

Incorporation of Oakhurst

Comprehensive Fiscal Analysis

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Madera County Local Agency Formation Commission
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Introduction

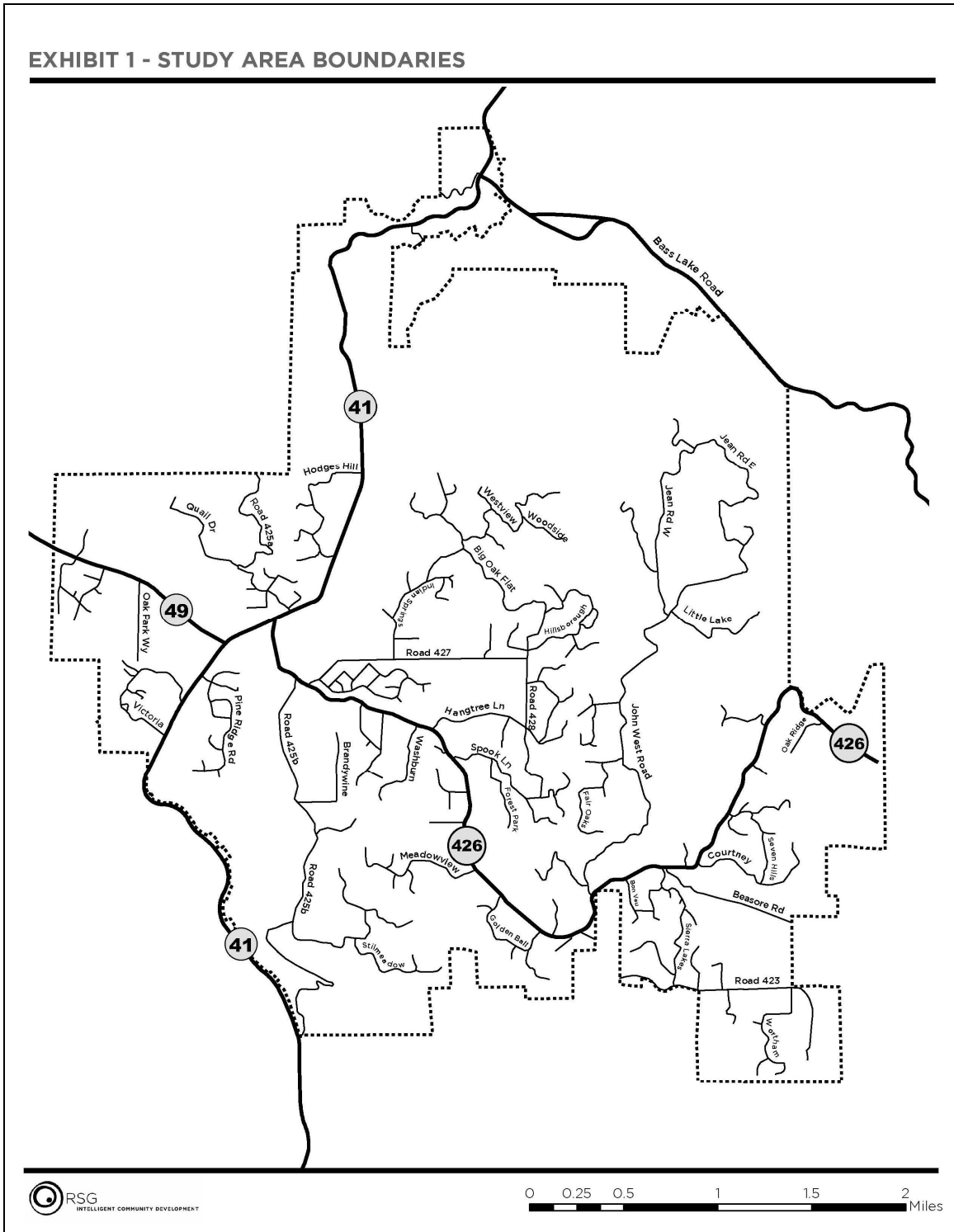
The Madera County Local Agency Formation Commission (“LAFCO”) retained Rosenow Spevacek Group, Inc. (“RSG”) to prepare this Comprehensive Fiscal Analysis (“CFA”) to determine the fiscal feasibility of the incorporation of the Town of Oakhurst (“Oakhurst” and “Town”) and to review related potential impacts upon the County of Madera (“County”) and other agencies presently providing services to Oakhurst. If successful, Oakhurst would join the cities of Madera and Chowchilla as the third incorporated community in the County.

In September 2001, incorporation proponents submitted an incorporation application and an Initial Fiscal Analysis for a 9.2 square mile area within the center of Oakhurst. Subsequently, LAFCO conducted a comprehensive fiscal analysis of this area and three boundary alternatives encompassing up to 17.6 square miles. The comprehensive fiscal analysis was concluded in August 2007 and evaluated by the LAFCO board at a noticed public hearing on September 25, 2007 on the incorporation, at which a fifth boundary was approved.

The approved boundaries, referred to hereinafter as the “Study Area”, have been analyzed in this CFA to assist the voters and public understand the implications of the proposed incorporation as recommended by LAFCO. The Study Area is located in eastern Madera County, among the Sierra Nevada Mountains along Highway 41, and is approximately 40 miles northeast of the Town of Madera. It encompasses approximately 13.1 square miles with an estimated population of 4,179 residents.

Exhibit 1 presents the boundaries of the Study Area.

EXHIBIT 1 - STUDY AREA BOUNDARIES



Current Services Provided to the Study Area

The agencies/jurisdictions responsible for the existing services provided in the Study Area are identified in Table 1. Road maintenance, water and sewer services are provided to the Study Area by 4 County Service Areas (CSAs) and 12 Maintenance Districts.

| EXISTING SERVICES | TABLE 1 |
|---|--------------------------------------|
| Service | Existing Provider |
| General Government | |
| Governing Board | County Board of Supervisors |
| Attorney | County |
| Finance/Clerk/ Administration Services | County |
| Public Safety | |
| Law Enforcement | County |
| Traffic Control/Accident Services | California Highway Patrol |
| Fire Protection | County/California Dept. of Forestry |
| Animal Control | County |
| Land Use and Planning | |
| Regulation and Planning | County |
| Building and Inspection | County |
| Community Services | |
| Recreation Facilities/Programs | Private/Non-profit organizations |
| Local Parks/Recreation Facilities | No current responsible party |
| Library | County |
| Public Works/ Public Utilities | |
| Public Works Administration | County |
| Roads, Local Drainage, Bridges, Signals | 4 CSAs & 12 Maintenance Districts |
| Domestic Water | Hillview Water Company |
| Waste Water Treatment/Disposal | Maintenance District 22A |
| Solid Waste Management/Disposal | Emadco |
| Flood Control | Flood Control District |
| Street Lighting | County |
| Other Public Services | |
| Electricity & Gas | Pacific Gas & Electric |
| Cable Television | Northland Cable Company |
| Public Transit | County |

Table 2 summarizes the CSAs and Maintenance Districts in the proposed incorporated areas and the type of service provided by each entity. The upcoming section, entitled Public Service Plan, discusses the Town's responsibilities upon incorporation in more detail.

SUMMARY OF COUNTY SERVICE AREAS & TABLE 2

| Name | Maintenance and Service Districts | Type of Service Provided |
|---------------------------------|--|---|
| Hidden Oaks Estates | MD 20 | Road Maintenance |
| Oakhurst & Sunnydale | MD 22A | Sewer service |
| Oakhurst & Sunnydale ACO | MD 22A ACO | Sewer service: subset of MD 22A |
| Oakhurst & Sunnydale Const. | MD 22B | Sewer service: subset of MD 22A |
| Oak Creek Bridge | MD 29A | Road Maintenance |
| West Road | MD 32 | Road Maintenance |
| West Road Zone A | MD 32A | Road Maintenance |
| Meadow View Drive | MD 42 | Water system and water treatment |
| Still Meadow Road | MD 44 | Road Maintenance |
| Spook Lane | MD 47 | Road Maintenance |
| Quail Ridge | MD 51 | Road Maintenance |
| North Oakhurst | MD 72 | Road Maintenance |
| River Falls Road | MD 76 | Road Maintenance |
| Pine Meadow | MD 98 | Road Maintenance |
| Still Meadow Ranch | CSA 06 | Road Maintenance |
| Pierce Lakes Estates | CSA 08 | Road Maintenance |
| West Oak Boulder Creek | CSA 12 | Road Maintenance |
| Ponderosa Knolls | CSA 18 | Road Maintenance |

Assumptions and Methodology

RSG contacted public and franchise agencies currently serving Oakhurst to verify existing service levels, costs, and revenues associated with the provision of service to the incorporation area. This information is used to establish the base year costs and revenues. This data also formed the operating budget forecast for a twelve-month transition period and the subsequent ten years to determine the long-term financial position of the new Town.

Representatives of these agencies were identified by LAFCO staff, solicited for pertinent data and interviewed by RSG. In some cases, precise identification of costs and revenues was not possible due to record keeping limitations. It is RSG's experience that such data limitations are not uncommon and those experienced in this CFA were within the within normal levels for this type of analysis. In instances where precise figures were not available, RSG employed the best available methodologies to extrapolate estimates for Oakhurst.

This CFA is conducted on a cash basis. New cities must operate on a cash basis since they have no initial fund balances on which to depend for cash flow. Further, the cash basis approach provides a more realistic picture of both the year-end surpluses and deficits, which will be experienced by the new Town.

Legal Requirements

In general, this CFA presents a forecast of Oakhurst's operational budget, including fiscal years 2008-09 to 2018-19, assuming the incorporation is successful following an election. Furthermore, this CFA assumes the incorporation would be effective on July 1, 2008.

This CFA is based upon information collected by RSG between December 2003 and May 2007, and addresses the requirements of Section 56800 of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, Government Code Sections 56000 through 57550 ("Act") and the Governor's Office of Planning and Research Guidelines ("Guidelines").

As such, this CFA serves as a basis for revenue neutrality negotiations and provides the analysis that must be considered by LAFCO in making its decision on the incorporation proposal at a public hearing. Following revenue neutrality negotiations, LAFCO will set an effective date of incorporation. Ultimately, the effective date of incorporation will depend on the successful processing of an incorporation application and a majority approval by the affected electorate.

A primary responsibility of LAFCO is to determine whether the incorporation of a proposed Town is financially feasible and that the transfer of assets from the County and other affected agencies will be adequately mitigated for any fiscal imbalance caused by the incorporation. The CFA will assist LAFCO in drafting its terms and conditions at incorporation but does not create or impose any terms and conditions for the proposed incorporation. These terms and conditions will be determined through further deliberations during revenue neutrality negotiations.

Population Estimates

Population estimates were derived by utilizing the 2000 Census average persons per household, the County Assessor's parcel information for properties in Oakhurst, and data from the County Planning Department's geographic information system. This information yields a population estimate of 4,179 residents in the Study Area. Based on historic trends, the population is assumed to increase by 1.7 percent annually over the next ten years.

Base Year Revenues and Expenditures

Pursuant to Government Code Section 56800, "data used for the analysis shall be from the most recent fiscal year for which data are available, preceding the issuances of the certificate of filing." *The data employed in this CFA was collected between December 2003 and May 2007.* Year to date actuals were used where available to provide an updated analysis; all data sources are dated and detailed in the analysis. To determine base year costs and revenues,

information was collected from affected County departments regarding the costs and the revenues associated with providing services to Oakhurst during fiscal year 2005-06, as reported by County officials and confirmed by both County administration and representatives of the incorporation proponents.

Revenues come from a variety of sources. Some revenues are restricted for specific purposes. A majority of Town revenue is designated as general fund revenue, which is used to provide municipal services such as general government, law enforcement, fire service, planning and land use, building inspection, animal control, and parks. General Fund revenues typically come from property taxes, sales taxes, state subventions, and fees for services.

Road Fund revenues are primarily generated through gas tax, but also include statewide Proposition 42 apportionments, Measure T sales tax subventions, property taxes from Road District 5, and service charges. Generally, Road Fund revenues are restricted by law to road related expenditures, including routine maintenance, road repair and other activities specific to roads. Under existing State law, a surplus in the Road Fund cannot be used for the provision of any general municipal services nor can road related revenues, utilized as public fund revenue, be spent for maintenance of private roads.

Within the Study Area there are currently 4 CSAs and 12 Maintenance Districts. Revenue for each district is either generated by parcel assessments or allocated as a percentage from the General Fund. Subject to LAFCO's approval, the incorporated Town of Oakhurst would reorganize each CSA as a maintenance district, and transfer all affected maintenance districts to the jurisdiction of the Town Council. The Town would be responsible for the assessments currently levied in each district. The Town would manage each district separately and ensure the districts continue to provide services to their required areas. Proposition 218 prohibits the use of a service fee for any purpose other than providing the services for which the fee was collected.

Projected Revenues and Expenditures

Transition Period

This CFA assumes a 12-month transition period, beginning on the effective date of July 1, 2008.

A transition period is the time between the effective date of the incorporation and the time when it must assume full service responsibility. The establishment of an effective date is significant in that the flow of revenues to the new Town is dependent upon the establishment of the date. Between the effective date and the following June 30, the Town receives a portion of its revenues, while some services are still provided by the County. This allows the Town time to organize in anticipation of full service responsibility. The new Town would receive certain revenues during this period, such as motor vehicle in-lieu fees and sales taxes that could allow the new Town to create a fund balance to carryover into the first full fiscal year.

First Ten Years Following Incorporation

This CFA offers a ten year financial forecast to provide a long-range view of the Town of Oakhurst's fiscal sustainability.

During the first five years of incorporation, Section 11005.3(c) of the Revenue and Taxation Code authorizes that per capita subventions of Motor Vehicle License Fees and Highway User Taxes be apportioned based on an inflated population figure. The inflated population subventions are distributed at 150 percent of actual population in the first year, and then gradually drop by 10 percent each year, to 100 percent (or the actual population) by the sixth year. During the first five years of incorporation while the Town would receive these revenues at a high rate, it will be imperative that the Town prudently manage its finances during the first five years so that its municipal budget does not rely on this temporarily high subvention revenue to be financially viable.

New Taxes

This CFA assumes no new taxes will be imposed by the Town.

