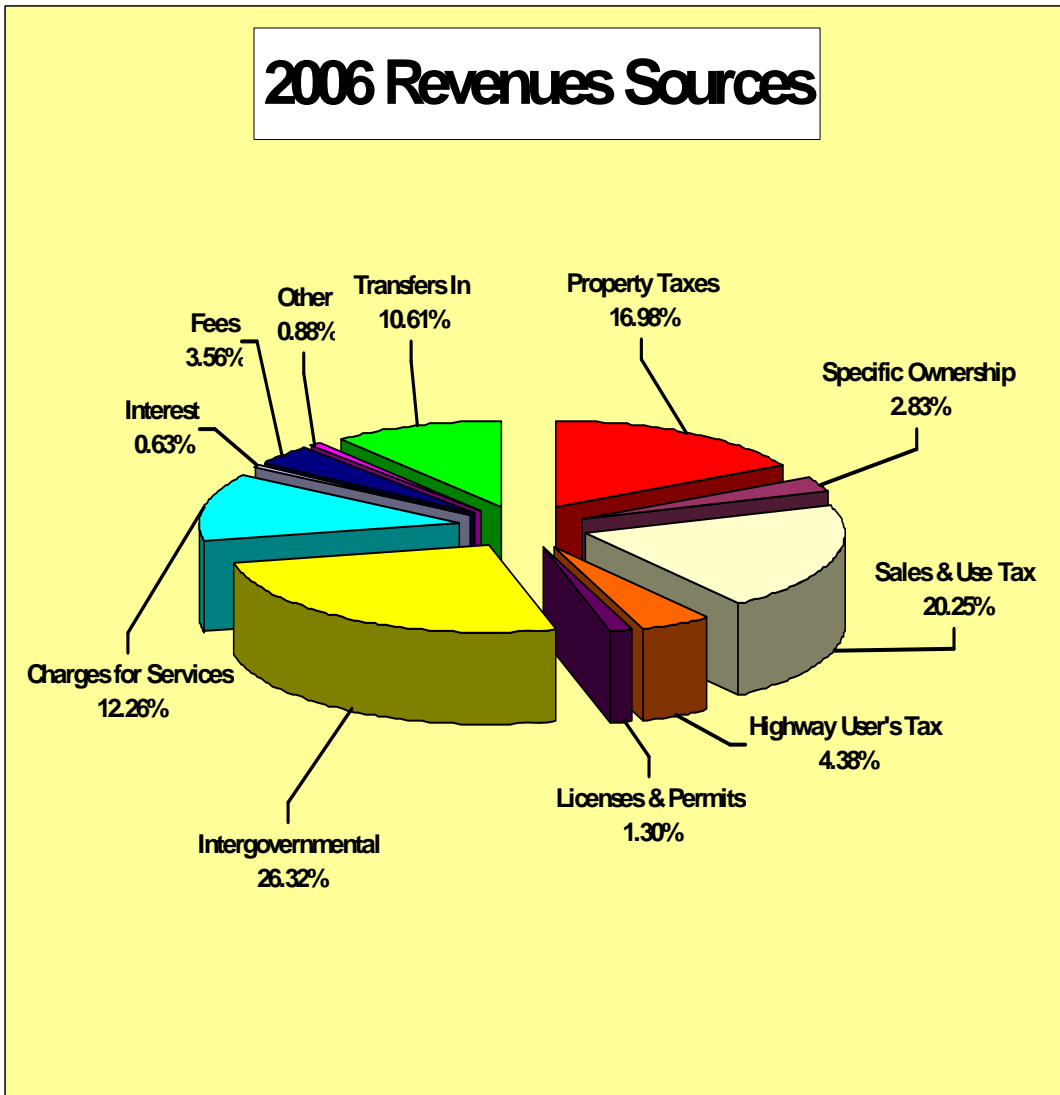


REVENUE SUMMARY

2006 REVENUE SOURCES



Contents

- Revenue Categories
- Basis for Revenue Projections
- Revenue Sources
- Property Tax
- Sales & Use Tax
- Distribution of Property Tax Revenue

MAJOR REVENUE CATEGORIES

- ⇒ **Property Tax** is a levy against the assessed value of all taxable real property located in the County such as land and housing.
- ⇒ **Specific Ownership Tax** is an annual tax against the assessed value of personal property such as automobiles, motorcycles, travel trailers and motor homes.
- ⇒ **Sales & Use Tax** is collected from retail purchases (sales) in the County. Normally this tax applies to all merchandise purchased in the County with the exception of grocery food items. Sales taxes can be levied by the State, County and Municipality. Mesa County's sales tax is 2%, of which 0.55% is distributed back to local municipalities.
- ⇒ **Highway User's Fund Tax** is primarily a tax on motor fuels that is distributed between state, county and municipal governments and earmarked for road and bridge type expenditures. The tax collected by the State and distributions are based on a three-tier funding formula adopted in 1989.
- ⇒ **Licenses & Permits** is revenue collected from marriage licenses, liquor licenses, building permits and other county permits. Building permits is the largest revenue in this category.
- ⇒ **Intergovernmental (Grants)** is revenue received from other governmental agencies such as the Federal, State and local government. Also included in this group is revenue from mineral leasing, cigarette tax and other government contracts. State and Federal welfare grants represent the largest amount of revenue in this category.
- ⇒ **Charges for Services** are revenue collected for various County services such as landfill user fees, development/planning fees, inmate client fees, fairground activities, animal control, health department and internal charges between departments.
- ⇒ **Interest** is revenue earned from investments of cash and cash reserves.
- ⇒ **Fees** are revenue collected for services provided by the Treasurer, Clerk & Recorder, Public Trustee, Criminal Justice Services, Sheriff Department and other County departments. These fees included items such as Treasurer's fees, document recording fees, ownership tax fees, plat fees, certificates of title, work release fees, process of service fees, as well as the County administrative fees.
- ⇒ **Other** is miscellaneous revenue collected from sale of assets, rentals and royalties.
- ⇒ **Transfers** are internal revenue provided by transferring money from one County fund to another County fund. Fund transfers are not actual cash revenues since they merely move money from one fund to another and are often excluded in reporting actual revenues.

