

FUND BALANCES REPORT



**Prepared by:
Financial Management Services**

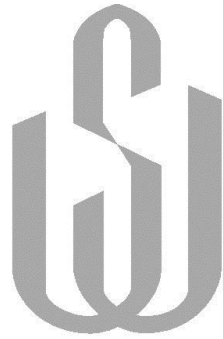
February 2019



Winston-Salem

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Winston-Salem

Introduction

The purpose of this report is to present additional information and analysis of the City's funds as of June 30, 2018 and December 31, 2018, in order to identify for the Mayor and City Council all unassigned fund balances that could be appropriated to meet Council priorities.

This report is divided into three sections: (1) a summary of the fund balances for each of the City's 48 funds as of June 30, 2018, (2) a brief description of each fund, noting the reasons for any restricted and committed fund balances (Appendix A), and (3) cash analyses for select funds that identify restrictions or Council commitments against their cash balances (Appendix B).

Unassigned fund balances generally are available for appropriation by the Mayor and City Council to cover potential operating deficits, provide pay-go funding for capital projects, or meet other strategic needs identified by the Mayor and City Council. Use of these funds would require the adoption of budget amendments by the Council. For certain funds, fund balances are restricted for a specific purpose but can be appropriated for needs identified by the Mayor and City Council within that purpose. The report will note which funds have this type of restriction.

The Financial Management Services Department prepared this fund balances report with assistance from the Budget and Evaluation Department, as well as other departments. If you have any questions about the report or need additional information, please contact Lisa Saunders, Chief Financial Officer, by phone at 747-6911 or by email at lisas@cityofws.org.

Summary of Fund Balances

The following table provides the fund balances for all City funds. The balances are classified into the following categories:

Nonspendable/Restricted—Balances include amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact or these balances are restricted to a specific purpose externally imposed by creditors or imposed by law. For example, under State Statute, the City must restrict a portion of general fund balance to cover outstanding encumbrances at the end of the fiscal year.

Reserved by Policy—Balances are restricted to a specific purpose as a result of adopted City Council policies. For example, water and sewer fund balance only can be used for water and sewer purposes based on the agreement approved by the City Council and the Forsyth County Board of Commissioners in April 1976. This category also includes balances needed to ensure financial sustainability. For example, the Financial Management Services Department maintains a cash flow projection for the debt service fund to ensure reserves are sufficient to pay off the City's general obligation and leasing debt. Any changes or removal of specific purposes for committed balances would require formal action by the Mayor and City Council.

Committed by Appropriation—Balances are committed for specific purposes through budget appropriations approved as part of the annual budget or the amendment process.

Unassigned—Balances are not restricted or committed for any specific purpose. The City Council can choose to appropriate these funds for any purpose or need.

The following table provides the fund balances for the City's funds as of June 30, 2018. The table also notes the potential or available uses of the unassigned fund balances. The fund balance categories are based on current City Council strategic budget objectives and fiscal policies.

Long-term debt outstanding is included in the following table. The amounts include financing by non-voted general obligation bonds; general obligation bonds authorized by referendum; leasing through North Carolina Municipal Leasing Corporation; installment financing contracts; special obligation bonds; revenue bonds for water and sewer utilities and stormwater management; NC State revolving loan program; and any other financing instrument allowed under North Carolina law.

The long-term debt outstanding for Post-Employment Benefits, WSPORS, and Separation Allowance Trust Funds represents the amounts due to fund each plan from the date each employee becomes eligible to participate to the date of exit from the plan.

