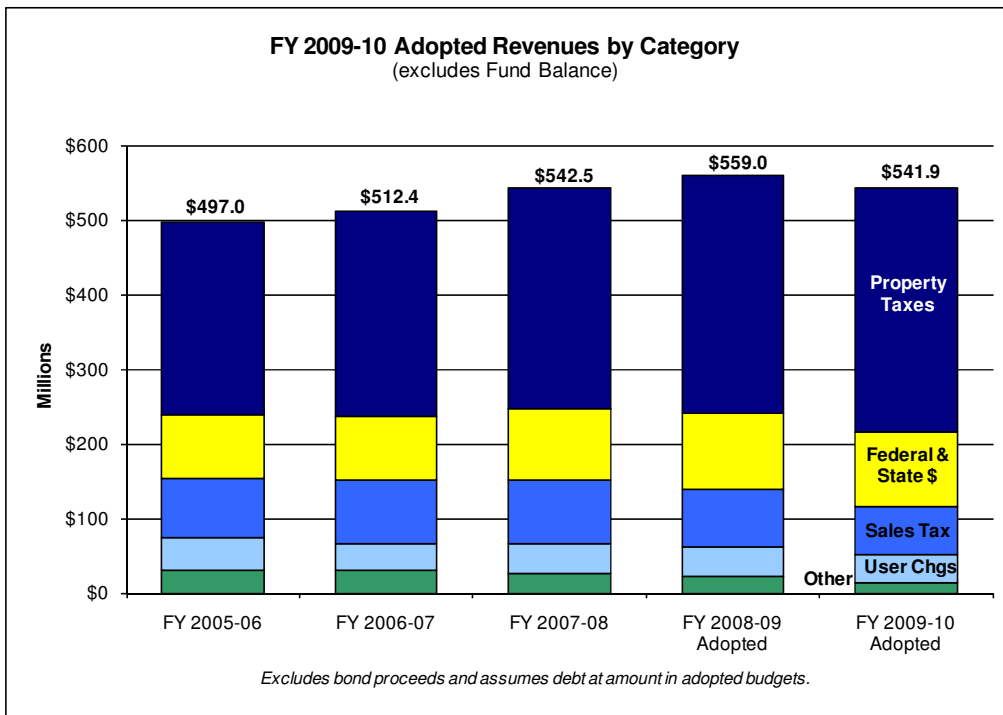


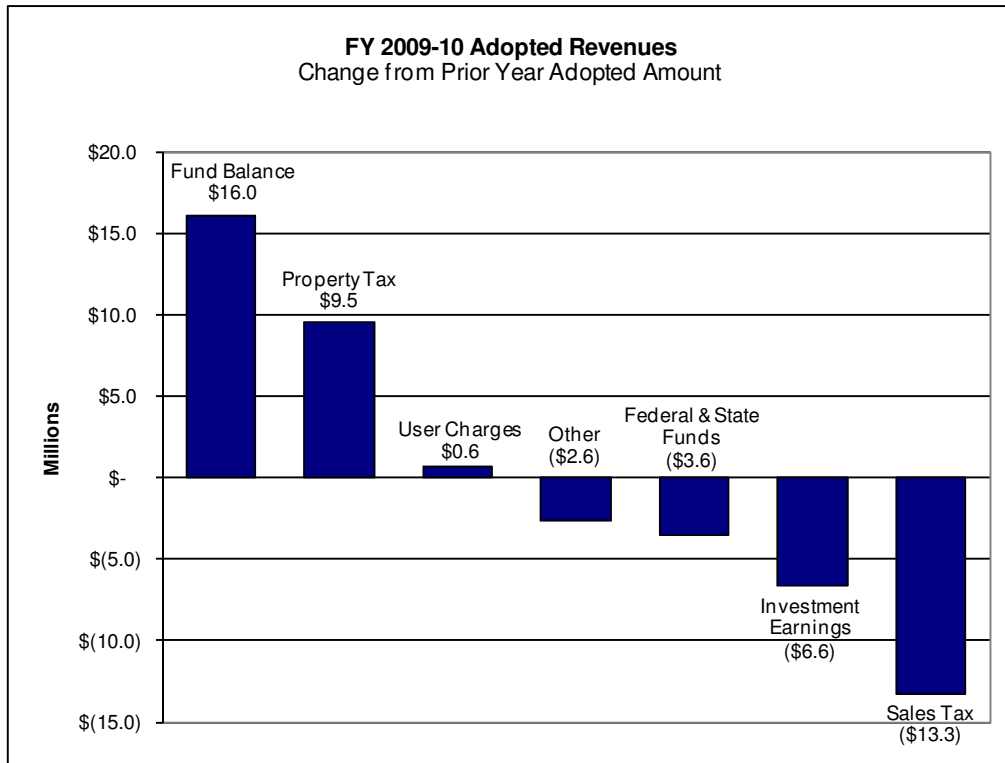
General Fund Revenues

General Fund revenues and appropriated fund balance for FY 2009-10 total \$586,110,932. This is \$4,210 less than the budget approved for FY 2008-09. Property Tax revenues will account for 56% of the total revenue budget next fiscal year. The next largest sources of funds for general county operations are Federal and State Funds (17%) and Sales Tax revenues (11%).

	Summary of Revenue Sources				vs. 2008-09 Adopted	
	2007-08 Actual	2008-09 Adopted	2008-09 Amended	2009-10 Adopted	\$ chg	% chg
Property Tax	\$295,837,946	\$318,287,700	\$318,287,700	\$327,800,000	\$9,512,300	3.0%
Federal & State Funds	\$96,043,064	\$102,498,015	\$106,243,718	\$98,913,634	(\$3,584,381)	-3.5%
Sales Tax	\$85,270,606	\$77,600,000	\$77,629,242	\$64,265,000	(\$13,335,000)	-17.2%
User Charges	\$39,069,171	\$38,125,841	\$38,381,211	\$38,759,856	\$634,015	1.7%
Investment Earnings	\$12,789,708	\$9,845,000	\$9,845,000	\$3,220,000	(\$6,625,000)	-67.3%
Other	\$13,463,346	\$12,664,023	\$12,296,525	\$10,018,412	(\$2,645,611)	-20.9%
	\$542,473,841	\$559,020,579	\$562,683,396	\$542,976,902	(\$16,043,677)	-2.9%
Fund Balance	\$ (3,812,331)	\$ 27,094,563	\$ 35,062,259	\$ 43,134,030	\$16,039,467	59.2%
Total All Sources	\$538,661,510	\$586,115,142	\$597,745,655	\$586,110,932	(\$4,210)	0.0%

The FY 2009-10 budget maintains the general county wide tax rate at \$0.7374 for each \$100 of assessed property valuation – no increase over the current tax rate for FY 2008-09. The budget assumes increases in Property Tax revenues (from additions to the tax base, not an increase in the tax rate) and User Charges, as well as an increase in the appropriation of the General Fund’s fund balance. Other categories of revenues, particularly those that are sensitive to changes in economic activity, such as investment earnings and sales tax revenues, are expected to decline from levels included in the current year’s adopted budget.





