

# General Fund Revenue Information

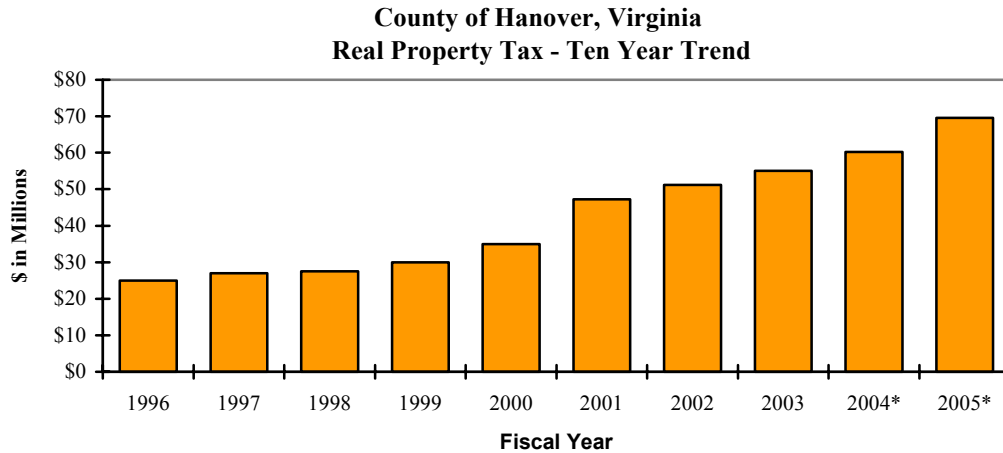
Hanover County generates the majority of its General Fund revenue through property taxes. In FY05, Hanover expects to receive \$94,766,000 in general property taxes, which will fund 62% of the General Fund budget. In addition, Hanover collects other local taxes including sales tax and motor vehicle license tax. These other local taxes are projected to contribute \$23,023,000 in FY05 and are the General Fund's second largest revenue source.

The Assessor's Office appraises all real property annually, the Commissioner of Revenue assesses personal property annually, and the Treasurer is responsible for the collection of all taxes and other payments to the County. Both the Commissioner of the Revenue and the Treasurer are elected officials.

The County's major revenue sources are outlined on the tables and graphs on the following pages. They are intended to provide an overall picture of the local revenues including projections. Tax rates for this and all following charts are based on calendar years.

## Real Property Tax

Real Property is defined as land and improvements, including buildings and other structures. Real property taxes are estimated to generate \$68,814,000 of the County's General Fund revenue. This represents a 14.7% increase over the previously adopted budget. Real property taxes are levied in April with payments due on June 5 and December 5. Supplemental levies are performed throughout the year for construction occurring during the year. The real estate tax rate is \$0.86 per \$100 of assessed value for the 2005 calendar year. Collection rates have recently averaged 98%. Assumptions for 2005 are 4.7% growth in reassessments, 3.1% growth in new construction, and a 99.2% collection rate.

