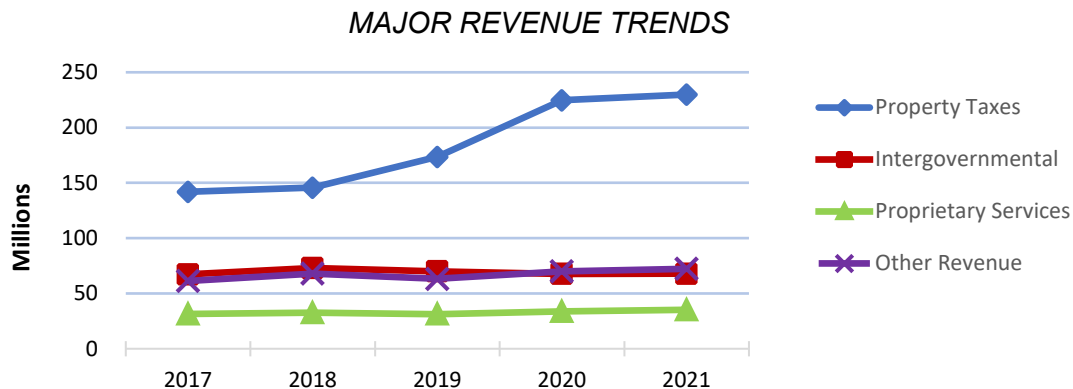


MAJOR REVENUE HISTORICAL TRENDS AND ANALYSIS

DESCRIPTION	2017	2018	2019	2020	2021
Property Taxes	\$ 141,946,827	\$ 145,754,379	\$ 173,539,158	\$ 224,660,533	\$ 225,047,613
Other Taxes	11,830,000	13,630,000	12,770,000	12,970,000	12,800,000
Fees	11,148,250	13,059,800	13,481,000	14,109,600	16,178,350
Intergovernmental	67,305,192	73,012,071	70,021,975	67,679,862	67,669,679
Licenses/Permits	5,437,350	4,473,750	4,678,000	6,880,000	5,366,500
Charges for Services	8,898,159	9,558,280	10,182,870	11,499,426	11,544,735
Proprietary Services	31,383,694	32,503,524	31,228,972	33,706,303	35,298,521
Miscellaneous	23,989,103	27,302,514	22,059,361	24,559,545	28,141,881
TOTAL REVENUES	\$ 301,938,575	\$ 319,294,318	\$ 337,961,336	\$ 396,065,269	\$ 402,047,279

TREND ANALYSIS

Where appropriate, the local economic conditions and forward-looking economic indicators have been noted and taken into account in forecasting revenue trends.



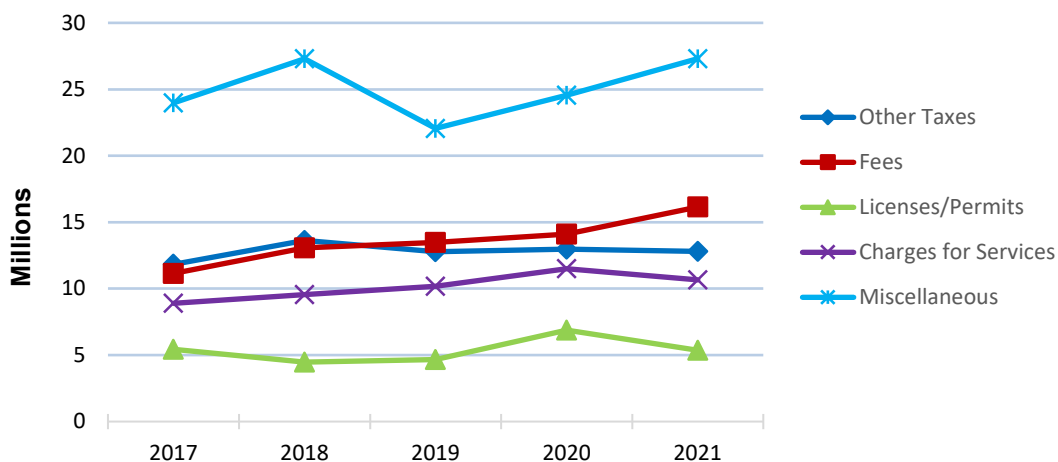
Property Tax: Increases will track with the Home Rule Charter and TABOR tax limitations, which are growth in actual property value, plus cost-of-living. As has been the case for the last few years' growth and development activity directly, or indirectly, related to oil and gas exploration seems to be the main influence on the growth of the property tax base in the county. The volatility of the oil and gas assessed values continues to be a major impact to the County's budget planning the last decade. For the 2020 budget, the increase in the county's assessed value from oil and gas values was over 34%. Oil and gas assessed valuation are close to two-thirds of the county's total assessed valuation. For the 2021 budget, the county's assessed value from oil and gas values will be close to the same level as 2020. However, legislative proposals and ballot initiatives regulating energy development in Colorado continue to threaten the long-term viability of the energy industry in the state. In the 2019 legislative session SB 19-181 was passed and signed into law. SB19-181 is a major rewrite of Colorado's oil and gas regulations. With the COVID-19 economic downturn and the Saudi Arabia and Russian oil price war, the drop in production and prices during 2020 will significantly impact the assessed valuation for the 2022 budget. Weld

