



Annual Comprehensive Financial Report
for the Fiscal Year Ended 6.30.22



2021 2022

Winston-Salem

NORTH CAROLINA

Salem



Winston-Salem

NORTH CAROLINA



Annual Comprehensive Financial Report
for the Fiscal Year Ended June 30, 2022

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



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ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2022

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Letter of Transmittal

December 12, 2022

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 Annual Comprehensive Financial Report for the City of Winston-Salem, North Carolina for the fiscal year ended June 30, 2022. 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 Annual Comprehensive 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, 2022.

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, 2022, 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 the North Carolina Municipal Leasing Corporation, a non-profit corporation which provide services to the City. Although legally separate, it is included because it has significant financial relationships with the City. Additional information can be found in the notes to the financial statements.

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

Page 2

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

Included in the Annual Comprehensive 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 Annual Comprehensive 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 18.84% of the budgeted expenditures for fiscal year 2022 while total general fund balance was 34.76%.

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 2023 through fiscal year 2028 includes capital appropriations totaling \$476 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, limited obligation bonds, North Carolina Municipal Leasing Corporation, state and federal grants and capital reserves.

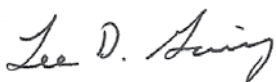
Awards and Acknowledgements

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 Annual Comprehensive Financial Report for the fiscal year ended June 30, 2021. This was the 36th 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 Annual Comprehensive 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 Annual Comprehensive 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. We would like to acknowledge the employees of the Financial Management Services Department for their expertise and efforts in preparing this year's Annual Comprehensive Financial Report. 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



Kelly Latham
Chief Financial Officer

Local Economy

2021 2022





Despite more than two years of challenges from the COVID pandemic, Winston-Salem's economy is strong, with low unemployment, a thriving housing market and major economic-development announcements.

Some of the most exciting news surrounded the **Whitaker Park** economic-development district just north of downtown. In May 2022, Whitaker Park announced that **Brennan Investment Group** of Rosemont, Ill., plans a major speculative building in what was once the center of manufacturing for **R.J. Reynolds Tobacco Company**. The company will build a 110,000-square-foot building on Reynolds Court that should be available for tenants by the end of 2022.

The new building is part of a broader effort that the \$5 billion company is making at Whitaker Park. Brennan, which specializes in in-fill locations where development has already succeeded, also bought an 82,000-square-foot existing building in the complex. The company cites Winston-Salem's central location on the East Coast, good infrastructure and access to five interstates as the drivers of its investment. Even before construction costs, Brennan has already invested nearly \$3 million for the land and existing building.

Whitaker Park is owned by the nonprofit **Whitaker Park Development Authority**, created by **Winston-Salem Business Inc.**, the **Winston-Salem Alliance** and **Wake Forest University**. In 2017, Reynolds donated 120 acres and 13 buildings to WPDA. Whitaker Park could ultimately spawn 10,000 jobs and add up to \$80 million to the tax base.

Other ongoing projects in the park include **Cook Medical**, which bought an 850,000-square-foot building it plans to fill with its 650 workers and another 50 future jobs; and **Nature's Value**, which bought another 426,800-square-foot building where it will relocate its headquarters and production by early 2023. In addition, **Second Harvest Food Bank**, a non-profit, is investing \$10 million in a 140,000-square-foot warehouse it plans to begin operating by late 2022.

Developer **Chris Harrison** is also renovating space for 164 apartments at Whitaker Park, the latest in an ongoing renaissance bringing thousands more residents to the downtown area.



FORMER TOBACCO FACILITIES ARE NOW HUBS OF INNOVATION

Meanwhile, **Innovation Quarter**, home of other repurposed Reynolds Tobacco Company warehouses and manufacturing facilities, continues to be one of the nation's fastest growing urban innovation districts. In June 2021, Innovation Quarter announced a dramatic expansion, presenting plans for an additional 2.7 million new square feet of medical and mixed-use development, including 450 new apartments. As many as 10 new buildings will include a new **Atrium Health Wake Forest Baptist Eye Institute**.

Innovation Quarter is already home to **Wake Downtown**, the downtown Campus of Wake Forest University and its School of Medicine. The district's more than 2.1 million square feet of office and retail space also includes public art, the 1.2-mile **Long Branch Trail Greenway**, the **Bailey Park** green space that hosts concerts, yoga classes and other events, and an array of restaurants, bars and retail.



MAYOR'S STATE OF THE CITY REPORT CITES STRONG ECONOMIC GROWTH

In spring 2022, Mayor Allen Joines highlighted a number of other honors and economic superlatives for Winston-Salem in his annual State of the City report.

Construction permits in 2021 exceeded \$1 billion for the first time. Non-residential construction doubled from 2020 and exceeded the pre-pandemic levels of 2019. Residential permits were \$429 million in 2021 compared with just under \$400 million in 2020 and \$319 million in 2019.

Homes are selling rapidly and at higher prices than a year ago. Realtor.com reported that Winston-Salem's median home price in July 2022 was \$274,900, trending 25% over the same period in 2021.

In addition to the low unemployment rate of 4.2%, Winston-Salem's job growth of 3.9% in 2021 was "highest of all the Southeast metro areas," Joines said.

Joines noted that while major economic development announcements in the past year from Toyota and Boom Supersonic will result in factories in Randolph County and Greensboro, the developments will have a spillover impact on Winston-Salem. Suppliers of both companies say they typically want to locate 30 miles from the primary plants, which puts Winston-Salem in a "sweet spot."

In fact, Winston-Salem is tied with Austin, Texas and Charlotte as the No. 1 city in the country for being easy places to start a business, Joines said. One important measure for small business success is the number of venture capital funds. Between 2016 and 2021, the number of such funds in Winston-Salem grew from two to ten. **The Winston-Salem Partners Roundtable Fund**, which has 60 members, has already invested in three Winston-Salem Startups and provides a variety of support services for startups.



AFFORDABLE HOUSING

Another major project will push the growing impact of downtown further east across U.S. 52 and help alleviate Winston-Salem's growing need for more affordable housing.

Liberty Atlantic Development Partners is planning a \$60 million, two-phase project called **Metropolitan Village** that will include housing, workforce training, urgent care and possibly day care. Liberty Atlantic is a minority-owned company that is working with **United Metropolitan Missionary Baptist Church**, which formerly owned the 8.2 acres, to revitalize the neighborhood through housing and assistance for graduate students, transitioning veterans and local workers.

To be built between Fourth and Fifth streets in downtown, Phase I of Metropolitan Village will include three four-story buildings with 199 housing units. Ultimately the company will build 324 units. Liberty Atlantic also plans 30,310 square feet of office and 9,500 square feet of retail. Demolition of substandard apartment buildings currently on the site has already begun.

In another major victory for advocates of affordable housing, the **Winston-Salem City Council** in March approved \$30 million that would ultimately construct or rehabilitate 750 units of affordable housing per year over 10 years. The N.C. General Assembly will provide \$10 million, while \$20 million will come from the City's ARPA funds.

In addition, a \$30 million **Choice Neighborhoods Implementation Grant** from the U.S. Department of Housing and Urban Development is enabling the City and the Housing Authority of Winston-Salem to revitalize and transform the **Cleveland Avenue Homes** public housing community. Two hundred and forty-four aging apartments will be demolished and replaced with 406 new units. The grant also includes funds for education, workforce development and other programs.



TECHNOLOGY & INNOVATION

The downtown medical school campus and the 90 companies that are part of Innovation Quarter employ 3,600 workers. The Global Institute on Innovation Districts (GIID), after studying nine such campuses around the country, recognized Innovation Quarter as a “Best Practice for Creating Integrated Places” for establishing a true live-work-play community.

June 2021 saw the opening of the **RegeneratOR Test Bed** laboratory space in Innovation Quarter. Designed to make expensive, high-tech equipment available to start-up and emerging companies who are developing new prototypes, the lab has been made possible by 11 international companies who invested a total of \$50 million, including Oracle, BioSperix and PHC, formerly Panasonic Health Care Corp. A partnership between **RegenMed Development Organization (ReMDO) of Winston-Salem** and the **Wake Forest Institute for Regenerative Medicine**, also known as **WFIRM**, will operate the lab.

In April 2022, **Axiom Space**, a private company that is building the world's first commercial space station, announced it would also establish a

presence at WFIRM. This partnership paves the way for WFIRM to test treatments for conditions that affect the human body when exposed to the harsh environment of space travel.

Led by founder and Institute Director **Dr. Anthony Atala**, WFIRM is an international leader in translating scientific discovery into clinical therapies. Physicians and scientists at WFIRM were the first in the world to engineer laboratory-grown organs that were successfully implanted into humans. Today, an interdisciplinary team of about 400 is working to engineer more than 40 different replacement tissues and organs – including skin, urethras, cartilage, bladders, muscle, kidney, and vaginal organs – that have been successfully used in human patients. Through a support infrastructure that includes a clinical manufacturing center, WFIRM also works to speed up the availability of these treatments to patients.

HEALTH CARE

Winston-Salem boasts not one but two of North Carolina's largest regional health systems. **Atrium Health Wake Forest Baptist** and **Novant Health, Inc. (Novant)** are the leading employers in Winston-Salem/Forsyth County with a combined workforce of nearly 30,000.

Since combining forces two years ago, Atrium Health and Wake Forest Baptist have been investing \$700 million into the region. Improvements to the campus of Wake Forest Baptist Medical Center are well underway, including the opening of a new helicopter pad and construction of a new tower with a state-of-the-art emergency department, operating rooms and intensive care units that is expected to be complete by 2026.

Atrium Health has a 10-year, \$3.4 billion plan to invest in Wake Forest Baptist. Atrium is also expanding with a second location of the **Wake Forest School of Medicine** in Charlotte. Construction is expected to begin in late 2022. Upon completion, the new school and its partnership with the existing Winston-Salem campus is expected to create an innovation corridor between Charlotte and Winston-Salem.

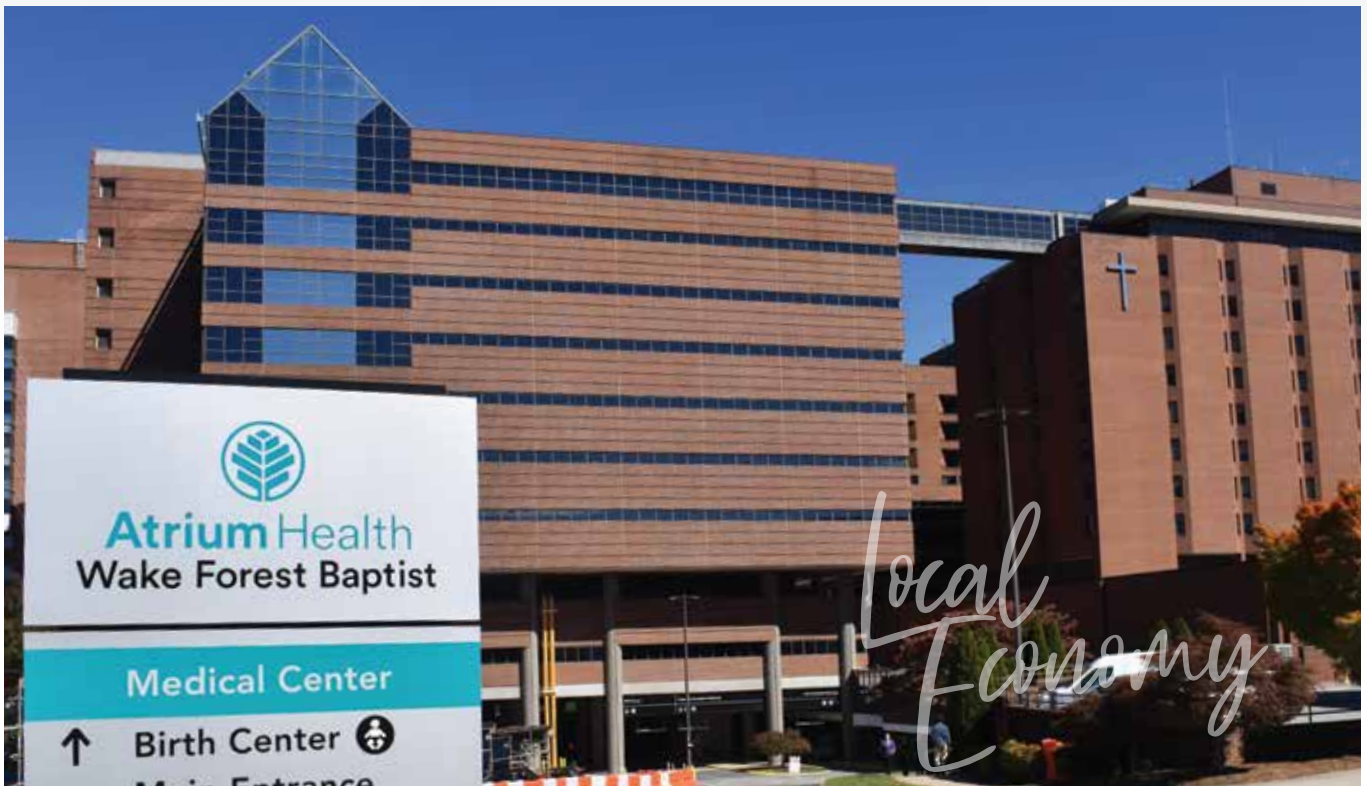
Atrium Health Wake Forest Baptist Medical Center is a nationally recognized, 885-bed hospital that also includes the region's only pediatric hospital, **Brenner Children's Hospital**, and **The Birth Center**. The

Comprehensive Cancer Center is one of only 51 in the nation designated as comprehensive by the National Institutes of Health, a designation it has held for over 30 years.

The medical center also includes a national center for Aging and Alzheimer's disease, the **J. Paul Sticht Center**; the region's only Level I adult and children's trauma and burn center; the comprehensive Eye Center; and a number of clinical centers of excellence in multiple specialties. Four community hospitals are part of the Atrium Health Wake Forest Baptist network: Davie Medical Center, High Point Medical Center, Lexington Medical Center and Wilkes Medical Center.

In 2021, as the COVID-19 pandemic continued to impact the health system and its communities, Atrium provided a record-setting \$611.2 million in charitable care and other services and community programs. The hospital holds the coveted Gold Seal of Approval™ and is certified as a Comprehensive Stroke Center; both designations are awarded by the Joint Commission. In 2022 it became the first health system in the country to receive the Joint Commission's Gold Seal of Approval for Osteoporosis Certification. Other national recognitions include the Comprehensive Cancer Center designation by the National Cancer Institute and Pancreatic Cancer Center by the National Pancreas Foundation. Atrium Health Wake Forest Baptist has been recognized as one of the nation's Best Hospitals by *U.S. News & World Report* for 29 years, and its physicians and nurses are recognized among the top in the state and nation.

The Wake Forest School of Medicine serves approximately 1,200 students. As one of the most selective programs in the nation, it focuses on education, research and innovation. It consistently ranks among the best medical schools in the country in a number of categories by *U.S. News & World Report*.





HEALTH CARE

Also headquartered in Winston-Salem, **Novant Health Inc. (Novant)** is a three-state integrated health care system serving more than 6 million patients each year. Novant's system is comprised of 15 medical centers and over 1,800 physicians that provide care at more than 800 locations in communities across North Carolina, South Carolina and Georgia. Despite the challenges of the pandemic, Novant invested and expanded throughout its network with new clinics and enhanced facilities.

Novant was recognized for its innovative COVID-19 pandemic response by the Carolinas Freedom Foundation. The health system is consistently honored by industry safety watchdog The Leapfrog Group, with four centers designated as "Top Ambulatory Surgery Centers." *Forbes* recognizes Novant as one of the nation's Best Employers in diversity. It is also recognized as "A Best Place to Work for Disability Inclusion" by Disability:IN and the American Association of People with Disabilities. Novant provided \$1.1 billion in community benefits last year in response to the health care needs of its communities.

Novant Health's **Forsyth Medical Center (FMC)** is an 859-bed, not-for-profit hospital in Winston-Salem offering a full array of emergency, medical, surgical, rehabilitation and behavioral health services. It is currently in the midst of a \$400 million, multi-phased expansion that includes a new five-story tower that will house 60 critical care and 36 patient rooms.

FMC is fully accredited by the Joint Commission and has earned top honors in clinical excellence, cardiac surgery, stroke care, maternity and newborn

services and LGBTQ health care equality. FMC is designated a Magnet Nursing facility by the American Nurses Credentialing Center, a top honor in nursing.

Centers of excellence at FMC include the **Maya Angelou Women's Health and Wellness Center, Heart and Vascular Institute, Derrick L. Davis Cancer Center, Stroke and Neurosciences Center, Orthopedic Center, and Behavioral Health**. The Maya Angelou Center operates the largest birthing center in the region and has assisted with over 300,000 deliveries in the last century. Novant's **Medical Park Hospital** is a 22-bed, not-for-profit hospital that specializes in elective inpatient and outpatient procedures. Medical Park performs about 12,000 surgeries each year and is a leader in the use of state-of-the-art technology as well as ranked top in safety.

Novant also operates three community hospitals in the greater Winston-Salem region: **Novant Health Clemmons Medical Center, Novant Health Kernersville Medical Center** and **Novant Health Thomasville Medical Center**.

Local Economy

The December 2019 merger of **BB&T Corp.**, a Fortune 500 company formerly headquartered in Winston-Salem, with **SunTrust Banks Inc.** resulted in the creation of **Truist Financial Corp.**, the nation's sixth largest bank with total assets of \$545 billion as of June 30, 2022. Although Truist's headquarters are now in Charlotte, the bank still employs 4,000 people locally, and the community banking division has remained in Winston-Salem. The new bank's executive leaders promised to continue the same level of community support, including named sponsorships of **Truist Field**, the Wake Forest University football stadium, and **Truist Stadium**, home field of the **Winston-Salem Dash** professional Class A baseball team.



FINANCIAL SERVICES

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 about 3,500 workers here. With \$1.8 trillion in assets, Wells Fargo serves one in three households in the U.S. and 10% of the nation's small businesses.

Piedmont Federal Savings Bank, founded in 1903 in Winston-Salem, is one of the nation's soundest banks. Piedmont Federal prides itself on refusing to sell any of its home loans to other institutions and on delivering highly localized, personal service. As a mutual savings bank, Piedmont Federal is FDIC-insured, with its customers as its only stakeholders. The bank operates 11 retail locations 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 162,000 owner-members nationwide. With almost \$2 billion in assets and an additional \$1.6 billion in assets under management by its financial planning group, it has 17 branches in 12 cities and two states. **Truliant Federal Credit Union**, chartered in 1952 to serve employees of Western Electric, now has more than 280,000 member-owners and 30 locations in the Carolinas and Virginia. With assets of more than \$3.5 billion, it employs 620 workers in Forsyth County.





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 with historic ties to Winston-Salem, remain among the City's top employers and corporate citizens, supporting many local arts and charitable organizations.

While it continues to maintain a significant presence in Winston-Salem, RAI became an indirect, wholly owned subsidiary of **British American Tobacco** in July 2017. 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. Reynolds employs about 3,000 workers in Forsyth County. Another Reynolds product, Vuse, is the leader of the digital vapor cigarette market.

MANUFACTURING



Hanesbrands (HBI), founded in Winston-Salem in 1901, is the world's largest marketer of basic apparel, selling bras, panties, shapewear, sheer hosiery, children's underwear, socks, T-shirts, sweatshirts, fleece and other activewear. Among the company's iconic brands are Hanes and Champion. HBI employs 2,400 associates locally and 61,000 in 47 countries worldwide. It has built a strong reputation for workplace quality and ethical business practices, having been honored by the Great Place to Work Institute for its socially responsible workplace practices in Central America and the Caribbean.

Other manufacturers with significant presences in Winston-Salem are **Collins Aerospace Interiors**, which employs 1,500 workers; **Deere-Hitachi**, with 800 workers; **Herbalife**, a manufacturer of healthcare supplements, with 1,100 employees; **Hayward Industries**, a manufacturer of pool equipment, with 940 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, now headquartered in Charlotte, is owned by J.A.B. Holdings.



In May 2021, **Ardagh Group**, a global supplier of sustainable and recyclable metal and glass packaging, announced a \$195.5 million investment and the addition of 94 jobs to expand two production lines at its Winston-Salem facility. The company currently has 230 employees here.

DOWNTOWN DEVELOPMENT



Aside from the exciting changes taking place in Innovation Quarter, downtown Winston-Salem's living, shopping, food, and entertainment options continue to expand and to grow in number and variety. Winston-Salem'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.

A few blocks away, the former GMAC Insurance Building on Fifth Street has experienced 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; **Teal Capital Partners**, a private equity firm; **Flywheel**, a 24/7 co-working environment; and the **Salem College Center for Women in Entrepreneurship and Business**. An adjacent six-story building was demolished to make way for the **Link Apartments on Fourth Street**, with 224 apartment units scheduled to open in fall 2022.

Also coming online in summer 2022 were **The Easley** apartments next to Truist Stadium, with about 300 new units. **DPJ Residential**, the developer, is also developing **The Artreux**, which will feature 242 units with a 350-space parking deck located at Trade, 10th and Oak Streets in the "Industry Hill" location in the northern end of downtown. DPJ is also planning another 337 luxury units on Brookstown Avenue near Truist Ballpark and another 275 units on Liberty Street.

The company believes population and job growth in Winston-Salem make it an ideal place for apartments, and that demand will continue to outstrip supply for at least four more years.

2022-2023 CITY BUDGET

The City Council in June approved a \$627.6 million budget for 2022-23 that gives police officers and firefighters new pay and career plans to improve retention, funds a new program for 911 calls involving mental illness, and authorizes the City to issue \$55 million in bonds to address necessary maintenance and other high-priority needs. The budget took effect July 1, 2022.

Council Members approved a property tax rate for the coming year of 63.6 cents for every \$100 of value, an increase of 2.36 cents, to provide for public safety pay and increased recycling costs.

The approved budget is \$1.8 million more than the \$625.8 million budget that City Manager Lee Garrity proposed. Of this increase, \$1 million is to provide firefighters with the same increase in salaries that police officers will receive, \$700,000 will fund a pilot program for **Behavioral Evaluation and Response (BEAR)** teams to respond to 911 calls involving mental health crises, and \$75,000 will fund a summer and afterschool tutoring program at community centers.

Overall, the budget allocates \$415.8 million for operations, \$46.6 million for debt service and \$165.1 million for capital improvements. It authorizes 35 new positions, counting 14 positions that will be required when the City brings recycling collection service in-house next April. Three positions have been added to the Community Development Department to support housing development and redevelopment services, along with a position to coordinate the efforts of local agencies that serve the homeless.

Seven additional positions required for the behavioral response teams pilot project will be authorized by a separate council action. Under the program, certified mental health professionals will respond to 911 calls involving non-violent mental health crises in which there is no need for a police officer. The response teams will coordinate with existing mental health services programs.

The new pay plans and career ladders for the police and fire departments are aimed at improving retention and recruiting. The new plans create new pay grades to give officers the opportunity for pay raises before they reach the rank of corporal. Similar new pay grades will be established for firefighters.

The \$55 million in limited obligation bonds will fund a variety of maintenance and infrastructure needs as well as priorities the City Council identified in its strategic plan. Limited obligation bonds do not require voter approval.

Of this, \$21.5 million in bonds will address major maintenance needs, including bridge replacement, street resurfacing and stream erosion in city parks; \$8.75 million will fund improvements at the Winston-Salem Fairgrounds, Truist Stadium and Bowman Gray Stadium; and \$11.45 million will go towards improvements and maintenance at recreation facilities.

To address the priority the Council has placed on economic development, the bond package includes \$6 million for a job training center that would offer instruction to meet the City's critical staffing needs as well as other job-readiness training.

The approved budget for capital improvements, not counting the bonds, includes \$66.5 million for water, sewer, stormwater and landfill projects, \$14.5 million for transportation and transit, and \$3.3 million for a new fire truck and other fire department needs.

The approved budget allocates \$3.3 million for grants to community agencies and \$659,180 for downtown services and improvements, financed by the 9-cent levy on property owners within the Downtown Winston-Salem Business Improvement District.



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 has been used to help finance restaurants when the applicants demonstrate a need for city assistance. When restaurant capacity levels were reduced during the COVID pandemic, the City allowed downtown restaurants to expand their outdoor dining options on sidewalks.



DINING & ENTERTAINMENT

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** are among the other downtown hotels housing the increasing number of out-of-town visitors. The **Pepper Building**, a long-vacant 49,000-square-foot art deco building, was 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, the City is creating a public park, restrooms and sidewalks, to be known as **Merschel Plaza Park** in honor of former City Council member **Wanda Merschel**. On the south end of the park, construction is well underway for the new \$30.5 million **Kaleideum** children's museum. The new facility, which has received funding from the City and Forsyth County as well as private donors, will combine the current two smaller Kaleideum museums into one modern, central location.

Downtown development, as well as recruitment of new business to the City as a whole, has largely resulted from the leadership and strategic moves of

the City Council and the **Winston-Salem Alliance**, a non-profit alliance headed by **Mayor Allen Joines**, with membership that includes some of Winston-Salem's most influential companies and organizations. Other key players have included **Greater Winston-Salem, Inc.** (formerly the **Winston-Salem Chamber** and **Winston-Salem Business, Inc.**) and the **Downtown Winston-Salem Partnership**.

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 receives revenue from a dedicated tax rate 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.

MAJOR EMPLOYERS

BUSINESS / INDUSTRY	# of Emp
Atrium Health Wake Forest Baptist / Healthcare	18,570
Novant Health / Healthcare	11,010
Winston-Salem/Forsyth Co Schools / Public Edu	6,520
Truist / Financial Svc	4,000
Wells Fargo / Financial Svc	3,500
Reynolds American / Tobacco Mfg	3,000
City of Winston Salem / Government	2,600
Hanesbrands / Clothing	2,400
Forsyth County / Government	2,127
AT&T/ Communications	2,000
Wake Forest University / Higher Edu	1,900
Collins Aerospace Interiors / Aerospace Interiors	1,500
Lowes Food Stores / Grocery Chain	1,500
Forsyth Technical College / Edu	1,200
National General Insurance / Insurance	1,200
Herbalife / Healthcare Supplements	1,100
Winston-Salem State University / Higher Education	1,000
YMCA of NW NC / Non-Profit	1,000
Inmar Inc. / Logistics & Data Analytics	950
Hayward Industries / Pumps & Pool Equipment	940
Flow Automotive Companies / Auto Sales & Svc	875
Deere-Hitachi / Excavators	800
Pepsico / Beverage Dist	800
Brookridge Retirement Cmnty / Retirement Cmnty	750
The Budd Group / Landscaping	750
Cook Medical / Medical Device Mfg	640
Truiliant Federal Credit Union / Financial Svc	620
Westrock / Packaging	600
Womble Bond Dickenson / Legal Svc	560
BEST Logistics Group / Logistics & Freight	505
IFB Solutions (Industries for The Blind) / Blind Svc & Mfg	500
Johnson Controls Inc./Clarios / Controls Systems & Regulators	500
Pepsi Bottling Ventures / Beverage Mfg	500
Krispy Kreme Doughnuts / Food Mfg	460
UNC School of Arts / Higher Edu	450
American Airlines / Airline Customer Service Ctr	450
BlueCross & BlueShield of North Carolina Healthcare / Insurance	425
Trellis Hospice Home / Hospice & Paliative Care	405
North State Aviation MRO / Aviation Main & Repair	400
Salem Carriers / Transportation	400
Veterans Administration / Public Admin	400
Arbor Acres United Mthdst / Retirement Mfg	390

BUSINESS / INDUSTRY	# of Emp
The Winston-Salem Journal / News Publication	390
North State Communications	375
Blue Rhino/Ferrellgas Propane	355
Corning Inc / Optical & Cable Mfg	350
Siemens / Mfg	350
Parrish Tire / Tire Mfg, Dist & Retail Svc	350
Allegacy Federal Credit Union / Financial Svc	340
Liberty Hardware / Furniture Hardware Dist Ctr	340
Oracle Packaging / Flexible Packaging Laminate	285
Duke Energy / Electricity & Energy Provider	275
ABF Freight System Inc	250 - 499
Dairy Fresh / Milk Products	250 - 499
Twin City Quarter / Hospitality & Hotel	250 - 499
La Tortilleria / Packaged Foods Mfg	240
Forsyth Country Day School / Edu	230
Salem College & Academy / Sec & Higher Edu	230
Pet Dairy/Dean Foods / Milk Products	230
Ardagh / Beverage Can Mfg	230
Quality Oil Company, LLC / Oil & Fuel	210
Salem Electric / Electrical Contractor	210
Progress Rail / Rail Equipment	200
BH Media Group / Newspaper Printing, Commercial Printer	200
Golding Farms Foods / Dressings, Sauces & Condiments Mfg	200
Highland Industries Inc. / Industrial Fabric Mfg	200
Triumph Actuation Systems / Hydraulic & Hydro-mechanical Aircraft Components	200

Source: Greater Winston-Salem, Inc. Nov 2022

Winston-Salem Statistics

POPULATION	
Population	250,337*
Median Age	35.39
WORKFORCE & TALENT	
Total Labor Force	117,097
White Collar Jobs	68%
Blue Collar Jobs	31%
JOBS BY INDUSTRY	
Sales	13.6% / 17,057
Office & Administrative Support	11.67% / 14,637
Executive, Managers and Administrators	10.32% / 12,952
Food Preparation / Serving	6.3% / 7,900
Business & Financial Operations	6.09% / 7,642

Chart source: Greater Winston-Salem, Inc. May 2021

* Fiscal year population updated 2022



*Local
Economy*



Community Profile

2021 2022

Southern Living FOOD HOME GARDEN TRAVEL HOLIDAYS CULTURE

03 of 20 18. Winston-Salem, North Carolina



PHOTO: GETTY IMAGES

The place that gave us Krispy Kreme doughnuts and Texas Pete hot sauce is as entrepreneurial and imaginative as ever. In 2021, we declared the Deacons' hometown a "City on the Rise," thanks largely to Innovation Quarter, a downtown research district that comprises 1.6 acres of green space, 5 academic institutions, 90 companies, and 20 miles of connected greenway.

A GREAT PLACE TO LIVE & WORK

As the pandemic eased in the 2021-2022 year, the many restaurants, arts organizations and other entertainment venues of the **City of Arts and Innovation** adapted and survived closures during the beginning of the COVID-19 pandemic. As the fiscal year drew to a close, theater enthusiasts celebrated the upcoming full-scale return of the **National Black Theatre Festival**, the first since 2019. Nearly 130 live plays and other theatrical performances were scheduled for various auditoriums around the City.

The biennial Festival is one of the City's largest tourism events, filling hotels and restaurants around the clock for days during the first week of August every other year. The **N.C. Black Repertory Company**, which puts on the Festival, holds other live and virtual dramas and readings during the year.

Thanks to the arts, three major universities and other smaller colleges, a supportive ecosystem for entrepreneurship and innovation, a moderate climate, two major medical centers, modest cost of living, and proximity to the beach and mountains, Winston-Salem has received accolades about its quality of life from a number of national surveys. **Southern Living** magazine named Winston-Salem the 18th best college town in its **South's Best 2022** rankings. The City that inspired **Krispy Kreme** doughnuts and **Texas Pete** hot sauce "is as entrepreneurial and imaginative as ever," the magazine said.

Other national rankings have included **Livability.com's 100 Best Places to Live**; **Clever Real Estate's 20 Best Cities for Millennials to Buy a Home**; **Kiplinger's Personal Finance** magazine's **7 Standout Places to Retire**; and **U.S. News' Best Places to Live and Retire**, as well as **Safest Places to Live**.

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 restaurants offering a wide range of local and international cuisine. The revitalization of downtown continues to spread northward into a new area dubbed **Industry Hill**, where old factories and warehouses are being transformed into breweries, music venues and boutique shops. **Radar Brewing** and **Battle Axe Throwing** are two of the newest additions to Industry Hill and to the craft beer scene. **Foothills Brewing**, founded in 2005 in Winston-Salem, is now one of the largest regional brewers in the Southeast, with its main location downtown and the **Foothills Tasting Room** in the western part of the City.

The City is also rapidly gaining national recognition for sports and recreation. The **Winston-Salem Cycling Classic** and the annual **Winston-Salem Open** tennis tournament continue to grow in prestige and popularity.

Winston-Salem has also been named one of **America's Top 10 Digital Cities** by the **Center for Digital Government**. 2022 saw the debut of the **WS Collects** mobile app, which helps residents stay up-to-date with their neighborhood yard waste, garbage and recycling collection schedules. Through **www.cityofws.org**, residents are able to request services, pay bills, register for recreation programs and conduct business with the Planning and Development Services Department. Since the beginning of the COVID pandemic, City Council meetings have been available for viewing on WSTV13's digital media livestream and are broadcast live on Channel 13. They are also archived on the City website for later viewing.

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.

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



HOUSING

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

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

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

With rapid growth in downtown residential construction, residents seeking a true urban lifestyle have a diverse range of options for renting or buying. Many downtown loft apartments and condominiums have been repurposed from old textile and tobacco factories, including the **Gallery Lofts**, luxury apartments in the renovated former Brown & Williamson factory; **Plant 64**, created from an old Reynolds tobacco warehouse, and the **Winston Factory Lofts**, created in the renovated Brown Rogers-Dixon building.

In addition, a construction boom in downtown apartments offers other options such as **West End Village, West End Station, the Link Apartments Brookstown**, and **The Easley**, all within walking distance of the baseball stadium. A third **Link Apartments** complex on Fourth Street opened in summer 2022.

Given that many of the downtown apartments are aimed at the luxury market, the City has undertaken efforts to ensure that a sizable number of more affordable rental units will also be available. The City contributed \$1.25 million to the construction of the **757 North** apartment complex, of which 25 percent of the 115 units have been set aside for residents earning 80 percent of the Area Median Income. After the first 10 years, 15 percent of the units will be set aside for an additional 20 years.

Another affordable downtown housing option in the works is **Metropolitan Village**, which will provide 264 apartments and 60 townhouse units to be built in two phases. Other offerings for residents will include health care and workforce training. Developer **Liberty Atlantic** is a minority-owned company that is



working with **United Metropolitan Missionary Baptist Church**, which formerly owned the 8.2 acres, to revitalize the neighborhood.

In March 2022, the **Winston-Salem City Council** approved \$30 million that will ultimately construct or rehabilitate 750 units of affordable housing over 10 years. The **N.C. General Assembly** will provide \$10 million, while \$20 million will come from the City's allocation of federal ARPA funds. In addition, a \$30 million **Choice Neighborhoods Implementation Grant** from the **U.S. Department of Housing and Urban Development** is enabling the City and the **Housing Authority of Winston-Salem** to revitalize and transform the Cleveland Avenue Homes public housing community. Over 200 aging apartments will be demolished and replaced with 406 new units. The grant also includes funds for education, workforce development and other programs.

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

City and County housing departments also work with **Habitat for Humanity of Forsyth County** to identify existing distressed houses or vacant lots that can be renovated or used for building new single-family homes for families earning 35-80% of the Area Median Income. Construction has begun on what will eventually be about 75 new homes in **Stone Terrace**, an undeveloped subdivision in northern Winston-Salem left over from the 2008 housing crisis.

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, the longest running weekly NASCAR series, 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.

RECREATION

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. The 1.7-mile **Long Branch Trail** 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 provides activities and facilities for people of all ages. The department oversees facilities including 79 parks, 17 recreation centers, eight swimming pools, two lakes, a skate park, two dog parks and over 3,800 acres of managed park land. Park amenities include playgrounds, picnic shelters, tennis courts, soccer and football fields, baseball and softball diamonds, multi-purpose fields, basketball and volleyball courts, pools and splash pads. **Malloy Park** includes the City's first totally accessible playground. The park is named for former City Council Member **Nelson Malloy**.

The **2014** and **2018 bond referendums** approved by voters included \$61.58 million to fund additions and improvements to the City's recreational offerings. A former **Vulcan Materials** quarry was transformed into **Tim Grant Park at the Quarry**, 200 acres of mostly wooded land. Visitors can now see the Winston-Salem skyline in the distance from a pier overlooking a freshwater lake.

The second phase of the Quarry Park project includes a playground, picnic shelters, pedestrian infrastructure, and expanding and paving the parking lot.

Another bond project was the \$4 million construction of a new marina, building, playgrounds and restrooms at **Salem Lake**, a popular area for boating and fishing along with walking, biking and horseback riding on the 7-mile trail around the 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 wrap-around 1,200 square-foot deck that offers scenic views. Phase II of Salem Lake improvements, which included construction of a new boat ramp and repair of the shoreline bulkhead, wrapped up this year.

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 **Winston Lake Golf Course**. Phase II includes a new fishing pier and pavillion with restrooms, a lakefront strollway, and dam repairs. Recreation and Parks also operates **Reynolds Park Golf Course**.

The City's largest auditorium, the 15,000-seat **Lawrence Joel Veterans Memorial Coliseum**, is owned by **Wake Forest University**. Wake Forest's basketball teams use the facilities and have the opportunity to sell naming rights to help support their 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. The coliseum continues to host concerts and family entertainment.

The City still owns the 3,600-seat **Winston-Salem Fairgrounds Annex**, a free-standing facility that can be set up for a regulation-size hockey rink. The Annex is also the home ice rink for the **Carolina Thunderbirds** hockey team.

The City also owns the adjacent fairgrounds, home to the **Carolina Classic Fair**. Second in size only to the N.C. State Fair, the Fair draws as many as 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 has invested \$9 million in improvements, including resurfacing the race track and renovations to the field house, ticket booths and press boxes. During the time the field was not used by the Rams football team during the pandemic in 2020, the City was able to plant a new grass field and construct new restrooms and concession stands.

Truist Stadium, 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. In 2021, another team, the **Carolina Disco Turkeys**, part of a wood bat summer league baseball team that has captured attention nationally, also began playing at Truist Stadium.

The **Winston-Salem Open Tennis Tournament**, the last professional tournament each year before the U.S. Open, has been held since 2011 in the **Wake Forest University** tennis stadium. The stadium includes 13 courts, making it eligible to host **NCAA Division I Men's and Women's Tennis Championships**.

Community Profile



DOWNTOWN ARTS

The arts are alive and well in Winston-Salem with a network of eclectic art galleries, vibrant murals, public art, a downtown art park, and studios and galleries showcasing artists of all types.

The City has been an innovator in the arts since 1949, when it formed **The Arts Council of Winston-Salem and Forsyth County**, the first local arts council in the nation. Since then, the Arts Council has been building on that early foundation to become a center of excellence in both visual and performing arts, embodying its slogan: the **City of Arts and Innovation**. Before the pandemic, the annual economic impact of the arts was estimated to be \$156.8 million, with over 5,500 arts and culture-related jobs in the City.

Owned and operated by The Arts Council, the **Milton Rhodes Center for the Arts** is the anchor to Winston-Salem's modern, downtown arts campus. The building, a former textile mill over 100 years old, blends the City's past with its present. Facilities include the **Sawtooth School for Visual Art**, the **Reynolds Place Theatre**, home exhibition space for the **Associated Artists of Winston-Salem**, the **Community Arts Gift Shop**, and **Mountcastle Forum/Theatre**.

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. Just two blocks up the street, the **Arts Council Extension (ACE Building)** is home to the **North Carolina Black Repertory Company** and **The Little Theatre of Winston-Salem**, providing each with rehearsal and office space.

Winston-Salem's **Downtown Arts District** is the hub of arts and culture in the City. It features a vibrant mix of working studios, galleries, locally-owned retail shops, restaurants, bars, residences, and businesses. Since 1995, the **Downtown Arts District Association (DADA)** nonprofit has been raising awareness for the arts and building the vibrant district seen today. Located in the **North Trade Street Arts Center**, which is also a gallery for visual and performing artists, DADA promotes art and the arts district through regular events and other programs. It hosts **First Friday Gallery Hops** the first Friday of each month throughout the year when the streets in the district are filled with music, entertainment and food, as the galleries, studios and shops remain open late.

ARTivity on the Green is an art-themed park located on Liberty Street that connects the arts district to Innovation Quarter. The park is a work of art itself, with 13 red misting water towers that are a tribute to the City's industrial past. It also features green space for sitting and picnicking, a mural wall, a bandstand, and designs in the sidewalks that can only be seen when wet. ARTivity park is often the site of live music events and other small festivals.

The park was envisioned by **Art For Art's Sake (AFAS)**, a non-profit volunteer group that works to build, educate and celebrate the community through art. Located next to the park, the **AFAS Center for the Arts** is the group's modern headquarters that includes **Red Dog Gallery**, affordable studio space for rent, and the **Unleashed Art Center**, which provides classes and workshops. AFAS hosts and/or supports special events and programs each year, all of which are free to the public. The group cultivates many of the public art displays around the City, from eye-catching art towers to decorated mannequins, sculptures and murals.



The Downtown Summer Music Series brings people of all ages and cultures together, in the form of free concerts, to downtown Winston-Salem from June through August. The two-part series includes **Downtown Jazz**, held in Corpening Plaza on Friday nights, and **Summer on Liberty**, held at the intersection of 6th and Liberty Streets on Saturdays. The popular music events have been vital to the resurgence of downtown and returned for their 23rd season after a year off because of the COVID-19 pandemic. The Summer Music Series is produced by **The Downtown Winston-Salem Partnership (DWSP)**, a non-profit organization revitalizing downtown into a flourishing commercial, cultural and residential district.

FESTIVALS & ANNUAL EVENTS

Downtown Winston-Salem typically hosts upwards of 2,500 events each year, with many held in The **Benton Convention Center**. As one of the state's largest meeting facilities, the Benton displays works of art created by local and regional artists, including a rendering of the late **Maya Angelou**, nationally renowned poet, author and activist who served on the faculty of Wake Forest University. The Convention Center is part of the **Twin City Quarter** hospitality complex, which also includes the **Embassy Suites Winston-Salem** and the **Winston-Salem Marriott**.

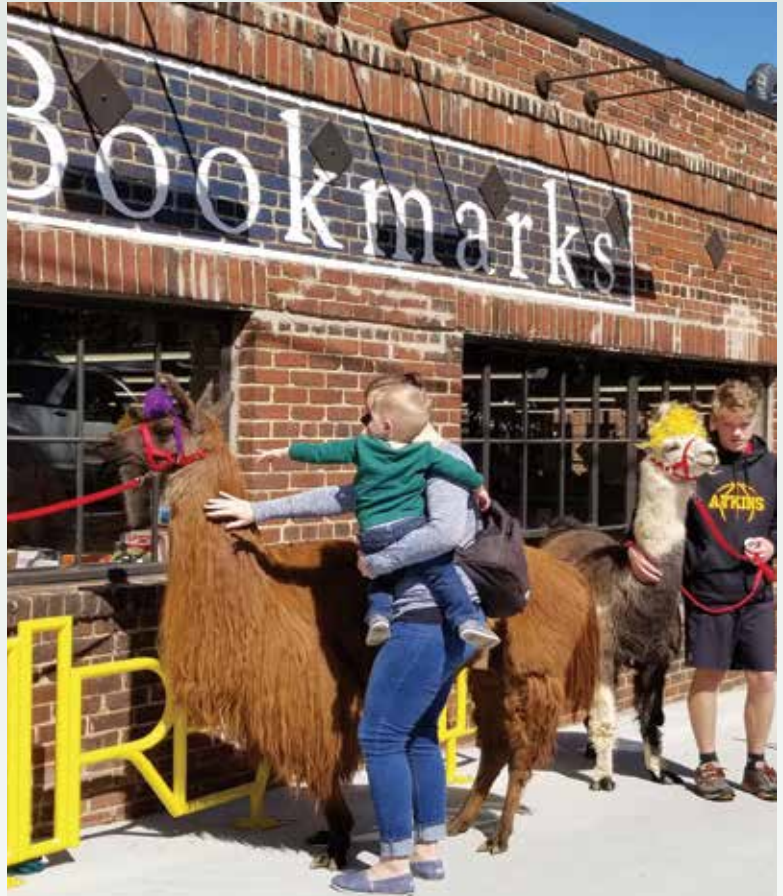
During the fall of 2021, the City invested \$1.6 million to renovate the former Grand Pavilion and Conference spaces under the Embassy Suites Hotel. The ballroom has been rebranded "**The Gallery**" and the entire space is now referred to as "**Benton South**."

The annual **Piedmont Craftsmen's Fair** is held in the Benton Convention Center and showcases the works of artisans and craftsmen from across the Southeast. The Fair offers an opportunity for patrons to interact with artisans and view demonstrations of craft techniques. Held annually since 1963, the festival takes place in November and is also a fundraiser for **Piedmont Craftsmen, Inc.**, the non-profit group promoting the value of handcrafted art.

Winston-Salem is home to the **National Black Theatre Festival**. Founded in 1989, it is the nation's largest festival celebrating and showcasing Black theatre. The festival 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 is held biennially and offers over 130 performances of professional theatre, film, poetry, workshops, seminars, and shopping. *The New York Times* has called it "one of the most historic and culturally significant events in the history of Black theatre and American theatre in general." After a break during the pandemic, the festival returned to Winston-Salem in August 2022.

The largest book and author festival in the Carolinas, **Bookmarks Festival of Books & Authors**, is held each September at venues throughout Winston-Salem. Begun in 2004, the festival features author panels, book signings, story times, family activities, food trucks and more. Run by the literary arts nonprofit, **Bookmarks**, the festival attracts over 20,000 attendees and 50 authors each year. Bookmarks also conducts outreach programs throughout the year and operates the independent **Bookmarks Bookstore**, which is located downtown on Fourth Street.

Since 1998, the **RiverRun International Film Festival** has been held in downtown Winston-Salem. One of



the area's most unique events, RiverRun is a competitive festival that attracts attendees from across the globe and offers a diverse program from film studios, independent distributors and first-time filmmakers. The 10-day festival features over 100 screenings of feature-length and short films from around the world, spanning all genres. The movies are typically shown at different venues throughout Winston-Salem, including **a/perture cinema**, a non-profit art-house cinema located downtown. The locally-owned theater screens a mix of independent, foreign, documentary, local and festival films year round.

Organized by the Hispanic League, **FIESTA** is an annual street festival and fundraiser that attracts over 20,000 people. 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.

The annual **Gears and Guitars Music Festival** held in **Bailey Park** at **Innovation Quarter**, is an outdoor concert series in conjunction with the **Winston-Salem Cycling Classic** in September. Popular parades occurring in downtown every year include the Winston-Salem State University Homecoming Parade in the fall, the PRIDE Parade and Festival in the summer, and the Winston-Salem Jaycees Holiday Parade in December.

