



Town of Wake Forest ~ North Carolina

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED **June 30, 2016**



Back Cover

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended

June 30, 2016



TOWN *of*
WAKE FOREST

Town of Wake Forest, North Carolina

Prepared by the Finance Department

*TOWN OF WAKE FOREST - BOARD OF COMMISSIONERS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016*



Mayor
Vivian A. Jones



Mayor Pro-Tem
Jim Thompson



Margaret Stinnett



Anne M. Reeve



Greg Harrington



Brian Pate

TOWN OF WAKE FOREST STAFF

Kipling D. Padgett
Town Manager

Aileen J. Staples
Finance Director

Eric Vernon
Town Attorney

Virginia Jones
Human Resources Director

Deeda Harris
Town Clerk

Cathy Gouge
Renaissance Centre Manager

Jeff Leonard
Police Chief

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
Communications Director

J.J. Carr
Inspections Director

Mickey Rochelle
Facilities Manager

Lisa Hayes
Downtown Development Director

Jason Cannon
Economic Development Director

ADVISORY BOARDS AND COMMISSIONS

Planning and Zoning Board
Bob Hill, Chairperson

Public Art Commission
John Pelosi, Chairperson

Cemetery Advisory Board
Alan O'Shaughnessy, Chairperson

Recreation Advisory Board
Jeff Sank, Chairperson

Cultural Resources Advisory Board
Cynthia Davis, Chairperson

Senior Center Advisory Board
Jerry Glen, Chairperson

Design Review Board
Paul Eitel, Chairperson

Technical Advisory Board
Rob Harper, Chairperson

Greenway Advisory Board
Deanna Welker, Chairperson

Urban Forestry Advisory Board
Mindy Hidenfelter, Chairperson

Historic Preservation Commission
Ann Welton, Chairperson

Youth In Government
Jack Noble, Chairperson

Human Relations Council
Dennis Brennan, Chairperson

Board of Adjustment
Dale Dawson, Chairperson

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TOWN *of* WAKE FOREST

October 19, 2016

**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 (the "Town"), as of and for the fiscal year ended June 30, 2016, 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, 2016, 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.

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

Incorporated in 1909, Wake Forest offers a unique blend of small-town charm, coupled with a vibrant and growing business community. The Town is located in Northern Wake County and is contiguous to the City of Raleigh. In addition to a focus on business and industry, Wake Forest also has a strong commitment to environmental stewardship, pursuing many sustainable green building and development practices. Residents enjoy 946 acres of open space, greenways and trails, excellent schools and access to higher education, all in close proximity to Research Triangle Park and Raleigh-Durham International Airport ("RDU").

The Town hosts a variety of community events and activities designed to draw citizens and businesses together to further our goal of creating a "sense of place." Wake Forest is proud of our "Mardi Gras Street Festival" held in February;" Meet in the Street" - a music and art festival held in May; an extremely popular annual Christmas parade; "Six Sundays in Spring" - a free outdoor concert series, and a host of other family-oriented community-centered events.

Located in the heart of downtown is the Wake Forest Renaissance Centre for the Arts. The Renaissance Centre, which formally opened in 2013, is a multi-purpose facility providing visual and performing arts programming for people of all ages, while also serving as a popular venue for a variety of community events. The popularity of the Centre continues to grow as evidenced by the fact that the number of event attendees has tripled in just three years.

In April 2016, the Town introduced a new outdoor concert series downtown Wake Forest called "Friday Night on White." Presented by White Street Brewing Company, the free event took place on the second Friday of each

month from April to September from 6 – 9 pm. This successful series drew anywhere between 8,000 and 10,000 people to downtown Wake Forest each month and plans are underway for the 2017 series.

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. Department heads are appointed by the Town Manager and Wake Forest's daily operations are directed by he and his management team.

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, as a Public Power community, the Town operates Wake Forest Power, an electric utility providing residential and commercial service. Fire protection is provided through a contract with the 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 1 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 & Outlook

By creating a unique, safe and affordable community environment, friendly to commerce and industry, the Town has positioned itself as a magnet for businesses, both large and small. Because of this, and our geographic proximity to Raleigh, Durham, the Research Technology Park, and RDU International Airport, Wake Forest is increasingly considered one of the most desirable places to live and work in the eastern United States.

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 the downtown area. Over 3,400 students study in 40 different undergraduate, graduate and post-graduate degree programs. Enrollment has increased over 30% in the past ten years.

Wake Forest is home to The Wireless Research Center of NC (WRCNC), a non-profit 501 (c) (3) research organization focused on economic growth supporting research, development, testing and regulatory assistance for current and next generation wireless antenna technologies. As the only facility of its kind in the state, the WRCNC is an international destination for customers and partners who require specialized facilities coupled with applied and theoretical expertise, such as telecommunications, government/defense and medical industries. Current customers include mobile device companies, antenna design companies, defense contractors and universities/researchers.

The center serves as a hub for job creation, retention and expansion around the growing field of wireless and antenna technology for communications, medical and government use. It also serves as a catalyst for university research initiatives in wireless and antenna technology by providing cost-effective ready access to test laboratories and expertise that will make area universities more competitive when seeking government and commercial research grants and in the commercialization of technology.

As of June 30, 2016, the Town's estimated population was 39,012 - an increase of slightly over 5% from fiscal year ended June 30, 2015. Total growth has been 56% since 2007. Wake Forest's tax base has grown from \$2.0 billion in 2007 to \$4.5 billion in 2016. The Town's tax base is approximately 23% commercial/industrial and 77% residential for fiscal year 2015 -16.

For the second consecutive year, the Town issued over 600 building permits. The number of commercial permits issued *decreased* slightly while the value *increased* 8.4% from the previous fiscal year. There was a slight decrease in the number of residential permits issued and the value *decreased* 14.1%. This is largely attributed to the size and type of residences currently under construction in Wake Forest.

Development continues in Heritage which is the single largest subdivision in Wake Forest and is located in the heart of Wake Forest. It is less than one (1) mile from Capital Boulevard and 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 Bypass. This thoroughfare connects Heritage to downtown Wake Forest. It is anticipated that the build out will be complete by 2017.

The Shoppes at Heritage Village introduced a 49,000-square-foot Florida-based Publix Supermarket as the anchor during 2016. It is located at the intersection of Rogers Road and Forestville Road on the south side of Heritage.

Construction continues in Traditions which is a single and multi-family development that runs along the Wake Forest Reservoir and located one (1) mile from downtown Wake Forest. The residents of this neighborhood have access to a pristine lake that is simply perfect for an afternoon canoe ride or a stroll along the paved walking paths. Traditions consists of over 100 acres of natural preservation areas, community resort-style pool, clubhouse, pavilion with grilling and picnic areas, and amphitheater and fire pit among many other amenities.

Adjacent to Traditions, construction is in progress for Envision Science Academy. Once completed, it will be a 60,000-square-foot elementary and secondary charter school located on seven acres.

During the past year, construction got underway in Holding Village. Located on the Dr. Calvin Jones Highway/NC 98 Bypass and Franklin Street, this traditional neighborhood will connect Heritage to downtown Wake Forest. This subdivision is also accessible to Smith Creek Soccer Center via greenway trail. Holding Village is on the site of a former dairy farm owned by the Holding family, who were instrumental in the establishment of the town of Wake Forest between 1880 and 1920. The master plan calls for the creation of 1,350 residential units.

In February 2016 the Board of Commissioners granted approval for a 36,000-square-foot Lidl's Germany-based international grocery store and supermarket which will be located at the intersection of South Main Street (US 1-A) and Dr. Calvin Jones Highway (NC 98 Bypass). Construction is underway and should be complete by early 2017.

Sam's Club opened in September 2016. The 139,000-square-foot store is located at the Shoppes at Caveness located just off of US 1/Capital Boulevard. It is the first location in Wake Forest and the fifth in the Triangle area.

In addition to the initiatives highlighted above, there are a wide variety of projects completed or under construction, including residential subdivisions, apartments, townhomes, senior living opportunities, auto repair and supply, several new restaurants, and other initiatives.

Major Initiatives

The following events and projects are highlights of fiscal year 2015-2016. These projects reflect the Town's continued commitment to enhancing its citizens' quality of life while maintaining the community's unique character.

Enhancing fiscal strength is the fourth goal of the Town's strategic plan. The main focus for 2015-2016 was to meet this goal by providing funding to pay debt service on 2015 general obligation bonds and while continuing to build the general fund balance. Efforts were focused on taking care of and maintaining what we have therefore, no new positions were added. These difficult decisions and prudent financial planning solidify the Town's commitment to meeting this significant goal and focusing on our financial stability.

The Town entered a new era in July 2015 when Kipling D. Padgett assumed the helm of Town Manager.

Another key goal in the strategic plan is to stimulate economic development. The economic development responsibilities transitioned to the Town from the Wake Forest Chamber of Commerce during the fiscal year. Jason Cannon assumed the responsibilities of Economic Development Director in April 2016. He will oversee the town's efforts to promote economic growth as well as the promotion of jobs in Wake Forest.

Communications unveiled a new and refreshing website design in March 2016. The new website aligns with Goal 2 of the town's strategic plan aimed at enhancing a connected community. The new site offers a more functional and responsive design, which means the site is resizable for any screen, including any mobile device for mobile web users. The site also offers improved navigation menus, friendly URLs, embedded photo galleries and videos, social media integration, online forms and payment ability, interactive maps featuring dining options and places of worship, mobile phone/tablet accessibility, and printer-friendly pages.

During this past year, staff started the process of updating the "Renaissance Plan for the Heart of Wake Forest." Originally adopted in 2004, the Renaissance Plan proposed a clear vision for the re-invigoration of the downtown area. Encompassing approximately 220 acres, the Renaissance Area is generally bound by the CSX rail line to the west, the NC 98 Bypass to the south, and the Historic and Central Business Districts to the north and the east. The area includes a mixture of retail, service, office, governmental, residential, and light industrial uses. The Renaissance Plan seeks to provide policy and programmatic recommendations for the revitalization of and the encouragement of reinvestment into the historic downtown. The plan also proposes a number of realistic development opportunities specifically targeted throughout the heart of the Wake Forest community which are aimed at creating a more vibrant community. It is anticipated that the final plan will be complete by mid-2016.

The North Main Street sidewalk replacement and streetlight installation project along with the improvements at the John B. Cole substation located on Cedar Street were completed during this past year.

The Wake Forest area has been the recipient of significant infrastructure improvements by N.C. Department of Transportation over the last year. Four bridge replacement projects have been either completed or are underway as follows: Purnell Road; Forestville Road; West Oak Avenue; and Rogers Road.

The Town retained a consultant to conduct an analysis and update the fire impact fee which resulted in a decrease in fees. The fee change was effective June 2016.

A comprehensive electric utility rate design and cost allocation study was completed during the fiscal year. The study resulted in an average decrease of 2.75% in electric rates.

During the fiscal year, two architects were retained to commence design for projects included in the 2014 bond referendum. The first is for the Senior Center Expansion and design is expected to be complete by mid-2016 and construction to bid by June 2017. Plans to issue this debt will be in late 2017. Secondly, Phase II of Joyner Park improvements which include a community center. It is anticipated that this design will be complete in early 2018 with bonds being possibly being issued in 2019.

Construction has commenced on the Smith, Sanford and Dunn Creek Greenways Downtown connector project. This initiative includes a continuous pedestrian facility consisting of approximately 3.8 miles of greenway trail – including boardwalk and bridges - and 0.8 mile of sidewalk, along with a multi-use path in the vicinity of Heritage Elementary, Heritage Middle, and Heritage High Schools. Once completed, the project – which will introduce new wayfinding signage - will connect the major activity centers throughout Wake Forest. This project is being funded with \$3.4 million in grant proceeds along with bond monies from the 2014 referendum.

The Town has outgrown the current Operations Center. An architect was retained to conduct a feasibility study on the existing facility during 2016. Preliminary findings were presented at the August 2016 mid-

year retreat. Once the study is finalized and direction is provided, it is anticipated to fund this expansion and construction using an installment purchase agreement.

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 guidance needed to carry out the board's policies and goals. The next retreat is scheduled for January 2017 and the strategic plan will be updated. Each year during the annual budget process, the goals, objectives and strategies are incorporated into an official spending plan.

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 and updated in February 2016 aligning with Goal 4 of the strategic plan.

Independent Audit

The General Statutes of North Carolina require an annual independent financial audit of all local government units in the state. Cherry Bekaert LLP, 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, 2015. This was the 26th 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 Cherry Bekaert LLP. 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,



Kipling D. Padgett
Town Manager



Aileen J. Staples
Finance Director



Government Finance Officers Association

**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, 2015

Executive Director/CEO



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

The Town Manager and his management team provide direction of all day to day municipal functions and implementing policies set by the Board of Commissioners.

Economic Development

Responsible for business recruitment, job opportunities and expansion for the Town.

Renaissance Centre for the Arts

Offers variety of cultural arts programming including theatre, concerts, film screenings, classes, workshops and related events.

Downtown Development

Responsible for public relations, business development, and marketing and promotion of the Downtown Renaissance area for the purpose of assisting Downtown Wake Forest in achieving its economic and cultural potential.

Communications

Responsible for 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, debt management 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

Responsible for the development and maintenance of all land management documents including Unified Development Ordinance and Community Plan; review of construction and land development; code enforcement and support of the Planning Board; Board of Adjustment; Historic Preservation Commissions, Design Review Board and the Greenways Advisory Board.

Inspections

Responsible for building inspections, code enforcement, minimum housing and fire inspections.

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

Responsible for the protection of life and property, traffic control and enforcement, criminal investigation, and enforcement of local and state law. Fire services are provided through a contract with the Wake Forest Fire Department.

Public Works and Utilities Department

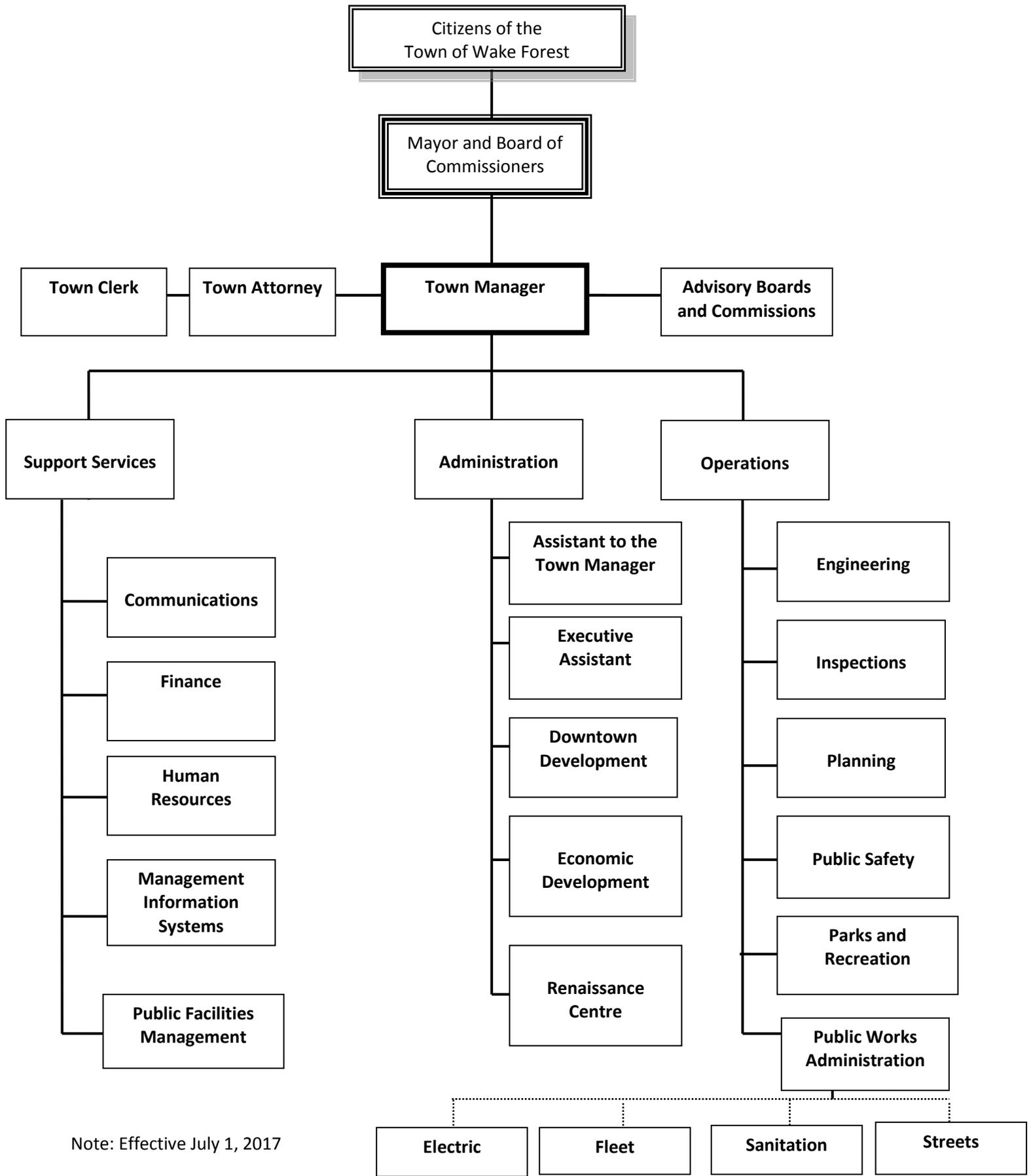
Administration - The Director and Administrative Specialist are responsible for the day to day operations of all divisions in Public Works and Wake Forest Power.

Sanitation Division – Provides assistance with the distribution of rollout carts for the collection and disposal of residential refuse and recyclables. The Town contracts with a private firm for garbage collection and recycling service. The Town provides yard waste 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.

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.

TOWN OF WAKE FOREST ORGANIZATIONAL CHART



Note: Effective July 1, 2017

Report of Independent Auditor

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

Report on the Financial Statements

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 (the "Town") as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these basic financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Town's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the basic 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, as of June 30, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consist of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The introductory section, individual fund statements and schedules, other schedules, and statistical section as listed in the table of contents as well as the schedule of expenditures of federal and state awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), 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 individual fund statements and schedules and other schedules for the years ended June 30, 2016 and 2015 and the schedule of expenditures of federal and state awards for the year ended June 30, 2016 is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 19, 2016 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town's internal control over financial reporting and compliance.

