

# Winston Salem

**NORTH CAROLINA**

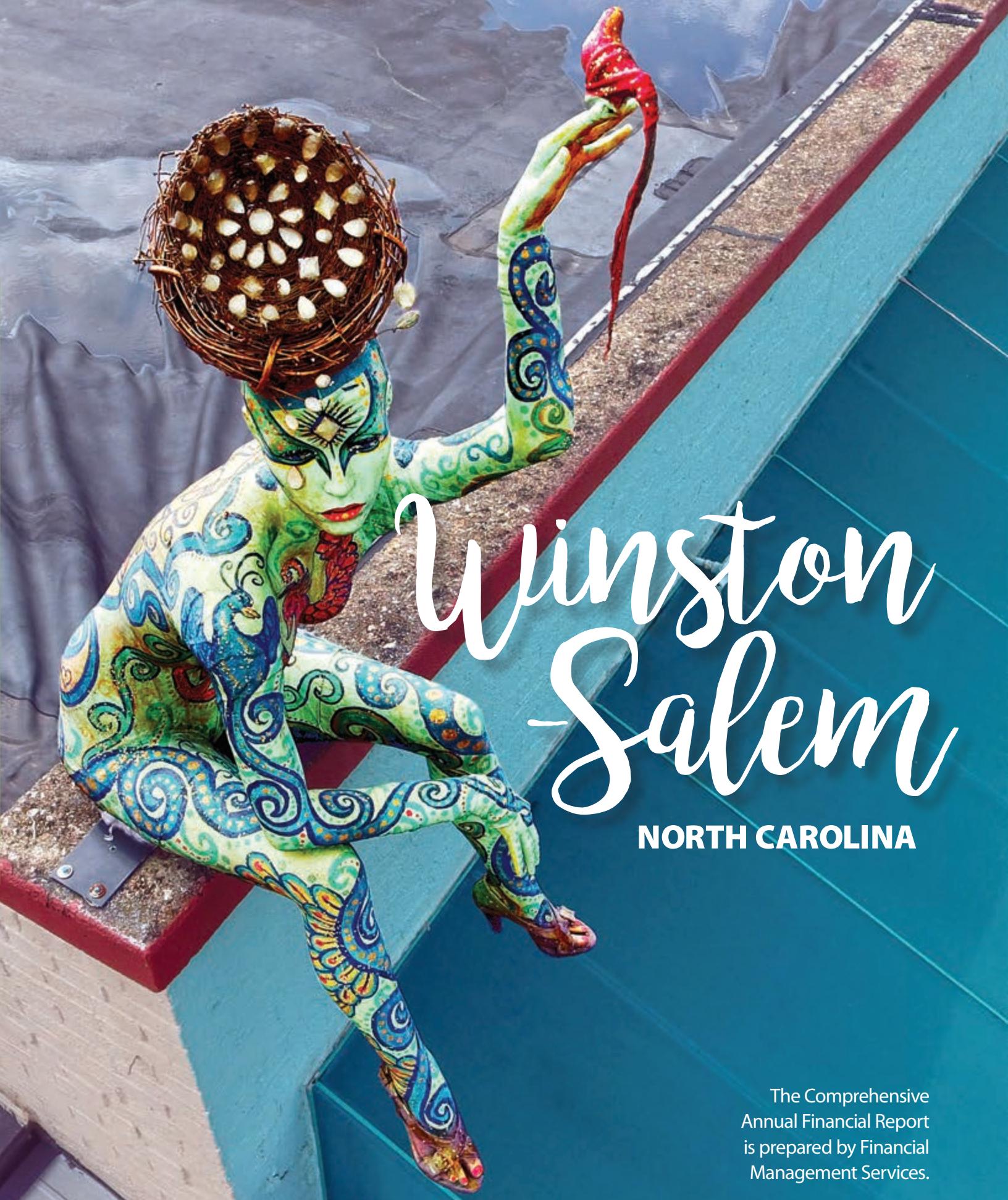
Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2016  
City of Winston-Salem, North Carolina



jenna

Perched over Single Brothers Bar, "Jenna" keeps watch over the swelling vitality of Trade Street in Winston-Salem. Created by world-renowned body painter Cheryl Ann Lipstreu and installed as part of the Art for Arts Sake (AFAS) Group's "Mannequin Shenanigans" public art campaign in 2013, she has welcomed many new establishments to the neighborhood including: Mast General Store, Mission Pizza Napoletana, Broad Brand Distillery, Black Mountain Chocolate and Big Winston Lounge.

AFAS has been instrumental in building a sense of community in Winston-Salem through their mission to "build, educate and celebrate community through art."



# Winston Salem

**NORTH CAROLINA**

The Comprehensive  
Annual Financial Report  
is prepared by Financial  
Management Services.

Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2016  
City of Winston-Salem, North Carolina



# credits

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Daniel Alvarez/Twin City Stage

## City of Winston-Salem, North Carolina

# COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2016

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Certain pages in this report are intentionally blank.



## *Letter of Transmittal*

November 11, 2016

To the Honorable Mayor and Members of City Council  
and Citizens of the City of Winston-Salem

Ever since the merger of Winston and Salem in 1913, the twin City has prospered through the cooperation of its public and private institutions. This was true in the years following the incorporation of Winston-Salem, and it remains true today. The enduring veracity of our City motto was underscored again during the past year, as our community continues to see the tangible benefits of the past decade of efforts by City government and private institutions to diversify our economy, increase our tax base, bring new jobs to our City, and breathe new life into our downtown.

### ***Financial Report***

It is our pleasure to submit the Comprehensive Annual Financial Report for the City of Winston-Salem, North Carolina for the fiscal year ended June 30, 2016. Management of the City of Winston-Salem, North Carolina, is responsible for the integrity and objectivity of financial statements and other representations contained in this annual report. The City's Comprehensive Annual Financial Report, prepared in accordance with generally accepted accounting principles for units of local government, consists of management's representations concerning the financial position and results of operations for the fiscal year ended June 30, 2016.

North Carolina general statutes require each unit of local government to publish within four months after the close of the fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of certified public accountants. The City engaged Dixon Hughes Goodman LLP, independent auditors, to perform an audit of the City's reported financial position and results of operations contained in the government-wide and fund financial statements and notes to the financial statements. Their audit consists of an objective outside review in order to provide reasonable rather than absolute assurance that the financial statements are free from material misstatements. Working with the City's professional financial and auditing staff, they reviewed and made appropriate tests of data included in the financial statements, and evaluated the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the financial statements of the City of Winston-Salem for the fiscal year ended June 30, 2016, are fairly presented in conformity with GAAP. The report of independent auditors is presented as the first component of the financial section of this report.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The independent audit of the financial statements of the City of Winston-Salem was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the City's internal controls and compliance with legal requirements, with emphasis on administration of federal grants.

Assuring legal compliance requires an accounting system that contains a variety of distinctly different fiscal and accounting entities. Formal budgetary accounting is employed for all funds for management planning and control required by North Carolina General Statutes. Budgets are legally enacted by passage of Annual Budget and Project Budget Ordinances and formally amended as required. The City Manager is authorized to transfer budget amounts within functions, but changes between functions and total budgets of any fund require approval by the City Council.

The City's financial statements also present the financial position and results of operations of two nonprofit corporations, North Carolina Municipal Leasing Corporation and Risk Acceptance Management Corporation, which provide services under contract to the City. Although legally separate they are included because they have significant financial relationships with the City. Additional information on these entities can be found in the notes to the financial statements.

Honorable Mayor and  
Members of the City Council  
City of Winston-Salem, North Carolina

Page 2

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GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

Included in the Comprehensive Annual Financial Report is information about the City as a social and economic unit as well as its governmental structure that is intended to enable the reader to assess the City's economic foundation, quality of life, and financial condition. The information complements MD&A, which highlights the fiscal year.

### ***Long-term Financial Planning***

The Comprehensive Annual Financial Report reflects the sound fiscal policies our elected officials have established to achieve their annual priorities for programs, services and capital improvements. These policies have resulted in the City's strong financial position which is demonstrated by the highest credit rating attainable in national bond markets. Growth of the City's economic base as well as realistic long-range planning, productive management of revenue and cash resources, expansion of self-supporting enterprises within government, and prudent use of debt continue to produce favorable operating results. Unassigned general fund balance represents 12.44% of the estimated budgeted expenditures while total general fund was 27.35%.

The City annually adopts a six-year Capital Plan for the scheduling and appropriation of funds for major projects that represent significant contributions to the City's overall inventory of physical assets. City Council approval of the Capital Plan commits the City to the first year of the capital projects with conditional approval for those projects listed in the five future planning years. The six-year Capital Plan, from fiscal year 2017 through fiscal year 2022 includes capital appropriations totaling \$369.5 million and includes projects funded by general fund resources, general obligation bonds, utility revenue bonds, special obligation bonds, North Carolina Municipal Leasing Corporation, state and federal grants, gasoline taxes, and capital reserves.

### ***Awards and Acknowledgements***

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Winston-Salem for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2015. This was the 30th consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Deserving special commendation are skilled, talented, and dedicated employees – the work force of the City of Winston-Salem. Acknowledgement and appreciation are expressed for their contributions to a successful year. We also express our sincere appreciation to the Mayor and City Council for leadership, guidance, and establishment of policies for managing financial operations in a sound and progressive manner.

Respectfully submitted,

Lee D. Garrity  
City Manager

Lisa M. Saunders  
Chief Financial Officer

# economy

In the past year, **Winston-Salem**, the City of Arts and Innovation, continued to build its reputation as a vibrant community supportive of new companies, entrepreneurs and ideas. Wake Forest **Innovation Quarter** an urban research and technology park located in repurposed former R.J. Reynolds Tobacco warehouses and factories, is now home to 3,100 workers. The companies located there include Inmar, a rapidly growing logistics company, and nearly 50 other companies, many of them start-ups in the technology and biomedical fields.



# local economy

## 2015-2016

Medical and biomedical research organizations thriving in Innovation Quarter include the **Wake Forest Institute for Regenerative Medicine (WFIRM)**, whose researchers were the first in the world to engineer laboratory-grown organs that were successfully implanted into humans. Today, the team is working to engineer more than 30 different replacement tissues and organs and to develop healing cell therapies.

Innovation Quarter encompasses more than 1.5 million square feet of office, laboratory and classroom space, including 20 academic departments of **Wake Forest Baptist Medical Center** and **Forsyth Technical Community College**. About 6,000 students are attending programs in the technology park. Other organizations are **Flywheel**, a 24/7 co-working environment with spaces available for lease on an as-needed or temporary basis, and the **Center for Creative Economy**, which supports a burgeoning creative sector that includes design, architecture, advertising, publishing, art, crafts, fashion, film, performing arts, TV and radio, interactive digital media, gaming, and related creative technologies.

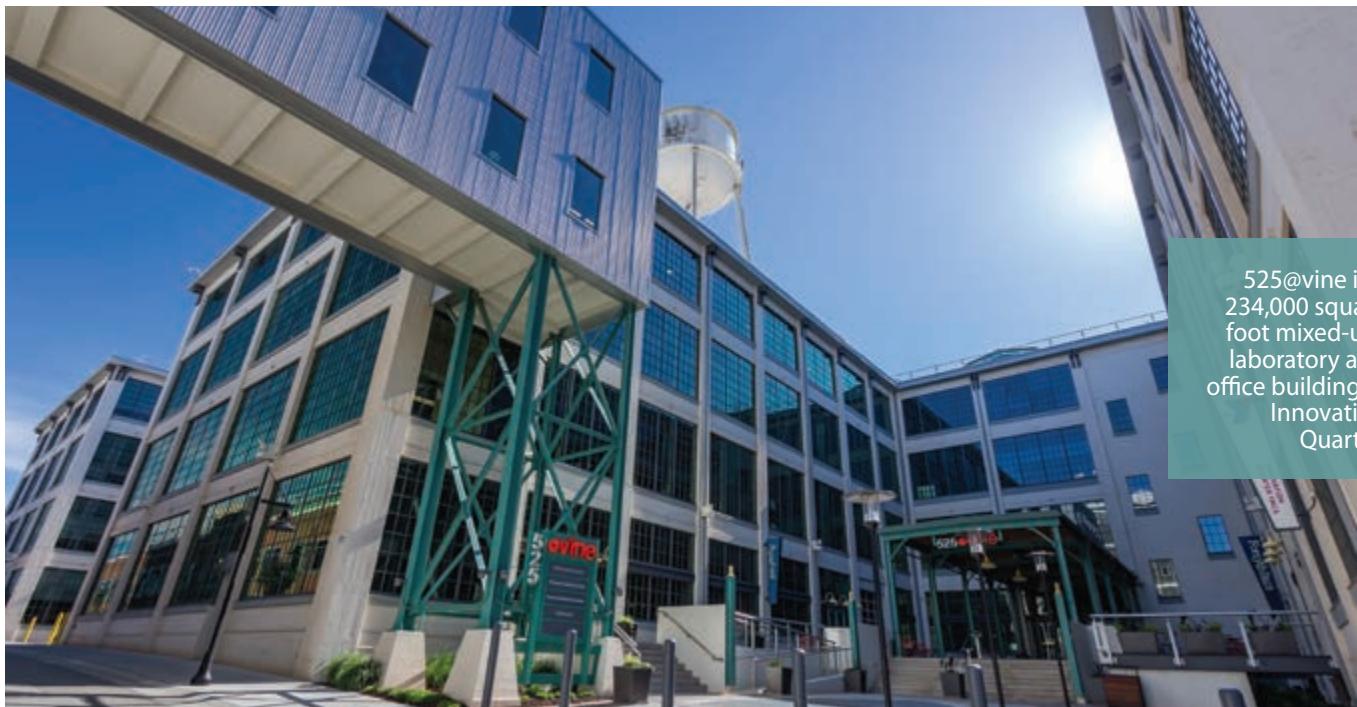
The **Center for Design Innovation**, a joint effort by **Forsyth Technical Community College**, the **UNC School of the Arts** and **Winston-Salem State University**, opened in a new building in Innovation Quarter in 2015. CDI includes a 60-by-60-foot-space known as "the Cube," one of the largest dedicated spaces for motion-capture research in the Southeast. First used in the entertainment industry, motion-capture technology is now benefiting fields as diverse as manufacturing, engineering, ergonomics, athletics, rehabilitation and medicine.

Much of Innovation Quarter's redevelopment has been the result of more than \$520 million of investments by **Wexford Science & Technology, LLC, a BioMed Realty Company**, the City of Winston-Salem, Forsyth County, and the State of North Carolina. Much of the investment has leveraged historic tax credits approved by the National Parks Service. In 2016, Wexford bought about two-thirds of Reynolds' former **Bailey Power Plant**, which ceased operations about 20 years ago, and plans to re-develop about 110,800 square feet into new office, entertainment and retail space.

With 650 apartments and condominiums, many of them also in refurbished former tobacco buildings, and **Bailey Park**, a green space with public art installations, a space for gatherings, and regular concerts and yoga classes, Innovation Quarter has become a true "live, work, play" environment.

Other areas of improvement in the Winston-Salem economy included the real estate market. Sales of existing homes in the Forsyth County area jumped 12 percent in June from the same month in 2015, according to the Winston-Salem Regional Association of Realtors®. The average sales price of homes was \$190,777, up 5.5 percent from \$180,804 in June 2015.

By July 2016, the Winston-Salem metropolitan area had reached an unemployment rate of 4.8 percent, down from 6.1 percent in July 2015 according to statistics from the U.S. Department of Labor's Bureau of Labor Statistics.



525@vine is a  
234,000 square  
foot mixed-use  
laboratory and  
office building in  
Innovation  
Quarter.

# economy



• Winston-Salem

# local economy > budget & improvements

The Winston-Salem City Council approved a \$442.2 million budget for the fiscal year 2016-2017. Although the budget raises the property tax rate from 56.5 to 58.5 cents for every \$100 of assessed value, the average property owner of a \$150,000 house will see an increase of only \$30, from \$847.50 to \$877.50.

The increase will help the City meet its goal of increasing employee salaries to be more in line with those of other Triad cities. Police officers and fire fighters received a 2 percent salary increase in January 2016 and will receive another 2 percent in January 2017. Other City employees will receive a 3 percent raise and will be eligible for merit pay increases ranging from 1.5 to 3 percent. The budget also adds 30 new positions, including 13 in public safety and 10 in property management.

In a budget summary for the City Council, City Manager Lee Garrity wrote, "Since the 'Great Recession' in 2008, the Mayor and City Council has worked tirelessly to keep the cost of City government low, minimizing the impact on taxpayers and citizens. During this time, the City has maintained its

level of services while restraining growth in expenditures, mostly by providing modest increases in employee compensation, limiting equipment replacements to the most critical needs, and deferring maintenance on some of the City's facilities and infrastructure."

With the improvement in the local economy in the few years, including a 1.1 percent growth in the property tax base during 2015-2016, the time has come to address some of the issues, including repairing and replacing aging equipment and making employee salaries more competitive with those of other Triad cities, he wrote.

The City-County Utility Commission approved a 1.5 percent increase in the water usage rate and a 3 percent increase in sewer rates, both effective Oct. 1, 2016. The average household in Winston-Salem will see its monthly cost increase from \$41.38 to \$43.39. The Utility Commission has been rebuilding water and sewer infrastructure in older City neighborhoods, some that is 80 to 100 years old. Even with the increase, Winston-Salem's rate remains the lowest among North Carolina's large cities.

## Major Employers Updated July 2016\*

Rank	Company	Employees*
1	Wake Forest Baptist Medical Center	12,873
2	Novant Health, Inc.	8,145
3	Winston-Salem/Forsyth County School System	6,860
4	Reynolds American, Inc.	3,000
5	Wells Fargo Bank	2,745
6	Hanesbrands, Inc.	2,500
7	City of Winston-Salem	2,420
8	Wake Forest University^ (Reynolda Campus)	2,784
9	BB&T Corporation	2,134
10	Forsyth County	2,275
11	Forsyth Technical Community College^	1,505
12	B/E Aerospace, Inc.	1,300
13	Walmart	1,300
14	Winston-Salem State University^	1,073

Rank	Company	Employees*
15	Deere/Hitachi	800
16	YMCA of Northwest NC	1,056
17	Pepsi-Cola	1,050
18	Lowes Food Stores	1,034
19	Inmar	900
20	US Airways	900
21	Flow Automotive	875
22	Hayward Industries	800
23	Veterans Administration	685
24	National General Insurance	675
25	Aon Consulting	650
26	Blue Cross & Blue Shield of NC	600
27	Rock Tenn	600
28	Cook Medical	576
29	Womble Carlyle Sandridge & Rice	573
30	Krispy Kreme Doughnuts	554

SOURCE: WINSTON-SALEM CHAMBER OF COMMERCE

<sup>A</sup> Full and part-time faculty and staff.

\* Employment estimates can vary widely depending on the source. Estimates here are provided using a variety of sources, including the companies, Winston-Salem Chamber, Forsyth County, the Winston-Salem Journal, the Triad Business Journal, and Reference USA. If a valid estimate was not available, the employment range provided by the NC Employment Security Commission is listed. Some estimates may be outdated, but the most current information available is listed here.



Wake Forest Baptist Health continues to grow beyond its main campus, opening offices and clinics in other parts of Forsyth and surrounding counties.

## local economy > **health care**

Home to two of North Carolina's largest regional health systems — **Wake Forest Baptist Health (WFBH)** and **Novant Health, Inc. (Novant)** — health care remains the City's largest industry. Nearly 21,000 people are employed in health care, with 30 percent of the region's employment based in education and health services.

**WFBH** is Forsyth County's largest employer, with more than 12,500 employees system-wide. It encompasses **Wake Forest Baptist Medical Center**, **Wake Forest School of Medicine**, **Wake Forest Innovations**, and **Innovation Quarter**. The nationally recognized academic Medical Center includes a medical staff of more than 900 physicians with expertise in over 100 specialties; 2,500 registered nurses, 670 residents and fellows, and over 1,200 other clinical professionals; **Brenner Children's Hospital**, the region's only pediatric hospital; and one of the largest **Comprehensive Cancer Centers** in the state, which is one of only 45 **comprehensive centers** in the nation as designated by the National Cancer Institute.

The Medical Center provides 1,000 acute care beds, as well as outpatient services, clinics, diagnostic centers, and community health and information locations. It is the region's only Level I Trauma Center and was the state's first Level 1 Pediatric Trauma Center.

Other locations that are part of the **Wake Forest Baptist Health** system include **Wake Forest Baptist Health-Lexington**

**Medical Center**, **Davie Medical Center-Mocksville**, and **Davie Medical Center-Bermuda Run**.

The institution plays a key role in the community by delivering more than \$376 million in charitable care and other community benefits. The hospital has earned the coveted Gold Seal of Approval™ from the Joint Commission, the nation's premiere standards-setting and accrediting body for health care and quality.

Wake Forest Baptist's medical and surgical programs continually rank among the best in the country. It has been recognized as one of the Top 50 of America's Best Hospitals by *U.S. News & World Report* for the 24th consecutive year, and its Brenner Children's Hospital ranks among the best children's hospitals. Wake Forest Baptist's physicians rank among the best in the country with more than 270 included in the Best Doctors in America database.

With an enrollment of about 1,900 students, residents and fellows, the School of Medicine is renowned as one of the top medical schools in the country. It is the 17th largest medical school in the U.S. and ranks among the "2017 Best Medical Schools" list from *U.S. News & World Report*. The School of Medicine entered into a new era this year with the opening of its Bowman Gray Center for Medical Education in downtown Winston-Salem.

## local economy > health care

**Novant Health, Inc.** is a four-state, integrated health care system with headquarters in Winston-Salem. With more than 8,100 employees in the Winston-Salem area, it includes a network of 15 medical centers, over 400 clinic locations, and more than 1,300 physicians in North Carolina, Virginia, South Carolina and Georgia. Recognized as one of the best places to work in health care in the nation, Novant has a major impact in its communities by delivering over \$700 million in community benefits, including direct charity care. The health system ranks among the top 10 percent of health care organizations in the country and has been recognized by the Joint Commission for the quality and safety of its patient care. Novant's hospitals are listed among the best in the country in *U.S. News & World Report's* "Best Hospitals."

Novant Health's **Forsyth Medical Center (FMC)** is a 921-bed, not-for-profit hospital in Winston-Salem offering a full continuum of emergency, medical, surgical, rehabilitative and behavioral health services. As the largest hospital in Novant's system, FMC is accredited by the Joint Commission and is a member of the American Hospital Association. The hospital provides state-of-the-art care and has received national awards for cardiac surgery, oncology, quality care for diabetes, heart disease, and stroke, and excellence in nursing care.

FMC was one of the first hospitals in the Carolinas to receive national certifications for programs in heart and vascular care, stroke care, and knee and hip joint replacement. It has received worldwide accolades for its use of electronic health records and is the only hospital in the region to be recognized for its use of information technology (IT) in the delivery of health care. Centers of excellence at FMC include **Novant Health Rehabilitation**, the **Maya Angelou Women's Health & Wellness Center**, the **Heart & Vascular Institute**, the **Derrick L. Davis Cancer Center**, **Stroke & Neurosciences Center**, **Orthopedic Center** and **Behavioral Health**. The Maya Angelou Center operates the largest birthing center in the region by providing all labor and delivery services. It assists with more than 6,000 births a year, making it the second largest birthing center in the state.

**Novant Health Medical Park Hospital** is a 22-bed, not-for-profit hospital that specializes in elective, outpatient and short-stay surgeries. Approximately 12,000 surgeries are performed each year, most of which are outpatient. Novant also operates four community hospitals in the region: **Novant Health Clemmons Medical Center**, **Novant Health Kernersville Medical Center**, **Novant Health Rowan Medical Center**, and **Novant Health Thomasville Medical Center**.



Novant Health now owns and operates clinics and hospitals throughout North Carolina and in Virginia. Novant has also opened clinics in other parts of Forsyth County, including this one in the Southeast Gateway area of Winston-Salem.

# economy

## local economy > financial services

**BB&T Corporation (BB&T)**, a Fortune 500 company headquartered in Winston-Salem, is a fast growing, highly profitable financial holding company with 2,100 employees here. BB&T touts its operating strategy as unique, in that each banking subsidiary is organized as a group of community banks with a regional president, allowing for local decision-making and better customer service.

As of June 30, 2016, BB&T Corp is one of the largest U.S. financial services holding companies, with \$221.9 billion in assets and market capitalization of \$29 billion. It operates 2,249 financial centers in 15 states and Washington, D.C., and offers a full range of consumer and commercial banking, securities brokerage, asset management, mortgage and insurance products and services. BB&T has paid a cash dividend to shareholders every year since 1903.

**Wells Fargo & Co.** bought **Wachovia Corp.**, founded in 1879 in Winston-Salem, in 2008. While Wells Fargo's headquarters is located in San Francisco, it maintains a major operation of the bank's wealth, brokerage, and retirement division in Winston-Salem and employs 2,745 workers here. With \$1.9 trillion in assets, Wells Fargo does business with 70 million customers and one in three U.S. households.

**Piedmont Federal Savings Bank**, founded in 1903 in Winston-Salem, continues to be one of the nation's soundest banks. The bank prides itself on refusing to sell any of its home loans to other institutions. As a mutual savings bank, Piedmont Federal is FDIC-insured, with its customers as its only stakeholders. The bank operates nine retail branches in Forsyth, Wilkes and Watauga counties.

Winston-Salem is also home to two of the state's largest credit unions. Founded in 1967 to serve Reynolds Tobacco employees, **Allegacy Federal Credit Union** now has 550 member companies in the U.S. **Truliant Federal Credit Union**, chartered in 1952 to serve employees of Western Electric, now has more 195,000 member-owners throughout the U.S.

Two iconic buildings in the Winston-Salem skyline serve as headquarters for two prominent financial institutions: (left) Wells Fargo & Co., which houses a major division of its wealth management services here, and (right) the national headquarters of BB&T Corp., one of the largest financial holding companies in the U.S.

## local economy > manufacturing

Although manufacturing is no longer the largest employment sector in Winston-Salem and Forsyth County, it continues to be a major player. **Reynolds American, Inc. (RAI)** and **Hanesbrands**, both long-time corporate citizens of Winston-Salem, employ 3,000 and 2,251 workers, respectively.

RAI had an evolutionary year with fully integrating the employees and assets of Lorillard, Inc. of Greensboro, which it purchased for \$29.25 billion in June 2015. The acquisition, one of the largest in the history of the tobacco industry, now gives RAI a "dream portfolio" of the No. 2, 3 and 4 cigarette brands in the nation: Newport (acquired from Lorillard), Camel and Pall Mall. Newport production was shifted from the Lorillard plant in Greensboro to Reynolds' plant in the town of Tobaccoville, about 10 miles north of Winston-Salem. RAI has publicly stated its commitment to becoming a "transformative" tobacco company, diversifying into smoke-free products such as VUSE digital vapor cigarettes and ZONNIC, a nicotine replacement therapy gum. RAI also offers Grizzly, the nation's top-selling moist snuff.

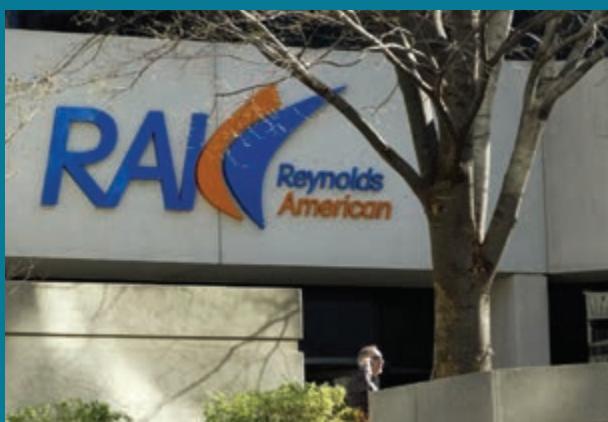
**Hanesbrands** is the world's largest marketer of basic apparel, selling bras, panties, shapewear, sheer hosiery, men's underwear,

children's underwear, socks, t-shirts, sweatshirts, fleece and other activewear. The company's brands include Hanes, Champion, Playtex, Maidenform and Bali. In recent years, Hanes has made more than a half dozen acquisitions, including Maidenform Brands, Gear for Sports and Knights Apparel in the United States and DBApparel in Europe. Unlike most apparel companies, Hanesbrands primarily operates its own manufacturing facilities. It is the only apparel producer to ever be honored by Great Place to Work Institute for its workplace practices in Central America and the Caribbean.

Other manufacturers in Winston-Salem/Forsyth County include **B/E Aerospace**, a maker of commercial aircraft products that employs 1,300 workers in Winston-Salem; **Deere-Hitachi**, with 800 workers; **Hayward Industries**, a manufacturer of pool equipment that employs 800; **Rock Tenn**, which makes packaging products and employs 600; and **Cook Medical**, a manufacturer of medical devices, with 576 workers. **Krispy Kreme Doughnuts Inc.**, manufacturer of one of Winston-Salem's most iconic products, employs 554. The company announced in May 2016 that it will be acquired for about \$1.35 billion by JAB Holding Co.



Hanesbrands



Reynolds American, Inc. (RAI)

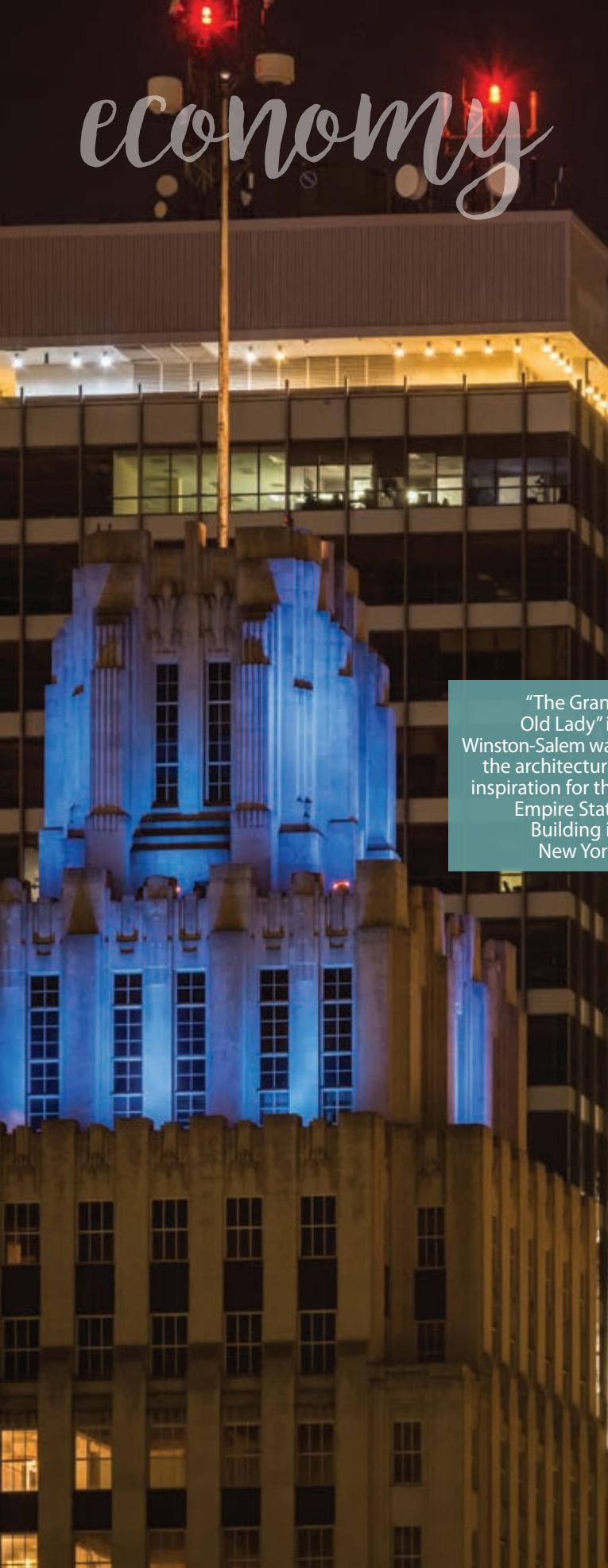


Deere-Hitachi



Krispy Kreme Doughnuts Inc.

# economy



"The Grand Old Lady" in Winston-Salem was the architectural inspiration for the Empire State Building in New York.

## local economy > downtown development

Aside from the exciting changes taking place in Innovation Quarter, downtown Winston-Salem's living, shopping, food, and entertainment options continue to expand and to grow in number and variety. Winston-Salem has received national recognition for having one of the best downtowns in the U.S., based on factors such as entertainment options and green space.

One of downtown's biggest stories of 2016 was the re-opening of the bottom six floors of Reynolds American's iconic former headquarters. The building, known as "The Grand Old Lady" in Winston-Salem, was the architectural inspiration for the Empire State Building in New York. Now known as the **Kimpton Cardinal Hotel**, it includes 174 guestrooms, 36 suites, 6,375 square feet of "lush, contemporary meeting space," and The Katharine Brasserie and Bar. **PMC Property Group** purchased the 22-story building for \$7.8 million and spent about \$60 million in converting its bottom six floors into the hotel managed by the **Kimpton Hotel & Restaurant Group**. PMC has also renovated the upper floors into 120 luxury apartments.

To address the need for affordable housing in downtown, the 105-unit 757 North apartment complex is under construction at the corner of Patterson Street and Martin Luther King Jr. Drive. The mixed-used project in the Goler Heights Neighborhood will be a mixed-income and multi-generational neighborhood. In response to an RFP released by the Goler Community Development Corporation, Neighboring Concepts, working together with developer Laurel Street Residential, proposed this urban living community.

Another boutique hotel is slated to open in the **Pepper Building**, a long-vacant 49,000-square-foot art deco building. Indigo, an international hotelier, plans a 75-room boutique hotel that will bring the 1927 building back to its former glory, including the revival of the Sir Winston Steakhouse and Martini Bar on the first floor and the Prince Albert restaurant and bar in the basement. Developers Mayfair Street Partners told the *Winston-Salem Journal* that they were inspired to locate an Indigo hotel here because of downtown's "massive revitalization over the last 10 years."

Indeed, Winston-Salem's downtown is now lively even on weeknights. More than 70 bars and restaurants, including several with sidewalk dining, offer food as diverse as pizza, smoothies, gourmet food cooked with locally sourced products, and ethnic foods including Mediterranean, Thai, Vietnamese and Mexican. **Sweet Potatoes**, a downtown restaurant serving Southern classics such as fried okra, three-cheese macaroni, and cornbread accompanied by a cold glass of buttermilk, has received accolades in national publications.

The **Downtown Arts District**, which encompasses art galleries, shops and studios lining several blocks of Sixth and



Adjacent to ARTivity on the Green park, a new three-story building is being constructed for Arts for Arts Sake.

## local economy > downtown development

Trade streets, hosts a Gallery Hop on the first Friday of every month. A recent addition to this vibrant district is **ARTivity on the Green**. A unique outdoor art park, it pays homage to Winston-Salem's tobacco heritage with tall red "smokestacks" that emit puffs of steam. On land adjacent to the park, a new three-story building is being constructed for **Art for Arts Sake**, the owner of ARTivity. In addition to housing AFAS' offices, it will also be home to the **Red Dog Gallery** and affordable studio space for rent to local artists.

Other boosts to downtown have included **Winston-Salem's BB&T Ballpark**, home of The Winston-Salem DASH class-A professional baseball team. Atlanta-based Brand Properties has announced a mixed-use development adjacent to the ballpark that will include 300 apartment units, a parking deck with more than 650 spaces, a 125-room hotel and 9,000 square feet of retail space.

With the increased activity has come more development of downtown living options, ranging from small one-bedroom apartments for lease to luxury condominiums for sale. Options include apartments in the restored, historic **Nissen Building**, **Hilltop House South**, the first apartment complex in Winston-Salem to be built with pre-fabricated, modular units, a technique popular in Europe, and The **Link Apartments Brookstown**, consisting of about 200 one- and two-bedroom apartments directly across the street from the Ballpark. Condominium options include **West End Village**, a complex within easy walking distance of the baseball park and **One Park Vista**, an eight-story, high-end condominium complex.

To accommodate the needs of the increasing number of families choosing to live, work and play downtown, the City Council also recognized the need for other services such as child care. To assist **Northwest Child Development Centers Inc.**, a nonprofit organization, in opening a new day care center to serve these families, the City offered a combination of tax credits and up-front cash for a parcel of land it already owned. The new **Mudpies Downtown East** childcare center is a \$3 million, state-of-the-art childcare development center.

The increase in restaurants and entertainment venues downtown has in part been the result of a special emphasis by the City's **Economic Development Revolving Loan Program**, which can be used to help finance restaurants when the applicants demonstrate a need for City assistance. The City also works to retain the restaurants downtown with policies that help their businesses flourish, including changes in the sidewalk dining ordinance that allowed for outdoor dining until 1 a.m. Sunday through Wednesday and 2 a.m. Thursday through Saturday.

Downtown development, as well as recruitment of new business to the City as a whole, has largely resulted from the leadership and strategic moves of the City Council and the **Winston-Salem Alliance**, a non-profit alliance headed by Mayor Allen Joines, with membership that includes some of Winston-Salem's most influential companies and organizations. Other key players have included the **Winston-Salem Chamber of Commerce**; the **Downtown Winston-Salem Partnership**; and **Winston-Salem Business, Inc.**, which is charged with external economic development.



# community

**Winston-Salem**, the City of Arts and Innovation, continues to diversify its entertainment and cultural offerings. Its reputation as a good city for “foodies” is growing, with new restaurants continuing to open in the downtown area and the highly successful **Texas Pete Culinary Food Festival** marking its third year in 2016. On the cultural front, the nationally respected **River Run International Film Festival** had more than 16,500 admissions in spring 2016.

# community profile

## 2015-2016

The City is rapidly gaining national recognition for bicycling, with tens of thousands of spectators lining streets in downtown and surrounding neighborhoods in 2016 to watch the **Winston-Salem Cycling Classic** and the **USA Cycling Masters and Para Road National Championships**. Extensive renovations are underway that will transform a 1918 downtown building into a **National Cycling Center**. The center will have cycling training equipment and 10 double-occupancy rooms that can be used for housing cycling teams coming from across the country to train here. Local bike enthusiasts and city leaders are also seeking recognition of the Center as an official training site for USA Cycling.

These events, along with Winston-Salem's moderate climate, world-class health facilities, reasonable cost of living, and strong institutions of higher education have earned the City accolades for its quality of life. Several national surveys have ranked Winston-Salem as one of America's most "affordable" cities, and *CNN Money* and *Forbes* have rated the City one of the Top 10 Places to Retire.

Winston-Salem has also been named a top **Citizen-Engaged Community** by the Public Technology Institute and one of **America's Top 10 Digital Cities** for 13 years in a row by the Center for Digital Government. In 2014, the Center rated Winston-Salem first among cities with a population of 125,000 to 249,999. The Center's judges were "especially impressed" with the City's "work on citizen engagement, use of cloud services, a strong app

system, mobile pavement tracking system, internal and external use of social media, and continued support of WinstonNet, a community program aimed at closing the digital divide."

Through [cityofws.org](http://cityofws.org), residents are able to request services, pay bills, register for recreation programs, conduct business with the Inspections Department, watch archive video tape of City Council meetings, and more. **CityLink**, the City's call center, gives residents a single number (311) to call to request City services, report problems, pay bills, and make suggestions. CityLink is staffed from 7 a.m. to 7 p.m. weekdays and 9 a.m. to 5:30 p.m. on weekends and some holidays. Citizens may also call CityLink after hours to report emergencies such as water main breaks and downed trees in roadways.

**Keep Winston-Salem Beautiful**, an affiliate of Keep America Beautiful, has received national recognition for the many innovative programs it has developed, including its 2013 cigarette litter prevention campaign. The group holds annual events including **Community Roots Day**, during which trees and shrubs are planted in parks, greenways, and rights-of-way throughout the city. Other annual events are the **Great American Clean-up** in the spring, in which volunteers clean up streets, parks, and school grounds; the **Big Sweep** in the fall, which focuses on cleaning up local waterways; and the annual **Flower Bulb Distribution** of donated surplus flower bulbs to gardening clubs and other organizations that plant them in areas visible to the public.



# community

## community > housing

Winston-Salem's many housing options give citizens of all income levels the means of finding living space that suits both their budget and their lifestyle.

Residents looking for heritage and tradition make their homes in such long-established neighborhoods as **Buena Vista, Monticello Park, Morningside Manor, Sherwood Forest, Town and Country, Wedgewood** and the **Country Club Road** area. Families seeking luxury homes built for today's lifestyle have a multitude of choices in such newer neighborhoods as **Brookberry Farm, Greenbriar Farm, Lake Park** and **Timberfield**.

City residents looking for historic neighborhoods can move to **Washington Park, West End, West Salem** and **Ardmore**. In the **Old Salem Historic District**, a number of houses dating to the late 1700s and early 1800s have been refurbished for modern life.

With rapid growth in downtown residential construction, residents seeking a true urban lifestyle have a diverse range of options for renting or buying. More than 14,000 people now live in downtown apartment and condominium options including **West End Village** and **The Links Apartments**, both within walking distance of the BB&T Ballpark; the restored, historic **Nissen Building** on Fourth Street; **One Park Vista**, an eight-story, high-end condominium complex, also on Fourth Street; **Hilltop House Apartments**, a renovated two-story hotel and a new four-story addition providing a total of 110 apartments, and **Hilltop South**, a 65-unit complex located right on the Strollway leading between downtown and Old Salem; the **Gallery Lofts**, luxury apartments in the renovated former Brown & Williamson factory; and the **Winston Factory Lofts**, created in the renovated Brown Rogers-Dixon building at East Seventh and Main streets.

To promote quality of life throughout the community, the City works to revive blighted neighborhoods. The **Housing Rehabilitation Program** provides financial and technical assistance to qualified homeowners and investors wanting to repair substandard properties. Owner-occupants with low and moderate incomes are eligible for direct and deferred payment loans, and investor-owners are eligible for loans to repair single family houses for rental. Housing Rehabilitation also administers the Section 3 Construction Training Program Initiative, which trains unskilled and underemployed individuals in construction fields. The **Neighborhood Redevelopment and Improvement Program** works with residents to develop plans to revitalize their neighborhoods. These efforts can include a combination of renovation, demolition of blighted property, and construction of new homes.

**Boston-Thurmond**, a historic African-American neighborhood, is being revitalized through a partnership between the City, private developers, and **Habitat for Humanity of Forsyth County**. The area, which was a thriving African-American neighborhood in the mid 20th Century, deteriorated in recent decades and was marked by crime, vagrancy, and substandard or boarded-up, abandoned housing. In 2012, Habitat began its new Neighborhood Revitalization program, a partnership with the City and other organizations to renovate and repair existing homes located among the newer houses. Habitat has been building. In addition, private developers have rehabilitated other single-family homes and several two-story brick apartment buildings that have been recognized by the National Historic Register as one of the few remaining examples of "Y" staircase architecture.

## community > recreation

City residents enjoy an enviable array of recreational opportunities: the excitement of college sports, championship-caliber golf courses, a national tennis tournament and professional bike racing, minor league baseball, North Carolina's second largest fair, and many other amenities provided by city government, local universities, and businesses. The City's Piedmont location gives residents easy access to both the North Carolina mountains and its world-famous beaches.

Aside from becoming an attractive City for professional cycling, Winston-Salem residents seeking to bike for their own fitness, recreation or general transportation are able to take advantage of 23 miles of greenways and 11 official city bike routes that include 18 roads with on-street marked bike lanes. Those amenities are managed by the **Winston-Salem Recreation and Parks Department**, which is recognized as a leader in serving the recreation needs of its residents.

The department operates and maintains 76 parks. Among them are 51 picnic shelters, 45 playgrounds, 34 soccer fields, 36 softball fields, 109 tennis courts, eight pools, six volleyball courts, 25 basketball courts, a hobby park, a football field, and a dog park. The new **Fairgrounds Skate Park** offers 15,200 square feet of ramps, quarter pipes, grinding rails, bank ramps and more for skateboarders of all abilities. The park has a 325-foot-long "pump" track, an undulating track of dips and banks that helps riders master the basics of how to balance and handle their bikes, skateboards and roller skates without the risk of major injury. The skate park also includes a shade structure, a water station for filling jugs and bottles, a seating area and an emergency call station.



The Recreation and Parks Department also operates two public 18-hole golf courses: **Winston Lake Golf Course** and **Reynolds Park Golf Course**. The City has also been installing new visually inviting, "high exertion" playgrounds designed specifically to improve children's fitness. In July 2016, the City broke ground for the new **Winston Lake Aquatic Park**, which will include a pool, diving area, spray ground, restrooms, concession area and shelter. The park is one of the 2014 Bonds Projects approved by Winston-Salem residents.

The department's 17 recreation centers collectively offer hundreds of programs and activities for all age groups.

The centers are also tied in to **WinstonNet**, the community high-speed computer network that was created to ensure that all citizens have access to the opportunities that computers provide, even if they don't have a computer at home. Through WinstonNet, residents can get on the Internet, do homework, produce resumes and fliers, complete school projects, and participate in "e-government" by filing their tax returns on-line.

In 2013, the 15,000-seat **Lawrence Joel Veterans Memorial Coliseum** was purchased from the City by **Wake Forest University** for \$8 million. Wake Forest's basketball team uses the facilities and now has the opportunity to sell naming rights to help support its athletic programs. The City and Wake Forest have agreed to keep the name and the veterans' memorial designation on the coliseum façade and on its marquee as part of any sale, although the school may pursue naming rights for the coliseum. The coliseum remains available for concerts and family entertainment.

The City still owns the 4,500-seat **Fairgrounds Annex**, a free-standing facility adjacent to the Winston-Salem Fairgrounds that can be configured for basketball, ice hockey and concerts. The **Dixie Classic Fair**, second in size only to the N.C. State Fair, draws more than 325,000 visitors annually from as far away as Virginia, Tennessee, and South Carolina to enjoy the rides, play games on the midway, and eat delicious "fair food." The fair also features concerts, family entertainment, a petting zoo, and exhibits and contests for livestock, crops, crafts, and baking that draw thousands of entries.

The City has reached an agreement to sell **Bowman Gray Stadium** to **Winston-Salem State University (WSSU)** for a total of \$7.1 million, including debt repayment. Bowman Gray, a legendary site for NASCAR's longest-running weekly racing series, is also the home field for the WSSU Rams football team. The purchase of the stadium and surrounding acreage will allow WSSU to continue using the stadium and provide opportunities for future campus growth. WSSU will also honor provisions in the stadium's contract with Winston-Salem Speedway, Inc., to continue the lease for NASCAR races through 2031.

The award-winning **BB&T Ballpark**, home of the **Winston-Salem Dash** Class-A professional baseball team, is a beautiful, classically-designed brick ballpark. The ballpark includes luxury suites and a children's play area with a merry-go-round.

The **Winston-Salem Open Tennis Tournament** marked its sixth year in 2016. The Open is held in a new tennis facility constructed next to BB&T Field, the Wake Forest University football stadium. The stadium includes 13 courts, making it eligible to host future NCAA tournament events.

A totally different recreational offering is the nationally acclaimed **Winston-Salem Air Show**, normally held each September at Smith Reynolds Airport just north of downtown. The 2016 air show was canceled due to a major airport construction project, but will resume in 2017. The \$1.8 million of improvements, funded by grants from the N.C. Department of Transportation and the Federal Aviation Administration, will include repaving and reconstruction the ramp at the main terminal.



The City hosts its annual International Village Food and Music Festival in September. Festivities include a naturalization ceremony and local groups giving performances in the tradition of their native cultures.

## community > the city of arts & innovation

As the first local arts council to form in the country in 1949, **The Arts Council of Winston-Salem and Forsyth County** has been a national innovator and leader in civic arts and culture. Winston-Salem now has a national reputation as a center of excellence in both visual and performing arts. The arts also help drive the economy, with an approximate economic impact of more than \$130 million in Forsyth County annually, resulting in more than 4,700 full-time jobs.

The Arts Council's **Milton Rhodes Center for the Arts** is the heart of the arts in downtown Winston-Salem. The Center brings performing arts spaces, public art galleries, arts education, and corporate and special events space under one roof. It includes the **Sawtooth School for Visual Art** and **Associated Artists of Winston-Salem** and hosts major events such as the **Bookmarks** annual book festival. The Center's calendar is regularly filled with live performances, film screenings, art showings, artist receptions, art classes and more.

Adjacent to the Milton Rhodes Center is the **Hanesbrands Theatre**, also owned and operated by the Arts Council. The state-of-the-art theatre serves as a performance venue for theater, dance, film and music as well as a private meeting and special events venue.

Winston-Salem's arts scene also includes the thriving **Downtown Arts District**, which consists of working studios, galleries, locally-owned retail shops, restaurants, residences, and businesses. The Arts District is located along Trade, Sixth

and Liberty streets and features many restored historic buildings that characterize Winston-Salem's past. The **Downtown Arts District Association (DADA)** is the neighborhood organization that has worked over 30 years to transform the district into the vibrant area it is today. The organization continues to promote art and the arts district through events such as **First Friday Gallery Hops**, held the first Friday of each month. These free events infuse the streets in the district with music, entertainment, and food as studios, galleries, and shops offer extended hours. DADA also sponsors a number of other free events throughout the year and fosters public art projects throughout the City.

**ARTivity on the Green** is a public art park located in the heart of the arts district on Liberty Street. The half-acre urban park features towering faux smokestacks that release clouds of water vapor to pay tribute to the City's industrial past. The park also features green space for sitting and picnicking, a mural wall, and a performance shelter. The park was a project of **Art for Art's Sake (AFAS)**, a non-profit volunteer organization working to bring free art events and public art to the community. The group is currently constructing the new **AFAS Center for the Arts** on Liberty Street, which will include offices, meeting spaces, an art gallery and inexpensive studio space for rent by local artists. AFAS sponsors the **Arts on Sunday**, a series of afternoon arts and crafts festivals held outdoors on Trade Street on Sunday afternoons in May and October.

# community > the city of arts & innovation

Since 1998, **The Downtown Summer Music Series** has provided live music and festivities in downtown Winston-Salem on Friday and Saturday nights in June through August. The two-part series includes **Downtown Jazz**, held in Corpening Plaza on Fridays, and **Summer on Liberty**, (*formerly Summer on Trade*) held on Liberty Street in the Arts District. The events are free and have become a vital part of the City, attracting around 60,000 people of all ages, cultures and backgrounds each season. The Summer Music Series is a project of **The Downtown Winston-Salem Partnership**, the non-profit organization leading the resurgence of downtown into a flourishing commercial and residential district. The group also sponsors the annual downtown **Restaurant Week** in February and **Salute! NC Wine Celebration** in June.

Other annual downtown events include the **Susan G. Komen Race for the Cure**, the **Winston-Salem Cycling Classic**, the **Texas Pete Twin City Ribfest**, the **Texas Pete Culinary Arts Festival**, the **Bookmarks Festival of Books**, the **FIESTA** Hispanic League Festival, and the **Piedmont Craftsmen's Fair**.

For 18 years, Winston-Salem has been the proud home of the annual **RiverRun International Film Festival**, one of the premier film festivals in the Southeast. RiverRun is a competitive event that attracts attendees from throughout the South and

offers a diverse program from film studios, independent distributors and first-time filmmakers. The 10-day festival each April features around 150 screenings of feature-length and short films spanning all genres shown at different venues in downtown and throughout Winston-Salem. The festival has gained national and international recognition, sparking substantial growth and attracting high caliber filmmakers and industry professionals to Winston-Salem each year.

Another unique art and entertainment asset in downtown Winston-Salem is **a/perture cinema**, an independent art-house cinema featuring two 80-seat theaters, one 45-seat screening room, and a 25-seat alternative viewing room. The locally-owned theater screens a mix of independent, foreign, documentary, local and festival films.

**The National Black Theatre Festival**, held biennially in August, is renowned for celebrity appearances and performances. It is the largest showcase of black theatre in the world and is produced by the **North Carolina Black Repertory Company**, based in Winston-Salem. It is the only black theatre festival offering six consecutive days and around 120 performances of professional theatre, film, poetry, workshops, seminars, and shopping. Returning to Winston-Salem in August 2017 for its 27th year, it is the City's largest festival, attracting more than



Bailey Park, a green space for gatherings and regular concerts and yoga classes resides at Innovation Quarter.

# community



A scene from  
“Little Women,”  
presented in 2016  
by Triad Stage.

# community > the city of arts & innovation

65,000 patrons to performances by black theatre groups from across the country.

Originally a silent movie theatre, **The Stevens Center** is a magnificently restored, two-story 1,364-seat neoclassical theatre located downtown on Fourth Street. It is an important fixture in downtown and the primary performance space for the University of North Carolina School of the Arts (UNCSA), the Winston-Salem Symphony, Piedmont Opera Theatre, the National Black Theatre Festival, and other local, national and international performances each year. Every December it serves as the perfect setting for UNCSA's annual production of the timeless holiday classic, "The Nutcracker."

Winston-Salem has a long-standing tradition of supporting numerous performing arts groups. Celebrating its 70th season, the **Winston-Salem Symphony** provides an array of repertoires, including classical orchestral and choral concert music, opera, oratorio, ballet, and popular music. The symphony's annual line-up includes about 20 performances throughout the year. It is one of the Southeast's most highly regarded regional orchestras.

Now in its 39th season, **The Piedmont Opera** offers the full theatrical experience of opera and is the second largest opera

company in North Carolina. Piedmont Opera prides itself in bringing excellent regional, national and international singing actors and technicians to work with a full orchestra and a chorus of local singers. The opera performs two regularly scheduled productions each year in addition to numerous educational and outreach programs.

For more than 80 years, **Twin City Stage** has been contributing to the Winston-Salem arts scene, making it the longest running theatrical company in the region. It produces five to six professional quality plays and musicals each year, involving hundreds of volunteers lending first-class talent, energy, and countless hours to the performances. Theatrical offerings also include annual performances specifically for school groups as well as acting classes and summer camps.

Many other performing arts and theatrical groups are found in Winston-Salem, including **Festival Stage of Winston-Salem**, **Triad Stage**, **The Piedmont Chamber Singers**, **The Piedmont Wind Symphony**, **Camel City Jazz Orchestra**, **Winston-Salem Festival Ballet**, **Winston-Salem Theatre Alliance**, **Winston-Salem Youth Chorus**, and more.



A 1,364-seat neoclassical theatre, the Stevens Center is an important fixture in downtown Winston-Salem.

# community



The Reynolda House Museum of American Art is housed in the 1917 estate of Katharine and Richard J. Reynolds.

## community > art museums

Winston-Salem is home to several significant arts centers. **The Reynolda House Museum of American Art** is housed in the 1917 estate of Katharine and Richard J. Reynolds, the founder of R.J. Reynolds Tobacco Company. Reynolda House celebrates the centennial of the estate and 50th anniversary of the museum in 2017. As the centerpiece of the **Reynolda Historic District**, the museum opened in 1967 and is one of the premiere American art museums in the nation. It features American art in various mediums ranging from the colonial period to the present. The museum's permanent collection is housed in the historic mansion, which also includes restored interior rooms to reflect the periods in which the Reynolds family lived there. The modern Mary and Charlie Babcock wing includes educational space, a gallery for temporary exhibits, an auditorium, and fine art and archival space. The permanent collection numbers more than 300 pieces and includes works by Mary Cassatt, Georgia O'Keeffe, Grant Wood, Stuart Davis and Jacob Lawrence. Affiliated with **Wake Forest University**, also located on the original 1,000-acre Reynolds estate, Reynolda House is a self-tour museum that also hosts concerts, lectures, classes, film screenings and other events. The adjacent **Reynolda Gardens of Wake Forest University** and historic **Reynolda Village**

feature stunning public gardens, restaurants, shops and wooded walking and running trails.

The **Southeastern Center for Contemporary Art (SECCA)** is also located in the Reynolda Historic District on the former estate of industrialist James G. Hanes. It exhibits the works of American contemporary artists — and particularly Southeastern artists — through visual art exhibits in all mediums. SECCA offers year-round education programs and hosts a number of free events for the community. It is an affiliate of the North Carolina Museum of Art, a division of the North Carolina Department of Cultural Resources.

The **Museum of Early Southern Decorative Arts (MESDA)**, located in Old Salem Museums & Gardens, is the world's only museum dedicated to exhibiting and researching the regional decorative arts and crafts of the early South. MESDA's galleries showcase a diverse array of fine art to folk art through furniture, paintings, textiles, ceramics, silver, and other metal wares made and used in the Southeast. In 2016, the museum opened a new gallery dedicated solely to the Moravian decorative arts. Housed in the Frank L. Horton Center, MESDA is open for guided tours six days a week. MESDA is also home to the nationally acclaimed

# community > art museums

**MESDA Research Center**, which houses extensive object and craftsman databases.

For more than 40 years, the **Delta Arts Center** has been showcasing visual and performing arts with an emphasis on the contributions of African-American artists. Located in east Winston-Salem, the heart of the local African-American community, the center features regular exhibits, special events and educational programs.

The **Diggs Gallery**, a major cultural center at Winston-Salem State University, is one of the nation's top regional, contemporary African-American art galleries. Its permanent collection includes a unique sculpture garden, murals by the acclaimed African-American artist John T. Biggers, and an impressive collection of

works on paper by well-known European and American artists such as Jean Francois Millet, Joan Miro and Robert Rauchenberg. Exhibitions and programs address a broad range of artistic expression, with special concentration on African-American and regional art.

**The Enrichment Center** is a non-profit organization that develops artistic talent and careers in the arts for adults with intellectual and developmental disabilities. It offers programs in visual and performing arts as well as opportunities for public exhibitions and performances. The Center's **Gateway Gallery and Studios** offers exhibition space for the public to view and purchase art, giving the artists the chance to earn a living.



