

FUND SUMMARIES

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FUND SUMMARIES

Fund Accounting. Local government activities are budgeted and accounted for in a number of separate fiscal entities known as "funds." In the Winston-Salem city government, funds have been set up to segregate activities or objectives in accordance with special regulations, restrictions, or limitations. The funds established by the City of Winston-Salem fall into three categories: governmental, proprietary, or fiduciary. The budget includes all funds in these categories except for the police retirement fund (in the fiduciary category), which may be excluded from the local budget ordinances according to the North Carolina General Statutes in the Local Government Budget and Fiscal Control Act.

Governmental Funds

The General Fund Group. The general fund is the principal operating fund of the city, accounting for the expenses and resources for services to the public 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, charges for services, except for those that are designated by state law or local ordinance to be recorded in another fund group. Included in the general fund are a number of interdepartmental services previously accounted for in separate internal service funds (information systems, fleet management services, and warehouse services.)

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 federal, state, or local; and a special revenue fund is established when required by legal mandate or sound financial management practices. These funds are as follows:

- Community Development Block Grant Fund
- Home Investment Partnership Fund
- Housing Finance Assistance Fund
- Real Estate Management Fund
- Economic Development Loan Fund
- Economic Development Project Fund
- Urban Development Action Grant Fund
- Powell Bill Fund (Gas Tax)

- Mass Transit Tax Fund
- Grants Fund
- Sales Tax Fund
- Occupancy Tax Fund
- Cable Franchise Fee Fund
- Emergency Telephone System Fund
- E-911 Wireless Fund

Debt Service Fund. The debt service fund accounts for the accumulation of resources for the payment of interest and current maturities of general obligations. Long-term obligations and related debt service for water and sewer, parking, and other enterprise programs are recorded in their respective funds.

Capital Project Funds. The capital projects fund provides budgetary accountability for financial resources used for the acquisition or construction of major capital improvements. Typically, projects are funded by two-thirds bonds, federal and state capital funds, general fund balance appropriations, and capital reserves. Also included in the capital funds category are three capital leasing funds: the leasing equipment acquisition fund that accounts for the full cash value of lease purchased items; the leasing capital projects fund that accounts for all projects funded through leases; and the leasing fund that accounts for the lease borrowing amount, the lease payments, and the balloon payments to retire the lease-debt.

Proprietary Funds

Enterprise Capital Project Funds. These funds provide budgetary accountability for financial resources used for the acquisition or construction of major capital improvements for enterprise or internal service operations. Typically, projects are funded by revenue bonds, special obligation bonds, enterprise fund capital reserves, federal and state capital funds, and certificates of participation.

Fiduciary Funds

Employee Benefits Funds. These funds account for employment and post-employment benefits, including health, life, workers' compensation, dental/flex, retirement, and social security.

FUND SUMMARIES

Measurement Focus. Governmental funds (general, special revenue, debt service and capital projects) use a "flow of current financial resources" as its measurement focus. This means that the financial statements report whether the fund is better or worse off financially in the short term as a result of transactions and events of the period. Proprietary funds (enterprise and enterprise capital funds) use the "flow of economic resources" as a measurement focus.

Basis of Accounting. Governmental funds use the modified accrual basis of accounting. Under this basis, revenues are recognized in the period received and are accrued if considered to be both measurable and available to pay current liabilities. Major revenue sources include property and other local taxes, intergovernmental revenues, and investment income. Expenditures are recognized when a liability is incurred. An exception to this practice is interest on general obligation debt, which is reported according to due date.

Proprietary funds use the accrual basis of accounting. Under this basis revenues are recognized in the period earned, and expenses are recognized in the period incurred.

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. Because the proprietary funds are accounted for and budgeted for using different bases of accounting, the following differences are inherent in the financial statements and the budget ordinances:

Capital Outlays: According to generally accepted accounting principles (GAAP), capital outlays are not reflected in the operating statements of proprietary funds, because the purchase of a capital item does not affect the fund's economic resources. This is because a proprietary fund is not economically better or worse off when one asset (cash) is exchanged for another asset (equipment). Because the budget is adopted using modified accrual for all funds, including proprietary funds, the budget treats capital outlay acquisition as an "expenditure" regardless of the fund.

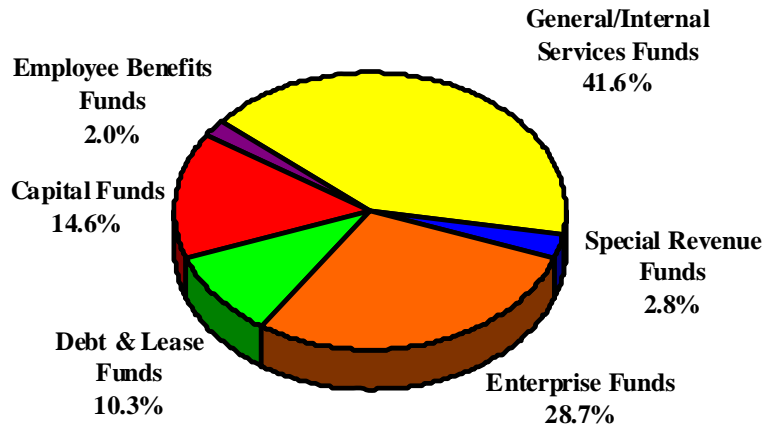
Debt Service Principal Payments: In the financial statements, proprietary funds do not report payments of debt service principal in their operating statements. These funds are not considered to be worse off economically when both debt and assets are reduced by the same amount. The budget is prepared using the modified accrual basis of accounting; therefore, the budget ordinances include debt service principal payments in the proprietary funds.

Depreciation: Depreciation allocates the cost of fixed assets to the periods that benefit from the use of those assets. According to generally accepted accounting principles (GAAP), proprietary funds use depreciation accounting and report depreciation in their operating statements. This accounting reflects the fact that these funds are economically worse off as their assets are consumed. Budgetary accounting, on the other hand, does not use depreciation accounting because the financial effect of the purchase of a capital item occurs when it is purchased, not when it is consumed.

FUND ACCOUNTING SUMMARY

Fund Type	Fund Category	Basis of Accounting	Budgetary Accounting
General Fund Group	Governmental	Modified Accrual	Modified Accrual
Special Revenue	Governmental	Modified Accrual	Modified Accrual
Debt Service	Governmental	Modified Accrual	Modified Accrual
Capital Projects	Governmental	Modified Accrual	Modified Accrual
Enterprise	Proprietary	Accrual	Modified Accrual
Fiduciary	Fiduciary	Modified Accrual	Modified Accrual

NET EXPENDITURES BY FUND



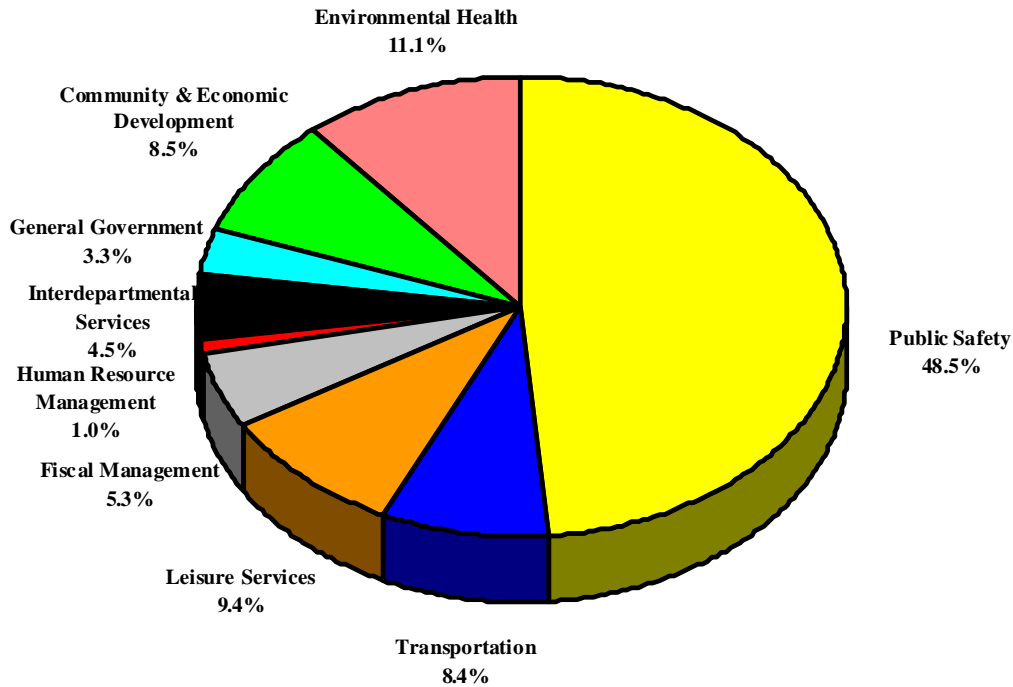
Net Total: \$372.2 Million

TOTAL EXPENDITURES BY FUND

	<u>Budget FY 08-09</u>	<u>Adopted FY 09-10</u>	<u>Percent Change</u>	<u>Transfers and Interfund Charges</u>	<u>Net Expenditures</u>
<u>Operating Expenditures</u>					
General Fund	\$173,024,590	\$170,294,600	-1.6%	-\$16,540,450	\$153,754,150
General Fund/Internal Services	5,073,310	4,954,780	-2.3%	-4,132,260	822,520
Special Revenue Funds	35,316,710	34,295,100	-2.9%	-23,706,520	10,588,580
Enterprise Funds	115,149,170	114,900,630	-0.2%	-7,946,560	106,954,070
Subtotal	\$328,563,780	\$324,445,110	-1.3%	-\$52,325,790	\$272,119,320
<u>Debt and Lease</u>					
Debt Service Fund	\$17,924,390	\$17,835,980	-0.5%	-\$87,210	\$17,748,770
Equipment Leasing Fund	10,490,640	23,956,940	128.4%	-3,327,890	20,629,050
Subtotal	\$28,415,030	\$41,792,920	47.1%	-\$3,415,100	\$38,377,820
<u>Capital Expenditures</u>					
Capital Projects Fund	\$3,368,680	\$8,198,600	143.4%	-\$125,000	\$8,073,600
Enterprise Capital Projects	81,007,750	44,455,820	-45.1%	0	44,455,820
Capital Equipment Acquisition	7,111,960	1,840,760	-74.1%	0	1,840,760
Subtotal	\$91,488,390	\$54,495,180	-40.4%	-\$125,000	\$54,370,180
<u>Fiduciary Funds</u>					
Employee Benefits Funds	\$45,972,160	\$45,301,220	-1.5%	-\$37,972,220	\$7,329,000
Total Expenditures	\$494,439,360	\$466,034,430	-5.7%	-\$93,838,110	\$372,196,320

GENERAL FUND EXPENDITURES BY SERVICE AREA

FY 09-10 GENERAL FUND EXPENDITURES BY SERVICE AREA



Total \$170.3 Million

	<u>Actual</u> <u>FY 07-08</u>	<u>Budget</u> <u>FY 08-09</u>	<u>Adopted</u> <u>FY 09-10</u>	<u>Percent</u> <u>Change</u>
Community and Economic Development				
City/County Planning	\$2,782,618	\$3,002,810	\$2,910,990	-3.1%
City/County Inspections	4,490,287	4,492,810	4,396,850	-2.1%
Development Office	666,341	670,160	531,090	-20.8%
Housing Development Administration	736,426	762,630	760,850	-0.2%
Neighborhood Services	3,753,741	4,119,660	3,787,460	-8.1%
Community Agencies	443,750	487,500	487,500	0%
Non-Departmental				
Support to Other Funds				
Housing Finance Assistance Fund	\$147,849	\$119,100	\$128,850	8.2%
Economic Development Projects Fund	428,457	1,402,700	1,391,680	-0.8%
-Less Interdepartmental Charges	-2,565	0	0	N/A
Subtotal	\$13,446,904	\$15,057,370	\$14,395,270	-4.4%