Held each October at the Winston-Salem Fairgrounds, the **Carolina Classic Fair** is the second largest agricultural fair in North Carolina with a world-class carnival of rides and games, nationally known musical entertainment, delicious food and beverage, and exhibits of livestock, poultry, fine arts and crafts.

PERFORMING ARTS ORGANIZATIONS & Venues



The **Stevens Center** is one of the City's main performance venues located in the middle of "Restaurant Row" on Fourth Street. 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 state and local arts organizations. **The Piedmont Opera** is one of the largest in North Carolina, bringing the highest quality regional, national and international singing actors and technicians to work with a full orchestra and a chorus of local singers. Now in its 42nd season, the Opera performs two full stage productions each year in addition to a wide variety of educational and outreach programs.

Now celebrating its 75th anniversary, 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 and also offers education and community engagement performances, such as the Youth Orchestra and programs with the Winston-Salem/Forsyth County Schools.

As the oldest performing arts organization in the City, the **Little Theatre of Winston-Salem** is a traditional community theatre that returned in 2021 after a year of darkness due to the pandemic. It produces professional quality classic and contemporary plays and musicals, classes, summer



campus, 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**, the **Salem Band**, and more.

ART MUSEUMS

Winston-Salem's cultural attractions include a number of distinguished art museums and galleries that showcase the history and diverse people of the region.

The well-known **Reynolda House Museum of American Art** is the centerpiece of the "Reynolda" historic district. Housed in the restored 1917 country estate of Katharine and Richard J. Reynolds, the founder of **R.J. Reynolds Tobacco Company**, the museum is a rare gem among the country's art institutions. It showcases a premier collection of American art, including a 300-piece permanent collection housed in the historic mansion. Restored interior rooms reflect the periods in which the Reynolds family lived there. A modern addition, the **Babcock Gallery**, includes educational space, a gallery for temporary/seasonal exhibits, an auditorium, and fine art and archival space. The permanent collection spans 250 years with works by Frederic Church, Georgia O'Keeffe, Grant Wood, Stuart Davis and Andy Warhol. 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 such as **Cinema Under the Stars** each summer. The adjacent **Reynolda Gardens of Wake Forest University** and historic **Reynolda Village** include lush formal gardens and natural spaces, as well as restaurants, boutiques and wooded walking and running trails.

The **Southeastern Center for Contemporary Art (SECCA)**, also located in the Reynolda Historic District, is housed on the former 32-acre estate of industrialist James G. Hanes. This year it celebrates 65 years of offering ways to experience contemporary visual and performing arts in all mediums. Admission is free, and SECCA offers year-round educational programs and a number of community events. The estate also features flourishing grounds, gardens and a lake, and an auditorium. It is an affiliate of the North Carolina Museum of Art, a division of the North Carolina Department of Cultural Resources.

One of Winston-Salem's most unique museums, **The Museum of Early Southern Decorative Arts (MESDA)** is a preeminent center for researching, collecting and exhibiting the decorative arts and crafts of the early South. MESDA is part of **Old Salem Museums & Gardens** and tells the story of the South, spanning seven states and four centuries. As one of the most comprehensive collections and research resources of southern decorative arts in the country, displays consist of fine art to folk art through furniture, paintings, textiles, ceramics, silver, and other metal

wares. 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, including the enslaved and indigenous residents of the area. Housed in the Frank L. Horton Center, MESDA is available for self-guided and specialty tours and is also home to the nationally acclaimed **MESDA Research Center**, which contains vast object and craftsman databases.

The **Delta Fine Arts Center** is a multidisciplinary nonprofit arts organization committed to showcasing African-American art, culture and history. Founded by the women of the local **Delta Sigma Theta** sorority in 1972, the Center has enriched the City's art scene by showcasing visual and performing arts through performances, concerts, educational opportunities and gallery exhibitions, most of which are free and open to the public.

Since 1990, **Diggs Gallery** has served as the main cultural center of **Winston-Salem State University**. Diggs contains the largest exhibition spaces dedicated to the arts of Africa and the African Diaspora in North Carolina. In addition to exhibition spaces, it also includes a unique sculpture garden and murals by the acclaimed artist John T. Biggers. Diggs 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 developmental 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 exhibit and sales space featuring works created by its artists, the **Artists of Gateway Studios**. These artists are self-taught and outsider artists who create original paintings, digital photographs, ceramic and multi-media pieces, with styles from traditional to abstract. Exhibits change periodically, and the gallery is open to the public for viewing, with sales benefiting the Center's programs and paying artists' commission.





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.

Winston-Salem/Forsyth County Schools (WSFCS) is the fourth largest school system in North Carolina, providing a quality education for around 53,000 students in 80 schools. Programs exist to serve every type of student, and parents have a say in where their child attends school.

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 21 magnet programs.

High school students are provided comprehensive curriculum at the regular, honors and Advanced Placement levels. They have the opportunity to earn college credit through 30 Advanced Placement Courses and

30 Career and Technical programs at their neighborhood schools, the **Career Center**, 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 percent graduation rate, with over 4,000 graduates in 2021.

In addition to public schools, parents have the option of sending their children to numerous private schools in the Winston-Salem area, both secular and church-affiliated. Options include private schools that offer programs from kindergarten through 12th grade, while others focus on lower grade levels. There are also a number of publicly-funded charter schools in the area that offer a lottery system for enrollment.

HIGHER EDUCATION



Winston-Salem offers a diverse array of both public and private higher education institutions.

Wake Forest University

Wake Forest University (WFU) is a private, liberal arts university with approximately 5,400 undergraduates and 3,300 graduate and professional students. As a Top 30 National University, it consists of three campuses in Winston-Salem. 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. The midsize university offers 45 majors and has an 11-to-one student-to-faculty ratio. Classrooms and laboratories of the distinguished **Wake Forest School of Medicine** are divided between the **Atrium Health Wake Forest Baptist** medical complex, located just west of downtown, and **Innovation Quarter**. **Wake Downtown**, a transformed former tobacco company building, houses the undergraduate biomedical science and engineering programs. Wake's athletic facilities include **Truist Field, David F. Couch Ballpark, Kentner Stadium, Wake Forest Tennis Center, Arnold Palmer Golf Complex/Haddock House, Spry Soccer Stadium, and Lawrence Joel Veterans Memorial Coliseum.**

For 25 years, *U.S. News & World Report* has ranked Wake Forest among the Top 30 on its National Universities list. It has also been recognized as a "Best Value" for its strong commitment to undergraduate teaching and its undergraduate business program. WFU's schools of law, business and medicine consistently rank among the nation's best graduate schools in the country.

The Wake Forest "Demon Deacons" compete in Division I athletics of the NCAA and are one of the original "big four" North Carolina schools in the ACC. Wake has won eight NCAA championships as well as numerous Atlantic Coast Conference titles. Its athletes excel in the classroom as well, with a 95 percent student-athlete graduation rate.

Winston-Salem State University

Winston-Salem State University (WSSU), an historically Black co-educational university founded in 1892, is a distinguished public institution offering 34 undergraduate degrees and nine graduate programs, both master's and doctorate. WSSU is a constituent institution of the University of North Carolina system, with about 5,100 undergraduate and graduate students. With the motto "Enter to Learn, Depart to Serve," WSSU fosters creative thinking, analytical problem-solving and depth of character so its graduates can transform themselves and the world.

WSSU consistently ranks as a top university for producing graduates in the nursing, health sciences and education fields. It's been named as the top historically Black Nursing School in the nation and the best RN to BSN program in the state. Overall, WSSU is recognized as one of the top Historically Black Colleges and Universities by *U.S. News*, and *Money* magazine ranks it as one of the best in the nation for value.

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

HIGHER EDUCATION

Community Profile

University of North Carolina School of the Arts

Winston-Salem is home to the nation's first public arts conservatory, the **University of North Carolina School of the Arts (UNCSA)**. Opened in 1965, UNCSA is a top ranked creative and performing arts school with an international reputation for training talented students for professional careers in the arts. Part of the University of North Carolina system, UNCSA has about 1,300 students at the high school, undergraduate and master's level who come to study from throughout the U.S. and the world.

Students must audition or interview for admission and are trained for careers through five conservatories: 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. UNCSA students participate in public performances and screenings annually in Winston-Salem and throughout the country.

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 Schools of Dance, Design and Production, Drama and Filmmaking rank among the best in the country.

Salem College

Celebrating its 250th anniversary, **Salem College** is the oldest educational institution for women and girls in the country and the 13th oldest college in the U.S. Established by Moravian settlers who championed independence for women in thought and action, the College is located in the Old Salem Museums and Gardens historic district. 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 and graduate degrees as well as certificate programs for traditional college age students and adult students through its **Fleer Center for Adult Education**. In 2021, Salem announced a new approach to its liberal arts education, which will focus on elevating and expanding the role of women in Health Leadership.

The Salem "Spirits" athletic teams compete in Division III of the NCAA and are also members of the USA South Athletic Conference. *Money* magazine consistently ranks Salem as one of the "Best Buys" of colleges in America, and graduates consistently have a 90% acceptance rate into graduate-level health sciences programs.



HIGHER EDUCATION



Forsyth Technical Community College

Forsyth Technical Community College has an enrollment of about 11,400 credit students, making it one of the largest community colleges in North Carolina. The college offers 86 associate degrees, 34 diplomas and 78 certificates in such fields as health care, engineering technologies, criminal justice, automotive technology, logistics management, nanotechnology, and biotechnology. Forsyth Tech has 24 degrees and certificates that can be earned entirely online.

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 offers the only community college nanotechnology program in the southeast and it was one of the first four colleges in the country to pilot the National Association of Manufacturers (NAM) Endorsed Skills Certification System. The Early College of Forsyth allows high school students to simultaneously earn their diploma and an associate's degree at no cost.

To fully support student, employer, and community needs, Forsyth Tech also provides customized training for employers as well as services for entrepreneurs through its corporate training, workforce development, and continuing education programs, as well as the Forsyth Tech Small Business Center. With two campuses and seven affiliate locations, Forsyth Tech is a key educational resource for thousands of adults going back to school or retraining for new skills.



Carolina University

Carolina University, formerly Piedmont International University and Piedmont Bible College, was founded in 1945 and offers a number of associate's, bachelor's, master's and doctoral degrees in fields including the liberal arts, ministry, teacher education and business. The college specializes in offering 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 creative program is a bachelor's degree in criminal justice created in partnership with the Forsyth County Sheriff's Department. Some classes are taught by sheriff's deputies and held at the Sheriff's Department. CU offers students the opportunity to compete in nine different sports through the National Christian College Athletic Association.

Community Profile

INFRASTRUCTURE

City residents have consistently shown their support of improvements that continue to enhance quality of life, approving bond referendums in 2014 and 2018, totaling \$261.2 million, much of it for improvements to parks, recreation centers, sidewalks and streets in neighborhoods throughout the City.

The **Winston-Salem/Forsyth County Utility Commission** oversees the public utilities that provide high quality water, wastewater and solid waste services to more than 361,000 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 2021, these plants treated and pumped a total of 13.46 billion gallons of water that met or surpassed 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.

Two wastewater treatment plants have 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 14.2 billion gallons of wastewater in 2021. The utilities budget for 2022-23 includes a 2.7% increase in water and sewer rates.

For the last several years, the division has focused on rebuilding aging water and infrastructure, some of it more than 80 years old, in older city neighborhoods.

A workforce of 380 employees operates and maintains WSFC Utilities, which receives no tax revenue and is sustained by user fees charged for water, wastewater and solid waste services.

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 800 MHz radio system.

Winston-Salem Police Department (WSPD) Chief Catrina A. Thompson 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 526 sworn officers and 177 civilian positions, and an annual budget of \$87.2 million. Chief Thompson has announced her plans to retire in December 2022.

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 in the main station, the **Vivian H. Burke Public Safety Center**. The Center continues to serve as the hub of the department's administrative offices.

The 2014 bond also included funds to replace, renovate or expand three aging facilities of the **Winston-Salem Fire Department (WSFD)**. Led by **Chief William "Trey" Mayo**, the WSFD serves the community by providing a timely response to calls involving fire and situations necessitating rescue.

The City of Winston-Salem has 19 fire stations strategically located throughout the City and 378 firefighter positions. The stations are located to provide maximum coverage with an average response time of under five minutes.

The department strives for the prevention of fires through enforcing fire codes, arson investigation activities, and community outreach. The Fire Department also conducts fire safety inspections, reviews construction plans, investigates fire scenes and issues fire-inspection permits.

A new **Behavioral Evaluation and Response (BEAR)** Team responds to 911 calls related to mental health crises.

The City-County **Office of Emergency Management** coordinates activities within Winston-Salem and Forsyth County that contribute to the mitigation, preparedness, response, and recovery from 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.





Winston-Salem

NORTH CAROLINA



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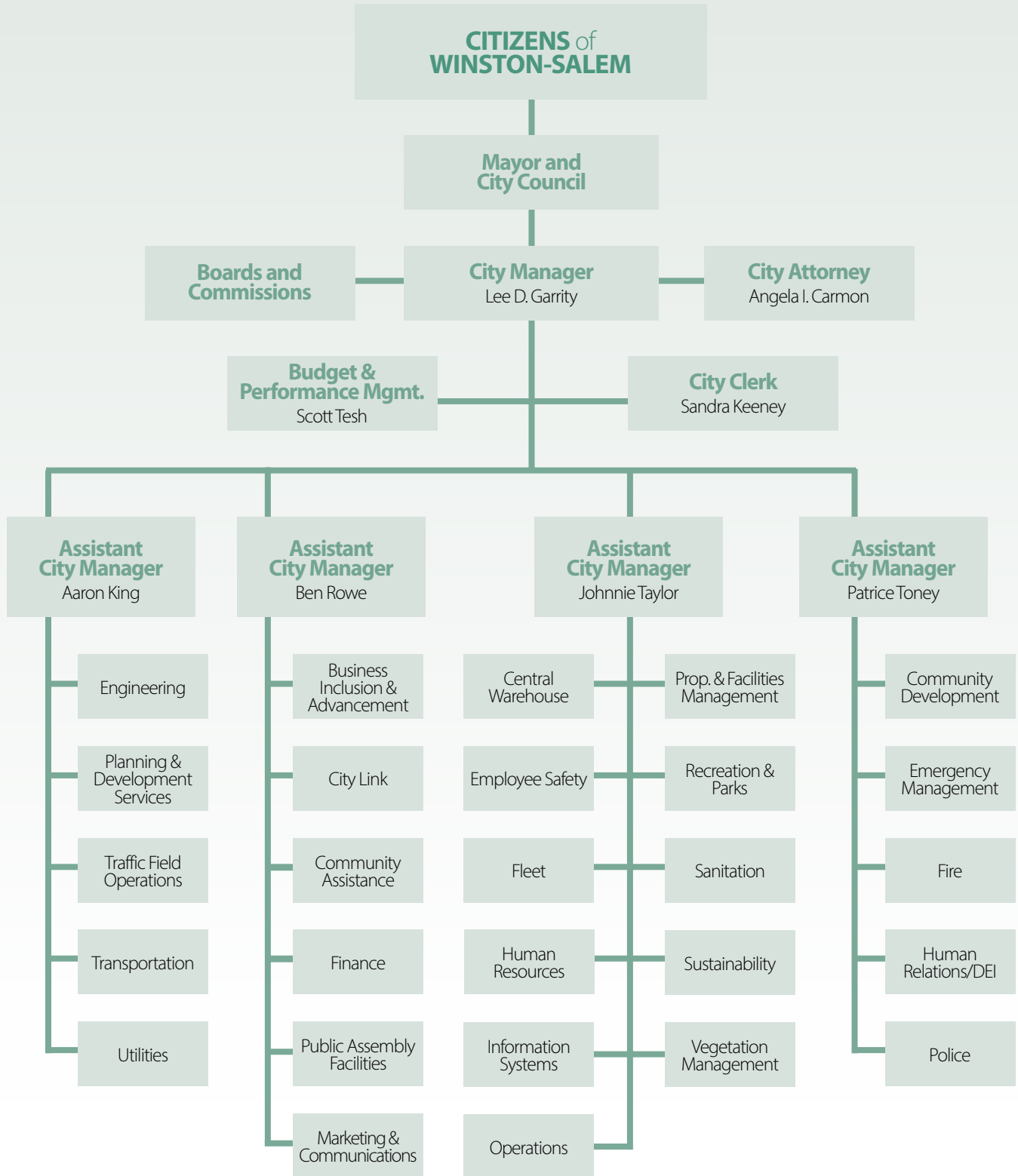
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morill

Executive Director/CEO

ORGANIZATIONAL CHART



Winston-Salem

MAYOR & CITY COUNCIL



Allen Joines
Mayor



Denise D. Adams
Mayor Pro Tempore
North Ward



Barbara H. Burke
Northeast Ward



Kevin Mundy
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

- Aaron King**, Assistant City Manager
- Ben Rowe**, Assistant City Manager
- Johnnie Taylor**, Assistant City Manager
- Patrice Toney**, Assistant City Manager
- Scott Tesh**, Budget and Performance Management Director
- Sandra Keeney**, City Clerk

General Counsel

Angela I. Carmon, City Attorney

Bond Counsel

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

Financial Management Services

- Kelly Latham**, Chief Financial Officer
- Cindy Novak**, Deputy Financial Officer
- Dewey M. Williard**, Controller
- Doris Godette**, Accounting Services Manager
- Julie Carter**, Risk Manager
- Wayne Clemens**, Payroll Manager
- Maricelis Hernandez**, Treasury Manager
- Larissa Mathis**, City Revenue Collector
- Shantell McClam**, City/County Purchasing Director

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 Audit of the Financial Statements

Opinions

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, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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, 2022, 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.

Basis for Opinions

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. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards*, will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards* we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary 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 accompanying combining and individual fund financial statements and 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 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.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2022, 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 solely 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 the effectiveness of the City's 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.

Cherry Bekaert LLP

Charlotte, North Carolina

October 31, 2022, except for the schedule of expenditures of federal and state awards, as to which the date is November 23, 2022.

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, 2022. 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, 2022, include:

- City of Winston-Salem total net position increased approximately \$85 million from \$1.215 billion to \$1.3 billion.
- At June 30, 2022, total net position of \$1.3 billion included \$223.6 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, 2022, the City's governmental funds reported combined fund balances of \$266.8 million. Approximately 17.7% of this amount is unassigned and is available for spending at the government's discretion.
- Unassigned fund balance of the general fund (approximately \$47.3 million) continues to meet working capital requirements. The City has adopted a financial policy to maintain a minimum unassigned fund balance of 16% of estimated expenditures in the general fund. The fiscal year 2023 budget includes a fund balance appropriation of \$6.09 million, an increase of \$4.74 million compared to the fiscal year 2022 appropriation. The unassigned fund balance was 18.84% of 2023 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 increased by \$72.7 million to \$1.04 billion. Several key factors contributed to this increase: the retirement of \$13.35 million in general obligation bonds, the issuance of \$16.16 million in limited obligation bonds, as well as refunding of \$39.78 million limited obligation bonds, the issuance of \$20 million in installment financing contracts, the issuance of \$64.55 million in water and sewer revenue bonds, the issuance of \$5.9 million in leases, the retirement of \$5.7 million in special obligation bonds, the retirement of \$19.4 million in revenue bonds, retirement of \$10.7 million limited obligation bonds, and retirement of \$8.49 million in installment financing contracts. The City

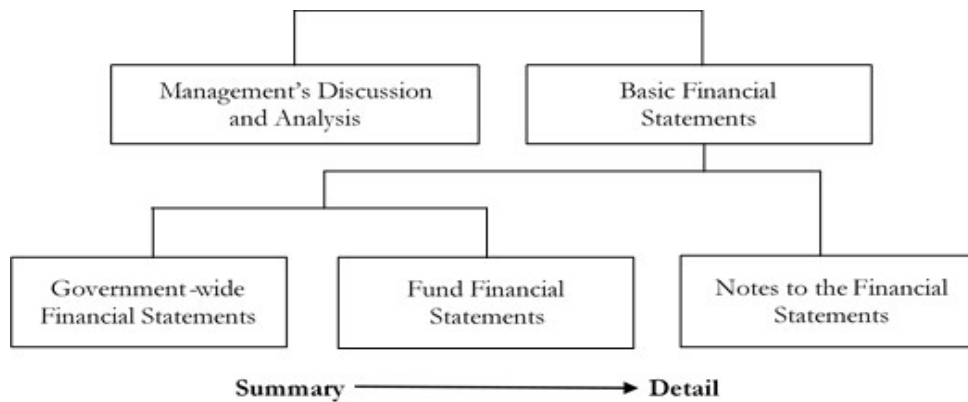
received funding from Clean Water and Drinking Water State Revolving Loan Funds in the amount of \$15.89 million and retired \$5.5 million. The City had a increase in net pension and OPEB liabilities of \$10.57 million.

- Property taxes supported 57.7% of governmental services to citizens and the community, and 53.4% of mass transportation expenses in 2022. The City decreased the tax rate from \$.6374 to \$.6124 for fiscal year 2022; however, there was a revaluation of property that led to an overall increase in property tax revenues.
- 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 one component unit, North Carolina Municipal Leasing Corporation. Although legally separate, financial information for this nonprofit corporation is blended in the financial statements because the corporation provides 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 90% 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 or in the case of transit services, charges to customers and federal and state grants.

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. The risk management reserve fund 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, 2022 (as shown in Exhibit 1) with comparative data for June 30, 2021.

Net Position

Figure 2

	(dollars in thousands)					
	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 339,204	\$ 314,483	\$ 363,811	\$ 304,663	\$ 703,015	\$ 619,146
Capital assets	566,838	537,299	1,168,684	1,144,059	1,735,522	1,681,358
Net OPEB Asset	-	10,224	-	1,875	-	12,099
Total assets	906,042	862,006	1,532,495	1,450,597	2,438,537	2,312,603
Deferred outflows of resources	64,591	43,996	26,007	26,414	90,598	70,410
Long-term liabilities	440,121	415,414	594,968	550,227	1,035,089	965,641
Other liabilities	84,444	100,042	41,408	49,920	125,852	149,962
Total liabilities	524,565	515,456	636,376	600,147	1,160,941	1,115,603
Deferred inflows of resources	42,588	49,403	25,349	2,921	67,937	52,324
Net position:						
Net investment in capital assets	243,225	234,367	650,326	638,058	893,551	872,425
Restricted	144,992	107,419	38,111	1,875	183,103	109,294
Unrestricted	15,263	(643)	208,340	234,010	223,603	233,367
Total net position	\$ 403,480	\$ 341,143	\$ 896,777	\$ 873,943	\$ 1,300,257	\$ 1,215,086

As indicated above, assets and deferred outflows of resources of the City exceeded liabilities and deferred inflows of resources by \$1.3 billion at June 30, 2022. Analysis of the business-type activities indicates that capital assets increased \$24.6 million and total net position increased \$22.8 million. Analysis of the governmental activities indicates that net position increased \$62.3 million; this is attributable to an increase in capital assets as well as an increase in restricted cash.

A large portion of the City's net position (69%) at June 30, 2022, is 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, 14.1% of the City's net position, represents resources that are subject to external

restrictions, such as the perpetual care fund and funds restricted for use under various grant programs. Restricted net position has increased by 7% as compared to the prior fiscal year, primarily due to unspent funds from the American Rescue Plan.

At June 30, 2022, the City is able to report positive balances in all three categories of net position.

Governmental Activities

Net position of governmental activities increased by \$62.3 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 by \$11.8 million which is a 7.8% increase. Governmental activities property tax revenue increased \$10.6 million or 7.6%. The 2022 property tax rate was \$0.6124, which was a decrease of \$.025 as compared to 2021. Current real and personal property tax collections during fiscal year 2022 were 99.4% of the current year levy.
- General revenues, other than property taxes and investment income, increased \$8.5 million, including a sales tax increase of \$8.3 million, which was 15.2% higher than 2021. Telecommunications sales tax decreased \$261 thousand, which was 19.9% less than 2021. Utilities sales tax increased \$274 thousand, which was 2% more than 2021.
- Investment income decreased \$5.15 million due to unrealized losses primarily in the governmental internal service funds and the permanent fund.
- Program revenues provided 35.8% of the support for governmental services.
- Total governmental expenses increased \$19.8 million during fiscal year 2022. The largest increase can be seen in community and economic development expenditures and is attributable to the emergency rental assistant grant.
- Federal and state grants are an important source of supplementary funding for public facilities and programs. During fiscal year 2022, the City received 63.1 million in grant revenue for restricted programs.

Business-type Activities

Net position of business-type activities increased by \$22.8 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 4.86 cents collected in property taxes to be used for mass transportation.

Business-type Activities

June 30, 2022

Figure 3

(dollars in thousands)

	Operating Expenses		Nonoperating			Increase (Decrease)	
	Operating Revenues	Before Depreciation	Depreciation Expense	Revenues (Expenses)	Capital Contributions	Transfers In (Out)	Net Position
Water and sewer utility	\$ 126,623	\$ 46,617	\$ 33,669	\$ (26,062)	\$ 7,059	\$ (221)	\$ 27,113
Solid waste disposal	12,580	8,619	2,960	(3,061)	-	394	(1,666)
Stormwater management	10,830	4,988	1,345	(2,534)	10	(2,169)	(196)
Parking	520	963	484	142	-	1,430	645
Transit Authority	1,509	19,505	3,010	19,350	313	(9)	(1,352)
Public assembly facilities management	5,210	6,384	2,004	356	12	6,250	3,440
Risk management reserve	.	409	-	(4,741)	-	-	(5,150)
Total	\$ 157,272	\$ 87,485	\$ 43,472	\$ (16,550)	\$ 7,394	\$ 5,675	\$ 22,834

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 \$87.2 million of which \$47.3 million was unassigned. At year-end unassigned fund balance increased \$14.1 million as compared to fiscal year 2021 and was 18.84% of 2023 budgeted expenditures. The total fund balance of the general fund increased \$26.7 million during the fiscal year. This is primarily due to an increase in sales tax revenues as consumer demand and spending exceeded estimates. Another large factor in the growth of fund balance is an increase in property tax revenues which grew as a result of a revaluation of real property that increased the tax base by 11.3%. The majority of the tax base growth was from the revaluation; however, recent economic development was also a factor. The revenue neutral tax rate for FY22 was 58.42 cents compared to the fiscal year 2022 tax rate of 61.24 cents per \$100 of assessed valuation. The City also realized expenditure savings primarily in the area of salaries and benefits due to unprecedented turnover and personnel vacancies experienced during the fiscal year.

The debt service fund has a fund balance of \$52.5 million at June 30, 2022, an increase of \$6.3 million, all of which is restricted for payment of debt service.

The fund balance of the capital projects fund increased \$15.6 million, to \$72.1 million at June 30, 2022, all of which is appropriated for capital projects.

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	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program revenues:						
Charges for services	\$ 30,018	\$ 34,455	\$ 157,272	\$ 145,519	\$ 187,290	\$ 179,974
Operating grants and contributions	62,290	20,452	10,139	8,401	72,429	28,853
Capital grants and contributions	769	806	7,395	17,969	8,164	18,775
General revenues:						
Property taxes	149,957	139,315	12,279	11,170	162,236	150,485
Sales taxes	62,962	54,679	-	-	62,962	54,679
Other local taxes	1,435	920	-	-	1,435	920
Telecommunications sales tax	1,051	1,312	-	-	1,051	1,312
Utilities sales tax	14,057	13,783	-	-	14,057	13,783
Piped natural gas sales tax	1,021	841	-	-	1,021	841
Video programming tax	1,903	1,891	-	-	1,903	1,891
Local tax reimbursements	992	1,022	-	-	992	1,022
Gain on disposal of capital assets	-	567	455	-	455	567
Investment income	(2,285)	2,865	(21,777)	40,342	(24,062)	43,207
Other	3,660	3,594	-	-	3,660	3,594
Total revenues	<u>327,830</u>	<u>276,502</u>	<u>165,763</u>	<u>223,401</u>	<u>493,593</u>	<u>499,903</u>
Expenses:						
General government	38,897	34,021	-	-	38,897	34,021
Public protection	116,615	111,171	-	-	116,615	111,171
Environmental health	21,076	19,939	-	-	21,076	19,939
Transportation	20,139	19,966	-	-	20,139	19,966
Culture and recreation	15,475	14,202	-	-	15,475	14,202
Community and economic development	37,459	30,128	-	-	37,459	30,128
Interest and fiscal charges	10,157	10,557	-	-	10,157	10,557
Water and sewer utility	-	-	96,459	93,232	96,459	93,232
Solid waste disposal	-	-	11,756	12,227	11,756	12,227
Stormwater management	-	-	6,595	6,960	6,595	6,960
Parking	-	-	1,449	1,447	1,449	1,447
Transit Authority	-	-	22,992	23,039	22,992	23,039
Public assembly facilities management	-	-	8,944	6,642	8,944	6,642
Risk management reserve	-	-	409	3,383	409	3,383
Total expenses	<u>259,818</u>	<u>239,984</u>	<u>148,604</u>	<u>146,930</u>	<u>408,422</u>	<u>386,914</u>
Increase in net position before transfers	68,012	36,518	17,159	76,471	85,171	112,989
Transfers						
Government-wide	(5,675)	(520)	5,675	520	-	-
Increase (decrease) in net position	62,337	35,998	22,834	76,991	85,171	112,989
Net position - beginning	341,143	305,145	873,943	796,952	1,215,086	1,102,097
Net position - ending	<u>\$403,480</u>	<u>\$341,143</u>	<u>\$ 896,777</u>	<u>\$ 873,943</u>	<u>\$ 1,300,257</u>	<u>\$ 1,215,086</u>

General Fund Budgetary Highlights. The general fund revenues recognized a favorable budget variance of \$13.3 million during 2021-2022. The City’s general fund budget had a favorable expenditure variance of \$14.3 million.

Major budget amendments included an increase in appropriations of \$3.9 million for carry over encumbrances, a change in the revenue appropriation for \$31.3 million for public safety salaries as a result of using funds from the American Rescue Plan, an increase in appropriations to transfer funds to public facilities and parking for net losses during the COVID-19 pandemic, an additional \$20 million appropriation to transfer funds to the capital projects fund for affordable housing, and an additional appropriation of \$1 million for the weaver fire assistance program.

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 was \$649.4 million, \$60.8 million and \$35.6 million at June 30, 2022, respectively. The net position of the water and sewer fund increased \$27.1 million primarily due to charges for services and capital contributions. The water and sewer fund rates increased by 3.5% on average as compared to the fiscal year 2021 rates.

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, 2022, totals \$1.74 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, construction in progress, and right to use leased assets.

Capital Assets (net of depreciation)

Figure 5

June 30, 2022 with Comparative Data for June 30, 2021

	(dollars in thousands)					
	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land	\$ 84,393	\$ 79,848	\$ 47,851	\$ 47,256	\$ 132,244	\$ 127,104
Buildings	152,359	152,812	164,732	172,220	317,091	325,032
Improvements other than buildings	218,193	204,839	826,651	681,412	1,044,844	886,251
Machinery and equipment	29,687	28,217	29,101	32,921	58,788	61,138
Construction in progress	76,764	71,583	100,349	210,250	177,113	281,833
Total	\$ 561,396	\$ 537,299	\$ 1,168,684	\$ 1,144,059	\$ 1,730,080	\$ 1,681,358
Right to use assets						
Leased equipment	\$ 365	\$ -	\$ -	\$ -	\$ 365	\$ -
Leased buildings	5,077	-	-	-	5,077	-
Total right to use assets	\$ 5,442	\$ -	\$ -	\$ -	\$ 5,442	\$ -
Grand total	\$ 566,838	\$ 537,299	\$ 1,168,684	\$ 1,144,059	\$ 1,735,522	\$ 1,681,358

Major capital asset transactions during the year include the following:

- Construction in progress for governmental activities was \$76.8 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 \$24.6 million which included major improvements to the extension of water and sewer lines, installation of advanced meter infrastructure, Muddy Creek basin capacity improvements, Hanes Landfill leachate system, stormwater system improvements, and the R. W. Neilson modernization project.

Additional information on the City’s capital assets is included in Note 2D 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; limited obligation bonds 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, 2022, the City had total bonded debt outstanding of \$740 million, of which, \$193 million is backed by the City’s full faith and credit and taxing power, \$137 is secured by city facilities, and \$410 million is 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.

Bonded Debt and Contractual Obligations Outstanding

Figure 6

June 30, 2022 with Comparative Data for June 30, 2021

	(dollars in thousands)					
	Governmental		Business-type		Total	
	Activities		Activities			
	2022	2021	2022	2021	2022	2021
Bonds						
General obligation	\$ 193,160	\$ 206,505	\$ -	\$ -	\$ 193,160	\$ 206,505
Revenue	-	-	409,960	364,755	409,960	364,755
Special obligation	-	5,730	-	-	-	5,730
Contractual Obligation:					-	
NCMLC limited obligation bonds	112,190	95,559	25,079	27,766	137,269	123,325
State loan	-	-	93,139	82,795	93,139	82,795
Other	39,126	27,375	-	-	39,126	27,375
Total	\$ 344,476	\$ 335,169	\$ 528,178	\$ 475,316	\$ 872,654	\$ 810,485

The City has \$137.3 million in contractual lease obligations to the North Carolina Municipal Leasing Corporation (“NCMLC”) for limited obligation bonds issued by the corporation for property and equipment acquired by the City under installment agreements and issued to increase the funding level of the Winston-

Salem Police Officers’ Retirement System. Installment financing agreements have funded equipment and certain real property acquired under the City’s leasing program for many years. Issues for equipment requisitions have been between \$18 and \$25 million every other year since 1996. The City has \$39.1 million in outstanding installment purchase loans and \$93.1 million in loan obligations through the NC Clean Water and NC Drinking Water State Revolving Loan Funds.

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. Just over 63% of outstanding general obligation bonds will be repaid within 10 years as shown in the following schedule (excludes premium on issuance).

General Obligation Bond Debt Service

Figure 7

(dollars in thousands)

<u>Maturities</u>	<u>Principal</u>	<u>Percent of Total</u>	<u>Interest and Principal</u>
2023-2027	\$ 65,435	33.88%	\$ 93,052
2028-2032	58,065	30.06	74,469
2033-2037	56,760	29.38	62,656
2038-2042	12,900	6.68	13,449
	<u>\$ 193,160</u>	<u>100.00%</u>	<u>\$ 243,626</u>

The City maintained AAA 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 \$1,944,633,053.

Additional information regarding the City’s long-term debt can be found in Note 2E.

Budget Highlights for the Fiscal Year Ending June 30, 2023

Governmental Activities. The general fund accounts for municipal services that are covered primarily by property and sales taxes. The fiscal year 2022-2023 adopted budget is \$250.9 million, an increase of \$27.8 million or 12.5% compared to the fiscal year 2021-2022 adopted budget. The major drivers of the increase are related to employee and benefits increases totaling \$14 million including establishing a new police and fire career ladder as well as city-wide increases in benefits costs, continuation of the merit pay program, and various new positions and pay plan changes. The budget also increased as a result of an increase in the recycling contract, the cost of fuel, and other operational increases totaling \$6.2 million, as well as increased investments in capital projects and capital outlay.

The FY 2022-23 budget includes adjustments for the high rate of inflation, labor market tightening, and supply chain issues. The focus of the fiscal year 2023 budget is on strategic priorities and transformative outcomes both in the General Fund and with funds made available through the American Rescue Plan. The budget also includes \$55 million in proposed limited obligation bonds for various public safety, recreation, transportation, economic development and general government projects.

The City has maintained a AAA credit rating, and through strict adherence to sound budget principles and fiscal policies, it will be imperative to maintain this status.

The proposed fiscal year 2022-2023 operations budget is balanced by a proposed tax rate of 63.6 cents per \$100, which is a 2.36 cent increase from the previous rate of 61.24 cents. The tax increase will be used to cover the increased personnel costs primarily related to public safety pay (1.5 cents) and .86 will cover the net increase in recycling program costs.

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 2022-2023 budget for the water and sewer system. The recommended budget includes a volumetric and readiness to serve rate increase that represents a 2.7% increase for the average residential water and sewer customer.

The recommended budget will generate sufficient revenues to meet the net operating income-to-debt service ratio requirements of approved revenue bonds. These requirements are part of the revenue bond covenants and are intended to ensure that there are sufficient revenues to meet the debt obligations of the water and sewer system. If the system did not generate sufficient revenues to pay off the bonds, the covenants would require the City to increase water and sewer rates.

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, 2022

Exhibit 1

Page 1 of 2

	Governmental Activities	Business-type Activities	Total
Assets			
Current Assets			
Cash and cash equivalents/investments	\$ 212,628,294	\$ 201,930,335	\$ 414,558,629
Receivables			
Taxes, net	975,544	78,732	1,054,276
Accounts, net	3,899,755	17,295,154	21,194,909
Leases, net	241,377	419,015	660,392
Assessments, net	644,405	94,188	738,593
Loans, net	17,821,291	-	17,821,291
Total receivables	23,582,372	17,887,089	41,469,461
Due from other governments	26,009,038	4,256,990	30,266,028
Inventories	3,005,569	4,966,834	7,972,403
Prepaid items	845,198	857	846,055
Total current assets	266,070,471	229,042,105	495,112,576
Noncurrent Assets			
Restricted assets			
Cash and cash equivalents/investments	71,116,097	116,863,639	187,979,736
Lease receivable, noncurrent	2,016,866	17,404,437	19,421,303
Capital assets			
Land	84,392,923	47,850,915	132,243,838
Construction in progress	76,764,238	100,349,341	177,113,579
Other capital assets, net of accumulated depreciation	400,239,162	1,020,483,864	1,420,723,026
Right to use leased assets, net of amortization	5,441,583	-	5,441,583
Accounts receivables	-	500,000	500,000
Total noncurrent assets	639,970,869	1,303,452,196	1,943,423,065
Total assets	906,041,340	1,532,494,301	2,438,535,641
Deferred Outflows of Resources			
Pension deferrals	57,791,794	6,229,031	64,020,825
OPEB deferrals	4,249,618	779,497	5,029,115
Charge on refunding	2,549,034	18,998,816	21,547,850
Total deferred outflows of resources	64,590,446	26,007,344	90,597,790

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

City of Winston-Salem, North Carolina
Statement of Net Position
June 30, 2022

Exhibit 1
Page 2 of 2

	Governmental Activities	Business-type Activities	Total
Liabilities			
Current Liabilities			
Accounts payable	\$ 20,589,252	\$ 7,698,496	\$ 28,287,748
Accrued payroll	1,724,795	466,142	2,190,937
Accrued vacation	6,812,974	1,336,975	8,149,949
Employee taxes and amounts withheld	-	1,840	1,840
Accrued interest payable	1,147,029	1,614,585	2,761,614
Loan escrow	7,941	-	7,941
Unearned revenue	19,217,377	115,278	19,332,655
Landfill closure and postclosure costs	-	372,000	372,000
Pollution remediation	-	21,425	21,425
Current maturities			
Claims payable	4,364,388	176,815	4,541,203
Leases payable	587,695	-	587,695
Contracts payable	16,132,462	8,684,033	24,816,495
Bonds payable	<u>13,860,000</u>	<u>20,920,000</u>	<u>34,780,000</u>
Total current liabilities	<u>84,443,913</u>	<u>41,407,589</u>	<u>125,851,502</u>
Noncurrent Liabilities			
Construction contracts payable from restricted assets	-	12,468,633	12,468,633
Accrued vacation	8,420,492	1,072,179	9,492,671
Net pension liability	84,977,005	4,208,299	89,185,304
Net OPEB liability	1,233,036	226,173	1,459,209
Landfill closure and postclosure costs	-	22,037,940	22,037,940
Pollution remediation	-	1,930,171	1,930,171
Claims payable	4,352,398	1,627,559	5,979,957
Leases payable	4,846,355	-	4,846,355
Contracts payable	139,021,701	109,897,167	248,918,868
Bonds payable	<u>197,270,320</u>	<u>441,500,266</u>	<u>638,770,586</u>
Total noncurrent liabilities	<u>440,121,307</u>	<u>594,968,387</u>	<u>1,035,089,694</u>
Total liabilities	<u>524,565,220</u>	<u>636,375,976</u>	<u>1,160,941,196</u>
Deferred Inflows of Resources			
Leases	2,229,237	18,503,616	20,732,853
Accounts and assessments	136,134	-	136,134
Pension deferrals	36,609,972	6,115,069	42,725,041
OPEB deferrals	3,612,569	662,644	4,275,213
Charge on refunding	-	67,452	67,452
Total deferred inflows of resources	<u>42,587,912</u>	<u>25,348,781</u>	<u>67,936,693</u>
Net Position			
Net investment in capital assets	243,224,336	650,325,396	893,549,732
Restricted for:			
Stabilization by state statute	69,282,188	-	69,282,188
Debt service	49,278,942	-	49,278,942
Capital improvements	-	38,111,166	38,111,166
General government	94,536	-	94,536
Public protection	3,021,172	-	3,021,172
Transportation	8,662,987	-	8,662,987
Culture and recreation	970,952	-	970,952
Community and economic development	9,343,888	-	9,343,888
Perpetual care	4,337,137	-	4,337,137
Unrestricted	<u>15,262,516</u>	<u>208,340,326</u>	<u>223,602,842</u>
Total net position	<u>\$ 403,478,654</u>	<u>\$ 896,776,888</u>	<u>\$ 1,300,255,542</u>

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, 2022

	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Activities:				
Governmental:				
General government	\$ 38,897,499	\$ 14,367,449	\$ 464,182	\$ -
Public protection	116,614,583	2,244,432	35,700,226	-
Environmental health	21,075,652	2,168,271	-	-
Transportation	20,138,772	2,480,133	9,124,007	741,914
Culture and recreation	15,475,504	957,910	-	27,360
Community and economic development	37,459,323	7,798,756	17,002,044	-
Interest and fiscal charges	10,157,490	-	-	-
Total governmental activities	259,818,823	30,016,951	62,290,459	769,274
Business-type:				
Water and sewer utility	96,458,373	126,622,867	9,882	7,059,431
Solid waste disposal	11,756,156	12,579,687	1,474,691	-
Stormwater management	6,595,348	10,829,599	61,647	10,264
Parking	1,449,184	520,125	143,231	-
Transit Authority	22,992,304	1,509,019	7,540,334	312,867
Public assembly facilities management	8,943,894	5,210,414	909,568	12,173
Risk management reserve	408,547	-	-	-
Total business-type activities	148,603,806	157,271,711	10,139,353	7,394,735
Total Primary Government	\$ 408,422,629	\$ 187,288,662	\$ 72,429,812	\$ 8,164,009

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

<u>Net (Expense) Revenue and Changes in Net Position</u>			
	<u>Governmental</u>	<u>Business-type</u>	
	<u>Activities</u>	<u>Activities</u>	<u>Total</u>
Activities:			
Governmental:			
General government	\$ (24,065,868)	\$ -	\$ (24,065,868)
Public protection	(78,669,925)	-	(78,669,925)
Environmental health	(18,907,381)	-	(18,907,381)
Transportation	(7,792,718)	-	(7,792,718)
Culture and recreation	(14,490,234)	-	(14,490,234)
Community and economic development	(12,658,523)	-	(12,658,523)
Interest and fiscal charges	(10,157,490)	-	(10,157,490)
Total governmental activities	(166,742,139)	-	(166,742,139)
Business-type:			
Water and sewer utility	-	37,233,807	37,233,807
Solid waste disposal	-	2,298,222	2,298,222
Stormwater management	-	4,306,162	4,306,162
Parking	-	(785,828)	(785,828)
Transit Authority	-	(13,630,084)	(13,630,084)
Public assembly facilities management	-	(2,811,739)	(2,811,739)
Risk management reserve	-	(408,547)	(408,547)
Total business-type activities	-	26,201,993	26,201,993
Total Primary Government	(166,742,139)	26,201,993	(140,540,146)
General revenues:			
Taxes:			
Property taxes	149,957,339	12,279,057	162,236,396
Sales taxes	62,962,302	-	62,962,302
Gross receipts taxes	446,083	-	446,083
Occupancy taxes	988,566	-	988,566
Beer and wine excise tax-state	992,144	-	992,144
Telecommunications sales tax	1,051,132	-	1,051,132
Utilities sales tax	14,056,822	-	14,056,822
Piped natural gas sales tax	1,021,262	-	1,021,262
Video programming tax	1,902,960	-	1,902,960
Payments in lieu of taxes	221,884	-	221,884
ABC store allocations	3,437,260	-	3,437,260
Gain on disposal of capital assets	-	454,657	454,657
Investment income	(2,285,111)	(21,777,151)	(24,062,262)
Transfers			
Government-wide	(5,674,796)	5,674,796	-
Total general revenues and transfers	229,077,847	(3,368,641)	225,709,206
Change in net position	62,335,708	22,833,352	85,169,060
Total net position - beginning	341,142,946	873,943,536	1,215,086,482
Total net position - ending	\$ 403,478,654	\$ 896,776,888	\$ 1,300,255,542

