

Winston-Salem

NORTH CAROLINA

Comprehensive Annual Financial Report
for the Fiscal Year Ended June 30, 2017

City of Winston-Salem, North Carolina

Quarry Park

Downtown skyline as seen from Quarry Park.
This former rock quarry has been transformed
into a 200-acre City park with a fresh-water
lake, thanks to a 2014 bond referendum.

Winston-Salem

NORTH CAROLINA

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

Comprehensive Annual Financial Report
for the Fiscal Year Ended June 30, 2017

City of Winston-Salem, North Carolina

Credits

CREATIVE DIRECTION AND COPY

Rachel Barron, Next Level Communications

DESIGN AND ART DIRECTION

LinTaylor Marketing Group, Inc.

PRINTING

Keiger Graphic Communications

PHOTOGRAPHY

Wake Forest Innovation Quarter

WFUBMC Photography

City of Winston-Salem

Rachel Barron

NyghtFalcon / Frank L. Blum Construction

Winston-Salem DASH

City of Winston-Salem, North Carolina

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2017

Introductory Section

	Page
Letter of Transmittal	2
Local Economy	4
Community Profile	16
GFOA Certificate of Achievement.	31
Organizational Chart	32
City Officials	33

Financial Section

	Exhibit	Page
Independent Auditor's Report	34	34
Management's Discussion & Analysis	36	36
Basic Financial Statements	45	45

Government-wide Financial Statements

– Statement of Net Position	1	46
– Statement of Activities	2	48

Fund Financial Statements

– Balance Sheet – Governmental Funds.	3	50
– Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	3.1	51
– Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	4	52
– Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	4.1	53
– Statement of Revenues, Expenditures, and Changes in Fund Balance –Budget and Actual – General Fund	5	54
– Statement of Net Position – Proprietary Funds	6	59
– Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds.	7	61
– Statement of Cash Flows – Proprietary Funds.	8	62
– Statement of Fiduciary Net Position – Fiduciary Funds	9	64
– Statement of Changes in Fiduciary Net Position – Fiduciary Funds	10	65

Notes to the Financial Statements66	.66
--	-----	-----

Required Supplementary Information

– Schedule of Funding Progress – Winston-Salem Police Officers' Retirement, Police Officers' Separation Allowance, Post-employment Benefits	11	108
– Schedule of Employer Contributions – Winston-Salem Police Officers' Retirement, Police Officers' Separation Allowance, Post-employment Benefits	12	109
– Schedule of Changes in Net Pension Liability and Related Ratios, Winston-Salem Police Officers' Retirement System	13	111
– Schedule of Contributions, Winston-Salem Police Officers' Retirement System	14	112
– Schedule of Investment Returns, Winston-Salem Police Officers' Retirement System	15	114
– Schedule of Changes in Net Pension Liability and Related Ratios, Winston-Salem Police Officers' Separation Allowance	16	115
– Schedule of Contributions, Winston-Salem Police Officers' Separation Allowance	17	116
– Schedule of Investment Returns, Winston-Salem Police Officers' Separation Allowance	18	118
– Schedule of Changes in Net OPEB Liability and Related Ratios, Post-employment Benefits	19	119
– Schedule of Contributions, Post-employment Benefits	20	120
– Schedule of Investment Returns, Post-employment Benefits	21	122
– City of Winston-Salem's Proportionate Share of Net Pension Liability (Asset) Schedule of Local Government Employees' Retirement System	22	123
– City of Winston-Salem's Contributions Schedule of Local Government Employees' Retirement System	23	124

	Exhibit	Page
Financial Section continued		
Combining and Individual Fund Statements and Schedules:		
Major Funds:		
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual		
– Debt Service Fund	24	129
– Capital Projects Fund	25	130
Enterprise Funds – Schedule of Revenues, Expenditures, and Transfers – Budget (non-GAAP Basis) and Actual		
– Water and Sewer Utility Fund	26	131
– Solid Waste Disposal Fund	27	132
– Transit Authority Fund	28	133
Nonmajor Governmental Funds:		
– Combining Balance Sheet – Nonmajor Governmental Funds	29	136
– Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	30	138
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual		
– Community Development Fund	31	140
– Grants Fund	32	141
– Economic and Housing Development Fund	33	142
– Gasoline Tax Fund	34	143
– Occupancy Tax Fund	35	144
– Cable Franchise Fee Fund	36	145
– Emergency Telephone System Fund	37	146
– Downtown Winston-Salem Business Improvement District Fund	38	147
Nonmajor Enterprise Funds:		
– Combining Statement of Net Position – Nonmajor Enterprise Funds	39	150
– Combining Statement of Revenues, Expenses, and Changes in Net Position – Nonmajor Enterprise Funds	40	151
– Combining Statement of Cash Flows – Nonmajor Enterprise Funds	41	152
Schedule of Revenues, Expenditures, and Transfers – Budget (Non-GAAP Basis) and Actual		
– Parking Fund	42	154
– Stormwater Management Fund	43	155
– Public Assembly Facilities Management Fund	44	156
Internal Service Funds:		
– Combining Statement of Net Position – Internal Service Funds	45	158
– Combining Statement of Revenues, Expenses and Changes in Net Position – Internal Service Funds	46	160
– Combining Statement of Cash Flows – Internal Service Funds	47	162
Schedule of Revenues, Expenditures and Transfers – Budget (Non-GAAP Basis) and Actual		
– Central Warehouse Fund	48	166
– Fleet Services Fund	49	167
– Information Services Fund	50	168
– Workers’ Compensation Fund	51	169
– Health Benefits Fund	52	170
– Dental and Flex Benefits Fund	53	171
– Employee Benefits Fund	54	172
Fiduciary Funds:		
– Combining Statement of Fiduciary Net Position	55	174
– Combining Statement of Changes in Fiduciary Net Position	56	175
Schedule of General Obligation Bonded Debt	57	178

Statistical Section	Table	Page
Financial Trends:		
– Net Position by Component	1	182
– Changes in Net Position	2	184
– General Revenues and Total Changes in Net Position	3	188
– Program Revenues by Function/Program	4	190
– Fund Balances, Governmental Funds	5	192
– Changes in Fund Balances, Governmental Funds	6	194
Revenue Capacity:		
– Tax Revenues by Source, Governmental Funds	7	198
– Taxable Property Assessed Value	8	199
– Property Tax Rates	9	200
– Principal Property Tax Payers	10	201
– Property Tax Levies and Collections	11	202
– Analysis of Current Tax Levy	12	203
– Schedule of Ad Valorem Taxes Receivable	13	205
Debt Capacity:		
– Ratios of Outstanding Debt by Type	14	206
– Ratios of General Bonded Debt Outstanding	15	208
– Legal Debt Margin	16	209
– Direct and Overlapping Governmental Activities Debt	17	211
– Pledged – Revenue Coverage	18	212
Demographic and Economic Information:		
– Demographic and Economic Statistics	19	214
– Principal Employers	20	215
Operating Information:		
– Full-time-Equivalent City Government Employees by Function/Program	21	216
– Operating Indicators by Function/Program	22	218
– Capital Assets Statistics by Function/Program	23	222
Federal and State Grants Section	Page	
– Independent Auditor’s 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	226	
– Independent Auditor’s Report for Each Major Federal Program and on Internal Control over Compliance with OMB Uniform Guidance and the State Single Audit Implementation Act	228	
– Independent Auditor’s 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	230	
– Schedule of Findings and Questioned Costs	233	
– Corrective Action Plan	236	
– Summary Schedule of Prior Year Audit Findings	237	
– Schedule of Expenditures of Federal and State Awards	238	
– Notes to Schedule of Expenditures of Federal and State Awards	243	

Certain pages in this report are intentionally blank.



Letter of Transmittal

November 16, 2017

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, 2017. 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, 2017.

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, 2017, 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

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

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

Long-term Financial Planning

The Comprehensive Annual Financial Report reflects the sound fiscal policies our elected officials have established to achieve their annual priorities for programs, services and capital improvements. These policies have resulted in the City's strong financial position which is demonstrated by the highest credit rating attainable in national bond markets. Growth of the City's economic base as well as realistic long-range planning, productive management of revenue and cash resources, expansion of self-supporting enterprises within government, and prudent use of debt continue to produce favorable operating results. Unassigned general fund balance represents 12.64% of the estimated budgeted expenditures while total general fund was 24.78%.

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 2018 through fiscal year 2023 includes capital appropriations totaling \$404 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.

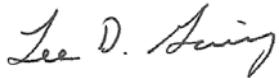
Awards and Acknowledgements

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, 2016. This was the 31st consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

Respectfully submitted,



Lee D. Garrity
City Manager



Lisa M. Saunders
Chief Financial Officer

economy

The City of Arts and Innovation

Winston-Salem's transition to an economy based on innovation, technology and the arts continued to make solid progress in the last year. **Wake Forest Innovation Quarter**, an urban research park housed largely in repurposed former tobacco buildings donated by **R.J. Reynolds Tobacco**, now has 3,600 employees – a 14 percent increase from the year before. As of summer 2017, 153 companies, including a number of technology and biomedical start-ups, were located in the park. About a quarter of that workforce is from **Inmar**, a rapidly growing logistics company.

Weekly yoga events during the summer months bring hundreds to Innovation Quarter, a "live/work/play" urban research park created from repurposed tobacco warehouses and factories.

PHOTO COURTESY OF WAKE FOREST INNOVATION QUARTER

Local Economy 2016•2017

The City's environment for start-up and early-stage businesses continued to flourish. In March 2017, local business leader **Don Flow** announced that he would team with **Grubb Properties**, a Charlotte-based developer, to redevelop the former **GMAC Insurance** building in downtown. Flow has pledged to spend \$10 million on upgrades to the 300,000 square feet of office space, with plans to offer affordable lease prices to start-up and early-stage businesses. About 35,000 square feet will be reserved for **Winston Starts**, a new business accelerator organization focused on starting and growing companies. 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, ownership of **Whitaker Park**, the former hub of **Reynolds Tobacco's** manufacturing operations, was officially transferred to the **Whitaker Park Development Authority**.

Redevelopment of the complex has been identified by the Winston-Salem City Council as a major priority. The Authority, chaired by Don Flow, is a nonprofit corporation created by **Winston-Salem Business, Inc.**, the **Winston-Salem Alliance** and **Wake Forest University**. With 1.7 million square feet of space – spread over 120 acres and 13 buildings – Whitaker Park has the potential to be a mixed-used economic engine for the City, with an overall potential capital investment of more than \$200 million. The first tenants to become part of the revitalization plan are **Reason To Believe Company**, a manufacturer of innovative products for hair, skin and nails, and **C.A. Harrison Companies**, which purchased two of the buildings and plans to invest \$33 million in renovating and repurposing them into a modern apartment complex.

Growth and redevelopment is evident throughout downtown, as new bars, shops and restaurants, many in reclaimed buildings that once housed department stores and other shops, continue to open. Development continues to spread in the northern end of downtown, an arts district now enhanced by a new building completed in early 2017. With exterior translucent red and white panels that allow light to pass through, the **Art for Art's Sake** building appears to glow in the dark. In addition to housing the headquarters of AFAS, a nonprofit arts organization, the building includes an art gallery and affordable studio space for local artists. Adjacent to the building is **ARTivity on the Green**, a unique outdoor art park also owned by AFAS. With tall red "smokestacks" that emit puffs of steam, the park pays homage to Winston-Salem's tobacco heritage.

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.

Further, a recent study by the Economic Partnership of North Carolina reported that Forsyth County attracted a new record high of \$846 million in tourism dollars in 2016. Visitors to the City – regardless of whether they travel here for conventions, work or leisure — cite the City's downtown as its most popular attraction, according to surveys conducted by **Visit Winston-Salem**.

Thanks to the biennial **National Black Theater Festival** and the completion of a major City-funded renovation to the **Benton Convention Center**, both in 2017, tourism figures for the current year should climb even higher. Benton remained open during the \$18.5 million renovation, which transformed its ballrooms and meeting spaces as well as its exterior façade. With a new modern front entrance and updated look, Benton's ability to compete with other cities for major conventions has been greatly enhanced.

In other economic measures, the Winston-Salem housing market continued to thrive, with home prices in the Winston-Salem metro area up 4.8 percent in July 2017 compared to the prior year, according to CoreLogic. As of March 2017, the average sales price of a house in Forsyth County was \$180,931, up 11.1 percent from March 2016, according to the **Winston-Salem Regional Association of Realtors** (WSRAR). The WSRAR, the first realtor association in North Carolina, marked its 100th anniversary in 2017.

The unemployment rate in Forsyth County has continued to decline, according to the U.S. Department of Labor. By July 2017, the unemployment rate stood at 4.3 percent, down from 5.1 percent in July 2016.

The new headquarters of Art for Art's Sake, a nonprofit organization dedicated to supporting local artists, opened in downtown in 2017.





Technology and Innovation

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.

Public art and cutting-edge research come together in Innovation Quarter.





A former machine shop and warehouse for Reynolds Tobacco, Wake Forest Biotech Place now houses start-up companies and departments of the Wake Forest University School of Medicine.

Innovation Quarter encompasses more than 337 acres and 1.9 million square feet of office, laboratory and classroom space. 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 1,500 degree-seeking students and 8,000 workforce trainees are attending programs in the technology park.

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. First used in the entertainment industry, motion-capture technology is now benefiting fields as diverse as manufacturing, engineering and

athletics. 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; **MIXXER**, the City's first dedicated "makerspace"; 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 \$788 million of investments, the majority of them from **Wexford Science & Technology, LLC, a BioMed Realty Company**. Historic tax credits approved by the National Parks Service have also helped with funding. The City has been a major player in supporting Innovation Quarter, along with Forsyth County and the State of North Carolina.

Currently underway is the redevelopment of **Reynolds Tobacco's** former **Bailey Power Plant**, which ceased operations about 20 years ago. The building's 110,800 square feet will be developed into new office, entertainment and retail space.



Wake Forest Baptist Health is the county's single largest employer, with close to 13,000 employees system-wide. It is the region's only Level I Trauma Center.



Health Care

Winston-Salem is home to two of North Carolina's largest regional health systems — **Wake Forest Baptist Medical Center (Wake Forest Baptist)** and **Novant Health, Inc. (Novant)**. With over 21,000 employees, health care is the Forsyth County's largest employment sector.

Wake Forest Baptist is the county's single largest employer, with close to 13,000 employees system-wide. It encompasses **Wake Forest Baptist Health**, **Wake Forest School of Medicine**, **Wake Forest Innovations**, and **Wake Forest Innovation Quarter**. The nationally recognized academic Medical Center includes a medical staff of more than 1,300 physicians with expertise in over 100 specialties; 3,000 registered nurses; and 692 residents and fellows; and the nationally ranked **Brenner Children's Hospital**, the region's only pediatric hospital. Its **Comprehensive Cancer Center** is one of the state's largest – and one of only 47 in the nation as designated by the National Cancer Institute.

The Medical Center provides 1,060 acute care beds, as well as outpatient services, clinics, diagnostic centers, and community health and information locations. It is the region's only Level I

Trauma Center and was the state's first Level 1 Pediatric Trauma Center. Other locations that are part of the **Wake Forest Baptist Health** system include **Wake Forest Baptist Health – Lexington Medical Center**, **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 \$378 million in charitable care and other community benefits. The hospital has earned the coveted Gold Seal of Approval™ from the Joint Commission, the nation's premiere standards-setting and accrediting body for health care and quality.

Wake Forest Baptist's medical and surgical programs continually rank among the best in the country. It has been recognized as one of the Top 50 of America's Best Hospitals by *U.S. News & World Report* for the 25th consecutive year, and Brenner Children's Hospital ranks among the best children's hospitals. Wake Forest Baptist's physicians rank among the best in the country, with 325 included in the Best Doctors in America database.

With an enrollment of about 2,500 students, residents and fellows, the School of Medicine ranks among the "2017 Best Medical Schools" list from *U.S. News & World Report*; its physician assistant program ranks 9th in the country, while its nurse anesthesia program is 10th.



Novant Health, the county's second largest employer, is a four-state integrated health care system with headquarters in Winston-Salem. It is recognized as one of the best places to work in health care in the nation.



Novant is a four-state, integrated health care system with headquarters in Winston-Salem. It includes a network of 15 medical centers, over 520 clinic locations, and more than 1,500 physicians in North Carolina, Virginia, South Carolina and Georgia. Recognized as one of the best places to work in health care in the nation — particularly for women and managers of diverse backgrounds — Novant employs more than 8,000 workers in Forsyth County. It has a major impact in its communities by delivering over \$725 million in community benefits. The health system has been recognized by the Joint Commission for the quality and safety of its patient care, and its hospitals are listed among the best in the country in *U.S. News & World Report's Best Hospitals*.

Novant Health's **Forsyth Medical Center (FMC)** is a 921-bed, not-for-profit hospital in Winston-Salem offering a full continuum of emergency, medical, surgical, rehabilitative and behavioral health services. FMC is a member of the American Hospital Association and it has earned numerous national rankings in specialties including cardiac surgery, oncology, quality care for diabetes, heart disease and stroke, 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, which earned the international Baby-Friendly Designation, operates the largest birthing center in the region. It assists with more than 6,000 births a year, making it the second largest birthing center in the state.

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

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.

A regional division of Wells Fargo Bank is reflected on the side of the national headquarters of BB&T Corp., one of the nation's largest financial services holding companies.



The Wells Fargo Linden Center is housed in a renovated former textile plant.

As of June 30, 2017, BB&T is one of the largest U.S. financial services holding companies, with \$221.2 billion in assets and market capitalization of \$36.7 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 Corporation, 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 42 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. Founded in 1967 to serve **Reynolds Tobacco** employees, **Allegacy Federal Credit Union** is celebrating its 50th anniversary in 2017. It now has 138,000 owner-members worldwide with over \$1.3 billion in assets. **Truliant Federal Credit Union**, chartered in 1952 to serve employees of Western Electric, now has more than 215,000 owner-members throughout the U.S.



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.

Hanesbrands is the world's largest maker of basic apparel and innerwear, with brands including Hanes, Champion, Playtex and Bali.

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 ZONNIC, a nicotine replacement therapy gum.

Hanesbrands is the world's largest marketer of basic apparel, selling bras, panties, shapewear, sheer hosiery, men's underwear, children's underwear, socks, T-shirts, sweatshirts, fleece and other activewear. The company's brands include Hanes, Champion, Playtex and Bali. The company reported a second quarter 2017 net income increase of 34.6 percent — to \$172.5 million — from second quarter 2016. 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 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.

Other major employers include **Deere-Hitachi**, with 800 employees; **Hayward Industries**, a manufacturer of pool equipment with 800 employees; **Rock Tenn**, a maker of packaging products with 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 2017*

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

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

^{*} Full and part-time faculty and staff.

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

Source: Winston-Salem Chamber of Commerce



The biennial Black Theater Festival, which opens with a downtown gala and parade, attracts thousands of visitors to the City. Economic studies have shown that the arts support more than 5,000 jobs, with an economic impact of more than \$157 million per year.

Downtown Development

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

One of downtown's biggest stories of 2016 was the re-opening of the bottom six floors of **Reynolds American's** iconic former headquarters. The building, known as "The Grand Old Lady" in Winston-Salem, was the architectural inspiration for the Empire State Building in New York. Now known as the **Kimpton Cardinal Hotel**, it includes 174 guestrooms, 36 suites, and The Katharine Brasserie and Bar on its lower six floors. The building's upper floors have been converted into 120 luxury condominium units.

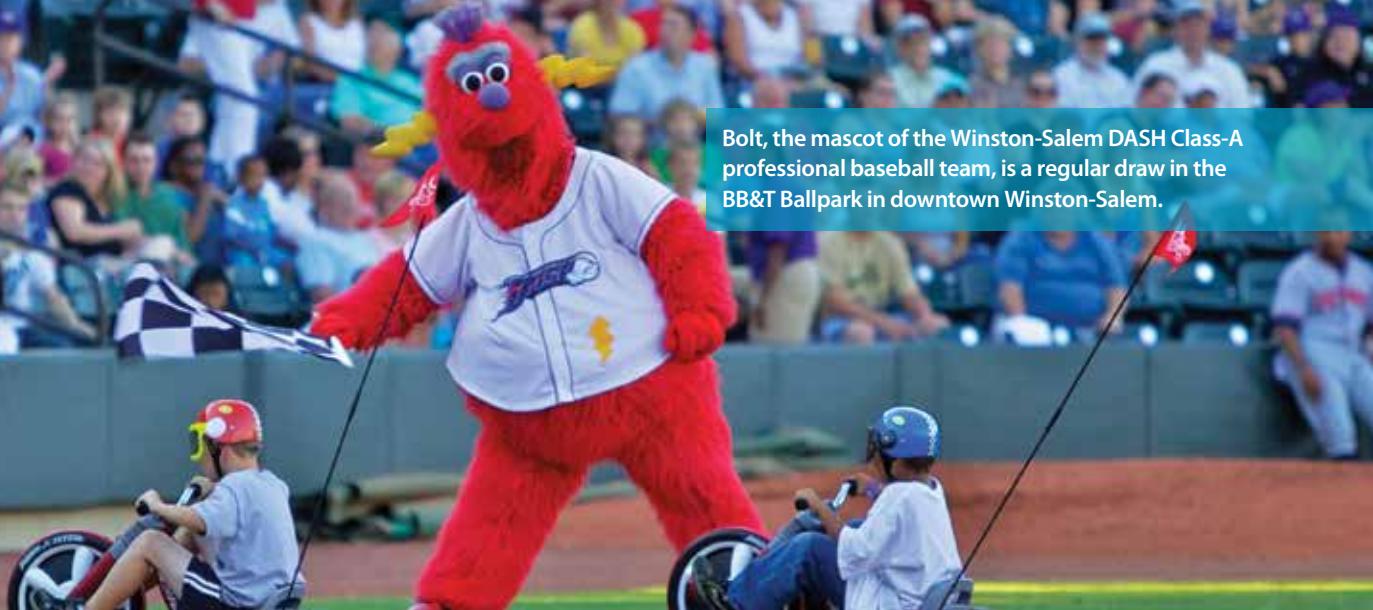
Another boutique hotel is slated to open in the **Pepper Building**, a long-vacant 49,000-square-foot art deco building. **Indigo**, an international hotelier, plans a 75-room boutique hotel that will bring the 1927 building back to its former glory, including the

revival of the Sir Winston Steakhouse and Martini Bar on the first floor and the Prince Albert restaurant and bar in the basement. Developers **Mayfair Street Partners** told the *Winston-Salem Journal* that they were inspired to locate an Indigo Hotel here because of downtown's "massive revitalization over the last 10 years."

In addition, **CN Hotels, Inc.**, a Greensboro hotel developer, has begun construction on a 119-room **Hampton Inn & Suites** on North Cherry Street.

In a dramatic transformation during the past decade, downtown Winston-Salem has become a thriving neighborhood with nearly 4,000 residential units. Sidewalks bustle every night with thousands of residents socializing, walking dogs and visiting an array of restaurants offering food as diverse as pizza, smoothies, gourmet food cooked with locally sourced products, and ethnic foods including Mediterranean, Thai, Vietnamese and Mexican. **Sweet Potatoes**, a downtown restaurant serving Southern classics such as fried okra, three-cheese macaroni, and cornbread accompanied by a cold glass of buttermilk, has received accolades in national publications.

Other boosts to downtown have included Winston-Salem's **BB&T Ballpark**, home of **The Winston-Salem DASH** Class-A professional baseball team. Atlanta-based **Brand Properties** plans a mixed-use development adjacent to the ballpark that will include 313 apartment units, a parking deck with more than 600 spaces, a



Bolt, the mascot of the Winston-Salem DASH Class-A professional baseball team, is a regular draw in the BB&T Ballpark in downtown Winston-Salem.

133-room hotel, and a one-story retail site between 3,000 and 9,000 square feet.

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

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

Downtown development, as well as recruitment of new business to the City as a whole, has largely resulted from the leadership and strategic moves of the City Council and the **Winston-Salem Alliance**, a nonprofit 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 (BID)**, 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.

2017-2018 City Budget & Improvements

The City Council approved a \$482.2 million budget for 2017-18, an increase of \$40 million over the previous year. The budget allocates \$347 million for operations, \$37 million for debt service and \$98 million for capital improvements. The property tax rate is 59.74 cents for every \$100 of value, an increase of 1.24 cents.

Capital improvements supported by user fees, such as water, sewer and stormwater projects, account for much of this increase. Spending in the general fund, which accounts for most tax-supported services, will only increase by \$5.7 million.

Large budget items this year are bus system improvements designed to add more night and weekend service to certain

routes, and salary increases to make employee compensation more competitive. Police officers will receive a total of 4 percent in salary increases. In addition, police officers and all other City employees are eligible for raises ranging from 1.5 to 3 percent, based on performance. Pay for equipment operators, laborers, inspectors and other field employees will be raised 2 percent in addition to merit raises. The City's minimum pay will increase to \$11.25 an hour, up from \$11 an hour in 2016-17.

In spring 2017, the **City-County Utility Commission** approved a 4 percent increase in the water rate, a 6 percent increase in the sewer rate, and the bimonthly service charge for residential water and sewer service would increase by \$1.64.

A photograph of several children playing in a large outdoor water fountain. The water is spraying from multiple nozzles in the background, creating a misty spray. In the foreground, a girl in a black patterned top and light blue jeans stands looking towards the camera. To her left, a young boy in a white t-shirt and purple pants is smiling. To her right, another girl in a green shirt and grey pants is partially visible. In the background, a girl in a yellow t-shirt and a boy in a green t-shirt are standing behind a clear plastic sheet. The ground is wet and reflective.

A Great Place to Live and Work

The City of Winston-Salem continues to gain national recognition as a great place to live and work, thanks to its moderate climate, world-class health facilities, thriving downtown, local arts scene, reasonable cost of living, and strong institutions of higher education. Several national surveys have ranked Winston-Salem **as one of America's most "affordable" cities**, and CNN Money and Forbes have rated the City one of the **Top 10 Places to Retire**.

community

Community Profile 2016•2017

A survey of 542 cities by *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**. The survey compared startup opportunities in the nation's 150 most populated cities.

The City of Arts and Innovation continues to diversify its entertainment and cultural offerings. Its reputation as a good city for "foodies" is growing, with new restaurants surveying a wide range of local and international cuisine continuing to open in the downtown area. 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 fifth 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 planning to spend their Memorial Day weekend in Winston-Salem on an annual basis. Extensive renovations are underway that will 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.

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 million referendum included \$30.85 million for recreation and parks; \$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.

Winston-Salem has also been named one of **America's Top 10 Digital Cities** for 14 years in a row by the Center for Digital Government. In 2016, the Center rated Winston-Salem sixth 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. Through **www.cityofws.org**, residents are able to request services, pay bills, register for recreation programs, conduct business with the Inspections Department, watch archive video tape of City Council meetings, and more. **CityLink**, the City's call center, gives residents a single number (311) to call to request City services, report problems, pay bills, and make suggestions. 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.

On the environmental front, Winston-Salem has been named **North Carolina's Tree City USA of the Year for 2017** by the North Carolina Forest Service. The award recognizes the City's ongoing program to promote and protect its urban forest, and particularly for its efforts to educate homeowners and utilities about proper tree maintenance.

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.



Bailey Park is a hub of activity for residents who live downtown and throughout the City. The Park regularly hosts events as diverse as yoga, bike racing and concerts.



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 repurposed from old textile and tobacco factories. These include 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 new construction options include **West End Village** and **The Links Apartments**, both within walking distance of the BB&T Ballpark; **One Park Vista**, an eight-story, high-end condominium complex, on Fourth Street; **Hilltop House Apartments**, a renovated two-story hotel and a new four-story addition providing a total of 110 apartments, **Hilltop South**, a 65-unit complex located on the Strollway connecting downtown and Old Salem; and **757 North**, a new 115-unit apartment complex on North Chestnut Street.

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 2016, Habitat, in partnership with the **United Way of Forsyth County**, began 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**. The Place Matters initiative is harnessing the talents of a Resident Impact Council, along with numerous agencies in Forsyth County, to address issues including poverty, lack of access to fresh, healthy foods, and a shortage of quality, affordable housing stock.

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 27 miles of greenways and 11 official City bike routes that include 18 roads with on-street marked bike lanes. Those amenities are managed by the **Winston-Salem Recreation and Parks Department**, which is recognized as a leader in serving the recreation needs of its residents.

In the last year, several recreational projects funded by a 2014 bond referendum have come to fruition. 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**, will be completed in fall 2017.

The Recreation and Parks Department 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 help riders master the basics of how to balance and handle their bikes, skateboards and roller skates without the risk of major injury.

Recreation and Parks also operates two public 18-hole golf courses: **Winston Lake Golf Course** and **Reynolds Park Golf Course**. Ground was broken in summer 2016 for a new Winston Lake Aquatic Park, which will include a pool, diving area, spray ground, restrooms, concession area and shelter when completed in 2018.

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.

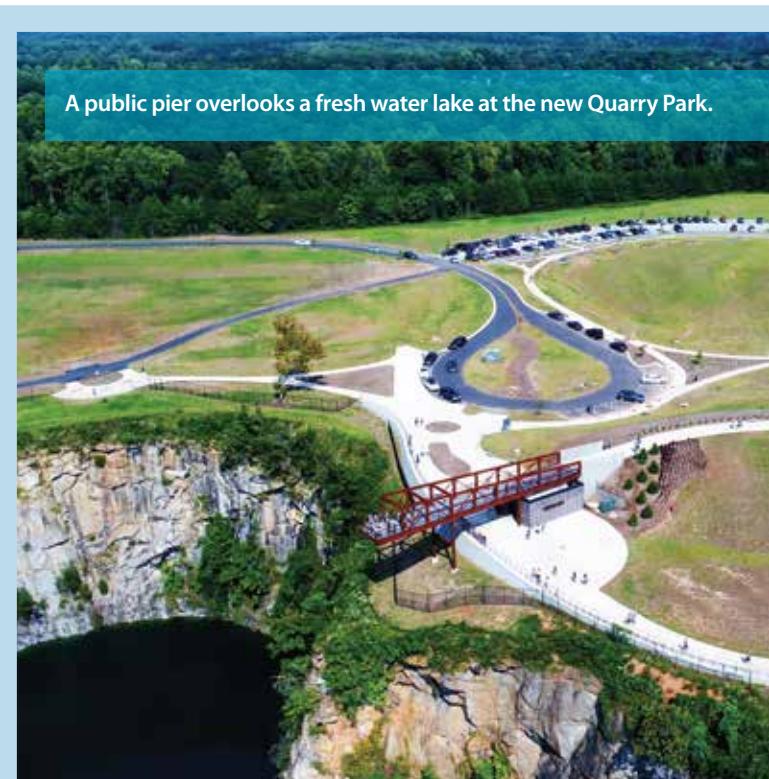
The City still owns the 4,500-seat **Fairgrounds Annex**, a free-standing facility with a basketball court that can be set up for a regulation-size hockey rink. This fall, the Annex will become home base for a new hockey team, the **Carolina Thunderbirds**.

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.

In May 2013, the Mayor and City Council adopted a resolution of intent to sell **Bowman Gray Stadium** and surrounding property to **Winston-Salem State University**. 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. WSSU will honor provisions of the City's contract with Winston-Salem Speedway, Inc., to continue the lease for NASCAR races.

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



A public pier overlooks a fresh water lake at the new Quarry Park.



The Milton Rhodes Center for the Arts is housed in a converted former textile mill.

Downtown Arts

Formed in 1949 as the first locally established arts council in the country **The Arts Council of Winston-Salem and Forsyth County** has been a national model in supporting and advocating for civic arts and culture. Winston-Salem now has a sound reputation as a center of excellence in both visual and performing arts. The arts are a major economic driver, with an approximate economic impact of more than \$156 million in Forsyth County annually and supporting more than 5,500 full-time jobs.

The Arts Council owns and operates the **Milton Rhodes Center for the Arts**, the "heart" of the arts in downtown Winston-Salem. The transformed former textile mill now features 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**. The Center's calendar is regularly filled with live performances, film screenings, art showings, artist receptions, art classes and special events.

The **Hanesbrands Theatre**, also owned and operated by the Arts Council, is adjacent to the Milton Rhodes Center. The state-of-the-art theatre serves as a performance venue for drama, dance, film and music as well as a private meeting and special events venue. It serves as the house venue for Twin City Stage/Children's Theatre and the North Carolina Black Repertory Company.

A thriving **Downtown Arts District** consists of working studios, galleries, locally-owned retail shops, restaurants, night life, residences, and businesses. The Arts District is located along 5th, 6th, 7th, and Trade streets and features an eclectic mix of restored historic buildings and modern structures. **The Downtown Arts District Association (DADA)** is the neighborhood organization

that began revitalizing this area of downtown in 1995. Its offices are in the **North Trade Street Arts Center**, which also serves as a gallery. DADA promotes art and the arts district through events such as **First Friday Gallery Hops**, held the first Friday of each month. 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.

ARTivity on the Green is a half-acre public art park located in the heart of the arts district on Liberty Street. A unique work of art itself, the park includes towering faux smokestacks that 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 performance shelter. The park was a project of **Art For Art's Sake (AFAS)**, a nonprofit volunteer organization working to bring free art events and programs to the community. The group is headquartered in the new AFAS Center for the Arts on Liberty Street, which also houses **Red Dog Gallery, Unleashed Arts Center**, and inexpensive studio space for rent by local artists. AFAS hosts the **Arts on Sunday**, a series of afternoon arts and crafts festivals held outdoors on Trade Street on Sundays in May and September.

Celebrating its 20th year, **The Downtown Summer Music Series** has provided live music and festivities in downtown Winston-Salem 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 events are free and have become a vital part of summer in the City, attracting around 60,000 people of all ages, cultures and backgrounds. The Summer Music Series is a project of **The Downtown Winston-Salem Partnership**, the nonprofit organization that has led the resurgence of downtown into a flourishing commercial, cultural and residential district. The group also sponsors the annual downtown **Restaurant Week** in February and **Salute! NC Wine Celebration** in June.



The Benton Convention Center, which has recently undergone an \$18.5 million renovation funded by the City, is a modern facility for conventions and events.

Festivals and Annual Events

Winston-Salem's downtown is buzzing, day and night, with restaurants, shops, galleries, the newly renovated **Benton Convention Center**, businesses, hotels and residential activity. The downtown area boasts about 27,000 employees and has a residential population of more than 14,000.

Held annually at the Benton Convention Center, the **Piedmont Craftsmen's Fair** showcases the handwork of more than 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.

The **Bookmarks Festival**, the largest book and author festival in the Carolinas, celebrated 13 years with its 2017 festival in downtown Winston-Salem. The four-day festival continues to grow in stature and popularity, hosting authors from all genres, including best-selling writers John Grisham and Diana Gabaldon, author of the Outlander series. Bookmarks celebrated another milestone this year with the opening of the **Bookmarks Bookstore**. Located downtown, the store is hosting regular author appearances and events for all ages of readers.

Organized by the Hispanic League, **FIESTA** is an annual free street festival and the League's largest fundraiser, hosting over 22,000 people each year. The multicultural event includes live Latin music, cultural programs, a children's area, Latin cuisine, local arts and crafts, and a beer and margarita garden. All funds raised

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. Produced by the **North Carolina Black Repertory Company**, based in Winston-Salem, it is the world's largest showcase of black theatre. It is the only black theatre festival offering six consecutive days and around 120 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.

Since 1998, Winston-Salem has been the home of the annual **RiverRun International Film Festival**, one of the preeminent film festivals in the Southeast. As a competitive event that attracts attendees from throughout the South, RiverRun offers a diverse program from film studios, independent distributors and first-time filmmakers. The 10-day festival held each April features around 150 screenings of feature-length and short films spanning all genres. The movies are shown at different venues throughout Winston-Salem, including **a/perture cinema**, a nonprofit art-house cinema featuring two 80-seat theatres, one 45-seat screening room, and a 25-seat alternative viewing room. The locally-owned theatre screens a mix of independent, foreign, documentary, local and festival films year round.

Originally a 1929 silent movie theatre, the Stevens Center is a magnificently restored neoclassical theatre located in downtown. It is the primary performance space for the University of North Carolina School of the Arts as well as the Winston-Salem Symphony and the Piedmont Opera.



Performing Arts Organizations and Venues

One of the City's primary performing arts venues is **The Stevens Center**, a magnificently restored, two-story 1,364-seat neoclassical theatre located downtown on Fourth Street. Originally a silent movie theatre in late 1920s, the Stevens Center 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."

Another long-standing arts group using The Stevens Center as its home base is the **Winston-Salem Symphony**. For 70 years, the group provided an array of repertoires, including classical orchestral and choral concert music, opera, oratorio, ballet, and popular music. One of the Southeast's most highly regarded orchestras, its annual program includes about 20 performances.

Also performing at the Stevens Center is the **Piedmont Opera**. As the second largest opera company in North Carolina, Piedmont Opera prides itself in bringing excellent regional, national and

international singing actors and technicians to work with a full orchestra and a chorus of local singers. The 40-year-old Opera performs two regularly scheduled productions each year in addition to numerous educational and outreach programs.

For more than 80 years, **The Little Theatre of Winston-Salem** has been contributing to the Winston-Salem performing arts scene, making it the longest running theatrical company in the region. 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 Theatre Alliance**, **The Piedmont Chamber Singers**, **The Piedmont Wind Symphony**, **Camel City Jazz Orchestra**, **Winston-Salem Festival Ballet**, **Winston-Salem Theatre Alliance**, **Winston-Salem Youth Chorus**, and more.



Winston-Salem is well known for its arts scene, including galleries exhibiting local and regional artists' work as well as art museums.

Art Museums

Winston-Salem is home to several significant arts museums and cultural centers. The City's flagship 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. As the centerpiece 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 American art in various mediums ranging from the colonial period to the present. The permanent collection is housed in the historic mansion, which also includes restored interior rooms to reflect the periods in which the Reynolds family lived there. The modern Mary and Charlie Babcock wing includes educational space, a gallery for temporary exhibits, an auditorium, and fine art and archival space. The more than 300-piece 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. Reynold House celebrated two milestone anniversaries in 2017: the 50th of the founding of the museum and the 100th of the completion of the estate. The adjacent **Reynolda Gardens of Wake Forest University** and historic **Reynolda Village** feature magnificent 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 exhibits the works of international and American contemporary artists through visual art exhibits 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.

The Museum of Early Southern Decorative Arts (MESDA) is the world's only museum dedicated to collecting, exhibiting and researching the regional decorative arts and crafts of the early South. 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 houses immense object and craftsman databases.

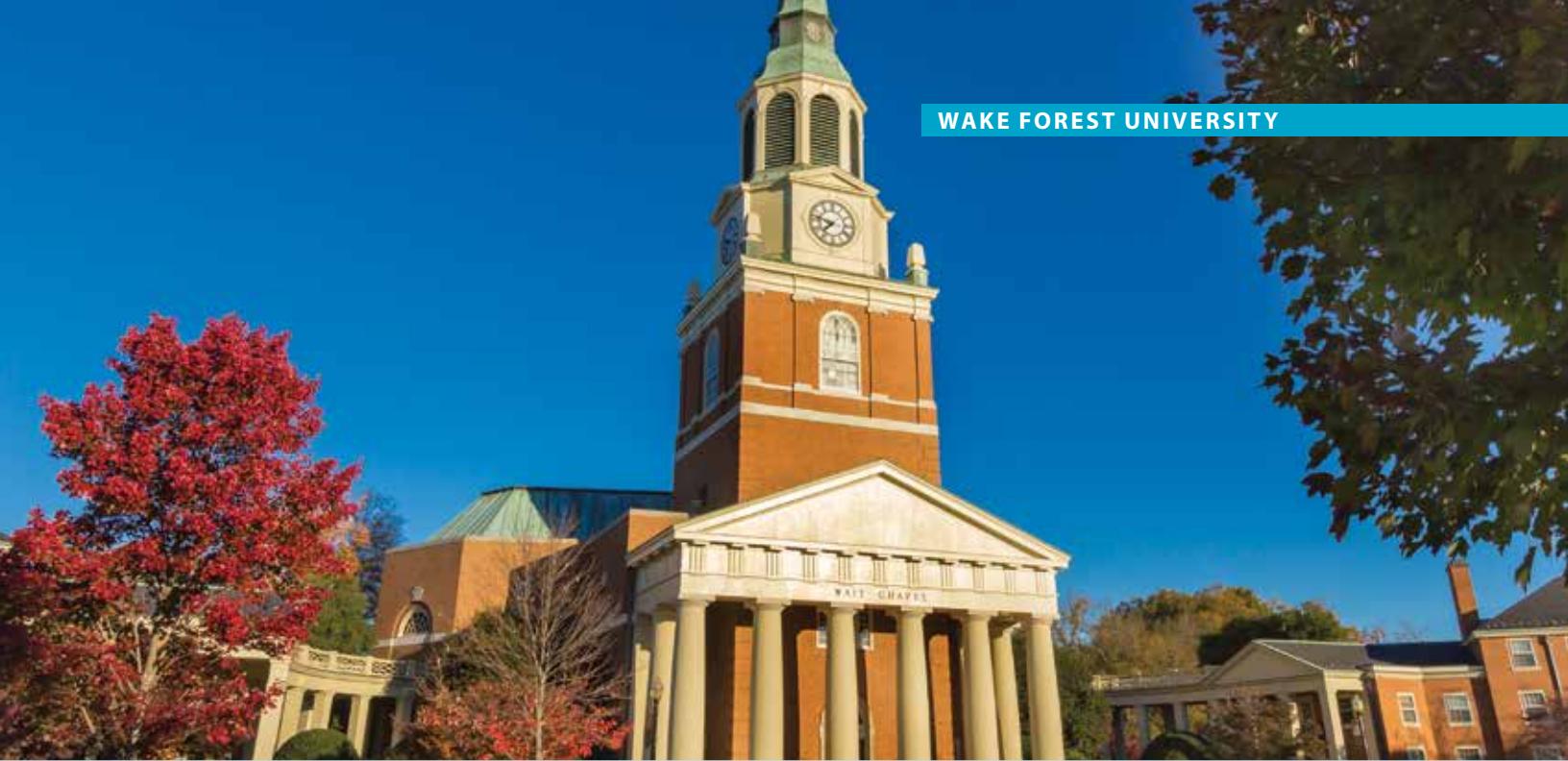
Located in the heart of the Winston-Salem's African-American community, the **Delta Arts Center** is an art gallery, cultural center and rental facility. For 45 years, the Center has enriched the City's art scene by showcasing visual and performing arts with an emphasis on the contributions of African-American artists. 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 major cultural center of **Winston-Salem State University**, **Diggs Gallery** is one of the top regional contemporary African-American art galleries. It houses the premier collection of African and African-American art in the South with a permanent collection that 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 nonprofit 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, giving them the opportunity to earn a living from their art.

A young African American girl with short hair and a blue polo shirt is looking through the eyepiece of a black compound light microscope. She is focused on the task. A woman with long blonde hair, wearing a grey t-shirt and a brown cardigan, is leaning over her shoulder, smiling and observing. The background is slightly blurred.

Education



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 54,000 students in 81 schools.

The Board of Education offers the "Schools of Choice" process, which gives parents a say in where their children go to school. Elementary schools are divided into 11 zones, and middle schools are divided into seven zones. Parents 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 on all ends of the educational spectrum and with various needs.