GENERAL FUND EXPENDITURES BY SERVICE AREA

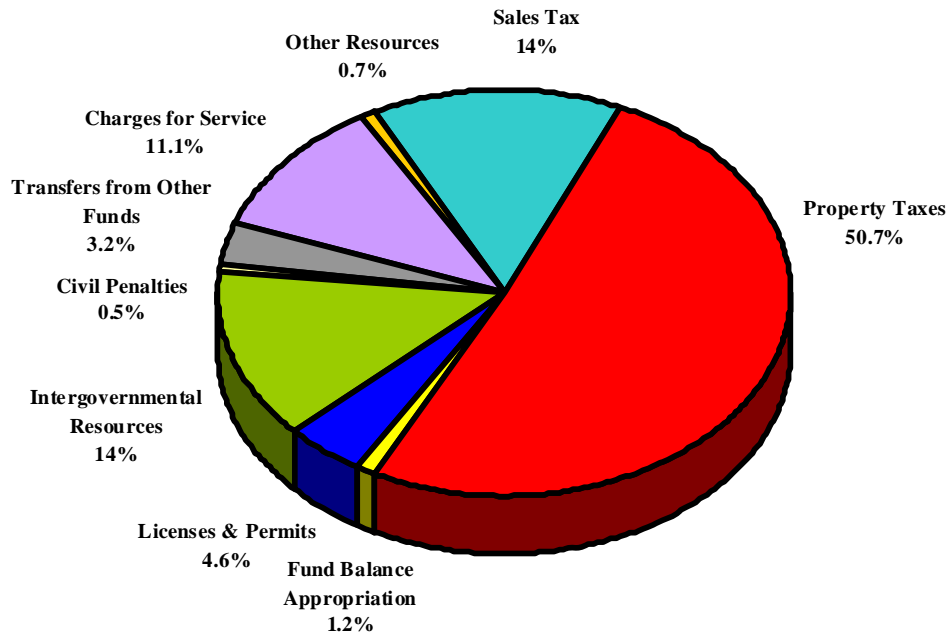
	<u>Actual</u> <u>FY 07-08</u>	<u>Budget</u> <u>FY 08-09</u>	<u>Adopted</u> <u>FY 09-10</u>	<u>Percent</u> <u>Change</u>
Environmental Health				
Sanitation	\$18,833,069	\$19,664,090	\$18,981,370	-3.5%
Non-Departmental				
Support to Other Funds				
Cemeteries Fund	17,013	16,230	11,640	-28.3%
-Less Interdepartmental Charges	-84,664	-105,250	-105,250	0%
Subtotal	\$18,765,417	\$19,575,070	\$18,887,760	-3.5%
Public Safety				
Police	\$54,979,331	\$56,893,880	\$56,752,060	-0.2%
Fire	24,931,076	25,772,300	25,316,640	-1.8%
Emergency Management	447,574	473,940	476,120	0.5%
Non-Departmental				
Support to Other Funds				
Grant Projects Fund	11,918	0	0	N/A
Subtotal	\$80,369,900	\$83,140,120	\$82,544,820	-0.7%
Transportation				
Transportation System Management	\$7,443,768	\$7,518,500	\$7,352,620	-2.2%
Streets Maintenance	6,234,479	6,114,410	5,862,910	-4.1%
Non-Departmental				
Support to Other Funds				
Parking Fund	773,076	1,056,530	1,186,350	12.3%
Capital Projects Fund	550,000	0	0	N/A
-Less Interdepartmental Charges	-183,844	-60,000	-60,000	0%
Subtotal	\$14,817,479	\$14,629,440	\$14,341,880	-2.0%
Recreation and Culture				
Recreation and Parks	\$9,574,118	\$9,777,890	\$9,453,180	-3.3%
Vegetation Management	4,748,637	5,274,930	5,143,980	-2.5%
Non-Departmental				
Support to Other Funds				
Winston-Salem Entertainment-Sports				
Complex	686,060	746,880	845,700	13.2%
Convention Center Fund	415,990	415,990	568,990	36.8%
Capital Projects Fund	97,680	0	0	N/A
-Less Interdepartmental Charges	-23,855	-2,500	-2,500	0%
Subtotal	\$15,498,630	\$16,213,190	\$16,009,350	-1.3%

GENERAL FUND EXPENDITURES BY SERVICE AREA

	Actual FY 07-08	Budget FY 08-09	Adopted FY 09-10	Percent Change
Fiscal Management				
Financial Management Services	\$7,745,418	\$7,920,210	\$7,794,270	-1.6%
Budget and Evaluation	627,885	660,910	638,780	-3.3%
Claims for Damages	569,254	575,260	584,900	1.7%
Subtotal	\$8,942,557	\$9,156,380	\$9,017,950	-1.5%
Human Resource Management				
Human Resources	\$1,922,433	\$1,765,620	\$1,806,420	2.3%
Subtotal	\$1,922,433	\$1,765,620	\$1,806,420	2.3%
Interdepartmental Services				
Engineering	\$3,519,313	\$3,748,300	\$3,565,600	-4.9%
Real Estate	523,311	555,500	518,900	-6.6%
Mail and Printing Services	601,352	703,360	679,430	-3.4%
Property Maintenance	4,780,605	4,696,700	4,773,910	1.6%
Information Systems	1,029,997	1,175,560	1,087,120	-7.5%
Internal Audit	317,365	344,260	339,580	-1.4%
-Less Interdepartmental Charges	-2,689,973	-3,116,840	-3,276,940	5.1%
Subtotal	\$8,081,970	\$8,106,840	\$7,687,600	-5.2%
General Government				
Policy Leadership	\$1,381,211	\$1,601,230	\$1,587,530	-0.9%
City Manager	1,149,014	1,043,630	1,062,650	1.8%
City Link	822,587	1,646,410	1,450,270	-11.9%
City Secretary	388,257	413,160	383,560	-7.2%
Marketing and Communications	920,893	854,570	816,370	-4.5%
Human Relations	321,429	352,500	351,550	-0.3%
Non-Departmental				
Board of Elections	218,516	258,630	507,410	96.2%
Property Tax Collection	598,751	658,070	529,160	-19.6%
Salary Savings Adjustment	0	-2,121,160	-1,598,590	-29.9%
Contingency	0	50,430	0	-100.0%
Support to Other Funds				
Economic Development Project Fund	794,755	0	0	N/A
Debt Service Fund	698,860	623,860	513,640	-17.7%
Subtotal	\$7,294,272	\$5,381,330	\$5,603,550	4.1%
Total Expenditures By Service Area	\$169,139,563	\$173,024,590	\$170,294,600	-1.6%

GENERAL FUND RESOURCES BY TYPE

FY 09-10 GENERAL FUND RESOURCES BY TYPE



Total \$170.3 Million

	<u>Actual</u> <u>FY 07-08</u>	<u>Budget</u> <u>FY 08-09</u>	<u>Adopted</u> <u>FY 09-10</u>	<u>Percent</u> <u>Change</u>
Taxes				
Property Taxes - Current Year	\$85,772,615	\$83,252,930	\$85,239,670	2.4%
Property Taxes - Prior Year	1,431,515	1,150,000	1,150,000	0%
Sales Tax (1% Article 39)	14,406,007	14,659,700	12,636,280	-13.8%
Sales Tax (1/2% Articles 40 & 42)	6,664,690	7,336,690	6,550,650	-10.7%
Sales Tax (1/2% Article 44)	5,728,284	6,028,520	5,076,790	-15.8%
Subtotal	\$114,003,112	\$112,427,840	\$110,653,390	-1.6%
Licenses and Permits				
Construction Permits	\$3,456,696	\$3,732,250	\$3,025,800	-18.9%
Privilege Licenses	2,448,472	2,449,000	2,398,800	-2.0%
Gross Receipts Tax	179,432	191,350	150,000	-21.6%
Motor Vehicle License Taxes	1,639,109	1,587,450	1,633,330	2.9%
Cable Franchise	355,894	345,930	359,820	4.0%
Other Licenses and Permits	260,699	269,800	267,120	-1.0%
Subtotal	\$8,340,301	\$8,575,780	\$7,834,870	-8.6%

GENERAL FUND RESOURCES BY TYPE

	<u>Actual</u> <u>FY 07-08</u>	<u>Budget</u> <u>FY 08-09</u>	<u>Adopted</u> <u>FY 09-10</u>	<u>Percent</u> <u>Change</u>
Intergovernmental Resources				
State Collected Local Revenues				
Utility Franchise Tax	\$13,581,660	\$13,272,600	\$13,486,430	1.6%
Beer and Wine Tax	1,018,079	1,038,410	1,090,890	5.1%
Gasoline Tax	5,431,581	5,535,840	5,188,050	-6.3%
“Hold Harmless” Payment	1,828,325	1,822,680	2,567,950	40.9%
Other Intergovernmental Resources				
ABC Allocation	657,946	663,070	667,060	0.6%
Housing Authority Payment in Lieu of Taxes	63,479	76,420	76,760	0.4%
Other State Resources	156,475	115,280	120,280	4.3%
Subtotal	\$22,737,546	\$22,524,300	\$23,197,420	3.0%
Charges for Services				
Governmental Sales and Service	\$4,369,729	\$4,454,450	\$4,333,730	-2.7%
Parking Meter Revenue	40,788	60,000	60,000	0%
Charges to the State	517,699	513,000	517,000	0.8%
Charges to Forsyth County	2,638,151	2,405,970	2,603,680	8.2%
Charges to WS/FC School Board	125,000	125,000	125,000	0%
Charges to Other Municipalities	51,625	38,420	36,470	-5.1%
Interfund Charges	10,883,981	11,261,170	11,304,980	0.4%
Subtotal	\$18,626,973	\$18,858,010	\$18,980,860	0.7%
Civil Penalties				
Parking Tickets	\$409,917	\$325,000	\$325,000	0%
Housing Code Violations	259,254	357,300	357,300	0%
Erosion Control Civil Penalties	35,888	45,000	38,390	-14.7%
False Alarm Civil Penalties	170,114	170,000	170,000	0%
Subtotal	\$875,174	\$897,300	\$890,690	-0.7%
Other Resources				
Rentals	\$168,067	\$167,000	\$167,000	0%
Sales of Property and Equipment	886,658	358,000	383,000	7.0%
Contributions	537,270	518,140	475,540	-8.2%
Miscellaneous	575,604	278,890	249,630	-10.5%
Subtotal	\$2,167,599	\$1,322,030	\$1,275,170	-3.5%

GENERAL FUND RESOURCES BY TYPE

	Actual	Budget	Adopted	Percent
	<u>FY 07-08</u>	<u>FY 08-09</u>	<u>FY 09-10</u>	<u>Change</u>
Transfers from Other Funds				
Housing Development/CDBG Funds	\$967,215	\$1,211,030	\$980,900	-19.0%
Real Estate Management Fund	60,393	0	0	N/A
Capital Projects Fund	226,540	0	0	N/A
Emergency Telephone System Fund	937,170	40,920	11,540	-71.8%
E911 Wireless Fund	0	10,230	0	-100.0%
Solid Waste Disposal Fund	2,625,767	2,900,010	2,898,250	-0.1%
Water and Sewer Fund	8,292	70,960	79,200	11.6%
Stormwater Management Fund	1,283,677	1,489,090	1,492,380	0.2%
Subtotal	\$6,109,055	\$5,722,240	\$5,462,270	-4.5%
Fund Balance Appropriation	-\$3,720,196	\$2,697,090	\$1,999,930	-25.8%
Total General Fund Resources	\$169,139,563	\$173,024,590	\$170,294,600	-1.6%

GENERAL FUND SUMMARY

The general fund, the principal operating fund for the city, accounts for the expenditures and resources needed to provide for all governmental services except for those activities that are more appropriately recorded in another fund group, such as grant-funded programs and enterprise operations. Overall, the FY 09-10 general fund budget is decreased by \$2.7 million, or 1.58%, compared to the FY 08-09 budget. Highlights of year-to-year changes in the general fund budget, by expenditure and resource category, are provided immediately following the summary table, below.

