities			Governmental-Activities
	SOLID WASTE FUND	AIRPORT FUND	TOTAL BUSINESS-TYPE ACTIVITIES	INTERNAL SERVICE FUND
ASSETS				
Current Assets				
Cash and Cash Equivalents	$ 1,499,558	$ 313,688	$ 1,813,246	$ 983,307
Accounts Receivable	104,494	3,303	107,797	200
Inventories	-	2,942	2,942	114,821
Total Current Assets	1,604,052	319,933	1,923,985	1,098,328
Capital Assets				
Land	309,165	3,265,064	3,574,229	-
Runway, net	-	20,752,401	20,752,401	-
Buildings and Improvements, net	-	1,735,359	1,735,359	18,979
Machinery and Equipment, net	501,990	107,998	609,988	941,240
Vehicles, net	-	49,807	49,807	676,209
Improvements Non-building, net	-	362,290	362,290	-
Computer Equipment, net	-	-	-	8,374
Infrastructure, net	203,482	-	203,482	-
Total Noncurrent Assets	1,014,637	26,272,919	27,287,556	1,644,802
TOTAL ASSETS	2,618,689	26,592,852	29,211,541	2,743,130
LIABILITIES				
Current Liabilities				
Accounts Payable	29,241	3,822	33,063	69,140
Accrued Compensated Absences	7,375	-	7,375	2,505
Notes Payable	27,936	-	27,936	-
Total Current Liabilities	64,552	3,822	68,374	71,645
Noncurrent Liabilities				
Accrued Compensated Absences	7,571	20,594	28,165	3,449
Capital Leases Payable	120,464	-	120,464	-
Closure and Post-Closure Costs	586,944	-	586,944	-
Total Noncurrent Liabilities	714,979	20,594	735,573	3,449
TOTAL LIABILITIES	779,531	24,416	803,947	75,094
NET POSITION				
Net Investment in Capital Assets	866,237	26,272,919	27,139,156	1,644,802
Unrestricted	972,921	295,517	1,268,438	1,023,234
TOTAL NET POSITION	$ 1,839,158	$ 26,568,436	28,407,594	$ 2,668,036

Amounts reported for business-type activities in the statement of net position are different because

Net position of internal service fund attributed to business-type activities	99,195
	$ 28,506,789

ARCHULETA COUNTY, COLORADO
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Year Ended December 31, 2017

	Business-type Activities			Governmental-Activities
	SOLID WASTE FUND	AIRPORT FUND	TOTAL BUSINESS-TYPE ACTIVITIES	INTERNAL SERVICE FUND
OPERATING REVENUES				
Charges for Services Intragovernment	$ -	$ -	$ -	$ 1,209,438
Charges for Services Outside	968,505	118,983	1,087,488	-
Other	700	11,809	12,509	27,527
Total Operating Revenues	969,205	130,792	1,099,997	1,236,965
OPERATING EXPENSES				
Salaries and Benefits	289,032	127,064	416,096	278,060
Materials and Supplies	48,189	75,154	123,343	661,995
Purchased Services	225,965	27,533	253,498	-
Other	58,223	20,210	78,433	-
Depreciation	80,437	887,202	967,639	422,336
Total Operating Expenses	701,846	1,137,163	1,839,009	1,362,391
Operating Income (Loss)	267,359	(1,006,371)	(739,012)	(125,426)
NONOPERATING REVENUES				
Intergovernmental	-	17,200	17,200	-
Transfers In	300,000	100,000	400,000	325,000
Gain on Sale of Capital Assets	-	-	-	63,077
Total Nonoperating Revenues	300,000	117,200	417,200	388,077
Income Before Contributions	567,359	(889,171)	(321,812)	262,651
Capital Contributions	-	-	-	28,980
Change in Net Position	567,359	(889,171)	(321,812)	291,631
Net Position at Beginning of Year	1,271,799	27,457,607		2,376,405
Net Position at End of Year	$ 1,839,158	$ 26,568,436		$ 2,668,036

Amounts reported for business-type activities in the statement of net position are different because	
Internal service fund decrease in expenses for costs in excess of charges to the business-type activities	(17,879)
	$ (339,691)

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

	Business-type Activities			Governmental-Activities
	SOLID WASTE FUND	AIRPORT FUND	TOTAL BUSINESS-TYPE ACTIVITIES	INTERNAL SERVICE FUND
Cash Flows From Operating Activities:				
Cash Received From Customers	$ 944,500	$ 132,676	$ 1,077,176	$ 30,158
Cash Received From Interfund Service Provided	-	-	-	1,209,438
Cash Paid To Employees	(281,030)	(113,702)	(394,732)	(275,893)
Cash Paid To Suppliers	(318,070)	(149,601)	(467,671)	(679,919)
Net Cash Flows From Operating Activities	345,400	(130,627)	214,773	283,784
Cash Flows From Non-Capital Financing Activities:				
Transfers In	300,000	100,000	400,000	325,000
Change in Interfund Payable	-	-	-	-
Intergovernmental Revenue Received	-	67,867	67,867	-
Net Cash Flows From Non-Capital Financing Activities	300,000	167,867	467,867	325,000
Cash Flows From Capital and Related Financing Activities:				
Capital Acquisitions	(299,994)	(337,394)	(637,388)	(406,435)
Proceeds from the sale of capital assets	-	-	-	63,077
Net Cash Flows From Capital and Related Financing Activities	(299,994)	(337,394)	(637,388)	(343,358)
Increase in Cash and Cash Equivalents	345,406	(300,154)	45,252	265,426
Cash and Cash Equivalents, Beginning of the Year	1,154,152	613,842	1,767,994	717,881
Cash and Cash Equivalents, End of the Year	$ 1,499,558	$ 313,688	$ 1,813,246	$ 983,307
Non-cash Capital and Related Financing Activities				
Contributed Capital Assets	$ -	$ -	$ -	$ 28,980
Capital Assets Acquired with Capital Lease	$ 148,400	$ -	$ 148,400	$ -
Reconciliation of Operating Income (Loss) to Net Cash Flows Provided by Operating Activities				
Operating Income (Loss)	$ 267,359	$ (1,006,371)	$ (739,012)	$ (125,426)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided By Operating Activities				
Depreciation Expense	80,437	887,202	967,639	422,336
(Increase) Decrease in Accounts Receivables	(24,705)	1,884	(22,821)	2,631
(Increase) Decrease in Inventory	-	(2,410)	(2,410)	(34,385)
(Increase) Decrease in Prepaid Items	-	38	38	-
Increase (Decrease) in Accounts Payable	(21,140)	(15,728)	(36,868)	16,461
Increase (Decrease) in Accrued Compensated Absences	8,002	4,758	12,760	2,167
Increase (Decrease) in Accrued Closure and Post Closure Liability	35,447	-	35,447	-
Total Adjustments	78,041	875,744	953,785	409,210
Net Cash Flows From By Operating Activities	$ 345,400	$ (130,627)	$ 214,773	$ 283,784

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

ARCHULETA COUNTY, COLORADO
STATEMENT OF FIDUCIARY NET POSITION
December 31, 2017

	TREASURER'S AGENCY FUND
ASSETS	
Cash and Cash Equivalents	$ 725,962
TOTAL ASSETS	$ 725,962
LIABILITIES	
Funds Held for Others	$ 725,962
TOTAL LIABILITIES	$ 725,962

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of Archuleta County, Colorado (the "County") reflected in the accompanying financial statements conform to accounting principles generally accepted in the United States of America ("GAAP") applicable to state and local governments. GAAP for local governments are those promulgated by the Governmental Accounting Standards Board ("GASB") in Governmental Accounting and Financial Reporting Standards.