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

City of Winston-Salem, North Carolina

Balance Sheet Governmental Funds

June 30, 2022

Exhibit 3

	General Fund	Debt Service Fund	Capital Projects Fund	American Rescue Plan	Other Governmental Funds	Total Governmental Funds
Assets						
Cash and cash equivalents/investments	\$ 70,122,306	\$ 49,349,452	\$ 31,347,274	\$ -	\$ 29,163,700	\$ 179,982,732
Restricted cash and cash equivalents	-	-	45,555,929	18,093,297	7,466,871	\$ 71,116,097
Receivables						
Taxes, net	791,876	178,794	-	-	4,874	975,544
Accounts, net	2,604,820	890,580	31,514	-	16,888	3,543,802
Leases, net	214,500	-	1,897,219	-	146,524	2,258,243
Assessments, net	644,125	-	280	-	-	644,405
Loans	-	-	-	-	17,821,291	17,821,291
Total receivables	4,255,321	1,069,374	1,929,013	-	17,989,577	25,243,285
Due from other governments	20,843,913	3,002,958	174,050	-	1,988,117	26,009,038
Due from other funds	259,387	-	-	-	-	259,387
Inventories	592,714	-	-	-	500,629	1,093,343
Prepaid items	64,817	-	-	-	-	64,817
Total assets	\$ 96,138,458	\$ 53,421,784	\$ 79,006,266	\$ 18,093,297	\$ 57,108,894	\$ 303,768,699
Liabilities						
Accounts payable	\$ 5,490,481	\$ 19,391	\$ 4,106,616	\$ 276,425	\$ 1,537,724	\$ 11,430,637
Accrued payroll	1,616,632	-	-	-	34,176	1,650,808
Loan escrow	2,592	-	-	-	5,349	7,941
Unearned revenue	46,654	8,189	910,394	17,807,901	444,239	19,217,377
Total liabilities	7,156,359	27,580	5,017,010	18,084,326	2,021,488	32,306,763
Deferred Inflows of Resources						
Taxes	791,876	178,794	-	-	4,874	975,544
Leases	207,681	-	1,877,660	-	143,896	2,229,237
Accounts and Assessments	780,462	685,000	280	-	-	1,465,742
Total deferred inflows of resources	1,780,019	863,794	1,877,940	-	148,770	4,670,523
Fund Balances						
Nonspendable						
Leases	6,819	-	19,559	-	2,628	29,006
Inventories	592,714	-	-	-	500,629	1,093,343
Prepays	64,817	-	-	-	-	64,817
Perpetual care	-	-	-	-	4,337,137	4,337,137
Restricted						
Stabilization by state statute	28,922,360	3,251,468	26,535,828	-	10,572,532	69,282,188
Debt service	-	49,278,942	-	-	-	49,278,942
Capital improvements	-	-	45,555,929	-	-	45,555,929
General government	-	-	-	8,971	85,565	94,536
Public protection	-	-	-	-	3,021,172	3,021,172
Transportation	-	-	-	-	8,662,987	8,662,987
Culture and recreation	-	-	-	-	970,952	970,952
Community and economic development	-	-	-	-	9,343,888	9,343,888
Committed						
Community and economic development	-	-	-	-	17,443,064	17,443,064
Assigned						
Subsequent year's budget	6,085,330	-	-	-	-	6,085,330
Local fiscal recovery	4,264,360	-	-	-	-	4,264,360
Unassigned	47,265,680	-	-	-	(1,918)	47,263,762
Total fund balances	87,202,080	52,530,410	72,111,316	8,971	54,938,636	266,791,413
Total liabilities, deferred inflows of resources, and fund balances	\$ 96,138,458	\$ 53,421,784	\$ 79,006,266	\$ 18,093,297	\$ 57,108,894	\$ 303,768,699

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, 2022

Exhibit 3.1

Total fund balances for governmental funds (Exhibit 3)	\$ 266,791,413
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	863,295,289
Accumulated depreciation	(301,898,966)
Right to use leased assets used in governmental activities are not financial resources and, therefore are not reported in the funds.	
Right to use assets	6,029,212
Accumulated amortization	(587,629)
Pension deferrals in the current fiscal year are deferred outflows of resources on the statement of net position.	57,791,794
OPEB deferrals in the current fiscal year are deferred outflows of resources on the statement of net position.	4,249,618
Other assets not available to pay for current period expenditures and, therefore, are inflows of resources in fund statements.	4,854,186
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.	17,485,347
Net pension liability	(84,977,005)
Net OPEB liability	(1,233,036)
Pension related deferrals	(36,609,972)
OPEB related deferrals	(3,612,569)
Long-term liabilities are not due and payable in the current period and accordingly are not reported as fund liabilities:	
Accrued vacation	(15,233,466)
Accrued interest	(1,147,029)
Leases	(5,434,050)
Contracts payable	(155,154,163)
Bonds payable	(211,130,320)
Net position of governmental activities (Exhibit 1)	<u><u>\$ 403,478,654</u></u>

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

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

For the Fiscal Year Ended June 30, 2022

Exhibit 4

	General Fund	Debt Service Fund	Capital Projects Fund	American Rescue Plan	Other Governmental Funds	Total Governmental Funds
Revenues						
Taxes	\$177,520,362	\$ 35,228,259	\$ -	\$ -	\$ 1,616,303	\$ 214,364,924
Licenses and permits	7,104,086	-	-	-	-	7,104,086
Intergovernmental	21,658,185	1,351,334	769,274	33,924,163	28,040,241	85,743,197
Investment income	-	207,974	(366,426)	7,020	(684,448)	(835,880)
Charges for services	17,603,363	-	23,709	-	8,107	17,635,179
NCMLC charges	-	-	420,094	-	-	420,094
Other	2,450,724	2,074,469	1,305,356	-	683,938	6,514,487
Total revenues	226,336,720	38,862,036	2,152,007	33,931,183	29,664,141	330,946,087
Expenditures						
Current						
General government	33,823,432	-	-	2,544,120	6,419	36,373,971
Public protection	114,089,744	-	-	-	2,320,043	116,409,787
Environmental health	20,707,310	-	-	-	-	20,707,310
Transportation	11,315,878	-	-	-	2,002,493	13,318,371
Culture and recreation	12,492,063	-	-	-	496,571	12,988,634
Community & econ development	13,779,516	-	-	-	21,761,385	35,540,901
Other	-	426,918	-	-	-	426,918
Capital outlay	-	-	48,308,340	-	-	48,308,340
Debt service						
Bond	-	13,345,000	-	-	-	13,345,000
Other	349,832	9,264,167	8,404,393	-	-	18,018,392
Interest and fiscal charges						
Bond	-	7,425,639	-	-	-	7,425,639
Other	19,326	3,795,710	680,259	-	-	4,495,295
Total expenditures	206,577,101	34,257,434	57,392,992	2,544,120	26,586,911	327,358,558
Excess of revenues over (under) expenditures	19,759,619	4,604,602	(55,240,985)	31,387,063	3,077,230	3,587,529
Other Financing Sources (Uses)						
Premium on limited obligation bonds	-	-	2,220,195	-	-	2,220,195
Issuance of limited obligation bonds	-	39,775,000	16,155,000	-	-	55,930,000
Issuance of contracts payable	-	-	26,161,418	-	-	26,161,418
Payment to refunded bonds escrow	-	(39,471,128)	-	-	-	(39,471,128)
Transfers in	39,053,665	1,883,424	23,560,337	-	4,273,996	68,771,422
Transfers out	(34,003,200)	(532,370)	(1,383,888)	(31,380,043)	(7,022,417)	(74,321,918)
Lease liabilities issued	1,881,897	-	4,147,315	-	-	6,029,212
Total other financing sources (uses), net	6,932,362	1,654,926	70,860,377	(31,380,043)	(2,748,421)	45,319,201
Net change in fund balances	26,691,981	6,259,528	15,619,392	7,020	328,809	48,906,730
Fund balance - beginning	60,510,099	46,270,882	56,491,924	1,951	54,609,827	217,884,683
Fund balances - ending	\$87,202,080	\$ 52,530,410	\$ 72,111,316	\$ 8,971	\$54,938,636	\$ 266,791,413

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, 2022

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)	\$ 48,906,730
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	50,383,645
Depreciation expense for governmental assets	(19,605,789)
Amortization expense for right to use assets	(587,630)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.	(248,380)
Contributions to the pension plan in the current fiscal year are not included on the statement of activities.	11,547,108
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	(1,667,530)
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.	(6,007,585)
The issuance of long-term debt is reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position. Also governmental funds report the effect of issuance costs, premiums and discounts, and similar items as expenses when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	
Debt issued:	
Premium on limited obligation bonds	(2,220,195)
Issuance of refunding limited obligation bonds	(39,775,000)
Issuance of limited obligation bonds	(16,155,000)
Payment to refunded limited obligation bond escrow agent	39,471,128
Issuance of leases	(6,029,212)
Equipment contracts payable	(26,161,418)
Decrease in contracts payable	4,170,345
Repayments:	
Bonds	13,345,000
Leases	595,163
Limited obligation bonds	18,018,392
Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues.	
Pension expense	(11,379,628)
OPEB expense	4,231,532
Accrued vacation	(255,492)
Amortization of financing costs	1,790,599
Accrued interest on bonds	59,277
Accrued interest payable on leases	(9,941)
Accrued interest on limited obligation bonds	(80,411)
Change in net position of governmental activities (Exhibit 2)	<u>\$ 62,335,708</u>

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

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

For the Fiscal Year Ended June 30, 2022

Exhibit 5
Page 1 of 5

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Taxes				
Property taxes				
Current levy	\$ 121,448,370	\$ 121,448,370	\$ 123,012,250	\$ 1,563,880
Prior years levies	450,000	450,000	440,200	(9,800)
Penalty and interest on taxes	400,000	400,000	513,171	113,171
Total property taxes	122,298,370	122,298,370	123,965,621	1,667,251
Other local taxes				
Local option sales taxes	44,131,910	44,131,910	53,108,658	8,976,748
Gross receipts taxes	360,000	360,000	446,083	86,083
Total other local taxes	44,491,910	44,491,910	53,554,741	9,062,831
Total taxes	166,790,280	166,790,280	177,520,362	10,730,082
Licenses and permits				
Building permits	1,335,850	1,335,850	1,931,716	595,866
Electrical permits	1,125,000	1,125,000	1,293,631	168,631
Plumbing permits	450,000	450,000	524,829	74,829
Heating permits	695,000	695,000	827,302	132,302
Erosion control permits	-	-	2,675	2,675
Zoning board ordinances	16,000	16,000	14,075	(1,925)
Other construction related permits	105,500	105,500	134,821	29,321
Site inspection permits	8,000	8,000	1,400	(6,600)
Zoning permits	250,000	250,000	253,575	3,575
Refrigeration permits	4,500	4,500	4,601	101
Privilege licenses and penalties	8,000	8,000	7,441	(559)
Motor vehicle licenses	1,809,690	1,809,690	1,841,721	32,031
Other licenses and permits	228,240	228,240	266,299	38,059
Total licenses and permits	6,035,780	6,035,780	7,104,086	1,068,306
Intergovernmental revenues				
Beer and wine excise tax - state	1,047,080	1,047,080	992,144	(54,936)
Telecommunications sales tax	1,254,050	1,254,050	1,051,132	(202,918)
Utilities sales tax	13,561,360	13,561,360	14,056,822	495,462
Piped natural gas sales tax	713,580	713,580	1,021,262	307,682
Video programming tax	1,793,920	1,793,920	1,902,960	109,040
Payments in lieu of taxes	217,700	217,700	221,884	4,184
Emergency management	62,500	62,500	107,157	44,657
Other federal support	-	-	9,613	9,613
Other state grants	-	-	3,704	3,704
ABC store allocations	1,813,880	1,813,880	2,291,507	477,627
Total intergovernmental revenues	20,464,070	20,464,070	21,658,185	1,194,115

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, 2022

Exhibit 5
Page 2 of 5

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues (continued)				
Charges for sales and services				
Governmental services and sales				
Public safety services	\$ 92,800	\$ 92,800	\$ 60,336	\$ (32,464)
Transportation	200,000	200,000	236,834	36,834
Public works services	1,267,380	1,775,210	2,381,136	605,926
Governmental services	791,760	791,760	869,232	77,472
Miscellaneous sales and services	357,250	357,250	455,583	98,333
Total governmental services and sales	<u>2,709,190</u>	<u>3,217,020</u>	<u>4,003,121</u>	<u>786,101</u>
Charges to State of North Carolina				
Highway maintenance/special projects	224,760	224,760	229,254	4,494
Traffic control devices	375,000	375,000	322,932	(52,068)
Computerized traffic system	100,000	100,000	138,595	38,595
Total charges to state	<u>699,760</u>	<u>699,760</u>	<u>690,781</u>	<u>(8,979)</u>
Charges to Other Governments				
Forsyth County				
Planning board support	1,519,100	1,519,100	1,242,479	(276,621)
Emergency management	445,110	445,110	417,749	(27,361)
Inspections	257,860	257,860	-	(257,860)
Purchasing	139,900	139,900	149,580	9,680
Police	571,140	571,140	544,101	(27,039)
Other	28,000	28,000	20,209	(7,791)
Total charges to county	<u>2,961,110</u>	<u>2,961,110</u>	<u>2,374,118</u>	<u>(586,992)</u>
Interfund charges for services				
Engineering	1,325,000	1,325,000	1,162,184	(162,816)
Financial management services	1,202,490	1,202,490	1,202,486	(4)
Streets	67,800	67,800	196,276	128,476
Planning	10,000	10,000	406	(9,594)
Property management	1,524,670	1,524,670	1,323,988	(200,682)
Sanitation	40,000	40,000	38,390	(1,610)
Police	437,500	437,500	349,137	(88,363)
Real estate	100,000	100,000	77,009	(22,991)
Street cuts	-	-	1,178	1,178
Indirect cost allocation	5,724,290	5,724,290	5,680,318	(43,972)
Traffic engineering	427,000	427,000	380,270	(46,730)
Vegetation management services	75,000	75,000	28,292	(46,708)
Human relations	-	-	5,000	5,000
TURN program	166,660	166,660	67,165	(99,495)
Other	-	169,770	23,244	(146,526)
Total interfund charges for services	<u>11,100,410</u>	<u>11,270,180</u>	<u>10,535,343</u>	<u>(734,837)</u>
Total charges for sales and services	<u>17,470,470</u>	<u>18,148,070</u>	<u>17,603,363</u>	<u>(544,707)</u>

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

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

For the Fiscal Year Ended June 30, 2022

Exhibit 5
Page 3 of 5

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues (continued)				
Other revenues				
Rentals	\$ 456,700	\$ 456,700	\$ 352,879	\$ (103,821)
Sales of property	310,000	310,000	512,103	202,103
Parking meters	110,000	110,000	89,653	(20,347)
Parking tickets	150,000	150,000	158,871	8,871
Fines and forfeitures	736,200	736,200	528,714	(207,486)
Miscellaneous revenue	546,030	451,561	808,504	356,943
Total other revenues	<u>2,308,930</u>	<u>2,214,461</u>	<u>2,450,724</u>	<u>236,263</u>
Total revenues	213,069,530	213,652,661	226,336,720	12,684,059
Expenditures (by function)				
General government				
Legislative	1,763,500	1,775,745	1,679,845	95,900
Executive	4,275,400	4,300,549	4,139,254	161,295
Staff services	8,162,230	7,931,000	7,441,306	489,694
Financial management	7,635,380	7,666,215	6,825,270	840,945
Intergovernmental services	13,001,030	12,913,101	11,794,092	1,119,009
Employee health	1,305,230	1,305,230	564,013	741,217
Human relations	553,960	706,671	674,353	32,318
Property tax collections	750,320	861,040	705,299	155,741
Total general government	<u>37,447,050</u>	<u>37,459,551</u>	<u>33,823,432</u>	<u>3,636,119</u>
Public protection				
Police	78,955,562	79,406,073	77,618,665	1,787,408
Fire	35,389,980	35,719,744	35,747,083	(27,339)
Emergency management	841,000	844,156	723,996	120,160
Total public protection	<u>115,186,542</u>	<u>115,969,973</u>	<u>114,089,744</u>	<u>1,880,229</u>
Environmental health				
Sanitation administration	1,042,020	1,096,422	1,008,098	88,324
Organic and solid waste collection	8,621,800	9,830,471	9,702,887	127,584
Sustainability	2,393,790	2,946,002	2,896,617	49,385
Yard waste collections	1,070,710	1,234,562	1,206,034	28,528
Curbside collection	6,269,980	6,108,079	5,893,674	214,405
Total environmental health	<u>19,398,300</u>	<u>21,215,536</u>	<u>20,707,310</u>	<u>508,226</u>

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

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

For the Fiscal Year Ended June 30, 2022

Exhibit 5
Page 4 of 5

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Expenditures (by function continued)				
Transportation				
Technical support	\$ 2,084,350	\$ 2,184,720	\$ 1,545,077	\$ 639,643
Signal system operations	471,790	617,021	383,578	233,443
Traffic system maintenance	6,196,100	6,341,368	5,345,212	996,156
Street parking	359,210	359,395	290,274	69,121
Streets and sidewalks	5,568,410	6,864,362	3,751,737	3,112,625
Total transportation	14,679,860	16,366,866	11,315,878	5,050,988
Culture and recreation				
Recreation administration	1,112,580	1,157,022	1,302,949	(145,927)
Participant recreation	12,030,730	12,306,828	11,189,114	1,117,714
Total culture and recreation	13,143,310	13,463,850	12,492,063	971,787
Community and economic development				
Zoning and construction control	4,981,870	5,046,796	4,756,936	289,860
Real estate management	421,990	421,990	384,411	37,579
Planning board	2,590,900	2,595,695	2,251,553	344,142
Housing services	4,760,760	4,772,279	3,075,342	1,696,937
Housing and neighborhood development	872,990	965,910	752,497	213,413
Housing finance repayment	196,510	196,510	196,510	-
Economic development	1,607,550	1,610,571	1,055,713	554,858
Community agencies	839,450	2,023,540	1,306,554	716,986
Total community and economic development	16,272,020	17,633,291	13,779,516	3,853,775
Debt service				
Principal	349,832	349,832	349,832	-
Interest and other charges	19,326	19,326	19,326	-
Total debt service	369,158	369,158	369,158	-
Other				
Appropriated expenditure reductions	(3,067,150)	(3,067,150)	-	(3,067,150)
Total other	(3,067,150)	(3,067,150)	-	(3,067,150)
Total expenditures	213,429,090	219,411,075	206,577,101	12,833,974
Excess of expenditures (over) under revenues	(359,560)	(5,758,414)	19,759,619	25,518,033

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, 2022

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	\$ 983,840	\$ 1,076,760	\$ 666,920	\$ (409,840)
Gasoline tax fund	5,146,100	5,146,100	4,499,328	(646,772)
Economic and housing development fund	65,000	65,000	65,000	-
American rescue plan fund	-	31,572,890	31,380,043	(192,847)
Capital projects fund	93,900	93,900	93,900	-
Cemetery perpetual care fund	228,000	228,000	228,000	-
Water and sewer utility fund	87,380	87,380	79,692	(7,688)
Stormwater fund	1,924,170	1,924,170	1,916,482	(7,688)
Workers' compensation fund	124,300	124,300	124,300	-
Total transfers in	8,652,690	40,318,500	39,053,665	(1,264,835)
Transfers out				
Grants fund	(1,620,200)	(570,200)	(385,948)	184,252
Economic and housing development fund	(3,226,320)	(3,226,320)	(3,226,320)	-
Occupancy tax fund	-	(516,870)	(516,870)	-
Downtown business improvement district	-	(60,000)	(60,000)	-
Debt service fund	(1,888,110)	(1,888,110)	(1,883,424)	4,686
Capital projects fund	-	(21,250,000)	(21,250,000)	-
Cemetery perpetual care fund	-	-	(21,090)	(21,090)
Parking fund	(744,550)	(1,430,500)	(1,430,500)	-
Public assembly facilities management fund	(2,163,950)	(6,569,660)	(5,229,048)	1,340,612
Total transfers out	(9,643,130)	(35,511,660)	(34,003,200)	1,508,460
Lease liabilities issued	-	-	1,881,897	1,881,897
Total other financing sources, net	(990,440)	4,806,840	6,932,362	2,125,522
Excess of revenues and other financing sources over (under) expenditures and other uses	(1,350,000)	(951,574)	26,691,981	27,643,555
Fund balance July 1	60,510,099	60,510,099	60,510,099	-
Fund balance June 30	\$ 59,160,099	\$ 59,558,525	\$ 87,202,080	\$ 27,643,555

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, 2022

Exhibit 6
 Page 1 of 2

	Enterprise Funds				Total	Internal Service Funds
	Water and Sewer Utility	Solid Waste Disposal	Transit Authority	Nonmajor Funds		
Assets						
Current Assets						
Cash and cash equivalents						
/investments	\$ 80,460,670	\$34,786,578	\$ 6,365,615	\$ 32,292,816	\$ 153,905,679	80,670,218
Receivables for uncollectibles						
Taxes, net	-	-	78,732	-	78,732	-
Accounts, net	15,403,547	233,737	141,968	1,515,902	17,295,154	355,953
Assessments, net	94,188	-	-	-	94,188	-
Leases	-	-	-	419,015	419,015	-
Total receivables	15,497,735	233,737	220,700	1,934,917	17,887,089	355,953
Due from other governments	385,907	-	3,448,764	422,319	4,256,990	-
Inventories	4,623,268	-	343,566	-	4,966,834	1,912,226
Prepaid expenses	-	-	-	857	857	780,381
Total current assets	100,967,580	35,020,315	10,378,645	34,650,909	181,017,449	83,718,778
Noncurrent Assets						
Restricted assets						
Cash and cash equivalents						
/investments	94,291,177	22,409,940	-	162,522	116,863,639	-
Capital assets						
Land	19,783,010	12,664,670	2,239,883	13,163,352	47,850,915	801,682
Construction in progress	84,690,111	1,702,068	3,840,582	10,116,580	100,349,341	69,153
Other capital assets, net of accumulated depreciation	903,593,648	16,958,121	20,587,487	79,344,608	1,020,483,864	5,418,729
Accounts receivables	-	-	-	500,000	500,000	-
Lease receivable, noncurrent	-	-	-	17,404,437	17,404,437	-
Total noncurrent assets	1,102,357,946	53,734,799	26,667,952	120,691,499	1,303,452,196	6,289,564
Total assets	1,203,325,526	88,755,114	37,046,597	155,342,408	1,484,469,645	90,008,342
Deferred Outflows of Resources						
Pension deferrals	4,762,006	540,962	-	926,063	6,229,031	1,612,315
OPEB deferrals	595,914	67,696	-	115,887	779,497	201,765
Charge on refunding	18,991,232	-	-	7,584	18,998,816	-
Total deferred outflows of resources	24,349,152	608,658	-	1,049,534	26,007,344	1,814,080

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, 2022

Exhibit 6
 Page 2 of 2

Liabilities	Enterprise Funds					Internal Service Funds
	Water and Sewer Utility	Solid Waste Disposal	Transit Authority	Nonmajor Funds	Total	
Current Liabilities						
Accounts payable	5,296,612	379,469	568,526	997,274	7,241,881	9,615,230
Accrued payroll	237,880	25,154	158,230	44,878	466,142	73,987
Accrued vacation	486,223	63,106	676,588	111,058	1,336,975	304,254
Employee taxes and amounts withheld	-	-	1,840	-	1,840	-
Accrued interest payable	1,539,426	10,508	-	64,651	1,614,585	-
Due to other funds	-	-	-	-	-	259,387
Unearned revenue	7,863	-	82,337	25,078	115,278	-
Landfill closure and postclosure costs	-	372,000	-	-	372,000	-
Pollution remediation	-	-	-	21,425	21,425	-
Current maturities						
Claims payable	-	-	-	-	-	4,541,203
Contracts payable	6,252,902	1,288,443	-	1,142,688	8,684,033	868,481
Bonds payable	20,310,000	-	-	610,000	20,920,000	-
Total current liabilities	34,130,906	2,138,680	1,487,521	3,017,052	40,774,159	15,662,542
Noncurrent Liabilities						
Construction contracts payable from restricted assets	12,468,633	-	-	-	12,468,633	-
Accrued vacation	813,456	78,418	-	180,305	1,072,179	157,787
Net pension liability	3,217,184	365,471	-	625,644	4,208,299	1,089,270
Net OPEB liability	172,906	19,642	-	33,625	226,173	58,542
Landfill closure and postclosure costs	-	22,037,940	-	-	22,037,940	-
Pollution remediation	-	-	-	1,930,171	1,930,171	-
Claims payable	-	-	-	-	-	5,979,957
Contracts payable	88,372,730	3,339,257	-	18,185,180	109,897,167	1,489,510
Bonds payable	433,812,129	-	-	7,688,137	441,500,266	-
Total noncurrent liabilities	538,857,038	25,840,728	-	28,643,062	593,340,828	8,775,066
Total liabilities	572,987,944	27,979,408	1,487,521	31,660,114	634,114,987	24,437,608
Deferred Inflows of Resources						
Leases	-	-	-	18,503,616	18,503,616	-
Pension deferrals	4,674,883	531,065	-	909,121	6,115,069	1,582,816
OPEB deferrals	506,582	57,548	-	98,514	662,644	171,517
Charge on refunding	67,452	-	-	-	67,452	-
Total deferred inflows of resources	5,248,917	588,613	-	19,511,251	25,348,781	1,754,333
Net Position						
Net investment in capital assets	521,954,166	26,697,159	26,667,952	75,006,119	650,325,396	3,931,573
Restricted for capital improvements	81,822,544	-	-	-	81,822,544	-
Unrestricted	45,661,107	34,098,592	8,891,124	30,214,458	118,865,281	61,698,908
Total net position	\$ 649,437,817	\$ 60,795,751	\$ 35,559,076	\$ 105,220,577	851,013,221	\$65,630,481
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					45,763,667	
Net position of business-type activities					\$ 896,776,888	

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

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, 2022

Exhibit 7

	Enterprise Funds					Internal Service Funds
	Water and Sewer Utility	Solid Waste Disposal	Transit Authority	Nonmajor Funds	Total	
Operating Revenues						
Sales	\$ 118,519,147	\$ -	\$ -	\$ -	\$ 118,519,147	\$ -
Charges for services	7,839,274	12,571,098	1,202,040	15,037,403	36,649,815	84,398,376
Other	264,446	8,589	306,979	1,522,735	2,102,749	2,481,318
Total operating revenues	126,622,867	12,579,687	1,509,019	16,560,138	157,271,711	86,879,694
Operating Expenses						
Personal services	20,036,058	2,141,088	14,243,418	3,828,838	40,249,402	8,968,742
Maintenance and operations	26,581,309	6,477,640	5,261,980	8,506,247	46,827,176	81,441,516
Total operating expenses before depreciation	46,617,367	8,618,728	19,505,398	12,335,085	87,076,578	90,410,258
Depreciation	33,669,043	2,960,246	3,009,549	3,833,477	43,472,315	1,098,563
Total operating expenses	80,286,410	11,578,974	22,514,947	16,168,562	130,548,893	91,508,821
Operating income (loss)	46,336,457	1,000,713	(21,005,928)	391,576	26,722,818	(4,629,127)
Nonoperating Revenues (Expenses)						
Intergovernmental revenue	9,882	1,304,334	7,497,756	1,114,446	9,926,418	-
Property taxes	-	-	12,279,057	-	12,279,057	-
Investment income (loss)	(10,127,756)	(4,525,907)	7,490	(2,389,967)	(17,036,140)	(6,190,242)
Gain (loss) on disposal of assets	227,720	167,727	(477,357)	59,210	(22,700)	(50,004)
Damage settlements	-	170,357	42,578	-	212,935	-
Interest and fiscal expense	(18,732,172)	(257,755)	-	(867,860)	(19,857,787)	(163,470)
Amortization of financing costs	2,560,209	80,573	-	47,996	2,688,778	-
Total nonoperating revenues (expenses), net	(26,062,117)	(3,060,671)	19,349,524	(2,036,175)	(11,809,439)	(6,403,716)
Income (loss) before capital contributions and transfers	20,274,340	(2,059,958)	(1,656,404)	(1,644,599)	14,913,379	(11,032,843)
Capital Contributions	7,059,431	-	312,867	22,437	7,394,735	-
Transfers In	120,720	394,152	-	8,106,338	8,621,210	-
Transfers Out	(342,460)	-	(8,548)	(2,595,406)	(2,946,414)	(124,300)
Total transfers	(221,740)	394,152	(8,548)	5,510,932	5,674,796	(124,300)
Change in net position	27,112,031	(1,665,806)	(1,352,085)	3,888,770	27,982,910	(11,157,143)
Total net position - beginning	622,325,786	62,461,557	36,911,161	101,331,807		76,787,624
Total net position - ending	\$ 649,437,817	\$ 60,795,751	\$ 35,559,076	\$ 105,220,577		\$ 65,630,481
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					(5,149,558)	
Change in net position of business-type activities					\$ 22,833,352	

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, 2022

Exhibit 8
Page 1 of 2

	Enterprise Funds					Internal Service Funds
	Water and Sewer Utility	Solid Waste Disposal	Transit Authority	Nonmajor Funds	Total	
Cash Flows from Operating Activities						
Cash received from sales	\$ 127,832,548	\$12,672,262	\$ 1,481,827	\$ 16,935,424	\$ 158,922,061	\$ 86,527,787
Cash payments to suppliers for goods and services	(28,483,913)	(5,909,108)	(5,339,875)	(8,409,972)	(48,142,868)	(79,887,320)
Cash payments to employees for services	(20,902,120)	(2,202,986)	(14,182,521)	(3,965,417)	(41,253,044)	(9,354,644)
Net cash provided (used) by operating activities	78,446,515	4,560,168	(18,040,569)	4,560,035	69,526,149	(2,714,177)
Cash Flows from Noncapital Financing Activities						
Intergovernmental revenue	242,395	1,360,205	7,609,290	1,347,366	10,559,256	-
Property taxes	-	-	12,202,933	-	12,202,933	-
Borrowings from other funds	-	-	-	-	-	150,398
Repayments to other funds	-	-	(44,458)	(1,143,359)	(1,187,817)	-
Transfers in	120,720	394,152	-	7,993,738	8,508,610	-
Transfers out	(342,460)	-	(8,548)	(2,595,406)	(2,946,414)	(124,300)
Net cash provided (used) by noncapital financing activities	20,655	1,754,357	19,759,217	5,602,339	27,136,568	26,098
Cash Flows from Capital and Related Financing Activities						
Proceeds from issuance of bonds	70,449,462	-	-	-	70,449,462	-
Proceeds from issuance of state loans	15,892,051	-	-	-	15,892,051	-
Intergovernmental revenue	-	-	6,899,797	379,168	7,278,965	-
Property taxes	-	-	75,418	-	75,418	-
Capital contributions	724,179	-	-	22,437	746,616	-
Transfers in	-	-	-	112,600	112,600	-
Acquisition of property and equipment	(60,775,408)	(1,490,924)	(6,505,167)	(2,129,001)	(70,900,500)	(52,919)
Retirement of bonds	(18,765,000)	-	-	(585,000)	(19,350,000)	-
Retirement of contracts payable	(6,431,308)	(1,547,260)	-	(1,484,804)	(9,463,372)	(1,133,906)
Interest and fiscal expense paid on bonds	(15,224,472)	-	-	(270,492)	(15,494,964)	-
Interest and fiscal expense paid on contracts payable	(1,511,397)	(260,526)	-	(600,959)	(2,372,882)	(163,470)
Debt issuance costs	(1,889,033)	-	-	-	(1,889,033)	-
Proceeds from sale of assets	231,770	251,295	31,834	59,210	574,109	47,591
Damage settlements	-	170,357	42,578	-	212,935	-
Net cash provided (used) by capital financing activities	(17,299,156)	(2,877,058)	544,460	(4,496,841)	(24,128,595)	(1,302,704)
Cash Flows from Investing Activities						
Investment income (loss)	(10,127,756)	(4,525,907)	7,490	(2,389,967)	(17,036,140)	(6,190,242)
Net increase (decrease) in cash and cash equivalents /investments July 1	51,040,258	(1,088,440)	2,270,598	3,275,566	55,497,982	(10,181,025)
Cash and cash equivalents /investments June 30	\$ 174,751,847	\$57,196,518	\$ 6,365,615	\$ 32,455,338	\$ 270,769,318	\$ 80,670,218

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, 2022

Exhibit 8
Page 2 of 2

	Enterprise Funds					Internal Service Funds
	Water and Sewer Utility	Solid Waste Disposal	Transit Authority	Nonmajor Funds	Total	
Reconciliation of Cash and Cash Equivalents/Investments						
Cash and investments - current	\$ 80,460,670	\$34,786,578	\$ 6,365,615	\$ 32,292,816	\$ 153,905,679	\$80,670,218
Cash and investments - restricted	94,291,177	22,409,940	-	162,522	116,863,639	-
Cash and cash equivalents /investments June 30	\$174,751,847	\$57,196,518	\$ 6,365,615	\$ 32,455,338	\$270,769,318	\$80,670,218
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities						
Operating income (loss)	\$ 46,336,457	\$ 1,000,713	\$(21,005,928)	\$ 391,576	\$ 26,722,818	\$(4,629,127)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities						
Depreciation expense	33,669,043	2,960,246	3,009,549	3,833,477	43,472,315	1,098,563
Change in assets, deferred outflows of resources, liabilities, and deferred inflows of resources						
(Increase) decrease in receivables	1,209,317	92,575	(29,374)	(17,019,314)	(15,746,796)	(351,907)
(Increase) decrease in inventories	(126,971)	-	(61,850)	-	(188,821)	(191,393)
(Increase) decrease in prepaid expenses	-	-	-	7,486	7,486	(780,381)
(Increase) decrease in net pension asset	-	-	-	-	-	-
(Increase) decrease in net OPEB asset	1,442,402	159,800	-	272,953	1,875,155	517,299
(Increase) decrease in deferred outflows of resources - pensions	(586,398)	(78,356)	-	(135,892)	(800,646)	(114,790)
(Increase) decrease in deferred outflows of resources - OPEB	(595,914)	(67,696)	-	(115,887)	(779,497)	(201,765)
Increase (decrease) in net pension liability	(4,374,220)	(475,562)	-	(810,917)	(5,660,699)	(1,633,285)
Increase (decrease) in net OPEB liability	172,906	19,642	-	33,625	226,173	58,542
Increase (decrease) in deferred inflows of resources - leases	-	-	-	18,503,617	18,503,617	-
Increase (decrease) in deferred inflows of resources - pensions	4,651,430	528,467	-	904,682	6,084,579	1,574,405
Increase (decrease) in deferred inflows of resources - OPEB	(1,646,038)	(177,997)	-	(330,107)	(2,154,142)	(589,514)
Increase (decrease) in accounts payable	(1,775,772)	(591,824)	(16,045)	(43,823)	(2,427,464)	2,938,198
Increase (decrease) in accrued payroll	69,632	6,251	35,597	15,022	126,502	13,796
Increase (decrease) in employee taxes and deductions	-	-	(4,870)	-	(4,870)	-
Increase (decrease) in unearned revenue	364	-	2,182	(1,109,017)	(1,106,471)	-
Increase (decrease) in accrued vacation	138	23,553	30,170	29,942	83,803	(10,590)
Increase in landfill closure and postclosure costs	-	1,160,356	-	-	1,160,356	-
Increase (decrease) in claims payable	-	-	-	-	-	(833,511)
Increase (decrease) in contracts payable	139	-	-	132,612	132,751	421,283
Total adjustments	32,110,058	3,559,455	2,965,359	4,168,459	42,803,331	1,914,950
Net cash provided (used) by operating activities	\$ 78,446,515	\$ 4,560,168	\$(18,040,569)	\$ 4,560,035	\$ 69,526,149	\$(2,714,177)

Noncash Investing, Capital, and Financing Activities

The City entered into contracts payable for new property and equipment of \$1,228,063 for the year ended June 30, 2022.
The City received contributed land amounting to \$6,335,252 during the year ended June 30, 2022, from various developers.

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

June 30, 2022

Exhibit 9

	<u>Benefits Trust Fund</u>
Assets	
Cash and cash equivalents	
Money market	\$ 19,747,391
Other cash and cash equivalents	1,032,786
Investments, at fair value	
Domestic stock and ADRs	147,567,861
Mutual funds	59,857,335
Corporate bonds	16,705,678
Municipal bonds	12,208,971
United States government treasuries and agencies	150,331
Prepaid Expenses	207,443
Total assets	<u>257,477,796</u>
Deferred Outflows of Resources	
Pension deferrals	<u>29,340</u>
Liabilities	
Accounts payable	536,583
Accrued payroll	1,411
Accrued vacation	7,314
Net pension liability	19,822
Claims payable	492,558
Total liabilities	<u>1,057,688</u>
Deferred Inflows of Resources	
Pension deferrals	<u>28,803</u>
Net Position	
Restricted for pensions	189,345,560
Restricted for post-employment benefits other than pensions	67,075,085
Total net position	<u><u>\$ 256,420,645</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, 2022

Exhibit 10

	Benefits Trust Fund
Additions	
Contributions	
Employer	\$ 9,964,505
Plan members	3,329,813
Other	12,732
Total contributions	<u>13,307,050</u>
Investment income (loss)	
Net depreciation in fair value	(44,915,341)
Interest and dividends	4,952,805
Total investment income (loss)	<u>(39,962,536)</u>
Less investment expense	<u>1,430,543</u>
Net investment income (loss)	<u>(41,393,079)</u>
Total additions	<u>(28,086,029)</u>
Deductions	
Benefits	24,988,277
Refund of contributions	111,077
Administrative expense	276,432
Total deductions	<u>25,375,786</u>
Net decrease in net position	(53,461,815)
Net position - beginning	<u>309,882,460</u>
Net position - ending	<u>\$ 256,420,645</u>

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

Notes to the Financial Statements

June 30, 2022

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 one legally separate component unit that has a significant financial relationship because it provides 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 corporation are included in this report as blended component units.

North Carolina Municipal Leasing Corporation assists the City by financing certain real and personal property under contractual agreements. The assets and related long-term contractual 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 nonmajor 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 **American Rescue Plan Fund** accounts for the transactions related to the American Rescue Plan 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 management.

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 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, American Rescue Plan, National Opioid Settlement Fund, 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. Because the NCCMT Government Portfolio has a weighted average maturity of less than 90 days, it is 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 2021 tax levy for fiscal year 2022. The City’s fiscal year 2022 tax rate was .6124 mils, allocated as follows: .4634 mils for general purposes, .1004 mils for general debt service, and .0486 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. Powell Bill funds are also classified as restricted cash because they can be expended only for the purposes outlined in G.S. 136-41.1 through 136-41.4. The city has received funds for the American Rescue Plan and the national opioid settlement and these funds are classified as restricted cash due to restricted expenditure purpose.

Restricted Cash June 30, 2022

Governmental activities		
General capital projects		\$ 45,555,929
American rescue plan		
Unexpended grant proceeds		18,093,297
Nonmajor governmental funds		
Unexpended Powell Bill proceeds		7,344,510
Unexpended opioid settlement proceeds		122,361
Total governmental activities		<u>71,116,097</u>
Business-type activities		
Water and sewer utility		
Unexpended bond proceeds		43,711,378
Equipment and replacement reserves		47,579,799
Economic development		3,000,000
Solid waste disposal		
Landfill closure and postclosure costs		22,409,940
Public assembly facilities management		
Capital reserve		162,522
Total business-type activities		<u>116,863,639</u>
Total restricted cash		<u>\$ 187,979,736</u>

5. Lease Receivable

The City's lease receivable is measured at the present value of lease payments expected to be received during the lease term. Under the lease agreements the City may receive variable lease payments that are dependent upon the lessee's revenue. The variable payments are recorded as an inflow of resources in the period the payment is received.

A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

Fiscal Year	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2023	\$ 241,377	\$ 49,728	\$ 419,015	\$ 433,491
2024	246,841	44,394	446,857	423,346
2025	257,305	38,944	475,746	412,526
2026	262,645	33,268	505,716	401,008
2027	239,319	27,645	536,801	388,765
2028-2032	932,427	62,346	3,191,866	1,732,872
2033-2037	52,825	6,713	4,157,940	1,301,526
2038-2042	25,504	888	4,689,879	774,415
2043-2047	-	-	3,399,632	140,857
Total	\$ 2,258,243	\$ 263,926	\$ 17,823,452	\$ 6,008,806

The City is the lessor in a lease agreement for the use of Civitan Park. As of June 30, 2022, the value of the lease receivable is \$146,523. The lessee is required to make annual lease payments through April 2039.

The City is the lessor in a lease agreement for the use of a portion of the Bryce A. Stuart municipal building. As of June 30, 2022, the value of the lease receivable is \$214,500. The lessee is required to make monthly payments through November 2026.

The City is the lessor in a lease agreement for the use of Bowman Gray Stadium Field House. As of June 30, 2022, the value of the lease receivable is \$1,897,220. The lessee is required to make semi-annual payments through May 2031.

The City is the lessor in a lease agreement for the use of a municipal parking deck. As of June 30, 2022, the value of the lease receivable is \$1,149,878. The lessee is required to make monthly payments through July 2037.

The City is the lessor in a lease agreement for the use of Truist Ballpark Stadium. As of June 30, 2022, the value of the lease receivable is \$16,673,574. The total principal and interest due under the lease is \$22,477,147. The lessee is required to make annual payments through March 2045.

The City is the lessor in a lease agreement for the use of a municipal parking deck. As of June 30, 2022, the value of the lease receivable is \$0 as the lessee prepaid the lease payments through July 2037. The value of the deferred inflow of resources as of June 30, 2022, is \$1,044,334.

6. 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.

7. 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

The right to use leased assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges

necessary to place the lease into service. The right to use assets are amortized on a straight-line basis over the life of the related lease.

8. 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 and OPEB deferrals, and deferred charge on refunding 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 assets 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, leases, deferred charge on refunding, and advances from other governments in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. The advances from other governments are grants received in advance of meeting the GASB 33 timing requirements in governmental funds. The governmental funds also report unavailable revenues from taxes, pension and OPEB deferrals, and assessments.

9. 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.

10. National Opioid Settlement Funds

In April 2022, drug manufacturer Johnson & Johnson, and three drug distributors, McKesson, AmerisourceBergen, and Cardinal Health, finalized a \$26 billion-dollar nationwide settlement related to multiple opioid lawsuits. These funds will be disbursed to each participating state over an 18-year period according to an allocation agreement reached with all participating states. The majority of these funds are intended for opioid abatement and the distribution of the funds will be front loaded.

North Carolina's Memorandum of Agreement (MOA) between the state and local governments for the settlement funds allocates the funds as follows:

- 15% directly to the State ("State Abatement Fund")
- 80% to abatement funds established by Local Governments ("Local Abatement Funds")
- 5% to a County Incentive Fund.

The City received \$122,343 as part of this settlement in Fiscal Year 2022. Per the terms of the MOA, the City created a special revenue fund, the National Opioid Settlement Fund, to account for these funds. All funds are to be used for opioid abatement and remediation activities. Funds are restricted until expended. No funds have been expended as of June 30, 2022. The MOA offered the City two options of expending the funds. The City opted for Option A, which allows the City to fund one or more high-impact strategies from a list of evidence-based strategies to combat the opioid epidemic.

11. Reimbursements for Pandemic-related Expenditures

In fiscal year 2021, the American Rescue Plan Act (ARPA) established the Coronavirus State and Local Fiscal Recovery Funds to support urgent COVID-19 response efforts and replace lost revenue for the eligible state, local, territorial, and tribal governments. The City was allocated \$51,732,065 of fiscal recovery funds to be paid in two equal installments. The first installment was received in fiscal year 2021 and the second installment was received in fiscal year 2022. The City used revenue replacement to fund \$31,272,890 in public safety salaries and \$107,153 for the SOAR program in fiscal year 2022. Funds have also been spent for various purposes eligible under the ARPA framework in the amount of \$2,544,120; however, a portion of the funds remains uncommitted as of June 30, 2022.

12. 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.

13. 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 is 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, 2022

Stabilization by state statute	\$ 69,282,188
Debt service	49,278,942
Capital improvements	38,111,166
General government	8,971
Other purposes	
Nonmajor governmental	<u>26,421,701</u>
Total	<u>\$ 183,102,968</u>

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.

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.

Leases – portion of fund balance that is not an available resource because it represents the year-end balance of the lease receivable in excess of the deferred inflow of resources for the lease receivable, which is not a spendable resource.

Prepaids – 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 – N.C.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 N.C.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, leases, 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 general government expenditures.

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

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

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

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 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 2022-2023 Budget Ordinance and as approved by City Council on June 21, 2022 that is not already classified in restricted or committed.

Assigned for local fiscal recovery – portion of fund balance assigned by City Council to be spent for local fiscal recovery.

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 16% of the estimated general fund expenditures.

Fund Balance June 30, 2022

Nonspendable		
Inventories	\$	1,093,343
Leases		29,006
Prepays		64,817
Perpetual care		4,337,137
Restricted		
Stabilization by state statute		69,282,188
Debt service		49,278,942
Capital improvements		45,555,929
General government		94,536
Public protection		3,021,172
Transportation		8,662,987
Culture and recreation		970,952
Community and economic development		9,343,888
Committed		
Community and economic development		17,443,064
Assigned		
Subsequent year's budget		6,085,330
Local fiscal recovery		4,264,360
Unassigned		47,263,762
Total	\$	266,791,413

14. 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 (LGERS), and additions to/deductions from LGERS’ fiduciary net position have been determined on the same basis as they are reported by LGERS. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The City of Winston-Salem’s employer contributions are recognized when due and the City of Winston-Salem has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of LGERS. Investments are reported at fair value.

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 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 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 at fair value.

2. 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, 2022, the City's deposits had a carrying value of \$97,029,997 and bank balance of \$104,658,750. Of the bank balance, \$1,250,000 was covered by federal depository insurance and the remainder was covered by collateral held under the Pooling Method. At June 30, 2022, the City maintained various petty cash funds totaling \$58,055.

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, 2022, the City had the following investments and maturities:

<u>Investment Type</u>	<u>Value</u>	<u>Less Than 6 Months</u>	<u>6 - 12 Months</u>	<u>Over 1 Year</u>
Domestic stock and ADRs	\$ 208,249,151	\$ 208,249,151	\$ -	\$ -
US Treasuries	58,751,883	498,836	853,933	57,399,114
US government agencies	30,562,327	29,347,657	154,909	1,059,761
Corporate bonds	33,686,145	955,448	3,379,459	29,351,238
Municipal bonds	12,208,971	335,534	72,424	11,801,013
Commercial Paper	19,830,400	19,830,400	-	-
Mutual funds	104,741,794	104,741,794	-	-
Money market funds	52,112,886	52,112,886	-	-
Government Portfolio	242,577,109	242,577,109	-	-
Total	\$ 762,720,666	\$ 658,648,815	\$ 4,460,725	\$ 99,611,126

The table above includes \$257,270,353 of fiduciary fund cash and investments.

At June 30, 2022, 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	Net Asset Value	Amortized Cost
Domestic stock and ADRs	\$ 208,249,151	\$ 208,249,151	\$ -	\$ -	\$ -
US Treasuries	58,751,883	58,751,883	-	-	-
US government agencies	30,562,327	-	30,562,327	-	-
Corporate bonds	33,686,145	-	33,686,145	-	-
Municipal bonds	12,208,971	-	12,208,971	-	-
Commerical Paper	19,830,400	-	19,830,400	-	-
Open-end mutual funds	104,741,794	103,681,687	-	1,060,107	-
Money market funds	52,112,886	-	-	-	52,112,886
Government Portfolio	242,577,109	242,577,109	-	-	-
Total fair value investments	\$ 762,720,666	\$ 613,259,830	\$ 96,287,843	\$ 1,060,107	\$ 52,112,886

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. U.S. government agencies, corporate bonds, and municipal bonds classified in Level 2 are valued using Institutional bond quotes – evaluations based on various market and industry inputs.