BASIS FOR REVENUE PROJECTIONS

Property Tax: 2005 revenue projections were based on actual assessed valuations provided by the Assessor's Office. The County budgets 99.44% of the amount certified for collection. 2006 revenues are projected to increase over 2005 by \$940,716 or 4.2%. Re-evaluations on property occur every two years.

Specific Ownership Tax: Projections are based on historic trends. 2006 revenues are projected to remain stable..

Sales & Use Tax: Projections are based on historical trends and factors in projections of anticipated economic conditions. For 2006 sales tax revenues are projected to increase by 5.4%.

Highway User's Tax: The Colorado Department of Transportation provides estimated 2006 HUTF revenues by county. The revenue is derived from gasoline tax. Actual number of county lane miles is a factor used in allocating these funds. Revenue projections increase due to growing population and tourist activity. This revenue is used only in the Road & Bridge Fund.

Licenses and Permits: Approximately 75% of this revenue comes from the building fees and projections are derived from the building department using current building activity and anticipated economic data. Other key revenues are business permits, marriage, liquor and animal licenses. Projections were based on historic data and building permit activity.

Intergovernmental (Grants): Each department projects the estimated federal and state grants. 2006 revenues are projected to increase by \$6,801,809 or 22.9%. This is mainly due to an increase in Federal money for Homeland Security and Bio-terrorism.

Charges for Services: Revenue projections are based on individual department's projections. 2006 revenues are projected to increase by \$855,394 or 5.3%.

Interest: Interest is budgeted based on the County's projected cash flows and the current interest rate. Interest is projected to decrease by \$91,587 mainly due to the decrease of fund balances.

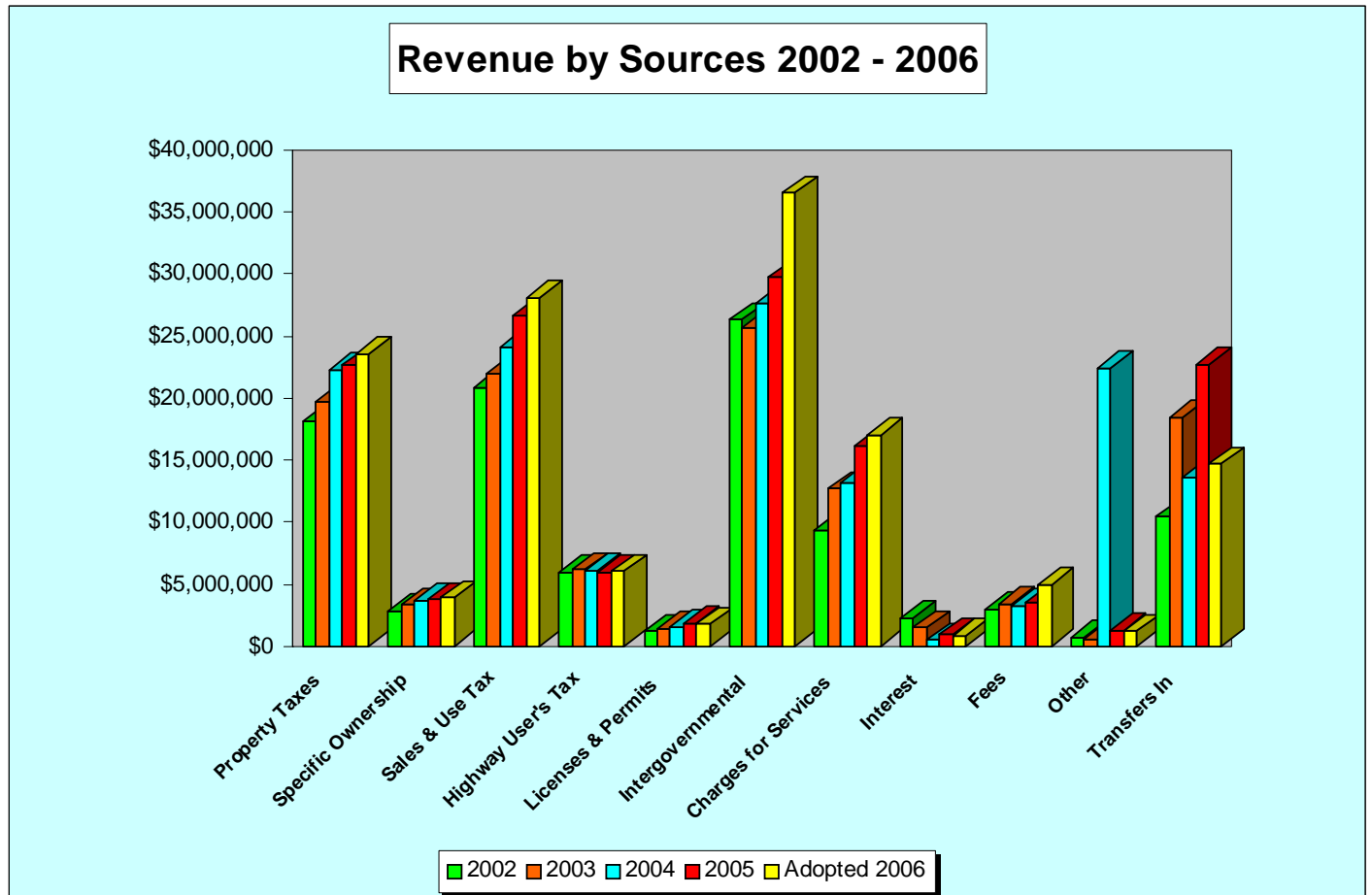
Fees: Projections were based on individual department estimates and are projected to increase by approximately \$1,452,213 or 41.6%. This is mainly due to the new Transportation Impact Fee that become effective January 1, 2005.