Chemy Bekaert LLP

Raleigh, North Carolina
October 19, 2016

Management's Discussion and Analysis

As management of the Town of Wake Forest (the "Town"), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2016. 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

- In April 2016, the Town refunded the 2006 General Obligation Bonds totaling \$5,060,000. The rates on the outstanding bonds ranged from 3.6 to 4 percent. The debt was refinanced at a rate of 2.05% which resulted in a net present value savings of \$367,516.
- The assets and deferred outflows of the Town exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$173,580,937 (*net position*).
- The Town's total net position increased by \$9,177,150, primarily due to an increase in the governmental-type activities net position of \$7,291,198. Business-type activities position increased \$1,885,952 for the fiscal year.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$21,646,871. Approximately 37% percent of this total amount, or \$8,013,074, is unassigned.
- The Town's total debt *decreased* by \$4,194,698 (12.7%) during the current fiscal year. Along with retiring a significant amount of debt during the year, two (2) installment purchase agreements were issued as follows:
 - \$455,735 – Fifteen (15) police vehicles – December 2015 – three year term – 1.42%
 - \$415,965 – Equipment and vehicles – May 2016 – three year term – 1.39%
- The Town's current bond ratings are as follows:
 - Standard & Poor's - AAA
 - Moody's – Aa1

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Town'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.

Basic Financial Statements

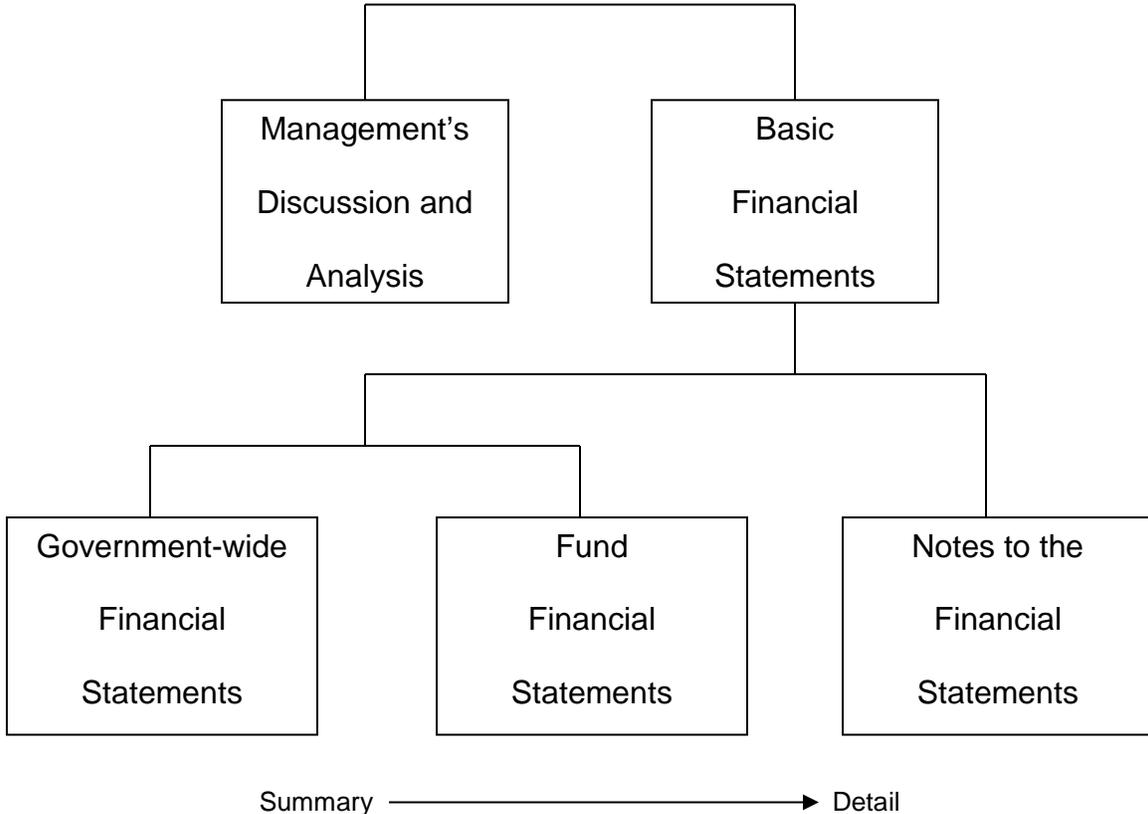
The first two statements (Exhibits 1 and 2) in the basic financial statements are the Government-wide Financial Statements. They provide both short and long-term information about the Town's financial status, using the full accrual basis of accounting, in a manner similar to a private-sector business.

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.

Required Components of Annual Financial Report

Figure 1



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 overall financial status.

The two government-wide statements report the Town's net position and how it has changed. Net position is the difference between the Town's total assets and deferred outflows of resources if applicable, and total liabilities and deferred inflows of resources. Measuring net position is one way to gauge 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.

In accordance with the Governmental Accounting Standards Board criteria for inclusion in the reporting entity, the Town 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, 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 the Town 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 Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The Town 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 position over time may serve 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 position, for the Town as a whole, as well as for its separate governmental and business-type activities.

Town of Wake Forest Net Position
Figure 2

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 25,701,202	\$ 26,432,448	\$ 7,778,477	\$ 7,400,247	\$ 33,479,679	\$ 33,832,695
Capital assets	165,529,429	160,051,313	18,489,348	18,107,665	184,018,777	178,158,978
Deferred outflows of resources	816,506	837,363	81,994	87,638	898,500	925,001
Total assets and deferred outflows of resources	192,047,137	187,321,124	26,349,819	25,595,550	218,396,956	212,916,674
Long-term liabilities outstanding	29,603,304	31,049,024	3,519,162	4,192,478	33,122,466	35,241,502
Other liabilities	7,850,747	6,693,543	3,177,400	3,246,439	11,028,147	9,939,982
Deferred inflows of resources	597,163	2,873,832	68,243	457,571	665,406	3,331,403
Total liabilities and deferred inflows of resources	38,051,214	40,616,399	6,764,805	7,896,488	44,816,019	48,512,887
Net position:						
Net investment in capital assets	144,053,526	131,248,516	15,203,329	13,789,268	159,256,855	145,037,784
Restricted	8,374,060	8,298,891	-	-	8,374,060	8,298,891
Unrestricted	1,568,337	7,157,318	4,381,685	3,909,794	5,950,022	11,067,112
Total net position	\$ 153,995,923	\$ 146,704,725	\$ 19,585,014	\$ 17,699,062	\$ 173,580,937	\$ 164,403,787

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The Town's assets and deferred outflows exceeded liabilities and deferred inflows by \$173,580,937 as of June 30, 2016. However, the largest portion (91.7%) reflects the Town's net 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 uses these capital assets to provide services to the citizens; consequently, these assets are not available for future spending. Although the Town's net 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 position (\$5,950,022) may be used to meet the Town's ongoing obligations to citizens and creditors.

Town of Wake Forest Changes in Net Position
Figure 3

	Governmental Activities		Business Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program revenues:						
Charges for services	\$ (1,162,635)	\$ 4,174,970	\$ 19,946,073	\$ 19,501,560	\$ 18,783,438	\$ 23,676,530
Operating grants and cont	1,045,826	890,994	-	-	1,045,826	890,994
Capital grants and cont	7,960,615	15,445,098	-	-	7,960,615	15,445,098
General revenues:						
Property taxes	23,681,908	22,496,254	-	-	23,681,908	22,496,254
Other taxes	64,894	47,957	-	-	64,894	47,957
Investment Earnings	110,600	67,633	38,254	49,047	148,854	116,680
Other	10,576,701	9,380,273	102,170	163,736	10,678,871	9,544,009
Total revenues	42,277,909	52,503,179	20,086,497	19,714,343	62,364,406	72,217,522
Expenses:						
General government	11,422,995	10,288,616	-	-	11,422,995	10,288,616
Public Safety	15,997,273	13,193,519	-	-	15,997,273	13,193,519
Transportation	1,785,023	5,090,607	-	-	1,785,023	5,090,607
Environmental protection	3,081,207	2,661,631	-	-	3,081,207	2,661,631
Cultural and recreation	1,951,732	3,759,071	-	-	1,951,732	3,759,071
Interest on long-term debt	748,481	775,312	-	-	748,481	775,312
Water and sewer	-	-	27,761	44,045	27,761	44,045
Electric	-	-	18,172,784	19,503,601	18,172,784	19,503,601
Total expenses	34,986,711	35,768,756	18,200,545	19,547,646	53,187,256	55,316,402
Special item	-	507,768	-	-	-	507,768
Change in net position	7,291,198	17,242,191	1,885,952	166,697	9,177,150	17,408,888
Transfers	-	-	-	-	-	-
Net position-July 1	146,704,725	131,045,959	17,699,062	17,785,737	164,403,787	148,831,696
Restatement	-	(1,583,425)	-	(253,372)	-	(1,836,797)
Net position - June 30	\$ 153,995,923	\$ 146,704,725	\$ 19,585,014	\$ 17,699,062	\$ 173,580,937	\$ 164,403,787

Governmental activities. Management acknowledges that 2016 was a successful year and plans to continue to enhance fiscal strength which is a goal identified in the strategic plan. Governmental activities increased the Town's net position by \$7,291,198 thereby accounting for 79.4% of the total growth in the net position of the Town. Key elements of this increase are as follows:

- Charges for services is attributed to the refunding of 2006 General Obligation bonds.
- Ad valorem taxes made up 56% of governmental activity revenue and continue to be a significant revenue source for funding local government operations. Current year ad valorem taxes increased 5.3% over the previous fiscal year due to continued growth.
- Utility franchise tax increased \$196,322 (8.3%) from previous year
- Local option sales tax increased \$536,821 (8.6%) over prior fiscal year.
- Total governmental activity revenue *decreased* 19.5% while expenses *decreased* 2.2% from the previous fiscal year. Developer contributions decreased significantly from 2015 to 2016

Business-type activities. Business-type activities increased the Town of Wake Forest's net position by \$1,885,952. Key elements of this increase are as follows:

- Charges for services from the Sale of Power *increased* \$444,513 (2.3%) in fiscal year ended June 30, 2016 from fiscal year ended June 30, 2015.
- Total business-type expenses *decreased* \$1,330,817 (6.8%). This was primarily due to the wholesale rate decrease in purchase of power from NCEMPA effective July 1, 2015.

Financial Analysis of the Town's Funds

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

Governmental Funds. The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the Town's financing requirements.

The general fund is the chief operating fund of the Town. At the end of the current fiscal year, fund balance available in the General Fund was \$8,013,074 while total fund balance was \$14,450,755. 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 20.2% of the total General Fund expenditures, while total fund balance represents 36.5% of that same amount.

In February 2016, the Town amended the fiscal policy guidelines which included updating the reserve/fund balance policy. Per the policy, unassigned fund balances at the close of each fiscal year should be between 20% - 25% of general fund expenditures and total fund balance should be at least 35% of general fund expenditures. In the event that funds are available over and beyond the targeted amount as defined above, those funds may be transferred to capital reserve funds or capital project funds, at the Board of Commissioners discretion. The Board of Commissioners may, from time-to-time, appropriate fund balances that will reduce unassigned fund balances below the 20% – 25% policy for the purposes of a declared fiscal emergency or other such global purpose as to protect the long-term fiscal stability and security of the Town of Wake Forest. In such circumstances, the Town will strive to replenish the unassigned fund balances to the policy level within 36 months from the date of the appropriation.

At June 30, 2016, the governmental funds of the Town reported a combined fund balance of \$21,646,871 with a net *decrease* in fund balance of (\$638,197). The General Fund, special revenue funds, capital project funds and future capital reserve funds are included in this combined amount. This decrease is attributed to the transfer of fire impact fees from capital reserve to fund the construction of Station 4 which was completed during the fiscal year. In addition, bond projects are underway resulting in a decrease in fund balance in the GTP capital projects fund for the fiscal year.

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. Some differences between the original budget and the final amended budget are as follows:

- Ad valorem taxes received exceeded original budget estimates by \$692,105 (3.0% increase) due to conservative budgeting regarding the collection rate along with growth in the tax base.
- Unrestricted intergovernmental revenues exceeded original estimates by \$954,463 (11.2% increase). This is attributed to growth in sales tax revenues and utility franchise tax revenues.
- Another major amendment was related to transfers from Capital Reserve for payments to the Wake Forest Fire Department (Public Safety). Fire impact fees were used to construct Station 4.

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 in compliance with budgetary requirements.

The original budget planned to use \$894,170 of appropriated fund balance and was amended during the year to \$1,115,695 for one time capital items. However, fund balance actually *increased* \$1,357,088 for fiscal year 2015-2016. This is attributed to revenues exceeding original budgeted expectations, conservative spending and other financing sources.

Proprietary Funds. The Town’s proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Electric Fund at the end of the fiscal year amounted to \$3,859,116 and the total ending net position was \$19,646,061.

The Electric Fund’s net position increased \$1,883,642 while the total proprietary fund’s net position increased \$1,885,952 during this past fiscal year. Operating expenses *decreased 6.8%* while sale of power revenues *increased 2.5%*. The major reason for the decrease in operating expense is attributed to the reduction in the wholesale purchase for power rate that occurred during the fiscal year.

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

Capital Asset and Debt Administration

Capital assets. The Town’s investment in capital assets for its governmental and business–type activities as of June 30, 2016 totaled \$184,018,771 (net of accumulated depreciation). This represents a 3.3% increase from June 30, 2015. 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:

- Police vehicle additions and replacements - \$469,404
- Equipment and vehicles for all other governmental activities- \$603,432
- Streets, sidewalks and right of way additions - \$7,273,102
- Completion of Caddell Street project - \$ 402,388
- N. Main Street lighting and John B. Cole substation improvements - \$2,676,228

**Town of Wake Forest Capital Assets
(net of depreciation)
Figure 4**

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land, rights and easements	\$ 38,916,584	\$ 37,654,295	\$ 510,605	\$ 510,605	\$ 39,427,189	\$ 38,164,900
Buildings and system	13,558,736	14,112,770	-	-	13,558,736	14,112,770
Other improvements	105,656,584	101,878,709	17,055,820	13,918,099	122,712,404	115,796,808
Equipment and furniture	1,767,533	1,691,410	352,328	401,148	2,119,861	2,092,558
Vehicles and motorized equipment	3,102,421	2,684,991	570,595	601,585	3,673,016	3,286,576
Construction in progress	2,527,565	2,029,138	-	2,676,228	2,527,565	4,705,366
Total	\$ 165,529,423	\$ 160,051,313	\$ 18,489,348	\$ 18,107,665	\$ 184,018,771	\$ 178,158,978

See Note 5 of this report for additional information regarding the Town’s capital assets.

Long-term Debt. As of June 30, 2016, the Town had total bonded debt outstanding of \$14,935,000 and governmental activities installment purchase related debt of \$10,487,089. The outstanding revenue bond debt totals \$2,702,403 which represents the balance owed on the electric substation constructed in 2007 along with the John B. Cole substation improvements that were completed during the fiscal year. The remaining \$206,666 installment note along with the \$376,950 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 is \$315,199,070. Practically, these statutory limits exceed the Town's realistic debt capacity.

As of June 30, 2016, the Town has \$20,770,000 in authorized and unissued bonds remaining from the November 2015 bond referendum.

**Town of Wake Forest Outstanding Debt
General Obligation and Revenue Bonds
Figure 5**

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
General obligation bonds	\$ 14,935,000	\$ 16,085,000	\$ -	\$ -	\$ 14,935,000	\$ 16,085,000
Revenue bonds	-	-	2,702,434	3,140,053	2,702,434	3,140,053
N.C Water Pollution Control Revolving Loan and Bond Fund	-	-	376,950	765,011	376,950	765,011
Installment Purchase	10,487,089	12,499,408	206,666	413,333	10,693,755	12,912,741
Total	\$ 25,422,089	\$ 28,584,408	\$ 3,286,050	\$ 4,318,397	\$ 28,708,139	\$ 32,902,805

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, 2017

Governmental Activities: The 2016-2017 Adopted Budget *decreased* slightly (1.1%) from the 2015-2016 Amended Budget, but increased 6.7% over the 2015-2016 Adopted Budget. The foundation of this budget is the strategic plan which sets the roadmap for all decisions over the next few years. The budget endeavors to achieve the four key goals in the strategic plan by maintaining current service levels, enhancing infrastructure and providing for employees. Performance pay (merit), market adjustments and career ladder funds for eligible departments were included. Fourteen (14) new positions along with the conversion of two (2) part time positions into full time positions were included in the approved budget.

Every eight years, Wake County conducts a revaluation of real property values to bring them in line with current market values. The revaluation that occurred in January 2008 was prior to the great recession and housing market crash. The most recent valuation at January 1, 2016 that was effective for fiscal year 2017 reflected an average overall *decrease* of 1%. To remain revenue neutral, that tax rate would've need an increase of \$.011 to \$.531.

The Town's tax rate remained unchanged at \$.52 for the coming fiscal year. This equates to a breakdown of \$.41 for town operations and debt service and \$.11 for fire services. The final budget for the General Fund totaled \$40.7 million. Despite the appearance of renewed fiscal growth and other positive changes in economic conditions, the Town will continue to focus on financial sustainability. The budget represents the fundamental philosophy of being conservative with revenue projections and maintaining fiscal constraint on the expenditure side.