Assessments and Fees

The Town would take over operation of all CSAs (reorganized by LAFCO as maintenance districts) and existing maintenance districts upon incorporation. As discussed in the previous section, Base Year and Revenues, the existing assessments and fees levied by the CSAs and Maintenance Districts would become the responsibility of the Town upon incorporation. The revenue from each district is dedicated to funding the specific road, sewer or water services of Oakhurst presently, and is therefore not available for discretionary use.

Form of Government

The Town of Oakhurst is assumed to be incorporated as a General Law Town under the State Constitution. The proposed form of the new Town would be governed by the Town Council and would retain a Town Manager who would be responsible for the day-to-day operations of the Town.

Public Services Plan

The Proposed Public Service Plan, Table 3, summarizes the manner in which municipal services are presently provided in Oakhurst and compares how such services would be affected upon incorporation. Many services presently provided in the area would experience greater levels of concentration and potentially more rapid response as compared the area's current level of service provided by the County.

Upon incorporation, the Town would assume primary responsibility for municipal services, including: law enforcement, fire protection, animal control, planning, building, code enforcement, public works/engineering, and any future park and recreational programs (though no such facilities exist today). In addition, upon LAFCO approval, the Town would dissolve the CSAs and Maintenance Districts

within the final incorporation boundaries and create separate enterprise funds to continue providing road, water and sewer services in the districts. Overall, incorporation would have a positive effect on service levels, provided the Town has sufficient funds to meet service demands.

| PROPOSED PUBLIC SERVICES PLAN | | | | TABLE 3 | |
|---|-------------------------------------|--------------|-----------------|---|--|
| Type of Service | Service Providers | | Service Level | Funding Source | |
| | Existing | Proposed | | | |
| General Government | | | | | |
| Governing Board | County Board of Supervisors | Town Council | Increase | General Fund | |
| Town Manager | County | Town | Increase | General Fund | |
| Attorney | County | Town | No change | General Fund | |
| Finance/Clerk/Administration | County | Town | No change | General Fund | |
| Public Safety | | | | | |
| Law Enforcement | County | Town | No change | General Fund | |
| Traffic Control/Accident Services | California Highway Patrol | Town | No change | General Fund | |
| Fire Protection | County/California Dept. of Forestry | Town | No change | General Fund | |
| Animal Control | County | Town | No change | User fees; General Fund | |
| Land Use and Planning | | | | | |
| Regulation and Planning | County | Town | Likely increase | Processing fees; General Fund | |
| Building and Inspection | County | Town | Likely increase | User fees | |
| Community Services | | | | | |
| Recreation Facilities/Programs | Private/Non-profit organizations | Same | No change | District property taxes and fees | |
| Local Parks/Recreation Facilities | No current responsible party | Same | No change | NA | |
| Library | County | Same | No change | District taxes; Fines and Fees; State funds | |
| Public Works/ Public Utilities | | | | | |
| Public Works Administration | County | Town | Likely increase | General Fund | |
| Roads, Local Drainage, Bridges, Signals | CSAs (4)/ Maintenance Districts(12) | Town | No change | Fuel taxes; District Property Taxes | |
| Domestic Water | Hillview Water Company | Same | No change | User charges | |
| Waste Water Treatment/Disposal | Maintenance District 22A | Town | No change | Parcel assessments | |
| Solid Waste Management/Disposal | Emadco | Town | No change | User charges | |
| Flood Control | Madera Flood Control | Same | No change | County Flood Control | |
| Street Lighting | County | Town | No change | General Fund | |
| Other Public Services | | | | | |
| Electricity & Gas | Pacific Gas & Electric | Town | No change | General Fund | |
| Cable Television | Northland Cable Company | Town | No change | General Fund | |
| Public Transit | County | Town | No change | General Fund | |

Assumed Municipal Organization

As a small community with limited service demands, Oakhurst could operate effectively with a limited full time staff. The Town would likely contract certain services through public agencies and/or private consultants. Contracting services and reducing the number of full time positions is a trend among new cities to reduce annual expenses. Since 1970 nearly 85 percent of cities incorporated have created this type of governance structure¹.

¹ California Contract Cities Association

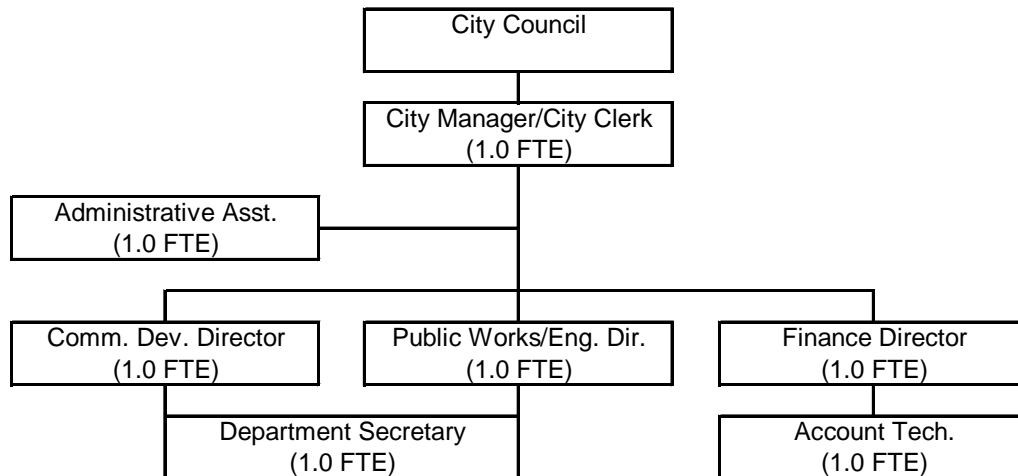
RSG estimates that the minimum number of full time staff needed to administer operations at their current level would not exceed 7.0 full time employee equivalents (with most responsibilities assumed to be provided by contract staff). RSG researched cities comparable to Oakhurst, in size and service level, to provide reference for the municipal governing structure proposed for Oakhurst, see Exhibit 2.

COMPARABLE CITY STRUCTURE EXHIBIT 2

| City of Fowler | City of Gustine |
|-------------------------------------|--------------------------|
| pop. 4273 | pop. 5129 |
| Fresno County | Merced County |
| 2.2 sq. mi. | 1 sq. mile |
| <u>Full Time Employees (FTE)</u> | |
| City Manager /Public Works Director | City Manager |
| City Clerk | Deputy Clerk |
| Finance Director /City Treasurer | Director of Finance |
| Accountant | Senior Accountant |
| Administrative/Account Clerk II | Administrative Assistant |
| Water Clerk | Public Works Director |
| Water Operator | Public Works Staff (3) |
| Community Development Director | |
| Senior Center/Recreation Director | |
| Maintainance Workers (2) | |

Employment status of April 2005

The organizational chart below delineates the proposed organization of Town staff.



Fiscal Feasibility

This CFA is based upon information in the form of a forecast and includes an evaluation of the support for the assumptions underlying the forecast. There will usually be differences between the forecasts and actual results because events and circumstances frequently do not occur as expected, and those differences may be material.

General Fund Forecast

Revenues

The Town's General Fund pays for most municipal operational services, including general government, police and fire protection, animal control, public works/engineering, and community development. In addition, these revenues could be used to fund any revenue neutrality payments to the County subject to negotiations. The funding sources consist of the following:

- Shares of local taxes (property, sales, in-lieu sales tax, property transfer, and transient occupancy tax);
- Subventions from the State Motor Vehicle License Fee and Off Highway Vehicle License;
- Fees for services (franchises, community development, public works/engineering, business license, and animal license);
- Fines and forfeitures; and
- Interest earnings.

Over the first ten years of incorporation, estimated General Fund revenues range from \$4.093 million in 2009-10 to \$5.429 million in 2018-19. The methodologies for calculating these revenues are described below.

Property Taxes

Upon incorporation, the Town would receive a portion of the County's property tax share of the general (1 percent) tax levy. The portion of the property tax share is based upon a formula established by Section 56810 of the Government Code. The formula derives the Town's base year property tax revenues by taking the cost of County services that would transfer to the new Town (net of revenue offsets) multiplied by the County Auditor-Controller's ratio of property taxes to the total County General Fund revenues. This base year tax revenue is then stated as a percentage of the total property taxes within the new Town boundaries. The percentage provides the basis for the Town's property tax share estimated in future years.

Exhibit 3 presents the calculation of property taxes to the Town General Fund using the base year numbers for analysis according to government formation law².

| PROPERTY TAX SHARES TRANSFERRED TO CITY GENERAL FUND | | EXHIBIT 3 | |
|--|------------------|---------------------|------------------|
| | General Fund | Lighting District 2 | Total |
| Net Cost of Services Transferred (FY 2005-06) | | | |
| Law Enforcement (Sheriff) | 643,713 | - | 643,713 |
| Fire Protection Services | 220,218 | - | 220,218 |
| Planning | 88,690 | - | 88,690 |
| Building Inspection & Grading | - | - | - |
| Resource Management Administration | 78,135 | - | 78,135 |
| Animal Control | 69,021 | - | 69,021 |
| Street Light Maint (Lighting District 2) | - | 8,180 | 8,180 |
| Grand Total | 1,099,777 | 8,180 | 1,107,957 |
| Auditor's Ratio (2005-06) /1 | 60.241% | 100% | |
| Property Tax Base Transferred to City | 662,517 | 8,180 | 670,697 |
| Property Tax Share Computation | | | |
| Assessed Value (2005-06) | 467,015,600 | 467,015,600 | |
| General Property Tax Levy (1% of AV) | 4,670,156 | 4,670,156 | |
| Property Tax Base Transferred to City | 662,517 | 8,180 | 670,697 |
| Property Tax Shares | 14.19% | 0.18% | 14.36% |

1/ Per January 26, 2007 memorandum from County Auditor-Controller

County services transferred to Oakhurst include law enforcement, fire protection, planning, building inspection and grading, resource management administration, animal control and street lighting. According to information provided by the respective departments, the total cost of these services that would transfer to the new Town in fiscal year 2005-06 was \$1,107,957.

The ratio of property taxes to the County's total General Fund revenues in 2005-06 was 60.241 percent³. Applying this ratio to the total cost of services yields a property tax base allocation to the Town of \$662,517. In addition, the County collects property tax for street lighting within the proposed Town boundaries (via Lighting District No. 2) equivalent to \$8,180. Combined, the total property tax base transferred to the Town would be \$670,697, equivalent to 14.36 percent of the total general property tax levy in Oakhurst. It is this percentage that is used to determine future years' property tax revenues for the Town.

According to a parcel-by-parcel compilation of 2005-06 secured and unsecured assessed values, the total assessed value of the Study Area is approximately \$467 million. Based upon historic assessed values over the past five years in Oakhurst tax rate areas, the future property tax revenues to the Town assume a 3.0 percent annual growth rate in secured values and no change in unsecured

² Cortese-Knox-Hertzberg Local Government Reorganization Act 2000; Article 2. Property Tax Exchange; Section 56810 (3)

³ Figure provided by the County Auditor-Controller via written correspondence received on January 26, 2007

values⁴. (Unsecured assessed values are not subject to annual Proposition 13 inflationary adjustments, but are instead reassessed each year to account for depreciation and new property.)

The Town would receive their property tax revenues in December and May of each year, with a cleanup payment occurring in August. Homeowner's Property Tax Relief revenues are apportioned separately by the County Auditor-Controller, yet are included in the Property Tax revenues described above.

The County Auditor-Controller charges cities and local districts the administrative costs incurred for the distribution of property tax revenue. The amount of the Property Tax Administration Program Fee (PTAPF) is determined by the Auditor-Controller and subject to annual inflationary adjustments. For this CFA, in consultation with the Auditor-Controller, RSG estimated that had the Town been incorporated in 2005-06 base year, the PTAPF would have been approximately \$12,734. This amount, equal to approximately 1.90 percent of the 2005-06 of property tax revenue that would be transferred in the base year, would be deducted by the Auditor-Controller prior to the apportionment of property tax revenues to the Town.

The Auditor-Controller indicated the PTAPF would likely increase by 2 percent each year to cover costs independent of the amount of property tax distributed.

Sales Taxes

Upon incorporation, the Town would receive 0.75 percent of the sales tax rate charged on taxable sales within its boundaries. The estimated sales tax revenues are based on data supplied by the County Administrator's office, as well as indirect sales reported by the State Board of Equalization between April 1, 2005 and March 30, 2006.

Between 1992 and 2002, countywide taxable sales increased at a rate of 5.12 percent annually, including new and same-store sales. The rate of sales tax growth in Oakhurst is not anticipated to equal this historic growth rate countywide since other parts of the County has seen more dramatic levels of commercial development than Oakhurst in recent years. Consequently, RSG estimates that future sales tax revenues would increase by a 3.5 percent annually in Oakhurst.

In-Lieu Sales Tax (a.k.a. 2004 Triple Flip Revenues)

On March 2, 2004, the state electorate approved Proposition 57 which in part mandates the exchange of one-quarter (0.25 percent) of the previous 1.00 percent sales tax revenues to cities for an equal amount of property tax revenues. These additional property tax revenues are referred to as "in-lieu sales taxes" or "triple flip revenues", and took effect on July 1, 2004; they continue until the state deficit bailout bonds are paid off, after which time it is presumed that in-lieu sales taxes would revert back to cities as sales tax revenue.

⁴ The County Planning Department projects a modest growth rate of new building construction for the Oakhurst area at 2.55 percent compounded annually for the next ten years, 2005 to 2015.

Property Transfer Taxes

The Town would receive property transfer tax revenue of \$0.55 for every \$1,000 of property value transferred after the date of incorporation. The amount of property transfer tax received will depend upon the level of resale activity and new development in the Town limits.

Based on historic resale activity in Oakhurst over the past 5 years, RSG has assumed an aggregate amount of property value turnover of \$29.2 million annually.

Transient Occupancy Taxes

The County collects a transient occupancy tax of 9 percent within the Study Area boundaries. Actual transient occupancy tax revenues from Oakhurst were supplied by the County Auditor Controller and the County Administrative Office for fiscal year 2005-06. RSG assumed a 3.5 percent annual growth rate in transient occupancy taxes in future years.