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. The City's 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 N.C.G.S. 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 N.C.G.S. 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 and AAAM-mf by Moody's Investors Service as of June 30, 2022. 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 tables:

<u>Type of Bonds</u>	<u>S&P</u>	<u>Moody's</u>	<u>Fair Value</u>
Municipal	AAA	AAA	\$ 287,115
	AAA	N/A	323,989
	AA+	AAA	571,702
	AA+	AA1	682,292
	AA+	AA2	90,864
	AA	AA1	720,867
	AA	AA2	338,329
	AA	AA3	155,484
	AA	A1	948,040
	AA	BAA1	26,381
	AA	BAA3	188,543
	AA	N/A	1,059,814
	AA-	AA2	321,043
	AA-	AA3	532,599
	AA-	A1	275,142
	AA-	N/A	426,685
	A+	AA3	950,431
	A+	A1	398,950
	A	A1	460,369
	A	A2	166,649
	A	A3	361,224
	A	N/A	25,360
	A-	A2	235,105
	A-	N/A	112,311
	BBB+	BAA1	380,017
	BBB+	N/A	241,490
	BBB-	N/A	24,835
	N/A	AA2	293,214
	N/A	AA3	243,630
	N/A	A1	449,810
	N/A	A3	49,678
	N/A	BAA3	583,200
	N/A	N/A	16,078
	N/A	N/R	52,731
	N/R	N/R	215,000
Total Municipal			<u>12,208,971</u>

<u>Type of Bonds</u>	<u>S&P</u>	<u>Moody's</u>	<u>Fair Value</u>
Corporate	AAA	AAA	\$ 147,274
	AAA	N/A	366,647
	AA+	AAA	536,889
	AA+	AA1	560,545
	AA+	AA2	257,686
	AA	AA2	199,978
	AA	A1	717,429
	AA	N/A	1,013,955
	AA-	AA2	794,072
	AA-	AA3	164,166
	AA-	A1	59,249
	AA-	A2	62,560
	A+	AA2	315,111
	A+	A1	2,151,556
	A+	A2	216,493
	A+	A3	529,259
	A+	N/A	18,140
	A+	WR	176,713
	A	A1	1,065,671
	A	A2	1,609,121
	A	A3	15,960
	A	BAA1	15,697
	A	BAA2	56,892
	A	N/A	846,604
	A-	A1	263,340
	A-	A2	1,456,282
	A-	A3	2,776,082
	A-	BAA1	672,478
	A-	BAA2	60,016
	BBB+	A1	69,206
	BBB+	A2	806,822
	BBB+	A3	855,178
	BBB+	BAA1	1,086,366
	BBB+	BAA2	489,684
	BBB+	BAA3	48,703
	BBB+	BA1	158,953
	BBB+	WR	54,765
	BBB	A3	120,050
	BBB	BAA1	1,252,426
	BBB	BAA2	2,987,334
	BBB	BAA3	293,536
	BBB	BA1	9,410
	BBB	N/A	1,719,376
	BBB	WR	16,454
	BBB-	BAA1	57,974
	BBB-	BAA2	508,867
	BBB-	BAA3	2,256,161
	BBB-	BA1	101,054
	BBB-	N/A	24,292
	BBB-	WR	362,131
	BB+	WR	114,435
	N/A	AAA	122,840
	N/A	A1	292,398
	N/A	A2	330,619
	N/A	BAA3	434,150
	N/A	N/A	1,067,353
	N/A	N/R	564,883
	N/R	WR	354,859
Total Corporate			33,686,145
Total			\$ 45,895,116

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, 2022

General fund		
Taxes receivable	\$	1,179,126
Other receivables		3,482,529
Special revenue funds		
Nonmajor		
Taxes receivable		2,513
Other receivables		29,278,319
Debt service fund		
Taxes receivable		214,976
Enterprise funds		
Water and sewer utility		2,675,275
Solid waste disposal		2,271
Transit Authority		
Taxes receivable		112,015
Nonmajor		271,663
Internal service funds		
Nonmajor		3,143
Total	\$	37,221,830

C. Interfund Receivables, Payables, and Transfers

The composition of interfund receivables and payables at June 30, 2022, is as follows:

	<u>Interfund Payables</u>	<u>Interfund Receivables</u>
General Fund	\$ -	\$ 259,387
Internal service fund - Fleet Services Fund	259,387	-
Total	\$ 259,387	\$ 259,387

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, 2022, include: a transfer of \$1,916,482 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 \$666,920 to cover housing rehabilitation expenditures; a gasoline tax fund transfer to the general fund for \$4,499,328; a transfer from general fund to the grants fund for \$385,948 to cover the City’s share of grant expenditures; a transfer from general fund to economic and housing development fund of \$3,226,320 to fund economic development projects; a general fund transfer to the public assembly facilities management fund for \$5,229,048 of which \$823,338 was for operations and \$4,405,710 was to replace revenue loss related to the COVID-

19 pandemic; a transfer from general fund to debt service fund of \$1,883,424 to cover debt service payments on economic development projects and the Bryce A. Stuart Building. In addition, there was a transfer from the American Rescue Plan Fund to the General Fund of \$31,272,890 for public safety salaries for revenue replacement and \$107,153 for the SOAR program. A transfer from the general fund to the capital project fund for \$21,250,000 was also completed, of which \$20,000,000 is for the construction of affordable housing and \$1,250,000 was for fire station construction costs.

Transfers for Fiscal Year Ended June 30, 2022

	<u>Transfers In</u>	<u>Transfers Out</u>
General fund	\$ 39,053,665	\$ 34,003,200
Debt service fund	1,883,424	532,370
Capital projects fund	23,560,337	1,383,888
Special revenue funds		
American rescue plan	-	31,380,043
Nonmajor	4,273,996	7,022,417
Enterprise funds		
Water and sewer utility	120,720	342,460
Solid waste disposal	394,152	-
Transit authority	-	8,548
Nonmajor	8,106,338	2,595,406
Internal service funds	-	124,300
Total	<u>\$ 77,392,632</u>	<u>\$ 77,392,632</u>

D. Capital Assets

The following tables summarize the changes in the components of capital assets for the year ended June 30, 2022:

Governmental Activities

	<u>Balance</u>				<u>Balance</u>
	<u>June 30, 2021</u>	<u>Increase</u>	<u>Transfers</u>	<u>Decrease</u>	<u>June 30, 2022</u>
Capital assets, not being depreciated:					
Land	\$ 79,847,817	\$ 222,450	\$ 4,429,134	\$ (106,478)	\$ 84,392,923
Construction in progress	71,582,864	36,303,979	(31,122,605)	-	76,764,238
Total capital assets, not being depreciated	<u>151,430,681</u>	<u>36,526,429</u>	<u>(26,693,471)</u>	<u>(106,478)</u>	<u>161,157,161</u>
Capital assets, being depreciated:					
Buildings	203,504,672	76,955	4,435,609	(214,376)	207,802,860
Improvements other than buildings	346,708,080	-	22,257,862	-	368,965,942
Machinery and equipment	121,865,344	8,552,235	-	(5,048,254)	125,369,325
Total capital assets, being depreciated	<u>672,078,096</u>	<u>8,629,190</u>	<u>26,693,471</u>	<u>(5,262,630)</u>	<u>702,138,127</u>
Less accumulated depreciation for:					
Buildings	50,692,149	4,868,957	-	(117,237)	55,443,869
Improvements other than buildings	141,869,124	8,904,160	-	-	150,773,284
Machinery and equipment	93,648,366	6,931,235	-	(4,897,789)	95,681,812
Total accumulated depreciation	<u>286,209,639</u>	<u>20,704,352</u>	<u>-</u>	<u>(5,015,026)</u>	<u>301,898,965</u>
Right to use assets:					
Leased equipment	-	594,651	-	-	594,651
Leased buildings	-	5,434,561	-	-	5,434,561
Total right to use assets	<u>-</u>	<u>6,029,212</u>	<u>-</u>	<u>-</u>	<u>6,029,212</u>
Less accumulated amortization for:					
Leased equipment	-	230,188	-	-	230,188
Leased buildings	-	357,441	-	-	357,441
Total accumulated amortization	<u>\$ -</u>	<u>\$ 587,629</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 587,629</u>
Total capital assets, being depreciated, net	<u>385,868,457</u>				<u>400,239,162</u>
Right to use assets, net	<u>-</u>				<u>5,441,583</u>
Governmental activities capital assets, net	<u>\$ 537,299,138</u>				<u>\$ 566,837,906</u>

Business-type Activities

	Balance June 30, 2021	Increase	Transfers	Decrease	Balance June 30, 2022
Capital assets, not being depreciated:					
Land	\$ 47,255,535	\$ -	\$ 681,959	\$ (86,579)	\$ 47,850,915
Construction in progress	210,250,020	59,577,690	(169,478,369)	-	100,349,341
Total capital assets, not being depreciated	<u>257,505,555</u>	<u>59,577,690</u>	<u>(168,796,410)</u>	<u>(86,579)</u>	<u>148,200,256</u>
Capital assets, being depreciated:					
Buildings	329,710,714	-	167,394	-	329,878,108
Improvements other than buildings	1,180,432,519	6,335,252	168,629,016	-	1,355,396,787
Machinery and equipment	88,461,706	2,817,342	-	(5,331,734)	85,947,314
Total capital assets, being depreciated	<u>1,598,604,939</u>	<u>9,152,594</u>	<u>168,796,410</u>	<u>(5,331,734)</u>	<u>1,771,222,209</u>
Less accumulated depreciation for:					
Buildings	157,490,749	7,655,370	-	-	165,146,119
Improvements other than buildings	499,020,257	29,725,790	-	-	528,746,047
Machinery and equipment	55,540,012	6,091,155	-	(4,784,988)	56,846,179
Total accumulated depreciation	<u>712,051,018</u>	<u>\$43,472,315</u>	<u>\$ -</u>	<u>\$ (4,784,988)</u>	<u>750,738,345</u>
Total capital assets, being depreciated, net	<u>886,553,921</u>				<u>1,020,483,864</u>
Business-type activities capital assets, net	<u>\$ 1,144,059,476</u>				<u>\$ 1,168,684,120</u>

The City has outstanding project authorizations for governmental activities capital projects in the amount of \$197,535,954 with \$35,126,812 in unexpended commitments and outstanding authorizations for capital projects in business-type activities amounting to \$319,851,941 with \$153,605,733 in unexpended commitments. Funding for these commitments has been identified in capital project ordinances and should not require future financing.

Depreciation and amortization expense was charged to functions/programs as follows:

Governmental Activities

	Depreciation Expense For Year Ended June 30, 2022	Amortization Expense For Year Ended June 30, 2022	Total For Year Ended June 30, 2022
General government	\$ 2,982,724	\$ 369,349	\$ 3,352,073
Public protection	4,452,429	218,280	4,670,709
Environmental health	1,836,679	-	1,836,679
Transportation	7,054,906	-	7,054,906
Culture and recreation	2,725,625	-	2,725,625
Community and economic development	1,651,989	-	1,651,989
Total	<u>\$ 20,704,352</u>	<u>\$ 587,629</u>	<u>\$ 21,291,981</u>

Business-type Activities

	Depreciation Expense For Year Ended June 30, 2022	Amortization Expense For Year Ended June 30, 2022	Total For Year Ended June 30, 2022
Water and sewer utility	\$ 33,669,043	\$ -	\$ 33,669,043
Solid waste disposal	2,960,246	-	2,960,246
Transit Authority	3,009,549	-	3,009,549
Parking	484,499	-	484,499
Stormwater management	1,345,081	-	1,345,081
Public assembly facilities management	2,003,897	-	2,003,897
Total	<u>\$ 43,472,315</u>	<u>\$ -</u>	<u>\$ 43,472,315</u>

E. 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 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.

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 and recreation improvements, and public safety center renovations. As of June 30, 2022, \$87,035,000 of these bonds were unissued.

Provisions of the state constitution and the Local Government Bond Act, as amended, permit the City statutory capacity for additional general obligation bonds in the amount of \$1.68 billion.

General Obligation Bonds Debt Service Requirements to Maturity are:

<u>Fiscal Year</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2023	\$ 13,860,000	\$ 6,461,658
2024	14,475,000	5,981,345
2025	12,465,000	5,486,545
2026	12,780,000	5,068,012
2027	11,855,000	4,618,759
2028-2032	58,065,000	16,404,347
2033-2037	56,760,000	5,896,000
2038-2042	12,900,000	549,031
Total	\$ 193,160,000	\$ 50,465,697

Special Obligation Bonds

The City issued special obligation bonds in fiscal year 2013 with interest rates ranging from 3% to 5% 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 were payable exclusively from pledged revenues. The special obligation bonds, Series 2013, was refunded in fiscal year 2022 by the limited obligation bond, Series 2022.

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, 2022 were \$7,885,000 with interest rates ranging from 3.0% to 4.0%, which are payable over the next 11 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. Management believes the City was in compliance with all covenants for the fiscal year ended June 30, 2022, 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 \$9,409,627. The principal and interest paid in the fiscal year ended June 30, 2022 was \$853,294.

Stormwater Fee Revenue Bonds Debt Service Requirements to Maturity are:

<u>Fiscal Year</u>	<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2023	\$ 610,000	\$ 244,894
2024	630,000	226,594
2025	655,000	201,394
2026	675,000	181,744
2027	695,000	161,494
2028-2032	3,790,000	482,569
2033-2037	830,000	25,938
Total	\$ 7,885,000	\$ 1,524,627

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 2010, 2014, 2016, 2017, 2020, and 2022. The amended and restated general trust agreement dated January 1, 2022, 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. Management believes the City was in compliance with all covenants for the fiscal year ended June 30, 2022, and the ratio was 2.53. 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 \$556,053,405. The principal and interest paid in the fiscal year ended June 30, 2022 was \$33,871,741.

In January 2022, the City issued \$64,555,000 in water and sewer revenue bonds at a net interest cost of 2.44%. The proceeds will be used for additions and improvements to the water and sewer system.

Water and sewer revenue bonds outstanding at June 30, 2022 were \$402,075,000 with interest rates between .83 % and 5.00%, which are payable over the next 30 years.

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

<u>Fiscal Year</u>	<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2023	\$ 20,310,000	\$ 15,841,913
2024	20,500,000	14,845,199
2025	21,480,000	13,838,474
2026	22,490,000	12,782,710
2027	23,455,000	11,757,286
2028-2032	109,720,000	43,844,896
2033-2037	90,590,000	24,444,133
2038-2042	51,225,000	10,376,256
2043-2047	27,215,000	4,979,925
2048-2052	15,090,000	1,267,613
Total	\$ 402,075,000	\$ 153,978,405

State Revolving Loan

During fiscal year 2022, the City's Water and Sewer Utility fund received \$4,458,404 in proceeds from the direct borrowing Clean Water State Revolving Fund and \$11,433,647 in proceeds from the direct borrowing Drinking 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 \$211 million, which includes \$88.5 million approved and unissued for the R. W. Neilson Water Treatment Plant modernization project. The City expects to take on the additional \$88.5 million

in debt in the Water and Sewer Utility Fund over the next three fiscal years. In addition, the City has applied for additional state loans in the amount of \$20 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 \$5,547,995 were made in fiscal year 2022. At June 30, 2022, the City had \$93,138,852 outstanding.

Leases

The City has entered into agreements to lease certain property and equipment. The lease agreements qualify as other than short-term leases under GASB 87 and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

The City has a lease for the use of copier equipment. The lease liability was recorded at \$594,651 on July 1, 2021. As of June 30, 2022 the value of the lease liability is \$365,207. The lease payments will be made through January 2024.

The City has a lease for the use of office space. The lease liability was recorded at \$1,287,246 on July 1, 2021. As of June 30, 2022 the value of the lease liability is \$1,166,858. The lease payments will be made through September 2030.

The City has a lease with Forsyth County for the use of a parking deck. The lease liability was recorded at \$4,147,315 on July 1, 2021. As of June 30, 2022 the value of the lease liability is \$3,901,984. The lease payments will be made through June 2040.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2022 are as follows:

<u>Fiscal Year</u>	Governmental Activities	
	<u>Principal</u>	<u>Interest</u>
2023	\$ 587,695	\$ 119,187
2024	494,773	110,020
2025	362,489	101,671
2026	365,156	93,528
2027	367,896	85,371
2028-2032	1,587,951	307,672
2033-2037	1,043,945	153,581
2038-2042	624,145	25,623
Total	\$ 5,434,050	\$ 996,653

Contracts Payable

Contracts Payable Debt Service Requirements to Maturity are:

<u>Fiscal Year</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 16,132,462	\$ 5,122,157	\$ 3,136,038	\$ 810,818
2024	14,263,716	4,566,745	2,664,365	684,997
2025	31,083,786	2,744,029	2,300,127	574,363
2026	13,058,538	2,335,626	1,977,462	486,312
2027	10,504,512	2,106,139	900,601	441,586
2028-2032	37,963,000	7,398,367	5,230,000	1,846,306
2033-2037	22,370,000	2,574,643	6,330,000	1,011,312
2038-2042	5,940,000	426,000	2,540,000	128,270
Total	\$ 151,316,014	\$ 27,273,706	\$ 25,078,593	\$ 5,983,964

The City has contracts payable to North Carolina Municipal Leasing Corporation (“NCMLC”) obligating the City to make periodic payments that include interest and principal components. At June 30, 2022, the City had \$176,394,608 outstanding and due to NCMLC.

In fiscal year 2018, the City entered into a installment financing contract in the amount of \$25 million with BB&T Community Holdings Co.(now Truist) to finance budgeted equipment for fiscal years 2018 and 2019. The terms of the lease include a stated interest rate of 2.24845% for a 59 month term. At June 30, 2022, the City had \$3,125,000 outstanding.

In fiscal year 2020, the City entered into a installment financing contract in the amount of \$25.5 million with Bank of America, N.A. to finance budgeted equipment for fiscal years 2020 and 2021 for \$18 million, and refinancing of the remaining balance of the 2016 equipment lease agreement of \$7.5 million. The terms of the lease includes a stated interest rate of 1.61% for a 59 month term. At June 30, 2022, the City had \$18,000,000 outstanding.

In November 2021, the City entered into a \$20 million installment financing contract with TD Equipment Finance, Inc. The terms of the lease include a stated interest rate of 0.799 percent for a 59-month term. At June 30, 2022, the City had \$18,000,607 outstanding.

The City has various limited obligation bond issues outstanding. In January 2022, the City issued \$16,155,000 in limited obligation bonds to finance various capital improvement projects. In January 2022, the City issued \$39,775,000 in limited obligation bonds to refund various issues for a net present value savings of \$23 million.

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:

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

Series 2010A	City Hall, Public Safety Center, Lowery Street, Ballpark
Series 2013B	City Hall, Public Safety Center, Lowery Street, Ballpark
Series 2014B & C	Convention Center Facility, Bryce A. Stuart Building
Series 2018	City Hall, Public Safety Center, Lowery Street, Ballpark
Series 2020A & B	City Hall, Public Safety Center, Lowery Street, Ballpark
Series 2022A & B	Convention Center Facility, Bryce A. Stuart Building

Long-term Liabilities at June 30, 2022

Long Term Liabilities

Bonds Payable

General obligation bonds, issues dated 2012 to 2020, with stated interest rates of 1.50% to 6.1%	
General government	\$ 193,160,000
Discounts/premiums	17,970,320
Revenue bonds, water and sewer system	
Series 2014A, principal due annually through 2025, with stated interest rate of 5.0%	6,005,000
Series 2016A, principal due annually through 2039, with stated interest rates of 3.0% to 5.0%	104,505,000
Series 2017, principal due annually through 2047, with stated interest rates of 3.0% to 5.0%	51,305,000
Series 2020A, principal due annually through 2040, with stated interest rates of 2.0% to 5.0%	151,690,000
Series 2020B, principal due annually through 2033, with stated interest rates of .83% to 1.87%	24,015,000
Series 2022, principal due annually through 2052, with stated interest rates of 2.38% to 5.0%	64,555,000
Discounts/premiums	52,047,129
Revenue bonds, stormwater management	
Series 2013, principal due annually through 2033, with stated interest rates of 3.0% to 4.0%	7,885,000
Discounts/premiums	413,137
Leases Payable	5,434,050

Contracts Payable

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%	3,390,000
Series 2013B, principal due annually through June 1, 2029, with stated interest rates of 4.0% to 5.0%	585,000
Series 2014B, principal due annually through June 1, 2034, with stated interest rates of 2.59% to 4.4%	700,000
Series 2014C, principal due annually through June 1, 2034, with stated interest rates of 3.375% to 5.0%	4,680,000
Series 2018, principal due annually through June 1, 2031, with stated interest rate of 3.07%	11,039,000
Series 2020A, principal due annually through June 1, 2027, with stated interest rates of 2.0% to 5.0%	9,610,000
Series 2020B, principal due annually through June 1, 2039, with stated interest rates of 1.88% to 3.4%	52,195,000
Series 2022A, principal due annually through June 1, 2042, with stated interest rates of 3.0% to 5.0%	16,155,000
Series 2022B, principal due annually through June 1, 2034, with stated interest rates of .8% to 2.7%	38,915,000
Discounts/premiums	4,201,904
Installment financing agreements	
Direct borrowing, Series 2017, principal due semi-annually from January 1, 2020 to July 1, 2022, with a stated interest rate of 2.24845%	3,125,000
Direct borrowing, Series 2019, principal due from August 1, 2020 to August 1, 2024, with a stated interest rate of 1.610%	18,000,000
Direct borrowing, Series 2022, principal due from March 1, 2022 to September 1, 2026, with a stated interest rate of 0.799%	18,000,607
Direct borrowing, Clean water state revolving loan fund, payable over 20 years, with stated interest rates of 0% to 2%	93,138,852
Other	
Net pension liability - LGERS	27,170,720
Net pension liability - WSPORS	47,711,548
Net pension liability - separation allowance	14,322,858
Net OPEB liability	1,459,209
Accrued vacation	17,649,934
Accrued interest payable	2,761,614
Landfill closure and postclosure costs	22,409,940
Pollution remediation	1,951,596
Claims payable - employment and post-retirement benefits	9,209,345
Claims payable - risk management reserves fund	1,804,374

Total long-term liabilities including current maturities

\$ 1,099,171,137

Changes in Long-term Liabilities during Fiscal Year 2022

	Principal Outstanding June 30, 2021	Additions	Retirement and Deferrals	Principal Outstanding June 30, 2022	Due Within Year
Governmental Activities					
General obligation bonds	\$ 206,505,000	\$ -	\$ 13,345,000	\$ 193,160,000	\$ 13,860,000
Discount/premium	19,995,762	-	2,025,442	17,970,320	-
Special obligation bonds	5,730,000	-	5,730,000	-	-
Lease liabilities	-	6,029,212	595,162	5,434,050	587,695
Contracts payable					
North Carolina Municipal					
Leasing Corporation	95,559,094	62,091,418	45,460,105	112,190,407	9,062,961
Discount/premium	5,080,935	2,220,195	3,462,981	3,838,149	-
Installment financing contracts	27,375,000	20,000,000	8,249,393	39,125,607	7,069,501
Net pension liability - LGERS	53,806,820	-	30,864,221	22,942,599	-
Net pension liability - WSPORS	3,204,028	44,507,520	-	47,711,548	-
Net pension liability - separation allowance	13,194,876	1,127,982	-	14,322,858	-
Net OPEB liability	-	1,233,036	-	1,233,036	-
Accrued vacation	14,988,563	5,764,418	5,519,515	15,233,466	6,812,974
Accrued interest payable	1,115,954	31,075	-	1,147,029	1,137,088
Claims payable-employment benefits	8,486,129	29,185,569	28,954,911	8,716,787	4,364,388
Total governmental activities debt	455,042,161	172,190,425	144,206,730	483,025,856	42,894,607
Business-type Activities					
Revenue bonds	364,755,000	64,555,000	19,350,000	409,960,000	20,960,000
Discount/premium	51,143,230	5,894,462	4,577,426	52,460,266	-
Contracts payable					
North Carolina Municipal					
Leasing Corporation	27,765,906	1,228,063	3,915,376	25,078,593	3,136,038
North Carolina Municipal					
Leasing Corporation discount/premium	455,705	-	91,950	363,755	-
Clean water state revolving loan fund	82,794,796	4,458,404	5,547,995	81,705,205	5,547,995
Drinking water state revolving loan fund	-	11,433,647	-	11,433,647	-
Net pension liability - LGERS	9,868,998	-	5,660,699	4,208,299	-
Net OPEB liability	-	226,173	-	226,173	-
Accrued vacation	2,325,351	1,646,314	1,562,511	2,409,154	1,336,975
Accrued interest payable	1,513,677	100,908	-	1,614,585	1,614,585
Landfill closure and postclosure costs	21,249,585	1,246,850	86,495	22,409,940	372,000
Pollution remediation	1,951,596	-	-	1,951,596	21,425
Claims payable - risk management reserve fund	2,868,543	67,621	1,131,790	1,804,374	176,815
Total business-type activities debt	566,692,387	90,857,442	41,924,242	615,625,587	33,165,833
Fiduciary Funds					
Net pension liability - LGERS	44,085	-	24,263	19,822	-
Accrued vacation	7,314	6,655	6,655	7,314	4,398
Claims payable - post-employment benefits	972,351	7,526,503	8,006,296	492,558	492,558
Total fiduciary fund debt	1,023,750	7,533,158	8,037,214	519,694	496,956
Total	\$ 1,022,758,298	\$ 270,581,025	\$ 194,168,186	\$ 1,099,171,137	\$ 76,557,396

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

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

F. Net Investment in Capital Assets

Net investment in capital assets at June 30, 2022

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Capital assets	\$ 566,837,906	\$ 1,168,684,120
less: long-term debt	(341,138,376)	(551,397,433)
less: short-term debt	(30,580,157)	(29,604,033)
add: unexpended debt proceeds	45,555,929	43,711,378
add: charge on refunding, net	2,549,034	18,931,364
Net investment in capital assets	<u>\$ 243,224,336</u>	<u>\$ 650,325,396</u>

G. Fund Balance

The following schedule provides management and citizens with information on the portion of general fund balance that is available for appropriation at June 30, 2022.

Total fund balance - general fund	\$ 87,202,080
Less:	
Leases	6,819
Inventories	592,714
Prepays	64,817
Stabilization by state statute	28,922,360
Subsequent year's budget	6,085,330
Local fiscal recovery	4,264,360
Unassigned fund balance	<u>\$ 47,265,680</u>

The fiscal year 2023 budget includes a fund balance appropriation of \$6.09 million, a increase of \$4.7 million compared to the fiscal year 2022 appropriation. The City's policy is to maintain a minimum fund balance reserve in the general fund that is equivalent to 16% of budgeted expenditures. With the use of fund balance for fiscal year 2023, the amount of unassigned fund balance was 18.84% of 2023 estimated expenditures. The City will continue to closely monitor expenditures and revenues in fiscal year 2023.

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

Encumbrances Outstanding at June 30, 2022

General fund	\$ 5,350,577
Debt service fund	42,930
Capital projects fund	34,873,431
Special revenue funds	
Nonmajor	9,341,005
Enterprise funds	
Water & sewer fund	149,760,304
Solid waste disposal fund	2,862,240
Transit Authority	1,380,648
Nonmajor	5,908,134
Internal service funds	1,398,683
Fiduciary funds	9,383
Total	<u>\$ 210,927,335</u>

3. Other Information

A. Pension Plan

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

a. North Carolina Local Government Employees' Retirement System

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

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

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

Contributions. Contribution provisions are established by N.C.G.S. 128-30 and may be amended only by the North Carolina General Assembly. City of Winston-Salem employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The City of Winston-Salem's contractually required contribution rate for the year ended June 30, 2022, was 12.10% of compensation for law enforcement officers and 11.35% 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 \$14,169,348 for the year ended June 30, 2022.

Refunds of Contributions. City employees who have terminated service as a contributing member of LGERS, may file an application for a refund of their contributions. By state law, refunds to members with at least five years of service include 4% interest. State law requires a 60 day waiting period after service termination before the refund

may be paid. The acceptance of a refund payment cancels the individual's right to employer contributions or any other benefit provided by LGERS.

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

At June 30, 2022, the City reported a liability of \$27,170,720 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020. The total pension liability was then rolled forward to the measurement date of June 30, 2021 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, 2021 (measurement date), the City's proportion was 1.77170%, which was a decrease of .01146% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the City recognized pension expense of \$11,778,107. At June 30, 2022, 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	\$ 8,643,983	\$ -
Changes of assumptions	17,070,152	-
Net difference between projected and actual earnings on pension plan investments	-	38,818,797
Changes in proportion and differences between City contributions and proportionate share of contributions	334,022	662,914
City contributions subsequent to the measurement date	14,169,348	-
Total	\$ 40,217,505	\$ 39,481,711

\$14,169,348 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, 2023.

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

<u>Year Ended June 30</u>	
2023	\$ 2,527,394
2024	(960,440)
2025	(3,121,720)
2026	(11,878,788)
2027	-
Total	\$ (13,433,554)

Actuarial Assumptions. The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation rate	2.50%
Salary increases	3.25% to 8.25%, including inflation and productivity factor
Investment rate of return	6.50%, 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, 2020 valuation were based on the results of an actuarial experience study for the period January 1, 2015 through December 31, 2019.

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, 2021 are summarized in the following table:

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

The information above is based on 30 year expectations developed with the consulting actuary for the 2016 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.05%. All rates of return and inflation are annualized.

Discount rate. The discount rate used to measure the total pension liability was 6.50%. 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 6.50%, 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 (5.5%) or one percentage point higher (7.5%) than the current rate:

	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
City's proportionate share of the net pension liability (asset)	\$ 105,474,474	\$ 27,170,720	\$ (37,268,719)

Pension plan fiduciary net position. Detailed information about the pension plan’s fiduciary net position is available in the separately issued Annual Comprehensive Financial Report 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 value. Short-term investments are reported at cost, which approximates fair 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, 2022, the Winston-Salem Police Officers’ Retirement System membership consisted of:

Inactive plan members or beneficiaries currently receiving benefits	461
Inactive plan members entitled to but not receiving benefits	72
Active plan members	253
Total	<u>786</u>

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, 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 ten equity managers, two fixed income managers, and three 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 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, 2022, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense was (13.6)%. 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, 2022 are as follows:

Total pension liability	\$ 225,167,081
Plan fiduciary net position	<u>(177,455,533)</u>
Net pension liability	\$ 47,711,548
Plan fiduciary net position as a percentage of total pension liability	78.8%

At June 30, 2022, the City reported a net pension liability of \$47,711,548. The net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2022. The total pension liability was then rolled forward to the measurement date of June 30, 2022.

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation as of January 1, 2022, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation rate	2.75%
Salary increases	4.75% to 6.25%, based on years of service (2% - 3.5% plus 2.75% infla
Investment rate of return	7.00%, net of investment expense and including inflation

Mortality rates were based on the Pub 2010S Tables projected on a generational basis using Scale SSA (50% of the tables apply for pre-retirement 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 (16 years remaining as of January 1, 2022).

Changes in Actuarial Assumptions. Based on the most recent experience study, actuarial assumptions were changed for assumed rate of return, salary increases, and rates of mortality, retirement and withdrawal.

Assumed Rate of Return. 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, 2022, 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%	5.95%
Fixed Income Funds	30	1.5
Cash	1	.2
Total Weighted Average Real Return	100%	4.56%
Plus inflation		2.75
Total return w/o adjustment		7.31
Risk adjustment		(0.31)
Total Expected Return		7.00%

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 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 June 30, 2021	\$ 215,376,393	\$ 212,172,365	\$ 3,204,028
Changes for the year:			
Service cost	2,969,143	-	2,969,143
Interest	15,347,148	-	15,347,148
Differences between expected and actual experience	(2,538,208)	-	(2,538,208)
Changes of assumptions	7,571,318	-	7,571,318
Contributions - employer	-	6,078,827	(6,078,827)
Contributions - member	-	1,266,106	(1,266,106)
Net investment income	-	(28,385,858)	28,385,858
Benefit payments, including refunds of member contributions	(13,558,713)	(13,558,713)	-
Administrative expense	-	(117,194)	117,194
Net changes	9,790,688	(34,716,832)	44,507,520
Balances at June 30, 2022	\$ 225,167,081	\$ 177,455,533	\$ 47,711,548

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 7.0%, 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 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Total pension liability	\$ 251,730,778	\$ 225,167,081	\$ 203,044,793
Plan net position	(177,455,533)	(177,455,533)	(177,455,533)
Net pension liability (asset)	\$ 74,275,245	\$ 47,711,548	\$ 25,589,260
Ratio of plan net position to total pension liability (asset)	70.5%	78.8%	87.4%

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

For the year ended June 30, 2022, the City recognized pension expense of \$7,442,580. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,749,698	\$ 1,692,139
Changes of assumptions	5,047,545	-
Net difference between projected and actual earnings on pension plan investments	10,964,484	-
Total	\$ 17,761,727	\$ 1,692,139

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

<u>Year Ended June 30</u>	
2023	\$ 4,901,604
2024	3,031,912
2025	(470,944)
2026	8,607,016
Total	\$ 16,069,588

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 value. Short-term investments are reported at cost, which approximates fair 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 N.C.G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

Plan Membership. At June 30, 2022, the Winston-Salem Police Officers' Separation Allowance membership consisted of:

Inactive plan members or beneficiaries currently receiving benefits	145
Inactive plan members entitled to but not receiving benefits	-
Active plan members	<u>451</u>
Total	596

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. Who have completed 30 years of creditable service or have attained 55 years of age and have completed 5 or more years of creditable service. 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, 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 ten equity managers, two fixed income managers, and three 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 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, 2022, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense was (13.40)%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability

The components of the net pension liability of the City as of June 30, 2022 are as follows:

Total pension liability	\$ 26,212,885
Plan fiduciary net position	<u>(11,890,027)</u>
Net pension liability	\$ 14,322,858
Plan fiduciary net position as a percentage of total pension liability	45.4%

At June 30, 2022, the City reported a net pension liability of \$14,322,858. The net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2022. The total pension liability was then rolled forward to the measurement date of June 30, 2022.

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation as of January 1, 2022, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation rate	2.75%
Salary increases	4.75% to 6.25%, based on years of service (2% - 3.5% plus 2.75% inflation)
Investment rate of return	7.00%, net of investment expense and including inflation

Mortality rates were based on the Pub 2010S Tables projected on a generational basis using Scale SSA (50% of the tables apply for pre-retirement deaths).

The Entry Age Normal 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 (16 years remaining as of January 1, 2022).

Changes in Actuarial Assumptions. Based on the experience study, there were changes to the assumed rate of return, salary increases and mortality, disability, termination, and retirement rate assumptions.

Assumed Rate of Return. 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, 2022, and the final investment return assumption, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Equity Funds	69%	5.95
Fixed Income Funds	30	1.5
Cash	1	.20
Total Weighted Average Real Return	100%	4.56
Plus inflation		2.75
Total return w/o adjustment		7.31
Risk adjustment		<u>(0.31)</u>
Total Expected Return		7.00%

Discount Rate. The discount rate used to measure the total pension liability was 7%. 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 Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2020	\$ 27,219,414	\$ 14,024,538	\$ 13,194,876
Changes for the year:			
Service cost	669,107	-	669,107
Interest	1,864,054	-	1,864,054
Differences between expected and actual experience	(1,378,993)	-	(1,378,993)
Changes of assumptions	400,972	-	400,972
Contributions - employer	-	2,311,923	(2,311,923)
Net investment income	-	(1,876,425)	1,876,425
Benefit payments, including refunds of member contributions	(2,561,669)	(2,561,669)	-
Administrative expense	-	(8,340)	8,340
Net changes	(1,006,529)	(2,134,511)	1,127,982
Balances at June 30, 2021	\$ 26,212,885	\$ 11,890,027	\$ 14,322,858

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%, 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 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Total pension liability	\$ 28,034,130	\$ 26,212,885	\$ 24,553,864
Plan net position	(11,890,027)	(11,890,027)	(11,890,027)
Net pension liability	\$ 16,144,103	\$ 14,322,858	\$ 12,663,837
Ratio of plan net position to total pension liability	42.4%	45.4%	48.4%

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

For the year ended June 30, 2022, the City recognized pension expense of \$2,662,832. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 4,584,363	\$ 1,206,619
Changes of assumptions	686,045	373,375
Net difference between projected and actual earnings on pension plan investments	800,525	-
Total	\$ 6,070,933	\$ 1,579,994

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

<u>Year Ended June 30</u>	
2023	\$ 1,141,748
2024	1,139,003
2025	890,321
2026	963,532
2027	132,925
Thereafter	223,410
Total	\$ 4,490,939

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, 2022.

Statement of Fiduciary Net Position June 30, 2022

	Winston-Salem Police Officers'	
	Retirement System	Separation Allowance
Assets		
Cash and cash equivalents/investments	\$ 14,017,588	\$ 960,074
Investments, at fair value		
Domestic stock and ADRs	100,906,826	6,622,752
United States government agencies	112,704	8,543
Corporate bonds	12,524,352	949,357
Municipal bonds	9,153,142	693,816
Mutual funds	40,760,120	2,655,485
Total assets	<u>177,474,732</u>	<u>11,890,027</u>
Liabilities		
Accounts payable	19,199	-
Total liabilities	<u>19,199</u>	<u>-</u>
Net position		
Restricted for pensions	<u>\$ 177,455,533</u>	<u>\$ 11,890,027</u>

Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended June 30, 2022

	Winston-Salem Police Officers'	
	Retirement System	Separation Allowance
Additions		
Contributions		
Employer	\$ 6,078,827	\$ 2,311,923
Plan members	1,266,106	-
Total contributions	<u>7,344,933</u>	<u>2,311,923</u>
Investment income		
Net depreciation in fair value	(30,864,886)	(2,046,409)
Interest and dividends	3,465,581	236,216
Total investment income (loss)	<u>(27,399,305)</u>	<u>(1,810,193)</u>
Less investment expense	986,553	66,232
Net investment income	<u>(28,385,858)</u>	<u>(1,876,425)</u>
Total additions	<u>(21,040,925)</u>	<u>435,498</u>
Deductions		
Benefits	13,447,636	2,561,669
Refund of contributions	111,077	-
Administrative expense	117,194	8,340
Total deductions	<u>13,675,907</u>	<u>2,570,009</u>
Net increase (decrease) in net position	<u>(34,716,832)</u>	<u>(2,134,511)</u>
Net position - beginning	<u>212,172,365</u>	<u>14,024,538</u>
Net position - ending	<u>\$ 177,455,533</u>	<u>\$ 11,890,027</u>

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	\$ 11,778,107	\$ 7,442,580	\$ 2,662,832	\$ 21,883,519
Pension liability	27,170,720	47,711,548	14,322,858	89,205,126
Proportionate share of the net pension liability	1.77170%	n/a	n/a	
Deferred Outflows of Resources				
Differences between expected and actual experience	8,643,983	1,749,698	4,584,363	14,978,044
Changes of assumptions	17,070,152	5,047,545	686,045	22,803,742
Net difference between projected and actual earnings on pension plan investments	-	10,964,484	800,525	11,765,009
Changes in proportion and differences between City contributions and proportionate share of contributions	334,022	-	-	334,022
City benefit payments and administrative costs paid subsequent to the measurement date	14,169,348	-	-	14,169,348
Deferred Inflows of Resources				
Differences between expected and actual experience	-	(1,692,139)	(1,206,619)	(2,898,758)
Changes of assumptions	-	-	(373,375)	(373,375)
Net difference between projected and actual earnings on pension plan investments	(38,818,797)	-	-	(38,818,797)
Changes in proportion and differences between City contributions and proportionate share of contributions	(662,914)	-	-	(662,914)

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, 2022 were \$737,936 which consisted of \$368,968 from the City and \$368,968 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 N.C.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 Annual Comprehensive Financial Report for the State of North Carolina. The State's Annual Comprehensive Financial Report 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 N.C.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, 2022 were \$1,517,509.

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, 2022 were \$1,856,861. 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 value. Short-term investments are reported at cost, which approximates fair 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, 2022, the Other Post-employment Benefits Plan membership consisted of:

Inactive plan members or beneficiaries currently receiving benefits	1,299
Active plan members	826
Total	2,125

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 1.15% of estimated annual covered payroll. For the current year, the City contributed \$1,586,487 or 1.25% of annual covered payroll. The City of Winston-Salem is self-insured. Contributions were made by plan members of \$2,063,707 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, 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 ten equity managers, two fixed income managers, and three 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 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, 2022, the annual money-weighted rate of return on OPEB plan investments, net of investment expense was (13.8)%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net OPEB Liability (Asset)

The components of the net OPEB liability (asset) of the City as of June 30, 2022 are as follows:

Total OPEB liability	\$ 68,534,294
Plan fiduciary net position	<u>(67,075,085)</u>
Net OPEB liability (asset)	\$ 1,459,209
Plan fiduciary net position as a percentage of total OPEB liability	97.9%

At June 30, 2022, the City reported a net OPEB liability of 1,459,209. The net OPEB asset was measured as of June 30, 2022. The total OPEB liability as of this date is based on an actuarial valuation as of January 1, 2022, with adjustments made for the 6 month difference. Adjustments include service cost, interest on total OPEB liability, and expected benefit payments during the year. This is also known as a roll-forward.

Actuarial Assumptions. The total OPEB liability was determined by an actuarial valuation as of January 1, 2022, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation rate	2.75%
Investment rate of return	7.00%, net of investment expense and including inflation
Healthcare trend	6.00% initially, grading down to 4.25% ultimate
	4.00% for Medicare coverage (Post 65)

Mortality rates were based on the Pub 2010-G and 2010-S general and safety headcount Tables, projected generationally using Scale SSA-2021 (50% of the tables apply for pre-retirement deaths).

The Entry Age, individual level percent of pay 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 (24 remaining years) amortization of the unfunded liability and five year asset smoothing.

Changes in Actuarial Assumptions. There were several changes in actuarial assumptions since the prior year, including a decrease in the expected return from 7.25% to 7.00% and updates to the healthcare trend rates, rates of mortality, disability, retirement and withdrawal. More details on actuarial assumptions can be found in the January 1, 2022 OPEB valuation report.

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.

Assumed Rate of Return. 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, 2022, and the final investment return assumption, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	40%	5.95%
International Funds	30	6.25
Fixed Income - U. S.	30	1.5
Total Weighted Average Real Return	100%	4.71%
Plus inflation		2.75
Total return w/o adjustment		7.46
Risk adjustment		(0.46)
Total Expected Return		7.00%

Discount Rate. The discount rate used to measure the total OPEB liability was 7.0%. 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 (Asset)

	<u>Increase (Decrease)</u>		
	<u>Total OPEB Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net OPEB Liability (Asset)</u>
	<u>(a)</u>	<u>(b)</u>	<u>(a) - (b)</u>
Balances at June 30, 2021	<u>\$ 71,586,371</u>	<u>\$ 83,685,557</u>	<u>\$ (12,099,186)</u>
Changes for the year:			
Service cost	600,566	-	600,566
Interest	4,987,261	-	4,987,261
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(3,157,003)	-	(3,157,003)
Changes of assumptions	1,432,364	-	1,432,364
Contributions - employer	-	1,586,487	(1,586,487)
Contributions - member	-	2,063,707	(2,063,707)
Net investment income	-	(11,130,796)	11,130,796
Benefit payments, including refunds of member contributions	(6,915,265)	(8,978,972)	2,063,707
Administrative expense	-	(150,898)	150,898
Net changes	<u>(3,052,077)</u>	<u>(16,610,472)</u>	<u>13,558,395</u>
Balances at June 30, 2022	<u>\$ 68,534,294</u>	<u>\$ 67,075,085</u>	<u>\$ 1,459,209</u>

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Discount Rate. The following presents the net OPEB asset of the City, calculated using the discount rate of 7.0%, as well as what the City’s net OPEB asset 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 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Total OPEB liability	\$ 76,762,434	\$ 68,534,294	\$ 61,690,775
Plan net position	<u>(67,075,085)</u>	<u>(67,075,085)</u>	<u>(67,075,085)</u>
Net OPEB liability (asset)	\$ 9,687,349	\$ 1,459,209	\$ (5,384,310)
Ratio of plan net position to total OPEB liability	87.4%	97.9%	108.7%

Sensitivity of the Net OPEB Asset to Changes in the Trend Rate. The following presents the net OPEB liability asset of the City, calculated using the healthcare trend rate of 6.0% to an ultimate rate of 4.25%, as well as what each plan’s net OPEB liability asset 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:

Ultimate Trend Rate

	1% Decrease 3.25%	Current Ultimate Trend Rate 4.25%	1% Increase 5.25%
Total OPEB liability	\$ 61,416,787	\$ 68,534,294	\$ 77,078,339
Plan net position	<u>(67,075,085)</u>	<u>(67,075,085)</u>	<u>(67,075,085)</u>
Net OPEB liability (asset)	\$ (5,658,298)	\$ 1,459,209	\$ 10,003,254
Ratio of plan net position to total OPEB liability	109.2%	97.9%	87.0%

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

For the year ended June 30, 2022, the City recognized OPEB expense of \$3,692,794. At June 30, 2022, 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	\$ -	\$ 4,275,213
Changes of assumptions	954,909	-
Net difference between projected and actual earnings on OPEB plan investments	<u>4,074,206</u>	<u>-</u>
Total	<u>\$ 5,029,115</u>	<u>\$ 4,275,213</u>

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

<u>Year Ended June 30</u>	
2023	\$ (2,264,782)
2024	(102,277)
2025	(280,170)
2026	3,401,131
Total	\$ 753,902

The following are financial statements for the Post-employment Benefits Trust Funds included as Fiduciary Funds in Exhibits 9 and 10 at June 30, 2022.

Statement of Fiduciary Net Position

June 30, 2022

	<u>Post-employment Benefits Trust Funds</u>
Assets	
Cash and cash equivalents/investments	\$ 5,802,515
Investments, at fair value	
Domestic stock and ADRs	40,038,283
United States government agencies	29,084
Corporate bonds	3,231,969
Municipal bonds	2,362,012
Mutual funds	16,441,731
Prepaid expenses	207,443
Total assets	<u>68,113,037</u>
Deferred Outflows of Resources	
Pension deferrals	<u>29,340</u>
Liabilities	
Accounts payable	517,384
Accrued payroll	1,411
Accrued vacation	7,314
Net pension liability	19,822
Claims payable	492,558
Total liabilities	<u>1,038,489</u>
Deferred Inflows of Resources	
Pension deferrals	<u>28,803</u>
Net position	
Restricted for post-employment benefits other than pensions	<u><u>\$ 67,075,085</u></u>

Statement of Changes in Fiduciary Net Position

For the Fiscal Year Ended June 30, 2022

	Post-employment Benefits Trust Funds
Additions	
Contributions	
Employer	\$ 1,573,755
Plan members	2,063,707
Other	12,732
Total contributions	<u>3,650,194</u>
Investment income	
Net depreciation in fair value	(12,004,046)
Interest and dividends	1,251,008
Total investment income (loss)	<u>(10,753,038)</u>
Less investment expense	377,758
Net investment income	<u>(11,130,796)</u>
Total additions	<u>(7,480,602)</u>
Deductions	
Benefits	8,978,972
Administrative expense	150,898
Total deductions	<u>9,129,870</u>
Net decrease in net position	<u>(16,610,472)</u>
Net position - beginning	<u>83,685,557</u>
Net position - ending	<u>\$ 67,075,085</u>

C. Deferred Compensation

The City offers a deferred compensation plan pursuant to Section 457 of the Internal Revenue Code. All City employees are eligible to participate and may defer until future years up to 25% of their gross income with a maximum of \$20,500 per year. The compensation deferred is not available to employees until termination, retirement, death, or an unforeseeable emergency.