Property Tax

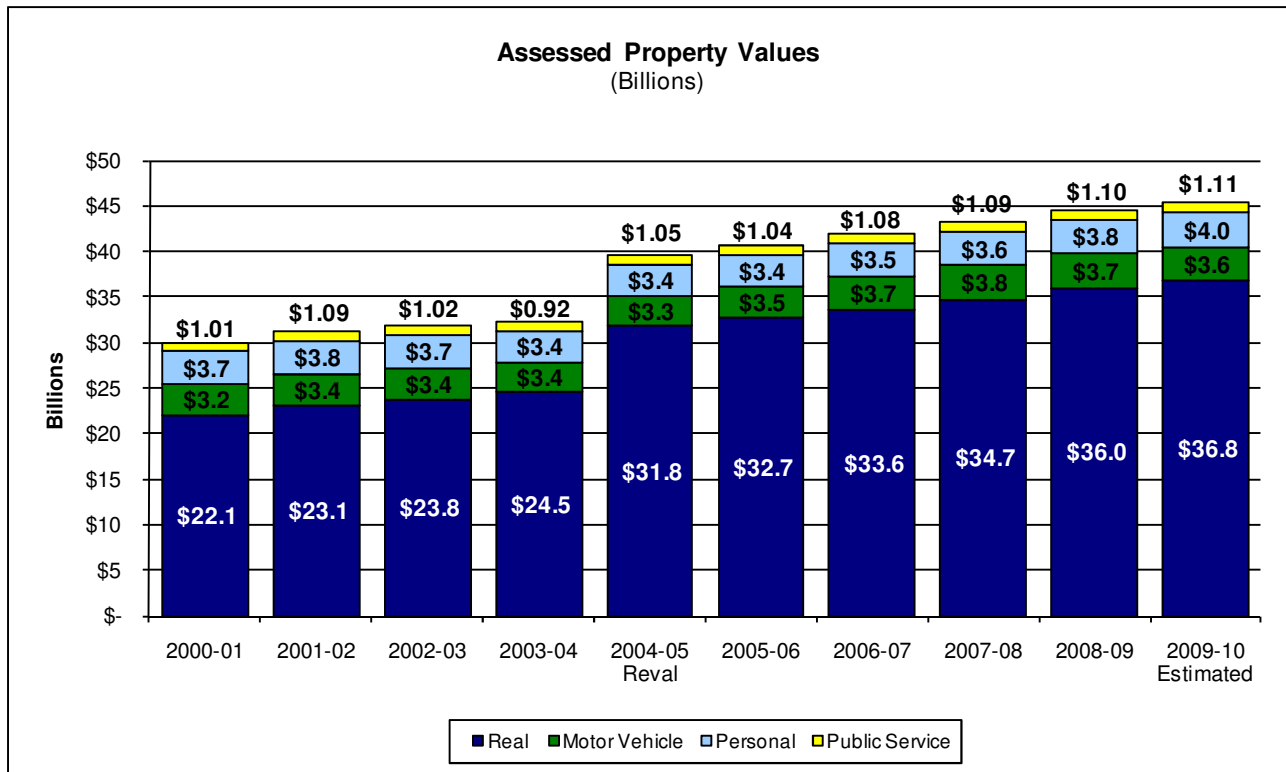
\$327,800,000

Property tax revenues are the largest source of funds for Guilford County. 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. For FY 2009-2010, the ad valorem property tax is estimated to generate approximately 56% of total General Fund revenues, or \$327.8 million. Current year taxes (i.e., taxes paid on time) will generate \$324.8 million of the total revenues estimated for next year, while the remaining \$3,000,000 will come from payments made for taxes originally due in prior years.

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., boats, business machinery); 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).

For FY 2009-2010, the total assessed valuation of all types of taxable property in Guilford County is estimated to be approximately \$45,455,000,000. This reflects an increase of 1.9%, significantly less than the 3.3% experienced in FY 2008-2009. This growth rate is based on the Tax Department's review of activity since FY 2008-2009 values were set and uncertainty regarding economic conditions over the next fiscal year.



Total Assessed Property Values All Property Types

	00-01	01-02	02-03	03-04	Reval 04-05	05-06	06-07	07-08	08-09	Estimated 09-10
Value	\$ 30.0	\$ 31.3	\$ 31.9	\$ 32.2	\$ 39.6	\$ 40.6	\$ 41.9	\$ 43.2	\$ 44.6	\$ 45.5
%chg	4.1%	4.4%	1.8%	1.1%	22.9%	2.5%	3.3%	3.1%	3.3%	1.9%

Billions

As the next chart indicates, Real and Personal property values are estimated to increase by 2.0% and 5.1%, respectively. Motor vehicle values showed no real growth from FY 2006-07 to FY 2007-08, and declined from FY 2007-08 to FY 2008-09 as consumer demand for new vehicles fell. This decline in motor vehicle values is expected to accelerate next year and is reflected in the Tax Department's estimate of a 2.6% drop in value for this category of property. Finally, Public Service property values are established by the state at 100% of value. In the fourth year following a county wide property revaluation, Public Service companies are eligible to request a reduction in property value to better reflect the current sales to assessed value ratio in the county. FY 2008-2009 was the first year Public Service companies may apply for this adjustment. As a result, no increase in value is projected for this property class.

Percentage Change in Assessed Property Values					
	Type of Property				
	Real	Motor Vehicles	Personal	Public Service	Total
	FY 2006-07	2.8%	8.4%	2.7%	3.2%
FY 2007-08	3.4%	0.0%	3.1%	1.4%	3.1%
FY 2008-09	3.8%	-2.0%	4.9%	1.2%	3.3%
FY 2009-10 Estimated	2.0%	-2.6%	5.1%	0.0%	1.9%

Property Tax Rate

The FY 2009-2010 budget includes a general, county-wide property tax rate of 73.74 cents for every \$100 of assessed property valuation – no increase over the current tax rate. In dollars, this means a property owner in Guilford County would pay \$737.40 in property taxes in FY 2009-2010 for each \$100,000 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 Public Safety section of this document) or municipal services, depending on where their property is located.

Collection Rate

When estimating property tax revenues, North Carolina counties must consider the fact that they will not collect 100% of the total taxes billed in a given year. To comply with this requirement, all counties, including Guilford County, apply a collection rate percentage to the estimated total property tax levy. The collection rate used cannot be more than the percentage of taxes actually collected during the prior fiscal year. In Guilford County, the overall collection rate was 98.42% in FY 2007-08 and, as of April 27, 2009, was expected to be at a similar percentage by the end of the fiscal year.

