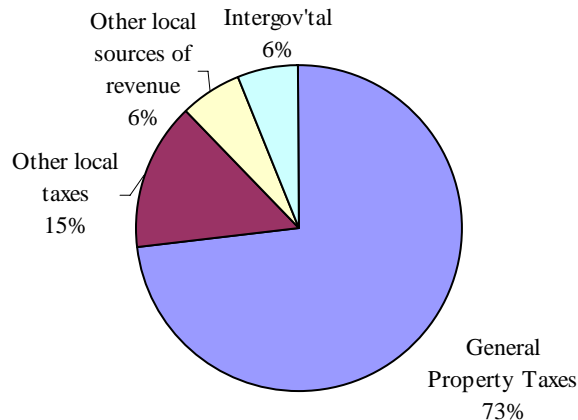


General Fund Revenue Information

The General Fund is the general operating fund of the County. Revenue for the General Fund is divided into four major categories:

1. General property taxes;
2. Other local taxes;
3. Other local sources of revenue; and
4. Intergovernmental.



General Property Taxes

As reflected in the above pie chart, the majority of the County's General Fund revenue is generated through general property taxes, which refers to real property and personal property. The general property tax category refers to tax revenues received directly from taxpayers. In FY07 Hanover expects to receive \$114,633,000 in general property taxes, which will fund 62.9% of the General Fund budget.

Real Property Tax

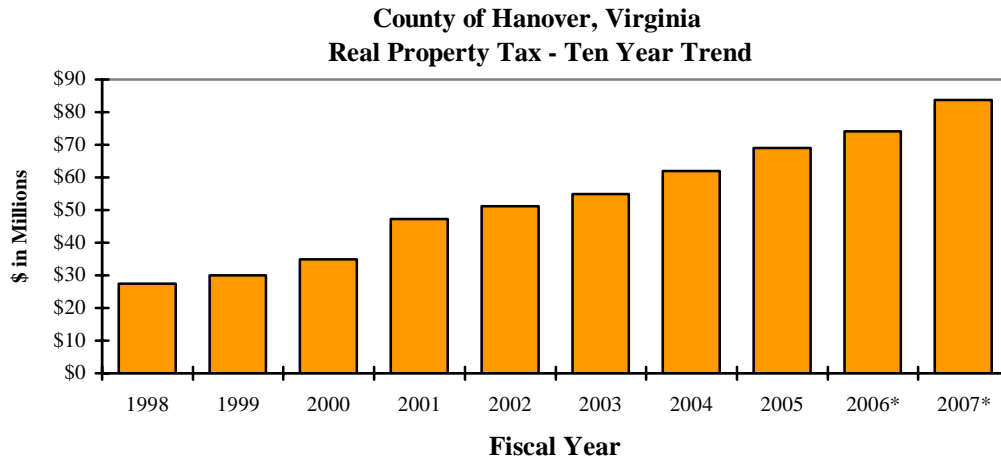
The Code of Virginia §§ 58.1-3200 through 58.1-3389, authorizes localities to levy taxes on the assessed value of real estate property owned by businesses, individuals and public service corporations. Real property is defined as land and improvements, including buildings and other structures. Section 58.1-3201 provides that all general reassessments or annual assessments shall be at 100% of fair market value. The projection of real property tax revenue is contingent upon the accuracy of estimates of the real property tax base. In developing these estimates, the County Assessor incorporates a combination of factors, including historical trends, the current year's tax base, the cumulative effect of parcel reassessments, the value of land in the County's land use program, and an estimate of new construction during the upcoming year. The Assessor's Office appraises all real property annually.

The Board of Supervisors adopted an ordinance allowing property tax relief for elderly and disabled persons. The applicant for tax relief must be either disabled or not less than 65 years of age and must be the owner of the property for which relief is sought. The property must be the sole dwelling of the applicant. The maximum income level is \$50,000, maximum net worth is \$100,000, and the maximum annual exemption is \$900.

Real property taxes are levied in April and are collected semiannually on June 5th and December 5th. Supplemental prorated levies are performed throughout the year for construction occurring during the year. Collection rates have recently averaged 99.2%. For 2007, the adopted budget includes a county-wide real property tax rate of \$0.86 per \$100 of assessed value. The County expects to generate

General Fund Revenue Information

\$83,689,000, \$9,448,000 and 12.7% increase. Assumptions for FY07 are 8.5% growth in reassessments, 3.9% growth in new construction.



* Forecast

Public Service Corporation Taxes

Public service corporation taxes are the real estate and personal property tax rate for companies whose purpose is to provide utilities for the public. An example is a railroad line or telephone company. The County receives annual assessments from the State Corporation Commission (SCC). The County expects to generate \$3,699,000, a \$305,000 and 7.6% decrease. In 2002, the State began classifying a County taxpayer under a new property classification of generating equipment. Previously, such equipment was valued under the County's machinery and tools tax rate and a revenue neutral tax rate was developed by the County to generate the same revenue under this new tax rate category. The SCC valuation process, however, has produced a variance of revenues under the generating equipment tax rate. In an attempt to control such variance, the County is re-adjusting this revenue neutral tax rate from \$0.49 to \$0.55, producing an additional \$125,000. Without this revenue neutral tax, the FY07 budget projects a \$430,000 decrease, which is attributable to a depreciation on 28 businesses in this category that have not made offsetting investments in their equipment.

Personal Property Tax

Pursuant to the Code of Virginia §§ 58.1-3500 through 58.1-3536, counties may levy a tax on tangible personal property. Included in this category are such items as motor vehicles, farming equipment, and a variety of motorized vehicles, including boats, aircraft, recreational vehicles, campers, and trailers. Taxes are levied on 100% of assessed value, which are based on published market guides. Beginning in 2006, Hanover County Commissioner of Revenue will use the trade in value of a vehicle, as opposed to the loan value, as determined by the National Automobile Dealers' Association's (NADA) Official Used Car Guide as its primary valuation guide. Personal property projections incorporate historical analysis, estimates of future growth, and information regarding tangible property market values. From the most recently issued NADA tables that will be used for the 2006 tax year, it appears that used car depreciation is 8.0% and together with projected new vehicle sales and business property changes, this should result in a net projected 2006 tax base increase of 6.0%.

