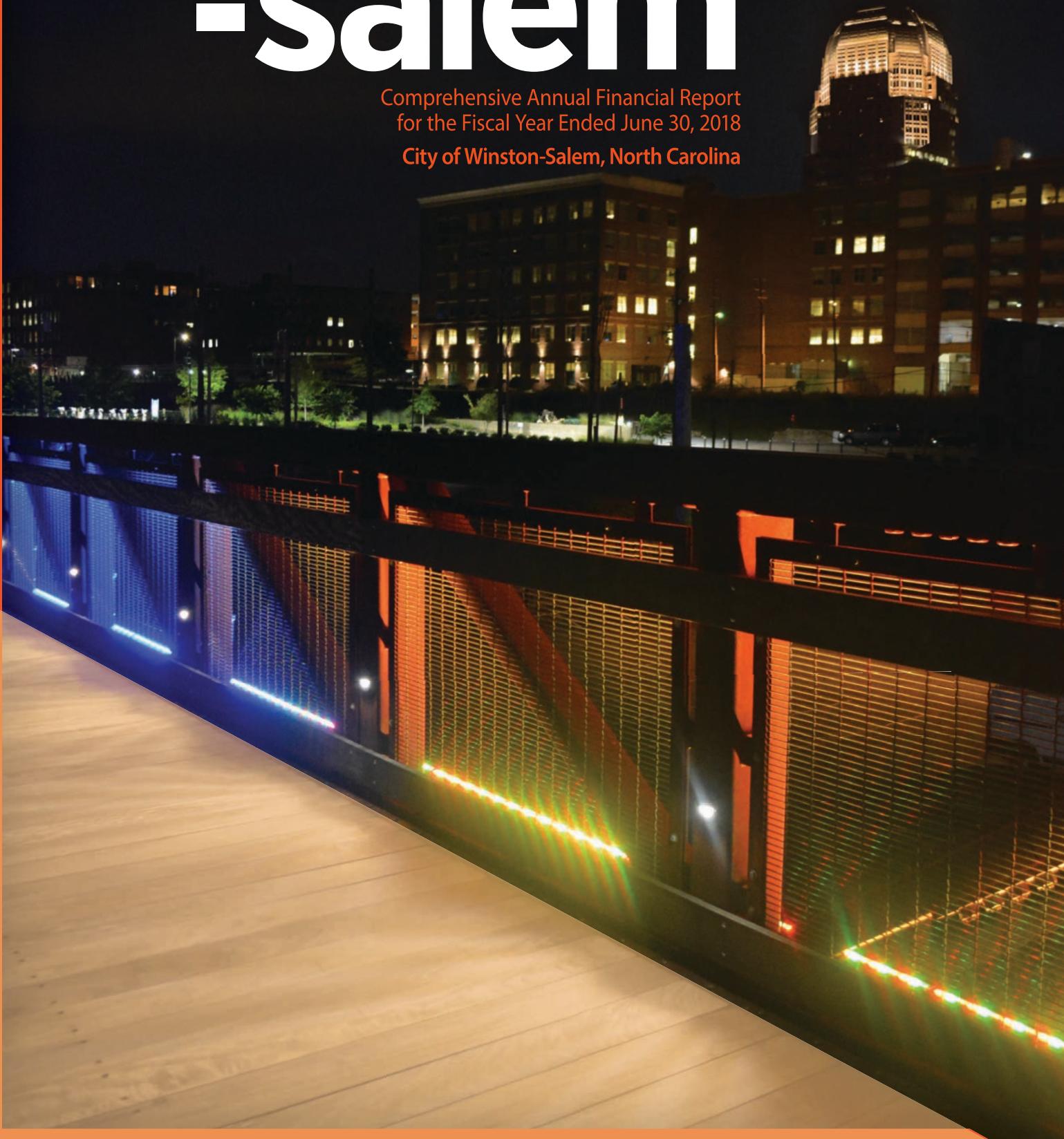
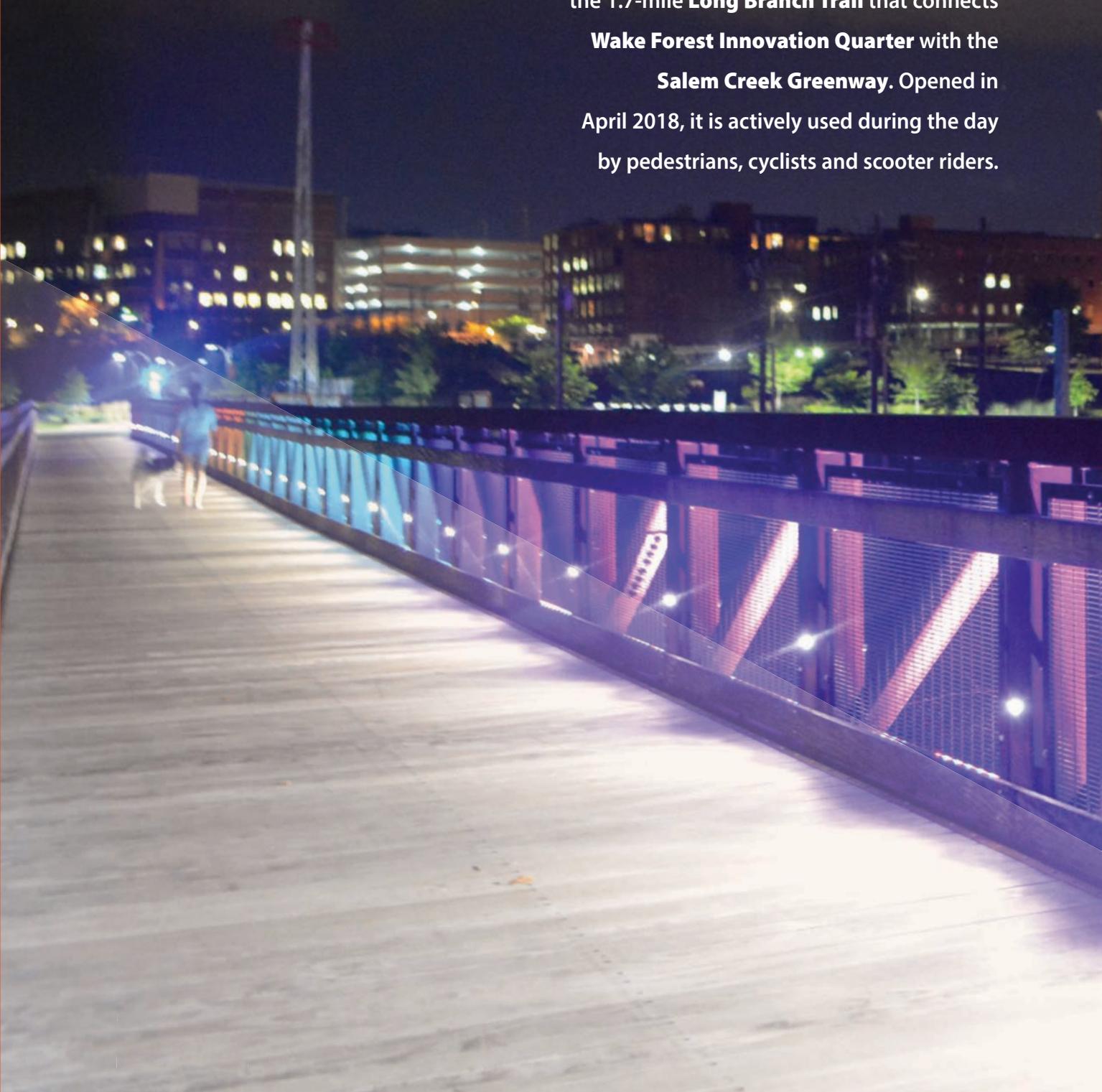


# winston -salem

Comprehensive Annual Financial Report  
for the Fiscal Year Ended June 30, 2018

City of Winston-Salem, North Carolina





Illuminated by changing multi-colored lights at night, this wooden bridge is part of the 1.7-mile **Long Branch Trail** that connects **Wake Forest Innovation Quarter** with the **Salem Creek Greenway**. Opened in April 2018, it is actively used during the day by pedestrians, cyclists and scooter riders.

Comprehensive Annual Financial Report for the  
Fiscal Year Ended June 30, 2018

City of Winston-Salem, North Carolina

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

# credits

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Rachel Barron, Next Level Communications

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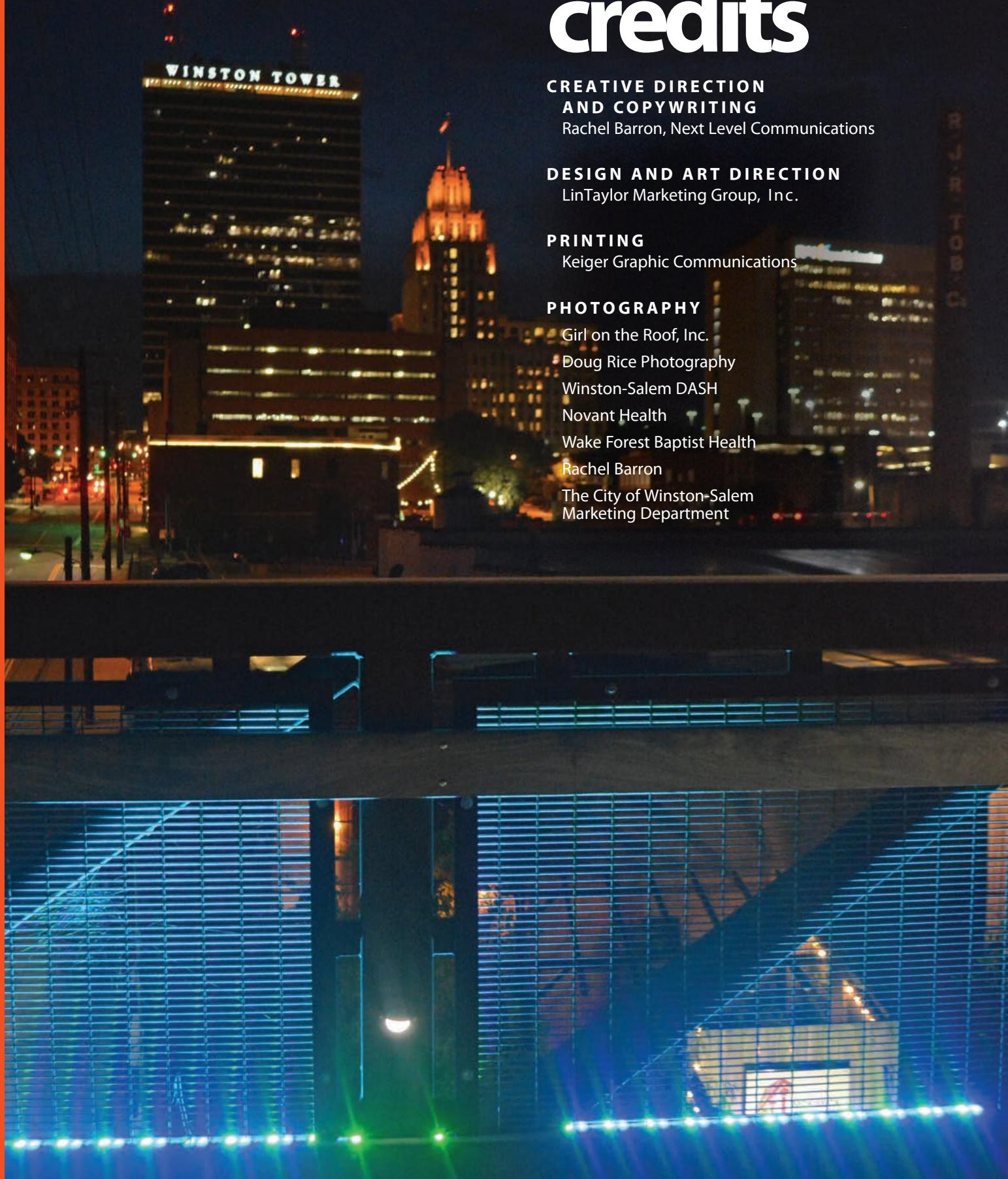
Winston-Salem DASH

Novant Health

Wake Forest Baptist Health

Rachel Barron

The City of Winston-Salem  
Marketing Department



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

# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

For the Fiscal Year Ended June 30, 2018

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**Certain pages in this report are intentionally blank.**



## *Letter of Transmittal*

October 31, 2018

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, 2018. 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, 2018.

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, 2018, 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 11.95% of the budgeted expenditures while total general fund was 24.29%.

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 2019 through fiscal year 2024 includes capital appropriations totaling \$388.5 million and includes projects funded by general fund resources, general obligation bonds, utility revenue bonds, North Carolina Clean Water State Revolving Loan Funds, special obligation bonds, North Carolina Municipal Leasing Corporation, state and federal grants, gasoline taxes, and capital reserves.

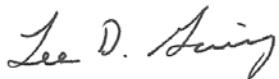
#### ***Awards and Acknowledgements***

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, 2017. This was the 32nd 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.

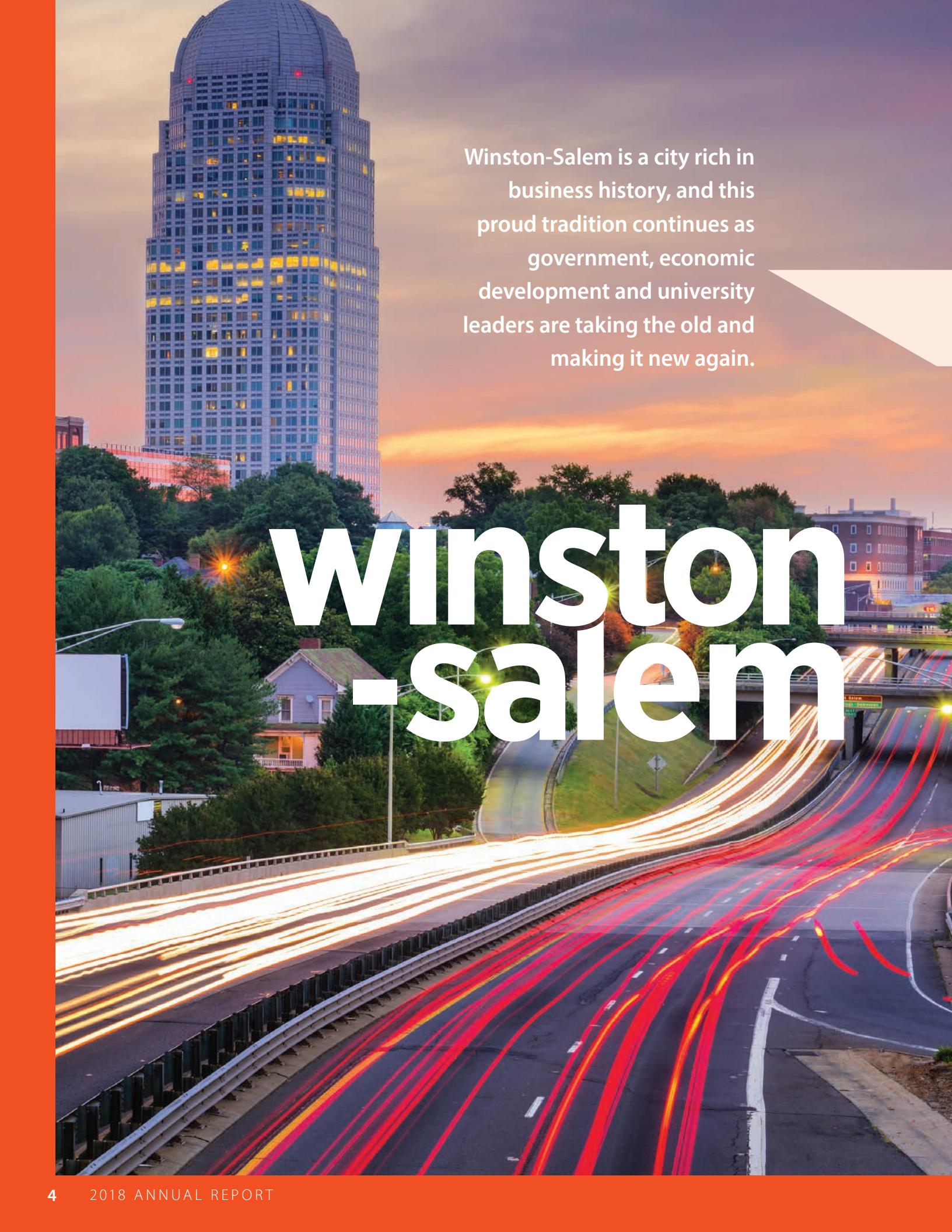
Respectfully submitted,



Lee D. Garrity  
City Manager



Lisa M. Saunders  
Chief Financial Officer



Winston-Salem is a city rich in business history, and this proud tradition continues as government, economic development and university leaders are taking the old and making it new again.

# winston -salem

**F**ormer downtown tobacco factories and warehouses once owned by homegrown **R.J. Reynolds Tobacco Company** have been transformed into **Wake Forest Innovation Quarter**, a hub of research labs, medical school classrooms, upscale loft apartments, and bustling restaurants and breweries. More than 170 companies, including a number of start-up businesses and **Inmar**, a rapidly growing high-tech logistics company, now occupy Innovation Quarter. Over 3,700 workers and 1,800 degree-seeking students make for an energetic atmosphere during the work week.

## LOCAL ECONOMY 2018

A few blocks away, the 21-story former **GMAC Insurance** building is also experiencing a rebirth as an entrepreneurial center under the leadership of **Don Flow**, head of the **Flow Automotive Group**. Along with moving his corporate headquarters to the building, Flow has teamed with **Grubb Properties**, a Charlotte-based developer, to transform the building into a mixed-use complex. About 35,000 square feet will be reserved for **Winston Starts**, a new business accelerator organization. On the south side of the building, Grubb will develop 240 residential units and storefronts at an estimated investment of \$48 million. The **Winston-Salem City Council** has approved an incentive deal to provide Grubb with \$1.65 million over 10 years for the project.

Just north of downtown, **Whitaker Park**, a former Reynolds manufacturing complex of 1.7 million square feet, will soon be the new home of **Cook Medical**. With the move, expected to take place in 2020 or 2021, the family-owned developer and maker of medical devices will more than quadruple — to 850,000 square feet — its current manufacturing space in the northern part of the City. The complex is owned by the **Whitaker Park Authority**, a non-profit corporation chaired by Flow and created by **Winston-Salem Business, Inc.**, the **Winston-Salem Alliance** and **Wake Forest University**. The entire complex has the potential to be the next mixed-use economic engine for the City. The City Council has approved about \$2.5 million in economic development assistance for Cook Medical to assist with moving costs. Cook Medical is investing about \$55 million at the proposed site.

Another key component of the renewal is taking place with the upgrade of downtown's main artery. While Winston-Salem residents have faced the closure of a major section of Business 40 with some trepidation, the City Council and the public were delighted to learn that the originally projected two-year disruption may be shortened to as few as 14 months.

Advance preparations designed to help traffic flow during the closure have included the completion of Research Parkway, which connects Innovation Quarter to U.S. 52, and the widening of several key streets and interchanges in the downtown area. The **Winston-Salem Transit Authority** will be beefing up expanded service on some routes.

### ARTS AND INNOVATION

As a modern **City of Arts and Innovation**, Winston-Salem is beginning to fully realize the positive economic impact of the arts. A study by Americans for the Arts, a national nonprofit organization, estimated that full-time jobs in the nonprofit arts and culture sector in Forsyth County rose 15 percent, to 5,559, between 2010 and 2015. The total economic impact of both sectors doubled in that period, from \$76.6 million to \$156.8 million.

One of Winston-Salem's most prominent arts events is the biennial **National Black Theater Festival**. With the successful 2017 festival and the completion of an \$18.5 million City-funded renovation to the **Benton Convention Center**, tourism spending in Forsyth County reached another record high of \$898.4 million in the 2017-2018 fiscal year. Visitors to Forsyth County generated an estimated \$69.8 million in local and state tax revenues in 2017, up 6 percent from 2016. There are 7,200 jobs in Forsyth considered to be associated with travel and tourism, a 4.1 percent increase from 2016.

### OTHER ECONOMIC MEASURES

In other economic measures, the Winston-Salem housing market continued to thrive, with home prices in the Winston-Salem metro area up 4.9 percent in the first six months of 2018 compared with the same period in 2017, according to Michael S. Clapp & Associates, a local real estate research firm. The average sale price of a house in Forsyth County was \$186,316, an increase of 7.1 percent from 2017. The apartment market continues to thrive as well. In Forsyth County, there are 23,035 apartment units with a vacancy rate of 4.8 percent, according to Real Data, a company that surveys market-rate apartments in Southeastern metro cities. The average rent is \$827. The strongest submarket in Forsyth County is downtown, with vacancy at 4.5 percent and average rent at \$962.

The unemployment rate in Forsyth County has continued to decline, according to the U.S. Department of Labor. By July 2018, the unemployment rate stood at only 4.2 percent, down from 4.3 percent in 2017 and 5.1 percent two years ago.



Local entrepreneurs and innovators meet for **VENTURE CAFE**, which offers weekly presentations and networking opportunities.

## TECHNOLOGY AND INNOVATION

Encompassing 337 acres and 1.9 million square feet of office, laboratory and classroom space, Wake Forest Innovation Quarter is one of the fastest-growing urban innovation districts in the United States. 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.

About 20 academic departments of **Wake Forest Baptist Medical Center**, **Forsyth Technical Community College**, and **Winston-Salem State University** are located there. In addition, **Wake Forest University** has established **Wake Downtown**, an undergraduate satellite campus offering bachelor of science degrees in engineering, biochemistry, molecular biology, mechanical chemistry and drug discovery. In all, about 1,800 degree-seeking students are attending programs in the technology park.

With the redevelopment of **Bailey Power Plant**, the former power-generating station for the Reynolds factories, the renovation and repurposing of the existing buildings in Innovation Quarter is complete. Bailey Power Plant, with its iconic smokestacks and more than 111,000 square feet of space, is now home to **Alma Mexicana**, a Tex-Mex restaurant; **Incendiary Brewing**, Winston-Salem's seventh brewery; and **Venture Café**, which hosts hundreds of local entrepreneurs and innovators for Thursday night workshops and opportunities to mix, mingle and learn from one another. **FrontStreet Capital**, a private equity real estate company in Winston-Salem, has said it will redevelop other portions of the building into office and retail space.

Also on the Innovation Quarter campus is **The Center for Design Innovation**, a joint effort by **Forsyth Technical Community College**, the **UNC School of the Arts** and **Winston-Salem State University**. The 25,000-square-foot building includes a 60-by-60-foot-space known as "the Cube," one of the largest dedicated spaces for motion-capture research in the Southeast. Other organizations in the CDI building are **Flywheel**, a 24/7 co-working environment with spaces available for lease on an as-needed or temporary basis and the **Center for the Creative Economy**, which supports a burgeoning creative sector that includes design, architecture, advertising, interactive gaming, and more.

Much of Innovation Quarter's redevelopment has been the result of more than \$800 million of investments, much of it from **Wexford Science & Technology, LLC, a BioMed Realty Company**. The City has been a major player in supporting Innovation Quarter, along with Forsyth County and the State of North Carolina. Much of the investment has leveraged historic tax credits approved by the National Park Service.

In summer 2018, Wexford announced a new minority- and women-owned business initiative to be located in the Innovation Quarter and run by an independent local non-profit or government agency. The aim of the initiative will be to encourage, support and accelerate local small businesses and start-ups founded by women and minorities.

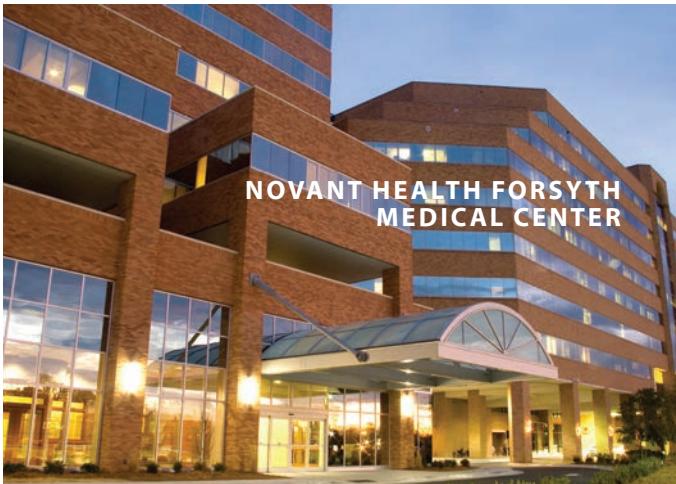
Nearby, **MIXXER Studios** provides a state-of-the-art "makerspace" for artisans and craftspeople. MIXXER members have access to equipment for working with traditional materials like wood, metal and textiles, as well as more modern tech like laser cutters, 3D printers, CNC machinery, and computers with art design software.

**INNOVATION QUARTER** now  
includes Wake Downtown, a satellite  
campus of Wake Forest University that  
houses undergraduate biomedical and  
engineering programs.



A close-up portrait of a young woman with dark hair pulled back, smiling warmly at the camera. She is wearing teal-colored medical scrubs and a blue stethoscope hangs around her neck. Her hands are visible on the right side of the frame, holding what appears to be a medical chart or document.

**Winston-Salem is the headquarters to two of North Carolina's largest regional health systems — Novant Health, Inc. (Novant) and Wake Forest Baptist Medical Center (Wake Forest Baptist). More than 22,000 people work in health care in Forsyth County, making it the county's largest employment sector.**



## HEALTH CARE

**Novant Health** is an integrated health care system based in Winston-Salem with a footprint that spans four states. Its network consists of 14 medical centers, over 580 clinic locations, and more than 1,500 physicians in North Carolina, Virginia, South Carolina and Georgia.

Novant is one of the first health care systems in the nation to receive the Centers for Medicare and Medicaid Services (CMS) Health Equity Award, which recognizes a commitment to health equity among different races, ethnicities, genders and those living in rural areas. It has a major impact in its communities by delivering over \$794 million in community benefits and has been named among the top places in the nation to work in health care. The health system is recognized for the quality and safety of its patient care by the Joint Commission, the nation's most respected standards-setting and accrediting body for health care.

**Novant Health's Forsyth Medical Center (FMC)** is a 927-bed, not-for-profit hospital in Winston-Salem offering a full continuum of emergency, medical, surgical, rehabilitative and behavioral health services. FMC is fully accredited by the Joint Commission and has earned numerous national rankings in specialties including cardiac surgery, oncology, gynecology, heart disease and stroke, knee and hip joint replacement, and excellence in nursing 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 and assists with more than 6,000 births each year.

Novant's **Medical Park Hospital** is a 22-bed, not-for-profit hospital that specializes in elective, outpatient and short-stay surgeries. As one of four Novant facilities providing surgical care, Medical Park performs about 12,000 surgeries each year. 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**.

With more than 12,000 employees, **Wake Forest Baptist Medical Center** is Winston-Salem and Forsyth County's largest employer. The fully integrated academic medical system is comprised of **Wake Forest Baptist Health**, **Wake Forest School of Medicine**, **Wake Forest Innovations**, and **Wake Forest Innovation Quarter**.

As a nationally recognized academic Medical Center, it includes a medical staff of more than 1,300 physicians with expertise in over 100 specialties; 3,000 registered nurses; and 625 residents and fellows; and the nationally ranked **Brenner Children's Hospital**, the region's only pediatric hospital. Its **Comprehensive Cancer Center** is a leader in the fight against cancer — it is one of only 47 in the nation designated as comprehensive by the National Cancer Institute.

The Medical Center provides 1,029 acute care beds, as well as outpatient services, physician practices and clinics, diagnostic centers, emergency and urgent care centers, community health and information locations, and a division that brings innovative discoveries in technology, products and services to patient bedsides. 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**, **Wake Forest Baptist Health-Davie Medical Center** and **Wake Forest Baptist Health-Wilkes Medical Center**.

The institution plays a key role in the community by delivering more than \$370 million in charitable care and other community benefits. The hospital holds the coveted Gold Seal of Approval™ from the Joint Commission.

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 26th consecutive year, and Brenner Children's Hospital ranks among the best children's hospitals. Wake Forest Baptist's physicians rank among the top in the country, with 325 included in the Best Doctors in America database.

The medical school serves approximately 2,000 students, residents and fellows. It continually ranks among the best medical schools in the country by *U.S. News & World Report*; its physician assistant program ranks 9th in the country, while its nurse anesthesia program is 10th.



## 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, 2018, BB&T Corp was one of the largest U.S. financial services holding companies, with \$222.7 billion in assets and market capitalization of \$39.1 billion. It operates more than 2,100 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 has more than 8,500 locations in 38 countries and territories.

**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 10 retail branches in Forsyth, Wilkes and Watauga counties.

Winston-Salem is also home to two of the state's largest credit unions. **Allegacy Federal Credit Union**, founded in 1967 to serve employees of Reynolds Tobacco Co., now has 143,000 owner-members worldwide with over \$1.43 billion in assets.

**Truliant Federal Credit Union**, chartered in 1952 to serve employees of Western Electric, now has more than 200,000 member-owners throughout the U.S. and assets of more than \$2 billion.

A photograph showing three people in a professional setting. A woman in a maroon blouse is smiling and looking down at a stack of papers held by a man in a suit. Another man in a blue sweater is also smiling and looking towards the papers. They appear to be in a conference room or office environment.

**Winston-Salem is the headquarters of BB&T Corporation, one of the largest U.S. financial services holding companies, and is home to a major wealth management division of Wells Fargo.**

## 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 about 3,000 and 2,500 workers, respectively.

While it continues to maintain a significant presence in Winston-Salem, RAI became an indirect, wholly owned subsidiary of **British American Tobacco (BAT)** in July 2017. The \$54.5 billion transaction completed BAT's purchase of the 57.8 percent of RAI that it did not already own. BAT and RAI heralded the purchase as creating a "stronger, global tobacco and Next Generation products company." RAI brought to the table three of the four best-selling cigarette brands in the U.S.—Newport, Camel and Pall Mall—as well as VUSE digital vapor cigarettes and ZONNIE, a nicotine replacement therapy gum.

**HanesBrands**, founded in Winston-Salem in 1901, 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 and Bali. For the quarter ended June 30, 2018,

the company reported net sales growth of 4 percent to \$1.72 billion. Unlike most apparel companies, Hanesbrands primarily operates its own manufacturing facilities. It is the only apparel producer to ever be honored by the Great Place to Work Institute for its socially responsible workplace practices in Central America and the Caribbean.

Another manufacturer with a significant presence in Winston-Salem is **Rockwell Collins**, which employs 1,300 workers inherited from its purchase of B/E Aerospace in April 2017. Although B/E was not headquartered in Winston-Salem, its largest manufacturing plant was based here. In a deal expected to close in fall 2018, Rockwell Collins has been sold to aerospace company **United Technologies Corp.**

Other major employers include **Deere-Hitachi** and **Hayward Industries**, a manufacturer of pool equipment each with 800 employees; **WestRock**, 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 was acquired for \$1.35 billion by JAB Holding Co. in July 2016.



# MAJOR EMPLOYERS

Updated July 2018\*

Rank	Company	Employees*
1	Wake Forest Baptist Medical Center	14,271
2	Novant Health, Inc.	9,896
3	Winston-Salem/Forsyth County School System	8,000
4	Wells Fargo	2,890
5	Reynolds American, Inc.	2,500
6	Hanesbrands	2,300
7	Wake Forest University (Reynolda Campus)	2,251
8	City of Winston-Salem	2,287
9	Forsyth County	2,118
10	BB&T	2,134
11	Forsyth Technical Community College	1,505

Rank	Company	Employees*
12	Rockwell Collins	1,600
13	Walmart	1,300
14	Winston-Salem State University	1,073
15	YMCA of Northwest North Carolina	1,056
16	Pepsi/Cognizant	1,050
17	Lowes Food Stores	1,034
18	Inmar	912
19	US Airways	900
20	Flow Automotive	875
21	Deere-Hitachi	800
22	Hayward Industries	800

Rank	Company	Employees*
23	Veterans Administration	685
24	National General Insurance	675
25	Aon Consulting	650
26	Cook Medical	620
27	Blue Cross & Blue Shield of NC	600
28	WestRock	600
29	Womble Carlyle Sandridge & Rice	507
30	Truliant Federal Credit Union	560
31	Food Lion	500-999
32	Herbalife	500

SOURCE: WINSTON-SALEM CHAMBER OF COMMERCE

\*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.



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. Now home to seven breweries, Winston-Salem's downtown has received national recognition as one of the best in the U.S., based on factors such as entertainment options and green space.

**INCENDIARY BREWING**, Winston-Salem's seventh craft brewery, is located beneath the former railroad tracks and coal pits of Bailey Power Plant. The plant once generated electricity for the entire complex of Reynolds Tobacco companies.

## DOWNTOWN DEVELOPMENT

Downtown is now home to 2,250 residents — more than triple the number in 2010 — who live in housing developments in or near the area. More residential options are on the horizon, with construction underway on 344 apartment units in Innovation Quarter and another 229 on the western end of downtown.

Downtown Winston-Salem has become a thriving neighborhood and social scene. Sidewalks bustle every night of the week with thousands of residents socializing, walking dogs and visiting an array of restaurants offering food as diverse as pizza, 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 increase in restaurants and entertainment venues downtown has in part been the result of a special emphasis by the City's **Small Business Loan Program**, which can be used to help finance restaurants when the applicants demonstrate a need for City assistance.

A historic landmark of downtown is the **Kimpton Cardinal Hotel**, once the headquarters of Reynolds Tobacco Co. The building, known as "The Grand Old Lady" in Winston-Salem, was the architectural inspiration for the Empire State Building in New York. It now includes 174 guestrooms, 36 suites, and The Katharine Brasserie and Bar on its lower six floors. The hotel's upper floors have been converted into 120 rental units.

Under construction now are a 119-room **Hampton Inn and Suites**, a 126-room **Courtyard by Marriott**, and a **Hotel Indigo** that will be located in the long vacant **Pepper Building**. The Indigo plans a

75-room boutique hotel that will bring the 1927 Pepper Building back to its former art deco 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. In a green space adjacent to the building, developers **Mayfair Street Partners** will be enhancing an existing public space by adding restrooms and sidewalks. Mayfair will receive \$4.6 million in assistance for this project, to be known as **Merschel Plaza** in honor of former City Council member **Wanda Merschel**.

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.

The Downtown Partnership also manages enhanced services that ensure a high standard for cleanliness and safety in downtown. A **Downtown Winston-Salem Business Improvement District**, which covers 60 blocks, is overseen by an 11-person advisory committee of various downtown stakeholders. The BID collects fees of 9 cents per \$100 of valuation on real and personal property to pay for extra services focused on five primary goals: a cleaner environment, increased safety and security, stronger marketing and promotion, accelerated development, and an enhanced physical appearance for downtown.

## 2018-2019 City Budget and Improvements

The City Council approved a \$530 million budget for 2018-2019, an increase of \$48.8 million over the previous year. The budget allocates \$363 million for operations, \$42 million for debt service and \$125 million for capital improvements. The property tax rate remains the same, at 59.74 cents for every \$100 of value.

In November, voters will be asked to approve \$122 million in general obligation bonds. If passed, the bonds would require a property tax increase of about 4 cents per \$100 of value.

Last year, about half of all City employees received raises to bring them up to the market rate for their positions; the proposed budget would bring the other half up to market rate or provide a raise of at least 2 percent. These pay raises will take effect April 1, 2019. The City's minimum wage for its workers will rise in

April 2019 from \$11.25 per hour to \$12.50 per hour, with a goal of achieving \$15 an hour by 2021, according to City Manager Lee Garrity.

In spring 2018, the **City-County Utility Commission** approved a 3.5 percent increase in the water rate and a 5 percent increase in the sewer rate, and the bimonthly service charge for residential water and sewer service would increase by \$1.41 per month.

The rate changes will support the utility commission's \$45.5 million budget for operations, \$51.5 million for debt service and a \$114.7 million budget for capital improvements, the largest being a \$55 million upgrade to the Neilson Water Plant. With the rate increase, the monthly cost for the average household user will go from \$46.75 to \$49.69.

# winston -salem

A Great Place to  
Live and Work



*Opened in spring of 2018, WINSTON WATERWORKS offers a pool, diving area, spray ground, restrooms, concession area and shelter and is an enormously popular addition to Winston Lake Park.*

**O**pen and progressive meets classic southern, and the result is arts, smarts and superb livability," according to **Bestcities.org**, which ranks Winston-Salem 32nd out of the top 50 of **America's Best Small Cities**. The ranking is based on factors such as quality of life, infrastructure, prosperity, educational institutions and arts and entertainment offerings.

## COMMUNITY PROFILE 2017•2018

National surveys continue to praise Winston-Salem for its amenities and affordability. Both *CNN Money* and *Forbes* have rated the City one of the **Top 10 Places to Retire**. **Lending Tree** ranks Winston-Salem the fifth best place in the U.S. for first-time home buyers, based on affordability and the size of down payments. **Right Click**, an online technology newsletter for Verizon, recently ranked Winston-Salem third in the nation on its list of **Best Cities in the U.S. For Young IT Professionals**. **WalletHub**, a personal finance website, has ranked Winston-Salem in the top 20 of its **Best Large Cities to Start a Business**.

As the **City of Arts and Innovation**, Winston-Salem continues to diversify its entertainment and cultural offerings. Its reputation as a good city for "foodies" is growing, with new restaurants offering a wide range of local and international cuisine continuing to open in the downtown area. Winston-Salem is now home to seven craft breweries, including **Foothills Brewing**, the oldest, founded in 2005 and now one of the largest regional brewers in the Southeast. The newest, **Incendiary Brewing**, opened in 2018 in the former coal pit of **Bailey Power Plant** in **Wake Forest Innovation Quarter**. On the cultural front, the nationally respected **River Run International Film Festival** and the biennial **National Black Theater Festival** draw tens of thousands of visitors to the City.

The City is also rapidly gaining national recognition for bicycling. Now in its sixth year of existence, the **Winston-Salem Cycling Classic** continues to grow in prestige among cycling professionals nationwide, with more of the country's top riders spending their Memorial Day weekends competing in the City. Renovations are also underway to transform a 1918 downtown building into a **National Cycling Center**, which will include cycling training equipment and double-occupancy rooms that can be used for housing cycling teams coming here to train.

Winston-Salem has also been named one of **America's Top 10 Digital Cities** for 15 years in a row by the **Center for Digital Government**. In 2017, the Center rated Winston-Salem second among cities with a population of 125,000 to 249,999. The Center's judges continue to be impressed with Winston-Salem's commitment to using digital media for city services. The City has provided mobile devices to employees of departments as diverse as engineering and zoning

inspections, facilities maintenance, building inspections and housing code enforcement. The result is improved responsiveness and work flow.

Through [www.cityofwfs.org](http://www.cityofwfs.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. Citizens may also call CityLink after hours to report emergencies such as water main breaks and downed trees in roadways. Winston-Salem has also been recognized for its continued support of **WinstonNet**, a community program that provides free access to the Internet and computers in various locations around the City.

**Keep Winston-Salem Beautiful**, an affiliate of Keep America Beautiful, has received national recognition for the many innovative programs it has developed. 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.



# 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. Many downtown loft apartments and condominiums have been repurposed from old textile and tobacco factories, including the **Gallery Lofts**, luxury apartments in the renovated former Brown & Williamson factory; **Plant 64**, created from an old Reynolds tobacco warehouse, and the **Winston Factory Lofts**, created in the renovated Brown Rogers-Dixon building. Other options include **West End Village** and the **Link Apartments Brookstown**, both within walking distance of the **BB&T Ballpark**. Two new downtown apartment complexes, the **Link Apartments Innovation Quarter** and **West End Station**, are currently under construction and will add 573 new units to the market.

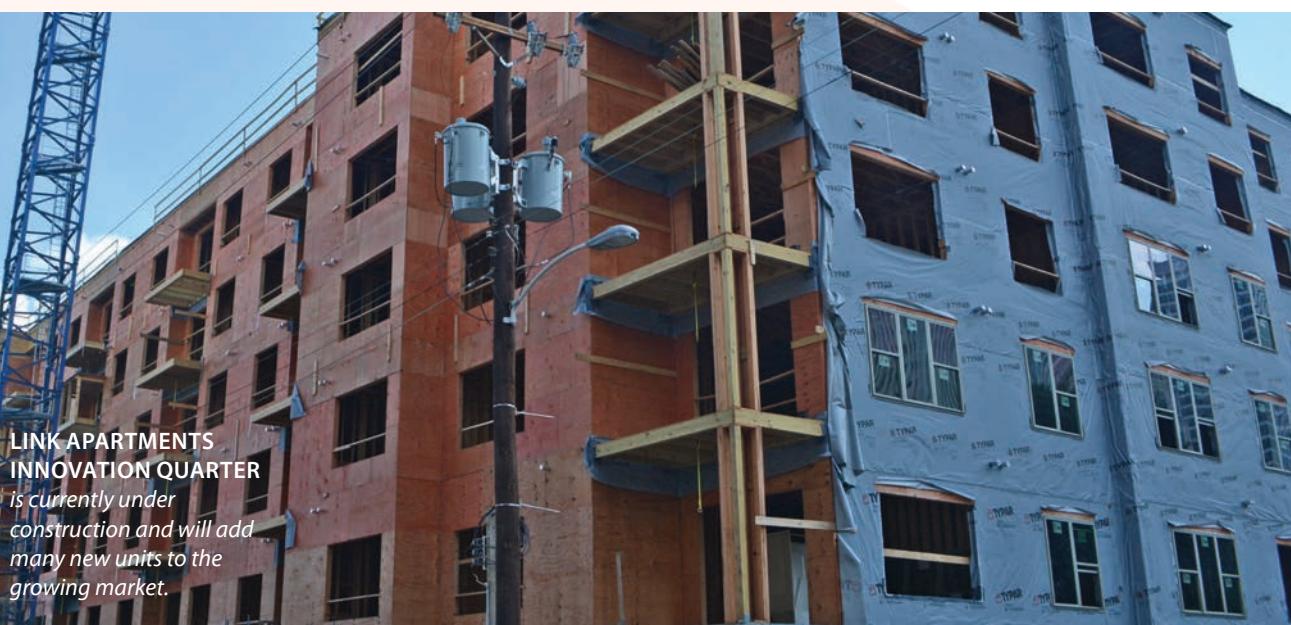
As part of the 2014 bond referendum passed by voters, the City contributed \$1.25 million to the construction of the **757 North** apartment complex. In return, 25 percent of the 115

units will be set aside, for 10 years, for residents earning 80 percent of the area median income. After the 10-year period, 15 percent of the units will be set aside for an additional 20 years.

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, County, private developers, and **Habitat for Humanity of Forsyth County**. 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.

In partnership with the **United Way of Forsyth County**, Habitat has also begun building new homes and renovating existing ones in the Bowen Park neighborhood. **Bowen Park** is among a cluster of neighborhoods in the designated **United Way Place Matters** community near **Smith Reynolds Airport**.





## 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 can take advantage of 25 miles of greenways and 11 official City bike routes, including 18 miles of on-street marked bike lanes. In spring 2018, the City celebrated the opening of the 1.7-mile **Long Branch Trail**, which connects downtown and Innovation Quarter to the existing Salem Creek Greenway. The trail takes walkers, runners and bikers along an inactive Norfolk and Western Railway line that once carried tobacco products from Winston-Salem to Roanoke, Virginia.

All of these 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. Through public meetings and a special designated web page, the City is currently seeking public input as it develops a new **Bicycle Master Plan**.

Thanks to a 2014 bond referendum, a former **Vulcan Materials** quarry has been transformed into **Quarry Park**, 200 acres of mostly wooded land. Visitors can now see the Winston-Salem skyline in the distance from a pier overlooking a freshwater lake. Another bond project, the \$4 million construction of a new marina, training building, playgrounds and restrooms at **Salem Lake**, was completed in fall 2017.

Also as a result of the bonds, the new **Winston Waterworks** water park opened in spring 2018. The park, which includes a pool, diving area, spray ground, restrooms, concession area and shelter, is an enormously popular addition to **Winston Lake Park**, which also includes the **Winston Lake Golf Course**. Recreation and Parks also operates the **Reynolds Park Golf Course**.

In all, Recreation and Parks operates and maintains 74 parks. Among them are 51 picnic shelters, 47 playgrounds, 43 soccer fields, 47 softball fields, 112 tennis courts, eight pools, six volleyball courts, 25 basketball courts, a hobby park, a football field, and two dog parks. The **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 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.

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 continues to host concerts and family entertainment.

The City still owns the 4,500-seat **Fairgrounds Annex**, a free-standing facility with a basketball court that can be set up for a regulation-size hockey rink. In fall 2017, the Annex became the home base for a new hockey team, the **Carolina Thunderbirds**.

The City also owns the adjacent fairgrounds, home to the **Dixie Classic Fair**. Second in size only to the N.C. State Fair, the Dixie Classic 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.

**Bowman Gray Stadium**, a legendary site for NASCAR's longest-running weekly racing series, is also the home field for the WSSU Rams football team. The City and WSSU are in discussion about the possible purchase of the stadium by WSSU, pending approval by the N.C. Legislature. The purchase of the stadium and surrounding acreage would 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 **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 eighth year in 2018. 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.

**THE MILTON RHODES CENTER FOR THE ARTS**  
is the "hub" of downtown arts in Winston-Salem.



## DOWNTOWN ARTS

As the first local arts council in the country, established in 1949, **The Arts Council of Winston-Salem and Forsyth County** has been a national model in marshaling support for civic arts and culture. Branded as "the City of Arts and Innovation," Winston-Salem is nationally known as a center of excellence in both visual and performing arts and supports about 5,000 arts-related jobs. A study by Americans for the Arts, a national nonprofit organization, estimated that full-time jobs in the nonprofit arts and culture sector in Forsyth County rose 15 percent, to 5,559, between 2010 and 2015. The total economic impact of both sectors doubled in that period, from \$76.6 million to \$156.8 million.

The **Milton Rhodes Center for the Arts**, which is owned and operated by The Arts Council, is the "hub" of downtown arts in Winston-Salem. Part of the Center is a former textile mill more than 100 years old, which has been renovated to provide modern performing arts spaces, public art galleries, arts education, and corporate and special events space. It houses the **Sawtooth School for Visual Art, Associated Artists of Winston-Salem**, and **Coffee Park Downtown**. There's always something happening at the Center: live performances, film screenings, art showings, artist receptions, art classes and special events.

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

Winston-Salem boasts a thriving **Downtown Arts District** with working studios, galleries, locally-owned retail shops, restaurants, bars, residences, and businesses. The eclectic "Arts District" is found along 6th, Liberty and N. Trade streets and features a mix of restored historic buildings and modern structures. Celebrating its 20th anniversary, the **Downtown Arts District Association (DADA)** is the non-profit organization leading the revitalization of this area of downtown. Its headquarters

are in the **North Trade Street Arts Center**, which also serves as a gallery for visual and performing artists. DADA promotes art and the arts district through events such as its signature **First Friday Gallery Hops**, held the first Friday of each month throughout the year. During these free events, the streets in the district are bustling with music, entertainment and food as studios, galleries, and shops are open for extended hours.

Located in the heart of the arts district, **ARTivity on the Green** is a half-acre public art park on Liberty Street. The park itself is a unique work of art with towering faux smokestacks with color-changing nighttime lighting. The structures release clouds of water vapor as a nod to the City's industrial past. The park also features green space for sitting and picnicking, a mural wall, and a bandstand. The park was initiated by **Art For Art's Sake (AFAS)**, a non-profit volunteer group that works to build, educate and celebrate the community through art. Located beside the park is the group's modern headquarters building, the AFAS Center for the Arts. It also houses **Red Dog Gallery** and inexpensive studio space for rent by local artists. AFAS hosts the **Arts on Sunday**, a series of free afternoon arts and crafts held outdoors on Liberty Street on Sundays in May and September.

For more than two decades, the **Downtown Summer Music Series** has infused downtown Winston-Salem with live music and festivities from June through August. The two-part series includes **Downtown Jazz**, held in Corpening Plaza on Fridays, and **Summer on Liberty**, held on 6th and Liberty Street on Saturdays. The free events are an essential part of summer in the City, attracting around 60,000 people of all ages, cultures and backgrounds. The Summer Music Series is produced by The **Downtown Winston-Salem Partnership**, the non-profit organization reimagining downtown into a flourishing commercial, cultural and residential district. The group also sponsors the annual downtown **Restaurant Week** in February, the **Spirits of Summer** celebration in June featuring N.C. wines, beer, food and music, and the Christmas tree lighting.

