

City of Winston-Salem, North Carolina
Compensation for Services, Federal and State Withholding Taxes, Business
Expense and Travel Reimbursement, and Other Benefits

The Mayor and members of the City Council of the City of Winston-Salem receive compensation for services, an expense allowance, reimbursement for out-of-area travel expenses, and other benefits.

Compensation for Services

In June 2024, the City Council approved, effective July 8, 2024, the following compensation for service amounts:

Mayor	\$ 35,484.80
City Council	\$ 28,329.60

Compensation for services may be changed by vote of the City Council by adoption of an annual budget ordinance.

Expense Allowance

In June 1989, the City Council established an expense allowance. Approved June 2022 to be effective January 1, 2025, the expense allowance was amended:

Mayor	\$ 9,400.00
City Council	\$ 6,100.00

The expense allowance may be changed by vote of the City Council but may not be made effective during the term of the Mayor and City Council. Therefore, a change may not become effective until after the next election of the Mayor and City Council. **See statute below***

Compensation for services and the expense allowance are combined and paid in twenty-six bi-weekly payments:

Mayor	\$ 1,726.34
City Council	\$ 1,324.22

Optional Car Allowance

In June 2014, the City Council established, effective July 1, 2014, the following optional car allowance:

Mayor	\$ 3,900.00
City Council	\$ 3,900.00

Payments for the monthly car allowance of \$325 are paid with the second paycheck each month. The car allowance is for mileage within Forsyth County.

Optional Internet Allowance

The following is an optional internet allowance:

Mayor	\$ 1,200.00
City Council	\$ 1,200.00

Payments for the monthly internet allowance of \$100 are paid with the second paycheck each month.

Federal and State Income Taxes

Income tax deductions are required by regulations of the Internal Revenue Service and the State of North Carolina for both compensation for services and the expense allowance. The regulations define these payments as employment income and “non-accountable expense reimbursements” subject to withholding of federal and state income taxes. IRS defines the expense allowance as “non-accountable” expense reimbursements because the use of the allowance is not covered by City of Winston-Salem travel policies and reports for reimbursement of documented expenses are not made. Tax regulations require these payments to be treated as employee income subject to withholding of income taxes.

Certain non-reimbursed expenses may be included as a deduction on your tax return, to the extent that these expenses exceed any IRS minimum thresholds (please consult your tax professional for confirmation as the rules have changed over the years and some deductible items were suspended as part of the Tax Cuts and Jobs Act of 2017).

Please complete IRS Form W-4 and Form NC-4 (*copy attached as Exhibit A*). **Claims for exemption from withholding must have new Form W-4 and Form NC-4 filed every January.**

Social Security/Medicare

Deductions for Social Security and Medicare are required by IRS regulations for the Mayor and City Council unless an official was elected and opted out of FICA before 1991.

Travel Expense Reimbursement

Internal Revenue Service regulations define reimbursement of travel expenses and other expenses as "accountable" and "non-accountable." Accountable expense reimbursements are those covered by a formal travel policy that requires the expenses to be reported for reimbursement under the policy. The City's Travel Policy (October 1, 2023) meets the requirement of this IRS definition.

Cash advances are not provided under the City's Travel Policy unless the business travel is 7 days or greater, or in the case of financial hardship if the amount is \$150 or greater. If required, a Travel and Cash Advance Authorization Form will be submitted by the City Clerk. After completing travel, a Travel Expense Report will be completed and submitted by the City Clerk. These travel expenses reimbursements **do not have to be reported on federal or state tax returns.** Request for expense reimbursements that are not in accordance with the travel policy will be deducted.

Other benefits

Newly elected officials will receive separate information about enrollment and coverage of the following benefits:

- Dental insurance
- Health care insurance
- Flexible Spending Accounts
- Deferred compensation in 457 plan
- Workers' compensation (*covers injuries occurring during the performance of official duties*)
- 401 (a) defined contribution retirement plan.

Retired elected officials who have served at least two consecutive full terms on City Council and are eligible to enroll in Medicare at or after age 65 are eligible to enroll in the Medicare Advantage Plan and receive the Medicare Advantage Supplement. Retired elected officials may enroll in the City's plan or may opt for reimbursement if enrolled outside of the City's plan. If reimbursement is selected, the City only reimburses for the amount of the monthly cost on the City's plan (currently \$140.00 per month, but if the City's plan cost is greater than \$210 monthly, reimbursement will not exceed \$210 monthly).

§ 160A-64. Compensation of mayor and council.

(a) The council may fix its own compensation and the compensation of the mayor and any other elected officers of the city by adoption of the annual budget ordinance, but the salary of an elected officer other than a member of the council may not be reduced during the then-current term of office unless he agrees thereto. The mayor, councilmen, and other elected officers are entitled to reimbursement for actual expenses incurred in the course of performing their official duties at rates not in excess of those allowed to other city officers and employees, or to a fixed allowance, the amount of which shall be established by the council, for travel and other personal expenses of office; provided, any fixed allowance so established during a term of office shall not be increased during such term of office.

(b) All charter provisions in effect as of January 1, 1972, fixing the compensation or allowances of any city officer or employee are repealed, but persons holding office or employment on January 1, 1972, shall continue to receive the compensation and allowances then prescribed by law until the council provides otherwise in accordance with this section or G.S. 160A-162.

(1969, c. 181, s. 1; 1971, c. 698, s. 1; 1973, c. 426, s. 12; c. 1145; 1979, 2nd Sess., c. 1247, s. 1.)

Should you have any questions or need assistance, please contact either:

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