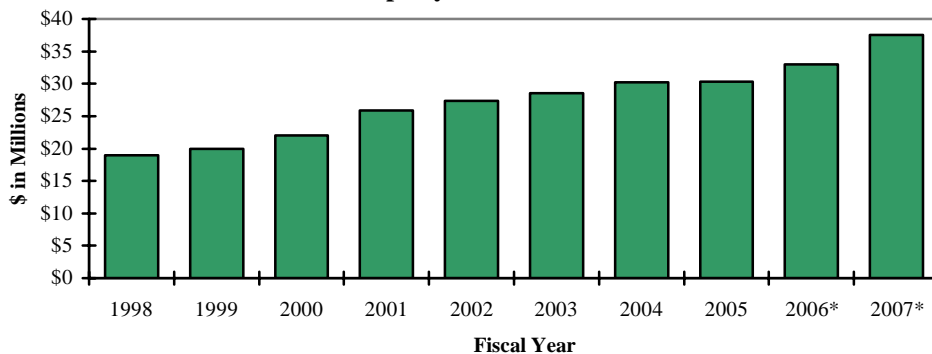
In 1999, the State began a phased reduction of personal property taxes on the first \$20,000 in value of private vehicles. In 2004 the reduction was held to its current 70% of the tax eliminated, with the

General Fund Revenue Information

foregone revenue reimbursed to localities from the State. Beginning in FY07, the State's reimbursement to localities will be capped at \$950 million. Thus, Hanover's payments from the State will be a fixed sum that represents Hanover's pro rata share of the total State reimbursement. The actual percent relief to be applied to the taxpayer's bill will be quantified in September each year with completion of vehicle assessments. It is anticipated that the 70% State relief for 2005 will be reduced to approximately 60% based on the growth of the County's tax base. Additionally, in 2005 the Board of Supervisors approved a proposal for a permanent vehicle license decal (no annual decal and related fee), whereby necessitating a change in the personal property assessment from NADA loan value to trade value and an offsetting personal property rate reduction of seven cents to \$3.57 per \$100 of value. These actions removed the burdensome annual license while making the impact revenue neutral.

Personal property taxes are estimated to generate \$37,505,000, a \$4,490,000 or 13.6% increase. This includes \$15,002,000 of personal property tax paid to the County from the State. The State's portion is classified as non-categorical State aid. Personal property taxes are collected annually on December 5th. As noted above, the County is lowering its personal property tax, exclusive of aircraft and merchant's capital, seven cents to \$3.57 per \$100 assessed value. The rate for airplanes is \$1.00 per \$100 assessed value. Assumptions for FY07 are a 6% growth in assessments, which includes prorations. Hanover County prorates the personal property tax on vehicles (not including boats). Taxes are calculated on the value of the vehicle and then adjusted for the number of months you owned the vehicle and/or the number of months the vehicle was garaged in Hanover. 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. Finally, in an effort to determine accurately the value of vehicles, Hanover County offers a discount for vehicles with high mileage.

**County of Hanover, Virginia
Personal Property Tax - Ten Year Trend**



*Forecast

Mobile Home Tax

The mobile home tax is a tax on mobile homes that are not on permanent foundations. This does not include RVs, which are classified as a vehicle and taxed as personal property. If the mobile home is on a permanent foundation on land of the owner, then it is classified and taxed as real estate. The County expects to generate \$51,000 in revenue from this source, a \$4,000 and 7.3% decrease.

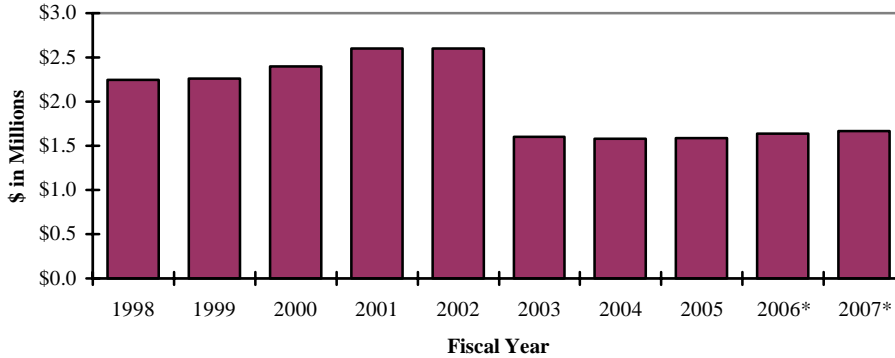
Machinery and Tools Tax

Pursuant to the Code of Virginia § 58.1-3507, certain machinery and tools, such as those that are used for manufacturing, mining, processing, radio/television broadcasting, dairy and laundry or dry cleaning are segregated for local taxation. The original cost of the machinery and tools plus installation is reported to

General Fund Revenue Information

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 \$1,666,000, a \$29,000 or 1.8% increase. The decrease in FY03 was due to the reclassification of a major taxpayer to the Public Service category.

**County of Hanover, Virginia
Machinery and Tools Tax - Ten Year Trend**

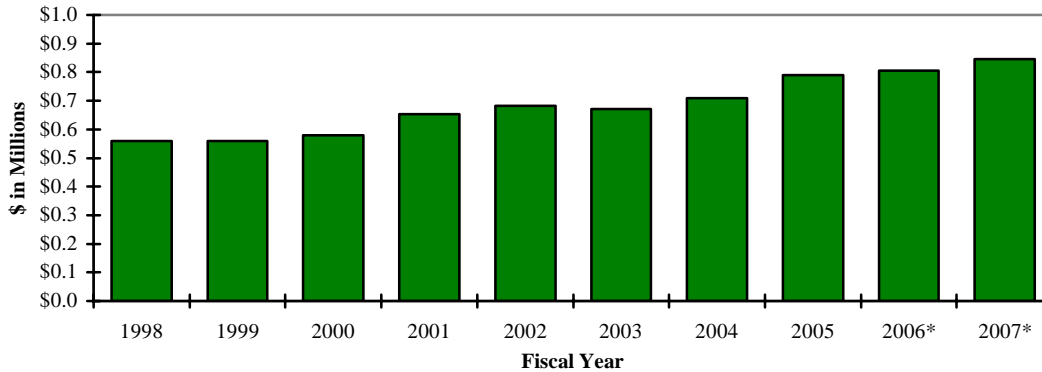


*Forecast

Merchant's Capital Tax

The Code of Virginia §§ 58.1-3509 and 58.1-3510, provides that localities may impose a local tax on merchants' capital, which is defined as the inventory of stock on hand, daily rental of passenger cars, daily rental property, and all other intangible personal property. The County expects to generate \$846,000 in revenue from this source, a \$40,000 or 5.0% increase.

**County of Hanover, Virginia
Merchant's Capital Tax - Ten Year Trend**



*Forecast

Delinquent Taxes

The County considers taxes to be delinquent as of August 1 of the next fiscal year after the assessment of the property. The County expects to receive \$1,027,000 in delinquent taxes, a \$66,000 or 6.0% decrease.

Penalties and Interest

Penalties and interest are charges assessed for paying a bill after the due date. Penalties are a flat 10% of the tax regardless of how late the payment is. Interest accumulates at a 10% annual rate. Penalties and interest are expected to generate \$1,152,000 in revenue, a \$56,000 or 4.6% decrease.

General Fund Revenue Information

Other Local Taxes

Hanover County also collects substantial revenue from local sales tax, which includes a variety of local tax revenues independent of general property taxes, such as sales tax and motor vehicle license tax. These other local taxes are projected to contribute \$26,305,000 in FY07 and are the General Fund's second largest revenue source.