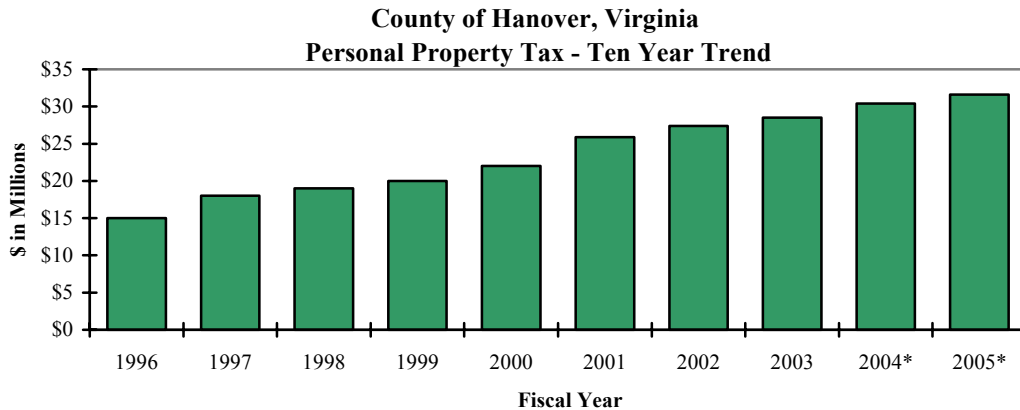


\* Forecast

# General Fund Revenue Information

## Personal Property Tax

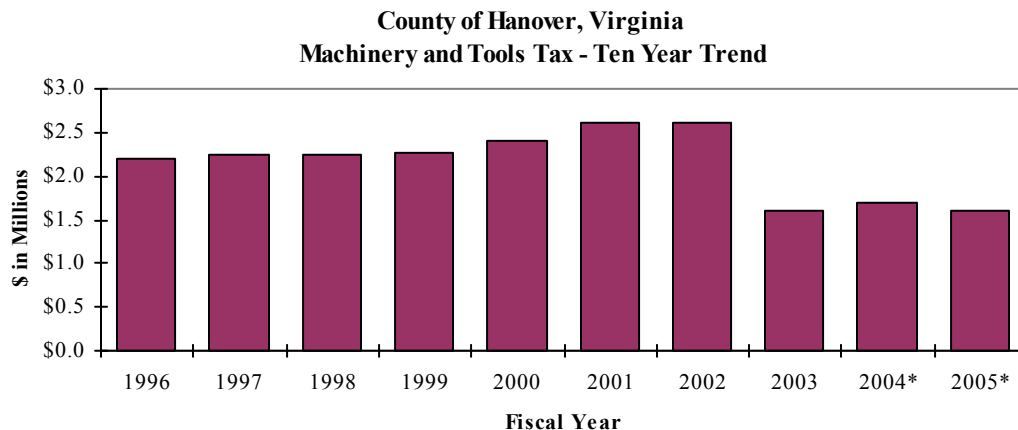
Personal property taxes are estimated to generate \$31,633,000 of the County's General Fund revenue, which includes \$14,444,000 of personal property tax paid to the County from the State. The State's portion is classified as non-categorical State aid. The personal property taxed includes: motor vehicles, mobile camping trailers, airplanes, boats, and motors belonging to residents and businesses. The County has a personal property tax, exclusive of aircraft, of \$3.64 per \$100 assessed value. The rate for airplanes is \$1.00 per \$100 assessed value. The County also has an incentive program to recognize the valuable contributions of fire and rescue squad volunteers, which provides for a tax relief of 50% on the primary vehicles used by volunteers. Revenue trends include a collection rate of 96.3%. Assumptions for 2005 are a 6.3% growth in assessments, which includes prorations and a 97.7% collection rate.



\*Forecast

## Machinery and Tools Tax

Machinery and tools used in manufacturing, mining, processing, or radio/television broadcasting is taxed separately under this classification. The original cost of the machinery and tools plus installation is reported to the Commissioner of Revenue whereby an assessment ratio of 10% is applied to determine the assessed value for the tax levy. Machinery and tools taxes are expected to generate \$1,622,000. The County has a machinery and tools tax rate of \$3.64 per \$100 of assessed value, with an assessment ratio of 10% applied. Assumptions for 2005 are a 3.0% decline in assessments and a 99.5% collection rate. The decrease in FY03 was due to the reclassification of a major taxpayer to the Public Service category. The reclassification was the result of the deregulation of electric generating companies.