High school students have the option to take classes at the regular, honors and Advanced Placement levels as well as 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 made steady progress in increasing the graduation rate to more than 85 percent with a target of 90 percent by 2018. **Early College of Forsyth County** has been recognized as one of America's top high schools by *Newsweek*.

In addition to public schools, parents have the option of sending their children to numerous private schools in the Winston-Salem area, both secular and church-affiliated. 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 about 4,800 undergraduates and 2,800 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. **Wake Forest Baptist Medical Center** and **Wake Forest Innovation Quarter** house the School of Medicine and additional research facilities and programs. Wake's athletic facilities include BB&T Field, Gene Hooks Field, Wake Forest Tennis Center, and Lawrence Joel Veterans Memorial Coliseum. The University is in the midst of a 10-year, \$625 construction effort to enhance residential, academic and athletic spaces for students, including the transformation of its historic Reynolds gym into a state-of-the-art center for health and well-being.

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. 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 national titles in field hockey and men's soccer, achieved a No. 1 ranking in men's basketball. 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 more than 50 percent making the ACC Honor Roll.



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 masters and doctorate. WSSU is part of the University of North Carolina system, with about 6,000 undergraduate and graduate students.

Celebrating its 125th anniversary this year, 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 first of its kind in the nation. WSSU is the third largest producer of nurses in North Carolina and now offers a Doctorate of Nursing program. It consistently ranks as the top University in the state for graduating African-American students in the nursing, health sciences, and education fields.

The WSSU "Rams" athletic teams debuted their fierce new logo in 2017. They 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.

ACE MAIN THEATRE AT UNCSA



It is a member institution of the UNC system and 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 as well as 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.

SALEM COLLEGE



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.

Enrollment at Salem has been at record levels in the last several years. The physical campus has also grown with a new Student Center and the McHugh Sisters Flats, the first new student residence hall on campus in 50 years. The Salem "Spirits" athletic teams compete in Division III of the NCAA and are also members of the Great South Athletics Conference. Money magazine consistently ranks Salem as one top "Best Buys" of colleges in America" and U.S. News & World Report ranks the college as 11th in the nation among women's colleges.

Forsyth Technical Community College serves over 30,000 students each year, 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, certificates or diplomas in such fields as health care, engineering technologies, criminal justice, automotive technology, logistics management, nanotechnology, and biotechnology. Forsyth Tech has the largest health technology and biotechnology degree programs in the state, as well as the state's oldest and largest race car technology program, the Richard Childress Race Car Technology Program. It



FORSYTH TECHNICAL COMMUNITY COLLEGE



was one of the first four colleges in the country to pilot the National Association of Manufacturers (NAM) Endorsed Skills Certification System. Forsyth Tech's Davis iTEC Cyber Security Center was the first in the state to be named a Center of Academic Excellence in Cyber Defense Education by the National Security Agency (NSA) and the Department of Homeland Security (DHS). It is home to The National Center for the Biotechnology Workforce, offering the only degreed community college nanotechnology program in the Southeast, and its Early College of Forsyth for high school students was named in the top one percent of U.S. high schools by Newsweek.

To fully support student, employer, and community needs, Forsyth Tech also provides customized training for employers as well as services for entrepreneurs through its corporate training, 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.

The Winston-Salem Police Department transitioned its operations from one main station to three new district substations, all paid for by a 2014 bond referendum.



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 September 1 after the retirement of Chief Barry Rountree. Thompson is a 23-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 will lead a department with 570 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 district stations instead of one main station. All three of the new substations, which were included in a 2014 bond referendum, have opened. The Public Safety Center will continue to serve as the main location for the WSPD's administrative offices.



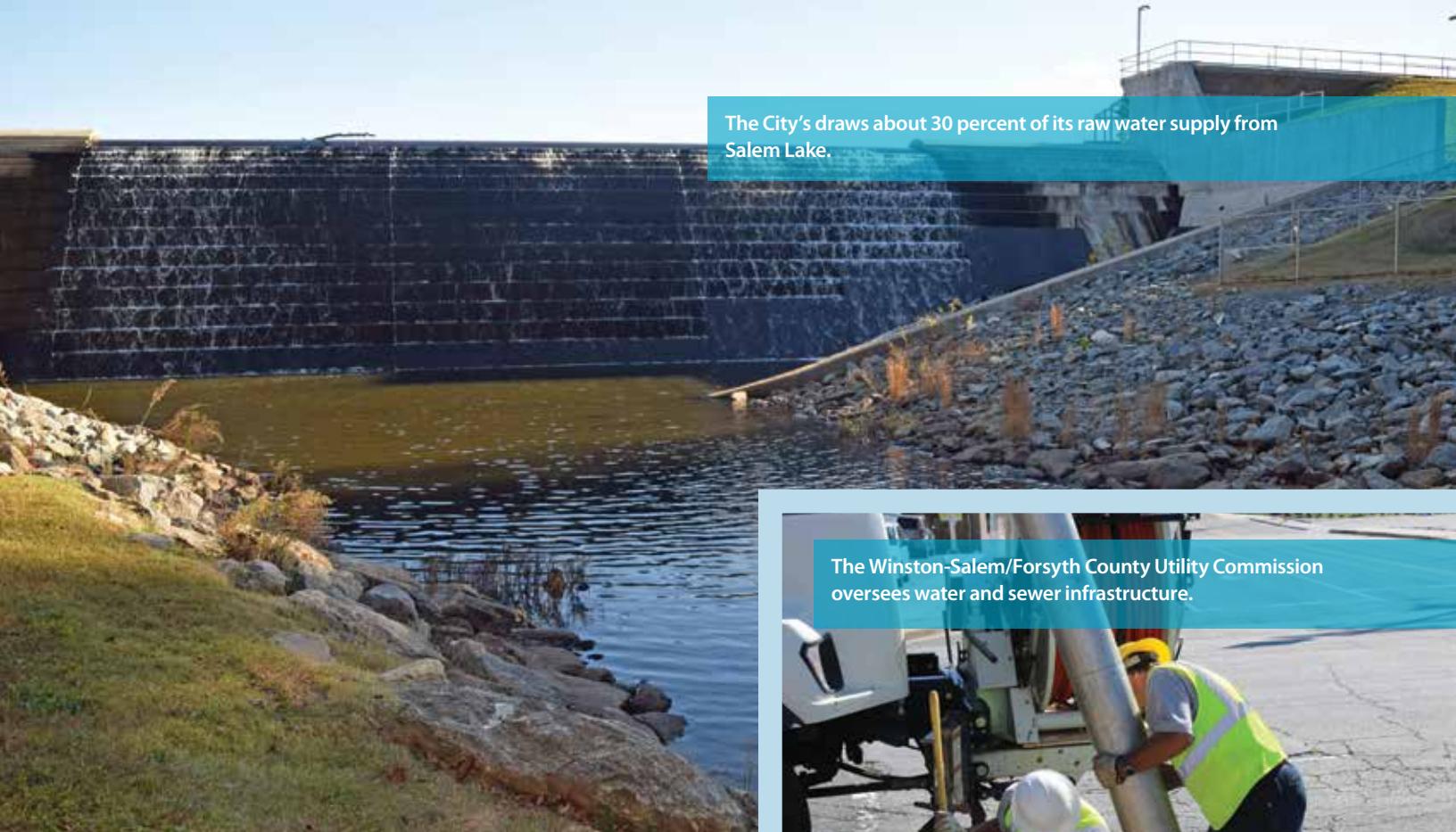
CHIEF CATRINA A. THOMPSON, WSPD

The 2014 bond also included funds to replace, renovate or expand three aging facilities of the **Winston-Salem Fire Department (WSFD)**. The first of the three new stations, located on Reynolda Road, opened in October 2017. Two more are currently under construction and slated for completion in early 2018.

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 4 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.



The City's draws about 30 percent of its raw water supply from Salem Lake.

Infrastructure

Winston-Salem provides professional and financially sound municipal services. Many recent additions and upgrades to roads and sidewalks have been paid for by a 2014 bond referendum approved by the voters, which included \$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 2017, the Commission approved a 4 percent increase in the water rate, a 6 percent increase in the sewer rate, and the bimonthly service charge for residential water and sewer service would increase by \$1.64. Even with the increase, Winston-Salem's rate remains the 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,



The Winston-Salem/Forsyth County Utility Commission oversees water and sewer infrastructure.

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 4,076 miles of water and sewer lines.

The City's three water treatment plants process a combined capacity of 91 million gallons per day, allowing plenty of capacity for future growth. Average demand is 36 million gallons per day, but can increase to as much as 65 million gallons per day in the summer. The water system draws 70 percent of its raw water from the Yadkin River and 30 percent from Salem Lake. These have proved to be very reliable sources of water even during serious droughts. In addition, Winston-Salem has the right to more than 11 billion gallons of water stored in the Kerr Scott Reservoir upriver in Wilkes County.

Revenue bonds have also funded the replacement of many aging water and sewer pipes in older neighborhoods. In late 2012, the City completed the replacement of the dam at Salem Lake and reopened its recreation areas. The City's waste-disposal needs have been provided for with the expansion of the **Hanes Mill Road Landfill**, which will extend the life of the landfill through at least 2035. The commission also operates a separate landfill for construction and demolition debris.

Shoppers can find locally grown produce and more at the Fairgrounds Farmers Market every Saturday throughout the year.





Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

**City of Winston-Salem
North Carolina**

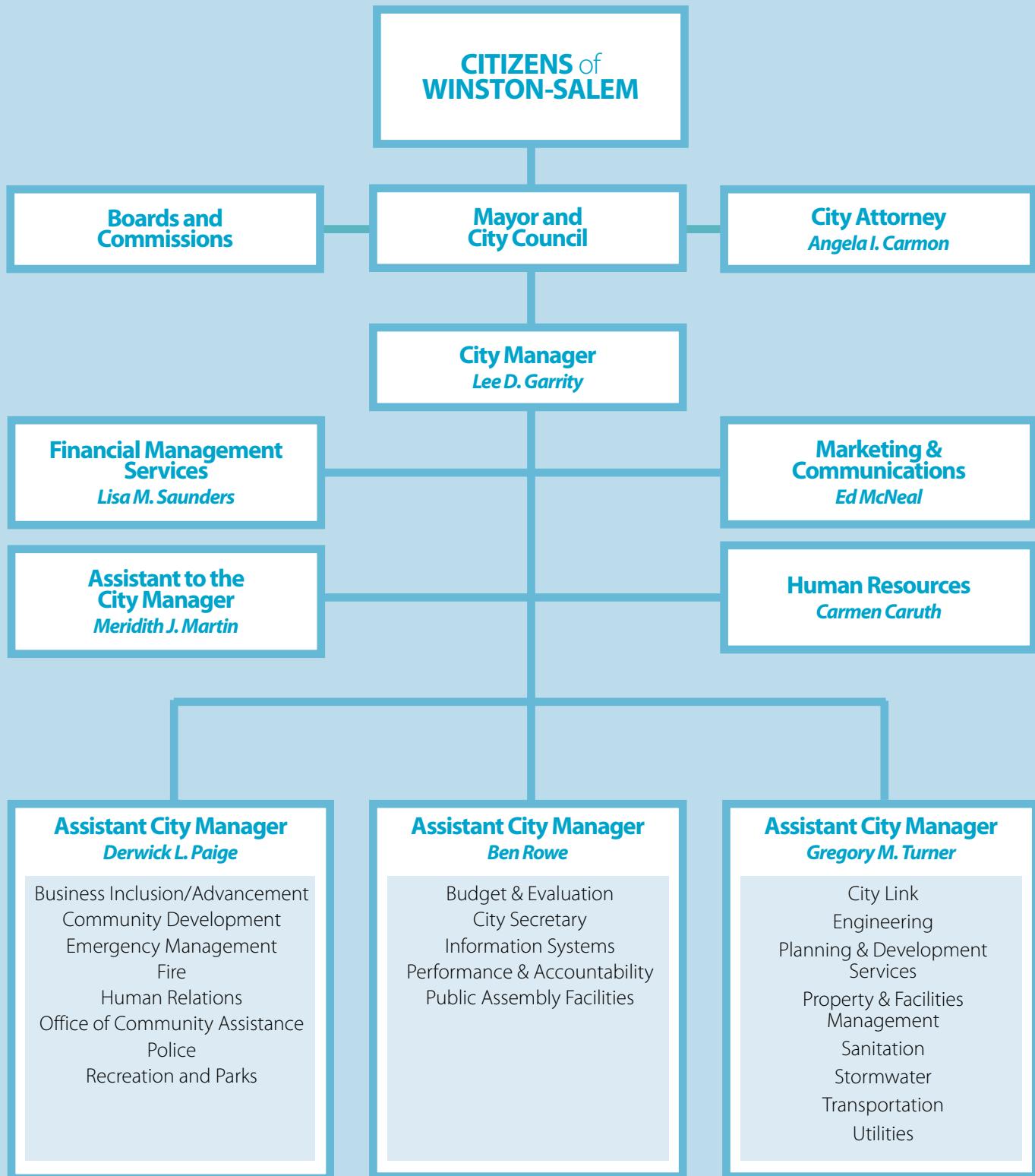
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

A handwritten signature in black ink, appearing to read "Jeffrey R. Emmer".

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
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
Craig D. Sheppard, City Revenue Collector
Jerry J. Bates, Purchasing Director
Dewey M. Williard, Accounting Services Manager
Sandra A. Killian, Special Projects Coordinator

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, 2017, 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, 2017, 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. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, in 2017. Our opinion is not modified with respect to this matter.

As discussed in Note 6 to the financial statements, the City has corrected the reporting of a contract liability which resulted in a cumulative effect adjustment to net position for both governmental activities and a fiduciary fund as of the beginning of the year. 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 November 16, 2017 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance, and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Dixon Hughes Goodman LLP

High Point, North Carolina
November 16, 2017

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, 2017. 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

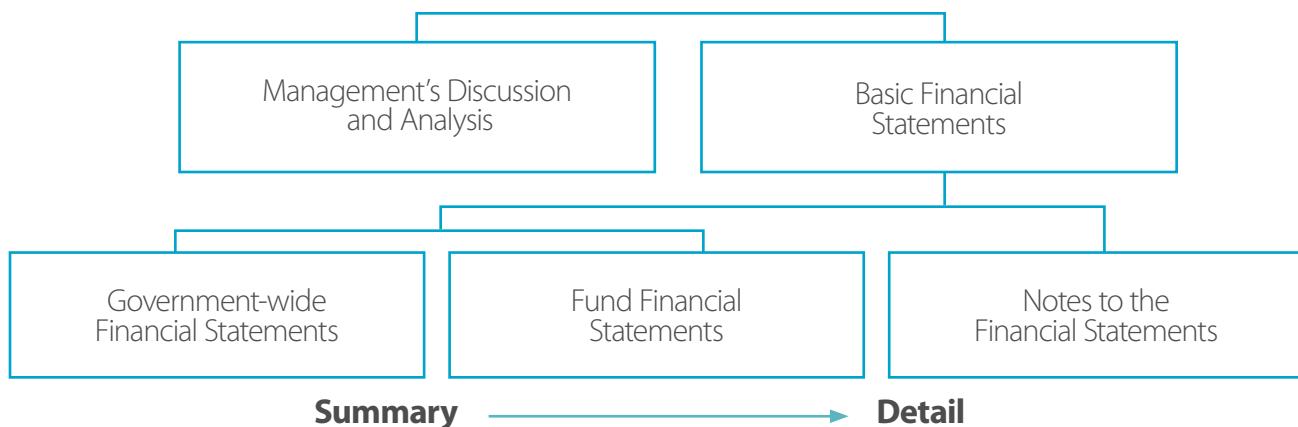
Highlights of the City's fiscal year ended June 30, 2017, include:

- City of Winston-Salem total net position increased approximately \$4.5 million from \$942 million to \$947 million.
- At June 30, 2017, total net position of \$947 million included \$233 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, 2017, the City's governmental funds reported combined fund balances of \$155.9 million. Approximately 16.21% of this amount is unassigned and is available for spending at the government's discretion.
- Unassigned fund balance of the general fund (approximately \$25.3 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 12.5% of 2018 estimated expenditures. Due from other governments and other funds increased \$2.8 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 \$33.7 million to \$913 million. Several key factors contributed to this increase: the retirement of \$8 million in general obligation bonds, the retirement of \$21.8 million in revenue bonds, the retirement of \$2.9 million in special obligation bonds, and the retirement of \$33.7 million in limited obligation bonds. Addition to lease agreement for \$27.5 million and proceeds from Clean Water State Revolving Loan for \$41.8 million. The City's net pension liability increased \$21 million to \$73.1 million.
- Property taxes supported 48.68% of governmental services to citizens and the community, and 37.99% to be used for mass transportation in 2017. The City increased the tax rate to \$0.585 for fiscal year 2017 from \$0.565 in fiscal year 2016.
- 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 74.26% of the costs of these activities. Business-type activities include water and sewer utility, solid waste disposal, stormwater management, public assembly facilities, parking, and Winston-Salem Transit Authority services. These activities are primarily paid from charges to customers.

Fund Financial Statements

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

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

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

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

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

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

Other Information. In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information in Exhibits 11 and 12 concerning the City's progress in funding its obligation to provide postemployment benefits through the Winston-Salem Police Officers' Retirement, Police Officers' Separation Allowance and other Post-employment Benefits plans. The purpose of Exhibits 13 through 23 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, 2017 (as shown in Exhibit 1) with comparative data for June 30, 2016.

Net Position

	(dollars in thousands)						Figure 2	
	Governmental Activities		Business-type Activities		Total			
	2017	2016	2017	2016	2017	2016		
Current and other assets	\$ 200,022	\$ 270,158	\$ 238,807	\$ 241,198	\$ 438,829	\$ 511,356		
Capital assets	454,810	393,559	1,017,740	973,528	1,472,550	1,367,087		
Total assets	654,832	663,717	1,256,547	1,214,726	1,911,379	1,878,443		
Deferred outflows of resources	36,821	24,380	33,587	40,321	70,408	64,701		
Long-term liabilities	354,194	321,690	558,541	557,360	912,735	879,050		
Other liabilities	52,673	56,007	62,148	59,836	114,821	115,843		
Total liabilities	406,867	377,697	620,689	617,196	1,027,556	994,893		
Deferred inflows of resources	4,184	4,590	3,240	1,348	7,424	5,938		
Net position:								
Net investment in capital assets	164,416	153,711	483,822	473,055	648,238	626,766		
Restricted	65,111	120,600	-	-	65,111	120,600		
Unrestricted	51,075	31,499	182,383	163,448	233,458	194,947		
Total net position	\$ 280,602	\$ 305,810	\$ 666,205	\$ 636,503	\$ 946,807	\$ 942,313		

As indicated above, assets and deferred outflows of resources of the City exceeded liabilities and deferred inflows of resources by \$947 million at June 30, 2017. Analysis of the business-type activities indicates that the capital assets increased \$44.2 million in fiscal year 2017 and net position increased \$29.7 million.

A large portion of the City's net position (68.47%) at June 30, 2017, 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, 6.9% of the City's net position, represents resources that are subject to external restrictions, such as the perpetual care fund.

At June 30, 2017, the City is able to report positive balances in all three categories of net position.

Governmental Activities

Net position of governmental activities decreased by \$25.2 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%. The 2017 property tax rate was \$0.585, which increased \$.02 from 2016. Current real and personal property tax collections during fiscal year 2017 were 99.2% of the current year levy.
- General revenues, other than property taxes, increased \$2.7 million. Sales tax increased \$2.4 million, which was 6.3% higher than 2016.
- Program revenues provided 25.36% of the support for governmental services.
- Total governmental expenses increased \$25.8 million during fiscal year 2017. Significant increases were seen in personnel expenses and replacement of the City's fleet of sedans, trucks, and equipment to address competitive pay and aging equipment.
- Federal and state grants are an important source of supplementary funding for public facilities and programs. During fiscal year 2017, the City received nearly \$27 million in grant revenue for restricted programs or specific projects and \$18.3 million related to general governmental activities.

Business-type Activities

Net position of business-type activities increased by \$29.7 million primarily attributable to charges for services. Rate structures of enterprise operations, other than the Transit Authority and public assembly facilities management, are set, insofar as practicable, to recover full operating costs plus depreciation and interest expense and to provide a reasonable working capital and reserve. The parking and public assembly facilities funds are provided an operating subsidy through a transfer from the general fund. The Transit Authority is provided operating support from the mass transit tax fund established to collect property taxes to be used for mass transportation.

Business-type Activities

	June 30, 2017 (dollars in thousands)						Figure 3
	Operating Revenues	Operating Expenses Before Depreciation	Depreciation Expense	Nonoperating Revenues (Expenses)	Capital Contributions	Transfers In (Out)	Increase (Decrease) Net Position
Water and sewer utility	\$ 104,398	\$ 42,361	\$ 25,845	\$ (10,154)	\$ 3,885	\$ (1,104)	\$ 28,819
Solid waste disposal	10,510	9,678	3,738	2,752	-	534	380
Stormwater management	10,823	10,993	564	1,553	43	(1,803)	(941)
Parking	745	1,045	434	277	-	591	134
Transit Authority	2,079	16,026	2,865	12,801	1,971	(14)	(2,054)
Public assembly facilities management	5,826	5,287	1,879	(571)	-	1,025	(886)
Risk Acceptance Management Corp.	1,045	2,628	-	5,833	-	-	4,250
Total	<u>\$ 135,426</u>	<u>\$ 88,018</u>	<u>\$ 35,325</u>	<u>\$ 12,491</u>	<u>\$ 5,899</u>	<u>\$ (771)</u>	<u>\$ 29,702</u>

Financial Analysis of the City's Funds

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

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

The general fund is the chief operating fund of the City. At the end of the current fiscal year, total fund balance of the general fund was approximately \$49.6 million of which \$25.3 million was unassigned. As a measure of the general fund's liquidity, it may be useful to compare both the total and unassigned fund balance. Unassigned fund balance represents 12.64% of the fiscal year 2017 budgeted expenditures, while total fund balance represents approximately 24.78%. The fund balance of the general fund decreased by \$1.8 million during the fiscal year, due to City Council approved one-time capital maintenance expenditures.

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

Changes in Net Position

	(dollars in thousands)						Figure 4
	Governmental Activities		Business-type Activities		Total		
	2017	2016	2017	2016	2017	2016	
Revenues:							
Program revenues:							
Charges for services	\$ 38,113	\$ 34,152	\$ 135,426	\$ 132,533	\$ 173,539	\$ 166,685	
Operating grants and contributions	18,329	15,561	8,795	8,482	27,124	24,043	
Capital grants and contributions	3,409	2,527	5,899	11,496	9,308	14,023	
General revenues:							
Property taxes	114,868	109,495	7,177	7,090	122,045	116,585	
Sales taxes	39,984	37,613	-	-	39,984	37,613	
Other local taxes	1,151	1,049	-	-	1,151	1,049	
Telecommunications sales tax	2,112	2,130	-	-	2,112	2,130	
Utilities sales tax	13,131	13,643	-	-	13,131	13,643	
Piped natural gas sales tax	673	618	-	-	673	618	
Video programming tax	2,224	2,212	-	-	2,224	2,212	
Local tax reimbursements	1,081	1,046	-	-	1,081	1,046	
Investment income	1,370	989	16,941	1,740	18,311	2,729	
Other	1,796	1,542	-	-	1,796	1,542	
Total revenues	238,241	222,577	174,238	161,341	412,479	383,918	
Expenses:							
General government	32,646	30,554	-	-	32,646	30,554	
Public protection	106,740	100,929	-	-	106,740	100,929	
Environmental health	17,720	17,002	-	-	17,720	17,002	
Transportation	20,545	20,025	-	-	20,545	20,025	
Culture and recreation	12,069	11,752	-	-	12,069	11,752	
Community and economic development	36,065	21,981	-	-	36,065	21,981	
Interest and fiscal charges	10,191	7,937	-	-	10,191	7,937	
Water and sewer utility	-	-	87,582	82,994	87,582	82,994	
Solid waste disposal	-	-	13,580	10,718	13,580	10,718	
Stormwater management	-	-	11,675	6,082	11,675	6,082	
Parking	-	-	1,647	3,569	1,647	3,569	
Transit Authority	-	-	18,891	17,142	18,891	17,142	
Public assembly facilities management	-	-	7,762	7,261	7,762	7,261	
Risk Acceptance Management Corp.	-	-	2,628	2,327	2,628	2,327	
Total expenses	235,976	210,180	143,765	130,093	379,741	340,273	
Increase in net position before transfers	2,265	12,397	30,473	31,248	32,738	43,645	
Transfers							
Government-wide	771	(261)	(771)	261	-	-	
Increase (decrease) in net position	3,036	12,136	29,702	31,509	32,738	43,645	
Net position – beginning, as previously stated	305,810	293,674	636,503	604,994	942,313	898,668	
Cumulative effect adjustment	(28,244)	-	-	-	(28,244)	-	
Total net position – beginning, as adjusted	277,566	293,674	636,503	604,994	914,069	898,668	
Net position – ending	\$ 280,602	\$ 305,810	\$ 666,205	\$ 636,503	\$ 946,807	\$ 942,313	

The debt service fund has a fund balance of \$23.6 million at June 30, 2017, an increase of \$873 thousand, all of which is restricted for payment of debt service.

The fund balance of the capital projects fund decreased by \$71.1 million, to \$30.3 million at June 30, 2017, all of which is appropriated for capital projects.

The City previously reported a net pension liability related to its Winston-Salem Police Officers' Retirement System of \$35,158,711 in its 2016 statements. During fiscal year 2017, it was determined that the liability should have been recorded at \$35,174,480, an increase of \$15,769. The information necessary to determine the impact on prior years' change in net position is not available, so the correction of an error was recorded as a cumulative effect adjustment to the net position as of the beginning of the year. This liability calculation has been corrected as of June 30, 2016 and all references to 2016 net position will be labeled "As Adjusted".

In 2013, the City issued Limited Obligation Bonds to increase the funding level of the Winston-Salem Police Officers' Retirement System. During fiscal year 2017, it was determined that the \$28,120,000 contract payable and \$108,403 in accrued interest payable, related to the Series 2013 Limited Obligation Bonds and previously reported in a Fiduciary Fund should be reported as a Governmental activities.

General Fund Budgetary Highlights. Differences between the original budget and the final amended budget resulted in appropriations increasing \$2.9 million during fiscal year 2017. Expenditure budgets were increased \$2.1 million for carry over encumbrances. Major budget amendments included an additional \$200 thousand to the public safety service area to fund personnel expenses in the fire department, a transfer to the grants fund for a local match for DWI task force grant of \$262 thousand, and a contribution of \$250 thousand for the USA Cycling event.

General fund revenues recognized positive budget variances during 2016-2017. The City's general fund budget had a favorable expenditure variance of \$4.8 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 \$462 million, \$45 million and \$30 million at June 30, 2017, respectively. The net position of the water and sewer fund increased \$28.8 million primarily due to charges for services and capital contributions. The water and sewer fund adopted a 1.5% increase in the water volumetric rate, a 3% increase in the sewer volumetric rate, and a \$2.49 increase in the bi-monthly base rates for the average customer in October 2016.

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, 2017, 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, 2017 with Comparative Data for June 30, 2016

(dollars in thousands)

Figure 5

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	\$ 76,893	\$ 74,771	\$ 44,117	\$ 43,924	\$ 121,010	\$ 118,695
Buildings	70,381	72,364	199,758	206,359	270,139	278,723
Improvements other than buildings	132,694	134,151	556,517	536,142	689,211	670,293
Machinery and equipment	34,567	27,133	27,016	26,511	61,583	53,644
Construction-in-progress	140,275	85,140	190,332	160,592	330,607	245,732
Total	\$ 454,810	\$ 393,559	\$ 1,017,740	\$ 973,528	\$ 1,472,550	\$ 1,367,087

Major capital asset transactions during the year include the following:

- Construction in progress for governmental activities was \$140.3 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 \$44.2 million which included major improvements to the extension of water and sewer lines, Muddy Creek combined lift station, South Fork interceptor #1 & #2, Elledge day tanks, Ardmore Basin 1 rehabilitation, Muddy Creek digester and thickener improvements, and \$900 thousand 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, 2017, the City had total bonded debt outstanding of \$548 million, of which, \$118.3 million is backed by the City's full faith and credit and taxing power of the City and \$429.5 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

June 30, 2017 with Comparative Data for June 30, 2016

	(dollars in thousands)						Figure 6	
	Governmental Activities		Business-type Activities		Total			
	2017	2016	2017	2016	2017	2016		
Bonds								
General obligation	\$ 118,305	\$ 126,245	\$ -	\$ -	\$ 118,305	\$ 126,245		
Revenue	-	-	403,250	425,020	403,250	425,020		
Special obligation	8,150	8,705	18,149	20,532	26,299	29,237		
Contractual Obligation:								
NCMLC	122,413	145,451	20,403	19,942	142,816	165,393		
State loan	-	-	75,594	34,029	75,594	34,029		
Other	33,667	18,633	675	746	34,342	19,379		
Total	<u>\$ 282,535</u>	<u>\$ 299,034</u>	<u>\$ 518,071</u>	<u>\$ 500,269</u>	<u>\$ 800,606</u>	<u>\$ 799,303</u>		

The City has \$142.8 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 nonprofit 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 \$20 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 66.54% of outstanding general obligation bonds will be repaid within 10 years as shown in the following schedule.

General Obligation Bond Debt Service

Maturities	(dollars in thousands)			Figure 7
	Principal	Percent of Total	Interest and Principal	
2018-2022	\$ 40,985	34.65%	\$ 61,380	
2023-2027	37,730	31.89	49,410	
2028-2032	24,230	20.48	29,350	
2033-2036	15,360	12.98	16,622	
	<u>\$ 118,305</u>	<u>100.00%</u>	<u>\$ 156,762</u>	

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

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8% of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for the City is \$1,557,124,264.

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

Budget Highlights for the Fiscal Year Ending June 30, 2018

Governmental Activities. For the upcoming year, we are fortunate to have an improving economy that is providing increased revenues from retail sales and real property values. This growth will assist us in addressing the two critical demands on the budget: competitive employee pay and public transportation.

In order to maintain our high level of citizen service, we must be able to recruit and retain public safety and other skilled employees. A significant portion of the increase in this budget addresses competitive pay.

To address these needs, the fiscal year 2017-18 budget is \$482.2 million which includes \$347 million for operations, \$37 million for debt service, and \$98 million for capital. The total budget is increased by 8% primarily to provide for major capital improvements for recreation and park facilities, streets and sidewalks, and other water and sewer system. The budget is balanced with a tax rate of 59.74 cents per \$100 of assessed value, which represents a 1.24 cent increase from the current rate of 58.5 cent, and a 3.5 cent increase from the revenue neutral rate of 56.24 cents.

For general fund, which accounts for municipal services that are covered primarily by property and sales taxes, the adopted budget is \$202.8 million, an increase of \$5.7 million or 2.9% compared to fiscal year 2016-2017 adopted budget. The major drivers of the increase are related to public safety investments and our commitment to employee compensation.

Business-type Activities. The City/County Utility Commission approved volumetric rate increases of 4% for water service and 6% for sewer service, as well as a \$1.64/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.

At the same time that our economy is improving, we are seeing a widening gap between our citizens that are prospering and those in poverty. One of the identified needs for those less fortunate is public transportation to work, school, healthcare, etc. This budget provides enhanced funding for public transportation.

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.

Basic Financial Statements

City of Winston-Salem, North Carolina

Statement of Net Position

June 30, 2017

Exhibit 1
Page 1 of 2

	Governmental Activities	Business-type Activities	Total
Assets			
Current Assets			
Cash and cash equivalents/investments	\$ 136,070,133	\$ 164,330,822	\$ 300,400,955
Receivables			
Taxes, net	950,067	61,866	1,011,933
Accounts, net	2,307,767	15,130,460	17,438,227
Leases	10,865,538	-	10,865,538
Assessments, net	380,513	231,189	611,702
Loans, net	25,525,911	-	25,525,911
Total receivables	40,029,796	15,423,515	55,453,311
Due from other governments	19,995,992	6,611,961	26,607,953
Internal balances	1,630,758	(1,630,758)	-
Inventories	2,248,294	3,333,876	5,582,170
Prepaid items	46,758	29,075	75,833
Total current assets	200,021,731	188,098,491	388,120,222
Noncurrent Assets			
Restricted Assets			
Cash and cash equivalents	-	50,208,761	50,208,761
Capital Assets			
Land	76,893,247	44,116,759	121,010,006
Construction in progress	140,275,300	190,332,158	330,607,458
Other capital assets, net of accumulated depreciation	237,641,042	783,291,332	1,020,932,374
Accounts receivables	-	500,000	500,000
Total noncurrent assets	454,809,589	1,068,449,010	1,523,258,599
Total assets	654,831,320	1,256,547,501	1,911,378,821
Deferred Outflows of Resources			
Pension deferrals			
Differences between expected and actual experience	6,749,745	103,493	6,853,238
Changes of assumptions	2,502,706	377,276	2,879,982
Net difference between projected and actual earnings on pension plan investments	17,274,336	3,045,438	20,319,774
Employer contributions to pension plan in current fiscal year	7,056,299	1,259,380	8,315,679
Charge on refunding	3,237,987	28,801,805	32,039,792
Total deferred outflows of resources	36,821,073	33,587,392	70,408,465

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

City of Winston-Salem, North Carolina

Statement of Net Position

June 30, 2017

Exhibit 1
Page 2 of 2

	Governmental Activities	Business-type Activities	Total
Liabilities			
Current Liabilities			
Accounts payable	\$ 14,526,084	\$ 21,416,732	\$ 35,942,816
Accrued payroll	3,691,888	668,543	4,360,431
Accrued vacation	5,514,858	808,200	6,323,058
Accrued interest payable	856,934	1,171,526	2,028,460
Loan escrow	6,872	-	6,872
Unearned revenue	492,332	1,463,826	1,956,158
Landfill closure and postclosure costs	-	1,559,000	1,559,000
Pollution remediation	-	1,986,124	1,986,124
Current maturities			
Claims payable	4,250,242	-	4,250,242
Contracts payable	15,188,973	7,940,824	23,129,797
Bonds payable	8,145,000	25,133,693	33,278,693
Total current liabilities	52,673,183	62,148,468	114,821,651
Noncurrent Liabilities			
Contracts payable from restricted assets	-	6,912,113	6,912,113
Accrued vacation	7,807,784	956,442	8,764,226
Net pension liability	67,679,613	5,467,408	73,147,021
Landfill closure and postclosure costs	-	16,127,372	16,127,372
Claims payable	2,816,452	1,801,086	4,617,538
Contracts payable	147,061,551	88,735,455	235,797,006
Bonds payable	128,828,361	419,317,888	548,146,249
Derivative instrument	-	19,223,419	19,223,419
Total noncurrent liabilities	354,193,761	558,541,183	912,734,944
Total liabilities	406,866,944	620,689,651	1,027,556,595
Deferred Inflows of Resources			
Advances from other governments	382,425	-	382,425
Pension deferrals			
Differences between expected and actual experience	1,063,132	224,150	1,287,282
Net difference between projected and actual earnings on pension plan investments	1,943,225	-	1,943,225
Changes in proportion and difference between City contributions and proportionate share of contributions	795,087	167,636	962,723
Charge on refunding	-	395,959	395,959
Derivative instrument	-	2,452,622	2,452,622
Total deferred inflows of resources	4,183,869	3,240,367	7,424,236
Net Position			
Net investment in capital assets	164,415,590	483,821,989	648,237,579
Restricted for:			
Stabilization by state statute	22,736,467	-	22,736,467
Debt service	21,855,120	-	21,855,120
Public protection	2,568,931	-	2,568,931
Environmental health	31,383	-	31,383
Transportation	2,093,643	-	2,093,643
Culture and recreation	822,147	-	822,147
Community and economic development	11,177,743	-	11,177,743
Perpetual care			
Nonexpendable	3,825,651	-	3,825,651
Unrestricted	51,074,905	182,382,886	233,457,791
Total net position	\$ 280,601,580	\$ 666,204,875	\$ 946,806,455

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, 2017

		Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Activities:				
Governmental:				
General government	\$ 32,646,249	\$ 20,112,693	\$ 1,250,471	\$ -
Public protection	106,739,938	4,236,530	865,188	-
Environmental health	17,720,245	2,306,884	71,283	-
Transportation	20,544,652	3,632,920	7,374,837	2,688,596
Culture and recreation	12,069,446	953,931	-	720,000
Community and economic development	36,064,551	6,869,820	8,766,785	-
Interest and fiscal charges	10,191,248	-	-	-
Total governmental activities	235,976,329	38,112,778	18,328,564	3,408,596
Business-type:				
Water and sewer utility	87,583,208	104,398,204	1,693,651	3,885,174
Solid waste disposal	13,579,703	10,510,422	924,194	-
Stormwater management	11,675,062	10,822,681	110,168	43,118
Parking	1,647,350	745,034	435,348	-
Transit Authority	18,890,589	2,078,733	5,624,096	1,970,813
Public assembly facilities management	7,761,968	5,826,359	7,963	-
Risk Acceptance Management Corporation	2,628,391	1,044,620	-	-
Total business-type activities	143,766,271	135,426,053	8,795,420	5,899,105
Total City of Winston-Salem	\$ 379,742,600	\$ 173,538,831	\$ 27,123,984	\$ 9,307,701

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

	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-Type Activities	Total
Activities:			
Governmental:			
General government	\$ (11,283,085)	\$ -	\$ (11,283,085)
Public protection	(101,638,220)	-	(101,638,220)
Environmental health	(15,342,078)	-	(15,342,078)
Transportation	(6,848,299)	-	(6,848,299)
Culture and recreation	(10,395,515)	-	(10,395,515)
Community and economic development	(20,427,946)	-	(20,427,946)
Interest and fiscal charges	(10,191,248)	-	(10,191,248)
Total governmental activities	(176,126,391)	-	(176,126,391)
Business-type:			
Water and sewer utility	-	22,393,821	22,393,821
Solid waste disposal	-	(2,145,087)	(2,145,087)
Stormwater management	-	(699,095)	(699,095)
Parking	-	(466,968)	(466,968)
Transit Authority	-	(9,216,947)	(9,216,947)
Public assembly facilities management	-	(1,927,646)	(1,927,646)
Risk Acceptance Management Corporation	-	(1,583,771)	(1,583,771)
Total business-type activities	-	6,354,307	6,354,307
Total City of Winston-Salem	(176,126,391)	6,354,307	(169,772,084)
General revenues:			
Taxes:			
Property taxes	114,867,555	7,176,905	122,044,460
Sales taxes	39,983,759	-	39,983,759
Gross receipts taxes	367,339	-	367,339
Occupancy taxes	783,673	-	783,673
Beer and wine excise tax-state	1,081,299	-	1,081,299
Telecommunications sales tax	2,112,407	-	2,112,407
Utilities sales tax	13,131,269	-	13,131,269
Piped natural gas sales tax	673,437	-	673,437
Video programming tax	2,224,104	-	2,224,104
Payment in lieu of taxes	272,227	-	272,227
ABC store allocations	1,524,244	-	1,524,244
Investment income	1,369,676	16,941,265	18,310,941
Transfers			
Government-wide	770,910	(770,910)	-
Total general revenues and transfers	179,161,899	23,347,260	202,509,159
Change in net position	3,035,508	29,701,567	32,737,075
Net position – beginning, as previously stated	305,810,244	636,503,308	942,313,552
Cumulative effect adjustment	(28,244,172)	-	(28,244,172)
Total net position – beginning, as adjusted	277,566,072	636,503,308	914,069,380
Total net position – ending	\$ 280,601,580	\$ 666,204,875	\$ 946,806,455

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

City of Winston-Salem, North Carolina

Balance Sheet Governmental Funds

June 30, 2017

Exhibit 3

	General Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents/investments	\$ 37,338,343	\$ 22,045,275	\$ 34,522,144	\$ 27,585,890	\$ 121,491,652
Receivables					
Taxes, net	821,262	126,990	-	1,815	950,067
Accounts, net	2,231,358	-	-	54,030	2,285,388
Leases	-	10,800,000	2,474,022	-	13,274,022
Assessments, net	379,434	-	1,079	-	380,513
Loans	930,361	-	-	24,595,550	25,525,911
Total receivables	4,362,415	10,926,990	2,475,101	24,651,395	42,415,901
Due from other governments	14,821,154	1,696,695	2,049,598	1,428,545	19,995,992
Due from other funds	1,830,615	-	-	-	1,830,615
Inventories	295,116	-	-	590,299	885,415
Prepaid items	46,758	-	-	-	46,758
Total assets	<u>\$ 58,694,401</u>	<u>\$ 34,668,960</u>	<u>\$ 39,046,843</u>	<u>\$ 54,256,129</u>	<u>\$ 186,666,333</u>
Liabilities					
Accounts payable	\$4,412,774	\$123,865	\$6,244,395	\$1,249,431	\$12,030,465
Accrued payroll	3,498,049	-	-	1,744	3,499,793
Due to other funds	-	-	-	194,855	194,855
Loan escrow	2,592	-	-	4,280	6,872
Unearned revenue	26,099	-	-	-	26,099
Total liabilities	<u>7,939,514</u>	<u>123,865</u>	<u>6,244,395</u>	<u>1,450,310</u>	<u>15,758,084</u>
Deferred Inflows of Resources					
Taxes	821,262	126,990	-	1,815	950,067
Leases	-	10,800,000	2,474,022	-	13,274,022
Assessments	379,434	-	1,079	-	380,513
Advances from other governments	-	-	-	382,425	382,425
Total deferred inflows of resources	<u>1,200,696</u>	<u>10,926,990</u>	<u>2,475,101</u>	<u>384,240</u>	<u>14,987,027</u>
Fund Balances					
Nonspendable					
Loans	930,361	-	-	-	930,361
Inventories	295,116	-	-	590,299	885,415
Prepays	46,758	-	-	-	46,758
Perpetual care	-	-	-	3,825,651	3,825,651
Restricted					
Stabilization by state statute	20,973,482	1,762,985	-	-	22,736,467
Debt service	-	21,855,120	-	-	21,855,120
Capital improvements	-	-	5,591,899	-	5,591,899
Public protection	-	-	-	2,568,931	2,568,931
Environmental health	-	-	-	31,383	31,383
Transportation	-	-	-	2,093,643	2,093,643
Culture and recreation	-	-	-	822,147	822,147
Community & economic development	-	-	-	11,177,743	11,177,743
Committed					
Capital improvements	-	-	24,735,448	-	24,735,448
Community & economic development	-	-	-	31,311,782	31,311,782
Assigned					
Subsequent year budget	2,035,000	-	-	-	2,035,000
Unassigned					
Total fund balances	<u>25,273,474</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,273,474</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 58,694,401</u>	<u>\$ 34,668,960</u>	<u>\$ 39,046,843</u>	<u>\$ 54,256,129</u>	<u>\$ 186,666,333</u>

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, 2017

Exhibit 3.1

Total fund balances for governmental funds (Exhibit 3) \$ 155,921,222

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	690,135,291
Accumulated depreciation	(235,325,702)

Pension deferrals in the current fiscal year are deferred outflows of resources on the statement of net position. 33,583,086

Other assets not available to pay for current period expenditures, and therefore are inflows of resources in fund statements. 15,467,439

Internal service funds are used by management to charge the costs of warehouse, fleet services, information services, workers' compensation, health benefits, dental and flex benefits and employee benefits. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. 5,704,762

Net pension liability (67,679,613)