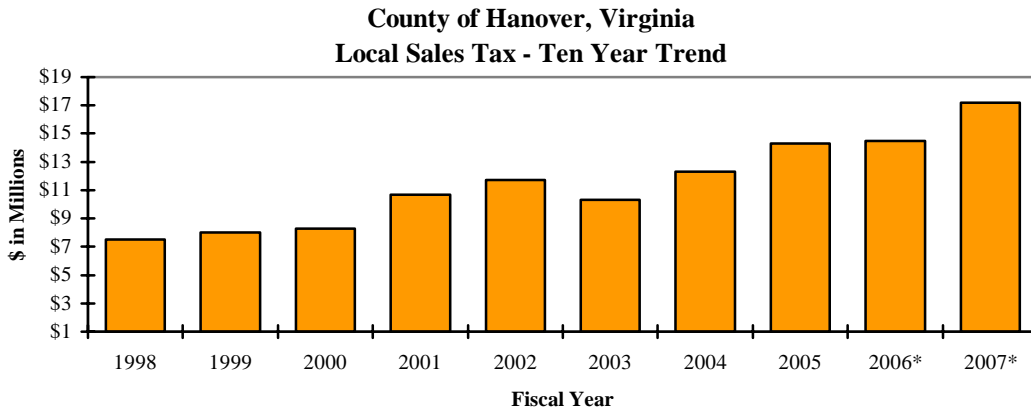
Local Sales Tax

The largest single item in this category is the local sales tax. The County receives 1% of the Commonwealth's 4.5% sales tax on all local sales, which is collected by merchants and remitted through the Commonwealth to Hanover. Pursuant to Virginia Code § 58.1-605, the County then remits 2.64% of that amount to the town of Ashland. This revenue has performed exceptionally well, rising 16.3% in FY05, largely due to the opening of Target and Home Depot.

Local sales tax revenue is budgeted at \$17,430,000 in FY07, a \$2,905,000 or 20.0% increase. 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 2005, taxable sales, as a percentage of total taxable sales, in the County:

Alcoholic	0.3%	Fuel	0.6%
Apparel	2.3%	Machinery/Equipment	12.1%
Automotive	5.3%	Hotels/Tourist	0.8%
Food	18.5%	Other Miscellaneous	28.0%
Furniture/Equipment	5.7%	Lumber/Building Supplies	10.5%
General Merchandise	16.0%		



*Forecast

Sales Tax on Mobile Homes

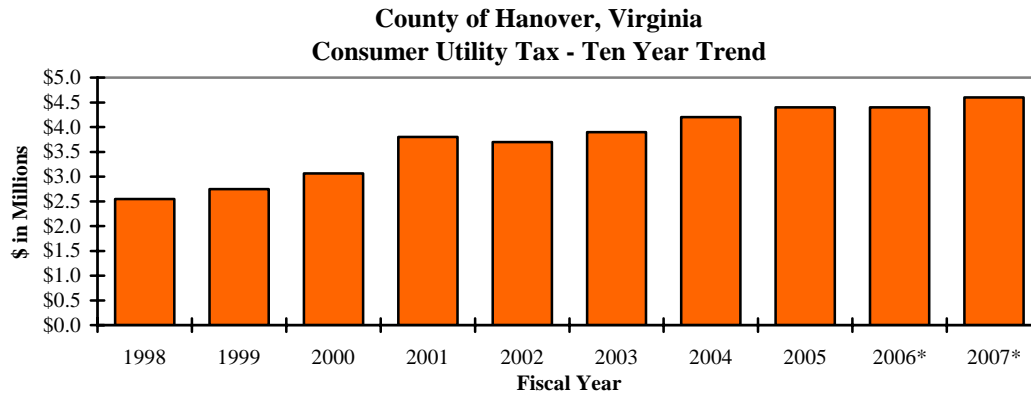
The sales tax upon the sale or use of a motor vehicle home is 3% of the sale price. This sales tax is also remitted through the Commonwealth to Hanover County. This tax is projected to generate \$26,000, a \$5,000 or 16.1% decrease.

General Fund Revenue Information

Consumer Utility Tax

The Code of Virginia §§ 58.1-3812 and 58.1-3814, authorizes localities to impose a tax on the consumers of public utilities. 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. The County collects 20% of the first \$15 on utility purchases. The County also levies a tax on cellular telephones and collects 10% of the first \$30 on a cellular phone bill. Consumers pay these taxes on a monthly basis to their utility companies.

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 \$4,577,000, a \$133,000 or 3.0% increase.



*Forecast

Contractor's Licenses

The contractor's licenses tax is based on prior year gross receipts of every contractor having \$100,000 in gross receipts and having a definite place of business in the County, or having no definite place of business but residing in the County or defined as a contractor by the Code of Virginia. The tax rate is \$0.10 per \$100 of gross receipts. Payment is due on or before March 1 of the license tax year. This tax is projected to generate \$481,000 in revenue, a \$14,000 or 3.0% increase.

Utility Franchise License Tax

The utility franchise license tax is a tax on telephone and telegraph companies providing telephone or telegraph communications in the County. These companies must remit a license tax equal to ½ of 1% of the gross receipts of the previous year. This tax is due by January 31 of the license tax year. This tax is projected to generate \$604,000 in revenue, a \$12,000 or 1.9% decrease.

Motor Vehicle License

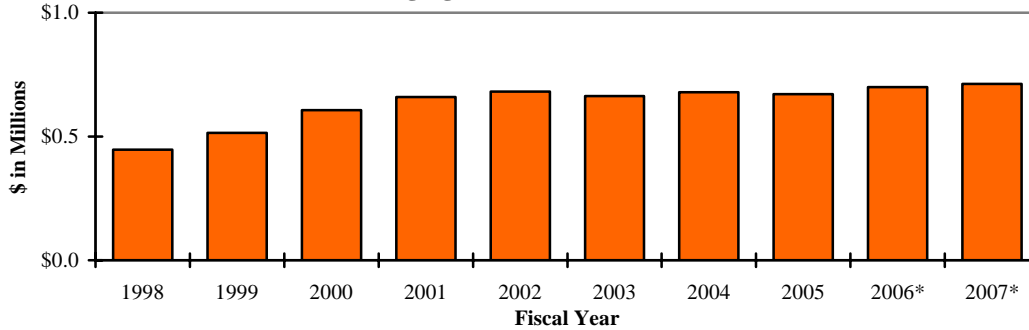
Prior to FY07 the County received motor vehicle license taxes for the issuance of an annual decal by the Treasurer's, in connection with enforcement of the County's personal property tax program. In FY07, it is proposed that the County adjust the personal property assessment method to offset the loss of revenue associated with the elimination of this fee. It is anticipated that this change will be revenue neutral and eliminates an annual burden on our citizens.

General Fund Revenue Information

Lodging Tax

The lodging tax is a tax levied on limited-stay facilities, such as any hotel, motel, boardinghouse or travel campground occupied for a period of less than thirty consecutive days. The tax is 8% of the charge and includes charges for all services provided for the space or room as a unit price. The tax is projected to generate \$712,000 in revenue, a \$12,000 or 1.7% increase. Revenue from the lodging tax is the basis for a refund from the Greater Richmond Convention Center Authority for Hanover's contribution to the Richmond Convention Center, which is described under Recovered Costs.