The Gateway Gallery of The Enrichment Center (The Arc of Winston-Salem) features art by adults with intellectual and developmental disabilities as well as work by local professional artists.



Southeastern Center for Contemporary Art (SECCA)



The Museum of Early Southern Decorative Arts (MEDSA)

# community

The Winston-Salem Forsyth County Schools, the fourth largest school system in N.C., provide a quality education for 54,000 students in 81 schools. Programs exist to serve the needs and interests of every student.



# community > **education**

## Education

Winston-Salem provides quality primary and secondary schooling and offers a comprehensive selection of higher education institutions.

The **Winston-Salem Forsyth County Schools (WSFCS)**, the fourth largest system in North Carolina, provide a quality education for nearly 54,000 students in 81 schools. Programs exist to serve every kind of student.

Under the school board's "Schools of Choice" process, parents have a say in where their children go to school. Elementary schools are divided into 11 zones, and middle schools are divided into seven zones. Parents can choose from their residential school, another school within their zone or from 20 magnet programs. All schools offer accelerated classes for academically gifted students and programs and services for most students with special needs.

High school students can earn college credit through over 30 Advanced Placement courses, the International Baccalaureate Diploma Programme, dual enrollment at **Forsyth Technical Community College**, or through other local colleges and universities. The school system has made steady progress in increasing the graduation rate, topping 85 percent with a target of 90 percent by 2018. **Early College of Forsyth County** has been recognized as one of America's top high schools by *Newsweek*.

In addition to public schools, parents have the option of sending their children to numerous private schools in the Winston-Salem area, both secular and church-affiliated. Many area private schools offer programs from kindergarten through 12th grade, while others focus on lower grade levels. Parents also have the option of choosing from a number of charter schools throughout the region.

## Higher Education

Winston-Salem fosters life-long learning with a diverse collection of colleges and universities.

**Wake Forest University (WFU)** is a private university with a liberal arts curriculum. Enrollment consists of about 4,800 undergraduates and 2,800 graduate and professional students for a total of more than 7,600 students university-wide. The University is made up of two campuses. The "main" 345-acre

**Reynolda Campus** is home to all undergraduate programs, the Graduate School of Arts and Sciences, the School of Business, the School of Law and the School of Divinity. **Wake Forest**

**Baptist Medical Center** houses the School of Medicine, one of the leading academic medical centers in the nation. In addition, Wake Forest has additional research facilities and programs housed in the Wake Forest Innovation Quarter in downtown Winston-Salem. Wake's athletic facilities include BB&T Field, Wake Forest Baseball Park, Wake Forest Tennis Complex, and Lawrence Joel Veterans Memorial Coliseum. The University is in the midst of a 10-year, \$625 million construction effort to enhance residential, academic and athletic spaces for students.

For 20 years, *U.S. News & World Report* has ranked the university in the top 30 of its annual "Best Colleges" guide. WFU has been listed on *The Princeton Review*'s list of "Best Value Colleges" and its undergraduate business program has been listed among the top 20 "Best Undergraduate Business Schools" by *Bloomberg BusinessWeek*.

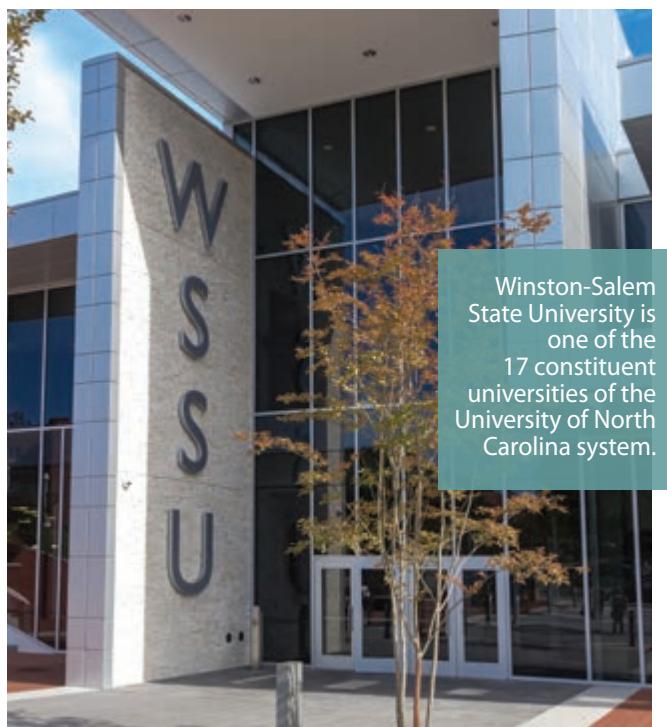
Wake Forest's "Demon Deacons" compete in Division I athletics of the NCAA. They have received national titles in field hockey and men's soccer, achieved a No. 1 ranking in men's basketball and played in three football bowl games, including the Orange Bowl, as well as numerous Atlantic Coast Conference title games.



Wake Forest University (WFU) is a private university with a liberal arts curriculum.

# community > higher education

**Winston-Salem State University (WSSU)**, a historically black university founded in 1892, is a premier public institution offering over 40 undergraduate degrees and 10 graduate programs. WSSU is one of the 17 constituent universities of the University of North Carolina system with about 6,000 undergraduate and graduate students.

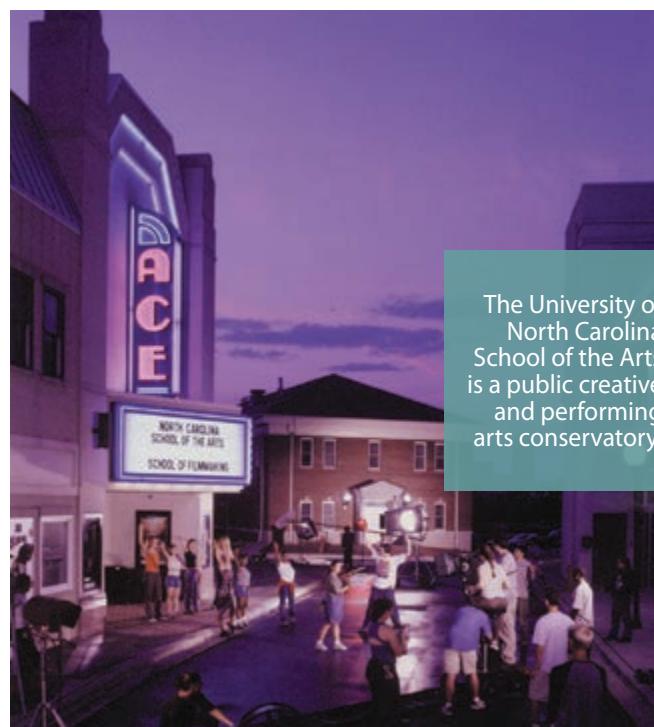


Building on its core strengths in education and health sciences, WSSU has grown to include innovative programs that meet the needs of a rapidly changing job market. The University consistently ranks among the top public universities in the South, with award-winning programs like its Motorsports Management major, the first of its kind in the nation. WSSU is the third largest producer of nurses in North Carolina and now offers a Doctorate of Nursing program. Its Department of Physical Therapy and Occupational Therapy have a 100 percent board licensure passing rate.

The WSSU "Rams" athletic teams hold numerous accolades, including titles in the Central Intercollegiate Athletic Association (CIAA) and national levels in basketball, football, baseball, wrestling, softball, track and field, and golf. WSSU's football, basketball and baseball programs have been ranked in the top 25 of the NCAA's Division II.

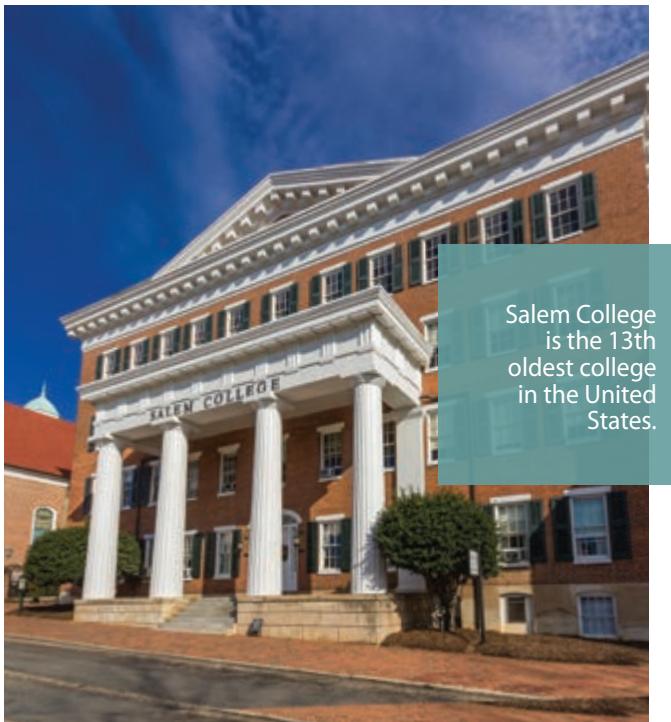
It's only fitting that the "City of Arts and Innovation" would be the home of the nation's first state-supported residential arts school, **The University of North Carolina School of the Arts (UNCSA)**. Opened in 1965, UNCSA is a public creative and performing arts conservatory with an international reputation for training talented students for professional careers in the arts. It is a member institution of the UNC system and enrollment is at an all-time high with 1,300 students — from high school through graduate levels — who come from throughout the country and world.

Students must audition or interview for admission and are trained for careers through five professional schools: Dance; Design and Production; Drama; Filmmaking; and Music. The Master of Fine Arts is available in Design and Production, Filmmaking and Music. Students study with resident master teachers who have had successful careers in the arts and who remain active in their professions. Performance is an integral part of the students' training as UNCSA presents hundreds of public performances and screenings annually, not only in Winston-Salem but across the state, in major U.S. cities, and overseas.



Graduates of UNCSA have performed on Broadway, in the American Ballet Theatre, the New York Philharmonic, and in numerous TV shows and major films. Its alumni have either won, or been nominated for, all major awards in the entertainment industry including Tony, Oscar, Emmy, and Grammy awards.

# community > higher education

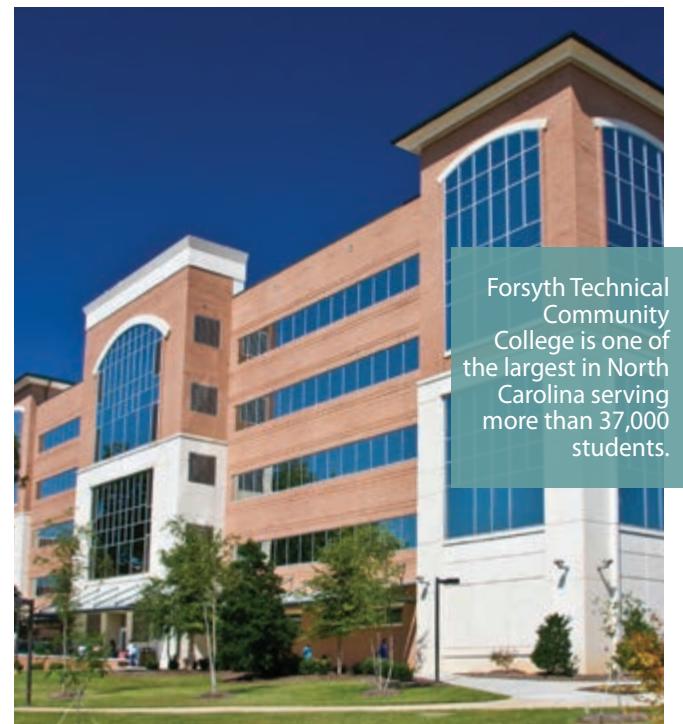


**Salem College**, founded in 1772, is the 13th oldest college in the United States and the oldest continuously operating women's college in the country. Located adjacent to the Old Salem Museums & Gardens, the college was established by Moravian settlers who championed independence for women in thought and action. Many Moravian traditions remain at the heart of the college today. With an enrollment of more than 1,100 students from all over the world, Salem has the most racially and ethnically diverse student population of any local four-year institution. The all-female liberal arts college offers a full range of undergraduate degrees, as well as two graduate degrees, teacher licensure, and four certificate programs.

Enrollment at Salem has been at record levels in the last several years as the college welcomed the largest freshman class in its 245-year history in 2016. The physical campus has also expanded with the new LEED-certified Student Center and McHugh Sisters Flats, the first new student residence on campus in 50 years. The Salem "Spirits" athletic teams compete in Division III of the NCAA and are also members of the Great South Athletics Conference. *Money* magazine consistently ranks Salem among its "Best Colleges in America," and the John Templeton Foundation ranks it as one of the top "Character-Building Colleges" in the nation.

**Forsyth Technical Community College** is one of the largest community colleges in North Carolina, serving more than 37,000 students. The college offers over 200 programs of study that lead to college transfer, associate's degrees, certificates or diplomas in such fields as health care, engineering technologies, criminal justice, automotive technology, logistics management, nanotechnology, and biotechnology. Forsyth Tech has the largest health technology and biotechnology degree programs in the state, as well as the state's oldest and largest race car technology program, the Richard Childress Race Car Technology Program, and it was one of the first four colleges in the country to pilot the National Association of Manufacturers (NAM) Endorsed Skills Certification System. Forsyth Tech's Davis iTEC Cyber Security Center was the first in the state to be named a Center of Academic Excellence in Cyber Defense Education by the National Security Agency (NSA) and the Department of Homeland Security (DHS). It is home to The National Center for the Biotechnology Workforce, offering the only degreed community college nanotechnology program in the Southeast, and its Early College of Forsyth for high school students was named in the top one percent of U.S. high schools by *Newsweek*.

To fully support student, employer, and community needs, Forsyth Tech also provides customized training for employers as well as services for entrepreneurs through its Corporate Training, Economic and Workforce Development, and Continuing Education programs as well as the Forsyth Tech Small Business Center. With three campuses and nine affiliate locations, Forsyth Tech is a key educational resource for thousands of adults going back to school or retraining themselves in another career.



# community



The City-County Utilities Commission completed a two-year replacement of the Salem Lake dam in 2012. Salem Lake provides about 20 percent of the City's drinking water.

## community > infrastructure

Winston-Salem provides professional and financially sound municipal services.

The **Winston-Salem/Forsyth County Utility Commission** oversees the Winston-Salem/Forsyth County water treatment plants and distribution system, its wastewater treatment plants and sewage collection system, the landfills for solid waste, construction and demolition debris, and yard waste. The Commission's operations are financed through income from water and sewer fees and landfill tipping fees. With this money, the Commission maintains a staff of approximately 369 employees that operates and maintains three water treatment plants, two wastewater treatment plants, two landfills, and a collection and distribution system that includes 14 water tanks, seven pumping stations for fresh water, 50 pumping stations for wastewater, and 4,016 miles of water and sewer lines.

The Commission also finances its own capital improvements through fees and revenue bonds that are paid off with income from the water and sewer system. The Utility Commission does not have authority to issue bonds or debt without the approval of the City Council. The City-County Utility Commission approved a 1.5 percent increase in the water usage rate and a 3 percent increase in sewer rates, both effective Oct. 1, 2016. The average household in Winston-Salem will see its monthly cost increase from \$41.38 to \$43.39.

The City's three water treatment plants process a combined capacity of 91 million gallons per day, allowing plenty of capacity for future growth. Average demand is 37 million gallons per day, but can increase to as much as 65 million gallons per day in the summer. The water system draws 70 percent of its raw water from the Yadkin River and 30 percent from Salem Lake.

These have proved to be very reliable sources of water even during serious droughts. In addition, Winston-Salem has the right to more than 11 billion gallons of water stored in the Kerr Scott Reservoir upriver in Wilkes County.

Proceeds from \$109 million of water and sewer bonds approved in 2009 funded upgrades to the R.A. Thomas Water Treatment Plant and the Elledge Wastewater Treatment Plant. Revenue bonds have also funded the replacement of many aging water and sewer pipes in older neighborhoods. In late 2012, the City completed the replacement of the dam at Salem Lake and reopened its recreation areas. The City's waste-disposal needs have been provided for with the expansion of the **Hanes Mill Road Landfill**, which will extend the life of the landfill through at least 2036. The commission also operates a separate landfill for construction and demolition debris.

# community > public safety

Public safety services for the community are provided by professional police, fire, emergency medical service and emergency management departments. All public safety agencies in the city and county as well as departments that operate key infrastructure, such as transportation and utilities, are connected through a seamless 900 MHz radio system.

Led by Chief Barry D. Rountree, the **Winston-Salem Police Department** provides a full range of police services to residents and visitors to the City. The Department has 540 sworn and 158 non-sworn employees organized into four major components: the Office of the Chief of Police, the Field Services Bureau, the Investigative Services Bureau, and the Support Services Bureau.

A major goal of the Police Department is to improve the interaction and trust between police and citizens of all ages and walks of life. The WSPD provides one school resource officer for every middle and high school within the corporate limits of the City. Another WSPD initiative called "Walk and Talk" has the goal of getting officers out of their patrol cars and initiating conversations with residents. The P2C (Police to Citizen) website allows citizens to view police records, search for specific incidents, get crash reports, and submit an online report in an easy and simple manner. In 2014, voters approved the money to build three district police stations designed to bring police officers closer to the neighborhoods that they serve.

Led by Chief William "Trey" Mayo, the **Winston-Salem Fire Department** serves the community by providing a timely response to calls involving fire and situations necessitating rescue. The City of Winston-Salem has 19 fire stations strategically located throughout the city. The stations are located to provide maximum coverage with an average response time of under four minutes.

The city is divided into four fire districts. Each district has a command unit with a Battalion Chief that oversees all fire department activity within that respective district. Each district has four or five fire stations.

In addition, the department strives for the prevention of unwanted fires through enforcing fire codes, arson investigation activities, and community outreach. The Fire Department conducts an eight-week Citizens Fire Academy that educates participants about fighting and preventing fires, and allows them to handle a fire hose and fire extinguisher and ride along with a fire crew during a shift. The Fire Department also conducts annual fire safety inspections, reviews construction plans, investigates fire scenes and issues fire-inspection permits.

The local **Office of Emergency Management** coordinates activities within Winston-Salem and Forsyth County that contribute to the mitigation, preparedness, response, and recovery of disasters. The office responds 24 hours a day to disasters or potential disasters and is responsible for assisting private industry and the public with management of hazardous materials.





The most recent graduates of The City of Winston-Salem University. The 12-week class gives citizens a better understanding of various city departments, including a ride-along with a police officer or fire department unit.



Junior ROTC cadets from 10 Winston-Salem/Forsyth County high schools competed in the first 9/11 Public Safety Challenge in 2015.

The event was co-sponsored by the Winston-Salem Police and Fire Departments, Winston-Salem/Forsyth County Emergency Management, and the county fire and sheriff's departments.



Government Finance Officers Association

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

**City of Winston-Salem  
North Carolina**

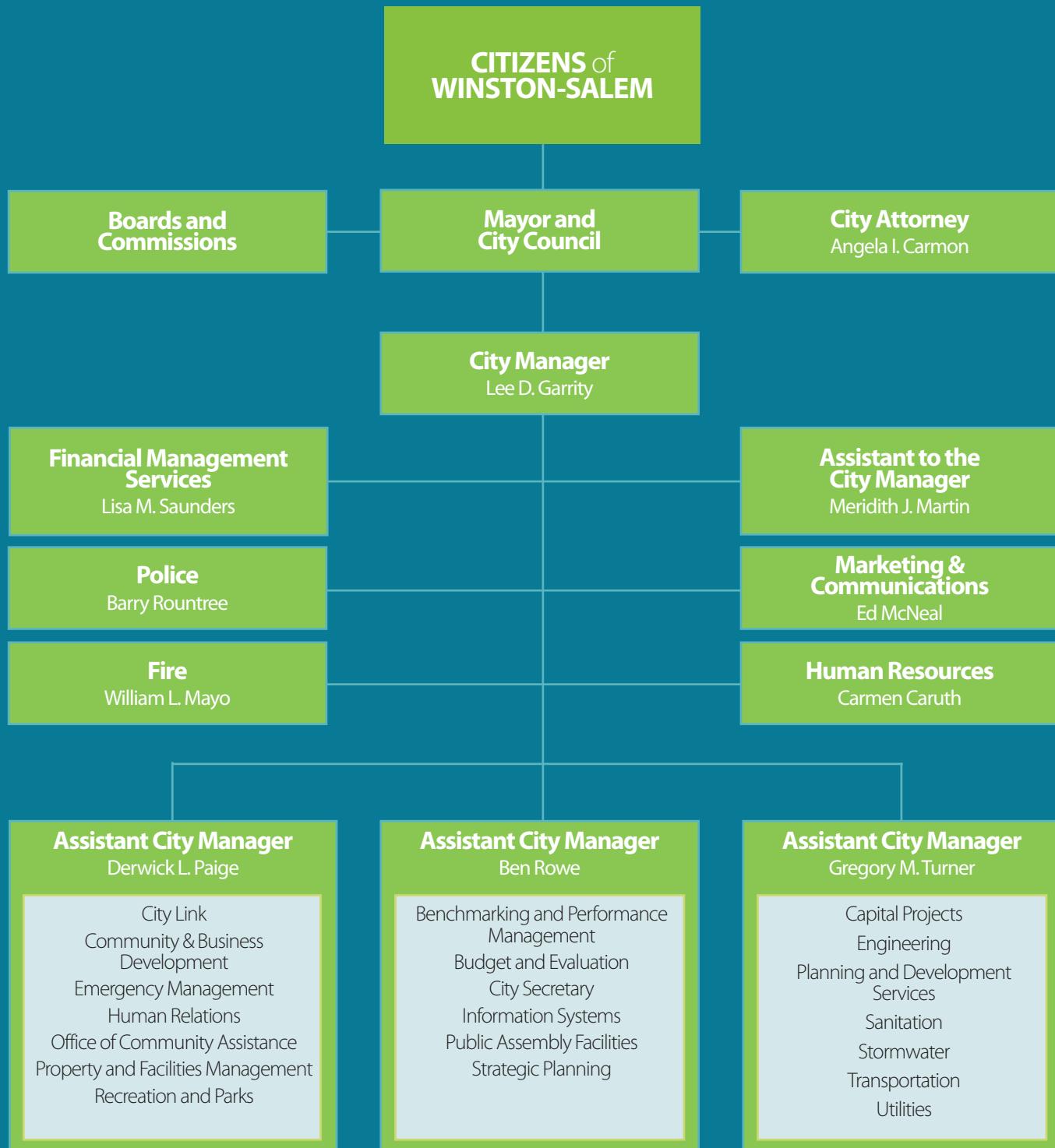
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2015**

A handwritten signature in black ink that reads "Jeffrey R. Einer".

Executive Director/CEO

# city of winston-salem > organizational chart



# city officials > mayor & city council



**Allen Joines**  
Mayor



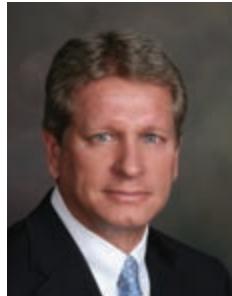
**Vivian H. Burke**  
Mayor Pro Tempore  
Northeast Ward



**Denise D. Adams**  
North Ward



**Dan Besse**  
Southwest Ward



**Robert C. Clark**  
West Ward



**Molly Leight**  
South Ward



**Jeff MacIntosh**  
Northwest Ward



**Derwin L.  
Montgomery**  
East Ward



**James Taylor, Jr.**  
Southeast Ward



**Lee D. Garrity**  
City Manager

Derwick L. Paige, Assistant City Manager  
Gregory M. Turner, Assistant City Manager  
Ben Rowe, Assistant City Manager  
Lisa M. Saunders, Chief Financial Officer  
Meridith J. Martin, Assistant to the City Manager  
Carmen Caruth, Human Resources Director  
Barry Rountree, Chief of Police Department  
William L. Mayo, Chief of Fire Department

**General Counsel**  
Angela I. Carmon, City Attorney

**Bond Counsel**  
Parker, Poe, Adams and Bernstein LLP  
Charlotte & Raleigh, North Carolina

## Financial Management Services

Angie S. Fisher, Assistant Financial Officer/Controller  
Donna C. Hull, Assistant Financial Officer/Treasurer  
Darin N. Webster, Risk Manager  
Craig D. Sheppard, City Revenue Collector  
Jerry J. Bates, Purchasing Director  
Sandra A. Killian, Special Projects Coordinator  
Dewey M. Williard, Accounting Services Manager

## Bond Paying Agent

The Bank of New York Mellon Trust Co., N.A.  
New York, New York

U.S. Bank National Association  
Charlotte, North Carolina

**Independent Auditors**  
Dixon Hughes Goodman LLP  
High Point, North Carolina



## **Independent Auditors' Report**

Honorable Mayor and  
Members of the City Council  
City of Winston-Salem, North Carolina

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Winston-Salem, North Carolina (the "City"), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2016, and the respective changes in its financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Other Matters***

##### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and the required supplementary information listed in the table of contents be presented to supplement the basic financial



statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consist of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Supplementary and Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual fund financial statements, budgetary schedules, other schedules, and the statistical section, as well as the schedule of expenditures of federal and state awards as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements, budgetary schedules, other schedules and the schedule of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund statements, budgetary schedules, other schedules and the schedule of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The introductory information and the statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

#### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 11, 2016, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance, and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*Dixon Hughes Goodman LLP*

High Point, North Carolina  
November 11, 2016

# Management's Discussion & Analysis

Our discussion of the City of Winston-Salem's financial performance is intended as an overview of the City's financial performance for the fiscal year ended June 30, 2016. The financial statements and notes included in this report present the financial position and operations of the governmental and business activities and fiduciary responsibilities of the City. During the fiscal year, the City continued its sound current and long-range policies for financial management. These policies are intended to:

- expand and diversify sources of revenue other than property taxes;
- maintain relatively low-property tax rates;
- facilitate capital improvements by maintaining adequate resources and reasonable financing capacity;
- augment resources by astute cash management;
- enhance management techniques to improve productivity and efficiency;
- provide self-sufficient public services that are similar in operation to private enterprises; and
- continue City-funded affordable housing initiatives to supplement federal housing programs.

City policies encourage the use of local revenue to provide basic services instead of depending upon uncertain federal and state sources. We encourage readers to consider the information presented here in conjunction with additional information furnished in our letter of transmittal.

## Financial Highlights

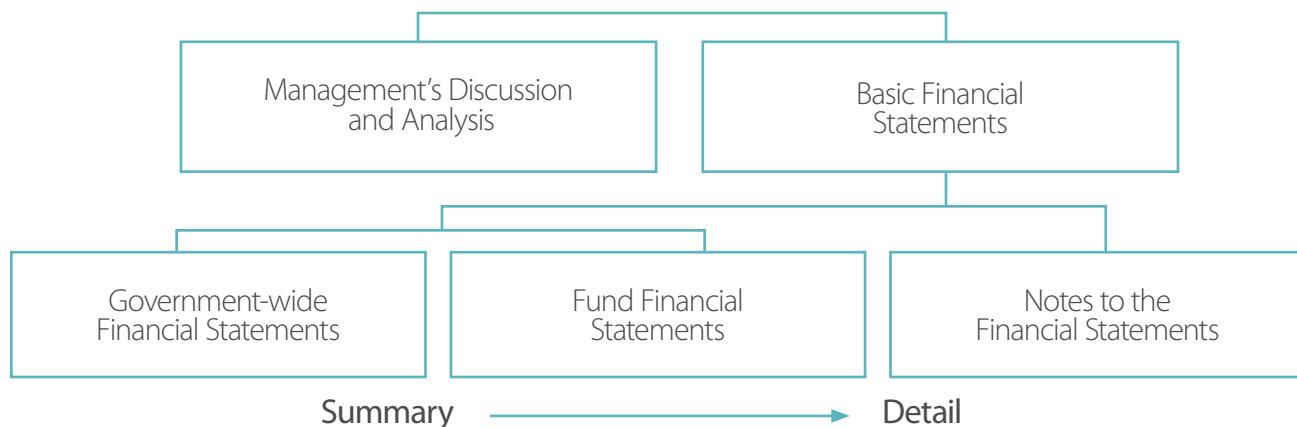
Highlights of the City's fiscal year ended June 30, 2016, include:

- City of Winston-Salem total net position increased approximately \$43 million from \$899 million to \$942 million.
- At June 30, 2016, total net position of \$942 million included \$195 million (unrestricted net position), which in large part, have been reserved for specific purposes or needed for working capital to meet the City's ongoing obligations to citizens and creditors. The unrestricted net position should not be used to fund ongoing operations other than working capital because major financial stress would be likely as the assets are depleted.
- At June 30, 2016, the City's governmental funds reported combined fund balances of \$230.3 million. Approximately 7.55% of this amount is unassigned and is available for spending at the government's discretion.
- Unassigned fund balance of the general fund (approximately \$23.4 million) continues to meet working capital requirements. The City has adopted a financial policy to maintain a minimum unassigned fund balance of 14% of estimated expenditures in the general fund. At year-end, unassigned fund balance was 12% of 2017 estimated expenditures. Due from other funds increased \$3.4 million as a result of a loan to the Transit Authority fund. The Federal Transit Administration owes the Transit Authority fund \$11.9 million; therefore, the general fund has a loan to Transit authority fund for temporary funding until reimbursements are received. These amounts are reserved in stabilization of state statute in general fund. Legal provisions and financial policies of the City restrict fund balances in other funds to the purposes of those funds.
- The City's total long-term liabilities increased by \$87.5 million to \$879 million. Several key factors contributed to this increase: the issuance of general obligation bonds of \$71.1 million, refunding of \$13.5 million and the retirement of \$6 million, the issuance of \$135.5 million in revenue bonds, the refunding of \$139 million and the retirement of \$20.5 million, the retirement of special obligation bonds of \$3.3 million and limited obligation bonds of \$11.3 million. The City's net pension liability increased \$18.9 million to \$52.4 million.
- Property taxes supported 52.10% of governmental services to citizens and the community, and 41.36% to be used for mass transportation in 2016. The City increased the tax rate to \$0.565 for fiscal year 2016 from \$0.54 in fiscal year 2015.
- City of Winston-Salem maintained its AAA bond rating from all three major rating agencies.

# Overview of Financial Statements

## Required Components of Annual Financial Report

Figure 1



## Basic Financial Statements

This discussion and analysis serves as an introduction to the City of Winston-Salem's basic financial statements, which consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements as shown above. The basic financial statements present two different views of the City through the use of government-wide and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the City. This report includes all funds and account groups of the City of Winston-Salem as well as its component units, which are described below. Note 1A in the financial report includes further discussion of the reporting entity and descriptions of funds.

## Government-wide Financial Statements

The first two statements (Exhibits 1 and 2) in the basic financial statements are the *Government-wide Financial Statements*. These financial statements provide a broad overview of the City's financial position and operations, in a manner similar to a private-sector business. These statements also include two component units, Risk Acceptance Management Corporation and North Carolina Municipal Leasing Corporation. Although legally separate, financial information for these non-profit corporations is blended in the financial statements because under federal tax regulations they may provide services only to the City.

The statement of net position presents the City's assets and deferred outflows of resources and total liabilities and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving. The statement of activities presents information on how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Therefore, revenues and expenses are reported in this statement, which result in cash flows in future fiscal periods, such as uncollected taxes and earned but unused vacation leave.

Government-wide statements are divided into governmental and business-type activities. The governmental activities include most of the City's basic services such as public safety, parks and recreation, environmental health, transportation, community and economic development, and general government. Property taxes, intergovernmental revenues, and other local taxes finance about 79.50% of the costs of these activities. Business-type activities include water and sewer utility, solid waste disposal, stormwater management, public assembly facilities, parking, and Winston-Salem Transit Authority services. These activities are primarily paid from charges to customers.

## Fund Financial Statements

The fund financial statements (Exhibits 3 through 10) provide a more detailed look at the City's most significant activities. A fund is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting ensures and reflects compliance, or non-compliance, with related legal requirements, such as General Statutes, grantor provisions, or the City's budget ordinances. The funds of the City are divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental Funds.** Governmental funds are used to account for most basic services and are reported as governmental activities in the government-wide financial statements. Governmental funds are reported using an accounting method called modified accrual accounting, which provides a short-term spending focus. The relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The City adopts an annual budget for its general fund, certain special revenue funds, debt service fund and capital projects funds as required by General Statutes. A budgetary comparison statement demonstrating compliance with the budget ordinance is provided for the general fund in the basic financial statements.

**Proprietary Funds.** The City has two different kinds of proprietary funds. *Enterprise Funds* report business-type activities that are included in the government-wide financial statements. Enterprise funds are used to account for water and sewer utilities, solid waste disposal, stormwater management, parking, public transportation, and public assembly facilities activities. Rate structures of enterprise operations, other than public transportation and public assembly facilities, are set, insofar as practicable, to recover full operating costs plus depreciation and interest expense and to provide reasonable working capital and other reserves. *Internal Service Funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its central warehouse, fleet services, information services, workers' compensation, health benefits, dental and flexible benefits and employee benefits funds. These funds predominantly benefit governmental functions and have been included with the respective governmental activities in the government-wide financial statements. Risk Acceptance Management Corporation, a blended component unit, predominantly benefits business-type activities. It has been included within the business-type activities in the government-wide financial statements.

Proprietary fund financial statements provide more detailed information than that presented in the government-wide financial statements and separate information for the water and sewer utility, solid waste disposal and Transit Authority operations, which are major funds of the City.

**Fiduciary Funds.** Fiduciary funds are used to account for resources held by the government in a trustee capacity for others. Because the resources of fiduciary funds cannot be used to support the government's own programs, such funds are specifically excluded from the government-wide statements. The City uses fiduciary funds to account for the assets of post-employment benefits, which include the Winston-Salem Police Officers' Retirement and Police Officers' Separation Allowance plans, and retired life and health programs.

**Other Information.** In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information in Exhibits 11 and 12 concerning the City's progress in funding its obligation to provide postemployment benefits through the Winston-Salem Police Officers' Retirement, Police Officers' Separation Allowance and other Post-employment Benefits plans. The purpose of Exhibits 13 through 20 is to provide the information needed for financial reporting and accounting of the Winston-Salem Police Officer's Retirement plan, Police Officers' Separation Allowance plan, and the Local Government Employee's Retirement System plan.

## Notes to the Financial Statements

The next section of the basic financial statements is the notes to the financial statements, which adds detailed explanations of some of the data contained in the statements. The notes may provide a better understanding of the information presented in the government-wide and fund financial statements.

## Government-wide Financial Analysis

The following is a summary of net position for the City of Winston-Salem at June 30, 2016 (as shown in Exhibit 1) with comparative data for June 30, 2015.

Figure 2

Net Position (dollars in thousands)	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 270,158	\$ 240,090	\$ 241,198	\$ 251,432	\$ 511,356	\$ 491,522
Capital assets	393,559	359,948	973,528	918,066	1,367,087	1,278,014
Total assets	663,717	600,038	1,214,726	1,169,498	1,878,443	1,769,536
Deferred outflows of resources	24,380	16,268	40,321	25,053	64,701	41,321
Long-term liabilities	321,690	260,613	557,360	530,949	879,050	791,562
Other liabilities	56,007	38,434	59,836	53,817	115,843	92,251
Total liabilities	377,697	299,047	617,196	584,766	994,893	883,813
Deferred inflows of resources	4,590	23,585	1,348	4,791	5,938	28,376
Net position:						
Net investment in capital assets	153,711	131,696	473,055	419,642	626,766	551,338
Restricted	120,600	76,644	-	-	120,600	76,644
Unrestricted	31,499	85,334	163,448	185,352	194,947	270,686
Total net position	\$ 305,810	\$ 293,674	\$ 636,503	\$ 604,994	\$ 942,313	\$ 898,668

As indicated above, assets and deferred outflows of resources of the City exceeded liabilities and deferred inflows of resources by \$942 million at June 30, 2016. Analysis of the business-type activities indicates that the capital assets increased \$55.5 million in fiscal year 2016 and net position increased \$31.5 million.

A large portion of the City's net position (66.5%) at June 30, 2016, are net investment in capital assets, which are used to provide services to citizens. Net investment in capital assets is reported net of the outstanding related debt; however, resources to repay that debt must be provided in future years from current revenues. Restricted net position, 12.8% of the City's net position, represents resources that are subject to external restrictions, such as the perpetual care fund.

At June 30, 2016, the City is able to report positive balances in all three categories of net position.

## Governmental Activities

Net position of governmental activities increased by \$12.1 million. Key elements of this increase are as follows:

- Property tax revenues are recorded in governmental and business-type activities. During the fiscal year property tax revenue increased 7.4%. The 2016 property tax rate was \$0.565. Current real and personal property tax collections during fiscal year 2016 were 99.1% of the current year levy.
- General revenues, other than property taxes, increased \$4.1 million. Sales tax increased \$2.2 million, utilities sales tax increased \$2 million, investment income increased \$275 thousand, and local tax reimbursements decreased \$77 thousand.
- Program revenues provided 24.85% of the support for governmental services.
- Total governmental expenses increased \$13.4 million during fiscal year 2016.
- Federal and state grants are an important source of supplementary funding for public facilities and programs. During fiscal year 2016, the City received nearly \$24 million in grant revenue for restricted programs or specific projects and \$15.6 million related to general governmental activities.

## Business-type Activities

Net position of business-type activities increased by \$31.5 million primarily attributable to charges for services. Rate structures of enterprise operations, other than the Transit Authority and public assembly facilities management, are set, insofar as practicable, to recover full operating costs plus depreciation and interest expense and to provide a reasonable working capital and reserve. The parking and public assembly facilities funds are provided an operating subsidy through a transfer from the general fund. The Transit Authority is provided operating support from the mass transit tax fund established to collect property taxes to be used for mass transportation.

### Business-type Activities

Figure 3

	June 30, 2016 (dollars in thousands)							
	Operating Revenues	Operating Expenses Before Depreciation	Depreciation Expense	Nonoperating Revenues (Expenses)	Capital Contributions	Transfers In (Out)	Increase (Decrease) Net Position	
Water and sewer utility	\$ 100,834	\$ 38,813	\$ 25,091	\$ (15,635)	\$ 2,821	\$ (411)	\$ 23,705	
Solid waste disposal	10,575	6,814	3,675	1,186	-	420	1,692	
Stormwater management	10,716	5,607	460	232	147	(1,716)	3,312	
Parking	1,197	963	572	(1,590)	-	645	(1,283)	
Transit Authority	2,544	14,918	2,225	12,317	8,481	(14)	6,185	
Public assembly facilities management	5,501	4,866	1,891	(487)	47	1,337	(359)	
Risk Acceptance Management Corp.	1,166	2,327	-	(582)	-	-	(1,743)	
Total	<u>\$ 132,533</u>	<u>\$ 74,308</u>	<u>\$ 33,914</u>	<u>\$ (4,559)</u>	<u>\$ 11,496</u>	<u>\$ 261</u>	<u>\$ 31,509</u>	

## Financial Analysis of the City's Funds

As noted earlier, fund accounting enables the City to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds.** The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the City's financing requirements.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, total fund balance of the general fund was approximately \$51.4 million of which \$23.4 million was unassigned. As a measure of the general fund's liquidity, it may be useful to compare both the total and unassigned fund balance. Unassigned fund balance represents 12.44% of the fiscal year 2016 budgeted expenditures, while total fund balance represents approximately 27.35%. The fund balance of the general fund increased by \$335 thousand during the fiscal year.

Figure 4 presents the changes in net position of the City of Winston-Salem.

### Changes in Net Position

(dollars in thousands)

Figure 4

	Governmental Activities						Business-type Activities		Total	
	2016		2015		2016		2015			
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
<b>Revenues:</b>										
Program revenues:										
Charges for services	\$ 34,152	\$ 37,827	\$ 132,533	\$ 126,872	\$ 166,685	\$ 164,699				
Operating grants and contributions	15,561	15,608	8,482	8,262	24,043	23,870				
Capital grants and contributions	2,527	3,266	11,496	3,177	14,023	6,443				
General revenues:										
Property taxes	109,495	101,672	7,090	6,889	116,585	108,561				
Sales taxes	37,613	35,397	-	-	37,613	35,397				
Other local taxes	1,049	1,012	-	-	1,049	1,012				
Telecommunications sales tax	2,130	2,435	-	-	2,130	2,435				
Utilities sales tax	13,643	11,628	-	-	13,643	11,628				
Piped natural gas sales tax	618	874	-	-	618	874				
Video programming tax	2,212	2,300	-	-	2,212	2,300				
Local tax reimbursements	1,046	1,123	-	-	1,046	1,123				
Investment income	989	714	1,740	4,682	2,729	5,396				
Other	1,542	1,287	-	-	1,542	1,287				
Total revenues	222,577	215,143	161,341	149,882	383,918	365,025				
<b>Expenses:</b>										
General government	30,554	28,112	-	-	30,554	28,112				
Public protection	100,929	91,609	-	-	100,929	91,609				
Environmental health	17,002	16,271	-	-	17,002	16,271				
Transportation	20,025	21,006	-	-	20,025	21,006				
Culture and recreation	11,752	10,835	-	-	11,752	10,835				
Community and economic development	21,981	19,105	-	-	21,981	19,105				
Interest and fiscal charges	7,937	9,808	-	-	7,937	9,808				
Water and sewer utility	-	-	82,994	81,924	82,994	81,924				
Solid waste disposal	-	-	10,718	10,288	10,718	10,288				
Stormwater management	-	-	6,082	5,542	6,082	5,542				
Parking	-	-	3,569	1,864	3,569	1,864				
Transit Authority	-	-	17,142	16,222	17,142	16,222				
Public assembly facilities management	-	-	7,261	7,406	7,261	7,406				
Risk Acceptance Management Corp.	-	-	2,327	4,350	2,327	4,350				
Total expenses	210,180	196,746	130,093	127,596	340,273	324,342				
Increase in net position before transfers	12,397	18,397	31,248	22,286	43,645	40,683				
Transfers										
Government-wide	(261)	281	261	(281)	-	-				
Increase (decrease) in net position	12,136	18,678	31,509	22,005	43,645	40,683				
Net position - beginning, as previously stated	293,674	314,965	604,994	585,328	898,668	900,293				
Restatement	-	(39,969)	-	(2,339)	-	(42,308)				
Total net position - beginning, as restated	293,674	274,996	604,994	582,989	898,668	857,985				
<b>Net position - ending</b>	<b>\$ 305,810</b>	<b>\$ 293,674</b>	<b>\$ 636,503</b>	<b>\$ 604,994</b>	<b>\$ 942,313</b>	<b>\$ 898,668</b>				

The debt service fund has a fund balance of \$22.7 million at June 30, 2016, an increase of \$6 million, all of which is restricted for payment of debt service.

The fund balance of the capital projects fund increased by \$32.2 million, to \$101.4 million at June 30, 2016, all of which is appropriated for capital projects.

**General Fund Budgetary Highlights.** Differences between the original budget and the final amended budget resulted in appropriations increasing \$5.7 million during fiscal year 2016. Expenditure budgets were increased \$2.4 million for carry over encumbrances. Major budget amendments included an additional \$1.4 million to the economic and housing development fund to fund economic development projects according to the City's fund balance policy and a supplemental salary increase of \$708 thousand for the sworn police and certified fire personnel.

General fund revenues recognized positive budget variances during 2015-2016 with actual results coming in at \$4.1 million above final budget. The increase is primarily due to sales tax and utilities sales tax revenues. The City's general fund budget had a favorable expenditure variance of \$3.6 million.

**Proprietary Funds.** The City's proprietary fund financial statements provide the same type of information as that provided in the government-wide financial statements, but in more detail. The major enterprise funds are the water and sewer utility, solid waste disposal and Transit Authority funds.

Net position of the water and sewer utility, solid waste disposal and Transit Authority funds were \$433 million, \$45 million and \$32 million at June 30, 2016, respectively. The net position of the water and sewer fund increased \$23.7 million primarily due to charges for services and capital contributions. The water and sewer fund adopted a 5% increase in the sewer volumetric rate and a \$1.85 increase in the bi-monthly base rate for water and sewer, as well as a water rate increase of 9% for large high-volume customers in October 2015.

## Capital Asset and Debt Administration

**Capital Assets.** The City's investment in capital assets for its governmental and business-type activities as of June 30, 2016, totals \$1.4 billion (net of accumulated depreciation). These assets include land, buildings, improvements other than buildings (infrastructure assets, such as streets, sidewalks, water and sewer lines), machinery and equipment, and construction-in-progress.

### Capital Assets (net of depreciation)

June 30, 2016 with Comparative Data for June 30, 2015

Figure 5

	(dollars in thousands)					
	Governmental Activities		Business-type Activities		Total	
	2016	Restated 2015	2016	Restated 2015	2016	Restated 2015
Land	\$ 74,771	\$ 73,369	\$ 43,924	\$ 43,390	\$ 118,695	\$ 116,759
Buildings	72,364	73,580	206,359	213,553	278,723	287,133
Improvements other than buildings	134,151	139,131	536,142	536,673	670,293	675,804
Machinery and equipment	27,133	24,433	26,511	19,454	53,644	43,887
Construction-in-progress	85,140	49,435	160,592	104,996	245,732	154,431
Total	<u>\$ 393,559</u>	<u>\$ 359,948</u>	<u>\$ 973,528</u>	<u>\$ 918,066</u>	<u>\$ 1,367,087</u>	<u>\$ 1,278,014</u>

Major capital asset transactions during the year include the following:

- Construction in progress for governmental activities was \$85.1 million, which reflects construction of street widening and resurfacing projects, improvements to recreation centers and parks, improvements to fire stations, and other economic development projects.
- Business-type capital assets increased \$55.5 million which included major improvements to the extension of water and sewer lines, Muddy Creek combined lift station, South Fork interceptor #1, Elledge day tanks, and \$2.6 million in stormwater capital projects.

Additional information on the City's capital assets is included in Note 3D of the Basic Financial Statements.

**Long-term Debt.** The City utilizes various techniques to fund capital improvements and other long-term needs. A debt management model is maintained which identifies resources available for current and future payments of principal and interest on outstanding debt. Resources are identified and designated for payment of both principal and interest before issuance of additional debt. The debt management model clearly identifies the City's capacity for future debt service and the adequacy of designated resources.

In accordance with the Capital Improvement Program, funding for projects may include: current revenues or financing by non-voted general obligation bonds; general obligation bonds authorized by referendum; leasing through North Carolina Municipal Leasing Corporation; installment financing contracts; special obligation bonds; and revenue bonds for water and sewer utilities and stormwater management.

At June 30, 2016, the City had total bonded debt outstanding of \$580.5 million, of which, \$126.2 million is backed by the City's full faith and credit and taxing power of the City and \$454.3 million in bonds secured solely by specified revenue sources. Revenues of the water and sewer utility system and stormwater management system are pledged as security for revenue bonds and special obligation bonds are secured by the City's sales tax revenue.

## Bonded Debt and Contractual Obligations Outstanding

June 30, 2016 with Comparative Data for June 30, 2015

Figure 6

	(dollars in thousands)							
	Governmental Activities		Business-type Activities		Fiduciary Activities		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
<b>Bonds</b>								
General obligation	\$ 126,245	\$ 74,555	\$ -	\$ -	\$ -	\$ -	\$ 126,245	\$ 74,555
Revenue	-	-	425,020	449,320	-	-	425,020	449,320
Special obligation	8,705	9,242	20,532	23,324	-	-	29,237	32,566
<b>Contractual Obligation:</b>								
NCMLC	117,331	119,926	19,942	22,666	28,120	28,850	165,393	171,442
State loan	-	-	34,029	5,271	-	-	34,029	5,271
Other	18,633	16,310	746	818	-	-	19,379	17,128
Total	<u>\$ 270,914</u>	<u>\$ 220,033</u>	<u>\$ 500,269</u>	<u>\$ 501,399</u>	<u>\$ 28,120</u>	<u>\$ 28,850</u>	<u>\$ 799,303</u>	<u>\$ 750,282</u>

The City has \$137.3 million in contractual lease obligations to the North Carolina Municipal Leasing Corporation ("NCMLC") for certificates of participation and limited obligation bonds issued by the corporation for property and equipment acquired by the City under lease agreements. Capital leases have funded equipment and certain real property acquired under the City's leasing program for many years. NCMLC, a non-profit organization, issues limited obligation bonds from time to time for acquisition of real property and equipment expected to be acquired over approximately 24 months. Issues for equipment requisitions have been level at \$18 million every other year since 1996.

General obligation bonded debt service is funded substantially by dedicated sources such as a portion of local property and sales taxes, one-third of the City's profits from alcoholic beverage sales, and interest on designated governmental fund investments. The City has capacity for additional future debt because of the allocation of specific resources and the relatively short schedule of maturing debt. About 63.97% of outstanding general obligation bonds will be repaid within 10 years as shown in the following schedule.

## General Obligation Bond Debt Service

Figure 7

Maturities	(dollars in thousands)		
	Principal	Percent of Total	Interest and Principal
2017-2021	\$ 40,590	32.15%	\$ 62,391
2022-2026	40,170	31.82	53,642
2027-2031	25,675	20.34	31,789
2032-2036	19,810	15.69	21,731
	<u>\$ 126,245</u>	<u>100.00%</u>	<u>\$ 169,553</u>

The City maintained triple "A" bond ratings from Moody's Investors Service, Standard & Poor's, and Fitch Ratings. The bond ratings are a clear indication of the sound financial condition of the City of Winston-Salem, which is one of a few cities in the country that maintains the highest financial rating from all three of the major rating agencies.

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8% of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for the City is \$1,514,620,165.

Additional information regarding the City's long-term debt can be found in Note 3G.

## Budget Highlights for the Fiscal Year Ending June 30, 2017

**Governmental Activities.** As City management and staff have monitored the budget outlook and reviewed the needs of the City organization, the City has reached a critical point where more investment is needed in our employees, facilities, and equipment to maintain our excellent City services, enhance the quality of life in the community, and position the City to be more competitive in attracting jobs and growing economically. Based on recent market pay studies, we know most City employees are paid below average actual market rates. We know nearly half of the City's fleet of sedans, trucks, and equipment exceeds age and/or mileage standards for replacement. We know there are City buildings and infrastructure that are in need of major maintenance and repair.

To address these needs, the fiscal year 2016-17 budget is \$442 million which includes \$326.5 million for operations, \$41.5 million for debt service, and \$74 million for capital. The operations budget is increased 4.9%. The budget is balanced with a tax rate of 58.5 cents, which represents a 2 cent increase from the current rate of 56.5 cents, to meet these fundamental needs of employee compensation, equipment, and facilities. The proposed budget provides market pay adjustments to increase the City's competitiveness within the Piedmont Triad and provides for more aggressive replacement of equipment, while using reserves to address some of the City's major facility needs.

For general fund, which accounts for municipal services that are covered primarily by property and sales taxes, the adopted budget is \$197.1 million, an increase of 8% compared to fiscal year 2015-2016.

**Business-type Activities.** The City/County Utility Commission approved volumetric rate increases of 1.5% for water service and 3% for sewer service, as well as increases to base charges for water and sewer availability for a total increase for the average customer of approximately 4.9%. These increases will generate sufficient revenues to provide funding for all operating expenses and to meet debt coverage requirements and to fund major investments in the water and sewer system in order to upgrade existing water and wastewater treatment plant infrastructure and continue to replace the oldest water distribution and sewer collection pipes in the system.

## Requests for Information

This report is designed to provide an overview of the City of Winston-Salem's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Chief Financial Officer, City of Winston-Salem, P.O. Box 2511, Winston-Salem, North Carolina 27102, or by visiting our website at [www.cityofws.org](http://www.cityofws.org).

# **Basic Financial Statements**

# City of Winston-Salem, North Carolina

## Statement of Net Position

June 30, 2016

Exhibit 1  
Page 1 of 2

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents/investments	\$ 203,982,781	\$ 151,122,139	\$ 355,104,920
Receivables			
Taxes, net	1,113,593	73,910	1,187,503
Accounts, net	2,949,176	14,761,819	17,710,995
Leases	11,253,743	-	11,253,743
Assessments, net	254,713	281,031	535,744
Loans, net	29,031,959	-	29,031,959
Total receivables	44,603,184	15,116,760	59,719,944
Due from other governments	16,016,714	13,188,782	29,205,496
Internal balances	3,395,914	(3,395,914)	-
Inventories	2,143,573	3,103,809	5,247,382
Prepaid items	15,473	24,434	39,907
Total current assets	270,157,639	179,160,010	449,317,649
<b>Noncurrent Assets</b>			
Restricted Assets			
Cash and cash equivalents	-	61,538,213	61,538,213
Capital Assets			
Land	74,771,141	43,923,679	118,694,820
Construction in progress	85,139,831	160,592,130	245,731,961
Other capital assets, net of accumulated depreciation	233,647,930	769,011,773	1,002,659,703
Accounts receivables	-	500,000	500,000
Total noncurrent assets	393,558,902	1,035,565,795	1,429,124,697
Total assets	663,716,541	1,214,725,805	1,878,442,346
<b>Deferred Outflows of Resources</b>			
Pension deferrals			
Differences between expected and actual experience	3,792,564	-	3,792,564
Changes of assumptions	276,454	-	276,454
Net difference between projected and actual earnings on pension plan investments	10,543,263	-	10,543,263
Employer contributions to pension plan in current fiscal year	6,145,920	1,045,203	7,191,123
Charge on refunding	3,621,895	32,459,134	36,081,029
Derivative instrument	-	6,816,412	6,816,412
Total deferred outflows of resources	24,380,096	40,320,749	64,700,845

The accompanying notes are an integral part of the financial statements.

# City of Winston-Salem, North Carolina

## Statement of Net Position

June 30, 2016

Exhibit 1  
Page 2 of 2

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accounts payable	\$ 12,708,435	\$ 27,980,116	\$ 40,688,551
Accrued payroll	3,173,162	665,013	3,838,175
Accrued vacation	4,873,153	803,469	5,676,622
Accrued interest payable	1,043,172	1,106,499	2,149,671
Loan escrow	18,661	-	18,661
Unearned revenue	458,306	1,542,502	2,000,808
Landfill closure and postclosure costs	-	596,000	596,000
Current maturities			
Claims payable	4,743,348	-	4,743,348
Contracts payable	20,493,869	2,988,142	23,482,011
Bonds payable	8,495,000	24,153,693	32,648,693
Total current liabilities	<u>56,007,106</u>	<u>59,835,434</u>	<u>115,842,540</u>
<b>Noncurrent Liabilities</b>			
Contracts payable from restricted assets	-	11,083,758	11,083,758
Accrued vacation	7,370,333	909,311	8,279,644
Net pension liability	51,314,369	1,123,905	52,438,274
Landfill closure and postclosure costs	-	16,261,777	16,261,777
Claims payable	2,308,182	1,716,578	4,024,760
Contracts payable	122,823,349	51,732,790	174,556,139
Bonds payable	137,873,378	446,039,703	583,913,081
Derivative instrument	-	28,492,453	28,492,453
Total noncurrent liabilities	<u>321,689,611</u>	<u>557,360,275</u>	<u>879,049,886</u>
Total liabilities	<u>377,696,717</u>	<u>617,195,709</u>	<u>994,892,426</u>
<b>Deferred Inflows of Resources</b>			
Advances from other governments	386,677	-	386,677
Pension deferrals			
Differences between expected and actual experience	1,592,179	305,079	1,897,258
Net difference between projected and actual earnings on pension plan investments	1,928,389	369,536	2,297,925
Changes in proportion and difference between City contributions and proportionate share of contributions	682,431	130,761	813,192
Charge on refunding	-	542,161	542,161
Total deferred inflows of resources	<u>4,589,676</u>	<u>1,347,537</u>	<u>5,937,213</u>
<b>Net Position</b>			
Net investment in capital assets	153,711,370	473,054,885	626,766,255
Restricted for:			
Stabilization by state statute	92,555,485	-	92,555,485
Debt service	21,102,120	-	21,102,120
General government	154,393	-	154,393
Public protection	2,107,686	-	2,107,686
Transportation	661,086	-	661,086
Culture and recreation	659,165	-	659,165
Perpetual care			
Nonexpendable	3,360,103	-	3,360,103
Unrestricted	31,498,836	163,448,423	194,947,259
<b>Total net position</b>	<b><u>\$ 305,810,244</u></b>	<b><u>\$ 636,503,308</u></b>	<b><u>\$ 942,313,552</u></b>

The accompanying notes are an integral part of the financial statements.

# City of Winston-Salem, North Carolina

## Statement of Activities

For the Fiscal Year Ended June 30, 2016

	<b>Program Revenues</b>			
	<b>Expenses</b>	<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>
<b>Activities:</b>				
<b>Governmental:</b>				
General government	\$ 30,553,493	\$ 17,938,963	\$ 1,146,204	\$ -
Public protection	100,928,955	3,861,336	1,317,416	-
Environmental health	17,002,328	2,285,788	260,408	-
Transportation	20,025,048	2,591,367	7,887,682	2,527,339
Culture and recreation	11,751,922	1,010,177	-	-
Community and economic development	21,981,252	6,464,175	4,949,065	-
Interest and fiscal charges	7,937,451	-	-	-
Total governmental activities	210,180,449	34,151,806	15,560,775	2,527,339
<b>Business-type:</b>				
Water and sewer utility	82,994,364	100,834,307	1,709,688	2,821,496
Solid waste disposal	10,717,746	10,575,534	964,919	-
Stormwater management	6,081,683	10,715,512	139,669	146,587
Parking	3,568,917	1,196,763	435,348	-
Transit Authority	17,142,451	2,543,903	5,226,509	8,481,012
Public assembly facilities management	7,261,379	5,500,973	5,715	47,550
Risk Acceptance Management Corporation	2,326,714	1,166,490	-	-
Total business-type activities	130,093,254	132,533,482	8,481,848	11,496,645
<b>Total City of Winston-Salem</b>	<b>\$ 340,273,703</b>	<b>\$ 166,685,288</b>	<b>\$ 24,042,623</b>	<b>\$ 14,023,984</b>

General revenues:

Taxes:

- Property taxes
- Sales taxes
- Gross receipts taxes
- Occupancy taxes
- Beer and wine excise tax-state
- Telecommunications sales tax
- Utilities sales tax
- Piped natural gas sales tax
- Video programming tax
- Payment in lieu of taxes
- ABC store allocations
- Investment income
- Transfers
- Government-wide
- Total general revenues and transfers
- Change in net position

Total net position - beginning

**Total net position - ending**

The accompanying notes are an integral part of the financial statements.

