

Comprehensive Annual Financial Report

FOR THE FISCAL YEAR ENDED JUNE 30, 2011



TOWN OF WAKE FOREST ~ NORTH CAROLINA

TOWN OF WAKE FOREST, NORTH CAROLINA

Comprehensive Annual Financial Report

For the fiscal year ended June 30, 2011

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 Harris
Town Clerk

Town Attorney
Eric Vernon

Tammy R. Moody
Human Resources Director

Jeff Leonard
Police Chief

Aileen J. Staples
Finance Director

Roe O'Donnell
Deputy Town Manager – Operations

Roger A. Russell
Planning Director

Ruben Wall
Parks and Recreation Director

Eric Keravuori
Director of Engineering

Mike Barton
Public Works Director

Tom LaBarge
Information Technology Director

Bill Crabtree
Public Information Officer

J J Carr
Inspections Administrator

Mickey Rochelle
Facilities Manager

ADVISORY BOARDS AND COMMISSIONS

Planning and Zoning Board
Bob Hill, Chairperson

Cemetery Advisory Board
John Mills, Chairperson

Board of Adjustment
Jonathan Bivens, Chairperson

Recreation Advisory Board
Sandy Thomason, Chairperson

Historic Preservation Commission
Louise Howard, Chairperson

Urban Forestry Advisory Board
Don Daria, Chairperson

Human Relations Council
Meredith Brown, Chairperson

Senior Center Advisory Board
Bonita L. Sharpee, Chairperson

Greenway Advisory Board
Jan Ammons, Chairperson

Youth Advisory Board
Kyra Daniel, Chair

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TOWN *of*
WAKE FOREST



TOWN *of* WAKE FOREST

December 15, 2011

**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, 2011 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, 2011, 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 1st 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.

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 Wake Forest.
- 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, 2011 was 30,329 which is an increase of 6.3% over the previous fiscal year. Total growth has been 99.8% since 2001. 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 \$968.8 million in 2002 to \$3.6 billion in 2011. The Town's tax base is approximately 24% commercial/industrial and 76% residential for fiscal year 2010-2011.

Residential activity picked up during fiscal year 2010-11 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) 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 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. The school is located on 300 acres in downtown Wake Forest. Approximately 2,500 students study in 30 different undergraduate, graduate and post-graduate degree programs. Enrollment has increased over 85% in the past nine years.

Major Initiatives

The following events and projects are highlights of fiscal year 2010-2011. These projects reflect the Town's continued commitment to quality of life while maintaining its unique personality.

The Town Hall construction was completed and staff moved into the new facility in June 2010. Landscaping, demolition and punch list items were finalized during fiscal year 2010-2011. All town departments except police and public works are housed in the 44,000 square foot facility. It is the cornerstone of Wake Forest's historical roots that blends the old with the new and incorporates sustainable practices.

The Wake Forest Town Hall was awarded the “LEED” Platinum Certification by the U.S. Green Building Council (USGBC) in 2011. The USGBC’s LEED (Leadership in Energy and Environmental Design) is the foremost program for the design, construction, and operation of green buildings. The Wake Forest Town Hall is one of only a few municipal facilities in the United States to achieve LEED Platinum status. By reaching the Platinum level, the Town is not only helping conserve resources and create a healthier environment for employees and visitors, but it is also saving substantially on costs through green building maintenance practices.

The Town was awarded a grant in the amount of \$495,500 for the installation of energy efficient LED lights at the police department and the Northern Wake Senior Center. The grant also covers upgrades at the Community House including a solar water heater, an energy efficient heating and cooling system, subfloor insulation along with new windows and doors. These improvements are expected to lower energy usage, energy bills and maintenance costs.

Since beginning in 2008, the Wake Forest Bus system has seen a steady increase in ridership. The transit service ridership exceeded 5,000 per month in 2010-2011. Routes to downtown Raleigh, Triangle Town Center and throughout Wake Forest give residents an alternative to driving a vehicle.

The Town’s second electric substation located on Dr. Calvin Jones Highway (N.C. 98 By-pass) was put into service this past May. By adding this new delivery point of service, the Town is now positioned for growth and can provide power to town customers from two locations. The substation improves load control and outage management.

Two years ago, the Town received \$2.2 million from the dissolution of the Industrial Development Corporation (IDC). The Board designated that these funds be utilized for economic development purposes and to encourage businesses to locate in Wake Forest. The Wireless Research Center of North Carolina was established as a non-profit organization to provide research, development and testing services in the wireless radio frequency and antenna market. Using a portion of the IDC proceeds, the Town’s commitment to finance the Center along with a grant awarded by the Golden LEAF Foundation will enable the Center to fund test equipment that will permit a major expansion of the services that can be provided. The Center will serve as a regional, national, and international destination for antenna development and related research and testing that requires specialized facilities. The Town is excited about this opportunity to bring industry and growth not only to Wake Forest, but the surrounding areas and the State of North Carolina.

The above mentioned projects are the results of careful strategic planning over the last several years. 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. During fiscal year 2010-2011, the Town continued the process of creating a Unified Development Ordinance (UDO) to replace its current assortment of development ordinances. Once adopted, the UDO will combine into a single document the Town’s existing zoning, subdivision, land use, grading, storm water management and historic preservation regulations.

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 up to \$7.1 million in installment purchase debt in fiscal year 2011-2012 for street improvements including paving all Town owned unpaved roads, street maintenance/resurfacing program and Phase II of S. White Street streetscape. The design work for these projects was completed in fiscal year 2010-2011. Consideration at the Board’s annual retreat in January 2012 will be given to planning a future bond referendum in 2013-2014 to address greenways, street improvements and the final phases of Joyner Park.

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.

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 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, 2010. This was the 21st 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, 2010

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.



Linda C. Dandison

President

Jeffrey R. Emer

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 February 20, 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. staff support is also provided to the Recreation Advisory Board and Youth Advisory Board.

Public Facilities

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

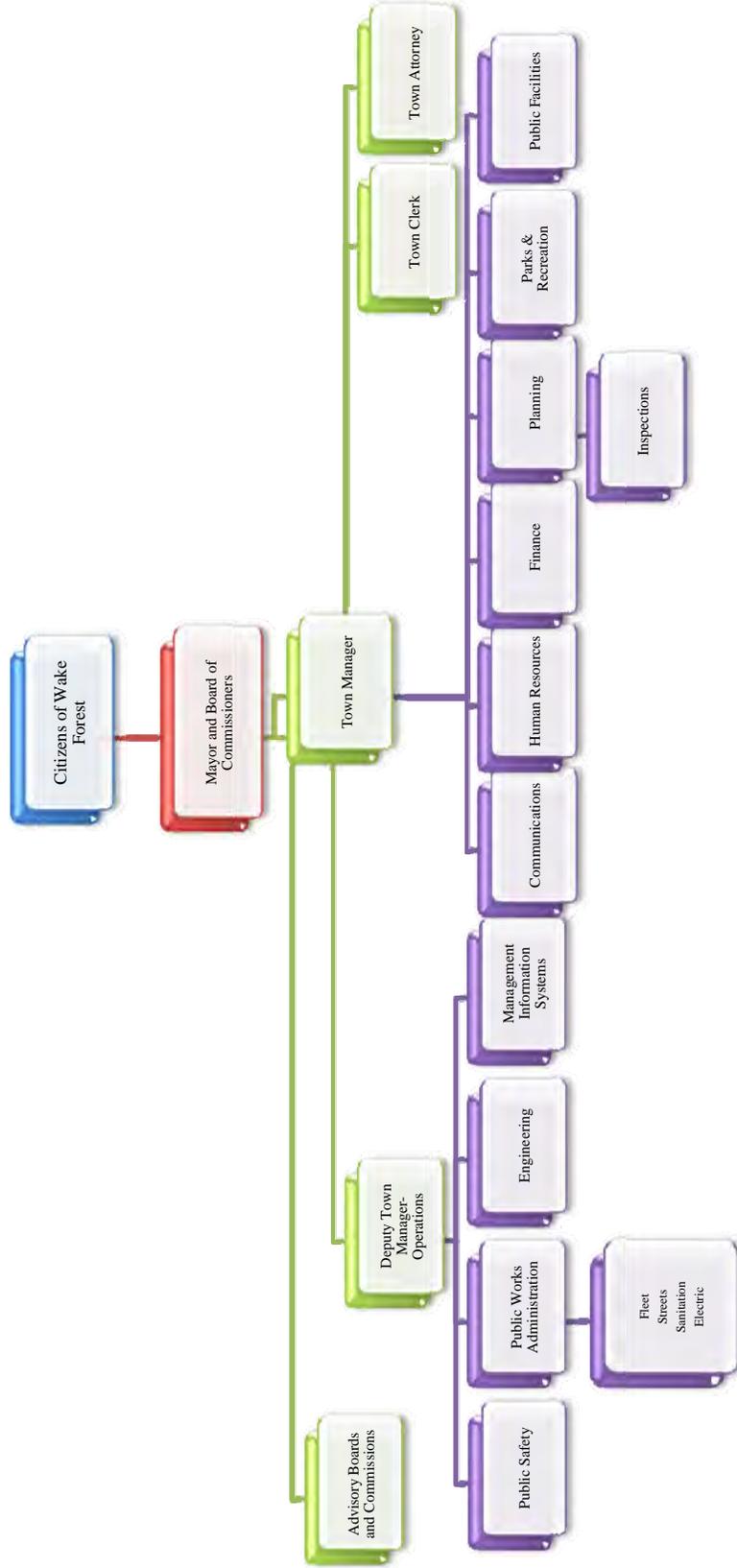
Administration The Director, Assistant Director and Office Assistant are responsible for the day to day operations of all divisions in Public Works and Electric.

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





TOWN *of*
WAKE FOREST

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, 2011, 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, 2011 and the respective changes in financial position and cash flows, where appropriate, 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 December 15, 2011 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 grants. 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 on 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's and the Other Postemployment Benefits' Schedules of Funding Progress and Schedules of Employer Contributions are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. 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 fund financial statements, budgetary schedules, other schedules and the statistical tables, as well as the accompanying schedule of expenditures of federal and state awards as 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, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund statements, budgetary schedules, other schedules and the accompanying schedule of expenditures of federal and state awards have 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
JOYCE AND COMPANY, CPA

December 15, 2011

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 of Wake Forest for the fiscal year ended June 30, 2011. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Town's financial statements, which follow this narrative.

Financial Highlights

- The assets of the Town of Wake Forest exceeded its liabilities at the close of the fiscal year by \$139,678,014 (*net assets*).
- The government's total net assets increased by \$1,301,995, primarily due to increases in the business-type activities net assets.
- As of the close of the current fiscal year, the Town of Wake Forest's governmental funds reported combined ending fund balances of \$15,359,059 with a *net decrease of (\$1,652,223)* in fund balance. Approximately 35.4% percent of this total amount, or \$5,441,596, is non spendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$4,838,882, or 16.4% percent of total general fund expenditures for the fiscal year.
- The Town's total debt *decreased* by \$2,409,893 (7.5%) during the current fiscal year. Patrol vehicles along with trucks, other vehicles and equipment were acquired through an installment purchase agreement for \$ 321,060 in May 2011 which was the only new debt issued for the fiscal year.
- The Town of Wake Forest current bond ratings are as follows:

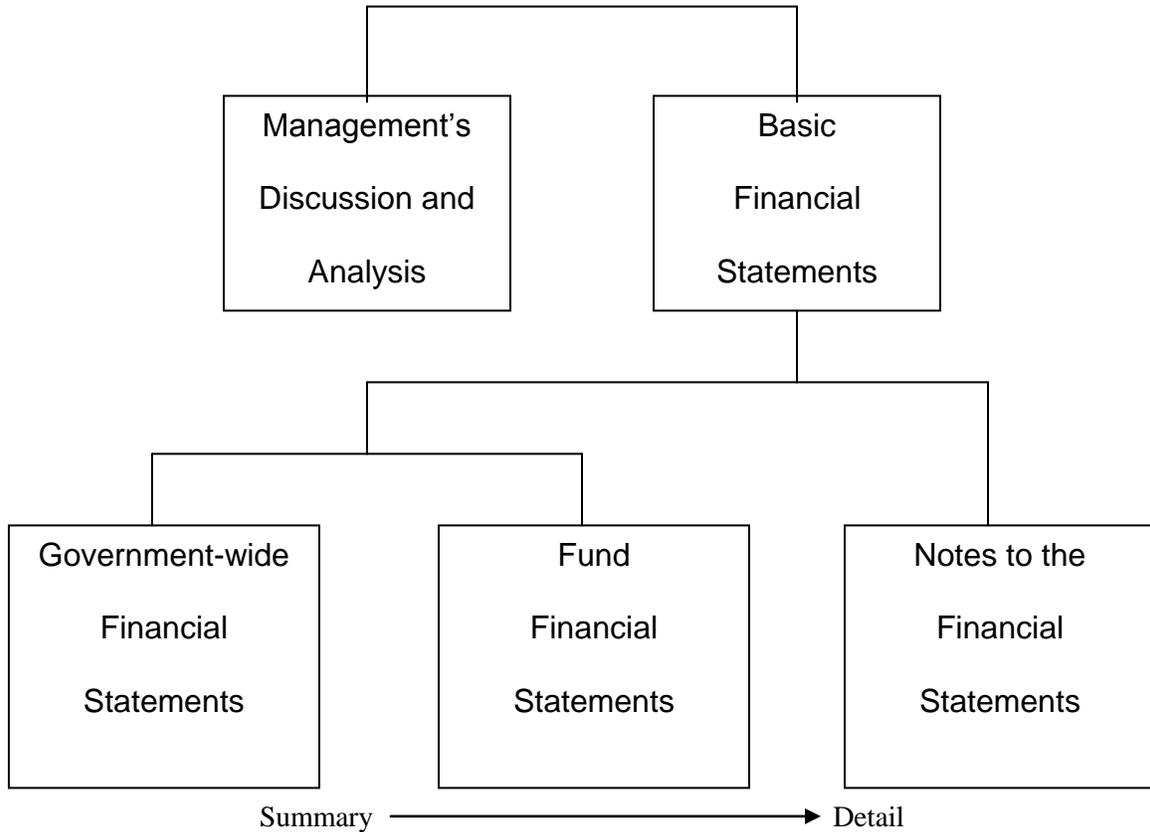
Moody's	Aa3
Standard & Poor's	AAA
N.C. Municipal Council	87

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Town of Wake Forest's basic financial statements. The Town's basic financial statements consist of three 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

Figure 1



Basic Financial Statements

The first two statements (Exhibits 1 and 2) in the basic financial statements are the **Government-wide Financial Statements**. They 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 (Exhibits 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; 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. Budgetary information required by the General Statutes also can be found in this part of the statements.

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 are the difference between the Town's total assets and total liabilities. Measuring net assets is one way to gage the Town's financial condition.

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 recreation. Property taxes and intergovernmental revenues finance most of these activities. The business-type activities are those that the Town charges customers to provide which include the electric services offered by the Town of Wake Forest.

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.

The government-wide financial statements are on Exhibits 1 and 2 of 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 of Wake Forest, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect 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 Town of Wake Forest can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the Town's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* which provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the Town's programs. The relationship between government activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The Town of Wake Forest adopts an annual appropriated budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the Town, the management of the Town, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the Town to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the Town complied with the budget ordinance and whether or not the Town succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the board; 2) the final budget as amended by the board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

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 government-wide and fund financial statements. The notes to the financial statements are included in the financial section 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 behind the notes to the financial statements and just before the individual fund statements in this report.

Government-Wide Financial Analysis

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

Town of Wake Forest Net Assets

Figure 1

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$ 17,146,048	\$ 19,869,481	\$ 9,215,983	\$ 8,980,759	\$ 26,362,031	\$ 28,850,240
Capital assets	135,334,485	134,316,190	16,062,014	15,919,425	151,396,499	150,235,615
Total assets	152,480,533	154,185,671	25,277,997	24,900,184	177,758,530	179,085,855
Long-term liabilities outstanding	25,611,234	26,539,043	4,815,205	5,516,870	30,426,439	32,055,913
Other liabilities	4,107,722	5,010,412	3,546,355	3,643,511	7,654,077	8,653,923
Total liabilities	29,718,956	31,549,455	8,361,560	9,160,381	38,080,516	40,709,836
Net assets:						
Invested in capital assets, net of related debt	112,448,969	110,101,600	14,324,919	13,938,763	126,773,888	124,040,363
Restricted	5,424,734	-	-	-	5,424,734	-
Unrestricted	4,887,874	12,534,616	2,591,518	1,801,040	7,479,392	14,335,656
Total net assets	\$122,761,577	\$122,636,216	\$ 16,916,437	\$ 15,739,803	\$ 139,678,014	\$ 138,376,019

The Town’s assets exceeded liabilities by \$139,678,014 as of June 30, 2011. 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 (\$7,479,393) may be used by the Town’s ongoing obligations to citizens and creditors.