REPORTING ENTITY

Primary Government

The County is a political subdivision organized under the statutes of the State of Colorado. The County is governed by a three-member Board of County Commissioners (the "Board"). Each commissioner is elected at-large by the voters of the County to represent one of the three separate districts and must reside in the district for which he or she is elected. There are also six other elected officials - assessor, clerk and recorder, sheriff, coroner, surveyor, and treasurer. The treasurer is also the County Public Trustee.

The County provides a wide range of services to its residents including public safety, highways and streets, health and human services, planning, zoning, property tax assessment, property tax collection and distribution, extension service, landfill operations, airport operations, recording, and general administrative services.

Component Units

The County's financial statements include the accounts of all County operations. The criteria for including organizations as component units within the County's reporting entity, as set forth in Section 2100 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards.* The financial reporting entity consists of the primary government, as well as component units, which are legally separate organizations for which elected officials of the primary government are financially accountable. Financial accountability is defined as:

> 1) Appointment of a voting majority of the component unit's governing board, and either, a) the ability to impose its will by the primary government, or b) there is a potential for the component unit to provide specific financial benefits to, or impose specific financial burdens on, the primary government; or
>
> 2) Fiscal dependency on the primary government and there is a potential for the organization to provide specific benefits to, or impose specific financial burdens on the primary government regardless of whether the organization has (1) a separately elected governing board, (2) a governing board appointed by a higher level of government or (3) a jointly appointed board.

Based on the application of these criteria, there are no component units included in the County's reporting entity.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements include the statement of net position and the statement of activities. Government-wide statements report information on all of the activities of the County, except for County fiduciary activity. The effect of interfund transfers has been removed from the government-wide statements but continues to be reflected on the fund statements. Mainly taxes and intergovernmental revenues support governmental activities.

The statement of activities reflects the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include:

- Charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment.

- Grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included in program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the fiduciary funds are excluded from the government-wide financial statements.

Major individual governmental funds are reported as separate columns in the fund financial statements.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. This measurement is also used for the proprietary and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants are recognized as revenue when all applicable eligibility requirements imposed by the provider are met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Cost reimbursement grant revenue is considered to be available at the point the expenditure is incurred. Expenditures are generally 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.

Sales and use taxes, other taxes, charges for services, intergovernmental revenues, and interest are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the County.

The County reports the following major governmental funds:

- The ***General Fund*** is the general operating fund of the County. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The ***Road and Bridge Fund***, a special revenue fund, is used to account for the maintenance and improvements of streets and highways. The sources of funds include property taxes, sales tax, highway users' fees, and other revenue sources.
- The ***Human Services Fund***, a special revenue fund, is used to account for the operations of social programs; i.e. Temporary Aid to Needy Families, Old Age Pension, Aide to the Blind, Aide to the Needy and Disabled, among others. Financing is provided by grants, allotments, and property tax revenue.

Proprietary fund financial statements are used to account for activities, which are similar to those often found in the private sector. The measurement focus is based upon determination of net income, financial position, and cash flows.

Proprietary funds are accounted for using the accrual basis of accounting as follows:

- Revenues are recognized when earned, and expenses are recognized when the liabilities are incurred.
- Current-year contributions, administrative expenses, and premium payments, which are not received or paid until the subsequent year, are considered to have been incurred.

The County reports the following major proprietary funds:

- The ***Solid Waste Fund*** is used to account for the operation, maintenance, and the development of the County landfill.
- The ***Airport Fund*** is used to account for the operations of the County Airport.

The County reports the following internal service fund type:

- ***Internal Service Fund*** accounts for fleet services provided to other departments or agencies of the County on a cost reimbursement basis.

The Fiduciary fund consists of an agency fund established to record transactions relating to assets held by the County in a trustee capacity or as an agent for individuals, governmental entities, and non-public organizations. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Certain eliminations have been made as prescribed by GASB Statement No. 34, *Basic Financial Statements – And Management's Discussion and Analysis – For State and Local Governments*, in regards to interfund activities, payables, and receivables. All internal balances in the statement of net position have been eliminated. In the statement of activities, internal service fund transactions have been eliminated.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the internal service fund are service fees charged to the other funds. Operating expenses for the internal service fund includes cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

ASSETS, LIABILITIES, AND NET POSITION OR EQUITY

Cash, Cash Equivalents, and Investments
The County's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less at the date of acquisition. Investments are reported at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*.

Property Taxes
Property taxes attach as an enforceable lien on property as of January 1 each year. The taxes are payable in two installments on the last day of February and June 15 or in full on April 30. The County Treasurer bills and collects all property taxes for the County. Property tax revenue is recognized by the County to the extent it results in a current receivable.

The 2017 property tax levy due January 1, 2018, has been recorded in the financial statements as a receivable and a corresponding deferred inflow of resources.

Inventories and Prepaid Items
Inventory is valued at the lower of cost (first-in, first-out) or market. Inventory consists of expendable supplies held for use. Reported inventories are equally offset by nonspendable fund balance, which indicates that they do not constitute available spendable resources even though they are a component of net current assets. Inventory policy on government-wide statements is consistent with the fund financial statements.

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
Capital assets, which include land, buildings and improvements, equipment, vehicles, construction in progress, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or bustiness-type activities columns in the government-wide financial statements. The County defines capital assets as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Costs related to the construction of assets including interest, engineering, legal, surveying and landscaping that were incurred from the beginning of construction until the assets were substantially complete were capitalized.

Capital assets of the primary government are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Runway	40
Infrastructure	20
Buildings and Improvements	40
Improvements Non-Building	15
Machinery and Equipment	5 - 7
Vehicles	5
Computer Equipment	5

During 2017, management of the County determined that the useful life of the runway and related improvements should be depreciated over forty years instead of fifteen. This change was made prospectively, and did not have a material impact on current year depreciation expense.

Long-Term Obligations
Long-term debt and other long-term obligations are recorded as liabilities in the government-wide financial statements. In the fund financial statements for governmental fund types, debt proceeds are reported as other financing sources and debt payments are reported as expenditures.

Compensated Absences
A maximum of 80 to 160 hours of vacation time, per year, may be accumulated by each employee (depending on length of service). Employees who have over five years of continued employment and are eligible for either 120 or 160 hours of earned vacation have the option of receiving payment. Such contributions shall be the monetary equivalent of any vacation time earned over 80 hours in a given year and shall not exceed a maximum of 80 hours.

Employees will be paid for up to the maximum accumulated unused vacation hours upon separation from County service.

Full-time employees may accumulate up to 480 hours of sick leave; Part time employees working less than 30 hours per work week, seasonal, temporary, and contract employees are not eligible for sick leave. After the maximum accumulated sick leave is reached (480) accrual ceases until the balance has been reduced.

After five years of continuous service, upon termination an employee will be paid for accumulated sick leave at the rate of 50% of all unused sick leave up to the maximum accumulative number of hours, which is 480 hours.

The County accrues a liability for compensated absences that meets the following criteria:

1) The County's obligation relating to employee rights to receive compensation for future absences is attributable to employee services already rendered.

2) The obligation relates to rights that vest or accumulate.

3) Payment of the compensation is probable.

4) The amount can be reasonably estimated.

The total compensated absences liability is reported on the government-wide financial statements. Proprietary funds report the total compensated liability in each individual fund at the fund reporting level. Governmental funds report the compensated absence liability at the fund reporting level only when due.

Unearned Revenue
Revenues on grants, which are restricted by the grant document for specific purposes, are recognized as revenue only after eligible grant costs have been incurred. Grant funds received in excess of grant expenditures are recorded as unearned revenues.

Fund Equity
Net Position **-** Net position represents the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources. The net investment in capital assets consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. All other net position is reported as unrestricted.