Motor Vehicle License Fee

The Motor Vehicle License Fee ("VLF") revenue is a subvention collected by the state and allocated to cities and counties based on a statutory formula. Current law provides two streams of VLF apportionments to cities that incorporate between August 5, 2004 and June 30, 2009. The first portion of this revenue stream is equal to approximately \$6.00 per capita. The nature of this apportionment varies based on the net VLF revenues available to local government each year, and due to recent years of flat growth on the per capita rate, is assumed to remain at the \$6.00 per capita rate for this projection.

The second portion of the VLF apportionment comes from the newly enacted provisions of Assembly Bill 1602, and is equal to a factor equal to \$50 per capita in 2004-05. This factor increases each year based on the total VLF collections and statewide population change, and is conservatively estimated by the California League of Cities and their independent consultant to grow by 3.75 percent annually. This apportionment is distributed on the Town's inflated population for the first five years to provide new cities the opportunity to buildup revenues in the early years of incorporation. Beginning in the sixth year of incorporation, the apportionments are based on the Town's actual population.

Off-Highway Vehicle License Subventions

The State Controller's Office biannually apportions off-highway vehicle license fees to all cities and counties. Fifty percent of the total license fee revenues collected statewide is apportioned to cities on a per-capita basis. Estimated off-highway vehicle license fee revenues were estimated based on actual July 2006 and January 2007 apportionments from the State Controller.

Franchise Fees

Upon incorporation, the Town will receive the franchise fees from Pacific Gas and Electric (electric surcharge), Northland Cable Company (cable television service), Sierra Telephone (telephone service) and Hillview Water Company (water provider). Unlike other parts of the County, there is no natural gas service in Oakhurst, so no franchise fee revenue from this service provider would be paid to the Town upon incorporation. Less significantly, the John West Road area does not have cable service currently, although RSG did not believe this to be a material impact on revenues to warrant any such adjustment to the figures.

RSG estimated franchise fees based upon actual 2005-06 franchise fee revenue collected in the unincorporated area of the County and applied a proportionate share to Oakhurst based on population.

Following incorporation, the Town may elect to negotiate separate franchise agreements with these providers that provide different amounts of fee revenues.

Community Development Fees

Community Development fees include planning and building fees for development and other permits.

Building Inspection Fees: Building inspection fees are currently charged by the County's Resource Management Agency (RMA), which provides these services. RMA officials indicate that building inspection costs are fully offset by fees, meaning that revenues from building permit fees equal the costs for the County to process and inspect building projects. "Full cost recovery" is more common in building inspection programs than other community development and municipal services. For example, RSG confirmed that cities of Chowchilla and Madera both operate building inspection services at 100 percent cost recovery.

Upon incorporation, the Town would initially levy building permit fees based on the County RMA rate schedule, so it is reasonable to assume that initially, the Town would continue full cost recovery for building permit projects. Consequently, RSG did not include any revenue or costs associated with building permit activity in the CFA budget forecast.

Planning Fees: County RMA collects fees for some, but not all, planning services provided to Oakhurst. Full cost recovery is very rare in planning functions, since few cities maintain a fee program for future planning activities (General Plan preparation and other non-project specific planning initiatives), or even basic inquiries (telephone calls, counter visits, and other small but frequent tasks).

Initially, the County's existing fee structure would presumably be adopted by the Town. According to recent correspondence from County RMA, the County recovered approximately 37.3 percent of planning costs within Oakhurst during fiscal year 2005-06.

RSG has assumed that this rate of fee collection would remain unchanged upon incorporation when the Town adopts the County's fee structure.⁵ Thereafter, the Town could conduct its own fee study in an effort to increase fees to recover a higher percentage of costs. Indeed, higher capture rates may be attainable. RSG researched the annual percent of costs recovered by the two incorporated towns in Madera County. Chowchilla recovers approximately 50 percent (although they are currently conducting a fee study to increase the percent of planning costs recovered) and the Town of Madera recovers approximately 75 percent.

RSG cannot predict today whether there might be the political or fiscal support for such a fee increase in Oakhurst. Consequently, RSG has assumed that the County's existing fee structure would remain in place for the Town for the foreseeable future.

Public Works/Engineering Fees

The County Public Works/Engineering department charges for grading permits and grading plan check services. Despite the more challenging topography in Oakhurst, only 83 grading permit applications were pulled in 2002-03. Staff estimates that fewer than half of these applications (+/- 40 projects) were ever pursued (according to permit logs at County RMA.) Total grading permit and plan check fee revenue averaged about \$100 per project, resulting in an estimated \$3,100 of such revenue during the fiscal year. According to County RMA staff, this fee revenue equates to approximately 100 percent of the costs for such permit and plan check services.

Business License Fees

The County Tax Collector presently levies a \$40 business license fee on certain businesses in the unincorporated areas of the County. According to County staff, the purpose of the business license fee is to recover processing costs, and is not adequate to recover the cost of regulating specific types of adult businesses, for example a background check on the proprietor of a gun shop.

According to data from the County Tax Collector's office and information other estimates reviewed by the County Administrative office and proponent's representatives, business license fees from Study Area totaled \$21,051 in fiscal year 2005-06.

RSG has assumed the Town would maintain the County's business license fee structure upon incorporation, and that the fees would remain constant in the forecast.

Animal License Fees

Madera County Animal Control currently provides animal control services to Oakhurst and levies a nominal license fee on dogs and cats. Upon incorporation,

⁵ County planning staff stated to RSG the County is undergoing a fee study to increase the costs recovered for planning services

the Town would presumably maintain a contract with County Animal Control; therefore RSG has assumed the license fees would continue.

License fee revenue estimates for 2005-06 of \$9,161 were provided by County Animal Control based on the actual number of licenses in the Study Area. RSG increased animal license fee revenue on a per capita basis in future years.

Fines and Forfeitures

Motor Vehicle Code and other applicable fines and forfeitures for Oakhurst were estimated on a per capita basis, since more detailed revenue estimates are not available. The per capita revenue is estimated at \$3.67, resulting in \$16,134 in 2009-10.

Interest Earnings

Interest earnings were estimated based upon any net revenue surpluses existing at the end of each fiscal year, assuming a conservative 1.50 percent annual yield rate. While this interest rate is more than half the recent yield of common municipal investment pools, RSG reduced the interest assumption here to account for the irregular flow of revenues to cities as compared to relatively constant flows of expenditures.

Expenditures

The Town's General Fund is responsible for the following operational functions:

- General Government (Town Council, Town Manager, Town Clerk, Town Attorney, Finance, and Non-Departmental Costs),
- Community Development (Planning, Building Inspection, Code Enforcement, and Animal Control),
- Public Works/Engineering,
- Police,
- Fire services, and
- Community Services and Parks.

General Fund expenditures listed below do not include revenue neutrality payments to the County of Madera. Exclusive of these amounts, estimated General Fund expenditures range from \$2.830 million in 2009-10 to \$3.827 million in 2018-19.

The analysis for Town General Fund expenditures have been categorized by function within the Town's organizational structure and summarized below:

General Government

General government services account for the general administration and governance of the Town. The specific activities and cost assumptions are delineated below:

- Town Council – Stipends for five Town Council members (including mayor) of \$300 per month are included based on analysis of comparable cities. Council stipends are assumed to remain constant in the forecast. Additional costs for Town Council members include a travel, services and supplies budget of \$1,000, assumed to increase at a 2.27 percent inflation rate annually.
- Town Manager/Town Clerk – Similar to other small cities in the state, a full-time Town Manager would also serve as Town Clerk. Support staff would include a full time administrative assistant to handle noticing, minutes and general administrative functions. Salaries were based upon a survey of comparable cities in the area and increased at a 3 percent rate annually. Benefits also were based on the salary survey, and expressed as a percentage of salaries.

During the transition period, the Town will need to undertake recruitment for full time staff and obtain administrative support for the transition of services to the Town. Typically, new cities retain consultants to provide these services during the transition period. RSG estimated this cost based on experience with similar assignments.

Other Town Manager and Town Clerk costs include general supplies and services, travel and memberships, biannual municipal elections, and capital outlay for equipment and furnishings.

- Town Attorney – It is assumed that the Town would retain legal services on a contract with a qualified attorney. Annual legal counsel costs initially would be higher as the Town establishes policies and ordinances. Costs were estimated based on consideration of comparable cities and inflated at a 3 percent annual rate.
- Finance – The Finance Department would be responsible for treasurer and accounting services. In addition to a full-time Finance Director and Accounting Technician would be necessary to administer this department's responsibilities. Salaries are assumed to increase at a 3 percent annual rate, and benefits would be equal to 25 percent of annual salaries. In addition to these costs, the Finance Department would retain an auditor to assist with the Town's annual financial statements and annual report, and incur incidental supplies, services and capital outlay costs.

- Non-Departmental – Non-departmental expenses include lease and operation of office and meeting space for Town Hall (assumed to be \$1.50 per square foot including all utilities and maintenance based on a survey of local brokers) for 5,000 square feet of office space. Town Hall lease and operations were assumed to increase at a 3 percent rate annually. Other non-departmental costs include insurance, which was estimated to be \$100,000 annually based on comparably-sized cities, and increased by 5 percent annually.

Community Development

The County RMA provides planning, building inspection, and code enforcement services to the incorporation area presently. Animal control services are provided through the Madera County Animal Control. Upon incorporation, the Community Development Department would oversee planning, building inspection, code enforcement, and animal control services. The Town has the option to contract these services with the appropriate County agency, private firm or perhaps with another municipality. Nonetheless, the Town's full time Community Development Director would remain responsible and ensure the services are carried out competently. To assist with preparation and processing of documents, RSG recommends that the Community Development Department share a Department Secretary with Public Works. Salary and benefits for the Department staff were based on a salary survey of comparable cities and inflated by 3 percent annually.

Contract services with County RMA for building, planning and code enforcement services were based on actual costs incurred by the County, with an additional 15 percent factor applied for cost recovery for administrative and overhead associated with these activities. The Town would adopt the County's General Plan and Environmental Impact Report for the area, thereby eliminating the costs of preparing these documents from the General Fund budget. Community Development Department costs, however, would still include preparation of a housing element for the new Town. The cost to prepare a housing element is estimated at \$30,000.

Public Works/Engineering

This department would be responsible for plan check of grading and other engineering services, and administration of public works in the Town. Department staff would consist of a qualified Public Works Director/Town Engineer to review and sign off on plans, and a shared Department Secretary (with the Community Development Department). Salaries and benefits were based on a salary survey and inflated by 3 percent annually. Other services undertaken by this department include maintenance of street lights.

Following incorporation, the Town would be responsible for preparation of a recycling plan pursuant to AB 939 and a National Pollution Discharge Elimination System (NPDES) program, totaling a first year cost of approximately \$135,000.

| Breakdown of Environmental Requirements | |
|--|-----------------------|
| | 1st Year Costs |
| Recycling Plan (AB 939) | \$ 35,000 |
| National Pollution Discharge Elimination System (PDES) | \$ 100,000 |
| Total | \$ 135,000 |

Both program plans would likely be contracted to specialized consultants under the oversight of the Public Works Director. Supplies and services, as well as capital outlay costs are also included in the Public Works Department budget.

Law Enforcement

Presently, the County Sheriff provides most police services to the community, with the exception of traffic calls, which are currently provided by the California Highway Patrol and paid by the State General Fund. Incorporation would result in the transfer of responsibility for *all* law enforcement services to the Town. Cities of this size typically establish a contract with the County Sheriff due to the economies of scale and limited capital costs as compared to creating a separate police department.

Working with the Sheriff's Department, RSG developed estimates of current (fiscal year 2005-06) service costs, and potential contract costs for law enforcement services. Since the County does not maintain a separate accounting of Sheriff's costs for Oakhurst, the Sheriff estimated current costs based on the ratio of calls for service in Oakhurst, relative to the service area.

Future contract services assume the same level of law enforcement coverage to the Town, presumably with the Sheriff taking over traffic patrol services. During the transition year, the County would continue to provide current law enforcement services, and would assume the responsibility for traffic services if the City desires to contract for such services. Estimated contract service costs were computed based on the existing costs and include cost recovery. Like other services contracted by the Town, actual contract costs for law enforcement services are subject to negotiation upon incorporation.

Fire Protection

Currently the California Department of Forestry and Fire Protection (CDF) and the Madera County Fire Department serve the Oakhurst area. Each agency owns and operates a limited amount of equipment and facilities, including a payroll for fire personnel. The two agencies have a cooperative agreement to share resources and work with each other to protect both State Responsibility Areas (generally wildland fires) and Local Responsibility Areas (generally structural fires inside State Responsibility Areas).

Under the cooperative agreement, CDF pays Madera County for the costs of County employees and equipment used to suppress wildfires in the State Responsibility Areas. Within a given year, if CDF did not need/use Madera County fire assistance to suppress fires, no payment would be made to the County from CDF.

Under the same agreement, Madera County contracts with the CDF for personnel costs at Station 12 and for non-fire season coverage at CDF Stations Ahwahnee, Coarsegold and Bass Lake. During the declared fire season (May 15 through November 1⁶) CDF does not charge Madera County for engine response to structure fires. CDF assumes such fires a threat to State Responsibility Area, with the rationale being, that by assisting to suppress structure fires CDF reduces the risk of costly wildland fires in State Responsibility Areas.

The incorporation of Oakhurst would have little financial impact on CDF and the County Fire Department; these agencies would continue to share existing resources to provide the same level of service to the area. However, once the community incorporates, CDF and/or the County would most likely request a contract with the new Town to pay for fire services provided within its boundaries.

California State Government Code § 38611 states that a city organized under general law is required to provide fire protection services. To meet this requirement the Town of Oakhurst could provide fire services one of three ways:

- Contract with Madera County Fire Department
- Contract directly with CDF
- Establish a local fire department

The most cost effective approach would be to contract with the County. The County has existing fire facilities, equipment and personnel within the proposed incorporation boundaries, Station 12, currently located near the Study Area's park and library. If additional fire suppression support is needed, the County would exercise its agreement with CDF to increase fire protection and pass on the costs to the Town.

The estimated net cost to provide Fire Protection Services (based on Fire Station 12 facilities) for the Study Area was generated by County Fire staff is approximately \$220,218 (in 2005-06). This maintains the existing level of service and funds one on-duty firefighter, one paid-call firefighter, two fire apparatus engines, one squad vehicle, benefits, overtime and administrative support expenses. Additionally, the Town would need to fund additional costs for coverage of undeveloped (currently within the State Responsibility Area) within the Town limits, via a three-party agreement between the Town, County, and CDF, representing an added cost for local fire service not charged to the County today. The cost of the CDF to serve the undeveloped or underdeveloped areas of the Town limits is based on an annual per-acre cost provided to LAFCO by CDF, which effectively acts like an insurance policy to cover the costs of fire services in the event of a fire in these areas.