The FY 2009-10 budget assumes a collection rate of 97.5%. This is about 1% below the maximum rate the county could use and reflects concern over the strength of property tax collections over the next fiscal year. As the level of economic uncertainty increases, so does the need to conservatively budget the county’s largest source of revenue. Not only does this approach guard against a decline in property tax collections, it also provides a margin of protection against declines in other revenues (such sales taxes) that are highly sensitive to changing economic conditions.

Federal and State Funds

\$98,913,634

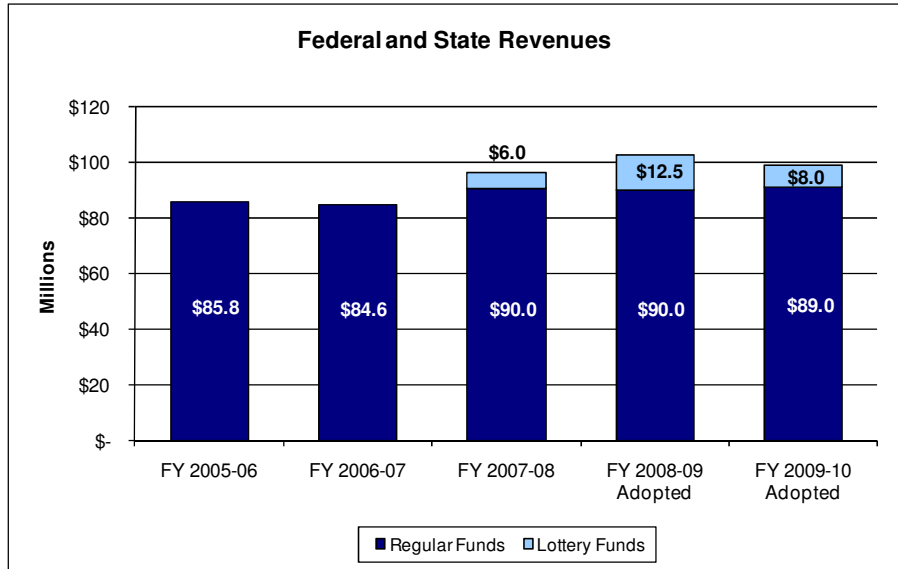
Federal and state funds represent about 17%, or \$98.9 million, of total revenues anticipated in FY 2009-10. This represents a reduction of \$3.6 million (-3.5%) from the amount of federal and state funds included in the FY 2008-09 budget. Most of this decrease (\$4.5 million) is related to a planned reduction in the amount of state lottery revenues earmarked for capital and debt services needs for the Guilford County Schools (see discussion below).

Nearly all of the federal and state revenue expected to be received in FY 2009-2010 will be used to offset the costs for the Public Health, Social Services, and Mental Health departments. 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.

Lottery Funds

FY 2007-08 was the first year the County began using revenues from the state lottery to fund additional debt service for construction projects of the Guilford County Schools. Lottery funds can only be used for debt service on borrowing conducted after 2003 or for selected school capital needs. In FY 2008-09, the adopted budget included \$12.5 million of lottery funds -- \$8 million from estimated current year collections and \$4.5 million



from prior year collections being held in the county’s name by the state. In February 2009, the state withheld the second quarter distribution of lottery funds from counties to help address its own budgetary shortfalls. If these funds are not returned, the County will not meet its current year revenue estimate.

The budget for FY 2009-10 assumes a total of \$8 million of lottery funds will be available next fiscal year. This amount represents the latest estimates regarding lottery distributions available from the North Carolina Association of County Commissioners.

Sales Tax

\$64,265,000

Sales Tax revenues are expected to generate \$64,265,000 next fiscal year, or about 11% of total county revenues. As a result of recently enacted Medicaid relief legislation (discussed below) and the impacts of recent declines in our local economy, this amount is 17.2% lower than the \$77,600,000 in revenue included in the FY 2008-09 budget.

Sales Tax Components & Distribution to Local Governments

Through October 2009, counties are authorized to levy up to four individual local option sales taxes that total 2.25% (one 1.0% tax, two 0.50% taxes, and one 0.25% tax). These local taxes are in addition to the state’s sales tax of up to 4.5%, depending on the product purchased. As a result, consumers pay between 2.0% and 6.75% sales tax on their purchases in Guilford County. Effective October 1, 2009, the state will retain the funds generated by the 0.25% tax in all counties as a result of “Medicaid Relief” legislation approved two years ago by the General Assembly.