Pension related deferrals (3,801,444)

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

Accrued vacation	(13,322,642)
Accrued interest	(856,934)
Contracts payable	(162,250,524)
Bonds payable	(136,973,361)

Net position of governmental activities (Exhibit 1)

\$ 280,601,580

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, 2017

Exhibit 4

	General Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
Taxes	\$ 133,750,349	\$ 21,070,216	\$ -	\$ 1,314,903	\$ 156,135,468
Licenses and permits	6,154,511	-	-	454,637	6,609,148
Intergovernmental	21,093,489	1,252,233	3,408,596	17,003,591	42,757,909
Investment income	-	543,978	127,953	621,889	1,293,820
Charges for services	19,472,969	-	-	-	19,472,969
Capital lease charges	-	675,750	505,441	-	1,181,191
Other	4,363,331	2,067,186	2,040,556	687,671	9,158,744
Total revenues	<u>184,834,649</u>	<u>25,609,363</u>	<u>6,082,546</u>	<u>20,082,691</u>	<u>236,609,249</u>
Expenditures					
Current					
General government	30,891,927	-	-	2,588	30,894,515
Public protection	99,984,788	-	-	1,470,647	101,455,435
Environmental health	18,429,900	-	-	59,365	18,489,265
Transportation	12,995,735	-	-	1,018,509	14,014,244
Culture and recreation	10,158,256	-	-	352,687	10,510,943
Community & economic development	14,294,558	-	-	14,935,510	29,230,068
Other	-	361,645	-	-	361,645
Capital outlay	-	-	85,621,977	-	85,621,977
Debt service					
Principal retirement					
Bond	-	8,495,000	-	-	8,495,000
Other	-	6,996,730	15,290,000	333,000	22,619,730
Interest and fiscal charges					
Bond	-	5,346,178	-	35,373	5,381,551
Other	-	5,539,551	1,263,048	-	6,802,599
Total expenditures	<u>186,755,164</u>	<u>26,739,104</u>	<u>102,175,025</u>	<u>18,207,679</u>	<u>333,876,972</u>
Excess of revenues over (under) expenditures	<u>(1,920,515)</u>	<u>(1,129,741)</u>	<u>(96,092,479)</u>	<u>1,875,012</u>	<u>(97,267,723)</u>
Other Financing Sources (Uses)					
Capital leases	-	-	22,541,776	-	22,541,776
Transfers in	8,487,627	2,003,130	2,759,919	3,264,553	16,515,229
Transfers out	<u>(8,450,711)</u>	<u>-</u>	<u>(327,000)</u>	<u>(7,422,838)</u>	<u>(16,200,549)</u>
Total other financing sources (uses), net	<u>36,916</u>	<u>2,003,130</u>	<u>24,974,695</u>	<u>(4,158,285)</u>	<u>22,856,456</u>
Net change in fund balances	<u>(1,883,599)</u>	<u>873,389</u>	<u>(71,117,784)</u>	<u>(2,283,273)</u>	<u>(74,411,267)</u>
Fund balance – beginning	<u>51,437,790</u>	<u>22,744,716</u>	<u>101,445,131</u>	<u>54,704,852</u>	<u>230,332,489</u>
Fund balances – ending	<u>\$ 49,554,191</u>	<u>\$ 23,618,105</u>	<u>\$ 30,327,347</u>	<u>\$ 52,421,579</u>	<u>\$ 155,921,222</u>

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, 2017

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) \$ (74,411,267)

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	80,023,936
Depreciation expense for governmental assets	(13,861,574)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets. (1,214,713)

Contributions to the pension plan in the current fiscal year are not included on the statement of activities 6,707,006

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds. 1,555,822

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. 759,170

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:

Capital leases	(22,541,776)
Decrease in contracts payable	3,702,691

Repayments:

Bonds	8,495,000
Certificates of participation/limited obligation bonds	21,298,424
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	(9,777,734)
Accrued vacation	(1,013,685)
Amortization of financing costs	1,698,261
Accrued interest on bonds	21,759
Accrued interest on limited obligation bonds	270,173
Accrued interest on installment financing contract	2,709

Change in net position of governmental activities (Exhibit 2)

\$ 3,035,508

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, 2017

Exhibit 5
Page 1 of 5

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Taxes				
Property taxes				
Current levy	\$ 97,394,760	\$ 97,394,760	\$ 98,876,344	\$ 1,481,584
Prior years levies	1,000,000	1,000,000	117,337	(882,663)
Penalty and interest on taxes	400,000	400,000	407,440	7,440
Total property taxes	98,794,760	98,794,760	99,401,121	606,361
Other local taxes				
Local option sales taxes	33,189,970	33,189,970	33,981,889	791,919
Gross receipts taxes	289,420	289,420	367,339	77,919
Total other local taxes	33,479,390	33,479,390	34,349,228	869,838
Total taxes	132,274,150	132,274,150	133,750,349	1,476,199
Licenses and permits				
Building permits	1,260,850	1,260,850	1,461,765	200,915
Electrical permits	725,000	725,000	823,706	98,706
Plumbing permits	420,000	420,000	462,273	42,273
Heating permits	710,000	710,000	729,007	19,007
Erosion control permits	-	-	250	250
Zoning board ordinances	18,500	18,500	20,199	1,699
Other construction related permits	161,000	161,000	91,919	(69,081)
Site inspection permits	9,500	9,500	3,780	(5,720)
Zoning permits	240,670	240,670	241,590	920
Refrigeration permits	9,000	9,000	15,130	6,130
Privilege licenses and penalties	12,000	12,000	11,282	(718)
Motor vehicle licenses	1,763,160	2,013,160	2,090,918	77,758
Other licenses and permits	169,100	169,100	202,692	33,592
Total licenses and permits	5,498,780	5,748,780	6,154,511	405,731
Intergovernmental revenues				
Beer and wine excise tax – state	1,168,700	1,168,700	1,081,299	(87,401)
Telecommunications sales tax	2,133,370	2,133,370	2,112,407	(20,963)
Utilities sales tax	14,095,010	14,095,010	13,131,269	(963,741)
Piped natural gas sales tax	673,420	673,420	673,437	17
Video programming tax	2,146,550	2,146,550	2,224,104	77,554
Payments in lieu of taxes	209,820	209,820	272,227	62,407
Emergency management	60,000	60,000	62,500	2,500
Other state grants	-	-	12,002	12,002
ABC store allocations	1,310,230	1,310,230	1,524,244	214,014
Total intergovernmental revenues	21,797,100	21,797,100	21,093,489	(703,611)

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, 2017

Exhibit 5
Page 2 of 5

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues (continued)				
Charges for sales and services				
Governmental services and sales				
Public safety services	\$ 144,800	\$ 144,800	\$ 150,290	\$ 5,490
Transportation	197,500	197,500	298,098	100,598
Public works services	2,868,320	2,868,320	2,771,782	(96,538)
Governmental services	840,750	840,750	783,538	(57,212)
Miscellaneous sales and services	225,300	225,300	193,781	(31,519)
Total governmental services and sales	<u>4,276,670</u>	<u>4,276,670</u>	<u>4,197,489</u>	<u>(79,181)</u>
Charges to State of North Carolina				
Highway maintenance/special projects	80,000	80,000	180,474	100,474
Traffic control devices	375,000	375,000	327,853	(47,147)
Computerized traffic system	201,450	201,450	106,551	(94,899)
Total charges to state	<u>656,450</u>	<u>656,450</u>	<u>614,878</u>	<u>(41,572)</u>
Charges to Other Governments				
Forsyth County				
Planning board support	1,490,250	1,490,250	1,417,326	(72,924)
Emergency management	380,110	380,110	357,239	(22,871)
Inspections	222,880	222,880	-	(222,880)
Purchasing	108,890	108,890	110,707	1,817
Winston-Salem/Forsyth County School Board (Super Kids)	125,000	125,000	83,333	(41,667)
Police	633,570	633,570	618,802	(14,768)
Other	26,000	26,000	18,952	(7,048)
Total charges to county	<u>2,986,700</u>	<u>2,986,700</u>	<u>2,606,359</u>	<u>(380,341)</u>
Interfund charges for services				
Engineering	1,550,000	1,550,000	1,772,022	222,022
Financial management services	2,716,100	2,716,100	2,405,001	(311,099)
Streets	150,000	150,000	486,939	336,939
Planning	20,000	20,000	27,278	7,278
Property management	1,263,690	1,263,690	1,083,889	(179,801)
Sanitation	40,000	40,000	35,580	(4,420)
Police	735,480	968,340	399,972	(568,368)
Real estate	70,000	70,000	162,518	92,518
Street cuts	425,000	425,000	589,963	164,963
Indirect cost allocation	4,366,340	4,366,340	4,395,644	29,304
Traffic engineering	427,000	427,000	469,326	42,326
Recreation	-	-	155	155
Vegetation management services	40,000	40,000	112,618	72,618
Human relations	-	-	5,000	5,000
Telecommunications	35,450	35,450	10,960	(24,490)
TURN program	133,330	133,330	97,338	(35,992)
Other	-	-	40	40
Total interfund charges for services	<u>11,972,390</u>	<u>12,205,250</u>	<u>12,054,243</u>	<u>(151,007)</u>
Total charges for sales and services	<u>19,892,210</u>	<u>20,125,070</u>	<u>19,472,969</u>	<u>(652,101)</u>

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

City of Winston-Salem, North Carolina
Statement of Revenues, Expenditures, and
Changes in Fund Balance – Budget and Actual
General Fund

For the Fiscal Year Ended June 30, 2017

Exhibit 5
Page 3 of 5

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues (continued)				
Other revenues				
Rentals	\$ 365,310	\$ 365,310	\$ 383,386	\$ 18,076
Sales of property	255,000	255,000	382,128	127,128
Parking meters	102,000	102,000	111,658	9,658
Parking tickets	250,000	250,000	250,040	40
Fines and forfeitures	867,310	867,310	455,290	(412,020)
Miscellaneous revenue	2,749,441	2,838,647	2,780,829	(57,818)
Total other revenues	4,589,061	4,678,267	4,363,331	(314,936)
Total revenues	184,051,301	184,623,367	184,834,649	211,282
Expenditures (by function)				
General government				
Legislative	1,325,500	1,380,500	1,455,995	(75,495)
Executive	3,178,180	3,256,672	3,221,431	35,241
Staff services	6,535,690	6,600,027	6,443,257	156,770
Financial management	8,568,580	8,669,351	7,548,766	1,120,585
Intergovernmental services	11,278,106	11,562,165	10,193,486	1,368,679
Employee safety and health	896,680	920,508	894,369	26,139
Human relations	446,420	459,386	455,404	3,982
Contingency budget	29,200	3,200	-	3,200
Property tax collections	626,190	773,428	679,219	94,209
Total general government	32,884,546	33,625,237	30,891,927	2,733,310
Public protection				
Police	70,080,000	70,458,473	68,737,075	1,721,398
Fire	29,160,680	29,515,052	30,670,007	(1,154,955)
Emergency management	617,410	624,185	577,706	46,479
Total public protection	99,858,090	100,597,710	99,984,788	612,922
Environmental health				
Sanitation administration	923,450	923,476	884,518	38,958
Organic and solid waste collection	9,699,600	10,010,544	9,842,750	167,794
Solid waste disposal	1,762,120	1,782,295	1,594,640	187,655
Yard waste collections	1,417,330	1,429,072	1,243,992	185,080
Curbside collection	5,326,160	5,106,513	4,864,000	242,513
Total environmental health	19,128,660	19,251,900	18,429,900	822,000

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, 2017

Exhibit 5
Page 4 of 5

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Expenditures (by function continued)				
Transportation				
Technical support	\$ 1,770,910	\$ 1,788,410	\$ 1,619,714	\$ 168,696
Signal system operations	425,240	425,240	250,284	174,956
Traffic system maintenance	6,317,460	6,264,630	6,039,467	225,163
Street parking	195,790	278,590	294,088	(15,498)
Streets and sidewalks	5,676,270	6,063,626	4,792,182	1,271,444
Total transportation	14,385,670	14,820,496	12,995,735	1,824,761
Culture and recreation				
Recreation administration	951,750	964,963	872,343	92,620
Participant recreation	9,556,420	9,686,120	9,285,913	400,207
Total culture and recreation	10,508,170	10,651,083	10,158,256	492,827
Community and economic development				
Zoning and construction control	4,272,100	4,272,100	4,541,601	(269,501)
Real estate management	476,940	437,940	420,932	17,008
Planning board	2,513,320	2,513,320	2,416,387	96,933
Housing services	4,630,710	4,643,363	4,311,242	332,121
Housing and neighborhood development	672,700	672,700	614,053	58,647
Economic development	597,530	643,593	695,496	(51,903)
Community agencies	1,115,150	1,410,255	1,294,847	115,408
Total community and economic development	14,278,450	14,593,271	14,294,558	298,713
Other				
Appropriated expenditure reductions	(2,388,400)	(2,388,400)	-	(2,388,400)
Total other	(2,388,400)	(2,388,400)	-	(2,388,400)
Total expenditures	188,655,186	191,151,297	186,755,164	4,396,133
Excess of expenditures (over) under revenues	(4,603,885)	(6,527,930)	(1,920,515)	4,607,415

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, 2017

Exhibit 5
Page 5 of 5

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Other Financing Sources (Uses)				
Transfers in				
Community development fund	\$ 1,161,660	\$ 1,161,660	\$ 1,126,974	\$ (34,686)
Gasoline tax fund	5,390,080	5,390,080	5,341,322	(48,758)
Economic and housing development fund	62,930	62,930	62,930	-
Cemetery perpetual care fund	167,899	167,899	167,899	-
Water and sewer utility fund	77,220	77,220	69,634	(7,586)
Stormwater fund	1,741,390	1,741,390	1,625,098	(116,292)
Workers' compensation fund	93,770	93,770	93,770	-
Total transfers in	8,694,949	8,694,949	8,487,627	(207,322)
Transfers out				
Grants fund	(652,240)	(913,840)	(884,880)	28,960
Economic and housing development fund	(2,217,470)	(2,217,470)	(2,217,470)	-
Debt service fund	(2,003,130)	(2,003,130)	(2,003,130)	-
Capital projects fund	(1,152,540)	(1,152,540)	(1,152,535)	5
Cemetery perpetual care fund	(101,544)	(101,544)	(101,544)	-
Parking fund	(495,150)	(591,150)	(591,150)	-
Public assembly facilities management fund	(1,284,340)	(1,284,340)	(950,002)	334,338
Information services fund	(550,000)	(550,000)	(550,000)	-
Total transfers out	(8,456,414)	(8,814,014)	(8,450,711)	363,303
Total other financing sources, net	238,535	(119,065)	36,916	155,981
Excess of revenues and other financing sources over (under) expenditures and other uses	(4,365,350)	(6,646,995)	(1,883,599)	4,763,396
Fund balance July 1	51,437,790	51,437,790	51,437,790	-
Fund balance June 30	\$ 47,072,440	\$ 44,790,795	\$ 49,554,191	\$ 4,763,396

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, 2017

Exhibit 6

	Enterprise Funds					Internal Service Funds
	Water and Sewer Utility	Solid Waste Disposal	Transit Authority	Non-Major Funds	Total	
Assets						
Current Assets						
Cash & cash equivalents/investments	\$ 79,601,551	\$ 15,546,347	\$ 11,336	\$ 29,980,927	\$ 125,140,161	\$ 53,769,142
Receivables						
Taxes, net	-	-	61,866	-	61,866	-
Accounts, net	13,566,046	384,250	72,359	1,107,805	15,130,460	442
Assessments, net	231,189	-	-	-	231,189	-
Total receivables	13,797,235	384,250	134,225	1,107,805	15,423,515	442
Due from other governments	2,275,519	42,342	3,854,651	439,449	6,611,961	-
Inventories	3,147,304	-	186,572	-	3,333,876	1,362,879
Prepaid expenses	-	-	-	29,075	29,075	-
Total current assets	98,821,609	15,972,939	4,186,784	31,557,256	150,538,588	55,132,463
Noncurrent Assets						
Restricted assets						
Cash & cash equivalents/investments	32,461,868	17,686,372	-	60,521	50,208,761	-
Capital assets						
Land	16,360,288	12,450,797	2,236,412	13,069,262	44,116,759	801,682
Construction in progress	159,247,171	4,592,042	3,046,364	23,446,581	190,332,158	367,973
Other capital assets, net of accumulated depreciation	669,093,646	23,031,559	23,575,624	67,590,503	783,291,332	5,487,494
Accounts receivables	-	-	-	500,000	500,000	-
Total noncurrent assets	877,162,973	57,760,770	28,858,400	104,666,867	1,068,449,010	6,657,149
Total assets	975,984,582	73,733,709	33,045,184	136,224,123	1,218,987,598	61,789,612
Deferred Outflows of Resources						
Pension deferrals	3,612,376	408,397	-	764,814	4,785,587	1,323,039
Charge on refunding	28,801,805	-	-	-	28,801,805	-
Total deferred outflows of resources	32,414,181	408,397	-	764,814	33,587,392	1,323,039
Liabilities						
Current Liabilities						
Accounts payable	17,956,799	1,544,581	859,086	1,043,402	21,403,868	2,508,483
Accrued payroll	508,404	56,964	-	103,175	668,543	192,095
Accrued vacation	307,126	43,174	390,163	67,737	808,200	291,783
Accrued interest payable	1,126,141	3,850	-	41,535	1,171,526	-
Due to other funds	-	-	1,630,758	-	1,630,758	5,002
Unearned revenue	2,600	-	62,393	1,398,833	1,463,826	477,630
Landfill closure and postclosure costs	-	1,559,000	-	-	1,559,000	-
Pollution remediation	-	-	-	1,986,124	1,986,124	-
Current maturities						
Claims payable	-	-	-	-	-	4,250,242
Contracts payable	5,468,162	423,444	-	2,049,218	7,940,824	905,458
Bonds payable	22,180,000	1,850,000	-	1,103,693	25,133,693	-
Total current liabilities	47,549,232	5,481,013	2,942,400	7,793,717	63,766,362	8,630,693
Noncurrent Liabilities						
Contracts payable from restricted assets	6,912,113	-	-	-	6,912,113	-
Accrued vacation	716,316	80,616	-	159,510	956,442	141,917
Net pension liability	4,078,953	489,336	-	899,119	5,467,408	1,480,305
Landfill closure and postclosure costs	-	16,127,372	-	-	16,127,372	-
Claims payable	-	-	-	-	-	4,617,538
Contracts payable	71,979,511	658,528	-	16,097,416	88,735,455	1,294,132
Bonds payable	392,774,640	6,205,451	-	20,337,797	419,317,888	-
Derivative instrument	19,223,419	-	-	-	19,223,419	-
Total noncurrent liabilities	495,684,952	23,561,303	-	37,493,842	556,740,097	7,533,892
Total liabilities	543,234,184	29,042,316	2,942,400	45,287,559	620,506,459	16,164,585
Deferred Inflows of Resources						
Pension deferrals	356,857	-	-	34,929	391,786	158,926
Charge on refunding	393,250	2,709	-	-	395,959	-
Accumulated decrease in fair value of hedging derivatives	2,452,622	-	-	-	2,452,622	-
Total deferred inflows of resources	3,202,729	2,709	-	34,929	3,240,367	158,926
Net Position						
Net investment in capital assets	359,511,101	30,934,266	28,858,400	64,518,222	483,821,989	4,457,559
Unrestricted	102,450,749	14,162,815	1,244,384	27,148,227	145,006,175	42,331,581
Total net position	\$ 461,961,850	\$ 45,097,081	\$ 30,102,784	\$ 91,666,449	628,828,164	\$ 46,789,140
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds						
Net position of business-type activities						
					37,376,711	
					\$ 666,204,875	

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

This page intentionally blank

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, 2017

Exhibit 7

	Enterprise Funds					Internal Service Funds
	Water and Sewer Utility	Solid Waste Disposal	Transit Authority	Non-Major Funds	Total	
Operating Revenues						
Sales	\$100,341,628	\$ -	\$ -	\$ -	\$ 100,341,628	\$ -
Charges for services	4,030,506	10,495,711	1,759,940	14,881,924	31,168,081	67,649,929
Other	26,070	14,711	318,793	2,512,150	2,871,724	1,395,770
Total operating revenues	104,398,204	10,510,422	2,078,733	17,394,074	134,381,433	69,045,699
Operating Expenses						
Personal services	18,390,938	2,163,987	11,183,649	3,940,456	35,679,030	6,818,079
Maintenance and operations	23,970,513	7,514,049	4,842,189	13,384,445	49,711,196	62,412,858
Total operating expenses before depreciation	42,361,451	9,678,036	16,025,838	17,324,901	85,390,226	69,230,937
Depreciation	25,845,130	3,738,453	2,864,751	2,876,885	35,325,219	1,057,570
Total operating expenses	68,206,581	13,416,489	18,890,589	20,201,786	120,715,445	70,288,507
Operating income (loss)	36,191,623	(2,906,067)	(16,811,856)	(2,807,712)	13,665,988	(1,242,808)
Nonoperating Revenues (Expenses)						
Intergovernmental revenue	1,609,083	921,045	5,599,222	500,414	8,629,764	-
Property taxes	-	-	7,176,905	-	7,176,905	-
Investment income (loss)	7,529,518	1,990,783	-	1,588,255	11,108,556	5,908,565
Gain (loss) on disposal of assets	78,484	3,149	5,499	53,065	140,197	41,281
Damage settlements	6,084	-	19,375	-	25,459	-
Interest and fiscal expense	(17,308,252)	(270,447)	-	(919,710)	(18,498,409)	(155,160)
Amortization of financing costs	(2,068,375)	107,233	-	37,116	(1,924,026)	-
Total nonoperating revenues (expenses), net	(10,153,458)	2,751,763	12,801,001	1,259,140	6,658,446	5,794,686
Income (loss) before capital contributions and transfers	26,038,165	(154,304)	(4,010,855)	(1,548,572)	20,324,434	4,551,878
Capital Contributions						
	3,885,174	-	1,970,813	43,118	5,899,105	-
Transfers In	-	533,902	-	1,866,152	2,400,054	550,000
Transfers Out	(1,104,099)	-	(13,800)	(2,053,065)	(3,170,964)	(93,770)
Total transfers	(1,104,099)	533,902	(13,800)	(186,913)	(770,910)	456,230
Change in net position	28,819,240	379,598	(2,053,842)	(1,692,367)	25,452,629	5,008,108
Total net position – beginning	433,142,610	44,717,483	32,156,626	93,358,816		41,781,032
Total net position – ending	\$ 461,961,850	\$ 45,097,081	\$ 30,102,784	\$ 91,666,449		\$ 46,789,140
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					4,248,938	
Change in net position of business-type activities					\$ 29,701,567	

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, 2017

Exhibit 8
Page 1 of 2

	Water and Sewer Utility	Solid Waste Disposal	Transit Authority	Non-Major Funds	Total	Internal Service Funds
Cash Flows from Operating Activities						
Cash received from sales	\$ 104,307,788	\$ 10,319,906	\$ 2,070,448	\$ 17,297,860	\$ 133,996,002	\$ 69,079,351
Cash payments to suppliers for goods and services	(26,119,601)	(6,781,950)	(4,173,520)	(11,184,150)	(48,259,221)	(61,372,981)
Cash payments to employees for services	(18,067,767)	(2,133,717)	(11,355,507)	(3,877,118)	(35,434,109)	(6,658,335)
Net cash provided (used) by operating activities	60,120,420	1,404,239	(13,458,579)	2,236,592	50,302,672	1,048,035
Cash Flows from Noncapital Financing Activities						
Intergovernmental revenue	1,609,083	926,041	8,641,017	496,313	11,672,454	-
Property taxes	-	-	6,774,799	-	6,774,799	-
Repayments to other funds	-	-	(1,765,156)	-	(1,765,156)	(587,748)
Transfers in	-	533,902	-	1,866,152	2,400,054	-
Transfers out	(425,569)	-	(13,800)	(2,053,065)	(2,492,434)	(93,770)
Net cash provided (used) by noncapital financing activities	1,183,514	1,459,943	13,636,860	309,400	16,589,717	(681,518)
Cash Flows from Capital and Related Financing Activities						
Proceeds from issuance of state loans	39,565,803	-	-	-	39,565,803	-
Intergovernmental revenue	197,121	-	7,680,963	34,418	7,912,502	-
Property taxes	-	-	402,106	-	402,106	-
Capital contributions	187	-	-	8,700	8,887	-
Transfers in	-	-	-	-	-	550,000
Transfers out	(678,530)	-	-	-	(678,530)	-
Acquisition of property and equipment	(71,559,681)	(2,804,209)	(8,285,064)	1,987,068	(80,661,886)	(460,191)
Retirement of bonds	(21,280,000)	(1,785,000)	-	(1,088,694)	(24,153,694)	-
Retirement of contracts payable	(1,079,986)	(546,616)	-	(2,136,827)	(3,763,429)	(1,147,408)
Interest and fiscal expense paid on bonds	(17,300,441)	(198,354)	-	(527,344)	(18,026,139)	-
Interest and fiscal expense paid on contracts payable	(127,186)	(75,793)	-	(699,867)	(902,846)	(155,160)
Debt issuance costs	(340,331)	-	-	-	(340,331)	-
Proceeds from sale of assets	78,484	3,149	5,499	53,065	140,197	49,858
Damage settlements	6,084	-	19,375	-	25,459	-
Net cash provided (used) by capital financing activities	(72,518,476)	(5,406,823)	(177,121)	(2,369,481)	(80,471,901)	(1,162,901)
Cash Flows from Investing Activities						
Investment income (loss)	7,535,364	1,990,783	-	1,588,255	11,114,402	5,908,565
Net increase (decrease) in cash	(3,679,178)	(551,858)	1,160	1,764,766	(2,465,110)	5,112,181
Cash and cash equivalents/investments July 1	115,742,597	33,784,577	10,176	28,276,682	177,814,032	48,656,961
Cash and cash equivalents/investments June 30	\$ 112,063,419	\$ 33,232,719	\$ 11,336	\$ 30,041,448	\$ 175,348,922	\$ 53,769,142

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, 2017

Exhibit 8
Page 2 of 2

	Water and Sewer Utility	Solid Waste Disposal	Transit Authority	Non-Major Funds	Total	Internal Service Funds
Reconciliation of Cash and Cash Equivalents/Investments						
Cash and investments – current	\$ 79,601,551	\$ 15,546,347	\$ 11,336	\$ 29,980,927	\$ 125,140,161	\$ 53,769,142
Cash and investments – restricted	32,461,868	17,686,372	-	60,521	50,208,761	-
Cash and cash equivalents/investments June 30	\$ 112,063,419	\$ 33,232,719	\$ 11,336	\$ 30,041,448	\$ 175,348,922	\$ 53,769,142
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities						
Operating income (loss)	\$ 36,191,623	\$ (2,906,067)	\$ (16,811,856)	\$ (2,807,712)	\$ 13,665,988	\$ (1,242,808)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities						
Depreciation expense	25,845,130	3,738,453	2,864,751	2,876,885	35,325,219	1,057,570
Change in assets, deferred outflows of resources, and liabilities						
(Increase) decrease in receivables	(90,416)	(190,516)	3,232	(29,055)	(306,755)	(225)
(Increase) decrease in inventories	(258,041)	-	27,974	-	(230,067)	(47,538)
(Increase) decrease in prepaid expenses	-	-	-	(4,641)	(4,641)	-
(Increase) decrease in deferred outflows of resources – pensions	(2,839,831)	(316,381)	-	(584,172)	(3,740,384)	(1,031,687)
Increase (decrease) in net pension liability	3,295,961	367,372	-	680,170	4,343,503	1,198,120
Increase (decrease) in deferred inflows of resources – pensions	(312,915)	(34,969)	-	(65,706)	(413,590)	(114,126)
Increase (decrease) in accounts payable	(1,891,047)	(96,496)	640,695	198,342	(1,148,506)	970,633
Increase (decrease) in accrued payroll	97,729	7,979	(117,019)	14,841	3,530	41,968
Increase (decrease) in unearned revenue	-	-	(11,517)	(67,159)	(78,676)	33,877
Increase (decrease) in accrued vacation	82,227	6,269	(54,839)	18,205	51,862	65,469
Increase in landfill closure and postclosure costs	-	828,595	-	-	828,595	-
Increase (decrease) in claims payable	-	-	-	-	-	99,672
Increase (decrease) in contracts payable	-	-	-	20,470	20,470	17,110
Increase (decrease) in accrued pollution remediation	-	-	-	1,986,124	1,986,124	-
Total adjustments	23,928,797	4,310,306	3,353,277	5,044,304	36,636,684	2,290,843
Net cash provided (used) by operating activities	\$ 60,120,420	\$ 1,404,239	\$ (13,458,579)	\$ 2,236,592	\$ 50,302,672	\$ 1,048,035

Noncash Investing, Capital, and Financing Activities

The City entered into leases for new property and equipment and incurred capital lease obligations of \$3,876,432 and \$1,602,145 during the years ended June 30, 2017, and 2016, respectively.

The City received contributed land amounting to \$3,787,366 and \$1,983,543 during the years ended June 30, 2017, and 2016, respectively, from various developers.

Capitalized interest included in asset acquisitions of \$835,934.

The City accrued intergovernmental revenues of (\$8,856,441).

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, 2017

Exhibit 9

	Benefits Trust Fund
Assets	
Cash and cash equivalents/investments	\$ 8,337,394
Investments, at fair value	
Common stock	183,472,883
United States government treasuries	15,607,101
United States government agencies	3,671,515
Corporate bonds	12,636,101
Commercial mortgage backed securities	835,075
Total assets	<u>224,560,069</u>
Deferred Outflows of Resources	
Pension deferrals	<u>25,114</u>
Liabilities	
Accounts payable	61,612
Accrued payroll	3,458
Accrued vacation	7,662
Unearned revenue	151,754
Net pension liability	28,297
Claims payable	1,183,675
Total liabilities	<u>1,436,458</u>
Deferred Inflows of Resources	
Pension deferrals	<u>2,750</u>
Net Position	
Restricted for pensions	<u>\$223,145,975</u>

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

City of Winston-Salem, North Carolina
Statement of Changes in Fiduciary Net Position
Fiduciary Funds

For the Fiscal Year Ended June 30, 2017

Exhibit 10

	Benefits Trust Fund
Additions	
Contributions	
Employer	\$ 12,373,566
Plan members	3,402,075
Total contributions	<u>15,775,641</u>
Investment income	
Net appreciation in fair value	25,727,253
Interest and dividends	<u>5,445,656</u>
Total investment income	<u>31,172,909</u>
Less investment expense	
Net investment income	<u>763,695</u>
Total additions	<u>30,409,214</u>
	<u>46,184,855</u>
Deductions	
Benefits	19,664,398
Refund of contributions	333,157
Administrative expense	<u>246,560</u>
Total deductions	<u>20,244,115</u>
Net increase in net position	<u>25,940,740</u>
Net position – beginning, as previously stated	168,976,832
Cumulative effect adjustment	<u>28,228,403</u>
Net position – beginning, as adjusted	<u>197,205,235</u>
Net position, end of year	<u>\$223,145,975</u>

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

Notes to the Financial Statements

June 30, 2017

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, cable franchise fee, and emergency telephone system fund, as well as the capital projects fund budgets, are reported by program authorizations. The City's internal service funds operate under a financial plan that was adopted by the governing board at the time the City's budget ordinance was approved.

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

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

1. Deposits and Investments

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

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

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

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

2. Receivables and Payables

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

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

3. Ad Valorem Taxes Receivable

The City property tax is based on the assessed valuation of property located in the City as of the preceding January first. The value of personal property is established annually, and by state law, real property must be appraised at least once every eight years. The last revaluation of real property became effective with the 2013 tax levy. The City's fiscal year 2017 tax rate was .585 mils, allocated as follows: .4729 mils for general purposes, .0759 mils for general debt service, and .0362 mils for mass transit. Taxes are due on September first and payable without penalty or interest until the fifth of January. On and after January sixth, taxes become delinquent, a lien attaches to the property, and a penalty of 2 percent is assessed. On February first, interest accrues at the rate of .75 percent per month until paid. Property tax receivables are recorded net of allowance for estimated uncollectible amounts and offset as deferred inflows of resources since the amount due is not considered to be currently available.

4. Restricted Assets

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

Restricted Cash June 30, 2017

Business-type activities	
Water and sewer utility	
Unexpended bond proceeds	\$ 479,795
Equipment and replacement reserves	28,982,073
Economic development	3,000,000
Solid waste disposal	
Landfill closure and postclosure costs	17,686,372
Public assembly facilities management	
Capital reserve	60,521
Total business-type activities	50,208,761
Total restricted cash	\$ 50,208,761

5. Inventories

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

6. Capital Assets

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

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

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

7. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The City has three items that qualifies for reporting in this category. Contributions made to the pension plan in the 2017 fiscal year. Deferred charge on refunding and derivative instrument in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. The derivative instrument is a change in fair value associated with an effective hedge.

In addition to liabilities, the statement of 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 an inflow of resources until that time. The City has three items that qualifies for reporting in this category. Deferrals of pension expense that result from the implementation of GASB Statement 68 and GASB Statement 71. Deferred charge on refunding, and advances from other governments in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. The advances from other governments are grants received in advance of meeting the GASB 33 timing requirements in governmental funds. The governmental funds also report unavailable revenues from taxes, leases, and assessments.

8. Accumulated Vacation and Sick Leave Benefits

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

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

9. Long-Term Obligations

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

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

10. Net Position/Fund Balances

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

Restricted Net Position June 30, 2017

Stabilization by state statute	\$ 22,736,467
Debt service	21,855,120
Other purposes	
Nonmajor governmental	20,519,498
Total	\$ 65,111,085

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

Restricted for environmental health – portion of fund balance restricted by revenue source for environmental health 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 2017-2018 Budget Ordinance and as approved by City Council on June 19, 2017 that is not already classified in restricted or committed.

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

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

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

Fund Balance June 30, 2017

Nonspendable	
Loans	\$ 930,361
Inventories	885,415
Prepays	46,758
Perpetual care	3,825,651
Restricted	
Stabilization by state statute	22,736,467
Debt service	21,855,120
Capital improvements	5,591,899
Public protection	2,568,931
Environmental health	31,383
Transportation	2,093,643
Culture and recreation	822,147
Community and economic development	11,177,743
Committed	
Capital improvements	24,735,448
Community and economic development	31,311,782
Assigned	
Subsequent year budget	2,035,000
Unassigned	
Total	<u>\$ 155,921,222</u>

11. Pensions

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

2. Stewardship, Compliance and Accountability

A. Excess of Expenditures over Appropriations

In 2013, the City issued Limited Obligation Bonds to increase the funding level of the Winston-Salem Police Officers' Retirement System. During this fiscal year, it was determined that the debt should be moved from the Fiduciary Fund to Governmental activities. The debt was not budgeted in the Debt Service Fund in fiscal year 2017; therefore, the expenditures are over budget by \$1,502,734. The principal and interest payments for the Series 2013 Limited Obligation Bonds will be budgeted correctly in fiscal year 2018.

For the fiscal year ended June 30, 2017, stormwater expenditures in the stormwater management fund were under estimated due to pollution remediation expenditures; 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, 2017, the City's deposits had a carrying value of \$36,088,242 and bank balance of \$42,319,710. Of the bank balance \$1,821,076 was covered by federal depository insurance and the remainder was covered by collateral held under the Pooling Method. At June 30, 2017, the City maintained various petty cash funds totaling \$54,851.

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, 2017, the City had the following investments and maturities:

Investment Type	Value	Less Than 6 Months	6 - 12 Months	Over 1 Year
Domestic Common Stock	\$ 171,223,405	\$ 171,223,405	\$ -	\$ -
US Gov't Treasuries	54,186,752	125,689	1,692,571	52,368,492
US Gov't Agencies	64,283,796	4,167,626	21,723,651	38,392,519
Corporate Bonds	33,783,339	1,713,287	2,002,600	30,067,452
Mutual Funds	118,872,039	118,872,039	-	-
Money Market Funds	31,159,265	31,159,265	-	-
NC Capital Management Trust –				
Government Portfolio	15,665,776	15,665,776	-	-
Term Portfolio	49,852,471	49,852,471	-	-
Total	\$ 539,026,843	\$ 392,779,558	\$ 25,418,822	\$ 120,828,463

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, 2017, the City's investment balances measured at fair value were as follows:

Investments	Fair Value	Fair Value Measurements Using	
		Level 1 Inputs	Level 2 Inputs
Domestic Common Stock/ADRs	\$ 171,223,405	\$ 171,223,405	\$ -
US Gov't Treasuries	54,186,752	54,186,752	-
US Gov't Agencies	64,283,796	-	64,283,796
Corporate Bonds	33,783,339	-	33,783,339
Mutual Funds	118,872,039	116,769,193	2,102,846
Money Market Funds	31,159,265	-	31,159,265
NC Capital Management Trust –			
Term Portfolio	49,852,471	49,852,471	-
Total fair value investments	\$ 523,361,067	\$ 392,031,821	\$ 131,329,246

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, 2017. The City's investments in US Agencies are rated AA+ by Standard & Poor's and Aaa by Moody's Investors Service. All commercial paper of the City is rated A1 by Standard & Poor's and P1 by Moody's.

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

Type of Bonds	S&P	Moody's	Market Value
Corporate			
	AAA	AAA	920,520
	AAA	N/A	456,629
	AA+	AA1	407,867
	AA	AA2	272,142
	AA-	A1	1,031,000
	AA-	AA2	300,507
	AA-	AA3	631,565
	A+	A1	269,046
	A+	A3	802,573
	A	A1	744,814
	A	A2	1,717,661
	A	A3	1,293,922
	A	AA2	357,532
	A	AA3	422,883
	A	BAA1	175,477
	A	BAA2	244,576
	A	N/A	303,825
	A-	A1	507,139
	A-	A2	441,488
	A-	A3	2,518,838
	A-	BAA1	439,496
	A-	BAA2	424,440
	BBB+	A3	2,056,445
	BBB+	BAA1	6,676,267
	BBB+	BAA2	941,347
	BBB+	N/A	383,901
	BBB	A3	521,863
	BBB	BAA1	404,426
	BBB	BAA2	2,519,056
	BBB	BAA3	355,675
	BBB-	BAA2	355,662
	BBB-	BAA3	2,078,132
	N/A	AAA	350,090
	N/A	AA1	35,078
	N/A	AA3	109,335
	N/A	A1	658,748
	N/A	A2	474,139
	N/A	A3	254,291
	N/A	N/R	753,147
	N/A	WR	171,797
Total			\$ 33,783,339

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, 2017

General fund

Taxes receivable	\$ 1,655,949
------------------	--------------

Other receivables	2,901,128
-------------------	-----------

Special revenue funds

Nonmajor	27,582,695
----------	------------

Debt service fund

	187,118
--	---------

Enterprise funds

Water and sewer utility	1,343,885
-------------------------	-----------

Solid waste disposal	4,088
----------------------	-------

Transit Authority	117,320
-------------------	---------

Nonmajor	203,749
----------	---------

Total

	\$ 33,995,932
--	----------------------

C. Interfund Receivables, Payables, and Transfers

The composition of interfund receivables and payables at June 30, 2017, is as follows:

	Interfund Payables	Interfund Receivables
General fund	\$ -	\$ 1,830,615
Special revenue funds		
Nonmajor	194,855	-
Enterprise funds		
Transit Authority	1,630,758	-
Internal service funds	5,002	-
Total	\$ 1,830,615	\$ 1,830,615

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, 2017, include: a transfer of \$1,625,098 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 \$1,126,974 to cover housing rehabilitation expenditures; a gasoline tax fund transfer to the general fund for \$5,341,322 and \$264,604 to the capital projects fund for non-state street construction and maintenance; a general fund transfer to the parking fund for \$591,150 to cover the City's share of the operating loss of \$1,311,036 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 \$2,217,470 to fund economic development projects; a general fund transfer to the public assembly facilities management fund for \$950,002 to cover operating expenses of the M.C. Benton, Jr. Convention Center; a transfer from general fund to debt service fund of \$2,003,130 to cover debt service payments on economic development projects and the Bryce A. Stuart Building; a transfer from general fund to information services fund of \$550,000 to fund the City's portion of the fiber optic upgrade project.

Transfers for Fiscal Year Ended June 30, 2017

	Transfers In	Transfers Out
	\$ 8,487,627	\$ 8,450,711
General fund		
Special revenue funds		
Nonmajor	3,264,553	7,422,838
Debt service fund	2,003,130	-
Capital projects fund	2,759,919	327,000
Enterprise funds		
Water and sewer utility	-	1,104,099
Solid waste disposal	533,902	-
Transit Authority	-	13,800
Nonmajor	1,866,152	2,053,065
Internal service funds	550,000	93,770
Total	\$ 19,465,283	\$ 19,465,283

D. Capital Assets

The following tables summarize the changes in the components of capital assets for the year ended June 30, 2017:

Governmental Activities

Capital assets, not being depreciated:

	Balance June 30, 2016	Increase	Decrease	Balance June 30, 2017
Land	\$ 74,771,141	\$ 2,645,163	\$ (523,057)	\$ 76,893,247
Construction in progress	85,139,831	55,135,469	-	140,275,300
Total capital assets, not being depreciated	159,910,972	57,780,632	(523,057)	217,168,547

Capital assets, being depreciated:

Buildings	106,410,165	1,104,124	(666,826)	106,847,463
Improvements other than buildings	240,943,873	4,664,488	(63,068)	245,545,293
Machinery and equipment	111,388,805	13,845,472	(4,660,289)	120,573,988
Total capital assets, being depreciated	458,742,843	19,614,084	(5,390,183)	472,966,744

Less accumulated depreciation for:

Buildings	34,046,326	2,512,340	(92,399)	36,466,267
Improvements other than buildings	106,792,938	6,070,783	(11,825)	112,851,896
Machinery and equipment	84,255,649	6,336,021	(4,584,131)	86,007,539
Total accumulated depreciation	225,094,913	\$ 14,919,144	\$ (4,688,355)	235,325,702
Total capital assets, being depreciated, net	233,647,930			237,641,042
Governmental activities capital assets, net	\$ 393,558,902			\$ 454,809,589

Business-type Activities

Capital assets, not being depreciated:

	Balance June 30, 2016	Increase	Decrease	Balance June 30, 2017
Land	\$ 43,923,679	\$ 193,080	\$ -	\$ 44,116,759
Construction in progress	160,592,130	29,740,028	-	190,332,158
Total capital assets, not being depreciated	<u>204,515,809</u>	<u>29,933,108</u>	-	<u>234,448,917</u>
Capital assets, being depreciated:				
Buildings	324,875,883	1,227,759	-	326,103,642
Improvements other than buildings	909,262,715	43,508,401	-	952,771,116
Machinery and equipment	74,902,533	4,868,618	(2,244,952)	77,526,199
Total capital assets, being depreciated	<u>1,309,041,131</u>	<u>49,604,778</u>	<u>(2,244,952)</u>	<u>1,356,400,957</u>
Less accumulated depreciation for:				
Buildings	118,516,895	7,828,316	-	126,345,211
Improvements other than buildings	373,121,091	23,132,864	-	396,253,955
Machinery and equipment	48,391,372	4,364,039	(2,244,952)	50,510,459
Total accumulated depreciation	<u>540,029,358</u>	<u>\$ 35,325,219</u>	<u>\$ (2,244,952)</u>	<u>573,109,625</u>
Total capital assets, being depreciated, net	<u>769,011,773</u>			<u>783,291,332</u>
Business-type activities capital assets, net	<u>\$ 973,527,582</u>			<u>\$ 1,017,740,249</u>

The City has outstanding project authorizations for general governmental projects in the amount of \$139,556,639 with \$32,147,679 in unexpended commitments and outstanding authorizations for capital projects in enterprise funds amounting to \$208,747,626 with \$49,847,496 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, 2017, the total interest and fiscal charges in the enterprise funds were \$19,334,343 of which \$835,934 net of interest income was capitalized to construction projects.

