

GENERAL FUND REVENUES

General Fund revenues and appropriated fund balance for FY 2018-19 total \$616,313,000. This is \$7.9 million (+1.3%) more than the budget adopted for FY 2017-18.

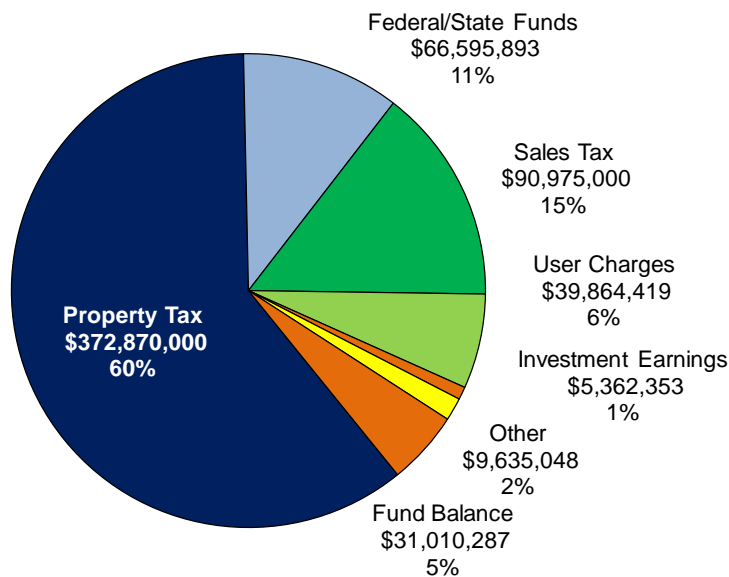
The general recommended county-wide **property tax rate** for FY 2018-19 is \$0.7305 for each \$100 of assessed valuation, equal to the FY 2017-18 property tax rate. This means that you will pay \$73.05 in property tax for each \$10,000 of property owned in Guilford County. Depending on where you live in Guilford County, your property may be subject to additional municipal, fire, or other tax rates. Each penny of property tax generates about \$5.07 million.