## Exhibit 2

**Net (Expense) Revenue and Changes in Net Position**

<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
\$ (11,468,326)	\$ -	\$ (11,468,326)
(95,750,203)	-	(95,750,203)
(14,456,132)	-	(14,456,132)
(7,018,660)	-	(7,018,660)
(10,741,745)	-	(10,741,745)
(10,568,012)	-	(10,568,012)
(7,937,451)	-	(7,937,451)
<hr/>	<hr/>	<hr/>
(157,940,529)	-	(157,940,529)
-	22,371,127	22,371,127
-	822,707	822,707
-	4,920,085	4,920,085
-	(1,936,806)	(1,936,806)
-	(891,027)	(891,027)
-	(1,707,141)	(1,707,141)
-	(1,160,224)	(1,160,224)
<hr/>	<hr/>	<hr/>
(157,940,529)	<b>22,418,721</b>	<b>(135,521,808)</b>
109,495,096	7,090,014	116,585,110
37,612,657	-	37,612,657
310,924	-	310,924
738,282	-	738,282
1,046,536	-	1,046,536
2,129,618	-	2,129,618
13,642,565	-	13,642,565
618,280	-	618,280
2,211,617	-	2,211,617
252,827	-	252,827
1,290,517	-	1,290,517
989,065	1,739,678	2,728,743
<hr/>	<hr/>	<hr/>
(260,831)	260,831	-
<hr/>	<hr/>	<hr/>
170,077,153	9,090,523	179,167,676
<hr/>	<hr/>	<hr/>
12,136,624	31,509,244	43,645,868
<hr/>	<hr/>	<hr/>
293,673,620	604,994,064	898,667,684
<hr/>	<hr/>	<hr/>
<b>\$ 305,810,244</b>	<b>\$ 636,503,308</b>	<b>\$ 942,313,552</b>

The accompanying notes are an integral part of the financial statements.

# City of Winston-Salem, North Carolina

## Balance Sheet Governmental Funds

June 30, 2016

Exhibit 3

<b>Assets</b>	<b>General Fund</b>	<b>Debt Service Fund</b>	<b>Capital Projects Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
Cash and cash equivalents/investments	\$ 37,322,598	\$ 21,147,356	\$ 105,645,426	\$ 26,056,760	\$ 190,172,140
Receivables					
Taxes, net	972,272	139,849	-	1,472	1,113,593
Accounts, net	2,434,090	-	419,530	71,640	2,925,260
Leases	-	11,400,000	2,635,780	-	14,035,780
Assessments, net	253,422	-	1,291	-	254,713
Loans	930,361	-	-	29,738,466	30,668,827
Total receivables	4,590,145	11,539,849	3,056,601	29,811,578	48,998,173
Due from other governments	13,442,162	1,614,366	13,948	946,238	16,016,714
Due from other funds	4,240,866	-	-	-	4,240,866
Inventories	163,178	-	-	665,054	828,232
Prepaid items	15,473	-	-	-	15,473
Total assets	<u>\$ 59,774,422</u>	<u>\$ 34,301,571</u>	<u>\$ 108,715,975</u>	<u>\$ 57,479,630</u>	<u>\$ 260,271,598</u>
<b>Liabilities</b>					
Accounts payable	\$ 4,317,396	\$ 17,006	\$ 4,633,773	\$ 2,116,871	\$ 11,085,046
Accrued payroll	3,021,548	-	-	1,487	3,023,035
Due to other funds	-	-	-	252,202	252,202
Loan escrow	2,592	-	-	16,069	18,661
Unearned revenue	22,824	-	-	-	22,824
Total liabilities	<u>7,364,360</u>	<u>17,006</u>	<u>4,633,773</u>	<u>2,386,629</u>	<u>14,401,768</u>
<b>Deferred Inflows of Resources</b>					
Taxes	972,272	139,849	-	1,472	1,113,593
Leases	-	11,400,000	2,635,780	-	14,035,780
Assessments	-	-	1,291	-	1,291
Advances from other governments	-	-	-	386,677	386,677
Total deferred inflows of resources	<u>972,272</u>	<u>11,539,849</u>	<u>2,637,071</u>	<u>388,149</u>	<u>15,537,341</u>
<b>Fund Balances</b>					
Nonspendable					
Loans	930,361	-	-	29,738,466	30,668,827
Inventories	163,178	-	-	665,054	828,232
Prepays	15,473	-	-	-	15,473
Perpetual care	-	-	-	3,360,103	3,360,103
Restricted					
Stabilization by state statute	22,559,689	1,642,596	57,231,359	11,121,841	92,555,485
Debt service	-	21,102,120	-	-	21,102,120
Capital improvements	-	-	46,216,169	-	46,216,169
General government	-	-	-	154,393	154,393
Public protection	-	-	-	2,107,686	2,107,686
Transportation	-	-	-	661,086	661,086
Culture and recreation	-	-	-	659,165	659,165
Committed					
Community & economic development	-	-	-	13,378,770	13,378,770
Assigned					
Subsequent year budget	4,365,350	-	-	-	4,365,350
Unassigned	23,403,739	-	(2,002,397)	(7,141,712)	14,259,630
Total fund balances	<u>51,437,790</u>	<u>22,744,716</u>	<u>101,445,131</u>	<u>54,704,852</u>	<u>230,332,489</u>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b><u>\$ 59,774,422</u></b>	<b><u>\$ 34,301,571</u></b>	<b><u>\$ 108,715,975</u></b>	<b><u>\$ 57,479,630</u></b>	<b><u>\$ 260,271,598</u></b>

The accompanying notes are an integral part of the financial statements.

## **City of Winston-Salem, North Carolina**

### Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position

June 30, 2016

Exhibit 3.1

Total fund balances for governmental funds (Exhibit 3) \$ 230,332,489

Total net position reported for governmental activities in the statement of net position is different because:

Capital assets (net of accumulated depreciation) used in governmental activities are not financial resources and therefore are not reported in the funds.

Gross capital assets at historical cost	618,653,815
Accumulated depreciation	(225,094,913)

Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the statement of net position.

20,758,201

Other assets not available to pay for current period expenditures, and therefore are inflows of resources in fund statements.

14,385,624

Internal service funds are used by management to charge the costs of warehouse, fleet services, information services, workers' compensation, health benefits, dental and flex benefits and employee benefits. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.

5,264,650

Net pension liability (51,314,369)

Pension related deferrals (4,202,999)

Long-term liabilities are not due and payable in the current period and accordingly are not reported as fund liabilities:

Accrued vacation	(12,243,486)
Accrued interest	(1,043,172)
Contracts payable	(143,317,218)
Bonds payable	(146,368,378)

**Net position of governmental activities (Exhibit 1)**

**\$ 305,810,244**

The accompanying notes are an integral part of the financial statements.

## City of Winston-Salem, North Carolina

### Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds

For the Fiscal Year Ended June 30, 2016

Exhibit 4

	<b>General Fund</b>	<b>Debt Service</b>	<b>Capital Projects Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Revenues</b>					
Taxes	\$ 126,641,098	\$ 20,505,104	\$ -	\$ 1,252,833	\$ 148,399,035
Licenses and permits	5,806,206	-	-	490,715	6,296,921
Intergovernmental	21,254,460	1,146,204	2,527,339	14,352,071	39,280,074
Investment income	-	513,372	185,280	75,609	774,261
Charges for services	18,282,372	-	-	-	18,282,372
Capital lease charges	-	600,000	392,154	-	992,154
Other	4,679,473	-	3,155,362	950,540	8,785,375
Total revenues	176,663,609	22,764,680	6,260,135	17,121,768	222,810,192
<b>Expenditures</b>					
Current					
General government	29,729,507	-	-	-	29,729,507
Public protection	93,449,753	-	-	2,462,653	95,912,406
Environmental health	17,558,890	-	-	294,565	17,853,455
Transportation	12,737,068	-	-	1,523,276	14,260,344
Culture and recreation	9,777,202	-	-	527,884	10,305,086
Community and economic development	12,698,079	-	-	8,222,744	20,920,823
Other	-	370,143	-	-	370,143
Capital outlay	-	-	48,831,526	-	48,831,526
Debt service					
Principal retirement					
Bond	-	6,486,900	-	-	6,486,900
Other	-	3,858,635	4,922,928	333,000	9,114,563
Interest and fiscal charges					
Bond	-	3,794,371	-	-	3,794,371
Other	-	4,330,106	1,283,789	34,216	5,648,111
Total expenditures	175,950,499	18,840,155	55,038,243	13,398,338	263,227,235
Excess of revenues over (under) expenditures	713,110	3,924,525	(48,778,108)	3,723,430	(40,417,043)
<b>Other Financing Sources (Uses)</b>					
Issuance of refunding general obligation bonds	-	12,655,000	-	-	12,655,000
Premium on general obligation bonds	-	1,677,019	5,584,832	-	7,261,851
Payment to refunded bond escrow agent	-	(14,258,284)	-	-	(14,258,284)
Issuance of general obligation bonds	-	-	58,475,000	-	58,475,000
Capital leases	-	-	15,403,662	-	15,403,662
Transfers in	8,108,382	2,031,660	3,238,242	4,506,160	17,884,444
Transfers out	(8,485,843)	-	(1,675,976)	(8,322,636)	(18,484,455)
Total other financing sources (uses), net	(377,461)	2,105,395	81,025,760	(3,816,476)	78,937,218
Net change in fund balances	335,649	6,029,920	32,247,652	(93,046)	38,520,175
Fund balance - beginning	51,102,141	16,714,796	69,197,479	54,797,898	191,812,314
<b>Fund balances - ending</b>	<b>\$ 51,437,790</b>	<b>\$ 22,744,716</b>	<b>\$ 101,445,131</b>	<b>\$ 54,704,852</b>	<b>\$ 230,332,489</b>

The accompanying notes are an integral part of the financial statements.

## City of Winston-Salem, North Carolina

### Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities

For the Fiscal Year Ended June 30, 2016

Exhibit 4.1

Amounts reported for governmental activities in the statement of activities (Exhibit 2) are different because:

Net change in fund balances – total governmental funds (Exhibit 4)	\$38,520,175
Governmental funds report capital outlays as expenditures. However in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.	
Capital outlay expenditures which were capitalized	49,191,827
Depreciation expense for governmental assets	(13,027,260)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets.	(232,100)
Contributions to the pension plan in the current fiscal year are not included on the statement of activities	5,854,569
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	(447,090)
Internal service funds are used by management to charge the costs of warehouse, fleet services, information services, workers' compensation, health benefits, dental and flex benefits and employee benefits. The net revenue (expenses) of certain activities of internal service funds is reported with governmental activities.	162,280
The issuance of long-term debt are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position. Also governmental funds report the effect of issuance costs, premiums and discounts, and similar items as expenses when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	
Debt issued:	
Premium on general obligation bonds	(7,261,851)
Issuance of general obligation bonds	(58,475,000)
Issuance of refunding general obligation bonds	(12,655,000)
Payment to refunded bond escrow agent	14,258,284
Capital leases	(15,403,662)
Decrease in contracts payable	3,294,615
Repayments:	
Bonds	6,486,900
Certificates of participation/limited obligation bonds	4,922,928
Installment financing contract	3,858,635
HUD Section 108 loan	333,000
Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues.	
Pension expense	(6,285,073)
Accrued vacation	(2,464,584)
Amortization of financing costs	1,635,985
Accrued interest on bonds	(141,949)
Accrued interest on limited obligation bonds	8,285
Accrued interest on installment financing contract	2,710
<b>Change in net position of governmental activities (Exhibit 2)</b>	<b>\$12,136,624</b>

The accompanying notes are an integral part of the financial statements.

# City of Winston-Salem, North Carolina

## Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual General Fund

For the Fiscal Year Ended June 30, 2016

Exhibit 5  
(Page 1 of 5)

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>Revenues</b>				
Taxes				
Property taxes				
Current levy	\$ 91,993,370	\$ 91,993,370	\$ 93,284,220	\$ 1,290,850
Prior years levies	1,200,000	1,200,000	700,010	(499,990)
Penalty and interest on taxes	350,000	350,000	418,529	68,529
Total property taxes	93,543,370	93,543,370	94,402,759	859,389
Other local taxes				
Local option sales taxes	30,028,050	30,736,170	31,927,415	1,191,245
Gross receipts taxes	230,000	230,000	310,924	80,924
Total other local taxes	30,258,050	30,966,170	32,238,339	1,272,169
Total taxes	123,801,420	124,509,540	126,641,098	2,131,558
Licenses and permits				
Building permits	1,118,000	1,118,000	1,434,600	316,600
Electrical permits	702,000	702,000	742,835	40,835
Plumbing permits	400,000	400,000	449,908	49,908
Heating permits	657,000	657,000	765,716	108,716
Zoning board ordinances	18,500	18,500	18,630	130
Other construction related permits	240,000	240,000	107,162	(132,838)
Site inspection permits	9,500	9,500	860	(8,640)
Zoning permits	240,670	240,670	241,432	762
Refrigeration permits	8,500	8,500	9,586	1,086
Privilege licenses and penalties	12,000	12,000	12,254	254
Motor vehicle licenses	1,740,330	1,740,330	1,818,278	77,948
Other licenses and permits	168,800	168,800	204,945	36,145
Total licenses and permits	5,315,300	5,315,300	5,806,206	490,906
Intergovernmental revenues				
Beer and wine excise tax - state	1,092,670	1,092,670	1,046,536	(46,134)
Telecommunications sales tax	2,263,070	2,263,070	2,129,618	(133,452)
Utilities sales tax	10,796,590	10,796,590	13,642,565	2,845,975
Piped natural gas sales tax	790,490	790,490	618,280	(172,210)
Video programming tax	2,260,100	2,260,100	2,211,617	(48,483)
Payments in lieu of taxes	209,820	209,820	252,827	43,007
Emergency management	60,000	60,000	62,500	2,500
Other state grants	-	18,600	-	(18,600)
ABC store allocations	966,860	966,860	1,290,517	323,657
Total intergovernmental revenues	18,439,600	18,458,200	21,254,460	2,796,260

The accompanying notes are an integral part of the financial statements.

## City of Winston-Salem, North Carolina

### Statement of Revenues, Expenditures, and Changes in Fund Balance -

#### Budget and Actual

#### General Fund

For the Fiscal Year Ended June 30, 2016

Exhibit 5  
(Page 2 of 5)

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>Revenues (continued)</b>				
Charges for sales and services				
Governmental services and sales				
Public safety services	\$ 134,300	\$ 134,300	\$ 144,612	\$ 10,312
Transportation	197,500	197,500	237,983	40,483
Public works services	3,050,450	3,050,450	2,782,458	(267,992)
Governmental services	855,750	855,750	766,962	(88,788)
Miscellaneous sales and services	227,800	272,800	244,575	(28,225)
Total governmental services and sales	<u>4,465,800</u>	<u>4,510,800</u>	<u>4,176,590</u>	<u>(334,210)</u>
Charges to State of North Carolina				
Highway maintenance/special projects	80,000	80,000	80,000	-
Traffic control devices	375,000	375,000	211,480	(163,520)
Computerized traffic system	97,000	97,000	101,961	4,961
Total charges to state	<u>552,000</u>	<u>552,000</u>	<u>393,441</u>	<u>(158,559)</u>
Charges to Other Governments				
Forsyth County				
Planning board support	1,385,660	1,385,660	1,302,441	(83,219)
Emergency management	354,190	354,190	344,631	(9,559)
Inspections	197,980	197,980	(56,407)	(254,387)
Purchasing	117,230	117,230	116,293	(937)
Winston-Salem/Forsyth County School Board (Super Kids)	125,000	125,000	150,000	25,000
Police	235,900	235,900	237,735	1,835
Other	26,000	26,000	23,262	(2,738)
Total charges to county	<u>2,441,960</u>	<u>2,441,960</u>	<u>2,117,955</u>	<u>(324,005)</u>
Interfund charges for services				
Engineering	1,550,000	1,550,000	1,574,762	24,762
Financial management services	2,735,190	2,735,190	2,735,190	-
Streets	150,000	150,000	58,147	(91,853)
Planning	20,000	20,000	25,386	5,386
Property management	1,146,620	1,146,620	1,067,689	(78,931)
Sanitation	37,000	37,000	35,327	(1,673)
Police	247,070	543,350	494,033	(49,317)
Real estate	50,000	50,000	74,877	24,877
Street cuts	425,000	425,000	508,708	83,708
Indirect cost allocation	4,504,670	4,504,670	4,541,229	36,559
Traffic engineering	427,000	427,000	428,704	1,704
Recreation	42,700	42,700	-	(42,700)
Vegetation management services	40,000	40,000	33,544	(6,456)
Human relations	-	-	5,000	5,000
Telecommunications	14,160	14,160	11,710	(2,450)
TURN program	-	133,333	-	(133,333)
Other	-	-	80	80
Total interfund charges for services	<u>11,389,410</u>	<u>11,819,023</u>	<u>11,594,386</u>	<u>(224,637)</u>
Total charges for sales and services	<u>18,849,170</u>	<u>19,323,783</u>	<u>18,282,372</u>	<u>(1,041,411)</u>

The accompanying notes are an integral part of the financial statements.

## City of Winston-Salem, North Carolina

### Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual General Fund

For the Fiscal Year Ended June 30, 2016

Exhibit 5  
(Page 3 of 5)

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>Revenues (continued)</b>				
Other revenues				
Rentals	\$ 406,110	\$ 406,110	\$ 413,920	\$ 7,810
Sales of property	180,000	180,000	377,325	197,325
Parking meters	102,000	102,000	113,690	11,690
Parking tickets	275,000	275,000	253,522	(21,478)
Fines and forfeitures	826,300	826,300	693,895	(132,405)
Miscellaneous revenue	2,797,089	2,795,479	2,827,121	31,642
Total other revenues	<u>4,586,499</u>	<u>4,584,889</u>	<u>4,679,473</u>	<u>94,584</u>
Total revenues	170,991,989	172,191,712	176,663,609	4,471,897
<b>Expenditures (by function)</b>				
General government				
Legislative	1,258,760	1,263,760	1,264,528	(768)
Executive	2,932,000	2,954,500	3,033,357	(78,857)
Staff services	6,235,690	6,267,956	6,012,920	255,036
Financial management	8,322,710	8,402,245	7,963,201	439,044
Intergovernmental services	10,101,842	10,421,548	9,527,677	893,871
Employee safety and health	918,370	952,619	921,274	31,345
Human relations	367,670	402,150	410,314	(8,164)
Contingency budget	90,000	7,500	-	7,500
Property tax collections	668,900	794,450	596,236	198,214
Total general government	<u>30,895,942</u>	<u>31,466,728</u>	<u>29,729,507</u>	<u>1,737,221</u>
Public protection				
Police	64,736,420	65,857,269	64,911,863	945,406
Fire	27,036,030	28,061,867	27,974,614	87,253
Emergency management	579,860	606,822	563,276	43,546
Total public protection	<u>92,352,310</u>	<u>94,525,958</u>	<u>93,449,753</u>	<u>1,076,205</u>
Environmental health				
Sanitation administration	857,540	1,007,970	879,422	128,548
Organic and solid waste collection	8,988,310	9,084,262	8,653,814	430,448
Solid waste disposal	2,359,370	2,239,934	2,184,603	55,331
Yard waste collections	1,501,040	1,512,218	1,112,734	399,484
Curbside collection	5,100,760	5,130,901	4,728,317	402,584
Total environmental health	<u>18,807,020</u>	<u>18,975,285</u>	<u>17,558,890</u>	<u>1,416,395</u>

The accompanying notes are an integral part of the financial statements.

## City of Winston-Salem, North Carolina

### Statement of Revenues, Expenditures, and Changes in Fund Balance -

#### Budget and Actual

#### General Fund

For the Fiscal Year Ended June 30, 2016

Exhibit 5  
(Page 4 of 5)

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>Expenditures (by function continued)</b>				
Transportation				
Technical support	\$ 1,763,620	\$ 1,666,620	\$ 1,615,630	\$ 50,990
Signal system operations	217,370	217,370	195,912	21,458
Traffic system maintenance	6,446,790	6,419,981	6,118,102	301,879
Street parking	189,340	208,514	220,556	(12,042)
Streets and sidewalks	5,401,730	5,619,113	4,586,868	1,032,245
Total transportation	14,018,850	14,131,598	12,737,068	1,394,530
Culture and recreation				
Recreation administration	975,190	991,331	949,763	41,568
Participant recreation	8,856,090	9,096,122	8,827,439	268,683
Total culture and recreation	9,831,280	10,087,453	9,777,202	310,251
Community and economic development				
Zoning and construction control	4,052,520	4,052,520	3,791,604	260,916
Real estate management	375,950	375,950	373,426	2,524
Planning board	2,476,800	2,476,367	2,351,745	124,622
Housing services	4,005,520	4,138,853	3,995,885	142,968
Housing and neighborhood development	555,900	555,900	595,569	(39,669)
Economic development	625,750	634,344	590,681	43,663
Community agencies	816,800	1,140,274	999,169	141,105
Total community and economic development	12,908,240	13,374,208	12,698,079	676,129
Other				
Appropriated expenditure reductions	(3,006,520)	(3,006,520)	-	(3,006,520)
Total other	(3,006,520)	(3,006,520)	-	(3,006,520)
Total expenditures	175,807,122	179,554,710	175,950,499	3,604,211
Excess of expenditures (over) under revenues	(4,815,133)	(7,362,998)	713,110	8,076,108

The accompanying notes are an integral part of the financial statements.

## City of Winston-Salem, North Carolina

### Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual General Fund

For the Fiscal Year Ended June 30, 2016

Exhibit 5  
(Page 5 of 5)

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in				
Community development fund	\$ 1,005,760	\$ 1,005,760	\$ 946,253	\$ (59,507)
Gasoline tax fund	5,323,260	5,323,260	5,147,819	(175,441)
Economic and housing development fund	60,000	60,000	60,000	-
Cemetery perpetual care fund	158,921	158,921	158,921	-
Water and sewer utility fund	74,710	74,710	64,418	(10,292)
Stormwater fund	1,707,810	1,707,810	1,573,111	(134,699)
Workers' compensation fund	157,860	157,860	157,860	-
Total transfers in	<u>8,488,321</u>	<u>8,488,321</u>	<u>8,108,382</u>	<u>(379,939)</u>
Transfers out				
Grants fund	(315,480)	(650,370)	(629,710)	20,660
Economic and housing development fund	(1,934,840)	(3,432,060)	(3,432,060)	-
Debt service fund	(2,031,660)	(2,031,660)	(2,031,660)	-
Capital projects fund	(172,540)	(244,540)	(244,535)	5
Cemetery perpetual care fund	(104,528)	(104,528)	(104,528)	-
Parking fund	(645,150)	(645,150)	(645,150)	-
Public assembly facilities management fund	(961,640)	(1,011,640)	(1,011,640)	-
Information services fund	(386,560)	(386,560)	(386,560)	-
Total transfers out	<u>(6,552,398)</u>	<u>(8,506,508)</u>	<u>(8,485,843)</u>	<u>20,665</u>
Total other financing sources, net	<u>1,935,923</u>	<u>(18,187)</u>	<u>(377,461)</u>	<u>(359,274)</u>
Excess of revenues and other financing sources over (under) expenditures and other uses				
Fund balance July 1	(2,879,210)	(7,381,185)	335,649	7,716,834
<b>Fund balance June 30</b>	<b><u>\$ 48,222,931</u></b>	<b><u>\$ 43,720,956</u></b>	<b><u>\$ 51,437,790</u></b>	<b><u>\$ 7,716,834</u></b>

The accompanying notes are an integral part of the financial statements.

# City of Winston-Salem, North Carolina

## Statement of Net Position

### Proprietary Funds

June 30, 2016

Exhibit 6

	Enterprise Funds					Internal Service Funds
	Water & Sewer Utility	Solid Waste Disposal	Transit Authority	Non-Major Funds	Total	
<b>Assets</b>						
<b>Current Assets</b>						
Cash and cash equivalents/investments	\$ 71,101,906	\$ 16,926,800	\$ 10,176	\$ 28,236,937	\$ 116,275,819	\$ 48,656,961
Receivables for uncollectibles						
Taxes, net	-	-	73,910	-	73,910	-
Accounts, net	13,425,788	193,734	63,547	1,078,750	14,761,819	217
Assessments, net	281,031	-	-	-	281,031	-
Total receivables	13,706,819	193,734	137,457	1,078,750	15,116,760	217
Due from other governments	99,500	47,338	12,606,596	435,348	13,188,782	-
Inventories	2,889,263	-	214,546	-	3,103,809	1,315,341
Prepaid expenses	-	-	-	24,434	24,434	-
Total current assets	87,797,488	17,167,872	12,968,775	29,775,469	147,709,604	49,972,519
<b>Noncurrent Assets</b>						
Restricted assets						
Cash and cash equivalents/investments	44,640,691	16,857,777	-	39,745	61,538,213	-
Capital assets						
Land	16,167,208	12,450,797	2,236,412	13,069,262	43,923,679	801,682
Construction in progress	128,308,598	1,429,850	2,331,796	28,521,886	160,592,130	202,455
Other capital assets, net of accumulated depreciation	653,028,244	25,612,918	24,829,238	65,541,373	769,011,773	5,293,181
Accounts receivables	-	-	-	500,000	500,000	-
Total noncurrent assets	842,144,741	56,351,342	29,397,446	107,672,266	1,035,565,795	6,297,318
Total assets	929,942,229	73,519,214	42,366,221	137,447,735	1,183,275,399	56,269,837
<b>Deferred Outflows of Resources</b>						
Pension deferrals	772,545	92,016	-	180,642	1,045,203	291,352
Charge on refunding	32,459,134	-	-	-	32,459,134	-
Accumulated increase in fair value of hedging derivatives	6,816,412	-	-	-	6,816,412	-
Total deferred outflows of resources	40,048,091	92,016	-	180,642	40,320,749	291,352
<b>Liabilities</b>						
<b>Current Liabilities</b>						
Accounts payable	19,847,846	724,022	6,177,750	1,228,529	27,978,147	1,625,358
Accrued payroll	410,675	48,985	117,019	88,334	665,013	150,127
Accrued vacation	262,113	40,848	445,002	55,506	803,469	249,031
Accrued interest payable	1,052,923	7,550	-	46,026	1,106,499	-
Due to other funds	-	-	3,395,914	-	3,395,914	592,750
Unearned revenue	2,600	-	73,910	1,465,992	1,542,502	443,753
Landfill closure and postclosure costs	-	596,000	-	-	596,000	-
Current maturities						
Claims payable	-	-	-	-	-	4,743,348
Contracts payable	812,046	427,011	-	1,749,085	2,988,142	931,914
Bonds payable	21,280,000	1,785,000	-	1,088,693	24,153,693	-
Total current liabilities	43,668,203	3,629,416	10,209,595	5,722,165	63,229,379	8,736,281
<b>Noncurrent Liabilities</b>						
Contracts payable from restricted assets	11,083,758	-	-	-	11,083,758	-
Accrued vacation	679,102	76,673	-	153,536	909,311	119,200
Net pension liability	782,992	121,964	-	218,949	1,123,905	282,185
Landfill closure and postclosure costs	-	16,261,777	-	-	16,261,777	-
Claims payable	-	-	-	-	-	4,024,760
Contracts payable	34,534,586	603,555	-	16,594,649	51,732,790	1,344,679
Bonds payable	416,400,347	8,159,729	-	21,479,627	446,039,703	-
Derivative instrument	28,492,453	-	-	-	28,492,453	-
Total noncurrent liabilities	491,973,238	25,223,698	-	38,446,761	555,643,697	5,770,824
Total liabilities	535,641,441	28,853,114	10,209,595	44,168,926	618,873,076	14,507,105
<b>Deferred Inflows of Resources</b>						
Pension deferrals	669,772	34,969	-	100,635	805,376	273,052
Charge on refunding	536,497	5,664	-	-	542,161	-
Total deferred inflows of resources	1,206,269	40,633	-	100,635	1,347,537	273,052
<b>Net Position</b>						
Net investment in capital assets	348,924,366	28,512,606	29,397,446	66,220,467	473,054,885	4,020,725
Unrestricted	84,218,244	16,204,877	2,759,180	27,138,349	130,320,650	37,760,307
<b>Total net position</b>	<b>\$433,142,610</b>	<b>\$44,717,483</b>	<b>\$32,156,626</b>	<b>\$93,358,816</b>	<b>603,375,535</b>	<b>\$41,781,032</b>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					33,127,773	
<b>Net position of business-type activities</b>					<b>\$636,503,308</b>	

The accompanying notes are an integral part of the financial statements.

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## City of Winston-Salem, North Carolina

### Statement of Revenues, Expenses, and Changes in Fund Net Position Proprietary Funds

For the Fiscal Year Ended June 30, 2016

Exhibit 7

	Enterprise Funds					<b>Internal Service Funds</b>
	<b>Water and Sewer Utility</b>	<b>Solid Waste Disposal</b>	<b>Transit Authority</b>	<b>Non-Major Funds</b>	<b>Total</b>	
<b>Operating Revenues</b>						
Sales	\$ 96,951,921	\$ -	\$ -	\$ -	\$ 96,951,921	\$ -
Charges for services	3,858,779	10,549,273	2,176,806	14,963,917	31,548,775	63,227,846
Other	23,607	26,261	367,097	2,449,331	2,866,296	381,810
Total operating revenues	100,834,307	10,575,534	2,543,903	17,413,248	131,366,992	63,609,656
<b>Operating Expenses</b>						
Personal services	16,001,401	1,901,629	10,548,498	3,684,275	32,135,803	6,074,660
Maintenance and operations	22,811,531	4,912,480	4,369,066	7,752,412	39,845,489	58,087,354
Total operating expenses before depreciation	38,812,932	6,814,109	14,917,564	11,436,687	71,981,292	64,162,014
Depreciation	25,091,362	3,674,863	2,224,887	2,923,275	33,914,387	904,440
Total operating expenses	63,904,294	10,488,972	17,142,451	14,359,962	105,895,679	65,066,454
Operating income (loss)	36,930,013	86,562	(14,598,548)	3,053,286	25,471,313	(1,456,798)
<b>Nonoperating Revenues (Expenses)</b>						
Intergovernmental revenue	1,610,812	944,698	5,208,178	518,660	8,282,348	-
Property taxes	-	-	7,090,014	-	7,090,014	-
Investment income (loss)	1,745,458	449,659	-	127,039	2,322,156	(367,674)
Gain (loss) on disposal of assets	98,426	20,221	4,761	(1,714,492)	(1,591,084)	58,693
Damage settlements	450	-	13,570	6,268	20,288	-
Interest and fiscal expense	(19,498,203)	(306,987)	-	(814,675)	(20,619,865)	(153,823)
Amortization of financing costs	408,133	78,213	-	32,954	519,300	-
Total nonoperating revenues (expenses), net	(15,634,924)	1,185,804	12,316,523	(1,844,246)	(3,976,843)	(462,804)
Income (loss) before capital contributions and transfers	21,295,089	1,272,366	(2,282,025)	1,209,040	21,494,470	(1,919,602)
<b>Capital Contributions</b>	2,821,496	-	8,481,012	194,137	11,496,645	-
<b>Transfers In</b>	-	427,485	-	1,981,790	2,409,275	497,040
<b>Transfers Out</b>	(411,258)	(7,730)	(13,850)	(1,715,606)	(2,148,444)	(157,860)
Total transfers	(411,258)	419,755	(13,850)	266,184	260,831	339,180
Change in net position	23,705,327	1,692,121	6,185,137	1,669,361	33,251,946	(1,580,422)
Total net position - beginning	409,437,283	43,025,362	25,971,489	91,689,455		43,361,454
Total net position - ending	<b>\$433,142,610</b>	<b>\$44,717,483</b>	<b>\$32,156,626</b>	<b>\$93,358,816</b>		<b>\$41,781,032</b>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					(1,742,702)	
<b>Change in net position of business-type activities</b>					<b>\$31,509,244</b>	

The accompanying notes are an integral part of the financial statements.

# City of Winston-Salem, North Carolina

## Statement of Cash Flows Proprietary Funds

For the Fiscal Year Ended June 30, 2016

Exhibit 8  
Page 1 of 2

	Enterprise Funds					Internal Service Funds
	Water and Sewer Utility	Solid Waste Disposal	Transit Authority	Non-Major Funds	Total	
<b>Cash Flows from Operating Activities</b>						
Cash received from sales	\$100,129,374	\$ 10,604,359	\$ 2,525,289	\$ 17,249,911	\$130,508,933	\$ 63,627,295
Cash payments to suppliers for goods and services	(23,422,300)	(4,271,446)	(4,435,928)	(7,898,878)	(40,028,552)	(56,087,315)
Cash payments to employees for services	(16,203,082)	(1,917,454)	(10,497,560)	(3,711,420)	(32,329,516)	(6,147,356)
Net cash provided (used) by operating activities	60,503,992	4,415,459	(12,408,199)	5,639,613	58,150,865	1,392,624
<b>Cash Flows from Noncapital Financing Activities</b>						
Intergovernmental revenue	1,610,812	945,553	1,987,464	509,953	5,053,782	-
Property taxes	-	-	6,322,244	-	6,322,244	-
Borrowings from other funds	-	-	-	-	-	25,298
Repayments to other funds	-	-	3,395,914	-	3,395,914	-
Transfers in	-	427,485	-	1,931,790	2,359,275	-
Transfers out	(349,408)	-	(13,850)	(1,715,606)	(2,078,864)	(157,860)
Net cash provided (used) by noncapital financing activities	1,261,404	1,373,038	11,691,772	726,137	15,052,351	(132,562)
<b>Cash Flows from Capital and Related Financing Activities</b>						
Proceeds from issuance of bonds	139,601,880	-	-	-	139,601,880	-
Proceeds from issuance of state loans	28,757,897	-	-	-	28,757,897	-
Intergovernmental revenue	600,000	-	2,771,946	142,831	3,514,777	-
Property taxes	-	-	767,770	-	767,770	-
Capital contributions	-	-	-	51,306	51,306	-
Transfers in	-	-	-	50,000	50,000	497,040
Transfers out	(61,850)	(7,730)	-	-	(69,580)	-
Acquisition of property and equipment	(68,737,455)	(1,736,621)	(3,011,186)	(3,096,918)	(76,582,180)	(914,252)
Retirement of bonds	(20,500,000)	(2,193,100)	-	(1,073,693)	(23,766,793)	-
Retirement of refunded bonds	(138,795,000)	-	-	-	(138,795,000)	-
Retirement of contracts payable	(570,803)	(597,204)	-	(3,229,861)	(4,397,868)	(960,327)
Interest and fiscal expense paid on bonds	(19,003,503)	(237,647)	-	(505,257)	(19,746,407)	-
Interest and fiscal expense paid on contracts payable	(90,309)	(74,473)	-	(695,687)	(860,469)	(153,823)
Debt issuance costs	(1,562,526)	-	-	(304)	(1,562,830)	-
Proceeds from sale of assets	98,426	26,554	4,761	2,288,361	2,418,102	58,693
Damage settlements	450	-	13,570	6,268	20,288	-
Net cash provided (used) by capital financing activities	(80,262,793)	(4,820,221)	546,861	(6,062,954)	(90,599,107)	(1,472,669)
<b>Cash Flows from Investing Activities</b>						
Investment income (loss)	1,761,388	449,659	-	127,039	2,338,086	(367,674)
Net increase (decrease) in cash	(16,736,009)	1,417,935	(169,566)	429,835	(15,057,805)	(580,281)
Cash and cash equivalents/investments July 1	132,478,606	32,366,642	179,742	27,846,847	192,871,837	49,237,242
Cash and cash equivalents/investments June 30	<b>\$115,742,597</b>	<b>\$ 33,784,577</b>	<b>\$ 10,176</b>	<b>\$ 28,276,682</b>	<b>\$177,814,032</b>	<b>\$ 48,656,961</b>

The accompanying notes are an integral part of the financial statements.

# City of Winston-Salem, North Carolina

## Statement of Cash Flows

### Proprietary Funds

For the Fiscal Year Ended June 30, 2016

Exhibit 8  
Page 2 of 2

	Enterprise Funds					Internal Service Funds
	Water and Sewer Utility	Solid Waste Disposal	Transit Authority	Non-Major Funds	Total	
<b>Reconciliation of Cash and Cash Equivalents/Investments</b>						
Cash and investments - current	\$ 71,101,906	\$ 16,926,800	\$ 10,176	\$ 28,236,937	\$ 116,275,819	\$ 48,656,961
Cash and investments - restricted	44,640,691	16,857,777	-	39,745	61,538,213	-
Cash and cash equivalents/investments June 30	<b>\$115,742,597</b>	<b>\$33,784,577</b>	<b>\$10,176</b>	<b>\$28,276,682</b>	<b>\$177,814,032</b>	<b>\$48,656,961</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>						
Operating income (loss)	\$ 36,930,013	\$ 86,562	\$ (14,598,548)	\$ 3,053,286	\$ 25,471,313	\$ (1,456,798)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities						
Depreciation expense	25,091,362	3,674,863	2,224,887	2,923,275	33,914,387	904,440
Change in assets, deferred outflows of resources, and liabilities						
(Increase) decrease in receivables	(704,933)	28,825	145	(91,427)	(767,390)	(207)
(Increase) decrease in inventories	(166,754)	-	(24,362)	-	(191,116)	(886)
(Increase) decrease in prepaid expenses	-	-	-	(6,544)	(6,544)	-
(Increase) decrease in net pension asset	1,197,030	124,812	-	257,706	1,579,548	459,552
(Increase) decrease in deferred outflows of resources - pensions	44,847	(6,789)	-	(4,668)	33,390	22,452
Increase (decrease) in net pension liability	782,992	121,964	-	218,949	1,123,905	282,185
Increase (decrease) in deferred inflows of resources - pensions	(2,349,209)	(279,813)	-	(549,317)	(3,178,339)	(885,964)
Increase (decrease) in accounts payable	(444,015)	(93,106)	(42,500)	(139,922)	(719,543)	(563,416)
Increase (decrease) in accrued payroll	99,710	15,770	(46,270)	25,772	94,982	26,327
Increase (decrease) in unearned revenue	-	-	(18,759)	(71,910)	(90,669)	17,846
Increase (decrease) in accrued vacation	22,949	8,231	97,208	24,413	152,801	22,752
Increase in landfill closure and postclosure costs	-	734,140	-	-	734,140	-
Increase (decrease) in claims payable	-	-	-	-	-	2,433,226
Increase (decrease) in contracts payable	-	-	-	-	-	131,115
Total adjustments	23,573,979	4,328,897	2,190,349	2,586,327	32,679,552	2,849,422
<b>Net cash provided (used) by operating activities</b>	<b>\$60,503,992</b>	<b>\$ 4,415,459</b>	<b>\$ (12,408,199)</b>	<b>\$ 5,639,613</b>	<b>\$ 58,150,865</b>	<b>\$ 1,392,624</b>

### Noncash Investing, Capital, and Financing Activities

The City entered into leases for new property and equipment and incurred capital lease obligations of \$1,602,145 and \$2,722,780 during the years ended June 30, 2016, and 2015, respectively.

The City received contributed land amounting to \$1,983,543 and \$2,463,146 during the years ended June 30, 2016, and 2015, respectively, from various developers.

Capitalized interest included in asset acquisitions of \$1,389,688.

The City accrued intergovernmental revenues of \$9,037,132.

The accompanying notes are an integral part of the financial statements.

# **City of Winston-Salem, North Carolina**

## Statement of Fiduciary Net Position

### Fiduciary Funds

June 30, 2016

Exhibit 9

	<b>Benefits Trust Fund</b>
<b>Assets</b>	
Cash and cash equivalents/investments	\$ 2,849,024
Investments, at fair value	
Common stock	157,765,546
United States government treasuries	22,126,552
United States government agencies	3,320,782
Asset backed securities	1,065,670
Corporate bonds	11,524,439
Total assets	<u>198,652,013</u>
<b>Deferred Outflows of Resources</b>	
Pension deferrals	<u>5,564</u>
<b>Liabilities</b>	
Accounts payable	16,979
Accrued payroll	2,913
Accrued vacation	7,644
Accrued interest payable	108,403
Unearned revenue	161,607
Net pension liability	5,574
Claims payable	1,252,701
Contracts payable	28,120,000
Total liabilities	<u>29,675,821</u>
<b>Deferred Inflows of Resources</b>	
Pension deferrals	<u>4,924</u>
<b>Net Position</b>	
Held in trust for pension benefits and other purposes	<u><b>\$ 168,976,832</b></u>

The accompanying notes are an integral part of the financial statements.

# City of Winston-Salem, North Carolina

## Statement of Changes in Fiduciary Net Position Fiduciary Funds

For the Fiscal Year Ended June 30, 2016

Exhibit 10

	<b>Benefits Trust Fund</b>
<b>Additions</b>	
Contributions	
Employer	\$ 13,940,005
Plan members	3,353,370
Other	<u>35,123</u>
Total contributions	17,328,498
Investment income (loss)	
Net depreciation in fair value	(2,318,953)
Interest and dividends	<u>4,218,307</u>
Total investment income (loss)	1,899,354
Less investment expense	<u>751,006</u>
Net investment income	1,148,348
Total additions	<u>18,476,846</u>
<b>Deductions</b>	
Benefits	20,466,469
Refund of contributions	210,058
Administrative expense	<u>236,665</u>
Interest and fiscal expense	1,331,787
Total deductions	<u>22,244,979</u>
Net decrease in net position	(3,768,133)
Total net position - beginning	172,744,965
<b>Total net position - ending</b>	<b>\$168,976,832</b>

The accompanying notes are an integral part of the financial statements.

# Notes to the Financial Statements

June 30, 2016

## 1. Summary of Significant Accounting Policies

Accounting policies conform to generally accepted principles applicable to governmental units. The following paragraphs summarize significant policies:

### A. The Reporting Entity

The City of Winston-Salem, North Carolina, a municipal corporation, is governed by an elected mayor and an eight member City Council. This report presents the financial position and results of operations of the City and two legally separate component units that have significant financial relationships because they provide services only to the City. Other criteria used to determine component units under generally accepted accounting principles include appointment of a voting majority of the governing board and/or imposition of will or financial benefit/burden, fiscal dependency, or other significant operational and financial relationships. The financial statements of the non-profit corporations are included in this report as blended component units.

**Risk Acceptance Management Corporation** administers auto liability, general liability, and certain tort claims made against the City. The financial statements of the corporation are included as an internal service fund in the City's financial statements.

**North Carolina Municipal Leasing Corporation** assists the City by financing certain real and personal property under contractual lease agreements. The assets and related long-term lease obligations are reported in the related governmental and business-type funds.

Financial statements for each of the component units are available through Financial Management Services, City of Winston-Salem, P.O. Box 2511, Winston-Salem, North Carolina 27102.

### B. Government-wide and Fund Financial Statements

**Government-wide Financial Statements**, the statement of net position and the statement of activities, report information on all of the non-fiduciary activities of the primary government and its component units. Interfund activity has been eliminated from these statements; however, interfund services provided and used are not eliminated in the process of consolidation. Governmental activities, taxes and intergovernmental revenues are reported separately for business-type activities, which are normally supported by user charges and fees.

The statement of activities presents a comparison between direct expenses and program revenues for governmental and business types of the City's activities. Direct expenses are those that are clearly identifiable with a specific governmental function or business segment. Program revenues include 1) fees or charges for services paid by customers or recipients of goods or services and 2) grants and contributions that are restricted to meet the operational or capital requirements of a particular function or segment. Taxes and other revenues not included among program revenues are reported as general revenues.

**Fund Financial Statements** are presented for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Emphasis in these statements is placed on major governmental and enterprise funds with each major individual fund displayed in a separate column. All remaining governmental and enterprise funds are aggregated and shown as non-major funds.

**Proprietary Funds** distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenues and expenses.

#### **The City reports the following major governmental funds:**

The **General Fund** is the primary operating fund of the City and accounts for the provision of governmental services. The general fund summarizes the financial transactions of governmental services, except for those more appropriately recorded in other funds.

The **Debt Service Fund** accumulates resources to pay maturing principal and interest on long-term general obligations and capital lease charges for governmental capital projects. General, revenue, and special obligations issued for water and sewer utilities, solid waste disposal, stormwater, parking facilities, and public assembly facilities plus related debt service, are recorded in the respective enterprise funds.

The **Capital Projects Fund** accounts for resources to acquire or construct major capital improvements, other than those financed by proprietary funds. Principal resources include intergovernmental revenues, proceeds of general obligation bonds, capital leases, and transfers from other funds.

**The City reports the following major proprietary funds:**

The **Water and Sewer Utility Fund** accounts for water and sewer services in the City and certain areas of the county. The system is under the administrative direction of the Winston-Salem/Forsyth County Utility Commission.

The **Solid Waste Disposal Fund** accounts for recycling and disposal services of solid waste in Winston-Salem and Forsyth County. The system is under the administrative direction of the Winston-Salem/Forsyth County Utility Commission.

The **Transit Authority Fund** accounts for the provisions of public transportation within the City and the County. The City contracts for management and operation of the system with a privately owned management company. Charges and fares are structured to encourage the community to use public transportation.

**Additionally the City reports the following fund types:**

**Internal Service Funds** account for central warehouse, fleet services, information services, workers' compensation, health benefits, dental and flexible benefits, employee benefits, and Risk Acceptance Management Corporation that is a component unit blended in the City fund financial statements.

**Fiduciary Funds** account for post-employment benefits, and pension trust funds, including Winston-Salem Police Officers' Retirement System and Winston-Salem Police Officers' Separation Allowance.

## C. Measurement Focus and Basis of Accounting

**Government-wide, Proprietary Fund, and Fiduciary Fund Financial Statements** are reported using the flow of economic resources measurement focus and accrual basis of accounting. Revenues are recognized in the period earned, and expenses are recognized in the period incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Revenue from grants and similar items is recognized when all eligibility requirements have been met. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the statement of net position.

**Governmental Fund Financial Statements** are reported using a current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized in the period received and are accrued if considered to be both measurable and available to pay current liabilities. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures for compensated absences and claims and judgments, are recorded only when payment is due. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Proceeds of general long-term debt and proceeds from capital leases are reported as other financial sources. General capital asset acquisitions are reported as expenditures.

The City considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem taxes received are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of September 1, 2013, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

Sales taxes and certain intergovernmental revenues, such as the utilities franchise tax, collected and held by the State at year-end on behalf of the City are recognized as revenue. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. Grant revenues which are unearned at year-end are recorded as unearned revenues. Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

## **D. Budgetary Accounting**

Budgetary accounting is used for management control of all funds of the City. Annual budget ordinances are adopted on the modified accrual basis at the fund level and amended as required for the operations of the general, debt service, certain special revenue, and proprietary funds.

Project or program budgets spanning more than one fiscal year are adopted, and amended as required, for certain special revenue, capital projects, and proprietary capital improvements. Special revenue fund budgets adopted under project ordinances, including community development, grants, economic and housing development, cable franchise fee, and emergency telephone system fund, as well as the capital projects fund budgets, are reported by program authorizations. The City's internal service funds operate under a financial plan that was adopted by the governing board at the time the City's budget ordinance was approved.

Administrative control is exercised through the establishment of detailed line item budgets. Budget amendments to total expenditures of any fund or between functions, which are the legal level of budgetary control, require approval by the City Council. Budgets are reported as originally adopted and amended by executive or council action. During the year, amendments to the original budget were made, when appropriate, the effects of which were not material. The budget ordinance must be adopted by July 1 of the fiscal year or the City Council must adopt an interim budget that covers that time until the annual ordinance can be adopted. All unencumbered budget appropriations, except project or program budgets, lapse at year-end.

## **E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance**

### **1. Deposits and Investments**

The City's cash and investments under the "pooled cash concept" is composed of fixed income and equity investments and demand deposit accounts and is used by all funds as allowed by their investment authority. For arbitrage purposes, the City maintains separate investments of proceeds of bond issues and other tax-exempt financings. Each fund's portion of cash and investments is included as "Cash and Cash Equivalents/Investments" on the statement of net position.

Investments are governed by state statutes and written policies. Governmental monies may be deposited in FDIC-insured or collateralized demand accounts and certificates of deposit. Other investments may be made in obligations of the United States Treasury and federal agencies, commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record, bankers' acceptances, and master repurchase agreements. Equity investments of the pension trust funds, other employee benefit reserves, and designated capital reserves are permitted by North Carolina State Statutes and governed by City policies.

The City utilizes Capital Management of the Carolinas which facilitates electronic transfers between the state and units of local government and provides immediate short-term investment of temporarily idle funds, principally bond proceeds. The North Carolina Capital Management Trust (NCCMT) - Cash Portfolio, a SEC-registered (2a-7) external investment pool, is measured at amortized cost, which is the NCCMT's share price.

Investments are stated at fair value and securities traded on national exchanges are valued at the last reported sales price.

### **2. Receivables and Payables**

Lending/borrowing arrangements between funds outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (for the current portion of interfund loans) or "advances to/from other funds" (for the non-current portion of interfund loans.)

All receivables are shown net of an allowance for uncollectibles which is estimated by analyzing the historical collection experience of the fund.

### **3. Ad Valorem Taxes Receivable**

The City property tax is based on the assessed valuation of property located in the City as of the preceding January first. The value of personal property is established annually, and by state law, real property must be appraised at least once every eight years. The last revaluation of real property became effective with the 2013 tax levy. The City's fiscal year 2016 tax rate was .565 mils, allocated as follows: .4529 mils for general purposes, .0759 mils for general debt service, and .0362 mils for mass transit. Taxes are due on September first and payable without penalty or interest until the fifth of January. On and after January sixth, taxes become delinquent, a lien attaches to the property, and a penalty of 2 percent is assessed. On February first, interest accrues at the rate of .75 percent per month until paid. Property tax receivables are recorded net of allowance for estimated uncollectible amounts and offset as deferred inflows of resources since the amount due is not considered to be currently available.

#### **4. Restricted Assets**

Certain funds of the Winston-Salem/Forsyth County Utility System are restricted by revenue bond covenants and other intergovernmental agreements. These funds include unexpended bond proceeds, which are restricted to be used solely for the purpose for which the bonds were originally issued, funds restricted to be used for system maintenance and replacement, future expansion, and economic development purposes. Capital reserve funds for closure and postclosure costs are reserved in the solid waste disposal fund. The City also holds a capital reserve account in the public assembly facilities fund to be used for repair or to make capital improvements to the Bowman Gray Field House.

#### **Restricted Cash June 30, 2016**

Business-type activities	
Water and sewer utility	
Unexpended bond proceeds	\$ 14,200,699
Equipment and replacement reserves	27,439,992
Economic development	3,000,000
Solid waste disposal	
Landfill closure and postclosure costs	16,857,777
Public assembly facilities management	
Capital reserve	39,745
Total business-type activities	61,538,213
<b>Total restricted cash</b>	<b>\$ 61,538,213</b>

#### **5. Inventories**

Inventories are recognized under the consumption method of accounting, which recognizes expenditures or expenses of operating materials and supplies as goods are used. Inventories are stated at average cost for warehouse, fleet services, Transit Authority and water and sewer funds. All other inventories are stated at lower of cost (first in, first out) or market.

#### **6. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (i.e. roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide statements. Equipment purchases are considered capital assets when the individual cost is equal to or greater than \$5,000 and useful life is in excess of two years. Donated capital assets received prior to July 1, 2015 are recorded at their estimated fair value at the date of the donation. Donated capital assets received after July 1, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. General infrastructure assets acquired prior to July 1, 2003, consist of road network and water and sewer system assets. These assets are reported at historical cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlays are capitalized as projects are constructed. Net interest on debt issued to finance capital assets of business-type activities is capitalized during the construction phase.

Property, plant, and equipment of the City and component units is depreciated using the straight line method over the following estimated useful lives:

Buildings	10-40 years
Improvements other than buildings	10-40 years
Machinery and equipment	3-12 years
Computer software	5-8 years

#### **7. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The City has three items that qualifies for reporting in this category. Contributions made to the pension plan in the 2016 fiscal year. Deferred charge on refunding and derivative instrument in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. The derivative instrument is a change in fair value associated with an effective hedge.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources until that time. The City has three items that qualifies for reporting in this category. Deferrals of pension expense that result from the implementation of GASB Statement 68 and GASB Statement 71. Deferred charge on refunding, and advances from other governments in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. The advances from other governments are grants received in advance of meeting the GASB 33 timing requirements in governmental funds. The governmental funds also report unavailable revenues from taxes, leases, and assessments.

## **8. Accumulated Vacation and Sick Leave Benefits**

Earned vacation may be accumulated to a maximum of 30 days at the end of each calendar year. Accumulated vacation is due when leave time is taken by the employee or at the time of termination, retirement, or death. Accrued vacation leave is recorded as a liability when incurred in the government-wide, proprietary, and fiduciary fund financial statements.

Employees terminating service before retirement forfeit accumulated sick leave; therefore, sick leave is charged as an expenditure or expense when paid. Sick leave may be accumulated without limit until retirement, at which time limited credit for this leave is given in the computation of retirement benefits. Since the City has no obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

## **9. Long-Term Obligations**

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the related debt. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs, except for prepaid insurance costs, are expensed in the reporting period in which they are incurred. Prepaid insurance costs are expensed over the life of the debt.

In fund financial statements, governmental fund types recognize bond premiums and discounts, as well as issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums and discounts received on debt issuance are reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds, are reported as debt service expenditures.

## **10. Net Position/Fund Balances**

Net position in government-wide and proprietary fund financial statements are classified as net investment in capital assets, restricted, and unrestricted. Restricted net position are either constrained externally by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through state statute.

### **Restricted Net Position June 30, 2016**

Stabilization by state statute	\$ 92,555,485
Debt service	21,102,120
Other purposes	
Nonmajor governmental	6,942,433
<b>Total</b>	<b><u>\$120,600,038</u></b>

In the governmental fund financial statements, fund balance is composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent.

The governmental fund types classify fund balances as follows:

**Nonspendable Fund Balance** – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

**Loans** – portion of fund balance that is not an available resource because it represents the year-end balance of loans, which are not spendable resources.

**Inventories** – portion of fund balance that is not an available resource because it represents the year-end balance of ending inventories, which are not spendable resources.

**Prepays** – portion of fund balance that is not an available resource because it represents the year-end balance of ending prepays, which are not spendable resources.

**Perpetual care** – Cemetery resources that are required to be retained in perpetuity for the maintenance of the Woodland and Evergreen Cemeteries.

**Restricted Fund Balance** – This classification includes amounts that are restricted to specific purposes externally imposed by creditors or imposed by law.

**Restricted for Stabilization by State Statute** – portion of fund balance that is restricted by State Statute [G.S. 159-8(a)].

**Restricted for Debt Service** – portion of fund balance restricted by revenue source for debt service.

**Restricted for capital improvements** – portion of fund balance restricted by bond proceeds for capital improvements.

**Restricted for general governmental** – portion of fund balance restricted by revenue source for certain public access, education and governmental cable expenditures.

**Restricted for public protection** – portion of fund balance restricted by revenue source for certain emergency telephone system expenditures.

**Restricted for transportation** – portion of fund balance restricted by revenue source for transportation expenditures.

**Restricted for culture and recreation** – portion of fund balance restricted by revenue source for cultural and recreational expenditures.

**Committed Fund Balance** – portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of the City of Winston-Salem's City Council. Any changes or removal of specific purpose requires majority action by City Council.

**Committed for community and economic development** – portion of fund balance committed by City Council for community and economic development.

**Assigned Fund Balance** – portion of fund balance that the City Council has assigned for specific management purposes. The City Council may delegate to the City Manager or Chief Financial Officer the authority to assign a portion of fund balance to promote sound financial operations of the City or to meet a future obligation.

**Subsequent year's budget** – portion of fund balance that is appropriated in the adopted 2016-2017 Budget Ordinance and as approved by City Council on June 20, 2016 that is not already classified in restricted or committed.

**Unassigned fund balance** – portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds.

The City of Winston-Salem will use resources in the following hierarchy: bond proceeds, federal funds, state funds, local non-city funds, city funds. For purposes of fund balance classification expenditures are to be spent from restricted fund balance first, followed in-order by committed fund balance, assigned fund balance and lastly unassigned fund balance.

The City of Winston-Salem has adopted a minimum fund balance policy for general fund which requires the unassigned fund balance to be at least 14% of estimated general fund expenditures.

### Fund Balance June 30, 2016

Nonspendable	
Loans	\$ 30,668,827
Inventories	828,232
Prepays	15,473
Perpetual care	3,360,103
Restricted	
Stabilization by state statute	92,555,485
Debt service	21,102,120
Capital improvements	46,216,169
General government	154,393
Public protection	2,107,686
Transportation	661,086
Culture and recreation	659,165
Committed	
Community and economic development	13,378,770
Assigned	
Subsequent year budget	4,365,350
Unassigned	
<b>Total</b>	<b><u>\$230,332,489</u></b>

## 11. Pensions

For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Local Governmental Employees' Retirement System (LGERS) and additions to/deductions from LGERS' fiduciary net position have been determined on the same basis as they are reported by LGERS. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The City of Winston-Salem's employer contributions are recognized when due and the City of Winston-Salem has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of LGERS. Investments are reported at fair value.