County is estimating as much as a 50% drop in the oil and gas assessed valuation for the 2022 budget. With the volatility of production levels and price fluctuations of the oil and gas values, the county must continue to prudently manage the property tax base created by the energy development. The 2020-2021 assessed valuation level and resulting property tax is above the previously high 2019 level due to oil and gas production and growth in the county. With the potential impact of SB 19-181 oil and gas assessed valuation may have its peak in 2020-2021.

Intergovernmental: The significant jump in state and federal revenues in 2018 was attributed primarily to the increased state and federal funding for Public Works projects, many associated with the recovery efforts from the September 2013 epic flooding. Many of these grants were one-time and dropped after 2018. The drop from 2018 to 2019 and into 2020 was primarily due to reductions in energy impact and flood recovery related federal grants for road projects. We can anticipate moderation in non-defense discretionary spending and some spending cuts in entitlements. Spending and revenue imbalances at the state and federal levels, especially with the economic downturn from the COVID-19 pandemic, will most likely result in lower or, at best, slower growth in intergovernmental revenues for the county in the future.

Proprietary Services: Predictable revenue based on stable usage. Health insurance costs in the self-insured program are slowing and even dropped 15% in 2019, so the increases in this area over the next five years should be more moderate. For example, there has been a 11.8% decrease in health insurance rates in the last seven years, but participation in the insurance plan is up with the addition of county employees and dependents, resulting in a net increase.

OTHER REVENUE TRENDS



Other Taxes: Primarily, specific ownership taxes that track car registrations and severance tax. The fluctuating trend the last few years is due to a new formula for the direct distribution of severance tax to cities and counties from the state. Severance tax revenues follow the price of oil and gas, since that is where they are derived. With oil and gas production projected to be down the next 2-3 years these revenues will most likely be lower also.

Fees: Fees have been increased and new fees added. Fees from vehicle registration should increase as vehicle sales are projected to continue to increase and as the county's population continues to grow, even with the slowing economy. Refinancing of mortgages are increasing Recording fees. Public Trustee fees were first budgeted when the Treasurer assumed the role of Public Trustee on July 1, 2020. The big jump in 2021 is the increase in fees from the Treasurer's Office, based on the increase in taxing entities and including the new Public Trustee fees.

Licenses/Permits: Even with the slowdown in drilling in 2020, the investment in the oil and gas infrastructure is anticipated to continue for the next few years once the economy recovers. A change in fees in 2018 regarding oil and gas well permit fees lowered building inspection revenue more than anticipated. The new oil and gas regulations resulting from SB 19-181 increased permit revenues in 2020 by nearly \$2 million. With the COVID-19 pandemic slowdown in the economy, oil and gas drilling activity fees from new construction and oil and gas permits are dropping for 2021.

Charges for Services: Revenue is predictable based on contracts for service and reimbursable projects. The increase of over \$1 million in 2020 is due to dispatch user fees moving from 20% to 40% of cost recovery. The drop in 2021 is attributed to an accounting change between Communications and the E911 Authority.

Miscellaneous: Revenue predictable, even though some variation in specific years. Interest revenue is found in this category and was up nearly \$1.5 million in 2019 and remained the same in 2020. Public Works contracts were down due to reimbursable road projects in 2019, but up nearly \$500,000 in 2020, and up \$2.89 million in 2021. Fines from traffic violations are projected to be flat in 2021. Oil and gas royalty payments were up substantially the last five years but are anticipated to be down \$2.85 million in 2021 due to lower production and prices. The policy decision to charge Social Services the full amount of indirect costs raised this category to \$5.8 million in 2021, which is up \$800,000 from 2019, and \$500,000 from 2020. The one-time reimbursement of \$1.9 million for a communications project with Adams County increased revenues in 2018 and then dropped in 2019.

