

WAKE FOREST



Comprehensive Annual Financial Report

For the Fiscal Year ended June 30, 2009



TOWN OF WAKE FOREST, NORTH CAROLINA

Comprehensive Annual Financial Report

For the fiscal year ended June 30, 2009

Board of Commissioners

Vivian A. Jones, Mayor
Chris Kaeberlein, Mayor Pro-tem
Frank Drake
Anne Hines
Margaret Stinnett
Pete Thibodeau

**Prepared by:
Finance
Department**

TOWN OF WAKE FOREST STAFF

Mark S. Williams
Town Manager

Deeda W. Harris
Town Clerk

Eric Vernon
Town Attorney

Tammy R. Moody
Human Resources Director

Greg Harrington
Police Chief

Aileen J. Staples
Finance Director

Roe O'Donnell
Deputy Town Manager – Operations

Roger A. Russell
Planning Director

Susan Simpson
Parks and Recreation Director

Eric Keravuori
Director of Engineering

Mike Barton
Public Works Director

Tom Labarge
Information Technology Director

Bill Crabtree
Public Information Officer

ADVISORY BOARDS AND COMMISSIONS

Planning and Zoning Board
Bob Hill, Chairperson

Cemetery Advisory Board
John Mills, Chairperson

Board of Adjustment
Tom Littleton, Chairperson

Recreation Advisory Board
Sandy Thomason, Chairperson

Historic Preservation Commission
Louise Howard, Chairperson

Urban Forestry Advisory Board
John William Patterson, Chairperson

Human Relations Council
Karen Clagett, Chairperson

Senior Center Advisory Board
Hope Newsom, Chairperson

Greenway Advisory Board
Joe Seiglar, Chairperson

TOWN OF WAKE FOREST, NORTH CAROLINA

Comprehensive Annual Financial Report For the Fiscal Year Ended June 30, 2009

TABLE OF CONTENTS

		<u>PAGE</u>
TITLE PAGES		
TABLE OF CONTENTS		
INTRODUCTORY SECTION		
Letter of Transmittal		1
GFOA Certificate of Achievement		6
History of Town of Wake Forest		7
Responsibilities of Town Government by Department		8
Organizational Chart		10
FINANCIAL SECTION		
Independent Auditor's Report		11
Management's Discussion and Analysis		13
BASIC FINANCIAL STATEMENTS:		
Government-Wide Financial Statements	<u>EXHIBIT</u>	<u>PAGE</u>
Statement of Net Assets	1	22
Statement of Activities	2	23
Fund Financial Statements		
<i>Governmental Fund Financial Statements</i>		
Balance Sheet – Governmental Funds	3	24
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	4	26
General Fund – Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	5	28
 <i>Proprietary Fund Financial Statements</i>		
Statement of Net Assets	6	29

TOWN OF WAKE FOREST, NORTH CAROLINA

Comprehensive Annual Financial Report For the Fiscal Year Ended June 30, 2009

TABLE OF CONTENTS

Proprietary Fund Financial Statements (continued)

	<u>EXHIBIT</u>	<u>PAGE</u>
Statement of Revenues, Expenses, and Changes in Fund Net Assets	7	30
Enterprise Funds – Combining Statement of Cash Flows	8	31
Notes to Financial Statements		33

Required Supplementary Information –

Pension Schedules

Law Enforcement Officers’ Special Separation Allowance		
Schedule of Funding Progress	A-1	55
Schedule of Employer Contributions	A-2	56
Retirement Health Care Plan		
Schedule of Funding Progress	A-3	57
Schedule of Employer Contributions	A-4	58

Individual Fund Statements and Schedules

	<u>STATEMENT/ SCHEDULE</u>	<u>PAGE</u>
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund	1	59
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – New Town Hall	2	64
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Parks Development	3	65
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Recreation Capital Reserve	4	66
Non-major Governmental Funds:		
Combining Balance Sheet	5	67
Combining Statement of Expenditures and Changes in Fund Balance	6	68
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Glen Royall Housing Development	7	69

TOWN OF WAKE FOREST, NORTH CAROLINA

Comprehensive Annual Financial Report For the Fiscal Year Ended June 30, 2009

TABLE OF CONTENTS

	<u>STATEMENT/ SCHEDULE</u>	<u>PAGE</u>
Schedule of Revenues, Expenditures and Changes in Fund		
Balance – Budget and Actual – Stream Buffers	8	70
Schedule of Revenues, Expenditures and Changes in Fund		
Balance – Budget and Actual – Street & Sidewalk Improvements	9	71
Individual Fund Statement and Schedules		
Schedule of Revenues, Expenditures and Changes in Fund		
Balance – Budget and Actual – Cemetery Capital Reserve	10	72
Schedule of Revenues, Expenditures and Changes in Fund		
Balance – Budget and Actual – Sidewalk Capital Reserve	11	73
Schedule of Revenues, Expenditures and Changes in Fund		
Balance – Budget and Actual – Traffic Capital Reserve	12	74
Schedule of Revenues, Expenditures and Changes in Fund		
Balance – Budget and Actual – General Capital Reserve	13	75
Schedule of Revenues, Expenditures and Changes in Fund		
Balance – Budget and Actual – Centennial Celebration Fund	14	76
Schedule of Revenues, Expenditures and Changes in Fund		
Balance – Budget and Actual – Downtown District Special Tax	15	77
Schedule of Revenues, Expenditures and Changes in Fund		
Balance – Budget and Actual – Police Department Special Fund	16	78
Schedule of Revenues, Expenses and Budget Expenditures		
– Budget and Actual (Non-GAAP) – Water and Sewer Fund	17	79
Schedule of Revenue, Expenses and Budget Expenditures		
– Budget and Actual (Non-GAAP) – Electric Fund	18	80
Schedule of Revenues, Expenses and Budget Expenditures		
– Budget and Actual (Non-GAAP) – Electric Capital Reserve	19	82
Schedule of Revenues, Expenses and Budget Expenditures		
– Budget and Actual (Non-GAAP) – Electric Substation	20	83
Other Schedules		
Ad Valorem Taxes Receivable	21	84
Analysis of Current Tax Levy	22	85
General Obligation Debt Service Requirements and Maturity Schedule	23	86
STATISTICAL SECTION	<u>TABLE</u>	
Net Assets by Category	1	87

TOWN OF WAKE FOREST, NORTH CAROLINA

Comprehensive Annual Financial Report For the Fiscal Year Ended June 30, 2009

TABLE OF CONTENTS

	<u>SCHEDULE/ TABLE</u>	<u>PAGE</u>
STATISTICAL SECTION (continued)		
Changes in Net Assets	2	88
Fund Balances, Governmental Funds	3	90
Changes in Fund Balances, Governmental Funds	4	91
Government Wide Revenues	5	92
General Governmental Revenues by Sources	6	93
Government-wide Expenses by Function	7	94
General Governmental Expenditures by Function	8	95
Assessed Values of Taxable Property	9	96
Property Tax Rates – Direct and Overlapping Governments	10	97
Principal Property Taxpayers	11	98
Property Tax Levies and Collections	12	99
Ratio of Annual Debt Service Expenditures for General Obligation Bonded Debt to Total General Governmental Expenditures	13	100
Demographic Statistics	14	101
Computation of Legal Debt Margin	15	102
Ratio of Net General Obligation Bonded Debt to Assessed Value and Net General Obligation Bonded Debt Per Capita	16	103
Computation of Direct and Overlapping Bonded Debt – General Obligation Bonds	17	104

TOWN OF WAKE FOREST, NORTH CAROLINA

Comprehensive Annual Financial Report For the Fiscal Year Ended June 30, 2009

TABLE OF CONTENTS

	<u>STATEMENT/ SCHEDULE</u>	<u>PAGE</u>
Commercial Activity	18	105
Employee Position Authorization by Department	19	106
Governmental Activities Tax Revenues by Source	20	107
Ratios of Outstanding Debt by Type	21	108
Miscellaneous Statistics	22	109

COMPLIANCE SECTION

Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>		111
Report on Compliance With Requirements Applicable to its Major State Program and Internal Control over Compliance in Accordance with Applicable Sections of OMB Circular A-133 and the State Single Audit Implementation Act		113
Schedule of Findings and Questioned Costs		115
Schedule of Expenditures of Federal and State Awards	24	117



Town of
Wake Forest
North Carolina



October 14, 2009

**Honorable Mayor Vivian A. Jones
Members of the Governing Board and
Citizens of the Town of Wake Forest:**

The Comprehensive Annual Financial Report (CAFR) of the Town of Wake Forest, as of and for the fiscal year ended June 30, 2009 is submitted herewith by the Finance Department in compliance with North Carolina General Statute 159-34. The organization, form and contents of this report plus the accompanying financial statements and statistical tables are formulated in accordance with the principles prescribed by the Governmental Accounting Standards Board, the American Institute of Certified Public Accountants, the State of North Carolina, Town Ordinances and the Government Finance Officers Association.

This report is the official comprehensive publication of the Town's financial position at June 30, 2009, and results of operations for the fiscal year then ended for all funds for the Town. Responsibility for both the accuracy of the presented data and the completeness and the fairness of the presentation, including all disclosures, rests with the Town. We believe the data and presentation are fair and accurate and that you will find everything necessary in this document to gain an understanding of the Town's financial activities over the past fiscal year.

The Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview and analysis of the basic financial statements. This letter of transmittal is written to complement the MD&A.

Profile of the Town

Wake Forest, incorporated in 1909, offers a unique blend of small-town charm, coupled with a vibrant and growing business community located in Northern Wake County and is contiguous to the City of Raleigh. In addition to a focus on business and industry, the town also has a strong commitment to environmental stewardship, pursuing many sustainable green building and development practices. Residents enjoy 561 acres of open space, natural land and trails, excellent schools, access to higher education, all located in close proximity to Research Triangle and Raleigh-Durham International Airport.

The Town operates under the council-manager form of government. The governing body is comprised of a Mayor and a five-member Board of Commissioners, elected on a nonpartisan, at large basis for staggered four-year terms in odd numbered years. The Board of Commissioners appoints members of various Town boards and commissions, the Town Manager and the Town Attorney. The Board of Commissioners enacts all general and technical ordinances, including budgetary appropriations within a balanced budget, establishes a tax rate for supported Town programs and originates general management policies as recommended by the Town Manager. The Town Manager directs daily operations of the Town through department heads appointed by the Town Manager.

The Town provides its citizens with a full range of services, including police, leisure and recreational opportunities, land use development administration and management, solid waste collection and disposal, construction and maintenance of streets, curbs, gutters, sidewalks and other infrastructure. In addition, the Town operates Wake Forest Power, an electric utility providing residential and commercial service. Fire protection is provided through a contract with Wake Forest Fire Department, a private non-profit entity. This report includes all the Town's activities in delivering and administering these services.

The Wake Forest Board of Commissioners is required to adopt an annual operating budget by July first each year. The Town is empowered to levy a property tax on both real and personal property located within its boundaries. The Town's budget ordinance creates a legal limit on spending authorizations and serves as the foundation for financial planning and control. The Town Manager is authorized by the budget ordinance to make transfers within funds to facilitate budget execution consistent with the Board of Commissioner's intent.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the Town of Wake Forest operates.

Economic Condition and Outlook

The Town of Wake Forest and surrounding areas is the hub of a strong regional economy. Regional employment opportunities and easy access to the airport make Wake Forest a desirable place to work and live. The Town is located in proximity to a number of entities which support strong economic activity:

- Raleigh Durham International Airport (RDU) is located approximately 30 minutes from town.
- Research Triangle Park (RTP), the tremendously successful and world-renowned industrial research park found in the 1950's, is located approximately 20 miles from town. RTP is home to more than 42,000 full time employees as well as 10,000 contractual positions.
- Other nearby major employment centers are located in Cary, Durham and Raleigh.

The Town's estimated population at June 30, 2009 was 27,217 which is an increase of 2.2% over the previous fiscal year. Total growth has been approximately 126% since 2000. Over the last several years there has been a shift in commercial establishments from industry to retail institutions.

Wake Forest's tax base has grown from \$544.3 million in 2000 to \$3.3 billion in 2009. The Town's tax base is approximately 23% commercial/industrial and 77% residential for fiscal year 2008-2009.

In fiscal year 2009 the Town issued 184 building permits. Commercial development accounted for 31 of the total permits issued while residential development accounted for 153. Residential permits decreased 70% from the previous fiscal year while commercial *increased* 15%.

While residential development slowed to a standstill over the past year, commercial activity continues at a steady pace. At the end of September, there were over 60 active commercial and non-residential developments that are on-going. These include office parks, shopping centers, restaurants, a high school, public parks, auto service centers, a day care, retail stores and a new town hall.

Development continues in Heritage which is the single largest subdivision in Wake Forest and is located in the heart of Wake Forest. It is less than one (1) mile from Capital Boulevard and is being developed by Ammons Development Group. Heritage consists of 1,350 acres which includes a golf course and a clubhouse, swim and tennis club, three (3) new public schools, an industrial and business park, shopping and commercial opportunities, neighborhood business and office opportunities and over 2,250 residential homes. Heritage Lake Road connects Heritage to the 98 by-pass. This thoroughfare truly connects Heritage to downtown Wake Forest.

Southeastern Baptist Theological Seminary was founded in 1950 on the former campus of Wake Forest College with a mandate to educate ministers on the East Coast. Located on 300 acres in downtown Wake Forest, approximately 2,500 students study in 30 different graduate and post-graduate degree programs. Enrollment has increased over 85% in the past eight years and is expected to reach over 3,500 by 2010.

Major Initiatives

Town staff has been involved in several projects during the year as directed by the Town's governing board and Town Manager. These initiatives reflect the Town's continued commitment to quality of life while maintaining its unique personality.

Transit service began in Wake Forest in July, 2008. Residents now have the opportunity to ride a weekday rush-hour express from Wake Forest to downtown Raleigh and use a local circulator service that serves the town and provides access to grocery stores, shopping and other services. The two new routes are the result of a partnership between the Town of Wake Forest, Triangle Transit, and the City of Raleigh.

Effective fiscal year 2008-2009 the property tax rate was increased by four cents for the purpose of replacing the monthly residential garbage and recycling fee. The Town of Wake Forest began treating residential garbage and recycling service the same as fire and police service as part of the annual property tax bill. The new process simplified the way citizens paid for residential sanitation service by eliminating the monthly sanitation charge and including it as a public service paid for by tax revenues. This resulted in an annual cost savings for over 95% of the Town's sanitation customers.

Plans continue to be the forefront of how Wake Forest conducts business. These plans provide a continuing effort to improve the quality of life and services the Town provides to its citizens. Some of those plans are as follows:

- *Community Plan*- as the officially adopted plan for the Town, it will be used as a foundation for future decisions on Town facilities and services, primarily as related to the management of growth and development. The primary purposes of this Plan are guidance for Town decisions, source of information and public participation and input. When finalized, the Plan will consist of growth factors analysis, vision statements, policy statements, growth strategy map and implementation actions.
- *Pedestrian Plan* – identifies needed pedestrian infrastructure improvements and provides guidance on the design of future pedestrian corridors. The Plan includes a list of prioritized corridor projects to be undertaken by the Town.
- *Transportation Plan Update* -In January 2003, the Town of Wake Forest adopted the Wake Forest Transportation Plan, which recommended improvements and strategies to accommodate traffic growth and the desire for a diversified transportation system. Much has changed in the years since the 2003 plan was adopted. The Wake Forest Transportation Plan Update 2009 amends the 2003 Plan to incorporate changes, reflect recent planning, and strengthen the town's vision for its future in the year 2035 and beyond.

Two plans that have been put into action include the following:

- *Northeast Neighborhood Plan* – the northeast quadrant, also known as the East End is home to approximately 2,000 people and is comprised mostly of single-family housing with some private and public multi-family developments, churches, small businesses, a local park and a cemetery. The plan provides direction and guidance for future development and improvements. Some of the improvements made to date and on-going include: improved street lighting; design and construction of sidewalks on North White Street and Juniper Avenue; and renovations at Taylor Street Park – completed May 2009.
- *Downtown Renaissance Plan* – provides a new vision to revitalize historic downtown Wake Forest.

The plan is the culmination of an intensive community input process designed to provide a foundation to revitalize the historic downtown core as well as the future development of areas surrounding the historic Central Business District. The Urban Code was adopted as the first goal of the Renaissance Plan. Some of the projects within this plan that are underway include:

- *S. Franklin Street Project* – is designed to provide a substantial gateway from the NC 98 bypass into the downtown area. Construction on the road-works portion of this \$5.5 million bond funded project was completed in spring 2009. Installation of underground utilities and new street lights are currently underway and expected to be complete by spring of 2010.
- *White Street Improvements Plan* – is a collaborative effort between the Town, the Downtown Revitalization Corporation (DRC), and the NC Department of Transportation. It includes sidewalk restoration, tree and architectural lighting, landscaping and parking improvements. Phase I of the plan was completed in June 2009.
- *New Town Hall Project* – the 44,000 square-foot municipal facility will be a cornerstone of Wake Forest’s historical roots through its connection of site location and building scale as well as the building materials which will incorporate sustainable practices into the design. It will house all Town departments except police and public works. Construction is nearing completion expected by January 2010. The construction contract is \$11.8 million with \$9.8 million coming from an installment financing agreement secured in July 2008 and the balance coming from cash reserves.

The Town celebrated its 100th birthday on February 20, 2009. The centennial gives cause to throw one yearlong party, lauding its great history and highlighting the downtown as a central gathering spot. The “Centennial Celebration” was created to honor its past, celebrate its present, and embrace its future. Over the past year the events that have taken place include: First Light Wake Forest, The Party of the Century, Centennial Art Show, Six Sundays in Spring concert, the annual 4th of July Celebration, 100 Years of Public Power and a Christmas Gala in December 2009 to conclude the yearlong celebration.

The Board continues to conduct annual and semi-annual planning retreats in the winter and summer to discuss current issues and long range goals for the Town. These planning sessions provide staff with the tools to carry out the policies and goals. Each year during the annual Budget process, those goals become a reality and are incorporated into a spending plan.

The Town plans to issue the authorized \$7.3 million in general obligation (G.O.) bonds for remaining street and park projects in fiscal year 2009-2010. At the Board’s upcoming planning retreat in January 2010, consideration will be given to planning a future bond referendum to address greenways, transportation improvements, phases II and III of Joyner Park. Furthermore, the debt issuance plan will be updated as the above mentioned authorized, but unissued bonds concluded the current plan put in place in 2005.

Internal Control

In developing and maintaining the Town’s accounting system, consideration is given to the adequacy of internal accounting controls. Internal controls are designed to provide reasonable, but not absolute, assurance regarding (1) the safeguarding of assets against loss from unauthorized use or disposition; (2) the reliability of financial records for preparing financial statements in conformity with generally accepted accounting principals and maintaining accountability of assets; (3) the effectiveness and efficiency of operations and (4) compliance with applicable laws and regulations related to federal and state financial assistance programs. The concept of reasonable assurance recognizes that the cost of control should not exceed the benefits to be derived, and the evaluation of costs and benefits requires estimates and judgments by management. All internal control evaluations occur within the above framework. We believe that the Town’s internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions. To further enhance management’s position, a formal Internal Control Policy was adopted by the Board of Commissioners in October 2008.

Cash Management

The Town follows an adopted cash management policy as well as an investment policy with the objective of maximizing the use of public monies in the interest of the public. Cash that was temporarily idle during the year was invested in the North Carolina Capital Management Trust, a SEC registered money market mutual fund and other acceptable money market funds. All deposits were either insured by federal depository insurance or fully collateralized according to North Carolina General Statute 159-31.

The Town realized investment earnings on all funds of \$559,924 for the fiscal year ended June 30, 2009, as compared to \$869,330 for the fiscal year ended June 30, 2008. Interest rates continued to decline over the past fiscal year. This factor along with the Town's spending down bond and loan proceeds for ongoing projects attributed to the significant decrease in investment earnings. The average rate earned in FY 2009 was 1.60% as compared to 4.09% in 2008 and 6.3% in 2007.

Independent Audit

The General Statutes of North Carolina require an annual independent financial audit of all local government units in the state. Joyce and Company, CPA, a firm of independent certified public accountants, has examined the financial records of the Town and their opinion has been included in this report. Their examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures, as they considered necessary in the circumstances. The auditor's report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the compliance section.

Awards

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the government for its comprehensive annual financial report for the fiscal year ended June 30, 2008. This was the 19th consecutive year in which the Town has received this recognition. To be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized Comprehensive Annual Financial Report. This report satisfied both generally accepted accounting principles and applicable legal requirements. The GFOA award is valid for a period of one year.

Acknowledgments

We appreciate the assistance and dedication of the Finance Department staff throughout the year. The preparation of this comprehensive annual financial report was made possible by the dedicated service and cooperation of Joyce and Company, CPA. The cooperation of each department is appreciated as we work together to conduct the Town's financial operations. In addition, we would also like to thank the Mayor and Board of Commissioners for their continued support, guidance and advice in planning and conducting the financial activities of the Town in a responsible and progressive manner.

Respectfully submitted,

Mark S. Williams
Town Manager

Aileen J. Staples
Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Town of Wake Forest
North Carolina

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2008

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director



History of the Town of Wake Forest

The Town of Wake Forest grew up around a college founded by North Carolina Baptists in 1834. After purchasing a plantation which originally belonged to Dr. Calvin Jones, the North Carolina Baptist Convention opened the doors of the college on February 3, 1834. Lots were sold around the campus until gradually a town developed. The first Town Charter was obtained in 1880 for the Town of Wake Forest College. It was not until 1909 – 29 years later – that the Town of Wake Forest was chartered.

When the college made plans to relocate in the 1950s, the campus was sold to the Southern Baptist Convention for use as a seminary, which opened in 1951. For the next five years Southeastern Baptist Seminary and Wake Forest College existed on the same campus. These dates – 1834, 1909, 1951 – are significant to the Town and consequently are represented on the town seal.

Wake Forest remained a quiet village throughout the 1960s and 70s. Along with most other Wake County towns, however, it began to experience significant growth in the 80s and 90s.

Tremendous progress and development continue today as easy access to Raleigh and the Research Triangle area, combined with the many amenities of small-town living, make Wake Forest a desirable destination for residential and commercial development. An emphasis on planned growth and professional management continue to ensure that the Town's unique personality is maintained and enhanced by the changes currently in progress.

Responsibilities of Town Government By Department and Division

Legislative

The Legislative Department consists of the Board of Commissioners which is comprised of the Mayor and five Board members. All are elected by the registered voters of the Town of Wake Forest.

Administration

Responsible for the general management of all municipal functions, this department includes the Town Manager, Deputy Town Manager, and Town Clerk.

Communications

The Public Information officer oversees and directs the communications, marketing and public relations functions of the Town.

Human Resources

Responsible for directing and overseeing the personnel system, risk management and safety programs for the Town.

Finance

Responsible for financial management through the areas of billings and collections, customer service, cash management, payroll, purchasing and inventory control, accounts payable, financial reporting and of the operating and capital budgets.

Management Information Systems

Responsible for maintaining and administering the Town's centralized computer system. Staff is responsible for assisting departments with computer and network needs.

Planning and Inspections

Responsible for the development and maintenance of all land management documents and the review and inspection of proposed construction and development, department also includes building inspections and code enforcement. Provides staff support to the Planning and Zoning Board, the Board of Adjustment, the Urban Forestry Board, and the Historic Preservation Commission.

Engineering

Responsible for plan review, design work and construction inspection.

Parks and Recreation

Responsible for the maintenance of all Town parks and open space and for the provision and supervision of programs and activities designed to serve the population of the Wake Forest community. Town's parks include Holding Park, Forrest Park, H. L. Miller Park, Ailey M. Young Park, Alston-Massenburg Center Park, Flaherty Park, Joyner Park, Taylor Street Park, assorted school facilities, and the operation of a swimming pool. The Director provides staff support to the Recreation Advisory Board and Youth Advisory Board.

Public Buildings

Responsible for maintenance and housekeeping for the following Town buildings: Town Hall, the Community House, Alston-Massenburg Center, Police Station, Public Works Operations Center, and Senior Center.

Public Safety

The Public Safety Department is comprised of Police, Fire and Rescue Services and is responsible for the protection of life and property, traffic control, enforcement of state statutes and local ordinances, and crime prevention.

Public Works and Utilities Department

Administration The Director, Assistant Director and Office Assistant are responsible for the day to day operations of all divisions in Public Works and Electric.