## 2. Stewardship, Compliance and Accountability

### A. Excess of Expenditures over Appropriations

For the fiscal year ended June 30, 2016, debt service expenditures in the debt service fund were under estimated; however, fund balance was available to cover the expenditures.

For the fiscal year ended June 30, 2016, the transfers out in the gasoline tax fund to the capital projects fund exceeded appropriations by \$112,161; however, fund balance was available to cover the expenditures.

### **3. Detailed Notes on All Funds**

#### **A. Deposits and Investments**

##### **1. Deposits.**

All of the City's deposits are entirely insured or collateralized. The City requires collateral for demand deposits and certificates of deposit to be held by an independent custodian in the City's name or through a collateral pool held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the City; these deposits are considered to be held by the City's agents in its name. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the City or with the escrow agent. Because of the inability to measure exact amount of collateral pledged for the City under the Pooling Method, the potential exists for under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The City does not have a policy regarding custodial credit risk for deposits.

At June 30, 2016, the City's deposits had a carrying value of \$119,010,934 and bank balance of \$125,975,821. Of the bank balance \$1,632,816 was covered by federal depository insurance and the remainder was covered by collateral held under the Pooling Method. At June 30, 2016, the City maintained various petty cash funds totaling \$54,251.

##### **2. Investments.**

The City's investment policy was adopted by the City Council in July 1999, (revised on April 15, 2013) and is designed to provide liquidity for disbursement needs and to maximize investment income. Since individual funds may deposit and withdraw funds at any time, the cash and investment types, short-term and longer-term fixed income investments and equity investments are essentially managed on demand deposit accounts. For the statement of cash flows, all proprietary fund types pooled cash is considered cash and cash equivalents. Restricted cash and cash equivalents are restricted by bond covenants and other financing intergovernmental agreements.

##### **As of June 30, 2016, the City had the following investments and maturities:**

<b>Investment Type</b>	<b>Value</b>	<b>Less Than 6 Months</b>	<b>6 - 12 Months</b>	<b>Over 1 Year</b>
Domestic Common Stock	\$ 131,487,653	\$ 131,487,653	\$ -	\$ -
US Gov't Treasuries	59,584,690	-	-	59,584,690
US Gov't Agencies	73,735,571	-	1,802,545	71,933,026
Corporate Bonds	31,972,454	241,783	1,618,365	30,112,306
Commercial Paper	11,962,120	8,981,540	2,980,580	-
Mutual Funds	110,576,012	110,576,012	-	-
Money Market Funds	8,663,349	8,663,349	-	-
NC Capital Management Trust - Cash Portfolio	68,248,112	68,248,112	-	-
<b>Total</b>	<b>\$ 496,229,961</b>	<b>\$ 328,198,449</b>	<b>\$ 6,401,490</b>	<b>\$ 161,630,022</b>

The North Carolina Capital Management Trust (NCCMT) - Cash Portfolio, a SEC-registered (2a-7) external investment pool, is measured at amortized cost, which is the NCCMT's share price.

**At June 30, 2016, the City's investment balances measured at fair value were as follows:**

	Fair Value Measurements Using		
	Fair Value	Level 1 Inputs	Level 2 Inputs
Investments			
Domestic Common Stock/ADRs	\$ 131,487,653	\$ 131,487,653	\$ -
US Gov't Treasuries	59,584,690	59,584,690	-
US Gov't Agencies	73,735,571	-	73,735,571
Corporate Bonds	31,972,454	-	31,972,454
Commercial Paper	11,962,120	-	11,962,120
Mutual Funds	110,576,012	108,512,216	2,063,796
Money Market Funds	8,663,349	-	8,663,349
<b>Total investments</b>	<b>\$ 427,981,849</b>	<b>\$ 299,584,559</b>	<b>\$ 128,397,290</b>

All investments are measured using the market approach: using prices and relevant information by market transactions involving identical or comparable assets or a group of assets.

Level of fair value hierarchy:

Level 1 - Inputs to the valuation methodology are quoted prices available in active markets for identical investments as of the reporting date.

Level 2 - Inputs to the valuation methodology are other than quoted prices available in active markets, which are either directly or indirectly observable as of the reporting date, and fair value can be determined through for use of models or other valuation methodologies.

**Interest Rate Risk.** As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy limits direct investment of operating funds to securities maturing no more than five years from the date of purchase. Also, the City's investment policy requires purchases of securities to be laddered with staggered maturity dates to meet the operating requirements of each individual fund and cash flow requirements of the City's overall operations. Reserve funds invested by external asset managers are not required to meet liquidity needs within the short-term and may have maturities generally consistent with benchmark indices established to monitor performance of the assets managers. City investment policy requires that proceeds of general obligation, special obligation, revenue bonds, and limited obligation bonds shall be invested in cash and short-term fixed income securities since these funds are required to be expended within 3 years.

**Credit Risk.** The City's investment policy requires that all investments subject to NCGS 159-30 in bonds or notes, including commercial paper, bear the highest ratings of at least one nationally recognized rating service and do not bear a rating below the highest by any nationally recognized rating service which rates the particular obligation. The City's investment policy requires that investments in corporate bonds under its statutorily expanded investment authority for investments not subject to NCGS 159-30 must be investment grade (BBB or higher). The City's investments in the NC Capital Management Trust Cash Portfolio carried a credit rating of AAA by Standard & Poor's as of June 30, 2016. The City's investments in US Agencies are rated AA+ by Standard & Poor's and Aaa by Moody's Investors Service. All commercial paper of the City is rated A1 by Standard & Poor's and P1 by Moody's.

The ratings of the municipal and corporate bonds are presented in the following table:

Type of Bonds	S&P	Moody's	Market Value
Corporate			
	AAA	N/A	407,281
	AA+	A1	285,675
	AA+	N/A	115,082
	AA	AAA	162,203
	AA-	AA2	513,036
	AA-	AA3	811,998
	AA-	A1	474,654
	A+	AAA	324,239
	A+	A1	495,036
	A+	A2	278,360
	A+	A3	302,195
	A+	BAA1	251,668
	A	AA2	367,181
	A	AA3	98,230
	A	A1	454,874
	A	A2	2,329,339
	A	A3	1,261,077
	A	N/A	560,122
	A-	A2	1,771,038
	A-	A3	3,467,196
	A-	BAA1	404,924
	A-	BAA2	832,754
	BBB+	A3	2,284,141
	BBB+	BAA1	4,031,787
	BBB+	BAA2	542,763
	BBB+	N/A	398,612
	BBB	BAA1	1,265,689
	BBB	BAA3	3,217,530
	BBB-	BAA2	302,995
	BBB-	BAA3	2,013,419
	BBB-	N/A	134,672
	N/A	AAA	374,509
	N/A	AA1	35,158
	N/A	A1	274,453
	N/A	BAA3	285,750
	N/A	N/R	510,131
	N/R	A1	332,683
<b>Total</b>			<b>\$ 31,972,454</b>

The City has special authority to invest retirement, other employee benefits, risk reserve, cemetery perpetual care funds, and capital reserves designated by the City Council in "Securities and other investments authorized by State Law for the State Treasurer" in N.C.G.S. §147-69.1 and N.C.G.S. §147-69.2. These investments have similar interest rate and credit risk characteristics, include common stocks, municipal bonds and corporate bonds, and other instruments similar to those used by the North Carolina State Treasurer for long-term financial assets.

## B. Receivables-Allowance for Uncollectible Accounts

The receivable amounts shown in the Balance Sheet and the Statement of Net Position are net of the following allowances for uncollectible accounts:

### Allowances for Uncollectible Accounts at June 30, 2016

General fund		
Taxes receivable	\$ 1,981,849	
Other receivables	2,725,759	
Special revenue funds		
Nonmajor	797	
Debt service fund	207,913	
Enterprise funds		
Water and sewer utility	1,600,037	
Solid waste disposal	34,732	
Transit Authority	128,598	
Nonmajor	194,851	
<b>Total</b>		<b>\$ 6,874,536</b>

## C. Interfund Receivables, Payables, and Transfers

The composition of interfund receivables and payables at June 30, 2016, is as follows:

	<b>Interfund Payables</b>	<b>Interfund Receivables</b>
General fund	\$ -	\$ 4,240,866
Special revenue funds		
Nonmajor	252,202	-
Enterprise funds		
Transit Authority	3,395,914	-
Internal service funds	592,750	-
<b>Total</b>	<b>\$ 4,240,866</b>	<b>\$ 4,240,866</b>

All balances are from time lags between the dates that 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system, and 3) payments between funds are made.

The City uses transfers to 1) move revenues from a fund that state statute or budget requires to collect them to a fund that statute or budget requires to expend them, 2) move receipts restricted to debt service from the funds collecting the receipts, to the debt service fund as debt service payments become due, and 3) use unrestricted revenues collected in various funds to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Major transfers made in the year ended June 30, 2016, include: a transfer of \$1,573,111 from the stormwater management fund to the general fund for the seasonal leaf collection and rodent control; a community development fund transfer to the general fund for \$946,253 to cover housing rehabilitation expenditures; a gasoline tax fund transfer to the general fund for \$5,147,819 and \$1,355,631 to the capital projects fund for non-state street construction and maintenance; a general fund transfer to the parking fund for \$645,150 to cover the City's share of the operating loss of \$1,207,963 for the Church and Fourth Street Parking Deck and other parking fund losses; a transfer from general fund to economic and housing development fund of \$3,432,060 to fund economic development projects, which also includes \$1,447,220 according to the City's fund balance policy; a general fund transfer to the public assembly facilities management fund for \$1,011,640 to cover operating expenses of the M.C. Benton, Jr. Convention Center; a transfer from general fund to debt service fund of \$2,031,660 to cover debt service payments on economic development projects and the Bryce A. Stuart Building; a transfer from general fund to information services fund of \$386,560 to fund the City's portion of the fiber optic upgrade project.

## Transfers for Fiscal Year Ended June 30, 2016

	<b>Transfers In</b>	<b>Transfers Out</b>
General fund	\$ 8,108,382	\$ 8,485,843
Special revenue funds		
Nonmajor	4,506,160	8,322,636
Debt service fund	2,031,660	-
Capital projects fund	3,238,242	1,675,976
Enterprise funds		
Water and sewer utility	-	411,258
Solid waste disposal	427,485	7,730
Transit Authority	-	13,850
Nonmajor	1,981,790	1,715,606
Internal service funds	497,040	157,860
<b>Total</b>	<b>\$ 20,790,759</b>	<b>\$ 20,790,759</b>

## D. Capital Assets

The following tables summarize the changes in the components of capital assets for the year ended June 30, 2016:

### Governmental Activities

	<b>Balance as restated June 30, 2015</b>	<b>Increase</b>	<b>Decrease</b>	<b>Balance June 30, 2016</b>
Capital assets, not being depreciated:				
Land	\$ 73,368,873	\$ 1,434,923	\$ (32,655)	\$ 74,771,141
Construction in progress	49,435,036	35,704,795	-	85,139,831
Total capital assets, not being depreciated	<u>122,803,909</u>	<u>37,139,718</u>	<u>(32,655)</u>	<u>159,910,972</u>
Capital assets, being depreciated:				
Buildings	105,078,290	1,348,812	(16,937)	106,410,165
Improvements other than buildings	240,183,355	1,190,653	(430,135)	240,943,873
Machinery and equipment	109,333,336	8,095,099	(6,039,630)	111,388,805
Total capital assets, being depreciated	<u>454,594,981</u>	<u>10,634,564</u>	<u>(6,486,702)</u>	<u>458,742,843</u>
Less accumulated depreciation for:				
Buildings	31,498,112	2,549,824	(1,610)	34,046,326
Improvements other than buildings	101,052,856	6,012,933	(272,851)	106,792,938
Machinery and equipment	84,899,502	5,368,943	(6,012,796)	84,255,649
Total accumulated depreciation	<u>217,450,470</u>	<u>\$ 13,931,700</u>	<u>\$ (6,287,257)</u>	<u>225,094,913</u>
Total capital assets, being depreciated, net	<u>237,144,511</u>			<u>233,647,930</u>
Governmental activities capital assets, net	<u><b>\$ 359,948,420</b></u>			<u><b>\$ 393,558,902</b></u>

## Business-type Activities

	<b>Balance as restated June 30, 2015</b>	<b>Increase</b>	<b>Decrease</b>	<b>Balance June 30, 2016</b>
Capital assets, not being depreciated:				
Land	\$ 43,390,262	\$ 989,710	\$ (456,293)	\$ 43,923,679
Construction in progress	104,996,141	55,595,989	-	160,592,130
Total capital assets, not being depreciated	<u>148,386,403</u>	<u>56,585,699</u>	<u>(456,293)</u>	<u>204,515,809</u>
Capital assets, being depreciated:				
Buildings	324,227,831	715,084	(67,032)	324,875,883
Improvements other than buildings	889,966,004	25,452,165	(6,155,454)	909,262,715
Machinery and equipment	65,937,802	10,631,841	(1,667,110)	74,902,533
Total capital assets, being depreciated	<u>1,280,131,637</u>	<u>36,799,090</u>	<u>(7,889,596)</u>	<u>1,309,041,131</u>
Less accumulated depreciation for:				
Buildings	110,674,831	7,844,649	(2,585)	118,516,895
Improvements other than buildings	353,293,320	22,501,111	(2,673,340)	373,121,091
Machinery and equipment	46,483,521	3,568,627	(1,660,776)	48,391,372
Total accumulated depreciation	<u>510,451,672</u>	<u>\$ 33,914,387</u>	<u>\$ (4,336,701)</u>	<u>540,029,358</u>
Total capital assets, being depreciated, net	<u>769,679,965</u>			<u>769,011,773</u>
Business-type activities capital assets, net	<b><u>\$ 918,066,368</u></b>			<b><u>\$ 973,527,582</u></b>

During fiscal year ended June 30, 2016, it was discovered that the prior year accumulated depreciation was reported in error between buildings and improvements other than buildings; however, the total accumulated depreciation did not change.

The City has outstanding project authorizations for general governmental projects in the amount of \$209,049,770 with \$58,507,217 in unexpended commitments and outstanding authorizations for capital projects in enterprise funds amounting to \$223,831,036 with \$69,995,996 in unexpended commitments. Funding for these commitments has been identified in capital project ordinances and should not require future financing.

During the fiscal year ended June 30, 2016, the total interest and fiscal charges in the enterprise funds were \$22,009,553 of which \$1,389,688 net of interest income was capitalized to construction projects.

### Depreciation expense was charged to functions/programs as follows:

#### Governmental Activities

	<b>Depreciation Expense For Year Ended June 30, 2016</b>
General government	\$ 1,657,493
Public protection	3,889,258
Environmental health	1,189,380
Transportation	4,697,332
Culture and recreation	1,519,682
Community and economic development	978,555
<b>Total</b>	<b><u>\$ 13,931,700</u></b>

## Business-type Activities

	<b>Depreciation Expense For Year Ended June 30, 2016</b>
Water and sewer utility	\$ 25,091,362
Solid waste disposal	3,674,863
Stormwater management	460,221
Parking	571,567
Transit Authority	2,224,887
Public assembly facilities management	1,891,487
<b>Total</b>	<b>\$ 33,914,387</b>

## E. Operating Leases

The City leases land, building space, and certain operating equipment under non-cancelable operating leases terminating during fiscal years 2016 through 2023. Renewal options of one to five years are available to the City under certain of these agreements. Total expense on operating leases was \$618,592 during fiscal year 2016.

### Future Minimum Commitments for Operating Leases

2017	\$ 411,162
2018	275,319
2019	234,879
2020	221,399
2021	221,399
2022-2023	277,700
<b>Total</b>	<b>\$ 1,641,858</b>

## F. Net Investment in Direct Financing Leases

The City leases the condominium space of the Embassy Suites Hotel/West Tower and Grand Pavilion Ballroom to Noble Winston Salem Associates – West, LLC. The lease will expire June 30, 2036, with the option to purchase for \$2 million plus the unamortized balance of the related debt. On June 21, 2016 Noble Investment Group, LLC sold the Marriott and Embassy Suites Hotels and transferred management of the Benton Convention Center along with the lease agreement to Hospitality Ventures Management Group.

Total lease payments receivable	\$ 13,400,000
Less unearned income	(4,782,037)
<b>Net investment in direct financing lease</b>	<b>\$ 8,617,963</b>

### Minimum Lease Payments

2017	\$ 600,000
2018	600,000
2019	600,000
2020	600,000
2021	600,000
Thereafter	10,400,000
<b>Total</b>	<b>\$ 13,400,000</b>

## G. Long-term Liabilities

### General Obligation Bonds

The City issues general obligation bonds to provide funds for general government capital improvement projects. The bonds are direct obligations and pledge the full faith and credit, and taxing power of the City. In November 2014, City residents approved a \$139,200,000 bond referendum that authorized bonds to be issued for road improvements, economic development, housing development, parks & recreation improvements, and public safety center renovations. As of June 30, 2016, \$84,535,000 of these bonds were unissued.

In April 2016, the City issued \$3,810,000 in general obligation bonds at a net interest cost of 2.67%. The proceeds will be used for public improvement, streets, and recreation projects. The City also issued \$47,820,000 in general obligation bonds and \$6,845,000 in taxable general obligation bonds at net interest cost of 2.79% and 1.27%, respectively. The proceeds will be used for public improvement, redevelopment, streets, housing, and recreation projects. General obligation refunding bonds were issued in the amount of \$12,655,000 at a net cost of 1.94%. The proceeds were used to refund \$2,990,000 of the General Obligation Bonds, Series 2006A and \$10,500,000 of the General Obligation Bonds, Series 2006B. This refunding issue will save the City \$2,007,577 in future debt service over the remaining life of the bonds and results in an economic gain (net present value savings) of \$1,770,833.

Provisions of the state constitution and the Local Government Bond Act, as amended, permit the City statutory capacity for additional general obligation bonds in the amount of \$1.5 billion.

### General Obligation Bonds Debt Service Requirements to Maturity are:

Fiscal Year	Governmental Activities	
	Principal	Interest
2017	\$ 7,940,000	\$ 4,851,790
2018	7,570,000	4,612,478
2019	7,930,000	4,384,571
2020	8,585,000	4,133,357
2021	8,565,000	3,818,791
2022-2026	40,170,000	13,471,566
2027-2031	25,675,000	6,114,097
2032-2036	19,810,000	1,921,538
<b>Total</b>	<b>\$ 126,245,000</b>	<b>\$ 43,308,188</b>

### Special Obligation Bonds

The City issued special obligation bonds in fiscal years 1996, 2003, and 2011 to fund solid waste disposal capital projects. The City issued special obligation bonds in fiscal year 2006 to advance refund the Special Obligation Bonds Series 1995 and to fund improvements to the Alliance Science and Technology Business Park municipal service district, now known as Wake Forest Innovation Quarter. The City issued special obligation bonds in fiscal year 2010 to finance the City's purchase of the land and construction cost of a downtown ballpark. The City issued special obligation bonds in fiscal year 2013 to refund the Special Obligation Bonds Series 2002, to partially refund the Special Obligation Bonds Series 2005, and to make infrastructure capital improvements to the Wake Forest Innovation Quarter. The bonds are payable exclusively from pledged revenues.

### Special Obligation Bonds Debt Service Requirements to Maturity are:

Fiscal Year	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2017	\$ 555,000	\$ 333,775	\$ 2,383,693	\$ 658,828
2018	575,000	311,575	2,448,693	574,745
2019	590,000	288,575	1,313,693	488,162
2020	615,000	264,975	1,338,693	448,054
2021	640,000	240,375	1,358,694	405,596
2022-2026	3,165,000	786,975	6,849,525	1,380,095
2027-2031	1,770,000	318,525	4,839,437	301,200
2032-2033	795,000	42,862	-	-
<b>Total</b>	<b>\$ 8,705,000</b>	<b>\$ 2,587,637</b>	<b>\$ 20,532,428</b>	<b>\$ 4,256,680</b>

## **Stormwater Fee Revenue Bonds**

In fiscal year 2013, the City issued stormwater fee revenue bonds to finance and reimburse the City for improvements to the City's stormwater facilities. The revenues, net of operating expenses, of the stormwater management system are pledged as security for these bonds. Stormwater fee revenue bonds outstanding at June 30, 2016 were \$11,100,000 with interest rates ranging from 3.0% to 5.0%, which are payable over the next 17 years. A trust agreement dated April 1, 2013, between the City and US Bank, as trustee, authorizes and secures all outstanding stormwater fee revenue bonds. Certain financial covenants are contained in the trust agreement including a requirement that the City maintain a long-term debt service coverage ratio on all stormwater fee revenue debt of not less than 1.2. The City was in compliance with all covenants for the fiscal year ended June 30, 2016, and the ratio was 4.3. The principal and interest remaining to be paid on the bonds is \$14,530,088. Principal and interest paid in the fiscal years ended June 30, 2016 and 2015 were \$851,093 and \$856,244, respectively.

### **Stormwater Fee Revenue Bonds Debt Service Requirements to Maturity are:**

<b>Fiscal Year</b>	<b>Business-type Activities</b>	
	<b>Principal</b>	<b>Interest</b>
2017	\$ 490,000	\$ 363,044
2018	505,000	348,343
2019	520,000	333,194
2020	545,000	307,194
2021	570,000	285,394
2022-2026	3,155,000	1,122,919
2027-2031	3,680,000	592,969
2032-2033	1,635,000	77,031
<b>Total</b>	<b>\$ 11,100,000</b>	<b>\$ 3,430,088</b>

## **Water and Sewer Revenue Bonds**

The City issues revenue bonds to fund capital improvement projects for the Winston-Salem/Forsyth County Water and Sewer System. The revenues, net of operating expenses, of the water and sewer system are pledged as security for the revenue bonds which were issued in 2007, 2009, 2010, 2011, 2014, 2015 and 2016. The trust agreement dated October 1, 1988, between the City and the Bank of New York, as trustee, authorizes and secures all outstanding revenue bonds. Certain financial covenants are contained in the trust agreement including a requirement that the City maintain a long-term debt service coverage ratio on all utility revenue debt of not less than 1.1. The City was in compliance with all covenants for the fiscal year ended June 30, 2016, and the ratio was 1.6. The total principal and interest remaining to be paid on the bonds is \$585,333,288. Principal and interest paid in the fiscal years ended June 30, 2016 and 2015 were \$39,303,794 and \$39,627,486, respectively.

In August 2015, the City issued \$125,850,000 of variable rate water and sewer revenue refunding bonds. The total amount of \$125,850,000 has a net interest cost of 3.96%. The net proceeds were used to refund the Water and Sewer Revenue Bonds, Series 2002B, 2002C and 2007B. BB&T provided a direct bank purchase of the 2015 variable rate water and sewer revenue refunding bonds. The direct bank purchase will eliminate the need for remarketing and standby purchase agreements. The City amended the terms of the corresponding swap transactions which are detailed in the specific interest rate swap notes. The refunding issues will save the City \$2,072,887 in future debt service over the remaining life of the bonds and results in an economic gain (net present value of the savings) of \$1,470,305. The difference between the redemption price of \$125,850,000 and the carrying value of the old debt plus the balance of the fair value of the hedging derivative of \$147,526,041 resulted in a deferred amount of \$21,676,041, which is recognized as a deferred outflow of resources and will be amortized over the life of the new debt.

In March 2016, the City issued \$135,470,000 of water and sewer revenue refunding bonds. The total amount of \$135,470,000 has a net interest cost of 3.07%. The net proceeds were used to advance refund the Water and Sewer Revenue Bonds, Series 2007A, 2009 and 2010A. The refunding issues will save the City \$21,418,304 in future debt service over the remaining life of the bonds and results in an economic gain (net present value of the savings) of \$16,440,660. The difference between the redemption price of \$135,470,000 and the carrying value of the old debt \$138,795,000 resulted in a deferred amount of \$3,325,000, which is recognized as a reduction of the new debt and will be amortized over the life of the old debt.

Water and sewer revenue bonds outstanding at June 30, 2016, were \$413,920,000 with interest rates between .55% and 5.694% which are payable over the next 24 years.

### **Water & Sewer Revenue Bonds Debt Service Requirements to Maturity are:**

<b>Fiscal Year</b>	<b>Business-type Activities</b>	
	<b>Principal</b>	<b>Interest</b>
2017	\$ 21,280,000	\$ 17,331,072
2018	22,180,000	16,676,017
2019	23,410,000	16,100,444
2020	15,810,000	15,414,665
2021	16,375,000	14,787,123
2022-2026	91,250,000	47,402,049
2027-2031	102,680,000	27,228,608
2032-2036	75,645,000	13,066,391
2037-2040	45,290,000	3,406,919
<b>Total</b>	<b>\$ 413,920,000</b>	<b>\$ 171,413,288</b>

### **Interest Rate Swap**

**Variable Rate Water and Sewer System Revenue Refunding Bonds, Series 2015A-1, Series 2015B-1 and Series 2015C-1** The City entered into an interest rate swap agreement (the "swap agreement") with Citigroup, Inc. on November 12, 2002, which became effective on December 4, 2002, with the issuance of \$37,090,000 Water and Sewer System Revenue Bonds, Series 2002B (the "Series B Bonds"). In August 2015, the City issued variable rate water and sewer system revenue refunding bonds. The net proceeds were used to refund the Water and Sewer Revenue Bonds, Series 2002B. At the same time, the interest rate swap agreement was amended and restated. The 2015 interest rate swap transaction was structured to establish a swap floating rate equal in all material respects to the floating rate for the Series 2015 Bonds. The underlying variable index for each of the Series 2015 Bonds and 2015 Swaps is 69% of one-month LIBOR. Therefore, when taken together, the floating rate on the Series 2015 Bonds, the floating rate on the 2015 Swaps and the fixed rates on the 2015 Swaps will produce a "synthetic" fixed rate. The synthetic fixed rate for the Series 2015 A-1, 2015 B-1 and 2015 C-1 is 3.64%.

Under the swap agreement effective August 19, 2015, beginning on the first Wednesday in September 2015, and continuing on a monthly basis, the City pays Citigroup, Inc. interest at the fixed rate of 3.64% on the notional amount of the Series 2015A-1, B-1, and C-1 Bonds. On or after August 19, 2015, Citigroup, Inc. pays the City an alternative floating rate of 69% of the USD-LIBOR-BBA. The notional amount of the swap reduces annually; the reductions begin on June 6, 2019, and end on the termination date of June 30, 2030.

### **As of June 30, 2016, rates were as follows:**

	<b>Terms</b>	<b>Series 2002B Rates</b>
Fixed payment to Citigroup, Inc.	Fixed	3.640%
Variable payment from Citigroup, Inc. provided the Bond Rate has not exceeded 69% of the average monthly USD-LIBOR-BBA for a period of more than the next preceding 180 days.	Bond Rate	-0.308%
Variable payment from Citigroup, Inc. provided the Bond Rate limited to 69% of the average monthly USD-LIBOR-BBA provided the Bond Rate has exceeded the LIBOR percentage for a period of more than the next preceding 180 days.	Limited to 69% of Average Monthly LIBOR	N/A
Net interest rate swap payment		3.332%
Actual variable Bond Rate	Bond Rate	0.775%
<b>Synthetic fixed interest rate on Series B Bonds</b>		<b>4.107%</b>
<b>The Bond Buyer Revenue Bond Index on 12/4/2002</b>		<b>5.240%</b>

As of June 30, 2016, the agreement had a negative fair value of \$9,997,626. The fair value was developed by Citigroup, Inc. using the zero coupon method. This method calculates the future net settlement payments required by the agreement assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swap. The fair value of this interest rate swap is categorized as a Level 2 of the fair value hierarchy. (Level 2 - Inputs to the valuation methodology are other than quoted prices available in active markets, which are either directly or indirectly observable as of the reporting date, and fair value can be determined through the use of models or other valuation methodologies.)

As of June 30, 2016, the City was not exposed to credit risk because the swap had a negative fair value. The City is exposed to credit risk in the amount of the derivative's positive fair value. Citigroup Global Markets Holdings, Inc. has executed and delivered a Guarantor Agreement to the City, which "absolutely" and "unconditionally" guarantees the payment to the City of any obligation of its wholly owned subsidiary, Citigroup, Inc. At June 30, 2016, Citigroup Global Markets Holdings, Inc. was rated "Baa1" by Moody's Investors Service, "BBB+" by Standard & Poor's Ratings Services, and "A" by Fitch Ratings.

The derivative contract uses the International Swap Dealers Association Master Agreement, which includes standard termination events, such as failure to pay and bankruptcy. Termination could result in the City being required to make or being entitled to receive an unanticipated termination payment based upon the market value on the date of termination.

Using rates as of June 30, 2016, debt service requirements of the variable rate debt and net swap payments, assuming current interest rates remain the same for the term of the Series B Bonds are as follows:

<b>Series 2002B Fiscal Year Ending June 30</b>	<b>Business-type Activities</b>			<b>Net Interest Rate Swap Payments *</b>	<b>Total</b>
	<b>Principal</b>	<b>Variable Rate Interest</b>			
2017	\$ -	\$ 287,448		\$ 1,235,838	\$ 1,523,286
2018	-	287,448		1,235,838	1,523,286
2019	1,700,000	287,448		1,235,838	3,223,286
2020	1,760,000	274,273		1,179,194	3,213,467
2021	1,835,000	260,633		1,120,552	3,216,185
2022-2026	10,305,000	1,078,529		4,636,978	16,020,507
2027-2030	21,490,000	511,423		2,198,788	24,200,211
<b>Total</b>	<b>\$ 37,090,000</b>	<b>\$ 2,987,202</b>		<b>\$ 12,843,026</b>	<b>\$ 52,920,228</b>

\* Computed using the 4.107% net interest rate swap payment to the City times \$37,090,000, less accumulated annual reductions, if any.

<b>Series 2002B Changes in Fair Value for Fiscal Year Ended</b>	<b>Fair Value</b>	<b>Change from Prior Year</b>	<b>Actual Synthetic Rate</b>
June 30, 2003	\$ (2,376,527)	\$ -	3.690%
June 30, 2004	657,162	3,033,689	3.735
June 30, 2005	(2,793,390)	(3,450,552)	4.955
June 30, 2006	1,200,727	3,994,117	3.702
June 30, 2007	1,111,189	(89,538)	3.670
June 30, 2008	(1,643,812)	(2,755,001)	3.680
June 30, 2009	(4,423,303)	(2,779,491)	4.320
June 30, 2010	(6,467,828)	(2,044,525)	3.739
June 30, 2011	(5,218,734)	1,249,094	3.736
June 30, 2012	(10,605,721)	(5,386,987)	3.693
June 30, 2013	(7,036,751)	3,568,970	3.689
June 30, 2014	(7,146,533)	(109,782)	3.688
June 30, 2015	(7,594,990)	(448,457)	3.692
June 30, 2016	(9,997,626)	(2,402,636)	4.107

The Series 2015 A-1, B-1 and C-1 interest rate swap was an effective hedge under the Dollar-Offset Method in fiscal year 2015-2016 with an inception to-date variance of 82.85%, so the swap is recorded at fair value on the Statement of Net Position as a deferred outflow and a noncurrent liability. No investment gains or losses are recorded for mark-to-market changes for this effective hedge.

#### **Variable Rate Water and Sewer System Revenue Refunding Bonds, Series 2015A-2, Series 2015B-2 and Series 2015C-2**

The City entered into an interest rate swap agreement (the "swap agreement") with Citigroup, Inc. on November 12, 2002, which became effective on December 4, 2002, with the issuance of \$71,305,000 Water and Sewer System Revenue Refunding Bonds, Series 2002C (the "Series C Bonds"). In August 2015, the City issued variable rate water and sewer system revenue refunding bonds. The net proceeds were used to refund the Water and Sewer Revenue Bonds, Series 2002B. At the same time, the interest rate swap agreement was amended and restated. The 2015 interest rate swap transaction was structured to establish a swap floating rate equal in all material respects to the floating rate for the Series 2015 Bonds. The underlying variable index for each of the Series 2015 Bonds and 2015 Swaps is 69% of one-month LIBOR. Therefore, when taken together, the floating rate on the Series 2015 Bonds, the floating rate on the 2015 Swaps and the fixed rates on the 2015 Swaps will produce a "synthetic" fixed rate. The synthetic fixed rate for the Series 2015 A-2, 2015 B-2 and 2015 C-2 is 2.96%.

Under the swap agreement effective August 19, 2015, beginning on the first Wednesday in September 2015, and continuing on a monthly basis, the City pays Citigroup, Inc. interest at the fixed rate of 2.96% on the notional amount of the Series 2015A-2, B-2, and C-2 Bonds. On or after August 19, 2015, Citigroup, Inc. pays the City an alternative floating rate of 69% of the USD-LIBOR-BBA. The notional amount of the swap reduces annually; the reductions began on June 4, 2003, and end on the termination date of June 3, 2027.

#### **As of June 30, 2016, rates were as follows:**

Terms	Series 2002C Rates
Fixed payment to Citigroup, Inc.	2.960%
Variable payment from Citigroup, Inc. provided the Bond Rate has not exceeded 69% of the average monthly USD-LIBOR-BBA for a period of more than the next preceding 180 days.	-0.308%
Variable payment from Citigroup, Inc. provided the Bond Rate limited to 69% of the average monthly USD-LIBOR-BBA provided the Bond Rate has exceeded the LIBOR percentage for a period of more than the next preceding 180 days.	N/A
Net interest rate swap payment	2.652%
Actual variable Bond Rate	0.767%
<b>Synthetic fixed interest rate on Series C Bonds</b>	<b>3.419%</b>
<b>The Bond Buyer Revenue Bond Index on 12/4/2002</b>	<b>5.240%</b>

As of June 30, 2016, the agreement had a negative fair value of \$8,089,817. The fair value was developed by Citigroup, Inc. using the zero coupon method. This method calculates the future net settlement payments required by the agreement assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swap. The swap agreement is cancelable at par at the option of Citigroup, Inc. on any date on or after July 1, 2011, upon 30-days irrevocable notice delivered to the City. Upon exercise of the cancellation option, neither party shall have any further payment obligations. The City may terminate the swap with 30 days written notice to Citigroup, Inc. Should the City exercise its option to cancel the swap, the City shall have sufficient funds to pay any Settlement amount. The fair value of this interest rate swap is categorized as a Level 2 of the fair value hierarchy. (Level 2 - Inputs to the valuation methodology are other than quoted prices available in active markets, which are either directly or indirectly observable as of the reporting date, and fair value can be determined through the use of models or other valuation methodologies.)

As of June 30, 2016, the City was not exposed to credit risk because the swap had a negative fair value. However, should interest rates change and the fair value of the swap becomes positive, the City would be exposed to credit risk in the amount of the derivative's positive fair value. Citigroup Global Markets Holdings, Inc. has executed and delivered a Guarantor Agreement to the City, which "absolutely" and "unconditionally" guarantees the payment to the City of any obligation of its wholly owned subsidiary, Citigroup, Inc. At June 30, 2016, Citigroup Global Markets Holdings, Inc. was rated "Baa1" by Moody's Investors Service, "BBB+" by Standard & Poor's Ratings Services, and "A" by Fitch Ratings.

The derivative contract uses the International Swap Dealers Association Master Agreement, which includes standard termination events, such as failure to pay and bankruptcy. Termination could result in the City being required to make or being entitled to receive an unanticipated termination payment based upon the market value on the date of termination.

Using rates as of June 30, 2016, debt service requirements of the variable rate debt and net swap payments, assuming current interest rates remain the same for the term of the Series C Bonds are as follows:

<b>Series 2002C Fiscal Year Ending June 30</b>	<b>Business-type Activities</b>			<b>Net Interest Rate Swap Payments *</b>	<b>Total</b>
	<b>Principal</b>	<b>Variable Rate Interest</b>			
2017	\$ 2,340,000	\$ 401,429		\$ 1,385,116	\$ 4,126,545
2018	2,380,000	383,304		1,322,881	4,086,185
2019	4,095,000	365,422		1,260,137	5,720,559
2020	4,230,000	333,353		1,150,877	5,714,230
2021	4,365,000	300,568		1,038,357	5,703,925
2022-2026	24,035,000	982,640		3,382,812	28,400,452
2026-2028	10,740,000	124,656		429,932	11,294,588
<b>Total</b>	<b>\$ 52,185,000</b>	<b>\$ 2,891,372</b>		<b>\$ 9,970,112</b>	<b>\$ 65,046,484</b>

\*Computed using the 3.419% net interest rate swap payment to the City times \$52,185,000 less accumulated annual reductions.

**Series 2002C  
Changes in Fair Value  
for Fiscal Year Ended**

	<b>Fair Value</b>	<b>Change from Prior Year</b>	<b>Actual Synthetic Rate</b>
June 30, 2003	\$ (4,442,015)	\$ -	3.000%
June 30, 2004	(28,751)	4,413,264	3.045
June 30, 2005	(2,746,795)	(2,718,044)	4.275
June 30, 2006	1,623,377	4,370,172	3.026
June 30, 2007	1,039,468	(583,909)	3.016
June 30, 2008	(2,759,347)	(3,798,815)	2.990
June 30, 2009	(6,695,879)	(3,936,532)	3.588
June 30, 2010	(8,238,126)	(1,542,247)	3.049
June 30, 2011	(7,311,475)	926,651	3.046
June 30, 2012	(11,007,752)	(3,696,277)	3.003
June 30, 2013	(7,665,865)	3,341,887	3.005
June 30, 2014	(6,917,180)	748,685	2.998
June 30, 2015	(6,595,168)	322,012	3.001
June 30, 2016	(8,089,817)	(1,494,649)	3.419

The Series 2015A-2, B-2 and C-2 interest rate swap was an effective hedge under the Dollar-Offset Method in fiscal year 2015-2016 with an inception to-date variance of 82.70%, so the swap is recorded at fair value on the Statement of Net Position as a deferred outflow and a noncurrent liability. No investment gains or losses are recorded for mark-to-market changes for this effective hedge.

**Variable Rate Water and Sewer System Revenue Refunding Bonds, Series 2015A-3, Series 2015B-3 and Series 2015C-3**

The City entered into a forward starting floating-to-fixed interest rate swap agreement (the "swap agreement") with Citigroup, Inc. on January 18, 2006, to become effective on April 19, 2007, with the issuance of \$40,000,000 Water and Sewer System Revenue bonds. In August 2015, the City issued variable rate water and sewer system revenue refunding bonds. The net proceeds were used to refund the Water and Sewer Revenue Bonds, Series 2007B. At the same time, the interest rate swap agreement was amended and restated. The 2015 interest rate swap transaction was structured to establish a swap floating rate equal in all material respects to the floating rate for the Series 2015 Bonds. The underlying variable index for each of the Series 2015 Bonds and 2015 Swaps is 69% of one-month LIBOR. Therefore, when taken together, the floating rate on the Series 2015 Bonds, the floating rate on the 2015 Swaps and the fixed rates on the 2015 Swaps will produce a "synthetic" fixed rate. The synthetic fixed rate for the Series 2015 A-3, 2015 B-3 and 2015 C-3 is 3.076%.

Under the swap agreement effective August 19, 2015, semi-annually on each June 1 and December 1 the City pays Citigroup, Inc. interest at the fixed rate of 3.076 on the notional amount of the Series 2015A-3, B-3, and C-3 Bonds. On or after August 19, 2015, Citigroup, Inc. pays the City an alternative floating rate of 69% of the USD-LIBOR-BBA.

As of June 30, 2016, the agreement had a negative fair value of \$10,405,010. The fair value was developed by Citigroup, Inc. using the zero coupon method. This method calculates the future net settlement payments required by the agreement assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then

discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swap. The City may terminate the swap with 30 days written notice to Citigroup, Inc. Should the City exercise its option to cancel the swap, the City shall have sufficient funds to pay any Settlement amount. The fair value of this interest rate swap is categorized as a Level 2 of the fair value hierarchy. (Level 2 - Inputs to the valuation methodology are other than quoted prices available in active markets, which are either directly or indirectly observable as of the reporting date, and fair value can be determined through the use of models or other valuation methodologies.)

As of June 30, 2016, the City was not exposed to credit risk because the swap had a negative fair value. Citigroup Global Markets Holdings, Inc. has executed and delivered a Guarantor Agreement to the City, which "absolutely" and "unconditionally" guarantees the payment to the City of any obligation of its wholly owned subsidiary, Citigroup, Inc. At June 30, 2016, Citigroup Global Markets Holdings, Inc. was rated "Baa1" by Moody's Investors Service, "BBB+" by Standard & Poor's Rating Services, and "A" by Fitch Ratings.

The derivative contract uses the International Swap Dealers Association Master Agreement, which includes standard termination events, such as failure to pay and bankruptcy. Termination could result in the City being required to make or being entitled to receive an unanticipated termination payment based upon the market value on the date of termination.

**Series 2007B  
Fiscal Year  
Ending June 30**

2017  
2018  
2019  
2020  
2021  
2022-2026  
2026-2031  
2032-2036  
2037

**Total**

<b>Business-type Activities</b>			
	<b>Synthetically Variable Rate Interest</b>	<b>Total</b>	
<b>Principal</b>			
\$ 1,005,000	\$ 1,360,751	\$ 2,365,751	
1,050,000	1,319,712	2,369,712	
1,095,000	1,276,836	2,371,836	
1,140,000	1,235,498	2,375,498	
1,190,000	1,185,570	2,375,570	
6,765,000	5,158,699	11,923,699	
8,375,000	3,650,840	12,025,840	
10,360,000	1,785,457	12,145,457	
2,350,000	95,688	2,445,688	
<b>\$ 33,330,000</b>	<b>\$ 17,069,051</b>	<b>\$ 50,399,051</b>	

**Series 2007B  
Changes in Fair Value  
for Fiscal Year Ended**

June 30, 2006  
June 30, 2007  
June 30, 2008  
June 30, 2009  
June 30, 2010  
June 30, 2011  
June 30, 2012  
June 30, 2013  
June 30, 2014  
June 30, 2015  
June 30, 2016

	<b>Fair Value</b>	<b>Change from Prior Year</b>	<b>Actual Synthetic Rate</b>
	\$ 1,441,740	\$ -	4.083%
	426,361	(1,015,379)	4.102
	(1,542,494)	(1,968,855)	4.055
	(2,908,554)	(1,366,060)	3.958
	(4,938,874)	(2,030,320)	4.014
	(4,415,515)	523,359	4.070
	(9,927,417)	(5,511,902)	4.430
	(6,207,166)	3,720,251	4.078
	(6,204,846)	2,320	4.085
	(7,485,883)	(1,281,037)	4.084
	(10,405,010)	(2,919,127)	4.103

The Series 2015 A-3, B-3 and C-3 interest rate swap was an effective hedge under the Dollar-Offset Method in fiscal year 2015-2016 with an inception to-date variance of 101.29%, so the swap is recorded at fair value on the Statement of Net Position as a deferred outflow and a noncurrent liability. No investment gains or losses are recorded for mark-to-market changes for this effective hedge.

## Long-term Liabilities at June 30, 2016

### Bonds Payable

General obligation bonds, issues dated 2006 to 2016 with stated interest rates of 1.25% to 6.1%	
General government	\$126,245,000
Discounts/premiums	11,418,378
Revenue bonds, water and sewer system	
Series 2007A, principal due annually through 2037 with stated interest rates of 4.0% to 5.0%	3,650,000
Series 2009, principal due annually through 2039 with stated interest rates of 3.0% to 4.0%	7,900,000
Series 2010A, principal due annually through 2023 with stated interest rates of 3.0% to 4.0%	11,215,000
Series 2010B, principal due annually through 2034 with stated interest rates of 5.144% to 5.294%	42,895,000
Series 2010C, principal due annually through 2040 with stated interest rate of 5.694%	37,000,000
Series 2010D, principal due annually through 2021 with stated interest rate of 3.0%	7,770,000
Series 2011A, principal due annually through 2017 with stated interest rate of 4.0%	2,590,000
Series 2014A, principal due annually through 2033 with stated interest rates of 4.0% to 5.0%	31,730,000
Series 2014B, principal due annually through 2018 with stated interest rates of .55% to 1.75%	11,125,000
Series 2015A, B, C, principal due annually through 2030 with synthetic fixed interest rates of 3.40% to 4.18%	122,605,000
Series 2016A, principal due annually through 2039 with stated interest rates of 3.0% to 5.0%	124,140,000
Series 2016B, principal due annually through 2019 with stated interest rates of .63% to 1.35%	11,300,000
Discounts/premiums	23,760,347
Revenue bonds, stormwater management	
Series 2013, principal due annually through 2033 with stated interest rates of 3.0% to 5.0%	11,100,000
Discounts/premiums	641,952
Special obligation bonds, general governmental	
Series 2013, principal due annually through 2033 with stated interest rates of 3.0% to 5.0%	5,240,000
Series 2013, principal due annually through 2025 with stated interest rates of 3.0% to 5.0%	3,465,000
Special obligation bonds, solid waste management	
Series 2011A, principal due annually through 2026 with variable interest rate of 68% of 30-day LIBOR plus .85%, 1.160488% at year end	7,441,060
Series 2013, principal due annually through 2018 with stated interest rates of 3.0% to 5.0%	2,265,000
Discounts/premiums	238,669
Special obligation bonds, public assembly facilities management	
Series 2009, principal due monthly through September 1, 2016, with variable interest rate of 30-day LIBOR plus 1.0%, 1.20664982% at year end	10,826,368

### Contracts Payable

Certificates of participation issued by North Carolina Municipal Leasing Corporation	
Series 2004C, principal due annually through June 1, 2034, with variable interest rate on one month LIBOR rate plus 0.5% as determined by bondholder, 0.95665% at year end	3,515,000
Series 2006A, principal due annually through June 1, 2031, with stated interest rates of 4.125% to 5.0%	12,385,000
Series 2006B, principal due annually through June 1, 2021, with stated interest rates of 4.125% to 5.0%	3,545,000
Series 2006D, principal due annually through June 1, 2026, with stated interest rate of 4.81%	2,470,000
Limited obligation bonds issued by North Carolina Municipal Leasing Corporation	
Series 2010A, principal due annually through June 1, 2024, with stated interest rates of 3.0% to 5.0%	11,720,000
Series 2012A, principal due 2015 and 2017: interest payable semi-annually with stated interest rates ranging from 2.0% to 5.0%	15,175,000
Series 2013A, principal due annually through June 1, 2038, with stated interest rate of 4.626%	28,120,000
Series 2013B, principal due annually through June 1, 2035, with stated interest rates of 4.0% to 5.0%	13,115,000
Series 2014A, principal due monthly through September 1, 2029; with variable interest rate, payable monthly on one month LIBOR rate plus 0.74% as determined by bondholder, 1.1966% at year end	12,568,000
Series 2014B, principal due annually through June 1, 2034, with stated interest rates of .73% to 3.67%	8,700,000
Series 2014C, principal due annually through June 1, 2034, with stated interest rates of 3.0% to 5.0%	40,580,000
Leasing agreement issued by North Carolina Municipal Leasing Corporation	
Series 2014D, principal due October 1, 2015, 2017, 2018 and 2019; with variable interest rate, payable monthly with 70% of the one month LIBOR rate plus .45% as determined by bondholder, .76966% at year end	13,500,000
Discounts/premiums	7,356,235
Leasing agreement issued by City of Winston-Salem	
Series 2016, principal due August 1, 2017 semi-annually through February 1, 2021; with variable interest rate payable monthly with 70% of the one month LIBOR rate plus .55% as determined by bondholder, .869655% at year end	3,644,528
United States for construction of W. Kerr Scott reservoir by the Corps of Engineers, principal due annually through 2016 with fixed interest rate of 2.699%	15,582
HUD Section 108 loan, principal due annually through August 1, 2022, with stated interest rates of 1.75% to 6.67%	2,128,000
Installment financing contract, principal due annually through June 1, 2028, with stated interest rate of 3.29%	13,591,474
Clean water state revolving fund loan, payable over 20 years with stated interest rate of 2%	34,029,331

### Other

Net pension liability - LGERS	8,079,434
Net pension liability - WSPORS	35,158,711
Net pension liability - separation allowance	9,205,703
Accrued vacation leave	13,963,910
Accrued interest payable	2,258,074
Landfill closure and postclosure costs	16,857,777
Claims payable - employment and post-retirement benefits	8,304,231
Claims payable - Risk Acceptance Management Corporation	1,716,578

**Total long-term liabilities including current maturities**

**\$938,264,342**

## Changes in Long-term Liabilities during Fiscal Year 2016

	<b>Principal Outstanding June 30, 2015</b>	<b>Additions</b>	<b>Retirement and Deferrals</b>	<b>Principal Outstanding June 30, 2016</b>	<b>Due Within Year</b>
<b>Governmental activities</b>					
General obligation bonds	\$ 74,555,000	\$ 71,130,000	\$ 19,440,000	\$ 126,245,000	\$ 7,940,000
Discount/premium	4,869,827	7,261,851	713,300	11,418,378	-
Special obligation bonds	9,241,900	-	536,900	8,705,000	555,000
Contracts payable					
North Carolina Municipal Leasing Corp.	119,925,930	12,912,928	15,507,367	117,331,491	19,172,563
Discount/premium	8,784,745	-	1,432,119	7,352,626	-
Leasing agreement	-	3,644,528	-	3,644,528	-
HUD Section 108 loan	2,461,000	-	333,000	2,128,000	333,000
Installment financing contract	13,848,880	-	988,307	12,860,573	988,306
Net pension liability (LGERS)	-	6,949,955	-	6,949,955	-
Net pension liability (WSPORS)	25,275,622	9,883,089	-	35,158,711	-
Net pension liability (Separation Allowance)	8,264,028	941,675	-	9,205,703	-
Accrued vacation	9,756,150	11,785,722	9,298,386	12,243,486	4,873,153
Accrued interest payable	912,218	130,954	-	1,043,172	1,043,172
Claims payable-employment benefits	6,035,446	1,016,084	-	7,051,530	4,743,348
Total governmental activities debt	283,930,746	125,656,786	48,249,379	361,338,153	39,648,542
<b>Business-type activities</b>					
Revenue bonds	449,320,000	135,470,000	159,770,000	425,020,000	21,770,000
Discount/premium	11,897,653	17,025,825	4,521,179	24,402,299	-
Special obligation bonds	23,324,221	-	2,791,793	20,532,428	2,383,693
Discount/premium	348,416	-	109,747	238,669	-
Contracts payable					
North Carolina Municipal Leasing Corp	22,665,889	1,602,145	4,326,525	19,941,509	2,639,437
Discount/premium	35,902	-	32,293	3,609	-
Installment financing contract	787,069	-	56,168	730,901	56,168
US Corps of Engineers	30,756	-	15,174	15,582	15,582
Clean water state revolving loan fund	5,271,434	28,757,897	-	34,029,331	276,955
Net pension liability (LGERS)	-	1,123,905	-	1,123,905	-
Accrued vacation	1,559,979	1,685,704	1,532,903	1,712,780	803,469
Accrued interest payable	1,266,652	-	160,153	1,106,499	1,106,499
Landfill closure and postclosure costs	16,123,637	832,393	98,253	16,857,777	596,000
Claims payable	299,436	1,417,142	-	1,716,578	-
Total business-type activities debt	532,931,044	187,915,011	173,414,188	547,431,867	29,647,803
<b>Fiduciary funds</b>					
Contracts payable					
North Carolina Municipal Leasing Corp.	28,850,000	-	730,000	28,120,000	-
Net pension liability (LGERS)	-	5,574	-	5,574	-
Accrued vacation	5,508	9,499	7,363	7,644	-
Accrued interest payable	111,217	-	2,814	108,403	-
Claims payable-post employment benefits	902,507	350,194	-	1,252,701	-
Total fiduciary fund debt	29,869,232	365,267	740,177	29,494,322	-
<b>Total</b>	<b>\$ 846,731,022</b>	<b>\$ 313,937,064</b>	<b>\$ 222,403,744</b>	<b>\$ 938,264,342</b>	<b>\$ 69,296,345</b>

Compensated absences for governmental funds typically have been liquidated in the general fund.

## Contracts Payable

### Contracts Payable Debt Service Requirements to Maturity are:

Fiscal Year	Governmental Activities		Business-type Activities		Fiduciary Activities	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 20,493,869	\$ 5,333,272	\$ 2,711,187	\$ 598,998	\$ 765,000	\$ 1,300,831
2018	13,808,791	4,386,392	2,375,209	481,875	800,000	1,265,442
2019	10,708,622	4,103,266	1,900,852	388,199	835,000	1,228,434
2020	11,182,444	3,785,795	1,397,030	316,476	875,000	1,189,807
2021	7,200,081	3,434,240	999,393	269,757	915,000	1,149,330
2022-2026	35,654,373	12,621,531	2,410,491	1,061,032	5,240,000	5,072,177
2027-2031	23,456,412	5,822,059	8,893,830	647,153	6,580,000	3,741,508
2032-2036	13,460,000	1,224,980	-	-	8,250,000	2,071,986
2037-2038	-	-	-	-	3,860,000	269,928
<b>Total</b>	<b>\$ 135,964,592</b>	<b>\$ 40,711,535</b>	<b>\$ 20,687,992</b>	<b>\$ 3,763,490</b>	<b>\$ 28,120,000</b>	<b>\$ 17,289,443</b>

The City has contracts payable to North Carolina Municipal Leasing Corporation (the "NCMLC") obligating the City to make periodic payments that include interest and principal components. At June 30, 2016, the City had \$165,393,000 outstanding and due to NCMLC.

The City entered into a lease agreement in the amount of \$20 million with Bank of America, N.A. to finance budgeted equipment for fiscal year 2016 and estimated acquisitions for fiscal year 2017. The terms of the lease includes a variable interest rate of 70% of LIBOR plus 55 basis points (.55%) for a 58 month term.

The City was awarded five loans through HUD's Section 108 Loan Program, a loan guarantee provision of the Community Development Block Grant (CDBG) program. The City received \$6,500,000 from the 1998 and 1999 funding allocation, which was used to fund housing rehabilitation. The City makes semi-annual payments of principal and interest from its annual CDBG allocation. At June 30, 2016, the City had \$2,128,000 outstanding.

During fiscal year 2016, the City's Water and Sewer Utility fund received \$28,757,897 in proceeds from the Clean Water State Revolving Fund. These loans carry fixed interest rates of 0% to 2% and are payable over 20 years. The total approved loan amounts are approximately \$106 million. For fiscal year 2016, there were no principal and interest payments made as the loans were still in the draw process. Final amounts for each loan will be determined when the project is completed. Repayments will begin six months after project completion. The Muddy Creek Consolidated Pump Station project will be completed this year and will require a principal payment of \$276,955 in fiscal year 2017. At June 30, 2016, the City had \$34,029,331 outstanding.

The City entered into an installment financing contract with Sun Trust Bank to pay the capital costs of refinancing an installment financing contract dated as of June 1, 2008 between the City and Branch Banking and Trust Company, the proceeds of which financed the Brookstown Economic Development project, repairs to Winston-Salem Entertainment & Sports Complex, Police Evidence Storage and Training Facility, Firearms Training Facility, Fire Stations, land acquisition and Bryce A. Stuart Municipal Building. Principal is due annually through June 1, 2028, with stated interest rate of 3.29%. At June 30, 2016, the City had \$13,591,474 outstanding.

**Assets have been pledged as collateral for the following contracts payable:****Certificates of Participation executed and delivered by  
North Carolina Municipal Leasing Corporation**

Series 2004C  
Series 2006A  
Series 2006B  
Series 2006D

Convention Center Facility, Bryce A. Stuart Building  
City Hall, Public Safety Center, Lowery street, BB&T Ballpark  
Convention Center Facility, Bryce A. Stuart Building  
City Hall, Public Safety Center, Lowery street, BB&T Ballpark  
Alexander Beaty Public Safety Training and  
Support Center Firearms Training Facility

**Installment Financing Contract 2011****Limited Obligation Bonds executed and delivered by  
North Carolina Municipal Leasing Corporation**

Series 2010A  
Series 2013A & B  
Series 2014A  
Series 2014B & C

City Hall, Public Safety Center, Lowery street, BB&T Ballpark  
City Hall, Public Safety Center, Lowery street, BB&T Ballpark  
City Hall, Public Safety Center, Lowery street, BB&T Ballpark  
Convention Center Facility, Bryce A. Stuart Building

**H. Net Investment in Capital Assets****Net investment in capital assets at June 30, 2016**

Capital assets  
less: long-term debt  
less: short-term debt  
add: unexpended debt proceeds  
add: charge on refunding, net  
**Net investment in capital assets**

<b>Governmental</b>	<b>Business-type</b>
\$393,558,902	\$973,527,582
(260,696,727)	(497,772,493)
(28,988,869)	(27,141,835)
46,216,169	14,200,699
3,621,895	10,240,932
<b>\$ 153,711,370</b>	<b>\$ 473,054,885</b>

**I. Fund Balance**

The following schedule provides management and citizens with information on the portion of general fund balance that is available for appropriation at June 30, 2016.

Total fund balance - general fund	\$ 51,437,790
Less:	
Loans	930,361
Inventories	163,178
Prepays	15,473
Stabilization by state statute	22,559,689
Subsequent year budget	4,365,350
Unassigned fund balance	23,403,739

The City of Winston-Salem has adopted a financial policy to maintain a minimum unassigned fund balance of 14% of estimated expenditures in the general fund. At year-end, unassigned fund balance was 12% of 2017 estimated expenditures. Due from other funds increased \$3.4 million as a result of a loan to the Transit Authority fund. The Federal Transit Administration owes the Transit Authority fund \$11.9 million; therefore, the general fund has a loan to Transit Authority fund for temporary funding until reimbursements are received. These amounts are reserved in stabilization of state statute in general fund.

The outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end.