The actual amount of sales tax revenues returned to the local governments in the 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 returned to the county as a whole is determined, 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. For instance, in FY 2008-09 the property taxes levied by Guilford County Government represented 59.5% of all of the property taxes levied in the county. As a result, Guilford County can expect to receive 59.5% of the total sales tax revenues returned to county as a whole in FY 2009-10. This amount varies from year to year as both the assessed values and property tax rates change in various jurisdictions.

Impact of Medicaid Relief

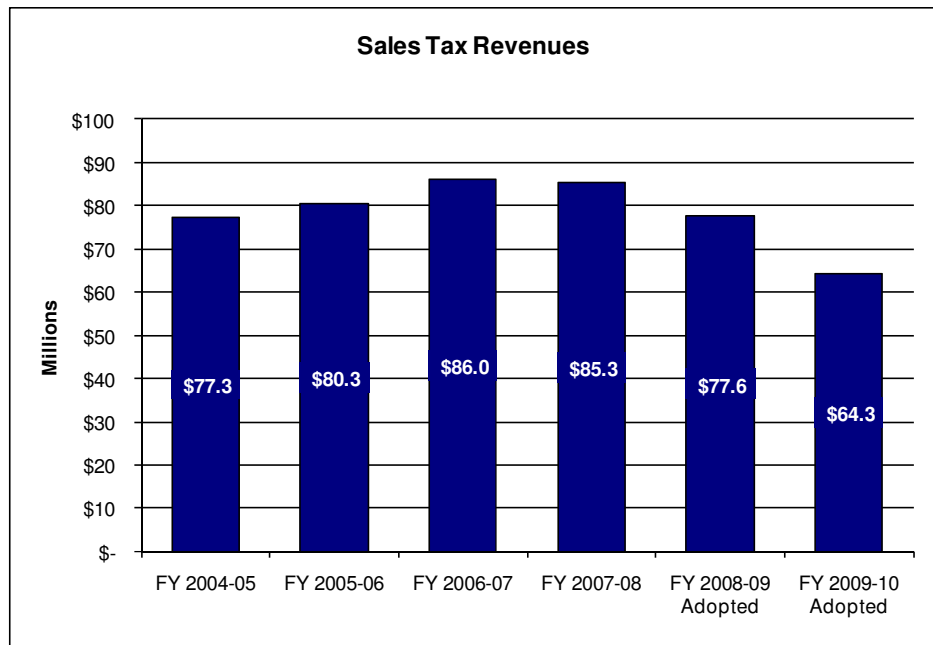
In October 2008, the state began retaining one half of one of the 0.5% local option sales taxes (called the “Article 44” tax) available to counties as part of the Medicaid Relief legislation approved two years ago by the General Assembly. Beginning in October 2009, the state of North Carolina will retain all of the revenues generated by this local option tax. In exchange for taking this revenue stream from counties, the state will pay 100% of the counties’ Medicaid costs effective July 1, 2009. Because municipalities receive a portion of the sales taxes generated in their counties, the legislation also includes a provision that counties hold municipalities harmless from any sales tax losses. This hold harmless amount is projected to be nearly \$7.1 million next fiscal year.

In addition, the Medicaid Relief legislation changes the distribution formula for another component of the sales tax (the Article 42 tax of 0.5%) from a per capita basis to a “point of origin” basis. Under this distribution method, the County retains all of the revenues (less state administrative charges) generated from the Article 42 tax on sales that originate in Guilford County. Because Guilford County is a regional retail center, a point of origin distribution method is more favorable for the county than a per capita distribution method.

While counties are losing a significant revenue stream, the state will assume all of the counties’ share of Medicaid expenditures effective July 1, 2009. For Guilford County, the net benefit to the county (reduction in estimated Medicaid expense, less losses in sales tax revenues) for FY 2009-2010 was estimated by the North Carolina Association of County Commissioners to be \$5.8 million.

FY 2009-10 Projections

Economic issues at the state and local levels continue to impact sales tax revenues. At the time the proposed budget was prepared, estimated total year-end sales tax revenues distributed to all local governments in Guilford County are nearly 6.6% lower than last year, slightly more than the average decline of 5.5% estimated by the North Carolina Association of County Commissioners for all North Carolina counties. (Note: Both estimates control for the impacts of losing a portion



of the Article 44 sales tax to the state.) Given the current year's weak performance and continued uncertainty regarding the economy, no increase over the estimated year-end amounts is projected in the sales tax base for next fiscal year.