Town of Wake Forest Changes in Net Assets

Figure 2

	Governmental Activities		Business Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program revenues:						
Charges for services	\$ 2,470,412	\$ 2,308,639	\$ 18,453,796	\$ 17,520,430	\$ 20,924,208	\$ 19,829,069
Operating grants and contributions	951,018	713,890	311	-	951,329	713,890
Capital grants and contributions	1,888,124	1,091,058	-	-	1,888,124	1,091,058
General revenues:						
Property taxes	18,590,117	18,229,078	-	-	18,590,117	18,229,078
Other taxes	86,027	83,634	-	-	86,027	83,634
Investment Earnings	67,390	85,946	152,522	174,934	219,912	260,880
Other	6,657,630	6,116,986	56,346	26,999	6,713,976	6,143,985
Total revenues	<u>30,710,718</u>	<u>28,629,231</u>	<u>18,662,975</u>	<u>17,722,363</u>	<u>49,373,693</u>	<u>46,351,594</u>
Expenses:						
General government	9,814,820	8,682,965	-	-	9,814,820	8,682,965
Public Safety	10,478,094	10,253,680	-	-	10,478,094	10,253,680
Transportation	4,370,908	4,299,079	-	-	4,370,908	4,299,079
Environmental protection	2,520,645	2,397,576	-	-	2,520,645	2,397,576
Cultural and recreation	2,502,178	2,024,989	-	-	2,502,178	2,024,989
Interest on long-term debt	909,477	902,986	-	-	909,477	902,986
Water and sewer	-	-	147,731	170,850	147,731	170,850
Electric	-	-	17,327,845	16,097,214	17,327,845	16,097,214
Total expenses	<u>30,596,122</u>	<u>28,561,275</u>	<u>17,475,576</u>	<u>16,268,064</u>	<u>48,071,698</u>	<u>44,829,339</u>
Increase in net assets before transfers	114,596	67,956	1,187,399	1,454,299	1,301,995	1,522,255
Transfers	10,765	1,423	(10,765)	(1,423)	-	-
Increase in net assets	<u>125,361</u>	<u>69,379</u>	<u>1,176,634</u>	<u>1,452,876</u>	<u>1,301,995</u>	<u>1,522,255</u>
Net assets - beginning of year	122,636,216	122,492,481	15,739,803	14,286,927	138,376,019	136,779,408
Prior period adjustment	-	74,356	-	-	-	74,356
Net assets - end of year	<u>\$ 122,761,577</u>	<u>\$ 122,636,216</u>	<u>\$ 16,916,437</u>	<u>\$ 15,739,803</u>	<u>\$ 139,678,014</u>	<u>\$ 138,376,019</u>

Governmental activities. For the second consecutive year, growth with respect to governmental activities was essentially flat with the Town's net assets increasing by \$125,361.

- Ad valorem taxes made up 60.5% of governmental activity revenue and continue to be a significant revenue source for funding local government operations.
- Total governmental activity revenue increased 7.3% while expenses increased 7.1% over the previous fiscal year.

Business-type activities. Business-type activities increased the Town of Wake Forest's net assets by \$1,176,634. Key elements of this increase are as follows:

- Charges for services from the Sale of Power increased \$933,366 (5.3%) in fiscal year ended June 30, 2011 over fiscal year ended June 30, 2010.
- Total business-type expenses increased \$1,230,631 (7.6%).

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 of Wake Forest's financing requirements.

The general fund is the chief operating fund of the Town of Wake Forest. At the end of the current fiscal year, fund balance available in the General Fund was \$4,838,882, while total fund balance was \$11,941,223. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned (available) fund balance and total fund balance to total general fund expenditures. Unassigned fund balance represents 16.4% of the total General Fund expenditures, while total fund balance represents 40.5% of that same amount.

The Town's fund balance policy adopted in September 2004 requires that the Town maintain an available (unreserved/undesignated) fund balance of 35% of general fund expenditures. 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.

The Town of Wake Forest made major commitment and reinvestment in the community in 2004 when the planning process began for the construction of the new town hall. Each budget year since that time, funds have been allocated from the General Fund to the Town Hall Capital Projects fund. Although the building was occupied in late June 2010, work continued through fiscal year ended June 30, 2011 and we anticipate closing out the project next fiscal year thereby correcting the negative fund balance.

Furthermore, the General Fund balance has enabled the Town to sustain during the recession over the last two fiscal years utilizing fund balance for one time capital items. The Town reduced its appropriated fund balance in the fiscal year 2011-2012 budget and plans to take aggressive action to increase the percentage of available fund balance.

At June 30, 2011, the governmental funds of the Town of Wake Forest reported a combined fund balance of \$15,359,059. The General Fund, special revenue funds, capital project funds and future capital reserve funds are included in this combined amount.

General Fund Budgetary Highlights. During the fiscal year, the Town revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services.

Revenues were more than the budgeted amounts primarily because the Town did not expect to receive some of the unrestricted intergovernmental funds that became available. Expenditures were held in check to comply with its budgetary requirements.

The Town planned to utilize \$2.1 million in fund balance for capital items including the town hall project for the fiscal year ended June 30, 2011. Total general fund balance *decreased* \$946,396.

Proprietary Funds. The Town of Wake Forest’s proprietary funds 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 amounted to \$2,658,761 and the total ending net assets were \$16,983,680.

Net assets *increased* \$1,184,215 during this past fiscal year. Operating expenses increase 7.6% while sale of power revenues increased 5.3%. Purchase for power for resale increased \$720,265 (5.7%) from the previous fiscal year due to growth.

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

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, 2011, totaled \$151,396,499 (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 \$715,397.
- New Town Hall and Electric Substation placed in service in fiscal year 2011.
- Construction in progress includes the ongoing projects: Streets and Sidewalks and Dunn Creek greenway.

**Town of Wake Forest Capital Assets
(net of depreciation)
Figure 3**

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Land	\$ 33,887,121	\$ 31,841,539	\$ 510,605	\$ 159,839	\$ 34,397,726	\$ 32,001,378
Buildings and system	17,102,518	2,777,918	-	-	17,102,518	2,777,918
Other improvements	70,425,690	71,710,316	14,574,359	11,541,679	85,000,049	83,251,995
Equipment and furniture	1,882,597	1,911,835	718,220	730,478	2,600,817	2,642,313
Vehicles and motorized equipment	1,380,986	1,470,426	258,830	313,061	1,639,816	1,783,487
Construction in progress	10,655,573	24,604,156	-	3,174,368	10,655,573	27,778,524
Total	\$ 135,334,485	\$ 134,316,190	\$ 16,062,014	\$ 15,919,425	\$ 151,396,499	\$ 150,235,615

**Town of Wake Forest Outstanding Debt
General Obligation and Revenue Bonds
Figure 4**

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
General obligation bonds	\$ 15,775,000	\$ 16,790,000	\$ -	\$ -	\$ 15,775,000	\$ 16,790,000
Revenue bonds	-	-	1,643,761	1,817,049	1,643,761	1,817,049
N.C Water Pollution Control Revolving Loan and Bond Fund	-	-	2,317,254	2,705,315	2,317,254	2,705,315
Installment Purchase	8,820,011	9,376,610	1,333,334	1,610,279	10,153,345	10,986,889
Total	\$ 24,595,011	\$ 26,166,610	\$ 5,294,349	\$ 6,132,643	\$ 29,889,360	\$ 32,299,253

Long-term Debt. As of June 30, 2011, the Town of Wake Forest had total bonded debt outstanding of \$15,775,000 and installment purchase related debt of \$10,153,347. The outstanding revenue bond debt totals \$1,643,761 which represents the balance owed on the electric substation as of June 30, 2011. The remaining \$1,333,335 installment note along with the \$2,317,254 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 government’s boundaries. The legal debt margin for the Town of Wake Forest is \$264,737,946. Practically, these statutory limits exceed the Town’s realistic debt capacity.

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, 2012

Governmental Activities: For the second consecutive year, the emphasis of the FY 2011-2012 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. No cost of living increases (COLA) were funded however market adjustment funds were included. Performance pay (merit) funds were included at half of previous levels. Four (4) new positions were funded and six (6) positions remain authorized but unfunded.

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 \$31.2 million.

Business-type Activities: Utility rates were unchanged in the Electric Fund. The total budget was \$18.3 million for the Electric Fund. The water administrative rate was increased \$.41 to mirror the City of Raleigh’s rate to offset merger costs and maintain transition timeline. 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, 301 S. Brooks Street Wake Forest, North Carolina 27587; (919) 435-9461 or astaples@wakeforestnc.gov.

Exhibit 1

Town of Wake Forest, North Carolina
Statement of Net Assets
June 30, 2011

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 11,606,006	\$ 2,646,653	\$ 14,252,659
Taxes receivables (net)	414,422	-	414,422
Accounts receivable (net)	418,969	2,345,124	2,764,093
Internal balances	727,790	(727,790)	-
Due from other governments	2,114,556	-	2,114,556
Inventories	16,327	1,215,489	1,231,816
Prepaid items	535	-	535
Bond issuance costs	137,948	-	137,948
Restricted cash and cash equivalents	1,709,495	-	1,709,495
Due within one year			
Note receivable-current portion	-	773,981	773,981
Due in more than one year			
Note receivable-noncurrent portion	-	2,962,526	2,962,526
Capital assets			
Land, improvements, and construction in progress	44,542,694	510,605	45,053,299
Other capital assets, net of depreciation	90,791,791	15,551,409	106,343,200
Total assets	<u>152,480,533</u>	<u>25,277,997</u>	<u>177,758,530</u>
LIABILITIES			
Accounts payable	1,139,480	2,449,405	3,588,885
Unearned revenue	47,382	-	47,382
Accrued interest payable	322,052	40,125	362,177
Customer deposits	-	188,480	188,480
Due within one year			
Compensated absences	592,696	71,851	664,547
Bonds and notes payable	1,997,915	815,414	2,813,329
Due in more than one year			
Compensated absences	2,588	-	2,588
Net pension obligation	444,124	-	444,124
Other postemployment benefits	2,337,584	317,350	2,654,934
Bonds and notes payable	22,835,135	4,478,935	27,314,070
Total liabilities	<u>29,718,956</u>	<u>8,361,560</u>	<u>38,080,516</u>
NET ASSETS			
Invested in capital assets, net of related debt	112,448,969	14,324,919	126,773,888
Restricted for:			
Stabilization by State Statute	5,424,734	-	5,424,734
Unrestricted	4,887,874	2,591,518	7,479,392
Total net assets	<u>\$ 122,761,577</u>	<u>\$ 16,916,437</u>	<u>\$ 139,678,014</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, 2011

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	\$ 9,814,820	\$ 1,206,061	\$ 144,937	\$ -	\$ (8,463,822)	\$ -	\$ (8,463,822)
Public safety	10,478,094	298,319	116,649	62,117	(10,001,009)	-	(10,001,009)
Transportation	4,370,908	73,665	686,375	1,487,487	(2,123,381)	-	(2,123,381)
Environmental protection	2,520,645	267,115	3,057	46,999	(2,203,474)	-	(2,203,474)
Cultural and recreation	2,502,178	625,252	-	291,521	(1,585,405)	-	(1,585,405)
Interest on long-term debt	909,477	-	-	-	(909,477)	-	(909,477)
Total governmental activities	<u>30,596,122</u>	<u>2,470,412</u>	<u>951,018</u>	<u>1,888,124</u>	<u>(25,286,568)</u>	<u>-</u>	<u>(25,286,568)</u>
Business-type activities:							
Water and sewer	147,731	-	311	-	-	(147,420)	(147,420)
Electric	17,327,845	18,453,796	-	-	-	1,125,951	1,125,951
Total business-type activities	<u>17,475,576</u>	<u>18,453,796</u>	<u>311</u>	<u>-</u>	<u>-</u>	<u>978,531</u>	<u>978,531</u>
Total	<u>\$ 48,071,698</u>	<u>\$ 20,924,208</u>	<u>\$ 951,329</u>	<u>\$ 1,888,124</u>	<u>(25,286,568)</u>	<u>978,531</u>	<u>(24,308,037)</u>
General revenues:							
Taxes:							
Property taxes, levied for general purpose					18,590,117	-	18,590,117
Other taxes and licenses					86,027	-	86,027
Unrestricted intergovernmental					6,254,703	-	6,254,703
Unrestricted investment earnings					67,390	152,522	219,912
Miscellaneous					402,927	56,346	459,273
Transfers					10,765	(10,765)	-
Total general revenues					<u>25,411,929</u>	<u>198,103</u>	<u>25,610,032</u>
Change in net assets					125,361	1,176,634	1,301,995
Net assets-beginning of year					122,636,216	15,739,803	138,376,019
Net assets-ending					<u>\$ 122,761,577</u>	<u>\$ 16,916,437</u>	<u>\$ 139,678,014</u>

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

Town of Wake Forest, North Carolina
Balance Sheet
Governmental Funds
June 30, 2011

	Major			Nonmajor	Total Governmental Funds
	General	New Town Hall Capital Project	Street and Sidewalk Improvements Capital Project	Other Governmental Funds	
Assets					
Cash and cash equivalents	\$ 9,107,174	\$ -	\$ 337,286	\$ 2,161,546	\$ 11,606,006
Receivables, net					
Taxes	414,422	-	-	-	414,422
Accounts	47,529	6,469	21,378	343,593	418,969
Due from other governments	2,114,556	-	-	-	2,114,556
Due from other funds	1,649,661	-	-	201,225	1,850,886
Inventories	16,327	-	-	-	16,327
Prepaid items	535	-	-	-	535
Restricted cash and cash equivalents	-	-	1,709,495	-	1,709,495
Total assets	<u>\$ 13,350,204</u>	<u>\$ 6,469</u>	<u>\$ 2,068,159</u>	<u>\$ 2,706,364</u>	<u>\$ 18,131,196</u>
Liabilities and fund balances					
Current liabilities:					
Accounts payable and accrued liabilities	\$ 899,420	\$ 205,000	\$ -	\$ 35,060	\$ 1,139,480
Due to other funds	-	601,203	-	521,893	1,123,096
Deferred revenues	462,179	-	-	-	462,179
Unearned revenues	47,382	-	-	-	47,382
Total liabilities	<u>1,408,981</u>	<u>806,203</u>	<u>-</u>	<u>556,953</u>	<u>2,772,137</u>
Fund balances:					
Non Spendable					
Inventories	16,327	-	-	-	16,327
Prepaid expenditures	535	-	-	-	535
Restricted:					
Stabilization By State Statute	5,424,734	-	-	-	5,424,734
Committed:					
Street improvements	-	-	2,068,159	-	2,068,159
Recreation improvements	-	-	-	113,239	113,239
Assigned:					
Subsequent years expenditures	1,660,745	-	-	611,431	2,272,176
Recreation improvements	-	-	-	1,320,649	1,320,649
Cemetery improvements	-	-	-	104,092	104,092
Unassigned	4,838,882	(799,734)	-	-	4,039,148
Total fund balances	<u>11,941,223</u>	<u>(799,734)</u>	<u>2,068,159</u>	<u>2,149,411</u>	<u>15,359,059</u>
Total liabilities and fund balances	<u>\$ 13,350,204</u>	<u>\$ 6,469</u>	<u>\$ 2,068,159</u>	<u>\$ 2,706,364</u>	<u>\$ 18,131,196</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, 2011

Fund balances-total governmental funds		\$ 15,359,059
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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	\$ 166,667,900	
Less accumulated depreciation	<u>(31,333,415)</u>	135,334,485

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	(24,595,011)	
Bond issuance costs	137,948	
Premiums received on bond issuance	(238,039)	
Compensated absences	(595,284)	
Other postemployment benefits	(2,337,584)	
Net pension obligation	<u>(444,124)</u>	(28,072,094)

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

Deferred revenue		462,179
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Other liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.