Summary of Fund Balances - All City Funds

Funds	Actual Fund Balance 6/30/2018	Nonspendable / Restricted	Reserved by Policy	Committed by Appropriation	Unassigned	Potential Uses/Available Uses	Long-term Debt Outstanding
General Fund	\$50,181,105	\$23,483,154	\$24,697,951	\$2,000,000	\$0	Any public purpose	\$0
HOME Investment Partnership Fund ¹	0	0	0	2,509,946	0	Housing & Redevelopment	0
Community Development Block Grant ¹	0	0	0	1,574,435	0	Housing & Redevelopment	0
Continuum of Care Grants Fund	0	0	0	0	0	Homelessness Programs	0
Grants Fund	681,877	681,877	0	0	0		0
Neighborhood Stabilization Fund	93,676	0	0	93,676	0	Housing & Redevelopment	0
Urban Development Action Grant Fund	92,938	42,082	0	50,856	0	Urban Redevelopment	0
Housing Finance Assistance Fund	12,435,025	8,385,629	0	3,212,658	836,738	Housing & Redevelopment	0
Economic Development Loan Fund	8,863,295	6,888,945	0	503,834	1,470,516	Economic Development	0
Economic Development Project Fund	7,011,409	2,000,000	0	5,011,409	0	Economic Development	0
Rental Rehabilitation Fund	1,126,129	0	0	1,126,129	0	Housing & Redevelopment	0
Section 108 Fund	871,531	560,000	0	311,531	0	Urban Redevelopment	0
Foreclosed Property Fund	0	0	0	0	0		0
Forfeiture Funds	718,498	718,498	0	0	0	Police Training, Equipment, Programs	0
Gasoline Tax Fund	2,707,784	2,707,784	0	0	0	Transportation	0
Occupancy Tax Fund	352,266	352,266	0	0	0	Culture & Economic Development	0
Emergency Telephone System Fund	1,557,758	1,557,758	0	0	0	911 Communications Center	0
Downtown Business Imp District Fund	114,640	114,640	0	0	0	Downtown Imp in Business District	0
Leasing Fund	24,950,004	0	24,950,004	0	0	Debt Retirement	51,250,000
Debt Service Fund	24,964,077	24,964,077	0	0	0	Debt Retirement	291,679,862
Capital Projects Fund	65,943,034	0	0	65,810,454	132,580	Any public purpose	0
Water & Sewer Fund	163,927,761	84,227,027	44,804,154	34,896,580	0	Water and Sewer	507,313,007
Solid Waste Disposal Fund	36,070,859	18,511,991	17,558,868	0	0	Solid Waste Disposal	7,904,855
Parking Fund	2,163,585	0	1,008,115	1,155,470	0	Off-Street Parking	2,256,918
Stormwater Management Fund	25,472,897	0	24,318,227	1,154,670	0	Stormwater	12,027,903
Winston-Salem Transit Authority Funds ²	0	0	0	0	0	City Bus Service	0
Public Assembly Facilities Management ³	3,392,261	81,921	3,038,680	271,660	0	Public Assembly Facilities Management	23,011,439
Central Warehouse Fund	154,277	0	154,277	0	0		0
Fleet Services Fund	544,833	191,612	353,221	0	0		1,094,256
Information Systems Fund	53,592	53,592	0	0	0		1,261,575
Workers' Compensation Fund	1,688,931	0	1,688,931	0	0		0
Health Benefits Fund	2,486,762	0	2,486,762	0	0		0
Dental and Flex Benefits Fund	1,234,584	0	1,234,584	0	0		0
Employee Benefits Fund	2,063,981	0	2,063,981	0	0		0
Subtotal	\$441,919,369	\$175,522,853	\$148,357,755	\$119,683,308	\$2,439,834		\$897,799,815
Post-Employment Benefits Fund	\$69,537,611	\$69,537,611	\$0	\$0	0		\$83,859,116
WSPORS	159,101,398	159,101,398	0	0	0		190,758,321
Separation Allowance Fund	10,254,316	10,254,316	0	0	0		22,535,005
Perpetual Care Fund	4,111,545	4,111,545	0	0	0		0
Risk Acceptance Management Corp.	40,044,710	0	40,044,710	0	0		2,076,083
TO TOTAL	\$724,968,949	\$418,527,723	\$188,402,465	\$119,683,308	\$2,439,834		\$1,197,028,340

1. For the HOME Investment Partnership and Community Development Block Grant funds, the committed amounts represent the federal authorizations to be spent, not cash balances.

2. Winston-Salem Transit Authority fund had a due from FTA of \$6.7 million at June 30, 2018.

3. The Public Assembly Facilities Management fund accounts for W-S Fairgrounds, M.C. Benton, Jr. Convention and Civic Center, Bowman Gray Stadium, and Downtown Ballpark.

APPENDIX A

Fund Descriptions

Governmental Funds: Governmental funds are used to account for most basic services. Types of governmental funds include general, special revenue, leasing, debt service, and capital projects.

General Fund: The general fund is the principal operating fund of the City, accounting for the expenses and resources for core municipal services such as police, fire, sanitation, streets, transportation, and recreation. These services are supported by general purpose revenues such as property taxes, local option sales tax, intergovernmental revenues, and charges for services. The fund balance in nonspendable/restricted accounts for any outstanding encumbrances or receivables at the end of the fiscal year. The fund balance reserved by policy reflects the City Council's current fiscal policy to reserve 14% of the general fund budget to provide working capital and investment income for debt retirement. At year-end, unassigned fund balance was 12% of 2019 estimated expenditures. Due from other funds was \$3.7 million because of reimbursements outstanding. The Winston-Salem Transit Authority Fund borrowed \$3.7 million from General Fund at year end since the Federal Transit Administration owed the City \$6.7 million. These amounts are reserved in stabilization of state statute in general fund. The fund balance committed by appropriation represents the amount of fund balance appropriated for the FY 18-19 budget.