Depreciation expense was charged to functions/programs as follows:

Governmental Activities

	Depreciation Expense For Year Ended June 30, 2017
General government	\$ 1,805,246
Public protection	4,267,686
Environmental health	1,428,602
Transportation	4,860,904
Culture and recreation	1,530,742
Community and economic development	1,025,964
Total	\$ 14,919,144

Business-type Activities

	Depreciation Expense For Year Ended June 30, 2017
Water and sewer utility	\$ 25,845,130
Solid waste disposal	3,738,453
Stormwater management	564,071
Parking	433,738
Transit Authority	2,864,751
Public assembly facilities management	1,879,076
Total	\$ 35,325,219

E. Operating Leases

The City leases land, building space, and certain operating equipment under non-cancelable operating leases terminating during fiscal years 2017 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 \$542,165 during fiscal year 2017.

Future Minimum Commitments for Operating Leases

2018	\$ 402,479
2019	277,359
2020	236,399
2021	221,399
2022	221,399
2023	56,301
Total	\$ 1,415,336

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 Hospitality Ventures Management Group. 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	\$ 12,800,000
Less unearned income	(4,408,484)
Net investment in direct financing lease	\$ 8,391,516

Minimum Lease Payments

2018	\$ 600,000
2019	600,000
2020	600,000
2021	600,000
2022	600,000
Thereafter	9,800,000
Total	\$ 12,800,000

G. Long-term Liabilities

General Obligation Bonds

The City issues general obligation bonds to provide funds for general government capital improvement projects. The bonds are direct obligations and pledge the full faith and credit, and taxing power of the City. In November 2014, City residents approved a \$139,200,000 bond referendum that authorized bonds to be issued for road improvements, economic development, housing development, parks & recreation improvements, and public safety center renovations. As of June 30, 2017, \$84,535,000 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:

Fiscal Year	Governmental Activities	
	Principal	Interest
2018	\$ 7,570,000	\$ 4,612,478
2019	7,930,000	4,384,571
2020	8,585,000	4,133,357
2021	8,565,000	3,818,791
2022	8,335,000	3,445,792
2023-2027	37,730,000	11,680,093
2028-2032	24,230,000	5,119,578
2033-2036	15,360,000	1,261,738
Total	\$ 118,305,000	\$ 38,456,398

Special Obligation Bonds

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

Special Obligation Bonds Debt Service Requirements to Maturity are:

Fiscal Year	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2018	\$ 575,000	\$ 311,575	\$ 2,448,693	\$ 574,745
2019	590,000	288,575	1,313,693	488,162
2020	615,000	264,975	1,338,693	448,054
2021	640,000	240,375	1,358,694	405,596
2022	670,000	214,775	1,383,693	363,313
2023-2027	2,825,000	659,125	6,064,525	1,166,979
2028-2032	1,830,000	259,987	4,240,742	151,003
2033	405,000	14,475	-	-
Total	\$ 8,150,000	\$ 2,253,862	\$ 18,148,733	\$ 3,597,852

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, 2017 were \$10,610,000 with interest rates ranging from 3.0% to 5.0%, which are payable over the next 16 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, 2017, and the ratio was 2.1. The principal and interest remaining to be paid on the bonds is \$13,677,044. Principal and interest paid in the fiscal years ended June 30, 2017 and 2016 were \$851,751 and \$851,093, respectively.

Stormwater Fee Revenue Bonds Debt Service Requirements to Maturity are:

Fiscal Year	Business-type Activities	
	Principal	Interest
2018	\$ 505,000	\$ 348,343
2019	520,000	333,194
2020	545,000	307,194
2021	570,000	285,394
2022	585,000	268,294
2023-2027	3,265,000	1,016,119
2028-2032	3,790,000	482,569
2033	830,000	25,937
Total	\$ 10,610,000	\$ 3,067,044

Water and Sewer Revenue Bonds

The City issues revenue bonds to fund capital improvement projects for the Winston-Salem/Forsyth County Water and Sewer System. The revenues, net of operating expenses, of the water and sewer system are pledged as security for the revenue bonds which were issued in 2007, 2009, 2010, 2011, 2014, 2015 and 2016. The trust agreement dated October 1, 1988, between the City and the Bank of New York, as trustee, authorizes and secures all outstanding revenue bonds. Certain financial covenants are contained in the trust agreement including a requirement that the City maintain a long-term debt service coverage ratio on all utility revenue debt of not less than 1.1. The City was in compliance with all covenants for the fiscal year ended June 30, 2017, and the ratio was 1.7. The total principal and interest remaining to be paid on the bonds is \$585,607,275. Principal and interest paid in the fiscal years ended June 30, 2017 and 2016 were \$38,447,043 and \$39,303,794, respectively.

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

Water and sewer revenue bonds outstanding at June 30, 2017, were \$392,640,000 with interest rates between .95% and 5.694% which are payable over the next 23 years.

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

Fiscal Year	Business-type Activities	
	Principal	Interest
2018	\$ 22,180,000	\$ 16,676,017
2019	23,410,000	16,100,444
2020	15,810,000	15,414,665
2021	16,375,000	14,787,123
2022	16,660,000	14,104,580
2023-2027	95,225,000	58,784,888
2028-2032	97,895,000	36,909,333
2033-2037	75,325,000	17,550,073
2038-2040	29,760,000	2,640,152
Total	\$ 392,640,000	\$ 192,967,275

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, 2017, rates were as follows:

	Terms	Series 2015 A-1, B-1 and C-1 Rates
Fixed payment to Citigroup, Inc.	Fixed	3.640%
Variable payment from Citigroup, Inc. provided the Bond Rate has not exceeded 69% of the average monthly USD-LIBOR-BBA for a period of more than the next preceding 180 days.	Bond Rate	-0.610%
Variable payment from Citigroup, Inc. provided the Bond Rate limited to 69% of the average monthly USD-LIBOR-BBA provided the Bond Rate has exceeded the LIBOR percentage for a period of more than the next preceding 180 days.	Limited to 69% of Average Monthly LIBOR	N/A
Net interest rate swap payment		3.030%
Actual variable Bond Rate	Bond Rate	1.073%
Synthetic fixed interest rate on Series B Bonds		4.103%
The Bond Buyer Revenue Bond Index on 12/4/2002		5.240%

As of June 30, 2017, the agreement had a negative fair value of \$6,905,021. 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, 2017, 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, 2017, 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, 2017, 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:

Series 2015 A-1, B-1 and C-1 Fiscal Year Ending June 30	Business-type Activities		Net Interest Rate Swap Payments *		Total
	Principal	Variable Rate Interest	\$	\$	
2018	\$ -	\$ 397,976	\$ 1,123,828	\$ 1,521,804	
2019	1,700,000	397,976	1,123,828	3,221,804	
2020	1,760,000	379,735	1,072,318	3,212,053	
2021	1,835,000	360,850	1,018,990	3,214,840	
2022	1,905,000	341,160	963,388	3,209,548	
2023-2027	10,715,000	1,382,668	3,904,460	16,002,128	
2028-2030	19,175,000	477,486	1,348,350	21,000,836	
Total	\$ 37,090,000	\$ 3,737,851	\$ 10,555,162	\$ 51,383,013	

* Computed using the 4.103% 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	Fair Value	Change from Prior Year	Actual Synthetic Rate
	\$	\$	
June 30, 2016	(9,997,626)	(2,402,636)	4.107%
June 30, 2017	(6,905,021)	3,092,605	4.103

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 2016-2017 with an inception to-date variance of 92.67%, so the swap is recorded at fair value on the Statement of Net Position as a deferred outflow and a noncurrent liability. No investment gains or losses are recorded for mark-to-market changes for this effective hedge.

Variable Rate Water and Sewer System Revenue Refunding Bonds, Series 2015A-2, Series 2015B-2 and Series 2015C-2 The City entered into an interest rate swap agreement (the "swap agreement") with Citigroup, Inc. on November 12, 2002, which became effective on December 4, 2002, with the issuance of \$71,305,000 Water and Sewer System Revenue Refunding Bonds, Series 2002C (the "Series C Bonds"). In August 2015, the City issued variable rate water and sewer system revenue refunding bonds. The net proceeds were used to refund the Water and Sewer Revenue Bonds, Series 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 3, 2027.

As of June 30, 2017, rates were as follows:

	Series 2015 A-2, B-2 and C-2 Rates
Terms	
Fixed payment to Citigroup, Inc.	Fixed 2.960%
Variable payment from Citigroup, Inc. provided the Bond Rate has not exceeded 69% of the average monthly USD-LIBOR-BBA for a period of more than the next preceding 180 days.	Bond Rate -0.610%
Variable payment from Citigroup, Inc. provided the Bond Rate limited to 69% of the average monthly USD-LIBOR-BBA provided the Bond Rate has exceeded the LIBOR percentage for a period of more than the next preceding 180 days.	Limited to 69% of Average Monthly LIBOR N/A
Net interest rate swap payment	2.350%
Actual variable Bond Rate	Bond Rate 1.067%
Synthetic fixed interest rate on Series C Bonds	3.417%
The Bond Buyer Revenue Bond Index on 12/4/2002	5.240%

As of June 30, 2017, the agreement had a negative fair value of \$5,034,911. 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, 2017, 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, 2017, 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, 2017, 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:

Series 2015 A-2, B-2 and C-2 Fiscal Year Ending June 30	Business-type Activities			Net Interest Rate Swap Payments *	Total
	Principal	Variable Rate Interest			
2018	\$ 2,380,000	\$ 532,839		\$ 1,172,350	\$ 4,085,189
2019	4,095,000	507,817		1,116,793	5,719,610
2020	4,230,000	463,463		1,019,900	5,713,363
2021	4,365,000	417,988		920,154	5,703,142
2022	4,505,000	371,049		817,213	5,693,262
2023-2027	24,815,000	1,108,617		2,433,894	28,357,511
2028	5,455,000	58,205		128,193	5,641,398
Total	\$ 49,845,000	\$ 3,459,978		\$ 7,608,497	\$ 60,913,475

*Computed using the 3.417% net interest rate swap payment to the City times \$49,845,000 less accumulated annual reductions.

Series 2015 A-2, B-2 and C-2 Changes in Fair Value for Fiscal Year Ended	Fair Value	Change from Prior Year	Actual Synthetic Rate
June 30, 2016	\$ (8,089,817)	\$ (1,494,649)	3.419%
June 30, 2017	(5,034,911)	3,054,906	3.417

The Series 2015A-2, B-2 and C-2 interest rate swap was an effective hedge under the Dollar-Offset Method in fiscal year 2016-2017 with an inception to-date variance of 92.06%, so the swap is recorded at fair value on the Statement of Net Position as a deferred outflow and a noncurrent liability. No investment gains or losses are recorded for mark-to-market changes for this effective hedge.

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

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

As of June 30, 2017, the agreement had a negative fair value of \$7,283,487. 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, 2017, 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, 2017, Citigroup Global Markets Holdings, Inc. was rated "Baa1" by Moody's Investors Service, "BBB+" by Standard & Poor's Rating Services, and "A" by Fitch Ratings.

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

**Series 2015
A-3, B-3 and C-3
Fiscal Year
Ending June 30**

	Business-type Activities			Total	
	Principal	Synthetically Variable Rate Interest			
		Interest	Total		
2018	\$ 1,050,000	\$ 1,319,712	\$ 2,369,712		
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		
2023-2027	7,060,000	4,882,451	11,942,451		
2028-2032	8,740,000	3,310,270	12,050,270		
2033-2037	10,810,000	1,360,986	12,170,986		
Total	\$ 32,325,000	\$ 15,708,300	\$ 48,033,300		

**Series 2015
A-3, B-3 and C-3
Changes in Fair
Value for Fiscal
Year Ended**

	Fair Value	Change from Prior Year	Actual Synthetic Rate
June 30, 2016	\$ (10,405,010)	\$ (2,919,127)	4.103%
June 30, 2017	(7,283,487)	3,121,523	4.151

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 2016-2017 with an inception to-date variance of 102.06%, so the swap is recorded at fair value on the Statement of Net Position as a deferred outflow and a noncurrent liability. No investment gains or losses are recorded for mark-to-market changes for this effective hedge.

Long-term Liabilities at June 30, 2017

Bonds Payable

General obligation bonds, issues dated 2006 to 2016 with stated interest rates of 1.25% to 6.1%	
General government	\$ 118,305,000
Discounts/premiums	10,518,361
Revenue bonds, water and sewer system	
Series 2009, principal due annually through 2039 with stated interest rates of 3.0% to 4.0%	5,345,000
Series 2010A, principal due annually through 2023 with stated interest rates of 3.0% to 4.0%	8,555,000
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%	6,940,000
Series 2014A, principal due annually through 2033 with stated interest rates of 4.0% to 5.0%	30,315,000
Series 2014B, principal due annually through 2018 with stated interest rates of 1.10% to 1.75%	7,095,000
Series 2015A, B, C, principal due annually through 2030 with synthetic fixed interest rates of 3.40% to 4.18%	119,260,000
Series 2016A, principal due annually through 2039 with stated interest rates of 3.0% to 5.0%	124,140,000
Series 2016B, principal due annually through 2019 with stated interest rates of .95% to 1.35%	11,095,000
Discounts/premiums	22,314,640
Revenue bonds, stormwater management	
Series 2013, principal due annually through 2033 with stated interest rates of 3.0% to 5.0%	10,610,000
Discounts/premiums	603,816
Special obligation bonds, general governmental	
Series 2013, principal due annually through 2033 with stated interest rates of 3.0% to 5.0%	5,015,000
Series 2013, principal due annually through 2025 with stated interest rates of 3.0% to 5.0%	3,135,000
Special obligation bonds, solid waste management	
Series 2011A, principal due annually through 2026 with variable interest rate of 68% of 30-day LIBOR plus .85%, 1.564340% at year end	6,766,060
Series 2013, principal due annually through 2018 with stated interest rates of 3.0% to 5.0%	1,155,000
Discounts/premiums	134,391
Special obligation bonds, public assembly facilities management	
Series 2009, principal due monthly through September 1, 2016, with variable interest rate of 30-day LIBOR plus 1.0%, 1.80049985% at year end	10,227,674

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, 1.5505% at year end	3,390,000
Series 2006A, principal due annually through June 1, 2031, with stated interest rates of 4.125% to 4.75%	11,555,000
Series 2006B, principal due annually through June 1, 2021, with stated interest rates of 4.125% to 4.25%	2,675,000
Series 2006D, principal due annually through June 1, 2026, with stated interest rate of 4.81%	2,355,000
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%	10,520,000
Series 2013A, principal due annually through June 1, 2038, with stated interest rate of 4.626%	27,355,000
Series 2013B, principal due annually through June 1, 2035, with stated interest rates of 4.0% to 5.0%	12,670,000
Series 2014A, principal due monthly through September 1, 2029; with variable interest rate, payable monthly on one month LIBOR rate plus 0.74% as determined by bondholder, 1.7905% at year end	12,196,000
Series 2014B, principal due annually through June 1, 2034, with stated interest rates of 1.34% to 4.4%	7,645,000
Series 2014C, principal due annually through June 1, 2034, with stated interest rates of 3.375% to 5.0%	38,955,000
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, 1.18535% at year end	13,500,000
Discounts/premiums	6,175,105
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, 1.28535% at year end	20,000,000
HUD Section 108 loan, principal due annually through August 1, 2022, with stated interest rates of 1.75% to 6.67%	1,795,000
Installment financing contract, principal due annually through June 1, 2028, with stated interest rate of 3.29%	12,547,000
Clean water state revolving loan fund, payable over 20 years with stated interest rates of 0% to 2%	75,593,698

Other

Net pension liability – LGERS	36,781,996
Net pension liability – WSPORS	27,093,165
Net pension liability – separation allowance	9,300,157
Accrued vacation leave	15,094,946
Accrued interest payable	2,028,460
Landfill closure and postclosure costs	17,686,372
Pollution remediation	1,986,124
Claims payable – employment and post-retirement benefits	8,250,369
Claims payable – Risk Acceptance Management Corporation	1,801,086
Total long-term liabilities including current maturities	\$ 960,374,420

Changes in Long-term Liabilities during Fiscal Year 2017

	Adjusted Principal Outstanding June 30, 2016	Additions	Retirement and Deferrals	Principal Outstanding June 30, 2017	Due Within Year
Governmental activities					
General obligation bonds	\$ 126,245,000	\$ -	\$ 7,940,000	\$ 118,305,000	\$ 7,570,000
Discount/premium	11,418,378	-	900,017	10,518,361	-
Special obligation bonds	8,705,000	-	555,000	8,150,000	575,000
Contracts payable					
North Carolina Municipal Leasing Corporation ⁽²⁾	145,451,491	7,235,705	30,274,415	122,412,781	8,867,667
Discount/premium	7,352,626	-	1,182,150	6,170,476	-
Leasing agreement	3,644,528	16,355,472	-	20,000,000	5,000,000
HUD Section 108 loan	2,128,000	-	333,000	1,795,000	333,000
Installment financing contract	12,860,573	-	988,306	11,872,267	988,306
Net pension liability – LGERS	6,949,955	24,336,336	-	31,286,291	-
Net pension liability – WSPORS ⁽¹⁾	35,174,480	-	8,081,315	27,093,165	-
Net pension liability – separation allowance	9,205,703	94,454	-	9,300,157	-
Accrued vacation	12,243,486	10,834,871	9,755,715	13,322,642	5,514,858
Accrued interest payable ⁽³⁾	1,151,575	-	294,641	856,934	856,934
Claims payable-employment benefits	7,051,530	15,164	-	7,066,694	4,250,242
Total governmental activities debt	389,582,325	58,872,002	60,304,559	388,149,768	33,956,007
Business-type activities					
Revenue bonds	425,020,000	-	21,770,000	403,250,000	22,685,000
Discount/premium	24,402,299	-	1,483,843	22,918,456	-
Special obligation bonds	20,532,428	-	2,383,694	18,148,734	2,448,693
Discount/premium	238,669	-	104,278	134,391	-
Contracts payable					
North Carolina Municipal Leasing Corporation	19,941,509	3,876,434	3,414,724	20,403,219	3,094,333
Discount/premium	3,609	-	(1,020)	4,629	-
Installment financing contract	730,901	-	56,168	674,733	56,168
US Corps of Engineers	15,582	-	15,582	-	-
Clean water state revolving loan fund	34,029,331	41,841,322	276,955	75,593,698	4,790,323
Net pension liability – LGERS	1,123,905	4,343,503	-	5,467,408	-
Accrued vacation	1,712,780	1,673,195	1,621,333	1,764,642	808,200
Accrued interest payable	1,106,499	65,027	-	1,171,526	1,171,526
Landfill closure and postclosure costs	16,857,777	894,629	66,034	17,686,372	1,559,000
Pollution remediation	-	1,986,124	-	1,986,124	1,986,124
Claims payable	1,716,578	84,508	-	1,801,086	-
Total business-type activities debt	547,431,867	54,764,742	31,191,591	571,005,018	38,599,367
Fiduciary funds					
Net pension liability – LGERS	5,574	22,723	-	28,297	-
Accrued vacation	7,644	8,878	8,860	7,662	-
Claims payable – post employment benefits	1,252,701	-	69,026	1,183,675	-
Total fiduciary fund debt	1,265,919	31,601	77,886	1,219,634	-
Total	\$ 938,280,111	\$ 113,668,345	\$ 91,574,036	\$ 960,374,420	\$ 72,555,374

⁽¹⁾ The June 30, 2016 WSPORS balance has been adjusted to include an additional \$15,769 in net pension liability.

⁽²⁾ WSPORS debt of \$28,120,000 was moved from the Fiduciary Fund to Governmental activities as of June 30, 2016.

⁽³⁾ WSPORS accrued interest payable of \$108,403 was moved from the Fiduciary Fund to Governmental activities as of June 30, 2016.

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

Contracts Payable

Contracts Payable Debt Service Requirements to Maturity are:

Fiscal Year	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2018	\$ 15,188,973	\$ 5,701,923	\$ 3,150,501	\$ 632,296
2019	15,768,336	5,398,319	2,676,136	496,579
2020	16,282,158	5,009,865	2,172,316	382,212
2021	12,339,796	4,585,473	1,774,678	292,853
2022	8,237,541	4,243,274	481,933	235,900
2023-2027	39,103,244	15,916,156	2,346,388	1,003,600
2028-2032	28,955,000	8,201,277	8,476,000	468,685
2033-2037	18,230,000	2,372,099	-	-
2038	1,975,000	91,364	-	-
Total	\$ 156,080,048	\$ 51,519,750	\$ 21,077,952	\$ 3,512,125

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, 2017, the City had \$142,816,000 outstanding and due to NCMLC.

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

The City was awarded five loans through HUD's Section 108 Loan Program, a loan guarantee provision of the Community Development Block Grant (CDBG) program. The City received \$6,500,000 from the 1998 and 1999 funding allocation, which was used to fund housing rehabilitation. The City makes semi-annual payments of principal and interest from its annual CDBG allocation. At June 30, 2017, the City had \$1,795,000 outstanding.

During fiscal year 2017, the City's Water and Sewer Utility fund received \$41,841,322 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. Repayments will begin six months after the estimated project completion dates. The Muddy Creek Consolidated Pump Station project required a principal payment of \$276,955 in fiscal year 2017. At June 30, 2017, the City had \$75,593,698 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, 2017, the City had \$12,547,000 outstanding.

Assets have been pledged as collateral for the following contracts payable:

Certificates of Participation executed and delivered by North Carolina Municipal Leasing Corporation

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

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

Installment Financing Contract 2011

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

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

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

H. Net Investment in Capital Assets

Net investment in capital assets at June 30, 2017

	Governmental	Business-type
Capital assets	\$ 454,809,589	\$ 1,017,740,249
less: long-term debt	(275,889,912)	(508,053,343)
less: short-term debt	(23,333,973)	(33,074,517)
less: derivative instrument	-	(21,676,041)
add: unexpended debt proceeds	5,591,899	479,795
add: charge on refunding, net	3,237,987	28,405,846
Net investment in capital assets	\$ 164,415,590	\$ 483,821,989

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, 2017.

Total fund balance – general fund	\$ 49,554,191
Less:	
Loans	930,361
Inventories	295,116
Prepays	46,758
Stabilization by state statute	20,973,482
Subsequent year budget	2,035,000
Unassigned fund balance	25,273,474

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 12.5% of 2018 estimated expenditures. Due from other governments and other funds increased \$2.8 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, 2017

General fund	\$ 2,090,355
Special revenue funds	
Nonmajor	7,291,885
Debt service fund	66,290
Capital projects fund	30,684,055
Enterprise funds	
Water & sewer fund	48,237,146
Solid waste disposal fund	1,682,403
Transit Authority	357,682
Nonmajor	2,705,496
Internal service funds	1,463,624
Fiduciary funds	1,715
Total	\$ 94,580,651

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.

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

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

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. City of Winston-Salem employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The City of Winston-Salem's contractually required contribution rate for the year ended June 30, 2017, was 8.00% of compensation for law enforcement officers and 7.25% for general employees, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the City of Winston-Salem were \$8,322,237 for the year ended June 30, 2017.

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, 2017, the City reported a liability of \$36,781,996 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015. The total pension liability was then rolled forward to the measurement date of June 30, 2016 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, 2016, the City's proportion was 1.73309%, which was a decrease of .06716% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the City recognized pension expense of \$9,592,597. At June 30, 2017, 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	\$ 691,070	\$ 1,288,855
Changes of assumptions	2,519,237	-
Net difference between projected and actual earnings on pension plan investments	20,335,801	-
Changes in proportion and differences between City contributions and proportionate share of contributions	-	963,900
City contributions subsequent to the measurement date	8,322,237	-
Total	\$ 31,868,345	\$ 2,252,755

\$8,322,237 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, 2018.

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

Year Ended June 30		
2018		\$ 3,009,779
2019		3,014,845
2020		9,517,981
2021		5,750,748
2022		-
Thereafter		-

Actuarial Assumptions. The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	3.50 to 7.75 %, including inflation and productivity factor
Investment rate of return	7.25%, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 2015 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, 2016 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
Total	100.0%	

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
City's proportionate share of the net pension liability (asset)	\$ 87,300,787	\$ 36,781,996	\$ 5,415,092

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

b. Winston-Salem Police Officers' Retirement System

Summary of Significant Accounting Policies

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

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

Plan Description

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

Plan Membership. At June 30, 2017, the Winston-Salem Police Officers' Retirement System membership consisted of:

Inactive plan members or beneficiaries currently receiving benefits	358
Inactive plan members entitled to but not receiving benefits	46
Active plan members	429
Total	833

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

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

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

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

Funding Status and Funding Progress

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

Investments

Investment Policy. City Council has adopted an Investment Policy for all City funds inclusive of the investment of the retirement fund. The City Manager, with recommendation from the Chief Financial Officer and City Treasurer, has the authority, with the assistance of financial consultants, to select and employ asset managers to direct investment activities of WSPORS in accordance with the Investment Policy. The City has nine equity managers, one fixed income manager, and four index funds, whose performance is measured against appropriate market indices. Financial consultants are approved by City Council to assist the City in the selection and oversight of asset managers. 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 percent or more of the pension plan's fiduciary net position (other than those issued or explicitly guaranteed by the U.S. government) in any one organization.

Rate of Return. For the year ended June 30, 2017, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense was 15.86 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability

The components of the net pension liability of the City as of June 30, 2017 are as follows:

Total pension liability	\$ 176,344,903
Plan fiduciary net position	(149,251,738)
Net pension liability	\$ 27,093,165

Plan fiduciary net position as a percentage of total pension liability

84.6%

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

At June 30, 2017, the City reported a net pension liability of \$27,093,165. 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 January 1, 2017. The total pension liability was then rolled forward to the measurement date of June 30, 2017.

For the year ended June 30, 2017, the City recognized pension expense of \$1,928,768. At June 30, 2017, 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	\$ 4,404,268	\$ -
Changes of assumptions	353,109	-
Net difference between projected and actual earnings on pension plan investments	-	1,849,109
Total	\$ 4,757,377	\$ 1,849,109

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

Year Ended June 30	
2018	\$ 1,809,693
2019	1,809,695
2020	928,958
2021	(1,640,078)
2022	-
Thereafter	-

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation as of January 1, 2017, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	2.50% in 2017, 3.00% in 2018, then 5.00% thereafter
Investment return	7.25%, net of investment expense and including inflation
Interest on contributions	4.00% per year

Mortality rates were based on the IRS-2017 Combined Healthy Annuitant Mortality Tables for males and females (small plan).

The actuarial assumptions used in the January 1, 2017 valuation were based on the results of actuarial experience analysis during the 2009 to 2012 time period. All assumptions were reviewed in 2013.

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

1. Update of mortality table from 2016 Table to 2017 version.

The actuarial method was entry age.

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

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2017, and the final investment return assumption, are summarized in the following table:

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

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

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

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

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

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Total pension liability	\$ 188,305,095	\$ 176,344,903	\$ 151,124,416
Plan net position	(149,251,738)	(149,251,738)	(149,251,738)
Net pension liability	\$ 39,053,357	\$ 27,093,165	\$ 1,872,678
Ratio of plan net position to total pension liability		79.3%	84.6%
			98.8%

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, 2017, the Winston-Salem Police Officers' Separation Allowance membership consisted of:

Inactive plan members or beneficiaries currently receiving benefits	103
Inactive plan members entitled to but not receiving benefits	-
Active plan members	542
Total	645

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.

Funding Status and Funding Progress

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

Investments

Investment Policy. City Council has adopted an Investment Policy for all City funds inclusive of the investment of the retirement fund. The City Manager, with recommendation from the Chief Financial Officer and City Treasurer, has the authority, with the assistance of financial consultants, to select and employ asset managers to direct investment activities of Separation Allowance in accordance with the Investment Policy. The City has nine equity managers, one fixed income manager, and four index funds, whose performance is measured against appropriate market indices. Financial consultants are approved by City Council to assist the City in the selection and oversight of asset managers. 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 percent or more of the pension plan's fiduciary net position (other than those issued or explicitly guaranteed by the U.S. government) in any one organization.

Rate of Return. For the year ended June 30, 2017, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense was 15.54 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability

The components of the net pension liability of the City as of June 30, 2017 are as follows:

Total pension liability	\$ 19,108,051
Plan fiduciary net position	(9,807,894)
Net pension liability	\$ 9,300,157
Plan fiduciary net position as a percentage of total pension liability	51.3%

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

At June 30, 2017, the City reported a net pension liability of \$9,300,157. 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 January 1, 2017. The total pension liability was then rolled forward to the measurement date of June 30, 2017.

For the year ended June 30, 2017, the City recognized pension expense of \$114,435. At June 30, 2017, 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	\$ 1,758,444	\$ -
Changes of assumptions	9,621	-
Net difference between projected and actual earnings on pension plan investments	-	94,116
Total	\$ 1,768,065	\$ 94,116

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

Year Ended June 30	
2018	\$ 272,196
2019	272,196
2020	216,213
2021	94,189
2022	237,227
Thereafter	581,928

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation as of January 1, 2017, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	2.50% in 2017, 3.00% in 2018, then 5.00% thereafter
Investment return	7.25%, net of investment expense and including inflation
Interest on contributions	4.00% per year

Mortality rates were based on the IRS-2017 Combined Healthy Annuitant Mortality Tables for males and females (small plan).

The actuarial assumptions used in the January 1, 2017 valuation were based on the results of actuarial experience analysis during the 2009 to 2012 time period. All assumptions were reviewed in 2013.

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

1. Update of mortality table from 2016 Table to 2017 version.

The actuarial method was entry age.

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

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2017, and the final investment return assumption, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity Funds	69%	5.75%
Fixed Income Funds	30	2.85
Cash	1	0.85
Total Weighted Average Real Return	100%	4.83%
Plus inflation		3.00
Total return w/o adjustment		7.83
Risk adjustment		(0.58)
Total Expected Return		7.25%

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

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

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

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

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Total pension liability	\$ 20,247,841	\$ 19,108,051	\$ 17,907,591
Plan net position	(9,807,894)	(9,807,894)	(9,807,894)
Net pension liability	\$ 10,439,947	\$ 9,300,157	\$ 8,099,697
Ratio of net position to total pension liability	48.4%	51.3%	54.8%

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, 2017.

Statement of Fiduciary Net Position

June 30, 2017

Assets

Cash and cash equivalents

Total assets

Net position

Restricted for pensions

Winston-Salem Police Officers'		
	Retirement System	Separation Allowance
Cash and cash equivalents	\$ 149,251,738	\$ 9,807,894
Total assets	149,251,738	9,807,894
	\$ 149,251,738	\$ 9,807,894

Statement of Changes in Fiduciary Net Position

For Year Ended June 30, 2017

Additions

Contributions

Employer

Plan members

Total contributions

Investment income

Net appreciation in fair value

Interest and dividends

Total investment income

Less investment expense

Net investment income

Total additions

Winston-Salem Police Officers'		
	Retirement System	Separation Allowance
Contributions		
Employer	\$ 4,034,169	\$ 1,312,250
Plan members	1,493,643	-
Total contributions	5,527,812	1,312,250
Investment income		
Net appreciation in fair value	17,698,605	1,142,064
Interest and dividends	3,639,182	232,210
Total investment income	21,337,787	1,374,274
Less investment expense	517,572	33,523
Net investment income	20,820,215	1,340,751
Total additions	26,348,027	2,653,001

Deductions

Benefits

Refund of contributions

Administrative expense

Total deductions

Net increase in net position

Net position – beginning, as previously stated

Cumulative effect adjustment

Net position – beginning, as adjusted

Net position, end of year

Benefits	10,169,546	1,648,310
Refund of contributions	333,157	-
Administrative expense	95,168	13,820
Total deductions	10,597,871	1,662,130
Net increase in net position	15,750,156	990,871
Net position – beginning, as previously stated	105,273,179	8,817,023
Cumulative effect adjustment	28,228,403	-
Net position – beginning, as adjusted	133,501,582	8,817,023
Net position, end of year	\$ 149,251,738	\$ 9,807,894

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 percent of each participant's compensation to the 401(a) plan for each payroll period during which such participant contributes 4 percent under the 457(b) plan. Contributions for the year ended June 30, 2017 were \$282,368, which consisted of \$141,184 from the City and \$141,184 from the law enforcement officers. Trust agreements have been adopted to hold the assets of the 457(b) plan for employee contributions and 401(a) plan for the employer contributions.

b. Supplemental Retirement Income Plan for Law Enforcement Officers

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

Funding Policy. Article 12E of G.S. Chapter 143 requires the City to contribute each month an amount equal to 5 percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. City contributions for the year ended June 30, 2017 were \$1,433,089.

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 percent 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, 2017 were \$815,178. 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, 2017, the Other Post-employment Benefits Plan membership consisted of:

Inactive plan members or beneficiaries currently receiving benefits	1265
Active plan members	1498
Total	2763

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 6.17% of estimated annual covered payroll. For the current year, the City contributed \$7,027,147 or 6.20% of annual covered payroll. The City of Winston-Salem is self-insured. Contributions were made by employees of \$1,908,432 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.

Annual OPEB Cost and Net OPEB Obligation

The annual required contribution for the current year was determined as part of the January 1, 2016 actuarial valuation. The annual required contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. In January 1, 2016, actuarial valuation, the entry age was used. The actuarial value of assets was determined using the market value of investments. The UAAL is being amortized as a level dollar amount on an open basis over thirty years.

Funding Status and Funding Progress

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

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents information about the actuarial value of plan assets and the actuarial accrued liabilities for benefits.

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, one fixed income manager, and four index funds, whose performance is measured against appropriate market indices. Financial consultants are approved by City Council to assist the City in the selection and oversight of asset managers. 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 percent or more of the pension plan's fiduciary net position (other than those issued or explicitly guaranteed by the U.S. government) in any one organization.

Rate of Return. For the year ended June 30, 2017, the annual money-weighted rate of return on OPEB plan investments, net of investment expense was 14.8 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability

The components of the net OPEB liability of the City as of June 30, 2017 are as follows:

Total OPEB liability	\$ 86,507,494
Plan fiduciary net position	(64,086,343)
Net OPEB liability	\$ 22,421,151
Plan fiduciary net position as a percentage of total OPEB liability	74.1%

At June 30, 2017, the City reported a net OPEB liability of \$22,421,151. The net OPEB liability was measured as of June 30, 2017. The total OPEB liability as of this date is based on an actuarial valuation as of January 1, 2016, with adjustments made for the 18 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, 2016, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation rate	2.75%
Investment return	7.25%, net of investment expense and including inflation
Healthcare trend	6.75% initially, grading down to 4.50% ultimate

Mortality rates were based on the PR-2000 IRS PPA @ 2016 Combined Mortality Tables for males and females (small plan).

Changes in Actuarial Assumptions. There were no changes in actuarial assumptions since the prior year.

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 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 of the unfunded liability and five year asset smoothing.

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 arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of June 30, 2017, and the final investment return assumption, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity Funds	69%	5.75%
Fixed Income Funds	30	2.75
Cash	1	0.85
Total Weighted Average Real Return		100%
Plus inflation		2.75
Total return w/o adjustment		7.55
Risk adjustment		(0.30)
Total Expected Return		7.25%

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.

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:

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Total OPEB liability	\$ 94,492,109	\$ 86,507,494	\$ 79,556,298
Plan net position	(64,086,343)	(64,086,343)	(64,086,343)
Net OPEB liability	\$ 30,405,766	\$ 22,421,151	\$ 15,469,955
Ratio of plan net position to total OPEB liability	68%	74%	81%

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 6.75% 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:

	1% Decrease 3.50%	Current Ultimate Trend Rate 4.50%	1% Increase 5.50%
Total OPEB liability	\$ 72,956,806	\$ 86,507,494	\$ 102,237,602
Plan net position	(64,086,343)	(64,086,343)	(64,086,343)
Net OPEB liability	\$ 8,870,463	\$ 22,421,151	\$ 38,151,259
Ratio of plan net position to total OPEB liability	88%	74%	63%

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

For Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2017	\$ 3,497,231	100%	\$ -
2016	6,483,194	100	-
2015	6,483,194	100	-

The following are financial statements for the Post-employment Benefits Trust Funds included as Fiduciary Funds in Exhibits 9 and 10 at June 30, 2017.

Statement of Fiduciary Net Position

June 30, 2017

Assets

Cash and cash equivalents	\$ 65,500,437
Total assets	65,500,437

Deferred Outflows of Resources

OPEB deferrals	25,114
Total deferred outflows of resources	25,114

Liabilities

Accounts payable	61,612
Accrued payroll	3,458
Accrued vacation	7,662
Unearned revenue	151,754
Net OPEB liability	28,297
Claims payable	1,183,675
Total liabilities	1,436,458

Deferred Inflows of Resources

OPEB deferrals	2,750
Total deferred inflows of resources	2,750

Net position

Restricted for postemployment benefits other than pensions	\$ 64,086,343
--	----------------------

Statement of Changes in Fiduciary Net Position

For Year Ended June 30, 2017

	Post-employment Benefits Trust Funds
Additions	
Contributions	
Employer	\$ 7,027,147
Plan members	1,908,432
Total contributions	8,935,579
Investment income	
Net appreciation in fair value	6,886,584
Interest and dividends	1,574,264
Total investment income	8,460,848
Less investment expense	
Net investment income	212,600
Total additions	8,248,248 17,183,827
Deductions	
Benefits	7,846,542
Administrative expense	137,572
Total deductions	7,984,114
Net increase in net position	9,199,713
Net Position restricted for postemployment benefits other than pensions	
Beginning of year	54,886,630
End of year	\$ 64,086,343

C. Deferred Compensation

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

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

D. Joint Ventures and Jointly Governed Organizations

Joint Ventures. The City of Winston-Salem, Village of Clemmons, Town of Kernersville, Town of Lewisville, Town of Oak Ridge, Town of Bermuda Run, and Town of Yadkinville jointly appoint the nine member Triad Municipal Alcoholic Beverage Control Board, which operates 14 liquor stores in Forsyth County, Davie County, Guilford County, and Yadkin County. North Carolina General Statute 18B-805 requires the Triad Municipal Alcoholic Beverage Control Board to distribute its net income to the seven municipalities who appoint the Board and Forsyth County. During fiscal year 2017, the City received \$2,286,366 in distributed net income. The participating governments do not have equity interest in the joint venture. The City does not have financial responsibility for the Triad Board and is not held responsible for its debts. Audited financial statements for the Triad Municipal Alcoholic Beverage Control Board are available through their administrative offices at 3127 Starlight Drive, Winston-Salem, North Carolina 27107-4141.

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

Jointly Governed Organizations. The Piedmont Triad Regional Council (PTRC) was formed on July 1, 2011 by consolidating the Northwest Piedmont Council of Governments, and the Piedmont Triad Council of Governments. The PTRC was designated by the State of NC to serve as the lead regional organization for the Piedmont Triad region. PTRC serves 73 member governments in a 12 county area. Each participating government appoints one member to the council's governing board. The City paid membership fees of \$49,956 to the council during the fiscal year ended June 30, 2017.

E. Closure and Postclosure Care Costs

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

The City is required by state and federal laws and regulations to demonstrate financial assurance for closure and postclosure care. The City is in compliance with the requirement and has established a capital reserve fund for these purposes. The capital reserve fund of \$17,686,372 at June 30, 2017, is reported as restricted assets on the balance sheet of the solid waste disposal fund. Recognition of these reserves for landfill closure and postclosure costs is based on 100% usage of the Hanes Mill Road Sanitary Landfill for the unlined section of the landfill which closed in June 1997. Cell one, two, and three of the lined section was closed in July 2005. Phase one and part of Phase two of the expansion area is currently under construction/filling and recognition of reserves is based on the engineer's estimate of cost projected through closure of the landfill. The estimated total current cost for Hanes Mill Road Landfill, \$39,563,239 and Old Salisbury Road, \$9,486,432, 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, 2017. 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, 2017.

In addition, we estimate no future recoveries to potentially reduce the recorded pollution liabilities in fiscal year 2017.

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 2017 of \$1,044,620 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

	2017	2016
Claims payable July 1	\$ 10,020,809	\$ 7,237,389
Claims paid	(11,945,148)	(13,227,502)
New claims and changes in claim estimates	11,975,794	16,010,922
Claims payable June 30	\$ 10,051,455	\$ 10,020,809
Employment benefits funds	\$ 7,066,694	\$ 7,051,530
Post-employment benefits trust fund	1,183,675	1,252,701
Risk Acceptance Management Corporation	1,801,086	1,716,578
Due within year	\$ 10,051,455	\$ 10,020,809
	\$ 4,250,242	\$ 4,743,348

Contingent Liabilities and Commitments

1. Claims and Legal Action

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

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

5. Subsequent Event

The City has evaluated subsequent events through November 16, 2017, in connection with the preparation of these financial statements, which is the date the financial statements were available to be issued.

On July 11, 2017, the City entered into a \$25 million Equipment Lease Agreement with BB&T Community Holding Company to finance budgeted equipment for fiscal year 2017 and estimated acquisitions for fiscal year 2018. The terms of the lease include a fixed rate of 1.70% for an approximate 59 month term. The funds will be deposited in an interest bearing account at closing with a rate of .75%.

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.

On October 19, 2017, the City issued \$56,280,000 in Water and 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.

6. Change in Accounting Principle and Cumulative Effect Adjustment of Prior Period Financial Statements

A. Change in Accounting Principle

Effective July 1, 2016, The City adopted the provisions of Governmental Accounting Standards Board GASB 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* for Healthcare Benefits Plan. The implementation of this statement had no effect on net position.

B. Cumulative Effect Adjustment of Prior Period Financial Statements

The City has adjusted net position for the year ended June 30, 2017 in order to correct certain previously reported amounts.

The City previously reported a net pension liability related to its Winston-Salem Police Officers' Retirement System of \$35,158,711 in its 2016 statements. During fiscal year 2017, it was determined that the liability should have been recorded at \$35,174,480, an increase of \$15,769. The information necessary to determine the impact on prior years' change in net position is not available, so the correction of an error was recorded as a cumulative effect adjustment to the net position as of the beginning of the year. This liability calculation has been corrected as of June 30, 2016 and all references to 2016 net position will be labeled "As Adjusted".

In 2013, the City issued Limited Obligation Bonds to increase the funding level of the Winston-Salem Police Officers' Retirement System. During fiscal year 2017, it was determined that the \$28,120,000 contract payable and \$108,403 in accrued interest payable, related to the Series 2013 Limited Obligation Bonds and previously reported in a Fiduciary Fund should be reported as a Governmental activities.