**ARTIVITY ON THE GREEN** is  
a half-acre public art park on  
Liberty Street.



# FESTIVALS AND ANNUAL EVENTS

Winston-Salem's vibrant downtown offers an array of shopping, dining, cultural, and recreational experiences year-round. The newly renovated **Benton Convention Center**, part of **Twin City Quarter**, is central to the City's festivities. In fact, the downtown area hosts about 2,500 events each year and employs approximately 27,000 people in the district.

The **Piedmont Craftsmen's Fair** is held each year at the Benton Convention Center and showcases the works of over 100 fine artisans from across the Southeast in a setting that allows shoppers to meet the crafts people, talk to them about their work, and view demonstrations of craft techniques. The fair, which has been held each year since 1963, takes place one weekend each November, allowing visitors to get a jump start on holiday shopping.

Held at venues throughout Winston-Salem, the **Bookmarks Festival of Books & Authors** is the largest book festival in North Carolina. The four-day festival continues to gain in status and popularity, hosting authors from all genres, including best-selling writers such John Grisham, Diana Gabaldon and Dave Pilkey, author of the wildly popular children's series "Captain Underpants." The **Bookmarks Bookstore** is located downtown on Fourth Street and hosts regular author appearances and events for all ages of readers.

Organized by the **Hispanic League**, the annual **FIESTA** street festival attracts over 20,000 and is the League's largest fundraiser. The free multicultural event includes live Latin music, cultural programs, a children's area, Latin cuisine, local arts and crafts, and a beer and margarita garden. It's the

largest Hispanic festival in the region and all proceeds support cultural, health, education, and college scholarship programs for the Hispanic/Latino community.

Winston-Salem is the home of the **National Black Theatre Festival**, held biennially in August and renowned for celebrity appearances and performances. Also based in Winston-Salem, the festival is produced by the **North Carolina Black Repertory Company**, the world's largest showcase of black theatre. The six-day festival offers hundreds of performances of professional theatre, film, poetry, workshops, seminars, and shopping. As the City's largest festival, it attracts more than 65,000 patrons to performances by black theatre groups from across the country. The festival returns to Winston-Salem in 2019.

Celebrating its 20th year, the **RiverRun International Film Festival** is held in downtown Winston-Salem and has become one of the preeminent film festivals in the Southeast. The competitive festival attracts attendees from throughout the South and offers a diverse program from film studios, independent distributors and first-time filmmakers. RiverRun is a 10-day festival held each April, with about 150 screenings of feature-length and short films from around the globe spanning all genres. The movies are shown at different venues throughout Winston-Salem, including **a/perture cinema**, a non-profit 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 year-round.





**FIESTA STREET FESTIVAL** is the largest Hispanic festival in the region with all proceeds supporting cultural, health, education, and college scholarship programs for the Hispanic/Latino community.



## PERFORMING ARTS ORGANIZATIONS AND VENUES

Located on Fourth Street in downtown, the **Stevens Center** is one of the City's principal performance venues. A magnificently restored, two-story 1,364-seat neoclassical theatre, it is 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. Each December it is transformed into the fairy tale setting for UNCSA's annual production of the timeless holiday classic, "The Nutcracker." The Piedmont Opera, the second largest opera company in North Carolina, brings first-rate regional, national and international singing actors and technicians to work with a full orchestra and a chorus of local singers. Enduring for more than 40 years, the Opera performs two regularly scheduled productions each year in addition to numerous educational and outreach programs.

The Stevens Center is also the home base of the **Winston-Salem Symphony**. For over 70 years, the group has been providing an array of repertoires, including classical orchestral

and choral concert music, opera, oratorio, ballet, and popular music. It's one of the Southeast's most highly regarded orchestras, with an annual program that includes about 20 performances.

As the oldest performing arts organization in the City, **The Little Theatre of Winston-Salem** has been contributing to the performing arts scene for more than 80 years. Based on Coliseum Drive just north of downtown, the Theatre produces at least six professional quality plays and musicals each year, involving hundreds of volunteers lending first-class talent, energy, and countless hours to the performances. The group also offers annual performances specifically for school groups as well as acting classes and summer camps for youth.

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

# ART MUSEUMS

Winston-Salem is home to several significant arts museums and cultural centers. The City's premiere art attraction, the **Reynolda House Museum of American Art**, is housed in the restored 1917 estate of Katharine and Richard J. Reynolds, the founder of R.J. Reynolds Tobacco Company. The epicenter of the **Reynolda Historic District**, the museum opened in 1967 and has gained a reputation for having the Southeast's finest collection of American art. It features art in an array of mediums ranging from the colonial period to the present. A 300-piece 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. A modern addition, the **Mary and Charlie Babcock Wing**, includes educational space, a gallery for temporary exhibits, an auditorium, and fine art and archival space. The permanent collection includes works by Frederic Church, 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** include lush formal gardens, restaurants, shops and wooded walking and running trails.

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

Winston-Salem is home to the world's only museum dedicated to collecting, exhibiting and researching the decorative arts and crafts of the early South, **The Museum of Early Southern Decorative Arts (MESDA)**. As part of **Old Salem Museums & Gardens**, MESDA 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. The museum contains the most extensive collection of Moravian decorative arts and offers an exhibit dedicated solely to this area's early settlers. 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 MESDA Research Center, which contains vast object and craftsman databases.

The **Delta Arts Center** is an art gallery, cultural center and rental facility. Since 1972, the Center has enriched the City's art scene by showcasing visual and performing arts with an emphasis on the contributions of African-American artists. Open to the public two days a week or by appointment, the center features regular exhibits, concerts, performances, special events, youth camps and educational programs, most of which are free and open to the public.

As the cultural center of **Winston-Salem State University, Diggs Gallery** is recognized as one of the top 10 African-American galleries in the nation. It showcases the premier collection of African and African-American art in the South, which includes a unique sculpture garden and murals by the acclaimed artist John T. Biggers. Diggs also hosts 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, education and employment 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** offers exhibition and sales space for its students, the Artists of Gateway Studios, who create original paintings, digital photographs, ceramic and multi-media pieces. The artists receive commission from gallery sales, giving them the opportunity to earn a living from their art.



THE REYNOLDA HOUSE, the restored estate of Katharine and Richard J. Reynolds, founder of R.J. Reynolds Tobacco Company,

## K-12 EDUCATION

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



As the fourth largest school system in North Carolina, **Winston-Salem Forsyth County Schools (WSFCS)** provide a quality education for around 55,000 students in 80 schools. Programs exist to serve a diverse array of students, including a new food truck that provides meals for students with food insecurities during the summer months when school is not in session.

The Board of Education offers the "Schools of Choice" process, giving parents options on choosing schools. Elementary schools are divided into 11 zones, and middle schools are divided into seven zones. Parents may choose from their neighborhood school, another school within their zone, or from 20 magnet schools. The system is equipped to offer programs and services for students throughout the educational spectrum and with various needs.

High school students have the option to take classes at the standard, honors and Advanced Placement levels. They

may also earn college credit through the International Baccalaureate Diploma Programme, dual enrollment at **Forsyth Technical Community College**, or through other local colleges and universities. The school system has increased the graduation rate to 86.5 percent, the highest rate since the state began calculating it in 2006. Schools in the district receiving national recognition include the **Early College of Forsyth County**, as one of America's top high schools by *Newsweek*, and **R.J. Reynolds High School**, named as a Nationally Certified Magnet School.

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. Options include private schools that offer programs from kindergarten through 12th grade, while others focus on lower grade levels. There are also a number of charter schools in the area from which parents may choose.



## HIGHER EDUCATION

Winston-Salem has a diverse array of colleges and universities.

**Wake Forest University (WFU)** is a private university with a liberal arts curriculum. Enrollment consists of approximately 5,000 undergraduates and 3,000 graduate and professional students. Consisting of three campuses, Wake's "main" 345-acre **Reynolda Campus** is home to most of its undergraduate programs, the Graduate School of Arts and Sciences, the School of Business, the School of Law and the School of Divinity. Classrooms and laboratories of the esteemed **Wake Forest School of Medicine** are divided between the **Wake Forest Baptist Health** medical complex, located just west of downtown, and **Wake Forest Innovation Quarter**. **Wake Downtown**, a transformed former tobacco company building, houses new undergraduate biomedical science and engineering programs. Wake's athletic facilities include BB&T Field, David F. Couch Ballpark, Kentner Stadium, Wake Forest Tennis Center, Spry Soccer Stadium, 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, including the \$60 million transformation of its historic Reynolds Gym into a state-of-the-art Wake Forest Wellbeing Center.

For more than 20 years, *U.S. News & World Report* has ranked the university in the top 30 of its annual "Best Colleges" guide. Its Schools of Law and Business consistently rank among the nation's best graduate schools in the country. 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*.

WFU's "Demon Deacons" compete in Division I athletics of the NCAA. Wake has won eight national titles in sports such as field hockey, baseball, men's golf, and men's soccer. The Deacons have played in the Orange Bowl as well as in numerous Atlantic Coast Conference title games. Its athletes excel in the classroom as well, with a 94 percent student-athlete graduation rate.



WINSTON-SALEM  
STATE UNIVERSITY



**Winston-Salem State University (WSSU)**, a historically black university founded in 1892, is a distinguished public institution offering over 40 undergraduate degrees and 10 graduate programs, both master's and doctorate. WSSU is part of the University of North Carolina system, with about 6,400 undergraduate and graduate students. Rising enrollment has led to two major construction projects on the campus just outside of downtown Winston-Salem: a new \$24 million residence hall and a \$53 million sciences building.

WSSU is recognized for its core strengths in education and health sciences and 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 only program of its kind in the nation offered by a four-year university. It consistently ranks as the top University in the state for graduating African-American students in the nursing, health sciences, and education fields and is recognized as one of the top Historically Black Colleges and Universities by *U.S. News & World Report*. WSSU is nationally recognized as a social mobility innovator for programs and services that take students from low income backgrounds and graduate them into promising careers.

The WSSU "Rams" athletic teams hold numerous titles at both the conference (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.

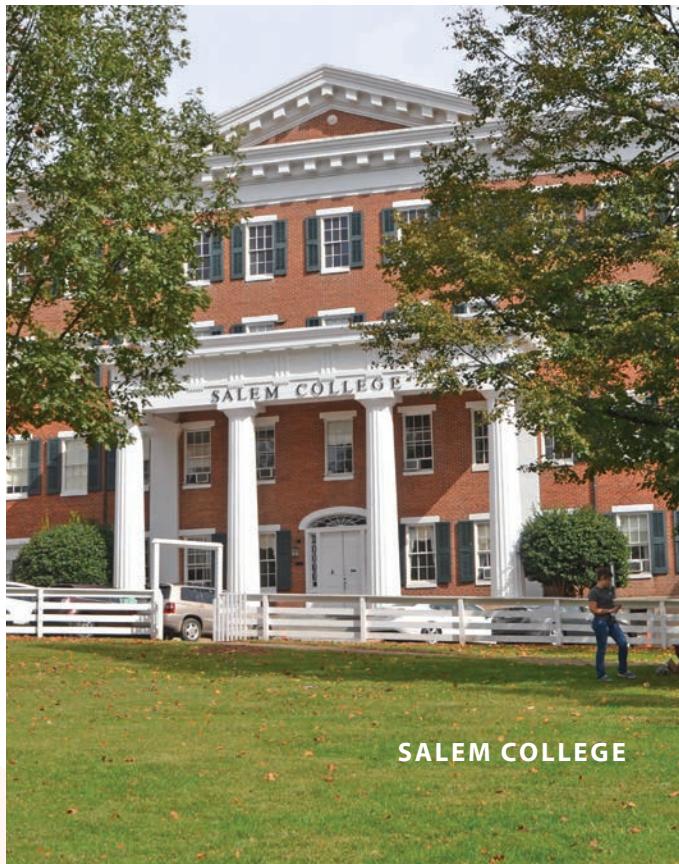
Not surprisingly, the "City of Arts and Innovation" is home to the nation's first state-supported residential arts school, **The University of North Carolina School of the Arts (UNCSA)**. Opened in 1965, UNCSA is a public visual, performing and moving image arts conservatory with an international reputation for training talented students for professional careers in the arts. Enrollment is at an all-time high, with about 1,300 students from high school through graduate levels, who come from throughout the U.S. and the 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 school offers a Master of Music degree as well as a Master of Fine Arts in either Design and Production or Filmmaking. Students study with resident master teachers who have had successful careers in the arts and who remain active in their professions. With a primary focus on the performing arts, UNCSA students present 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. UNCSA's School of Drama is ranked among the top five undergraduate theatre programs in the country and its School of Filmmaking is ranked 14th by *The Hollywood Reporter*.

**Salem College**, founded in 1772, is the oldest women's school in the country and the 13th oldest college. Established by Moravian settlers who championed independence for women in thought and action, the College is located in the Old Salem historic area. 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 takes pride in having 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 graduate degrees in education and music, teacher licensure, and four certificate programs. Salem recently opened the new **Center for Women in Business and Entrepreneurship**, a downtown space where students can network and grow in their knowledge of the global economy.

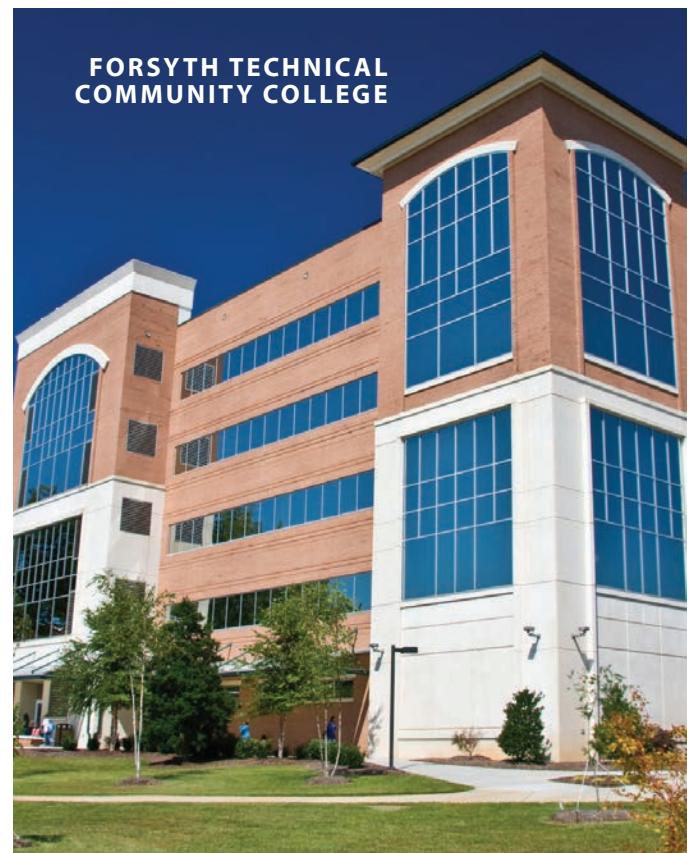
The Salem "Spirits" athletic teams compete in Division III of the NCAA and are also members of the Great South Athletics Conference. *Money* magazine consistently ranks Salem as one of the "Best Buys" of colleges in America, and *U.S. News & World Report* ranks the college as 11th in the nation among women's colleges and number one in the state. Salem is named as a 2018-2019 College of Distinction for innovative learning in five categories: independent research, study abroad, service learning, internships, and living/learning communities.



**Forsyth Technical Community College** has an enrollment of about 12,000 credit students, making it one the largest community colleges in North Carolina. The college offers over 200 programs of study that lead to college transfer, associate's degrees, and 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 Richard Childress Race Car Technology Program. It recently opened the Center for Advanced Manufacturing to provide students with the cutting-edge technology and technical training needed to meet industry demand. 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 and the Department of Homeland Security. It is home to The National Center for the Biotechnology Workforce, offering the only degreed community college nanotechnology program in the Southeast.

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, workforce development, and continuing education programs, as well as the Forsyth Tech Small Business Center. With two campuses and eight affiliate locations, Forsyth Tech is a key educational resource for thousands of adults going back to school or retraining for new skills.





Thanks to the 2014 bond referendum, three new fire stations have been constructed, including STATION 8.

### CITY OF WINSTON SALEM FIRE STATION 8

## 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.

The [Winston-Salem Police Department \(WSPD\)](#) marked the appointment of its 15th Chief of Police in 2017. [Chief Catrina A. Thompson](#) assumed her duties Sept. 1 after the retirement of Chief Barry Rountree. Thompson is a 24-year veteran of the WSPD, most recently serving as the assistant chief in charge of the Investigative Services Bureau. She previously served in the Patrol Division, Recruiting Unit, Training Division and the Criminal Investigations Division. She leads a department with 559 sworn officers and 173 civilian positions, and an annual budget of \$74.5 million.

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 initiative, "Coffee with a Cop," allows citizens to talk one-on-one with officers at local coffee shops. The P2C (Police to Citizen) website allows citizens to view police records, search for specific incidents, get crash reports, and easily submit an online report.

In a move to provide better policing, the WSPD is transitioning to a system in which most patrol officers will be housed in three full-service district stations instead of one main station. Thanks to the 2014 bond referendum, three new district

stations have been constructed, and designs are being drawn for renovations to the Public Safety Center, which will continue to serve as the main location for the WSPD's administrative offices.

The 2014 bond also included funds to replace, renovate or expand three aging facilities of the [Winston-Salem Fire Department \(WSFD\)](#). Led by [Chief William "Trey" Mayo](#), the WSFD 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 department strives for the prevention of unwanted fires through enforcing fire codes, arson investigation activities, and community outreach. The WSFD conducts a four-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 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.

# INFRASTRUCTURE

Winston-Salem provides professional and financially sound municipal services. City residents have consistently shown their support of improvements that continue to enhance Winston-Salem's quality of life. The past year saw several major projects approved in a 2014 bond referendum come to fruition. The \$139.2 million referendum included \$30.85 million for parks and recreation; \$10 million for housing programs; \$25 million for economic development; \$31 million for new public safety facilities; and \$42.35 million for new streets and sidewalks.

For the last several years, the **Winston-Salem/Forsyth County Utility Commission** has been rebuilding aging water and sewer infrastructure, some that is 80 or more years old, in older City neighborhoods. The Commission finances its own capital improvements from water and sewer fees and revenue bonds that are paid off with income from the water and sewer system. It does not have authority to issue bonds or debt without the approval of the City Council.

In spring 2018, the Commission approved a 3.5 percent increase in the water rate and a 5 percent increase in the sewer rate. The bimonthly service charge for residential water and sewer service would increase by \$1.41 per month. Even with the increase, Winston-Salem's rate remains one of the lowest among North Carolina's large cities.

The 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. It maintains a staff of 377 employees who operate and maintain three water treatment plants, two wastewater treatment plants, three landfills, and a collection and distribution system that includes 14 water tanks, seven pumping stations for fresh water, 52 pumping stations for wastewater, and 4,094 miles of water and sewer lines.

The City's three water treatment plants process a combined capacity of 13 billion gallons per year, allowing plenty of capacity for future growth. Average demand is 35.7 million gallons per day, although it can double during hot, dry weather. The water system draws 70 percent of its raw water from the Yadkin River and 30 percent from Salem Lake. The system serves a population of approximately 344,000, with a water distribution system that includes 2,324 miles of water distribution mains, 14 water tanks and seven pumping stations.

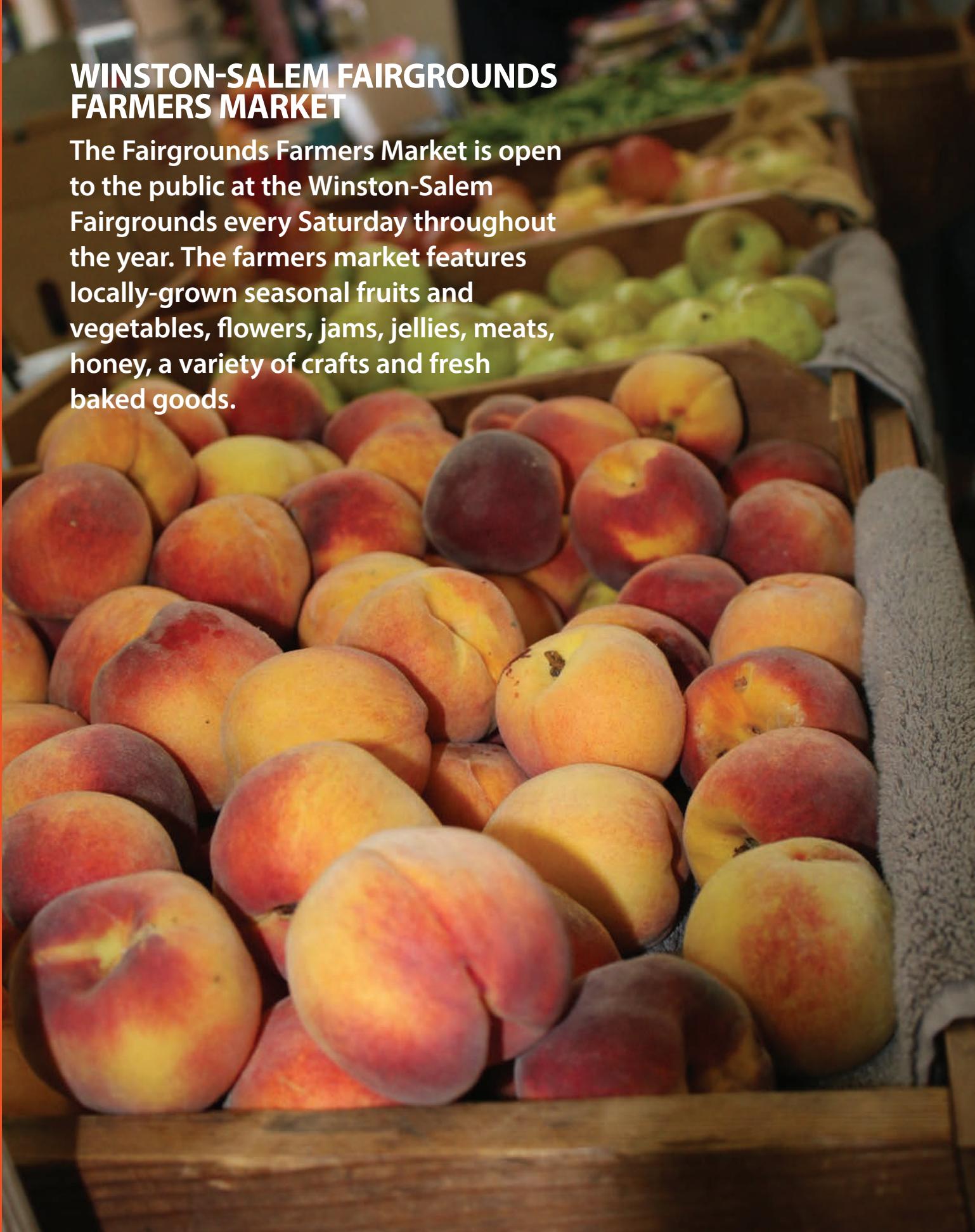
The City's waste-disposal needs have been provided for with the expansion of the **Hanes Mill Road Landfill**, which will extend the life of the landfill through approximately 2035. The commission also operates a separate landfill for construction and demolition debris.



*A 50-foot tall American river otter graces the SIDES ROAD WATER TANK. The City-commissioned public art mural encompasses a 15,000-square foot space and is visible to about 25,000 drivers a day.*

## **WINSTON-SALEM FAIRGROUNDS FARMERS MARKET**

The Fairgrounds Farmers Market is open to the public at the Winston-Salem Fairgrounds every Saturday throughout the year. The farmers market features locally-grown seasonal fruits and vegetables, flowers, jams, jellies, meats, honey, a variety of crafts and fresh baked goods.





Government Finance Officers Association

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

**City of Winston-Salem  
North Carolina**

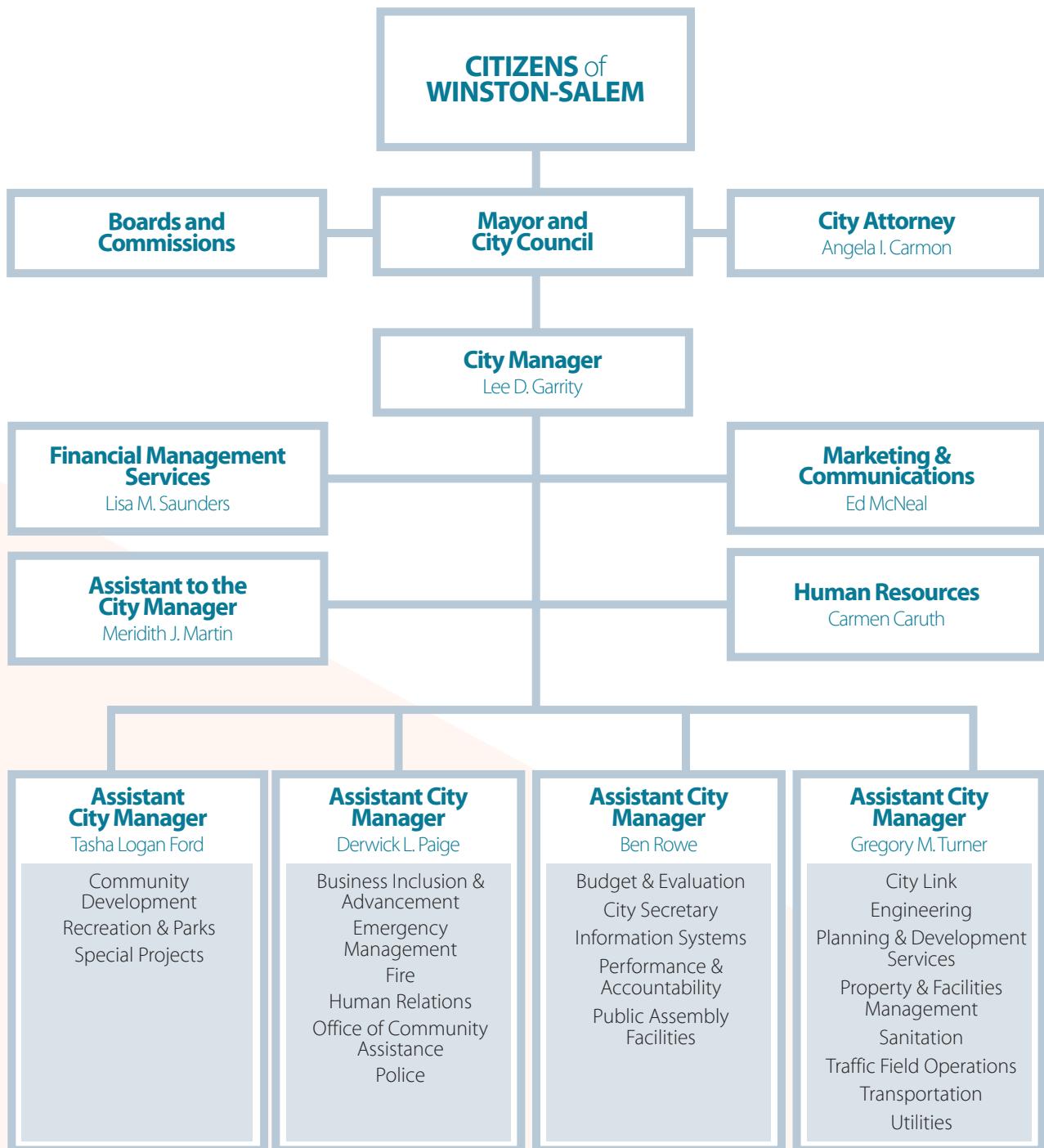
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2017**

*Christopher P. Morill*

Executive Director/CEO

## ORGANIZATIONAL CHART



## 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



**John C. Larson**  
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  
**Tasha Logan Ford**, Assistant City Manager  
**Lisa M. Saunders**, Chief Financial Officer  
**Meridith J. Martin**, Assistant to the City Manager  
**Carmen Caruth**, Human Resources Director  
**Ed McNeal**, Marketing & Communications Director

**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  
**Larissa Mathis**, City Revenue Collector  
**Jerry J. Bates**, Purchasing Director  
**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, 2018, 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, 2018, 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.

### *Emphasis of matter*

As discussed in Note 6 to the financial statements, the City implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, in 2018. Our opinion is not modified with respect to this matter.



### ***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 October 31, 2018 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  
October 31, 2018

## **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, 2018. 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**

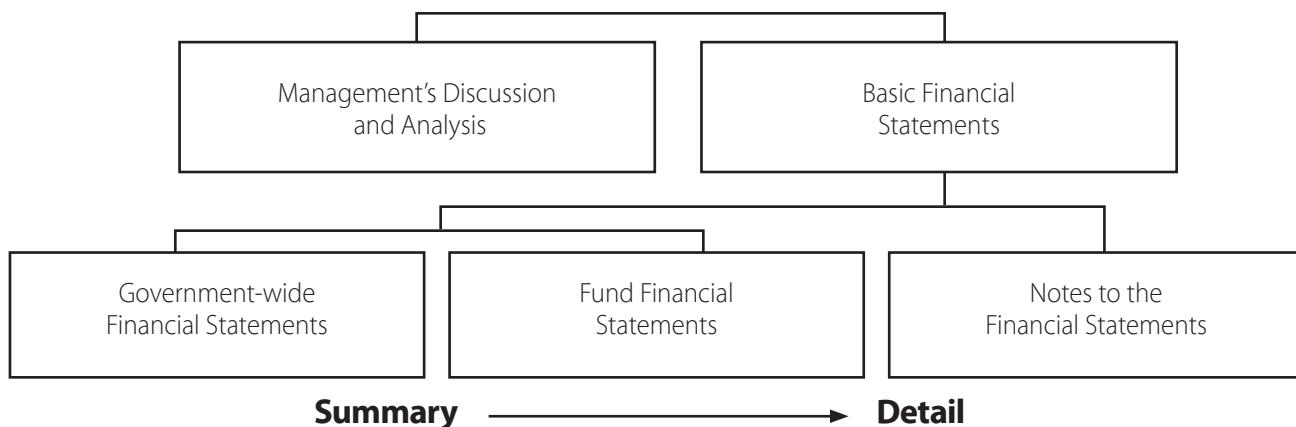
Highlights of the City's fiscal year ended June 30, 2018, include:

- City of Winston-Salem total net position increased approximately \$41.9 million from \$947 million to \$989 million.
- At June 30, 2018, total net position of \$989 million included \$246 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, 2018, the City's governmental funds reported combined fund balances of \$218.6 million. Approximately 11.13% of this amount is unassigned and is available for spending at the government's discretion.
- Unassigned fund balance of the general fund (approximately \$24.7 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 2019 estimated expenditures. Due from other funds was \$3.7 million because of reimbursements outstanding. 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 \$104.6 million to \$1 billion. Several key factors contributed to this increase: the issuance of general obligation bonds of \$63.8 million and the retirement of \$7.6 million in general obligation bonds, the issuance of \$56.3 million in revenue bonds and the retirement of \$23.3 million in revenue bonds, the retirement of \$3 million in special obligation bonds, and the retirement of \$36.8 million in limited obligation bonds. The City entered into a \$25 million equipment lease and received funding from Clean Water State Revolving Loan Fund for \$8.5 million. Also, the City implemented GASB Statement 75 this year. With the new reporting change, the City has a net OPEB liability of \$15.6 million.
- Property taxes supported 52.72% of governmental services to citizens and the community, and 52.99% to be used for mass transportation in 2018. The City increased the tax rate to \$0.5974 for fiscal year 2018 from \$0.585 in fiscal year 2017.
- 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 nonprofit 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 80.03% 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 through 21. The purpose of Exhibits 11 through 21 is to provide the information needed for financial reporting and accounting of the Winston-Salem Police Officers' Retirement plan, Police Officers' Separation Allowance plan, other Post-employment Benefits Plans, and the Local Government Employees' 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, 2018 (as shown in Exhibit 1) with comparative data for June 30, 2017.

### Net Position

Figure 2

	(dollars in thousands)					
	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 265,153	\$ 200,022	\$ 296,611	\$ 238,807	\$ 561,764	\$ 438,829
Capital assets	477,186	454,810	1,045,785	1,017,740	1,522,971	1,472,550
Total assets	742,339	654,832	1,342,396	1,256,547	2,084,735	1,911,379
Deferred outflows of resources	34,781	36,821	29,753	33,587	64,534	70,408
Long-term liabilities	429,467	354,194	587,876	558,541	1,017,343	912,735
Other liabilities	58,322	52,673	62,827	62,148	121,149	114,821
Total liabilities	487,789	406,867	650,703	620,689	1,138,492	1,027,556
Deferred inflows of resources	12,050	4,184	10,018	3,240	22,068	7,424
Net position:						
Net investment in capital assets	166,253	164,416	507,218	483,822	673,471	648,238
Restricted	69,502	65,111	-	-	69,502	65,111
Unrestricted	41,526	51,075	204,210	182,383	245,736	233,458
Total net position	\$ 277,281	\$ 280,602	\$ 711,428	\$ 666,205	\$ 988,709	\$ 946,807

As indicated above, assets and deferred outflows of resources of the City exceeded liabilities and deferred inflows of resources by \$989 million at June 30, 2018. Analysis of the business-type activities indicates that the capital assets increased \$28 million in fiscal year 2018 and net position increased \$45 million.

A large portion of the City's net position (68.12%) at June 30, 2018, 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, 7% of the City's net position, represents resources that are subject to external restrictions, such as the perpetual care fund.

At June 30, 2018, the City is able to report positive balances in all three categories of net position.

### Governmental Activities

Net position of governmental activities decreased by \$3.3 million. Key elements of this decrease are as follows:

- Property tax revenues are recorded in governmental and business-type activities. During the fiscal year property tax revenue increased 5.7%. The 2018 property tax rate was \$0.5974, which increased \$.0124 from 2017. Current real and personal property tax collections during fiscal year 2018 were 99.2% of the current year levy.
- General revenues, other than property taxes, increased \$4.1 million. Sales tax increased \$2.4 million, which was 6% higher than 2017. Investment income increased \$1.5 million, which was 112% higher than 2017.
- Program revenues provided 25.44% of the support for governmental services.
- Total governmental expenses decreased \$5.7 million during fiscal year 2018. A major decrease was seen in the community and economic development service area, due to an accounting procedure change in 2017 for loan expense.
- Federal and state grants are an important source of supplementary funding for public facilities and programs. During fiscal year 2018, the City received nearly \$29 million in grant revenue for restricted programs or specific projects and \$17.4 million related to general governmental activities.

## Business-type Activities

Net position of business-type activities increased by \$45.2 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 4.98 cents collected in property taxes to be used for mass transportation.

## Business-type Activities

June 30, 2018

Figure 3

(dollars in thousands)

	<b>Operating Revenues</b>	<b>Operating Expenses Before Depreciation</b>	<b>Depreciation Expense</b>	<b>Nonoperating Revenues (Expenses)</b>	<b>Capital Contributions</b>	<b>Transfers In (Out)</b>	<b>Increase (Decrease) Net Position</b>
Water and sewer utility	\$ 109,227	\$ 43,226	\$ 26,940	\$ (7,811)	\$ 9,677	\$ (433)	\$ 40,494
Solid waste disposal	11,472	7,650	4,314	2,985	-	543	3,036
Stormwater management	10,939	5,765	907	902	97	(1,993)	3,273
Parking	827	951	448	316	(39)	495	200
Transit Authority	2,069	16,744	2,947	15,833	474	(13)	(1,328)
Public assembly facilities management	6,145	5,937	1,915	(1,039)	-	3,109	363
Risk Acceptance Management Corp.	1,066	3,352	-	4,954	-	-	2,668
<b>Total</b>	<b>\$141,745</b>	<b>\$ 83,625</b>	<b>\$ 37,471</b>	<b>\$ 16,140</b>	<b>\$ 10,209</b>	<b>\$ 1,708</b>	<b>\$ 48,706</b>

## 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 \$50.2 million of which \$24.7 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 11.95% of the fiscal year 2018 budgeted expenditures, while total fund balance represents approximately 24.29%. The fund balance of the general fund increased \$627 thousand during the fiscal year.

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

## Changes in Net Position

Figure 4

	(dollars in thousands)					
	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 38,375	\$ 38,113	\$ 141,745	\$ 135,426	\$ 180,120	\$ 173,539
Operating grants and contributions	17,446	18,329	11,684	8,795	29,130	27,124
Capital grants and contributions	2,753	3,409	10,209	5,899	12,962	9,308
General revenues:						
Property taxes	121,373	114,868	10,435	7,177	131,808	122,045
Sales taxes	42,371	39,984	-	-	42,371	39,984
Other local taxes	1,183	1,151	-	-	1,183	1,151
Telecommunications sales tax	1,916	2,112	-	-	1,916	2,112
Utilities sales tax	13,329	13,131	-	-	13,329	13,131
Piped natural gas sales tax	862	673	-	-	862	673
Video programming tax	2,170	2,224	-	-	2,170	2,224
Local tax reimbursements	1,042	1,081	-	-	1,042	1,081
Investment income	2,901	1,370	14,479	16,941	17,380	18,311
Other	1,839	1,796	-	-	1,839	1,796
Total revenues	247,560	238,241	188,552	174,238	436,112	412,479
<b>Expenses:</b>						
General government	32,346	32,646	-	-	32,346	32,646
Public protection	108,273	106,740	-	-	108,273	106,740
Environmental health	19,667	17,720	-	-	19,667	17,720
Transportation	19,935	20,545	-	-	19,935	20,545
Culture and recreation	13,192	12,069	-	-	13,192	12,069
Community & economic development	23,994	36,065	-	-	23,994	36,065
Interest and fiscal charges	12,828	10,191	-	-	12,828	10,191
Water and sewer utility	-	-	88,763	87,582	88,763	87,582
Solid waste disposal	-	-	12,159	13,580	12,159	13,580
Stormwater management	-	-	7,112	11,675	7,112	11,675
Parking	-	-	1,537	1,647	1,537	1,647
Transit Authority	-	-	19,691	18,891	19,691	18,891
Public assembly facilities management	-	-	8,940	7,762	8,940	7,762
Risk Acceptance Management Corp.	-	-	3,352	2,628	3,352	2,628
Total expenses	230,235	235,976	141,554	143,765	371,789	379,741
Increase in net position before transfers	17,325	2,265	46,998	30,473	64,323	32,738
Transfers						
Government-wide	(1,708)	771	1,708	(771)	-	-
Increase (decrease) in net position	15,617	3,036	48,706	29,702	64,323	32,738
Net position – beginning, as previously stated	280,602	305,810	666,205	636,503	946,807	942,313
Cumulative effect adjustment	(18,938)	(28,244)	(3,483)	-	(22,421)	(28,244)
Total net position – beginning, as adjusted	261,664	277,566	662,722	636,503	924,386	914,069
<b>Net position – ending</b>	<b>\$ 277,281</b>	<b>\$ 280,602</b>	<b>\$ 711,428</b>	<b>\$ 666,205</b>	<b>\$ 988,709</b>	<b>\$ 946,807</b>

The debt service fund has a fund balance of \$25 million at June 30, 2018, an increase of \$1.3 million, all of which is restricted for payment of debt service.

The fund balance of the capital projects fund increased \$60.6 million, to \$90.9 million at June 30, 2018, 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 \$3.8 million during fiscal year 2018. Expenditure budgets were increased \$2.1 million for carry over encumbrances. Major budget amendments included an additional \$400 thousand for City street maintenance, \$100,000 for capital projects at Smith Reynolds Airport a community and economic development project, \$442 thousand to the public safety area to fund personnel, equipment and training, and a transfer to the grants fund for a local match for the fire department, \$789 thousand to the public safety area for police and fire pay adjustments.

General fund revenues recognized positive budget variances during 2017-2018. The City's general fund budget had a favorable expenditure variance of \$4.4 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 \$500 million, \$48 million and \$29 million at June 30, 2018, respectively. The net position of the water and sewer fund increased \$37.9 million primarily due to charges for services and capital contributions. The water and sewer fund adopted a 4% increase in the water volumetric rate, a 6% increase in the sewer volumetric rate, and a \$1.64/month increase for water and sewer base charges for residential customers in October 2017.

## 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, 2018, totals \$1.5 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, 2018 with Comparative Data for June 30, 2017

Figure 5

	(dollars in thousands)					
	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 79,350	\$ 76,893	\$ 44,346	\$ 44,117	\$ 123,696	\$ 121,010
Buildings	73,998	70,381	193,269	199,758	267,267	270,139
Improvements other than buildings	145,532	132,694	595,873	556,517	741,405	689,211
Machinery and equipment	34,359	34,567	26,280	27,016	60,639	61,583
Construction in progress	143,947	140,275	186,017	190,332	329,964	330,607
Total	\$ 477,186	\$ 454,810	\$ 1,045,785	\$ 1,017,740	\$ 1,522,971	\$ 1,472,550

Major capital asset transactions during the year include the following:

- Construction in progress for governmental activities was \$143.9 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 \$28 million which included major improvements to the extension of water and sewer lines, Muddy Creek combined lift station, South Fork critical improvements, Muddy Creek combined heat and power, collection system improvement program, outfall rehab projects, R. W. Neilson modernization project, and \$2.5 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, 2018, the City had total bonded debt outstanding of \$634 million, of which, \$174.5 million is backed by the City's full faith and credit and taxing power of the City and \$459.5 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

Figure 6

June 30, 2018 with Comparative Data for June 30, 2017

	(dollars in thousands)					
	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
<b>Bonds</b>						
General obligation	\$ 174,540	\$ 118,305	\$ -	\$ -	\$ 174,540	\$ 118,305
Revenue	-	-	436,235	403,250	436,235	403,250
Special obligation	7,575	8,150	15,700	18,149	23,275	26,299
<b>Contractual Obligation:</b>						
NCMLC	112,287	122,413	20,667	20,403	132,954	142,816
State loan	-	-	79,293	75,594	79,293	75,594
Other	52,346	33,667	619	675	52,965	34,342
Total	\$ 346,748	\$ 282,535	\$ 552,514	\$ 518,071	\$ 899,262	\$ 800,606

The City has \$133 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 and issued to increase the funding level of the Winston-Salem Police Officers' Retirement System. 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 between \$18 and \$25 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 59.96% of outstanding general obligation bonds will be repaid within 10 years as shown in the following schedule.

## General Obligation Bond Debt Service

Figure 7

<b>Maturities</b>	(dollars in thousands)		
	<b>Principal</b>	<b>Percent of Total</b>	<b>Interest and Principal</b>
2019-2023	\$ 54,340	31.13%	\$ 84,543
2024-2028	50,310	28.83	68,602
2029-2033	40,640	23.28	49,731
2034-2037	29,250	16.76	31,351
	<b>\$ 174,540</b>	<b>100.00%</b>	<b>\$ 234,227</b>

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 \$1,587,467,082.

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

## Budget Highlights for the Fiscal Year Ending June 30, 2019

**Governmental Activities.** The general fund accounts for municipal services that are covered primarily by property and sales taxes. The adopted budget is \$205.4 million, an increase of \$2.6 million or 1.3% compared to fiscal year 2017-2018 adopted budget. The major drivers of the increase are related to ongoing public safety investments and the City's commitment to employee compensation.

The budget assumes the bulk container program will end effective January 1, 2019. Ending the program in fiscal year 2018-2019 will result in annual savings of at least \$300,000 to the general fund. An estimated additional savings of \$200,000 will be realized in fiscal year 2019-2020 when the program is not in operation.

The fiscal year 2018-2019 general fund budget eliminates 15 vacant positions, freezes 7 vacant non-sworn public safety positions, and defunds 10 vacant community oriented policing grant positions.

The fiscal year 2018-2019 budget is balanced with no proposed tax rate increase. The current rate remains at 59.74 cents per \$100 of assessed value.