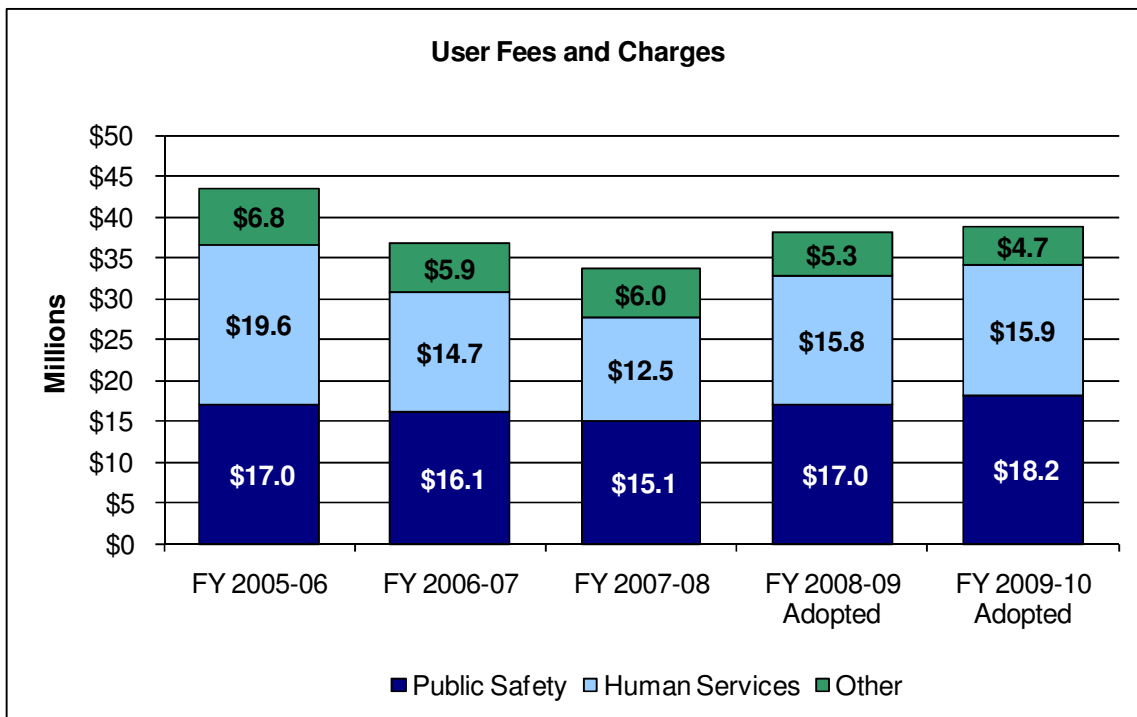
In addition to the economic impacts discussed above, the sales tax revenue estimate for FY 2009-10 takes into account the loss of all of the Article 44 tax component and the switch to a point of origin distribution method for the Article 42 component. As a result of these changes, total sales tax revenues are expected to fall by \$13.3 million, or -17.2%, next fiscal year.

User Fees and Charges

\$38,759,856

Guilford County departments expect to generate nearly \$38.76 million from fees and other charges for services (approximately 7% of total revenues), such as fees for ambulance transportation and medical visits to the Health Department and Mental Health. Most user fees and charges are collected by Public Safety and Human Services departments. Other fees include inspections and permitting fees and fees charges by the Register of Deeds for various property transactions. As a result of declines in the economy, fees related to construction and property transactions have declined significantly. As a result, the FY 2009-10 budget projects only a slight increase in fees of 1.7%, or approximately \$634,000.

The adopted budget includes fee increases for selected Health Department and medical transport services. Please see the detail pages for the Health Department (in the Human Services section) and Emergency Services (in the Public Safety section) for more detail.