**County of Hanover, Virginia
Lodging Tax - Ten Year Trend**



*Forecast

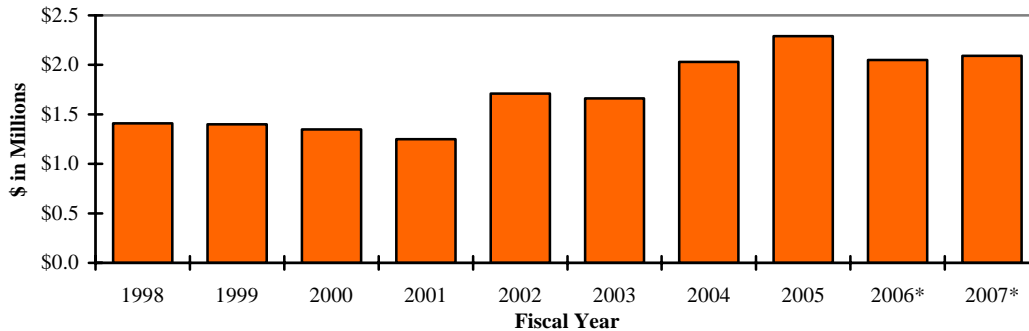
Bank Stock Tax

The bank stock tax is a tax on the net capital of a bank. The tax rate is \$0.80 per \$100 of net capital and is apportioned to the locality based on the number of branches located in the locality. The tax is projected to generate \$361,000 in revenue, a \$21,000 or 5.5% decrease.

Recordation Tax

Section 58.1-3800 of the Code of Virginia authorizes localities to impose a recordation tax on transactions involving the recording of estates, deeds of trusts, mortgages, leases, contracts and agreements that are required to be admitted as matters of record to the Clerk of the Circuit Court. Amounts are collected by the Clerk of the Circuit Court's Office and are equal to one-third of the amount of the State recordation tax. The tax is projected to generate \$2,093,000 in revenue, a \$41,000 or 2.0% increase.

**County of Hanover, Virginia
Recordation Tax - Ten Year Trend**



*Forecast

General Fund Revenue Information

Tax on Wills

The Code of Virginia §§ 58.1-3805 and 58.1-1718 authorizes localities to impose a tax on the probate of every will or grant of administration equal to one-third of the amount of the state recordation tax. Currently, the state tax is \$0.10 per every \$100 of value. Revenue associated with this category is collected by the Clerk of the Circuit Court and remitted to the General Fund. The tax is projected to generate \$21,000 in revenue, a \$1,000 or 5.0% increase.

Other Local Sources of Revenue

This category includes six types of revenue received by the General Fund that are not considered general-purpose forms of taxation and they include the following:

1. Permits, privilege fees and regulatory licenses;
2. Fines and forfeitures;
3. Use of money and property;
4. Charges for services;
5. Recovered cost; and
6. Miscellaneous revenue.

Permits, Privilege Fees and Regulatory Licenses

Permits, privilege fees and regulatory licenses include a variety of revenues associated with the collection of fees, permits and licenses.

Health: Well and Septic Inspection

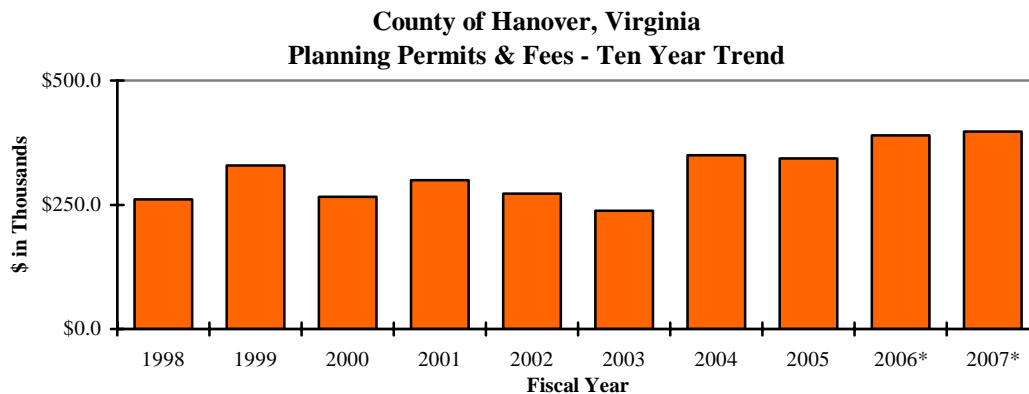
Fees are collected to defray the costs associated with processing site and soil evaluations for the Health Department. Projected revenue in FY07 is \$8,000, a \$1,000 or 11.1% decrease.

Animal Licenses

Fees are collected for animal licenses in the amount of \$6 for individual license fees. Payment is due January 1 of the license tax year. Projected revenue in FY07 is \$70,000, a \$2,000 or 2.9% increase.

Planning Permits and Fees

The planning permits and fees charged include all land use application fees and charges for service and materials such as documents for sale. Projected revenue in FY07 is \$397,000, a \$8,000 or 2.1% increase.



*Forecast

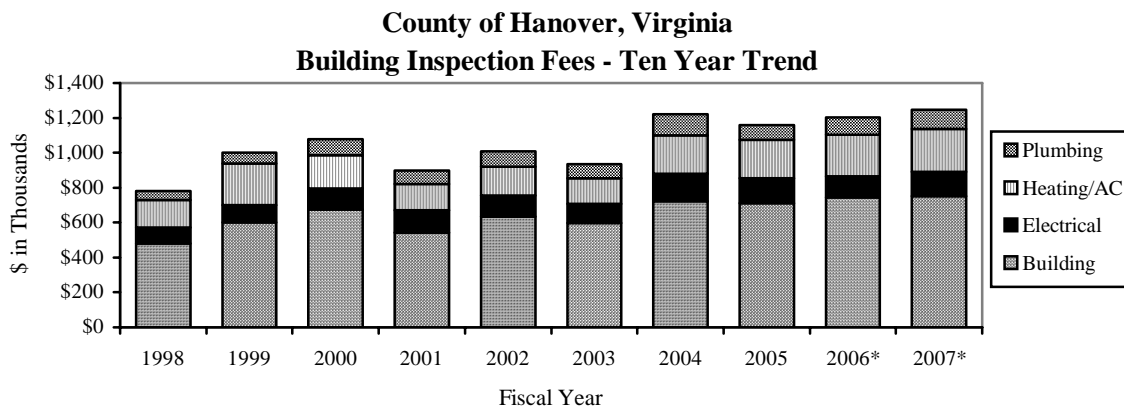
General Fund Revenue Information

Building Inspection Fees

These fees include: building, mechanical, electrical and plumbing permits. All of the four permit fees are collected to defray the costs of conducting code compliance plan reviews and field inspections of:

- the construction of buildings and structures;
- mechanical installations such as HVAC systems, gas installations, and fire protection systems;
- electrical installations and alarm systems; and
- plumbing installations.

These costs also include the associated administrative costs. 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 \$450, while all electrical, mechanical and plumbing permits are \$64. These fees are reviewed each year and are typically increased every three years to recover associated administrative costs. Projected revenue in FY07 is \$1,245,000, a \$44,000 or 3.7 % increase.