**Business-type Activities.** The City/County Utility Commission approved volumetric rate increases of 3.5% for water service and 5% for sewer service, as well as a \$1.41/month increase for water and sewer base charges for residential customers. 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, 2018

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	\$ 198,938,422	\$ 170,355,167	\$ 369,293,589
Receivables			
Taxes, net	946,753	78,876	1,025,629
Accounts, net	2,684,053	15,340,659	18,024,712
Leases	10,479,671	-	10,479,671
Assessments, net	419,096	188,028	607,124
Loans, net	27,829,524	-	27,829,524
Total receivables	42,359,097	15,607,563	57,966,660
Due from other governments	17,825,420	7,340,721	25,166,141
Internal balances	3,733,108	(3,733,108)	-
Inventories	2,245,225	3,719,694	5,964,919
Prepaid items	51,764	-	51,764
Total current assets	265,153,036	193,290,037	458,443,073
<b>Noncurrent Assets</b>			
Restricted Assets			
Cash and cash equivalents/investments	-	102,820,939	102,820,939
Capital Assets			
Land	79,350,128	44,346,466	123,696,594
Construction in progress	143,947,450	186,016,950	329,964,400
Other capital assets, net of accumulated depreciation	253,888,888	815,421,764	1,069,310,652
Accounts receivables	-	500,000	500,000
Total noncurrent assets	477,186,466	1,149,106,119	1,626,292,585
Total assets	742,339,502	1,342,396,156	2,084,735,658
<b>Deferred Outflows of Resources</b>			
Pension deferrals	31,885,539	3,423,995	35,309,534
Charge on refunding	2,895,204	26,328,722	29,223,926
Total deferred outflows of resources	34,780,743	29,752,717	64,533,460

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

# City of Winston-Salem, North Carolina

## Statement of Net Position

June 30, 2018

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	\$ 13,239,244	\$ 18,339,517	\$ 31,578,761
Accrued payroll	3,915,995	711,233	4,627,228
Accrued vacation	5,145,133	1,045,505	6,190,638
Employee taxes and amounts withheld	733,964	-	733,964
Accrued interest payable	968,173	1,457,298	2,425,471
Loan escrow	51,012	-	51,012
Unearned revenue	507,430	1,414,274	1,921,704
Landfill closure and postclosure costs	-	3,091,660	3,091,660
Pollution remediation	-	1,986,124	1,986,124
Current maturities			
Claims payable	4,852,016	-	4,852,016
Contracts payable	18,058,743	8,522,124	26,580,867
Bonds payable	10,850,000	26,258,693	37,108,693
Total current liabilities	58,321,710	62,826,428	121,148,138
<b>Noncurrent Liabilities</b>			
Contracts payable from restricted assets	-	6,405,917	6,405,917
Accrued vacation	8,035,554	989,791	9,025,345
Net pension liability	66,396,169	4,187,229	70,583,398
Net OPEB liability	13,187,759	2,425,064	15,612,823
Landfill closure and postclosure costs	-	15,420,331	15,420,331
Claims payable	2,132,306	2,076,083	4,208,389
Contracts payable	152,353,302	92,062,606	244,415,908
Bonds payable	187,361,492	451,216,932	638,578,424
Derivative instrument	-	13,092,412	13,092,412
Total noncurrent liabilities	429,466,582	587,876,365	1,017,342,947
Total liabilities	487,788,292	650,702,793	1,138,491,085
<b>Deferred Inflows of Resources</b>			
Advances from other governments	321,589	-	321,589
Pension deferrals	7,363,932	277,487	7,641,419
OPEB deferrals	4,364,865	802,643	5,167,508
Charge on refunding	-	354,555	354,555
Accumulated decrease in fair value of hedging derivatives	-	8,583,629	8,583,629
Total deferred inflows of resources	12,050,386	10,018,314	22,068,700
<b>Net Position</b>			
Net investment in capital assets	166,252,662	507,218,169	673,470,831
Restricted for:			
Stabilization by state statute	24,133,159	-	24,133,159
Debt service	22,999,436	-	22,999,436
General government	70,660	-	70,660
Public protection	2,550,858	-	2,550,858
Transportation	2,707,784	-	2,707,784
Culture and recreation	733,048	-	733,048
Community and economic development	12,195,983	-	12,195,983
Perpetual care			
Nonexpendable	4,111,545	-	4,111,545
Unrestricted	41,526,432	204,209,597	245,736,029
<b>Total net position</b>	<b>\$ 277,281,567</b>	<b>\$ 711,427,766</b>	<b>\$ 988,709,333</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, 2018

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Activities:</b>				
<b>Governmental:</b>				
General government	\$ 32,345,702	\$ 17,411,013	\$ 1,255,484	\$ -
Public protection	108,272,672	5,248,085	1,423,588	-
Environmental health	19,666,634	2,296,645	-	-
Transportation	19,935,391	5,152,192	7,853,223	2,753,420
Culture and recreation	13,191,936	1,281,661	-	-
Community and economic development	23,993,835	6,985,681	6,913,827	-
Interest and fiscal charges	12,828,440	-	-	-
Total governmental activities	230,234,610	38,375,277	17,446,122	2,753,420
<b>Business-type:</b>				
Water and sewer utility	88,763,212	109,226,819	4,173,250	9,677,021
Solid waste disposal	12,159,440	11,472,389	1,610,325	-
Stormwater management	7,112,538	10,939,477	71,447	97,087
Parking	1,537,324	826,606	430,413	(38,620)
Transit Authority	19,691,541	2,068,708	5,398,297	473,893
Public assembly facilities management	8,939,682	6,145,508	-	-
Risk Acceptance Management Corporation	3,351,881	1,065,510	-	-
Total business-type activities	141,555,618	141,745,017	11,683,732	10,209,381
<b>Total City of Winston-Salem</b>	<b>\$ 371,790,228</b>	<b>\$ 180,120,294</b>	<b>\$ 29,129,854</b>	<b>\$ 12,962,801</b>

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

	<b>Net (Expense) Revenue and Changes in Net Position</b>		
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Activities:</b>			
<b>Governmental:</b>			
General government	\$ (13,679,205)	\$ -	\$ (13,679,205)
Public protection	(101,600,999)	-	(101,600,999)
Environmental health	(17,369,989)	-	(17,369,989)
Transportation	(4,176,556)	-	(4,176,556)
Culture and recreation	(11,910,275)	-	(11,910,275)
Community and economic development	(10,094,327)	-	(10,094,327)
Interest and fiscal charges	(12,828,440)	-	(12,828,440)
Total governmental activities	(171,659,791)	-	(171,659,791)
<b>Business-type:</b>			
Water and sewer utility	-	34,313,878	34,313,878
Solid waste disposal	-	923,274	923,274
Stormwater management	-	3,995,473	3,995,473
Parking	-	(318,925)	(318,925)
Transit Authority	-	(11,750,643)	(11,750,643)
Public assembly facilities management	-	(2,794,174)	(2,794,174)
Risk Acceptance Management Corporation	-	(2,286,371)	(2,286,371)
Total business-type activities	-	22,082,512	22,082,512
<b>Total City of Winston-Salem</b>	<b>(171,659,791)</b>	<b>22,082,512</b>	<b>(149,577,279)</b>
General revenues:			
Taxes:			
Property taxes	121,372,562	10,434,990	131,807,552
Sales taxes	42,370,619	-	42,370,619
Gross receipts taxes	340,841	-	340,841
Occupancy taxes	842,962	-	842,962
Beer and wine excise tax-state	1,042,116	-	1,042,116
Telecommunications sales tax	1,915,819	-	1,915,819
Utilities sales tax	13,329,176	-	13,329,176
Piped natural gas sales tax	862,091	-	862,091
Video programming tax	2,170,118	-	2,170,118
Payment in lieu of taxes	273,215	-	273,215
ABC store allocations	1,566,167	-	1,566,167
Investment income	2,901,158	14,479,474	17,380,632
Transfers			
Government-wide	(1,708,484)	1,708,484	-
Total general revenues and transfers	187,278,360	26,622,948	213,901,308
Change in net position	15,618,569	48,705,460	64,324,029
Net position - beginning, as previously stated	280,601,580	666,204,875	946,806,455
Cumulative effect adjustment	(18,938,582)	(3,482,569)	(22,421,151)
Total net position - beginning, as adjusted	261,662,998	662,722,306	924,385,304
<b>Total net position - ending</b>	<b>\$ 277,281,567</b>	<b>\$ 711,427,766</b>	<b>\$ 988,709,333</b>

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

**City of Winston-Salem, North Carolina**  
**Balance Sheet**  
**Governmental Funds**

June 30, 2018

Exhibit 3

	<b>General Fund</b>	<b>Debt Service Fund</b>	<b>Capital Projects Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Assets</b>					
Cash and cash equivalents/investments	\$ 37,582,844	\$ 23,148,507	\$ 93,913,257	\$ 25,947,920	\$ 180,592,528
Receivables					
Taxes, net	820,787	125,289	-	677	946,753
Accounts, net	2,580,890	-	-	82,246	2,663,136
Leases	-	10,250,000	2,304,626	-	12,554,626
Assessments, net	418,714	-	382	-	419,096
Loans	930,361	-	-	26,899,163	27,829,524
Total receivables	4,750,752	10,375,289	2,305,008	26,982,086	44,413,135
Due from other governments	13,703,597	1,903,521	296,600	1,921,702	17,825,420
Due from other funds	3,733,108	-	-	-	3,733,108
Inventories	332,511	-	-	626,096	958,607
Prepaid items	51,764	-	-	-	51,764
<b>Total assets</b>	<b>\$ 60,154,576</b>	<b>\$ 35,427,317</b>	<b>\$ 96,514,865</b>	<b>\$ 55,477,804</b>	<b>\$ 247,574,562</b>
<b>Liabilities</b>					
Accounts payable	\$ 4,993,934	\$ 86,803	\$ 3,316,819	\$ 2,543,462	\$ 10,941,018
Accrued payroll	3,713,189	-	-	1,907	3,715,096
Loan escrow	2,592	-	-	48,420	51,012
Unearned revenue	24,255	1,148	-	-	25,403
Total liabilities	8,733,970	87,951	3,316,819	2,593,789	14,732,529
<b>Deferred Inflows of Resources</b>					
Taxes	820,787	125,289	-	677	946,753
Leases	-	10,250,000	2,304,626	-	12,554,626
Assessments	418,714	-	382	-	419,096
Advances from other governments	-	-	-	321,589	321,589
Total deferred inflows of resources	1,239,501	10,375,289	2,305,008	322,266	14,242,064
<b>Fund Balances</b>					
Nonspendable					
Loans	930,361	-	-	-	930,361
Inventories	332,511	-	-	626,096	958,607
Prepays	51,764	-	-	-	51,764
Perpetual care	-	-	-	4,111,545	4,111,545
Restricted					
Stabilization by state statute	22,168,518	1,964,641	-	-	24,133,159
Debt service	-	22,999,436	-	-	22,999,436
Capital improvements	-	-	54,794,529	-	54,794,529
General government	-	-	-	70,660	70,660
Public protection	-	-	-	2,550,858	2,550,858
Transportation	-	-	-	2,707,784	2,707,784
Culture and recreation	-	-	-	733,048	733,048
Community & economic development	-	-	-	12,195,983	12,195,983
Committed					
Capital improvements	-	-	36,098,509	-	36,098,509
Community & economic development	-	-	-	29,933,252	29,933,252
Assigned					
Subsequent year's budget	2,000,000	-	-	-	2,000,000
Unassigned	24,697,951	-	-	(367,477)	24,330,474
Total fund balances	50,181,105	24,964,077	90,893,038	52,561,749	218,599,969
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 60,154,576</b>	<b>\$ 35,427,317</b>	<b>\$ 96,514,865</b>	<b>\$ 55,477,804</b>	<b>\$ 247,574,562</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, 2018

Exhibit 3.1

Total fund balances for governmental funds (Exhibit 3)	\$ 218,599,969
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	718,623,440
Accumulated depreciation	(241,436,974)
Pension deferrals in the current fiscal year are deferred outflows of resources on the statement of net position.	31,885,539
Other assets not available to pay for current period expenditures, and therefore are inflows of resources in fund statements.	14,773,397
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.	8,921,318
Net pension liability	(66,396,169)
Net OPEB liability	(13,187,759)
Pension related deferrals	(7,363,932)
OPEB related deferrals	(4,364,865)
Long-term liabilities are not due and payable in the current period and accordingly are not reported as fund liabilities:	
Accrued vacation	(13,180,687)
Accrued interest	(968,173)
Contracts payable	(170,412,045)
Bonds payable	(198,211,492)
<b>Net position of governmental activities (Exhibit 1)</b>	<b>\$ 277,281,567</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 Balances**  
**Governmental Funds**

For the Fiscal Year Ended June 30, 2018

Exhibit 4

	<b>General Fund</b>	<b>Debt Service Fund</b>	<b>Capital Projects Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Revenues</b>					
Taxes	\$ 141,719,000	\$ 21,780,104	\$ -	\$ 1,426,455	\$ 164,925,559
Licenses and permits	6,115,275	-	-	543,254	6,658,529
Intergovernmental	21,221,202	1,256,609	2,753,420	16,128,138	41,359,369
Investment income	-	1,808,857	270,618	671,177	2,750,652
Charges for services	19,104,518	-	-	-	19,104,518
Capital lease charges	-	550,000	597,013	-	1,147,013
Other	6,249,941	2,065,442	2,841,388	584,024	11,740,795
Total revenues	194,409,936	27,461,012	6,462,439	19,353,048	247,686,435
<b>Expenditures</b>					
Current					
General government	32,218,813	-	-	-	32,218,813
Public protection	104,936,238	-	-	2,296,272	107,232,510
Environmental health	20,551,537	-	-	-	20,551,537
Transportation	13,817,454	-	-	2,678,783	16,496,237
Culture and recreation	11,005,689	-	-	596,038	11,601,727
Community & economic development	14,039,904	-	-	8,914,547	22,954,451
Other	-	369,425	-	-	369,425
Capital outlay	-	-	37,004,673	-	37,004,673
Debt service					
Principal retirement					
Bond	-	8,145,000	-	-	8,145,000
Other	-	7,129,571	9,620,000	333,000	17,082,571
Interest and fiscal charges					
Bond	-	7,192,077	-	-	7,192,077
Other	-	5,350,137	1,423,687	31,828	6,805,652
Total expenditures	196,569,635	28,186,210	48,048,360	14,850,468	287,654,673
Excess of revenues over (under) expenditures	(2,159,699)	(725,198)	(41,585,921)	4,502,580	(39,968,238)
<b>Other Financing Sources (Uses)</b>					
Issuance of limited obligation bonds	-	2,015,000	-	-	2,015,000
Premium on general obligation bonds	-	-	6,810,320	-	6,810,320
Issuance of general obligation bonds	-	-	63,805,000	-	63,805,000
Capital leases	-	-	31,510,479	-	31,510,479
Issuance of refunding LOBS	-	10,795,000	2,250,000	-	13,045,000
Payment to refunded LOBS escrow agent	-	(10,725,000)	(2,235,000)	-	(12,960,000)
Transfers in	8,434,991	1,986,170	349,342	2,497,966	13,268,469
Transfers out	(5,648,378)	(2,000,000)	(338,529)	(6,860,376)	(14,847,283)
Total other financing sources (uses), net	2,786,613	2,071,170	102,151,612	(4,362,410)	102,646,985
Net change in fund balances	626,914	1,345,972	60,565,691	140,170	62,678,747
Fund balance - beginning	49,554,191	23,618,105	30,327,347	52,421,579	155,921,222
<b>Fund balances - ending</b>	<b>\$ 50,181,105</b>	<b>\$ 24,964,077</b>	<b>\$ 90,893,038</b>	<b>\$ 52,561,749</b>	<b>\$ 218,599,969</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, 2018

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) \$ 62,678,747

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	37,832,906
Depreciation expense for governmental assets	(15,200,295)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets. (164,618)

Contributions to the pension plan in the current fiscal year are not included on the statement of activities 7,517,257

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds. (275,278)

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. 4,084,318

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	(6,810,320)
Issuance of general obligation bonds	(63,805,000)
Issuance of limited obligation bonds	(2,015,000)
Issuance of refunding limited obligation bonds	(13,045,000)
Payment to refunded LOBS escrow agent	12,960,000
Capital leases	(31,510,479)
Decrease in contracts payable	7,001,604

Repayments:

Bonds	8,145,000
Certificates of participation/limited obligation bonds	15,761,265
Installment financing contract	988,306
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	(11,504,524)
OPEB expense	1,315,926
Accrued vacation	161,465
Amortization of financing costs	1,280,528
Accrued interest on bonds	(178,376)
Accrued interest on limited obligation bonds	64,427
Accrued interest on installment financing contract	2,710

**Change in net position of governmental activities (Exhibit 2)**

**\$ 15,618,569**

**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, 2018

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	\$ 104,237,860	\$ 104,237,860	\$ 104,690,977	\$ 453,117
Prior years levies	700,010	700,010	389,417	(310,593)
Penalty and interest on taxes	400,000	400,000	390,022	(9,978)
Total property taxes	105,337,870	105,337,870	105,470,416	132,546
Other local taxes				
Local option sales taxes	36,134,120	36,134,120	35,907,743	(226,377)
Gross receipts taxes	347,660	347,660	340,841	(6,819)
Total other local taxes	36,481,780	36,481,780	36,248,584	(233,196)
Total taxes	141,819,650	141,819,650	141,719,000	(100,650)
Licenses and permits				
Building permits	1,260,850	1,260,850	1,400,244	139,394
Electrical permits	725,000	725,000	1,041,479	316,479
Plumbing permits	440,000	440,000	453,283	13,283
Heating permits	725,000	725,000	733,927	8,927
Erosion control permits	-	-	1,250	1,250
Zoning board ordinances	18,500	18,500	14,445	(4,055)
Other construction related permits	156,700	156,700	151,246	(5,454)
Site inspection permits	9,500	9,500	2,400	(7,100)
Zoning permits	240,670	240,670	264,155	23,485
Refrigeration permits	9,500	9,500	6,000	(3,500)
Privilege licenses and penalties	11,000	11,000	10,834	(166)
Motor vehicle licenses	1,763,180	1,763,180	1,823,657	60,477
Other licenses and permits	169,100	169,100	212,355	43,255
Total licenses and permits	5,529,000	5,529,000	6,115,275	586,275
Intergovernmental revenues				
Beer and wine excise tax – state	1,057,000	1,057,000	1,042,116	(14,884)
Telecommunications sales tax	1,964,770	1,964,770	1,915,819	(48,951)
Utilities sales tax	13,611,570	13,611,570	13,329,176	(282,394)
Piped natural gas sales tax	551,080	551,080	862,091	311,011
Video programming tax	2,221,370	2,221,370	2,170,118	(51,252)
Payments in lieu of taxes	227,400	227,400	273,215	45,815
Emergency management	60,000	60,000	62,500	2,500
ABC store allocations	1,493,050	1,493,050	1,566,167	73,117
Total intergovernmental revenues	21,186,240	21,186,240	21,221,202	34,962

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, 2018

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	\$ 140,800	\$ 140,800	\$ 117,263	\$ (23,537)
Transportation	197,500	197,500	521,326	323,826
Public works services	2,777,070	2,777,070	2,682,648	(94,422)
Governmental services	773,200	773,200	869,377	96,177
Miscellaneous sales and services	233,300	233,300	207,409	(25,891)
Total governmental services and sales	4,121,870	4,121,870	4,398,023	276,153
Charges to State of North Carolina				
Highway maintenance/special projects	80,000	80,000	80,000	-
Traffic control devices	375,000	375,000	423,850	48,850
Computerized traffic system	201,450	201,450	103,829	(97,621)
Total charges to state	656,450	656,450	607,679	(48,771)
Charges to Other Governments				
Forsyth County				
Planning board support	1,568,380	1,568,380	1,473,719	(94,661)
Emergency management	407,150	407,150	362,067	(45,083)
Inspections	213,730	213,730	-	(213,730)
Purchasing	114,480	114,480	113,409	(1,071)
Winston-Salem/Forsyth County School Board (Super Kids)	185,000	185,000	-	(185,000)
Police	426,220	426,220	381,581	(44,639)
Other	26,000	26,000	19,710	(6,290)
Total charges to county	2,940,960	2,940,960	2,350,486	(590,474)
Interfund charges for services				
Engineering	1,550,000	1,550,000	1,461,396	(88,604)
Financial management services	1,880,950	1,880,950	1,881,924	974
Streets	150,000	550,000	689,882	139,882
Planning	20,000	20,000	24,159	4,159
Property management	1,281,750	1,281,750	1,234,393	(47,357)
Sanitation	40,000	40,000	40,646	646
Police	890,780	890,780	546,146	(344,634)
Real estate	100,000	100,000	95,609	(4,391)
Street cuts	410,000	410,000	255,973	(154,027)
Indirect cost allocation	4,410,210	4,410,210	4,514,222	104,012
Traffic engineering	427,000	427,000	484,306	57,306
Vegetation management services	40,000	40,000	111,556	71,556
Human relations	-	-	5,000	5,000
Fire	-	282,000	294,207	12,207
Telecommunications	12,040	12,040	12,040	-
TURN program	133,330	133,330	96,811	(36,519)
Other	-	-	60	60
Total interfund charges for services	11,346,060	12,028,060	11,748,330	(279,730)
Total charges for sales and services	19,065,340	19,747,340	19,104,518	(642,822)

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, 2018

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	\$ 409,420	\$ 409,420	\$ 401,296	\$ (8,124)
Sales of property	255,000	255,000	437,979	182,979
Parking meters	102,000	102,000	122,640	20,640
Parking tickets	225,000	225,000	240,222	15,222
Fines and forfeitures	836,310	836,310	848,237	11,927
Miscellaneous revenue	2,839,930	3,636,284	4,199,567	563,283
Total other revenues	4,667,660	5,464,014	6,249,941	785,927
Total revenues	192,267,890	193,746,244	194,409,936	663,692
<b>Expenditures (by function)</b>				
General government				
Legislative	1,504,830	1,537,450	1,500,655	36,795
Executive	3,199,890	3,294,552	3,314,891	(20,339)
Staff services	7,543,160	7,503,717	6,803,157	700,560
Financial management	7,897,280	8,009,024	7,701,719	307,305
Intergovernmental services	11,283,017	11,576,219	10,875,739	700,480
Employee safety and health	918,990	920,134	903,171	16,963
Human relations	449,440	469,983	460,704	9,279
Contingency budget	79,200	-	-	-
Property tax collections	626,190	773,233	658,777	114,456
Total general government	33,501,997	34,084,312	32,218,813	1,865,499
Public protection				
Police	73,642,130	74,466,186	72,567,114	1,899,072
Fire	30,653,840	31,325,618	31,794,222	(468,604)
Emergency management	662,470	650,330	574,902	75,428
Total public protection	104,958,440	106,442,134	104,936,238	1,505,896
Environmental health				
Sanitation administration	973,810	976,098	1,151,737	(175,639)
Organic and solid waste collection	10,335,280	10,342,294	10,687,146	(344,852)
Solid waste disposal	1,728,050	1,746,570	1,597,603	148,967
Yard waste collections	1,423,560	1,493,745	1,453,072	40,673
Curbside collection	5,671,700	5,720,000	5,661,979	58,021
Total environmental health	20,132,400	20,278,707	20,551,537	(272,830)

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, 2018

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	\$ 1,807,770	\$ 1,808,471	\$ 1,660,986	\$ 147,485
Signal system operations	429,970	550,432	367,928	182,504
Traffic system maintenance	6,452,620	6,474,738	6,273,787	200,951
Street parking	242,880	247,708	252,723	(5,015)
Streets and sidewalks	5,843,180	6,679,418	5,262,030	1,417,388
Total transportation	14,776,420	15,760,767	13,817,454	1,943,313
Culture and recreation				
Recreation administration	909,580	891,371	881,672	9,699
Participant recreation	10,269,940	10,435,383	10,124,017	311,366
Total culture and recreation	11,179,520	11,326,754	11,005,689	321,065
Community and economic development				
Zoning and construction control	4,566,560	4,570,064	4,560,636	9,428
Real estate management	408,790	408,790	389,254	19,536
Planning board	2,647,330	2,653,850	2,542,277	111,573
Housing services	4,751,410	4,726,344	3,957,792	768,552
Housing and neighborhood development	673,180	674,280	642,359	31,921
Economic development	806,280	879,592	966,078	(86,486)
Community agencies	976,800	1,205,070	981,508	223,562
Total community and economic development	14,830,350	15,117,990	14,039,904	1,078,086
Other				
Appropriated expenditure reductions	(3,247,340)	(3,247,340)	-	(3,247,340)
Total other	(3,247,340)	(3,247,340)	-	(3,247,340)
Total expenditures	196,131,787	199,763,324	196,569,635	3,193,689
Excess of expenditures (over) under revenues	(3,863,897)	(6,017,080)	(2,159,699)	3,857,381

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, 2018

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	\$ 993,480	\$ 993,480	\$ 848,437	\$ (145,043)
Gasoline tax fund	5,290,970	5,318,210	5,361,529	43,319
Economic and housing development fund	66,210	66,210	66,210	-
Cemetery perpetual care fund	176,430	176,430	176,430	-
Water and sewer utility fund	83,010	83,010	70,794	(12,216)
Stormwater fund	1,825,350	1,825,350	1,812,641	(12,709)
Workers' compensation fund	98,950	98,950	98,950	-
Total transfers in	8,534,400	8,561,640	8,434,991	(126,649)
Transfers out				
Grants fund	(608,440)	(685,310)	(664,090)	21,220
Economic and housing development fund	(2,834,320)	(2,834,320)	(1,634,320)	1,200,000
Debt service fund	(1,986,170)	(1,986,170)	(1,986,170)	-
Capital projects fund	(52,540)	(52,540)	(52,535)	5
Cemetery perpetual care fund	(63,333)	(63,333)	(63,333)	-
Parking fund	(495,150)	(495,150)	(495,150)	-
Public assembly facilities management fund	(665,550)	(752,780)	(752,780)	-
Total transfers out	(6,705,503)	(6,869,603)	(5,648,378)	1,221,225
Total other financing sources, net	1,828,897	1,692,037	2,786,613	1,094,576
Excess of revenues and other financing sources over (under) expenditures and other uses	(2,035,000)	(4,325,043)	626,914	4,951,957
Fund balance July 1	49,554,191	49,554,191	49,554,191	-
<b>Fund balance June 30</b>	<b>\$ 47,519,191</b>	<b>\$ 45,229,148</b>	<b>\$ 50,181,105</b>	<b>\$ 4,951,957</b>

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

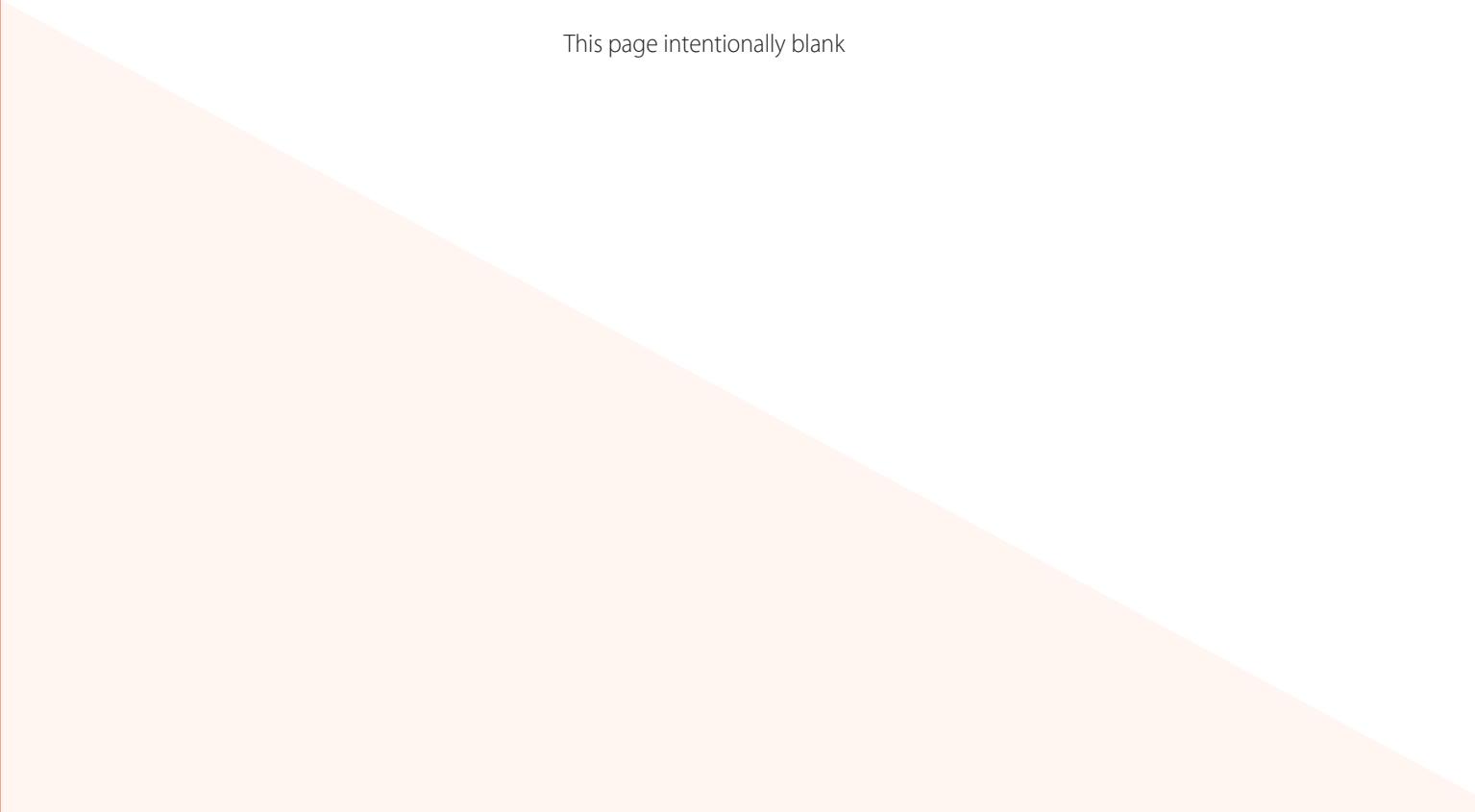
# City of Winston-Salem, North Carolina

## Statement of Net Position – Proprietary Funds

June 30, 2018

Exhibit 6

	Enterprise Funds					Internal Service Funds
	Water and Sewer Utility	Solid Waste Disposal	Transit Authority	Non-Major Funds	Total	
<b>Assets</b>						
<b>Current Assets</b>						
Cash & cash equivalents/investments	\$ 79,700,734	\$ 17,558,868	\$ 11,676	\$ 30,946,822	\$ 128,218,100	\$ 60,482,961
Receivables for uncollectibles						
Taxes, net	-	-	78,876	-	78,876	-
Accounts, net	13,797,214	373,978	89,302	1,075,713	15,336,207	4,557
Assessments, net	188,028	-	-	-	188,028	-
Total receivables	13,985,242	373,978	168,178	1,075,713	15,603,111	4,557
Due from other governments	7,875	58,161	6,843,100	431,585	7,340,721	-
Inventories	3,418,314	-	301,380	-	3,719,694	1,286,618
Total current assets	97,112,165	17,991,007	7,324,334	32,454,120	154,881,626	61,774,136
<b>Noncurrent Assets</b>						
Restricted assets						
Cash & cash equivalents/investments	84,227,027	18,511,991	-	81,921	102,820,939	-
Capital assets						
Land	16,873,288	12,450,797	2,236,412	12,785,969	44,346,466	801,682
Construction in progress	173,210,034	973,537	3,303,002	8,530,377	186,016,950	1,696,679
Other capital assets, net of accumulated depreciation	684,985,764	25,474,087	20,650,413	84,311,500	815,421,764	5,121,595
Accounts receivables	-	-	-	500,000	500,000	-
Total noncurrent assets	959,296,113	57,410,412	26,189,827	106,209,767	1,149,106,119	7,619,956
Total assets	1,056,408,278	75,401,419	33,514,161	138,663,887	1,303,987,745	69,394,092
<b>Deferred Outflows of Resources</b>						
Pension deferrals	2,348,635	408,397	-	666,963	3,423,995	880,945
Charge on refunding	26,328,722	-	-	-	26,328,722	-
Total deferred outflows of resources	28,677,357	408,397	-	666,963	29,752,717	880,945
<b>Liabilities</b>						
<b>Current Liabilities</b>						
Accounts payable	15,980,421	577,160	304,276	1,456,934	18,318,791	2,318,952
Accrued payroll	538,420	61,383	-	111,430	711,233	200,899
Accrued vacation	306,392	36,495	623,610	79,008	1,045,505	293,991
Employee taxes and amounts withheld	-	-	-	-	-	733,964
Accrued interest payable	1,420,025	-	-	37,273	1,457,298	-
Due to other funds	-	-	3,733,108	-	3,733,108	-
Unearned revenue	2,600	-	79,659	1,332,015	1,414,274	493,888
Landfill closure and postclosure costs	-	3,091,660	-	-	3,091,660	-
Pollution remediation	-	-	-	1,986,124	1,986,124	-
Current maturities						
Claims payable	-	-	-	-	-	4,852,016
Contracts payable	5,746,631	599,148	-	2,176,345	8,522,124	904,873
Bonds payable	24,425,000	715,000	-	1,118,693	26,258,693	-
Total current liabilities	48,419,489	5,080,846	4,740,653	8,297,822	66,538,810	9,798,583
<b>Noncurrent Liabilities</b>						
Contracts payable from restricted assets	6,405,917	-	-	-	6,405,917	-
Accrued vacation	746,825	78,004	-	164,962	989,791	159,221
Net pension liability	2,890,776	489,336	-	807,117	4,187,229	1,064,646
Net OPED liability	1,835,281	199,761	-	390,022	2,425,064	666,363
Landfill closure and postclosure costs	-	15,420,331	-	-	15,420,331	-
Claims payable	-	-	-	-	-	4,208,389
Contracts payable	75,436,376	1,234,647	-	15,391,583	92,062,606	1,450,958
Bonds payable	426,641,564	5,394,400	-	19,180,968	451,216,932	-
Derivative instrument	13,092,412	-	-	-	13,092,412	-
Total noncurrent liabilities	527,049,151	22,816,479	-	35,934,652	585,800,282	7,549,577
Total liabilities	575,468,640	27,897,325	4,740,653	44,232,474	652,339,092	17,348,160
<b>Deferred Inflows of Resources</b>						
Pension deferrals	250,772	-	-	26,715	277,487	121,815
OPEB deferrals	607,438	66,116	-	129,089	802,643	220,551
Charge on refunding	354,555	-	-	-	354,555	-
Accumulated decrease in fair value of hedging derivatives	8,583,629	-	-	-	8,583,629	-
Total deferred inflows of resources	9,796,394	66,116	-	155,804	10,018,314	342,366
<b>Net Position</b>						
Net investment in capital assets	382,312,859	30,955,226	26,189,827	67,760,257	507,218,169	5,264,125
Unrestricted	117,507,742	16,891,149	2,583,681	27,182,315	164,164,887	47,320,386
<b>Total net position</b>	<b>\$ 499,820,601</b>	<b>\$ 47,846,375</b>	<b>\$ 28,773,508</b>	<b>\$ 94,942,572</b>	<b>671,383,056</b>	<b>\$ 52,584,511</b>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds						
<b>Net position of business-type activities</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, 2018

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	\$ 104,882,024	\$ -	\$ -	\$ -	\$ 104,882,024	\$ -
Charges for services	4,316,905	11,450,547	1,760,419	15,321,890	32,849,761	75,422,833
Other	27,890	21,842	308,289	2,589,701	2,947,722	1,418,581
Total operating revenues	109,226,819	11,472,389	2,068,708	17,911,591	140,679,507	76,841,414
<b>Operating Expenses</b>						
Personal services	19,706,734	2,140,663	12,241,222	4,126,712	38,215,331	7,168,629
Maintenance and operations	23,519,501	5,509,711	4,503,576	8,526,537	42,059,325	66,612,662
Total operating expenses before depreciation	43,226,235	7,650,374	16,744,798	12,653,249	80,274,656	73,781,291
Depreciation	26,939,559	4,313,764	2,946,743	3,271,222	37,471,288	1,175,314
Total operating expenses	70,165,794	11,964,138	19,691,541	15,924,471	117,745,944	74,956,605
Operating income (loss)	39,061,025	(491,749)	(17,622,833)	1,987,120	22,933,563	1,884,809
<b>Nonoperating Revenues (Expenses)</b>						
Intergovernmental revenue	1,614,268	988,762	5,355,774	501,860	8,460,664	-
Property taxes	-	-	10,434,990	-	10,434,990	-
Investment income (loss)	6,613,477	1,569,572	158	1,341,897	9,525,104	5,104,876
Gain (loss) on disposal of assets	2,558,982	621,563	21,289	(341,008)	2,860,826	56,754
Damage settlements	-	-	21,234	-	21,234	-
Interest and fiscal expense	(17,710,379)	(294,061)	-	(1,361,181)	(19,365,621)	(164,452)
Amortization of financing costs	(887,039)	98,759	-	37,116	(751,164)	-
Total nonoperating revenues (expenses), net	(7,810,691)	2,984,595	15,833,445	178,684	11,186,033	4,997,178
Income (loss) before capital contributions and transfers	31,250,334	2,492,846	(1,789,388)	2,165,804	34,119,596	6,881,987
<b>Capital Contributions</b>						
	9,677,021	-	473,893	58,467	10,209,381	-
<b>Transfers In</b>						
<b>Transfers Out</b>						
Total transfers	-	543,319	-	3,605,700	4,149,019	-
Change in net position	(433,007)	-	(13,781)	(1,993,747)	(2,440,535)	(129,670)
	(433,007)	543,319	(13,781)	1,611,953	1,708,484	(129,670)
	40,494,348	3,036,165	(1,329,276)	3,836,224	46,037,461	6,752,317
Total net position – beginning, as previously stated	461,961,850	45,097,081	30,102,784	91,666,449		46,789,140
Cumulative effect adjustment	(2,635,597)	(286,871)	-	(560,101)		(956,946)
Total net position - beginning, as adjusted	459,326,253	44,810,210	30,102,784	91,106,348		45,832,194
<b>Total net position - ending</b>	<b>\$ 499,820,601</b>	<b>\$ 47,846,375</b>	<b>\$ 28,773,508</b>	<b>\$ 94,942,572</b>		<b>\$ 52,584,511</b>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				2,667,999		
<b>Change in net position of business-type activities</b>					<b>\$ 48,705,460</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, 2018

Exhibit 8  
Page 1 of 2

	<b>Enterprise Funds</b>					<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>Cash Flows from Operating Activities</b>						
Cash received from sales	\$ 109,038,812	\$ 11,482,661	\$ 2,052,021	\$ 17,876,279	\$ 140,449,773	\$ 76,858,009
Cash payments to suppliers for goods and services	(25,766,889)	(4,795,824)	(5,171,363)	(8,105,955)	(43,840,031)	(65,654,146)
Cash payments to employees for services	(19,870,342)	(2,166,529)	(12,007,775)	(4,145,089)	(38,189,735)	(7,219,498)
Net cash provided (used) by operating activities	63,401,581	4,520,308	(15,127,117)	5,625,235	58,420,007	3,984,365
<b>Cash Flows from Noncapital Financing Activities</b>						
Intergovernmental revenue	1,606,393	972,943	2,582,181	510,310	5,671,827	-
Property taxes	-	-	10,451,387	-	10,451,387	-
Repayments to other funds	-	-	-	-	-	(5,002)
Advances from other funds	-	-	2,102,350	-	2,102,350	-
Transfers in	-	543,319	-	1,605,700	2,149,019	-
Transfers out	(433,007)	-	(13,781)	(1,993,747)	(2,440,535)	(129,670)
Net cash provided (used) by noncapital financing activities	1,173,386	1,516,262	15,122,137	122,263	17,934,048	(134,672)
<b>Cash Flows from Capital and Related Financing Activities</b>						
Proceeds from issuance of bonds	60,449,273	-	-	-	60,449,273	-
Proceeds from issuance of state loans	10,765,392	-	-	-	10,765,392	-
Intergovernmental revenue	1,788,645	-	259,037	-	2,047,682	-
Property taxes	-	-	(16,397)	-	(16,397)	-
Capital contributions	-	-	-	58,467	58,467	-
Transfers in	-	-	-	2,000,000	2,000,000	-
Acquisition of property and equipment	(43,652,930)	(1,921,893)	(280,022)	(3,295,513)	(49,150,358)	(977,477)
Retirement of bonds	(22,790,000)	(1,850,000)	-	(1,103,693)	(25,743,693)	-
Retirement of contracts payable	(5,646,568)	(717,261)	-	(2,416,590)	(8,780,419)	(1,170,882)
Interest and fiscal expense paid on bonds	(18,135,477)	(175,684)	-	(581,152)	(18,892,313)	-
Interest and fiscal expense paid on contracts payable	(1,823,329)	(122,227)	-	(784,291)	(2,729,847)	(164,452)
Debt issuance costs	(527,270)	-	-	-	(527,270)	-
Proceeds from sale of assets	63,402	19,063	21,310	20,672	124,447	72,061
Damage settlements	-	-	21,234	-	21,234	-
Net cash provided (used) by capital financing activities	(19,508,862)	(4,768,002)	5,162	(6,102,100)	(30,373,802)	(2,240,750)
<b>Cash Flows from Investing Activities</b>						
Investment income (loss)	6,798,237	1,569,572	158	1,341,897	9,709,864	5,104,876
Net increase (decrease) in cash	51,864,342	2,838,140	340	987,295	55,690,117	6,713,819
Cash and cash equivalents/investments July 1	112,063,419	33,232,719	11,336	30,041,448	175,348,922	53,769,142
<b>Cash and cash equivalents/investments June 30</b>	<b>\$ 163,927,761</b>	<b>\$ 36,070,859</b>	<b>\$ 11,676</b>	<b>\$ 31,028,743</b>	<b>\$ 231,039,039</b>	<b>\$ 60,482,961</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, 2018

Exhibit 8  
Page 2 of 2

	<b>Enterprise Funds</b>					<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>Reconciliation of Cash and Cash Equivalents/Investments</b>						
Cash and investments – current	\$ 79,700,734	\$ 17,558,868	\$ 11,676	\$ 30,946,822	\$ 128,218,100	\$ 60,482,961
Cash and investments – restricted	84,227,027	18,511,991	-	81,921	102,820,939	-
<b>Cash and cash equivalents/investments June 30</b>	<b>\$ 163,927,761</b>	<b>\$ 36,070,859</b>	<b>\$ 11,676</b>	<b>\$ 31,028,743</b>	<b>\$ 231,039,039</b>	<b>\$ 60,482,961</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>						
Operating income (loss)	39,061,025	(491,749)	(17,622,833)	1,987,120	22,933,563	1,884,809
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities						
Depreciation expense	26,939,559	4,313,764	2,946,743	3,271,222	37,471,288	1,175,314
Change in assets, deferred outflows of resources, and liabilities, and deferred inflows of resources						
(Increase) decrease in receivables	(188,007)	10,272	(33,953)	31,506	(180,182)	(4,115)
(Increase) decrease in inventories	(271,010)	-	(114,808)	-	(385,818)	76,261
(Increase) decrease in prepaid expenses	-	-	-	29,075	29,075	-
(Increase) decrease in deferred outflows of resources – pensions	1,263,741	-	-	97,851	1,361,592	442,094
Increase (decrease) in net pension liability	(1,188,177)	-	-	(92,002)	(1,280,179)	(415,659)
Increase (decrease) in net OPEB liability	(800,316)	(87,110)	-	(170,079)	(1,057,505)	(290,583)
Increase (decrease) in deferred inflows of resources – pensions	(106,085)	-	-	(8,214)	(114,299)	(37,111)
Increase (decrease) in deferred inflows of resources – OPEB	607,438	66,116	-	129,089	802,643	220,551
Increase (decrease) in accounts payable	(1,976,378)	(111,732)	(552,979)	88,806	(2,552,283)	(192,622)
Increase (decrease) in accrued payroll	30,016	4,419	-	8,255	42,690	10,327
Increase (decrease) in employee taxes and deductions	-	-	-	-	-	732,441
Increase (decrease) in unearned revenue	-	-	17,266	(66,818)	(49,552)	16,258
Increase (decrease) in accrued vacation	29,775	(9,291)	233,447	16,723	270,654	19,512
Increase in landfill closure and postclosure costs	-	825,619	-	-	825,619	-
Increase (decrease) in claims payable	-	-	-	-	-	192,625
Increase (decrease) in contracts payable	-	-	-	302,701	302,701	154,263
Total adjustments	24,340,556	5,012,057	2,495,716	3,638,115	35,486,444	2,099,556
<b>Net cash provided (used) by operating activities</b>	<b>\$ 63,401,581</b>	<b>\$ 4,520,308</b>	<b>\$ (15,127,117)</b>	<b>\$ 5,625,235</b>	<b>\$ 58,420,007</b>	<b>\$ 3,984,365</b>

**Noncash Investing, Capital, and Financing Activities**

The City entered into leases for new property and equipment and incurred capital lease obligations of \$5,525,100 and \$3,876,432 during the years ended June 30, 2018, and 2017, respectively.

The City received contributed land amounting to \$7,888,376 and \$3,787,366 during the years ended June 30, 2018, and 2017, respectively, from various developers.

Capitalized interest included in asset acquisitions of \$3,069,581.

The City accrued intergovernmental revenues of \$3,004,279.

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, 2018

Exhibit 9

	<b>Benefits Trust Fund</b>
<b>Assets</b>	
Cash and cash equivalents/investments	\$ 6,121,616
Investments, at fair value	
Common stock	205,856,685
United States government treasuries	7,233,306
United States government agencies	1,955,741
Corporate bonds	17,194,469
Commercial mortgage backed securities	531,508
Total assets	238,893,325
<b>Deferred Outflows of Resources</b>	
Pension deferrals	16,948
<b>Liabilities</b>	
Accounts payable	62,351
Accrued payroll	3,294
Accrued vacation	8,188
Unearned revenue	142,213
Net pension liability	20,619
Claims payable	1,069,536
Total liabilities	1,306,201
<b>Deferred Inflows of Resources</b>	
Pension deferrals	2,065
<b>Net Position</b>	
Restricted for pensions	169,355,714
Restricted for post-employment benefits other than pensions	68,246,293
Total net position	<b>\$ 237,602,007</b>

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, 2018

Exhibit 10

	<b>Benefits Trust Fund</b>
<b>Additions</b>	
Contributions	
Employer	\$ 9,630,055
Plan members	<u>3,516,282</u>
Total contributions	<u>13,146,337</u>
Investment income	
Net appreciation in fair value	18,731,973
Interest and dividends	<u>4,432,480</u>
Total investment income	<u>23,164,453</u>
Less investment expense	925,035
Net investment income	<u>22,239,418</u>
Total additions	<u>35,385,755</u>
<b>Deductions</b>	
Benefits	20,524,787
Refund of contributions	164,393
Administrative expense	<u>240,543</u>
Total deductions	<u>20,929,723</u>
Net increase in net position	14,456,032
Net position – beginning	223,145,975
<b>Net position, ending</b>	<b>\$ 237,602,007</b>

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

# Notes to the Financial Statements

June 30, 2018

## 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 nonprofit corporations are included in this report as blended component units.

**Risk Acceptance Management Corporation** administers auto liability, general liability, workers' compensation claims which exceed the sum of \$250,000, health care claims which exceed the sum of \$250,000, 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.

### 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. The City's determination of reporting major funds considered the criteria prescribed by GASB and consistency of presentation from year to year. 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, 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) – Government Portfolio, a SEC-registered (2a-7) external investment pool, is measured at amortized cost, which is the NCCMT's share price. The NCCMT-Term Portfolio's securities are valued at fair value.

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 2017 tax levy. The City's fiscal year 2018 tax rate was .5974 mils, allocated as follows: .4746 mils for general purposes, .0730 mils for general debt service, and .0498 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% is assessed. On February first, interest accrues at the rate of .75% 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 Stadium Field House.

## **Restricted Cash June 30, 2018**

Business-type activities	
Water and sewer utility	
Unexpended bond proceeds	\$ 35,195,218
Equipment and replacement reserves	46,031,809
Economic development	3,000,000
Solid waste disposal	
Landfill closure and postclosure costs	18,511,991
Public assembly facilities management	
Capital reserve	81,921
Total business-type activities	102,820,939
<b>Total restricted cash</b>	<b>\$ 102,820,939</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 net 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 several items that meet this criterion, pension deferrals, contributions made to the pension plan in the 2018 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.

In addition to liabilities, the statement of net 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 revenue until then. The City has several items that meet this criterion, deferrals of pension expense that result from the implementation of GASB Statement 68 and GASB Statement 71, deferrals of OPEB expense that result from the implementation of GASB Statement 75, 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 derivative instrument is a change in fair value associated with an effective hedge. 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, 2018**

Stabilization by state statute	\$ 24,133,159
Debt service	22,999,436
Other purposes	
Nonmajor governmental	22,369,878
<b>Total</b>	<b>\$ 69,502,473</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 government** – portion of fund balance restricted by revenue source for public access and education.

**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.

**Restricted for community and economic development** – portion of fund balance restricted by revenue source for community and economic development 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 capital improvements** – portion of fund balance committed by City Council for capital improvements.

**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 2018-2019 Budget Ordinance and as approved by City Council on June 18, 2018 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 within the general fund. The general fund is the only governmental fund that can report a positive amount of unassigned fund balance. However, for governmental funds other than the general fund, if expenditures incurred for specific purposes exceed the restricted, committed, or assigned resources available for those purposes the deficit would be reported in the unassigned category.

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's financial policy is to maintain a minimum unassigned fund balance of 14% of the estimated general fund expenditures.

## Fund Balance June 30, 2018

Nonspendable		
Loans	\$	930,361
Inventories		958,607
Prepays		51,764
Perpetual care		4,111,545
Restricted		
Stabilization by state statute		24,133,159
Debt service		22,999,436
Capital improvements		54,794,529
General government		70,660
Public protection		2,550,858
Transportation		2,707,784
Culture and recreation		733,048
Community and economic development		12,195,983
Committed		
Capital improvements		36,098,509
Community and economic development		29,933,252
Assigned		
Subsequent year's budget		2,000,000
Unassigned		24,330,474
<b>Total</b>		<b>\$ 218,599,969</b>

## **11. Pensions**

For purposes of measuring the net pension asset/liability, 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, 2018, environmental health expenditures in the general fund were under estimated due to higher than anticipated operating costs, including the purchase of refuse and recycling carts for curbside service and the addition of the operations department mid-year; however, fund balance was available to cover the expenditures.

For the fiscal year ended June 30, 2018, the transfers out in the gasoline tax fund to the general fund exceeded appropriations by \$43,319; 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, 2018, the City's deposits had a carrying value of \$38,514,277 and bank balance of \$37,281,052. Of the bank balance \$1,934,284 was covered by federal depository insurance and the remainder was covered by collateral held under the Pooling Method. At June 30, 2018, the City maintained various petty cash funds totaling \$56,701.