Accrued expenses payable		<u>(322,052)</u>
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Net assets of governmental activities		<u><u>\$ 122,761,577</u></u>
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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, 2011

	Major			Nonmajor	Total
	General	New Town Hall Capital Project	Street and Sidewalk Improvements Capital Project	Other Governmental Funds	
Revenues:					
Ad valorem taxes	\$ 18,655,904	\$ -	\$ -	\$ -	\$ 18,655,904
Other taxes	84,844	-	-	-	84,844
Unrestricted intergovernmental	6,254,703	-	-	-	6,254,703
Restricted intergovernmental	1,047,924	-	-	291,521	1,339,445
Permits and fees	1,114,255	-	-	565,054	1,679,309
Sales and services	796,759	-	-	-	796,759
Miscellaneous	376,829	-	-	88,859	465,688
Investment earnings	58,183	-	5,769	3,438	67,390
Total revenues	<u>28,389,401</u>	<u>-</u>	<u>5,769</u>	<u>948,872</u>	<u>29,344,042</u>
Expenditures:					
Current:					
General government	8,495,116	-	-	326,599	8,821,715
Public safety	9,679,055	-	-	-	9,679,055
Transportation	2,162,019	-	-	-	2,162,019
Environmental protection	2,420,516	-	-	-	2,420,516
Cultural and recreation	1,605,629	-	-	-	1,605,629
Capital outlay	2,258,656	454,237	549,274	520,654	3,782,821
Debt service:					
Bond principal	1,015,000	-	-	-	1,015,000
Bond interest	628,763	-	-	-	628,763
Installment note principal	877,659	-	-	-	877,659
Installment note interest	334,913	-	-	-	334,913
Total expenditures	<u>29,477,326</u>	<u>454,237</u>	<u>549,274</u>	<u>847,253</u>	<u>31,328,090</u>
Revenues under expenditures	<u>(1,087,925)</u>	<u>(454,237)</u>	<u>(543,505)</u>	<u>101,619</u>	<u>(1,984,048)</u>
Other financing sources (uses):					
Transfers in	413,836	500,000	-	-	913,836
Transfers out	(500,000)	-	-	(403,071)	(903,071)
Issuance of debt	321,060	-	-	-	321,060
Total other financing sources (uses)	<u>234,896</u>	<u>500,000</u>	<u>-</u>	<u>(403,071)</u>	<u>331,825</u>
Net change in fund balances	<u>(853,029)</u>	<u>45,763</u>	<u>(543,505)</u>	<u>(301,452)</u>	<u>(1,652,223)</u>
Fund balance - beginning of year	12,794,252	(845,497)	2,611,664	2,450,863	17,011,282
Fund balance - end of year	<u>\$ 11,941,223</u>	<u>\$ (799,734)</u>	<u>\$ 2,068,159</u>	<u>\$ 2,149,411</u>	<u>\$ 15,359,059</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, 2011

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

Net changes in fund balances - total governmental funds		\$ (1,652,223)
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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	\$ 3,782,821		
Less current year depreciation	<u>(4,201,462)</u>		(418,641)

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			1,487,487
Donated public safety vehicle			12,210
Change in deferred revenues			(70,260)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets.			(62,761)
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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.

Amortization of bond issuance costs	(8,627)		
Amortization of bond premiums	16,782		
Issuance of debt	(321,060)		
Principal payments	<u>1,892,659</u>		1,579,754

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			(10,539)
Net pension obligation			(81,096)
Other postemployment benefits			(704,614)
Change in accrued interest payable			<u>46,044</u>

Total changes in net assets of governmental activities			<u>\$ 125,361</u>
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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, 2011

	Original	Final	Actual Amounts	Variance with Final Budget- Positive (Negative)
REVENUES:				
Ad valorem taxes	\$ 17,894,580	\$ 18,519,180	\$ 18,579,520	\$ 60,340
Other taxes and licenses	77,000	81,125	84,844	3,719
Unrestricted intergovernmental	5,777,110	6,095,015	6,254,703	159,688
Restricted intergovernmental	729,180	1,250,272	1,047,924	(202,348)
Permits and fees	1,005,500	1,082,300	1,114,255	31,955
Sales and services	766,405	793,030	796,759	3,729
Miscellaneous	254,750	236,750	278,780	42,030
Investment earnings	180,000	62,515	57,749	(4,766)
Total revenues	26,684,525	28,120,187	28,214,534	94,347
EXPENDITURES:				
Current				
General government	9,736,655	10,690,437	9,804,335	886,102
Public safety	9,930,025	10,328,615	10,147,037	181,578
Transportation	2,314,890	2,537,475	2,377,888	159,587
Environmental protection	2,421,070	2,451,860	2,420,516	31,344
Cultural and recreational	1,912,555	1,945,710	1,871,215	74,495
Debt service:				
Bond principal	1,015,000	1,015,000	1,015,000	-
Bond interest	614,385	628,770	628,763	7
Installment note principal	922,350	878,080	877,659	421
Installment note interest	368,350	335,570	334,913	657
Total expenditures	29,235,280	30,811,517	29,477,326	1,334,191
Revenues over (under) expenditures	(2,550,755)	(2,691,330)	(1,262,792)	1,428,538
OTHER FINANCING SOURCES (USES):				
Transfers in (out)				
Downtown District Special Tax	75,000	110,500	81,500	(29,000)
Town Hall Capital Project Fund	(450,000)	(500,000)	(500,000)	-
General Capital Reserve Fund	90,500	228,075	137,571	(90,504)
Recreation Capital Reserve Fund	265,500	265,500	265,500	-
Police Department Special Revenue Fund	-	12,275	-	(12,275)
Cemetery Capital Reserve Fund	35,000	-	-	-
Water and Sewer Fund	-	10,765	10,765	-
Installment note issuance	426,000	321,060	321,060	-
Appropriated fund balance	2,108,755	2,243,155	-	(2,243,155)
Total other financing sources (uses)	2,550,755	2,691,330	316,396	(2,374,934)
Net change in fund balance	\$ -	\$ -	(946,396)	\$ (946,396)
FUND BALANCE - Beginning of year			12,479,842	
FUND BALANCE - End of year			\$ 11,533,446	
A legally budgeted Downtown District Special Tax Fund is consolidated into the General Fund for reporting purposes:				
Ad valorem taxes			76,384	
Investment earnings			297	
Transfer to General Fund			(81,500)	
Fund balance - beginning of year			227,605	
A legally budgeted Police Department Special Fund is consolidated into the General Fund for reporting purposes:				
Donations			20,807	
Forfeited currency			69,085	
Investment earnings			137	
Miscellaneous			8,157	
Fund balance - beginning of year			86,805	
FUND BALANCE - End of year (Exhibit 4)			\$ 11,941,223	

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

Town of Wake Forest
Proprietary Funds
Statement of Net Assets
June 30, 2011

	Electric Fund	Water and Sewer Fund	Totals
<u>Assets</u>			
Current assets:			
Cash and cash equivalents	\$ 1,867,087	\$ 779,566	\$ 2,646,653
Accounts receivable	2,345,124	-	2,345,124
Note receivable - current portion	-	773,981	773,981
Inventories	1,215,489	-	1,215,489
Subtotal	<u>5,427,700</u>	<u>1,553,547</u>	<u>6,981,247</u>
Noncurrent assets:			
Note receivable - noncurrent portion	-	2,962,526	2,962,526
Capital assets:			
Land and other non-depreciable assets	510,605	-	510,605
Other capital assets, net of depreciation	15,551,409	-	15,551,409
Capital assets (net)	<u>16,062,014</u>	<u>-</u>	<u>16,062,014</u>
Subtotal-noncurrent assets	<u>16,062,014</u>	<u>2,962,526</u>	<u>19,024,540</u>
Total assets	<u>21,489,714</u>	<u>4,516,073</u>	<u>26,005,787</u>
<u>Liabilities</u>			
Current liabilities:			
Accounts payable and accrued liabilities	1,440,414	1,008,991	2,449,405
Due to other funds	727,790	-	727,790
Customer deposits	188,480	-	188,480
Accrued interest payable	23,054	17,071	40,125
Compensated absences	71,851	-	71,851
Bonds and notes payable	201,767	594,727	796,494
Total current liabilities	<u>2,653,356</u>	<u>1,620,789</u>	<u>4,274,145</u>
Noncurrent liabilities:			
Other postemployment benefits	317,350	-	317,350
Bonds and notes payable	1,535,328	2,962,527	4,497,855
Total noncurrent liabilities	<u>1,852,678</u>	<u>2,962,527</u>	<u>4,815,205</u>
Total liabilities	<u>4,506,034</u>	<u>4,583,316</u>	<u>9,089,350</u>
<u>Net Assets</u>			
Invested in capital assets, net of related debt	14,324,919	-	14,324,919
Unrestricted	2,658,761	(67,243)	2,591,518
Total net assets	<u>\$ 16,983,680</u>	<u>\$ (67,243)</u>	<u>\$ 16,916,437</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, 2011

	Electric Fund	Water and Sewer Fund	Totals
Operating revenues:			
Charges for services	\$ 17,743,610	\$ -	\$ 17,743,610
Other operating revenues	710,186	311	710,497
Total operating revenues	<u>18,453,796</u>	<u>311</u>	<u>18,454,107</u>
Operating expenses:			
Electric operations	2,967,983	-	2,967,983
Electric power purchases	13,458,027	-	13,458,027
Depreciation	816,798	-	816,798
Total operating expenses	<u>17,242,808</u>	<u>-</u>	<u>17,242,808</u>
Operating income	<u>1,210,988</u>	<u>311</u>	<u>1,211,299</u>
Nonoperating revenues (expenses):			
Investment earnings	1,918	150,604	152,522
Interest expense	(85,037)	(147,731)	(232,768)
Gain on capital asset disposals	56,346	-	56,346
Total nonoperating revenues (expenses)	<u>(26,773)</u>	<u>2,873</u>	<u>(23,900)</u>
Income before transfers	1,184,215	3,184	1,187,399
Transfers out	<u>-</u>	<u>(10,765)</u>	<u>(10,765)</u>
Change in net assets	1,184,215	(7,581)	1,176,634
Net assets, beginning	<u>15,799,465</u>	<u>(59,662)</u>	<u>15,739,803</u>
Net assets, end of year	<u>\$ 16,983,680</u>	<u>\$ (67,243)</u>	<u>\$ 16,916,437</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, 2011

	Electric Fund	Water and Sewer Fund	Totals
Cash flows from operating activities:			
Cash received from customers	\$ 18,401,008	\$ 311	\$ 18,401,319
Cash paid for goods and services	(14,485,061)	-	(14,485,061)
Cash paid to employees for services	(1,710,065)	-	(1,710,065)
Customer deposits received	115,789	-	115,789
Customer deposits returned	(73,654)	-	(73,654)
Net cash provided by operating activities	<u>2,248,017</u>	<u>311</u>	<u>2,248,328</u>
Cash flows from noncapital financing activities:			
Repayment of interfund loan	(72,210)	-	(72,210)
Interfund transfer	-	(10,765)	(10,765)
Net cash used by noncapital financing activities	<u>(72,210)</u>	<u>(10,765)</u>	<u>(82,975)</u>
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(959,388)	-	(959,388)
Installment note issuance	-	-	-
Proceeds of sale of capital assets	56,346	-	56,346
Principal paid on bond maturities and equipment notes	(243,567)	(594,727)	(838,294)
Interest paid on bond maturities and equipment notes	(87,466)	(150,604)	(238,070)
Collections for the City of Raleigh, pursuant to merger agreement	-	2,306,763	2,306,763
Transfer of funds to City of Raleigh, pursuant to merger agreement	-	(2,339,745)	(2,339,745)
Transfer of funds from City of Raleigh, pursuant to merger agreement	-	415,474	415,474
Net cash used by capital and related financing activities	<u>(1,234,075)</u>	<u>(362,839)</u>	<u>(1,596,914)</u>
Cash flows from investing activities:			
Interest on investments	<u>1,918</u>	<u>150,604</u>	<u>152,522</u>
Net increase in cash and cash equivalents	943,650	(222,689)	720,961
Cash and cash equivalents:			
Beginning of year	<u>923,437</u>	<u>1,002,255</u>	<u>1,925,692</u>
End of year	<u>\$ 1,867,087</u>	<u>\$ 779,566</u>	<u>\$ 2,646,653</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, 2011

	Electric Fund	Water and Sewer Fund	Totals
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 1,210,988	\$ 311	\$ 1,211,299
Adjustments to reconcile operating income to net cash provided by operating activities			
Depreciation	816,798	-	816,798
Changes in assets and liabilities:			
Increase in accounts receivable	(52,788)	-	(52,788)
Decrease in inventory	195,261	-	195,261
Decrease in accounts payable and accrued liabilities	(54,489)	-	(54,489)
Increase in customer deposits	42,135	-	42,135
Decrease in accrued vacation pay	(8,560)	-	(8,560)
Increase in other postemployment benefits	98,672	-	98,672
Total adjustments	1,037,029	-	1,037,029
Net cash provided by operating activities	\$ 2,248,017	\$ 311	\$ 2,248,328

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

TOWN OF WAKE FOREST, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2011

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. Additionally, the Town has legally adopted a Downtown District Special Tax Fund and a Police Department Special Fund. Under GASB 54 guidance these two funds are consolidated in the General Fund. The budgetary comparisons for the Downtown District Special Tax Fund and the Police Department Special Fund have been included in the supplemental information.

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

TOWN OF WAKE FOREST, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2011

Street and Sidewalk Improvements Capital Project Fund – The Street and Sidewalk Improvements Capital Projects Fund is used to account for construction and improvements to various Town streets and sidewalks.

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 composes 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 one special revenue fund: the Futures Fund which is used to account for resources set aside for economic development.

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 four (4) non-major capital project funds: the Recreation Capital Project Reserve Fund, the Cemetery Capital Reserve Fund, the Dunn Creek Greenway Capital Project Fund and the General Capital Project 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, including

TOWN OF WAKE FOREST, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2011

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 2010 through February 2011 apply to the fiscal year ended June 30, 2011. 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, 2011

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 Street and Sidewalks Improvements Capital Project Fund issued by the Town are classified as restricted assets for the Street and Sidewalks Improvements Capital Project Fund because their use is completely restricted to the purpose for which the debt was originally issued. Customer deposits held by the Town before any services are supplied are restricted to the service for which the

TOWN OF WAKE FOREST, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2011

deposit was collected. Money in the Downtown District Special Tax Fund and the Police Department Special Fund is also classified as restricted assets because its use is restricted to the Downtown District Special Tax Fund and the Police Department Special Fund per N.C. G.S. Chapter 159, Article 3, Part 2.

(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, 2011 have been charged against operations.

(6) Inventories and Prepaid Items

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.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements and expensed as the items are used.

(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

TOWN OF WAKE FOREST, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2011

(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 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, fund balance is composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent.

The governmental fund types classify fund balances as follows:

TOWN OF WAKE FOREST, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2011

Nonspendable Fund Balance

This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Inventories - portion of fund balance that is not an available resource because it represents the year-end balance of ending inventories, which are not spendable resources.

Prepaid items – portion of fund balance that is not an available resource because it represents the year-end balance of prepaid expense, which are not spendable resources.

Restricted Fund Balance

This classification includes amounts of fund balance restricted by or subject to externally enforceable legal restrictions, including, but not limited to creditors, grantors, contributors, or other governments through enabling legislation.

Restricted for Stabilization by State Statute - portion of fund balance that is restricted by State Statute [G.S. 159-8(a)].

Committed Fund Balance

This classification includes amounts of fund balance that can only be used for specific purposes imposed by majority vote by quorum of Town of Wake Forest's Board of Commissioners. Any changes or removal of specific purpose requires majority action by the Board.

Committed for street improvements – portion of fund balance committed by the Board for street capital improvements.

Committed for recreation improvements – portion of fund balance committed by the Board for recreation capital improvements.

Assigned Fund Balance

This classification includes amounts of fund balance that reflect a government's intended use of resources through authority delegated by the Wake Forest's Board of Commissioners to some other body or official.

Assigned for subsequent year's expenditures - portion of total fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed.

Assigned for recreation improvements - portion of fund balance that has been budgeted by the Board for recreation improvements.

Assigned for cemetery improvements - portion of fund balance that has been budgeted by the Board for cemetery improvements.

TOWN OF WAKE FOREST, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2011

Unassigned Fund Balance

The portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds.

Note 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Deficit Fund Balance of Individual Funds

At June 30, 2011, the New Town Hall Capital Project Fund had a deficit fund balance in the amount of \$799,734. The Town plans to transfer funds from the General Fund in fiscal year 2012 to cover this amount.

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.

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, 2011, the carrying amount of the Town’s deposits was \$4,310,341 and the bank balance was \$4,779,782. Of the bank balance, \$1,250,000 was covered by federal depository insurance and \$3,529,782 was covered under the Pooling Method. At June 30, 2011, the Town had \$1,470 of petty cash on hand.

Investments – At June 30, 2011, the Town had \$11,650,343 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, 2011.

