



CITY OF
Winston-Salem
NORTH CAROLINA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2019





CITY OF
Winston-Salem
NORTH CAROLINA



Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2019

City of Winston-Salem, North Carolina

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prepared by Financial Management Services.



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COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2019

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Certain pages in this report are intentionally blank.



Letter of Transmittal

October 31, 2019

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, 2019. 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, 2019.

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 Cherry Bekaert 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, 2019, 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.

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 13.44% of the budgeted expenditures while total general fund was 24.75%.

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 2020 through fiscal year 2025 includes capital appropriations totaling \$355 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.

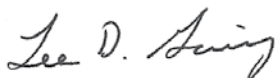
Awards and Acknowledgements

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, 2018. This was the 33rd 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

LOCAL *economy* 2018-2019





WAKE FOREST BIOTECH PLACE



500 W 5TH



DETOURS WERE A FREQUENT SIGHT IN 2019

ANYONE DRIVING THROUGH WINSTON-SALEM

in the past year could not miss the most visible improvement to its infrastructure: the demolition and rebuilding of aging, overcrowded sections of Business 40 as well as several on- and off-ramps that serve the heart of downtown. After 10 years of planning and more than a little dread among motorists, actual construction has proceeded faster than planned. Weather permitting, it could finish as soon as April 2020, months ahead of the original schedule.

Although there was no way to totally prevent inconvenience for commuters and downtown businesses, several projects completed before the major demolition have helped lessen the pain. The completion of Research Parkway, which connects to U.S. 52, the widening of several key downtown streets, and the new bridge and interchange at Peters Creek Parkway and Business 40 have given motorists alternative routes and helped ease congestion.

Those using Research Parkway get an up-close view of a bustling, growing area of the City. Former downtown tobacco factories and warehouses once owned by **R.J. Reynolds Tobacco Company** have been transformed into **Wake Forest Innovation Quarter**, a hub of **Wake Forest University School of Medicine** classrooms and research labs, upscale loft apartments, and bustling restaurants and breweries. More than 170 companies, including a number of start-up businesses and **Inmar**, a rapidly growing high-tech logistics company, now occupy Innovation Quarter. Over 3,700 workers and 1,800 degree-seeking students from Wake Forest, **Winston-Salem State University** and **Forsyth Technical Community College** make for an energetic atmosphere, night and day.

A few blocks away, the former GMAC Insurance Building on Fifth Street is also experiencing a rebirth as **500 W 5th**, a 21-floor entrepreneurial center for young companies and the new headquarters of the **Flow Automotive Group**. After standing vacant for four years, the building was acquired by local business leader Don Flow in 2018. The Flow companies now occupy floors 14 through 18 and about 90,000 square feet. Other prominent tenants include **Winston Starts**, a business

accelerator for early-stage companies that occupies two floors; **Teall Capital Partners**, a private equity firm; **Flywheel**, a 24/7 co-working environment; and the **Salem College Center for Women in Entrepreneurship and Business**. **Grubb Properties**, a Charlotte-based developer, will demolish a six-story building adjacent to 500 W 5th's south side and in its place build a mixed-use building with 240 residential units as well as storefronts.

Just north of downtown, **Whitaker Park**, a former Reynolds manufacturing complex of 1.7 million square feet, will soon be the new home of **Cook Medical**. With the move, expected to take place in 2020 or 2021, the family-owned developer and maker of medical devices will more than quadruple — to 850,000 square feet — its current manufacturing space in the northern part of the City. The complex is owned by the **Whitaker Park Authority**, a non-profit corporation chaired by Flow and created by **Winston-Salem Business, Inc.**, the **Winston-Salem Alliance** and **Wake Forest University**. The entire complex, which includes 1.7 million square feet of space



Major Employers in Forsyth County

Updated September 2019*

Rank	Company	Employees*
1	Wake Forest Baptist Health	18,570
2	Novant Health	11,000
3	Winston-Salem-Forsyth County Schools	6,900
4	BB&T	4,000
5	Wells Fargo	3,500
6	Reynolds American Inc	3,000
7	Wake Forest University	2,800
8	Hanesbrands Inc	2,400
9	City of Winston-Salem	2,400
10	Forsyth County	2,300
11	AT&T	2,000
12	Collins Aerospace	1,500
13	Lowes Foods LLC	1,500
14	Forsyth Technical Community College	1,200
15	National General Insurance Co	1,200
16	Salem Carriers	1,000
17	Winston-Salem State University	1,000
18	YMCA of NW NC	1,000
19	American Airlines	900
20	Inmar Inc	900

SOURCE: WINSTON-SALEM CHAMBER OF COMMERCE

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

spread over 120 acres and 13 buildings, has the potential to be the next mixed-used economic engine for the City. The City Council has approved about \$2.5 million in economic development assistance for Cook Medical for moving costs. Cook Medical is investing about \$55 million at the proposed site.

As a modern **City of Arts and Innovation**, Winston-Salem is beginning to fully realize the positive economic impact of the arts and tourism. The biennial **National Black Theatre Festival** held in August 2019 and the annual **River Run Film Festival** are among the cultural offerings attracting visitors to the area. A study by Americans for the Arts, a national non-profit organization, estimated that full-time jobs in the non-profit arts and culture sector in Forsyth County rose 15%, 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.

Tourism spending in Forsyth County reached a record high for the eighth consecutive year, totaling \$950.6 million in 2018, according to **Visit North Carolina**. Visitors to Forsyth County generated an estimated \$73.3 million in local and state tax revenues in 2018, up 4.9% from 2017. There are 7,280 jobs in Forsyth considered to be associated with travel and tourism.

In addition to longtime tourist favorites **Old Salem Museums and Gardens** and the **Reynolda House Museum of American Art**, sporting events are also becoming a major draw for Winston-Salem. The **NCAA Division 1 Men's Tennis Championship** was held here in 2018, and the annual **Winston-Salem Cycling Classic** and **Winston-Salem Open** tennis tournament continue to grow in prestige and popularity.

In other economic measures, the Winston-Salem area housing market continues to thrive. According to **Triad Multiple Listing Service** data, the average sales price in the Winston-Salem metro area in June 2019 was \$225,787, up 12.2% from June 2018. The metro area includes residential markets in Davidson, Davie, Forsyth, Stokes and Yadkin counties.

The unemployment rate in Forsyth County remains low, according to the U.S. Department of Labor. In July 2019, the unemployment rate stood at only 4.2%, the same as in July 2018.



THE BIENNIAL NATIONAL BLACK THEATRE FESTIVAL ATTRACTS THOUSANDS OF VISITORS TO THE CITY



WAKE FOREST INSTITUTE FOR
REGENERATIVE MEDICINE



VENTURE CAFÉ



BAILEY PARK

TECHNOLOGY & INNOVATION

ENCOMPASSING TWO MILLION SQUARE FEET of office, laboratory, classroom and mixed-use space, Wake Forest Innovation Quarter is one of the fastest-growing urban innovation districts in the United States. As such, it has been selected — as one of only six districts from around the world — to be an inaugural member of the steering committee of the Global Institute on Innovation Districts. The non-profit Institute's mission is to form a worldwide network of innovation districts who can share best practices, success stories and challenges.

Bruce Katz, a national expert on innovation districts and co-founder of the Institute, says Innovation Quarter is unique for its location in a downtown area, and for its reuse of former factory facilities. Katz recently told the *Winston-Salem Journal*: "The remaking of the old tobacco factories into new innovative facilities just sends a very strong signal of how to repurpose your economy for a different century and for different challenges."

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

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

A major portion of **Bailey Power Plant**, the former power-generating plant for downtown RJR factories, has been reimaged into mixed-use space. With its iconic smokestacks and more

than 111,000 square feet of space, it is now home to **Alma Mexicana**, a Tex-Mex restaurant; **Incendiary Brewing**, Winston-Salem's seventh brewery; and **Venture Café**, which hosts hundreds of local entrepreneurs and innovators for Thursday night workshops and opportunities to mix, mingle and learn from one another. Venture Café co-leads, along with **Piedmont Business Capital**, the **ACCESS Center for Equity + Success**. **Front Street Capital**, a private equity real estate company, plans to redevelop **Bailey South** and the adjacent **Morris Building** as the last phase of the Bailey Power Plant block, adding another 100,000 square feet of office, retail and entertainment space.

Adjacent to Bailey Power Plant, **Bailey Park** is a green-space venue offering a series of outdoor yoga classes and events, including the annual **Winston-Salem Cycling Classic** professional bike races and the **Gears & Guitars** concert weekend.

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.

"The remaking of the old tobacco factories into new innovative facilities just sends a very strong signal of how to repurpose your economy for a different century and for different challenges."

Much of Innovation Quarter's redevelopment has been the result of \$828 million of public/private investments, much of it from **Wexford Science & Technology, LLC**, a **BioMed Realty Company**. The City has been a major player in supporting Innovation Quarter, along with Forsyth County and the State of North Carolina. Much of the investment has leveraged historic tax credits approved by the National Parks Service.



NOVANT HEALTH FORSYTH
MEDICAL CENTER



WAKE FOREST
BAPTIST HEALTH

HEALTH CARE

INNOVATION IN WINSTON-SALEM EXTENDS into health care, as two of North Carolina's largest regional health systems have headquarters here — Novant Health, Inc. and Wake Forest Baptist Medical Center. The health systems together provide 29,570 jobs in Forsyth County and are major drivers of the local economy.

Novant Health is an integrated health care system based in Winston-Salem that serves about 5 million patients annually across the Southeast. Its network consists of 15 medical centers, over 580 clinic locations, and more than 1,500 physicians in North Carolina, Virginia, South Carolina and Georgia.

Novant was one of the first health care systems in the nation to receive the Centers for Medicare and Medicaid Services (CMS) Health Equity Award, which recognizes a commitment to reducing health care disparities among different races, ethnicities, genders and those living in rural areas. It has a major impact in its communities by delivering over \$883 million in community benefits and has been named among the best places in the nation to work in health care, especially for women and minorities. The health system is recognized by the Joint Commission for the quality and safety of its patient care, and its hospitals rank 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. The largest in Novant's system, FMC is fully accredited by the Joint Commission and has earned top honors in specialties including its Chest Pain and Breast Centers, stroke care, heart and vascular care, congestive heart failure care, and its ventricular assist device (VAD) program. FMC is also recognized for excellence and quality in nursing care.

Centers of excellence at FMC include **Novant Health Rehabilitation, Maya Angelou Women's Health & Wellness Center, Heart & Vascular Institute, Derrick L. Davis Cancer Center, Stroke & Neurosciences Center, Orthopedic Center** and **Behavioral Health**. The Maya Angelou Center operates the largest birthing center in the region and assists with more than 6,000 births each year.

Novant's **Medical Park Hospital** is a 22-bed, not-for-profit hospital that specializes in elective and outpatient procedures. Medical Park performs about 12,000 surgeries each year and is a leader in the use of medical technology and patient satisfaction. Novant also operates four community hospitals in the region: **Novant Health Clemmons Medical Center, Novant Health Kernersville Medical Center, Novant Health Rowan Medical Center**, and **Novant Health Thomasville Medical Center**.

With 18,570 employees, **Wake Forest Baptist Health** is Winston-Salem and Forsyth County's largest employer. The fully integrated academic medical system is anchored by the **Baptist Medical Center** campus and also includes the **Wake Forest School of Medicine, Wake Forest Innovations**, and **Wake Forest Innovation Quarter**. Internationally recognized, the preeminent academic Medical Center's staff includes more than 2,000 physicians with expertise in over 100 specialties; 4,000 registered nurses; 700 residents and fellows; the nationally ranked **Brenner Children's Hospital**, the region's only pediatric hospital; and the newly opened **Birth Center**, the most modern and advanced in the state. Its **Comprehensive Cancer Center** is one of only 47 in the nation designated as comprehensive by the National Cancer Institute, a designation it has held for 30 years.

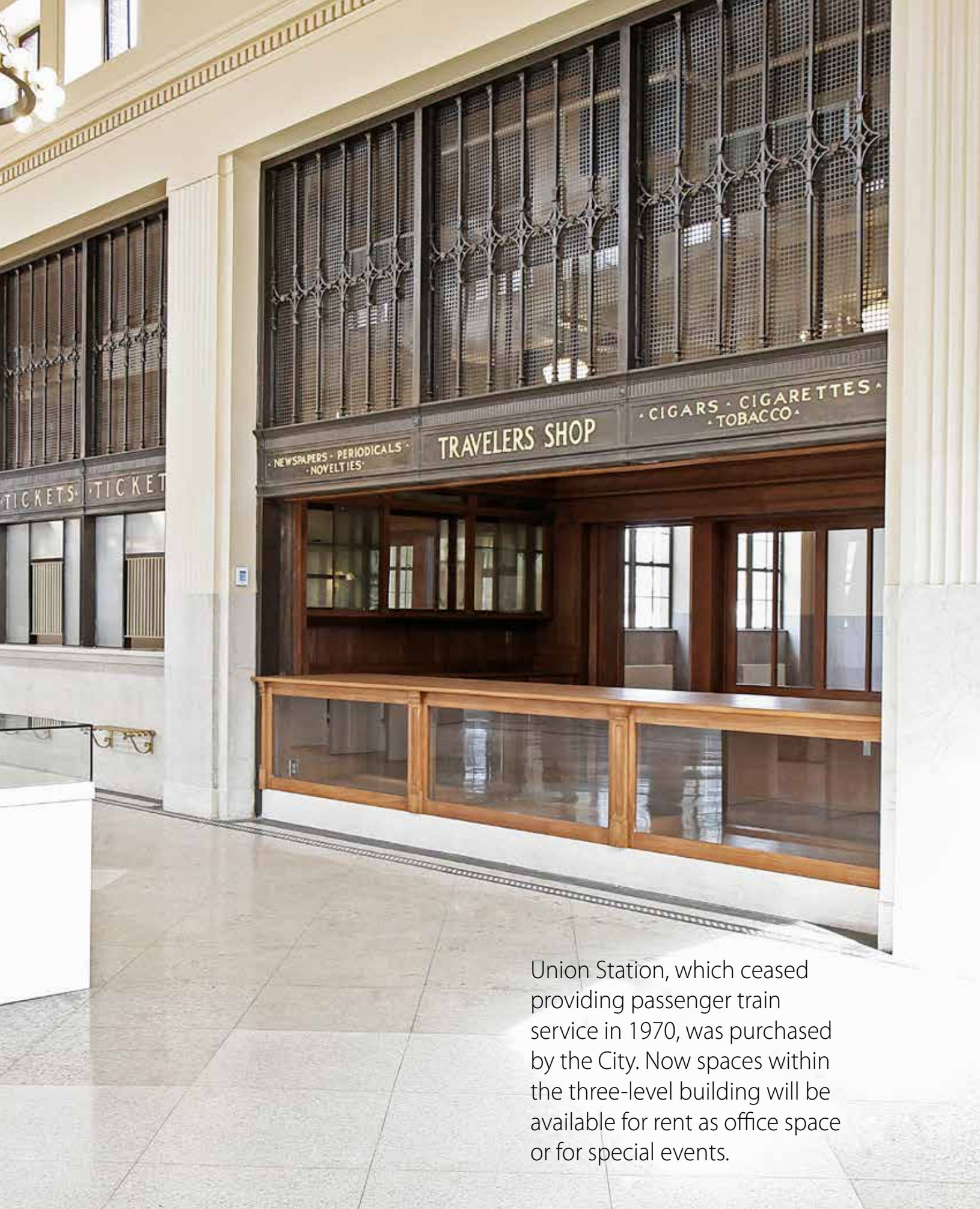
The Medical Center provides 885 acute care beds, as well as outpatient services, physician practices and clinics, diagnostic centers, emergency and urgent care centers, community health and information locations, and a division that brings innovative discoveries in technology, products and services to patient bedsides. It is the region's only Level I Trauma and Burn Center and was the state's first Level 1 Pediatric Trauma Center. Other locations that are part of the Wake Forest Baptist Health system are **Wake Forest Baptist Health-Lexington Medical Center, Wake Forest Baptist Health-Davie Medical Center, Wake Forest Baptist Health-Wilkes Medical Center**, and the newly added **Wake Forest Baptist Health High Point Medical Center**.

In addition to being the largest employer, Winston-Salem's world class health care sector enhances the City's quality of life.

The institution plays a key role in the community by delivering more than \$373 million in charitable care and other community benefits. The hospital holds the coveted Gold Seal of Approval™ from the Joint Commission, the nation's most respected 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 America's Best Hospitals by *U.S. News & World Report* for 27 consecutive years, and Brenner Children's Hospital ranks among the best children's hospitals. Wake Forest Baptist's physicians rank among the top in the country, with 300 included in the Best Doctors in America database.

The medical school serves approximately 1,900 students, residents and fellows. It continually ranks among the best medical schools in the country by *U.S. News & World Report* and is one of the nation's most selective.



Union Station, which ceased providing passenger train service in 1970, was purchased by the City. Now spaces within the three-level building will be available for rent as office space or for special events.



BB&T WILL SOON BECOME
TRUIST FINANCIAL CORP.



WELLS FARGO & CO



PIEDMONT FEDERAL SAVINGS BANK

FINANCIAL SERVICES

BB&T Corporation (BB&T), a Fortune 500 company headquartered in Winston-Salem, announced in February 2019 that it will merge with **SunTrust Banks Inc.** in a proposed \$26.7 billion megadeal, the banking industry's largest since the recession of 2008-2011. The combined bank, to be known as **Truist Financial Corp.**, will be the nation's sixth largest, with \$456.4 billion in total assets as of June 30, 2019. Although Truist will have its headquarters in Charlotte, its community-banking division will remain in Winston-Salem. BB&T's executive leadership has pledged to continue its same level of charitable and community involvement here.

Wells Fargo & Co. bought Wachovia Corp., founded in 1879 in Winston-Salem, in 2008. While Wells Fargo's headquarters is located in San Francisco, it maintains a major operation of the bank's wealth, brokerage, and retirement division in Winston-Salem and employs more than 3,500 workers here. With \$1.9 trillion in assets, Wells Fargo has more than 8,500 locations in 38 countries and territories.

Piedmont Federal Savings Bank, founded in 1903 in Winston-Salem, continues to be one of the nation's soundest banks. The bank prides itself on refusing to sell any of its home loans to other institutions. As a mutual savings bank, Piedmont Federal is FDIC-insured, with its customers as its only stakeholders. In the summer of 2019, the bank opened its 11th retail location in High Point. It operates 10 other branches in Forsyth, Wilkes and Watauga counties.

Winston-Salem is also home to two of the state's largest credit unions. **Allegacy Federal Credit Union**, founded in 1967 to serve employees of Reynolds Tobacco Co., now has more than 151,000 owner-members worldwide with over \$1.5 billion in assets and an additional \$1 billion in assets under management by its financial planning group. **Truiliant Federal Credit Union**, chartered in 1952 to serve employees of Western Electric, now has more 248,000 member-owners throughout the U.S. and assets of more than \$2 billion.

2019-2020 City Budget and Improvements

The City Council approved a 2019-2020 budget of \$496.4 million, with \$368.4 million budgeted for operations, \$82 million for capital, and \$46 million for debt service. A property tax increase of 4 cents, to 63.74 cents per \$100 of assessed property value, covers the debt from the \$122 million in general obligation bonds approved by voters in November 2018. The 2018 bond issue includes \$31 million for parks and recreation, \$21.1 million for public safety, \$14.5 million for economic development, \$43.7 million for streets and sidewalks, and \$11.7 million for housing.

In spring 2019, the **City-County Utility Commission** adopted a budget for the water and sewer system and approved a \$1.02/month increase for water and sewer base charges for residential customers. No volumetric increase was recommended. Winston-Salem continues to have one of the lowest water and sewer rates among N.C. large cities.

In summer 2019, the City completed work on two high-profile projects: renovations to **Hanes Park**, which marked its centennial in 2019, and historic restorations to **Union Station**, originally built as a train station in 1926. The park received a new entrance on its east side and renovations to the main entrance that replaced damaged stonework. New landscaping and seating was added around the park playground and tennis courts.

Union Station, which ceased providing passenger train service in 1970, was used for more than 30 years as an auto-repair garage before the City purchased the building from its owner in 2010. Spaces within the three-level building, which has been restored to its original grandeur, will be available for rent as office space or for special events. The City's transportation department will occupy the building's first floor. The building's location next to old railroad tracks would make it a viable light-rail station in the future should such a service be established.



REYNOLDS AMERICAN INC.



HANESBRANDS



KRISPY KREME DOUGHNUTS INC

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 2,500 and 2,400 workers, respectively.

While it continues to maintain a significant presence in Winston-Salem, RAI became an indirect, wholly owned subsidiary of **British American Tobacco (BAT)** in July 2017. The \$54.5 billion transaction completed BAT's purchase of the 57.8% 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. The

company also sells Camel Snus, the top-selling U.S. snus product. Snus, which became popular first in Sweden, are teabag-like pouches of pasteurized loose tobacco that users stick between their cheek and gum.

Hanesbrands, founded in Winston-Salem in 1901, is the world's largest marketer of basic apparel, selling bras, panties, shapewear, sheer hosiery, men's underwear, children's underwear, socks, T-shirts, sweatshirts, fleece and other activewear. The company's brands include Hanes, Champion, Playtex and Bali. For the quarter ended June 30, 2019, the company reported net sales growth of three percent to \$1.76 billion. Unlike most apparel companies, Hanesbrands primarily operates its own manufacturing facilities. It is the only apparel producer to ever be honored by the Great Place to Work Institute for its socially responsible workplace practices in Central America and the Caribbean.

Although manufacturing is no longer the largest employment sector in Winston-Salem and Forsyth County, it continues to be a major player.



Another manufacturer with a significant presence in Winston-Salem is **Collins Aerospace Interiors**, which employs 1,500 workers, many inherited from its purchase of **B/E Aerospace** in April 2017. Collins was acquired by aerospace company **United Technologies Corp.** in late 2018.

Other major manufacturers include **Deere-Hitachi**, with 850 workers; **Herbalife**, a manufacturer of healthcare supplements, with 750 employees; **Hayward Industries**, a manufacturer of pool equipment, with 725 workers; **WestRock**, which makes packaging products and employs 600; and **Cook Medical**, a manufacturer of medical devices, with 640 workers. **Krispy Kreme Doughnuts Inc.**, founded in Winston-Salem and manufacturer of one of its most iconic products, employs 460. The company was acquired for \$1.35 billion by JAB Holding Co. in July 2016.



While most Hanesbrands products are sold through national retailers, its direct-to-consumer sales — through the Internet and retail outlets — account for 25 percent of total sales.

Fees collected from companies within the Winston-Salem Business District (BID) support services to keep downtown clean and safe.

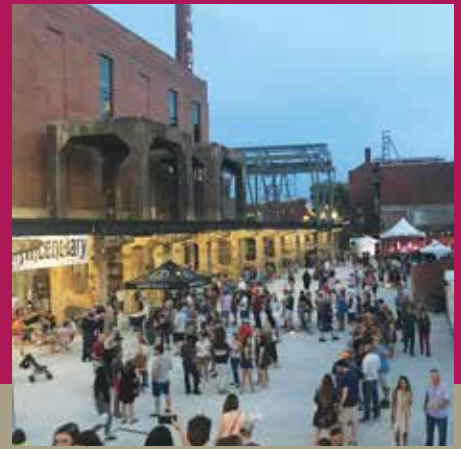




BAILEY PARK



DOWNTOWN ARTS DISTRICT



INCENDIARY BREWING

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. Now home to seven breweries, Winston-Salem's downtown has received national recognition as one of the best in the U.S., based on factors such as entertainment options and green space. With the 2019 completion of 344 new apartment units in Innovation Quarter and another 229 on the western end of downtown, the area is now home to more than 2,800 residents.

Downtown Winston-Salem has become a thriving neighborhood and social scene. Sidewalks bustle every night of the week with thousands of residents socializing, walking dogs and visiting an array of restaurants offering food as diverse as pizza, gourmet food cooked with locally sourced products, and ethnic foods including Mediterranean, Thai, Vietnamese and Mexican. **Sweet Potatoes**, a downtown restaurant serving Southern classics such as fried okra, three-cheese macaroni, and cornbread accompanied by a cold glass of buttermilk, has received accolades in national publications. The increase in restaurants and entertainment venues downtown has in part been the result of a special emphasis by the City's **Small Business Loan Program**, which helps finance restaurants and other types of small businesses located in designated areas of the city that are able to demonstrate a need for assistance.

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

The completion of a new **Hampton Inn and Suites** and the renovation of the historic **Pepper Building** into the **Hotel**

Indigo Winston-Salem have brought more out-of-town visitors downtown. The Pepper Building, a long-vacant 49,000-square-foot art deco building, has been brought back to its former glory with a modern twist, including the revival of the Sir Winston Steakhouse and Martini Bar on the first floor. In a green space adjacent to the building, developers **Mayfair Street Partners** will create a public park, restrooms and sidewalks. Mayfair will receive \$4.6 million in assistance for this public project, to be known as **Merschel Park** in honor of former City Council member **Wanda Merschel**.

Downtown development, as well as recruitment of new business to the City as a whole, has largely resulted from the leadership and strategic moves of the **City Council** and the **Winston-Salem Alliance**, a non-profit alliance headed by **Mayor Allen Joiner**, 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.

Downtown Winston-Salem has become a thriving neighborhood and social scene. Sidewalks bustle every night of the week with thousands of residents socializing, walking dogs and visiting an array of restaurants.

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.

COMMUNITY *profile* 2018-2019

The Centennial
Celebration of Hanes
Park in September
2019 included a day of
family activities.





CITY CREWS CLEAN UP AFTER ICE STORM



CITYOFWS.ORG



TROUT RESTOCKING AT WINSTON LAKE

A GREAT PLACE TO LIVE & WORK

THANKS TO A LIVELY DOWNTOWN, A THRIVING arts scene, affordability, world-class health care, good climate and job opportunities, Winston-Salem continues to receive national recognition as a great place to live.

Among the many national publications and websites weighing in on the city's quality of life is *U.S. News and World Report*, which ranked Winston-Salem seventh out of its **Top 10 Best Places to Retire**. At the other end of the age spectrum, *Clever Real Estate* named Winston-Salem to its list of **20 Best Cities for Millennials to Buy a Home**. The website based its selections on several factors, giving the most weight to "livability" and "home affordability" in order to prioritize "places that are both affordable and fun to live in." BestCities.org, in ranking Winston-Salem among **America's 50 Best Small Cities**, states it this way: "Open and progressive meets classic southern, and the result is arts, smarts and superb livability."

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

The City is also rapidly gaining national recognition for sports and recreation. Now in its seventh year of existence, the **Winston-Salem Cycling Classic** continues to grow in prestige among cycling professionals nationwide, with more of the country's top riders spending their Memorial Day weekends competing in the City. The **NCAA Division 1 Men's Tennis Championship** was held here in 2018, and the annual **Winston-Salem Open** tennis tournament continues to grow in prestige and popularity.

Winston-Salem has also been named one of **America's Top 10 Digital Cities** for 16 years in a row by the **Center for Digital Government**. In 2018, the Center rated Winston-Salem third among cities with a population of 125,000 to 249,999 for its commitment to using digital media for city services. The City has provided mobile devices to employees of departments as diverse as engineering and zoning inspections, facilities maintenance, building inspections and housing code enforcement. The result is improved responsiveness and work flow.

Through **cityofws.org**, residents are able to request services, pay bills, register for recreation programs, conduct business with Planning and Development Services, 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. Visitors to cityofws.org can also track progress on the results of the **2014 and 2018 voter-approved bond referendums**. **WinstonNet**, a community program that provides free access to the Internet and computers in underserved neighborhoods around the City, is another nationally recognized asset.

"Open and progressive meets classic southern, and the result is arts, smarts and superb livability." – BestCities.org

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.



WINSTON-SALEM RESIDENTS HAVE A MULTITUDE OF HOUSING CHOICES, FROM HISTORIC NEIGHBORHOODS TO NEW DOWNTOWN APARTMENTS

HOUSING

WINSTON-SALEM'S MANY HOUSING OPTIONS

give citizens of all income levels the means of finding living space that suits both their budget and their lifestyle.

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

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

With rapid growth in downtown residential construction, residents seeking a true urban lifestyle have a diverse range of options for renting or buying. Many downtown loft apartments and condominiums have been repurposed from old textile and tobacco factories, including the **Gallery Lofts**, luxury apartments in the renovated former Brown & Williamson factory; **Plant 64**, created from an old Reynolds tobacco warehouse, and the **Winston Factory Lofts**, created in the renovated Brown Rogers-Dixon building. Other options include **West End Village** and the **Link Apartments Brookstown**, both within walking distance of the BB&T Ballpark. Two new downtown apartment complexes, the **Link Apartments Innovation Quarter** and **West End Station**, were recently completed, adding 573 new units to the market.

As part of the 2014 bond referendum, the City contributed \$1.25 million to the construction of the **757 North** apartment complex. In return, 25% of the 115 units will be set aside, for 10 years, for residents earning 80% of the area median income. After the 10-year period, 15% of the units will be set aside for an additional 20 years.

To promote quality of life throughout the community, the City works to revive blighted neighborhoods. The **Housing Rehabilitation Program** provides financial and technical assistance to qualified

homeowners and investors wanting to repair substandard properties. Owner-occupants with low and moderate incomes are eligible for direct and deferred payment loans, and investor-owners are eligible for loans to repair single family houses for rental. **YouthBuild Winston-Salem**, administered by the **Business Inclusion and Advancement Department**, is a six-month program that trains unskilled and underemployed individuals ages 18-24 in construction fields while they work to earn their GEDs.

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.

With rapid growth in downtown residential construction, residents seeking a true urban lifestyle have a diverse range of options for renting or buying.

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 Neighborhood Revitalization program, a partnership with the City and other organizations to renovate and repair existing homes located among the newer houses Habitat has been building. In addition, private developers have rehabilitated other single-family homes and several two-story brick apartment buildings that have been recognized by the National Historic Register as one of the few remaining examples of "Y" staircase architecture.

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

The rapidly growing Brookberry Farm development includes apartments, patio homes, larger single-family homes, a community pool and common green spaces.



The Festival of Flight
allowed residents to
try out kites, drones
and model airplanes.



RECREATION

CITY RESIDENTS ENJOY AN ENVIABLE ARRAY

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

Aside from becoming an attractive City for professional cycling, Winston-Salem residents seeking to bike for their own fitness, recreation or general transportation can take advantage of 25 miles of greenways and 11 official city bike routes, including 18 miles of on-street marked bike lanes. In spring 2018, the City celebrated the opening of the 1.7-mile **Long Branch Trail**, which connects downtown and Innovation Quarter to the existing Salem Creek Greenway. The trail takes walkers, runners and bikers along an inactive Norfolk and Western Railway line that once carried tobacco products from Winston-Salem to Roanoke, Virginia.

All of these amenities are managed by the **Winston-Salem Recreation and Parks Department**, which is recognized as a leader in serving the recreation needs of its residents. After collecting public input through meetings and a specially designed web page, the City's Department of Transportation unveiled its new **Bicycle Master Plan**, which identifies 17 priority corridors connecting various parts of the city. Physical improvements will include widening or reorienting streets for bike travel and more lane markings on roadways. The plan also calls for crosswalk improvements that will benefit pedestrians.

The **2014 and 2018 bond referendums** approved by voters included \$61.85 million to fund additions and improvements to the City's recreational offerings. 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 was the \$4 million construction of a new marina, training building, playgrounds and restrooms at **Salem Lake**. A great room, with 2,500 square feet of column-free space and large windows providing panoramic lake views, can be rented for special events by the public. The building also includes a catering kitchen with prep and staging space and a wrap-around, 1,200 square-foot deck that offers scenic views.

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

In all, Recreation and Parks operates and maintains 80 parks. Among them are 52 picnic shelters; 48 playgrounds, 43 soccer fields, 47 softball fields, 106 tennis courts, nine pools, nine spray grounds, five volleyball courts, 25 basketball courts, a hobby park, a football field, and three dog parks. The **Fairgrounds Skate Park** offers 15,200 square feet of ramps, quarter pipes, grinding rails, bank ramps and more for skateboarders of all abilities. The park has a 325-foot-long "pump" track, an undulating track of dips and banks that helps riders master the basics of how to balance and handle their bikes, skateboards and roller skates without the risk of major injury.

The department's 17 recreation centers collectively offer hundreds of programs and activities for all age groups. The centers are also tied in to **WinstonNet**, the community high-speed computer network that was created to ensure that all citizens have access to the opportunities that computers provide, even if they don't have a computer at home.

The 15,000-seat **Lawrence Joel Veterans Memorial Coliseum** is owned by **Wake Forest University**. 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. The coliseum continues to host concerts and family entertainment.

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

The City also owns the adjacent fairgrounds, home to the **Dixie Classic Fair**. Second in size only to the N.C. State Fair, the Dixie Classic Fair draws more than 325,000 visitors annually from as far away as Virginia, Tennessee, and South Carolina to enjoy the rides, play games on the midway, and eat delicious "fair food." The fair also features concerts, family entertainment, a petting zoo, and exhibits and contests for livestock, crops, crafts, and baking that draw thousands of entries.

Bowman Gray Stadium, a legendary site for NASCAR's longest-running weekly racing series, is also Rams Field at Bowman Gray, the home field of the Winston-Salem State University football team. The City recently announced plans to make \$9 million in improvements, including a resurfacing of the race track and renovations to the field house, ticket booths and press boxes.

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.

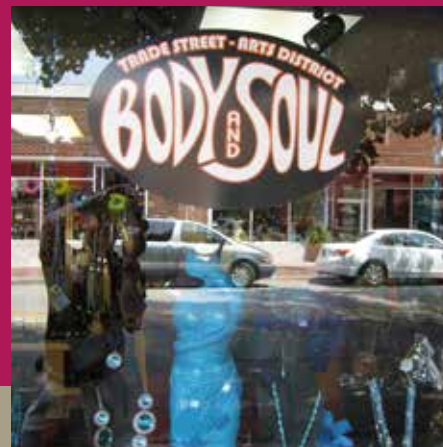
The **Winston-Salem Open Tennis Tournament** marked its ninth year in 2019. The Open is held in a tennis facility constructed next to **BB&T Field**, the Wake Forest University football stadium. The stadium includes 13 courts, which made it eligible to host the **NCAA Division I Men's Tennis Tournament** in 2018.



ART FOR ART'S SAKE BUILDING



INNOVATION QUARTER MURAL



DOWNTOWN SHOPPING

DOWNTOWN ARTS

BESIDES A FLOURISHING ARTS DISTRICT OF professional artwork galleries, public art pieces and murals are a common sight in downtown Winston-Salem, giving the area an eclectic, vibrant feel. This spirit is the latest manifestation of a vision that began in 1949, when **The Arts Council of Winston-Salem and Forsyth County** was founded as the first local arts council in the country. Branded as “the City of Arts and Innovation,” Winston-Salem today is nationally known as a center of excellence in both visual and performing arts. There are about 5,000 arts and culture-related jobs in the City, making it the fourth largest employment sector.

The **Milton Rhodes Center for the Arts**, which is owned and operated by The Arts Council, is housed in a former textile mill more than 100 years old, blending the City's past with its present. It has been renovated to provide modern performing arts spaces, public art galleries, arts education, and corporate and special events space. The Center houses the **Sawtooth School for Visual Art**, **Associated Artists of Winston-Salem**, and **Coffee Park Downtown**. Located adjacent to the Milton Rhodes Center, the **Hanesbrands Theatre** is a state-of-the-art performance venue for theater, dance, film and music as well as a private meeting and special events venue.

Winston-Salem boasts a flourishing **Downtown Arts District** with working studios, galleries, locally-owned retail shops, restaurants, bars, residences, and businesses. The eclectic “Arts District” features a mix of restored historic buildings and modern structures. For more than 20 years, **the Downtown Arts District Association (DADA)** non-profit has been leading the revitalization of this area of downtown. Headquartered in the **North Trade Street Arts Center**, which also serves as a gallery for visual and performing artists, DADA promotes art and the arts district through signature events and other programs. Its

First Friday Gallery Hops are held the first Friday of each month throughout the year. During the free events, the streets in the district are filled with music, entertainment and food, while many of the studios, galleries, and shops remain open for extended hours.

Located in the heart of the arts district, **ARTivity on the Green** is a half-acre public art park on Liberty Street. A unique work of art itself, the park features towering faux smokestacks with color-changing nighttime lighting. The structures release clouds of water vapor as a nod to the City's industrial past. The park also features green space for sitting and picnicking, a mural wall, and a bandstand.

The park was initiated by **Art For Art's Sake (AFAS)**, a non-profit volunteer group that works to build, educate and celebrate the community through art. The **AFAS Center for the Arts** is the group's modern headquarters, which is located next to ARTivity. It also houses **Red Dog Gallery**, affordable studio space for rent, and the **Unleashed Art Center**, which provides classes and workshops. AFAS hosts a number of events in the ARTivity park such as ARTivity Market and Music in the Park. The group is also responsible for many of the public art displays seen around the City, from eye-catching art towers, decorated mannequins and murals, to the striking “Archway to the Arts” color-changing light structure that hovers over Highway 52.

The **Downtown Summer Music Series** infuses downtown Winston-Salem with live music and festivities from June through August. The two-part series includes **Downtown Jazz**, held in Corpening Plaza on Fridays, and **Summer on Liberty**, held on 6th and Liberty Street on Saturdays. The free events are an essential part of summer in the City, attracting around 60,000 people of all ages, cultures and backgrounds. The Summer Music Series is produced by **The Downtown Winston-Salem Partnership**, the non-profit organization reimagining downtown into a flourishing commercial, cultural and residential district. In June of each year, the group hosts the **Texas Pete Spirits of Summer**, a beer, wine, food and music festival, as well as holiday events such as the City's annual tree lighting.



EARTH DAY CELEBRATION



ARTIVITY ON THE GREEN



BENTON CONVENTION CENTER

FESTIVALS & ANNUAL EVENTS

DOWNTOWN WINSTON-SALEM OFFERS AN array of shopping, dining, cultural, and recreational experiences year round. The downtown area also hosts about 2,500 events each year, many of them in the **Benton Convention Center**. To refresh and modernize Benton for modern convention and meeting needs, the building underwent extensive renovations that were completed in 2017 and funded by limited obligation bonds. The entrance and lobby space now feature large murals created by regional artists, including a rendering of the late **Maya Angelou**, a nationally renowned poet, author and activist who served on the faculty of Wake Forest University.

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


Winston-Salem is the home of the **National Black Theatre Festival**, which celebrated its 30th anniversary in 2019. Founded in 1989, the festival is held every two years in August and is the largest festival devoted to black theatre in the nation. It is produced by the **North Carolina Black Repertory Company**, founded in 1979 by the late Larry Leon Hamlin as the state's first black theatre company. The six-day festival offers more than 100 performances of professional theatre, film, poetry, workshops, seminars, and shopping. As the City's largest festival, it has brought an economic impact of more than \$220 million to Forsyth County in the past 30 years.

Held at venues throughout Winston-Salem, the **Bookmarks Festival of Books & Authors** is the largest book festival in North Carolina. Begun in 2004, the four-day festival continues to gain in status and popularity, hosting authors from all genres, including best-selling writers such as John Grisham. The **Bookmarks Bookstore** is located downtown on Fourth Street and hosts regular author appearances and events for all ages of readers.

For more than 20 years, the **RiverRun International Film Festival** has been held in downtown Winston-Salem. One of the preeminent film festivals in the Southeast, the competitive festival attracts attendees from across the globe and offers a diverse program from film studios, independent distributors and first-time filmmakers. Held each spring, the festival usually lasts 10 days and includes about 150 screenings of feature-length and short films from around the world, spanning all genres. The movies are shown at different venues throughout Winston-Salem, including **a/perture cinema**, a non-profit art-house cinema featuring two 80-seat theaters, one 45-seat screening room, and a 25-seat alternative viewing room. The locally-owned theater screens a mix of independent, foreign, documentary, local and festival films year round.

Organized by the Hispanic League, the annual **FIESTA** street festival attracts over 20,000 and is the League's largest fundraiser. The largest one-day Hispanic festival in the region, it is a free multicultural event that includes live Latin music, cultural programs, a children's area, Latin cuisine, local arts and crafts. All proceeds support cultural, health, education, and college scholarship programs for the Hispanic/Latino community.

The annual **Gears and Guitars Fest**, held in **Bailey Park** at **Innovation Quarter**, is an outdoor concert series in conjunction with the **Winston-Salem Cycling Classic**.

A photograph of Tim Redmond, the conductor of the Winston-Salem Symphony. He is a middle-aged man with short, graying hair, smiling at the camera. He is wearing a dark blue blazer over a dark button-down shirt. His hands are clasped in front of him, resting on a wooden railing. The background is a blurred view of a concert hall with tiered seating and warm lighting.

Conducted by
Tim Redmond, the
Winston-Salem
Symphony is one of
the Southeast's most
highly regarded
orchestras.

CREDIT: J. FARLEY PHOTOGRAPHY



PRODUCTION OF MATILDA PERFORMED AT THE LITTLE THEATRE OF WINSTON-SALEM



MADAMA BUTTERFLY, PRESENTED BY THE PIEDMONT OPERA



UNCSA'S ANNUAL PERFORMANCE OF "THE NUTCRACKER"

PERFORMING ARTS ORGANIZATIONS & VENUES

LOCATED IN THE HEART OF DOWNTOWN, THE Stevens Center is one of the City's principal performance venues. Originally a silent movie theatre, the magnificently restored, two-story 1,364-seat neoclassical theatre is the primary performance space for the **University of North Carolina School of the Arts (UNCSA)**, the **Winston-Salem Symphony**, **Piedmont Opera Theatre**, 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." Also performing in the Stevens Center is the Piedmont Opera, the second largest opera company in North Carolina. The Opera brings first-rate regional, national and international singing actors and technicians to work with a full orchestra and a chorus of local singers. Enduring for more than 40 years, the Opera performs two productions each year in addition to numerous educational and outreach programs.

Winston-Salem is home to the nation's first Arts Council, founded in 1949.

Since 1946, the **Winston-Salem Symphony** has been providing an array of repertoires, including classical orchestral and choral concert music, opera, oratorio, ballet, and popular music. It's one of the Southeast's most highly regarded orchestras, with an annual program that includes about 20 performances. The Symphony also provides musical education through programs such as the Youth Orchestra and Discovery Concerts for Kids.

Founded in 1935, the **Little Theatre of Winston-Salem** is the oldest performing arts organization in the City. Based on Coliseum Drive just north of downtown, it's truly a community theatre, offering classic and contemporary plays and musicals, classes, summer camps, and school productions with the help of hundreds of talented and dedicated volunteers.

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



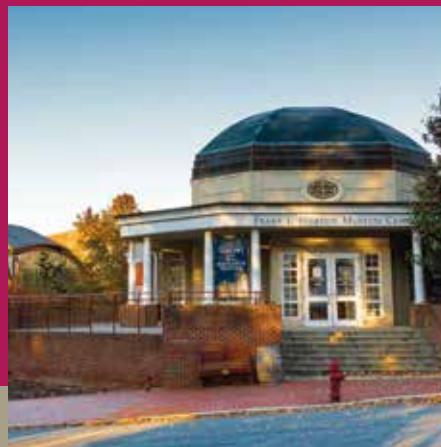
STEVENS CENTER



REYNOLDA GARDENS OF WAKE FOREST



SECCA



MESDA RESEARCH CENTER

ART MUSEUMS

Winston-Salem is home to several remarkable art museums and cultural centers. The renowned **Reynolda House Museum of American Art** is the City's premiere art attraction. It is housed in the restored 1917 estate of Katharine and Richard J. Reynolds, the founder of R.J. Reynolds Tobacco Company. As the epicenter of the **Reynolda Historic District**, the museum opened in 1967 and has a storied reputation for housing the Southeast's finest collection of American art. The museum showcases art in an array of mediums ranging from the colonial period to the present. A 300-piece permanent collection is housed in the historic mansion, which also includes restored interior rooms to reflect the periods in which the Reynolds family lived there. A modern addition, the **Mary and Charlie Babcock Wing**, includes educational space, a gallery for temporary exhibits, an auditorium, and fine art and archival space. The permanent collection includes works by Frederic Church, Mary Cassatt, Georgia O'Keeffe, Grant Wood, Stuart Davis and Jacob Lawrence. Affiliated with **Wake Forest University**, also located on the original 1,000-acre Reynolds estate, Reynolda House is a self-guided tour museum that also hosts concerts, lectures, classes, film screenings and other events. The adjacent **Reynolda Gardens of Wake Forest University** and historic **Reynolda Village** include lush formal gardens and natural spaces, as well as restaurants, shops and wooded walking and running trails.