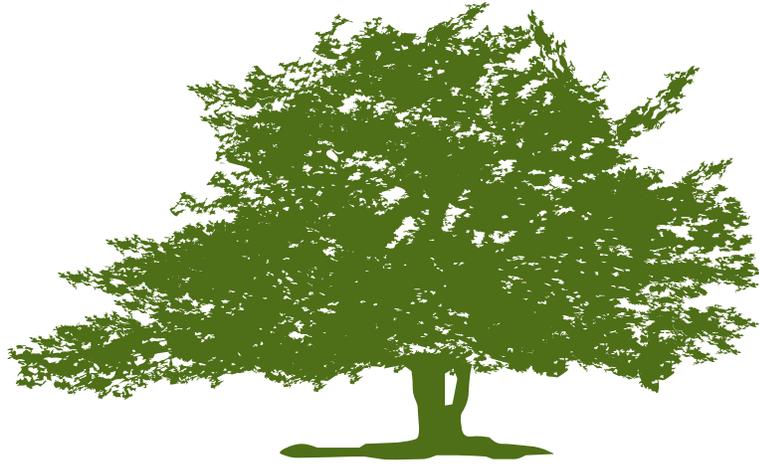
Decision making will still require much care and prudence as we continue to focus on providing the core services our citizens expect. Prioritizing how our resources are utilized is critical as we make long term plans for capital investments.

Business-type Activities: Utility rates were unchanged in the Electric Fund with the Adopted 2016-2017 Budget. The total budget was \$20.9 million for the Electric Fund. The NC Eastern Municipal Power Agency and its participants, including the Town, sold their generation assets to Duke Energy Progress, Inc. This transaction was effective July 1, 2015 and resulted in a net reduction in power costs to the Town. During fiscal year 2015-2016, a comprehensive electric utility rate design and cost allocation study rate study was completed. Results were presented and an average *decrease of 2.75%* in electric rates was approved to be effective September 1, 2016.

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.



TOWN *of*
WAKE FOREST

TOWN OF WAKE FOREST, NORTH CAROLINA

Exhibit 1

STATEMENT OF NET POSITION

JUNE 30, 2016

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 15,770,626	\$ 3,271,032	\$ 19,041,658
Taxes receivables (net)	194,337	-	194,337
Accounts receivable (net)	3,039,485	2,508,741	5,548,226
Internal balances	187,000	(187,000)	-
Due from other governments	486,270	583,611	1,069,881
Inventories	15,942	1,178,118	1,194,060
Prepaid expenses	74,031	1,250	75,281
Restricted cash and cash equivalents	5,044,812	422,725	5,467,537
Due in more than one year			
Note receivable-noncurrent portion	888,699	-	888,699
Capital assets			
Land, improvements, and construction in progress	41,444,150	510,605	41,954,755
Other capital assets, net of depreciation	124,085,279	17,978,743	142,064,022
Total Assets	191,230,631	26,267,825	217,498,456
Deferred Outflows of Resources			
Contributions to pension plan in current fiscal year	798,919	79,215	878,134
Pension deferrals	17,586	2,779	20,365
Total Deferred Outflows of Resources	816,505	81,994	898,499
Liabilities			
Accounts payable	2,877,291	1,839,866	4,717,157
Accrued interest payable	214,202	23,093	237,295
Customer deposits	-	215,804	215,804
Due within one year			
Compensated absences	725,252	78,732	803,984
Bonds and notes payable	4,034,002	1,039,062	5,073,064
Due in more than one year			
Compensated absences	167,178	-	167,178
Net pension obligation - LEO	1,027,677	-	1,027,677
Net pension obligation - LGERS	843,368	198,149	1,041,517
Other postemployment benefits	5,977,763	1,054,899	7,032,662
Bonds and notes payable	21,587,318	2,246,957	23,834,275
Total Liabilities	37,454,051	6,696,562	44,150,613
Deferred Inflows of Resources			
Prepaid taxes	83,433	-	83,433
Pension deferrals	513,729	68,243	581,972
Total Deferred Inflows of Resources	597,162	68,243	665,405
Net Position			
Net investment in capital assets	144,053,526	15,786,945	159,840,471
Restricted for			
Stabilization by state statute	3,617,882	-	3,617,882
Downtown district	255,346	-	255,346
Public safety	343,673	-	343,673
Equipment and vehicles	969,307	-	969,307
Street and sidewalk improvements	954,214	-	954,214
Greenways	2,221,896	-	2,221,896
Grants	11,742	-	11,742
Unrestricted	1,568,337	3,798,069	5,366,406
Total Net Position	\$ 153,995,923	\$ 19,585,014	\$ 173,580,937

TOWN OF WAKE FOREST, NORTH CAROLINA
STATEMENT OF ACTIVITIES

Exhibit 2

FOR THE YEAR ENDED JUNE 30, 2016

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 11,422,995	\$ (2,985,095)	\$ -	\$ -	\$ (14,408,090)	\$ -	\$ (14,408,090)
Public safety	15,997,273	641,804	78,823	65,450	(15,211,196)	-	(15,211,196)
Transportation	1,785,023	18,663	946,028	7,870,624	7,050,292	-	7,050,292
Environmental protection	3,081,207	174,647	-	11,000	(2,895,560)	-	(2,895,560)
Cultural and recreation	1,951,732	987,346	20,975	13,541	(929,870)	-	(929,870)
Interest on long-term debt	748,481	-	-	-	(748,481)	-	(748,481)
Total governmental activities	<u>34,986,711</u>	<u>(1,162,635)</u>	<u>1,045,826</u>	<u>7,960,615</u>	<u>(27,142,905)</u>	<u>-</u>	<u>(27,142,905)</u>
Business-type activities:							
Water and sewer	27,761	-	-	-	-	(27,761)	(27,761)
Electric	18,172,784	19,946,073	-	-	-	1,773,289	1,773,289
Total business-type activities	<u>18,200,545</u>	<u>19,946,073</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,745,528</u>	<u>1,745,528</u>
Total	<u>\$ 53,187,256</u>	<u>\$ 18,783,438</u>	<u>\$ 1,045,826</u>	<u>\$ 7,960,615</u>	<u>(27,142,905)</u>	<u>1,745,528</u>	<u>(25,397,377)</u>
General revenues:							
Taxes:							
Property taxes, levied for general purpose					23,681,908	-	23,681,908
Other taxes and licenses					64,894	-	64,894
Unrestricted intergovernmental					9,464,778	-	9,464,778
Unrestricted investment earnings					110,600	38,254	148,854
Miscellaneous					1,111,923	102,170	1,214,093
Total general revenues and transfers					<u>34,434,103</u>	<u>140,424</u>	<u>34,574,527</u>
Change in net position					7,291,198	1,885,952	9,177,150
Net position-beginning					<u>146,704,725</u>	<u>17,699,062</u>	<u>164,403,787</u>
Net position-ending					<u>\$ 153,995,923</u>	<u>\$ 19,585,014</u>	<u>\$ 173,580,937</u>

TOWN OF WAKE FOREST, NORTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS

Exhibit 3

JUNE 30, 2016

	General	General Capital Reserve	Greenway Transportation Projects	Other Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 11,940,916	\$ 1,064,443	\$ -	\$ 2,765,267	\$ 15,770,626
Receivables, net					
Taxes	194,337	-	-	-	194,337
Accounts	2,766,465	178,554	84,862	9,603	3,039,484
Due from other governments	486,270	-	-	-	486,270
Advance to other funds	187,000	-	-	-	187,000
Inventories	15,942	-	-	-	15,942
Prepaid expenditures	74,031	-	-	-	74,031
Restricted cash and cash equivalents	1,568,326	-	3,474,347	2,139	5,044,812
Total Assets	<u>\$ 17,233,287</u>	<u>\$ 1,242,997</u>	<u>\$ 3,559,209</u>	<u>\$ 2,777,009</u>	<u>\$ 24,812,502</u>
Liabilities					
Accounts payable and accrued liabilities	\$ 2,494,192	\$ -	\$ -	\$ -	\$ 2,494,192
Accounts payable from restricted assets	-	-	383,099	-	383,099
Total Liabilities	<u>2,494,192</u>	<u>-</u>	<u>383,099</u>	<u>-</u>	<u>2,877,291</u>
Deferred Inflow of Resources					
Property taxes receivable	194,337	-	-	-	194,337
Sanitation receivables	10,572	-	-	-	10,572
Prepaid taxes	83,431	-	-	-	83,431
Total deferred inflows of resources	<u>288,340</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>288,340</u>
Fund Balances					
Non Spendable					
Inventories	15,942	-	-	-	15,942
Prepayments	74,031	-	-	-	74,031
Restricted					
Stabilization by state statute	3,617,882	-	-	-	3,617,882
Downtown district	255,346	-	-	-	255,346
Public safety	343,673	-	-	-	343,673
Equipment and vehicles	969,307	-	-	-	969,307
Street and sidewalk improvements	-	-	954,214	-	954,214
Greenways	-	-	2,221,896	-	2,221,896
Grants:					
Cultural and Recreation	-	-	-	1,742	1,742
Planning	-	-	-	10,000	10,000
Committed					
Economic development	-	-	-	1,030,500	1,030,500
Assigned					
Subsequent years expenditures	1,161,500	1,242,997	-	-	2,404,497
Recreation improvements	-	-	-	1,665,395	1,665,395
Cemetery improvements	-	-	-	69,372	69,372
Unassigned	8,013,074	-	-	-	8,013,074
Total fund balances	<u>14,450,755</u>	<u>1,242,997</u>	<u>3,176,110</u>	<u>2,777,009</u>	<u>21,646,871</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 17,233,287</u>	<u>\$ 1,242,997</u>	<u>\$ 3,559,209</u>	<u>\$ 2,777,009</u>	<u>\$ 24,812,502</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 POSITION
GOVERNMENTAL FUNDS

JUNE 30, 2016

Fund balances-total governmental funds		\$ 21,646,871
<p>Amounts reported for governmental activities in the statement of net position are different because;</p>		
<p>Long-term assets, including notes receivable are not due and receivable in the current period and therefore are not reported in the governmental funds.</p>		888,699
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.</p>		
<p>Governmental capital assets</p>	\$ 218,363,791	
<p>Less accumulated depreciation</p>	<u>(52,834,362)</u>	165,529,429
<p>Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Position</p>		798,919
<p>Long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the governmental funds.</p>		
<p>Government bonds and notes payable</p>	(25,422,088)	
<p>Premiums received on bond issuance</p>	(199,232)	
<p>Compensated absences</p>	(892,430)	
<p>Other postemployment benefits</p>	(5,977,763)	
<p>Net pension obligation - Law Enforcement Officers</p>	<u>(1,027,677)</u>	(33,519,190)
<p>Net pension liability</p>		(843,368)
<p>Liabilities for earned revenues considered deferred inflows of resources in fund statements.</p>		204,909
<p>Pension related deferrals</p>		(496,144)
<p>Other liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.</p>		
<p>Accrued interest expenses payable</p>		<u>(214,202)</u>
<p>Net position of governmental activities</p>		<u><u>\$ 153,995,923</u></u>

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

TOWN OF WAKE FOREST, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

Exhibit 4

FOR THE YEAR ENDED JUNE 30, 2016

	General	General Capital Reserve	Greenway Transportation Projects	Other Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
Ad valorem taxes	\$ 23,681,908	\$ -	\$ -	\$ -	\$ 23,681,908
Other taxes	64,894	-	-	-	64,894
Unrestricted intergovernmental	9,464,778	-	-	-	9,464,778
Restricted intergovernmental	930,429	-	110,035	121,861	1,162,325
Permits and fees	2,052,949	701,686	148,764	296,923	3,200,322
Sales and services	967,433	-	-	-	967,433
Miscellaneous	828,639	-	528	63,200	892,367
Investment earnings	46,407	5,383	12,491	87,415	151,696
Total revenues	<u>38,037,437</u>	<u>707,069</u>	<u>271,818</u>	<u>569,399</u>	<u>39,585,723</u>
Expenditures:					
Current:					
General government	9,980,521	-	-	6,885	9,987,406
Public safety	15,328,761	-	-	15,721	15,344,482
Transportation	1,982,830	-	-	-	1,982,830
Environmental protection	2,982,465	-	-	-	2,982,465
Cultural and recreation	2,866,153	-	-	-	2,866,153
Capital outlay	1,853,539	-	759,735	489,060	3,102,334
Debt service:					
Bond principal	1,215,000	-	-	-	1,215,000
Bond interest	538,038	-	-	-	538,038
Installment note principal	2,884,020	-	-	-	2,884,020
Installment note interest	257,952	-	-	-	257,952
Total expenditures	<u>39,889,279</u>	<u>-</u>	<u>759,735</u>	<u>511,666</u>	<u>41,160,680</u>
Revenues under expenditures	<u>(1,851,842)</u>	<u>707,069</u>	<u>(487,917)</u>	<u>57,733</u>	<u>(1,574,957)</u>
Other financing sources (uses):					
Transfers in	2,726,275	-	46,500	143,974	2,916,749
Transfers out	(389,031)	(2,522,883)	-	(4,835)	(2,916,749)
Issuance of debt	871,700	-	-	-	871,700
Total other financing sources (uses)	<u>3,208,944</u>	<u>(2,522,883)</u>	<u>46,500</u>	<u>139,139</u>	<u>871,700</u>
Debt refunding:					
Principal payments	(5,060,000)	-	-	-	(5,060,000)
Refunding bonds issued	5,125,057	-	-	-	5,125,057
Net change in fund balances	<u>1,422,159</u>	<u>(1,815,814)</u>	<u>(441,417)</u>	<u>196,872</u>	<u>(638,200)</u>
Fund balance - beginning of year	<u>13,028,596</u>	<u>3,058,811</u>	<u>3,617,527</u>	<u>2,580,137</u>	<u>22,285,071</u>
Fund balance - end of year	<u>\$ 14,450,755</u>	<u>\$ 1,242,997</u>	<u>\$ 3,176,110</u>	<u>\$ 2,777,009</u>	<u>\$ 21,646,871</u>

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

TOWN OF WAKE FOREST, NORTH CAROLINA
STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2016

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

Net change in fund balances - total governmental funds \$ (638,200)

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	\$ 3,102,334	
Less current year depreciation	(5,531,729)	
The net effect of various miscellaneous transactions involving capital assets is to decrease net position	75,788	(2,353,607)

Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities 798,919

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		7,831,719
Change in notes receivable		(60,251)
Change in unavailable revenue for tax and sanitation revenues		(38,494)

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 position. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Amortization of bond premiums	19,157	
Issuance of debt	(871,700)	
Bond refunding - issuance of debt	(5,125,000)	
Principal payments	3,639,020	
Bond refunding - principal payment	5,520,000	3,181,477

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		13,580
Pension Expense		(490,589)
Net pension obligation - LEO		(151,989)
Other postemployment benefits		(848,875)
Change in accrued interest payable		47,508

Total changes in net position of governmental activities \$ 7,291,198

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

TOWN OF WAKE FOREST, NORTH CAROLINA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	Original	Final	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:				
Ad valorem taxes	\$ 22,917,960	\$ 23,604,960	\$ 23,610,065	\$ 5,105
Other taxes and licenses	40,000	64,600	64,894	294
Unrestricted intergovernmental	8,510,315	8,922,175	9,464,778	542,603
Restricted intergovernmental	1,148,870	922,605	907,197	(15,408)
Permits and fees	1,901,750	2,064,050	2,052,949	(11,101)
Sales and services	926,950	997,425	870,171	(127,254)
Miscellaneous	401,410	686,910	736,518	49,608
Investment earnings	35,000	35,000	45,076	10,076
Total revenues	<u>35,882,255</u>	<u>37,297,725</u>	<u>37,751,648</u>	<u>453,923</u>
Expenditures:				
Current				
General government	10,883,650	11,710,081	10,751,122	958,959
Public safety	13,616,015	16,269,795	15,883,240	386,555
Transportation	2,388,885	2,525,375	2,079,603	445,772
Environmental protection	3,237,355	3,433,085	3,399,391	33,694
Cultural and recreational	3,370,095	3,030,779	2,582,951	447,828
Debt service				
Bond principal	1,220,000	1,215,000	1,215,000	-
Bond interest	538,040	538,125	538,038	87
Installment note principal	2,634,480	2,885,045	2,884,020	1,025
Installment note interest	248,730	258,315	257,952	363
Total expenditures	<u>38,137,250</u>	<u>41,865,600</u>	<u>39,591,317</u>	<u>2,274,283</u>
Revenues over (under) expenditures	<u>(2,254,995)</u>	<u>(4,567,875)</u>	<u>(1,839,669)</u>	<u>2,728,206</u>
Other financing sources (uses):				
Transfers in (out)				
Downtown District Special Tax	112,725	151,725	60,654	(91,071)
Wake Forest Renaissance Centre	-	(137,900)	(137,902)	(2)
Police Department Special Revenue Fund	15,000	26,000	-	(26,000)
Grant and Special Revenue Fund	-	(77,115)	(73,918)	3,197
General Capital Reserve	35,000	2,465,005	2,522,884	57,879
Parks and Recreation Improvement	-	(10,400)	(10,400)	-
Cemetery Capital Reserve	74,100	600	4,835	4,235
Street Improvements	-	(61,035)	(59,656)	1,379
Greenways, Trails & Pedestrian Access	-	(46,500)	(46,500)	-
Recreation Capital Reserve	205,000	205,000	-	(205,000)
Installment note issuance	919,000	871,700	871,700	-
Appropriated fund balance	894,170	1,115,695	-	(1,115,695)
Total other financing sources (uses)	<u>2,254,995</u>	<u>4,502,775</u>	<u>3,131,697</u>	<u>(1,371,078)</u>

TOWN OF WAKE FOREST, NORTH CAROLINA

GENERAL FUND

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL**

FOR THE YEAR ENDED JUNE 30, 2016

	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
Subtotal	\$ -	\$ (65,100)	\$ 1,292,028	\$ 1,357,128
Debt refunding:				
Principal payments	-	-	(5,060,000)	(5,060,000)
Refunding bonds issued	-	65,100	5,125,057	5,059,957
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>1,357,085</u>	<u>\$ 1,357,085</u>
Fund balance - Beginning of year			<u>12,471,941</u>	
Fund balance - End of year			13,829,026	
A legally budgeted Downtown District Special Tax Fund is consolidated into the General Fund for reporting purposes:				
Ad valorem taxes			71,843	
Investment earnings			632	
Transfer to General Fund			(60,654)	
Fund balance - beginning of year			243,525	
A legally budgeted Police Department Special Fund is consolidated into the General Fund for reporting purposes:				
Donations			16,407	
Forfeited currency			23,231	
Investment earnings			699	
Miscellaneous			5,990	
Fund balance - beginning of year			297,346	
A legally budgeted Wake Forest Renaissance Centre Fund is consolidated into the General Fund for reporting purposes:				
Sales and services			97,262	
Donations			1,810	
Miscellaneous revenue			1,725	
Events revenue			66,189	
Operating expenditures			(297,963)	
Transfer from General Fund			137,903	
Fund balance - beginning of year			15,784	
Fund balance - end of year (Exhibit 4)			<u>\$ 14,450,755</u>	