GENERAL FUND EXPENDITURES AND RESOURCES, BY ACCOUNT TYPE

	Actual	Budget	Yr.-End Est.	Budget	Bud. - Bud.	
	FY 07-08	FY 08-09	FY 08-09	FY 09-10	\$-Diff.	% -Diff.
Expenditures						
Personnel	\$114,026,688	\$116,915,540	\$115,928,120	\$115,623,900	-\$1,291,640	-1.10%
Supplies and Services	44,100,964	44,107,080	39,665,940	42,756,790	-1,350,290	-3.06%
Capital Outlay	6,222,079	7,161,550	6,612,840	6,678,440	-483,110	-6.75%
Support to Other Funds	4,876,161	4,840,420	5,138,870	5,235,470	395,050	8.16%
TOTAL EXPENDITURES	\$169,225,892	\$173,024,590	\$167,345,770	\$170,294,600	-\$2,729,990	-1.58%
Revenues						
Property Taxes	\$87,153,622	\$84,402,930	\$84,996,340	\$86,389,670	\$1,986,740	2.35%
Sales Taxes	26,798,982	28,024,910	25,375,520	24,263,720	-3,761,190	-13.42%
Licenses and Permits	8,335,755	8,575,780	7,647,950	7,834,870	-740,910	-8.64%
Intergovernmental	22,737,546	22,524,300	21,417,690	23,197,420	673,120	2.99%
Charges for Services/Other	18,618,776	21,077,340	21,215,130	21,146,720	69,380	0.33%
Transfers from Other Funds	6,109,054	5,722,240	5,722,240	5,462,270	-259,970	-4.54%
TOTAL REVENUES	\$169,753,735	\$170,327,500	\$166,374,870	\$168,294,670	-\$2,032,830	-1.19%
Fund Balance	-527,843	2,697,090	970,900	1,999,930	-697,160	-25.85%
TOTAL RESOURCES		\$173,024,590	\$167,345,770	\$170,294,600	-\$2,729,990	-1.58%

EXPENDITURE HIGHLIGHTS

Personnel

- No increase in employee pay (cost avoidance of \$2.2 million, for an adjustment of up to 2% in employee salaries, based on performance)
- Deletion of 24 full-time position vacancies (-\$976,000)
- Reduction in the budget for part-time expenses (-\$118,000) and overtime costs (-\$71,000)
- Decrease in longevity pay (-\$170,000)
- Shift in cost of employee benefits to the benefits funds reserves (-\$290,000)
- Increase in the projected percentage of salary that will be expended during the upcoming year (+\$523,000)
- Budget for a second training class in the Police Department, rather than relying on the availability of salary savings (+\$532,000)
- Annual reduction in salary base due to retirements and regular turnover (-\$721,640)

GENERAL FUND SUMMARY

Supplies and Services

- Permanent reduction of departmental operating expenses identified as savings in the FY 08-09 budget, plus additional cuts applied to the FY 09-10 budget (See list of savings appended to the City Manager's Message.) (-\$1.4 million)
- Reduction in fuel costs, based on current year spending trend, assuming continuation of fuel conservation goals being met (-\$250,000)
- Decrease in Information Systems charges related to extending the life of desktop and laptop computers by a year beyond the 3-year replacement cycle (-\$120,000)
- No change in funding to community agencies, compared to FY 08-09

Capital Outlay

- Limited replacement of equipment, including 2 fire trucks and 15 police patrol cars, plus the addition of 5,000 new toll-out carts to respond to requests from residents wanting to participate in the voluntary curbside refuse collection program

Support to Other Funds

- Increase in the city's annual match for year-four of a five-year federal grant that provides a declining level of support for a fire company (+\$129,500)
- Reduction in the transfer to the debt service fund due to the drop-off in lease payments for radios used by general fund departments (-\$223,860) offset, in part, an increase to cover additional debt expenses (+\$113,640)
- Increase in support to the parking fund, due to scheduled debt payment increase for the deck at Fourth and Church (+\$130,000)
- Increase in support to public assembly facilities due to the impact of the economic recession on event revenues (+\$251,820)

REVENUE HIGHLIGHTS

PROPERTY TAXES

Property taxes are the largest single source of revenue for the city, accounting for 50.7% of all general fund resources (including transfers from other funds and the fund balance appropriation). The projected property tax revenue estimate for FY 09-10 is based on property tax base value that was revalued as of January 1, 2009 times a property tax rate of 46.75¢ per \$100 of the assessed base value, a reduction of 2.25¢. The new property tax rate is set to generate the same level of revenue as would have been produced without revaluation, adjusted to compensate for a 1% expected drop in the collection rate. As a result of the economic recession, collections in FY 08-09 have run close to 1% below the same period prior year.

Property Tax Base. The property tax base is classified as real property, personal property, registered motor vehicles, and state-assessed public services property. The real portion of the property tax base includes land and building values for all commercial, industrial, and residential buildings, and other real property. State law requires that real property be revalued no more than every eight years. In Forsyth County, revaluations are scheduled every four years. The most recent revaluation was effective for the tax year starting in January 2009.

GENERAL FUND SUMMARY

Tax base information for FY 09-10, including revaluation, is provided in the following table:

Tax Base (in millions)	FY 08-09 Estimated	FY 09-10 "Normal" Growth	FY 09-10 Reval. Growth	FY 09-10 Total	09 Est./10 Tot. % Change
Real Property	15,820,710,875	16,274,765,277	1,321,434,723	17,596,200,000	11.22%
Personal Property	2,447,376,690	2,234,000,000		2,234,000,000	-8.72%
Reg. Motor Vehicles	1,455,283,989	1,425,000,000		1,425,000,000	-2.08%
Public Services	339,806,990	325,000,000		325,000,000	-4.36%
Total	20,063,178,544	20,258,765,277	1,321,434,723	21,580,200,000	7.56%

Property Tax Rate. The State of North Carolina requires that the local government budget officer include in the budget, for comparison purposes, a statement of the revenue neutral property tax rate for the budget. The revenue-neutral property tax rate is the rate that is estimated to produce revenue that would have been produced for the next fiscal year by the current tax rate if no reappraisal had occurred. Outlined below is the calculation of a revenue neutral property tax rate for FY 09-10, using statutory guidelines:

Step One: Determine a rate that would produce tax revenue for FY 09-10 that is equal to the amount of revenue produced for the current fiscal year.

Property tax revenue produced in FY 08-09	\$99,012,280
Divided by the revalued property tax base for FY 09-10	\$21,580,200,000
	45.9¢

Step Two: Increase the rate by a growth factor equal to the average annual percentage increase in the tax base due to improvements since the last general appraisal in 2005.

Growth factor, as calculated below = 3.53%

	Net Real	Total Net Personal	Motor Vehicles	Public Service	Average Growth
2008	2.27%	5.20%	-1.55%	-3.47%	2.22%
2007	3.02%	6.17%	11.95%	4.67%	4.04%
2006*	3.33%	13.41%	0.13%	7.60%	4.32%
Average	2.87%	8.26%	3.51%	2.93%	3.53%

* Growth without annexation

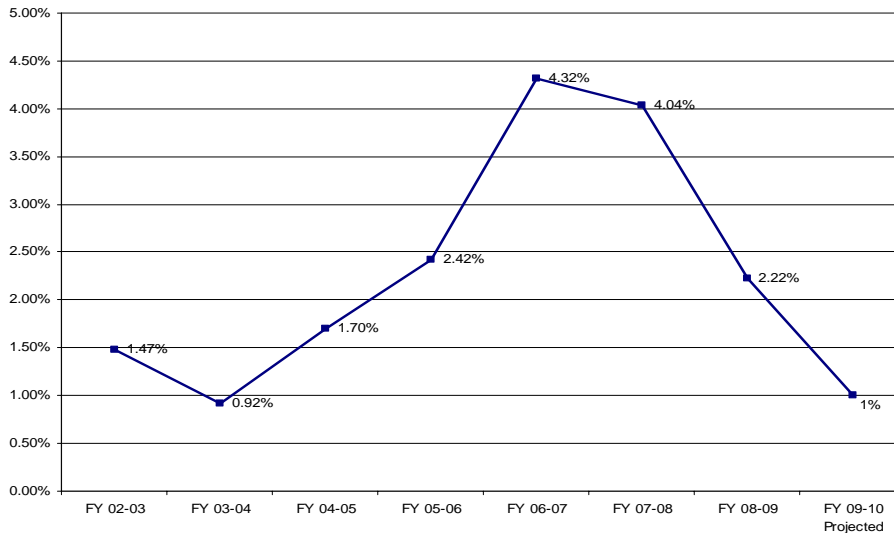
Step Three: Multiply the rate from Step One times the overall base growth (above):

45.90¢	Rate from Step One
x 103.53%	Average Annual Growth
<u>47.5¢</u>	<u>Revenue Neutral Rate, using statutory guidelines</u>

GENERAL FUND SUMMARY

This methodology works well when the average growth from the past three years is consistent with the trend going forward. It does not make sense when there is a situation such as the economic downturn that is currently being experienced. Rather than expecting growth of 3.5% in the upcoming year, the change is more likely to be around 1%, as it was in the most recent past recessionary period in the early 2000's, as shown below:

**Annual Property Tax Base Growth Rate
(excluding annexation and revaluation)**



By substituting 1% growth for the average growth rate in the statutory calculation above, the alternative revenue neutral property tax rate for FY 09-10 is 46.3¢. This rate would generate the same revenue for 2009-2010 had revaluation not occurred, at the budgeted FY 08-09 property tax collection rate of 98%. However, since actual collections are running approximately 1% behind, it is recommended that the property tax rate be increased to 46.75¢, so that the FY 09-10 revenue is not diminished due to the recessionary impact on collections. This rate remains below the “revenue neutral” rate, calculated using statutory guidelines provided by the state.

Adopted Property Tax Rate:
46.75¢ per \$100 of assessed value, based on the 46.3¢ rate that is revenue neutral, given a 1% projected growth rate for FY 09-10, with an offset for an expected drop in the collectible rate

Property Tax Rate Distribution. The property tax rate of 46.75¢ per \$100 of valuation is levied on all taxable property. The revenue is distributed to selected funds as follows, 40.43¢ to the general fund, 4.74¢ to the debt service fund, and 1.58¢ to the mass transit tax fund. The allocation to the mass transit tax fund is maintained at its pre-revaluation amount, which allows that fund to receive \$143,850 more revenue to help extend the availability of its reserves through FY 09-10.

GENERAL FUND SUMMARY

General Fund Property Tax Revenue Estimate for 2009-2010. At the rate of 40.43¢ per \$100 of assessed valuation, general fund property tax revenue is projected to increase by 1.7% compared to expected actual receipts for FY 08-09. This is slightly higher than the 1% estimated growth in the base (without revaluation) primarily because of the portion of the motor vehicle tax base billed at the prior year rate of 49¢, which will be collected in FY 09-10, and because of the increase in the rate from 46.3¢ to 46.75¢ to offset the anticipated drop in the collection rate from 98.2% in 2007-2008 to 97.3% in FY 08-09 and 97.4% in FY 09-10.

SALES TAXES

The city receives four sales tax allocations: Article 39 one-cent tax, which is the original local government sales and use tax dating from 1971, Article 40 half-cent sales tax, which was authorized in 1986, and a combination of Article 44 quarter-cent sales tax that was originally authorized as a half-cent, effective December 1, 2002, and a “hold harmless” payment to compensate for the loss of quarter-cent starting October 1, 2008 as a part of the state’s assumption of county Medicaid costs. On October 1, 2009, the remaining quarter cent of Article 44 will be eliminated and replaced with the “hold harmless” payment as well. The first one-quarter cent was replaced by a payment equal to 50% of the amount each municipality received from the Article 40 local sales tax, and the second one-quarter cent will be replaced by a payment equal to 25% of the amount each municipality receives for the Article 39 local sales tax.

Article 39 revenue is collected by the state and distributed to the county based on “point of delivery” (where the taxed item is delivered for use by the purchaser). Revenue from Article 40 is collected by the state and distributed to each county based upon its share of statewide population. Beginning July 1, 2009, the distribution basis for revenue from Article 42 will be changed from “per capita” to “point of delivery.”

The city’s sales tax revenue is allocated to the general fund and the debt service fund, as shown in the table below:

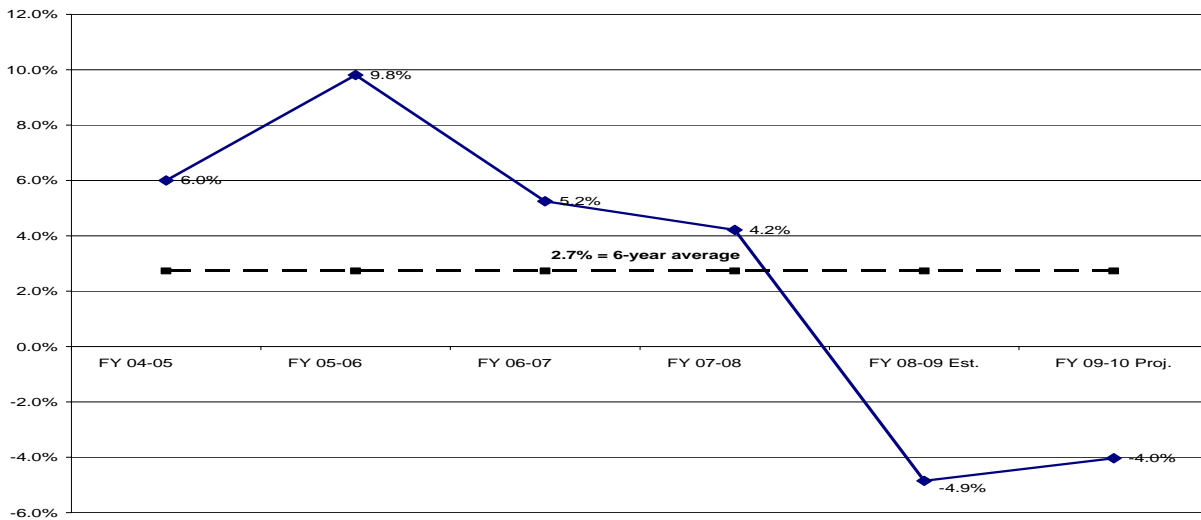
SALES TAX REVENUE ALLOCATION, BY ARTICLE

	FY 04-05	FY 05-06	FY 06-07	FY 07-08	FY 08-09 (est.)	FY 09-10 (proj.)
General Fund						
Article 39	\$12,889,050	\$13,408,151	\$13,542,892	\$14,406,007	\$13,461,959	\$12,636,280
20% of Article 40	846,932	999,949	1,115,653	1,133,304	1,125,732	1,102,424
Article 42	4,188,339	4,948,381	5,517,999	5,601,142	5,562,979	5,448,230
Article 44	4,760,871	5,274,124	5,493,206	5,728,284	3,377,757	2,623,900
"Hold Harmless"					1,847,102	2,452,890
Total GF	\$22,685,192	\$24,630,605	\$25,669,750	\$26,868,737	\$25,375,529	\$24,263,724
Debt Service Fund						
80% of Article 40	\$3,387,730	\$3,999,795	\$4,462,612	\$4,533,215	\$4,502,926	\$4,409,696
TOTAL	\$26,072,922	\$28,630,400	\$30,132,362	\$31,401,952	\$29,878,455	\$28,673,420

GENERAL FUND SUMMARY

Sales Tax Revenue Estimates for FY 09-10. Due to the impact of the recession-to-date, total sales tax revenue for 2008-2009 trended downward by 4.9%, or -\$1.5 million, compared to prior year. Because of the general expectation that the recession will continue into FY 09-10, it is assumed that the revenue distributed to Forsyth County in FY 09-10, for all four sales tax allocations, will reflect no growth, compared to current year actual receipts. Because of one-time distribution gains of approximately \$1.5 million in FY 08-09 that will not be repeated, the city's sales tax projection for FY 09-10 is expected to decrease by 4.0%, compared to the estimated actual receipts for the current year.