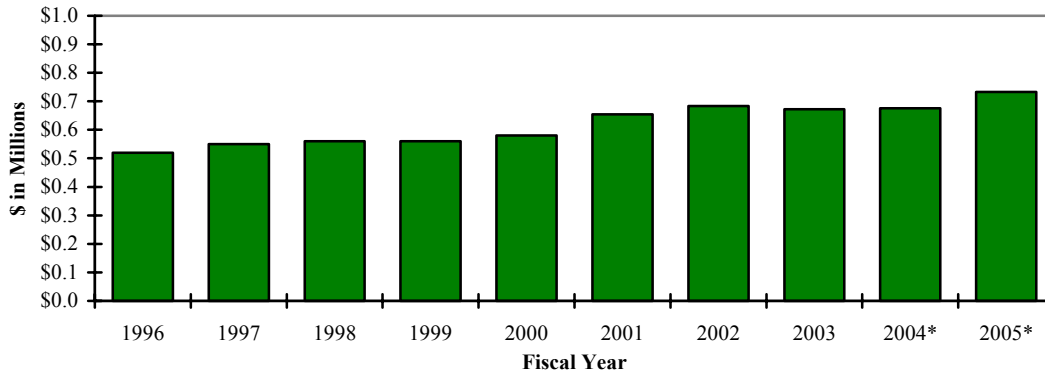
\*Forecast

# General Fund Revenue Information

## Merchant's Capital Tax

Merchant's Capital Tax is a tax on intangible personal property such as inventory and daily rental of passenger cars. The County expects to generate \$733,000 in revenue from this source. Assumptions for 2005 are 8.4% growth in assessments and a 98.5% collection rate.

### Merchant's Capital Tax - Ten Year Trend



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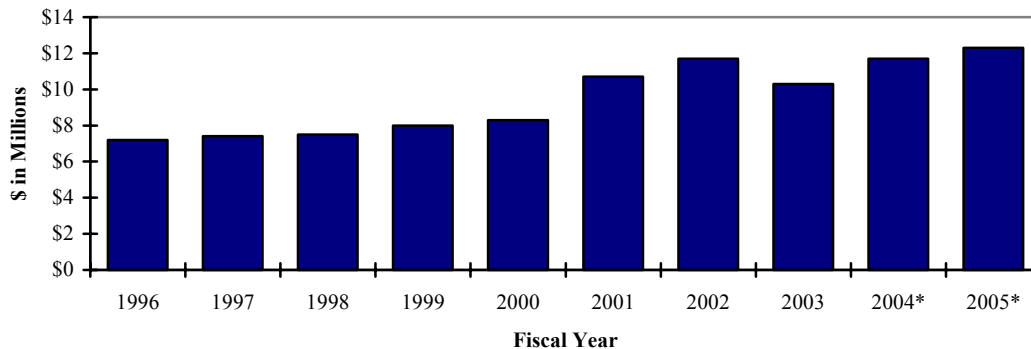
## Local Sales Tax

The County receives 1% of the Commonwealth's 4.5% sales tax on all local sales. This tax is collected by the merchants and remitted through the Commonwealth to Hanover. The County then remits 2.77% of that amount to the Town of Ashland. Local sales tax will provide \$12,352,000. Assumptions for 2005 are a 6.0% increase from the previous year. The decrease in FY03 was caused by a refund initiated by the State for overpayment paid to the State in 2001 and 2002.

The following is the fiscal year 2003, taxable sales, as a percentage of total taxable sales, in the County:

Alcoholic	.4%	Fuel	.5%
Apparel	2.7%	Machinery/Equipment	10.3%
Automotive	5.4%	Hotels/Tourist	1.1%
Food	22.9%	Other Miscellaneous	36.2%
Furniture/Equipment	5.8%	Lumber/Building Supplies	8.2%
General Merchandise	6.4%		