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

Winston-Salem boasts the country's preeminent center for researching, collecting and exhibiting the decorative arts and crafts of the early South, the **Museum of Early Southern Decorative Arts (MESDA)**. As part of **Old Salem Museums & Gardens**, MESDA galleries showcase a diverse collection of fine art to folk art through furniture, paintings, textiles, ceramics,

silver, and other metal wares made and used in the Southeast. The internationally recognized 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 six days a week for self-guided and specialty tours. MESDA is also home to the nationally acclaimed **MESDA Research Center**, which contains vast object and craftsman databases.

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

As the cultural center of **Winston-Salem State University**, **Diggs Gallery** is recognized as one of the top 10 African-American galleries in the nation. It showcases the premier collection of African and African-American art in the South, which includes a unique sculpture garden and murals by the acclaimed artist John T. Biggers. Diggs also hosts an impressive collection of works on paper by well-known European and American artists such as Jean Francois Millet, Joan Miro and Robert Rauchenberg. Exhibitions and programs address a broad range of artistic expression, with special concentration on African-American and regional art.

The Enrichment Center is a non-profit organization that helps adults with intellectual and development disabilities realize their full potential through art classes, life skills training, community activities and job placement. It offers programs in visual and performing arts as well as opportunities for public exhibitions and performances. The Center's **Gateway Gallery** is an on-site exhibition and sales space for its students, the **Artists of Gateway Studios**, who create original paintings, digital photographs, ceramic and multi-media pieces. The artists receive commission from gallery sales, giving them the opportunity to earn a living from their art.



THE BOARD OF EDUCATION OFFERS A "SCHOOLS OF CHOICE" PROCESS



THE NEW PAISLEY LOWRANCE SCHOOL
OPENED IN AUGUST 2019

K-12 EDUCATION

WINSTON-SALEM PROVIDES A VARIETY OF options for primary and secondary schooling, as well as a comprehensive selection of higher education institutions.

As the fourth largest public school system in North Carolina, **Winston-Salem Forsyth County Schools (WSFCS)** provide a quality education for around 55,000 students in 81 schools. Programs exist to serve every type of student and parents have a say in where their child attends school. To accommodate growth in the student population as well as the rapidly evolving technology of today's classroom, a 2016 bond referendum has provided \$350 million in funding to replace several aging schools and to renovate or add additions to others.

The Winston-Salem/Forsyth County Schools allows parents to choose their neighborhood school, another school within their zone, or from 15 magnet programs.

The Board of Education offers the "Schools of Choice" process, giving parents options on choosing schools. Elementary schools are divided into 11 zones, and middle schools are divided into seven zones. Parents may choose from their neighborhood school, another school within their zone, or from 15 magnet programs.

High school students have the option to take classes at the standard, honors and Advanced Placement levels. They may also earn college credit through 30 Advanced Placement Courses, the International Baccalaureate Diploma Programme, dual enrollment at **Forsyth Technical Community College**, or through other local colleges and universities. The school system has an 86.5% graduation rate, with over 3,900 graduates in 2019. Members of the class of 2019 earned over \$111 million in college scholarships. Schools in the district receiving national recognition include the **Early College of Forsyth County**, as one of America's top high schools by *Newsweek*, and **R.J. Reynolds High School**, named as a Nationally Certified Magnet School.

In addition to public schools, parents have the option of sending their children to numerous private schools in the Winston-Salem area, both secular and church-affiliated. Options include private schools that offer programs from kindergarten through 12th grade, while others focus on lower grade levels.





Salem College, founded in 1772, is the nation's oldest school for women and the 13th oldest college in the U.S.



WAIT CHAPEL, WAKE FOREST UNIVERSITY



PIEDMONT INTERNATIONAL UNIVERSITY



WINSTON-SALEM STATE UNIVERSITY

HIGHER EDUCATION

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

Wake Forest University (WFU) is a private university with a liberal arts curriculum. Enrollment consists of approximately 5,200 undergraduates and 3,000 graduate and professional students. Comprising three campuses, Wake's "main" 345-acre **Reynolda Campus** is home to most of its undergraduate programs, the Graduate School of Arts and Sciences, the School of Business, the School of Law and the School of Divinity. Classrooms and laboratories of the esteemed **Wake Forest School of Medicine** are divided between the **Wake Forest Baptist Health** medical complex, located just west of downtown, and **Wake Forest Innovation Quarter**. **Wake Downtown**, a transformed former tobacco company building, houses the undergraduate biomedical science and engineering programs. Wake's athletic facilities include BB&T Field, David F. Couch Ballpark, Kentner Stadium, Wake Forest Tennis Center, Spry Soccer Stadium, and Lawrence Joel Veterans Memorial Coliseum.

Wake Forest is the only college in the history of the *U.S. News & World Report* rankings to advance from classification as a Regional University to the Top 30 of the National Universities list. It's been recognized for its strong commitment to undergraduate teaching and its undergraduate business program. WFU's schools of law and business consistently rank among the nation's best graduate schools in the country.

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

Winston-Salem State University (WSSU), an historically black university founded in 1892, is a distinguished public institution offering over 40 undergraduate degrees and 10 graduate programs, both master's and doctorate. WSSU is part of the University of North Carolina system, with about 6,000 undergraduate

and graduate students. The University welcomed its largest freshman class in over a decade in the fall of 2019.

WSSU is recognized for its core strengths in education and health sciences and has grown to include innovative programs that meet the needs of a rapidly changing job market. The University consistently ranks among the top public universities in the South, with award-winning programs like its motorsports management major, the only program of its kind in the nation offered by a four-year university. It consistently ranks as the top university in the state for graduating African-American students in the nursing, health sciences, and education fields and is recognized as one of the top Historically Black Colleges and Universities by *U.S. News*. *Money* magazine ranks WSSU as the top public HBCU in the nation for value.

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

It's only fitting that 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 top ranked creative and performing arts conservatory with an international reputation for training talented students for professional careers in the arts. Nearly 1,300 students from high school through graduate levels come to study here 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 master's degrees in music and fine arts in the design, production and filmmaking programs. 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.



UNIVERSITY OF NORTH CAROLINA
SCHOOL OF THE ARTS



SALEM COLLEGE



FORSYTH TECHNICAL COMMUNITY COLLEGE

Graduates of UNCSA have performed on Broadway, in the American Ballet Theatre, the New York Philharmonic, and in numerous TV shows and major films. Its alumni have either won, or been nominated for, all major awards in the entertainment industry including Tony, Oscar, Emmy, and Grammy awards. UNCSA's School of Drama is ranked among the top five undergraduate theatre programs in the country, and its School of Filmmaking is ranked 11th by The Hollywood Reporter.

Founded in 1772, **Salem College** 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 about 940 students from around the globe, Salem is proud to have 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. The Salem College Promise is a North Carolina Initiative Grant for which residents of the state may be eligible for free tuition and fees.

The Salem "Spirits" athletic teams compete in Division III of the NCAA and are also members of the Great South Athletics Conference. *Money* magazine consistently ranks Salem as one of the "Best Buys" of colleges in America, and *U.S. News & World Report* ranks the college as 11th in the nation among women's colleges and number one in the state.

Piedmont International University (PIU), founded in 1945, offers a number of associate's, bachelor's, master's and doctoral degrees in fields including the liberal arts, ministry, teacher education and business. In a national environment of rising student debt, PIU offers an affordable academic curriculum with a Christian emphasis. In its early years, the University focused mainly on training students for the ministry and mission work but has expanded its offerings to address the latest employment trends and workplace skills gaps.

One innovative new program is a bachelor's degree in criminal justice created in partnership with the **Forsyth County Sheriff's Department**. Some classes will be taught by sheriff's deputies

and held at the Sheriff's Department. PIU offers students the opportunity to compete in nine different sports through the National Christian College Athletic Association.

Forsyth Technical Community College has an enrollment of about 11,300 credit students, making it one of the largest community colleges in North Carolina. The college offers over 200 programs of study that lead to college transfer, associate's degrees, and certificates or diplomas in such fields as health care, engineering technologies, criminal justice, automotive technology, logistics management, nanotechnology, and biotechnology.

Forsyth Tech has the largest health technology and biotechnology degree programs in the state, as well as the distinguished Richard Childress Race Car Technology Program. Its Center for Advanced Manufacturing provides students with the cutting-edge technology and technical training needed to meet industry demand. It was one of the first four colleges in the country to pilot the National Association of Manufacturers (NAM) Endorsed Skills Certification System. It is also home to The National Center for the Biotechnology Workforce, offering the only degreeed community college nanotechnology program in the Southeast. Forsyth Tech's new Aviation Center is located at Smith Reynolds Airport and will house two associate degree programs in the rapidly growing aviation-related career field.

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. 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.



POLICE CHIEF CATRINA A THOMPSON



WSPD PATROL CAR



FIRE CHIEF WILLIAM TREY MAYO

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** marked the appointment of its 15th Chief of Police in 2017. **Chief Catrina A. Thompson**, a 25-year veteran of the WSPD, previously served as the assistant chief in charge of the Investigative Services Bureau and also has worked in the Patrol Division, Recruiting Unit, Training Division and the Criminal Investigations Division. She leads a department with 570 sworn officers and 173 civilian positions, and an annual budget of \$74.5 million.

A major goal of the WSPD is to improve the interaction and trust between police and citizens of all ages and walks of life. One 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 has transitioned to a system in which most patrol officers are now housed in three full-service district stations — constructed with funds from the 2014 bond referendum — instead of one main station. Renovations are underway to the Public Safety Center, which continues to serve as the main location for the WSPD's administrative offices.

The 2014 bond also included funds to replace, renovate or expand three aging facilities of the **Winston-Salem Fire Department**. Led by **Chief William "Trey" Mayo**, the WSFD serves the community by providing a timely response to calls involving fire and situations necessitating rescue. The City of Winston-Salem has 19 fire stations strategically located throughout the city. The stations are located to provide maximum coverage with an average response time of under four minutes.

The department strives for the prevention of unwanted fires through enforcing fire codes, arson investigation activities, and community outreach. The WSFD conducts a seven-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.



FIREFIGHTERS IN ACTION



SALEM WATERWORKS



FIRE STATION 7



SIDES ROAD WATER TANK

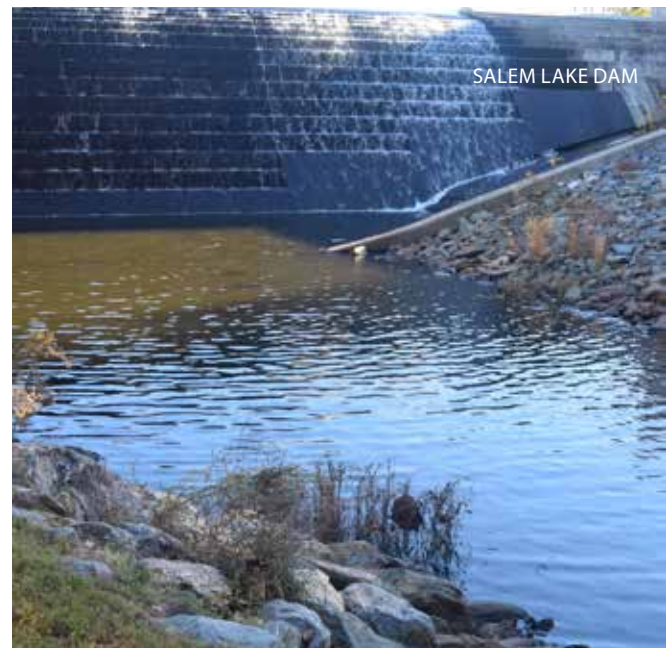
INFRASTRUCTURE

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 by voters in a 2014 bond referendum come to fruition. The \$139.2 million referendum included \$30.85 million for parks and recreation; \$10 million for housing programs; \$25 million for economic development; \$31 million for new public safety facilities; and \$42.35 million for new streets and sidewalks. Winston-Salem provides professional and financially sound municipal services.

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, revenue bonds and state loans 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 2019, the **City-County Utility Commission** adopted a budget for the water and sewer system and approved a \$1.02/month increase for water and sewer base charges for residential customers. No volumetric increase was recommended. Winston-Salem continues to have one of the lowest water and sewer rates among the state's large cities.

The Commission oversees all city/county utilities, which provides high quality water, wastewater and solid waste services to approximately 360,000 residential, business and industrial users. It operates one landfill for solid waste, another for construction and demolition debris, and two yard waste facilities. Three water treatment plants have a combined capacity of up to 91 million gallons a day, drawn from the Yadkin River and Salem Lake. In 2019, these plants treated and pumped a total of 13.2 billion gallons of water that met or exceeded all state and federal standards for drinking water quality.

The water distribution system includes more than 2,300 miles of water distribution mains, 14 water tanks and seven pumping stations. The department also operates two wastewater treatment plants with a combined treatment capacity of up to 51 million gallons per day. The collection system includes nearly 1,800 miles of sewer lines, 49 lift stations and one chemical odor control station. The plants treated 13.76 billion gallons of wastewater in 2019. A workforce of nearly 380 employees operates and maintains WSFC Utilities, which is financed not via taxes, but through income from water and wastewater fees and landfill tipping fees.



SALEM LAKE DAM



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

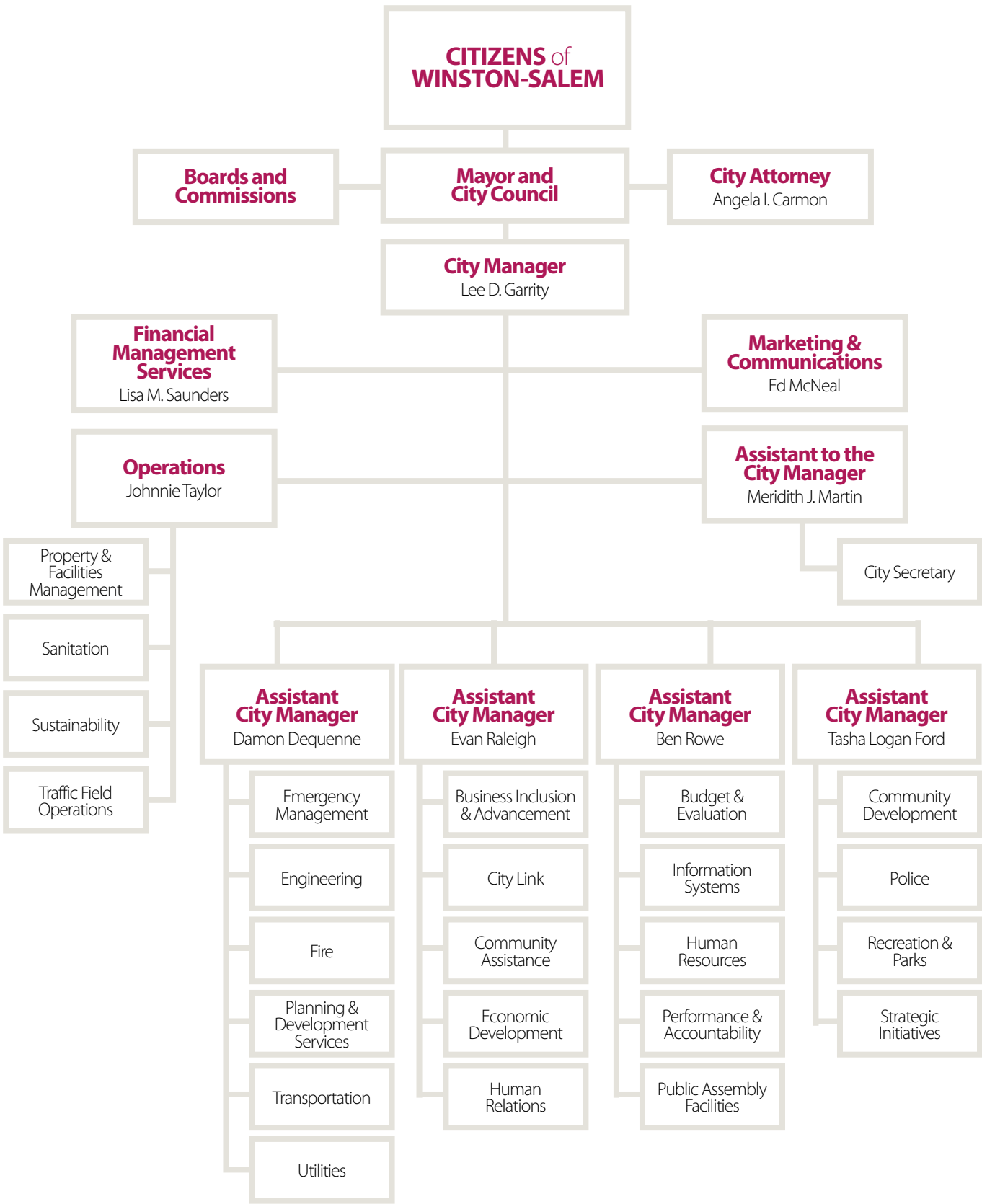
June 30, 2018

Christopher P. Morill

Executive Director/CEO

City of Winston-Salem

ORGANIZATIONAL CHART



City of Winston-Salem
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



Annette Scippio
 East Ward



James Taylor, Jr.
 Southeast Ward



Lee D. Garrity
 City Manager

Evan Raleigh, Assistant City Manager

Damon Dequenne, Assistant City Manager

Ben Rowe, Assistant City Manager

Tasha Logan Ford, Assistant City Manager

Lisa M. Saunders, Chief Financial Officer

Meredith J. Martin, Assistant to the City Manager

Ed McNeal, Marketing & Communications Director

Johnnie Taylor, Director of Operations

General Counsel

Angela I. Carmon, City Attorney

Bond Counsel

Parker, Poe, Adams and Bernstein LLP

Charlotte & Raleigh, North Carolina

Financial Management Services

Angie S. Fisher, Assistant Financial Officer/Controller

Donna C. Hull, Assistant Financial Officer/Treasurer

Darin N. Webster, Risk Manager

Larissa Mathis, City Revenue Collector

Jerry J. Bates, Purchasing Director

Dewey M. Williard, Accounting Services Manager

Bond Paying Agent

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

New York, New York

U.S. Bank National Association

Charlotte, North Carolina

Independent Auditors

Cherry Bekaert LLP

Raleigh, North Carolina

Report of Independent Auditor

To the 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, 2019, 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.

Auditor’s 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 from 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 auditor’s 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 City’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 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 of Winston-Salem, North Carolina, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis ("MD&A") and the required supplementary information as 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 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 consisted 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.

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 statements and schedules, statistical section, as well as the accompanying 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 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 statements and 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 financial statements and 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 as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2019 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.



Raleigh, North Carolina
October 31, 2019

Management's Discussion and 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, 2019. 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

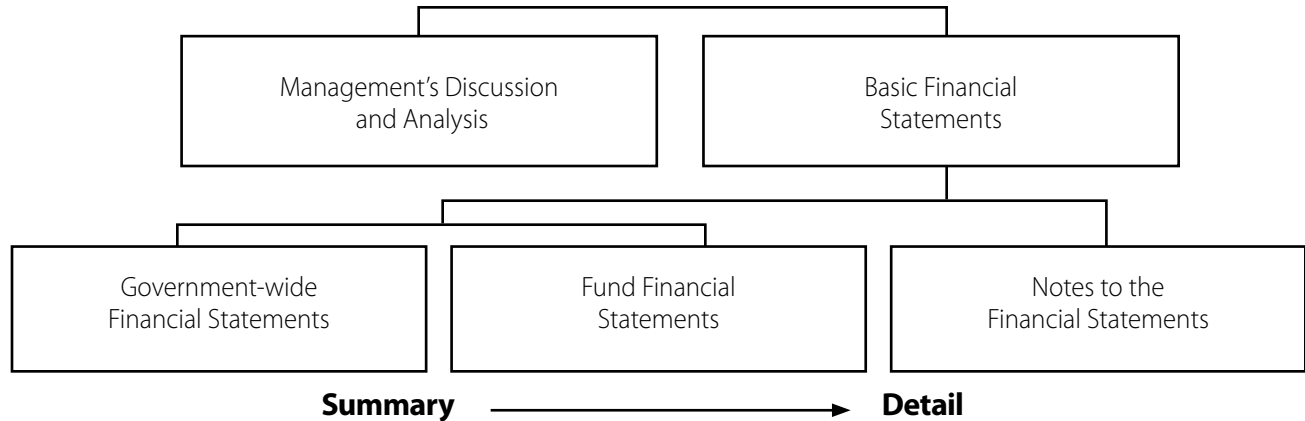
Highlights of the City's fiscal year ended June 30, 2019, include:

- City of Winston-Salem total net position increased approximately \$60 million from \$989 million to \$1.049 billion.
- At June 30, 2019, total net position of \$1.049 billion included \$232 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, 2019, the City's governmental funds reported combined fund balances of \$189.4 million. Approximately 14.76% of this amount is unassigned and is available for spending at the government's discretion.
- Unassigned fund balance of the general fund (approximately \$28 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 13.2% of 2020 estimated expenditures. 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 decreased by \$17.9 million to \$999 million. Several key factors contributed to this decrease: the retirement of \$10.3 million in general obligation bonds, the retirement of \$25 million in revenue bonds, the retirement of \$1.9 million in special obligation bonds, and the retirement of \$26.9 million in limited obligation bonds. The City received funding from Clean Water State Revolving Loan Fund for \$11 million. The City had an increase in net pension liability of \$22.7 million and contracts payable from restricted assets increased \$4 million.
- Property taxes supported 52.07% of governmental services to citizens and the community, and 48.68% to be used for mass transportation in 2019. The City's tax rate remains unchanged at \$0.5974 for the fiscal year 2019.
- 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 79.82% of the costs of these activities. Business-type activities include water and sewer utility, solid waste disposal, stormwater management, public assembly facilities, parking, and Winston-Salem Transit Authority services. These activities are primarily paid from charges to customers.

Fund Financial Statements

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

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

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

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

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

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

Other Information. In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information in Exhibits 11 through 21. The purpose of Exhibits 11 through 21 is to provide the information needed for financial reporting and accounting of the Winston-Salem Police Officers' Retirement plan, Police Officers' Separation Allowance plan, other Post-employment Benefits Plans, and the Local Government Employees' Retirement System plan.

Notes to the Financial Statements

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

Government-wide Financial Analysis

The following is a summary of net position for the City of Winston-Salem at June 30, 2019 (as shown in Exhibit 1) with comparative data for June 30, 2018.

Net Position

Figure 2

	(dollars in thousands)					
	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 237,486	\$ 265,153	\$ 288,892	\$ 296,611	\$ 526,378	\$ 561,764
Capital assets	492,476	477,186	1,070,785	1,045,785	1,563,261	1,522,971
Total assets	729,962	742,339	1,359,677	1,342,396	2,089,639	2,084,735
Deferred outflows of resources	47,090	34,781	28,891	29,753	75,981	64,534
Long-term liabilities	412,515	429,467	586,957	587,876	999,472	1,017,343
Other liabilities	61,225	58,322	40,154	62,827	101,379	121,149
Total liabilities	473,740	487,789	627,111	650,703	1,100,851	1,138,492
Deferred inflows of resources	9,828	12,050	5,521	10,018	15,349	22,068
Net position:						
Net investment in capital assets	198,478	166,253	553,853	507,218	752,331	673,471
Restricted	65,043	69,502	-	-	65,043	69,502
Unrestricted	29,963	41,526	202,083	204,210	232,046	245,736
Total net position	\$ 293,484	\$ 277,281	\$ 755,936	\$ 711,428	\$ 1,049,420	\$ 988,709

As indicated above, assets and deferred outflows of resources of the City exceeded liabilities and deferred inflows of resources by \$1.049 billion at June 30, 2019. Analysis of the business-type activities indicates that the capital assets increased \$25 million in fiscal year 2019 and net position increased \$44.5 million.

A large portion of the City's net position (71.69%) at June 30, 2019, 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, 6.2% of the City's net position, represents resources that are subject to external restrictions, such as the perpetual care fund.

At June 30, 2019, the City is able to report positive balances in all three categories of net position.

Governmental Activities

Net position of governmental activities increased by \$16.2 million. Key elements of this increase are as follows:

- Property tax revenues are recorded in governmental and business-type activities. During the fiscal year property tax revenue increased 2.3%. The 2019 property tax rate was \$0.5974, which remained unchanged from 2018. Current real and personal property tax collections during fiscal year 2019 were 99.3% of the current year levy.
- General revenues, other than property taxes, increased \$5.8 million. Sales tax increased \$2.6 million, which was 6.2% higher than 2018. Investment income increased \$1.5 million, which was 51.2% higher than 2018.
- Program revenues provided 23.68% of the support for governmental services.
- Total governmental expenses increased \$8.3 million during fiscal year 2019. The major drivers of the increase were related to ongoing public safety investments and the City's commitment to employee compensation.
- Federal and state grants are an important source of supplementary funding for public facilities and programs. During fiscal year 2019, the City received nearly \$27.4 million in grant revenue for restricted programs or specific projects and \$15.2 million related to general governmental activities.

Business-type Activities

Net position of business-type activities increased by \$44.5 million primarily attributable to charges for services. Rate structures of enterprise operations, other than the Transit Authority and public assembly facilities management, are set, insofar as practicable, to recover full operating costs plus depreciation and interest expense and to provide a reasonable working capital and reserve. The parking and public assembly facilities funds are provided an operating subsidy through a transfer from the general fund. The Transit Authority is provided operating support from the 4.98 cents collected in property taxes to be used for mass transportation.

Business-type Activities

June 30, 2019

Figure 3

	(dollars in thousands)						
	Operating Revenues	Operating Expenses Before Depreciation	Depreciation Expense	Nonoperating Revenues (Expenses)	Capital Contributions	Transfers In (Out)	Increase (Decrease) Net Position
Water and sewer utility	\$ 114,817	\$ 44,288	\$ 28,061	\$ (12,615)	\$ 7,766	\$ (527)	\$ 37,092
Solid waste disposal	11,864	8,485	4,051	2,663	-	683	2,674
Stormwater management	10,714	5,255	1,225	938	189	(2,044)	3,317
Parking	783	841	460	369	-	545	396
Transit Authority	2,133	18,930	2,973	19,680	2,617	(14)	2,513
Public assembly facilities management	6,544	5,256	1,947	(789)	-	712	(736)
Risk Acceptance Management Corp.	1,087	2,854	-	1,019	-	-	(748)
Total	<u>\$ 147,942</u>	<u>\$ 85,909</u>	<u>\$ 38,717</u>	<u>\$ 11,265</u>	<u>\$ 10,572</u>	<u>\$ (645)</u>	<u>\$ 44,508</u>

Financial Analysis of the City's Funds

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

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

The general fund is the chief operating fund of the City. At the end of the current fiscal year, total fund balance of the general fund was approximately \$51.5 million of which \$28 million was unassigned. At year-end unassigned fund balance was 13.2% of 2020 estimated expenditures. The fund balance of the general fund increased \$1.3 million during the fiscal year.

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

Changes in Net Position

Figure 4

(dollars in thousands)						
	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	\$ 36,910	\$ 38,375	\$ 147,942	\$ 141,745	\$ 184,852	\$ 180,120
Operating grants and contributions	15,167	17,446	12,198	11,684	27,365	29,130
Capital grants and contributions	4,400	2,753	10,572	10,209	14,972	12,962
General revenues:						
Property taxes	124,204	121,373	10,662	10,435	134,866	131,808
Sales taxes	45,015	42,371	-	-	45,015	42,371
Other local taxes	1,271	1,183	-	-	1,271	1,183
Telecommunications sales tax	1,785	1,916	-	-	1,785	1,916
Utilities sales tax	14,112	13,329	-	-	14,112	13,329
Piped natural gas sales tax	875	862	-	-	875	862
Video programming tax	2,090	2,170	-	-	2,090	2,170
Local tax reimbursements	1,050	1,042	-	-	1,050	1,042
Investment income	4,387	2,901	11,394	14,479	15,781	17,380
Other	2,834	1,839	-	-	2,834	1,839
Total revenues	254,100	247,560	192,768	188,552	446,868	436,112
Expenses:						
General government	34,337	32,346	-	-	34,337	32,346
Public protection	115,069	108,273	-	-	115,069	108,273
Environmental health	18,194	19,667	-	-	18,194	19,667
Transportation	18,778	19,935	-	-	18,778	19,935
Culture and recreation	13,884	13,192	-	-	13,884	13,192
Community and economic development	26,455	23,994	-	-	26,455	23,994
Interest and fiscal charges	11,825	12,828	-	-	11,825	12,828
Water and sewer utility	-	-	93,659	88,763	93,659	88,763
Solid waste disposal	-	-	12,814	12,159	12,814	12,159
Stormwater management	-	-	6,884	7,112	6,884	7,112
Parking	-	-	1,402	1,537	1,402	1,537
Transit Authority	-	-	21,903	19,691	21,903	19,691
Public assembly facilities management	-	-	8,099	8,940	8,099	8,940
Risk Acceptance Management Corp.	-	-	2,854	3,352	2,854	3,352
Total expenses	238,542	230,235	147,615	141,554	386,157	371,789
Increase in net position before transfers	15,558	17,325	45,153	46,998	60,711	64,323
Transfers						
Government-wide	645	(1,708)	(645)	1,708	-	-
Increase (decrease) in net position	16,203	15,617	44,508	48,706	60,711	64,323
Net position - beginning, as previously stated	277,281	280,602	711,428	666,205	988,709	946,807
Cumulative effect adjustment	-	(18,938)	-	(3,483)	-	(22,421)
Total net position - beginning, as adjusted	277,281	261,664	711,428	662,722	988,709	924,386
Net position - ending	\$ 293,484	\$ 277,281	\$ 755,936	\$ 711,428	\$ 1,049,420	\$ 988,709

The debt service fund has a fund balance of \$25.5 million at June 30, 2019, an increase of \$579 thousand, all of which is restricted for payment of debt service.

The fund balance of the capital projects fund decreased \$31.4 million, to \$59.5 million at June 30, 2019, all of which is appropriated for capital projects.

General Fund Budgetary Highlights. Differences between the original budget and the final amended budget resulted in appropriations increasing \$2.5 million during fiscal year 2019. Expenditure budgets were increased \$2.2 million for carry over encumbrances. Major budget amendments included an additional \$40 thousand to fund the poverty reduction initiative, \$224 thousand for Winston Lake Golf Course to fund personnel, equipment, and operations, and \$96 thousand for Reynolds Park Golf Course to fund management services and equipment.

General fund revenues recognized positive budget variances during 2018-2019. The City's general fund budget had a favorable expenditure variance of \$3.3 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 \$537 million, \$51 million and \$31 million at June 30, 2019, respectively. The net position of the water and sewer fund increased \$37.1 million primarily due to charges for services, capital contributions, and investment income. The water and sewer fund adopted a 3.5% increase in the water volumetric rate, a 5% increase in the sewer volumetric rate, and a \$1.41/month increase for water and sewer base charges for residential customers effective July 1, 2018.

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, 2019, totals \$1.6 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, 2019 with Comparative Data for June 30, 2018

Figure 5

	(dollars in thousands)					
	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 79,943	\$ 79,350	\$ 44,685	\$ 44,346	\$ 124,628	\$ 123,696
Buildings	99,026	73,998	186,552	193,269	285,578	267,267
Improvements other than buildings	152,765	145,532	614,259	595,873	767,024	741,405
Machinery and equipment	32,370	34,359	27,640	26,280	60,010	60,639
Construction in progress	128,372	143,947	197,649	186,017	326,021	329,964
Total	\$ 492,476	\$ 477,186	\$ 1,070,785	\$ 1,045,785	\$ 1,563,261	\$ 1,522,971

Major capital asset transactions during the year include the following:

- Construction in progress for governmental activities was \$128.4 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 \$25 million which included major improvements to the extension of water and sewer lines, Muddy Creek combined lift station, South Fork critical improvements, Muddy Creek combined heat and power, Muddy Creek aeration upgrades, Muddy Creek digester and thickener project, collection system improvement program, outfall rehab projects, R. W. Neilson modernization project, and \$2.1 million in stormwater capital projects.

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

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

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

At June 30, 2019, the City had total bonded debt outstanding of \$597 million, of which, \$164.3 million is backed by the City's full faith and credit and taxing power of the City and \$432.7 million in bonds secured solely by specified revenue sources. Revenues of the water and sewer utility system and stormwater management system are pledged as security for revenue bonds and special obligation bonds are secured by the City's sales tax revenue.

Bonded Debt and Contractual Obligations Outstanding

Figure 6

June 30, 2019 with Comparative Data for June 30, 2018

	(dollars in thousands)					
	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Bonds						
General obligation	\$ 164,280	\$ 174,540	\$ -	\$ -	\$ 164,280	\$ 174,540
Revenue	-	-	411,290	436,235	411,290	436,235
Special obligation	6,985	7,575	14,386	15,700	21,371	23,275
Contractual Obligation:						
NCMLC	101,467	112,287	19,415	20,667	120,882	132,954
State loan	-	-	85,160	79,293	85,160	79,293
Other	42,900	52,346	562	619	43,462	52,965
Total	\$ 315,632	\$ 346,748	\$ 530,813	\$ 552,514	\$ 846,445	\$ 899,262

The City has \$121 million in contractual lease obligations to the North Carolina Municipal Leasing Corporation ("NCMLC") for certificates of participation and limited obligation bonds issued by the corporation for property and equipment acquired by the City under lease agreements and issued to increase the funding level of the Winston-Salem Police Officers' Retirement System. Capital leases have funded equipment and certain real property acquired under the City's leasing program for many years. NCMLC, a non-profit organization, issues limited obligation bonds from time to time for acquisition of real property and equipment expected to be acquired over approximately 24 months. Issues for equipment requisitions have been between \$18 and \$25 million every other year since 1996.

General obligation bonded debt service is funded substantially by dedicated sources such as a portion of local property and sales taxes, one-third of the City's profits from alcoholic beverage sales, and interest on designated governmental fund investments. The City has capacity for additional future debt because of the allocation of specific resources and the relatively short schedule of maturing debt. About 62.31% of outstanding general obligation bonds will be repaid within 10 years as shown in the following schedule.

General Obligation Bond Debt Service

Figure 7

Maturities	(dollars in thousands)		
	Principal	Percent of Total	Interest and Principal
2020-2024	\$ 56,080	34.14%	\$ 84,143
2025-2029	46,290	28.18	62,386
2030-2034	40,630	24.73	48,186
2035-2037	21,280	12.95	22,476
	\$ 164,280	100.00%	\$ 217,191

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 \$1,637,133,413.

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

Budget Highlights for the Fiscal Year Ending June 30, 2020

Governmental Activities. The general fund accounts for municipal services that are covered primarily by property and sales taxes. The adopted budget is \$211.9 million, an increase of \$6.5 million or 3.1% compared to fiscal year 2018-2019 adopted budget. The major drivers of the increase are related to ongoing public safety investments and the City's commitment to employee compensation.

This year's proposed budget includes a full-year implementation of a market pay study, which incrementally provided pay adjustments for all employees over the past two fiscal years. Over the course of fiscal years 2017-18 and 2018-19, the City invested over \$5 million to provide more competitive employee compensation and stronger police retention strategies by implementing recommendations from a market study. Since fiscal year 2017-18, the minimum hourly rate has been increased from \$11.00 to \$12.50 per hour. For the fiscal year 2019-20 proposed budget, the City will provide additional police and fire supplemental pay and increase the minimum wage from \$12.50 to \$13.00 per hour. The City's investment in the full implementation of the market study will ensure that the City of Winston-Salem can attract, retain, and reward skilled employees.

At its meeting on January 31, 2019, the State Board of Trustees amended its policy for employer contribution rates to the Local Government Employee Retirement System (LGERS) for fiscal year 2019-20. The local impact of this policy change increases employee benefits by a net rate of 3.4%, or \$1.7 million.

The fiscal year 2019-2020 general fund budget eliminates 10 vacant positions.

The proposed fiscal year 2019-20 operations budget is balanced with no proposed tax rate increase. In November of 2018, voters approved five bond issues totaling \$122 million for 36 capital improvement projects. The total includes \$31 million for parks & recreation, \$21.1 million for public safety, \$14.5 million for economic development, \$43.7 million for streets and sidewalks, and \$11.7 million for housing. In order to pay for debt payments on the 2018 voter approved bonds, the current tax rate of 59.74 cents will be increased by 4 cents to the new proposed tax rate of 63.74 cents per \$100 of assessed value.

Business-type Activities. The City/County Utility Commission approved a resolution recommending to the Mayor and the City Council the adoption of the fiscal year 2019-20 budget for the water and sewer system and approved a \$1.02/month increase for water and sewer base charges for residential customers. No volumetric increase is recommended.

This rate increase 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.

Due to recent changes to state statute, the water and sewer system will be implementing system development fees charged to new water and sewer connections. These fees are estimated to generate at least \$5 million in revenue annually.