#### **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, 2018, 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 / ADRs	\$ 190,666,890	\$ 190,666,890	\$ -	\$ -
US Gov't Treasuries	40,976,877	6,374,107	1,864,860	32,737,910
US Gov't Agencies	59,327,744	7,196,143	14,752,532	37,379,069
Corporate Bonds	38,440,200	22,399,924	1,978,296	14,061,980
Commercial Paper	11,957,480	11,957,480	-	-
Mutual Funds	133,552,229	133,552,229	-	-
Money Market Funds	37,564,722	37,564,722	-	-
NC Capital Management Trust				
Government Portfolio	51,846,392	51,846,392	-	-
Term Portfolio	108,104,341	108,104,341	-	-
<b>Total</b>	<b>\$ 672,436,875</b>	<b>\$ 569,662,228</b>	<b>\$ 18,595,688</b>	<b>\$ 84,178,959</b>

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

At June 30, 2018, the City's investment balances measured at fair value were as follows:

<b>Investment Type</b>	<b>Fair Value Measurements Using</b>		
	<b>Fair Value</b>	<b>Level 1 Inputs</b>	<b>Level 2 Inputs</b>
Domestic Common Stock / ADRs	\$ 190,666,890	\$ 190,666,890	\$ -
US Gov't Treasuries	40,976,877	40,976,877	-
US Gov't Agencies	59,327,744	-	59,327,744
Corporate Bonds	38,440,200	-	38,440,200
Commercial Paper	11,957,480	-	11,957,480
Mutual Funds	133,552,229	130,931,530	2,620,699
Money Market Funds	37,564,722	-	37,564,722
NC Capital Management Trust -			
Term Portfolio	108,104,341	108,104,341	-
<b>Total fair value investments</b>	<b>\$ 620,590,483</b>	<b>\$ 470,679,638</b>	<b>\$ 149,910,845</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 the 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 Government Portfolio carried a credit rating of AAAm by Standard & Poor's as of June 30, 2018. 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			\$ 1,320,017
	AAA	AAA	94,399
	AAA	N/A	353,162
	AA+	AA1	432,158
	AA+	N/A	300,621
	AA	AA2	264,669
	AA-	AA2	538,656
	AA-	AA3	719,759
	AA-	A1	939,428
	AA-	BAA1	86,192
	A+	AA2	342,937
	A+	A1	410,619
	A+	A2	379,441
	A+	A3	260,880
	A	A1	295,986
	A	A2	1,860,232
	A	A3	974,051
	A	BAA2	142,925
	A	N/A	1,484,164
	A-	A1	633,685
	A-	A2	1,569,888
	A-	A3	3,293,978
	A-	BAA1	320,300
	A-	BAA2	103,230
	A-	N/A	595,703
	BBB+	A3	1,575,058
	BBB+	BAA1	2,087,014
	BBB+	BAA2	1,087,227
	BBB+	N/A	1,447,372
	BBB	A3	645,734
	BBB	BAA1	618,506
	BBB	BAA2	1,870,798
	BBB	BAA3	945,483
	BBB	N/A	1,698,953
	BBB-	BAA2	106,993
	BBB-	BAA3	1,318,434
	BBB-	BA1	149,819
	BBB-	N/A	2,191,824
	BB-	N/A	165,373
	N/A	AAA	1,102,898
	N/A	AA3	307,878
	N/A	A3	183,208
	N/A	BAA2	298,716
	N/A	BAA3	499,444
	N/A	N/A	2,422,388
<b>Total</b>			<b>\$ 38,440,200</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, 2018

General fund	
Taxes receivable	\$ 1,304,173
Other receivables	2,856,757
Special revenue funds	
Nonmajor	26,503,401
Debt service fund	166,519
Enterprise funds	
Water and sewer utility	1,501,904
Solid waste disposal	4,267
Transit Authority	
Taxes receivable	89,360
Other receivables	5,565
Nonmajor	166,179
<b>Total</b>	<b>\$ 32,598,125</b>

## C. Interfund Receivables, Payables, and Transfers

The composition of interfund receivables and payables at June 30, 2018, is as follows:

	<b>Interfund Payables</b>	<b>Interfund Receivables</b>
General fund	\$ -	\$ 3,733,108
Enterprise funds		
Transit Authority	3,733,108	-
<b>Total</b>	<b>\$ 3,733,108</b>	<b>\$ 3,733,108</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, 2018, include: a transfer of \$1,812,641 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 \$848,437 to cover housing rehabilitation expenditures; a gasoline tax fund transfer to the general fund for \$5,361,529; a general fund transfer to the parking fund for \$495,150 to cover the City's share of the operating loss of \$1,009,312 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 \$1,634,320 to fund economic development projects; a general fund transfer to the public assembly facilities management fund for \$752,780 to cover operating expenses of the M.C. Benton, Jr. Convention Center; a transfer from general fund to debt service fund of \$1,986,170 to cover debt service payments on economic development projects and the Bryce A. Stuart Building.

## Transfers for Fiscal Year Ended June 30, 2018

	<b>Transfers In</b>	<b>Transfers Out</b>
General fund	\$ 8,434,991	\$ 5,648,378
Debt service fund	1,986,170	2,000,000
Capital projects fund	349,342	338,529
Special revenue funds		
Nonmajor	2,497,966	6,860,376
Enterprise funds		
Water and sewer utility	-	433,007
Solid waste disposal	543,319	-
Transit Authority	-	13,781
Nonmajor	3,605,700	1,993,747
Internal service funds		
-	-	129,670
<b>Total</b>	<b>\$ 17,417,488</b>	<b>\$ 17,417,488</b>

## D. Capital Assets

The following tables summarize the changes in the components of capital assets for the year ended June 30, 2018:

### Governmental Activities

Capital assets, not being depreciated:	
Land	\$ 76,893,247
Construction in progress	140,275,300
Total capital assets, not being depreciated	<u>217,168,547</u>
Capital assets, being depreciated:	
Buildings	106,847,463
Improvements other than buildings	245,545,293
Machinery and equipment	120,573,988
Total capital assets, being depreciated	<u>472,966,744</u>
Less accumulated depreciation for:	
Buildings	36,466,267
Improvements other than buildings	112,851,896
Machinery and equipment	86,007,539
Total accumulated depreciation	<u>235,325,702</u>
Total capital assets, being depreciated, net	<u>237,641,042</u>
Governmental activities capital assets, net	<u><b>\$ 454,809,589</b></u>

<b>Balance June 30, 2017</b>	<b>Increase</b>	<b>Transfers</b>	<b>Decrease</b>	<b>Balance June 30, 2018</b>
\$ 76,893,247	\$ -	\$ 2,595,090	\$ (138,209)	\$ 79,350,128
140,275,300	30,574,651	(26,902,501)	-	143,947,450
<u>217,168,547</u>	<u>30,574,651</u>	<u>(24,307,411)</u>	<u>(138,209)</u>	<u>223,297,578</u>
106,847,463	-	6,204,419	-	113,051,882
245,545,293	1,074,725	18,102,992	-	264,723,010
120,573,988	7,324,829	-	(10,347,847)	117,550,970
<u>472,966,744</u>	<u>8,399,554</u>	<u>24,307,411</u>	<u>(10,347,847)</u>	<u>495,325,862</u>
36,466,267	2,587,284	-	-	39,053,551
112,851,896	6,338,931	-	-	119,190,827
86,007,539	7,449,394	-	(10,264,337)	83,192,596
<u>235,325,702</u>	<u>\$ 16,375,609</u>	<u>\$ -</u>	<u>\$ (10,264,337)</u>	<u>241,436,974</u>
<u>237,641,042</u>				<u>253,888,888</u>
<b><u>\$ 454,809,589</u></b>				<b><u>\$ 477,186,466</u></b>

### **Business-type Activities**

	<b>Balance June 30, 2017</b>	<b>Increase</b>	<b>Transfers</b>	<b>Decrease</b>	<b>Balance June 30, 2018</b>
Capital assets, not being depreciated:					
Land	\$ 44,116,759	\$ -	\$ 591,387	\$ (361,680)	\$ 44,346,466
Construction in progress	190,332,158	56,665,419	(60,980,627)	-	186,016,950
Total capital assets, not being depreciated	<u>234,448,917</u>	<u>56,665,419</u>	<u>(60,389,240)</u>	<u>(361,680)</u>	<u>230,363,416</u>
Capital assets, being depreciated:					
Buildings	326,103,642	-	1,370,420	-	327,474,062
Improvements other than buildings	952,771,116	7,888,376	59,018,820	(3,727,245)	1,015,951,067
Machinery and equipment	77,526,199	4,018,776	-	(6,016,512)	75,528,463
Total capital assets, being depreciated	<u>1,356,400,957</u>	<u>11,907,152</u>	<u>60,389,240</u>	<u>(9,743,757)</u>	<u>1,418,953,592</u>
Less accumulated depreciation for:					
Buildings	126,345,211	7,860,242	-	-	134,205,453
Improvements other than buildings	396,253,955	24,899,685	-	(1,075,466)	420,078,174
Machinery and equipment	50,510,459	4,711,361	-	(5,973,619)	49,248,201
Total accumulated depreciation	<u>573,109,625</u>	<u>\$ 37,471,288</u>	<u>\$ -</u>	<u>\$ (7,049,085)</u>	<u>603,531,828</u>
Total capital assets, being depreciated, net	<u>783,291,332</u>				<u>815,421,764</u>
Business-type activities capital assets, net	<b><u>\$1,017,740,249</u></b>				<b><u>\$1,045,785,180</u></b>

The City has outstanding project authorizations for general governmental projects in the amount of \$123,403,673 with \$26,226,911 in unexpended commitments and outstanding authorizations for capital projects in enterprise funds amounting to \$251,689,751 with \$53,560,547 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, 2018, the total interest and fiscal charges in the enterprise funds were \$22,435,202 of which \$2,884,821 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, 2018</b>
General government	\$ 1,949,066
Public protection	4,658,225
Environmental health	1,811,573
Transportation	5,171,473
Culture and recreation	1,686,102
Community and economic development	1,099,170
<b>Total</b>	<b>\$ 16,375,609</b>

### **Business-type Activities**

	<b>Depreciation Expense For Year Ended June 30, 2018</b>
Water and sewer utility	\$ 26,939,559
Solid waste disposal	4,313,764
Transit Authority	2,946,743
Parking	448,711
Stormwater management	907,022
Public assembly facilities management	1,915,489
<b>Total</b>	<b>\$ 37,471,288</b>

## **E. Operating Leases**

The City leases land, building space, and certain operating equipment under non-cancelable operating leases terminating during fiscal years 2018 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 \$427,895 during fiscal year 2018.

### **Future Minimum Commitments for Operating Leases**

2019	\$ 383,758
2020	256,250
2021	241,250
2022	221,399
2023	60,313
<b>Total</b>	<b>\$ 1,162,970</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 PM Meeting Venue, LLC. The lease will expire June 30, 2036, with the option to purchase for \$2 million plus the unamortized balance of the related debt.

Total lease payments receivable	\$ 12,250,000
Less unearned income	(4,074,955)
<b>Net investment in direct financing lease</b>	<b>\$ 8,175,045</b>

### **Minimum Lease Payments**

2019	\$ 600,000
2020	600,000
2021	600,000
2022	600,000
2023	600,000
Thereafter	9,250,000
<b>Total</b>	<b>\$ 12,250,000</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. On July 12, 2017, the City issued \$4,775,000 in general obligation bonds at a net interest cost of 2.8%. The proceeds will be used for public improvements, parks & recreation renovations, and streets & sidewalk repairs. The City also issued \$54,690,000 in general obligation bonds and \$4,340,000 in taxable general obligation bonds at net interest cost of 2.80% and 1.61% respectively. The proceeds will be used for public improvements, redevelopment, streets, housing, and recreation projects. As of June 30, 2018, \$25,505,000 of these bonds were unissued.

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 \$1.6 billion.

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

<b>Fiscal Year</b>	<b>Governmental Activities</b>	
	<b>Principal</b>	<b>Interest</b>
2019	\$ 10,260,000	\$ 6,775,991
2020	10,950,000	6,488,952
2021	10,910,000	6,133,641
2022	10,855,000	5,648,792
2023	11,365,000	5,155,402
2024-2028	50,310,000	18,292,426
2029-2033	40,640,000	9,091,043
2034-2037	29,250,000	2,100,687
<b>Total</b>	<b>\$ 174,540,000</b>	<b>\$ 59,686,934</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:**

<b>Fiscal Year</b>	<b>Governmental Activities</b>		<b>Business-type Activities</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
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	670,000	214,775	1,383,693	363,313
2023	700,000	184,225	1,403,693	320,230
2024-2028	2,470,000	548,625	5,259,525	977,811
2029-2033	1,890,000	200,737	3,642,049	19,941
<b>Total</b>	<b>\$ 7,575,000</b>	<b>\$ 1,942,287</b>	<b>\$ 15,700,040</b>	<b>\$ 3,023,107</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, 2018 were \$10,105,000 with interest rates ranging from 3.0% to 5.0%, which are payable over the next 15 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, 2018, and the ratio was 3.9. The principal and interest remaining to be paid on the bonds is \$12,823,701. Principal and interest paid in the fiscal years ended June 30, 2018 and 2017 were \$853,343 and \$851,751, 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>
2019	\$ 520,000	\$ 333,194
2020	545,000	307,194
2021	570,000	285,394
2022	585,000	268,294
2023	610,000	244,893
2024-2028	3,370,000	911,870
2029-2033	3,905,000	367,862
<b>Total</b>	<b>\$ 10,105,000</b>	<b>\$ 2,718,701</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 2009, 2010, 2014, 2015, 2016 and 2017. 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, 2018, and the ratio was 1.82. The total principal and interest remaining to be paid on the bonds is \$638,585,044. Principal and interest paid in the fiscal years ended June 30, 2018 and 2017 were \$41,178,298 and \$38,447,043, respectively.

On October 19, 2017, the City issued \$56,280,000 in Water & Sewer System Revenue Bonds at a net interest cost of 3.31%. The proceeds will be used for the purpose of financing the costs of extensions, additions and capital improvements to, or the renewal and replacement of capital assets of, or purchasing and installing new equipment for the City's Water and Sewer Utilities System and to pay the costs of issuing the 2017 Bonds.

Water and sewer revenue bonds outstanding at June 30, 2018, were \$426,130,000 with interest rates between .95% and 5.694% which are payable over the next 29 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>
2019	\$ 24,425,000	\$ 18,254,325
2020	16,875,000	17,517,796
2021	17,490,000	16,837,005
2022	17,830,000	16,098,711
2023	18,615,000	15,311,876
2024-2028	106,360,000	63,324,771
2029-2033	101,700,000	39,728,234
2034-2038	80,995,000	19,418,176
2039-2043	30,345,000	4,791,950
2044-2047	11,495,000	1,172,200
<b>Total</b>	<b>\$ 426,130,000</b>	<b>\$ 212,455,044</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, 2018, rates were as follows:

	<b>Series 2015 A-1, B-1 and C-1 Rates</b>
<b>Terms</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      N/A
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      -1.208%
Net interest rate swap payment	2.432%
Actual variable Bond Rate	Bond Rate      2.027%
<b>Synthetic fixed interest rate on Series B Bonds</b>	<b>4.459%</b>
<b>The Bond Buyer Revenue Bond Index on 12/4/2002</b>	<b>5.240%</b>

As of June 30, 2018, the agreement had a negative fair value of \$4,834,154. 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, 2018, 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, 2018, 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, 2018, 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 2015 A-1, B-1 and C-1 Bonds are as follows:

<b>Series 2015 A-1, B-1 and C-1 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>			
2019	\$ 1,700,000	\$ 751,814	\$ 902,028	\$ 3,353,842	
2020	1,760,000	717,355	860,684	3,338,039	
2021	1,835,000	681,680	817,882	3,334,562	
2022	1,905,000	644,485	773,254	3,322,739	
2023	1,980,000	605,870	726,924	3,312,794	
2024-2028	11,135,000	2,394,799	2,873,286	16,403,085	
2029-2030	16,775,000	513,338	615,904	17,904,242	
<b>Total</b>	<b>\$ 37,090,000</b>	<b>\$ 6,309,341</b>	<b>\$ 7,569,962</b>	<b>\$ 50,969,303</b>	

\* Computed using the 4.459% net interest rate swap payment to the City times \$37,090,000, less accumulated annual reductions, if any.

**Series 2015  
A-1, B-1 and C-1  
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, 2016	\$ (9,997,626)	\$ (2,402,636)	4.107%
June 30, 2017	(6,905,021)	3,092,605	4.103
June 30, 2018	(4,834,154)	2,070,867	4.459

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 2017-2018 with an inception to-date variance of 82.28%, so the swap is recorded at fair value on the Statement of Net Position as a deferred inflow 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 2002C. 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 1, 2028.

**As of June 30, 2018, rates were as follows:**

<b>Series 2015 A-2, B-2 and C-2 Rates</b>	<b>Terms</b>	
	Fixed	2.960%
Fixed payment to Citigroup, Inc.		
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 Limited to 69% of Average Monthly LIBOR	N/A  -1.208%
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.		1.752%
Net interest rate swap payment		
Actual variable Bond Rate	Bond Rate	2.021%
<b>Synthetic fixed interest rate on Series C Bonds</b>		<b>3.773%</b>
<b>The Bond Buyer Revenue Bond Index on 12/4/2002</b>		<b>5.240%</b>

As of June 30, 2018, the agreement had a negative fair value of \$2,924,807. 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, 2018, 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, 2018, 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, 2018, 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 2015 A-2, B-2 and C-2 Bonds are as follows:

<b>Series 2015 A-2, B-2 and C-2 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>			
2019	\$ 4,095,000	\$ 960,633	\$ 832,952		\$ 5,888,585
2020	4,230,000	877,212	760,547		5,867,759
2021	4,365,000	791,384	686,097		5,842,481
2022	4,505,000	702,803	609,258		5,817,061
2023	4,655,000	614,084	532,657		5,801,741
2024-2028	25,615,000	1,590,214	1,379,104		28,584,318
<b>Total</b>	<b>\$ 47,465,000</b>	<b>\$ 5,536,330</b>	<b>\$ 4,800,615</b>		<b>\$ 57,801,945</b>

\*Computed using the 3.773% net interest rate swap payment to the City times \$47,465,000 less accumulated annual reductions.

**Series 2015  
A-2, B-2 and C-2  
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, 2016	\$ (8,089,817)	\$ (1,494,649)	3.419%
June 30, 2017	(5,034,911)	3,054,906	3.417
June 30, 2018	(2,924,807)	2,110,104	3.773

The Series 2015A-2, B-2 and C-2 interest rate swap was an effective hedge under the Dollar-Offset Method in fiscal year 2017-2018 with an inception to-date variance of 82.28%, so the swap is recorded at fair value on the Statement of Net Position as a deferred inflow 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 3.706%.

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 3.706% 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, 2018, the agreement had a negative fair value of \$5,333,451. 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, 2018, 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, 2018, 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.

<b>Series 2015 A-3, B-3 and C-3 Fiscal Year Ending June 30</b>	<b>Business-type Activities</b>		
	<b>Principal</b>	<b>Synthetically Variable Rate Interest</b>	<b>Total</b>
2019	\$ 1,095,000	\$ 1,276,836	\$ 2,371,836
2020	1,140,000	1,235,498	2,375,498
2021	1,190,000	1,185,570	2,375,570
2022	1,240,000	1,136,977	2,376,977
2023	1,295,000	1,086,341	2,381,341
2024-2028	7,370,000	4,596,344	11,966,344
2029-2033	9,115,000	2,951,187	12,066,187
2034-2037	8,830,000	919,835	9,749,835
<b>Total</b>	<b>\$ 31,275,000</b>	<b>\$ 14,388,588</b>	<b>\$ 45,663,588</b>

**Series 2015  
A-3, B-3 and C-3  
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, 2016	\$ (10,405,010)	\$ (2,919,127)	4.103%
June 30, 2017	(7,283,487)	3,121,523	4.151
June 30, 2018	(5,333,451)	1,950,036	4.317

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 2017-2018 with an inception to-date variance of 82.28%, so the swap is recorded at fair value on the Statement of Net Position as a deferred inflow 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, 2018

### Bonds Payable

General obligation bonds, issues dated 2008 to 2017 with stated interest rates of 1.25% to 6.1%		
General government	\$	174,540,000
Discounts/premiums		16,096,492
Revenue bonds, water and sewer system		
Series 2009, principal due annually through 2039 with stated interest rates of 3.0% to 4.0%		2,715,000
Series 2010A, principal due annually through 2023 with stated interest rates of 3.0% to 4.0%		5,815,000
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%		6,845,000
Series 2014A, principal due annually through 2033 with stated interest rates of 4.0% to 5.0%		28,850,000
Series 2015A, B, C, principal due annually through 2030 with synthetic fixed interest rates of 3.40% to 4.18%		115,830,000
Series 2016A, principal due annually through 2039 with stated interest rates of 3.0% to 5.0%		123,270,000
Series 2016B, principal due annually through 2019 with stated interest rates of .95% to 1.35%		7,240,000
Series 2017, principal due annually through 2047 with stated interest rates of 3.0% to 5.0%		55,670,000
Discounts/premiums		24,936,564
Revenue bonds, stormwater management		
Series 2013, principal due annually through 2033 with stated interest rates of 3.0% to 5.0%		10,105,000
Discounts/premiums		565,680
Special obligation bonds, general governmental		
Series 2013, principal due annually through 2033 with stated interest rates of 3.0% to 5.0%		4,785,000
Series 2013, principal due annually through 2025 with stated interest rates of 3.0% to 5.0%		2,790,000
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%, 2.19807% at year end		6,071,060
Discounts/premiums		38,340
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%, 2.73246% at year end		9,628,981

### 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, 2.48246% at year end		3,260,000
Series 2006B, principal due annually through June 1, 2021, with stated interest rates of 4.125% to 4.25%		1,885,000
Limited obligation bonds issued by North Carolina Municipal Leasing Corporation		
Series 2010A, principal due annually through June 1, 2024, with stated interest rate of 3.0%		9,250,000
Series 2013A, principal due annually through June 1, 2038, with stated interest rate of 4.626%		26,555,000
Series 2013B, principal due annually through June 1, 2035, with stated interest rates of 4.0% to 5.0%		12,200,000
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, 2.72246% at year end		11,824,000
Series 2014B, principal due annually through June 1, 2034, with stated interest rates of 1.84% to 4.4%		6,590,000
Series 2014C, principal due annually through June 1, 2034, with stated interest rates of 3.375% to 5.0%		37,330,000
Series 2018, principal due annually through June 1, 2031, with stated interest rate of 3.07%		15,060,000
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, 2.23354% at year end		9,000,000
Discounts/premiums		5,785,001
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, 1.93772% at year end		15,000,000
Series 2017, principal due semi-annually from January 1, 2019 to July 1, 2022, with a stated interest rate of 2.24845%		25,000,000
HUD Section 108 loan, principal due annually through August 1, 2022, with stated interest rates of 1.75% to 6.67%		1,462,000
Installment financing contract, principal due annually through June 1, 2028, with stated interest rate of 3.29%		11,502,526
Clean water state revolving loan fund, payable over 20 years with stated interest rates of 0% to 2%		79,293,248

### Other

Net pension liability – LGERS		26,666,405
Net pension liability – WSPORS		31,656,923
Net pension liability – separation allowance		12,280,689
Net OPEB liability		15,612,823
Accrued vacation		15,224,171
Accrued interest payable		2,425,471
Landfill closure and postclosure costs		18,511,991
Pollution remediation		1,986,124
Claims payable – employment and post-retirement benefits		8,053,858
Claims payable – Risk Acceptance Management Corporation		2,076,083

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

**\$ 1,081,178,430**

## Changes in Long-term Liabilities during Fiscal Year 2018

	<b>Adjusted Principal Outstanding June 30, 2017</b>	<b>Additions</b>	<b>Retirement and Deferrals</b>	<b>Principal Outstanding June 30, 2018</b>	<b>Due Within Year</b>
<b>Governmental Activities</b>					
General obligation bonds	\$ 118,305,000	\$ 63,805,000	\$ 7,570,000	\$ 174,540,000	\$ 10,260,000
Discount/premium	10,518,361	6,810,320	1,232,189	16,096,492	-
Special obligation bonds	8,150,000	-	575,000	7,575,000	590,000
Contracts payable					
North Carolina Municipal Leasing Corporation	122,412,781	22,753,966	32,880,015	112,286,732	8,612,437
Discount/premium	6,170,476	41,124	432,248	5,779,352	-
Leasing agreements	20,000,000	25,000,000	5,000,000	40,000,000	8,125,000
HUD Section 108 loan	1,795,000	-	333,000	1,462,000	333,000
Installment financing contract	11,872,267	-	988,306	10,883,961	988,306
Net pension liability – LGERS	31,286,291	-	8,827,734	22,458,557	-
Net pension liability – WSPORS	27,093,165	4,563,758	-	31,656,923	-
Net pension liability – separation allowance	9,300,157	2,980,532	-	12,280,689	-
Net OPEB liability <sup>(1)</sup>	18,938,582	-	5,750,823	13,187,759	-
Accrued vacation	13,322,642	9,972,629	10,114,584	13,180,687	5,145,133
Accrued interest payable	856,934	111,239	-	968,173	968,173
Claims payable – employment benefits	7,066,694	-	82,372	6,984,322	4,852,016
Total governmental activities debt	407,088,350	136,038,568	73,786,271	469,340,647	39,874,065
<b>Business-type Activities</b>					
Revenue bonds	403,250,000	56,280,000	23,295,000	436,235,000	24,945,000
Discount/premium	22,918,456	4,169,273	1,585,485	25,502,244	-
Special obligation bonds	18,148,734	-	2,448,693	15,700,041	1,313,693
Discount/premium	134,391	-	96,051	38,340	-
Contracts payable					
North Carolina Municipal Leasing Corporation	20,403,219	4,197,977	3,933,928	20,667,268	3,459,563
Discount/premium	4,629	-	(1,020)	5,649	-
Installment financing contract	674,733	-	56,168	618,565	56,168
Clean water state revolving loan fund	75,593,698	8,489,873	4,790,323	79,293,248	5,006,393
Net pension liability – LGERS	5,467,408	-	1,280,179	4,187,229	-
Net OPEB liability <sup>(1)</sup>	3,482,569	-	1,057,505	2,425,064	-
Accrued vacation	1,764,642	1,938,010	1,667,356	2,035,296	1,045,505
Accrued interest payable	1,171,526	285,772	-	1,457,298	1,457,298
Landfill closure and postclosure costs	17,686,372	954,854	129,235	18,511,991	3,091,660
Pollution remediation	1,986,124	-	-	1,986,124	1,986,124
Claims payable – Risk Acceptance Management Corporation	1,801,086	274,997	-	2,076,083	-
Total business-type activities debt	574,487,587	76,590,756	40,338,903	610,739,440	42,361,404
<b>Fiduciary Funds</b>					
Net pension liability – LGERS	28,297	-	7,678	20,619	-
Accrued vacation	7,662	7,641	7,115	8,188	-
Claims payable – post employment benefits	1,183,675	-	114,139	1,069,536	-
Total fiduciary fund debt	1,219,634	7,641	128,932	1,098,343	-
<b>Total</b>	<b>\$ 982,795,571</b>	<b>\$ 212,636,965</b>	<b>\$ 114,254,106</b>	<b>\$ 1,081,178,430</b>	<b>\$ 82,235,469</b>

<sup>(1)</sup>The June 30, 2017 balance has been adjusted to include a net OPEB liability from the implementation of GASB Statement No. 75.

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

Net pension liability and other post-employment benefits liability primarily have been liquidated in the general fund.

## Contracts Payable

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

Fiscal Year	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2019	\$ 18,058,743	\$ 5,670,627	\$ 3,515,731	\$ 765,832
2020	21,722,563	5,238,023	3,011,911	605,108
2021	17,805,201	4,705,787	2,614,273	469,389
2022	13,728,944	4,299,506	1,321,530	366,076
2023	11,553,820	3,887,091	486,654	327,848
2024-2028	36,795,422	14,107,293	2,506,034	1,409,632
2029-2033	30,268,000	6,969,411	7,829,700	448,747
2034-2038	14,700,000	1,586,798	-	-
<b>Total</b>	<b>\$ 164,632,693</b>	<b>\$ 46,464,536</b>	<b>\$ 21,285,833</b>	<b>\$ 4,392,632</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, 2018, the City had \$132,954,000 outstanding and due to NCMLC.

During the fiscal year, North Carolina Municipal Leasing Corporation issued \$15,060,000 of limited general obligation bonds, Series 2018 with a stated interest rate of 3.07% payable semi-annually. The proceeds were used to refund Series 2006A \$10,725,000 certificates of participation and refund Series 2006D \$2,235,000 certificates of participation and \$2,015,000 limited obligation bonds used for major improvements at the Winston-Salem Fairgrounds.

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 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. At June 30, 2018, the City had \$15,000,000 outstanding.

The City entered into a lease agreement in the amount of \$25 million with BB&T Community Holdings Co. to finance budgeted equipment for fiscal year 2018 & 2019. The terms of the lease includes a stated interest rate of 2.24845% for a 59 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, 2018, the City had \$1,462,000 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, 2018, the City had \$11,502,526 outstanding.

During fiscal year 2018, the City's Water and Sewer Utility fund received \$8,489,873 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 \$114 million. Final amounts for each loan will be determined when the project is completed and repayments will begin six months after the estimated project completion dates. Principal payments of \$4,790,323 were made in fiscal year 2018. At June 30, 2018, the City had \$79,293,248 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 2006B

Convention Center Facility, Bryce A. Stuart Building  
Convention Center Facility, Bryce A. Stuart Building

**Installment Financing Contract 2011**

Alexander Beaty Public Safety Training and Support Center,  
Firearms Training Facility

**Limited Obligation Bonds executed and delivered  
by North Carolina Municipal Leasing Corporation**

Series 2010A  
Series 2013A & B  
Series 2014A  
Series 2014B & C  
Series 2018

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  
City Hall, Public Safety Center, Lowery street, BB&T Ballpark

## H. Net Investment in Capital Assets

Net investment in capital assets at June 30, 2018

	<b>Governmental Activities</b>	<b>Business-type Activities</b>
Capital assets	\$ 477,186,466	\$1,045,785,180
less: long-term debt	(339,714,794)	(543,279,538)
less: short-term debt	(28,908,743)	(34,780,817)
less: derivative instrument	-	(21,676,041)
add: unexpended debt proceeds	54,794,529	35,195,218
add: charge on refunding, net	2,895,204	25,974,167
<b>Net investment in capital assets</b>	<b>\$ 166,252,662</b>	<b>\$ 507,218,169</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, 2018.

Total fund balance – general fund	\$ 50,181,105
Less:	
Loans	930,361
Inventories	332,511
Prepays	51,764
Stabilization by state statute	22,168,518
Subsequent year's budget	2,000,000
Unassigned fund balance	24,697,951

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 2019 estimated expenditures. Due from other funds was \$3.7 million because of reimbursements outstanding. 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, 2018**

General fund	\$ 2,150,923
Debt service fund	61,120
Capital projects fund	25,190,638
Special revenue funds	
Nonmajor	5,331,105
Enterprise funds	
Water & sewer fund	47,446,013
Solid waste disposal fund	1,296,030
Transit Authority	676,411
Nonmajor	7,478,432
Internal service funds	1,036,273
Fiduciary funds	12,065
<b>Total</b>	<b>\$ 90,679,010</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 (age 55 for firefighters). 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 (15 years of creditable service for firefighters who are killed in the line of duty) 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, 2018, was 8.25% of compensation for law enforcement officers and 7.50% for general employees and firefighters, 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 \$9,039,532 for the year ended June 30, 2018.

**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, 2018, the City reported a liability of \$26,666,405 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016. The total pension liability was then rolled forward to the measurement date of June 30, 2017 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, 2017, the City's proportion was 1.7455%, which was an increase of .01241% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the City recognized pension expense of \$8,779,684. At June 30, 2018, 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	\$ 1,536,232	\$ 754,841
Changes of assumptions	3,808,332	-
Net difference between projected and actual earnings on pension plan investments	6,474,635	-
Changes in proportion and differences between City contributions and proportionate share of contributions	250,711	594,754
City contributions subsequent to the measurement date	9,039,532	-
<b>Total</b>	<b>\$ 21,109,442</b>	<b>\$ 1,349,595</b>

\$9,039,532 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, 2019.

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

<b>Year Ended June 30</b>	
2019	\$ 1,114,454
2020	7,662,411
2021	3,868,007
2022	(1,924,557)
2023	-
Thereafter	-

**Actuarial Assumptions.** The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation rate	3.00%
Salary increases	3.50% to 7.75%, including inflation and productivity factor
Investment rate of return	7.20%, 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, 2016 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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, 2017 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	29.0%	1.4%
Global Equity	42.0	5.3
Real Estate	8.0	4.3
Alternatives	8.0	8.9
Credit	7.0	6.0
Inflation Protection	6.0	4.0
<b>Total</b>	<b>100.0%</b>	

The information above is based on 30 year expectations developed with the consulting actuary for the 2016 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 7.20%. 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 liability to changes in the discount rate.** The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.20%, 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 (6.20%) or one percentage point higher (8.20%) than the current rate:

	1% Decrease (6.20%)	Current Discount Rate (7.20%)	1% Increase (8.20%)
City's proportionate share of the net pension liability (asset)	\$ 80,053,151	\$ 26,666,405	\$ (17,894,674)

**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, three representatives elected by members of WSPORS from employees or retirees participating in WSPORS, and an unaffiliated citizen of Winston-Salem who serves as Chairperson of the Commission. Two alternate representatives elected by the members of WSPORS from employees or retirees participating in WSPORS. The Chief Financial Officer of the City serves as WSPORS Administrator and oversees both benefits administration and investments.

**Plan Membership.** At June 30, 2018, the Winston-Salem Police Officers' Retirement System membership consisted of:

Inactive plan members or beneficiaries currently receiving benefits	381
Inactive plan members entitled to but not receiving benefits	48
Active plan members	390
<b>Total</b>	<b>819</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% 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.

## **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 nine equity managers, two fixed income managers, 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. Alex. Brown a Division of Raymond James serves as the financial consultant that helps select and monitor the performance of WSPORS equity and 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 the financial consultant and adjusted within those ranges from time to time to adjust for market conditions.

**Concentrations.** The pension plan does not hold 5% 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, 2018, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense was 10.94%. 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, 2018 are as follows:

Total pension liability	\$ 190,758,321
Plan fiduciary net position	(159,101,398)
<b>Net pension liability</b>	<b>\$ 31,656,923</b>
Plan fiduciary net position as a percentage of total pension liability	83.4%

At June 30, 2018, the City reported a net pension liability of \$31,656,923. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2018. The total pension liability was then rolled forward to the measurement date of June 30, 2018.

**Actuarial Assumptions.** The total pension liability was determined by an actuarial valuation as of January 1, 2018, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation rate	2.75%
Salary increases	3.75% to 6.25%, based on years of service
Investment rate of return	7.25%, net of investment expense and including inflation
Interest on contributions	4.00% per year

Mortality rates were based on RP 2000 Tables, with 1 year setback for Males and apply projection scale BB to 2027 for future improvements in life expectancy, 50% of these rates apply for preretirement deaths.

Post Disability Mortality – RP 2000 (Disabled Retirees Table)

The actuarial method was entry age.

The actuarial assumptions used in the January 1, 2018 valuation were based on the results of an actuarial experience study covering the 2012 to 2016 time period. All assumptions were reviewed in 2017.

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

1. Update of mortality table from 2017 Table to RP 2000 Table.
2. Salary increases updated.
3. Actuarial experience study completed.

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 real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2018, and the final investment return assumption, are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Equity Funds	69%	5.71%
Fixed Income Funds	30	2.81
Cash	1	.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 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.

## Changes in the Net Pension Liability

### Balances at 6/30/17

#### Changes for the year:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
<b>Balances at 6/30/17</b>	<b>\$ 176,344,903</b>	<b>\$ 149,251,738</b>	<b>\$ 27,093,165</b>
Service cost	2,800,881	-	2,800,881
Interest	13,818,009	-	13,818,009
Differences between expected and actual experience	4,119,005	-	4,119,005
Changes of assumptions	4,612,557	-	4,612,557
Contributions – employer	-	4,034,558	(4,034,558)
Contributions – member	-	1,571,265	(1,571,265)
Net investment income	-	15,285,822	(15,285,822)
Benefit payments, including refunds of member contributions	(10,937,034)	(10,937,034)	-
Administrative expense	-	(104,951)	104,951
<b>Net changes</b>	<b>14,413,418</b>	<b>9,849,660</b>	<b>4,563,758</b>
<b>Balances at 6/30/18</b>	<b>\$ 190,758,321</b>	<b>\$ 159,101,398</b>	<b>\$ 31,656,923</b>

**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	\$ 213,052,423	\$ 190,758,321	\$ 172,108,315
Plan net position	(159,101,398)	(159,101,398)	(159,101,398)
<b>Net pension liability</b>	<b>\$ 53,951,025</b>	<b>\$ 31,656,923</b>	<b>\$ 13,006,917</b>
Ratio of plan net position to total pension liability	74.7%	83.4%	92.4%

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

For the year ended June 30, 2018, the City recognized pension expense of \$7,578,719. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 6,219,865	\$ -
Changes of assumptions	3,707,395	-
Net difference between projected and actual earnings on pension plan investments	-	5,999,395
<b>Total</b>	<b>\$ 9,927,260</b>	<b>\$ 5,999,395</b>

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

Year Ended June 30	
2019	\$ 3,062,740
2020	2,182,003
2021	(387,031)
2022	(929,847)
2023	-
Thereafter	-

### **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, 2018, the Winston-Salem Police Officers' Separation Allowance membership consisted of:

Inactive plan members or beneficiaries currently receiving benefits	116
Inactive plan members entitled to but not receiving benefits	-
Active plan members	541
<b>Total</b>	<b>657</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.

#### **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 nine equity managers, two fixed income managers, 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. Alex. Brown a Division of Raymond James serves as the financial consultant that helps select and monitor the performance of the equity and 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 the financial consultant and adjusted within those ranges from time to time to adjust for market conditions.

**Concentrations.** The pension plan does not hold 5% 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, 2018, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense was 9.40%. 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, 2018 are as follows:

Total pension liability	\$ 22,535,005
Plan fiduciary net position	(10,254,316)
<b>Net pension liability</b>	<b>\$ 12,280,689</b>
Plan fiduciary net position as a percentage of total pension liability	45.5%

At June 30, 2018, the City reported a net pension liability of \$12,280,689. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2018. The total pension liability was then rolled forward to the measurement date of June 30, 2018.

**Actuarial Assumptions.** The total pension liability was determined by an actuarial valuation as of January 1, 2018, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation rate	2.75%
Salary increases	3.75% to 6.25%, based on years of service
Investment rate of return	7.25%, net of investment expense and including inflation
Interest on contributions	4.00% per year

Mortality rates were based on RP 2000 Tables, with 1 year setback for Males and apply projection scale BB to 2027 for future improvements in life expectancy, 50% of these rates apply for preretirement deaths.

Post Disability Mortality – RP 2000 (Disabled Retirees Table)

The actuarial method was entry age.

The actuarial assumptions used in the January 1, 2018 valuation were based on the results of an actuarial experience study covering the 2012 to 2016 time period. All assumptions were reviewed in 2017.

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

1. Update of mortality table from 2017 Table to RP 2000 Table.
2. Salary increases updated.
3. Actuarial experience study completed.

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 real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2018, and the final investment return assumption, are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Equity Funds	69%	5.75%
Fixed Income Funds	30	2.85
Cash	1	0.85
<b>Total Weighted Average Real Return</b>	<b>100%</b>	<b>4.83%</b>
Plus inflation		3.00
Total return w/o adjustment		7.83
Risk adjustment		(0.58)
<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.

### Changes in the Net Pension Liability

	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Pension (b)</b>	<b>Net Position Liability (a) - (b)</b>
<b>Balances at 6/30/17</b>	\$ 19,108,051	\$ 9,807,894	\$ 9,300,157
<b>Changes for the year:</b>			
Service cost	429,595	-	429,595
Interest	1,699,044	-	1,699,044
Differences between expected and actual experience	2,267,413	-	2,267,413
Changes of assumptions	885,664	-	885,664
Contributions - employer	-	1,402,746	(1,402,746)
Net investment income	-	905,322	(905,322)
Benefit payments, including refunds of member contributions	(1,854,762)	(1,854,762)	-
Administrative expense	-	(6,884)	6,884
<b>Net changes</b>	<b>3,426,954</b>	<b>446,422</b>	<b>2,980,532</b>
<b>Balances at 6/30/18</b>	<b>\$ 22,535,005</b>	<b>\$ 10,254,316</b>	<b>\$ 12,280,689</b>

**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:

	<b>1% Decrease 6.25%</b>	<b>Current Discount Rate 7.25%</b>	<b>1% Increase 8.25%</b>
Total pension liability	\$ 24,096,912	\$ 22,535,005	\$ 21,108,149
Plan net position	(10,254,316)	(10,254,316)	(10,254,316)
<b>Net pension liability</b>	<b>\$ 13,842,596</b>	<b>\$ 12,280,689</b>	<b>\$ 10,853,833</b>
Ratio of plan net position to total pension liability	42.6%	45.5%	48.6%

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

For the year ended June 30, 2018, the City recognized pension expense of \$2,061,941. At June 30, 2018, 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	\$ 3,506,513	\$ -
Changes of assumptions	783,267	-
Net difference between projected and actual earnings on pension plan investments	-	294,494
<b>Total</b>	<b>\$ 4,289,780</b>	<b>\$ 294,494</b>

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

#### **Year Ended June 30**

2019	\$ 624,977
2020	568,996
2021	446,972
2022	590,009
2023	631,362
Thereafter	1,132,970

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, 2018.

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

June 30, 2018

	<b>Winston-Salem Police Officers'</b>	
	<b>Retirement System</b>	<b>Separation Allowance</b>
<b>Assets</b>		
Cash and cash equivalents/investments	\$ 3,483,539	\$ 368,709
Investments, at fair value		
Common stock	141,286,890	8,301,214
United States government treasuries	3,851,391	425,799
United States government agencies	1,041,339	115,128
Corporate bonds	9,155,236	1,012,178
Commercial mortgage backed securities	283,003	31,288
Total assets	159,101,398	10,254,316
<b>Net position</b>		
Restricted for pensions	<b>\$ 159,101,398</b>	<b>\$ 10,254,316</b>

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

For the Fiscal Year Ended June 30, 2018

	<b>Winston-Salem Police Officers'</b>	
	<b>Retirement System</b>	<b>Separation Allowance</b>
<b>Additions</b>		
Contributions		
Employer	\$ 4,034,558	\$ 1,402,746
Plan members	1,571,265	-
Total contributions	5,605,823	1,402,746
Investment income		
Net appreciation in fair value	12,957,795	757,250
Interest and dividends	2,955,161	185,615
Total investment income	15,912,956	942,865
Less investment expense	627,134	37,543
Net investment income	15,285,822	905,322
Total additions	20,891,645	2,308,068
<b>Deductions</b>		
Benefits	10,772,641	1,854,762
Refund of contributions	164,393	-
Administrative expense	104,951	6,884
Total deductions	11,041,985	1,861,646
Net increase in net position	9,849,660	446,422
Net position - beginning	149,251,738	9,807,894
<b>Net position - ending</b>	<b>\$ 159,101,398</b>	<b>\$ 10,254,316</b>

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

The following is information related to the proportionate share and pension expense for all pension plans:

	<b>LGERS</b>	<b>WSPORS</b>	<b>Separation</b>	<b>Total</b>
Pension expense	\$ 8,779,684	\$ 7,578,519	\$ 2,061,941	\$ 18,420,144
Pension liability	26,666,405	31,656,923	12,280,689	70,604,017
Proportionate share of the net pension liability	1.7455%	n/a	n/a	
Deferred Outflows of Resources				
Differences between expected and actual experience	1,536,232	6,219,865	3,506,513	11,262,610
Changes of assumptions	3,808,332	3,707,395	783,267	8,298,994
Net difference between projected and actual earnings on pension plan investments	6,474,635	-	-	6,474,635
Changes in proportion and differences between City contributions and proportionate share of contributions	250,711	-	-	250,711
City benefit payments and administrative costs paid subsequent to the measurement date	9,039,532	-	-	9,039,532
Defered Inflows of Resources				
Differences between expected and actual experience	754,841	-	-	754,841
Net difference between projected and actual earnings on pension plan investments	-	5,999,395	294,494	6,293,889
Changes in proportion and differences between City contributions and proportionate share of contributions	594,754	-	-	594,754

## 2. The City participates in three 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% of each participant's compensation to the 401(a) plan for each payroll period during which such participant contributes 4% under the 457(b) plan. Contributions for the year ended June 30, 2018 were \$353,492, which consisted of \$176,746 from the City and \$176,746 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% 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, 2018 were \$1,486,895.

### **c. Winston-Salem General and Fire Employees' Defined Contribution Retirement Plan**

**Plan Description.** Winston-Salem General and Fire Employee's Defined Contribution Plan is a defined contribution plan effective January 1, 2017. The defined contribution plan is permitted under the North Carolina State Statutes 160A-163 that allows municipalities to provide voluntary supplemental retirement plans.

**Funding Policy.** The City shall contribute 2% of each participant's compensation to the 401(a) plan for each payroll period during which such participant is duly employed by the City and is an employee, as defined in Section 50-201 of the City code. Contributions for the year ended June 30, 2018 were \$1,811,229. A trust agreement has been adopted to hold the assets of the 401(a) plan for employer contributions.

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

### **Healthcare and Death Benefits**

#### **Summary of Significant Accounting Policies**

**Basis of Accounting.** 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.

**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. Administration costs are financed through investment earnings.

#### **Plan Description**

**Plan Administration.** 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. Employees hired after June 30, 2010 are not eligible for the Retiree healthcare benefit. The City Council may amend the benefit provisions. A separate report was not issued for the plan.

**Plan Membership.** At June 30, 2018, the Other Post-employment Benefits Plan membership consisted of:

Inactive plan members or beneficiaries currently receiving benefits	1282
Active plan members	1198
<b>Total</b>	<b>2480</b>

**Benefits Provided.** The City pays a \$2,000 death benefit and contributes a maximum of \$2,520 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. Employees hired after June 30, 2010 are not eligible for the Retiree healthcare benefit.

**Contributions.** The City Council establishes the contribution requirements of plan members. The current annual required contribution was 3.50% of estimated annual covered payroll. For the current year, the City contributed \$4,192,751 or 3.53% of annual covered payroll. The City of Winston-Salem is self-insured. Contributions were made by employees of \$1,945,017 through healthcare premiums. The City's obligation to provide healthcare and death benefits may be amended by City Council.

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.

## **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 OPEB in accordance with the Investment Policy. The City has nine equity managers, two fixed income managers, 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. Alex. Brown a Division of Raymond James serves as the financial consultant that helps select and monitor the performance of the equity and 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 the financial consultant and adjusted within those ranges from time to time to adjust for market conditions.

**Concentrations.** The OPEB plan does not hold 5% or more of the OPEB 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, 2018, the annual money-weighted rate of return on OPEB plan investments, net of investment expense was 9.6%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

## **Net OPEB Liability**

At June 30, 2018, the City reported a net OPEB liability of \$15,612,823. The net OPEB liability was measured as of June 30, 2018. The total OPEB liability as of this date is based on an actuarial valuation as of January 1, 2018, with adjustments made for the 6 month difference. Adjustments include service cost, interest on total OPEB liability, and expected benefit payments during the year. This is also known as a roll-forward.

**Actuarial Assumptions.** The total OPEB liability was determined by an actuarial valuation as of January 1, 2018, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation rate	2.75%
Investment rate of return	7.25%, net of investment expense and including inflation
Healthcare trend	6.50% initially, grading down to 4.50% ultimate

Mortality rates were based on RP 2000 Table, with 1 year setback for Males and apply projection scale BB to 2027 for future improvements in life expectancy, 50% of these rates apply for preretirement deaths.

The Entry Age method is used for accounting/GASB purposes, therefore all of the actuarial figures are based on it. Actuarially determined contributions are also based on the Entry Age method, with a closed level dollar 30 year amortization (28 years remaining) of the unfunded liability and five year asset smoothing.

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

1. Update of mortality table from 2017 Table to RP 2000 Table.
2. Salary increases updated.
3. Actuarial experience study completed.

**Actuarial Methods for Determining Employer Contributions.** The same economic and demographic assumptions are used for both funding and financial reporting purposes under GASB 74/75.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimates of expected future real rates of return (expected returns, net of OPEB 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 real rates of return for each major asset class included in the OPEB plan's target asset allocation as of June 30, 2018, and the final investment return assumption, are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Equity Funds	69%	5.70%
Fixed Income Funds	30	2.55
Cash	1	0.80
<b>Total Weighted Average Real Return</b>	<b>100%</b>	<b>4.71%</b>
Plus inflation		2.75
Total return w/o adjustment		7.46
Risk adjustment		(0.21)
<b>Total Expected Return</b>		<b>7.25%</b>

**Discount Rate.** The discount rate used to measure the total OPEB 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 equal to the actuarially determined contribution.

Based on those assumptions, the OPEB 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 OPEB Trust investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

### Changes in the Net OPEB Liability

	<b>Increase (Decrease)</b>		
	<b>Total OPEB Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net OPEB Liability (a) - (b)</b>
<b>Balances at 6/30/17</b>	\$ 86,507,494	\$ 64,086,343	\$ 22,421,151
<b>Changes for the year:</b>			
Service cost	798,898	-	798,898
Interest	6,461,804	-	6,461,804
Changes of benefit terms	2,989,827	-	2,989,827
Differences between expected and actual experience	(2,089,619)	-	(2,089,619)
Changes of assumptions	(2,911,904)	-	(2,911,904)
Contributions - employer	-	4,192,751	(4,192,751)
Contributions - member	-	1,945,017	(1,945,017)
Net investment income	-	6,048,274	(6,048,274)
Benefit payments, including refunds of member contributions	(7,897,384)	(7,897,384)	-
Administrative expense	-	(128,708)	128,708
<b>Net changes</b>	(2,648,378)	4,159,950	(6,808,328)
<b>Balances at 6/30/18</b>	<b>\$ 83,859,116</b>	<b>\$ 68,246,293</b>	<b>\$ 15,612,823</b>

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

#### Discount Rate

	1% Decrease <b>6.25%</b>	Current Discount Rate <b>7.25%</b>	1% Increase <b>8.25%</b>
Total OPEB liability	\$ 91,765,583	\$ 83,859,116	\$ 77,005,633
Plan net position	(68,246,293)	(68,246,293)	(68,246,293)
<b>Net OPEB liability</b>	<b>\$ 23,519,290</b>	<b>\$ 15,612,823</b>	<b>\$ 8,759,340</b>
Ratio of plan net position to total OPEB liability	74%	81%	88%

**Sensitivity of the Net OPEB Liability to Changes in the Trend Rate.** The following presents the net OPEB liability of the City, calculated using the healthcare trend rate of 6.50% to an ultimate rate of 4.50%, as well as what each plan's net OPEB liability would be if it were calculated using trend rates for each year that are 1.00% lower or 1.00% higher than the current rate:

#### Trend Rate

	1% Decrease <b>3.50%</b>	Current Ultimate Trend Rate <b>4.50%</b>	1% Increase <b>5.50%</b>
Total OPEB liability	\$ 75,933,823	\$ 83,859,116	\$ 92,997,709
Plan net position	(68,246,293)	(68,246,293)	(68,246,293)
<b>Net OPEB liability</b>	<b>\$ 7,687,530</b>	<b>\$ 15,612,823</b>	<b>\$ 24,751,416</b>
Ratio of plan net position to total OPEB liability	89%	81%	73%

#### OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2018, the City recognized OPEB expense of \$2,551,931. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 1,671,695
Changes of assumptions	-	2,329,523
Net difference between projected and actual earnings on OPEB plan investments	-	1,166,290
<b>Total</b>	<b>\$ -</b>	<b>\$ 5,167,508</b>

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

Year Ended June 30	
2019	\$ 1,291,878
2020	1,291,878
2021	1,291,878
2022	1,291,874
2023	-
Thereafter	-

The following are financial statements for the Post-employment Benefits Trust Funds included as Fiduciary Funds in Exhibits 9 and 10 at June 30, 2018.