### Local Sales Tax - Ten Year Trend

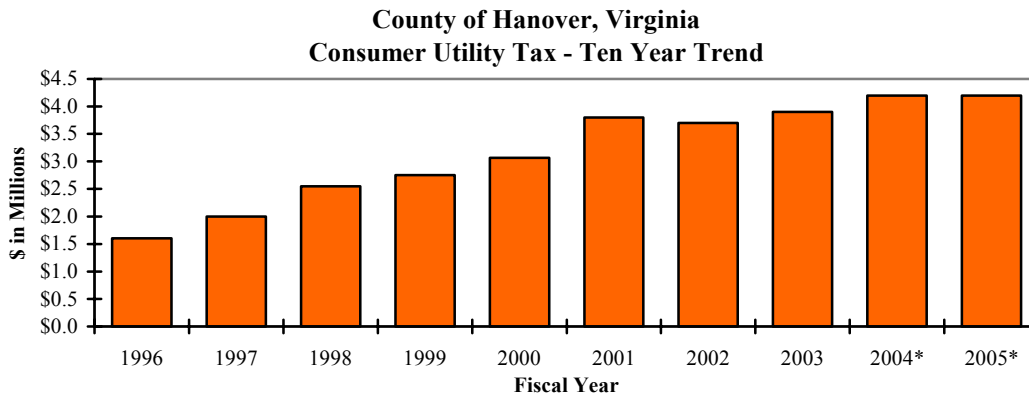


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# General Fund Revenue Information

## Consumer Utility Tax

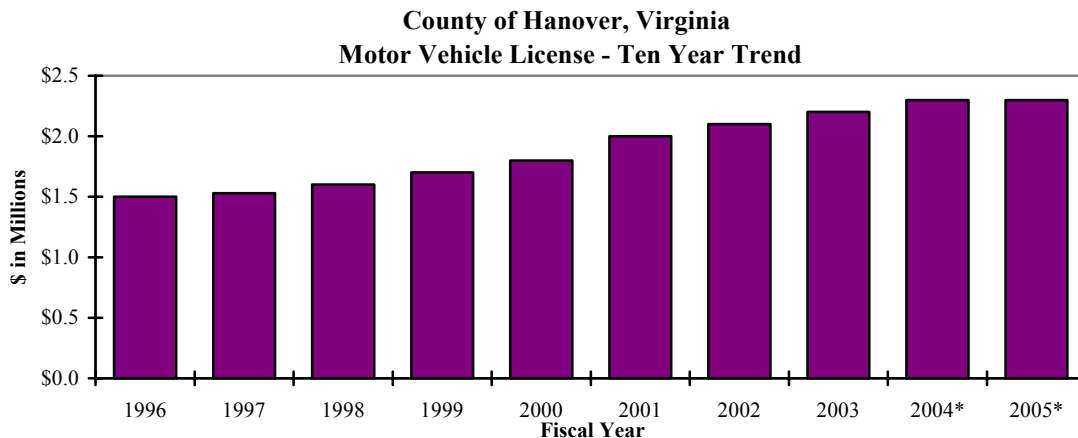
This tax is applied to all telephone, gas, and electric service recipients residing within the County, excluding the Town of Ashland, which has a separate utility tax for Ashland residents. As expected, the County's residential growth has caused this tax to increase as more homeowners utilize the various utility services. Revenue from this utility tax is expected to reach \$4,223,000. The County collects 20% of the first \$15 on a telephone, gas, and electric bill, and 10% of the first \$30 on a cellular phone bill. A 0.5% growth rate is anticipated in 2005.



\*Forecast.

## Motor Vehicle License

All vehicles housed in the County, excluding those in the Town of Ashland, must be licensed by the County. The cost of a County license for vehicles under 4,000 pounds is \$23, while those greater than 4,000 pounds is \$28. Motorcycles are \$18, trailers under 4,000 are \$17, those greater than 4,000 pounds are \$20, National Guard vehicles are \$11.50, and farm vehicles are \$14. These fees are projected to produce \$2,340,000 in revenue. The assumption for growth in 2005 is 3.0% over current year revenue.