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

D. Joint Ventures and Jointly Governed Organizations

Joint Ventures. The City of Winston-Salem, Village of Clemmons, Town of Kernersville, Town of Lewisville, Town of Oak Ridge, Town of Bermuda Run, and Town of Yadkinville jointly appoint the nine member Triad Municipal Alcoholic Beverage Control Board, which operates 14 liquor stores in Forsyth County, Davie County, Guilford County, and Yadkin County. N.C.G.S. 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 2022, the City received \$3,437,260 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, N.C.G.S. 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 North Carolina 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 \$51,395 to the council during the fiscal year ended June 30, 2022.

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 \$22,409,940 at June 30, 2022, 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, \$38,531,040 and Old Salisbury Road, \$9,998,916, 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, 2022. 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 \$1,951,596 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 29,029 gallons of contaminated water and 7,800 tons of petroleum-contaminate soil, and b) excavating and disposing of 20,179 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, 2022.

In addition, we estimate no future recoveries to potentially reduce the recorded pollution liabilities in fiscal year 2022.

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. The City also has a risk management reserve fund; the City is self insured for claims and damages. Reserves are established for reported claims and claims incurred but not reported for each fiscal year. 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 N.C.G.S. 159-29, the City's Finance Officer, Deputy Finance Officer, Treasury Manager, 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 risk management claims for damages.

Changes in Claims Payable

	<u>2022</u>	<u>2021</u>
Claims payable July 1	\$ 12,327,023	\$ 9,787,494
Claims paid	(38,092,997)	(36,118,102)
New claims and changes in claim estimates	36,779,693	38,657,631
Claims payable June 30	<u>\$ 11,013,719</u>	<u>\$ 12,327,023</u>
Employment benefits funds	\$ 8,716,787	\$ 8,486,129
Post-employment benefits trust fund	492,558	972,351
Risk management reserves fund	1,804,374	2,868,543
	<u>\$ 11,013,719</u>	<u>\$ 12,327,023</u>
Due within year	\$ 5,033,761	\$ 5,269,464

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.

2. Subsequent Event

The City has evaluated subsequent events through October 31, 2022, 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 Nine Fiscal Years ⁽¹⁾

	Fiscal Year				
	2022	2021	2020	2019	2018
Total pension liability					
Service cost	\$ 2,969,143	\$ 2,905,668	\$ 2,931,903	\$ 2,822,356	\$ 2,800,881
Interest	15,347,148	14,678,729	14,274,058	13,900,788	13,818,009
Changes of benefit terms	-	-	-	-	-
Difference between expected and actual experience	(2,538,208)	4,722,267	702,442	3,723,670	4,119,005
Changes of assumptions	7,571,318	-	-	87,029	4,612,557
Benefit payments, including refunds of employee contributions	(13,558,713)	(12,756,479)	(11,860,183)	(11,514,176)	(10,937,034)
Net change in total pension liability	9,790,688	9,550,185	6,048,220	9,019,667	14,413,418
Total pension liability, beginning	215,376,393	205,826,208	199,777,988	190,758,321	176,344,903
Total pension liability, ending (a)	225,167,081	215,376,393	205,826,208	199,777,988	190,758,321
Plan fiduciary net position					
Contributions - employer	6,078,827	5,862,603	5,070,702	4,152,384	4,034,558
Contributions - member	1,266,106	1,339,105	1,437,121	1,470,001	1,571,265
Net investment income	(28,385,858)	56,872,827	2,571,341	10,731,236	15,285,822
Benefit payments, including refunds of employee contributions	(13,558,713)	(12,756,479)	(11,860,183)	(11,514,176)	(10,937,034)
Administrative expense	(117,194)	(105,904)	(98,836)	(100,775)	(104,951)
Other	-	-	-	-	-
Net change in plan fiduciary net position	(34,716,832)	51,212,152	(2,879,855)	4,738,670	9,849,660
Plan fiduciary net position, beginning	212,172,365	160,960,213	163,840,068	159,101,398	149,251,738
Plan fiduciary net position, ending (b)	177,455,533	212,172,365	160,960,213	163,840,068	159,101,398
Net pension liability, ending (a-b)	\$ 47,711,548	\$ 3,204,028	\$ 44,865,995	\$ 35,937,920	\$ 31,656,923
Plan fiduciary net position as a percentage of the total pension liability	78.8%	98.5%	78.2%	82.0%	83.4%
Covered payroll	\$ 20,363,014	\$ 23,501,713	\$ 23,569,786	\$ 23,797,216	\$ 24,217,617
Net pension liability as a percentage of covered payroll	234.3%	13.6%	190.4%	151.0%	130.7%

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

	Fiscal Year			
	2017	2016	2015	2014
Total pension liability				
Service cost	\$ 2,786,122	\$ 2,839,943	\$ 2,972,457	\$ 2,915,276
Interest	12,280,395	11,744,716	11,314,615	12,240,404
Changes of benefit terms	-	-	-	-
Difference between expected and actual experience	2,916,465	1,289,927	2,594,276	-
Changes of assumptions	188,562	191,138	175,153	-
Benefit payments, including refunds of employee contributions	(10,502,703)	(9,968,384)	(9,429,751)	(8,933,487)
Net change in total pension liability	7,668,841	6,097,340	7,626,750	6,222,193
Total pension liability, beginning	168,676,062	162,578,722	154,951,972	148,729,779
Total pension liability, ending (a)	176,344,903	168,676,062	162,578,722	154,951,972
Plan fiduciary net position				
Contributions - employer	4,034,169	4,035,399	4,205,640	34,382,951
Contributions - member	1,493,643	1,484,341	1,543,565	1,556,227
Net investment income	20,820,215	742,534	5,330,797	20,241,752
Benefit payments, including refunds of employee contributions	(10,502,703)	(9,968,384)	(9,429,751)	(8,933,487)
Administrative expense	(95,168)	(95,299)	(111,694)	(94,677)
Other	-	-	-	-
Net change in plan fiduciary net position	15,750,156	(3,801,409)	1,538,557	47,152,766
Plan fiduciary net position, beginning	133,501,582	137,302,991	135,764,434	88,611,668
Plan fiduciary net position, ending (b)	149,251,738	133,501,582	137,302,991	135,764,434
Net pension liability, ending (a-b)	\$ 27,093,165	\$ 35,174,480	\$ 25,275,731	\$ 19,187,538
Plan fiduciary net position as a percentage of the total pension liability	84.6%	79.1%	84.5%	87.6%
Covered payroll	\$ 23,336,940	\$ 23,733,206	\$ 25,206,604	\$ 24,880,178
Net pension liability as a percentage of covered payroll	116.1%	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				
	2022	2021	2020	2019	2018
Actuarially determined contribution	\$ 6,078,827	\$ 5,862,603	\$ 5,070,702	\$ 4,152,384	\$ 3,746,180
Contributions in relation to the actuarially determined contribution	<u>6,078,827</u>	<u>5,862,603</u>	<u>5,070,702</u>	<u>4,152,384</u>	<u>4,034,558</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (288,378)</u>
Covered-employee payroll	\$ 20,363,014	\$ 23,501,713	\$ 23,569,786	\$ 23,797,216	\$ 24,217,617
Contributions as a percentage of covered payroll	29.9%	24.9%	21.5%	17.4%	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 dollar amount, closed
Remaining amortization period	16
Asset valuation method	7-year smoothed market
Inflation	2.75%
Salary increases	4.75% to 6.25%, based on years of service
Investment rate of return	7.00%, net of pension plan investment expense and including inflation
Interest on contributions	4.00% per year
Mortality	Mortality rates were based on the Pub 2010S Tables and projected generationally using Scale SSA (50% of the tables apply for pre-retirement deaths).

	Fiscal Year				
	2017	2016	2015	2014	2013
Actuarially determined contribution	\$ 3,421,184	\$ 3,370,392	\$ 3,326,051	\$ 6,216,781	\$ 5,093,595
Contributions in relation to the actuarially determined contribution	<u>4,034,169</u>	<u>4,035,399</u>	<u>4,205,640</u>	<u>34,382,951</u>	<u>5,093,595</u>
Contribution deficiency (excess)	<u>\$ (612,985)</u>	<u>\$ (665,007)</u>	<u>\$ (879,589)</u>	<u>\$ (28,166,170)</u>	<u>\$ -</u>
Covered payroll	\$ 23,336,940	\$ 23,733,206	\$ 25,206,604	\$ 24,880,178	\$ 25,113,890
Contributions as a percentage of covered payroll	17.3%	17.0%	16.7%	138.2%	20.3%

City of Winston-Salem, North Carolina
Schedule of Investment Returns
Winston-Salem Police Officers' Retirement System
Last Nine Fiscal Years ⁽¹⁾

	Fiscal Year				
	2022	2021	2020	2019	2018
Annual money-weighted rate of return, net of investment expense	-13.60%	35.89%	1.59%	6.87%	10.94%

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

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

City of Winston-Salem, North Carolina
Schedule of Changes in Net Pension Liability and Related Ratios
Winston-Salem Police Officers' Separation Allowance
Last Nine Fiscal Years ⁽¹⁾

	Fiscal Year				
	2022	2021	2020	2019	2018
Total pension liability					
Service cost	\$ 669,107	\$ 604,860	\$ 579,453	\$ 600,358	\$ 429,595
Interest	1,864,054	1,793,410	1,763,549	1,752,912	1,699,044
Changes of benefit terms	-	-	-	-	-
Difference between expected and actual experience	(1,378,993)	1,914,676	381,917	2,822,846	2,267,413
Changes of assumptions	400,972	-	-	(746,747)	885,664
Benefit payments, including refunds of member contributions	(2,561,669)	(2,408,580)	(2,270,725)	(2,103,520)	(1,854,762)
Net change in total pension liability	(1,006,529)	1,904,366	454,194	2,325,849	3,426,954
Total pension liability, beginning	27,219,414	25,315,048	24,860,854	22,535,005	19,108,051
Total pension liability, ending (a)	26,212,885	27,219,414	25,315,048	24,860,854	22,535,005
Plan fiduciary net position					
Contributions - employer	2,311,923	2,280,145	2,207,950	1,572,291	1,402,746
Contributions - member	-	-	-	-	-
Net investment income	(1,876,425)	3,638,697	165,320	714,974	905,322
Benefit payments, including refunds of member contributions	(2,561,669)	(2,408,580)	(2,270,725)	(2,103,520)	(1,854,762)
Administrative expense	(8,340)	(13,254)	(8,006)	(5,070)	(6,884)
Other	-	-	-	-	-
Net change in plan fiduciary net position	(2,134,511)	3,497,008	94,539	178,675	446,422
Plan fiduciary net position, beginning	14,024,538	10,527,530	10,432,991	10,254,316	9,807,894
Plan fiduciary net position, ending (b)	11,890,027	14,024,538	10,527,530	10,432,991	10,254,316
Net pension liability, ending (a-b)	\$ 14,322,858	\$ 13,194,876	\$ 14,787,518	\$ 14,427,863	\$ 12,280,689
Plan fiduciary net position as a percentage of the total pension liability	45.4%	51.5%	41.6%	42.0%	45.5%
Covered payroll	\$ 29,320,555	\$ 34,511,461	\$ 33,547,308	\$ 29,916,749	\$ 27,562,707
Net pension liability as a percentage of covered payroll	48.8%	38.2%	44.1%	48.2%	44.6%

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

	Fiscal Year			
	2017	2016	2015	2014
Total pension liability				
Service cost	\$ 418,102	\$ 394,050	\$ 394,050	\$ 370,972
Interest	1,348,120	1,272,982	1,231,261	1,358,844
Changes of benefit terms	-	-	-	-
Difference between expected and actual experience	963,257	511,859	720,148	-
Changes of assumptions	4,156	4,028	3,995	-
Benefit payments, including refunds of member contributions	<u>(1,648,310)</u>	<u>(1,596,792)</u>	<u>(1,535,057)</u>	<u>(1,451,797)</u>
Net change in total pension liability	1,085,325	586,127	814,397	278,019
Total pension liability, beginning	<u>18,022,726</u>	<u>17,436,599</u>	<u>16,622,202</u>	<u>16,344,183</u>
Total pension liability, ending (a)	<u>19,108,051</u>	<u>18,022,726</u>	<u>17,436,599</u>	<u>16,622,202</u>
Plan fiduciary net position				
Contributions - employer	1,312,250	1,205,933	1,035,697	1,000,073
Contributions - member	-	-	-	-
Net investment income	1,340,751	39,642	375,053	1,491,827
Benefit payments, including refunds of member contributions	<u>(1,648,310)</u>	<u>(1,596,792)</u>	<u>(1,535,057)</u>	<u>(1,451,797)</u>
Administrative expense	<u>(13,820)</u>	<u>(4,331)</u>	<u>(460)</u>	<u>(8,820)</u>
Other	-	-	-	-
Net change in plan fiduciary net position	990,871	(355,548)	(124,767)	1,031,283
Plan fiduciary net position, beginning	<u>8,817,023</u>	<u>9,172,571</u>	<u>9,297,338</u>	<u>8,266,055</u>
Plan fiduciary net position, ending (b)	<u>9,807,894</u>	<u>8,817,023</u>	<u>9,172,571</u>	<u>9,297,338</u>
Net pension liability, ending (a-b)	<u>\$ 9,300,157</u>	<u>\$ 9,205,703</u>	<u>\$ 8,264,028</u>	<u>\$ 7,324,864</u>
Plan fiduciary net position as a percentage of the total pension liability	51.3%	48.9%	52.6%	55.9%
Covered payroll	\$ 26,667,735	\$ 26,209,341	\$ 26,095,009	\$ 24,880,178
Net pension liability as a percentage of covered payroll	34.9%	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				
	2022	2021	2020	2019	2018
Actuarially determined contribution	\$ 2,311,923	\$ 2,245,859	\$ 1,977,462	\$ 1,503,773	\$ 1,356,667
Contributions in relation to the actuarially determined contribution	<u>2,311,923</u>	<u>2,280,145</u>	<u>2,207,950</u>	<u>1,572,291</u>	<u>1,402,746</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ (34,286)</u>	<u>\$ (230,488)</u>	<u>\$ (68,518)</u>	<u>\$ (46,079)</u>
Covered payroll	\$ 29,320,555	\$ 34,511,461	\$ 33,547,308	\$ 29,916,749	\$ 27,562,707
Contributions as a percentage of covered payroll	7.9%	6.6%	6.6%	5.3%	5.1%

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 amount, closed
Remaining amortization period	16
Asset valuation method	7-year smoothed market
Inflation	2.75%
Salary increases	4.75% to 6.25%, based on years of service
Investment rate of return	7.00%, net of pension plan investment expense and including inflation
Interest on contributions	4.00% per year
Mortality	Mortality rates were based on the Pub 2010S Table and projected generationally using Scale SSA (50% of the tables apply for pre-retirement deaths).

	Fiscal Year				
	2017	2016	2015	2014	2013
Actuarially determined contribution	\$ 1,235,894	\$ 1,203,418	\$ 1,086,587	\$ 975,918	\$ 976,576
Contributions in relation to the actuarially determined contribution	<u>1,312,250</u>	<u>1,205,933</u>	<u>1,035,697</u>	<u>1,000,073</u>	<u>976,576</u>
Contribution deficiency (excess)	<u>\$ (76,356)</u>	<u>\$ (2,515)</u>	<u>\$ 50,890</u>	<u>\$ (24,155)</u>	<u>\$ -</u>
Covered payroll	\$ 26,667,735	\$ 26,209,341	\$ 26,095,009	\$ 24,880,178	\$ 25,113,890
Contributions as a percentage of covered payroll	4.9%	4.6%	4.0%	4.0%	3.9%

City of Winston-Salem, North Carolina
Schedule of Investment Returns
Winston-Salem Police Officers' Separation Allowance
Last Nine Fiscal Years ⁽¹⁾

	Fiscal Year				
	2022	2021	2020	2019	2018
Annual money-weighted rate of return, net of investment expense	-13.40%	34.56%	1.58%	7.11%	9.40%

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

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

City of Winston-Salem, North Carolina
Schedule of Changes in Net OPEB Liability and Related Ratios
Post-employment Benefits
Last Six Fiscal Years ⁽¹⁾

	Fiscal Year		
	2022	2021	2020
Total OPEB liability			
Service cost	\$ 600,566	\$ 584,492	\$ 845,494
Interest	4,987,261	5,048,172	5,731,267
Changes of benefit terms	-	-	-
Difference between expected and actual experience	(3,157,003)	-	(8,682,182)
Changes of assumptions	1,432,364	-	-
Benefit payments, including refunds	(6,915,265)	(6,077,192)	(8,000,327)
Net change in total OPEB liability	(3,052,077)	(444,528)	(10,105,748)
Total OPEB liability, beginning	71,586,371	72,030,899	82,136,647
Total OPEB liability, ending (a)	68,534,294	71,586,371	72,030,899
Plan fiduciary net position			
Contributions - employer	1,586,487	2,775,245	2,856,574
Contributions - member	2,063,707	2,178,222	1,950,101
Net investment income	(11,130,796)	22,944,124	1,017,246
Benefit payments, including refunds	(8,978,972)	(8,255,414)	(9,950,428)
Administrative expense	(150,898)	(135,014)	(143,333)
Other	-	-	-
Net change in plan fiduciary net position	(16,610,472)	19,507,163	(4,269,840)
Plan fiduciary net position, beginning	83,685,557	64,178,394	68,448,234
Plan fiduciary net position, ending (b)	67,075,085	83,685,557	64,178,394
Net OPEB liability, ending (a-b)	\$ 1,459,209	\$ (12,099,186)	\$ 7,852,505
Plan fiduciary net position as a percentage of the total OPEB liability	97.9%	116.9%	89.1%
Covered-employee payroll	\$ 49,411,757	\$ 56,809,190	\$ 61,842,481
Net OPEB liability as a percentage of covered payroll	3.0%	-21.3%	12.7%

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

	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-employee 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%

City of Winston-Salem, North Carolina
Schedule of Contributions
Post-employment Benefits
Last Ten Fiscal Years

	Fiscal Year				
	2022	2021	2020	2019	2018
Actuarially determined contribution	\$ 1,340,078	\$ 1,304,212	\$ 2,448,424	\$ 2,448,424	\$ 3,497,231
Contributions in relation to the actuarially determined contribution	<u>1,586,487</u>	<u>2,775,245</u>	<u>2,856,574</u>	<u>3,949,401</u>	<u>4,192,751</u>
Contribution deficiency (excess)	<u>\$ (246,409)</u>	<u>\$ (1,471,033)</u>	<u>\$ (408,150)</u>	<u>\$ (1,500,977)</u>	<u>\$ (695,520)</u>
Covered payroll	\$ 49,411,757	\$ 56,809,190	\$ 61,842,481	\$ 68,916,592	\$ 75,814,665
Contributions as a percentage of covered payroll	3.2%	4.9%	4.6%	5.7%	5.5%

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
Remaining amortization period	24
Asset valuation method	5-year smoothed market
Inflation	2.75%
Investment rate of return	7.00%, net of investment expense and including inflation
Healthcare trend	6.00% initially, grading down to 4.25% ultimate 4.00% for Medicare coverage (Post 65)
Mortality	Mortality rates were based on the Pub 2010G and 2010S Tables and projected generationally using Scale SSA 2021 (50% of the tables apply for pre-retirement deaths).

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

City of Winston-Salem, North Carolina
Schedule of Investment Returns
Post-employment Benefits
Last Six Fiscal Years ⁽¹⁾

Exhibit 19

	Fiscal Year					
	2022	2021	2020	2019	2018	2017
Annual money-weighted rate of return, net of investment expense	-13.80%	36.60%	1.50%	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 Nine Fiscal Years ⁽¹⁾*

	Fiscal Year				
	2022	2021	2020	2019	2018
Winston-Salem's proportion of the net pension liability (asset) (%)	1.77170%	1.78316%	1.77345%	1.81132%	1.74550%
Winston-Salem's proportion of the net pension liability (asset) (\$)	\$ 27,170,720	\$ 63,719,903	\$ 48,431,536	\$ 42,970,705	\$ 26,666,405
Winston-Salem's covered payroll	\$122,086,793	\$124,907,991	\$119,568,576	\$117,262,357	\$111,203,433
Winston-Salem's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	22.2552%	51.0135%	40.5052%	36.6449%	23.9798%
Plan fiduciary net position as a percentage of the total pension liability **	95.51%	88.61%	90.86%	91.63%	94.18%

*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.

	Fiscal Year			
	2017	2016	2015	2014
Winston-Salem's proportion of the net pension liability (asset) (%)	1.73309%	1.80025%	1.80839%	1.89860%
Winston-Salem's proportion of the net pension liability (asset) (\$)	\$ 36,781,996	\$ 8,079,434	\$ (10,664,916)	\$ 22,885,421
Winston-Salem's covered payroll	\$ 104,723,508	\$ 101,433,133	\$ 99,590,382	\$ 100,511,092
Winston-Salem's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	35.1230%	7.9653%	(10.7088)%	22.7691%
Plan fiduciary net position as a percentage of the total pension liability **	91.47%	98.09%	102.47%	94.35%

City of Winston-Salem, North Carolina
City of Winston-Salem's Contributions
Local Government Employees' Retirement System
Last Nine Fiscal Years ⁽¹⁾

	Fiscal Year				
	2022	2021	2020	2019	2018
Contractually required contribution	\$ 14,169,348	\$ 12,660,516	\$ 11,103,950	\$ 9,566,443	\$ 9,039,532
Contributions in relation to the contractually required contribution	<u>14,169,348</u>	<u>12,660,516</u>	<u>11,103,950</u>	<u>9,566,443</u>	<u>9,039,532</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Winston-Salem's covered payroll	\$122,428,341	\$122,086,793	\$124,907,991	\$119,568,576	\$117,262,357
Contributions as a percentage of covered payroll	11.57%	10.37%	8.89%	8.00%	7.71%

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

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

Combining and Individual Fund Statements and Schedules

Major Funds

City of Winston-Salem, North Carolina

Debt Service Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
For the Fiscal Year Ended June 30, 2022

Exhibit 22

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues			
Property taxes	\$ 24,793,230	\$ 25,374,615	\$ 581,385
Local option sales taxes	8,089,860	9,853,644	1,763,784
Intergovernmental	1,132,940	1,351,334	218,394
Investment income	600,000	207,974	(392,026)
Other	1,959,470	2,074,469	114,999
Total revenues	<u>36,575,500</u>	<u>38,862,036</u>	<u>2,286,536</u>
Expenditures			
Other	627,474	426,918	200,556
Debt Service			
Principal retirement			
Bond	14,015,000	13,345,000	670,000
Other	9,330,090	9,264,167	65,923
Interest and fiscal charges	11,904,063	11,221,349	682,714
Total expenditures	<u>35,876,627</u>	<u>34,257,434</u>	<u>1,619,193</u>
Excess of expenditures over revenues	698,873	4,604,602	3,905,729
Other Financing Sources (Uses)			
Issuance of limited obligation bonds	-	39,775,000	39,775,000
Payment to refunded bonds escrow agent	-	(39,471,128)	(39,471,128)
Transfers in			
General fund	1,888,110	1,883,424	(4,686)
Transfers out			
Public assembly facilities management fund	(532,370)	(532,370)	-
Total other financing sources, net	<u>1,355,740</u>	<u>1,654,926</u>	<u>299,186</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	2,054,613	6,259,528	4,204,915
Fund balance - beginning	46,270,882	46,270,882	-
Fund balance - ending	<u>\$ 48,325,495</u>	<u>\$ 52,530,410</u>	<u>\$ 4,204,915</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, 2022

Exhibit 23

	<u>Current Year</u>	<u>Prior Years</u>	<u>Total to Date</u>	<u>Project Authorizations</u>
Revenues				
Intergovernmental - federal	\$ 252,304	\$ 608,045	\$ 860,349	\$ 8,203,460
Intergovernmental - state	516,970	1,456,461	1,973,431	42,286,943
Intergovernmental - local	-	33,880	33,880	-
Investment income	(366,426)	-	(366,426)	2
Sales and Services	23,709	-	23,709	-
NCMLC charges	420,094	-	420,094	360,770
Other	1,305,356	9,353,954	10,659,310	12,811,998
Total revenues	2,152,007	11,452,340	13,604,347	63,663,173
Expenditures				
General government	11,761,999	438,695	12,200,694	18,367,116
Public protection	4,638,841	12,031,906	16,670,747	35,531,035
Transportation	11,569,317	25,477,465	37,046,782	132,739,220
Culture and recreation	17,697,315	25,446,363	43,143,678	61,300,246
Community and economic development	2,640,868	14,829,519	17,470,387	81,407,406
Debt service				
Principal retirement	8,404,393	-	8,404,393	6,405,000
Interest and fiscal charges	680,259	79,385	759,644	520,720
Total expenditures	57,392,992	78,303,333	135,696,325	336,270,743
Excess of expenditures over revenues	(55,240,985)	(66,850,993)	(122,091,978)	(272,607,570)
Other Financing Sources (Uses)				
Premium on general obligation bonds	-	5,118,416	5,118,416	4,928,453
Issuance of limited obligation bonds	16,155,000	3,605,189	19,760,189	21,855,189
Issuance of general obligation bonds	-	94,505,415	94,505,415	190,575,665
Issuance of installment financing contract	-	2,356	2,356	2,356
Issuance of contracts payable	26,161,418	395,431	26,556,849	22,202,618
Premium on limited obligation bonds	2,220,195	-	2,220,195	-
Lease liabilities issued	4,147,315	-	4,147,315	-
Transfers in	23,560,337	11,583,695	35,144,032	40,281,602
Transfers out	(1,383,888)	(4,947,208)	(6,331,096)	(6,533,884)
Total other financing sources, net	70,860,377	110,263,294	181,123,671	273,311,999
Excess of revenues and other financing sources over expenditures and other uses	15,619,392	43,412,301	59,031,693	\$ 704,429
Fund balance - beginning	56,491,924	-	-	
Budgeted on an annual basis	-	13,079,623	13,079,623	
Fund balance - ending	<u>\$ 72,111,316</u>	<u>\$ 56,491,924</u>	<u>\$ 72,111,316</u>	

City of Winston-Salem, North Carolina

Special Revenue Funds

American Rescue Plan - Schedule of Revenues, Expenditures,
and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2022

Exhibit 24

	<u>Current Year</u>	<u>Prior Years</u>	<u>Total to Date</u>	<u>Program Authorizations</u>
Revenues				
Intergovernmental	\$ 33,924,163	\$ -	\$ 33,924,163	\$ 39,014,390
Investment income	7,020	1,951	8,971	-
Total revenues	<u>33,931,183</u>	<u>1,951</u>	<u>33,933,134</u>	<u>39,014,390</u>
Expenditures				
General government	<u>2,544,120</u>	<u>-</u>	<u>2,544,120</u>	<u>7,441,500</u>
Total expenditures	<u>2,544,120</u>	<u>-</u>	<u>2,544,120</u>	<u>7,441,500</u>
Excess of revenues over (under) expenditures	31,387,063	1,951	31,389,014	31,572,890
Other Financing Sources (Uses)				
Transfers out				
General fund	(31,380,043)	-	(31,380,043)	(31,572,890)
Total other financing sources, net	<u>(31,380,043)</u>	<u>-</u>	<u>(31,380,043)</u>	<u>(31,572,890)</u>
Excess of revenues and other financing sources over (under) expenditures and other uses	7,020	<u>\$ 1,951</u>	<u>\$ 8,971</u>	<u>\$ -</u>
Fund balance - beginning	<u>1,951</u>			
Fund balance - ending	<u><u>\$ 8,971</u></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, 2022

Exhibit 25

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Operating Revenues			
Sales			
Water	\$ 58,710,000	\$ 59,610,548	\$ 900,548
Sewer	54,590,000	55,046,281	456,281
Industrial waste surcharge	3,300,000	3,862,318	562,318
Total sales	<u>116,600,000</u>	<u>118,519,147</u>	<u>1,919,147</u>
Charges for services			
New connections	100,000	148,130	48,130
Special area and privilege charges	-	1,742	1,742
Other charges for services	6,920,000	7,689,402	769,402
Total charges for services	<u>7,020,000</u>	<u>7,839,274</u>	<u>819,274</u>
Other	-	264,446	264,446
Total operating revenues	<u>123,620,000</u>	<u>126,622,867</u>	<u>3,002,867</u>
Operating Expenditures			
Personal services	23,447,390	20,971,890	2,475,500
Maintenance and operations	30,556,621	26,444,090	4,112,531
Capital outlay	168,100	143,160	24,940
Total operating expenditures	<u>54,172,111</u>	<u>47,559,140</u>	<u>6,612,971</u>
Operating income	69,447,889	79,063,727	9,615,838
Nonoperating Revenues (Expenditures)			
Intergovernmental revenue	-	9,882	9,882
Investment income	-	(10,127,756)	(10,127,756)
Proceeds from sale of assets	-	231,770	231,770
Interest and fiscal charges	(20,531,720)	(18,732,172)	1,799,548
Principal retirement	(25,527,480)	(25,196,308)	331,172
Total nonoperating expenditures, net	<u>(46,059,200)</u>	<u>(53,814,584)</u>	<u>(7,755,384)</u>
Income before capital contributions and transfers	23,388,689	25,249,143	1,860,454
Capital Contributions			
Conveyances	-	6,335,252	6,335,252
Other	-	724,179	724,179
Total capital contributions	<u>-</u>	<u>7,059,431</u>	<u>7,059,431</u>
Transfers In (Out)			
Stormwater fund	120,720	120,720	-
General fund	(87,380)	(79,692)	7,688
Solid waste disposal fund	(371,970)	(262,768)	109,202
Total transfers out	<u>(338,630)</u>	<u>(221,740)</u>	<u>116,890</u>
Change in net position - modified accrual basis	<u>\$ 23,050,059</u>	<u>\$ 32,086,834</u>	<u>\$ 9,036,775</u>
Reconciliation of Modified Accrual Basis to Full Accrual Basis			
Change in Net Position - Modified Accrual Basis		\$ 32,086,834	
Depreciation		(33,669,043)	
Amortization of financing costs		2,560,209	
Capital outlay		143,160	
Principal retirement		25,196,308	
Book value of disposed assets		(141,130)	
Increase in contracts payable		(139)	
Increase (decrease) in net OPEB asset		(1,442,402)	
Increase (decrease) in deferred outflows of resources - pensions		586,398	
Increase (decrease) in deferred outflows of resources - OPEB		595,914	
(Increase) decrease in net pension liability		4,374,220	
(Increase) decrease in deferred inflows of resources - pensions		(4,651,430)	
(Increase) decrease in net OPEB liability		(172,906)	
(Increase) decrease in deferred inflows of resources - OPEB		1,646,038	
Change in Net Position - Full Accrual Basis		<u>\$ 27,112,031</u>	

City of Winston-Salem, North Carolina

Water & Sewer Capital Projects Fund

Schedule of Revenues, Expenses, and Changes in Net Position - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2022

Exhibit 26

	Program			Total
	Authorizations	Current Year	Prior Years	to Date
Revenues				
Intergovernmental revenues	\$ 180,519,335	\$ 15,892,051	\$ 59,572,094	\$ 75,464,145
Contributions from operations	356,254,232	28,012,423	75,808,683	103,821,106
Other contributions	-	724,179	4,946,441	5,670,620
Proceeds from bonds	(2,226,256)	26,566,875	37,526,295	64,093,170
Total revenues	534,547,311	71,195,528	177,853,513	249,049,041
Expenses				
Water Capital	259,064,835	27,886,228	24,187,123	52,073,351
Sewer Capital	269,287,113	28,351,515	173,946,881	202,298,396
Water Distribution	5,748,205	1,742,017	1,931,635	3,673,652
Sewer Collection	447,158	352,030	91,542	443,572
Total expenses	534,547,311	58,331,790	200,157,181	258,488,971
Change in Net Position	\$ -	\$ 12,863,738	\$ (22,303,668)	\$ (9,439,930)

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, 2022

Exhibit 27

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Operating Revenues			
Charges for services	\$ 11,617,650	\$ 12,571,098	\$ 953,448
Other	-	8,589	8,589
Total operating revenues	11,617,650	12,579,687	962,037
Operating Expenditures			
Personal services	2,654,180	2,232,790	421,390
Maintenance and operations	8,921,448	6,477,640	2,443,808
Total operating expenditures	11,575,628	8,710,430	2,865,198
Operating income	42,022	3,869,257	3,827,235
Nonoperating Revenues (Expenditures)			
Intergovernmental revenue	1,036,000	1,304,334	268,334
Investment income	-	(4,525,907)	(4,525,907)
Proceeds from sale of assets	-	251,295	251,295
Damage settlements	-	170,357	170,357
Interest and fiscal charges	(272,690)	(257,755)	14,935
Principal retirement	(1,595,020)	(1,547,260)	47,760
Total nonoperating expenditures, net	(831,710)	(4,604,936)	(3,773,226)
Income (loss) before transfers	(789,688)	(735,679)	54,009
Transfers In			
Water and sewer utility fund	371,970	262,768	(109,202)
Stormwater management fund	185,980	131,384	(54,596)
Total transfers in	557,950	394,152	(163,798)
Change in net position - modified accrual basis	<u>\$ (231,738)</u>	<u>\$ (341,527)</u>	<u>\$ (109,789)</u>
Reconciliation of Modified Accrual Basis to Full Accrual Basis			
Change in Net Position - Modified Accrual Basis		\$ (341,527)	
Depreciation		(2,960,246)	
Amortization of financing costs		80,573	
Principal retirement		1,547,260	
Book value of disposed assets		(83,568)	
Increase (decrease) in net OPEB asset		(159,800)	
Increase (decrease) in deferred outflows of resources - pensions		78,356	
(Increase) decrease in net pension liability		475,562	
(Increase) decrease in deferred inflows of resources - pensions		(528,467)	
Increase (decrease) in deferred outflows of resources - OPEB		67,696	
(Increase) decrease in net OPEB liability		(19,642)	
(Increase) decrease in deferred inflows of resources - OPEB		177,997	
Change in Net Position - Full Accrual Basis		<u>\$ (1,665,806)</u>	

City of Winston-Salem, North Carolina

Solid Waste Capital Projects Fund

Schedule of Revenues, Expenses, and Changes in Net Position - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2022

Exhibit 28

	Program			Total
	Authorizations	Current Year	Prior Years	to Date
Revenues				
Contributions from operations	\$ 7,680,020	\$ 2,004,843	\$ 348,925	\$ 2,353,768
Total revenues	7,680,020	2,004,843	348,925	2,353,768
Expenses				
Hanes Landfill Leachate System	6,516,357	1,135,527	1,160,113	2,295,640
Hanes Landfill Liners	1,163,663	93,120	-	93,120
Total expenses	7,680,020	1,228,647	1,160,113	2,388,760
Change in Net Position	<u>\$ -</u>	<u>\$ 776,196</u>	<u>\$ (811,188)</u>	<u>\$ (34,992)</u>

City of Winston-Salem, North Carolina

Enterprise Funds

Transit Authority Fund - Schedule of Revenues, Expenditures,
and Transfers - Budget (Non-GAAP Basis) and Actual
From Inception and for the Fiscal Year Ended June 30, 2022

Exhibit 29

	Budget	Actual	Variance Positive (Negative)
Operating Revenues			
Charges for services	\$ 1,626,500	\$ 1,202,040	\$ (424,460)
Other	412,340	306,979	(105,361)
Total operating revenues	<u>2,038,840</u>	<u>1,509,019</u>	<u>(529,821)</u>
Operating Expenditures			
Personal services	14,731,370	14,243,418	487,952
Maintenance and operations	<u>6,648,270</u>	<u>4,860,978</u>	<u>1,787,292</u>
Total operating expenditures	<u>21,379,640</u>	<u>19,104,396</u>	<u>2,275,244</u>
Operating Income (loss)	(19,340,800)	(17,595,377)	1,745,423
Nonoperating Revenues (Expenditures)			
Intergovernmental revenue			
FTA operating grant	1,100,000	1,208,980	108,980
FTA preventative maintenance grant	2,400,000	2,400,000	-
FTA CARES Act	288,473	40,179	(248,294)
FTA ARPA	2,095,370	2,095,370	-
Piedmont Triad COG	286,000	256,877	(29,123)
Forsyth County	614,130	315,288	(298,842)
State of North Carolina	<u>1,168,140</u>	<u>1,181,062</u>	<u>12,922</u>
Total intergovernmental revenues	7,952,113	7,497,756	(454,357)
Property taxes	7,936,080	12,279,057	4,342,977
Investment income	-	7,490	7,490
Proceeds from sale of assets	-	31,834	31,834
Damage settlements	<u>10,000</u>	<u>42,578</u>	<u>32,578</u>
Total nonoperating revenues (expenditures), net	<u>15,898,193</u>	<u>19,858,715</u>	<u>3,960,522</u>
Income (loss) before capital contributions and transfers	(3,442,607)	2,263,338	5,705,945
Capital Contributions			
Federal and state grants	<u>-</u>	<u>312,867</u>	<u>312,867</u>
Total capital contributions	-	312,867	312,867
Transfers Out			
Grants fund	<u>(17,200)</u>	<u>(8,548)</u>	<u>8,652</u>
Total transfers out	<u>(17,200)</u>	<u>(8,548)</u>	<u>8,652</u>
Change in net position - modified accrual basis	<u>\$ (3,459,807)</u>	<u>\$ 2,567,657</u>	<u>\$ 6,027,464</u>
Reconciliation of Modified Accrual Basis to Full Accrual Basis			
Change in Net Position - Modified Accrual Basis		\$ 2,567,657	
Depreciation		(3,009,549)	
Book value of disposed assets		<u>(910,193)</u>	
Change in Net Position - Full Accrual Basis		<u>\$ (1,352,085)</u>	

City of Winston-Salem, North Carolina

Transit Authority Capital Projects Fund

Schedule of Revenues, Expenses, and Changes in Net Position - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2022

Exhibit 30

	Program			Total
	Authorizations	Current Year	Prior Years	to Date
Revenues				
Property tax revenue	\$ 4,584,350	\$ 75,418	\$ 1,962,021	\$ 2,037,439
Intergovernmental revenues	33,280,307	312,867	17,802,428	18,115,295
Transfers in from other funds	887,440	-	50,863	50,863
Total revenues	<u>38,752,097</u>	<u>388,285</u>	<u>19,815,312</u>	<u>20,203,597</u>
Expenses				
5307 capital	21,203,800	320,264	8,698,830	9,019,094
Bus replacement	16,923,297	11,208	10,554,371	10,565,579
Other capital improvements	625,000	56,813	511,247	568,060
Total expenses	<u>38,752,097</u>	<u>388,285</u>	<u>19,764,448</u>	<u>20,152,733</u>
Change in Net Position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 50,864</u>	<u>\$ 50,864</u>

Nonmajor Governmental Funds

Special Revenue Funds

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

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

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

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

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

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

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

The **National Opioid Settlement fund** accounts for funds received from the national settlement.