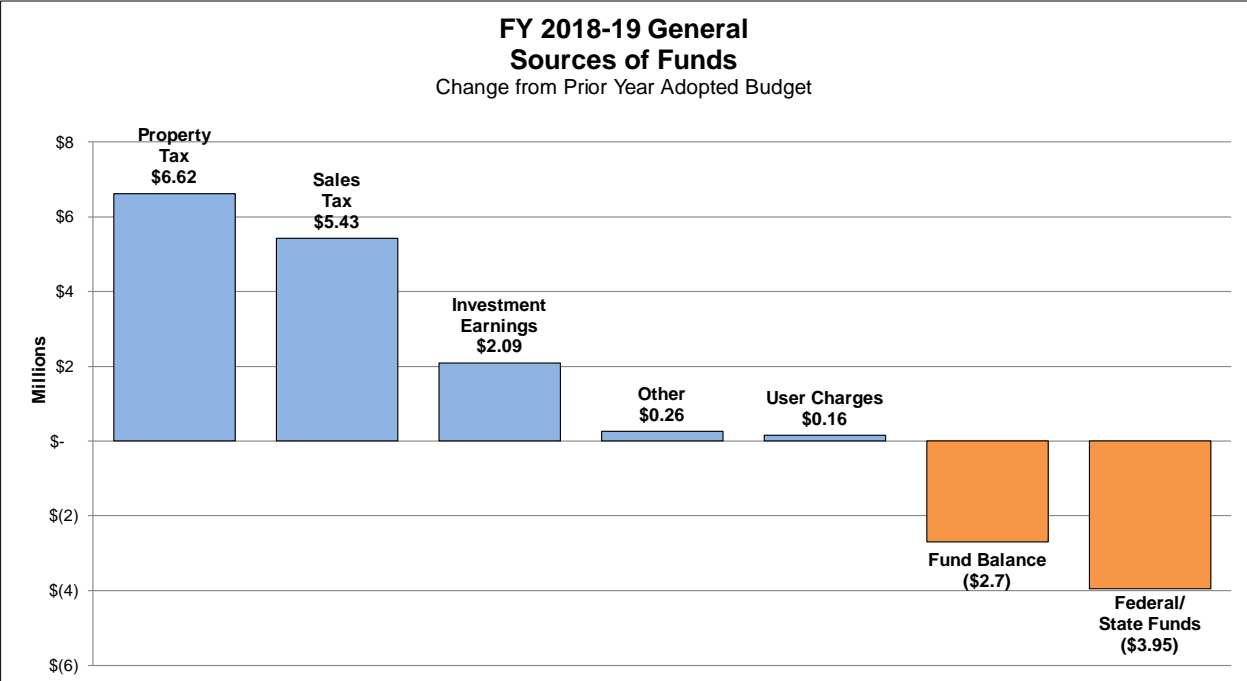
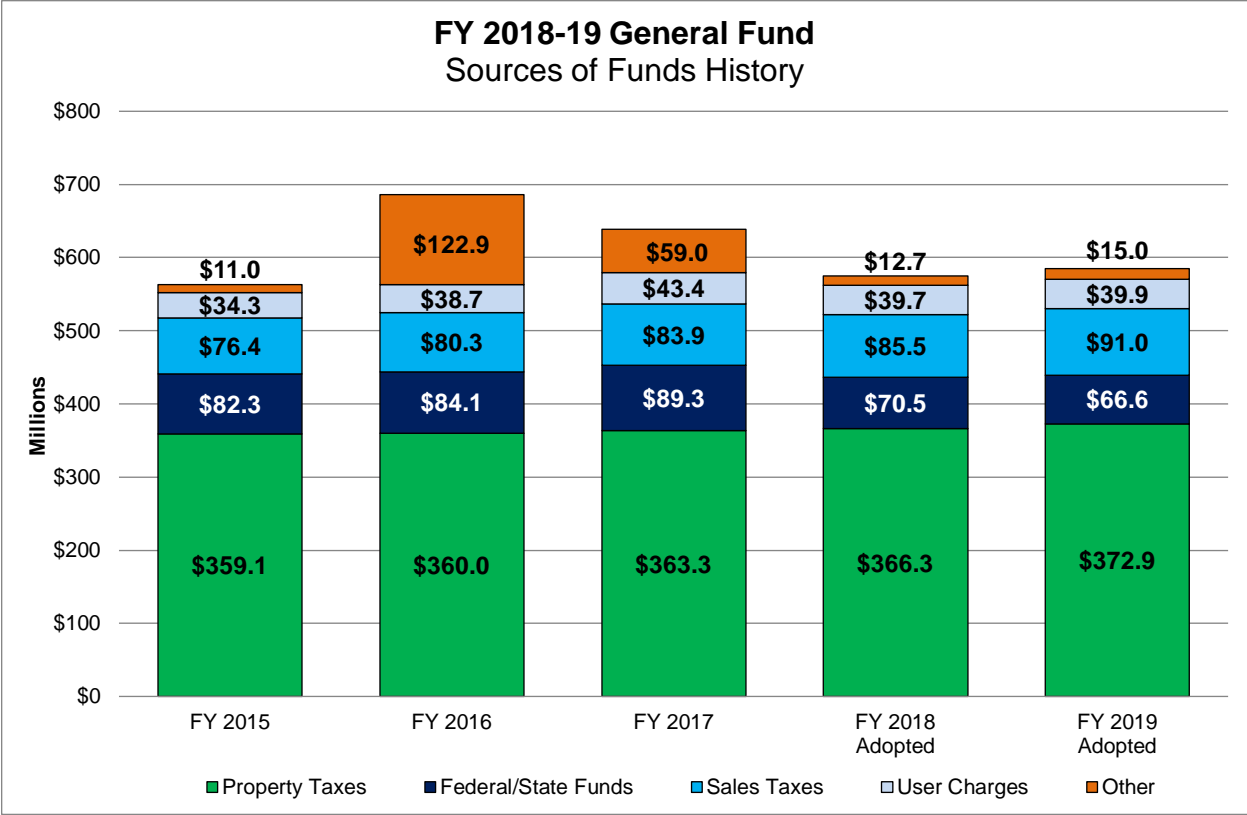
Nearly nine of every ten dollars of revenue are generated from just three sources – property taxes (60%), sales taxes (15%), federal and state funds (11%). Other revenues are generated by fees for various services, such as ambulance transportation and medical visits to Public Health clinics, investment earnings, and appropriations of fund balance.

Summary of Sources of Funds

	FY2017 Actual	FY2018 Adopted	FY2018 Amended	FY2019 Recomm	FY2019 Adopted	vs. FY18 Adopted	
						\$ chg	% chg
Property Tax	\$ 363,322,313	\$ 366,250,750	\$ 366,250,750	\$ 372,870,000	\$ 372,870,000	\$ 6,619,250	1.8%
Federal/State Funds	\$ 89,257,971	\$ 70,548,032	\$ 67,315,074	\$ 66,586,643	\$ 66,595,893	\$ (3,952,139)	-5.6%
Sales Tax	\$ 83,919,378	\$ 85,546,675	\$ 85,546,675	\$ 90,975,000	\$ 90,975,000	\$ 5,428,325	6.3%
User Charges	\$ 43,437,587	\$ 39,708,553	\$ 40,049,786	\$ 39,746,368	\$ 39,864,419	\$ 155,866	0.4%
Investment Earnings	\$ 1,717,027	\$ 3,271,353	\$ 3,271,353	\$ 5,362,353	\$ 5,362,353	\$ 2,091,000	63.9%
Other	\$ 57,316,765	\$ 9,379,730	\$ 219,512,119	\$ 9,458,743	\$ 9,635,048	\$ 255,318	2.7%
Total Revenues	\$ 638,971,041	\$ 574,705,093	\$ 781,945,757	\$ 584,999,107	\$ 585,302,713	\$ 10,597,620	1.8%
Fund Balance	\$ (26,050,298)	\$ 33,708,907	\$ 42,601,808	\$ 31,460,153	\$ 31,010,287	\$ (2,698,620)	-8.0%
Total	\$ 612,920,743	\$ 608,414,000	\$ 824,547,565	\$ 616,459,260	\$ 616,313,000	\$ 7,899,000	1.3%

FY 2018-19 Budget
General Fund
by Source of Funds





Property Tax

\$372.9 million

The property tax is the largest source of funds for Guilford County. Current year taxes (i.e., taxes paid in the year when due) are expected to generate \$370.2 million. Another \$2.7 million will come from payments made for taxes originally due in prior years. Each penny of property tax generates about \$5.07 million.