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, 2019

Exhibit 1
Page 1 of 2

	Governmental Activities	Business-type Activities	Total
Assets			
Current Assets			
Cash and cash equivalents/investments	\$ 174,082,910	\$ 170,164,807	\$ 344,247,717
Receivables			
Taxes, net	886,395	76,498	962,893
Accounts, net	2,709,167	16,347,065	19,056,232
Leases	10,054,709	-	10,054,709
Assessments, net	489,177	135,827	625,004
Loans, net	26,130,642	-	26,130,642
Total receivables	40,270,090	16,559,390	56,829,480
Due from other governments	20,236,301	9,816,774	30,053,075
Inventories	2,840,959	3,840,106	6,681,065
Prepaid items	56,007	-	56,007
Total current assets	237,486,267	200,381,077	437,867,344
Noncurrent Assets			
Restricted assets			
Cash and cash equivalents/investments	-	88,012,047	88,012,047
Capital assets			
Land	79,943,063	44,685,185	124,628,248
Construction in progress	128,372,409	197,648,938	326,021,347
Other capital assets, net of accumulated depreciation	284,160,689	828,450,462	1,112,611,151
Accounts receivables	-	500,000	500,000
Total noncurrent assets	492,476,161	1,159,296,632	1,651,772,793
Total assets	729,962,428	1,359,677,709	2,089,640,137
Deferred Outflows of Resources			
Pension deferrals	44,581,738	4,982,071	49,563,809
Charge on refunding	2,508,133	23,908,597	26,416,730
Total deferred outflows of resources	47,089,871	28,890,668	75,980,539

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

City of Winston-Salem, North Carolina

Statement of Net Position

June 30, 2019

Exhibit 1
Page 2 of 2

	Governmental Activities	Business-type Activities	Total
Liabilities			
Current Liabilities			
Accounts payable	\$ 12,624,785	\$ 7,997,456	\$ 20,622,241
Accrued payroll	4,077,229	740,064	4,817,293
Accrued vacation	6,202,651	1,194,665	7,397,316
Accrued interest payable	1,201,425	1,381,728	2,583,153
Loan escrow	5,838	-	5,838
Unearned revenue	13,553	1,345,612	1,359,165
Landfill closure and postclosure costs	-	330,000	330,000
Pollution remediation	-	19,480	19,480
Current maturities			
Claims payable	4,363,638	-	4,363,638
Contracts payable	21,170,779	8,386,176	29,556,955
Bonds payable	11,565,000	18,758,693	30,323,693
Total current liabilities	61,224,898	40,153,874	101,378,772
Noncurrent Liabilities			
Contracts payable from restricted assets	-	10,435,018	10,435,018
Accrued vacation	8,475,263	1,036,128	9,511,391
Net pension liability	87,183,456	6,122,370	93,305,826
Net OPEB liability	11,555,744	2,132,669	13,688,413
Landfill closure and postclosure costs	-	18,929,804	18,929,804
Pollution remediation	-	1,966,644	1,966,644
Claims payable	2,196,427	1,499,710	3,696,137
Contracts payable	128,539,985	96,758,209	225,298,194
Bonds payable	174,564,303	430,832,077	605,396,380
Derivative instrument	-	17,244,171	17,244,171
Total noncurrent liabilities	412,515,178	586,956,800	999,471,978
Total liabilities	473,740,076	627,110,674	1,100,850,750
Deferred Inflows of Resources			
Advances from other governments	356,794	-	356,794
Pension deferrals	6,229,138	170,753	6,399,891
OPEB deferrals	3,242,011	601,473	3,843,484
Charge on refunding	-	317,185	317,185
Accumulated decrease in fair value of hedging derivatives	-	4,431,870	4,431,870
Total deferred inflows of resources	9,827,943	5,521,281	15,349,224
Net Position			
Net investment in capital assets	198,478,120	553,853,458	752,331,578
Restricted for:			
Stabilization by state statute	22,259,288	-	22,259,288
Debt service	23,451,570	-	23,451,570
General government	88,591	-	88,591
Public protection	2,531,481	-	2,531,481
Transportation	1,789,252	-	1,789,252
Culture and recreation	794,226	-	794,226
Community and economic development	9,859,324	-	9,859,324
Perpetual care			
Nonexpendable	4,269,535	-	4,269,535
Unrestricted	29,962,893	202,082,964	232,045,857
Total net position	\$ 293,484,280	\$ 755,936,422	\$ 1,049,420,702

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, 2019

		Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
	Expenses			
Activities:				
Governmental:				
General government	\$ 34,337,104	\$ 16,211,409	\$ 523,998	\$ 423,209
Public protection	115,069,382	5,000,628	1,885,979	-
Environmental health	18,193,517	1,440,765	-	-
Transportation	18,778,394	4,562,299	7,785,962	3,976,608
Culture and recreation	13,883,844	1,051,133	-	-
Community and economic development	26,454,980	8,643,868	4,971,025	-
Interest and fiscal charges	11,825,173	-	-	-
Total governmental activities	238,542,394	36,910,102	15,166,964	4,399,817
Business-type:				
Water and sewer utility	93,659,022	114,816,710	1,624,983	7,766,401
Solid waste disposal	12,813,989	11,863,707	1,042,886	-
Stormwater management	6,883,864	10,714,457	98,934	189,046
Parking	1,401,592	783,427	430,413	-
Transit Authority	21,903,029	2,133,136	9,001,224	2,617,025
Public assembly facilities management	8,099,018	6,543,535	-	-
Risk Acceptance Management Corporation	2,854,467	1,086,820	-	-
Total business-type activities	147,614,981	147,941,792	12,198,440	10,572,472
Total Primary Government	\$ 386,157,375	\$ 184,851,894	\$ 27,365,404	\$ 14,972,289

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	\$ (17,178,488)	\$ -	\$ (17,178,488)
Public protection	(108,182,775)	-	(108,182,775)
Environmental health	(16,752,752)	-	(16,752,752)
Transportation	(2,453,525)	-	(2,453,525)
Culture and recreation	(12,832,711)	-	(12,832,711)
Community and economic development	(12,840,087)	-	(12,840,087)
Interest and fiscal charges	(11,825,173)	-	(11,825,173)
Total governmental activities	(182,065,511)	-	(182,065,511)
Business-type:			
Water and sewer utility	-	30,549,072	30,549,072
Solid waste disposal	-	92,604	92,604
Stormwater management	-	4,118,573	4,118,573
Parking	-	(187,752)	(187,752)
Transit Authority	-	(8,151,644)	(8,151,644)
Public assembly facilities management	-	(1,555,483)	(1,555,483)
Risk Acceptance Management Corporation	-	(1,767,647)	(1,767,647)
Total business-type activities	-	23,097,723	23,097,723
Total Primary Government	(182,065,511)	23,097,723	(158,967,788)
General revenues:			
Taxes:			
Property taxes	124,204,213	10,662,035	134,866,248
Sales taxes	45,015,159	-	45,015,159
Gross receipts taxes	366,295	-	366,295
Occupancy taxes	904,606	-	904,606
Beer and wine excise tax-state	1,050,073	-	1,050,073
Telecommunications sales tax	1,785,133	-	1,785,133
Utilities sales tax	14,112,486	-	14,112,486
Piped natural gas sales tax	874,571	-	874,571
Video programming tax	2,089,991	-	2,089,991
Payment in lieu of taxes	223,000	-	223,000
ABC store allocations	2,610,489	-	2,610,489
Investment income	4,386,880	11,394,226	15,781,106
Transfers			
Government-wide	645,328	(645,328)	-
Total general revenues and transfers	198,268,224	21,410,933	219,679,157
Change in net position	16,202,713	44,508,656	60,711,369
Total net position - beginning	277,281,567	711,427,766	988,709,333
Total net position - ending	\$ 293,484,280	\$ 755,936,422	\$ 1,049,420,702

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

City of Winston-Salem, North Carolina

Balance Sheet Governmental Funds

June 30, 2019

Exhibit 3

	General Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents/investments	\$ 42,031,466	\$ 23,550,446	\$ 60,489,826	\$ 26,407,838	\$ 152,479,576
Receivables					
Taxes, net	769,488	114,661	-	2,246	886,395
Accounts, net	2,629,715	-	-	54,591	2,684,306
Leases	-	9,700,000	2,105,000	-	11,805,000
Assessments, net	488,795	-	382	-	489,177
Loans	880,361	-	-	25,250,281	26,130,642
Total receivables	4,768,359	9,814,661	2,105,382	25,307,118	41,995,520
Due from other governments	14,510,049	2,010,020	1,466,913	2,249,319	20,236,301
Due from other funds	41,103	-	-	-	41,103
Inventories	412,178	-	-	718,562	1,130,740
Prepaid items	56,007	-	-	-	56,007
Total assets	\$ 61,819,162	\$ 35,375,127	\$ 64,062,121	\$ 54,682,837	\$ 215,939,247
Liabilities					
Accounts payable	\$ 5,179,010	\$ 15,657	\$ 2,501,419	\$ 1,355,391	\$ 9,051,477
Accrued payroll	3,881,723	-	-	1,967	3,883,690
Loan escrow	2,592	-	-	3,246	5,838
Unearned revenue	27,780	2,180	-	-	29,960
Total liabilities	9,091,105	17,837	2,501,419	1,360,604	12,970,965
Deferred Inflows of Resources					
Taxes	769,488	114,661	-	2,246	886,395
Leases	-	9,700,000	2,105,000	-	11,805,000
Assessments	488,795	-	382	-	489,177
Advances from other governments	-	-	-	356,794	356,794
Total deferred inflows of resources	1,258,283	9,814,661	2,105,382	359,040	13,537,366
Fund Balances					
Nonspendable					
Loans	880,361	-	-	-	880,361
Inventories	412,178	-	-	718,562	1,130,740
Prepays	56,007	-	-	-	56,007
Perpetual care	-	-	-	4,269,535	4,269,535
Restricted					
Stabilization by state statute	20,168,229	2,091,059	-	-	22,259,288
Debt service	-	23,451,570	-	-	23,451,570
Capital improvements	-	-	39,333,893	-	39,333,893
General government	-	-	-	88,591	88,591
Public protection	-	-	-	2,531,481	2,531,481
Transportation	-	-	-	1,789,252	1,789,252
Culture and recreation	-	-	-	794,226	794,226
Community & economic development	-	-	-	9,859,324	9,859,324
Committed					
Capital improvements	-	-	20,121,427	-	20,121,427
Community & economic development	-	-	-	32,914,149	32,914,149
Assigned					
Subsequent year's budget	2,000,000	-	-	-	2,000,000
Unassigned	27,952,999	-	-	(1,927)	27,951,072
Total fund balances	51,469,774	25,542,629	59,455,320	52,963,193	189,430,916
Total liabilities, deferred inflows of resources, and fund balances	\$ 61,819,162	\$ 35,375,127	\$ 64,062,121	\$ 54,682,837	\$ 215,939,247

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, 2019

Exhibit 3.1

Total fund balances for governmental funds (Exhibit 3)	\$ 189,430,916
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	751,052,786
Accumulated depreciation	(258,576,625)
Pension deferrals in the current fiscal year are deferred outflows of resources on the statement of net position.	44,581,738
Other assets not available to pay for current period expenditures, and therefore are inflows of resources in fund statements.	13,975,364
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.	12,949,856
Net pension liability	(87,183,456)
Net OPEB liability	(11,555,744)
Pension related deferrals	(6,229,138)
OPEB related deferrals	(3,242,011)
Long-term liabilities are not due and payable in the current period and accordingly are not reported as fund liabilities:	
Accrued vacation	(14,677,914)
Accrued interest	(1,201,425)
Contracts payable	(149,710,764)
Bonds payable	(186,129,303)
Net position of governmental activities (Exhibit 1)	\$ 293,484,280

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, 2019

Exhibit 4

	General Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
Taxes	\$ 146,566,801	\$ 22,458,322	\$ -	\$ 1,526,748	\$ 170,551,871
Licenses and permits	6,696,698	-	-	521,156	7,217,854
Intergovernmental	21,938,080	1,332,511	3,976,608	14,643,321	41,890,520
Investment income	-	2,657,458	425,430	751,124	3,834,012
Charges for services	17,290,331	-	-	-	17,290,331
Capital lease charges	-	550,000	573,279	-	1,123,279
Other	5,622,361	2,063,434	1,522,209	1,952,393	11,160,397
Total revenues	198,114,271	29,061,725	6,497,526	19,394,742	253,068,264
Expenditures					
Current					
General government	33,206,865	-	-	63,251	33,270,116
Public protection	107,303,858	-	-	2,857,699	110,161,557
Environmental health	18,972,376	-	-	-	18,972,376
Transportation	12,610,231	-	-	1,517,518	14,127,749
Culture and recreation	11,463,758	-	-	535,565	11,999,323
Community & economic development	14,182,107	-	-	8,182,374	22,364,481
Other	-	304,885	-	-	304,885
Capital outlay	-	-	36,050,128	-	36,050,128
Debt service					
Principal retirement					
Bond	-	10,850,000	-	-	10,850,000
Other	-	7,237,412	12,775,000	333,000	20,345,412
Interest and fiscal charges					
Bond	-	7,076,345	-	-	7,076,345
Other	-	4,964,051	804,633	27,419	5,796,103
Total expenditures	197,739,195	30,432,693	49,629,761	13,516,826	291,318,475
Excess of revenues over (under) expenditures	375,076	(1,370,968)	(43,132,235)	5,877,916	(38,250,211)
Other Financing Sources (Uses)					
Capital leases	-	-	8,316,590	-	8,316,590
Transfers in	7,836,269	3,449,520	6,968,927	4,757,067	23,011,783
Transfers out	(6,922,676)	(1,500,000)	(3,591,000)	(10,233,539)	(22,247,215)
Total other financing sources (uses), net	913,593	1,949,520	11,694,517	(5,476,472)	9,081,158
Net change in fund balances	1,288,669	578,552	(31,437,718)	401,444	(29,169,053)
Fund balance - beginning	50,181,105	24,964,077	90,893,038	52,561,749	218,599,969
Fund balances - ending	\$ 51,469,774	\$ 25,542,629	\$ 59,455,320	\$ 52,963,193	\$ 189,430,916

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, 2019

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)	\$ (29,169,053)
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	32,986,298
Depreciation expense for governmental assets	(16,306,142)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.	(75,826)
Contributions to the pension plan in the current fiscal year are not included on the statement of activities	8,041,609
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	55,438
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.	3,666,960
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	(8,316,590)
Decrease in contracts payable	6,912,606
Repayments:	
Bonds	10,850,000
Certificates of participation/limited obligation bonds	19,024,106
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	(14,906,595)
OPEB expense	2,618,970
Accrued vacation	(1,547,649)
Amortization of financing costs	1,280,527
Accrued interest on bonds	25,887
Accrued interest on limited obligation bonds	(261,848)
Accrued interest on installment financing contract	2,709
Change in net position of governmental activities (Exhibit 2)	\$ 16,202,713

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, 2019

Exhibit 5
Page 1 of 5

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Taxes				
Property taxes				
Current levy	\$ 105,546,390	\$ 105,546,390	\$ 107,606,309	\$ 2,059,919
Prior years levies	500,000	500,000	45,880	(454,120)
Penalty and interest on taxes	400,000	400,000	368,418	(31,582)
Total property taxes	106,446,390	106,446,390	108,020,607	1,574,217
Other local taxes				
Local option sales taxes	37,691,420	37,691,420	38,179,899	488,479
Gross receipts taxes	347,660	347,660	366,295	18,635
Total other local taxes	38,039,080	38,039,080	38,546,194	507,114
Total taxes	144,485,470	144,485,470	146,566,801	2,081,331
Licenses and permits				
Building permits	1,415,850	1,415,850	1,503,980	88,130
Electrical permits	1,210,000	1,210,000	1,324,721	114,721
Plumbing permits	465,000	465,000	488,158	23,158
Heating permits	725,000	725,000	754,467	29,467
Erosion control permits	-	-	875	875
Zoning board ordinances	18,500	18,500	15,505	(2,995)
Other construction related permits	156,500	156,500	135,330	(21,170)
Site inspection permits	6,000	6,000	10,120	4,120
Zoning permits	240,670	240,670	256,492	15,822
Refrigeration permits	6,500	6,500	6,030	(470)
Privilege licenses and penalties	11,000	11,000	10,203	(797)
Motor vehicle licenses	1,839,020	1,839,020	1,835,402	(3,618)
Other licenses and permits	189,100	189,100	355,415	166,315
Total licenses and permits	6,283,140	6,283,140	6,696,698	413,558
Intergovernmental revenues				
Beer and wine excise tax – state	1,027,240	1,027,240	1,050,073	22,833
Telecommunications sales tax	1,801,430	1,801,430	1,785,133	(16,297)
Utilities sales tax	13,158,510	13,158,510	14,112,486	953,976
Piped natural gas sales tax	731,130	731,130	874,571	143,441
Video programming tax	2,138,620	2,138,620	2,089,991	(48,629)
Payments in lieu of taxes	247,000	247,000	223,000	(24,000)
Emergency management	62,500	62,500	62,500	-
ABC store allocations	1,699,820	1,699,820	1,740,326	40,506
Total intergovernmental revenues	20,866,250	20,866,250	21,938,080	1,071,830

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

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

For the Fiscal Year Ended June 30, 2019

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	\$ 136,800	\$ 136,800	\$ 88,110	\$ (48,690)
Transportation	207,500	207,500	358,299	150,799
Public works services	2,113,030	2,113,030	1,820,625	(292,405)
Governmental services	807,660	807,660	835,614	27,954
Miscellaneous sales and services	204,800	204,800	233,902	29,102
Total governmental services and sales	3,469,790	3,469,790	3,336,550	(133,240)
Charges to State of North Carolina				
Highway maintenance/special projects	80,000	80,000	80,000	-
Traffic control devices	375,000	375,000	305,639	(69,361)
Computerized traffic system	150,000	150,000	134,873	(15,127)
Total charges to state	605,000	605,000	520,512	(84,488)
Charges to Other Governments				
Forsyth County				
Planning board support	1,551,610	1,551,610	1,386,246	(165,364)
Emergency management	429,520	429,520	415,101	(14,419)
Inspections	(84,470)	(84,470)	-	84,470
Purchasing	117,550	117,550	114,940	(2,610)
Police	475,040	475,040	367,505	(107,535)
Other	26,000	26,000	22,754	(3,246)
Total charges to county	2,515,250	2,515,250	2,306,546	(208,704)
Interfund charges for services				
Engineering	1,550,000	1,550,000	1,073,183	(476,817)
Financial management services	1,499,480	1,499,480	1,499,480	-
Streets	300,000	300,000	117,628	(182,372)
Planning	20,000	20,000	31,363	11,363
Property management	1,287,030	1,287,030	1,177,541	(109,489)
Sanitation	40,000	40,000	38,390	(1,610)
Police	450,500	450,500	463,296	12,796
Real estate	100,000	100,000	143,280	43,280
Street cuts	355,000	355,000	338,402	(16,598)
Indirect cost allocation	4,685,580	4,685,580	4,742,213	56,633
Traffic engineering	427,000	427,000	508,461	81,461
Vegetation management services	50,000	50,000	103,439	53,439
Human relations	-	-	5,000	5,000
Fire	704,000	704,000	737,490	33,490
Telecommunications	9,960	9,960	-	(9,960)
TURN program	133,330	133,330	143,888	10,558
Other	-	-	3,669	3,669
Total interfund charges for services	11,611,880	11,611,880	11,126,723	(485,157)
Total charges for sales and services	18,201,920	18,201,920	17,290,331	(911,589)

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, 2019

Exhibit 5
Page 3 of 5

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues (continued)				
Other revenues				
Rentals	\$ 375,900	\$ 375,900	\$ 373,664	\$ (2,236)
Sales of property	328,000	328,000	764,481	436,481
Parking meters	110,000	110,000	133,566	23,566
Parking tickets	220,000	220,000	228,794	8,794
Fines and forfeitures	664,470	664,470	755,888	91,418
Miscellaneous revenue	3,197,682	3,226,217	3,365,968	139,751
Total other revenues	4,896,052	4,924,587	5,622,361	697,774
Total revenues	194,732,832	194,761,367	198,114,271	3,352,904
Expenditures (by function)				
General government				
Legislative	1,576,340	1,621,340	1,625,868	(4,528)
Executive	3,366,900	3,366,900	3,891,341	(524,441)
Staff services	7,597,550	7,637,869	6,912,309	725,560
Financial management	7,385,080	7,462,261	6,873,572	588,689
Intergovernmental services	12,237,226	12,565,174	11,757,918	807,256
Employee health	975,400	975,963	967,029	8,934
Human relations	498,780	523,031	497,308	25,723
Contingency budget	45,000	45,000	-	45,000
Property tax collections	680,650	723,648	681,520	42,128
Total general government	34,362,926	34,921,186	33,206,865	1,714,321
Public protection				
Police	73,615,420	73,688,317	73,668,558	19,759
Fire	32,211,080	32,298,477	32,961,208	(662,731)
Emergency management	703,170	729,440	674,092	55,348
Total public protection	106,529,670	106,716,234	107,303,858	(587,624)
Environmental health				
Sanitation administration	915,730	915,730	833,369	82,361
Organic and solid waste collection	9,157,340	9,179,650	9,533,691	(354,041)
Solid waste disposal	1,781,100	1,781,107	1,627,638	153,469
Yard waste collections	1,378,040	1,378,040	1,231,921	146,119
Curbside collection	5,745,190	5,736,493	5,745,757	(9,264)
Total environmental health	18,977,400	18,991,020	18,972,376	18,644

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, 2019

Exhibit 5
Page 4 of 5

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Expenditures (by function continued)				
Transportation				
Technical support	\$ 1,818,440	\$ 1,827,940	\$ 1,762,473	\$ 65,467
Signal system operations	482,020	597,669	408,519	189,150
Traffic system maintenance	6,559,310	6,598,823	5,602,828	995,995
Street parking	230,060	230,360	256,791	(26,431)
Streets and sidewalks	5,834,940	6,486,906	4,579,620	1,907,286
Total transportation	14,924,770	15,741,698	12,610,231	3,131,467
Culture and recreation				
Recreation administration	928,450	928,885	920,075	8,810
Participant recreation	10,796,380	11,375,637	10,543,683	831,954
Total culture and recreation	11,724,830	12,304,522	11,463,758	840,764
Community and economic development				
Zoning and construction control	4,764,550	4,860,312	4,746,360	113,952
Real estate management	390,710	390,710	406,376	(15,666)
Planning board	2,577,230	2,615,140	2,496,155	118,985
Housing services	4,245,100	4,287,841	3,735,022	552,819
Housing and neighborhood development	646,950	646,480	668,000	(21,520)
Housing finance repayment	196,510	196,510	196,510	-
Economic development	1,380,670	1,411,025	1,078,384	332,641
Community agencies	1,012,800	1,191,355	855,300	336,055
Total community and economic development	15,214,520	15,599,373	14,182,107	1,417,266
Other				
Appropriated expenditure reductions	(3,715,390)	(3,715,390)	-	(3,715,390)
Total other	(3,715,390)	(3,715,390)	-	(3,715,390)
Total expenditures	198,018,726	200,558,643	197,739,195	2,819,448
Excess of expenditures (over) under revenues	(3,285,894)	(5,797,276)	375,076	6,172,352

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, 2019

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	\$ 1,127,940	\$ 1,127,940	\$ 814,227	\$ (313,713)
Gasoline tax fund	5,288,880	5,288,880	4,777,068	(511,812)
Economic and housing development fund	66,210	66,210	66,210	-
Cemetery perpetual care fund	188,288	188,288	188,288	-
Water and sewer utility fund	78,210	78,210	72,058	(6,152)
Stormwater fund	1,823,120	1,823,120	1,816,968	(6,152)
Workers' compensation fund	101,450	101,450	101,450	-
Total transfers in	8,674,098	8,674,098	7,836,269	(837,829)
Transfers out				
Grants fund	(838,510)	(838,510)	(742,263)	96,247
Economic and housing development fund	(3,383,650)	(3,383,650)	(3,383,650)	-
Debt service fund	(1,949,520)	(1,949,520)	(1,949,520)	-
Capital projects fund	(70,190)	(70,190)	(70,181)	9
Cemetery perpetual care fund	(44,604)	(44,604)	(44,604)	-
Parking fund	(495,150)	(495,150)	(495,150)	-
Public assembly facilities management fund	(606,580)	(606,580)	(237,308)	369,272
Total transfers out	(7,388,204)	(7,388,204)	(6,922,676)	465,528
Total other financing sources, net	1,285,894	1,285,894	913,593	(372,301)
Excess of revenues and other financing sources over (under) expenditures and other uses	(2,000,000)	(4,511,382)	1,288,669	5,800,051
Fund balance July 1	50,181,105	50,181,105	50,181,105	-
Fund balance June 30	\$ 48,181,105	\$ 45,669,723	\$ 51,469,774	\$ 5,800,051

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, 2019

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	\$ 74,464,226	\$ 22,615,030	\$ 1,262,048	\$ 31,001,154	\$ 129,342,458	\$ 62,425,683
Receivables for uncollectibles						
Taxes, net	-	-	76,498	-	76,498	-
Accounts, net	14,883,558	196,223	86,658	1,180,626	16,347,065	5,254
Assessments, net	135,827	-	-	-	135,827	-
Total receivables	15,019,385	196,223	163,156	1,180,626	16,559,390	5,254
Due from other governments	3,570,570	57,270	5,738,705	450,229	9,816,774	-
Inventories	3,532,660	-	307,446	-	3,840,106	1,710,219
Total current assets	96,586,841	22,868,523	7,471,355	32,632,009	159,558,728	64,141,156
Noncurrent Assets						
Restricted assets						
Cash & cash equivalents/investments	68,648,280	19,259,804	-	103,963	88,012,047	-
Capital assets						
Land	17,212,007	12,450,797	2,236,412	12,785,969	44,685,185	801,682
Construction in progress	182,945,644	640,628	3,719,912	10,342,754	197,648,938	1,696,679
Other capital assets, net of accumulated depreciation	703,526,204	23,069,322	20,180,767	81,674,169	828,450,462	4,287,896
Accounts receivables	-	-	-	500,000	500,000	-
Total noncurrent assets	972,332,135	55,420,551	26,137,091	105,406,855	1,159,296,632	6,786,257
Total assets	1,068,918,976	78,289,074	33,608,446	138,038,864	1,318,855,360	70,927,413
Deferred Outflows of Resources						
Pension deferrals	3,853,427	408,397	-	720,247	4,982,071	1,407,210
Charge on refunding	23,908,597	-	-	-	23,908,597	-
Total deferred outflows of resources	27,762,024	408,397	-	720,247	28,890,668	1,407,210
Liabilities						
Current Liabilities						
Accounts payable	4,790,478	623,445	1,573,496	983,918	7,971,337	3,599,427
Accrued payroll	557,204	59,268	-	123,592	740,064	193,539
Accrued vacation	410,747	38,176	669,857	75,885	1,194,665	273,701
Accrued interest payable	1,349,637	-	-	32,091	1,381,728	-
Due to other funds	-	-	-	-	-	41,103
Unearned revenue	1,300	-	77,985	1,266,327	1,345,612	936
Landfill closure and postclosure costs	-	330,000	-	-	330,000	-
Pollution remediation	-	-	-	19,480	19,480	-
Current maturities	-	-	-	-	-	-
Claims payable	-	-	-	-	-	4,363,638
Contracts payable	5,617,397	722,460	-	2,046,319	8,386,176	840,088
Bonds payable	16,875,000	740,000	-	1,143,693	18,758,693	-
Total current liabilities	29,601,763	2,513,349	2,321,338	5,691,305	40,127,755	9,312,432
Noncurrent Liabilities						
Contracts payable from restricted assets	10,435,018	-	-	-	10,435,018	-
Accrued vacation	803,372	76,915	-	155,841	1,036,128	129,089
Net pension liability	4,759,738	489,336	-	873,296	6,122,370	1,718,269
Net OPEB liability	1,614,551	176,485	-	341,633	2,132,669	585,855
Landfill closure and postclosure costs	-	18,929,804	-	-	18,929,804	-
Pollution remediation	-	-	-	1,966,644	1,966,644	-
Claims payable	-	-	-	-	-	3,696,137
Contracts payable	81,773,196	1,292,388	-	13,692,625	96,758,209	1,138,635
Bonds payable	408,184,081	4,648,857	-	17,999,139	430,832,077	-
Derivative instrument	17,244,171	-	-	-	17,244,171	-
Total noncurrent liabilities	524,814,127	25,613,785	-	35,029,178	585,457,090	7,267,985
Total liabilities	554,415,890	28,127,134	2,321,338	40,720,483	625,584,845	16,580,417
Deferred Inflows of Resources						
Pension deferrals	147,689	-	-	23,064	170,753	85,765
OPEB deferrals	455,573	50,102	-	95,798	601,473	165,160
Charge on refunding	317,185	-	-	-	317,185	-
Accumulated decrease in fair value of hedging derivatives	4,431,870	-	-	-	4,431,870	-
Total deferred inflows of resources	5,352,317	50,102	-	118,862	5,521,281	250,925
Net Position						
Net investment in capital assets	429,038,209	28,757,042	26,137,091	69,921,116	553,853,458	4,807,534
Unrestricted	107,874,584	21,763,193	5,150,017	27,998,650	162,786,444	50,695,747
Total net position	\$ 536,912,793	\$ 50,520,235	\$ 31,287,108	\$ 97,919,766	716,639,902	\$ 55,503,281
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					39,296,520	
Net position of business-type activities					\$ 755,936,422	

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

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City of Winston-Salem, North Carolina
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds

For the Fiscal Year Ended June 30, 2019

Exhibit 7

	Enterprise Funds					Internal Service Funds
	Water and Sewer Utility	Solid Waste Disposal	Transit Authority	Non-Major Funds	Total	
Operating Revenues						
Sales	\$ 110,179,839	\$ -	\$ -	\$ -	\$ 110,179,839	\$ -
Charges for services	4,521,069	11,845,109	1,824,318	15,377,885	33,568,381	75,797,750
Other	115,802	18,598	308,818	2,663,534	3,106,752	2,328,012
Total operating revenues	114,816,710	11,863,707	2,133,136	18,041,419	146,854,972	78,125,762
Operating Expenses						
Personal services	19,809,811	2,042,846	13,478,086	4,237,719	39,568,462	7,273,253
Maintenance and operations	24,478,217	6,441,978	5,451,463	7,114,726	43,486,384	68,473,364
Total operating expenses before depreciation	44,288,028	8,484,824	18,929,549	11,352,445	83,054,846	75,746,617
Depreciation	28,060,531	4,050,561	2,973,480	3,632,192	38,716,764	1,197,380
Total operating expenses	72,348,559	12,535,385	21,903,029	14,984,637	121,771,610	76,943,997
Operating income (loss)	42,468,151	(671,678)	(19,769,893)	3,056,782	25,083,362	1,181,765
Nonoperating Revenues (Expenses)						
Intergovernmental revenue	1,621,182	1,020,914	8,952,320	529,347	12,123,763	-
Property taxes	-	-	10,662,035	-	10,662,035	-
Investment income (loss)	7,070,523	1,898,239	16,969	1,389,038	10,374,769	1,572,325
Gain (loss) on disposal of assets	2,793	21,972	-	-	24,765	430
Damage settlements	1,008	-	48,904	-	49,912	-
Interest and fiscal expense	(20,510,191)	(284,147)	-	(1,436,953)	(22,231,291)	(139,719)
Amortization of financing costs	(800,272)	5,543	-	37,116	(757,613)	-
Total nonoperating revenues (expenses), net	(12,614,957)	2,662,521	19,680,228	518,548	10,246,340	1,433,036
Income (loss) before capital contributions and transfers	29,853,194	1,990,843	(89,665)	3,575,330	35,329,702	2,614,801
Capital Contributions	7,766,401	-	2,617,025	189,046	10,572,472	423,209
Transfers In	-	683,017	-	1,457,458	2,140,475	-
Transfers Out	(527,403)	-	(13,760)	(2,244,640)	(2,785,803)	(119,240)
Total transfers	(527,403)	683,017	(13,760)	(787,182)	(645,328)	(119,240)
Change in net position	37,092,192	2,673,860	2,513,600	2,977,194	45,256,846	2,918,770
Total net position - beginning	499,820,601	47,846,375	28,773,508	94,942,572		52,584,511
Total net position - ending	\$ 536,912,793	\$ 50,520,235	\$ 31,287,108	\$ 97,919,766		\$ 55,503,281
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					(748,190)	
Change in net position of business-type activities					\$ 44,508,656	

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, 2019

Exhibit 8
Page 1 of 2

	Enterprise Funds					Internal Service Funds
	Water and Sewer Utility	Solid Waste Disposal	Transit Authority	Non-Major Funds	Total	
Cash Flows from Operating Activities						
Cash received from sales	\$ 113,781,267	\$ 12,041,462	\$ 2,134,106	\$ 17,870,906	\$ 145,827,741	\$ 77,627,661
Cash payments to suppliers for goods and services	(35,782,506)	(5,625,067)	(5,208,002)	(7,224,938)	(53,840,513)	(68,999,719)
Cash payments to employees for services	(19,741,633)	(2,083,659)	(13,431,839)	(4,310,237)	(39,567,368)	(7,375,626)
Net cash provided (used) by operating activities	58,257,128	4,332,736	(16,505,735)	6,335,731	52,419,860	1,252,316
Cash Flows from Noncapital Financing Activities						
Intergovernmental revenue	1,622,357	1,021,805	10,857,609	510,615	14,012,386	-
Property taxes	-	-	10,178,719	-	10,178,719	-
Borrowings from other funds	-	-	-	-	-	41,103
Repayments to other funds	-	-	(3,733,108)	-	(3,733,108)	-
Transfers in	-	683,017	-	1,307,458	1,990,475	-
Transfers out	(527,403)	-	(13,760)	(2,244,640)	(2,785,803)	(119,240)
Net cash provided (used) by noncapital financing activities	1,094,954	1,704,822	17,289,460	(426,567)	19,662,669	(78,137)
Cash Flows from Capital and Related Financing Activities						
Proceeds from issuance of state loans	7,301,795	-	-	-	7,301,795	-
Intergovernmental revenue	155,630	-	1,816,131	177,436	2,149,197	-
Property taxes	-	-	485,694	-	485,694	-
Capital contributions	-	-	-	11,610	11,610	423,209
Transfers in	-	-	-	150,000	150,000	-
Acquisition of property and equipment	(43,685,088)	(360,448)	(1,901,051)	(2,737,117)	(48,683,704)	(55,903)
Retirement of bonds	(24,425,000)	(715,000)	-	(1,118,693)	(26,258,693)	-
Retirement of contracts payable	(6,008,813)	(794,199)	-	(2,262,929)	(9,065,941)	(1,036,814)
Interest and fiscal expense paid on bonds	(18,831,173)	(149,670)	-	(638,291)	(19,619,134)	-
Interest and fiscal expense paid on contracts payable	(1,749,406)	(134,477)	-	(803,844)	(2,687,727)	(139,719)
Proceeds from sale of assets	3,187	21,972	-	-	25,159	5,445
Damage settlements	1,008	-	48,904	-	49,912	-
Net cash provided (used) by capital financing activities	(87,237,860)	(2,131,822)	449,678	(7,221,828)	(96,141,832)	(803,782)
Cash Flows from Investing Activities						
Investment income (loss)	7,070,523	1,898,239	16,969	1,389,038	10,374,769	1,572,325
Net increase (decrease) in cash	(20,815,255)	5,803,975	1,250,372	76,374	(13,684,534)	1,942,722
Cash and cash equivalents/ investments July 1	163,927,761	36,070,859	11,676	31,028,743	231,039,039	60,482,961
Cash and cash equivalents/ investments June 30	\$ 143,112,506	\$ 41,874,834	\$ 1,262,048	\$ 31,105,117	\$ 217,354,505	\$ 62,425,683

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, 2019

Exhibit 8
Page 2 of 2

	Enterprise Funds					Internal Service Funds
	Water and Sewer Utility	Solid Waste Disposal	Transit Authority	Non-Major Funds	Total	
Reconciliation of Cash and Cash Equivalents/Investments						
Cash and investments – current	\$ 74,464,226	\$ 22,615,030	\$ 1,262,048	\$ 31,001,154	\$ 129,342,458	\$ 62,425,683
Cash and investments – restricted	68,648,280	19,259,804	-	103,963	88,012,047	-
Cash and cash equivalents/ investments June 30	\$ 143,112,506	\$ 41,874,834	\$ 1,262,048	\$ 31,105,117	\$ 217,354,505	\$ 62,425,683
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities						
Operating income (loss)	\$ 42,468,151	\$ (671,678)	\$ (19,769,893)	\$ 3,056,782	\$ 25,083,362	\$ 1,181,765
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities						
Depreciation expense	28,060,531	4,050,561	2,973,480	3,632,192	38,716,764	1,197,380
Change in assets, deferred outflows of resources, and liabilities, and deferred inflows of resources						
(Increase) decrease in receivables	(1,034,143)	177,755	2,644	(104,825)	(958,569)	(697)
(Increase) decrease in inventories	(114,346)	-	(6,066)	-	(120,412)	(423,601)
(Increase) decrease in deferred outflows of resources – pensions	(1,504,792)	-	-	(53,284)	(1,558,076)	(526,265)
Increase (decrease) in net pension liability	1,868,962	-	-	66,179	1,935,141	653,623
Increase (decrease) in net OPEB liability	(220,730)	(23,276)	-	(48,389)	(292,395)	(80,508)
Increase (decrease) in deferred inflows of resources – pensions	(103,083)	-	-	(3,651)	(106,734)	(36,050)
Increase (decrease) in deferred inflows of resources – OPEB	(151,865)	(16,014)	-	(33,291)	(201,170)	(55,391)
Increase (decrease) in accounts payable	(11,189,943)	69,098	249,527	(110,212)	(10,981,530)	563,783
Increase (decrease) in accrued payroll	18,784	(2,115)	-	12,162	28,831	(7,360)
Increase (decrease) in unearned revenue	(1,300)	-	(1,674)	(65,688)	(68,662)	(492,952)
Increase (decrease) in accrued vacation	160,902	592	46,247	(12,244)	195,497	(50,422)
Increase in landfill closure and postclosure costs	-	747,813	-	-	747,813	-
Increase (decrease) in claims payable	-	-	-	-	-	(1,000,630)
Increase (decrease) in contracts payable	-	-	-	-	-	329,641
Total adjustments	15,788,977	5,004,414	3,264,158	3,278,949	27,336,498	70,551
Net cash provided (used) by operating activities	\$ 58,257,128	\$ 4,332,736	\$ (16,505,735)	\$ 6,335,731	\$ 52,419,860	\$ 1,252,316

Noncash Investing, Capital, and Financing Activities

The City entered into leases for new property and equipment and incurred capital lease obligations of \$3,418,617 and \$5,525,100 during the years ended June 30, 2019, and 2018, respectively.

The City received contributed land amounting to \$7,610,771 and \$7,888,376 during the years ended June 30, 2019, and 2018, respectively, from various developers.

The City accrued intergovernmental revenues of (\$1,087,817).

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, 2019

Exhibit 9

	Benefits Trust Fund
Assets	
Cash and cash equivalents/investments	\$ 7,817,573
Investments, at fair value	
Common stock	195,949,745
United States government agencies	1,487,689
Corporate bonds	17,480,909
Municipal bonds	11,056,924
Mutual funds - NCCMT term	10,066,003
Total assets	<u>243,858,843</u>
Deferred Outflows of Resources	
Pension deferrals	<u>25,034</u>
Liabilities	
Accounts payable	82,863
Accrued payroll	3,320
Accrued vacation	6,840
Unearned revenue	5,891
Net pension liability	30,662
Claims payable	1,031,497
Total liabilities	<u>1,161,073</u>
Deferred Inflows of Resources	
Pension deferrals	<u>1,511</u>
Net Position	
Restricted for pensions	174,273,059
Restricted for post-employment benefits other than pensions	68,448,234
Total net position	<u><u>\$ 242,721,293</u></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, 2019

Exhibit 10

	Benefits Trust Fund
Additions	
Contributions	
Employer	\$ 9,674,076
Plan members	3,472,085
Total contributions	13,146,161
Investment income	
Net appreciation in fair value	11,502,413
Interest and dividends	5,648,172
Total investment income	17,150,585
Less investment expense	948,725
Net investment income	16,201,860
Total additions	29,348,021
Deductions	
Benefits	23,863,869
Refund of contributions	134,812
Administrative expense	230,054
Total deductions	24,228,735
Net increase in net position	5,119,286
Net position – beginning	237,602,007
Net position – ending	\$ 242,721,293

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

Notes to the Financial Statements

June 30, 2019

1. Summary of Significant Accounting Policies

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

A. The Reporting Entity

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

Risk Acceptance Management Corporation administers auto liability, general liability, workers' compensation claims which exceed the sum of \$250,000, health care claims which exceed the sum of \$250,000, and certain tort claims made against the City. The financial statements of the corporation are included as an internal service fund in the City's financial statements.

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

B. Government-wide and Fund Financial Statements

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

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

Fund Financial Statements are presented for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Emphasis in these statements is placed on major governmental and enterprise funds with each major individual fund displayed in a separate column. The City's determination of reporting major funds considered the criteria prescribed by GASB and consistency of presentation from year to year. All remaining governmental and enterprise funds are aggregated and shown as non-major funds.

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

The City reports the following major governmental funds:

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

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

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

The City reports the following major proprietary funds:

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

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

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

Additionally the City reports the following fund types:

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

D. Budgetary Accounting

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

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

Administrative control is exercised through the establishment of detailed line item budgets. Budget amendments to total expenditures of any fund or between functions, which are the legal level of budgetary control, require approval by the City Council. Budgets are reported as originally adopted and amended by executive or council action. During the year, amendments to the original budget were made, when appropriate, the effects of which were not material. The budget ordinance must be adopted by July 1 of the fiscal year or

the City Council must adopt an interim budget that covers that time until the annual ordinance can be adopted. All unencumbered budget appropriations, except project or program budgets, lapse at year-end.

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

1. Deposits and Investments

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

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

The City utilizes Capital Management of the Carolinas which facilitates electronic transfers between the state and units of local government and provides immediate short-term investment of temporarily idle funds, principally bond proceeds. The North Carolina Capital Management Trust (NCCMT) — Government Portfolio, a SEC-registered (2a-7) external investment pool, is measured at fair value. The NCCMT-Term Portfolio is a bond fund, has no rating and is measured at fair value. As of June 30, 2019, the Term Portfolio has a duration of .11 years. Because the NCCMT Government and Term Portfolios have a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than 6 months.

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

2. Receivables and Payables

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

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

3. Ad Valorem Taxes Receivable

The City property tax is based on the assessed valuation of property located in the City as of the preceding January first. The value of personal property is established annually, and by state law, real property must be appraised at least once every eight years. The last revaluation of real property became effective with the 2017 tax levy. The City's fiscal year 2019 tax rate was .5974 mils, allocated as follows: .4746 mils for general purposes, .0730 mils for general debt service, and .0498 mils for mass transit, and an additional tax rate of .09 mils on all property within the Downtown Business Improvement District for enhanced services in the downtown area. Taxes are due on September first and payable without penalty or interest until the fifth of January. On and after January sixth, taxes become delinquent, a lien attaches to the property, and a penalty of 2% is assessed. On February first, interest accrues at the rate of .75% per month until paid. Property tax receivables are recorded net of allowance for estimated uncollectible amounts and offset as deferred inflows of resources since the amount due is not considered to be currently available.

4. Restricted Assets

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

Restricted Cash June 30, 2019

Business-type activities

Water and sewer utility

Unexpended bond proceeds	\$ 35,888,657
Equipment and replacement reserves	29,759,623
Economic development	3,000,000

Solid waste disposal

Landfill closure and postclosure costs	19,259,804
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Public assembly facilities management

Capital reserve	103,963
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Total business-type activities	88,012,047
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Total restricted cash	\$ 88,012,047
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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.

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

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

7. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The City has several items that meet this criterion, pension deferrals, contributions made to the pension plan in the current fiscal year, deferred charge on refunding and derivative instrument in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The City has several items that meet this criterion, deferrals of pension expense, deferrals of OPEB expense, deferred charge on refunding, and advances from other governments in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. The derivative instrument is a change in fair value associated with an effective hedge. The advances from other governments are grants received in advance of meeting the GASB 33 timing requirements in governmental funds. The governmental funds also report unavailable revenues from taxes, leases, and assessments.

8. Accumulated Vacation and Sick Leave Benefits

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

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

9. Long-Term Obligations

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

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

10. Net Position/Fund Balances

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

Restricted Net Position June 30, 2019

Stabilization by state statute	\$ 22,259,288
Debt service	23,451,570
Other purposes	
Nonmajor governmental	19,332,409
Total	\$ 65,043,267

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 prepaids, 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 – North Carolina G.S. 159-8 prohibits units of government from budgeting or spending a portion of their fund balance. This is one of several statutes enacted by the North Carolina State Legislature in the 1930's that were designed to improve and maintain the fiscal health of local government units. Restricted by State statute (RSS), is calculated at the end of each fiscal year for all annually budgeted funds. The calculation in G.S. 159-8(a) provides a formula for determining what portion of fund balance is available for appropriation. The amount of fund balance not available for appropriation is what is known as "restricted by State statute". *Appropriated fund balance in any fund shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget.* Per GASB guidance, RSS is considered a resource upon which a restriction is "imposed by law through constitutional provisions or enabling legislation." RSS is reduced by inventories and prepaids as they are classified as nonspendable. Outstanding Encumbrances are included within RSS. RSS is included as a component of Restricted Net position and Restricted fund balance on the face of the balance sheet.

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

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

Restricted for general government – portion of fund balance restricted by revenue source for public access and education.

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

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

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

Restricted for community and economic development – portion of fund balance restricted by revenue source for community and economic development expenditures.

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

Committed for capital improvements – portion of fund balance committed by City Council for capital improvements.

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

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

Subsequent year's budget – portion of fund balance that is appropriated in the adopted 2019-2020 Budget Ordinance and as approved by City Council on June 17, 2019 that is not already classified in restricted or committed.

Unassigned fund balance – portion of fund balance that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund is the only governmental fund that can report a positive amount of unassigned fund balance. However, for governmental funds other than the general fund, if expenditures incurred for specific purposes exceed the restricted, committed, or assigned resources available for those purposes the deficit would be reported in the unassigned category.

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

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

Fund Balance June 30, 2019

Nonspendable	
Loans	\$ 880,361
Inventories	1,130,740
Prepays	56,007
Perpetual care	4,269,535
Restricted	
Stabilization by state statute	22,259,288
Debt service	23,451,570
Capital improvements	39,333,893
General government	88,591
Public protection	2,531,481
Transportation	1,789,252
Culture and recreation	794,226
Community and economic development	9,859,324
Committed	
Capital improvements	20,121,427
Community and economic development	32,914,149
Assigned	
Subsequent year's budget	2,000,000
Unassigned	27,951,072
Total	\$ 189,430,916

11. Defined Benefit Pensions and OPEB

For purposes of measuring the net pension asset/liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Local Governmental Employees' Retirement System (LERS) and additions to/deductions from LERS' fiduciary net position have been determined on the same basis as they are reported by LERS. 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 LERS. Investments are reported at fair value.

The City also administers two single-employer defined benefit pension plans; the Winston-Salem Police Officers' Retirement System and the Winston-Salem Police Officers' Separation Allowance. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plans and additions to/deductions from the pension plan's fiduciary net position have been determined on the same basis as they are reported by the pension plans. For this purpose, the pension plans recognize benefit payments when due and payable in accordance with the benefit terms. Employer contributions are determined and paid annually based on actuarial recommendations. Investments are reported at fair value.

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB Plan and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by the OPEB Plan. For this purpose, the OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Employer contributions are determined and paid annually based on actuarial recommendations. Investments are reported as fair value.

2. Stewardship, Compliance and Accountability

A. Excess of Expenditures over Appropriations

For the fiscal year ended June 30, 2019, public protection expenditures in the general fund were under estimated due to higher than anticipated personnel costs, including overtime expenses incurred during deployments in North Carolina during two major hurricanes, and salaries and benefits for fire recruit classes; however, fund balance was available to cover the expenditures.

For the fiscal year ended June 30, 2019, the transfers out in the gasoline tax fund to the capital projects fund exceeded appropriations by \$2,670,296; 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, 2019, the City's deposits had a carrying value of \$31,781,201 and bank balance of \$31,169,752. Of the bank balance \$1,743,081 was covered by federal depository insurance and the remainder was covered by collateral held under the Pooling Method. At June 30, 2019, the City maintained various petty cash funds totaling \$56,901.