## **Encumbrances Outstanding June 30, 2016**

General fund	\$ 2,189,149
Special revenue funds	
Nonmajor	10,103,963
Debt service fund	28,230
Capital projects fund	56,797,881
Enterprise funds	
Water & sewer fund	64,630,726
Solid waste disposal fund	4,916,867
Transit Authority	490,209
Nonmajor	2,375,321
Internal service funds	1,709,336
Fiduciary funds	8,919
<b>Total</b>	<b>\$ 143,250,601</b>

## **4. Other Information**

### **A. Pension Plan**

#### **1. The City participates in three defined benefit pension plans:**

##### **a. North Carolina Local Government Employees' Retirement System**

**Plan Description.** The City of Winston-Salem is a participating employer in the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing, multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members - nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serves as ex-officio members. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at [www.osc.nc.gov](http://www.osc.nc.gov).

**Benefits Provided.** LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service. Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

**Contributions.** Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. City of Winston-Salem employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The City of Winston-Salem's contractually required contribution rate for the year ended June 30, 2016, was 7.41% of compensation for law enforcement officers and 7.07% for general employees, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the City of Winston-Salem were \$7,196,687 for the year ended June 30, 2016.

**Refunds of Contributions.** City employees who have terminated service as a contributing member of LGERS, may file an application for a refund of their contributions. By state law, refunds to members with at least five years of service include 4% interest. State law requires a 60 day waiting period after service termination before the refund may be paid. The acceptance of a refund payment cancels the individual's right to employer contributions or any other benefit provided by LGERS.

### Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2016, the City reported a liability of \$8,079,434 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014. The total pension liability was then rolled forward to the measurement date of June 30, 2015 utilizing update procedures incorporating the actuarial assumptions. The City's proportion of the net pension liability was based on a projection of the City's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2015, the City's proportion was 1.80025%, which was a decrease of .00814% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the City recognized pension expense of \$4,142,629. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ 1,899,123
Changes of assumptions	- -	-
Net difference between projected and actual earnings on pension plan investments	- -	2,300,184
Changes in proportion and differences between City contributions and proportionate share of contributions	- -	813,992
City contributions subsequent to the measurement date	7,196,687	-
<b>Total</b>	<b>\$ 7,196,687</b>	<b>\$ 5,013,299</b>

\$7,196,687 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

#### Year Ended June 30

2017	\$ (2,942,461)
2018	(2,942,461)
2019	(2,937,287)
2020	3,808,910
2021	-
Thereafter	-

**Actuarial Assumptions.** The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	4.25 to 8.55 %, including inflation and productivity factor
Investment rate of return	7.25%, net of pension plan investment expense, including inflation

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2014 valuation were based on the results of an actuarial experience study for the period January 1, 2005 through December 31, 2009.

Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2015 are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Fixed Income	29.0%	2.2%
Global Equity	42.0	5.8
Real Estate	8.0	5.2
Alternatives	8.0	9.8
Credit	7.0	6.8
Inflation Protection	6.0	3.4
<b>Total</b>	<b>100.0%</b>	

The information above is based on 30 year expectations developed with the consulting actuary for the 2014 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

**Discount rate.** The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the City's proportionate share of the net pension asset to changes in the discount rate.** The following presents the City's proportionate share of the net pension asset calculated using the discount rate of 7.25 percent, as well as what the City's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.25 percent) or one percentage point higher (8.25 percent) than the current rate:

	<b>1% Decrease (6.25%)</b>	<b>Current Discount Rate (7.25%)</b>	<b>1% Increase (8.25%)</b>
City's proportionate share of the net pension liability (asset)	\$56,338,881	\$8,079,434	\$(32,578,118)

**Pension plan fiduciary net position.** Detailed information about the pension plan's fiduciary net position is available in the separately issued Comprehensive Annual Financial Report (CAFR) for the State of North Carolina.

## b. Winston-Salem Police Officers' Retirement System

### Summary of Significant Accounting Policies

**Basis of Accounting.** Pension trust fund financial statements are prepared using the accrual basis of accounting. The defined benefit plan does not issue a stand-alone financial report, and it is not included in the financial report of another entity. Member and employer contributions are recognized in the period in which the contributions are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

**Method Used to Value Investments.** Investments are reported at fair market value. Short-term investments are reported at cost, which approximates fair market value. Securities traded on a national exchange are valued at the last reported sales price.

### Plan Description

**Plan Administration.** Winston-Salem Police Officer's Retirement System (WSPORS) is a single-employer, defined benefit plan with required membership for police officers hired prior to January 1, 2014. It was established by the City in 1977. The City established WSPORS, which is similar to the North Carolina Local Governmental Employees' Retirement System for Law Enforcement Officers, and authorizes benefit provisions and amendments, including post-retirement benefit increases. The Commission is composed of a member of the City Council, two sworn officers elected by members of WSPORS, one retired officer, and an unaffiliated citizen of Winston-Salem who serves as Chairperson of the Commission. Two additional elected sworn officers serve as Alternate Members. The Chief Financial Officer of the City serves as WSPORS Administrator and oversees both benefits administration and investments.

**Plan Membership.** At June 30, 2016, the Winston-Salem Police Officers' Retirement System membership consisted of:

Inactive plan members or beneficiaries currently receiving benefits	342
Inactive plan members entitled to but not receiving benefits	34
Active plan members	466
<b>Total</b>	<b>842</b>

As of December 31, 2013, the plan is closed to new entrants.

**Benefits Provided.** Members may retire with unreduced benefits after completing 30 years of creditable service or at age 55 with 5 years of creditable service. Officers retiring with unreduced benefits are entitled to annual benefits equal to 1.85% of average highest earnings for four consecutive years times the number of years of creditable service.

**Contributions.** Under the Code of the City of Winston-Salem, contribution requirements of plan members and the City are established and may be amended. Members are required to contribute 6 percent of their salary and contributions by the City are based upon annual actuarial studies. The City is responsible for the payment of administrative expenses of the plan as additional contributions.

In 2008, the City entered into a trust agreement with U.S. Bank National Association to establish an irrevocable trust for post-employment benefits including the Winston-Salem Police Officers' Retirement System.

### Annual Pension Cost and Net Pension Obligation

The annual required contribution for the current year was determined as part of the January 1, 2015, actuarial valuation using the Entry Age Normal Actuarial Cost Method. Significant actuarial assumptions include (a) projected salary increases of 2% in 2015 and 2016, 2.5% in 2017, 3% in 2018, and 5% thereafter, compounded annually, (b) no post-retirement benefit increases, and (c) an average rate of return on investment of present and future assets of 7.25%. Assets of the plan for actuarial valuation are reported at fair market value. At January 1, 2016, the plan had an actuarially determined unfunded accrued liability of \$20,964,167. The contribution equals the Normal Cost plus the amount needed to amortize the Unfunded Actuarial Accrued Liability in level dollar payments over 22 years (25 years closed period beginning January 1, 2013). The plan at June 30, 2016, does not have a net pension obligation.

### Funding Status and Funding Progress

At January 1, 2016, the most recent actuarial valuation date, the plan was 87.39% funded. The actuarial accrued liability for benefits was \$166,301,811, and the actuarial value of assets was \$145,337,644, resulting in an unfunded actuarial accrued liability (UAAL) of \$20,964,167. The covered payroll of the plan was \$23,749,931 and the ratio of the UAAL to the covered payroll was 88.27%.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability of benefits.

## **Investments**

**Investment Policy.** City Council has adopted an Investment Policy for all City funds inclusive of the investment of the retirement fund. The City Manager, with recommendation from the Chief Financial Officer and City Treasurer, has the authority, with the assistance of financial consultants, to select and employ asset managers to direct investment activities of WSPORS in accordance with the Investment Policy. The City has eight equity managers, one fixed income manager, and four index funds, whose performance is measured against appropriate market indices. Financial consultants are approved by City Council to assist the City in the selection and oversight of asset managers. Deutsche Bank Alex. Brown serves as the financial consultant that helps select and monitor the performance of WSPORS equity asset managers. Stephens, Inc. serves as the financial consultant that helps select and monitors performance of WSPORS fixed income asset managers.

Asset allocation is a strategy that attempts to balance risk versus reward by adjusting the percentage of each asset in an investment portfolio. Based on the principle that asset types perform differently in different market and economic conditions, asset allocation is an important factor in determining returns for an investment portfolio. Target asset allocations are set by ranges by the Chief Financial Officer and City Treasurer with the assistance of financial consultants and adjusted within those ranges from time to time to adjust for market conditions.

**Concentrations.** The pension plan does not hold 5 percent or more of the pension plan's fiduciary net position (other than those issued or explicitly guaranteed by the U.S. government) in any one organization.

**Rate of Return.** For the year ended June 30, 2016, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense was .27 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

## **Net Pension Liability**

The components of the net pension liability of the City as of June 30, 2016 are as follows:

Total pension liability	\$ 168,676,062
Plan fiduciary assets	(133,517,351)
<b>Net pension liability</b>	<b>\$ 35,158,711</b>
Plan fiduciary assets as a percentage of total pension liability	79.2%

## **Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At June 30, 2016, the City reported a net pension liability of \$35,158,711. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2016. The total pension liability was then rolled forward to the measurement date of June 30, 2016.

For the year ended June 30, 2016, the City recognized pension expense of \$2,795,554. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 2,761,460	\$ -
Changes of assumptions	269,679	-
Net difference between projected and actual earnings on pension plan investments	9,887,212	-
<b>Total</b>	<b>\$ 12,918,351</b>	<b>\$ -</b>

Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ended June 30</b>	
2017	\$ 3,449,771
2018	3,449,771
2019	3,449,773
2020	2,569,036
2021	-
Thereafter	-

**Actuarial Assumptions.** The total pension liability was determined by an actuarial valuation as of January 1, 2016, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	2.00% in 2016, 2.50% in 2017, 3.00% in 2018, then 5.00% thereafter
Investment return	7.25%, net of investment expense and including inflation

Mortality rates were based on the IRS-2016 Combined Healthy Annuitant Mortality Tables for small plans.

The actuarial assumptions used in the January 1, 2016 valuation were based on the results of actuarial experience analysis during the 2000 to 2010 time period. All assumptions were reviewed in 2013.

**Changes in Actuarial Assumptions.** The following assumption changes were made since the prior valuation:

1. Update of mortality table from 2015 Table to 2016 version.

The actuarial method was entry age.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. This is then modified through a Monte-Carlo simulation process, by which a (downward) risk adjustment is applied to the baseline expected return.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2016, and the final investment return assumption, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity Funds	69%	5.71%
Fixed Income Funds	30	2.81
Cash	1	.75
<b>Total Weighted Average Real Return</b>		100% 4.79%
Plus inflation		3.00
Total return w/o adjustment		7.79
Risk adjustment		(0.54)
<b>Total Expected Return</b>		7.25%

**Discount Rate.** The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate.

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members.

Therefore, the long-term expected rates of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate.** The following presents the net pension liability of the City, calculated using the discount rate of 7.25%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1.00% lower or 1.00% higher than the current rate:

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Total pension liability	\$188,576,873	\$ 168,676,062	\$ 151,397,464
Plan assets	(133,517,351)	(133,517,351)	(133,517,351)
<b>Net pension liability</b>	<b>\$ 55,059,522</b>	<b>\$ 35,158,711</b>	<b>\$ 17,880,113</b>
Ratio of plan assets to total pension liability	70.8%	79.2%	88.2%

## c. Winston-Salem Police Officers' Separation Allowance

### Summary of Significant Accounting Policies

**Basis of Accounting.** Pension trust fund financial statements are prepared using the accrual basis of accounting. The defined benefit plan does not issue a stand-alone financial report, and it is not included in the financial report of another entity. Employer contributions are recognized in the period in which the contributions are due. Benefits are recognized when due and payable in accordance with the terms of the plan.

**Method Used to Value Investments.** Investments are reported at fair market value. Short-term investments are reported at cost, which approximates fair market value. Securities traded on a national exchange are valued at the last reported sales price.

### Plan Description

**Plan Administration.** Winston-Salem Police Officers' Separation Allowance is a single-employer, defined benefit plan established by the State of North Carolina in 1987 for all local law enforcement officers. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

**Plan Membership.** At June 30, 2016, the Winston-Salem Police Officers' Separation Allowance membership consisted of:

Inactive plan members or beneficiaries currently receiving benefits	96
Inactive plan members entitled to but not receiving benefits	-
Active plan members	567
<b>Total</b>	<b>663</b>

**Benefits Provided.** The monthly benefit is paid by the City to officers retired under the Winston-Salem Police Officers' Retirement System or the North Carolina Local Governmental Employees' Retirement System until age 62. The benefit is 0.85% of the annual equivalent of the most recent base rate of compensation times the years of creditable service.

**Contributions.** Benefit provisions are established and may be amended by the State of North Carolina. City contributions are based upon annual actuarial studies. Administrative expenses are funded by additional City contributions.

In 2008, the City entered into a trust agreement with U.S. Bank National Association to establish an irrevocable trust for post-employment benefits including the Winston-Salem Police Officers' Separation Allowance.

### Annual Pension Cost and Net Pension Obligation

The annual required contribution for the current year was determined as part of the January 1, 2015, actuarial valuation using the Entry Age Normal Actuarial Cost Method. Significant actuarial assumptions include (a) projected salary increases of 2% in 2015 and 2016, 2.5% in 2017, 3% in 2018, and 5% thereafter, compounded annually, (b) no post-retirement benefit increases, and (c) an average rate of return on investment of present and future assets of 7.25%. Assets of the plan for actuarial valuation are reported at fair market value. At January 1, 2016, the plan had an actuarially determined unfunded accrued liability of \$9,221,150. The contribution equals the Normal Cost plus the amount needed to amortize the Unfunded Actuarial Accrued Liability in level dollar payments over 22 years (25 years closed period beginning January 1, 2013). The plan at June 30, 2016, does not have a net pension obligation.

### Funding Status and Funding Progress

At January 1, 2016, the most recent actuarial valuation date, the plan was 48.72% funded. The actuarial accrued liability for benefits was \$17,983,413, and the actuarial value of assets was \$8,762,263, resulting in an unfunded actuarial accrued liability (UAAL) of \$9,221,150. The covered payroll of the plan was \$26,209,341 and the ratio of the UAAL to the covered payroll was 35.18%.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability of benefits.

### Investments

**Investment Policy.** City Council has adopted an Investment Policy for all City funds inclusive of the investment of the retirement fund. The City Manager, with recommendation from the Chief Financial Officer and City Treasurer, has the authority, with the assistance of financial consultants, to select and employ asset managers to direct investment activities of Separation Allowance in accordance with the Investment Policy. The City has eight equity managers, one fixed income manager, and four index funds, whose performance is measured against appropriate market indices. Financial consultants are approved by City Council to assist the City in the selection and oversight of asset managers. Deutsche Bank Alex. Brown serves as the financial consultant that helps

select and monitor the performance of the equity asset managers. Stephens, Inc. serves as the financial consultant that helps select and monitors performance of the fixed income asset managers.

Asset allocation is a strategy that attempts to balance risk versus reward by adjusting the percentage of each asset in an investment portfolio. Based on the principle that asset types perform differently in different market and economic conditions, asset allocation is an important factor in determining returns for an investment portfolio. Target asset allocations are set by ranges by the Chief Financial Officer and City Treasurer with the assistance of financial consultants and adjusted within those ranges from time to time to adjust for market conditions.

**Concentrations.** The pension plan does not hold 5 percent or more of the pension plan's fiduciary net position (other than those issued or explicitly guaranteed by the U.S. government) in any one organization.

**Rate of Return.** For the year ended June 30, 2016, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense was .26 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

## Net Pension Liability

### The components of the net pension liability of the City as of June 30, 2016 are as follows:

Total pension liability	\$18,022,726
Plan fiduciary assets	(8,817,023)
<b>Net pension liability</b>	<b>\$ 9,205,703</b>
Plan fiduciary assets as a percentage of total pension liability	48.9%

### Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2016, the City reported a net pension liability of \$9,205,703. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2016. The total pension liability was then rolled forward to the measurement date of June 30, 2016.

For the year ended June 30, 2016, the City recognized pension expense of \$123,403. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 1,031,104	\$ -
Changes of assumptions	6,775	-
Net difference between projected and actual earnings on pension plan investments	656,051	-
<b>Total</b>	<b>\$ 1,693,930</b>	<b>\$ -</b>

Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ended June 30</b>	
2017	\$ 307,745
2018	307,745
2019	307,743
2020	251,762
2021	129,736
Thereafter	389,199

**Actuarial Assumptions.** The total pension liability was determined by an actuarial valuation as of January 1, 2016, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	2.00% in 2016, 2.50% in 2017, 3.00% in 2018, then 5.00% thereafter
Investment return	7.25%, net of investment expense and including inflation

Mortality rates were based on the IRS-2016 Combined Healthy Annuitant Mortality Tables for small plans.

The actuarial assumptions used in the January 1, 2016 valuation were based on the results of actuarial experience analysis during the 2000 to 2010 time period. All assumptions were reviewed in 2013.

**Changes in Actuarial Assumptions.** The following assumption changes were made since the prior valuation:

1. Update of mortality table from 2015 Table to 2016 version.

The actuarial method was entry age.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. This is then modified through a Monte-Carlo simulation process, by which a (downward) risk adjustment is applied to the baseline expected return.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2016, and the final investment return assumption, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity Funds	69%	5.71%
Fixed Income Funds	30	2.81
Cash	1	0.75
<b>Total Weighted Average Real Return</b>	<b>100%</b>	<b>4.79%</b>
Plus inflation		3.00
Total return w/o adjustment		7.79
Risk adjustment		(0.54)
<b>Total Expected Return</b>		<b>7.25%</b>

**Discount Rate.** The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate.

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

Therefore, the long-term expected rates of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate.** The following presents the net pension liability of the City, calculated using the discount rate of 7.25%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1.00% lower or 1.00% higher than the current rate:

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Total pension liability	\$ 19,111,392	\$ 18,022,726	\$ 16,880,302
Plan assets	(8,817,023)	(8,817,023)	(8,817,023)
<b>Net pension liability</b>	<b>\$ 10,294,369</b>	<b>\$ 9,205,703</b>	<b>\$ 8,063,279</b>
Ratio of assets to total pension liability	46.1%	48.9%	52.2%

The following are financial statements for the Winston-Salem Police Officers' Retirement System and the Winston-Salem Police Officers' Separation Allowance Funds included in Exhibits 9 and 10 at June 30, 2016.

### **Statement of Fiduciary Net Position**

**June 30, 2016**

	<b>Winston-Salem Police Officers'</b>	
	<b>Retirement System</b>	<b>Separation Allowance</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 133,517,351	\$ 8,817,023
Total assets	133,517,351	8,817,023
<b>Liabilities</b>		
Accounts payable	15,769	-
Accrued interest payable	108,403	-
Contracts payable	28,120,000	-
Total liabilities	28,244,172	-
<b>Net position restricted for pensions</b>	<b>\$ 105,273,179</b>	<b>\$ 8,817,023</b>

### **Statement of Changes in Fiduciary Net Position**

**For Year Ended June 30, 2016**

	<b>Winston-Salem Police Officers'</b>	
	<b>Retirement System</b>	<b>Separation Allowance</b>
<b>Additions</b>		
Contributions		
Employer	\$ 6,100,000	\$ 1,205,933
Plan members	1,484,341	-
Total contributions	7,584,341	1,205,933
Investment income		
Net depreciation in fair value	(1,606,667)	(104,927)
Interest and dividends	2,859,621	187,415
Total investment income	1,252,954	82,488
Less investment expense	510,420	33,664
Net investment income	742,534	48,824
Total additions	8,326,875	1,254,757
<b>Deductions</b>		
Benefits	9,758,326	1,596,792
Refund of contributions	210,058	-
Administrative expense	95,299	13,513
Interest and fiscal expense	1,331,787	-
Total deductions	11,395,470	1,610,305
Net decrease in net position	(3,068,595)	(355,548)
<b>Net position restricted for pensions</b>		
Beginning of year	108,341,774	9,172,571
End of year	<b>\$ 105,273,179</b>	<b>\$ 8,817,023</b>

## **2. The City participates in two defined contribution plans:**

### **a. Winston-Salem Police Officers' Defined Contribution Plan**

**Plan Description.** Winston-Salem Police Officers' Defined Contribution Plan is a defined contribution plan effective January 1, 2014. Sworn police officers employed after December 31, 2013 may voluntarily participate in the Winston-Salem Police Officers' Defined Contribution Retirement Plan, which shall consist of the Winston-Salem Police Officers' Defined Contribution Retirement Plan for employee contributions (the "457(b) plan"), to which employees may defer compensation, and the Winston-Salem Police Officers' Defined Contribution Retirement Plan for employer contributions (the "401(a) plan"), under which the City will match employees' deferrals to the 457(b) plan.

The maximum amount of a participant's deferrals under the 457(b) plan and all other plans under section 457(b) of the Internal Revenue Code for any calendar year shall not exceed the lesser of (1) the amount established under section 457(e)(15) of the Internal Revenue Code, as adjusted annually for cost-of-living changes to the extent provided under section 415(d) of the Internal Revenue Code, or (2) the participant's includable compensation for the calendar year. For this purpose, annual deferrals do not include any rollover amounts.

**Funding Policy.** The City shall contribute 4 percent of each participant's compensation to the 401(a) plan for each payroll period during which such participant contributes 4 percent under the 457(b) plan. Contributions for the year ended June 30, 2016 were \$203,720, which consisted of \$101,860 from the City and \$101,860 from the law enforcement officers. Trust agreements have been adopted to hold the assets of the 457(b) plan for employee contributions and 401(a) plan for the employer contributions.

### **b. Supplemental Retirement Income Plan for Law Enforcement Officers**

**Plan Description.** The City contributes to the Supplemental Retirement Income Plan, a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the City. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

**Funding Policy.** Article 12E of G.S. Chapter 143 requires the City to contribute each month an amount equal to 5 percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. City contributions for the year ended June 30, 2016 were \$1,376,465.

## **B. Other Post-employment Benefits (OPEB)**

### **Healthcare and Death Benefits**

**Plan Description.** Under a City Council resolution dated September 9, 1991, the City of Winston-Salem provides healthcare and death benefits as a single-employer defined benefit plan to cover retirees of the City who have at least fifteen years creditable service and retire from the City of Winston-Salem. The City pays a \$2,000 death benefit and contributes a maximum of \$2,400 annually towards the retiree's healthcare premium. Retirees participate in the City's healthcare program until age 65, when they are eligible to participate in the City's medicare supplemental plan. The healthcare premium for active employees and retirees under age 65 is a blended rate reflecting costs for both active and retired employees. Dependents of retirees may participate in the City's group health plan by paying premiums that vary depending upon their type of coverage. The City Council may amend the benefit provisions. A separate report was not issued for the plan. At January 1, 2016, the plan had 2,769 participants, consisting of 1,532 active and vested terminated employees and 1,237 retirees.

**Funding Policy.** The City Council establishes the contribution requirements of plan members. Employees hired after June 30, 2010 are not eligible for the Retiree healthcare benefit. The current annual required contribution was 6.17% of estimated annual covered payroll. For the current year, the City contributed \$6,634,072 or 6.20% of annual covered payroll. The City of Winston-Salem is self-insured. Contributions were made by employees of \$1,869,029 through healthcare premiums. The City's obligation to provide healthcare and death benefits may be amended by City Council.

**Annual OPEB Cost and Net OPEB Obligation.** The annual required contribution for the current year was determined as part of the January 1, 2014 actuarial valuation. The annual required contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years.

The City's annual OPEB cost, the percentage of annual OPEB cost contributed, and the net OPEB obligation is:

<b>For Year Ended June 30</b>	<b>Annual OPEB Cost</b>	<b>Percentage of Annual OPEB Cost Contributed</b>	<b>Net OPEB Obligation</b>
2016	\$ 6,483,194	100%	\$ -
2015	6,483,194	100	-
2014	7,480,680	100	-

**Summary of Significant Accounting Policies.** Post-employment trust fund financial statements are prepared using the accrual basis of accounting. Member and employer contributions are recognized in the period in which the contributions are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value asset, consistent with the long-term perspective of the calculations. Investments are reported at fair market value. Short-term investments are reported at cost, which approximates fair market value. Securities traded on a national exchange are valued at the last reported sales price. Administration costs are financed through investment earnings.

In 2008, the City entered into a trust agreement with U.S. Bank National Association to establish an irrevocable trust for post-employment benefits including the other post-employment benefits.

**Funded Status and Funding Progress.** As of January 1, 2016, the most recent actuarial valuation date, the plan was 64.98% funded. The actuarial accrued liability for benefits was \$86,589,083 and the actuarial value of assets was \$56,261,251, resulting in an unfunded actuarial liability (UAAL) of \$30,327,832. The covered payroll (annual payroll of active employees covered by the plan) was \$107,640,260 and the ratio of UAAL to the covered payroll was 28.18%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumption about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents information about the actuarial value of plan assets and the actuarial accrued liabilities for benefits.

**Actuarial Methods and Assumptions.** Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In January 1, 2014, actuarial valuation, the projected unit credit method was used. The actuarial assumptions included a 7.5% rate of return (net of administrative expenses), which is the expected long-term investment returns on plan assets calculated based on the funded level of the plan at the valuation date. The medical cost trend rate varied between 7.75% and 4.5%. Both rates included a 3% inflation assumption. The actuarial value of assets was determined using the market value of investments. The UAAL is being amortized as a level dollar amount on an open basis over thirty years.

The following are financial statements for the Post-employment Benefits Trust Funds included as Fiduciary Funds in Exhibits 9 and 10 at June 30, 2016.

### **Statement of Fiduciary Net Position June 30, 2016**

	<b>Post- employment Benefits Trust Funds</b>
<b>Assets</b>	
Cash and cash equivalents	\$ 56,317,639
Total assets	<u>56,317,639</u>
<b>Deferred Outflows of Resources</b>	
Pension deferrals	5,564
Total deferred outflows of resources	<u>5,564</u>
<b>Liabilities</b>	
Accounts payable	1,210
Accrued payroll	2,913
Accrued vacation	7,644
Unearned revenue	161,607
Net pension liability	5,574
Claims payable	1,252,701
Total liabilities	<u>1,431,649</u>
<b>Deferred Inflows of Resources</b>	
Pension deferrals	4,924
Total deferred inflows of resources	<u>4,924</u>
<b>Net position</b>	
Held in trust for other purposes	<u>\$ 54,886,630</u>

### **Statement of Changes in Fiduciary Net Position For Year Ended June 30, 2016**

	<b>Post- employment Benefits Trust Funds</b>
<b>Additions</b>	
Contributions	
Employer	\$ 6,634,072
Plan members	1,869,029
Other	35,123
Total contributions	<u>8,538,224</u>
Investment income	
Net depreciation in fair value	(607,359)
Interest and dividends	1,171,271
Total investment income	<u>563,912</u>
Less investment expense	206,922
Net investment income	356,990
Total additions	<u>8,895,214</u>
<b>Deductions</b>	
Benefits	9,111,351
Administrative expense	127,853
Total deductions	<u>9,239,204</u>
Net decrease in net position	(343,990)
Total net position - beginning	55,230,620
<b>Total net position - ending</b>	<u><b>\$ 54,886,630</b></u>

## C. Deferred Compensation

The City offers a deferred compensation plan pursuant to Section 457 of the Internal Revenue Code. All City employees are eligible to participate and may defer until future years up to 25% of their gross income with a maximum of \$18,000 per year. The compensation deferred is not available to employees until termination, retirement, death, or an unforeseeable emergency.

During 1998, the plan assets were placed in trust for the exclusive benefit of participants and beneficiaries as required by Section 457 of the Internal Revenue Code and therefore are no longer included in the City's financial statements.

## D. Joint Ventures and Jointly Governed Organizations

**Joint Ventures.** The City of Winston-Salem, Village of Clemmons, Town of Kernersville, Town of Lewisville, Town of Oak Ridge, Town of Bermuda Run, and Town of Yadkinville jointly appoint the nine member Triad Municipal Alcoholic Beverage Control Board, which operates 14 liquor stores in Forsyth County, Davie County, Guilford County, and Yadkin County. North Carolina General Statute 18B-805 requires the Triad Municipal Alcoholic Beverage Control Board to distribute its net income to the seven municipalities who appoint the Board and Forsyth County. During fiscal year 2016, the City received \$1,935,776 in distributed net income. The participating governments do not have equity interest in the joint venture. The City does not have financial responsibility for the Triad Board and is not held responsible for its debts. Audited financial statements for the Triad Municipal Alcoholic Beverage Control Board are available through their administrative offices at 3127 Starlight Drive, Winston-Salem, North Carolina 27107-4141.

The governing boards of the cities of Winston-Salem, Burlington, Greensboro, and High Point established the Piedmont Authority for Regional Transportation (PART) under the Regional Public Transportation Authority Act, North Carolina General Statutes Chapter 160A, Article 27. The purpose of the authority is to promote the development of sound transportation systems that provide transportation choices for citizens in its territorial jurisdiction. The participating governments do not have an equity interest in the joint venture. The City of Winston-Salem does not have financial responsibility for the authority and is not responsible for its debts. Audited financial statements for PART are available through the PART Administrative Office, 107 Arrow Road, Greensboro, NC 27409.

**Jointly Governed Organizations.** The Piedmont Triad Regional Council (PTRC) was formed on July 1, 2011 by consolidating the Northwest Piedmont Council of Governments, and the Piedmont Triad Council of Governments. The PTRC was designated by the State of NC to serve as the lead regional organization for the Piedmont Triad region. PTRC serves 73 member governments in a 12 county area. Each participating government appoints one member to the council's governing board. The City paid membership fees of \$49,461 to the council during the fiscal year ended June 30, 2016.

## E. Closure and Postclosure Care Costs

State and federal laws and regulations require that the City place a final cover on the Hanes Mill Road Sanitary Landfill and the Old Salisbury Road Construction and Demolition Landfill as each unit is closed and perform certain maintenance and monitoring functions at the site for 30 years after closure. In addition to operating expenses related to current activities of the landfill, an expense provision and related liability are being recognized based on future closure and postclosure care costs that will be incurred during operation and will continue after the date the landfill no longer accepts waste.

The City is required by state and federal laws and regulations to demonstrate financial assurance for closure and postclosure care. The City is in compliance with the requirement and has established a capital reserve fund for these purposes. The capital reserve fund of \$16,857,777 at June 30, 2016, is reported as restricted assets on the balance sheet of the solid waste disposal fund. Recognition of these reserves for landfill closure and postclosure costs is based on 100% usage of the Hanes Mill Road Sanitary Landfill for the unlined section of the landfill which closed in June 1997. Cell one, two, and three of the lined section was closed in July 2005. Phase one and part of Phase two of the expansion area is currently under construction/filling and recognition of reserves is based on the engineer's estimate of cost projected through closure of the landfill. The estimated total current cost for Hanes Mill Road Landfill, \$38,168,104 and Old Salisbury Road, \$9,357,743, of the landfill closure and postclosure care is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfill were acquired as of June 30, 2016. However, the actual cost may be higher due to inflation, changes in technology, or changes in landfill laws and regulations. Old Salisbury Road Landfill is currently under construction/filling and recognition of reserves is based on the engineer's estimate of cost projected through closure of the landfill.

## F. Risk Management

The City has employment benefit funds for health benefits and workers' compensation, and post-employment benefit trust funds for retired employees' life and health insurance. Reserves are established for reported claims and claims incurred but not reported for each fiscal year.

In addition, the City contracts with a not-for-profit corporation, Risk Acceptance Management Corporation (RAMCO), for services related to settlement of general and automotive liability, and certain tort claims and reserve funding for claims. Under the contract, the City made an annual basic payment in 2016 of \$1,166,490 to RAMCO for normal claim payments.

RAMCO is responsible for the administration of all claims for damages against the City, which are not covered by commercial insurance, subject to a \$1 million limit per occurrence. In July 1994, the City transferred the balance of its self-funded excess liability fund to RAMCO for investment and together with any investment earnings thereon, to pay claims in excess of \$1 million but less than \$3 million. Should there be a claim or claims in excess of \$1 million for which payment has to be made, the payment will be made by RAMCO from these funds. Traditional insurance contracts cover property damage, loss of money, and situational risks.

The City carries flood insurance through the National Flood Insurance Plan (NFIP). This insurance provides \$1,000,000 per incident and annual aggregate coverage for Flood Zones prefixed as "B"; \$25,000,000 annual aggregate coverage for all other Flood Zones, except that we do not have coverage for Flood Zones designated as "A" and "V".

In accordance with G.S. 159-29, the City's employees that have access to \$100 or more at any given time of the City's funds are performance bonded through a commercial surety bond. The finance officer, two assistant finance officers, investment analyst, and City revenue collector are individually bonded for \$500,000. The remaining employees that have access to funds are bonded under a blanket bond for \$500,000.

Claims payable recorded in the general purpose financial statements are composed of the self-insurance claims for health benefits, workers' compensation, and retired health insurance, and RAMCO claims for damages.

### Changes in Claims Payable

	<b>2016</b>	<b>2015</b>
Claims payable July 1	\$7,237,389	\$6,556,011
Claims paid	(13,227,502)	(12,094,704)
New claims and changes in claim estimates	16,010,922	12,776,082
Claims payable June 30	<u>\$10,020,809</u>	<u>\$7,237,389</u>
Employment benefits funds	\$7,051,530	\$6,035,446
Post-employment benefits trust fund	1,252,701	902,507
Risk Acceptance Management Corporation	1,716,578	299,436
Due within year	<u>\$10,020,809</u>	<u>\$7,237,389</u>
	\$4,743,348	\$4,688,708

## Contingent Liabilities and Commitments

### 1. Claims and Legal Action

Various claims and legal actions are pending against the City, and it is not possible at this time to predict their outcome. However, in the opinion of management and the City attorney, ultimate resolutions will not have a material, adverse impact on financial position.

The City has federal and state grants for specific purposes that are subject to annual audit and other periodic review by grantor agencies. Such reviews could result in request for reimbursements to the grantor agencies for costs which may be disallowed as appropriate expenditures under grant terms. City management believes disallowances, if any, will be insignificant.

### 5. Subsequent Event

The City has evaluated subsequent events through November 11, 2016, in connection with the preparation of these financial statements, which is the date the financial statements were available to be issued.



# **Required Supplementary Information**

# City of Winston-Salem, North Carolina

## Schedule of Funding Progress

Exhibit 11

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) 1 (b)	Unfunded (Overfunded) AAL (UAAL) (b-a)	Funded Ratio a/b	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ([b-a]/c)
<b>Winston-Salem Police Officers' Retirement</b>						
1/1/16	\$ 145,337,644	\$ 166,301,811	\$ 20,964,167	87.39	\$ 23,749,937	88.27
1/1/15	139,905,421	160,080,639	20,175,218	87.40	25,206,604	80.04
1/1/14	132,151,510	152,501,602	20,350,092	86.66	24,880,178	81.79
1/1/13	91,297,461	147,581,983	56,284,522	61.86	25,113,890	224.12
1/1/12	85,110,242	132,767,280	47,657,038	64.10	25,654,625	185.76
1/1/11	86,839,645	130,818,320	43,978,675	66.38	25,396,559	173.17
1/1/10	86,576,235	123,103,371	36,527,136	70.33	26,025,204	140.35
1/1/09	86,945,457	130,099,380	43,153,923	66.83	24,610,353	175.35
1/1/08	86,668,120	125,530,382	38,862,262	69.04	24,341,160	159.66
1/1/07	80,064,171	115,147,219	35,083,048	69.53	21,562,998	162.70
<b>Police Officers' Separation Allowance</b>						
1/1/16	\$ 8,762,263	\$ 17,983,413	\$ 9,221,150	48.72	\$ 26,209,341	35.18
1/1/15	8,394,833	17,391,249	8,996,416	48.27	26,095,009	34.48
1/1/14	8,567,712	16,571,765	8,004,053	51.70	24,880,178	32.17
1/1/13	8,769,829	16,202,978	7,433,149	54.12	25,113,890	29.60
1/1/12	8,339,005	13,158,551	4,819,546	63.37	25,654,625	18.79
1/1/11	8,958,602	14,628,761	5,670,159	61.24	25,396,559	22.33
1/1/10	9,445,545	14,009,922	4,564,377	67.42	26,025,204	17.54
1/1/09	10,048,893	13,257,200	3,208,307	75.80	24,610,353	13.04
1/1/08	10,508,386	13,142,752	2,634,366	79.96	24,341,160	10.82
1/1/07	9,884,139	12,019,388	2,135,249	82.23	21,562,998	9.90
<b>Post-employment Benefits</b>						
1/1/16	\$ 56,261,251	\$ 86,589,083	\$ 30,327,832	64.98	\$ 107,640,260	28.18
1/1/15	48,168,884	97,801,873	49,632,989	49.25	104,119,336	47.67
1/1/14	48,168,884	97,801,873	49,632,989	49.25	104,119,336	47.67
1/1/13	39,756,426	96,865,663	57,109,237	41.04	101,730,340	56.14
1/1/12	39,756,426	96,865,663	57,109,237	41.04	101,730,340	56.14
1/1/11	39,998,709	93,474,356	53,475,647	42.79	103,725,815	51.55
1/1/10	39,091,004	80,618,661	41,527,657	48.49	105,531,074	39.35
1/1/09	38,439,389	77,583,627	39,144,238	49.55	102,898,538	38.04
1/1/08	34,832,232	79,060,353	44,228,121	44.06	97,937,975	45.16

1. WSPORS and Separation Allowance reflects a change in asset valuation from Projected Unit Credit to the Entry Age Normal Actuarial Cost Method as of 1/1/13. Post-employment Benefits reflects a change in asset valuation from Projected Unit Credit to the Entry Age Normal Actuarial Cost Method as of 1/1/16.

## City of Winston-Salem, North Carolina

### Schedule of Employer Contributions

Exhibit 12

Fiscal Year Ending	Employer Contributions					
	Winston-Salem Police Officers' Retirement Plan		Police Officers' Separation Allowance		Post-employment Benefits	
	Required Contribution	Annual Percentage Contributed	Required Contribution	Annual Percentage Contributed	Required Contribution	Annual Percentage Contributed
2016	\$ 3,370,392	100%	\$ 1,205,933	100%	\$ 6,483,194	100%
2015	3,326,051	100	1,035,697	100	6,483,194	100
2014	6,216,781	100	1,000,073	100	7,480,680	100
2013	5,093,595	100	976,576	100	6,749,465	100
2012	4,324,629	100	904,263	100	5,623,476	100
2011	5,324,788	100	737,414	100	5,271,613	100
2010	4,832,238	100	731,690	100	5,816,081	100
2009	4,299,153	100	570,086	100	6,125,900	100
2008	4,167,474	100	555,382	100	6,984,907	100
2007	3,455,026	100	895,343	100		

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## City of Winston-Salem, North Carolina

### Schedule of Changes in Net Pension Liability and Related Ratios Winston-Salem Police Officers' Retirement System

Last Three Fiscal Years

Exhibit 13

	<b>2016</b>	<b>2015</b>	<b>2014</b>
<b>Total pension liability</b>			
Service cost	\$ 2,839,943	\$ 2,972,457	\$ 2,915,276
Interest	11,743,655	11,313,019	12,238,078
Changes of benefit terms	-	-	-
Difference between expected and actual experience	1,289,927	2,594,276	-
Changes of assumptions	191,138	175,153	-
Benefit payments, including refunds of member contributions	(9,967,323)	(9,428,155)	(8,931,161)
<b>Net change in total pension liability</b>	<b>6,097,340</b>	<b>7,626,750</b>	<b>6,222,193</b>
<b>Total pension liability, beginning</b>	<b>162,578,722</b>	<b>154,951,972</b>	<b>148,729,779</b>
<b>Total pension liability, ending (a)</b>	<b>168,676,062</b>	<b>162,578,722</b>	<b>154,951,972</b>
 <b>Plan fiduciary net position</b>			
Contributions - employer	4,038,213	4,205,640	34,382,951
Contributions - member	1,484,341	1,543,565	1,556,227
Net investment income	755,380	5,330,798	20,218,691
Benefit payments, including refunds of member contributions	(9,967,323)	(9,428,155)	(8,931,161)
Administrative expense	(96,360)	(96,093)	(78,185)
Other	-	-	-
<b>Net change in plan fiduciary net position</b>	<b>(3,785,749)</b>	<b>1,555,755</b>	<b>47,148,523</b>
<b>Plan fiduciary net position, beginning</b>	<b>137,303,100</b>	<b>135,747,345</b>	<b>88,598,822</b>
<b>Plan fiduciary net position, ending (b)</b>	<b>133,517,351</b>	<b>137,303,100</b>	<b>135,747,345</b>
 <b>Net pension liability, ending (a-b)</b>	<b>\$ 35,158,711</b>	<b>\$ 25,275,622</b>	<b>\$ 19,204,627</b>
 <b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>79.2%</b>	<b>84.5%</b>	<b>87.6%</b>
 <b>Covered-employee payroll</b>	<b>\$ 23,749,937</b>	<b>\$ 25,206,604</b>	<b>\$ 24,880,178</b>
 <b>Net pension liability as a percentage of covered-employee payroll</b>	<b>148.0%</b>	<b>100.3%</b>	<b>77.2%</b>

## **City of Winston-Salem, North Carolina**

### Schedule of Contributions

#### Winston-Salem Police Officers' Retirement Plan

Last Ten Fiscal Years

	<b>Fiscal Year</b>			
	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
Actuarially determined contribution	\$ 3,370,392	\$ 3,326,051	\$ 6,216,781	\$ 5,093,595
Contributions in relation to the actuarially determined contribution	4,038,213	4,205,640	34,382,951	5,093,595
Contribution deficiency (excess)	(\$667,821)	(\$879,589)	(\$28,166,170)	\$ -
Covered-employee payroll	\$ 23,749,937	\$ 25,206,604	\$ 24,880,178	\$ 25,113,890
Contributions as a percentage of covered-employee payroll	17.0%	16.7%	138.2%	20.3%

#### **Notes to Schedule**

Valuation date:

Actuarially determined contribution rates are calculated as of June 30, one year prior to the end of the fiscal year in which contributions are reported.

The City's actuarial contribution is determined as a percentage of payroll, as shown in the annual funding valuation. The percentage is then applied to actual payroll.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	22
Asset valuation method	7-year smoothed market
Inflation	3.0%
Salary increases	2% in 2016, 2.5% in 2017, 3% in 2018, then 5% thereafter
Investment rate of return	7.25%, net of pension plan investment expense and including inflation
Retirement age	-
Mortality	Mortality rates were based on the IRS-2016 Combined Healthy Annuitant Mortality Tables for small plans.

<b>Fiscal Year</b>					
<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
\$ 4,324,629	\$ 5,324,788	\$ 4,832,238	\$ 4,299,153	\$ 4,167,474	\$ 3,455,026
<u>4,324,629</u>	<u>5,324,788</u>	<u>4,832,238</u>	<u>4,299,153</u>	<u>4,167,474</u>	<u>3,455,026</u>
<u><u>\$ -</u></u>					
\$25,654,625	\$25,396,559	\$26,025,204	\$24,610,353	\$24,341,160	\$21,562,998
16.9%	21.0%	18.6%	17.5%	17.1%	16.0%

**City of Winston-Salem, North Carolina**  
Schedule of Investment Returns  
Winston-Salem Police Officers' Retirement System

Last Three Fiscal Years

Exhibit 15

	<b>2016</b>	<b>2015</b>	<b>2014</b>
Annual money-weighted rate of return, net of investment expense	0.27%	3.85%	17.61%

## City of Winston-Salem, North Carolina

### Schedule of Changes in Net Pension Liability and Related Ratios Winston-Salem Police Officer's Separation Allowance

Last Three Fiscal Years

Exhibit 16

	<b>2016</b>	<b>2015</b>	<b>2014</b>
<b>Total pension liability</b>			
Service cost	\$ 394,050	\$ 394,050	\$ 370,972
Interest	1,272,982	1,231,261	1,358,844
Changes of benefit terms	-	-	-
Difference between expected and actual experience	511,859	720,148	-
Changes of assumptions	4,028	3,995	-
Benefit payments, including refunds of member contributions	(1,596,792)	(1,535,057)	(1,451,797)
<b>Net change in total pension liability</b>	<b>586,127</b>	<b>814,397</b>	<b>278,019</b>
<b>Total pension liability, beginning</b>	<b>17,436,599</b>	<b>16,622,202</b>	<b>16,344,183</b>
<b>Total pension liability, ending (a)</b>	<b>18,022,726</b>	<b>17,436,599</b>	<b>16,622,202</b>
 <b>Plan fiduciary net position</b>			
Contributions - employer	1,205,933	1,035,697	1,000,073
Contributions - member	-	-	-
Net investment income	39,642	375,053	1,491,827
Benefit payments, including refunds of member contributions	(1,596,792)	(1,535,057)	(1,451,797)
Administrative expense	(4,331)	(460)	(8,820)
Other	-	-	-
<b>Net change in plan fiduciary net position</b>	<b>(355,548)</b>	<b>(124,767)</b>	<b>1,031,283</b>
<b>Plan fiduciary net position, beginning</b>	<b>9,172,571</b>	<b>9,297,338</b>	<b>8,266,055</b>
<b>Plan fiduciary net position, ending (b)</b>	<b>8,817,023</b>	<b>9,172,571</b>	<b>9,297,338</b>
 <b>Net pension liability, ending (a-b)</b>	 <b>\$ 9,205,703</b>	 <b>\$ 8,264,028</b>	 <b>\$ 7,324,864</b>
 <b>Plan fiduciary net position as a percentage of the total pension liability</b>	 48.9%	 52.6%	 55.9%
 <b>Covered-employee payroll</b>	 \$ 26,209,341	 \$ 26,095,009	 \$ 24,880,178
 <b>Net pension liability as a percentage of covered-employee payroll</b>	 35.1%	 31.7%	 29.4%

## City of Winston-Salem, North Carolina

### Schedule of Contributions

#### Winston-Salem Police Officers' Separation Allowance

Last Ten Fiscal Years

	<b>Fiscal Year</b>			
	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
Actuarially determined contribution	\$ 1,205,933	\$ 1,035,697	\$ 1,000,073	\$ 976,576
Contributions in relation to the actuarially determined contribution	1,205,933	1,035,697	1,000,073	976,576
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 26,209,341	\$ 26,095,009	\$ 24,880,178	\$ 25,113,890
Contributions as a percentage of covered-employee payroll	4.6%	4.0%	4.0%	3.9%

#### **Notes to Schedule**

Valuation date:

Actuarially determined contribution rates are calculated as of June 30, one year prior to the end of the fiscal year in which contributions are reported.

The City's actuarial contribution is determined as a percentage of payroll, as shown in the annual funding valuation. The percentage is then applied to actual payroll.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	22
Asset valuation method	7-year smoothed market
Inflation	3.0%
Salary increases	2% in 2016, 2.5% in 2017, 3% in 2018, then 5% thereafter
Investment rate of return	7.25%, net of pension plan investment expense and including inflation
Retirement age	-
Mortality	Mortality rates were based on the IRS-2016 Combined Healthy Annuitant Mortality Tables for small plans.

<b>Fiscal Year</b>					
<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
\$ 904,263	\$ 737,414	\$ 731,690	\$ 570,086	\$ 555,382	\$ 895,343
904,263	737,414	731,690	570,086	555,382	895,343
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 25,654,625	\$ 25,396,559	\$ 26,025,204	\$ 24,610,353	\$ 24,341,160	\$ 21,562,998
3.5%	2.9%	2.8%	2.3%	2.3%	4.2%

## **City of Winston-Salem, North Carolina**

Schedule of Investment Returns

Winston-Salem Police Officers' Separation Allowance

Last Three Fiscal Years

Exhibit 18

	<b>2016</b>	<b>2015</b>	<b>2014</b>
Annual money-weighted rate of return, net of investment expense	0.26%	4.12%	18.42%

## **City of Winston-Salem, North Carolina**

### **City of Winston-Salem's Proportionate Share of Net Pension Liability (Asset) Local Government Employees' Retirement System**

Last Three Fiscal Years\*

Exhibit 19

	<b>Fiscal Year</b>		
	<b>2016</b>	<b>2015</b>	<b>2014</b>
Winston-Salem's proportion of the net pension liability (asset) (%)	.0180025%	.018084%	.018986%
Winston-Salem's proportion of the net pension liability (asset) (\$)	\$ 8,079,434	\$ (10,664,916)	\$ 22,885,421
Winston-Salem's covered-employee payroll	\$ 101,433,133	\$ 99,590,382	\$100,511,092
Winston-Salem's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	7.9653%	(10.7088)%	22.7691%
Plan fiduciary net position as a percentage of the total pension liability **	98.09%	102.64%	94.35%

\*The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30.

\*\* This will be the same percentage for all participant employers in the LGERS plan.

**City of Winston-Salem, North Carolina**  
City of Winston-Salem's Contributions  
Local Government Employees' Retirement System

Last Three Fiscal Years

Exhibit 20

	<b>Fiscal Year</b>		
	<b>2016</b>	<b>2015</b>	<b>2014</b>
Contractually required contribution	\$ 7,196,687	\$ 7,282,532	\$ 7,094,714
Contributions in relation to the contractually required contribution	<u>7,196,687</u>	<u>7,282,532</u>	<u>7,094,714</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Winston-Salem's covered-employee payroll	\$104,723,508	\$101,433,133	\$ 99,590,382
Contributions as a percentage of covered-employee payroll	6.87%	7.18%	7.12%

# **Combining and Individual Fund Statements and Schedules**



# **Major Funds**



# City of Winston-Salem, North Carolina

## Debt Service Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual  
For the Fiscal Year Ended June 30, 2016

Exhibit 21

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues</b>			
Property taxes	\$ 14,528,840	\$ 14,819,862	\$ 291,022
Local option sales taxes	5,578,330	5,685,242	106,912
Intergovernmental	986,320	1,146,204	159,884
Capital lease charges	600,000	600,000	-
Investment income	<u>300,000</u>	<u>513,372</u>	<u>213,372</u>
Total revenues	21,993,490	22,764,680	771,190
<b>Expenditures</b>			
Other	376,854	370,143	6,711
Debt Service			
Principal retirement			
Bond	6,486,900	6,486,900	-
Other	3,858,640	3,858,635	5
Interest and fiscal charges	<u>8,087,450</u>	<u>8,124,477</u>	<u>(37,027)</u>
Total expenditures	<u>18,809,844</u>	<u>18,840,155</u>	<u>(30,311)</u>
Excess of expenditures over revenues	3,183,646	3,924,525	740,879
<b>Other Financing Sources (Uses)</b>			
Issuance of refunding general obligation bonds	-	12,655,000	12,655,000
Premium on general obligation bonds	-	1,677,019	1,677,019
Payment to refunded bond escrow agent	-	(14,258,284)	(14,258,284)
Transfers in			
General fund	<u>2,031,660</u>	<u>2,031,660</u>	<u>-</u>
Total other financing sources, net	<u>2,031,660</u>	<u>2,105,395</u>	<u>73,735</u>
Excess of revenues and other financing sources over expenditures and other financing uses	5,215,306	6,029,920	814,614
Fund balance - beginning	<u>16,714,796</u>	<u>16,714,796</u>	<u>-</u>
Fund balance - ending	<u><b>\$ 21,930,102</b></u>	<u><b>\$ 22,744,716</b></u>	<u><b>\$ 814,614</b></u>

# City of Winston-Salem, North Carolina

## Capital Projects Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual  
From Inception and for the Fiscal Year Ended June 30, 2016

Exhibit 22

	<u>Current Year</u>	<u>Prior Years</u>	<u>Total to Date</u>	<u>Project Authorizations</u>
<b>Revenues</b>				
Intergovernmental - federal	\$ 204,118	\$ 2,625,438	\$ 2,829,556	\$ 3,253,903
Intergovernmental - state	2,323,221	15,707,736	18,030,957	44,646,682
Intergovernmental - local	-	2,000	2,000	-
Investment income	185,280	8,088	193,368	8,100
Capital lease charges	392,154	-	392,154	402,190
Other	3,155,362	6,888,000	10,043,362	15,037,635
Total revenues	6,260,135	25,231,262	31,491,397	63,348,510
<b>Expenditures</b>				
General government	18,221,078	6,428,065	24,649,143	31,604,424
Public protection	7,821,486	1,979,029	9,800,515	34,524,730
Transportation	13,991,776	20,941,988	34,933,764	127,277,755
Culture and recreation	8,000,356	7,562,144	15,562,500	62,315,424
Community and economic development	796,830	16,038,450	16,835,280	53,085,546
Debt service				
Principal retirement	4,922,928	-	4,922,928	4,922,930
Interest and fiscal charges	1,283,789	-	1,283,789	1,260,730
Total expenditures	55,038,243	52,949,676	107,987,919	314,991,539
Excess of expenditures over revenues	(48,778,108)	(27,718,414)	(76,496,522)	(251,643,029)
<b>Other Financing Sources (Uses)</b>				
Premium on general obligation bonds	5,584,832	-	5,584,832	-
Issuance of limited obligation bonds	-	54,100,865	54,100,865	54,100,865
Issuance of general obligation bonds	58,475,000	12,557,387	71,032,387	155,647,386
Issuance of installment financing contract	-	2,086,789	2,086,789	2,086,789
Capital leases	15,403,662	951,598	16,355,260	26,004,837
Transfers in	3,238,242	26,103,454	29,341,696	26,396,318
Transfers out	(1,675,976)	(10,719,276)	(12,395,252)	(10,830,218)
Total other financing sources, net	81,025,760	85,080,817	166,106,577	253,405,977
Excess of revenues and other financing sources over expenditures and other uses	32,247,652	57,362,403	89,610,055	<u>\$ 1,762,948</u>
Fund balance - beginning		69,197,479		
Budgeted on an annual basis		11,835,076	11,835,076	
Fund balance - ending	<u><b>\$101,445,131</b></u>	<u><b>\$ 69,197,479</b></u>	<u><b>\$ 101,445,131</b></u>	

# City of Winston-Salem, North Carolina

## Enterprise Funds

Water and Sewer Utility Fund – Schedule of Revenues, Expenditures,  
and Transfers - Budget (Non-GAAP Basis) and Actual  
For the Fiscal Year Ended June 30, 2016

Exhibit 23

	<b>Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Operating Revenues</b>			
Sales			
Water	\$ 48,508,930	\$ 50,198,530	\$ 1,689,600
Sewer	41,245,660	43,634,395	2,388,735
Industrial waste surcharge	3,266,410	3,118,996	(147,414)
Total sales	<u>93,021,000</u>	<u>96,951,921</u>	<u>3,930,921</u>
Charges for services			
New connections	400,000	480,808	80,808
Special area and privilege charges	250,000	197,178	(52,822)
Main line capital cost revenue	120,000	83,000	(37,000)
Other charges for services	2,750,000	3,097,793	347,793
Total charges for services	<u>3,520,000</u>	<u>3,858,779</u>	<u>338,779</u>
Other			
Total operating revenues	<u>96,541,000</u>	<u>100,834,307</u>	<u>4,293,307</u>
<b>Operating Expenditures</b>			
Personal services	18,402,380	16,325,741	2,076,639
Maintenance and operations	25,013,317	22,720,501	2,292,816
Capital outlay	14,000	7,376	6,624
Total operating expenditures	<u>43,429,697</u>	<u>39,053,618</u>	<u>4,376,079</u>
Operating income	<u>53,111,303</u>	<u>61,780,689</u>	<u>8,669,386</u>
<b>Nonoperating Revenues (Expenditures)</b>			
Intergovernmental revenue	1,602,170	1,610,812	8,642
Investment income	-	1,761,388	1,761,388
Proceeds from sale of assets	-	98,426	98,426
Damage settlements	-	450	450
Interest and fiscal charges	(21,399,780)	(20,511,798)	887,982
Principal retirement	(21,195,810)	(21,070,803)	125,007
Total nonoperating expenditures, net	<u>(40,993,420)</u>	<u>(38,111,525)</u>	<u>2,881,895</u>
Income before capital contributions and transfers	<u>12,117,883</u>	<u>23,669,164</u>	<u>11,551,281</u>
<b>Capital Contributions</b>			
Conveyances	-	1,983,543	1,983,543
Intergovernmental revenue	-	699,500	699,500
Other	-	138,453	138,453
Total capital contributions	<u>-</u>	<u>2,821,496</u>	<u>2,821,496</u>
<b>Transfers Out</b>			
General fund	(74,710)	(64,418)	10,292
Solid waste disposal fund	(284,990)	(284,990)	-
Information services	(61,850)	(61,850)	-
Total transfers out	<u>(421,550)</u>	<u>(411,258)</u>	<u>10,292</u>
Change in net position - modified accrual basis	<u><b>\$ 11,696,333</b></u>	<u><b>\$ 26,079,402</b></u>	<u><b>\$ 14,383,069</b></u>
<b>Reconciliation of Modified Accrual Basis to Full Accrual Basis</b>			
Change in Net Position - Modified Accrual Basis		\$ 26,079,402	
Depreciation		(25,091,362)	
Amortization of financing costs		408,133	
Capital outlay		7,376	
Principal retirement		21,070,803	
Book value of disposed assets		(91,030)	
Interest expense, net of investment income, capitalized on construction projects		997,665	
Increase (decrease) in net pension asset		(1,197,030)	
Increase (decrease) in deferred outflows of resources - pensions		(44,847)	
(Increase) decrease in net pension liability		(782,992)	
(Increase) decrease in deferred inflows of resources - pensions		2,349,209	
Change in Net Position - Full Accrual Basis		<u><b>\$ 23,705,327</b></u>	

# City of Winston-Salem, North Carolina

## Enterprise Funds

Solid Waste Disposal Fund - Schedule of Revenues, Expenditures,  
and Transfers – Budget (Non-GAAP Basis) and Actual  
For the Fiscal Year Ended June 30, 2016

Exhibit 24

	<u>Budget</u>	<u>Actual</u>	<b>Variance Positive (Negative)</b>
<b>Operating Revenues</b>			
Charges for services	\$ 9,242,470	\$ 10,549,273	\$ 1,306,803
Other	9,160	26,261	17,101
Total operating revenues	<u>9,251,630</u>	<u>10,575,534</u>	<u>1,323,904</u>
<b>Operating Expenditures</b>			
Personal services	2,009,590	1,941,455	68,135
Maintenance and operations	6,582,011	4,912,480	1,669,531
Total operating expenditures	<u>8,591,601</u>	<u>6,853,935</u>	<u>1,737,666</u>
Operating income	660,029	3,721,599	3,061,570
<b>Nonoperating Revenues (Expenditures)</b>			
Intergovernmental revenue	872,150	944,698	72,548
Investment income	483,390	449,659	(33,731)
Proceeds from sale of assets	-	26,554	26,554
Interest and fiscal charges	(486,630)	(306,987)	179,643
Principal retirement	(2,796,190)	(2,790,304)	5,886
Total nonoperating expenditures, net	<u>(1,927,280)</u>	<u>(1,676,380)</u>	<u>250,900</u>
Income (loss) before transfers	(1,267,251)	2,045,219	3,312,470
<b>Transfers In</b>			
Water and sewer utility fund	284,990	284,990	-
Stormwater management fund	142,500	142,495	(5)
Information services fund	(7,730)	(7,730)	-
Total transfers in	<u>419,760</u>	<u>419,755</u>	<u>(5)</u>
Change in net position - modified accrual basis	<u><b>\$ (847,491)</b></u>	<u><b>\$ 2,464,974</b></u>	<u><b>\$ 3,312,465</b></u>
<b>Reconciliation of Modified Accrual Basis to Full Accrual Basis</b>			
Change in Net Position - Modified Accrual Basis		\$ 2,464,974	
Depreciation		(3,674,863)	
Amortization of financing costs		78,213	
Principal retirement		2,790,304	
Book value of disposed assets		(6,333)	
Increase (decrease) in net pension asset		(124,812)	
Increase (decrease) in deferred outflows of resources - pensions		6,789	
(Increase) decrease in net pension liability		(121,964)	
(Increase) decrease in deferred inflows of resources - pensions		279,813	
Change in Net Position - Full Accrual Basis		<u><b>\$ 1,692,121</b></u>	

# City of Winston-Salem, North Carolina

## Enterprise Funds

Transit Authority Fund- Schedule of Revenues, Expenditures,  
and Transfers – Budget (Non-GAAP Basis) and Actual  
For the Fiscal Year Ended June 30, 2016

Exhibit 25

	<b>Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Operating Revenues</b>			
Charges for services	\$ 2,194,350	\$ 2,176,806	\$ (17,544)
Other	408,520	367,097	(41,423)
Total operating revenues	2,602,870	2,543,903	(58,967)
<b>Operating Expenditures</b>			
Personal services	9,912,610	10,548,498	(635,888)
Maintenance and operations	5,214,892	4,095,943	1,118,949
Total operating expenditures	15,127,502	14,644,441	483,061
Operating loss	(12,524,632)	(12,100,538)	424,094
<b>Nonoperating Revenues (Expenditures)</b>			
Intergovernmental revenue			
FTA operating grant	1,133,850	1,004,065	(129,785)
FTA preventative maintenance grant	2,360,210	2,269,972	(90,238)
Piedmont Triad COG	298,220	302,193	3,973
Forsyth County	214,080	214,080	-
State of North Carolina	1,249,680	1,417,868	168,188
Total intergovernmental revenues	5,256,040	5,208,178	(47,862)
Property taxes	5,976,980	7,090,014	1,113,034
Proceeds from sale of assets	-	4,761	4,761
Damage settlements	10,000	13,570	3,570
Total nonoperating revenues, net	11,243,020	12,316,523	1,073,503
Income (loss) before capital contributions and transfers	(1,281,612)	215,985	1,497,597
<b>Capital Contributions</b>			
Federal and state grants	-	8,475,591	8,475,591
Other	-	5,421	5,421
Total capital contributions	-	8,481,012	8,481,012
<b>Transfers In /Out</b>			
Grants fund	(13,850)	(13,850)	-
Total transfers in/out	(13,850)	(13,850)	-
Change in net position - modified accrual basis	<u>\$ (1,295,462)</u>	<u>\$ 8,683,147</u>	<u>\$ 9,978,609</u>
<b>Reconciliation of Modified Accrual Basis to Full Accrual Basis</b>			
Change in Net Position - Modified Accrual Basis		\$ 8,683,147	
Depreciation		(2,224,887)	
Book value of disposed assets		(273,123)	
Change in Net Position - Full Accrual Basis		<u>\$ 6,185,137</u>	



# Nonmajor Governmental Funds

## Special Revenue Funds

The **community development fund** provides accountability for grants from the United States Department of Housing and Urban Development. These revenues are restricted to objectives of community development programs within specific areas of the City.

