

TOTAL BUDGET— REVENUES

Revenue estimates are based on actual prior year amounts, current year projections, trend analysis, and general economic forecasts. Each of the major

revenue categories are discussed in further detail below the chart.

Total Revenue by Major Type

	2009-10 Actual	2010-11 Budget	2011-12 Adopted	2012-13 Projected
<i>Property Tax</i>	154,287,614	155,137,935	153,319,025	157,332,901
<i>Sales Tax</i>	35,873,911	37,345,470	37,418,480	38,530,530
<i>Intergovernmental Revenue</i>	42,710,876	41,951,395	43,113,783	43,593,008
<i>User Fees/Charges/Licenses</i>	152,126,482	155,072,337	170,034,060	172,526,741
<i>All Other</i>	87,757,207	87,874,125	86,853,200	87,172,130
<i>Interfund Transfers</i>	38,189,527	38,152,529	35,373,323	35,522,096
<i>Appropriated Fund Balance</i>	35,298,381	30,591,394	19,436,455	28,923,568
<i>Total</i>	546,243,998	546,125,185	545,548,326	563,600,974
<i>Less Transfers & Internal Charges</i>	112,100,342	113,886,113	106,733,322	107,347,905
<i>Net Revenues</i>	434,143,656	432,239,072	438,815,004	456,253,069

Property Taxes

The City of Greensboro relies on property taxes to raise about one-third of the net revenues needed to support municipal operations in all funds. The FY 11-12 Adopted Budget is balanced with a property tax rate of 63.25 cents, the same rate as FY 10-11.

A variety of budget reductions are being implemented to help maintain a steady tax rate. These budget strategies are discussed in greater detail throughout the document but include service reductions in areas such as Libraries, Parks and Recreation and Engineering and Inspections. The growth in the assessed value of the community is based on projections by the Guilford County Tax Department. Revenue projections for the next fiscal year assume no tax base growth in FY 11-12 and only 1% growth in FY 12-13.

The second year projected budget for the General Fund is balanced with a projected one cent (1.0) tax

rate increase. This projection acknowledges continued expected slow growth in major General Fund revenues with planned service expansion in Fire and Parks and Recreation.

Local Option Sales Tax

The State of North Carolina grants local governments the authority to levy a general local sales tax of up to 2.0%. Counties and transportation authorities are also authorized to levy a public transportation sales tax (subject to voter approval) and counties may authorize a restricted county purpose local sales tax of 0.25% or a land transfer tax, but not both (subject to voter approval). The general state sales tax is currently at 5.75% (scheduled to decrease to 4.75% on July 1 2011). Guilford County levies a 2.0% general sales tax. Sales tax distribution among jurisdictions within Guilford County is based on total tax levy of all jurisdictions.

Total Budget-Revenues

Revenue projections for the current year expect actual sales tax revenues to be about \$600,000, or about 1.7%, greater than last year, but about \$850,000 below the current year budget. Projections for FY 11-12 will be about 2.5% above current year estimates. The estimates reflect the elimination of the Article 44 one half cent local option sales tax, effective October 1 2009, and its replacement with a hold harmless payment made directly to municipalities from the state.

Local option sales tax revenues constitute about 8-9% of net revenues.

Intergovernmental Revenue

Intergovernmental revenues include those revenues that are collected by the State of North Carolina and returned to local governments, such as the Beer and Wine Tax, Utility Franchise Taxes, various cable and satellite service sales taxes (now shared with local governments through the Video Services Competition Act) and portions of the state tax on gasoline. This revenue category also includes contributions from Guilford County for support for the City's Library System and federal and state grants that help support the Greensboro Transit Authority.

Intergovernmental revenues are budgeted at \$43.1 million, just under 3% higher than the current year budget. Electric Utility Franchise Tax revenue is projected at \$9.22 million, 4% above the current year estimate of about \$8.88 million.

The amount budgeted for Powell Bill funding receipts is \$6.4 million, the same as current year.

The contribution from Guilford County for support of the City's Library System is budgeted at \$1.447 million. This amount is \$147,000 higher than current year and is based on a new funding agreement reached between the City and Guilford County effective with the FY 11-12 fiscal year.