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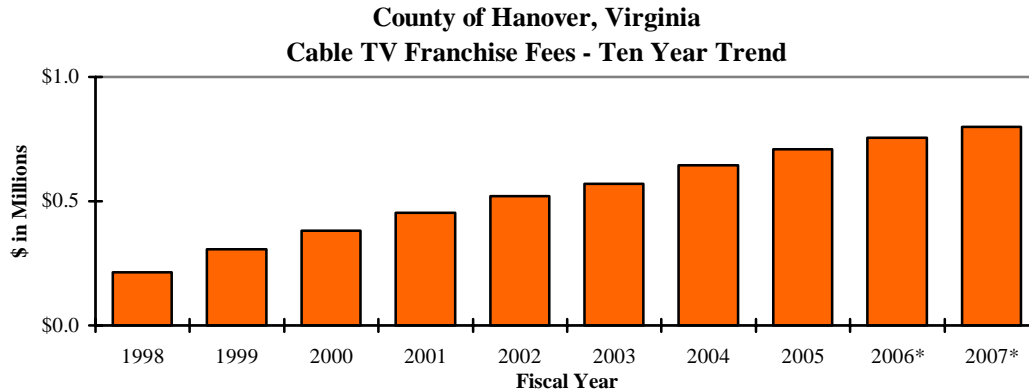
Septic Tank Permits

A sewage disposal construction and/or well construction permit is required for installation, alteration or repair of a septic tank, dispersal field or well. Construction permits for well and sewage disposal systems are valid for 18 months. Septic tank permit fees are collected to defray the costs associated with processing septic tank permit applications for the Health Department. Projected revenue in FY07 is \$11,000, a \$1,000 or 8.3 % decrease.

Cable TV Franchise Fees

Cable television franchise fees are the fees cable TV companies pay the government for the use of right-of-ways to run their cable lines and are part of the adopted franchise agreement. Hanover County's cable company, Comcast/AT&T Broadband, passes these fees along to their subscribers. Franchise fees are charged on all revenues that the cable company collects, not only from their subscribers but also from other extraneous sales, such as home shopping commissions and advertising revenue. Hanover's franchise fee is 5%. Projected revenue in FY07 is \$800,000, a \$44,000 or 5.8% increase.

General Fund Revenue Information



*Forecast

Erosion and Sediment (E&S) Inspection Fees

The Virginia Erosion and Sediment Control Regulations require all new development to obtain a land disturbance permit prior to land disturbance activities, such as land clearing or grading. Fees are charged to help recover the cost of the County's adherence to State guidelines for inspections and monitoring of construction projects along with providing funds for designing, acquiring and building drainage basins. Fees for projects, such as single-family housing projects that are eligible for and "agreement in lieu of a plan," pay the fees at the time of building permit application. All other projects pay a fee at the time of plan approval, which is based on the type of project, such as commercial, residential subdivision, general/early land-disturbance, etc., and the amount of area disturbed. E&S rates for residential subdivisions are increasing from \$3,400 plus \$200/acre to \$5,400 plus \$550/acre, which recovers the cost of inspections, monitoring and other labor-related administration of the program. The fee increase is correlated to the hiring of an additional position for this function. Projected revenue in FY07 is \$300,000, a \$98,000 or 48.5% increase.

Stormwater Fees

The County's stormwater program provides for the collection of a one-time pro-rata share fee from development based on the amount of impervious surface. This program was established in FY04. Fees collected are used to construct regional stormwater management ponds to meet water quality requirements instead of requiring on-site Best Management Practices. Participation in the County's program is voluntary. The fee models that support the program are based upon the capital and oversight costs incurred in designing, acquiring and building drainage basins. Current state and federal standards have resulted in higher program costs, thus fees are increasing from \$900 to \$1,000 per equivalent residential unit. Projected revenue in FY07 is \$102,000, a \$68,000 or 200.0% increase.

Fire Inspection Fees

Fire inspections fees are charged to businesses that are required to obtain fire permits. Fees are based on occupancy, size and frequency of inspections. The fee was established in FY95 to provide adequate personnel to inspect all "High Hazard" businesses annually. Projected revenue in FY07 is \$90,000, an \$8,000 or 9.8% increase.

Fines and Forfeitures

Fines and forfeitures include revenue received primarily as a result of violations of County criminal ordinances.

General Fund Revenue Information

Clerk of the Circuit Court: Court Fines and Forfeitures

Fines are assessed for violations of County criminal ordinances and are paid to the County. The Circuit Court transmits money collected in the General District courts in addition to money collected in the Circuit Courts. A new part-time judge was added in April 2005 for two days a week to assist with increased caseload. Projected revenue in FY07 is \$700,000, a \$190,000 or 37.3% increase.

Clerk of the Circuit Court: Interest on Fines

Interest is collected on fines that are past due. Projected revenue in FY07 is \$14,000, a \$58,000 or 80.6% decrease. The decrease is based on current revenue trends.

Clerk of the Circuit Court: Courthouse Maintenance Fees

Localities are authorized by the Virginia Code to assess a fee for the maintenance, renovation and construction of the courthouse. A set amount is assessed on every civil filing. Projected revenue in FY07 is \$49,000, a \$5,000 or 11.4% increase.

Clerk of the Circuit Court: Courthouse Security Fees

Projected revenue in FY07 is \$70,000, a \$6,000 or 9.4% increase.

Clerk of the Circuit Court: Jail Processing Fees

Projected revenue in FY07 is \$10,000, no change from FY06.

Emergency Communications: Security Alarm Fees

Security alarm fees are collected as a result of the Security Alarm Ordinance that went in effect April 1, 2002. The fees collected are for excessive false alarms during a calendar year, failure to respond to an alarm activation, failure to apply for a permit once notified that it is required and other civil penalties. Projected revenue in FY07 is \$35,000, a \$10,000 or 22.2% decrease. It is anticipated for these fees to decrease as the number of false alarms decrease.

Clerk of the Circuit Court: Court Appointed Attorney Fees

Fees are assessed per each charge in General District Court. The Circuit Court transmits money collected in the General District court in addition to money collected in the Circuit Court to the County. Projected revenue in FY07 is \$20,000, a \$14,000 or 233.3% increase. The increase is due to increased caseload and a new part-time judge assessing additional fees to guilty defendants.

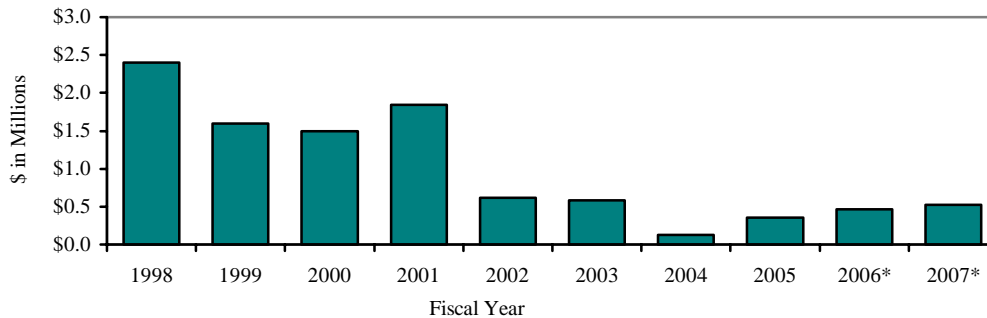
Use of Money and Property

Interest on Investments

Revenues from investments are expected to produce \$526,000, a \$62,000 or 13.4% increase. 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.