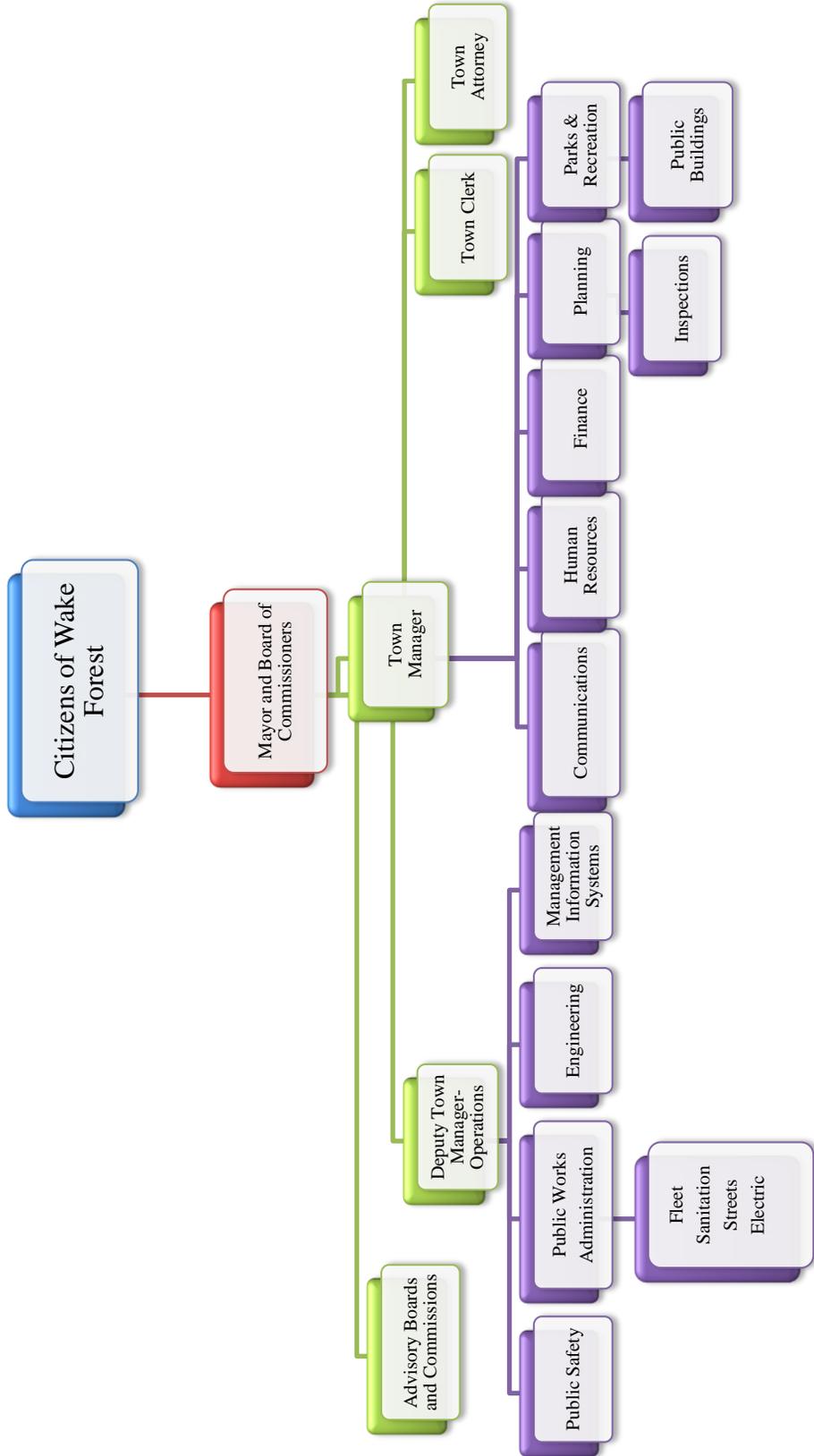
Electric Operations Division This division is charged with constructing, operating and maintaining the Town's electric distribution system, including power lines, substations and other equipment. Division is also responsible for tree trimming, system additions and conversions.

Sanitation Division Responsible for the collection and disposal of commercial and residential garbage and yard waste. A private contractor provides recyclable collection service.

Streets Division Charged with the construction, maintenance and repair of municipally owned streets. Also responsible for the maintenance and repair of the Town's three cemeteries located on North White Street, North Taylor Street and East Walnut Avenue which includes maintenance of the roadways in the cemetery on an as-needed basis.

Town of Wake Forest

Organizational Chart



Independent Auditor's Report

To the Honorable Mayor and
Members of the Board of Commissioners
Town of Wake Forest, North Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Wake Forest, North Carolina, as of and for the year ended June 30, 2009, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Wake Forest, North Carolina's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

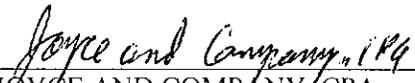
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Wake Forest, North Carolina, as of June 30, 2009 and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated October 14, 2009 on our consideration of the Town of Wake Forest's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and on the results of that testing, and not to provide an opinion on the internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis and the Law Enforcement Officers' Special Separation Allowance Schedule of Funding Progress and Schedule of Employer Contributions are not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit this information and express no opinion on it.

Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the Town of Wake Forest, North Carolina's basic financial statements. The combining and individual nonmajor fund financial statements and schedules and the statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal and state awards is presented as for purposes of additional analysis are required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act, and are also not a required part of the basic financial statements of the Town of Wake Forest, North Carolina. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal and State awards has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory information and the statistical tables have not been subjected to the auditing procedures applied in the audit of basic financial statements and, accordingly, we express no opinion on them.


JOYCE AND COMPANY, CPA

October 14, 2009

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Town of Wake Forest, we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2009. Please read it in conjunction with the transmittal letter at the front of this report and the Town's financial statements, which follow this narrative.

Financial Highlights

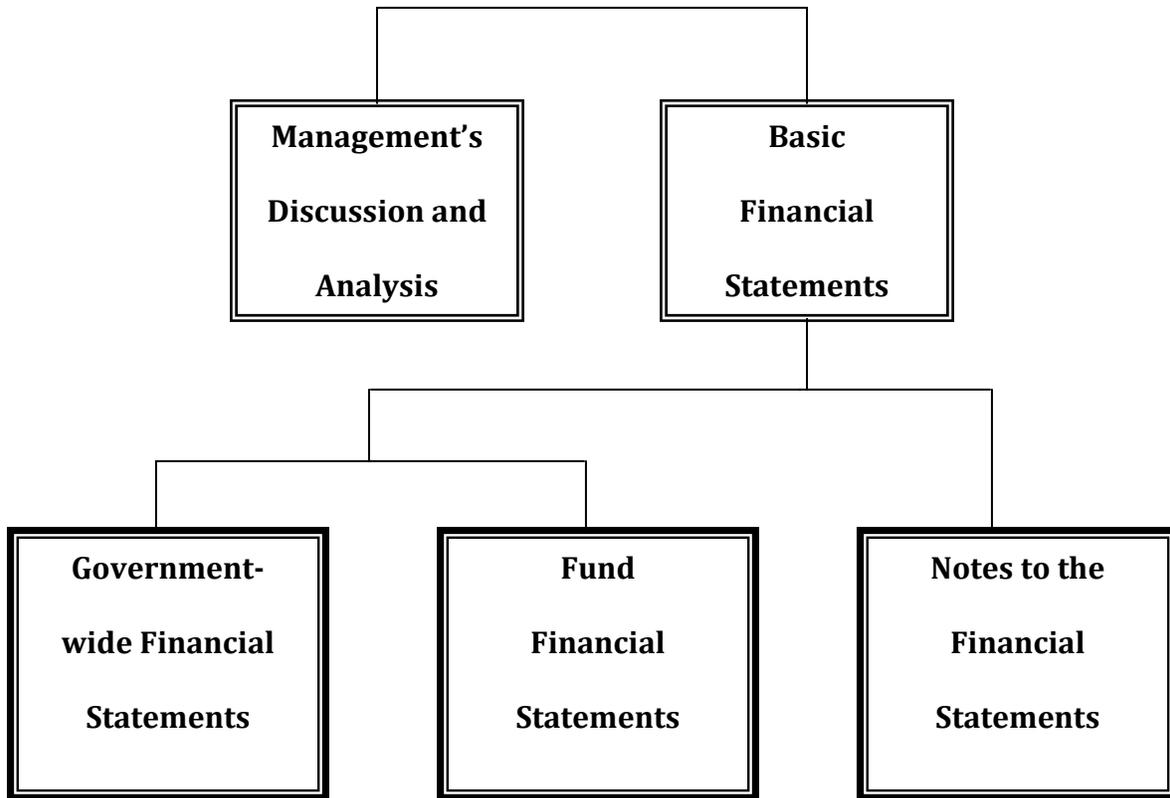
- The assets of the Town of Wake Forest exceeded liabilities at the close of the fiscal year by \$136.4 million. Of this amount, \$13.3 million unrestricted net assets may be used to meet the Town's ongoing obligations to citizens and creditors.
- The Town's total net assets increased by \$16.5 million, with approximately \$.6 million coming from business-type activities and a \$15.9 million increase coming from governmental activities.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of approximately \$16.1 million. Approximately 55% of the total governmental funds fund balance, or \$8.9 million, is available for spending at the Town's discretion (unreserved fund balance).
- The Town's total debt increased \$7.6 million during the past fiscal year. New debt issued includes a \$9.8 million installment purchase agreement for the construction of a new town hall. The total estimated construction cost is \$11.8 million while the total project budget is \$16.1 million. Patrol vehicles along with other rolling stock and equipment were acquired through an installment purchase agreement for \$249,000 in May 2009. The Town retired approximately \$2.4 million in debt in fiscal year (FY) 2008-2009.
- The Town received \$2.2 million from the dissolution of the Industrial Development Corporation (IDC). The IDC was formed in 1964 for the primary purpose of promoting industrial development in the Town. Stipulations in the agreement between the non-profit corporation and the Town stated that when the property sold and the IDC dissolved, then funds would be returned to the Town which transpired on August 20, 2008. This is recorded as an extraordinary item in the Statement of Activities.
- Every eight (8) years, Wake County conducts a revaluation of property values to bring them in line with current market values. This coupled with some growth resulted in an actual increase of assessed valuation in Wake Forest of approximately 46%
- Due to the volatility in the debt market last fall, the Town delayed issuing the remaining \$7.3 million in authorized G.O. bonds. The Town has spent approximately \$2.8 million toward the Heritage High School park that will be reimbursed with bond proceeds during FY 2009-2010. This resulted in an increased Reserved for State Statute therefore reducing the Town's unreserved fund balance at June 30, 2009. Once the bonds are sold and respective grant proceeds received, the Town will be reimbursed and put back into unreserved fund balance. For a short time, the Town's unreserved fund balance will be below its target of 35%.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town of Wake Forest's basic financial statements. The Town's basic financial statements consist of three (3) components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The basic financial statements present two (2) different views of the Town through the use of government-wide statements and fund financial

statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader’s understanding of the financial condition of the Town of Wake Forest.

Required Components of Annual Financial Report



Basic Financial Statements

The first two (2) statements (Exhibits 1 and 2) in the basic financial statements are the **Government-wide Financial Statements**. The statements provide both short and long-term information about the Town’s financial status, using the full-accrual basis of accounting, in a manner similar to a private-sector business.

The next statements (Exhibit 3 through 8) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Town’s government. They provide more detail than the government-wide statements. There are three parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; and 3) the proprietary fund statements.

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, supplemental information is provided to show details about the Town’s individual funds, including budgetary information required by North Carolina General Statutes.

Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the Town's finances. The government-wide statements provide short and long-term information about the Town's financial status as a whole.

The two government-wide statements report the Town's net assets and how they have changed. Net assets reported on the *statement of net assets* are the difference between the Town's total assets and total liabilities. *The statement of activities* presents information showing how the Town's net assets have changed during the fiscal year. All changes in net assets are reported as soon as the underlying event given rise to the change occurs, regardless of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods (e.g. uncollected taxes and earned but unused vacation leave.)

The government-wide statements are divided into two categories: 1) governmental activities; 2) business-type activities. The governmental activities include most of the Town's basic services such as general government, public safety, public works, environmental protection and cultural and recreational. Taxes and intergovernmental revenues finance most of these activities. The business-type activities of the Town are utility system services, specifically electricity along with water and sewer. User fee and charges for services are intended to recover all or a significant portion of these costs.

In accordance with the Governmental Accounting Standards Board criteria for inclusion in the reporting entity, the Town of Wake Forest has no component units that must be included in this report.

Fund Financial Statements

The fund financial statements provide a more detailed look at the Town's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like all other governmental entities in North Carolina, uses fund accounting to ensure and demonstrate compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the Town's budget ordinance. All of the funds of the Town can be divided into three (3) categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on short-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the Town's short-term financial requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term financing decisions. Both the governmental fund balance sheet (Exhibit 3) and the governmental fund statement of revenues, expenditures, and changes in fund balances (Exhibit 4) provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

During the past fiscal year, the Town of Wake Forest maintained fourteen (14) individual governmental funds: the General Fund, three (3) special revenue fund (to account for revenues which are restricted to a specific purpose), five (5) capital projects funds (to account for construction projects spanning more than one annual budget year), and five (5) capital reserve fund (to account for funding future capital expenditures beyond one annual budget year). The General Fund, the New Town Hall Capital Projects fund, Park Development Capital

Projects fund and the Recreation Capital Reserve Fund are all considered to be major funds. The remaining governmental funds are all non-major funds and information is presented in the aggregate.

The Town of Wake Forest adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget. This budgetary statement includes both original and final amended budgets.

The basic governmental fund financial statements can be found on Exhibits 3 through 5. Governmental funds considered to be non-major are presented as a single column in these statements.

Proprietary Funds: Proprietary funds provide the same type of information as the entity-wide financial statements, only in more detail. The Town of Wake Forest uses enterprise funds to account for its electric services. The Electric Fund is classified as a major fund.

The basic proprietary fund financial statements can be found on Exhibits 6 through 8 of this report.

Notes to the Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the entity-wide and fund financial statements. The notes to the financial statements are on pages 33-54 of this report.

Other Information: In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Town’s progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 55-58 of this report.

Government-Wide Financial Analysis

Net assets may serve over time as one useful indicator of a Town’s financial condition. At the end of the current fiscal year, the Town of Wake Forest is able to report positive balances in both categories of net assets, both for the Town as a whole, as well as for its separate governmental and business-type activities.

The Town of Wake Forest Net Assets (All dollar amounts shown in millions)

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Current and Other Assets	\$19.2	\$21.4	\$ 8.0	\$ 8.9	\$27.2	\$30.3
Capital Assets	127.4	97.9	15.8	15.3	143.2	113.2
Total Assets	146.6	119.3	\$23.8	24.2	\$170.4	143.5
Long-Term Liabilities Outstanding	19.7	10.5	6.1	6.9	25.8	17.4
Other Liabilities	4.7	2.6	3.4	3.6	8.1	6.2
Total Liabilities	24.4	13.1	9.5	10.5	33.9	23.6
Net Assets:						
Invested in Capital Assets, net						
Of Related Debt	109.4	87.4	13.6	12.7	123.0	100.1
Restricted for Streets	0.2	0.3	-	-	0.2	0.3
Unrestricted	12.6	18.5	.7	1.0	13.3	19.5
Total Net Assets	\$122.2	\$106.2	\$14.3	\$13.7	\$136.5	\$119.9

The Town's net assets increased by \$16.6 million for the fiscal year ended June 30, 2009. Net assets of our business-type assets *increased* by \$.6 million and total net assets of our governmental activities *increased* \$16.0 million. The Town's assets exceeded liabilities by \$136.5 million as of June 30, 2009. However, the largest portion reflects the Town's investment in capital assets (e.g. land, buildings, machinery and equipment); less any related debt still outstanding that was issued to acquire those assets. The Town of Wake Forest uses these capital assets to provide services to the citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of the outstanding related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets cannot be used to liquidate these liabilities. The remaining balance of unrestricted net assets (\$13.3 million) may be used to meet the Town's ongoing obligations to citizens and creditors.

The Town of Wake Forest Changes in Net Assets
(All dollar amounts shown in millions)

	Governmental		Business-Type		Total	
	Activities		Activities			
	2009	2008	2009	2008	2009	2008
Revenues:						
Program Revenues:						
Charges for Services	\$2.2	\$4.2	\$16.5	\$14.8	\$18.7	\$19.0
Operating Grants & Contributions	0.8	0.8	-	-	0.8	0.8
Capital Grants and Contributions	13.1	20.8	-	-	13.1	20.8
General Revenues:						
Property Taxes	17.3	12.8	-	-	17.3	12.8
Investment Earnings	0.4	0.8	0.2	-	0.6	0.8
Other	6.5	6.4	0.1	-	6.6	6.4
Total Revenues	<u>40.3</u>	<u>45.8</u>	<u>16.8</u>	<u>14.8</u>	<u>57.1</u>	<u>60.6</u>
Expenses:						
General Government	8.6	7.6	-	-	8.6	7.6
Public Safety	9.4	7.4	-	-	9.4	7.4
Transportation	3.6	2.8	-	-	3.6	2.8
Environmental Protection	2.3	2.0	-	-	2.3	2.0
Cultural and Recreation	1.8	1.5	-	-	1.8	1.5
Interest on Long-Term Debt	0.8	0.5	-	-	0.8	0.5
Water & Sewer	-	-	0.2	-	0.2	-
Electric	-	-	16.0	14.2	16.0	14.2
Total Expenses	<u>26.5</u>	<u>21.8</u>	<u>16.2</u>	<u>14.2</u>	<u>42.7</u>	<u>36.0</u>
Change in Net Assets Before Transfers and Extraordinary Items	13.8	24.0	0.6	0.6	14.4	24.6
Extraordinary items	2.2	-	-	-	2.2	-
Increase (Decrease) in Net Assets	16.0	24.0	0.6	0.6	16.6	24.6
NET ASSETS - Beginning of the Year	<u>106.2</u>	<u>82.2</u>	<u>13.7</u>	<u>13.1</u>	<u>119.9</u>	<u>95.3</u>
NET ASSETS - End of the Year	<u>\$122.2</u>	<u>\$106.2</u>	<u>\$14.3</u>	<u>\$13.7</u>	<u>\$136.5</u>	<u>\$119.9</u>

Governmental activities: Governmental activities increased the Town's net assets by \$15.9 million, thereby accounting for 96.4% of the total growth in assets of the Town. Key elements of this increase are as follows:

- Ad valorem taxes make up 40.7% of governmental activity revenue and have traditionally been a significant revenue source for funding local government operations.
- Property tax collections increased 17% this fiscal year. The Town's tax rate was \$.51 and the tax base had an assessed value of \$3,345,437,340.
- The Town received a contribution of \$2.2 million resulting from the dissolution of the Industrial Development Corporation this fiscal year.

Business-type activities: Business-type activities increased the Town of Wake Forest's net assets by \$558,000. Key elements of this increase are as follows:

- Charges for services from the Sale of Power increased \$1.6 million (11.5%) from the previous fiscal year.
- Total operating revenues increased 11.9% from the previous fiscal year.
- Total operating expenses increased 9.5% from the fiscal year 2008 due to wholesale power rate increases.

Financial Analysis of the Town's Funds

As noted earlier, the Town of Wake Forest uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds: The focus of the Town of Wake Forest's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the Town's financing requirements. Specifically, unreserved fund balance can be a useful measure of the Town's net resources available for spending at the end of the fiscal year. A portion of this unreserved fund balance is designated for specific purposes with the balance remaining as unreserved and undesignated.

The General Fund is the chief operating fund of the Town of Wake Forest. At the end of the current fiscal year, unreserved and undesignated fund balance of the General Fund was \$4.7 million, while total fund balance reached \$13.9 million. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved/undesignated and total fund balance to total general fund expenditures. Unreserved and undesignated fund balance represents 17.7% of the total General Fund expenditures, while total fund balance represents 52.6% of that same amount.

The Town's fund balance policy adopted in September 2004 requires that 35% of expenditures be maintained in unreserved/undesignated fund balance. Amounts in excess of this minimum may be used for construction projects or major capital outlay when the Town wishes to avoid the issuance of debt, purchase of real property, emergency work after disasters or for maintaining a stable tax rate when economically dependent revenues (i.e. sales taxes) are less than budgeted amounts.

At June 30, 2009, the governmental funds of Town of Wake Forest reported a combined fund balance of \$16.1 million. The General Fund, special revenue fund, capital project funds, and capital reserve fund are included in this combined amount. The total fund balance decreased from the previous fiscal year due to the following on-going capital projects and the spending of bond proceeds received in fiscal year 2006-2007, but a major part of the costs incurred the past two fiscal years. These capital projects included the Street and Sidewalk Improvements and Park Development funds. Furthermore, one of the main focuses of the Town's fund balance policy is to be in a position to use its fund balance to fund major construction projects should the need arise. Due to the volatility in the bond market last fall, the Town used its own proceeds to pay for a park project (Heritage High School) over the last fiscal year. This resulted in a deficit fund balance in the Park Development Capital Project Fund. Upon

issuing the remaining authorized general obligation bonds during the fiscal year 2009-2010, this will correct the negative fund balance reported in this fund.

General Fund Budgetary Highlights: During the fiscal year ended June 30, 2009, the Town revised the budget on a few occasions. Generally, budget amendments are made to recognize new funding amounts from external sources, such as federal and state grants or to increase appropriations that become necessary to maintain or expand services. The primary differences between the original budget and the final amended budget are as follows:

- Ad Valorem taxes received exceeded original budget estimates by \$1.4 million due to growth in the Town's tax base.
- Effective July 1, 2009 the Town no longer billed for residential garbage service resulting in a reduction in sales and services for solid waste fees.
- Due to the slowdown in residential construction, permits and fees revenue estimates were reduced by \$.6 million
- Interest rates were at all time lows during this past fiscal year resulting in lower investment earnings. Budget was reduced by \$223,000.

As in years past, another major highlight of the General Fund was the projection of utilizing \$1.6 million in fund balance, however total general fund balance increased \$1.7 million for FY 2008-2009.

Proprietary Funds: The Town of Wake Forest's proprietary fund financial statements provide the same type of information found in the government-wide statements but in more detail. Unrestricted net assets of the Electric Fund at the end of the fiscal year amount to \$.7 million and the total ending net assets were \$14.3 million.

Net assets *increased* \$558,000 during this past fiscal year. Efforts continue to curtail expenses, which includes two vacant positions that remain frozen. Purchase for power for resale increased \$1.7 million from the previous fiscal year due to wholesale power rate increases. This attributed to operating expenses increasing by 9.5% over fiscal year 2008.

During fiscal year 2009, the Town passed the power rate increases along to its customers for the first time since 1992. Rate increases of 12% and 4% were adopted for September 1, 2008 and April 1, 2009 respectively this fiscal year. Furthermore, the Town has invested substantial amounts in pay as you go financing from 1992 until 2007. The goal continues to remain as follows:

- Ultimately, it is about the customers and providing the most reliable service at the lowest cost possible.

The Proprietary Funds are discussed further in the discussion of business-type activities.

Capital Asset and Debt Administration

Capital assets: The Town of Wake Forest's investment in capital assets for its governmental and business-type activities as of June 30, 2009, totaled \$143.2 million (net of accumulated depreciation). These assets include buildings, streets and sidewalks, land, machinery and equipment including vehicles, park facilities and electric system. Major capital asset transactions during the year include the following:

- Equipment and vehicles for the General Fund of \$1.3 million.
- Construction in progress increased \$13.9 million in 2008-2009 due to the various ongoing projects including: New Town Hall project; Streets & Sidewalks (Franklin Street); Park Development projects (Joyner Park and Heritage High School Park) and the construction of the Electric Substation on highway 98 by-pass.

Town of Wake Forest Capital Assets
(All dollar amounts shown in millions)

	Governmental		Business-Type		Total	
	Activities		Activities			
	2009	2008	2009	2008	2009	2008
Land	\$25.6	\$21.2	\$0.2	\$0.2	\$25.8	\$21.4
Construction in Progress	32.4	18.7	2.9	2.7	35.3	21.4
Total Non-Depreciable Assets	58.0	39.9	3.1	2.9	61.1	42.8
Buildings	5.4	5.3	-	-	5.4	5.3
Other improvements	81.2	68.4	18.5	17.5	99.7	85.9
Equipment	3.4	2.6	1.6	1.5	5.0	4.1
Vehicles and motorized Equipment	4.2	3.7	1.1	1.1	5.3	4.8
Total Depreciable	94.2	80.0	21.2	20.1	115.4	100.1
Accumulated Depreciation	(24.8)	(22.0)	(8.5)	(7.7)	(33.3)	(29.7)
Total Depreciable Assets, Net	69.4	58.0	12.7	12.4	82.1	70.4
Total	\$127.4	\$97.9	\$15.8	\$15.3	\$143.2	\$113.2

Additional information on the Town's capital assets can be found in Note 5 of the Basic Financial Statements.

Town of Wake Forest Outstanding Debt
General Obligation Bonds and Installment Purchase
(All dollar amounts shown in millions)

	Governmental		Business-type		Total	
	Activities		Activities			
	2009	2008	2009	2008	2009	2008
General Obligation Bonds	\$10.1	\$10.8	\$0.1	\$0.2	\$10.2	\$11.0
Revenue Bonds	-	-	2.0	2.1	2.0	2.1
N. C. Water Pollution Control Revolving Loan and Bond Fund	-	-	3.1	3.5	3.1	3.5
Installment Purchase	9.7	0.2	1.8	2.3	11.5	2.5
Total	\$19.8	\$11.0	\$7.0	\$8.1	\$26.8	\$19.1

Long-term Debt: As of June 30, 2009, the Town of Wake Forest had total general obligation bonded debt outstanding of \$10.2 million, and installment purchase related debt of \$11.5 million. Of the general obligation bonds, \$0.1 million is being repaid from utility system revenues, although it is backed by the full faith and credit of the Town. \$10.2 million of the bonds and \$9.7 million of the installment purchase debt is being repaid from the General Fund. The outstanding revenue bond debt is \$2.0 million at June 30, 2009. The remaining \$1.8 million in

installment purchase debt along with \$3.1 million in N.C. Water Pollution Control Revolving Loan and Bond funds are being repaid from utility system revenues. As part of the merger agreement, the City of Raleigh is required to pay to the Town amounts equal to the debt service on the Town's water and sewer obligations.

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to eight (8%) percent of the total assessed value of taxable property located within that Town's boundaries. The legal debt margin for the Town of Wake Forest is \$247.8 million. Practically, these statutory limits exceed the Town's realistic debt capacity. As of June 30, 2009 the Town has \$7.3 million in authorized and unissued bonds remaining from the May 2005 bond referendum. Plans are underway to issue this debt in fiscal year 2009-2010.