Fund Balance – Beginning in fiscal year 2011, the County implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement is intended to improve the usefulness of information provided to financial report users about fund balance by providing clearer, more structured fund balance classification and by clarifying the definitions of existing governmental fund types.

As a result, fund balances are classified based on the extent to which the County is bound to honor constraints for the specific purpose on which amounts in the fund can be spent. In accordance with the Statement, fund balances are now classified in one of the five categories:

- *Nonspendable Fund Balance* – amounts that cannot be spent because they are not in spendable form – such as inventories and prepaid items.

- *Restricted Fund Balance* – restricted when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

- *Committed Fund Balance* – amounts that can only be used for specific purposes as a result of constraints imposed by the Board of County Commissioners, the highest level of decision making authority. Committed amounts cannot be used for any other purpose unless the Board removes those constraints by taking the same type of action. Committed fund balances differ from restricted balance because the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

- *Assigned Fund Balance* – amounts a government intends to use for a specific purpose; intent can be expressed by the Board of County Commissioners or by an official or body to which the governing body delegates the authority.

- *Unassigned Fund Balance* – amounts that are available for any purpose. The General Fund is the only fund that would report a positive amount in unassigned fund balance. However, in governmental funds other than the General Fund, if expenditures incurred for specific purposes exceed the amount that are restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted resources are available, the County considers restricted resources to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the County considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of County Commissioners has provided otherwise in its commitment or assignment actions.

Sales Tax Allocation
The County collects a 2% sales tax. The tax has historically been allocated 50% to the General Fund and 50% to the Road and Bridge Fund for capital expenditures. On December 8, 2014, the Federal government made effective a revised rule titled "Policy and Procedures Concerning the Use of Airport Revenue; Proceeds from Taxes on Aviation Fuel". Under the new rule, sales tax generated by the sale of aviation fuel must be used to support aviation related activities. The rule must be followed no later than Dec. 8, 2017, but early adoption was strongly encouraged. The County decided to comply with the rule in 2016, ahead of the requirement. As a result of this compliance, the airport related part of collected sales tax is allocated directly to the Airport Fund. The balance of the collected sales tax is allocated 50% to the General Fund and 50% to the Road and Bridge fund, as in prior years.

Use of Estimates
The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

NOTE 2 POTENTIAL MISAPPROPRIATION OF CERTAIN ASSETS

During the year ended December 31, 2017, management of the County determined that certain assets requested by the Sheriff's Department and granted to the County through the Federal 1033 Program (the "Program"), administered by the Defense Logistics Agency ("DLA") were not properly recognized as grant revenue with a corresponding capitalization of the related assets. The assets were not properly reported by the County's Sherriff's Department, and many of the assets cannot be located by the County. There is an ongoing investigation into the potential misappropriation of these assets. As a result, Governmental Activities assets and net position are understated at December 31, 2016 by the value of the assets received by the County. The County estimates that the value of assets received from the Program, but not recognized as grant revenue during the period from January 1, 2013 through December 31, 2016 totaled approximately $1,633,943. The County has restated its opening net asset balance to record the correction of this error, with a net impact of $0, due to a corresponding loss from misappropriation. The County is unable to determine the eventual outcome of the investigation, or if any assets will ultimately be recovered. Any assets recovered will be recorded at fair value of the asset at the time of recovery.

NOTE 3 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgets and Budgetary Accounting
The County follows the procedures set forth in the Colorado Local Government Budget Law when preparing the annual budget for each fund. Budget procedures include:

1. In accordance with State statutes, prior to October 15, the County Budget Officer submits to the Board of County Commissioners a proposed operating budget for the calendar year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them for the upcoming year, along with estimates for the current year and actual data for the two preceding years. State statutes require more detailed line item budgets be submitted in summary form. In addition, more detailed line item budgets are included for administrative control. The level of control for the detailed budgets is at the department head/function level.

2. Public hearings are conducted to obtain taxpayer comment.

3. Prior to December 31, the budget is legally enacted through passage of a resolution. The associated appropriations resolution is adopted at the fund level.

4. The County's policy states that no authorization is given to spend, contract, or incur a liability that was not appropriated in the current year's budget without written approval of the Finance Director. The Finance Director will approve only those expenditures for which a qualifying budget supplement has been properly prepared and submitted.

5. Formal budgetary integration is employed as a management control device during the year.

6. Budgets for the General Fund, Special Revenue Funds, and Capital Projects Funds are adopted on a basis consistent with GAAP. For the Enterprise Funds, and Internal Service Funds, proceeds from long-term debt is budgeted as revenue, note and lease principal payments are budgeted as expenses, and purchases of capital assets are budgeted as capital outlay expenses.

7. Appropriations lapse at the end of each fiscal year.

8. The Board of County Commissioners may authorize supplemental appropriations during the year. The Board of County Commissioners adopted supplemental appropriations during 2017.

The following is a summary of the original budget, total revisions and revised budget for those funds with amended budgets for the year ended December 31, 2017:

	Original Budget	Total Revisions	Revised Budget
Governmental Funds:			
General Fund	$ 11,664,332	$ 993,757	$ 12,658,089
Special Revenue Funds:			
Road and Bridge Fund	7,709,879	2,000	7,711,879
Human Services Fund	4,311,127	399,000	4,710,127
Conservation Trust Fund	927,407	-	927,407
Combined Dispatch Fund	899,945	-	899,945
Capital Project Funds:			
Fairfield Settlement Fund	501,283	-	501,283
Justice System Capital Fund	400,000	-	400,000
Internal Service Fund:			
Fleet Fund	1,609,814	17,000	1,626,814
Enterprise Funds:			
Solid Waste Fund	1,155,577	150,000	1,305,577
Airport Fund	614,123	16,296	630,419
Total Funds	$ 29,793,487	$ 1,578,053	$ 31,371,540

NOTE 4 CASH, DEPOSITS AND INVESTMENTS

CASH AND DEPOSITS

At December 31, 2017 the financial statements reflected cash, cash equivalents and investments as follows:

Governmental Activities:	
Cash and Cash Equivalents	$ 13,396,772
Investments	5,944,830
Total Governmental Activities	19,341,602
Business-Type Activities:	
Cash and Cash Equivalents	1,813,246
Fiduciary Fund:	
Cash and Cash Equivalents	725,962
	$ 21,880,810

The carrying amounts of deposits and investments are as follows:

	Moody Rating	S & P Rating	Fair Value or NAV	Concentration of Credit Risk	Weighted average Maturity Date (in days)
Cash on hand	-	-	$ 3,202	N/A	-
Cash in financial institutions	-	-	1,329,055	N/A	-
FFCB	Aaa	AA+	4,951,320	24.10%	664
FHLMC	Aaa	AA+	993,510	4.83%	299
COLOTRUST	N/A	AAAm	14,097,898	68.61%	N/A
CSAFE	N/A	AAAm	505,825	2.46%	N/A
Total			$ 21,880,810		

Colorado State Statutes govern the County's deposits of cash. The statutes specify eligible depositories for public cash deposits, which must be Colorado institutions and must maintain federal insurance ("FDIC") on deposits held.

The Colorado Public Deposit Protection Act ("PDPA") requires that all units of local government deposit cash in eligible public depositories determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized in accordance with the PDPA. PDPA allows the institution to create a single collateral pool for all public funds to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least 102% of the aggregate uninsured deposits.

INVESTMENTS

The County's investments are subject to interest rate, credit risk, and concentration of credit risk.