Annual Sales Tax Growth Rates



LICENSES AND PERMITS

Construction, Zoning, and Erosion Control Inspections and Permits. Construction-related revenues from building permits and inspections are among the first resources to react to shifts in the economy. In anticipation of the current economic recession, construction revenues began to drop off in the latter half of FY 06-07 and have continued to decline through the current year. Year-to-year reductions in actual revenues in this category were -18% between FY 05-06 and FY 06-07, and another 24% estimated between FY 07-08 and FY 08-09. Because the economy is predicted to begin its recovery by mid-FY 09-10, a rebound of 11% is included in the budget for the upcoming year.

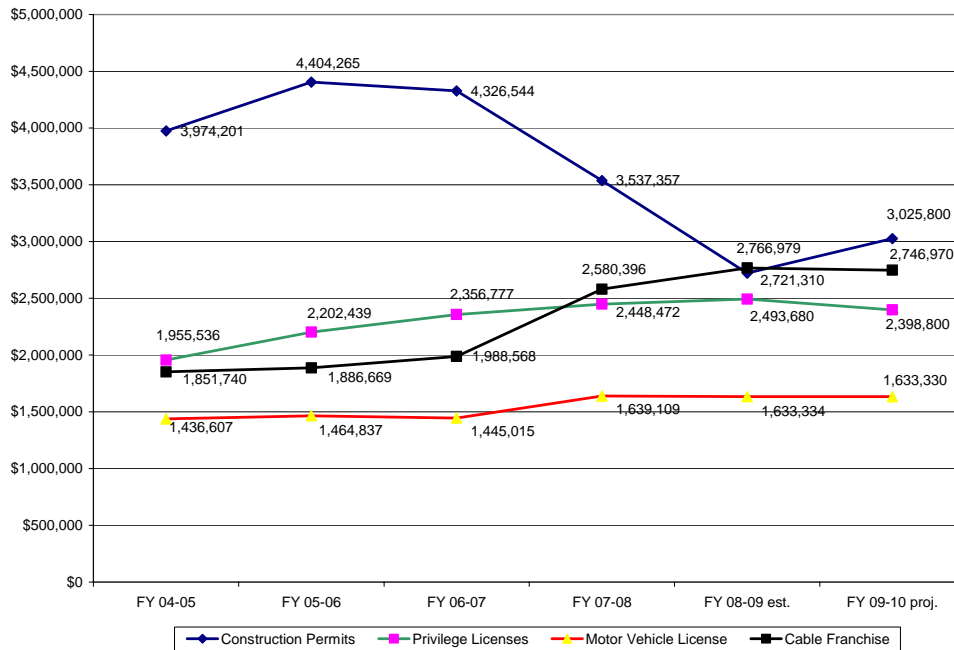
Privilege Licenses. For FY 09-10, privilege license revenue is expected to decrease approximately 3.8% compared to actual receipts for FY 08-09. This estimate is based on a drop-off in business activity, as reported by the city's revenue collections division.

Motor Vehicle Privilege License Fee. There is a \$15 fee charged on the property tax bill on each registered motor vehicle. The general fund receives revenue from \$10 of the fee, and the remaining revenue from \$5 per vehicle (authorized in February, 2006) is appropriated in the capital projects fund, with one-third allocated for transit projects, one-third for non-vehicular transportation projects (such as greenway and sidewalk development, and one-third for vehicular transportation projects (such as traffic calming and other traffic safety projects). The general fund portion of the motor vehicle privilege license fee revenue is projected to remain at approximately \$1.6 million. As indicated in the graph, below, the revenue from this source increased substantially in FY 07-08, reflecting the city's annexation that was effective September 30, 2006.

GENERAL FUND SUMMARY

Cable Franchise. Cable franchise revenue is received in two pieces, from the local cable franchise tax and from state distribution of special sales taxes on video programming. The 2006 annexation resulted in cable franchise revenue growth from \$1.4 million to \$1.6 million a year. This revenue is projected to remain at the same level in FY 09-10.

Historical Trends in Selected License and Permit Revenues

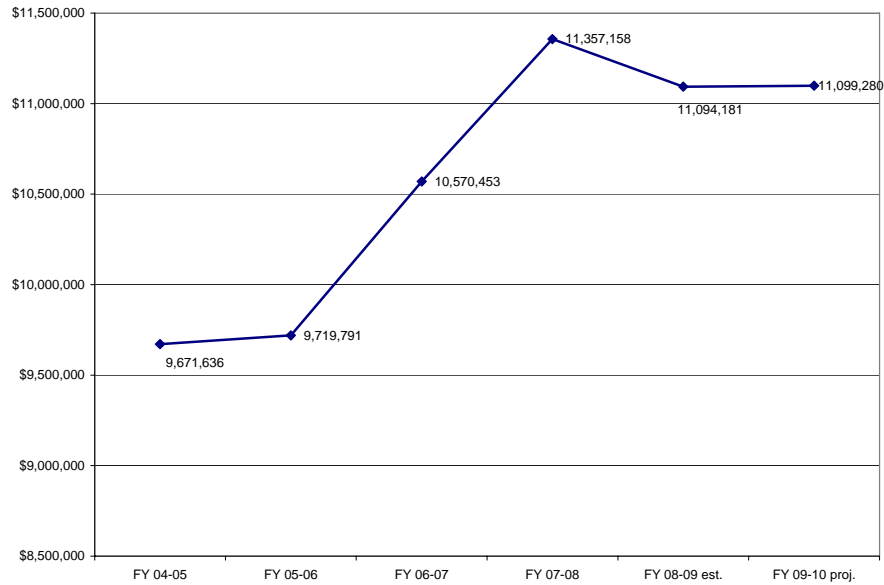


INTERGOVERNMENTAL REVENUE

Utility Franchise Tax: The utility franchise tax is based on the receipts of the regional electric, telephone and natural gas services. (It also includes a distribution of the state’s special sales taxes on video-programming, which is discussed above, in combination with the revenue from the city’s revenue from the local franchise agreement with AOL/Time-Warner.) In 1998, the General Assembly replaced the utility franchise tax on piped natural gas with an excise tax on piped natural gas. In 2001, the General Assembly replaced the utility franchise tax on local telephone service with a new sales tax on telecommunications. This revenue is expected to remain flat, compared to estimated current year receipts.

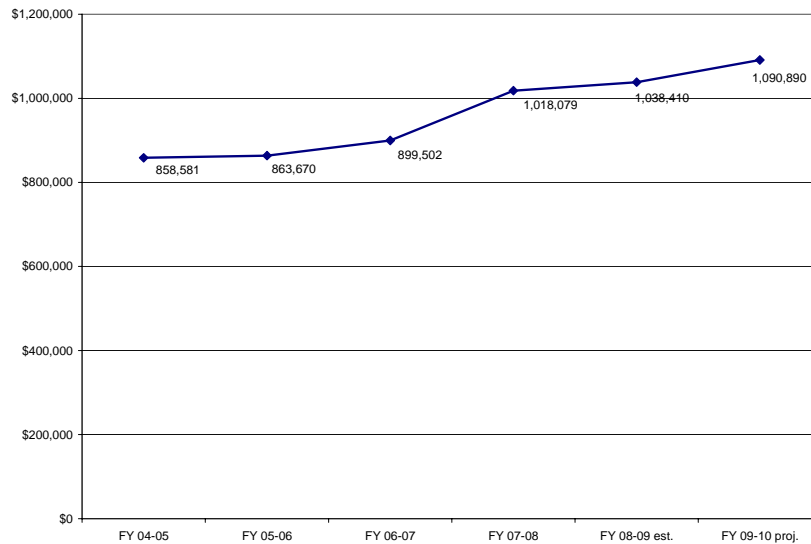
GENERAL FUND SUMMARY

Historical Trend in Utilities Franchise Tax Receipts



Beer and Wine: State law provides for the per capita distribution of the state beer and wine receipts to the local governmental units in which the beer and wine is legally sold. Beer and wine revenues are projected to be 3% greater in FY 09-10 than budgeted for FY 08-09. This is consistent with the growth projected by the N.C. League of Municipalities.

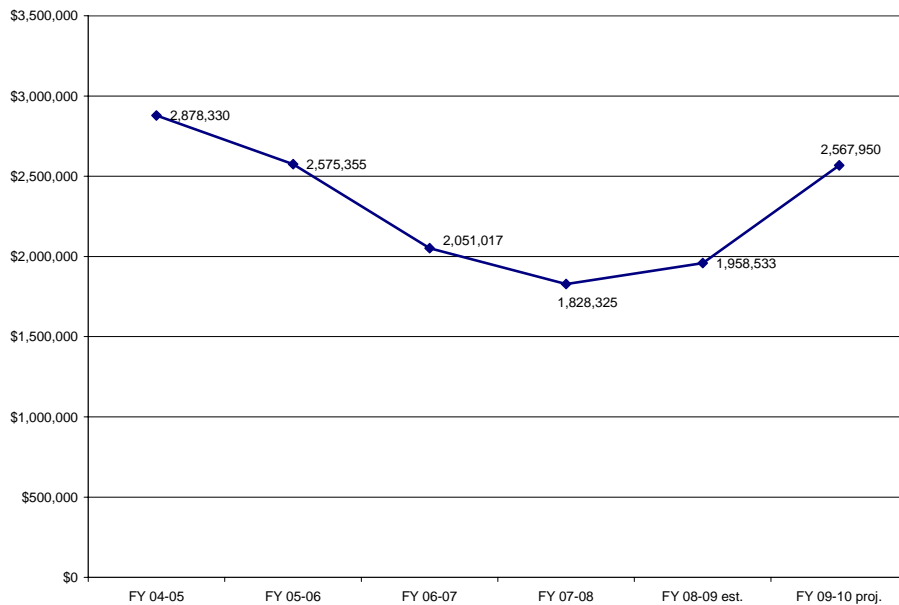
Historical Trend in Beer and Wine Revenue



GENERAL FUND SUMMARY

“Hold Harmless” Reimbursement for the Inventory Tax, Intangibles Tax, Food Stamp Sales Tax, and Homestead Exemption Tax: In exchange for the authority to levy a third one-half cent local option sales tax, Article 44, the 2002 session of the General Assembly repealed \$333.4 million in reimbursement payments for the taxes listed above. Winston-Salem lost \$7,644,740 in reimbursements. The new sales tax revenue from Article 44 has not fully compensated the city for the loss of reimbursement revenue; therefore, the state provides a “hold harmless” payment to make up for the difference in reimbursement and sales tax revenues. Until the impact of the economic recession began to affect sales tax revenue in the second quarter of FY 08-09, the “hold harmless” payment showed a downward trend. For FY 09-10, the payment from the state is approximately 30% greater than prior year estimated, to fully compensate for the loss of reimbursements.