Transfers: Transfers are based on actual planned movement of fund balances between funds. Most transfers are for capital improvements for the County. Other transfers are to the Human Services Department, Health Department and Fair Board for general operations.

Other: Other revenues decrease in 2006. This is mainly due to the refinancing of the sales tax bonds in 2004 of approximately \$20 million.

TOTAL REVENUES FOR ALL FUNDS

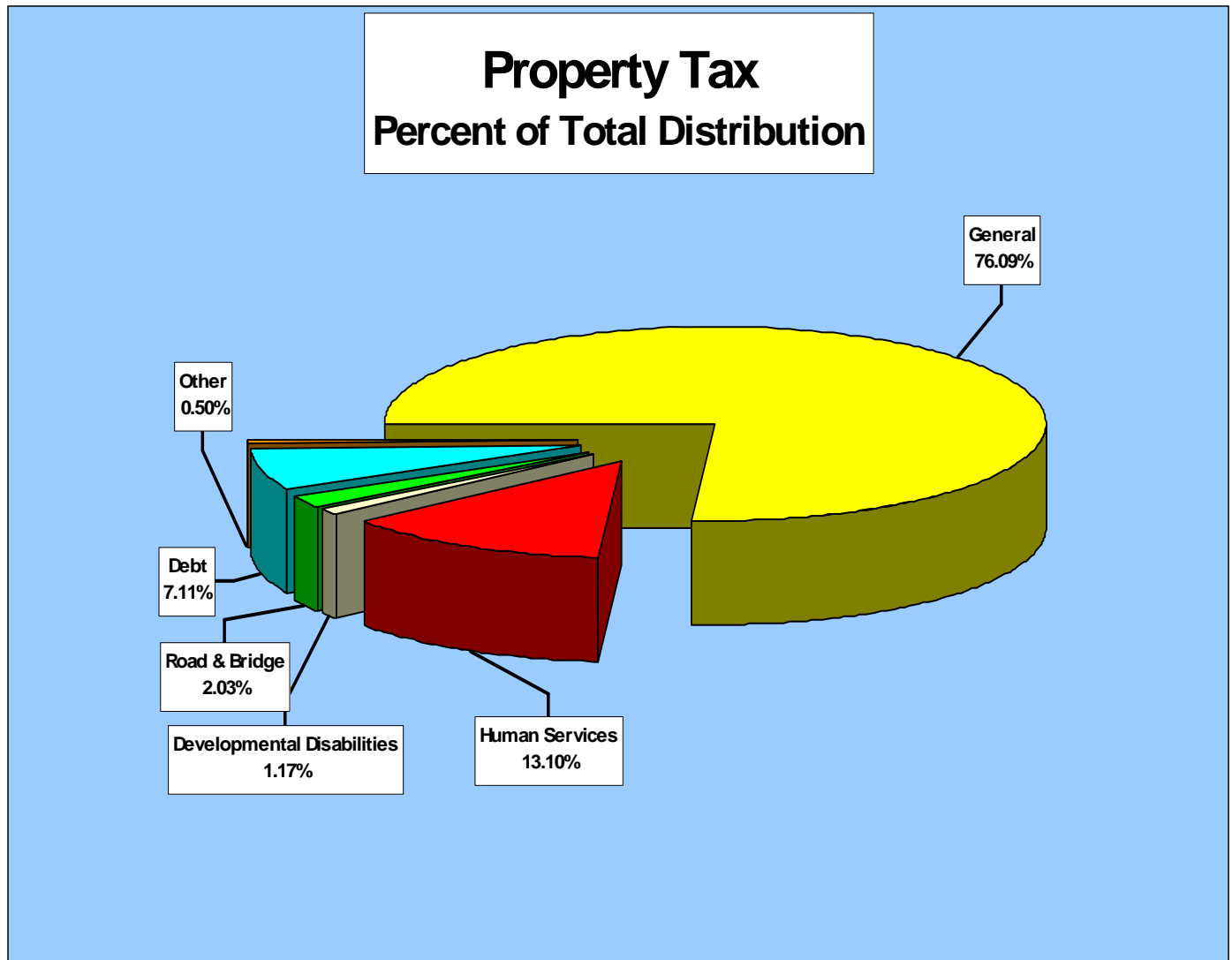
Mesa County revenues come from various sources with Property and Sales & Use Taxes comprising an average of 37.60% of this total. Intergovernmental revenues are primarily Federal and State grants and are often designated as client welfare benefits in the area of Human Services. Transfer revenue variations are directly proportional to capital projects progression.