TOWN OF WAKE FOREST, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2011

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 \$ 40,286

Note 5 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2011, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities :				
Capital assets not being depreciated:				
Land	\$ 31,841,539	\$ 2,045,582	\$ -	\$ 33,887,121
Construction in progress	<u>24,604,156</u>	<u>1,759,206</u>	<u>15,707,789</u>	<u>10,655,573</u>
Total capital assets not being depreciated	<u>56,445,695</u>	<u>3,804,788</u>	<u>15,707,789</u>	<u>44,542,694</u>
Capital assets being depreciated:				
Buildings	5,673,823	15,058,514	580,425	20,151,912
Other improvements	91,929,499	1,411,607	-	93,341,106
Equipment and furniture	3,931,249	336,216	10,946	4,256,519
Vehicles and motorized equipment	<u>4,174,601</u>	<u>379,181</u>	<u>178,113</u>	<u>4,375,669</u>
Total capital assets being depreciated	<u>105,709,172</u>	<u>17,185,518</u>	<u>769,484</u>	<u>122,125,206</u>
Less accumulated depreciation for:				
Buildings	2,895,905	677,536	524,047	3,049,394
Other improvements	20,219,183	2,696,233	-	22,915,416
Equipment and furniture	2,019,414	365,454	10,946	2,373,922
Vehicles and motorized equipment	<u>2,704,175</u>	<u>462,239</u>	<u>171,731</u>	<u>2,994,683</u>
Total accumulated depreciation	<u>27,838,677</u>	<u>\$ 4,201,462</u>	<u>\$ 706,724</u>	<u>31,333,415</u>
Total capital assets being depreciated, net	<u>77,870,495</u>			<u>90,791,791</u>
Governmental activity capital assets, net	<u>\$ 134,316,190</u>			<u>\$ 135,334,485</u>

Depreciation expense was charged to functions/programs as follows:

General government	\$ 750,128
Public safety	393,032
Public works	2,145,745
Environmental protection	76,038
Cultural and recreational	<u>836,519</u>
Total	<u>\$ 4,201,462</u>

TOWN OF WAKE FOREST, NORTH CAROLINA

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Business activity:	Beginning			Ending
Electric Fund	Balances	Increases	Decreases	Balances
Capital assets not being depreciated:				
Land	\$ 159,839	\$ 350,766	-	\$ 510,605
Construction in progress	3,174,368	32,339	3,206,707	-
Total capital assets not being depreciated	<u>3,334,207</u>	<u>383,105</u>	<u>3,206,707</u>	<u>510,605</u>
Capital assets being depreciated:				
Utility improvements	19,044,537	3,640,213	-	22,684,750
Equipment and furniture	1,532,285	115,882	66,567	1,581,600
Vehicles and motorized equipment	1,241,607	26,895	100,107	1,168,395
Total capital assets being depreciated	<u>21,818,429</u>	<u>3,782,990</u>	<u>166,674</u>	<u>25,434,745</u>
Less accumulated depreciation for:				
Utility improvements	7,502,858	607,533	-	8,110,391
Equipment and furniture	801,807	128,140	66,567	863,380
Vehicles and motorized equipment	928,546	81,125	100,106	909,565
Total accumulated depreciation	<u>9,233,211</u>	<u>\$ 816,798</u>	<u>\$ 166,673</u>	<u>9,883,336</u>
Total capital assets being depreciated, net	<u>12,585,218</u>			<u>15,551,409</u>
Electric capital assets, net	<u>\$ 15,919,425</u>			<u>\$ 16,062,014</u>

Construction commitments

At June 30, 2011, the Town had contracted commitments as follows:

Project	Spent-to-Date	Remaining Commitment
Capital Project Fund – Dunn Creek Greenway	\$ 752,924	\$ 147,980
Capital Project Fund – Street Improvements	-0-	896,810
	<u>\$ 752,924</u>	<u>\$ 1,044,790</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 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.

TOWN OF WAKE FOREST, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

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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 6.51% and 6.41%, 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, 2011, 2010, and 2009 and were \$689,007, \$505,882, and \$485,565, 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, 2010 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>55</u>
Total	<u><u>56</u></u>

A separate report was not issued for the plan.

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 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.

TOWN OF WAKE FOREST, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

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The annual required contribution for the current year was determined as part of the December 31, 2009 actuarial valuation using the projected unit credit actuarial cost method and the level percent of pay closed amortization method. The actuarial assumptions included (a) 5.00% investment rate of return (net of administrative expenses over a remaining amortization period of 21 years) 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	\$ 114,892
Interest on net pension obligation	18,151
Adjustment to annual required contribution	<u>(19,435)</u>
Annual pension cost	113,608
Contributions made	<u>32,512</u>
Increase (decrease) in net pension obligation	81,096
Net pension obligation – Beginning of year	<u>363,028</u>
Net pension obligation – End of year	<u><u>\$ 444,124</u></u>

Trend Information

Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
06/30/11	\$ 113,608	28.62%	\$ 444,124
06/30/10	69,595	25.34%	363,028
06/30/09	55,719	7.41%	311,065

Funded Status and Funding Progress

As of December 31, 2010, 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 \$755,126. The covered payroll (annual payroll of active employees covered by the plan) was \$3,362,329, and the ratio of the UAAL to the covered payroll was 22.46 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.

TOWN OF WAKE FOREST, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

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(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. 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, 2011 were \$212,686, which consisted of \$167,371 from the Town and \$45,315 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, 2011 were \$479,302, which consisted of \$346,324 from the Town and \$132,978 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.

TOWN OF WAKE FOREST, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

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Membership of the HCB Plan consisted of the following at December 31, 2010, the date of the latest actuarial valuation:

	General Employees	Law Enforcement Officers
Retirees and dependents receiving benefits	20	5
Terminated plan members entitled to but not yet receiving benefits	-	-
Active plan members	132	55
Total	152	60

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 \$366 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 9.17% of annual covered payroll. For the current year, the Town contributed \$93,732 or .89% 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 1.02% and .60% of covered payroll, respectively. There were no contributions made by employees, except for dependent coverage in the amount of \$37,890. 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	\$ 893,708
Interest on OPEB obligation	74,066
Adjustment to annual required contribution	(70,756)
Annual OPEB cost	897,018
Contributions made	93,732
Increase in net OPEB obligation	803,286
Net OPEB obligation beginning of year	1,851,648
Net OPEB obligation end of year	\$ 2,654,934

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The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the HCB Plan, and the net OPEB obligation as of June 30, 2011 were as follows:

For Year Ended		Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2011	\$	897,018	10.45%	\$ 2,654,934
June 30, 2010	\$	996,580	8.83%	\$ 1,851,648
June 30, 2009	\$	991,402	4.88%	\$ 943,048

Funded Status and Funding Progress

As of December 31, 2010, 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 \$9,078,267. The covered payroll (annual payroll of active employees covered by the plan) was \$10,473,071 and the ratio of the UAAL to the covered payroll was 86.7%. 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, 2010, 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 3.00% 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 at December 31, 2010 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

TOWN OF WAKE FOREST, NORTH CAROLINA

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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, 2011, the Town made contributions to the State for death benefits of \$16,350. The Town's required contributions for employees not engaged in law enforcement and for law enforcement officers represented .16% and .14% of covered payroll, respectively. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount.

Note 7 – DEFERRED/UNEARNED 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	\$ -	\$ 36,363	\$ 36,363
Taxes receivable	340,559	-	340,559
Vehicle licenses receivable	54,482	-	54,482
Sanitation receivables	39,276	-	39,276
Prepaid other	-	10,909	10,909
Total general fund	434,318	47,272	481,590
Special Revenue Fund			
Taxes receivable	27,862	110	27,972
Total	\$ 462,179	\$ 47,382	\$ 509,561

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 (NCLM). Through these pools, the Town obtains general liability coverage in the amount of \$3,000,000 per occurrence, auto liability coverage in the amount of \$2,000,000 per occurrence, property coverage up to the total insurance values of the property policy and workers' compensation coverage up to the statutory limits. Employee dental coverage is also provided by a plan administered by the NCLM. The Town contracts with a preferred provider organization (PPO) to provide employee health insurance coverage. The pools are reinsured through commercial companies for single occurrence claims against general liability and auto liability in excess of \$1,000,000. The pools are reinsured through commercial companies for single occurrence claims against property in excess of \$500,000 and statutory limits for workers' compensation in excess of \$1,000,000. 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.

TOWN OF WAKE FOREST, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2011

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 with limits of \$100,000. The finance officer and the tax collector are individually bonded for \$100,000 each. Government crime coverage provides \$5,000 per occurrence for theft of money and securities inside the premises as well as outside.

Note 9 – CLAIMS, JUDGEMENTS AND CONTINGENT LIABILITIES

At June 30, 2011, 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.

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, 2011 are comprised of the following individual issues:

Serviced by the General Fund:

\$7,300,000 Series 2009A Public Improvement Bonds with annual installments of \$365,000 due annually on February 1 through February 1, 2030 plus interest from 2.0 to 4.0 percent	\$ 6,935,000
\$1,705,000 Series 2009B Refunding Bonds with annual installments of \$100,000 to \$190,000 due annually on February 1 through February 1, 2020 plus interest from 2.5 to 4.0 percent	1,480,000

TOWN OF WAKE FOREST, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2011

\$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	<u>7,360,000</u>
Total	<u>\$ 15,775,000</u>

At June 30, 2011, the Town of Wake Forest had a legal debt margin of \$264,737,946.

Annual debt service requirements to maturity for general obligation bonds at June 30, 2011 are as follows:

GO Bonds

Year Ending June 30:	Governmental Activities	
	Principal	Interest
2012	\$ 1,010,000	\$ 572,513
2013	1,005,000	542,188
2014	1,005,000	511,988
2015	1,000,000	475,375
2016	995,000	438,000
2017-2021	4,715,000	1,628,258
2022-2026	4,125,000	835,450
2027-2031	1,920,000	163,250
Total	<u>\$ 15,775,000</u>	<u>\$ 5,167,022</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%. \$ 1,643,761

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, 2011, is as follows:

Operating revenues	\$ 18,453,796
Operating and non-operating expense	<u>17,327,845</u>
Income available for debt service	\$ 1,125,951
Debt service, principal and interest paid (revenue bond only)	<u>239,640</u>
Debt Service Coverage Ratio	<u>470%</u>

TOWN OF WAKE FOREST, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2011

Annual debt service requirements to maturity for revenue bonds at June 30, 2011 are as follows:

<u>Year Ending June 30:</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ 179,829	\$ 59,811
2013	186,618	53,022
2014	193,663	45,978
2015	200,973	38,667
2016	208,560	31,080
2017-2021	674,118	44,802
Total	<u>\$ 1,643,761</u>	<u>\$ 273,360</u>

(c) Installment Notes

The Town's installment notes outstanding at June 30, 2011 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.	\$ 8,166,665	\$ -
\$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.	104,417	-
\$321,060 installment obligation to RBC Bank for vehicles and equipment issued May 31, 2011; ?? payments of ?? which includes interest at 1.74%, secured by vehicles and equipment.	321,060	-
\$475,955 installment obligation to RBC Bank for equipment and vehicles issued June 30, 2010; semi-annual payments of \$82,804 plus interest at 2.48%, secured by equipment and vehicles.	227,869	93,334
\$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.	-	1,240,000
Totals	<u>\$ 8,820,011</u>	<u>\$ 1,333,334</u>

TOWN OF WAKE FOREST, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2011

Annual debt service requirements to maturity for installment notes at June 30, 2011 are as follows:

Year Ending June 30:	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2012	\$ 971,132	\$ 331,911	\$ 247,524	\$ 56,883
2013	879,999	302,234	259,144	46,304
2014	762,217	274,607	206,667	35,885
2015	653,334	249,116	206,667	25,986
2016	653,334	224,812	206,666	16,086
2017-2021	3,266,670	637,979	206,666	6,187
2022-2026	1,633,325	91,139	-	-
Total	\$ 8,820,011	\$ 2,111,798	\$ 1,333,334	\$ 187,331

(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, 2011 the outstanding balance on this note totaled \$1,935,000. 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, 2011 the remaining balance on these notes totaled \$55,554 and \$326,700, respectively.

Annual debt service requirements to maturity are as follows:

Year Ending June 30:	Principal	Interest
2012	\$ 388,061	\$ 73,183
2013	388,061	60,877
2014	388,061	48,572
2015	388,061	36,266
2016	388,061	23,961
2017-2021	376,949	11,656
Total	\$ 2,317,254	\$ 254,515

TOWN OF WAKE FOREST, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2011

(e) Advance Refunding

In 1988 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, 2011, \$977,000 of bonds outstanding are considered defeased.

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2011, was as follows:

	Balance July 1, 2010	Increases	Decreases	Balance July 1, 2011	Amounts Due Within One Year
Governmental activities:					
General obligation bonds	\$ 16,790,000	\$ -	\$ 1,015,000	\$15,775,000	\$ 1,015,000
Premiums on issuance	254,821	-	16,782	238,039	16,783
Less deferred amounts for issuance charges	(146,575)	-	(8,627)	(137,948)	(8,627)
Total bonds payable	16,898,246	-	1,023,155	15,875,091	1,023,156
Installment notes	9,376,610	321,060	877,659	8,820,011	971,132
Compensated absences	584,745	592,742	582,203	595,284	592,696
Net pension obligation	363,028	113,608	32,512	444,124	-
Other post employment benefits	1,632,970	798,346	93,732	2,337,584	-
Governmental activity long-term liabilities	\$ 28,855,599	\$ 1,825,756	\$ 2,609,261	\$28,072,094	\$ 2,586,984
Business-type activities:					
Revenue bonds	\$ 1,817,049	\$ -	\$ 173,288	\$ 1,643,761	\$ 179,829
Installment notes	4,315,594	-	665,006	3,650,588	635,585
Other post employment benefits	218,678	98,672	-	317,350	-
Compensated absences	80,411	86,142	94,703	71,850	71,851
Business-type activity long-term liabilities	\$ 6,431,732	\$ 184,814	\$ 932,997	\$ 5,683,549	\$ 887,265

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

Note 11 – FUND BALANCE

The following schedule provides management and citizens with information on the portion of General fund balance that is available for appropriation:

TOWN OF WAKE FOREST, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2011

Total fund balance-General Fund	\$ 11,941,223
Less:	
Inventories	(16,327)
Prepaid expenditures	(535)
Stabilization by State Statute	(5,424,734)
Assigned for subsequent year's expenditures	<u>(1,660,745)</u>
Remaining fund balance	<u>\$ 4,838,882</u>

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

Encumbrances - General Fund	\$ 86,260
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Note 12 – INTERFUND BALANCES AND TRANSFERS

A summary of interfund transfers follows:

<u>From Fund</u>	<u>To Fund</u>	<u>Amount</u>	<u>Purpose</u>
Recreation Capital Reserve Fund	General Fund	265,500	Fund Capital Outlay
Downtown District Special Tax Fund	General Fund	81,500	Fund Capital Outlay
General Capital Reserve Fund	General Fund	137,571	Fund Capital Outlay
Water and Sewer Fund	General Fund	10,765	Fund Capital Outlay
	New Town Hall		
General Fund	Capital Project Fund	<u>500,000</u>	Capital projects
		<u>\$ 995,336</u>	

Balances due to/from other funds at June 30, 2011, consist of the following:

<u>From Fund</u>	<u>To Fund</u>	<u>Amount</u>
Electric Fund	General Fund	\$ 727,790
Futures Fund	General Fund	320,668
New Town Hall Capital Project	General Fund	601,203
Dunn Creek Greenway Capital Project	Recreation Capital Reserve	<u>201,225</u>
		<u>\$1,850,886</u>

The amounts payable to the General Fund relate to working capital loans made to the Electric Fund, the New Town Hall Capital Project Fund and the Futures Fund. This loan to the Electric Fund is for the construction of the Electric Substation. The Electric Fund will make payments over the next nine (9) years plus interest at 2.5% or it may prepay the loan in full within the nine year period. It is anticipated that the balance due from the New Town Hall Capital Project fund and the Futures Fund will be collected in the subsequent year.

TOWN OF WAKE FOREST, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2011

Note 13 – 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, 2011 were \$13,458,027.

Note 14 – 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 15 – 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 \$3,736,507 due from the City of Raleigh related to this merger. The amount due from the City of Raleigh is shown as \$773,981 due within one year and \$2,962,526 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 \$1,008,991 related to the merger.

Note 16 – SUBSEQUENT EVENTS

Subsequent to June 30, 2011 and prior to the issuance of these financial statements the Town entered an agreement to borrow \$4,000,000 from RBC Bank to finance paving of various Town roads and complete resurfacing and maintenance of certain Town owned streets. The loan requires semiannual principal payments of \$250,000 for eight years plus interest and carries an interest rate of 2.18%. The loan is secured by Town owned project assets.