On July 23, 2008, the Town entered into an installment purchase agreement in the amount of \$9.8 million for the construction of the new town hall. The agreement is for a 15 year term with level principal payments at 3.72%.

Additional information regarding the Town of Wake Forest's long-term debt can be found in Note 10 of this report.

Budget Highlights for the Fiscal Year Ending June 30, 2010

Governmental Activities: As a result of the looming economic times, the emphasis of the FY 2009-2010 Budget is to maintain current levels of service and complete capital projects that are underway, while continuing to be conservative in our revenue projections and prudent in our use of revenues. Two main areas of focus are personnel and capital. No new positions or cost of living increases (COLA) were funded. However merit funds were included along with respective market adjustments. Capital items were kept to a minimum and the focus was on finishing projects currently underway.

The Town's tax rate remained unchanged at \$.51 for the coming fiscal year. This equates to a breakdown of \$.41 for town operations and debt service and \$.10 for fire services. The final budget for the General Fund totaled \$28.9 million. The Town appropriated \$2,090,000 of available fund balance for one-time capital items such as the new town hall, street design and the final payment of the new computer aided dispatch system.

Business-type Activities: Utility rates were unchanged in the Electric Fund. The total budget was \$17.6 million for the Electric Fund. Water and Sewer rates did not change however there is not an Operating Budget for Water and Sewer. Effective July 1, 2005 the City of Raleigh operates the water and wastewater systems.

Requests for Information

This report is designed to provide an overview of the Town's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Finance Director, Town of Wake Forest, 401 Elm Avenue, Wake Forest, North Carolina 27587; (919) 554-6105 or astaples@wakeforestnc.gov.

Exhibit 1

Town of Wake Forest, North Carolina
Statement of Net Assets
June 30, 2009

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 13,232,156	\$ 1,024,177	\$ 14,256,333
Taxes receivables (net)	448,727	-	448,727
Accounts receivable (net)	623,082	1,957,849	2,580,931
Internal balances	1,180,595	(1,180,595)	-
Due from other governments	1,821,666	-	1,821,666
Inventories	16,189	1,474,986	1,491,175
Prepaid items	23,505	-	23,505
Restricted cash and cash equivalents	1,823,579	-	1,823,579
Due within one year			
Note receivable-current portion	-	623,978	623,978
Due in more than one year			
Note receivable-noncurrent portion	-	4,151,981	4,151,981
Capital assets			
Land, improvements, and construction in progress	57,989,650	3,089,673	61,079,323
Other capital assets, net of depreciation	69,433,937	12,675,298	82,109,235
Total assets	<u>146,593,086</u>	<u>23,817,347</u>	<u>170,410,433</u>
LIABILITIES			
Accounts payable	1,570,475	2,226,516	3,796,991
Unearned revenue	50,479	-	50,479
Accrued interest payable	275,205	49,092	324,297
Customer deposits	-	132,605	132,605
Due within one year			
Compensated absences	544,500	78,346	622,846
Bonds and notes payable	1,335,952	927,820	2,263,772
Accounts payable from restricted assets	954,776	-	954,776
Due in more than one year			
Compensated absences	6,265	-	6,265
Net pension obligation	311,065	-	311,065
Other postemployment benefits	834,004	109,054	943,058
Bonds and notes payable	18,536,426	6,006,987	24,543,413
Total liabilities	<u>24,419,147</u>	<u>9,530,420</u>	<u>33,949,567</u>
NET ASSETS			
Invested in capital assets, net of related debt	109,374,788	13,606,123	122,980,911
Restricted for:			
Streets	185,777	-	185,777
Unrestricted	12,613,374	680,804	13,294,178
Total net assets	<u>\$ 122,173,939</u>	<u>\$ 14,286,927</u>	<u>\$ 136,460,866</u>

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

Town of Wake Forest, North Carolina
Statement of Activities
 For the Year Ended June 30, 2009

FUNCTIONS/PROGRAMS	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 8,618,506	\$ 1,071,361	\$ -	\$ -	\$ (7,547,145)	\$ -	\$ (7,547,145)
Public safety	9,447,725	376,472	55,286	-	(9,015,967)	-	(9,015,967)
Transportation	3,604,053	70,698	708,220	12,395,415	9,570,280	-	9,570,280
Environmental protection	2,272,165	256,014	5,460	-	(2,010,691)	-	(2,010,691)
Cultural and recreation	1,798,042	415,745	56,482	750,000	(575,815)	-	(575,815)
Interest on long-term debt	784,454	-	-	-	(784,454)	-	(784,454)
Total governmental activities	26,524,945	2,190,290	825,448	13,145,415	(10,363,792)	-	(10,363,792)
Business-type activities:							
Water and sewer	195,625	-	-	-	-	(195,625)	(195,625)
Electric	16,048,282	16,483,781	-	-	-	435,499	435,499
Total business-type activities	16,243,907	16,483,781	-	-	-	239,874	239,874
Total	\$ 42,768,852	\$ 18,674,071	\$ 825,448	\$ 13,145,415	(10,363,792)	239,874	(10,123,918)
General revenues:							
Taxes:							
Property taxes, levied for general purpose					17,276,890	-	17,276,890
Other taxes and licenses					71,784	-	71,784
Unrestricted intergovernmental					5,937,573	-	5,937,573
Unrestricted investment earnings					358,825	201,099	559,924
Miscellaneous					463,068	117,379	580,447
Extraordinary item-Contribution from Industrial Development Corporation					2,205,470	-	2,205,470
Total general revenues					26,313,610	318,478	26,632,088
Change in net assets					15,949,818	558,352	16,508,170
Net assets-beginning					106,224,121	13,728,575	119,952,696
Net assets-ending					\$ 122,173,939	\$ 14,286,927	\$ 136,460,866

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

Town of Wake Forest, North Carolina
Balance Sheet
Governmental Funds
June 30, 2009

	Major			Nonmajor		Total Governmental Funds
	General	New Town Hall Capital Project	Park Development Capital Project	Recreation Capital Reserve	Other Governmental Funds	
Assets						
Cash and cash equivalents	\$ 8,007,467	\$ 1,631,991	\$ -	\$ 2,054,215	\$ 1,538,483	\$ 13,232,156
Receivables, net						
Taxes	441,167	-	-	-	7,560	448,727
Accounts	44,933	30,060	534,320	-	13,769	623,082
Due from other governments	1,821,666	-	-	-	-	1,821,666
Due from other funds	5,076,641	-	-	452,196	-	5,528,837
Inventories	16,189	-	-	-	-	16,189
Prepaid items	23,505	-	-	-	-	23,505
Restricted cash and cash equivalents	-	1,823,579	-	-	-	1,823,579
Total assets	<u>\$ 15,431,568</u>	<u>\$ 3,485,630</u>	<u>\$ 534,320</u>	<u>\$ 2,506,411</u>	<u>\$ 1,559,812</u>	<u>\$ 23,517,741</u>
Liabilities and fund balances						
Current liabilities:						
Accounts payable and accrued liabilities	\$ 955,280	\$ -	\$ 326,170	\$ -	\$ 289,025	\$ 1,570,475
Due to other funds	-	-	3,896,046	-	452,196	4,348,242
Deferred revenues	512,299	-	-	-	7,560	519,859
Unearned revenues	50,386	-	-	-	93	50,479
Accounts payable from restricted assets	-	954,776	-	-	-	954,776
Total liabilities	<u>1,517,965</u>	<u>954,776</u>	<u>4,222,216</u>	<u>-</u>	<u>748,874</u>	<u>7,443,831</u>
Fund balances						
Reserved for encumbrances	42,046	-	-	-	-	42,046
Reserved for inventories	16,189	-	-	-	-	16,189
Reserved for prepaid items	23,505	-	-	-	-	23,505
Reserved by state statute	6,872,108	-	-	-	-	6,872,108
Reserved for streets	185,777	-	-	-	-	185,777
Unreserved, reported in:						
General Fund	4,683,978	-	-	-	-	4,683,978
Designated for subsequent year's expenditures	2,090,000	-	-	-	-	2,090,000
Special revenue funds	-	-	-	-	285,531	285,531
Capital projects funds	-	2,530,854	(3,687,896)	2,506,411	525,407	1,874,776
Total fund balances	<u>13,913,603</u>	<u>2,530,854</u>	<u>(3,687,896)</u>	<u>2,506,411</u>	<u>810,938</u>	<u>16,073,910</u>
Total liabilities and fund balances	<u>\$ 15,431,568</u>	<u>\$ 3,485,630</u>	<u>\$ 534,320</u>	<u>\$ 2,506,411</u>	<u>\$ 1,559,812</u>	<u>\$ 23,517,741</u>

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

Town of Wake Forest, North Carolina
Reconciliation of the Balance Sheet to the Statement of Net Assets
Governmental Funds
June 30, 2009

Fund balances-total governmental funds		\$ 16,073,910
--	--	---------------

Amounts reported for governmental activities in the statement of net assets are different because;

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.

Governmental capital assets	\$ 152,207,103	
Less accumulated depreciation	<u>(24,783,516)</u>	127,423,587

Long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the governmental funds.

Government bonds and notes payable	(19,872,378)	
Compensated absences	(550,765)	
Other postemployment benefits	(834,004)	
Net pension obligation	<u>(311,065)</u>	(21,568,212)

Deferred revenue in governmental funds is susceptible to full accrual on the entity-wide statements.

Deferred revenue	519,859
------------------	---------

Other liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.

Accrued expenses payable	<u>(275,205)</u>
--------------------------	------------------

Net assets of governmental activities	<u><u>\$ 122,173,939</u></u>
---------------------------------------	------------------------------

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

Town of Wake Forest, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2009

	Major			Nonmajor		Total Governmental Funds
	General	New Town Hall Capital Project	Park Development Capital Project	Recreation Capital Reserve	Other Governmental Funds	
Revenues:						
Ad valorem taxes	\$ 17,078,618	\$ -	\$ -	\$ -	\$ 71,624	\$ 17,150,242
Other taxes	69,073	-	-	-	-	69,073
Unrestricted intergovernmental	5,937,573	-	-	-	-	5,937,573
Restricted intergovernmental	785,448	-	750,000	-	40,000	1,575,448
Permits and fees	1,046,138	-	-	53,214	340,817	1,440,169
Sales and services	870,538	-	-	-	-	870,538
Miscellaneous	268,456	-	-	-	129,971	398,427
Investment earnings	165,277	75,680	28,939	20,266	68,663	358,825
Total revenues	<u>26,221,121</u>	<u>75,680</u>	<u>778,939</u>	<u>73,480</u>	<u>651,075</u>	<u>27,800,295</u>
Expenditures:						
Current:						
General government	8,010,553	-	-	-	-	8,010,553
Public safety	8,715,513	-	-	-	-	8,715,513
Transportation	1,552,320	-	-	-	-	1,552,320
Environmental protection	2,174,599	-	-	-	-	2,174,599
Cultural and recreation	1,390,519	-	-	-	146,578	1,537,097
Capital outlay	2,718,959	7,976,421	6,320,440	-	2,820,299	19,836,119
Debt service:						
Bond principal	651,625	-	-	-	-	651,625
Bond interest	452,364	-	-	-	-	452,364
Installment note principal	573,026	-	-	-	-	573,026
Installment note interest	187,930	-	-	-	-	187,930
Total expenditures	<u>26,427,408</u>	<u>7,976,421</u>	<u>6,320,440</u>	<u>-</u>	<u>2,966,877</u>	<u>43,691,146</u>
Revenues over (under) expenditures	<u>(206,287)</u>	<u>(7,900,741)</u>	<u>(5,541,501)</u>	<u>73,480</u>	<u>(2,315,802)</u>	<u>(15,890,851)</u>
Other financing sources (uses):						
Transfers in	278,141	800,000	-	-	94,578	1,172,719
Transfers out	(850,000)	-	-	-	(322,719)	(1,172,719)
Contribution from Industrial Development Corporation	2,205,470	-	-	-	-	2,205,470
Issuance of debt	248,795	9,800,000	-	-	-	10,048,795
Total other financing sources (uses)	<u>1,882,406</u>	<u>10,600,000</u>	<u>-</u>	<u>-</u>	<u>(228,141)</u>	<u>12,254,265</u>
Net change in fund balances	1,676,119	2,699,259	(5,541,501)	73,480	(2,543,943)	(3,636,586)
Fund balance - beginning of year	12,237,484	(168,405)	1,853,605	2,432,931	3,354,881	19,710,496
Fund balance - end of year	<u>\$ 13,913,603</u>	<u>\$ 2,530,854</u>	<u>\$ (3,687,896)</u>	<u>\$ 2,506,411</u>	<u>\$ 810,938</u>	<u>\$ 16,073,910</u>

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

Town of Wake Forest, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2009

Amounts reported for governmental activities in the statement of activities are different because:

Net changes in fund balances - total governmental funds		\$ (3,636,586)
---	--	----------------

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Expenditures for capital assets	\$ 19,836,119		
Less current year depreciation	(2,822,712)		17,013,407

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Developer's contributed capital		12,395,415	
Donated capital		65,000	
Change in deferred revenues		8,942	

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets.		(359)
--	--	-------

The issuance of debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Issuance of debt	(10,048,795)		
Principal payments	1,224,651		(8,824,144)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Compensated absences		(42,103)	
Net pension obligation		(51,590)	
Other postemployment benefits		(834,004)	
Change in accrued interest payable		(144,160)	

Total changes in net assets of governmental activities		\$ 15,949,818
--	--	---------------

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

Town of Wake Forest, North Carolina
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2009

	Original	Final	Actual Amounts	Variance with Final Budget- Positive (Negative)
REVENUES:				
Ad valorem taxes	\$ 15,654,395	\$ 17,027,960	\$ 17,078,618	\$ 50,658
Other taxes and licenses	62,500	62,250	69,073	6,823
Unrestricted intergovernmental	5,526,080	5,853,580	5,937,574	83,994
Restricted intergovernmental	884,190	922,410	785,447	(136,963)
Permits and fees	1,755,800	1,185,250	1,046,138	(139,112)
Sales and services	1,075,700	771,475	870,538	99,063
Miscellaneous	315,000	315,720	268,456	(47,264)
Investment earnings	400,000	177,245	165,277	(11,968)
Total revenues	<u>25,673,665</u>	<u>26,315,890</u>	<u>26,221,121</u>	<u>(94,769)</u>
EXPENDITURES:				
Current				
General government	10,337,335	10,125,075	9,525,717	599,358
Public safety	8,929,265	9,652,389	9,432,078	220,311
Transportation	1,946,660	1,939,324	1,784,221	155,103
Environmental protection	2,396,435	2,380,135	2,313,596	66,539
Cultural and recreational	2,272,345	1,687,310	1,506,851	180,459
Debt service:				
Bond principal	651,625	651,625	651,625	-
Bond interest	452,350	452,450	452,364	86
Installment note principal	733,860	573,035	573,026	9
Installment note interest	260,570	188,295	187,930	365
Total expenditures	<u>27,980,445</u>	<u>27,649,638</u>	<u>26,427,408</u>	<u>1,222,230</u>
Revenues over (under) expenditures	<u>(2,306,780)</u>	<u>(1,333,748)</u>	<u>(206,287)</u>	<u>1,127,461</u>
OTHER FINANCING SOURCES (USES):				
Transfers in (out)				
Downtown District Special Tax	9,905	31,810	31,810	-
Centennial Celebration Fund	(50,000)	(50,000)	(50,000)	-
Town Hall Capital Project Fund		(800,000)	(800,000)	-
General Capital Reserve Fund	415,000	130,924	130,924	-
Sidewalk Capital Reserve Fund	-	56,894	64,301	7,407
Glen Royall Housing Fund	33,000	51,106	51,106	-
Park Development Capital Projects Fund	-	-	-	-
Installment Note Issuance	639,500	248,795	248,795	-
Proceeds from Industrial Development Corp	-	-	2,205,470	2,205,470
Appropriated fund balance	1,259,375	1,664,219	-	(1,664,219)
Total other financing sources (uses)	<u>2,306,780</u>	<u>1,333,748</u>	<u>1,882,406</u>	<u>548,658</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	1,676,119	<u>\$ 1,676,119</u>
FUND BALANCE - Beginning of year			\$ 12,237,484	
FUND BALANCE - End of year			<u>\$ 13,913,603</u>	

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

Town of Wake Forest
Proprietary Funds
Statement of Net Assets
June 30, 2009

	Electric Fund	Water and Sewer Fund	Totals
<u>Assets</u>			
Current assets:			
Cash and cash equivalents	\$ 137,616	\$ 886,561	\$ 1,024,177
Accounts receivable	1,957,849	-	1,957,849
Note receivable - current portion	-	623,978	623,978
Inventories	1,474,986	-	1,474,986
Subtotal	<u>3,570,451</u>	<u>1,510,539</u>	<u>5,080,990</u>
Noncurrent assets:			
Note receivable - noncurrent portion	-	4,151,981	4,151,981
Capital assets:			
Land and other non-depreciable assets	3,089,673	-	3,089,673
Other capital assets, net of depreciation	12,675,298	-	12,675,298
Capital assets (net)	<u>15,764,971</u>	<u>-</u>	<u>15,764,971</u>
Subtotal-noncurrent assets	<u>15,764,971</u>	<u>4,151,981</u>	<u>19,916,952</u>
Total assets	<u>19,335,422</u>	<u>5,662,520</u>	<u>24,997,942</u>
<u>Liabilities</u>			
Current liabilities:			
Accounts payable and accrued liabilities	1,301,659	924,857	2,226,516
Due to other funds	1,180,595	-	1,180,595
Customer deposits	132,605	-	132,605
Accrued interest payable	25,811	23,281	49,092
Compensated absences	78,346	-	78,346
Bonds and notes payable	303,842	623,978	927,820
Total current liabilities	<u>3,022,858</u>	<u>1,572,116</u>	<u>4,594,974</u>
Noncurrent liabilities:			
Other postemployment benefits	109,054	-	109,054
Bonds and notes payable	1,855,006	4,151,981	6,006,987
Total noncurrent liabilities	<u>1,964,060</u>	<u>4,151,981</u>	<u>6,116,041</u>
Total liabilities	<u>4,986,918</u>	<u>5,724,097</u>	<u>10,711,015</u>
Net Assets			
Invested in capital assets, net of related debt	13,606,123	-	13,606,123
Unrestricted	742,381	(61,577)	680,804
Total net assets	<u>\$ 14,348,504</u>	<u>\$ (61,577)</u>	<u>\$ 14,286,927</u>

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

Town of Wake Forest
Proprietary Funds
Statement of Revenues, Expenses, and Changes in Fund Net Assets
For the Fiscal Year Ended June 30, 2009

	Electric Fund	Water and Sewer Fund	Totals
Operating revenues:			
Charges for services	\$ 15,875,747	\$ -	\$ 15,875,747
Other operating revenues	725,413	-	725,413
Total operating revenues	<u>16,601,160</u>	<u>-</u>	<u>16,601,160</u>
Operating expenses:			
Electric operations	2,865,352	-	2,865,352
Electric power purchases	12,273,875	-	12,273,875
Depreciation	819,458	-	819,458
Total operating expenses	<u>15,958,685</u>	<u>-</u>	<u>15,958,685</u>
Operating income	<u>642,475</u>	<u>-</u>	<u>642,475</u>
Nonoperating revenues (expenses):			
Investment earnings	1,644	199,455	201,099
Interest expense	(89,597)	(195,625)	(285,222)
Total nonoperating revenues (expenses)	<u>(87,953)</u>	<u>3,830</u>	<u>(84,123)</u>
Change in net assets	554,522	3,830	558,352
Net assets, beginning	<u>13,793,982</u>	<u>(65,407)</u>	<u>13,728,575</u>
Net assets, end of year	<u>\$ 14,348,504</u>	<u>\$ (61,577)</u>	<u>\$ 14,286,927</u>

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

Town of Wake Forest
Enterprise Funds
Combining Statement of Cash Flows
For The Fiscal Year Ended June 30, 2009

	Electric Fund	Water and Sewer Fund	Totals
Cash flows from operating activities:			
Cash received from customers	\$ 16,411,973	\$ -	\$ 16,411,973
Cash paid for goods and services	(13,106,603)	-	(13,106,603)
Cash paid to employees for services	(1,752,009)	-	(1,752,009)
Customer deposits received	70,700	-	70,700
Customer deposits returned	(66,795)	-	(66,795)
Net cash provided by operating activities	<u>1,557,266</u>	<u>-</u>	<u>1,557,266</u>
Cash flows from noncapital financing activities:			
Interfund loan	<u>421,130</u>	<u>-</u>	<u>421,130</u>
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(1,285,394)	-	(1,285,394)
Principal paid on bond maturities and equipment contracts	(530,587)	(654,853)	(1,185,440)
Interest paid on bond maturities and equipment contracts	(93,501)	(199,455)	(292,956)
Collections for the City of Raleigh, pursuant to merger agreement	-	1,000,183	1,000,183
Transfer of funds to City of Raleigh, pursuant to merger agreement	-	(990,666)	(990,666)
Transfer of funds from City of Raleigh, pursuant to merger agreement	-	654,853	654,853
Net cash used by capital and related financing activities	<u>(1,909,482)</u>	<u>(189,938)</u>	<u>(2,099,420)</u>
Cash flows from investing activities:			
Interest on investments	<u>1,644</u>	<u>199,455</u>	<u>201,099</u>
Net increase in cash and cash equivalents	70,558	9,517	80,075
Cash and cash equivalents:			
Beginning of year	<u>67,058</u>	<u>877,044</u>	<u>944,102</u>
End of year	<u>\$ 137,616</u>	<u>\$ 886,561</u>	<u>\$ 1,024,177</u>

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

Town of Wake Forest
Enterprise Funds
Combining Statement of Cash Flows
For The Fiscal Year Ended June 30, 2009

	Electric Fund	Water and Sewer Fund	Totals
Reconciliation of operating income to net cash provided by operating activities			
Operating income	\$ 642,475	\$ -	\$ 642,475
Adjustments to reconcile operating income to net cash provided by operating activities			
Depreciation	819,458	-	819,458
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	(189,187)	-	(189,187)
(Increase) decrease in inventory	(58,834)	-	(58,834)
Increase (decrease) in accounts payable and accrued liabilities	331,290	-	331,290
Increase (decrease) in customer deposits	3,905	-	3,905
Increase (decrease) in accrued vacation pay	8,159	-	8,159
Total adjustments	914,791	-	914,791
Net cash provided by operating activities	\$ 1,557,266	\$ -	\$ 1,557,266

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

TOWN OF WAKE FOREST, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2009

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of Wake Forest have been prepared in conformity with generally accepted accounting principles as applied to government units. The following is a summary of the more significant accounting policies:

(a) Reporting Entity

The Town, a political subdivision of Wake County, is a municipal corporation governed by an elected mayor and a five member Town Board. There are no component units which are required to be included in these financial statements.

(b) Basis of Presentation

Government-wide Statements: The statement of net assets and the statement of activities include the financial activities of the Town. These statements distinguish between the governmental and business-type activities of the Town. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the Town and for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the Town's funds. Separate statements for each fund category-governmental and proprietary-are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies result from non-exchange transactions. Other non-operating revenues are ancillary activities such as investment earnings.

The government reports the following major governmental funds:

General Fund – The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund. The primary revenue sources are ad valorem taxes and state-shared revenues. The primary expenditures are for public safety, streets, sanitation, parks and recreation, and general governmental services.

New Town Hall Capital Project Fund – The New Town Hall Capital Projects Fund is used to account for construction of the new Town hall.

Park Development Capital Project Fund – The Park Development Capital Projects Fund is used to account for construction and improvements to various Town parks.

TOWN OF WAKE FOREST, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2009

Recreation Capital Reserve Fund – The Recreation Capital Reserve Fund is used to account for payments-in-lieu, impact fees and donated monies which are reserved for future projects.

The government reports the following major proprietary funds:

Water and Sewer Fund – The Water and Sewer Utility System of the Town was transferred to the City of Raleigh effective July 1, 2005; however these funds remain open to collect availability fees and other fees on behalf of the City of Raleigh and to pay long term debt and interest on long term debt as it becomes due.

Electric Fund – The Electric Fund is used to account for electric operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Electric Fund is composed of three sub-funds: Electric Operations, Electric Substation Capital Project and Electric Capital Reserve, which are consolidated for financial reporting purposes.

The Town reports the following nonmajor governmental funds:

Special Revenue Funds – Special Revenue funds are used to account for resources set aside for specific purposes. The Town has three (3) special revenue funds: the Downtown District Special Tax Fund, the Police Department Special Fund and the Centennial Celebration Fund.

Capital Project Funds – Capital project funds are used to account for financial resources to be used for the acquisition or construction of major facilities (other than those financed by proprietary funds). The Town has seven (7) capital project funds: the Glen Royall Housing Development Capital Project Fund, the Stream Buffers Capital Project Fund, the Street and Sidewalk Improvements Capital Project Fund, the Cemetery Capital Reserve Fund, the Sidewalk Capital Reserve Fund, the Traffic Capital Reserve Fund and the General Capital Reserve Fund.

(c) Measurement Focus, Basis of Accounting and Financial Statement Presentation

In accordance with North Carolina General Statutes, all funds of the Town are maintained during the year using the modified accrual basis of accounting.

