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**ESTIMATED COSTS AND REVENUES
FOR PARKSIDE II ANNEXATION AREA**

Summary

A summary of cost and revenue estimates (rounded) for the Annexation Area is as follows:

	Year 1	Year 2
Town Costs	\$14,800	\$11,700
Town Revenues	\$96,600	\$117,800
Difference	\$81,800	\$106,100

Detailed cost and revenue estimates are provided on the attached Tables 1 and 2. There are no intangibles tax revenues included in the revenue estimates.

Comparison of Costs and Revenues for Parkside II Annexation Area

Year One Costs

- The costs for Year One are summarized in Table 1.
- The costs are calculated for the 2003-04 fiscal year. The annexation is proposed to be effective on June 30, 2003.
- Town refuse collection will be provided with current positions and equipment.
- North Carolina G.S. 160A-49.3 requires the Town to contract with or pay qualifying private sanitation firms for two years for their revenue lost due to annexation. To qualify, a sanitation firm must make a request to the Town and meet other conditions of the statute. In accordance with G.S. 160A-49.3(b), the Town will make a good faith effort to notify each private sanitation firm providing services in the annexation area.

- The annexation area has access to major water and sewer lines.
- The Town's police services will be provided with current positions and equipment.
- The Town's fire services will be provided with current positions and equipment. There is a marginal cost increase for anticipated emergency response trips to the annexation area and for providing fire related activities such as public fire education, inspections, and expected routine calls for assistance.
- The annexation area is currently serviced by the Orange New Hope Volunteer Fire Department. We anticipate that the Orange New Hope Volunteer Fire Department will request a "First Responder" agreement with the Town in accordance with G.S. 160A-49.1.
- The annexation area has fire hydrants and water supply for fire protection consistent with the rest of the Town.
- The annexation area can be adequately served by modifying existing public transportation routes without additional expense.

Year One Revenues

- Year One Revenues are summarized in Table 2.
- The total 2003-04 real property tax valuation of real estate in the annexation area is \$12,859,924 according to Orange County tax records. The estimated personal property tax valuation in the annexation area is \$943,280 as of January 1, 2003.

The 2002-03 ad valorem tax rate for real and personal property is \$.51 per \$100 for the Town's General Fund. The estimated total General Fund Tax Revenue is \$68,988 (98% collection rate).

- Estimates of franchise tax, sales tax, Powell Bill revenues, vehicle license fees, and beer and wine tax, are as follows:

➤ Franchise Tax	\$4,779
➤ Sales Tax	\$16,720
➤ Powell Bill Revenue	\$4,106
➤ Vehicle License Fees	\$1,560
➤ Beer and Wine Tax	\$465

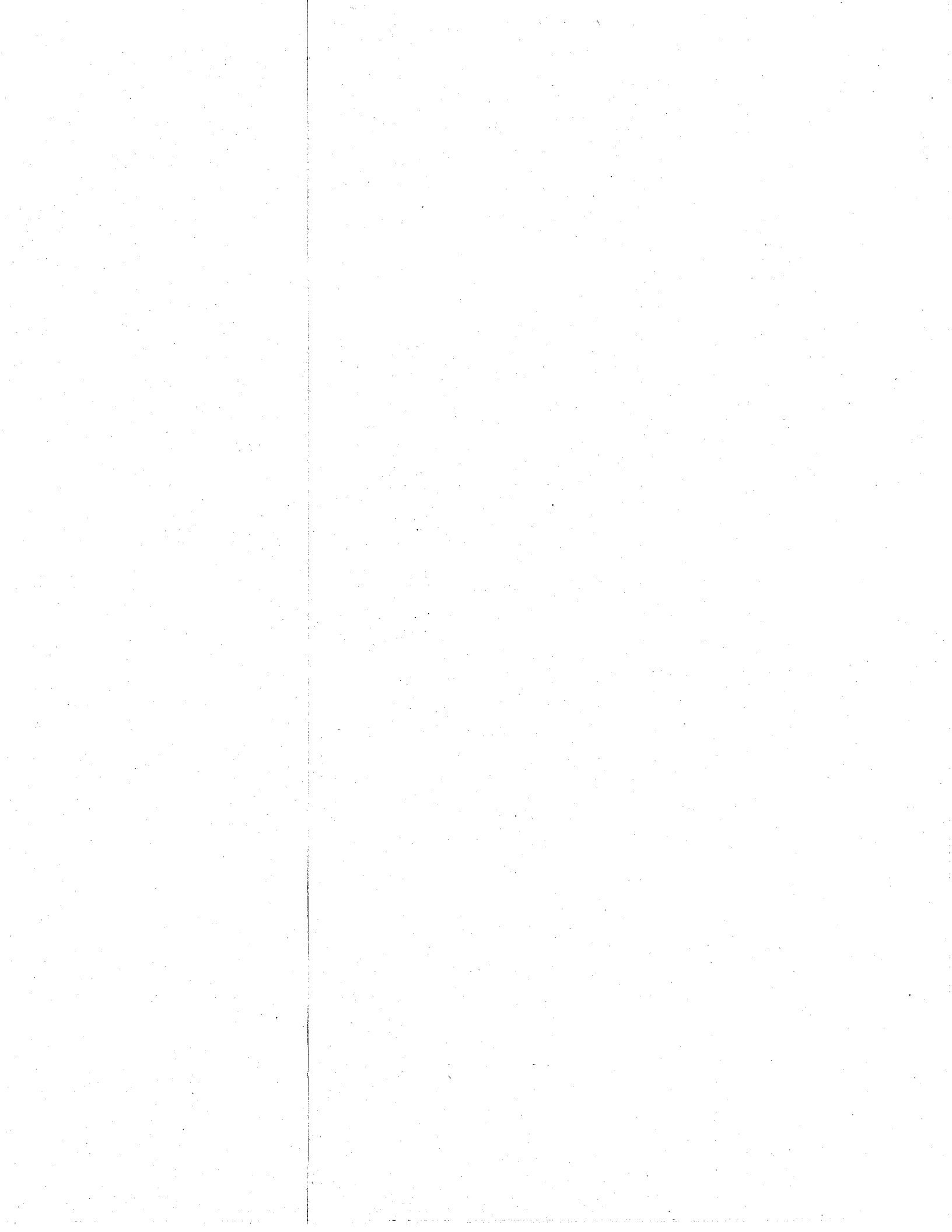
- The total estimated revenue for Annexation Area 1 is **\$96,618**.