General Fund Revenue Information

County of Hanover, Virginia Interest on Investments - Ten Year Trend



*Forecast

Rental Income

Rental income is revenue received from the Health Department for the County office space that the department occupies. Other minor rental revenues are received in this category for such things as use of towers on the County's property. Rental income is expected to produce \$62,000, no change from FY06.

Rental income also includes revenue received from the Airport's Fixed Based Operator for rent and fuel flow. Airport rental income is expected to generate \$37,000 in FY07, a \$1,000 or 2.8% increase. The County also receives rent from a wireless communications company for rented space on the Airport's beacon tower.

Non-taxable and Taxable Sales

Nontaxable and taxable sales are made by the County for materials, irrigation meters, etc. Nontaxable sales are expected to generate \$13,000, a \$1,000 or 8.3% increase. Taxable sales are expected to generate \$4,000, a \$1,000 or 20.0% decrease.

Charges for Services

Clerk of Circuit Court Excess Fees

The Clerk of the Circuit Court's Office collects clerk's fees for every transaction. The expenditures authorized by the State Compensation Board are subtracted monthly from the Clerk's fees collected. Two-thirds of the clerk's fees collected in excess of authorized expenditures are then remitted to the County. The remaining one-third is paid to the State. Excess fees are expected to generate \$448,000, a \$34,000 or 7.1% decrease.

Clerk of Circuit Court: Law Library Fees, Sheriff Fees, Sheriff Transfer Fee and Commonwealth Fees

Localities are authorized by Virginia Code to impose an assessment in civil actions in an amount not to exceed \$4.00. These revenues are used to update the law library of the County. The fees are expected to generate the following:

- Law library fees - \$13,000, no change from FY06;
- Sheriff fees - \$6,000, a \$4,000 or 40.0% decrease;

General Fund Revenue Information

- Sheriff transfer fees - \$4,000, a \$1,000 or 20.0% decrease; and
- Commonwealth fees - \$4,000, no change from FY06.

EMS Cost Recovery Fees

In March 2005, the County established an EMS Fee Recovery Program that leverages funding from Medicare/Medicaid and insurance companies. Projections are based on average number of transports and collection rates. The fees for this program were based upon average trends that included above average data (i.e., hurricane, severe flu season). The FY07 budget includes a more conservative estimate. Projected revenue for FY07 is \$1,234,000, a \$516,000 or 29.5% decrease.

Communication: E911 Service Fees

The County has established an Enhanced 911 Service Fee of \$1.00 per telephone service for all wireline residential and business telephones in the County. The fee is collected by local telephone service providers and is applied to individual telephone bills. By law, 100% of the fees collected go to directly support the County's E-911 emergency response system program. Projected revenue for FY07 is \$1,800,000, a \$250,000 or 16.1% increase.

Animal Control: Boarding Fees

Animal control boarding fees are \$5 per day for the boarding of animals and are established by County Code. Boarding fees are expected to produce \$20,000 in revenue, no change from FY06.

Animal Control: Adoption Fees

Dogs and cats are available for adoption at the Hanover County Animal Shelter. By state law, anyone who adopts a dog or cat must have his or her new pet sterilized. Adoption fees are currently \$40, which includes the first veterinarian visit and the mandatory sterilization cost. Adoption fees are expected to produce \$25,000 in revenue, a \$5,000 or 25.0% increase.

Solid Waste: Landfill Fees and Landfill Penalty

Landfill fees are those fees charged at the transfer station per ton for disposal of solid wastes. The rate is \$50 per ton. Landfill penalties are late fees for past due waste disposal bills. Projected revenue from landfill fees is \$257,000, a \$37,000 or 12.6% decrease. Projection for FY06 was based upon average trends that included solid waste from two hurricanes. Projected revenue from landfill penalties is \$2,000, no change from FY06.

Public Works Fees

Projected revenue is \$5,000, no change from FY06.

Parks and Recreation Fees

Hanover County Parks and Recreation offers a variety of educational, active and entertaining programs for both adults and children. Fees vary depending on the type of class. Youth Summer Program is a supervised recreation program for children and youth. Rates are \$95 for Hanover residents and \$190 for non-residents. Projected revenue is \$333,000, a \$61,000 or 22.4% increase. This increase reflects increased participation, not a rate increase.

General Fund Revenue Information

Planning: Brown Grove

This revenue is associated with a grant received from the United States Department of Housing and Urban Development to install public utilities for qualified residents in the Brown Grove section of the County. The grant has expired but recipients of the utilities make installment payments to the County for the cost of the project. This revenue is redirected back into the program. Projected revenue is \$11,000, no change from FY06.

Cannery Fees

Cannery fees are collected to help defray the cost of the service provided by the community cannery to the public. Projected revenue is \$3,000, no change from FY06.

Recovered Costs

General Services

The general services department charges departments for telephone usage, print shop usage and motor pool usage. Projected General Fund revenue is \$81,000, a \$2,000 or 2.5% increase.

Pamunkey Regional Jail

Revenues are received from the Pamunkey Regional Jail in exchange for services of County departments such as information technology, finance, human resources, etc. Projected General Fund revenue from the Jail is \$254,000, a \$13,000 or 5.4% increase.

Utility Fund Cost Allocation

Revenues are received from the Public Utilities fund in exchange for services of County departments such as information technology, finance, human resources, etc. Projected General Fund revenue from the Department of Public Utilities is \$997,000, a \$75,000 or 7.0% decrease.

Utility Service Assessment

Service assessment charge imposed on Public Utilities for law enforcement, fire protection and emergency medical services. Projected revenue for FY07 is \$315,000, no change from FY06.

Sheriff Forfeiture: State and Federal

Due to the Sheriff's Office participation in local narcotics investigations and state and federal task forces, it is eligible to receive funds seized from narcotics enterprises and applicable criminal endeavors. Funds received from these programs are maintained in an interest bearing escrow account and can only be expended on non-budgeted items with a direct correlation to law enforcement.

Sheriff: DEA

The Sheriff's Office has one clerical position that is reimbursed by the Drug Enforcement Administration. The County did not budget for this revenue in FY06. Projected revenue for FY07 is \$18,000.

General Fund Revenue Information

Community Corrections: Caroline County

Caroline County reimburses Hanover County for the cost of adult probation services provided for Caroline County cases. The County first received recovered costs in FY06 and FY07 is the first time this revenue is budgeted. Projected recovered costs are \$13,000.

Health Department: Excess Fees

The County funds 45% of the Health Department expenditures. The appropriated amount is given to the Health Department and at the end of the fiscal year, any funds that have not been expended are returned to the County. Projected recovered costs from the Health Department are \$20,000, a \$1,000 or 5.3% increase.

Treasurer: Delinquent Taxes

Since FY04, the Treasurer's office has pursued the collection of delinquent real estate taxes; this revenue represents the taxes collected through the office's efforts. The office has utilized outside legal aid in accomplishing this goal, for which the cost is budgeted in the department's budget. This task was previously performed by the County Attorney's Office. Projected revenue is \$45,000, no change from FY06.