FIVE YEAR PROJECTED REVENUE AND EXPENDITURE TRENDS

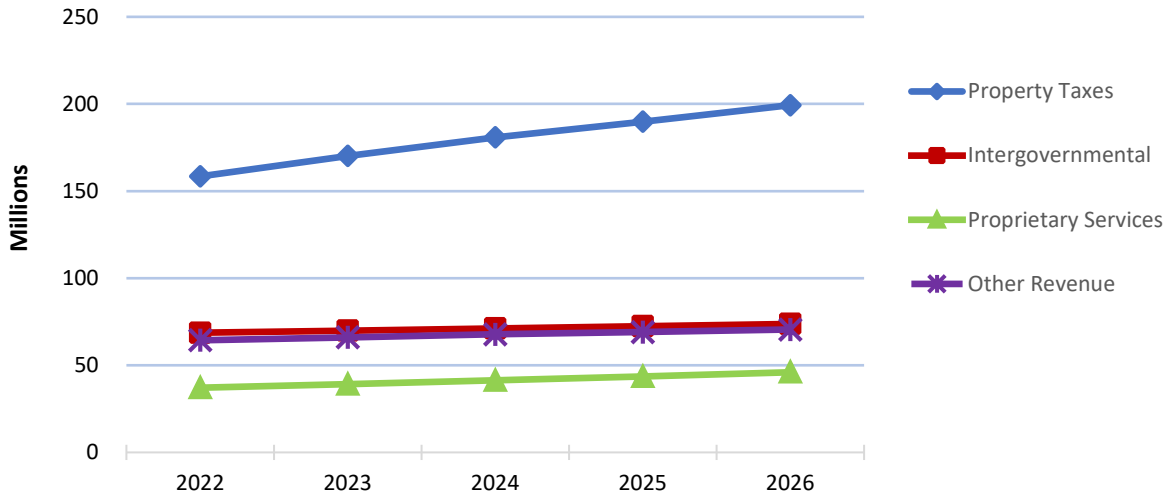
2022-2026 REVENUE PROJECTIONS

The forecasting revenue trends cited in the graphs below are discussed in the previous section, Major Revenue Historical and Future Trends and Analysis. Assumptions include:

- Property tax levy with maximum allowable, per Weld County Home Rule Charter and Amendment One (TABOR) limitation. The projections are set at 5% annually. However, the impact of SB 19-181 regulating oil and gas production and the COVID-19 economic slowdown could reduce property tax revenue starting in 2022-2024.
- Assessed value from oil and gas will fluctuate, but the Contingency Reserve will allow for a leveling effect with oil prices being in the range of \$45-65 long term.
- Intergovernmental revenues will show only moderate annual changes of 2% as non-defense discretionary spending slows and some cuts in entitlements occur due to planned federal deficit reductions.
- Fees, licenses, charges for service, and miscellaneous revenues will grow at the rate of inflation and population growth.
- Proprietary Services will be driven primarily by inflation.
- Proprietary Services revenues are offset by the same expenditure amount with an adjustment for the property tax assessed for the Insurance Fund.

DESCRIPTION	2022	2023	2024	2025	2026
Property Taxes	\$ 158,439,764	\$ 170,201,878	\$ 180,793,182	\$ 189,832,841	\$ 199,324,483
Other Taxes	13,539,000	14,438,170	14,866,815	15,308,320	15,763,069
Fees	16,623,218	17,115,165	17,621,869	18,143,776	18,681,339
Intergovernmental	68,709,547	69,922,330	71,160,393	72,424,293	73,714,596
Licenses/Permits	5,012,315	5,162,504	5,317,200	5,476,536	5,640,652
Charges for Services	10,370,009	10,419,366	10,926,398	10,991,325	11,214,373
Proprietary Services	37,131,072	39,152,157	41,297,376	43,574,897	45,993,445
Miscellaneous	18,807,372	18,914,441	19,024,681	19,138,185	19,255,055
TOTAL REVENUES	\$ 328,632,297	\$ 345,326,011	\$ 361,007,914	\$ 374,890,173	\$ 389,587,012