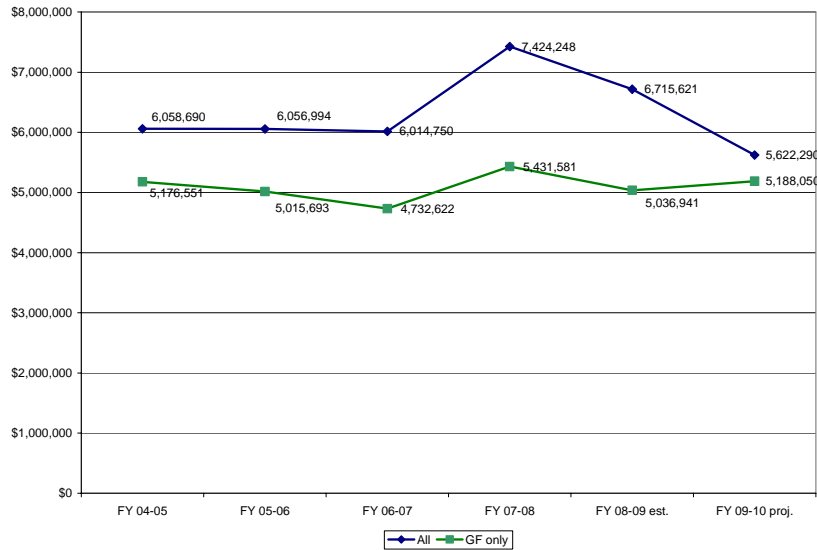
Historical Trend in “Hold Harmless” Revenue



Gasoline Tax (Powell Bill): The revenue from gasoline tax for FY 09-10 is projected to decreased from \$6.7 million to \$5.6 million, or -16%, because of a dramatic slowdown in vehicle purchases and decreased demand for gasoline. Based on the formula for revenue distribution used by the N.C. Department of Transportation, the projected value of the population-based portion (75%) of the FY 09-10 Powell Bill distribution is between \$18.53 and \$19.09 per capita, and the value of the mileage based portion (25%) is between \$1,452.28 and \$1,496.51 per mile. For FY 09-10, \$535,000 of the Powell Bill revenue is to be allocated to the capital projects fund for street resurfacing. The remaining \$5.088 million in revenue is transferred to the general fund for transportation-related programs. An additional \$100,000 is allocated to the general fund from Powell Bill interest earnings, and an additional \$465,000 is allocated to street resurfacing from the Powell Bill fund balance.

GENERAL FUND SUMMARY

Historical Trend in Powell Bill (gasoline tax) Revenue



CHARGES FOR SERVICES

Charges for services include user fees for recreation, police, transportation, housing, planning, and other city services, as well as charges to the county and state for services the city agrees to provide for state and county benefit. Also included in this category are interfund revenues, which represent payments from one fund to another for services rendered. For FY 09-10, there is a net change of \$122,850, compared to FY 08-09 budgeted service charge revenue. There are no increased rates or changes in cost recovery policies.

OTHER REVENUES

Other revenues include contributions, reimbursements, sale of property, property rentals, and fines. For FY 09-10, other revenues are reduced by \$78,470 compared to prior year budget, due primarily to decreased fines associated with construction code enforcement and the deletion of private contributions to support a small business ombudsman position in the Development Office.

TRANSFERS FROM OTHER FUNDS

Transfers represent appropriations from other city funds to the general fund for various purposes, such as housing rehabilitation, emergency phone system operation, household curbside recycling and drop-off programs in the county, risk management services for Utilities, leaf collection and pest control. For FY 09-10, transfers are decreased by 4.5%, -\$259,970, compared to FY 08-09 budget, based primarily on the reduced availability of federal housing grant funds (CDBG and HOME) to cover housing rehabilitation programs budgeted in the general fund, as well as reduced funds from the state to cover the Police Department emergency phone system.

GENERAL FUND BALANCE HIGHLIGHTS

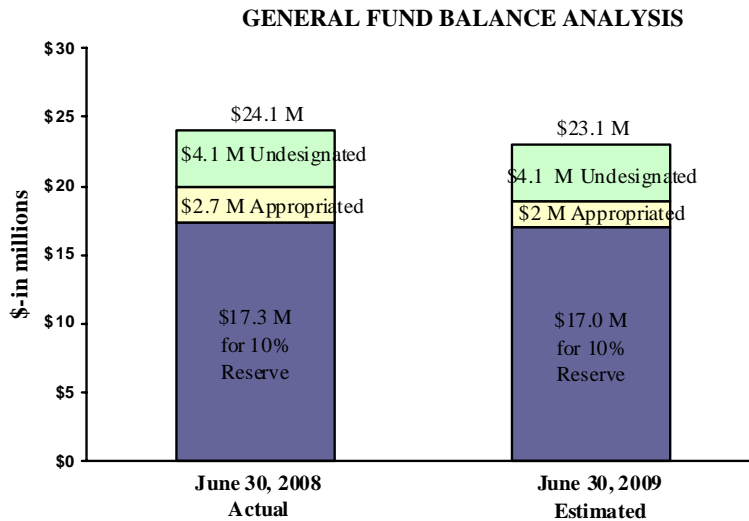
Fund Balance Appropriation for FY 09-10. The adopted budget includes a fund balance appropriation of \$1,999,930, which is a reduction of 26% compared to the FY 08-09 appropriation of \$2,697,090. The fund balance appropriation is roughly equivalent to 1.2% of the FY 09-10 general fund budget. The appropriated fund balance combined with the budgeted salary savings amount of \$2 million represents 2.3% of the total general fund budget. Under traditional circumstances, this level of appropriated fund balance and salary savings would ensure a steady increase in reserves at year end. However, having reduced the budget for next year, by eliminating vacant positions and downsizing expenditure accounts that had previously generated savings, it is possible that some fund balance may be consumed by year-end. Efforts will be made to reduce the fund balance appropriation in future years, thereby strengthening reserves in the long run.

10% Fund Balance Reserve Policy.

The North Carolina Local Government Commission (LGC) recommends that all units of government maintain a minimum fund balance in their operating funds of 8% of budgeted expenditures. The City of Winston-Salem’s policy is to maintain a minimum fund balance reserve in the general fund that is equivalent to 10% of budgeted expenditures. By meeting this standard, the city is able to maintain adequate working capital and to produce investment income for debt retirement. For FY 9-10, the 10% requirement totals \$17 million.

Graph of Unreserved Fund Balance, June 30, 2007 through June 30, 2009.

The graph below illustrates the estimated change in general fund balance at June 30, 2009. At year-end, the total fund balance is expected to drop by around \$1 million as a result of the economic recession. Had the city not taken steps to reduce expenses by implementing a freeze on position vacancies and selected cuts in operating budgets early in the fiscal year, the impact on fund balance could have been as great as \$5.2 million. However, the portion of the fund balance that is “undesignated” would be maintained at \$4.1 million because of reductions in the 10% reserve required and in the appropriation for subsequent year.



GENERAL FUND/INTERNAL SERVICE FUNDS

Included in the general fund group are several internal service funds, Central Warehouse, Fleet Services, and Information Systems. These funds provide centralized services to the various departments or agencies of the city or to other governments. These services are pooled in the interest of efficiency and economy and are self-supporting through charges to the users. Program descriptions and expenditure and resource details for each of the following funds are located in the Interdepartmental section of this document.

EXPENDITURES BY FUND	Actual	Budget	Adopted	Percent
	<u>FY 07-08</u>	<u>FY 08-09</u>	<u>FY 09-10</u>	<u>Change</u>
Fleet Services	\$9,385,357	\$9,332,810	\$8,861,550	-5.0%
Information Systems	7,661,060	8,960,000	8,425,820	-6.0%
Central Warehouse	323,642	315,830	303,730	-3.8%
Total Expenditures by Fund	\$17,370,059	\$18,608,640	\$17,591,100	-5.5%
REVENUES BY TYPE				
Revenue from General Fund Departments	\$13,591,297	\$13,535,330	\$12,636,320	-6.6%
Interfund Revenue	4,300,718	4,155,730	4,132,260	-0.6%
Fund Balance Appropriation	0	690,530	614,470	-11.0%
Other	-521,957	227,050	208,050	-8.4%
Total Resources by Type	\$17,370,059	\$18,608,640	\$17,591,100	-5.5%

DEBT SERVICE FUND

This fund accounts for the city's debt service expenditures on general governmental debt obligations, certificates of participation debt obligations for public assembly facilities improvements and information systems enhancements, and leasing debt payments for the following: the human resources information system, selected equipment and renovations at the Lawrence Joel Veterans Memorial Coliseum and Annex, the city's grant match for Winston-Salem Transit Authority bus replacements, the radio system replacement project, selected Recreation equipment and facility repairs, and City Hall renovations. This fund also includes the administrative expenses associated with bond ratings and issuances.

EXPENDITURES BY TYPE	Actual FY 07-08	Budget FY 08-09	Adopted FY 09-10	Percent Change
Principal Retirement	\$7,422,721	\$6,872,930	\$6,955,310	1.2%
Capital Lease Charges	1,398,814	2,750,410	2,390,100	-13.1%
Interest	6,817,300	7,997,060	8,145,430	1.9%
Fiscal Charges	64,819	40,000	128,000	-220.0%
Administrative Expense	86,589	74,880	67,610	-9.7%
Property Tax Collection Fee	70,574	77,510	62,320	-19.6%
Transfer to Capital Projects Fund	1,308,626	0	0	N/A
Transfer to Mass Transit Tax Fund	95,975	111,600	87,210	21.9%
Total Expenditures	\$17,265,418	\$17,924,390	\$17,835,980	-0.4%
RESOURCES BY TYPE				
Property Taxes	\$9,990,639	\$9,554,090	\$9,740,770	2.0%
ABC Allocation	328,973	331,540	333,020	0.5%
Interest Income	2,829,017	2,000,000	1,218,000	-39.1%
Transfer from General Fund				
-for Debt Service on Dell Project	400,000	400,000	400,000	0%
-for Lease Payment on 800 MHz Radios	223,860	223,860	0	-100.0%
-for Debt Service on Brookstown Project	0	0	113,640	N/A
Transfer from Special Sales Tax Fund	4,485,040	4,936,290	4,409,700	-10.7%
Transfer from Capital Project Fund	1,308,626	0	0	N/A
Fund Balance Appropriation	0	0	778,980	N/A
Other	600,000	600,000	841,870	40.3%
Total Resources	\$20,166,155	\$18,045,780	\$17,835,980	-1.2%
Addition to Fund Balance	\$2,900,737	\$121,390	\$0	-100.0%

SPECIAL REVENUE FUNDS

COMMUNITY DEVELOPMENT BLOCK GRANT FUND

This fund accounts for authorized 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.

	Actual	Budget	Adopted	Percent
	<u>FY 07-08</u>	<u>FY 08-09</u>	<u>FY 09-10</u>	<u>Change</u>
EXPENDITURES BY TYPE				
Loans	\$598,190	\$585,030	\$469,620	-19.7%
Contractual Services and Other Miscellaneous Expenses	715,510	581,890	397,820	-31.6%
Indirect Cost Allocation	52,670	66,680	66,680	0%
Contingencies	616	25,000	25,000	0%
Grants	44,584	150,000	142,770	-5.3%
Section 108 Loan Principal & Interest Payments	609,305	610,150	593,210	-2.8%
Loan Servicing Expenditures	441,764	103,000	98,000	-4.9%
Transfer to General Fund (Administration)	106,498	135,300	143,530	6.1%
Transfer to General Fund (Program Activities)	760,327	844,230	594,370	-29.6%
Total Expenditures	\$3,329,464	\$3,101,280	\$2,531,000	-18.4%

RESOURCES BY TYPE

Federal Grants	\$2,250,977	\$1,801,280	\$1,881,000	4.4%
Loan Repayments	1,049,913	1,300,000	650,000	-50.0%
Sale of Real Property	21,006	0	0	N/A
Miscellaneous Revenues	9,147	0	0	N/A
Total Resources	\$3,331,042	\$3,101,280	\$2,531,000	-18.4%

HOUSING FINANCE ASSISTANCE FUND

This fund accounts for general purpose revenues allocated to the city's housing programs.

	Actual	Budget	Adopted	Percent
	<u>FY 07-08</u>	<u>FY 08-09</u>	<u>FY 09-10</u>	<u>Change</u>
EXPENDITURES BY TYPE				
Loans	\$868,419	\$630,000	\$820,000	30.2%
Contractual Services and Other Miscellaneous Expenses	153,430	150,000	200,000	33.3%
Contingencies	0	0	25,000	N/A
Re-Grant of Housing Authority's PILOT Funds	106,049	119,100	128,850	8.2%
Transfer to General Fund	0	0	20,000	N/A
Transfer to Economic Development Loan Fund	100,000	0	0	N/A
Total Expenditures	\$1,227,898	\$899,100	\$1,193,850	32.8%

SPECIAL REVENUE FUNDS

	Actual	Budget	Adopted	Percent
RESOURCES BY TYPE	<u>FY 07-08</u>	<u>FY 08-09</u>	<u>FY 09-10</u>	<u>Change</u>
Investment Income	\$1,106,576	\$630,000	\$1,025,000	62.7%
Loan Repayments	439,288	0	40,000	N/A
Miscellaneous Revenues	38,510	0	0	N/A
Transfer from General Fund	147,849	119,100	128,850	8.2%
Fund Balance Appropriation	0	150,000	0	-100.0%
Total Resources	\$1,732,223	\$899,100	\$1,193,850	32.8%

HOME INVESTMENT PARTNERSHIP FUND

This fund accounts for authorized grants from the United States Department of Housing and Urban Development. These funds are used to expand the supply of affordable housing for low- and very low-income families.