TOWN OF WAKE FOREST, NORTH CAROLINA
PROPRIETARY FUNDS
STATEMENT OF NET POSITION

JUNE 30, 2016

	Electric Fund	Water and Sewer Fund	Totals
Assets			
Current assets:			
Cash and cash equivalents	\$ 2,987,761	\$ 283,271	\$ 3,271,032
Accounts receivable, net	2,508,741	-	2,508,741
Note receivable - current portion	-	583,611	583,611
Inventories	1,178,118	-	1,178,118
Prepaid expenditures	1,250	-	1,250
Restricted cash and cash equivalents	422,725	-	422,725
Subtotal	<u>7,098,595</u>	<u>866,882</u>	<u>7,965,477</u>
Noncurrent assets:			
Capital assets:			
Land and other non-depreciable assets	510,605	-	510,605
Other capital assets, net of depreciation	17,978,743	-	17,978,743
Capital assets (net)	<u>18,489,348</u>	<u>-</u>	<u>18,489,348</u>
Subtotal-noncurrent assets	<u>18,489,348</u>	<u>-</u>	<u>18,489,348</u>
Total assets	<u>25,587,943</u>	<u>866,882</u>	<u>26,454,825</u>
Deferred Outflows of Resources:			
Contributions to pension plan	79,215	-	79,215
Pension deferrals	2,779	-	2,779
	<u>81,994</u>	<u>-</u>	<u>81,994</u>
Liabilities			
Current liabilities:			
Accounts payable and accrued liabilities	1,497,833	342,033	1,839,866
Due to other funds	187,000	-	187,000
Customer deposits	215,804	-	215,804
Accrued interest payable	20,813	2,280	23,093
Compensated absences	78,732	-	78,732
Bonds and notes payable	436,289	583,616	1,019,905
Total current liabilities	<u>2,436,471</u>	<u>927,929</u>	<u>3,364,400</u>
Noncurrent liabilities:			
Net Pension Obligation	198,149	-	198,149
Other postemployment benefits	1,054,899	-	1,054,899
Bonds and notes payable	2,266,114	-	2,266,114
Total noncurrent liabilities	<u>3,519,162</u>	<u>-</u>	<u>3,519,162</u>
Total liabilities	<u>5,955,633</u>	<u>927,929</u>	<u>6,883,562</u>
Deferred Inflows of Resources			
Pension deferrals	68,243	-	68,243
Net Position			
Net investment in capital assets	15,786,945	-	15,786,945
Unrestricted	3,859,116	(61,047)	3,798,069
Total net position	<u>\$ 19,646,061</u>	<u>\$ (61,047)</u>	<u>\$ 19,585,014</u>

TOWN OF WAKE FOREST, NORTH CAROLINA
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

FOR THE YEAR ENDED JUNE 30, 2016

	Electric Fund	Water and Sewer Fund	Totals
Operating revenues:			
Charges for services	\$ 18,517,223	\$ -	\$ 18,517,223
Other operating revenues	1,510,326	-	1,510,326
Total operating revenues	<u>20,027,549</u>	<u>-</u>	<u>20,027,549</u>
Operating expenses:			
Electric operations	5,532,942	-	5,532,942
Electric power purchases	11,524,092	-	11,524,092
Depreciation	1,030,270	-	1,030,270
Total operating expenses	<u>18,087,304</u>	<u>-</u>	<u>18,087,304</u>
Operating income	<u>1,940,245</u>	<u>-</u>	<u>1,940,245</u>
Nonoperating revenues (expenses):			
Investment earnings	8,183	30,071	38,254
Interest expense	(85,480)	(27,761)	(113,241)
Gain on capital asset disposals	20,694	-	20,694
Total nonoperating revenues (expenses)	<u>(56,603)</u>	<u>2,310</u>	<u>(54,293)</u>
Income before transfers	1,883,642	2,310	1,885,952
Transfers from other funds	280,133	-	280,133
Transfers to other funds	<u>(280,133)</u>	<u>-</u>	<u>(280,133)</u>
Total transfers	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	1,883,642	2,310	1,885,952
Net position, beginning of year	17,762,419	(63,357)	17,699,062
Net position, end of year	<u>\$ 19,646,061</u>	<u>\$ (61,047)</u>	<u>\$ 19,585,014</u>

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

TOWN OF WAKE FOREST, NORTH CAROLINA
ENTERPRISE FUNDS
STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2016

	Electric Fund	Water and Sewer Fund	Totals
Cash flows from operating activities:			
Cash received from customers	\$19,753,035	\$ -	\$19,753,035
Cash paid for goods and services	(14,490,098)	-	(14,490,098)
Cash paid to employees for services	(2,621,563)	-	(2,621,563)
Customer deposits received	74,313	-	74,313
Customer deposits returned	(68,613)	-	(68,613)
Net cash provided by operating activities	<u>2,647,074</u>	<u>-</u>	<u>2,647,074</u>
Cash flows from noncapital financing activities:			
Repayment of interfund loan	(187,000)	-	(187,000)
Net cash used by noncapital financing activities	<u>(187,000)</u>	<u>-</u>	<u>(187,000)</u>
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(1,411,992)	-	(1,411,992)
Proceeds of sale of capital assets	20,694	-	20,694
Principal paid on bond maturities and equipment notes	(437,650)	(594,727)	(1,032,377)
Interest paid on bond maturities and equipment notes	(89,688)	(30,071)	(119,759)
Collections for the City of Raleigh, pursuant to merger agreement	-	2,019,717	2,019,717
Transfer of funds to City of Raleigh, pursuant to merger agreement	-	(1,923,329)	(1,923,329)
Transfer of funds from City of Raleigh, pursuant to merger agreement	-	594,727	594,727
Net cash provided by (used by) capital and related financing activities	<u>(1,918,636)</u>	<u>66,317</u>	<u>(1,852,319)</u>
Cash flows from investing activities:			
Interest on investments	8,183	30,071	38,254
Net increase (decrease) in cash and cash equivalents	549,621	96,388	646,009
Cash and cash equivalents:			
Beginning of year	2,860,865	186,883	3,047,748
End of year	<u>\$ 3,410,486</u>	<u>\$ 283,271</u>	<u>\$ 3,693,757</u>

TOWN OF WAKE FOREST, NORTH CAROLINA
ENTERPRISE FUNDS
STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2016

	<u>Electric Fund</u>	<u>Water and Sewer Fund</u>	<u>Totals</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 1,940,245	\$ -	\$ 1,940,245
Adjustments to reconcile operating income to net cash provided by operating activities			
Depreciation	1,030,270	-	1,030,270
Changes in assets and liabilities:			
Increase in accounts receivable	(274,549)	-	(274,549)
Decrease in prepaid expenses	9,750	-	9,750
Increase in inventory	(62,854)	-	(62,854)
Decrease in deferred outflows of resources for pensions (contribu	4,677	-	4,677
Increase in deferred outflows for pensions	(2,779)	-	(2,779)
Decrease in net pension asset	187,741	-	187,741
Increase in net pension liability	198,149	-	198,149
Decrease in accounts payable and accrued liabilities	(129,825)	-	(129,825)
Decrease in customer deposits	(5,700)	-	(5,700)
Decrease in accrued vacation pay	(12,272)	-	(12,272)
Decrease in deferred inflows of resources - pensions	(385,580)	-	(385,580)
Increase in other postemployment benefits	149,801	-	149,801
Total adjustments	<u>706,829</u>	<u>-</u>	<u>706,829</u>
Net cash provided by operating activities	<u>\$ 2,647,074</u>	<u>\$ -</u>	<u>\$ 2,647,074</u>

TOWN OF WAKE FOREST, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

Note 1—Summary of significant accounting policies

The financial statements of the Town of Wake Forest (the “Town”) 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 position 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 fund:

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, Wake Forest Renaissance Centre, and a Police Department Special Fund. Under GASB 54 guidance these three funds are consolidated in the General Fund. The budgetary comparisons for the Downtown District Special Tax Fund, Police Department Special Fund, and Wake Forest Renaissance Centre Fund have been included in the supplemental information.

General Capital Reserve Fund - The General Capital Reserve Fund is used to account for the receipt of fire impact fees along with other funds for future general capital improvements.

TOWN OF WAKE FOREST, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

Note 1—Summary of significant accounting policies (continued)

Greenways Transportation & Pedestrian Access Project Fund - The Greenway Transportation & Pedestrian Access Project Fund is used to account for design, construction and improvements to greenways, trails, bike paths and pedestrian accesses throughout town.

The government reports the following major proprietary funds:

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

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 this fund remains open to collect capital facilities 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.

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 two special revenue funds: the Futures Fund which is used to account for resources set aside for economic development and the Grants and Special Revenue Fund which is used to account for federal, state and private grants, as well as other miscellaneous resources received

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: Recreation Capital Reserve, Cemetery Capital Reserve, Street Improvements and Parks and Recreation Improvements.

(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 and 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.

TOWN OF WAKE FOREST, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

Note 1—Summary of significant accounting policies (continued)

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

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 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 September 1, 2013, 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. Property taxes are due when vehicles are registered. The billed taxes in periods prior to September 1, 2013 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

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. Sales taxes are considered a shared revenue for the Town of Wake Forest because the tax is levied by Wake County and then remitted by the State. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. 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 position 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 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.

TOWN OF WAKE FOREST, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

Note 1—Summary of significant accounting policies (continued)

(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, Deferred Outflows/Inflows of Resources, and Fund Equity

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.

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.

Restricted Assets - The unexpended debt proceeds of the General Fund and Greenways, Trails and Pedestrian Access issued by the Town are classified as restricted assets because their use is completely restricted to the purpose for which the debt was originally issued. Money in the Downtown District Special Tax Fund and the Police Department Special Fund is 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. Funds in the Grants and Special Revenue Fund are restricted by the external and/or awarding agency for the specific purpose of the award.

TOWN OF WAKE FOREST, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

Note 1—Summary of significant accounting policies (continued)

Governmental Activities	
General Fund:	
Streets Improvements	\$ 126,785
Rolling Stock:	
Police	455,922
Streets	145,475
Environmental Services	241,125
Subtotal Rolling Stock	<u>842,522</u>
Downtown District	255,346
Public Safety	343,673
Other Nonmajor Governmental Funds:	
Grants and Special Revenues	2,139
Greenway, Transportation and Pedestrian Access	3,474,347
	<u>5,044,812</u>
Business-Type Activities	
Electric Fund - System Improvements	422,725
Total Restricted Cash	<u><u>\$ 5,467,537</u></u>

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.

Allowances for Doubtful Accounts - An allowance for doubtful accounts is maintained on the ad valorem taxes receivable and customer accounts receivable for electric operations. The allowance for ad valorem taxes receivable is estimated by analyzing the percentage of receivables that are written off in prior years. The allowance for customer accounts receivable for electric operations is estimated at the amount of accounts receivable that have not been written off that exceeds 120 days. 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 30th have been charged against operations.

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

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, 2003 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.

TOWN OF WAKE FOREST, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

Note 1—Summary of significant accounting policies (continued)

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

Deferred Outflows of Resources - In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, Deferred Outflows of Resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Town has two items that meet the criterion for this category – contributions made to the pension plan in the current fiscal year and pension deferrals.

Deferred Inflows of Resources - In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Town has only four items that meet the criterion for this category - prepaid taxes, property tax receivable, sanitation receivable and deferrals of pension expense.

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 position. Bond premiums 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, except for prepaid insurance costs, are expensed in the reporting period in which they are incurred. Prepaid insurance costs are expensed over the life of the 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.

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.

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

TOWN OF WAKE FOREST, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

Note 1—Summary of significant accounting policies (continued)

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.

Net Position/Fund Balances

Net Position - Net position in government-wide and proprietary fund financial statements are classified as net investment in capital assets, restricted and unrestricted. Restricted net position represents 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:

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.

Prepayments – portion of fund balance that is not an available resource because it represents the year-end balance of prepaid expenses, 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)].

Restricted for Downtown District - portion of fund balance that is restricted by revenue source for certain downtown district expenditures.

Restricted for Public Safety - portion of fund balance that is restricted by revenue source for certain public safety expenditures.

Restricted for Equipment and Vehicles - portion of fund balance that is restricted by revenue source for certain rolling stock expenditures.

Restricted for Street and Sidewalk Improvements - portion of fund balance that is restricted by revenue source for street construction and maintenance.

Restricted for Greenway Improvements - portion of fund balance that is restricted by revenue source for improvements to greenways.

TOWN OF WAKE FOREST, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

Note 1—Summary of significant accounting policies (continued)

Restricted for Grants – portion of fund balance that is restricted revenue source for various grant award received which are restricted by external agency.

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 the Town's Board of Commissioners, the highest level of decision making authority. Any changes or removal of specific purpose requires majority action by the Board either through board resolution or ordinance. The governing body approves the appropriation; however the budget ordinance authorizes the manager to modify the appropriations by resource or appropriation with funds up to \$25,000.

The governing body can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Committed for economic development – portion of fund balance committed by the Board for future economic development projects.

Assigned Fund Balance

This classification includes amounts of fund balance that reflect a government's intended use of resources through authority delegated by the Town's Board of Commissioners to the Town Manager or another member of the management team.

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.

Unassigned Fund Balance

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

The Town has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Director will use resources in the following hierarchy: bond proceeds, federal funds, state funds, local non-Town funds, Town funds. For purposes of fund balance classification expenditures are to be spent from restricted fund balance first, followed in-order by committed fund balance, assigned fund balance and lastly unassigned fund balance. The Finance Director has the authority to deviate from this policy if it is in the best interest of the Town.

The Town's original fund balance policy adopted in September 2004 was amended in February 2016 and requires that the Town maintain an unassigned General Fund balance between 20 and 25 percent of General Fund expenditures and a total fund balance of at least 35 percent 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.

TOWN OF WAKE FOREST, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

Note 1—Summary of significant accounting policies (continued)

(f) Pensions

For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Local Governmental Employees' Retirement System (LGERS) and additions to/deductions from LGERS' fiduciary net position have been determined on the same basis as they are reported by LGERS. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The Town of Wake Forest's employer contributions are recognized when due and the Town of Wake Forest has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of LGERS. Investments are reported at fair value.

Note 2—Stewardship, compliance, and accountability

Excess of Expenditures over Appropriations – The Schedule of Revenues, Expenditures and Changes in Fund Balances for the General Capital Reserve displays total expenditures in excess of the budget appropriation. This is a result of current year's expenditures for the Wake Forest Fire Department – Station #4. The reserve funds budget will be amended in the subsequent fiscal year.

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, 2016, the carrying amount of the Town's deposits was \$6,195,444 and the bank balance was \$6,935,324. Of the bank balance, \$1,000,000 was covered by federal depository insurance and \$5,935,324 was covered under the Pooling Method. At June 30, 2016, the Town had \$1,850 of petty cash and change funds on hand.

Investments - The Town's investment policy states that investment securities purchased by the Town shall be held in third-party safekeeping by an institution designated as primary agent.

TOWN OF WAKE FOREST, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

Note 3—Deposits and investments (continued)

At June 30, 2016, the Town’s investment balances were as follows:

Investment Type	Valuation Measurement Method	Book Value	Maturities Less	Maturities	Maturities	Maturities	Rating
		at 06/30/2016	Than 1 Year	1 to 2 Years	2 to 3 Years	3+ Years	
US Government Agencies	Fair Value - Level 1	\$ 600,196	\$ -	\$ 250,066	\$ 350,130	\$ -	AAA
NCCMT - Cash Portfolio	Amortized Cost	4,053,523	4,053,523	-	-	-	AAAm
NCCMT - Term Portfolio	Fair Value - Level 1	13,658,183	13,658,183	-	-	-	Unrated
Totals		\$ 18,311,902	\$ 17,711,706	\$ 250,066	\$ 350,130	\$ -	

Interest Rate Risk - The Town’s policy states that all investments shall have maturities not to exceed three (3) year as a means of managing its exposure to fair value losses arising from increasing interest rates.

Custodial Credit Risk – The Town’s investment policy states that investment securities purchased by the Town shall be held in third-party safekeeping by an institution designated as primary agent. Generally, the Town invests available cash in North Carolina Capital Management Trust’s or other investment earnings account as allowed by North Carolina General Statute. 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, 2016.

All investments will be purchased “payment-versus-delivery” and if certificated will be held by the Finance Director in the name of the Town. All non-certificated investments will be held in book-entry form in the name of the Town with the Town’s third party custodian (safekeeping agent). The Town may deposit Town funds into: any Board approved official depository, if such funds are secured in accordance with NCGS-159 (31).