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, 2019, the City had the following investments and maturities:

Investment Type	Value	Less Than 6 Months	6 - 12 Months	Over 1 Year
Domestic Common Stock/ADRs	\$ 186,494,674	\$ 186,494,674	\$ -	\$ -
US Gov't Treasuries	36,363,232	858,220	174,078	35,330,934
US Gov't Agencies	47,282,436	18,605,711	13,125,526	15,551,199
Corporate Bonds	37,392,015	5,232,880	1,407,631	30,751,504
Municipal Bonds	11,056,923	50,151	145,216	10,861,556
Commercial Paper	4,000,000	4,000,000	-	-
Mutual Funds	116,950,284	116,950,284	-	-
Money Market Funds	16,276,909	16,276,909	-	-
NC Capital Management Trust				
Government Portfolio	45,881,172	45,881,172	-	-
Term Portfolio	142,582,860	142,582,860	-	-
Total	\$ 644,280,505	\$ 536,932,861	\$ 14,852,451	\$ 92,495,193

At June 30, 2019, the City's investment balances measured at fair value were as follows:

Investment Type	Fair Value	Fair Value Measurements Using	
		Level 1 Inputs	Level 2 Inputs
Domestic Common Stock/ADRs	\$ 186,494,674	\$ 186,494,674	\$ -
US Gov't Treasuries	36,363,232	36,363,232	-
US Gov't Agencies	47,282,436	-	47,282,436
Corporate Bonds	37,392,015	-	37,392,015
Municipal Bonds	11,056,923	-	11,056,923
Commercial Paper	4,000,000	-	4,000,000
Mutual Funds	116,950,284	114,142,198	2,808,086
Money Market Funds	16,276,909	-	16,276,909
NC Capital Management Trust -			
Government Portfolio	45,881,172	45,881,172	-
Term Portfolio	142,582,860	142,582,860	-
Total fair value investments	\$ 644,280,505	\$ 525,464,136	\$ 118,816,369

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 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, 2019. 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	\$ 986,575
	AAA	AA1	120,632
	AAA	N/A	414,151
	AA+	AA1	406,297
	AA	AA2	507,888
	AA	A1	254,553
	AA-	AA2	435,740
	AA-	AA3	498,197
	AA-	A1	576,043
	AA-	A3	64,299
	AA-	N/A	300,672
	A+	A1	1,087,061
	A+	A2	461,467
	A+	A3	256,068
	A+	BAA1	76,805
	A+	N/A	330,681
	A	A1	486,888
	A	A2	2,220,841
	A	A3	262,905
	A	BAA1	24,938
	A	N/A	857,770
	A-	A1	627,400
	A-	A2	2,192,998
	A-	A3	1,150,861
	A-	BAA1	591,398
	A-	BAA2	51,338
	A-	N/A	704,165
	BBB+	A3	2,064,495
	BBB+	BAA1	1,527,130
	BBB+	BAA2	685,423
	BBB+	BAA3	232,974
	BBB+	N/A	864,583
	BBB	A3	358,163
	BBB	BAA1	1,176,383
	BBB	BAA2	2,102,374
	BBB	BAA3	1,174,399
	BBB	BA1	258,947
	BBB	N/A	1,383,556
	BBB-	BAA1	41,893
	BBB-	BAA3	1,280,531
	BBB-	BA1	144,502
	BBB-	N/A	685,591
	BB+	BAA3	202,879
	BB+	N/A	286,444
	N/A	AAA	195,095
	N/A	AA3	320,043
	N/A	AA2	69,917
	N/A	A2	552,128
	N/A	BAA3	307,126
	N/A	N/A	5,528,808
Total			\$ 37,392,015

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, 2019

General fund	
Taxes receivable	\$ 1,231,808
Other receivables	3,033,925
Special revenue funds	
Nonmajor	
Taxes receivable	1,123
Other receivables	29,151,311
Debt service fund	162,407
Enterprise funds	
Water and sewer utility	1,943,057
Solid waste disposal	1,774
Transit Authority	
Taxes receivable	91,222
Other receivables	5,565
Nonmajor	182,703
Total	\$ 35,804,895

C. *Interfund Receivables, Payables, and Transfers*

The composition of interfund receivables and payables at June 30, 2019, is as follows:

	Interfund Payables	Interfund Receivables
General fund	\$ -	\$ 41,103
Internal service funds	41,103	-
Total	\$ 41,103	\$ 41,103

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, 2019, include: a transfer of \$1,816,968 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 \$814,227 to cover housing rehabilitation expenditures; a gasoline tax fund transfer to the general fund for \$4,777,068; a general fund transfer to the parking fund for \$495,150 to cover the City's share of the operating loss of \$918,947 for the Church and Fourth Street Parking Deck and other parking fund losses; a transfer from general fund to economic and housing development fund of \$3,383,650 to fund economic development projects; a general fund transfer to the public assembly facilities management fund for \$237,308 to cover operating expenses of the M.C. Benton, Jr. Convention Center; a transfer from general fund to debt service fund of \$1,949,520 to cover debt service payments on economic development projects and the Bryce A. Stuart Building.

Transfers for Fiscal Year Ended June 30, 2019

	Transfers In	Transfers Out
General fund	\$ 7,836,269	\$ 6,922,676
Debt service fund	3,449,520	1,500,000
Capital projects fund	6,968,927	3,591,000
Special revenue funds		
Nonmajor	4,757,067	10,233,539
Enterprise funds		
Water and sewer utility	-	527,403
Solid waste disposal	683,017	-
Transit Authority	-	13,760
Nonmajor	1,457,458	2,244,640
Internal service funds	-	119,240
Total	\$ 25,152,258	\$ 25,152,258

D. Capital Assets

The following tables summarize the changes in the components of capital assets for the year ended June 30, 2019:

Governmental Activities

	Balance June 30, 2018	Increase	Transfers	Decrease	Balance June 30, 2019
Capital assets, not being depreciated:					
Land	\$ 79,350,128	\$ 466,400	\$ 171,683	\$ (45,148)	\$ 79,943,063
Construction in progress	143,947,450	26,608,685	(42,183,726)	-	128,372,409
Total capital assets, not being depreciated	223,297,578	27,075,085	(42,012,043)	(45,148)	208,315,472
Capital assets, being depreciated:					
Buildings	113,051,882	-	28,019,518	-	141,071,400
Improvements other than buildings	264,723,010	-	13,992,525	-	278,715,535
Machinery and equipment	117,550,970	5,798,973	-	(399,564)	122,950,379
Total capital assets, being depreciated	495,325,862	5,798,973	42,012,043	(399,564)	542,737,314
Less accumulated depreciation for:					
Buildings	39,053,551	2,992,122	-	-	42,045,673
Improvements other than buildings	119,190,827	6,759,826	-	-	125,950,653
Machinery and equipment	83,192,596	7,751,574	-	(363,871)	90,580,299
Total accumulated depreciation	241,436,974	\$ 17,503,522	\$ -	\$ (363,871)	258,576,625
Total capital assets, being depreciated, net	253,888,888				284,160,689
Governmental activities capital assets, net	\$ 477,186,466				\$ 492,476,161

Business-type Activities

	Balance June 30, 2018	Increase	Transfers	Decrease	Balance June 30, 2019
Capital assets, not being depreciated:					
Land	\$ 44,346,466	\$ -	\$ 338,858	\$ (139)	\$ 44,685,185
Construction in progress	186,016,950	49,629,731	(37,997,743)	-	197,648,938
Total capital assets, not being depreciated	230,363,416	49,629,731	(37,658,885)	(139)	242,334,123
Capital assets, being depreciated:					
Buildings	327,474,062	-	1,160,295	-	328,634,357
Improvements other than buildings	1,015,951,067	7,610,770	36,498,590	(261)	1,060,060,166
Machinery and equipment	75,528,463	6,499,461	-	(1,160,115)	80,867,809
Total capital assets, being depreciated	1,418,953,592	14,110,231	37,658,885	(1,160,376)	1,469,562,332
Less accumulated depreciation for:					
Buildings	134,205,453	7,877,498	-	-	142,082,951
Improvements other than buildings	420,078,174	25,722,665	-	(6)	445,800,833
Machinery and equipment	49,248,201	5,116,601	-	(1,136,716)	53,228,086
Total accumulated depreciation	603,531,828	\$ 38,716,764	\$ -	\$ (1,136,722)	641,111,870
Total capital assets, being depreciated, net	815,421,764				828,450,462
Business-type activities capital assets, net	\$ 1,045,785,180				\$ 1,070,784,585

The City has outstanding project authorizations for general governmental projects in the amount of \$249,775,203 with \$34,525,158 in unexpended commitments and outstanding authorizations for capital projects in enterprise funds amounting to \$319,863,358 with \$56,389,298 in unexpended commitments. Funding for these commitments has been identified in capital project ordinances and should not require future financing.

Depreciation expense was charged to functions/programs as follows:

Governmental Activities

	Depreciation Expense For Year Ended June 30, 2019
General government	\$ 2,024,011
Public protection	4,855,684
Environmental health	1,861,878
Transportation	5,493,692
Culture and recreation	1,935,045
Community and economic development	1,333,212
Total	\$ 17,503,522

Business-type Activities

	Depreciation Expense For Year Ended June 30, 2019
Water and sewer utility	\$ 28,060,531
Solid waste disposal	4,050,561
Transit Authority	2,973,480
Parking	459,905
Stormwater management	1,224,900
Public assembly facilities management	1,947,387
Total	\$ 38,716,764

E. Operating Leases

The City leases land, building space, and certain operating equipment under non-cancelable operating leases terminating during fiscal years 2020 through 2025. Renewal options of one to five years are available to the City under certain of these agreements. Total expense on operating leases was \$500,887 during fiscal year 2019.

Future Minimum Commitments for Operating Leases

2020	\$	380,711
2021		346,179
2022		328,029
2023		114,519
2024		42,920
2025		41,545
Total	\$	1,253,903

F. Net Investment in Direct Financing Leases

The City leases the condominium space of the Embassy Suites Hotel/West Tower and Grand Pavilion Ballroom to PM Meeting Venue, LLC. The lease will expire June 30, 2036, with the option to purchase for \$2 million plus the unamortized balance of the related debt.

Total lease payments receivable	\$	11,700,000
Less unearned income		(3,750,291)
Net investment in direct financing lease	\$	7,949,709

Minimum Lease Payments

2020	\$	600,000
2021		600,000
2022		600,000
2023		600,000
2024		600,000
Thereafter		8,700,000
Total	\$	11,700,000

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. In November 2018, City residents approved a \$122,000,000 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, 2019, \$147,505,000 of these bonds were unissued.

In the event of a default, the City agrees to pay to the purchaser, on demand, interest on any and all amounts due and owing by the City under the related agreements.

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
2020	\$ 10,950,000	\$ 6,488,952
2021	10,910,000	6,133,641
2022	10,855,000	5,648,792
2023	11,365,000	5,155,402
2024	12,000,000	4,636,510
2025-2029	46,290,000	16,095,957
2030-2034	40,630,000	7,555,927
2035-2037	21,280,000	1,195,762
Total	\$ 164,280,000	\$ 52,910,943

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. In the event of a default, the City agrees to pay to the purchaser, on demand, interest on any and all amounts due and owing by the City under the related agreements.

Special Obligation Bonds Debt Service Requirements to Maturity are:

Fiscal Year	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2020	\$ 615,000	\$ 264,975	\$ 1,338,693	\$ 448,054
2021	640,000	240,375	1,358,694	405,596
2022	670,000	214,775	1,383,693	363,313
2023	700,000	184,225	1,403,693	320,230
2024	725,000	158,725	1,428,693	277,208
2025-2029	2,100,000	453,275	7,472,882	720,544
2030-2033	1,535,000	137,362	-	-
Total	\$ 6,985,000	\$ 1,653,712	\$ 14,386,348	\$ 2,534,945

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, 2019 were \$9,585,000 with interest rates ranging from 3.0% to 5.0%, which are payable over the next 14 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, 2019, and the ratio was 4.3. In the event of a default, the City agrees to pay to the purchaser, on demand, interest on any and all amounts due and owing by the City under the related agreements. The principal and interest remaining to be paid on the bonds is \$11,970,507. The principal and interest paid in the fiscal year ended June 30, 2019 was \$853,194.

Stormwater Fee Revenue Bonds Debt Service Requirements to Maturity are:

Fiscal Year	Business-type Activities	
	Principal	Interest
2020	\$ 545,000	\$ 307,194
2021	570,000	285,394
2022	585,000	268,294
2023	610,000	244,893
2024	630,000	226,594
2025-2029	3,475,000	804,469
2030-2033	3,170,000	248,669
Total	\$ 9,585,000	\$ 2,385,507

Water and Sewer Revenue Bonds

The City issues revenue bonds to fund capital improvement projects for the Winston-Salem/Forsyth County Water and Sewer System. The revenues, net of operating expenses, of the water and sewer system are pledged as security for the revenue bonds which were issued in 2009, 2010, 2014, 2015, 2016 and 2017. The trust agreement dated October 1, 1988, between the City and the Bank of New York, as trustee, authorizes and secures all outstanding revenue bonds. Certain financial covenants are contained in the trust agreement including a requirement that the City maintain a long-term debt service coverage ratio on all utility revenue debt of not less than 1.1. The City was in compliance with all covenants for the fiscal year ended June 30, 2019, and the ratio was 1.8. In the event of a default, the City agrees to pay to the purchaser, on demand, interest on any and all amounts due and owing by the City under the related agreements. The total principal and interest remaining to be paid on the bonds is \$599,905,719. The principal and interest paid in the fiscal year ended June 30, 2019 was \$43,123,057.

Water and sewer revenue bonds outstanding at June 30, 2019, were \$401,705,000 with interest rates between 3.0 % and 5.694% which are payable over the next 28 years.

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

Fiscal Year	Business-type Activities	
	Principal	Interest
2020	\$ 16,875,000	\$ 17,517,796
2021	17,490,000	16,837,005
2022	17,830,000	16,098,710
2023	18,615,000	15,311,876
2024	19,600,000	14,483,296
2025-2029	110,620,000	58,767,846
2030-2034	93,695,000	35,166,674
2035-2039	79,545,000	15,784,501
2040-2044	18,645,000	3,520,615
2045-2047	8,790,000	712,400
Total	\$ 401,705,000	\$ 194,200,719

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. Prior to the amendment, the Series 2015 Bonds bore interest at a variable rate equal to the sum of (1) the product of 69% and 1-Month LIBOR and (2) a "Spread". Pursuant to Section 2.06(e) of the Series Indenture, Number 15 relating to the Series 2015 Bonds, the interest rates on the Series 2015 Bonds were increased by a factor of 1.21538x due to the reduction of the maximum federal corporate tax rate as part of the Tax Cut and Jobs

Act of 2017. The Purchaser of the Series 2015 Bonds, BB&T Community Holdings Co., began charging the City the adjusted rates of interest on February 1, 2018. On September 19, 2018, the City and the Purchaser executed a Supplemental Series Indenture of Trust which reduced the Tax Adjustment Factor to 1.00x and increased the Applicable Percentage from 69% to 79%. 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 began on June 6, 2019, and end on the termination date of June 30, 2030.

As of June 30, 2019, 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	N/A
Variable payment from Citigroup, Inc. provided the Bond Rate limited to 69% of the average monthly USD-LIBOR-BBA provided the Bond Rate has exceeded the LIBOR percentage for a period of more than the next preceding 180 days.	Limited to 69% of Average Monthly LIBOR	-1.706%
Net interest rate swap payment		1.934%
Actual variable Bond Rate	Bond Rate	2.508%
Synthetic fixed interest rate on Series B Bonds		4.442%
The Bond Buyer Revenue Bond Index on 12/4/2002		5.240%

As of June 30, 2019, the agreement had a negative fair value of \$6,253,680. 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, 2019, 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, 2019, Citigroup Global Markets Holdings, Inc. was rated "A3" 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, 2019, 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		
2020	\$ 1,760,000	\$ 887,581	\$ 684,442	\$ 3,332,023
2021	1,835,000	843,440	650,404	3,328,844
2022	1,905,000	797,419	614,916	3,317,335
2023	1,980,000	749,641	578,072	3,307,713
2024	2,055,000	699,983	539,780	3,294,763
2025-2029	17,305,000	2,683,810	2,069,572	22,058,382
2030	8,550,000	214,434	165,358	8,929,792
Total	\$ 35,390,000	\$ 6,876,308	\$ 5,302,544	\$ 47,568,852

* Computed using the 4.442% net interest rate swap payment to the City times \$35,390,000, 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
June 30, 2018	(4,834,154)	2,070,867	4.459
June 30, 2019	(6,253,680)	(1,419,526)	4.442

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 2018-2019 with an inception to-date variance of 87.34%, so the swap is recorded at fair value on the Statement of Net Position as a deferred inflow and a noncurrent liability. No investment gains or losses are recorded for mark-to-market changes for this effective hedge.

Variable Rate Water and Sewer System Revenue Refunding Bonds, Series 2015A-2, Series 2015B-2 and Series 2015C-2 The City entered into an interest rate swap agreement (the "swap agreement") with Citigroup, Inc. on November 12, 2002, which became effective on December 4, 2002, with the issuance of \$71,305,000 Water and Sewer System Revenue Refunding Bonds, Series 2002C (the "Series C Bonds"). In August 2015, the City issued variable rate water and sewer system revenue refunding bonds. The net proceeds were used to refund the Water and Sewer Revenue Bonds, Series 2002C. At the same time, the interest rate swap agreement was amended and restated. The 2015 interest rate swap transaction was structured to establish a swap floating rate equal in all material respects to the floating rate for the Series 2015 Bonds. Prior to the amendment, the Series 2015 Bonds bore interest at a variable rate equal to the sum of (1) the product of 69% and 1-Month LIBOR and (2) a "Spread". Pursuant to Section 2.06(e) of the Series Indenture, Number 15 relating to the Series 2015 Bonds, the interest rates on the Series 2015 Bonds were increased by a factor of 1.21538x due to the reduction of the maximum federal corporate tax rate as part of the Tax Cut and Jobs Act of 2017. The Purchaser of the Series 2015 Bonds, BB&T Community Holdings Co., began charging the City the adjusted rates of interest on February 1, 2018. On September 19, 2018, the City and the Purchaser executed a Supplemental Series Indenture of Trust which reduced the Tax Adjustment Factor to 1.00x and increased the Applicable Percentage from 69% to 79%. The synthetic fixed rate for the Series 2015 A-2, 2015 B-2 and 2015 C-2 is 2.96%.

Under the swap agreement effective August 19, 2015, beginning on the first Wednesday in September 2015, and continuing on a monthly basis, the City pays Citigroup, Inc. interest at the fixed rate of 2.96% on the notional amount of the Series 2015A-2, B-2, and C-2 Bonds. On or after August 19, 2015, Citigroup, Inc. pays the City an alternative floating rate of 69% of the USD-LIBOR-BBA. The notional amount of the swap reduces annually; the reductions began on June 4, 2003, and end on the termination date of June 1, 2028.

As of June 30, 2019, rates were as follows:

	Terms	Series 2015 A-2, B-2 and C-2 Rates
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	N/A
Variable payment from Citigroup, Inc. provided the Bond Rate limited to 69% of the average monthly USD-LIBOR-BBA provided the Bond Rate has exceeded the LIBOR percentage for a period of more than the next preceding 180 days.	Limited to 69% of Average Monthly LIBOR	-1.706%
Net interest rate swap payment		1.254%
Actual variable Bond Rate	Bond Rate	2.502%
Synthetic fixed interest rate on Series C Bonds		3.756%
The Bond Buyer Revenue Bond Index on 12/4/2002		5.240%

As of June 30, 2019, the agreement had a negative fair value of \$3,945,928. 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, 2019, 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, 2019, Citigroup Global Markets Holdings, Inc. was rated "A3" 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, 2019, 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		
2020	\$ 4,230,000	\$ 1,085,823	\$ 544,565	\$ 5,860,388
2021	4,365,000	979,647	491,180	5,835,827
2022	4,505,000	870,070	436,079	5,811,149
2023	4,655,000	759,682	381,913	5,796,595
2024	4,800,000	642,487	322,812	5,765,299
2025-2028	20,815,000	1,325,215	665,461	22,805,676
Total	\$ 43,370,000	\$ 5,662,924	\$ 2,842,010	\$ 51,874,934

*Computed using the 3.756% net interest rate swap payment to the City times \$43,370,000 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
June 30, 2018	(2,924,807)	2,110,104	3.773
June 30, 2019	(3,945,928)	(1,021,121)	3.756

The Series 2015A-2, B-2 and C-2 interest rate swap was an effective hedge under the Dollar-Offset Method in fiscal year 2018-2019 with an inception to-date variance of 87.34%, so the swap is recorded at fair value on the Statement of Net Position as a deferred inflow and a noncurrent liability. No investment gains or losses are recorded for mark-to-market changes for this effective hedge.

Variable Rate Water and Sewer System Revenue Refunding Bonds, Series 2015A-3, Series 2015B-3 and Series 2015C-3 The City entered into a forward starting floating-to-fixed interest rate swap agreement (the "swap agreement") with Citigroup, Inc. on January 18, 2006, to become effective on April 19, 2007, with the issuance of \$40,000,000 Water and Sewer System Revenue bonds. In August 2015, the City issued variable rate water and sewer system revenue refunding bonds. The net proceeds were used to refund the Water and Sewer Revenue Bonds, Series 2007B. At the same time, the interest rate swap agreement was amended and restated. The 2015 interest rate swap transaction was structured to establish a swap floating rate equal in all material respects to the floating rate for the Series 2015 Bonds. Prior to the amendment, the Series 2015 Bonds bore interest at a variable rate equal to the sum of (1) the product of 69% and 1-Month LIBOR and (2) a "Spread". Pursuant to Section 2.06(e) of the Series Indenture, Number 15 relating to the Series 2015 Bonds, the interest rates on the Series 2015 Bonds were increased by a factor of 1.21538x due to the reduction of the maximum federal corporate tax rate as part of the Tax Cut and Jobs Act of 2017. The Purchaser of the Series 2015 Bonds, BB&T Community Holdings Co., began charging the City the adjusted rates of interest on February 1, 2018. On September 19, 2018, the City and the Purchaser executed a Supplemental Series Indenture of Trust which reduced the Tax Adjustment Factor to 1.00x and increased the Applicable Percentage from 69% to 79%. The synthetic fixed rate for the Series 2015 A-3, 2015 B-3 and 2015 C-3 is 3.706%.

Under the swap agreement effective August 19, 2015, semi-annually on each June 1 and December 1 the City pays Citigroup, Inc. interest at the fixed rate of 3.706% on the notional amount of the Series 2015A-3, B-3, and C-3 Bonds. On or after August 19, 2015, Citigroup, Inc. pays the City an alternative floating rate of 69% of the USD-LIBOR-BBA.

As of June 30, 2019, the agreement had a negative fair value of \$7,044,563. 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, 2019, 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, 2019, Citigroup Global Markets Holdings, Inc. was rated "A3" 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		
	Principal	Synthetically Variable Rate Interest	Total
2020	\$ 1,140,000	\$ 1,235,498	\$ 2,375,498
2021	1,190,000	1,185,570	2,375,570
2022	1,240,000	1,136,977	2,376,977
2023	1,295,000	1,086,341	2,381,341
2024	1,350,000	1,036,292	2,386,292
2025-2029	7,690,000	4,292,560	11,982,560
2030-2034	9,515,000	2,578,976	12,093,976
2035-2037	6,760,000	559,538	7,319,538
Total	\$ 30,180,000	\$ 13,111,752	\$ 43,291,752

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
June 30, 2018	(5,333,451)	1,950,036	4.317
June 30, 2019	(7,044,563)	(1,711,112)	4.530

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 2018-2019 with an inception to-date variance of 87.34%, so the swap is recorded at fair value on the Statement of Net Position as a deferred inflow and a noncurrent liability. No investment gains or losses are recorded for mark-to-market changes for this effective hedge.

State Revolving Loan

During fiscal year 2019, the City's Water and Sewer Utility fund received \$10,865,665 in proceeds from the direct borrowing 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 \$134 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. In the event of a default, the City agrees to pay to the purchaser, on demand, interest on any and all amounts due and owing by the City under the related agreements. Principal payments of \$4,998,428 were made in fiscal year 2019. At June 30, 2019, the City had \$85,160,485 outstanding.

Long-term Liabilities at June 30, 2019

Bonds Payable

General obligation bonds, issues dated 2008 to 2017 with stated interest rates of 1.25% to 6.1%	
General government	\$164,280,000
Discounts/premiums	14,864,303
Revenue bonds, water and sewer system	
Series 2010A, principal due annually through 2023 with stated interest rate of 4.0%	2,965,000
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%	4,025,000
Series 2014A, principal due annually through 2033 with stated interest rates of 4.0% to 5.0%	28,850,000
Direct borrowing, Series 2015A, B, C, principal due annually through 2030 with synthetic fixed interest rates of 3.76% to 4.53%	108,940,000
Series 2016A, principal due annually through 2039 with stated interest rates of 3.0% to 5.0%	122,375,000
Series 2017, principal due annually through 2047 with stated interest rates of 3.0% to 5.0%	54,655,000
Discounts/premiums	23,354,081
Revenue bonds, stormwater management	
Series 2013, principal due annually through 2033 with stated interest rates of 3.0% to 5.0%	9,585,000
Discounts/premiums	527,544
Special obligation bonds, general governmental	
Series 2013, principal due annually through 2033 with stated interest rates of 3.0% to 5.0%	4,545,000
Series 2013, principal due annually through 2025 with stated interest rates of 3.0% to 5.0%	2,440,000
Special obligation bonds, solid waste management	
Direct borrowing, Series 2011A, principal due annually through 2026 with variable interest rate of 68% of 30-day LIBOR plus .85%, 2.5092% at year end	5,356,060
Discounts/premiums	32,797
Special obligation bonds, public assembly facilities management	
Direct borrowing, Series 2009, principal due monthly through August 1, 2028, with variable interest rate of 30-day LIBOR plus .75%, 3.19% at year end	9,030,288

Contracts Payable

Certificates of participation issued by North Carolina Municipal Leasing Corporation	
Direct borrowing, Series 2004C, principal due annually through June 1, 2034, with variable interest rate on one month LIBOR rate plus 0.5% as determined by bondholder, 2.94% at year end	3,125,000
Series 2006B, principal due annually through June 1, 2021, with stated interest rate of 4.25%	1,125,000
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%	7,910,000
Series 2013A, principal due annually through June 1, 2038, with stated interest rate of 4.626%	25,720,000
Series 2013B, principal due annually through June 1, 2035, with stated interest rates of 4.0% to 5.0%	11,710,000
Direct borrowing, 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, 3.18% at year end	11,452,000
Series 2014B, principal due annually through June 1, 2034, with stated interest rates of 2.26% to 4.4%	5,530,000
Series 2014C, principal due annually through June 1, 2034, with stated interest rates of 3.375% to 5.0%	35,710,000
Series 2018, principal due annually through June 1, 2031, with stated interest rate of 3.07%	14,100,000
Leasing agreement issued by North Carolina Municipal Leasing Corporation	
Direct borrowing, Series 2014D, principal due October 1, 2019; with variable interest rate, payable monthly with 70% of the one month LIBOR rate plus .45% as determined by bondholder, 2.6228% at year end	4,500,000
Discounts/premiums	5,350,612
Leasing agreement issued by City of Winston-Salem	
Direct borrowing, Series 2016, principal due August 1, 2019 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, 2.258% at year end	10,000,000
Direct borrowing, Series 2017, principal due semi-annually from January 1, 2020 to July 1, 2022, with a stated interest rate of 2.24845%	21,875,000
Direct borrowing, HUD Section 108 loan, principal due annually through August 1, 2022, with stated interest rates of 1.75% to 6.67%	1,129,000
Direct borrowing, Installment financing contract, principal due annually through June 1, 2028, with stated interest rate of 3.29%	10,458,052
Direct borrowing, Clean water state revolving loan fund, payable over 20 years with stated interest rates of 0% to 2%	85,160,485

Other

Net pension liability - LGERS	42,970,705
Net pension liability - WSPORS	35,937,920
Net pension liability - separation allowance	14,427,863
Net OPEB liability	13,688,413
Accrued vacation	16,915,547
Accrued interest payable	2,583,153
Landfill closure and postclosure costs	19,259,804
Pollution remediation	1,986,124
Claims payable - employment and post-retirement benefits	7,591,562
Claims payable - Risk Acceptance Management Corporation	1,499,710

Total long-term liabilities including current maturities

\$1,047,436,023

Changes in Long-term Liabilities during Fiscal Year 2019

	Principal Outstanding June 30, 2018	Additions	Retirement and Deferrals	Principal Outstanding June 30, 2019	Due Within Year
Governmental Activities					
General obligation bonds	\$ 174,540,000	\$ -	\$ 10,260,000	\$ 164,280,000	\$ 10,950,000
Discount/premium	16,096,492	-	1,232,189	14,864,303	-
Special obligation bonds	7,575,000	-	590,000	6,985,000	615,000
Contracts payable					
North Carolina Municipal					
Leasing Corporation	100,026,732	8,942,717	15,127,283	93,842,166	3,954,473
Direct borrowing, North Carolina Municipal					
Leasing Corporation	12,260,000	-	4,635,000	7,625,000	4,645,000
Discount/premium	5,779,352	-	435,409	5,343,943	-
Direct borrowing, Leasing agreements	40,000,000	-	8,125,000	31,875,000	11,250,000
Direct borrowing, HUD Section 108 loan	1,462,000	-	333,000	1,129,000	333,000
Direct borrowing, Installment financing					
contract	10,883,961	-	988,306	9,895,655	988,306
Net pension liability - LGERS	22,458,557	14,359,116	-	36,817,673	-
Net pension liability - WSPORS	31,656,923	4,280,997	-	35,937,920	-
Net pension liability - separation allowance	12,280,689	2,147,174	-	14,427,863	-
Net OPEB liability	13,187,759	-	1,632,015	11,555,744	-
Accrued vacation	13,180,687	11,983,839	10,486,612	14,677,914	6,202,651
Accrued interest payable	968,173	233,252	-	1,201,425	1,201,425
Claims payable-employment benefits	6,984,322	26,686,588	27,110,845	6,560,065	4,363,638
Total governmental activities debt	469,340,647	68,633,683	80,955,659	457,018,671	44,503,493
Business-type Activities					
Revenue bonds	320,405,000	-	18,055,000	302,350,000	10,290,000
Direct borrowing, Revenue bonds	115,830,000	-	6,890,000	108,940,000	7,130,000
Discount/premium	25,502,244	-	1,620,619	23,881,625	-
Direct borrowing, Special obligation bonds	15,700,041	-	1,313,693	14,386,348	1,338,693
Discount/premium	38,340	-	5,543	32,797	-
Contracts payable					
North Carolina Municipal					
Leasing Corporation	8,843,268	2,758,911	3,639,345	7,962,834	3,135,527
Direct borrowing, North Carolina Municipal					
Leasing Corporation	11,824,000	-	372,000	11,452,000	372,000
Discount/premium	5,649	-	(1,020)	6,669	-
Direct borrowing, Installment financing					
contract	618,565	-	56,168	562,397	56,168
Direct borrowing, Clean water state					
revolving loan fund	79,293,248	10,865,665	4,998,428	85,160,485	4,822,481
Net pension liability - LGERS	4,187,229	1,935,141	-	6,122,370	-
Net OPEB liability	2,425,064	-	292,395	2,132,669	-
Accrued vacation	2,035,296	2,024,743	1,829,246	2,230,793	1,194,665
Accrued interest payable	1,457,298	-	75,570	1,381,728	1,381,728
Landfill closure and postclosure costs	18,511,991	857,709	109,896	19,259,804	330,000
Pollution remediation	1,986,124	-	-	1,986,124	19,480
Claims payable - Risk Acceptance					
Management Corporation	2,076,083	1,075,242	1,651,615	1,499,710	-
Total business-type activities debt	610,739,440	19,517,411	40,908,498	589,348,353	30,070,742
Fiduciary Funds					
Net pension liability - LGERS	20,619	10,043	-	30,662	-
Accrued vacation	8,188	4,673	6,021	6,840	-
Claims payable - post employment benefits	1,069,536	10,380,985	10,419,024	1,031,497	-
Total fiduciary fund debt	1,098,343	10,395,701	10,425,045	1,068,999	-
Total	\$1,081,178,430	\$ 98,546,795	\$132,289,202	\$1,047,436,023	\$ 74,574,235

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

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

Contracts Payable

Contracts Payable Debt Service Requirements to Maturity are:

Fiscal Year	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2020	\$ 21,170,779	\$ 5,318,142	\$ 3,563,695	\$ 844,846
2021	17,253,417	4,725,470	3,166,057	728,652
2022	13,177,164	4,298,676	1,873,310	641,145
2023	11,002,039	3,890,620	1,038,435	615,003
2024	8,927,520	3,513,174	515,955	524,038
2025-2029	34,176,902	12,588,813	2,691,239	1,804,027
2030-2034	30,274,000	5,724,349	7,128,540	267,613
2035-2038	8,385,000	918,390	-	-
Total	\$ 144,366,821	\$ 40,977,634	\$ 19,977,231	\$ 5,425,324

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, 2019, the City had \$120,882,000 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. At June 30, 2019, the City had \$10,000,000 outstanding.

The City entered into a lease agreement in the amount of \$25 million with BB&T Community Holdings Co. to finance budgeted equipment for fiscal year 2018 and 2019. The terms of the lease includes a stated interest rate of 2.24845% for a 59 month term. At June 30, 2019, the City had \$21,875,000 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, 2019, the City had \$1,129,000 outstanding.

The City entered into an installment financing contract with SunTrust 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, 2019, the City had \$10,458,052 outstanding.

In the event of a default, the City agrees to pay to the Purchaser, on demand, interest on any and all amounts due and owing by the City under the related agreements.

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

Convention Center Facility, Bryce A. Stuart Building

Series 2006B

Convention Center Facility, Bryce A. Stuart Building

Installment Financing Contract 2011

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

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

Series 2010A

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

Series 2013A & B

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

Series 2014A

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

Series 2014B & C

Convention Center Facility, Bryce A. Stuart Building

Series 2018

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

H. Net Investment in Capital Assets

Net investment in capital assets at June 30, 2019

	Governmental Activities	Business-type Activities
Capital assets	\$ 492,476,161	\$ 1,070,784,585
less: long-term debt	(303,104,288)	(527,590,286)
less: short-term debt	(32,735,779)	(27,144,869)
less: derivative instrument	-	(21,676,041)
add: unexpended debt proceeds	39,333,893	35,888,657
add: charge on refunding, net	2,508,133	23,591,412
Net investment in capital assets	\$ 198,478,120	\$ 553,853,458

I. Fund Balance

The following schedule provides management and citizens with information on the portion of general fund balance that is available or appropriation at June 30, 2019.

Total fund balance – general fund	\$ 51,469,774
Less:	
Loans	880,361
Inventories	412,178
Prepays	56,007
Stabilization by state statute	20,168,229
Subsequent year's budget	2,000,000
Unassigned fund balance	27,952,999

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 13.2% of 2020 estimated expenditures.

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, 2019

General fund	\$ 2,987,362
Debt service fund	81,039
Capital projects fund	32,654,630
Special revenue funds	
Nonmajor	7,819,975
Enterprise funds	
Water & sewer fund	48,649,834
Solid waste disposal fund	989,294
Transit Authority	1,945,092
Nonmajor	7,223,672
Internal service funds	1,870,528
Fiduciary funds	3,836
Total	\$ 104,225,262

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 (LERS), a cost-sharing, multiple-employer defined benefit pension plan administered by the State of North Carolina. LERS 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 LERS 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 LERS. 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. LERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

LERS 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 LERS Board of Trustees. The City of Winston-Salem's contractually required contribution rate for the year ended June 30, 2019, was 8.50% of compensation for law enforcement officers and 7.75% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the City of Winston-Salem were \$9,566,443 for the year ended June 30, 2019.

Refunds of Contributions. City employees who have terminated service as a contributing member of LERS, 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 LERS.

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

At June 30, 2019, the City reported a liability of \$42,970,705 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017. The total pension liability was then rolled forward to the measurement date of June 30, 2018 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, 2018 (measurement date), the City's proportion was 1.81132%, which was an increase of .06582% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the City recognized pension expense of \$11,844,085. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 6,629,359	\$ 222,448
Changes of assumptions	11,402,767	-
Net difference between projected and actual earnings on pension plan investments	5,898,600	-
Changes in proportion and differences between City contributions and proportionate share of contributions	739,661	227,877
City contributions subsequent to the measurement date	9,566,433	-
Total	\$ 34,236,830	\$ 450,325

\$9,566,443 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, 2020.

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

Year Ended June 30

2020	\$ 11,516,719
2021	7,577,569
2022	1,563,113
2023	3,562,661
Total	\$ 24,220,062

Actuarial Assumptions. The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation rate	3.00%
Salary increases	3.50% to 8.10 %, including inflation and productivity factor
Investment rate of return	7.00%, 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, 2017 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, 2018 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 2017 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 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's proportionate share of the net pension liability to changes in the discount rate. The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.00%, 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 (6.00%) or one percentage point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
City's proportionate share of the net pension liability (asset)	\$ 103,219,356	\$ 42,970,705	\$ (7,374,010)

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

b. Winston-Salem Police Officers' Retirement System

Summary of Significant Accounting Policies

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

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

Plan Description

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

Plan Membership. At June 30, 2019, the Winston-Salem Police Officers' Retirement System membership consisted of:

Inactive plan members or beneficiaries currently receiving benefits	398
Inactive plan members entitled to but not receiving benefits	51
Active plan members	357
Total	806

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

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

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

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

Investments

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

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

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

Rate of Return. For the year ended June 30, 2019, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense was 6.87%. 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, 2019 are as follows:

Total pension liability	\$ 199,777,988
Plan fiduciary net position	(163,840,068)
Net pension liability	\$ 35,937,920
Plan fiduciary net position as a percentage of total pension liability	82.0%

At June 30, 2019, the City reported a net pension liability of \$35,937,920. The net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2019. The total pension liability was then rolled forward to the measurement date of June 30, 2019.

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation as of January 1, 2019, using the following actuarial assumptions, applied to all periods included in the measurement:

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

Mortality rates were based on RP 2000 Tables, with one year setback for males, and projected to 2027 using Scale BB (50% of the tables apply for preretirement deaths).

The Entry Age cost method is used to determine the funding requirements for the system. Each investment gain or loss is recognized over a 7-year period. The unfunded actuarial accrued liability is amortized as a level dollar amount over a closed period (19 years remaining as of January 1, 2019).

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

1. Due to the change in the eligibility for a reduced early retirement benefit the retirement assumption was modified to assume some retirements prior to age 50 (with 25 years of service).

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

Best estimates of real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2019, 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%	5.60%
Fixed Income Funds	30	2.25
Cash	1	.60
Total Weighted Average Real Return	100%	4.55%
Plus inflation		2.75
Total return w/o adjustment		7.30
Risk adjustment		(0.05)
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.

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 6/30/18	\$ 190,758,321	\$ 159,101,398	\$ 31,656,923
Changes for the year:			
Service cost	2,822,356	-	2,822,356
Interest	13,900,788	-	13,900,788
Differences between expected and actual experience	3,723,670	-	3,723,670
Changes of assumptions	87,029	-	87,029
Contributions – employer	-	4,152,384	(4,152,384)
Contributions – member	-	1,470,001	(1,470,001)
Net investment income	-	10,731,236	(10,731,236)
Benefit payments, including refunds of member contributions	(11,514,176)	(11,514,176)	-
Administrative expense	-	(100,775)	100,775
Net changes	9,019,667	4,738,670	4,280,997
Balances at 6/30/19	\$ 199,777,988	\$ 163,840,068	\$ 35,937,920

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	\$ 223,143,077	\$ 199,777,988	\$ 180,242,769
Plan net position	(163,840,068)	(163,840,068)	(163,840,068)
Net pension liability	\$ 59,303,009	\$ 35,937,920	\$ 16,402,701
Ratio of plan net position to total pension liability	73.4%	82.0%	90.9%

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

For the year ended June 30, 2019, the City recognized pension expense of \$8,158,135. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 6,709,209	\$ -
Changes of assumptions	2,514,396	-
Net difference between projected and actual earnings on pension plan investments	-	5,020,494
Total	\$ 9,223,605	\$ 5,020,494

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

Year Ended June 30	
2020	\$ 3,254,668
2021	685,634
2022	142,817
2023	119,992
Total	\$ 4,203,111

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, 2019, the Winston-Salem Police Officers’ Separation Allowance membership consisted of:

Inactive plan members or beneficiaries currently receiving benefits	128
Inactive plan members entitled to but not receiving benefits	-
Active plan members	525
Total	653

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

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

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

Investments

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

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

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

Rate of Return. For the year ended June 30, 2019, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense was 7.11%. 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, 2019 are as follows:

Total pension liability	\$ 24,860,854
Plan fiduciary net position	(10,432,991)
Net pension liability	\$ 14,427,863
Plan fiduciary net position as a percentage of total pension liability	42.0%

At June 30, 2019, the City reported a net pension liability of \$14,427,863. The net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2019. The total pension liability was then rolled forward to the measurement date of June 30, 2019.

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation as of January 1, 2019, using the following actuarial assumptions, applied to all periods included in the measurement:

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

Mortality rates were based on RP 2000 Tables, with one year setback for males, and projected to 2027 using Scale BB (50% of the tables apply for preretirement deaths).

The Entry Age cost method is used to determine the funding requirements for the system. Each investment gain or loss is recognized over a 7-year period. The unfunded actuarial accrued liability is amortized as a level dollar amount over a closed period (19 years remaining as of January 1, 2019).

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

1. Retirement rates are adjusted such that a portion (15%) of employees who become eligible to retire under WSPORS are assumed to do so prior to eligibility for Separation Allowance.
2. All employees are assumed to retire after attaining 29 years of service.

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

Best estimates of real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2019, 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%	5.60%
Fixed Income Funds	30	2.25
Cash	1	0.60
Total Weighted Average Real Return	100%	4.55%
Plus inflation		2.75
Total return w/o adjustment		7.30
Risk adjustment		(0.05)
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.

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 6/30/18	\$ 22,535,005	\$ 10,254,316	\$ 12,280,689
Changes for the year:			
Service cost	600,358	-	600,358
Interest	1,752,912	-	1,752,912
Differences between expected and actual experience	2,822,846	-	2,822,846
Changes of assumptions	(746,747)	-	(746,747)
Contributions - employer	-	1,572,291	(1,572,291)
Net investment income	-	714,974	(714,974)
Benefit payments, including refunds of member contributions	(2,103,520)	(2,103,520)	-
Administrative expense	-	(5,070)	5,070
Net changes	2,325,849	178,675	2,147,174
Balances at 6/30/19	\$ 24,860,854	\$ 10,432,991	\$ 14,427,863

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	\$ 26,851,959	\$ 24,860,854	\$ 23,039,955
Plan net position	(10,432,991)	(10,432,991)	(10,432,991)
Net pension liability	\$ 16,418,968	\$ 14,427,863	\$ 12,606,964
Ratio of plan net position to total pension liability	38.9%	42.0%	45.3%

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

For the year ended June 30, 2019, the City recognized pension expense of \$2,516,926. At June 30, 2019, 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	\$ 5,457,159	\$ -
Changes of assumptions	671,249	653,404
Net difference between projected and actual earnings on pension plan investments	-	277,179
Total	\$ 6,128,408	\$ 930,583

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

Year Ended June 30	
2020	\$ 831,241
2021	709,217
2022	852,254
2023	893,609
2024	890,866
Thereafter	1,020,638
Total	\$ 5,197,825

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, 2019.

Statement of Fiduciary Net Position

June 30, 2019

	Winston-Salem Police Officers'	
	Retirement System	Separation Allowance
Assets		
Cash and cash equivalents/investments	\$ 4,600,027	\$ 259,140
Investments, at fair value		
Common stock	131,380,663	8,376,852
United States government agencies	1,033,787	66,682
Corporate bonds	12,147,386	783,537
Municipal bonds	7,683,395	495,598
Mutual funds - NCCMT term	6,994,810	451,182
Total assets	163,840,068	10,432,991
Net position		
Restricted for pensions	\$ 163,840,068	\$ 10,432,991

Statement of Changes in Fiduciary Net Position

For the Fiscal Year Ended June 30, 2019

	Winston-Salem Police Officers'	
	Retirement System	Separation Allowance
Additions		
Contributions		
Employer	\$ 4,152,384	\$ 1,572,291
Plan members	1,470,001	-
Total contributions	5,622,385	1,572,291
Investment income		
Net appreciation in fair value	7,624,215	509,258
Interest and dividends	3,739,637	244,593
Total investment income	11,363,852	753,851
Less investment expense	632,616	38,877
Net investment income	10,731,236	714,974
Total additions	16,353,621	2,287,265
Deductions		
Benefits	11,379,364	2,103,520
Refund of contributions	134,812	-
Administrative expense	100,775	5,070
Total deductions	11,614,951	2,108,590
Net increase in net position	4,738,670	178,675
Net position - beginning	159,101,398	10,254,316
Net position - ending	\$ 163,840,068	\$ 10,432,991

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

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

	LGERS	WSPORS	Separation	Total
Pension expense	\$ 11,844,085	\$ 8,158,135	\$ 2,516,926	\$ 22,519,146
Pension liability	42,970,705	35,937,920	14,427,863	93,336,488
Proportionate share of the net pension liability	1.81132%	n/a	n/a	
Deferred Outflows of Resources				
Differences between expected and actual experience	6,629,359	6,709,209	5,457,159	18,795,727
Changes of assumptions	11,402,767	2,514,396	671,249	14,588,412
Net difference between projected and actual earnings on pension plan investments	5,898,600	-	-	5,898,600
Changes in proportion and differences between City contributions and proportionate share of contributions	739,661	-	-	739,661
City benefit payments and administrative costs paid subsequent to the measurement date	9,566,443	-	-	9,566,443
Deferred Inflows of Resources				
Differences between expected and actual experience	222,448	-	-	222,448
Changes of assumptions	-	-	653,404	653,404
Net difference between projected and actual earnings on pension plan investments	-	5,020,494	277,179	5,297,673
Changes in proportion and differences between City contributions and proportionate share of contributions	227,877	-	-	227,877

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 includible compensation for the calendar year. For this purpose, annual deferrals do not include any rollover amounts.