The second option would be for the Town of Oakhurst to contract directly with CDF. However, the nearest CDF facility is in Ahwahnee, six miles north of the Oakhurst area. Since CDF and the County share resources, fires that occur within the Town would likely be served by the County's Oakhurst station under

⁶ Fire season dates may shift 15 days in either direction to adjust for seasonal needs.

the CDF-County agreement and CDF would pass those costs to the new Town. Moreover, new contracts with CDF require two on-duty firefighters, as opposed to a contract with the County, which requires one on-duty firefighter. Thus, the cost to contract with CDF would be significantly greater.

The last option would be for the Town to establish their own local fire department by building anew or possibly obtaining the County's Station 12. In either case, CDF would likely establish a new contract to share those resources which would trigger the two on-duty firefighters requirement for new CDF contracts, further increasing fire service costs. RSG has determined this option as extremely costly and would duplicate existing resources within the same area without necessarily increasing the level of fire service.

Parks and Recreation

Currently, Oakhurst does not have any public park or recreational facilities, so no costs are projected at this time. After incorporation, the Town will be responsible for any parks and recreation services to be provided in the new Town.

Contingency and Reserve Fund

As a precautionary measure, a 10 percent contingency factor of estimated expenditures has been used in these projections in the event of unforeseeable expenses.

The preferred level of a reserve fund is 25 to 50 percent based on the past experience of comparable new cities. However, due to the limited budget projected by RSG a reserve fund was not included, although such funds are projected to be available to the Town upon incorporation. The intention is to provide the fledgling Town an increase in cash flow during the initial start-up years.

No funds have been budgeted for non road-related capital improvement projects. As the new Town grows in staffing and assumes services from the County and outside consultants, the requirements for facilities, vehicles and other major equipment may be apparent.

County Transition Year Repayments

Under state law, the County would continue to provide its current level of service to the incorporating area for the remainder of the fiscal year, or until the Town requests discontinuance of these services. The costs of these services may be borne by the Town during that period, or may be repaid interest-free over a five year period at the discretion of the parties. Most communities that incorporate do so with a five year transition period loan to preserve cash flows in the formative years of the city's General Fund.

The calculation to determine the Town's transition year repayment to the County is shown in Exhibit 4. This analysis identifies what items the County is funding during the transition period and how the new Town will repay the County over a

five-year time period. The Town's annual payment of \$54,631 is added to the total expenses considered in the Net Revenue Summary (Exhibit 9).

CALCULATION OF COUNTY REPAYMENT - TRANSITION PER **EXHIBIT 4**
 Transition Period - July 1, 2008 to June 30, 2009

| Expenditures | Transition Year 2008-09 |
|---|------------------------------------|
| Resource Management Agency - Administration | \$ 85,380 |
| Resource Management Agency - Building Ins/Grading | 85,036 |
| Resource Management Agency - Planning | 154,647 |
| Animal Control | 88,365 |
| Street Lighting | 5,464 |
| Sheriff - Law Enforcement | 750,942 |
| Fire Protection Services | 256,902 |
| Gross Cost of Transition Year Services | \$ 1,426,735 |
| | |
| Revenues | |
| Property Tax | \$ 728,809 |
| In-Lieu Sales Tax (Triple Flip) | 234,516 |
| Community Development Fees | 57,733 |
| Building Inspection/Grading Fees | 85,036 |
| Business License Fees | 22,145 |
| Animal License Fees | 9,476 |
| Fines and Forfeitures | 15,864 |
| Less Transition Year Revenues Received by County | \$ 1,153,578 |
| | |
| Net Transition Repayment Amount | \$ 273,157 |
| Annual Payment (Five Year Term) | 54,631 |

Revenue Neutrality Mitigation Payments

The method of calculating the annual revenue neutrality mitigation obligation was based on the difference between identifiable and recurring General Fund costs and revenues from the prior fiscal year (2005-06). Only net costs were used; services funded on a fully cost-recovery basis were not included. Capital improvement costs were also not included. The calculation to determine the full annual revenue neutrality obligation is shown below in Exhibit 5.

CALCULATION OF REVENUE NEUTRALITY PAYMENT**EXHIBIT 5**

2005-06 Base Year

Revenues Transferred

| | | |
|-----------------------------------|-----------|------------------|
| Property Taxes | \$ | 670,697 |
| Real Property Transfer Tax | | 21,413 |
| Transient Occupancy Tax (TOT) | | 764,588 |
| Sales Tax | | 1,226,203 |
| In Lieu Sales Tax | | 408,734 |
| Franchise Fees | | 6,917 |
| Total Revenues Transferred | \$ | 3,098,552 |

Expenses (Net of Rev. Offsets)

| | | |
|------------------------------------|-----------|------------------|
| Law Enforcement (Sheriff) | \$ | 643,713 |
| Fire Protection Services | | 220,218 |
| Planning | | 88,690 |
| Building Inspection & Grading | | - |
| Resource Management Administration | | 78,135 |
| Animal Control | | 69,021 |
| Total Expenses Transferred | \$ | 1,099,777 |

Additional Future Revenues to County
(Property Tax Administration Fees)

\$ (12,734)

Annual County Surplus or (Deficit)

\$ 1,986,041

Based on these figures, the County and Proponents negotiated a revenue neutrality payment that results in the County receiving the equivalent of full revenue neutrality over a 10 year period. The payments are to be a minimum of \$1.0 million in each year beginning in the first year following the transition period and concluding in 2018-19. In addition, should sales tax, property tax, property transfer tax, and/or transient occupancy tax revenues exceed projections contained in the revenue neutrality agreement, based on the projections in this CFA,, the balance of the annual revenue neutrality obligation shall be paid from surplus amounts. Revenue neutrality payments do not accrue interest.

Both the County Board of Supervisors and the Proponents approved the revenue neutrality agreement in August 2007; the Town Council must approve the revenue neutrality agreement as a condition of incorporation.

Provisional Appropriations Limit

The appropriations limit is the amount of money that a governmental agency can spend in one fiscal year. Also referred to as "The Gann Limit," voters approved this initiative in 1979 which set a constitutional appropriations limit on governmental agencies. For a new city, Madera County LAFCO determines a temporary appropriations limit during the incorporation process based on the calculation procedures in §56812⁷; however, during the first municipal election held following the first fiscal year after incorporation the voters will set a permanent appropriations limit. For the Initial Area, RSG calculated \$4,052,341

⁷ Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000

as the Provisional Appropriation Limit based on \$56812 and the Town's projected first fiscal year of tax proceeds in 2009-10 (Exhibit 6).

| PROVISIONAL APPROPRIATIONS LIMIT | EXHIBIT 6 |
|---|----------------------|
| | Approved Area |
| Proceeds of Taxes /1 | |
| Property Tax to General Fund | \$ 1,220,743 |
| Sales Tax | 1,456,345 |
| Motor Vehicle In Lieu | 396,297 |
| Property Transfer Tax | 17,549 |
| Transit Occupancy Tax | 877,382 |
| Property Tax to Road Fund | 14,490 |
| Measure T Subventions | 351,511 |
| Proposition 42 Subventions | 41,939 |
| Section 2105 | 38,327 |
| Section 2106 | 23,287 |
| Section 2107 | 50,057 |
| Section 2107.5 | 1,000 |
| Subtotal | \$ 4,488,927 |
| Interest Earnings | 9,403 |
| Total Proceeds of Taxes | 4,498,330 |
| Cost of Living Factor /2 | 3.96% |
| Population Growth | 1.70% |
| Provisional Limit | \$ 4,755,963 |

1/ Estimates of revenues anticipated during the first full year of incorporation 2009-10

2/ 2006-07 change in Statewide per capita personal income used

Road Fund Forecast

Revenues

Property Tax

The Town would collect a modest amount of Road District 5 property taxes upon incorporation. These property taxes would be used for Road Fund projects. The amount of property taxes transferred to the Town is based on methodology similar to the General Fund property tax transfer described earlier. As shown in Exhibit 7 below, Road Fund property taxes would equal approximately 0.28 percent of the general tax levy.

| | |
|--|----------------|
| | Road Dist 5 |
| Net Cost of Services Transferred (FY 2005-06) | |
| Net Cost of Services Transferred | 13,499 |
| <hr/> | |
| Grand Total | 13,499 |
| Auditor's Ratio (2005-06) /1 | 98.131% |
| Property Tax Base Transferred to City | 13,246 |
| Property Tax Share Computation | |
| Assessed Value (2005-06) | 467,015,600 |
| General Property Tax Levy (1% of AV) | 4,670,156 |
| Property Tax Base Transferred to City | 13,246 |
| | |
| Property Tax Shares | 0.28% |

1/ Per January 26, 2007 memorandum from County Auditor-Controller

Gas Tax

The Town of Oakhurst will also receive a share of the revenues generated from the state taxes on gasoline. Under Sections 2105, 2106, 2107 and 2107.5 of the California Streets and Highways Code, these revenues are restricted and may only be used for the construction, improvement and maintenance of public streets.

Proposition 42 Subventions

In November 2006, state voters approved Proposition 42, which permanently dedicated a portion of state sales taxes on gasoline purchases to transportation projects. Beginning in 2008-09, \$314 million dollars is anticipated to be distributed on a per capita basis, at roughly a rate of \$9.54 per resident.

The Town would be eligible to receive these funds upon incorporation, which may be used for eligible road projects in the community. For the purposes of this CFA, RSG assumed that the per capita apportionment rate would remain constant for the term of the forecast.

Measure T Subventions

In November 2006, Madera County voters approved Measure T, which established a 20-year, ½ cent sales tax to fund transportation projects Countywide. Until its expiration in the year 2027, these revenues are to be distributed to the County and cities on a per capita basis. While the voter information packet does not clearly state whether new cities would be eligible to

receive these apportionments, in consultation with County Counsel, RSG believes that such distributions are reasonably expected as the distribution is based on the actual population in the County and incorporated cities (without specifically limits on cities incorporated as of a certain date.)

RSG estimated Measure T revenues to the Town based anticipated Countywide taxable sales volumes most recently reported by the State Board of Equalization, yielding an estimated per capita apportionment rate of \$77.26 per resident in 2008-09. Ultimately, the Madera County Transportation Commission will be responsible for apportioning any Measure T revenues to the Town.

Proposition 1B Share

In November 2006, the state voters passed Proposition 1B, a transportation bond measure that distributes funds for transit projects statewide. Because of strict apportionment rules (which are still undergoing modification by the legislature), much of this money may be distributed to existing cities prior to the Town's incorporation in June 2008. It is unknown at this time whether the Town would receive any Proposition 1B funds if it is not already incorporated, or even incorporated prior to the full apportionment of Proposition 1B funds. Consequently, RSG has not assumed that the Town's Road Fund would realize any Proposition 1B funds.

Interest Earnings

Interest Earnings were calculated by multiplying 50 percent of the cumulative Road Fund balance by 1.5 percent.

Expenditures

Road and Traffic Signal Operation and Maintenance

Presently, the County maintains public streets and roads in the maintained miles program which account for 38.92 lane miles in the Study Area. Street maintenance and engineering costs were obtained for fiscal year 2005-06 from Madera County Road Department staff.

Oakhurst Wastewater Fund

Revenues

Maintenance District 22A operates almost exclusively in the Study Area, and operates a wastewater treatment facility funded by 3.64 percent of the general property tax levy and limited assessments. Upon incorporation, the Town Council would take over jurisdiction over Maintenance District 22A. The new Town would levy the existing assessments which would remain exclusively for the community's wastewater services.

Exhibit 8 presents the property tax transfer computations for the Oakhurst Wastewater Fund.

Maintenance
District 22A

| | |
|--|----------------|
| Net Cost of Services Transferred (FY 2005-06) | |
| Wastewater (Maintenance District 22A) | 648,362 |
| <hr/> | |
| Grand Total | 648,362 |
| Auditor's Ratio (2005-06) /1 | 24.081% |
| Property Tax Base Transferred to City | 156,133 |
| Property Tax Share Computation | |
| Assessed Value (2005-06) | 467,015,600 |
| General Property Tax Levy (1% of AV) | 4,670,156 |
| Property Tax Base Transferred to City | 156,133 |
| Property Tax Shares | 3.34% |

1/ Per January 26, 2007 memorandum from County Auditor-Controller

Expenditures

Expenditures for the wastewater fund operation consist of a contract for services with the County based on actual costs for services in 2005-06.

Meadowview Drive Water Fund

Revenues

Assessment revenues from the Maintenance District 42 would be used to fund operation of water supply infrastructure for the residential lots in the area of Still Meadow Drive.

Expenditures

Currently monitored by the County Engineering Department, incorporation would likely result in the Town contracting with the County to continue maintenance of this small water system. Cost estimates are based on actual expenditures reported by County Engineering.

Other Maintenance Districts

The existing Maintenance Districts would be transferred to the Town upon incorporation, as would the existing CSAs once LAFCO reorganizes these as separate maintenance districts. The new Town would assume responsibility for levying the assessments of each district, although, the funds cannot be used for general fund discretionary use. The district funds will remain dedicated to each district to pay for its designated purpose and existing level of service.

The annual assessment ranges by district, are, in most cases, sufficient to provide minimal service levels. Any expansion in road and other services provided by these districts may require additional assessments.

Conclusions

As demonstrated in the revenue and expenditure estimates in this CFA, incorporation of Oakhurst is anticipated to be fiscally feasible, as a result of the agreed-upon revenue neutrality agreement and projected revenues and expenditures. This conclusion assumes existing levels of service are maintained; however, expansion of service levels may require additional revenues beyond those foreseen in this forecast. Additional revenues necessary to provide for additional reserve funds or additional services would be subject to voter approval under Proposition 218.

This section summarizes the feasibility of the incorporation proposal, identifies the impact of incorporation on existing taxing agencies, and compares the findings of this CFA to the proponent's initial financial feasibility analysis. Presented at the end of this CFA is Appendix 1 which outlines a fund-by-fund breakdown of the revenues and expenditures for the transition year and the subsequent ten years following incorporation for the Study Area.