Special Revenue Funds: Special revenue funds provide full budgetary accountability for restricted or limited resources (other than assessments and operating or capital grants to enterprise funds). Restrictions on resources may be imposed by federal, state, or local law. A special revenue fund is established when required by legal mandate or dictated by sound financial management practices. The following are the special revenue funds maintained by the City.

HOME Investment Partnership Fund: This fund accounts for authorized grants from the United States Department of Housing and Urban Development. These grants are used to implement local housing strategies designed to increase homeownership and affordable housing opportunities for low and very low-income families. Eligible uses include tenant-based rental assistance, housing rehabilitation, homebuyer assistance, and new housing construction. The fund balance committed by appropriation represents the unspent amount of the City's federal allocation. The City draws down the funds after project and program expenditures have been incurred, so the balances presented in the table are not cash balances.

Community Development Block Grant (CDBG) Fund: This fund accounts for authorized grants from the United States Department of Housing and Urban Development. These grants are restricted to objectives of community development programs within specific areas of the City. CDBG-funded programs and activities must meet one of the following national objectives: benefit low and moderate-income persons, aid in the prevention or elimination of slums and blight, or meet certain community development needs having a particular urgency. Eligible uses include acquisition of real property, rehabilitation of residential and non-residential properties, provision of public infrastructure, public services, clearance, and homebuyer assistance. The fund balance committed by appropriation represents the unspent amount of the City's federal allocation. The City draws down the funds after project and program expenditures have been incurred, so the balances presented in the table are not cash balances.

Continuum of Care Grants Fund: This fund accounts for grants awarded by the United States Department of Housing and Urban Development to address comprehensive, priority needs of the homeless population that are identified in the City's Continuum of Care strategy, including rental assistance, case management, shelter operations, and other required supportive services. Funds consist of competitive Continuum of Care funds, Emergency Solutions Grant (ESG) entitlement funds, and ESG funds awarded by the State of North Carolina. The City is the applicant and funding conduit on behalf of local agencies that administer multiple programs and services.

Grants Fund: This fund centralizes the accounting of other federal, state, and intergovernmental grants. Service areas receiving grant support include public safety, recreation and culture, economic development, fair housing programs, and public transportation. The fund balance reported in the table is nonspendable/restricted because the City can use the funds only for the purposes for which the grants were awarded.

Neighborhood Stabilization Program (NSP) Fund: This fund accounts for a federal grant from the State of North Carolina passed through Forsyth County that was provided under the Housing and Economic Recovery Act of 2008 to respond to the foreclosure crisis. The City received \$1,575,000 to provide down payment assistance, housing rehabilitation accompanying purchase of foreclosed housing, housing counseling, and administrative costs. The grant has ended, and the small remaining balance in this fund will be recaptured by the State.

Urban Development Action Grant (UDAG) Fund: This fund accounts for the City's economic development projects and loans, originally funded from federal grants, for specifically designated "pockets of poverty," as designated by federal regulations. The fund balance committed by appropriation represents unspent budgeted commitments or the commitment of funds since June 30, 2018.

Housing Finance Assistance Fund: The housing finance assistance fund accounts for City funds that are used for housing development activities, including homebuyer assistance, new housing construction, neighborhood revitalization, and housing rehabilitation. The primary sources of revenue for this fund come from housing loan repayments and investment income. In the 1980's and 1990's, 20% of the Article 40 one-half cent local sales tax was allocated to this fund, until the state budget crisis in 2002. The fund balance committed by appropriation represents unspent budgeted commitments or the commitment of funds since June 30, 2018. The unassigned balance is reported as of December 31, 2018. A detailed analysis of the fund balance can be found on pages 11-14.

Economic Development Loan Fund: This fund accounts for the following City economic development programs: Small Business Loan Program, Downtown Building Rehabilitation Loan Program, Liberty Street Corridor RUCAs project, Neighborhood Revitalization Strategy Area (NRSA) Building Rehabilitation Loan Program, Technology Business Assistance Fund, and NRSA Demonstration projects. The fund balance committed by appropriation represents unspent budgeted commitments or the commitment of funds since June 30, 2018. The unassigned balance is reported as of December 31, 2018. A detailed analysis of the fund balance can be found on page 15.