Estimating FY 2018-19 Property Tax Revenues

Property tax revenues are based on the assessed value of property in the county, the tax rate set by the Board of Commissioners, and a collection rate that represents the actual percentage of the total tax levy the county can reasonably expect to collect.

Assessed Value of Taxable Property

Like all North Carolina counties, Guilford County levies a property tax on four general types of property: Real Property (e.g., houses, land); Motor Vehicles/Automobiles; Personal Property (e.g., business machinery, boats); and property held by businesses that is routinely moved among various jurisdictions in the course of normal business, such as property owned by utilities, railroads, and trucking companies (called Public Service property). Tax Department staff are currently completing the county's most recent real property reappraisal cycle. The last mass reappraisal of real property was in 2017.

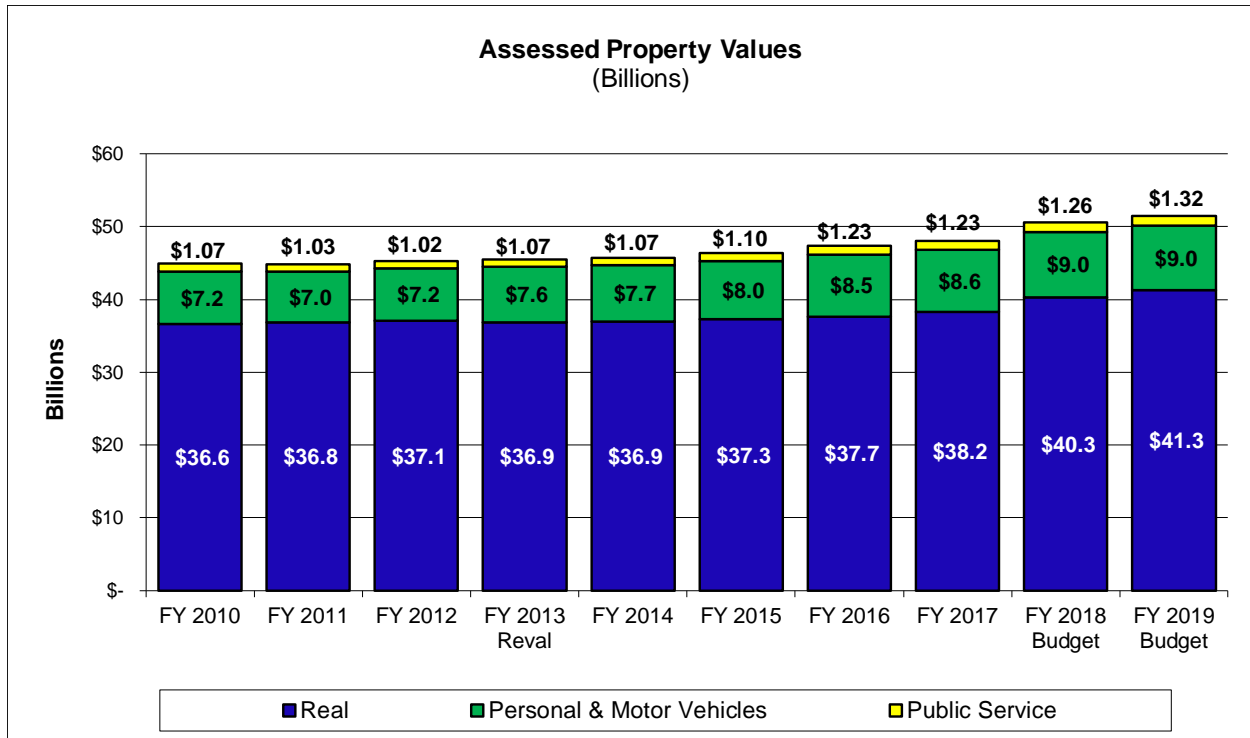
The total property tax base for FY 2018-19 is estimated to be \$51.47 billion. This reflects the most recent estimates of real values established during the current property reappraisal cycle, as well as current projections for personal property, public service property, and motor vehicle values. The projected property tax base is 1.8% higher than the value used to build the FY 2017-18 budget.

Assessed Property Values and General Tax Rates

Property values in billions

Fiscal Year	Tax Rate	Taxable Real Property	Personal Property & Motor Vehicles	Public Service Property	Total	% chg
2010	73.74	\$36.60	\$7.22	\$1.07	\$44.89	0.7%
2011	73.74	\$36.81	\$7.02	\$1.03	\$44.87	-0.1%
2012	78.24	\$37.05	\$7.23	\$1.02	\$45.29	1.0%
2013	R 78.04	\$36.88	\$7.59	\$1.07	\$45.54	0.5%
2014	77.00	\$36.94	\$7.74	\$1.07	\$45.75	0.5%
2015	77.00	\$37.25	\$8.01	\$1.10	\$46.36	1.3%
2016	76.00	\$37.68	\$8.47	\$1.23	\$47.37	2.2%
2017	B 75.50	\$38.25	\$8.61	\$1.23	\$48.08	1.5%
2018	R, B 73.05	\$40.32	\$8.96	\$1.26	\$50.54	5.1%
2019	B 73.05	\$41.28	\$8.86	\$1.32	\$51.47	1.8%