Note 4—Receivables – allowance for doubtful accounts

The amounts presented in the Statement of Net Position are net of allowance for doubtful accounts in the following amounts:

General Fund	Allowance for uncollectible property taxes receivable	\$ 63,515
Electric Fund	Allowance for uncollectible customer receivables	78,717

TOWN OF WAKE FOREST, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

Note 5—Capital assets

Capital asset activity for the year ended June 30, 2016, was as follows:

GOVERNMENTAL ACTIVITIES	Balance				Balance
	June 30, 2015	Additions	Transfers	Deletions	June 30, 2016
Capital assets not being depreciated:					
Land	\$ 10,794,095	\$ -	\$ -	\$ -	\$ 10,794,095
Land rights and easements	26,860,200	1,262,290	-	-	28,122,490
Construction in progress	2,029,138	835,806	(304,729)	32,650	2,527,565
Total capital assets not being depreciated	<u>39,683,433</u>	<u>2,098,096</u>	<u>(304,729)</u>	<u>32,650</u>	<u>41,444,150</u>
Capital assets being depreciated:					
Buildings	16,694,732	-	-	-	16,694,732
Improvements	28,202,041	397,399	-	-	28,599,440
Infrastructure	112,367,816	6,982,418	304,729	-	119,654,963
Equipment and furniture	4,967,746	485,759	-	-	5,453,505
Vehicles and motorized equipment	6,127,328	970,384	-	580,711	6,517,001
Total capital assets being depreciated	<u>168,359,663</u>	<u>8,835,960</u>	<u>304,729</u>	<u>580,711</u>	<u>176,919,641</u>
Less Accumulated Depreciation for:					
Buildings	2,581,962	554,034	-	-	3,135,996
Improvements	9,805,674	1,211,897	-	-	11,017,571
Infrastructure	28,885,474	2,803,210	-	108,438	31,580,246
Equipment and furniture	3,276,336	409,635	-	-	3,685,971
Vehicles and motorized equipment	3,442,337	552,952	-	580,711	3,414,578
Total accumulated depreciation	<u>47,991,783</u>	<u>5,531,728</u>	<u>-</u>	<u>689,149</u>	<u>52,834,362</u>
Total capital assets being depreciated, net	<u>120,367,880</u>				<u>124,085,279</u>
Governmental activity capital					
assets, net	<u>\$ 160,051,313</u>				<u>\$ 165,529,429</u>

Depreciation expense was charged to

Functions/programs as follows:

General government	\$ 1,035,049
Public safety	478,627
Public works	3,041,775
Environmental protection	93,940
Cultural and recreational	882,337
Total	<u>\$ 5,531,728</u>

TOWN OF WAKE FOREST, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

Note 5—Capital assets (continued):

Business-type Activities	Balance			Balance	
	June 30, 2015	Additions	Transfers	Deletions	June 30, 2016
Capital assets not being depreciated					
Land	\$ 510,605	\$ -	\$ -	\$ -	\$ 510,605
Construction in progress	2,676,228	-	(2,676,228)	-	-
Total capital assets not being depreciated	<u>3,186,833</u>	<u>-</u>	<u>(2,676,228)</u>	<u>-</u>	<u>510,605</u>
Capital assets being depreciated					
Utility improvements	24,969,148	1,274,942	2,676,228	-	28,920,318
Equipment and furniture	1,586,228	79,741	-	-	1,665,969
Vehicles and motorized equipment	1,591,277	57,270	-	33,159	1,615,388
Total capital assets being depreciated	<u>28,146,653</u>	<u>1,411,953</u>	<u>2,676,228</u>	<u>33,159</u>	<u>32,201,675</u>
Less accumulated depreciation for					
Utility improvements	11,051,049	813,449	-	-	11,864,498
Equipment and furniture	1,185,080	128,561	-	-	1,313,641
Vehicles and motorized Equipment	989,692	88,260	-	33,159	1,044,793
Total accumulated depreciation	<u>13,225,821</u>	<u>1,030,270</u>	<u>-</u>	<u>33,159</u>	<u>14,222,932</u>
Total capital assets being depreciated, net	<u>14,920,832</u>				<u>17,978,743</u>
Business-type activity capital assets, net	<u>\$ 18,107,665</u>				<u>\$ 18,489,348</u>

Construction Commitments - The identification of possible commitments is the responsibility of the finance department. Once identified, the department involved with the project and the finance department evaluates the financial statement impact by evaluating the funding and timing of the contracts.

TOWN OF WAKE FOREST, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

Note 6—Pension plan obligations

(a) Local Government Employees' Retirement System

Plan Description - The Town is a participating employer in 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 membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G. S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested by the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. 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 or at www.osc.nc.gov.

Benefits Provided – LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service. Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

Funding Policy – Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Town of Wake Forest employees 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 6.80% and 7.15%, respectively, of annual covered payroll. The contribution requirements of employees and of the Town are established and may be amended by the North Carolina General Assembly. The Town's contributions to LGERS for the years ended June 30, 2016, 2015 and 2014 and were \$878,134, \$897,824 and \$869,753, respectively. The contributions made by the Town equaled the required contributions for each year.

TOWN OF WAKE FOREST, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

Note 6—Pension plan obligations (continued)

Refunds of Contributions - Town employees who have terminated service as a contributing member of LGERS, may file an application for a refund of their contributions. By state law, refunds to members with at least five years of service include 4% interest. State law requires a 60 day waiting period after service termination before the refund may be paid. The acceptance of a refund payment cancels the individual's right to employer contributions or any other benefit provided by LGERS.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30th the Town reported a liability of \$1,041,517 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014. The total pension liability was then rolled forward to the measurement date of June 30, 2015 utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employees, actuarially determined. At June 30, 2015 the Town's proportion was 0.2321%.

For the year ended June 30, 2016, the Town recognized pension expense of \$471,688. At June 30, 2016, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 244,816
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	296,516
Changes in proportion and differences between Town contributions and proportionate share of contributions	20,365	40,640
Town contributions subsequent to the measurement date	878,134	-
Total	<u>\$ 898,499</u>	<u>\$ 581,972</u>

\$878,134 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2017. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2017	\$ (349,321)
2018	(349,321)
2019	(349,014)
2020	486,049
2021	-
Thereafter	-
	<u>\$ (561,607)</u>

TOWN OF WAKE FOREST, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

Note 6—Pension plan obligations (continued)

Actuarial Assumptions – The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	4.25 to 8.55 percent, including inflation and productivity factor
Investment rate of return	7.25 percent, net of pension plan investment expense, including inflation

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2014 valuation were based on the results of an actuarial experience study for the period January 1, 2005 through December 31, 2009.

Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	29.00%	2.20%
Global Equity	42.00%	5.80%
Real Estate	8.00%	5.20%
Alternatives	8.00%	9.80%
Credit	7.00%	6.80%
Inflation Protection	6.00%	3.40%
Total	<u>100.00%</u>	

TOWN OF WAKE FOREST, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

Note 6—Pension plan obligations (continued)

The information above is based on 30 year expectations developed with the consulting actuary for the 2014 asset, liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualize figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

Discount rate – The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Town’s proportionate share of the net pension asset to changes in the discount rate – The following presents the Town’s proportionate share of the net pension asset calculated using the discount rate of 7.25%, as well as what the Town’s proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.25 percent) or one percentage point higher (8.25 percent) than the current rate:

	1 % Decrease (6.25%)	Discount Rate (7.25%)	1 % Increase (8.25%)
Town's proportionate share of the net pension liability (asset)	\$ 7,262,636	\$ 1,041,517	\$ (4,199,640)

Pension plan fiduciary net position – Detailed information about the pension plan’s fiduciary net position is available in the separately issued Comprehensive Annual Financial Report (CAFR) for the State of North Carolina.

(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% 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, 2015 the Separation Allowance’s membership consisted of:

TOWN OF WAKE FOREST, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

Note 6—Pension plan obligations (continued)

Retirees receiving benefits	1
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	<u>70</u>
Total	<u><u>71</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. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

The Separation Allowance has no assets accumulated in a trust that meets the following criteria which are outlined in GASB Statement 67 and 68:

- contributions to the pension plan and earnings on those contributions are irrevocable
- pension plan assets are dedicated to providing benefits to plan members
- pension plan assets are legally protected from the creditors or employers, nonemployer contributing entities, the plan administrator, and plan members.

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.

The annual required contribution for the current year was determined as part of the December 31, 2014 actuarial valuation using the projected unit credit actuarial cost method and the level dollar closed amortization method. The actuarial assumptions included (a) 5.00% investment rate of return (net of administrative expenses over a remaining amortization period of 16 years) and (b) projected salary increases of 4.25 – 7.85% per year. The inflation component was 3.00%. The assumptions do not include post-employment 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	\$ 189,747
Interest on net pension obligation	43,784
Adjustment to annual required contribution	<u>(76,952)</u>
Annual pension cost	156,579
Contributions made	<u>4,590</u>
Increased (decrease) in net pension obligation	151,989
Net pension obligation - beginning of year	<u>875,688</u>
Net pension obligation - end of year	<u><u>\$ 1,027,677</u></u>

TOWN OF WAKE FOREST, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

Note 6—Pension plan obligations (continued)

Trend Information

Year Ended	Annual Pension Costs (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/16	\$ 156,579	2.93%	\$ 1,027,677
6/30/15	142,704	3.22%	875,688
6/30/14	113,611	0.00%	737,574

Funded Status and Funding Progress - As of December 31, 2015, 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 \$2,173,245. The covered payroll (annual payroll of active employees covered by the plan) was \$4,591,100, and the ratio of the UAAL to the covered payroll was 47.34%.

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

(c) Supplemental Retirement Income Plan for Law Enforcement Officers

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.

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, 2016 were \$272,528, which consisted of \$207,069 from the Town and \$65,459 from the law enforcement officers.

(d) Supplemental Retirement Income Plan for all Other Employees

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.

Funding Policy - The Town contributes each month an amount equal to 5% 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, 2016 were \$585,999, which consisted of \$415,480 from the Town and \$170,519 from employees.

TOWN OF WAKE FOREST, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

Note 6—Pension plan obligations (continued)

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

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

Membership of the HCB Plan consisted of the following at December 31, 2015, the date of the latest actuarial valuation:

	General Employees	Law Enforcement Officers
Retirees and dependents receiving benefits	28	5
Terminated plan members entitled to but not yet receiving benefits	-	-
Active plan members	111	61
Total	139	66

Funding Policy - The Board of Commissioners established the contribution requirements of plan members and this may be amended by the Board. Employees pay \$475 per month for dependent coverage and \$1,078 per month for family coverage. The Town has chosen to fund the healthcare benefits on a pay as you go basis.

The current ARC rate is 10.95% of annual covered payroll. For the current year, the Town contributed \$199,965 or 1.65% 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 11.03% and 6.13% of covered payroll, respectively. There were no contributions made by employees, except for dependent coverage in the amount of \$220,390. 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

TOWN OF WAKE FOREST, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

Note 6—Pension plan obligations (continued)

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	\$ 1,187,855
Interest on OPEB obligation	241,359
Adjustment to annual required contribution	<u>(230,573)</u>
Annual OPEB cost	1,198,641
Contributions made	<u>(199,965)</u>
Increase in net OPEB obligation	998,676
Net OPEB obligation - beginning of year	<u>6,033,986</u>
Net OPEB obligation - end of year	<u><u>\$ 7,032,662</u></u>

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, 2016 were as follows:

<u>Year Ended</u>	<u>Annual OPEB Costs</u>	<u>Percentage of Annual OPEB Costs Contributed</u>	<u>Net OPEB Obligation</u>
6/30/16	\$ 1,198,641	16.70%	\$ 7,032,662
6/30/15	1,059,241	20.00%	6,033,986
6/30/14	988,679	15.00%	5,186,300

Funded Status and Funding Progress - As of December 31, 2015, 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 \$13,684,549. The covered payroll (annual payroll of active employees covered by the plan) was \$12,125,728 and the ratio of the UAAL to the covered payroll was 112.9%. 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.

TOWN OF WAKE FOREST, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

Note 6—Pension plan obligations (continued)

In the December 31, 2015 actuarial valuation, the projected unit credit method was used. The actuarial assumptions included a 4.0% 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 7.75 to 5.0% for pre-Medicare and 5.75 to 5.0% for post-Medicare, 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, 2015 was 30 years.

(f) Other Employment Benefit

The Town has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees’ Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. Employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee’s twelve (12) highest months’ salary in a row during the twenty-four (24) months prior to the employee’s death, but the benefit may not exceed \$50,000 or be less than \$25,000. All death benefit payments are made from the Death Benefit Plan. The Town has no liability beyond the payment of monthly contributions. Contributions are determined as a percentage of monthly payroll, based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for Law Enforcement Officers. Because the benefit payments are made by the Death Benefit Plan and not by the Town, the Town does not determine the number of eligible participants. Due to a surplus, a decision was made to temporarily stop employer contributions to the Death Benefit Plan beginning July 1, 2012 for a period of three years. Thus, the Town’s required contributions for employees not engaged in law enforcement and for law enforcement officers represented 0.0% of covered payroll. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount.

Note 7—Deferred outflows and inflows of resources

Deferred outflows of resources at year-end are comprised of the following:

	<u>Total</u>
Contributions to pension plan in current fiscal year	
General Fund	\$ 798,919
Electric Fund	79,215
	<u>878,134</u>
Pension Deferrals	
General Fund	17,586
Electric Fund	2,779
Total	<u><u>\$ 898,499</u></u>

TOWN OF WAKE FOREST, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

Note 7—Deferred outflows and inflows of resources (continued)

Deferred inflows of resources at year-end are comprised of the following:

	<u>Unavailable Revenue</u>	<u>Unearned Revenue</u>	<u>Total</u>
General Fund			
Prepaid taxes not yet earned	\$ -	\$ 60,632	\$ 60,632
Taxes receivable (net)	137,643	-	137,643
Vehicle licenses receivable	56,694	-	56,694
Sanitation receivable	10,572	-	10,572
Prepaid other	-	22,801	22,801
Pension Deferrals	-	581,972	581,972
Total	<u>\$ 204,909</u>	<u>\$ 665,405</u>	<u>\$ 870,314</u>

Note 8—Risk management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. The Town participates in two (2) 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 combined single limit, property coverage up to the total insurance values of the property policy and workers' compensation coverage up to the statutory limits. 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.

There are exclusions to the town's policy which bar coverage for all 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, Town's employees with access to \$100 or more at any given time of the Town's funds are performance bonded through a commercial fidelity bond with limits of \$100,000. The Finance Director 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 or outside the premises.

Note 9—Claims, judgments and contingent liabilities

At June 30, 2016, 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

TOWN OF WAKE FOREST, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

Note 9—Claims, judgments and contingent liabilities (continued)

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. During the fiscal year it was determined, via calculation through a third party vendor, that the Town was liable for a \$3,677 arbitrage rebate. This amount was accrued to the current fiscal and will be paid subsequent to the balance sheet date.

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.

Current Refunding Bonds: In April 2016, the Town issued \$5,125,000 of Public Improvement current refunding bonds and retired the outstanding balance of the Series 2006 Public Improvement Bonds. The current refunding reduced the debt service payments over the following ten years by approximately \$400,000. Per requirement of GASB Statement 23, the difference between the reacquisition price and the net carrying amount of the old (refunded) bonds should be deferred and amortized as a component of interest expense over the remaining life of the refunding bonds. The Town, however, did not have any amount to be considered and therefore there was no deferral required.

Bonds payable at June 30, 2016 are comprised of the following individual issues:

Serviced by the General Fund:

\$4,330,000 Series 2015 Public Improvement Bonds with annual installments of \$220,000 due annually on April 1 through April 1, 2021 plus interest and \$215,000 due annually on October 1 through October 1, 2035 plus interest from 2.0 to 3.25 percent	\$ 4,110,000
\$7,300,000 Series 2009 A 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	5,110,000
\$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	590,000
\$5,125,000 Series 2016 Refunding Bonds with annual installments of \$428,000 to \$503,000 due annually on April 1 through April 1, 2027 plus interest of 2.05 percent	<u>5,125,000</u>
Total	<u>\$ 14,935,000</u>

TOWN OF WAKE FOREST, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

Note 10—Long-term debt (continued)

At June 30, 2016, the Town of Wake Forest had bonds authorized but unissued of \$20,770,000 and a legal debt margin of \$315,199,070.

Annual debt service requirements to maturity for general obligation bonds at June 30, 2016 are as follows:

	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
Year Ending June 30:		
2017	\$ 1,253,000	\$ 410,917
2018	1,245,000	379,189
2019	1,232,000	344,266
2020	1,165,000	308,883
2021	1,058,000	278,780
2022-2026	5,159,000	999,137
2027-2031	2,963,000	364,399
2032-2036	860,000	926,113
Total	<u>\$ 14,935,000</u>	<u>\$ 4,011,682</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%.

\$ 674,088

\$2,500,000 Electric Revenue Bond, Series 2014, issued for system improvements. Principal installments are due semiannually on February 1 and August 1 of \$112,630 and \$137,633 through 2024 which includes interest at 2.24%

2,028,315

\$ 2,702,403

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 and Series 2014. 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, 2016, is as follows:

Operating revenues	\$ 20,022,443
Operating expenses (less depreciation)	<u>17,258,664</u>
Net revenues available for debt service	<u>\$ 2,763,779</u>
Debt service, principal and interest paid (revenue bond only)	<u>\$ 517,988</u>
Debt service coverage ratio	<u>534%</u>

TOWN OF WAKE FOREST, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

Note 10—Long-term debt (continued)

The Town has pledged future electric revenues, net of specified operating expenses, to repay \$2,300,000 in electric revenue bonds issued in February 2007 and \$2,500,000 in electric revenue bonds issued in June 2014. Proceeds from the bonds provided financing for an electric substation, substation improvements, and installation of street lights. The bonds are payable solely from electric customer net revenues and are payable through 2019 for the Series 2007 bonds and 2024 for the Series 2014 bonds. Annual principal and interest payments on the bonds are expected to require less than 534 percent of net revenues. The total principal and interest remaining to be paid on the bonds is \$2,945,705. Principal and interest paid for the current year and total customer net revenues were \$513,781 and \$2,763,779, respectively.