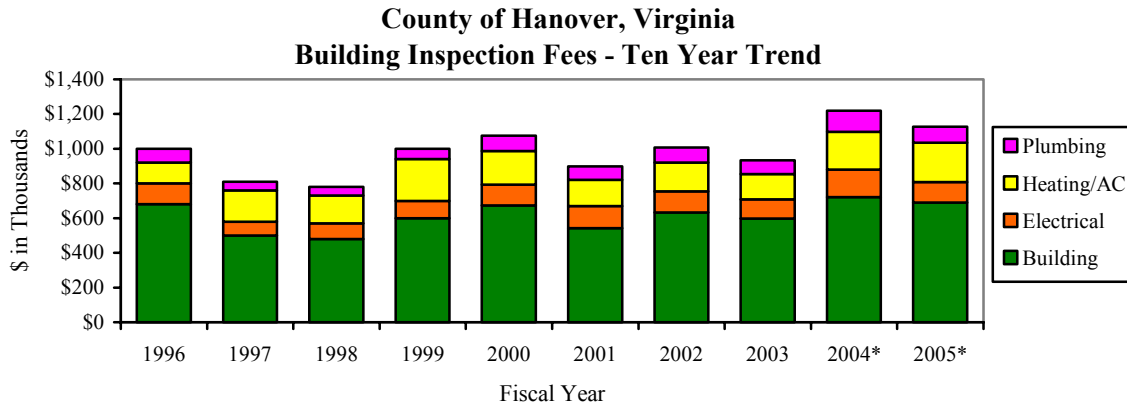


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# General Fund Revenue Information

## Building Inspection Fees

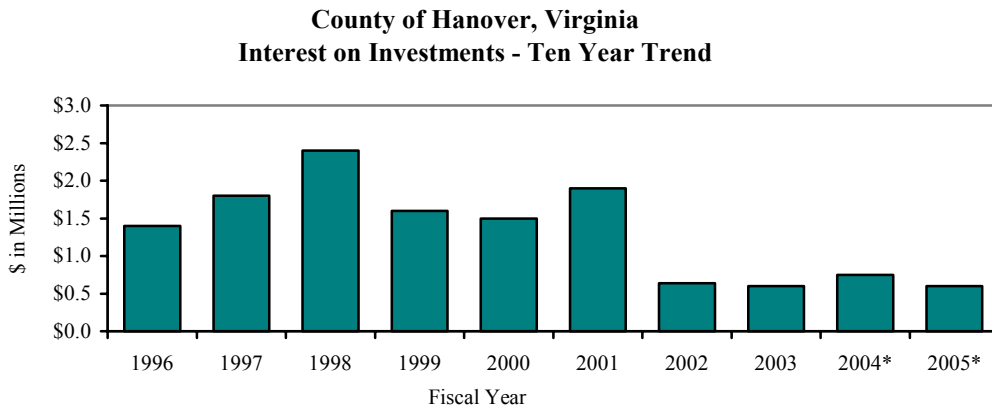
These fees include: building, mechanical, electrical, and plumbing permits. The fee structure for residential inspection fees changed in FY04 from a fee based on the project's cost, size, and materials, to a flat fee regardless of the project's scope. All building permits are \$425, while all mechanical and plumbing permits are \$60. Projected revenue in FY05 is \$1,127,000, a 7.6% decrease from 2004.



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## Interest on Investments

Revenues from investments are expected to produce \$600,000. This revenue source is affected by two variables: 1) the amount of cash available for investing (cash flow); and 2) the interest rate at the time of investment.