Feasibility of Incorporation

The chart below summarizes the annual revenue impacts of incorporation on the Town's General Fund, Road Fund, Wastewater Fund, and Water Fund (Exhibit 9).

NET REVENUE SUMMARY - APPROVED BOUNDARIES EXHIBIT 9

| Fund / Year | Revenue | Expenses | Net Revenue Surplus/(Deficit) | | |
|--------------------------------|----------------------|----------------------|-------------------------------|-----------------------------|--------------------------|
| | | | Before Revenue Neutrality | Revenue Neutrality Payments | After Revenue Neutrality |
| General Fund | | | | | |
| 2008-09 /1 | \$ 1,970,214 | \$ 1,024,902 | \$ 945,312 | \$ - | \$ 945,312 |
| 2009-10 | 4,093,117 | 2,830,001 | 1,263,116 | 1,000,000 | 263,116 |
| 2010-11 | 4,211,212 | 2,885,091 | 1,326,121 | 1,000,000 | 326,121 |
| 2011-12 | 4,330,000 | 2,907,383 | 1,422,617 | 1,000,000 | 422,617 |
| 2012-13 | 4,449,849 | 3,080,730 | 1,369,119 | 1,000,000 | 369,119 |
| 2013-14 | 4,572,614 | 3,149,571 | 1,423,043 | 1,000,000 | 423,043 |
| 2014-15 | 4,732,054 | 3,245,666 | 1,486,388 | 1,000,000 | 486,388 |
| 2015-16 | 4,897,178 | 3,359,441 | 1,537,737 | 1,000,000 | 537,737 |
| 2016-17 | 5,067,682 | 3,560,805 | 1,506,877 | 1,000,000 | 506,877 |
| 2017-18 | 5,245,304 | 3,648,432 | 1,596,871 | 1,000,000 | 596,871 |
| 2018-19 | 5,428,750 | 3,826,256 | 1,602,494 | 1,000,000 | 602,494 |
| Total | \$ 48,997,974 | \$ 33,518,280 | \$ 15,479,695 | \$ 10,000,000 | \$ 5,479,695 |
| Road Fund (Total) | 6,572,761 | 2,906,493 | 3,666,268 | Not Applic. | 3,666,268 |
| Wastewater Fund (Total) | 6,451,288 | 6,483,620 | (32,332) | Not Applic. | (32,332) |
| Water Fund (Total) | 181,346 | 181,346 | - | Not Applic. | - |

1/ Transition Year (12 months)

- The new Town would need to conduct a governmental fee study to ensure all fees meet recoverable costs.
- These conclusions assume the Town would maintain fire services through a contract with the Madera County Fire Department (“County Fire”), which would be a more cost-effective means to provide fire protection services to the community as compared to the Town of Oakhurst establishing its own fire department. Both the County Fire and the California Department of Forestry Fire Protection (“CDF”) would recommend that the newly incorporated Town enter into a contract with the County Fire. County Fire staff indicates if the Town was to operate its own fire department; additional costs such as capital and facility purchases and an equipment replacement fund would increase projected General Fund shortfalls.
- Only a 10 percent operating contingency fund has been provided in this forecast. Establishment of a reserve fund would require additional revenues.
- No increase in service levels has been assumed in this analysis, and consequently the addition of higher service levels, such as creation of a municipal fire department or development of active parks and recreation programs would not be feasible.

Fiscal Impact upon Affected Agencies

Incorporation would result in organizational changes to the following districts:

- County of Madera: This CFA concludes that incorporation of Oakhurst would not be revenue neutral to the County. RSG estimates that the County may be entitled to an annual revenue neutrality payment of approximately \$1.986 million annually if the Study Area of Oakhurst is incorporated.
- County Service Areas and Maintenance Districts: Upon LAFCO approval, the existing CSAs would be reorganized as maintenance districts and then transferred with the rest of the affected maintenance districts to the Town Council's jurisdiction upon incorporation. The assessments would be levied by the new Town, but the funds exist exclusively for the services within the district it is collected.

REVENUE AND EXPENDITURE FORECAST: APPROVED BOUNDARIES

APPENDIX 1

| Effective Date | Assumption | Transition | First 10 Operational Budgets | | | | | | | | | |
|--|------------|-------------|------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | | 1-Jul-08 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| Item | | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 | 2013-14 | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 |
| GENERAL FUND REVENUES | | | | | | | | | | | | |
| Property Tax | | \$ - | \$ 735,295 | \$ 756,174 | \$ 777,683 | \$ 799,840 | \$ 822,665 | \$ 846,178 | \$ 870,399 | \$ 895,349 | \$ 921,051 | \$ 947,528 |
| Secured Assessed Value | 3.00% | 476,850,429 | 491,155,942 | 505,890,620 | 521,067,339 | 536,699,359 | 552,800,340 | 569,384,350 | 586,465,881 | 604,059,857 | 622,181,653 | 640,847,102 |
| Base Year Value (2005-06) | \$ | 436,385,693 | | | | | | | | | | |
| Unsecured Assessed Value | 0.00% | 30,629,907 | 30,629,907 | 30,629,907 | 30,629,907 | 30,629,907 | 30,629,907 | 30,629,907 | 30,629,907 | 30,629,907 | 30,629,907 | 30,629,907 |
| Base Year Value (2005-06) | \$ | 30,629,907 | | | | | | | | | | |
| Total Assessed Value | | 507,480,336 | 521,785,849 | 536,520,527 | 551,697,246 | 567,329,266 | 583,430,247 | 600,014,257 | 617,095,788 | 634,689,764 | 652,811,560 | 671,477,009 |
| General Levy Property Tax | 1.00% | | 5,217,858 | 5,365,205 | 5,516,972 | 5,673,293 | 5,834,302 | 6,000,143 | 6,170,958 | 6,346,898 | 6,528,116 | 6,714,770 |
| Gross City Share at Property Tax Transfer Rate | 14.36% | | \$ 749,354 | \$ 770,515 | \$ 792,311 | \$ 814,760 | \$ 837,883 | \$ 861,700 | \$ 886,232 | \$ 911,499 | \$ 937,524 | \$ 964,330 |
| Property Tax Administration Program (PTAP) Fee | 12.734 | | (14,059) | (14,341) | (14,627) | (14,920) | (15,218) | (15,523) | (15,833) | (16,150) | (16,473) | (16,802) |
| % of PTAP to Property Tax | 1.90% | | | | | | | | | | | |
| PTAP growth rate | 2% | | | | | | | | | | | |
| Net Property Tax Revenue | | | \$ 735,295 | \$ 756,174 | \$ 777,683 | \$ 799,840 | \$ 822,665 | \$ 846,178 | \$ 870,399 | \$ 895,349 | \$ 921,051 | \$ 947,528 |
| Sales and Use Tax | | 703,548 | 1,456,345 | 1,507,317 | 1,560,073 | 1,614,675 | 1,671,189 | 1,729,680 | 1,790,219 | 1,852,877 | 1,917,728 | 1,984,848 |
| Taxable Sales (2005-06 Estimates) | \$ | 143,782,734 | | | | | | | | | | |
| Taxable Sales from Indirect Allocation | | 19,711,000 | | | | | | | | | | |
| Sales and Use Tax Revenue | 0.75% | | | | | | | | | | | |
| Assumed Annual Growth Rate | 3.50% | | | | | | | | | | | |
| (Annualized County Growth Rate 1992 - 2002) | 5.12% | | | | | | | | | | | |
| Total Sales Tax Revenue | | 703,548 | 1,456,345 | 1,507,317 | 1,560,073 | 1,614,675 | 1,671,189 | 1,729,680 | 1,790,219 | 1,852,877 | 1,917,728 | 1,984,848 |
| In Lieu Sales Tax (aka Triple Flip Revenue) | | - | 485,448 | 502,439 | 520,024 | 538,225 | 557,063 | 576,560 | 596,740 | 617,626 | 639,243 | 661,616 |
| Based on 0.25% of Taxable Sales | 0.25% | - | 485,448 | 502,439 | 520,024 | 538,225 | 557,063 | 576,560 | 596,740 | 617,626 | 639,243 | 661,616 |
| (See assumptions under Sales and Use Tax) | | | | | | | | | | | | |
| Property Transfer Tax | | 17,038 | 17,549 | 18,076 | 18,618 | 19,176 | 19,752 | 20,344 | 20,955 | 21,583 | 22,231 | 22,898 |
| CY 2006 Market Turnover | \$ | 38,933,000 | | | | | | | | | | |
| Transfer Tax Rate (Per \$1,000) | \$ | 0.55 | | | | | | | | | | |
| Base Year Property Transfer Taxes | \$ | 21,413 | | | | | | | | | | |
| Projected Market Turnover Value | \$ | 29,200,000 | 30,978,280 | 31,907,628 | 32,864,857 | 33,850,803 | 34,866,327 | 35,912,317 | 36,989,686 | 38,099,377 | 39,242,358 | 40,419,629 |
| Growth Rate | 3.00% | | | | | | | | | | | |
| | | \$ 17,038 | \$ 17,549 | \$ 18,076 | \$ 18,618 | \$ 19,176 | \$ 19,752 | \$ 20,344 | \$ 20,955 | \$ 21,583 | \$ 22,231 | \$ 22,898 |
| Transient Occupancy Tax (TOT) | | 847,712 | 877,382 | 908,091 | 939,874 | 972,769 | 1,006,816 | 1,042,055 | 1,078,527 | 1,116,275 | 1,155,345 | 1,195,782 |
| Transient Occupancy Taxes (2005-06) | \$ | 764,588 | | | | | | | | | | |
| Assumed Annual Growth Rate | 3.50% | | | | | | | | | | | |
| (Annualized County Growth Rate 98/99 - 01/02) | 5.47% | | | | | | | | | | | |

REVENUE AND EXPENDITURE FORECAST: APPROVED BOUNDARIES

APPENDIX 1

| Effective Date | Assumption | Transition | First 10 Operational Budgets | | | | | | | | | |
|--|------------|------------|------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| | | 1-Jul-08 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| Item | | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 | 2013-14 | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 |
| Total Transient Occupancy Tax Revenue | | 847,712 | 877,382 | 908,091 | 939,874 | 972,769 | 1,006,816 | 1,042,055 | 1,078,527 | 1,116,275 | 1,155,345 | 1,195,782 |
| Motor Vehicle License Fees | | 401,557 | 396,297 | 389,273 | 380,305 | 369,203 | 355,758 | 374,308 | 393,862 | 414,476 | 436,209 | 459,121 |
| 2005-06 Population Estimate | 4,179 | | | | | | | | | | | |
| Growth Rate | 1.70% | | | | | | | | | | | |
| Historic Population Growth (1990-2003) | 1.64% | | | | | | | | | | | |
| Projected Population Growth (2003-2013) | 1.70% | | | | | | | | | | | |
| Projected Population Estimate | | 4,323 | 4,396 | 4,471 | 4,547 | 4,625 | 4,703 | 4,783 | 4,865 | 4,948 | 5,032 | 5,118 |
| Section 11005(b) Apportionments | \$ 6.00 | \$ 25,935 | \$ 26,377 | \$ 26,826 | \$ 27,283 | \$ 27,747 | \$ 28,220 | \$ 28,700 | \$ 29,189 | \$ 29,686 | \$ 30,191 | \$ 30,705 |
| (Based on State Controller's Apportionments for 2005-06) | | | | | | | | | | | | |
| 11005(c) Population Adjustment | | 150% | 140% | 130% | 120% | 110% | 100% | 100% | 100% | 100% | 100% | 100% |
| 11005(c) Population Estimate | | 6,484 | 6,155 | 5,812 | 5,457 | 5,087 | 4,703 | 4,783 | 4,865 | 4,948 | 5,032 | 5,118 |
| 11005(c) New VLF Subvention (2004-05) | \$ 50.00 | \$ 57.93 | \$ 60.10 | \$ 62.36 | \$ 64.70 | \$ 67.12 | \$ 69.64 | \$ 72.25 | \$ 74.96 | \$ 77.77 | \$ 80.69 | \$ 83.72 |
| Assumed Annual Growth Rate | 3.75% | | | | | | | | | | | |
| Section 11005(c) Apportionments | | 375,622 | 369,920 | 362,447 | 353,023 | 341,456 | 327,539 | 345,607 | 364,673 | 384,790 | 406,017 | 428,416 |
| Off Highway Vehicle License Subvention | | 358 | 364 | 370 | 377 | 383 | 390 | 396 | 403 | 410 | 417 | 424 |
| Population Basis (See Motor Vehicle above) | | 4,323 | 4,396 | 4,471 | 4,547 | 4,625 | 4,703 | 4,783 | 4,865 | 4,948 | 5,032 | 5,118 |
| Estimated License Fees Per Capita | \$ 0.08 | \$ 358 | \$ 364 | \$ 370 | \$ 377 | \$ 383 | \$ 390 | \$ 396 | \$ 403 | \$ 410 | \$ 417 | \$ 424 |
| (Based on State Controller's 7/06 & 1/07 Allocations for Cities) | | | | | | | | | | | | |
| Franchise Fees | | - | 7,276 | 7,400 | 7,526 | 7,654 | 7,784 | 7,917 | 8,052 | 8,189 | 8,328 | 8,470 |
| Per Capita Estimate | \$ 1.66 | | | | | | | | | | | |
| Projected Oakhurst Population | | 4,323 | 4,396 | 4,471 | 4,547 | 4,625 | 4,703 | 4,783 | 4,865 | 4,948 | 5,032 | 5,118 |
| Total Franchise Fees | | \$ 7,154 | \$ 7,276 | \$ 7,400 | \$ 7,526 | \$ 7,654 | \$ 7,784 | \$ 7,917 | \$ 8,052 | \$ 8,189 | \$ 8,328 | \$ 8,470 |
| Community Development Fees | | - | 59,465 | 63,087 | 64,979 | 66,929 | 68,936 | 71,004 | 73,135 | 75,329 | 77,589 | 79,916 |
| Building Inspection/Grading Fees (100% Cost Offset) | \$ - | - | - | - | - | - | - | - | - | - | - | - |
| Planning Fees (Based on 2005-06 Actuals) | \$ 52,834 | - | 59,465 | 63,087 | 64,979 | 66,929 | 68,936 | 71,004 | 73,135 | 75,329 | 77,589 | 79,916 |
| Growth Rate | 3.00% | | | | | | | | | | | |
| Total Community Development Fees | | \$ - | \$ 59,465 | \$ 63,087 | \$ 64,979 | \$ 66,929 | \$ 68,936 | \$ 71,004 | \$ 73,135 | \$ 75,329 | \$ 77,589 | \$ 79,916 |