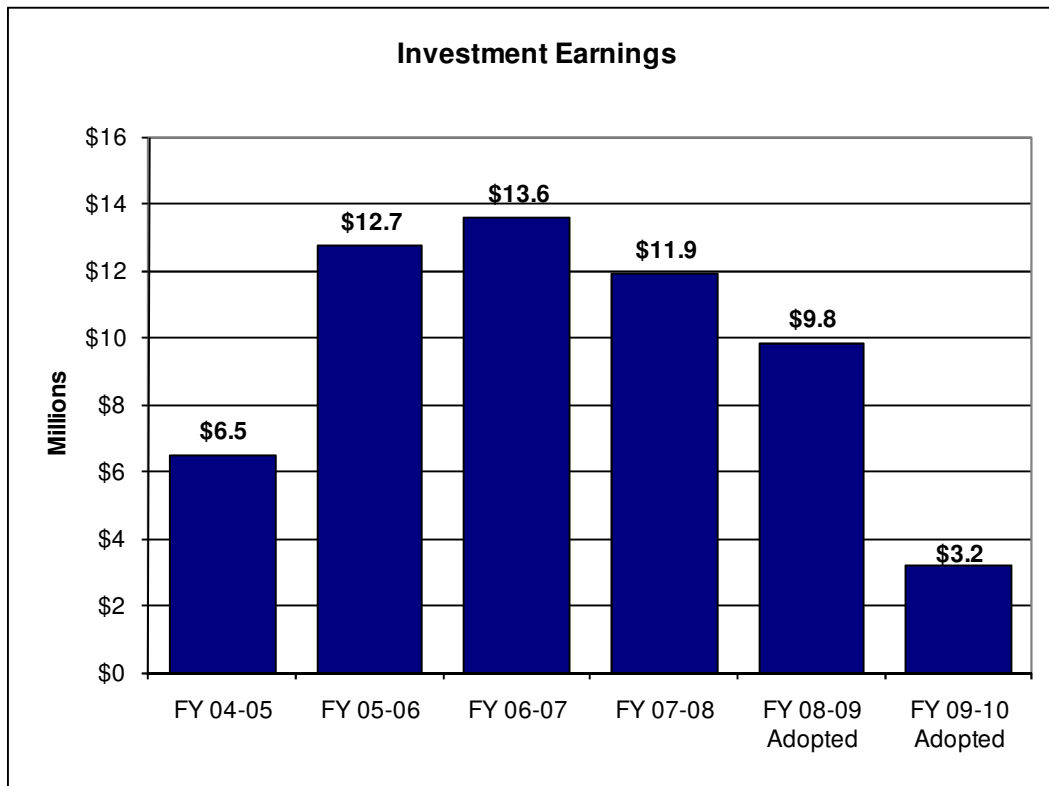


Other Revenues

\$13,238,412

In FY 2009-10, Guilford County expects to receive \$13.24 million in Other Revenues for the General Fund outside the categories listed above. These revenues are from a number of sources, including investment earnings, penalties for late payment of property taxes, excise taxes paid to the Register of Deeds, cable television franchise revenues, and grants or donations from various organizations.