Funding Policy. The City shall contribute 4% of each participant's compensation to the 401(a) plan for each payroll period during which such participant contributes 4% under the 457(b) plan. Contributions for the year ended June 30, 2019 were \$500,190, which consisted of \$250,095 from the City and \$250,095 from the law enforcement officers. Trust agreements have been adopted to hold the assets of the 457(b) plan for employee contributions and 401(a) plan for the employer contributions.

b. Supplemental Retirement Income Plan for Law Enforcement Officers

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

Funding Policy. Article 12E of G.S. Chapter 143 requires the City to contribute each month an amount equal to 5% of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. City contributions for the year ended June 30, 2019 were \$1,575,810.

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

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

Funding Policy. The City shall contribute 2% of each participant's compensation to the 401(a) plan for each payroll period during which such participant is duly employed by the City and is an employee, as defined in Section 50-201 of the City code. Contributions for the year ended June 30, 2019 were \$1,770,135. 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 15 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, 2019, the Other Post-employment Benefits Plan membership consisted of:

Inactive plan members or beneficiaries currently receiving benefits	1,306
Active plan members	1,135
Total	2,441

Benefits Provided. The City pays a \$2,000 death benefit and contributes a maximum of \$2,520 annually towards the retiree's healthcare premium. Retirees participate in the City's healthcare program until age 65, when they are eligible to participate in the City's medicare supplemental plan. The healthcare premium for active employees and retirees under age 65 is a blended rate reflecting costs for both active and retired employees. Dependents of retirees may participate in the City's group health plan by paying premiums that vary depending upon their type of coverage. Employees hired after June 30, 2010 are not eligible for the retiree healthcare benefit.

Contributions. The City Council establishes the contribution requirements of plan members. The current annual required contribution was 3.25% of estimated annual covered payroll. For the current year, the City contributed \$3,949,401 or 3.26% of annual covered payroll. The City of Winston-Salem is self-insured. Contributions were made by plan members of \$2,002,084 through healthcare premiums. The City's obligation to provide healthcare and death benefits may be amended by City Council.

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

Investments

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

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

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

Rate of Return. For the year ended June 30, 2019, the annual money-weighted rate of return on OPEB plan investments, net of investment expense was 7.2%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net OPEB Liability

The components of the net OPEB liability of the City as of June 30, 2019 are as follows:

Total OPEB liability	\$ 82,136,647
Plan fiduciary net position	(68,448,234)
Net OPEB liability	\$ 13,688,413
Plan fiduciary net position as a percentage of total OPEB liability	83.3%

At June 30, 2019, the City reported a net OPEB liability of \$13,688,413. The net OPEB liability was measured as of June 30, 2019. The total OPEB liability as of this date is based on an actuarial valuation as of January 1, 2018, 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, 2019, using the following actuarial assumptions, applied to all periods included in the measurement:

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

Mortality rates were based on RP 2000 Tables, with one year setback for males, and projected to 2027 using Scale BB (50% of the tables apply for preretirement deaths).

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

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

1. There were changes in the mortality, trend and claims actuarial assumptions since the prior year.
2. There were changes in the assumed rates of retirement and termination for Police, based on an experience study completed in 2017.

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

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

Best estimates of real rates of return for each major asset class included in the OPEB plan's target asset allocation as of June 30, 2019, 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%	5.70%
Fixed Income Funds	30	2.50
Cash	1	0.60
Total Weighted Average Real Return	100%	4.69%
Plus inflation		2.75
Total return w/o adjustment		7.44
Risk adjustment		(0.19)
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.

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at 6/30/18	\$ 83,859,116	\$ 68,246,293	\$ 15,612,823
Changes for the year:			
Service cost	820,868	-	820,868
Interest	5,835,564	-	5,835,564
Changes of benefit terms	-	-	-
Differences between expected and actual experience	-	-	-
Changes of assumptions	-	-	-
Contributions - employer	-	3,949,401	(3,949,401)
Contributions - member	-	2,002,084	(2,002,084)
Net investment income	-	4,755,650	(4,755,650)
Benefit payments, including refunds of member contributions	(8,378,901)	(10,380,985)	2,002,084
Administrative expense	-	(124,209)	124,209
Net changes	(1,722,469)	201,941	(1,924,410)
Balances at 6/30/19	\$ 82,136,647	\$ 68,448,234	\$ 13,688,413

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

Discount Rate

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Total OPEB liability	\$ 89,880,715	\$ 82,136,647	\$ 75,423,934
Plan net position	(68,448,234)	(68,448,234)	(68,448,234)
Net OPEB liability	\$ 21,432,481	\$ 13,688,413	\$ 6,975,700
Ratio of plan net position to total OPEB liability	76.2%	83.3%	90.8%

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

Trend Rate

	1% Decrease 3.50%	Current Ultimate Trend Rate 4.50%	1% Increase 5.50%
Total OPEB liability	\$ 74,374,140	\$ 82,136,647	\$ 91,087,532
Plan net position	(68,448,234)	(68,448,234)	(68,448,234)
Net OPEB liability	\$ 5,925,906	\$ 13,688,413	\$ 22,639,298
Ratio of plan net position to total OPEB liability	92%	83.3%	75.1%

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

For the year ended June 30, 2019, the City recognized OPEB expense of \$700,967. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 1,253,771
Changes of assumptions	-	1,747,142
Net difference between projected and actual earnings on OPEB plan investments	-	842,571
Total	\$ -	\$ 3,843,484

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

Year Ended June 30
2020
2021
2022
2023
Total

\$ (1,283,841)
(1,283,841)
(1,283,837)
8,035

\$ 3,843,484

The following are financial statements for the Post-employment Benefits Trust Funds included as Fiduciary Funds in Exhibits 9 and 10 at June 30, 2019.

Statement of Fiduciary Net Position

June 30, 2019

	Post-employment Benefits Trust Funds
Assets	
Cash and cash equivalents/investments	\$ 2,958,406
Investments, at fair value	
Common stock	56,192,230
United States government agencies	387,220
Corporate bonds	4,549,986
Municipal bonds	2,877,931
Mutual funds - NCCMT term	2,620,011
Total assets	69,585,784
Deferred Outflows of Resources	
Pension deferrals	25,034
Liabilities	
Accounts payable	82,863
Accrued payroll	3,320
Accrued vacation	6,840
Unearned revenue	5,891
Net pension liability	30,662
Claims payable	1,031,497
Total liabilities	1,161,073
Deferred Inflows of Resources	
Pension deferrals	1,511
Net position	
Restricted for postemployment benefits other than pensions	\$ 68,448,234

Statement of Changes in Fiduciary Net Position

For the Fiscal Year Ended June 30, 2019

	Post-employment Benefits Trust Funds
Additions	
Contributions	
Employer	\$ 3,949,401
Plan members	2,002,084
Total contributions	5,951,485
Investment income	
Net appreciation in fair value	3,368,940
Interest and dividends	1,663,942
Total investment income	5,032,882
Less investment expense	277,232
Net investment income	4,755,650
Total additions	10,707,135
Deductions	
Benefits	10,380,985
Administrative expense	124,209
Total deductions	10,505,194
Net increase in net position	201,941
Net position - beginning	68,246,293
Net position - ending	\$ 68,448,234

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 \$19,000 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 2019, the City received \$2,610,489 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 Municipal Alcoholic Beverage Control 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, North Carolina 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 \$58,027 to the council during the fiscal year ended June 30, 2019.

E. Closure and Postclosure Care Costs

State and federal laws and regulations require that the City place a final cover on the Hanes Mill Road Sanitary Landfill and the Old Salisbury Road Construction and Demolition Landfill as each unit is closed and perform certain maintenance and monitoring functions at the site for a minimum of 30 years after closure. In addition to operating expenses related to current activities of the landfills, 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 landfills no longer accept 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 \$19,259,804 at June 30, 2019, is reported as restricted assets on the balance sheet of the solid waste disposal fund. Recognition of these reserves for landfill closure and postclosure costs is based on 100% usage of the Hanes Mill Road Sanitary Landfill for the unlined section of the landfill which closed in June 1997. Cell one, two, and three of the lined section was closed in July 2005. Phase one and part of Phase two of the expansion area is currently constructed and being filled and recognition of reserves is based on the engineer's estimate of cost projected through closure of the landfill. The estimated total current cost for Hanes Mill Road Landfill, \$48,992,090 and Old Salisbury Road, \$10,019,070, 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, 2019. 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-contaminate 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, 2019.

In addition, we estimate no future recoveries to potentially reduce the recorded pollution liabilities in fiscal year 2019.

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 2019 of \$1,086,820 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 which provides \$1,000,000 in aggregate flood coverage for the Idol's Dam, Intake and Pump station location. The coverage also provides \$2,500,000 aggregate flood coverage for all buildings, structures, and property located within Zone A. The City has no coverage for properties located within Zone V. The City maintains \$10,000,000 aggregate flood coverage for all other territories.

In accordance with G.S. 159-29, the City's finance officer, two assistant finance officers, investment analyst, and revenue collector are individually bonded for \$500,000. All City employees are covered by a crime insurance policy that carries a \$500K single loss limit coverage for employee theft, ERISA fidelity, and employee theft of client property.

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

	2019	2018
Claims payable July 1	\$ 10,129,941	\$ 10,051,455
Claims paid	(39,181,484)	(35,856,538)
New claims and changes in claim estimates	38,142,815	35,935,024
Claims payable June 30	\$ 9,091,272	\$ 10,129,941
Employment benefits funds	6,560,065	6,984,322
Post-employment benefits trust fund	1,031,497	1,069,536
Risk Acceptance Management Corporation	1,499,710	2,076,083
	\$ 9,091,272	\$ 10,129,941
Due within year	\$ 4,363,638	\$ 4,852,016

Contingent Liabilities and Commitments

1. Claims and Legal Action

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

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

5. Subsequent Event

The City has evaluated subsequent events through October 31, 2019, in connection with the preparation of these financial statements, which is the date the financial statements were available to be issued.

Required Supplementary Information

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

Last Six Fiscal Years ⁽¹⁾

	Fiscal Year		
	2019	2018	2017
Total pension liability			
Service cost	\$ 2,822,356	\$ 2,800,881	\$ 2,786,122
Interest	13,900,788	13,818,009	12,280,395
Changes of benefit terms	-	-	-
Difference between expected and actual experience	3,723,670	4,119,005	2,916,465
Changes of assumptions	87,029	4,612,557	188,562
Benefit payments, including refunds of employee contributions	(11,514,176)	(10,937,034)	(10,502,703)
Net change in total pension liability	9,019,667	14,413,418	7,668,841
Total pension liability, beginning	190,758,321	176,344,903	168,676,062
Total pension liability, ending (a)	199,777,988	190,758,321	176,344,903
Plan fiduciary net position			
Contributions – employer	4,152,384	4,034,558	4,034,169
Contributions – member	1,470,001	1,571,265	1,493,643
Net investment income	10,731,236	15,285,822	20,820,215
Benefit payments, including refunds of employee contributions	(11,514,176)	(10,937,034)	(10,502,703)
Administrative expense	(100,775)	(104,951)	(95,168)
Other	-	-	-
Net change in plan fiduciary net position	4,738,670	9,849,660	15,750,156
Plan fiduciary net position, beginning	159,101,398	149,251,738	133,501,582
Plan fiduciary net position, ending (b)	163,840,068	159,101,398	149,251,738
Net pension liability, ending (a-b)	<u>\$ 35,937,920</u>	<u>\$ 31,656,923</u>	<u>\$ 27,093,165</u>
Plan fiduciary net position as a percentage of the total pension liability	82.0%	83.4%	84.6%
Covered payroll	\$ 23,797,216	\$ 24,217,617	\$ 23,336,940
Net pension liability as a percentage of covered payroll	151.0%	130.7%	116.1%

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

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

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

Last Ten Fiscal Years

	Fiscal Year				
	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 4,152,384	\$ 3,746,180	\$ 3,421,184	\$ 3,370,392	\$ 3,326,051
Contributions in relation to the actuarially determined contribution	4,152,384	4,034,558	4,034,169	4,035,399	4,205,640
Contribution deficiency (excess)	\$ -	\$ (288,378)	\$ (612,985)	\$ (665,007)	\$ (879,589)
Covered payroll	\$ 23,797,216	\$ 24,217,617	\$ 23,336,940	\$ 23,733,206	\$ 25,206,604
Contributions as a percentage of covered payroll	17.4%	16.7%	17.3%	17.0%	16.7%

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 percentage of payroll, closed
Remaining amortization period	19
Asset valuation method	7-year smoothed market
Inflation	2.75%
Salary increases	3.75% to 6.25%, based on years of service
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 RP 2000 Tables with one year setback for males, and projected to 2027 using Scale BB (50% of the tables apply for preretirement deaths).

	Fiscal Year				
	2014	2013	2012	2011	2010
Actuarially determined contribution	\$ 6,216,781	\$ 5,093,595	\$ 4,324,629	\$ 5,324,788	\$ 4,832,238
Contributions in relation to the actuarially determined contribution	34,382,951	5,093,595	4,324,629	5,324,788	4,832,238
Contribution deficiency (excess)	<u>\$ (28,166,170)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 24,880,178	\$ 25,113,890	\$ 25,654,625	\$ 25,396,559	\$ 26,025,204
Contributions as a percentage of covered payroll	138.2%	20.3%	16.9%	21.0%	18.6%

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

Last Six Fiscal Years ⁽¹⁾

Exhibit 13

	Fiscal Year					
	2019	2018	2017	2016	2015	2014
Annual money-weighted rate of return, net of investment expense	6.87%	10.94%	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 Six Fiscal Years ⁽¹⁾

	Fiscal Year		
	2019	2018	2017
Total pension liability			
Service cost	\$ 600,358	\$ 429,595	\$ 418,102
Interest	1,752,912	1,699,044	1,348,120
Changes of benefit terms	-	-	-
Difference between expected and actual experience	2,822,846	2,267,413	963,257
Changes of assumptions	(746,747)	885,664	4,156
Benefit payments, including refunds of member contributions	(2,103,520)	(1,854,762)	(1,648,310)
Net change in total pension liability	2,325,849	3,426,954	1,085,325
Total pension liability, beginning	22,535,005	19,108,051	18,022,726
Total pension liability, ending (a)	24,860,854	22,535,005	19,108,051
Plan fiduciary net position			
Contributions – employer	1,572,291	1,402,746	1,312,250
Contributions – member	-	-	-
Net investment income	714,974	905,322	1,340,751
Benefit payments, including refunds of member contributions	(2,103,520)	(1,854,762)	(1,648,310)
Administrative expense	(5,070)	(6,884)	(13,820)
Other	-	-	-
Net change in plan fiduciary net position	178,675	446,422	990,871
Plan fiduciary net position, beginning	10,254,316	9,807,894	8,817,023
Plan fiduciary net position, ending (b)	10,432,991	10,254,316	9,807,894
Net pension liability, ending (a-b)	\$ 14,427,863	\$ 12,280,689	\$ 9,300,157
Plan fiduciary net position as a percentage of the total pension liability	42.0%	45.5%	51.3%
Covered payroll	\$ 29,916,749	\$ 27,562,707	\$ 26,667,735
Net pension liability as a percentage of covered payroll	48.2%	44.6%	34.9%

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

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

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

Last Ten Fiscal Years

	Fiscal Year				
	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 1,503,773	\$ 1,356,667	\$ 1,235,894	\$ 1,203,418	\$ 1,086,587
Contributions in relation to the actuarially determined contribution	1,572,291	1,402,746	1,312,250	1,205,933	1,035,697
Contribution deficiency (excess)	<u>\$ (68,518)</u>	<u>\$ (46,079)</u>	<u>\$ (76,356)</u>	<u>\$ (2,515)</u>	<u>\$ 50,890</u>
Covered payroll	\$ 29,916,749	\$ 27,562,707	\$ 26,667,735	\$ 26,209,341	\$ 26,095,009
Contributions as a percentage of covered payroll	5.3%	5.1%	4.9%	4.6%	4.0%

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 percentage of payroll, closed
Remaining amortization period	19
Asset valuation method	7-year smoothed market
Inflation	2.75%
Salary increases	3.75% to 6.25%, based on years of service
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 RP 2000 Tables with one year setback for males, and projected to 2027 using Scale BB (50% of the tables apply for preretirement deaths).

	Fiscal Year				
	2014	2013	2012	2011	2010
Actuarially determined contribution	\$ 975,918	\$ 976,576	\$ 904,263	\$ 737,414	\$ 731,690
Contributions in relation to the actuarially determined contribution	1,000,073	976,576	904,263	737,414	731,690
Contribution deficiency (excess)	\$ (24,155)	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 24,880,178	\$ 25,113,890	\$ 25,654,625	\$ 25,396,559	\$ 26,025,204
Contributions as a percentage of covered payroll	4.0%	3.9%	3.5%	2.9%	2.8%

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

Last Six Fiscal Years ⁽¹⁾

Exhibit 16

	Fiscal Year					
	2019	2018	2017	2016	2015	2014
Annual money-weighted rate of return, net of investment expense	7.11%	9.40%	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

Last Three Fiscal Years ⁽¹⁾

Exhibit 17

	Fiscal Year		
	2019	2018	2017
Total OPEB liability			
Service cost	\$ 820,868	\$ 798,898	\$ 957,457
Interest	5,835,564	6,461,804	6,117,675
Changes of benefit terms	-	2,989,827	-
Difference between expected and actual experience	-	(2,089,619)	-
Changes of assumptions	-	(2,911,904)	-
Benefit payments, including refunds	(8,378,901)	(7,897,384)	(7,846,542)
Net change in total OPEB liability	(1,722,469)	(2,648,378)	(771,410)
Total OPEB liability, beginning	83,859,116	86,507,494	87,278,904
Total OPEB liability, ending (a)	82,136,647	83,859,116	86,507,494
Plan fiduciary net position			
Contributions – employer	3,949,401	4,192,751	7,027,147
Contributions – member	2,002,084	1,945,017	1,908,432
Net investment income	4,755,650	6,048,274	8,248,248
Benefit payments, including refunds	(10,380,985)	(7,897,384)	(7,846,542)
Administrative expense	(124,209)	(128,708)	(137,572)
Other	-	-	-
Net change in plan fiduciary net position	201,941	4,159,950	9,199,713
Plan fiduciary net position, beginning	68,246,293	64,086,343	54,886,630
Plan fiduciary net position, ending (b)	68,448,234	68,246,293	64,086,343
Net OPEB liability, ending (a-b)	\$ 13,688,413	\$ 15,612,823	\$ 22,421,151
Plan fiduciary net position as a percentage of the total OPEB liability	83.3%	81.4%	74.1%
Covered payroll	\$ 68,916,592	\$ 75,814,665	\$ 107,640,260
Net OPEB liability as a percentage of covered payroll	19.9%	20.6%	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				
	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 2,448,424	\$ 3,497,231	\$ 3,497,231	\$ 6,483,194	\$ 6,483,194
Contributions in relation to the actuarially determined contribution	3,949,401	4,192,751	3,497,231	6,483,194	6,483,194
Contribution deficiency (excess)	\$ (1,500,977)	\$ (695,520)	\$ -	\$ -	\$ -
Covered payroll	\$ 68,916,592	\$ 75,814,665	\$ 107,640,260	\$ 107,640,260	\$ 104,119,336
Contributions as a percentage of covered payroll	5.7%	5.5%	3.2%	6.0%	6.2%

Notes to Schedule

Valuation date:

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

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level dollar, closed
Amortization period	28
Asset valuation method	5-year smoothed market
Inflation	2.75%
Investment rate of return	7.25%, net of investment expense and including inflation
Healthcare trend	6.50% initially, grading down to 4.50% ultimate
Mortality	Mortality rates were based on the RP-2000 (setback 1 year for males, no setback for females) projected to 2027 with Scale BB. 50% of these rates are applied for preretirement deaths.

	Fiscal Year				
	2014	2013	2012	2011	2010
Actuarially determined contribution	\$ 7,480,680	\$ 6,749,465	\$ 5,623,476	\$ 5,271,613	\$ 5,816,476
Contributions in relation to the actuarially determined contribution	7,480,680	6,749,465	5,623,476	5,271,613	5,323,476
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ 493,000
Covered payroll	\$ 104,119,336	\$ 101,730,340	\$ 101,730,340	\$ 103,725,815	\$ 105,531,074
Contributions as a percentage of covered payroll	7.2%	6.6%	5.5%	5.1%	5.0%

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

Last Three Fiscal Years ⁽¹⁾

Exhibit 19

	2019	2018	2017
Annual money-weighted rate of return, net of investment expense	7.20%	9.60%	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 Six Fiscal Years ⁽¹⁾

Exhibit 20

	Fiscal Year					
	2019	2018	2017	2016	2015	2014
Winston-Salem's proportion of the net pension liability (asset) (%)	1.81132%	1.7455%	1.73309%	1.80025%	1.80839%	1.8986%
Winston-Salem's proportion of the net pension liability (asset) (\$)	\$ 42,970,705	\$ 26,666,405	\$ 36,781,996	\$ 8,079,434	\$ (10,664,916)	\$ 22,885,421
Winston-Salem's covered payroll	\$ 117,262,357	\$ 111,203,433	\$ 104,723,508	\$ 101,433,133	\$ 99,590,382	\$ 100,511,092
Winston-Salem's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	36.6449%	23.9798%	35.1230%	7.9653%	(10.7088)%	22.7691%
Plan fiduciary net position as a percentage of the total pension liability **	91.63%	94.18%	91.47%	98.09%	102.64%	94.35%

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

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

⁽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 Contributions
Local Government Employees' Retirement System

Last Six Fiscal Years ⁽¹⁾

Exhibit 21

	Fiscal Year					
	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 9,566,443	\$ 9,039,532	\$ 8,322,237	\$ 7,196,687	\$ 7,282,532	\$ 7,094,714
Contributions in relation to the contractually required contribution	9,566,443	9,039,532	8,322,237	7,196,687	7,282,532	7,094,714
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Winston-Salem's covered payroll	\$ 119,568,576	\$ 117,262,357	\$ 111,203,433	\$ 104,723,508	\$ 101,433,133	\$ 99,590,382
Contributions as a percentage of covered payroll	8.00%	7.71%	7.48%	6.87%	7.18%	7.12%

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

Combining and Individual Fund Statements and Schedules

Major Funds

City of Winston-Salem, North Carolina

Debt Service Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
For the Fiscal Year Ended June 30, 2019

Exhibit 22

	Budget	Actual	Variance Positive (Negative)
Revenues			
Property taxes	\$ 15,294,630	\$ 15,623,062	\$ 328,432
Local option sales taxes	6,752,410	6,835,260	82,850
Intergovernmental	1,313,490	1,332,511	19,021
Capital lease charges	600,000	550,000	(50,000)
Investment income	500,000	2,657,458	2,157,458
Other	2,063,430	2,063,434	4
Total revenues	26,523,960	29,061,725	2,537,765
Expenditures			
Other	502,348	304,885	197,463
Debt Service			
Principal retirement			
Bond	10,850,000	10,850,000	-
Other	7,129,575	7,237,412	(107,837)
Interest and fiscal charges	12,383,507	12,040,396	343,111
Total expenditures	30,865,430	30,432,693	432,737
Excess of expenditures over revenues	(4,341,470)	(1,370,968)	2,970,502
Other Financing Sources (Uses)			
Transfers in			
General fund	1,949,520	1,949,520	-
Capital projects fund	1,500,000	1,500,000	-
Transfers out			
Capital projects fund	(1,500,000)	(1,500,000)	-
Total other financing sources, net	1,949,520	1,949,520	-
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(2,391,950)	578,552	2,970,502
Fund balance - beginning	24,964,077	24,964,077	-
Fund balance - ending	<u>\$ 22,572,127</u>	<u>\$ 25,542,629</u>	<u>\$ 2,970,502</u>

City of Winston-Salem, North Carolina

Capital Projects Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2019

Exhibit 23

	Current Year	Prior Years	Total to Date	Project Authorizations
Revenues				
Intergovernmental - federal	\$ -	\$ 622,863	\$ 622,863	\$ 8,700,513
Intergovernmental - state	3,976,608	12,268,495	16,245,103	35,896,112
Intergovernmental - local	-	2,000	2,000	-
Investment income	425,430	7,643	433,073	7,650
Capital lease charges	573,279	-	573,279	546,230
Other	1,522,209	10,461,534	11,983,743	15,707,368
Total revenues	6,497,526	23,362,535	29,860,061	60,857,873
Expenditures				
General government	6,471,258	18,540,328	25,011,586	25,616,873
Public protection	2,002,804	19,287,504	21,290,308	52,276,264
Transportation	13,733,518	49,209,217	62,942,735	179,561,306
Culture and recreation	8,770,478	44,348,411	53,118,889	106,740,842
Community and economic development	5,072,070	22,727,392	27,799,462	74,344,900
Debt service				
Principal retirement	12,775,000	-	12,775,000	12,755,000
Interest and fiscal charges	804,633	321,579	1,126,212	953,110
Total expenditures	49,629,761	154,434,431	204,064,192	452,248,295
Excess of expenditures over revenues	(43,132,235)	(131,071,896)	(174,204,131)	(391,390,422)
Other Financing Sources (Uses)				
Premium on general obligation bonds	-	12,142,715	12,142,715	10,642,231
Issuance of limited obligation bonds	-	52,944,731	52,944,731	52,944,731
Issuance of general obligation bonds	-	113,845,139	113,845,139	269,630,139
Issuance of installment financing contract	-	2,356	2,356	2,356
Capital leases	8,316,590	1,716,624	10,033,214	37,654,695
Transfers in	6,968,927	21,309,889	28,278,816	26,688,600
Transfers out	(3,591,000)	(4,946,524)	(8,537,524)	(8,631,901)
Total other financing sources, net	11,694,517	197,014,930	208,709,447	388,930,851
Excess of revenues and other financing sources over expenditures and other uses	(31,437,718)	65,943,034	34,505,316	<u>\$ (2,459,571)</u>
Fund balance - beginning	90,893,038			
Budgeted on an annual basis	-	24,950,004	24,950,004	
Fund balance - ending	<u>\$ 59,455,320</u>	<u>\$ 90,893,038</u>	<u>\$ 59,455,320</u>	

City of Winston-Salem, North Carolina

Enterprise Funds

Water and Sewer Utility Fund – Schedule of Revenues, Expenditures,
and Transfers - Budget (Non-GAAP Basis) and Actual
For the Fiscal Year Ended June 30, 2019

Exhibit 24

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Operating Revenues			
Sales			
Water	\$ 55,961,000	\$ 55,437,666	\$ (523,334)
Sewer	50,041,440	50,787,363	745,923
Industrial waste surcharge	3,295,600	3,954,810	659,210
Total sales	109,298,040	110,179,839	881,799
Charges for services			
New connections	450,000	577,943	127,943
Special area and privilege charges	250,000	14,871	(235,129)
Main line capital cost revenue	120,000	-	(120,000)
Other charges for services	2,966,800	3,928,255	961,455
Total charges for services	3,786,800	4,521,069	734,269
Other	-	115,802	115,802
Total operating revenues	113,084,840	114,816,710	1,731,870
Operating Expenditures			
Personal services	20,887,590	19,921,319	966,271
Maintenance and operations	25,514,807	24,400,217	1,114,590
Total operating expenditures	46,402,397	44,321,536	2,080,861
Operating income	66,682,443	70,495,174	3,812,731
Nonoperating Revenues (Expenditures)			
Intergovernmental revenue	1,607,350	1,621,182	13,832
Investment income	-	7,070,523	7,070,523
Proceeds from sale of assets	-	3,187	3,187
Damage settlements	-	1,008	1,008
Interest and fiscal charges	(20,265,239)	(20,510,191)	(244,952)
Principal retirement	(31,266,230)	(30,433,813)	832,417
Total nonoperating expenditures, net	(49,924,119)	(42,248,104)	7,676,015
Income before capital contributions and transfers	16,758,324	28,247,070	11,488,746
Capital Contributions			
Conveyances	-	7,610,771	7,610,771
Intergovernmental revenue	-	155,630	155,630
Total capital contributions	-	7,766,401	7,766,401
Transfers Out			
General fund	(78,210)	(72,058)	6,152
Solid waste disposal fund	(455,350)	(455,345)	5
Total transfers out	(533,560)	(527,403)	6,157
Change in net position - modified accrual basis	<u>\$ 16,224,764</u>	<u>\$ 35,486,068</u>	<u>\$ 19,261,304</u>
Reconciliation of Modified Accrual Basis to Full Accrual Basis			
Change in Net Position - Modified Accrual Basis		\$ 35,486,068	
Depreciation		(28,060,531)	
Amortization of financing costs		(800,272)	
Principal retirement		30,433,813	
Book value of disposed assets		(78,394)	
Increase (decrease) in deferred outflows of resources - pensions		1,504,792	
(Increase) decrease in net pension liability		(1,868,962)	
(Increase) decrease in deferred inflows of resources - pensions		103,083	
(Increase) decrease in net OPEB liability		220,730	
(Increase) decrease in deferred inflows of resources - OPEB		151,865	
Change in Net Position - Full Accrual Basis		<u>\$ 37,092,192</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, 2019

Exhibit 25

	Budget	Actual	Variance Positive (Negative)
Operating Revenues			
Charges for services	\$ 10,955,040	\$ 11,845,109	\$ 890,069
Other	6,180	18,598	12,418
Total operating revenues	10,961,220	11,863,707	902,487
Operating Expenditures			
Personal services	2,345,200	2,082,136	263,064
Maintenance and operations	7,647,474	6,465,017	1,182,457
Total operating expenditures	9,992,674	8,547,153	1,445,521
Operating income	968,546	3,316,554	2,348,008
Nonoperating Revenues (Expenditures)			
Intergovernmental revenue	952,280	1,020,914	68,634
Investment income	-	1,898,239	1,898,239
Proceeds from sale of assets	-	21,972	21,972
Interest and fiscal charges	(339,190)	(284,147)	55,043
Principal retirement	(1,563,010)	(1,509,199)	53,811
Total nonoperating expenditures, net	(949,920)	1,147,779	2,097,699
Income (loss) before transfers	18,626	4,464,333	4,445,707
Transfers In			
Water and sewer utility fund	455,350	455,345	(5)
Stormwater management fund	227,680	227,672	(8)
Total transfers in	683,030	683,017	(13)
Change in net position - modified accrual basis	\$ 701,656	\$ 5,147,350	\$ 4,445,694
Reconciliation of Modified Accrual Basis to Full Accrual Basis			
Change in Net Position - Modified Accrual Basis		\$ 5,147,350	
Depreciation		(4,050,561)	
Amortization of financing costs		5,543	
Principal retirement		1,509,199	
Book value of disposed assets		23,039	
(Increase) decrease in net OPEB liability		23,276	
(Increase) decrease in deferred inflows of resources - OPEB		16,014	
Change in Net Position - Full Accrual Basis		\$ 2,673,860	

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, 2019

Exhibit 26

	Budget	Actual	Variance Positive (Negative)
Operating Revenues			
Charges for services	\$ 1,949,500	\$ 1,824,318	\$ (125,182)
Other	412,340	308,818	(103,522)
Total operating revenues	2,361,840	2,133,136	(228,704)
Operating Expenditures			
Personal services	12,173,860	13,478,086	(1,304,226)
Maintenance and operations	14,985,957	5,271,051	9,714,906
Total operating expenditures	27,159,817	18,749,137	8,410,680
Operating loss	(24,797,977)	(16,616,001)	8,181,976
Nonoperating Revenues (Expenditures)			
Intergovernmental revenue			
FTA operating grant	1,168,530	968,609	(199,921)
FTA preventative maintenance grant	2,400,000	2,400,000	-
FTA CMAQ	1,620,060	1,620,060	-
Piedmont Triad COG	298,220	253,807	(44,413)
Forsyth County	316,190	323,672	7,482
State of North Carolina	8,771,480	3,386,172	(5,385,308)
Total intergovernmental revenues	14,574,480	8,952,320	(5,622,160)
Property taxes	10,182,240	10,662,035	479,795
Investment income	-	16,969	16,969
Damage settlements	10,000	48,904	38,904
Total nonoperating revenues, net	24,766,720	19,680,228	(5,086,492)
Income (loss) before capital contributions and transfers	(31,257)	3,064,227	3,095,484
Capital Contributions			
Federal and state grants	-	2,617,025	2,617,025
Total capital contributions	-	2,617,025	2,617,025
Transfers Out			
Grants fund	(13,800)	(13,760)	40
Total transfers out	(13,800)	(13,760)	40
Change in net position - modified accrual basis	\$ (45,057)	\$ 5,667,492	\$ 5,712,549
Reconciliation of Modified Accrual Basis to Full Accrual Basis			
Change in Net Position - Modified Accrual Basis		\$ 5,667,492	
Depreciation		(2,973,480)	
Book value of disposed assets		(180,412)	
Change in Net Position - Full Accrual Basis		\$ 2,513,600	

Nonmajor Governmental Funds

Special Revenue Funds

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

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

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

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

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

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

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

Permanent Fund

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

City of Winston-Salem, North Carolina

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2019

	Special Revenue				
	Community Development	Grants	Economic and Housing Development	Gasoline Tax	Occupancy Tax
Assets					
Cash and cash equivalents/investments	\$ 693,333	\$ 1,718,296	\$ 16,825,583	\$ 695,605	\$ 393,005
Receivables for uncollectibles					
Taxes, net	-	-	-	-	-
Accounts	-	-	-	-	-
Loans	8,286,733	787	16,962,761	-	-
Total receivables	8,286,733	787	16,962,761	-	-
Due from other governments	767,073	1,482,246	-	-	-
Inventories	-	-	718,562	-	-
Total assets	<u>\$ 9,747,139</u>	<u>\$ 3,201,329</u>	<u>\$34,506,906</u>	<u>\$ 695,605</u>	<u>\$ 393,005</u>
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ 325,707	\$ 118,463	\$ 870,949	\$ -	\$ 25,000
Accrued payroll	1,967	-	-	-	-
Loan escrow	-	-	3,246	-	-
Total liabilities	327,674	118,463	874,195	-	25,000
Deferred Inflows of Resources					
Taxes	-	-	-	-	-
Advances from other governments	-	356,794	-	-	-
Total deferred inflows of resources	-	356,794	-	-	-
Fund Balances					
Nonspendable					
Inventories	-	-	718,562	-	-
Perpetual care	-	-	-	-	-
Restricted					
General government	-	88,591	-	-	-
Public protection	-	797,284	-	-	-
Transportation	-	1,093,647	-	695,605	-
Culture and recreation	-	426,221	-	-	368,005
Community & economic development	9,419,465	322,256	-	-	-
Committed					
Community & economic development	-	-	32,914,149	-	-
Unassigned	-	(1,927)	-	-	-
Total fund balances	9,419,465	2,726,072	33,632,711	695,605	368,005
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 9,747,139</u>	<u>\$3,201,329</u>	<u>\$34,506,906</u>	<u>\$ 695,605</u>	<u>\$ 393,005</u>

	Emergency Telephone System	Downtown W-S Business Improvement District	Permanent Cemetery Perpetual Care	Total Nonmajor Governmental Funds
Assets				
Cash and cash equivalents/investments	\$ 1,706,040	\$ 106,441	\$ 4,269,535	\$ 26,407,838
Receivables for uncollectibles				
Taxes, net	-	2,246	-	2,246
Accounts	43,429	11,162	-	54,591
Loans	-	-	-	25,250,281
Total receivables	43,429	13,408	-	25,307,118
Due from other governments	-	-	-	2,249,319
Inventories	-	-	-	718,562
Total assets	\$ 1,749,469	\$ 119,849	\$ 4,269,535	\$ 54,682,837
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 15,272	\$ -	\$ -	\$ 1,355,391
Accrued payroll	-	-	-	1,967
Loan escrow	-	-	-	3,246
Total liabilities	15,272	-	-	1,360,604
Deferred Inflows of Resources				
Taxes	-	2,246	-	2,246
Advances from other governments	-	-	-	356,794
Total deferred inflows of resources	-	2,246	-	359,040
Fund Balances				
Nonspendable				
Inventories	-	-	-	718,562
Perpetual care	-	-	4,269,535	4,269,535
Restricted				
General government	-	-	-	88,591
Public protection	1,734,197	-	-	2,531,481
Transportation	-	-	-	1,789,252
Culture and recreation	-	-	-	794,226
Community & economic development	-	117,603	-	9,859,324
Committed				
Community & economic development	-	-	-	32,914,149
Unassigned	-	-	-	(1,927)
Total fund balances	1,734,197	117,603	4,269,535	52,963,193
Total liabilities, deferred inflows of resources, and fund balances	\$1,749,469	\$ 119,849	\$ 4,269,535	\$ 54,682,837

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, 2019

	Special Revenue				
	Community Development	Grants	Economic and Housing Development	Gasoline Tax	Occupancy Tax
Revenues					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 904,606
Licenses	-	-	-	-	-
Intergovernmental	4,940,240	3,289,934	-	6,413,147	-
Investment income (loss)	-	12,633	234,750	159,488	12,099
Other	200,190	1,213,411	538,792	-	-
Total revenues	5,140,430	4,515,978	773,542	6,572,635	916,705
Expenditures					
Current					
General government	-	63,251	-	-	-
Public protection	-	2,483,948	-	-	-
Transportation	-	1,517,518	-	-	-
Culture and recreation	-	64,599	-	-	470,966
Community and economic development	6,304,352	89,778	1,217,619	-	-
Debt service					
Principal retirement	333,000	-	-	-	-
Interest and fiscal charges	27,419	-	-	-	-
Total expenditures	6,664,771	4,219,094	1,217,619	-	470,966
Excess of revenues over (under) expenditures	(1,524,341)	296,884	(444,077)	6,572,635	445,739
Other Financing Sources (Uses)					
Transfers in	-	1,028,813	3,683,650	-	-
Transfers out	(814,227)	-	(166,210)	(8,584,814)	(430,000)
Total other financing sources (uses), net	(814,227)	1,028,813	3,517,440	(8,584,814)	(430,000)
Excess of revenues and other financing sources over (under) expenditures and other uses	(2,338,568)	1,325,697	3,073,363	(2,012,179)	15,739
Fund balance July 1	11,758,033	1,400,375	30,559,348	2,707,784	352,266
Fund balances - ending	<u>\$ 9,419,465</u>	<u>\$ 2,726,072</u>	<u>\$ 33,632,711</u>	<u>\$ 695,605</u>	<u>\$ 368,005</u>

	Emergency Telephone System	Downtown W-S Business Improvement District	Permanent Cemetery Perpetual Care	Total Nonmajor Governmental Funds
Revenues				
Taxes	\$ -	\$ 622,142	\$ -	\$ 1,526,748
Licenses	521,156	-	-	521,156
Intergovernmental	-	-	-	14,643,321
Investment income (loss)	29,034	1,446	301,674	751,124
Other	-	-	-	1,952,393
Total revenues	550,190	623,588	301,674	19,394,742
Expenditures				
Current				
General government	-	-	-	63,251
Public protection	373,751	-	-	2,857,699
Transportation	-	-	-	1,517,518
Culture and recreation	-	-	-	535,565
Community and economic development	-	570,625	-	8,182,374
Debt service				
Principal retirement	-	-	-	333,000
Interest and fiscal charges	-	-	-	27,419
Total expenditures	373,751	570,625	-	13,516,826
Excess of revenues over (under) expenditures	176,439	52,963	301,674	5,877,916
Other Financing Sources (Uses)				
Transfers in	-	-	44,604	4,757,067
Transfers out	-	(50,000)	(188,288)	(10,233,539)
Total other financing sources (uses), net	-	(50,000)	(143,684)	(5,476,472)
Excess of revenues and other financing sources over (under) expenditures and other uses	176,439	2,963	157,990	401,444
Fund balance July 1	1,557,758	114,640	4,111,545	52,561,749
Fund balances - ending	\$ 1,734,197	\$ 117,603	\$ 4,269,535	\$ 52,963,193

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, 2019

Exhibit 29

	<u>Current Year</u>	<u>Prior Years</u>	<u>Total to Date</u>	<u>Program Authorizations</u>
Revenues				
Intergovernmental	\$ 4,940,240	\$ 7,669,079	\$ 12,609,319	\$ 21,176,897
Other	<u>1,216,202</u>	<u>4,474,531</u>	<u>5,690,733</u>	<u>4,393,582</u>
Total revenues	6,156,442	12,143,610	18,300,052	25,570,479
Expenditures				
Community development	4,528,243	8,552,994	13,081,237	21,067,885
Debt service				
Principal retirement	333,000	666,000	999,000	999,000
Interest and fiscal charges	<u>27,419</u>	<u>67,200</u>	<u>94,619</u>	<u>100,000</u>
Total expenditures	<u>4,888,662</u>	<u>9,286,194</u>	<u>14,174,856</u>	<u>22,166,885</u>
Excess of revenues over expenditures	1,267,780	2,857,416	4,125,196	3,403,594
Other Financing Uses				
Transfers out				
General fund	<u>(814,227)</u>	<u>(2,178,237)</u>	<u>(2,992,464)</u>	<u>(3,403,594)</u>
Total other financing uses	<u>(814,227)</u>	<u>(2,178,237)</u>	<u>(2,992,464)</u>	<u>(3,403,594)</u>
Excess of revenues and other financing sources over (under) expenditures and other uses	453,553	<u>\$ 679,179</u>	<u>\$ 1,132,732</u>	<u>\$ -</u>
Fund balance - beginning	<u>679,179</u>			
Fund balance - ending	<u>\$ 1,132,732</u>			
Reconciling items for GAAP presentation				
Fund balance at beginning of year (GAAP)	11,758,033			
Loans issued and adjustments	900,889			
Payments received on loan balances	(1,016,012)			
Change in estimate of loan portfolio allowance	<u>(2,676,998)</u>			
Total reconciling items	<u>8,965,912</u>			
Fund Balance at End of Year (GAAP Basis)	<u>\$ 9,419,465</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, 2019

Exhibit 30

	<u>Current Year</u>	<u>Prior Years</u>	<u>Total to Date</u>	<u>Program Authorizations</u>
Revenues				
Intergovernmental	\$ 3,289,934	\$ 13,110,890	\$ 16,400,824	\$ 28,327,925
Investment income	12,633	78,784	91,417	80,591
Other	1,213,610	1,005,366	2,218,976	2,369,229
Total revenues	4,516,177	14,195,040	18,711,217	30,777,745
Expenditures				
General government	64,237	293,916	358,153	708,860
Public protection	2,483,948	3,845,948	6,329,896	10,069,745
Environmental health	-	940,432	940,432	2,500,000
Transportation	1,517,518	6,046,914	7,564,432	15,873,440
Culture and recreation	64,599	78,396	142,995	791,681
Community and economic development	89,778	4,999,536	5,089,314	5,461,790
Total expenditures	4,220,080	16,205,142	20,425,222	35,405,516
Excess of expenditures over (under) revenues	296,097	(2,010,102)	(1,714,005)	(4,627,771)
Other Financing Sources (Uses)				
Transfers in				
General fund	742,263	2,972,976	3,715,239	3,917,490
Grants fund	-	2,650	2,650	2,650
Occupancy tax fund	55,000	393,000	448,000	448,000
Capital projects fund	200,000	-	200,000	200,000
Transit authority fund	13,760	13,781	27,541	27,600
Fleet services fund	17,790	30,720	48,510	48,510
Transfers out				
Grants fund	-	(2,650)	(2,650)	(16,479)
Total other financing sources, net	1,028,813	3,410,477	4,439,290	4,627,771
Excess of revenues and other financing sources over (under) expenditures and other uses	1,324,910	\$ 1,400,375	\$ 2,725,285	\$ -
Fund balance - beginning	1,400,375			
Fund balance - ending	<u>\$ 2,725,285</u>			
Reconciling items for GAAP presentation				
Fund balance at beginning of year (GAAP)	1,400,375			
Loans issued and adjustments	986			
Payments received on loan balances	(199)			
Total reconciling items	1,401,162			
Fund Balance at End of Year (GAAP Basis)	<u>\$ 2,726,072</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, 2019