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

June 30, 2018

	<b>Post- employment Benefits Trust Funds</b>
<b>Assets</b>	
Cash and cash equivalents/investments	\$ 2,269,368
Investments, at fair value	
Common stock	56,268,581
United States government treasuries	2,956,116
United States government agencies	799,274
Corporate bonds	7,027,055
Commercial mortgage backed securities	217,217
Total assets	69,537,611
<b>Deferred Outflows of Resources</b>	
Pension deferrals	16,948
<b>Liabilities</b>	
Accounts payable	62,351
Accrued payroll	3,294
Accrued vacation	8,188
Unearned revenue	142,213
Net pension liability	20,619
Claims payable	1,069,536
Total liabilities	1,306,201
<b>Deferred Inflows of Resources</b>	
Pension deferrals	2,065
<b>Net position</b>	
Restricted for postemployment benefits other than pensions	<b>\$ 68,246,293</b>

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

For the Fiscal Year Ended June 30, 2018

	<b>Post-employment Benefits Trust Funds</b>
<b>Additions</b>	
Contributions	
Employer	\$ 4,192,751
Plan members	<u>1,945,017</u>
Total contributions	6,137,768
Investment income	
Net appreciation in fair value	5,016,928
Interest and dividends	<u>1,291,704</u>
Total investment income	6,308,632
Less investment expense	
Net investment income	<u>260,358</u>
Total additions	6,048,274
<b>Deductions</b>	
Benefits	7,897,384
Administrative expense	<u>128,708</u>
Total deductions	8,026,092
Net increase in net position	4,159,950
Net position - beginning	<u>64,086,343</u>
<b>Net position - ending</b>	<b>\$ 68,246,293</b>

## **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 \$18,500 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 2018, the City received \$2,349,250 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 \$50,169 to the council during the fiscal year ended June 30, 2018.

## **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 a minimum of 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 \$18,511,991 at June 30, 2018, 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 constructed and being filled 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, \$41,569,978 and Old Salisbury Road, \$9,807,177, 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, 2018. 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. Pollution Remediation Obligations**

The City has identified specific City-owned properties where it is either known or reasonably believed that the sites contain certain pollutants. Most of the properties have not completed an environmental assessment of the impact or have active remediation systems in place; however, each site has been reported to a North Carolina regulatory agency as having a current or reportable incident, thus voluntarily obligating the City for certain remediation activities. None of the reported pollution creates an imminent endangerment to public health or welfare and many of the sources of impact have already been eliminated, as reasonably appropriate.

An estimated pollution remediation obligation of \$1,986,124 is recorded in the Statement of Net Position in the stormwater fund. This amount reflects current estimates for groundwater pollution remediation at City Yard. City staff has voluntarily worked with appropriate State regulators to assess the environmental impact and to develop a corrective action plan. The estimated cost of remediation is based on an external consultant's estimate for the corrective action plan, which involves a) remediating 19,000 gallons of contaminated water and 8,700 tons of petroleum-contaminated soil, and b) excavating and disposing of 15,000 cubic yards of CCBP (fly-ash) and 945 tons of metal-contaminated soil. As remediation activities proceed or new information becomes available, the obligations will be reassessed. Increases or decreases in estimated costs due to price fluctuations or changes due to technology or laws or regulations cannot be estimated at this time. Obligations pertain to soil or groundwater contamination, primarily from storage of underground fuel tanks, former disposal activities, or industrial use at the sites.

Certain other sites associated with pollution activity within the City have been identified, primarily pertaining to former waste disposal or prior property use; however, costs for remediation activities are not estimable as of June 30, 2018.

In addition, we estimate no future recoveries to potentially reduce the recorded pollution liabilities in fiscal year 2018.

## **G. 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, workers' compensation claims which exceed the sum of \$250,000, health care claims which exceed the sum of \$250,000, and certain tort claims and reserve funding for claims. Under the contract, the City made an annual basic payment in 2018 of \$1,065,510 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>2018</b>	<b>2017</b>
Claims payable July 1	\$ 10,051,455	\$ 10,020,809
Claims paid	(12,940,685)	(11,945,148)
New claims and changes in claim estimates	13,019,171	11,975,794
Claims payable June 30	<b>\$ 10,129,941</b>	<b>\$ 10,051,455</b>
Employment benefits funds	\$ 6,984,322	\$ 7,066,694
Post-employment benefits trust fund	1,069,536	1,183,675
Risk Acceptance Management Corporation	2,076,083	1,801,086
Due within year	<b>\$ 10,129,941</b>	<b>\$ 10,051,455</b>
	\$ 4,852,016	\$ 4,250,242

## **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.

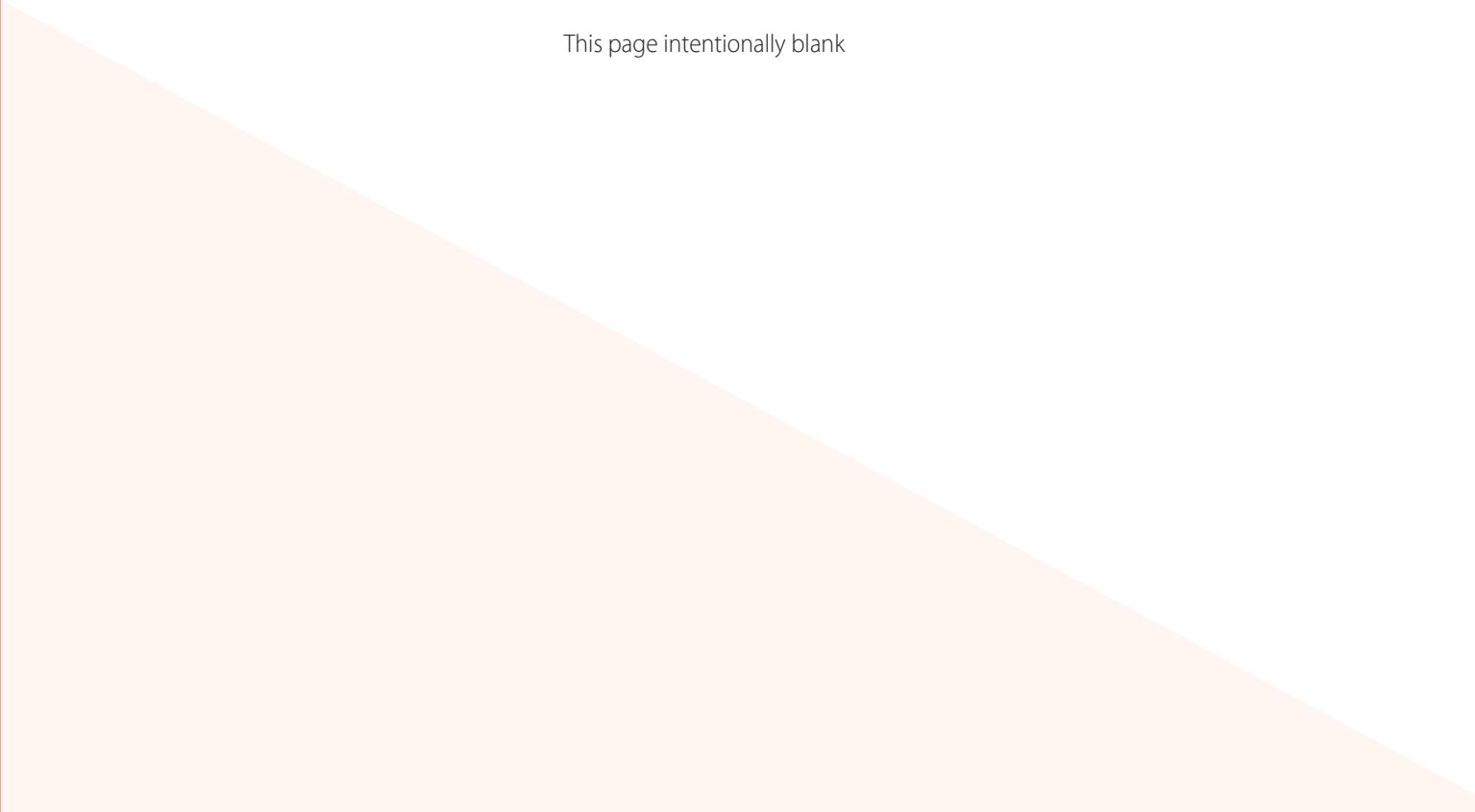
The City has federal and state grants for specific purposes that are subject to annual audit and other periodic review by grantor agencies. Such reviews could result in request for reimbursements to the grantor agencies for costs which may be disallowed as appropriate expenditures under grant terms.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

### **5. Subsequent Event**

The City has evaluated subsequent events through October 31, 2018, in connection with the preparation of these financial statements, which is the date the financial statements were available to be issued.

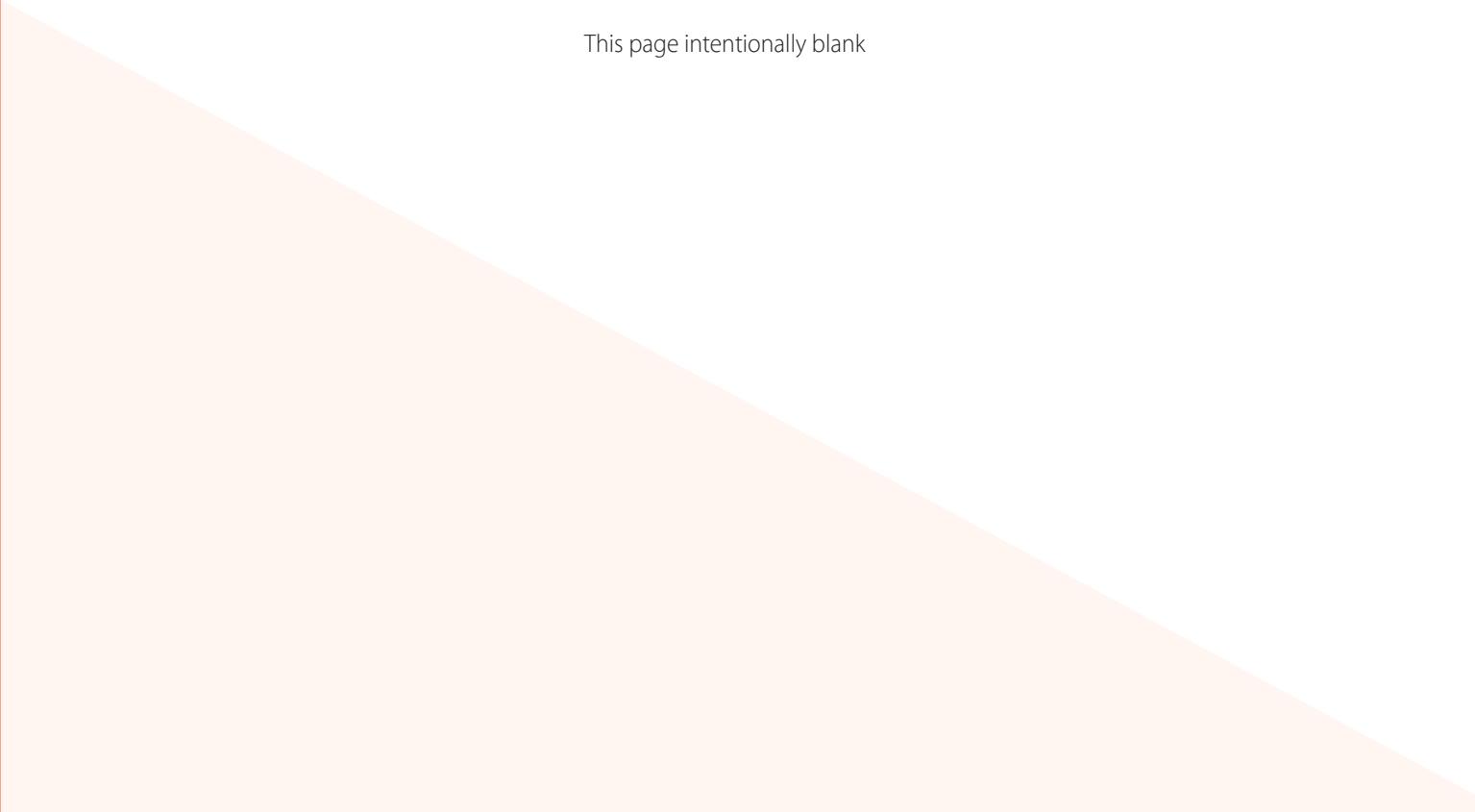
### **6. Change in Accounting Principle**

The City implemented Governmental Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions, in the fiscal year ending June 30, 2018. The implementation of the statement required the City to record a beginning net OPEB liability and the effects on net position of benefit payments and administrative expenses paid by the City towards the plan during the measurement period. The information necessary for full retrospective application is not available, so the accounting change was implemented in fiscal year 2018 with a cumulative effect adjustment to net position as of the beginning of the year. As a result, government-wide net position at July 1, 2017 decreased \$22,421,151 (\$18,938,582 for governmental activities, and \$3,482,569 for business-type activities).



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# **Required Supplementary Information**



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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 Five Fiscal Years <sup>(1)</sup>

Exhibit 11

	<b>Adjusted</b>				
	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
<b>Total pension liability</b>					
Service cost	\$ 2,800,881	\$ 2,786,122	\$ 2,839,943	\$ 2,972,457	\$ 2,915,276
Interest	13,818,009	12,280,395	11,744,716	11,314,615	12,240,404
Changes of benefit terms	-	-	-	-	-
Difference between expected and actual experience	4,119,005	2,916,465	1,289,927	2,594,276	-
Changes of assumptions	4,612,557	188,562	191,138	175,153	-
Benefit payments, including refunds of employee contributions	(10,937,034)	(10,502,703)	(9,968,384)	(9,429,751)	(8,933,487)
<b>Net change in total pension liability</b>	<b>14,413,418</b>	<b>7,668,841</b>	<b>6,097,340</b>	<b>7,626,750</b>	<b>6,222,193</b>
<b>Total pension liability, beginning</b>	<b>176,344,903</b>	<b>168,676,062</b>	<b>162,578,722</b>	<b>154,951,972</b>	<b>148,729,779</b>
<b>Total pension liability, ending (a)</b>	<b>190,758,321</b>	<b>176,344,903</b>	<b>168,676,062</b>	<b>162,578,722</b>	<b>154,951,972</b>
<b>Plan fiduciary net position</b>					
Contributions – employer	4,034,558	4,034,169	4,035,399	4,205,640	34,382,951
Contributions – employee	1,571,265	1,493,643	1,484,341	1,543,565	1,556,227
Net investment income	15,285,822	20,820,215	742,534	5,330,797	20,241,752
Benefit payments, including refunds of employee contributions	(10,937,034)	(10,502,703)	(9,968,384)	(9,429,751)	(8,933,487)
Administrative expense	(104,951)	(95,168)	(95,299)	(111,694)	(94,677)
Other	-	-	-	-	-
<b>Net change in plan fiduciary net position</b>	<b>9,849,660</b>	<b>15,750,156</b>	<b>(3,801,409)</b>	<b>1,538,557</b>	<b>47,152,766</b>
<b>Plan fiduciary net position, beginning</b>	<b>149,251,738</b>	<b>133,501,582</b>	<b>137,302,991</b>	<b>135,764,434</b>	<b>88,611,668</b>
<b>Plan fiduciary net position, ending (b)</b>	<b>159,101,398</b>	<b>149,251,738</b>	<b>133,501,582</b>	<b>137,302,991</b>	<b>135,764,434</b>
<b>Net pension liability, ending (a-b)</b>	<b>\$ 31,656,923</b>	<b>\$ 27,093,165</b>	<b>\$ 35,174,480</b>	<b>\$ 25,275,731</b>	<b>\$ 19,187,538</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>					
<b>Covered payroll</b>	<b>83.4%</b>	<b>84.6%</b>	<b>79.1%</b>	<b>84.5%</b>	<b>87.6%</b>
<b>Net pension liability as a percentage of covered payroll</b>	<b>\$ 24,217,617</b>	<b>\$ 23,336,940</b>	<b>\$ 23,733,206</b>	<b>\$ 25,206,604</b>	<b>\$ 24,880,178</b>
	<b>130.7%</b>	<b>116.1%</b>	<b>148.2%</b>	<b>100.3%</b>	<b>77.1%</b>

<sup>(1)</sup> Required supplementary information is intended for 10 years and will be shown when available.

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

Last Ten Fiscal Years

	<b>Fiscal Year</b>				
	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Actuarially determined contribution	\$ 3,746,180	\$ 3,421,184	\$ 3,370,392	\$ 3,326,051	\$ 6,216,781
Contributions in relation to the actuarially determined contribution	4,034,558	4,034,169	4,035,399	4,205,640	34,382,951
Contribution deficiency (excess)	\$ (288,378)	\$ (612,985)	\$ (665,007)	\$ (879,589)	\$ (28,166,170)
Covered payroll	\$ 24,217,617	\$ 23,336,940	\$ 23,733,206	\$ 25,206,604	\$ 24,880,178
Contributions as a percentage of covered payroll	16.7%	17.3%	17.0%	16.7%	138.2%

**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	21
Asset valuation method	7-year smoothed market
Inflation	3.0%
Salary increases	3% in 2018, then 5% thereafter
Investment rate of return	7.25%, net of pension plan investment expense and including inflation
Interest on contributions	4.00% per year
Mortality	Mortality rates were based on the IRS-2017 Combined Healthy Annuitant Mortality Tables for small plans.

	<b>Fiscal Year</b>				
	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>
Actuarially determined contribution	\$ 5,093,595	\$ 4,324,629	\$ 5,324,788	\$ 4,832,238	\$ 4,299,153
Contributions in relation to the actuarially determined contribution	5,093,595	4,324,629	5,324,788	4,832,238	4,299,153
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 25,113,890	\$ 25,654,625	\$ 25,396,559	\$ 26,025,204	\$ 24,610,353
Contributions as a percentage of covered payroll	20.3%	16.9%	21.0%	18.6%	17.5%

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

Last Five Fiscal Years<sup>(1)</sup>

Exhibit 13

	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Annual money-weighted rate of return, net of investment expense	10.94%	15.86%	0.56%	3.97%	17.61%

<sup>(1)</sup> Required supplementary information is intended for 10 years and will be shown when available.

**City of Winston-Salem, North Carolina**  
**Schedule of Changes in Net Pension Liability and Related Ratios**  
**Winston-Salem Police Officers' Separation Allowance**

Last Five Fiscal Years<sup>(1)</sup>

Exhibit 14

	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
<b>Total pension liability</b>					
Service cost	\$ 429,595	\$ 418,102	\$ 394,050	\$ 394,050	\$ 370,972
Interest	1,699,044	1,348,120	1,272,982	1,231,261	1,358,844
Changes of benefit terms	-	-	-	-	-
Difference between expected and actual experience	2,267,413	963,257	511,859	720,148	-
Changes of assumptions	885,664	4,156	4,028	3,995	-
Benefit payments, including refunds of member contributions	(1,854,762)	(1,648,310)	(1,596,792)	(1,535,057)	(1,451,797)
<b>Net change in total pension liability</b>	<b>3,426,954</b>	<b>1,085,325</b>	<b>586,127</b>	<b>814,397</b>	<b>278,019</b>
<b>Total pension liability, beginning</b>	<b>19,108,051</b>	<b>18,022,726</b>	<b>17,436,599</b>	<b>16,622,202</b>	<b>16,344,183</b>
<b>Total pension liability, ending (a)</b>	<b>22,535,005</b>	<b>19,108,051</b>	<b>18,022,726</b>	<b>17,436,599</b>	<b>16,622,202</b>
<b>Plan fiduciary net position</b>					
Contributions – employer	1,402,746	1,312,250	1,205,933	1,035,697	1,000,073
Contributions – member	-	-	-	-	-
Net investment income	905,322	1,340,751	39,642	375,053	1,491,827
Benefit payments, including refunds of member contributions	(1,854,762)	(1,648,310)	(1,596,792)	(1,535,057)	(1,451,797)
Administrative expense	(6,884)	(13,820)	(4,331)	(460)	(8,820)
Other	-	-	-	-	-
<b>Net change in plan fiduciary net position</b>	<b>446,422</b>	<b>990,871</b>	<b>(355,548)</b>	<b>(124,767)</b>	<b>1,031,283</b>
<b>Plan fiduciary net position, beginning</b>	<b>9,807,894</b>	<b>8,817,023</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>10,254,316</b>	<b>9,807,894</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>\$ 12,280,689</b>	<b>\$ 9,300,157</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>					
<b>Covered payroll</b>	<b>45.5%</b>	<b>51.3%</b>	<b>48.9%</b>	<b>52.6%</b>	<b>55.9%</b>
<b>Net pension liability as a percentage of covered payroll</b>	<b>\$ 27,562,707</b>	<b>\$ 26,667,735</b>	<b>\$ 26,209,341</b>	<b>\$ 26,095,009</b>	<b>\$ 24,880,178</b>
	<b>44.6%</b>	<b>34.9%</b>	<b>35.1%</b>	<b>31.7%</b>	<b>29.4%</b>

<sup>(1)</sup> Required supplementary information is intended for 10 years and will be shown when available.

**City of Winston-Salem, North Carolina**  
**Schedule of Contributions**  
**Winston-Salem Police Officers' Separation Allowance**

Last Ten Fiscal Years

	<b>Fiscal Year</b>				
	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Actuarially determined contribution	\$ 1,356,667	\$ 1,235,894	\$ 1,203,418	\$ 1,086,587	\$ 975,918
Contributions in relation to the actuarially determined contribution	1,402,746	1,312,250	1,205,933	1,035,697	1,000,073
Contribution deficiency (excess)	\$ (46,079)	\$ (76,356)	\$ (2,515)	\$ 50,890	\$ (24,155)
Covered payroll	\$ 27,562,707	\$ 26,667,735	\$ 26,209,341	\$ 26,095,009	\$ 24,880,178
Contributions as a percentage of covered payroll	5.1%	4.9%	4.6%	4.0%	4.0%

**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	21
Asset valuation method	7-year smoothed market
Inflation	3.0%
Salary increases	3% in 2018, then 5% thereafter
Investment rate of return	7.25%, net of pension plan investment expense and including inflation
Interest on contributions	4% per year
Mortality	Mortality rates were based on the IRS-2017 Combined Healthy Annuitant Mortality Tables for small plans.

	<b>Fiscal Year</b>				
	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>
Actuarially determined contribution	\$ 976,576	\$ 904,263	\$ 737,414	\$ 731,690	\$ 570,086
Contributions in relation to the actuarially determined contribution	976,576	904,263	737,414	731,690	570,086
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 25,113,890	\$ 25,654,625	\$ 25,396,559	\$ 26,025,204	\$ 24,610,353
Contributions as a percentage of covered payroll	3.9%	3.5%	2.9%	2.8%	2.3%

**City of Winston-Salem, North Carolina**  
**Schedule of Investment Returns**  
**Winston-Salem Police Officers' Separation Allowance**

Last Five Fiscal Years<sup>(1)</sup>

Exhibit 16

	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Annual money-weighted rate of return, net of investment expense	9.40%	15.54%	0.44%	4.15%	18.47%

<sup>(1)</sup> Required supplementary information is intended for 10 years and will be shown when available.

**City of Winston-Salem, North Carolina**  
**Schedule of Changes in Net OPEB Liability and Related Ratios**  
**Post-employment Benefits**

Last Two Fiscal Years<sup>(1)</sup>

Exhibit 17

	<b>2018</b>	<b>2017</b>
<b>Total OPEB liability</b>		
Service cost	\$ 798,898	\$ 957,457
Interest	6,461,804	6,117,675
Changes of benefit terms	2,989,827	-
Difference between expected and actual experience	(2,089,619)	-
Changes of assumptions	(2,911,904)	-
Benefit payments, including refunds	(7,897,384)	(7,846,542)
<b>Net change in total OPEB liability</b>	<b>(2,648,378)</b>	<b>(771,410)</b>
<b>Total OPEB liability, beginning</b>	<b>86,507,494</b>	<b>87,278,904</b>
<b>Total OPEB liability, ending (a)</b>	<b>83,859,116</b>	<b>86,507,494</b>
 <b>Plan fiduciary net position</b>		
Contributions – employer	4,192,751	7,027,147
Contributions – member	1,945,017	1,908,432
Net investment income	6,048,274	8,248,248
Benefit payments, including refunds	(7,897,384)	(7,846,542)
Administrative expense	(128,708)	(137,572)
Other	-	-
<b>Net change in plan fiduciary net position</b>	<b>4,159,950</b>	<b>9,199,713</b>
<b>Plan fiduciary net position, beginning</b>	<b>64,086,343</b>	<b>54,886,630</b>
<b>Plan fiduciary net position, ending (b)</b>	<b>68,246,293</b>	<b>64,086,343</b>
 <b>Net OPEB liability, ending (a-b)</b>	<b>\$ 15,612,823</b>	<b>\$ 22,421,151</b>
 <b>Plan fiduciary net position as a percentage of the total OPEB liability</b>	<b>81.4%</b>	<b>74.1%</b>
<b>Covered payroll</b>	<b>\$ 75,814,665</b>	<b>\$ 107,640,260</b>
 <b>Net OPEB liability as a percentage of covered payroll</b>	<b>20.6%</b>	<b>20.8%</b>

<sup>(1)</sup> Required supplementary information is intended for 10 years and will be shown when available.

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

## **Schedule of Contributions Post-employment Benefits**

Last Ten Fiscal Years

	<b>Fiscal Year</b>				
	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Actuarially determined contribution	\$ 3,497,231	\$ 3,497,231	\$ 6,483,194	\$ 6,483,194	\$ 7,480,680
Contributions in relation to the actuarially determined contribution	4,192,751	3,497,231	6,483,194	6,483,194	7,480,680
Contribution deficiency (excess)	\$ (695,520)	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 75,814,665	\$ 107,640,260	\$ 107,640,260	\$ 104,119,336	\$ 104,119,336
Contributions as a percentage of covered payroll	5.5%	3.2%	6.0%	6.2%	7.2%

### **Notes to Schedule**

Valuation date:

Actuarially determined contribution rates are calculated as of June 30, two years 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 dollar, closed
Amortization period	30
Asset valuation method	5-year smoothed market
Inflation	2.75%
Investment rate of return	7.25%, net of investment expense and including inflation
Mortality	Mortality rates were based on the RP-2000 IRS PPA @ 2016 Combined Mortality Tables for males and females (small plan).

	<b>Fiscal Year</b>				
	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>
Actuarially determined contribution	\$ 6,749,465	\$ 5,623,476	\$ 5,271,613	\$ 5,816,476	\$ 6,125,900
Contributions in relation to the actuarially determined contribution	6,749,465	5,623,476	5,271,613	5,323,476	6,125,900
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ 493,000	\$ -
Covered payroll	\$ 101,730,340	\$ 101,730,340	\$ 103,725,815	\$ 105,531,074	\$ 102,898,538
Contributions as a percentage of covered payroll	6.6%	5.5%	5.1%	5.0%	6.0%

**City of Winston-Salem, North Carolina**  
**Schedule of Investment Returns**  
**Post-employment Benefits**

Last Two Fiscal Years <sup>(1)</sup>

Exhibit 19

	<b>2018</b>	<b>2017</b>
Annual money-weighted rate of return, net of investment expense	9.60%	14.80%

<sup>(1)</sup> Required supplementary information is intended for 10 years and will be shown when available.

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

### **City of Winston-Salem's Proportionate Share of Net Pension Liability (Asset)**

#### **Local Government Employees' Retirement System**

Last Five Fiscal Years<sup>(1)</sup>

Exhibit 20

	<b>Fiscal Year</b>				
	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Winston-Salem's proportion of the net pension liability (asset) (%)	1.7455%	1.73309%	1.80025%	1.80839%	1.8986%
Winston-Salem's proportion of the net pension liability (asset) (\$)	\$ 26,666,405	\$ 36,781,996	\$ 8,079,434	\$ (10,664,916)	\$ 22,885,421
Winston-Salem's covered payroll	\$ 111,203,433	\$ 104,723,508	\$ 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 payroll	23.9798%	35.1230%	7.9653%	(10.7088)%	22.7691%
Plan fiduciary net position as a percentage of the total pension liability **	94.18%	91.47%	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.

<sup>(1)</sup> Required supplementary information is intended for 10 years and will be shown when available.

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

Last Five Fiscal Years<sup>(1)</sup>

Exhibit 21

	<b>Fiscal Year</b>				
	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Contractually required contribution	\$ 9,039,532	\$ 8,322,237	\$ 7,196,687	\$ 7,282,532	\$ 7,094,714
Contributions in relation to the contractually required contribution	9,039,532	8,322,237	7,196,687	7,282,532	7,094,714
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Winston-Salem's covered payroll	\$ 117,262,357	\$ 111,203,433	\$ 104,723,508	\$ 101,433,133	\$ 99,590,382
Contributions as a percentage of covered payroll	7.71%	7.48%	6.87%	7.18%	7.12%

<sup>(1)</sup> Required supplementary information is intended for 10 years and will be shown when available.

# **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, 2018

Exhibit 22

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues</b>			
Property taxes	\$ 15,192,030	\$ 15,317,228	\$ 125,198
Local option sales taxes	6,457,200	6,462,876	5,676
Intergovernmental	1,226,300	1,256,609	30,309
Capital lease charges	600,000	550,000	(50,000)
Investment income	200,000	1,808,857	1,608,857
Other	-	2,065,442	2,065,442
Total revenues	<u>23,675,530</u>	<u>27,461,012</u>	<u>3,785,482</u>
<b>Expenditures</b>			
Other	419,183	369,425	49,758
Debt Service			
Principal retirement			
Bond	8,145,000	8,145,000	-
Other	7,129,575	7,129,571	4
Interest and fiscal charges	<u>13,314,812</u>	<u>12,542,214</u>	<u>772,598</u>
Total expenditures	<u>29,008,570</u>	<u>28,186,210</u>	<u>822,360</u>
Excess of expenditures over revenues	(5,333,040)	(725,198)	4,607,842
<b>Other Financing Sources (Uses)</b>			
Issuance of refunding limited obligation bonds	-	10,795,000	10,795,000
Issuance of limited obligation bonds	2,000,000	2,015,000	15,000
Payment to refunded LOBs escrow agent	-	(10,725,000)	(10,725,000)
Transfers in			
General fund	1,986,170	1,986,170	-
Transfers out			
Public assembly facilities management fund	(2,000,000)	(2,000,000)	-
Total other financing sources, net	<u>1,986,170</u>	<u>2,071,170</u>	<u>85,000</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(3,346,870)	1,345,972	4,692,842
Fund balance - beginning	<u>23,618,105</u>	<u>23,618,105</u>	<u>-</u>
Fund balance - ending	<u>\$ 20,271,235</u>	<u>\$ 24,964,077</u>	<u>\$ 4,692,842</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, 2018

Exhibit 23

	<u>Current Year</u>	<u>Prior Years</u>	<u>Total to Date</u>	<u>Project Authorizations</u>
<b>Revenues</b>				
Intergovernmental - federal	\$ -	\$ 622,863	\$ 622,863	\$ 813,263
Intergovernmental - state	2,753,420	19,500,075	22,253,495	45,281,112
Intergovernmental - local	-	2,000	2,000	-
Investment income	270,618	7,643	278,261	7,650
Capital lease charges	597,013	-	597,013	474,390
Other	2,841,388	9,934,799	12,776,187	15,288,480
Total revenues	6,462,439	30,067,380	36,529,819	61,864,895
<b>Expenditures</b>				
General government	5,774,675	18,328,856	24,103,531	26,077,237
Public protection	2,419,956	19,432,917	21,852,873	33,366,774
Transportation	14,782,524	47,610,934	62,393,458	132,206,460
Culture and recreation	11,006,492	44,580,852	55,587,344	67,149,910
Community and economic development	3,021,026	21,562,866	24,583,892	51,801,400
Debt service				
Principal retirement	9,620,000	-	9,620,000	9,620,000
Interest and fiscal charges	1,423,687	-	1,423,687	703,460
Total expenditures	48,048,360	151,516,425	199,564,785	320,925,241
Excess of expenditures over revenues	(41,585,921)	(121,449,045)	(163,034,966)	(259,060,346)
<b>Other Financing Sources (Uses)</b>				
Premium on general obligation bonds	6,810,320	6,175,753	12,986,073	11,305,000
Issuance of limited obligation bonds	-	53,323,889	53,323,889	53,323,889
Issuance of general obligation bonds	63,805,000	67,057,371	130,862,371	157,717,371
Issuance of installment financing contract	-	13,675	13,675	13,675
Issuance of refunding limited obligation bonds	2,250,000	-	2,250,000	-
Payment to refunded LOBS escrow agent	(2,235,000)	-	(2,235,000)	-
Capital leases	31,510,479	1,294,289	32,804,768	18,910,999
Transfers in	349,342	24,550,809	24,900,151	25,292,383
Transfers out	(338,529)	(8,967,388)	(9,305,917)	(8,178,840)
Total other financing sources, net	102,151,612	143,448,398	245,600,010	258,384,477
Excess of revenues and other financing sources over expenditures and other uses	60,565,691	21,999,353	82,565,044	\$ (675,869)
Fund balance - beginning		30,327,347		
Budgeted on an annual basis	-	8,327,994	8,327,994	
Fund balance - ending	<b>\$ 90,893,038</b>	<b>\$ 30,327,347</b>	<b>\$ 90,893,038</b>	

# 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, 2018

Exhibit 24

	<b>Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Operating Revenues</b>			
Sales			
Water	\$ 55,660,260	\$ 53,628,117	\$ (2,032,143)
Sewer	47,344,530	47,962,898	618,368
Industrial waste surcharge	3,266,410	3,291,009	24,599
Total sales	<u>106,271,200</u>	<u>104,882,024</u>	<u>(1,389,176)</u>
Charges for services			
New connections	400,000	601,769	201,769
Special area and privilege charges	250,000	176,838	(73,162)
Main line capital cost revenue	120,000	122,500	2,500
Other charges for services	2,750,000	3,415,798	665,798
Total charges for services	<u>3,520,000</u>	<u>4,316,905</u>	<u>796,905</u>
Other			
Total operating revenues	<u>-</u>	<u>27,890</u>	<u>27,890</u>
<b>Operating Expenditures</b>			
Personal services	19,949,830	19,930,133	19,697
Maintenance and operations	25,645,235	23,519,501	2,125,734
Total operating expenditures	<u>45,595,065</u>	<u>43,449,634</u>	<u>2,145,431</u>
Operating income	64,196,135	65,777,185	1,581,050
<b>Nonoperating Revenues (Expenditures)</b>			
Intergovernmental revenue	1,610,810	1,614,268	3,458
Investment income	-	6,798,237	6,798,237
Proceeds from sale of assets	-	63,402	63,402
Interest and fiscal charges	(20,193,575)	(20,779,960)	(586,385)
Principal retirement	(27,457,630)	(28,436,568)	(978,938)
Total nonoperating expenditures, net	<u>(46,040,395)</u>	<u>(40,740,621)</u>	<u>5,299,774</u>
Income before capital contributions and transfers	18,155,740	25,036,564	6,880,824
<b>Capital Contributions</b>			
Conveyances	-	7,888,376	7,888,376
Intergovernmental revenue	-	1,788,645	1,788,645
Total capital contributions	<u>-</u>	<u>9,677,021</u>	<u>9,677,021</u>
<b>Transfers Out</b>			
General fund	(83,010)	(70,794)	12,216
Solid waste disposal fund	(362,250)	(362,213)	37
Total transfers out	<u>(445,260)</u>	<u>(433,007)</u>	<u>12,253</u>
Change in net position - modified accrual basis	<b>\$ 17,710,480</b>	<b>\$ 34,280,578</b>	<b>\$ 16,570,098</b>
<b>Reconciliation of Modified Accrual Basis to Full Accrual Basis</b>			
Change in Net Position - Modified Accrual Basis		\$ 34,280,578	
Depreciation		(26,939,559)	
Amortization of financing costs		(887,039)	
Principal retirement		28,436,568	
Book value of disposed assets		2,495,580	
Interest expense, net of investment income, capitalized on construction projects		2,884,821	
Increase (decrease) in deferred outflows of resources - pensions		(1,263,741)	
(Increase) decrease in net pension liability		1,188,177	
(Increase) decrease in deferred inflows of resources - pensions		106,085	
(Increase) decrease in net OPEB liability		800,316	
(Increase) decrease in deferred inflows of resources - OPEB		(607,438)	
Change in Net Position - Full Accrual Basis		<b>\$ 40,494,348</b>	

# 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, 2018

Exhibit 25

	<b>Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Operating Revenues</b>			
Charges for services	\$ 10,226,210	\$ 11,450,547	\$ 1,224,337
Other	6,380	21,842	15,462
Total operating revenues	10,232,590	11,472,389	1,239,799
<b>Operating Expenditures</b>			
Personal services	2,342,860	2,161,657	181,203
Maintenance and operations	7,263,355	5,434,338	1,829,017
Total operating expenditures	9,606,215	7,595,995	2,010,220
Operating income	626,375	3,876,394	3,250,019
<b>Nonoperating Revenues (Expenditures)</b>			
Intergovernmental revenue	899,490	988,762	89,272
Investment income	-	1,569,572	1,569,572
Proceeds from sale of assets	-	19,063	19,063
Interest and fiscal charges	(415,930)	(294,061)	121,869
Principal retirement	(2,669,250)	(2,567,261)	101,989
Total nonoperating expenditures, net	(2,185,690)	(283,925)	1,901,765
Income (loss) before transfers	(1,559,315)	3,592,469	5,151,784
<b>Transfers In</b>			
Water and sewer utility fund	362,250	362,213	(37)
Stormwater management fund	181,110	181,106	(4)
Total transfers in	543,360	543,319	(41)
Change in net position - modified accrual basis	<b>\$ (1,015,955)</b>	<b>\$ 4,135,788</b>	<b>\$ 5,151,743</b>
<b>Reconciliation of Modified Accrual Basis to Full Accrual Basis</b>			
Change in Net Position - Modified Accrual Basis		\$ 4,135,788	
Depreciation		(4,313,764)	
Amortization of financing costs		98,759	
Principal retirement		2,567,261	
Book value of disposed assets		527,127	
(Increase) decrease in net OPEB liability		87,110	
(Increase) decrease in deferred inflows of resources - OPEB		(66,116)	
Change in Net Position - Full Accrual Basis		<b>\$ 3,036,165</b>	

# 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, 2018

Exhibit 26

	<b>Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Operating Revenues</b>			
Charges for services	\$ 1,943,000	\$ 1,760,419	\$ (182,581)
Other	<u>412,340</u>	<u>308,289</u>	<u>(104,051)</u>
Total operating revenues	2,355,340	2,068,708	(286,632)
<b>Operating Expenditures</b>			
Personal services	11,843,590	12,241,222	(397,632)
Maintenance and operations	<u>6,385,748</u>	<u>4,322,142</u>	<u>2,063,606</u>
Total operating expenditures	18,229,338	16,563,364	1,665,974
Operating loss	(15,873,998)	(14,494,656)	1,379,342
<b>Nonoperating Revenues (Expenditures)</b>			
Intergovernmental revenue			
FTA operating grant	1,021,040	1,086,084	65,044
FTA preventative maintenance grant	2,601,000	2,300,000	(301,000)
Piedmont Triad COG	298,220	261,629	(36,591)
Forsyth County	293,160	283,024	(10,136)
State of North Carolina	<u>1,417,870</u>	<u>1,425,037</u>	<u>7,167</u>
Total intergovernmental revenues	5,631,290	5,355,774	(275,516)
Property taxes	10,188,510	10,434,990	246,480
Investment income	-	158	158
Proceeds from sale of assets	-	21,310	21,310
Damage settlements	<u>10,000</u>	<u>21,234</u>	<u>11,234</u>
Total nonoperating revenues, net	15,829,800	15,833,466	3,666
Income (loss) before capital contributions and transfers	(44,198)	1,338,810	1,383,008
<b>Capital Contributions</b>			
Federal and state grants	-	473,893	473,893
Total capital contributions	-	473,893	473,893
<b>Transfers Out</b>			
Grants fund	(13,800)	(13,781)	19
Total transfers out	<u>(13,800)</u>	<u>(13,781)</u>	<u>19</u>
Change in net position - modified accrual basis	<u>\$ (57,998)</u>	<u>\$ 1,798,922</u>	<u>\$ 1,856,920</u>
<b>Reconciliation of Modified Accrual Basis to Full Accrual Basis</b>			
Change in Net Position - Modified Accrual Basis		\$ 1,798,922	
Depreciation		(2,946,743)	
Book value of disposed assets		(181,455)	
Change in Net Position - Full Accrual Basis		<u>\$ (1,329,276)</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 **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, 2018

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	<b>Special Revenue</b>				
	<b>Economic and Housing Development</b>				
	<b>Community Development</b>	<b>Grants</b>	<b>Housing Development</b>	<b>Gasoline Tax</b>	<b>Occupancy Tax</b>
<b>Assets</b>					
Cash and cash equivalents/investments	\$ 509,314	\$ 1,335,427	\$ 15,306,786	\$ 2,707,784	\$ 356,434
Receivables for uncollectibles	-	-	-	-	-
Taxes, net	-	-	-	-	-
Accounts	-	-	-	-	-
Loans	11,078,854	-	15,820,309	-	-
Total receivables	11,078,854	-	15,820,309	-	-
Due from other governments	406,715	1,514,987	-	-	-
Inventories	-	-	626,096	-	-
Total assets	<b>\$ 11,994,883</b>	<b>\$ 2,850,414</b>	<b>\$31,753,191</b>	<b>\$ 2,707,784</b>	<b>\$ 356,434</b>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities</b>					
Accounts payable	\$ 234,050	\$ 1,128,450	\$ 1,146,444	\$ -	\$ 4,040
Accrued payroll	1,779	-	-	-	128
Loan escrow	1,021	-	47,399	-	-
Total liabilities	236,850	1,128,450	1,193,843	-	4,168
<b>Deferred Inflows of Resources</b>					
Taxes	-	-	-	-	-
Advances from other governments	-	321,589	-	-	-
Total deferred inflows of resources	-	321,589	-	-	-
<b>Fund Balances</b>					
Nonspendable					
Inventories	-	-	626,096	-	-
Perpetual care	-	-	-	-	-
Restricted					
General government	-	70,660	-	-	-
Public protection	-	993,100	-	-	-
Transportation	-	-	-	2,707,784	-
Culture and recreation	-	380,782	-	-	352,266
Community & economic development	11,758,033	323,310	-	-	-
Committed					
Community & economic development	-	-	29,933,252	-	-
Unassigned	-	(367,477)	-	-	-
Total fund balances	11,758,033	1,400,375	30,559,348	2,707,784	352,266
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 11,994,883</b>	<b>\$ 2,850,414</b>	<b>\$31,753,191</b>	<b>\$ 2,707,784</b>	<b>\$ 356,434</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>
<b>Assets</b>				
Cash and cash equivalents/investments	\$ 1,539,112	\$ 81,518	\$ 4,111,545	\$ 25,947,920
<b>Receivables</b>				
for uncollectibles				
Taxes, net	-	677	-	677
Accounts	45,271	36,975	-	82,246
Loans	-	-	-	26,899,163
Total receivables	45,271	37,652	-	26,982,086
Due from other governments	-	-	-	1,921,702
Inventories	-	-	-	626,096
Total assets	<b>\$ 1,584,383</b>	<b>\$ 119,170</b>	<b>\$ 4,111,545</b>	<b>\$ 55,477,804</b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ 26,625	\$ 3,853	\$ -	\$ 2,543,462
Accrued payroll	-	-	-	1,907
Loan escrow	-	-	-	48,420
Total liabilities	26,625	3,853	-	2,593,789
<b>Deferred Inflows of Resources</b>				
Taxes	-	677	-	677
Advances from other governments	-	-	-	321,589
Total deferred inflows of resources	-	677	-	322,266
<b>Fund Balances</b>				
Nonspendable				
Inventories	-	-	-	626,096
Perpetual care	-	-	4,111,545	4,111,545
Restricted				
General government	-	-	-	70,660
Public protection	1,557,758	-	-	2,550,858
Transportation	-	-	-	2,707,784
Culture and recreation	-	-	-	733,048
Community & economic development	-	114,640	-	12,195,983
Committed				
Community & economic development	-	-	-	29,933,252
Unassigned	-	-	-	(367,477)
Total fund balances	1,557,758	114,640	4,111,545	52,561,749
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$1,584,383</b>	<b>\$ 119,170</b>	<b>\$ 4,111,545</b>	<b>\$ 55,477,804</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, 2018

	Special Revenue				
	Community Development	Grants	Economic and Housing Development	Gasoline Tax	Occupancy Tax
<b>Revenues</b>					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 842,962
Licenses	-	-	-	-	-
Intergovernmental	6,328,061	3,344,417	-	6,455,660	-
Investment income (loss)	-	7,342	162,530	80,807	6,142
Other	199,509	143,152	241,258	-	105
Total revenues	6,527,570	3,494,911	403,788	6,536,467	849,209
<b>Expenditures</b>					
Current					
Public protection	-	1,848,848	-	-	-
Transportation	-	2,678,783	-	-	-
Culture and recreation	-	58,465	-	-	537,573
Community and economic development	4,324,991	655,534	3,356,353	-	-
Debt service					
Principal retirement	333,000	-	-	-	-
Interest and fiscal charges	31,828	-	-	-	-
Total expenditures	4,689,819	5,241,630	3,356,353	-	537,573
Excess of revenues over (under) expenditures	1,837,751	(1,746,719)	(2,952,565)	6,536,467	311,636
<b>Other Financing Sources (Uses)</b>					
Transfers in	-	758,591	1,676,042	-	-
Transfers out	(848,437)	-	(66,210)	(5,361,529)	(407,770)
Total other financing sources (uses), net	(848,437)	758,591	1,609,832	(5,361,529)	(407,770)
Excess of revenues and other financing sources over (under) expenditures and other uses	989,314	(988,128)	(1,342,733)	1,174,938	(96,134)
Fund balance July 1	10,768,719	2,388,503	31,902,081	1,532,846	448,400
Fund balances - ending	<b>\$ 11,758,033</b>	<b>\$ 1,400,375</b>	<b>\$ 30,559,348</b>	<b>\$ 2,707,784</b>	<b>\$ 352,266</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>
<b>Revenues</b>				
Taxes	\$ -	\$ 583,493	\$ -	\$ 1,426,455
Licenses	543,254	-	-	543,254
Intergovernmental	-	-	-	16,128,138
Investment income (loss)	14,651	714	398,991	671,177
Other	-	-	-	584,024
Total revenues	557,905	584,207	398,991	19,353,048
<b>Expenditures</b>				
Current				
Public protection	447,424	-	-	2,296,272
Transportation	-	-	-	2,678,783
Culture and recreation	-	-	-	596,038
Community and economic development	-	577,669	-	8,914,547
Debt service				
Principal retirement	-	-	-	333,000
Interest and fiscal charges	-	-	-	31,828
Total expenditures	447,424	577,669	-	14,850,468
Excess of revenues over (under) expenditures	110,481	6,538	398,991	4,502,580
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	-	63,333	2,497,966
Transfers out	-	-	(176,430)	(6,860,376)
Total other financing sources (uses), net	-	-	(113,097)	(4,362,410)
Excess of revenues and other financing sources over (under) expenditures and other uses	110,481	6,538	285,894	140,170
Fund balance July 1	1,447,277	108,102	3,825,651	52,421,579
Fund balances - ending	<b>\$ 1,557,758</b>	<b>\$ 114,640</b>	<b>\$ 4,111,545</b>	<b>\$ 52,561,749</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 Fiscal Year Ended June 30, 2018