Government-wide and Proprietary Fund Financial Statements: The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the Town gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions,

TOWN OF WAKE FOREST, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2009

including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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

Governmental Fund Financial Statements. Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The Town considers all revenues available if they are collected within 90 days after year end, except for property taxes. Ad valorem property taxes receivable are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of January 1, 1993, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, Wake County is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts in the County including the Town of Wake Forest. For motor vehicles registered under the staggered system, property taxes are due the first day of the fourth month after the vehicles are registered. The billed taxes are applicable to the fiscal year in which they become due. Therefore, the Town's vehicle taxes for vehicles registered in Wake County from March 2008 through February 2009 apply to the fiscal year ended June 30, 2009. Uncollected taxes that were billed during this period are shown as a receivable in these financial statements and are offset by deferred revenues.

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

As permitted by generally accepted accounting principles, the Town has elected to apply only applicable FASB Statements and Interpretations issued on or before November 30, 1989 that do not contradict GASB pronouncements in its accounting and reporting practices for its proprietary operations.

TOWN OF WAKE FOREST, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2009

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. An exception to this general rule is charges between the Town's Electric Fund and various other functions. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

(d) Budgetary Data

Budgets are adopted as required by North Carolina General Statutes. Annual budget ordinances are adopted for the general, special revenue and enterprise funds. All annual appropriations lapse at fiscal year end. Project ordinances, which may cover more than one year, are adopted for the capital project and capital reserve funds. All budgets are prepared using the modified accrual basis of accounting, which is consistent with the accounting system used to record transactions. Supplemental appropriations that amend the total expenditures of any fund require an ordinance of the Board of Commissioners. The Town Manager is authorized by the budget ordinance to transfer appropriations between objects of expenditure within a functional area without limitation and without a report being required and may transfer appropriations up to \$25,000 between functional areas within a fund with an official reporting of such transfers to the Board. Any interfund transfer not included in the original budget or any appropriation from a contingency account must be approved by the Board of Commissioners. During the year several immaterial amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

(e) Assets, Liabilities and Fund Equity

(1) Deposits and Investments

All deposits of the Town are made in board-designated official depositories and are secured as required by State law (G.S. 159-31). The Town may designate as an official depository any bank or savings and loan whose principal office is located in North Carolina. The Town may also establish time deposits in the form of NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

State law (G.S. 159-30(c)) authorizes the Town to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and banker's acceptances; and the North Carolina Capital Management Trust (NCCMT). The Town's investments are reported at fair value as determined by quoted market prices. The securities of the NCCMT cash portfolio, a SEC-registered (2a-7) money market fund, are valued at fair value, which is the NCCMT's share price.

(2) Cash and Cash Equivalents

The Town pools moneys from several funds to facilitate disbursement and investment and maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents.

(3) Restricted Assets

The unexpended debt proceeds of the New Town Hall Capital Project Fund issued by the Town are classified as restricted assets for the New Town Hall Capital Project Fund because their use is completely restricted to the purpose for which the debt was originally issued.

TOWN OF WAKE FOREST, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2009

(4) Ad Valorem Taxes Receivable

In accordance with North Carolina General Statutes (G.S. 105-347 and G.S. 159-13(a)), the Town levies ad valorem taxes on property other than motor vehicles on July 1st, the beginning of the fiscal year. The taxes are due September 1st (lien date); however interest does not accrue until the following January 6th. These taxes are based on the assessed values as of the previous January 1.

(5) Allowances for Doubtful Accounts

An allowance for doubtful accounts is maintained on the ad valorem taxes receivable as described above. This amount is estimated by analyzing the percentage of receivables that are written off in prior years. The direct write-off method is used by the Town on all other types of receivables. Under this method, all accounts considered uncollectible at June 30, 2009 have been charged against operations.

(6) Inventories

Inventories are maintained for general and enterprise fund supplies. They are at cost (weighted average), which approximates market. The inventories of the Town's General and Enterprise Funds consist of materials and supplies for consumption. In each case the cost is recorded as an expense when the inventory is consumed.

(7) Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of \$5,000 or more. Such assets are recorded at historical cost or estimated historical cost. Donated assets are recorded at their estimated fair value at the date of donation. General infrastructure assets acquired prior to July 1, 2002 consist of the road network that was acquired or that received substantial improvements subsequent to July 1, 1980 and are reported at estimated historical cost using deflated replacement cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets are depreciated on a straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Infrastructure	40 years
Equipment and vehicles	3-10 years
Water and sewer systems	30-40 years
Buildings and improvements	10-30 years
Land improvements	10 to 40 years
Furniture and fixtures	5 to 8 years

(8) Long-term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amounts of debt issuances are reported as other

TOWN OF WAKE FOREST, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2009

financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual net proceeds received, are reported as debt service expenditures.

(9) Compensated Absences

The vacation policy of the Town provides for the accumulation of up to thirty (30) days earned vacation leave with such leave being fully vested when earned, except that police officers may accumulate thirty (30) regular days and twenty-two (22) holidays for a total of fifty-two (52) vested vacation days. The Town's policy for compensatory pay is to pay for unused compensatory time for those employees qualifying for such time in accordance with the Fair Labor Standards Act up to a maximum of 240 hours at a rate of one and one-half hours per hour overtime worked, except that police officers may accumulate a maximum of 480 hours.

For the Town's government-wide and proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. The Town has assumed a first-in, first-out method of using accumulated compensated time. The portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements.

The Town's sick leave policy provides for unlimited accumulation of earned sick leave. Sick leave does not vest but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement purposes. Since the Town has no obligation for the sick leave until it is actually taken, no provision has been made in the accompanying financial statements.

(10) Net Assets/Fund Balances

Net Assets

Net assets in government-wide and proprietary fund financial statements are classified as invested in capital assets, net of related debt; restricted and unrestricted. Restricted net assets represent constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through state statute.

Fund Balances

In the governmental fund financial statements, reservations of fund balance represent amounts that cannot be appropriated or are legally segregated for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

State law 159-13(b)(16) restricts appropriation of fund balance for the subsequent year's budget to an amount not to exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts as these amounts stand at the close of the fiscal year preceding the budget year.

The governmental fund types classify fund balances as follows:

RESERVED

Reserved for encumbrances – portion of fund balance available for appropriation to pay for commitments related to purchase orders or contracts that remain unperformed at year end.

TOWN OF WAKE FOREST, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2009

Reserved for inventories – portion of fund balance not available for appropriation because it represents the year end fund balance of ending inventories, which are not expendable, available resources.

Reserved for prepaid items – portion of fund balance not available for appropriation because it represents the year end fund balance of prepaid items, which are not expendable, available resources.

Reserved by state statute – portion of fund balance, in addition to reserves for encumbrances and reserves for inventories which is not available for appropriation under state law (G.S. 159-8(a)). This amount is usually comprised of receivable balances that are not offset by deferred revenues.

Reserved for streets–Powell Bill – portion of fund balance available for appropriation but legally segregated for street construction and maintenance expenditures. This amount represents the balance of the total unexpended Powell Bill funds.

UNRESERVED

Designated for subsequent year's expenditures – portion of total fund balance available for appropriation which has been designated for the adopted 2009 – 2010 budget ordinance.

Undesignated – portion of total fund balance available for appropriation which is uncommitted at year end.

Note 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Deficit Fund Balance of Individual Funds

At June 30, 2009, the Stream Buffers Capital Project Fund had a deficit fund balance in the amount of \$450,734 and the Park Development Capital Project Fund had a deficit fund balance of \$3,687,896. The Town was awarded another grant for green way construction which is accounted for in the Stream Buffers Capital Project Fund. Expenditures were incurred to obtain this grant. If the costs exceed grant funds to be received in future fiscal years, then the Town plans to transfer funds from the General Fund to cover the expenditures.

The Town entered into an interlocal agreement with Wake County for the development and construction of Heritage High School Park in conjunction with the school. The Town has \$7.3 million authorized but unissued general obligation bonds for which a portion is designated for the park. Due to the volatility of the bond market, the Town delayed issuing the bonds and utilized general fund balance to make the payments to Wake County with the intent of reimbursing the coffers. The Town will be issuing the bonds in fiscal year 2009-2010 and the respective bond proceeds will be accounted for in the Park Development Capital Projects Fund. This coupled with transferring funds from Recreation Capital Reserve fund will remedy the deficit fund balance reported at June 30, 2009.

Note 3 – DEPOSITS AND INVESTMENTS

Deposits – All of the Town's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage are collateralized with securities held by the Town's agent in the Town's name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Town, these deposits are considered to be held by the Town's agent in the Town's name.

TOWN OF WAKE FOREST, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2009

The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Town or the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the Town under The Pooling Method, the potential exists for under collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Town has no formal policy regarding custodial credit risk for deposits, but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The Town complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2009, the carrying amount of the Town's deposits was \$7,624,045 and the bank balance was \$8,482,367. Of the bank balance, \$1,500,000 was covered by federal depository insurance and \$6,123,955 was covered under the Pooling Method. At June 30, 2009, the Town had \$1,590 of petty cash on hand.

Investments – At June 30, 2009, the Town had \$8,454,277 invested with the North Carolina Capital Management Trust's Cash Portfolio which carried a credit rating of AAAM by Standard and Poor's. The Town has no policy regarding credit risk.

Interest Rate Risk – The Town does not have a formal investment policy that limits maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Custodial Credit Risk – The Town has no formal policy regarding credit risk. Generally the Town invests available cash in North Carolina Capital Management Trust's Cash Portfolio or other interest generating account as allowed by North Carolina law. The Town's investment in the N.C. Capital Management Trust Cash Portfolio carried a credit rating of AAAM by Standard & Poor's as of June 30, 2009.

Note 4 – RECEIVABLES – ALLOWANCE FOR DOUBTFUL ACCOUNTS

The amounts shown in Exhibit A for receivables are net of the following allowance for doubtful accounts:

General Fund	Allowance for uncollectible property taxes	\$ <u>34,988</u>
--------------	--	------------------

TOWN OF WAKE FOREST, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2009

Note 5 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2009, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 21,218,050	\$ 4,364,271	\$ -	\$ 25,582,321
Construction in progress	18,711,384	17,117,160	3,421,215	32,407,329
Total capital assets not being depreciated	<u>39,929,434</u>	<u>21,481,431</u>	<u>3,421,215</u>	<u>57,989,650</u>
Capital assets being depreciated:				
Buildings	5,288,022	109,760	-	5,397,782
Other improvements and infrastructure	68,447,447	12,753,015	-	81,200,462
Equipment and furniture	2,646,271	780,824	19,898	3,407,197
Vehicles and motorized equipment	3,689,495	604,657	82,140	4,212,012
Total capital assets being depreciated	<u>80,071,235</u>	<u>14,248,256</u>	<u>102,038</u>	<u>94,217,453</u>
Less accumulated depreciation for:				
Buildings	2,496,557	218,877	-	2,715,434
Other improvements and infrastructure	16,222,650	1,771,965	-	17,994,615
Equipment and furniture	1,336,921	339,345	19,539	1,656,727
Vehicles and motorized equipment	1,994,417	492,525	70,202	2,416,740
Total accumulated depreciation	<u>22,050,545</u>	<u>\$ 2,822,712</u>	<u>\$ 89,741</u>	<u>24,783,516</u>
Total capital assets being depreciated, net	<u>58,020,690</u>			<u>69,433,937</u>
Governmental activity capital assets, net	<u>\$ 97,950,124</u>			<u>\$ 127,423,587</u>

Depreciation expense was charged to functions/programs as follows:

General government	\$ 246,221
Public safety	325,930
Public works	1,980,716
Environmental protection	74,150
Cultural and recreational	195,695
	<u>\$ 2,822,712</u>

TOWN OF WAKE FOREST, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2009

Business activity:	Beginning Balances	Increases	Decreases	Ending Balances
Electric Fund				
Capital assets not being depreciated:				
Land	\$ 159,839	\$ -	\$ -	\$ 159,839
Construction in progress	2,739,892	189,942	-	2,929,834
Total capital assets not being depreciated	<u>2,899,731</u>	<u>189,942</u>	<u>-</u>	<u>3,089,673</u>
Capital assets being depreciated:				
Utility improvements	17,472,380	1,014,313	-	18,486,693
Equipment and furniture	1,529,062	46,624	-	1,575,686
Vehicles and motorized equipment	1,114,951	-	-	1,114,951
Total capital assets being depreciated	<u>20,116,393</u>	<u>1,060,937</u>	<u>-</u>	<u>21,177,330</u>
Less accumulated depreciation for:				
Utility improvements	6,372,367	550,009	-	6,922,376
Equipment and furniture	591,040	133,555	-	724,595
Vehicles and motorized equipment	719,167	135,894	-	855,061
Total accumulated depreciation	<u>7,682,574</u>	<u>\$ 819,458</u>	<u>\$ -</u>	<u>8,502,032</u>
Total capital assets being depreciated, net	<u>12,433,819</u>			<u>12,675,298</u>
Electric capital assets, net	<u>\$ 15,333,550</u>			<u>\$ 15,764,971</u>

Construction commitments

At June 30, 2009, the Town had contracted commitments as follows:

Project	Spent-to-Date	Remaining Commitment
Capital Project Fund – New Town Hall	\$ 9,980,787	\$ 4,291,820
Capital Project Fund – Park Development	12,236,816	545,875
Capital Project Fund – Street and Sidewalk Improvements	7,614,030	711,504
	<u>\$ 29,831,633</u>	<u>\$ 5,549,199</u>

Note 6– PENSION PLAN OBLIGATIONS

(a) Local Government Employees’ Retirement System

Plan Description

The Town of Wake Forest contributes to the statewide Local Governmental Employees’ Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS provides retirement and disability benefits to plan members and beneficiaries. Article 3 of G. S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Local Governmental Employee’s Retirement System is included in the

TOWN OF WAKE FOREST, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2009

Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy

Plan members are required to contribute six percent of their annual covered salary. The Town is required to contribute at an actuarially determined rate. For the Town, the current rate for employees not engaged in law enforcement and for law enforcement officers is 4.80% and 4.72%, respectively, of annual covered payroll. The contribution requirements of members and of the Town of Wake Forest are established and may be amended by the North Carolina General Assembly. The Town's contributions to LGERS for the years ended June 30, 2009, 2008 and 2007 were \$469,700, \$423,272 and \$374,439, respectively. The contributions made by the Town equaled the required contributions for each year.

(b) Law Enforcement Officers Special Separation Allowance

Plan Description

The Town of Wake Forest administers a public employee retirement system (the "Separation Allowance"), a single-employer defined benefit pension plan that provides retirement benefits to the Town's qualified sworn law enforcement officers. The Separation Allowance is equal to .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G. S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. All full-time law enforcement officers of the Town are covered by the Separation Allowance. At December 31, 2008 the Separation Allowance's membership consisted of:

Retirees receiving benefits	1
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	<u>50</u>
Total	<u><u>51</u></u>

Summary of Significant Accounting Policies

Basis of Accounting: The Town has chosen to fund the Separation Allowance on a pay as you go basis. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting.

Method Used to Value Investments: No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due.

Contributions

The Town is required by Article 12D of G. S. Chapter 143 to provide these retirement benefits and has chosen to fund the benefit payments on a pay as you go basis through appropriations made in the General

TOWN OF WAKE FOREST, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2009

Fund operating budget. The Town's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. There were no contributions made by employees.

The annual required contribution for the current year was determined as part of the December 31, 2008 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 7.25% investment rate of return and (b) projected salary increases of 4.5 – 12.3% per year. The inflation component was 3.75%. The assumptions do not include postretirement benefit increases.

Annual Pension Cost and Net Pension Obligation

The Town's annual pension cost and net pension obligation to the Separation Allowance for the current year were as follows:

Annual required contribution	\$ 52,771
Interest on net pension obligation	18,812
Adjustment to annual required contribution	<u>(15,864)</u>
Annual pension cost	55,719
Contributions made	<u>4,129</u>
Increase in net pension obligation	51,590
Net pension obligation – Beginning of year	<u>259,475</u>
Net pension obligation – End of year	<u>\$ 311,065</u>

Trend Information

Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/09	\$ 55,719	7.41%	\$ 311,065
6/30/08	44,572	4.63%	259,475
6/30/07	41,114	0.00%	216,967

Funded Status and Funding Progress

As of December 31, 2008, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and the unfunded actuarial accrued liability (UAAL) was \$435,525. The covered payroll (annual payroll of active employees covered by the plan) was \$2,988,072, and the ratio of the UAAL to the covered payroll was 14.58 percent.

The schedule of funding progress presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

(c) Supplemental Retirement Income Plan for Law Enforcement Officers

1. Plan Description

The Town contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the Town. Article 5 of G. S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

TOWN OF WAKE FOREST, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2009

The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401 (k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

2. Funding Policy

Article 12E of G. S. Chapter 143 requires the Town to contribute each month an amount equal to 5% of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2009 were \$217,228, which consisted of \$155,511 from the Town and \$61,717 from the law enforcement officers.

(d) Supplemental Retirement Income Plan for all Other Employees

1. Plan Description

All other employees of the Town (excluding Law Enforcement Officers) are members of the Town's 401(k) plan, a defined contribution pension plan as described above.

2. Funding Policy

The Town contributes each month an amount equal to 4.9% of eligible employee's salary, and all amounts contributed are vested immediately. Also, the employees may make voluntary contributions to the plan. Contributions for the year ended June 30, 2009 were \$472,662, which consisted of \$323,609 from the Town and \$149,053 from employees.

(e) Other Postemployment Benefit (OPEB) – Healthcare Benefits

Plan Description

Under a Town resolution July 1, 2008, the Town provides healthcare benefits through the Healthcare Benefits Plan (HCB Plan) as a single-employer defined benefit plan to cover retirees of the Town who participate in the North Carolina Local Government Employees' Retirement System (System) and have met certain service requirements with the Town. Employees hired after April 15, 2003 who have 20 or more years of continuous creditable service with the Town at the time of their retirement will receive full benefits; those with 15-19 years of continuous creditable service with the Town will receive one-half of the benefits. Employees hired prior to April 15, 2003 who have 15 or more years of service at retirement will receive full benefits; those with 5-14 years of service will receive one-half of the benefits. Also, the Town's retirees can purchase coverage for their dependents at the Town's group rates. The Town Board may amend the benefit provisions. A separate report was not issued for the plan.

Membership of the HCB Plan consisted of the following at December 31, 2008, the date of the latest actuarial valuation:

	General Employees	Law Enforcement Officers
Retirees and dependents receiving benefits	15	4
Terminated plan members entitled to but not yet receiving benefits	-	-

TOWN OF WAKE FOREST, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2009

Active plan members	123	50
Total	<u>138</u>	<u>54</u>

Funding Policy

The Board of Commissioners established the contribution requirements of plan members and this may be amended by the Board. The Town's members pay \$322 per month for dependent coverage. The Town has chosen to fund the healthcare benefits on a pay as you go basis.

The current ARC rate is 10.52% of annual covered payroll. For the current year, the Town contributed \$48,344 or .51% of annual covered payroll. The Town obtains healthcare coverage through private insurers. The Town's required contributions, under a Board resolution, for employees not engaged in law enforcement and for law enforcement officers represented .41% and .10% of covered payroll, respectively. There were no contributions made by employees, except for dependent coverage in the amount of \$8,922. The Town's obligation to contribute to the HCB Plan is established and may be amended by the Board of Commissioners.

Summary of Significant Accounting Policies

Postemployment expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due.

Annual OPEB Cost and Net OPEB Obligation

The Town's annual (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC) an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the Town's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Town's net OPEB obligation for the healthcare benefits:

Annual required contribution	\$ 991,402
Interest on OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost	<u>991,402</u>
Contributions made	<u>48,344</u>
Increase in net OPEB obligation	943,058
Net OPEB obligation beginning of year	-
Net OPEB obligation end of year	<u>\$ 943,058</u>

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the HCB Plan, and the net OPEB obligation for 2009 were as follows:

For Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2009	\$ 991,402	4.88%	\$ 943,048

Funded Status and Funding Progress

TOWN OF WAKE FOREST, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2009

As of December 31, 2008, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and, thus, the unfunded actuarial accrued liability (UAAL) was \$8,900,833. The covered payroll (annual payroll of active employees covered by the plan) was \$9,427,483 and the ratio of the UAAL to the covered payroll was 94.4%. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for the financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members at that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value assets, consistent with the long-term perspective of the calculations.

In the December 31, 2008, actuarial valuation, the projected unit credit method was used. The actuarial assumptions included a 4.0 percent investment rate of return (net of administrative expenses), which is the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual medical cost trend increase of 10.5 to 5.0 percent annually. The investment rate included a 3.75% inflation assumption. The actuarial value, if any, was determined using techniques that spread the effects of short-term volatility in the market value of investments over a 5 year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period of December 31, 2008 was 30 years.

(f) Other Employment Benefit

The Town has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. Employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's twelve (12) highest months salary in a row during the twenty-four (24) months prior to the employee's death, but the benefit may not exceed \$50,000 or be less than \$25,000. All death benefit payments are made from the Death Benefit Plan. The Town has no liability beyond the payment of monthly contributions. Contributions are determined as a percentage of monthly payroll, based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. Because the benefit payments are made by the Death Benefit Plan and not by the Town, the Town does not determine the number of eligible participants. For the fiscal year ended June 30, 2009, the Town made contributions to the State for death benefits of \$15,786. The Town's required contributions for employees not engaged in law enforcement and for law enforcement officers represented .17% and .14% of covered payroll, respectively. The contributions to the Death

TOWN OF WAKE FOREST, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2009

Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount.

Note 7 – DEFERRED REVENUES

The balance in deferred/unearned revenues at year end is composed of the following elements:

	Deferred Revenue	Unearned Revenue	Total
General Fund			
Prepaid taxes not yet earned	\$ -	\$ 41,551	\$ 41,551
Taxes receivable (net)	415,712	-	415,712
Vehicle license receivable	51,654	-	51,654
Sanitation receivables	44,933	-	44,933
Prepaid other	-	8,835	8,835
Total general fund	512,299	50,386	562,685
Special Revenue Fund			
Taxes receivable	7,560	93	7,653
Total	<u>\$ 519,859</u>	<u>\$ 50,479</u>	<u>\$ 570,338</u>

Note 8 – RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. The Town participates in three (3) self-funded risk financing pools administered by the North Carolina League of Municipalities. Through these pools, the Town obtains general liability and auto liability coverage of \$1 million per occurrence, property coverage up to the total insurance values of the property policy, workers' compensation coverage up to the statutory limits, and employee dental coverage. The Town contracts with a health maintenance organization (HMO) to provide employee health insurance coverage. The pools are reinsured through commercial companies for single occurrence claims against general liability, auto liability, and property liability in excess of \$50,000 and \$300,000 statutory limits for workers' compensation. The pools are reinsured for annual employee health claims in excess of \$150,000. The property liability pool has an aggregate limit for the total property losses in a single year, with the reinsurance limit based upon a percentage of the total insurance values.

The Town carries commercial coverage for all other risks of loss. There have been no significant reductions in insurance coverage in the prior year, and settled claims have not exceeded coverage in any of the past three (3) fiscal years. The Town does not carry flood insurance because flood plain maps show insignificant property values within flood plains.

In accordance with G.S. 159-29, the Town's employees that have access to \$100 or more at any given time of the Town's funds are performance bonded through a commercial surety bond. The finance officer and the tax collector are individually bonded for \$100,000 each. The remaining employees that have access to funds are bonded under a blanket bond for \$5,000 per occurrence.

Note 9 – CLAIMS, JUDGEMENTS AND CONTINGENT LIABILITIES

At June 30, 2009, the Town was a defendant to various lawsuits. In the opinion of the Town's management and the Town's attorney, the ultimate effect of these legal matters will not have a material adverse effect on the Town's financial position.

TOWN OF WAKE FOREST, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2009

During fiscal year ended June 30, 2007, the Town issued bonds in the amount of \$9,200,000 that are subject to arbitrage rebate in accordance with Internal Revenue Code Section 148. Arbitrage restrictions limit the ability of governmental units to profit from the investment of tax-exempt bond proceeds. Excess earnings resulting from arbitrage must be rebated to the federal government and is calculated and rebated at the end of each five-year period that tax-exempt debt is outstanding and at maturity. There are certain exceptions allowed by the Internal Revenue Service whereby the arbitrage rebate does not have to be paid. Management believes that the Town will not be subject to arbitrage rebate and accordingly, no provision has been made for potential arbitrage rebate in these financial statements.

Note 10 – LONG-TERM DEBT

(a) General Obligation Bonds

The Town's general obligation bonds serviced by the governmental funds were issued for the acquisition of parks and recreation facilities and street improvements. Those general obligation bonds issued to finance the construction of facilities utilized in the operations of the water, sewer and electric systems and which are being retired by its resources are reported as long-term debt in the Water and Sewer Fund and the Electric Fund. In addition, general obligation bonds have been issued to refund general obligation bonds. All general obligation bonds are collateralized by the full faith, credit and taxing power of the Town. Principal and interest requirements are appropriated when due.