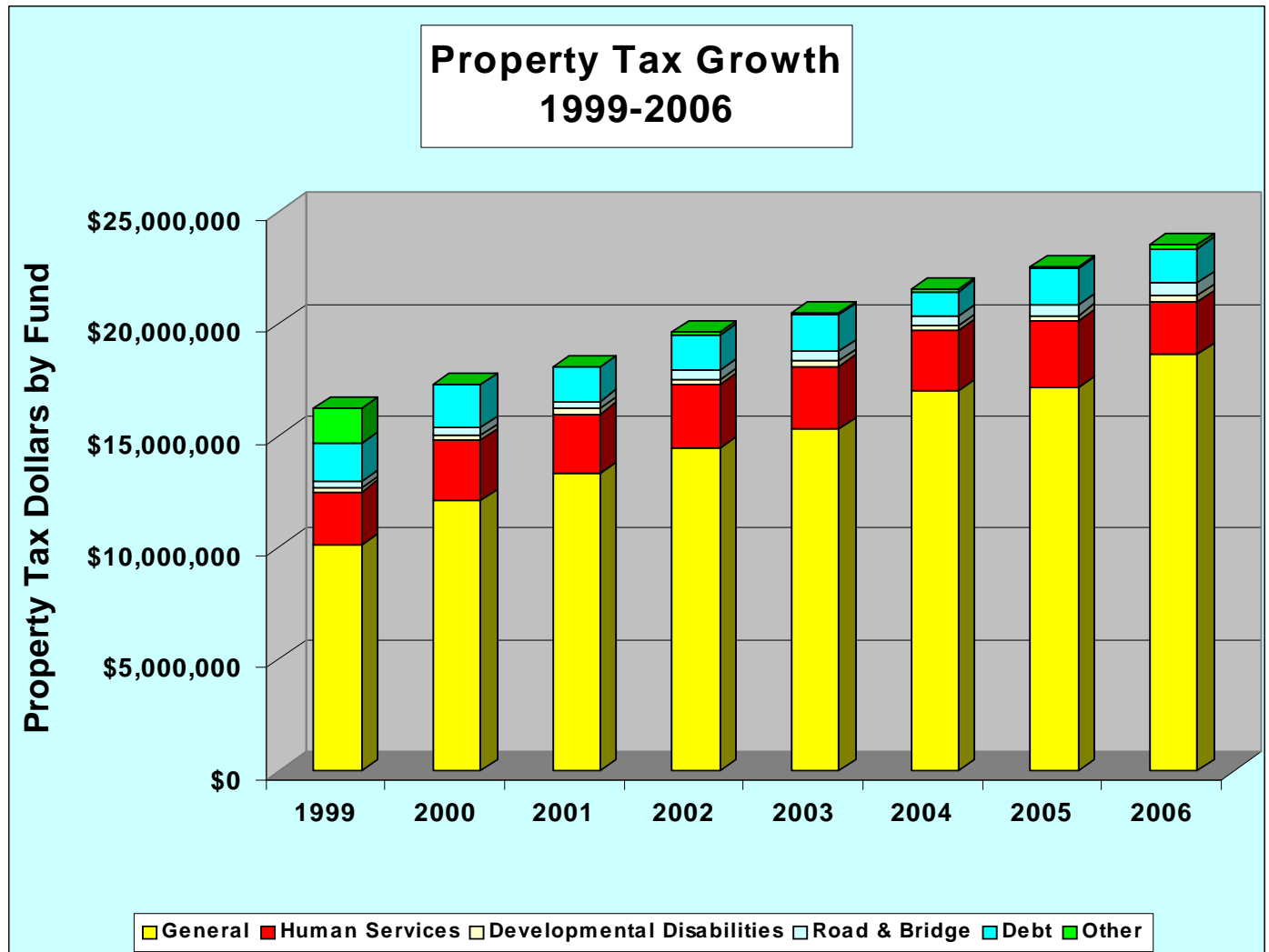
Revenue Sources	Actual Audited			Projected	Budget
	2002	2003	2004		
Property Taxes	\$18,137,132	\$19,698,260	\$22,271,610	\$22,599,783	\$23,540,499
Specific Ownership	2,880,956	3,361,542	3,750,554	3,804,392	3,924,575
Sales & Use Tax	20,886,554	21,959,671	24,100,765	26,633,062	28,075,453
Highway User's Tax	6,005,912	6,212,984	6,102,231	5,944,576	6,070,432
Licenses & Permits	1,241,507	1,406,450	1,593,897	1,890,354	1,802,126
Intergovernmental	26,307,212	25,712,028	27,611,054	29,691,395	36,493,204
Charges for Services	9,333,875	12,715,884	13,165,404	16,142,602	16,997,996
Interest	2,308,299	1,518,754	538,262	969,587	878,000
Fees	2,987,130	3,428,661	3,326,849	3,486,866	4,939,079
Other	747,809	548,305	22,387,396	1,265,775	1,223,573
Transfers In	10,454,568	18,467,187	13,657,356	22,666,685	14,709,333
Total Sources	\$101,290,954	\$115,029,726	\$138,505,378	\$135,095,077	\$138,654,270

PROPERTY TAX

Approximately 76% of the County's general property taxes are distributed to the General Fund. The other 24% is split between Human Services, Road & Bridge, TV Translator, Developmental Disabilities, Debt Services, Mesa Community Public Improvement District and the Upper Grand Valley Pest District Funds. Property taxes are projected to grow approximately 4.2% in 2006. Assessed valuations are revalued every two years in Colorado and 2006 will be the next evaluation year.