The adopted budget for Other Revenues is 40% (-\$9.27 million) lower than the current year's budget. Most of this decrease is the result of a \$6.625 million decline in investment earnings, primarily the result of weak interest rates. In addition, Register of Deeds revenues, which are generally tied to property transactions, have experienced a severe decline as economic activity slowed this year.



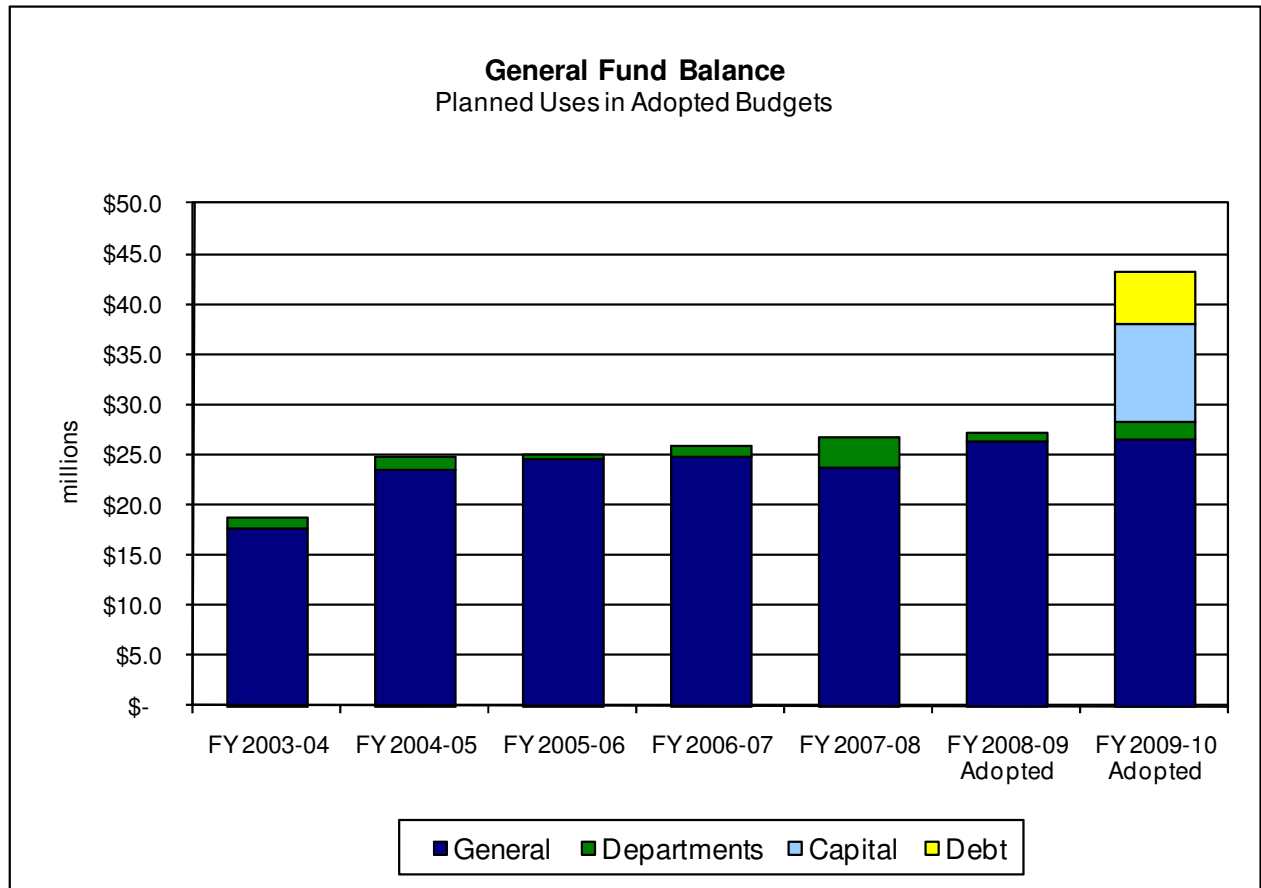
Fund Balance (all sources)**\$43,134,030**