MAJOR REVENUE PROJECTIONS



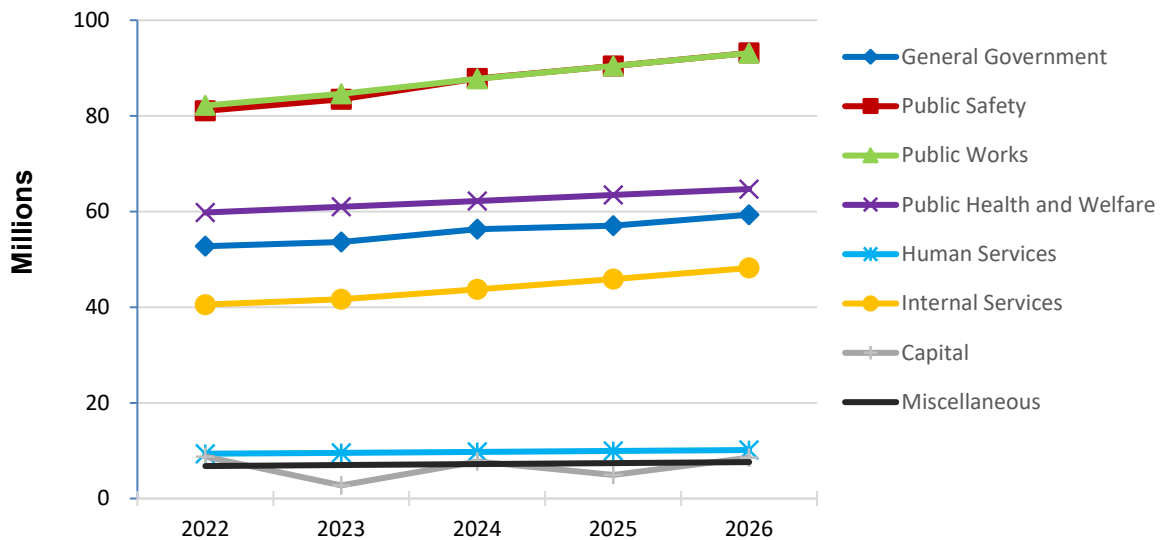
2022-2026 EXPENDITURE PROJECTIONS

DESCRIPTION	2022	2023	2024	2025	2026
General Government	\$52,749,483	\$53,653,263	\$56,317,571	\$57,063,722	\$59,334,240
Public Safety	81,060,293	83,492,102	87,806,865	90,441,071	93,154,303
Public Works	82,175,044	84,640,296	87,779,505	90,412,890	93,125,276
Public Health and Welfare	59,798,614	60,988,766	62,202,722	63,440,956	64,703,955
Human Services	9,372,930	9,558,524	9,747,830	9,940,922	10,137,876
Culture and Recreation	1,080,363	1,090,604	1,101,152	1,112,016	1,123,207
Proprietary Services	39,471,532	40,584,723	42,622,015	44,782,775	47,075,072
Capital	8,763,000	2,747,000	7,750,000	4,963,000	8,575,000
Miscellaneous	6,788,637	6,985,957	7,189,126	7,398,322	7,613,719
TOTAL EXPENSES	<u>\$ 341,259,896</u>	<u>\$ 343,741,235</u>	<u>\$ 362,516,786</u>	<u>\$ 369,555,674</u>	<u>\$ 384,842,648</u>

Assumptions used for the expenditure projections are as follows:

- Inflation is projected to slow over the next year due to the economic downturn and then resume at an average 3 percent over the five-year period for all categories, except federal and state funded programs.
- Population growth follows the State Demographer’s estimate of an average 2-3 percent growth for Weld County.
- Public Health and Welfare, and Human Services program costs will follow the trend of the state and federal revenues supporting them. Therefore, the program expenditures will grow only moderately at 2% annually as non-defense discretionary spending slows and some cuts in entitlements occur due to planned federal deficit reductions.
- In election years, General Government will increase by approximately \$500,000 for General Election years and \$1,000,000 for Presidential Election years and drop by the corresponding amount in off-election years.
- Public safety will experience infusion of funds beyond inflation to fund the additional costs of opening additional jail beds as the inmate population grows.
- Proprietary Services will be driven primarily by inflation.
- Proprietary Services revenues are offset by the same expenditure amount.
- Capital costs follow the revenue contribution to the Capital Expenditure Fund in accordance with the Capital Improvements Plan.
- Public Works costs will be increased to accommodate the growth in traffic as the county’s population increases, and energy development continues to impact the road system.

MAJOR EXPENDITURE PROJECTIONS



2022-2026 FUND BALANCE PROJECTIONS

	2022	2023	2024	2025	2026
Begin Fund Balance	\$320,673,217	\$308,045,618	\$309,630,394	\$308,121,523	\$313,456,021
Total Revenues	328,632,297	345,326,011	361,007,914	374,890,173	389,587,012
Total Expenses	341,259,896	343,741,235	362,516,786	369,555,674	384,842,648
Ending Fund Balance	\$308,045,618	\$309,630,394	\$308,121,522	\$313,456,021	\$318,200,385