REVENUE AND EXPENDITURE FORECAST: APPROVED BOUNDARIES

APPENDIX 1

| Effective Date | Assumption | Transition | First 10 Operational Budgets | | | | | | | | | |
|--------------------------------------|------------|--------------|------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | | 1-Jul-08 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| Item | | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 | 2013-14 | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 |
| Business License Fees | | - | 22,522 | 22,905 | 23,295 | 23,692 | 24,095 | 24,506 | 24,923 | 25,347 | 25,779 | 26,218 |
| Total License Fee Revenue (2005-06) | \$ 21,051 | | | | | | | | | | | |
| Growth Rate | 1.70% | | | | | | | | | | | |
| Total Business License Fee | | | 22,522 | 22,905 | 23,295 | 23,692 | 24,095 | 24,506 | 24,923 | 25,347 | 25,779 | 26,218 |
| Animal License Fees | | - | 9,637 | 9,801 | 9,968 | 10,138 | 10,310 | 10,486 | 10,664 | 10,846 | 11,031 | 11,219 |
| Annual Licensing Revenue - Oakhurst | \$ 9,161 | | | | | | | | | | | |
| Amount/Capita | \$ 2.19 | | | | | | | | | | | |
| Growth Rate | Per Capita | | | | | | | | | | | |
| Total Animal License Fee Revenue | | - | 9,637 | 9,801 | 9,968 | 10,138 | 10,310 | 10,486 | 10,664 | 10,846 | 11,031 | 11,219 |
| Fines & Forfeitures | | - | 16,134 | 16,408 | 16,688 | 16,972 | 17,261 | 17,555 | 17,854 | 18,158 | 18,467 | 18,781 |
| Revenues/Capita | \$ 3.67 | | | | | | | | | | | |
| Projected Oakhurst Population | | 4,323 | 4,396 | 4,471 | 4,547 | 4,625 | 4,703 | 4,783 | 4,865 | 4,948 | 5,032 | 5,118 |
| Growth Rate | Per Capita | | | | | | | | | | | |
| Total Fines and Forfeitures | | - | 16,134 | 16,408 | 16,688 | 16,972 | 17,261 | 17,555 | 17,854 | 18,158 | 18,467 | 18,781 |
| Interest Earnings | | - | 9,403 | 9,872 | 10,590 | 10,192 | 10,593 | 11,065 | 11,447 | 11,217 | 11,887 | 11,929 |
| Net Revenues before Interest Earning | | - | 1,253,713 | 1,316,249 | 1,412,027 | 1,358,927 | 1,412,450 | 1,475,323 | 1,526,290 | 1,495,660 | 1,584,984 | 1,590,565 |
| One-Half of Any Surplus Revenues | | | 626,856 | 658,125 | 706,014 | 679,463 | 706,225 | 737,662 | 763,145 | 747,830 | 792,492 | 795,282 |
| (Cash Flow Adjustment) | | | | | | | | | | | | |
| Assumed Interest Earnings | 1.50% | | | | | | | | | | | |
| Total Interest Earnings | | | 9,403 | 9,872 | 10,590 | 10,192 | 10,593 | 11,065 | 11,447 | 11,217 | 11,887 | 11,929 |
| Transfer In from Road Fund | | - | - | - | - | - | - | - | - | - | - | - |
| TOTAL REVENUES | | \$ 1,970,214 | \$ 4,093,117 | \$ 4,211,212 | \$ 4,330,000 | \$ 4,449,849 | \$ 4,572,614 | \$ 4,732,054 | \$ 4,897,178 | \$ 5,067,682 | \$ 5,245,304 | \$ 5,428,750 |

GENERAL FUND EXPENDITURES

| | | | | | | | | | | | | |
|--|-----------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| General Government | | \$ 754,510 | \$ 632,650 | \$ 670,541 | \$ 673,570 | \$ 738,313 | \$ 717,389 | \$ 759,904 | \$ 764,327 | \$ 836,310 | \$ 814,625 | \$ 862,391 |
| City Council | | 19,000 | 19,023 | 19,046 | 19,070 | 19,094 | 19,119 | 19,144 | 19,170 | 19,197 | 19,224 | 19,252 |
| Monthly Council Stipends | \$ 300 | 18,000 | 18,000 | 18,000 | 18,000 | 18,000 | 18,000 | 18,000 | 18,000 | 18,000 | 18,000 | 18,000 |
| Supplies/Services | 2.27% | 1,000 | 1,023 | 1,046 | 1,070 | 1,094 | 1,119 | 1,144 | 1,170 | 1,197 | 1,224 | 1,252 |
| City Manager/City Clerk | | 254,200 | 171,481 | 194,218 | 181,539 | 213,217 | 192,192 | 217,203 | 203,475 | 238,275 | 215,426 | 242,942 |
| City Manager/City Clerk Salary (1.0 FTE) | | | 77,446 | 79,769 | 82,162 | 84,627 | 87,166 | 89,781 | 92,474 | 95,248 | 98,106 | 101,049 |
| Base Year Cost (Annual) | \$ 73,000 | | | | | | | | | | | |
| Growth Rate | 3.00% | | | | | | | | | | | |
| City Manager/City Clerk Benefits | 30% | - | 23,234 | 23,931 | 24,649 | 25,388 | 26,150 | 26,934 | 27,742 | 28,575 | 29,432 | 30,315 |
| Administrative Assistant (1.0 FTE) | | | 36,071 | 37,153 | 38,267 | 39,415 | 40,598 | 41,816 | 43,070 | 44,362 | 45,693 | 47,064 |
| Base Year Cost (Annual) | \$ 34,000 | | | | | | | | | | | |

REVENUE AND EXPENDITURE FORECAST: APPROVED BOUNDARIES

APPENDIX 1

| Effective Date | Assumption | Transition | First 10 Operational Budgets | | | | | | | | | |
|--|--------------|------------|------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| | | 1-Jul-08 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| Item | | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 | 2013-14 | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 |
| Growth Rate | 3.00% | | | | | | | | | | | |
| Administrative Assistant Benefits | 25% | - | 9,018 | 9,288 | 9,567 | 9,854 | 10,149 | 10,454 | 10,768 | 11,091 | 11,423 | 11,766 |
| Contract Services (Interim City Mgr) | Estimate | 187,200 | - | - | - | - | - | - | - | - | - | - |
| Elections | \$ 17,000 | 17,000 | - | 17,781 | - | 18,597 | - | 19,451 | - | 20,344 | - | 21,278 |
| Growth Rate | 2.27% | | | | | | | | | | | |
| Supplies/Services | 15,000 | 15,341 | 15,689 | 16,045 | 16,409 | 16,782 | 17,163 | 17,552 | 17,951 | 18,358 | 18,775 | |
| Travel/Memberships | 2.27% | - | 10,373 | 10,608 | 10,849 | 11,096 | 11,347 | 11,605 | 11,868 | 12,138 | 12,413 | 12,695 |
| Capital Outlay (Equipment) | 2.27% | 35,000 | - | - | - | 7,831 | - | - | - | 8,567 | - | - |
| City Attorney (Contract) | 3.00% | 80,000 | 82,400 | 84,872 | 87,418 | 90,041 | 92,742 | 95,524 | 98,390 | 101,342 | 104,382 | 107,513 |
| Finance and Administrative Services | | 204,000 | 154,570 | 159,028 | 163,616 | 185,118 | 173,195 | 178,195 | 183,340 | 206,993 | 194,085 | 199,693 |
| Finance Director Salary (1.0 FTE) | | | 50,923 | 52,451 | 54,024 | 55,645 | 57,315 | 59,034 | 60,805 | 62,629 | 64,508 | 66,443 |
| Base Year Cost (Annual) | \$ 48,000 | | | | | | | | | | | |
| Growth Rate | 3.00% | | | | | | | | | | | |
| Finance Director Benefits | 25% | - | 12,731 | 13,113 | 13,506 | 13,911 | 14,329 | 14,758 | 15,201 | 15,657 | 16,127 | 16,611 |
| Accounting Technician II Salary (1 FTE) | | | 28,377 | 29,228 | 30,105 | 31,008 | 31,939 | 32,897 | 33,884 | 34,900 | 35,947 | 37,025 |
| Base Year Cost (Annual) | \$ 26,748 | | | | | | | | | | | |
| Growth Rate | 3.00% | | | | | | | | | | | |
| Accounting Technician II Benefits | 25% | - | 7,094 | 7,307 | 7,526 | 7,752 | 7,985 | 8,224 | 8,471 | 8,725 | 8,987 | 9,256 |
| Contract Services (Audit/Annual Report) | 3.00% | 30,000 | 30,900 | 31,827 | 32,782 | 33,765 | 34,778 | 35,822 | 36,896 | 38,003 | 39,143 | 40,317 |
| Supplies/Services | 2.27% | 24,000 | 24,545 | 25,102 | 25,672 | 26,255 | 26,851 | 27,460 | 28,083 | 28,721 | 29,373 | 30,040 |
| Travel/Memberships | 2.27% | | | | | | | | | | | |
| Capital Outlay (Equipment/Software) | 2.27% | 150,000 | - | - | - | 16,782 | - | - | - | 18,358 | - | - |
| Non-Departmental | | 197,310 | 205,176 | 213,377 | 221,927 | 230,843 | 240,141 | 249,838 | 259,952 | 270,503 | 281,509 | 292,991 |
| LAFCO fee | \$ 7,310 | 7,310 | 7,476 | 7,646 | 7,819 | 7,997 | 8,178 | 8,364 | 8,554 | 8,748 | 8,946 | 9,150 |
| Growth Rate | 2.27% | | | | | | | | | | | |
| City Hall Rent & Operations | 3.00% | 90,000 | 92,700 | 95,481 | 98,345 | 101,296 | 104,335 | 107,465 | 110,689 | 114,009 | 117,430 | 120,952 |
| Insurance | 5.00% | 100,000 | 105,000 | 110,250 | 115,763 | 121,551 | 127,628 | 134,010 | 140,710 | 147,746 | 155,133 | 162,889 |
| Community Development | | 9,000 | 390,537 | 433,701 | 417,334 | 434,808 | 446,074 | 461,220 | 476,908 | 496,831 | 509,997 | 527,441 |
| Planning, Building, Code Enforcement | | 9,000 | 297,971 | 336,735 | 315,758 | 328,403 | 334,611 | 344,458 | 354,595 | 368,705 | 375,779 | 386,843 |
| Community Development Director Salary (1 FTE) | | - | 64,715 | 66,656 | 68,656 | 70,716 | 72,837 | 75,022 | 77,273 | 79,591 | 81,979 | 84,438 |
| Base Year Cost (Annual) | \$ 61,000 | | | | | | | | | | | |
| Growth Rate | 3.00% | | | | | | | | | | | |
| Community Development Director Benefits | 30% | - | 19,414 | 19,997 | 20,597 | 21,215 | 21,851 | 22,507 | 23,182 | 23,877 | 24,594 | 25,331 |
| Department Secretary Salary (.5 FTE) | | - | 16,444 | 16,937 | 17,445 | 17,969 | 18,508 | 19,063 | 19,635 | 20,224 | 20,831 | 21,456 |
| Base Year Cost (Annual) | \$ 15,500 | | | | | | | | | | | |
| Growth Rate | 3.00% | | | | | | | | | | | |
| Department Secretary Benefits | 25% | - | 4,111 | 4,234 | 4,361 | 4,492 | 4,627 | 4,766 | 4,909 | 5,056 | 5,208 | 5,364 |
| RMA Administration (Base Year Cost) | \$ 78,135 | | | | | | | | | | | |
| RMA Building Ins/Grading (Base Year Cost) | \$ 77,820 | | | | | | | | | | | |
| Housing Element (General Plan & EIR adopted from County) | | - | - | 30,000 | - | - | - | - | - | - | - | - |
| Contract Services (Planning - County RMA) | | - | 159,287 | 164,065 | 168,987 | 174,057 | 179,278 | 184,657 | 190,196 | 195,902 | 201,779 | 207,833 |
| Base Year Cost (Annual) | \$ 141,524 | | | | | | | | | | | |
| Growth Rate | 3.00% | | | | | | | | | | | |
| Contract Services (Building - County RMA) | Fee Offset | - | - | - | - | - | - | - | - | - | - | - |
| Contract Services (Code Enf. - County RMA) | See Planning | - | - | - | - | - | - | - | - | - | - | - |
| Contract Services (Planning Consultants) | 3.00% | - | 10,000 | 10,300 | 10,609 | 10,927 | 11,255 | 11,593 | 11,941 | 12,299 | 12,668 | 13,048 |
| Supplies/Services | 2.27% | - | 15,000 | 15,341 | 15,689 | 16,045 | 16,409 | 16,782 | 17,163 | 17,552 | 17,951 | 18,358 |
| Travel/Memberships | 2.27% | - | 9,000 | 9,204 | 9,413 | 9,627 | 9,845 | 10,069 | 10,298 | 10,531 | 10,770 | 11,015 |
| Capital Outlay (Equipment) | 2.27% | 9,000 | - | - | - | 3,356 | - | - | - | 3,672 | - | - |
| Animal Control (County Contract) | | - | 92,566 | 96,967 | 101,576 | 106,405 | 111,463 | 116,762 | 122,312 | 128,127 | 134,218 | 140,598 |