Bonds payable at June 30, 2009 are comprised of the following individual issues:

Serviced by the General Fund:

\$535,500 Series 1997 Parking and Parks and Recreation Refunding Bonds with annual installments of \$41,625 to \$55,125 due annually on September 1 through September 1, 2009 plus interest from 4.5 to 4.75 percent	\$ 20,250
\$3,200,000 Series 1999 Parks and Recreation Facilities Improvements Bonds with annual installments of \$115,000 to \$175,000 due annually on February 1 through February 1, 2020 plus interest from 4.9 to 5.1 percent	1,850,000
\$9,200,000 Series 2006 Public Improvement Bonds with annual installments of \$460,000 due annually on April 1 through April 1, 2027 plus interest from 3.6 to 5.0 percent	8,280,000

Serviced by the Electric Fund:

\$1,071,000 Series 1997 Electric Refunding Bonds with annual installments of \$40,500 to \$110,250 due annually on September 1 through September 1, 2009 plus interest from 4.5 to 4.75 percent	40,500
---	--------

Serviced by the Water and Sewer Fund:

\$773,500 Series 1997 Water and Sewer Refunding Bonds with annual installments of \$29,250 to \$79,625 due annually on September 1 through September 1, 2009 plus interest from 4.5 to 4.75 percent	<u>29,250</u>
Total	<u>\$ 10,220,000</u>

At June 30, 2009, the Town of Wake Forest had bonds authorized but unissued of \$7,300,000 and a legal debt margin of \$247,782,859.

TOWN OF WAKE FOREST, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2009

Annual debt service requirements to maturity for general obligation bonds at June 30, 2009 are as follows:

Year Ending June 30:	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2010	\$ 640,250	\$ 424,617	\$ 69,750	\$ 3,313
2011	635,000	397,415	-	-
2012	635,000	370,440	-	-
2013	635,000	343,465	-	-
2014	635,000	316,315	-	-
2015-2019	3,175,000	1,118,900	-	-
2020-2024	2,415,000	516,235	-	-
2025-2029	1,380,000	103,500	-	-
Total	<u>\$ 10,150,250</u>	<u>\$ 3,590,887</u>	<u>\$ 69,750</u>	<u>\$ 3,313</u>

(b) Revenue Bonds

\$2,300,000 Electric Revenue Bonds, Series 2007, issued for acquiring, constructing and equipping an electric substation. Principal installments are due semiannually on August 15 and February 15 of \$119,820 through 2019 which includes interest at 3.74%. \$ 1,984,034

The Town is in compliance with the covenants as to rates, fees, rentals and charges in Section 5.02 of the Bond Order, authorizing the issuance of the Electric System Revenue Bond, Series 2007. Section 5.02 (a) requires the debt service coverage ratio to be no less than 120%. The debt service coverage ratio calculation for the year ended June 30, 2009, is as follows:

Operating revenues	\$16,601,160
Operating & non-operating expenses	<u>15,989,978</u>
Income available for debt service	611,182
Debt service, principal & interest paid (revenue bond only)	239,640
Debt service coverage ratio	255%

TOWN OF WAKE FOREST, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2009

Annual debt service requirements to maturity for revenue bonds at June 30, 2009 are as follows:

Year Ending June 30:	<u>Principal</u>	<u>Interest</u>
2010	\$ 166,984	\$ 72,656
2011	173,288	66,346
2012	179,829	59,811
2013	186,618	53,022
2014	193,663	45,978
2015-2019	1,083,652	114,549
Total	<u>\$ 1,984,034</u>	<u>\$ 412,362</u>

(c) Installment Notes

The Town's installment notes outstanding at June 30, 2009 are as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
\$9,800,000 installment obligation to BB&T for the New Town Hall issued July 23, 2008; semi-annual payments of \$326,667, plus interest at 3.72%, secured by a building.	\$ 9,473,333	\$ -
\$248,795 installment obligation to Capital Bank for equipment issued May 29, 2008; quarterly payments of \$26,691 which includes interest at 2.87%, secured by equipment.	248,795	-
\$3,100,000 installment obligation to BB&T for land and land improvements issued May 31, 2002; quarterly payments of \$51,667 plus interest at 4.79%, secured by land and land improvements.	-	1,653,333
\$270,000 installment obligation to RBC Centura for vehicles issued December 21, 2006; quarterly payments of \$23,827 which includes interest at 3.57%, secured by vehicles.	-	47,025
\$46,965 installment obligation to BB&T for equipment issued January 14, 2008; quarterly payments of \$12,838 which includes interest at 2.93%, secured by equipment.	-	87,289
Totals	<u>\$ 9,722,128</u>	<u>\$ 1,787,647</u>

TOWN OF WAKE FOREST, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2009

Annual debt service requirements to maturity for installment notes at June 30, 2009 are as follows:

Year Ending June 30:	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2010	\$ 695,702	\$ 353,051	\$ 303,025	\$ 78,343
2011	755,261	326,238	244,624	66,200
2012	757,833	299,362	206,667	55,684
2013	653,334	273,420	206,667	45,784
2014	653,334	249,116	206,667	35,885
2015-2019	3,266,670	881,019	619,997	48,259
2020-2024	2,939,994	273,418	-	-
Total	\$ 9,722,128	\$ 2,655,624	\$ 1,787,647	\$ 330,155

(d) North Carolina Water Pollution Control Revolving Fund Loan and Revolving Bond Fund

The Town has \$6,450,000 and \$1,300,105 in promissory notes issued by the North Carolina Department of Environment, Health, and Natural Resources for the construction of additional capacity at the Town's Wastewater Treatment Plant. Future revenues of the sanitary sewer system collateralize the notes. This debt is recorded as long-term debt in the proprietary fund with principal and interest requirements appropriated when due.

For the \$6,450,000 promissory note, interest is due semi-annually at 3.035% with principal payable in 20 annual installments beginning May 1, 1998 of \$322,500 plus interest. At June 30, 2009 the outstanding balance on this note totaled \$2,580,000. For the \$1,300,105 total promissory note, \$211,105 is a separate note with an interest rate of 5.85%, due semi-annually with principal payable in 20 annual installments beginning May 1, 1998 of \$11,111 plus interest. The balance of the promissory note of \$1,089,000 has an interest rate of 5.30% due semi-annually with principal payable in not more than 20 annual installments beginning May 1, 1998 of \$54,450 plus interest. At June 30, 2009 the remaining balance on these notes totaled \$77,776 and \$435,600, respectively.

Annual debt service requirements to maturity are as follows:

Year Ending June 30,	Principal	Interest
2010	\$ 388,061	\$ 97,794
2011	388,061	85,488
2012	388,061	73,183
2013	388,061	60,877
2014	388,061	48,572
2015-2019	1,153,071	71,883
Total	\$ 3,093,376	\$ 437,797

(e) Advance Refunding

In 1988 and in 1997 the Town defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Town's financial statements. On June 30, 2009, \$3,122,000 of bonds outstanding are considered defeased.

TOWN OF WAKE FOREST, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2009

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2009, was as follows:

	Balance July 1, 2008	Increases	Decreases	Balance June 30, 2009	Amounts Due Within One Year
Governmental activities:					
General obligation bonds	\$ 10,801,875	\$ -	\$ 651,625	\$ 10,150,250	\$ 640,250
Installment notes	246,359	10,048,795	573,026	9,722,128	695,702
Compensated absences	508,662	544,979	502,876	550,765	544,500
Net pension obligation	259,475	55,719	4,129	311,065	-
Other post employment benefits	-	834,004	-	834,004	-
Governmental activity long-term liabilities	<u>\$ 11,816,371</u>	<u>\$ 11,483,497</u>	<u>\$ 1,731,656</u>	<u>\$ 21,568,212</u>	<u>\$ 1,880,452</u>
Business-type activities:					
General obligation bonds	\$ 213,125	\$ -	\$ 143,375	\$ 69,750	\$ 69,750
Revenue bonds	2,144,943	-	160,909	1,984,034	166,984
Installment notes	5,762,177	-	881,154	4,881,023	691,086
Other post employment Benefits	-	109,054	-	109,054	-
Compensated absences	70,187	103,282	95,123	78,346	78,346
Business-type activity long-term liabilities	<u>\$ 8,190,432</u>	<u>\$ 212,336</u>	<u>\$ 1,280,561</u>	<u>\$ 7,122,207</u>	<u>\$ 1,006,166</u>

Compensated absences for governmental activities typically have been liquidated in the General Fund.

Note 11 – INTERFUND BALANCES AND TRANSFERS

A summary of interfund transfers follows:

From Fund	To Fund	Amount	Purpose
Nonmajor Governmental Funds	General Fund	\$ 278,141	Debt service
General Fund	Nonmajor Governmental Funds	50,000	Special revenue
General Fund	New Town Hall Capital Project	800,000	Capital project
Nonmajor Governmental Funds	Nonmajor Governmental Funds	44,578	Capital projects
		<u>\$ 1,172,719</u>	

Balances due to/from other funds at June 30, 2009, consist of the following:

From Fund	To Fund	Amount
Nonmajor Governmental Funds	General Fund	\$ 452,196
Park Development Capital Project	General Fund	3,896,046
General Fund	Electric Fund	1,180,595
	Total	<u>\$ 5,528,837</u>

TOWN OF WAKE FOREST, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2009

The amounts payable to the General Fund relate to working capital loans made to the Stream Buffers Capital Project Fund and the Park Development Capital Project Fund until respective grant and bond proceeds are realized in the subsequent year. The General Fund also made a working capital loan to the Electric Fund. It is anticipated that the balance will be collected in the subsequent year.

Note 12 – JOINTLY GOVERNED ORGANIZATION

The Town is a member of the North Carolina Eastern Municipal Power Agency (the “Agency”). The Agency was formed to enable municipalities that own electric distribution systems to finance, construct, own, operate, and maintain generation and transmission facilities through the Agency. The Town receives power from the Agency and is contractually allocated a .7262% interest in the Agency, with the balance being shared by the thirty-two (32) other local governments. Each participating government appoints one commissioner to the Agency’s governing board. The Town is obligated to purchase all of its power supply requirements from the Agency. Except for the power sales purchase requirements, no local government participant has any obligation, entitlement, or residual interest. The Town’s gross purchases of power for the fiscal year ended June 30, 2009 were \$12,273,875.

Note 13 – SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

Federal and State Assisted Programs

The Town has received proceeds from several federal and state grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures of grant monies by the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant moneys.

Note 14 – MERGER OF WATER AND SEWER SYSTEM WITH THE CITY OF RALEIGH

The Water and Sewer Utility System of the Town was transferred to the City of Raleigh effective July 1, 2005. Under the terms of the agreement, Raleigh assumed full responsibility for the provision of water and sewer services in Wake Forest, including responsibility for Wake Forest’s water and sewer utility systems and related equipment and property rights. Upon the transfer, Raleigh assumed immediate and sole duty and responsibility for financing, operating, maintaining, improving and expanding the water and sewer systems serving Wake Forest’s existing and future corporate limits and Urban Services Area. The Town transferred ownership of all facilities, property, land, equipment, financial assets, information and data subject to the agreement with Raleigh.

The accompanying statement of net assets shows total notes receivable of \$4,775,959 due from the City of Raleigh related to this merger. The amount due from the City of Raleigh is shown as \$623,978 due within one year and \$4,151,981 due in more than one year. The City of Raleigh will also pay interest on this balance based on the Town of Wake Forest’s interest rates on the associated long term debt. The financial statements include a current account payable amount to the City of Raleigh of \$924,857 related to the merger.

Note 15 – EXTRAORDINARY ITEM

For the fiscal year ended June 30, 2009, the Town received \$2,205,470 from the dissolution of the Industrial Development Corporation (IDC). The IDC was formed in 1964 for the primary purpose of promoting industrial development in the Town. Stipulations in the agreement between the non-profit corporation and the Town stated that when the property sold and the IDC dissolved, then funds would be returned to the Town. This transpired on August 20, 2008 and is recorded as an extraordinary item in the Statement of Activities.

Town of Wake Forest, North Carolina
Law Enforcement Officers' Special Separation Allowance
Required Supplementary Information
Schedule of Funding Progress

Seven years ended December 31, 2008

Actuarial Valuation <u>Date</u>	Actuarial Value of Assets <u>(a)</u>	Actuarial Accrued Liability (AAL) -Projected Unit Credit <u>(b)</u>	Unfunded AAL (UAAL) <u>(b - a)</u>	Funded Ratio <u>(a/b)</u>	Covered Payroll <u>(c)</u>	UAAL as a % of Covered Payroll <u>((b-a)/c)</u>
12/31/2002	\$ -	\$ 197,477	\$ 197,477	0%	\$ 1,417,208	13.93
12/31/2003	-	237,986	237,986	0%	1,515,180	15.71
12/31/2004	-	263,188	263,188	0%	1,656,800	15.89
12/31/2005	-	242,453	242,453	0%	1,946,655	12.45
12/31/2006	-	266,027	266,027	0%	2,063,352	12.89
12/31/2007	-	344,645	344,645	0%	2,519,495	13.68
12/31/2008	-	435,525	435,525	0%	2,988,072	14.58

Town of Wake Forest, North Carolina
Law Enforcement Officers' Special Separation Allowance
Required Supplementary Information
Schedule of Employer Contributions

Seven years ended June 30, 2009

Year Ended June 30	Annual Required Contribution	Percentage Contribution
2003	\$ 27,878	0.00%
2004	32,588	0.00%
2005	38,152	0.00%
2006	40,003	0.00%
2007	38,720	0.00%
2008	42,174	4.89%
2009	52,771	7.41%

Notes to the Required Schedules:

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation date	December 31, 2008
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	22 Years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	7.25%
Projected salary increases	4.5 - 12.3%
Includes inflation at	3.75%
Cost-of-living adjustments	N/A

Town of Wake Forest, North Carolina

**Retirement Health Care Plan
Required Supplemental Information
Schedule of Funding Progress**

Two years ended December 31, 2008

Actual Valuation Date December 31	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
2007	\$ -	\$ 7,909,431	\$ 7,909,431	0.00%	\$ 8,639,637	91.55%
2008	-	8,900,833	8,909,431	0.00%	9,427,483	94.50%

Note fiscal year ending June 30, 2009 was the first year that the Town recognized this liability under GASB 45

Town of Wake Forest, North Carolina

**Retirement Health Plan
Required Supplementary Information
Schedule of Employer Contributions**

One year ended June 30, 2009

Year Ended June 30	Annual Required Contribution	Percentage Contributed
2009	991,402	4.88%

Notes to the Required Schedules:

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation date	December 31, 2008
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay, open
Remaining amortization period	30 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	4.00%
Medical cost trend rate	10.5 - 5.0%
Includes inflation at	3.75%
Cost-of-living adjustments	N/A

Town of Wake Forest, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Years Ended June 30, 2009 and 2008

	2009		Variance Favorable (Unfavorable)	2008
	Budget	Actual		Actual
REVENUES:				
Ad valorem taxes:				
Current year taxes	\$ 16,810,460	\$ 16,857,717	\$ 47,257	\$ 12,411,124
Prior years taxes	167,500	169,155	1,655	163,292
Penalties and interest	50,000	51,746	1,746	40,236
Total	<u>17,027,960</u>	<u>17,078,618</u>	<u>50,658</u>	<u>12,614,652</u>
Other taxes and licenses:				
Gross receipts tax on short-term rental property	30,000	31,388	1,388	33,636
Privilege licenses	32,250	37,685	5,435	36,570
Total	<u>62,250</u>	<u>69,073</u>	<u>6,823</u>	<u>70,206</u>
Unrestricted intergovernmental:				
Local option sales taxes	4,256,080	4,328,578	72,498	4,476,809
Sales tax refund	-	4,727	4,727	3,447
Beer and wine tax	115,500	115,568	68	104,240
Utility franchise tax	1,444,500	1,445,212	712	1,208,734
Other unrestricted intergovernmental	37,500	43,488	5,988	41,661
Total	<u>5,853,580</u>	<u>5,937,573</u>	<u>83,993</u>	<u>5,834,891</u>
Restricted intergovernmental:				
Powell Bill allocation	694,220	694,220	-	680,220
County grants	37,840	37,838	(2)	37,838
Federal grants	19,000	19,000	-	68,609
State grants	171,350	34,390	(136,960)	10,500
Total	<u>922,410</u>	<u>785,448</u>	<u>(136,962)</u>	<u>797,167</u>
Permits and fees:				
Building permits	695,000	700,945	5,945	1,170,132
Fire inspection and prevention	55,000	45,329	(9,671)	25,978
Utility and street inspection fees	110,000	61,024	(48,976)	23,978
Vehicle licenses	94,000	95,221	1,221	90,310
Other permits and fees	231,250	143,619	(87,631)	376,611
Total	<u>1,185,250</u>	<u>1,046,138</u>	<u>(139,112)</u>	<u>1,687,009</u>
Sales and services:				
Solid waste fees	272,800	365,631	92,831	1,578,772
Recreation fees	349,150	362,531	13,381	342,589
Cemetery	15,000	10,800	(4,200)	16,750
Other sales and services	134,525	131,576	(2,949)	188,292
Total	<u>771,475</u>	<u>870,538</u>	<u>99,063</u>	<u>2,126,403</u>

Town of Wake Forest, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Years Ended June 30, 2009 and 2008

	2009		Variance Favorable (Unfavorable)	2008
	Budget	Actual		Actual
Miscellaneous:				
Franchise fees	\$ 75,000	\$ 50,284	\$ (24,716)	\$ 47,953
ABC revenue	75,000	78,650	3,650	75,565
Miscellaneous revenue	165,720	139,522	(26,198)	376,969
Total	315,720	268,456	(47,264)	500,487
Investment earnings	177,245	165,277	(11,968)	378,862
Total revenues	26,315,890	26,221,121	(94,769)	24,009,677
EXPENDITURES:				
General government:				
Governing body:				
Salaries and employee benefits	111,000	100,981	10,019	103,840
Professional services	540,710	498,739	41,971	297,494
Contributions	354,965	354,961	4	267,972
Operating expenditures	105,440	93,770	11,670	119,015
Total	1,112,115	1,048,451	63,664	788,321
Administration:				
Salaries and employee benefits	411,190	402,001	9,189	394,158
Professional services	800	800	-	12,642
Operating expenditures	94,300	74,057	20,243	85,575
Total	506,290	476,858	29,432	492,375
Communications				
Salaries and employee benefits	148,805	137,792	11,013	107,134
Operating expenditures	172,365	153,744	18,621	122,755
Capital outlay	-	-	-	17,975
Total	321,170	291,536	29,634	247,864
Human Resources:				
Salaries and employee benefits	335,090	329,149	5,941	279,456
Professional services	1,500	1,247	253	956
Operating expenditures	89,300	62,191	27,109	81,326
Total	425,890	392,587	33,303	361,738
Finance:				
Salaries and employee benefits	921,020	918,120	2,900	858,794
Professional services	40,750	40,546	204	30,815
Operating expenditures	347,950	321,018	26,932	299,539
Capital outlay	88,680	66,652	22,028	197,786
Total	1,398,400	1,346,336	52,064	1,386,934
Management Information Systems:				
Salaries and employee benefits	199,645	177,110	22,535	160,993
Operating expenditures	166,850	160,674	6,176	69,208
Capital outlay	72,000	21,645	50,355	8,377
Total	438,495	359,429	79,066	238,578

Town of Wake Forest, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Years Ended June 30, 2009 and 2008

	2009		Variance Favorable (Unfavorable)	2008
	Budget	Actual		Actual
Inspections:				
Salaries and employee benefits	\$ 954,565	\$ 933,215	\$ 21,350	\$ 902,896
Operating expenditures	170,775	86,717	84,058	115,320
Capital outlay	-	-	-	59,979
Total	1,125,340	1,019,932	105,408	1,078,195
Planning:				
Salaries and employee benefits	740,955	708,853	32,102	622,487
Professional services	78,950	66,650	12,300	151,274
Operating expenditures	347,820	323,393	24,427	267,376
Capital outlay	1,156,650	1,223,690	(67,040)	17,028
Total	2,324,375	2,322,586	1,789	1,058,165
Public buildings:				
Operating expenditures	603,460	549,680	53,780	547,173
Professional services	31,000	31,070	(70)	8,082
Capital outlay	64,540	29,889	34,651	5,400
Total	699,000	610,639	88,361	560,655
Engineering:				
Salaries and employee benefits	631,375	624,997	6,378	587,271
Professional services	120,000	120,114	(114)	264,496
Operating expenditures	210,900	197,267	13,633	87,196
Capital outlay	99,400	99,111	289	-
Total	1,061,675	1,041,489	20,186	938,963
Public Works Administration				
Salaries and employee benefits	223,450	219,188	4,262	205,815
Operating expenditures	33,000	34,888	(1,888)	72,947
Capital Outlay	10,500	10,302	198	-
Total	266,950	264,378	2,572	278,762
Fleet Maintenance:				
Salaries and employee benefits	214,275	202,740	11,535	184,274
Operating expenditures	96,600	84,881	11,719	67,389
Capital outlay	134,500	63,875	70,625	9,820
Total	445,375	351,496	93,879	261,483
Total general government	10,125,075	9,525,717	599,358	7,692,033
Public safety:				
Police:				
Salaries and employee benefits	4,670,005	4,596,964	73,041	3,926,997
Operating expenditures	902,385	762,460	139,925	746,624
Capital outlay	723,900	716,565	7,335	328,667
Total	6,296,290	6,075,989	220,301	5,002,288

Town of Wake Forest, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Years Ended June 30, 2009 and 2008

	2009		Variance Favorable (Unfavorable)	2008
	Budget	Actual		Actual
Fire:				
Contributions to:				
Fire Department	\$ 3,344,479	\$ 3,344,473	\$ 6	\$ 2,398,859
Hazmat	11,620	11,616	4	10,134
Total	<u>3,356,099</u>	<u>3,356,089</u>	<u>10</u>	<u>2,408,993</u>
Total public safety	<u>9,652,389</u>	<u>9,432,078</u>	<u>220,311</u>	<u>7,411,281</u>
Transportation:				
Streets:				
Salaries and employee benefits	866,490	849,969	16,521	679,938
Professional services	-	104,288	(104,288)	3,732
Operating expenditures	660,770	598,063	62,707	552,784
Capital outlay	412,064	231,901	180,163	62,016
Total transportation	<u>1,939,324</u>	<u>1,784,221</u>	<u>155,103</u>	<u>1,298,470</u>
Environmental protection:				
Sanitation:				
Salaries and employee benefits	344,685	319,667	25,018	284,760
Contracted services	1,686,130	1,661,397	24,733	1,439,389
Operating expenditures	210,320	193,535	16,785	172,443
Capital outlay	139,000	138,997	3	25,655
Total	<u>2,380,135</u>	<u>2,313,596</u>	<u>66,539</u>	<u>1,922,247</u>
Cemetery:				
Operating expenditures	-	-	-	11,752
Total environmental protection	<u>2,380,135</u>	<u>2,313,596</u>	<u>66,539</u>	<u>1,933,999</u>
Cultural and recreational:				
Parks and recreation:				
Salaries and employee benefits	877,875	814,232	63,643	765,796
Professional services	54,150	56,505	(2,355)	23,044
Operating expenditures	655,285	519,782	135,503	539,000
Capital outlay	100,000	116,332	(16,332)	163,573
Total cultural and recreational	<u>1,687,310</u>	<u>1,506,851</u>	<u>180,459</u>	<u>1,491,413</u>
Debt service:				
Bond principal	651,625	651,625	-	652,750
Bond interest	452,450	452,364	86	480,254
Installment note principal	573,035	573,026	9	447,854
Installment note interest	188,295	187,930	365	19,462
Total debt service	<u>1,865,405</u>	<u>1,864,945</u>	<u>460</u>	<u>1,600,320</u>
Total expenditures	<u>27,649,638</u>	<u>26,427,408</u>	<u>1,222,230</u>	<u>21,427,516</u>
Revenues over (under) expenditures	<u>(1,333,748)</u>	<u>(206,287)</u>	<u>1,127,461</u>	<u>2,582,161</u>

Town of Wake Forest, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Years Ended June 30, 2009 and 2008

	2009		Variance Favorable (Unfavorable)	2008
	Budget	Actual		Actual
OTHER FINANCING SOURCES (USES):				
Transfers in (out):				
Downtown District Special Tax	\$ 31,810	\$ 31,810	\$ -	\$ 10,607
Centennial Celebration Fund	(50,000)	(50,000)	-	-
Town Hall Capital Project Fund	(800,000)	(800,000)	-	(150,000)
General Capital Reserve Fund	130,924	130,924	-	-
Sidewalk Capital Reserve Fund	56,894	64,301	7,407	-
Glen Royall Housing Fund	51,106	51,106	-	-
Park Development Capital Projects Fund	-	-	-	(150,000)
Installment Note Issuance	248,795	248,795	-	-
Proceeds from Industrial Development Corp	-	2,205,470	2,205,470	-
Appropriated fund balance	1,664,219	-	(1,664,219)	-
Total other financing sources	<u>1,333,748</u>	<u>1,882,406</u>	<u>548,658</u>	<u>(289,393)</u>
Net change in fund balance	<u>\$ -</u>	<u>1,676,119</u>	<u>\$ 1,676,119</u>	<u>2,292,768</u>
FUND BALANCE - Beginning of year		<u>12,237,484</u>		<u>9,944,716</u>
FUND BALANCE - End of year		<u>\$ 13,913,603</u>		<u>\$ 12,237,484</u>

Town of Wake Forest, North Carolina
Capital Projects Fund
New Town Hall
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2009