Annual debt service requirements to maturity for revenue bonds at June 30, 2016 are as follows:

	Business-Type Activities	
	Principal	Interest
Year Ending June 30:		
2017	\$ 450,651	\$ 67,337
2018	464,097	53,891
2019	477,971	40,018
2020	250,405	27,943
2021	256,045	22,303
2022 - 2026	803,233	31,780
Total	<u>\$ 2,702,403</u>	<u>\$ 243,272</u>

c) Installment Notes

The Town's installment notes outstanding at June 30, 2016 are as follows:

	Governmental Activities
\$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. <i>(Rate reduced to 2.70% - April 2012)</i>	\$ 4,899,995
\$850,000 installment obligation to BB&T Bank for the renovation of the existing police department issued October 17, 2012; semi-annual payments of \$85,000 plus interest at 1.53%, secured by real estate.	255,000
\$4,000,000 installment obligation to RBC Bank for street improvements issued September 20, 2011; semi-annual payments of varying amounts from \$252,725 to \$293,600 which includes interest at 2.18%.	1,750,000
\$2,300,000 installment obligation to BB&T for street improvements issued May 16, 2012; semi-annual payments of varying amounts from \$165,797 to \$185,446 which includes interest at 1.84%.	985,714
\$792,750 installment obligation to BB&T for vehicles and equipment issued February 25, 2015; semi-annual payments of \$102,059 which includes interest at 1.32%, secured by vehicles and equipment.	598,456

TOWN OF WAKE FOREST, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

	<u>Governmental Activities</u>
\$462,670 installment obligation to BB&T for police patrol cars issued December 18, 2013; quarterly payments of \$39,211 which includes interest at 1.04%.	78,116
\$1,181,000 installment obligation to PNC Bank for the purchase of the Wake Forest Renaissance Centre issued September 16, 2013; quarterly payments of varying amounts from \$66,051 to \$69,567 which includes interest at 1.34%.	459,278
\$740,000 installment obligation to BB&T for Holding Park Pool renovations issued February 27, 2014; semi-annual payments of \$61,667 which includes interest at 1.65%.	493,333
\$505,035 installment obligation to BB&T for the purchase of vehicles and equipment issued May 29, 2014; semi-annual payments of \$42,808 which includes interest at 1.05%.	170,113
\$455,735 installment obligation to PNC Bank for police vehicles issued on December 17, 2015; semi-annual payments of \$77,854 which includes interest at 1.42%.	381,116
\$415,965 installment obligation to PNC Bank for vehicles and equipment issued on May 31, 2016; semi-annual payments of \$71,024 which includes interest at 1.39%.	415,967
Total	<u>415,967</u>
	<u>\$ 10,487,088</u>

The Town's installment notes outstanding at June 30, 2016 are as follows:

	<u>Business-Type Activities</u>
\$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. (Rate reduced to 1.96% - April 2012)	\$ 206,666

TOWN OF WAKE FOREST, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

Note 10—Long-term debt (continued)

Annual debt service requirements to maturity for installment notes at June 30, 2016 are as follows:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
Year Ending June 30:				
2017	\$ 2,770,340	\$ 214,520	\$ 206,666	\$ 2,532
2018	2,378,172	163,695	-	-
2019	2,025,240	118,350	-	-
2020	1,026,667	79,221	-	-
2021	653,334	57,330	-	-
2022-2026	1,633,335	66,150	-	-
Total	<u>\$ 10,487,088</u>	<u>\$ 699,266</u>	<u>\$ 206,666</u>	<u>\$ 2,532</u>

(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, 2016 the outstanding balance on this note totaled \$322,500. 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, 2016 the remaining balance on these notes totaled \$0 and \$54,450, respectively.

Annual debt service requirements to maturity are as follows:

	<u>Principal</u>	<u>Interest</u>
Year Ending June 30:		
2017	\$ 376,950	\$ 11,656
Total	<u>\$ 376,950</u>	<u>\$ 11,656</u>

TOWN OF WAKE FOREST, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

Note 10—Long-term debt (continued)

Changes in Long-Term Liabilities - Long-term liability activity for the year ended June 30, 2016, was as follows:

	Balance July 1, 2015	Increases	Decreases	Balance June 30, 2016	Amounts Due Within One Year
Governmental Activities:					
Bonds and Notes Payable:					
General obligation bonds	\$ 16,085,000	\$ 5,125,000	\$ 6,275,000	\$ 14,935,000	\$ 1,268,000
Premiums on issuance	218,389	-	19,157	199,232	19,157
Total bonds payable	16,303,389	5,125,000	6,294,157	15,134,232	1,287,157
Installment Notes	12,499,408	871,700	2,884,020	10,487,088	2,766,002
Compensated absences	906,009	711,673	725,252	892,430	725,252
Net pension obligation - LEO	875,688	151,989	-	1,027,677	-
Net pension obligation - LGERS	-	843,368	-	843,368	-
Other post employment benefits	5,128,888	848,875	-	5,977,763	-
Governmental activity long-term liabilities	35,713,383	8,552,605	9,903,429	34,362,558	4,778,411
Business-Type Activities:					
Revenue bonds	\$ 3,140,053	\$ -	\$ 437,650	\$ 2,702,403	\$ 436,289
Installment notes	1,178,344	-	594,728	583,616	583,616
Compensated absences	91,004	73,323	85,595	78,732	78,732
Net pension obligation - LGERS	-	198,149	-	198,149	-
Other post employment benefits	905,098	149,801	-	1,054,899	-
Business-type activity long-term liabilities	5,314,499	421,273	1,117,973	4,617,799	1,098,637
Total long-term liabilities	\$ 41,027,882			\$ 38,980,357	\$ 5,877,048

Compensated absences, net pension obligations, and net other postemployment benefit obligations for governmental activities typically have been liquidated in the General Fund.

TOWN OF WAKE FOREST, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

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:

Total fund balance - General Fund	\$ 14,450,755
Less:	
Inventories	15,942
Prepayments	74,031
Stabilization by State Statute	3,617,882
Downtown District	255,346
Public Safety	343,673
Rolling Stock	969,307
Assigned for subsequent year's expenditures	<u>1,161,500</u>
Remaining fund balance	<u><u>\$ 8,013,074</u></u>

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

Encumbrances – General Fund	<u>\$ 272,150</u>
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Note 12—Interfund balances and transfers

A summary of interfund transfers follows:

	<u>General Fund</u>	<u>Downtown District Special Tax</u>	<u>Electric Fund</u>	<u>Cemetery Capital Reserve</u>	<u>General Capital Reserve</u>	<u>Total Transfers In</u>
Transfers In:						
General Fund	\$ -	\$ 60,654	\$ -	\$ 4,835	\$2,522,883	\$ 2,588,372
Wake Forest Renaissance Centre	137,903	-	-	-	-	137,903
Grants and Special Revenue	73,918	-	-	-	-	73,918
Park and Recreation Improvement	10,400	-	-	-	-	10,400
Street Improvements	59,656	-	-	-	-	59,656
GTP	46,500	-	-	-	-	46,500
Electric Capital Reserve	-	-	31,500	-	-	31,500
Electric Fund Capital Project	-	-	248,633	-	-	248,633
Total Transfers Out	<u>\$ 328,377</u>	<u>\$ 60,654</u>	<u>\$ 280,133</u>	<u>\$ 4,835</u>	<u>\$2,522,883</u>	<u>\$ 3,196,882</u>

TOWN OF WAKE FOREST, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

Note 12—Interfund balances and transfers (continued)

Balances advanced to/from other funds at June 30, 2016, consist of the following:

<u>Receivable Fund</u>	<u>Payable</u>	<u>Amount</u>
General Fund	Electric Fund	\$ 187,000

The amounts payable to the General Fund relate to working capital loans made to the Electric Fund. This loan to the Electric Fund is for the construction of the Electric Substation. The Electric Fund will make payments over the next four (3) years plus interest at 2.5% or it may prepay the loan in full within the five-year period.

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 supply purchase requirements, no local government participant has any obligation, entitlement, or residual interest. On July 31, 2015, the NCEMPA completed the sale of most of its electricity generating assets to Duke Energy. These proceeds were used to defease the NCEMPA’s outstanding revenue bonds. The NCEMPA entered into contractual agreements with its member cities and Duke Energy. Under these arrangements, the NCEMPA will supply wholesale power to its members and will purchase this power from Duke Energy. In addition to payments made for electric power, NCEMPA members will make payments for their share of the debt service on the NCEMPA’s new revenue bonds.

The Town’s gross purchases of power for the fiscal year ended June 30, 2016 were \$11,524,092.

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 monies.

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.

TOWN OF WAKE FOREST, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

Note 15—Merger of water and sewer system with the City of Raleigh (continued)

The accompanying statement of net position shows total notes receivable of \$583,611 due from the City of Raleigh related to this merger. The amount due from the City of Raleigh is shown as \$583,611 due within 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 \$342,033 related to the merger.

Note 16—Note receivable

The Town entered into an agreement with the Wireless Research Center of North Carolina whereby the Town would advance loan funds to the Wireless Research Center up to \$975,000 for the purpose of economic development. The loan funds are for the purpose of covering operating expenses during the startup period. As of June 30, 2016, the Town had advanced funding in the amount of \$888,699. This loan agreement was modified in March 2016. Under the original terms of the loan, interest only payments began January 1, 2012 and continued on the first day of each calendar month thereafter until December 31, 2016 at such time the entire outstanding principal balance was due. The terms of the loan modification, interest at the rate of 2.5% per annum with the balance of the loan in December 2016 to convert to a 10 year balloon payment with a 20 year amortization. Accordingly, the amounts advanced at June 30, 2016 have been recorded as noncurrent assets in the government-wide financial statements.

Note 17—Subsequent events

Management has evaluated subsequent events in connection with the preparation of the financial statements through the date the financial statements were available to be issued and determined that there was nothing to be reported.

TOWN OF WAKE FOREST, NORTH CAROLINA
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS

TEN YEARS ENDED DECEMBER 31, 2015

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)
12/31/2006	\$ -	\$ 266,027	\$ 266,027	0.00%	\$ 2,063,352	12.89%
12/31/2007	-	344,645	344,645	0.00%	2,519,495	13.68%
12/31/2008	-	435,525	435,525	0.00%	2,988,072	14.58%
12/31/2009	-	789,979	789,979	0.00%	3,419,561	23.10%
12/31/2010	-	755,126	755,126	0.00%	3,362,329	22.46%
12/31/2011	-	800,445	800,445	0.00%	3,366,249	23.78%
12/31/2012	-	960,167	960,167	0.00%	3,486,457	27.54%
12/31/2013	-	1,086,724	1,086,724	0.00%	3,742,024	29.04%
12/31/2014	-	1,203,060	1,203,060	0.00%	4,157,477	28.94%
12/31/2015	-	2,173,245	2,173,245	0.00%	4,591,100	47.34%

TOWN OF WAKE FOREST, NORTH CAROLINA
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS

TEN YEARS ENDED JUNE 30, 2016

<u>Year Ended</u> <u>June 30</u>	<u>Annual Required</u> <u>Contribution</u>	<u>Percentage</u> <u>Contribution</u>
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%
2012	107,991	30.10%
2013	114,951	0.00%
2014	133,249	0.00%
2015	168,132	2.73%
2016	189,747	2.42%

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, 2014
Actuarial cost method	Projected unit credit
Amortization method	Level dollar closed
Remaining amortization period	16 Years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	5.00%
Projected salary increases	4.25 - 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

FIVE YEARS ENDED DECEMBER 31, 2015

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)
2011	\$ -	\$ 9,402,161	\$9,402,161	0.00%	\$10,771,362	87.29%
2012	-	9,504,056	9,504,056	0.00%	11,159,640	85.16%
2013	-	10,291,047	10,291,047	0.00%	11,932,156	86.25%
2014	-	11,855,181	11,855,181	0.00%	11,768,783	100.73%
2015	-	13,684,549	13,684,549	0.00%	12,125,728	112.86%

TOWN OF WAKE FOREST, NORTH CAROLINA
RETIREMENT HEALTH PLAN
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS

FIVE YEARS ENDED JUNE 30, 2016

<u>Year Ended</u> <u>June 30</u>	<u>Annual Required</u> <u>Contribution</u>	<u>Percentage</u> <u>Contributed</u>
2012	\$ 961,132	11.75%
2013	991,006	16.03%
2014	980,909	15.16%
2015	1,049,970	20.15%
2016	1,187,855	16.83%

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, 2015
Actuarial cost method	Projected Unit Credit
Amortization method	Level Percent of Pay, Open
Remaining amortization period	30 years
Amortization factor	26.1695
Asset valuation method	Market Value of Assets
Actuarial assumptions:	
Investment rate of return	4.00%
Medical Cost Trend Rate	
Pre-Medicare cost trend rate	7.75 - 5.00%
Post-Medicare cost trend rate	5.75 - 5.00%
Year of Ultimate Trend Rate	2022
Includes inflation at	3.00%

TOWN OF WAKE FOREST, NORTH CAROLINA

**TOWN OF WAKE FOREST PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)
REQUIRED SUPPLEMENTARY INFORMATION**

LAST THREE FISCAL YEARS

Local Government Employees' Retirement System

	2016	2015	2014
Wake Forest's proportion of the net pension liability (asset) (%)	0.2321%	0.2308%	0.2236%
Wake Forest's proportion of the net pension liability (asset) (\$)	\$ 1,041,516	\$ (1,361,016)	\$ 2,695,239
Wake Forest's covered-employee payroll	\$11,768,783	\$11,932,156	\$ 11,159,640
Wake Forest's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	8.85%	-11.41%	24.15%
Plan fiduciary net position as a percentage of the total pension liability	98.09%	102.64%	94.35%

(1) The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30th.

(2) This will be the same percentage for all participant employers in the LGERS plan. Based on components of Net Pension Liability Calculation in LGERS most recent financial audit.

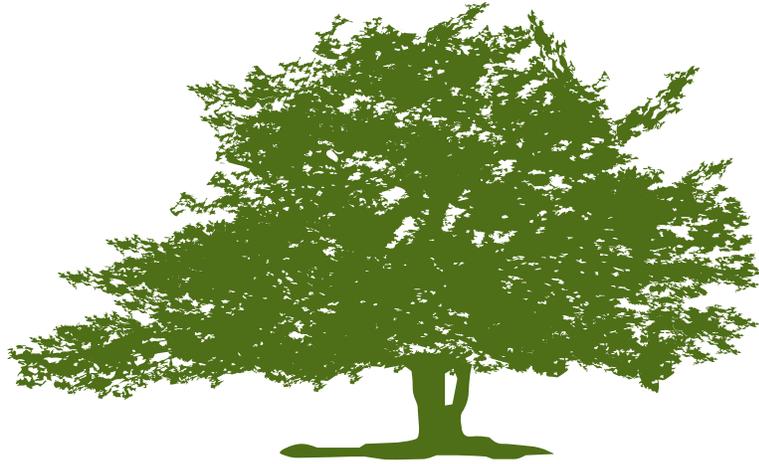
(3) During implementation in the fiscal year ending June 30, 2015 the covered payroll amounts were incorrectly reported. The reporting of these amounts have been corrected in the current fiscal year.

TOWN OF WAKE FOREST, NORTH CAROLINA
TOWN OF WAKE FOREST CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION

LAST THREE FISCAL YEARS

Local Government Employees' Retirement System

	2016	2015	2014
Contractually required contribution	\$ 878,135	\$ 897,824	\$ 869,753
Contributions in relation to the contractually required contribution	878,135	897,824	869,753
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Wake Forest's covered-employee payroll	\$12,125,728	\$11,768,783	\$11,932,156
Contributions as a percentage of covered-employee payroll	7.24%	7.63%	7.29%



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 YEAR ENDED JUNE 30, 2016

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015)

	2016		Variance Positive (Negative)	2015
	Budget	Actual		Actual
Revenues:				
Ad valorem taxes:				
Current year taxes	\$ 23,440,460	\$ 23,463,261	\$ 22,801	\$ 22,181,768
Prior years taxes	102,000	90,686	(11,314)	182,191
Penalties and interest	62,500	56,118	(6,382)	58,589
Total	23,604,960	23,610,065	5,105	22,422,548
Other taxes and licenses:				
Gross receipts tax on short-term rental property	63,000	64,894	1,894	47,957
Total	63,000	64,894	1,894	47,957
Unrestricted intergovernmental:				
Local option sales taxes	6,409,635	6,755,795	346,160	6,218,974
Beer and wine tax	146,500	146,483	(17)	154,318
Utility franchise tax				
Piped natural gas	74,570	81,371	6,801	39,560
Electricity	1,866,710	1,950,096	83,386	1,756,228
Telecommunications	103,655	110,161	6,506	129,774
Video Programming	300,100	399,189	99,089	409,887
Other unrestricted intergovernmental	21,005	21,683	678	30,729
Total	8,922,175	9,464,778	542,603	8,739,470
Restricted intergovernmental:				
Powell Bill allocation	836,025	836,028	3	810,220
County grants	75,680	75,676	(4)	75,676
State grants	-	(852)	(852)	93,855
Federal grants	10,900	(3,655)	(14,555)	5,097
Total	922,605	907,197	(15,408)	984,848
Permits and fees:				
Building permits	1,225,500	1,258,015	32,515	1,428,805
Fire inspection and prevention	19,800	21,314	1,514	21,242
Utility and street inspection fees	54,000	18,663	(35,337)	28,655
Vehicle licenses	498,500	423,335	(75,165)	456,573
Business registration fee	1,600	1,993	393	32,152
Other permits and fees	266,250	329,629	63,379	325,347
Total	2,065,650	2,052,949	(12,701)	2,292,774
Sales and services:				
Solid waste fees	172,500	149,647	(22,853)	158,371
Recreation fees	700,375	593,158	(107,217)	531,834
Cemetery	24,300	25,000	700	14,050
Other sales and services	100,250	102,366	2,116	75,105
Total	997,425	870,171	(127,254)	779,360

TOWN OF WAKE FOREST, NORTH CAROLINA

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2016

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015)

	2016		Variance Positive (Negative)	2015
	Budget	Actual		Actual
Miscellaneous:				
ABC revenue	\$ 142,910	\$ 164,896	\$ 21,986	\$ 148,533
Miscellaneous revenue	544,000	571,622	27,622	203,900
Total	686,910	736,518	49,608	352,433
Investment earnings	35,000	45,076	10,076	23,969
Total revenues	37,297,725	37,751,648	453,923	35,643,359
Expenditures:				
General government:				
Governing body:				
Salaries and employee benefits	223,575	208,894	14,681	202,474
Professional services	347,900	347,739	161	343,665
Contributions	95,840	86,565	9,275	121,000
Operating expenditures	112,175	110,108	2,067	85,004
Total	779,490	753,306	26,184	752,143
Administration:				
Salaries and employee benefits	378,880	376,396	2,484	356,773
Professional services	33,600	16,060	17,540	28,419
Operating expenditures	63,095	58,891	4,204	34,756
Total	475,575	451,347	24,228	419,948
Communications:				
Salaries and employee benefits	284,785	277,165	7,620	232,660
Operating expenditures	317,615	291,289	26,326	225,008
Total	602,400	568,454	33,946	457,668
Human Resources:				
Salaries and employee benefits	393,190	391,648	1,542	367,841
Professional services	12,150	2,488	9,662	1,526
Operating expenditures	134,920	120,187	14,733	117,176
Total	540,260	514,323	25,937	486,543
Downtown Development				
Salaries and employee benefits	92,130	89,854	2,276	77,612
Operating expenditures	147,930	125,004	22,926	61,726
Capital Outlay	26,000	25,730	270	-
Total	266,060	240,588	25,472	139,338
Finance:				
Salaries and employee benefits	766,940	760,790	6,150	903,584
Professional services	107,600	111,085	(3,485)	47,471
Operating expenditures	424,110	399,139	24,971	339,755
Capital outlay	25,000	8,160	16,840	27,327
Total	1,323,650	1,279,174	44,476	1,318,137