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, 2022

	Special Revenue				
	Community Development	Grants	Economic and Housing Development	Gasoline Tax	Occupancy Tax
Assets					
Cash and cash equivalents/investments	\$ 97,651	\$ 3,143,259	\$ 19,075,013	\$ -	\$ 460,917
Restricted cash and cash equivalents	-	-	-	7,344,510	-
Receivables for uncollectibles					
Taxes, net	-	-	-	-	-
Accounts	-	833	-	-	-
Leases	-	146,524	-	-	-
Loans	7,720,844	-	10,100,447	-	-
Total receivables	7,720,844	147,357	10,100,447	-	-
Due from other governments	1,010,144	977,973	-	-	-
Inventories	-	-	500,629	-	-
Total assets	\$ 8,828,639	\$ 4,268,589	\$ 29,676,089	\$ 7,344,510	\$ 460,917
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ 163,329	\$ 231,464	\$ 1,068,020	\$ -	\$ 45,678
Accrued payroll	803	-	33,373	-	-
Unearned revenue	-	268,502	53,122	-	-
Loan escrow	-	-	5,349	-	-
Total liabilities	164,132	499,966	1,159,864	-	45,678
Deferred Inflows of Resources					
Taxes	-	-	-	-	-
Leases	-	143,896	-	-	-
Total deferred inflows of resources	-	143,896	-	-	-
Fund Balances					
Nonspendable					
Leases	-	2,628	-	-	-
Inventories	-	-	500,629	-	-
Perpetual care	-	-	-	-	-
Restricted					
Stabilization by state statute	-	-	10,572,532	-	-
General government	-	85,565	-	-	-
Public protection	-	1,124,524	-	-	-
Transportation	-	1,318,477	-	7,344,510	-
Culture and recreation	-	555,713	-	-	415,239
Community and economic development	8,664,507	539,738	-	-	-
Committed					
Community and economic development	-	-	17,443,064	-	-
Unassigned	-	(1,918)	-	-	-
Total fund balances	8,664,507	3,624,727	28,516,225	7,344,510	415,239
Total liabilities, deferred inflows of resources, and fund balances	\$ 8,828,639	\$ 4,268,589	\$ 29,676,089	\$ 7,344,510	\$ 460,917

	Emergency Telephone System	Downtown W-S Business Improv. District	National Opioid Settlement	Permanent Cemetery Perpetual Care	Total Nonmajor Governmental Funds
Assets					
Cash and cash equivalents/investments	\$ 1,925,863	\$ 123,860	\$ -	\$ 4,337,137	\$ 29,163,700
Restricted cash and cash equivalents	-	-	122,361	-	7,466,871
Receivables for uncollectibles					
Taxes, net	-	4,874	-	-	4,874
Accounts	-	16,055	-	-	16,888
Leases	-	-	-	-	146,524
Loans	-	-	-	-	17,821,291
Total receivables	-	20,929	-	-	17,989,577
Due from other governments	-	-	-	-	1,988,117
Inventories	-	-	-	-	500,629
Total assets	\$ 1,925,863	\$ 144,789	\$ 122,361	\$ 4,337,137	\$ 57,108,894
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ 29,233	\$ -	\$ -	\$ -	\$ 1,537,724
Accrued payroll	-	-	-	-	34,176
Unearned revenue	-	272	122,343	-	444,239
Loan escrow	-	-	-	-	5,349
Total liabilities	29,233	272	122,343	-	2,021,488
Deferred Inflows of Resources					
Taxes	-	4,874	-	-	4,874
Leases	-	-	-	-	143,896
Total deferred inflows of resources	-	4,874	-	-	148,770
Fund Balances					
Nonspendable					
Leases	-	-	-	-	2,628
Inventories	-	-	-	-	500,629
Perpetual care	-	-	-	4,337,137	4,337,137
Restricted					
Stabilization by state statute	-	-	-	-	10,572,532
General government	-	-	-	-	85,565
Public protection	1,896,630	-	18	-	3,021,172
Transportation	-	-	-	-	8,662,987
Culture and recreation	-	-	-	-	970,952
Community and economic development	-	139,643	-	-	9,343,888
Committed					
Community and economic development	-	-	-	-	17,443,064
Unassigned	-	-	-	-	(1,918)
Total fund balances	1,896,630	139,643	18	4,337,137	54,938,636
Total liabilities, deferred inflows of resources, and fund balances	\$ 1,925,863	\$ 144,789	\$ 122,361	\$ 4,337,137	\$ 57,108,894

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, 2022

	Special Revenue				
	Community Development	Grants	Economic and Housing Development	Gasoline Tax	Occupancy Tax
Revenues					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 988,566
Intergovernmental	5,556,640	3,560,415	11,666,005	7,257,181	-
Charges for services	-	8,107	-	-	-
Investment income (loss)	-	1,005	16,851	12,729	927
Other	168,428	116,794	398,716	-	-
Total revenues	<u>5,725,068</u>	<u>3,686,321</u>	<u>12,081,572</u>	<u>7,269,910</u>	<u>989,493</u>
Expenditures					
Current					
General government	-	6,419	-	-	-
Public protection	-	2,037,830	-	-	-
Transportation	-	2,002,493	-	-	-
Culture and recreation	-	38,234	-	-	458,337
Community and economic development	5,576,246	233,933	15,367,361	-	-
Total expenditures	<u>5,576,246</u>	<u>4,318,909</u>	<u>15,367,361</u>	<u>-</u>	<u>458,337</u>
Excess of revenues over (under) expenditures	148,822	(632,588)	(3,285,789)	7,269,910	531,156
Other Financing Sources (Uses)					
Transfers in	-	449,496	3,226,320	-	516,870
Transfers out	(666,920)	(85,000)	(765,000)	(4,689,897)	(587,600)
Total other financing sources (uses), net	<u>(666,920)</u>	<u>364,496</u>	<u>2,461,320</u>	<u>(4,689,897)</u>	<u>(70,730)</u>
Excess of revenues and other financing sources over (under) expenditures and other uses	(518,098)	(268,092)	(824,469)	2,580,013	460,426
Fund balance July 1	<u>9,182,605</u>	<u>3,892,819</u>	<u>29,340,694</u>	<u>4,764,497</u>	<u>(45,187)</u>
Fund balances - ending	<u>\$ 8,664,507</u>	<u>\$ 3,624,727</u>	<u>\$ 28,516,225</u>	<u>\$ 7,344,510</u>	<u>\$ 415,239</u>

	Emergency Telephone System	Downtown W-S Business Improv. District	National Opioid Settlement	Permanent Cemetery Perpetual Care	Total Nonmajor Governmental Funds
Revenues					
Taxes	\$ -	\$ 627,737	\$ -	\$ -	\$ 1,616,303
Intergovernmental	-	-	-	-	28,040,241
Charges for services	-	-	-	-	8,107
Investment income (loss)	1,985	104	18	(718,067)	(684,448)
Other	-	-	-	-	683,938
Total revenues	1,985	627,841	18	(718,067)	29,664,141
Expenditures					
Current					
General government	-	-	-	-	6,419
Public protection	282,213	-	-	-	2,320,043
Transportation	-	-	-	-	2,002,493
Culture and recreation	-	-	-	-	496,571
Community and economic development	-	583,845	-	-	21,761,385
Total expenditures	282,213	583,845	-	-	26,586,911
Excess of revenues over (under) expenditures	(280,228)	43,996	18	(718,067)	3,077,230
Other Financing Sources (Uses)					
Transfers in	-	60,220	-	21,090	4,273,996
Transfers out	-	-	-	(228,000)	(7,022,417)
Total other financing sources (uses), net	-	60,220	-	(206,910)	(2,748,421)
Excess of revenues and other financing sources over (under) expenditures and other uses	(280,228)	104,216	18	(924,977)	328,809
Fund balance July 1	2,176,858	35,427	-	5,262,114	54,609,827
Fund balances - ending	\$ 1,896,630	\$ 139,643	\$ 18	\$ 4,337,137	\$ 54,938,636

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, 2022

Exhibit 33

	<u>Current Year</u>	<u>Prior Years</u>	<u>Total to Date</u>	<u>Program Authorizations</u>
Revenues				
Intergovernmental	\$ 5,556,640	\$ 12,598,096	\$ 18,154,736	\$ 40,122,864
Other	1,171,393	5,282,489	6,453,882	6,017,532
Total revenues	6,728,033	17,880,585	24,608,618	46,140,396
Expenditures				
Community development	5,959,327	12,490,718	18,450,045	38,344,537
Debt service				
Principal retirement	-	999,000	999,000	999,000
Interest and fiscal charges	-	80,945	80,945	85,000
Total expenditures	5,959,327	13,570,663	19,529,990	39,428,537
Excess of revenues over expenditures	768,706	4,309,922	5,078,628	6,711,859
Other Financing Uses				
Transfers out				
General fund	(666,920)	(3,270,147)	(3,937,067)	(5,211,859)
Capital projects fund	-	(197,898)	(197,898)	(1,500,000)
Total other financing uses	(666,920)	(3,468,045)	(4,134,965)	(6,711,859)
Excess of revenues and other financing sources over (under) expenditures and other uses	101,786	<u>\$ 841,877</u>	<u>\$ 943,663</u>	<u>\$ -</u>
Fund balance - beginning	841,877			
Fund balance - ending	<u>\$ 943,663</u>			
Reconciling items for GAAP presentation				
Fund balance at beginning of year (GAAP)	9,182,605			
Loans issued and adjustments	35,354			
Payments received on loan balances	(1,002,965)			
Change in estimate of loan portfolio allowance	347,727			
Total reconciling items	<u>8,562,721</u>			
Fund Balance at End of Year (GAAP Basis)	<u>\$ 8,664,507</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, 2022

Exhibit 34

	<u>Current Year</u>	<u>Prior Years</u>	<u>Total to Date</u>	<u>Program Authorizations</u>
Revenues				
Intergovernmental	\$ 3,560,415	\$ 17,546,065	\$ 21,106,480	\$ 33,699,508
Charges for services	8,107	-	8,107	-
Investment income	1,005	19,257	20,262	17,032
Other	116,794	1,131,642	1,248,436	1,541,742
Total revenues	<u>3,686,321</u>	<u>18,696,964</u>	<u>22,383,285</u>	<u>35,258,282</u>
Expenditures				
General government	6,419	330,689	337,108	1,105,500
Public protection	2,037,830	8,374,154	10,411,984	14,501,597
Environmental health	-	940,432	940,432	2,500,000
Transportation	2,002,493	4,825,688	6,828,181	15,709,947
Culture and recreation	38,234	115,154	153,388	1,023,978
Community and economic development	233,933	4,819,729	5,053,662	5,635,363
Total expenditures	<u>4,318,909</u>	<u>19,405,846</u>	<u>23,724,755</u>	<u>40,476,385</u>
Excess of expenditures over (under) revenues	(632,588)	(708,882)	(1,341,470)	(5,218,103)
Other Financing Sources (Uses)				
Transfers in				
General fund	385,948	3,888,386	4,274,334	4,531,417
Occupancy tax fund	55,000	437,085	492,085	492,085
Capital projects fund	-	250,220	250,220	250,220
Transit authority fund	8,548	17,500	26,048	34,700
Fleet services fund	-	48,510	48,510	48,510
Transfers out				
Grants fund	-	-	-	(13,829)
Capital projects fund	(85,000)	(40,000)	(125,000)	(125,000)
Total other financing sources, net	<u>364,496</u>	<u>4,601,701</u>	<u>4,966,197</u>	<u>5,218,103</u>
Excess of revenues and other financing sources over (under) expenditures and other uses	(268,092)	<u>\$ 3,892,819</u>	<u>\$ 3,624,727</u>	<u>\$ -</u>
Fund balance - beginning	<u>3,892,819</u>			
Fund balance - ending	<u>\$ 3,624,727</u>			
Reconciling items for GAAP presentation				
Fund balance at beginning of year (GAAP)	3,892,819			
Payments received on loan balances	-			
Total reconciling items	<u>3,892,819</u>			
Fund Balance at End of Year (GAAP Basis)	<u>\$ 3,624,727</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, 2022

Exhibit 35

	<u>Current Year</u>	<u>Prior Years</u>	<u>Total to Date</u>	<u>Program Authorizations</u>
Revenues				
Intergovernmental	\$ 11,666,005	\$ 3,135,631	\$ 14,801,636	\$ 15,049,077
Investment income (loss)	16,851	2,128,466	2,145,317	3,373,708
Capital lease charges	-	1,004,928	1,004,928	1,000,000
Other	2,491,987	22,411,660	24,903,647	16,076,228
Total revenues	<u>14,174,843</u>	<u>28,680,685</u>	<u>42,855,528</u>	<u>35,499,013</u>
Expenditures				
Neighborhood stabilization	-	837,837	837,837	1,700,110
UDAG loan	-	378,991	378,991	413,593
Emergency rental assistance	11,655,949	1,693,115	13,349,064	13,395,640
Housing financing assistance loan	893,576	3,068,945	3,962,521	6,974,190
Economic development loan	446,267	2,962,636	3,408,903	4,068,398
Economic development project	2,177,407	18,667,699	20,845,106	29,180,188
Rental rehabilitation	-	-	-	1,000,000
Foreclosed property	16,522	-	16,522	-
Total expenditures	<u>15,189,721</u>	<u>27,609,223</u>	<u>42,798,944</u>	<u>56,732,119</u>
Excess of revenues over (under) expenditures	(1,014,878)	1,071,462	56,584	(21,233,106)
Other Financing Sources (Uses)				
Transfers in				
General fund	3,226,320	20,782,364	24,008,684	23,725,269
Economic and housing development fund	-	689,514	689,514	598,500
Capital projects fund	-	604,712	604,712	592,695
Transfers out				
General fund	(65,000)	(4,070,203)	(4,135,203)	(4,083,586)
Economic and housing development fund	-	(139,600)	(139,600)	(139,600)
Capital projects fund	(700,000)	(1,293,500)	(1,993,500)	(2,018,500)
Public assembly facilities management fund	-	(698,500)	(698,500)	(698,500)
Total other financing sources, net	<u>2,461,320</u>	<u>15,874,787</u>	<u>18,336,107</u>	<u>17,976,278</u>
Excess of revenues and other financing sources over (under) expenditures and other uses	1,446,442	<u>\$ 16,946,249</u>	<u>\$ 18,392,691</u>	<u>\$ (3,256,828)</u>
Fund balance - beginning	<u>16,946,249</u>			
Fund balance - ending	<u>\$ 18,392,691</u>			
Reconciling items for GAAP presentation				
Fund balance at beginning of year (GAAP)	29,340,694			
Loans issued and adjustments	260,737			
Payments received on loan balances	(2,093,271)			
Change in estimate of loan portfolio allowance	(438,377)			
Total reconciling items	<u>27,069,783</u>			
Fund Balance at End of Year (GAAP Basis)	<u>\$ 28,516,225</u>			

City of Winston-Salem, North Carolina

Special Revenue Funds

Gasoline Tax Fund - Schedule of Revenues, Expenditures,
and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2022

Exhibit 36

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues			
Intergovernmental	\$ 5,800,790	\$ 7,257,181	\$ 1,456,391
Investment income	-	12,729	12,729
Total revenues	<u>5,800,790</u>	<u>7,269,910</u>	<u>1,469,120</u>
Other Financing Uses			
Transfers out			
General fund	(5,146,100)	(4,499,328)	646,772
Capital projects fund	<u>(1,428,450)</u>	<u>(190,569)</u>	<u>1,237,881</u>
Total other financing uses	<u>(6,574,550)</u>	<u>(4,689,897)</u>	<u>1,884,653</u>
Excess of revenues over (under) other uses	(773,760)	2,580,013	3,353,773
Fund balance - beginning	<u>4,764,497</u>	<u>4,764,497</u>	<u>-</u>
Fund balance - ending	<u>\$ 3,990,737</u>	<u>\$ 7,344,510</u>	<u>\$ 3,353,773</u>

City of Winston-Salem, North Carolina

Combining Statement of Net Position

Occupancy Tax Fund - Schedule of Revenues, Expenditures,
and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2022

Exhibit 37

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues			
Taxes	\$ 700,000	\$ 988,566	\$ 288,566
Investment income	-	927	927
Total revenues	<u>700,000</u>	<u>989,493</u>	<u>289,493</u>
Expenditures			
Culture and recreation	<u>568,860</u>	<u>458,337</u>	<u>110,523</u>
Excess of revenues over expenditures	131,140	531,156	400,016
Other Financing Sources (Uses)			
Transfers In			
General fund	516,870	516,870	-
Transfers out			
Capital projects fund	(45,000)	(45,000)	-
Grants fund	(55,000)	(55,000)	-
Public assembly facilities management fund	<u>(487,600)</u>	<u>(487,600)</u>	<u>-</u>
Total other financing sources (uses)	<u>(70,730)</u>	<u>(70,730)</u>	<u>-</u>
Excess of revenues over (under) expenditures and other uses	60,410	460,426	400,016
Fund balance - beginning	<u>(45,187)</u>	<u>(45,187)</u>	<u>-</u>
Fund balance - ending	<u>\$ 15,223</u>	<u>\$ 415,239</u>	<u>\$ 400,016</u>

City of Winston-Salem, North Carolina
Special Revenue Funds

Emergency Telephone System Fund - Schedule of Revenues, Expenditures,
and Changes in Fund Balance - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2022

Exhibit 38

	<u>Current Year</u>	<u>Prior Years</u>	<u>Total to Date</u>	<u>Program Authorizations</u>
Revenues				
Licenses	\$ -	\$ 3,491,610	\$ 3,491,610	\$ 3,844,674
Investment income (loss)	1,985	66,828	68,813	-
Total revenues	1,985	3,558,438	3,560,423	3,844,674
Expenditures				
Implemental functions	-	-	-	5,688,834
Telephone	179,776	643,813	823,589	-
Software maintenance	90,266	343,798	434,064	-
Hardware maintenance	11,350	359,128	370,478	-
Training	821	34,841	35,662	-
Total operating expenditures	282,213	1,381,580	1,663,793	5,688,834
Excess of revenues over (under) expenditures	(280,228)	2,176,858	1,896,630	<u>\$ (1,844,160)</u>
Fund balance - beginning	2,176,858	-	-	
Fund balance - ending	<u>\$ 1,896,630</u>	<u>\$ 2,176,858</u>	<u>\$ 1,896,630</u>	

City of Winston-Salem, North Carolina

Special Revenue Funds

Downtown Winston-Salem Business Improvement District Fund - Schedule of Revenues, Expenditures,
and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2022

Exhibit 39

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues			
Taxes	\$ 590,230	\$ 627,737	\$ 37,507
Investment income	-	104	104
Total revenues	<u>590,230</u>	<u>627,841</u>	<u>37,611</u>
Expenditures			
Community and economic development	<u>681,558</u>	<u>583,845</u>	<u>97,713</u>
Excess of revenues over expenditures	(91,328)	43,996	135,324
Other Financing Sources (Uses)			
Transfers in			
General fund	60,000	60,000	-
Capital projects	220	220	-
Total other financing sources (uses)	<u>60,220</u>	<u>60,220</u>	<u>-</u>
Excess of revenues over (under) expenditures and other uses	(31,108)	104,216	135,324
Fund balance - beginning	<u>35,427</u>	<u>35,427</u>	<u>-</u>
Fund balance - ending	<u>\$ 4,319</u>	<u>\$ 139,643</u>	<u>\$ 135,324</u>

City of Winston-Salem, North Carolina

Special Revenue Funds

National Opioid Settlement Fund - Schedule of Revenues, Expenditures,
and Changes in Fund Balance - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2022

Exhibit 40

	<u>Current Year</u>	<u>Prior Years</u>	<u>Total to Date</u>	<u>Program Authorizations</u>
Revenues				
Investment income	\$ 18	\$ -	\$ 18	\$ -
Total revenues	<u>18</u>	<u>-</u>	<u>18</u>	<u>-</u>
Expenditures				
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over (under) expenditures	18	-	18	-
Other Financing Sources (Uses)				
Total other financing sources, net	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues and other financing sources over (under) expenditures and other uses	18	<u>\$ -</u>	<u>\$ 18</u>	<u>\$ -</u>
Fund balance - beginning	<u>-</u>			
Fund balance - ending	<u><u>\$ 18</u></u>			

Nonmajor Enterprise Funds

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

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

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

City of Winston-Salem, North Carolina

Combining Statement of Net Position

Nonmajor Enterprise Funds

June 30, 2022

Exhibit 41

	Parking	Stormwater Management	Public Assembly Facilities Management	Total
Assets				
Current Assets				
Cash and cash equivalents/investments	\$ 1,494,063	\$ 27,266,514	\$ 3,532,239	\$ 32,292,816
Accounts receivables, net	9,445	1,383,266	123,191	1,515,902
Lease receivable	49,038	-	369,977	419,015
Due from other governments	143,231	279,088	-	422,319
Prepaid expenses	-	-	857	857
Total current assets	1,695,777	28,928,868	4,026,264	34,650,909
Noncurrent Assets				
Restricted assets				
Cash and cash equivalents/investments	-	-	162,522	162,522
Capital assets				
Land	824,169	666,697	11,672,486	13,163,352
Construction in progress	324	10,105,470	10,786	10,116,580
Other capital assets, net of accumulated depreciation	7,635,970	32,231,564	39,477,074	79,344,608
Accounts receivables	-	-	500,000	500,000
Lease receivable, noncurrent	1,100,840	-	16,303,597	17,404,437
Total noncurrent assets	9,561,303	43,003,731	68,126,465	120,691,499
Total assets	11,257,080	71,932,599	72,152,729	155,342,408
Deferred Outflows of Resources				
Pension deferrals	134,286	545,693	246,084	926,063
OPEB deferrals	16,804	68,288	30,795	115,887
Charge on refunding	-	-	7,584	7,584
Total deferred outflows of resources	151,090	613,981	284,463	1,049,534
Liabilities				
Current Liabilities				
Accounts payable	6,248	446,307	544,719	997,274
Accrued payroll	6,394	27,815	10,669	44,878
Accrued vacation	5,985	63,583	41,490	111,058
Accrued interest payable	-	20,408	44,243	64,651
Unearned revenue	-	25,078	-	25,078
Pollution remediation	-	21,425	-	21,425
Current maturities				
Contracts payable	7,395	165,511	969,782	1,142,688
Bonds payable	-	610,000	-	610,000
Total current liabilities	26,022	1,380,127	1,610,903	3,017,052
Noncurrent Liabilities				
Accrued vacation	27,332	101,824	51,149	180,305
Net pension liability	90,723	368,667	166,254	625,644
Net OPEB liability	4,876	19,814	8,935	33,625
Pollution remediation	-	1,930,171	-	1,930,171
Contracts payable	-	186,720	17,998,460	18,185,180
Bonds payable	-	7,688,137	-	7,688,137
Total noncurrent liabilities	122,931	10,295,333	18,224,798	28,643,062
Total liabilities	148,953	11,675,460	19,835,701	31,660,114
Deferred Inflows of Resources				
Leases	2,167,744	-	16,335,872	18,503,616
Pension deferrals	131,830	535,709	241,582	909,121
OPEB deferrals	14,285	58,051	26,178	98,514
Total deferred inflows of resources	2,313,859	593,760	16,603,632	19,511,251
Net Position				
Net investment in capital assets	8,453,068	34,353,363	32,199,688	75,006,119
Unrestricted	492,290	25,923,997	3,798,171	30,214,458
Total net position	\$ 8,945,358	\$ 60,277,360	\$ 35,997,859	\$105,220,577

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, 2022

Exhibit 42

	<u>Parking</u>	<u>Stormwater Management</u>	<u>Public Assembly Facilities Management</u>	<u>Total</u>
Operating Revenues				
Charges for services	\$ 495,970	\$ 10,510,825	\$ 4,030,608	\$ 15,037,403
Other	24,155	318,774	1,179,806	1,522,735
Total operating revenues	520,125	10,829,599	5,210,414	16,560,138
Operating Expenses				
Personal services	561,471	2,246,626	1,020,741	3,828,838
Maintenance and operations	401,488	2,741,330	5,363,429	8,506,247
Total operating expenses before depreciation	962,959	4,987,956	6,384,170	12,335,085
Depreciation	484,499	1,345,081	2,003,897	3,833,477
Total operating expenses	1,447,458	6,333,037	8,388,067	16,168,562
Operating income (loss)	(927,333)	4,496,562	(3,177,653)	391,576
Nonoperating Revenues (Expenses)				
Intergovernmental revenue	143,231	61,647	909,568	1,114,446
Investment income	540	(2,392,912)	2,405	(2,389,967)
Gain (loss) on disposal of assets	-	59,210	-	59,210
Interest and fiscal expense	(1,726)	(300,447)	(565,687)	(867,860)
Amortization of financing costs	-	38,136	9,860	47,996
Total nonoperating revenues (expenses), net	142,045	(2,534,366)	356,146	(2,036,175)
Income (loss) before capital contributions and transfers	(785,288)	1,962,196	(2,821,507)	(1,644,599)
Capital Contributions	-	10,264	12,173	22,437
Transfers In	1,430,500	-	6,675,838	8,106,338
Transfers Out	-	(2,168,586)	(426,820)	(2,595,406)
Total transfers	1,430,500	(2,168,586)	6,249,018	5,510,932
Change in net position	645,212	(196,126)	3,439,684	3,888,770
Total net position - beginning	8,300,146	60,473,486	32,558,175	101,331,807
Total net position - ending	\$ 8,945,358	\$ 60,277,360	\$ 35,997,859	\$ 105,220,577

City of Winston-Salem, North Carolina

Combining Statement of Cash Flows

Nonmajor Enterprise Funds
For the Fiscal Year Ended June 30, 2022

Exhibit 43
Page 1 of 2

	<u>Parking</u>	<u>Stormwater Management</u>	<u>Public Assembly Facilities Management</u>	<u>Total</u>
Cash Flows from Operating Activities				
Cash received from sales	\$ 420,563	\$ 10,851,092	\$ 5,663,769	\$ 16,935,424
Cash payments to suppliers for goods and services	(404,761)	(2,607,372)	(5,397,839)	(8,409,972)
Cash payments to employees for services	(576,751)	(2,357,161)	(1,031,505)	(3,965,417)
Net cash provided (used) by operating activities	(560,949)	5,886,559	(765,575)	4,560,035
Cash Flows from Noncapital Financing Activities				
Intergovernmental revenue	375,200	62,598	909,568	1,347,366
Repayments of advanced funds	-	-	(1,143,359)	(1,143,359)
Transfers in	1,430,500	-	6,563,238	7,993,738
Transfers out	-	(2,168,586)	(426,820)	(2,595,406)
Net cash provided (used) by noncapital financing activities	1,805,700	(2,105,988)	5,902,627	5,602,339
Cash Flows from Capital and Related Financing Activities				
Intergovernmental revenue	-	379,168	-	379,168
Capital contributions	-	10,264	12,173	22,437
Transfers in	-	-	112,600	112,600
Acquisition of property and equipment	-	(1,996,668)	(132,333)	(2,129,001)
Retirement of bonds	-	(585,000)	-	(585,000)
Retirement of contracts payable	(44,270)	(420,676)	(1,019,858)	(1,484,804)
Interest and fiscal expense paid on bonds	-	(270,492)	-	(270,492)
Interest paid on contracts payable	(1,726)	(31,905)	(567,328)	(600,959)
Proceeds from sale of assets	-	59,210	-	59,210
Net cash provided (used) by capital and related financing activities	(45,996)	(2,856,099)	(1,594,746)	(4,496,841)
Cash Flows from Investing Activities				
Investment income (loss)	540	(2,392,912)	2,405	(2,389,967)
Net increase (decrease) in cash	1,199,295	(1,468,440)	3,544,711	3,275,566
Cash and cash equivalents/investments July 1	294,768	28,734,954	150,050	29,179,772
Cash and cash equivalents/investments June 30	\$1,494,063	\$27,266,514	\$ 3,694,761	\$32,455,338

City of Winston-Salem, North Carolina

Combining Statement of Cash Flows

Nonmajor Enterprise Funds
For the Fiscal Year Ended June 30, 2022

Exhibit 43
Page 2 of 2

	Parking	Stormwater	Public Assembly Facilities Management	Total
Reconciliation of Cash and Cash Equivalents/Investments				
Cash and investments - current	\$ 1,494,063	\$ 27,266,514	\$ 3,532,239	\$ 32,292,816
Cash and investments - restricted	-	-	162,522	162,522
Cash and cash equivalents/investments June 30	\$ 1,494,063	\$ 27,266,514	\$ 3,694,761	\$ 32,455,338
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating income (loss)	\$ (927,333)	\$ 4,496,562	\$ (3,177,653)	\$ 391,576
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities				
Depreciation expense	484,499	1,345,081	2,003,897	3,833,477
Change in assets, deferred outflows of resources, liabilities, and deferred inflows of resources				
(Increase) decrease in receivables	(1,153,735)	16,939	(15,882,518)	(17,019,314)
(Increase) decrease in prepaid expenses	-	-	7,486	7,486
(Increase) decrease in net OPEB asset	38,093	172,631	62,229	272,953
(Increase) decrease in deferred outflows of resources - pensions	(24,012)	(45,944)	(65,936)	(135,892)
(Increase) decrease in deferred outflows of resources - OPEB	(16,804)	(68,288)	(30,795)	(115,887)
Increase (decrease) in net pension liability	(109,760)	(539,895)	(161,262)	(810,917)
Increase (decrease) in net OPEB liability	4,876	19,814	8,935	33,625
Increase (decrease) in deferred inflows of resources - leases	2,167,744	-	16,335,873	18,503,617
Increase (decrease) in deferred inflows of resources - pensions	131,211	532,902	240,569	904,682
Increase (decrease) in deferred inflows of resources - OPEB	(41,155)	(215,052)	(73,900)	(330,107)
Increase (decrease) in accounts payable	(3,273)	133,958	(174,508)	(43,823)
Increase (decrease) in accrued payroll	1,777	10,153	3,092	15,022
Increase (decrease) in unearned revenue	(1,113,571)	4,554	-	(1,109,017)
Increase (decrease) in accrued vacation	494	23,144	6,304	29,942
Increase in contracts payable	-	-	132,612	132,612
Total adjustments	366,384	1,389,997	2,412,078	4,168,459
Net cash provided (used) by operating activities	\$ (560,949)	\$ 5,886,559	\$ (765,575)	\$ 4,560,035

Noncash Investing, Capital, and Financing Activities

The City entered into contracts payable for new property and equipment of \$296,662 for the year ended June 30, 2022.

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, 2022

Exhibit 44

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Operating Revenues			
Charges for services	\$ 690,000	\$ 495,970	\$ (194,030)
Other	-	24,155	24,155
Total operating revenues	<u>690,000</u>	<u>520,125</u>	<u>(169,875)</u>
Operating Expenditures			
Personal services	728,520	579,022	149,498
Maintenance and operations	603,821	401,488	202,333
Total operating expenditures	<u>1,332,341</u>	<u>980,510</u>	<u>351,831</u>
Operating income (loss)	(642,341)	(460,385)	181,956
Nonoperating Revenues (Expenditures)			
Intergovernmental revenue	40,340	143,231	102,891
Investment income	-	540	540
Interest and fiscal charges	(19,940)	(1,726)	18,214
Principal retirement	(137,720)	(44,270)	93,450
Total nonoperating expenditures, net	<u>(117,320)</u>	<u>97,775</u>	<u>215,095</u>
Income (loss) before transfers	(759,661)	(362,610)	397,051
Transfers In			
General fund	<u>1,430,500</u>	<u>1,430,500</u>	-
Total transfers	<u>1,430,500</u>	<u>1,430,500</u>	-
Change in net position - modified accrual basis	<u>\$ 670,839</u>	<u>\$ 1,067,890</u>	<u>\$ 397,051</u>
Reconciliation of Modified Accrual Basis to Full Accrual Basis			
Change in Net Position - Modified Accrual Basis		\$ 1,067,890	
Depreciation		(484,499)	
Principal retirement		44,270	
Increase (decrease) in net OPEB asset		(38,093)	
Increase (decrease) in deferred outflows of resources - pensions		24,012	
(Increase) decrease in net pension liability		109,760	
(Increase) decrease in deferred inflows of resources - pensions		(131,211)	
Increase (decrease) in deferred outflows of resources - OPEB		16,804	
(Increase) decrease in net OPEB liability		(4,876)	
(Increase) decrease in deferred inflows of resources - OPEB		41,155	
Change in Net Position - Full Accrual Basis		<u>\$ 645,212</u>	

City of Winston-Salem, North Carolina

Parking Capital Projects Fund

Schedule of Revenues, Expenses, and Changes in Net Position - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2022

Exhibit 45

	Program			Total to Date
	Authorizations	Current Year	Prior Years	
Revenues				
Contributions from operations	\$ 498,910	\$ 498,480	\$ 430	\$ 498,910
NCML proceeds	250,000	-	-	-
Total revenues	<u>748,910</u>	<u>498,480</u>	<u>430</u>	<u>498,910</u>
Expenses				
Parking deck repair	498,910	-	324	324
6th-Cherry & Trade deck	250,000	-	-	-
Total expenses	<u>748,910</u>	<u>-</u>	<u>324</u>	<u>324</u>
Change in Net Position	<u>\$ -</u>	<u>\$ 498,480</u>	<u>\$ 106</u>	<u>\$ 498,586</u>

City of Winston-Salem, North Carolina

Enterprise Funds

Stormwater Management Fund - Schedule of Revenues, Expenditures,
and Transfers – Budget (Non-GAAP Basis) and Actual
For the Fiscal Year Ended June 30, 2022

Exhibit 46

	Budget	Actual	Variance Positive (Negative)
Operating Revenues			
Charges for services	\$ 10,243,810	\$ 10,510,825	\$ 267,015
Other	173,430	318,774	145,344
Total operating revenues	<u>10,417,240</u>	<u>10,829,599</u>	<u>412,359</u>
Operating Expenditures			
Personal services	3,567,210	2,390,458	1,176,752
Maintenance and operations	4,556,497	2,724,020	1,832,477
Total operating expenditures	<u>8,123,707</u>	<u>5,114,478</u>	<u>3,009,229</u>
Operating income	2,293,533	5,715,121	3,421,588
Nonoperating Revenues (Expenditures)			
Intergovernmental revenue	115,720	61,647	(54,073)
Investment income	-	(2,392,912)	(2,392,912)
Proceeds from sale of assets	-	59,210	59,210
Interest and fiscal charges	(304,460)	(300,447)	4,013
Principal retirement	(1,010,650)	(1,005,676)	4,974
Total nonoperating expenditures, net	<u>(1,199,390)</u>	<u>(3,578,178)</u>	<u>(2,378,788)</u>
Income before capital contributions and transfers	1,094,143	2,136,943	1,042,800
Capital Contributions			
Other	-	10,264	10,264
Total capital contributions	-	10,264	10,264
Transfers Out			
General fund	(1,924,170)	(1,916,482)	7,688
Solid waste fund	(185,980)	(131,384)	54,596
Water and sewer utility fund	(120,720)	(120,720)	-
Total transfers out	<u>(2,230,870)</u>	<u>(2,168,586)</u>	<u>62,284</u>
Change in net position - modified accrual basis	<u>\$ (1,136,727)</u>	<u>\$ (21,379)</u>	<u>\$ 1,115,348</u>
Reconciliation of Modified Accrual Basis to Full Accrual Basis			
Change in Net Position - Modified Accrual Basis		\$ (21,379)	
Depreciation		(1,345,081)	
Amortization of financing costs		38,136	
Principal retirement		1,005,676	
Book value of disposed assets		(17,310)	
Increase (decrease) in net OPEB asset		(172,631)	
Increase (decrease) in deferred outflows of resources - pensions		45,944	
Increase (decrease) in deferred outflows of resources - OPEB		68,288	
(Increase) decrease in net pension liability		539,895	
(Increase) decrease in deferred inflows of resources - pensions		(532,902)	
(Increase) decrease in net OPEB liability		(19,814)	
(Increase) decrease in deferred inflows of resources - OPEB		215,052	
Change in Net Position - Full Accrual Basis		<u>\$ (196,126)</u>	

City of Winston-Salem, North Carolina

Stormwater Capital Projects Fund

Schedule of Revenues, Expenses, and Changes in Net Position - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2022

Exhibit 47

	Program			Total
	Authorizations	Current Year	Prior Years	to Date
Revenues				
Intergovernmental revenues	\$ 25,119	\$ -	\$ 1,231,121	\$ 1,231,121
Contributions from operations	29,902,357	833,725	11,549,400	12,383,125
Other contributions	147,390	10,264	10,367	20,631
Proceeds from bonds	1,519,080	-	1,534,004	1,534,004
Transfers in from other funds	-	-	47,220	47,220
Total revenues	<u>31,593,946</u>	<u>843,989</u>	<u>14,372,112</u>	<u>15,216,101</u>
Expenses				
Stormwater System Improvements	14,078,901	1,425,633	7,433,594	8,859,227
Bath Branch (PTRP Project)	9,708,659	17,310	2,470	19,780
70/30 projects	1,765,580	10,264	28,332	38,596
Basin study updates	5,880,650	143,714	4,361,160	4,504,874
Other capital improvements	<u>160,156</u>	<u>4,632</u>	<u>-</u>	<u>4,632</u>
Total expenses	<u>31,593,946</u>	<u>1,601,553</u>	<u>11,825,556</u>	<u>13,427,109</u>
Change in Net Position	<u>\$ -</u>	<u>\$ (757,564)</u>	<u>\$ 2,546,556</u>	<u>\$ 1,788,992</u>

City of Winston-Salem, North Carolina

Enterprise Funds

Public Assembly Facilities Management Fund - Schedule of Revenues,
and Transfers - Budget (Non-GAAP Basis) and Actual
For the Fiscal Year Ended June 30, 2022

Exhibit 48

	Budget	Actual	Variance Positive (Negative)
Operating Revenues			
Charges for services	\$ 2,883,230	\$ 4,030,608	\$ 1,147,378
Other	1,273,610	1,179,806	(93,804)
Total operating revenues	4,156,840	5,210,414	1,053,574
Operating Expenditures			
Personal services	927,940	1,040,901	(112,961)
Maintenance and operations	5,755,557	5,195,478	560,079
Capital outlay	10,010	9,875	135
Total operating expenditures	6,693,507	6,246,254	447,253
Operating income (loss)	(2,536,667)	(1,035,840)	1,500,827
Nonoperating Revenues (Expenditures)			
Intergovernmental revenue	606,130	909,568	303,438
Investment income (loss)	-	2,405	2,405
Interest and fiscal charges	(567,610)	(565,687)	1,923
Principal retirement	(1,002,900)	(1,019,858)	(16,958)
Repayment of advanced funds	-	-	-
Total nonoperating expenditures, net	(964,380)	(673,572)	290,808
Income (loss) before transfers	(3,501,047)	(1,709,412)	1,791,635
Capital Contributions			
Other	-	12,173	12,173
Total capital contributions	-	12,173	12,173
Transfers In (Out)			
General fund	6,569,660	5,229,048	(1,340,612)
Occupancy tax fund	487,600	487,600	-
Debt service fund	532,370	532,370	-
Winston-Salem Fairgrounds Fund	426,820	426,820	-
Bowman Gray Stadium Fund	(426,820)	(426,820)	-
Total transfers in (out)	7,589,630	6,249,018	(1,340,612)
Change in net position - modified accrual basis	\$ 4,088,583	\$ 4,551,779	\$ 463,196
Reconciliation of Modified Accrual Basis to Full Accrual Basis			
Change in Net Position - Modified Accrual Basis		\$ 4,551,779	
Depreciation		(2,003,897)	
Amortization of financing costs		9,860	
Capital outlay		9,875	
Principal retirement		1,019,858	
Book value of disposed assets		(35,338)	
Increase in contracts payable		(132,613)	
Increase (decrease) in in net OPEB asset		(62,229)	
Increase (decrease) in deferred outflows of resources - pensions		65,936	
(Increase) decrease in net pension liability		161,262	
(Increase) decrease in deferred inflows of resources - pensions		(240,569)	
Increase (decrease) in deferred outflows of resources - OPEB		30,795	
(Increase) decrease in net OPEB liability		(8,935)	
(Increase) decrease in deferred inflows of resources - OPEB		73,900	
Change in Net Position - Full Accrual Basis		\$ 3,439,684	

City of Winston-Salem, North Carolina

Public Assembly Facilities Capital Projects Fund

Schedule of Revenues, Expenses, and Changes in Net Position - Budget and Actual
From Inception and for Fiscal Year Ended June 30, 2022

Exhibit 49

	Program			Total
	Authorizations	Current Year	Prior Years	to Date
Revenues				
Intergovernmental revenues	\$ 530,020	\$ -	\$ -	\$ -
Contributions from operations	20,967	2,749	-	2,749
NCML proceeds	39,503	24,311	-	24,311
Transfers in from other funds	733,623	112,600	621,023	733,623
Other revenue	13,598	12,173	22,365	34,538
Total revenues	<u>1,337,711</u>	<u>151,833</u>	<u>643,388</u>	<u>795,221</u>
Expenses				
Downtown Ballpark	296,546	154,414	60,806	215,220
Winston-Salem Fairgrounds	1,305	-	-	-
Covention Center	112,600	-	-	-
Bowman Gray Stadium	593,300	12,173	33,196	45,369
Carolina Classic Fair	<u>333,960</u>	<u>8,350</u>	<u>81,218</u>	<u>89,568</u>
Total expenses	<u>1,337,711</u>	<u>174,937</u>	<u>175,220</u>	<u>350,157</u>
Change in Net Position	<u>\$ -</u>	<u>\$ (23,104)</u>	<u>\$ 468,168</u>	<u>\$ 445,064</u>

Internal Service Funds

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

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

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

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

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

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

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

The **risk management reserve fund** accounts for claims and provides reserve funding for claims for the City of Winston-Salem.

City of Winston-Salem, North Carolina

Combining Statement of Net Position

Internal Service Funds

June 30, 2022

	<u>Central Warehouse</u>	<u>Fleet Services</u>	<u>Information Services</u>	<u>Workers' Compensation</u>
Assets				
Current Assets				
Cash and cash equivalents/investments	\$ 114,385	\$ -	\$ 32,692	\$ 9,728,050
Accounts receivables, net	421	-	-	-
Inventories	816,007	1,096,219	-	-
Prepaid expenses	-	-	-	-
	<u>930,813</u>	<u>1,096,219</u>	<u>32,692</u>	<u>9,728,050</u>
Noncurrent Assets				
Capital assets				
Land	801,682	-	-	-
Construction in progress	-	-	69,153	-
Other capital assets, net of accumulated depreciation	126,154	1,869,258	3,423,317	-
Total noncurrent assets	<u>927,836</u>	<u>1,869,258</u>	<u>3,492,470</u>	<u>-</u>
Total assets	<u>1,858,649</u>	<u>2,965,477</u>	<u>3,525,162</u>	<u>9,728,050</u>
Deferred Outflows of Resources				
Pension deferrals	83,336	354,320	1,064,571	43,494
OPEB deferrals	10,429	44,339	133,220	5,443
Total deferred outflows of resources	<u>93,765</u>	<u>398,659</u>	<u>1,197,791</u>	<u>48,937</u>
Liabilities				
Current Liabilities				
Accounts payable	16,969	441,276	117,963	-
Accrued payroll	3,976	15,070	50,191	1,867
Accrued vacation	11,086	58,205	221,871	5,292
Due to other funds	-	259,387	-	-
Current maturities				
Claims payable	-	-	-	2,167,966
Contracts payable	-	287,589	580,892	-
Total current liabilities	<u>32,031</u>	<u>1,061,527</u>	<u>970,917</u>	<u>2,175,125</u>
Noncurrent Liabilities				
Accrued vacation	7,009	21,131	116,164	4,873
Net pension liability	56,301	239,376	719,218	29,384
Net OPEB liability	3,026	12,865	38,654	1,579
Claims payable	-	-	-	4,352,398
Contracts payable	-	483,646	1,005,864	-
Total noncurrent liabilities	<u>66,336</u>	<u>757,018</u>	<u>1,879,900</u>	<u>4,388,234</u>
Total liabilities	<u>98,367</u>	<u>1,818,545</u>	<u>2,850,817</u>	<u>6,563,359</u>
Deferred Inflows of Resources				
Pension deferrals	81,811	347,837	1,045,094	42,698
OPEB deferrals	8,865	37,692	113,249	4,627
Total deferred inflows of resources	<u>90,676</u>	<u>385,529</u>	<u>1,158,343</u>	<u>47,325</u>
Net Position				
Net investment in capital assets	927,836	1,098,023	1,905,714	-
Restricted for OPEB	-	-	-	-
Unrestricted	835,535	62,039	(1,191,921)	3,166,303
Total net position	<u>\$ 1,763,371</u>	<u>\$ 1,160,062</u>	<u>\$ 713,793</u>	<u>\$ 3,166,303</u>

	Health Benefits	Dental and Flex Benefits	Employee Benefits	Risk Management Reserve	Total
Assets					
Current Assets					
Cash and cash equivalents/investments	\$ 8,329,062	\$ 3,913,521	\$10,527,852	\$48,024,656	\$80,670,218
Accounts receivables, net	348,351	-	7,181	-	355,953
Inventories	-	-	-	-	1,912,226
Prepaid expenses	780,381	-	-	-	780,381
Total current assets	9,457,794	3,913,521	10,535,033	48,024,656	83,718,778
Noncurrent Assets					
Capital assets					
Land	-	-	-	-	801,682
Construction in progress	-	-	-	-	69,153
Other capital assets, net of accumulated depreciation	-	-	-	-	5,418,729
Total noncurrent assets	-	-	-	-	6,289,564
Total assets	9,457,794	3,913,521	10,535,033	48,024,656	90,008,342
Deferred Outflows of Resources					
Pension deferrals	66,594	-	-	-	1,612,315
OPEB deferrals	8,334	-	-	-	201,765
Total deferred outflows of resources	74,928	-	-	-	1,814,080
Liabilities					
Current Liabilities					
Accounts payable	2,093,674	21,047	6,467,686	456,615	9,615,230
Accrued payroll	2,883	-	-	-	73,987
Accrued vacation	7,800	-	-	-	304,254
Due to other funds	-	-	-	-	259,387
Current maturities					
Claims payable	2,076,998	119,424	-	176,815	4,541,203
Contracts payable	-	-	-	-	868,481
Total current liabilities	4,181,355	140,471	6,467,686	633,430	15,662,542
Noncurrent Liabilities					
Accrued vacation	8,610	-	-	-	157,787
Net pension liability	44,991	-	-	-	1,089,270
Net OPEB liability	2,418	-	-	-	58,542
Claims payable	-	-	-	1,627,559	5,979,957
Contracts payable	-	-	-	-	1,489,510
Total noncurrent liabilities	56,019	-	-	1,627,559	8,775,066
Total liabilities	4,237,374	140,471	6,467,686	2,260,989	24,437,608
Deferred Inflows of Resources					
Pension deferrals	65,376	-	-	-	1,582,816
OPEB deferrals	7,084	-	-	-	171,517
Total deferred inflows of resources	72,460	-	-	-	1,754,333
Net Position					
Net investment in capital assets	-	-	-	-	3,931,573
Restricted for OPEB	-	-	-	-	-
Unrestricted	5,222,888	3,773,050	4,067,347	45,763,667	61,698,908
Total net position	\$ 5,222,888	\$ 3,773,050	\$ 4,067,347	\$45,763,667	\$65,630,481

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, 2022

	<u>Central Warehouse</u>	<u>Fleet Services</u>	<u>Information Services</u>	<u>Workers' Compensation</u>
Operating Revenues				
Charges for services	\$ 412,013	\$ 10,064,539	\$ 9,882,668	\$ 4,078,046
Other	20	-	-	45,626
Total operating revenues	412,033	10,064,539	9,882,668	4,123,672
Operating Expenses				
Personal services	353,554	1,435,930	4,380,182	294,002
Maintenance and operations	100,271	7,946,059	5,077,808	5,681,969
Total operating expenses before depreciation	453,825	9,381,989	9,457,990	5,975,971
Depreciation	13,362	459,133	626,068	-
Total operating expenses	467,187	9,841,122	10,084,058	5,975,971
Operating income (loss)	(55,154)	223,417	(201,390)	(1,852,299)
Nonoperating Revenues (Expenses)				
Investment income (loss)	-	-	-	(313,913)
Gain (loss) on disposal of assets	-	(59,630)	9,626	-
Interest and fiscal expense	-	(54,490)	(108,980)	-
Total nonoperating revenues (expenses), net	-	(114,120)	(99,354)	(313,913)
Income (loss) before transfers	(55,154)	109,297	(300,744)	(2,166,212)
Transfers Out	-	-	-	(124,300)
Total transfers	-	-	-	(124,300)
Change in net position	(55,154)	109,297	(300,744)	(2,290,512)
Total net position - beginning	1,818,525	1,050,765	1,014,537	5,456,815
Total net position - ending	\$ 1,763,371	\$ 1,160,062	\$ 713,793	\$ 3,166,303

	Health Benefits	Dental and Flex Benefits	Employee Benefits	Risk Management Reserve	Total
Operating Revenues					
Charges for services	\$ 22,807,631	\$ 2,588,721	\$ 34,564,758	\$ -	\$ 84,398,376
Other	2,148,293	-	287,379	-	2,481,318
Total operating revenues	24,955,924	2,588,721	34,852,137	-	86,879,694
Operating Expenses					
Personal services	2,505,074	-	-	-	8,968,742
Maintenance and operations	26,127,477	1,812,130	34,287,255	408,547	81,441,516
Total operating expenses before depreciation	28,632,551	1,812,130	34,287,255	408,547	90,410,258
Depreciation	-	-	-	-	1,098,563
Total operating expenses	28,632,551	1,812,130	34,287,255	408,547	91,508,821
Operating income (loss)	(3,676,627)	776,591	564,882	(408,547)	(4,629,127)
Nonoperating Revenues (Expenses)					
Investment income (loss)	(523,912)	4,157	(615,563)	(4,741,011)	(6,190,242)
Gain (loss) on disposal of assets	-	-	-	-	(50,004)
Interest and fiscal expense	-	-	-	-	(163,470)
Total nonoperating revenues (expenses), net	(523,912)	4,157	(615,563)	(4,741,011)	(6,403,716)
Income (loss) before transfers	(4,200,539)	780,748	(50,681)	(5,149,558)	(11,032,843)
Transfers Out					
Total transfers	-	-	-	-	(124,300)
Change in net position	(4,200,539)	780,748	(50,681)	(5,149,558)	(11,157,143)
Total net position - beginning	9,423,427	2,992,302	4,118,028	50,913,225	76,787,624
Total net position - ending	\$ 5,222,888	\$ 3,773,050	\$ 4,067,347	\$ 45,763,667	\$ 65,630,481

City of Winston-Salem, North Carolina

Combining Statement of Cash Flows

Internal Service Funds

For the Fiscal Year Ended June 30, 2022

	<u>Central Warehouse</u>	<u>Fleet Services</u>	<u>Information Services</u>	<u>Workers' Compensation</u>
Cash Flows from Operating Activities				
Cash received from sales	\$ 411,715	\$ 10,064,539	\$ 9,882,668	\$ 4,125,773
Cash payments for suppliers for goods and services	(84,973)	(8,220,723)	(4,679,061)	(4,068,985)
Cash payments to employees for services	(360,828)	(1,572,464)	(4,629,597)	(302,408)
Net cash provided (used) by operating activities	(34,086)	271,352	574,010	(245,620)
Cash Flows from Noncapital Financing Activities				
Borrowings from other funds	-	150,398	-	-
Transfers out	-	-	-	(124,300)
Net cash provided (used) by noncapital financing activities	-	150,398	-	(124,300)
Cash Flows from Capital and Related Financing Activities				
Acquisition of property and equipment	-	-	(52,919)	-
Retirement of contracts payable	-	(405,225)	(728,681)	-
Interest paid on contracts payable	-	(54,490)	(108,980)	-
Proceeds from sale of assets	-	37,965	9,626	-
Net cash provided (used) by capital and related financing activities	-	(421,750)	(880,954)	-
Cash Flows from Investing Activities				
Investment income (loss)	-	-	-	(313,913)
Net increase (decrease) in cash	(34,086)	-	(306,944)	(683,833)
Cash and cash equivalents/investments July 1	148,471	-	339,636	10,411,883
Cash and cash equivalents/investments June 30	<u>\$ 114,385</u>	<u>\$ -</u>	<u>\$ 32,692</u>	<u>\$ 9,728,050</u>

	Health Benefits	Dental and Flex Benefits	Employee Benefits	Risk Management Reserve	Total
Cash Flows from Operating Activities					
Cash received from sales	\$ 24,607,573	\$ 2,588,721	\$ 34,846,798	\$ -	\$ 86,527,787
Cash payments for suppliers for goods and services	(26,768,298)	(1,870,177)	(33,111,806)	(1,083,297)	(79,887,320)
Cash payments to employees for services	(2,489,347)	-	-	-	(9,354,644)
Net cash provided (used) by operating activities	(4,650,072)	718,544	1,734,992	(1,083,297)	(2,714,177)
Cash Flows from Noncapital Financing Activities					
Borrowings from other funds	-	-	-	-	150,398
Transfers out	-	-	-	-	(124,300)
Net cash provided (used) by noncapital financing activities	-	-	-	-	26,098
Cash Flows from Capital and Related Financing Activities					
Acquisition of property and equipment	-	-	-	-	(52,919)
Retirement of contracts payable	-	-	-	-	(1,133,906)
Interest paid on contracts payable	-	-	-	-	(163,470)
Proceeds from sale of assets	-	-	-	-	47,591
Net cash provided (used) by capital and related financing activities	-	-	-	-	(1,302,704)
Cash Flows from Investing Activities					
Investment income (loss)	(523,912)	4,157	(615,563)	(4,741,011)	(6,190,242)
Net increase (decrease) in cash	(5,173,984)	722,701	1,119,429	(5,824,308)	(10,181,025)
Cash and cash equivalents/investments July 1	13,503,046	3,190,820	9,408,423	53,848,964	90,851,243
Cash and cash equivalents/investments June 30	\$ 8,329,062	\$ 3,913,521	\$ 10,527,852	\$ 48,024,656	\$ 80,670,218

City of Winston-Salem, North Carolina

Combining Statement of Cash Flows

Internal Service Funds

For the Fiscal Year Ended June 30, 2022

	<u>Central Warehouse</u>	<u>Fleet Services</u>	<u>Information Services</u>	<u>Workers' Compensation</u>
Reconciliation of Cash and Cash Equivalents/Investments				
Cash and investments - current	\$ 114,385	\$ -	\$ 32,692	\$ 9,728,050
Cash and cash equivalents/investments June 30	\$ 114,385	\$ -	\$ 32,692	\$ 9,728,050
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating income (loss)	\$ (55,154)	\$ 223,417	\$ (201,390)	\$ (1,852,299)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities				
Depreciation expense	13,362	459,133	626,068	-
Change in assets, deferred outflows of resources, liabilities, and deferred inflows of resources				
(Increase) decrease in receivables	(318)	-	-	2,101
(Increase) decrease in inventories	35,343	(226,736)	-	-
(Increase) decrease in prepaid expenses	-	-	-	-
(Increase) decrease in net OPEB asset	23,100	123,277	343,470	14,568
(Increase) decrease in deferred outflows of resources - pensions	(16,465)	2,555	(70,261)	(1,322)
(Increase) decrease in deferred outflows of resources - OPEB	(10,429)	(44,339)	(133,220)	(5,443)
Increase (decrease) in net pension liability	(65,272)	(409,436)	(1,088,473)	(47,287)
Increase (decrease) in net OPEB liability	3,026	12,865	38,654	1,579
Increase (decrease) in deferred inflows of resources - pensions	81,435	345,833	1,039,509	42,461
Increase (decrease) in deferred inflows of resources - OPEB	(24,695)	(148,004)	(386,167)	(18,004)
Increase (decrease) in accounts payable	(20,045)	(64,666)	(5,798)	(20,360)
Increase (decrease) in accrued payroll	1,113	1,131	10,240	233
Increase (decrease) in employee taxes and deductions	-	-	-	-
Increase (decrease) in unearned revenue	-	-	-	-
Increase (decrease) in accrued vacation	913	(20,416)	(3,167)	4,809
Increase (decrease) in claims payable	-	-	-	1,633,344
Increase (decrease) in contracts payable	-	16,738	404,545	-
Total adjustments	<u>21,068</u>	<u>47,935</u>	<u>775,400</u>	<u>1,606,679</u>
Net cash provided (used) by operating activities	\$ (34,086)	\$ 271,352	\$ 574,010	\$ (245,620)

Noncash Investing, Capital, and Financing Activities

The City entered into contracts payable for new property and equipment of \$1,726,501 for the year ended June 30, 2022.