The impact of the cumulative effect adjustment on the City's beginning net position for the year ended June 30, 2017 is as follows:

	Governmental Net Position	Fiduciary Fund Net Position
Net position – beginning, as previously stated	\$ 305,810,244	\$ 105,273,179
Cumulative effect adjustments		
Net pension liability	(15,769)	-
Contracts payable and accrued interest payable	(28,228,403)	28,228,403
Net position – beginning, as adjusted	\$ 277,566,072	\$ 133,501,582

This page intentionally blank

Required Supplementary Information

City of Winston-Salem, North Carolina
Schedule of Funding Progress

Exhibit 11

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (⁽¹⁾ b)	Unfunded (Overfunded) AAL (UAAL) (b-a)	Funded Ratio a/b	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ([b-a]/c)
Winston-Salem Police Officers' Retirement						
1/1/17	\$ 149,924,489	\$ 173,997,829	\$ 24,073,340	86.16	\$ 23,336,940	103.16
1/1/16	145,337,644	166,301,811	20,964,167	87.39	23,749,937	88.27
1/1/15	139,905,421	160,080,639	20,175,218	87.40	25,206,604	80.04
1/1/14	132,151,510	152,501,602	20,350,092	86.66	24,880,178	81.79
1/1/13	91,297,461	147,581,983	56,284,522	61.86	25,113,890	224.12
1/1/12	85,110,242	132,767,280	47,657,038	64.10	25,654,625	185.76
1/1/11	86,839,645	130,818,320	43,978,675	66.38	25,396,559	173.17
1/1/10	86,576,235	123,103,371	36,527,136	70.33	26,025,204	140.35
1/1/09	86,945,457	130,099,380	43,153,923	66.83	24,610,353	175.35
1/1/08	86,668,120	125,530,382	38,862,262	69.04	24,341,160	159.66
Police Officers' Separation Allowance						
1/1/17	\$ 9,084,406	\$ 19,044,271	\$ 9,959,865	47.70	\$ 26,667,735	37.35
1/1/16	8,762,263	17,983,413	9,221,150	48.72	26,209,341	35.18
1/1/15	8,394,833	17,391,249	8,996,416	48.27	26,095,009	34.48
1/1/14	8,567,712	16,571,765	8,004,053	51.70	24,880,178	32.17
1/1/13	8,769,829	16,202,978	7,433,149	54.12	25,113,890	29.60
1/1/12	8,339,005	13,158,551	4,819,546	63.37	25,654,625	18.79
1/1/11	8,958,602	14,628,761	5,670,159	61.24	25,396,559	22.33
1/1/10	9,445,545	14,009,922	4,564,377	67.42	26,025,204	17.54
1/1/09	10,048,893	13,257,200	3,208,307	75.80	24,610,353	13.04
1/1/08	10,508,386	13,142,752	2,634,366	79.96	24,341,160	10.82
Post-employment Benefits						
1/1/17	\$ 56,261,251	\$ 86,589,083	\$ 30,327,832	64.98	\$ 107,640,260	28.18
1/1/16	56,261,251	86,589,083	30,327,832	64.98	107,640,260	28.18
1/1/15	48,168,884	97,801,873	49,632,989	49.25	104,119,336	47.67
1/1/14	48,168,884	97,801,873	49,632,989	49.25	104,119,336	47.67
1/1/13	39,756,426	96,865,663	57,109,237	41.04	101,730,340	56.14
1/1/12	39,756,426	96,865,663	57,109,237	41.04	101,730,340	56.14
1/1/11	39,998,709	93,474,356	53,475,647	42.79	103,725,815	51.55
1/1/10	39,091,004	80,618,661	41,527,657	48.49	105,531,074	39.35
1/1/09	38,439,389	77,583,627	39,144,238	49.55	102,898,538	38.04
1/1/08	34,832,232	79,060,353	44,228,121	44.06	97,937,975	45.16

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

City of Winston-Salem, North Carolina
Schedule of Employer Contributions

Exhibit 12

Fiscal Year Ending	Employer Contributions					
	Winston-Salem Police Officers' Retirement System		Police Officers' Separation Allowance		Post-employment Benefits	
	Required Contribution ⁽¹⁾	Annual Percentage Contributed	Required Contribution ⁽¹⁾	Annual Percentage Contributed	Required Contribution ⁽¹⁾	Annual Percentage Contributed
2017	\$ 3,421,184	100%	\$ 1,235,894	100%	\$ 3,497,231	100%
2016	3,370,392	100	1,203,418	100	6,483,194	100
2015	3,326,051	100	1,086,587	100	6,483,194	100
2014	6,216,781	100	975,918	100	7,480,680	100
2013	5,093,595	100	976,576	100	6,749,465	100
2012	4,324,629	100	904,263	100	5,623,476	100
2011	5,324,788	100	737,414	100	5,271,613	100
2010	4,832,238	100	731,690	100	5,816,081	100
2009	4,299,153	100	570,086	100	6,125,900	100
2008	4,167,474	100	555,382	100	6,984,907	100

⁽¹⁾ It is the City's policy to contribute 100% of the Actuarially Determined Employer Contribution; however, it is based on a percentage of payroll and can vary because of timing differences.

This page intentionally blank

City of Winston-Salem, North Carolina

Schedule of Changes in Net Pension Liability and Related Ratios

Winston-Salem Police Officers' Retirement System
Last Four Fiscal Years⁽¹⁾

Exhibit 13

	2017	Adjusted 2016	2015	2014
Total pension liability				
Service cost	\$ 2,786,122	\$ 2,839,943	\$ 2,972,457	\$ 2,915,276
Interest	12,280,395	11,744,716	11,314,615	12,240,404
Changes of benefit terms	-	-	-	-
Difference between expected and actual experience	2,916,465	1,289,927	2,594,276	-
Changes of assumptions	188,562	191,138	175,153	-
Benefit payments, including refunds of member contributions	(10,502,703)	(9,968,384)	(9,429,751)	(8,933,487)
Net change in total pension liability	7,668,841	6,097,340	7,626,750	6,222,193
Total pension liability, beginning	168,676,062	162,578,722	154,951,972	148,729,779
Total pension liability, ending (a)	176,344,903	168,676,062	162,578,722	154,951,972
 Plan fiduciary net position				
Contributions – employer	4,034,169	4,035,399	4,205,640	34,382,951
Contributions – member	1,493,643	1,484,341	1,543,565	1,556,227
Net investment income	20,820,215	742,534	5,330,797	20,241,752
Benefit payments, including refunds of member contributions	(10,502,703)	(9,968,384)	(9,429,751)	(8,933,487)
Administrative expense	(95,168)	(95,299)	(111,694)	(94,677)
Other	-	-	-	-
Net change in plan fiduciary net position	15,750,156	(3,801,409)	1,538,557	47,152,766
Plan fiduciary net position, beginning	133,501,582	137,302,991	135,764,434	88,611,668
Plan fiduciary net position, ending (b)	149,251,738	133,501,582	137,302,991	135,764,434
 Net pension liability, ending (a-b)	\$ 27,093,165	\$ 35,174,480	\$ 25,275,731	\$ 19,187,538
 Plan fiduciary net position as a percentage of the total pension liability	84.6%	79.1%	84.5%	87.6%
 Covered payroll	\$ 24,894,047	\$ 23,733,206	\$ 25,206,604	\$ 24,880,178
 Net pension liability as a percentage of covered payroll	108.8%	148.2%	100.3%	77.1%

⁽¹⁾ 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

	Fiscal Year				
	2017	2016	2015	2014	2013
Actuarially determined contribution	\$ 3,421,184	\$ 3,370,392	\$ 3,326,051	\$ 6,216,781	\$ 5,093,595
Contributions in relation to the actuarially determined contribution	4,034,169	4,035,399	4,205,640	34,382,951	5,093,595
Contribution deficiency (excess)	<u>\$ (612,985)</u>	<u>\$ (665,007)</u>	<u>\$ (879,589)</u>	<u>\$ (28,166,170)</u>	<u>\$ -</u>
Covered payroll	\$ 24,894,047	\$ 23,733,206	\$ 25,206,604	\$ 24,880,178	\$ 25,113,890
Contributions as a percentage of covered payroll	16.2%	17.0%	16.7%	138.2%	20.3%

Notes to Schedule

Valuation date:

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

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	21
Asset valuation method	7-year smoothed market
Inflation	3.0%
Salary increases	2.5% in 2017, 3% in 2018, then 5% thereafter
Investment rate of return	7.25%, net of pension plan investment expense and including inflation
Interest on contributions	4.00% per year
Mortality	Mortality rates were based on the IRS-2017 Combined Healthy Annuitant Mortality Tables for small plans.

	Fiscal Year				
	2012	2011	2010	2009	2008
Actuarially determined contribution	\$ 4,324,629	\$ 5,324,788	\$ 4,832,238	\$ 4,299,153	\$ 4,167,474
Contributions in relation to the actuarially determined contribution	4,324,629	5,324,788	4,832,238	4,299,153	4,167,474
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 25,654,625	\$ 25,396,559	\$ 26,025,204	\$ 24,610,353	\$ 24,341,160
Contributions as a percentage of covered payroll	16.9%	21.0%	18.6%	17.5%	17.1%

City of Winston-Salem, North Carolina

Schedule of Investment Returns

Winston-Salem Police Officers' Retirement System
Last Four Fiscal Years⁽¹⁾

Exhibit 15

	2017	2016	2015	2014
Annual money-weighted rate of return, net of investment expense	15.86%	0.56%	3.97%	17.61%

⁽¹⁾ 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 Four Fiscal Years⁽¹⁾

Exhibit 16

	2017	2016	2015	2014
Total pension liability				
Service cost	\$ 418,102	\$ 394,050	\$ 394,050	\$ 370,972
Interest	1,348,120	1,272,982	1,231,261	1,358,844
Changes of benefit terms	-	-	-	-
Difference between expected and actual experience	963,257	511,859	720,148	-
Changes of assumptions	4,156	4,028	3,995	-
Benefit payments, including refunds of member contributions	(1,648,310)	(1,596,792)	(1,535,057)	(1,451,797)
Net change in total pension liability	1,085,325	586,127	814,397	278,019
Total pension liability, beginning	18,022,726	17,436,599	16,622,202	16,344,183
Total pension liability, ending (a)	19,108,051	18,022,726	17,436,599	16,622,202
 Plan fiduciary net position				
Contributions – employer	1,312,250	1,205,933	1,035,697	1,000,073
Contributions – member	-	-	-	-
Net investment income	1,340,751	39,642	375,053	1,491,827
Benefit payments, including refunds of member contributions	(1,648,310)	(1,596,792)	(1,535,057)	(1,451,797)
Administrative expense	(13,820)	(4,331)	(460)	(8,820)
Other	-	-	-	-
Net change in plan fiduciary net position	990,871	(355,548)	(124,767)	1,031,283
Plan fiduciary net position, beginning	8,817,023	9,172,571	9,297,338	8,266,055
Plan fiduciary net position, ending (b)	9,807,894	8,817,023	9,172,571	9,297,338
 Net pension liability, ending (a-b)	\$ 9,300,157	\$ 9,205,703	\$ 8,264,028	\$ 7,324,864
 Plan fiduciary net position as a percentage of the total pension liability				
	51.3%	48.9%	52.6%	55.9%
 Covered payroll	\$ 27,946,761	\$ 26,209,341	\$ 26,095,009	\$ 24,880,178
 Net pension liability as a percentage of covered payroll				
	33.3%	35.1%	31.7%	29.4%

⁽¹⁾ 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

	Fiscal Year				
	2017	2016	2015	2014	2013
Actuarially determined contribution	\$ 1,235,894	\$ 1,203,418	\$ 1,086,587	\$ 975,918	\$ 976,576
Contributions in relation to the actuarially determined contribution	1,312,250	1,205,933	1,035,697	1,000,073	976,576
Contribution deficiency (excess)	<u>\$ (76,356)</u>	<u>\$ (2,515)</u>	<u>\$ 50,890</u>	<u>\$ (24,155)</u>	<u>\$ -</u>
Covered payroll	\$ 27,946,761	\$ 26,209,341	\$ 26,095,009	\$ 24,880,178	\$ 25,113,890
Contributions as a percentage of covered payroll	4.7%	4.6%	4.0%	4.0%	3.9%

Notes to Schedule

Valuation date:

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

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	21
Asset valuation method	7-year smoothed market
Inflation	3.0%
Salary increases	2.5% in 2017, 3% in 2018, then 5% thereafter
Investment rate of return	7.25%, net of pension plan investment expense and including inflation
Interest on contributions	4% per year
Retirement age	-
Mortality	Mortality rates were based on the IRS-2017 Combined Healthy Annuitant Mortality Tables for small plans.

	Fiscal Year				
	2012	2011	2010	2009	2008
Actuarially determined contribution	\$ 904,263	\$ 737,414	\$ 731,690	\$ 570,086	\$ 555,382
Contributions in relation to the actuarially determined contribution	904,263	737,414	731,690	570,086	555,382
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 25,654,625	\$ 25,396,559	\$ 26,025,204	\$ 24,610,353	\$ 24,341,160
Contributions as a percentage of covered payroll	3.5%	2.9%	2.8%	2.3%	2.3%

City of Winston-Salem, North Carolina

Schedule of Investment Returns

Winston-Salem Police Officers' Separation Allowance
Last Four Fiscal Years⁽¹⁾

Exhibit 18

	2017	2016	2015	2014
Annual money-weighted rate of return, net of investment expense	15.54%	0.44%	4.15%	18.47%

⁽¹⁾ 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

For the Fiscal Year Ended June 30, 2017 ⁽¹⁾

Exhibit 19

	2017
Total OPEB liability	
Service cost	\$ 957,457
Interest	6,117,675
Changes of benefit terms	-
Difference between expected and actual experience	-
Changes of assumptions	-
Benefit payments	(7,846,542)
Net change in total OPEB liability	(771,410)
Total OPEB liability, beginning	87,278,904
Total OPEB liability, ending (a)	86,507,494
Plan fiduciary net position	
Contributions – employer	7,027,147
Contributions – member	1,908,432
Net investment income	8,248,248
Benefit payments	(7,846,542)
Administrative expense	(137,572)
Other	-
Net change in plan fiduciary net position	9,199,713
Plan fiduciary net position, beginning	54,886,630
Plan fiduciary net position, ending (b)	64,086,343
Net OPEB liability, ending (a-b)	\$ 22,421,151
Plan fiduciary net position as a percentage of the total OPEB liability	74.1%
Covered payroll	\$ 107,640,260
Net OPEB liability as a percentage of covered payroll	20.8%

⁽¹⁾ 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

	Fiscal Year				
	2017	2016	2015	2014	2013
Actuarially determined contribution	\$ 3,497,231	\$ 6,483,194	\$ 6,483,194	\$ 7,480,680	\$ 6,749,465
Contributions in relation to the actuarially determined contribution	3,497,231	6,483,194	6,483,194	7,480,680	6,749,465
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 107,640,260	\$ 107,640,260	\$ 104,119,336	\$ 104,119,336	\$ 101,730,340
Contributions as a percentage of covered payroll	3.2%	6.0%	6.2%	7.2%	6.6%

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).

	Fiscal Year				
	2012	2011	2010	2009	2008
Actuarially determined contribution	\$ 5,623,476	\$ 5,271,613	\$ 5,816,476	\$ 6,125,900	\$ 6,984,907
Contributions in relation to the actuarially determined contribution	5,623,476	5,271,613	5,323,476	6,125,900	6,984,907
Contribution deficiency (excess)	\$ -	\$ -	\$ 493,000	\$ -	\$ -
Covered payroll	\$ 101,730,340	\$ 103,725,815	\$ 105,531,074	\$ 102,898,538	\$ 97,937,975
Contributions as a percentage of covered payroll	5.5%	5.1%	5.0%	6.0%	7.1%

City of Winston-Salem, North Carolina

Schedule of Investment Returns

Post-employment Benefits

For the Fiscal Year Ending June 30, 2017 ⁽¹⁾

Exhibit 21

2017

Annual money-weighted rate of return,
net of investment expense

14.80%

⁽¹⁾ 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 Four Fiscal Years

Exhibit 22

	Fiscal Year			
	2017	2016	2015	2014
Winston-Salem's proportion of the net pension liability (asset) (%)	.0173309%	.0180025%	.018084%	.018986%
Winston-Salem's proportion of the net pension liability (asset) (\$)	\$ 36,781,996	\$ 8,079,434	\$ (10,664,916)	\$ 22,885,421
Winston-Salem's covered payroll	\$ 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	35.1230%	7.9653%	(10.7088)%	22.7691%
Plan fiduciary net position as a percentage of the total pension liability **	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.

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

Last Four Fiscal Years

Exhibit 23

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

Combining and Individual Fund Statements and Schedules

Major Funds

City of Winston-Salem, North Carolina

Debt Service Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
For the Fiscal Year Ended June 30, 2017

Exhibit 24

	Budget	Actual	Variance Positive (Negative)
Revenues			
Property taxes	\$ 14,797,820	\$ 15,068,346	\$ 270,526
Local option sales taxes	5,899,300	6,001,870	102,570
Intergovernmental	1,148,310	1,252,233	103,923
Capital lease charges	600,000	675,750	75,750
Investment income	200,000	543,978	343,978
Other	-	2,067,186	2,067,186
Total revenues	22,645,430	25,609,363	2,963,933
Expenditures			
Other	406,710	361,645	45,065
Debt Service			
Principal retirement			
Bond	8,600,000	8,495,000	105,000
Other	6,240,490	6,996,730	(756,240)
Interest and fiscal charges	9,989,170	10,885,729	(896,559)
Total expenditures	25,236,370	26,739,104	(1,502,734)
Excess of expenditures over revenues	(2,590,940)	(1,129,741)	1,461,199
Other Financing Sources (Uses)			
Transfers in			
General fund	2,003,130	2,003,130	-
Total other financing sources, net	2,003,130	2,003,130	-
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(587,810)	873,389	1,461,199
Fund balance - beginning	22,744,716	22,744,716	-
Fund balance - ending	\$ 22,156,906	\$ 23,618,105	\$ 1,461,199

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, 2017

Exhibit 25

	<u>Current Year</u>	<u>Prior Years</u>	<u>Total to Date</u>	<u>Project Authorizations</u>
Revenues				
Intergovernmental - federal	\$ 181,943	\$ 2,342,556	\$ 2,524,499	\$ 2,766,903
Intergovernmental - state	3,226,653	17,364,750	20,591,403	44,169,552
Intergovernmental - local	-	2,000	2,000	-
Investment income	127,953	8,088	136,041	8,100
Capital lease charges	505,441	-	505,441	415,770
Other	2,040,556	9,311,710	11,352,266	15,563,941
Total revenues	6,082,546	29,029,104	35,111,650	62,924,266
Expenditures				
General government	15,029,636	17,212,698	32,242,334	32,934,346
Public protection	11,957,353	8,091,433	20,048,786	33,165,648
Transportation	21,115,974	31,604,322	52,720,296	126,741,685
Culture and recreation	30,950,022	15,025,007	45,975,029	64,747,093
Community and economic development	6,568,992	16,348,280	22,917,272	53,155,806
Debt service				
Principal retirement	15,290,000	-	15,290,000	15,290,000
Interest and fiscal charges	1,263,048	-	1,263,048	1,443,560
Total expenditures	102,175,025	88,281,740	190,456,765	327,478,138
Excess of expenditures over revenues	(96,092,479)	(59,252,636)	(155,345,115)	(264,553,872)
Other Financing Sources (Uses)				
Premium on general obligation bonds	-	5,420,753	5,420,753	5,335,000
Issuance of limited obligation bonds	-	53,610,084	53,610,084	53,610,084
Issuance of general obligation bonds	-	69,434,750	69,434,750	154,049,750
Issuance of installment financing contract	-	677,512	677,512	677,512
Capital leases	22,541,776	1,154,956	23,696,732	25,096,398
Transfers in	2,759,919	25,090,930	27,850,849	26,509,082
Transfers out	(327,000)	(9,862,018)	(10,189,018)	(9,358,755)
Total other financing sources, net	24,974,695	145,526,967	170,501,662	255,919,071
Excess of revenues and other financing sources over expenditures and other uses	(71,117,784)	86,274,331	15,156,547	\$ (8,634,801)
Fund balance - beginning		101,445,131		
Budgeted on an annual basis	-	15,170,800	15,170,800	
Fund balance - ending	\$ 30,327,347	\$ 101,445,131	\$ 30,327,347	

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, 2017

Exhibit 26

	Budget	Actual	Variance Positive (Negative)
Operating Revenues			
Sales			
Water	\$ 52,018,930	\$ 51,942,921	\$ (76,009)
Sewer	44,247,220	45,167,454	920,234
Industrial waste surcharge	3,266,410	3,231,253	(35,157)
Total sales	<u>99,532,560</u>	<u>100,341,628</u>	<u>809,068</u>
Charges for services			
New connections	400,000	603,681	203,681
Special area and privilege charges	250,000	219,774	(30,226)
Main line capital cost revenue	120,000	125,000	5,000
Other charges for services	2,750,000	3,082,051	332,051
Total charges for services	<u>3,520,000</u>	<u>4,030,506</u>	<u>510,506</u>
Other			
Total operating revenues	<u>103,052,560</u>	<u>104,398,204</u>	<u>1,345,644</u>
Operating Expenditures			
Personal services	18,455,730	18,247,723	208,007
Maintenance and operations	25,404,219	23,850,497	1,553,722
Capital outlay	15,000	5,482	9,518
Total operating expenditures	<u>43,874,949</u>	<u>42,103,702</u>	<u>1,771,247</u>
Operating income			
59,177,611	62,294,502	3,116,891	
Nonoperating Revenues (Expenditures)			
Intergovernmental revenue	1,610,810	1,609,083	(1,727)
Investment income	-	7,535,364	7,535,364
Proceeds from sale of assets	-	78,484	78,484
Damage settlements	-	6,084	6,084
Interest and fiscal charges	(18,310,960)	(17,841,176)	469,784
Principal retirement	(22,158,140)	(22,359,986)	(201,846)
Total nonoperating expenditures, net	<u>(38,858,290)</u>	<u>(30,972,147)</u>	<u>7,886,143</u>
Income before capital contributions and transfers	<u>20,319,321</u>	<u>31,322,355</u>	<u>11,003,034</u>
Capital Contributions			
Conveyances	-	3,787,366	3,787,366
Intergovernmental revenue	-	97,621	97,621
Other	-	187	187
Total capital contributions	<u>-</u>	<u>3,885,174</u>	<u>3,885,174</u>
Transfers Out			
General fund	(77,220)	(69,634)	7,586
Capital projects fund	(678,530)	(678,530)	-
Solid waste disposal fund	(355,940)	(355,935)	5
Total transfers out	<u>(1,111,690)</u>	<u>(1,104,099)</u>	<u>7,591</u>
Change in net position - modified accrual basis	<u>\$ 19,207,631</u>	<u>\$ 34,103,430</u>	<u>\$ 14,895,799</u>
Reconciliation of Modified Accrual Basis to Full Accrual Basis			
Change in Net Position - Modified Accrual Basis		\$ 34,103,430	
Depreciation		(25,845,130)	
Amortization of financing costs		(2,068,375)	
Capital outlay		5,482	
Principal retirement		22,359,986	
Book value of disposed assets		(120,016)	
Interest expense, net of investment income, capitalized on construction projects		527,078	
Increase (decrease) in deferred outflows of resources - pensions		2,839,831	
(Increase) decrease in net pension liability		(3,295,961)	
(Increase) decrease in deferred inflows of resources - pensions		312,915	
Change in Net Position - Full Accrual Basis		<u>\$ 28,819,240</u>	

City of Winston-Salem, North Carolina

Enterprise Funds

Solid Waste Disposal Fund - Schedule of Revenues, Expenditures,
and Transfers – Budget (Non-GAAP Basis) and Actual
For the Fiscal Year Ended June 30, 2017

Exhibit 27

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Operating Revenues			
Charges for services	\$ 9,726,930	\$ 10,495,711	\$ 768,781
Other	6,530	14,711	8,181
Total operating revenues	9,733,460	10,510,422	776,962
Operating Expenditures			
Personal services	2,209,630	2,147,965	61,665
Maintenance and operations	6,295,653	5,300,131	995,522
Total operating expenditures	8,505,283	7,448,096	1,057,187
Operating income	1,228,177	3,062,326	1,834,149
Nonoperating Revenues (Expenditures)			
Intergovernmental revenue	796,610	921,045	124,435
Investment income	-	1,990,783	1,990,783
Proceeds from sale of assets	-	3,149	3,149
Interest and fiscal charges	(461,560)	(270,447)	191,113
Principal retirement	(2,532,870)	(2,331,616)	201,254
Total nonoperating expenditures, net	(2,197,820)	312,914	2,510,734
Income (loss) before transfers	(969,643)	3,375,240	4,344,883
Transfers In			
Water and sewer utility fund	355,940	355,935	(5)
Stormwater management fund	177,970	177,967	(3)
Total transfers in	533,910	533,902	(8)
Change in net position - modified accrual basis	<u>\$ (435,733)</u>	<u>\$ 3,909,142</u>	<u>\$ 4,344,875</u>
Reconciliation of Modified Accrual Basis to Full Accrual Basis			
Change in Net Position - Modified Accrual Basis		\$ 3,909,142	
Depreciation		(3,738,453)	
Amortization of financing costs		107,233	
Principal retirement		2,331,616	
Book value of disposed assets		(2,213,918)	
Increase (decrease) in deferred outflows of resources - pensions		316,381	
(Increase) decrease in net pension liability		(367,372)	
(Increase) decrease in deferred inflows of resources - pensions		34,969	
Change in Net Position - Full Accrual Basis		<u>\$ 379,598</u>	

City of Winston-Salem, North Carolina

Enterprise Funds

Transit Authority Fund- Schedule of Revenues, Expenditures,
and Transfers – Budget (Non-GAAP Basis) and Actual
For the Fiscal Year Ended June 30, 2017

Exhibit 28

	Budget	Actual	Variance Positive (Negative)
Operating Revenues			
Charges for services	\$ 2,210,880	\$ 1,759,940	\$ (450,940)
Other	412,340	318,793	(93,547)
Total operating revenues	2,623,220	2,078,733	(544,487)
Operating Expenditures			
Personal services	10,958,630	11,183,649	(225,019)
Maintenance and operations	5,665,750	4,787,813	877,937
Total operating expenditures	16,624,380	15,971,462	652,918
Operating loss	(14,001,160)	(13,892,729)	108,431
Nonoperating Revenues (Expenditures)			
Intergovernmental revenue			
FTA operating grant	1,150,000	1,158,651	8,651
FTA preventative maintenance grant	2,599,900	2,340,028	(259,872)
Piedmont Triad COG	298,220	305,401	7,181
Forsyth County	263,320	282,505	19,185
State of North Carolina	1,417,870	1,512,637	94,767
Total intergovernmental revenues	5,729,310	5,599,222	(130,088)
Property taxes	6,851,150	7,176,905	325,755
Proceeds from sale of assets	-	5,499	5,499
Damage settlements	10,000	19,375	9,375
Total nonoperating revenues, net	12,590,460	12,801,001	210,541
Income (loss) before capital contributions and transfers	(1,410,700)	(1,091,728)	318,972
Capital Contributions			
Federal and state grants	-	1,970,813	1,970,813
Total capital contributions	-	1,970,813	1,970,813
Transfers In /Out			
Grants fund	(13,800)	(13,800)	-
Total transfers in/out	(13,800)	(13,800)	-
Change in net position - modified accrual basis	<u>\$ (1,424,500)</u>	<u>\$ 865,285</u>	<u>\$ 2,289,785</u>
Reconciliation of Modified Accrual Basis to Full Accrual Basis			
Change in Net Position - Modified Accrual Basis		\$ 865,285	
Depreciation		(2,864,751)	
Book value of disposed assets		(54,376)	
Change in Net Position - Full Accrual Basis		<u><u>\$ (2,053,842)</u></u>	

Nonmajor Governmental Funds

Special Revenue Funds

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

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

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

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

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

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

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

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

Permanent Fund

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

City of Winston-Salem, North Carolina

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2017

	Special Revenue				
	Economic and Housing Development				
	Community Development	Grants	Economic and Housing Development	Gasoline Tax	Occupancy Tax
Assets					
Cash and cash equivalents/investments	\$ 39,460	\$ 2,276,745	\$ 17,957,755	\$ 1,532,846	\$ 450,101
Receivables for uncollectibles					
Taxes, net	-	-	-	-	-
Accounts	314	-	-	-	-
Loans	10,767,199	-	13,828,351	-	-
Total receivables	10,767,513	-	13,828,351	-	-
Due from other governments	462,886	965,659	-	-	-
Inventories	-	-	590,299	-	-
Total assets	\$ 11,269,859	\$ 3,242,404	\$32,376,405	\$ 1,532,846	\$ 450,101
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ 304,341	\$ 471,476	\$ 470,244	\$ -	\$ 1,701
Accrued payroll	1,744	-	-	-	-
Due to other funds	194,855	-	-	-	-
Loan escrow	200	-	4,080	-	-
Total liabilities	501,140	471,476	474,324	-	1,701
Deferred Inflows of Resources					
Taxes	-	-	-	-	-
Advances from other governments	-	382,425	-	-	-
Total deferred inflows of resources	-	382,425	-	-	-
Fund Balances					
Nonspendable					
Inventories	-	-	590,299	-	-
Perpetual care	-	-	-	-	-
Restricted					
Public protection	-	1,121,654	-	-	-
Environmental health	-	31,383	-	-	-
Transportation	-	560,797	-	1,532,846	-
Culture and recreation	-	373,747	-	-	448,400
Community & economic development	10,768,719	300,922			
Committed					
Community & economic development	-	-	31,311,782	-	-
Total fund balances	10,768,719	2,388,503	31,902,081	1,532,846	448,400
Total liabilities, deferred inflows of resources and fund balances	\$11,269,859	\$3,242,404	\$32,376,405	\$ 1,532,846	\$ 450,101

Exhibit 29

	Cable Franchise Fee	Emergency Telephone System	Special Revenue Downtown W-S Business Improvement District	Permanent Cemetery Perpetual Care	Total Nonmajor Governmental Funds
Assets					
Cash and cash equivalents/investments	\$ -	\$ 1,411,060	\$ 92,272	\$ 3,825,651	\$ 27,585,890
Receivables for uncollectibles					
Taxes, net	-	-	1,815	-	1,815
Accounts	-	37,886	15,830	-	54,030
Loans	-	-	-	-	24,595,550
Total receivables	-	37,886	17,645	-	24,651,395
Due from other governments	-	-	-	-	1,428,545
Inventories	-	-	-	-	590,299
Total assets	\$ -	\$ 1,448,946	\$ 109,917	\$ 3,825,651	\$ 54,256,129
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ -	\$ 1,669	\$ -	\$ -	\$ 1,249,431
Accrued payroll	-	-	-	-	1,744
Due to other funds	-	-	-	-	194,855
Loan escrow	-	-	-	-	4,280
Total liabilities	-	1,669	-	-	1,450,310
Deferred Inflows of Resources					
Taxes	-	-	1,815	-	1,815
Advances from other governments	-	-	-	-	382,425
Total deferred inflows of resources	-	-	1,815	-	384,240
Fund Balances					
Nonspendable					
Inventories	-	-	-	-	590,299
Perpetual care	-	-	-	3,825,651	3,825,651
Restricted					
Public protection	-	1,447,277	-	-	2,568,931
Environmental health	-	-	-	-	31,383
Transportation	-	-	-	-	2,093,643
Culture and recreation	-	-	-	-	822,147
Community & economic development	-	-	108,102	-	11,177,743
Committed					
Community & economic development	-	-	-	-	31,311,782
Total fund balances	-	1,447,277	108,102	3,825,651	52,421,579
Total liabilities, deferred inflows of resources and fund balances					
	\$ -	\$ 1,448,946	\$ 109,917	\$ 3,825,651	\$ 54,256,129

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, 2017

	Special Revenue				
	Community Development	Grants	Economic and Housing Development	Gasoline Tax	Occupancy Tax
Revenues					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 783,673
Licenses	-	-	-	-	-
Intergovernmental	5,230,401	5,912,604	(604,000)	6,464,586	-
Investment income (loss)	-	1,496	66,843	13,100	2,575
Other	348,306	144,380	193,185	-	1,800
Total revenues	5,578,707	6,058,480	(343,972)	6,477,686	788,048
Expenditures					
Current					
General government	-	-	-	-	-
Public protection	-	1,071,317	-	-	-
Environmental health	-	59,365	-	-	-
Transportation	-	1,018,509	-	-	-
Culture and recreation	-	62,469	-	-	290,218
Community and economic development	11,216,031	3,640,073	(401,831)	-	-
Debt service					
Principal retirement	333,000	-	-	-	-
Interest and fiscal charges	35,373	-	-	-	-
Total expenditures	11,584,404	5,851,733	(401,831)	-	290,218
Excess of revenues over (under) expenditures	(6,005,697)	206,747	57,859	6,477,686	497,830
Other Financing Sources (Uses)					
Transfers in	-	945,539	2,217,470	-	-
Transfers out	(1,126,974)	-	(59,789)	(5,605,926)	(375,000)
Total other financing sources (uses), net	(1,126,974)	945,539	2,157,681	(5,605,926)	(375,000)
Excess of revenues and other financing sources over (under) expenditures and other uses	(7,132,671)	1,152,286	2,215,540	871,760	122,830
Fund balance July 1	17,901,390	1,236,217	29,686,541	661,086	325,570
Fund balances - ending	\$ 10,768,719	\$ 2,388,503	\$ 31,902,081	\$ 1,532,846	\$ 448,400

Exhibit 30

	Special Revenue			Permanent Cemetery Perpetual Care	Total Nonmajor Governmental Funds
	Cable Franchise Fee	Emergency Telephone System	Downtown W-S Business Improvement District		
Revenues					
Taxes	\$ -	\$ -	\$ 531,230	\$ -	\$ 1,314,903
Licenses	-	454,637	-	-	454,637
Intergovernmental	-	-	-	-	17,003,591
Investment income (loss)	7	5,342	623	531,903	621,889
Other	-	-	-	-	687,671
Total revenues	7	459,979	531,853	531,903	20,082,691
Expenditures					
Current					
General government	2,588	-	-	-	2,588
Public protection	-	399,330	-	-	1,470,647
Environmental health	-	-	-	-	59,365
Transportation	-	-	-	-	1,018,509
Culture and recreation	-	-	-	-	352,687
Community and economic development	-	-	481,237	-	14,935,510
Debt service					
Principal retirement	-	-	-	-	333,000
Interest and fiscal charges	-	-	-	-	35,373
Total expenditures	2,588	399,330	481,237	-	18,207,679
Excess of revenues over (under) expenditures	(2,581)	60,649	50,616	531,903	1,875,012
Other Financing Sources (Uses)					
Transfers in	-	-	-	101,544	3,264,553
Transfers out	-	-	(87,250)	(167,899)	(7,422,838)
Total other financing sources (uses), net	-	-	(87,250)	(66,355)	(4,158,285)
Excess of revenues and other financing sources over (under) expenditures and other uses	(2,581)	60,649	(36,634)	465,548	(2,283,273)
Fund balance July 1	2,581	1,386,628	144,736	3,360,103	54,704,852
Fund balances - ending	<u>\$ -</u>	<u>\$ 1,447,277</u>	<u>\$ 108,102</u>	<u>\$ 3,825,651</u>	<u>\$ 52,421,579</u>

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, 2017

Exhibit 31

	<u>Current Year</u>	<u>Prior Years</u>	<u>Total to Date</u>	<u>Program Authorizations</u>
Revenues				
Intergovernmental	\$ 5,230,401	\$ 14,758,535	\$ 19,988,936	\$ 29,550,215
Other	<u>1,274,869</u>	<u>3,249,453</u>	<u>4,524,322</u>	<u>5,281,830</u>
Total revenues	6,505,270	18,007,988	24,513,258	34,832,045
Expenditures				
Community development	6,585,333	12,655,146	19,240,479	27,195,724
Debt service				
Principal retirement	333,000	1,331,000	1,664,000	1,661,000
Interest and fiscal charges	<u>35,373</u>	<u>467,511</u>	<u>502,884</u>	<u>517,000</u>
Total expenditures	6,953,706	14,453,657	21,407,363	29,373,724
Excess of revenues over expenditures	(448,436)	3,554,331	3,105,895	5,458,321
Other Financing Uses				
Transfers out				
General fund	(1,126,974)	(3,852,312)	(4,979,286)	(5,425,118)
Capital projects fund	<u>-</u>	<u>(33,203)</u>	<u>(33,203)</u>	<u>(33,203)</u>
Total other financing uses	(1,126,974)	(3,885,515)	(5,012,489)	(5,458,321)
Excess of revenues and other financing sources over (under) expenditures and other uses	(1,575,410)	\$ (331,184)	\$ (1,906,594)	\$ -
Fund balance - beginning		17,901,390		
Fund balance - ending		<u>\$ 16,325,980</u>		
Reconciling items for GAAP presentation				
Loans issued and adjustments	15,582,815			
Payments received on loan balances	(926,563)			
Change in estimate of loan portfolio allowance	(20,213,513)			
Total reconciling items	<u>(5,557,261)</u>			
Fund Balance at End of Year (GAAP Basis)	<u>\$ 10,768,719</u>			

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, 2017

Exhibit 32

	<u>Current Year</u>	<u>Prior Years</u>	<u>Total to Date</u>	<u>Program Authorizations</u>
Revenues				
Intergovernmental	\$ 5,912,604	\$ 19,933,942	\$ 25,846,546	\$ 36,378,534
Investment income	1,496	69,945	71,441	70,211
Other	<u>144,380</u>	<u>1,006,903</u>	<u>1,151,283</u>	<u>2,370,044</u>
Total revenues	6,058,480	21,010,790	27,069,270	38,818,789
Expenditures				
General government	-	293,921	293,921	388,350
Public protection	1,071,317	2,810,091	3,881,408	6,676,029
Environmental health	59,365	881,067	940,432	2,500,000
Transportation	1,018,509	8,574,238	9,592,747	14,773,635
Culture and recreation	62,469	235,931	298,400	899,936
Community and economic development	<u>3,640,073</u>	<u>9,819,749</u>	<u>13,459,822</u>	<u>17,655,930</u>
Total expenditures	5,851,733	22,614,997	28,466,730	42,893,880
Excess of expenditures over (under) revenues	206,747	(1,604,207)	(1,397,460)	(4,075,091)
Other Financing Sources (Uses)				
Transfers in				
General fund	884,880	2,301,338	3,186,218	3,415,810
Economic and housing development fund	(3,141)	205,087	201,946	275,000
Grants fund	-	2,650	2,650	2,650
Mass transit tax fund	-	10,679	10,679	10,990
Occupancy tax fund	50,000	293,000	343,000	343,000
Transit authority fund	13,800	30,320	44,120	44,120
Transfers out				
Grants fund	-	(2,650)	(2,650)	(16,479)
Total other financing sources, net	<u>945,539</u>	<u>2,840,424</u>	<u>3,785,963</u>	<u>4,075,091</u>
Excess of revenues and other financing sources over (under) expenditures and other uses	1,152,286	1,236,217	2,388,503	\$ _____ -
Fund balance - beginning	1,236,217	-	-	-
Fund balance - ending	<u>\$ 2,388,503</u>	<u>\$ 1,236,217</u>	<u>\$ 2,388,503</u>	<u>\$ _____ -</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, 2017

Exhibit 33

	<u>Current Year</u>	<u>Prior Years</u>	<u>Total to Date</u>	<u>Program Authorizations</u>
Revenues				
Intergovernmental	\$ (604,000)	\$ 9,263,262	\$ 8,659,262	\$ 9,538,437
Investment income (loss)	66,843	3,496,006	3,562,849	3,804,740
Capital lease charges	-	1,004,929	1,004,929	1,000,000
Other	<u>556,107</u>	<u>18,007,147</u>	<u>18,563,254</u>	<u>7,600,283</u>
Total revenues	18,950	31,771,344	31,790,294	21,943,460
Expenditures				
Neighborhood stabilization	-	746,007	746,007	1,608,270
UDAG loan	(229,106)	608,098	378,992	413,593
Housing financing assistance loan	3,442,799	3,622,878	7,065,677	11,044,424
Economic development loan	852,931	(60,318)	792,613	3,866,716
Economic development project	361,117	10,904,122	11,265,239	16,929,950
Foreclosed property	28,907	-	28,907	-
Section 108	-	6,860,287	6,860,287	7,450,000
Debt service				
Interest and fiscal charges	-	35,432	35,432	-
Total expenditures	<u>4,456,648</u>	<u>22,716,506</u>	<u>27,173,154</u>	<u>41,312,953</u>
Excess of revenues over (under) expenditures	(4,437,698)	9,054,838	4,617,140	(19,369,493)
Other Financing Sources (Uses)				
Transfers in				
General fund	2,217,470	9,444,788	11,662,258	11,539,526
Economic and housing development fund	-	689,514	689,514	598,500
Capital projects fund	-	3,062,990	3,062,990	3,050,973
Transfers out				
General fund	(62,930)	(88,993)	(151,923)	(151,930)
Grants fund	3,141	(205,087)	(201,946)	(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>2,157,681</u>	<u>10,296,612</u>	<u>12,454,293</u>	<u>12,155,469</u>
Excess of revenues and other financing sources over (under) expenditures and other uses	(2,280,017)	<u>\$ 19,351,450</u>	<u>\$ 17,071,433</u>	<u>\$ (7,214,024)</u>
Fund balance - beginning		<u>29,686,541</u>		
Fund balance - ending		<u>\$ 27,406,524</u>		
Reconciling items for GAAP presentation				
Loans issued and adjustments	12,226,487			
Payments received on loan balances	(362,922)			
Change in estimate of loan portfolio allowance	(7,368,008)			
Total reconciling items	<u>4,495,557</u>			
Fund Balance at End of Year (GAAP Basis)		<u>\$ 31,902,081</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, 2017

Exhibit 34

	Budget	Actual	Variance Positive (Negative)
Revenues			
Intergovernmental	\$ 6,527,530	\$ 6,464,586	\$ (62,944)
Investment income	-	13,100	13,100
Total revenues	<u>6,527,530</u>	<u>6,477,686</u>	<u>(49,844)</u>
Other Financing Uses			
Transfers out			
General fund	(5,390,080)	(5,341,322)	48,758
Capital projects fund	<u>(1,137,450)</u>	<u>(264,604)</u>	<u>872,846</u>
Total other financing uses	<u>(6,527,530)</u>	<u>(5,605,926)</u>	<u>921,604</u>
Excess of revenues over (under) other uses	-	871,760	871,760
Fund balance - beginning	661,086	661,086	-
Fund balance - ending	\$ 661,086	\$ 1,532,846	\$ 871,760

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, 2017

Exhibit 35

	Budget	Actual	Variance Positive (Negative)
Revenues			
Taxes	\$ 750,000	\$ 783,673	\$ 33,673
Investment income	-	2,575	2,575
Other	-	1,800	1,800
Total revenues	<u>750,000</u>	<u>788,048</u>	<u>38,048</u>
Expenditures			
Culture and recreation	422,818	290,218	132,600
Excess of revenues over expenditures	<u>327,182</u>	<u>497,830</u>	<u>170,648</u>
Other Financing Uses			
Transfers out			
Grants fund	(50,000)	(50,000)	-
Public assembly facilities management fund	<u>(325,000)</u>	<u>(325,000)</u>	<u>-</u>
Total other financing uses	<u>(375,000)</u>	<u>(375,000)</u>	<u>-</u>
Excess of revenues over (under) expenditures and other uses	(47,818)	122,830	170,648
Fund balance - beginning	325,570	325,570	-
Fund balance - ending	\$ 277,752	\$ 448,400	\$ 170,648

City of Winston-Salem, North Carolina

Special Revenue Funds

Cable Franchise Fee Fund - Schedule of Revenues, Expenditures,
and Changes in Fund Balance – Budget and Actual

From Inception and for the Fiscal Year Ended June 30, 2017

Exhibit 36

	<u>Current Year</u>	<u>Prior Years</u>	<u>Total to Date</u>	<u>Program Authorizations</u>
Revenues				
Investment income	\$ 7	\$ -	\$ 7	\$ 5,000
Total revenues	7	-	7	5,000
Expenditures				
General government	2,588	-	2,588	5,000
Excess of expenditures over revenues	(2,581)	-	(2,581)	\$ -
Fund balance - beginning	2,581	-	2,581	
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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, 2017

Exhibit 37

	<u>Current Year</u>	<u>Prior Years</u>	<u>Total to Date</u>	<u>Program Authorizations</u>
Revenues				
Licenses	\$ 454,637	\$ 4,447,563	\$ 4,902,200	\$ 5,287,427
Investment income (loss)	<u>5,342</u>	<u>19,338</u>	<u>24,680</u>	-
Total revenues	459,979	4,466,901	4,926,880	5,287,427
Expenditures				
Implemental functions	6,972	41,469	48,441	6,613,727
Telephone	154,613	1,376,478	1,531,091	-
Furniture	-	23,656	23,656	-
Software maintenance	91,689	400,504	492,193	-
Hardware maintenance	145,633	853,399	999,032	-
S.L. 2010-158 expenditures	-	369,327	369,327	-
Training	<u>423</u>	<u>15,440</u>	<u>15,863</u>	-
Total operating expenditures	399,330	3,080,273	3,479,603	6,613,727
Excess of revenues over (under) expenditures	60,649	1,386,628	1,447,277	<u>\$ (1,326,300)</u>
Fund balance - beginning	<u>1,386,628</u>	<u>-</u>	<u>-</u>	
Fund balance - ending	<u>\$ 1,447,277</u>	<u>\$ 1,386,628</u>	<u>\$ 1,447,277</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, 2017

Exhibit 38

	Budget	Actual	Variance Positive (Negative)
Revenues			
Taxes	\$ 547,950	\$ 531,230	\$ (16,720)
Investment income	-	623	623
Other	-	-	-
Total revenues	<u>547,950</u>	<u>531,853</u>	<u>(16,097)</u>
Expenditures			
Community and economic development	547,950	481,237	66,713
Excess of revenues over expenditures	-	50,616	50,616
Other Financing Uses			
Transfers out			
Capital projects fund	(87,250)	(87,250)	-
Total other financing uses	<u>(87,250)</u>	<u>(87,250)</u>	<u>-</u>
Excess of revenues over (under) expenditures and other uses	(87,250)	(36,634)	50,616
Fund balance - beginning	144,736	144,736	-
Fund balance - ending	\$ 57,486	\$ 108,102	\$ 50,616

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, 2017

Exhibit 39

				Public Assembly	
		Parking	Stormwater Management	Facilities Management	Total
Assets					
Current Assets					
Cash and cash equivalents/investments	\$ 2,595,061	\$ 24,593,836	\$ 2,792,030	\$ 29,980,927	
Accounts receivables, net	15,651	953,600	138,554	1,107,805	
Due from other governments	435,348	4,101	-	439,449	
Prepaid expenses	-	-	29,075	29,075	
Total current assets	3,046,060	25,551,537	2,959,659	31,557,256	
Noncurrent Assets					
Restricted assets					
Cash and cash equivalents/investments	-	-	60,521	60,521	
Capital assets					
Land	824,169	210,927	12,034,166	13,069,262	
Construction in progress	658,006	22,496,013	292,562	23,446,581	
Other capital assets, net of accumulated depreciation	8,750,674	12,195,945	46,643,884	67,590,503	
Accounts receivables	-	-	500,000	500,000	
Total noncurrent assets	10,232,849	34,902,885	59,531,133	104,666,867	
Total assets	13,278,909	60,454,422	62,490,792	136,224,123	
Deferred Outflows of Resources					
Pension deferrals	91,206	484,539	189,069	764,814	
Total deferred outflows of resources	91,206	484,539	189,069	764,814	
Liabilities					
Current Liabilities					
Accounts payable	51,094	185,361	806,947	1,043,402	
Accrued payroll	12,766	65,404	25,005	103,175	
Accrued vacation	(4,499)	40,497	31,739	67,737	
Accrued interest payable	9,392	29,029	3,114	41,535	
Unearned revenue	1,390,522	8,311	-	1,398,833	
Pollution remediation	-	1,986,124	-	1,986,124	
Current maturities					
Contracts payable	875,238	524,808	649,172	2,049,218	
Bonds payable	-	505,000	598,693	1,103,693	
Total current liabilities	2,334,513	3,344,534	2,114,670	7,793,717	
Noncurrent Liabilities					
Accrued vacation	26,811	87,735	44,964	159,510	
Net pension liability	97,784	586,753	214,582	899,119	
Contracts payable	2,093,732	902,241	13,101,443	16,097,416	
Bonds payable	-	10,708,816	9,628,981	20,337,797	
Total noncurrent liabilities	2,218,327	12,285,545	22,989,970	37,493,842	
Total liabilities	4,552,840	15,630,079	25,104,640	45,287,559	
Deferred Inflows of Resources					
Pension deferrals	18,760	-	16,169	34,929	
Total deferred inflows of resources	18,760	-	16,169	34,929	
Net Position					
Net investment in capital assets	7,263,879	22,262,020	34,992,323	64,518,222	
Unrestricted	1,534,636	23,046,862	2,566,729	27,148,227	
Total net position	\$ 8,798,515	\$ 45,308,882	\$ 37,559,052	\$ 91,666,449	

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, 2017

Exhibit 40

	Parking	Stormwater Management	Public Assembly Facilities Management	Total
Operating Revenues				
Charges for services	\$ 737,534	\$ 10,619,703	\$ 3,524,687	\$ 14,881,924
Other	7,500	202,978	2,301,672	2,512,150
Total operating revenues	745,034	10,822,681	5,826,359	17,394,074
Operating Expenses				
Personal services	455,037	2,564,328	921,091	3,940,456
Maintenance and operations	589,490	8,429,111	4,365,844	13,384,445
Total operating expenses before depreciation	1,044,527	10,993,439	5,286,935	17,324,901
Depreciation	433,738	564,071	1,879,076	2,876,885
Total operating expenses	1,478,265	11,557,510	7,166,011	20,201,786
Operating income (loss)	(733,231)	(734,829)	(1,339,652)	(2,807,712)
Nonoperating Revenues (Expenses)				
Intergovernmental revenue	435,348	65,066	-	500,414
Investment income	10,936	1,560,335	16,984	1,588,255
Gain (loss) on disposal of assets	-	45,102	7,963	53,065
Interest and fiscal expense	(165,162)	(155,688)	(598,860)	(919,710)
Amortization of financing costs	(3,923)	38,136	2,903	37,116
Total nonoperating revenues (expenses), net	277,199	1,552,951	(571,010)	1,259,140
Income (loss) before capital contributions and transfers	(456,032)	818,122	(1,910,662)	(1,548,572)
Capital Contributions	-	43,118	-	43,118
Transfers In	591,150	-	1,275,002	1,866,152
Transfers Out	-	(1,803,065)	(250,000)	(2,053,065)
Total transfers	591,150	(1,803,065)	1,025,002	(186,913)
Change in net position	135,118	(941,825)	(885,660)	(1,692,367)
Total net position - beginning	8,663,397	46,250,707	38,444,712	93,358,816
Total net position - ending	\$ 8,798,515	\$ 45,308,882	\$ 37,559,052	\$ 91,666,449

City of Winston-Salem, North Carolina

Combining Statement of Cash Flows

Nonmajor Enterprise Funds
For the Fiscal Year Ended June 30, 2017

Exhibit 41
Page 1 of 2

	Parking	Stormwater Management	Facilities Management	Public Assembly
				Total
Cash Flows from Operating Activities				
Cash received from sales	\$ 708,551	\$ 10,795,482	\$ 5,793,827	\$ 17,297,860
Cash payments to suppliers for goods and services	(558,018)	(6,443,817)	(4,182,315)	(11,184,150)
Cash payments to employees for services	(445,386)	(2,533,545)	(898,187)	(3,877,118)
Net cash provided (used) by operating activities	(294,853)	1,818,120	713,325	2,236,592
Cash Flows from Noncapital Financing Activities				
Intergovernmental revenue	435,348	60,965	-	496,313
Transfers in	591,150	-	1,275,002	1,866,152
Transfers out	-	(1,803,065)	(250,000)	(2,053,065)
Net cash provided (used) by noncapital financing activities	1,026,498	(1,742,100)	1,025,002	309,400
Cash Flows from Capital and Related Financing Activities				
Intergovernmental revenue	-	34,418	-	34,418
Capital contributions	-	8,700	-	8,700
Acquisition of property and equipment	(166,628)	2,457,033	(303,337)	1,987,068
Retirement of bonds	-	(490,000)	(598,694)	(1,088,694)
Retirement of contracts payable	(955,238)	(532,616)	(648,973)	(2,136,827)
Interest and fiscal expense paid on bonds	-	(365,568)	(161,776)	(527,344)
Interest paid on contracts payable	(168,152)	(94,355)	(437,360)	(699,867)
Proceeds from sale of assets	-	45,102	7,963	53,065
Net cash provided (used) by capital and related financing activities	(1,290,018)	1,062,714	(2,142,177)	(2,369,481)
Cash Flows from Investing Activities				
Investment income (loss)	10,936	1,560,335	16,984	1,588,255
Net increase (decrease) in cash	(547,437)	2,699,069	(386,866)	1,764,766
Cash and cash equivalents/investments July 1	3,142,498	21,894,767	3,239,417	28,276,682
Cash and cash equivalents/investments June 30	\$2,595,061	\$24,593,836	\$2,852,551	\$30,041,448

City of Winston-Salem, North Carolina

Combining Statement of Cash Flows

Nonmajor Enterprise Funds
For the Fiscal Year Ended June 30, 2017

Exhibit 41
Page 2 of 2

	Public Assembly Facilities			
	Parking	Stormwater	Management	Total
Reconciliation of Cash and Cash Equivalents/Investments				
Cash and investments - current	\$ 2,595,061	\$ 24,593,836	\$ 2,792,030	\$ 29,980,927
Cash and investments - restricted	-	-	60,521	60,521
Cash and cash equivalents/investments June 30	\$2,595,061	\$24,593,836	\$2,852,551	\$30,041,448
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating income (loss)	\$ (733,231)	\$ (734,829)	\$ (1,339,652)	\$ (2,807,712)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities				
Depreciation expense	433,738	564,071	1,879,076	2,876,885
Change in assets, deferred outflows of resources, and liabilities				
(Increase) decrease in receivables	32,754	(29,277)	(32,532)	(29,055)
(Increase) decrease in prepaid expenses	-	-	(4,641)	(4,641)
(Increase) decrease in deferred outflows of resources - pensions	(69,925)	(364,765)	(149,482)	(584,172)
Increase (decrease) in net pension liability	81,474	425,389	173,307	680,170
Increase (decrease) in deferred inflows of resources - pensions	(7,900)	(41,448)	(16,358)	(65,706)
Increase (decrease) in accounts payable	31,472	(830)	167,700	198,342
Increase (decrease) in accrued payroll	1,940	6,061	6,840	14,841
Increase (decrease) in unearned revenue	(69,237)	2,078	-	(67,159)
Increase (decrease) in accrued vacation	4,062	5,546	8,597	18,205
Increase in contracts payable	-	-	20,470	20,470
Increase (decrease) in accrued pollution remediation	-	1,986,124	-	1,986,124
Total adjustments	438,378	2,552,949	2,052,977	5,044,304
Net cash provided (used) by operating activities	\$ (294,853)	\$ 1,818,120	\$ 713,325	\$ 2,236,592

Noncash Investing, Capital, and Financing Activities

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

\$1,938,707 and \$640,091 during the years ended June 30, 2017, and 2016, respectively.

Capitalized interest included in asset acquisitions of \$303,010.

The City accrued intergovernmental revenues of \$4,101.

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, 2017

Exhibit 42

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Operating Revenues			
Charges for services	\$ 584,000	\$ 745,034	\$ 161,034
Operating Expenditures			
Personal services	557,070	451,388	105,682
Maintenance and operations	616,027	589,490	26,537
Total operating expenditures	<u>1,173,097</u>	<u>1,040,878</u>	<u>132,219</u>
Operating income (loss)	(589,097)	(295,844)	293,253
Nonoperating Revenues (Expenditures)			
Intergovernmental revenue	426,640	435,348	8,708
Investment income	-	10,936	10,936
Interest and fiscal charges	(174,590)	(165,162)	9,428
Principal retirement	(1,005,210)	(955,238)	49,972
Total nonoperating expenditures, net	<u>(753,160)</u>	<u>(674,116)</u>	<u>79,044</u>
Income (loss) before transfers	(1,342,257)	(969,960)	372,297
Transfers In			
General fund	591,150	591,150	-
Change in net position - modified accrual basis	<u>\$ (751,107)</u>	<u>\$ (378,810)</u>	<u>\$ 372,297</u>
Reconciliation of Modified Accrual Basis to Full Accrual Basis			
Change in Net Position - Modified Accrual Basis	\$ (378,810)		
Depreciation	(433,738)		
Amortization of financing costs	(3,923)		
Principal retirement	955,238		
Increase (decrease) in deferred outflows of resources - pensions	69,925		
(Increase) decrease in net pension liability	(81,474)		
(Increase) decrease in deferred inflows of resources - pensions	7,900		
Change in Net Position - Full Accrual Basis	<u>\$ 135,118</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, 2017

Exhibit 43

	Budget	Actual	Variance Positive (Negative)
Operating Revenues			
Charges for services	\$ 10,053,000	\$ 10,619,703	\$ 566,703
Other	173,600	202,978	29,378
Total operating revenues	10,226,600	10,822,681	596,081
Operating Expenditures			
Personal services	2,944,270	2,545,152	399,118
Maintenance and operations	4,070,908	4,797,604	(726,696)
Capital outlay	7,840	-	7,840
Total operating expenditures	7,023,018	7,342,756	(319,738)
Operating income	3,203,582	3,479,925	276,343
Nonoperating Revenues (Expenditures)			
Intergovernmental revenue	81,290	65,066	(16,224)
Investment income	-	1,560,335	1,560,335
Proceeds from sale of assets	-	45,102	45,102
Interest and fiscal charges	(478,920)	(458,698)	20,222
Principal retirement	(1,080,550)	(1,022,616)	57,934
Total nonoperating expenditures, net	(1,478,180)	189,189	1,667,369
Income before capital contributions and transfers	1,725,402	3,669,114	1,943,712
Capital Contributions			
Intergovernmental revenue	-	34,418	34,418
Other	-	8,700	8,700
Total capital contributions	-	43,118	43,118
Transfers Out			
General fund	(1,697,150)	(1,625,098)	72,052
Solid waste fund	(177,970)	(177,967)	3
Total transfers out	(1,875,120)	(1,803,065)	72,055
Change in net position - modified accrual basis	\$ (149,718)	\$ 1,909,167	\$ 2,058,885
Reconciliation of Modified Accrual Basis to Full Accrual Basis			
Change in Net Position - Modified Accrual Basis	\$ 1,909,167		
Depreciation	(564,071)		
Amortization of financing costs	38,136		
Principal retirement	1,022,616		
Book value of disposed assets	(3,631,507)		
Interest expense, net of investment income, capitalized on construction costs	303,010		
Increase (decrease) in deferred outflows of resources - pensions	364,765		
(Increase) decrease in net pension liability	(425,389)		
(Increase) decrease in deferred inflows of resources - pensions	41,448		
Change in Net Position - Full Accrual Basis	\$ (941,825)		

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, 2017

Exhibit 44

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Operating Revenues			
Charges for services	\$ 3,771,540	\$ 3,524,687	\$ (246,853)
Other	2,212,700	2,301,672	88,972
Total operating revenues	<u>5,984,240</u>	<u>5,826,359</u>	<u>(157,881)</u>
Operating Expenditures			
Personal services	905,620	913,624	(8,004)
Maintenance and operations	4,599,478	4,329,914	269,564
Total operating expenditures	<u>5,505,098</u>	<u>5,243,538</u>	<u>261,560</u>
Operating income (loss)	479,142	582,821	103,679
Nonoperating Revenues (Expenditures)			
Investment income (loss)	-	16,984	16,984
Proceeds from sale of assets	-	7,963	7,963
Interest and fiscal charges	(894,800)	(598,860)	295,940
Principal retirement	(1,398,810)	(1,247,667)	151,143
Total nonoperating expenditures, net	<u>(2,293,610)</u>	<u>(1,821,580)</u>	<u>472,030</u>
Income (loss) before capital contributions and transfers	(1,814,468)	(1,238,759)	575,709
Transfers In			
General fund	1,284,340	950,002	(334,338)
Occupancy tax fund	325,000	325,000	-
Capital projects fund	(250,000)	(250,000)	-
Total transfers in	<u>1,359,340</u>	<u>1,025,002</u>	<u>(334,338)</u>
Change in net position - modified accrual basis	<u><u>\$ (455,128)</u></u>	<u><u>\$ (213,757)</u></u>	<u><u>\$ 241,371</u></u>
Reconciliation of Modified Accrual Basis to Full Accrual Basis			
Change in Net Position - Modified Accrual Basis	\$ (213,757)		
Depreciation	(1,879,076)		
Amortization of financing costs	2,903		
Principal retirement	1,247,667		
Book value of disposed assets	(15,460)		
Increase in contracts payable	(20,470)		
Increase (decrease) in deferred outflows of resources - pensions	149,482		
(Increase) decrease in net pension liability	(173,307)		
(Increase) decrease in deferred inflows of resources - pensions	16,358		
Change in Net Position - Full Accrual Basis	<u><u>\$ (885,660)</u></u>		

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, 2017

	Central Warehouse	Fleet Services	Information Services	Workers' Compensation
Assets				
Current Assets				
Cash and cash equivalents/investments	\$ -	\$ 582,893	\$ 672,132	\$ 3,605,579
Accounts receivables, net	442	-	-	-
Inventories	907,195	455,684	-	-
Total current assets	907,637	1,038,577	672,132	3,605,579
Noncurrent Assets				
Capital assets				
Land	801,682	-	-	-
Construction in progress	-	-	367,973	-
Other capital assets, net of accumulated depreciation	194,677	2,360,810	2,931,210	-
Total noncurrent assets	996,359	2,360,810	3,299,183	-
Total assets	1,903,996	3,399,387	3,971,315	3,605,579
Deferred Outflows of Resources				
Pension deferrals	36,604	293,890	919,755	51,373
Total deferred outflows of resources	36,604	293,890	919,755	51,373
Liabilities				
Current Liabilities				
Accounts payable	4,003	410,052	160,479	255
Accrued payroll	6,629	43,209	129,919	7,651
Accrued vacation	8,200	53,045	224,907	4,392
Due to other funds	5,002	-	-	-
Employee taxes and amounts withheld	-	-	-	-
Unearned revenue	-	-	-	-
Current maturities				
Claims payable	-	-	-	381,358
Contracts payable	-	472,690	432,768	-
Total current liabilities	23,834	978,996	948,073	393,656
Noncurrent Liabilities				
Accrued vacation	4,089	21,692	110,079	3,853
Net pension liability	46,862	339,020	1,022,400	48,865
Claims payable	-	-	-	2,816,452
Contracts payable	-	623,712	670,420	-
Total noncurrent liabilities	50,951	984,424	1,802,899	2,869,170
Total liabilities	74,785	1,963,420	2,750,972	3,262,826
Deferred Inflows of Resources				
Pension deferrals	-	25,922	105,737	21,690
Total deferred inflows of resources	-	25,922	105,737	21,690
Net Position				
Net investment in capital assets	996,359	1,264,408	2,195,995	-
Unrestricted	869,456	439,527	(161,634)	372,436
Total net position	\$ 1,865,815	\$ 1,703,935	\$ 2,034,361	\$ 372,436

	Health Benefits	Dental and Flex Benefits	Employee Benefits	Risk Acceptance Management Corporation	Total
Assets					
Current Assets					
Cash and cash equivalents/investments	\$ 5,133,661	\$ 996,705	\$ 3,587,511	\$ 39,190,661	\$ 53,769,142
Accounts receivables, net	-	-	-	-	442
Inventories	-	-	-	-	1,362,879
Total current assets	5,133,661	996,705	3,587,511	39,190,661	55,132,463
Noncurrent Assets					
Capital assets					
Land	-	-	-	-	801,682
Construction in progress	-	-	-	-	367,973
Other capital assets, net of accumulated depreciation	-	-	797	-	5,487,494
Total noncurrent assets	-	-	797	-	6,657,149
Total assets	5,133,661	996,705	3,588,308	39,190,661	61,789,612
Deferred Outflows of Resources					
Pension deferrals	21,417	-	-	-	1,323,039
Total deferred outflows of resources	21,417	-	-	-	1,323,039
Liabilities					
Current Liabilities					
Accounts payable	711,258	52,537	1,157,035	12,864	2,508,483
Accrued payroll	3,164	-	-	-	190,572
Accrued vacation	1,239	-	-	-	291,783
Due to other funds	-	-	-	-	5,002
Employee taxes and amounts withheld	-	-	1,523	-	1,523
Unearned revenue	425,371	52,259	-	-	477,630
Current maturities					
Claims payable	2,865,173	145,991	857,720	-	4,250,242
Contracts payable	-	-	-	-	905,458
Total current liabilities	4,006,205	250,787	2,016,278	12,864	8,630,693
Noncurrent Liabilities					
Accrued vacation	2,204	-	-	-	141,917
Net pension liability	23,158	-	-	-	1,480,305
Claims payable	-	-	-	1,801,086	4,617,538
Contracts payable	-	-	-	-	1,294,132
Total noncurrent liabilities	25,362	-	-	1,801,086	7,533,892
Total liabilities	4,031,567	250,787	2,016,278	1,813,950	16,164,585
Deferred Inflows of Resources					
Pension deferrals	5,577	-	-	-	158,926
Total deferred inflows of resources	5,577	-	-	-	158,926
Net Position					
Net investment in capital assets	-	-	797	-	4,457,559
Unrestricted	1,117,934	745,918	1,571,233	37,376,711	42,331,581
Total net position	\$ 1,117,934	\$ 745,918	\$ 1,572,030	\$ 37,376,711	\$ 46,789,140

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, 2017

	Central Warehouse	Fleet Services	Information Services	Workers' Compensation
Operating Revenues				
Charges for services	\$ 935,177	\$ 8,616,809	\$ 8,134,610	\$ 2,534,894
Other	90	-	-	586,665
Total operating revenues	935,267	8,616,809	8,134,610	3,121,559
Operating Expenses				
Personal services	259,772	1,503,678	4,652,791	291,568
Maintenance and operations	82,061	6,367,857	3,259,767	2,207,122
Total operating expenses before depreciation	341,833	7,871,535	7,912,558	2,498,690
Depreciation	13,790	425,696	616,809	-
Total operating expenses	355,623	8,297,231	8,529,367	2,498,690
Operating income (loss)	579,644	319,578	(394,757)	622,869
Nonoperating Revenues (Expenses)				
Investment income (loss)	-	-	-	20,831
Gain (loss) on disposal of assets	-	42,988	(1,707)	-
Interest and fiscal expense	-	(74,568)	(80,592)	-
Total nonoperating revenues (expenses), net	-	(31,580)	(82,299)	20,831
Income (loss) before transfers	579,644	287,998	(477,056)	643,700
Transfers In				
Transfers Out				
Total transfers	-	-	550,000	-
Change in net position	-	-	-	(93,770)
Total net position - beginning	-	-	550,000	(93,770)
Total net position - ending	579,644	287,998	72,944	549,930
	1,286,171	1,415,937	1,961,417	(177,494)
	\$ 1,865,815	\$ 1,703,935	\$ 2,034,361	\$ 372,436

	Health Benefits	Dental and Flex Benefits	Employee Benefits	Risk Acceptance Management Corporation	Total
Operating Revenues					
Charges for services	\$ 19,985,584	\$ 2,535,588	\$ 23,862,647	\$ 1,044,620	\$ 67,649,929
Other	809,015	-	-	-	1,395,770
Total operating revenues	20,794,599	2,535,588	23,862,647	1,044,620	69,045,699
Operating Expenses					
Personal services	110,270	-	-	-	6,818,079
Maintenance and operations	21,876,146	2,045,119	23,946,395	2,628,391	62,412,858
Total operating expenses before depreciation	21,986,416	2,045,119	23,946,395	2,628,391	69,230,937
Depreciation	-	-	1,275	-	1,057,570
Total operating expenses	21,986,416	2,045,119	23,947,670	2,628,391	70,288,507
Operating income (loss)	(1,191,817)	490,469	(85,023)	(1,583,771)	(1,242,808)
Nonoperating Revenues (Expenses)					
Investment income (loss)	30,074	3,193	21,758	5,832,709	5,908,565
Gain (loss) on disposal of assets	-	-	-	-	41,281
Interest and fiscal expense	-	-	-	-	(155,160)
Total nonoperating revenues (expenses), net	30,074	3,193	21,758	5,832,709	5,794,686
Income (loss) before transfers	(1,161,743)	493,662	(63,265)	4,248,938	4,551,878
Transfers In	-	-	-	-	550,000
Transfers Out	-	-	-	-	(93,770)
Total transfers	-	-	-	-	456,230
Change in net position	(1,161,743)	493,662	(63,265)	4,248,938	5,008,108
Total net position - beginning	2,279,677	252,256	1,635,295	33,127,773	41,781,032
Total net position - ending	\$ 1,117,934	\$ 745,918	\$ 1,572,030	\$ 37,376,711	\$ 46,789,140

City of Winston-Salem, North Carolina

Combining Statement of Cash Flows

Internal Service Funds
For the Fiscal Year Ended June 30, 2017

	Central Warehouse	Fleet Services	Information Services	Workers' Compensation
Cash Flows from Operating Activities				
Cash received from sales	\$ 935,042	\$ 8,616,809	\$ 8,134,610	\$ 3,121,559
Cash payments for suppliers for goods and services	(87,028)	(6,265,237)	(3,178,525)	(2,207,136)
Cash payments to employees for services	(260,266)	(1,503,000)	(4,497,047)	(287,687)
Net cash provided (used) by operating activities	<u>587,748</u>	<u>848,572</u>	<u>459,038</u>	<u>626,736</u>
Cash Flows from Noncapital Financing Activities				
Repayments to other funds	(587,748)	-	-	-
Transfers out	-	-	-	(93,770)
Net cash provided (used) by noncapital financing activities	<u>(587,748)</u>	<u>-</u>	<u>-</u>	<u>(93,770)</u>
Cash Flows from Capital and Related Financing Activities				
Transfers in	-	-	550,000	-
Acquisition of property and equipment	-	(26,720)	(433,471)	-
Retirement of contracts payable	-	(478,889)	(668,519)	-
Interest paid on contracts payable	-	(74,568)	(80,592)	-
Proceeds from sale of assets	-	46,104	3,754	-
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>(534,073)</u>	<u>(628,828)</u>	<u>-</u>
Cash Flows from Investing Activities				
Investment income (loss)	-	-	-	20,831
Net increase (decrease) in cash	-	314,499	(169,790)	553,797
Cash and cash equivalents/investments July 1	-	268,394	841,922	3,051,782
Cash and cash equivalents/investments June 30	<u>\$ -</u>	<u>\$ 582,893</u>	<u>\$ 672,132</u>	<u>\$ 3,605,579</u>

	Health Benefits	Dental and Flex Benefits	Employee Benefits	Risk Acceptance Management Corporation	Total
Cash Flows from Operating Activities					
Cash received from sales	\$ 20,827,807	\$ 2,536,257	\$ 23,862,647	\$ 1,044,620	\$ 69,079,351
Cash payments for suppliers for goods and services	(21,353,847)	(2,035,780)	(23,712,440)	(2,532,988)	(61,372,981)
Cash payments to employees for services	(112,426)	-	2,091	-	(6,658,335)
Net cash provided (used) by operating activities	(638,466)	500,477	152,298	(1,488,368)	1,048,035
Cash Flows from Noncapital Financing Activities					
Repayments to other funds	-	-	-	-	(587,748)
Transfers out	-	-	-	-	(93,770)
Net cash provided (used) by noncapital financing activities	-	-	-	-	(681,518)
Cash Flows from Capital and Related Financing Activities					
Transfers in	-	-	-	-	550,000
Acquisition of property and equipment	-	-	-	-	(460,191)
Retirement of contracts payable	-	-	-	-	(1,147,408)
Interest paid on contracts payable	-	-	-	-	(155,160)
Proceeds from sale of assets	-	-	-	-	49,858
Net cash provided (used) by capital and related financing activities	-	-	-	-	(1,162,901)
Cash Flows from Investing Activities					
Investment income (loss)	30,074	3,193	21,758	5,832,709	5,908,565
Net increase (decrease) in cash	(608,392)	503,670	174,056	4,344,341	5,112,181
Cash and cash equivalents/investments July 1	5,742,053	493,035	3,413,455	34,846,320	48,656,961
Cash and cash equivalents/investments June 30	<u>\$ 5,133,661</u>	<u>\$ 996,705</u>	<u>\$ 3,587,511</u>	<u>\$ 39,190,661</u>	<u>\$ 53,769,142</u>

City of Winston-Salem, North Carolina

Combining Statement of Cash Flows

Internal Service Funds

For the Fiscal Year Ended June 30, 2017

	<u>Central Warehouse</u>	<u>Fleet Services</u>	<u>Information Services</u>	<u>Workers' Compensation</u>
Reconciliation of Cash and Cash Equivalents/Investments				
Cash and investments - current	<u>\$ -</u>	<u>\$ 582,893</u>	<u>\$ 672,132</u>	<u>\$ 3,605,579</u>
Cash and cash equivalents/investments June 30	<u>\$ -</u>	<u>\$ 582,893</u>	<u>\$ 672,132</u>	<u>\$ 3,605,579</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating income (loss)	\$ 579,644	\$ 319,578	\$ (394,757)	\$ 622,869
Adjustments to reconcile operating income (loss)				
to net cash provided (used) by operating activities				
Depreciation expense	13,790	425,696	616,809	-
Change in assets, deferred outflows of resources, and liabilities				
(Increase) decrease in receivables	(225)	-	-	-
(Increase) decrease in inventories	1,614	(49,152)	-	-
(Increase) decrease in deferred outflows of resources - pensions	(22,506)	(222,219)	(734,331)	(37,828)
Increase (decrease) in net pension liability	26,466	259,487	850,263	44,361
Increase (decrease) in deferred inflows of resources - pensions	(2,692)	(25,458)	(79,672)	(4,449)
Increase (decrease) in accounts payable	(6,581)	136,814	79,090	(14)
Increase (decrease) in accrued payroll	(854)	5,170	32,816	2,745
Increase (decrease) in employee taxes and deductions	-	-	-	-
Increase (decrease) in unearned revenue	-	-	-	-
Increase (decrease) in accrued vacation	(908)	(16,302)	86,668	(948)
Increase (decrease) in claims payable	-	-	-	-
Increase (decrease) in contracts payable	-	14,958	2,152	-
Total adjustments	<u>8,104</u>	<u>528,994</u>	<u>853,795</u>	<u>3,867</u>
Net cash provided (used) by operating activities	<u>\$ 587,748</u>	<u>\$ 848,572</u>	<u>\$ 459,038</u>	<u>\$ 626,736</u>

Noncash Investing, Capital, and Financing Activities

The City entered into leases for new property and equipment and incurred capital lease obligations of \$1,070,403 and \$1,194,693 during the years ended June 30, 2017, and 2016, respectively.

	Health Benefits	Dental and Flex Benefits	Employee Benefits	Risk Acceptance Management Corporation	Total
Reconciliation of Cash and Cash Equivalents/Investments					
Cash and investments - current	\$ 5,133,661	\$ 996,705	\$ 3,587,511	\$ 39,190,661	\$ 53,769,142
Cash and cash equivalents/investments June 30	\$5,133,661	\$ 996,705	\$ 3,587,511	\$39,190,661	\$ 53,769,142
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities					
Operating income (loss)	\$ (1,191,817)	\$ 490,469	\$ (85,023)	\$ (1,583,771)	\$ (1,242,808)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities	-	-	1,275	-	1,057,570
Depreciation expense	-	-	-	-	-
Change in assets, deferred outflows of resources, and liabilities					
(Increase) decrease in receivables	-	-	-	-	(225)
(Increase) decrease in inventories	-	-	-	-	(47,538)
(Increase) decrease in deferred outflows of resources - pensions	(14,803)	-	-	-	(1,031,687)
Increase (decrease) in net pension liability	17,543	-	-	-	1,198,120
Increase (decrease) in deferred inflows of resources - pensions	(1,855)	-	-	-	(114,126)
Increase (decrease) in accounts payable	603,061	19,066	128,302	10,895	970,633
Increase (decrease) in accrued payroll	-	-	-	-	39,877
Increase (decrease) in employee taxes and deductions	-	-	2,091	-	2,091
Increase (decrease) in unearned revenue	33,208	669	-	-	33,877
Increase (decrease) in accrued vacation	(3,041)	-	-	-	65,469
Increase (decrease) in claims payable	(80,762)	(9,727)	105,653	84,508	99,672
Increase (decrease) in contracts payable	-	-	-	-	17,110
Total adjustments	553,351	10,008	237,321	95,403	2,290,843
Net cash provided (used) by operating activities	\$ (638,466)	\$ 500,477	\$ 152,298	\$ (1,488,368)	\$ 1,048,035

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, 2017

Exhibit 48

	Budget	Actual	Variance Positive (Negative)
Operating Revenues			
Charges for services	\$ 372,870	\$ 935,177	\$ 562,307
Other	-	90	90
Total operating revenues	<u>372,870</u>	<u>935,267</u>	<u>562,397</u>
Operating Expenditures			
Personal services	270,770	258,504	12,266
Maintenance and operations	102,100	82,061	20,039
Total operating expenditures	<u>372,870</u>	<u>340,565</u>	<u>32,305</u>
Operating income (loss)	-	594,702	594,702
Change in net position - modified accrual basis	<u><u>\$ -</u></u>	<u><u>\$ 594,702</u></u>	<u><u>\$ 594,702</u></u>
Reconciliation of Modified Accrual Basis to Full Accrual Basis			
Change in Net Position - Modified Accrual Basis	\$ 594,702		
Depreciation	(13,790)		
Increase (decrease) in deferred outflows of resources - pensions	22,506		
(Increase) decrease in net pension liability	(26,466)		
(Increase) decrease in deferred inflows of resources - pensions	2,692		
Change in Net Position - Full Accrual Basis	<u><u>\$ 579,644</u></u>		

City of Winston-Salem, North Carolina

Internal Service Funds

Fleet Services Fund – Schedule of Revenues, Expenditures
and Transfers – Budget (Non-GAAP Basis) and Actual
For the Fiscal Year Ended June 30, 2017

Exhibit 49

	Budget	Actual	Variance Positive (Negative)
Operating Revenues			
Charges for services	\$ 9,440,500	\$ 8,616,809	\$ (823,691)
Total operating revenues	9,440,500	8,616,809	(823,691)
Operating Expenditures			
Personal services	1,723,190	1,491,868	231,322
Maintenance and operations	7,527,487	6,352,899	1,174,588
Capital Outlay	21,176	12,014	9,162
Total operating expenditures	9,271,853	7,856,781	1,415,072
Operating income (loss)	168,647	760,028	591,381
Nonoperating Revenues (Expenditures)			
Proceeds from sale of assets	-	46,104	46,104
Interest and fiscal charges	(90,960)	(74,568)	16,392
Principal retirement	(534,780)	(478,889)	55,891
Total nonoperating expenditures, net	(625,740)	(507,353)	118,387
Change in net position - modified accrual basis	<u>\$ (457,093)</u>	<u>\$ 252,675</u>	<u>\$ 709,768</u>
Reconciliation of Modified Accrual Basis to Full Accrual Basis			
Change in Net Position - Modified Accrual Basis	\$ 252,675		
Depreciation	(425,696)		
Capital outlay	12,014		
Principal retirement	478,889		
Book value of disposed assets	(3,116)		
Increase in contracts payable	(14,958)		
Increase (decrease) in deferred outflows of resources - pensions	222,219		
(Increase) decrease in net pension liability	(259,487)		
(Increase) decrease in deferred inflows of resources - pensions	25,458		
Change in Net Position - Full Accrual Basis	<u>\$ 287,998</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, 2017

Exhibit 50

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Operating Revenues			
Charges for services	\$ 9,674,550	\$ 8,134,610	\$ (1,539,940)
Total operating revenues	9,674,550	8,134,610	(1,539,940)
Operating Expenditures			
Personal services	4,227,470	4,616,531	(389,061)
Maintenance and operations	4,930,392	3,257,615	1,672,777
Total operating expenditures	9,157,862	7,874,146	1,283,716
Operating income (loss)	516,688	260,464	(256,224)
Nonoperating Revenues (Expenditures)			
Proceeds from sales of assets	-	3,754	3,754
Interest and fiscal charges	(197,360)	(80,592)	116,768
Principal retirement	(1,157,080)	(668,519)	488,561
Total nonoperating expenditures, net	(1,354,440)	(745,357)	609,083
Income (loss) before transfers	(837,752)	(484,893)	352,859
Transfers In			
General fund	550,000	550,000	-
Total transfers in	550,000	550,000	-
Change in net position - modified accrual basis	<u>\$ (287,752)</u>	<u>\$ 65,107</u>	<u>\$ 352,859</u>
Reconciliation of Modified Accrual Basis to Full Accrual Basis			
Change in Net Position - Modified Accrual Basis	\$ 65,107		
Depreciation	(616,809)		
Principal retirement	668,519		
Book value of disposed assets	(5,461)		
Increase in contracts payable	(2,152)		
Increase (decrease) in deferred outflows of resources - pensions	734,331		
(Increase) decrease in net pension liability	(850,263)		
(Increase) decrease in deferred inflows of resources - pensions	79,672		
Change in Net Position - Full Accrual Basis	<u>\$ 72,944</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, 2017

Exhibit 51

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Operating Revenues			
Charges for services	\$ 2,624,420	\$ 2,534,894	\$ (89,526)
Other	124,000	586,665	462,665
Total operating revenues	<u>2,748,420</u>	<u>3,121,559</u>	<u>373,139</u>
Operating Expenditures			
Personal services	403,040	289,484	113,556
Maintenance and operations	2,251,610	2,207,122	44,488
Total operating expenditures	<u>2,654,650</u>	<u>2,496,606</u>	<u>158,044</u>
Operating income (loss)	93,770	624,953	531,183
Nonoperating Revenues (Expenditures)			
Investment income	-	20,831	20,831
Total nonoperating revenues, net	<u>-</u>	<u>20,831</u>	<u>20,831</u>
Transfers Out			
General fund	(93,770)	(93,770)	-
Total transfers out	<u>(93,770)</u>	<u>(93,770)</u>	<u>-</u>
Change in net position - modified accrual basis	<u>\$ -</u>	<u>\$ 552,014</u>	<u>\$ 552,014</u>
Reconciliation of Modified Accrual Basis to Full Accrual Basis			
Change in Net Position - Modified Accrual Basis		\$ 552,014	
Increase (decrease) in deferred outflows of resources - pensions		37,828	
(Increase) decrease in net pension liability		(44,361)	
(Increase) decrease in deferred inflows of resources - pensions		4,449	
Change in Net Position - Full Accrual Basis	<u>\$ -</u>	<u>\$ 549,930</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, 2017

Exhibit 52

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Operating Revenues			
Charges for services	\$ 21,040,980	\$ 19,985,584	\$ (1,055,396)
Other	432,350	809,015	376,665
Total operating revenues	<u>21,473,330</u>	<u>20,794,599</u>	<u>(678,731)</u>
Operating Expenditures			
Personal services	180,060	109,385	70,675
Maintenance and operations	21,304,402	21,876,146	(571,744)
Total operating expenditures	<u>21,484,462</u>	<u>21,985,531</u>	<u>(501,069)</u>
Operating income (loss)	(11,132)	(1,190,932)	(1,179,800)
Nonoperating Revenues (Expenditures)			
Investment income	-	30,074	30,074
Total nonoperating revenues, net	-	30,074	30,074
Change in net position - modified accrual basis	<u>\$ (11,132)</u>	<u>\$ (1,160,858)</u>	<u>\$ (1,149,726)</u>
Reconciliation of Modified Accrual Basis to Full Accrual Basis			
Change in Net Position - Modified Accrual Basis		\$ (1,160,858)	
Increase (decrease) in deferred outflows of resources - pensions		14,803	
(Average) decrease in net pension liability		(17,543)	
(Average) decrease in deferred inflows of resources - pensions		1,855	
Change in Net Position - Full Accrual Basis		<u>\$ (1,161,743)</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, 2017

Exhibit 53

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Operating Revenues			
Charges for services	\$ 2,193,480	\$ 2,535,588	\$ 342,108
Total operating revenues	<u>2,193,480</u>	<u>2,535,588</u>	<u>342,108</u>
Operating Expenditures			
Maintenance and operations	2,193,480	2,045,119	148,361
Total operating expenditures	<u>2,193,480</u>	<u>2,045,119</u>	<u>148,361</u>
Operating income (loss)	-	490,469	490,469
Nonoperating Revenues (Expenditures)			
Investment income	-	3,193	3,193
Total nonoperating revenues, net	-	3,193	3,193
Change in net position - modified accrual basis	<u>\$ -</u>	<u>\$ 493,662</u>	<u>\$ 493,662</u>
Reconciliation of Modified Accrual Basis to Full Accrual Basis			
Change in Net Position - Modified Accrual Basis	\$ 493,662		
Change in Net Position - Full Accrual Basis	<u>\$ 493,662</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, 2017

Exhibit 54

	Budget	Actual	Variance Positive (Negative)
Operating Revenues			
Charges for services	\$ 23,842,780	\$ 23,862,647	\$ 19,867
Total operating revenues	23,842,780	23,862,647	19,867
Operating Expenditures			
Maintenance and operations	24,252,913	23,946,395	306,518
Total operating expenditures	24,252,913	23,946,395	306,518
Operating income (loss)	(410,133)	(83,748)	326,385
Nonoperating Revenues (Expenditures)			
Investment income	-	21,758	21,758
Total nonoperating revenues, net	-	21,758	21,758
Change in net position - modified accrual basis	<u>\$ (410,133)</u>	<u>\$ (61,990)</u>	<u>\$ 348,143</u>
Reconciliation of Modified Accrual Basis to Full Accrual Basis			
Change in Net Position - Modified Accrual Basis		\$ (61,990)	
Depreciation		(1,275)	
Change in Net Position - Full Accrual Basis		<u><u>\$ (63,265)</u></u>	

Fiduciary Funds

City of Winston-Salem, North Carolina

Combining Statement of Fiduciary Net Position

Fiduciary Funds
June 30, 2017

Exhibit 55

	Pension Trust Fund	Separation Allowance Trust Fund	Post-employment Benefits Trust Fund	Totals
Assets				
Cash and cash equivalents/investments	\$ 149,251,738	\$ 9,807,894	\$ 65,500,437	\$ 224,560,069
Total assets	149,251,738	9,807,894	65,500,437	224,560,069
Deferred Outflows of Resources				
Pension deferrals	-	-	25,114	25,114
Total deferred outflows of resources	-	-	25,114	25,114
Liabilities				
Accounts payable	-	-	61,612	61,612
Accrued payroll	-	-	3,458	3,458
Accrued vacation	-	-	7,662	7,662
Unearned revenue	-	-	151,754	151,754
Net pension liability	-	-	28,297	28,297
Claims payable	-	-	1,183,675	1,183,675
Total liabilities	-	-	1,436,458	1,436,458
Deferred Inflows of Resources				
Pension deferrals	-	-	2,750	2,750
Total deferred inflows of resources	-	-	2,750	2,750
Net Position				
Restricted for pensions	\$ 149,251,738	\$ 9,807,894	\$ 64,086,343	\$ 223,145,975

City of Winston-Salem, North Carolina

Combining Statement of Changes in Fiduciary Net Position

Fiduciary Funds

For the Fiscal Year Ended June 30, 2017

Exhibit 56

	Pension Trust Fund	Separation Allowance Trust Fund	Post-employment Benefits Trust Fund	Totals
Additions				
Contributions				
Employer	\$ 4,034,169	\$ 1,312,250	\$ 7,027,147	\$ 12,373,566
Plan members	1,493,643	-	1,908,432	3,402,075
Total contributions	5,527,812	1,312,250	8,935,579	15,775,641
Investment income (loss)				
Net appreciation in fair value	17,698,605	1,142,064	6,886,584	25,727,253
Interest and dividends	3,639,182	232,210	1,574,264	5,445,656
Total investment income (loss)	21,337,787	1,374,274	8,460,848	31,172,909
Less investment expense	517,572	33,523	212,600	763,695
Net investment income (loss)	20,820,215	1,340,751	8,248,248	30,409,214
Total additions	<u>26,348,027</u>	<u>2,653,001</u>	<u>17,183,827</u>	<u>46,184,855</u>
Deductions				
Benefits				
Refund of contributions	10,169,546	1,648,310	7,846,542	19,664,398
Administrative expense	333,157	-	-	333,157
Total deductions	95,168	13,820	137,572	246,560
Net increase (decrease) in net position	10,597,871	1,662,130	7,984,114	20,244,115
Net positon - beginning, as previously stated	15,750,156	990,871	9,199,713	25,940,740
Cumulative effect adjustment	105,273,179	8,817,023	54,886,630	168,976,832
Net position - beginning, as adjusted	28,228,403	-	-	28,228,403
Net position, end of year	<u>\$149,251,738</u>	<u>\$ 9,807,894</u>	<u>\$ 64,086,343</u>	<u>\$ 223,145,975</u>

Schedule of General Obligation Bonded Debt

City of Winston-Salem, North Carolina

Schedule of General Obligation Bonded Debt

June 30, 2017

Purpose of Bond Issue	Date of Issue	Final Maturity Date	Interest Rate	Original Issue	Retired To Date
General Obligation Bonded Debt					
Development, recreation, safety & streets	06/29/06	06/01/28	4.00 - 5.00%	\$ 19,925,000	\$ 19,040,000
Recreation, safety & streets	06/26/08	06/01/28	3.50 - 5.00%	5,105,000	1,400,000
Refunding	05/28/09	06/01/21	3.50 - 4.50%	8,435,000	5,465,000
Recreation, safety & streets	02/02/10	06/01/32	3.10 - 6.10%	4,785,000	955,000
Refunding	02/03/10	06/01/24	2.25 - 5.00%	24,750,000	7,455,000
Development & streets	06/29/10	06/01/32	3.16 - 5.65%	8,700,000	300,000
Recreation, safety & streets	06/20/12	06/01/32	2.00 - 3.00%	2,955,000	600,000
Refunding	06/21/12	06/01/26	2.00 - 5.00%	14,255,000	2,125,000
Recreation, safety & streets	06/26/14	06/01/31	2.00 - 4.00%	3,945,000	400,000
Public Improvement, recreation & streets	04/05/16	06/01/36	2.00 - 3.00%	3,810,000	-
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	-
Refunding	04/06/16	06/01/28	3.00 - 5.00%	12,655,000	-
Total General Obligation Bonded Debt				\$163,985,000	\$ 37,740,000

Principal Balance <u>June 30, 2016</u>	Fiscal Year 2016-17		Principal Balance <u>June 30, 2017</u>	Debt Service Requirement Fiscal Year 2017-18			Principal Balance <u>June 30, 2018</u>
	Retirements	Additions		Principal	Interest	Total	
\$ 885,000	\$ 885,000	\$ -	\$ 3,505,000	\$ 200,000	\$ 144,775	\$ 344,775	\$ 3,305,000
3,705,000	200,000	-	2,020,000	390,000	90,900	480,900	1,630,000
2,970,000	950,000	-	3,590,000	240,000	191,082	431,082	3,350,000
3,830,000	240,000	-	15,430,000	1,925,000	690,363	2,615,363	13,505,000
17,295,000	1,865,000	-	7,875,000	525,000	393,908	918,908	7,350,000
8,400,000	525,000	-	2,205,000	150,000	55,881	205,881	2,055,000
2,355,000	150,000	-	11,085,000	1,065,000	468,700	1,533,700	10,020,000
12,130,000	1,045,000	-	3,345,000	200,000	120,781	320,781	3,145,000
3,545,000	200,000	-	3,680,000	135,000	101,650	236,650	3,545,000
3,810,000	130,000	-	47,820,000	-	1,841,500	1,841,500	47,820,000
47,820,000	-	-	5,095,000	1,785,000	80,788	1,865,788	3,310,000
6,845,000	1,750,000	-	12,655,000	955,000	432,150	1,387,150	11,700,000
12,655,000	-	-	\$ 126,245,000	\$ 7,940,000	\$ -	\$ 118,305,000	\$ 7,570,000
						\$ 4,612,478	\$ 12,182,478
							\$ 110,735,000

Statistical Section

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain information to help the reader understand how the City's financial performance and well-being have changed over time.	182
Revenue Capacity These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property taxes.	198
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current level of outstanding debt and the City's ability to issue additional debt in the future.	206
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.	214
Operating Information These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.	216

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)

	Fiscal Year				
	2017	2016	2015	2014	2013
Governmental activities					
Net investment in capital assets	\$ 164,415,590	\$ 153,711,370	\$ 131,696,233	\$ 146,689,379	\$ 141,199,241
Restricted	65,111,085	120,600,038	76,643,528	51,508,979	54,487,652
Unrestricted	51,074,905	31,498,836	85,333,859	118,607,260	105,678,364
Total governmental activities net position	<u>280,601,580</u>	<u>305,810,244</u>	<u>293,673,620</u>	<u>316,805,618</u>	<u>301,365,257</u>
Business-type activities					
Net investment in capital assets	483,821,989	473,054,885	419,642,228	425,441,820	424,958,508
Restricted	-	-	-	-	-
Unrestricted	182,382,886	163,448,423	185,351,836	158,045,211	139,592,846
Total business-type activities net position	<u>666,204,875</u>	<u>636,503,308</u>	<u>604,994,064</u>	<u>583,487,031</u>	<u>564,551,354</u>
Primary government					
Net investment in capital assets	648,237,579	626,766,255	551,338,461	572,131,199	566,157,749
Restricted	65,111,085	120,600,038	76,643,528	51,508,979	54,487,652
Unrestricted	233,457,791	194,947,259	270,685,695	276,652,471	245,271,210
Total primary government net position	<u>\$ 946,806,455</u>	<u>\$ 942,313,552</u>	<u>\$ 898,667,684</u>	<u>\$ 900,292,649</u>	<u>\$ 865,916,611</u>

Table 1

	Fiscal Year				
	2012	2011	2010	2009	2008
Governmental activities					
Net investment in capital assets	\$ 119,794,900	\$ 112,229,194	\$ 70,878,714	\$ 72,161,971	\$ 69,927,450
Restricted	67,129,762	49,612,189	125,190,663	105,663,336	103,397,364
Unrestricted	114,210,724	143,127,685	103,426,327	98,651,228	87,656,647
Total governmental activities net position	<u>301,135,386</u>	<u>304,969,068</u>	<u>299,495,704</u>	<u>276,476,535</u>	<u>260,981,461</u>
Business-type activities					
Net investment in capital assets	426,345,420	421,120,171	412,640,793	364,360,717	349,377,455
Restricted	-	-	-	-	104,079,943
Unrestricted	118,457,910	120,888,204	103,352,017	116,165,113	39,202,768
Total business-type activities net position	<u>544,803,330</u>	<u>542,008,375</u>	<u>515,992,810</u>	<u>480,525,830</u>	<u>492,660,166</u>
Primary government					
Net investment in capital assets	546,140,320	533,349,365	483,519,507	436,522,688	419,304,905
Restricted	67,129,762	49,612,189	125,190,663	105,663,336	207,477,307
Unrestricted	232,668,634	264,015,889	206,778,344	214,816,341	126,859,415
Total primary government net position	<u>\$ 845,938,716</u>	<u>\$ 846,977,443</u>	<u>\$ 815,488,514</u>	<u>\$ 757,002,365</u>	<u>\$ 753,641,627</u>

City of Winston-Salem, North Carolina

Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

	Fiscal Year				
	2017	2016	2015	2014	2013
Expenses					
Governmental activities:					
General government ⁽²⁾	\$ 32,646,249	\$ 30,553,493	\$ 28,112,510	\$ 30,214,307	\$ 29,878,464
Public protection	106,739,938	100,928,955	91,609,111	91,570,853	89,546,660
Environmental health	17,720,245	17,002,328	16,270,988	17,082,112	16,392,374
Transportation ⁽³⁾	20,544,652	20,025,048	21,006,107	19,891,162	19,590,102
Culture and recreation	12,069,446	11,751,922	10,835,392	18,849,037	11,032,000
Community and economic development	36,064,551	21,981,252	19,105,095	20,425,689	26,710,224
Human resources	-	-	-	-	1,272,381
Interest and fiscal charges	10,191,248	7,937,451	9,807,798	9,357,090	8,859,221
Total governmental activities	<u>235,976,329</u>	<u>210,180,449</u>	<u>196,747,001</u>	<u>207,390,250</u>	<u>203,281,426</u>
Business-type activities:					
Water and sewer utility	87,583,208	82,994,364	81,924,268	81,004,734	82,284,238
Solid waste disposal	13,579,703	10,717,746	10,288,446	10,460,084	9,838,309
Cemeteries ⁽²⁾	-	-	-	531,689	541,624
Stormwater management	11,675,062	6,081,683	5,541,532	5,235,017	5,111,976
Parking	1,647,350	3,568,917	1,863,836	1,989,466	2,966,592
Transit Authority ⁽³⁾	18,890,589	17,142,451	16,222,267	15,708,892	15,111,260
Public assembly facilities management ⁽¹⁾	7,761,968	7,261,379	7,405,950	13,426,524	8,651,527
Fairgrounds ⁽¹⁾	-	-	-	-	2,153,200
Risk Acceptance Management Corporation	2,628,391	2,326,714	4,350,212	2,899,891	2,918,970
Total business-type activities	<u>143,766,271</u>	<u>130,093,254</u>	<u>127,596,511</u>	<u>131,256,297</u>	<u>129,577,696</u>
Total primary government expenses	<u>\$ 379,742,600</u>	<u>\$ 340,273,703</u>	<u>\$ 324,343,512</u>	<u>\$ 338,646,547</u>	<u>\$ 332,859,122</u>

Note:

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

⁽²⁾ The City began reporting the Cemeteries fund as a general fund in fiscal year 2015. Prior to that, the operations were included as part of the City's enterprise fund.

⁽³⁾ The City began reporting the Mass Transit Tax fund as an enterprise fund in fiscal year 2015. Prior to that, the operations were included as part of the City's special revenue fund.

Table 2
Page 1 of 2

	Fiscal Year				
	2012	2011	2010	2009	2008
Expenses					
Governmental activities:					
General government ⁽²⁾	\$ 30,826,362	\$ 25,863,974	\$ 31,112,684	\$ 31,861,386	\$ 29,655,840
Public protection	92,893,826	88,345,715	86,959,530	83,881,733	83,541,318
Environmental health	21,879,464	19,802,775	18,176,679	18,703,681	19,099,861
Transportation ⁽³⁾	19,921,948	20,247,213	19,070,043	19,578,168	18,404,629
Culture and recreation	11,352,616	14,726,817	14,223,055	17,574,870	15,720,537
Community and economic development	26,234,472	21,547,974	23,765,001	30,308,169	36,509,640
Human resources	982,212	979,962	1,091,513	1,153,345	1,093,643
Interest and fiscal charges	10,310,723	10,792,984	10,585,491	11,944,735	11,360,436
Total governmental activities	<u>214,401,623</u>	<u>202,307,414</u>	<u>204,983,996</u>	<u>215,006,087</u>	<u>215,385,904</u>
Business-type activities:					
Water and sewer utility	79,831,158	72,104,831	69,659,844	71,705,131	69,507,373
Solid waste disposal	10,967,977	9,237,164	9,098,218	9,563,922	10,258,387
Cemeteries ⁽²⁾	493,457	546,574	500,302	536,961	588,177
Stormwater management	5,082,522	4,999,077	4,880,855	5,167,475	4,917,793
Parking	2,884,554	3,057,649	3,382,991	3,326,812	3,265,321
Transit Authority ⁽³⁾	15,102,017	14,839,089	13,521,352	12,982,406	12,587,486
Public assembly facilities management ⁽¹⁾	8,523,769	8,999,990	8,415,024	7,682,326	8,061,802
Fairgrounds ⁽¹⁾	2,125,913	1,969,856	1,907,544	2,095,933	1,968,247
Risk Acceptance Management Corporation	2,951,448	2,753,290	3,013,272	2,776,167	2,241,983
Total business-type activities	<u>127,962,815</u>	<u>118,507,520</u>	<u>114,379,402</u>	<u>115,837,133</u>	<u>113,396,569</u>
Total primary government expenses	<u>\$ 342,364,438</u>	<u>\$ 320,814,934</u>	<u>\$ 319,363,398</u>	<u>\$ 330,843,220</u>	<u>\$ 328,782,473</u>

City of Winston-Salem, North Carolina

Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

	Fiscal Year				
	2017	2016	2015	2014	2013
Program Revenues					
Governmental activities:					
Charges for services					
General government ⁽²⁾	\$ 20,112,693	\$ 17,938,963	\$ 20,515,345	\$ 20,756,381	\$ 20,639,880
Public protection	4,236,530	3,861,336	3,808,576	3,834,986	4,839,089
Environmental health	2,306,884	2,285,788	2,425,703	2,287,169	2,401,552
Transportation ⁽³⁾	3,632,920	2,591,367	3,325,676	5,342,862	2,960,865
Culture and recreation	953,931	1,010,177	1,458,330	19,390	1,344,718
Community and economic development	6,869,820	6,464,175	6,293,171	8,144,703	6,310,304
Human resources	-	-	-	-	28,860
Operating Grants and Contributions	18,328,564	15,560,775	15,607,683	13,436,029	15,823,980
Capital Grants and Contributions	3,408,596	2,527,339	3,265,941	6,858,599	6,494,625
Total governmental activities	<u>59,849,938</u>	<u>52,239,920</u>	<u>56,700,425</u>	<u>60,680,119</u>	<u>60,843,873</u>
Business-type activities:					
Charges for Services					
Water and sewer utility	104,398,204	100,834,307	93,221,504	86,858,828	82,419,164
Solid waste disposal	10,510,422	10,575,534	9,382,726	10,372,085	9,401,535
Cemeteries ⁽²⁾	-	-	-	469,031	475,801
Stormwater management	10,822,681	10,715,512	10,539,003	10,523,395	10,380,993
Parking	745,034	1,196,763	1,178,191	1,113,134	1,236,834
Transit Authority ⁽³⁾	2,078,733	2,543,903	2,670,064	2,665,718	2,961,578
Public assembly facilities management ⁽¹⁾	5,826,359	5,500,973	9,765,453	6,330,938	5,984,124
Fairgrounds ⁽¹⁾	-	-	-	-	2,532,255
Risk Acceptance Management Corporation	1,044,620	1,166,490	115,235	3,162,985	3,176,160
Operating Grants and Contributions	8,795,420	8,481,848	8,261,599	8,227,850	7,781,963
Capital Grants and Contributions	5,899,105	11,496,645	3,177,283	5,449,000	11,097,255
Total business-type activities	<u>150,120,578</u>	<u>152,511,975</u>	<u>138,311,058</u>	<u>135,172,964</u>	<u>137,447,662</u>
Total primary government program revenues	<u>209,970,516</u>	<u>204,751,895</u>	<u>195,011,483</u>	<u>195,853,083</u>	<u>198,291,535</u>
Net (Expense) Revenue					
Governmental activities	(176,126,391)	(157,940,529)	(140,046,576)	(146,710,131)	(142,437,553)
Business activities	<u>6,354,307</u>	<u>22,418,721</u>	<u>10,714,547</u>	<u>3,916,667</u>	<u>7,869,966</u>
Total primary government net expense	<u>\$(169,772,084)</u>	<u>\$(135,521,808)</u>	<u>\$(129,332,029)</u>	<u>\$(142,793,464)</u>	<u>\$(134,567,587)</u>

Note:

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

⁽²⁾ The City began reporting the Cemeteries fund as a general fund in fiscal year 2015. Prior to that, the operations were included as part of the City's enterprise fund.

⁽³⁾ The City began reporting the Mass Transit Tax fund as an enterprise fund in fiscal year 2015. Prior to that, the operations were included as part of the City's special revenue fund.

Table 2
Page 2 of 2

	Fiscal Year				
	2012	2011	2010	2009	2008
Program Revenues					
Governmental activities:					
Charges for services					
General government ⁽²⁾	\$ 20,594,448	\$ 14,932,321	\$ 27,071,487	\$ 26,652,466	\$ 26,256,183
Public protection	4,815,442	3,191,079	2,326,590	1,700,590	1,686,869
Environmental health	2,469,228	2,629,275	2,666,791	2,535,948	2,274,195
Transportation ⁽³⁾	2,943,837	3,254,348	2,639,018	3,298,243	3,149,001
Culture and recreation	1,386,311	1,733,428	2,075,546	1,996,769	1,793,090
Community and economic development	8,864,027	7,949,321	22,446,217	7,915,373	8,809,956
Human resources	20,660	22,968	13,374	14,550	14,250
Operating Grants and Contributions	18,822,717	19,024,711	18,672,271	19,648,565	15,772,756
Capital Grants and Contributions	3,375,834	5,818,688	2,631,592	709,648	838,349
Total governmental activities	<u>63,292,504</u>	<u>58,556,139</u>	<u>80,542,886</u>	<u>64,472,152</u>	<u>60,594,649</u>
Business-type activities:					
Charges for Services					
Water and sewer utility	76,744,707	70,538,136	66,598,885	61,627,076	62,561,012
Solid waste disposal	9,283,681	9,877,757	10,560,197	10,612,828	12,073,446
Cemeteries ⁽²⁾	433,227	416,250	450,414	433,704	531,962
Stormwater management	10,322,694	10,108,165	10,900,058	10,456,955	7,817,979
Parking	2,115,133	2,151,556	1,875,815	1,843,874	1,849,618
Transit Authority ⁽³⁾	3,104,580	2,937,978	2,813,545	2,986,463	2,607,827
Public assembly facilities management ⁽¹⁾	5,777,414	5,584,309	5,056,454	3,903,511	4,692,069
Fairgrounds ⁽¹⁾	2,850,289	2,784,941	2,488,970	2,468,397	2,690,216
Risk Acceptance Management Corporation	3,125,164	3,050,190	3,010,197	3,247,726	1,620,747
Operating Grants and Contributions	7,851,935	7,225,169	6,647,268	10,040,806	5,456,834
Capital Grants and Contributions	5,486,083	12,476,689	25,382,634	6,801,530	15,913,848
Total business-type activities	<u>127,094,907</u>	<u>127,151,140</u>	<u>135,784,437</u>	<u>114,422,870</u>	<u>117,815,558</u>
Total primary government program revenues	<u>190,387,411</u>	<u>185,707,279</u>	<u>216,327,323</u>	<u>178,895,022</u>	<u>178,410,207</u>
Net (Expense) Revenue					
Governmental activities	(151,109,119)	(143,751,275)	(124,441,110)	(150,533,935)	(154,791,255)
Business activities	(867,908)	8,643,620	21,405,035	(1,414,263)	4,418,989
Total primary government net expense	<u>\$ (151,977,027)</u>	<u>\$ (135,107,655)</u>	<u>\$ (103,036,075)</u>	<u>\$ (151,948,198)</u>	<u>\$ (150,372,266)</u>

City of Winston-Salem, North Carolina

General Revenues and Total Change in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

	Fiscal Year				
	2017	2016	2015	2014	2013
Net (Expense)/Revenue					
Governmental activities	\$ (176,126,391)	\$ (157,940,529)	\$ (140,046,576)	\$ (146,710,131)	\$ (142,437,553)
Business-type activities	6,354,307	22,418,721	10,714,547	3,916,667	7,869,966
Total primary government expense	<u>\$ (169,772,084)</u>	<u>\$ (135,521,808)</u>	<u>\$ (129,332,029)</u>	<u>\$ (142,793,464)</u>	<u>\$ (134,567,587)</u>
General Revenues and Other Changes in Net Position					
Governmental activities:					
Taxes					
Property taxes	\$ 114,867,555	\$ 109,495,096	\$ 101,672,305	\$ 108,353,348	\$ 106,788,582
Sales taxes	39,983,759	37,612,657	35,396,961	30,667,850	29,756,682
Gross receipt taxes	367,339	310,924	336,466	234,853	239,909
Occupancy taxes	783,673	738,282	676,361	606,076	559,261
Beer and wine excise-state	1,081,299	1,046,536	1,123,316	1,020,227	937,270
Telecommunications sales tax ⁽³⁾	2,112,407	2,129,618	2,434,801	-	-
Utilities sales tax ⁽³⁾	13,131,269	13,642,565	11,628,161	-	-
Piped natural gas sales tax ⁽³⁾	673,437	618,280	874,111	-	-
Video programming tax ⁽³⁾	2,224,104	2,211,617	2,299,732	-	-
Franchise taxes ⁽³⁾	-	-	-	14,630,204	14,677,580
Payments in lieu of taxes	272,227	252,827	215,901	213,596	195,035
ABC store allocations	1,524,244	1,290,517	1,071,106	1,278,470	1,152,220
Federal bond interest subsidy	-	-	-	269,859	280,368
Hold harmless	-	-	-	1,032,842	1,985,802
Investment income (loss)	1,369,676	989,065	713,752	1,651,593	1,738,118
Transfers					
Government-wide	770,910	(260,831)	280,537	2,191,574	(5,185,574)
Fiduciary funds	-	-	-	-	(8,500,000)
Total governmental activities expenses	<u>179,161,899</u>	<u>170,077,153</u>	<u>158,723,510</u>	<u>162,150,492</u>	<u>144,625,253</u>
Business-type activities:					
Property taxes	7,176,905	7,090,014	6,889,480	-	-
Investment income (loss)	16,941,265	1,739,678	4,681,987	17,210,584	11,381,805
Transfers					
Government-wide	(770,910)	260,831	(280,537)	(2,191,574)	5,185,574
Total business-type activities expenses	<u>23,347,260</u>	<u>9,090,523</u>	<u>11,290,930</u>	<u>15,019,010</u>	<u>16,567,379</u>
Total primary government	<u>202,509,159</u>	<u>179,167,676</u>	<u>170,014,440</u>	<u>177,169,502</u>	<u>161,192,632</u>
Change in Net Position					
Governmental activities	3,035,508	12,136,624	18,676,934	15,440,361	2,187,700
Business-type activities	29,701,567	31,509,244	22,005,477	18,935,677	24,437,345
Total primary government program revenues	<u>\$ 32,737,075</u>	<u>\$ 43,645,868</u>	<u>\$ 40,682,411</u>	<u>\$ 34,376,038</u>	<u>\$ 26,625,045</u>

Note:

⁽¹⁾ The City began reporting the Cemeteries fund as a general fund in fiscal year 2015. Prior to that, the operations were included as part of the City's enterprise fund.

⁽²⁾ The City began reporting the Mass Transit Tax fund as an enterprise fund in fiscal year 2015. Prior to that, the operations were included as part of the City's special revenue fund.

⁽³⁾ In fiscal year 2015 franchise taxes was separated between telecommunications sales tax, utilities sales tax, piped natural gas sales tax, and video programming tax.

Table 3

	Fiscal Year				
	2012	2011	2010	2009	2008
Net (Expense)/Revenue					
Governmental activities	\$ (151,109,119)	\$ (143,751,275)	\$ (124,441,110)	\$ (150,533,935)	\$ (154,791,255)
Business-type activities	(867,908)	8,643,620	21,405,035	(1,414,263)	4,418,989
Total primary government expense	<u>\$ (151,977,027)</u>	<u>\$ (135,107,655)</u>	<u>\$ (103,036,075)</u>	<u>\$ (151,948,198)</u>	<u>\$ (150,372,266)</u>
General Revenues and Other Changes in Net Position					
Governmental activities:					
Taxes					
Property taxes	\$ 100,684,658	\$ 101,095,371	\$ 100,076,751	\$ 98,208,818	\$ 100,466,949
Sales taxes	29,472,383	26,862,502	27,234,010	28,630,607	31,401,952
Gross receipt taxes	229,864	229,828	170,888	163,386	179,432
Occupancy taxes	533,214	480,000	435,758	480,226	565,985
Beer and wine excise-state	998,021	1,036,067	325,842	1,009,971	1,018,079
Telecommunications sales tax ⁽³⁾	-	-	-	-	-
Utilities sales tax ⁽³⁾	-	-	-	-	-
Piped natural gas sales tax ⁽³⁾	-	-	-	-	-
Video programming tax ⁽³⁾	-	-	-	-	-
Franchise taxes ⁽³⁾	14,161,273	14,350,645	14,349,799	14,019,735	13,581,660
Payments in lieu of taxes	201,035	170,581	182,088	170,550	157,276
ABC store allocations	1,082,666	860,254	885,644	970,526	986,919
Federal bond interest subsidy	293,118	278,339	34,077	-	-
Hold harmless	2,336,010	2,694,521	2,692,978	1,958,533	1,828,326
Investment income (loss)	928,392	2,208,097	3,229,964	(450,329)	5,244,269
Transfers					
Government-wide	(3,645,197)	(1,041,566)	(2,157,520)	3,135,376	(2,553,465)
Fiduciary funds	-	-	-	-	-
Total governmental activities expenses	<u>147,275,437</u>	<u>149,224,639</u>	<u>147,460,279</u>	<u>148,297,399</u>	<u>152,877,382</u>
Business-type activities:					
Property taxes	-	-	-	-	-
Investment income (loss)	17,666	16,330,379	11,904,425	(12,548,089)	(8,727)
Transfers					
Government-wide	3,645,197	1,041,566	2,157,520	(3,135,376)	2,553,465
Total business-type activities expenses	<u>3,662,863</u>	<u>17,371,945</u>	<u>14,061,945</u>	<u>(15,683,465)</u>	<u>2,544,738</u>
Total primary government	<u>150,938,300</u>	<u>166,596,584</u>	<u>161,522,224</u>	<u>132,613,934</u>	<u>155,422,120</u>
Change in Net Position					
Governmental activities	(3,833,682)	5,473,364	23,019,169	(2,236,536)	(1,913,873)
Business-type activities	2,794,955	26,015,565	35,466,980	(17,097,728)	6,963,727
Total primary government program revenues	<u>\$ (1,038,727)</u>	<u>\$ 31,488,929</u>	<u>\$ 58,486,149</u>	<u>\$ (19,334,264)</u>	<u>\$ 5,049,854</u>

City of Winston-Salem, North Carolina

Program Revenues by Function/Program

Last Ten Fiscal Years

(accrual basis of accounting)

Function/Program	Fiscal Year				
	2017	2016	2015	2014	2013
Governmental activities:					
General government					
General government ⁽²⁾	\$ 21,363,164	\$ 19,085,167	\$ 21,556,561	\$ 20,756,381	\$ 20,825,294
Public protection	5,101,718	5,178,752	4,780,230	5,835,183	8,270,359
Environmental health	2,378,167	2,546,196	2,896,308	2,416,229	2,985,361
Transportation ⁽³⁾	13,696,353	13,006,388	14,772,541	17,882,578	13,205,658
Culture and recreation	1,673,931	1,010,177	1,458,330	19,390	1,978,707
Community and economic development	15,636,605	11,413,240	11,236,455	13,770,358	13,549,634
Human resources	-	-	-	-	28,860
Total governmental activities	<u>59,849,938</u>	<u>52,239,920</u>	<u>56,700,425</u>	<u>60,680,119</u>	<u>60,843,873</u>
Business-type activities:					
Water and sewer utility	109,977,029	105,365,491	97,416,530	89,174,025	91,296,929
Solid waste disposal	11,434,616	11,540,453	10,284,939	11,287,403	10,179,220
Cemeteries ⁽²⁾	-	-	-	469,031	475,801
Stormwater management	10,975,967	11,001,768	10,616,379	10,570,348	13,616,589
Parking	1,180,382	1,632,111	1,604,832	1,543,574	1,841,864
Transit Authority ⁽³⁾	9,673,642	16,251,424	8,440,319	11,278,044	8,307,220
Public assembly facilities management ⁽¹⁾	5,834,322	5,554,238	9,832,824	7,687,554	6,021,624
Fairgrounds ⁽¹⁾	-	-	-	-	2,532,255
Risk Acceptance Management Corporation	1,044,620	1,166,490	115,235	3,162,985	3,176,160
Subtotal business-type activities	<u>150,120,578</u>	<u>152,511,975</u>	<u>138,311,058</u>	<u>135,172,964</u>	<u>137,447,662</u>
Total primary government	<u>\$ 209,970,516</u>	<u>\$ 204,751,895</u>	<u>\$ 195,011,483</u>	<u>\$ 195,853,083</u>	<u>\$ 198,291,535</u>

Note:

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

⁽²⁾ The City began reporting the Cemeteries fund as a general fund in fiscal year 2015. Prior to that, the operations were included as part of the City's enterprise fund.

⁽³⁾ The City began reporting the Mass Transit Tax fund as an enterprise fund in fiscal year 2015. Prior to that, the operations were included as part of the City's special revenue fund.

Table 4

Function/Program	Fiscal Year				
	2012	2011	2010	2009	2008
Governmental activities:					
General government ⁽²⁾					
Public protection	\$ 20,881,590	\$ 15,202,619	\$ 27,123,877	\$ 26,654,346	\$ 26,295,990
Environmental health	9,395,896	10,387,601	5,137,558	2,853,430	2,768,435
Transportation ⁽³⁾	3,514,306	3,063,178	2,728,810	2,535,948	2,274,195
Culture and recreation	11,237,275	13,734,741	12,902,376	11,820,033	11,876,514
Community and economic development	1,947,342	2,030,193	2,094,664	2,000,469	2,043,090
Human resources	16,295,435	14,114,839	30,542,227	18,593,376	15,322,175
Total governmental activities	20,660	22,968	13,374	14,550	14,250
	<u>63,292,504</u>	<u>58,556,139</u>	<u>80,542,886</u>	<u>64,472,152</u>	<u>60,594,649</u>
Business-type activities:					
Water and sewer utility	83,361,799	76,732,215	71,357,873	67,466,014	77,613,850
Solid waste disposal	10,146,254	10,624,729	11,217,617	11,150,154	12,577,312
Cemeteries ⁽²⁾	434,652	436,102	450,414	433,704	535,239
Stormwater management	10,494,267	10,353,648	10,944,378	10,796,962	7,817,979
Parking	2,561,886	2,617,934	2,339,601	2,323,055	2,330,329
Transit Authority ⁽³⁾	8,341,182	14,966,957	16,813,820	8,627,155	8,008,356
Public assembly facilities management ⁽¹⁾	5,779,414	5,584,424	17,161,567	7,909,703	4,621,530
Fairgrounds ⁽¹⁾	2,850,289	2,784,941	2,488,970	2,468,397	2,690,216
Risk Acceptance Management Corporation	3,125,164	3,050,190	3,010,197	3,247,726	1,620,747
Subtotal business-type activities	<u>127,094,907</u>	<u>127,151,140</u>	<u>135,784,437</u>	<u>114,422,870</u>	<u>117,815,558</u>
Total primary government	\$ 190,387,411	\$ 185,707,279	\$ 216,327,323	\$ 178,895,022	\$ 178,410,207

City of Winston-Salem, North Carolina

Fund Balances, Governmental Funds

Last Ten Fiscal Years

(accrual basis of accounting)

	Fiscal Year				
	2017	2016	2015	2014	2013
General Fund					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-	-
Nonspendable	1,272,235	1,109,012	1,181,005	237,306	275,409
Restricted	20,973,482	22,559,689	17,368,209	14,497,467	12,937,795
Assigned	2,035,000	4,365,350	2,879,210	4,325,000	2,208,440
Unassigned	25,273,474	23,403,739	29,673,717	26,906,450	31,777,615
Total general fund	<u>\$ 49,554,191</u>	<u>\$ 51,437,790</u>	<u>\$ 51,102,141</u>	<u>\$ 45,966,223</u>	<u>\$ 47,199,259</u>
All Other Governmental Funds					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:					
Debt service fund	-	-	-	-	-
Community and economic fund	-	-	-	-	-
Nonspendable	4,415,950	33,763,623	32,952,496	3,947,208	3,417,887
Restricted	45,903,851	140,896,415	57,947,312	37,248,597	41,903,197
Committed	56,047,230	13,378,770	53,126,687	51,748,213	35,922,200
Unassigned	-	(9,144,109)	(3,316,322)	(2,606,931)	(5,233,280)
Total all other governmental funds	<u>\$ 106,367,031</u>	<u>\$ 178,894,699</u>	<u>\$ 140,710,173</u>	<u>\$ 90,337,087</u>	<u>\$ 76,010,004</u>

NOTE:

The City of Winston-Salem implemented GASB 54 June 30, 2011; therefore, the new fund balance classifications will be reported prospectively.

Table 5

	Fiscal Year				
	2012	2011	2010	2009	2008
General Fund					
Reserved	\$ -	\$ -	\$ 14,996,236	\$ 13,179,157	\$ 13,961,151
Unreserved	-	-	25,343,504	24,017,078	25,433,091
Nonspendable	320,454	326,756	-	-	-
Restricted	13,959,171	10,794,412	-	-	-
Assigned	3,000,000	1,971,380	-	-	-
Unassigned	27,273,799	30,260,159	-	-	-
Total general fund	<u>\$ 44,553,424</u>	<u>\$ 43,352,707</u>	<u>\$ 40,339,740</u>	<u>\$ 37,196,235</u>	<u>\$ 39,394,242</u>
All Other Governmental Funds					
Reserved	\$ -	\$ -	\$ 110,177,862	\$ 86,006,372	\$ 103,397,364
Unreserved, reported in:					
Debt service fund	-	-	7,986,653	7,066,182	9,768,793
Community and economic fund	-	-	-	(600)	(602)
Nonspendable	3,103,747	3,150,703	-	-	-
Restricted	60,247,815	50,760,360	-	-	-
Committed	45,198,777	67,156,849	-	-	-
Unassigned	(6,389,556)	(5,925,975)	-	-	-
Total all other governmental funds	<u>\$ 102,160,783</u>	<u>\$ 115,141,937</u>	<u>\$ 118,164,515</u>	<u>\$ 93,071,954</u>	<u>\$ 113,165,555</u>

City of Winston-Salem, North Carolina

Changes in Fund Balances, Governmental Funds

Last Ten Fiscal Years

(accrual basis of accounting)

	2017	2016	2015	2014	2013
Revenues					
Taxes	\$ 156,135,468	\$ 148,399,035	\$ 138,451,639	\$ 140,258,130	\$ 137,419,822
Licenses and permits	6,609,148	6,296,921	8,630,553	8,634,524	8,018,631
Intergovernmental	42,757,909	39,280,074	38,521,025	38,739,826	41,547,074
Investment income (loss)	1,293,820	774,261	612,256	1,396,715	1,669,628
Charges for services	19,472,969	18,282,372	18,792,591	18,416,380	18,798,671
Capital lease charges	1,181,191	992,154	1,983,941	2,730,708	3,057,782
Other	9,158,744	8,785,375	8,510,071	11,776,135	8,311,191
Total revenues	<u>236,609,249</u>	<u>222,810,192</u>	<u>215,502,076</u>	<u>221,952,418</u>	<u>218,822,799</u>
Expenditures					
General government	30,894,515	29,729,507	28,142,891	28,324,210	27,742,441
Public protection	101,455,435	95,912,406	88,569,252	86,713,583	84,763,949
Environmental health	18,489,265	17,853,455	15,940,897	16,217,135	15,796,373
Transportation	14,014,244	14,260,344	14,075,040	14,135,490	13,245,424
Culture and recreation	10,510,943	10,305,086	9,547,647	9,144,183	8,850,208
Community and economic development	29,230,068	20,920,823	18,648,907	18,827,597	18,498,741
Human resources	-	-	-	-	1,272,381
Other	361,645	370,143	-	-	496,520
Capital outlay	85,621,977	48,831,526	37,326,971	23,528,507	30,992,642
Debt service					
Capital lease charges ⁽¹⁾	-	-	8,443,946	10,928,248	6,599,769
Principal retirement					
Bond	8,495,000	6,486,900	6,370,000	6,322,950	6,216,215
Other	22,619,730	9,114,563	18,176,842	5,808,970	21,181,843
Interest & fiscal charges					
Bond	5,381,551	3,794,371	3,707,737	4,430,618	4,276,699
Other	6,802,599	5,648,111	7,060,496	6,752,079	6,396,927
Total expenditures	<u>333,876,972</u>	<u>263,227,235</u>	<u>256,010,626</u>	<u>231,133,570</u>	<u>246,330,132</u>
Excess of revenues over (under) expenditures	<u>(97,267,723)</u>	<u>(40,417,043)</u>	<u>(40,508,550)</u>	<u>(9,181,152)</u>	<u>(27,507,333)</u>

Table 6
Pages 1 of 2

	Fiscal Year				
	2012	2011	2010	2009	2008
Revenues					
Taxes	\$ 131,207,451	\$ 128,690,189	\$ 127,886,436	\$ 126,804,580	\$ 132,446,794
Licenses and permits	8,368,613	8,598,520	8,150,066	8,815,503	9,082,732
Intergovernmental	41,270,674	44,217,970	39,765,701	38,487,528	34,183,365
Investment income (loss)	627,580	2,208,097	3,229,964	(450,329)	5,244,269
Charges for services	20,293,132	20,175,599	24,422,244	24,592,190	23,106,250
Capital lease charges	12,817,983	2,871,724	2,961,965	3,431,044	3,262,726
Other	10,268,813	8,492,038	22,268,227	7,138,066	7,238,678
Total revenues	224,854,246	215,254,137	228,684,603	208,818,582	214,564,814
Expenditures					
General government	27,648,578	22,745,374	27,358,306	27,690,971	25,678,147
Public protection	87,439,389	84,714,715	82,133,733	79,184,420	78,869,654
Environmental health	17,722,083	17,257,994	16,987,747	17,066,730	17,293,295
Transportation	13,816,006	13,184,437	13,413,321	13,225,902	13,629,137
Culture and recreation	9,265,785	12,547,145	12,436,335	12,837,922	13,605,789
Community and economic development	23,698,370	19,961,931	21,672,771	25,515,962	21,260,511
Human resources	982,212	979,962	1,091,513	1,153,345	1,093,643
Other	568,944	527,634	538,175	722,426	598,751
Capital outlay	27,589,441	22,834,162	32,137,172	35,007,563	45,961,359
Debt service					
Capital lease charges ⁽¹⁾	7,825,174	8,030,393	9,015,010	10,662,994	9,265,035
Principal retirement					
Bond	5,089,597	4,710,326	6,210,308	6,872,920	7,422,721
Other	21,345,822	3,531,947	21,286,507	2,290,480	1,806,893
Interest & fiscal charges					
Bond	4,685,697	4,556,591	4,459,255	4,739,614	4,881,330
Other	5,610,278	5,812,389	6,035,891	7,190,418	6,531,300
Total expenditures	253,287,376	221,395,000	254,776,044	244,161,667	247,897,565
Excess of revenues over (under) expenditures	(28,433,130)	(6,140,863)	(26,091,441)	(35,343,085)	(33,332,751)

City of Winston-Salem, North Carolina

Changes in Fund Balances, Governmental Funds

Last Ten Fiscal Years

(accrual basis of accounting)

	Fiscal Year				
	2017	2016	2015	2014	2013
Other Financing Sources (Uses)					
Issuances of special obligation bonds	\$ -	\$ -	\$ -	\$ -	\$ 5,865,000
Premium on special obligation bonds	-	-	-	-	444,338
Proceeds of refunding bonds	-	-	6,018,464	-	3,786,900
Premium on refunding LOBS	-	-	-	-	532,216
Payment to refunded LOBS escrow agent	-	-	(6,259,644)	-	(4,250,404)
Premium on general obligation bonds	-	7,261,851	-	286,024	-
Issuance of general obligation bonds	-	58,475,000	-	3,945,000	-
Issuance of refunding general obligation bonds	-	12,655,000	-	-	-
Payment to refunded bond escrow agent	-	(14,258,284)	-	-	-
Capital leases	22,541,776	15,403,662	18,937,813	8,902,633	5,666,283
Refunding IFC proceeds	-	-	-	-	-
Payment to refunded IFC escrow agent	-	-	-	-	-
Issuance of certificates of participation	-	-	-	-	-
Premium on installment financing contract	-	-	-	-	-
Premium on limited obligation bonds	-	-	5,613,000	114,829	-
Issuance of limited obligation bonds	-	-	45,170,000	14,000,000	-
Proceeds of refunding limited obligation bonds	-	-	-	-	-
Payment to refunded limited obligation bond escrow agent	-	-	-	-	-
Issuance of installment purchase contract	-	-	-	-	-
Transfers in	16,515,229	17,884,444	19,922,361	34,108,691	30,700,406
Transfers out	<u>(16,200,549)</u>	<u>(18,484,455)</u>	<u>(20,255,654)</u>	<u>(36,135,741)</u>	<u>(38,742,350)</u>
Total other financing sources (uses), net	<u>22,856,456</u>	<u>78,937,218</u>	<u>69,146,340</u>	<u>25,221,436</u>	<u>4,002,389</u>
Net change in fund balances	<u>\$ (74,411,267)</u>	<u>\$ 38,520,175</u>	<u>\$ 28,637,790</u>	<u>\$ 16,040,284</u>	<u>\$ (23,504,944)</u>

Debt service as a percentage of noncapital expenditures	17.1%	11.7%	16.1%	11.2%	17.1%
---	-------	-------	-------	-------	-------

Note:

⁽¹⁾ The City began reporting capital lease charges in the expenditure service areas in fiscal year 2016.

Capital lease charges are payments made to the City's Equipment Leasing program recorded in the Capital Projects fund. Debt service payments are recorded in the Capital Projects fund.