The **grants fund** centralizes the accounting for other activities funded by federal, state, and/or intergovernmental aid.

The **economic and housing development fund** centralizes the accounting for City initiatives in downtown revitalization, economic development incentive funds and housing.

The **gasoline tax fund** is established to account for the state-shared gasoline tax which is restricted to maintenance of local streets and roads.

The **occupancy tax fund** is established to account for the City's approximate one-sixth share of the Forsyth County's 6% occupancy tax on the rental of hotel/motel accommodations.

The **cable franchise fee fund** is established to account for the franchise fee assessed on the gross receipts of the cable television companies that use the City's right-of-ways. In addition, the fund accounts for contributions from the cable companies that provide operating and capital support to public access, education, and governmental channels.

The **emergency telephone system fund** accounts for revenues and expenses associated with operating the 911 system. The charge for all 911 services, wireline and wireless, now are placed in the State 911 Fund from which monthly allocations are made to primary public safety answering points (PSAP's). The funds may be used to purchase replacement computers for the communications center and to cover the maintenance costs of communications center equipment.

The **Downtown Winston-Salem Business Improvement District fund** is a defined area within the downtown area whereby the City may raise money to pay for enhanced services or projects from those property owners that most directly benefit from the services or projects.

## Permanent Fund

The **cemetery perpetual care fund** accounts for endowment funds established to provide income for landscaping and grounds maintenance of the City's cemeteries.

# City of Winston-Salem, North Carolina

## Combining Balance Sheet

Nonmajor Governmental Funds  
June 30, 2016

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	<b>Special Revenue</b>			
	<b>Community Development</b>	<b>Grants</b>	<b>Economic and Housing Development</b>	<b>Gasoline Tax</b>
<b>Assets</b>				
Cash and cash equivalents/investments	\$ 39,210	\$ 1,641,614	\$ 17,795,967	\$ 661,086
Receivables				
for uncollectibles	-	-	-	-
Taxes, net	313	-	-	-
Accounts	18,017,840	-	11,720,626	-
Loans	18,018,153	-	11,720,626	-
Total receivables	408,102	538,136	-	-
Due from other governments	-	-	665,054	-
Inventories	-	-	-	-
Total assets	<b>\$ 18,465,465</b>	<b>\$ 2,179,750</b>	<b>\$ 30,181,647</b>	<b>\$ 661,086</b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ 243,535	\$ 608,808	\$ 493,968	\$ -
Accrued payroll	1,455	-	-	-
Due to other funds	252,202	-	-	-
Loan escrow	14,931	-	1,138	-
Total liabilities	512,123	608,808	495,106	-
<b>Deferred Inflows of Resources</b>				
Taxes	-	-	-	-
Advances from other governments	51,952	334,725	-	-
Total deferred inflows of resources	51,952	334,725	-	-
<b>Fund Balances</b>				
Nonspendable				
Loans	18,017,840	-	11,720,626	-
Inventories	-	-	665,054	-
Perpetual care	-	-	-	-
Restricted				
Stabilization by state statute	2,841,572	4,285,126	3,922,091	-
General government	-	37,511	-	-
Public protection	-	763,357	-	-
Transportation	-	-	-	661,086
Culture and recreation	-	333,913	-	-
Committed				
Community & economic development	-	-	13,378,770	-
Unassigned	(2,958,022)	(4,183,690)	-	-
Total fund balances	17,901,390	1,236,217	29,686,541	661,086
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 18,465,465</b>	<b>\$ 2,179,750</b>	<b>\$ 30,181,647</b>	<b>\$ 661,086</b>

Exhibit 26

<b>Occupancy Tax</b>	<b>Cable Franchise Fee</b>	<b>Emergency Telephone System</b>	<b>Downtown W-S Business Improvement District</b>	<b>Permanent Cemetery Perpetual Care</b>	<b>Total Nonmajor Governmental Funds</b>
\$ 454,113	\$ 2,581	\$ 1,987,785	\$ 114,301	\$ 3,360,103	\$ 26,056,760
-	-	-	1,472	-	1,472
-	-	40,892	30,435	-	71,640
-	-	-	-	-	29,738,466
-	-	40,892	31,907	-	29,811,578
-	-	-	-	-	946,238
-	-	-	-	-	665,054
<b>\$ 454,113</b>	<b>\$ 2,581</b>	<b>\$ 2,028,677</b>	<b>\$ 146,208</b>	<b>\$ 3,360,103</b>	<b>\$ 57,479,630</b>
\$ 128,511	\$ -	\$ 642,049	\$ -	\$ -	\$ 2,116,871
32	-	-	-	-	1,487
-	-	-	-	-	252,202
-	-	-	-	-	16,069
128,543	-	642,049	-	-	2,386,629
-	-	-	1,472	-	1,472
-	-	-	-	-	386,677
-	-	-	1,472	-	388,149
-	-	-	-	-	29,738,466
-	-	-	-	-	665,054
-	-	-	-	3,360,103	3,360,103
318	-	42,299	30,435	-	11,121,841
-	2,581	-	114,301	-	154,393
-	-	1,344,329	-	-	2,107,686
-	-	-	-	-	661,086
325,252	-	-	-	-	659,165
-	-	-	-	-	13,378,770
-	-	-	-	-	(7,141,712)
325,570	2,581	1,386,628	144,736	3,360,103	54,704,852
<b>\$ 454,113</b>	<b>\$ 2,581</b>	<b>\$ 2,028,677</b>	<b>\$ 146,208</b>	<b>\$ 3,360,103</b>	<b>\$ 57,479,630</b>

**City of Winston-Salem, North Carolina**  
**Combining Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances**

Nonmajor Governmental Funds  
For the Fiscal Year Ended June 30, 2016

	<b>Special Revenue</b>			
	<b>Community Development</b>	<b>Grants</b>	<b>Economic and Housing Development</b>	<b>Gasoline Tax</b>
<b>Revenues</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses	-	-	-	-
Intergovernmental	4,150,854	3,026,807	639,000	6,535,410
Investment income (loss)	-	1,111	52,034	-
Other	238,857	155,436	531,880	-
Total revenues	4,389,711	3,183,354	1,222,914	6,535,410
<b>Expenditures</b>				
Current				
Public protection	-	1,465,011	-	-
Environmental health	-	294,565	-	-
Transportation	-	1,523,276	-	-
Culture and recreation	-	65,850	-	-
Community and economic development	2,917,720	858,681	3,981,121	-
Debt service				
Principal retirement	333,000	-	-	-
Interest and fiscal charges	34,216	-	-	-
Total expenditures	3,284,936	4,207,383	3,981,121	-
Excess of revenues over (under) expenditures	1,104,775	(1,024,029)	(2,758,207)	6,535,410
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	869,572	3,532,060	-
Transfers out	(946,253)	-	(261,012)	(6,503,450)
Total other financing sources (uses), net	(946,253)	869,572	3,271,048	(6,503,450)
Excess of revenues and other financing sources over (under) expenditures and other uses	158,522	(154,457)	512,841	31,960
Fund balance July 1	17,742,868	1,390,674	29,173,700	629,126
Fund balances - ending	<b>\$ 17,901,390</b>	<b>\$ 1,236,217</b>	<b>\$ 29,686,541</b>	<b>\$ 661,086</b>

Exhibit 27

<b>Occupancy Tax</b>	<b>Cable Franchise Fee</b>	<b>Emergency Telephone System</b>	<b>Downtown W-S Business Improvement District</b>	<b>Permanent Cemetery Perpetual Care</b>	<b>Total Nonmajor Governmental Funds</b>
\$ 738,282	\$ -	\$ -	\$ 514,551	\$ -	\$ 1,252,833
-	-	490,715	-	-	490,715
-	-	-	-	-	14,352,071
1,675	8	5,931	410	14,440	75,609
12,600	-	-	11,767	-	950,540
<b>752,557</b>	<b>8</b>	<b>496,646</b>	<b>526,728</b>	<b>14,440</b>	<b>17,121,768</b>
<hr/>					
-	-	997,642	-	-	2,462,653
-	-	-	-	-	294,565
-	-	-	-	-	1,523,276
462,034	-	-	-	-	527,884
-	-	-	465,222	-	8,222,744
-	-	-	-	-	333,000
-	-	-	-	-	34,216
<b>462,034</b>	<b>-</b>	<b>997,642</b>	<b>465,222</b>	<b>-</b>	<b>13,398,338</b>
<hr/>					
290,523	8	(500,996)	61,506	14,440	3,723,430
-	-	-	-	104,528	4,506,160
(375,000)	-	-	(78,000)	(158,921)	(8,322,636)
<b>(375,000)</b>	<b>-</b>	<b>-</b>	<b>(78,000)</b>	<b>(54,393)</b>	<b>(3,816,476)</b>
<hr/>					
(84,477)	8	(500,996)	(16,494)	(39,953)	(93,046)
410,047	2,573	1,887,624	161,230	3,400,056	54,797,898
<b>\$ 325,570</b>	<b>\$ 2,581</b>	<b>\$ 1,386,628</b>	<b>\$ 144,736</b>	<b>\$ 3,360,103</b>	<b>\$ 54,704,852</b>

# City of Winston-Salem, North Carolina

## Special Revenue Funds

Community Development Fund - Schedule of Revenues, Expenditures,  
and Changes in Fund Balance – Budget and Actual  
From Inception and for the Year Ended June 30, 2016

Exhibit 28

	<u>Current Year</u>	<u>Prior Years</u>	<u>Total to Date</u>	<u>Program Authorizations</u>
<b>Revenues</b>				
Intergovernmental	\$ 4,150,854	\$ 13,522,594	\$ 17,673,448	\$ 27,213,144
Other	<u>1,020,477</u>	<u>3,010,595</u>	<u>4,031,072</u>	<u>4,596,830</u>
Total revenues	5,171,331	16,533,189	21,704,520	31,809,974
<b>Expenditures</b>				
Community development	3,998,508	12,652,341	16,650,849	25,630,313
Debt service				
Principal retirement	333,000	998,000	1,331,000	1,328,000
Interest and fiscal charges	<u>34,216</u>	<u>433,295</u>	<u>467,511</u>	<u>555,000</u>
Total expenditures	4,365,724	14,083,636	18,449,360	27,513,313
Excess of revenues over expenditures	805,607	2,449,553	3,255,160	4,296,661
<b>Other Financing Uses</b>				
Transfers out				
General fund	(946,253)	(2,906,059)	(3,852,312)	(4,263,458)
Capital projects fund	<u>-</u>	<u>(33,203)</u>	<u>(33,203)</u>	<u>(33,203)</u>
Total other financing uses	<u>(946,253)</u>	<u>(2,939,262)</u>	<u>(3,885,515)</u>	<u>(4,296,661)</u>
Excess of revenues and other financing sources over (under) expenditures and other uses	(140,646)	<u>\$ (489,709)</u>	<u>\$ (630,355)</u>	<u>\$ -</u>
Fund balance - beginning		17,742,868		
Fund balance - ending		<b><u>\$ 17,602,222</u></b>		
<b>Reconciling items for GAAP presentation</b>				
Loans issued	1,080,788			
Payments received on loan balances	(781,620)			
Total reconciling items		<u>299,168</u>		
Fund Balance at End of Year (GAAP Basis)		<b><u>\$ 17,901,390</u></b>		

# City of Winston-Salem, North Carolina

## Special Revenue Funds

Grants Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual  
From Inception and for the Year Ended June 30, 2016

Exhibit 29

	<u><b>Current Year</b></u>	<u><b>Prior Years</b></u>	<u><b>Total to Date</b></u>	<u><b>Program Authorizations</b></u>
<b>Revenues</b>				
Intergovernmental	\$ 3,026,807	\$ 17,555,754	\$ 20,582,561	\$ 33,273,072
Investment income	1,111	68,834	69,945	70,211
Other	<u>155,436</u>	<u>851,467</u>	<u>1,006,903</u>	<u>2,078,716</u>
Total revenues	<u>3,183,354</u>	<u>18,476,055</u>	<u>21,659,409</u>	<u>35,421,999</u>
<b>Expenditures</b>				
General government	-	293,921	293,921	388,350
Public protection	1,465,011	1,345,081	2,810,092	4,795,529
Environmental health	294,565	586,502	881,067	2,500,000
Transportation	1,523,276	7,473,581	8,996,857	12,829,405
Culture and recreation	65,850	170,080	235,930	836,236
Community and economic development	<u>858,681</u>	<u>9,187,068</u>	<u>10,045,749</u>	<u>17,169,930</u>
Total expenditures	<u>4,207,383</u>	<u>19,056,233</u>	<u>23,263,616</u>	<u>38,519,450</u>
Excess of expenditures over (under) revenues	(1,024,029)	(580,178)	(1,604,207)	(3,097,451)
<b>Other Financing Sources (Uses)</b>				
Transfers in				
General fund	629,710	1,671,628	2,301,338	2,501,970
Economic and housing development fund	176,012	29,075	205,087	275,000
Grants fund	-	2,650	2,650	2,650
Mass transit tax fund	-	10,679	10,679	10,990
Occupancy tax fund	50,000	243,000	293,000	293,000
Transit authority fund	13,850	16,470	30,320	30,320
Transfers out				
Grants fund	-	(2,650)	(2,650)	(16,479)
Total other financing sources, net	<u>869,572</u>	<u>1,970,852</u>	<u>2,840,424</u>	<u>3,097,451</u>
Excess of revenues and other financing sources over (under) expenditures and other uses	(154,457)	1,390,674	1,236,217	<u>\$ _____ -</u>
Fund balance - beginning	<u>1,390,674</u>	<u>-</u>	<u>-</u>	
Fund balance - ending	<u><b>\$ 1,236,217</b></u>	<u><b>\$ 1,390,674</b></u>	<u><b>\$ 1,236,217</b></u>	

# City of Winston-Salem, North Carolina

## Special Revenue Funds

Economic and Housing Development Fund – Schedule of Revenues, Expenditures,  
and Changes in Fund Balance – Budget and Actual  
From Inception and for the Year Ended June 30, 2016

Exhibit 30

	<u>Current Year</u>	<u>Prior Years</u>	<u>Total to Date</u>	<u>Program Authorizations</u>
<b>Revenues</b>				
Intergovernmental	\$ 639,000	\$ 9,065,174	\$ 9,704,174	\$ 9,979,349
Investment income (loss)	52,034	3,525,418	3,577,452	3,235,805
Capital lease charges	-	1,004,929	1,004,929	1,000,000
Other	944,191	18,039,255	18,983,446	7,585,983
Total revenues	<u>1,635,225</u>	<u>31,634,776</u>	<u>33,270,001</u>	<u>21,801,137</u>
<b>Expenditures</b>				
Neighborhood stabilization	-	746,007	746,007	1,608,270
UDAG loan	-	378,992	378,992	413,593
Housing financing assistance loan	2,173,826	2,366,712	4,540,538	10,380,393
Economic development loan	594,345	1,413,532	2,007,877	5,431,147
Economic development project	2,306,627	10,949,977	13,256,604	17,251,076
Foreclosed property	22,443	-	22,443	-
Section 108	-	6,860,287	6,860,287	7,450,000
Debt service				
Interest and fiscal charges	-	35,432	35,432	-
Total expenditures	<u>5,097,241</u>	<u>22,750,939</u>	<u>27,848,180</u>	<u>42,534,479</u>
Excess of revenues				
over (under) expenditures	(3,462,016)	8,883,837	5,421,821	(20,733,342)
<b>Other Financing Sources (Uses)</b>				
Transfers in				
General fund	3,432,060	8,696,713	12,128,773	12,086,079
Economic and housing development fund	-	729,789	729,789	638,100
Capital projects fund	100,000	3,181,768	3,281,768	3,269,751
Transfers out				
General fund	(60,000)	(28,993)	(88,993)	(89,000)
Grants fund	(176,012)	(29,075)	(205,087)	(275,000)
Economic and housing development fund	-	(638,100)	(638,100)	(638,100)
Capital projects fund	(25,000)	(1,693,500)	(1,718,500)	(1,718,500)
Public assembly facilities management fund	-	(250,000)	(250,000)	(250,000)
Total other financing sources, net	<u>3,271,048</u>	<u>9,968,602</u>	<u>13,239,650</u>	<u>13,023,330</u>
Excess of revenues and other financing sources over (under) expenditures and other uses	(190,968)	<u>\$ 18,852,439</u>	<u>\$ 18,661,471</u>	<u>\$ (7,710,012)</u>
Fund balance - beginning		<u>29,173,700</u>		
Fund balance - ending		<u>\$ 28,982,732</u>		
<b>Reconciling items for GAAP presentation</b>				
Loans issued	1,116,120			
Payments received on loan balances	(412,311)			
Total reconciling items	<u>703,809</u>			
Fund Balance at End of Year (GAAP Basis)	<u><b>\$ 29,686,541</b></u>			

# City of Winston-Salem, North Carolina

## Special Revenue Funds

Gasoline Tax Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual  
 For the Fiscal Year Ended June 30, 2016 Exhibit 31

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues</b>			
Intergovernmental	\$ 6,468,590	\$ 6,535,410	\$ 66,820
Total revenues	6,468,590	6,535,410	66,820
<b>Other Financing Uses</b>			
Transfers out			
General fund	(5,323,260)	(5,147,819)	175,441
Capital projects fund	(1,243,470)	(1,355,631)	(112,161)
Total other financing uses	<u>(6,566,730)</u>	<u>(6,503,450)</u>	<u>63,280</u>
Excess of revenues over (under) other uses	(98,140)	31,960	130,100
Fund balance - beginning	629,126	629,126	-
Fund balance - ending	<b>\$ 530,986</b>	<b>\$ 661,086</b>	<b>\$ 130,100</b>

# City of Winston-Salem, North Carolina

## Special Revenue Funds

Occupancy Tax Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual  
For the Fiscal Year Ended June 30, 2016

Exhibit 32

	<b>Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Revenues</b>			
Taxes	\$ 715,120	\$ 738,282	\$ 23,162
Investment income	-	1,675	1,675
Other	-	12,600	12,600
Total revenues	<u>715,120</u>	<u>752,557</u>	<u>37,437</u>
<b>Expenditures</b>			
Culture and recreation	493,689	462,034	31,655
Excess of revenues over expenditures	<u>221,431</u>	<u>290,523</u>	<u>69,092</u>
<b>Other Financing Uses</b>			
Transfers out			
Grants fund	(50,000)	(50,000)	-
Public assembly facilities management fund	<u>(325,000)</u>	<u>(325,000)</u>	<u>-</u>
Total other financing uses	<u>(375,000)</u>	<u>(375,000)</u>	<u>-</u>
Excess of revenues over (under) expenditures and other uses	(153,569)	(84,477)	69,092
Fund balance - beginning	410,047	410,047	-
Fund balance - ending	<b><u>\$ 256,478</u></b>	<b><u>\$ 325,570</u></b>	<b><u>\$ 69,092</u></b>

# City of Winston-Salem, North Carolina

## Special Revenue Funds

Cable Franchise Fee Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual  
 From Inception and for the Year Ended June 30, 2016

Exhibit 33

	<u>Current Year</u>	<u>Prior Years</u>	<u>Total to Date</u>	<u>Program Authorizations</u>
<b>Revenues</b>				
Investment income	\$ 8	\$ 2,973	\$ 2,981	\$ 3,000
Total revenues	8	2,973	2,981	3,000
<b>Expenditures</b>				
General government	-	400	400	3,000
Excess of revenues over expenditures	8	2,573	2,581	\$ -
Fund balance - beginning	2,573	-	-	-
Fund balance - ending	<b>\$ 2,581</b>	<b>\$ 2,573</b>	<b>\$ 2,581</b>	

# City of Winston-Salem, North Carolina

## Special Revenue Funds

Emergency Telephone System Fund - Schedule of Revenues, Expenditures,  
and Changes in Fund Balance – Budget and Actual  
From Inception and for the Year Ended June 30, 2016

Exhibit 34

	<u>Current Year</u>	<u>Prior Years</u>	<u>Total to Date</u>	<u>Program Authorizations</u>
<b>Revenues</b>				
Licenses	\$ 490,715	\$ 3,956,848	\$ 4,447,563	\$ 4,832,787
Investment income (loss)	<u>5,931</u>	<u>13,407</u>	<u>19,338</u>	-
Total revenues	496,646	3,970,255	4,466,901	4,832,787
<b>Expenditures</b>				
Implemental functions	2,635	38,834	41,469	6,008,987
Telephone	259,883	1,116,595	1,376,478	-
Furniture	-	23,656	23,656	-
Software maintenance	69,378	331,126	400,504	-
Hardware maintenance	664,055	189,344	853,399	-
S.L. 2010-158 expenditures	-	369,327	369,327	-
Training	1,691	13,749	15,440	-
Total operating expenditures	997,642	2,082,631	3,080,273	6,008,987
Excess of revenues over (under) expenditures	(500,996)	1,887,624	1,386,628	\$ (1,176,200)
Fund balance - beginning	1,887,624	-	-	-
Fund balance - ending	<u>\$ 1,386,628</u>	<u>\$ 1,887,624</u>	<u>\$ 1,386,628</u>	

# City of Winston-Salem, North Carolina

## Special Revenue Funds

Downtown W-S Business Improvement District Fund - Schedule of Revenues, Expenditures,  
and Changes in Fund Balance - Budget and Actual  
From Inception and for the Year Ended June 30, 2016

Exhibit 35

	<b>Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Revenues</b>			
Taxes	\$ 508,150	\$ 514,551	\$ 6,401
Investment income	-	410	410
Other	-	11,767	11,767
Total revenues	<u>508,150</u>	<u>526,728</u>	<u>18,578</u>
<b>Expenditures</b>			
Community and economic development	<u>508,150</u>	<u>465,222</u>	<u>42,928</u>
Excess of revenues over expenditures	<u>-</u>	<u>61,506</u>	<u>61,506</u>
<b>Other Financing Uses</b>			
Transfers out			
Capital projects fund	<u>(78,000)</u>	<u>(78,000)</u>	<u>-</u>
Total other financing uses	<u>(78,000)</u>	<u>(78,000)</u>	<u>-</u>
Excess of revenues over (under) expenditures and other uses	<u>(78,000)</u>	<u>(16,494)</u>	<u>61,506</u>
Fund balance - beginning	<u>161,230</u>	<u>161,230</u>	<u>-</u>
Fund balance - ending	<u><b>\$ 83,230</b></u>	<u><b>\$ 144,736</b></u>	<u><b>\$ 61,506</b></u>



# Nonmajor Enterprise Funds

The **parking fund** accounts for parking facilities owned and operated as self-supporting enterprises of the City.

The **stormwater management fund** is established to account for monitoring and maintaining stormwater runoff as required by federal mandate.

The **public assembly facilities management fund** is established to account for the operations of public meetings, exhibition facilities, and outdoor activities consisting of an annex, convention center, fairgrounds, and baseball park.

# City of Winston-Salem, North Carolina

## Combining Statement of Net Position

Nonmajor Enterprise Funds  
June 30, 2016

Exhibit 36

			Public Assembly		
		Parking	Stormwater Management	Facilities Management	Total
<b>Assets</b>					
<b>Current Assets</b>					
Cash and cash equivalents/investments	\$ 3,142,498	\$ 21,894,767	\$ 3,199,672	\$ 28,236,937	
Accounts receivables, net	48,405	924,323	106,022	1,078,750	
Due from other governments	435,348	-	-	435,348	
Prepaid expenses	-	-	24,434	24,434	
Total current assets	3,626,251	22,819,090	3,330,128	29,775,469	
<b>Noncurrent Assets</b>					
Restricted assets					
Cash and cash equivalents/investments	-	-	39,745	39,745	
Capital assets					
Land	824,169	210,927	12,034,166	13,069,262	
Construction in progress	339,240	27,645,528	537,118	28,521,886	
Other capital assets, net of accumulated depreciation	9,010,068	9,041,592	47,489,713	65,541,373	
Accounts receivables	-	-	500,000	500,000	
Total noncurrent assets	10,173,477	36,898,047	60,600,742	107,672,266	
<b>Total assets</b>	<b>13,799,728</b>	<b>59,717,137</b>	<b>63,930,870</b>	<b>137,447,735</b>	
<b>Deferred Outflows of Resources</b>					
Pension deferrals	21,281	119,774	39,587	180,642	
<b>Total deferred outflows of resources</b>	<b>21,281</b>	<b>119,774</b>	<b>39,587</b>	<b>180,642</b>	
<b>Liabilities</b>					
<b>Current Liabilities</b>					
Accounts payable	10,622	668,443	549,464	1,228,529	
Accrued payroll	10,826	59,343	18,165	88,334	
Accrued vacation	(6,910)	35,949	26,467	55,506	
Accrued interest payable	12,382	30,254	3,390	46,026	
Unearned revenue	1,459,759	6,233	-	1,465,992	
Current maturities					
Contracts payable	891,741	291,579	565,765	1,749,085	
Bonds payable	-	490,000	598,693	1,088,693	
Total current liabilities	2,378,420	1,581,801	1,761,944	5,722,165	
<b>Noncurrent Liabilities</b>					
Accrued vacation	25,160	86,737	41,639	153,536	
Net pension liability	16,310	161,364	41,275	218,949	
Contracts payable	2,711,062	462,902	13,420,685	16,594,649	
Bonds payable	-	11,251,952	10,227,675	21,479,627	
Total noncurrent liabilities	2,752,532	11,962,955	23,731,274	38,446,761	
<b>Total liabilities</b>	<b>5,130,952</b>	<b>13,544,756</b>	<b>25,493,218</b>	<b>44,168,926</b>	
<b>Deferred Inflows of Resources</b>					
Pension deferrals	26,660	41,448	32,527	100,635	
<b>Total deferred inflows of resources</b>	<b>26,660</b>	<b>41,448</b>	<b>32,527</b>	<b>100,635</b>	
<b>Net Position</b>					
Net investment in capital assets	6,570,674	24,401,614	35,248,179	66,220,467	
Unrestricted	2,092,723	21,849,093	3,196,533	27,138,349	
Total net position	<b>\$ 8,663,397</b>	<b>\$ 46,250,707</b>	<b>\$ 38,444,712</b>	<b>\$ 93,358,816</b>	

**City of Winston-Salem, North Carolina**  
**Combining Statement of Revenues, Expenses, and Changes in Net Position**

Nonmajor Enterprise Funds  
 For the Fiscal Year Ended June 30, 2016

Exhibit 37

	Parking	Stormwater Management	Public Assembly Facilities Management	Total
<b>Operating Revenues</b>				
Charges for services	\$ 1,193,763	\$ 10,504,266	\$ 3,265,888	\$ 14,963,917
Other	3,000	211,246	2,235,085	2,449,331
Total operating revenues	1,196,763	10,715,512	5,500,973	17,413,248
<b>Operating Expenses</b>				
Personal services	429,737	2,474,175	780,363	3,684,275
Maintenance and operations	533,680	3,132,683	4,086,049	7,752,412
Total operating expenses before depreciation	963,417	5,606,858	4,866,412	11,436,687
Depreciation	571,567	460,221	1,891,487	2,923,275
Total operating expenses	1,534,984	6,067,079	6,757,899	14,359,962
Operating income (loss)	(338,221)	4,648,433	(1,256,926)	3,053,286
<b>Nonoperating Revenues (Expenses)</b>				
Intergovernmental revenue	435,348	83,312	-	518,660
Investment income	8,374	107,641	11,024	127,039
Gain (loss) on disposal of assets	(1,770,296)	50,089	5,715	(1,714,492)
Damage settlements	-	6,268	-	6,268
Interest and fiscal expense	(255,552)	(52,740)	(506,383)	(814,675)
Amortization of financing costs	(8,085)	38,136	2,903	32,954
Total nonoperating revenues (expenses), net	(1,590,211)	232,706	(486,741)	(1,844,246)
Income (loss) before capital contributions and transfers	(1,928,432)	4,881,139	(1,743,667)	1,209,040
<b>Capital Contributions</b>	-	146,587	47,550	194,137
<b>Transfers In</b>	645,150	-	1,336,640	1,981,790
<b>Transfers Out</b>	-	(1,715,606)	-	(1,715,606)
Total transfers	645,150	(1,715,606)	1,336,640	266,184
Change in net position	(1,283,282)	3,312,120	(359,477)	1,669,361
Total net position - beginning	9,946,679	42,938,587	38,804,189	91,689,455
Total net position - ending	<b>\$ 8,663,397</b>	<b>\$ 46,250,707</b>	<b>\$ 38,444,712</b>	<b>\$ 93,358,816</b>

# City of Winston-Salem, North Carolina

## Combining Statement of Cash Flows

Nonmajor Enterprise Funds  
For the Fiscal Year Ended June 30, 2016

Exhibit 38  
Page 1 of 2

	<b>Parking</b>	<b>Stormwater Management</b>	<b>Facilities Management</b>	<b>Public Assembly</b>	<b>Total</b>
<b>Cash Flows from Operating Activities</b>					
Cash received from sales	\$ 1,085,863	\$ 10,651,604	\$ 5,512,444	\$ 17,249,911	
Cash payments to suppliers for goods and services	(537,930)	(3,122,762)	(4,238,186)	(7,898,878)	
Cash payments to employees for services	(437,664)	(2,487,160)	(786,596)	(3,711,420)	
Net cash provided (used) by operating activities	110,269	5,041,682	487,662	5,639,613	
<b>Cash Flows from Noncapital Financing Activities</b>					
Intergovernmental revenue	426,641	83,312	-	509,953	
Transfers in	645,150	-	1,286,640	1,931,790	
Transfers out	-	(1,715,606)	-	(1,715,606)	
Net cash provided (used) by noncapital financing activities	1,071,791	(1,632,294)	1,286,640	726,137	
<b>Cash Flows from Capital and Related Financing Activities</b>					
Intergovernmental revenue	-	142,831	-	142,831	
Capital contributions	-	3,756	47,550	51,306	
Transfers in	-	-	50,000	50,000	
Acquisition of property and equipment	(53,111)	(2,534,392)	(509,415)	(3,096,918)	
Retirement of bonds	-	(475,000)	(598,693)	(1,073,693)	
Retirement of contracts payable	(2,359,050)	(291,580)	(579,231)	(3,229,861)	
Interest and fiscal expense paid on bonds	-	(379,838)	(125,419)	(505,257)	
Interest paid on contracts payable	(264,603)	(50,183)	(380,901)	(695,687)	
Debt issuance costs	-	-	(304)	(304)	
Proceeds from sale of assets	2,232,557	50,089	5,715	2,288,361	
Damage settlements	-	6,268	-	6,268	
Net cash provided (used) by capital and related financing activities	(444,207)	(3,528,049)	(2,090,698)	(6,062,954)	
<b>Cash Flows from Investing Activities</b>					
Investment income (loss)	8,374	107,641	11,024	127,039	
Net increase (decrease) in cash	746,227	(11,020)	(305,372)	429,835	
Cash and cash equivalents/investments July 1	2,396,271	21,905,787	3,544,789	27,846,847	
Cash and cash equivalents/investments June 30	<b>\$3,142,498</b>	<b>\$ 21,894,767</b>	<b>\$ 3,239,417</b>	<b>\$ 28,276,682</b>	

# City of Winston-Salem, North Carolina

## Combining Statement of Cash Flows

Nonmajor Enterprise Funds  
For the Fiscal Year Ended June 30, 2016

Exhibit 38  
Page 2 of 2

	<b>Public Assembly</b> <b>Facilities</b> <b>Management</b>				
	<b>Parking</b>	<b>Stormwater</b>	<b>Management</b>	<b>Total</b>	
<b>Reconciliation of Cash and Cash Equivalents/Investments</b>					
Cash and investments - current	\$3,142,498	\$21,894,767	\$ 3,199,672	\$28,236,937	
Cash and investments - restricted	-	-	39,745	39,745	
Cash and cash equivalents/investments June 30	<b>\$3,142,498</b>	<b>\$21,894,767</b>	<b>\$ 3,239,417</b>	<b>\$28,276,682</b>	
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>					
Operating income (loss)	\$ (338,221)	\$ 4,648,433	\$ (1,256,926)	\$ 3,053,286	
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities					
Depreciation expense	571,567	460,221	1,891,487	2,923,275	
Change in assets, deferred outflows of resources, and liabilities					
(Increase) decrease in receivables	(37,462)	(65,436)	11,471	(91,427)	
(Increase) decrease in prepaid expenses	-	-	(6,544)	(6,544)	
(Increase) decrease in net pension asset	36,228	160,848	60,630	257,706	
(Increase) decrease in deferred outflows of resources - pensions	3,458	(9,939)	1,813	(4,668)	
Increase (decrease) in net pension liability	16,310	161,364	41,275	218,949	
Increase (decrease) in deferred inflows of resources - pensions	(64,711)	(364,220)	(120,386)	(549,317)	
Increase (decrease) in accounts payable	(4,250)	9,921	(145,593)	(139,922)	
Increase (decrease) in accrued payroll	1,524	19,264	4,984	25,772	
Increase (decrease) in unearned revenue	(73,438)	1,528	-	(71,910)	
Increase (decrease) in accrued vacation	(736)	19,698	5,451	24,413	
Total adjustments	<b>448,490</b>	<b>393,249</b>	<b>1,744,588</b>	<b>2,586,327</b>	
<b>Net cash provided (used) by operating activities</b>	<b>\$ 110,269</b>	<b>\$ 5,041,682</b>	<b>\$ 487,662</b>	<b>\$ 5,639,613</b>	

### Noncash Investing, Capital, and Financing Activities

The City entered into leases for new property and equipment and incurred capital lease obligations of \$640,091 and \$320,754 during the years ended June 30, 2016 and 2015, respectively.

Capitalized interest included in asset acquisitions of \$376,093.

The City accrued intergovernmental revenues of \$8,707.

# City of Winston-Salem, North Carolina

## Enterprise Funds

Parking Fund - Schedule of Revenues, Expenditures, and Transfers – Budget (Non-GAAP Basis) and Actual  
For the Fiscal Year Ended June 30, 2016

Exhibit 39

	<u>Budget</u>	<u>Actual</u>	<b>Variance Positive (Negative)</b>
<b>Operating Revenues</b>			
Charges for services	\$ 1,059,000	\$ 1,196,763	\$ 137,763
<b>Operating Expenditures</b>			
Personal services	572,800	438,452	134,348
Maintenance and operations	<u>587,669</u>	<u>533,680</u>	<u>53,989</u>
Total operating expenditures	<u>1,160,469</u>	<u>972,132</u>	<u>188,337</u>
Operating income (loss)	(101,469)	224,631	326,100
<b>Nonoperating Revenues (Expenditures)</b>			
Intergovernmental revenue	426,640	435,348	8,708
Investment income	-	8,374	8,374
Proceeds from sale of assets	917,360	2,232,557	1,315,197
Interest and fiscal charges	(281,920)	(255,552)	26,368
Principal retirement	<u>(2,465,680)</u>	<u>(2,359,050)</u>	<u>106,630</u>
Total nonoperating expenditures, net	<u>(1,403,600)</u>	<u>61,677</u>	<u>1,465,277</u>
Income (loss) before transfers	(1,505,069)	286,308	1,791,377
<b>Transfers In</b>			
General fund	645,150	645,150	-
Change in net position - modified accrual basis	<u>\$ (859,919)</u>	<u>\$ 931,458</u>	<u>\$ 1,791,377</u>
<b>Reconciliation of Modified Accrual Basis to Full Accrual Basis</b>			
Change in Net Position - Modified Accrual Basis		\$ 931,458	
Depreciation		(571,567)	
Amortization of financing costs		(8,085)	
Principal retirement		2,359,050	
Book value of disposed assets		(4,002,853)	
Increase (decrease) in net pension asset		(36,228)	
Increase (decrease) in deferred outflows of resources - pensions		(3,458)	
(Increase) decrease in net pension liability		(16,310)	
(Increase) decrease in deferred inflows of resources - pensions		64,711	
Change in Net Position - Full Accrual Basis		<u>\$ (1,283,282)</u>	

# City of Winston-Salem, North Carolina

## Enterprise Funds

Stormwater Management Fund - Schedule of Revenues, Expenditures,  
and Transfers – Budget (Non-GAAP Basis) and Actual  
For the Fiscal Year Ended June 30, 2016

Exhibit 40

	<b>Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Operating Revenues</b>			
Charges for services	\$ 10,203,000	\$ 10,504,266	\$ 301,266
Other	124,600	211,246	86,646
Total operating revenues	<u>10,327,600</u>	<u>10,715,512</u>	<u>387,912</u>
<b>Operating Expenditures</b>			
Personal services	2,530,840	2,526,122	4,718
Maintenance and operations	3,943,113	3,123,462	819,651
Capital outlay	5,270	-	5,270
Total operating expenditures	<u>6,479,223</u>	<u>5,649,584</u>	<u>829,639</u>
Operating income	3,848,377	5,065,928	1,217,551
<b>Nonoperating Revenues (Expenditures)</b>			
Intergovernmental revenue	129,660	83,312	(46,348)
Investment income	-	107,641	107,641
Proceeds from sale of assets	-	50,089	50,089
Damage settlements	-	6,268	6,268
Interest and fiscal charges	(434,720)	(428,833)	5,887
Principal retirement	(802,980)	(766,580)	36,400
Total nonoperating expenditures, net	<u>(1,108,040)</u>	<u>(948,103)</u>	<u>159,937</u>
Income before capital contributions and transfers	2,740,337	4,117,825	1,377,488
<b>Capital Contributions</b>			
Intergovernmental revenue	-	142,831	142,831
Other	-	3,756	3,756
Total capital contributions	<u>-</u>	<u>146,587</u>	<u>146,587</u>
<b>Transfers Out</b>			
General fund	(1,707,810)	(1,573,111)	134,699
Solid waste fund	(142,500)	(142,495)	5
Total transfers out	<u>(1,850,310)</u>	<u>(1,715,606)</u>	<u>134,704</u>
Change in net position - modified accrual basis	<u><b>\$ 890,027</b></u>	<u><b>\$ 2,548,806</b></u>	<u><b>\$ 1,658,779</b></u>
<b>Reconciliation of Modified Accrual Basis to Full Accrual Basis</b>			
Change in Net Position - Modified Accrual Basis		\$ 2,548,806	
Depreciation		(460,221)	
Amortization of financing costs		38,136	
Principal retirement		766,580	
Book value of disposed assets		(9,221)	
Interest expense, net of investment income, capitalized on construction costs		376,093	
Increase (decrease) in net pension asset		(160,848)	
Increase (decrease) in deferred outflows of resources - pensions		9,939	
(Increase) decrease in net pension liability		(161,364)	
(Increase) decrease in deferred inflows of resources - pensions		364,220	
Change in Net Position - Full Accrual Basis		<u><b>\$ 3,312,120</b></u>	

# City of Winston-Salem, North Carolina

## Enterprise Funds

Public Assembly Facilities Management Fund - Schedule of Revenues, Expenditures,  
and Transfers – Budget (Non-GAAP Basis) and Actual

For the Fiscal Year Ended June 30, 2016

Exhibit 41

	<b>Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Operating Revenues</b>			
Charges for services	\$ 3,716,240	\$ 3,265,888	\$ (450,352)
Other	2,233,070	2,235,085	2,015
Total operating revenues	5,949,310	5,500,973	(448,337)
<b>Operating Expenditures</b>			
Personal services	742,470	797,031	(54,561)
Maintenance and operations	4,408,284	4,086,049	322,235
Capital outlay	5,931	5,800	131
Total operating expenditures	5,156,685	4,888,880	267,805
Operating income (loss)	792,625	612,093	(180,532)
<b>Nonoperating Revenues (Expenditures)</b>			
Investment income (loss)	-	11,024	11,024
Proceeds from sale of assets	-	5,715	5,715
Interest and fiscal charges	(890,000)	(506,383)	383,617
Principal retirement	(1,253,060)	(1,177,924)	75,136
Total nonoperating expenditures, net	(2,143,060)	(1,667,568)	475,492
Income (loss) before capital contributions and transfers	(1,350,435)	(1,055,475)	294,960
<b>Capital Contributions</b>			
Other	-	47,550	47,550
Total capital contributions	-	47,550	47,550
<b>Transfers In</b>			
General fund	1,011,640	1,011,640	-
Occupancy tax fund	325,000	325,000	-
Total transfers in	1,336,640	1,336,640	-
Change in net position - modified accrual basis	<b>\$ (13,795)</b>	<b>\$ 328,715</b>	<b>\$ 342,510</b>
<b>Reconciliation of Modified Accrual Basis to Full Accrual Basis</b>			
Change in Net Position - Modified Accrual Basis	\$ 328,715		
Depreciation	(1,891,487)		
Amortization of financing costs	2,903		
Capital outlay	5,800		
Principal retirement	1,177,924		
Increase (decrease) in net pension asset	(60,630)		
Increase (decrease) in deferred outflows of resources - pensions	(1,813)		
(Increase) decrease in net pension liability	(41,275)		
(Increase) decrease in deferred inflows of resources - pensions	120,386		
Change in Net Position - Full Accrual Basis	<b>\$ (359,477)</b>		

# Internal Service Funds

The **central warehouse fund** accounts for the acquisition and storage of goods and materials required by the operations of other departments, divisions, and agencies.

The **fleet services fund** accounts for the provision of automotive maintenance and repair services to other departments, divisions and agencies.

The **information services fund** accounts for the provision of computer operations and system design and development services to other departments, divisions, and agencies.

The **workers' compensation fund** accounts for the workers' compensation program of the City of Winston-Salem.

The **health benefits fund** accounts for the health benefits of employees of the City of Winston-Salem.

The **dental and flex benefits fund** accounts for the dental and flex benefits of employees of the City of Winston-Salem.

The **employee benefits fund** accounts for various employee benefits for employees of the City of Winston-Salem.

The **Risk Acceptance Management Corporation (RAMCO)**, a separate legal corporation, provides claims administration, and reserve funding for claims of the City of Winston-Salem.

# City of Winston-Salem, North Carolina

## Combining Statement of Net Position

Internal Service Funds  
June 30, 2016

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	<b>Central Warehouse</b>	<b>Fleet Services</b>	<b>Information Services</b>
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents/investments	\$ -	\$ 268,394	\$ 841,922
Accounts receivables, net	217	-	-
Inventories	908,809	406,532	-
Total current assets	909,026	674,926	841,922
<b>Noncurrent Assets</b>			
Capital assets			
Land	801,682	-	-
Construction in progress	-	-	202,455
Other capital assets, net of accumulated depreciation	208,467	2,249,537	2,833,105
Total noncurrent assets	1,010,149	2,249,537	3,035,560
<b>Total assets</b>	<b>1,919,175</b>	<b>2,924,463</b>	<b>3,877,482</b>
<b>Deferred Outflows of Resources</b>			
Pension deferrals	14,098	71,671	185,424
<b>Total deferred outflows of resources</b>	<b>14,098</b>	<b>71,671</b>	<b>185,424</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accounts payable	10,584	273,238	168,897
Accrued payroll	7,483	38,039	97,103
Accrued vacation	8,854	61,887	170,977
Due to other funds	592,750	-	-
Employee taxes and amounts withheld	-	-	-
Unearned revenue	-	-	-
Current maturities			
Claims payable	-	-	-
Contracts payable	-	373,224	558,690
Total current liabilities	619,671	746,388	995,667
<b>Noncurrent Liabilities</b>			
Accrued vacation	4,343	29,152	77,341
Net pension liability	20,396	79,533	172,137
Claims payable	-	-	-
Contracts payable	-	673,744	670,935
Total noncurrent liabilities	24,739	782,429	920,413
<b>Total liabilities</b>	<b>644,410</b>	<b>1,528,817</b>	<b>1,916,080</b>
<b>Deferred Inflows of Resources</b>			
Pension deferrals	2,692	51,380	185,409
<b>Total deferred inflows of resources</b>	<b>2,692</b>	<b>51,380</b>	<b>185,409</b>
<b>Net Position</b>			
Net investment in capital assets	1,010,149	1,202,569	1,805,935
Unrestricted	276,022	213,368	155,482
Total net position	<b>\$ 1,286,171</b>	<b>\$ 1,415,937</b>	<b>\$ 1,961,417</b>

Exhibit 42

<b>Workers' Compensation</b>	<b>Health Benefits</b>	<b>Dental and Flex Benefits</b>	<b>Employee Benefits</b>	<b>Risk Acceptance Management Corporation</b>	<b>Total</b>
\$ 3,051,782	\$ 5,742,053	\$ 493,035	\$ 3,413,455	\$ 34,846,320	\$ 48,656,961
-	-	-	-	-	217
-	-	-	-	-	1,315,341
<b>3,051,782</b>	<b>5,742,053</b>	<b>493,035</b>	<b>3,413,455</b>	<b>34,846,320</b>	<b>49,972,519</b>
-	-	-	-	-	801,682
-	-	-	-	-	202,455
-	-	-	2,072	-	5,293,181
-	-	-	2,072	-	6,297,318
<b>3,051,782</b>	<b>5,742,053</b>	<b>493,035</b>	<b>3,415,527</b>	<b>34,846,320</b>	<b>56,269,837</b>
13,545	6,614	-	-	-	291,352
<b>13,545</b>	<b>6,614</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>291,352</b>
269	108,197	33,471	1,028,733	1,969	1,625,358
4,906	3,164	-	-	-	150,695
4,807	2,506	-	-	-	249,031
-	-	-	-	-	592,750
-	-	-	(568)	-	(568)
-	392,163	51,590	-	-	443,753
889,628	2,945,935	155,718	752,067	-	4,743,348
899,610	3,451,965	240,779	1,780,232	1,969	8,736,281
4,386	3,978	-	-	-	119,200
4,504	5,615	-	-	-	282,185
2,308,182	-	-	-	1,716,578	4,024,760
<b>2,317,072</b>	<b>9,593</b>	<b>-</b>	<b>-</b>	<b>1,716,578</b>	<b>5,770,824</b>
<b>3,216,682</b>	<b>3,461,558</b>	<b>240,779</b>	<b>1,780,232</b>	<b>1,718,547</b>	<b>14,507,105</b>
26,139	7,432	-	-	-	273,052
<b>26,139</b>	<b>7,432</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>273,052</b>
-	-	-	2,072	-	4,020,725
(177,494)	2,279,677	252,256	1,633,223	33,127,773	37,760,307
<b>\$ (177,494)</b>	<b>\$ 2,279,677</b>	<b>\$ 252,256</b>	<b>\$ 1,635,295</b>	<b>\$ 33,127,773</b>	<b>\$ 41,781,032</b>

**City of Winston-Salem, North Carolina**  
**Combining Statement of Revenues, Expenses, and Changes in Net Position**

Internal Service Funds  
For the Fiscal Year Ended June 30, 2016

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	<b>Central Warehouse</b>	<b>Fleet Services</b>	<b>Information Services</b>
<b>Operating Revenues</b>			
Charges for services	\$ 291,169	\$ 8,024,877	\$ 8,051,131
Other	150	-	-
Total operating revenues	291,319	8,024,877	8,051,131
<b>Operating Expenses</b>			
Personal services	291,135	1,479,954	3,840,627
Maintenance and operations	49,230	5,869,284	3,509,024
Total operating expenses before depreciation	340,365	7,349,238	7,349,651
Depreciation	13,790	403,892	485,483
Total operating expenses	354,155	7,753,130	7,835,134
Operating income (loss)	(62,836)	271,747	215,997
<b>Nonoperating Revenues (Expenses)</b>			
Investment income (loss)	-	-	-
Gain (loss) on disposal of assets	-	58,693	-
Interest and fiscal expense	(123)	(68,703)	(84,997)
Total nonoperating revenues (expenses), net	(123)	(10,010)	(84,997)
Income (loss) before transfers	(62,959)	261,737	131,000
<b>Transfers In</b>			
<b>Transfers Out</b>			
Total transfers	-	-	497,040
Change in net position	-	-	497,040
Total net position - beginning	(62,959)	261,737	628,040
Total net position - ending	\$ 1,286,171	\$ 1,415,937	\$ 1,961,417

Exhibit 43

<b>Workers' Compensation</b>	<b>Health Benefits</b>	<b>Dental and Flex Benefits</b>	<b>Employee Benefits</b>	<b>Risk Acceptance Management Corporation</b>	<b>Total</b>
\$ 2,556,388 97,639	\$ 19,060,222 276,521	\$ 2,237,837 -	\$ 21,839,732 7,500	\$ 1,166,490 -	\$ 63,227,846 381,810
2,654,027	19,336,743	2,237,837	21,847,232	1,166,490	63,609,656
326,473 3,365,873	136,471 19,398,663	- 2,062,224	- 21,506,342	- 2,326,714	6,074,660 58,087,354
3,692,346	19,535,134	2,062,224	21,506,342	2,326,714	64,162,014
-	-	-	1,275	-	904,440
3,692,346	19,535,134	2,062,224	21,507,617	2,326,714	65,066,454
(1,038,319)	(198,391)	175,613	339,615	(1,160,224)	(1,456,798)
67,357	86,862	1,282	59,303	(582,478)	(367,674)
-	-	-	-	-	58,693
-	-	-	-	-	(153,823)
67,357	86,862	1,282	59,303	(582,478)	(462,804)
(970,962)	(111,529)	176,895	398,918	(1,742,702)	(1,919,602)
-	-	-	-	-	497,040
(157,860)	-	-	-	-	(157,860)
(157,860)	-	-	-	-	339,180
(1,128,822)	(111,529)	176,895	398,918	(1,742,702)	(1,580,422)
951,328	2,391,206	75,361	1,236,377	34,870,475	43,361,454
<b>\$ (177,494)</b>	<b>\$ 2,279,677</b>	<b>\$ 252,256</b>	<b>\$ 1,635,295</b>	<b>\$ 33,127,773</b>	<b>\$ 41,781,032</b>

# City of Winston-Salem, North Carolina

## Combining Statement of Cash Flows

Internal Service Funds  
For the Fiscal Year Ended June 30, 2016

---

	<b>Central Warehouse</b>	<b>Fleet Services</b>	<b>Information Services</b>
<b>Cash Flows from Operating Activities</b>			
Cash received from sales	\$ 291,112	\$ 8,024,877	\$ 8,051,131
Cash payments for suppliers for goods and services	(18,197)	(6,020,695)	(3,403,415)
Cash payments to employees for services	(293,976)	(1,488,339)	(3,888,137)
Net cash provided (used) by operating activities	<u>(21,061)</u>	<u>515,843</u>	<u>759,579</u>
<b>Cash Flows from Noncapital Financing Activities</b>			
Borrowings from other funds	25,298	-	-
Transfers out	-	-	-
Net cash provided (used) by noncapital financing activities	<u>25,298</u>	<u>-</u>	<u>-</u>
<b>Cash Flows from Capital and Related Financing Activities</b>			
Transfers in	-	-	497,040
Acquisition of property and equipment	-	(5,440)	(908,812)
Retirement of contracts payable	(4,114)	(373,224)	(582,989)
Interest paid on contracts payable	(123)	(68,703)	(84,997)
Proceeds from sale of assets	<u>-</u>	<u>58,693</u>	<u>-</u>
Net cash provided (used) by capital and related financing activities	<u>(4,237)</u>	<u>(388,674)</u>	<u>(1,079,758)</u>
<b>Cash Flows from Investing Activities</b>			
Investment income (loss)	<u>-</u>	<u>-</u>	<u>-</u>
Net increase (decrease) in cash	-	127,169	(320,179)
Cash and cash equivalents/investments July 1	<u>-</u>	<u>141,225</u>	<u>1,162,101</u>
Cash and cash equivalents/investments June 30	<u>\$ -</u>	<u>\$ 268,394</u>	<u>\$ 841,922</u>

<b>Workers' Compensation</b>	<b>Health Benefits</b>	<b>Dental and Flex Benefits</b>	<b>Employee Benefits</b>	<b>Risk Acceptance Management Corporation</b>	<b>Total</b>
\$ 2,654,027 (2,064,796) (335,327)	\$ 19,327,033 (20,305,223) (136,536)	\$ 2,265,393 (2,060,258) -	\$ 21,847,232 (21,289,542) (5,041)	\$ 1,166,490 (925,189) -	\$ 63,627,295 (56,087,315) (6,147,356)
253,904	(1,114,726)	205,135	552,649	241,301	1,392,624
- (157,860)	- -	- -	- -	- -	25,298 (157,860)
(157,860)	-	-	-	-	(132,562)
- - - - - -	- - - - - -	- - - - - -	- - - - - -	- - - - - -	497,040 (914,252) (960,327) (153,823) 58,693 (1,472,669)
67,357	86,862	1,282	59,303	(582,478)	(367,674)
163,401	(1,027,864)	206,417	611,952	(341,177)	(580,281)
2,888,381	6,769,917	286,618	2,801,503	35,187,497	49,237,242
<b>\$ 3,051,782</b>	<b>\$ 5,742,053</b>	<b>\$ 493,035</b>	<b>\$ 3,413,455</b>	<b>\$ 34,846,320</b>	<b>\$ 48,656,961</b>

# City of Winston-Salem, North Carolina

## Combining Statement of Cash Flows

Internal Service Funds

For the Fiscal Year Ended June 30, 2016

---

	<b>Central Warehouse</b>	<b>Fleet Services</b>	<b>Information Services</b>
<b>Reconciliation of Cash and Cash Equivalents/Investments</b>			
Cash and investments - current	\$ -	\$ 268,394	\$ 841,922
Cash and cash equivalents/investments June 30	<b>\$ -</b>	<b>\$ 268,394</b>	<b>\$ 841,922</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>			
Operating income (loss)	\$ (62,836)	\$ 271,747	\$ 215,997
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities	13,790	403,892	485,483
Depreciation expense	(207)	-	-
Change in assets, deferred outflows of resources, and liabilities			
(Increase) decrease in receivables	33,113	(33,999)	-
(Increase) decrease in inventories	18,066	106,788	297,082
(Increase) decrease in net pension asset	(1,762)	1,249	17,439
(Increase) decrease in deferred outflows of resources - pensions	20,396	79,533	172,137
Increase (decrease) in net pension liability	(42,872)	(217,946)	(563,849)
Increase (decrease) in deferred inflows of resources - pensions	(2,080)	(117,412)	(25,506)
Increase (decrease) in accounts payable	1,567	10,848	18,647
Increase (decrease) in accrued payroll	-	-	-
Increase (decrease) in employee taxes and deductions	-	-	-
Increase (decrease) in unearned revenue	-	-	-
Increase (decrease) in accrued vacation	1,764	11,143	11,034
Increase (decrease) in claims payable	-	-	-
Increase (decrease) in contracts payable	-	-	131,115
Total adjustments	<b>41,775</b>	<b>244,096</b>	<b>543,582</b>
Net cash provided (used) by operating activities	<b>\$ (21,061)</b>	<b>\$ 515,843</b>	<b>\$ 759,579</b>

### **Noncash Investing, Capital, and Financing Activities**

The City entered into leases for new property and equipment and incurred capital lease obligations of \$1,194,693 and \$965,985 during the years ended June 30, 2016, and 2015, respectively.