The types of investments which are authorized to be made with County funds are controlled by state statute and the investment policies of the County. Colorado statutes and the County's investment policies specify investment instruments meeting defined rating and risk criteria in which the County may invest:

- Obligations of the United States and certain U.S. government agency securities
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities
- Bankers' acceptances of certain banks
- Commercial paper
- Local government investment pools
- Repurchase agreements
- Money market funds
- Guaranteed investment contracts
- Corporate or bank debt issued by eligible corporations or banks

Credit Risk

The County categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

At December 31, 2017, assets measured at fair value on a recurring basis have been categorized into the hierarchy as follows:

Investments	Level 1	Level 2	Level 3	Total
FHLMC	$ -	$ 993,510	$ -	$ 993,510
FFCB	-	4,951,320	-	4,951,320
Total	$ -	$ 5,944,830	$ -	$ 5,944,830

The County does not have a formal investment policy. The County has investments in two local government investment pools, which are regulated by State statute so that the funds held are fully collteralized. As of December 31, 2017, the local government investment pools (COLOTRUST and CSAFE) in which the County had invested, were rated AAAm by Standard & Poor's. COLOTRUST and CSAFE adhere to FASB and reports its investment at net asset value ("NAV") in accordance with ASC 820. COLOTRUST and CSAFE maintain a stable net asset value of $1 per share using the fair value method.

Interest Rate Risk

Colorado Revised Statutes limit investment maturities to five years or less from the date of purchase. This limit on investment maturities is a means of limiting exposure to fair value losses arising from increasing interest rates. The County has no investments with maturities past five years.

NOTE 5 PROPERTY TAXES RECEIVABLE

At December 31, 2017, the County had an estimated property tax receivable divided among the funds as follows:

Property Taxes Receivable		
General Fund	$	3,952,481
Road and Bridge Fund		1,408,775
Human Services		281,879
	$	5,643,135

NOTE 6 INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The County reports interfund balances between its funds. The balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, (3) payments between funds are made, and (4) the need to cover the temporary negative cash positions in individual funds. Interfund balances are generally expected to be repaid within one year of the financial statement date. There were no interfund receivable and payable balances at December 31, 2017.

Interfund transfers during 2017 were as follows:

Transfers In	Transfers Out		Amount
Non-Major Governmental Funds	General Fund	$	713,945
Internal Service Fund	General Fund		325,000
Solid Waste Fund	General Fund		300,000
Airport Fund	General Fund		100,000
		$	1,438,945

NOTE 7 CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2017 was as follows:

	Beginning Balance	Additions	Deletions/ Transfers	Ending Balance
Governmental Activities				
Capital Assets Not Being Depreciated				
Land	$ 748,711	$ -	$ -	$ 748,711
Construction in Progress	32,787	2,152	32,787	2,152
Total Capital Assets Not Being Depreciated	781,498	2,152	32,787	750,863
Capital Assets Being Depreciated				
Improvements Non-building	29,208	-	(5,500)	34,708
Building and Improvements	1,902,258	51,890	5,500	1,948,648
Machinery and Equipment	5,836,457	161,000	568,609	5,428,848
Vehicles	2,594,755	500,976	117,149	2,978,582
Computer Equipment	2,011,313	38,457	491,559	1,558,211
Infrastructure	12,967,182	1,348,054	-	14,315,236
Total Capital Assets Being Depreciated	25,341,173	2,100,377	1,177,317	26,264,233
Less Accumulated Depreciation for:				
Improvements Non-building	8,297	7,447	-	15,744
Building and Improvements	602,328	43,302	5,500	640,130
Machinery and Equipment	4,465,537	367,562	537,049	4,296,050
Vehicles	2,003,281	239,977	112,524	2,130,734
Computer Equipment	1,894,881	72,641	490,506	1,477,016
Infrastructure	2,660,766	712,840	-	3,373,606
	11,635,090	1,443,769	1,145,579	11,933,280
Total Capital Assets Being Depreciated, Net	13,706,083	656,608	31,738	14,330,953
Governmental Activities Capital Assets, Net	$ 14,487,581	$ 658,760	$ 64,525	$ 15,081,816

	Beginning Balance	Additions	Deletions/ Transfers	Ending Balance
Business-Type Activities				
Capital Assets Not Being Depreciated				
Land	$ 3,574,229	$ -	$ -	$ 3,574,229
Construction in Progress	6,023	-	6,023	-
Total Capital Assets Not Being Depreciated	3,580,252	-	6,023	3,574,229
Capital Assets Being Depreciated				
Infrastructure	451,399	-	-	451,399
Runway	30,123,153	10,105	2,300	30,130,958
Improvements Non-building	100,760	333,307	-	434,067
Building and Improvements	2,520,541	-	-	2,520,541
Machinery and Equipment	1,092,022	448,398	(303,992)	1,844,412
Vehicles	251,969	-	-	251,969
Total Capital Assets Being Depreciated	34,539,844	791,810	(301,692)	35,633,346
Less Accumulated Depreciation for:				
Infrastructure	225,891	22,026	-	247,917
Runway	8,645,803	735,054	2,300	9,378,557
Improvements Non-building	44,030	27,747	-	71,777
Building and Improvements	722,168	63,014	-	785,182
Machinery and Equipment	840,499	89,933	(303,992)	1,234,424
Vehicles	172,297	29,865	-	202,162
	10,650,688	967,639	(301,692)	11,920,019
Total Capital Assets Being Depreciated, Net	23,889,156	(175,829)	-	23,713,327
Business-Type activities Capital Assets, Net	$ 27,469,408	$ (175,829)	$ 6,023	$ 27,287,556

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

Governmental activities:	
General Government	$ 73,862
Public Safety	122,538
Highways and Streets	822,357
Recreation	2,676
Total Governmental Activities	1,021,433
Fleet Fund	422,336
Total Combined Depreciation	$ 1,443,769
Business-type activities:	
Solid Waste	$ 80,437
Airport	887,202
	$ 967,639

NOTE 8 LONG-TERM LIABILITIES

Changes in Long-term Liabilities

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental activities:					
Capital Leases Payable	$ 3,202,974	$ -	$ 423,946	$ 2,779,028	$ 434,689
Notes Payable	227,406	-	50,511	176,895	52,307
Compensated Absences	389,319	367,561	293,785	463,095	108,943
Governmental activities long-term liabilities	$ 3,819,699	$ 367,561	$ 768,242	$ 3,419,018	$ 595,939
Business-type activities:					
Capital Leases Payable	$ -	$ 148,400	$ -	$ 148,400	$ 27,936
Compensated Absences	18,934	23,634	7,028	35,540	7,375
Business-type activities long-term liabilities	$ 18,934	$ 172,034	$ 7,028	$ 183,940	$ 35,311

GOVERNMENTAL ACTIVITIES:

Capital Leases Payable

The County has adopted the policy of acquiring certain capital assets through the use of lease-purchase agreements. For the lease-purchase backed by the full faith and credit of the County, debt service is accounted for in the fund that accounts for the function associated with the asset.

During 2012, the County entered into a $5,206,717 capital lease payable to defease the 2010 capital lease by placing the proceeds of the new capital lease totaling $5,132,543 (after payment of $74,464 in debt issuance costs), in an irrevocable trust to provide for all future debt payments of the defeased debt. Accordingly, the trust assets and liabilities for the defeased debt are not included in the County's financial statements. The County refunded the 2010 capital lease to reduce its total debt service payments. The capital lease payable to Colorado Business Bank, is payable in quarterly installments of $125,093, at 2.5% interest. Final payment is due in 2023. Collateral includes the county courthouse, road and bridge equipment, and vacant land. These assets are recorded in the capital assets of the government-wide financial statements at $1,071,814, less accumulated depreciation of $672,836 at December 31, 2017. The lease payments will be made from the Road and Bridge and General Funds. At December 31, 2017, the balance outstanding was $2,779,028.