B = Budget, P = Projected Actual, R = Revaluation



Property Tax Rate

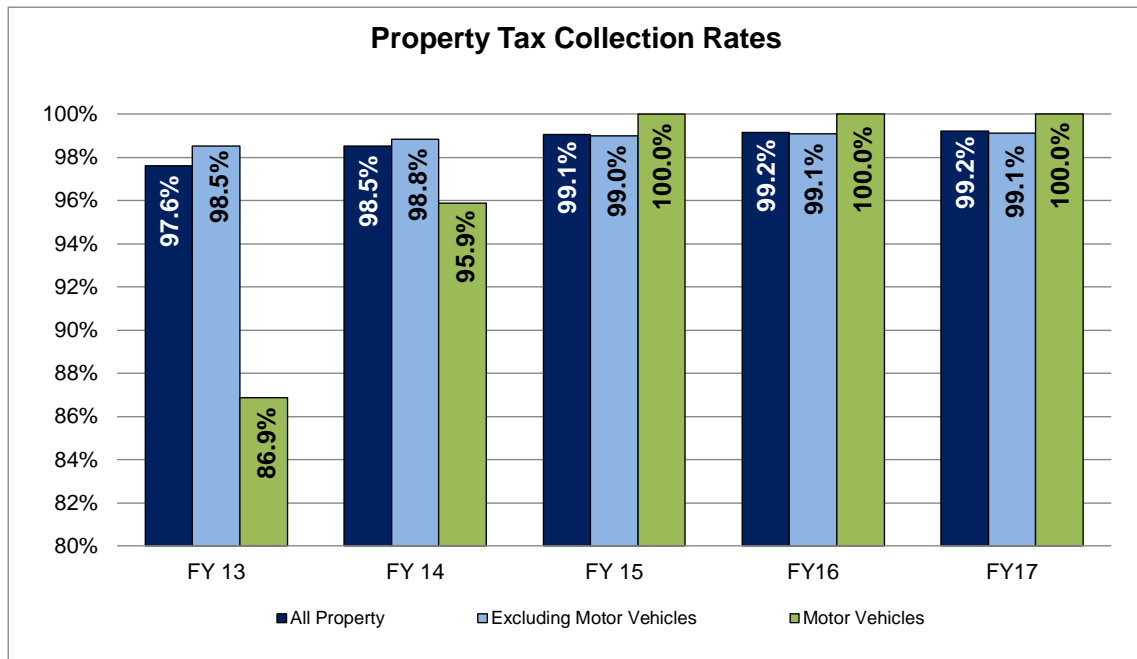
The FY 2018-19 budget is based on a general, county-wide property tax rate of **\$0.7305 cents** for every \$100 of assessed property valuation – no change from the FY 2017-18 adopted rate. The tax rate is the revenue-neutral tax rate based on the county’s most recent reappraisal of real property. In dollars, this means a property owner in Guilford County would pay \$73.05 in property taxes for each \$10,000 of taxable property owned. In addition to paying the general, county-wide property tax, property owners may pay additional property taxes for fire protection (see the Fire Districts section of this document) or municipal services, depending on where their property is located (contact your municipality for more information).

Collection Rate and Discount Rate

When estimating property tax revenues, North Carolina counties must consider the fact that they will not collect 100% of the total taxes billed each year. In Guilford County, the overall collection rate in FY 2016-17 was 99.2%, slightly higher than FY 2015-16’s overall collection rate of 99.16%. The overall collection rate for FY 2017-18 is estimated to equal or exceed FY 2016-17’s rate.

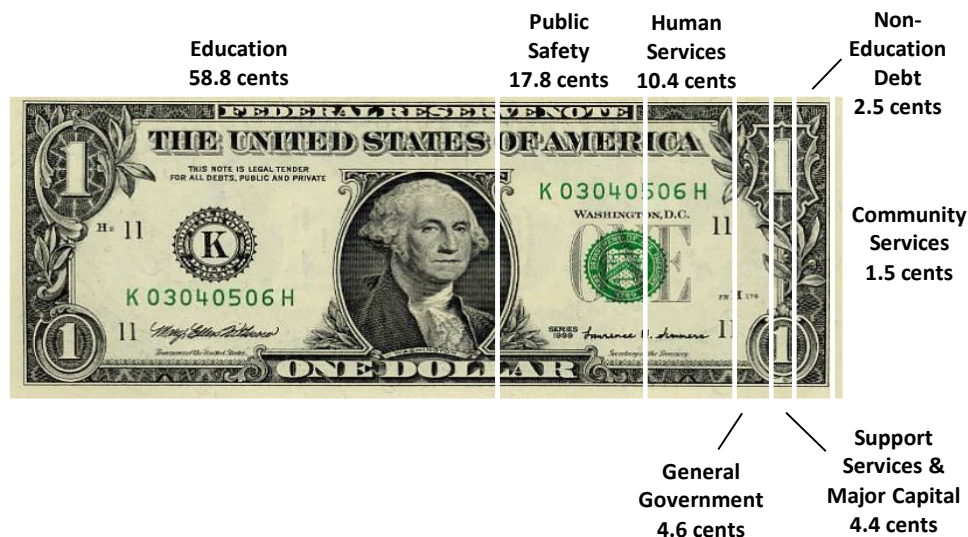
The FY 2018-19 budget assumes an overall collection rate of approximately 98.5%. This rate is slightly lower than the collection rate projected for FY 2017-18 to provide protection against unexpected changes in property values that could impact property tax revenues.