<b>Workers' Compensation</b>	<b>Health Benefits</b>	<b>Dental and Flex Benefits</b>	<b>Employee Benefits</b>	<b>Risk Acceptance Management Corporation</b>	<b>Total</b>
\$ 3,051,782	\$ 5,742,053	\$ 493,035	\$ 3,413,455	\$ 34,846,320	\$ 48,656,961
<b>\$ 3,051,782</b>	<b>\$ 5,742,053</b>	<b>\$ 493,035</b>	<b>\$ 3,413,455</b>	<b>\$ 34,846,320</b>	<b>\$ 48,656,961</b>
\$ (1,038,319)	\$ (198,391)	\$ 175,613	\$ 339,615	\$ (1,160,224)	\$ (1,456,798)
-	-	-	1,275	-	904,440
-	-	-	-	-	(207)
-	-	-	-	-	(886)
26,695	10,921	-	-	-	459,552
4,683	843	-	-	-	22,452
4,504	5,615	-	-	-	282,185
(41,186)	(20,111)	-	-	-	(885,964)
(18,571)	(332,531)	(2,514)	(49,185)	(15,617)	(563,416)
(686)	992	-	-	-	31,368
-	-	-	(5,041)	-	(5,041)
-	(9,710)	27,556	-	-	17,846
(2,864)	1,675	-	-	-	22,752
1,319,648	(574,029)	4,480	265,985	1,417,142	2,433,226
-	-	-	-	-	131,115
<b>1,292,223</b>	<b>(916,335)</b>	<b>29,522</b>	<b>213,034</b>	<b>1,401,525</b>	<b>2,849,422</b>
<b>\$ 253,904</b>	<b>\$ (1,114,726)</b>	<b>\$ 205,135</b>	<b>\$ 552,649</b>	<b>\$ 241,301</b>	<b>\$ 1,392,624</b>

# City of Winston-Salem, North Carolina

## Internal Service Funds

Central Warehouse Fund – Schedule of Revenues, Expenditures  
and Transfers – Budget (Non-GAAP Basis) and Actual  
For the Fiscal Year Ended June 30, 2016

Exhibit 45

	<b>Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Operating Revenues</b>			
Charges for services	\$ 350,790	\$ 291,169	\$ (59,621)
Other	-	150	150
Total operating revenues	350,790	291,319	(59,471)
<b>Operating Expenditures</b>			
Personal services	250,230	297,307	(47,077)
Maintenance and operations	96,310	49,230	47,080
Total operating expenditures	346,540	346,537	3
Operating income (loss)	4,250	(55,218)	(59,468)
<b>Nonoperating Revenues (Expenditures)</b>			
Interest and fiscal charges	(130)	(123)	7
Principal retirement	(4,120)	(4,114)	6
Total nonoperating expenditures, net	(4,250)	(4,237)	13
Change in net position - modified accrual basis	<u>\$ -</u>	<u>\$ (59,455)</u>	<u>\$ (59,455)</u>
<b>Reconciliation of Modified Accrual Basis to Full Accrual Basis</b>			
Change in Net Position - Modified Accrual Basis	\$ (59,455)		
Depreciation	(13,790)		
Principal retirement	4,114		
Increase (decrease) in net pension asset	(18,066)		
Increase (decrease) in deferred outflows of resources - pensions	1,762		
(Increase) decrease in net pension liability	(20,396)		
(Increase) decrease in deferred inflows of resources - pensions	42,872		
Change in Net Position - Full Accrual Basis	<u>\$ (62,959)</u>		

# City of Winston-Salem, North Carolina

## Internal Service Funds

Fleet Services Fund – Schedule of Revenues, Expenditures  
and Transfers – Budget (Non-GAAP Basis) and Actual  
For the Fiscal Year Ended June 30, 2016

Exhibit 46

	<b>Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Operating Revenues</b>			
Charges for services	\$ 9,854,160	\$ 8,024,877	\$ (1,829,283)
Total operating revenues	9,854,160	8,024,877	(1,829,283)
<b>Operating Expenditures</b>			
Personal services	1,583,910	1,510,330	73,580
Maintenance and operations	8,035,882	5,869,284	2,166,598
Capital Outlay	15,000	5,440	9,560
Total operating expenditures	<u>9,634,792</u>	<u>7,385,054</u>	<u>2,249,738</u>
Operating income (loss)	219,368	639,823	420,455
<b>Nonoperating Revenues (Expenditures)</b>			
Proceeds from sale of assets	-	58,693	58,693
Interest and fiscal charges	(74,030)	(68,703)	5,327
Principal retirement	<u>(387,140)</u>	<u>(373,224)</u>	<u>13,916</u>
Total nonoperating expenditures, net	<u>(461,170)</u>	<u>(383,234)</u>	<u>77,936</u>
Change in net position - modified accrual basis	<u><b>\$ (241,802)</b></u>	<u><b>\$ 256,589</b></u>	<u><b>\$ 498,391</b></u>
<b>Reconciliation of Modified Accrual Basis to Full Accrual Basis</b>			
Change in Net Position - Modified Accrual Basis	\$ 256,589		
Depreciation	(403,892)		
Capital outlay	5,440		
Principal retirement	373,224		
Increase (decrease) in net pension asset	(106,788)		
Increase (decrease) in deferred outflows of resources - pensions	(1,249)		
(Increase) decrease in net pension liability	(79,533)		
(Increase) decrease in deferred inflows of resources - pensions	<u>217,946</u>		
Change in Net Position - Full Accrual Basis	<u><b>\$ 261,737</b></u>		

# City of Winston-Salem, North Carolina

## Internal Service Funds

Information Services Fund– Schedule of Revenues, Expenditures  
and Transfers – Budget (Non-GAAP Basis) and Actual  
For the Fiscal Year Ended June 30, 2016

Exhibit 47

	<b>Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Operating Revenues</b>			
Charges for services	\$ 8,912,260	\$ 8,051,131	\$ (861,129)
Total operating revenues	8,912,260	8,051,131	(861,129)
<b>Operating Expenditures</b>			
Personal services	4,054,540	3,917,818	136,722
Maintenance and operations	4,701,720	3,377,909	1,323,811
Total operating expenditures	8,756,260	7,295,727	1,460,533
Operating income (loss)	156,000	755,404	599,404
<b>Nonoperating Revenues (Expenditures)</b>			
Interest and fiscal charges	(124,290)	(84,997)	39,293
Principal retirement	(770,430)	(582,989)	187,441
Total nonoperating expenditures, net	(894,720)	(667,986)	226,734
Income (loss) before transfers	(738,720)	87,418	826,138
<b>Transfers In</b>			
General fund	386,560	386,560	-
Capital projects fund	40,900	40,900	-
Water and sewer utility fund	61,850	61,850	-
Solid waste fund	7,730	7,730	-
Total transfers in	497,040	497,040	-
Change in net position - modified accrual basis	<b>\$ (241,680)</b>	<b>\$ 584,458</b>	<b>\$ 826,138</b>
<b>Reconciliation of Modified Accrual Basis to Full Accrual Basis</b>			
Change in Net Position - Modified Accrual Basis	\$ 584,458		
Depreciation	(485,483)		
Principal retirement	582,989		
Increase in contracts payable	(131,115)		
Increase (decrease) in net pension asset	(297,082)		
Increase (decrease) in deferred outflows of resources - pensions	(17,439)		
(Increase) decrease in net pension liability	(172,137)		
(Increase) decrease in deferred inflows of resources - pensions	563,849		
Change in Net Position - Full Accrual Basis	<b>\$ 628,040</b>		

# City of Winston-Salem, North Carolina

## Internal Service Funds

Workers' Compensation Fund – Schedule of Revenues, Expenditures  
and Transfers – Budget (Non-GAAP Basis) and Actual  
For the Fiscal Year Ended June 30, 2016

Exhibit 48

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Operating Revenues</b>			
Charges for services	\$ 2,395,550	\$ 2,556,388	\$ 160,838
Other	<u>127,370</u>	<u>97,639</u>	<u>(29,731)</u>
Total operating revenues	2,522,920	2,654,027	131,107
<b>Operating Expenditures</b>			
Personal services	500,100	331,777	168,323
Maintenance and operations	<u>1,864,960</u>	<u>3,365,873</u>	<u>(1,500,913)</u>
Total operating expenditures	2,365,060	3,697,650	(1,332,590)
Operating income (loss)	157,860	(1,043,623)	(1,201,483)
<b>Nonoperating Revenues (Expenditures)</b>			
Investment income	-	67,357	67,357
Total nonoperating revenues, net	-	67,357	67,357
<b>Transfers Out</b>			
General fund	(157,860)	(157,860)	-
Total transfers out	<u>(157,860)</u>	<u>(157,860)</u>	<u>-</u>
Change in net position - modified accrual basis	<u>\$ -</u>	<u>\$ (1,134,126)</u>	<u>\$ (1,134,126)</u>
<b>Reconciliation of Modified Accrual Basis to Full Accrual Basis</b>			
Change in Net Position - Modified Accrual Basis		\$ (1,134,126)	
Increase (decrease) in net pension asset		(26,695)	
Increase (decrease) in deferred outflows of resources - pensions		(4,683)	
(Increase) decrease in net pension liability		(4,504)	
(Increase) decrease in deferred inflows of resources - pensions		41,186	
Change in Net Position - Full Accrual Basis		<u>\$ (1,128,822)</u>	

# City of Winston-Salem, North Carolina

## Internal Service Funds

Health Benefits Fund – Schedule of Revenues, Expenditures  
and Transfers – Budget (Non-GAAP Basis) and Actual  
For the Fiscal Year Ended June 30, 2016

Exhibit 49

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Operating Revenues</b>			
Charges for services	\$ 20,733,380	\$ 19,060,222	\$ (1,673,158)
Other	432,350	276,521	(155,829)
Total operating revenues	<u>21,165,730</u>	<u>19,336,743</u>	<u>(1,828,987)</u>
<b>Operating Expenditures</b>			
Personal services	172,520	139,203	33,317
Maintenance and operations	21,002,207	19,398,663	1,603,544
Total operating expenditures	<u>21,174,727</u>	<u>19,537,866</u>	<u>1,636,861</u>
Operating income (loss)	(8,997)	(201,123)	(192,126)
<b>Nonoperating Revenues (Expenditures)</b>			
Investment income	-	86,862	86,862
Total nonoperating revenues, net	<u>-</u>	<u>86,862</u>	<u>86,862</u>
Change in net position - modified accrual basis	<u><b>\$ (8,997)</b></u>	<u><b>\$ (114,261)</b></u>	<u><b>\$ (105,264)</b></u>
<b>Reconciliation of Modified Accrual Basis to Full Accrual Basis</b>			
Change in Net Position - Modified Accrual Basis		\$ (114,261)	
Increase (decrease) in net pension asset		(10,921)	
Increase (decrease) in deferred outflows of resources - pensions		(843)	
(Increase) decrease in net pension liability		(5,615)	
(Increase) decrease in deferred inflows of resources - pensions		20,111	
Change in Net Position - Full Accrual Basis		<u><b>\$ (111,529)</b></u>	

# City of Winston-Salem, North Carolina

## Internal Service Funds

Dental and Flex Benefits Fund – Schedule of Revenues, Expenditures  
and Transfers – Budget (Non-GAAP Basis) and Actual  
For the Fiscal Year Ended June 30, 2016

Exhibit 50

	<b>Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Operating Revenues</b>			
Charges for services	\$ 2,149,410	\$ 2,237,837	\$ 88,427
Total operating revenues	2,149,410	2,237,837	88,427
<b>Operating Expenditures</b>			
Maintenance and operations	2,149,410	2,062,224	87,186
Total operating expenditures	2,149,410	2,062,224	87,186
Operating income (loss)	-	175,613	175,613
<b>Nonoperating Revenues (Expenditures)</b>			
Investment income	-	1,282	1,282
Total nonoperating revenues, net	-	1,282	1,282
Change in net position - modified accrual basis	<b>\$ -</b>	<b>\$ 176,895</b>	<b>\$ 176,895</b>
<b>Reconciliation of Modified Accrual Basis to Full Accrual Basis</b>			
Change in Net Position - Modified Accrual Basis		<b>\$ 176,895</b>	
Change in Net Position - Full Accrual Basis		<b>\$ 176,895</b>	

# City of Winston-Salem, North Carolina

## Internal Service Funds

Employee Benefits Fund – Schedule of Revenues, Expenditures  
and Transfers – Budget (Non-GAAP Basis) and Actual  
For the Fiscal Year Ended June 30, 2016

Exhibit 51

	<b>Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Operating Revenues</b>			
Charges for services	\$ 21,651,800	\$ 21,839,732	\$ 187,932
Other	-	7,500	7,500
Total operating revenues	<u>21,651,800</u>	<u>21,847,232</u>	<u>195,432</u>
<b>Operating Expenditures</b>			
Maintenance and operations	22,153,963	21,506,342	647,621
Total operating expenditures	<u>22,153,963</u>	<u>21,506,342</u>	<u>647,621</u>
Operating income (loss)	(502,163)	340,890	843,053
<b>Nonoperating Revenues (Expenditures)</b>			
Investment income	-	59,303	59,303
Total nonoperating revenues, net	-	59,303	59,303
Change in net position - modified accrual basis	<u>\$ (502,163)</u>	<u>\$ 400,193</u>	<u>\$ 902,356</u>
<b>Reconciliation of Modified Accrual Basis to Full Accrual Basis</b>			
Change in Net Position - Modified Accrual Basis		\$ 400,193	
Depreciation		(1,275)	
Change in Net Position - Full Accrual Basis		<u>\$ 398,918</u>	

# **Fiduciary Funds**

# City of Winston-Salem, North Carolina

## Combining Statement of Fiduciary Net Position

Fiduciary Funds

June 30, 2016

Exhibit 52

	<b>Pension Trust Funds</b>	<b>Separation Allowance Trust Funds</b>	<b>Post-employment Benefits Trust Funds</b>	<b>Totals</b>
<b>Assets</b>				
Cash and cash equivalents/investments	<u>\$ 133,517,351</u>	<u>\$ 8,817,023</u>	<u>\$ 56,317,639</u>	<u>\$ 198,652,013</u>
<b>Total assets</b>	<u>133,517,351</u>	<u>8,817,023</u>	<u>56,317,639</u>	<u>198,652,013</u>
<b>Deferred Outflows of Resources</b>				
Pension deferrals	-	-	5,564	5,564
<b>Total deferred outflows of resources</b>	<u>-</u>	<u>-</u>	<u>5,564</u>	<u>5,564</u>
<b>Liabilities</b>				
Accounts payable	15,769	-	1,210	16,979
Accrued payroll	-	-	2,913	2,913
Accrued vacation	-	-	7,644	7,644
Accrued interest payable	108,403	-	-	108,403
Unearned revenue	-	-	161,607	161,607
Net pension liability	-	-	5,574	5,574
Claims payable	-	-	1,252,701	1,252,701
Contracts payable	28,120,000	-	-	28,120,000
<b>Total liabilities</b>	<u>28,244,172</u>	<u>-</u>	<u>1,431,649</u>	<u>29,675,821</u>
<b>Deferred Inflows of Resources</b>				
Pension deferrals	-	-	4,924	4,924
<b>Total deferred inflows of resources</b>	<u>-</u>	<u>-</u>	<u>4,924</u>	<u>4,924</u>
<b>Net Position</b>				
Held in trust for pension benefits and other purposes	<u><b>\$105,273,179</b></u>	<u><b>\$ 8,817,023</b></u>	<u><b>\$ 54,886,630</b></u>	<u><b>\$168,976,832</b></u>

# City of Winston-Salem, North Carolina

## Combining Statement of Changes in Fiduciary Net Position

Fiduciary Funds

For the Fiscal Year Ended June 30, 2016

Exhibit 53

	<b>Pension Trust Fund</b>	<b>Separation Allowance Trust Fund</b>	<b>Post-employment Benefits Trust Fund</b>	<b>Totals</b>
<b>Additions</b>				
Contributions				
Employer	\$ 6,100,000	\$ 1,205,933	\$ 6,634,072	\$ 13,940,005
Plan members	1,484,341	-	1,869,029	3,353,370
Other	-	-	35,123	35,123
Total contributions	7,584,341	1,205,933	8,538,224	17,328,498
Investment income (loss)				
Net depreciation in fair value	(1,606,667)	(104,927)	(607,359)	(2,318,953)
Interest and dividends	2,859,621	187,415	1,171,271	4,218,307
Total investment income (loss)	1,252,954	82,488	563,912	1,899,354
Less investment expense	510,420	33,664	206,922	751,006
Net investment income (loss)	742,534	48,824	356,990	1,148,348
Total additions	8,326,875	1,254,757	8,895,214	18,476,846
<b>Deductions</b>				
Benefits	9,758,326	1,596,792	9,111,351	20,466,469
Refund of contributions	210,058	-	-	210,058
Administrative expense	95,299	13,513	127,853	236,665
Interest and fiscal expense	1,331,787	-	-	1,331,787
Total deductions	11,395,470	1,610,305	9,239,204	22,244,979
Net increase (decrease) in net position	(3,068,595)	(355,548)	(343,990)	(3,768,133)
Total net position - beginning	108,341,774	9,172,571	55,230,620	172,744,965
<b>Total net position - ending</b>	<b>\$105,273,179</b>	<b>\$ 8,817,023</b>	<b>\$ 54,886,630</b>	<b>\$ 168,976,832</b>



# **Schedule of General Obligation Bonded Debt**

# City of Winston-Salem, North Carolina

## Schedule of General Obligation Bonded Debt

June 30, 2016

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<b>Purpose of Bond Issue</b>	<b>Date of Issue</b>	<b>Final Maturity Date</b>	<b>Interest Rate</b>	<b>Original Issue</b>	<b>Retired To Date</b>
<b>General Obligation Bonded Debt</b>					
Development, recreation, safety & streets	06/29/06	06/01/28	4.00 - 5.00%	\$ 19,925,000	\$ 4,725,000
Recreation, safety & streets	06/26/08	06/01/28	3.50 - 5.00%	5,105,000	1,200,000
Refunding	05/28/09	06/01/21	3.50 - 4.50%	8,435,000	4,495,000
Recreation, safety & streets	02/02/10	06/01/32	3.10 - 6.10%	4,785,000	715,000
Refunding	02/03/10	06/01/24	2.25 - 5.00%	24,750,000	5,645,000
Housing	06/29/10	06/01/16	2.93 - 3.16%	1,800,000	1,575,000
Development & streets	06/29/10	06/01/32	3.16 - 5.65%	8,700,000	-
Recreation, safety & streets	06/20/12	06/01/32	2.00 - 3.00%	2,955,000	450,000
Refunding	06/21/12	06/01/26	2.00 - 5.00%	14,255,000	1,095,000
Recreation, safety & streets	06/26/14	06/01/31	2.00 - 4.00%	3,945,000	200,000
Public Improvement, recreation & streets	04/05/16	06/01/36	2.00 - 3.00%	-	-
Development, recreation, safety & streets	04/06/16	06/01/36	3.00 - 5.00%	-	-
Development and housing	04/06/16	06/01/20	1.25 - 2.00%	-	-
Refunding	04/06/16	06/01/28	3.00 - 5.00%	-	-
Total General Obligation Bonded Debt				<b>\$ 94,655,000</b>	<b>\$ 20,100,000</b>

Exhibit 54

Principal Balance <u>June 30, 2015</u>	Fiscal Year 2015-16		Principal Balance <u>June 30, 2016</u>	Debt Service Requirement Fiscal Year 2016-17			Principal Balance <u>June 30, 2017</u>
	Retirements	Additions		Principal	Interest	Total	
\$15,200,000	\$14,315,000	\$ -	\$ 885,000	\$ 885,000	\$ 42,400	\$ 927,400	\$ -
3,905,000	200,000	-	3,705,000	200,000	154,775	354,775	3,505,000
3,940,000	970,000	-	2,970,000	950,000	124,150	1,074,150	2,020,000
4,070,000	240,000	-	3,830,000	240,000	200,683	440,683	3,590,000
19,105,000	1,810,000	-	17,295,000	1,865,000	746,025	2,611,025	15,430,000
225,000	225,000	-	-	-	-	-	-
8,700,000	300,000	-	8,400,000	525,000	412,807	937,807	7,875,000
2,505,000	150,000	-	2,355,000	150,000	58,881	208,881	2,205,000
13,160,000	1,030,000	-	12,130,000	1,045,000	489,600	1,534,600	11,085,000
3,745,000	200,000	-	3,545,000	200,000	128,781	328,781	3,345,000
-	-	3,810,000	3,810,000	130,000	104,250	234,250	3,680,000
-	-	47,820,000	47,820,000	-	1,841,500	1,841,500	47,820,000
-	-	6,845,000	6,845,000	1,750,000	115,788	1,865,788	5,095,000
-	-	12,655,000	12,655,000	-	432,150	432,150	12,655,000
<b>\$74,555,000</b>	<b>\$19,440,000</b>	<b>\$71,130,000</b>	<b>\$126,245,000</b>	<b>\$7,940,000</b>	<b>\$4,851,790</b>	<b>\$12,791,790</b>	<b>\$118,305,000</b>



# Statistical Section

<u>Contents</u>	<u>Page</u>
<b>Financial Trends</b> These schedules contain information to help the reader understand how the City's financial performance and well-being have changed over time.	178
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property taxes.	194
<b>Debt Capacity</b> These schedules present information to help the reader assess the affordability of the City's current level of outstanding debt and the City's ability to issue additional debt in the future.	200
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.	210
<b>Operating Information</b> These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.	212

**Sources:** *Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.*

# City of Winston-Salem, North Carolina

## Net Position by Component

Last Ten Fiscal Years

(accrual basis of accounting)

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	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
<b>Governmental activities</b>				
Net investment in capital assets	\$ 153,711,370	\$ 131,696,233	\$ 146,689,379	\$ 141,199,241
Restricted	120,600,038	76,643,528	51,508,979	54,487,652
Unrestricted	31,498,836	85,333,859	118,607,260	105,678,364
Total governmental activities net position	<u>305,810,244</u>	<u>293,673,620</u>	<u>316,805,618</u>	<u>301,365,257</u>
<b>Business-type activities</b>				
Net investment in capital assets	473,054,885	419,642,228	425,441,820	424,958,508
Restricted	-	-	-	-
Unrestricted	163,448,423	185,351,836	158,045,211	139,592,846
Total business-type activities net position	<u>636,503,308</u>	<u>604,994,064</u>	<u>583,487,031</u>	<u>564,551,354</u>
<b>Primary government</b>				
Net investment in capital assets	626,766,255	551,338,461	572,131,199	566,157,749
Restricted	120,600,038	76,643,528	51,508,979	54,487,652
Unrestricted	194,947,259	270,685,695	276,652,471	245,271,210
Total primary government net position	<u>\$ 942,313,552</u>	<u>\$ 898,667,684</u>	<u>\$ 900,292,649</u>	<u>\$ 865,916,611</u>

Table 1

<b>Fiscal Year</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
\$ 119,794,900	\$ 112,229,194	\$ 70,878,714	\$ 72,161,971	\$ 69,927,450	\$ 94,325,485	
67,129,762	49,612,189	125,190,663	105,663,336	103,397,364	90,595,951	
114,210,724	143,127,685	103,426,327	98,651,228	87,656,647	77,973,898	
<u>301,135,386</u>	<u>304,969,068</u>	<u>299,495,704</u>	<u>276,476,535</u>	<u>260,981,461</u>	<u>262,895,334</u>	
426,345,420	421,120,171	412,640,793	364,360,717	349,377,455	339,437,951	
-	-	-	-	104,079,943	99,438,524	
118,457,910	120,888,204	103,352,017	116,165,113	39,202,768	46,819,964	
<u>544,803,330</u>	<u>542,008,375</u>	<u>515,992,810</u>	<u>480,525,830</u>	<u>492,660,166</u>	<u>485,696,439</u>	
546,140,320	533,349,365	483,519,507	436,522,688	419,304,905	433,763,436	
67,129,762	49,612,189	125,190,663	105,663,336	207,477,307	190,034,475	
232,668,634	264,015,889	206,778,344	214,816,341	126,859,415	124,793,862	
<u>\$ 845,938,716</u>	<u>\$ 846,977,443</u>	<u>\$ 815,488,514</u>	<u>\$ 757,002,365</u>	<u>\$ 753,641,627</u>	<u>\$ 748,591,773</u>	

# City of Winston-Salem, North Carolina

## Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
<b>Expenses</b>				
Governmental activities:				
General government <sup>(2)</sup>	\$ 30,553,493	\$ 28,112,510	\$ 30,214,307	\$ 29,878,464
Public protection	100,928,955	91,609,111	91,570,853	89,546,660
Environmental health	17,002,328	16,270,988	17,082,112	16,392,374
Transportation <sup>(3)</sup>	20,025,048	21,006,107	19,891,162	19,590,102
Culture and recreation	11,751,922	10,835,392	18,849,037	11,032,000
Community and economic development	21,981,252	19,105,095	20,425,689	26,710,224
Human resources	-	-	-	1,272,381
Interest and fiscal charges	7,937,451	9,807,798	9,357,090	8,859,221
Total governmental activities	<u>210,180,449</u>	<u>196,747,001</u>	<u>207,390,250</u>	<u>203,281,426</u>
Business-type activities:				
Water and sewer utility	82,994,364	81,924,268	81,004,734	82,284,238
Solid waste disposal	10,717,746	10,288,446	10,460,084	9,838,309
Cemeteries <sup>(2)</sup>	-	-	531,689	541,624
Stormwater management	6,081,683	5,541,532	5,235,017	5,111,976
Parking	3,568,917	1,863,836	1,989,466	2,966,592
Transit Authority <sup>(3)</sup>	17,142,451	16,222,267	15,708,892	15,111,260
Public assembly facilities management <sup>(1)</sup>	7,261,379	7,405,950	13,426,524	8,651,527
Fairgrounds <sup>(1)</sup>	-	-	-	2,153,200
Risk Acceptance Management Corporation	2,326,714	4,350,212	2,899,891	2,918,970
Total business-type activities	<u>130,093,254</u>	<u>127,596,511</u>	<u>131,256,297</u>	<u>129,577,696</u>
Total primary government expenses	<u><u>\$ 340,273,703</u></u>	<u><u>\$ 324,343,512</u></u>	<u><u>\$ 338,646,547</u></u>	<u><u>\$ 332,859,122</u></u>

**Note:**

(1) The City began reporting the Fairgrounds fund under Public Assembly Facilities fund in fiscal year 2014.

(2) The City began reporting the Cemeteries fund as a general fund in fiscal year 2015. Prior to that, the operations were included as part of the City's enterprise fund.

(3) The City began reporting the Mass Transit Tax fund as an enterprise fund in fiscal year 2015. Prior to that, the operations were included as part of the City's special revenue fund.

Table 2  
Page 1 of 2

<b>Fiscal Year</b>					
<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
\$ 30,826,362	\$ 25,863,974	\$ 31,112,684	\$ 31,861,386	\$ 29,655,840	\$ 32,997,399
92,893,826	88,345,715	86,959,530	83,881,733	83,541,318	80,269,600
21,879,464	19,802,775	18,176,679	18,703,681	19,099,861	18,099,833
19,921,948	20,247,213	19,070,043	19,578,168	18,404,629	18,446,511
11,352,616	14,726,817	14,223,055	17,574,870	15,720,537	10,553,732
26,234,472	21,547,974	23,765,001	30,308,169	36,509,640	20,875,529
982,212	979,962	1,091,513	1,153,345	1,093,643	881,264
10,310,723	10,792,984	10,585,491	11,944,735	11,360,436	12,022,150
<b>214,401,623</b>	<b>202,307,414</b>	<b>204,983,996</b>	<b>215,006,087</b>	<b>215,385,904</b>	<b>194,146,018</b>
79,831,158	72,104,831	69,659,844	71,705,131	69,507,373	64,159,525
10,967,977	9,237,164	9,098,218	9,563,922	10,258,387	10,589,822
493,457	546,574	500,302	536,961	588,177	577,910
5,082,522	4,999,077	4,880,855	5,167,475	4,917,793	4,639,472
2,884,554	3,057,649	3,382,991	3,326,812	3,265,321	3,117,979
15,102,017	14,839,089	13,521,352	12,982,406	12,587,486	11,514,159
8,523,769	8,999,990	8,415,024	7,682,326	8,061,802	7,732,755
2,125,913	1,969,856	1,907,544	2,095,933	1,968,247	1,986,174
2,951,448	2,753,290	3,013,272	2,776,167	2,241,983	2,029,159
<b>127,962,815</b>	<b>118,507,520</b>	<b>114,379,402</b>	<b>115,837,133</b>	<b>113,396,569</b>	<b>106,346,955</b>
<b>\$ 342,364,438</b>	<b>\$ 320,814,934</b>	<b>\$ 319,363,398</b>	<b>\$ 330,843,220</b>	<b>\$ 328,782,473</b>	<b>\$ 300,492,973</b>

# City of Winston-Salem, North Carolina

## Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
<b>Program Revenues</b>				
Governmental activities:				
Charges for services				
General government <sup>(2)</sup>	\$ 17,938,963	\$ 20,515,345	\$ 20,756,381	\$ 20,639,880
Public protection	3,861,336	3,808,576	3,834,986	4,839,089
Environmental health	2,285,788	2,425,703	2,287,169	2,401,552
Transportation <sup>(3)</sup>	2,591,367	3,325,676	5,342,862	2,960,865
Culture and recreation	1,010,177	1,458,330	19,390	1,344,718
Community and economic development	6,464,175	6,293,171	8,144,703	6,310,304
Human resources	-	-	-	28,860
Operating Grants and Contributions	15,560,775	15,607,683	13,436,029	15,823,980
Capital Grants and Contributions	2,527,339	3,265,941	6,858,599	6,494,625
Total governmental activities	<u>52,239,920</u>	<u>56,700,425</u>	<u>60,680,119</u>	<u>60,843,873</u>
Business-type activities:				
Charges for Services				
Water and sewer utility	100,834,307	93,221,504	86,858,828	82,419,164
Solid waste disposal	10,575,534	9,382,726	10,372,085	9,401,535
Cemeteries <sup>(2)</sup>	-	-	469,031	475,801
Stormwater management	10,715,512	10,539,003	10,523,395	10,380,993
Parking	1,196,763	1,178,191	1,113,134	1,236,834
Transit Authority <sup>(3)</sup>	2,543,903	2,670,064	2,665,718	2,961,578
Public assembly facilities management <sup>(1)</sup>	5,500,973	9,765,453	6,330,938	5,984,124
Fairgrounds <sup>(1)</sup>	-	-	-	2,532,255
Risk Acceptance Management Corporation	1,166,490	115,235	3,162,985	3,176,160
Operating Grants and Contributions	8,481,848	8,261,599	8,227,850	7,781,963
Capital Grants and Contributions	11,496,645	3,177,283	5,449,000	11,097,255
Total business-type activities	<u>152,511,975</u>	<u>138,311,058</u>	<u>135,172,964</u>	<u>137,447,662</u>
Total primary government program revenues	<u>204,751,895</u>	<u>195,011,483</u>	<u>195,853,083</u>	<u>198,291,535</u>
<b>Net (Expense) Revenue</b>				
Governmental activities	(157,940,529)	(140,046,576)	(146,710,131)	(142,437,553)
Business activities	22,418,721	10,714,547	3,916,667	7,869,966
<b>Total primary government net expense</b>	<b><u>\$ (135,521,808)</u></b>	<b><u>\$ (129,332,029)</u></b>	<b><u>\$ (142,793,464)</u></b>	<b><u>\$ (134,567,587)</u></b>

**Note:**

- (1) The City began reporting the Fairgrounds fund under Public Assembly Facilities fund in fiscal year 2014.
- (2) The City began reporting the Cemeteries fund as a general fund in fiscal year 2015. Prior to that, the operations were included as part of the City's enterprise fund.
- (3) The City began reporting the Mass Transit Tax fund as an enterprise fund in fiscal year 2015. Prior to that, the operations were included as part of the City's special revenue fund.

Table 2  
Page 2 of 2

<b>Fiscal Year</b>		<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
\$ 20,594,448	\$ 14,932,321	\$ 27,071,487	\$ 26,652,466	\$ 26,256,183	\$ 19,412,794		
4,815,442	3,191,079	2,326,590	1,700,590	1,686,869	1,423,323		
2,469,228	2,629,275	2,666,791	2,535,948	2,274,195	2,254,108		
2,943,837	3,254,348	2,639,018	3,298,243	3,149,001	2,592,938		
1,386,311	1,733,428	2,075,546	1,996,769	1,793,090	1,228,088		
8,864,027	7,949,321	22,446,217	7,915,373	8,809,956	6,237,059		
20,660	22,968	13,374	14,550	14,250	35,946		
18,822,717	19,024,711	18,672,271	19,648,565	15,772,756	13,997,989		
3,375,834	5,818,688	2,631,592	709,648	838,349	613,634		
<b>63,292,504</b>	<b>58,556,139</b>	<b>80,542,886</b>	<b>64,472,152</b>	<b>60,594,649</b>	<b>47,795,879</b>		
76,744,707	70,538,136	66,598,885	61,627,076	62,561,012	58,008,748		
9,283,681	9,877,757	10,560,197	10,612,828	12,073,446	12,557,971		
433,227	416,250	450,414	433,704	531,962	478,120		
10,322,694	10,108,165	10,900,058	10,456,955	7,817,979	6,538,868		
2,115,133	2,151,556	1,875,815	1,843,874	1,849,618	1,745,352		
3,104,580	2,937,978	2,813,545	2,986,463	2,607,827	2,500,681		
5,777,414	5,584,309	5,056,454	3,903,511	4,692,069	4,214,930		
2,850,289	2,784,941	2,488,970	2,468,397	2,690,216	2,299,625		
3,125,164	3,050,190	3,010,197	3,247,726	1,620,747	1,252,104		
7,851,935	7,225,169	6,647,268	10,040,806	5,456,834	5,333,787		
5,486,083	12,476,689	25,382,634	6,801,530	15,913,848	7,172,730		
<b>127,094,907</b>	<b>127,151,140</b>	<b>135,784,437</b>	<b>114,422,870</b>	<b>117,815,558</b>	<b>102,102,916</b>		
<b>190,387,411</b>	<b>185,707,279</b>	<b>216,327,323</b>	<b>178,895,022</b>	<b>178,410,207</b>	<b>149,898,795</b>		
(151,109,119)	(143,751,275)	(124,441,110)	(150,533,935)	(154,791,255)	(146,350,139)		
(867,908)	8,643,620	21,405,035	(1,414,263)	4,418,989	(4,244,039)		
<b>\$ (151,977,027)</b>	<b>\$ (135,107,655)</b>	<b>\$ (103,036,075)</b>	<b>\$ (151,948,198)</b>	<b>\$ (150,372,266)</b>	<b>\$ (150,594,178)</b>		

# City of Winston-Salem, North Carolina

## General Revenues and Total Change in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
<b>Net (Expense)/Revenue</b>				
Governmental activities	\$ (157,940,529)	\$(140,046,576)	\$(146,710,131)	\$(142,437,553)
Business-type activities	22,418,721	10,714,547	3,916,667	7,869,966
Total primary government expense	<b><u>\$ (135,521,808)</u></b>	<b><u>\$(129,332,029)</u></b>	<b><u>\$(142,793,464)</u></b>	<b><u>\$(134,567,587)</u></b>
<b>General Revenues and Other Changes in Net Position</b>				
Governmental activities:				
Taxes				
Property taxes	\$ 109,495,096	\$ 101,672,305	\$ 108,353,348	\$ 106,788,582
Sales taxes	37,612,657	35,396,961	30,667,850	29,756,682
Gross receipt taxes	310,924	336,466	234,853	239,909
Occupancy taxes	738,282	676,361	606,076	559,261
Beer and wine excise-state	1,046,536	1,123,316	1,020,227	937,270
Telecommunications sales tax <sup>(3)</sup>	2,129,618	2,434,801	-	-
Utilities sales tax <sup>(3)</sup>	13,642,565	11,628,161	-	-
Piped natural gas sales tax <sup>(3)</sup>	618,280	874,111	-	-
Video programming tax <sup>(3)</sup>	2,211,617	2,299,732	-	-
Franchise taxes <sup>(3)</sup>	-	-	14,630,204	14,677,580
Payments in lieu of taxes	252,827	215,901	213,596	195,035
ABC store allocations	1,290,517	1,071,106	1,278,470	1,152,220
Federal bond interest subsidy	-	-	269,859	280,368
Hold harmless	-	-	1,032,842	1,985,802
Investment income (loss)	989,065	713,752	1,651,593	1,738,118
Miscellaneous	-	-	-	-
Transfers				
Government-wide	(260,831)	280,537	2,191,574	(5,185,574)
Fiduciary funds	-	-	-	(8,500,000)
Total governmental activities expenses	<b><u>170,077,153</u></b>	<b><u>158,723,510</u></b>	<b><u>162,150,492</u></b>	<b><u>144,625,253</u></b>
Business-type activities:				
Property taxes	7,090,014	6,889,480	-	-
Investment income (loss)	1,739,678	4,681,987	17,210,584	11,381,805
Transfers				
Government-wide	260,831	(280,537)	(2,191,574)	5,185,574
Total business-type activities expenses	<b><u>9,090,523</u></b>	<b><u>11,290,930</u></b>	<b><u>15,019,010</u></b>	<b><u>16,567,379</u></b>
Total primary government	<b><u>179,167,676</u></b>	<b><u>170,014,440</u></b>	<b><u>177,169,502</u></b>	<b><u>161,192,632</u></b>
<b>Change in Net Position</b>				
Governmental activities	12,136,624	18,676,934	15,440,361	2,187,700
Business-type activities	31,509,244	22,005,477	18,935,677	24,437,345
Total primary government program revenues	<b><u>\$ 43,645,868</u></b>	<b><u>\$ 40,682,411</u></b>	<b><u>\$ 34,376,038</u></b>	<b><u>\$ 26,625,045</u></b>

**Note:**

- (1) The City began reporting the Cemeteries fund as a general fund in fiscal year 2015. Prior to that, the operations were included as part of the City's enterprise fund.
- (2) The City began reporting the Mass Transit Tax fund as an enterprise fund in fiscal year 2015. Prior to that, the operations were included as part of the City's special revenue fund.
- (3) In fiscal year 2015 franchise taxes was separated between telecommunications sales tax, utilities sales tax, piped natural gas sales tax, and video programming tax.

Table 3

<b>Fiscal Year</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
\$ (151,109,119)	\$ (143,751,275)	\$ (124,441,110)	\$ (150,533,935)	\$ (154,791,255)	\$ (146,350,139)	
(867,908)	8,643,620	21,405,035	(1,414,263)	4,418,989	(4,244,039)	
<b>\$ (151,977,027)</b>	<b>\$ (135,107,655)</b>	<b>\$ (103,036,075)</b>	<b>\$ (151,948,198)</b>	<b>\$ (150,372,266)</b>	<b>\$ (150,594,178)</b>	
\$ 100,684,658	\$ 101,095,371	\$ 100,076,751	\$ 98,208,818	\$ 100,466,949	\$ 85,716,719	
29,472,383	26,862,502	27,234,010	28,630,607	31,401,952	30,132,362	
229,864	229,828	170,888	163,386	179,432	176,115	
533,214	480,000	435,758	480,226	565,985	527,549	
998,021	1,036,067	325,842	1,009,971	1,018,079	899,502	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
14,161,273	14,350,645	14,349,799	14,019,735	13,581,660	10,952,144	
201,035	170,581	182,088	170,550	157,276	138,578	
1,082,666	860,254	885,644	970,526	986,919	983,689	
293,118	278,339	34,077	-	-	-	
2,336,010	2,694,521	2,692,978	1,958,533	1,828,326	2,051,017	
928,392	2,208,097	3,229,964	(450,329)	5,244,269	8,331,803	
-	-	-	-	-	13,108,867	
(3,645,197)	(1,041,566)	(2,157,520)	3,135,376	(2,553,465)	(2,023,690)	
-	-	-	-	-	1,500,000	
<b>147,275,437</b>	<b>149,224,639</b>	<b>147,460,279</b>	<b>148,297,399</b>	<b>152,877,382</b>	<b>152,494,655</b>	
17,666	16,330,379	11,904,425	(12,548,089)	(8,727)	17,951,162	
3,645,197	1,041,566	2,157,520	(3,135,376)	2,553,465	2,023,690	
3,662,863	17,371,945	14,061,945	(15,683,465)	2,544,738	19,974,852	
150,938,300	166,596,584	161,522,224	132,613,934	155,422,120	172,469,507	
(3,833,682)	5,473,364	23,019,169	(2,236,536)	(1,913,873)	6,144,516	
2,794,955	26,015,565	35,466,980	(17,097,728)	6,963,727	15,730,813	
<b>\$ (1,038,727)</b>	<b>\$ 31,488,929</b>	<b>\$ 58,486,149</b>	<b>\$ (19,334,264)</b>	<b>\$ 5,049,854</b>	<b>\$ 21,875,329</b>	

# City of Winston-Salem, North Carolina

## Program Revenues by Function/Program

Last Ten Fiscal Years

(accrual basis of accounting)

<b>Function/Program</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
<b>Governmental activities:</b>				
General government <sup>(2)</sup>	\$ 19,085,167	\$ 21,556,561	\$ 20,756,381	\$ 20,825,294
Public protection	5,178,752	4,780,230	5,835,183	8,270,359
Environmental health	2,546,196	2,896,308	2,416,229	2,985,361
Transportation <sup>(3)</sup>	13,006,388	14,772,541	17,882,578	13,205,658
Culture and recreation	1,010,177	1,458,330	19,390	1,978,707
Community and economic development	11,413,240	11,236,455	13,770,358	13,549,634
Human resources	-	-	-	28,860
Total governmental activities	<u>52,239,920</u>	<u>56,700,425</u>	<u>60,680,119</u>	<u>60,843,873</u>
<b>Business-type activities:</b>				
Water and sewer utility	105,365,491	97,416,530	89,174,025	91,296,929
Solid waste disposal	11,540,453	10,284,939	11,287,403	10,179,220
Cemeteries <sup>(2)</sup>	-	-	469,031	475,801
Stormwater management	11,001,768	10,616,379	10,570,348	13,616,589
Parking	1,632,111	1,604,832	1,543,574	1,841,864
Transit Authority <sup>(3)</sup>	16,251,424	8,440,319	11,278,044	8,307,220
Public assembly facilities management <sup>(1)</sup>	5,554,238	9,832,824	7,687,554	6,021,624
Fairgrounds <sup>(1)</sup>	-	-	-	2,532,255
Risk Acceptance Management Corporation	<u>1,166,490</u>	<u>115,235</u>	<u>3,162,985</u>	<u>3,176,160</u>
Subtotal business-type activities	<u>152,511,975</u>	<u>138,311,058</u>	<u>135,172,964</u>	<u>137,447,662</u>
<b>Total primary government</b>	<b><u>\$ 204,751,895</u></b>	<b><u>\$ 195,011,483</u></b>	<b><u>\$ 195,853,083</u></b>	<b><u>\$ 198,291,535</u></b>

**Note:**

- (1) The City began reporting the Fairgrounds fund under Public Assembly Facilities fund in fiscal year 2014.
- (2) The City began reporting the Cemeteries fund as a general fund in fiscal year 2015. Prior to that, the operations were included as part of the City's enterprise fund.
- (3) The City began reporting the Mass Transit Tax fund as an enterprise fund in fiscal year 2015. Prior to that, the operations were included as part of the City's special revenue fund.

Table 4

<b>Fiscal Year</b>						
<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	
\$ 20,881,590	\$ 15,202,619	\$ 27,123,877	\$ 26,654,346	\$ 26,295,990	\$ 19,816,882	
9,395,896	10,387,601	5,137,558	2,853,430	2,768,435	3,099,514	
3,514,306	3,063,178	2,728,810	2,535,948	2,274,195	2,256,358	
11,237,275	13,734,741	12,902,376	11,820,033	11,876,514	9,633,381	
1,947,342	2,030,193	2,094,664	2,000,469	2,043,090	1,450,563	
16,295,435	14,114,839	30,542,227	18,593,376	15,322,175	11,503,235	
20,660	22,968	13,374	14,550	14,250	35,946	
<b>63,292,504</b>	<b>58,556,139</b>	<b>80,542,886</b>	<b>64,472,152</b>	<b>60,594,649</b>	<b>47,795,879</b>	
83,361,799	76,732,215	71,357,873	67,466,014	77,613,850	63,948,216	
10,146,254	10,624,729	11,217,617	11,150,154	12,577,312	13,082,834	
434,652	436,102	450,414	433,704	535,239	478,120	
10,494,267	10,353,648	10,944,378	10,796,962	7,817,979	6,708,766	
2,561,886	2,617,934	2,339,601	2,323,055	2,330,329	2,203,322	
8,341,182	14,966,957	16,813,820	8,627,155	8,008,356	7,914,999	
5,779,414	5,584,424	17,161,567	7,909,703	4,621,530	4,214,930	
2,850,289	2,784,941	2,488,970	2,468,397	2,690,216	2,299,625	
3,125,164	3,050,190	3,010,197	3,247,726	1,620,747	1,252,104	
<b>127,094,907</b>	<b>127,151,140</b>	<b>135,784,437</b>	<b>114,422,870</b>	<b>117,815,558</b>	<b>102,102,916</b>	
<b>\$ 190,387,411</b>	<b>\$ 185,707,279</b>	<b>\$ 216,327,323</b>	<b>\$ 178,895,022</b>	<b>\$ 178,410,207</b>	<b>\$ 149,898,795</b>	

# City of Winston-Salem, North Carolina

## Fund Balances, Governmental Funds

Last Ten Fiscal Years

(accrual basis of accounting)

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	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
<b>General Fund</b>				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-
Nonspendable	1,109,012	1,181,005	237,306	275,409
Restricted	22,559,689	17,368,209	14,497,467	12,937,795
Assigned	4,365,350	2,879,210	4,325,000	2,208,440
Unassigned	23,403,739	29,673,717	26,906,450	31,777,615
Total general fund	<u>\$ 51,437,790</u>	<u>\$ 51,102,141</u>	<u>\$ 45,966,223</u>	<u>\$ 47,199,259</u>
<b>All Other Governmental Funds</b>				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:				
Debt service fund	-	-	-	-
Community and economic fund	-	-	-	-
Nonspendable	33,763,623	32,952,496	3,947,208	3,417,887
Restricted	140,896,415	57,947,312	37,248,597	41,903,197
Committed	13,378,770	53,126,687	51,748,213	35,922,200
Unassigned	(9,144,109)	(3,316,322)	(2,606,931)	(5,233,280)
Total all other governmental funds	<u>\$ 178,894,699</u>	<u>\$ 140,710,173</u>	<u>\$ 90,337,087</u>	<u>\$ 76,010,004</u>

**NOTE:**

The City of Winston-Salem implemented GASB 54 June 30, 2011; therefore, the new fund balance classifications will be reported prospectively.

Table 5

<b>Fiscal Year</b>		<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
\$	-	\$ -	\$ -	\$ 14,996,236	\$ 13,179,157	\$ 13,961,151	\$ 13,614,621
				25,343,504	24,017,078	25,433,091	21,460,896
		320,454	326,756	-	-	-	-
		13,959,171	10,794,412	-	-	-	-
		3,000,000	1,971,380	-	-	-	-
		27,273,799	30,260,159	-	-	-	-
		<u>\$ 44,553,424</u>	<u>\$ 43,352,707</u>	<u>\$ 40,339,740</u>	<u>\$ 37,196,235</u>	<u>\$ 39,394,242</u>	<u>\$ 35,075,517</u>
\$	-	\$ -	\$ -	\$ 110,177,862	\$ 86,006,372	\$ 103,397,364	\$ 90,595,951
				7,986,653	7,066,182	9,768,793	6,868,056
		-	-	-	(600)	(602)	-
		3,103,747	3,150,703	-	-	-	-
		60,247,815	50,760,360	-	-	-	-
		45,198,777	67,156,849	-	-	-	-
		(6,389,556)	(5,925,975)	-	-	-	-
		<u>\$ 102,160,783</u>	<u>\$ 115,141,937</u>	<u>\$ 118,164,515</u>	<u>\$ 93,071,954</u>	<u>\$ 113,165,555</u>	<u>\$ 97,464,007</u>

# City of Winston-Salem, North Carolina

## Changes in Fund Balances, Governmental Funds

Last Ten Fiscal Years

(accrual basis of accounting)

	<b>2016</b>	<b>2015</b>	<b>2014</b>
<b>Revenues</b>			
Taxes	\$148,399,035	\$138,451,639	\$140,258,130
Licenses and permits	6,296,921	8,630,553	8,634,524
Intergovernmental	39,280,074	38,521,025	38,739,826
Investment income (loss)	774,261	612,256	1,396,715
Charges for services	18,282,372	18,792,591	18,416,380
Capital lease charges	992,154	1,983,941	2,730,708
Other	8,785,375	8,510,071	11,776,135
Total revenues	<u>222,810,192</u>	<u>\$215,502,076</u>	<u>221,952,418</u>
<b>Expenditures</b>			
General government	29,729,507	28,142,891	28,324,210
Public protection	95,912,406	88,569,252	86,713,583
Environmental health	17,853,455	15,940,897	16,217,135
Transportation	14,260,344	14,075,040	14,135,490
Culture and recreation	10,305,086	9,547,647	9,144,183
Community and economic development	20,920,823	18,648,907	18,827,597
Human resources	-	-	-
Other	370,143	-	-
Capital outlay	48,831,526	37,326,971	23,528,507
Debt service			
Capital lease charges <sup>(1)</sup>	-	8,443,946	10,928,248
Principal retirement			
Bond	6,486,900	6,370,000	6,322,950
Other	9,114,563	18,176,842	5,808,970
Interest & fiscal charges			
Bond	3,794,371	3,707,737	4,430,618
Other	5,648,111	7,060,496	6,752,079
Total expenditures	<u>263,227,235</u>	<u>256,010,626</u>	<u>231,133,570</u>
Excess of revenues over (under) expenditures	<u>(40,417,043)</u>	<u>(40,508,550)</u>	<u>(9,181,152)</u>

Table 6  
Pages 1 of 2

	Fiscal Year						
	2013	2012	2011	2010	2009	2008	2007
\$	137,419,822	\$131,207,451	\$128,690,189	\$127,886,436	\$126,804,580	\$132,446,794	\$116,455,981
8,018,631	8,368,613	8,598,520	8,150,066	8,815,503	9,082,732	10,664,205	
41,547,074	41,270,674	44,217,970	39,765,701	38,487,528	34,183,365	29,636,553	
1,669,628	627,580	2,208,097	3,229,964	(450,329)	5,244,269	8,331,803	
18,798,671	20,293,132	20,175,599	24,422,244	24,592,190	23,106,250	22,394,648	
3,057,782	12,817,983	2,871,724	2,961,965	3,431,044	3,262,726	3,140,037	
8,311,191	10,268,813	8,492,038	22,268,227	7,138,066	7,238,678	8,820,340	
218,822,799	224,854,246	215,254,137	228,684,603	208,818,582	214,564,814	199,443,567	
27,742,441	27,648,578	22,745,374	27,358,306	27,690,971	25,678,147	28,952,091	
84,763,949	87,439,389	84,714,715	82,133,733	79,184,420	78,869,654	75,321,802	
15,796,373	17,722,083	17,257,994	16,987,747	17,066,730	17,293,295	16,349,294	
13,245,424	13,816,006	13,184,437	13,413,321	13,225,902	13,629,137	12,290,228	
8,850,208	9,265,785	12,547,145	12,436,335	12,837,922	13,605,789	8,723,731	
18,498,741	23,698,370	19,961,931	21,672,771	25,515,962	21,260,511	19,240,018	
1,272,381	982,212	979,962	1,091,513	1,153,345	1,093,643	881,264	
496,520	568,944	527,634	538,175	722,426	598,751	688,479	
30,992,642	27,589,441	22,834,162	32,137,172	35,007,563	45,961,359	29,589,519	
6,599,769	7,825,174	8,030,393	9,015,010	10,662,994	9,265,035	7,762,814	
6,216,215	5,089,597	4,710,326	6,210,308	6,872,920	7,422,721	7,820,293	
21,181,843	21,345,822	3,531,947	21,286,507	2,290,480	1,806,893	19,633,684	
4,276,699	4,685,697	4,556,591	4,459,255	4,739,614	4,881,330	4,888,717	
6,396,927	5,610,278	5,812,389	6,035,891	7,190,418	6,531,300	7,102,531	
246,330,132	253,287,376	221,395,000	254,776,044	244,161,667	247,897,565	239,244,465	
(27,507,333)	(28,433,130)	(6,140,863)	(26,091,441)	(35,343,085)	(33,332,751)	(39,800,898)	

# City of Winston-Salem, North Carolina

## Changes in Fund Balances, Governmental Funds

Last Ten Fiscal Years

(accrual basis of accounting)

	<b>2016</b>	<b>2015</b>	<b>2014</b>
<b>Other Financing Sources (Uses)</b>			
Issuances of special obligation bonds	\$ -	\$ -	\$ -
Premium on special obligation bonds	-	-	-
Proceeds of refunding bonds	-	6,018,464	-
Premium on refunding LOBS	-	-	-
Payment to refunded LOBS escrow agent	-	(6,259,644)	-
Premium on general obligation bonds	7,261,851	-	286,024
Issuance of general obligation bonds	58,475,000	-	3,945,000
Issuance of refunding general obligation bonds	12,655,000	-	-
Payment to refunded bond escrow agent	(14,258,284)	-	-
Capital leases	15,403,662	18,937,813	8,902,633
Refunding IFC proceeds	-	-	-
Payment to refunded IFC escrow agent	-	-	-
Issuance of certificates of participation	-	-	-
Premium on installment financing contract	-	-	-
Premium on limited obligation bonds	-	5,613,000	114,829
Issuance of limited obligation bonds	-	45,170,000	14,000,000
Proceeds of refunding limited obligation bonds	-	-	-
Payment to refunded limited obligation bond escrow agent	-	-	-
Issuance of installment purchase contract	-	-	-
Transfers in	17,884,444	19,922,361	34,108,691
Transfers out	(18,484,455)	(20,255,654)	(36,135,741)
Total other financing sources (uses), net	<u>78,937,218</u>	<u>69,146,340</u>	<u>25,221,436</u>
Net change in fund balances	<u>\$ 38,520,175</u>	<u>\$ 28,637,790</u>	<u>\$ 16,040,284</u>
Debt service as a percentage of noncapital expenditures			
	<u>11.7%</u>	<u>16.1%</u>	<u>11.2%</u>

**Note:**

(1) The City began reporting capital lease charges in the expenditure service areas in fiscal year 2016.

Capital lease charges are payments made to the City's Equipment Leasing program recorded in the Capital Projects fund. Debt service payments are recorded in the Capital Projects fund.