Year Two Costs

- Year Two costs are summarized in Table 1.
- Town service costs are similar to those experienced in Year One.

Year Two Revenues

- Year Two Revenues are summarized in Table 2.
- The estimated real property tax valuation for the 2004-2005 fiscal year (values to be determined as of January 1, 2004) is expected to increase by an estimated \$2,485,000.



**TABLE 1
TOTAL ESTIMATED COSTS
PARKSIDE II ANNEXATION AREA
2003-2004 Fiscal Year (Year One)
2004-2005 Fiscal Year (Year Two)**

	YEAR 1	YEAR 2
FIRE		
-Town Operations	\$0	\$0
-Fire Hydrant	\$0	\$0
-Contracts with Rural Fire Department	\$3,215	\$4,295
LIBRARY	\$0	\$0
PARKS AND RECREATION	\$0	\$0
POLICE	\$0	\$0
PUBLIC WORKS		
-Street Repair	\$1,500	\$1,500
-Drainage	\$1,500	\$1,500
-Street Lights	\$250	\$250
-Street Signs	\$250	\$250
-Landscape Services	\$3,295	\$1,545
-Payments to Private Sanitation Firms	\$3,000	\$0
-Tipping Fees	\$1,800	\$2,400
TRANSPORTATION SERVICES	\$0	\$0
UTILITIES		
-Sewer Outfalls	\$0	\$0
-Water Mains	\$0	\$0
TOTAL ESTIMATED COSTS	\$14,810	\$11,740

**TABLE 2
TOTAL ESTIMATED REVENUES
PARKSIDE II ANNEXATION AREA
2003-2004 Fiscal Year (Year One)
2004-2005 Fiscal Year (Year Two)**

	YEAR 1	YEAR 2
PROPERTY TAX REVENUE		
Approximate Real Property Tax Valuation (1/1/03)	\$12,859,924	\$15,345,112
Estimated Personal Property Tax Valuation (1/1/03)	\$943,280	\$1,215,380
Maximum Real & Personal Property Tax Revenue - General Fund (\$0.51 per \$100)	\$70,396	\$84,459
Estimated Annual General Fund Tax Revenue (98% Collection Rate)	\$68,988	\$82,770
Estimated Vehicle License Fee - \$20 per vehicle (1.5 vehicles per du)	\$1,560	\$2,010
OTHER TAX REVENUE		
Estimated Population of Annexation Area	119	153
Estimated Franchise Tax Revenue Based on \$40.16 per Capita	\$4,779	\$6,145
Estimated Sales Tax Revenue Based on \$140.50 per Capita	\$16,720	\$21,497
Estimated Beer and Wine Tax Receipts Based on \$3.91 per capita	\$465	\$598
POWELL BILL REVENUE		
Approximately \$20.00 per Capita and \$1,816.88 per mile of Town-Maintained Residential Streets	\$4,106	\$4,786
TOTAL ESTIMATED REVENUE	\$96,618	\$117,806