Annual debt service for the capital lease is as follows:

YEAR	PRINCIPAL	INTEREST	TOTALS
2018	$ 434,689	$ 65,683	$ 500,372
2019	445,702	54,670	500,372
2020	456,995	43,377	500,372
2021	468,574	31,798	500,372
2022	480,447	19,925	500,372
2023	492,621	7,752	500,373
	$ 2,779,028	$ 223,205	$ 3,002,233

Note Payable
During 2014, the County along with Town of Pagosa Springs, Pagosa Fire Protection District and Upper San Juan Health Service District jointly and severally refunded its 2011 note payable and entered into a $357,478 promissory note payable to the Bank of the San Juans, payable in monthly payments of $4,805 at 3.5% interest. Final payment is due in 2021. At December 31, 2017, the balance outstanding was $176,895.

Annual debt service for the note payable is as follows:

YEAR	PRINCIPAL	INTEREST	TOTALS
2018	$ 52,307	$ 5,356	$ 57,663
2019	54,168	3,496	57,664
2020	56,088	1,575	57,663
2021	14,332	84	14,416
	$ 176,895	$ 10,511	$ 187,406

BUSINESS-TYPE ACTIVITIES:

Capital Lease Payable
During 2017, the County entered into a $148,400 capital lease agreement to finance a portion of the purchase of equipment for the Solid Waste Fund. The capital lease is payable in annual payments of $32,589, including interest at 3.13%, through maturity in 2022. The equipment which serves as collateral, with a cost of $448,400 and accumulated depreciation of $22,045 at December 31, 2017, is included in capital assets of business-type activities and the Solid Waste Fund. At December 31, 2017, the balance outstanding was $148,400.

Annual debt service for the capital lease is as follows:

YEAR	PRINCIPAL	INTEREST	TOTALS
2018	$ 27,936	$ 4,653	$ 32,589
2019	28,810	3,779	32,589
2020	29,712	2,877	32,589
2021	30,641	1,948	32,589
2022	31,301	989	32,290
	$ 148,400	$ 14,246	$ 162,646

NOTE 9 OPERATING LEASES

The County is committed under various leases for office equipment and software. These leases are considered for accounting purposes as operating leases. Lease expenses for the year totaled $109,350.

The future minimum lease payments are as follows:

2018	$ 20,709
2019	15,689
2020	5,649
2021	3,850
2022	3,850
	$ 49,747

NOTE 10 RETIREMENT PLANS

Defined Contribution Plan

The County provides pension benefits for all of its full-time employees through an agent multi-employer public retirement system, the Colorado County Officials and Employees Retirement Association ("CCOERA"), a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Full-time employees are eligible to participate immediately upon hire. The County has established that employees contribute 4% and the County contributes a matching 4% of the employee's wages each bi-weekly pay period. The County's contributions for each employee (and interest allocated to the employee's account) are fully vested after five years of continuous plan participation. The participants in this plan are offered various investment options through the plan and are allowed to invest all monies in their account, at their own discretion, among the options.

County contributions for, and interest forfeited by, employees who leave employment before five years of participation are used to reduce the County's current contribution requirements. The County's total payroll in 2017 was approximately $6,850,511. Both the County and the covered employees made the required contributions, amounting to $264,333 from the County and $264,333 from employees. Plan provisions and contribution requirements are established and may be amended by the Board of County Commissioners. That report may be obtained by writing to Colorado County Officials and Employee Retirement Association, 4949 South Syracuse, Suite 400, Denver, CO 80237 or by calling 1-800-352-0313.

Deferred Compensation Plan

The County also offers its employees an additional voluntary deferred compensation plan created in accordance with Internal Revenue Code 457(f).

The plan permits the employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergencies. The County has no other liability other than to make the required bi-weekly contribution on behalf of the employees. The County made no contributions to the deferred compensation plan in 2017 and employees contributed $112,325.

NOTE 11 TAX, SPENDING, AND DEBT LIMITATIONS

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue rising, spending abilities, and other specific requirements of state and local governments. The amendment is complex and subject to judicial interpretation.

Fiscal year spending and revenue limits are determined based on the prior years' spending adjusted for inflation and local growth. Revenue in excess of the limit must be refunded unless the voters approve retention of such revenue. The voters of the County passed a ballot issue in 2006 allowing for the retention of revenues generated in excess of the limits imposed by the amendment, during the years 2007 through 2011.

The amendment also requires that Emergency Reserves be established. These reserves must be at least 3 percent of adjusted revenues. The County has restricted $543,374 for this purpose. The County is not allowed to use the Emergency Reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases. The amendment also requires voter approval for any long-term financing entered into by the County.

The voters of the County passed a ballot issue in 1999 which removed the TABOR restriction on all revenues (except property tax) and authorized the collection, retention and spend, or reserve for growth related issues, all excess revenues and other funds collected during 1999 and each subsequent year from any source, other than that generated by the Archuleta County mill levy notwithstanding any TABOR restrictions.

The County believes it is in compliance with the requirements of the amendment. However, the County has made certain interpretations of the amendment's language in order to determine its compliance.

NOTE 12 RISK MANAGEMENT

Colorado Counties Casualty and Property Pool ("CAPP")

The County is exposed to various risks of loss related to property and casualty losses. The County joined together with other counties in the State of Colorado to form the CAPP, a public entity risk pool currently operating as a common risk management and insurance program for member counties. The County pays an annual contribution to CAPP for its property and casualty insurance coverage. The inter-governmental agreement of formation of CAPP provides that the pool will be financially self-sustaining through member contributions and additional assessments, if necessary, and the pool will purchase excess insurance through commercial companies for members' claims in excess of a specified self-insured retention that is determined each policy year. There have been no significant reductions in insurance coverage. Settled claims from these risks have not exceeded insurance coverage for the current year or the three prior years.

At December 31, 2017, CAPP had assets of $24,284,660, liabilities of $9,537,262 (including $7,397,260 reserved for losses and claims), and members' surplus of $14,747,398. The liability amount includes no long-term debt. Total revenues for the year ended December 31, 2017 amounted to $6,753,835 and total expenses were $5,989,546, resulting in net income before return of surplus of $764,289.

Colorado Workers' Compensation Pool ("CWCP")

The County is exposed to various risks of loss related to injuries of employees while on the job. The County has joined together with other counties in the State of Colorado to form the 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 of formation of CWCP provides that the pool will be financially self-sustaining through member contributions and additional assessments, if necessary, and the Pool will purchase excess insurance through commercial companies for members' claims in excess of a specified self-insured retention that is determined each policy year. There have been no significant reductions in insurance coverage. Settled claims from these risks have not exceeded insurance coverage for the current year or the three prior years.

At December 31, 2017, CWCP had assets of $42,592,056, liabilities of $25,179,086 (including $23,745,055 reserved for losses and claims) and members' surplus of $17,412,970. The liability amount includes no long-term debt. Total revenues for the year ended December 31, 2017 amounted to $11,357,033, total expenses were $12,061,986, resulting in net loss before return of surplus of ($704,953).

NOTE 13 COLORADO CONTRABAND FORFEITURE ACT

Management has reviewed financial activities in the Sheriff's Department for compliance with the Colorado Revised Statute 16-13-506. There were no sales of contraband during the year ended December 31, 2017.