Economic Development Project Fund: This fund accounts for the City's economic development incentive funds. This fund supports specific economic development programs designed to attract new industry or encourage the expansion of existing businesses. The fund balance committed by appropriation represents unspent budgeted commitments or the commitment of funds since June 30, 2018. A detailed analysis of the fund balance can be found on pages 16-17.

Rental Rehabilitation Fund: This fund accounts for program income generated from federal Rental Rehabilitation Entitlement Grant funds. The federal government originally created this program to increase the supply of standard rental housing that would be available and affordable for lower income tenants. These funds now can be used to match HOME program funding to augment the acquisition and infrastructure construction for new housing construction for home ownership. The unassigned balance in this fund may also be used for eligible Rental Rehabilitation Entitlement Grant, CDBG or HOME activities.

Section 108 Fund: In the late 1990's, the City received Section 108 loan financing for housing development projects, the Restaurant Row Loan Program, and development of the Brookwood Business Park. Most of the cash balance remaining in this fund provides a loan reserve associated with the development of LaDeara Crest Apartments. The City is repaying the Section 108 loan out of its annual allocation of CDBG funds. The fund balance in nonspendable/restricted is a debt reserve that was required as part of the financing for the construction of LaDeara Crest Apartments. The fund balance committed by appropriation represents unspent budgeted commitments or the commitment of funds since June 30, 2018.

Foreclosed Property Fund: This fund accounts for the value of foreclosed property that was originally financed through the City's mortgage loan program. There is no cash balance in this fund.

Forfeiture Funds: This fund accounts for federal forfeiture funds distributed by the United States Department of Justice and the United States Department of Treasury. This fund also accounts for controlled substance tax receipts received from the Office of the State Auditor and contributions received from individuals or other donors. The Winston-Salem Police Department uses these funds for specialized training, equipment, the K-9 Unit, and community programs. The fund balance reported in the table is reserved by law because the City can use the funds only for the purposes allowed under federal forfeiture guidelines. The City cannot use these funds to supplement local funds for current expenditures.

Gasoline Tax (Powell Bill) Fund: This fund accounts for the City's share of state gasoline tax revenues, which only may be used for maintenance of municipal streets. Transfers from the Powell Bill fund cover operating expenditures in the Department of Transportation and capital expenditures for street resurfacing. The nonspendable/restricted fund balance can be appropriated for municipal streets according to the permitted uses provided in State statute.

Occupancy Tax Fund: This fund accounts for the City's approximate one-sixth share of Forsyth County's 6% occupancy tax rate on the rental of hotel/motel accommodations. The nonspendable/restricted fund balance in this fund can be used for any cultural or economic development purpose.

Emergency Telephone System Fund: This 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 nonspendable/restricted fund balance may be used to purchase replacement computers for the communications center and to cover the maintenance costs of communications center equipment.

Downtown Winston-Salem Business Improvement District Fund: This fund accounts for 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 scope of services for the Downtown Business Improvement District focuses on five primary areas: cleaner environment, increased safety and security, stronger marketing and promotion, accelerated development, and enhanced physical appearance. The FY 18-19 allocation of the property tax rate to the Downtown Business Improvement District is .09¢ per \$100 of assessed valuation on all property within the district. The nonspendable/restricted fund balance is reserved to be used for the Downtown Business Improvement District.

Leasing Fund: This fund accumulates annual payments from City departments to make lease payments to the North Carolina Municipal Leasing Corporation. The corporation assists the City in acquiring real and personal property through the issuance of limited obligation bonds (LOB's) to fund the purchases. The corporation leases the property to the City, which provides lease payments that cover the interest and principal on the LOB's as follows: governmental funds make equal annual payments over a five-year period, depending on the type of equipment being purchased, and proprietary funds make the same scheduled payments with the addition of an annual interest payment at a rate of 5.5%. The fund balance is reserved by policy to ensure the City pays off the debt issued by the corporation.

Debt Service Fund: This fund accounts for the City's debt service expenditures, including the City's general governmental debt obligations; certificates of participation (COPS); limited obligation bonds (LOBs); and leasing debt payments. This fund also includes the administrative expenses associated with bond ratings and issuances. The FY 18-19 allocation of the property tax rate to the debt service fund is 7.3¢ per \$100 of assessed valuation on all property. The nonspendable/restricted fund balance is reserved to ensure the City pays off its general obligation and leasing debt.

Capital Projects Funds: Capital projects funds provide budgetary accountability for financial resources used for the acquisition or construction of major capital improvements. Typically, these projects are funded through debt issuances, federal and state capital funds, reserves, or the North Carolina Municipal Leasing Corporation. The City accounts for capital improvements and capital equipment purchases in the capital projects fund, leasing capital projects fund, and leasing equipment acquisition fund. The fund balance committed by appropriation represents unspent capital project cash balances. The unassigned balance is reported as of December 31, 2018. The unassigned balance in this fund can be used for any public purpose.