TOWN OF WAKE FOREST, NORTH CAROLINA

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2016

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015)

	2016		Variance Positive (Negative)	2015
	Budget	Actual		Actual
Management Information Systems:				
Salaries and employee benefits	\$ 508,390	\$ 506,527	\$ 1,863	\$ 469,090
Professional services	35,000	-	35,000	-
Operating expenditures	374,750	284,168	90,582	237,292
Capital outlay	283,500	273,791	9,709	23,091
Total	1,201,640	1,064,486	137,154	729,473
Inspections:				
Salaries and employee benefits	1,251,665	1,225,619	26,046	1,198,954
Operating expenditures	119,550	96,793	22,757	77,617
Capital outlay	30,250	30,246	4	21,321
Total	1,401,465	1,352,658	48,807	1,297,892
Planning:				
Salaries and employee benefits	785,310	733,050	52,260	699,625
Professional services	142,000	141,903	97	26,745
Operating expenditures	102,660	87,744	14,916	97,983
Total	1,029,970	962,697	67,273	824,353
Public buildings:				
Salaries and employee benefits	231,545	219,945	11,600	172,085
Professional services	121,800	35,503	86,297	22,248
Operating expenditures	1,446,181	1,263,695	182,486	1,177,328
Capital outlay	499,255	378,868	120,387	259,653
Total	2,298,781	1,898,011	400,770	1,631,314
Engineering:				
Salaries and employee benefits	679,870	674,620	5,250	681,326
Professional services	110,500	47,750	62,750	117,999
Operating expenditures	342,620	325,369	17,251	317,343
Contributions	10,000	10,000	-	10,000
Total	1,142,990	1,057,739	85,251	1,126,668
Public Works Administration:				
Salaries and employee benefits	122,760	122,264	496	129,698
Operating expenditures	36,460	32,305	4,155	28,960
Total	159,220	154,569	4,651	158,658
Fleet Maintenance:				
Salaries and employee benefits	327,570	324,324	3,246	288,447
Operating expenditures	107,200	75,636	31,564	88,471
Capital outlay	53,810	53,807	3	69,488
Total	488,580	453,767	34,813	446,406
Total general government	11,710,081	10,751,119	958,962	9,788,541

TOWN OF WAKE FOREST, NORTH CAROLINA

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2016

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015)

	2016		Variance Positive (Negative)	2015
	Budget	Actual		Actual
Public safety:				
Police:				
Salaries and employee benefits	\$ 6,865,350	\$ 6,790,959	\$ 74,391	\$ 6,541,176
Operating expenditures	1,552,700	1,269,778	282,922	1,357,033
Capital outlay	583,625	554,479	29,146	699,765
Total	<u>9,001,675</u>	<u>8,615,216</u>	<u>386,459</u>	<u>8,597,974</u>
Fire:				
Contributions to:				
Fire Department	7,254,120	7,254,103	17	4,674,218
Hazmat	14,000	13,921	79	13,958
Total	<u>7,268,120</u>	<u>7,268,024</u>	<u>96</u>	<u>4,688,176</u>
Total public safety	<u>16,269,795</u>	<u>15,883,240</u>	<u>386,555</u>	<u>13,286,150</u>
Transportation:				
Streets:				
Salaries and employee benefits	1,105,425	975,595	129,830	968,216
Professional services	7,500	-	7,500	391
Operating expenditures	1,121,450	1,007,235	114,215	1,018,299
Capital outlay	291,000	96,773	194,227	268,636
Total transportation	<u>2,525,375</u>	<u>2,079,603</u>	<u>445,772</u>	<u>2,255,542</u>
Environmental protection:				
Sanitation:				
Salaries and employee benefits	475,175	469,157	6,018	421,911
Contracted services	2,249,845	2,248,638	1,207	2,159,922
Operating expenditures	291,135	264,670	26,465	281,803
Capital outlay	416,930	416,926	4	113,457
Total environmental protection	<u>3,433,085</u>	<u>3,399,391</u>	<u>33,694</u>	<u>2,977,093</u>
Cultural and recreational:				
Parks and recreation:				
Salaries and employee benefits	1,593,180	1,518,297	74,883	1,546,592
Professional services	2,500	100	2,400	79,999
Operating expenditures	1,179,644	1,058,874	120,770	981,643
Capital outlay	255,455	5,680	249,775	226,873
Total cultural and recreational	<u>3,030,779</u>	<u>2,582,951</u>	<u>447,828</u>	<u>2,835,107</u>
Debt service:				
Bond principal	1,215,000	1,215,000	-	1,000,000
Bond interest	538,125	538,038	87	475,375
Installment note principal	2,885,045	2,884,020	1,025	2,795,093
Installment note interest	258,315	257,952	363	295,441
Total debt service	<u>4,896,485</u>	<u>4,895,010</u>	<u>1,475</u>	<u>4,565,909</u>
Total expenditures	<u>41,865,600</u>	<u>39,591,314</u>	<u>2,274,286</u>	<u>35,708,342</u>
Revenues under expenditures	<u>(4,567,875)</u>	<u>(1,839,666)</u>	<u>(1,820,363)</u>	<u>(64,983)</u>

TOWN OF WAKE FOREST, NORTH CAROLINA

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2016

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015)

	2016		Variance Positive (Negative)	2015
	Budget	Actual		Actual
Other financing sources (uses):				
Transfers in (out):				
Downtown District Special Tax	\$ 151,725	\$ 60,654	\$ (91,071)	\$ 66,595
General Fund	-	-	-	(92,931)
Wake Forest Renaissance Centre	(137,900)	(137,902)	(2)	-
Police Department Special Revenue Fund	26,000	-	(26,000)	36,000
Grant & Special Revenue Fund	(77,115)	(73,918)	3,197	-
General Capital Reserve	2,465,005	2,522,884	57,879	-
Parks & Recreation Capital Improvement	(10,400)	(10,400)	-	-
Cemetery Fund Capital Reserve	600	4,835	4,235	30,419
Street Improvements Fund	(61,035)	(59,656)	1,379	-
Greenways, Trails & Pedestrian Access	(46,500)	(46,500)	-	-
Recreation Capital Reserve	205,000	-	(205,000)	51,933
Installment note issuance	871,700	871,700	-	792,750
Proceeds from settlement	-	-	-	507,768
Appropriated fund balance	1,115,695	-	(1,115,695)	-
Total other financing sources (uses)	4,502,775	3,131,697	(1,371,078)	1,392,534
Net change in fund balance	(65,100)	1,292,031	(3,191,441)	1,327,551
Debt refunding:				
Principal payments	-	(5,060,000)	(5,060,000)	
Refunding bonds issued	65,100	5,125,057	5,059,957	
	<u>\$ -</u>		<u>\$ (3,191,484)</u>	
Fund balance - Beginning of year		<u>12,471,941</u>		<u>11,144,390</u>
Fund balance - End of year		<u>\$ 13,829,029</u>		<u>\$ 12,471,941</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 YEAR ENDED JUNE 30, 2016

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015)

	2016		Variance Positive (Negative)	2015
	Budget	Actual		Actual
Revenues:				
Ad valorem taxes	\$ 71,400	\$ 71,843	\$ (443)	\$ 73,705
Investment earnings	425	632	(207)	159
Total revenues	71,825	72,475	(650)	73,864
Other financings sources (uses):				
Transfers out:				
General Fund	71,825	60,654	11,171	66,595
Total other financing sources (uses):	71,825	60,654	11,171	66,595
Net change in fund balance	\$ -	11,821	\$ 11,821	7,269
Fund Balances:				
Beginning of year		243,525		236,256
End of year		\$ 255,346		\$ 243,525

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 YEAR ENDED JUNE 30, 2016

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015)

	2016		Variance Positive (Negative)	2015
	Budget	Actual		Actual
Revenues:				
Donations	\$ 16,100	\$ 16,407	\$ 307	\$ 9,265
Forfeited currency				
Federal Asset Forfeiture	8,000	22,102	14,102	33,557
State Controlled Substances Tax	1,000	1,129	129	2,145
Investment earnings	500	699	199	182
Miscellaneous	6,000	5,990	(10)	20,211
Total revenues	31,600	46,327	14,727	65,360
Other financing uses:				
Transfers out:				
General Fund:				
Federal Asset Forfeiture	8,000	-	(8,000)	(36,000)
State Controlled Substances Tax	1,000	-	(1,000)	-
Miscellaneous	6,500	-	(6,500)	-
Donations	16,100	-	(16,100)	-
	31,600	-	(31,600)	(36,000)
Net change in fund balance	\$ -	46,327	\$ 46,327	29,360
Fund Balances:				
Beginning of year		297,346		267,986
End of year		\$ 343,673		\$ 297,346
Project Reconciliation:				
Federal Asset Forfeiture	\$ 70,153		\$ 48,049	
State Controlled Substances Tax	61,768		60,639	
Miscellaneous Projects	94,803		88,116	
Donations	116,949		100,542	
	\$ 343,673		\$ 297,346	

TOWN OF WAKE FOREST, NORTH CAROLINA
SPECIAL REVENUE FUND
WAKE FOREST RENAISSANCE CENTRE
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2016

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015)

	2016		Variance Positive (Negative)	2015
	Budget	Actual		Actual
Revenues:				
Sales and services	\$ 114,500	\$ 97,262	\$ (17,238)	\$ 68,224
Donations	20,000	1,810	(18,190)	-
Miscellaneous	500	1,725	1,225	-
Events revenue	75,000	66,189	(8,811)	72,206
Total revenues	210,000	166,986	(43,014)	140,430
Expenditures:				
Personnel	157,115	137,903	(19,212)	-
Operating expenses	215,500	150,980	(64,520)	124,818
Capital Outlay	9,100	9,080	(20)	-
Total expenditures	381,715	297,963	(83,752)	124,818
Revenues over (under) expenditures	(171,715)	(130,977)	40,738	15,612
Other Financing Uses:				
Transfer in:				
General Fund	171,715	137,903	33,812	-
Total other financing sources	171,715	137,903	33,812	-
Net change in fund balance	\$ -	6,926	\$ 6,926	15,612
Fund balances:				
Beginning of year		15,784		172
End of year		\$ 22,710		\$ 15,784

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 YEAR ENDED JUNE 30, 2016

	<u>Project Authorization</u>	<u>Actual</u>		<u>Total to Date</u>
		<u>Prior Years</u>	<u>Current Year</u>	
Revenues:				
Payments in lieu	\$ 488,220	\$ 604,071	\$ 176,483	\$ 780,554
Greenway fees	20,690	19,606	-	19,606
Fire Impact Fees	2,435,000	3,001,969	525,203	3,527,172
Investment earnings	160,000	156,368	5,383	161,751
Donations	205,000	204,930	-	204,930
Development proceeds	86,560	86,560	-	86,560
Total revenues	<u>3,395,470</u>	<u>4,073,504</u>	<u>707,069</u>	<u>4,780,573</u>
Other financing sources (uses):				
Transfers in (out):				
General Fund	49,309	11,715	-	11,715
General Fund				
Fire Department	(3,025,875)	(715,068)	(2,522,883)	(3,237,951)
Other	(418,904)	(311,340)	-	(311,340)
Capital Projects Fund	-	-	-	-
Total other financing sources (uses)	<u>(3,395,470)</u>	<u>(1,014,693)</u>	<u>(2,522,883)</u>	<u>(3,537,576)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 3,058,811</u>	<u>(1,815,814)</u>	<u>\$ 1,242,997</u>
Fund balances:				
Beginning of year			<u>3,058,811</u>	
End of year			<u>\$ 1,242,997</u>	

TOWN OF WAKE FOREST, NORTH CAROLINA

CAPITAL PROJECTS FUND

GREENWAY TRANSPORTATION PEDESTRIAN ACCESS

SCHEDULE OF REVENUES, EXPENDITURES, AND

CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2016

	Project Authorization	Actual		Total to Date
		Prior Years	Current Year	
Revenues:				
Federal grants				
Smith and Sanford Creek Greenway	\$ 2,737,785	\$ 496,894	\$ 10,636	\$ 507,530
Priority Pedestrian Corridors	1,457,000	199,371	38,905	238,276
Connector	365,440	75,539	2,905	78,444
Ligon Mill Road - Operational Improvements	2,028,000	104,678	-	104,678
Stadium Drive - Complete Streets	3,562,400	234,400	57,589	291,989
Sub-total federal grants	10,150,625	1,110,882	110,035	1,220,917
Investment earnings				
Smith and Sanford Creek Greenway	-	80	1,961	2,041
Priority Pedestrian Corridors	-	38	951	989
Connector	-	9	258	267
Forestville Road Pedestrian Underpass	-	8	196	204
Greenway and Park Signage	-	42	1,030	1,072
Ligon Mill Road Operation Improvements	-	98	2,473	2,571
W. Oak Avenue Pedestrian Underpass	-	20	492	512
Burlington Mills Road Landscape	-	58	374	432
Dunn Creek Greenway - Boardwalk Rehab	-	47	1,145	1,192
Richland Creek Greenway	-	-	74	74
Traffic Signals - Franklin Street	-	10	232	242
Road/Heritage Club	-	-	32	32
Wake Forest Reservoir	-	93	2,290	2,383
Miscellaneous Greenway - TBD	-	-	983	983
Sub-total investment earnings	-	503	12,491	12,994
Payment in Lieu of Taxes (PILOT)				
Ligon Mill Road Operation Improvements	-	-	128,314	128,314
	-	-	128,314	128,314
Miscellaneous Revenues				
Ligon Mill Additional Services	-	-	551	551
Ligon Mill Road Operation Improvements	-	-	3	3
Underpass	-	-	20,450	20,450
Other Miscellaneous	-	561	(551)	10
Sub-total miscellaneous revenues	-	561	20,453	21,014
Sales Tax Refund				
Smith and Sanford Creek Greenway	4,150	-	-	-
Sub-total sales tax refund	4,150	-	-	-
Total revenues	10,154,775	1,111,946	271,293	1,383,239

TOWN OF WAKE FOREST, NORTH CAROLINA

CAPITAL PROJECTS FUND

GREENWAY TRANSPORTATION PEDESTRIAN ACCESS

SCHEDULE OF REVENUES, EXPENDITURES, AND

CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2016

	Project Authorization	Actual		Total to Date
		Prior Years	Current Year	
Expenditures:				
Capital outlay:				
Smith Creek/Sanford Creek Greenway	\$ 3,754,935	\$ 640,505	\$ 10,915	\$ 651,420
Other improvements				
Priority Pedestrian Corridors	1,822,000	257,284	48,631	305,915
Connector	462,000	96,657	3,632	100,289
Stadium Drive Complete Streets	4,495,620	387,369	79,512	466,881
Forestville Road Pedestrian Underpass	349,000	1,664	347,523	349,187
Greenway and Park Signage	410,000	58,939	45,344	104,283
Ligon Mill Road Operational Improvement	2,924,555	194,571	95,933	290,504
W. Oak Avenue Pedestrian Underpass	168,000	4,171	-	4,171
Burlington Mills Road Landscape	145,000	63,761	21,353	85,114
Dunn Creek Greenway - Boardwalk Rehab	512,000	9,932	29,908	39,840
Richland Creek Greenway	25,000	24,067	4,470	28,537
Traffic Signals - Franklin Street	90,000	52,235	-	52,235
Wake Forest Reservoir	800,000	86,074	79,804	165,878
Planning Greenways - Future Projects	1,730,000	-	-	-
Planning Roadways - Future Projects	1,925,000	-	-	-
Planning Sidewalkes - Future Projects	800,000	-	-	-
Other Miscellaneous	2,005,000	52,894	(7,290)	45,604
Sub-total other improvements	18,663,175	1,289,618	748,820	2,038,438
Total expenditures	22,418,110	1,930,123	759,735	2,689,858
Revenues under expenditures	(12,263,335)	(818,177)	(488,442)	(1,306,619)
Other financing sources:				
Transfers in:				
General Capital Reserve Fund				
Ligon Mill Road Operational Improvements	-	33,869	-	33,869
Forestville Road - Pedestrian Underpass	282,000	-	-	-
Stadium Drive Complete Streets	51,915	-	-	-
Sub-total General Capital Reserve Fund	333,915	33,869	-	33,869
General Fund				
Smith and Sanford Creek Greenway	328,000	-	46,500	46,500
Priority Pedestrian Corridors	40,000	-	-	-
Connector	5,560	-	-	-
Greenway and Park Signage	50,000	50,000	-	50,000
Ligon Mill Road Operational Improvements	52,555	-	-	-
Stadium Drive Complete Streets	441,305	-	-	-
Dunn Creek Greenway - Boardwalk Rehab	112,000	-	-	-
Sub-total General Fund	1,029,420	50,000	46,500	96,500