In general, Fund Balance is the money that remains unspent after all budgeted expenditures have been made. (The 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.) It is generated when collected revenues exceed actual expenditures, and 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 tapped if significant unplanned expenditures occur. Finally, it may be used by the Board during the budget development process to help fund county operations.

The North Carolina Local Government Commission (LGC) recommends that counties maintain a minimum Fund Balance of 8% of General Fund expenditures to ensure sufficient funds are available to support operations and address unexpected issues. A Fund Balance of higher than 8% strengthens a local government's financial position as it provides a greater margin of protection for operations.

The FY 2009-10 General Fund budget includes an appropriation of \$43.1 million - \$16.0 million more than was included in the current year's adopted budget. The amount planned for "general" uses (i.e., not earmarked for a department or restricted for a certain use), however, is slightly lower than that adopted for FY 2008-09. Most of the increase in fund balance comes from allocating \$5.25 million of restricted bond premium funds for the repayment of debt service and allocating \$10.1 million for future capital needs (as discussed on the Capital & Technology page in the Support Services section). Additionally, the budget proposes an increase in the fund balance held for specific departmental uses.

Fund Balance Reserve Analysis	
Calculation of Recommended Reserve:	
Adopted General Fund Expenditures	\$ 586,110,932
8% Recommended Reserve	\$ 46,888,875
Unreserved Fund Balance Analysis	
Estimated Unreserved Fund Balance at 6/30/2008	\$ 83,000,000
Less amount used to balance budget	\$ (36,199,135)
Remaining Unreserved Fund Balance	\$ 46,800,865
As a % of Adopted General Fund Expenditures	7.98%
Total Fund Balance by Planned Use	
General	\$ 26,506,762
Future Capital Needs	\$ 9,692,373
Total Unreserved Appropriated	\$ 36,199,135
Departmental Operations	\$ 1,684,895
Debt Service	\$ 5,250,000
Total Reserved for Specific Uses	\$ 6,934,895
Total Fund Balance Appropriated	\$ 43,134,030



**Planned Use of Fund Balance in Adopted Budgets
(millions)**

Planned Use	FY 03-04	FY 04-05	FY 05-06	FY 06-07	FY 07-08	Adopted	Adopted	change
General	\$ 17.6	\$ 23.5	\$ 24.5	\$ 24.7	\$ 23.7	\$ 26.4	\$ 26.1	-1.2%
Departments	\$ 1.2	\$ 1.2	\$ 0.5	\$ 1.1	\$ 3.1	\$ 0.7	\$ 1.7	142.6%
Capital	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10.1	--
Debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5.3	--
Total	\$ 18.8	\$ 24.7	\$ 25.0	\$ 25.8	\$ 26.8	\$ 27.1	\$ 43.1	59.2%