Exhibit 31

	<u>Current Year</u>	<u>Prior Years</u>	<u>Total to Date</u>	<u>Program Authorizations</u>
Revenues				
Intergovernmental	\$ -	\$ 5,309,262	\$ 5,309,262	\$ 6,188,437
Investment income (loss)	234,750	3,717,158	3,951,908	4,760,950
Capital lease charges	-	1,004,929	1,004,929	1,000,000
Other	1,358,064	20,194,361	21,552,425	9,056,067
Total revenues	1,592,814	30,225,710	31,818,524	21,005,454
Expenditures				
Neighborhood stabilization	91,831	746,006	837,837	1,700,110
UDAG loan	-	378,992	378,992	413,593
Housing financing assistance loan	1,398,009	8,552,624	9,950,633	14,748,645
Economic development loan	714,705	2,679,287	3,393,992	3,865,841
Economic development project	950,631	13,722,579	14,673,210	21,598,820
Foreclosed property	20,823	-	20,823	-
Section 108	3,344	3,511,962	3,515,306	4,100,000
Debt service				
Interest and fiscal charges	-	24,694	24,694	-
Total expenditures	3,179,343	29,616,144	32,795,487	46,427,009
Excess of revenues				
over (under) expenditures	(1,586,529)	609,566	(976,963)	(25,421,555)
Other Financing Sources (Uses)				
Transfers in				
General fund	3,383,650	13,296,578	16,680,228	16,557,496
Economic and housing development fund	-	689,514	689,514	598,500
Capital projects fund	300,000	3,104,712	3,404,712	3,392,695
Transfers out				
General fund	(66,210)	(218,133)	(284,343)	(284,350)
Grants fund	-	(201,947)	(201,947)	(275,000)
Economic and housing development fund	-	(638,100)	(638,100)	(638,100)
Capital projects fund	-	(1,718,500)	(1,718,500)	(1,718,500)
Public assembly facilities management fund	(100,000)	(250,000)	(350,000)	(350,000)
Total other financing sources, net	3,517,440	14,064,124	17,581,564	17,282,741
Excess of revenues and other financing sources over (under) expenditures and other uses	1,930,911	\$ 14,673,690	\$ 16,604,601	\$ (8,138,814)
Fund balance - beginning	14,673,690			
Fund balance - ending	\$ 16,604,601			
Reconciling items for GAAP presentation				
Fund balance at beginning of year (GAAP)	30,559,348			
Loans issued and adjustments	1,933,181			
Payments received on loan balances	(819,272)			
Change in estimate of loan portfolio allowance	28,543			
Total reconciling items	31,701,800			
Fund Balance at End of Year (GAAP Basis)	\$ 33,632,711			

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, 2019

Exhibit 32

	Budget	Actual	Variance Positive (Negative)
Revenues			
Intergovernmental	\$ 6,426,330	\$ 6,413,147	\$ (13,183)
Investment income	-	159,488	159,488
Total revenues	6,426,330	6,572,635	146,305
Other Financing Uses			
Transfers out			
General fund	(5,288,880)	(4,777,068)	511,812
Capital projects fund	(1,137,450)	(3,807,746)	(2,670,296)
Total other financing uses	(6,426,330)	(8,584,814)	(2,158,484)
Excess of revenues over (under) other uses	-	(2,012,179)	(2,012,179)
Fund balance - beginning	2,707,784	2,707,784	-
Fund balance - ending	\$ 2,707,784	\$ 695,605	\$ (2,012,179)

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, 2019

Exhibit 33

	Budget	Actual	Variance Positive (Negative)
Revenues			
Taxes	\$ 801,000	\$ 904,606	\$ 103,606
Investment income	-	12,099	12,099
Total revenues	801,000	916,705	115,705
Expenditures			
Culture and recreation	593,660	470,966	122,694
Excess of revenues over expenditures	207,340	445,739	238,399
Other Financing Uses			
Transfers out			
Grants fund	(55,000)	(55,000)	-
Public assembly facilities management fund	(375,000)	(375,000)	-
Total other financing uses	(430,000)	(430,000)	-
Excess of revenues over (under) expenditures and other uses	(222,660)	15,739	238,399
Fund balance - beginning	352,266	352,266	-
Fund balance - ending	\$ 129,606	\$ 368,005	\$ 238,399

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, 2019

Exhibit 34

	<u>Current Year</u>	<u>Prior Years</u>	<u>Total to Date</u>	<u>Program Authorizations</u>
Revenues				
Licenses	\$ 521,156	\$ 5,445,454	\$ 5,966,610	\$ 6,273,657
Investment income (loss)	29,034	39,331	68,365	-
Total revenues	550,190	5,484,785	6,034,975	6,273,657
Expenditures				
Implemental functions	4,286	52,141	56,427	7,736,077
Telephone	143,994	1,849,761	1,993,755	-
Furniture	-	23,656	23,656	-
Software maintenance	92,095	578,032	670,127	-
Hardware maintenance	127,640	1,037,148	1,164,788	-
S.L. 2010-158 expenditures	-	369,327	369,327	-
Training	5,736	16,962	22,698	-
Total operating expenditures	373,751	3,927,027	4,300,778	7,736,077
Excess of revenues over (under) expenditures	176,439	1,557,758	1,734,197	<u>\$ (1,462,420)</u>
Fund balance - beginning	1,557,758	-	-	
Fund balance - ending	<u>\$ 1,734,197</u>	<u>\$ 1,557,758</u>	<u>\$ 1,734,197</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, 2019

Exhibit 35

	Budget	Actual	Variance Positive (Negative)
Revenues			
Taxes	\$ 602,020	\$ 622,142	\$ 20,122
Investment income	-	1,446	1,446
Total revenues	602,020	623,588	21,568
Expenditures			
Community and economic development	602,606	570,625	31,981
Excess of revenues over expenditures	(586)	52,963	53,549
Other Financing Uses			
Transfers out			
Parking fund	(50,000)	(50,000)	-
Total other financing uses	(50,000)	(50,000)	-
Excess of revenues over (under) expenditures and other uses	(50,586)	2,963	53,549
Fund balance - beginning	114,640	114,640	-
Fund balance - ending	\$ 64,054	\$ 117,603	\$ 53,549

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, 2019

Exhibit 36

		Stormwater	Public Assembly	
	Parking	Management	Facilities	Total
Assets			Management	
Current Assets				
Cash and cash equivalents/investments	\$ 2,055,032	\$ 26,208,348	\$ 2,737,774	\$ 31,001,154
Accounts receivables, net	19,404	891,358	269,864	1,180,626
Due from other governments	430,413	19,318	498	450,229
Total current assets	2,504,849	27,119,024	3,008,136	32,632,009
Noncurrent Assets				
Restricted assets				
Cash and cash equivalents/investments	-	-	103,963	103,963
Capital assets				
Land	824,169	289,314	11,672,486	12,785,969
Construction in progress	345,656	9,971,949	25,149	10,342,754
Other capital assets, net of accumulated depreciation	8,435,839	28,741,009	44,497,321	81,674,169
Accounts receivables	-	-	500,000	500,000
Total noncurrent assets	9,605,664	39,002,272	56,798,919	105,406,855
Total assets	12,110,513	66,121,296	59,807,055	138,038,864
Deferred Outflows of Resources				
Pension deferrals	95,182	484,539	140,526	720,247
Total deferred outflows of resources	95,182	484,539	140,526	720,247
Liabilities				
Current Liabilities				
Accounts payable	9,901	235,594	738,423	983,918
Accrued payroll	13,351	82,052	28,189	123,592
Accrued vacation	535	47,570	27,780	75,885
Accrued interest payable	3,984	25,600	2,507	32,091
Unearned revenue	1,252,047	14,280	-	1,266,327
Pollution remediation	-	19,480	-	19,480
Current maturities				
Contracts payable	724,959	635,906	685,454	2,046,319
Bonds payable	-	545,000	598,693	1,143,693
Total current liabilities	2,004,777	1,605,482	2,081,046	5,691,305
Noncurrent Liabilities				
Accrued vacation	22,284	92,057	41,500	155,841
Net pension liability	112,238	586,753	174,305	873,296
Net OPEB liability	40,588	215,154	85,891	341,633
Pollution remediation	-	1,966,644	-	1,966,644
Contracts payable	671,586	967,636	12,053,403	13,692,625
Bonds payable	-	9,567,544	8,431,595	17,999,139
Total noncurrent liabilities	846,696	13,395,788	20,786,694	35,029,178
Total liabilities	2,851,473	15,001,270	22,867,740	40,720,483
Deferred Inflows of Resources				
Pension deferrals	13,680	-	9,384	23,064
OPEB deferrals	11,574	60,025	24,199	95,798
Total deferred inflows of resources	25,254	60,025	33,583	118,862
Net Position				
Net investment in capital assets	8,209,119	27,286,186	34,425,811	69,921,116
Unrestricted	1,119,849	24,258,354	2,620,447	27,998,650
Total net position	\$ 9,328,968	\$ 51,544,540	\$ 37,046,258	\$ 97,919,766

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, 2019

Exhibit 37

		Public Assembly		
	Parking	Stormwater Management	Facilities Management	Total
Operating Revenues				
Charges for services	\$ 783,427	\$ 10,474,010	\$ 4,120,448	\$ 15,377,885
Other	-	240,447	2,423,087	2,663,534
Total operating revenues	783,427	10,714,457	6,543,535	18,041,419
Operating Expenses				
Personal services	455,960	2,764,079	1,017,680	4,237,719
Maintenance and operations	385,430	2,491,398	4,237,898	7,114,726
Total operating expenses before depreciation	841,390	5,255,477	5,255,578	11,352,445
Depreciation	459,905	1,224,900	1,947,387	3,632,192
Total operating expenses	1,301,295	6,480,377	7,202,965	14,984,637
Operating income (loss)	(517,868)	4,234,080	(659,430)	3,056,782
Nonoperating Revenues (Expenses)				
Intergovernmental revenue	430,413	98,934	-	529,347
Investment income	38,817	1,242,907	107,314	1,389,038
Interest and fiscal expense	(96,375)	(441,623)	(898,955)	(1,436,953)
Amortization of financing costs	(3,922)	38,136	2,902	37,116
Total nonoperating revenues (expenses), net	368,933	938,354	(788,739)	518,548
Income (loss) before capital contributions and transfers	(148,935)	5,172,434	(1,448,169)	3,575,330
Capital Contributions	-	189,046	-	189,046
Transfers In	545,150	-	912,308	1,457,458
Transfers Out	-	(2,044,640)	(200,000)	(2,244,640)
Total transfers	545,150	(2,044,640)	712,308	(787,182)
Change in net position	396,215	3,316,840	(735,861)	2,977,194
Total net position - beginning	8,932,753	48,227,700	37,782,119	94,942,572
Total net position - ending	\$ 9,328,968	\$ 51,544,540	\$ 37,046,258	\$ 97,919,766

City of Winston-Salem, North Carolina

Combining Statement of Cash Flows

Nonmajor Enterprise Funds
For the Fiscal Year Ended June 30, 2019

Exhibit 38
Page 1 of 2

			Public Assembly	
	Parking	Stormwater Management	Facilities Management	Total
Cash Flows from Operating Activities				
Cash received from sales	\$ 709,204	\$ 10,713,241	\$ 6,448,461	\$ 17,870,906
Cash payments to suppliers for goods and services	(385,180)	(2,513,441)	(4,326,317)	(7,224,938)
Cash payments to employees for services	(458,345)	(2,803,707)	(1,048,185)	(4,310,237)
Net cash provided (used) by operating activities	(134,321)	5,396,093	1,073,959	6,335,731
Cash Flows from Noncapital Financing Activities				
Intergovernmental revenue	430,413	80,202	-	510,615
Transfers in	495,150	-	812,308	1,307,458
Transfers out	-	(2,044,640)	(200,000)	(2,244,640)
Net cash provided (used) by noncapital financing activities	925,563	(1,964,438)	612,308	(426,567)
Cash Flows from Capital and Related Financing Activities				
Intergovernmental revenue	-	177,436	-	177,436
Capital contributions	-	11,610	-	11,610
Transfers in	50,000	-	100,000	150,000
Acquisition of property and equipment	(38)	(2,484,560)	(252,519)	(2,737,117)
Retirement of bonds	-	(520,000)	(598,693)	(1,118,693)
Retirement of contracts payable	(889,507)	(679,808)	(693,614)	(2,262,929)
Interest and fiscal expense paid on bonds	-	(335,341)	(302,950)	(638,291)
Interest paid on contracts payable	(99,067)	(108,448)	(596,329)	(803,844)
Net cash provided (used) by capital and related financing activities	(938,612)	(3,939,111)	(2,344,105)	(7,221,828)
Cash Flows from Investing Activities				
Investment income (loss)	38,817	1,242,907	107,314	1,389,038
Net increase (decrease) in cash	(108,553)	735,451	(550,524)	76,374
Cash and cash equivalents/investments July 1	2,163,585	25,472,897	3,392,261	31,028,743
Cash and cash equivalents/investments June 30	\$2,055,032	\$ 26,208,348	\$ 2,841,737	\$ 31,105,117

City of Winston-Salem, North Carolina

Combining Statement of Cash Flows

Nonmajor Enterprise Funds
For the Fiscal Year Ended June 30, 2019

Exhibit 38
Page 2 of 2

			Public Assembly Facilities Management	Total
	Parking	Stormwater		
Reconciliation of Cash and Cash Equivalents/Investments				
Cash and investments - current	\$2,055,032	\$ 26,208,348	\$ 2,737,774	\$ 31,001,154
Cash and investments - restricted	-	-	103,963	103,963
Cash and cash equivalents/investments June 30	\$2,055,032	\$ 26,208,348	\$ 2,841,737	\$ 31,105,117
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating income (loss)	\$ (517,868)	\$ 4,234,080	\$ (659,430)	\$ 3,056,782
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities				
Depreciation expense	459,905	1,224,900	1,947,387	3,632,192
Change in assets, deferred outflows of resources, liabilities, and deferred inflows of resources				
(Increase) decrease in receivables	(4,986)	(4,765)	(95,074)	(104,825)
(Increase) decrease in deferred outflows of resources - pensions	(35,510)	-	(17,774)	(53,284)
Increase (decrease) in net pension liability	44,103	-	22,076	66,179
Increase (decrease) in net OPEB liability	(5,209)	(31,333)	(11,847)	(48,389)
Increase (decrease) in deferred inflows of resources - pensions	(2,433)	-	(1,218)	(3,651)
Increase (decrease) in deferred inflows of resources - OPEB	(3,584)	(21,557)	(8,150)	(33,291)
Increase (decrease) in accounts payable	250	(22,043)	(88,419)	(110,212)
Increase (decrease) in accrued payroll	(184)	10,023	2,323	12,162
Increase (decrease) in unearned revenue	(69,237)	3,549	-	(65,688)
Increase (decrease) in accrued vacation	432	3,239	(15,915)	(12,244)
Total adjustments	383,547	1,162,013	1,733,389	3,278,949
Net cash provided (used) by operating activities	\$ (134,321)	\$ 5,396,093	\$ 1,073,959	\$ 6,335,731

Noncash Investing, Capital, and Financing Activities

The City entered into leases for new property and equipment and incurred capital lease obligations \$432,925 and \$1,836,864 during the years ended June 30, 2019, and 2018, respectively.
The City accrued intergovernmental revenues of \$18,644.

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, 2019

Exhibit 39

	Budget	Actual	Variance Positive (Negative)
Operating Revenues			
Charges for services	\$ 674,000	\$ 783,427	\$ 109,427
Operating Expenditures			
Personal services	579,600	458,593	121,007
Maintenance and operations	596,845	385,430	211,415
Total operating expenditures	1,176,445	844,023	332,422
Operating income (loss)	(502,445)	(60,596)	441,849
Nonoperating Revenues (Expenditures)			
Intergovernmental revenue	466,890	430,413	(36,477)
Investment income	-	38,817	38,817
Interest and fiscal charges	(98,960)	(96,375)	2,585
Principal retirement	(889,500)	(889,507)	(7)
Total nonoperating expenditures, net	(521,570)	(516,652)	4,918
Income (loss) before transfers	(1,024,015)	(577,248)	446,767
Transfers In			
General fund	495,150	495,150	-
Downtown Business Improvement District	-	50,000	50,000
Total transfers	495,150	545,150	50,000
Change in net position - modified accrual basis	\$ (528,865)	\$ (32,098)	\$ 496,767
Reconciliation of Modified Accrual Basis to Full Accrual Basis			
Change in Net Position - Modified Accrual Basis		\$ (32,098)	
Depreciation		(459,905)	
Amortization of financing costs		(3,922)	
Principal retirement		889,507	
Increase (decrease) in deferred outflows of resources - pensions		35,510	
(Increase) decrease in net pension liability		(44,103)	
(Increase) decrease in deferred inflows of resources - pensions		2,433	
(Increase) decrease in net OPEB liability		5,209	
(Increase) decrease in deferred inflows of resources - OPEB		3,584	
Change in Net Position - Full Accrual Basis		\$ 396,215	

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, 2019

Exhibit 40

	Budget	Actual	Variance Positive (Negative)
Operating Revenues			
Charges for services	\$ 10,264,000	\$ 10,474,010	\$ 210,010
Other	198,830	240,447	41,617
Total operating revenues	10,462,830	10,714,457	251,627
Operating Expenditures			
Personal services	3,266,890	2,816,969	449,921
Maintenance and operations	4,171,194	2,491,398	1,679,796
Capital outlay	7,400	-	7,400
Total operating expenditures	7,445,484	5,308,367	2,137,117
Operating income	3,017,346	5,406,090	2,388,744
Nonoperating Revenues (Expenditures)			
Intergovernmental revenue	106,820	98,934	(7,886)
Investment income	-	1,242,907	1,242,907
Interest and fiscal charges	(464,930)	(441,623)	23,307
Principal retirement	(1,239,990)	(1,199,808)	40,182
Total nonoperating expenditures, net	(1,598,100)	(299,590)	1,298,510
Income before capital contributions and transfers	1,419,246	5,106,500	3,687,254
Capital Contributions			
Intergovernmental revenue	-	177,436	177,436
Other	-	11,610	11,610
Total capital contributions	-	189,046	189,046
Transfers Out			
General fund	(1,823,120)	(1,816,968)	6,152
Solid waste fund	(227,680)	(227,672)	8
Total transfers out	(2,050,800)	(2,044,640)	6,160
Change in net position - modified accrual basis	\$ (631,554)	\$ 3,250,906	\$ 3,882,460
Reconciliation of Modified Accrual Basis to Full Accrual Basis			
Change in Net Position - Modified Accrual Basis		\$ 3,250,906	
Depreciation		(1,224,900)	
Amortization of financing costs		38,136	
Principal retirement		1,199,808	
(Increase) decrease in net OPEB liability		31,333	
(Increase) decrease in deferred inflows of resources - OPEB		21,557	
Change in Net Position - Full Accrual Basis		\$ 3,316,840	

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, 2019

Exhibit 41

	Budget	Actual	Variance Positive (Negative)
Operating Revenues			
Charges for services	\$ 3,937,160	\$ 4,120,448	\$ 183,288
Other	2,364,930	2,423,087	58,157
Total operating revenues	6,302,090	6,543,535	241,445
Operating Expenditures			
Personal services	1,034,600	1,034,593	7
Maintenance and operations	4,694,074	4,213,728	480,346
Total operating expenditures	5,728,674	5,248,321	480,353
Operating income (loss)	573,416	1,295,214	721,798
Nonoperating Revenues (Expenditures)			
Investment income (loss)	-	107,314	107,314
Interest and fiscal charges	(898,960)	(898,955)	5
Principal retirement	(1,292,310)	(1,292,307)	3
Total nonoperating expenditures, net	(2,191,270)	(2,083,948)	107,322
Income (loss) before transfers	(1,617,854)	(788,734)	829,120
Transfers In (Out)			
General fund	606,580	237,308	(369,272)
Economic and housing development fund	-	100,000	100,000
Occupancy tax fund	375,000	375,000	-
Winston-Salem Fairgrounds Fund	200,000	200,000	-
Bowman Gray Stadium Fund	(200,000)	(200,000)	-
Total transfers in (out)	981,580	712,308	(269,272)
Change in net position - modified accrual basis	\$ (636,274)	\$ (76,426)	\$ 559,848
Reconciliation of Modified Accrual Basis to Full Accrual Basis			
Change in Net Position - Modified Accrual Basis		\$ (76,426)	
Depreciation		(1,947,387)	
Amortization of financing costs		2,902	
Principal retirement		1,292,307	
Book value of disposed assets		(24,170)	
Increase (decrease) in deferred outflows of resources - pensions		17,774	
(Increase) decrease in net pension liability		(22,076)	
(Increase) decrease in deferred inflows of resources - pensions		1,218	
(Increase) decrease in net OPEB liability		11,847	
(Increase) decrease in deferred inflows of resources - OPEB		8,150	
Change in Net Position - Full Accrual Basis		\$ (735,861)	

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, 2019

	Central Warehouse	Fleet Services	Information Services	Workers' Compensation
Assets				
Current Assets				
Cash and cash equivalents/investments	\$ -	\$ 247,502	\$ 282,634	\$ 6,728,622
Accounts receivables, net	603	-	-	4,651
Inventories	926,957	783,262	-	-
Total current assets	927,560	1,030,764	282,634	6,733,273
Noncurrent Assets				
Capital assets				
Land	801,682	-	-	-
Construction in progress	-	-	1,696,679	-
Other capital assets, net of accumulated depreciation	167,096	2,085,751	2,035,049	-
Total noncurrent assets	968,778	2,085,751	3,731,728	-
Total assets	1,896,338	3,116,515	4,014,362	6,733,273
Deferred Outflows of Resources				
Pension deferrals	36,604	318,601	977,389	49,363
Total deferred outflows of resources	36,604	318,601	977,389	49,363
Liabilities				
Current Liabilities				
Accounts payable	901	566,027	32,797	-
Accrued payroll	9,955	48,271	126,009	4,704
Accrued vacation	12,303	65,495	187,835	1,939
Due to other funds	41,103	-	-	-
Unearned revenue	-	-	-	-
Current maturities				
Claims payable	-	-	-	1,071,022
Contracts payable	-	338,504	501,584	-
Total current liabilities	64,262	1,018,297	848,225	1,077,665
Noncurrent Liabilities				
Accrued vacation	8,612	32,437	79,435	987
Net pension liability	46,862	402,794	1,185,539	51,999
Net OPEB liability	21,008	139,503	387,617	24,654
Claims payable	-	-	-	2,196,427
Contracts payable	-	410,629	728,006	-
Total noncurrent liabilities	76,482	985,363	2,380,597	2,274,067
Total liabilities	140,744	2,003,660	3,228,822	3,351,732
Deferred Inflows of Resources				
Pension deferrals	-	7,518	55,541	18,984
OPEB deferrals	5,771	39,137	109,385	7,288
Total deferred inflows of resources	5,771	46,655	164,926	26,272
Net Position				
Net investment in capital assets	968,778	1,336,618	2,502,138	-
Unrestricted	817,649	48,183	(904,135)	3,404,632
Total net position	\$ 1,786,427	\$ 1,384,801	\$ 1,598,003	\$ 3,404,632

	Health Benefits	Dental and Flex Benefits	Employee Benefits	Risk Acceptance Management Corporation	Total
Assets					
Current Assets					
Cash and cash equivalents/investments	\$ 7,626,202	\$ 1,920,622	\$ 4,797,752	\$40,822,349	\$62,425,683
Accounts receivables, net	-	-	-	-	5,254
Inventories	-	-	-	-	1,710,219
Total current assets	7,626,202	1,920,622	4,797,752	40,822,349	64,141,156
Noncurrent Assets					
Capital assets					
Land	-	-	-	-	801,682
Construction in progress	-	-	-	-	1,696,679
Other capital assets, net of accumulated depreciation	-	-	-	-	4,287,896
Total noncurrent assets	-	-	-	-	6,786,257
Total assets	7,626,202	1,920,622	4,797,752	40,822,349	70,927,413
Deferred Outflows of Resources					
Pension deferrals	25,253	-	-	-	1,407,210
Total deferred outflows of resources	25,253	-	-	-	1,407,210
Liabilities					
Current Liabilities					
Accounts payable	431,675	59,000	2,482,908	26,119	3,599,427
Accrued payroll	4,600	-	-	-	193,539
Accrued vacation	6,129	-	-	-	273,701
Due to other funds	-	-	-	-	41,103
Unearned revenue	-	936	-	-	936
Current maturities					
Claims payable	3,139,758	152,858	-	-	4,363,638
Contracts payable	-	-	-	-	840,088
Total current liabilities	3,582,162	212,794	2,482,908	26,119	9,312,432
Noncurrent Liabilities					
Accrued vacation	7,618	-	-	-	129,089
Net pension liability	31,075	-	-	-	1,718,269
Net OPEB liability	13,073	-	-	-	585,855
Claims payable	-	-	-	1,499,710	3,696,137
Contracts payable	-	-	-	-	1,138,635
Total noncurrent liabilities	51,766	-	-	1,499,710	7,267,985
Total liabilities	3,633,928	212,794	2,482,908	1,525,829	16,580,417
Deferred Inflows of Resources					
Pension deferrals	3,722	-	-	-	85,765
OPEB deferrals	3,579	-	-	-	165,160
Total deferred inflows of resources	7,301	-	-	-	250,925
Net Position					
Net investment in capital assets	-	-	-	-	4,807,534
Unrestricted	4,010,226	1,707,828	2,314,844	39,296,520	50,695,747
Total net position	\$ 4,010,226	\$ 1,707,828	\$ 2,314,844	\$39,296,520	\$55,503,281

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, 2019

	Central Warehouse	Fleet Services	Information Services	Workers' Compensation
Operating Revenues				
Charges for services	\$ 370,762	\$ 9,054,189	\$ 8,785,453	\$ 4,196,407
Other	50	-	1,324	662,892
Total operating revenues	370,812	9,054,189	8,786,777	4,859,299
Operating Expenses				
Personal services	289,857	1,757,435	4,762,578	279,447
Maintenance and operations	190,991	6,958,775	3,617,204	2,937,564
Total operating expenses before depreciation	480,848	8,716,210	8,379,782	3,217,011
Depreciation	13,791	484,683	698,906	-
Total operating expenses	494,639	9,200,893	9,078,688	3,217,011
Operating income (loss)	(123,827)	(146,704)	(291,911)	1,642,288
Nonoperating Revenues (Expenses)				
Investment income (loss)	-	-	-	174,863
Gain (loss) on disposal of assets	-	(4,467)	4,897	-
Interest and fiscal expense	-	(54,945)	(84,774)	-
Total nonoperating revenues (expenses), net	-	(59,412)	(79,877)	174,863
Income (loss) before transfers	(123,827)	(206,116)	(371,788)	1,817,151
Capital Contributions	-	-	423,209	-
Transfers Out	-	(17,790)	-	(101,450)
Total transfers	-	(17,790)	-	(101,450)
Change in net position	(123,827)	(223,906)	51,421	1,715,701
Total net position - beginning	1,910,254	1,608,707	1,546,582	1,688,931
Total net position - ending	\$ 1,786,427	\$ 1,384,801	\$ 1,598,003	\$ 3,404,632

	Health Benefits	Dental and Flex Benefits	Employee Benefits	Risk Acceptance Management Corporation	Total
Operating Revenues					
Charges for services	\$ 22,268,655	\$ 2,678,337	\$ 27,357,127	\$ 1,086,820	\$ 75,797,750
Other	1,663,746	-	-	-	2,328,012
Total operating revenues	23,932,401	2,678,337	27,357,127	1,086,820	78,125,762
Operating Expenses					
Personal services	183,936	-	-	-	7,273,253
Maintenance and operations	22,426,512	2,237,037	27,250,814	2,854,467	68,473,364
Total operating expenses before depreciation	22,610,448	2,237,037	27,250,814	2,854,467	75,746,617
Depreciation	-	-	-	-	1,197,380
Total operating expenses	22,610,448	2,237,037	27,250,814	2,854,467	76,943,997
Operating income (loss)	1,321,953	441,300	106,313	(1,767,647)	1,181,765
Nonoperating Revenues (Expenses)					
Investment income (loss)	201,511	31,944	144,550	1,019,457	1,572,325
Gain (loss) on disposal of assets	-	-	-	-	430
Interest and fiscal expense	-	-	-	-	(139,719)
Total nonoperating revenues (expenses), net	201,511	31,944	144,550	1,019,457	1,433,036
Income (loss) before transfers	1,523,464	473,244	250,863	(748,190)	2,614,801
Capital Contributions	-	-	-	-	423,209
Transfers Out	-	-	-	-	(119,240)
Total transfers	-	-	-	-	(119,240)
Change in net position	1,523,464	473,244	250,863	(748,190)	2,918,770
Total net position - beginning	2,486,762	1,234,584	2,063,981	40,044,710	52,584,511
Total net position - ending	\$ 4,010,226	\$ 1,707,828	\$ 2,314,844	\$ 39,296,520	\$ 55,503,281

City of Winston-Salem, North Carolina

Combining Statement of Cash Flows

Internal Service Funds

For the Fiscal Year Ended June 30, 2019

	Central Warehouse	Fleet Services	Information Services	Workers' Compensation
Cash Flows from Operating Activities				
Cash received from sales	\$ 370,314	\$ 9,054,189	\$ 8,786,777	\$ 4,854,648
Cash payments for suppliers for goods and services	(279,174)	(7,065,823)	(3,400,093)	(2,615,662)
Cash payments to employees for services	(286,520)	(1,752,231)	(4,869,536)	(291,117)
Net cash provided (used) by operating activities	(195,380)	236,135	517,148	1,947,869
Cash Flows from Noncapital Financing Activities				
Borrowings from other funds	41,103	-	-	-
Transfers out	-	(17,790)	-	(101,450)
Net cash provided (used) by noncapital financing activities	41,103	(17,790)	-	(101,450)
Cash Flows from Capital and Related Financing Activities				
Capital contributions	-	-	423,209	-
Acquisition of property and equipment	-	-	(55,903)	-
Retirement of contracts payable	-	(461,279)	(575,535)	-
Interest paid on contracts payable	-	(54,945)	(84,774)	-
Proceeds from sale of assets	-	548	4,897	-
Net cash provided (used) by capital and related financing activities	-	(515,676)	(288,106)	-
Cash Flows from Investing Activities				
Investment income (loss)	-	-	-	174,863
Net increase (decrease) in cash	(154,277)	(297,331)	229,042	2,021,282
Cash and cash equivalents/investments July 1	154,277	544,833	53,592	4,707,340
Cash and cash equivalents/investments June 30	\$ -	\$ 247,502	\$ 282,634	\$ 6,728,622

	Health Benefits	Dental and Flex Benefits	Employee Benefits	Risk Acceptance Management Corporation	Total
Cash Flows from Operating Activities					
Cash received from sales	\$ 23,490,519	\$ 2,627,267	\$ 27,357,127	\$ 1,086,820	\$ 77,627,661
Cash payments for suppliers for goods and services	(22,275,847)	(2,226,542)	(27,715,583)	(3,420,995)	(68,999,719)
Cash payments to employees for services	(176,222)	-	-	-	(7,375,626)
Net cash provided (used) by operating activities	1,038,450	400,725	(358,456)	(2,334,175)	1,252,316
Cash Flows from Noncapital Financing Activities					
Borrowings from other funds	-	-	-	-	41,103
Transfers out	-	-	-	-	(119,240)
Net cash provided (used) by noncapital financing activities	-	-	-	-	(78,137)
Cash Flows from Capital and Related Financing Activities					
Capital contributions	-	-	-	-	423,209
Acquisition of property and equipment	-	-	-	-	(55,903)
Retirement of contracts payable	-	-	-	-	(1,036,814)
Interest paid on contracts payable	-	-	-	-	(139,719)
Proceeds from sale of assets	-	-	-	-	5,445
Net cash provided (used) by capital and related financing activities	-	-	-	-	(803,782)
Cash Flows from Investing Activities					
Investment income (loss)	201,511	31,944	144,550	1,019,457	1,572,325
Net increase (decrease) in cash	1,239,961	432,669	(213,906)	(1,314,718)	1,942,722
Cash and cash equivalents/investments July 1	6,386,241	1,487,953	5,011,658	42,137,067	60,482,961
Cash and cash equivalents/investments June 30	\$ 7,626,202	\$ 1,920,622	\$ 4,797,752	\$ 40,822,349	\$ 62,425,683

City of Winston-Salem, North Carolina

Combining Statement of Cash Flows

Internal Service Funds

For the Fiscal Year Ended June 30, 2019

	Central Warehouse	Fleet Services	Information Services	Workers' Compensation
Reconciliation of Cash and Cash Equivalents/Investments				
Cash and investments - current	\$ -	\$ 247,502	\$ 282,634	\$ 6,728,622
Cash and cash equivalents/investments June 30	\$ -	\$ 247,502	\$ 282,634	\$ 6,728,622
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating income (loss)	\$ (123,827)	\$ (146,704)	\$ (291,911)	\$ 1,642,288
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities				
Depreciation expense	13,791	484,683	698,906	-
Change in assets, deferred outflows of resources, liabilities, and deferred inflows of resources				
(Increase) decrease in receivables	(498)	-	-	(4,651)
(Increase) decrease in inventories	(88,028)	(335,573)	-	-
(Increase) decrease in deferred outflows of resources - pensions	-	(134,333)	(361,003)	(16,646)
Increase (decrease) in net pension liability	-	166,842	448,368	20,674
Increase (decrease) in net OPEB liability	(3,312)	(19,704)	(52,954)	(2,442)
Increase (decrease) in deferred inflows of resources - pensions	-	(9,202)	(24,730)	(1,140)
Increase (decrease) in deferred inflows of resources - OPEB	(2,278)	(13,557)	(36,434)	(1,680)
Increase (decrease) in accounts payable	(155)	228,525	(112,530)	(282)
Increase (decrease) in accrued payroll	2,670	2,633	(9,208)	(3,357)
Increase (decrease) in unearned revenue	-	-	-	-
Increase (decrease) in accrued vacation	6,257	12,525	(70,997)	(7,079)
Increase (decrease) in claims payable	-	-	-	322,184
Increase (decrease) in contracts payable	-	-	329,641	-
Total adjustments	(71,553)	382,839	809,059	305,581
Net cash provided (used) by operating activities	\$ (195,380)	\$ 236,135	\$ 517,148	\$ 1,947,869

Noncash Investing, Capital, and Financing Activities

The City entered into leases for new property and equipment and incurred capital lease obligations of \$659,706 and \$1,327,123 during the years ended June 30, 2019, and 2018, 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	\$7,626,202	\$ 1,920,622	\$4,797,752	\$40,822,349	\$62,425,683
Cash and cash equivalents/investments June 30	\$7,626,202	\$ 1,920,622	\$4,797,752	\$40,822,349	\$62,425,683
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities					
Operating income (loss)	\$ 1,321,953	\$ 441,300	\$ 106,313	\$ (1,767,647)	\$ 1,181,765
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities					
Depreciation expense	-	-	-	-	1,197,380
Change in assets, deferred outflows of resources, and liabilities and deferred inflows of resources					
(Increase) decrease in receivables	-	-	-	4,452	(697)
(Increase) decrease in inventories	-	-	-	-	(423,601)
(Increase) decrease in deferred outflows of resources - pensions	(14,283)	-	-	-	(526,265)
Increase (decrease) in net pension liability	17,739	-	-	-	653,623
Increase (decrease) in net OPEB liability	(2,096)	-	-	-	(80,508)
Increase (decrease) in deferred inflows of resources - pensions	(978)	-	-	-	(36,050)
Increase (decrease) in deferred inflows of resources - OPEB	(1,442)	-	-	-	(55,391)
Increase (decrease) in accounts payable	(77,933)	8,145	512,620	5,393	563,783
Increase (decrease) in accrued payroll	(98)	-	-	-	(7,360)
Increase (decrease) in unearned revenue	(441,882)	(51,070)	-	-	(492,952)
Increase (decrease) in accrued vacation	8,872	-	-	-	(50,422)
Increase (decrease) in claims payable	228,598	2,350	(977,389)	(576,373)	(1,000,630)
Increase (decrease) in contracts payable	-	-	-	-	329,641
Total adjustments	(283,503)	(40,575)	(464,769)	(566,528)	70,551
Net cash provided (used) by operating activities	\$1,038,450	\$ 400,725	\$ (358,456)	\$ (2,334,175)	\$ 1,252,316

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, 2019

Exhibit 45

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Operating Revenues			
Charges for services	\$ 490,500	\$ 370,762	\$ (119,738)
Other	-	50	50
Total operating revenues	490,500	370,812	(119,688)
Operating Expenditures			
Personal services	246,750	295,447	(48,697)
Maintenance and operations	243,750	190,991	52,759
Total operating expenditures	490,500	486,438	4,062
Operating income (loss)	-	(115,626)	(115,626)
Change in net position - modified accrual basis	<u>\$ -</u>	<u>\$ (115,626)</u>	<u>\$ (115,626)</u>
Reconciliation of Modified Accrual Basis to Full Accrual Basis			
Change in Net Position - Modified Accrual Basis		\$ (115,626)	
Depreciation		(13,791)	
(Increase) decrease in net OPEB liability		3,312	
(Increase) decrease in deferred inflows of resources - OPEB		2,278	
Change in Net Position - Full Accrual Basis		<u><u>\$ (123,827)</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, 2019

Exhibit 46

	Budget	Actual	Variance Positive (Negative)
Operating Revenues			
Charges for services	\$ 9,388,660	\$ 9,054,189	\$ (334,471)
Other	-	-	-
Total operating revenues	9,388,660	9,054,189	(334,471)
Operating Expenditures			
Personal services	1,791,060	1,767,389	23,671
Maintenance and operations	7,190,021	6,958,775	231,246
Capital Outlay	5,100	-	5,100
Total operating expenditures	8,986,181	8,726,164	260,017
Operating income (loss)	402,479	328,025	(74,454)
Nonoperating Revenues (Expenditures)			
Proceeds from sale of assets	-	548	548
Interest and fiscal charges	(59,350)	(54,945)	4,405
Principal retirement	(480,420)	(461,279)	19,141
Total nonoperating expenditures, net	(539,770)	(515,676)	24,094
Income (loss) before transfers	(137,291)	(187,651)	(50,360)
Transfers In			
General fund	(17,790)	(17,790)	-
Total transfers in	(17,790)	(17,790)	-
Change in net position - modified accrual basis	\$ (155,081)	\$ (205,441)	\$ (50,360)
Reconciliation of Modified Accrual Basis to Full Accrual Basis			
Change in Net Position - Modified Accrual Basis		\$ (205,441)	
Depreciation		(484,683)	
Principal retirement		461,279	
Book value of disposed assets		(5,015)	
Increase (decrease) in deferred outflows of resources - pensions		134,333	
(Increase) decrease in net pension liability		(166,842)	
(Increase) decrease in deferred inflows of resources - pensions		9,202	
(Increase) decrease in net OPEB liability		19,704	
(Increase) decrease in deferred inflows of resources - OPEB		13,557	
Change in Net Position - Full Accrual Basis		\$ (223,906)	

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, 2019

Exhibit 47

	Budget	Actual	Variance Positive (Negative)
Operating Revenues			
Charges for services	\$ 11,521,840	\$ 8,785,453	\$ (2,736,387)
Other	-	1,324	1,324
Total operating revenues	11,521,840	8,786,777	(2,735,063)
Operating Expenditures			
Personal services	4,901,860	4,789,331	112,529
Maintenance and operations	5,988,772	3,287,563	2,701,209
Capital outlay	6,000	-	6,000
Total operating expenditures	10,896,632	8,076,894	2,819,738
Operating income (loss)	625,208	709,883	84,675
Nonoperating Revenues (Expenditures)			
Proceeds from sales of assets	-	4,897	4,897
Interest and fiscal charges	(204,810)	(84,774)	120,036
Principal retirement	(1,142,400)	(575,535)	566,865
Total nonoperating expenditures, net	(1,347,210)	(655,412)	691,798
Income (loss) before capital contributions	(722,002)	54,471	776,473
Capital Contributions			
Other	-	423,209	423,209
Total capital contributions	-	423,209	423,209
Change in net position - modified accrual basis	\$ (722,002)	\$ 477,680	\$ 1,199,682
Reconciliation of Modified Accrual Basis to Full Accrual Basis			
Change in Net Position - Modified Accrual Basis		\$ 477,680	
Depreciation		(698,906)	
Principal retirement		575,535	
Increase in contracts payable		(329,641)	
Increase (decrease) in deferred outflows of resources - pensions		361,003	
(Increase) decrease in net pension liability		(448,368)	
(Increase) decrease in deferred inflows of resources - pensions		24,730	
(Increase) decrease in net OPEB liability		52,954	
(Increase) decrease in deferred inflows of resources - OPEB		36,434	
Change in Net Position - Full Accrual Basis		\$ 51,421	

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, 2019

Exhibit 48

	Budget	Actual	Variance Positive (Negative)
Operating Revenues			
Charges for services	\$ 4,448,430	\$ 4,196,407	\$ (252,023)
Other	647,800	662,892	15,092
Total operating revenues	5,096,230	4,859,299	(236,931)
Operating Expenditures			
Personal services	353,020	280,681	72,339
Maintenance and operations	4,641,760	2,937,564	1,704,196
Total operating expenditures	4,994,780	3,218,245	1,776,535
Operating income (loss)	101,450	1,641,054	1,539,604
Nonoperating Revenues (Expenditures)			
Investment income	-	174,863	174,863
Total nonoperating revenues, net	-	174,863	174,863
Income (loss) before transfers	101,450	1,815,917	1,714,467
Transfers Out			
General fund	(101,450)	(101,450)	-
Total transfers out	(101,450)	(101,450)	-
Change in net position - modified accrual basis	<u>\$ -</u>	<u>\$ 1,714,467</u>	<u>\$ 1,714,467</u>
Reconciliation of Modified Accrual Basis to Full Accrual Basis			
Change in Net Position - Modified Accrual Basis		\$ 1,714,467	
Increase (decrease) in deferred outflows of resources - pensions		16,646	
(Increase) decrease in net pension liability		(20,674)	
(Increase) decrease in deferred inflows of resources - pensions		1,140	
(Increase) decrease in net OPEB liability		2,442	
(Increase) decrease in deferred inflows of resources - OPEB		1,680	
Change in Net Position - Full Accrual Basis		<u>\$ 1,715,701</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, 2019

Exhibit 49

	Budget	Actual	Variance Positive (Negative)
Operating Revenues			
Charges for services	\$ 22,729,710	\$ 22,268,655	\$ (461,055)
Other	748,000	1,663,746	915,746
Total operating revenues	23,477,710	23,932,401	454,691
Operating Expenditures			
Personal services	186,290	184,996	1,294
Maintenance and operations	23,324,138	22,426,512	897,626
Total operating expenditures	23,510,428	22,611,508	898,920
Operating income (loss)	(32,718)	1,320,893	1,353,611
Nonoperating Revenues (Expenditures)			
Investment income	-	201,511	201,511
Total nonoperating revenues, net	-	201,511	201,511
Change in net position - modified accrual basis	\$ (32,718)	\$ 1,522,404	\$ 1,555,122
Reconciliation of Modified Accrual Basis to Full Accrual Basis			
Change in Net Position - Modified Accrual Basis		\$ 1,522,404	
Increase (decrease) in deferred outflows of resources - pensions		14,283	
(Increase) decrease in net pension liability		(17,739)	
(Increase) decrease in deferred inflows of resources - pensions		978	
(Increase) decrease in net OPEB liability		2,096	
(Increase) decrease in deferred inflows of resources - OPEB		1,442	
Change in Net Position - Full Accrual Basis		\$ 1,523,464	