The county offers a discount of 0.5% on current year taxes paid by August 31. About 60% of property owners pay their tax bill(s) by the discount deadline. The reduction in tax revenues due to this discount is approximately \$1 million.



How is each \$1 of Property Tax Revenue Used?

Property tax revenues are used to support many county programs, but not all programs require the same amount of tax revenue. Some programs, particularly those in the Social Services and Health Departments, receive revenues from other levels of government, charges for services, or donations. As a result, departments with access to other revenue sources need fewer property tax dollars than departments that do not receive outside funds. The following chart shows how each dollar of property tax revenue is used after taking into account each department's access to non-property tax revenues.



Federal and State Funds

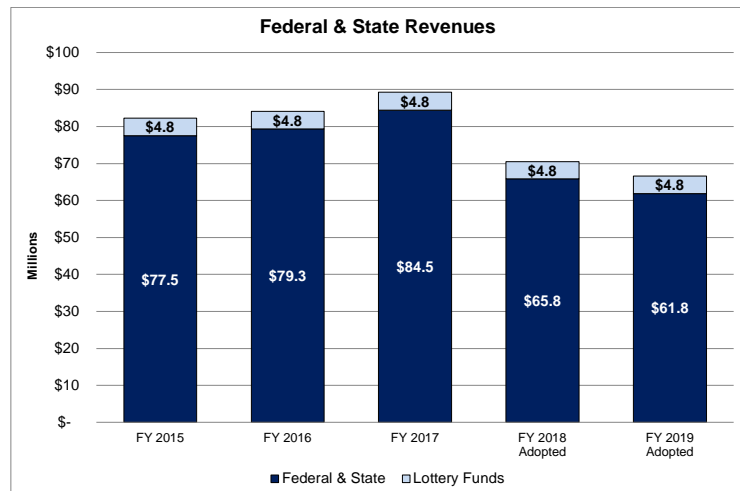
\$66.6 million

Federal and state funds represent about 11%, or \$66.6 million, of total revenues anticipated to be received in FY 2018-19. This represents a decrease of \$4.0 million (-5.6%) from the amount of federal and state funds included in the FY 2017-18 adopted budget.

Human Services Reimbursements and Grants

Most of the federal and state revenues the county receives are used to support Public Health and Social Services operations. These departments are responsible for administering a number of state and federal programs (see descriptions of their services in the Human Services section of this document) and receive outside funds for doing so.

The significant decrease in federal/state funds is the result of a change in the way the state pays for child day care services and Medicaid-related transportation services for qualified clients. Previously, the county paid day care and transportation vendors and was reimbursed with funds from the state and federal governments. The state completed the transition to paying the vendors directly in FY 2017-18. As a result, about \$4.9 million of funds used as contingency for unforeseen delays in this transition have been removed from the budget.



Lottery Funds

The original legislation that established the North Carolina Education Lottery directed 40% of lottery proceeds to counties for local school capital needs, including debt service on school facilities. Guilford County chose to use its share of lottery revenues to repay debt/bonds issued to build and renovate school facilities. Several years ago, the state changed the lottery legislation and reduced the amount of money provided to counties. Many counties, including Guilford County, had already approved bonds and issued debt that was to be supported by lottery proceeds. As a result of this unexpected drop in revenue, Guilford County was forced to reduce spending in other areas of operation and increase property taxes to provide resources to replace the lost lottery funds.

The FY 2018-19 budget includes \$4.75 million of lottery revenues. If the original lottery legislation were still in effect, the county's share of lottery revenues would exceed \$10 million.

American Recovery and Reinvestment Act Funds

A portion of the school bonds approved by voters in 2008 was issued using bonds authorized by the American Recovery and Reinvestment Act of 2009 (ARRA). As part of that act, the county is eligible to receive a federal subsidy payment for portions of the debt service paid for these ARRA-related debt instruments. The FY 2018-19 budget includes \$2.7 million of ARRA subsidy revenue.

Sales Tax

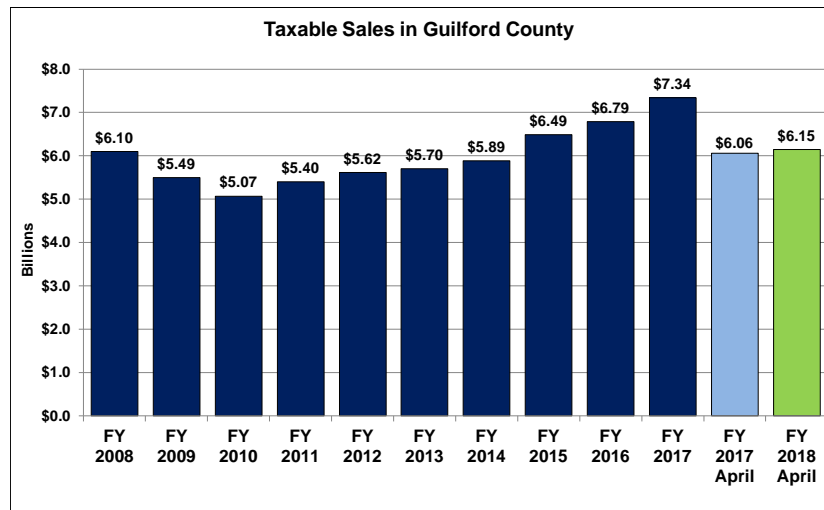
\$91.0 million

Sales Tax revenues are budgeted at \$91.0 million for FY 2018-19 – an increase of just over \$5.4 million (6.3%) from the FY 2017-18 budget. Sales Tax revenues account for about 15% of total county revenues.