Proprietary Funds: Proprietary funds are used to account for a government's business-like activities. These funds are considered self-supporting in that services rendered by them are generally financed through charges to users. Types of proprietary funds include enterprise and internal service funds.

Enterprise Funds: Enterprise funds account for business-like activities where external users (non-City departments) are charged for the services provided by these operations.

Water and Sewer Fund: The water and sewer fund accounts for all operating and capital activities associated with the treatment and distribution of water and the collection and treatment of wastewater, as well as all administrative functions related to these activities. The \$84.2 million in nonspendable/restricted fund balance accounts for reserves that are required under revenue bond covenants, merger agreements with other Forsyth County municipalities, and policies to set aside revenues from outside county services for economic development purposes. The \$44.8 million in fund balance reserved by policy is set aside to provide working capital and cash funding (i.e., pay-go funding) for water and sewer capital needs. The fund balance committed by appropriation represents the amount of fund balance appropriated for the FY 18-19 operating budget.

Solid Waste Disposal Fund: The solid waste disposal fund accounts for all operating and capital activities associated with the operation and maintenance of landfills and other waste processing facilities, as well as all administrative functions related to these activities. This fund also provides partial funding for County recycling programs. The \$18.5 million in nonspendable/restricted fund balance accounts for funds set aside for closure and post-closure expenses once the landfills reach capacity and are closed. The \$17.6 million in fund balance reserved by policy is set aside to cover operating expenses and provide pay-go funding for solid waste disposal capital needs.

Parking Fund: The parking fund accounts for all operating and capital activities associated with City-owned parking decks and lots. The \$1 million in fund balance reserved by policy accounts for the remaining proceeds from the sale of the Center City West and Cherry-Marshall decks. A portion of these funds, including \$495,470 in FY 18-19, have been appropriated to minimize the increase in the general fund subsidy for the parking fund.

Stormwater Management Fund: The stormwater management fund accounts for all operating and capital activities associated with the City's stormwater management program, including water quality monitoring, drainage maintenance, erosion control, and administration. The fund balance committed by appropriation represents the net fund balance appropriated for stormwater capital needs.

Winston-Salem Transit Authority (WSTA): The WSTA fund accounts for the City's public bus service, which includes the fixed-route bus system and Trains-Aid of Forsyth County. This fund also accounts for the portion of property tax allocated to mass transit. The FY 18-19 allocation of the property tax rate to WSTA is 4.98¢ per \$100 of assessed valuation on all property. This fund borrowed \$3.7 million from the General Fund at year end. The Federal Transit Administration owed the City \$6.7 million. .

Public Assembly Facilities Management Funds: These funds account for the operating revenues and expenses for the Dixie Classic Fair, Annex, M.C. Benton, Jr. Convention and Civic Center, Bowman Gray Stadium, and Downtown Ballpark, as well as capital improvements to fairgrounds facilities. The fund balance reserved by policy of \$3.4 million includes \$2.7 million which ensures the financial sustainability of the Winston-Salem Fairgrounds, particularly when the fair is impacted by poor weather.

Internal Service Funds: Internal services funds provide budgetary accountability for governmental activities that serve other departments. Internal service funds are similar to enterprise funds in that they are supported entirely by user charges. Typically, these funds do not accumulate fund balances.

Central Warehouse Fund: The central warehouse fund accounts for the consolidated purchasing and centralized storage of office supplies and operating equipment, as managed by the Property and Facilities Management Department. The fund balance reserved by policy is set aside to cover future warehouse costs.

Fleet Services Fund: The fleet services fund accounts for services related to acquiring, maintaining, and disposing of City rolling stock and ancillary equipment, except for vehicles maintained by the Winston-Salem Transit Authority and Winston-Salem Fire Department. The nonspendable/restricted fund balance accounts for any outstanding encumbrances at the end of the fiscal year. The fund balance reserved by policy is set aside to cover future fleet services costs.

Information Systems Fund: The information systems fund accounts for the City-wide computing network, software application support and development, and the installation and maintenance of workstations and peripheral equipment. The nonspendable/restricted fund balance accounts for any outstanding encumbrances at the end of the fiscal year.

Workers' Compensation Fund: The workers' compensation fund accounts for all aspects of the City's worker compensation program, including medical expenses and claims, as well as financial support for the City's employee safety program. The fund balance reserved by policy is set aside to cover future workers' compensation claims costs.