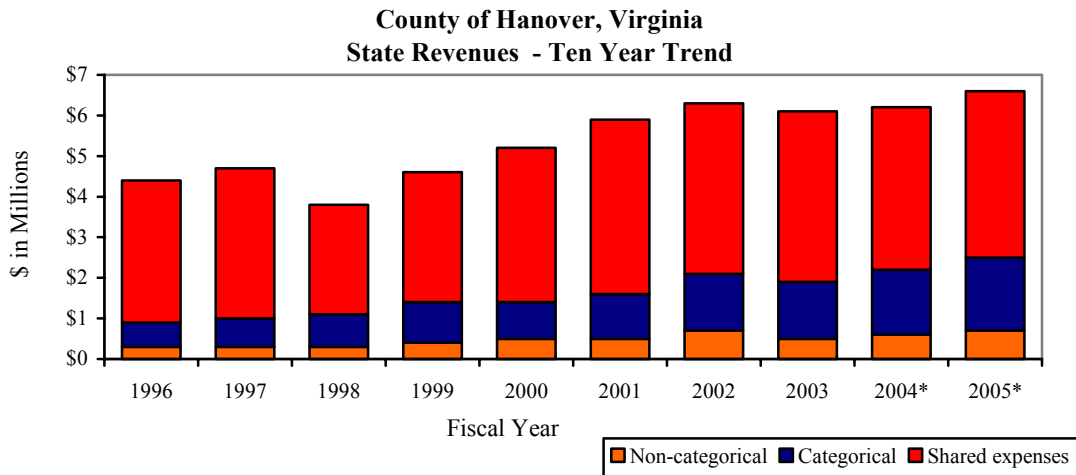


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# General Fund Revenue Information

## State Revenue

State revenues provide 4.2% of the General Fund budget. State revenue is divided into three categories: 1) State funding for programs that benefit both the County and the State, such as the Sheriff, Treasurer, Commonwealth's Attorney, Commissioner of the Revenue, and Registrar; 2) Non-categorical State aid which includes ABC and wine profits; and 3) Categorical State aid for various County programs, primarily social services. General Fund revenue received from the State should reach \$6,552,000 (excluding "Car tax" funds). Assumptions for 2005 are based upon actual State and Federal funded programs with set reimbursement rates subject to continued Federal and State support. **NOTE:** Not shown in this graph are the noncategorical State aid that is part of the "No Car Tax" program.

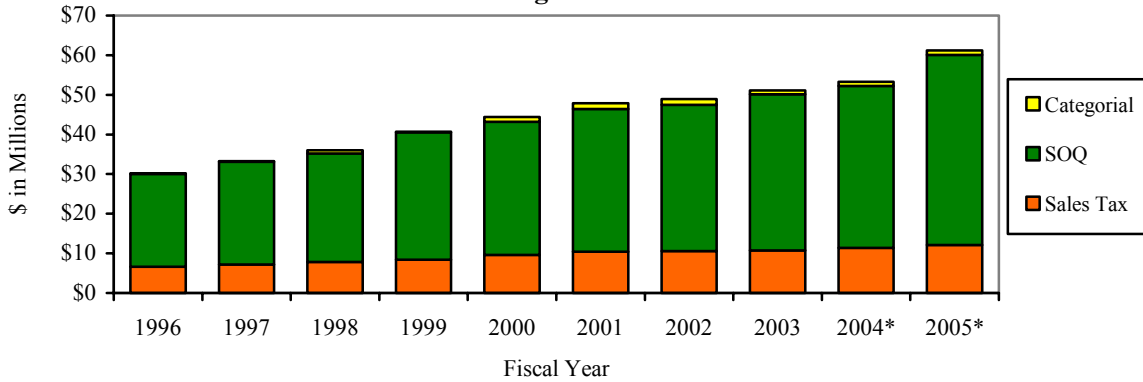


# School Revenue Information

## State Aid

State Aid includes sales tax distribution - 1% of all sales tax is returned to localities for education based on the locality's school age population; Standards of Quality – funds are distributed to a locality based on the locality's ability to pay; State Categorical Funds – these funds offset specific services provided by the locality. More detailed information can be found in the Education portion of the document.