Sales Tax Components & Distribution to Local Governments

The State of North Carolina levies a general sales tax of 4.75% on eligible purchases. Counties are authorized to levy general local sales taxes of up to 2.25%, for a combined rate of 7.0% for most purchases (some counties are also authorized to levy an additional 0.50% transit county tax for public transportation). Guilford County levies local sales taxes of 2.0%, for a combined general rate of 6.75%.

Sales tax revenues are collected by the state and later distributed to counties, less an administrative fee. The actual amount of sales tax revenues returned to the local governments in Guilford County depends on a number of factors, including Guilford County's share of the total state population, the strength of local collections, and sales tax performance statewide. Once the total amount of sales tax to be returned to the county as a whole is determined by the state, the amount of revenue a particular local government receives is based on the unit's property tax levy compared to the levies for all local units of government during the prior fiscal year. This amount varies from year to year as both the assessed values and property tax rates change in various jurisdictions.



FY 2018-19 Projections

Through April 2018, the latest month for which sales data are available from the state, taxable retail sales in Guilford County are up 1.4% over the same period last year. Actual sales tax revenues through the April 2018 distribution (seven of the twelve distributions the county receives annually), are up 4.5% over the same period last year.

The amount of sales tax revenue the county received is based on retail sales, the sales tax rate, and refunds of sales taxes. Because of the way refunds are reported to and processed by the state, the reduction in net sales tax revenues can vary significantly from year to year.

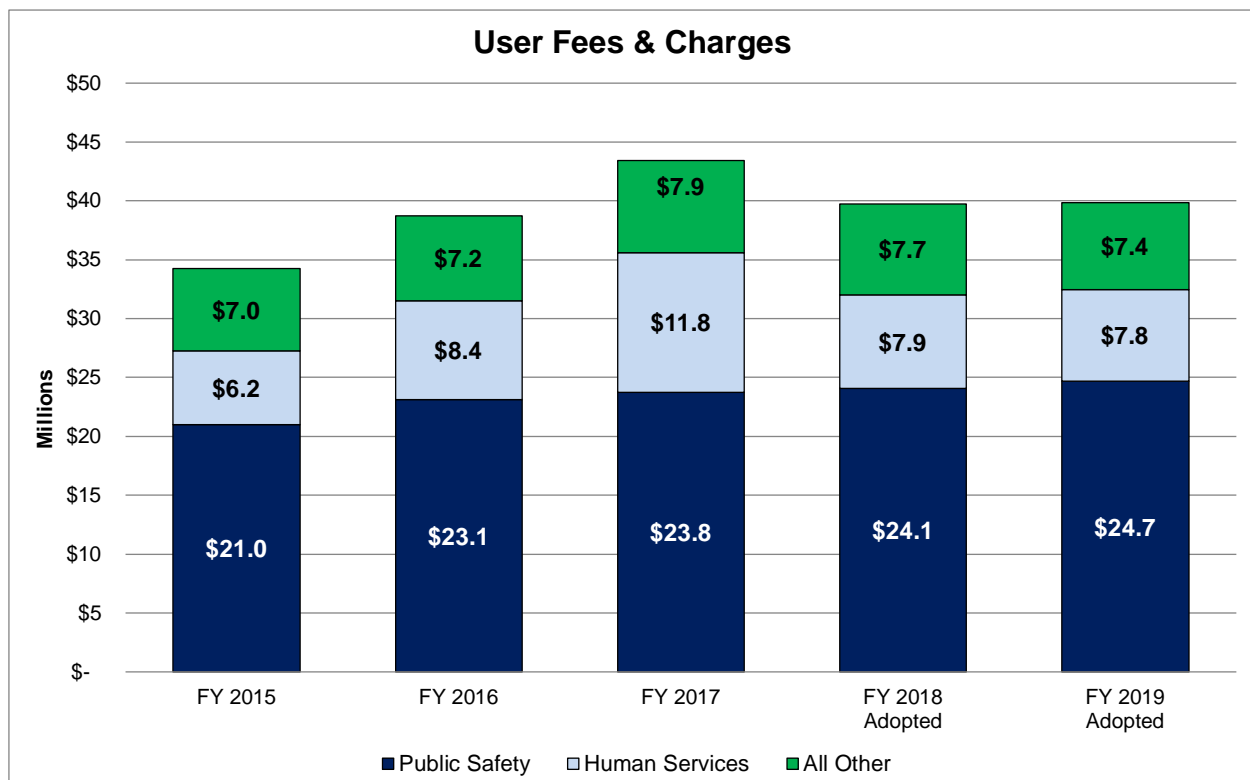
Given the uncertainty surrounding the level of non-profit sales tax refunds, a conservative approach to budgeting sales tax revenues is prudent. The FY 2018-19 budget for sales tax of \$91.0 million reflects a 3% increase over estimated actual receipts for FY 2017-18. This results in a 6.3% increase from budget to budget amounts.