Health Benefits Fund: The health benefits fund accounts for health benefits (i.e., claims processing and payment costs) for City employees. The fund balance reserved by policy is set aside to cover future health claims costs.

Dental and Flex Benefits Fund: The dental and flex benefits fund accounts for dental and flex benefits for City employees. The fund balance reserved by policy is set aside to cover future dental and flex benefits claims costs.

Employee Benefits Fund: The employee benefits fund accounts for employee benefits such as tuition reimbursements, deferred compensation payments, and life insurance and serves as a pass through for tax and pension payments. The fund balance reserved by policy is set aside to cover future employee benefits expenses.

Fiduciary Funds: Fiduciary funds are used to account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, and/or other governmental units. As such, the fund balances in the following fiduciary funds are restricted and held in trust for the purposes described below.

Post-Employment Benefits Fund: The retiree life and health fund accounts for health care and death benefits for retired City employees.

Winston-Salem Police Officers' Retirement System Fund (WSPORS): The WSPORS fund accounts for the City's police pension fund.

Police Separation Allowance Fund: The Police Separation Allowance Trust fund accounts for payments to retired police officers as required by N.C. General Statute 143-166.42.

Perpetual Care Fund: The perpetual care fund is a fiduciary fund that accounts for the accumulation of resources to provide for the on-going maintenance and upkeep of the City's two cemeteries: New Evergreen and Woodland. Resources mainly are derived from 50% of the proceeds from the sale of burial plots and investment income. Under the investment policy for this fund, the City allocates 5% of the three-year average balance of the perpetual care fund to the cemeteries operating budget to fund maintenance expenses. The nonspendable/restricted fund balance of \$4.1 million is the amount available in the perpetual care fund for the on-going maintenance of the cemeteries after all plots have been sold.

Risk Acceptance Management Corporation (RAMCO): RAMCO is a separate, legal corporation that provides claims administration and reserve funding for claims for the City under an operating agreement approved by the City Council.

APPENDIX B

Cash Analysis and Approved Uses of Fund Balances for Select Funds

This section provides a detailed accounting of commitments against the cash balances of select funds, including most of the City's housing and economic development funds.

Housing Finance Assistance Fund

The housing finance assistance fund accounts for City funds that are used for housing development activities, including homebuyer assistance, new housing construction, neighborhood revitalization, and housing rehabilitation. The primary sources of revenue for this fund currently come from housing loan repayments and investment income. In the 1980's and 1990's, 20% of the Article 40 one-half cent local sales tax was allocated to this fund, until the state budget crisis in 2002.

Fund Balance as of December 31, 2018	\$ 3,995,301
Current Commitments:	
Summer Youth Employment Program	(58,822)
Housing Rehabilitation and Buy/Rehab Loans	(211,954)
New Housing Construction Loan Program	(595,890)
Other Housing Development Program Expenses	(34,577)
Brown Elementary School	(119,180)
Gladstone Apartments Rehabilitation	(110,000)
Citywide Homebuyer Assistance Program (C-HAP)	(141,158)
N. C. Housing Finance Agency HELP Program	(75,677)
Union CDC Grocery	(323,826)
Housing Loan Servicing	(4,843)
Planning	(33,015)
Demolition	(77,966)
Commons Playground	(7,500)
Housing Repayment	(1,024,242)
Family Services, Repairs to the Head Start Building	(50,000)
New Gospel Demolition	(15,000)
Lake Park Study	(38,450)
United Health Centers	(16,020)
Construction Training Program	(66,210)
Rental Assistance Bridge Fund	(58,633)
Piedmont Triad Regional Council Re-Entry	(10,000)
Experiment in Self-Reliance Tax Preparation Program	(35,600)
Financial Pathways of the Piedmont	(10,000)
S. G. Atkins CDC Enterprise Center	(40,000)
Total Commitments	(3,158,563)
Unassigned Fund Balance	<u>\$ 836,738</u>

The following are brief descriptions of each commitment listed above.

Summer Youth Employment Program

The FY 18-19 budget includes \$165,000 in operating assistance to the Winston-Salem Urban League for the Summer Youth Employment Program during the summer of 2018.

Housing Rehabilitation and Buy/Rehab Loans

The City uses funds in the housing finance assistance fund to provide loans for owner-occupied housing rehabilitation projects that are not eligible for HOME or CDBG funding. The Community Development Department processes applications for rehabilitation loans, and an internal loan committee of City staff reviews applications for approval. The remaining appropriation would

provide funding for this program, without the need to amend the budget for individual loans.