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

Nine years ended December 31, 2010

Actuarial Valuation Date	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)
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
12/31/2009	-	789,979	789,979	0%	3,419,561	23.10
12/31/2010	-	755,126	755,126	0%	3,362,329	22.46

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

Nine years ended June 30, 2011

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%
2010	66,638	26.50%
2011	114,892	28.30%

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, 2010
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	20 Years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	5.00%
Projected salary increases	4.5 - 7.85%
Includes inflation at	3.00%
Cost-of-living adjustments	N/A

Town of Wake Forest, North Carolina

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

Four years ended December 31, 2010

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%
2009	-	8,005,686	8,005,686	0.00%	10,405,650	76.94%
2010	-	9,078,267	9,078,267	0.00%	10,473,071	86.68%

Town of Wake Forest, North Carolina

Retirement Health Plan
Required Supplementary Information
Schedule of Employer Contributions

Three years ended June 30, 2011

Year Ended June 30	Annual Required Contribution	Percentage Contributed
2009	991,402	4.88%
2010	991,402	8.88%
2011	893,708	10.49%

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, 2010
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	
Pre-Medicare cost trend rate	10.5 - 5.0%
Post-Medicare cost trend rate	8.5 - 5.0%
Year of Ultimate Trend Rate	2018
Includes inflation at	3.00%



TOWN *of*
WAKE FOREST

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, 2011 and 2010

	2011		Variance Favorable (Unfavorable)	2010
	Budget	Actual		Actual
REVENUES:				
Ad valorem taxes:				
Current year taxes	\$ 18,220,430	\$ 18,275,797	\$ 55,367	\$ 17,794,119
Prior years taxes	236,250	239,712	3,462	259,906
Penalties and interest	62,500	64,011	1,511	74,443
Total	<u>18,519,180</u>	<u>18,579,520</u>	<u>60,340</u>	<u>18,128,468</u>
Other taxes and licenses:				
Gross receipts tax on short-term rental property	33,200	36,920	3,720	32,994
Privilege licenses	47,925	47,924	(1)	48,996
Total	<u>81,125</u>	<u>84,844</u>	<u>3,719</u>	<u>81,990</u>
Unrestricted intergovernmental:				
Local option sales taxes	4,432,420	4,559,143	126,723	4,257,327
Beer and wine tax	125,765	125,782	17	39,216
Utility franchise tax	1,515,830	1,550,178	34,348	1,468,603
Other unrestricted intergovernmental	21,000	19,600	(1,400)	24,822
Total	<u>6,095,015</u>	<u>6,254,703</u>	<u>159,688</u>	<u>5,789,968</u>
Restricted intergovernmental:				
Powell Bill allocation	686,375	686,375	-	656,839
County grants	75,675	78,733	3,058	53,059
Federal grants	478,222	266,332	(211,890)	21,454
State grants	10,000	16,484	6,484	221,090
Total	<u>1,250,272</u>	<u>1,047,924</u>	<u>(202,348)</u>	<u>952,442</u>
Permits and fees:				
Building permits	786,700	811,522	24,822	784,567
Fire inspection and prevention	32,000	32,033	33	35,504
Utility and street inspection fees	70,950	73,665	2,715	52,628
Vehicle licenses	96,000	99,371	3,371	96,886
Other permits and fees	96,650	97,664	1,014	88,222
Total	<u>1,082,300</u>	<u>1,114,255</u>	<u>31,955</u>	<u>1,057,807</u>
Sales and services:				
Solid waste fees	270,905	260,771	(10,134)	247,909
Recreation fees	371,525	396,840	25,315	362,797
Cemetery	13,500	12,000	(1,500)	18,615
Other sales and services	137,100	127,148	(9,952)	131,345
Total	<u>793,030</u>	<u>796,759</u>	<u>3,729</u>	<u>760,666</u>
Miscellaneous:				
Franchise fees	53,500	46,326	(7,174)	54,423
ABC revenue	82,500	84,954	2,454	74,268
Miscellaneous revenue	100,750	147,500	46,750	145,569
Total	<u>236,750</u>	<u>278,780</u>	<u>42,030</u>	<u>274,260</u>
Investment earnings	<u>62,515</u>	<u>57,749</u>	<u>(4,766)</u>	<u>140,826</u>
Total revenues	<u>28,120,187</u>	<u>28,214,534</u>	<u>94,347</u>	<u>27,186,427</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, 2011 and 2010

	2011		Variance Favorable (Unfavorable)	2010
	Budget	Actual		Actual
EXPENDITURES:				
General government:				
Governing body:				
Salaries and employee benefits	\$ 153,215	\$ 152,961	\$ 254	\$ 140,883
Professional services	276,500	214,187	62,313	345,305
Contributions	339,965	329,965	10,000	354,697
Operating expenditures	144,225	110,893	33,332	177,281
Total	<u>913,905</u>	<u>808,006</u>	<u>105,899</u>	<u>1,018,166</u>
Administration:				
Salaries and employee benefits	427,250	420,136	7,114	390,677
Professional services	10,765	10,765	-	5,655
Operating expenditures	49,615	31,074	18,541	52,167
Total	<u>487,630</u>	<u>461,975</u>	<u>25,655</u>	<u>448,499</u>
Communications:				
Salaries and employee benefits	144,520	142,185	2,335	137,537
Operating expenditures	198,095	142,667	55,428	131,194
Capital outlay	20,500	20,172	328	-
Total	<u>363,115</u>	<u>305,024</u>	<u>58,091</u>	<u>268,731</u>
Human Resources:				
Salaries and employee benefits	368,370	364,223	4,147	342,212
Professional services	12,000	10,373	1,627	1,263
Operating expenditures	68,175	53,269	14,906	63,933
Total	<u>448,545</u>	<u>427,865</u>	<u>20,680</u>	<u>407,408</u>
Finance:				
Salaries and employee benefits	1,084,690	1,074,879	9,811	983,913
Professional services	48,625	47,737	888	43,366
Operating expenditures	411,975	271,824	140,151	360,193
Capital outlay	71,750	39,827	31,923	54,517
Total	<u>1,617,040</u>	<u>1,434,267</u>	<u>182,773</u>	<u>1,441,989</u>
Management Information Systems:				
Salaries and employee benefits	340,065	330,872	9,193	190,676
Operating expenditures	262,950	228,374	34,576	201,214
Capital outlay	78,500	70,233	8,267	19,800
Total	<u>681,515</u>	<u>629,479</u>	<u>52,036</u>	<u>411,690</u>
Inspections:				
Salaries and employee benefits	926,360	926,153	207	864,286
Operating expenditures	109,700	74,029	35,671	74,622
Capital outlay	-	-	-	25,443
Total	<u>1,036,060</u>	<u>1,000,182</u>	<u>35,878</u>	<u>964,351</u>
Planning:				
Salaries and employee benefits	660,330	639,988	20,342	721,911
Professional services	100,000	76,406	23,594	61,063
Operating expenditures	307,205	275,558	31,647	281,065
Capital outlay	64,987	39,972	25,015	-
Total	<u>1,132,522</u>	<u>1,031,924</u>	<u>100,598</u>	<u>1,064,039</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, 2011 and 2010

	2011		Variance Favorable (Unfavorable)	2010
	Budget	Actual		Actual
Public buildings:				
Salaries and employee benefits	\$ 37,405	\$ 35,703	\$ 1,702	\$ -
Operating expenditures	720,900	695,580	25,320	570,614
Professional services	-	-	-	6,040
Capital outlay	380,800	175,093	205,707	262,128
Total	<u>1,139,105</u>	<u>906,376</u>	<u>232,729</u>	<u>838,782</u>
Engineering:				
Salaries and employee benefits	688,080	689,867	(1,787)	645,094
Professional services	115,000	106,292	8,708	83,233
Operating expenditures	344,980	343,757	1,223	269,214
Capital outlay	939,020	911,205	27,815	476,657
Total	<u>2,087,080</u>	<u>2,051,121</u>	<u>35,959</u>	<u>1,474,198</u>
Public Works Administration:				
Salaries and employee benefits	267,590	258,303	9,287	254,755
Operating expenditures	34,700	26,612	8,088	21,432
Total	<u>302,290</u>	<u>284,915</u>	<u>17,375</u>	<u>276,187</u>
Fleet Maintenance:				
Salaries and employee benefits	327,880	321,896	5,984	285,474
Operating expenditures	97,250	88,588	8,662	84,939
Capital outlay	56,500	52,717	3,783	79,783
Total	<u>481,630</u>	<u>463,201</u>	<u>18,429</u>	<u>450,196</u>
Total general government	<u>10,690,437</u>	<u>9,804,335</u>	<u>886,102</u>	<u>9,064,236</u>
Public safety:				
Police:				
Salaries and employee benefits	5,081,755	5,034,373	47,382	4,890,867
Operating expenditures	1,039,185	1,039,455	(270)	886,394
Capital outlay	602,415	467,982	134,433	232,562
Total	<u>6,723,355</u>	<u>6,541,810</u>	<u>181,545</u>	<u>6,009,823</u>
Fire:				
Contributions to:				
Fire Department	3,593,360	3,593,360	-	3,661,904
Hazmat	11,900	11,867	33	10,788
Total	<u>3,605,260</u>	<u>3,605,227</u>	<u>33</u>	<u>3,672,692</u>
Total public safety	<u>10,328,615</u>	<u>10,147,037</u>	<u>181,578</u>	<u>9,682,515</u>
Transportation:				
Streets:				
Salaries and employee benefits	978,790	978,396	394	932,405
Professional services	415,400	326,498	88,902	285,700
Operating expenditures	874,000	857,125	16,875	853,649
Capital outlay	269,285	215,869	53,416	596,664
Total transportation	<u>2,537,475</u>	<u>2,377,888</u>	<u>159,587</u>	<u>2,668,418</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, 2011 and 2010

	2011		Variance Favorable (Unfavorable)	2010
	Budget	Actual		Actual
Environmental protection:				
Sanitation:				
Salaries and employee benefits	\$ 385,840	\$ 373,287	\$ 12,553	\$ 363,111
Contracted services	1,834,420	1,831,992	2,428	1,745,633
Operating expenditures	231,600	215,237	16,363	180,437
Capital outlay	-	-	-	100,410
Total environmental protection	<u>2,451,860</u>	<u>2,420,516</u>	<u>31,344</u>	<u>2,389,591</u>
Cultural and recreational:				
Parks and recreation:				
Salaries and employee benefits	950,500	930,152	20,348	902,119
Professional services	57,715	57,573	142	10,864
Operating expenditures	671,895	617,904	53,991	583,847
Capital outlay	265,600	265,586	14	26,524
Total cultural and recreational	<u>1,945,710</u>	<u>1,871,215</u>	<u>74,495</u>	<u>1,523,354</u>
Debt service:				
Bond principal	1,015,000	1,015,000	-	2,365,250
Bond interest	628,770	628,763	7	452,588
Installment note principal	878,080	877,659	421	753,022
Installment note interest	335,570	334,913	657	352,835
Total debt service	<u>2,857,420</u>	<u>2,856,335</u>	<u>1,085</u>	<u>3,923,695</u>
Total expenditures	<u>30,811,517</u>	<u>29,477,326</u>	<u>1,334,191</u>	<u>29,251,809</u>
Revenues under expenditures	<u>(2,691,330)</u>	<u>(1,262,792)</u>	<u>1,428,538</u>	<u>(2,065,382)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in (out):				
Downtown District Special Tax	110,500	81,500	(29,000)	40,975
Town Hall Capital Project Fund	(500,000)	(500,000)	-	(1,895,475)
General Capital Reserve Fund	228,075	137,571	(90,504)	310,296
Recreation Capital Reserve Fund	265,500	265,500	-	-
Police Department Special Revenue Fund	12,275	-	(12,275)	11,575
Water and Sewer Fund	10,765	10,765	-	1,423
Bond Proceeds	-	-	-	1,705,000
Installment Note Issuance	321,060	321,060	-	407,504
Bond Issuance Costs	-	-	-	(24,033)
Appropriated fund balance	2,243,155	-	(2,243,155)	-
Total other financing sources	<u>2,691,330</u>	<u>316,396</u>	<u>(2,374,934)</u>	<u>557,265</u>
Net change in fund balance	<u>\$ -</u>	<u>(946,396)</u>	<u>\$ (946,396)</u>	<u>(1,508,117)</u>
FUND BALANCE - Beginning of year (as previously reported)		12,479,842		13,913,603
Adjustment to beginning fund balance		-		74,356
FUND BALANCE - Beginning of year (as restated)		<u>12,479,842</u>		<u>13,987,959</u>
FUND BALANCE - End of year		<u>\$ 11,533,446</u>		<u>\$ 12,479,842</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, 2011 and 2010

	2011		Variance Favorable (Unfavorable)	2010
	Budget	Actual		Actual
REVENUES:				
Ad valorem taxes	\$ 76,700	\$ 76,384	\$ (316)	\$ 89,674
Pentalties and interest	1,250	-	(1,250)	-
Investment earnings	750	297	(453)	415
Total revenues	<u>78,700</u>	<u>76,681</u>	<u>(2,019)</u>	<u>90,089</u>
OTHER FINANCING USES:				
Transfers out:				
General Fund	(81,500)	(81,500)	-	(40,975)
Appropriated Fund Balance	2,800	-	(2,800)	-
Total other financing uses	<u>(78,700)</u>	<u>(81,500)</u>	<u>(2,800)</u>	<u>(40,975)</u>
Net change in fund balance	<u>\$ -</u>	(4,819)	<u>\$ (4,819)</u>	49,114
Fund balances:				
Beginning of year		227,605		178,491
End of year		<u>\$ 222,786</u>		<u>\$ 227,605</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, 2011 and 2010

	2011		Variance Favorable (Unfavorable)	2010
	Budget	Actual		Actual
REVENUES:				
Donations	\$ 15,000	\$ 20,807	\$ 5,807	\$ 15,099
Forfeited currency	5,000	69,085	64,085	4,635
Investment earnings	200	137	(63)	164
Miscellaneous	10,000	8,157	(1,843)	8,768
Total revenues	<u>30,200</u>	<u>98,186</u>	<u>67,986</u>	<u>28,666</u>
OTHER FINANCING USES:				
Transfers out:				
General Fund	<u>(30,200)</u>	<u>-</u>	<u>30,200</u>	<u>(12,325)</u>
Net change in fund balance	<u>\$ -</u>	<u>98,186</u>	<u>\$ 98,186</u>	<u>16,341</u>
Fund balances:				
Beginning of year		<u>86,805</u>		<u>70,464</u>
End of year		<u>\$ 184,991</u>		<u>\$ 86,805</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, 2011

	Project Author- ization	Actual		
		Prior Years	Current Year	Total to Date
Revenues:				
Sales tax refund	\$ 160,000	\$ 145,923	\$ 6,469	\$ 152,392
Investment earnings	132,150	132,130	-	132,130
Total revenues	<u>292,150</u>	<u>278,053</u>	<u>6,469</u>	<u>284,522</u>
Expenditures:				
Capital outlay:				
Professional services	1,900,000	1,764,688	4,248	1,768,936
Personnel costs	226,200	173,400	-	173,400
Contracted services	50,000	29,149	15,969	45,118
Capital outlay-land	835,625	835,614	(21)	835,593
Capital outlay-construction	12,555,325	12,013,051	352,924	12,365,975
Capital outlay-equipment	625,000	583,573	87,586	671,159
Total expenditures	<u>16,192,150</u>	<u>15,399,475</u>	<u>460,706</u>	<u>15,860,181</u>
Revenues under expenditures	<u>(15,900,000)</u>	<u>(15,121,422)</u>	<u>(454,237)</u>	<u>(15,575,659)</u>
Other financing sources:				
Transfer in:				
General Fund	6,100,000	4,475,925	500,000	4,975,925
Installment note issuance	9,800,000	9,800,000	-	9,800,000
Total other financing sources	<u>15,900,000</u>	<u>14,275,925</u>	<u>500,000</u>	<u>14,775,925</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (845,497)</u>	45,763	<u>\$ (799,734)</u>
Fund balances:				
Beginning of year			(845,497)	
End of year			<u>\$ (799,734)</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, 2011

	Project Author- ization	Actual		Total to Date
		Prior Years	Current Year	
Revenues:				
Investment earnings	\$ 617,340	\$ 717,679	\$ 5,769	723,448
Development proceeds	227,750	227,835	-	227,835
NC-DOT proceeds	1,182,370	1,182,372	-	1,182,372
Sales tax refund	35,000	23,939	21,378	45,317
Total revenues	<u>2,062,460</u>	<u>2,151,825</u>	<u>27,147</u>	<u>2,178,972</u>
Expenditures:				
Capital outlay:				
Professional services	1,900,000	1,893,262	47,655	1,940,917
Capital outlay-land	500,000	443,458	1,173	444,631
Capital outlay-construction	9,734,133	6,821,102	521,824	7,342,926
Total expenditures	<u>12,134,133</u>	<u>9,157,822</u>	<u>570,652</u>	<u>9,728,474</u>
Revenues under expenditures	<u>(10,071,673)</u>	<u>(7,005,997)</u>	<u>(543,505)</u>	<u>(7,549,502)</u>
Other financing sources:				
Transfers in:				
General Fund	339,813	16,328	-	16,328
General Capital Reserve Fund	231,860	167,554	-	167,554
Bond issuance	9,500,000	9,500,000	-	9,500,000
Bond issuance costs	-	(66,221)	-	(66,221)
Total other financing sources	<u>10,071,673</u>	<u>9,617,661</u>	<u>-</u>	<u>9,617,661</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 2,611,664</u>	<u>(543,505)</u>	<u>\$ 2,068,159</u>
Fund balances:				
Beginning of year			2,611,664	
End of year			<u>\$ 2,068,159</u>	

Town of Wake Forest, North Carolina
Nonmajor Governmental Funds
Combining Balance Sheet
 June 30, 2011