User Fees and Charges

\$39.9 million

County departments expect to generate approximately \$39.9 million from fees and other charges for services, such as fees for ambulance transportation and medical visits to the Health Department. Most user fees and charges are collected by Public Safety and Human Services departments. Other fees include inspections and permitting charges, fees received from the state for housing out-of-county inmates, fees paid to the Register of Deeds for various documents and transactions, and park fees. Revenue from user charges and fees accounts for 6% of total county revenues.

While there is considerable variation in individual user fee budgets, the overall total is about \$156,000 more than the amount adopted for fiscal year 2017-18. Law Enforcement fees will increase by \$320,000 primarily for housing federal and state inmates and Emergency Services Fees will increase by \$373,000 mostly due to continue increases in calls for service as well as continued improvement in collection rates. Elections fees will decrease by \$350,000 as a result of the municipal elections schedule and FY 2018-19 having no municipal elections. Public Health charges for dental services will decrease by \$230,000 but otherwise Human Services fee revenues, including other Public Health Medicaid, Environmental Health and Health Education programs, are anticipated to remain largely unchanged.



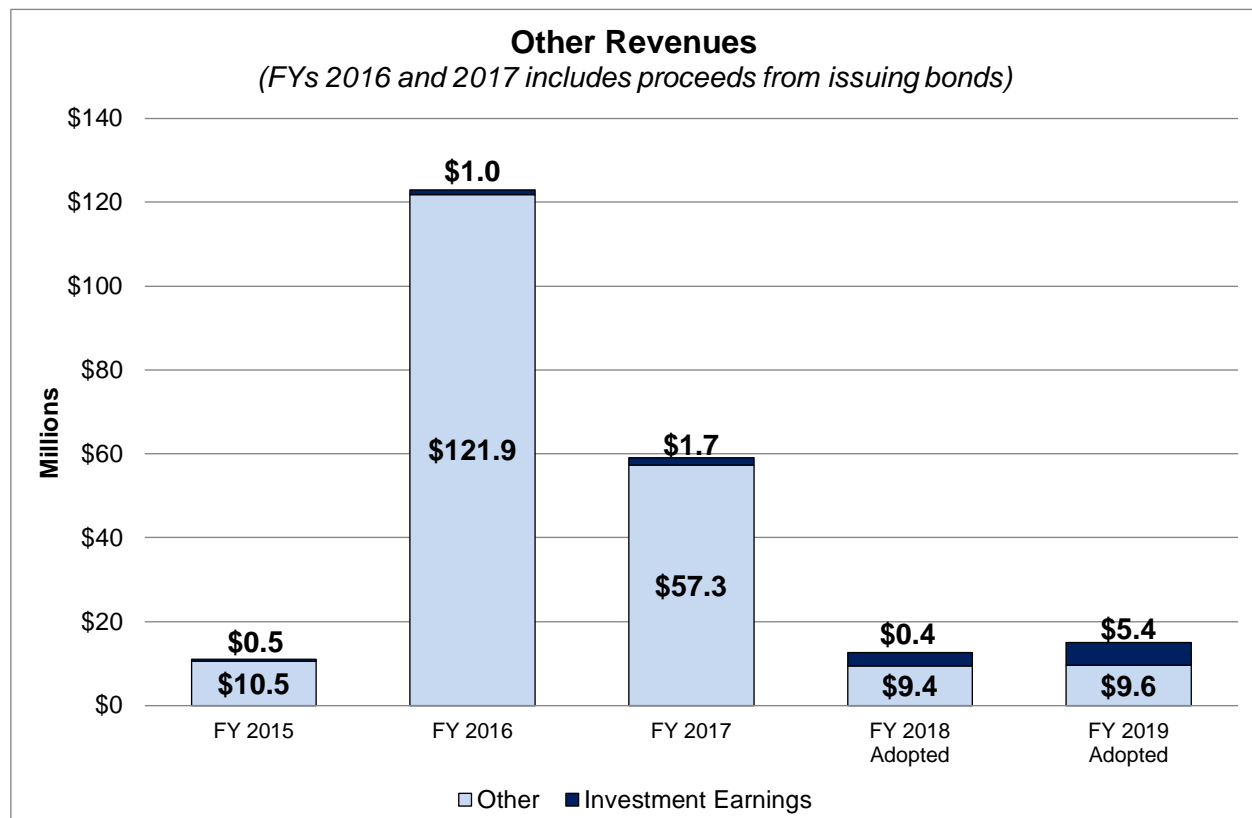
Other Revenues

\$15.0 million

Next year, Guilford County expects to receive approximately \$15.0 million in Other Revenues for the General Fund. These revenues are from a number of sources, including investment earnings, penalties for late payment of property taxes, certain taxes paid to the Register of Deeds, cable television franchise revenues, and grants and donations from various organizations.

Investment earnings are expected to increase by \$2.09 million as a result of the issuance of additional school and college bonds and the investment of proceeds during the construction periods.