New Housing Construction Loan Program

This program provides loans to non-profit developers and builders working with them for new housing construction that will be sold for owner-occupancy. The current commitment provides funding for S. G. Atkins CDC, and Ridgewood Place. This program operates like a revolving loan program in which the loan repayments from approved projects are reappropriated to provide loans for new projects.

Other Housing Development Program Expenses

This commitment represents unspent balances for smaller housing and community development projects.

Brown Elementary School

In August 2014, the City Council approved a loan to the Housing Authority of Winston-Salem for acquisition, demolition, and associated environmental and other costs in support of development of 120 units of multi-family rental housing for the elderly. HAWS will attempt to acknowledge and maintain the historic significance of the property.

Gladstone Apartments Rehabilitation

In April 2012, the City Council approved funding for the rehabilitation of Gladstone Apartments. Funds have been used for roof repairs and will be used for HVAC repairs and general improvements.

Citywide Homebuyer Assistance Program (C-HAP)

The City administers the Citywide Homebuyer Assistance Program, which provides for first mortgage reduction, down payment assistance, and/or closing costs.

N. C. Housing Finance Agency HELP Program

The N. C. Housing Finance Agency partners with Duke Energy to provide assistance to low-income residents to weatherize homes. The City has used this program as part of its housing rehabilitation program.

Union CDC Grocery

The FY 13-14 Annual Consolidated Housing and Community Development Plan included a commitment of \$375,000 to Union Community Development Corporation in support of rehabilitation, renovations, and equipment for a grocery store. Funds were spent for pre-development.

Housing Loan Servicing

The City's Revenue Division services loans that are funded from the housing finance assistance fund. The division charges servicing fees to cover the cost of staff and the financial systems needed to track the repayment of these loans.

Planning

Funds are needed for legal advertisements and other administrative expenses associated with projects funded in the housing finance assistance fund. These expenses are not eligible to be paid with federal funds.

Demolition

Funds are needed to assist demolition of housing units that are approved for demolition through the code enforcement process.

Commons Playground

In January 2018, the City Council approved a \$7,500 contribution to new playground equipment for the Commons. BB&T will be providing an equal match of \$7,500 for the project.

Housing Repayment

These funds reimburse federal funds used to purchase two fire trucks and security cameras to prevent vandalism and illegal dumping. Funds will be used for housing and neighborhood redevelopment needs.

Family Services, Repairs to the Head Start Building

The FY 18-19 budget includes \$50,000 for Family Services to be used for repairs to the Sarah Y. Austin Child Development Center (Head Start Building).

New Gospel Demolition

In June 2018, City Council approved an in-kind contribution of \$15,000 to cover the cost of landfill fees for demolition of the New Gospel Tabernacle Holiness Church after the church burned down in April 2017. The funds would be used to directly pay the solid waste fund for the landfill tipping fees.

Lake Park Study

In April 2017, the City Council approved \$38,450 to assist in determining the feasibility of completing the Lake Park Development Project.

United Health Centers

The FY 18-19 budget provides for \$16,020 in operating assistance for United Health Centers.

Construction Training Program

The FY 18-19 budget provides for \$66,210 in operating assistance for the City's Construction Training Program. The balance of the program costs will come from CDBG.

Rental Assistance Bridge Fund

The City created a bridge fund to reimburse the Housing Authority of Winston-Salem and Experiment in Self-Reliance for rental assistance payments it makes to landlords until HUD grants are executed.

Piedmont Triad Regional Council Re-Entry

The FY18-19 budget includes \$10,000 in operating assistance for Project Re-Entry, which assists individuals re-entering society from prison. The balance of the \$31,150 grant will come from CDBG funds.

Experiment in Self-Reliance Tax Preparation Program

The FY 18-19 budget includes \$35,600 in operating assistance for the Volunteers In Tax Assistance/Earned Income Tax Credit (VITA/EITC) Program, which provides free income tax preparation assistance and electronic filing to low-income persons and to encourage eligible persons to claim the earned income tax credit and other credits for the 2018 tax year.

Financial Pathways of the Piedmont

The FY 18-19 budget includes \$10,000 in operating assistance for the Center for Home Ownership, which provides counseling and education to prospective homeowners. The balance of the \$66,750 grant will come from CDBG funds.

S. G. Atkins Community Development Corporation Enterprise Center

The FY 18-19 budget includes \$40,000 in operating assistance for the shared commercial kitchen and community garden at The Enterprise Center. The balance of the \$65,000 grant will come from CDBG funds.

Economic Development Loan Fund

This fund accounts for the following City economic development programs: Small Business Loan Program, Downtown Building Rehabilitation Loan Program, Liberty Street Corridor RUCA project, Neighborhood Revitalization Strategy Area (NRSA) Building Rehabilitation Loan Program, Technology Business Assistance Fund, and NRSA Demonstration projects.