	Capital Project Funds				Special Revenue Fund	Total Nonmajor Governmental Funds
	Recreation Capital Reserve	Cemetery Capital Reserve	General Capital Reserve	Dunn Creek Greenway		
Assets						
Cash and cash equivalents	\$ 1,119,424	\$ 104,092	\$ 938,030	\$ -	\$ -	\$ 2,161,546
Accounts receivable	-	-	-	343,593	-	343,593
Due from other funds	201,225	-	-	-	-	201,225
Total assets	<u>\$ 1,320,649</u>	<u>\$ 104,092</u>	<u>\$ 938,030</u>	<u>\$ 343,593</u>	<u>\$ -</u>	<u>\$ 2,706,364</u>
Liabilities and fund balances						
Deferred revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unearned revenue	-	-	-	-	-	-
Accounts payable	-	-	-	29,129	5,931	35,060
Due to other funds	-	-	-	201,225	320,668	521,893
Total liabilities	-	-	-	230,354	326,599	556,953
Fund balances (deficit):						
Unreserved, designated for subsequent year's expenditures	1,320,649	104,092	938,030	113,239	(326,599)	2,149,411
Total liabilities and fund balances	<u>\$ 1,320,649</u>	<u>\$ 104,092</u>	<u>\$ 938,030</u>	<u>\$ 343,593</u>	<u>\$ -</u>	<u>\$ 2,706,364</u>

Town of Wake Forest, North Carolina
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances

For the Fiscal Year Ended June 30, 2011

	Capital Project Funds				Special Revenue Fund		Total Nonmajor Governmental Funds
	Recreation Capital Reserve	Cemetery Capital Reserve	General Capital Reserve	Dunn Creek Greenway	Futures Fund		
Revenues:							
Investment earnings	\$ 1,717	\$ 123	\$ 984	\$ 614	\$ -	\$ -	\$ 3,438
Sales tax refund	-	-	-	15,549	-	-	15,549
Federal grant	-	-	-	291,521	-	-	291,521
Payments in lieu	-	-	8,796	-	-	-	8,796
Impact fees	228,412	-	266,286	-	-	-	494,698
Development proceeds	-	-	61,560	-	-	-	61,560
Donations	-	-	87,927	-	-	-	87,927
Miscellaneous	932	-	-	-	-	-	932
Total revenues	<u>231,061</u>	<u>123</u>	<u>425,553</u>	<u>307,684</u>	<u>-</u>	<u>-</u>	<u>964,421</u>
Expenditures:							
Professional services	-	-	-	-	30,906	-	30,906
Contracted services	-	-	-	-	295,693	-	295,693
Capital outlay	-	-	-	536,203	-	-	536,203
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>536,203</u>	<u>326,599</u>	<u>-</u>	<u>862,802</u>
Revenues over (under) expenditures	231,061	123	425,553	(228,519)	(326,599)		101,619
Other financing uses:							
Transfers out	(265,500)	-	(137,571)	-	-	-	(403,071)
Net change in fund balances	(34,439)	123	287,982	(228,519)	(326,599)		(301,452)
Fund balances:							
Beginning of year	1,355,088	103,969	650,048	341,758	-	-	2,450,863
End of year	<u>\$ 1,320,649</u>	<u>\$ 104,092</u>	<u>\$ 938,030</u>	<u>\$ 113,239</u>	<u>\$ (326,599)</u>	<u>\$ (326,599)</u>	<u>\$ 2,149,411</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, 2011

	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	2,098,213	228,412	2,326,625
Investment earnings	315,000	318,958	1,717	320,675
Miscellaneous	-	-	932	932
Donations	30,100	30,973	-	30,973
Total revenues	<u>2,652,912</u>	<u>2,766,355</u>	<u>231,061</u>	<u>2,997,416</u>
Other financing sources (uses)				
Transfers in (out):				
General Fund	550,000	525,578	-	525,578
General Fund	(616,544)	(324,357)	(265,500)	(589,857)
Capital Project Fund	<u>(2,586,368)</u>	<u>(1,612,488)</u>	<u>-</u>	<u>(1,612,488)</u>
Total other financing sources (uses)	<u>(2,652,912)</u>	<u>(1,411,267)</u>	<u>(265,500)</u>	<u>(1,676,767)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 1,355,088</u>	(34,439)	<u>\$ 1,320,649</u>
Fund balances:				
Beginning of year			1,355,088	
End of year			<u>\$1,320,649</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, 2011

	Project Author- ization	Actual		
		Prior Years	Current Year	Total to Date
Revenues:				
Donations	\$ 150,000	\$ 143,490	\$ -	\$ 143,490
Investment earnings	115,000	111,571	123	111,694
Total revenues	<u>265,000</u>	<u>255,061</u>	<u>123</u>	<u>255,184</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>\$ 103,969</u>	123	<u>\$ 104,092</u>
Fund balances:				
Beginning of year			<u>103,969</u>	
End of year			<u>\$ 104,092</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, 2011

	Project Author- ization	Actual		Total to Date
		Prior Years	Current Year	
Revenues:				
Payments in lieu	\$ 174,595	\$ 150,727	\$ 8,796	\$ 159,523
Fire Impact Fees	485,000	868,771	266,286	1,135,057
Investment earnings	150,000	149,065	985	150,050
Donations	117,000	117,004	87,926	204,930
Development proceeds	-	-	61,560	61,560
Total revenues	<u>926,595</u>	<u>1,285,567</u>	<u>425,553</u>	<u>1,711,120</u>
Other financing sources (uses):				
Transfers in (out):				
General Fund	49,309	11,715	-	11,715
General Fund	(975,904)	(647,234)	(137,571)	(784,805)
Total other financing sources (uses)	<u>(926,595)</u>	<u>(635,519)</u>	<u>(137,571)</u>	<u>(773,090)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 650,048</u>	287,982	<u>\$ 938,030</u>
Fund balances:				
Beginning of year			<u>650,048</u>	
End of year			<u>\$ 938,030</u>	

Town of Wake Forest, North Carolina
Capital Projects Fund
Dunn Creek Greenway
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2011

	Project Author- ization	Actual		
		Prior Years	Current Year	Total to Date
Revenues:				
Sales tax refund	\$ -	\$ -	\$ 15,549	\$ 15,549
Investment earnings	-	-	614	614
Grant proceeds	450,000	158,479	291,521	450,000
	<u>450,000</u>	<u>158,479</u>	<u>307,684</u>	<u>466,163</u>
Expenditures:				
Capital outlay:				
Professional services	100,000	58,242	112,163	170,405
Capital outlay - construction	750,000	158,479	424,040	582,519
Total expenditures	<u>850,000</u>	<u>216,721</u>	<u>536,203</u>	<u>752,924</u>
Revenues under expenditures	<u>(400,000)</u>	<u>(58,242)</u>	<u>(228,519)</u>	<u>(286,761)</u>
Other financing sources				
Transfers in:				
Recreation Capital Reserve Fund	<u>400,000</u>	<u>400,000</u>	<u>-</u>	<u>400,000</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 341,758</u>	<u>(228,519)</u>	<u>\$ 113,239</u>
Fund balances:				
Beginning of year			<u>341,758</u>	
End of year			<u>\$ 113,239</u>	

Town of Wake Forest, North Carolina
Capital Projects Fund
Street Improvements
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2011

	Project Author- ization	Actual		Total to Date
		Prior Years	Current Year	
Expenditures:				
Capital outlay:				
Professional services	100,000	-	-	-
Contingency	250,000	-	-	-
Capital outlay-improvements	5,650,000	-	-	-
Total expenditures	<u>6,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources:				
Transfer in:				
General Fund	200,000	-	-	-
Installment note issuance	5,800,000	-	-	-
Total other financing sources	<u>6,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund balances:				
Beginning of year			-	
End of year			<u>\$ -</u>	

Town of Wake Forest, North Carolina
Special Revenue Fund
Futures Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Years Ended June 30, 2011 and 2010

	2011		Variance Favorable (Unfavorable)
	Budget	Actual	
Revenues:			
Investment earnings	\$ 25,000	\$ -	\$ (25,000)
Expenditures:			
Professional services	25,000	30,906	(5,906)
Contracted services	300,000	295,693	4,307
Departmental supplies	9,000	-	9,000
Total expenditures	<u>334,000</u>	<u>326,599</u>	<u>7,401</u>
Revenues over (under) expenditures	(309,000)	(326,599)	(17,599)
Other financing sources (uses):			
Transfer in:			
General Fund	2,298,400	-	(2,298,400)
Appropriated Fund Balance	(1,989,400)	-	1,989,400
Total other financing	<u>309,000</u>	<u>-</u>	<u>(309,000)</u>
Net change in fund balance	<u>\$ -</u>	(326,599)	<u>\$ (326,599)</u>
Fund balances:			
Beginning of year		-	
End of year		<u>\$ (326,599)</u>	

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, 2011
With comparative actual amounts for the year ended June 30, 2010

	2011		Variance Favorable (Unfavorable)	2010
	Budget	Actual		Actual
Revenues:	\$ 2,241,000	\$ 311	\$ (2,240,689)	\$ -
Expenditures:				
Debt service:				
Principal retirement	594,730	594,727	3	623,977
Interest and fees	150,605	150,604	1	174,187
Total debt service	<u>745,335</u>	<u>745,331</u>	<u>4</u>	<u>798,164</u>
Revenues over (under) expenditures	<u>1,495,665</u>	<u>(745,020)</u>	<u>(2,240,685)</u>	<u>(798,164)</u>
Other financing sources (uses):				
Transfers in (out):				
General Fund	(10,765)	(10,765)	-	(1,423)
City of Raleigh	745,335	745,331	(4)	798,165
City of Raleigh	(2,230,235)	-	2,230,235	-
Total other financing sources (uses)	<u>(1,495,665)</u>	<u>734,566</u>	<u>2,230,231</u>	<u>796,742</u>
Revenues and other financing sources under expenditures and other financing uses	<u>\$ -</u>	<u>(10,454)</u>	<u>\$ (10,454)</u>	<u>(1,422)</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:				
Reconciling items:				
Principal retirement		594,727		623,977
Decrease in accrued interest		2,873		3,337
Principal payments of note receivable from City of Raleigh		<u>(594,727)</u>		<u>(623,977)</u>
Total reconciling items		<u>2,873</u>		<u>3,337</u>
Net income		<u>\$ (7,581)</u>		<u>\$ 1,915</u>

Town of Wake Forest
Electric Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non - GAAP)
For the Fiscal Year Ended June 30, 2011
With comparative actual amounts for the year ended June 30, 2010

	2011		Variance Favorable (Unfavorable)	2010
	Budget	Actual		Actual
Revenues:				
Operating revenues:				
Charges for services	\$ 17,299,935	\$ 17,743,610	\$ 443,675	\$ 16,847,175
Other operating revenues				
Sales tax	513,315	535,906	22,591	498,552
Reconnect charges	150,000	157,177	7,177	142,456
Miscellaneous	20,000	17,103	(2,897)	32,247
Total operating revenues	17,983,250	18,453,796	470,546	17,520,430
Nonoperating revenues:				
Investment earnings	1,750	1,755	5	465
Sale of assets	43,500	56,346	12,846	26,999
Total nonoperating revenues	45,250	58,101	12,851	27,464
Total revenues	18,028,500	18,511,897	483,397	17,547,894
Expenditures:				
Electric operations:				
Salaries and employee benefits	1,748,590	1,692,917	55,673	1,399,103
Power purchases for resale	13,504,805	13,458,027	46,778	12,737,761
Utility sales tax	388,000	394,696	(6,696)	381,280
Repairs and maintenance	270,350	175,209	95,141	163,002
Other operating expenditures	693,800	415,392	278,408	376,477
Total electric operations	16,605,545	16,136,241	469,304	15,057,623
Debt service:				
Principal retirement	243,215	243,567	(352)	303,842
Interest and fees	87,850	87,467	383	77,232
Total debt service	331,065	331,034	31	381,074
Capital outlay	942,030	927,049	14,981	696,680
Total expenditures	17,878,640	17,394,324	484,316	16,135,377
Revenues over (under) expenditures	149,860	1,117,573	967,713	1,412,517

Town of Wake Forest
Electric Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non - GAAP)
For the Fiscal Year Ended June 30, 2011
With comparative actual amounts for the year ended June 30, 2010

	2011			2010
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Other financing sources (uses):				
Transfer out:				
Electric Substation Capital Project Fund	\$ (42,000)	\$ (41,420)	\$ 580	\$ (790,000)
Electric Capital Reserve Fund	(35,650)	(35,650)	-	
General Fund	(72,210)	-	72,210	
Installment note issuance	-	-	-	125,656
Total other financing sources (uses)	<u>(149,860)</u>	<u>(77,070)</u>	<u>72,790</u>	<u>(664,344)</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>1,040,503</u>	<u>\$ 1,040,503</u>	<u>748,173</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:				
Reconciling items:				
Depreciation		(816,798)		(786,761)
Capital outlay		927,049		696,680
Interfund transfers		77,070		790,000
Principal retirement		243,567		303,842
Installment note proceeds		-		(125,656)
Decrease in inventory		(199,658)		(64,236)
Decrease in accrued interest		2,430		326
(Increase) decrease in accrued vacation pay		8,561		(2,064)
Increase in accrued other postemployment benefits		(98,672)		(109,624)
Electric Capital Reserve Fund				
Investment earnings		163		281
Total reconciling items		<u>143,712</u>		<u>702,788</u>
Net income		<u>\$ 1,184,215</u>		<u>\$ 1,450,961</u>

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, 2011

	Project Author - ization	Actual		Total to Date
		Prior Years	Current Year	
Revenues:				
Investment earnings	\$ 170,000	\$ 169,067	\$ 163	\$ 169,230
Other financing sources (uses):				
Transfers in (out)				
Electric Fund	830,000	465,329	35,650	500,979
Electric Fund	(1,000,000)	(496,500)	-	(496,500)
Total other financing sources (uses)	(170,000)	(31,171)	35,650	4,479
Revenues and other financing sources over other financing (uses)	\$ -	\$ 137,896	\$ 35,813	\$ 173,709

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, 2011

	Project Author - ization	Actual		Total to Date
		Prior Years	Current Year	
Revenues:				
Investment earnings	\$ 75,275	\$ 75,286	\$ -	\$ 75,286
Expenditures				
Capital outlay:				
Professional services	215,885	215,884	-	215,884
Contracted services	3,080	3,079	-	3,079
Capital outlay-land	350,800	350,766	-	350,766
Capital outlay-improvements	2,636,985	2,604,639	32,339	2,636,978
Total expenditures	3,206,750	3,174,368	32,339	3,206,707
Expenditures over revenues	(3,131,475)	(3,099,082)	(32,339)	(3,131,421)
Other financing sources:				
Transfers in:				
Electric Fund	831,475	790,000	41,421	831,421
Revenue bond issuance	2,300,000	2,300,000	-	2,300,000
Total other financing sources	3,131,475	3,090,000	41,421	3,131,421
Revenues and other financing sources over (under) expenditures	\$ -	\$ (9,082)	\$ 9,082	\$ -

Town of Wake Forest, North Carolina
Schedule of Ad Valorem Taxes Receivable
June 30, 2011

<u>Fiscal Year</u>	Uncollected Balance <u>June 30, 2009</u>	<u>Additions</u>	Collections And Credits	Uncollected Balance <u>June 30, 2010</u>
2010-2011	\$ -	\$ 18,497,486	\$ 18,275,797	\$ 221,689
2009-2010	281,560	-	254,274	27,286
2008-2009	50,958	-	19,132	31,826
2007-2008	31,129	-	3,951	27,178
2006-2007	21,078	-	3,172	17,906
2005-2006	17,008	-	1,441	15,567
2004-2005	10,517	-	1,081	9,436
2003-2004	6,455	-	441	6,014
2002-2003	8,464	-	619	7,845
2001-2002	16,254	-	156	16,098
2000-2001	4,157	-	4,157	-
	<u>\$ 447,580</u>	<u>\$ 18,497,486</u>	<u>\$ 18,564,221</u>	380,845
				Less allowance for uncollectible ad valorem taxes receivable
				<u>40,286</u>
				Ad valorem taxes receivable - net
				<u>\$ 340,559</u>

Revenue reconciliation:

Ad valorem taxes - General Fund	\$ 18,579,520
Add (deduct):	
Releases allowed	44,555
Taxes written off	4,157
Penalties and interest	<u>(64,011)</u>
Total collections and credits	<u>\$ 18,564,221</u>

Town of Wake Forest, North Carolina
Analysis of Current Tax Levy
Town - Wide Levy
For the fiscal year ended June 30, 2011