	Project Author- ization	Actual		
		Prior Years	Current Year	Total to Date
Revenues:				
Sales tax refund	\$ 35,000	\$ 1,233	\$ 30,030	\$ 31,263
Investment earnings	180,000	55,511	75,680	131,191
Total revenues	<u>215,000</u>	<u>56,744</u>	<u>105,710</u>	<u>162,454</u>
Expenditures:				
Capital outlay:				
Professional services	1,900,000	1,150,531	406,255	1,556,786
Personnel costs	60,000	27,777	30,022	57,799
Contracted services	25,000	24,555	-	24,555
Capital outlay-land	845,000	801,867	33,747	835,614
Capital outlay-construction	13,285,000	869	7,536,427	7,537,296
Total expenditures	<u>16,115,000</u>	<u>2,005,599</u>	<u>8,006,451</u>	<u>10,012,050</u>
Revenues under expenditures	<u>(15,900,000)</u>	<u>(1,948,855)</u>	<u>(7,900,741)</u>	<u>(9,849,596)</u>
Other financing sources:				
Transfer in:				
General Fund	6,100,000	1,780,450	800,000	2,580,450
Installment note issuance	9,800,000	-	9,800,000	9,800,000
Total other financing sources	<u>15,900,000</u>	<u>1,780,450</u>	<u>10,600,000</u>	<u>12,380,450</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (168,405)</u>	2,699,259	<u>\$ 2,530,854</u>
Fund balances:				
Beginning of year			(168,405)	
End of year			<u>\$ 2,530,854</u>	

Town of Wake Forest, North Carolina
Capital Projects Fund
Park Development
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2009

	Project Author- ization	Actual		
		Prior Years	Current Year	Total to Date
Revenues:				
Investment earnings	\$ 728,665	\$ 699,196	\$ 28,939	\$ 728,135
Grant proceeds	2,816,587	2,066,587	750,000	2,816,587
Sales tax refund	75,000	44,755	34,320	79,075
Subtotal revenues	3,620,252	2,810,538	813,259	3,623,797
Less closed projects	(717,187)	(495,914)	(220,056)	(715,970)
Total revenues	2,903,065	2,314,624	593,203	2,907,827
Expenditures:				
Capital outlay:				
Professional services	57,958	57,872	909	58,781
Capital outlay-land	5,135,665	4,635,661	-	4,635,661
Flaherty Park-Phase III	3,121,187	3,121,171	-	3,121,171
Heritage High School	3,250,355	763,526	2,073,440	2,836,966
Joyner Park Development	4,640,000	679,373	4,060,355	4,739,728
Northeast Community Center	346,000	124,743	220,056	344,799
Subtotal expenditures	16,551,165	9,382,346	6,354,760	15,737,106
Less closed projects	(3,467,187)	(3,245,914)	(220,056)	(3,465,970)
Total expenditures	13,083,978	6,136,432	6,134,704	12,271,136
Revenues under expenditures	(10,180,913)	(3,821,808)	(5,541,501)	(9,363,309)
Other financing sources (uses):				
Transfers in (out):				
Capital Reserve Fund	625,000	-	-	-
General Fund	380,500	-	-	-
Capital Reserve Fund	(324,587)	(324,587)	-	(324,587)
Installment note issuance	2,050,000	2,050,000	-	2,050,000
Bond issuance	10,200,000	6,700,000	-	6,700,000
Subtotal other financing sources (uses)	12,930,913	8,425,413	-	8,425,413
Less closed projects	(2,750,000)	(2,750,000)	-	(2,750,000)
Total other financing sources (uses)	10,180,913	5,675,413	-	5,675,413
Net change in fund balance	\$ -	\$ 1,853,605	(5,541,501)	\$ (3,687,896)
Fund balances:				
Beginning of year			1,853,605	
End of year			<u>\$ (3,687,896)</u>	

Town of Wake Forest, North Carolina
Capital Projects Fund
Recreation Capital Reserve
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2009

	Project Author- ization	Actual		
		Prior Years	Current Year	Total to Date
Revenues:				
Payments in lieu	\$ 318,212	\$ 318,211	\$ -	\$ 318,211
Impact fees	1,989,600	1,936,464	53,214	1,989,678
Investment earnings	315,000	294,256	20,266	314,522
Donations	30,100	30,973	-	30,973
Total revenues	<u>2,652,912</u>	<u>2,579,904</u>	<u>73,480</u>	<u>2,653,384</u>
Other financing sources (uses)				
Transfers in (out):				
General Fund	550,000	525,578	-	525,578
General Fund	(616,544)	(324,357)	-	(324,357)
Capital Project Fund	<u>(2,586,368)</u>	<u>(348,194)</u>	<u>-</u>	<u>(348,194)</u>
Total other financing sources (uses)	<u>(2,652,912)</u>	<u>(146,973)</u>	<u>-</u>	<u>(146,973)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 2,432,931</u>	73,480	<u>\$ 2,506,411</u>
Fund balances:				
Beginning of year			<u>2,432,931</u>	
End of year			<u>\$2,506,411</u>	

Town of Wake Forest, North Carolina
Nonmajor Governmental Funds
Combining Balance Sheet
 June 30, 2009

	Capital Project Funds			Special Revenue Funds			Total Nonmajor Governmental Funds
	Stream Buffers	Street and Sidewalk Improvements	Cemetery Capital Reserve	General Capital Reserve	Centennial Celebration	Downtown District Special Tax	
Assets							
Cash and cash equivalents	\$ -	\$ 572,955	\$ 103,758	\$ 577,285	\$ 35,437	\$ 178,584	\$ 70,464
Accounts receivable	1,462	10,307	-	-	2,000	7,560	-
Total assets	\$ 1,462	\$ 583,262	\$ 103,758	\$ 577,285	\$ 37,437	\$ 186,144	\$ 70,464
Liabilities and fund balances							
Deferred revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,560	\$ -
Unearned revenue	-	-	-	-	-	93	-
Due to other funds	452,196	-	-	-	-	-	-
Accounts payable	-	288,164	-	-	861	-	-
Total liabilities	452,196	288,164	-	-	861	7,653	-
Fund balances:							
Unreserved, undesignated	(450,734)	295,098	103,758	577,285	36,576	178,491	70,464
Total liabilities and fund balances	\$ 1,462	\$ 583,262	\$ 103,758	\$ 577,285	\$ 37,437	\$ 186,144	\$ 70,464
							\$ 1,559,812

Town of Wake Forest, North Carolina
Capital Projects Fund
Glen Royall Housing Development
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2009

	Project Author- ization	Actual		
		Prior Years	Current Year	Total to Date
Revenues:				
Federal grant	\$ 65,853	\$ 65,853	\$ -	\$ 65,853
Other program income	52,476	51,483		51,483
Total revenues	<u>118,329</u>	<u>117,336</u>	<u>-</u>	<u>117,336</u>
Expenditures:				
Administration				
Professional services	1,123	942	-	942
Travel, meetings and schools	3,090	3,082	-	3,082
Other departmental expenditures	1,440	1,079	-	1,079
Total administration	<u>5,653</u>	<u>5,103</u>	<u>-</u>	<u>5,103</u>
Planning	570	180	-	180
Rehabilitation	61,000	60,947	-	60,947
Total expenditures	<u>67,223</u>	<u>66,230</u>	<u>-</u>	<u>66,230</u>
Revenues over expenditures	51,106	51,106	-	51,106
Other financing uses:				
Transfer out:				
General Fund	<u>(51,106)</u>	<u>-</u>	<u>(51,106)</u>	<u>(51,106)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 51,106</u>	<u>(51,106)</u>	<u>\$ -</u>
Fund balances:				
Beginning of year			<u>51,106</u>	
End of year			<u>\$ -</u>	

Town of Wake Forest, North Carolina
Capital Projects Fund
Stream Buffers
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2009

	Project Author- ization	Actual		Total to Date
		Prior Years	Current Year	
Revenues:				
Federal grants	\$ 1,516,375	\$ 1,170,373	\$ -	\$ 1,170,373
State grants	290,545	290,545	-	290,545
Sales tax refund	1,580	1,580	1,461	3,041
Miscellaneous	52,500	46,599	-	46,599
Total revenues	<u>1,861,000</u>	<u>1,509,097</u>	<u>1,461</u>	<u>1,510,558</u>
Expenditures:				
Capital outlay:				
Professional services	585,125	450,835	81,625	532,460
Capital outlay-land	1,080,115	1,080,113	-	1,080,113
Improvements	963,375	684,543	281,621	966,164
Total expenditures	<u>2,628,615</u>	<u>2,215,491</u>	<u>363,246</u>	<u>2,578,737</u>
Revenues under expenditures	(767,615)	(706,394)	(361,785)	(1,068,179)
Other financing sources:				
Transfer in:				
General Fund	<u>767,615</u>	<u>617,445</u>	-	<u>617,445</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (88,949)</u>	(361,785)	<u>\$ (450,734)</u>
Fund balances:				
Beginning of year			<u>(88,949)</u>	
End of year			<u>\$ (450,734)</u>	

Town of Wake Forest, North Carolina
Capital Projects Fund
Street & Sidewalk Improvements
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2009

	Project Author- ization	Actual		Total to Date
		Prior Years	Current Year	
Revenues:				
Investment earnings	\$ 617,340	\$ 554,700	\$ 60,339	615,039
Development proceeds	227,750	222,495	5,340	227,835
NC-DOT proceeds	1,182,370	1,182,372	-	1,182,372
Sales tax refund	35,000	6,549	10,306	16,855
Total revenues	<u>2,062,460</u>	<u>1,966,116</u>	<u>75,985</u>	<u>2,042,101</u>
Expenditures:				
Capital outlay:				
Professional services	1,900,000	1,482,195	312,103	1,794,298
Allocated personnel services	50,000	24,481	15,011	39,492
Allocated operating costs	-	-	7,360	7,360
Capital outlay-land	500,000	316,908	31,253	348,161
Capital outlay-construction	9,684,133	3,338,481	2,103,093	5,441,574
Total expenditures	<u>12,134,133</u>	<u>5,162,065</u>	<u>2,468,820</u>	<u>7,630,885</u>
Revenues under expenditures	<u>(10,071,673)</u>	<u>(3,195,949)</u>	<u>(2,392,835)</u>	<u>(5,588,784)</u>
Other financing sources:				
Transfers in:				
General Fund	339,813	16,328	-	16,328
General Capital Reserve Fund	231,860	122,976	44,578	167,554
Bond issuance	9,500,000	5,700,000	-	5,700,000
Total other financing sources	<u>10,071,673</u>	<u>5,839,304</u>	<u>44,578</u>	<u>5,883,882</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 2,643,355</u>	<u>(2,348,257)</u>	<u>\$ 295,098</u>
Fund balances:				
Beginning of year			2,643,355	
End of year			<u>\$ 295,098</u>	

Town of Wake Forest, North Carolina
Capital Projects Fund
Cemetery Capital Reserve
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2009

	Project Author- ization	Actual		Total to Date
		Prior Years	Current Year	
Revenues:				
Donations	\$ 150,000	\$ 143,464	\$ 26	\$ 143,490
Investment earnings	115,000	110,502	858	111,360
Total revenues	<u>265,000</u>	<u>253,966</u>	<u>884</u>	<u>254,850</u>
Other financing uses				
Transfer out:				
General Fund	<u>(265,000)</u>	<u>(151,092)</u>	<u>-</u>	<u>(151,092)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 102,874</u>	884	<u>\$ 103,758</u>
Fund balances:				
Beginning of year			<u>102,874</u>	
End of year			<u>\$ 103,758</u>	

Town of Wake Forest, North Carolina
Capital Projects Fund
Sidewalk Capital Reserve
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2009

	Project Author- ization	Actual		Total to Date
		Prior Years	Current Year	
Revenues:				
Payments in lieu	\$ 180,237	\$ 180,234	\$ -	\$ 180,234
Investment earnings	17,526	17,015	511	17,526
Total revenues	<u>197,763</u>	<u>197,249</u>	<u>511</u>	<u>197,760</u>
Other financing uses				
Transfers out:				
General Fund	<u>(197,763)</u>	<u>(133,459)</u>	<u>(64,301)</u>	<u>(197,760)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 63,790</u>	<u>(63,790)</u>	<u>\$ -</u>
Fund balances:				
Beginning of year			<u>63,790</u>	
End of year			<u>\$ -</u>	

Town of Wake Forest, North Carolina
Capital Projects Fund
Traffic Capital Reserve
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2009

	Project Author- ization	Actual		
		Prior Years	Current Year	Total to Date
Revenues:				
Development proceeds	\$ 20,400	\$ 20,400	\$ -	\$ 20,400
Payments in lieu	4,335	-	4,334	4,334
Investment earnings	9,845	9,493	351	9,844
Total revenues	<u>34,580</u>	<u>29,893</u>	<u>4,685</u>	<u>34,578</u>
Other financing sources (uses)				
Transfers in (out):				
General Fund	122,975	122,976	-	122,976
General Fund	(50,315)	(50,315)	-	(50,315)
Capital Project Fund	(107,240)	(62,661)	(44,578)	(107,239)
Total other financing sources (uses)	<u>(34,580)</u>	<u>10,000</u>	<u>(44,578)</u>	<u>(34,578)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 39,893</u>	(39,893)	<u>\$ -</u>
Fund balances:				
Beginning of year			<u>39,893</u>	
End of year			<u>\$ -</u>	

Town of Wake Forest, North Carolina
Capital Projects Fund
General Capital Reserve
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2009

	Project Author- ization	Actual		
		Prior Years	Current Year	Total to Date
Revenues:				
Payments in lieu	\$ 174,595	\$ 150,727	\$ -	\$ 150,727
Fire Impact Fees	485,000	155,997	331,143	487,140
Investment earnings	150,000	143,049	4,588	147,637
Donations	117,000	117,004	-	117,004
Total revenues	<u>926,595</u>	<u>566,777</u>	<u>335,731</u>	<u>902,508</u>
Other financing sources (uses):				
Transfers in (out):				
General Fund	49,309	11,715	-	11,715
General Fund	<u>(975,904)</u>	<u>(206,014)</u>	<u>(130,924)</u>	<u>(336,938)</u>
Total other financing sources (uses)	<u>(926,595)</u>	<u>(194,299)</u>	<u>(130,924)</u>	<u>(325,223)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 372,478</u>	204,807	<u>\$ 577,285</u>
Fund balances:				
Beginning of year			<u>372,478</u>	
End of year			<u>\$ 577,285</u>	

Town of Wake Forest, North Carolina
Special Revenue Fund
Centennial Celebration
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Years Ended June 30, 2009 and 2008

	2009		Variance Favorable (Unfavorable)	2008
	Budget	Actual		Actual
Revenues:				
Investment earnings	\$ 250	\$ 249	\$ (1)	\$ 6
Donations	50,000	44,655	(5,345)	6,100
Contributions-Wake County	40,000	40,000	-	-
Centennial events revenue	25,000	46,593	21,593	-
Total revenues	<u>115,250</u>	<u>131,497</u>	<u>16,247</u>	<u>6,106</u>
Expenditures:				
Capital outlay:				
Marketing	45,000	33,275	11,725	4,449
Printing	37,800	38,101	(301)	-
Special events	82,450	75,202	7,248	-
Total expenditures	<u>165,250</u>	<u>146,578</u>	<u>18,672</u>	<u>4,449</u>
Revenues over (under) expenditures	(50,000)	(15,081)	34,919	1,657
Other financing sources:				
Transfer in:				
General Fund	50,000	50,000	-	-
Net change in fund balance	<u>\$ -</u>	34,919	<u>\$ 34,919</u>	1,657
Fund balances:				
Beginning of year		1,657		-
End of year		<u>\$ 36,576</u>		<u>\$ 1,657</u>

Town of Wake Forest, North Carolina
Special Revenue Fund
Downtown District Special Tax
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Years Ended June 30, 2009 and 2008

	2009		Variance Favorable (Unfavorable)	2008
	Budget	Actual		Actual
REVENUES:				
Ad valorem taxes	\$ 71,125	\$ 71,624	\$ 499	\$ 58,494
Investment earnings	1,300	1,409	109	3,772
Total revenues	<u>72,425</u>	<u>73,033</u>	<u>608</u>	<u>62,266</u>
EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over expenditures	<u>72,425</u>	<u>73,033</u>	<u>608</u>	<u>62,266</u>
OTHER FINANCING USES:				
Transfers out:				
General Fund	(16,930)	(31,810)	(14,880)	(10,607)
Appropriated Fund Balance	<u>(55,495)</u>	<u>-</u>	<u>55,495</u>	<u>-</u>
Total other financing uses	<u>(72,425)</u>	<u>(31,810)</u>	<u>40,615</u>	<u>(10,607)</u>
Net change in fund balance	<u>\$ -</u>	41,223	<u>\$ 41,223</u>	51,659
Fund balances:				
Beginning of year		<u>137,268</u>		<u>85,609</u>
End of year		<u>\$ 178,491</u>		<u>\$ 137,268</u>

Town of Wake Forest, North Carolina
Special Revenue Fund
Police Department Special Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Years Ended June 30, 2009 and 2008

	2009		Variance Favorable (Unfavorable)	2008
	Budget	Actual		Actual
REVENUES:				
Donations	\$ 12,000	\$ 16,736	\$ 4,736	\$ 16,985
Forfeited currency	64,500	13,211	(51,289)	3,481
Investment earnings	500	358	(142)	214
Miscellaneous	9,000	8,750	(250)	10,729
Total revenues	86,000	39,055	(46,945)	31,409
OTHER FINANCING USES:				
Transfers out:				
General Fund	(86,000)	-	86,000	-
Net change in fund balance	\$ -	39,055	\$ 39,055	31,409
Fund balances:				
Beginning of year		31,409		-
End of year		\$ 70,464		\$ 31,409

Town of Wake Forest
Water and Sewer Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non - GAAP)
For the Fiscal Year Ended June 30, 2009
With comparative actual amounts for the year ended June 30, 2008

	2009		Variance Favorable (Unfavorable)	2008
	Budget	Actual		Actual
Revenues:	\$ 1,042,005	\$ -	\$ (1,042,005)	\$ -
Expenditures:				
Debt service:				
Principal retirement	790,215	654,853	135,362	656,477
Interest and fees	64,575	199,455	(134,880)	224,865
Total debt service	<u>854,790</u>	<u>854,308</u>	<u>482</u>	<u>881,342</u>
Revenues under expenditures	<u>187,215</u>	<u>(854,308)</u>	<u>(1,041,523)</u>	<u>(881,342)</u>
Other financing sources (uses):				
Transfers in (out):				
City of Raleigh	(1,041,805)	-	1,041,805	-
City of Raleigh	854,590	854,308	(282)	881,342
Total other financing sources (uses)	<u>(187,215)</u>	<u>854,308</u>	<u>1,041,523</u>	<u>881,342</u>
Revenues and other financing sources over expenditures and other financing uses	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:				
Reconciling items:				
Uncollectible assessments		-		(38,296)
Principal retirement		654,853		656,477
Decrease in accrued interest		3,830		3,855
Principal payments of note receivable from City of Raleigh		<u>(654,853)</u>		<u>(656,477)</u>
Total reconciling items		<u>3,830</u>		<u>(34,441)</u>
Net income (loss)		<u>\$ 3,830</u>		<u>\$ (34,441)</u>

Town of Wake Forest
Electric Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non - GAAP)
For the Fiscal Year Ended June 30, 2009
With comparative actual amounts for the year ended June 30, 2008

	2009		Variance Favorable (Unfavorable)	2008
	Budget	Actual		Actual
Revenues:				
Operating revenues:				
Charges for services	\$ 15,901,775	\$ 15,875,747	\$ (26,028)	\$ 14,243,616
Other operating revenues				
Sales tax	469,675	472,343	2,668	425,371
Reconnect charges	132,500	135,691	3,191	119,740
Miscellaneous	127,500	117,379	(10,121)	39,213
Total operating revenues	<u>16,631,450</u>	<u>16,601,160</u>	<u>(30,290)</u>	<u>14,827,940</u>
Nonoperating revenues:				
Investment earnings	-	-	-	1,846
Sale of assets	-	-	-	20,004
Total nonoperating revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,850</u>
Total revenues	<u>16,631,450</u>	<u>16,601,160</u>	<u>(30,290)</u>	<u>14,849,790</u>
Expenditures:				
Electric operations:				
Salaries and employee benefits	1,768,485	1,752,009	16,476	1,782,999
Power purchases for resale	12,197,255	12,273,875	(76,620)	10,619,804
Utility sales tax	354,865	354,858	7	328,074
Repairs and maintenance	263,750	241,341	22,409	180,091
Other operating expenditures	421,700	458,765	(37,065)	862,360
Total electric operations	<u>15,006,055</u>	<u>15,080,848</u>	<u>(74,793)</u>	<u>13,773,328</u>
Debt service:				
Principal retirement	530,610	530,587	23	637,317
Interest and fees	93,785	93,501	284	113,603
Total debt service	<u>624,395</u>	<u>624,088</u>	<u>307</u>	<u>750,920</u>
Capital outlay	<u>1,001,000</u>	<u>1,060,937</u>	<u>(59,937)</u>	<u>865,553</u>
Total expenditures	<u>16,631,450</u>	<u>16,765,873</u>	<u>(134,423)</u>	<u>15,389,801</u>
Revenues under expenditures	<u>-</u>	<u>(164,713)</u>	<u>(164,713)</u>	<u>(540,011)</u>

Town of Wake Forest
Electric Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non - GAAP)
For the Fiscal Year Ended June 30, 2009
With comparative actual amounts for the year ended June 30, 2008

	2009		Variance Favorable (Unfavorable)	2008
	Budget	Actual		Actual
Other financing sources:				
Transfers in:				
Electric Capital Reserve Fund	\$ -	\$ -	\$ -	\$ 121,500
Installment note issuance	-	-	-	146,965
Total other financing sources	-	-	-	268,465
Revenues and other financing sources under expenditures	\$ -	(164,713)	\$ (164,713)	(271,546)
Reconciliation from budgetary basis (modified accrual) to full accrual:				
Reconciling items:				
Depreciation		(819,458)		(749,517)
Capital outlay		1,060,937		865,553
Interfund transfers		-		(121,500)
Principal retirement		530,587		637,317
Installment note proceeds		-		(146,965)
Increase in inventory		58,834		375,108
Decrease in accrued interest		3,904		3,312
Decrease (increase) in accrued vacation pay		(8,159)		29,941
Increase in accrued other postemployment benefits		(109,054)		-
Electric Capital Reserve Fund				
Investment earnings		1,355		8,251
Electric Substation Capital Project Fund				
Investment earnings		289		34,064
Total reconciling items		719,235		935,564
Net income (loss)		\$ 554,522		\$ 664,018

Town of Wake Forest
Electric Capital Projects Fund
Capital Reserve
Schedule of Revenues and Expenditures - Budget and Actual (Non - GAAP)
From Inception and For the Fiscal Year Ended June 30, 2009

	Project Author - ization	Actual		
		Prior Years	Current Year	Total to Date
Revenues:				
Investment earnings	\$ 170,000	\$ 167,431	\$ 1,355	\$ 168,786
Other financing sources (uses):				
Transfers in (out)				
Electric Fund	830,000	345,588	-	345,588
System Betterment	-	119,741	-	119,741
Electric Fund	(1,000,000)	(496,500)	-	(496,500)
Total other financing sources (uses)	(170,000)	(31,171)	-	(31,171)
Revenues and other financing sources over other financing (uses)	\$ -	\$ 136,260	\$ 1,355	\$ 137,615

Town of Wake Forest
Electric Capital Projects Fund
Electric Substation
Schedule of Revenues and Expenditures - Budget and Actual (Non - GAAP)
From Inception and For the Fiscal Year Ended June 30, 2009

	Project Author - ization	Actual		Total to Date
		Prior Years	Current Year	
Revenues:				
Investment earnings	\$ 75,275	\$ 74,997	\$ 289	\$ 75,286
Sales tax refund	25,000	-	-	-
Total revenues	<u>100,275</u>	<u>74,997</u>	<u>289</u>	<u>75,286</u>
Expenditures				
Capital outlay:				
Professional services	350,000	154,526	60,022	214,548
Contracted services	2,000	1,659	-	1,659
Capital outlay-land	350,800	350,766	-	350,766
Contingency	235,975	-	-	-
Capital outlay-construction	2,366,500	2,232,942	129,920	2,362,862
Total expenditures	<u>3,305,275</u>	<u>2,739,893</u>	<u>189,942</u>	<u>2,929,835</u>
Expenditures over revenues	<u>(3,205,000)</u>	<u>(2,664,896)</u>	<u>(189,653)</u>	<u>(2,854,549)</u>
Other financing sources:				
Transfers in:				
Electric Fund	550,000	-	-	-
Electric Capital Reserve	355,000	-	-	-
Revenue bond issuance	<u>2,300,000</u>	<u>2,300,000</u>	<u>-</u>	<u>2,300,000</u>
Total other financing sources	<u>3,205,000</u>	<u>2,300,000</u>	<u>-</u>	<u>2,300,000</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ (364,896)</u>	<u>\$ (189,653)</u>	<u>\$ (554,549)</u>

Town of Wake Forest, North Carolina
Schedule of Ad Valorem Taxes Receivable
 June 30, 2009

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2008</u>	<u>Additions</u>	<u>Collections And Credits</u>	<u>Uncollected Balance June 30, 2009</u>
2008-2009	\$ -	\$ 17,171,320	\$ 16,857,717	\$ 313,603
2007-2008	205,789	-	166,106	39,683
2006-2007	30,766	-	6,963	23,803
2005-2006	22,718	-	3,880	18,838
2004-2005	13,197	-	757	12,440
2003-2004	9,118	-	2,350	6,768
2002-2003	9,744	-	753	8,991
2001-2002	16,651	-	79	16,572
2000-2001	4,585	-	90	4,495
1999-2000	5,353	-	(154)	5,507
1998-1999	4,242	-	4,242	-
	<u>\$ 322,163</u>	<u>\$ 17,171,320</u>	<u>\$ 17,042,783</u>	450,700
				Less allowance for uncollectible ad valorem taxes receivable
				<u>34,988</u>
				Ad valorem taxes receivable - net
				<u>\$ 415,712</u>