Fund Balance as of December 31, 2018	\$ 2,072,917
Current Commitments:	
Revitalizing Urban Commercial Areas	(163,957)
Liberty Street Revitalizing Urban Commercial Area Project	(83,672)
NRSA Building Rehabilitation Loan Program	(272,811)
Downtown Building Rehabilitation Loan Program	(81,961)
Total Commitments	(602,401)
Unassigned Fund Balance	<u>\$ 1,470,516</u>

The following are brief descriptions of each commitment listed above.

Revitalizing Urban Commercial Areas

Revitalizing urban commercial areas (RUCA) was approved by Council in 2005 to utilize \$1.5 million towards the improvement of underutilized, unutilized and blighted commercial properties. Funds could be for low-interest loans, matching forgivable loans, and public infrastructure improvements. Funding comes from multiple sources including Dell Repayment Funds, and privilege license fees previously paid by electronic sweepstakes operations.

Liberty Street Revitalizing Urban Commercial Area Project

The remaining balance for this project comes from the repayment of a loan from a business in the Liberty Street corridor. The City Council appropriated these funds for future revitalization projects in this area.

NRSA Building Rehabilitation Loan Program

The NRSA Building Rehabilitation Loan Program is the primary source of building improvement assistance to small businesses and property owners in the NRSA area. The program provides direct, deferred payment loans to business owners or property owners interested in rehabilitating older buildings. Loan money can also be used for certain interior improvements to comply with current building codes and for roof repairs.

Downtown Building Rehabilitation Loan Program

The Downtown Building Rehabilitation Loan Program is the primary source of building improvement assistance to small businesses and property owners in the downtown area. The program provides direct, deferred payment loans to business owners or property owners interested in rehabilitating the facades of older downtown buildings. Loan money can also be used for certain interior improvements to comply with current building codes and for roof repairs.

Economic Development Project Fund

This fund accounts for the City's economic development incentive funds. This fund supports specific economic development programs designed to attract new industry or encourage the expansion of existing businesses.

Fund Balance as of December 31, 2018	\$ 7,908,800
Current Commitments:	
<u>Outstanding Incentive Projects</u>	
Wake Forest Innovation Quarter	(1,918,794)
Goler Heights Redevelopment	(40,000)
Brookstown Partners	(139,153)
Caterpillar, Inc	(1,323,743)
Pepsi Bottling Group	(66,574)
Piedmont Propulsion Systems LLC	(5,831)
4 th & Broad St Office Building	(51,462)
Hilltop House South	(39,727)
Polyvlies	(34,060)
Winston Factory Lofts	(10,199)
United Furniture Industries	(132,160)
WFIQ/Building 90 South	(635,000)
WFIQ/Bailey Power Plant	(637,340)
Hydroponics Facility	(305,167)
Inmar, Inc	(723,297)
Corning	(117,400)
S. G. Atkins CDC	(180,000)
<u>Jobs & Technology Incentives</u>	
Herbalife	(372,478)
Undesignated Jobs & Technology Incentives	(117,400)
Contingency Incentives	(588,115)
Baseball Stadium Debt Reserve	(448,500)
Other Economic Development Initiatives	(22,400)
Total Commitments	(7,908,800)
Unassigned Fund Balance	<u>\$ 0.00</u>

The following are brief descriptions of each commitment listed above.

Outstanding Incentive Projects

The economic development incentive projects listed in this category were approved by City Council action. Under these agreements, the City will reimburse a portion of the companies' property tax payments if they meet established goals for job creation and capital investment. Property tax revenues for these incentive payments are transferred from the general fund and paid out upon verification that the companies have met their goals. The agreements include "clawback" provisions that require the companies to repay all or a portion of their incentive payments if the jobs and investment goals are not met.

Jobs & Technology Incentives

As part of the FY 10-11 budget, the City Council appropriated \$1,000,000 of Dell Inc.'s reimbursement of incentive payments to provide funding to attract new technology companies or retain existing companies. As of December 31, 2018 there was a remaining balance of \$117,400.

Contingency Incentives

The remaining balance represents funding for future economic development incentive projects. A portion of the property tax payments from Caterpillar, Inc. have been credited to this program to restore some of the funds used to provide an upfront incentive payment to the company.

Baseball Stadium Debt Reserve

As part of the financing of BB&T Ballpark, the City established a debt reserve fund of \$448,500.

Other Economic Development Initiatives

The City Council appropriated a portion of Dell Inc.'s reimbursement for other initiatives to create jobs and increase the tax base.