	City - Wide			Total Levy	
	Property	Rate	Total	Property	Registered
	Valuation		Levy	excluding	Motor
				Registered	Motor
				Vehicles	Vehicles
Original levy:					
Property taxed at current year's rate	3,612,747,647	0.51	\$ 18,425,013	\$17,258,618	\$ 1,166,395
Penalties	-		14,021	14,021	-
Total	<u>3,612,747,647</u>		<u>18,439,034</u>	<u>17,272,639</u>	<u>1,166,395</u>
Discoveries:					
Prior year taxes	-		132,839	111,992	20,847
Less: abatements	<u>(14,585,686)</u>	0.51	<u>(74,387)</u>	<u>(445,855)</u>	<u>371,468</u>
Total property valuation	<u>\$ 3,598,161,961</u>				
Net levy			18,497,486	16,938,776	1,558,710
Less: uncollected taxes at June 30, 2010			<u>221,689</u>	<u>85,166</u>	<u>136,523</u>
Current year's taxes collected			<u>\$ 18,275,797</u>	<u>\$16,853,610</u>	<u>\$ 1,422,187</u>
Current levy collection percentage			<u>98.80%</u>	<u>99.50%</u>	<u>91.24%</u>

Town of Wake Forest, North Carolina
General Obligation Debt Service Requirements and Maturity Schedule
 June 30, 2011

Fiscal Year	Governmental Funds	
	Principal	Principal & interest
2011-2012	\$ 1,010,000	\$ 1,582,513
2012-2013	1,005,000	1,547,188
2013-2014	1,005,000	1,516,988
2014-2015	1,000,000	1,475,375
2015-2016	995,000	1,433,000
2016-2017	990,000	1,388,525
2017-2018	990,000	1,353,400
2018-2019	985,000	1,309,625
2019-2020	925,000	1,212,065
2020-2021	825,000	1,079,643
2021-2022	825,000	1,051,220
2022-2023	825,000	1,021,885
2023-2024	825,000	992,320
2024-2025	825,000	962,525
2025-2026	825,000	932,500
2026-2027	825,000	900,650
2027-2028	365,000	408,800
2028-2029	365,000	394,200
2029-2030	365,000	379,600
Total	<u>\$ 15,775,000</u>	<u>\$ 20,942,022</u>

Table 1

TOWN OF WAKE FOREST, NORTH CAROLINA

Net Assets By Category

Last Nine Fiscal Years

(accrual basis of accounting)

June 30, 2011

	Fiscal Year								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
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	\$ 110,101,600	\$ 112,448,969
Restricted for: Streets	-	-	-	-	-	261,802	185,777	-	-
Stabilization by State Statute	-	-	-	-	-	-	-	-	5,424,734
Unrestricted	7,076,073	9,204,232	10,712,444	10,580,086	19,654,914	18,522,494	12,613,374	12,534,616	4,887,874
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	122,636,216	122,761,577
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	13,938,763	14,324,918
Unrestricted	9,515,165	10,566,979	12,689,129	2,140,802	909,821	1,017,401	680,804	1,801,040	2,591,519
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	15,739,803	16,916,437
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	124,040,363	126,773,887
Restricted for: Streets	-	-	-	-	-	261,802	185,777	-	-
Stabilization by State Statute	-	-	-	-	-	-	-	-	5,424,734
Unrestricted	16,591,238	19,771,211	23,401,573	12,720,888	20,564,735	19,539,895	13,294,178	14,335,656	7,479,393
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	\$ 138,376,019	\$ 139,678,014

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 Eight Fiscal Years
(accrual basis of accounting)
 June 30, 2011

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	
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	\$ 8,682,965	\$ 9,814,820	
Public Safety	3,609,320	4,330,589	4,919,342	5,656,444	6,366,631	7,445,480	9,447,725	10,253,680	10,478,094	
Transportation	1,818,020	1,790,537	2,074,901	2,220,905	2,605,715	2,795,746	3,604,053	4,299,079	4,370,908	
Environmental Protection	1,093,977	1,264,596	1,364,786	2,110,057	1,797,390	1,976,526	2,272,165	2,397,576	2,520,645	
Cultural and Recreational	879,025	975,811	1,100,051	1,216,086	1,354,940	1,519,941	1,798,042	2,024,989	2,502,178	
Interest on long-term debt	282,603	258,942	221,154	190,793	443,086	489,404	784,454	902,986	909,477	
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	28,561,275	30,596,122	
Business-type activities:										
Water and sewer	6,432,339	7,128,256	7,754,258	280,588	(3,877)	34,441	195,625	170,850	147,731	
Electric	9,477,167	10,301,962	11,567,024	14,278,166	14,565,448	14,228,087	16,048,282	16,097,214	17,327,845	
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	16,268,064	17,475,576	
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	44,829,339	48,071,698	
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	1,101,020	1,206,061	
Public Safety	29,997	34,815	63,147	31,849	29,063	181,975	376,472	417,136	298,319	
Transportation	183,550	231,134	225,280	321,999	515,279	28,311	70,698	52,628	73,665	
Environmental Protection	976,389	1,086,851	1,204,045	1,338,077	1,455,622	1,566,112	256,014	266,524	267,115	
Cultural and Recreational	156,665	166,978	199,105	237,976	323,983	561,482	415,745	471,331	625,252	
Operating Grants and Contributions										
General Governmental	-	35,266	10,000	-	-	-	-	-	144,937	
Public Safety	37,837	243,618	37,913	94,028	111,463	106,447	55,286	56,655	116,649	
Transportation	392,593	377,355	481,947	490,467	321,471	680,220	708,220	656,839	686,375	
Environmental Protection	-	-	-	-	-	-	5,460	396	3,057	
Cultural and Recreational	4,800	-	-	1,181,244	-	-	56,482	-	-	
Capital Grants and Contributions										
Public Safety	276,522	-	-	76,597	100,937	-	-	21,454	62,117	
Transportation	2,112,141	1,482,162	5,160,675	4,610,306	7,578,376	20,637,263	12,395,415	700,731	1,487,487	
Environmental Protection	-	582,032	-	-	-	-	-	210,394	46,999	
Cultural and Recreational	1,550,000	366,052	-	18,881	905,155	242,000	750,000	158,479	291,521	
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	4,113,587	5,309,554	

Table 2

TOWN OF WAKE FOREST, NORTH CAROLINA
Changes in Net Assets, Last Eight Fiscal Years
(accrual basis of accounting)
 June 30, 2011

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	
Business-type activities:										
Charges for Services - Water and sewer	\$ 6,672,700	\$ 8,551,662	\$ 9,473,396	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
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	17,520,430	18,453,796	311
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	17,520,430	18,454,107	
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	21,634,017	23,763,661	
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)	(24,447,688)	(25,286,568)	
Business-type activities:										
Water and sewer	1,537,874	2,896,257	2,798,828	(280,588)	3,877	(34,441)	(195,625)	(170,850)	(147,420)	
Electric	1,939,531	1,266,632	728,679	(368,660)	(216,549)	599,853	435,499	1,423,216	1,125,951	
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)	(23,195,322)	(24,308,037)	
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	18,229,078	18,590,117	
Other taxes and licenses	43,756	38,937	39,234	59,050	63,925	73,320	71,784	83,634	86,027	
Unrestricted intergovernmental	2,470,464	3,033,438	3,681,220	4,078,480	5,028,295	5,834,891	5,937,573	5,789,968	6,254,703	
Unrestricted investment earnings	86,140	71,661	211,950	395,979	1,129,731	825,169	358,825	85,946	67,390	
Miscellaneous	403,393	580,712	911,615	2,122,009	326,728	576,414	463,068	327,018	402,927	
Extraordinary item-Contribution from IDC	-	-	-	-	-	-	2,205,470	-	-	
Transfers	(175,411)	(210,522)	(200,235)	225,000	-	-	-	1,423	10,765	
Subtotal governmental activities	8,655,051	10,306,445	12,510,104	16,349,623	17,467,434	20,021,903	26,313,610	24,517,067	25,411,929	
Business type activities:										
Unrestricted investment earnings	117,154	75,037	208,616	369,920	89,731	44,161	201,099	174,934	152,522	
Miscellaneous	4,482	5,606	-	37,116	-	20,004	117,379	26,999	56,346	
Transfers and Special items	175,411	210,522	200,235	(42,301,866)	8,936	-	-	(1,423)	(10,765)	
Subtotal business-type activities	297,047	291,165	408,851	(41,894,830)	98,667	64,165	318,478	200,510	198,103	
Total primary government	8,952,098	10,597,610	12,918,955	(25,545,207)	17,566,101	20,086,068	26,632,088	24,717,577	25,610,032	
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	69,379	125,361	
Business-type activities	3,774,452	4,454,054	3,936,358	(42,544,078)	(114,005)	629,577	558,352	1,452,876	1,176,634	
Total primary Government	\$ 8,348,505	\$ 8,801,568	\$ 11,907,535	\$ (32,503,677)	\$ 11,945,771	\$ 24,640,235	\$ 16,508,170	\$ 1,522,255	\$ 1,301,995	

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, 2011

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Fund										
Reserved for:										
Encumbrances	\$ 411,374	\$ 375,443	\$ 246,620	\$ 242,697	\$ 340,579	\$ 165,290	\$ 461,515	\$ 42,046	\$ 254,500	\$ -
State statute	660,705	-	1,110,064	1,529,667	4,025,734	2,251,538	2,385,676	6,872,108	2,669,931	-
Inventories and prepaid items	2,244	2,750	2,704	54,921	10,812	5,919	3,256	39,694	62,904	-
Streets	-	-	-	-	54,515	174,529	261,802	185,777	-	-
Unreserved:										
Designated for subsequent year's expenditures	584,430	579,100	929,840	671,050	643,835	1,009,730	1,259,375	2,090,000	2,108,755	-
Undesignated	3,333,145	4,864,733	5,216,938	6,490,869	4,300,747	6,337,710	7,865,860	4,683,978	7,383,752	-
Non Spendable										
Inventories	-	-	-	-	-	-	-	-	-	16,327
Prepaid Expenditures	-	-	-	-	-	-	-	-	-	535
Restricted:										
Stabilization by State Statute	-	-	-	-	-	-	-	-	-	5,424,734
Assigned:										
Subsequent years expenditures	-	-	-	-	-	-	-	-	-	1,660,745
Unassigned	-	-	-	-	-	-	-	-	-	4,838,882
Total General Fund	\$ 4,991,898	\$ 5,822,026	\$ 7,506,166	\$ 8,989,204	\$ 9,376,222	\$ 9,944,716	\$ 12,237,484	\$ 13,913,603	\$ 12,479,842	\$ 11,941,223
All Other Governmental Funds										
Reserved	\$ 70	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	23,085	25,925	33,115	25,524	35,264	64,286	85,609	168,677	314,410	-
Capital projects funds	2,697,861	1,732,083	1,219,037	1,780,588	1,880,442	1,405,156	9,947,674	7,304,335	4,217,050	-
Committed:										
Street improvements	-	-	-	-	-	-	-	-	-	2,068,159
Recreation improvements	-	-	-	-	-	-	-	-	-	113,239
Assigned:										
Subsequent years expenditures	-	-	-	-	-	-	-	-	-	611,431
Recreation improvements	-	-	-	-	-	-	-	-	-	1,320,649
Cemetery improvements	-	-	-	-	-	-	-	-	-	104,092
Unassigned	-	-	-	-	-	-	-	-	-	(799,734)
Total all other Governmental Funds	\$ 2,721,016	\$ 1,758,008	\$ 1,252,152	\$ 1,806,112	\$ 1,915,706	\$ 1,469,442	\$ 10,033,283	\$ 7,473,012	\$ 4,531,440	\$ 3,417,836

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, 2011

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Revenues										
Ad Valorem Taxes	\$ 5,064,615	\$ 5,811,596	\$ 6,824,156	\$ 7,859,275	\$ 9,445,404	\$ 10,855,959	\$ 12,673,146	\$ 17,150,242	\$ 18,218,142	\$ 18,655,904
Other Taxes	1,830,052	39,639	36,551	36,766	54,076	61,853	70,206	69,073	81,990	84,844
Unrestricted Intergovernmental	399,168	2,470,464	3,033,438	3,681,220	4,078,480	5,028,295	5,834,891	5,937,573	5,789,968	6,254,703
Restricted Intergovernmental	478,788	2,531,211	1,604,323	679,860	1,842,336	1,723,523	1,049,167	1,575,448	1,110,921	1,339,445
Permits and Fees	934,693	1,005,458	1,523,494	1,537,172	1,911,058	2,385,764	2,066,232	1,440,169	1,547,973	1,679,309
Sales and Services	1,060,435	1,153,197	1,353,592	1,502,272	1,765,177	1,812,357	2,126,403	870,538	760,666	796,759
Miscellaneous	398,681	407,155	583,055	912,625	2,185,890	330,105	599,293	398,427	327,018	465,688
Investment Earnings	149,080	86,140	71,661	211,950	395,979	1,129,731	825,169	358,825	340,767	67,390
Total revenues	10,315,512	13,504,860	15,030,270	16,421,140	21,678,400	23,327,587	25,244,507	27,800,295	28,177,445	29,344,042
Expenditures										
General Government	2,439,621	3,310,886	3,167,683	3,446,786	4,922,324	5,960,379	7,375,668	8,010,553	8,145,908	8,821,715
Public Safety	3,217,182	3,703,025	4,098,211	4,656,043	5,347,091	6,019,806	7,082,614	8,715,513	9,449,953	9,679,055
Transportation	617,340	929,098	706,566	916,970	907,520	1,165,719	1,236,454	1,552,320	2,071,754	2,162,019
Environmental Protection	1,038,479	1,072,042	1,233,448	1,335,465	2,081,078	1,749,208	1,908,344	2,174,599	2,289,181	2,420,516
Cultural and Recreational	904,597	824,600	809,334	922,605	1,021,001	1,162,726	1,332,289	1,537,097	1,538,458	1,605,629
Capital outlay	996,833	4,214,428	1,495,274	2,045,196	6,783,198	5,670,476	4,976,321	19,836,119	9,456,702	3,782,821
Debt service:										
Bond Principal	204,000	202,875	557,768	195,000	193,875	193,875	652,750	651,625	2,365,250	1,015,000
Bond Interest	169,669	159,889	182,020	140,480	130,994	305,559	480,254	452,364	452,588	628,763
Installment note principal	638,170	708,729	693,534	1,199,828	1,113,169	1,116,743	447,854	573,026	753,022	877,659
Installment note interest	128,186	134,557	82,051	84,385	65,271	50,761	19,462	187,930	352,835	334,913
Total expenditures	10,354,077	15,260,129	13,025,889	14,942,758	22,565,521	23,395,252	25,512,010	43,691,146	36,895,651	31,328,090
Excess of revenues over (under) expenditures	(38,565)	(1,755,269)	2,004,381	1,478,382	(887,121)	(67,665)	(267,503)	(15,890,851)	(8,718,206)	(1,984,048)
Other Financing Sources (Uses)										
Operating transfers in	589,519	327,344	827,887	1,015,094	989,822	1,408,765	310,607	1,172,719	3,525,538	913,836
Operating transfers (out)	(816,955)	(502,755)	(1,038,409)	(1,215,329)	(764,822)	(1,408,765)	(310,607)	(1,172,719)	(3,524,115)	(903,071)
Contribution from Industrial Development Corp	-	-	-	-	-	-	-	2,205,470	-	321,060
Installment note proceeds	8,317	2,254,952	273,575	314,485	602,875	-	-	10,048,795	407,504	-
Bond issuance costs	-	-	-	-	-	-	-	-	(151,247)	-
Bond issuance	-	-	-	-	-	9,200,000	-	-	9,005,000	-
Total other financing sources (uses)	(219,119)	2,079,541	63,053	114,250	827,875	9,200,000	-	12,254,265	9,262,680	331,825
Net changes in fund balances	(257,684)	324,272	2,067,434	1,592,632	(59,246)	9,132,335	(267,503)	(3,636,586)	544,474	(1,652,223)
Fund balance-Beginning of year (as previously reported)	7,007,590	6,749,906	7,074,178	9,312,278	10,904,910	10,845,664	19,977,999	19,710,496	16,392,452	17,011,282
Adjustments to beginning fund balance	-	-	170,666	-	-	-	-	-	74,356	-
Fund balance - Beginning of Year (as restated)	7,007,590	6,749,906	7,244,844	9,312,278	10,904,910	10,845,664	19,977,999	19,710,496	16,466,808	17,011,282
Fund balance - End of Year	\$ 6,749,906	\$ 7,074,178	\$ 9,312,278	\$ 10,904,910	\$ 10,845,664	\$ 19,977,999	\$ 19,710,496	\$ 16,073,910	\$ 17,011,282	\$ 15,359,059
Debt service as a percentage of noncapital expenditures	12.18%	10.92%	13.14%	12.56%	9.53%	9.40%	7.79%	7.82%	14.30%	10.37%

Table 5

TOWN OF WAKE FOREST, NORTH CAROLINA
Government-wide Revenues
 Last Nine Fiscal Years
 June 30, 2011

Fiscal Year	PROGRAM REVENUES			GENERAL REVENUES				Total
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Taxes	Unrestricted Inter-governmental	Unrestricted Investment Earnings	Miscellaneous	
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
2010	19,829,069	713,890	1,091,058	18,312,712	5,789,968	260,880	354,017	46,351,594
2011	20,924,208	951,329	1,888,124	18,676,144	6,254,703	219,912	459,273	49,373,693

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, 2011

Fiscal Year	Taxes	Inter- govern- mental	Permits and Fees	Sales and Services	Invest- ment- Earnings	Misc. Revenues	Fiscal Year Total
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
2010	24,000,426	952,442	1,057,807	760,666	140,826	274,260	27,186,427
2011	24,995,451	1,117,009	1,114,255	796,759	58,183	307,744	28,389,401

Notes:

(1) Includes general and special revenue funds.