PROPERTY TAX

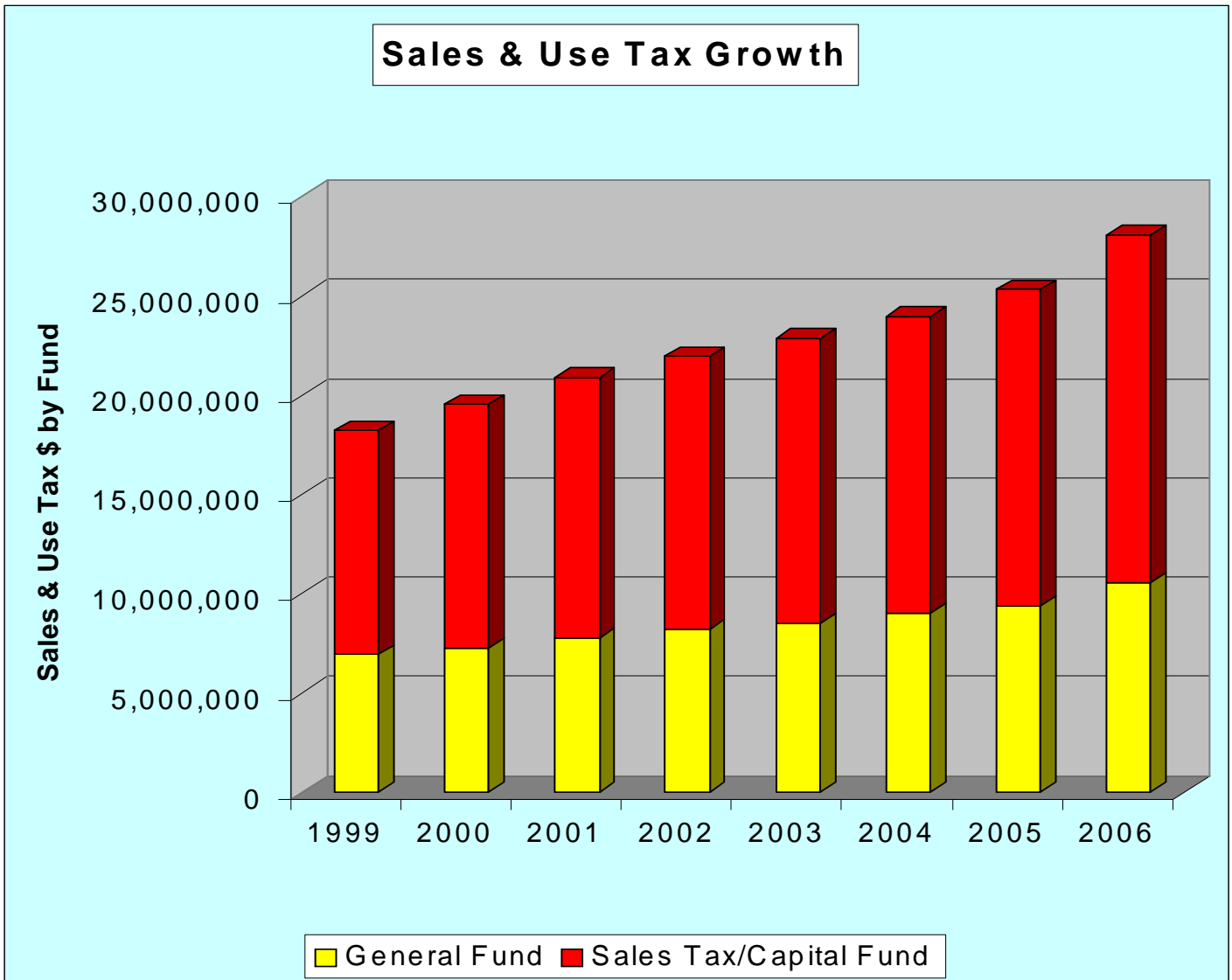


Current Property Tax*	Actual						Proposed	Budget
	1999	2000	2001	2002	2003	2004	2005	2006
General	\$10,112,002	\$12,129,216	\$13,316,779	\$14,455,772	\$15,325,110	\$17,001,636	\$17,171,687	\$18,630,654
Human Services	\$2,386,669	\$2,696,059	\$2,669,234	\$2,822,951	\$2,792,944	\$2,712,130	\$2,957,044	\$2,374,625
Developmental Disabilities	\$182,356	\$206,011	\$216,082	\$243,449	\$246,338	\$218,160	\$263,955	\$275,890
Road & Bridge	\$295,511	\$333,977	\$350,072	\$394,783	\$413,250	\$437,257	\$458,556	\$548,933
Debt	\$1,684,118	\$1,902,571	\$1,509,390	\$1,611,070	\$1,645,444	\$1,090,801	\$1,604,431	\$1,545,654
Other	\$1,569,475	\$13,691	\$14,353	\$98,137	\$103,824	\$74,375	\$112,353	\$164,743
Total	\$16,230,131	\$17,281,525	\$18,075,910	\$19,626,162	\$20,526,910	\$21,534,359	\$22,568,026	\$23,540,499
Amendment 1 Tax Credit	(\$628,038)		(\$733,658)	(\$307,276)				
Percent Change	2.8%	6.4%	4.6%	8.6%	4.6%	4.9%	4.8%	4.3%