**Hanover County Public Schools  
State Funding - Ten Year Trend**

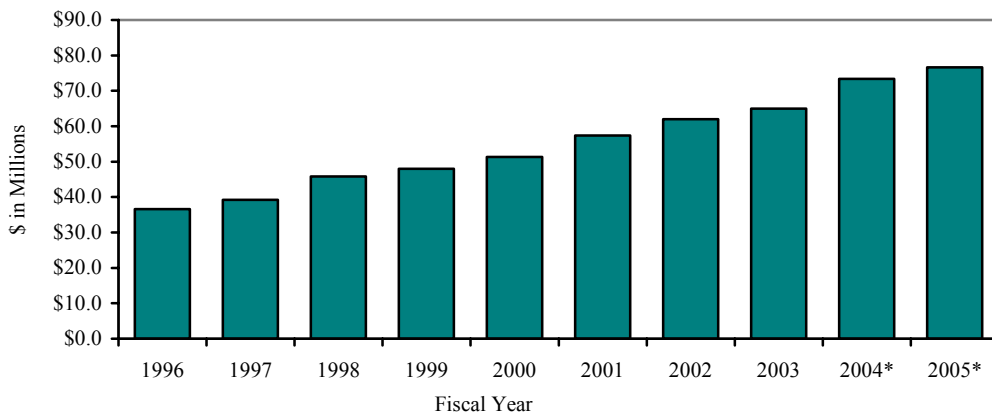


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## Local Funding

The largest source of funding for the Schools is the transfer from the County's General Fund.

**Hanover County Public Schools  
Local Funding - Ten Year Trend**

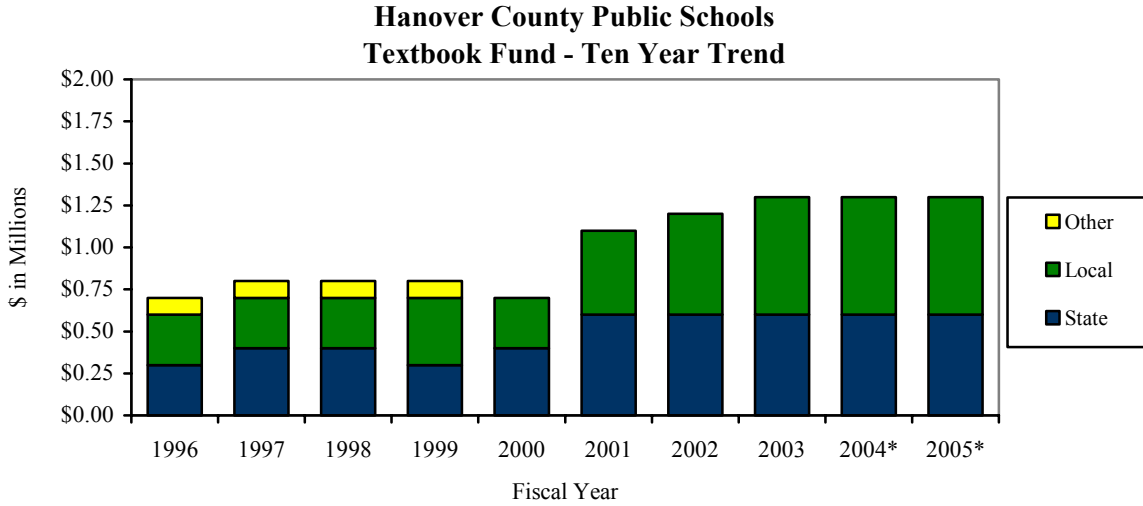


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# School Revenue Information