Table 6  
Page 2 of 2

<b>Fiscal Year</b>		<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
\$	5,865,000	\$ -	\$ -	\$ 12,700,000	\$ -	\$ -	\$ -	\$ -
	444,338							
	-			-	-	-	-	-
3,786,900	14,255,000		-	24,750,000	8,435,000		-	-
532,216	2,417,347		-	2,123,125	642,702		-	-
(4,250,404)	(16,504,489)		-	(26,885,868)	(9,072,900)		-	-
-	-		-	-	-		-	-
-	2,955,000		-	15,285,000		5,105,000	29,746,129	
-	-		-	-	-	-	-	-
-	-		-	-	-	-	-	-
5,666,283	12,026,381		-	-	-	-	-	-
-	21,265,956		-	-	-	-	-	-
-	(21,443,570)		-	-	-	-	-	-
-	-	9,283,341		28,443,045	9,911,299	27,201,489		-
-	206,000		-	-	-	-	-	-
-	4,999,365		-	1,605,681	-	-	-	-
-	-		-	-	-	-	-	-
-	-		-	18,639,225	-	-	-	-
-	-		-	(20,175,181)	-	-	-	-
-	-		-	-	-	23,600,000		-
30,700,406	27,302,927	43,595,532	30,093,756	41,015,868	35,046,232	27,253,006		
(38,742,350)	(30,827,224)	(44,514,718)	(32,251,276)	(37,880,492)	(37,599,697)	(27,776,696)		
4,002,389	16,652,693	8,364,155	54,327,507	13,051,477	53,353,024	29,222,439		
\$ (23,504,944)	\$ (11,780,437)	\$ 2,223,292	\$ 28,236,066	\$ (22,291,608)	\$ 20,020,273	\$ (10,578,459)		
17.1%	16.3%	9.4%	18.0%	9.9%	9.6%	18.6%		

## City of Winston-Salem, North Carolina Tax Revenues by Source, Governmental Funds

Last Ten Fiscal Years

(modified basis of accounting)

Table 7

<b>Fiscal Year</b>	<b>Property</b>	<b>Sales Tax</b>	<b>Gross Receipts Tax</b>	<b>Occupancy Tax</b>	<b>Total</b>
2016	\$ 109,737,172	\$ 37,612,657	\$ 310,924	\$ 738,282	\$ 148,399,035
2015	102,041,851	35,396,961	336,466	676,361	138,451,639
2014	108,749,351	30,667,850	234,853	606,076	140,258,130
2013	106,863,970	29,756,682	239,909	559,261	137,419,822
2012	100,971,990	29,472,383	229,864	533,214	131,207,451
2011	101,117,859	26,862,502	229,828	480,000	128,690,189
2010	100,045,780	27,234,010	170,888	435,758	127,886,436
2009	97,530,361	28,630,607	163,386	480,226	126,804,580
2008	100,299,425	31,401,952	179,432	565,985	132,446,794
2007	85,619,955	30,132,362	176,115	527,549	116,455,981

**Note:**

Mass Transit Tax fund moved from governmental to business type fund in fiscal year 2015.

# City of Winston-Salem, North Carolina

## Taxable Property Assessed Value

Last Ten Fiscal Years  
(dollars in thousands)

Table 8

Fiscal Year Ended <u>June 30</u>	Tax Year Ended <u>December 31</u>	Real Property	Personal Property	Public Service Companies	Total Assessed Value	Property Tax Rate (Per \$100 Assessed Value)	Ratio of Assessed Value to Estimated Actual Value
2016	2015	\$16,250,408	\$3,751,102	\$ 367,725	\$ 20,369,235	\$ 0.5650	100
2015	2014	16,069,241	3,581,619	343,078	19,993,938	0.5400	100
2014	2013	15,874,483	3,605,449	331,307	19,811,239	0.5300	100
2013	2012	17,673,641	3,691,096	348,733	21,713,470	0.4910	100
2012	2011	17,474,701	3,451,579	339,454	21,265,734	0.4750	100
2011	2010	17,439,250	3,575,183	321,064	21,335,497	0.4750	100
2010	2009	17,386,601	3,777,935	347,487	21,512,023	0.4675	100
2009	2008	15,820,711	3,902,661	339,807	20,063,179	0.4900	100
2008	2007	15,469,942	3,804,520	352,039	19,626,501	0.4900	100
2007	2006	15,016,638	3,511,442	336,318	18,864,398	0.4850	100

**Note:**

Taxable property was revalued on January 1, 2013

**Source:**

Forsyth County Tax Department

# City of Winston-Salem, North Carolina

## Property Tax Rates

Last Ten Fiscal Years

Direct and Overlapping Local Government Jurisdictions

Table 9

Fiscal Year Ended June 30	City of Winston-Salem			Total City	Forsyth County	Combined Tax Rate
	General Fund	Mass Transit Tax Fund	Debt Service Fund			
2016	\$ 0.4529	\$ 0.0362	\$ 0.0759	\$ 0.5650	\$ 0.7310	\$ 1.2960
2015	0.4529	0.0362	0.0509	0.5400	0.7168	1.2568
2014	0.4429	0.0362	0.0509	0.5300	0.7168	1.2468
2013	0.4128	0.0308	0.0474	0.4910	0.6740	1.1650
2012	0.4118	0.0158	0.0474	0.4750	0.6740	1.1490
2011	0.4118	0.0158	0.0474	0.4750	0.6740	1.1490
2010	0.4043	0.0158	0.0474	0.4675	0.6740	1.1415
2009	0.4242	0.0158	0.0500	0.4900	0.6960	1.1860
2008	0.4242	0.0158	0.0500	0.4900	0.6960	1.1860
2007	0.4192	0.0158	0.0500	0.4850	0.6660	1.1510

**Note:**

(1) All tax rates are expressed in dollars of tax per \$100 of assessed valuation. The tax rates were adjusted during the fiscal years ended June 30, 2010 and June 30, 2014 to reflect the revaluation of taxable property.

(2) Effective July 1, 2014, the City created a Downtown Business District to fund enhanced services or projects via a tax rate of \$.09 per \$100 valuation of assessed valuation.

# City of Winston-Salem, North Carolina

## Principal Property Tax Payers

Current Year and Ten Fiscal Years Ago

Table 10

Name	2016		2007			
	Taxable Assessed Value	Rank	Percentage of Total Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Assessed Value
RJ Reynolds	\$ 985,313,890	1	4.84%	\$ 578,742,590	1	3.07%
Caterpillar	471,586,864	2	2.32	-	-	-
Duke Energy Corp.	432,762,012	3	2.12	133,325,765	6	0.71
Lowes Data Center	341,420,598	4	1.68	135,246,519	5	0.72
JG Winston-Salem LLC	263,259,625	5	1.29	173,667,199	3	0.92
Wells Fargo/Wachovia Bank	234,398,558	6	1.15	245,282,384	2	1.30
Wexford Winston Salem	203,987,297	7	1.00	-	-	-
Deere-Hitachi	130,175,646	8	0.64	-	-	-
Herbalife International of America Inc	124,120,329	9	0.61	-	-	-
Branch Banking & Trust	118,847,389	10	0.58	-	-	-
Highwoods/Forsyth Ltd. Partners	-	-	-	149,494,688	4	0.79
Bellsouth Telephone Co.	-	-	-	111,652,587	7	0.59
Dell Products LP	-	-	-	101,003,630	8	0.54
Wells One West Fourth LLC	-	-	-	76,000,000	9	0.40
Wake Forest University	-	-	-	64,034,543	10	0.34
<b>Total</b>	<b><u>\$3,305,872,209</u></b>		<b><u>16.23%</u></b>	<b><u>\$1,768,449,905</u></b>		<b><u>9.37%</u></b>

**Note:**

Above taxable assessed valuations are as of January 1, 2016 and 2007 respectively, and the associated tax levies of \$.565 and \$.485 were due in fiscal years ended June 30, 2016 and 2007 respectively.

**Source:**

Forsyth County Tax Department and 2007 City of Winston-Salem CAFR.



# City of Winston-Salem, North Carolina

## Property Tax Levies and Collections

Last Ten Fiscal Years

Table 11

Fiscal Year Ended June 30	Taxes Levied for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Property Amount	Percentage of Levy
2016	\$116,512,698	\$115,428,747	99.1%	\$ -	\$ 115,428,747	99.1%
2015	108,648,243	107,491,815	98.9	748,490	108,240,305	99.6
2014	108,109,991	106,428,236	98.4	1,047,754	107,475,990	99.4
2013	106,639,827	104,424,332	97.9	1,711,672	106,136,005	99.5
2012	101,116,024	98,885,754	97.8	1,848,451	100,734,205	99.6
2011	101,502,846	99,163,770	97.7	2,009,288	101,173,058	99.7
2010	100,568,545	98,275,383	97.7	1,933,812	100,209,195	99.6
2009	98,717,116	95,998,394	97.2	1,952,432	97,950,826	99.2
2008	100,619,980	98,746,306	98.1	1,514,550	100,260,856	99.6
2007	85,909,892	84,289,823	98.1	1,306,580	85,596,403	99.6

**Note:**

- (1) Tax collections do not include penalties and interest of \$445,274 and refunds of \$42,383 in fiscal year 2016.
- (2) Outstanding delinquent taxes includes amounts considered uncollectible. The allowance for uncollectible accounts at June 30, 2016 was \$2,021,884.

**Source:**

Forsyth County Tax Department

# City of Winston-Salem, North Carolina

## Ratios of Outstanding Debt by Type

Last Ten Fiscal Years

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Fiscal Year	Governmental Activities			Business-type Activities		
	General Obligation Bonds	Contracts Payable	Special Obligation Bonds	Special Obligation Bonds	Revenue Bonds	Contracts Payable
2016	\$ 137,663,378	\$ 143,317,218	\$ 8,705,000	\$ 20,771,097	\$ 449,422,299	\$ 54,720,932
2015	79,424,827	145,020,555	9,241,900	23,672,637	461,217,653	28,791,050
2014	85,736,974	103,551,365	9,771,900	26,214,255	481,967,285	26,547,833
2013	87,779,140	100,394,519	10,276,900	27,952,024	501,861,197	28,366,406
2012	88,189,165	116,475,434	4,885,000	29,582,291	496,755,000	30,040,535
2011	90,913,762	123,442,338	5,170,000	26,688,440	512,330,000	31,931,056
2010	95,349,088	126,042,998	5,445,000	23,960,000	416,275,000	34,814,401
2009	85,949,396	129,776,470	5,620,000	12,555,000	428,160,000	38,104,567
2008	93,127,317	132,667,682	5,790,000	13,800,000	329,865,000	42,367,375
2007	95,280,038	92,752,816	5,955,000	15,000,000	339,455,000	28,259,653

**Notes:**

See Table 17 for personal income and population data.

State Revolving Loan is included in contracts payable for business-type activities.

Table 12

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<b>Total Primary Government</b>	<b>Percentage of Personal Income</b>	<b>Per Capita</b>
\$ 814,599,924	8.87%	\$ 3,410
747,368,622	8.28	3,141
733,789,612	8.28	3,115
756,630,186	8.91	3,244
765,927,425	9.29	3,299
790,475,596	9.81	3,432
701,886,487	8.57	2,986
700,165,433	8.48	3,065
617,617,374	7.70	2,746
576,702,507	7.32	2,609



# City of Winston-Salem, North Carolina

## Ratios of General Bonded Debt Outstanding

Last Ten Fiscal Years

Table 13

<b>General Bonded Debt Outstanding</b>					
<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>Assessed Value (In Thousands)</b>	<b>Percentage of Actual Taxable Value of Property</b>	<b>Per Capita (1)</b>	
2016	\$ 137,663,378	\$ 20,369,235	0.68%	\$ 576.24	
2015	79,424,827	19,993,938	0.40	333.85	
2014	85,736,974	19,811,239	0.43	364.02	
2013	87,779,140	21,713,470	0.40	376.36	
2012	88,189,165	21,265,734	0.41	379.89	
2011	90,913,762	21,335,497	0.43	394.69	
2010	95,349,088	21,512,023	0.44	405.61	
2009	85,949,396	20,063,179	0.43	376.21	
2008	93,127,317	19,626,501	0.47	414.10	
2007	95,280,038	18,864,398	0.51	431.10	

**Note:**

Details regarding the city's outstanding debt can be found in the notes to the financial statements.

(1) Population data can be found in Table 17.

**City of Winston-Salem, North Carolina**  
**Legal Debt Margin**  
Last Ten Fiscal Years

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**Legal Debt Margin Calculation for 2016**

Assessed value	\$ 20,369,235,338
Debt Limit (8% of assessed value)	1,629,538,827
Debt applicable to limit:	
General obligation bonds	137,663,378
Statutory deduction:	
Debt service Fund	(22,744,716)
	<u>114,918,662</u>
Legal debt margin	<u>\$ 1,514,620,165</u>

	<b>Fiscal Year</b>			
	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
Debt Limit	\$ 1,629,538,827	\$ 1,599,515,050	\$ 1,584,899,136	\$ 1,737,077,607
Total net debt applicable to limit	<u>114,918,662</u>	<u>62,710,031</u>	<u>73,164,393</u>	<u>76,883,451</u>
Legal debt margin	<u>\$ 1,514,620,165</u>	<u>\$ 1,536,805,019</u>	<u>\$ 1,511,734,743</u>	<u>\$ 1,660,194,156</u>
Total net debt applicable to the limit as a percentage of debt limit	<u>7.05%</u>	<u>3.92%</u>	<u>4.62%</u>	<u>4.43%</u>

Table 14

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<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
\$ 1,701,258,681	\$ 1,706,839,758	\$ 1,720,961,866	\$ 1,605,054,284	\$ 1,570,120,082	\$ 1,509,151,879
76,431,537	80,861,457	87,362,420	78,883,214	83,358,524	88,411,982
<u>\$ 1,624,827,144</u>	<u>\$ 1,625,978,301</u>	<u>\$ 1,633,599,446</u>	<u>\$ 1,526,171,070</u>	<u>\$ 1,486,761,558</u>	<u>\$ 1,420,739,897</u>
<hr/> 4.49%	<hr/> 4.74%	<hr/> 5.08%	<hr/> 4.91%	<hr/> 5.31%	<hr/> 5.86%



**City of Winston-Salem, North Carolina**  
**Direct and Overlapping Governmental Activities Debt**

As of June 30, 2016  
 (dollars in thousands)

Table 15

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
<b>City direct debt</b>	\$ 289,686	100.00%	\$ 289,686
<b>Debt repaid with property taxes</b>			
Forsyth County	515,470	62.29 <sup>(1)</sup>	321,086
<b>Total direct and overlapping debt</b>			<u><u>\$ 610,772</u></u>

**Notes:**

(1) Percentage of Direct and Overlapping Debt is based on the 6/30/16 assessed valuation of the City of Winston-Salem as compared to the 6/30/16 assessed valuation of Forsyth County.

# City of Winston-Salem, North Carolina

## Pledged – Revenue Coverage

Last Ten Fiscal Years  
(dollars in thousands)

Fiscal Year	Revenue Bonds					
	Water & Sewer Bonds					
	Gross Revenues	Operating Expenses	Net Revenue Available for Debt Service	Debt Service		Coverage
2016	\$ 103,754	\$ 39,465	\$ 64,289	\$ 20,500	\$ 18,804	1.6x
2015	95,789	39,044	56,745	19,800	19,637	1.4x
2014	89,181	38,273	50,908	18,955	20,822	1.3x
2013	91,295	37,904	53,391	15,910	21,467	1.4x
2012	83,360	38,525	44,835	15,575	18,771	1.3x
2011	76,735	36,840	39,895	12,900	13,727	1.5x
2010	71,358	34,985	36,373	11,885	13,281	1.4x
2009	67,469	37,065	30,404	10,735	12,975	1.3x
2008	77,613	39,743	37,870	9,590	10,974	1.8x
2007	63,948	37,153	26,795	8,040	12,234	1.3x

Fiscal Year	Special Obligation Bonds			
	Sales		Debt Service	
	Tax	Principal	Interest	Coverage
2016	\$ 31,845	\$ 3,329	\$ 706	7.89x
2015	30,129	3,214	761	7.58x
2014	25,743	2,531	821	7.68x
2013	25,288	2,739	789	7.17x
2012	25,068	1,870	857	9.19x
2011	22,719	1,717	925	8.60x
2010	27,234	1,470	995	11.05x
2009	28,631	1,415	792	13.00x
2008	31,402	1,365	834	14.30x
2007	30,132	1,325	874	13.70x

Table 16

<b>Stormwater Bonds</b>							
<b>Gross Revenues</b>	<b>Operating Expenses</b>	<b>Net Revenue</b>		<b>Debt Service</b>		<b>Coverage</b>	
		<b>Available for Debt Service</b>	<b>Principal</b>	<b>Interest</b>			
\$ 10,995	\$ 7,365	\$ 3,630	\$ 475	\$ 376	4.3x		
10,616	6,860	3,756	465	390	4.4x		
10,566	6,685	3,881	430	420	4.6x		
13,617	5,996	7,621	-	38	202.8x		
-	-	-	-	-	-		
-	-	-	-	-	-		
-	-	-	-	-	-		
-	-	-	-	-	-		
-	-	-	-	-	-		
-	-	-	-	-	-		

# City of Winston-Salem, North Carolina

## Demographic and Economic Statistics

Last Ten Fiscal Years

Table 17

<b>Fiscal Year Ended June 30</b>	<b>Population</b>	<b>Personal Income</b>	<b>Per Capita Income</b>	<b>Median Age</b>	<b>Public School Enrollment</b>	<b>Unemployment Rate</b>
2016	238,899	\$ 9,183,994,257	\$ 38,443	37.6	54,483	4.8%
2015	237,905	9,026,829,415	37,943	37.5	54,528	6.0
2014	235,527	8,861,703,375	37,625	37.3	54,064	6.1
2013	233,232	8,493,376,512	36,416	37.0	53,964	8.7
2012	232,143	8,247,112,218	35,526	37.0	53,139	9.4
2011	230,345	8,061,153,620	34,996	39.0	52,586	9.9
2010	235,075	8,188,132,400	34,832	36.7	52,285	9.7
2009	228,459	8,253,766,752	36,128	37.8	51,761	10.4
2008	224,889	8,020,891,074	35,666	36.7	51,408	5.9
2007	221,014	7,882,685,324	35,666	36.7	50,708	4.8

**Sources:**

- Forsyth County Statistics - Internet
- Bureau of Economic Analysis
- Winston-Salem/Forsyth County School System
- NC Employment Security Commission - Internet

# City of Winston-Salem, North Carolina

## Principal Employers

Current Year and Ten Years Ago

Table 18

<b><u>Employer</u></b>	<b>2016</b>			<b>2007</b>		
	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total City Employment</b>	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total City Employment</b>
Wake Forest Baptist Health	12,873	1	5.39%	11,360	1	4.91%
Novant Health, Inc.	8,145	2	3.41	7,500	2	3.24
Winston-Salem /Forsyth County School System	6,860	3	2.87	7,500	3	3.24
Reynolds American, Inc.	3,000	4	1.26	2,089	7	0.90
Wells Fargo/Wachovia	2,745	5	1.15	3,055	5	1.32
Hanesbrands, Inc.	2,500	6	1.05	4,400	4	1.90
City of Winston-Salem	2,420	7	1.01	2,360	6	1.02
Wake Forest University	2,784	8	1.17	2,307	9	1.00
BB&T	2,134	9	0.89	1,400	10	0.61
Forsyth County	2,275	10	0.95	2,141	8	0.93
Total	<u>45,736</u>		<u>19.15%</u>	<u>44,112</u>		<u>19.07%</u>

**Source:**

Winston-Salem Chamber

**City of Winston-Salem, North Carolina**  
**Full-time-Equivalent City Government Employees by Function/Program**  
Last Ten Fiscal Years

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<u>Function/Program</u>	<b>Full-time-Equivalent Employees as of June 30</b>			
	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
General government <sup>(2) (3)(7)</sup>	446.9	441.8	429.1	426.6
Public protection	1,093.5	1,079.0	1,074.5	1,088.5
Environmental health	188.9	191.0	199.0	200.0
Transportation	125.3	125.3	127.3	129.3
Culture and recreation <sup>(1) (3)</sup>	160.9	160.8	160.8	160.8
Community and economic development <sup>(4)</sup>	153.0	125.0	122.0	139.4
Human resources <sup>(5)</sup>	-	-	-	5.0
Water & sewer utility	331.0	331.0	331.0	332.0
Solid waste disposal	43.1	44.2	44.2	44.2
Cemeteries <sup>(7)</sup>	-	-	8.7	8.7
Stormwater management	49.0	49.0	49.0	49.0
Transit Authority	1.0	1.0	1.0	1.0
Public assembly facilities management <sup>(6)</sup>	30.8	25.2	21.8	76.5
	<b>2,623.4</b>	<b>2,573.3</b>	<b>2,568.4</b>	<b>2,661.0</b>

**Source:**

City of Winston-Salem Budget Department

<sup>(1)</sup> Vegetation management employees were merged into culture and recreation in fiscal year 2007.

<sup>(2)</sup> Contact center employees were moved from various departments in fiscal year 2009.

<sup>(3)</sup> Vegetation management employees were moved back to General Government in fiscal year 2012.

<sup>(4)</sup> The Section 3 Construction Training Program ended in fiscal year 2014.

<sup>(5)</sup> Human resources moved to General Government in fiscal year 2014.

<sup>(6)</sup> Lawrence Joel Veterans Memorial Coliseum was sold in fiscal year 2014.

<sup>(7)</sup> Cemeteries moved to General Government in fiscal year 2015.

Table 19

<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
431.7	346.8	344.8	352.2	338.8	329.5
1,081.5	1,066.5	1,062.5	1,034.0	1,035.0	1,022.0
204.4	214.0	214.0	231.5	240.9	246.5
129.3	129.3	129.3	134.3	141.3	139.7
175.5	251.5	251.5	265.7	273.7	273.5
144.4	147.6	149.6	166.6	158.7	155.9
4.0	4.0	4.0	4.0	4.0	4.0
332.2	331.2	331.2	335.9	333.9	321.4
45.5	45.5	45.5	46.7	45.0	40.5
9.7	9.7	11.0	9.3	9.3	10.0
44.0	44.0	44.0	47.0	47.0	43.0
1.0	1.0	1.0	1.0	1.0	1.0
78.4	78.4	78.4	73.1	79.8	85.4
<b><u>2,681.6</u></b>	<b><u>2,669.5</u></b>	<b><u>2,666.8</u></b>	<b><u>2,701.3</u></b>	<b><u>2,708.4</u></b>	<b><u>2,672.4</u></b>

# City of Winston-Salem, North Carolina

## Operating Indicators by Function/Program

Last Ten Fiscal Years

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<u>Function/Program</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Public protection			
Police			
Physical arrests	33,961	36,044	37,894
Traffic violations	61,166	78,196	70,947
Fire			
Fires extinguished	829	819	869
Emergency medical responses	16,962	12,477	12,674
Hazardous materials responses	440	353	221
Environmental health			
Sanitation services			
Residential refuse collected (tons)	57,064	53,220	52,008
Residential refuse collection points	77,907	77,907	76,064
Percentage of collections made at curbside	96	96	96
Tons of leaves collected	12,089	17,205	22,553
Tons of brush collected	14,097	11,778	17,747
Tons of goods recycled	14,473	12,695	12,879
Percentage of households participating in yard cart program	18	18	18
Transportation services			
City street mileage maintained (lane miles)	2,219	2,200	2,188
Street cuts repaired	296	545	525
Percentage of streets rated 85 or better	53	53	51
Traffic intersections studied	1,066	1,022	940
Traffic signal repairs	1,142	1,689	1,734
Traffic signs upgraded/repaired	1,031	1,099	1,725
Traffic signs new installations	367	369	926
Pavement markings renewed (feet)	811,017	1,214,880	40,335
Culture and recreation			
Parks and recreation			
Swimming pool attendees	61,308	56,568	48,002
Golf rounds	10,289	9,779	7,016
Participants in special populations	32,334	36,221	30,274
Community development			
Housing code violations corrected	1,674	1,785	3,063
Building permits issued	3,721	3,797	3,450
Building inspections conducted	16,841	17,876	15,560
Zoning complaints responded to	486	568	513

**Source:**

City of Winston-Salem Departments

Table 20  
Page 1 of 2

<b>Fiscal Year</b>						
<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
36,080	35,850	35,417	33,630	32,713	30,532	27,618
63,315	69,695	86,795	57,736	63,011	63,322	65,587
812	823	887	944	935	1,180	1,234
19,575	18,834	17,638	16,714	16,075	15,999	15,119
121	133	102	193	161	204	145
50,413	52,035	50,269	50,609	51,949	51,394	49,780
76,064	76,064	76,064	76,064	73,670	73,500	73,500
96	97	97	71	65	50	41
15,183	15,965	13,450	15,188	15,983	10,876	12,000
16,165	16,475	16,717	17,604	17,238	14,911	15,000
13,186	10,665	10,710	10,557	10,301	10,850	10,850
18	19	18	20	20	20	22
2,183	2,179	2,200	2,190	2,187	2,178	2,157
515	635	532	510	612	781	823
55	56	59	61	55	64	67
969	999	914	747	943	801	642
1,700	1,848	1,163	1,089	1,365	1,533	1,657
2,653	2,231	2,816	2,441	2,698	1,174	2,248
538	479	3,066	843	1,200	798	1,305
131,991	748,850	1,166,880	1,111,440	406,470	1,605,345	1,958,858
43,666	58,562	54,689	55,441	66,407	75,361	76,117
10,135	15,899	14,572	16,097	18,336	18,577	17,030
20,327	22,574	22,147	19,333	26,805	32,588	25,635
3,645	4,004	2,389	2,636	2,838	3,254	2,113
3,025	3,352	3,198	3,270	2,915	3,918	4,749
15,295	15,162	14,938	15,956	17,602	25,464	31,600
596	648	696	618	580	597	849

# City of Winston-Salem, North Carolina

## Operating Indicators by Function/Program

Last Ten Fiscal Years

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	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
Economic development				
M WBE firms certified <sup>(1)</sup>	-	-	-	-
Small business loans approved	3	1	4	3
Water & sewer utility				
New connections	1,320	1,289	1,244	1,747
Water main breaks	441	430	444	467
Average daily consumption (MGD)	37	36	36	36
Peak daily consumption (MGD)	47	53	49	49
Storage Capacity (MG)	51	51	51	51
Average daily sewage treatment (MGD)	33	29	31	31
Treatment capacity (MGD)	51	51	51	51
Solid waste disposal				
Hanes Mill Road Landfill				
Tons of waste landfilled	252,744	233,786	243,644	224,894
Number of trips	97,360	88,461	85,631	83,969
Old Salisbury Road Landfill				
Tons of waste landfilled	37,987	30,902	42,613	28,749
Number of trips	21,041	19,169	20,904	20,315
Household hazardous Waste (3RC)				
Tons of HHW collected	712	522	386	318
Number of trips	11,555	9,208	8,057	7,876
Transit Authority				
Total route miles	1,589,633	1,582,989	1,574,886	1,525,935
Passengers	3,006,358	3,248,003	3,268,385	3,330,901
Public assembly facilities management <sup>(2)</sup>				
Complex/Annex bookings	159	139	120	129
Complex/Annex usage days	390	335	460	684
Total spectators	392,699	451,755	495,010	888,151
Convention events	149	246	235	209
Fair attendees	253,700	300,362	320,846	284,601

**NOTE:**

<sup>(1)</sup> Certifications for M WBE firms are being done at the state level starting in 2009.

<sup>(2)</sup> Lawrence Joel Veterans Memorial Coliseum was sold in fiscal year 2014.

Table 20  
Page 2 of 2

<b>Fiscal Year</b>					
<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
- 2	- 5	- 5	- 4	51 3	44 3
2,070 169 36 50 51 31 51	1,994 226 37 52 51 31 51	2,057 201 37 50 48 34 51	2,386 175 37 54 54 32 51	2,854 154 41 57 54 32 51	3,359 126 40 64 54 34 51
214,806 85,573	221,322 88,346	242,211 93,492	239,490 103,443	250,627 114,809	276,116 118,583
29,089 22,534	46,014 26,720	47,431 27,403	59,137 30,799	84,880 41,644	101,390 44,062
277 7,736	254 5,857	249 5,739	191 4,888	218 4,779	195 4,601
1,526,264 3,457,371	1,565,310 3,183,266	1,585,091 2,818,416	1,511,565 2,957,173	1,323,835 2,773,207	1,353,339 2,767,647
140 658 1,003,061 254 357,416	143 595 939,628 278 353,762	150 661 1,058,318 297 321,718	164 727 1,096,911 225 310,160	163 755 1,321,840 132 371,219	169 772 1,226,507 82 316,682

# City of Winston-Salem, North Carolina

## Capital Asset Statistics by Function/Program

Last Ten Fiscal Years

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<b><u>Function/Program</u></b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
Police				
Stations	1	1	1	1
Fire				
Stations	19	19	19	19
Environmental health				
Collection trucks	38	38	38	38
Transportation				
Streets (miles)	1,034	1,024	1,023	1,021
Streetlights	34,172	34,195	33,805	32,647
Traffic signals	376	372	371	370
Culture and recreation				
Acreage	3,682	3,682	3,442	3,442
Number of parks	76	76	74	74
Golf Courses	2	2	2	2
Fishing and boating lakes	2	2	2	2
Swimming pools	8	8	8	8
Tennis courts	109	112	112	112
Baseball/softball diamonds	47	47	47	47
Soccer/football fields	50	50	50	50
Recreation centers	17	17	17	17
Water and Sewer Utility				
Water mains (miles)	2,276	2,273	2,266	2,245
Sanitary sewer (miles)	1,750	1,750	1,748	1,724

**Source:**

City of Winston-Salem Departments

Table 21

<b>Fiscal Year</b>					
<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
1	1	1	1	1	1
18	18	18	18	18	18
43	39	32	31	32	32
1,020	1,016	1,012	1,006	1,002	993
32,580	32,434	32,194	31,910	31,492	31,153
375	373	373	371	368	364
3,442	3,442	3,442	3,336	3,336	3,323
74	74	74	76	76	76
2	2	2	2	2	2
2	2	2	2	2	2
8	8	8	8	8	8
110	110	110	112	112	114
45	45	45	45	45	45
60	60	60	60	60	60
17	17	17	17	17	17
2,227	2,201	2,099	2,068	2,068	2,035
1,708	1,701	1,645	1,675	1,559	1,481



# **Federal and State Grants Section**



**Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance  
and Other Matters Based on an Audit of Financial Statements Performed in Accordance with  
*Government Auditing Standards***

Honorable Mayor and  
Members of the City Council  
City Winston-Salem, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Winston-Salem, North Carolina (the "City") as of June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 11, 2016.

***Internal Control over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Dixon Hughes Goodman LLP*

**High Point, North Carolina**

**November 11, 2016**



## **Independent Auditors' Report for Each Major Federal Program and on Internal Control over Compliance with OMB Uniform Guidance and the State Single Audit Implementation Act**

Honorable Mayor and  
Members of the City Council  
City of Winston-Salem, North Carolina

### **Report on Compliance for Each Major Federal Program**

We have audited the City of Winston-Salem, North Carolina (the “City”) compliance with the types of compliance requirements described in the OMB *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the City’s major federal programs for the year ended June 30, 2016. The City’s major federal programs are identified in the summary of auditors’ results section of the accompanying schedule of findings and questioned costs.

### **Management’s Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

### **Auditors’ Responsibility**

Our responsibility is to express an opinion on the compliance for each of the City’s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”) and the State Single Audit Implementation Act. Those standards, the Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on the City’s compliance.

### **Opinion on Each Major Federal Program**

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.



### ***Other Matters***

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as Finding 2016-001. Our opinion on each major federal program is not modified with respect to this matter.

The City's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs and corrective action plan. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **Report on Internal Control over Compliance**

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Dixon Hughes Goodman LLP*

**High Point, North Carolina**  
**November 11, 2016**



**Independent Auditors' Report for Each Major State Program on Internal Control over Compliance  
in Accordance with Applicable Sections of OMB Uniform Guidance and the State Single Audit  
Implementation Act**

Honorable Mayor and  
Members of the City Council  
City of Winston-Salem, North Carolina

**Report on Compliance for Each Major State Program**

We have audited the City of Winston-Salem, North Carolina (the “City”) compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that could have a direct and material effect on each of the City’s major state programs for the year ended June 30, 2016. The City’s major state programs are identified in the summary of auditors’ results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on the compliance for each of the City’s major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and applicable sections of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (“*Uniform Guidance*”), as described in the *Audit Manual for Governmental Auditors in North Carolina* and the State Single Audit Implementation Act. Those standards, applicable sections of the *Uniform Guidance*, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the City’s compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination on the City’s compliance.

***Opinion on Each Major State Program***

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2016.



### **Report on Internal Control over Compliance**

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on a major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Dixon Hughes Goodman LLP*

**High Point, North Carolina**  
**November 11, 2016**

**CITY OF WINSTON-SALEM, NORTH CAROLINA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**YEAR ENDED JUNE 30, 2016**

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**Section I: Summary of Auditors' Results**

***Financial Statements***

Type of auditors' report issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Are any material weaknesses identified? \_\_\_\_\_ Yes  No

Significant deficiencies identified that are not considered to be material weaknesses? \_\_\_\_\_ Yes  None reported

Noncompliance material to financial statements noted? \_\_\_\_\_ Yes  No

***Federal Awards***

Internal control over major federal programs:

Material weaknesses identified? \_\_\_\_\_ Yes  No

Significant deficiencies identified that are not considered to be material weaknesses? \_\_\_\_\_ Yes  None reported

Noncompliance material to federal awards? \_\_\_\_\_ Yes  No

Type of auditors' report issued on compliance for major federal programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? \_\_\_\_\_ X Yes \_\_\_\_\_ No

Identification of major federal programs:

<b>CFDA Numbers</b>	<b>Name of Federal Program or Cluster</b>
14.239	Home Investment Partnerships Program
14.900	Lead Hazard Control Cluster
20.205	Highway Planning and Construction Cluster
66.458	Capitalization Grants for Clean Water State Revolving Funds

Dollar threshold used to distinguish between Type A and Type B Programs: \_\_\_\_\_ \$ 750,000

Auditee qualified as a low-risk auditee? \_\_\_\_\_ X Yes \_\_\_\_\_ No

**CITY OF WINSTON-SALEM, NORTH CAROLINA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**YEAR ENDED JUNE 30, 2016**

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***State Awards***

Internal control over major state programs:

Material weaknesses identified? \_\_\_\_\_ Yes  No

Significant deficiencies identified that are not considered to be material weaknesses? \_\_\_\_\_ Yes  None reported

Noncompliance material to state awards? \_\_\_\_\_ Yes  No

Type of auditors' report issued on compliance for major state programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act? \_\_\_\_\_ Yes  No

Identification of major state programs:

<u>Name of State Program</u>
One North Carolina Fund
Powell Bill Funds

**Section II: Findings Related to the Audit of the Financial Statement**

None reported.

**Section III: Findings and Questioned Costs Related to the Audit of Federal Awards**

**U.S. Department of Labor**

**Program Name: Youth Build Grant**

**CFDA# 17.274**

***Finding 2016-001: Nonmaterial Noncompliance – Matching***

*Name of contact person:* D. Ritchie Brooks, Director, Community and Business Development

*Criteria:* Per the U.S. Department of Labor Employment and Training Administration Notice of Availability of Funds and Solicitation for Grant Applications for Youth Build Grants, applicants must provide new cash or in-kind matching funds for the grant award amount. Neither prior investments nor Federal resources are allowed to be counted towards the matching funds threshold.

*Condition:* During the closeout review process of the referenced grant, the City did not meet the necessary match requirement of the grant.

*Effect:* The City requested and received federal funds from the Department of Labor in excess of the allowable amounts based on local match requirements within the grant.

**CITY OF WINSTON-SALEM, NORTH CAROLINA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**YEAR ENDED JUNE 30, 2016**

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*Cause:* Misunderstanding of the appropriate matching requirements that are required to be performed pro rata over the life of the grant.

*Questioned costs:* \$173,096. The City was required to return payment of \$173,096 to the Department of Labor as the portion of unmet matching funds.

*Context:* The City planned to provide the appropriate match but upon completion of the project was not able to identify sufficient local match to meet the amount provided by the Department of Labor under this grant.

*Recommendation:* Proper processes should be put in place to ensure that the City tracks and meets appropriate match requirements.

*Views of responsible officials:* Management agrees with this finding.

*Corrective action plan:* Staff will solicit assistance from the finance/budget departments to help identify appropriate match funds and develop a system for monitoring expenditures throughout the grant period, on a quarterly basis.

**Section IV: Findings and Questioned Costs Related to the Audit of State Awards**

None reported.

**CITY OF WINSTON-SALEM, NORTH CAROLINA**  
**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**

**YEAR ENDED JUNE 30, 2016**

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**Prior Audit Findings**

**Finding 2014-002**

Status: Corrected

**Finding 2014-003**

Status: Corrected

# City of Winston-Salem, North Carolina

## Schedule of Expenditures of Federal and State Awards

For the Fiscal Year Ended June 30, 2016

Cash Programs Grantor/Pass-Through Grantor/ Program/Project Title	Federal CFDA Number	Grant No./ WBS No.	Grant Receipts
<b>FEDERAL GRANTS:</b>			
<b>U.S. Department of HUD</b>			
Direct Programs			
CDBG - Entitlement Grants Cluster			
Community Dev. Block Grant-2013	14.218	B-13-MC-37-0011	\$ 257,533
Community Dev. Block Grant-2014	14.218	B-14-MC-37-0011	764,567
Community Dev. Block Grant-2015	14.218	B-15-MC-37-0011	499,148
Total CDBG - Entitlement Grants Cluster			<u>1,521,248</u>
Continuum of Care Program	14.267	NC0002L4F001301	3,866
Continuum of Care Program	14.267	NC0003L4F001306	20,000
Continuum of Care Program	14.267	NC0269L4F001301	61,288
Continuum of Care Program	14.267	NC0012L4F001306	(816)
Continuum of Care Program	14.267	NC0013L4F001306	163
Continuum of Care Program	14.267	NC0018L4F001306	33,430
Continuum of Care Program	14.267	NC0271L4F001301	36,460
Continuum of Care Program	14.267	NC0272L4F001301	60,212
Continuum of Care Program	14.267	NC0273L4F001301	34,299
Continuum of Care Program	14.267	NC0274L4F001301	55,062
Continuum of Care Program	14.267	NC0275L4F001301	60,000
Continuum of Care Program	14.267	NC0276L4F001301	29,143
Continuum of Care Program	14.267	NC0277L4F001301	21,338
Continuum of Care Program	14.267	NC0278L4F001301	35,914
Emergency Shelter Grant	14.231	S-14-370003	13,932
Emergency Shelter Grant	14.231	S-15-370003	156,699
Continuum of Care Program	14.267	NC0003L4F001407	20,000
Continuum of Care Program	14.267	NC0012L4F001407	14,244
Continuum of Care Program	14.267	NC0013L4F001407	24,999
Continuum of Care Program	14.267	NC0144L4F001401	12,098
Continuum of Care Program	14.267	NC0017L4F001407	172,871
Continuum of Care Program	14.267	NC0218L4F001407	36,675
Continuum of Care Program	14.267	NC0269L4F001402	37,757
Continuum of Care Program	14.267	NC0271L4F001402	4,182
Continuum of Care Program	14.267	NC0274L4F001402	302,916
Continuum of Care Program	14.267	NC0313L4F001401	63,799
Continuum of Care Program	14.267	NC0314L4F001400	374
Continuum of Care Program	14.267	NC0315L4F001400	23,562
Shelter Plus Care Program	14.238	NC0191C4F001000	14,047
Shelter Plus Care Program	14.238	NC0229C4F001100	11,241
Shelter Plus Care Program	14.238	NC0144C4F00900	1,449
Home Investment Trust	14.239	M-10-DC-37-0204	434,840
Home Investment Trust	14.239	M-11-DC-37-0204	17,697
Home Investment Trust	14.239	M-13-DC-37-0204	286,172
Home Investment Trust	14.239	M-14-DC-37-0204	118,626
Home Investment Trust	14.239	M-15-DC-37-0204	161,088
Fair Housing Ordinance Enforcement	14.401	FF204K134014	61,029
Lead Hazard Control Cluster			
Lead Hazard Control	14.900	NCLHB0557-13	<u>294,710</u>
Total U.S. Department of HUD			<u>4,256,614</u>
Passed through NC Department of Health and Human Services			
Emergency Solutions Grant	14.231	Contract 00031623	143,475
Emergency Solutions Grant	14.231	Contract 00033332	106,505
Total Funds from NC Department of Health and Human Services			<u>\$ 249,980</u>

<u>Federal Expenditures</u>	<u>State Expenditures</u>	<u>Local Expenditures</u>	<u>Passed Through To Subrecipients</u>
\$ 257,533	\$ -	\$ -	\$ -
764,567	-	-	-
499,148	-	-	371,568
<u>1,521,248</u>	<u>-</u>	<u>-</u>	<u>371,568</u>
3,866	-	-	3,866
20,000	-	-	19,346
61,288	-	-	-
(816)	-	-	-
163	-	-	-
33,430	-	-	33,430
36,460	-	-	36,460
60,212	-	-	45,524
34,299	-	-	31,025
55,062	-	-	51,707
60,000	-	-	-
29,143	-	-	16,068
21,338	-	-	19,801
35,914	-	-	33,295
13,932	-	-	13,932
156,699	-	-	156,699
20,000	-	-	19,346
14,244	-	-	15,910
24,999	-	-	24,999
12,098	-	-	10,729
172,871	-	-	172,871
36,675	-	-	33,677
37,757	-	-	3,000
4,182	-	-	2,980
302,916	-	-	217,840
63,799	-	-	54,724
374	-	-	312
23,562	-	-	-
14,047	-	-	14,047
11,241	-	-	11,241
1,449	-	-	1,449
434,840	-	-	-
17,697	-	-	-
286,172	-	-	196,953
118,626	-	-	-
161,088	-	-	-
61,029	-	-	-
<u>294,710</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>4,256,614</u>	<u>-</u>	<u>-</u>	<u>1,612,799</u>
143,475	-	-	143,475
106,505	-	-	106,264
<u>\$ 249,980</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 249,739</u>

# City of Winston-Salem, North Carolina

## Schedule of Expenditures of Federal and State Awards

For the Fiscal Year Ended June 30, 2016

Cash Programs Grantor/Pass-Through Grantor/ Program/Project Title	Federal CFDA Number	Grant Number	Grant Receipts
<b>U.S. Department of Transportation</b>			
Direct Programs			
Federal Transit Cluster			
Federal Transit Cluster	20.500	NC-04-0023-01	\$ 259,318
Federal Transit Cluster	20.500	NC-95X-543-00	241,086
Federal Transit Cluster	20.507/20.500		3,274,037
Federal Transit Cluster	20.500	NC-90-461-00	16,034
Federal Transit Cluster	20.500	NC-95-076-00	3,557,250
Federal Transit Cluster	20.500	NC-90-489-02	776
Federal Transit Cluster	20.500	NC-95-057-00	(6,765)
Federal Transit Cluster	20.500	NC-95X-079-00	3,429,001
Federal Transit Cluster	20.500	NC-95X-077-00	1,168,400
Federal Transit Cluster	20.500	NC-90-565-00	69,809
Total Federal Transit Cluster			<u>12,008,946</u>
Transit Services Programs Cluster			
Federal Transit 2012 JARC Grant	20.516	NC-37-X029-01	49,323
Federal Transit 2014 Enhanced Mobility Grant	20.516	NC-16X-009-00	122,222
Lapsing JARC Funds	20.516	NC-57-X-003-03	34,992
Lapsing 5316 Funds	20.516	NC37-X-034-00	114,233
Federal Transit 2013 Enhanced Mobility Grant	20.516	NC-16-X006-00	114,398
Federal Transit 2012 New Freedom Grant	20.516	NC-57-X-019	1,231
Total Transit Services Program Cluster			<u>436,399</u>
Passed Through N.C. Department of Transportation:			
Highway Planning and Construction Cluster			
Cedar Trails Connector	20.205-4	50039.1.1	13,697
Interim Traffic Signal System Improvement	20.205	41504.3.1	(55,200)
New Traffic Signal System Phase I	20.205-1	45437.2.1/45437.3.1	1,073,166
Reynolds Park Road Bridges	20.205-1	41107.1.1	73,164
West First Street Bridge/Southern Railway	20.205-1	41111.1.1	55,003
Little Creek Greenway	20.205-1	39745.3.11	67,334
Piedmont Regional Greenway	20.205-1	39745.1.28	39,234
Brushy Fork Greenway IV	20.205-1	33974.3.3/3394.2.3	17,925
Lantern Ridge Greenway	20.205-1	39745.1.23	6,094
Tara Property Connector	20.205-1	39745.1.24	8,367
Kirklees Rd & Hertford Rd Sidewalks	20.205-1	39745.1.22	300,000
Martin Luther King, Jr. Enhancement	20.205-1	39745.3.20	3,029
Metropolitan Planning Grant	20.205-5	39225.1.17	17,282
Metropolitan Planning Grant	20.205-5	44509.1.17	301,202
Metropolitan Planning Grant	20.205-5	39225.1.22	314,314
Total Highway Planning and Construction Cluster			<u>2,234,611</u>
Passed Through N.C. Department of Transportation:			
N.C. Governor's Highway Safety Program			
N.C. GHSP DWI Task Force Year 5	20.616	52015.15.7	36,718
N.C. GHSP DWI Task Force Year 6	20.616	52015.15.7	<u>51,132</u>
Total N.C. Governor's Highway Safety Program			<u>87,850</u>
Metropolitan Planning Program/State Planning Research Program	20.505	36230.29.14.6	124,649
Total Passed Through N. C. Department of Transportation			<u>124,649</u>
Total U.S. Department of Transportation			<u>\$ 14,892,455</u>

<b>Federal Expenditures</b>	<b>State Expenditures</b>	<b>Local Expenditures</b>	<b>Passed Through To Subrecipients</b>
\$ 259,318	\$ -	\$ 64,830	\$ -
241,086	-	60,267	-
3,274,037	-	-	-
16,034	-	4,009	-
3,251,250	306,000	267,750	-
776	-	194	-
-	(6,765)	6,765	-
3,172,474	256,527	307,551	-
1,079,500	88,900	101,600	-
69,809	-	17,452	-
<b>11,364,284</b>	<b>644,662</b>	<b>830,418</b>	<b>-</b>
49,323	-	-	49,323
122,222	-	-	122,222
34,992	-	-	3,369
114,233	-	-	-
114,398	-	-	113,920
1,231	-	-	1,231
<b>436,399</b>	<b>-</b>	<b>-</b>	<b>290,065</b>
10,958	2,739	103,232	-
(55,200)	-	-	-
830,531	242,635	108,561	-
58,581	-	-	-
55,003	-	8,703	-
67,334	-	57,925	-
39,234	-	53,740	-
17,925	-	18,425	-
6,094	-	17,191	-
8,367	-	4,011	-
300,000	-	186,115	-
3,029	-	2,969	-
17,282	-	4,321	-
301,202	-	75,301	-
314,314	-	78,579	-
<b>1,974,654</b>	<b>245,374</b>	<b>719,073</b>	<b>-</b>
36,718	-	-	-
51,132	-	-	-
<b>87,850</b>	<b>-</b>	<b>-</b>	<b>-</b>
110,800	13,849	13,497	-
<b>110,800</b>	<b>13,849</b>	<b>13,497</b>	<b>-</b>
<b>\$ 13,973,987</b>	<b>\$ 903,885</b>	<b>\$ 1,562,988</b>	<b>\$ 290,065</b>

**City of Winston-Salem, North Carolina**  
**Schedule of Expenditures of Federal and State Awards**  
For the Fiscal Year Ended June 30, 2016

Cash Programs Grantor/Pass-Through Grantor/ Program/Project Title	Federal CFDA Number	Grant Number	Grant Receipts
<b>U.S. Department of Homeland Security</b>			
Passed Through N.C. Department of Crime Control and Public Safety			
Homeland Security Cluster			
Emergency Management Shelter Grant	97.073	2015-35-T2	\$ 1,104
Total Homeland Security Cluster			1,104
Federal Emergency Management Agency			
Flood Mitigation Assistance Grant	97.029	FMA-PJ-04-NC-2013	142,831
Emergency Management Assistance	97.042	EMPG-2013-37067	87,107
Total Federal Emergency Management Agency			229,938
<b>U.S. Department of Justice</b>			
Direct Programs			
Forfeiture Funds	16.000		157,294
Cold Case Grant	16.560	2015-DJ-BX-0930	30,316
2012 JAG Grant	16.738	2012-DJ-BX-1043	92,687
2014 JAG Grant	16.738	2014-DJ-BX-1144	89,160
Passed Through Forsyth County:			
2013 JAG Grant	16.738	2013-DJ-BX-0412	6,817
2015 JAG Grant	16.738	2015-DJ-BX-0412	77,636
Passed Through the N.C. Department of Crime Control and Public Safety:			
Domestic Violence Grant	16.588	2014-WF-AX-0015	62,645
Total U.S. Department of Justice			516,555
<b>United States Environmental Protection Agency</b>			
Passed Through NC Department of Environment and Natural Resources:			
Capitalization Grants for State Revolving Funds	66.458	CS370399-08	30,912,448
Capitalization Grants for State Revolving Funds	66.458	CS370399-09	767,567
Capitalization Grants for State Revolving Funds	66.458	CS370399-08	2,349,316
Total N.C. Department of Environment and Natural Resources			34,029,331
<b>U.S. Department of Human Resources</b>			
Passed Through Piedmont Triad Regional Council of Local Governments:			
Aging Cluster			
Assistance for the Elderly	93.044		302,193
Total U.S. Department of Human Resources			302,193
<b>U.S. Department of Labor</b>			
Employment and Training Administration			
Youth Build Grant	17.274	YB-23870-12-60-A-37	(101,091)
Total U.S. Department of Labor			(101,091)
<b>U.S. Department of the Treasury</b>			
Direct Program			
Forfeiture Funds	16.000		325,172
Total U.S. Department of the Treasury			325,172
<b>Total Federal Programs</b>			\$54,702,251

<u>Federal Expenditures</u>	<u>State Expenditures</u>	<u>Local Expenditures</u>	<u>Passed Through To Subrecipient</u>
\$ 1,104	\$ -	\$ -	\$ -
1,104			
142,831	-	-	-
87,107	-	-	-
<u>229,938</u>	<u>-</u>	<u>-</u>	<u>-</u>
157,294	-	-	-
30,316	-	-	25,818
92,687	-	-	92,687
89,160	-	-	88,341
6,817	-	-	-
77,636	-	-	-
<u>62,645</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>516,555</u>	<u>-</u>	<u>-</u>	<u>206,846</u>
30,912,448	-	-	-
767,567	-	-	-
<u>2,349,316</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>34,029,331</u>	<u>-</u>	<u>-</u>	<u>-</u>
135,987	166,206	-	-
<u>135,987</u>	<u>166,206</u>	<u>-</u>	<u>-</u>
(101,091)	-	-	-
<u>(101,091)</u>	<u>-</u>	<u>-</u>	<u>-</u>
325,172	-	-	-
<u>325,172</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$ 53,617,577	\$ 1,070,091	\$ 1,562,988	\$ 2,359,449

**City of Winston-Salem, North Carolina**  
**Schedule of Expenditures of Federal and State Awards**

For the Fiscal Year Ended June 30, 2016

Cash Programs Grantor/Pass-Through Grantor/ Program/Project Title	State Number	Grant Number	Grant Receipts
<b>STATE GRANTS:</b>			
<b>N.C. Department of Transportation</b>			
Direct Programs			
Powell Bill Funds	DOT-4	32570	\$ 6,535,410
State Maintenance Assistance	DOT-9	36234.51.4.2	1,417,868
Passed Through Forsyth County:			
Elderly and Disabled Transportation and ROAP funds	9.9050716		144,282
Municipal Agreements:			
Conversion of 4th Street to 2- Way	DOT-18	34871.3.3	368,129
Conversion of 5th Street to 2-Way	DOT-18	3487.1.3.3	298,079
Total N.C. Department of Transportation			<u>8,763,768</u>
<b>N.C. Department of Commerce</b>			
Direct Programs			
One NC Fund - Caterpillar			226,000
One NC Fund - Piedmont Propulsion			35,000
One NC Fund - Herbalife			604,000
Total N.C. Department of Commerce			<u>865,000</u>
<b>Total State Programs</b>			<u>9,628,768</u>
<b>Total Assistance</b>			<u>\$ 64,331,019</u>

<u>Federal Expenditures</u>	<u>State Expenditures</u>	<u>Local Expenditures</u>	<u>Passed Through To Subrecipients</u>
\$ -	\$ 6,503,450	\$ -	\$ -
-	1,417,868	-	-
-	133,700	-	105,950
-	75,560	-	-
-	73,790	-	-
-	<u>8,204,368</u>	<u>-</u>	<u>105,950</u>
-	226,000	-	226,000
-	35,000	-	35,000
-	604,000	-	604,000
-	<u>865,000</u>	<u>-</u>	<u>865,000</u>
-	<u>9,069,368</u>	<u>-</u>	<u>970,950</u>
<u>\$ 53,617,577</u>	<u>\$ 10,139,459</u>	<u>\$ 1,562,988</u>	<u>\$ 3,330,399</u>



# **Notes to Schedule of Expenditures of Federal and State Awards**

***City of Winston-Salem, North Carolina  
For the Fiscal Year Ended June 30, 2016***

## **(1) Basis of Accounting**

The accompanying schedule of expenditures of federal and state awards (SEFSA) presents expenditures using the modified accrual basis of accounting, which is described in Note 1 of the City's basic financial statements, except for the expenditures of the U.S. Department of Transportation which are recorded on an accrual basis. The information in this schedule is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements. The City of Winston-Salem has elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

## **(2) Relationship to Basis Financial Statements**

The City records all federal and state financial award revenues in the special revenue funds except for the U.S. Department of Transportation and Emergency Management Assistance Funds which are recorded in the Transit Authority and General Fund, respectively.

## **(3) Loans Outstanding**

The City of Winston-Salem had the following loan balances outstanding as of June 30, 2016. The loans made during the year are included in the SEFSA in the federal expenditures presented in the schedule. Balances and transactions during related to these programs are included in the City of Winston-Salem's basic financial statements.

<u>Program Title</u>	<u>CFDA Number</u>	<u>Amount Outstanding</u>
Capitalization Grants for State Revolving Funds	66.458	\$34,029,331





## The City of Winston-Salem

### **Our Vision:**

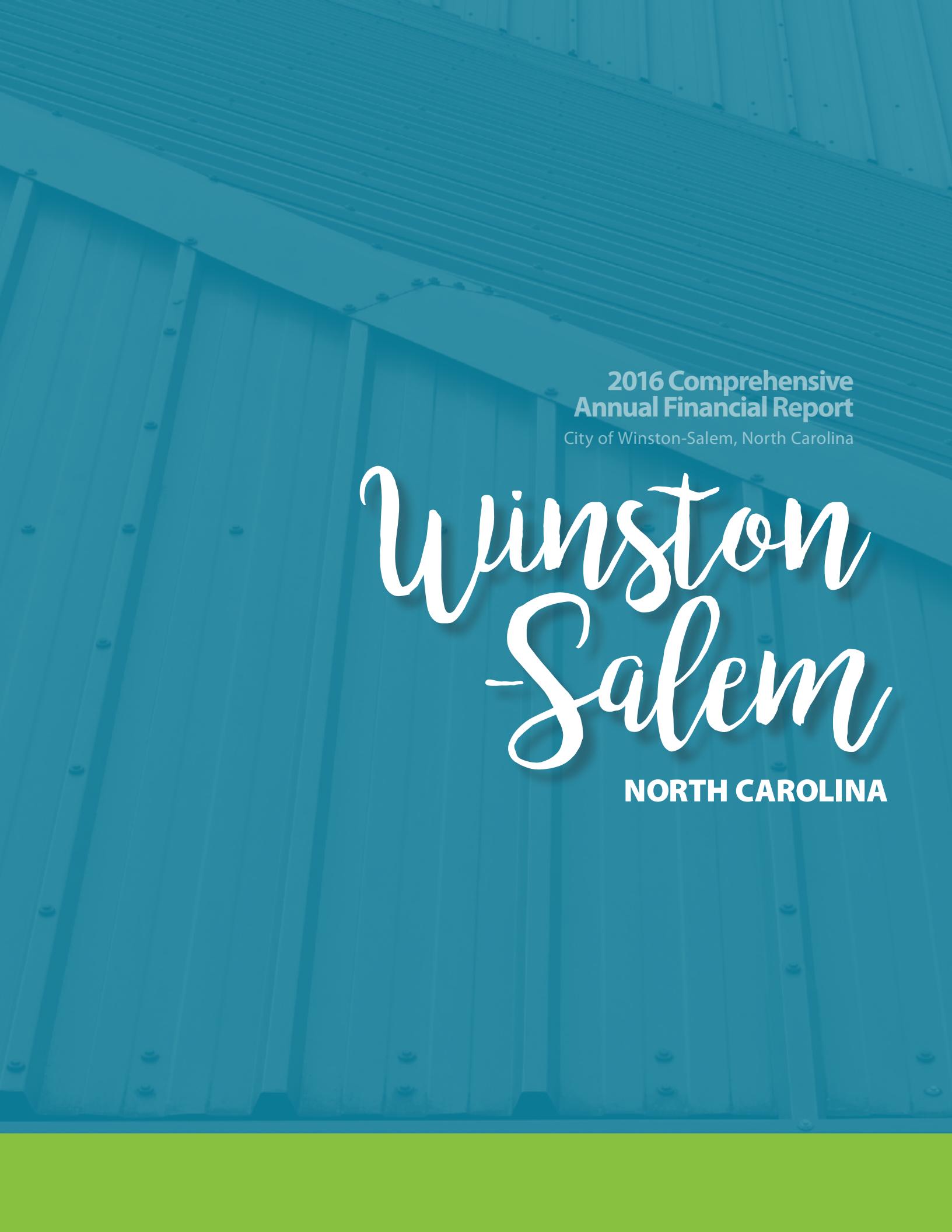
A municipal government deserving of public confidence, that provides excellent and innovative services, and is an active and cooperative partner in creating a vital community.

### **Our Mission:**

The City of Winston-Salem provides quality, affordable services that ensure the health, safety and well-being of citizens, while collaborating throughout the community to ensure its economic, social and environmental vitality.

### **Our Values:**

Openness  
Integrity  
Equity  
Accountability  
Teamwork  
Respect for all citizens  
Fiscal soundness  
Continuous learning & improvement



**2016 Comprehensive  
Annual Financial Report**

City of Winston-Salem, North Carolina

# *Winston Salem*

**NORTH CAROLINA**