NOTE 14 LANDFILL CLOSURE AND POST CLOSURE CARE COSTS

State and Federal laws require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The County completed the necessary update to engineering studies in 2014 to estimate the landfill's capacity and closure and post closure costs. In addition to operating expenses related to current activities of the landfill, an expense provision and related liability are being recognized in the Solid Waste Fund based on the estimated future closure and post closure care costs that will be incurred near or after the date the landfill no longer will accept waste. The amount recognized each year is based on the landfill capacity used as of the balance sheet date. At December 31, 2017 the estimated liability for landfill closure and post closure care costs of $586,944 is based on the use of 61% of capacity of all landfill cells. The estimated total current cost of the landfill closure and post closure is based on the amount that would be paid if all equipment facilities, and services required to close, monitor, and maintain the landfill were acquired as of December 31, 2017. The County will recognize the estimated remaining costs of closure and post-closure care of $383,827 as the remaining estimated capacity is filled. The County expects to close the landfill in 2026. Actual cost of closure and post closure care may change due to inflation or deflation, changes in technology, or changes in landfill laws and regulations. Those costs may need to be covered by charges to future landfill users, taxpayers or both.

NOTE 15 COMMITMENTS AND CONTINGENCIES

Grant Programs – The County participates in a number of federal and state grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The amount of expenditures, if any, which may be disallowed by the granting agencies, cannot be determined at this time although the County expects any such amounts to be immaterial.

Litigation – The County is currently the defendant in several lawsuits arising principally in the normal course of operations. In the opinion of legal counsel, the outcome of these lawsuits will not have a material adverse effect on the accompanying combined financial statements; accordingly, no provision for losses has been recorded.

Insurance Pools – The County is a member of the CAPP and CWCP. CAPP and CWCP have a legal obligation for claims against its members to the extent that funds are available in their annually established loss funds and amounts are available from insurance providers under excess specific and aggregate insurance contracts. Losses incurred in excess of loss funds are direct liabilities of the participating members. CAPP and CWCP have indicated that the amount of any excess losses would be billed to members in proportion to their contributions in the year such excess occurs. The ultimate liability to the County resulting from claims not covered by CAPP and CWCP is not presently determinable.

Operating Leases – The County is committed under various leases for facilities and equipment. See Note 9 relating to the future minimum lease payments for the operating leases.

NOTE 16 SUBSEQUENT EVENTS

The County has evaluated events and transactions occurring subsequent to the end of the fiscal year through April 12, 2019, the date these financial statements were available to be issued. The County intends to sell Certificates of Participation in May 2019 to generate approximately $13,000,000 in project funds for the construction of a detention facility. There were no other subsequent events identified that required recognition or additional disclosure in the financial statements.

ARCHULETA COUNTY, COLORADO

REQUIRED SUPPLEMENTARY INFORMATION

In addition to the basic financial statements, a budgetary comparison schedule is required for the General Fund and, if applicable, each of the County's major special revenue funds.

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ARCHULETA COUNTY, COLORADO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended December 31, 2017

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE
	ORIGINAL	FINAL	ACTUAL	(NEGATIVE)
REVENUES				
Property and Specific Ownership Taxes	$ 4,223,145	$ 4,223,145	$ 4,276,966	$ 53,821
Intergovernmental	1,272,533	1,725,894	2,006,123	280,229
Sales and Use Taxes	2,428,400	2,597,066	2,629,159	32,093
Licenses and Permits	532,300	591,648	546,566	(45,082)
Charges for Services	1,579,336	1,579,336	1,903,866	324,530
Other	441,490	663,872	524,746	(139,126)
Earnings on Investments	77,045	167,045	233,484	66,439
TOTAL REVENUES	10,554,249	11,548,006	12,120,910	572,904
EXPENDITURES				
Current:				
General Government	4,954,508	5,543,313	4,719,617	823,696
Public Safety	3,700,555	3,931,507	3,709,898	221,609
Health and Welfare	103,871	114,871	115,027	(156)
Economic Development	125,000	175,000	152,032	22,968
Highway and Streets	137,900	175,900	169,551	6,349
Culture and Recreation	1,033,955	1,033,955	1,221,845	(187,890)
Debt Service	600	600	72,727	(72,127)
Capital Outlay	343,998	243,998	244,806	(808)
TOTAL EXPENDITURES	10,400,387	11,219,144	10,405,503	813,641
Excess Revenues Over Expenditures	153,862	328,862	1,715,407	1,386,545
OTHER FINANCING SOURCES (USES)				
Transfers Out	(1,263,945)	(1,438,945)	(1,438,945)	-
TOTAL OTHER FINANCING USES	(1,263,945)	(1,438,945)	(1,438,945)	-
Excess (Deficiency) of Revenues Over Expenditures and Other Financing Uses	(1,110,083)	(1,110,083)	276,462	1,386,545
Fund Balance at Beginning of Year	11,155,116	11,155,116	12,159,081	1,003,965
Fund Balance at End of Year	$ 10,045,033	$ 10,045,033	$ 12,435,543	$ 2,390,510

Notes to Required Supplementary Information

The basis of budgeting is the same as GAAP.
The schedule is presented on the GAAP basis.

ARCHULETA COUNTY, COLORADO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
ROAD AND BRIDGE FUND
For the Year Ended December 31, 2017

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE
	ORIGINAL	FINAL	ACTUAL	(NEGATIVE)
REVENUES				
Property and Specific OwnershipTaxes	$ 1,494,399	$ 1,494,399	$ 1,517,432	$ 23,033
Sales and Use Taxes	2,308,400	2,310,400	2,469,911	159,511
Intergovernmental	1,904,810	1,904,810	1,882,890	(21,920)
Charges for Services	25,000	25,000	35,720	10,720
Miscellaneous	23,473	23,473	30,989	7,516
TOTAL REVENUES	5,756,082	5,758,082	5,936,942	178,860
EXPENDITURES				
Highway and Streets	3,819,134	3,821,134	3,347,029	474,105
Capital Outlay	3,463,101	3,463,101	1,351,064	2,112,037
Debt Service:				
Principal Retirement	362,327	362,327	362,327	-
Interest	65,317	65,317	65,317	-
TOTAL EXPENDITURES	7,709,879	7,711,879	5,125,737	2,586,142
Excess (Deficiency) of Revenues over Expenditures	(1,953,797)	(1,953,797)	811,205	2,765,002
Fund Balance at Beginning of Year	5,079,425	5,079,425	4,472,920	(606,505)
Fund Balance at End of Year	$ 3,125,628	$ 3,125,628	$ 5,284,125	$ 2,158,497

Notes to Required Supplementary Information
The basis of budgeting is the same as GAAP.
The schedule is presented on the GAAP basis.

ARCHULETA COUNTY, COLORADO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
HUMAN SERVICES FUND
For the Year Ended December 31, 2017

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE
	ORIGINAL	FINAL	ACTUAL	(NEGATIVE)
REVENUES				
Property and Specific Ownership Taxes	$ 298,998	$ 298,998	$ 303,671	$ 4,673
Intergovernmental	3,619,701	4,018,701	3,889,641	(129,060)
Other	94,872	94,872	8,078	(86,794)
TOTAL REVENUES	4,013,571	4,412,571	4,201,390	(211,181)
EXPENDITURES				
Health and Welfare	4,311,127	4,710,127	4,092,688	617,439
TOTAL EXPENDITURES	4,311,127	4,710,127	4,092,688	617,439
Excess of Revenues Over Expenditures	(297,556)	(297,556)	108,702	406,258
Fund Balance at Beginning of Year	655,746	655,746	697,705	41,959
Fund Balance at End of Year	$ 358,190	$ 358,190	$ 806,407	$ 448,217

Notes to Required Supplementary Information

The basis of budgeting is the same as GAAP.
The schedule is presented on the GAAP basis.