REVENUE AND EXPENDITURE FORECAST: APPROVED BOUNDARIES

APPENDIX 1

| Effective Date | Assumption | Transition | First 10 Operational Budgets | | | | | | | | | |
|---|------------|---------------|------------------------------|----------------|----------------|----------------|----------------|------------------|------------------|------------------|------------------|------------------|
| | | 1-Jul-08 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| Item | | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 | 2013-14 | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 |
| 2005-06 County Animal Control Estimate | \$ 78,182 | | | | | | | | | | | |
| Cost Per Capita | \$ 18.71 | | | | | | | | | | | |
| Growth Rate | 3.00% | | | | | | | | | | | |
| Public Works/Engineering | | 9,000 | 274,620 | 182,486 | 151,808 | 159,615 | 160,839 | 165,555 | 170,410 | 179,080 | 180,554 | 185,851 |
| Public Works Director/Town Engineer Salary (1 FTE) | | | 79,568 | 81,955 | 84,413 | 86,946 | 89,554 | 92,241 | 95,008 | 97,858 | 100,794 | 103,818 |
| Base Year Cost (Annual) | \$ 75,000 | | | | | | | | | | | |
| Growth Rate | 3.00% | | | | | | | | | | | |
| City Engineer Benefits | 30% | - | 23,870 | 24,586 | 25,324 | 26,084 | 26,866 | 27,672 | 28,502 | 29,357 | 30,238 | 31,145 |
| Department Secretary Salary (.5 FTE) | | | 16,444 | 16,937 | 17,445 | 17,969 | 18,508 | 19,063 | 19,635 | 20,224 | 20,831 | 21,456 |
| Base Year Cost (Annual) | \$ 15,500 | | | | | | | | | | | |
| Growth Rate | 3.00% | | | | | | | | | | | |
| Department Secretary Benefits | - | - | 4,111 | 4,234 | 4,361 | 4,492 | 4,627 | 4,766 | 4,909 | 5,056 | 5,208 | 5,364 |
| AB 939 Compliance Planning | 5.00% | - | 35,000 | 35,000 | - | - | - | - | - | - | - | - |
| Storm Water (NPDES) Plan | 25% | - | 100,000 | 3,750 | 3,835 | 3,922 | 4,011 | 4,102 | 4,195 | 4,291 | 4,388 | 4,488 |
| Growth Rate | 2.27% | | | | | | | | | | | |
| Street Light Operation/Maintenance | | | 5,628 | 5,796 | 5,970 | 6,149 | 6,334 | 6,524 | 6,720 | 6,921 | 7,129 | 7,343 |
| Annual Street Light O & M Cost (2005-06) | \$ 5,000 | | | | | | | | | | | |
| Growth Rate | 3.00% | | | | | | | | | | | |
| PW/Eng. Department Supplies/Services | 2.27% | | 10,000 | 10,227 | 10,459 | 10,697 | 10,939 | 11,188 | 11,442 | 11,701 | 11,967 | 12,239 |
| Travel/Memberships | 2.27% | | | | | | | | | | | |
| Capital Outlay (Equipment) | 2.27% | 9,000 | - | - | - | 3,356 | - | - | - | 3,672 | - | - |
| Sheriff - Law Enforcement | | 13,371 | 804,593 | 846,995 | 891,631 | 938,620 | 988,086 | 1,040,158 | 1,094,974 | 1,152,679 | 1,213,425 | 1,277,373 |
| RSG Estimate of Contract Costs | | | | | | | | | | | | |
| Base Year Cost Estimate (2005-06) | \$ 643,713 | | | | | | | | | | | |
| Additional Cost of Traffic Services (2005-06) | \$ 11,462 | | | | | | | | | | | |
| Assumed Cost Recovery (Not in Sheriff Estimate) | 15.00% | | | | | | | | | | | |
| Contract - w/o Traffic (2005-06 Base) | \$ 643,713 | - | 790,517 | 832,177 | 876,033 | 922,200 | 970,800 | 1,021,961 | 1,075,818 | 1,132,514 | 1,192,197 | 1,255,026 |
| Contract - Traffic Only (2005-06 Base) | \$ 11,462 | 13,371 | 14,076 | 14,818 | 15,599 | 16,421 | 17,286 | 18,197 | 19,156 | 20,165 | 21,228 | 22,347 |
| Growth Rate | 5.27% | | | | | | | | | | | |
| Total Sheriff Contact Costs | | 13,371 | 804,593 | 846,995 | 891,631 | 938,620 | 988,086 | 1,040,158 | 1,094,974 | 1,152,679 | 1,213,425 | 1,277,373 |
| Fire Protection Services | | 145,848 | 420,664 | 439,423 | 459,068 | 479,643 | 501,194 | 523,769 | 547,418 | 572,195 | 598,156 | 625,359 |
| County Fire Base Year Cost (2005-06) | \$ 220,218 | - | 270,440 | 284,692 | 299,696 | 315,490 | 332,116 | 349,619 | 368,043 | 387,439 | 407,857 | 429,351 |
| Growth Rate | 5.27% | | | | | | | | | | | |
| Supplemental CDF Contract for Undeveloped State Resp. Areas (2005-06) | \$ 141,600 | 145,848 | 150,223 | 154,730 | 159,372 | 164,153 | 169,078 | 174,150 | 179,375 | 184,756 | 190,299 | 196,008 |
| Growth Rate | 3.00% | | | | | | | | | | | |
| Community Services/Parks & Rec | | - | - | - | - | - | - | - | - | - | - | - |
| County Loan Repayment (Trans. Yr Costs) | | - | 54,631 | 54,631 | 54,631 | 54,631 | 54,631 | 54,631 | - | - | - | - |
| Contingency | 10.00% | 93,173 | 252,306 | 257,315 | 259,341 | 275,100 | 281,358 | 295,061 | 305,404 | 323,710 | 331,676 | 347,841 |
| TOTAL EXPENDITURES | | \$ 1,024,902 | \$ 2,830,001 | \$ 2,885,091 | \$ 2,907,383 | \$ 3,080,730 | \$ 3,149,571 | \$ 3,245,666 | \$ 3,359,441 | \$ 3,560,805 | \$ 3,648,432 | \$ 3,826,256 |
| REMAINING GENERAL FUND REVENUE | | 945,312 | 1,263,116 | 1,326,121 | 1,422,617 | 1,369,119 | 1,423,043 | 1,486,388 | 1,537,737 | 1,506,877 | 1,596,871 | 1,602,494 |
| Minimum Revenue Neutrality Payment | | - | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 |
| Additional/Deferred Revenue Neutrality Payment | | - | 986,041 | 986,041 | 986,041 | 986,041 | 986,041 | 986,041 | 986,041 | 986,041 | 986,041 | 986,041 |
| NET GENERAL FUND REVENUE/(DEFICIT) | | \$ 945,312 | \$ 263,116 | \$ 326,121 | \$ 422,617 | \$ 369,119 | \$ 423,043 | \$ 486,388 | \$ 537,737 | \$ 506,877 | \$ 596,871 | \$ 602,494 |

REVENUE AND EXPENDITURE FORECAST: APPROVED BOUNDARIES

APPENDIX 1

| Effective Date | Assumption | Transition | First 10 Operational Budgets | | | | | | | | | |
|---|------------|-------------------|------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | | 1-Jul-08 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| Item | | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 | 2013-14 | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 |
| ROAD FUND REVENUES | | | | | | | | | | | | |
| Highway Users Tax Apportionments | | \$ 118,644 | \$ 112,671 | \$ 106,460 | \$ 100,005 | \$ 93,300 | \$ 86,338 | \$ 87,791 | \$ 89,269 | \$ 90,772 | \$ 93,300 | \$ 94,855 |
| Population Basis for Apportionment (See Motor Vehicle Revenues Above) | | 6,484 | 6,155 | 5,812 | 5,457 | 5,087 | 4,703 | 4,783 | 4,865 | 4,948 | 5,032 | 5,118 |
| Section 2105 - 2005-06 Estimates | \$ 6.23 | \$ 40,377 | \$ 38,327 | \$ 36,195 | \$ 33,980 | \$ 31,678 | \$ 29,289 | \$ 29,788 | \$ 30,295 | \$ 30,811 | \$ 31,335 | \$ 31,869 |
| Section 2106(a) and (c) | \$ 3.78 | 24,533 | 23,287 | 21,992 | 20,646 | 19,248 | 17,796 | 18,099 | 18,407 | 18,721 | 19,039 | 19,364 |
| Section 2107 | \$ 8.13 | 52,734 | 50,057 | 47,273 | 44,379 | 41,374 | 38,253 | 38,904 | 39,567 | 40,240 | 40,926 | 41,622 |
| Section 2107.5 | Schedule | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 2,000 | 2,000 |
| Proposition 42 Subventions | \$ 9.54 | 41,237 | 41,939 | 42,653 | 43,379 | 44,118 | 44,869 | 45,633 | 46,410 | 47,200 | 48,004 | 48,821 |
| Measure T Subventions | | 333,938 | 351,511 | 370,009 | 389,480 | 409,975 | 431,549 | 454,259 | 478,163 | 503,325 | 529,812 | 557,692 |
| Estimated 2005-06 Per Capita Funding | \$ 69.68 | 77.26 | 79.96 | 82.76 | 85.65 | 88.65 | 91.76 | 94.97 | 98.29 | 101.73 | 105.29 | 108.98 |
| Growth Rate | 3.50% | | | | | | | | | | | |
| Proposition 1B Share | \$ - | - | - | - | - | - | - | - | - | - | - | - |
| Property Tax Revenue | 0.28% | | 14,490 | 15,218 | 15,648 | 16,092 | 16,548 | 17,019 | 17,503 | 18,002 | 18,516 | 19,046 |
| Road District 5 Net Cost of Services (2005-06) | 13,499 | | | | | | | | | | | |
| Gross Road Fund Property Tax Levy | 0.28% | | 14,800 | 15,218 | 15,648 | 16,092 | 16,548 | 17,019 | 17,503 | 18,002 | 18,516 | 19,046 |
| Property Tax Administration Program (PTAP) Fee | \$ 281 | (310) | (316) | (323) | (329) | (336) | (343) | (349) | (356) | (363) | (363) | (371) |
| % of PTAP to Property Tax | 1.90% | | | | | | | | | | | |
| PTAP growth rate | 2.00% | | | | | | | | | | | |
| Net Property Tax Revenue | | | 14,490 | 15,534 | 15,971 | 16,421 | 16,884 | 17,361 | 17,853 | 18,359 | 18,880 | 19,417 |
| Interest Earnings | - | 2,002 | 2,154 | 2,202 | 2,254 | 2,311 | 2,372 | 2,503 | 2,642 | 2,789 | 2,952 | 3,116 |
| Net Revenues before Interest Earning | | 266,888 | 287,182 | 293,588 | 300,538 | 308,072 | 316,229 | 333,734 | 352,248 | 371,830 | 393,538 | 415,437 |
| One-Half of Any Surplus Revenues (Cash Flow Adjustment) | | 133,444 | 143,591 | 146,794 | 150,269 | 154,036 | 158,115 | 166,867 | 176,124 | 185,915 | 196,769 | 207,719 |
| Assumed Interest Earnings | 1.50% | | | | | | | | | | | |
| TOTAL REVENUES | | \$ 495,821 | \$ 522,765 | \$ 536,542 | \$ 550,767 | \$ 565,796 | \$ 581,677 | \$ 607,205 | \$ 633,987 | \$ 662,089 | \$ 692,584 | \$ 723,530 |
| ROAD FUND EXPENDITURES | | | | | | | | | | | | |
| Routine Road Maintenance | | \$ 196,405 | \$ 202,297 | \$ 208,366 | \$ 214,617 | \$ 221,055 | \$ 227,687 | \$ 234,517 | \$ 241,553 | \$ 248,799 | \$ 256,263 | \$ 263,951 |
| Road Miles Maintained | 44.91 | | | | | | | | | | | |
| Road Maintainance Cost (2005-06) | \$ 179,738 | | | | | | | | | | | |
| Assumed Cost Recovery | 0.00% | | | | | | | | | | | |
| Assumed Growth Rate | 3% | | | | | | | | | | | |
| Traffic Signal Maintenance/Operation | | 9,897 | 10,194 | 10,500 | 10,815 | 11,139 | 11,473 | 11,817 | 12,172 | 12,537 | 12,913 | 13,301 |
| Annual Cost (2005-06) | \$ 9,057 | | | | | | | | | | | |
| Assumed Cost Recovery | 0.00% | | | | | | | | | | | |
| Assumed Growth Rate | 3% | | | | | | | | | | | |
| Contingency | 10.00% | 20,630 | 21,249 | 21,887 | 22,543 | 23,219 | 23,916 | 24,633 | 25,372 | 26,134 | 26,918 | 27,725 |
| TOTAL EXPENDITURES | | \$ 226,932 | \$ 233,739 | \$ 240,752 | \$ 247,974 | \$ 255,413 | \$ 263,076 | \$ 270,968 | \$ 279,097 | \$ 287,470 | \$ 296,094 | \$ 304,977 |
| Transfer Out to General Fund (Surplus Revenue) | | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| NET ROAD FUND REVENUE/(DEFICIT) | | \$ 268,890 | \$ 289,025 | \$ 295,790 | \$ 302,793 | \$ 310,382 | \$ 318,601 | \$ 336,237 | \$ 354,890 | \$ 374,618 | \$ 396,490 | \$ 418,553 |