Landfill Recycling

Landfill recycling recovered costs are proceeds from scrap metal recovery and recycling. Projected revenue is \$51,000, no change from FY06.

Public Works: Development Plans Title Support

Reimburses the County for title research costs. Projected revenue in FY07 is \$4,000, a \$2,000 or 100.0% increase.

Economic Development

Fee paid to the general fund to offset the County's economic development costs. Fee is based upon debt issuances of the IDA. Projected revenue is \$165,000, a \$23,000 or 12.2% decrease.

Community Resources

This revenue source comes from the Title IV-E Revenue Maximization Project initiated by the County. Funds received fully support two positions within the Department, the Revenue Maximization Coordinator and the Youth Services Coordinator. Projected revenue for FY07 is \$5,000, no change from FY06.

Contributions: GRCCA

Refund to the County from the contribution to the Richmond Convention Center. Revenue assumption is based on 25% of the lodging tax plus anticipated rebates for any revenues exceeding costs. Projected recovered revenue is \$404,000, a \$229,000 or 130.9% increase.

General Fund Revenue Information

Clerk of the Circuit Court Copier Fees and General District Court Postage

The Circuit Court and the General District Court are reimbursed for copier fees and postage, respectively. Projected recovered costs for copier fees are \$15,000, no change from FY06 and \$9,000 for postage, a \$1,000 or 12.5% increase.

Fire/EMS: J. Sergeant Reynolds

In partnership with J. Sergeant Reynolds, Hanover County is reimbursed partially to offset the cost of instruction in skills from EMT Intermediate to EMT Paramedic. Projected revenue in FY07 is \$24,000, a \$33,000 or 57.9% decrease.

Building Inspector: Unsafe Buildings

The County has the authority to demolish any unsafe structures. The property owner is billed for the cost of demolition. This anticipates reimbursement for one demolition. Projected revenue in FY07 is \$5,000, no change from FY06.

Social Services: Bon Secours

In partnership with Bon Secours Memorial Regional Hospital donations are made to offset the cost of training County volunteers. Projected recovered revenue in FY07 is \$23,000, a \$29,000 or 55.8% decrease.

Fire: Dominion Resources

In FY06, Hanover County received a grant from Dominion Resources for training purposes. The County expects to receive \$25,000 in FY07.

Miscellaneous

Miscellaneous Refunds

Miscellaneous refunds represent revenues received by departments for administrative charges, such as documents sold or copying charges. Projected refunds for FY07 are \$131,000, a \$3,000 or 2.3% increase.

Purchasing: Insurance Recoveries

Insurance recoveries represent revenues received as a result of insurance claims and policy dividend income. FY07 budget only includes projected dividend income. Projected recoveries are \$25,000, a \$142,000 or 85.0% decrease.

Purchasing: Sale of Assets

The Sale of Assets is revenue from proceeds of assets that have been sold by the County. An auction is held during the year to aid in selling surplus materials. Projected revenue from sale of assets in FY07 is \$57,000, a \$24,000 or 29.6% decrease. The decrease is to bring the budget more in line with recent trends. Additionally, Fleet is now paid by Purchasing to prep vehicles, reducing proceeds.

Reserve for Revenue Transfers

This revenue code is a budgetary tool utilized by the County in which the County allows for the

General Fund Revenue Information

amendment of the total budget for small amounts, such as insurance recoveries without Board approval. No actual revenue is recorded in this account.

Human Resources: Workers' Compensation Refund

The County receives a dividend for any payments in excess of costs. Projected refunds are \$7,000, no change from FY06.

Community Resources: Winterization Project

Projected revenue is \$2,000; this is the first time funds have been budgeted.

Sheriff: Project Lifesaver

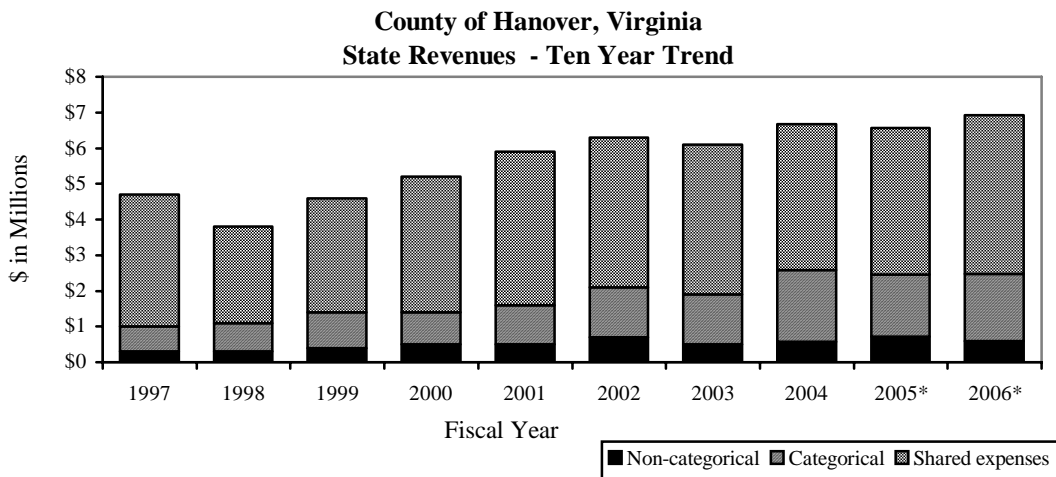
Projected revenue is \$4,000; this is the first time funds have been budgeted.

Prior Year's Balance

Balancing Accounts is the use of prior year's balance in the current year's budget. The FY07 budget projects using \$2,384,000 of prior year's balance, a \$34,810 or 1.5% increase.

Intergovernmental

Intergovernmental revenues provide 6.1% 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, Clerk of the Circuit Court 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 \$7,357,000 (excluding "Car tax" funds). Assumptions for 2007 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 non-categorical State aid that is part of the "No Car Tax" program mentioned above in the personal property tax section.



General Fund Revenue Information

Non-categorical State Aid

Non-categorical state aid and State share of local offices are types of shared revenue and tend to be reasonably predictable.

Commissioner of the Revenue: ABC Profits

The Virginia Department of Alcoholic Beverage Control remits a portion of the state's profit on alcohol sales back to localities. This remittance is based on the population of the County. Projected revenue is \$47,000, no change from FY06.

Commissioner of the Revenue: Wine Taxes

The Virginia Department of Alcoholic Beverage Control remits a portion of the state's wine tax back to localities. The tax amount is 4% of the retail price and the amount given to the County is based on the population. Projected revenue is \$49,000, no change from FY06.

Commissioner of the Revenue: Rolling Stock

This tax is collected on large vehicles and is dependent on the number of miles traveled through the area and the amount of fuel consumed. Projected revenue is \$100,000, a \$3,000 or 3.1% increase.

Commissioner of the Revenue: Vehicle Rental Tax

Taxes are levied on the gross proceeds from the rental of motor vehicles in Virginia. The additional taxes (4-8%) are collected by the Department of Motor Vehicles and distributed to the County where the daily rental vehicle was delivered to the customer. Projected revenue is \$160,000, a \$21,000 or 15.1% increase.