	Actual	Budget	Adopted	Percent
EXPENDITURES BY TYPE	<u>FY 07-08</u>	<u>FY 08-09</u>	<u>FY 09-10</u>	<u>Change</u>
Loans	\$978,815	\$824,700	\$812,690	-1.5%
Contractual Services and Other Miscellaneous Expenses	315,496	290,280	419,230	44.4%
Indirect Cost Allocation	35,833	34,380	34,380	0%
Contingencies	23,715	54,400	50,470	-7.2%
Transfer to General Fund (Administration)	0	8,500	0	-100.0%
Transfer to General Fund (Program Activities)	100,390	223,000	223,000	0%
Total Expenditures	\$1,454,249	\$1,435,260	\$1,539,770	7.3%

RESOURCES BY TYPE

Federal Grants	\$1,277,130	\$1,285,260	\$1,414,770	10.1%
Loan Repayments	184,437	150,000	125,000	-16.7%
Miscellaneous Revenues	168	0	0	N/A
Total Resources	\$1,461,735	\$1,435,260	\$1,539,770	7.3%

SPECIAL REVENUE FUNDS

SUPPORTIVE HOUSING GRANTS FUND

The United States Department of Housing and Urban Development awards these funds through a competitive application process to address comprehensive, priority needs of the homeless that are identified in a community's Continuum of Care strategy, including rental assistance, case management, and other required supportive services. The city is the applicant and funding conduit on behalf of up to ten agencies administering multiple program services.

	Actual	Budget	Adopted	Percent
	<u>FY 07-08</u>	<u>FY 08-09</u>	<u>FY 09-10</u>	<u>Change</u>
EXPENDITURES BY TYPE				
Continuum of Care Grants	\$1,020,468	\$957,060	\$1,974,530	106.3%
Emergency Shelter Grant	58,700	80,360	80,200	-.2%
Total Expenditures	\$1,079,168	\$1,037,420	\$2,054,730	98.1%
RESOURCES BY TYPE				
Federal Grants	\$1,079,168	\$1,037,420	\$2,054,730	98.1%
Total Resources	\$1,079,168	\$1,037,420	\$2,054,730	98.1%

MORTGAGE REVENUE BOND FUND

As of July 1, 2009, this fund is eliminated. The city's loans and loan administration expenses- that were financed by mortgage revenue bonds and other sources- are now accounted for in the General Fund, Financial Management Services (Revenue Collections) department.

	Actual	Budget	Adopted	Percent
	<u>FY 07-08</u>	<u>FY 08-09</u>	<u>FY 09-10</u>	<u>Change</u>
EXPENDITURES BY TYPE				
Personnel Expense	\$122,060	\$123,740	\$0	-100.0%
Supplies and Services	30,685	27,850	0	-100.0%
Total Expenditures by Type	\$152,746	\$151,590	\$0	100.0%
RESOURCES BY TYPE				
Collection Fees	\$142,764	\$129,920	\$0	-100.0%
Other Charges for Service	26,985	21,670	0	-100.0%
Investment Income	19,453	0	0	N/A
Total Resources by Type	\$189,202	\$151,590	\$0	-100.0%
Addition to Fund Balance	\$36,456	\$0	\$0	N/A

SPECIAL REVENUE FUNDS

ECONOMIC DEVELOPMENT PROJECT FUND

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

EXPENDITURES BY TYPE	Actual	Budget	Adopted	Percent
	<u>FY 07-08</u>	<u>FY 08-09</u>	<u>FY 09-10</u>	<u>Change</u>
Grants	\$1,336,403	\$1,402,700	\$1,391,680	-0.8%
Miscellaneous Expenditures				
Total Expenditures	\$1,336,403	\$1,402,700	\$1,391,680	-0.8%
RESOURCES BY TYPE				
State of North Carolina	\$329,000	\$0	\$0	N/A
Transfer from General Fund	1,223,212	1,402,700	1,391,680	-0.8%
Total Resources	\$1,552,212	\$1,402,700	\$1,391,680	-0.8%

ECONOMIC DEVELOPMENT LOAN FUND

This fund accounts for the city’s small business loan pool, East Winston/Neighborhood Revitalization Strategy Area projects, and other economic development loans and grants.

EXPENDITURES BY TYPE	Actual	Budget	Adopted	Percent
	<u>FY 07-08</u>	<u>FY 08-09</u>	<u>FY 09-10</u>	<u>Change</u>
Loans	\$142,214	\$80,000	\$0	-100.0%
Grants	104,670	0	0	N/A
Loan Servicing Expenditures	10,594	0	0	N/A
Miscellaneous Expenditures	152,582	0	0	N/A
Total Expenditures	\$410,060	\$80,000	\$0	-100.0%
RESOURCES BY TYPE				
Loan Repayments	\$310,673	\$0	\$0	N/A
Investment Income	98,189	0	0	N/A
Transfer from Housing Finance Assistance Fund	100,000	0	0	N/A
Transfer from Capital Projects Fund	75,000	0	0	N/A
Fund Balance Appropriation	0	80,000	0	-100.0%
Total Resources	\$583,862	\$80,000	\$0	-100.0%

SPECIAL REVENUE FUNDS

URBAN DEVELOPMENT ACTION GRANT FUND

This fund accounts for the city’s economic development projects and loans for specifically designated “pockets of poverty,” as designated by federal regulations.

	Actual	Budget	Adopted	Percent
EXPENDITURES BY TYPE	<u>FY 07-08</u>	<u>FY 08-09</u>	<u>FY 09-10</u>	<u>Change</u>
Loans	\$0	\$0	\$0	N/A
Total Expenditures	\$0	\$0	\$0	N/A
 RESOURCES BY TYPE				
Loan Repayments	\$49,055	\$0	\$0	N/A
Investment Income	32,669	0	0	N/A
Total Resources	\$81,723	\$0	\$0	N/A

POWELL BILL FUND (GASOLINE TAX)

This fund accounts for the city’s share of state gasoline tax revenues, which may only be used for maintenance of municipal streets and roads. Transfers from the Powell Bill Fund are included in the budgets for the Streets Division and the Department of Transportation and in the street resurfacing project in the Capital Plan.

	Actual	Budget	Adopted	Percent
EXPENDITURES BY TYPE	<u>FY 07-08</u>	<u>FY 08-09</u>	<u>FY 09-10</u>	<u>Change</u>
Transfer to General Fund	\$5,431,581	\$5,535,840	\$5,188,050	-6.3%
Transfer to Capital Projects Fund	1,112,316	1,778,680	1,000,000	-43.8%
Total Expenditures	\$6,543,897	\$7,314,520	\$6,188,050	-15.4%
 RESOURCES BY TYPE				
Gasoline Tax	\$7,424,248	\$7,424,870	\$5,622,290	-24.3%
Investment Income	433,126	100,000	100,000	0%
Fund Balance Appropriation	0	0	465,760	N/A
Total Resources	\$7,857,374	\$7,524,870	\$6,188,050	-17.8%
 Addition to Fund Balance	 \$1,313,478	 \$210,350	 \$0	 -100.0%

SPECIAL REVENUE FUNDS

MASS TRANSIT TAX FUND

This fund accounts for the portion of the property tax allocated to mass transit. The property tax proceeds are transferred to the Winston-Salem Transit Authority (WSTA) Fund in order to provide operating assistance and the local match for federal capital grant funds.

The FY 09-10 allocation of the property tax rate to the mass transit tax fund remains at 1.58¢ per \$100 of assessed valuation on all property. Transfers from the mass transit tax fund to Winston-Salem Transit Authority operations are shown in the Winston-Salem Transit Authority's budget in the Transportation section of this document.

	Actual FY 07-08	Budget FY 08-09	Adopted FY 09-10	Percent Change
EXPENDITURES BY TYPE				
Property Tax Collection Fees	\$22,302	\$24,320	\$19,550	-19.6%
Contribution to Regional Ridesharing Service	53,250	48,390	48,390	0%
Miscellaneous Expenditures	14,417	0	0	N/A
Transfers				
To Grants Fund	8,977	10,360	3,890	-62.5%
To Mass Transit Fund (i.e., Public Bus System)	3,618,242	3,847,260	4,772,590	24.1%
To Trans-AID Fund	197,080	249,200	249,200	0%
To WSTA Capital Fund	156,234	247,930	140,000	-43.5%
Total Expenditures	\$4,070,501	\$4,427,460	\$5,233,620	18.2%

RESOURCES BY TYPE

Property Taxes - Current Year	\$3,113,747	\$3,019,090	\$3,246,920	7.5%
Property Taxes - Prior Year	41,416	0	0	N/A
Investment Income	154,418	36,000	36,000	0%
Fund Balance Appropriation	760,919	1,372,370	1,950,700	42.1%
Total Resources	\$4,070,501	\$4,427,460	\$5,233,620	18.2%

GRANTS FUND

This fund centralizes the accounting for other activities funded by federal, state, and intergovernmental aid. Service areas receiving grant support include public safety, recreation and culture, economic development, fair housing programs, and public transportation.

	Actual FY 07-08	Budget FY 08-09	Adopted FY 09-10	Percent Change
EXPENDITURES BY TYPE				
Public Safety Grants	\$730,151	\$493,730	\$515,950	4.5%
Recreation and Culture Grants	65,085	0	0	N/A
Economic Development Grants	99,066	0	0	N/A
Fair Housing Grants	16,471	34,070	51,930	52.4%
Public Transportation Grants	871,760	1,091,600	1,003,270	-8.1%
Total Expenditures	\$1,782,533	\$1,619,400	\$1,571,150	3.0%

SPECIAL REVENUE FUNDS

GRANTS FUND - Continued

	<u>Actual</u> <u>FY 07-08</u>	<u>Budget</u> <u>FY 08-09</u>	<u>Adopted</u> <u>FY 09-10</u>	<u>Percent</u> <u>Change</u>
RESOURCES BY TYPE				
NC Department of Transportation	\$472,395	\$703,960	\$678,570	-3.6%
Forsyth County	235,576	121,000	121,000	0%
US Department of Housing and Urban Development	46,246	32,570	49,930	53.3%
Federal Transit Administration	71,813	82,880	31,140	-62.4%
US Department of Justice	53,778	0	0	N/A
US Environmental Protection Agency	44,210	0	0	N/A
Federal Emergency Management Agency	325,367	208,000	96,000	-53.8%
Other Federal Grants	19,165	0	0	N/A
Other State Grants	23,533	0	0	N/A
Contributions	48,633	0	500	N/A
Interest Income	4,279	0	0	N/A
Miscellaneous Revenues	41,555	1,500	1,500	0%
Transfer from Cable Franchise Fee	20,166	0	0	N/A
Transfer from General Fund	341,420	459,130	588,620	28.2%
Transfer from Mass Transit Tax Fund	8,977	10,360	3,890	-62.5%
Transfer from Police Forfeiture Funds	6,984	0	0	N/A
Total Resources	\$1,764,098	\$1,619,400	\$1,571,150	-3.0%

SALES TAX FUND

This fund accounts for the city's share of Article 40 and 42 sales tax revenues. The city allocates the Article 40 one-half cent sales tax between the general fund (20%) and the debt service fund (80%). The city allocates 100% of the Article 42 one-half cent sales tax to the general fund.

	<u>Actual</u> <u>FY 07-08</u>	<u>Budget</u> <u>FY 08-09</u>	<u>Adopted</u> <u>FY 09-10</u>	<u>Percent</u> <u>Change</u>
EXPENDITURES BY TYPE				
Transfer to General Fund	\$6,664,690	\$7,336,690	\$6,550,650	-10.7%
Transfer to Debt Service Fund	4,485,040	4,936,290	4,409,700	-10.7%
Total Expenditures	\$11,149,730	\$12,272,980	\$10,960,350	-10.7%
RESOURCES BY TYPE				
Sales Tax (1/2% - Article 40)	\$5,666,518	\$6,170,360	\$5,512,120	-10.7%
Sales Tax (1/2% - Article 42)	5,601,142	6,102,620	5,448,230	-10.7%
Total Resources	\$11,267,660	\$12,272,980	\$10,960,350	-10.7%

SPECIAL REVENUE FUNDS

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.