* Does not include delinquent taxes, interest or penalties

SALES & USE TAX

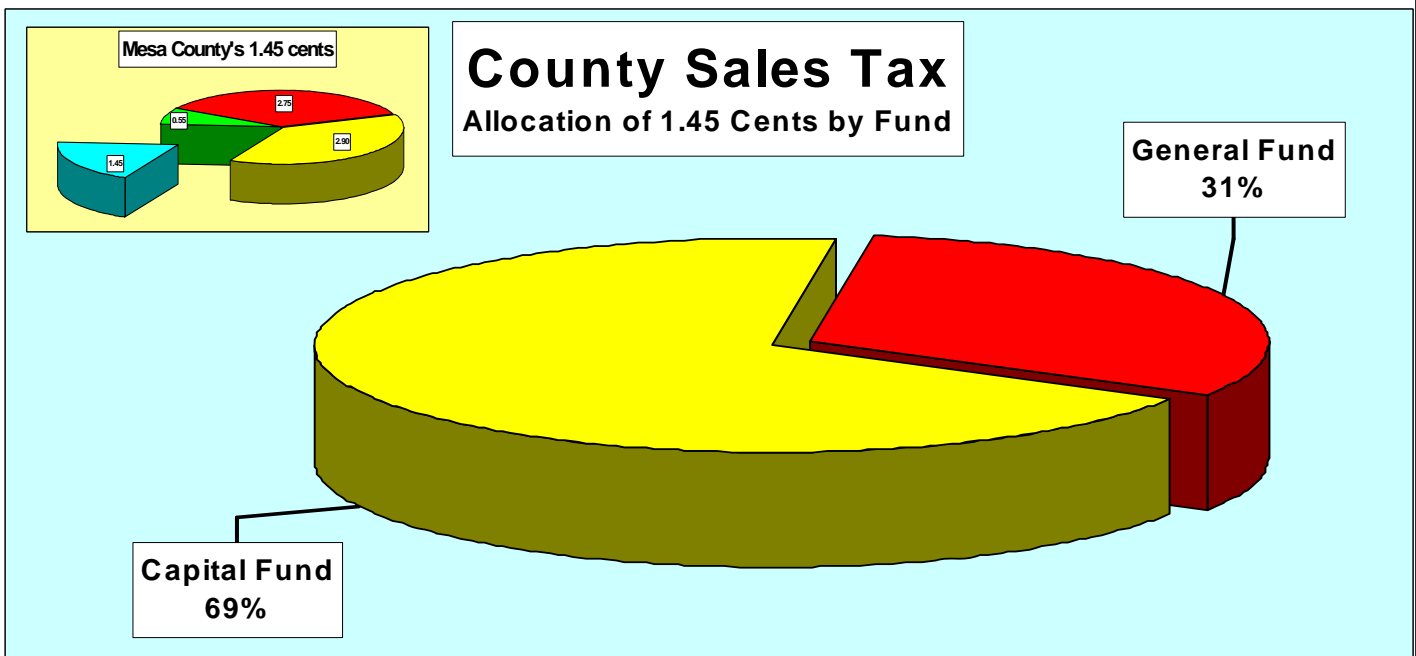
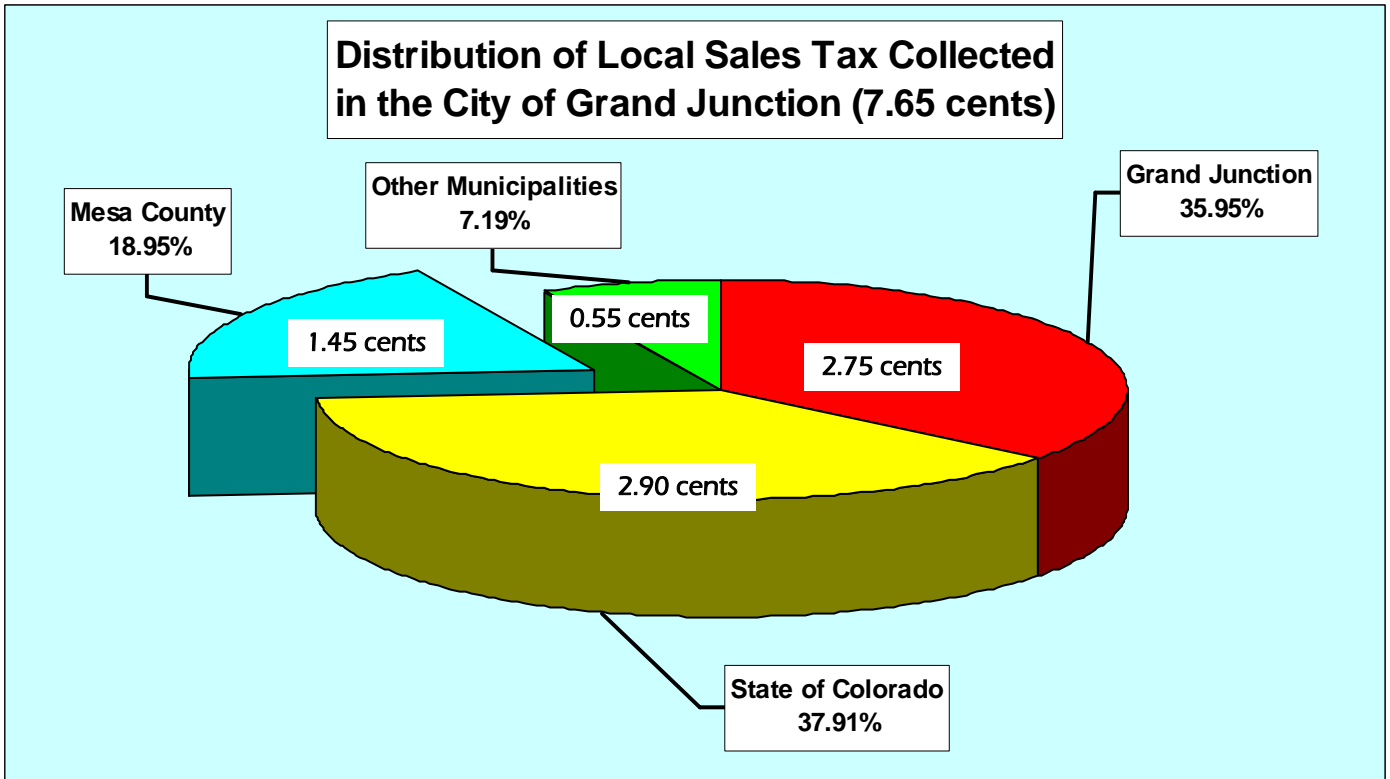
Sales tax revenues were strong since 1999 resulting in significant gains in the Sales Tax and General Funds. Sales tax revenues are the largest single revenue and continue to exceed property taxes. Due to the volatile nature of sales tax complete reliance on this stream of revenue for operations is not recommended. Periodic accumulation of fund balance within the Sales Tax Bond and Capital Funds has and will occur as projects are started or completed. In the year 2002, the sales tax revenue was deposited directly to the Capital Fund. This change better meets internal accounting procedures.