The significant increase in Other revenues depicted in the chart below is the result of the issuance of refunding bonds during FY 2015-16. The county received revenues from issuing refunding bonds at a lower interest rate than it was paying on existing bonds. The refunding proceeds were then used to pay off the old bonds. The significant increase in FY 2016-17 is the result of the issuance of 2/3rds general obligation bonds during FY 2016-17. These bonds are being used for high priority capital projects.



Fund Balance (all General Fund sources)

\$31.0 million

In general, Fund Balance is the money that remains unspent after all budgeted expenditures have been made and all revenues received. Fund Balance is generated when collected revenues exceed actual expenditures and is like a “savings account” for the county. The North Carolina General Statutes formally define fund balance as:

...the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget year.

Fund Balance is important for several reasons. First, it provides cash to pay expenditures in the early part of the fiscal year before taxes are collected. In addition, it provides a source of funds during the year that can be accessed if significant unplanned expenditures or revenue shortfalls occur. Like a savings account, fund balance may also be saved to build a “reserve” that can be used to pay for future large, one-time expenses, like a new ambulance base. Finally, as a last resort, it may be used by the Board during the budget process to help fund certain other items in the county budget or when budgeted revenues do not match budgeted expenses.

An adequate level of fund balance is looked upon favorably by bond rating agencies and is a recognized indicator of sound fiscal management. The North Carolina Local Government Commission (LGC) recommends that counties maintain a minimum unreserved, undesignated Fund Balance of about one month/four weeks of General Fund expenditures, or 8%, to ensure sufficient funds are available to support operations and address unexpected issues. In addition, the County has adopted a minimum fund balance policy for the General Fund which instructs management to conduct the business of the County in such a manner that unassigned fund balance be set and maintained at a minimum of no less than 8% of budgeted expenditures. A Fund Balance of higher than 8% strengthens a local government’s financial position as it provides a greater margin of protection for operations.

FY 2018-19 Budget

The FY 2018-19 General Fund budget includes a fund balance (from all sources) appropriation of \$31.01 million to help balance the budget – about \$2.7 million less than the amount needed to balance the adopted budget in FY 2017-18.

The amount of fund balance used to support general county operations is \$20.3 million, a \$3.6 million decrease from the prior year’s budget. The departmental fund balances presented below, which can only be used for specific purposes, make up the rest of the \$31.01 million of total appropriated fund balance.

- **Public Health - \$2,678,199** to offset expenses in Medicaid and Environmental Health program areas.
- **Debt Repayment – Bond Premium Funds - \$7,019,480** of bond premium funds generated by the recent sale of general obligation bonds. These funds will be used to help pay for debt service during the first three years of the bonds’ repayment periods.
- **Law Enforcement - \$278,893** of restricted Federal Forfeiture Funds and Unauthorized Substance Abuse Tax Funds, as well as donations for the Explorer Post program. The

Forfeiture and Substance Abuse Tax funds will be used to purchase various program supplies and equipment for Law Enforcement purposes. By law, these funds may only be used for law enforcement expenses.

- **Animal Shelter – Susie’s Fund - \$150,000** of funds that must be used for the medical treatment of abused, injured, or neglected animals.
- **Family Justice Center - \$20,000** of donations/grant funds to be used for purposes specified by the donors and grantors.
- **Register of Deeds (ROD) Automation Funds - \$97,979** of funds restricted for technology and automation enhancements for the ROD department. These funds are generated from a state-mandated set-aside of certain ROD fees.
- **ABC Bottle Tax Funds - \$100,000** for research into the incidence and impact of substance abuse in the county. Funds from the bottle tax may only be used for the treatment of alcoholism or substance abuse, or for the research or education on alcohol or substance abuse.

FUND BALANCE COMPONENTS

	Budget		% chg
	FY 2017-18	FY 2018-19	
Total Fund Balance by Source and Planned Use			
General Amounts:			
General County Operations	\$ 23,900,000	\$ 20,256,231	-15.2%
PLUS Amounts Restricted for Specific Uses:			
Debt Repayment - Bond Premium	\$ 8,584,504	\$ 7,019,480	-18.2%
Public Health - Medicaid programs, Hazardous Materials, Other	\$ 479,031	\$ 2,678,199	459.1%
Coordinated Svcs - ABC Bottle Tax Funds - Substance Abuse Research	\$ -	\$ 100,000	---
Law Enforcement - Explorer Post Funds	\$ 5,200	\$ 5,200	---
Law Enforcement - Federal Forfeiture Funds	\$ 230,693	\$ 230,693	---
Law Enforcement - Unauth Substance Tax Funds	\$ 15,000	\$ 15,000	---
Law Enforcement - Inmate Welfare Funds	\$ 155,000	\$ 28,000	-81.9%
Social Services - Adoption Incentive Program Funds	\$ 159,000	\$ 382,000	140.3%
Social Services - Team HOPE	\$ -	\$ 25,000	---
Animal Services - Shelter/Susie’s Fund	\$ 150,000	\$ 150,000	---
Family Justice Center - Donations/Grants	\$ 6,200	\$ 20,000	222.6%
Soil & Water Conservation	\$ -	\$ 2,505	---
Register of Deeds - Automation Funds	\$ 24,279	\$ 97,979	303.6%
	\$ 33,708,907	\$ 31,010,287	-8.0%