Revenue reconciliation:

Ad valorem taxes - General Fund	\$ 17,078,618
Add (deduct):	
Releases allowed	11,669
Taxes written off	4,242
Penalties and interest	<u>(51,746)</u>
Total collections and credits	<u>\$ 17,042,783</u>

Town of Wake Forest, North Carolina
Analysis of Current Tax Levy
Town - Wide Levy
For the fiscal year ended June 30, 2009

	City - Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
	Original levy:				
Property taxed at current year's rate	3,283,264,902	0.51	\$ 16,744,651	\$15,944,499	\$ 800,152
	100,468,909	0.55	552,579	-	552,579
Penalties	-		5,593	5,593	-
Total	<u>3,383,733,811</u>		<u>17,302,823</u>	<u>15,950,092</u>	<u>1,352,731</u>
Discoveries:					
Prior year taxes	-		63,809	41,143	22,666
Less: abatements	<u>(38,296,471)</u>	0.51	<u>(195,312)</u>	<u>(44,828)</u>	<u>(150,484)</u>
Total property valuation	<u>\$ 3,345,437,340</u>				
Net levy			17,171,320	15,946,407	1,224,913
Less: uncollected taxes at June 30, 2009			<u>313,603</u>	<u>185,965</u>	<u>127,638</u>
Current year's taxes collected			<u>\$ 16,857,717</u>	<u>\$15,760,442</u>	<u>\$ 1,097,275</u>
Current levy collection percentage			<u>98.17%</u>	<u>98.83%</u>	<u>89.58%</u>

Town of Wake Forest, North Carolina
General Obligation Debt Service Requirements and Maturity Schedule
June 30, 2009

Fiscal Year	Utilities		Other		Total	
	Principal	Principal & interest	Principal	Principal & interest	Principal	Principal & interest
2009-2010	\$ 69,750	\$ 73,064	\$ 640,250	\$ 1,064,867	\$ 710,000	\$ 1,137,931
2010-2011	-	-	635,000	1,032,415	635,000	1,032,415
2011-2012	-	-	635,000	1,005,440	635,000	1,005,440
2012-2013	-	-	635,000	978,465	635,000	978,465
2013-2014	-	-	635,000	951,315	635,000	951,315
2014-2015	-	-	635,000	919,565	635,000	919,565
2015-2016	-	-	635,000	887,815	635,000	887,815
2016-2017	-	-	635,000	856,015	635,000	856,015
2017-2018	-	-	635,000	828,915	635,000	828,915
2018-2019	-	-	635,000	801,590	635,000	801,590
2019-2020	-	-	575,000	716,105	575,000	716,105
2020-2021	-	-	460,000	578,680	460,000	578,680
2021-2022	-	-	460,000	562,120	460,000	562,120
2022-2023	-	-	460,000	545,560	460,000	545,560
2023-2024	-	-	460,000	528,770	460,000	528,770
2024-2025	-	-	460,000	511,750	460,000	511,750
2025-2026	-	-	460,000	494,500	460,000	494,500
2026-2027	-	-	460,000	477,250	460,000	477,250
Total	\$ 69,750	\$ 73,064	\$10,150,250	\$13,741,137	\$10,220,000	\$13,814,201

Table 1

TOWN OF WAKE FOREST, NORTH CAROLINA

Net Assets By Category

Last Seven Fiscal Years

(accrual basis of accounting)

June 30, 2009

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
Governmental activities							
Invested in capital assets, net of related debt	\$ 40,547,856	\$ 42,937,877	\$ 49,400,842	\$ 59,573,601	\$ 62,558,549	\$ 87,439,825	\$ 109,374,788
Restricted for: Streets	-	-	-	-	-	261,802	185,777
Unrestricted	7,076,073	9,204,232	10,712,444	10,580,086	19,654,914	18,522,494	12,613,374
Subtotal governmental activities net assets	47,623,929	52,142,109	60,113,286	70,153,687	82,213,463	106,224,121	122,173,939
Business-type activities							
Invested in capital assets, net of related debt	37,462,607	40,864,847	43,067,952	11,072,201	12,189,177	12,711,174	13,606,123
Unrestricted	9,515,165	10,566,979	12,689,129	2,140,802	909,821	1,017,401	680,804
Subtotal business-type activities net assets	46,977,772	51,431,826	55,757,081	13,213,003	13,098,998	13,728,575	14,286,927
Primary Government							
Invested in capital assets, net of related debt	78,010,463	83,802,724	92,468,794	70,645,802	74,747,726	100,150,999	122,980,911
Restricted for: Streets	-	-	-	-	-	261,802	185,777
Unrestricted	16,591,238	19,771,211	23,401,573	12,720,888	20,564,735	19,539,895	13,294,178
Total primary government net Assets	\$ 94,601,701	\$ 103,573,935	\$ 115,870,367	\$ 83,366,690	\$ 95,312,461	\$ 119,952,696	\$ 136,460,866

Note: Data not available prior to fiscal year ended June 30, 2003.

Table 2

TOWN OF WAKE FOREST, NORTH CAROLINA
Changes in Net Assets, Last Seven Fiscal Years
(accrual basis of accounting)
 June 30, 2009

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
Expenses							
Governmental activities:							
General Government	\$ 2,956,800	\$ 3,264,577	\$ 3,579,532	\$ 5,078,512	\$ 6,122,587	\$ 7,613,303	\$ 8,618,506
Public Safety	3,609,320	4,330,589	4,919,342	5,656,444	6,366,631	7,445,480	9,447,725
Transportation	1,818,020	1,790,537	2,074,901	2,220,905	2,605,715	2,795,746	3,604,053
Environmental Protection	1,093,977	1,264,596	1,364,786	2,110,057	1,797,390	1,976,526	2,272,165
Cultural and Recreational	879,025	975,811	1,100,051	1,216,086	1,354,940	1,519,941	1,798,042
Interest on long-term debt	282,603	258,942	221,154	190,793	443,086	489,404	784,454
Subtotal governmental activities expense	10,639,745	11,885,052	13,259,766	16,472,797	18,690,349	21,840,400	26,524,945
Business-type activities:							
Water and sewer	6,432,339	7,128,256	7,754,258	280,588	(3,877)	34,441	195,625
Electric	9,477,167	10,301,962	11,567,024	14,278,166	14,565,448	14,228,087	16,048,282
Subtotal business-type activities expenses	15,909,506	17,430,218	19,321,282	14,558,754	14,561,571	14,262,528	16,243,907
Total primary government expenses	26,549,251	29,315,270	32,581,048	31,031,551	33,251,920	36,102,928	42,768,852
Program Revenues							
Governmental activities:							
Charges for Services							
General Governmental	838,253	1,319,858	1,338,727	1,762,151	1,941,342	1,825,345	1,071,361
Public Safety	29,997	34,815	63,147	31,849	29,063	181,975	376,472
Transportation	183,550	231,134	225,280	321,999	515,279	28,311	70,698
Environmental Protection	976,389	1,086,851	1,204,045	1,338,077	1,455,622	1,566,112	256,014
Cultural and Recreational	156,665	166,978	199,105	237,976	323,983	561,482	415,745
Operating Grants and Contributions	-	35,266	10,000	-	-	-	-
Public Safety	37,837	243,618	37,913	94,028	111,463	106,447	55,286
Transportation	392,593	377,355	481,947	490,467	321,471	680,220	708,220
Environmental Protection	-	-	-	-	-	-	5,460
Cultural and Recreational	4,800	-	-	1,181,244	-	-	56,482
Capital Grants and Contributions							
Public Safety	276,522	-	-	76,597	100,937	-	-
Transportation	2,112,141	1,482,162	5,160,675	4,610,306	7,578,376	20,637,263	12,395,415
Environmental Protection	-	582,032	-	-	-	-	-
Cultural and Recreational	1,550,000	366,052	-	18,881	905,155	242,000	750,000
Subtotal governmental activities program revenues	6,558,747	5,926,121	8,720,839	10,163,575	13,282,691	25,829,155	16,161,153
Business-type activities:							
Charges for Services - Water and sewer	6,672,700	8,551,662	9,473,396	-	-	-	-

Table 2

TOWN OF WAKE FOREST, NORTH CAROLINA
Changes in Net Assets, Last Seven Fiscal Years

(accrual basis of accounting)

June 30, 2009

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
Charges for Services - Electric	11,234,615	11,552,691	12,271,899	13,819,974	14,348,899	14,827,940	16,483,781
Operating Grants and Contributions - Water and sewer	-	5,527	-	-	-	-	-
Capital Grants and Contributions - Water and sewer	1,297,513	1,467,324	1,079,690	-	-	-	-
Capital Grants and Contributions - Electric	182,083	15,903	23,804	89,532	-	-	-
Subtotal business-type activities program revenues	19,386,911	21,593,107	22,848,789	13,909,506	14,348,899	14,827,940	16,483,781
Total primary government program revenues	25,945,658	27,519,228	31,569,628	24,073,081	27,631,590	40,657,095	32,644,934
Net (Expense) Revenue							
Governmental activities	(4,080,998)	(5,958,931)	(4,538,927)	(6,309,222)	(5,407,658)	3,988,755	(10,363,792)
Business-type activities:							
Water and sewer	1,537,874	2,896,257	2,798,828	(280,588)	3,877	(34,441)	(195,625)
Electric	1,939,531	1,266,632	728,679	(368,660)	(216,549)	599,853	435,499
Total primary government net expense	(603,593)	(1,796,042)	(1,011,420)	(6,958,470)	(5,620,330)	4,554,167	(10,123,918)
General Revenues and Other Changes in Net Assets							
Governmental activities:							
Property taxes, levied for general purpose	5,826,709	6,792,219	7,866,320	9,469,105	10,918,755	12,712,109	17,276,890
Other taxes and licenses	43,756	38,937	39,234	59,050	63,925	73,320	71,784
Unrestricted intergovernmental	2,470,464	3,033,438	3,681,220	4,078,480	5,028,295	5,834,891	5,937,573
Unrestricted investment earnings	86,140	71,661	211,950	395,979	1,129,731	825,169	358,825
Miscellaneous	403,393	580,712	911,615	2,122,009	326,728	576,414	463,068
Extraordinary item-Contribution from IDC	-	-	-	-	-	-	2,205,470
Transfers	(175,411)	(210,522)	(200,235)	225,000	-	-	-
Subtotal governmental activities	8,655,051	10,306,445	12,510,104	16,349,623	17,467,434	20,021,903	26,313,610
Business type activities:							
Unrestricted investment earnings	117,154	75,037	208,616	369,920	89,731	44,161	201,099
Miscellaneous	4,482	5,606	-	37,116	-	20,004	117,379
Transfers and Special items	175,411	210,522	200,235	(42,301,866)	8,936	-	-
Subtotal business-type activities	297,047	291,165	408,851	(41,894,830)	98,667	64,165	318,478
Total primary government	8,952,098	10,597,610	12,918,955	(25,545,207)	17,566,101	20,086,068	26,632,088
Change in Net Assets							
Governmental activities	4,574,053	4,347,514	7,971,177	10,040,401	12,059,776	24,010,658	15,949,818
Business-type activities	3,774,452	4,454,054	3,936,358	(42,544,078)	(114,005)	629,577	558,352
Total primary Government	\$ 8,348,505	\$ 8,801,568	\$ 11,907,535	\$ (32,503,677)	\$ 11,945,771	\$ 24,640,235	\$ 16,508,170

Note: Data not available prior to fiscal year ended June 30, 2003.

Table 3

TOWN OF WAKE FOREST, NORTH CAROLINA
Fund Balances, Governmental Funds

Last Ten Fiscal Years
(modified accrual basis of accounting)
 June 30, 2009

General Fund	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Reserved for:										
Encumbrances	\$ 176,615	\$ 211,468	\$ 411,374	\$ 375,443	\$ 246,620	\$ 242,697	\$ 340,579	\$ 165,290	\$ 461,515	\$ 42,046
State statute	884,756	680,400	660,705	-	1,110,064	1,529,667	4,025,734	2,251,538	2,385,676	6,872,108
Inventories and prepaid items	-	3,045	2,244	2,750	2,704	54,921	10,812	5,919	3,256	39,694
Streets	-	-	-	-	-	-	54,515	174,529	261,802	185,777
Unreserved:										
Designated for subsequent year's expenditures	406,130	587,800	584,430	579,100	929,840	671,050	643,835	1,009,730	1,259,375	2,090,000
Undesignated	1,664,618	2,803,861	3,333,145	4,864,733	5,216,938	6,490,869	4,300,747	6,337,710	7,865,860	4,683,978
Total General Fund	<u>\$ 3,132,119</u>	<u>\$ 4,286,574</u>	<u>\$ 4,991,898</u>	<u>\$ 5,822,026</u>	<u>\$ 7,506,166</u>	<u>\$ 8,989,204</u>	<u>\$ 9,376,222</u>	<u>\$ 9,944,716</u>	<u>\$ 12,237,484</u>	<u>\$ 13,913,603</u>
All Other Governmental Funds										
Reserved	\$ -	\$ 70	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	11,102	23,085	25,925	33,115	25,524	35,264	64,286	85,609	168,677	285,531
Capital projects funds	3,584,991	2,697,861	1,732,083	1,219,037	1,780,588	1,880,442	1,405,156	9,947,674	7,304,335	1,874,776
Total all other Governmental Funds	<u>\$ 3,596,093</u>	<u>\$ 2,721,016</u>	<u>\$ 1,758,008</u>	<u>\$ 1,252,152</u>	<u>\$ 1,806,112</u>	<u>\$ 1,915,706</u>	<u>\$ 1,469,442</u>	<u>\$ 10,033,283</u>	<u>\$ 7,473,012</u>	<u>\$ 2,160,307</u>

Table 4

TOWN OF WAKE FOREST, NORTH CAROLINA
Changes In Fund Balances, Governmental Funds

Last Ten Fiscal Years
(modified accrual basis of accounting)
June 30, 2009

	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Revenues										
Ad Valorem Taxes	\$ 3,238,877	\$ 4,254,564	\$ 5,064,615	\$ 5,811,596	\$ 6,824,156	\$ 7,859,275	\$ 9,445,404	\$ 10,855,959	\$ 12,673,146	\$ 17,150,242
Other Taxes	1,570,735	1,892,167	1,830,052	39,639	36,551	36,766	54,076	61,853	70,206	69,073
Unrestricted Intergovernmental	840,963	909,221	399,168	2,470,464	3,033,438	3,681,220	4,078,480	5,028,295	5,834,891	5,937,573
Restricted Intergovernmental	618,662	591,481	478,788	2,531,211	1,604,323	679,860	1,842,336	1,723,523	1,049,167	1,575,448
Permits and Fees	772,631	837,956	934,693	1,005,458	1,523,494	1,537,172	1,911,058	2,385,764	2,066,632	1,440,169
Sales and Services	830,220	919,455	1,060,435	1,153,197	1,353,592	1,502,272	1,765,177	1,812,357	2,126,403	870,538
Miscellaneous	344,946	493,696	398,681	407,155	583,055	912,625	2,185,890	330,105	599,293	398,427
Investment Earnings	347,863	408,063	149,080	86,140	71,661	211,950	395,979	1,129,731	825,169	358,825
Assessments	-	-	-	-	-	-	-	-	-	-
Total revenues	8,564,897	10,306,603	10,315,512	13,504,860	15,030,270	16,421,140	21,678,400	23,327,587	25,244,507	27,800,295
Expenditures										
General Government	1,933,800	2,265,811	2,439,621	3,310,886	3,167,683	3,446,786	4,922,324	5,960,379	7,375,668	8,010,553
Public Safety	2,231,765	2,551,365	3,217,182	3,703,025	4,098,211	4,656,043	5,347,091	6,019,806	7,082,614	8,715,513
Transportation	432,762	551,657	617,340	929,098	706,566	916,970	907,520	1,165,719	1,236,454	1,552,320
Environmental Protection	763,728	932,666	1,038,479	1,072,042	1,233,448	1,335,465	2,081,078	1,749,208	1,908,344	2,174,599
Cultural and Recreational	504,947	648,818	904,597	824,600	809,334	922,605	1,021,001	1,162,726	1,332,289	1,537,097
Capital outlay	2,446,059	1,236,924	996,833	4,214,428	1,495,274	2,045,196	6,783,198	5,670,476	4,976,321	19,836,119
Debt service:										
Bond Principal	77,000	205,125	204,000	202,875	557,768	195,000	193,875	193,875	652,750	651,625
Bond Interest	104,763	179,499	169,669	159,889	182,020	140,480	130,994	305,559	480,254	452,364
Installment note principal	795,671	834,960	638,170	708,729	693,534	1,199,828	1,113,169	1,116,743	447,854	573,026
Installment note interest	184,376	160,267	128,186	134,557	82,051	84,385	65,271	50,761	19,462	187,930
Total expenditures	9,474,871	9,567,092	10,354,077	15,260,129	13,025,889	14,942,758	22,565,521	23,395,252	25,512,010	43,691,146
Excess of revenues over (under) expenditures	(909,974)	739,511	(38,565)	(1,755,269)	2,004,381	1,478,382	(887,121)	(67,665)	(267,503)	(15,890,851)
Other Financing Sources (Uses)										
Operating transfers in	354,991	410,278	589,519	327,344	827,887	1,015,094	989,822	1,408,765	310,607	1,172,719
Operating transfers (out)	(538,092)	(578,769)	(816,955)	(502,755)	(1,038,409)	(1,215,329)	(764,822)	(1,408,765)	(310,607)	(1,172,719)
Contribution from Industrial Development Corp	-	-	-	-	-	-	-	-	-	2,205,470
Installment note proceeds	172,120	2,751	8,317	2,254,952	273,575	314,485	602,875	-	-	10,048,795
Sale of assets	5,144	-	-	-	-	-	-	-	-	-
Bond issuance	3,200,000	(165,740)	(219,119)	2,079,541	63,053	114,250	827,875	9,200,000	-	-
Total other financing sources (uses)	2,284,189	573,771	(257,684)	324,272	2,067,434	1,592,632	(59,246)	9,132,335	(267,503)	(3,636,586)
Net changes in fund balances	4,444,023	6,433,819	7,007,590	6,749,906	7,074,178	9,312,278	10,904,910	10,845,664	19,977,999	19,710,496
Fund balance-Beginning of year (as previously reported)	-	-	-	-	-	-	-	-	-	-
Adjustments to beginning fund balance	4,444,023	6,433,819	7,007,590	6,749,906	7,244,844	9,312,278	10,904,910	10,845,664	19,977,999	19,710,496
Fund balance - Beginning of Year (as restated)	\$ 6,728,212	\$ 7,007,590	\$ 6,749,906	\$ 7,074,178	\$ 9,312,278	\$ 10,904,910	\$ 10,845,664	\$ 19,977,999	\$ 19,710,496	\$ 16,073,910
Fund balance - End of Year	16.53%	16.56%	12.18%	10.92%	13.14%	12.56%	9.53%	9.40%	7.79%	7.82%
Debt service as a percentage of noncapital expenditures										

Table 5

TOWN OF WAKE FOREST, NORTH CAROLINA
Government-wide Revenues
 Last Seven Fiscal Years
 June 30, 2009

Fiscal Year	PROGRAM REVENUES			GENERAL REVENUES				
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Taxes	Unrestricted Inter-governmental	Unrestricted Investment Earnings	Miscellaneous	Total
2003	\$ 20,092,169	\$ 435,230	\$ 5,418,259	\$ 5,870,465	\$ 2,470,464	\$ 203,294	\$ 407,875	\$ 34,897,756
2004	22,943,989	661,766	3,913,473	6,831,156	3,033,438	146,698	586,318	38,116,838
2005	24,775,599	529,860	6,264,169	7,905,554	3,681,220	420,566	911,615	44,488,583
2006	17,512,026	1,765,739	4,795,316	9,469,105	4,078,480	765,899	2,159,125	40,545,690
2007	18,614,188	432,934	8,584,468	10,982,680	5,028,295	1,219,462	335,664	45,197,691
2008	18,991,165	786,667	20,879,263	12,785,429	5,834,891	869,330	596,418	60,743,163
2009	18,674,071	825,448	13,145,415	17,348,674	5,937,573	559,924	2,785,917 *	59,277,022

Note: Data not available prior to fiscal year ended June 30, 2003.

* Miscellaneous for June 30, 2009 includes an extraordinary item of \$2,205,470 which is a one time contribution from the Industrial Development Corporation.

Table 6

TOWN OF WAKE FOREST, NORTH CAROLINA
General Governmental Revenues by Sources (1)

Last Ten Fiscal Years
 June 30, 2009

Fiscal Year	Taxes	Inter-governmental	Permits and Fees	Sales and Services	Investment-Earnings	Misc. Revenues	Fiscal Year Total
2000	\$ 4,809,612	\$ 1,459,625	\$ 772,631	\$ 830,220	\$ 123,898	\$ 126,095	\$ 8,122,081
2001	6,146,731	1,500,702	837,956	919,455	208,416	204,795	9,818,055
2002	6,894,667	877,956	934,693	1,060,435	95,406	194,287	10,057,444
2003	7,792,329	1,560,581	1,005,458	1,153,197	64,533	224,291	11,800,389
2004	9,298,847	1,293,002	1,523,494	1,353,592	59,272	227,806	13,756,013
2005	11,577,261	679,860	1,537,172	1,502,272	173,509	306,688	15,776,762
2006	13,577,960	1,842,336	1,911,058	1,765,177	300,716	439,353	19,836,600
2007	15,934,125	799,046	2,037,784	1,812,357	471,535	324,265	21,379,112
2008	18,578,243	800,648	1,687,009	2,126,403	382,854	534,301	24,109,458
2009	23,156,889	838,658	1,046,138	870,538	167,293	385,190	26,464,706

Notes:

(1) Includes general and special revenue funds.

Table 7

TOWN OF WAKE FOREST, NORTH CAROLINA
Government-wide Expenses by function
Last Seven Fiscal Years
 June 30, 2009

Fiscal Year	General Government		Public Safety		Transportation		Environmental Protection		Cultural and Recreation		Interest on Long-term Debt		Water and Sewer		Electric		Total
		\$		\$		\$		\$		\$		\$		\$		\$	
2003		\$ 2,956,800		\$ 3,609,320		\$ 1,818,020		\$ 1,093,977		\$ 879,025		\$ 282,603		\$ 6,432,339		\$ 9,477,167	\$ 26,549,251
2004		3,264,577		4,330,589		1,790,537		1,264,596		975,811		258,942		7,128,256		10,301,962	29,315,270
2005		3,579,532		4,919,342		2,074,901		1,364,786		1,100,051		221,154		7,754,258		11,567,024	32,581,048
2006		5,078,512		5,656,444		2,220,905		2,110,057		1,216,086		190,793		280,588		14,278,166	31,031,551
2007		6,122,587		6,366,631		2,605,715		1,797,390		1,354,940		443,086		(3,877)		14,565,448	33,251,920
2008		7,613,303		7,445,480		2,795,746		1,976,526		1,519,941		489,404		34,441		14,228,087	36,102,928
2009		8,618,506		9,447,725		3,604,053		2,272,165		1,798,042		784,454		195,625		16,048,282	42,768,852

Note: Data not available prior to fiscal year ended June 30, 2003.

Table 8

TOWN OF WAKE FOREST, NORTH CAROLINA
General Governmental Expenditures by Function (1)
 (Last Ten Fiscal Years)
 June 30, 2009

Fiscal Year	General Government		Public Safety		Transportation		Environmental Protection		Cultural and Recreational		Debt Service		Fiscal Year Total	
2000	\$ 1,933,800		\$ 2,231,765		\$ 432,762		\$ 763,728		\$ 504,947		\$ 1,161,810		\$ 7,028,812	
2001	2,265,811		2,551,365		551,657		932,666		648,818		1,379,851		8,330,168	
2002	2,439,621		3,217,182		617,340		1,038,479		904,597		1,140,025		9,357,244	
2003	3,310,886		3,703,025		929,098		1,072,042		824,600		1,206,050		11,045,701	
2004	3,290,668		4,342,049		955,724		1,315,658		1,009,653		1,515,373		12,429,125	
2005	3,619,907		4,916,934		1,473,403		1,335,465		1,096,895		1,619,693		14,062,297	
2006	5,413,924		5,789,425		1,286,788		2,190,290		3,525,721		1,503,309		19,709,457	
2007	6,772,894		6,338,522		1,388,137		2,027,196		1,198,163		1,666,938		19,391,850	
2008	7,696,482		7,411,281		1,298,470		1,933,999		1,491,413		1,600,320		21,431,965	
2009	9,672,294		9,432,078		1,784,221		2,313,596		1,506,851		1,864,945		26,573,985	

Notes:

(1) Includes general and special revenue funds.

Table 9

TOWN OF WAKE FOREST, NORTH CAROLINA
Assessed Values of Taxable Property (1)

Last Ten Fiscal Years

June 30, 2009

Fiscal Year	Tax Year Ended December 31	Real Property	Personal Property	Public Service Company	Total Assessed Value	Ratio of Assessed Value to Estimated Actual Value
2000	1999	\$ 412,612,961	\$ 120,905,098	\$ 10,765,715	\$ 544,283,774	100%
2001	2000 (2)	694,627,479	131,854,974	14,719,261	841,201,714	100%
2002	2001	800,733,193	153,007,895	15,014,334	968,755,422	100%
2003	2002	930,251,530	165,399,124	15,604,444	1,111,255,098	100%
2004	2003	1,014,153,784	191,867,989	18,798,560	1,224,820,333	100%
2005	2004	1,233,395,263	203,855,525	19,324,889	1,456,575,677	100%
2006	2005	1,441,248,082	274,455,628	22,472,114	1,738,175,824	100%
2007	2006	1,698,886,624	287,999,416	24,473,936	2,011,359,976	100%
2008	2007	1,943,616,102	327,762,406	22,349,063	2,293,727,571	100%
2009	2008 (2)	2,991,210,274	325,185,573	29,041,493	3,345,437,340	100%

Notes:

- (1) Assessed value is established by Wake County Tax Department at 100% estimated market value.
- (2) A revaluation of all property is required every eight (8) years by State Statute. The last revaluation occurred as of December 31, 2008.