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APPENDIX D

ECONOMIC AND DEMOGRAPHIC INFORMATION

The following information is provided to give prospective investors general information concerning selected economic and demographic conditions existing in the area within which the Archuleta County (the "County") is located. The statistics presented below have been obtained from the referenced sources and represent the most current information available from such sources; however, certain of the information is released only after a significant amount of time has passed since the most recent date of the reported data and therefore, such information may not be indicative of economic and demographic conditions as they currently exist or conditions which may be experienced in the near future. Other economic and demographic information not presented herein may be available concerning the area in which the County is located and prospective investors may want to review such information prior to making their investment decision. *The following information is not to be relied upon as a representation or guarantee of the County or its officers, employees, or advisors.*

Population

The following table sets forth population statistics for the Town of Pagosa Springs, Colorado (the "Town"), the County and the State of Colorado (the "State").

Population

	Town of Pagosa Springs		**Archuleta County**		**Colorado**	
Year	**Total Population**	**Percent Change**	**Total Population**	**Percent Change**	**Total Population**	**Percent Change**
1970	1,360	--	2,733	--	2,207,259	--
1980	1,331	(2.13)%	3,664	34.07%	2,889,964	30.93%
1990	1,207	(9.32)%	5,345	45.88	3,294,394	13.99
2000	1,591	31.81	9,898	85.18	4,301,261	30.56
2010	1,727	8.55	12,084	22.09	5,029,196	16.92
2017[1]	1,937	12.16	13,316	10.20	5,609,445	11.54

[1] Estimate.

Sources: U.S. Department of Commerce, Bureau of the Census and Colorado Division of Local Government, Demography Section, and the County

Housing Stock

The following table sets forth a comparison of households within the Town and the County.

Housing Units

	2000	2010	Percent Change	2017 [1]
Pagosa Springs (Town of)	746	945	26.68%	1,028
Archuleta County	6,212	8,762	41.05	9,327

[1] Estimate.
Source: U.S. Department of Commerce, Bureau of the Census

Income

The following tables set forth historical median household effective buying income, the percentage of households by classification of effective buying income ("EBI") levels, and per capita personal income in the County, the State and the United States.

Median Household Effective Buying Income [1]

	2015	2016	2017	2018	2019
Archuleta County	$46,327	$44,926	$45,165	$59,872	$41,796
Colorado	49,949	52,345	54,718	57,732	59,227
United States	45,448	46,738	48,043	50,620	52,468

[1] As of January 1.
Source: The Nielsen Company, *Site Reports*, 2014-2017, Environics Analytics, *Spotlight Claritas Reports* 2018-2019

Percent of Households by
Effective Buying Income Groups – 2019 [1]

	Less Than $25,000	$25,000-$49,999	$50,000-$99,999	$100,000-$149,999	$150,000 and more
Archuleta County	24.08%	34.97%	31.18%	6.12%	3.63%
Colorado	16.96	24.82	37.20	12.22	8.81
United States	21.39	26.37	34.54	10.10	7.60

[1] May not total 100% due to rounding. Calculated as of January 1, 2019.
Source: Environics Analytics, *Spotlight Claritas Reports* 2019

Per Capita Personal Income

	2013	2014	2015	2016	2017
Archuleta County	$34,224	$37,854	$39,457	$40,153	$39,944
Colorado	47,308	50,746	52,228	52,372	54,646
United States	44,826	47,025	48,940	49,831	51,640

Source: United States Department of Commerce, Bureau of Economic Analysis

School Enrollment

The following table presents a five-year history of school enrollment for Archuleta School District 50JT, the school district serving the County.

Archuleta School District 50JT

Year	School Enrollment	Percent Change
2014/2015	1,326	--
2015/2016	1,372	3.47%
2016/2017	1,568	14.29
2017/2018	1,660	5.87
2018/2019	1,706	2.77

Source: Colorado Department of Education

Building Activity

Set forth in the following table is historical building permit activity in the County.

History of Building Permit Activity—Archuleta County

	Single Family		Multi-Family		Commercial/Industrial	
Year	Permits	Valuation	Permits	Valuation	Permits	Valuation
2014	64	$18,771,000	1	$265,000	6	$1,658,000
2015	92	23,194,000	0	0	7	581,000
2016	113	25,492,000	1	216,000	6	1,393,000
2017	149	34,170,000	2	455,000	2	31000
2018	133	30,907,000	1	374,000	3	1,017,000
2019 [1]	22	4,994,000	0	0	1	104,000

[1] Building permits issued through April 30, 2019.
Source: Archuleta County Building Department

Foreclosure Activity

The following table sets forth historical foreclosure activity in the County.

History of Foreclosures

Year	Archuleta County	Percent Change
2014	32	--
2015	24	(25.00)%
2016	24	0.00
2017	24	0.00
2018	14	(41.67)
2019 [1]	9	--

[1] Foreclosures filed through April 24, 2019.
Source: Archuleta County Public Trustee

Retail Sales

The retail trade sector employs a large portion of the County's work force and is important to the area's economy. According to the Colorado Department of Revenue, the department is currently experiencing a system problem that prevents the creation of retail sales reports and historical retail sales data subsequent to 2015; therefore, retail sales data has not been provided herein.

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Employment

The following tables set forth employment statistics by industry and the most recent historical labor force estimates for the County and State.

Total Business Establishments and Employment—Archuleta County

Industry [1]	Third Quarter 2017 Units	Third Quarter 2017 Average Employment	Third Quarter 2018 Units	Third Quarter 2018 Average Employment	Quarterly Change Units	Quarterly Change Average Employment
Agriculture, Forestry, Fishing and Hunting	11	31	12	51	1	20
Mining	5	26	4	20	-1	-6
Utilities	3	27	3	28	0	1
Construction	95	314	99	365	4	51
Manufacturing	15	141	13	117	-2	-24
Wholesale Trade	10	26	13	30	3	4
Retail Trade	83	807	78	754	-5	-53
Transportation and Warehousing	8	33	7	27	-1	-6
Information	7	44	6	40	-1	-4
Finance and Insurance	23	99	25	92	2	-7
Real Estate, Rental and Leasing	44	183	42	181	-2	-2
Professional and Technical Services	65	128	66	143	1	15
Management of Companies and Enterprises	5	5	6	5	1	0
Administrative and Waste Services	33	146	32	177	-1	31
Educational Services [2]	4	9	--	--	--	--
Health Care and Social Assistance	45	362	41	398	-4	36
Arts, Entertainment and Recreation	16	70	13	61	-3	-9
Accommodation and Food Services	54	849	55	918	1	69
Other Services	38	139	44	152	6	13
Non-classifiable	0	0	0	0	0	0
Government	22	834	23	882	1	48
Total	586	4,273	586	4,454	0	181

[1] Information provided herein reflects only those employers who are subject to State unemployment insurance law.
[2] Information suppressed due to confidentiality as set forth in State law. Totals may not add because they include figures for all employment including suppressed information.
Source: Colorado Department of Labor and Employment, Labor Market Information, Quarterly Census of Employment and Wages (QCEW) Colorado

Labor Force Estimates

Year	Archuleta County Labor Force	Archuleta County Percent Unemployed	Colorado Labor Force	Colorado Percent Unemployed
2014	5,727	6.0%	2,802,528	5.0%
2015	6,018	4.0	2,828,876	3.9
2016	6,371	3.2	2,896,771	3.2
2017	6,623	2.9	2,992,412	2.7
2018	6,928	3.4	3,096,358	3.3
2019 [1]	6,699	4.7	3,125,796	3.9

[1] Labor force averages through February 28, 2019.
Source: State of Colorado, Division of Employment and Training

Selected major employers in the County are set forth in the following table. No independent investigation has been made of, and there can be no representation as to, the stability or financial condition of the companies listed below, or the likelihood that such companies will maintain their status as major employers in the area.