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, 2019

Exhibit 50

	Budget	Actual	Variance Positive (Negative)
Operating Revenues			
Charges for services	\$ 2,654,000	\$ 2,678,337	\$ 24,337
Total operating revenues	2,654,000	2,678,337	24,337
Operating Expenditures			
Maintenance and operations	2,219,480	2,237,037	(17,557)
Total operating expenditures	2,219,480	2,237,037	(17,557)
Operating income (loss)	434,520	441,300	6,780
Nonoperating Revenues (Expenditures)			
Investment income	-	31,944	31,944
Total nonoperating revenues, net	-	31,944	31,944
Change in net position - modified accrual basis	\$ 434,520	\$ 473,244	\$ 38,724
Reconciliation of Modified Accrual Basis to Full Accrual Basis			
Change in Net Position - Modified Accrual Basis		\$ 473,244	
Change in Net Position - Full Accrual Basis		\$ 473,244	

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, 2019

Exhibit 51

	Budget	Actual	Variance Positive (Negative)
Operating Revenues			
Charges for services	\$ 27,302,020	\$ 27,357,127	\$ 55,107
Total operating revenues	27,302,020	27,357,127	55,107
Operating Expenditures			
Maintenance and operations	27,715,300	27,250,814	464,486
Total operating expenditures	27,715,300	27,250,814	464,486
Operating income (loss)	(413,280)	106,313	519,593
Nonoperating Revenues (Expenditures)			
Investment income	-	144,550	144,550
Total nonoperating revenues, net	-	144,550	144,550
Change in net position - modified accrual basis	\$ (413,280)	\$ 250,863	\$ 664,143
Reconciliation of Modified Accrual Basis to Full Accrual Basis			
Change in Net Position - Modified Accrual Basis		\$ 250,863	
Change in Net Position - Full Accrual Basis		\$ 250,863	

Fiduciary Funds

City of Winston-Salem, North Carolina

Combining Statement of Fiduciary Net Position

Fiduciary Funds

June 30, 2019

Exhibit 52

	Pension Trust Fund	Separation Allowance Trust Fund	Post-employment Benefits Trust Fund	Totals
Assets				
Cash and cash equivalents/investments	\$ 163,840,068	\$ 10,432,991	\$ 69,585,784	\$ 243,858,843
Total assets	163,840,068	10,432,991	69,585,784	243,858,843
Deferred Outflows of Resources				
Pension deferrals	-	-	25,034	25,034
Total deferred outflows of resources	-	-	25,034	25,034
Liabilities				
Accounts payable	-	-	82,863	82,863
Accrued payroll	-	-	3,320	3,320
Accrued vacation	-	-	6,840	6,840
Unearned revenue	-	-	5,891	5,891
Net pension liability	-	-	30,662	30,662
Claims payable	-	-	1,031,497	1,031,497
Total liabilities	-	-	1,161,073	1,161,073
Deferred Inflows of Resources				
Pension deferrals	-	-	1,511	1,511
Total deferred inflows of resources	-	-	1,511	1,511
Net Position				
Restricted for pensions	163,840,068	10,432,991	-	174,273,059
Restricted for postemployment benefits other than pensions	-	-	68,448,234	68,448,234
Total net position	\$ 163,840,068	\$ 10,432,991	\$ 68,448,234	\$ 242,721,293

City of Winston-Salem, North Carolina

Combining Statement of Changes in Fiduciary Net Position

Fiduciary Funds

For the Fiscal Year Ended June 30, 2019

Exhibit 53

	Pension Trust Fund	Separation Allowance Trust Fund	Post-employment Benefits Trust Fund	Totals
Additions				
Contributions				
Employer	\$ 4,152,384	\$ 1,572,291	\$ 3,949,401	\$ 9,674,076
Plan members	1,470,001	-	2,002,084	3,472,085
Total contributions	5,622,385	1,572,291	5,951,485	13,146,161
Investment income (loss)				
Net appreciation in fair value	7,624,215	509,258	3,368,940	11,502,413
Interest and dividends	3,739,637	244,593	1,663,942	5,648,172
Total investment income (loss)	11,363,852	753,851	5,032,882	17,150,585
Less investment expense	632,616	38,877	277,232	948,725
Net investment income (loss)	10,731,236	714,974	4,755,650	16,201,860
Total additions	16,353,621	2,287,265	10,707,135	29,348,021
Deductions				
Benefits	11,379,364	2,103,520	10,380,985	23,863,869
Refund of contributions	134,812	-	-	134,812
Administrative expense	100,775	5,070	124,209	230,054
Total deductions	11,614,951	2,108,590	10,505,194	24,228,735
Net increase (decrease) in net position	4,738,670	178,675	201,941	5,119,286
Net position - beginning	159,101,398	10,254,316	68,246,293	237,602,007
Net position - ending	\$163,840,068	\$10,432,991	\$ 68,448,234	\$ 242,721,293

Schedule of General Obligation Bonded Debt

City of Winston-Salem, North Carolina

Schedule of General Obligation Bonded Debt

June 30, 2019

Purpose of Bond Issue	Date of Issue	Final Maturity Date	Interest Rate	Original Issue	Retired To Date
General Obligation Bonded Debt					
Recreation, safety & streets	06/26/08	06/01/28	3.50 - 5.00%	\$ 5,105,000	\$ 1,800,000
Refunding	05/28/09	06/01/21	3.50 - 4.50%	8,435,000	6,805,000
Recreation, safety & streets	02/02/10	06/01/32	3.10 - 6.10%	4,785,000	1,435,000
Refunding	02/03/10	06/01/24	2.25 - 5.00%	24,750,000	11,245,000
Development & streets	06/29/10	06/01/32	3.16 - 5.65%	8,700,000	1,350,000
Recreation, safety & streets	06/20/12	06/01/32	2.00 - 3.00%	2,955,000	900,000
Refunding	06/21/12	06/01/26	2.00 - 5.00%	14,255,000	4,235,000
Recreation, safety & streets	06/26/14	06/01/31	2.00 - 4.00%	3,945,000	800,000
Public improvement, recreation & streets	04/05/16	06/01/36	2.00 - 3.00%	3,810,000	265,000
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	3,535,000
Refunding	04/06/16	06/01/28	3.00 - 5.00%	12,655,000	955,000
Public improvement, recreation & streets	07/11/17	06/01/37	2.00 - 5.00%	4,775,000	-
Public improvement, recreation, streets & housing	07/12/17	06/01/37	3.00 - 5.00%	54,690,000	-
Development	07/12/17	06/01/20	1.50 - 1.70%	4,340,000	-
Total General Obligation Bonded Debt				\$ 207,865,000	\$ 33,325,000

Principal Balance June 30, 2018	Fiscal Year 2018-19		Principal Balance June 30, 2019	Debt Service Requirement Fiscal Year 2019-20			Principal Balance June 30, 2020
	Retirements	Additions		Principal	Interest	Total	
\$ 3,305,000	\$ 200,000	\$ -	\$ 3,105,000	\$ 200,000	\$ 126,775	\$ 326,775	\$ 2,905,000
1,630,000	550,000	-	1,080,000	545,000	48,600	593,600	535,000
3,350,000	240,000	-	3,110,000	240,000	170,202	410,202	2,870,000
13,505,000	2,005,000	-	11,500,000	2,080,000	554,200	2,634,200	9,420,000
7,350,000	525,000	-	6,825,000	525,000	352,643	877,643	6,300,000
2,055,000	150,000	-	1,905,000	150,000	49,881	199,881	1,755,000
10,020,000	1,085,000	-	8,935,000	1,130,000	393,150	1,523,150	7,805,000
3,145,000	200,000	-	2,945,000	200,000	104,781	304,781	2,745,000
3,545,000	140,000	-	3,405,000	150,000	96,150	246,150	3,255,000
47,820,000	-	-	47,820,000	825,000	1,841,500	2,666,500	46,995,000
3,310,000	1,825,000	-	1,485,000	1,485,000	22,275	1,507,275	-
11,700,000	1,010,000	-	10,690,000	1,055,000	373,200	1,428,200	9,635,000
4,775,000	175,000	-	4,600,000	180,000	176,250	356,250	4,420,000
54,690,000	-	-	54,690,000	-	2,142,200	2,142,200	54,690,000
4,340,000	2,155,000	-	2,185,000	2,185,000	37,145	2,222,145	-
\$ 174,540,000	\$10,260,000	\$ -	\$ 164,280,000	\$ 10,950,000	\$6,488,952	\$ 17,438,952	\$ 153,330,000

Statistical Section

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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.	208
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.	216
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.	218
<i>Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.</i>	

City of Winston-Salem, North Carolina

Net Position by Component

Last Ten Fiscal Years

(accrual basis of accounting)

	Fiscal Year				
	2019	2018	2017	2016	2015
Governmental activities					
Net investment in capital assets	\$ 198,478,120	\$ 166,252,662	\$ 164,415,590	\$ 153,711,370	\$ 131,696,233
Restricted	65,043,267	69,502,473	65,111,085	120,600,038	76,643,528
Unrestricted	29,962,893	41,526,432	51,074,905	31,498,836	85,333,859
Total governmental activities net position	293,484,280	277,281,567	280,601,580	305,810,244	293,673,620
Business-type activities					
Net investment in capital assets	553,853,458	507,218,169	483,821,989	473,054,885	419,642,228
Unrestricted	202,082,964	204,209,597	182,382,886	163,448,423	185,351,836
Total business-type activities net position	755,936,422	711,427,766	666,204,875	636,503,308	604,994,064
Primary government					
Net investment in capital assets	752,331,578	673,470,831	648,237,579	626,766,255	551,338,461
Restricted	65,043,267	69,502,473	65,111,085	120,600,038	76,643,528
Unrestricted	232,045,857	245,736,029	233,457,791	194,947,259	270,685,695
Total primary government net position	\$ 1,049,420,702	\$ 988,709,333	\$ 946,806,455	\$ 942,313,552	\$ 898,667,684

Table 1

	Fiscal Year				
	2014	2013	2012	2011	2010
Governmental activities					
Net investment in capital assets	\$ 146,689,379	\$ 141,199,241	\$ 119,794,900	\$ 112,229,194	\$ 70,878,714
Restricted	51,508,979	54,487,652	67,129,762	49,612,189	125,190,663
Unrestricted	118,607,260	105,678,364	114,210,724	143,127,685	103,426,327
Total governmental activities net position	316,805,618	301,365,257	301,135,386	304,969,068	299,495,704
Business-type activities					
Net investment in capital assets	425,441,820	424,958,508	426,345,420	421,120,171	412,640,793
Unrestricted	158,045,211	139,592,846	118,457,910	120,888,204	103,352,017
Total business-type activities net position	583,487,031	564,551,354	544,803,330	542,008,375	515,992,810
Primary government					
Net investment in capital assets	572,131,199	566,157,749	546,140,320	533,349,365	483,519,507
Restricted	51,508,979	54,487,652	67,129,762	49,612,189	125,190,663
Unrestricted	276,652,471	245,271,210	232,668,634	264,015,889	206,778,344
Total primary government net position	\$ 900,292,649	\$ 865,916,611	\$ 845,938,716	\$ 846,977,443	\$ 815,488,514

City of Winston-Salem, North Carolina

Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

	Fiscal Year				
	2019	2018	2017	2016	2015
Expenses					
Governmental activities:					
General government ⁽²⁾	\$ 34,337,104	\$ 32,345,702	\$ 32,646,249	\$ 30,553,493	\$ 28,112,510
Public protection	115,069,382	108,272,672	106,739,938	100,928,955	91,609,111
Environmental health	18,193,517	19,666,634	17,720,245	17,002,328	16,270,988
Transportation ⁽³⁾	18,778,394	19,935,391	20,544,652	20,025,048	21,006,107
Culture and recreation	13,883,844	13,191,936	12,069,446	11,751,922	10,835,392
Community and economic development	26,454,980	23,993,835	36,064,551	21,981,252	19,105,095
Human resources	-	-	-	-	-
Interest and fiscal charges	11,825,173	12,828,440	10,191,248	7,937,451	9,807,798
Total governmental activities	238,542,394	230,234,610	235,976,329	210,180,449	196,747,001
Business-type activities:					
Water and sewer utility	93,659,022	88,763,212	87,583,208	82,994,364	81,924,268
Solid waste disposal	12,813,989	12,159,440	13,579,703	10,717,746	10,288,446
Cemeteries ⁽²⁾	-	-	-	-	-
Stormwater management	6,883,864	7,112,538	11,675,062	6,081,683	5,541,532
Parking	1,401,592	1,537,324	1,647,350	3,568,917	1,863,836
Transit Authority ⁽³⁾	21,903,029	19,691,541	18,890,589	17,142,451	16,222,267
Public assembly facilities management ⁽¹⁾	8,099,018	8,939,682	7,761,968	7,261,379	7,405,950
Fairgrounds ⁽¹⁾	-	-	-	-	-
Risk Acceptance Management Corporation	2,854,467	3,351,881	2,628,391	2,326,714	4,350,212
Total business-type activities	147,614,981	141,555,618	143,766,271	130,093,254	127,596,511
Total primary government expenses	\$ 386,157,375	\$ 371,790,228	\$ 379,742,600	\$ 340,273,703	\$ 324,343,512

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
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	Fiscal Year				
	2014	2013	2012	2011	2010
Expenses					
Governmental activities:					
General government ⁽²⁾	\$ 30,214,307	\$ 29,878,464	\$ 30,826,362	\$ 25,863,974	\$ 31,112,684
Public protection	91,570,853	89,546,660	92,893,826	88,345,715	86,959,530
Environmental health	17,082,112	16,392,374	21,879,464	19,802,775	18,176,679
Transportation ⁽³⁾	19,891,162	19,590,102	19,921,948	20,247,213	19,070,043
Culture and recreation	18,849,037	11,032,000	11,352,616	14,726,817	14,223,055
Community and economic development	20,425,689	26,710,224	26,234,472	21,547,974	23,765,001
Human resources	-	1,272,381	982,212	979,962	1,091,513
Interest and fiscal charges	9,357,090	8,859,221	10,310,723	10,792,984	10,585,491
Total governmental activities	207,390,250	203,281,426	214,401,623	202,307,414	204,983,996
Business-type activities:					
Water and sewer utility	81,004,734	82,284,238	79,831,158	72,104,831	69,659,844
Solid waste disposal	10,460,084	9,838,309	10,967,977	9,237,164	9,098,218
Cemeteries ⁽²⁾	531,689	541,624	493,457	546,574	500,302
Stormwater management	5,235,017	5,111,976	5,082,522	4,999,077	4,880,855
Parking	1,989,466	2,966,592	2,884,554	3,057,649	3,382,991
Transit Authority ⁽³⁾	15,708,892	15,111,260	15,102,017	14,839,089	13,521,352
Public assembly facilities management ⁽¹⁾	13,426,524	8,651,527	8,523,769	8,999,990	8,415,024
Fairgrounds ⁽¹⁾	-	2,153,200	2,125,913	1,969,856	1,907,544
Risk Acceptance Management Corporation	2,899,891	2,918,970	2,951,448	2,753,290	3,013,272
Total business-type activities	131,256,297	129,577,696	127,962,815	118,507,520	114,379,402
Total primary government expenses	\$ 338,646,547	\$ 332,859,122	\$ 342,364,438	\$ 320,814,934	\$ 319,363,398

City of Winston-Salem, North Carolina

Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

	Fiscal Year				
	2019	2018	2017	2016	2015
Program Revenues					
Governmental activities:					
Charges for services					
General government ⁽²⁾	\$ 16,211,409	\$ 17,411,013	\$ 20,112,693	\$ 17,938,963	\$ 20,515,345
Public protection	5,000,628	5,248,085	4,236,530	3,861,336	3,808,576
Environmental health	1,440,765	2,296,645	2,306,884	2,285,788	2,425,703
Transportation ⁽³⁾	4,562,299	5,152,192	3,632,920	2,591,367	3,325,676
Culture and recreation	1,051,133	1,281,661	953,931	1,010,177	1,458,330
Community and economic development	8,643,868	6,985,681	6,869,820	6,464,175	6,293,171
Human resources	-	-	-	-	-
Operating Grants and Contributions	15,166,964	17,446,122	18,328,564	15,560,775	15,607,683
Capital Grants and Contributions	4,399,817	2,753,420	3,408,596	2,527,339	3,265,941
Total governmental activities	56,476,883	58,574,819	59,849,938	52,239,920	56,700,425
Business-type activities:					
Charges for Services					
Water and sewer utility	114,816,710	109,226,819	104,398,204	100,834,307	93,221,504
Solid waste disposal	11,863,707	11,472,389	10,510,422	10,575,534	9,382,726
Cemeteries ⁽²⁾	-	-	-	-	-
Stormwater management	10,714,457	10,939,477	10,822,681	10,715,512	10,539,003
Parking	783,427	826,606	745,034	1,196,763	1,178,191
Transit Authority ⁽³⁾	2,133,136	2,068,708	2,078,733	2,543,903	2,670,064
Public assembly facilities management ⁽¹⁾	6,543,535	6,145,508	5,826,359	5,500,973	9,765,453
Fairgrounds ⁽¹⁾	-	-	-	-	-
Risk Acceptance Management Corporation	1,086,820	1,065,510	1,044,620	1,166,490	115,235
Operating Grants and Contributions	12,198,440	11,683,732	8,795,420	8,481,848	8,261,599
Capital Grants and Contributions	10,572,472	10,209,381	5,899,105	11,496,645	3,177,283
Total business-type activities	170,712,704	163,638,130	150,120,578	152,511,975	138,311,058
Total primary government program revenues	227,189,587	222,212,949	209,970,516	204,751,895	195,011,483
Net (Expense) Revenue					
Governmental activities	(182,065,511)	(171,659,791)	(176,126,391)	(157,940,529)	(140,046,576)
Business activities	23,097,723	22,082,512	6,354,307	22,418,721	10,714,547
Total primary government net expense	\$ (158,967,788)	\$ (149,577,279)	\$ (169,772,084)	\$ (135,521,808)	\$ (129,332,029)

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
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	Fiscal Year				
	2014	2013	2012	2011	2010
Program Revenues					
Governmental activities:					
Charges for services					
General government ⁽²⁾	\$ 20,756,381	\$ 20,639,880	\$ 20,594,448	\$ 14,932,321	\$ 27,071,487
Public protection	3,834,986	4,839,089	4,815,442	3,191,079	2,326,590
Environmental health	2,287,169	2,401,552	2,469,228	2,629,275	2,666,791
Transportation ⁽³⁾	5,342,862	2,960,865	2,943,837	3,254,348	2,639,018
Culture and recreation	19,390	1,344,718	1,386,311	1,733,428	2,075,546
Community and economic development	8,144,703	6,310,304	8,864,027	7,949,321	22,446,217
Human resources	-	28,860	20,660	22,968	13,374
Operating Grants and Contributions	13,436,029	15,823,980	18,822,717	19,024,711	18,672,271
Capital Grants and Contributions	6,858,599	6,494,625	3,375,834	5,818,688	2,631,592
Total governmental activities	60,680,119	60,843,873	63,292,504	58,556,139	80,542,886
Business-type activities:					
Charges for Services					
Water and sewer utility	86,858,828	82,419,164	76,744,707	70,538,136	66,598,885
Solid waste disposal	10,372,085	9,401,535	9,283,681	9,877,757	10,560,197
Cemeteries ⁽²⁾	469,031	475,801	433,227	416,250	450,414
Stormwater management	10,523,395	10,380,993	10,322,694	10,108,165	10,900,058
Parking	1,113,134	1,236,834	2,115,133	2,151,556	1,875,815
Transit Authority ⁽³⁾	2,665,718	2,961,578	3,104,580	2,937,978	2,813,545
Public assembly facilities management ⁽¹⁾	6,330,938	5,984,124	5,777,414	5,584,309	5,056,454
Fairgrounds ⁽¹⁾	-	2,532,255	2,850,289	2,784,941	2,488,970
Risk Acceptance Management Corporation	3,162,985	3,176,160	3,125,164	3,050,190	3,010,197
Operating Grants and Contributions	8,227,850	7,781,963	7,851,935	7,225,169	6,647,268
Capital Grants and Contributions	5,449,000	11,097,255	5,486,083	12,476,689	25,382,634
Total business-type activities	135,172,964	137,447,662	127,094,907	127,151,140	135,784,437
Total primary government program revenues	195,853,083	198,291,535	190,387,411	185,707,279	216,327,323
Net (Expense) Revenue					
Governmental activities	(146,710,131)	(142,437,553)	(151,109,119)	(143,751,275)	(124,441,110)
Business activities	3,916,667	7,869,966	(867,908)	8,643,620	21,405,035
Total primary government net expense	\$(142,793,464)	\$(134,567,587)	\$(151,977,027)	\$(135,107,655)	\$(103,036,075)

City of Winston-Salem, North Carolina

General Revenues and Total Change in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

	Fiscal Year				
	2019	2018	2017	2016	2015
Net (Expense)/Revenue					
Governmental activities	\$ (182,065,511)	\$ (171,659,791)	\$ (176,126,391)	\$ (157,940,529)	\$ (140,046,576)
Business-type activities	23,097,723	22,082,512	6,354,307	22,418,721	10,714,547
Total primary government expense	<u>\$ (158,967,788)</u>	<u>(149,577,279)</u>	<u>\$ (169,772,084)</u>	<u>\$ (135,521,808)</u>	<u>\$ (129,332,029)</u>
General Revenues and Other Changes in Net Position					
Governmental activities:					
Taxes					
Property taxes	\$ 124,204,213	\$121,372,562	\$ 114,867,555	\$ 109,495,096	\$ 101,672,305
Sales taxes	45,015,159	42,370,619	39,983,759	37,612,657	35,396,961
Gross receipt taxes	366,295	340,841	367,339	310,924	336,466
Occupancy taxes	904,606	842,962	783,673	738,282	676,361
Beer and wine excise-state	1,050,073	1,042,116	1,081,299	1,046,536	1,123,316
Telecommunications sales tax ⁽³⁾	1,785,133	1,915,819	2,112,407	2,129,618	2,434,801
Utilities sales tax ⁽³⁾	14,112,486	13,329,176	13,131,269	13,642,565	11,628,161
Piped natural gas sales tax ⁽³⁾	874,571	862,091	673,437	618,280	874,111
Video programming tax ⁽³⁾	2,089,991	2,170,118	2,224,104	2,211,617	2,299,732
Franchise taxes ⁽³⁾	-	-	-	-	-
Payments in lieu of taxes	223,000	273,215	272,227	252,827	215,901
ABC store allocations	2,610,489	1,566,167	1,524,244	1,290,517	1,071,106
Federal bond interest subsidy	-	-	-	-	-
Hold harmless	-	-	-	-	-
Investment income (loss)	4,386,880	2,901,158	1,369,676	989,065	713,752
Transfers					
Government-wide	645,328	(1,708,484)	770,910	(260,831)	280,537
Fiduciary funds	-	-	-	-	-
Total governmental activities expenses	<u>198,268,224</u>	<u>187,278,360</u>	<u>179,161,899</u>	<u>170,077,153</u>	<u>158,723,510</u>
Business-type activities:					
Property taxes	10,662,035	10,434,990	7,176,905	7,090,014	6,889,480
Investment income (loss)	11,394,226	14,479,474	16,941,265	1,739,678	4,681,987
Transfers					
Government-wide	(645,328)	1,708,484	(770,910)	260,831	(280,537)
Total business-type activities expenses	<u>21,410,933</u>	<u>26,622,948</u>	<u>23,347,260</u>	<u>9,090,523</u>	<u>11,290,930</u>
Total primary government	<u>219,679,157</u>	<u>213,901,308</u>	<u>202,509,159</u>	<u>179,167,676</u>	<u>170,014,440</u>
Change in Net Position					
Governmental activities	16,202,713	15,618,569	3,035,508	12,136,624	18,676,934
Business-type activities	<u>44,508,656</u>	<u>48,705,460</u>	<u>29,701,567</u>	<u>31,509,244</u>	<u>22,005,477</u>
Total primary government program revenues	<u>\$ 60,711,369</u>	<u>\$ 64,324,029</u>	<u>\$ 32,737,075</u>	<u>\$ 43,645,868</u>	<u>\$ 40,682,411</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				
	2014	2013	2012	2011	2010
Net (Expense)/Revenue					
Governmental activities	\$ (146,710,131)	\$ (142,437,553)	\$ (151,109,119)	\$ (143,751,275)	\$ (124,441,110)
Business-type activities	3,916,667	7,869,966	(867,908)	8,643,620	21,405,035
Total primary government expense	<u>\$ (142,793,464)</u>	<u>\$ (134,567,587)</u>	<u>\$ (151,977,027)</u>	<u>\$ (135,107,655)</u>	<u>\$ (103,036,075)</u>
General Revenues and Other Changes in Net Position					
Governmental activities:					
Taxes					
Property taxes	\$ 108,353,348	\$ 106,788,582	\$ 100,684,658	\$ 101,095,371	\$ 100,076,751
Sales taxes	30,667,850	29,756,682	29,472,383	26,862,502	27,234,010
Gross receipt taxes	234,853	239,909	229,864	229,828	170,888
Occupancy taxes	606,076	559,261	533,214	480,000	435,758
Beer and wine excise-state	1,020,227	937,270	998,021	1,036,067	325,842
Telecommunications sales tax ⁽³⁾	-	-	-	-	-
Utilities sales tax ⁽³⁾	-	-	-	-	-
Piped natural gas sales tax ⁽³⁾	-	-	-	-	-
Video programming tax ⁽³⁾	-	-	-	-	-
Franchise taxes ⁽³⁾	14,630,204	14,677,580	14,161,273	14,350,645	14,349,799
Payments in lieu of taxes	213,596	195,035	201,035	170,581	182,088
ABC store allocations	1,278,470	1,152,220	1,082,666	860,254	885,644
Federal bond interest subsidy	269,859	280,368	293,118	278,339	34,077
Hold harmless	1,032,842	1,985,802	2,336,010	2,694,521	2,692,978
Investment income (loss)	1,651,593	1,738,118	928,392	2,208,097	3,229,964
Transfers					
Government-wide	2,191,574	(5,185,574)	(3,645,197)	(1,041,566)	(2,157,520)
Fiduciary funds	-	(8,500,000)	-	-	-
Total governmental activities expenses	<u>162,150,492</u>	<u>144,625,253</u>	<u>147,275,437</u>	<u>149,224,639</u>	<u>147,460,279</u>
Business-type activities:					
Property taxes	-	-	-	-	-
Investment income (loss)	17,210,584	11,381,805	17,666	16,330,379	11,904,425
Transfers					
Government-wide	(2,191,574)	5,185,574	3,645,197	1,041,566	2,157,520
Total business-type activities expenses	<u>15,019,010</u>	<u>16,567,379</u>	<u>3,662,863</u>	<u>17,371,945</u>	<u>14,061,945</u>
Total primary government	<u>177,169,502</u>	<u>161,192,632</u>	<u>150,938,300</u>	<u>166,596,584</u>	<u>161,522,224</u>
Change in Net Position					
Governmental activities	15,440,361	2,187,700	(3,833,682)	5,473,364	23,019,169
Business-type activities	18,935,677	24,437,345	2,794,955	26,015,565	35,466,980
Total primary government program revenues	<u>\$ 34,376,038</u>	<u>\$ 26,625,045</u>	<u>\$ (1,038,727)</u>	<u>\$ 31,488,929</u>	<u>\$ 58,486,149</u>

City of Winston-Salem, North Carolina

Program Revenues by Function/Program

Last Ten Fiscal Years
(accrual basis of accounting)

Function/Program	Fiscal Year				
	2019	2018	2017	2016	2015
Governmental activities:					
General government ⁽²⁾	\$ 17,158,616	\$ 18,666,497	\$ 21,363,164	\$ 19,085,167	\$ 21,556,561
Public protection	6,886,607	6,671,673	5,101,718	5,178,752	4,780,230
Environmental health	1,440,765	2,296,645	2,378,167	2,546,196	2,896,308
Transportation ⁽³⁾	16,324,869	15,758,835	13,696,353	13,006,388	14,772,541
Culture and recreation	1,051,133	1,281,661	1,673,931	1,010,177	1,458,330
Community and economic development	13,614,893	13,899,508	15,636,605	11,413,240	11,236,455
Human resources	-	-	-	-	-
Total governmental activities	<u>56,476,883</u>	<u>58,574,819</u>	<u>59,849,938</u>	<u>52,239,920</u>	<u>56,700,425</u>
Business-type activities:					
Water and sewer utility	124,208,094	123,077,090	109,977,029	105,365,491	97,416,530
Solid waste disposal	12,906,593	13,082,714	11,434,616	11,540,453	10,284,939
Cemeteries ⁽²⁾	-	-	-	-	-
Stormwater management	11,002,437	11,108,011	10,975,967	11,001,768	10,616,379
Parking	1,213,840	1,218,399	1,180,382	1,632,111	1,604,832
Transit Authority ⁽³⁾	13,751,385	7,940,898	9,683,642	16,251,424	8,440,319
Public assembly facilities management ⁽¹⁾	6,543,535	6,145,508	5,834,322	5,554,238	9,832,824
Fairgrounds ⁽¹⁾	-	-	-	-	-
Risk Acceptance Management Corporation	1,086,820	1,065,510	1,044,620	1,166,490	115,235
Subtotal business-type activities	<u>170,712,704</u>	<u>163,638,130</u>	<u>150,130,578</u>	<u>152,511,975</u>	<u>138,311,058</u>
Total primary government	<u>\$ 227,189,587</u>	<u>\$ 222,212,949</u>	<u>\$ 209,980,516</u>	<u>\$ 204,751,895</u>	<u>\$ 195,011,483</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				
	2014	2013	2012	2011	2010
Governmental activities:					
General government ⁽²⁾	\$ 20,756,381	\$ 20,825,294	\$ 20,881,590	\$ 15,202,619	\$ 27,123,877
Public protection	5,835,183	8,270,359	9,395,896	10,387,601	5,137,558
Environmental health	2,416,229	2,985,361	3,514,306	3,063,178	2,728,810
Transportation ⁽³⁾	17,882,578	13,205,658	11,237,275	13,734,741	12,902,376
Culture and recreation	19,390	1,978,707	1,947,342	2,030,193	2,094,664
Community and economic development	13,770,358	13,549,634	16,295,435	14,114,839	30,542,227
Human resources	-	28,860	20,660	22,968	13,374
Total governmental activities	60,680,119	60,843,873	63,292,504	58,556,139	80,542,886
Business-type activities:					
Water and sewer utility	89,174,025	91,296,929	83,361,799	76,732,215	71,357,873
Solid waste disposal	11,287,403	10,179,220	10,146,254	10,624,729	11,217,617
Cemeteries ⁽²⁾	469,031	475,801	434,652	436,102	450,414
Stormwater management	10,570,348	13,616,589	10,494,267	10,353,648	10,944,378
Parking	1,543,574	1,841,864	2,561,886	2,617,934	2,339,601
Transit Authority ⁽³⁾	11,278,044	8,307,220	8,341,182	14,966,957	16,813,820
Public assembly facilities management ⁽¹⁾	7,687,554	6,021,624	5,779,414	5,584,424	17,161,567
Fairgrounds ⁽¹⁾	-	2,532,255	2,850,289	2,784,941	2,488,970
Risk Acceptance Management Corporation	3,162,985	3,176,160	3,125,164	3,050,190	3,010,197
Subtotal business-type activities	135,172,964	137,447,662	127,094,907	127,151,140	135,784,437
Total primary government	\$ 195,853,083	\$ 198,291,535	\$ 190,387,411	\$ 185,707,279	\$ 216,327,323

City of Winston-Salem, North Carolina

Fund Balances, Governmental Funds

Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2019	2018	2017	2016	2015
General Fund					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-	-
Nonspendable	1,348,546	1,314,636	1,272,235	1,109,012	1,181,005
Restricted	20,168,229	22,168,518	20,973,482	22,559,689	17,368,209
Assigned	2,000,000	2,000,000	2,035,000	4,365,350	2,879,210
Unassigned	27,952,999	24,697,951	25,273,474	23,403,739	29,673,717
Total general fund	<u>\$ 51,469,774</u>	<u>\$ 50,181,105</u>	<u>\$ 49,554,191</u>	<u>\$ 51,437,790</u>	<u>\$ 51,102,141</u>
All Other Governmental Funds					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:					
Debt service fund	-	-	-	-	-
Nonspendable	4,988,097	4,737,641	4,415,950	33,763,623	32,952,496
Restricted	79,939,396	98,016,939	45,903,851	140,896,415	57,947,312
Committed	53,035,576	66,031,761	56,047,230	13,378,770	53,126,687
Unassigned	(1,927)	(367,477)	-	(9,144,109)	(3,316,322)
Total all other governmental funds	<u>\$ 137,961,142</u>	<u>\$ 168,418,864</u>	<u>\$ 106,367,031</u>	<u>\$ 178,894,699</u>	<u>\$ 140,710,173</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				
	2014	2013	2012	2011	2010
General Fund					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ 14,996,236
Unreserved	-	-	-	-	25,343,504
Nonspendable	237,306	275,409	320,454	326,756	-
Restricted	14,497,467	12,937,795	13,959,171	10,794,412	-
Assigned	4,325,000	2,208,440	3,000,000	1,971,380	-
Unassigned	26,906,450	31,777,615	27,273,799	30,260,159	-
Total general fund	<u>\$ 45,966,223</u>	<u>\$ 47,199,259</u>	<u>\$ 44,553,424</u>	<u>\$ 43,352,707</u>	<u>\$ 40,339,740</u>
All Other Governmental Funds					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ 110,177,862
Unreserved, reported in:					
Debt service fund	-	-	-	-	7,986,653
Nonspendable	3,947,208	3,417,887	3,103,747	3,150,703	-
Restricted	37,248,597	41,903,197	60,247,815	50,760,360	-
Committed	51,748,213	35,922,200	45,198,777	67,156,849	-
Unassigned	(2,606,931)	(5,233,280)	(6,389,556)	(5,925,975)	-
Total all other governmental funds	<u>\$ 90,337,087</u>	<u>\$ 76,010,004</u>	<u>\$ 102,160,783</u>	<u>\$ 115,141,937</u>	<u>\$ 118,164,515</u>

City of Winston-Salem, North Carolina

Changes in Fund Balances, Governmental Funds

Last Ten Fiscal Years

(accrual basis of accounting)

	Fiscal Year				
	2019	2018	2017	2016	2015
Revenues					
Taxes	\$ 170,551,871	\$ 164,925,559	\$ 156,135,468	\$ 148,399,035	\$ 138,451,639
Licenses and permits	7,217,854	6,658,529	6,609,148	6,296,921	8,630,553
Intergovernmental	41,890,520	41,359,369	42,757,909	39,280,074	38,521,025
Investment income (loss)	3,834,012	2,750,652	1,293,820	774,261	612,256
Charges for services	17,290,331	19,104,518	19,472,969	18,282,372	18,792,591
Capital lease charges	1,123,279	1,147,013	1,181,191	992,154	1,983,941
Other	11,160,397	11,740,795	9,158,744	8,785,375	8,510,071
Total revenues	253,068,264	247,686,435	236,609,249	222,810,192	215,502,076
Expenditures					
General government	33,270,116	32,218,813	30,894,515	29,729,507	28,142,891
Public protection	110,161,557	107,232,510	101,455,435	95,912,406	88,569,252
Environmental health	18,972,376	20,551,537	18,489,265	17,853,455	15,940,897
Transportation	14,127,749	16,496,237	14,014,244	14,260,344	14,075,040
Culture and recreation	11,999,323	11,601,727	10,510,943	10,305,086	9,547,647
Community and economic development	22,364,481	22,954,451	29,230,068	20,920,823	18,648,907
Human resources	-	-	-	-	-
Other	304,885	369,425	361,645	370,143	-
Capital outlay	36,050,128	37,004,673	85,621,977	48,831,526	37,326,971
Debt service					
Capital lease charges ⁽¹⁾	-	-	-	-	8,443,946
Principal retirement					
Bond	10,850,000	8,145,000	8,495,000	6,486,900	6,370,000
Other	20,345,412	17,082,571	22,619,730	9,114,563	18,176,842
Interest & fiscal charges					
Bond	7,076,345	7,192,077	5,381,551	3,794,371	3,707,737
Other	5,796,103	6,805,652	6,802,599	5,648,111	7,060,496
Total expenditures	291,318,475	287,654,673	333,876,972	263,227,235	256,010,626
Excess of revenues over (under) expenditures	(38,250,211)	(39,968,238)	(97,267,723)	(40,417,043)	(40,508,550)

Table 6
Pages 1 of 2

	Fiscal Year				
	2014	2013	2012	2011	2010
Revenues					
Taxes	\$ 140,258,130	\$ 137,419,822	\$131,207,451	\$ 128,690,189	\$ 127,886,436
Licenses and permits	8,634,524	8,018,631	8,368,613	8,598,520	8,150,066
Intergovernmental	38,739,826	41,547,074	41,270,674	44,217,970	39,765,701
Investment income (loss)	1,396,715	1,669,628	627,580	2,208,097	3,229,964
Charges for services	18,416,380	18,798,671	20,293,132	20,175,599	24,422,244
Capital lease charges	2,730,708	3,057,782	12,817,983	2,871,724	2,961,965
Other	11,776,135	8,311,191	10,268,813	8,492,038	22,268,227
Total revenues	221,952,418	218,822,799	224,854,246	215,254,137	228,684,603
Expenditures					
General government	28,324,210	27,742,441	27,648,578	22,745,374	27,358,306
Public protection	86,713,583	84,763,949	87,439,389	84,714,715	82,133,733
Environmental health	16,217,135	15,796,373	17,722,083	17,257,994	16,987,747
Transportation	14,135,490	13,245,424	13,816,006	13,184,437	13,413,321
Culture and recreation	9,144,183	8,850,208	9,265,785	12,547,145	12,436,335
Community and economic development	18,827,597	18,498,741	23,698,370	19,961,931	21,672,771
Human resources	-	1,272,381	982,212	979,962	1,091,513
Other	-	496,520	568,944	527,634	538,175
Capital outlay	23,528,507	30,992,642	27,589,441	22,834,162	32,137,172
Debt service					
Capital lease charges ⁽¹⁾	10,928,248	6,599,769	7,825,174	8,030,393	9,015,010
Principal retirement					
Bond	6,322,950	6,216,215	5,089,597	4,710,326	6,210,308
Other	5,808,970	21,181,843	21,345,822	3,531,947	21,286,507
Interest & fiscal charges					
Bond	4,430,618	4,276,699	4,685,697	4,556,591	4,459,255
Other	6,752,079	6,396,927	5,610,278	5,812,389	6,035,891
Total expenditures	231,133,570	246,330,132	253,287,376	221,395,000	254,776,044
Excess of revenues over (under) expenditures	(9,181,152)	(27,507,333)	(28,433,130)	(6,140,863)	(26,091,441)

City of Winston-Salem, North Carolina

Changes in Fund Balances, Governmental Funds

Last Ten Fiscal Years

(accrual basis of accounting)

	Fiscal Year				
	2019	2018	2017	2016	2015
Other Financing Sources (Uses)					
Issuances of special obligation bonds	\$ -	\$ -	\$ -	\$ -	\$ -
Premium on special obligation bonds	-	-	-	-	-
Proceeds of refunding bonds	-	-	-	-	6,018,464
Issuance on refunding LOBS	-	-	-	-	-
Payment to refunded LOBS escrow agent	-	-	-	-	(6,259,644)
Premium on general obligation bonds	-	6,810,320	-	7,261,851	-
Issuance of general obligation bonds	-	63,805,000	-	58,475,000	-
Issuance of refunding general obligation bonds	-	-	-	12,655,000	-
Payment to refunded bond escrow agent	-	-	-	(14,258,284)	-
Capital leases	8,316,590	31,510,479	22,541,776	15,403,662	18,937,813
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
Issuance of limited obligation bonds	-	2,015,000	-	-	45,170,000
Issuance of refunding limited obligation bonds	-	13,045,000	-	-	-
Payment to refunded limited obligation bond escrow agent	-	(12,960,000)	-	-	-
Transfers in	23,011,783	13,268,469	16,515,229	17,884,444	19,922,361
Transfers out	(22,247,215)	(14,847,283)	(16,200,549)	(18,484,455)	(20,255,654)
Total other financing sources (uses), net	9,081,158	102,646,985	22,856,456	78,937,218	69,146,340
Net change in fund balances	\$ (29,169,053)	\$ 62,678,747	\$ (74,411,267)	\$ 38,520,175	\$ 28,637,790
Debt service as a percentage of noncapital expenditures	17.1%	15.7%	17.1%	16.1%	11.2%

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				
	2014	2013	2012	2011	2010
Other Financing Sources (Uses)					
Issuances of special obligation bonds	\$ -	\$ 5,865,000	\$ -	\$ -	\$ 12,700,000
Premium on special obligation bonds	-	444,338	-	-	-
Proceeds of refunding bonds	-	3,786,900	14,255,000	-	24,750,000
Issuance on refunding LOBS	-	532,216	2,417,347	-	2,123,125
Payment to refunded LOBS escrow agent	-	(4,250,404)	(16,504,489)	-	(26,885,868)
Premium on general obligation bonds	286,024	-	-	-	-
Issuance of general obligation bonds	3,945,000	-	2,955,000	-	15,285,000
Issuance of refunding general obligation bonds	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-
Capital leases	8,902,633	5,666,283	12,026,381	-	-
Refunding IFC proceeds	-	-	21,265,956	-	-
Payment to refunded IFC escrow agent	-	-	(21,443,570)	-	-
Issuance of certificates of participation	-	-	-	9,283,341	28,443,045
Premium on installment financing contract	-	-	206,000	-	-
Premium on limited obligation bonds	114,829	-	4,999,365	-	1,605,681
Issuance of limited obligation bonds	14,000,000	-	-	-	-
Issuance of refunding limited obligation bonds	-	-	-	-	18,639,225
Payment to refunded limited obligation bond escrow agent	-	-	-	-	(20,175,181)
Transfers in	34,108,691	30,700,406	27,302,927	43,595,532	30,093,756
Transfers out	(36,135,741)	(38,742,350)	(30,827,224)	(44,514,718)	(32,251,276)
Total other financing sources (uses), net	25,221,436	4,002,389	16,652,693	8,364,155	54,327,507
Net change in fund balances	\$ 16,040,284	\$ (23,504,944)	\$ (11,780,437)	\$ 2,223,292	\$ 28,236,066
Debt service as a percentage of noncapital expenditures	17.1%	17.1%	16.3%	9.4%	18.0%

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
2019	\$ 124,265,811	\$ 45,015,159	\$ 366,295	\$ 904,606	\$ 170,551,871
2018	121,371,137	42,370,619	340,841	842,962	164,925,559
2017	115,000,697	39,983,759	367,339	783,673	156,135,468
2016	109,737,172	37,612,657	310,924	738,282	148,399,035
2015	102,041,851	35,396,961	336,466	676,361	138,451,639
2014	108,749,351	30,667,850	234,853	606,076	140,258,130
2013	106,863,970	29,756,682	239,909	559,261	137,419,822
2012	100,971,990	29,472,383	229,864	533,214	131,207,451
2011	101,117,859	26,862,502	229,828	480,000	128,690,189
2010	100,045,780	27,234,010	170,888	435,758	127,886,436

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	Real Property	Personal Property	Public Service Companies	Total Assessed Value	Property Tax Rate (Per \$100 Assessed Value)	Ratio of Assessed Value to Estimated Actual Value
2019	2018	\$ 17,728,302	\$ 4,243,342	\$ 412,545	\$ 22,384,189	\$ 0.5974	100
2018	2017	17,515,404	4,004,029	394,811	21,914,244	0.5974	100
2017	2016	16,487,513	3,915,171	376,435	20,779,119	0.5850	100
2016	2015	16,250,408	3,751,102	367,725	20,369,235	0.5650	100
2015	2014	16,069,241	3,581,619	343,078	19,993,938	0.5400	100
2014	2013	15,874,483	3,605,449	331,307	19,811,239	0.5300	100
2013	2012	17,673,641	3,691,096	348,733	21,713,470	0.4910	100
2012	2011	17,474,701	3,451,579	339,454	21,265,734	0.4750	100
2011	2010	17,439,250	3,575,183	321,064	21,335,497	0.4750	100
2010	2009	17,386,601	3,777,935	347,487	21,512,023	0.4675	100

Note:

Taxable property was revalued on January 1, 2018.