	Health Benefits	Dental and Flex Benefits	Employee Benefits	Risk Management Reserve	Total
Reconciliation of Cash and Cash Equivalents/Investments					
Cash and investments - current	\$ 8,329,062	\$3,913,521	\$ 10,527,852	\$48,024,656	\$80,670,218
Cash and cash equivalents/investments June 30	\$ 8,329,062	\$3,913,521	\$ 10,527,852	\$48,024,656	\$80,670,218
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities					
Operating income (loss)	\$ (3,676,627)	\$ 776,591	\$ 564,882	\$ (408,547)	\$ (4,629,127)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities					
Depreciation expense	-	-	-	-	1,098,563
Change in assets, deferred outflows of resources, liabilities, and deferred inflows of resources					
(Increase) decrease in receivables	(348,351)	-	(5,339)	-	(351,907)
(Increase) decrease in inventories	-	-	-	-	(191,393)
(Increase) decrease in prepaid expenses	(780,381)	-	-	-	(780,381)
(Increase) decrease in net OPEB asset	12,884	-	-	-	517,299
(Increase) decrease in deferred outflows of resources - pensions	(29,297)	-	-	-	(114,790)
(Increase) decrease in deferred outflows of resources - OPEB	(8,334)	-	-	-	(201,765)
Increase (decrease) in net pension liability	(22,817)	-	-	-	(1,633,285)
Increase (decrease) in net OPEB liability	2,418	-	-	-	58,542
Increase (decrease) in deferred inflows of resources - pensions	65,167	-	-	-	1,574,405
Increase (decrease) in deferred inflows of resources - OPEB	(12,644)	-	-	-	(589,514)
Increase (decrease) in accounts payable	1,509,868	(25,669)	1,175,449	389,419	2,938,198
Increase (decrease) in accrued payroll	1,079	-	-	-	13,796
Increase (decrease) in employee taxes and deductions	-	-	-	-	-
Increase (decrease) in unearned revenue	-	-	-	-	-
Increase (decrease) in accrued vacation	7,271	-	-	-	(10,590)
Increase (decrease) in claims payable	(1,370,308)	(32,378)	-	(1,064,169)	(833,511)
Increase (decrease) in contracts payable	-	-	-	-	421,283
Total adjustments	(973,445)	(58,047)	1,170,110	(674,750)	1,914,950
Net cash provided (used) by operating activities	\$ (4,650,072)	\$ 718,544	\$ 1,734,992	\$ (1,083,297)	\$ (2,714,177)

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, 2022

Exhibit 53

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Operating Revenues			
Charges for services	\$ 472,180	\$ 412,013	\$ (60,167)
Other	-	20	20
Total operating revenues	472,180	412,033	(60,147)
Operating Expenditures			
Personal services	337,680	362,854	(25,174)
Maintenance and operations	134,500	100,271	34,229
Total operating expenditures	472,180	463,125	9,055
Operating income (loss)	-	(51,092)	(51,092)
Change in net position - modified accrual basis	<u>\$ -</u>	<u>\$ (51,092)</u>	<u>\$ (51,092)</u>
Reconciliation of Modified Accrual Basis to Full Accrual Basis			
Change in Net Position - Modified Accrual Basis		\$ (51,092)	
Depreciation		(13,362)	
Increase (decrease) in net OPEB asset		(23,100)	
Increase (decrease) in deferred outflows of resources - pensions		16,465	
Increase (decrease) in deferred outflows of resources - OPEB		10,429	
(Increase) decrease in net pension liability		65,272	
(Increase) decrease in net OPEB liability		(3,026)	
(Increase) decrease in deferred inflows of resources - pensions		(81,435)	
(Increase) decrease in deferred inflows of resources - OPEB		24,695	
Change in Net Position - Full Accrual Basis		<u>\$ (55,154)</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, 2022

Exhibit 54

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Operating Revenues			
Charges for services	\$ 11,399,450	\$ 10,064,539	\$ (1,334,911)
Total operating revenues	11,399,450	10,064,539	(1,334,911)
Operating Expenditures			
Personal services	1,875,840	1,553,179	322,661
Maintenance and operations	9,016,096	7,929,321	1,086,775
Total operating expenditures	<u>10,891,936</u>	<u>9,482,500</u>	<u>1,409,436</u>
Operating income (loss)	507,514	582,039	74,525
Nonoperating Revenues (Expenditures)			
Proceeds from sale of assets	-	37,965	37,965
Interest and fiscal charges	(105,640)	(54,490)	51,150
Principal retirement	<u>(438,300)</u>	<u>(405,225)</u>	<u>33,075</u>
Total nonoperating expenditures, net	<u>(543,940)</u>	<u>(421,750)</u>	<u>122,190</u>
Change in net position - modified accrual basis	<u>\$ (36,426)</u>	<u>\$ 160,289</u>	<u>\$ 196,715</u>
Reconciliation of Modified Accrual Basis to Full Accrual Basis			
Change in Net Position - Modified Accrual Basis		\$ 160,289	
Depreciation		(459,133)	
Principal retirement		405,225	
Book value of disposed assets		(97,595)	
Increase in contracts payable		(16,738)	
Increase (decrease) in OPEB asset		(123,277)	
Increase (decrease) in deferred outflows of resources - pensions		(2,555)	
Increase (decrease) in deferred outflows of resources - OPEB		44,339	
(Increase) decrease in net pension liability		409,436	
(Increase) decrease in deferred inflows of resources - OPEB		148,004	
(Increase) decrease in net OPEB liability		(12,865)	
(Increase) decrease in deferred inflows of resources - pensions		<u>(345,833)</u>	
Change in Net Position - Full Accrual Basis		<u>\$ 109,297</u>	

City of Winston-Salem, North Carolina

Information Service Funds

Information Services Fund - Schedule of Revenues, Expenditures,
and Transfers - Budget (Non-GAAP Basis) and Actual
For the Fiscal Year Ended June 30, 2022

Exhibit 55

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Operating Revenues			
Charges for services	\$ 13,612,250	\$ 9,882,668	\$ (3,729,582)
Total operating revenues	13,612,250	9,882,668	(3,729,582)
Operating Expenditures			
Personal services	5,068,990	4,636,670	432,320
Maintenance and operations	7,925,063	4,673,263	3,251,800
Total operating expenditures	12,994,053	9,309,933	3,684,120
Operating income (loss)	618,197	572,735	(45,462)
Nonoperating Revenues (Expenditures)			
Proceeds from sales of assets	-	9,626	9,626
Interest and fiscal charges	(250,290)	(108,980)	141,310
Principal retirement	(1,409,700)	(728,681)	681,019
Total nonoperating expenditures, net	(1,659,990)	(828,035)	831,955
Change in net position - modified accrual basis	<u>\$ (1,041,793)</u>	<u>\$ (255,300)</u>	<u>\$ 786,493</u>
Reconciliation of Modified Accrual Basis to Full Accrual Basis			
Change in Net Position - Modified Accrual Basis		\$ (255,300)	
Depreciation		(626,068)	
Principal retirement		728,681	
Increase in contracts payable		(404,545)	
Increase (decrease) in OPEB asset		(343,470)	
Increase (decrease) in deferred outflows of resources - pensions		70,261	
(Increase) decrease in net pension liability		1,088,473	
(Increase) decrease in deferred inflows of resources - pensions		(1,039,509)	
Increase (decrease) in deferred outflows of resources - OPEB		133,220	
(Increase) decrease in net OPEB liability		(38,654)	
(Increase) decrease in deferred inflows of resources - OPEB		386,167	
Change in Net Position - Full Accrual Basis		<u>\$ (300,744)</u>	

City of Winston-Salem, North Carolina

Internal Service Funds

Workers' Compensation Fund - Schedule of Revenues, Expenditures,
and Transfers - Budget (Non-GAAP Basis) and Actual
For the Fiscal Year Ended June 30, 2022

Exhibit 56

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Operating Revenues			
Charges for services	\$ 3,637,330	\$ 4,078,046	\$ 440,716
Other	169,350	45,626	(123,724)
Total operating revenues	3,806,680	4,123,672	316,992
Operating Expenditures			
Personal services	226,710	307,450	(80,740)
Maintenance and operations	3,471,350	5,681,969	(2,210,619)
Total operating expenditures	3,698,060	5,989,419	(2,291,359)
Operating income (loss)	108,620	(1,865,747)	(1,974,367)
Nonoperating Revenues (Expenditures)			
Investment income	-	(313,913)	(313,913)
Total nonoperating revenues, net	-	(313,913)	(313,913)
Income (loss) before transfers	108,620	(2,179,660)	(2,288,280)
Transfers Out			
General fund	(124,300)	(124,300)	-
Total transfers out	(124,300)	(124,300)	-
Change in net position - modified accrual basis	<u>\$ (15,680)</u>	<u>\$ (2,303,960)</u>	<u>\$ (2,288,280)</u>
Reconciliation of Modified Accrual Basis to Full Accrual Basis			
Change in Net Position - Modified Accrual Basis		\$ (2,303,960)	
Increase (decrease) in deferred outflows of resources - pensions		1,322	
(Increase) decrease in net pension liability		47,287	
(Increase) decrease in deferred inflows of resources - pensions		(42,461)	
Increase (decrease) in deferred outflows of resources - OPEB		5,443	
Increase (decrease) in net OPEB asset		(14,568)	
(Increase) decrease in net OPEB liability		(1,579)	
(Increase) decrease in deferred inflows of resources - OPEB		18,004	
Change in Net Position - Full Accrual Basis		<u>\$ (2,290,512)</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, 2022

Exhibit 57

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Operating Revenues			
Charges for services	\$ 23,345,330	\$ 22,807,631	\$ (537,699)
Other	745,000	2,148,293	1,403,293
Total operating revenues	<u>24,090,330</u>	<u>24,955,924</u>	865,594
Operating Expenditures			
Personal services	2,500,410	2,497,697	2,713
Maintenance and operations	25,470,053	26,127,477	(657,424)
Total operating expenditures	<u>27,970,463</u>	<u>28,625,174</u>	(654,711)
Operating income (loss)	(3,880,133)	(3,669,250)	210,883
Nonoperating Revenues (Expenditures)			
Investment income	-	(523,912)	(523,912)
Total nonoperating revenues, net	<u>-</u>	<u>(523,912)</u>	(523,912)
Change in net position - modified accrual basis	<u>\$ (3,880,133)</u>	<u>\$ (4,193,162)</u>	<u>\$ (313,029)</u>
Reconciliation of Modified Accrual Basis to Full Accrual Basis			
Change in Net Position - Modified Accrual Basis		\$ (4,193,162)	
Increase (decrease) in deferred outflows of resources - pensions		29,297	
(Increase) decrease in net pension liability		22,817	
(Increase) decrease in deferred inflows of resources - pensions		(65,167)	
Increase (decrease) in deferred outflows of resources - OPEB		8,334	
Increase (decrease) in net asset OPEB		(12,884)	
(Increase) decrease in net OPEB liability		(2,418)	
(Increase) decrease in deferred inflows of resources - OPEB		12,644	
Change in Net Position - Full Accrual Basis		<u>\$ (4,200,539)</u>	

City of Winston-Salem, North Carolina

Internal Service Funds

Dental and Flex Benefits Fund - Schedule of Revenues, Expenditures,
and Transfers - Budget (Non-GAAP Basis) and Actual
For the Fiscal Year Ended June 30, 2022

Exhibit 58

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Operating Revenues			
Charges for services	\$ 2,666,260	\$ 2,588,721	\$ (77,539)
Total operating revenues	2,666,260	2,588,721	(77,539)
Operating Expenditures			
Maintenance and operations	2,296,080	1,812,130	483,950
Total operating expenditures	2,296,080	1,812,130	483,950
Operating income (loss)	370,180	776,591	406,411
Nonoperating Revenues (Expenditures)			
Investment income	-	4,157	4,157
Total nonoperating revenues, net	-	4,157	4,157
Change in net position - modified accrual basis	<u>\$ 370,180</u>	<u>\$ 780,748</u>	<u>\$ 410,568</u>
Reconciliation of Modified Accrual Basis to Full Accrual Basis			
Change in Net Position - Modified Accrual Basis		<u>\$ 780,748</u>	
Change in Net Position - Full Accrual Basis		<u>\$ 780,748</u>	

City of Winston-Salem, North Carolina

Internal Service Funds

Employee Benefits Fund - Schedule of Revenues, Expenditures,
and Transfers - Budget (Non-GAAP Basis) and Actual
For the Fiscal Year Ended June 30, 2022

Exhibit 59

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Operating Revenues			
Charges for services	\$ 34,350,310	\$ 34,564,758	\$ 214,448
Other	1,000	287,379	286,379
Total operating revenues	<u>34,351,310</u>	<u>34,852,137</u>	500,827
Operating Expenditures			
Maintenance and operations	34,814,962	34,287,255	527,707
Total operating expenditures	<u>34,814,962</u>	<u>34,287,255</u>	527,707
Operating income (loss)	(463,652)	564,882	1,028,534
Nonoperating Revenues (Expenditures)			
Investment income	-	(615,563)	(615,563)
Total nonoperating revenues, net	<u>-</u>	<u>(615,563)</u>	(615,563)
Change in net position - modified accrual basis	<u>\$ (463,652)</u>	<u>\$ (50,681)</u>	<u>\$ 412,971</u>
Reconciliation of Modified Accrual Basis to Full Accrual Basis			
Change in Net Position - Modified Accrual Basis		\$ (50,681)	
Change in Net Position - Full Accrual Basis		<u>\$ (50,681)</u>	

City of Winston-Salem, North Carolina

Internal Service Funds

Risk Management Reserve Fund - Schedule of Revenues, Expenditures,
and Transfers - Budget (Non-GAAP Basis) and Actual
For the Fiscal Year Ended June 30, 2022

Exhibit 60

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Operating Expenditures			
Maintenance and operations	\$ 1,500,000	\$ 408,547	\$ 1,091,453
Total operating expenditures	<u>1,500,000</u>	<u>408,547</u>	<u>1,091,453</u>
Operating income (loss)	(1,500,000)	(408,547)	1,091,453
Nonoperating Revenues (Expenditures)			
Investment income	-	(4,741,011)	(4,741,011)
Total nonoperating revenues, net	<u>-</u>	<u>(4,741,011)</u>	<u>(4,741,011)</u>
Change in net position - modified accrual basis	<u>\$ (1,500,000)</u>	<u>\$ (5,149,558)</u>	<u>\$ (3,649,558)</u>
Reconciliation of Modified Accrual Basis to Full Accrual Basis			
Change in Net Position - Modified Accrual Basis		<u>\$ (5,149,558)</u>	
Change in Net Position - Full Accrual Basis		<u>\$ (5,149,558)</u>	

City of Winston-Salem, North Carolina

Internal Service Capital Projects Fund

Schedule of Revenues, Expenses, and Changes in Net Position - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2022

Exhibit 61

	<u>Program</u>			<u>Total</u>
	<u>Authorizations</u>	<u>Current Year</u>	<u>Prior Years</u>	<u>to Date</u>
Revenues				
NCML Proceeds	\$ 1,884,054	\$ 141,278	\$ 772,803	\$ 914,081
Transfers in from other funds	30,783	-	30,783	30,783
Other contributions	244,282	-	244,281	244,281
Total revenues	<u>2,159,119</u>	<u>141,278</u>	<u>1,047,867</u>	<u>1,189,145</u>
Expenses				
Information Services	<u>2,159,119</u>	<u>190,544</u>	<u>815,717</u>	<u>1,006,261</u>
Total expenses	<u>2,159,119</u>	<u>190,544</u>	<u>815,717</u>	<u>1,006,261</u>
Change in Net Position	<u>\$ -</u>	<u>\$ (49,266)</u>	<u>\$ 232,150</u>	<u>\$ 182,884</u>

Fiduciary Funds

City of Winston-Salem, North Carolina

Combining Statement of Fiduciary Net Position

Fiduciary Funds
June 30, 2022

Exhibit 62

	Pension Trust Fund	Separation Allowance Trust Fund	Post-employment Benefits Trust Fund	Totals
Assets				
Cash and cash equivalents/investments	\$ 177,474,732	\$ 11,890,027	\$ 67,905,594	\$ 257,270,353
Prepaid expenses	-	-	207,443	207,443
Total assets	177,474,732	11,890,027	68,113,037	257,477,796
Deferred Outflows of Resources				
Pension deferrals	-	-	29,340	29,340
Total deferred outflows of resources	-	-	29,340	29,340
Liabilities				
Accounts payable	19,199	-	517,384	536,583
Accrued payroll	-	-	1,411	1,411
Accrued vacation	-	-	7,314	7,314
Net pension liability	-	-	19,822	19,822
Claims payable	-	-	492,558	492,558
Total liabilities	19,199	-	1,038,489	1,057,688
Deferred Inflows of Resources				
Pension deferrals	-	-	28,803	28,803
Total deferred inflows of resources	-	-	28,803	28,803
Net Position				
Restricted for pensions	177,455,533	11,890,027	-	189,345,560
Restricted for post-employment benefits other than pensions	-	-	67,075,085	67,075,085
Total net position	\$ 177,455,533	\$11,890,027	\$ 67,075,085	\$ 256,420,645

City of Winston-Salem, North Carolina

Combining Statement of Changes in Fiduciary Net Position

Fiduciary Funds

For the Fiscal Year Ended June 30, 2022

Exhibit 63

	Pension Trust Fund	Separation Allowance Trust Fund	Post-employment Benefits Trust Fund	Totals
Additions				
Contributions				
Employer	\$ 6,078,827	\$ 2,311,923	\$ 1,573,755	\$ 9,964,505
Plan members	1,266,106	-	2,063,707	3,329,813
Other	-	-	12,732	12,732
Total contributions	7,344,933	2,311,923	3,650,194	13,307,050
Investment income (loss)				
Net depreciation in fair value	(30,864,886)	(2,046,409)	(12,004,046)	(44,915,341)
Interest and dividends	3,465,581	236,216	1,251,008	4,952,805
Total investment income (loss)	(27,399,305)	(1,810,193)	(10,753,038)	(39,962,536)
Less investment expense	986,553	66,232	377,758	1,430,543
Net investment income (loss)	(28,385,858)	(1,876,425)	(11,130,796)	(41,393,079)
Total additions	(21,040,925)	435,498	(7,480,602)	(28,086,029)
Deductions				
Benefits	13,447,636	2,561,669	8,978,972	24,988,277
Refund of contributions	111,077	-	-	111,077
Administrative expense	117,194	8,340	150,898	276,432
Total deductions	13,675,907	2,570,009	9,129,870	25,375,786
Net increase (decrease) in net position	(34,716,832)	(2,134,511)	(16,610,472)	(53,461,815)
Net position - beginning	212,172,365	14,024,538	83,685,557	309,882,460
Net position - ending	\$ 177,455,533	\$ 11,890,027	\$ 67,075,085	\$ 256,420,645

Schedule of General Obligation Bonded Debt

City of Winston-Salem, North Carolina

Schedule of General Obligation Bonded Debt

June 30, 2022

Purpose of Bond Issue	Date of Issue	Final Maturity Date	Interest Rate	Original Issue	Retired To Date	Principal Balance June 30, 2021
General Obligation Bonded Debt						
Recreation, safety & streets	06/20/12	06/01/32	2.00 - 3.00%	\$ 2,955,000	\$ 1,500,000	\$ 1,605,000
Refunding	06/21/12	06/01/22	2.00 - 5.00%	14,255,000	14,255,000	1,230,000
Recreation, safety & streets	06/26/14	06/01/31	2.00 - 4.00%	3,945,000	1,600,000	2,545,000
Public improvement, recreation & streets	04/05/16	06/01/36	2.00 - 3.00%	3,810,000	865,000	3,105,000
Development, recreation, safety & streets	04/06/16	06/01/36	3.00 - 5.00%	47,820,000	5,125,000	44,895,000
Refunding	04/06/16	06/01/28	3.00 - 5.00%	12,655,000	5,265,000	8,535,000
Public improvement, recreation & streets	07/11/17	06/01/37	2.00 - 5.00%	4,775,000	720,000	4,240,000
Public improvement, recreation, streets & housing	07/12/17	06/01/37	3.00 - 5.00%	54,690,000	4,500,000	52,525,000
Streets and recreation	07/13/20	06/01/40	2.00 - 5.00%	6,005,000	205,000	6,005,000
Development, recreation, buildings & streets	07/14/20	06/01/40	2.00 - 5.00%	44,140,000	-	44,140,000
Development & housing	07/14/20	06/01/28	0.40 - 1.41%	16,330,000	2,610,000	16,330,000
Refunding	07/14/20	06/01/26	1.00 - 5.00%	18,300,000	5,505,000	15,590,000
Refunding	07/14/20	06/01/32	0.49 - 1.15%	5,870,000	240,000	5,760,000
Total General Obligation Bonded Debt				<u>\$ 235,550,000</u>	<u>\$ 42,390,000</u>	<u>\$ 206,505,000</u>

Fiscal Year 2021-22		Principal Balance June 30, 2022	Debt Service Requirement Fiscal Year 2022-23			Principal Balance June 30, 2023
Retirements	Additions		Principal	Interest	Total	
\$ 150,000	\$ -	\$ 1,455,000	\$ 150,000	\$ 40,881	\$ 190,881	\$ 1,305,000
1,230,000	-	-	-	-	-	-
200,000	-	2,345,000	200,000	80,781	280,781	2,145,000
160,000	-	2,945,000	165,000	83,850	248,850	2,780,000
2,200,000	-	42,695,000	2,310,000	1,585,250	3,895,250	40,385,000
1,145,000	-	7,390,000	1,195,000	274,200	1,469,200	6,195,000
185,000	-	4,055,000	195,000	159,800	354,800	3,860,000
2,335,000	-	50,190,000	2,450,000	1,917,200	4,367,200	47,740,000
205,000	-	5,800,000	220,000	201,800	421,800	5,580,000
-	-	44,140,000	-	1,333,312	1,333,312	44,140,000
2,610,000	-	13,720,000	2,610,000	117,926	2,727,926	11,110,000
2,795,000	-	12,795,000	2,960,000	619,750	3,579,750	9,835,000
130,000	-	5,630,000	1,405,000	46,907	1,451,907	4,225,000
\$ 13,345,000	\$ -	\$ 193,160,000	\$ 13,860,000	\$ 6,461,657	\$ 20,321,657	\$ 179,300,000

Statistical Section

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain information to help the reader understand how the City's financial performance and well-being have changed over time.	208
Revenue Capacity These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property taxes.	224
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.	232
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.	240
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.	242
<i>Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive 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				
	2022	2021	2020	2019	2018
Governmental activities					
Net investment in capital assets	\$ 243,224,336	\$ 234,366,934	\$ 205,988,821	\$ 198,478,120	\$ 166,252,662
Restricted	144,991,802	107,418,521	77,921,104	65,043,267	69,502,473
Unrestricted	15,262,516	(642,509)	21,234,750	29,962,893	41,526,432
Total governmental activities net position	403,478,654	341,142,946	305,144,675	293,484,280	277,281,567
Business-type activities					
Net investment in capital assets	650,325,396	638,058,023	589,924,366	553,853,458	507,218,169
Restricted	38,111,166	1,875,155	-	-	-
Unrestricted	208,340,326	234,010,358	207,028,125	202,082,964	204,209,597
Total business-type activities net position	896,776,888	873,943,536	796,952,491	755,936,422	711,427,766
Primary government					
Net investment in capital assets	893,549,732	872,424,957	795,913,187	752,331,578	673,470,831
Restricted	183,102,968	109,293,676	77,921,104	65,043,267	69,502,473
Unrestricted	223,602,842	233,367,849	228,262,875	232,045,857	245,736,029
Total primary government net position	\$ 1,300,255,542	\$ 1,215,086,482	\$ 1,102,097,166	\$ 1,049,420,702	\$ 988,709,333

Table 1

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

City of Winston-Salem, North Carolina

Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

	Fiscal Year				
	2022	2021	2020	2019	2018
Expenses					
Governmental activities:					
General government ⁽²⁾	\$ 38,897,499	\$ 34,021,230	\$ 34,700,220	\$ 34,337,104	\$ 32,345,702
Public protection	116,614,583	111,171,364	121,976,612	115,069,382	108,272,672
Environmental health	21,075,652	19,939,166	19,498,148	18,193,517	19,666,634
Transportation ⁽³⁾	20,138,772	19,966,122	18,660,360	18,778,394	19,935,391
Culture and recreation	15,475,504	14,201,946	14,462,457	13,883,844	13,191,936
Community and economic development	37,459,323	30,128,749	30,384,963	26,454,980	23,993,835
Human resources	-	-	-	-	-
Interest and fiscal charges	10,157,490	10,557,262	11,425,747	11,825,173	12,828,440
Total governmental activities	<u>259,818,823</u>	<u>239,985,839</u>	<u>251,108,507</u>	<u>238,542,394</u>	<u>230,234,610</u>
Business-type activities:					
Water and sewer utility	96,458,373	93,232,560	96,705,230	93,659,022	88,763,212
Solid waste disposal	11,756,156	12,227,035	11,439,490	12,813,989	12,159,440
Cemeteries ⁽²⁾	-	-	-	-	-
Stormwater management	6,595,348	6,959,722	7,458,955	6,883,864	7,112,538
Parking	1,449,184	1,447,463	1,433,620	1,401,592	1,537,324
Transit Authority ⁽³⁾	22,992,304	23,038,976	21,852,043	21,903,029	19,691,541
Public assembly facilities management ⁽¹⁾	8,943,894	6,642,279	8,349,857	8,099,018	8,939,682
Fairgrounds ⁽¹⁾	-	-	-	-	-
Risk management reserves	408,547	3,382,981	1,532,932	2,854,467	3,351,881
Total business-type activities	<u>148,603,806</u>	<u>146,931,016</u>	<u>148,772,127</u>	<u>147,614,981</u>	<u>141,555,618</u>
Total primary government expenses	<u>\$ 408,422,629</u>	<u>\$ 386,916,855</u>	<u>\$ 399,880,634</u>	<u>\$ 386,157,375</u>	<u>\$ 371,790,228</u>

Note:

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

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

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

Table 2
Page 1 of 2

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

City of Winston-Salem, North Carolina

Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

	Fiscal Year				
	2022	2021	2020	2019	2018
Program Revenues					
Governmental activities:					
Charges for services					
General government ⁽²⁾	\$ 14,367,449	\$ 16,329,762	\$ 16,777,155	\$ 16,211,409	\$ 17,411,013
Public protection	2,244,432	4,602,172	4,729,240	5,000,628	5,248,085
Environmental health	2,168,271	1,426,839	1,205,459	1,440,765	2,296,645
Transportation ⁽³⁾	2,480,133	4,100,649	2,808,598	4,562,299	5,152,192
Culture and recreation	957,910	641,093	1,033,779	1,051,133	1,281,661
Community and economic development	7,798,756	7,354,628	8,017,217	8,643,868	6,985,681
Human resources	-	-	-	-	-
Operating Grants and Contributions	62,290,459	20,451,877	16,740,028	15,166,964	17,446,122
Capital Grants and Contributions	769,274	806,263	1,398,672	4,399,817	2,753,420
Total governmental activities	93,076,684	55,713,283	52,710,148	56,476,883	58,574,819
Business-type activities:					
Charges for Services					
Water and sewer utility	126,622,867	118,156,556	115,210,981	114,816,710	109,226,819
Solid waste disposal	12,579,687	12,266,693	12,327,986	11,863,707	11,472,389
Cemeteries ⁽²⁾	-	-	-	-	-
Stormwater management	10,829,599	11,089,995	10,465,247	10,714,457	10,939,477
Parking	520,125	404,346	713,074	783,427	826,606
Transit Authority ⁽³⁾	1,509,019	984,222	1,721,077	2,133,136	2,068,708
Public assembly facilities management ⁽¹⁾	5,210,414	1,486,664	5,425,875	6,543,535	6,145,508
Fairgrounds ⁽¹⁾	-	-	-	-	-
Risk management reserves	-	1,130,735	1,108,560	1,086,820	1,065,510
Operating Grants and Contributions	10,139,353	8,401,362	11,130,441	12,198,440	11,683,732
Capital Grants and Contributions	7,394,735	17,969,214	15,286,839	10,572,472	10,209,381
Total business-type activities	174,805,799	171,889,787	173,390,080	170,712,704	163,638,130
Total primary government program revenues	267,882,483	227,603,070	226,100,228	227,189,587	222,212,949
Net (Expense) Revenue					
Governmental activities	(166,742,139)	(184,272,556)	(198,398,359)	(182,065,511)	(171,659,791)
Business activities	26,201,993	24,958,771	24,617,953	23,097,723	22,082,512
Total primary government net expense	\$ (140,540,146)	\$ (159,313,785)	\$ (173,780,406)	\$ (158,967,788)	\$ (149,577,279)

Note:

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

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

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

Table 2
Page 2 of 2

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

City of Winston-Salem, North Carolina

General Revenues and Total Change in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

	Fiscal Year				
	2022	2021	2020	2019	2018
Net (Expense)/Revenue					
Governmental activities	\$ (166,742,139)	\$ (184,272,556)	\$ (198,398,359)	\$ (182,065,511)	\$ (171,659,791)
Business-type activities	26,201,993	24,958,771	24,617,953	23,097,723	22,082,512
Total primary government expense	<u>\$ (140,540,146)</u>	<u>\$ (159,313,785)</u>	<u>\$ (173,780,406)</u>	<u>\$ (158,967,788)</u>	<u>\$ (149,577,279)</u>
General Revenues and Other Changes in Net Position					
Governmental activities:					
Taxes					
Property taxes	\$ 149,957,339	\$ 139,314,797	\$ 135,466,442	\$ 124,204,213	\$ 121,372,562
Sales taxes	62,962,302	54,678,675	47,330,527	45,015,159	42,370,619
Gross receipt taxes	446,083	382,720	379,659	366,295	340,841
Occupancy taxes	988,566	537,520	754,826	904,606	842,962
Beer and wine excise-state	992,144	1,022,164	1,047,080	1,050,073	1,042,116
Telecommunications sales tax ⁽³⁾	1,051,132	1,312,485	1,587,905	1,785,133	1,915,819
Utilities sales tax ⁽³⁾	14,056,822	13,783,080	14,082,850	14,112,486	13,329,176
Piped natural gas sales tax ⁽³⁾	1,021,262	841,770	755,015	874,571	862,091
Video programming tax ⁽³⁾	1,902,960	1,890,996	1,947,918	2,089,991	2,170,118
Franchise taxes ⁽³⁾	-	-	-	-	-
Payments in lieu of taxes	221,884	232,406	233,921	223,000	273,215
ABC store allocations	3,437,260	3,361,961	2,850,564	2,610,489	1,566,167
Federal bond interest subsidy	-	-	-	-	-
Hold harmless	-	-	-	-	-
Gain on Disposal of Assets	-	567,108	-	-	-
Investment income (loss)	(2,285,111)	2,865,176	2,837,353	4,386,880	2,901,158
Transfers					
Government-wide	(5,674,796)	(520,031)	784,694	645,328	(1,708,484)
Fiduciary funds	-	-	-	-	-
Total governmental activities expenses	<u>229,077,847</u>	<u>220,270,827</u>	<u>210,058,754</u>	<u>198,268,224</u>	<u>187,278,360</u>
Business-type activities:					
Property taxes	12,279,057	11,169,671	10,789,311	10,662,035	10,434,990
Investment income (loss)	(21,777,151)	40,342,572	6,393,499	11,394,226	14,479,474
Gain on sale of fixed assets	454,657	-	-	-	-
Transfers					
Government-wide	5,674,796	520,031	(784,694)	(645,328)	1,708,484
Total business-type activities expenses	<u>(3,368,641)</u>	<u>52,032,274</u>	<u>16,398,116</u>	<u>21,410,933</u>	<u>26,622,948</u>
Total primary government	<u>225,709,206</u>	<u>272,303,101</u>	<u>226,456,870</u>	<u>219,679,157</u>	<u>213,901,308</u>
Change in Net Position					
Governmental activities	62,335,708	35,998,271	11,660,395	16,202,713	15,618,569
Business-type activities	22,833,352	76,991,045	41,016,069	44,508,656	48,705,460
Total change in net position	<u>\$ 85,169,060</u>	<u>\$ 112,989,316</u>	<u>\$ 52,676,464</u>	<u>\$ 60,711,369</u>	<u>\$ 64,324,029</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				
	2017	2016	2015	2014	2013
Net (Expense)/Revenue					
Governmental activities	\$ (176,126,391)	\$ (157,940,529)	\$ (140,046,576)	\$ (146,710,131)	\$ (142,437,553)
Business-type activities	6,354,307	22,418,721	10,714,547	3,916,667	7,869,966
Total primary government expense	<u>\$ (169,772,084)</u>	<u>\$ (135,521,808)</u>	<u>\$ (129,332,029)</u>	<u>\$ (142,793,464)</u>	<u>\$ (134,567,587)</u>
General Revenues and Other Changes in Net Position					
Governmental activities:					
Taxes					
Property taxes	\$ 114,867,555	\$ 109,495,096	\$ 101,672,305	\$ 108,353,348	\$ 106,788,582
Sales taxes	39,983,759	37,612,657	35,396,961	30,667,850	29,756,682
Gross receipt taxes	367,339	310,924	336,466	234,853	239,909
Occupancy taxes	783,673	738,282	676,361	606,076	559,261
Beer and wine excise-state	1,081,299	1,046,536	1,123,316	1,020,227	937,270
Telecommunications sales tax ⁽³⁾	2,112,407	2,129,618	2,434,801	-	-
Utilities sales tax ⁽³⁾	13,131,269	13,642,565	11,628,161	-	-
Piped natural gas sales tax ⁽³⁾	673,437	618,280	874,111	-	-
Video programming tax ⁽³⁾	2,224,104	2,211,617	2,299,732	-	-
Franchise taxes ⁽³⁾	-	-	-	14,630,204	14,677,580
Payments in lieu of taxes	272,227	252,827	215,901	213,596	195,035
ABC store allocations	1,524,244	1,290,517	1,071,106	1,278,470	1,152,220
Federal bond interest subsidy	-	-	-	269,859	280,368
Hold harmless	-	-	-	1,032,842	1,985,802
Gain on Disposal of Assets	-	-	-	-	-
Investment income (loss)	1,369,676	989,065	713,752	1,651,593	1,738,118
Transfers					
Government-wide	770,910	(260,831)	280,537	2,191,574	(5,185,574)
Fiduciary funds	-	-	-	-	(8,500,000)
Total governmental activities expenses	<u>179,161,899</u>	<u>170,077,153</u>	<u>158,723,510</u>	<u>162,150,492</u>	<u>144,625,253</u>
Business-type activities:					
Property taxes	7,176,905	7,090,014	6,889,480	-	-
Investment income (loss)	16,941,265	1,739,678	4,681,987	17,210,584	11,381,805
Gain on sale of fixed assets	-	-	-	-	-
Transfers					
Government-wide	(770,910)	260,831	(280,537)	(2,191,574)	5,185,574
Total business-type activities expenses	<u>23,347,260</u>	<u>9,090,523</u>	<u>11,290,930</u>	<u>15,019,010</u>	<u>16,567,379</u>
Total primary government	<u>202,509,159</u>	<u>179,167,676</u>	<u>170,014,440</u>	<u>177,169,502</u>	<u>161,192,632</u>
Change in Net Position					
Governmental activities	3,035,508	12,136,624	18,676,934	15,440,361	2,187,700
Business-type activities	29,701,567	31,509,244	22,005,477	18,935,677	24,437,345
Total change in net position	<u>\$ 32,737,075</u>	<u>\$ 43,645,868</u>	<u>\$ 40,682,411</u>	<u>\$ 34,376,038</u>	<u>\$ 26,625,045</u>

City of Winston-Salem, North Carolina

Program Revenues by Function/Program

Last Ten Fiscal Years
(accrual basis of accounting)

Function/Program	Fiscal Year				
	2022	2021	2020	2019	2018
Governmental activities:					
General government ⁽²⁾	\$ 14,831,631	\$ 16,501,280	\$ 17,259,000	\$ 17,158,616	\$ 18,666,497
Public protection	37,944,658	8,835,585	7,642,355	6,886,607	6,671,673
Environmental health	2,168,271	1,426,839	1,611,835	1,440,765	2,296,645
Transportation ⁽³⁾	12,346,054	12,741,027	10,336,353	16,324,869	15,758,835
Culture and recreation	985,270	641,093	1,033,779	1,051,133	1,281,661
Community and economic development	24,800,800	15,567,459	14,826,826	13,614,893	13,899,508
Human resources	-	-	-	-	-
Total governmental activities	<u>93,076,684</u>	<u>55,713,283</u>	<u>52,710,148</u>	<u>56,476,883</u>	<u>58,574,819</u>
Business-type activities:					
Water and sewer utility	133,692,180	126,048,170	130,071,671	124,208,094	123,077,090
Solid waste disposal	14,054,378	12,989,792	13,708,747	12,906,593	13,082,714
Cemeteries ⁽²⁾	-	-	-	-	-
Stormwater management	10,901,510	12,359,468	10,601,918	11,002,437	11,108,011
Parking	663,356	779,546	959,361	1,213,840	1,218,399
Transit Authority ⁽³⁾	9,362,220	17,094,261	11,472,402	13,751,385	7,940,898
Public assembly facilities management ⁽¹⁾	6,132,155	1,487,815	5,467,421	6,543,535	6,145,508
Fairgrounds ⁽¹⁾	-	-	-	-	-
Risk management reserves	-	1,130,735	1,108,560	1,086,820	1,065,510
Subtotal business-type activities	<u>174,805,799</u>	<u>171,889,787</u>	<u>173,390,080</u>	<u>170,712,704</u>	<u>163,638,130</u>
Total primary government	<u>\$ 267,882,483</u>	<u>\$ 227,603,070</u>	<u>\$ 226,100,228</u>	<u>\$ 227,189,587</u>	<u>\$ 222,212,949</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				
	2017	2016	2015	2014	2013
Governmental activities:					
General government ⁽²⁾	\$ 21,363,164	\$ 19,085,167	\$ 21,556,561	\$ 20,756,381	\$ 20,825,294
Public protection	5,101,718	5,178,752	4,780,230	5,835,183	8,270,359
Environmental health	2,378,167	2,546,196	2,896,308	2,416,229	2,985,361
Transportation ⁽³⁾	13,696,353	13,006,388	14,772,541	17,882,578	13,205,658
Culture and recreation	1,673,931	1,010,177	1,458,330	19,390	1,978,707
Community and economic development	15,636,605	11,413,240	11,236,455	13,770,358	13,549,634
Human resources	-	-	-	-	28,860
Total governmental activities	<u>59,849,938</u>	<u>52,239,920</u>	<u>56,700,425</u>	<u>60,680,119</u>	<u>60,843,873</u>
Business-type activities:					
Water and sewer utility	109,977,029	105,365,491	97,416,530	89,174,025	91,296,929
Solid waste disposal	11,434,616	11,540,453	10,284,939	11,287,403	10,179,220
Cemeteries ⁽²⁾	-	-	-	469,031	475,801
Stormwater management	10,975,967	11,001,768	10,616,379	10,570,348	13,616,589
Parking	1,180,382	1,632,111	1,604,832	1,543,574	1,841,864
Transit Authority ⁽³⁾	9,683,642	16,251,424	8,440,319	11,278,044	8,307,220
Public assembly facilities management ⁽¹⁾	5,834,322	5,554,238	9,832,824	7,687,554	6,021,624
Fairgrounds ⁽¹⁾	-	-	-	-	2,532,255
Risk management reserves	1,044,620	1,166,490	115,235	3,162,985	3,176,160
Subtotal business-type activities	<u>150,130,578</u>	<u>152,511,975</u>	<u>138,311,058</u>	<u>135,172,964</u>	<u>137,447,662</u>
Total primary government	<u><u>\$ 209,980,516</u></u>	<u><u>\$ 204,751,895</u></u>	<u><u>\$ 195,011,483</u></u>	<u><u>\$ 195,853,083</u></u>	<u><u>\$ 198,291,535</u></u>

City of Winston-Salem, North Carolina

Fund Balances, Governmental Funds

Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2022	2021	2020	2019	2018
General Fund					
Nonspendable	\$ 664,350	\$ 437,400	\$ 469,850	\$ 1,348,546	\$ 1,314,636
Restricted	28,922,360	25,605,419	21,613,488	20,168,229	22,168,518
Assigned	10,349,690	1,350,000	5,430,000	2,000,000	2,000,000
Unassigned	47,265,680	33,117,280	21,544,816	27,952,999	24,697,951
Total general fund	<u>\$ 87,202,080</u>	<u>\$ 60,510,099</u>	<u>\$ 49,058,154</u>	<u>\$ 51,469,774</u>	<u>\$ 50,181,105</u>
All Other Governmental Funds					
Nonspendable	\$ 4,859,953	\$ 5,874,871	\$ 4,760,637	\$ 4,988,097	\$ 4,737,641
Restricted	157,288,234	119,849,816	68,641,227	79,939,396	98,016,939
Committed	17,443,064	31,697,002	51,057,189	53,035,576	66,031,761
Unassigned	(1,918)	(47,105)	(77,960)	(1,927)	(367,477)
Total all other governmental funds	<u>\$ 179,589,333</u>	<u>\$ 157,374,584</u>	<u>\$ 124,381,093</u>	<u>\$ 137,961,142</u>	<u>\$ 168,418,864</u>

Table 5

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

City of Winston-Salem, North Carolina

Changes in Fund Balances, Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	Fiscal Year				
	2022	2021	2020	2019	2018
Revenues					
Taxes	\$ 214,364,924	\$ 195,297,034	\$ 183,480,271	\$ 170,551,871	\$ 164,925,559
Licenses and permits	7,104,086	7,221,974	6,631,106	7,217,854	6,658,529
Intergovernmental	85,743,197	44,270,110	40,663,560	41,890,520	41,359,369
Investment income (loss)	(835,880)	2,122,287	2,247,457	3,834,012	2,750,652
Charges for services	17,635,179	18,634,588	17,083,396	17,290,331	19,104,518
NCMLC charges	535,094	467,296	753,039	1,123,279	1,147,013
Other	6,399,487	8,216,508	10,061,437	11,160,397	11,740,795
Total revenues	330,946,087	276,229,797	260,920,266	253,068,264	247,686,435
Expenditures					
General government	36,373,971	32,741,038	33,045,017	33,270,116	32,218,813
Public protection	116,409,787	115,909,628	117,037,124	110,161,557	107,232,510
Environmental health	20,707,310	20,078,464	19,552,249	18,972,376	20,551,537
Transportation	13,318,371	13,527,352	13,089,877	14,127,749	16,496,237
Culture and recreation	12,988,634	11,965,180	12,131,168	11,999,323	11,601,727
Community and economic development	35,540,901	27,877,609	21,890,755	22,364,481	22,954,451
Human resources	-	-	-	-	-
Other	426,918	766,575	425,808	304,885	369,425
Capital outlay	48,308,340	46,452,542	38,205,238	36,050,128	37,004,673
Debt service					
Contracts payable ⁽¹⁾	-	-	-	-	-
Principal retirement					
Bond	13,345,000	11,230,000	11,565,000	10,850,000	8,145,000
Other	18,018,392	19,386,183	24,457,596	20,345,412	17,082,571
Interest & fiscal charges					
Bond	7,425,639	7,712,936	7,278,145	7,076,345	7,192,077
Other	4,495,295	4,790,685	5,431,644	5,796,103	6,805,652
Total expenditures	327,358,558	312,438,192	304,109,621	291,318,475	287,654,673
Excess of revenues over (under) expenditures	3,587,529	(36,208,395)	(43,189,355)	(38,250,211)	(39,968,238)

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

City of Winston-Salem, North Carolina

Changes in Fund Balances, Governmental Funds

Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2022	2021	2020	2019	2018
Other Financing Sources (Uses)					
Issuances of special obligation bonds	\$ -	\$ -	\$ -	\$ -	\$ -
Premium on special obligation bonds	-	-	-	-	-
Proceeds of refunding bonds	-	-	-	-	-
Issuance of refunding LOBS	-	-	54,685,090	-	13,045,000
Payment to refunded LOBS escrow agent	(39,471,128)	(27,476,440)	(45,331,823)	-	(12,960,000)
Premium on general obligation bonds	-	9,347,113	-	-	6,810,320
Issuance of general obligation bonds	-	90,645,000	-	-	63,805,000
Issuance of refunding general obligation bonds	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-
Issuance of contracts payable ⁽¹⁾	26,161,418	8,533,559	25,926,345	8,316,590	31,510,479
Refunding IFC proceeds	-	-	(10,093,567)	-	-
Payment to refunded IFC escrow agent	-	-	-	-	-
Issuance of certificates of participation	-	-	-	-	-
Premium on installment financing contract	-	-	1,105,927	-	-
Premium on limited obligation bonds	2,220,195	-	-	-	-
Issuance of limited obligation bonds	55,930,000	-	-	-	2,015,000
Lease liabilities issued	6,029,212	-	-	-	-
Transfers in	68,771,422	21,308,112	17,170,818	23,011,783	13,268,469
Transfers out	(74,321,918)	(21,703,513)	(16,265,104)	(22,247,215)	(14,847,283)
Total other financing sources (uses), net	45,319,201	80,653,831	27,197,686	9,081,158	102,646,985
Net change in fund balances	\$ 48,906,730	\$ 44,445,436	\$ (15,991,669)	\$ (29,169,053)	\$ 62,678,747
Debt service as a percentage of noncapital expenditures	15.6%	16.2%	18.0%	17.1%	15.7%

Note:

⁽¹⁾ The City began reporting contracts payable in the expenditure service areas in fiscal year 2016. Contracts payables 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
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	Fiscal Year				
	2017	2016	2015	2014	2013
Other Financing Sources (Uses)					
Issuances of special obligation bonds	\$ -	\$ -	\$ -	\$ -	\$ 5,865,000
Premium on special obligation bonds	-	-	-	-	444,338
Proceeds of refunding bonds	-	-	6,018,464	-	3,786,900
Issuance on refunding LOBS	-	-	-	-	532,216
Payment to refunded LOBS escrow agent	-	-	(6,259,644)	-	(4,250,404)
Premium on general obligation bonds	-	7,261,851	-	286,024	-
Issuance of general obligation bonds	-	58,475,000	-	3,945,000	-
Issuance of refunding general obligation bond	-	12,655,000	-	-	-
Payment to refunded bond escrow agent	-	(14,258,284)	-	-	-
Issuance of contracts payable ⁽¹⁾	22,541,776	15,403,662	18,937,813	8,902,633	5,666,283
Refunding IFC proceeds	-	-	-	-	-
Payment to refunded IFC escrow agent	-	-	-	-	-
Issuance of certificates of participation	-	-	-	-	-
Premium on installment financing contract	-	-	-	-	-
Premium on limited obligation bonds	-	-	5,613,000	114,829	-
Issuance of limited obligation bonds	-	-	45,170,000	14,000,000	-
Lease liabilities issued	-	-	-	-	-
Transfers in	16,515,229	17,884,444	19,922,361	34,108,691	30,700,406
Transfers out	(16,200,549)	(18,484,455)	(20,255,654)	(36,135,741)	(38,742,350)
Total other financing sources (uses), net	22,856,456	78,937,218	69,146,340	25,221,436	4,002,389
Net change in fund balances	\$ (74,411,267)	\$ 38,520,175	\$ 28,637,790	\$ 16,040,284	\$ (23,504,944)
Debt service as a percentage of noncapital expenditures	17.1%	16.1%	11.2%	17.1%	17.1%

City of Winston-Salem, North Carolina

Tax Revenues by Source, Governmental Funds

Last Ten Fiscal Years

(modified basis of accounting)

Table 7

<u>Fiscal Year</u>	<u>Property</u>	<u>Sales Tax</u>	<u>Gross Receipts Tax</u>	<u>Occupancy Tax</u>	<u>Total</u>
2022	\$ 149,967,973	\$ 62,962,302	\$ 446,083	\$ 988,566	\$ 214,364,924
2021	139,698,119	54,678,675	382,720	537,520	195,297,034
2020	135,015,259	47,330,527	379,659	754,826	183,480,271
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

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	Tax Year			Public	Total	Property	Ratio of
Ended	Ended	Real	Personal	Service	Assessed	Tax Rate	Assessed Value
June 30	December 31	Property	Property	Companies	Value	(Per \$100	to Estimated
						Assessed	Actual Value
						Value)	
2022	2021	\$ 21,035,151	\$ 4,788,209	\$ 467,052	\$ 26,290,412	\$ 0.6124	100
2021	2020	18,305,471	4,533,246	433,967	23,272,684	0.6374	100
2020	2019	18,061,228	4,468,448	426,566	22,956,242	0.6374	100
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

Note:

Taxable property was revalued on January 1, 2021.