	<u>Actual</u> <u>FY 07-08</u>	<u>Budget</u> <u>FY 08-09</u>	<u>Adopted</u> <u>FY 09-10</u>	<u>Percent</u> <u>Change</u>
EXPENDITURES BY TYPE				
Public Art Seed Funds	\$0	\$50,000	\$50,000	0%
“The Drop”	18,444	0	0	N/A
Piedmont Triad Film Commission	0	20,000	20,000	0%
Mid-Eastern Athletic Association	0	25,000	25,000	0%
NC High School Athletic Association	0	50,000	0	-100.0%
Old Salem	0	50,000	50,000	0%
Skybus Airlines	30,000	0	0	N/A
Transfers				
To LJVM Coliseum Co-Promotions	75,000	75,000	75,000	0%
To Convention Center Fund	250,000	250,000	250,000	0%
To LJVM Coliseum Marketing	75,000	75,000	75,000	0%
Total Expenditures	\$448,444	\$595,000	\$545,000	-8.4%
RESOURCES BY TYPE				
Occupancy Tax	\$595,985	\$545,000	\$475,000	-12.8%
Investment Income	26,382	0	0	N/A
Fund Balance Appropriation	0	50,000	70,000	40.0%
Total Resources	\$622,367	\$595,000	\$545,000	-8.4%
Addition to Fund Balance	\$173,923	\$0	\$0	N/A

EMERGENCY TELEPHONE SYSTEM FUND

This fund accounts for revenues and expenses associated with operating the E-911 system. Monies from the surcharge (at an adopted rate of 60 cents per line) can only be used for the lease-purchase or maintenance of emergency telephone equipment, including necessary computer hardware, software, and database provisioning for a 911 system.

	<u>Actual</u> <u>FY 07-08</u>	<u>Budget</u> <u>FY 08-09</u>	<u>Adopted</u> <u>FY 09-10</u>	<u>Percent</u> <u>Change</u>
EXPENDITURES BY TYPE				
Leased Lines	\$106,742	\$0	\$0	N/A
Computer-Aided Dispatch System	177,048	0	0	N/A
Equipment	54,973	0	0	N/A
Transfer to General Fund	937,170	0	0	N/A
Total Expenditures	\$1,275,933	\$0	\$0	N/A
RESOURCES BY TYPE				
E-911 Surcharge Revenues	\$429,714	\$0	\$0	N/A
Interest Income	33,969	0	0	N/A
Total Resources	\$463,683	\$0	\$0	N/A

SPECIAL REVENUE FUNDS

E-911 WIRELESS FUND

This fund accounts for funds received from the E-911 Wireless Fund, a state-controlled fund under the direction of a 13-member board appointed by state officials. The board oversees the collection and distribution of monthly wireless Enhanced-911 service charges on commercial radio service connections, such as cellular telephones. The service charge is \$.80 per month and is distributed to the wireless telephone service providers (60%) and North Carolina cities and counties (40%) who provide 911-telephone service. The amount received by the City of Winston-Salem is based on the number of wireless access lines within the city. The funds may be used for the lease, purchase, or maintenance of emergency telephone systems equipment for the wireless Enhanced-911 system, including computer hardware, software, and database provisioning.

	Actual <u>FY 07-08</u>	Budget <u>FY 08-09</u>	Adopted <u>FY 09-10</u>	Percent <u>Change</u>
EXPENDITURES BY TYPE				
Computer-Aided Dispatch System	\$2,616	\$0	\$0	N/A
Equipment	44,376	0	0	N/A
Transfer to General Fund	0	0	0	N/A
Total Expenditures	\$46,992	\$0	\$0	N/A
RESOURCES BY TYPE				
Reimbursements	\$203,286	\$0	\$0	N/A
Interest Income	16,642	0	0	N/A
Total Resources	\$219,928	\$0	\$0	N/A

STATE EMERGENCY TELEPHONE SYSTEM FUND

On January 1, 2008, the administration of 911 funds was consolidated under a single State 911 Board. The charge for all 911 services, wireline and wireless, now are placed in a new 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.

	Actual <u>FY 07-08</u>	Budget <u>FY 08-09</u>	Adopted <u>FY 09-10</u>	Percent <u>Change</u>
EXPENDITURES BY TYPE				
Leased Lines	\$156,957	\$262,000	\$281,940	7.6%
Computer-Aided Dispatch System	2,616	212,200	187,880	-11.5%
Equipment	22,188	454,650	604,540	33.0%
Transfer to General Fund	0	51,150	11,540	-77.4%
Total Expenditures	\$181,761	\$980,000	\$1,085,900	10.8%
RESOURCES BY TYPE				
Reimbursements	\$296,071	\$980,000	\$1,085,900	10.8%
Interest Income	42,469	0	0	N/A
Total Resources	\$338,540	\$980,000	\$1,085,900	10.8%

SPECIAL REVENUE FUNDS

REAL ESTATE MANAGEMENT FUND

This fund was established during FY 02-03 to account for rental revenue from city-owned properties. The Real Estate Management Fund is being closed out due to a decrease in the number of rental properties over the past few years. Future revenues and expenses will be accounted for in the general fund.

	<u>Actual</u> <u>FY 07-08</u>	<u>Budget</u> <u>FY 08-09</u>	<u>Adopted</u> <u>FY 09-10</u>	<u>Percent</u> <u>Change</u>
EXPENDITURES BY TYPE				
Supplies and Services	\$54	\$0	\$0	N/A
Equipment Leasing Expenses	0	0	0	N/A
Transfer to General Fund	60,393	0	0	N/A
Total Expenditures	\$60,447	\$0	\$0	N/A
RESOURCES BY TYPE				
Interest Income	\$3,719	\$0	\$0	N/A
Fund Balance Appropriation	0	0	0	N/A
Total Resources	\$3,719	\$0	\$0	N/A

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 certificates of participation (COPS) to fund the purchases. The corporation leases the property to the city, which provides lease payments that cover the interest and principal on the COPS as follows: governmental funds make equal annual payments over a five-year or three-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%.

	<u>Actual</u> <u>FY 07-08</u>	<u>Budget</u> <u>FY 08-09</u>	<u>Adopted</u> <u>FY 09-10</u>	<u>Percent</u> <u>Change</u>
EXPENDITURES BY TYPE				
Principal Retirement	\$1,474,892	\$3,658,480	\$20,069,360	448.6%
Interest Payments	3,821,905	6,832,160	3,887,580	-43.1%
Fiscal Expense	174,139	0	0	N/A
Consulting Service Expenditures	27,040	0	0	N/A
Transfer to Leasing Capital Projects	8,800,000	0	0	N/A
Total Expenditures	\$14,297,976	\$10,490,640	\$23,956,940	128.4%
RESOURCES BY TYPE				
Lease Payments - City	\$13,783,791	\$19,597,610	\$15,149,160	-22.7%
Lease Payments - Outside Agencies	755,794	826,210	805,700	-2.5%
Investment Income	451,581	1,366,900	0	-100.0%
Proceeds from Capital Leases	-2,309,614	0	0	N/A
Fund Balance Appropriation	1,616,424	0	8,002,080	N/A
Total Resources	\$14,297,976	\$21,790,720	\$23,956,940	10.0%
Addition to Fund Balance	\$0	\$11,300,080	\$0	-100.0%

ENTERPRISE FUNDS

Enterprise funds provide public services that are operated in a manner similar to private business. Program descriptions and expenditure and resource details for each of the following funds are located on the following pages.

EXPENDITURES BY FUND	Actual FY 07-08	Budget FY 08-09	Adopted FY 09-10	Percent Change
Solid Waste Disposal Fund	\$13,310,542	\$14,669,540	\$13,932,430	-5.0%
Water and Sewer Funds	61,135,216	67,408,260	68,169,200	1.1%
Parking Fund	3,520,911	3,648,580	3,902,350	7.0%
Winston-Salem Transit Authority				
Public Bus System	8,831,689	9,925,550	9,911,490	-0.1%
Trans-AID of Forsyth County	1,987,201	2,105,860	2,260,060	7.3%
Maintenance Services for PART	177,318	202,630	198,400	-2.1%
Public Assembly Facilities Funds				
LJVM Coliseum Complex	5,529,106	5,396,720	5,282,790	-2.1%
Bowman Gray Stadium	409,398	430,050	411,000	-4.4%
Ernie Shore Field	108,319	54,790	0	-100.0%
M.C. Benton Jr., Convention and Civic Center	648,274	665,990	818,990	23.0%
Fair Fund	2,637,300	2,903,790	2,636,700	-9.2%
Stormwater Management Fund	6,043,195	7,162,930	6,799,700	-5.1%
Cemeteries Fund	602,975	574,480	577,520	0.5%
Total Expenditures by Fund	\$104,941,445	\$115,149,170	\$114,900,630	-0.2%
RESOURCES BY TYPE				
Intergovernmental Resources				
Federal Transit Administration	\$2,064,385	\$2,747,520	\$2,226,930	-18.9%
North Carolina Department of Transportation	1,824,953	1,824,960	1,661,860	-8.9%
Forsyth County	676,261	765,250	729,200	-4.7%
North Carolina Department of Revenue	485,246	500,290	627,660	25.5%
Home and Community Care Block Grant	277,202	265,000	265,000	0%
Subtotal	\$5,328,047	\$6,103,020	\$5,510,650	-9.7%
Investment Income	\$1,709,593	\$2,450,000	\$0	-100.0%
Charges for Services				
Water Charges	\$32,113,941	\$35,040,410	\$38,458,020	9.8%
Sewer Charges	23,747,756	24,821,720	26,600,810	7.2%
Other Utility Charges	5,305,794	4,875,710	5,000,640	2.6%

ENTERPRISE FUNDS

RESOURCES BY TYPE - Continued	Actual	Budget	Adopted	Percent
	<u>FY 07-08</u>	<u>FY 08-09</u>	<u>FY 09-10</u>	<u>Change</u>
Landfill Tipping Fees	\$11,292,997	\$11,296,550	\$8,741,640	-22.6%
Other Landfill Revenues	695,519	637,510	288,610	-54.7%
Fair Admissions	1,362,322	1,300,000	1,230,000	-5.4%
Farmer's Market	14,268	14,500	14,100	-2.8%
Other Fairground Revenues	1,268,747	1,066,150	1,024,700	-3.9%
Parking Services	3,087,226	2,924,000	2,792,370	-4.5%
Bus Fares	1,530,758	1,622,330	1,561,540	-3.7%
Motor Vehicle Privilege Tax	0	270,000	270,000	0%
Bus Advertising	51,023	40,000	40,000	0%
Services to Agencies	561,577	400,000	400,000	0%
Other Transit Revenues	396,089	394,340	378,020	-4.1%
Cemetery Lot Sales and Services	531,863	427,420	440,480	3.1%
Admissions	43,090	55,900	55,900	0%
Concessions/Catering Fees	736,804	755,740	719,600	-4.8%
Entry Fees	10,121	8,500	8,500	0%
Equipment Use Fees	81,090	68,850	68,850	0%
Facility Use Fees	198,000	152,720	130,500	-14.5%
Other Coliseum Complex Revenues	739,320	770,040	776,480	0.8%
Stormwater Fees - Residential	4,007,437	3,735,660	3,735,660	0%
Stormwater Fees - Non-Residential	3,636,979	4,865,400	4,865,400	0%
Other Stormwater Revenues	50,450	45,000	7,040	-84.4%
Miscellaneous Sales & Service	290,863	49,220	47,450	-3.6%
Subtotal	\$91,754,035	\$95,637,670	\$97,656,310	2.1%
Other Resources				
Rentals	\$1,473,978	\$1,124,510	\$1,211,410	7.7%
Sale of Property/Equipment	124,253	0	0	N/A
Miscellaneous Revenues	352,899	424,690	361,680	-14.8%
Assessments to Benefit Property	1,349,540	1,300,000	1,300,000	0%
Damage Settlements	4,721	10,000	10,000	0%
Cemeteries Perpetual Care Fund Contribution	124,731	130,680	128,000	-2.1%
Subtotal	\$3,430,120	\$2,989,880	\$3,011,090	0.7%
Transfers				
Transfer from Bowman Gray Stadium Fund	\$0	\$9,810	\$0	-100.0%
Transfer from Ernie Shore Field Fund	78,705	30,520	0	-100.0%
Transfer from Debt Service Fund	95,975	111,600	87,210	-21.9%
Transfer from Fair Fund	547,019	621,760	460,380	-26.0%
Transfer from General Fund	1,892,140	2,235,630	2,612,680	16.9%
Transfer from Mass Transit Tax Fund	3,817,745	4,096,460	5,021,790	22.6%
Transfer from Occupancy Tax Fund	400,000	400,000	400,000	0%

ENTERPRISE FUNDS

RESOURCES BY TYPE - Continued	Actual <u>FY 07-08</u>	Budget <u>FY 08-09</u>	Adopted <u>FY 09-10</u>	Percent <u>Change</u>
Transfer from LJVM Coliseum Fund	\$59,649	\$0	\$0	N/A
Subtotal	\$6,891,232	\$7,505,780	\$8,582,060	14.3%
Fund Balance Appropriations	\$0	\$462,820	\$140,520	-69.6%
Total Resources by Type	\$109,113,027	\$115,149,170	\$114,900,630	-0.2%
Addition to Fund Balance	\$4,171,582	\$0	\$0	N/A

CAPITAL PROJECTS FUND

The capital projects fund provides budgetary accountability for financial resources used for the acquisition or construction of major capital improvements. Typically, projects are funded by general obligation bonds, two-thirds bonds, federal and state capital funds, general fund appropriations, and capital reserves.