Exhibit 29

	<b>Current Year</b>	<b>Prior Years</b>	<b>Total to Date</b>	<b>Program Authorizations</b>
<b>Revenues</b>				
Intergovernmental	\$ 6,328,061	\$ 10,365,787	\$ 16,693,848	\$ 24,628,223
Other	1,000,432	4,448,611	5,449,043	4,808,130
Total revenues	7,328,493	14,814,398	22,142,891	29,436,353
<b>Expenditures</b>				
Community development	5,437,569	10,469,749	15,907,318	23,569,135
Debt service				
Principal retirement	333,000	999,000	1,332,000	1,330,000
Interest and fiscal charges	31,828	180,770	212,598	224,000
Total expenditures	5,802,397	11,649,519	17,451,916	25,123,135
Excess of revenues over expenditures	1,526,096	3,164,879	4,690,975	4,313,218
<b>Other Financing Uses</b>				
Transfers out				
General fund	(848,437)	(3,163,359)	(4,011,796)	(4,313,218)
Total other financing uses	(848,437)	(3,163,359)	(4,011,796)	(4,313,218)
Excess of revenues and other financing sources over (under) expenditures and other uses	677,659	\$ 1,520	\$ 679,179	\$ -
Fund balance - beginning		1,520		
Fund balance - ending		<b>\$ 679,179</b>		
<b>Reconciling items for GAAP presentation</b>				
Fund balance at beginning of year (GAAP)	10,768,719			
Loans issued and adjustments	651,603			
Payments received on loan balances	(800,923)			
Change in estimate of loan portfolio allowance	460,975			
Total reconciling items	<b>11,080,374</b>			
Fund Balance at End of Year (GAAP Basis)		<b>\$ 11,758,033</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 Fiscal Year Ended June 30, 2018

Exhibit 30

	<u>Current Year</u>	<u>Prior Years</u>	<u>Total to Date</u>	<u>Program Authorizations</u>
<b>Revenues</b>				
Intergovernmental	\$ 3,344,417	\$ 10,869,784	\$ 14,214,201	\$ 23,780,404
Investment income	7,342	71,442	78,784	70,211
Other	<u>143,152</u>	<u>1,047,995</u>	<u>1,191,147</u>	<u>2,402,734</u>
Total revenues	3,494,911	11,989,221	15,484,132	26,253,349
<b>Expenditures</b>				
General government	-	293,921	293,921	541,950
Public protection	1,848,848	2,815,208	4,664,056	8,970,239
Environmental health	-	940,432	940,432	2,500,000
Transportation	2,678,783	3,667,131	6,345,914	11,499,645
Culture and recreation	58,465	205,710	264,175	876,196
Community and economic development	<u>655,534</u>	<u>4,344,002</u>	<u>4,999,536</u>	<u>5,381,790</u>
Total expenditures	5,241,630	12,266,404	17,508,034	29,769,820
Excess of expenditures over (under) revenues	(1,746,719)	(277,183)	(2,023,902)	(3,516,471)
<b>Other Financing Sources (Uses)</b>				
Transfers in				
General fund	664,090	2,308,886	2,972,976	3,078,980
Grants fund	-	2,650	2,650	2,650
Occupancy tax fund	50,000	343,000	393,000	393,000
Transit authority fund	13,781	13,800	27,581	27,600
Fleet services fund	30,720	-	30,720	30,720
Transfers out				
Grants fund	-	(2,650)	(2,650)	(16,479)
Total other financing sources, net	<u>758,591</u>	<u>2,665,686</u>	<u>3,424,277</u>	<u>3,516,471</u>
Excess of revenues and other financing sources over (under) expenditures and other uses	(988,128)	2,388,503	1,400,375	\$ _____ -
Fund balance - beginning	<u>2,388,503</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - ending	<u>\$ 1,400,375</u>	<u>\$ 2,388,503</u>	<u>\$ 1,400,375</u>	<u>\$ 1,400,375</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 Fiscal Year Ended June 30, 2018

Exhibit 31

	<u>Current Year</u>	<u>Prior Years</u>	<u>Total to Date</u>	<u>Program Authorizations</u>
<b>Revenues</b>				
Intergovernmental	\$ -	\$ 5,659,262	\$ 5,659,262	\$ 6,538,437
Investment income (loss)	162,530	3,554,628	3,717,158	4,256,220
Capital lease charges	-	1,004,929	1,004,929	1,000,000
Other	739,280	19,466,381	20,205,661	8,773,952
Total revenues	<u>901,810</u>	<u>29,685,200</u>	<u>30,587,010</u>	<u>20,568,609</u>
<b>Expenditures</b>				
Neighborhood stabilization	-	746,006	746,006	1,608,270
UDAG loan	-	378,992	378,992	413,593
Housing financing assistance loan	1,486,946	7,065,678	8,552,624	13,458,246
Economic development loan	1,930,040	770,946	2,700,986	3,866,716
Economic development project	2,414,007	11,286,905	13,700,912	19,647,280
Foreclosed property	15,341	-	15,341	-
Section 108	-	3,862,805	3,862,805	4,450,000
Debt service				
Interest and fiscal charges	-	24,694	24,694	-
Total expenditures	<u>5,846,334</u>	<u>24,136,026</u>	<u>29,982,360</u>	<u>43,444,105</u>
Excess of revenues				
over (under) expenditures	(4,944,524)	5,549,174	604,650	(22,875,496)
<b>Other Financing Sources (Uses)</b>				
Transfers in				
General fund	1,634,320	11,662,258	13,296,578	14,373,846
Economic and housing development fund	-	689,514	689,514	598,500
Capital projects fund	41,722	3,062,990	3,104,712	3,092,695
Transfers out				
General fund	(66,210)	(151,923)	(218,133)	(218,140)
Grants fund	-	(201,947)	(201,947)	(275,000)
Economic and housing development fund	-	(638,100)	(638,100)	(638,100)
Capital projects fund	-	(1,718,500)	(1,718,500)	(1,718,500)
Public assembly facilities management fund	-	(250,000)	(250,000)	(250,000)
Total other financing sources, net	<u>1,609,832</u>	<u>12,454,292</u>	<u>14,064,124</u>	<u>14,965,301</u>
Excess of revenues and other financing sources over (under) expenditures and other uses	(3,334,692)	<u>\$ 18,003,466</u>	<u>\$ 14,668,774</u>	<u>\$ (7,910,195)</u>
Fund balance - beginning	<u>18,003,466</u>			
Fund balance - ending	<u>\$ 14,668,774</u>			
<b>Reconciling items for GAAP presentation</b>				
Fund balance at beginning of year (GAAP)	31,902,081			
Loans issued and adjustments	1,872,289			
Payments received on loan balances	(498,022)			
Change in estimate of loan portfolio allowance	617,692			
Total reconciling items	<u>33,894,040</u>			
Fund Balance at End of Year (GAAP Basis)	<u><b>\$ 30,559,348</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, 2018

Exhibit 32

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues</b>			
Intergovernmental	\$ 6,455,660	\$ 6,455,660	\$ -
Investment income	-	80,807	80,807
Total revenues	<u>6,455,660</u>	<u>6,536,467</u>	<u>80,807</u>
<b>Other Financing Uses</b>			
Transfers out			
General fund	(5,318,210)	(5,361,529)	(43,319)
Capital projects fund	(1,797,450)	-	1,797,450
Total other financing uses	<u>(7,115,660)</u>	<u>(5,361,529)</u>	<u>1,754,131</u>
Excess of revenues over (under) other uses	(660,000)	1,174,938	1,834,938
Fund balance - beginning	<u>1,532,846</u>	<u>1,532,846</u>	<u>-</u>
Fund balance - ending	<u><b>\$ 872,846</b></u>	<u><b>\$ 2,707,784</b></u>	<u><b>\$ 1,834,938</b></u>

# 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, 2018

Exhibit 33

	<b>Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Revenues</b>			
Taxes	\$ 747,500	\$ 842,962	\$ 95,462
Investment income	-	6,142	6,142
Other	-	105	105
Total revenues	<u>747,500</u>	<u>849,209</u>	<u>101,709</u>
<b>Expenditures</b>			
Culture and recreation	582,299	537,573	44,726
Excess of revenues over expenditures	165,201	311,636	146,435
<b>Other Financing Uses</b>			
Transfers out			
Grants fund	(50,000)	(50,000)	-
Public assembly facilities management fund	(357,770)	(357,770)	-
Total other financing uses	<u>(407,770)</u>	<u>(407,770)</u>	<u>-</u>
Excess of revenues over (under) expenditures and other uses	(242,569)	(96,134)	146,435
Fund balance - beginning	448,400	448,400	-
Fund balance - ending	<u>\$ 205,831</u>	<u>\$ 352,266</u>	<u>\$ 146,435</u>

# 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 Fiscal Year Ended June 30, 2018

Exhibit 34

	<u>Current Year</u>	<u>Prior Years</u>	<u>Total to Date</u>	<u>Program Authorizations</u>
<b>Revenues</b>				
Licenses	\$ 543,254	\$ 4,902,200	\$ 5,445,454	\$ 5,830,687
Investment income (loss)	14,651	24,680	39,331	-
Total revenues	<u>557,905</u>	<u>4,926,880</u>	<u>5,484,785</u>	<u>5,830,687</u>
<b>Expenditures</b>				
Implemental functions	3,700	48,441	52,141	7,176,877
Telephone	318,670	1,531,091	1,849,761	-
Furniture	-	23,656	23,656	-
Software maintenance	85,839	492,193	578,032	-
Hardware maintenance	38,116	999,032	1,037,148	-
S.L. 2010-158 expenditures	-	369,327	369,327	-
Training	1,099	15,863	16,962	-
Total operating expenditures	<u>447,424</u>	<u>3,479,603</u>	<u>3,927,027</u>	<u>7,176,877</u>
Excess of revenues over (under) expenditures	110,481	1,447,277	1,557,758	\$ (1,346,190)
Fund balance - beginning	<u>1,447,277</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - ending	<u><b>\$ 1,557,758</b></u>	<u><b>\$ 1,447,277</b></u>	<u><b>\$ 1,557,758</b></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

For the Fiscal Year Ended June 30, 2018

Exhibit 35

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	<b>Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Revenues</b>			
Taxes	\$ 598,030	\$ 583,493	\$ (14,537)
Investment income	-	714	714
Total revenues	<u>598,030</u>	<u>584,207</u>	<u>(13,823)</u>
<b>Expenditures</b>			
Community and economic development	670,602	577,669	92,933
Excess of revenues over expenditures	(72,572)	6,538	79,110
Fund balance - beginning	<u>108,102</u>	<u>108,102</u>	<u>-</u>
Fund balance - ending	<b><u>\$ 35,530</u></b>	<b><u>\$ 114,640</u></b>	<b><u>\$ 79,110</u></b>

# 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, 2018

Exhibit 36

				<b>Public Assembly</b>	
		<b>Parking</b>	<b>Stormwater Management</b>	<b>Facilities Management</b>	<b>Total</b>
<b>Assets</b>					
<b>Current Assets</b>					
Cash and cash equivalents/investments	\$ 2,163,585	\$ 25,472,897	\$ 3,310,340	\$ 30,946,822	
Accounts receivables, net	14,418	886,593	174,702	1,075,713	
Due from other governments	430,413	586	586	431,585	
Total current assets	2,608,416	26,360,076	3,485,628	32,454,120	
<b>Noncurrent Assets</b>					
Restricted assets					
Cash and cash equivalents/investments	-	-	81,921	81,921	
Capital assets					
Land	824,169	289,314	11,672,486	12,785,969	
Construction in progress	603,839	7,855,984	70,554	8,530,377	
Other capital assets, net of accumulated depreciation	8,600,545	29,605,462	46,105,493	84,311,500	
Accounts receivables	-	-	500,000	500,000	
Total noncurrent assets	10,028,553	37,750,760	58,430,454	106,209,767	
<b>Total assets</b>	<b>12,636,969</b>	<b>64,110,836</b>	<b>61,916,082</b>	<b>138,663,887</b>	
<b>Deferred Outflows of Resources</b>					
Pension deferrals	59,672	484,539	122,752	666,963	
<b>Total deferred outflows of resources</b>	<b>59,672</b>	<b>484,539</b>	<b>122,752</b>	<b>666,963</b>	
<b>Liabilities</b>					
<b>Current Liabilities</b>					
Accounts payable	9,651	626,232	821,051	1,456,934	
Accrued payroll	13,535	72,029	25,866	111,430	
Accrued vacation	-	42,711	36,297	79,008	
Accrued interest payable	6,676	27,766	2,831	37,273	
Unearned revenue	1,321,284	10,731	-	1,332,015	
Pollution remediation	-	1,986,124	-	1,986,124	
Current maturities					
Contracts payable	882,112	607,719	686,514	2,176,345	
Bonds payable	-	520,000	598,693	1,118,693	
Total current liabilities	2,233,258	3,893,312	2,171,252	8,297,822	
<b>Noncurrent Liabilities</b>					
Accrued vacation	22,387	93,677	48,898	164,962	
Net pension liability	68,135	586,753	152,229	807,117	
Net OPEB liability	45,797	246,487	97,738	390,022	
Contracts payable	1,363,040	1,315,184	12,713,359	15,391,583	
Bonds payable	-	10,150,680	9,030,288	19,180,968	
Total noncurrent liabilities	1,499,359	12,392,781	22,042,512	35,934,652	
<b>Total liabilities</b>	<b>3,732,617</b>	<b>16,286,093</b>	<b>24,213,764</b>	<b>44,232,474</b>	
<b>Deferred Inflows of Resources</b>					
Pension deferrals	16,113	-	10,602	26,715	
OPEB deferrals	15,158	81,582	32,349	129,089	
<b>Total deferred inflows of resources</b>	<b>31,271</b>	<b>81,582</b>	<b>42,951</b>	<b>155,804</b>	
<b>Net Position</b>					
Net investment in capital assets	7,783,401	25,157,177	34,819,679	67,760,257	
Unrestricted	1,149,352	23,070,523	2,962,440	27,182,315	
<b>Total net position</b>	<b>\$ 8,932,753</b>	<b>\$ 48,227,700</b>	<b>\$ 37,782,119</b>	<b>\$ 94,942,572</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, 2018

Exhibit 37

	<b>Public Assembly</b>			
	<b>Parking</b>	<b>Stormwater Management</b>	<b>Facilities Management</b>	<b>Total</b>
<b>Operating Revenues</b>				
Charges for services	\$ 826,456	\$ 10,697,508	\$ 3,797,926	\$ 15,321,890
Other	150	241,969	2,347,582	2,589,701
Total operating revenues	826,606	10,939,477	6,145,508	17,911,591
<b>Operating Expenses</b>				
Personal services	481,046	2,645,250	1,000,416	4,126,712
Maintenance and operations	469,658	3,119,994	4,936,885	8,526,537
Total operating expenses before depreciation	950,704	5,765,244	5,937,301	12,653,249
Depreciation	448,711	907,022	1,915,489	3,271,222
Total operating expenses	1,399,415	6,672,266	7,852,790	15,924,471
Operating income (loss)	(572,809)	4,267,211	(1,707,282)	1,987,120
<b>Nonoperating Revenues (Expenses)</b>				
Intergovernmental revenue	430,413	71,447	-	501,860
Investment income	23,781	1,271,066	47,050	1,341,897
Gain (loss) on disposal of assets	-	-	(341,008)	(341,008)
Interest and fiscal expense	(133,986)	(478,408)	(748,787)	(1,361,181)
Amortization of financing costs	(3,923)	38,136	2,903	37,116
Total nonoperating revenues (expenses), net	316,285	902,241	(1,039,842)	178,684
Income (loss) before capital contributions and transfers	(256,524)	5,169,452	(2,747,124)	2,165,804
<b>Capital Contributions</b>	(38,620)	97,087	-	58,467
<b>Transfers In</b>	495,150	-	3,110,550	3,605,700
<b>Transfers Out</b>	-	(1,993,747)	-	(1,993,747)
Total transfers	495,150	(1,993,747)	3,110,550	1,611,953
Change in net position	200,006	3,272,792	363,426	3,836,224
Total net position - beginning, as previously stated	8,798,515	45,308,882	37,559,052	91,666,449
Cumulative effect adjustment	(65,768)	(353,974)	(140,359)	(560,101)
Total net position - beginning, as adjusted	8,732,747	44,954,908	37,418,693	91,106,348
<b>Total net position - ending</b>	<b>\$ 8,932,753</b>	<b>\$ 48,227,700</b>	<b>\$ 37,782,119</b>	<b>\$ 94,942,572</b>

# City of Winston-Salem, North Carolina

## Combining Statement of Cash Flows

Nonmajor Enterprise Funds  
For the Fiscal Year Ended June 30, 2018

Exhibit 38  
Page 1 of 2

	<b>Parking</b>	<b>Stormwater Management</b>	<b>Facilities Management</b>	<b>Public Assembly Total</b>
<b>Cash Flows from Operating Activities</b>				
Cash received from sales	\$ 758,601	\$ 11,008,904	\$ 6,108,774	\$ 17,876,279
Cash payments to suppliers for goods and services	(501,300)	(3,111,833)	(4,492,822)	(8,105,955)
Cash payments to employees for services	(485,777)	(2,656,374)	(1,002,938)	(4,145,089)
Net cash provided (used) by operating activities	(228,476)	5,240,697	613,014	5,625,235
<b>Cash Flows from Noncapital Financing Activities</b>				
Intergovernmental revenue	435,348	74,962	-	510,310
Transfers in	495,150	-	1,110,550	1,605,700
Transfers out	-	(1,993,747)	-	(1,993,747)
Net cash provided (used) by noncapital financing activities	930,498	(1,918,785)	1,110,550	122,263
<b>Cash Flows from Capital and Related Financing Activities</b>				
Capital contributions	(38,620)	97,087	-	58,467
Transfers in	-	-	2,000,000	2,000,000
Acquisition of property and equipment	(69,845)	(2,046,360)	(1,179,308)	(3,295,513)
Retirement of bonds	-	(505,000)	(598,693)	(1,103,693)
Retirement of contracts payable	(912,112)	(779,973)	(724,505)	(2,416,590)
Interest and fiscal expense paid on bonds	-	(350,675)	(230,477)	(581,152)
Interest paid on contracts payable	(136,702)	(128,996)	(518,593)	(784,291)
Proceeds from sale of assets	-	-	20,672	20,672
Net cash provided (used) by capital and related financing activities	(1,157,279)	(3,713,917)	(1,230,904)	(6,102,100)
<b>Cash Flows from Investing Activities</b>				
Investment income (loss)	23,781	1,271,066	47,050	1,341,897
Net increase (decrease) in cash	(431,476)	879,061	539,710	987,295
Cash and cash equivalents/investments July 1	2,595,061	24,593,836	2,852,551	30,041,448
<b>Cash and cash equivalents/investments June 30</b>	<b>\$ 2,163,585</b>	<b>\$ 25,472,897</b>	<b>\$ 3,392,261</b>	<b>\$ 31,028,743</b>

# City of Winston-Salem, North Carolina

## Combining Statement of Cash Flows

Nonmajor Enterprise Funds  
For the Fiscal Year Ended June 30, 2018

Exhibit 38  
Page 2 of 2

	<b>Public Assembly Facilities Management</b>				<b>Total</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	\$ 2,163,585	\$ 25,472,897	\$ 3,310,340	\$ 30,946,822	
Cash and investments - restricted	-	-	81,921	81,921	
<b>Cash and cash equivalents/investments June 30</b>	<b>\$ 2,163,585</b>	<b>\$ 25,472,897</b>	<b>\$ 3,392,261</b>	<b>\$ 31,028,743</b>	
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>					
Operating income (loss)	\$ (572,809)	\$ 4,267,211	\$ (1,707,282)	\$ 1,987,120	
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities					
Depreciation expense	448,711	907,022	1,915,489	3,271,222	
Change in assets, deferred outflows of resources, liabilities, and deferred inflows of resources					
(Increase) decrease in receivables	1,233	67,007	(36,734)	31,506	
(Increase) decrease in prepaid expenses	-	-	29,075	29,075	
(Increase) decrease in deferred outflows of resources - pensions	31,534	-	66,317	97,851	
Increase (decrease) in net pension liability	(29,649)	-	(62,353)	(92,002)	
Increase (decrease) in net OPEB liability	(19,971)	(107,487)	(42,621)	(170,079)	
Increase (decrease) in deferred inflows of resources - pensions	(2,647)	-	(5,567)	(8,214)	
Increase (decrease) in deferred inflows of resources - OPEB	15,158	81,582	32,349	129,089	
Increase (decrease) in accounts payable	(31,642)	8,161	112,287	88,806	
Increase (decrease) in accrued payroll	769	6,625	861	8,255	
Increase (decrease) in unearned revenue	(69,238)	2,420	-	(66,818)	
Increase (decrease) in accrued vacation	75	8,156	8,492	16,723	
Increase in contracts payable	-	-	302,701	302,701	
Total adjustments	<u>344,333</u>	<u>973,486</u>	<u>2,320,296</u>	<u>3,638,115</u>	
<b>Net cash provided (used) by operating activities</b>	<b><u>\$ (228,476)</u></b>	<b><u>\$ 5,240,697</u></b>	<b><u>\$ 613,014</u></b>	<b><u>\$ 5,625,235</u></b>	

### **Noncash Investing, Capital, and Financing Activities**

The City entered into leases for new property and equipment and incurred capital lease obligations

\$1,836,864 and \$1,938,707 during the years ended June 30, 2018, and 2017, respectively.

The City accrued intergovernmental revenues of (\$7,864).

# 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, 2018

Exhibit 39

	<b>Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Operating Revenues</b>			
Charges for services	\$ 674,000	\$ 826,606	\$ 152,606
<b>Operating Expenditures</b>			
Personal services	566,080	486,621	79,459
Maintenance and operations	585,153	469,658	115,495
Total operating expenditures	<u>1,151,233</u>	<u>956,279</u>	<u>194,954</u>
Operating income (loss)	(477,233)	(129,673)	347,560
<b>Nonoperating Revenues (Expenditures)</b>			
Intergovernmental revenue	471,870	430,413	(41,457)
Investment income	-	23,781	23,781
Interest and fiscal charges	(135,540)	(133,986)	1,554
Principal retirement	(916,000)	(912,112)	3,888
Total nonoperating expenditures, net	<u>(579,670)</u>	<u>(591,904)</u>	<u>(12,234)</u>
Income (loss) before capital contributions and transfers	(1,056,903)	(721,577)	335,326
<b>Capital Contributions</b>			
Other	-	(38,620)	(38,620)
Total capital contributions	-	(38,620)	(38,620)
<b>Transfers In</b>			
General fund	495,150	495,150	-
Change in net position - modified accrual basis	<u>\$ (561,753)</u>	<u>\$ (265,047)</u>	<u>\$ 296,706</u>
<b>Reconciliation of Modified Accrual Basis to Full Accrual Basis</b>			
Change in Net Position - Modified Accrual Basis		\$ (265,047)	
Depreciation		(448,711)	
Amortization of financing costs		(3,923)	
Principal retirement		912,112	
Increase (decrease) in deferred outflows of resources - pensions		(31,534)	
(Increase) decrease in net pension liability		29,649	
(Increase) decrease in deferred inflows of resources - pensions		2,647	
(Increase) decrease in net OPEB liability		19,971	
(Increase) decrease in deferred inflows of resources - OPEB		<u>(15,158)</u>	
Change in Net Position - Full Accrual Basis		<u>\$ 200,006</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, 2018

Exhibit 40

	<b>Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Operating Revenues</b>			
Charges for services	\$ 10,263,000	\$ 10,697,508	\$ 434,508
Other	173,600	241,969	68,369
Total operating revenues	<u>10,436,600</u>	<u>10,939,477</u>	<u>502,877</u>
<b>Operating Expenditures</b>			
Personal services	3,169,460	2,671,155	498,305
Maintenance and operations	3,990,869	3,102,427	888,442
Total operating expenditures	<u>7,160,329</u>	<u>5,773,582</u>	<u>1,386,747</u>
Operating income	3,276,271	5,165,895	1,889,624
<b>Nonoperating Revenues (Expenditures)</b>			
Intergovernmental revenue	106,360	71,447	(34,913)
Investment income	-	1,271,066	1,271,066
Interest and fiscal charges	(496,740)	(478,408)	18,332
Principal retirement	(1,336,240)	(1,284,973)	51,267
Total nonoperating expenditures, net	<u>(1,726,620)</u>	<u>(420,868)</u>	<u>1,305,752</u>
Income before capital contributions and transfers	1,549,651	4,745,027	3,195,376
<b>Capital Contributions</b>			
Other	-	97,087	97,087
Total capital contributions	<u>-</u>	<u>97,087</u>	<u>97,087</u>
<b>Transfers Out</b>			
General fund	(1,825,350)	(1,812,641)	12,709
Solid waste fund	(181,110)	(181,106)	4
Total transfers out	<u>(2,006,460)</u>	<u>(1,993,747)</u>	<u>12,713</u>
Change in net position - modified accrual basis	<u><b>\$ (456,809)</b></u>	<u><b>\$ 2,848,367</b></u>	<u><b>\$ 3,305,176</b></u>
<b>Reconciliation of Modified Accrual Basis to Full Accrual Basis</b>			
Change in Net Position - Modified Accrual Basis	\$ 2,848,367		
Depreciation	(907,022)		
Amortization of financing costs	38,136		
Principal retirement	1,284,973		
Book value of disposed assets	(17,567)		
(Increase) decrease in net OPEB liability	107,487		
(Increase) decrease in deferred inflows of resources - OPEB	(81,582)		
Change in Net Position - Full Accrual Basis	<u><b>\$ 3,272,792</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, 2018

Exhibit 41

	<b>Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Operating Revenues</b>			
Charges for services	\$ 3,942,310	\$ 3,797,926	\$ (144,384)
Other	2,353,780	2,347,582	(6,198)
Total operating revenues	6,296,090	6,145,508	(150,582)
<b>Operating Expenditures</b>			
Personal services	1,012,380	1,012,291	89
Maintenance and operations	4,572,608	4,572,575	33
Total operating expenditures	5,584,988	5,584,866	122
Operating income (loss)	711,102	560,642	(150,460)
<b>Nonoperating Revenues (Expenditures)</b>			
Investment income (loss)	-	47,050	47,050
Proceeds from sale of assets	-	20,672	20,672
Interest and fiscal charges	(786,830)	(748,787)	38,043
Principal retirement	(1,401,160)	(1,323,200)	77,960
Total nonoperating expenditures, net	(2,187,990)	(2,004,265)	183,725
Income (loss) before transfers	(1,476,888)	(1,443,623)	33,265
<b>Transfers In</b>			
General fund	752,780	752,780	-
Occupancy tax fund	357,770	357,770	-
Debt service fund	2,000,000	2,000,000	-
Total transfers in	3,110,550	3,110,550	-
Change in net position - modified accrual basis	<b>\$ 1,633,662</b>	<b>\$ 1,666,927</b>	<b>\$ 33,265</b>
<b>Reconciliation of Modified Accrual Basis to Full Accrual Basis</b>			
Change in Net Position - Modified Accrual Basis	\$ 1,666,927		
Depreciation	(1,915,489)		
Amortization of financing costs	2,903		
Principal retirement	1,323,200		
Book value of disposed assets	(423,289)		
Increase in contracts payable	(302,701)		
Increase (decrease) in deferred outflows of resources - pensions	(66,317)		
(Increase) decrease in net pension liability	62,353		
(Increase) decrease in deferred inflows of resources - pensions	5,567		
(Increase) decrease in net OPEB liability	42,621		
(Increase) decrease in deferred inflows of resources - OPEB	(32,349)		
Change in Net Position - Full Accrual Basis	<b>\$ 363,426</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, 2018

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	<b>Central Warehouse</b>	<b>Fleet Services</b>	<b>Information Services</b>	<b>Workers' Compensation</b>
<b>Assets</b>				
<b>Current Assets</b>				
Cash and cash equivalents/investments	\$ 154,277	\$ 544,833	\$ 53,592	\$ 4,707,340
Accounts receivables, net	105	-	-	-
Inventories	<u>838,929</u>	<u>447,689</u>	<u>-</u>	<u>-</u>
Total current assets	993,311	992,522	53,592	4,707,340
<b>Noncurrent Assets</b>				
Capital assets				
Land	801,682	-	-	-
Construction in progress	-	-	1,696,679	-
Other capital assets, net of accumulated depreciation	<u>180,887</u>	<u>2,459,293</u>	<u>2,481,415</u>	<u>-</u>
Total noncurrent assets	<u>982,569</u>	<u>2,459,293</u>	<u>4,178,094</u>	<u>-</u>
<b>Total assets</b>	<b>1,975,880</b>	<b>3,451,815</b>	<b>4,231,686</b>	<b>4,707,340</b>
<b>Deferred Outflows of Resources</b>				
Pension deferrals	36,604	184,268	616,386	32,717
<b>Total deferred outflows of resources</b>	<b>36,604</b>	<b>184,268</b>	<b>616,386</b>	<b>32,717</b>
<b>Liabilities</b>				
<b>Current Liabilities</b>				
Accounts payable	1,056	337,502	162,599	282
Accrued payroll	7,285	45,638	135,217	8,061
Accrued vacation	9,242	58,015	220,205	4,946
Employee taxes and amounts withheld	-	-	-	-
Unearned revenue	-	-	-	-
Current maturities				
Claims payable	-	-	-	812,959
Contracts payable	-	438,048	466,825	-
Total current liabilities	17,583	879,203	984,846	826,248
<b>Noncurrent Liabilities</b>				
Accrued vacation	5,416	27,392	118,062	5,059
Net pension liability	46,862	235,952	737,171	31,325
Net OPEB liability	24,320	159,207	440,571	27,096
Claims payable	-	-	-	2,132,306
Contracts payable	-	656,208	794,750	-
Total noncurrent liabilities	76,598	1,078,759	2,090,554	2,195,786
<b>Total liabilities</b>	<b>94,181</b>	<b>1,957,962</b>	<b>3,075,400</b>	<b>3,022,034</b>
<b>Deferred Inflows of Resources</b>				
Pension deferrals	-	16,720	80,271	20,124
OPEB deferrals	8,049	52,694	145,819	8,968
<b>Total deferred inflows of resources</b>	<b>8,049</b>	<b>69,414</b>	<b>226,090</b>	<b>29,092</b>
<b>Net Position</b>				
Net investment in capital assets	982,569	1,365,037	2,916,519	-
Unrestricted	927,685	243,670	(1,369,937)	1,688,931
<b>Total net position</b>	<b>\$ 1,910,254</b>	<b>\$ 1,608,707</b>	<b>\$ 1,546,582</b>	<b>\$ 1,688,931</b>

	<b>Health Benefits</b>	<b>Dental and Flex Benefits</b>	<b>Employee Benefits</b>	<b>Risk Acceptance Management Corporation</b>	<b>Total</b>
<b>Assets</b>					
<b>Current Assets</b>					
Cash and cash equivalents/investments	\$ 6,386,241	\$ 1,487,953	\$ 5,011,658	\$ 42,137,067	\$ 60,482,961
Accounts receivables, net	-	-	-	4,452	4,557
Inventories	-	-	-	-	1,286,618
<b>Total current assets</b>	<b>6,386,241</b>	<b>1,487,953</b>	<b>5,011,658</b>	<b>42,141,519</b>	<b>61,774,136</b>
<b>Noncurrent Assets</b>					
Capital assets					
Land	-	-	-	-	801,682
Construction in progress	-	-	-	-	1,696,679
Other capital assets, net of accumulated depreciation	-	-	-	-	5,121,595
<b>Total noncurrent assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,619,956</b>
<b>Total assets</b>	<b>6,386,241</b>	<b>1,487,953</b>	<b>5,011,658</b>	<b>42,141,519</b>	<b>69,394,092</b>
<b>Deferred Outflows of Resources</b>					
Pension deferrals	10,970	-	-	-	880,945
<b>Total deferred outflows of resources</b>	<b>10,970</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>880,945</b>
<b>Liabilities</b>					
<b>Current Liabilities</b>					
Accounts payable	509,608	50,855	1,236,324	20,726	2,318,952
Accrued payroll	4,698	-	-	-	200,899
Accrued vacation	1,583	-	-	-	293,991
Employee taxes and amounts withheld	-	-	733,964	-	733,964
Unearned revenue	441,882	52,006	-	-	493,888
Current maturities					
Claims payable	2,911,160	150,508	977,389	-	4,852,016
Contracts payable	-	-	-	-	904,873
<b>Total current liabilities</b>	<b>3,868,931</b>	<b>253,369</b>	<b>2,947,677</b>	<b>20,726</b>	<b>9,798,583</b>
<b>Noncurrent Liabilities</b>					
Accrued vacation	3,292	-	-	-	159,221
Net pension liability	13,336	-	-	-	1,064,646
Net OPEB liability	15,169	-	-	-	666,363
Claims payable	-	-	-	2,076,083	4,208,389
Contracts payable	-	-	-	-	1,450,958
<b>Total noncurrent liabilities</b>	<b>31,797</b>	<b>-</b>	<b>-</b>	<b>2,076,083</b>	<b>7,549,577</b>
<b>Total liabilities</b>	<b>3,900,728</b>	<b>253,369</b>	<b>2,947,677</b>	<b>2,096,809</b>	<b>17,348,160</b>
<b>Deferred Inflows of Resources</b>					
Pension deferrals	4,700	-	-	-	121,815
OPEB deferrals	5,021	-	-	-	220,551
<b>Total deferred inflows of resources</b>	<b>9,721</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>342,366</b>
<b>Net Position</b>					
Net investment in capital assets	-	-	-	-	5,264,125
Unrestricted	2,486,762	1,234,584	2,063,981	40,044,710	47,320,386
<b>Total net position</b>	<b>\$ 2,486,762</b>	<b>\$ 1,234,584</b>	<b>\$ 2,063,981</b>	<b>\$ 40,044,710</b>	<b>\$ 52,584,511</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, 2018

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	<b>Central Warehouse</b>	<b>Fleet Services</b>	<b>Information Services</b>	<b>Workers' Compensation</b>
<b>Operating Revenues</b>				
Charges for services	\$ 434,195	\$ 9,238,243	\$ 9,921,785	\$ 3,094,850
Other	120	6	-	606,138
Total operating revenues	434,315	9,238,249	9,921,785	3,700,988
<b>Operating Expenses</b>				
Personal services	259,718	1,699,518	4,717,186	330,445
Maintenance and operations	81,443	6,890,526	4,275,341	1,959,080
Total operating expenses before depreciation	341,161	8,590,044	8,992,527	2,289,525
Depreciation	13,790	476,913	683,814	-
Total operating expenses	354,951	9,066,957	9,676,341	2,289,525
Operating income (loss)	79,364	171,292	245,444	1,411,463
<b>Nonoperating Revenues (Expenses)</b>				
Investment income (loss)	-	-	-	42,894
Gain (loss) on disposal of assets	-	70,603	(13,849)	-
Interest and fiscal expense	-	(77,770)	(86,682)	-
Total nonoperating revenues (expenses), net	-	(7,167)	(100,531)	42,894
Income (loss) before transfers	79,364	164,125	144,913	1,454,357
<b>Transfers Out</b>				
Total transfers	-	(30,720)	-	(98,950)
Change in net position	-	(30,720)	-	(98,950)
	79,364	133,405	144,913	1,355,407
Total net position - beginning, as previously stated	1,865,815	1,703,935	2,034,361	372,436
Cumulative effect adjustment	(34,925)	(228,633)	(632,692)	(38,912)
Total net position - beginning, as adjusted	1,830,890	1,475,302	1,401,669	333,524
<b>Total net position - ending</b>	<b>\$ 1,910,254</b>	<b>\$ 1,608,707</b>	<b>\$ 1,546,582</b>	<b>\$ 1,688,931</b>

	<b>Health Benefits</b>	<b>Dental and Flex Benefits</b>	<b>Employee Benefits</b>	<b>Risk Acceptance Management Corporation</b>	<b>Total</b>
<b>Operating Revenues</b>					
Charges for services	\$ 22,143,691	\$ 2,696,794	\$ 26,827,765	\$ 1,065,510	\$ 75,422,833
Other	759,221	-	53,096	-	1,418,581
Total operating revenues	22,902,912	2,696,794	26,880,861	1,065,510	76,841,414
<b>Operating Expenses</b>					
Personal services	161,762	-	-	-	7,168,629
Maintenance and operations	21,401,977	2,221,285	26,431,129	3,351,881	66,612,662
Total operating expenses before depreciation	21,563,739	2,221,285	26,431,129	3,351,881	73,781,291
Depreciation	-	-	797	-	1,175,314
Total operating expenses	21,563,739	2,221,285	26,431,926	3,351,881	74,956,605
Operating income (loss)	1,339,173	475,509	448,935	(2,286,371)	1,884,809
<b>Nonoperating Revenues (Expenses)</b>					
Investment income (loss)	51,439	13,157	43,016	4,954,370	5,104,876
Gain (loss) on disposal of assets	-	-	-	-	56,754
Interest and fiscal expense	-	-	-	-	(164,452)
Total nonoperating revenues (expenses), net	51,439	13,157	43,016	4,954,370	4,997,178
Income (loss) before transfers	1,390,612	488,666	491,951	2,667,999	6,881,987
<b>Transfers Out</b>					
Total transfers	-	-	-	-	(129,670)
Change in net position	1,390,612	488,666	491,951	2,667,999	6,752,317
Total net position - beginning, as previously stated	1,117,934	745,918	1,572,030	37,376,711	46,789,140
Cumulative effect adjustment	(21,784)	-	-	-	(956,946)
Total net position - beginning, as adjusted	1,096,150	745,918	1,572,030	37,376,711	45,832,194
<b>Total net position - ending</b>	<b>\$ 2,486,762</b>	<b>\$ 1,234,584</b>	<b>\$ 2,063,981</b>	<b>\$ 40,044,710</b>	<b>\$ 52,584,511</b>

# City of Winston-Salem, North Carolina

## Combining Statement of Cash Flows

Internal Service Funds  
For the Fiscal Year Ended June 30, 2018

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	<b>Central Warehouse</b>	<b>Fleet Services</b>	<b>Information Services</b>	<b>Workers' Compensation</b>
<b>Cash Flows from Operating Activities</b>				
Cash received from sales	\$ 434,652	\$ 9,238,249	\$ 9,921,785	\$ 3,700,988
Cash payments for suppliers for goods and services	(16,124)	(6,950,682)	(4,126,448)	(2,211,598)
Cash payments to employees for services	(259,249)	(1,705,799)	(4,762,235)	(331,573)
Net cash provided (used) by operating activities	159,279	581,768	1,033,102	1,157,817
<b>Cash Flows from Noncapital Financing Activities</b>				
Repayments to other funds	(5,002)	-	-	-
Transfers out	-	(30,720)	-	(98,950)
Net cash provided (used) by noncapital financing activities	(5,002)	(30,720)	-	(98,950)
<b>Cash Flows from Capital and Related Financing Activities</b>				
Acquisition of property and equipment	-	7,807	(985,284)	-
Retirement of contracts payable	-	(590,326)	(580,556)	-
Interest paid on contracts payable	-	(77,770)	(86,682)	-
Proceeds from sale of assets	-	71,181	880	-
Net cash provided (used) by capital and related financing activities	-	(589,108)	(1,651,642)	-
<b>Cash Flows from Investing Activities</b>				
Investment income (loss)	-	-	-	42,894
Net increase (decrease) in cash	154,277	(38,060)	(618,540)	1,101,761
Cash and cash equivalents/investments July 1	-	582,893	672,132	3,605,579
<b>Cash and cash equivalents/investments June 30</b>	<b>\$ 154,277</b>	<b>\$ 544,833</b>	<b>\$ 53,592</b>	<b>\$ 4,707,340</b>

	<b>Health Benefits</b>	<b>Dental and Flex Benefits</b>	<b>Employee Benefits</b>	<b>Risk Acceptance Management Corporation</b>	<b>Total</b>
<b>Cash Flows from Operating Activities</b>					
Cash received from sales	\$ 22,919,423	\$ 2,696,541	\$ 26,880,861	\$ 1,065,510	\$ 76,858,009
Cash payments for suppliers for goods and services	(21,557,640)	(2,218,450)	(25,499,730)	(3,073,474)	(65,654,146)
Cash payments to employees for services	(160,642)	-	-	-	(7,219,498)
Net cash provided (used) by operating activities	1,201,141	478,091	1,381,131	(2,007,964)	3,984,365
<b>Cash Flows from Noncapital Financing Activities</b>					
Repayments to other funds	-	-	-	-	(5,002)
Transfers out	-	-	-	-	(129,670)
Net cash provided (used) by noncapital financing activities	-	-	-	-	(134,672)
<b>Cash Flows from Capital and Related Financing Activities</b>					
Acquisition of property and equipment	-	-	-	-	(977,477)
Retirement of contracts payable	-	-	-	-	(1,170,882)
Interest paid on contracts payable	-	-	-	-	(164,452)
Proceeds from sale of assets	-	-	-	-	72,061
Net cash provided (used) by capital and related financing activities	-	-	-	-	(2,240,750)
<b>Cash Flows from Investing Activities</b>					
Investment income (loss)	51,439	13,157	43,016	4,954,370	5,104,876
Net increase (decrease) in cash	1,252,580	491,248	1,424,147	2,946,406	6,713,819
Cash and cash equivalents/investments July 1	5,133,661	996,705	3,587,511	39,190,661	53,769,142
<b>Cash and cash equivalents/investments June 30</b>	<b>\$ 6,386,241</b>	<b>\$ 1,487,953</b>	<b>\$ 5,011,658</b>	<b>\$ 42,137,067</b>	<b>\$ 60,482,961</b>

# City of Winston-Salem, North Carolina

## Combining Statement of Cash Flows

Internal Service Funds

For the Fiscal Year Ended June 30, 2018

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	<b>Central Warehouse</b>	<b>Fleet Services</b>	<b>Information Services</b>	<b>Workers' Compensation</b>
<b>Reconciliation of Cash and Cash Equivalents/Investments</b>				
Cash and investments - current	\$ 154,277	\$ 544,833	\$ 53,592	\$ 4,707,340
<b>Cash and cash equivalents/investments June 30</b>	<b>\$ 154,277</b>	<b>\$ 544,833</b>	<b>\$ 53,592</b>	<b>\$ 4,707,340</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>				
Operating income (loss)	\$ 79,364	\$ 171,292	\$ 245,444	\$ 1,411,463
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities				
Depreciation expense	13,790	476,913	683,814	-
Change in assets, deferred outflows of resources, liabilities, and deferred inflows of resources				
(Increase) decrease in receivables	337	-	-	-
(Increase) decrease in inventories	68,266	7,995	-	-
(Increase) decrease in deferred outflows of resources - pensions	-	109,622	303,369	18,656
Increase (decrease) in net pension liability	-	(103,068)	(285,229)	(17,540)
Increase (decrease) in net OPEB liability	(10,605)	(69,426)	(192,121)	(11,816)
Increase (decrease) in deferred inflows of resources - pensions	-	(9,202)	(25,466)	(1,566)
Increase (decrease) in deferred inflows of resources - OPEB	8,049	52,694	145,819	8,968
Increase (decrease) in accounts payable	(2,947)	(72,550)	(971)	27
Increase (decrease) in accrued payroll	656	2,429	5,298	410
Increase (decrease) in employee taxes and deductions	-	-	-	-
Increase (decrease) in unearned revenue	-	-	-	-
Increase (decrease) in accrued vacation	2,369	10,670	3,281	1,760
Increase (decrease) in claims payable	-	-	-	(252,545)
Increase (decrease) in contracts payable	-	4,399	149,864	-
Total adjustments	79,915	410,476	787,658	(253,646)
<b>Net cash provided (used) by operating activities</b>	<b>\$ 159,279</b>	<b>\$ 581,768</b>	<b>\$ 1,033,102</b>	<b>\$ 1,157,817</b>

### Noncash Investing, Capital, and Financing Activities

The City entered into leases for new property and equipment and incurred capital lease obligations of \$1,327,123 and \$1,070,403 during the years ended June 30, 2018, and 2017, respectively.