REVENUE AND EXPENDITURE FORECAST: APPROVED BOUNDARIES

APPENDIX 1

| Effective Date | Assumption | Transition | First 10 Operational Budgets | | | | | | | | | |
|---|------------|------------|------------------------------|-------------|-------------|-------------|------------|------------|------------|------------|------------|------------|
| | | 1-Jul-08 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| Item | | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 | 2013-14 | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 |
| INITIAL AREA CSAs & MDs | | | | | | | | | | | | |
| STILL MEADOW RANCH FUND (CSA 06) | | | | | | | | | | | | |
| Property Assessment Revenue | \$ | 3,918 | \$ - | \$ 3,918 | \$ 3,918 | \$ 3,918 | \$ 3,918 | \$ 3,918 | \$ 3,918 | \$ 3,918 | \$ 3,918 | \$ 3,918 |
| Routine Road Maintenance | | 3,918 | - | 3,918 | 3,918 | 3,918 | 3,918 | 3,918 | 3,918 | 3,918 | 3,918 | 3,918 |
| NET DISTRICT REVENUE/(DEFICIT) | \$ | - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| PIERCE LAKES ESTATES FUND (CSA 08) | | | | | | | | | | | | |
| Property Assessment Revenue | \$ | 6,200 | \$ - | \$ 6,200 | \$ 6,200 | \$ 6,200 | \$ 6,200 | \$ 6,200 | \$ 6,200 | \$ 6,200 | \$ 6,200 | \$ 6,200 |
| Routine Road Maintenance | | 6,200 | - | 6,200 | 6,200 | 6,200 | 6,200 | 6,200 | 6,200 | 6,200 | 6,200 | 6,200 |
| NET DISTRICT REVENUE/(DEFICIT) | \$ | - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| WEST OAK BOULDER CREEK FUND (CSA 12) | | | | | | | | | | | | |
| Property Assessment Revenue | \$ | 3,800 | \$ - | \$ 3,800 | \$ 3,800 | \$ 3,800 | \$ 3,800 | \$ 3,800 | \$ 3,800 | \$ 3,800 | \$ 3,800 | \$ 3,800 |
| Routine Road Maintenance | | 3,800 | - | 3,800 | 3,800 | 3,800 | 3,800 | 3,800 | 3,800 | 3,800 | 3,800 | 3,800 |
| NET DISTRICT REVENUE/(DEFICIT) | \$ | - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| PONDEROSA KNOLLS FUND (CSA 18) | | | | | | | | | | | | |
| Property Assessment Revenue | \$ | 5,300 | \$ - | \$ 5,300 | \$ 5,300 | \$ 5,300 | \$ 5,300 | \$ 5,300 | \$ 5,300 | \$ 5,300 | \$ 5,300 | \$ 5,300 |
| Routine Road Maintenance | | 5,300 | - | 5,300 | 5,300 | 5,300 | 5,300 | 5,300 | 5,300 | 5,300 | 5,300 | 5,300 |
| NET DISTRICT REVENUE/(DEFICIT) | \$ | - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| HIDDEN OAKS ESTATES (MD 20) | | | | | | | | | | | | |
| Property Tax Revenue | \$ | 600 | \$ - | \$ 600 | \$ 600 | \$ 600 | \$ 600 | \$ 600 | \$ 600 | \$ 600 | \$ 600 | \$ 600 |
| Routine Road Maintenance | | 600 | - | 600 | 600 | 600 | 600 | 600 | 600 | 600 | 600 | 600 |
| NET DISTRICT REVENUE/(DEFICIT) | \$ | - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| WASTEWATER FUND (MD 22/22A) REVENUES | | | | | | | | | | | | |
| Assessment Revenue | \$ | - | \$ 450,677 | \$ 450,677 | \$ 450,677 | \$ 450,677 | \$ 450,677 | \$ 450,677 | \$ 450,677 | \$ 450,677 | \$ 450,677 | \$ 450,677 |
| Property Tax Revenue | | - | 170,714 | 175,565 | 180,563 | 185,711 | 191,015 | 196,479 | 202,107 | 207,905 | 213,878 | 220,031 |
| MD 22A Property Tax Share | 3.34% | | 174,443 | 179,370 | 184,443 | 189,670 | 195,052 | 200,597 | 206,308 | 212,190 | 218,248 | 224,488 |
| Property Tax Administration Program (PTAP) Fee | \$ 3,312 | - | (3,730) | (3,804) | (3,881) | (3,958) | (4,037) | (4,118) | (4,200) | (4,284) | (4,370) | (4,458) |
| % of PTAP to Property Tax | 1.90% | | | | | | | | | | | |
| PTAP growth rate | 2.00% | | | | | | | | | | | |
| Net Property Tax Revenue | | - | 170,714 | 175,565 | 180,563 | 185,711 | 191,015 | 196,479 | 202,107 | 207,905 | 213,878 | 220,031 |
| Interest Earnings | | - | - | - | - | - | - | 22 | 65 | 109 | 154 | 201 |
| Net Revenues before Interest Earning | | | (23,242) | (18,315) | (13,242) | (8,015) | (2,633) | 2,912 | 8,623 | 14,505 | 20,563 | 26,803 |
| One-Half of Any Surplus Revenues (Cash Flow Adjustment) | | - | - | - | - | - | - | 1,456 | 4,311 | 7,252 | 10,282 | 13,402 |
| Assumed Interest Earnings | 1.50% | | | | | | | | | | | |
| TOTAL REVENUES | \$ | - | \$ 621,391 | \$ 626,242 | \$ 631,240 | \$ 636,388 | \$ 641,692 | \$ 647,178 | \$ 652,849 | \$ 658,691 | \$ 664,709 | \$ 670,909 |
| WASTEWATER FUND (MD 22/22A) EXPENDITURES | | | | | | | | | | | | |
| Contract Services - County Engineering | \$ | - | \$ 648,362 | \$ 648,362 | \$ 648,362 | \$ 648,362 | \$ 648,362 | \$ 648,362 | \$ 648,362 | \$ 648,362 | \$ 648,362 | \$ 648,362 |
| Base Year Cost (2005-06) | \$ | 648,362 | | | | | | | | | | |
| TOTAL EXPENDITURES | \$ | - | \$ 648,362 | \$ 648,362 | \$ 648,362 | \$ 648,362 | \$ 648,362 | \$ 648,362 | \$ 648,362 | \$ 648,362 | \$ 648,362 | \$ 648,362 |
| NET WASTEWATER FUND REVENUE/(DEFICIT) | \$ | - | \$ (26,971) | \$ (22,120) | \$ (17,122) | \$ (11,974) | \$ (6,670) | \$ (1,184) | \$ 4,487 | \$ 10,329 | \$ 16,347 | \$ 22,547 |

REVENUE AND EXPENDITURE FORECAST: APPROVED BOUNDARIES

APPENDIX 1

| Effective Date | Assumption | Transition | First 10 Operational Budgets | | | | | | | | | |
|---|------------|------------|------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| | | 1-Jul-08 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| Item | | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 | 2013-14 | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 |
| OAK CREEK BRIDGE (MD 29A) | | | | | | | | | | | | |
| Property Assessment Revenue | \$ | 19,400 | \$ - | \$ 19,400 | \$ 19,400 | \$ 19,400 | \$ 19,400 | \$ 19,400 | \$ 19,400 | \$ 19,400 | \$ 19,400 | \$ 19,400 |
| Routine Road Maintenance | | 19,400 | - | 19,400 | 19,400 | 19,400 | 19,400 | 19,400 | 19,400 | 19,400 | 19,400 | 19,400 |
| NET DISTRICT REVENUE/(DEFICIT) | \$ | - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| WEST ROAD (MD 32) | | | | | | | | | | | | |
| Property Assessment Revenue | \$ | 6,800 | \$ - | \$ 6,800 | \$ 6,800 | \$ 6,800 | \$ 6,800 | \$ 6,800 | \$ 6,800 | \$ 6,800 | \$ 6,800 | \$ 6,800 |
| Routine Road Maintenance | | 6,800 | - | 6,800 | 6,800 | 6,800 | 6,800 | 6,800 | 6,800 | 6,800 | 6,800 | 6,800 |
| NET DISTRICT REVENUE/(DEFICIT) | \$ | - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| WEST ROAD ZONE A FUND (MD 32A) | | | | | | | | | | | | |
| Property Assessment Revenue | \$ | 400 | \$ - | \$ 400 | \$ 400 | \$ 400 | \$ 400 | \$ 400 | \$ 400 | \$ 400 | \$ 400 | \$ 400 |
| Routine Road Maintenance | | 400 | - | 400 | 400 | 400 | 400 | 400 | 400 | 400 | 400 | 400 |
| NET DISTRICT REVENUE/(DEFICIT) | \$ | - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| MEADOWVIEW DRIVE FUND (MD 42) REVENUE | | | | | | | | | | | | |
| Service Charges | \$ | 13,856 | \$ 13,856 | \$ 13,856 | \$ 13,856 | \$ 13,856 | \$ 13,856 | \$ 13,856 | \$ 13,856 | \$ 13,856 | \$ 13,856 | \$ 13,856 |
| Interest Earnings | | 2,630 | 2,630 | 2,630 | 2,630 | 2,630 | 2,630 | 2,630 | 2,630 | 2,630 | 2,630 | 2,630 |
| TOTAL REVENUES | \$ | 16,486 | \$ 16,486 | \$ 16,486 | \$ 16,486 | \$ 16,486 | \$ 16,486 | \$ 16,486 | \$ 16,486 | \$ 16,486 | \$ 16,486 | \$ 16,486 |
| MEADOWVIEW DRIVE FUND (MD 42) EXPENDITURES | | | | | | | | | | | | |
| Water System and Road Maintenance | \$ | 16,486 | \$ 16,486 | \$ 16,486 | \$ 16,486 | \$ 16,486 | \$ 16,486 | \$ 16,486 | \$ 16,486 | \$ 16,486 | \$ 16,486 | \$ 16,486 |
| NET DISTRICT REVENUE/(DEFICIT) | \$ | - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| STILL MEADOW ROAD FUND (MD 44) | | | | | | | | | | | | |
| Property Assessment Revenue | \$ | 8,400 | \$ - | \$ 8,400 | \$ 8,400 | \$ 8,400 | \$ 8,400 | \$ 8,400 | \$ 8,400 | \$ 8,400 | \$ 8,400 | \$ 8,400 |
| Routine Road Maintenance | | 8,400 | - | 8,400 | 8,400 | 8,400 | 8,400 | 8,400 | 8,400 | 8,400 | 8,400 | 8,400 |
| NET DISTRICT REVENUE/(DEFICIT) | \$ | - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| SPOOK LANE FUND (MD 47) | | | | | | | | | | | | |
| Property Assessment Revenue | \$ | 7,200 | \$ - | \$ 7,200 | \$ 7,200 | \$ 7,200 | \$ 7,200 | \$ 7,200 | \$ 7,200 | \$ 7,200 | \$ 7,200 | \$ 7,200 |
| Routine Road Maintenance | | 7,200 | - | 7,200 | 7,200 | 7,200 | 7,200 | 7,200 | 7,200 | 7,200 | 7,200 | 7,200 |
| NET DISTRICT REVENUE/(DEFICIT) | \$ | - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| QUAIL RIDGE FUND (MD 51) | | | | | | | | | | | | |
| Property Assessment Revenue | \$ | 700 | \$ - | \$ 700 | \$ 700 | \$ 700 | \$ 700 | \$ 700 | \$ 700 | \$ 700 | \$ 700 | \$ 700 |
| Routine Road Maintenance | | 700 | - | 700 | 700 | 700 | 700 | 700 | 700 | 700 | 700 | 700 |
| NET DISTRICT REVENUE/(DEFICIT) | \$ | - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| NORTH OAKHURST FUND (MD 72) | | | | | | | | | | | | |
| Property Assessment Revenue | \$ | 800 | \$ - | \$ 800 | \$ 800 | \$ 800 | \$ 800 | \$ 800 | \$ 800 | \$ 800 | \$ 800 | \$ 800 |
| Routine Road Maintenance | | 800 | - | 800 | 800 | 800 | 800 | 800 | 800 | 800 | 800 | 800 |
| NET DISTRICT REVENUE/(DEFICIT) | \$ | - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| RIVER FALLS ROAD FUND (MD 76) | | | | | | | | | | | | |
| Property Assessment Revenue | \$ | 900 | \$ - | \$ 900 | \$ 900 | \$ 900 | \$ 900 | \$ 900 | \$ 900 | \$ 900 | \$ 900 | \$ 900 |
| Routine Road Maintenance | | 900 | - | 900 | 900 | 900 | 900 | 900 | 900 | 900 | 900 | 900 |
| NET DISTRICT REVENUE/(DEFICIT) | \$ | - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| PINE MEADOW FUND (MD 98) | | | | | | | | | | | | |
| Property Assessment Revenue | \$ | 700 | \$ - | \$ 700 | \$ 700 | \$ 700 | \$ 700 | \$ 700 | \$ 700 | \$ 700 | \$ 700 | \$ 700 |
| Routine Road Maintenance | | 700 | - | 700 | 700 | 700 | 700 | 700 | 700 | 700 | 700 | 700 |
| NET DISTRICT REVENUE/(DEFICIT) | \$ | - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |

REVENUE AND EXPENDITURE FORECAST: APPROVED BOUNDARIES

APPENDIX 1

| Effective Date | Assumption | Transition | First 10 Operational Budgets | | | | | | | | | |
|---------------------------------------|------------|------------|------------------------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| | | 1-Jul-08 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| Item | | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 | 2013-14 | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 |
| ROAD 400 SERIES CSAs & MDs | | | | | | | | | | | | |
| QUAIL RIDGE FUND (MD 51) | | | | | | | | | | | | |
| Property Assessment Revenue | \$ | 5,700 | \$ - | \$ 5,700 | \$ 5,700 | \$ 5,700 | \$ 5,700 | \$ 5,700 | \$ 5,700 | \$ 5,700 | \$ 5,700 | \$ 5,700 |
| Routine Road Maintenance | | 5,700 | - | 5,700 | 5,700 | 5,700 | 5,700 | 5,700 | 5,700 | 5,700 | 5,700 | 5,700 |
| NET DISTRICT REVENUE/(DEFICIT) | \$ | - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |

REVENUE AND EXPENDITURE FORECAST: APPROVED BOUNDARIES

| Effective Date | Assumption | Transition | First 10 Operational Budgets | | | | | | | | | | |
|---------------------------------------|------------|------------|------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| | | 1-Jul-08 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | |
| Item | | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 | 2013-14 | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 | |
| JOHN WEST CSAs & MDs | | | | | | | | | | | | | |
| WEST ROAD FUND (MD 32) | | | | | | | | | | | | | |
| Property Assessment Revenue | \$ | 500 | \$ - | \$ 500 | \$ 500 | \$ 500 | \$ 500 | \$ 500 | \$ 500 | \$ 500 | \$ 500 | \$ 500 | \$ 500 |
| Routine Road Maintenance | | 500 | - | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 |
| NET DISTRICT REVENUE/(DEFICIT) | \$ | - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| WEST ROAD ZONE A FUND (MD 32A) | | | | | | | | | | | | | |
| Property Assessment Revenue | \$ | 17,000 | \$ - | \$ 17,000 | \$ 17,000 | \$ 17,000 | \$ 17,000 | \$ 17,000 | \$ 17,000 | \$ 17,000 | \$ 17,000 | \$ 17,000 | \$ 17,000 |
| Routine Road Maintenance | | 17,000 | - | 17,000 | 17,000 | 17,000 | 17,000 | 17,000 | 17,000 | 17,000 | 17,000 | 17,000 | 17,000 |
| NET DISTRICT REVENUE/(DEFICIT) | \$ | - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |