



Winston-Salem

Financial Management Services

January 18, 2019

From: City of Winston-Salem – Winston-Salem, NC
Reporting for the fiscal year ended June 30, 2018

City of Winston-Salem
P.O. Box 2511
Winston-Salem, NC 27102
CityLink 311 (336.727.8000)
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www.cityofws.org

Information relates to the following securities issued by the issuer having the six-digit CUSIP numbers 975672, 975680, 975691, 975693, 975700, 97569C and 975673.

\$11,540,000 Certificates of Participation, dated June 21, 2006
\$5,105,000 General Obligation Bonds, dated June 26, 2008
\$109,030,000 Water and Sewer Revenue Bonds, dated March 4, 2009
\$8,435,000 General Obligation Refunding Bonds, dated May 28, 2009
\$4,785,000 General Obligation Bonds, dated February 2, 2010
\$24,750,000 General Obligation Refunding Bonds, dated February 3, 2010
\$19,125,000 Limited Obligation Refunding Bonds, dated February 11, 2010
\$8,700,000 General Obligation Bonds Series 2010 D, dated June 29, 2010
\$119,700,000 Water and Sewer Revenue and Revenue Refunding Bonds, dated Nov. 4, 2010
\$2,955,000 General Obligation Bonds, dated June 20, 2012
\$14,255,000 General Obligations Bonds, dated June 21, 2012
\$12,470,000 Stormwater Fee Revenue Bonds, dated May 8, 2013
\$15,450,000 Special Obligation Bonds, dated May 17, 2013
\$30,255,000 Taxable Limited Obligation Bonds, dated August 6, 2013
\$13,540,000 Limited Obligation Bonds, dated August 6, 2013
\$3,945,000 General Obligation Bonds, dated June 26, 2014
\$8,915,000 Taxable Limited Obligation Bonds, dated October 1, 2014
\$42,910,000 Limited Obligation Bonds, dated October 1, 2014
\$48,370,000 Water and Sewer Revenue Refunding Bonds, dated December 11, 2014
\$125,850,000 Water and Sewer Refunding Bonds, Series 2015 A/B/C, dated August 19, 2015
\$3,810,000 General Obligations Bonds Series 2016 A, dated April 5, 2016
\$47,820,000 General Obligations Bonds, Series 2016 B, dated April 6, 2016
\$6,845,000 General Obligations Bonds, Series 2016 C, dated April 6, 2016
\$12,655,000 General Obligations Refunding Bonds, Series 2016 D, dated April 6, 2016
\$135,470,000 Water and Sewer Revenue Refunding Bonds 2016 A/B, dated April 6, 2016
\$4,775,000 General Obligation Bonds 2017 A, dated July 11, 2017
\$54,690,000 General Obligation Bonds 2017 B, dated July 12, 2017
\$4,340,000 Taxable General Obligation Bonds 2017 C, dated July 12, 2017
\$56,280,000 Water and Sewer Revenue Bonds, dated October 19, 2017

Number of pages of information: 22

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; Annette Scippio, East Ward; James Taylor, Jr., Southeast Ward; City Manager: Lee D. Garrity

Enclosed herewith is information the City of Winston-Salem has undertaken to provide to purchasers on the above referenced bonds in accordance with Rule 15c-2-12 of the Securities and Exchange Commission, consisting of the following items:

- Comprehensive Annual Financial Report for year ended June 30, 2018
- Information required in the Undertaking, i.e. Combined Budget for the Current Fiscal Year, Debt Information and Tax Information.

Sincerely,

Lisa M. Saunders
Chief Financial Officer

CITY OF WINSTON-SALEM, NORTH CAROLINA
Supplemental Information Under
Continuing Disclosure Requirements
of Rule 15c2-12
Issued by the Securities and Exchange Commission

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CITY OF WINSTON-SALEM, NORTH CAROLINA
SCHEDULE OF OUTSTANDING GENERAL OBLIGATION BONDS
As of June 30, 2018

Purpose	Date of Issue	Amount
General Government Purposes	Date of Issue	Amount
Recreation, safety & streets	June 26, 2008	3,305,000
Refunding	May 28, 2009	1,630,000
Recreation, safety & streets	Feb 2, 2010	3,350,000
Refunding	Feb 3, 2010	13,505,000
Development & streets	June 29, 2010	7,350,000
Recreation, safety & streets	June 20, 2012	2,055,000
Refunding	June 21, 2012	10,020,000
Recreation, safety & streets	June 26, 2014	3,145,000
Public improvements, recreation & streets	April 5, 2016	3,545,000
Development, recreation, safety, & streets	April 6, 2016	47,820,000
Development and housing	April 6, 2016	3,310,000
Refunding	April 6, 2016	11,700,000
Public improvements, recreation & streets	July 11, 2017	4,775,000
Public improvements, recreation & streets & housing	July 12, 2017	54,690,000
Development	July 12, 2017	4,340,000
Total City of Winston-Salem Outstanding General Obligation Bond		<u>\$ 174,540,000</u>

CITY OF WINSTON-SALEM, NORTH CAROLINA
SCHEDULE OF OUTSTANDING CONTRACTUAL OBLIGATIONS
As of June 30, 2018

Purpose	Date of Issue	Amount
Contractual Obligations secured by real or personal property, as set forth in the corresponding financing, except for Series 2014D and 2016 which are secured by all earnings and income from whatever source derived including limited tax authority of \$1.50 per \$100 of appraised value of property subject to taxation. The City's property tax levy for fiscal year 2017-18 was \$0.5974 per \$100 of property subject to taxation.		
(See description of SECURITY in Official Statements)		
Certificates of Participation, Series 2004C issued by North Carolina Municipal Leasing Corporation (Real and Personal Property)	April 15, 2004	3,260,000
Certificates of Participation, Series 2006 B issued by North Carolina Municipal Leasing Corporation (Real and Personal Property)	June 21, 2006	1,885,000
Limited Obligation Bonds, Series 2010A issued by North Carolina Municipal Leasing Corporation (Real and Personal Property)	February 11, 2010	9,250,000
Installment Purchase Agreement (Real and Personal Property)	Sept. 21, 2011	11,502,526
Limited Obligation Bonds, Series 2013A issued by North Carolina Municipal Leasing Corporation (Police Retirement Funding)	August 6, 2013	26,555,000
Limited Obligation Bonds, Series 2013B issued by North Carolina Municipal Leasing Corporation (Real and Personal Property)	August 6, 2013	12,200,000
Limited Obligation Bonds, Series 2014A issued by North Carolina Municipal Leasing Corporation (Real and Personal Property)	September 15, 2014	11,824,000
Limited Obligation Bonds, Series 2014B issued by North Carolina Municipal Leasing Corporation (Real and Personal Property)	October 1, 2014	6,590,000
Limited Obligation Bonds, Series 2014C issued by North Carolina Municipal Leasing Corporation (Real and Personal Property)	October 1, 2014	37,330,000
Leasing Agreement, Series 2014D issued by North Carolina Municipal Leasing Corporation (Personal Property)	October 8, 2014	9,000,000
Leasing Agreement, Series 2016 (Personal Property)	April 6, 2016	15,000,000
Leasing Agreement, Series 2017 (Personal Property)	July 12, 2017	25,000,000

Limited Obligation Bonds, Series 2018 issued by
North Carolina Municipal Leasing Corporation
(Real and Personal Property)

June 28, 2018

15,060,000

Total Contractual Obligations

\$184,456,526

City of Winston-Salem
Annually Budgeted Funds
For the Fiscal Year Ending June 30, 2019

Budgeted Revenues, Appropriations, and Other Financing Sources (Uses)

	General Fund	Special Revenue Funds (1)	Debt Service Fund	Enterprise Funds	Internal Service Funds
Revenues:					
Taxes	\$ 144,485,470	\$ 602,020	\$ 22,047,040	\$ 10,182,240	\$ -
Licenses and permits	6,283,140	-	-	704,300	-
Intergovernmental	20,866,250	7,227,330	1,313,490	16,421,250	-
Investment income	-	-	500,000	-	-
Charges for services	18,311,920	-	2,063,430	140,645,540	78,535,160
Damage settlements	-	-	-	10,000	-
Other revenues	5,014,660	-	600,000	2,452,750	1,395,800
Total estimated revenues	<u>194,961,440</u>	<u>7,829,350</u>	<u>26,523,960</u>	<u>170,416,080</u>	<u>79,930,960</u>
Appropriations:					
General government	\$ 30,695,130	\$ -	\$ 153,560	\$ -	\$ -
Public protection	102,192,910	-	-	-	-
Environmental health	16,593,330	-	-	-	-
Transportation	14,229,320	-	-	-	-
Culture and recreation	11,856,120	518,660	-	-	-
Community & economic development	14,755,670	602,020	-	-	-
Personal services	-	-	-	40,716,420	7,511,980
Other	-	-	-	52,306,990	70,393,210
Capital outlay	38,510	-	-	7,400	11,100
Principal	8,103,120	-	18,284,770	36,391,620	1,622,820
Interest and fees	-	-	12,365,980	21,977,730	264,160
Total appropriations	<u>198,464,110</u>	<u>1,120,680</u>	<u>30,804,310</u>	<u>151,400,160</u>	<u>79,803,270</u>
Estimated revenues over (under) appropriations	(3,502,670)	6,708,670	(4,280,350)	19,015,920	127,690
Other financing sources (uses):					
Operating transfers from other funds:					
Annual ordinance					
General fund	\$ -	\$ -	\$ 1,949,520	\$ 1,101,730	\$ -
Special revenue fund	5,288,880	-	-	375,000	-
Internal service fund	101,450	-	-	-	-
Enterprise fund	1,901,330	-	-	640,960	-
Project ordinance					
Special revenue fund	1,194,150	-	-	-	-
Operating transfers to other funds:					
Annual ordinance					
General fund	-	(5,288,880)	-	(1,901,330)	(101,450)
Debt service fund	(1,949,520)	-	-	-	-
Enterprise fund	(1,101,730)	(425,000)	-	-	-
Project ordinance					
Special revenue fund	(4,222,160)	(55,000)	-	(13,800)	-
Capital projects fund	(70,190)	(1,137,450)	-	-	-
Enterprise capital project fund	-	-	-	(640,960)	-
Additions to fund balance	-	-	-	(18,577,520)	(26,240)
Appropriated fund balance	<u>2,360,460</u>	<u>197,660</u>	<u>2,330,830</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>3,502,670</u>	<u>(6,708,670)</u>	<u>4,280,350</u>	<u>(19,015,920)</u>	<u>(127,690)</u>
Estimated revenues and other sources over appropriations and other uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Note 1: Special Revenue Funds include the annually budgeted Gasoline Tax (Powell Bill) Fund, the Occupancy Tax Fund, the Downtown W-S Business Improvement District Fund.
All other Special Revenue Funds are budgeted through project ordinances.

DEBT INFORMATION

LEGAL DEBT LIMIT

In accordance with the provisions of the State Constitution and The Local Government Bond Act, as amended, the City had the statutory capacity to incur additional net debt in the approximate amount of \$1.6 billion as of June 30, 2018.

OUTSTANDING GENERAL OBLIGATION DEBT

<u>General Obligation Bonds</u>	<u>Principal Outstanding as of</u>			
	<u>June 30, 2015</u>	<u>June 30, 2016</u>	<u>June 30, 2017</u>	<u>June 30, 2018</u>
General Obligation Bonds ⁽¹⁾	\$ 74,555,000	\$126,245,000	\$118,305,000	\$174,540,000

⁽¹⁾Bonds Issued:

2015-2016 \$ 3,810,000 General Obligation Bonds, Series 2016A, 11.775 years average maturity, 2.6664% net interest cost.
\$47,820,000 General Obligation Bonds, Series 2016B, 13.297 years average maturity, 2.7871% net interest cost.
\$ 6,845,000 General Obligation Bonds, Series 2016C, 2.598 years average maturity, 1.2686% net interest cost.
\$12,655,000 General Obligation Bonds, Series 2016D, 7.441 years average maturity, 1.9433% net interest cost.
2017-2018 \$ 4,775,000 General Obligation Bonds, Series 2017A, 12.095 years average maturity, 2.7969% net interest cost.
\$54,690,000 General Obligation Bonds, Series 2017B, 12.844 years average maturity, 2.8033% net interest cost.
\$ 4,340,000 General Obligation Bonds, Series 2017C, 2.390 years average maturity, 1.6130% net interest cost.

FUTURE DEBT SERVICE REQUIREMENTS

Future requirements to pay principal and interest on general obligation bonds, water and sewer revenue bonds, special obligation bonds, and stormwater revenue fee bonds at June 30, 2018, follow:

	<u>General Obligation Bonds</u>	<u>Water and Sewer Bonds</u>	<u>Special Obligation Bonds</u>	<u>Stormwater Revenue Fee Bonds</u>
2019	\$ 17,035,991	\$ 42,679,325	2,680,430	\$ 853,194
2020	17,438,952	34,392,796	2,666,722	852,194
2021	17,043,641	34,327,005	2,644,665	855,394
2022	16,503,792	33,928,711	2,631,781	853,294
2023	16,520,402	33,926,876	2,608,148	854,893
2024-2028	68,602,426	169,684,771	9,255,961	4,281,870
2029-2033	49,731,043	141,428,234	5,752,727	4,272,862
2034-2038	31,350,687	100,413,176		
2039-2043		35,136,950		
2044-2047		12,667,200		
	<u>\$234,226,934</u>	<u>\$638,585,044</u>	<u>\$28,240,434</u>	<u>\$12,823,701</u>
	#			

DEBT RATIOS

<u>At June 30</u>	<u>Gross GO Debt</u>	<u>Assessed Valuation⁽¹⁾</u>	<u>Total GO Debt to Assessed Valuation</u>	<u>Population⁽²⁾</u>	<u>Total GO Debt Per Capita</u>
2018	\$ 190,636,492	\$ 21,914,243,709	0.87%	243,026	\$ 784.43
2017	128,823,361	20,779,118,995	0.62	240,603	535.42
2016	137,663,378	20,369,235,338	0.68	238,899	576.24
2015	79,424,827	19,993,938,120	0.40	237,905	333.85
2014	85,736,974	19,811,239,194	0.43	235,527	364.02

(1) Assessed values of taxable real property were revalued in fiscal years ended June 30, 2014 and June 30, 2018.

(2) Source: Forsyth County Statistics – Internet.

BONDS AUTHORIZED AND UNISSUED

In November 2014, City residents approved a \$139,200,000 bond referendum that authorized bonds to be issued for road improvements, economic development, parks & recreation improvements, and public safety center renovations. As of June 30, 2018, \$25,505,000 of these bonds were unissued.

General Obligation Bonds Authorized and Unissued as of June 30, 2018 *

<u>Purpose</u>	<u>Date Approved</u>	<u>Original Referendum</u>	<u>Bonds Issued</u>	<u>Balance Authorized And Unissued</u>
Streets & Sidewalks	11/14/2014	42,350,000	37,395,000	4,955,000
Public Safety	11/14/2014	31,000,000	31,000,000	0
Parks & Recreation	11/14/2014	30,850,000	30,850,000	0
Housing	11/14/2014	10,000,000	9,805,000	15,195,000
Economic Development	11/14/2014	25,000,000	4,645,000	5,355,000
		\$139,200,000	\$113,695,000	\$25,505,000

* On November 6, 2018, the citizens of Winston-Salem voted and approved a General Obligation Bond Referendum in the amount of \$122 million which is not included above.

DEBT INFORMATION FOR OVERLAPPING UNIT AS OF JUNE 30, 2018

<u>Unit</u>	<u>Population⁽¹⁾</u>	<u>Assessed Valuation</u>	<u>Tax Rate Per \$100</u>	<u>Debt Authorized and Unissued</u>	<u>Total GO Debt</u>	<u>Total GO Debt Per Capita</u>
Forsyth County	372,651	\$35,740,323,642	\$0.7235	\$354,410,000	\$477,720,000	\$1,281.95

(1) Source: Office of State Budget and Management.

OTHER LONG-TERM COMMITMENTS

The City has contracts payable to North Carolina Municipal Leasing Corporation (“NCMLC”) obligating the City to make periodic payments that include interest and principal components. At June 30, 2018, the City had \$132,954,000 outstanding and due to NCMLC.

The City entered into a lease agreement in the amount of \$25 million with BB&T Community Holdings Co. to finance budgeted equipment for fiscal year 2018 and 2019. The terms of the lease includes a stated fixed interest rate of 2.24845% for a 59 month term.

The City entered into a lease agreement in the amount of \$20 million with Bank of America, N.A. to finance budgeted equipment for fiscal year 2016 and estimated acquisitions for fiscal year 2017. The terms of the lease includes variable interest rate of 70% of LIBOR plus 55 basis points (.55%) for a 58 month term. At June 30, 2018, the City had \$15,000,000 outstanding.

The City was awarded five loans through HUD’s Section 108 Loan Program, a loan guarantee provision of the Community Development Block Grant (CDBG) program. The City received \$6,500,000 from the 1998 and 1999 funding allocation, which was used to fund housing rehabilitation. The City makes semi-annual payments of principal and interest from its annual CDBG allocation. At June 30, 2018, the City had \$1,462,000 outstanding.

During fiscal year 2018, the City’s Water and Sewer Utility fund received \$8,489.873 in proceeds from the Clean Water State Revolving Fund. These loans carry fixed interest rates of 0% to 2% and are payable over 20 years. The total approved loan amounts are approximately \$114 million. Final amounts for each loan will be determined when the project is completed and repayments will begin six months after the estimated project completion dates. Principal payment of \$4,790,323 in fiscal year 2018. At June 30, 2018, the City had \$79,293,248 outstanding.

The City entered into an installment financing contract with Sun Trust Bank to pay the capital costs of refinancing an installment financing contract dated as of June 1, 2008 between the City and Branch Banking and Trust Company, the proceeds of which financed the Brookstown Economic Development project, repairs to Winston-Salem Entertainment & Sports Complex, Police Evidence Storage and Training Facility, Firearms Training Facility, Fire Stations, land acquisition and Bryce A. Stuart Municipal Building. Principal is due annually through June 1, 2028, with stated interest rate of 3.29%. At June 30, 2018, the City had \$11,502,526 outstanding.

Future requirements to pay periodic payments to NCMLC representing principal and interest on contracts payable at June 30, 2018, follows:

<u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 12,072,000	\$ 5,393,107	\$ 17,465,107
2020	12,107,000	5,001,818	17,108,818
2021	7,692,000	4,565,591	12,257,591
2022	7,368,000	4,241,443	11,609,443
2023	7,546,000	3,949,726	11,495,726
2024-2028	33,371,300	15,070,644	48,441,944
2029-2033	38,097,700	7,418,158	45,515,858
2034-2038	14,700,000	1,586,798	16,286,798
Total	<u>\$132,954,000</u>	<u>\$47,227,285</u>	<u>\$180,181,285</u>

Debt information of the City is also disclosed in the Notes to the Financial Statements.

DEBT OUTLOOK

On November 6, 2018, the citizens of Winston-Salem voted and approved a General Obligation Bond Referendum in the amount of \$122 million. The City does not expect to issue general obligations bonds until Fiscal Year 2020.

TAX INFORMATION

GENERAL INFORMATION

Fiscal Year Ended June 30

(dollars in thousands)

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Assessed Valuation:					
Assessment Ratio ⁽¹⁾	100%	100%	100%	100%	100%
Real Property	\$15,874,483	\$16,069,241	\$16,250,408	\$16,487,513	\$17,515,404
Personal Property	3,605,449	3,581,619	3,751,102	3,915,171	4,004,029
Public Service Companies ⁽²⁾	331,307	343,078	367,725	376,435	394,811
Total Assessed Valuation	\$19,811,239	\$19,993,938	\$20,369,235	\$20,779,119	\$21,914,244
Rate per \$100	0.5300	0.5400	0.5650	0.5850	0.5974
Levy	\$ 108,110	\$ 108,648	\$ 116,513	\$ 122,246	\$ 131,824

⁽¹⁾ Percentage of appraised value has been established by statute.

⁽²⁾ Valuation of railroads, telephone companies and other utilities as determined by the North Carolina Property Tax Commission.

TAX COLLECTIONS

<u>Fiscal Year Ended June 30</u>	<u>Prior Years' Levies Collected</u>	<u>Current Years' Levy Collected</u>	<u>Percentage of Current Years' Levy Collected</u>
2018	\$ -	\$130,807,225	99.2%
2017	507,721	121,216,436	99.2
2016	654,259	115,428,747	99.1
2015	745,800	107,491,815	98.9
2014	942,944	106,428,236	98.4

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

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

TEN LARGEST TAXPAYERS FOR FISCAL YEAR 2018

<u>Company</u>	<u>Types of Enterprise</u>	<u>Assessed Valuation</u>	<u>Tax Levy</u>
Reynolds American Inc.	Manufacturer	\$307,796,440	\$ 1,838,776
Caterpillar Inc	Manufacturer	271,848,356	1,624,022
Wexford Winston Salem	Real Estate Development	219,887,200	1,313,606
Duke Energy Corp.	Electric Utility	209,437,467	1,251,179
Wells Fargo Bank NA	Financial Services	207,343,316	1,238,669
JG Winston Salem LLC	Real Estate Management	191,462,400	1,143,796
Branch Banking & Trust	Financial Services	97,101,769	580,086
Herbalife International of America Inc.	Manufacturer	93,488,475	558,500
Lowes Data Center	Retail	92,557,434	552,938
Wake Forest University	Education/Health Care	70,020,809	418,304

Source: Forsyth County Tax Department.

CITY OF WINSTON-SALEM, NORTH CAROLINA
SCHEDULE OF OUTSTANDING SPECIAL OBLIGATIONS
As of June 30, 2018

Purpose	Date of Issue	Amount
Special Obligations secured by pledged funds consisting initially of sales and use taxes distributed to the City		
(See description of SECURITY in Official Statements)		
Special Obligation Bonds, (Public Facility Project) Series 2009	Sept. 21, 2009	9,628,981
Special Obligation Bonds, (Solid Waste Management Project) Series 2011	May 18, 2011	6,071,059
Special Obligation Bonds, (Refunding & Economic Development Project) Series 2013	May 17, 2013	7,575,000
Total Special Obligation Bonds		<u>\$23,275,040</u>

**SCHEDULE OF PLEDGED FUNDS AND COVERAGE
OF SPECIAL OBLIGATIONS
At June 30, 2018**

	Fiscal Year	Pledged Funds			Pledged Fund Available For Payment of Special Obligations	Payment ⁽²⁾ Requirement	Coverage of Payment of Special Obligation
		Article 39 Sales Tax	Article 40 Sales Tax	Article 42 Sales Tax			
H							
I	2014	13,369,429	5,951,711	6,421,671	25,742,811	3,352,066	7.68 X
S							
T	2015	15,865,424	6,621,841	7,642,155	30,129,420	3,975,263	7.58 X
O							
R	2016	16,687,007	7,106,553	8,051,084	31,844,644	4,035,006	7.89 X
I							
C	2017	17,646,545	7,502,337	8,509,197	33,658,079	3,931,297	8.56 X
A							
L	2018	18,467,659	8,078,595	8,894,945	35,441,199	3,910,013	9.06 X
<hr/>							
P	2019 ⁽¹⁾	19,537,680	8,440,520	9,414,040	37,392,240	2,680,430	13.95 X
R	2020 ⁽¹⁾	20,123,810	8,693,736	9,696,461	38,514,007	2,666,722	14.44 X
O	2021 ⁽¹⁾	20,727,524	8,954,548	9,987,355	39,669,427	2,644,665	15.00 X
J	2022 ⁽¹⁾	21,349,350	9,223,184	10,286,976	40,859,510	2,631,781	15.53 x
E	2023 ⁽¹⁾	21,989,831	9,499,880	10,595,585	42,085,296	2,608,148	16.14 x
C							
T							
E							
D							
<hr/>							

⁽¹⁾ The Pledged Funds for fiscal year 2019 is the annual budgeted amount which reflects approximately an annual growth of 5.5%. The Pledged Funds for fiscal years 2020 through 2023 have been projected using an annual growth factor of approximately 3.0%.

⁽²⁾ The Series 2009 and Series 2011 Special Obligation Bonds are projected with interest rates of 3.0% for fiscal years 2019 through 2023.

SCHEDULE OF SPECIAL OBLIGATION PAYMENT REQUIREMENTS
At June 30, 2018

Fiscal Year	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Payments</u>
	Principal	Interest	Principal	Interest	Principal and Interest
2019	\$ 590,000	\$288,575	\$1,313,693	\$ 488,162	\$ 2,680,430
2020	615,000	264,975	1,338,693	448,054	2,666,722
2021	640,000	240,375	1,358,694	405,596	2,644,665
2022	670,000	214,775	1,383,693	363,313	2,631,781
2023	700,000	184,225	1,403,693	320,230	2,608,148
2024-2028	2,470,000	548,625	5,259,525	977,811	9,255,961
2029-2033	<u>1,890,000</u>	<u>200,737</u>	<u>3,642,049</u>	<u>19,941</u>	<u>5,752,727</u>
Total	<u>\$7,575,000</u>	<u>\$1,942,287</u>	<u>\$15,700,040</u>	<u>\$3,023,107</u>	<u>\$28,240,434</u>

STORMWATER SYSTEM INFORMATION

NUMBER OF ACTIVE STORMWATER FEE LOCATIONS

The following table provides information on the number of the City's stormwater locations at the end of each of the last five fiscal years:

Fiscal Year June 30	Number of Active Stormwater Locations	Number Increase over Previous Year
2014	79,357	121
2015	79,983	626
2016	80,704	721
2017	81,175	471
2018	81,622	447

MAJOR USERS

The following table presents information on the ten largest accounts for the City's stormwater drainage infrastructure during the fiscal year ended June 30, 2018.

Name of Customer	Impervious Surface Area (sq ft)⁽¹⁾	Total Revenue
WSFC Schools	12,805,397	\$ 248,023
Wake Forest University	11,827,613	228,403
City of Winston-Salem	11,783,634	225,401
Airport Commission(owner/operator of Smith Reynolds Airport)	6,185,877	97,950
WFU Health Sciences	4,548,501	87,128
Novant Health	4,210,524	78,599
Walmart Stores	3,505,134	67,853
Forsyth Technical Community College	2,319,439	44,999
Reynolds American	6,320,112	43,075
Winston-Salem State University	2,151,900	41,776

⁽¹⁾ Impervious Surface Area (ISA) is the total of all properties owned by the customer.

STORMWATER FEES

The City maintains a dedicated stormwater utility to fund program efforts. Charges for stormwater services currently are divided into four residential tiers. Non-residential users pay a flat fee per acre. Non-profit and non-tax paying property owners are subject to the fee. There is no class of users excluded from stormwater fees.

Residential fees are as follows:

Tier	Impervious Surface Area (sq ft)	Scaling Factor	Annual Fee
I	1 – 2,000	0.95	\$ 51
II	2,001 – 4,000	1.00	54
III	4,001 – 6,000	1.50	81
IV	>6,000	2.00	108

Non-residential fees are \$831 per impervious acre annually, with a minimum charge of \$55.

CITY OF WINSTON-SALEM, NORTH CAROLINA
SCHEDULE OF OUTSTANDING REVENUE BONDS
As of June 30, 2018

Purpose	Date of Issue	Amount
Revenue Bonds secured by pledge of specific revenues		
(See description of SECURITY in Official Statements)		
Water and Sewer System Revenue Bonds		
Revenue Bonds, Series 2009	March 4, 2009	2,715,000
Revenue Bonds, Series 2010A	Nov. 4, 2010	5,815,000
Revenue Bonds, Series 2010B	Nov. 4, 2010	42,895,000
Revenue Bonds, Series 2010C	Nov. 4, 2010	37,000,000
Revenue Bonds, Series 2010D	Nov. 4, 2010	6,845,000
Revenue Bonds, Series 2014A	Dec. 14, 2014	28,850,000
Revenue Bonds, Series 2015A,B,C	August 19, 2015	115,830,000
Revenue Bonds, Series 2016A	April 6, 2016	123,270,000
Revenue Bonds, Series 2016B	April 6, 2016	7,240,000
Revenue Bonds, Series 2017	October 19, 2017	55,670,000
Total Water and Sewer System Revenue Bonds		<u>\$426,130,000</u>

**SCHEDULE OF REVENUES, OPERATIONS, AND MAINTENANCE COSTS,
NET REVENUE AVAILABLE FOR DEBT SERVICE, AND COVERAGE OF DEBT
SERVICE FOR THE WATER AND SEWER SYSTEM**

HISTORICAL DEBT SERVICE COVERAGE

The following table presents historical financial information on the System including net income from operations available for debt service, total funds available for debt service, historical debt service requirements, and historical debt service coverage ratios based on these amounts for the five Fiscal Years from 2014 through 2018. The information was derived from the City's Comprehensive Annual Financial Reports.

HISTORICAL DEBT SERVICE COVERAGE FOR THE SYSTEM
(Thousands of dollars)

	Years Ended June 30 (Audited)				
	2014	2015	2016	2017	2018
Net Revenues Available for Debt Service	\$50,908	\$56,745	\$64,289	\$65,154	\$75,084
12% of Liquid Assets	12,915	14,245	12,185	13,390	15,448
Net Revenues Available for Debt Service and 12% of Liquid Assets	<u>\$63,823</u>	<u>\$70,990</u>	<u>\$76,474</u>	<u>\$78,544</u>	<u>\$90,532</u>
Debt Service on Revenue Bonds	39,777	39,437	39,304	38,447	41,178
Debt Service on General Obligation Indebtedness and Other Indebtedness	<u>384¹</u>	<u>622¹</u>	<u>661¹</u>	<u>1,325</u>	<u>7,470</u>
Total Debt Service on Revenue Bonds, General Obligation Indebtedness and Other Indebtedness	<u>\$40,161</u>	<u>\$40,059</u>	<u>\$39,965</u>	<u>\$39,772</u>	<u>\$48,648</u>
Debt Service Coverage on Revenue Bonds, Excluding any Liquid Assets	1.28x	1.44x	1.64x	1.69x	1.82x
Debt Service Coverage on Revenue Bonds, Including 12% of Liquid Assets	1.60x	1.80x	1.95x	2.04x	2.20x
Debt Service Coverage on Revenue Bonds, General Obligation Indebtedness and Other Indebtedness, Including 12% of Liquid Assets	1.59x	1.77x	1.91x	1.97x	1.86x
Debt Service Coverage on Revenue Bonds, General Obligation Indebtedness and Other Indebtedness, Based on Net Revenues, Excluding any Liquid Assets	1.27x	1.42x	1.61x	1.64x	1.54x

¹ Includes a note payable to the U.S. Army Corps of Engineers that financed construction costs related to the Kerr Scott Reservoir and matured in Fiscal Year 2016. This obligation is payable from Net Revenues after payment of principal of and interest on the Bonds, but are not secured by any lien on Net Revenues.

SCHEDULE OF DEBT SERVICE REQUIREMENTS
WATER AND SEWER SYSTEM
(Thousands of dollars)
At June 30, 2018

The following schedule presents the debt service requirements for outstanding revenue bonds issued on behalf of the Water and Sewer System:

<u>Fiscal Year</u>	<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2019	\$ 24,425,000	\$ 18,254,325
2020	16,875,000	17,517,796
2021	17,490,000	16,837,005
2022	17,830,000	16,098,711
2023	18,615,000	15,311,876
2024-2028	106,360,000	63,324,771
2029-2033	101,700,000	39,728,234
2034-2038	80,995,000	19,418,176
2038-2043	30,345,000	4,791,950
2044-2047	11,495,000	1,172,200
Total	<u>\$426,130,000</u>	<u>\$212,455,044</u>

WATER AND SEWER SYSTEM INFORMATION

NUMBER OF CUSTOMERS

The following chart presents information on the number of active water and sanitary sewer service accounts at the end of each of the last five fiscal years:

Historical Water Customer Statistics⁽¹⁾				
Fiscal Year June 30	Billed Accounts	Percent Growth	Billed Consumption (CCF)	Percent Growth
2014	115,482	0.60%	14,502,207	-3.40%
2015	116,374	0.77%	15,045,742	3.75%
2016	117,449	0.92%	15,051,830	0.04%
2017	118,453	0.85%	15,337,162	1.90%
2018	119,629	0.99%	15,036,721	-1.96%

Historical Sewer Customer Statistics⁽¹⁾				
Fiscal Year June 30	Billed Accounts	Percent Growth	Billed Consumption (CCF)	Percent Growth
2014	87,717	0.79%	11,452,956	-2.43%
2015	88,600	1.01%	11,636,872	1.61%
2016	89,635	1.17%	11,590,605	-0.40%
2017	90,517	0.98%	11,868,249	2.40%
2018	91,634	1.23%	11,660,868	-1.75%

⁽¹⁾ Billing system information provided by the City.

MAJOR USERS

Set forth below is information concerning the ten largest water customers and the ten largest sewer customers of the system for the Fiscal Year ended June 30, 2018. No independent investigation has been made of, and consequently no representation can be made as to, the stability or financial condition of any of the customers listed below or that such customers will continue to maintain their status as major customers of the system. There has been no substantial new user added to the Water and Sewer System since the end of Fiscal Year 2018.

Ten Largest Water Customers

Top 10 By Water Dollars				
Name of Customer	Type of Enterprise	Consumption (CCF)	Sales Revenues	Percentage of Total Water Revenues ⁽¹⁾
Corn Products International	Manufacturer	627,379	\$ 1,318,678.00	2.42%
Reynolds American, Inc.	Manufacturer	497,522	1,196,221.08	2.20%
WS/FCS Board of Education	Education	113,816	547,275.58	1.01%
WFU Baptist Medical Center	Health Care	349,112	535,127.35	0.98%
Novant Health, Inc.	Health Care	278,988	506,124.60	0.93%
City Of Greensboro	Local Government	95,480	408,066.63	0.75%
Wake Forest University	Education	201,920	381,000.22	0.70%
Pepsi Cola Company	Manufacturer	159,396	340,746.23	0.63%
Dairy Fresh, Inc.	Manufacturer	117,577	254,081.07	0.47%
Winston-Salem State University	Education	80,165	252,637.29	0.46%
Totals		2,521,355	\$ 5,739,958.05	10.55%

⁽¹⁾ Based on total water revenues of \$54,441,708.54 Fiscal Year 2018.

Note: Use measured in CCF or per 100 cubic ft of water used.

Ten Largest Sewer Customers

Top 10 By Sewer Dollars				
Name of Customer	Type of Enterprise	Treated Volumes (CCF) ⁽¹⁾	Sales Revenues	Percentage of Total Sewer Revenues ⁽²⁾
Corn Products International	Manufacturer	627,379	\$2,124,878.49	4.36%
Reynolds American, Inc.	Manufacturer	497,522	1,605,853.20	3.30%
City of King	Local Government	258,790	1,410,909.54	2.90%
Davie County Water, Inc.	Local Government	144,773	1,016,128.73	2.09%
Dairy Fresh, Inc.	Manufacturer	117,577	834,371.80	1.71%
WFU Baptist Medical Center	Health Care	349,112	487,679.87	1.00%
Pepsi Cola Company	Manufacturer	159,396	457,719.78	0.94%
Davidson County	Local Government	57,059	406,928.48	0.84%
Hanes Dye & Finishing	Manufacturer	86,786	403,324.78	0.83%
Novant Health, Inc.	Health Care	278,988	383,724.52	0.79%
Totals		2,577,382	\$ 9,131,519.19	18.76%

⁽¹⁾ Treated volumes are based on metered water flows for each customer with the exception of the City of King, Davie County Water, Inc. and Davidson County

⁽²⁾ Based on total sewer revenues of \$48,696,955.74 Fiscal Year 2018.

Water and Sanitary Sewer Rates

Effective July 2009, the Utility Commission eliminated the minimum charges for most customers and added a base charge which varies according to meter size. The Commission also adopted a new increasing block rate structure for water. Monthly service charges for water and sewer services generally consist of the new increasing tiered consumption charges plus the new base charges. In addition, charges are imposed on users whose sewerage contain suspended solids or have a biological oxygen demand (“BOD”) greater than normal domestic sewerage. The charge for suspended solids/1,000 lbs. is \$161.00 (\$241.50)* and for BOD/1,000 lbs. is \$211.00 (\$316.50)*. Rates and charges are reviewed annually by the Utility Commission in preparation of the annual operating budget, existing debt service, and future debt service.

The Utility Commission has set various rate schedules for users within the corporate limits of the city and outside of the corporate limits of the city. The rate schedules are developed based upon the capital needs of the Utility System in the particular municipal boundaries. The following chart sets forth the current and previous monthly rate schedules for users inside the city limits:

Base Charges				
	Effective 10/1/2017		Effective 7/1/2018	
Meter Size	Water	Sewer	Water	Sewer
5/8" or 3/4"	\$ 7.94	\$ 8.94	\$ 8.77	\$ 10.24
1"	10.15	11.26	11.22	12.89
1-1/2"	13.56	15.21	14.98	17.42
2"	18.22	19.86	20.13	22.74
3"	136.72	32.36	151.08	37.05
4"	178.09	46.40	196.79	53.13
6"	279.61	85.42	308.97	97.81
8"	397.38	132.23	439.10	151.40
10"	521.30	186.90	576.04	214.00
12"	725.16	343.04	801.30	392.78

Consumption Charges⁽¹⁾

		Effective 10/1/2017		Effective 7/1/2018	
Tiers	Cons Levels	Rate		Rate	
Water					
Tier 1	0-300	\$	2.10	\$	2.18
Tier 2	301-900		3.12		3.23
Tier 3	901-20,000		3.48		3.60
Tier 4	Above 20,000		2.11		2.19
Irrigation					
Tier 1	0 – 300	\$	2.10	\$	2.18
Tier 2	301-900		3.12		3.23
Tier 3	Above 900		3.48		3.60
Sewer	All	\$	3.31	\$	3.48

⁽¹⁾ Charges applied per hundred cubic feet (ccf).