Table 6
Page 2 of 2

	Fiscal Year				
	2012	2011	2010	2009	2008
Other Financing Sources (Uses)					
Issuances of special obligation bonds	\$ -	\$ -	\$ 12,700,000	\$ -	\$ -
Premium on special obligation bonds	-	-	-	-	-
Proceeds of refunding bonds	14,255,000	-	24,750,000	8,435,000	-
Premium on refunding LOBS	2,417,347	-	2,123,125	642,702	-
Payment to refunded LOBS escrow agent	(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	-	5,105,000
Issuance of refunding general obligation bonds	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-
Capital leases	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	27,201,489
Premium on installment financing contract	206,000	-	-	-	-
Premium on limited obligation bonds	4,999,365	-	1,605,681	-	-
Issuance of limited obligation bonds	-	-	-	-	-
Proceeds of refunding limited obligation bonds	-	-	18,639,225	-	-
Payment to refunded limited obligation bond escrow agent	-	-	(20,175,181)	-	-
Issuance of installment purchase contract	-	-	-	-	23,600,000
Transfers in	27,302,927	43,595,532	30,093,756	41,015,868	35,046,232
Transfers out	(30,827,224)	(44,514,718)	(32,251,276)	(37,880,492)	(37,599,697)
Total other financing sources (uses), net	16,652,693	8,364,155	54,327,507	13,051,477	53,353,024
Net change in fund balances	\$ (11,780,437)	\$ 2,223,292	\$ 28,236,066	\$ (22,291,608)	\$ 20,020,273
Debt service as a percentage of noncapital expenditures	16.3%	9.4%	18.0%	9.9%	9.6%

City of Winston-Salem, North Carolina

Tax Revenues by Source, Governmental Funds

Last Ten Fiscal Years

(modified basis of accounting)

Table 7

Fiscal Year	Property	Sales Tax	Gross Receipts Tax	Occupancy Tax	Total
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
2008	100,299,425	31,401,952	179,432	565,985	132,446,794

Note:

Mass Transit Tax fund moved from governmental to business type fund in fiscal year 2015.

City of Winston-Salem, North Carolina

Taxable Property Assessed Value

Last Ten Fiscal Years
(dollars in thousands)

Table 8

Fiscal Year Ended June 30	Tax Year Ended December 31				Public Service Companies	Total Assessed Value	Property Tax Rate (Per \$100 Assessed Value)		Ratio of Assessed Value to Estimated Actual Value
		Real Property	Personal Property				Assessed Value)		
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		
2008	2007	15,469,942	3,804,520	352,039	19,626,501	0.4900	100		

Note:

Taxable property was revalued on January 1, 2013.

Source:

Forsyth County Tax Department

City of Winston-Salem, North Carolina

Property Tax Rates

Last Ten Fiscal Years

Direct and Overlapping Local Government Jurisdictions

Table 9

Fiscal Year Ended June 30	City of Winston-Salem			<u>Total City</u>	Forsyth County	Combined Tax Rate
	General Fund	Mass Transit Tax Fund	Debt Service Fund			
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
2008	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 and June 30, 2014 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	2017			2008		
	Taxable Assessed Value	Rank	Percentage of Total Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Assessed Value
Caterpillar	\$ 339,942,130	1	1.64%	\$ -	-	- %
RJ Reynolds	284,939,761	2	1.37	636,983,970	1	3.25
JG Winston-Salem LLC	203,477,003	3	0.98	178,849,000	4	0.91
Duke Energy Corp.	199,723,699	4	0.96	151,515,119	6	0.77
Wexford Winston Salem	189,496,501	5	0.91	-	-	-
Wells Fargo/Wachovia Bank	156,734,241	6	0.75	330,389,320	2	1.68
Herbalife International of America Inc	97,073,968	7	0.47	-	-	-
Lowes Data Center	87,798,723	8	0.42	232,782,180	3	1.19
Branch Banking & Trust	72,375,877	9	0.35	-	-	-
Wake Forest University	67,473,926	10	0.32	108,228,080	9	0.55
Highwoods/Forsyth Ltd. Partners	-	-	-	158,900,430	5	0.81
Hanesbrands Inc	-	-	-	134,218,420	7	0.68
Dell Products LP	-	-	-	113,623,640	8	0.58
First States Inverstors 3300 LI	-	-	-	99,644,800	10	0.51
Total	\$ 1,699,035,829		8.17%	\$ 2,145,134,959		10.93%

Note:

Above taxable assessed valuations are as of January 1, 2017 and 2008 respectively, and the associated tax levies of \$.585 and \$.490 were due in fiscal years ended June 30, 2017 and 2008 respectively.

Source:

Forsyth County Tax Department and 2008 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
2017	\$ 122,245,565	\$ 121,216,436	99.2%	\$ -	\$ 121,216,436	99.2%
2016	116,512,698	115,428,747	99.1	598,416	116,027,163	99.6
2015	108,648,243	107,491,815	98.9	734,865	108,226,680	99.6
2014	108,109,991	106,428,236	98.4	937,121	107,365,357	99.3
2013	106,639,827	104,424,332	97.9	1,756,189	106,180,521	99.6
2012	101,116,024	98,885,754	97.8	1,870,476	100,756,230	99.6
2011	101,502,846	99,163,770	97.7	2,029,578	101,193,348	99.7
2010	100,568,545	98,275,383	97.7	1,957,155	100,232,538	99.7
2009	98,717,116	95,998,394	97.2	1,965,623	97,964,017	99.2
2008	100,619,980	98,746,306	98.1	1,519,951	100,266,257	99.6

Note:

Tax collections do not include penalties and interest of \$452,123 and refunds of \$93,885 in fiscal year 2017.

Outstanding delinquent taxes includes amounts considered uncollectible. The allowance for uncollectible accounts at June 30, 2017 was \$1,770,390.

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, 2017

Table 12

	Total Levy				
	City - Wide		Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
	Property Valuation	Rate			
Original levy:					
Property taxed at current rate	\$ 20,779,118,995	\$ 0.585	\$ 120,802,271	\$ 110,562,902	\$ 10,239,369
Downtown Business District ⁽¹⁾	-	0.090	531,296	518,857	12,439
Discoveries - current years	53,351,883	-	911,998	911,998	-
Total property valuation	<u>\$ 20,832,470,878</u>				
Net levy			122,245,565	111,993,757	10,251,808
Uncollected taxes at June 30, 2017			<u>1,029,129</u>	<u>1,028,593</u>	<u>536</u>
Current year's taxes collected			<u>\$ 121,216,436</u>	<u>\$ 110,965,164</u>	<u>\$ 10,251,272</u>
Current levy collection percentage			<u>99.16%</u>	<u>99.08%</u>	<u>99.99%</u>

Note:

Tax collections do not include penalties and interest of \$452,123 and refunds of \$93,885 in fiscal year 2017.

⁽¹⁾ 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 \$0.585.

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

June 30, 2017

Table 13

Fiscal Year Ended <u>June 30</u>	Uncollected Balance <u>June 30, 2016</u>	Additions	Collections and Credits	Uncollected Balance <u>June 30, 2017</u>
2017	\$ -	\$ 122,245,565	\$ 121,216,436	\$ 1,029,129
2016	1,083,951		763,668	320,283
2015	378,002	-	141,904	236,098
2014	541,585	-	98,537	443,048
2013	440,569	-	262,306	178,263
2012	168,645	-	27,241	141,404
2011	150,692	-	20,767	129,925
2010	133,708	-	23,523	110,185
2009	107,128	-	12,563	94,565
2008	84,120	-	5,617	78,503
	<u>\$ 3,088,400</u>	<u>\$ 122,245,565</u>	<u>\$ 122,572,562</u>	<u>\$ 2,761,403</u>
Less: allowance for uncollectible accounts:				
<u>(1,770,390)</u>				
Ad valorem taxes receivable - net				
<u>991,013</u>				
<u>Reconciliation to revenues:</u>				
Collections and credits				
122,572,562				
Prior years Adj. and Releases				
(550,492)				
Taxes written off				
(202,706)				
Ad valorem taxes				
121,819,364				
Reconciling items:				
Refunds				
(93,885)				
Interest				
452,123				
Unearned tax revenue				
(133,142)				
Subtotal				
225,096				
Total property tax revenues				
<u>122,044,460</u>				

City of Winston-Salem, North Carolina

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years

Fiscal Year	Governmental Activities				Business-type Activities			
	General Obligation Bonds		Contracts Payable		Special Obligation Bonds		Revenue Bonds	
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		
2008	93,127,317	132,667,682	5,790,000	13,800,000	329,865,000	42,367,375		

Notes:

⁽¹⁾ See Table 19 for personal income and population data.

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

Table 14

Total Primary Government	Percentage of Personal Income ⁽¹⁾	Per Capita ⁽¹⁾
\$ 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
617,617,374	7.70	2,746

City of Winston-Salem, North Carolina

Ratios of General Bonded Debt Outstanding

Last Ten Fiscal Years

Table 15

General Bonded Debt Outstanding					
Fiscal Year	General Obligation Bonds	Assessed Value (In Thousands)		Percentage of Actual Taxable Value of Property	Per Capita ⁽¹⁾
		General Obligation Bonds	Assessed Value (In Thousands)		
2017	\$ 128,823,361	\$ 20,779,119		0.62%	\$ 535.42
2016	137,663,378	20,369,235		0.68	576.24
2015	79,424,827	19,993,938		0.40	333.85
2014	85,736,974	19,811,239		0.43	364.02
2013	87,779,140	21,713,470		0.40	376.36
2012	88,189,165	21,265,734		0.41	379.89
2011	90,913,762	21,335,497		0.43	394.69
2010	95,349,088	21,512,023		0.44	405.61
2009	85,949,396	20,063,179		0.43	376.21
2008	93,127,317	19,626,501		0.47	414.10

Note:

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

⁽¹⁾ Population data can be found in Table 19.

City of Winston-Salem, North Carolina

Legal Debt Margin

Last Ten Fiscal Years

(dollars in thousands)

Table 16

Fiscal Year	Debit Limit	Less: Total Net Debt Applicable to Limit	Legal Debt Margin	Total Net Debt Applicable to the Limit as a Percentage of Debt Limit
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
2008	1,570,120,082	83,358,524	1,486,761,558	5.31

Legal Debt Margin Calculation for Fiscal Year 2016

Assessed value	\$ 20,779,118,995
Debt Limit (8% of assessed value)	1,662,329,520
Debt applicable to limit:	
General obligation bonds	128,823,361
Statutory deduction:	
Debt service fund	<u>(23,618,105)</u>
	<u>105,205,256</u>
Legal debt margin	<u><u>\$ 1,557,124,264</u></u>

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

As of June 30, 2017

(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>
City direct debt	\$ 299,224	100.00%	\$ 299,224
Debt repaid with property taxes			
Forsyth County	599,659	61.83 ⁽¹⁾	370,769
Total direct and overlapping debt			<u>\$ 669,993</u>

Notes:

⁽¹⁾ Percentage of Direct and Overlapping Debt is based on the 6/30/17 assessed valuation of the City of Winston-Salem as compared to the 6/30/17 assessed valuation of Forsyth County.

City of Winston-Salem, North Carolina

Pledged – Revenue Coverage

Last Ten Fiscal Years
(dollars in thousands)

Fiscal Year	Revenue Bonds						Coverage	
	Water & Sewer Bonds							
	Net Revenue		Available for Debt Service		Debt Service			
Gross Revenues	Operating Expenses				Principal	Interest		
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			
2008 77,613	39,743	37,870	9,590	10,974	1.8x			

Fiscal Year	Special Obligation Bonds				Coverage	
	Sales		Debt Service			
	Tax	Principal	Interest			
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			
2008 31,402	1,365	834	14.3x			

Table 18

Fiscal Year			Revenue Bonds				Coverage	
			Stormwater Bonds					
			Net Revenue		Debt Service			
Gross Revenues	Operating Expenses		Available for Debt Service	Principal	Interest			
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	-	-	-	-	-		-	
2008	-	-	-	-	-		-	

City of Winston-Salem, North Carolina

Demographic and Economic Statistics

Last Ten Fiscal Years

Table 19

Fiscal Year Ended June 30	Population	Personal Income	Per Capita Income	Median Age	Public School Enrollment	Unemployment Rate
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
2008	224,889	8,020,891,074	35,666	36.7	51,408	5.9

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>Employer</u>	2017			2008		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment⁽¹⁾</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment⁽¹⁾</u>
Wake Forest Baptist Health	12,873	1	5.35%	11,400	1	5.04%
Novant Health, Inc.	8,145	2	3.39	7,500	3	3.32
Winston-Salem /Forsyth County School System	6,860	3	2.85	7,550	2	3.34
Reynolds American, Inc.	3,000	4	1.25	2,089	9	0.92
Wake Forest University	2,784	5	1.16	2,307	7	1.02
Wells Fargo/Wachovia	2,745	6	1.14	3,055	5	1.35
Hanesbrands, Inc.	2,500	7	1.04	4,000	4	1.77
City of Winston-Salem	2,420	8	1.01	2,484	6	1.10
Forsyth County	2,275	9	0.95	2,141	8	0.95
BB&T	2,134	10	0.89	1,400	10	0.62
Total	<u>45,736</u>		<u>19.03%</u>	<u>43,926</u>		<u>19.43%</u>

Source:

Winston-Salem Chamber

⁽¹⁾ 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

<u>Function/Program</u>	Full-time-Equivalent Employees as of June 30				
	2017	2016	2015	2014	2013
General government ⁽¹⁾⁽²⁾⁽⁶⁾	450.9	446.9	441.8	429.1	426.6
Public protection	1,106.0	1,093.5	1,079.0	1,074.5	1,088.5
Environmental health	193.9	188.9	191.0	199.0	200.0
Transportation	126.3	125.3	125.3	127.3	129.3
Culture and recreation ⁽²⁾	159.9	160.9	160.8	160.8	160.8
Community and economic development ⁽³⁾	155.0	153.0	125.0	122.0	139.4
Human resources ⁽⁴⁾	-	-	-	-	5.0
Water & sewer utility	338.0	331.0	331.0	331.0	332.0
Solid waste disposal	44.2	43.1	44.2	44.2	44.2
Cemeteries ⁽⁶⁾	-	-	-	8.7	8.7
Stormwater management	54.0	49.0	49.0	49.0	49.0
Transit Authority	1.0	1.0	1.0	1.0	1.0
Public assembly facilities management ⁽⁵⁾	31.8	30.8	25.2	21.8	76.5
	2,661.0	2,623.4	2,573.3	2,568.4	2,661.0

Source:

City of Winston-Salem Budget Department

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

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

⁽³⁾ The Section 3 Construction Training Program ended in fiscal year 2014.

⁽⁴⁾ Human resources moved to General Government in fiscal year 2014.

⁽⁵⁾ Lawrence Joel Veterans Memorial Coliseum was sold in fiscal year 2014.

⁽⁶⁾ Cemeteries moved to General Government in fiscal year 2015.

Table 21

<u>Function/Program</u>	Full-time-Equivalent Employees as of June 30				
	2012	2011	2010	2009	2008
General government ⁽¹⁾⁽²⁾⁽⁶⁾	431.7	346.8	344.8	352.2	338.8
Public protection	1,081.5	1,066.5	1,062.5	1,034.0	1,035.0
Environmental health	204.4	214.0	214.0	231.5	240.9
Transportation	129.3	129.3	129.3	134.3	141.3
Culture and recreation ⁽²⁾	175.5	251.5	251.5	265.7	273.7
Community and economic development ⁽³⁾	144.4	147.6	149.6	166.6	158.7
Human resources ⁽⁴⁾	4.0	4.0	4.0	4.0	4.0
Water & sewer utility	332.2	331.2	331.2	335.9	333.9
Solid waste disposal	45.5	45.5	45.5	46.7	45.0
Cemeteries ⁽⁶⁾	9.7	9.7	11.0	9.3	9.3
Stormwater management	44.0	44.0	44.0	47.0	47.0
Transit Authority	1.0	1.0	1.0	1.0	1.0
Public assembly facilities management ⁽⁵⁾	78.4	78.4	78.4	73.1	79.8
	2,681.6	2,669.5	2,666.8	2,701.3	2,708.4

City of Winston-Salem, North Carolina

Operating Indicators by Function/Program

Last Ten Fiscal Years

<u>Function/Program</u>	<u>Fiscal Year</u>				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Public protection					
Police					
Physical arrests	34,442	33,961	36,044	37,894	36,080
Traffic violations	53,065	61,166	78,196	70,947	63,315
Fire					
Fires extinguished	836	829	819	869	812
Emergency medical responses	17,469	16,962	12,477	12,674	19,575
Hazardous materials responses	429	440	353	221	121
Environmental health					
Sanitation services					
Residential refuse collected (tons)	57,707	57,064	53,220	52,008	50,413
Residential refuse collection points	77,907	77,907	77,907	76,064	76,064
Percentage of collections made at curbside	96	96	96	96	96
Tons of leaves collected	11,025	12,089	17,205	22,553	15,183
Tons of brush collected	14,146	14,097	11,778	17,747	16,165
Tons of goods recycled	14,609	14,473	12,695	12,879	13,186
Percentage of households participating in yard cart program	18	18	18	18	18
Transportation services					
City street mileage maintained (lane miles)	2,225	2,219	2,200	2,188	2,183
Street cuts repaired	749	296	545	525	515
Percentage of streets rated 85 or better	55	53	53	51	55
Traffic intersections studied	1,175	1,066	1,022	940	969
Traffic signal repairs	910	1,142	1,689	1,734	1,700
Traffic signs upgraded/repaired	1,643	1,031	1,099	1,725	2,653
Traffic signs new installations	580	367	369	926	538
Pavement markings renewed (feet)	1,784,000	811,017	1,214,880	40,335	131,991
Culture and recreation					
Parks and recreation					
Swimming pool attendees	55,317	61,308	56,568	48,002	43,666
Golf rounds	10,817	10,289	9,779	7,016	10,135
Participants in special populations	31,352	32,334	36,221	30,274	20,327
Community development					
Housing code violations corrected	1,573	1,674	1,785	3,063	3,645
Building permits issued	4,591	3,721	3,797	3,450	3,025
Building inspections conducted	16,944	16,841	17,876	15,560	15,295
Zoning complaints responded to	450	486	568	513	596

Source:

City of Winston-Salem Departments

Table 22
Page 1 of 2

<u>Function/Program</u>	Fiscal Year				
	2012	2011	2010	2009	2008
Public protection					
Police					
Physical arrests	35,850	35,417	33,630	32,713	30,532
Traffic violations	69,695	86,795	57,736	63,011	63,322
Fire					
Fires extinguished	823	887	944	935	1,180
Emergency medical responses	18,834	17,638	16,714	16,075	15,999
Hazardous materials responses	133	102	193	161	204
Environmental health					
Sanitation services					
Residential refuse collected (tons)	52,035	50,269	50,609	51,949	51,394
Residential refuse collection points	76,064	76,064	76,064	73,670	73,500
Percentage of collections made at curbside	97	97	71	65	50
Tons of leaves collected	15,965	13,450	15,188	15,983	10,876
Tons of brush collected	16,475	16,717	17,604	17,238	14,911
Tons of goods recycled	10,665	10,710	10,557	10,301	10,850
Percentage of households participating in yard cart program	19	18	20	20	20
Transportation services					
City street mileage maintained (lane miles)	2,179	2,200	2,190	2,187	2,178
Street cuts repaired	635	532	510	612	781
Percentage of streets rated 85 or better	56	59	61	55	64
Traffic intersections studied	999	914	747	943	801
Traffic signal repairs	1,848	1,163	1,089	1,365	1,533
Traffic signs upgraded/repaired	2,231	2,816	2,441	2,698	1,174
Traffic signs new installations	479	3,066	843	1,200	798
Pavement markings renewed (feet)	748,850	1,166,880	1,111,440	406,470	1,605,345
Culture and recreation					
Parks and recreation					
Swimming pool attendees	58,562	54,689	55,441	66,407	75,361
Golf rounds	15,899	14,572	16,097	18,336	18,577
Participants in special populations	22,574	22,147	19,333	26,805	32,588
Community development					
Housing code violations corrected	4,004	2,389	2,636	2,838	3,254
Building permits issued	3,352	3,198	3,270	2,915	3,918
Building inspections conducted	15,162	14,938	15,956	17,602	25,464
Zoning complaints responded to	648	696	618	580	597

City of Winston-Salem, North Carolina

Operating Indicators by Function/Program

Last Ten Fiscal Years

	Fiscal Year				
	2017	2016	2015	2014	2013
Economic development					
MWBE firms certified ⁽¹⁾	-	-	-	-	-
Small business loans approved	4	3	1	4	3
Water & sewer utility					
New connections	1,388	1,320	1,289	1,244	1,747
Water main breaks	476	441	430	444	467
Average daily consumption (MGD)	36	37	36	36	36
Peak daily consumption (MGD)	48	47	53	49	49
Storage Capacity (MG)	51	51	51	51	51
Average daily sewage treatment (MGD)	32	33	29	31	31
Treatment capacity (MGD)	51	51	51	51	51
Solid waste disposal					
Hanes Mill Road Landfill					
Tons of waste landfilled	258,867	252,744	233,786	243,644	224,894
Number of trips	105,893	97,360	88,461	85,631	83,969
Old Salisbury Road Landfill					
Tons of waste landfilled	42,426	37,987	30,902	42,613	28,749
Number of trips	24,219	21,041	19,169	20,904	20,315
Household hazardous Waste (3RC)					
Tons of HHW collected	720	712	522	386	318
Number of trips	12,387	11,555	9,208	8,057	7,876
Transit Authority					
Total route miles	1,688,812	1,589,633	1,582,989	1,574,886	1,525,935
Passengers	2,578,472	3,006,358	3,248,003	3,268,385	3,330,901
Public assembly facilities management ⁽²⁾					
Complex/Annex bookings	197	159	139	120	129
Complex/Annex usage days	504	390	335	460	684
Total spectators	428,914	392,699	451,755	495,010	888,151
Convention events	141	149	246	235	209
Fair attendees	280,067	253,700	300,362	320,846	284,601

NOTE:

⁽¹⁾ Certifications for MWBE firms are being done at the state level starting in 2009.

⁽²⁾ Lawrence Joel Veterans Memorial Coliseum was sold in fiscal year 2014.

Table 22
Page 2 of 2

	Fiscal Year				
	2012	2011	2010	2009	2008
Economic development					
MWBE firms certified ⁽¹⁾	-	-	-	-	51
Small business loans approved	2	5	5	4	3
Water & sewer utility					
New connections	2,070	1,994	2,057	2,386	2,854
Water main breaks	169	226	201	175	154
Average daily consumption (MGD)	36	37	37	37	41
Peak daily consumption (MGD)	50	52	50	54	57
Storage Capacity (MG)	51	51	48	54	54
Average daily sewage treatment (MGD)	31	31	34	32	32
Treatment capacity (MGD)	51	51	51	51	51
Solid waste disposal					
Hanes Mill Road Landfill					
Tons of waste landfilled	214,806	221,322	242,211	239,490	250,627
Number of trips	85,573	88,346	93,492	103,443	114,809
Old Salisbury Road Landfill					
Tons of waste landfilled	29,089	46,014	47,431	59,137	84,880
Number of trips	22,534	26,720	27,403	30,799	41,644
Household hazardous Waste (3RC)					
Tons of HHW collected	277	254	249	191	218
Number of trips	7,736	5,857	5,739	4,888	4,779
Transit Authority					
Total route miles	1,526,264	1,565,310	1,585,091	1,511,565	1,323,835
Passengers	3,457,371	3,183,266	2,818,416	2,957,173	2,773,207
Public assembly facilities management ⁽²⁾					
Complex/Annex bookings	140	143	150	164	163
Complex/Annex usage days	658	595	661	727	755
Total spectators	1,003,061	939,628	1,058,318	1,096,911	1,321,840
Convention events	254	278	297	225	132
Fair attendees	357,416	353,762	321,718	310,160	371,219

City of Winston-Salem, North Carolina

Capital Asset Statistics by Function/Program

Last Ten Fiscal Years

<u>Function/Program</u>	<u>Fiscal Year</u>				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Police					
Stations	2	1	1	1	1
Fire					
Stations	19	19	19	19	19
Environmental health					
Collection trucks	42	38	38	38	38
Transportation					
Streets (miles)	1,035	1,034	1,024	1,023	1,021
Streetlights	33,963	34,172	34,195	33,805	32,647
Traffic signals	376	376	372	371	370
Culture and recreation					
Acreage	3,847	3,682	3,682	3,442	3,442
Number of parks	79	76	76	74	74
Golf Courses	2	2	2	2	2
Fishing and boating lakes	2	2	2	2	2
Swimming pools	9	8	8	8	8
Tennis courts	106	109	112	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)	2,314	2,276	2,273	2,266	2,245
Sanitary sewer (miles)	1,760	1,750	1,750	1,748	1,724

Source:

City of Winston-Salem Departments

Table 23

<u>Function/Program</u>	Fiscal Year				
	2012	2011	2010	2009	2008
Police					
Stations	1	1	1	1	1
Fire					
Stations	18	18	18	18	18
Environmental health					
Collection trucks	43	39	32	31	32
Transportation					
Streets (miles)	1,020	1,016	1,012	1,006	1,002
Streetlights	32,580	32,434	32,194	31,910	31,492
Traffic signals	375	373	373	371	368
Culture and recreation					
Acreage	3,442	3,442	3,442	3,336	3,336
Number of parks	74	74	74	76	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	110	110	110	112	112
Baseball/softball diamonds	45	45	45	45	45
Soccer/football fields	60	60	60	60	60
Recreation centers	17	17	17	17	17
Water and Sewer Utility					
Water mains (miles)	2,227	2,201	2,099	2,068	2,068
Sanitary sewer (miles)	1,708	1,701	1,645	1,675	1,559

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, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 16, 2017.

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.

Our consideration of internal control was for limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a deficiency in internal control that we consider to be a material weakness.

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 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. We consider the deficiency described as finding 2017-001 in the accompanying schedule of findings and questioned costs to be a material weakness.



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*.

City of Winston-Salem's Response to Findings

The City of Winston-Salem's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Dixon Hughes Goodman LLP

High Point, North Carolina
November 16, 2017



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, 2017. 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, 2017.



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 City of Winston-Salem's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City of Winston-Salem's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Dixon Hughes Goodman LLP

High Point, North Carolina
November 16, 2017



**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, 2017. 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, 2017.



Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the applicable section of the Uniform Guidance as described in the *Audit Manual for Governmental Auditors in North Carolina* and which is described in the accompanying schedule of findings and questioned costs as Finding 2017-002. Our opinion on each major federal program is not modified with respect to this matter.

The City's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs and corrective action plan. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on a major 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.

The City's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs and corrective action plan. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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, we identified a deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2017-002, which we consider to be a significant deficiency.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Dixon Hughes Goodman LLP

**High Point, North Carolina
November 16, 2017**

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

YEAR ENDED JUNE 30, 2017

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 _____ X None reported

Noncompliance material to financial statements noted? _____ Yes _____ X No

Federal Awards

Internal control over major federal programs:

Material weaknesses identified? _____ Yes _____ X No

Significant deficiencies identified that are not considered to be material weaknesses? _____ Yes _____ X None reported

Noncompliance material to federal awards? _____ Yes _____ X 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 _____ X No

Identification of major federal programs:

CFDA Numbers	Name of Federal Program or Cluster
14.267	Continuum of Care
14.218	CDBG – Entitlement Grants Cluster
20.507/20.526	Federal Transit Cluster
66.458	Capitalization Grants for Clean Water State Revolving Funds

Dollar threshold used to distinguish between Type A and Type B Programs: \$ 1,708,284

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, 2017

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

Powell Bill Funds

Section II: Findings Related to the Audit of the Financial Statement

Finding 2017-001: Material Weakness – Cumulative effect adjustment

Name of contact person: Lisa Saunders, CFO, Finance Department

Criteria: Per Governmental Accounting Standards Board (GASB) Statement No. 68, the net pension liability is to be calculated by taking the total pension liability and reducing it by the net position of the related fiduciary fund.

Condition: The City hires actuaries to determine the total and net pension liabilities based on GASB 68 each year. The actuarial reports are reviewed by the City's finance department and then used to populate the financial statements. The review by the City's finance department concluded that the liability previously recorded in the Fiduciary fund should no longer be recorded in the Fiduciary fund.

Effect: The City determined that the debt previously recorded in the Fiduciary fund should in fact be presented as a liability in the Government-wide statements.

Cause: The City issued \$30 million in Limited Obligation Bonds in 2013 to fund the unfunded liability in the WSPORS fund. Due to the complex accounting of GASB 68, it was not recognized that this amount should have been recorded as a liability in the Government-wide statements. This amount was recorded as a liability in the Fiduciary Fund in previous years, and was moved to the Government-wide statements in the current year.

CITY OF WINSTON-SALEM, NORTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2017

Context: The City determined the liability is better represented as part of the Government-wide statements, and the City made the necessary financial statement updates to reflect the change.

Recommendation: The City will continue to be proactive in their review of new GASB standards.

Views of responsible officials: Management agrees with this finding.

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

N.C. Department of Transportation

Program Name: Powell Bill

Finding 2017-002: Nonmaterial Noncompliance – Allowable Costs; Significant Deficiency in Internal Control Over Compliance – Allowable Costs

Name of contact person: Toneq' McCullough, Director of Transportation

Criteria: Per the N.C. Department of Transportation, if municipalities pay their street department from Powell Bill funds, they can prorate salaries based on a sample analysis of work functions using a 3-month average. A daily log/timesheet of work activities must be retained for the months used to determine the percentage of salaries allocated to Powell Bill activities.

Condition: During the year, the timesheets were not retained for the months used to determine the percentage of salaries allocated to Powell Bill activities.

Effect: The City did not retain the necessary documentation to support that allowable costs were used to determine the percentage of salaries allocated every month.

Cause: There was a misunderstanding of how long for which timesheets should be retained.

Questioned costs: \$60,936.

Context: The City used the necessary timesheets to determine the percentage of salaries allocated every month, but only retained timesheets for a short period of time before disposing of them.

Recommendation: Proper processes should be put in place to ensure that supporting documentation is retained.

Views of responsible officials: Management agrees with this finding.



Winston-Salem

**Financial Management
Services**

City of Winston-Salem
P.O. Box 2511
Winston-Salem, NC 27102
CityLink 336.727.8000
Fax 336.727-2566
www.cityfws.org

**CITY OF WINSTON-SALEM, NORTH CAROLINA
CORRECTIVE ACTION PLAN
YEAR ENDED JUNE 30, 2017**

Finding 2017-001 – Material Weakness – Cumulative Effect Adjustment

Responsible Person: Lisa Saunders, CFO, Finance Department

Corrective Action Plan: The City will continue to be proactive in their review of the new GASB standards.

Anticipated Completion Date: Completed October 2017.

Finding 2017-002 – Nonmaterial Noncompliance – Allowable Costs; Significant Deficiency in Internal Control Over Compliance – Allowable Costs

Responsible Person: Toneq McCullough, Director of Transportation

Corrective Action Plan: In October 2017, the Department of Transportation revised the Powell Bill Internal Control Document to include a process of retaining time sheets to support the three month average calculation used for salaries allocated to Powell Bill activities.

Anticipated Completion Date: Completed October 2017.

CityLink311

Call 311 or 336-727-8000
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
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2017**

**Financial Management
Services**

City of Winston-Salem
P.O. Box 2511
Winston-Salem, NC 27102
CityLink 336.727.8000
Fax 336.727-2566
www.cityofws.org

Prior Audit Findings

Finding 2016-001

Status: Corrected

CityLink311

Call 311 or 336-727-8000
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, 2017

Page 1 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
FEDERAL GRANTS						
US Department of Housing and Urban Development						
Direct Programs						
CDBG Entitlement Grants Cluster						
CDBG Entitlement Grants	14.218	B-14-MC-37-0011	\$ 828,291	\$ -	\$ -	\$ 48,563
CDBG Entitlement Grants	14.218	B-15-MC-37-0011	90,853	-	-	56,406
CDBG Entitlement Grants	14.218	B-16-MC-37-0011	814,451	-	-	260,379
Total CDBG Entitlement Grants Cluster			1,733,595	-	-	365,348
Continuum of Care Program	14.267	NC0144L4F001407	5,533	-	-	5,533
Continuum of Care Program	14.267	NC0012L4F001407	11,591	-	-	11,591
Continuum of Care Program	14.267	NC0269L4F001402	44,937	-	-	44,937
Continuum of Care Program	14.267	NC0271L4F001402	41,622	-	-	40,048
Continuum of Care Program	14.267	NC0031L4F001400	25,015	-	-	24,243
Continuum of Care Program	14.267	NC0274L4F001503	333,247	-	-	333,247
Continuum of Care Program	14.267	NC0012L4F001508	15,724	-	-	14,058
Continuum of Care Program	14.267	NC0269L4F001503	32,193	-	-	32,193
Continuum of Care Program	14.267	NC0271L4F001503	22,066	-	-	22,066
Continuum of Care Program	14.267	NC0017L4F001508	355,016	-	-	355,016
Continuum of Care Program	14.267	NC0218L4F001505	51,251	-	-	51,251
Continuum of Care Program	14.267	NC0314L4F001501	10,894	-	-	10,894
Continuum of Care Program	14.267	NC0005L4F001508	225,970	-	-	225,970
Continuum of Care Program	14.267	NC0271L4F001505	70,519	-	-	70,519
Continuum of Care Program	14.267	NC0313L4F001502	50,782	-	-	48,167
Continuum of Care Program	14.267	NC0329L4F001500	4,965	-	-	4,965
Continuum of Care Program	14.267	NC0144L4F001502	10,952	-	-	10,952
Continuum of Care Program	14.267	NC0191L4F001501	13,039	-	-	13,039
Continuum of Care Program	14.267	NC0274L4F001402	337,344	-	-	317,717
Continuum of Care Program	14.267	NC0313L4F001603	9,892	-	-	9,892
Total Continuum of Care Program			1,672,552	-	-	1,646,298
Shelter Plus Care	14.238	NC0191C4F001000	4,875	-	-	4,875
Shelter Plus Care	14.238	NC0229C4F001100	11,218	-	-	11,218
Total Shelter Plus Care			16,093	-	-	16,093
Home Investment Partnerships Program	14.239	M-11-DC-37-0204	76,618	-	-	67,007
Home Investment Partnerships Program	14.239	M-12-DC-37-0204	717,260	-	-	73,542
Home Investment Partnerships Program	14.239	M-14-DC-37-0204	18,701	-	-	-
Home Investment Partnerships Program	14.239	M-15-DC-37-0204	415,986	-	-	253,597
Home Investment Partnerships Program	14.239	M-16-DC-37-0204	241,587	-	-	228,691
Total Home Investment Partnerships Program			1,470,152	-	-	622,837
Emergency Solutions Grant Program	14.231	E-15-370003	17,937	-	-	17,937
Emergency Solutions Grant Program	14.231	E-16-370003	125,032	-	-	125,032
Total Emergency Solutions Grant Program			142,969	-	-	142,969
Fair Housing Initiatives Program	14.408	FF204K134014	21,499	-	-	-
Total Fair Housing Initiatives Program			21,499	-	-	-
Lead-Based Paint Hazard Control in Privately-Owned Housing	14.900	NCLHB0557-13	59,280	-	-	-
Total Lead-Based Paint Hazard Control			59,280	-	-	-
Passed through NC Department of DHHS - Division of Aging						
Emergency Solutions Grant Program	14.231	Contract 0003332	106,174	-	-	106,174
Emergency Solutions Grant Program	14.231	Contract 00034994	92,897	-	-	92,897
Total Emergency Solutions Grant Program			199,071	-	-	199,071
Total US Department of Housing and Urban Development			\$ 5,315,211	\$ -	\$ -	\$ 2,992,616

City of Winston-Salem, North Carolina

Schedule of Expenditures of Federal and State Awards

For the Fiscal Year Ended June 30, 2017

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
US Department of Transportation Federal Transit Administration						
Direct Programs						
Federal Transit Cluster						
Federal Transit Capital Investment Grants	20.500	NC04-0023-001	\$ 181,943	\$ -	\$ 45,486	\$ -
Federal Transit Formula Grants	20.507	NC-90-461-00	37,322	-	9,331	-
Federal Transit Formula Grants	20.507	NC-90-489-02	16,353	-	4,088	-
Federal Transit Formula Grants	20.507	NC-90-543-00	40,574	-	10,144	-
Federal Transit Formula Grants	20.507	NC-90-565-00	143,043	1,464	36,127	-
Federal Transit Formula Grants	20.507	NC-95-076-00	148,750	-	13,247	-
Federal Transit Formula Grants	20.507	NC-95-079-00	99,720	-	9,385	-
Federal Transit Formula Grants	20.507	NC-95-077-00	43,500	-	10,875	-
Federal Transit Formula Grants	20.507	NC-95-086-00	223,971	-	55,993	-
Bus and Bus Facilities Formula Program	20.526	NC-2016-017-00	1,232,496	-	217,500	-
Total Federal Transit Cluster			2,167,672	1,464	412,176	-
Transit Services Programs Cluster						
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	NC-16-X009-00	76,636	-	-	76,636
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	NC-16-X010-00	40,583	-	-	40,583
Job Access and Reverse Commute Program - 2012	20.516	NC-37-X034-00	200	-	-	-
Job Access and Reverse Commute Program - 2014	20.516	NC-90-X565-00	25,000	-	-	25,000
Total Transit Services Program Cluster			142,419	-	-	142,219
Passed Through NC Department of Transportation						
Highway Planning and Construction Cluster						
Cedar Trails Connector	20.205	50039.1.1	605,042	114,958	338,824	-
Reynolds Park Road Bridges	20.205	41107.1.1	524,106	-	131,207	-
West First Street Bridge/Southern Railway	20.205	41111.1.1	25,951	-	5,697	-
Piedmont Regional Greenway	20.205	39745.1.28	75,800	-	42,638	-
Brushy Fork Greenway IV	20.205	33974.3.3/3394.2.3	10,273	-	2,255	-
Lantern Ridge Greenway	20.205	39745.1.23	4,706	-	2,017	-
Piedmont Triad Rail W/Trail	20.205	39745.1.26	1,740,765	-	307,194	-
Tara Property Connector	20.205	39745.1.24	4,522	-	2,128	-
Martin Luther King, Jr. Enhancement	20.205	39745.3.20	14,768	-	3,692	-
WFIQ Rail Trail South	20.205	40929.-3-FD1	3,140,384	-	-	3,140,384
Metropolitan Planning Grant	20.205		315,864	-	78,946	-
Metropolitan Planning Grant	20.205	39225.1.22	165,393	-	41,348	-
Total Highway Planning and Construction Cluster			6,627,574	114,958	955,946	3,140,384
Highway Safety Cluster						
National Priority Safety Programs - Year 6	20.616	52015.15.7	58,313	-	-	-
National Priority Safety Programs - Year 7	20.616	52015.15.7	112,837	-	-	69,499
Total Highway Safety Cluster			171,150	-	-	69,499
Other Passed Through NC Department of Transportation						
Pipeline and Hazardous Materials Safety Admin.						
Interagency Hazardous Materials Public Sector						
Training and Planning Grants	20.703	1901-1506-8064-536902	6,718	-	-	-
Federal Transit Administration						
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	20.505	36230.29.14.6	110,400	13,800	13,800	-
Total Other Passed Through NC Department of Transportation			117,118	13,800	13,800	-
Total Passed Through NC Department of Transportation			6,915,842	128,758	969,746	3,209,883
Total US Department of Transportation Federal Transit Administration			\$ 9,225,933	\$ 130,222	\$ 1,381,922	\$ 3,352,102

City of Winston-Salem, North Carolina

Schedule of Expenditures of Federal and State Awards

For the Fiscal Year Ended June 30, 2017

Page 3 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
US Department of Homeland Security						
Emergency Management Performance Grants	97.042	EMPG-2013-37067	\$ 76,530	\$ -	\$ -	\$ -
Total Federal Emergency Management Agency			<u>76,530</u>	<u>-</u>	<u>-</u>	<u>-</u>
US Department of Justice						
Direct Programs						
National Institute of Justice Research, Evaluation, and Development Project Grants	16.560	2015-DJ-BX-0930	40,403	-	-	23,319
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2016-DJ-BX-1069	40,095	-	-	-
Equitable Sharing Program	16.922		166,949	-	-	-
Passed Through the NC Department of Crime Control and Public Safety						
Governor's Crime Commission ICAC Grant		PROJ012106	51,720	-	-	-
Violence Against Women Formula Grants	16.588	2014-WF-AX-0015	<u>15,806</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total US Department of Justice			<u>314,973</u>	<u>-</u>	<u>-</u>	<u>23,319</u>
US Environmental Protection Agency						
Passed Through NC Department of Environmental Quality						
Clean Water State Revolving Fund Cluster						
Capitalization Grants for State Revolving Funds	66.458	CS370399-08	25,288,744	-	-	-
Capitalization Grants for State Revolving Funds	66.458	CS370399-09	7,246,879	-	-	-
Capitalization Grants for State Revolving Funds	66.458	CS370399-10	2,853,012	-	-	-
Capitalization Grants for State Revolving Funds	66.458	CS370399-11	1,817,257	-	-	-
Capitalization Grants for State Revolving Funds	66.458	CS370399-13	4,635,430	-	-	-
Total Clean Water State Revolving Fund Cluster			<u>41,841,322</u>	<u>-</u>	<u>-</u>	<u>-</u>
US Department of Health & Human Services						
Administration for Community Living						
Passed Through Piedmont Triad Regional Council of Local Governments						
Aging Cluster						
Special Programs for the Aging	93.044		<u>162,351</u>	<u>143,050</u>	<u>-</u>	<u>-</u>
Total Aging Cluster			<u>162,351</u>	<u>143,050</u>	<u>-</u>	<u>-</u>
US Department of the Treasury						
Direct Program						
Equitable Sharing	21.016		6,488	-	-	-
Total US Department of the Treasury			<u>6,488</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Federal Programs						
			<u>\$ 56,942,808</u>	<u>\$ 273,272</u>	<u>\$ 1,381,922</u>	<u>\$ 6,368,037</u>

City of Winston-Salem, North Carolina

Schedule of Expenditures of Federal and State Awards

For the Fiscal Year Ended June 30, 2017

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
STATE GRANTS						
NC Department of Transportation						
Direct Programs						
Powell Bill Funds	DOT-4	32570	\$ -	\$ 5,605,926	\$ -	\$ -
State Maintenance Assistance	DOT-9	36234.51.4.2	-	1,512,637	-	-
Passed Through Forsyth County						
Elderly and Disabled Transportation and ROAP funds		9.9050716	-	126,168	-	56,121
Municipal Agreements						
Highway Construction Program						
Clemmonsville Road	DOT-18	34891.3.1	-	103,421	-	-
Total NC Department of Transportation			-	7,348,152	-	56,121
NC Department of Commerce						
Direct Programs						
One NC Fund - Herbalife			-	396,000	-	396,000
Total NC Department of Commerce			-	396,000	-	396,000
Total State Programs			-	7,744,152	-	452,121
Total Assistance			<u>\$ 56,942,808</u>	<u>\$ 8,017,424</u>	<u>\$ 1,381,922</u>	<u>\$ 6,820,158</u>

Notes to Schedule of Expenditures of Federal and State Awards

***City of Winston-Salem, North Carolina
For the Fiscal Year Ended June 30, 2017***

(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, 2017. 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	\$75,593,698



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

NORTH CAROLINA

2017 Comprehensive Annual Financial Report

City of Winston-Salem, North Carolina