Table 10

TOWN OF WAKE FOREST, NORTH CAROLINA
Property Tax Rates - Direct and Overlapping Governments
 Last Ten Fiscal Years
 June 30, 2009

Fiscal Year	Town of Wake Forest	Wake County	Combined Tax Rate Per \$100 of Assessed Value
2000	\$ 0.600	\$ 0.730	1.330
2001	(1)	0.564	1.064
2002	0.520	0.564	1.084
2003	0.520	0.564	1.084
2004	0.530	0.604	1.134
2005	0.540	0.604	1.144
2006	0.540	0.604	1.144
2007	0.540	0.634	1.174
2008	0.550	0.678	1.228
2009	(1)	0.534	1.044

Notes:

(1) A revaluation of real property is required by N. C. General Statutes at least every eight years. Revaluation was completed for tax years 2000 (fiscal year 2001) and 2008 (fiscal year 2009).

Table 11

TOWN OF WAKE FOREST, NORTH CAROLINA
Principal Property Taxpayers
 June 30, 2009

Taxpayer	Type of Enterprise	2009 Assessed Valuation	% of Total Assessed Valuation
Crossroads Holdings LLC	Automotive Dealership	\$ 25,666,778	0.767%
WMCI Raleigh IV LLC	Residential Apartments	22,765,335	0.680%
Heritage Wake Forest Inc	Residential Development	22,049,912	0.659%
Caviness Partners LLC	Residential Apartments	21,105,703	0.631%
Lowes Home Center Inc.	Home Improvements Superstore	19,593,173	0.586%
Factory LLC	Sports Entertainment Center	18,341,912	0.548%
Walmart Real Estate Business Trust	Shopping Center	15,055,714	0.450%
MLC Automotive LLC	Automotive Dealership	14,682,581	0.439%
Target Corporatoin	Retail Superstore	13,737,294	0.411%
Weingarten Investments Inc.	Commercial Property	11,754,249	0.351%
		<u>\$ 184,752,651</u>	<u>5.523%</u>
	Total Assessed Value =	\$ 3,345,437,340	

Table 12

TOWN OF WAKE FOREST, NORTH CAROLINA
Property Taxes Levies and Collections
 Last Ten Fiscal Years
 June 30, 2009

Fiscal Year	Net Tax Levy	Current Year's Taxes Collected	Percent Net Levy Collected	Collections Prior Years	Total Tax Collections	Ratio of Total Tax Collections to total Tax Levy	Outstanding Delinquent Taxes	Ratio of Delinquent Taxes to total Tax Levy
2000	\$ 3,256,859	\$ 3,174,470	97.5%	\$ 82,189	\$ 3,256,659	100.0%	\$ 153,584	4.72%
2001	4,247,563	4,146,819	97.6%	73,651	4,220,470	99.4%	180,677	4.25%
2002	5,035,631	4,914,688	97.6%	91,795	5,006,483	99.4%	209,825	4.17%
2003	5,791,230	5,661,122	97.8%	111,868	5,772,990	99.7%	228,065	3.94%
2004	6,719,331	6,601,578	98.3%	146,055	6,747,633	100.4%	199,763	2.97%
2005	7,863,526	7,740,454	98.4%	114,793	7,855,247	99.9%	208,042	2.65%
2006	9,403,050	9,260,871	98.5%	119,178	9,380,049	99.8%	231,043	2.46%
2007	10,866,417	10,678,057	98.3%	130,055	10,808,112	99.5%	289,348	2.66%
2008	12,616,913	12,411,124	98.4%	172,974	12,584,098	99.7%	322,163	2.55%
2009	17,171,320	16,857,717	98.2%	185,066	17,042,783	99.3%	450,700	2.62%

Table 13

TOWN OF WAKE FOREST, NORTH CAROLINA
Ratio of Annual Debt Service Expenditures for General Obligation Bonded Debt
to Total General Governmental Expenditures

Last Ten Fiscal Years
 June 30, 2009

Fiscal Year	Principal	Interest (2)	Total Debt Service	Total General Governmental Expenditures	Ratio of Debt Service to General Governmental Expenditures
2000	\$ 77,000	\$ 104,763	\$ 181,763	\$ 7,028,812	2.6%
2001	205,125	179,499	384,624	8,330,168	4.6%
2002	204,000	169,669	373,669	9,357,244	4.0%
2003	202,875	159,889	362,764	11,045,701	3.3%
2004	200,625	150,162	350,787	12,429,125	2.8%
2005	195,000	140,480	335,480	14,062,297	2.4%
2006	193,875	130,994	324,869	19,709,457	1.6%
2007	193,875	305,559	499,434	19,391,850	2.6%
2008	652,750	480,254	1,133,004	21,427,516	5.3%
2009	651,625	452,364	1,103,989	26,573,985	4.2%

General obligation bonds reported in the enterprise funds and special assessment debt with government commitment have been excluded.

(2) Excludes bond issuance and other costs.

Table 14

TOWN OF WAKE FOREST, NORTH CAROLINA
Demographic Statistics
 Last Ten Fiscal Years
 June 30, 2009

Fiscal Year	(1)	(2)	(3)	(4)	(5)
	Population	Per Capita Personal Income	Median Age	Wake County School Enrollment	Wake County Unemployment Rate
2000	12,049	33,654	33.3	94,353	1.2%
2001	14,288	34,109	33.4	97,583	3.4%
2002	14,634	33,227	33.6	101,397	5.5%
2003	16,205	33,122	33.8	104,373	4.8%
2004	17,607	34,615	34.4	108,970	3.6%
2005	20,300	35,624	34.3	114,068	4.4%
2006	22,784	37,221	34.7	120,504	3.5%
2007	24,970	39,373	34.9	134,002	3.9%
2008	26,634	**	34.9	138,000	4.8%
2009	27,217	**	34.9	140,421	8.8%

(1) Town of Wake Forest Planning Department

(2) North Carolina State Employment Security Commission for the Raleigh-Cary, NC Metropolitan Statistical area. Separate figures for the Town are not available.

(3) American FactFinder, U.S. Census Bureau estimates for the Raleigh-Cary, NC Metropolitan Statistical area. Separate figures for the Town are not available.

(4) Wake County, NC Comprehensive Annual Financial Reports

(5) North Carolina State Employment Security Commission for Wake County. Separate figures for the Town are not available.

** Information not available.

Table 15

TOWN OF WAKE FOREST, NORTH CAROLINA
Legal Debt Margin Information
 Last Ten Fiscal Years
 June 30, 2009

	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Debit Limit	\$43,542,702	\$67,296,137	\$77,500,434	\$88,900,408	\$97,985,627	\$116,526,054	\$139,054,066	\$160,908,798	\$183,498,206	\$267,634,987
Total debt applicable to limit	7,110,405	5,825,445	5,457,275	6,733,498	5,806,396	4,202,902	4,110,956	12,148,838	10,900,984	19,852,128
Legal debt margin	\$36,432,297	\$61,470,692	\$72,043,159	\$82,166,910	\$92,179,231	\$112,323,152	\$134,943,110	\$148,759,960	\$172,597,222	\$247,782,859
Percentage of debt to debt limit	16.33%	8.66%	7.04%	7.57%	5.93%	3.61%	2.96%	7.55%	5.94%	7.42%

Legal Debt Margin Calculation for Fiscal Year 2009

Assessed value	\$3,345,437,340
Debt Limit (8% of total assessed value)	267,634,987
Debt applicable to limit	19,852,128
Legal debt margin	\$247,782,859
Percentage of debt to debt limit	7.42%

Table 16

TOWN OF WAKE FOREST, NORTH CAROLINA

Ratio of Net General Bonded Debt

To Assessed Value And Net Bonded Debt Per Capita

Last Ten Fiscal Years

June 30, 2009

Fiscal Year	(1) Population	Assessed Value		Gross Bonded Debt		Debt Payable From Enterprise Revenues		Net Bonded Debt		Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita	Gross Bonded Debt per Capita
		\$		\$		\$		\$				
2000	12,049	\$ 544,283,774		\$ 5,304,492		\$ 1,654,492		\$ 3,650,000		0.67%	303	440
2001	14,288	841,201,714		4,848,441		1,403,566		3,444,875		0.41%	241	339
2002	15,022	968,755,422		4,415,000		1,174,125		3,240,875		0.33%	216	294
2003	16,205	1,111,255,098		4,030,000		992,000		3,038,000		0.27%	187	249
2004	16,553	1,224,820,333		3,655,000		817,625		2,837,375		0.23%	171	221
2005	20,300	1,456,575,677		3,305,000		662,625		2,642,375		0.18%	130	163
2006	22,784	1,738,175,824		2,960,000		511,500		2,448,500		0.14%	107	130
2007	24,970	2,011,359,976		11,815,000		360,375		11,454,625		0.57%	459	473
2008	26,634	2,293,727,571		11,015,000		213,125		10,801,875		0.47%	406	414
2009	27,217	3,345,437,340		10,220,000		69,750		10,150,250		0.30%	373	376

(1) Compiled by the Town of Wake Forest Planning Department

Table 17

TOWN OF WAKE FOREST, NORTH CAROLINA
Computation of Direct And Overlapping Bonded Debt
General Obligation Bonds
 June 30, 2009

Jurisdiction	Net General Obligation Bonded Debt Outstanding	Percentage Applicable to Town (2)	Amount Applicable to Town
Direct:			
Town of Wake Forest	\$10,150,250 (1)	100.00%	\$10,150,250
Overlapping: (3)			
Wake County	\$1,772,370,000	2.87%	\$50,847,492

(1) Excludes general obligation bonds reported in the enterprise funds.

(2) Based on total assessed values.

(3) Overlapping debt does not include the debt of the Special Airport District of Durham and Wake Counties as these bonds are payable by the Airport Authority out of Airport revenues.

Table 18

TOWN OF WAKE FOREST, NORTH CAROLINA

Commercial Activity

Last Ten Fiscal Years

June 30, 2009

Fiscal Year	Commercial		Residential		Total	
	Number	Value	Number	Value	Number	Value
2000	18	\$ 9,408,563	473	\$ 57,809,702	491	\$ 67,218,265
2001	22	12,424,580	451	54,092,199	473	66,516,779
2002	18	22,738,114	443	66,035,853	461	88,773,967
2003	14	27,716,501	481	79,047,538	495	106,764,039
2004	21	27,982,010	783	123,955,498	804	151,937,508
2005	20	15,378,373	711	118,683,258	731	134,061,631
2006	18	13,649,705	1,107	222,378,036	1,125	236,027,741
2007	20	23,243,271	728	156,284,719	748	179,527,990
2008	27	38,034,721	509	120,685,563	536	158,720,284
2009	31	36,982,166	153	28,544,355	184	65,526,521

(1) Compiled by the Town of Wake Forest Planning Department

Table 19

TOWN OF WAKE FOREST, NORTH CAROLINA
Employee Position Authorization by Department (1)
 Last Ten Fiscal Years
 June 30, 2009

Fiscal Year	Admin	Comm	Finance	Human Resources	MIS	Planning and Inspections				Public Safety	Engineering	Pub Works		Fleet	Streets	Sanitation	Parks & Recreation		Public Buildings	Cemetery	(2)		Year Total
						Inspections	Public Safety	Engineering	Admin			Admin	Water & Wastewater				Electric						
2000	3.0	0.0	13.5	0.0	0.0	11.0	38.0	4.0	0.0	3.0	7.0	3.0	6.0	0.0	1.5	21.0	11.0	122.0					
2001	4.0	0.0	15.0	0.0	0.0	12.0	38.5	5.0	0.0	3.0	7.0	3.0	6.0	0.0	2.0	25.0	11.0	131.5					
2002	4.0	0.0	16.0	0.0	0.0	12.0	40.0	6.0	0.0	4.0	8.0	3.0	7.0	0.0	2.0	25.0	11.0	138.0					
2003	4.0	0.0	16.0	0.0	0.0	14.0	44.0	6.0	0.0	4.0	8.0	3.0	8.0	0.0	2.0	25.0	11.0	145.0					
2004	5.0	0.0	17.0	0.0	0.0	15.0	45.0	6.0	0.0	4.0	8.0	4.0	8.0	0.0	2.0	25.0	18.0	157.0					
2005	6.0	0.0	17.0	0.0	1.0	17.0	49.0	8.0	0.0	4.0	13.0	4.0	10.0	0.0	0.0	29.0	22.0	180.0					
2006	4.0	0.0	17.0	3.0	1.0	18.0	50.5	7.0	0.0	4.0	14.0	7.0	10.0	0.0	0.0	0.0	22.0	157.5					
2007	4.0	0.0	17.0	3.0	2.0	20.5	58.0	7.0	0.0	4.0	14.0	7.0	11.0	0.0	0.0	0.0	25.0	172.5					
2008	3.0	1.0	17.0	4.0	2.0	24.0	63.0	7.0	3.0	4.0	15.0	7.0	11.0	0.0	0.0	0.0	22.0	183.0					
2009	3.0	1.0	17.0	4.0	3.0	23.0	65.0	7.0	3.0	5.0	18.0	9.0	15.0	0.0	0.0	0.0	22.0	195.0					

(1) Permanent full time positions employees only as of June 30th. Excludes temporary, part-time and seasonal employees.

(2) All Water and Sewer employees transferred to the City of Raleigh effective July 1, 2005.

Table 20

TOWN OF WAKE FOREST, NORTH CAROLINA
Governmental Activities Tax Revenues By Source
 Last Seven Fiscal Years
(modified accrual basis of accounting)
 June 30, 2009

Fiscal Year	Property Tax	Sales Tax	Franchise Tax	Motor Vehicle Licenses	Rental Vehicle Tax	Beer & Wine Tax	Total
2003	\$ 5,782,736	\$ 1,941,094	\$ 446,355	\$ 50,553	\$ 22,873	\$ 55,288	\$ 8,298,899
2004	6,794,962	2,438,140	480,921	56,256	17,602	61,058	9,848,939
2005	7,829,955	2,936,686	636,362	63,504	22,554	73,265	11,562,326
2006	9,403,482	3,256,103	711,491	72,181	24,448	76,123	13,543,828
2007	10,826,918	3,926,315	955,747	82,650	27,074	89,435	15,908,139
2008	12,614,652	4,480,256	1,208,734	90,310	33,636	104,240	18,531,828
2009	17,150,242	4,328,578	1,445,212	95,221	31,388	115,568	23,166,209

Note: Data not available prior to fiscal year ended June 30, 2003.

Table 21

TOWN OF WAKE FOREST, NORTH CAROLINA

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years

June 30, 2009

Fiscal Year	Governmental Activities			Business-Type Activities			Total Primary Government	(1) Debt Per Capita
	General	Installment Financings	Obligation Bonds	General	Installment Financings	Revenue Bonds		
2000	\$ 3,650,000	\$ 3,910,405	\$ 1,654,492	\$ 10,104,579	\$ 212,644	\$ 19,532,120	1,621	
2001	3,444,875	3,075,445	1,403,566	9,104,256	111,727	17,139,869	1,200	
2002	3,240,875	2,437,273	1,174,125	13,298,716	10,839	20,161,828	1,342	
2003	3,038,000	3,983,497	992,000	11,822,768	-	19,836,265	1,224	
2004	2,837,375	3,206,392	817,625	10,519,880	-	17,381,272	1,050	
2005	2,642,375	2,321,030	662,625	8,125,676	-	13,751,706	677	
2006	2,448,500	1,810,956	511,500	7,290,948	-	12,061,904	529	
2007	11,454,625	694,213	360,375	6,606,700	2,300,000	21,415,913	858	
2008	10,801,875	246,359	213,125	5,762,177	2,144,943	19,168,479	720	
2009	10,150,250	9,722,128	69,750	4,881,023	1,984,034	26,807,185	985	

Notes:

(1) See Table 14 for population data.

Table 22

TOWN OF WAKE FOREST, NORTH CAROLINA

Miscellaneous Statistics

June 30, 2009

Date of Incorporation February 20, 1909

Form of Government Council-Manager

Miles of City-owned Streets 78.01

Fire Protection (Combination: Paid/Volunteer)
 Number of Stations 2
 Number of Uniformed Officers 42

Police Protection
 Number of Stations 3
 Number of Full-time Sworn Officers 53

Utility System: Electric
 Number of Customers 6,300

Residential Rates: Basic Customer Charge \$9.89
 Energy Charge \$0.120802 per kwh

Community Facilities:
 Parks 10 Public
 Pools 1 Public
 Tennis Courts 6 Private
 Golf Courses 7 Private
 Country Clubs 1 Semi-private
 1 Semi-private

Cultural Activities:
 Wake Forest Birthplace
 Wake Forest Historic District
 Wake Forest Friends of the Arts
 Theater, symphony and art galleries are twenty (20) minutes away in Raleigh.

<u>Principal Employers:</u>	<u>Service or Product</u>	<u>Approximate Number of Employees</u>
Wake County Schools	Education	672
Wal-mart Super Center	Grocery/Retail	425
EmBarq (formerly named Sprint)	Telecommunications	360
Southeastern Baptist Theological Seminary	Academic Institution	345
Super Target	Grocery/Retail	250
The Body Shop	Naturally-based skin and hair	219
Town of Wake Forest	Local Government	192
Lowes Home Improvement	Building/Home supplies	154
Home Depot	Building/Home supplies	103
Chris Leith	Automotive sales/service	96

Report on Internal Control over Financial Reporting and Compliance and Other Matters
Based on an Audit of Financial Statements Performed in
Accordance with Government Auditing Standards

To the Honorable Mayor and
Members of the Board of Commissioners
Town of Wake Forest, North Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregated remaining fund information of the Town of Wake Forest, North Carolina, as of and for the year ended June 30, 2009, which collectively comprises the Town of Wake Forest's basic financial statements and have issued our report thereon dated October 14, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town of Wake Forest's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Wake Forest's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Town's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Town's financial statements that is more than inconsequential will not be prevented or detected by the Town's internal control. We consider the deficiencies described in the accompanying schedule of findings and responses to be significant deficiencies in internal control over financial reporting (Items 2009-1 and 2009-2).

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Town's internal control.

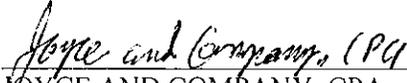
Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider Item 2009-1 is a material weakness.

Compliance and Other Matters

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

The Town's response to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit the Town's response and, accordingly, we express no opinion on it. We noted certain other matters that we reported to management of the Town of Wake Forest, in a separate letter dated October 14, 2009.

This report is intended solely for the information and use of management, others within the organization, members of the Town Board and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.


JOYCE AND COMPANY, CPA

October 14, 2009

Report on Compliance With Requirements Applicable To Each Major State Program And
Internal Control Over Compliance In Accordance With Applicable Sections of OMB Circular A-133 and
the State Single Audit Implementation Act

To the Honorable Mayor and
Members of the Board of Commissioners
Town of Wake Forest, North Carolina

Compliance

We have audited the compliance of the Town of Wake Forest, North Carolina, with the types of compliance requirements described in the Audit Manual for Governmental Auditors in North Carolina, issued by the Local Government Commission, that are applicable to its major state program for the year ended June 30, 2009. The Town of Wake Forest's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major state program is the responsibility of the Town of Wake Forest's management. Our responsibility is to express an opinion on the Town of Wake Forest's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and applicable sections of OMB Circular A-133, as described in the Audit Manual for Governmental Auditors in North Carolina, and the State Single Audit Implementation Act. Those standards, applicable sections of OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Town of Wake Forest's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Town of Wake Forest's compliance with those requirements.

In our opinion, the Town of Wake Forest complied, in all material respects, with the requirements referred to above that are applicable to its major state programs for the year ended June 30, 2009.

Internal Control Over Compliance

The management of the Town of Wake Forest is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to state programs. In planning and performing our audit, we considered the Town of Wake Forest's internal control over compliance with requirements that could have a direct and material effect on a major state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

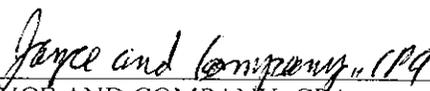
A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a state program

on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies that adversely affects the entity's ability to administer a state program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a state program that is more than inconsequential will not be prevented or detected by the Town's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a state program will not be prevented or detected by the Town's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, others within the organization, members of the Town Board, federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.


JOYCE AND COMPANY, CPA

October 14, 2009

Town of Wake Forest, North Carolina
Schedule of Findings and Questioned Costs

For the year ended June 30, 2009

Section I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:		Unqualified
Internal control over financial reporting:		
• Material weakness(es) identified?	<u> X </u> yes	<u> </u> no
• Significant deficiency (s) identified that are not considered to be material weaknesses?	<u> X </u> yes	<u> </u> none reported
Noncompliance material to financial statement noted	<u> </u> yes	<u> X </u> no

Federal Awards

The Town of Wake Forest has no major federal programs.

State Awards

Internal control over major state program:		
• Material weakness(es) identified?	<u> </u> Yes	<u> X </u> no
• Significant deficiency (s) identified that are not considered to be material weaknesses?	<u> </u> yes	<u> X </u> none reported

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

Identification of major state programs:	Powell Bill N.C. Parks and Recreation Trust Fund
---	---

Section II. Financial Statement Findings

Item 2009-1 **Errors in payroll tax calculations and correction of prior period returns**

Criteria Controls should be in place to ensure that the all payroll taxes and other withholdings are properly calculated and recorded. In addition any errors noted during processing of payroll or in year end reconciliations and the financial statement audit should immediately be corrected and any amended payroll tax returns filed.

Condition There were numerous variations detected from standard payroll withholding in performing payroll audit procedures at year end. In addition, errors detected in the audit for the fiscal year ended June 30, 2009 which required amended payroll tax returns had not been corrected.

Effect Payroll taxes may be either under or over withheld for employees and failure to correct these matters could result in payroll audits to the Town.

Cause This is due to a change in software systems as well as lack of careful review.

Recommendation We recommend that staff develop a plan whereby all new employees have the setup of their

initial payroll reviewed by both personnel and payroll processing staff. Supervisory staff within the finance department should then perform review of overall payroll amounts on either a monthly or quarterly basis ensuring that all withholding amounts are reasonable in comparison to salaries and that all payroll tax reports reconcile to these reported amounts.

Views of responsible officials and planned corrective actions

The Town agrees with this finding.

Item 2009-2 **Roll forward of capital project balances to subsequent years**

Criteria All capital funds should show all revenues and expenditures of all open projects within the fund at all time.

Condition Capital project funds did not have prior years activity included for fiscal year 2009 until near the end of the fiscal year.

Effect Resulting costs of projects and the related revenues were materially understated throughout the year.

Cause This is due to lack of careful review.

Recommendation We recommend that the Town roll over balances shortly after the close of the fiscal year and that these balances be adjusted to actual for any adjustments posted throughout the audit shortly after the conclusion of the audit..

Views of responsible officials and planned corrective actions

The Town agrees with this finding.

Section III. Federal Award Findings and Questioned Costs.

None.

Section IV. State Award Findings and Questioned Costs.

None.

Town of Wake Forest, North Carolina
Schedule of Expenditures of Federal and State Awards

For the Fiscal Year Ended June 30, 2009

Federal Grantor/ Pass- Through Grantor/Program Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal (Direct and Pass-Through) Expenditures	State Expenditures	Local Expenditures
FEDERAL GRANTS:					
<u>National Endowment for the Arts</u>					
Passed through N.C. Arts Council					
<i>Promotion of the Arts Partnership Agreements</i>	45.025		\$ 5,000	\$ -	\$ 5,000
<u>U.S. Department of Transportation</u>					
Passed through N.C. Governor's Highway Safety Program					
<i>Traffic Safety Team</i>	20.605	PT-08-03-04-69	17,448	-	23,442
Total expenditure of federal awards			<u>22,448</u>	<u>-</u>	<u>28,442</u>
STATE GRANTS:					
<u>N.C. Department of Environment & Natural Resources</u>					
<i>N.C. Community Conservation Assistance</i>	N/A	N/A	-	5,460	-
<i>N.C. Land and Water Conservation Fund</i>	N/A	N/A	-	250,000	-
<u>N.C. Division of Parks and Recreation</u>					
<i>N.C. Parks and Recreation Trust Fund</i>	N/A	N/A	-	500,000	500,000
<u>N.C. Department of Transportation</u>					
<i>Bicycle Planning Grant</i>	N/A	N/A	-	14,000	-
<i>Powell Bill Fund</i>	N/A	N/A	-	783,073	-
Total expenditure of state awards			<u>-</u>	<u>1,552,533</u>	<u>500,000</u>
Total expenditure of federal and state awards			<u>\$ 22,448</u>	<u>\$ 1,552,533</u>	<u>\$ 528,442</u>

Notes to the Schedule of Expenditures of Federal and State Financial Awards

Basis of Presentation - The accompanying schedule of expenditures of federal and state awards includes the federal and state grant activity of the Town of Wake Forest and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the State Single Audit Implementation Act. Therefore some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.



Town of
Wake Forest
North Carolina