## Textbook Fund

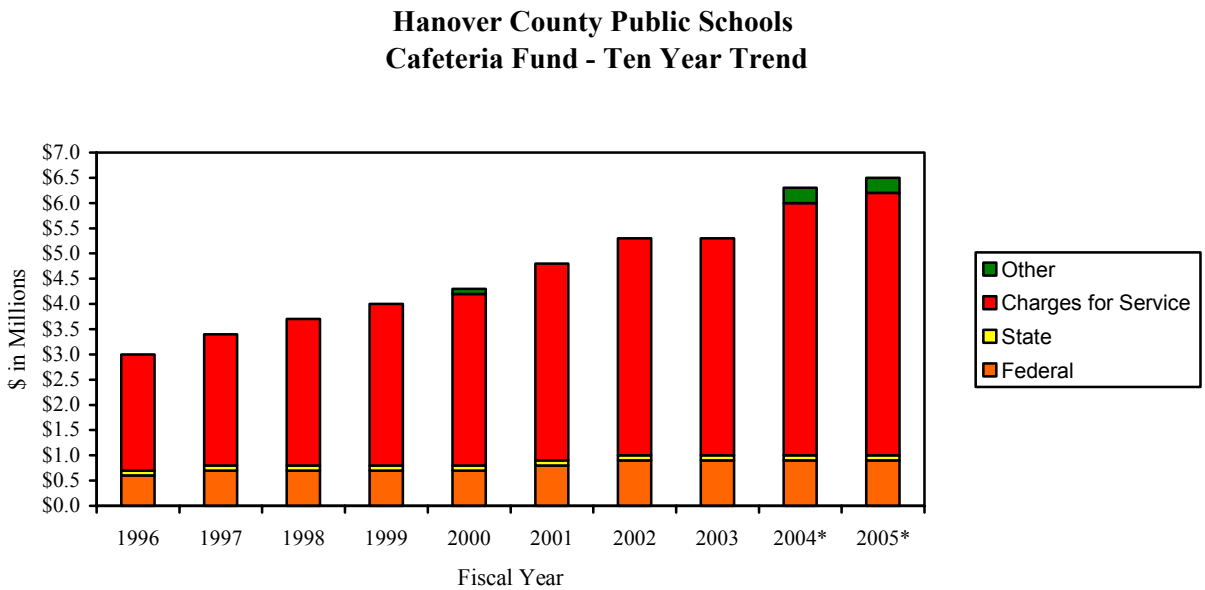
The Textbook fund provides funding for textbook purchases.



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## Cafeteria Fund

The Cafeteria Fund is a self sufficient fund.

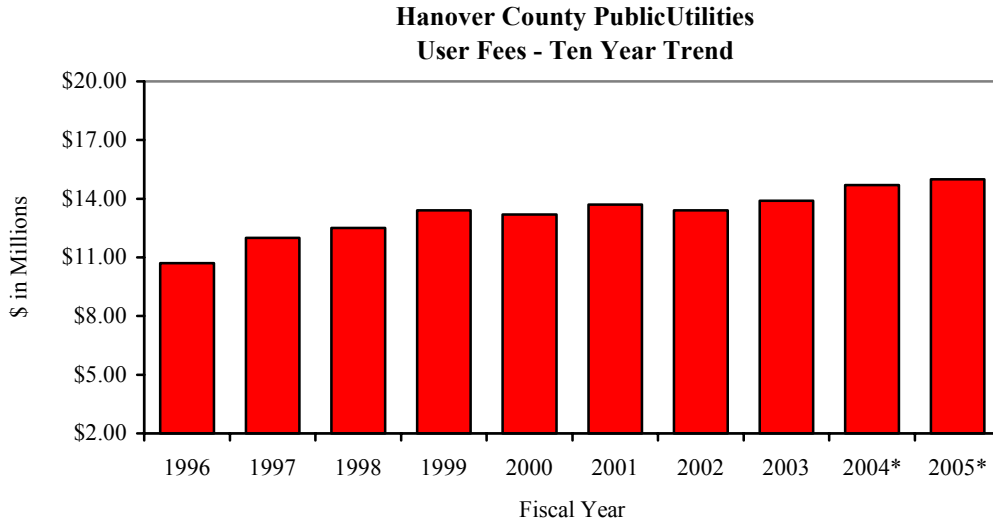


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# Public Utilities Fund Revenue Information

## User Fees

The user fee is a monthly or bi-monthly charge comprised of a minimum service charge based on meter size and a commodity charge that is typically based upon metered water consumption.



\*Forecast