Fund	1999	2000	Audit				Projected	Budget	
	1999	2000	2001	2002	2003	2004	2005	2006	
General Fund	6,924,504	7,263,769	7,786,473	8,204,360	8,503,151	9,011,801	9,387,917	10,549,391	
Sales Tax/Capital Fund	11,287,375	12,267,991	13,100,081	13,755,311	14,357,723	14,976,192	15,930,341	17,526,062	
Total	18,211,879	19,531,760	20,886,554	21,959,671	22,860,874	23,987,993	25,318,258	28,075,453	
Percent Change		8.0%	7.2%	6.9%	5.1%	4.1%	4.9%	5.5%	10.9%

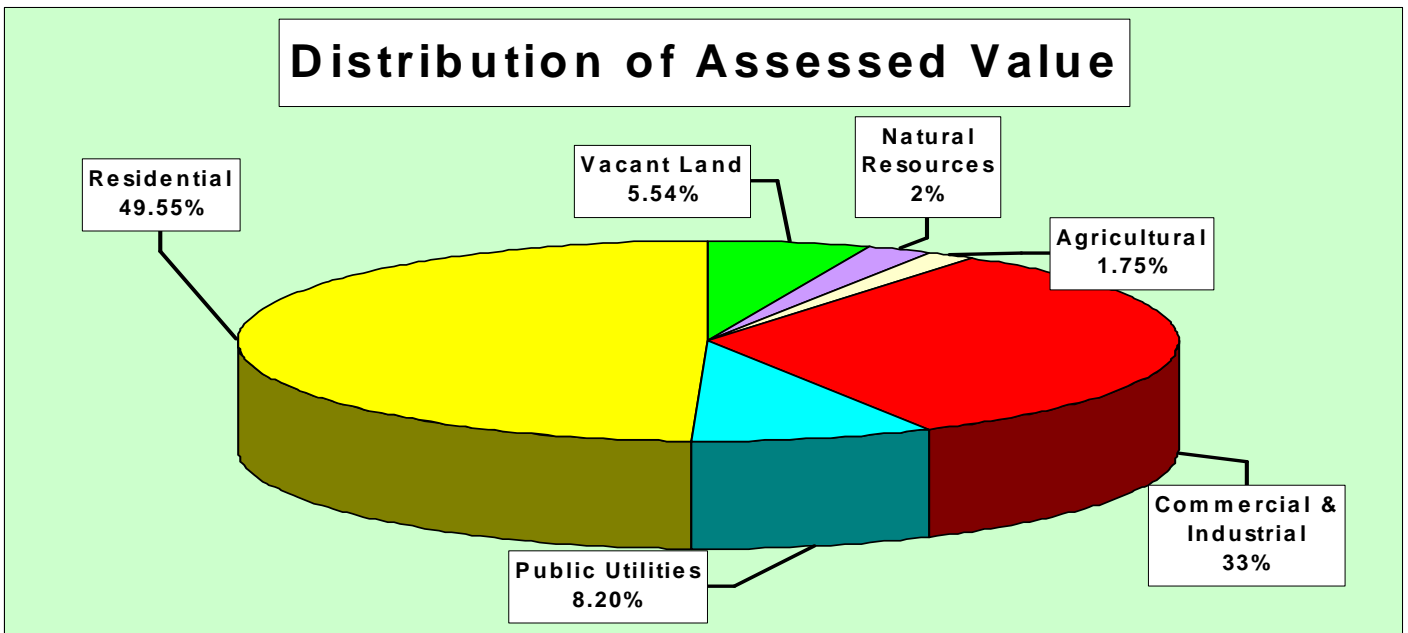
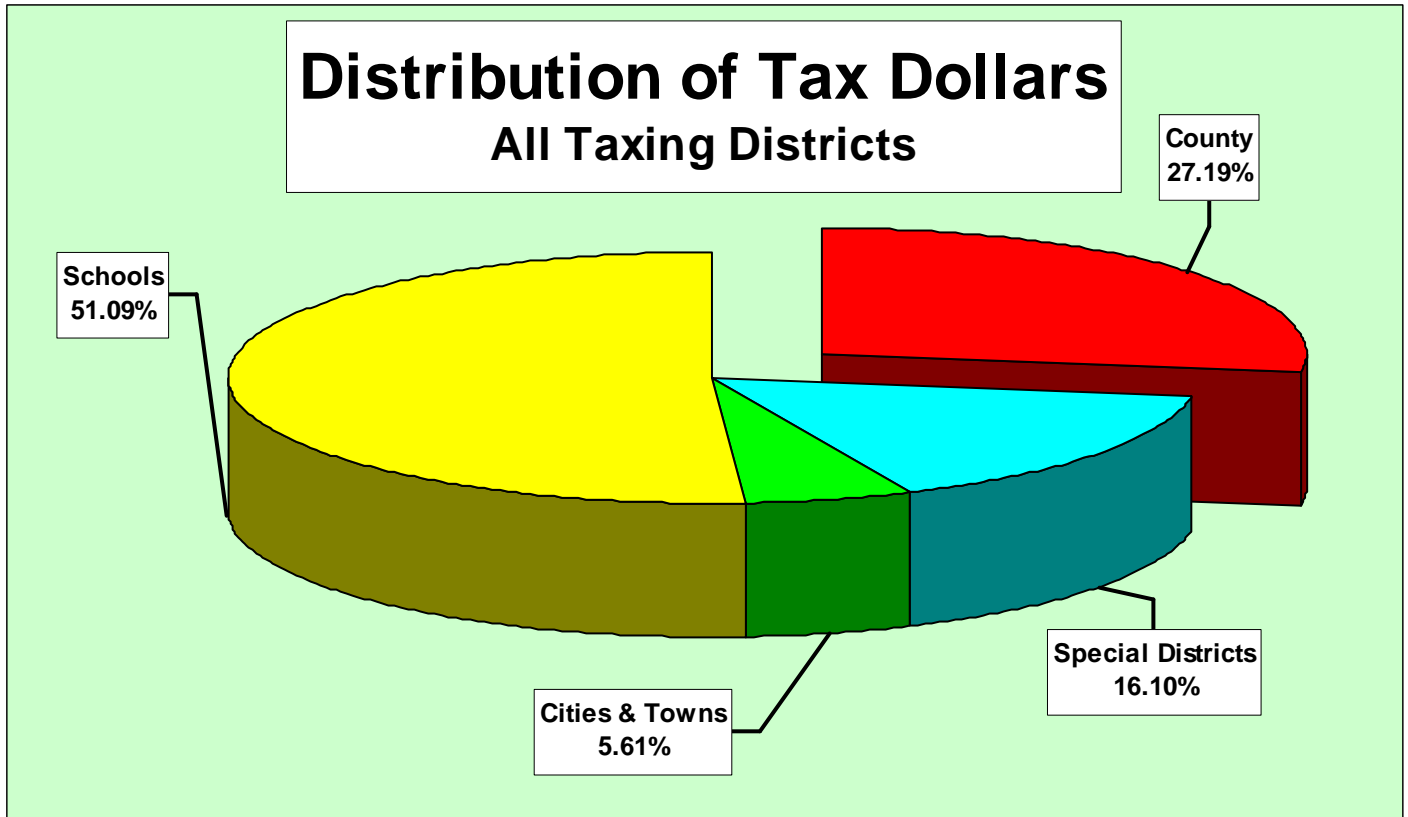
SALES TAX

Retail sales tax within the City of Grand Junction is 7.65 cents per one dollar and is a major revenue source for the local governments; retail sales tax within the City of Fruita is 6.90 cents; and retail sales with the City of Palisade is 5.90 cents. Mesa County receives approximately 19% of the 7.65 cents collected in Grand Junction. Two (2) cents per \$1.00 retail sales is actually collected as a County tax with 1.45 cents going to Mesa County and .55 cents designated to the city municipalities within the County.

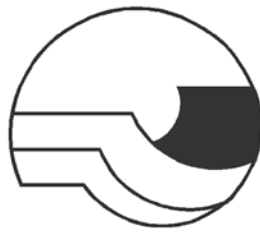


DISTRIBUTION OF PROPERTY TAX REVENUE

Mesa County collects taxes for all taxing districts in the county, including school districts, water and sanitation districts, cities and other special districts. The County Treasurer distributes the monies to the districts. The top chart illustrates how these taxes are distributed to the various districts with the County retaining approximately 27%. The bottom chart illustrates the type of property assessed with 47% of county taxes coming from residential property. Commercial & Industrial property represents 33% of the assessed value.



MESA COUNTY



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