2018 Selected Major Employers in Archuleta County

Firm	Product or Service	Estimated Number of Employees
Upper San Juan Hospital District	Health Care Provider	280
Archuleta County School Dist. 50 JT	Public Education	275
Walmart	Retail	190
Visiting Angels of the Southwest	Home Living Assistance	151
Archuleta County	County Government	150
City Market	Grocery/Retail	132
Springs Resort LTD	Hot Springs Resort	100
Wyndam Pagosa	Resort	75
Pine Ridge Extended Care Center LLC	Skilled Nursing Facility	50
Pagosa Springs (Town of)	City Government	42

Source: Economic Development District of Southwest Colorado-Region 9

APPENDIX E

FORM OF BOND COUNSEL OPINION

June __, 2019

Archuleta County, Colorado

[UNDERWRITER]
[CITY, STATE]

$14,055,000*
CERTIFICATES OF PARTICIPATION, SERIES 2019
(Detention Center Project)
evidencing assignment of interests in the right to
receive certain revenues payable by
ARCHULETA COUNTY, COLORADO
pursuant to a Lease Purchase Agreement
between the County and UMB Bank, n.a., as Trustee

Ladies and Gentlemen:

We have been engaged by Archuleta County, Colorado (the "County") to act as bond counsel in connection with the delivery of the captioned certificates (the "Certificates"). The Certificates are being delivered pursuant to an Indenture of Trust, dated as of June 1, 2019 (the "Indenture"), by UMB Bank, n.a., as trustee thereunder (the "Trustee"), and evidence the assignment of interests in the right to receive certain revenues payable by the County under a Lease Purchase Agreement, dated as of June 1, 2019 (the "Lease"), by and between the Trustee, as lessor, and the County, as lessee. Capitalized terms used but not defined herein have the meanings assigned to them in the Indenture and the Lease.

We have examined the constitution and the laws of the State of Colorado; the Internal Revenue Code of 1986, as amended (the "Code"), and the regulations, rulings and judicial decisions relevant to the opinion set forth in paragraph 4 below; and such certified proceedings, certificates, documents, opinions and other papers as we deem necessary to render this opinion. As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certificates of public officials and others furnished to us without undertaking to verify the same by independent investigation. We have assumed the due authorization, execution and delivery of the Lease, the Indenture and the Certificates by the Trustee.

Based upon the foregoing, we are of the opinion, as of the date hereof and under existing law, that:

1. The County has the power to enter into and perform its obligations under the Lease.

2. The Lease has been duly authorized, executed and delivered and is a legal, valid and binding obligation of the County enforceable against the County in accordance with its terms.

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* Preliminary; subject to change

3. The Certificates evidence legal, valid and binding interests in the right to receive payments, as provided in the Certificates and the Indenture, from Base Rentals payable by the County under the Lease, which payments include portions designated and paid as interest and principal, as provided in the Lease.

4. Under existing laws, regulations, rulings and judicial decisions, the portion of the Base Rentals paid by the County which is designated and paid as interest, as provided in the Lease, and received by the Owners of the Certificates (the "Interest Component"), is excludable from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax. The opinions set forth in the preceding sentences assume the accuracy of certain representations and compliance by the County and the Trustee with certain covenants designated to satisfy the requirements of the Code that must be met subsequent to the delivery of the Certificates. Failure to comply with such requirements could cause the Interest Component to be included in gross income for federal income tax purposes, retroactive to the date of delivery of the Certificates. We express no opinion regarding other federal tax consequences arising with respect to the Certificates, and we express no opinion as to the effect of any termination of the County's obligations under the Lease, under certain circumstances as provided in the Lease, upon the treatment for federal income tax purposes of any moneys received by the Owners of the Certificates subsequent to such termination.

5. Under existing State of Colorado statutes, to the extent the Interest Component is excludable from gross income for federal income tax purposes, such Interest Component is excludable from gross income for Colorado income tax purposes and from the calculation of Colorado alternative minimum taxable income. We express no opinion regarding other tax consequences arising with respect to the Certificates under the laws of the State of Colorado or any other state or jurisdiction, and we express no opinion as to the effect of any termination of the County's obligations under the Lease, under certain circumstances as provided in the Lease, upon the treatment for State of Colorado income tax purposes of any moneys received by the Owners of the Certificates subsequent to such termination.

The rights of the Owners of the Certificates and the enforceability of the Certificates and the Lease may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, by equitable principles, whether considered at law or in equity, by the exercise by the State of Colorado and its governmental bodies of the police power inherent in the sovereignty of the State of Colorado and by the exercise by the United States of America of the powers delegated to it by the Constitution of the United States of America.

This opinion is limited to the matters specifically set forth above and we offer no other opinion or advice as to any other aspect of the transaction generally described herein. In particular, but without limitation, we offer no opinion or advice herein as to: the enforceability of the Lease, the Indenture or the Certificates against the Trustee; legal title to the Leased Property; the creditworthiness or financial condition of the County or the Trustee; the accuracy or completeness of the statements made in connection with the offer and sale of the Certificates; or the ability of the County to apply amounts on deposit in any particular fund or account of the County for the purpose of making payments under the Lease.

This opinion is based solely on the Constitution and laws of the State of Colorado, the provisions of the Code and the regulations, rulings and judicial decisions relevant to the opinion set forth in paragraph 4 above, the other items described in the second paragraph hereof and the assumptions set forth herein; and we have no obligation to update or supplement this opinion based on or with respect to changes in any of such items or based on or with respect to other events or circumstances that occur after the date hereof.

This opinion is solely for the benefit of the addressees in connection with the original delivery of the Certificates and may not be relied upon by any other person or for any other purpose without our express written consent.

Respectfully submitted,

APPENDIX F

BOOK-ENTRY-ONLY SYSTEM

The information in this section concerning The Depository Trust Company ("DTC") New York, NY and DTC's book-entry-only system has been obtained from DTC, and the County and the Underwriter take no responsibility for the accuracy thereof.

DTC will act as securities depository for the Certificates. The Certificates will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for the Certificates, as set forth on the cover page hereof, in the aggregate principal amount of each maturity of the Certificates and deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3,500,000 issues of U.S. and non U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation & Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of the Certificates under the DTC system must be made by or through Direct Participants, which will receive a credit for the Certificates on DTC's records. The ownership interest of each actual purchaser of each Certificate ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Certificates are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Certificates, except in the event that use of the book entry-system for the Certificates is discontinued.

To facilitate subsequent transfers, all Certificates deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Certificates with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of Certificates; DTC's records reflect only the identity of the Direct Participants to whose accounts such Certificates are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants remain responsible for keeping accounts of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Certificates may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Certificates, such as redemptions, tenders, defaults, and proposed amendments to the Certificate documents. For example, Beneficial Owners of the Certificates may wish to ascertain that the nominee holding the Certificates for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices will be sent to DTC. If less than all of the Certificates within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Certificates unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the County as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Certificates are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Certificates are to be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the County or Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee or County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other name as may be requested by an authorized representative of DTC) is the responsibility of the County or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

A Beneficial Owner shall give notice to elect to have its Certificates purchased or tendered, through its Participant, to Tender or Remarketing Agent, and shall effect delivery of such Certificates by causing the Direct Participant to transfer the Participant's interest in the Certificates, on DTC's records, to Tender or Remarketing Agent. The requirement for physical delivery of the Certificates in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Certificates are transferred by Direct Participants on DTC's records and followed by a book-entry credit for tendered Certificates to Tender or Remarketing Agent's DTC account.

DTC may discontinue providing its services as securities depository with respect to the Certificates at any time by giving reasonable notice to the County or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Certificate certificates are required to be printed and delivered.

The County may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Certificate certificates will be printed and delivered to DTC.

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