	<b>Health Benefits</b>	<b>Dental and Flex Benefits</b>	<b>Employee Benefits</b>	<b>Risk Acceptance Management Corporation</b>	<b>Total</b>
<b>Reconciliation of Cash and Cash Equivalents/Investments</b>					
Cash and investments - current	\$ 6,386,241	\$ 1,487,953	\$ 5,011,658	\$ 42,137,067	\$ 60,482,961
<b>Cash and cash equivalents/investments June 30</b>	<b>\$ 6,386,241</b>	<b>\$ 1,487,953</b>	<b>\$ 5,011,658</b>	<b>\$ 42,137,067</b>	<b>\$ 60,482,961</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>					
Operating income (loss)	\$ 1,339,173	\$ 475,509	\$ 448,935	\$ (2,286,371)	\$ 1,884,809
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities	-	-	797	-	1,175,314
Depreciation expense	-	-	797	-	1,175,314
Change in assets, deferred outflows of resources, and liabilities and deferred inflows of resources					
(Increase) decrease in receivables	-	-	-	(4,452)	(4,115)
(Increase) decrease in inventories	-	-	-	-	76,261
(Increase) decrease in deferred outflows of resources - pensions	10,447	-	-	-	442,094
Increase (decrease) in net pension liability	(9,822)	-	-	-	(415,659)
Increase (decrease) in net OPEB liability	(6,615)	-	-	-	(290,583)
Increase (decrease) in deferred inflows of resources - pensions	(877)	-	-	-	(37,111)
Increase (decrease) in deferred inflows of resources - OPEB	5,021	-	-	-	220,551
Increase (decrease) in accounts payable	(201,650)	(1,682)	79,289	7,862	(192,622)
Increase (decrease) in accrued payroll	1,534	-	-	-	10,327
Increase (decrease) in employee taxes and deductions	-	-	732,441	-	732,441
Increase (decrease) in unearned revenue	16,511	(253)	-	-	16,258
Increase (decrease) in accrued vacation	1,432	-	-	-	19,512
Increase (decrease) in claims payable	45,987	4,517	119,669	274,997	192,625
Increase (decrease) in contracts payable	-	-	-	-	154,263
Total adjustments	(138,032)	2,582	932,196	278,407	2,099,556
<b>Net cash provided (used) by operating activities</b>	<b>\$ 1,201,141</b>	<b>\$ 478,091</b>	<b>\$ 1,381,131</b>	<b>\$ (2,007,964)</b>	<b>\$ 3,984,365</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, 2018

Exhibit 45

	<b>Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Operating Revenues</b>			
Charges for services	\$ 332,730	\$ 434,195	\$ 101,465
Other	-	120	120
Total operating revenues	332,730	434,315	101,585
<b>Operating Expenditures</b>			
Personal services	227,090	262,274	(35,184)
Maintenance and operations	105,640	81,443	24,197
Total operating expenditures	332,730	343,717	(10,987)
Operating income (loss)	-	90,598	90,598
Change in net position - modified accrual basis	<b>\$ -</b>	<b>\$ 90,598</b>	<b>\$ 90,598</b>
<b>Reconciliation of Modified Accrual Basis to Full Accrual Basis</b>			
Change in Net Position - Modified Accrual Basis	\$ 90,598		
Depreciation	(13,790)		
(Increase) decrease in net OPEB liability	10,605		
(Increase) decrease in deferred inflows of resources - OPEB	(8,049)		
Change in Net Position - Full Accrual Basis	<b>\$ 79,364</b>		

# 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, 2018

Exhibit 46

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Operating Revenues</b>			
Charges for services	\$ 9,636,490	\$ 9,238,243	\$ (398,247)
Other	-	6	6
Total operating revenues	<u>9,636,490</u>	<u>9,238,249</u>	<u>(398,241)</u>
<b>Operating Expenditures</b>			
Personal services	1,695,050	1,718,898	(23,848)
Maintenance and operations	7,315,272	6,886,127	429,145
Capital Outlay	24,262	6,899	17,363
Total operating expenditures	<u>9,034,584</u>	<u>8,611,924</u>	<u>422,660</u>
Operating income (loss)	<u>601,906</u>	<u>626,325</u>	<u>24,419</u>
<b>Nonoperating Revenues (Expenditures)</b>			
Proceeds from sale of assets	-	71,181	71,181
Interest and fiscal charges	(81,240)	(77,770)	3,470
Principal retirement	(609,430)	(590,326)	19,104
Total nonoperating expenditures, net	<u>(690,670)</u>	<u>(596,915)</u>	<u>93,755</u>
Income (loss) before transfers	<u>(88,764)</u>	<u>29,410</u>	<u>118,174</u>
<b>Transfers In</b>			
General fund	(30,720)	(30,720)	-
Total transfers in	<u>(30,720)</u>	<u>(30,720)</u>	<u>-</u>
Change in net position - modified accrual basis	<u><b>\$ (119,484)</b></u>	<u><b>\$ (1,310)</b></u>	<u><b>\$ 118,174</b></u>
<b>Reconciliation of Modified Accrual Basis to Full Accrual Basis</b>			
Change in Net Position - Modified Accrual Basis	\$ (1,310)		
Depreciation	(476,913)		
Capital outlay	6,899		
Principal retirement	590,326		
Book value of disposed assets	(578)		
Increase in contracts payable	(4,399)		
Increase (decrease) in deferred outflows of resources - pensions	(109,622)		
(Increase) decrease in net pension liability	103,068		
(Increase) decrease in deferred inflows of resources - pensions	9,202		
(Increase) decrease in net OPEB liability	69,426		
(Increase) decrease in deferred inflows of resources - OPEB	(52,694)		
Change in Net Position - Full Accrual Basis	<u><b>\$ 133,405</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, 2018

Exhibit 47

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Operating Revenues</b>			
Charges for services	\$ 10,823,610	\$ 9,921,785	\$ (901,825)
Total operating revenues	10,823,610	9,921,785	(901,825)
<b>Operating Expenditures</b>			
Personal services	4,798,210	4,770,814	27,396
Maintenance and operations	5,735,481	4,125,477	1,610,004
Capital outlay	7,500	5,625	1,875
Total operating expenditures	<u>10,541,191</u>	<u>8,901,916</u>	<u>1,639,275</u>
Operating income (loss)	282,419	1,019,869	737,450
<b>Nonoperating Revenues (Expenditures)</b>			
Proceeds from sales of assets	-	880	880
Interest and fiscal charges	(212,930)	(86,682)	126,248
Principal retirement	<u>(1,175,080)</u>	<u>(580,556)</u>	<u>594,524</u>
Total nonoperating expenditures, net	<u>(1,388,010)</u>	<u>(666,358)</u>	<u>721,652</u>
Change in net position - modified accrual basis	<u><b>\$ (1,105,591)</b></u>	<u><b>\$ 353,511</b></u>	<u><b>\$ 1,459,102</b></u>
<b>Reconciliation of Modified Accrual Basis to Full Accrual Basis</b>			
Change in Net Position - Modified Accrual Basis	\$ 353,511		
Depreciation	(683,814)		
Capital outlay	5,625		
Principal retirement	580,556		
Book value of disposed assets	(14,729)		
Increase in contracts payable	(149,864)		
Increase (decrease) in deferred outflows of resources - pensions	(303,369)		
(Increase) decrease in net pension liability	285,229		
(Increase) decrease in deferred inflows of resources - pensions	25,466		
(Increase) decrease in net OPEB liability	192,121		
(Increase) decrease in deferred inflows of resources - OPEB	<u>(145,819)</u>		
Change in Net Position - Full Accrual Basis	<u><b>\$ 144,913</b></u>		

# 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, 2018

Exhibit 48

	<b>Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Operating Revenues</b>			
Charges for services	\$ 4,234,440	\$ 3,094,850	\$ (1,139,590)
Other	<u>573,920</u>	<u>606,138</u>	<u>32,218</u>
Total operating revenues	4,808,360	3,700,988	(1,107,372)
<b>Operating Expenditures</b>			
Personal services	333,000	333,743	(743)
Maintenance and operations	<u>4,376,410</u>	<u>1,959,080</u>	<u>2,417,330</u>
Total operating expenditures	4,709,410	2,292,823	2,416,587
Operating income (loss)	98,950	1,408,165	1,309,215
<b>Nonoperating Revenues (Expenditures)</b>			
Investment income	-	42,894	42,894
Total nonoperating revenues, net	<u>-</u>	<u>42,894</u>	<u>42,894</u>
Income (loss) before transfers	98,950	1,451,059	1,352,109
<b>Transfers Out</b>			
General fund	(98,950)	(98,950)	-
Total transfers out	<u>(98,950)</u>	<u>(98,950)</u>	<u>-</u>
Change in net position - modified accrual basis	<u>\$ -</u>	<u>\$ 1,352,109</u>	<u>\$ 1,352,109</u>
<b>Reconciliation of Modified Accrual Basis to Full Accrual Basis</b>			
Change in Net Position - Modified Accrual Basis		\$ 1,352,109	
Increase (decrease) in deferred outflows of resources - pensions		(18,656)	
(Increase) decrease in net pension liability		17,540	
(Increase) decrease in deferred inflows of resources - pensions		1,566	
(Increase) decrease in net OPEB liability		11,816	
(Increase) decrease in deferred inflows of resources - OPEB		(8,968)	
Change in Net Position - Full Accrual Basis		<u>\$ 1,355,407</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, 2018

Exhibit 49

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Operating Revenues</b>			
Charges for services	\$ 22,194,610	\$ 22,143,691	\$ (50,919)
Other	<u>320,000</u>	<u>759,221</u>	<u>439,221</u>
Total operating revenues	<u>22,514,610</u>	<u>22,902,912</u>	<u>388,302</u>
<b>Operating Expenditures</b>			
Personal services	173,610	163,608	10,002
Maintenance and operations	<u>22,375,058</u>	<u>21,401,977</u>	<u>973,081</u>
Total operating expenditures	<u>22,548,668</u>	<u>21,565,585</u>	<u>983,083</u>
Operating income (loss)	<u>(34,058)</u>	<u>1,337,327</u>	<u>1,371,385</u>
<b>Nonoperating Revenues (Expenditures)</b>			
Investment income	-	51,439	51,439
Total nonoperating revenues, net	<u>-</u>	<u>51,439</u>	<u>51,439</u>
Change in net position - modified accrual basis	<u><b>\$ (34,058)</b></u>	<u><b>\$ 1,388,766</b></u>	<u><b>\$ 1,422,824</b></u>
<b>Reconciliation of Modified Accrual Basis to Full Accrual Basis</b>			
Change in Net Position - Modified Accrual Basis		\$ 1,388,766	
Increase (decrease) in deferred outflows of resources - pensions		(10,447)	
(Increase) decrease in net pension liability		9,822	
(Increase) decrease in deferred inflows of resources - pensions		877	
(Increase) decrease in net OPEB liability		6,615	
(Increase) decrease in deferred inflows of resources - OPEB		<u>(5,021)</u>	
Change in Net Position - Full Accrual Basis		<u><b>\$ 1,390,612</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, 2018

Exhibit 50

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Operating Revenues</b>			
Charges for services	\$ 2,583,080	\$ 2,696,794	\$ 113,714
Total operating revenues	<u>2,583,080</u>	<u>2,696,794</u>	<u>113,714</u>
<b>Operating Expenditures</b>			
Maintenance and operations	2,193,480	2,221,285	(27,805)
Total operating expenditures	<u>2,193,480</u>	<u>2,221,285</u>	<u>(27,805)</u>
Operating income (loss)	389,600	475,509	85,909
<b>Nonoperating Revenues (Expenditures)</b>			
Investment income	-	13,157	13,157
Total nonoperating revenues, net	<u>-</u>	<u>13,157</u>	<u>13,157</u>
Change in net position - modified accrual basis	<u>\$ 389,600</u>	<u>\$ 488,666</u>	<u>\$ 99,066</u>
<b>Reconciliation of Modified Accrual Basis to Full Accrual Basis</b>			
Change in Net Position - Modified Accrual Basis		\$ 488,666	
Change in Net Position - Full Accrual Basis		<u>\$ 488,666</u>	

# 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, 2018

Exhibit 51

	<b>Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Operating Revenues</b>			
Charges for services	\$ 25,715,760	\$ 26,827,765	\$ 1,112,005
Other	53,070	53,096	26
Total operating revenues	<u>25,768,830</u>	<u>26,880,861</u>	<u>1,112,031</u>
<b>Operating Expenditures</b>			
Maintenance and operations	26,378,580	26,431,129	(52,549)
Total operating expenditures	<u>26,378,580</u>	<u>26,431,129</u>	<u>(52,549)</u>
Operating income (loss)	(609,750)	449,732	1,059,482
<b>Nonoperating Revenues (Expenditures)</b>			
Investment income	-	43,016	43,016
Total nonoperating revenues, net	-	43,016	43,016
Change in net position - modified accrual basis	<u>\$ (609,750)</u>	<u>\$ 492,748</u>	<u>\$ 1,102,498</u>
<b>Reconciliation of Modified Accrual Basis to Full Accrual Basis</b>			
Change in Net Position - Modified Accrual Basis		\$ 492,748	
Depreciation		(797)	
Change in Net Position - Full Accrual Basis		<u>\$ 491,951</u>	

# **Fiduciary Funds**

# City of Winston-Salem, North Carolina

## Combining Statement of Fiduciary Net Position

Fiduciary Funds  
June 30, 2018

Exhibit 52

	<b>Pension Trust Fund</b>	<b>Separation Allowance Trust Fund</b>	<b>Post-employment Benefits Trust Fund</b>	<b>Totals</b>
<b>Assets</b>				
Cash and cash equivalents/investments	\$ 159,101,398	\$ 10,254,316	\$ 69,537,611	\$ 238,893,325
<b>Total assets</b>	<u>159,101,398</u>	<u>10,254,316</u>	<u>69,537,611</u>	<u>238,893,325</u>
<b>Deferred Outflows of Resources</b>				
Pension deferrals	-	-	16,948	16,948
<b>Total deferred outflows of resources</b>	<u>-</u>	<u>-</u>	<u>16,948</u>	<u>16,948</u>
<b>Liabilities</b>				
Accounts payable	-	-	62,351	62,351
Accrued payroll	-	-	3,294	3,294
Accrued vacation	-	-	8,188	8,188
Unearned revenue	-	-	142,213	142,213
Net pension liability	-	-	20,619	20,619
Claims payable	-	-	1,069,536	1,069,536
<b>Total liabilities</b>	<u>-</u>	<u>-</u>	<u>1,306,201</u>	<u>1,306,201</u>
<b>Deferred Inflows of Resources</b>				
Pension deferrals	-	-	2,065	2,065
<b>Total deferred inflows of resources</b>	<u>-</u>	<u>-</u>	<u>2,065</u>	<u>2,065</u>
<b>Net Position</b>				
Restricted for pensions	159,101,398	10,254,316	-	169,355,714
Restricted for postemployment benefits other than pensions	-	-	68,246,293	68,246,293
<b>Total net position</b>	<u>\$ 159,101,398</u>	<u>\$ 10,254,316</u>	<u>\$ 68,246,293</u>	<u>\$ 237,602,007</u>

# City of Winston-Salem, North Carolina

## Combining Statement of Changes in Fiduciary Net Position

Fiduciary Funds

For the Fiscal Year Ended June 30, 2018

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	\$ 4,034,558	\$ 1,402,746	\$ 4,192,751	\$ 9,630,055
Plan members	<u>1,571,265</u>	<u>-</u>	<u>1,945,017</u>	<u>3,516,282</u>
Total contributions	5,605,823	1,402,746	6,137,768	13,146,337
Investment income (loss)				
Net appreciation in fair value	12,957,795	757,250	5,016,928	18,731,973
Interest and dividends	<u>2,955,161</u>	<u>185,615</u>	<u>1,291,704</u>	<u>4,432,480</u>
Total investment income (loss)	15,912,956	942,865	6,308,632	23,164,453
Less investment expense	<u>627,134</u>	<u>37,543</u>	<u>260,358</u>	<u>925,035</u>
Net investment income (loss)	15,285,822	905,322	6,048,274	22,239,418
Total additions	20,891,645	2,308,068	12,186,042	35,385,755
<b>Deductions</b>				
Benefits	10,772,641	1,854,762	7,897,384	20,524,787
Refund of contributions	<u>164,393</u>	<u>-</u>	<u>-</u>	<u>164,393</u>
Administrative expense	<u>104,951</u>	<u>6,884</u>	<u>128,708</u>	<u>240,543</u>
Total deductions	11,041,985	1,861,646	8,026,092	20,929,723
Net increase (decrease) in net position	9,849,660	446,422	4,159,950	14,456,032
Net position - beginning	<u>149,251,738</u>	<u>9,807,894</u>	<u>64,086,343</u>	<u>223,145,975</u>
<b>Net position - ending</b>	<b>\$159,101,398</b>	<b>\$10,254,316</b>	<b>\$ 68,246,293</b>	<b>\$ 237,602,007</b>



# **Schedule of General Obligation Bonded Debt**

# City of Winston-Salem, North Carolina

## Schedule of General Obligation Bonded Debt

June 30, 2018

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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>					
Recreation, safety & streets	06/26/08	06/01/28	3.50 - 5.00%	\$ 5,105,000	\$ 1,600,000
Refunding	05/28/09	06/01/21	3.50 - 4.50%	8,435,000	6,415,000
Recreation, safety & streets	02/02/10	06/01/32	3.10 - 6.10%	4,785,000	1,195,000
Refunding	02/03/10	06/01/24	2.25 - 5.00%	24,750,000	9,320,000
Development & streets	06/29/10	06/01/32	3.16 - 5.65%	8,700,000	825,000
Recreation, safety & streets	06/20/12	06/01/32	2.00 - 3.00%	2,955,000	750,000
Refunding	06/21/12	06/01/26	2.00 - 5.00%	14,255,000	3,170,000
Recreation, safety & streets	06/26/14	06/01/31	2.00 - 4.00%	3,945,000	600,000
Public improvement, recreation & streets	04/05/16	06/01/36	2.00 - 3.00%	3,810,000	130,000
Development, recreation, safety & streets	04/06/16	06/01/36	3.00 - 5.00%	47,820,000	-
Development and housing	04/06/16	06/01/20	1.25 - 2.00%	6,845,000	1,750,000
Refunding	04/06/16	06/01/28	3.00 - 5.00%	12,655,000	-
Public improvement, recreation & streets	07/11/17	06/01/37	2.00 - 5.00%	-	-
Public improvement, recreation, streets & housing	07/12/17	06/01/37	3.00 - 5.00%	-	-
Development	07/12/17	06/01/20	1.50 - 1.70%	-	-
Total General Obligation Bonded Debt				<b>\$ 144,060,000</b>	<b>\$ 25,755,000</b>

Exhibit 54

	Principal Balance <u>June 30, 2017</u>	Fiscal Year 2017-18		Principal Balance <u>June 30, 2018</u>	Debt Service Requirement Fiscal Year 2018-19			Principal Balance <u>June 30, 2019</u>
		Retirements	Additions		Principal	Interest	Total	
\$ 3,505,000	\$ 200,000	\$ -	\$ 3,305,000	\$ 200,000	\$ 134,775	\$ 334,775	\$ 3,105,000	
2,020,000	390,000	-	1,630,000	550,000	73,350	623,350	1,080,000	
3,590,000	240,000	-	3,350,000	240,000	180,762	420,762	3,110,000	
15,430,000	1,925,000	-	13,505,000	2,005,000	619,363	2,624,363	11,500,000	
7,875,000	525,000	-	7,350,000	525,000	274,220	799,220	6,825,000	
2,205,000	150,000	-	2,055,000	150,000	52,881	202,881	1,905,000	
11,085,000	1,065,000	-	10,020,000	1,085,000	447,400	1,532,400	8,935,000	
3,345,000	200,000	-	3,145,000	200,000	112,782	312,782	2,945,000	
3,680,000	135,000	-	3,545,000	140,000	98,950	238,950	3,405,000	
47,820,000	-	-	47,820,000	-	1,841,500	1,841,500	47,820,000	
5,095,000	1,785,000	-	3,310,000	1,825,000	45,088	1,870,088	1,485,000	
12,655,000	955,000	-	11,700,000	1,010,000	403,500	1,413,500	10,690,000	
-	-	4,775,000	4,775,000	175,000	179,750	354,750	4,600,000	
-	-	54,690,000	54,690,000	-	2,142,200	2,142,200	54,690,000	
-	-	4,340,000	4,340,000	2,155,000	69,470	2,224,470	2,185,000	
<b>\$ 118,305,000</b>	<b>\$7,570,000</b>	<b>\$63,805,000</b>	<b>\$ 174,540,000</b>	<b>\$ 10,260,000</b>	<b>\$6,675,991</b>	<b>\$ 16,935,991</b>	<b>\$ 164,280,000</b>	



# Statistical Section

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**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)

	<b>Fiscal Year</b>				
	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
<b>Governmental activities</b>					
Net investment in capital assets	\$ 166,252,662	\$ 164,415,590	\$ 153,711,370	\$ 131,696,233	\$ 146,689,379
Restricted	69,502,473	65,111,085	120,600,038	76,643,528	51,508,979
Unrestricted	<u>41,526,432</u>	<u>51,074,905</u>	<u>31,498,836</u>	<u>85,333,859</u>	<u>118,607,260</u>
Total governmental activities net position	<u>277,281,567</u>	<u>280,601,580</u>	<u>305,810,244</u>	<u>293,673,620</u>	<u>316,805,618</u>
<b>Business-type activities</b>					
Net investment in capital assets	507,218,169	483,821,989	473,054,885	419,642,228	425,441,820
Restricted	-	-	-	-	-
Unrestricted	<u>204,209,597</u>	<u>182,382,886</u>	<u>163,448,423</u>	<u>185,351,836</u>	<u>158,045,211</u>
Total business-type activities net position	<u>711,427,766</u>	<u>666,204,875</u>	<u>636,503,308</u>	<u>604,994,064</u>	<u>583,487,031</u>
<b>Primary government</b>					
Net investment in capital assets	673,470,831	648,237,579	626,766,255	551,338,461	572,131,199
Restricted	69,502,473	65,111,085	120,600,038	76,643,528	51,508,979
Unrestricted	<u>245,736,029</u>	<u>233,457,791</u>	<u>194,947,259</u>	<u>270,685,695</u>	<u>276,652,471</u>
Total primary government net position	<u>\$ 988,709,333</u>	<u>\$ 946,806,455</u>	<u>\$ 942,313,552</u>	<u>\$ 898,667,684</u>	<u>\$ 900,292,649</u>

Table 1

	<b>Fiscal Year</b>				
	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>
<b>Governmental activities</b>					
Net investment in capital assets	\$ 141,199,241	\$ 119,794,900	\$ 112,229,194	\$ 70,878,714	\$ 72,161,971
Restricted	54,487,652	67,129,762	49,612,189	125,190,663	105,663,336
Unrestricted	105,678,364	114,210,724	143,127,685	103,426,327	98,651,228
Total governmental activities net position	<u>301,365,257</u>	<u>301,135,386</u>	<u>304,969,068</u>	<u>299,495,704</u>	<u>276,476,535</u>
<b>Business-type activities</b>					
Net investment in capital assets	424,958,508	426,345,420	421,120,171	412,640,793	364,360,717
Restricted	-	-	-	-	-
Unrestricted	139,592,846	118,457,910	120,888,204	103,352,017	116,165,113
Total business-type activities net position	<u>564,551,354</u>	<u>544,803,330</u>	<u>542,008,375</u>	<u>515,992,810</u>	<u>480,525,830</u>
<b>Primary government</b>					
Net investment in capital assets	566,157,749	546,140,320	533,349,365	483,519,507	436,522,688
Restricted	54,487,652	67,129,762	49,612,189	125,190,663	105,663,336
Unrestricted	245,271,210	232,668,634	264,015,889	206,778,344	214,816,341
Total primary government net position	<u>\$ 865,916,611</u>	<u>\$ 845,938,716</u>	<u>\$ 846,977,443</u>	<u>\$ 815,488,514</u>	<u>\$ 757,002,365</u>

# City of Winston-Salem, North Carolina

## Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

	<b>Fiscal Year</b>				
	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
<b>Expenses</b>					
Governmental activities:					
General government <sup>(2)</sup>	\$ 32,345,702	\$ 32,646,249	\$ 30,553,493	\$ 28,112,510	\$ 30,214,307
Public protection	108,272,672	106,739,938	100,928,955	91,609,111	91,570,853
Environmental health	19,666,634	17,720,245	17,002,328	16,270,988	17,082,112
Transportation <sup>(3)</sup>	19,935,391	20,544,652	20,025,048	21,006,107	19,891,162
Culture and recreation	13,191,936	12,069,446	11,751,922	10,835,392	18,849,037
Community and economic development	23,993,835	36,064,551	21,981,252	19,105,095	20,425,689
Human resources	-	-	-	-	-
Interest and fiscal charges	12,828,440	10,191,248	7,937,451	9,807,798	9,357,090
<b>Total governmental activities</b>	<b>230,234,610</b>	<b>235,976,329</b>	<b>210,180,449</b>	<b>196,747,001</b>	<b>207,390,250</b>
Business-type activities:					
Water and sewer utility	88,763,212	87,583,208	82,994,364	81,924,268	81,004,734
Solid waste disposal	12,159,440	13,579,703	10,717,746	10,288,446	10,460,084
Cemeteries <sup>(2)</sup>	-	-	-	-	531,689
Stormwater management	7,112,538	11,675,062	6,081,683	5,541,532	5,235,017
Parking	1,537,324	1,647,350	3,568,917	1,863,836	1,989,466
Transit Authority <sup>(3)</sup>	19,691,541	18,890,589	17,142,451	16,222,267	15,708,892
Public assembly facilities management <sup>(1)</sup>	8,939,682	7,761,968	7,261,379	7,405,950	13,426,524
Fairgrounds <sup>(1)</sup>	-	-	-	-	-
Risk Acceptance Management Corporation	3,351,881	2,628,391	2,326,714	4,350,212	2,899,891
<b>Total business-type activities</b>	<b>141,555,618</b>	<b>143,766,271</b>	<b>130,093,254</b>	<b>127,596,511</b>	<b>131,256,297</b>
<b>Total primary government expenses</b>	<b>\$ 371,790,228</b>	<b>\$ 379,742,600</b>	<b>\$ 340,273,703</b>	<b>\$ 324,343,512</b>	<b>\$ 338,646,547</b>

**Note:**

<sup>(1)</sup> The City began reporting the Fairgrounds fund under Public Assembly Facilities fund in fiscal year 2014.

<sup>(2)</sup> 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.

<sup>(3)</sup> 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

	Fiscal Year				
	2013	2012	2011	2010	2009
<b>Expenses</b>					
Governmental activities:					
General government <sup>(2)</sup>	\$ 29,878,464	\$ 30,826,362	\$ 25,863,974	\$ 31,112,684	\$ 31,861,386
Public protection	89,546,660	92,893,826	88,345,715	86,959,530	83,881,733
Environmental health	16,392,374	21,879,464	19,802,775	18,176,679	18,703,681
Transportation <sup>(3)</sup>	19,590,102	19,921,948	20,247,213	19,070,043	19,578,168
Culture and recreation	11,032,000	11,352,616	14,726,817	14,223,055	17,574,870
Community and economic development	26,710,224	26,234,472	21,547,974	23,765,001	30,308,169
Human resources	1,272,381	982,212	979,962	1,091,513	1,153,345
Interest and fiscal charges	8,859,221	10,310,723	10,792,984	10,585,491	11,944,735
<b>Total governmental activities</b>	<b>203,281,426</b>	<b>214,401,623</b>	<b>202,307,414</b>	<b>204,983,996</b>	<b>215,006,087</b>
Business-type activities:					
Water and sewer utility	82,284,238	79,831,158	72,104,831	69,659,844	71,705,131
Solid waste disposal	9,838,309	10,967,977	9,237,164	9,098,218	9,563,922
Cemeteries <sup>(2)</sup>	541,624	493,457	546,574	500,302	536,961
Stormwater management	5,111,976	5,082,522	4,999,077	4,880,855	5,167,475
Parking	2,966,592	2,884,554	3,057,649	3,382,991	3,326,812
Transit Authority <sup>(3)</sup>	15,111,260	15,102,017	14,839,089	13,521,352	12,982,406
Public assembly facilities management <sup>(1)</sup>	8,651,527	8,523,769	8,999,990	8,415,024	7,682,326
Fairgrounds <sup>(1)</sup>	2,153,200	2,125,913	1,969,856	1,907,544	2,095,933
Risk Acceptance Management Corporation	2,918,970	2,951,448	2,753,290	3,013,272	2,776,167
<b>Total business-type activities</b>	<b>129,577,696</b>	<b>127,962,815</b>	<b>118,507,520</b>	<b>114,379,402</b>	<b>115,837,133</b>
<b>Total primary government expenses</b>	<b>\$ 332,859,122</b>	<b>\$ 342,364,438</b>	<b>\$ 320,814,934</b>	<b>\$ 319,363,398</b>	<b>\$ 330,843,220</b>

# City of Winston-Salem, North Carolina

## Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

	<b>Fiscal Year</b>				
	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
<b>Program Revenues</b>					
Governmental activities:					
Charges for services					
General government <sup>(2)</sup>	\$ 17,411,013	\$ 20,112,693	\$ 17,938,963	\$ 20,515,345	\$ 20,756,381
Public protection	5,248,085	4,236,530	3,861,336	3,808,576	3,834,986
Environmental health	2,296,645	2,306,884	2,285,788	2,425,703	2,287,169
Transportation <sup>(3)</sup>	5,152,192	3,632,920	2,591,367	3,325,676	5,342,862
Culture and recreation	1,281,661	953,931	1,010,177	1,458,330	19,390
Community and economic development	6,985,681	6,869,820	6,464,175	6,293,171	8,144,703
Human resources	-	-	-	-	-
Operating Grants and Contributions	17,446,122	18,328,564	15,560,775	15,607,683	13,436,029
Capital Grants and Contributions	2,753,420	3,408,596	2,527,339	3,265,941	6,858,599
Total governmental activities	<u>58,574,819</u>	<u>59,849,938</u>	<u>52,239,920</u>	<u>56,700,425</u>	<u>60,680,119</u>
Business-type activities:					
Charges for Services					
Water and sewer utility	109,226,819	104,398,204	100,834,307	93,221,504	86,858,828
Solid waste disposal	11,472,389	10,510,422	10,575,534	9,382,726	10,372,085
Cemeteries <sup>(2)</sup>	-	-	-	-	469,031
Stormwater management	10,939,477	10,822,681	10,715,512	10,539,003	10,523,395
Parking	826,606	745,034	1,196,763	1,178,191	1,113,134
Transit Authority <sup>(3)</sup>	2,068,708	2,078,733	2,543,903	2,670,064	2,665,718
Public assembly facilities management <sup>(1)</sup>	6,145,508	5,826,359	5,500,973	9,765,453	6,330,938
Fairgrounds <sup>(1)</sup>	-	-	-	-	-
Risk Acceptance Management Corporation	1,065,510	1,044,620	1,166,490	115,235	3,162,985
Operating Grants and Contributions	11,683,732	8,795,420	8,481,848	8,261,599	8,227,850
Capital Grants and Contributions	10,209,381	5,899,105	11,496,645	3,177,283	5,449,000
Total business-type activities	<u>163,638,130</u>	<u>150,120,578</u>	<u>152,511,975</u>	<u>138,311,058</u>	<u>135,172,964</u>
Total primary government program revenues	<u>222,212,949</u>	<u>209,970,516</u>	<u>204,751,895</u>	<u>195,011,483</u>	<u>195,853,083</u>
<b>Net (Expense) Revenue</b>					
Governmental activities	(171,659,791)	(176,126,391)	(157,940,529)	(140,046,576)	(146,710,131)
Business activities	22,082,512	6,354,307	22,418,721	10,714,547	3,916,667
<b>Total primary government net expense</b>	<b><u>\$ (149,577,279)</u></b>	<b><u>\$ (169,772,084)</u></b>	<b><u>\$ (135,521,808)</u></b>	<b><u>\$ (129,332,029)</u></b>	<b><u>\$ (142,793,464)</u></b>

**Note:**

<sup>(1)</sup> The City began reporting the Fairgrounds fund under Public Assembly Facilities fund in fiscal year 2014.

<sup>(2)</sup> 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.

<sup>(3)</sup> 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

	Fiscal Year				
	2013	2012	2011	2010	2009
<b>Program Revenues</b>					
Governmental activities:					
Charges for services					
General government <sup>(2)</sup>	\$ 20,639,880	\$ 20,594,448	\$ 14,932,321	\$ 27,071,487	\$ 26,652,466
Public protection	4,839,089	4,815,442	3,191,079	2,326,590	1,700,590
Environmental health	2,401,552	2,469,228	2,629,275	2,666,791	2,535,948
Transportation <sup>(3)</sup>	2,960,865	2,943,837	3,254,348	2,639,018	3,298,243
Culture and recreation	1,344,718	1,386,311	1,733,428	2,075,546	1,996,769
Community and economic development	6,310,304	8,864,027	7,949,321	22,446,217	7,915,373
Human resources	28,860	20,660	22,968	13,374	14,550
Operating Grants and Contributions	15,823,980	18,822,717	19,024,711	18,672,271	19,648,565
Capital Grants and Contributions	6,494,625	3,375,834	5,818,688	2,631,592	709,648
Total governmental activities	<u>60,843,873</u>	<u>63,292,504</u>	<u>58,556,139</u>	<u>80,542,886</u>	<u>64,472,152</u>
Business-type activities:					
Charges for Services					
Water and sewer utility	82,419,164	76,744,707	70,538,136	66,598,885	61,627,076
Solid waste disposal	9,401,535	9,283,681	9,877,757	10,560,197	10,612,828
Cemeteries <sup>(2)</sup>	475,801	433,227	416,250	450,414	433,704
Stormwater management	10,380,993	10,322,694	10,108,165	10,900,058	10,456,955
Parking	1,236,834	2,115,133	2,151,556	1,875,815	1,843,874
Transit Authority <sup>(3)</sup>	2,961,578	3,104,580	2,937,978	2,813,545	2,986,463
Public assembly facilities management <sup>(1)</sup>	5,984,124	5,777,414	5,584,309	5,056,454	3,903,511
Fairgrounds <sup>(1)</sup>	2,532,255	2,850,289	2,784,941	2,488,970	2,468,397
Risk Acceptance Management Corporation	3,176,160	3,125,164	3,050,190	3,010,197	3,247,726
Operating Grants and Contributions	7,781,963	7,851,935	7,225,169	6,647,268	10,040,806
Capital Grants and Contributions	11,097,255	5,486,083	12,476,689	25,382,634	6,801,530
Total business-type activities	<u>137,447,662</u>	<u>127,094,907</u>	<u>127,151,140</u>	<u>135,784,437</u>	<u>114,422,870</u>
Total primary government program revenues	<u>198,291,535</u>	<u>190,387,411</u>	<u>185,707,279</u>	<u>216,327,323</u>	<u>178,895,022</u>
<b>Net (Expense) Revenue</b>					
Governmental activities	(142,437,553)	(151,109,119)	(143,751,275)	(124,441,110)	(150,533,935)
Business activities	7,869,966	(867,908)	8,643,620	21,405,035	(1,414,263)
<b>Total primary government net expense</b>	<b><u>\$134,567,587</u></b>	<b><u>\$(151,977,027)</u></b>	<b><u>\$(135,107,655)</u></b>	<b><u>\$(103,036,075)</u></b>	<b><u>\$(151,948,198)</u></b>

# City of Winston-Salem, North Carolina

## General Revenues and Total Change in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

	<b>Fiscal Year</b>				
	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
<b>Net (Expense)/Revenue</b>					
Governmental activities	\$ (171,659,791)	\$ (176,126,391)	\$ (157,940,529)	\$ (140,046,576)	\$ (146,710,131)
Business-type activities	22,082,512	6,354,307	22,418,721	10,714,547	3,916,667
Total primary government expense	<u>\$ (149,577,279)</u>	<u>\$ (169,772,084)</u>	<u>\$ (135,521,808)</u>	<u>\$ (129,332,029)</u>	<u>\$ (142,793,464)</u>
<b>General Revenues and Other Changes in Net Position</b>					
Governmental activities:					
Taxes					
Property taxes	\$ 121,372,562	\$ 114,867,555	\$ 109,495,096	\$ 101,672,305	\$ 108,353,348
Sales taxes	42,370,619	39,983,759	37,612,657	35,396,961	30,667,850
Gross receipt taxes	340,841	367,339	310,924	336,466	234,853
Occupancy taxes	842,962	783,673	738,282	676,361	606,076
Beer and wine excise-state	1,042,116	1,081,299	1,046,536	1,123,316	1,020,227
Telecommunications sales tax <sup>(3)</sup>	1,915,819	2,112,407	2,129,618	2,434,801	-
Utilities sales tax <sup>(3)</sup>	13,329,176	13,131,269	13,642,565	11,628,161	-
Piped natural gas sales tax <sup>(3)</sup>	862,091	673,437	618,280	874,111	-
Video programming tax <sup>(3)</sup>	2,170,118	2,224,104	2,211,617	2,299,732	-
Franchise taxes <sup>(3)</sup>	-	-	-	-	14,630,204
Payments in lieu of taxes	273,215	272,227	252,827	215,901	213,596
ABC store allocations	1,566,167	1,524,244	1,290,517	1,071,106	1,278,470
Federal bond interest subsidy	-	-	-	-	269,859
Hold harmless	-	-	-	-	1,032,842
Investment income (loss)	2,901,158	1,369,676	989,065	713,752	1,651,593
Transfers					
Government-wide	(1,708,484)	770,910	(260,831)	280,537	2,191,574
Fiduciary funds	-	-	-	-	-
Total governmental activities expenses	<u>187,278,360</u>	<u>179,161,899</u>	<u>170,077,153</u>	<u>158,723,510</u>	<u>162,150,492</u>
Business-type activities:					
Property taxes	10,434,990	7,176,905	7,090,014	6,889,480	-
Investment income (loss)	14,479,474	16,941,265	1,739,678	4,681,987	17,210,584
Transfers					
Government-wide	1,708,484	(770,910)	260,831	(280,537)	(2,191,574)
Total business-type activities expenses	<u>26,622,948</u>	<u>23,347,260</u>	<u>9,090,523</u>	<u>11,290,930</u>	<u>15,019,010</u>
Total primary government	<u>213,901,308</u>	<u>202,509,159</u>	<u>179,167,676</u>	<u>170,014,440</u>	<u>177,169,502</u>
<b>Change in Net Position</b>					
Governmental activities	15,618,569	3,035,508	12,136,624	18,676,934	15,440,361
Business-type activities	48,705,460	29,701,567	31,509,244	22,005,477	18,935,677
Total primary government program revenues	<u>\$ 64,324,029</u>	<u>\$ 32,737,075</u>	<u>\$ 43,645,868</u>	<u>\$ 40,682,411</u>	<u>\$ 34,376,038</u>

**Note:**

<sup>(1)</sup> 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.

<sup>(2)</sup> 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.

<sup>(3)</sup> 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

	Fiscal Year				
	2013	2012	2011	2010	2009
<b>Net (Expense)/Revenue</b>					
Governmental activities	\$ (142,437,553)	\$(151,109,119)	\$ (143,751,275)	\$ (124,441,110)	\$ (150,533,935)
Business-type activities	7,869,966	(867,908)	8,643,620	21,405,035	(1,414,263)
Total primary government expense	<u>\$ (134,567,587)</u>	<u>\$(151,977,027)</u>	<u>\$ (135,107,655)</u>	<u>\$ (103,036,075)</u>	<u>\$ (151,948,198)</u>
<b>General Revenues and Other Changes in Net Position</b>					
Governmental activities:					
Taxes					
Property taxes	\$ 106,788,582	\$ 100,684,658	\$ 101,095,371	\$ 100,076,751	\$ 98,208,818
Sales taxes	29,756,682	29,472,383	26,862,502	27,234,010	28,630,607
Gross receipt taxes	239,909	229,864	229,828	170,888	163,386
Occupancy taxes	559,261	533,214	480,000	435,758	480,226
Beer and wine excise-state	937,270	998,021	1,036,067	325,842	1,009,971
Telecommunications sales tax <sup>(3)</sup>	-	-	-	-	-
Utilities sales tax <sup>(3)</sup>	-	-	-	-	-
Piped natural gas sales tax <sup>(3)</sup>	-	-	-	-	-
Video programming tax <sup>(3)</sup>	-	-	-	-	-
Franchise taxes <sup>(3)</sup>	14,677,580	14,161,273	14,350,645	14,349,799	14,019,735
Payments in lieu of taxes	195,035	201,035	170,581	182,088	170,550
ABC store allocations	1,152,220	1,082,666	860,254	885,644	970,526
Federal bond interest subsidy	280,368	293,118	278,339	34,077	-
Hold harmless	1,985,802	2,336,010	2,694,521	2,692,978	1,958,533
Investment income (loss)	1,738,118	928,392	2,208,097	3,229,964	(450,329)
Transfers					
Government-wide	(5,185,574)	(3,645,197)	(1,041,566)	(2,157,520)	3,135,376
Fiduciary funds	(8,500,000)	-	-	-	-
Total governmental activities expenses	<u>144,625,253</u>	<u>147,275,437</u>	<u>149,224,639</u>	<u>147,460,279</u>	<u>148,297,399</u>
Business-type activities:					
Property taxes	-	-	-	-	-
Investment income (loss)	11,381,805	17,666	16,330,379	11,904,425	(12,548,089)
Transfers					
Government-wide	5,185,574	3,645,197	1,041,566	2,157,520	(3,135,376)
Total business-type activities expenses	<u>16,567,379</u>	<u>3,662,863</u>	<u>17,371,945</u>	<u>14,061,945</u>	<u>(15,683,465)</u>
Total primary government	<u>161,192,632</u>	<u>150,938,300</u>	<u>166,596,584</u>	<u>161,522,224</u>	<u>132,613,934</u>
<b>Change in Net Position</b>					
Governmental activities	2,187,700	(3,833,682)	5,473,364	23,019,169	(2,236,536)
Business-type activities	24,437,345	2,794,955	26,015,565	35,466,980	(17,097,728)
Total primary government program revenues	<u>\$ 26,625,045</u>	<u>\$ (1,038,727)</u>	<u>\$ 31,488,929</u>	<u>\$ 58,486,149</u>	<u>\$ (19,334,264)</u>

# City of Winston-Salem, North Carolina

## Program Revenues by Function/Program

Last Ten Fiscal Years

(accrual basis of accounting)

Function/Program	Fiscal Year				
	2018	2017	2016	2015	2014
<b>Governmental activities:</b>					
<b>General government <sup>(2)</sup></b>					
General government	\$ 18,666,497	\$ 21,363,164	\$ 19,085,167	\$ 21,556,561	\$ 20,756,381
Public protection	6,671,673	5,101,718	5,178,752	4,780,230	5,835,183
Environmental health	2,296,645	2,378,167	2,546,196	2,896,308	2,416,229
Transportation <sup>(3)</sup>	15,758,835	13,696,353	13,006,388	14,772,541	17,882,578
Culture and recreation	1,281,661	1,673,931	1,010,177	1,458,330	19,390
Community and economic development	13,899,508	15,636,605	11,413,240	11,236,455	13,770,358
Human resources	-	-	-	-	-
Total governmental activities	<u>58,574,819</u>	<u>59,849,938</u>	<u>52,239,920</u>	<u>56,700,425</u>	<u>60,680,119</u>
<b>Business-type activities:</b>					
Water and sewer utility	123,077,090	109,977,029	105,365,491	97,416,530	89,174,025
Solid waste disposal	13,082,714	11,434,616	11,540,453	10,284,939	11,287,403
Cemeteries <sup>(2)</sup>	-	-	-	-	469,031
Stormwater management	11,108,011	10,975,967	11,001,768	10,616,379	10,570,348
Parking	1,218,399	1,180,382	1,632,111	1,604,832	1,543,574
Transit Authority <sup>(3)</sup>	7,940,898	9,683,642	16,251,424	8,440,319	11,278,044
Public assembly facilities management <sup>(1)</sup>	6,145,508	5,834,322	5,554,238	9,832,824	7,687,554
Fairgrounds <sup>(1)</sup>	-	-	-	-	-
Risk Acceptance Management Corporation	<u>1,065,510</u>	<u>1,044,620</u>	<u>1,166,490</u>	<u>115,235</u>	<u>3,162,985</u>
Subtotal business-type activities	<u>163,638,130</u>	<u>150,130,578</u>	<u>152,511,975</u>	<u>138,311,058</u>	<u>135,172,964</u>
<b>Total primary government</b>	<b><u>\$ 222,212,949</u></b>	<b><u>\$ 209,980,516</u></b>	<b><u>\$ 204,751,895</u></b>	<b><u>\$ 195,011,483</u></b>	<b><u>\$ 195,853,083</u></b>

**Note:**

<sup>(1)</sup> The City began reporting the Fairgrounds fund under Public Assembly Facilities fund in fiscal year 2014.

<sup>(2)</sup> 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.

<sup>(3)</sup> 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>Function/Program</b>	<b>Fiscal Year</b>				
	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>
<b>Governmental activities:</b>					
<b>General government</b>					
General government <sup>(2)</sup>	\$ 20,825,294	\$ 20,881,590	\$ 15,202,619	\$ 27,123,877	\$ 26,654,346
Public protection	8,270,359	9,395,896	10,387,601	5,137,558	2,853,430
Environmental health	2,985,361	3,514,306	3,063,178	2,728,810	2,535,948
Transportation <sup>(3)</sup>	13,205,658	11,237,275	13,734,741	12,902,376	11,820,033
Culture and recreation	1,978,707	1,947,342	2,030,193	2,094,664	2,000,469
Community and economic development	13,549,634	16,295,435	14,114,839	30,542,227	18,593,376
Human resources	28,860	20,660	22,968	13,374	14,550
Total governmental activities	60,843,873	63,292,504	58,556,139	80,542,886	64,472,152
<b>Business-type activities:</b>					
<b>Water and sewer utility</b>					
Water and sewer utility	91,296,929	83,361,799	76,732,215	71,357,873	67,466,014
Solid waste disposal	10,179,220	10,146,254	10,624,729	11,217,617	11,150,154
Cemeteries <sup>(2)</sup>	475,801	434,652	436,102	450,414	433,704
Stormwater management	13,616,589	10,494,267	10,353,648	10,944,378	10,796,962
Parking	1,841,864	2,561,886	2,617,934	2,339,601	2,323,055
Transit Authority <sup>(3)</sup>	8,307,220	8,341,182	14,966,957	16,813,820	8,627,155
Public assembly facilities management <sup>(1)</sup>	6,021,624	5,779,414	5,584,424	17,161,567	7,909,703
Fairgrounds <sup>(1)</sup>	2,532,255	2,850,289	2,784,941	2,488,970	2,468,397
Risk Acceptance Management Corporation	3,176,160	3,125,164	3,050,190	3,010,197	3,247,726
Subtotal business-type activities	137,447,662	127,094,907	127,151,140	135,784,437	114,422,870
<b>Total primary government</b>	<b>\$ 198,291,535</b>	<b>\$ 190,387,411</b>	<b>\$ 185,707,279</b>	<b>\$ 216,327,323</b>	<b>\$ 178,895,022</b>

# City of Winston-Salem, North Carolina

## Fund Balances, Governmental Funds

Last Ten Fiscal Years

(accrual basis of accounting)

	<b>Fiscal Year</b>				
	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
<b>General Fund</b>					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-	-
Nonspendable	1,314,636	1,272,235	1,109,012	1,181,005	237,306
Restricted	22,168,518	20,973,482	22,559,689	17,368,209	14,497,467
Assigned	2,000,000	2,035,000	4,365,350	2,879,210	4,325,000
Unassigned	24,697,951	25,273,474	23,403,739	29,673,717	26,906,450
Total general fund	<u>\$ 50,181,105</u>	<u>\$ 49,554,191</u>	<u>\$ 51,437,790</u>	<u>\$ 51,102,141</u>	<u>\$ 45,966,223</u>
<b>All Other Governmental Funds</b>					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:					
Debt service fund	-	-	-	-	-
Community and economic fund	-	-	-	-	-
Nonspendable	4,737,641	4,415,950	33,763,623	32,952,496	3,947,208
Restricted	98,016,939	45,903,851	140,896,415	57,947,312	37,248,597
Committed	66,031,761	56,047,230	13,378,770	53,126,687	51,748,213
Unassigned	(367,477)	-	(9,144,109)	(3,316,322)	(2,606,931)
Total all other governmental funds	<u>\$ 168,418,864</u>	<u>\$ 106,367,031</u>	<u>\$ 178,894,699</u>	<u>\$ 140,710,173</u>	<u>\$ 90,337,087</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>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>
<b>General Fund</b>					
Reserved	\$ -	\$ -	\$ -	\$ 14,996,236	\$ 13,179,157
Unreserved	-	-	-	25,343,504	24,017,078
Nonspendable	275,409	320,454	326,756	-	-
Restricted	12,937,795	13,959,171	10,794,412	-	-
Assigned	2,208,440	3,000,000	1,971,380	-	-
Unassigned	31,777,615	27,273,799	30,260,159	-	-
Total general fund	<u>\$ 47,199,259</u>	<u>\$ 44,553,424</u>	<u>\$ 43,352,707</u>	<u>\$ 40,339,740</u>	<u>\$ 37,196,235</u>
<b>All Other Governmental Funds</b>					
Reserved	\$ -	\$ -	\$ -	\$ 110,177,862	\$ 86,006,372
Unreserved, reported in:					
Debt service fund	-	-	-	7,986,653	7,066,182
Community and economic fund	-	-	-	-	(600)
Nonspendable	3,417,887	3,103,747	3,150,703	-	-
Restricted	41,903,197	60,247,815	50,760,360	-	-
Committed	35,922,200	45,198,777	67,156,849	-	-
Unassigned	(5,233,280)	(6,389,556)	(5,925,975)	-	-
Total all other governmental funds	<u>\$ 76,010,004</u>	<u>\$ 102,160,783</u>	<u>\$ 115,141,937</u>	<u>\$ 118,164,515</u>	<u>\$ 93,071,954</u>

# City of Winston-Salem, North Carolina

## Changes in Fund Balances, Governmental Funds

Last Ten Fiscal Years

(accrual basis of accounting)

	<b>Fiscal Year</b>				
	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
<b>Revenues</b>					
Taxes	\$164,925,559	\$156,135,468	\$148,399,035	\$138,451,639	\$140,258,130
Licenses and permits	6,658,529	6,609,148	6,296,921	8,630,553	8,634,524
Intergovernmental	41,359,369	42,757,909	39,280,074	38,521,025	38,739,826
Investment income (loss)	2,750,652	1,293,820	774,261	612,256	1,396,715
Charges for services	19,104,518	19,472,969	18,282,372	18,792,591	18,416,380
Capital lease charges	1,147,013	1,181,191	992,154	1,983,941	2,730,708
Other	<u>11,740,795</u>	<u>9,158,744</u>	<u>8,785,375</u>	<u>8,510,071</u>	<u>11,776,135</u>
Total revenues	<u>247,686,435</u>	<u>236,609,249</u>	<u>222,810,192</u>	<u>215,502,076</u>	<u>221,952,418</u>
<b>Expenditures</b>					
General government	32,218,813	30,894,515	29,729,507	28,142,891	28,324,210
Public protection	107,232,510	101,455,435	95,912,406	88,569,252	86,713,583
Environmental health	20,551,537	18,489,265	17,853,455	15,940,897	16,217,135
Transportation	16,496,237	14,014,244	14,260,344	14,075,040	14,135,490
Culture and recreation	11,601,727	10,510,943	10,305,086	9,547,647	9,144,183
Community and economic development	22,954,451	29,230,068	20,920,823	18,648,907	18,827,597
Human resources	-	-	-	-	-
Other	369,425	361,645	370,143	-	-
Capital outlay	37,004,673	85,621,977	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	8,145,000	8,495,000	6,486,900	6,370,000	6,322,950
Other	17,082,571	22,619,730	9,114,563	18,176,842	5,808,970
Interest & fiscal charges					
Bond	7,192,077	5,381,551	3,794,371	3,707,737	4,430,618
Other	6,805,652	6,802,599	5,648,111	7,060,496	6,752,079
Total expenditures	<u>287,654,673</u>	<u>333,876,972</u>	<u>263,227,235</u>	<u>256,010,626</u>	<u>231,133,570</u>
Excess of revenues over (under) expenditures	<u>(39,968,238)</u>	<u>(97,267,723)</u>	<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
<b>Revenues</b>					
Taxes	\$ 137,419,822	\$ 131,207,451	\$ 128,690,189	\$ 127,886,436	\$ 126,804,580
Licenses and permits	8,018,631	8,368,613	8,598,520	8,150,066	8,815,503
Intergovernmental	41,547,074	41,270,674	44,217,970	39,765,701	38,487,528
Investment income (loss)	1,669,628	627,580	2,208,097	3,229,964	(450,329)
Charges for services	18,798,671	20,293,132	20,175,599	24,422,244	24,592,190
Capital lease charges	3,057,782	12,817,983	2,871,724	2,961,965	3,431,044
Other	8,311,191	10,268,813	8,492,038	22,268,227	7,138,066
Total revenues	218,822,799	224,854,246	215,254,137	228,684,603	208,818,582
<b>Expenditures</b>					
General government	27,742,441	27,648,578	22,745,374	27,358,306	27,690,971
Public protection	84,763,949	87,439,389	84,714,715	82,133,733	79,184,420
Environmental health	15,796,373	17,722,083	17,257,994	16,987,747	17,066,730
Transportation	13,245,424	13,816,006	13,184,437	13,413,321	13,225,902
Culture and recreation	8,850,208	9,265,785	12,547,145	12,436,335	12,837,922
Community and economic development	18,498,741	23,698,370	19,961,931	21,672,771	25,515,962
Human resources	1,272,381	982,212	979,962	1,091,513	1,153,345
Other	496,520	568,944	527,634	538,175	722,426
Capital outlay	30,992,642	27,589,441	22,834,162	32,137,172	35,007,563
Debt service					
Capital lease charges <sup>(1)</sup>	6,599,769	7,825,174	8,030,393	9,015,010	10,662,994
Principal retirement					
Bond	6,216,215	5,089,597	4,710,326	6,210,308	6,872,920
Other	21,181,843	21,345,822	3,531,947	21,286,507	2,290,480
Interest & fiscal charges					
Bond	4,276,699	4,685,697	4,556,591	4,459,255	4,739,614
Other	6,396,927	5,610,278	5,812,389	6,035,891	7,190,418
Total expenditures	246,330,132	253,287,376	221,395,000	254,776,044	244,161,667
Excess of revenues over (under) expenditures	(27,507,333)	(28,433,130)	(6,140,863)	(26,091,441)	(35,343,085)

# City of Winston-Salem, North Carolina

## Changes in Fund Balances, Governmental Funds

Last Ten Fiscal Years

(accrual basis of accounting)

	Fiscal Year				
	2018	2017	2016	2015	2014
<b>Other Financing Sources (Uses)</b>					
Issuances of special obligation bonds	\$ -	\$ -	\$ -	\$ -	\$ -
Premium on special obligation bonds	-	-	-	-	-
Proceeds of refunding bonds	-	-	-	6,018,464	-
Issuance on refunding LOBS	-	-	-	-	-
Payment to refunded LOBS escrow agent	-	-	-	(6,259,644)	-
Premium on general obligation bonds	6,810,320	-	7,261,851	-	286,024
Issuance of general obligation bonds	63,805,000	-	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	31,510,479	22,541,776	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	2,015,000	-	-	45,170,000	14,000,000
Issuance of refunding limited obligation bonds	13,045,000	-	-	-	-
Payment to refunded limited obligation bond escrow agent	(12,960,000)	-	-	-	-
Transfers in	13,268,469	16,515,229	17,884,444	19,922,361	34,108,691
Transfers out	<u>(14,847,283)</u>	<u>(16,200,549)</u>	<u>(18,484,455)</u>	<u>(20,255,654)</u>	<u>(36,135,741)</u>
Total other financing sources (uses), net	<u>102,646,985</u>	<u>22,856,456</u>	<u>78,937,218</u>	<u>69,146,340</u>	<u>25,221,436</u>
Net change in fund balances	<u>\$ 62,678,747</u>	<u>\$ (74,411,267)</u>	<u>\$ 38,520,175</u>	<u>\$ 28,637,790</u>	<u>\$ 16,040,284</u>
Debt service as a percentage of noncapital expenditures	<u>15.7%</u>	<u>17.1%</u>	<u>16.1%</u>	<u>11.2%</u>	<u>17.1%</u>

**Note:**

<sup>(1)</sup> 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

	Fiscal Year				
	2013	2012	2011	2010	2009
<b>Other Financing Sources (Uses)</b>					
Issuances of special obligation bonds	\$ 5,865,000	\$ -	\$ -	\$ 12,700,000	\$ -
Premium on special obligation bonds	444,338	-	-	-	-
Proceeds of refunding bonds	3,786,900	14,255,000	-	24,750,000	8,435,000
Issuance on refunding LOBS	532,216	2,417,347	-	2,123,125	642,702
Payment to refunded LOBS escrow agent	(4,250,404)	(16,504,489)	-	(26,885,868)	(9,072,900)
Premium on general obligation bonds	-	-	-	-	-
Issuance of general obligation bonds	-	2,955,000	-	15,285,000	-
Issuance of refunding general obligation bonds	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-
Capital leases	5,666,283	12,026,381	-	-	-
Refunding IFC proceeds	-	21,265,956	-	-	-
Payment to refunded IFC escrow agent	-	(21,443,570)	-	-	-
Issuance of certificates of participation	-	-	9,283,341	28,443,045	9,911,299
Premium on installment financing contract	-	206,000	-	-	-
Premium on limited obligation bonds	-	4,999,365	-	1,605,681	-
Issuance of limited obligation bonds	-	-	-	-	-
Issuance of refunding limited obligation bonds	-	-	-	18,639,225	-
Payment to refunded limited obligation bond escrow agent	-	-	-	(20,175,181)	-
Transfers in	30,700,406	27,302,927	43,595,532	30,093,756	41,015,868
Transfers out	(38,742,350)	(30,827,224)	(44,514,718)	(32,251,276)	(37,880,492)
Total other financing sources (uses), net	4,002,389	16,652,693	8,364,155	54,327,507	13,051,477
Net change in fund balances	<u>\$ (23,504,944)</u>	<u>\$ (11,780,437)</u>	<u>\$ 2,223,292</u>	<u>\$ 28,236,066</u>	<u>\$ (22,291,608)</u>
Debt service as a percentage of noncapital expenditures	17.1%	16.3%	9.4%	18.0%	9.9%

# 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>
2018	\$ 121,371,137	\$ 42,370,619	\$ 340,841	\$ 842,962	\$ 164,925,559
2017	115,000,697	39,983,759	367,339	783,673	156,135,468
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

**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

<b>Fiscal Year Ended June 30</b>	<b>Tax Year Ended December 31</b>	<b>Real Property</b>	<b>Personal Property</b>	<b>Public Service Companies</b>	<b>Total Assessed Value</b>	<b>Property Tax Rate (Per \$100 Assessed Value)</b>	<b>Ratio of Assessed Value to Estimated Actual Value</b>
						<b>Assessed Value)</b>	<b>Assessed Value)</b>
2018	2017	\$17,515,404	\$4,004,029	\$ 394,811	\$ 21,914,244	\$ 0.5974	100
2017	2016	16,487,513	3,915,171	376,435	20,779,119	0.5850	100
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

**Note:**

Taxable property was revalued on January 1, 2017.