User Fees, Charges and Licenses

These revenues represent charges for City services that are provided by departments typically operating as enterprises in separate funds. Examples include water and sewer charges, landfill tipping fees,

parking fees, and the stormwater management fee. Charges for services provided by General Fund Departments, such as Parks and Recreation and Engineering and Inspections are also included in this category.

Budgeted revenues for FY 11-12 are \$170.0 million, about \$15.0 million more than budgeted revenues for FY 10-11. The majority of this increase is due to revised accounting practices for Coliseum events that are deemed to be "co-promoted," an arrangement in which the Coliseum shares in both event revenues and potential event losses. Previously, the net impacts, (either net revenue gain or net expense loss) of these events had been posted to the budget. Both gross revenue and gross expenses will now be recorded. This causes a significant increase both in recorded revenue and recorded expense for the Coliseum Fund. Controlling for this accounting change, user fee revenue would be increasing by \$5.0 million, or 3.2%.

Building permit revenue has rebounded somewhat in FY 10-11, showing the first increase over previous year since FY 06-07. For FY 11-12, permit revenue is budgeted conservatively to hold steady at \$1.8 million.

Overall user fee revenue in the Water Resources Fund is budgeted at \$89.2 million, about \$3 million above the current year budget figure but with little to no growth over the current year estimate figure.

Other Revenues

Revenues not otherwise defined are included in this category. These include interest income, internal service charges, proceeds of capitalized leases, donations and sale of assets. Internal charges, or charges assessed by one department for services rendered for another, are captured in this category. This includes internal printing charges, garage and fleet maintenance charges and computer service and maintenance charges.

Revenues for this category are budgeted for FY 11-12 at \$86.9 million, about \$1.0 million below the current year budget figure of \$87.9 million.

Interest income is budgeted at \$3.4 million in FY 11-12, compared to \$5.1 million in the current year. Interest earnings for operating funds have declined steadily for the past three years along with the drop in short term rates for money market funds and other securities available for investment of the City's cash balances.

Interfund Transfers

Interfund transfers are contributions made by one fund to support operations in another fund, such as contributions from the General Fund to the Solid Waste Management Fund to support refuse disposal and contributions to the Debt Service Fund to support voter-approved bond project financing.

Budgeted interfund transfers decrease from \$38.2 million in FY 10-11 to \$35.4 million in FY 11-12. The General Fund contribution to the Coliseum Fund will be reduced from \$1.59 million to roughly \$1.47 million.

The General Fund's traditional contribution to the Nussbaum Housing Partnership Fund for housing program services is eliminated and replaced by a dedicated 0.7 cents property tax allocation for the Partnership Fund.

As part of overall efforts to balance the General Fund Budget without a tax rate increase, the General Fund will receive transfers from the Network Services Fund (\$300,000), the Employee Insurance Fund (\$717,000) and the General Insurance Fund (\$209,000).

Fund Balance

The City of Greensboro fund balance policy states that "each year the estimated savings realized from unexpected appropriations in the General Fund shall be evaluated with respect to appropriation to the following year's revenue budget as Appropriated Fund Balance to assist in financing that year's budget."

Appropriated fund balance amounts are decreasing from \$30.6 million to \$19.4 million. Appropriated fund balance for the General Fund decreases from \$5.1 in FY 10-11 to \$2.3 million in FY 11-12.

Several other funds are reducing appropriated fund balance in 11-12. The Technical Services Fund balance is reduced from \$1.5 million to \$663,000. In FY 10-11, the Technical Services Fund drew down \$1.5 million in fund balance to cover the cost of radio replacements scheduled for FY 10-11. Network Services is reducing appropriated fund balance from \$1.8 million to \$800,000. In FY 10-11, Network Services budgeted a transfer to the General Fund of \$1.75 million, necessitating the need for the higher appropriated fund balance figure in the current year. For FY 11-12, the fund's transfer to the General Fund is reduced to \$330,000.

Other funds requiring less fund balance for FY 11-12 include Water Resources (reduced from \$3.2 million to \$250,000) and Equipment Services (reduced from \$3.1 million to \$417,000).

**Total Net Revenues by Major Type
(Adopted FY 11-12 Budget)**