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			
2022	\$ 0.4634	\$ 0.0486	\$ 0.1004	\$ 0.6124	\$ 0.6778	\$ 1.2902
2021	0.4746	0.0498	0.1130	0.6374	0.7435	1.3809
2020	0.4746	0.0498	0.1130	0.6374	0.7535	1.3909
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

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, 2014, June 30, 2018, and June 30, 2022 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	2022			2013		
	Taxable Assessed Value	Rank	Percentage of Total Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Assessed Value
Reynolds American, Inc.	\$ 413,952,685	1	1.58%	\$ 371,697,080	2	1.71%
Wells Fargo	396,287,662	2	1.51	217,294,230	3	1.00
Duke Energy Corp/Piedmont Natural Gas	339,149,856	3	1.29	188,765,110	4	0.87
Caterpillar Inc.,	269,089,629	4	1.02	-	-	-
Wexford Winston Salem	178,173,400	5	0.68	-	-	-
JG Winston-Salem LLC	147,578,099	6	0.56	187,556,700	5	0.86
Novant Health Inc.	109,616,053	7	0.42	-	-	-
American Homes 4 Rent	100,273,006	8	0.38	-	-	-
Truist Bank	96,895,121	9	0.37	119,663,340	7	0.55
Herbalife International of America, Inc.	92,814,200	10	0.35	-	-	-
Lowes Home Centers, Inc.	-	-	-	395,947,270	1	1.82
Wake Forest University	-	-	-	154,902,130	6	0.71
Wal-Mart Real Estate Bus Trust	-	-	-	100,955,660	8	0.46
Dell Products LP	-	-	-	80,710,980	9	0.37
Hanesbrands Inc.	-	-	-	80,708,270	10	0.37
Total	<u>\$2,143,829,711</u>		<u>8.16%</u>	<u>\$1,898,200,770</u>		<u>8.72%</u>

Note:

Above taxable assessed valuations are as of January 1, 2022 and 2013 respectively, and the associated tax levies of \$.6124 and \$.491 were due in fiscal years ended June 30, 2022 and 2013 respectively.

Source:

Forsyth County Tax Department and 2013 City of Winston-Salem Annual Comprehensive Financial Report.

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
2022	\$162,080,217	\$ 161,086,013	99.4%	\$ -	\$ 161,086,013	99.4%
2021	149,974,068	149,037,995	99.4	451,120	149,489,115	99.7
2020	146,501,542	144,908,342	98.9	1,266,503	146,174,845	99.8
2019	134,990,411	134,043,909	99.3	593,729	134,637,638	99.7
2018	131,824,477	130,807,225	99.2	612,365	131,419,590	99.7
2017	122,245,565	121,216,436	99.2	572,541	121,788,977	99.6
2016	116,512,698	115,428,747	99.1	679,241	116,107,988	99.7
2015	108,648,243	107,491,815	98.9	740,227	108,232,042	99.6
2014	108,109,991	106,428,236	98.4	938,355	107,366,591	99.3
2013	106,639,827	104,424,332	97.9	1,826,567	106,250,899	99.6

Note:

Tax collections do not include penalties and interest of \$527,620 and refunds of \$132,509 in fiscal year 2022.

Outstanding delinquent taxes includes amounts considered uncollectible. The allowance for uncollectible accounts at June 30, 2022 was \$1,508,630.

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, 2022

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	\$ 26,290,412,040	\$ 0.6124	\$ 160,688,203	\$147,234,778	\$ 13,453,425
Downtown Business District ⁽¹⁾	-	0.090	640,499	622,265	18,234
Discoveries - current years	46,022,779	-	751,515	751,515	-
Total property valuation	<u>\$ 26,336,434,819</u>				
Net levy			162,080,217	148,608,558	13,471,659
Uncollected taxes at June 30, 2022			994,204	994,204	-
Current year's taxes collected			<u>\$ 161,086,013</u>	<u>\$147,614,354</u>	<u>\$ 13,471,659</u>
Current levy collection percentage			<u>99.39%</u>	<u>99.33%</u>	<u>100.00%</u>

Note:

Tax collections do not include penalties and interest of \$527,949 and refunds of \$132,509 in fiscal year 2022.

⁽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 \$0.6124.

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

June 30, 2022

Table 13

Fiscal Year Ended June 30	Uncollected Balance June 30, 2021	Additions	Collections and Credits	Uncollected Balance June 30, 2022
2022	\$ -	\$ 162,080,217	\$ 161,086,013	\$ 994,204
2021	936,073	-	537,949	398,124
2020	463,449	-	190,308	273,141
2019	254,496	-	67,113	187,383
2018	173,715	-	39,370	134,345
2017	182,668	-	24,692	157,976
2016	117,818	-	17,323	100,495
2015	111,531	-	14,683	96,848
2014	100,336	-	14,162	86,174
2013	105,897	-	12,958	92,939
	<u>\$ 2,445,983</u>	<u>\$ 162,080,217</u>	<u>\$ 162,004,571</u>	<u>2,521,629</u>
				Less: allowance for uncollectible accounts: <u>(1,508,630)</u>
				Ad valorem taxes receivable - net <u>\$ 1,012,999</u>
				<u>Reconciliation to revenues:</u>
				Collections and credits \$ 162,004,571
				Prior years Adj. and Releases (152,981)
				Taxes written off -
				Ad valorem taxes <u>161,851,590</u>
				Reconciling items:
				Refunds (132,509)
				Interest 527,949
				Unearned tax revenue <u>(10,634)</u>
				Subtotal 384,806
				Total property tax revenues <u>\$ 162,236,396</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	Contracts Payable	Leases Payable	Special Obligation	Special Obligation	Revenue	Contracts
	Bonds			Bonds	Bonds	Bonds	Payable ⁽²⁾
2022	\$ 211,130,320	\$ 155,154,163	\$ 5,434,050	\$ -	\$ -	\$ 462,420,266	\$118,581,200
2021	226,500,762	128,015,029	-	5,730,000	-	415,898,230	111,016,407
2020	166,963,731	146,942,291	-	6,370,000	-	439,199,687	117,284,260
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

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⁾
\$ 952,719,999	7.02%	3,806
887,160,428	7.07	3,555
876,759,969	7.40	3,536
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

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 (1)	Net Bonded Debt (2)	Assessed Value (In Thousands)	Percentage of Actual Taxable Value of Property	Per Capita Bonded Debt	
					General (3)	Net
2022	\$ 211,130,320	\$ 158,599,910	\$ 26,290,412	0.80%	\$ 843.38	\$ 633.55
2021	226,500,762	180,229,880	23,272,684	0.97	907.65	722.23
2020	166,963,731	133,514,517	22,956,242	0.73	673.39	538.48
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

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

<u>Fiscal Year</u>	<u>Debt Limit</u>	<u>Less: Total Net Debt Applicable to Limit</u>	<u>Legal Debt Margin</u>	<u>Total Net Debt Applicable to the Limit as a Percentage of Debt Limit</u>
2022	\$ 2,103,232,963	\$ 158,599,910	\$ 1,944,633,053	7.54%
2021	1,861,814,769	180,229,881	1,681,584,889	9.68
2020	1,836,499,392	133,514,517	1,702,984,875	7.27
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

Legal Debt Margin Calculation for Fiscal Year 2022

Assessed value	\$ 26,290,412,040
Debt Limit (8% of assessed value)	2,103,232,963
Debt applicable to limit:	
General obligation bonds	211,130,320
Less statutory deduction:	
Debt service fund	<u>(52,530,410)</u>
Total net debt applicable to limit	<u>158,599,910</u>
Legal debt margin	<u>\$ 1,944,633,053</u>

City of Winston-Salem, North Carolina

Direct and Overlapping Governmental Activities Debt

As of June 30, 2022
(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	\$ 371,719	100.00%	\$ 371,719
Debt repaid with property taxes			
Forsyth County	747,658	61.01 ⁽¹⁾	456,146
Total direct and overlapping debt			<u><u>\$ 827,865</u></u>

Notes:

⁽¹⁾ Percentage of Direct and Overlapping Debt is based on the 6/30/22 assessed valuation of the City of Winston-Salem as compared to the 6/30/22 assessed valuation of Forsyth County.

City of Winston-Salem, North Carolina

Pledged – Revenue Coverage

Last Ten Fiscal Years

(dollars in thousands)

Fiscal Year	Revenue Bonds					
	Water & Sewer Bonds					
	Gross Revenues	Operating Expenses	Net Revenue Available for Debt Service	Debt Service		Coverage
				Principal	Interest	
2022	\$ 134,035	\$ 47,902	\$ 86,133	\$ 18,765	\$ 15,229	2.5x
2021	126,161	47,857	78,304	18,235	14,865	2.4x
2020	128,974	46,417	82,557	16,875	17,363	2.5x
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

Fiscal Year	Special Obligation Bonds			
	Sales Tax	Debt Service		Coverage
		Principal	Interest	
2022	\$ 51,968	\$ 5,730	\$ 179	8.8x
2021	45,563	640	238	51.9x
2020	39,602	1,279	479	22.5x
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

Table 18

Revenue Bonds						
Stormwater Bonds						
Fiscal Year	Gross Revenues	Operating Expenses	Net Revenue Available for Debt Service	Debt Service		Coverage
				Principal	Interest	
2022	\$ 10,961	\$ 7,283	\$ 3,678	\$ 585	\$ 266	4.3x
2021	12,359	7,255	5,104	570	284	6.0x
2020	10,602	7,624	2,978	545	307	3.5x
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

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
2022	250,337	\$13,575,274,836	\$ 54,228	36.4	51,936	4.0%
2021	249,545	12,553,361,225	50,305	38.4	52,022	4.8
2020	247,945	11,852,514,835	47,803	38.3	51,822	7.7
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

Sources:

Bureau of Labor Statistics
 Winston-Salem/Forsyth County School System
 NC Census Reporter - Internet

City of Winston-Salem, North Carolina

Principal Employers

Current Year and Ten Years Ago

Table 20

Employer	2022			2013		
	Employees	Rank	Percentage of Total City Employment⁽¹⁾	Employees	Rank	Percentage of Total City Employment⁽¹⁾
Atrium Health Wake Forest Baptist	18,570	1	7.42%	12,837	1	5.50%
Novant Health, Inc.	11,010	2	4.40	8,145	2	3.49
Winston-Salem /Forsyth County School System	5,500	3	2.20	6,692	3	2.87
BB&T/Truist	4,000	4	1.60	2,200	8	0.94
Wells Fargo	3,500	5	1.40	2,800	5	1.20
Reynolds American Inc.	2,500	6	1.00	3,000	4	1.29
Hanesbrands Inc.	2,400	7	0.96	2,500	7	1.07
City of Winston-Salem	2,287	8	0.91	2,660	6	1.14
Wake Forest University	2,270	9	0.90	1,680	10	0.73
Forsyth County	2,127	10	0.85	2,029	9	0.87
Total	54,164		21.64%	44,543		19.10%

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

Function/Program	Full-time-Equivalent Employees as of June 30				
	2022	2021	2020	2019	2018
General government ⁽⁴⁾	493.7	469.9	462.9	467.4	462.1
Public protection	1,087.0	1,080.0	1,091.0	1,110.0	1,120.0
Environmental health	162.9	162.9	162.9	169.9	188.9
Transportation	117.0	117.0	117.0	122.0	122.0
Culture and recreation	178.1	174.1	173.1	176.6	148.0
Community and economic development ⁽¹⁾	158.7	148.7	149.0	150.0	150.0
Human resources ⁽²⁾	-	-	-	-	-
Water & sewer utility	347.0	346.0	344.0	339.0	339.0
Solid waste disposal	45.2	45.2	44.2	44.2	44.2
Cemeteries ⁽⁴⁾	-	-	-	-	-
Stormwater management	56.0	56.0	56.0	56.0	56.0
Transit Authority	1.0	1.0	1.0	1.0	1.0
Public assembly facilities management ⁽³⁾	31.8	31.8	31.8	31.8	31.8
	<u>2,678.4</u>	<u>2,632.6</u>	<u>2,632.9</u>	<u>2,667.9</u>	<u>2,663.0</u>

Source:

City of Winston-Salem Budget Department

⁽¹⁾ The Section 3 Construction Training Program ended in fiscal year 2014.

⁽²⁾ Human resources moved to General Government in fiscal year 2014.

⁽³⁾ Lawrence Joel Veterans Memorial Coliseum was sold in fiscal year 2014.

⁽⁴⁾ Cemeteries moved to General Government in fiscal year 2015.

Table 21

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

City of Winston-Salem, North Carolina

Operating Indicators by Function/Program

Last Ten Fiscal Years

<u>Function/Program</u>	<u>Fiscal Year</u>				
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Public protection					
Police					
Physical arrests	22,176	24,131	28,152	30,322	29,685
Traffic violations	20,290	31,279	45,048	46,018	41,723
Fire					
Fires extinguished	840	731	780	681	811
Emergency medical responses	11,596	6,650	13,828	17,518	16,069
Hazardous materials responses	989	391	26	317	429
Environmental health					
Sanitation services					
Residential refuse collected (tons)	69,020	69,373	65,319	61,398	58,893
Residential refuse collection points	81,589	81,589	81,589	81,589	81,589
Percentage of collections made at curbside	96	96	96	96	96
Tons of leaves collected	11,756	14,958	16,251	21,631	22,006
Tons of brush collected	12,070	18,868	15,849	21,963	16,351
Tons of goods recycled	10,823	11,440	10,842	13,045	14,169
Percentage of households participating in yard cart program	18	18	18	18	18
Transportation services					
City street mileage maintained (lane miles)	2,895	2,807	2,801	2,792	2,228
Street cuts repaired	261	366	477	262	337
Percentage of streets rated 85 or better	46	46	51	50	49
Traffic intersections studied	740	754	700	1,209	965
Traffic signal repairs	687	1,274	1,174	853	1,264
Traffic signs upgraded/repaired	1,259	1,117	1,659	1,043	1,621
Traffic signs new installations	401	463	577	1,241	623
Pavement markings renewed (feet)	196,874	727,222	217,271	1,647,165	63,360
Culture and recreation					
Parks and recreation					
Swimming pool attendees	64,817	36,894	74,951	79,951	68,738
Golf rounds	40,324	44,230	33,540	29,152	7,005
Participants in special populations	8,226	8,675	14,939	30,793	31,843
Community development					
Housing code violations corrected	634	625	533	903	1,154
Building permits issued	4,444	4,342	4,147	4,328	4,565
Building inspections conducted	15,682	16,378	16,832	17,675	17,234
Zoning complaints responded to	401	292	355	370	654

Source:

City of Winston-Salem Departments

Table 22
Page 1 of 2

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

City of Winston-Salem, North Carolina
Operating Indicators by Function/Program
 Last Ten Fiscal Years

	Fiscal Year				
	2022	2021	2020	2019	2018
Economic development					
Small business loans approved	-	-	2	3	4
Water & sewer utility					
New connections	1,314	1,125	1,036	2,287	1,269
Water main breaks	245	200	191	425	560
Average daily consumption (MGD)	38	36	36	36	36
Peak daily consumption (MGD)	63	47	48	48	48
Storage capacity (MG)	51	51	51	51	51
Average daily sewage treatment (MGD)	34	38	37	38	32
Treatment capacity (MGD)	51	51	51	51	51
Solid waste disposal					
Hanes Mill Road Landfill					
Tons of waste landfilled	297,426	281,228	268,726	269,801	259,420
Number of trips	133,421	137,742	126,110	113,507	107,817
Old Salisbury Road Landfill					
Tons of waste landfilled	26,626	43,177	49,122	47,691	38,646
Number of trips	14,004	22,470	22,124	23,772	22,207
Household hazardous waste (3RC)					
Tons of HHW collected	430	540	514	677	737
Number of trips	10,525	12,619	10,692	11,907	12,063
Transit Authority					
Total route miles	1,912,536	1,977,736	2,181,553	2,354,835	1,887,834
Passengers	1,422,744	1,715,494	2,230,143	2,474,906	2,350,859
Public assembly facilities management ⁽¹⁾					
Complex/Annex bookings	147	38	110	189	205
Complex/Annex usage days	455	566	503	490	510
Total spectators	329,689	197,932	462,268	563,239	548,107
Convention events	147	34	207	271	253
Fair attendees	182,048	9,839	292,354	325,856	300,105

NOTE:

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

Table 22
Page 2 of 2

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

City of Winston-Salem, North Carolina

Capital Asset Statistics by Function/Program

Last Ten Fiscal Years

<u>Function/Program</u>	<u>Fiscal Year</u>				
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Police					
Stations	4	4	4	4	4
Fire					
Stations	19	19	19	19	19
Environmental health					
Collection trucks	61	62	55	65	42
Transportation					
Streets (miles)	1,050	1,047	1,044	1,037	1,037
Streetlights	33,576	33,404	33,379	33,853	33,847
Traffic signals	391	389	387	384	385
Culture and recreation					
Acreage	3,816	3,972	3,972	3,900	3,856
Number of parks	87	82	87	80	79
Golf courses	2	2	2	2	2
Fishing and boating lakes	2	2	2	2	2
Swimming pools	8	8	8	9	10
Tennis courts	83	106	109	106	106
Baseball/softball diamonds	29	47	46	47	47
Soccer/football fields	43	50	50	50	50
Recreation centers	17	17	17	17	17
Water and Sewer Utility					
Water mains (miles)	2,375	2,349	2,341	2,359	2,324
Sanitary sewer (miles)	1,790	1,786	1,778	1,761	1,770

Source:

City of Winston-Salem Departments

Table 23

Function/Program	Fiscal Year				
	2017	2016	2015	2014	2013
Police					
Stations	2	1	1	1	1
Fire					
Stations	19	19	19	19	19
Environmental health					
Collection trucks	42	38	38	38	38
Transportation					
Streets (miles)	1,035	1,034	1,024	1,023	1,021
Streetlights	33,963	34,172	34,195	33,805	32,647
Traffic signals	376	376	372	371	370
Culture and recreation					
Acreage	3,847	3,682	3,682	3,442	3,442
Number of parks	79	76	76	74	74
Golf courses	2	2	2	2	2
Fishing and boating lakes	2	2	2	2	2
Swimming pools	9	8	8	8	8
Tennis courts	106	109	112	112	112
Baseball/softball diamonds	47	47	47	47	47
Soccer/football fields	50	50	50	50	50
Recreation centers	17	17	17	17	17
Water and Sewer Utility					
Water mains (miles)	2,314	2,276	2,273	2,266	2,245
Sanitary sewer (miles)	1,760	1,750	1,750	1,748	1,724

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 financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Winston-Salem, North Carolina (the “City”), as of and for the year ended June 30, 2022 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, 2022.

Report on 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”) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City’s internal control. Accordingly, we do not express an opinion on the effectiveness of the City’s internal control.

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity’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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Cherry Bekasart LLP

Charlotte, North Carolina
October 31, 2021



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

Opinion on Each Major Federal Program

We have audited City of Winston-Salem, North Carolina (the "City"), compliance with the types of compliance requirements identified as subject to audit 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, 2022. 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.

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, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Guidance") and the State Single Audit Implementation Act. Our responsibilities under those standards, Uniform Guidance and the State Single Audit Implementation Act are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, Government Auditing Standards, Uniform Guidance and the State Single Audit Implementation Act will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the

compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with Uniform Guidance, and the State Single Audit Implementation Act, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed..

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2022-002. Our opinion on each major federal program is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a material weakness.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2022-001 to be a material weakness.

A significant deficiency in internal control over compliance is a deficiency, or a 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 audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Cherry Bekaert LLP

Charlotte, North Carolina
November 23, 2022



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

Opinion on Each Major State Program

We have audited City of Winston-Salem, North Carolina (the "City"), compliance with the types of compliance requirements identified as subject to audit 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, 2022. 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.

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, 2022.

Basis for Opinion on Each Major State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Guidance") and the State Single Audit Implementation Act. Our responsibilities under those standards, Uniform Guidance and the State Single Audit Implementation Act are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major state program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's state programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, Government Auditing Standards, Uniform Guidance and the State Single Audit Implementation Act will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a

substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards, Uniform Guidance, and the State Single Audit Implementation Act we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with Uniform Guidance, and the State Single Audit Implementation Act, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be a material weakness.

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-001 to be a material weakness.

A significant deficiency in internal control over compliance is a deficiency, or a 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 audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Cherry Bekaert LLP

Charlotte, North Carolina
November 23, 2022

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

FOR THE YEAR ENDED JUNE 30, 2022

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued on whether the financial Statements were prepared in accordance with GAAP:

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? X yes _____ 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)? X yes _____ no

Identification of major federal programs:

Federal Assistance Listing Number

21 023

20.500-CL
21.027

66.468

Names of Federal Program or Cluster

COVID-19 Emergency Rental Assistance Program
COVID-19 Federal Transit Cluster
COVID-19 Coronavirus State and Local Fiscal Recovery Funds
Drinking Water Revolving Loan Program

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

\$ 2,325,260

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, 2022

State Awards

Internal control over major state programs:

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

Noncompliance material to state awards? yes 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 no

Identification of major state programs:

Names of State Program or Cluster

Powell Bill Funds
State Maintenance Assistance Program

Section II – Financial Statement Findings

None reported.

Section III – Federal Award Findings and Questioned Costs

**U.S. Department of Transportation
Federal Program Name: Federal Transit Cluster
Assistance Listing Number 20.500-CL
North Carolina Department of Transportation
State Program Name: State Maintenance Assistance Program
Allowable Costs/Activities, Period of Availability and Reporting
Material Weakness Finding 2022-001**

Criteria: The City of Winston-Salem (the "City") is required to follow the Urbanized Area Formula Program Guidance, FTA C 5010.1E, which incorporates the Uniform Grant Guidance. Per Section 200.303 of the Uniform Grant Guidance, a non-federal entity must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

Condition: The City contracts its operations of the Winston Salem Transit Authority ("WSTA") to an outside contractor. During our testing, we noted that controls on reviewing invoices from the outside contractor were not considered adequate to properly prevent and detect errors on a timely basis. The City had implemented a more thorough review process for non-payroll related expenditures submitted by the outside contractor during fiscal year 2022, but had not implemented a similar process for the payroll related invoices submitted by the contractor.

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

FOR THE YEAR ENDED JUNE 30, 2022

Additionally, the contractor completed, reviewed, and submitted the City's Annual Operating Statistics Report to the North Carolina Department of Transportation on behalf of the City. While a City employee also reviewed the financial data prior to submission, no review of the nonfinancial components was noted by a City employee. Section IV – State Award Findings and Questioned Costs

Context: All State Maintenance Assistance Program expenditures requested for reimbursement under the grant program related to payroll expenses of the outside contractor.

Approximately \$3,000,000 of the approximate total expenditures under the Federal Transit Cluster of \$6,800,000 were related to payroll expenses of the outside contractor.

Effect: The City could be requesting reimbursement for unallowable expenses or expenses outside the period of availability of the federal and state grant agreements

Cause: The City did not have an adequate process in place to review the outside contractor's payroll, related expenditures prior to payment of the contractor's invoice or the nonfinancial information contained in the Annual Operating Statistics Report.

Recommendation: We recommend the City implement a more thorough control process for review of all the contractor's invoices, including payroll-related expenditures to ensure all costs are allowable, reasonable and within the period of availability of each grant agreement by an appropriate individual with direct knowledge of the services being provided. We also recommend the City implement proper controls to ensure a City employee reviews the nonfinancial information in the Annual Operating Statistics Report prior to submission.

Views of responsible officials: Management agrees with the finding and is implementing procedures to correct this, which is further discussed in the corrective action plan.

U.S. Department of Treasury
Federal Program Name: Emergency Rental Assistance Assistance Listing Number 21.023
Reporting
Non-Material Non-Compliance Finding 2022-002

Criteria: Per Section 200.303 of the Uniform Grant Guidance, a non-federal entity must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

Condition: While the City had a review process in place there were multiple issues noted that were not discovered in their review process timely. The City did not retain one of their quarterly reports submitted and while a confirmation showed the report was filed timely and reviewed by management, the report showing the details submitted were not accessible from the Treasury website or retained by the City and, therefore, not able to be reviewed. The City did not report one of their subrecipients under the program as a subrecipient in their reporting to the Treasury. The City also did not retain evidence to support and reconcile the amount of obligations for each quarter reported to the Treasury to their underlying records.

Effect: We could not determine if the City was in compliance with certain elements of their reporting.

Cause: The City did not save all reports submitted through the Treasury website, along with all supporting documentation for the obligations reported within the report. The City was further unaware of the requirement to report subrecipients to the Treasury.

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

FOR THE YEAR ENDED JUNE 30, 2022

Recommendation: We recommend the City save a copy of all reports, along with evidence of all supporting documentation to the City's records. Additionally, we recommend the City review all grant agreements to ensure all applicable reporting requirements are being followed on a timely basis.

Views of responsible officials: Management agrees with the finding and is implementing procedures to correct this, which is further discussed in the corrective action plan.

Section IV – State Award Findings and Questioned Costs

Finding 2022-001 as listed in Section III Federal Award Findings and Questioned Costs is also considered to be a state award finding.



CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2022

Financial Management Services

City of Winston-Salem
P.O. Box 2511
Winston-Salem, NC 27102
CityLink 311 (336.727.8000)
Fax 336.727-2566
www.cityofws.org

Finding 2022-001 - Allowable Costs/Activities, Period of Availability and Reporting; Material Weakness

Responsible Person: Toneq' McCullough, Director of Transportation

Action: During fiscal year 2022, the City's Department of Transportation recognized a need for additional controls in reviewing and approving contractor invoices prior to submission to the Finance Department for payment. While additional controls were implemented during the year for non-payroll expenditures, developing a similar procedure for payroll invoices was inadvertently overlooked. As of September 2022, the City updated the process by which payroll invoices are approved and paid and the invoices are now approved by the Director of Transportation. The City's Department of Transportation will begin reviewing and approving the non-financial information in the Annual Operating Statistics Report as of November 2022.

Anticipated Completion Date: November 2022

Finding 2022-002 – Reporting Non-Material Non-Compliance

Responsible Person: Marla Newman, Director of Community Development

Action: The City will ensure that all subrecipients are reported (as we have a clearer understanding of the designation), will retain additional backup to support the numbers being reported, and will maintain a hard copy of all reports at the time of submission. In this case, the report was submitted timely, and the report was expected to be available on the grantor website, but due to technical issues within the grantor's (Treasury) website, the report could not be accessed and downloaded at the time of the audit. The City will continue to carefully review grant agreements to ensure all applicable reporting requirements are being followed.

Anticipated Completion Date: December 2022

Respectfully,

Kelly Latham

Kelly Latham, Chief Financial Officer



City Council: Mayor Allen Joines; Denise D. Adams, Mayor Pro Tempore, North Ward; Barbara Hanes Burke, Northeast Ward; Robert C. Clark, West Ward; John C. Larson, South Ward; Jeff MacIntosh, Northwest Ward; Kevin Mundy, Southwest Ward; Annette Scippio, East Ward; James Taylor, Jr., Southeast Ward; City Manager: Lee D. Garrity

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

FOR THE YEAR ENDED JUNE 30, 2022

Section V – Schedule of Prior Year Audit Findings

2021-001 – Corrected - The City filed the Federal Funding Accountability and Transparency Act (FFATA) report requested to be completed by the North Carolina Department of Transportation.

City of Winston-Salem, North Carolina

Schedule of Expenditures of Federal and State Awards

For the Fiscal Year Ended June 30, 2022

Page 1 of 4

Cash Programs Grantor/Pass-Through Grantor/Program/Project Title	Federal Assistance Listing		Federal	State	Local
	Number	Grant Number	Expenditures	Expenditures	Expenditures
FEDERAL GRANTS					
US Department of Housing and Urban Development					
Direct Programs					
CDBG Entitlement Grants Cluster					
CDBG Entitlement Grants	14.218	B-17-MC-37-0011	94,268	-	-
CDBG Entitlement Grants	14.218	B-18-MC-37-0011	36,692	-	-
CDBG Entitlement Grants	14.218	B-19-MC-37-0011	143,087	-	-
CDBG Entitlement Grants	14.218	B-20-MC-37-0011	139,553	-	-
COVID-19: CDBG Entitlement Grants	14.218	B-20-MW-37-0011	464,045	-	-
CDBG Entitlement Grants	14.218	B-21-MC-37-0011	282,158	-	-
Total CDBG Entitlement Grants Cluster			1,159,803	-	-
Continuum of Care Program	14.267	NC0269L4F001907	66,564	-	-
Continuum of Care Program	14.267	NC0274L4F001907	336,445	-	-
Continuum of Care Program	14.267	NC0350L4F001903	44,832	-	-
Continuum of Care Program	14.267	NC0381L4F001901	2,453	-	-
Continuum of Care Program	14.267	NC0402L4F001901	121,642	-	-
Continuum of Care Program	14.267	NC0403L4F001901	20,624	-	-
Continuum of Care Program	14.267	NC0404D4F001901	23,367	-	-
Continuum of Care Program	14.267	NC0427L4F001900	47,989	-	-
Continuum of Care Program	14.267	NC0428L4F001900	1,595	-	-
Continuum of Care Program	14.267	NC0269L4F002008	31,080	-	-
Continuum of Care Program	14.267	NC0274L4F002008	276,623	-	-
Continuum of Care Program	14.267	NC0313L4F002007	73,667	-	-
Continuum of Care Program	14.267	NC0350L4F002004	114,567	-	-
Continuum of Care Program	14.267	NC0381L4F002002	39,835	-	-
Continuum of Care Program	14.267	NC0402L4F002002	135,680	-	-
Continuum of Care Program	14.267	NC0403L4F002002	26,889	-	-
Continuum of Care Program	14.267	NC0404D4F002002	76,863	-	-
Continuum of Care Program	14.267	NC0448L4F002000	22,156	-	-
Total Continuum of Care Program			1,462,871	-	-
Home Investment Partnerships Program	14.239	M-17-DC-37-0204	144,837	-	-
Home Investment Partnerships Program	14.239	M-18-DC-37-0204	29,847	-	-
Home Investment Partnerships Program	14.239	M-19-DC-37-0204	44,501	-	-
Home Investment Partnerships Program	14.239	M-20-DC-37-0204	135,707	-	-
Home Investment Partnerships Program	14.239	M-21-DC-37-0204	209,279	-	-
Total Home Investment Partnerships Program			564,171	-	-
HOPWA Grant Program	14.241	NCH21-F005	258,101	-	-
Total HOPWA Program			258,101	-	-
Fair Housing Initiatives Program	14.408	FF204K194014	30,111	-	-
Fair Housing Initiatives Program	14.408	FF204K204014	17,436	-	-
Total Fair Housing Initiatives Program			47,547	-	-
Emergency Solutions Grant Program	14.231	E-20-MC-37-0011	26,915	-	-
COVID-19: Emergency Solutions Grant Program	14.231	E-20-MW-37-0011	931,148	-	-
Emergency Solutions Grant Program	14.231	E-21-MC-37-0011	135,022	-	-
Passed through NC Department of DHHS - Division of Aging					
Emergency Solutions Grant Program	14.231	Contract 00041796	130,181	-	-
COVID-19: Emergency Solutions Grant Program	14.231	Contract 00041411	945,597	-	-
Emergency Solutions Grant Program	14.231	Contract 00043619	61,631	-	-
Total Emergency Solutions Grant Program			2,230,494	-	-
Total US Department of Housing and Urban Development			\$ 5,722,987	\$ -	\$ -

City of Winston-Salem, North Carolina

Schedule of Expenditures of Federal and State Awards

For the Fiscal Year Ended June 30, 2022

Page 2 of 4

Cash Programs Grantor/Pass-Through Grantor/Program/Project Title	Federal Assistance Listing Number	Grant Number	Federal Expenditures	State Expenditures	Local Expenditures	Pass- through to Subrecipients
US Department of Transportation Federal Transit Administration						
Direct Programs						
Federal Transit Cluster						
Federal Transit Capital Investment Grants	20.500	NC-2019-046-00	\$ 168,019	\$ -	\$ 42,004	\$ -
Federal Transit Formula Grants	20.507	NC-90-543-00	270,966	-	227,851	-
Federal Transit Formula Grants	20.507	NC-90-565-00	10,151	-	2,538	-
Federal Transit Formula Grants	20.507	NC-95-076-00	13,470	-	3,370	-
Federal Transit Formula Grants	20.507	NC-95-086-00	45,450	-	11,363	-
Federal Transit Formula Grants	20.507	NC-2016-025-00	44,620	-	31,780	-
Federal Transit Formula Grants	20.507	NC-2017-026-00	2,604	-	651	-
Federal Transit Formula Grants	20.507	NC-2018-027-00	105,042	-	26,261	-
Federal Transit Formula Grants	20.507	NC-2018-031-00	10,240	-	2,560	-
Federal Transit Formula Grants	20.507	NC-2018-071-00	40,096	-	10,024	-
COVID-19: Federal Transit Formula Grants	20.507	NC-2020-050-00	565,725	-	-	500,105
Federal Transit Formula Grants	20.507	NC-2021-033-00	3,367,000	-	1,567,000	-
COVID-19: Federal Transit Formula Grants	20.507	NC-2022-002-00	2,187,777	-	-	92,407
Total Federal Transit Cluster			6,831,160	-	1,925,402	592,512
Transit Services Programs Cluster						
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	NC-16-X006-00	22,794	-	5,699	-
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	NC-2018-023-00	45,925	-	-	45,925
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	NC-2020-005-00	137,558	-	-	137,558
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	NC-2022-005-00	70,721	-	-	70,721
Job Access and Reverse Commute Program - 2019	20.516	NC-2019-053-00	11,391	-	-	11,391
Job Access and Reverse Commute Program - 2020	20.516	NC-2021-003-00	24,837	-	-	24,837
Total Transit Services Program Cluster			313,226	-	5,699	290,432
Passed Through NC Department of Transportation						
Highway Planning and Construction Cluster						
West First Street Bridge/Southern Railway	20.205	41111.1.1	50,336	-	-	-
Piedmont Regional Greenway	20.205	39745.1.28	6,746	-	-	-
Brushy Fork Greenway IV	20.205	33974.3.3/33974.2.3	1,500	-	-	-
Miller St/Cloverdale Avenue Improvements	20.205	44610	-	359,058	-	-
Martin Luther King, Jr. Enhancement	20.205	50099.1.2	71,970	-	-	-
Barbara Jane Avenue	20.205	44662	9,423	-	2,356	-
Fairlawn Drive	20.205	48428	23,313	-	5,828	-
University Parkway (NE Ward)	20.205	48429	63,515	-	15,879	-
Griffith Rd	20.205	48430	36,936	-	9,234	-
Robinhood Rd	20.205	48431	39,915	-	9,979	-
Silas Creek Parkway	20.205	50418	64,969	-	16,242	-
Metropolitan Planning Grant	20.205	49599.1.19	294,004	-	73,501	-
Metropolitan Planning Grant	20.205	50247.1.1	57,508	-	14,377	-
Metropolitan Planning Grant	20.205	50247.1.2	8,765	-	2,191	-
Metropolitan Planning Grant	20.205	50247.1.3	10,854	-	2,713	-
Safe Routes to School	20.205	48778.4.5	34,630	-	-	-
Total Highway Planning and Construction Cluster			774,384	359,058	152,300	-
Highway Safety Cluster						
National Priority Safety Programs - Year 11	20.616	AL-21-02-07	47,442	-	142,326	63,443
National Priority Safety Programs - Year 12	20.616	Contract 2000050969	29,973	-	89,919	34,580
Total Highway Safety Cluster			77,415	-	232,245	98,023
Other Passed Through NC Department of Transportation						
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	20.505	36230.29.21.6	114,812	14,352	14,351	-
Total Other Passed Through NC Department of Transportation			114,812	14,352	14,351	-
Total Passed Through NC Department of Transportation			966,611	373,410	398,896	98,023
Total US Department of Transportation Federal Transit Administration			\$ 8,110,997	\$ 373,410	\$ 2,329,997	\$ 980,967

City of Winston-Salem, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Fiscal Year Ended June 30, 2022

Cash Programs Grantor/Pass-Through Grantor/Program/Project Title	Federal Assistance Listing Number	Grant Number	Federal Expenditures	State Expenditures	Local Expenditures	Pass- through to Subrecipients
US Department of Homeland Security						
Direct Programs						
Preparing for Emerging Threats and Hazards	97.133	EMW-2016-GR-00175	16,070	-	-	-
Passed through NC Department of Emergency Management						
Disaster Grants						
Public Assistance - Tropical Storm Fred	97.036	FEMA-4617-DR-NC	9,613	3,204	-	-
Public Assistance - COVID-19 Pandemic Non-Congregate Shelter	97.036	FEMA-4487-DR-NC	16,607	-	-	-
Passed through NC Department of Public Safety						
Emergency Management Performance Grants						
Homeland Security Grant Program	97.042		124,887	-	-	-
Homeland Security Grant Program	97.067	EMW-2019-SS-00057	20,000			
Homeland Security Grant Program	97.067	EMW-2021-SS-00039	46,719			
Total US Department of Homeland Security			233,896	3,204	-	-
US Department of Justice						
Direct Programs						
COVID-19: Coronavirus Emergency Supplemental Funding	16.034	2020-VD-BX-0986	219,438	-	-	-
Drug Court Discretionary Grant Program	16.585	2020-VC-BX-0129	80,110	-	-	80,110
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2020-WY-BX-0007	337,674	-	-	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2019-DG-BX-0004	208,700			
Equitable Sharing Program	16.922		83,109	-	-	-
Total US Department of Justice			929,031	-	-	80,110
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	CS370399-13.3	229,473	-	-	-
Total Clean Water State Revolving Fund Cluster			229,473	-	-	-
Drinking Water State Revolving Fund Cluster						
Capitalization Grants for State Revolving Funds	66.468	WIF1937	15,016,988	-	-	-
Total Drinking Water State Revolving Fund Cluster			15,016,988	-	-	-
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		189,490	67,387	-	-
Total Aging Cluster			189,490	67,387	-	-
US Department of the Treasury						
Direct Program						
Equitable Sharing	21.016		107,255	-	-	-
COVID-19: Emergency Rental Assistance Program (ERA-1)	21.023		6,257,729	-	-	-
COVID-19: Emergency Rental Assistance Program (ERA-2)	21.023		5,864,153			
COVID-19: Coronavirus Local Fiscal Recovery Fund	21.027		33,924,163			
Passed through NC Department of Transportation						
COVID-19: Coronavirus Relief Fund						
COVID-19: Coronavirus Relief Fund	21.019		12,924	-	-	-
Total US Department of the Treasury			46,166,224	-	-	-
US Small Business Administration						
Direct Program						
Shuttered Venue Operators Grant	59.075	SBAHQ21SV016967	909,568	-	-	-
Total US Small Business Administration			909,568	-	-	-
Total Federal Programs			\$77,508,654	\$ 444,001	\$ 2,329,997	\$ 5,413,734

City of Winston-Salem, North Carolina

Schedule of Expenditures of Federal and State Awards

For the Fiscal Year Ended June 30, 2022

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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	\$ -	\$ 4,689,898	\$ -	\$ -
State Maintenance Assistance	DOT-9	36234.76.2.1	-	1,168,139	-	-
Passed Through Forsyth County						
Elderly and Disabled Transportation and ROAP funds		9.9050716	-	171,781	-	-
Total NC Department of Transportation			-	6,029,818	-	-
NC Department of Administration						
Direct Programs						
Advocacy Grant		Contract 20224	-	500	-	-
Total NC Department of Commerce			-	500	-	-
NC Department of Commerce						
Direct Programs						
One North Carolina Fund			-	37,500	-	-
Total NC Department of Commerce			-	37,500	-	-
NC Office of State Budget & Management						
Direct Programs						
SCIF Grant		Contract 10431	-	27,360	-	-
Total NC Department of Commerce			-	27,360	-	-
Total State Programs			-	6,095,178	-	-
Total Assistance			<u>\$77,508,654</u>	<u>\$ 6,539,179</u>	<u>\$ 2,329,997</u>	<u>\$ 5,413,734</u>

Notes to Schedule of Expenditures of Federal and State Awards

*City of Winston-Salem, North Carolina
For the Fiscal Year Ended June 30, 2022*

(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, 2022. 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>Federal Assistance Listing Number</u>	<u>Amount Outstanding</u>
Capitalization Grants for State		
Revolving Funds		
Clean Water	66.458	\$81,705,205
Drinking Water	66.468	\$11,433,647

Our Vision

A municipal government deserving of public confidence, that provides excellent and innovative services, and is an active and cooperative partner in creating a vital community.

Our Mission

The City of Winston-Salem provides quality, affordable services that ensure the health, safety and well-being of citizens, while collaborating throughout the community to ensure its economic, social and environmental vitality.

Our Values

- Openness
- Integrity
- Equity
- Accountability
- Teamwork
- Respect for all citizens
- Fiscal soundness
- Continuous learning & improvement

Winston-Salem
NORTH CAROLINA



Winston-Salem
NORTH CAROLINA



2021 2022

Winston-Salem

NORTH CAROLINA

Salem

Annual Comprehensive Financial Report
for the Fiscal Year Ended 6.30.22