**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			<u>Total City</u>	Forsyth County	Combined Tax Rate
	General Fund	Mass Transit Tax Fund	Debt Service Fund			
2018	\$ 0.4746	\$ 0.0498	\$ 0.0730	\$ 0.5974	\$ 0.7235	\$ 1.3209
2017	0.4729	0.0362	0.0759	0.5850	0.7310	1.3160
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

**Note:**

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, June 30, 2014 and June 30, 2018 to reflect the revaluation of taxable property.

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	2018			2009		
	Taxable Assessed Value	Rank	Percentage of Total Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Assessed Value
RJ Reynolds	\$ 307,796,440	1	1.40%	\$ 566,307,350	1	2.82%
Caterpillar	271,848,356	2	1.24	-	-	-
Wexford Winston Salem	219,887,200	3	1.00	-	-	-
Duke Energy Corp.	209,437,467	4	0.96	-	-	-
Wells Fargo/Wachovia Bank	207,343,316	5	0.95	343,890,350	2	1.71
JG Winston-Salem LLC	191,462,400	6	0.87	203,206,800	3	1.01
Branch Banking & Trust	97,101,769	7	0.44	-	-	-
Herbalife International of America Inc	93,488,475	8	0.43	-	-	-
Lowes Data Center	92,557,434	9	0.42	140,223,510	6	0.70
Wake Forest University	70,020,809	10	0.32	153,049,560	5	0.76
Highwoods/Forsyth Ltd. Partners	-	-	-	170,715,500	4	0.85
Dell Products LP	-	-	-	124,069,010	7	0.62
Hanesbrands Inc	-	-	-	119,773,670	8	0.60
Wal-Mart Real State Business Trust	-	-	-	76,605,860	9	0.38
Wells One West Fourth LLC	-	-	-	75,765,240	10	0.38
<b>Total</b>	<b><u>\$ 1,760,943,666</u></b>		<b>8.03%</b>	<b><u>\$ 1,973,606,850</u></b>		<b>9.83%</b>

**Note:**

Above taxable assessed valuations are as of January 1, 2018 and 2009 respectively, and the associated tax levies of \$.5974 and \$.490 were due in fiscal years ended June 30, 2018 and 2009 respectively.

**Source:**

Forsyth County Tax Department and 2009 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
2018	\$131,824,477	\$130,807,225	99.2%	\$ -	\$ 130,807,225	99.2%
2017	122,245,565	121,216,436	99.2	507,721	121,724,157	99.6
2016	116,512,698	115,428,747	99.1	654,259	116,083,006	99.6
2015	108,648,243	107,491,815	98.9	745,800	108,237,615	99.6
2014	108,109,991	106,428,236	98.4	942,944	107,371,180	99.3
2013	106,639,827	104,424,332	97.9	1,777,480	106,201,812	99.6
2012	101,116,024	98,885,754	97.8	1,885,235	100,770,989	99.7
2011	101,502,846	99,163,770	97.7	2,039,573	101,203,343	99.7
2010	100,568,545	98,275,383	97.7	1,963,489	100,238,872	99.7
2009	98,717,116	95,998,394	97.2	1,970,356	97,968,750	99.2

**Note:**

Tax collections do not include penalties and interest of \$410,599 and refunds of \$49,131 in fiscal year 2018.

Outstanding delinquent taxes includes amounts considered uncollectible. The allowance for uncollectible accounts at June 30, 2018 was \$1,516,236.

**Source:**

Forsyth County Tax Department

**City of Winston-Salem, North Carolina**  
**Analysis of Current Tax Levy**  
**City-Wide Levy**

For the Fiscal Year Ended June 30, 2018

Table 12

	<b>Total Levy</b>				
	<b>City - Wide</b>		<b>Property Excluding Registered Motor Vehicles</b>	<b>Registered Motor Vehicles</b>	
	<b>Property Valuation</b>	<b>Rate</b>			
<b>Original levy:</b>					
Property taxed at current rate	\$ 21,914,243,709	\$ 0.5974	\$ 129,501,026	\$ 118,682,930	\$ 10,818,096
Downtown Business District <sup>(1)</sup>	-	0.090	585,802	571,634	14,168
Discoveries - current years	103,807,151	-	1,737,649	1,737,649	-
Total property valuation	<u>\$ 22,018,050,860</u>				
Net levy			131,824,477	120,992,213	10,832,264
Uncollected taxes at June 30, 2018			<u>1,017,252</u>	<u>1,017,252</u>	-
Current year's taxes collected			<u>\$ 130,807,225</u>	<u>\$ 119,974,961</u>	<u>\$ 10,832,264</u>
Current levy collection percentage			<u>99.23%</u>	<u>99.16%</u>	<u>100.00%</u>

**Note:**

Tax collections do not include penalties and interest of \$410,599 and refunds of \$49,131 in fiscal year 2018.

<sup>(1)</sup> Downtown Business District is a part of the City's total property valuation and is included in the original levy. Downtown Business District pays an additional levy of \$0.09 to the current rate of \$0.5974.



**City of Winston-Salem, North Carolina**  
**Schedule of Ad Valorem Taxes Receivable**

June 30, 2018

Table 13

Fiscal Year Ended <u>June 30</u>	Uncollected Balance <u>June 30, 2017</u>	Additions	Collections and Credits	Uncollected Balance <u>June 30, 2018</u>
2018	\$ -	\$ 131,824,477	\$ 130,807,225	\$ 1,017,252
2017	1,029,129	-	643,092	386,037
2016	320,283	-	108,834	211,449
2015	236,098	-	62,109	173,989
2014	443,048	-	282,168	160,880
2013	178,263	-	31,057	147,206
2012	141,404	-	19,367	122,037
2011	129,925	-	14,149	115,776
2010	110,185	-	8,271	101,914
2009	94,565	-	6,047	88,518
	<u>\$ 2,682,900</u>	<u>\$ 131,824,477</u>	<u>\$ 131,982,319</u>	<u>2,525,058</u>
		Less: allowance for uncollectible accounts:		(1,516,236)
		Ad valorem taxes receivable - net		<u>\$ 1,008,822</u>
 <u>Reconciliation to revenues:</u>				
	Collections and credits			\$ 131,982,319
	Prior years Adj. and Releases			(310,208)
	Taxes written off			(227,452)
	Ad valorem taxes			<u>131,444,659</u>
 <u>Reconciling items:</u>				
	Refunds			(49,131)
	Interest			410,599
	Unearned tax revenue			<u>1,425</u>
	Subtotal			<u>362,893</u>
	Total property tax revenues			<u>\$ 131,807,552</u>

# 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	Contracts	Special Obligation	Special Obligation	Revenue	Contracts
	Bonds	Payable	Bonds	Bonds	Bonds	Payable <sup>(2)</sup>
2018	\$ 190,636,492	\$ 170,412,045	\$ 7,575,000	\$ 15,738,381	\$ 461,737,244	\$100,584,730
2017	128,823,361	162,250,524	8,150,000	18,283,125	426,168,456	96,676,279
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

**Notes:**

<sup>(1)</sup> See Table 19 for personal income and population data.

<sup>(2)</sup> State Revolving Loan is included in contracts payable for business-type activities.

Table 14

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Total Primary Government	Percentage of Personal Income <sup>(1)</sup>	Per Capita <sup>(1)</sup>
\$ 946,683,892	8.81%	3,895
840,351,745	8.68	3,493
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

# City of Winston-Salem, North Carolina

## Ratios of General Bonded Debt Outstanding

Last Ten Fiscal Years

Table 15

Fiscal Year	General Bonded Debt Outstanding					Per Capita	
	General Bonded Debt (1)	Net Bonded Debt (2)	Assessed Value (In Thousands)	Percentage of Actual Taxable Value of Property	Bonded Debt		
					General	Net (3)	
2018	\$ 190,636,492	\$165,672,415	\$ 21,914,244	0.87%	\$ 784.43	\$ 681.71	
2017	128,823,361	105,205,256	20,779,119	0.62	535.42	437.26	
2016	137,663,378	114,918,662	20,369,235	0.68	576.24	481.03	
2015	79,424,827	62,710,031	19,993,938	0.40	333.85	263.59	
2014	85,736,974	73,164,393	19,811,239	0.43	364.02	310.64	
2013	87,779,140	76,883,451	21,713,470	0.40	376.36	329.64	
2012	88,189,165	76,431,537	21,265,734	0.41	379.89	329.24	
2011	90,913,762	80,861,457	21,335,497	0.43	394.69	351.04	
2010	95,349,088	87,362,420	21,512,023	0.44	405.61	371.64	
2009	85,949,396	78,883,214	20,063,179	0.43	376.21	345.28	

**Note:**

Details regarding the City's outstanding debt can be found in the notes to the financial statements.

<sup>(1)</sup> Total includes all general obligation bonded debt.

<sup>(2)</sup> Represents gross bonded debt less allowable statutory deductions.

<sup>(3)</sup> Population data can be found in Table 19.

# City of Winston-Salem, North Carolina

## Legal Debt Margin

Last Ten Fiscal Years  
(dollars in thousands)

Table 16

<b>Fiscal Year</b>	<b>Debit Limit</b>	<b>Less: Total Net Debt Applicable to Limit</b>	<b>Legal Debt Margin</b>	<b>Total Net Debt Applicable to the Limit as a Percentage of Debt Limit</b>
2018	\$ 1,753,139,497	\$ 165,672,415	\$ 1,587,467,082	9.45%
2017	1,662,329,520	105,205,256	1,557,124,264	6.33
2016	1,629,538,827	114,918,662	1,514,620,165	7.05
2015	1,599,515,050	62,710,031	1,536,805,019	3.92
2014	1,584,899,136	73,164,393	1,511,734,743	4.62
2013	1,737,077,607	76,883,451	1,660,194,156	4.43
2012	1,701,258,681	76,431,537	1,624,827,144	4.49
2011	1,706,839,758	80,861,457	1,625,978,301	4.74
2010	1,720,961,866	87,362,420	1,633,599,446	5.08
2009	1,605,054,284	78,883,214	1,526,171,070	4.91

### Legal Debt Margin Calculation for Fiscal Year 2018

Assessed value	\$ 21,914,243,709
Debt Limit (8% of assessed value)	1,753,139,497
Debt applicable to limit:	
General obligation bonds	190,636,492
Less statutory deduction:	
Debt service fund	<u>(24,964,077)</u>
Total net debt applicable to limit	<u>165,672,415</u>
Legal debt margin	<u><u>\$ 1,587,467,082</u></u>



**City of Winston-Salem, North Carolina**  
**Direct and Overlapping Governmental Activities Debt**

As of June 30, 2018  
 (dollars in thousands)

Table 17

<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>	\$ 368,624	100.00%	\$ 368,624
<b>Debt repaid with property taxes</b>			
Forsyth County	552,244	61.35 <sup>(1)</sup>	<u>338,802</u>
<b>Total direct and overlapping debt</b>			<u>\$ 707,426</u>

**Notes:**

<sup>(1)</sup> Percentage of Direct and Overlapping Debt is based on the 6/30/18 assessed valuation of the City of Winston-Salem as compared to the 6/30/18 assessed valuation of Forsyth County.

# City of Winston-Salem, North Carolina

## Pledged – Revenue Coverage

Last Ten Fiscal Years  
(dollars in thousands)

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Fiscal Year	Revenue Bonds							
	Water & Sewer Bonds							
	Gross Revenues		Operating Expenses		Net Revenue Available for Debt Service		Debt Service	
							Principal	
							Interest	
							Coverage	
2018	\$ 118,967		\$ 43,883		\$ 75,084	\$ 22,790	\$ 18,388	1.8x
2017	108,362		43,208		65,154	21,280	17,167	1.7x
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
Special Obligation Bonds								
Fiscal Year	Sales		Debt Service					
	Tax		Principal	Interest	Coverage			
2018	\$ 35,441		\$ 3,024	\$ 703	9.5x			
2017	33,658		2,939	671	9.3x			
2016	31,845		3,329	706	7.9x			
2015	30,129		3,214	761	7.6x			
2014	25,743		2,531	821	7.7x			
2013	25,288		2,739	789	7.2x			
2012	25,068		1,870	857	9.2x			
2011	22,719		1,717	925	8.6x			
2010	27,234		1,470	995	11.1x			
2009	28,631		1,415	792	13.0x			

Table 18

Fiscal Year	Revenue Bonds						
	Stormwater Bonds						
	Gross Revenues	Operating Expenses	Net Revenue Available for Debt Service	Debt Service			Coverage
				Principal	Interest		
2018	\$ 11,108	\$ 7,767	\$ 3,341	\$ 505	\$ 347		3.9x
2017	10,976	9,146	1,830	490	362		2.1x
2016	10,995	7,365	3,630	475	376		4.3x
2015	10,616	6,860	3,756	465	390		4.4x
2014	10,566	6,685	3,881	430	420		4.6x
2013	13,617	5,996	7,621	-	38		202.8x
2012	-	-	-	-	-		-
2011	-	-	-	-	-		-
2010	-	-	-	-	-		-
2009	-	-	-	-	-		-

# City of Winston-Salem, North Carolina

## Demographic and Economic Statistics

Last Ten Fiscal Years

Table 19

<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>
2018	243,026	\$10,747,095,772	\$ 44,222	36.0	54,133	4.1%
2017	240,603	9,676,330,851	40,217	37.7	55,070	4.1
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

**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 20

<u><b>Employer</b></u>	2018			2009		
	<u><b>Employees</b></u>	<u><b>Rank</b></u>	<u><b>Percentage of Total City</b></u>	<u><b>Employees</b></u>	<u><b>Rank</b></u>	<u><b>Percentage of Total City</b></u>
			<u><b>Employment<sup>(1)</sup></b></u>			<u><b>Employment<sup>(1)</sup></b></u>
Wake Forest Baptist Health	14,271	1	5.87%	11,763	1	5.44%
Novant Health, Inc.	9,896	2	4.07	8,249	2	3.81
Winston-Salem /Forsyth County School System	8,000	3	3.29	7,550	3	3.49
Wells Fargo/Wachovia	2,890	4	1.19	3,400	5	1.57
Reynolds American, Inc.	2,500	5	1.03	2,939	6	1.36
Hanesbrands, Inc.	2,300	6	0.95	3,560	4	1.65
Wake Forest University	2,251	7	0.93	2,435	7	1.13
City of Winston-Salem	2,287	8	0.94	2,343	8	1.08
Forsyth County	2,118	9	0.87	2,140	9	0.99
BB&T	2,134	10	0.88	1,437	10	0.66
Total	<u><b>48,647</b></u>		<u><b>20.02</b></u>	<u><b>45,816</b></u>		<u><b>21.18%</b></u>

**Source:**

Winston-Salem Chamber

<sup>(1)</sup> Population data can be found in Table 19.

**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>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
General government <sup>(1)(2)(6)</sup>	462.1	450.9	446.9	441.8	429.1
Public protection	1,120.0	1,106.0	1,093.5	1,079.0	1,074.5
Environmental health	188.9	193.9	188.9	191.0	199.0
Transportation	122.0	126.3	125.3	125.3	127.3
Culture and recreation <sup>(2)</sup>	148.0	159.9	160.9	160.8	160.8
Community and economic development <sup>(3)</sup>	150.0	155.0	153.0	125.0	122.0
Human resources <sup>(4)</sup>	-	-	-	-	-
Water & sewer utility	339.0	338.0	331.0	331.0	331.0
Solid waste disposal	44.2	44.2	43.1	44.2	44.2
Cemeteries <sup>(6)</sup>	-	-	-	-	8.7
Stormwater management	56.0	54.0	49.0	49.0	49.0
Transit Authority	1.0	1.0	1.0	1.0	1.0
Public assembly facilities management <sup>(5)</sup>	31.8	31.8	30.8	25.2	21.8
	<b>2,663.0</b>	<b>2,661.0</b>	<b>2,623.4</b>	<b>2,573.3</b>	<b>2,568.4</b>

**Source:**

City of Winston-Salem Budget Department

<sup>(1)</sup> Contact center employees were moved from various departments in fiscal year 2009.

<sup>(2)</sup> Vegetation management employees were moved back to General Government in fiscal year 2012.

<sup>(3)</sup> The Section 3 Construction Training Program ended in fiscal year 2014.

<sup>(4)</sup> Human resources moved to General Government in fiscal year 2014.

<sup>(5)</sup> Lawrence Joel Veterans Memorial Coliseum was sold in fiscal year 2014.

<sup>(6)</sup> Cemeteries moved to General Government in fiscal year 2015.

Table 21

<u>Function/Program</u>	<b>Full-time-Equivalent Employees as of June 30</b>				
	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>
General government <sup>(1)(2)(6)</sup>	426.6	431.7	346.8	344.8	352.2
Public protection	1,088.5	1,081.5	1,066.5	1,062.5	1,034.0
Environmental health	200.0	204.4	214.0	214.0	231.5
Transportation	129.3	129.3	129.3	129.3	134.3
Culture and recreation <sup>(2)</sup>	160.8	175.5	251.5	251.5	265.7
Community and economic development <sup>(3)</sup>	139.4	144.4	147.6	149.6	166.6
Human resources <sup>(4)</sup>	5.0	4.0	4.0	4.0	4.0
Water & sewer utility	332.0	332.2	331.2	331.2	335.9
Solid waste disposal	44.2	45.5	45.5	45.5	46.7
Cemeteries <sup>(6)</sup>	8.7	9.7	9.7	11.0	9.3
Stormwater management	49.0	44.0	44.0	44.0	47.0
Transit Authority	1.0	1.0	1.0	1.0	1.0
Public assembly facilities management <sup>(5)</sup>	76.5	78.4	78.4	78.4	73.1
	<b>2,661.0</b>	<b>2,681.6</b>	<b>2,669.5</b>	<b>2,666.8</b>	<b>2,701.3</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>Fiscal Year</u>				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Public protection					
Police					
Physical arrests	29,685	34,442	33,961	36,044	37,894
Traffic violations	41,723	53,065	61,166	78,196	70,947
Fire					
Fires extinguished	811	836	829	819	869
Emergency medical responses	16,069	17,469	16,962	12,477	12,674
Hazardous materials responses	429	429	440	353	221
Environmental health					
Sanitation services					
Residential refuse collected (tons)	58,893	57,707	57,064	53,220	52,008
Residential refuse collection points	81,589	77,907	77,907	77,907	76,064
Percentage of collections made at curbside	96	96	96	96	96
Tons of leaves collected	22,006	11,025	12,089	17,205	22,553
Tons of brush collected	16,351	14,146	14,097	11,778	17,747
Tons of goods recycled	14,169	14,609	14,473	12,695	12,879
Percentage of households participating in yard cart program	18	18	18	18	18
Transportation services					
City street mileage maintained (lane miles)	2,228	2,225	2,219	2,200	2,188
Street cuts repaired	337	749	296	545	525
Percentage of streets rated 85 or better	49	55	53	53	51
Traffic intersections studied	965	1,175	1,066	1,022	940
Traffic signal repairs	1,264	910	1,142	1,689	1,734
Traffic signs upgraded/repaired	1,621	1,643	1,031	1,099	1,725
Traffic signs new installations	623	580	367	369	926
Pavement markings renewed (feet)	63,360	1,784,000	811,017	1,214,880	40,335
Culture and recreation					
Parks and recreation					
Swimming pool attendees	68,738	55,317	61,308	56,568	48,002
Golf rounds	7,005	10,817	10,289	9,779	7,016
Participants in special populations	31,843	31,352	32,334	36,221	30,274
Community development					
Housing code violations corrected	1,154	1,573	1,674	1,785	3,063
Building permits issued	4,565	4,591	3,721	3,797	3,450
Building inspections conducted	17,234	16,944	16,841	17,876	15,560
Zoning complaints responded to	654	450	486	568	513

**Source:**

City of Winston-Salem Departments

Table 22  
Page 1 of 2

<u>Function/Program</u>	<b>Fiscal Year</b>				
	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>
Public protection					
Police					
Physical arrests	36,080	35,850	35,417	33,630	32,713
Traffic violations	63,315	69,695	86,795	57,736	63,011
Fire					
Fires extinguished	812	823	887	944	935
Emergency medical responses	19,575	18,834	17,638	16,714	16,075
Hazardous materials responses	121	133	102	193	161
Environmental health					
Sanitation services					
Residential refuse collected (tons)	50,413	52,035	50,269	50,609	51,949
Residential refuse collection points	76,064	76,064	76,064	76,064	73,670
Percentage of collections made at curbside	96	97	97	71	65
Tons of leaves collected	15,183	15,965	13,450	15,188	15,983
Tons of brush collected	16,165	16,475	16,717	17,604	17,238
Tons of goods recycled	13,186	10,665	10,710	10,557	10,301
Percentage of households participating in yard cart program	18	19	18	20	20
Transportation services					
City street mileage maintained (lane miles)	2,183	2,179	2,200	2,190	2,187
Street cuts repaired	515	635	532	510	612
Percentage of streets rated 85 or better	55	56	59	61	55
Traffic intersections studied	969	999	914	747	943
Traffic signal repairs	1,700	1,848	1,163	1,089	1,365
Traffic signs upgraded/repaired	2,653	2,231	2,816	2,441	2,698
Traffic signs new installations	538	479	3,066	843	1,200
Pavement markings renewed (feet)	131,991	748,850	1,166,880	1,111,440	406,470
Culture and recreation					
Parks and recreation					
Swimming pool attendees	43,666	58,562	54,689	55,441	66,407
Golf rounds	10,135	15,899	14,572	16,097	18,336
Participants in special populations	20,327	22,574	22,147	19,333	26,805
Community development					
Housing code violations corrected	3,645	4,004	2,389	2,636	2,838
Building permits issued	3,025	3,352	3,198	3,270	2,915
Building inspections conducted	15,295	15,162	14,938	15,956	17,602
Zoning complaints responded to	596	648	696	618	580

# City of Winston-Salem, North Carolina

## Operating Indicators by Function/Program

Last Ten Fiscal Years

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	<b>Fiscal Year</b>				
	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Economic development					
Small business loans approved	4	4	3	1	4
Water & sewer utility					
New connections	1,269	1,388	1,320	1,289	1,244
Water main breaks	560	476	441	430	444
Average daily consumption (MGD)	36	36	37	36	36
Peak daily consumption (MGD)	48	48	47	53	49
Storage Capacity (MG)	51	51	51	51	51
Average daily sewage treatment (MGD)	32	32	33	29	31
Treatment capacity (MGD)	51	51	51	51	51
Solid waste disposal					
Hanes Mill Road Landfill					
Tons of waste landfilled	259,420	258,867	252,744	233,786	243,644
Number of trips	107,817	105,893	97,360	88,461	85,631
Old Salisbury Road Landfill					
Tons of waste landfilled	38,646	42,426	37,987	30,902	42,613
Number of trips	22,207	24,219	21,041	19,169	20,904
Household hazardous Waste (3RC)					
Tons of HHW collected	737	720	712	522	386
Number of trips	12,063	12,387	11,555	9,208	8,057
Transit Authority					
Total route miles	1,887,834	1,688,812	1,589,633	1,582,989	1,574,886
Passengers	2,350,859	2,578,472	3,006,358	3,248,003	3,268,385
Public assembly facilities management <sup>(1)</sup>					
Complex/Annex bookings	205	197	159	139	120
Complex/Annex usage days	510	504	390	335	460
Total spectators	548,107	428,914	392,699	451,755	495,010
Convention events	253	141	149	246	235
Fair attendees	300,105	280,067	253,700	300,362	320,846

**NOTE:**

<sup>(1)</sup> Lawrence Joel Veterans Memorial Coliseum was sold in fiscal year 2014.

Table 22  
Page 2 of 2

	<b>Fiscal Year</b>				
	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>
Economic development					
Small business loans approved	3	2	5	5	4
Water & sewer utility					
New connections	1,747	2,070	1,994	2,057	2,386
Water main breaks	467	169	226	201	175
Average daily consumption (MGD)	36	36	37	37	37
Peak daily consumption (MGD)	49	50	52	50	54
Storage Capacity (MG)	51	51	51	48	54
Average daily sewage treatment (MGD)	31	31	31	34	32
Treatment capacity (MGD)	51	51	51	51	51
Solid waste disposal					
Hanes Mill Road Landfill					
Tons of waste landfilled	224,894	214,806	221,322	242,211	239,490
Number of trips	83,969	85,573	88,346	93,492	103,443
Old Salisbury Road Landfill					
Tons of waste landfilled	28,749	29,089	46,014	47,431	59,137
Number of trips	20,315	22,534	26,720	27,403	30,799
Household hazardous Waste (3RC)					
Tons of HHW collected	318	277	254	249	191
Number of trips	7,876	7,736	5,857	5,739	4,888
Transit Authority					
Total route miles	1,525,935	1,526,264	1,565,310	1,585,091	1,511,565
Passengers	3,330,901	3,457,371	3,183,266	2,818,416	2,957,173
Public assembly facilities management <sup>(1)</sup>					
Complex/Annex bookings	129	140	143	150	164
Complex/Annex usage days	684	658	595	661	727
Total spectators	888,151	1,003,061	939,628	1,058,318	1,096,911
Convention events	209	254	278	297	225
Fair attendees	284,601	357,416	353,762	321,718	310,160

# City of Winston-Salem, North Carolina

## Capital Asset Statistics by Function/Program

Last Ten Fiscal Years

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<u>Function/Program</u>	<u>Fiscal Year</u>				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Police					
Stations	4	2	1	1	1
Fire					
Stations	19	19	19	19	19
Environmental health					
Collection trucks	42	42	38	38	38
Transportation					
Streets (miles)	1,037	1,035	1,034	1,024	1,023
Streetlights	33,847	33,963	34,172	34,195	33,805
Traffic signals	385	376	376	372	371
Culture and recreation					
Acreage	3,856	3,847	3,682	3,682	3,442
Number of parks	79	79	76	76	74
Golf Courses	2	2	2	2	2
Fishing and boating lakes	2	2	2	2	2
Swimming pools	10	9	8	8	8
Tennis courts	106	106	109	112	112
Baseball/softball diamonds	47	47	47	47	47
Soccer/football fields	50	50	50	50	50
Recreation centers	17	17	17	17	17
Water and Sewer Utility					
Water mains (miles)	2,324	2,314	2,276	2,273	2,266
Sanitary sewer (miles)	1,770	1,760	1,750	1,750	1,748

**Source:**

City of Winston-Salem Departments

Table 23

<b><u>Function/Program</u></b>	<b>Fiscal Year</b>				
	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>
Police Stations	1	1	1	1	1
Fire Stations	19	18	18	18	18
Environmental health Collection trucks	38	43	39	32	31
Transportation Streets (miles)	1,021	1,020	1,016	1,012	1,006
Streetlights	32,647	32,580	32,434	32,194	31,910
Traffic signals	370	375	373	373	371
Culture and recreation Acreage	3,442	3,442	3,442	3,442	3,336
Number of parks	74	74	74	74	76
Golf Courses	2	2	2	2	2
Fishing and boating lakes	2	2	2	2	2
Swimming pools	8	8	8	8	8
Tennis courts	112	110	110	110	112
Baseball/softball diamonds	47	45	45	45	45
Soccer/football fields	50	60	60	60	60
Recreation centers	17	17	17	17	17
Water and Sewer Utility Water mains (miles)	2,245	2,227	2,201	2,099	2,068
Sanitary sewer (miles)	1,724	1,708	1,701	1,645	1,675



# **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, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated October 31, 2018.

***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 entity'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 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  
October 31, 2018



## **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, 2018. 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, 2018.



### **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  
October 31, 2018**



**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, 2018. 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, 2018.



### **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  
October 31, 2018**

**CITY OF WINSTON-SALEM, NORTH CAROLINA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**YEAR ENDED JUNE 30, 2018**

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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)? \_\_\_\_\_ Yes  No

Identification of major federal programs:

<b><u>CFDA Numbers</u></b>	<b><u>Name of Federal Program or Cluster</u></b>
20.205	Highway Planning and Construction Center
66.458	Capitalization Grants for Clean Water State Revolving Funds

Dollar threshold used to distinguish between Type A and Type B Programs: \$ 760,539

Auditee qualified as a low-risk auditee? \_\_\_\_\_ Yes  No

**CITY OF WINSTON-SALEM, NORTH CAROLINA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**YEAR ENDED JUNE 30, 2018**

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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:

**Name of State Program**

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Powell Bill Funds

State Maintenance Assistance

**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**

None reported.

**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, 2018**

**Financial Management  
Services**

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City of Winston-Salem  
P.O. Box 2511  
Winston-Salem, NC 27102  
CityLink 336.727.8000  
Fax 336.727-2566  
[www.cityofws.org](http://www.cityofws.org)

**Prior Audit Findings**

**Finding 2017-001**

Status: Corrected

**Finding 2017-002**

Status: Corrected

**CityLink 311**

Call 311 or 336-727-8000  
[citylink@cityofws.org](mailto:citylink@cityofws.org)

**City Council:** Mayor Allen Joines; Vivian H. Burke, Mayor Pro Tempore, Northeast Ward; Denise D. Adams, North Ward; Dan Besse, Southwest Ward; Robert C. Clark, West Ward; John C. Larson, South Ward; Jeff MacIntosh, Northwest Ward; Derwin L. Montgomery, East Ward; James Taylor, Jr., Southeast Ward; City Manager: Lee D. Garrity

# City of Winston-Salem, North Carolina

## Schedule of Expenditures of Federal and State Awards

For the Fiscal Year Ended June 30, 2018

Page 1 of 4

Cash Programs Grantor/Pass-Through Grantor/Program/Project Title	Federal CFDA Number	Federal Grant Number	Federal Expenditures	State Expenditures	Local Expenditures	Pass- through to Subrecipients
<b>FEDERAL GRANTS</b>						
<b>US Department of Housing and Urban Development</b>						
Direct Programs						
CDBG Entitlement Grants Cluster						
CDBG Entitlement Grants	14.218	B-14-MC-37-0011	\$ 366,342	\$ -	\$ -	\$ 12,341
CDBG Entitlement Grants	14.218	B-15-MC-37-0011	1,380,320	-	-	21,920
CDBG Entitlement Grants	14.218	B-16-MC-37-0011	671,007	-	-	36,049
CDBG Entitlement Grants	14.218	B-17-MC-37-0011	1,097,135	-	-	287,073
Total CDBG Entitlement Grants Cluster			3,514,804	-	-	357,383
Continuum of Care Program	14.267	NC0274L4F001503	403,138	-	-	379,460
Continuum of Care Program	14.267	NC0269L4F001503	60,695	-	-	-
Continuum of Care Program	14.267	NC0271L4F001503	26,045	-	-	24,472
Continuum of Care Program	14.267	NC0017L4F001508	10,904	-	-	10,904
Continuum of Care Program	14.267	NC0218L4F001505	1,620	-	-	-
Continuum of Care Program	14.267	NC0314L4F001501	14,087	-	-	13,285
Continuum of Care Program	14.267	NC0005L4F001508	26,093	-	-	-
Continuum of Care Program	14.267	NC0217L4F001505	2,239	-	-	-
Continuum of Care Program	14.267	NC0329L4F001500	50,461	-	-	50,461
Continuum of Care Program	14.267	NC0144L4F001502	5,723	-	-	5,010
Continuum of Care Program	14.267	NC0191L4F001501	7,982	-	-	7,275
Continuum of Care Program	14.267	NC0269L4F001604	39,057	-	-	39,057
Continuum of Care Program	14.267	NC0314L4F001602	802	-	-	-
Continuum of Care Program	14.267	NC0271L4F001604	10,921	-	-	-
Continuum of Care Program	14.267	NC0313L4F001603	35,646	-	-	33,531
Continuum of Care Program	14.267	NC0144L4F001603	12,466	-	-	11,890
Continuum of Care Program	14.267	NC0191L4F001602	15,325	-	-	14,753
Continuum of Care Program	14.267	NC0229L4F001601	11,981	-	-	11,595
Continuum of Care Program	14.267	NC0017L4F001609	99,163	-	-	88,259
Continuum of Care Program	14.267	NC0218L4F001606	5,989	-	-	4,369
Continuum of Care Program	14.267	NC0005L4F001609	53,718	-	-	49,464
Continuum of Care Program	14.267	NC0274L4F001604	350,724	-	-	327,046
Continuum of Care Program	14.267	NC0352L4F001600	56,161	-	-	-
Continuum of Care Program	14.267	NC0350L4F001600	34,518	-	-	32,883
Continuum of Care Program	14.267	NC0351L4F001600	23,814	-	-	15,950
Continuum of Care Program	14.267	NC0349L4F001600	40,575	-	-	40,575
Total Continuum of Care Program			1,399,847	-	-	1,160,239
Home Investment Partnerships Program	14.239	M-11-DC-37-0204	693	-	-	-
Home Investment Partnerships Program	14.239	M-12-DC-37-0204	509,151	-	-	-
Home Investment Partnerships Program	14.239	M-13-DC-37-0204	222,630	-	-	-
Home Investment Partnerships Program	14.239	M-16-DC-37-0204	143,000	-	-	25,314
Home Investment Partnerships Program	14.239	M-17-DC-37-0204	56,299	-	-	55,504
Total Home Investment Partnerships Program			931,773	-	-	80,818
Fair Housing Initiatives Program	14.408	FF204K134014	85,836	-	-	-
Total Fair Housing Initiatives Program			85,836	-	-	-
Emergency Solutions Grant Program	14.231	E-16-370003	52,336	-	-	52,336
Emergency Solutions Grant Program	14.231	E-17-370003	142,392	-	-	142,392
Passed through NC Department of DHHS - Division of Aging						
Emergency Solutions Grant Program	14.231	Contract 00034994	208,356	-	-	208,358
Emergency Solutions Grant Program	14.231	Contract 00036734	130,348	-	-	130,348
Total Emergency Solutions Grant Program			533,432	-	-	533,434
Total US Department of Housing and Urban Development			\$ 6,465,692	\$ -	\$ -	\$ 2,131,874

# City of Winston-Salem, North Carolina

## Schedule of Expenditures of Federal and State Awards

For the Fiscal Year Ended June 30, 2018

Page 2 of 4

Cash Programs Grantor/Pass-Through Grantor/Program/Project Title	Federal CFDA Number	Grant Number	Federal Expenditures	State Expenditures	Local Expenditures	Pass- through to Subrecipients
<b>US Department of Transportation Federal Transit Administration</b>						
Direct Programs						
Federal Transit Cluster						
Federal Transit Formula Grants	20.507	NC-90-461-00	\$ 19,320	\$ -	\$ 4,830	\$ -
Federal Transit Formula Grants	20.507	NC-90-543-00	39,590	-	9,897	-
Federal Transit Formula Grants	20.507	NC-90-565-00	152,710	-	38,178	-
Federal Transit Formula Grants	20.507	NC-95-079-00	23,707	-	5,926	-
Federal Transit Formula Grants	20.507	NC-95-086-00	4,613	-	1,154	-
Federal Transit Formula Grants	20.507	NC-2017-026-00	123,629	-	30,908	-
Federal Transit Formula Grants	20.507	NC-2018-027-01	3,064,152	-	-	-
Bus and Bus Facilities Formula Program	20.526	NC-2016-017-00	3,559	106,765	-	-
Total Federal Transit Cluster			3,431,280	106,765	90,893	-
Transit Services Programs Cluster						
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	NC-16-X009-00	62,865	-	-	62,865
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	NC-16-X010-00	168,026	-	-	168,026
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	NC-16-X006-00	4,211	-	-	4,211
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	NC-2018-023-00	11,597	-	-	11,597
Job Access and Reverse Commute Program - 2014	20.516	NC-90-X565-00	30,000	-	-	30,000
Total Transit Services Program Cluster			276,699	-	-	276,699
Passed Through NC Department of Transportation						
Highway Planning and Construction Cluster						
Reynolds Park Road Bridges	20.205	41107.3.1	1,305,950	-	326,487	-
West First Street Bridge/Southern Railway	20.205	41111.1.1	7,938	-	1,742	-
Piedmont Regional Greenway	20.205	39745.1.28	2,921	-	1,644	-
Brushy Fork Greenway IV	20.205	33974.3.3/3394.2.3	17,996	-	3,950	-
Lantern Ridge Greenway	20.205	39745.3.23	27,645	-	11,848	-
Piedmont Triad Rail W/Trail	20.205	39745-3.26	2,170,780	350,736	12,734	-
Tara Property Connector	20.205	39745.3.24	396,154	-	73,270	-
Martin Luther King, Jr. Enhancement	20.205	50099.1.2	4,736	-	1,184	-
WFIQ Rail Trail South	20.205	40929-3-FD1	579,516	-	-	579,516
Metropolitan Planning Grant	20.205		316,139	-	79,035	-
Metropolitan Planning Grant	20.205	39225.1.22	495,589	-	123,897	-
Total Highway Planning and Construction Cluster			5,325,364	350,736	635,791	579,516
Highway Safety Cluster						
National Priority Safety Programs - Year 8	20.616	52015.15.7	75,957	-	-	60,496
Total Highway Safety Cluster			75,957	-	-	60,496
Other Passed Through NC Department of Transportation						
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	20.505	36230.29.14.6	110,227	13,776	13,776	-
Total Other Passed Through NC Department of Transportation			110,227	13,776	13,776	-
Total Passed Through NC Department of Transportation			5,511,548	364,512	649,567	640,012
Total US Department of Transportation Federal Transit Administration			\$ 9,219,527	\$ 471,277	\$ 740,460	\$ 916,711

# City of Winston-Salem, North Carolina

## Schedule of Expenditures of Federal and State Awards

For the Fiscal Year Ended June 30, 2018

Page 3 of 4

Cash Programs Grantor/Pass-Through Grantor/Program/Project Title	Federal			State Expenditures	Local Expenditures	Pass- through to Subrecipients
	CFDA Number	Grant Number	Federal Expenditures			
<b>US Department of Homeland Security</b>						
Direct Programs						
Emergency Management Performance Grants	97.042	EMPG-2013-37067	\$ 97,085	\$ -	\$ -	\$ -
Assistance to Firefighters Grant	97.044	EMW-2016-FO-10744	67,173	-	-	-
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083	EMW-2016-FH-00215	220,655	-	-	-
Preparing for Emerging Threats and Hazards	97.133	EMW-2016-GR-00175	593	-	-	-
Passed through NC Department of Emergency Management						
Homeland Security Grant						
DPR-5 WSPD EOD Communications Project	97.067	EMW-2017-SS00085	11,500	-	-	-
Total US Department of Homeland Security			<u>397,006</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>US Department of Justice</b>						
Direct Programs						
National Institute of Justice Research, Evaluation, and Development Project Grants	16.560	2015-DJ-BX-0930	72,122	-	-	50,321
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2016-DJ-BX-1069	115,624	-	-	70,177
Equitable Sharing Program	16.922		288,242	-	-	-
Total US Department of Justice			<u>475,988</u>	<u>-</u>	<u>-</u>	<u>120,498</u>
<b>US Environmental Protection Agency</b>						
Passed Through NC Department of Environmental Quality						
Clean Water State Revolving Fund Cluster						
Capitalization Grants for State Revolving Funds	66.458	CS370399-08	2,433,625	-	-	-
Capitalization Grants for State Revolving Funds	66.458	CS370399-09	1,498,272	-	-	-
Capitalization Grants for State Revolving Funds	66.458	CS370399-11	2,562,439	-	-	-
Capitalization Grants for State Revolving Funds	66.458	CS370399-13	1,995,537	-	-	-
Total Clean Water State Revolving Fund Cluster			<u>8,489,873</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>US Department of Health &amp; Human Services</b>						
<b>Administration for Community Living</b>						
Passed Through Piedmont Triad Regional Council of Local Governments						
Aging Cluster						
Special Programs for the Aging	93.044		180,803	80,826	-	-
Total Aging Cluster			<u>180,803</u>	<u>80,826</u>	<u>-</u>	<u>-</u>
<b>US Department of the Treasury</b>						
Direct Program						
Equitable Sharing	21.016		122,422	-	-	-
Total US Department of the Treasury			<u>122,422</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Federal Programs</b>			<u>\$25,351,311</u>	<u>\$ 552,103</u>	<u>\$ 740,460</u>	<u>\$ 3,169,083</u>

**City of Winston-Salem, North Carolina**  
**Schedule of Expenditures of Federal and State Awards**

For the Fiscal Year Ended June 30, 2018

Page 4 of 4

Cash Programs Grantor/Pass-Through Grantor/Program/Project Title	State Number	Grant Number	Federal Expenditures	State Expenditures	Local Expenditures	Pass- through to Subrecipients
<b>STATE GRANTS</b>						
<b>NC Department of Transportation</b>						
Direct Programs						
Powell Bill Funds	DOT-4	32570	\$ -	\$ 5,361,529	\$ -	\$ -
State Maintenance Assistance	DOT-9	36234.51.4.2	-	1,425,037	-	-
Passed Through Forsyth County						
Elderly and Disabled Transportation and ROAP funds	9.9050716		- 162,374	-	- 67,233	
Total NC Department of Transportation			- 6,948,940	-	-	67,233
<b>Total State Programs</b>			- 6,948,940	-	-	67,233
<b>Total Assistance</b>			<u>\$25,351,311</u>	<u>\$ 7,501,043</u>	<u>\$ 740,460</u>	<u>\$ 3,236,316</u>



# **Notes to Schedule of Expenditures of Federal and State Awards**

***City of Winston-Salem, North Carolina  
For the Fiscal Year Ended June 30, 2018***

## **(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, 2018. 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	\$79,293,248



# 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



# winston -salem

## 2018 Comprehensive Annual Financial Report

City of Winston-Salem, North Carolina