Personal Property State Share

As mandated by the State in FY01, the State's portion of the tax relief program, mentioned above, is classified as reimbursement from the State as non-categorical state aid. Beginning with FY07, the County will receive a pro-rata share of \$950 million of relief to be distributed statewide. This tax relief amount is estimated at \$15,002,000, a \$358,000 or 2.4% increase; however, this funding will remain constant in future years.

Personal Property State Share Delinquent

The revenue for personal property taxes is received from the State when individuals pay their portion of the tax. Therefore, if an individual is delinquent in payments, the State portion will also be delinquent. The State will no longer fund its share of delinquent taxes after September 1, 2006, resulting in a projected decrease. Projected revenue is \$40,000, a \$214,000 or 84.3% decrease.

State Share of Local Offices

The State Compensation Board provides funding for the various departments with constitutional officers to provide for the cost of salaries and benefits, and office expenses. The County supplements these funds. These departments include Commonwealth's Attorney, Sheriff and Court Services, Commissioner of the Revenue, Treasurer and Clerk of Circuit Court. The State Board of Elections provides funding for the Registrar. Total projected revenue is \$4,797,000, a \$339,000 or 7.6% increase.

General Fund Revenue Information

Categorical State Aid

Federal and State categorical grants are earmarked for specific uses and are tightly restricted. Funding is generally granted on a project-by-project basis.

Social Services: Public Assistance

The Social Services Department receives state funding for a variety of purposes, including assistance for needy families. Projected State revenue in FY07 is \$1,090,000, a \$172,000 or 18.7% increase.

Juvenile Court Services: Youth & Family Services

The County receives revenues as a result of the Virginia Juvenile Community Crime Control Act (VJCCCA). This grant increases funding for community based juvenile justice programs. Projected State revenue is \$84,000, no change from FY06.

Clerk of the Circuit Court: Technology Grant

The General Assembly created the Information Technology Trust Fund consisting of revenues obtained from an additional \$5 recordation and filing fee collected by each circuit court clerk. The fund is to be used to help circuit court clerks obtain office and information technology, preserve and maintain court records, improve public access to court records and to study the design of a statewide system of remote access to the clerks' land records. Projected State funding in FY07 is \$115,000, a \$5,000 or 4.5% increase.

Commonwealth's Attorney: Victim Witness

State funding in the form of a victim witness program grant is provided through the Virginia Department of Criminal Justice Services. They receive much of their funding from federal grants. The funding is based on victim caseload data reported by the County's office. Projected State funding in FY07 is \$81,000, a \$9,000 or 10.0% decrease.

Emergency Communications State Cellular Tax

The emergency communications state cellular tax is collected by the State and is applied for annually through the State Wireless 911 Board. Funding is used to supplement local salaries as well as the cost of training and equipment used for wireless 911. Projected state funding in FY07 is \$229,000, a \$2,000 or 0.9% increase.

Sheriff: Federal Highway Traffic Safety Board

The Sheriff's Office receives funding from the Department of Motor Vehicles to offset the overtime costs related to saturation patrols for traffic concerns and DUI checkpoints. Projected State funding in FY07 is \$20,000, a \$3,000 or 17.6% increase.

Fire: Fire Programs

The County receives funding from the State Department of Fire Programs for training volunteer and career firefighters. These funds are distributed based on a percentage established by the State from funds received for fire insurance. Projected State funding in FY07 is \$180,000, a \$42,000 or 30.4% increase.

General Fund Revenue Information

Emergency Medical Services: Four for Life

The Four for Life revenue consists of \$4 of each automobile registration and is earmarked for Emergency Medical Services. Each fee is made available to the locality in which the vehicle is registered. Projected State funding in FY07 is \$52,000, a \$4,000 or 8.3% increase.

Community Resources: CASA Grant

The Virginia Department of Criminal Justice Services provides funds, in the form of a block grant, to all local CASA programs meeting certain requirements. Hanover County has been receiving this block grant since 1996 and supports the Hanover CASA Program, a child advocacy program within the Department of Community Resources. Projected State funding is \$25,000, no change from FY06.

Clerk of the Circuit Court: Juror Reimbursement

The County is reimbursed by the State for the amount spent for jurors serving in criminal cases. Juror costs in criminal cases are ultimately charged to criminal defendants that requested a jury trial. Projected State funding in FY07 is \$15,000, a \$2,000 or 15.4% increase.

Animal Control: VDOT Sterilization

The Department of Motor Vehicles sells the Animal Friendly license plate. After the first 1,000 sets of plates are sold, \$15.00 of each fee is made available to the locality in which the vehicle is registered, to be used to support sterilization programs for dogs and cats. Projected State funding in FY07 is \$2,000. This is the first year this revenue source has been budgeted.

Public Works Operations: Environmental Quality

This is an annual grant from the State for litter control projects. Projected revenue is \$12,000, no change from FY06.

Sheriff: Criminal Justice Services

A grant for crime prevention material and education. Projected State funding in FY07 is \$2,000, the first year this funding is budgeted.

Community Corrections: Criminal Justice Services

Community Corrections, initially 100% funded by the State, is required to provide community corrections and pre-trial services to those deemed necessary by the judges. Projected State funding is \$242,000, a \$42,000 or 21.0% increase. It is anticipated, however, that local funding will increase in the future.

Community Resources: Citizen Corps

This funding is provided to promote volunteerism. Projected State funding is \$15,000, no change from FY06.

General Fund Revenue Information

Categorical Federal Aid

Social Services: Public Assistance

The Social Services Department has multiple programs from which it receives federal funding, including Virginia's Temporary Assistance for Needy Families (TANF) Program. The purpose of TANF is to provide assistance to needy families so that children may be cared for in their own homes or in the homes of relatives, end the dependence of needy parents on government benefits by promoting job preparation, work and marriage, prevent and reduce the incidence of out-of-wedlock pregnancies and encourage the formation and maintenance of two-parent families. Projected federal funding in FY07 is \$3,533,000, a \$237,000 or 7.2% increase.

Social Services: Certified Pass-through Recovery

This source of revenue involves federal funds obtained as a reimbursement of costs related to Title IV-E expenditures on behalf of children. Projected federal funding in FY07 is \$30,000, a \$56,000 or 65.1% decrease.

Sheriff: Department of Justice (LLEBG)

The Sheriff's Office participates in the Local Law Enforcement Block Grant funding program. This is a formula based grant that awards funds based on factors such as population and crime rate. Projected federal funding is \$13,000, a \$1,000 or 8.3% increase.

Fire/EMS: SAFER

Hanover County was awarded a Staffing for Adequate Fire & Emergency Response (SAFER) grant from the Department of Homeland Security in the amount of \$986,400. This funding is required to be used to reimburse volunteers for their time during the training process at an equivalent rate of \$10 per hour. Payments to volunteers will be distributed upon successful completion of the Fire Academy and/or EMT-Basic training. This is a multi-year grant. \$60,000 was appropriated in FY06 and \$246,000 is budgeted in FY07.