Table 7

TOWN OF WAKE FOREST, NORTH CAROLINA
Government-wide Expenses by function
Last Nine Fiscal Years
 June 30, 2011

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
2010	8,682,965	10,253,680	4,299,079	2,397,576	2,024,989	902,986	170,850	16,097,214	44,829,339
2011	9,814,820	10,478,094	4,370,908	2,520,645	2,502,178	909,477	147,731	17,327,845	48,071,698

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, 2011

Fiscal Year	General Government	Public Safety	Transportation	Environmental Protection	Cultural and Recreational		Debt Service	Fiscal Year Total
					Environmental Protection	Recreational		
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	
2010	9,064,236	9,682,515	2,668,418	2,389,591	1,523,354	3,923,695	29,251,809	
2011	10,130,934	10,147,037	2,377,888	2,420,516	1,871,215	2,856,335	29,803,925	

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, 2011

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
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%
2010	2009	3,205,505,756	266,540,456	31,382,089	3,503,428,301	100%
2011	2010	3,221,774,225	345,392,571	30,995,165	3,598,161,961	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, 2011

Fiscal Year	Town of Wake Forest	Wake County	Combined Tax Rate Per \$100 of Assessed Value
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
2010	0.510	0.534	1.044
2011	0.510	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, 2011

Taxpayer	2011			2002		
	Taxable Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Taxable Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Crossroads Holdings LLC	\$ 25,750,418	1	0.716%	-	-	-
WMCI Raleigh IV LLC	22,765,335	2	0.633%	-	-	-
Caveness Partners LLC	21,105,703	3	0.587%	-	-	-
Gateway Forest LLC	19,821,500	4	0.551%	-	-	-
Factory LLC	19,677,441	5	0.547%	-	-	-
Heritage Wake Forest Inc	18,195,894	6	0.506%	6,766,118	5	0.698%
Lowes Home Center Inc	17,795,951	7	0.495%	-	-	-
Walmart	16,683,583	8	0.464%	-	-	-
Crescent State Bank	16,471,503	9	0.458%	-	-	-
Moshakos Wake Forest LLC	15,835,950	10	0.440%	-	-	-
KF US-1, LLC	-	-	-	16,439,700	1	1.697%
Weavexx	-	-	-	12,832,610	2	1.325%
Granite Properties & Management, Inc.	-	-	-	11,438,412	3	1.181%
Wake Forest Partners	10,252,112	21	0.285%	7,252,616	4	0.749%
Athey Products Corporation	-	-	-	6,480,079	6	0.669%
Carolina Telephone	7,893,702	28	0.219%	6,437,215	7	0.664%
North Forest Associates	6,048,646	36	0.168%	6,107,197	8	0.630%
Huyck Corporation	-	-	-	5,843,153	9	0.603%
Powerware Corporation	-	-	-	5,762,332	10	0.595%
	<u>\$ 218,297,738</u>		<u>6.067%</u>	<u>\$ 85,359,432</u>		<u>8.811%</u>
Total Assessed Value =	\$ 3,598,161,961			\$ 968,755,422		

Source: Wake County Revenue Department

Table 12

TOWN OF WAKE FOREST, NORTH CAROLINA
 Property Tax Levies and Collections
 Last ten fiscal years
 June 30, 2011

Fiscal Year	Taxes Levied for the Fiscal Year (Original Levy)		Adjustments	Total Adjusted Levy		Collected within the Fiscal Year of the Levy			Collections in Subsequent Years		Total Collections to Date	
	Year	Levy		Amount	Percentage of Original Levy	Amount	Percentage of Original Levy	Years	Amount	Percentage of Adjusted Levy	Amount	Percentage of Adjusted Levy
2002	\$ 5,066,309		\$ (21,356)	\$ 5,044,953	\$ 4,944,349	98.0%	84	\$ 5,028,540	99.7%			
2003	5,819,694		(12,277)	5,807,417	5,688,681	98.0%	110	5,799,280	99.9%			
2004	6,748,352		(47,134)	6,701,218	6,629,494	98.9%	65	6,694,805	99.9%			
2005	7,892,505		(14,298)	7,878,207	7,769,111	98.6%	98	7,867,494	99.9%			
2006	9,445,391		(8,992)	9,436,399	9,302,649	98.6%	117	9,420,497	99.8%			
2007	10,896,415		(10,621)	10,885,794	10,706,862	98.4%	159	10,866,777	99.8%			
2008	12,678,816		(11,001)	12,667,815	12,469,062	98.4%	168	12,637,276	99.8%			
2009	17,243,590		(23,407)	17,220,183	16,928,984	98.3%	258	17,187,559	99.8%			
2010	18,185,036		(26,445)	18,158,591	17,886,169	98.5%	226	18,112,858	99.7%			
2011	18,576,563		-	18,576,563	18,353,347	98.8%	-	18,353,347	98.8%			

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, 2011

Fiscal Year	Principal	Interest (1)	Total Debt Service	Total General Governmental Expenditures	Ratio of Debt Service to General Governmental Expenditures
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%
2010	2,365,250	452,588	2,817,838	29,251,809	9.6%
2011	1,015,000	628,763	1,643,763	29,477,326	5.6%

(1) Excludes bond issuance and other costs.

Table 14

TOWN OF WAKE FOREST, NORTH CAROLINA

Demographic Statistics

Last Ten Fiscal Years

June 30, 2011

Fiscal Year	(1) Population	(2) Per Capita Personal Income	(3) Median Age	(4) Wake County School Enrollment	(5) Wake County Unemployment Rate
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	37,602	34.9	138,000	4.8%
2009	27,217	37,849	34.9	137,706	8.8%
2010	28,542	***	34.5	139,599	8.6%
2011	30,329	29,723	32.9	143,289	8.4%

(1) Town of Wake Forest Planning Department

(2) North Carolina State Employment Security Commission for the Raleigh-Cary, NC Metropolitan Statistical area. Through 2010, separate figures were not available. 2011 represents Wake Forest only.

(3) American FactFinder, U.S. Census Bureau estimates for the Raleigh-Cary, NC Metropolitan Statistical area. Separate figures for the Town not available through 2010. 2011 represents Wake Forest only.

(4) Wake County Public School System

(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, 2011

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Debit Limit	\$77,500,434	\$88,900,408	\$97,985,627	\$116,526,054	\$139,054,066	\$160,908,798	\$183,498,206	\$267,634,987	\$280,274,264	\$287,852,957
Total debt applicable to limit	5,457,275	6,733,498	5,806,396	4,202,902	4,110,956	12,148,838	10,900,984	19,852,128	24,531,725	24,595,011
Legal debt margin	\$72,043,159	\$82,166,910	\$92,179,231	\$112,323,152	\$134,943,110	\$148,759,960	\$172,597,222	\$247,782,859	\$255,742,539	\$263,257,946
Percentage of debt to debt limit	7.04%	7.57%	5.93%	3.61%	2.96%	7.55%	5.94%	7.42%	8.75%	8.54%

Legal Debt Margin Calculation for Fiscal Year 2011

Assessed value	\$3,598,161,961
Debt Limit (8% of total assessed value)	287,852,957
Debt applicable to limit	24,595,011
Legal debt margin	\$263,257,946
Percentage of debt to debt limit	8.54%

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, 2011

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
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
2010	28,542	3,503,428,301	16,790,000	-	16,790,000	0.48%	588	588
2011	30,329	3,598,161,961	15,775,000	-	15,775,000	0.44%	520	520

(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, 2011

Jurisdiction	Net General Obligation Bonded Debt Outstanding	Percentage Applicable to Town (2)	Amount Applicable to Town
Direct:			
Town of Wake Forest	\$15,775,000 (1)	100.00%	\$15,775,000
Overlapping: (3)			
Wake County	\$1,831,620,000 (4)	3.01%	\$55,131,762
	Total		\$ 70,906,762

(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.

(4) Wake County Revenue Department

Table 18

TOWN OF WAKE FOREST, NORTH CAROLINA

Commerical Activity

Last Ten Fiscal Years

June 30, 2011

Fiscal Year	Commercial		Residential		Total	
	Number	Value	Number	Value	Number	Value
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
2010	59	26,595,248	316	57,137,983	375	83,733,231
2011	47	6,122,922	415	68,864,397	462	74,987,319

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

Table 19

TOWN OF WAKE FOREST, NORTH CAROLINA
Employee Position Authorization by Department (1)
 Last Ten Fiscal Years
 June 30, 2011

Fiscal Year	Admin	Comm	Finance	Human Resources	MIS	Planning and Inspections	Public Safety	Engineering	Pub Works Admin	Fleet	Streets	Sanitation	Parks & Recreation	Public Facilities	Cemetery	Water & Wastewater	Electric	Year Total
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
2010	3.0	2.0	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	196.0
2011	3.0	2.0	17.0	4.0	4.0	22.0	67.0	7.0	3.0	5.0	17.0	9.0	15.0	1.0	0.0	0.0	22.0	198.0

(1) Permanent full time and part 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 Nine Fiscal Years
(modified accrual basis of accounting)
 June 30, 2011

Fiscal Year	Property	Sales	Franchise	Motor	Rental	Beer & Wine	Total
	Tax	Tax	Tax	Vehicle Licenses	Vehicle Tax	Tax	
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
2010	18,128,468	4,257,327	1,468,603	96,886	32,994	39,216	24,023,494
2011	18,579,520	4,559,143	1,550,178	99,371	36,920	125,782	24,950,914

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, 2011

Fiscal Year	Governmental Activities			Business-Type Activities			Total Primary Government	(1) Debt Per Capita
	General Obligation Bonds	Installment Financings	General Obligation Bonds	Installment Financings	Revenue Bonds			
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	
2010	16,790,000	9,376,610	-	4,315,594	1,817,049	32,299,253	1,132	
2011	15,775,000	8,820,011	-	3,650,588	1,643,761	29,889,360	986	

Notes:

(1) See Table 14 for population data.

Table 22

TOWN OF WAKE FOREST, NORTH CAROLINA

Miscellaneous Statistics

June 30, 2011

Date of Incorporation	February 20, 1909
Form of Government	Council-Manager
Miles of City-owned Streets	81.04
Fire Protection (Combination: Paid/Volunteer)	
Number of Stations	3
Number of Uniformed Officers	75
Police Protection	
Number of Stations	3
Number of Full-time Sworn Officers	55
Utility System: Electric	
Number of Customers	6,300
Residential Rates:	Basic Customer Charge
Energy Charge	\$9.89
	\$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.

	2011		2002	
	Approximate Number of Employees	Rank	Approximate Number of Employees	Rank
<u>Principal Employers:</u>				
Wake County Schools	792	1	350	2
Wal-mart Super Center	385	2	-	-
CenturyLink (formerly named EmBarq and Sprint)	375	3	444	1
Southeastern Baptist Theological Seminary	350	4	210	3
Super Target	300	5	-	-
The Body Shop	250	6	200	4
Town of Wake Forest	196	7	140	6
Lowes Home Improvement	160	8	-	-
Home Depot	111	9	-	-
Chris Leith Automotive	78	10	-	-
Weavexx	-	-	140	5
Wake Electric Membership Corporation	-	-	83	7

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, 2011, which collectively comprises the Town of Wake Forest's basic financial statements and have issued our report thereon dated December 15, 2011. 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

Management of the Town of Wake Forest is responsible for establishing and maintaining effective 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 preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the schedule of findings and responses, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and responses to be a material weakness (Item 2011-1).

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 instance of noncompliance or other matters that are required to be reported under Government Auditing Standards.

We noted certain matters that we reported to management of the Town of Wake Forest, in a separate letter dated December 15, 2011.

The Town's response to the finding 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.

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
JOYCE AND COMPANY, CPA

December 15, 2011

104 Brady Court, Cary, North Carolina 27511
Phone 919-466-0946 Fax 919-466-0947

Report on Compliance With Requirements Applicable To Each Major Federal Program
And Internal Control Over Compliance In Accordance With 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, compliance with the types of requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and the Audit Manual for Governmental Auditors in North Carolina, issued by the Local Government Commission, that could have a direct and material effect on each of the Town of Wake Forest's major federal programs for the year ended June 30, 2011. The Town of Wake Forest's major federal program is 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 each of its major federal programs 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 OMB Circular A-133 Audits of States, Local Governments, and Non-Profit Organizations, and the State Single Audit Implementation Act. Those standards, 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 federal 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 compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2011.

Internal Control Over Compliance

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 federal 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 federal program in order to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, 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 the management, others within the organization, members of the Town Council, and federal and state awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.



JOYCE AND COMPANY, CPA

December 15, 2011

104 Brady Court, Cary, North Carolina 27511
Phone 919-466-0946 Fax 919-466-0947

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 could have a direct and material effect on its major state program for the year ended June 30, 2011. The Town of Wake Forest's major state program is 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 compliance requirements referred to above that could have a direct and material effect on its major state program for the year ended June 30, 2011.

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 the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance with applicable sections of OMB Circular A-133 and the State Single Audit Implementation Act, 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 deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned

functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. A material weakness in internal control over compliance is a deficiency or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, 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, LLP
JOYCE AND COMPANY, CPA

December 15, 2011

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

For the year ended June 30, 2011

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> </u> yes	<u> X </u> none reported
Noncompliance material to financial statement noted	<u> </u> yes	<u> X </u> no

Federal Award

Internal control over major federal 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 federal program: CFDA 20.205-1 ARRA Federal-Aid Highway Program

Dollar threshold used to distinguish between Type A and Type B Programs: \$291,521

Auditee qualified as low risk auditee	<u> </u> yes	<u> X </u> no
---------------------------------------	-------------------	-----------------

State Award

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 program: Powell Bill

Section II. Financial Statement Findings

Item 2011-1 **The Town is not meeting statutorily imposed deadlines for financial reporting requirements.**

<u>Criteria</u>	All required financial reports should be timely filed and information should be available so that the required annual financial statement audit and related Comprehensive Annual Financial Report (CAFR) can be completed in a timely manner.
-----------------	---

Condition The Town's CAFR was not prepared in accordance with the contractual deadline.

Effect Financial statements and reports are not available for Town management, staff, Local Government Commission and the public in a timely manner.

Cause Information needed to conduct and complete the annual audit of the Town's financial records such that the CAFR can be timely prepared is not being followed through.

Recommendation We recommend that the Town prepare and implement a calendar of year end close out procedures, schedules and required information necessary for the audit and that this be monitored on an ongoing basis by management.

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
Summary Schedule of Prior Audit Findings

For the year ended June 30, 2011

Item 2008-1

Status: Corrected

Item 2008-2

Status: Corrected

Item 2008-3

Status: Corrected

Item 2008-4

Status: Corrected

Item 2009-1

Status: Corrected

Item 2009-2

Status: Corrected

Item 2010-1

Status: The Town has timely filed most required financial reports but filed the current year's comprehensive annual financial statement after the contractual deadline.

Item 2010-2

Status: Corrected

Item 2010-3

Status: Corrected

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

For the Fiscal Year Ended June 30, 2011

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 GRANT:					
<u>U.S. Department of Transportation</u>					
Passed through N.C. Department of Transportation:					
<i>ARRA-Federal-Aid Highway Program</i>	20.205-1	#STM-0527	\$ 291,521	\$ -	\$ 132,519
<i>Highway Planning & Construction- Safe Route to School</i>	20.205-7	SR-5001AC	80,945	-	-
Total			<u>372,466</u>	<u>-</u>	<u>132,519</u>
<u>U.S. Department of Energy</u>					
Passed through N.C. Department of Commerce State Energy:					
<i>State Energy Program</i>	81.041	SEP Energy Grant	138,388		9,063
Total assistance - federal programs			<u>510,854</u>	<u>-</u>	<u>141,582</u>
STATE GRANTS:					
<u>N.C. Department of Environment & Natural Resources</u>					
<i>Clean Water Management Trust Fund</i>	N/A	N/A	-	46,999	55,667
<u>N.C. Department of Crime Control</u>					
<i>Patrol Equipment</i>	N/A	N/A		9,935	115
<u>N.C. Department of Transportation</u>					
<i>Powell Bill Fund</i>	N/A	N/A	-	686,375	-
Total assistance - state programs			<u>-</u>	<u>743,309</u>	<u>55,782</u>
Total assistance			<u>\$ 510,854</u>	<u>\$ 743,309</u>	<u>\$ 197,364</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.