Source:

Forsyth County Tax Department

City of Winston-Salem, North Carolina

Property Tax Rates

Last Ten Fiscal Years

Direct and Overlapping Local Government Jurisdictions

Table 9

Fiscal Year Ended June 30	City of Winston-Salem			Total City	Forsyth County	Combined Tax Rate
	General Fund	Mass Transit Tax Fund	Debt Service Fund			
2019	\$ 0.4746	\$ 0.0498	\$ 0.0730	\$ 0.5974	\$ 0.7235	\$ 1.3209
2018	0.4746	0.0498	0.0730	0.5974	0.7235	1.3209
2017	0.4729	0.0362	0.0759	0.5850	0.7310	1.3160
2016	0.4529	0.0362	0.0759	0.5650	0.7310	1.2960
2015	0.4529	0.0362	0.0509	0.5400	0.7168	1.2568
2014	0.4429	0.0362	0.0509	0.5300	0.7168	1.2468
2013	0.4128	0.0308	0.0474	0.4910	0.6740	1.1650
2012	0.4118	0.0158	0.0474	0.4750	0.6740	1.1490
2011	0.4118	0.0158	0.0474	0.4750	0.6740	1.1490
2010	0.4043	0.0158	0.0474	0.4675	0.6740	1.1415

Note:

All tax rates are expressed in dollars of tax per \$100 of assessed valuation. The tax rates were adjusted during the fiscal years ended June 30, 2010, June 30, 2014 and June 30, 2018 to reflect the revaluation of taxable property.

Effective July 1, 2014, the City created a Downtown Business District to fund enhanced services or projects via a tax rate of \$.09 per \$100 valuation of assessed valuation.

City of Winston-Salem, North Carolina

Principal Property Tax Payers

Current Year and Ten Fiscal Years Ago

Table 10

Name	2019			2010		
	Taxable Assessed Value	Rank	Percentage of Total Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Assessed Value
RJ Reynolds	\$ 329,824,051	1	1.47%	\$ 566,307,360	1	2.63%
Wells Fargo	278,362,313	2	1.24	346,641,170	2	1.61
Caterpillar Inc.	273,088,504	3	1.22	-	-	-
Wexford Winston Salem	236,986,299	4	1.06	-	-	-
Duke Energy Corp	221,805,472	5	0.99	163,369,930	4	0.76
JG Winston-Salem LLC	191,462,400	6	0.86	203,206,800	3	0.94
Branch Banking & Trust	106,288,992	7	0.47	-	-	-
Herbalife International of America Inc	86,984,091	8	0.39	-	-	-
Lowes Data Center	82,414,135	9	0.37	140,223,510	6	0.65
Flow Copanies	68,971,145	10	0.31	-	-	-
Wake Forest University	-	-	-	155,907,690	5	0.72
Highwoods/Forsyth Ltd. Partners	-	-	-	130,069,100	7	0.60
Dell Products LP	-	-	-	123,295,290	8	0.57
Hanesbrands Inc	-	-	-	115,187,280	9	0.54
Bellsouth Telephone Co.	-	-	-	85,140,830	10	0.40
Total	\$1,876,187,402		8.38%	\$2,029,348,960		9.42%

Note:

Above taxable assessed valuations are as of January 1, 2019 and 2010 respectively, and the associated tax levies of \$.5974 and \$.4675 were due in fiscal years ended June 30, 2019 and 2010 respectively.

Source:

Forsyth County Tax Department and 2010 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
2019	\$134,990,411	\$134,043,909	99.3%	\$ -	\$134,043,909	99.3%
2018	131,824,477	130,807,225	99.2	574,249	131,381,474	99.7
2017	122,245,565	121,216,436	99.2	512,108	121,728,544	99.6
2016	116,512,698	115,428,747	99.1	622,229	116,050,976	99.6
2015	108,648,243	107,491,815	98.9	696,130	108,187,945	99.6
2014	108,109,991	106,428,236	98.4	901,079	107,329,315	99.3
2013	106,639,827	104,424,332	97.9	1,795,927	106,220,259	99.6
2012	101,116,024	98,885,754	97.8	1,902,271	100,788,025	99.7
2011	101,502,846	99,163,770	97.7	2,052,510	101,216,280	99.7
2010	100,568,545	98,275,383	97.7	1,970,718	100,246,101	99.7

Note:

Tax collections do not include penalties and interest of \$424,465 and refunds of \$51,249 in fiscal year 2019.

Outstanding delinquent taxes includes amounts considered uncollectible. The allowance for uncollectible accounts at June 30, 2019 was \$1,440,745.

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, 2019

Table 12

	City - Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current rate	\$ 22,384,188,587	\$ 0.5974	\$ 133,559,190	\$122,089,738	\$ 11,469,452
Downtown Business District ⁽¹⁾	-	0.090	625,724	609,064	16,660
Discoveries - current years	48,120,391	-	805,497	805,497	-
Total property valuation	<u>\$ 22,432,308,978</u>				
Net levy			134,990,411	123,504,299	11,486,112
Uncollected taxes at June 30, 2019			946,502	946,502	-
Current year's taxes collected			<u>\$ 134,043,909</u>	<u>\$122,557,797</u>	<u>\$ 11,486,112</u>
Current levy collection percentage			<u>99.30%</u>	<u>99.23%</u>	<u>100.00%</u>

Note:

Tax collections do not include penalties and interest of \$424,465 and refunds of \$51,249 in fiscal year 2019.

⁽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 \$0.5974.

City of Winston-Salem, North Carolina

Schedule of Ad Valorem Taxes Receivable

June 30, 2019

Table 13

Fiscal Year Ended June 30	Uncollected Balance June 30, 2018	Additions	Collections and Credits	Uncollected Balance June 30, 2019
2019	\$ -	\$ 134,990,411	\$ 134,043,909	\$ 946,502
2018	1,017,252	-	693,286	323,966
2017	386,037	-	127,127	258,910
2016	211,449	-	51,247	160,202
2015	173,989	-	31,622	142,367
2014	160,880	-	36,190	124,690
2013	147,206	-	21,729	125,477
2012	122,037	-	19,970	102,067
2011	115,776	-	16,227	99,549
2010	101,914	-	8,312	93,602
	<u>\$ 2,436,540</u>	<u>\$ 134,990,411</u>	<u>\$ 135,049,619</u>	<u>2,377,332</u>
Less: allowance for uncollectible accounts:				<u>(1,440,745)</u>
Ad valorem taxes receivable - net				<u>\$ 936,587</u>
 <u>Reconciliation to revenues:</u>				
Collections and credits				\$ 135,049,619
Prior years Adj. and Releases				(492,794)
Taxes written off				<u>(2,195)</u>
Ad valorem taxes				134,554,630
Reconciling items:				.
Refunds				(51,249)
Interest				424,465
Unearned tax revenue				<u>(61,598)</u>
Subtotal				311,618
Total property tax revenues				<u>\$ 134,866,248</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	Special Obligation Bonds	Revenue Bonds	Contracts Payable ⁽²⁾
2019	\$ 179,144,303	\$ 149,710,764	\$ 6,985,000	\$ 14,419,145	\$ 435,171,625	\$105,144,385
2018	190,636,492	170,412,045	7,575,000	15,738,381	461,737,244	100,584,730
2017	128,823,361	162,250,524	8,150,000	18,283,125	426,168,456	96,676,279
2016	137,663,378	143,317,218	8,705,000	20,771,097	449,422,299	54,720,932
2015	79,424,827	145,020,555	9,241,900	23,672,637	461,217,653	28,791,050
2014	85,736,974	103,551,365	9,771,900	26,214,255	481,967,285	26,547,833
2013	87,779,140	100,394,519	10,276,900	27,952,024	501,861,197	28,366,406
2012	88,189,165	116,475,434	4,885,000	29,582,291	496,755,000	30,040,535
2011	90,913,762	123,442,338	5,170,000	26,688,440	512,330,000	31,931,056
2010	95,349,088	126,042,998	5,445,000	23,960,000	416,275,000	34,814,401

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⁾
\$ 890,575,222	7.89%	3,615
946,683,892	8.81	3,895
840,351,745	8.68	3,493
814,599,924	8.87	3,410
747,368,622	8.28	3,141
733,789,612	8.28	3,115
756,630,186	8.91	3,244
765,927,425	9.29	3,299
790,475,596	9.81	3,432
701,886,487	8.57	2,986

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 Bonded Debt	Net Bonded Debt	Assessed Value (In Thousands)	Percentage of Actual Taxable Value of Property	Per Capita Bonded Debt	
					General	Net
	(1)	(2)			(3)	
2019	\$ 179,144,303	\$ 153,601,674	\$ 22,384,189	0.80%	\$ 727.26	\$ 623.57
2018	190,636,492	165,672,415	21,914,244	0.87	784.43	681.71
2017	128,823,361	105,205,256	20,779,119	0.62	535.42	437.26
2016	137,663,378	114,918,662	20,369,235	0.68	576.24	481.03
2015	79,424,827	62,710,031	19,993,938	0.40	333.85	263.59
2014	85,736,974	73,164,393	19,811,239	0.43	364.02	310.64
2013	87,779,140	76,883,451	21,713,470	0.40	376.36	329.64
2012	88,189,165	76,431,537	21,265,734	0.41	379.89	329.24
2011	90,913,762	80,861,457	21,335,497	0.43	394.69	351.04
2010	95,349,088	87,362,420	21,512,023	0.44	405.61	371.64

Note:

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

⁽¹⁾ Total includes all general obligation bonded debt.

⁽²⁾ Represents gross bonded debt less allowable statutory deductions.

⁽³⁾ 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
2019	\$ 1,790,735,087	\$ 153,601,674	\$ 1,637,133,413	8.58%
2018	1,753,139,497	165,672,415	1,587,467,082	9.45
2017	1,662,329,520	105,205,256	1,557,124,264	6.33
2016	1,629,538,827	114,918,662	1,514,620,165	7.05
2015	1,599,515,050	62,710,031	1,536,805,019	3.92
2014	1,584,899,136	73,164,393	1,511,734,743	4.62
2013	1,737,077,607	76,883,451	1,660,194,156	4.43
2012	1,701,258,681	76,431,537	1,624,827,144	4.49
2011	1,706,839,758	80,861,457	1,625,978,301	4.74
2010	1,720,961,866	87,362,420	1,633,599,446	5.08

Legal Debt Margin Calculation for Fiscal Year 2019

Assessed value	\$ 22,384,188,587
Debt Limit (8% of assessed value)	1,790,735,087
Debt applicable to limit:	
General obligation bonds	179,144,303
Less statutory deduction:	
Debt service fund	(25,542,629)
Total net debt applicable to limit	153,601,674
Legal debt margin	\$ 1,637,133,413

City of Winston-Salem, North Carolina

Direct and Overlapping Governmental Activities Debt

As of June 30, 2019
(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	\$ 335,840	100.00%	\$ 335,840
Debt repaid with property taxes			
Forsyth County	637,159	61.20 ⁽¹⁾	389,941
Total direct and overlapping debt			<u>\$ 725,781</u>

Notes:

⁽¹⁾ Percentage of Direct and Overlapping Debt is based on the 6/30/19 assessed valuation of the City of Winston-Salem as compared to the 6/30/19 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						
	Gross Revenues	Operating Expenses	Net Revenue Available for Debt Service	Debt Service			
				Principal	Interest		
2019	\$ 122,586	\$ 44,849	\$ 77,737	\$ 24,425	\$ 18,698	1.8x	
2018	118,967	43,883	75,084	22,790	18,388	1.8x	
2017	108,362	43,208	65,154	21,280	17,167	1.7x	
2016	103,754	39,465	64,289	20,500	18,804	1.6x	
2015	95,789	39,044	56,745	19,800	19,637	1.4x	
2014	89,181	38,273	50,908	18,955	20,822	1.3x	
2013	91,295	37,904	53,391	15,910	21,467	1.4x	
2012	83,360	38,525	44,835	15,575	18,771	1.3x	
2011	76,735	36,840	39,895	12,900	13,727	1.5x	
2010	71,358	34,985	36,373	11,885	13,281	1.4x	

Fiscal Year	Special Obligation Bonds				
	Sales Tax	Debt Service		Coverage	
		Principal	Interest		
2019	\$ 37,716	\$ 1,904	\$ 723	14.4x	
2018	35,441	3,024	703	9.5x	
2017	33,658	2,939	671	9.3x	
2016	31,845	3,329	706	7.9x	
2015	30,129	3,214	761	7.6x	
2014	25,743	2,531	821	7.7x	
2013	25,288	2,739	789	7.2x	
2012	25,068	1,870	857	9.2x	
2011	22,719	1,717	925	8.6x	
2010	27,234	1,470	995	11.1x	

Table 18

Revenue Bonds						
Stormwater Bonds						
Fiscal Year	Gross Revenues	Operating Expenses	Net Revenue Available for Debt Service	Debt Service		Coverage
				Principal	Interest	
2019	\$ 11,002	\$ 7,353	\$ 3,649	\$ 520	\$ 333	4.3x
2018	11,108	7,767	3,341	505	347	3.9x
2017	10,976	9,146	1,830	490	362	2.1x
2016	10,995	7,365	3,630	475	376	4.3x
2015	10,616	6,860	3,756	465	390	4.4x
2014	10,566	6,685	3,881	430	420	4.6x
2013	13,617	5,996	7,621	-	38	202.8x
2012	-	-	-	-	-	-
2011	-	-	-	-	-	-
2010	-	-	-	-	-	-

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
2019	246,328	\$ 11,290,197,552	\$ 45,834	38.2	53,934	4.3%
2018	243,026	10,747,095,772	44,222	36.0	54,133	4.1
2017	240,603	9,676,330,851	40,217	37.7	55,070	4.1
2016	238,899	9,183,994,257	38,443	37.6	54,483	4.8
2015	237,905	9,026,829,415	37,943	37.5	54,528	6.0
2014	235,527	8,861,703,375	37,625	37.3	54,064	6.1
2013	233,232	8,493,376,512	36,416	37.0	53,964	8.7
2012	232,143	8,247,112,218	35,526	37.0	53,139	9.4
2011	230,345	8,061,153,620	34,996	39.0	52,586	9.9
2010	235,075	8,188,132,400	34,832	36.7	52,285	9.7

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>	2019			2010		
	<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	18,570	1	7.54%	11,763	1	5.43%
Novant Health, Inc.	11,000	2	4.47	8,100	2	3.74
Winston-Salem /Forsyth County School System	6,900	3	2.80	6,692	3	3.09
BB&T	4,000	4	1.62	2,000	9	0.92
Wells Fargo	3,500	5	1.42	2,800	6	1.29
Reynolds American Inc.	3,000	6	1.22	3,000	4	1.38
Wake Forest University	2,800	7	1.14	1,715	10	0.79
Hanesbrands Inc.	2,400	8	0.97	2,800	5	1.29
City of Winston Salem	2,400	9	0.97	2,660	7	1.23
Forsyth County	2,300	10	0.93	2,079	8	0.96
Total	<u>56,870</u>		<u>23.08%</u>	<u>43,609</u>		<u>20.12%</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>	<u>Full-time-Equivalent Employees as of June 30</u>				
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
General government	467.4	462.1	450.9	446.9	441.8
Public protection	1,110.0	1,120.0	1,106.0	1,093.5	1,079.0
Environmental health	169.9	188.9	193.9	188.9	191.0
Transportation	122.0	122.0	126.3	125.3	125.3
Culture and recreation ⁽¹⁾	176.6	148.0	159.9	160.9	160.8
Community and economic development ⁽²⁾	150.0	150.0	155.0	153.0	125.0
Human resources ⁽³⁾	-	-	-	-	-
Water & sewer utility	339.0	339.0	338.0	331.0	331.0
Solid waste disposal	44.2	44.2	44.2	43.1	44.2
Cemeteries ⁽⁵⁾	-	-	-	-	-
Stormwater management	56.0	56.0	54.0	49.0	49.0
Transit Authority	1.0	1.0	1.0	1.0	1.0
Public assembly facilities management ⁽⁴⁾	31.8	31.8	31.8	30.8	25.2
	<u>2,667.9</u>	<u>2,663.0</u>	<u>2,661.0</u>	<u>2,623.4</u>	<u>2,573.3</u>

Source:

City of Winston-Salem Budget Department

⁽¹⁾ Vegetation management employees were moved back to General Government in fiscal year 2012.

⁽²⁾ The Section 3 Construction Training Program ended in fiscal year 2014.

⁽³⁾ Human resources moved to General Government in fiscal year 2014.

⁽⁴⁾ Lawrence Joel Veterans Memorial Coliseum was sold in fiscal year 2014.

⁽⁵⁾ Cemeteries moved to General Government in fiscal year 2015.

Table 21

<u>Function/Program</u>	Full-time-Equivalent Employees as of June 30				
	2014	2013	2012	2011	2010
General government ^{(1) (2)(6)}	429.1	426.6	431.7	346.8	344.8
Public protection	1,074.5	1,088.5	1,081.5	1,066.5	1,062.5
Environmental health	199.0	200.0	204.4	214.0	214.0
Transportation	127.3	129.3	129.3	129.3	129.3
Culture and recreation ⁽¹⁾	160.8	160.8	175.5	251.5	251.5
Community and economic development ⁽²⁾	122.0	139.4	144.4	147.6	149.6
Human resources ⁽³⁾	-	5.0	4.0	4.0	4.0
Water & sewer utility	331.0	332.0	332.2	331.2	331.2
Solid waste disposal	44.2	44.2	45.5	45.5	45.5
Cemeteries ⁽⁵⁾	8.7	8.7	9.7	9.7	11.0
Stormwater management	49.0	49.0	44.0	44.0	44.0
Transit Authority	1.0	1.0	1.0	1.0	1.0
Public assembly facilities management ⁽⁴⁾	21.8	76.5	78.4	78.4	78.4
	2,568.4	2,661.0	2,681.6	2,669.5	2,666.8

City of Winston-Salem, North Carolina

Operating Indicators by Function/Program

Last Ten Fiscal Years

<u>Function/Program</u>	<u>Fiscal Year</u>				
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Public protection					
Police					
Physical arrests	30,322	29,685	34,442	33,961	36,044
Traffic violations	46,018	41,723	53,065	61,166	78,196
Fire					
Fires extinguished	681	811	836	829	819
Emergency medical responses	17,518	16,069	17,469	16,962	12,477
Hazardous materials responses	317	429	429	440	353
Environmental health					
Sanitation services					
Residential refuse collected (tons)	61,398	58,893	57,707	57,064	53,220
Residential refuse collection points	81,589	81,589	77,907	77,907	77,907
Percentage of collections made at curbside	96	96	96	96	96
Tons of leaves collected	21,631	22,006	11,025	12,089	17,205
Tons of brush collected	21,963	16,351	14,146	14,097	11,778
Tons of goods recycled	13,045	14,169	14,609	14,473	12,695
Percentage of households participating in yard cart program	18	18	18	18	18
Transportation services					
City street mileage maintained (lane miles)	2,792	2,228	2,225	2,219	2,200
Street cuts repaired	262	337	749	296	545
Percentage of streets rated 85 or better	50	49	55	53	53
Traffic intersections studied	1,209	965	1,175	1,066	1,022
Traffic signal repairs	853	1,264	910	1,142	1,689
Traffic signs up graded/repared	1,043	1,621	1,643	1,031	1,099
Traffic signs new installations	1,241	623	580	367	369
Pavement markings renewed (feet)	1,647,165	63,360	1,784,000	811,017	1,214,880
Culture and recreation					
Parks and recreation					
Swimming pool attendees	79,951	68,738	55,317	61,308	56,568
Golf rounds	29,152	7,005	10,817	10,289	9,779
Participants in special populations	30,793	31,843	31,352	32,334	36,221
Community development					
Housing code violations corrected	903	1,154	1,573	1,674	1,785
Building permits issued	4,328	4,565	4,591	3,721	3,797
Building inspections conducted	17,675	17,234	16,944	16,841	17,876
Zoning complaints responded to	370	654	450	486	568

Source:

City of Winston-Salem Departments

Table 22
Page 1 of 2

Function/Program	Fiscal Year				
	2014	2013	2012	2011	2010
Public protection					
Police					
Physical arrests	37,894	36,080	35,850	35,417	33,630
Traffic violations	70,947	63,315	69,695	86,795	57,736
Fire					
Fires extinguished	869	812	823	887	944
Emergency medical responses	12,674	19,575	18,834	17,638	16,714
Hazardous materials responses	221	121	133	102	193
Environmental health					
Sanitation services					
Residential refuse collected (tons)	52,008	50,413	52,035	50,269	50,609
Residential refuse collection points	76,064	76,064	76,064	76,064	76,064
Percentage of collections made at curbside	96	96	97	97	71
Tons of leaves collected	22,553	15,183	15,965	13,450	15,188
Tons of brush collected	17,747	16,165	16,475	16,717	17,604
Tons of goods recycled	12,879	13,186	10,665	10,710	10,557
Percentage of households participating in yard cart program	18	18	19	18	20
Transportation services					
City street mileage maintained (lane miles)	2,188	2,183	2,179	2,200	2,190
Street cuts repaired	525	515	635	532	510
Percentage of streets rated 85 or better	51	55	56	59	61
Traffic intersections studied	940	969	999	914	747
Traffic signal repairs	1,734	1,700	1,848	1,163	1,089
Traffic signs upgraded/repared	1,725	2,653	2,231	2,816	2,441
Traffic signs new installations	926	538	479	3,066	843
Pavement markings renewed (feet)	40,335	131,991	748,850	1,166,880	1,111,440
Culture and recreation					
Parks and recreation					
Swimming pool attendees	48,002	43,666	58,562	54,689	55,441
Golf rounds	7,016	10,135	15,899	14,572	16,097
Participants in special populations	30,274	20,327	22,574	22,147	19,333
Community development					
Housing code violations corrected	3,063	3,645	4,004	2,389	2,636
Building permits issued	3,450	3,025	3,352	3,198	3,270
Building inspections conducted	15,560	15,295	15,162	14,938	15,956
Zoning complaints responded to	513	596	648	696	618

City of Winston-Salem, North Carolina

Operating Indicators by Function/Program

Last Ten Fiscal Years

	Fiscal Year				
	2019	2018	2017	2016	2015
Economic development					
Small business loans approved	3	4	4	3	1
Water & sewer utility					
New connections	2,287	1,269	1,388	1,320	1,289
Water main breaks	425	560	476	441	430
Average daily consumption (MGD)	36	36	36	37	36
Peak daily consumption (MGD)	48	48	48	47	53
Storage Capacity (MG)	51	51	51	51	51
Average daily sewage treatment (MGD)	38	32	32	33	29
Treatment capacity (MGD)	51	51	51	51	51
Solid waste disposal					
Hanes Mill Road Landfill					
Tons of waste landfilled	269,801	259,420	258,867	252,744	233,786
Number of trips	113,507	107,817	105,893	97,360	88,461
Old Salisbury Road Landfill					
Tons of waste landfilled	47,691	38,646	42,426	37,987	30,902
Number of trips	23,772	22,207	24,219	21,041	19,169
Household hazardous waste (3RC)					
Tons of HHW collected	677	737	720	712	522
Number of trips	11,907	12,063	12,387	11,555	9,208
Transit Authority					
Total route miles	2,354,835	1,887,834	1,688,812	1,589,633	1,582,989
Passengers	2,474,906	2,350,859	2,578,472	3,006,358	3,248,003
Public assembly facilities management ⁽¹⁾					
Complex/Annex bookings	189	205	197	159	139
Complex/Annex usage days	490	510	504	390	335
Total spectators	563,239	548,107	428,914	392,699	451,755
Convention events	271	253	141	149	246
Fair attendees	325,856	300,105	280,067	253,700	300,362

NOTE:

⁽¹⁾ Lawrence Joel Veterans Memorial Coliseum was sold in fiscal year 2014.

Table 22
Page 2 of 2

	Fiscal Year				
	2014	2013	2012	2011	2010
Economic development					
Small business loans approved	4	3	2	5	5
Water & sewer utility					
New connections	1,244	1,747	2,070	1,994	2,057
Water main breaks	444	467	169	226	201
Average daily consumption (MGD)	36	36	36	37	37
Peak daily consumption (MGD)	49	49	50	52	50
Storage Capacity (MG)	51	51	51	51	48
Average daily sewage treatment (MGD)	31	31	31	31	34
Treatment capacity (MGD)	51	51	51	51	51
Solid waste disposal					
Hanes Mill Road Landfill					
Tons of waste landfilled	243,644	224,894	214,806	221,322	242,211
Number of trips	85,631	83,969	85,573	88,346	93,492
Old Salisbury Road Landfill					
Tons of waste landfilled	42,613	28,749	29,089	46,014	47,431
Number of trips	20,904	20,315	22,534	26,720	27,403
Household hazardous Waste (3RC)					
Tons of HHW collected	386	318	277	254	249
Number of trips	8,057	7,876	7,736	5,857	5,739
Transit Authority					
Total route miles	1,574,886	1,525,935	1,526,264	1,565,310	1,585,091
Passengers	3,268,385	3,330,901	3,457,371	3,183,266	2,818,416
Public assembly facilities management ⁽¹⁾					
Complex/Annex bookings	120	129	140	143	150
Complex/Annex usage days	460	684	658	595	661
Total spectators	495,010	888,151	1,003,061	939,628	1,058,318
Convention events	235	209	254	278	297
Fair attendees	320,846	284,601	357,416	353,762	321,718

City of Winston-Salem, North Carolina

Capital Asset Statistics by Function/Program

Last Ten Fiscal Years

Function/Program	Fiscal Year				
	2019	2018	2017	2016	2015
Police					
Stations	4	4	2	1	1
Fire					
Stations	19	19	19	19	19
Environmental health					
Collection trucks	65	42	42	38	38
Transportation					
Streets (miles)	1,037	1,037	1,035	1,034	1,024
Streetlights	33,853	33,847	33,963	34,172	34,195
Traffic signals	384	385	376	376	372
Culture and recreation					
Acreage	3,900	3,856	3,847	3,682	3,682
Number of parks	80	79	79	76	76
Golf Courses	2	2	2	2	2
Fishing and boating lakes	2	2	2	2	2
Swimming pools	9	10	9	8	8
Tennis courts	106	106	106	109	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)	2,359	2,324	2,314	2,276	2,273
Sanitary sewer (miles)	1,761	1,770	1,760	1,750	1,750

Source:

City of Winston-Salem Departments

Table 23

<u>Function/Program</u>	Fiscal Year				
	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Police					
Stations	1	1	1	1	1
Fire					
Stations	19	19	18	18	18
Environmental health					
Collection trucks	38	38	43	39	32
Transportation					
Streets (miles)	1,023	1,021	1,020	1,016	1,012
Streetlights	33,805	32,647	32,580	32,434	32,194
Traffic signals	371	370	375	373	373
Culture and recreation					
Acreage	3,442	3,442	3,442	3,442	3,442
Number of parks	74	74	74	74	74
Golf Courses	2	2	2	2	2
Fishing and boating lakes	2	2	2	2	2
Swimming pools	8	8	8	8	8
Tennis courts	112	112	110	110	110
Baseball/softball diamonds	47	47	45	45	45
Soccer/football fields	50	50	60	60	60
Recreation centers	17	17	17	17	17
Water and Sewer Utility					
Water mains (miles)	2,266	2,245	2,227	2,201	2,099
Sanitary sewer (miles)	1,748	1,724	1,708	1,701	1,645

Single Audit Section

**Report of Independent Auditor 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***

To the Honorable Mayor and
Members of the City Council
City of 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 the 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 and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated October 31, 2019.

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 an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result 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.

Handwritten signature of Cherry Rickett LLP in cursive script.

Raleigh, North Carolina
October 31, 2019

**Report of Independent Auditor on Compliance for Each Major Federal Program
and on Internal Control over Compliance in Accordance with
OMB Uniform Guidance and the State Single Audit Implementation Act**

To the 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, 2019. The City's major federal programs are identified in the summary of auditor's 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.

Auditor's Responsibility

Our responsibility is to express an opinion on 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 Administration 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 of 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, 2019.

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 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 a 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 and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

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Raleigh, North Carolina
October 31, 2019

**Report of Independent Auditor on Compliance for Each Major State Program
and on Internal Control over Compliance in Accordance with
OMB Uniform Guidance and the State Single Audit Implementation Act**

To the 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, 2019. The City’s major State programs are identified in the summary of auditor’s 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.

Auditor’s Responsibility

Our responsibility is to express an opinion on 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; 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, 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, 2019.

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 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a State program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a State program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Handwritten signature of Cherry R. Smith and the text LLP.

Raleigh, North Carolina
October 31, 2019

CITY OF WINSTON-SALEM, NORTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2019

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued:

Unmodified

Internal control over financial reporting:

• Material weakness(es) identified? _____ yes X no

• Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ yes X no

Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal control over major federal programs:

• Material weakness(es) identified? _____ yes X no

• Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ yes X none reported

Noncompliance material to federal awards? _____ yes X no

Type of auditor’s report issued on compliance for major federal programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with the 2 CFR 200.516 (a)?

_____ yes X no

Identification of major federal programs:

CFDA Numbers

66.458

14.267

14.239

Names of Federal Program or Cluster

Clean Water State Revolving Loan

Fund Cluster:

Capitalization Grants for State
Revolving Funds

Continuum of Care Program

Home Investment Partnerships Program

Section I – Summary of Auditor’s Results (continued)

Dollar threshold used to distinguish between Type A and Type B Programs:

\$ 937,609

Auditee qualified as low-risk auditee?

 X yes _____ no

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

FOR THE YEAR ENDED JUNE 30, 2019

State Awards

Internal control over major state programs:

- Material weakness(es) identified? _____ yes X no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ yes X none reported

Noncompliance material to state awards? _____ yes X no

Type of auditor's report issued on compliance for major state programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with the *Audit Manual for Governmental Auditors in North Carolina*?

_____ yes X no

Identification of major state programs:

Names of State Program or Cluster

Powell Bill Funds

Section II – Financial Statement Findings

None reported.

Section III – Federal Award Findings and Questioned Costs

None reported.

Section IV – State Award Findings and Questioned Costs

None reported.

***CITY OF WINSTON-SALEM, NORTH CAROLINA
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS***

FOR THE YEAR ENDED JUNE 30, 2019

Section V – Schedule of Prior Year Audit Findings

None reported.

City of Winston-Salem, North Carolina

Schedule of Expenditures of Federal and State Awards

For the Fiscal Year Ended June 30, 2019

Page 1 of 4

Cash Programs Grantor/Pass-Through	Federal						
Grantor/Program/Project Title	CFDA	Grant Number	Federal	State	Local	Pass-	
	Number		Expenditures	Expenditures	Expenditures	through to	Subrecipients
FEDERAL GRANTS							
US Department of Housing and Urban Development							
Direct Programs							
CDBG Entitlement Grants Cluster							
CDBG Entitlement Grants	14.218	B-16-MC-37-0011	\$ 371,897	\$ -	\$ -	\$ -	-
CDBG Entitlement Grants	14.218	B-17-MC-37-0011	457,013	-	-	-	296,445
CDBG Entitlement Grants	14.218	B-18-MC-37-0011	967,627	-	-	-	180,109
Total CDBG Entitlement Grants Cluster			1,796,537	-	-	-	476,554
Continuum of Care Program	14.267	NC0269L4F001604	42,428	-	-	-	-
Continuum of Care Program	14.267	NC0314L4F001602	10,570	-	-	-	10,570
Continuum of Care Program	14.267	NC0271L4F001604	36,463	-	-	-	36,463
Continuum of Care Program	14.267	NC0144L4F001603	4,663	-	-	-	4,663
Continuum of Care Program	14.267	NC0191L4F001602	2,631	-	-	-	2,631
Continuum of Care Program	14.267	NC0005L4F001609	8,205	-	-	-	8,205
Continuum of Care Program	14.267	NC0274L4F001604	329,713	-	-	-	329,713
Continuum of Care Program	14.267	NC0352L4F001600	21,252	-	-	-	21,251
Continuum of Care Program	14.267	NC0350L4F001600	14,133	-	-	-	14,133
Continuum of Care Program	14.267	NC0351L4F001600	23,187	-	-	-	23,187
Continuum of Care Program	14.267	NC0349L4F001600	14,566	-	-	-	-
Continuum of Care Program	14.267	NC0005L4F001710	116,304	-	-	-	112,049
Continuum of Care Program	14.267	NC0017L4F001710	129,188	-	-	-	118,284
Continuum of Care Program	14.267	NC0144L4F001704	11,573	-	-	-	10,997
Continuum of Care Program	14.267	NC0191L4F001703	11,162	-	-	-	10,590
Continuum of Care Program	14.267	NC0218L4F001707	47,027	-	-	-	45,407
Continuum of Care Program	14.267	NC0229L4F001702	10,165	-	-	-	9,779
Continuum of Care Program	14.267	NC0269L4F001705	44,723	-	-	-	-
Continuum of Care Program	14.267	NC0271L4F001705	5,744	-	-	-	4,170
Continuum of Care Program	14.267	NC0274L4F001705	402,911	-	-	-	379,362
Continuum of Care Program	14.267	NC0313L4F001704	56,731	-	-	-	54,616
Continuum of Care Program	14.267	NC0314L4F001703	802	-	-	-	-
Continuum of Care Program	14.267	NC0350L4F001701	35,429	-	-	-	33,794
Continuum of Care Program	14.267	NC0351L4F001701	56,179	-	-	-	53,158
Continuum of Care Program	14.267	NC0352L4F001701	66,995	-	-	-	63,823
Continuum of Care Program	14.267	NC0380L4F001700	1,336	-	-	-	-
Continuum of Care Program	14.267	NC0381L4F001700	2,453	-	-	-	-
Total Continuum of Care Program			1,506,533	-	-	-	1,346,845
Home Investment Partnerships Program	14.239	M-13-DC-37-0204	559,827	-	-	-	122,655
Home Investment Partnerships Program	14.239	M-14-DC-37-0204	21,659	-	-	-	10,927
Home Investment Partnerships Program	14.239	M-15-DC-37-0204	143,753	-	-	-	-
Home Investment Partnerships Program	14.239	M-16-DC-37-0204	265,694	-	-	-	169,065
Home Investment Partnerships Program	14.239	M-17-DC-37-0204	84,000	-	-	-	-
Home Investment Partnerships Program	14.239	M-18-DC-37-0204	57,776	-	-	-	14,569
Total Home Investment Partnerships Program			1,132,709	-	-	-	317,216
Fair Housing Initiatives Program	14.408	FF204K164014	20,368	-	-	-	-
Fair Housing Initiatives Program	14.408	FF204K174014	62,279	-	-	-	-
Fair Housing Initiatives Program	14.408	FF204K184014	40,335	-	-	-	-
Total Fair Housing Initiatives Program			122,982	-	-	-	-
Emergency Solutions Grant Program	14.231	E-17-MC-37-0011	37,364	-	-	-	37,364
Emergency Solutions Grant Program	14.231	E-18-MC-37-0011	162,259	-	-	-	162,259
Passed through NC Department of DHHS -							
Division of Aging							
Emergency Solutions Grant Program	14.231	Contract 00036734	230,402	-	-	-	230,402
Emergency Solutions Grant Program	14.231	Contract 00038429	75,900	-	-	-	75,900
Total Emergency Solutions Grant Program			505,925	-	-	-	505,925
Total US Department of Housing and Urban Development			\$ 5,064,686	\$ -	\$ -	\$ -	\$ 2,646,540

City of Winston-Salem, North Carolina

Schedule of Expenditures of Federal and State Awards

For the Fiscal Year Ended June 30, 2019

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 Formula Grants	20.507	NC-90-461-00	\$ 4,552	\$ -	\$ 1,138	\$ -
Federal Transit Formula Grants	20.507	NC-90-489-00	4,700	-	1,175	-
Federal Transit Formula Grants	20.507	NC-90-543-00	124,314	-	31,078	-
Federal Transit Formula Grants	20.507	NC-90-565-00	136,367	-	38,283	-
Federal Transit Formula Grants	20.507	NC-95-076-00	148,456	-	37,113	-
Federal Transit Formula Grants	20.507	NC-95-086-00	34,389	-	8,597	-
Federal Transit Formula Grants	20.507	NC-2016-025-00	13,437	-	3,359	-
Federal Transit Formula Grants	20.507	NC-2017-026-00	388,640	-	97,159	-
Federal Transit Formula Grants	20.507	NC-2018-027-00	85,466	-	3,660	15,828
Federal Transit Formula Grants	20.507	NC-2019-018-00	1,620,060	-	405,014	-
Federal Transit Formula Grants	20.507	NC-2018-071-00	3,331,084	-	-	-
Bus and Bus Facilities Formula Program	20.526	NC-2018-028-00	513,125	-	128,281	-
Bus and Bus Facilities Formula Program	20.526	NC-2018-067-00	538,786	-	134,697	-
Total Federal Transit Cluster			6,943,376	-	889,554	15,828
Transit Services Programs Cluster						
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	NC-16-X009-00	6,826	-	-	6,826
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	NC-2018-022-01	76,950	-	-	76,950
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	NC-2018-023-00	201,403	-	-	201,403
Job Access and Reverse Commute Program - 2013	20.516	NC-90-X543-00	6,511	-	-	6,511
Job Access and Reverse Commute Program - 2016	20.516	NC-2017-X026-00	50,000	-	-	50,000
Job Access and Reverse Commute Program - 2018	20.516	NC-2018-027X-00	48,650	-	-	48,650
Total Transit Services Program Cluster			390,340	-	-	390,340
Passed Through NC Department of Transportation						
Highway Planning and Construction Cluster						
Reynolds Park Road Bridges	20.205	41107.3.1	1,290,093	-	-	-
West First Street Bridge/Southern Railway	20.205	41111.1.1	18,314	-	-	-
Piedmont Regional Greenway	20.205	39745.1.28	11,182	-	773	-
Brushy Fork Greenway IV	20.205	33974.3.3/33974.2.3	125,858	-	-	-
Miller St/Cloverdale Avenue Improvements	20.205	44610	-	436,421	-	-
Lantern Ridge Greenway	20.205	39745.3.23	298,355	-	-	-
Piedmont Triad Rail W/Trail	20.205	39745-3.26	1,494,854	157,112	-	-
Downtown Traffic Cabinets	20.205	45866	143,857	-	-	-
Martin Luther King, Jr. Enhancement	20.205	50099.1.2	561	-	-	-
WFIQ Rail Trail South	20.205	40929-3-FD1	30,785	-	-	30,785
Metropolitan Planning Grant	20.205		337,690	-	84,423	-
Metropolitan Planning Grant	20.205	39225.1.22	332,318	-	83,081	-
Business 40	20.205	34872.3.8	2,125,404	531,351	-	-
Total Highway Planning and Construction Cluster			6,209,271	1,124,884	168,277	30,785
Highway Safety Cluster						
National Priority Safety Programs - Year 8	20.616	52015.15.7	39,497	-	93,801	64,572
State and Community Highway Safety Program	20.600	22018.6.27	17,500	-	-	-
National Priority Safety Programs - Year 9	20.616	22019.2.10	77,808	-	233,425	63,474
Total Highway Safety Cluster			134,805	-	327,226	128,046
Other Passed Through NC Department of Transportation						
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	20.505	36230.29.14.6	110,031	13,751	13,760	-
Total Other Passed Through NC Department of Transportation			110,031	13,751	13,760	-
Total Passed Through NC Department of Transportation			6,454,107	1,138,635	509,263	158,831
Total US Department of Transportation Federal Transit Administration			\$ 13,787,823	\$ 1,138,635	\$ 1,398,817	\$ 564,999

City of Winston-Salem, North Carolina

Schedule of Expenditures of Federal and State Awards

For the Fiscal Year Ended June 30, 2019

Page 3 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 Homeland Security						
Direct Programs						
Emergency Management Performance Grants	97.042	EMPG-2013-37067	\$ 91,096	\$ -	\$ -	\$ -
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083	EMW-2016-FH-00215	553,118	-	184,372	-
Preparing for Emerging Threats and Hazards	97.133	EMW-2016-GR-00175	358,358	-	-	-
Passed through NC Department of Emergency Management						
Homeland Security Grant						
DPR-5 WSPD EOD Communications Project	97.067	EMW-2017-SS-00085	-	11,827	-	-
Total US Department of Homeland Security			1,002,572	11,827	184,372	-
US Department of Justice						
Direct Programs						
National Institute of Justice Research, Evaluation, and Development Project Grants	16.560	2015-DJ-BX-0930	19,844	-	-	14,499
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2016-DJ-BX-1069	1,253	-	-	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2018-DJ-BX-0076	84,068	-	-	-
Equitable Sharing Program	16.922		103,030	-	-	-
Passed through Forsyth County						
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2017-DJ-BX-0815	77,182	-	-	-
Total US Department of Justice			285,377	-	-	14,499
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	3,973,973	-	-	-
Capitalization Grants for State Revolving Funds	66.458	CS370399-09	1,259,102	-	-	-
Capitalization Grants for State Revolving Funds	66.458	CS370399-10	283,662	-	-	-
Capitalization Grants for State Revolving Funds	66.458	CS370399-11	735,355	-	-	-
Capitalization Grants for State Revolving Funds	66.458	CS370399-12	4,613,573	-	-	-
Total Clean Water State Revolving Fund Cluster			10,865,665	-	-	-
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		148,670	105,137	-	-
Total Aging Cluster			148,670	105,137	-	-
US Department of the Treasury						
Direct Program						
Equitable Sharing	21.016		98,853	-	-	-
Total US Department of the Treasury			98,853	-	-	-
Total Federal Programs			\$31,253,646	\$ 1,255,599	\$ 1,583,189	\$ 3,226,038

City of Winston-Salem, North Carolina

Schedule of Expenditures of Federal and State Awards

For the Fiscal Year Ended June 30, 2019

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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	\$ -	\$ 8,425,326	\$ -	\$ -
State Maintenance Assistance	DOT-9	36234.51.4.2	-	1,425,037	-	-
Passed Through Forsyth County						
Elderly and Disabled Transportation and ROAP funds		9.9050716	-	161,375	-	79,793
Total NC Department of Transportation			-	10,011,738	-	79,793
Total State Programs			-	10,011,738	-	79,793
Total Assistance			\$31,253,646	\$11,267,337	\$ 1,583,189	\$ 3,305,831

Notes to Schedule of Expenditures of Federal and State Awards

*City of Winston-Salem, North Carolina
For the Fiscal Year Ended June 30, 2019*

(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 U.S. 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, 2019. 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	\$85,160,485



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.

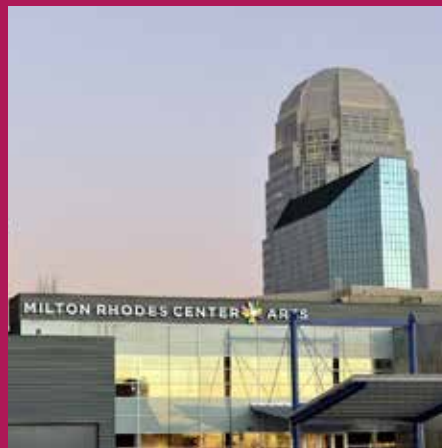
Our Mission

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

CITY OF
Winston-Salem
NORTH CAROLINA





CITY OF
Winston-Salem
NORTH CAROLINA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2019