

PRINCIPAL REVENUE SOURCES AND ASSUMPTIONS

The cost to finance the many services that the City offers requires revenue. The City of Anderson generates revenue from many sources, including taxes, business licenses, user fees, fines, permits, and state/federal shared revenue. Revenue forecasting is facilitated by current rate structure, state regulations, current economy and a 5-year collection pattern.

Major revenue classifications are described below:

Property taxes are the City's largest single revenue source, comprising 40% of all General Fund revenues. Property taxes are levied on all residential, commercial, and personal property in the City of Anderson. The tax levy on a particular piece of property is determined by three factors:

- Market Value is determined by the Anderson County Assessor's Office using a variety of factors such as size, condition, location, and recent selling prices of comparable properties.
- Assessment Ratio is a percentage which is multiplied by the appraised market value of a property to determine the assessed value. Owner-occupied residences are assessed at 4%. Commercial properties are generally assessed at 6% and personal property at 10%.
- Millage is a term used to describe the rate of taxes levied. A mil is calculated at one dollar per one thousand dollars of assessed value:

$$\frac{\$1 \text{ of tax}}{\$1,000 \text{ assessed value}} = .001 = 1 \text{ mil}$$

For property taxes to be fair and uniform, property values need to be updated to reflect market values for every property. State law requires reassessment every five years. The last reassessment occurred during FY 08/09. The current City millage is 125 mils. Each year the council and management look at adjusting the current millage rate based on many factors and for fiscal year 09/10 no increase was required. Below is a sample calculation of a property tax bill for the City of Anderson.

Calculation of City tax on a \$100,000 owner-occupied residence, using current City millage (for illustration only):		
Market Value	\$	100,000
x Assessment Ratio		x .04
Assessed Value	\$	4,000
x Millage Rate		0.125
Tax Bill	\$	500