**Adopted
FY 09-10**

EXPENDITURES

Community and Economic Development

Economic Development:

Downtown Property Maintenance/Signage \$150,000

Subtotal Community and Economic Development \$150,000

Public Safety

Fire Department:

Fire Stations Facility Renewal \$300,000

Subtotal Public Safety \$300,000

Transportation

Streets and Sidewalks:

Convert Fifth Street to Two-Way Operation \$270,000

Intersection Projects 568,400

Street Resurfacing Projects 2,198,000

Subtotal Transportation \$3,036,400

Recreation and Culture

Recreation Facilities/Parks Renovations and Expansions:

Athletic Field Lighting Renovations \$310,000

Corpening Plaza Renovations 200,000

Joe White Tennis Center Renovations 100,000

Park Bridge Replacements 100,000

Park Development Studies 150,000

Picnic Shelter Renovations/Replacements 200,000

Playground Renovations 815,500

Recreation and Parks Department Facilities Renewal 609,500

Recreation Facilities Security Improvements 77,180

Recreation and Parks Facilities Sidewalk and Roadway Resurfacing 100,000

Swimming Pool Repairs 150,000

Tennis Court Resurfacing 100,000

Winston Square Park Renovations 150,000

Greenways and Trails:

Little Creek Greenway - Phase I \$510,000

Piedmont Regional Greenway 124,000

Other Greenway Development 146,000

Salem Lake Trail Renovations 90,000

Recreation and Culture Non-Departmental:

Convention Center Fire Safety Requirements \$125,000

Subtotal Recreation and Culture \$4,057,180

TOTAL EXPENDITURES \$7,543,580

CAPITAL PROJECTS FUND

FUNDING SOURCES	Adopted FY 09-10
Bonds:	
Two-Thirds	\$4,785,000
Intergovernmental Resources:	
Federal:	
State:	
Gasoline Tax Revenue	\$1,000,000
North Carolina Department of Transportation	902,720
Reserves:	
Capital Project Reserves	\$315,860
Other:	
Motor Vehicle Privilege Tax	\$540,000
Sale Proceeds	77,180
TOTAL FUNDING SOURCES	\$7,543,580

LEASING CAPITAL PROJECTS FUND

The leasing capital projects fund provides budgetary accountability for the acquisition or construction of major capital improvements that are financed through the North Carolina Municipal Leasing Corporation (NCMLC).

**Adopted
FY 09-10**

EXPENDITURES

General Government

Information Systems Infrastructure Projects

\$655,020

TOTAL EXPENDITURES

\$655,020

FUNDING SOURCES

North Carolina Municipal Leasing Corporation

\$655,020

TOTAL FUNDING SOURCES

\$655,020

LEASING EQUIPMENT ACQUISITION FUND

This fund accounts for the total cost of capital equipment, including computer hardware, which is financed through the North Carolina Municipal Leasing Corporation. For computer hardware, city departments make annual lease payments of one-third of the purchase price in order to pay off the debt. For all other equipment (e.g., rolling stock, machinery, etc.), city departments make annual lease payments of one-fifth of the purchase price. With the exception of computers, radios, roll-out sanitation carts, and breathing apparatus equipment, the city lease-purchases equipment that costs \$10,000 or more.

EXPENDITURES BY TYPE	Actual	Budget	Adopted	Percent
	<u>FY 07-08</u>	<u>FY 08-09</u>	<u>FY 09-10</u>	<u>Change</u>
Capital Outlay				
Rolling Stock	\$6,981,458	\$6,394,950	\$1,479,320	-76.9%
Computer Equipment	11,424	49,100	0	-100.0%
General Equipment	1,822,181	488,160	0	-100.0%
Other	1,338,443	179,750	361,440	101.1%
Total Expenditures by Type	\$10,153,506	\$7,111,960	\$1,840,760	-74.1%
 RESOURCES BY TYPE				
North Carolina Municipal Leasing Corp.	\$10,153,506	\$7,111,960	\$1,840,760	-74.1%
Total Resources by Type	\$10,153,506	\$7,111,960	\$1,840,760	-74.1%

ENTERPRISE CAPITAL PROJECTS FUND

These funds provide budgetary accountability for financial resources used for the acquisition or construction of major capital improvements for enterprise operations. Typically, projects are funded by revenue bonds, special obligation bonds, enterprise fund capital reserves, federal and state capital funds, and certificates of participation. Projects financed through the North Carolina Municipal Leasing Corporation also are accounted for in these funds. The annual lease payments charged by the NCMLC are budgeted in the enterprise funds' operating budgets.

**Adopted
FY 09-10**

EXPENDITURES:

Environmental Health Projects

Solid Waste Disposal:

Hanes Mill Road Landfill Cell Construction	\$3,400,000
Old Salisbury Road Construction and Demolition Recycling Center	500,000

Water and Wastewater Treatment:

Idol's Pumping Station Rehabilitation	\$1,887,490
Lift Station Supervisory Control and Data Acquisition, Flowmetering and Telemetry System Upgrade	1,232,500
Miscellaneous Water and Wastewater Treatment Capital Projects	2,000,000
Nutrient Removal at Wastewater Treatment Plants	250,000
Raw Water Pipeline Evaluation	689,430
Reedy Fork Pump Station and Force Main	640,590
Salem Lake Dam Improvements	800,000
Wastewater Lift Station Rehabilitation	866,060
Water Tank Rehabilitation	785,630

Water Distribution and Wastewater Collection:

2006 Annexation - Potential Petition Projects	\$2,500,000
2" Water Main Replacement	1,135,280
Ardmore Area Water and Sewer Rehabilitation	4,400,000
Construction and Maintenance Facilities Improvements	917,500
Muddy Creek Find and Fix Project	1,417,100
New Elevated Water Tanks	1,770,840
Permanent Flow Monitoring	385,000
Polo Road Outfall Sewer Rehabilitation	1,876,020
Wastewater Collection System Improvements	3,000,000
Water and Sewer GIS/Work Order Management System	883,400
Water Distribution System Improvements	1,000,000
Winston-Salem State University Campus Distribution System Improvements	3,995,870

Stormwater Management:

Drainage Improvements on Private Property	\$250,000
Federal Emergency Management Agency Severe Repetitive Loss Grant Assistance	373,360
Municipal Stormwater Pollution Prevention Plans	108,800

Subtotal Environmental Health Projects	\$37,064,870
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ENTERPRISE CAPITAL PROJECTS FUND

	Adopted FY 09-10
Transportation Projects	
Mass Transit:	
Fixed Route Bus Replacement	\$5,940,000
Passenger Amenities	33,000
Security Enhancements	150,000
Trans-AID Vehicle Replacement	389,950
Transit Equipment Replacement	346,000
Transit Facility Renovations	207,000
Transit Vehicle Maintenance	200,000
Subtotal Transportation Projects	\$7,265,950
Recreation and Culture Projects	
Public Assembly Facilities:	
Convention Center Fire Safety Requirements	\$125,000
TOTAL EXPENDITURES	\$44,455,820
FUNDING SOURCES	
Bonds:	
Special Obligation Bonds	\$23,421,410
Revenue Bonds	3,900,000
Intergovernmental Resources:	
Federal Transit Administration	\$7,125,950
Other:	
Capital Projects Funds Reserves	\$125,000
Stormwater Management Fund	732,160
Water and Sewer Utility Fund	9,011,300
Mass Transit Tax Fund	140,000
TOTAL FUNDING SOURCES	\$44,455,820

FIDUCIARY FUNDS

Fiduciary funds listed below are budgeted to account for the city’s employee benefits programs, including workers’ compensation, health benefits, dental and flex spending, and other employee benefits such as social security, unemployment insurance, tuition reimbursements, and deferred compensation.

EXPENDITURES BY PROGRAM	Actual FY 07-08	Budget FY 08-09	Adopted FY 09-10	Percent Change
Workers Compensation	\$1,560,831	\$2,904,520	\$2,932,000	0.9%
Employee/Retiree Health Benefit Fund	19,686,598	22,449,400	22,070,300	-1.7%
Dental and Flex Spending Fund	1,826,612	1,820,980	1,920,200	5.4%
Employment Taxes and Benefits Fiduciary Fund	17,505,179	18,797,260	18,378,720	-2.2%
Total Expenditures by Program	\$40,579,220	\$45,972,160	\$45,301,220	-1.5%
RESOURCES BY TYPE				
City Contribution	\$38,212,643	\$38,312,990	\$37,828,720	-1.3%
Employee Contribution	7,356,858	7,442,950	7,209,000	-3.1%
Other Agency Contributions	78,699	72,200	119,000	64.8%
Reimbursements	107,815	144,020	144,500	0.3%
Investment Income	430,790	0	0	N/A
Total Resources by Type	\$46,186,805	\$45,972,160	\$45,301,220	-1.5%
Addition to Fund Balance/Reserves	\$5,607,585	\$0	\$0	N/A

ESTIMATED CHANGES IN FUND BALANCES

The North Carolina Local Government Commission (LGC) recommends that units of government maintain a minimum fund balance in their operating funds of 8% of estimated total expenditures. This level has been determined to be the equivalent of one month's expenditures and is generally regarded as a minimum level to avoid cash flow interruptions, generate interest income, reduce the need for short-term borrowings, and assist in maintaining investment grade bond ratings. The city's policy is to maintain a minimum fund balance of at least 10% of estimated expenditures in the general fund. (See page 33 of the budget document.) For other funds, the reserves are monitored regularly to ensure sufficiency for operating and capital needs. The balances listed below represent audited amounts for June 30, 2007, estimates for June 30, 2008, prior to final audited figures being available, and projected for June 30, 2009.

<u>Fund</u>	<u>Fund Balance/ Reserves 6/30/08 ⁽¹⁾</u>	<u>Fund Balance/ Reserves 6/30/09 ⁽¹⁾</u>	<u>Expected Use(-)/ Addition to (+) FB by 6/30/10</u>	<u>Projected Fund Balance 6/30/10</u>
General	\$ 24,090,823	\$ 23,100,000	-	\$ 23,100,000
General/Internal Services	1,342,268	614,470	-	614,470
Housing Finance & Econ. Development	10,309,464	10,570,290	-	10,570,290
Gas Tax	1,789,931	2,392,989	(465,760)	1,927,229
Mass Transit Tax	2,743,530	2,190,000	(1,590,000)	600,000
Occupancy Tax	345,833	207,680	(70,000)	137,680
Cable Franchise	76,105	274,835	-	274,835
Emergency Phone System	156,779	-	-	-
E-911 Wireless	534,574	-	-	-
Emergency Telephone Fund	-	1,166,400	-	1,166,400
Debt Service	9,768,793	6,500,000	(800,000)	5,700,000
Capital Projects	33,724,329	21,000,000	(315,680)	20,684,320
Leasing Fund	27,982,830	27,800,000	(8,002,080)	19,797,920
Water & Sewer	98,970,249	156,200,000 ⁽²⁾	(87,800,000)	68,400,000
Solid Waste (unrestricted cash)	14,052,211	7,532,030	(5,727,630)	1,804,400
Parking	1,193,948	904,000	(580,000)	324,000
Cemeteries/Perpetual Care Fund	2,646,009	1,970,000	-	1,970,000
Stormwater Management	2,266,907	2,990,000	1,808,400	4,798,400
Winston-Salem Transit Authority	263,000	-	-	-
W-S Sports and Entertainment Complex	358,669	-	-	-
Fair	1,520,941	1,290,000	(317,900)	972,100
Employee Benefits Funds	14,506,610	13,500,000	-	13,500,000
Total	\$ 248,643,803	\$ 280,202,694	\$ (103,860,650)	\$ 176,342,044

⁽¹⁾ Fund balance is reduced for reserve for encumbrances and state statutes.

⁽²⁾ Includes revenue bond proceeds of \$49,300,000.