TOWN OF WAKE FOREST, NORTH CAROLINA

CAPITAL PROJECTS FUND

GREENWAY TRANSPORTATION PEDESTRIAN ACCESS

SCHEDULE OF REVENUES, EXPENDITURES, AND

CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2016

	Project Authorization	Actual		Total to Date
		Prior Years	Current Year	
Bond Proceeds				
Smith and Sanford Creek Greenway	\$ 685,000	\$ 692,512	\$ (4,057)	\$ 688,455
Priority Pedestrian Corridors	325,000	328,564	(1,925)	326,639
Dunn Creek Greenway - Downtown Connector	91,000	90,987	11,967	102,954
Forestville Road - Pedestrian Underpass	67,000	67,735	(397)	67,338
Greenway and Park Signage	360,000	363,948	(2,132)	361,816
Ligon Mill Road - Operational Improvements	844,000	854,266	(5,005)	849,261
W. Oak Avenue - Pedestrian Underpass	168,000	169,842	(995)	168,847
Dunn Creek Greenway - Boardwalk Rehab	400,000	404,386	(2,369)	402,017
Traffic Signals - Franklin Street	90,000	90,987	(38,994)	51,993
Traffic Signals - Heritage Lake Road/Heritage Club	-	-	38,461	38,461
Wake Forest Reservoir	800,000	808,773	(4,740)	804,033
Richland Creek Greenway	25,000	-	28,536	28,536
Burlington Mills Road Landscape	145,000	-	128,964	128,964
Stadium Drive Complete Streets	440,000	-	-	-
Planning Greenways - Future Projects	1,730,000	-	-	-
Planning Roadways - Future Projects	1,925,000	-	-	-
Planning Sidewalks - Future Projects	800,000	-	-	-
Miscellaneous Greenway - TBD	2,005,000	479,835	(146,789)	333,046
Sub-total Bonds Proceeds	<u>10,900,000</u>	<u>4,351,835</u>	<u>525</u>	<u>4,352,360</u>
Total other financing sources	<u>12,263,335</u>	<u>4,435,704</u>	<u>47,025</u>	<u>4,482,729</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 3,617,527</u>	<u>(441,417)</u>	<u>\$ 3,176,110</u>
Fund balances:				
Beginning of year			<u>3,617,527</u>	
End of year			<u>\$ 3,176,110</u>	

TOWN OF WAKE FOREST, NORTH CAROLINA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET

JUNE 30, 2016

	Capital Project Funds		Total Capital Projects Funds	Special Revenue Fund		Total Special Revenue Funds	Total Nonmajor Governmental Funds
	Recreation Capital Reserve	Cemetery Capital Reserve		Futures Fund	Grants and Special Revenue Funds		
Assets							
Cash and cash equivalents	\$ 1,665,395	\$ 69,372	\$ 1,734,767	\$ 1,030,500	\$ -	\$ 1,030,500	\$ 2,765,267
Restricted cash and cash equivalents	-	-	-	-	2,139	2,139	2,139
Accounts receivable	-	-	-	-	9,603	9,603	9,603
Total assets	<u>\$ 1,665,395</u>	<u>\$ 69,372</u>	<u>\$ 1,734,767</u>	<u>\$ 1,030,500</u>	<u>\$ 11,742</u>	<u>\$ 1,042,242</u>	<u>\$ 2,777,009</u>
Liabilities and fund balances							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fund balances:							
Restricted:							
Planning	-	-	-	-	10,000	10,000	10,000
Parks & Recreation	-	-	-	-	1,742	1,742	1,742
Committed:							
Economic development	-	-	-	1,030,500	-	1,030,500	1,030,500
Assigned:							
Recreation improvements	1,665,395	-	1,665,395	-	-	-	1,665,395
Cemetery improvements	-	69,372	69,372	-	-	-	69,372
Total fund balances	<u>1,665,395</u>	<u>69,372</u>	<u>1,734,767</u>	<u>1,030,500</u>	<u>11,742</u>	<u>1,042,242</u>	<u>2,777,009</u>
Total liabilities and fund balances	<u>\$ 1,665,395</u>	<u>\$ 69,372</u>	<u>\$ 1,734,767</u>	<u>\$ 1,030,500</u>	<u>\$ 11,742</u>	<u>\$ 1,042,242</u>	<u>\$ 2,777,009</u>

TOWN OF WAKE FOREST, NORTH CAROLINA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 2016

	Capital Project Funds				Total Capital Projects Funds	Special Revenue Funds		Total Grants and Special Revenue Funds	Total Nonmajor Governmental Funds
	Recreation Capital Reserve	Cemetery Capital Reserve	Street Improvements	Parks and Recreation Improvements		Futures Fund	Grants and Special Revenue Funds		
Revenues:									
Investment earnings	\$ 3,256	\$ 159	\$ 350	\$ -	\$ 3,765	\$ 83,650	\$ -	\$ 83,650	\$ 87,415
Federal grant	-	-	-	-	-	-	7,861	7,861	7,861
State grant	-	-	110,000	-	110,000	-	4,000	4,000	114,000
Impact fees	296,923	-	-	-	296,923	-	-	-	296,923
Miscellaneous	-	-	48,959	-	48,959	-	14,241	14,241	63,200
Total revenues	<u>300,179</u>	<u>159</u>	<u>159,309</u>	<u>-</u>	<u>459,647</u>	<u>83,650</u>	<u>26,102</u>	<u>109,752</u>	<u>569,399</u>
Expenditures:									
Capital outlay	-	-	412,988	10,400	423,388	-	88,278	88,278	511,666
Revenues over (under) expenditures	<u>300,179</u>	<u>159</u>	<u>(253,679)</u>	<u>(10,400)</u>	<u>36,259</u>	<u>83,650</u>	<u>(62,176)</u>	<u>21,474</u>	<u>57,733</u>
Other financing sources (uses):									
Transfers in	-	-	59,656	10,400	70,056	-	73,918	73,918	143,974
Transfers out	-	(4,835)	-	-	(4,835)	-	-	-	(4,835)
Net change in fund balances	<u>300,179</u>	<u>(4,676)</u>	<u>(194,023)</u>	<u>-</u>	<u>101,480</u>	<u>83,650</u>	<u>11,742</u>	<u>95,392</u>	<u>196,872</u>
Fund balances:									
Beginning of year	1,365,216	74,048	194,023	-	1,633,287	946,850	-	946,850	2,580,137
End of year	<u>\$ 1,665,395</u>	<u>\$ 69,372</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,734,767</u>	<u>\$ 1,030,500</u>	<u>\$ 11,742</u>	<u>1,042,242</u>	<u>\$ 2,777,009</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 YEAR ENDED JUNE 30, 2016

	<u>Project Authorization</u>	<u>Actual</u>		<u>Total to Date</u>
		<u>Prior Years</u>	<u>Current Year</u>	
Revenues:				
Payments in lieu	\$ 318,212	\$ 318,211	\$ -	\$ 318,211
Impact fees	3,489,600	4,076,915	296,923	4,373,838
Investment earnings	330,000	325,209	3,256	328,465
Miscellaneous	1,000	932	-	932
Donations	31,100	30,973	-	30,973
Total revenues	<u>4,169,912</u>	<u>4,752,240</u>	<u>300,179</u>	<u>5,052,419</u>
Other financing sources (uses):				
Transfers in (out):				
General Fund	551,632	525,578	-	525,578
General Fund	(1,083,544)	(641,790)	-	(641,790)
Capital Project Fund	<u>(3,638,000)</u>	<u>(3,270,812)</u>	<u>-</u>	<u>(3,270,812)</u>
Total financing sources (uses)	<u>(4,169,912)</u>	<u>(3,387,024)</u>	<u>-</u>	<u>(3,387,024)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 1,365,216</u>	300,179	<u>\$ 1,665,395</u>
Fund balances:				
Beginning of year			<u>1,365,216</u>	
End of year			<u>\$ 1,665,395</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 YEAR ENDED JUNE 30, 2016

	<u>Project Authorization</u>	<u>Actual</u>		<u>Total to Date</u>
		<u>Prior Years</u>	<u>Current Year</u>	
Revenues:				
Donations	\$ 150,000	\$ 143,490	\$ -	\$ 143,490
Investment earnings	115,000	112,060	159	112,219
Miscellaneous	-	9	-	9
Total revenues	<u>265,000</u>	<u>255,559</u>	<u>159</u>	<u>255,718</u>
Other financing uses				
Transfer out:				
General Fund	<u>(265,000)</u>	<u>(181,511)</u>	<u>(4,835)</u>	<u>(186,346)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 74,048</u>	<u>(4,676)</u>	<u>\$ 69,372</u>
Fund balances:				
Beginning of year			<u>74,048</u>	
End of year			<u>\$ 69,372</u>	

TOWN OF WAKE FOREST, NORTH CAROLINA
CAPITAL PROJECTS FUNDS
STREET IMPROVEMENTS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2016

	Project Authorization	Actual		Total to Date
		Prior Years	Current Year	
Revenues:				
Sales tax refund	\$ 45,250	\$ 44,667	\$ -	\$ 44,667
State grant	110,000	-	110,000	110,000
Investment earnings	5,175	4,853	350	5,203
Miscellaneous revenue	93,835	93,831	48,959	142,790
Sub-total revenues	254,260	143,351	159,309	302,660
Less closed projects	-	31,170	-	31,170
Total revenues	254,260	112,181	159,309	271,490
Expenditures:				
Capital outlay:				
Professional services	207,800	178,924	28,872	207,796
Capital outlay-land	55,070	55,070	-	55,070
Capital outlay-improvements	6,463,955	6,015,334	384,116	6,399,450
Sub-total expenditures	6,726,825	6,249,328	412,988	6,662,316
Less closed projects	-	5,802,636	-	5,802,636
Total expenditures	6,726,825	446,692	412,988	859,680
Revenues under expenditures	(6,472,565)	(334,511)	(253,679)	(588,190)
Other financing sources:				
Transfer in:				
General Fund	172,565	-	59,656	59,656
Installment note issuance	6,300,000	6,300,000	-	6,300,000
Sub-total other financing sources	6,472,565	6,300,000	59,656	6,359,656
Less closed projects	-	5,771,466	-	5,771,466
Total other financing sources	6,472,565	528,534	59,656	588,190
Net change in fund balance	\$ -	\$ 194,023	(194,023)	\$ -
Fund balances:				
Beginning of year			194,023	
End of year			\$ -	

TOWN OF WAKE FOREST, NORTH CAROLINA

Schedule 12

CAPITAL PROJECTS FUND

PARKS AND RECREATION IMPROVEMENTS

SCHEDULE OF REVENUES, EXPENDITURES, AND

CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2016

	Project Authorization	Actual		Total to Date
		Prior Years	Current Year	
Revenues:				
Total revenues	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Capital outlay:				
Professional services				
Northern Wake Senior Center Expansion	300,000	-	10,400	10,400
Joyner Park Development	750,000	-	-	-
Subtotal	1,050,000	-	10,400	10,400
Capital outlay-improvements				
Northern Wake Senior Center Expansion	2,800,000	-	-	-
Joyner Park Development	10,350,000	-	-	-
Subtotal	13,150,000	-	-	-
Total expenditures	14,200,000	-	10,400	10,400
Revenues under expenditures	(14,200,000)	-	(10,400)	(10,400)
Other financing sources:				
Bond Proceeds				
Northern Wake Senior Center Expansion	3,100,000	-	-	-
Joyner Park Development	11,100,000	-	-	-
Total Bond Proceeds	14,200,000	-	-	-
Transfer in - General Fund				
Northern Wake Senior Center Expansion	-	-	10,400	10,400
Total Transfer In - General Fund	-	-	10,400	10,400
Total other financing sources	14,200,000	-	10,400	10,400
Net change in fund balance	\$ -	\$ -	-	\$ -
Fund balances:				
Beginning of Year			-	
End of Year			\$ -	

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 YEAR ENDED JUNE 30, 2016

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015)

	2016		Variance Positive (Negative)	2015
	Budget	Actual		Actual
Revenues:				
Investment earnings	\$ 70,000	\$ 83,650	\$ 13,650	\$ 23,399
Expenditures:				
Professional services	70,000	-	70,000	-
Total expenditures	70,000	-	70,000	-
Revenues over (under) expenditures	\$ -	83,650	\$ 83,650	23,399
Fund balances:				
Beginning of year		946,850		923,451
End of year		\$ 1,030,500		\$ 946,850

TOWN OF WAKE FOREST, NORTH CAROLINA
SPECIAL REVENUE FUND
GRANTS AND SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2016

	Project Authorization	Actual		Total to Date
		Prior Years	Current Year	
Revenues:				
Restricted Intergovernmental:				
Federal Grants				
Police Department	\$ 13,500	\$ -	\$ 7,861	\$ 7,861
State Grants				
Planning	4,000	-	4,000	4,000
Total Restricted Intergovernmental	17,500	-	11,861	11,861
Miscellaneous Revenues:				
Park, Recreation and Cultural Resources	-	-	1,741	1,741
Donations:				
Planning Department	10,000	-	10,000	10,000
Park, Recreation and Cultural Resources	-	-	2,500	2,500
Total Donations	10,000	-	12,500	12,500
Total revenues	27,500	-	26,102	26,102
Expenditures:				
Operations:				
Police Department	27,000	-	15,721	15,721
Planning Department	17,000	-	6,885	6,885
Park, Recreation and Cultural Resources	267,500	-	-	-
Subtotal - Operations	311,500	-	22,606	22,606
Capital Outlay:				
Park, Recreation and Cultural Resources	66,000	-	65,672	65,672
Subtotal - Capital Outlay	66,000	-	65,672	65,672
Total expenditures	377,500	-	88,278	88,278
Revenues under expenditures	(350,000)	-	(62,176)	(62,176)

TOWN OF WAKE FOREST, NORTH CAROLINA
SPECIAL REVENUE FUND
GRANTS AND SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2016

	<u>Project Authorization</u>	<u>Actual</u>		<u>Total to Date</u>
		<u>Prior Years</u>	<u>Current Year</u>	
Other financing sources:				
Transfer in - General Fund				
Police Department	13,500	-	7,861	7,861
Planning Department	3,000	-	2,885	2,885
Park, Recreation and Cultural Resources	63,500	-	63,172	63,172
Total Transfer In - General Fund	<u>80,000</u>	<u>-</u>	<u>73,918</u>	<u>73,918</u>
Capital Contributions	270,000	-	-	-
Total other financing sources	<u>350,000</u>	<u>-</u>	<u>73,918</u>	<u>73,918</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	11,742	<u>\$ 11,742</u>
Fund balances:				
Beginning of Year			-	
End of Year			<u>\$ 11,742</u>	

TOWN OF WAKE FOREST, NORTH CAROLINA
ELECTRIC FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON - GAAP)

FOR THE YEAR ENDED JUNE 30, 2016

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015)

	2016		Variance Positive (Negative)	2015
	Budget	Actual		Actual
Revenues:				
Operating revenues:				
Charges for services	\$ 19,116,355	\$ 18,517,223	\$ (599,132)	\$ 18,071,564
Other operating revenues				
Sales tax	1,320,855	1,311,558	(9,297)	1,305,577
Reconnect charges	125,000	117,292	(7,708)	124,414
Miscellaneous	67,500	81,476	13,976	54,533
Total operating revenues	20,629,710	20,027,549	(602,161)	19,556,088
Nonoperating revenues:				
Investment earnings	4,500	7,346	2,846	2,298
Sale of assets	78,500	20,694	(57,806)	108,031
Total nonoperating revenues	83,000	28,040	(54,960)	110,329
Total revenues	20,712,710	20,055,589	(657,121)	19,666,417
Expenditures:				
Electric operations:				
Salaries and employee benefits	2,715,810	2,635,578	80,232	2,450,571
Power purchases for resale	12,804,275	11,524,092	1,280,183	13,188,179
Utility sales tax	2,024,050	2,023,172	878	1,955,133
Repairs and maintenance	196,950	166,473	30,477	151,431
Other operating expenditures	789,105	667,771	121,334	657,626
Total electric operations	18,530,190	17,017,086	1,513,104	18,402,940
Debt service:				
Principal retirement	440,190	437,650	2,540	443,599
Interest and fees	87,195	89,688	(2,493)	85,475
Total debt service	527,385	527,338	47	529,074
Capital outlay	1,375,000	1,125,164	249,836	863,722
Total expenditures	20,432,575	18,669,588	1,762,987	19,795,736
Revenues over expenditures	280,135	1,386,001	(1,105,866)	(129,319)

TOWN OF WAKE FOREST, NORTH CAROLINA
ELECTRIC FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON - GAAP)

FOR THE YEAR ENDED JUNE 30, 2016

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015)

	2016		Variance Positive (Negative)	2015
	Budget	Actual		Actual
Other financing sources (uses):				
Transfer in (out):				
Electric capital reserve fund	\$ (31,500)	\$ (31,500)	\$ -	\$ -
Substation and street lighting capital project fund	(248,635)	(248,633)	(2)	(1,507,327)
Total other financing sources (uses)	(280,135)	(280,133)	(2)	(1,507,327)
Revenues over expenditures and other financing uses	\$ -	1,105,868	\$ (1,105,868)	(1,636,646)
Reconciliation from budgetary basis (modified accrual) to full accrual:				
Reconciling items:				
Depreciation		(1,030,270)		(993,237)
Capital outlay		1,125,164		863,722
Capitalized interest		36,935		-
Interfund transfers		280,133		1,539,022
Principal retirement		437,650		443,599
Book value of disposed asset		-		1,804
Increase/(Decrease) in inventory		62,854		(3,299)
Increase/(Decrease) in accrued interest		4,208		(5,234)
Decrease in accrued vacation pay		12,272		9,056
Increase in pension expense		(81,422)		(12,710)
Deferred outflows of resources for contributions made to pension plan in current fiscal year		79,215		83,893
Increase in accrued other postemployment benefits		(149,801)		(127,153)
Capital project funds:				
Miscellaneous Revenue		-		1,177
Investment earnings		836		313
Total reconciling items		777,774		1,800,953
Change in net position	\$	1,883,642	\$	164,307

TOWN OF WAKE FOREST, NORTH CAROLINA
WATER AND SEWER FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON - GAAP)

FOR THE YEAR ENDED JUNE 30, 2016

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015)

	2016			2015
	Budget	Actual	Variance Positive (Negative)	Actual
Revenues:	\$ 1,873,925	\$ -	\$ (1,873,925)	\$ -
Expenditures:				
Debt service:				
Principal retirement	594,730	594,727	(3)	594,727
Interest and fees	30,070	30,071	1	46,435
Total debt service	624,800	624,798	(2)	641,162
Revenues over (under) expenditures	1,249,125	(624,798)	(1,873,923)	(641,162)
Other financing sources (uses):				
Transfers in (out):				
To City of Raleigh	(1,873,925)	-	1,873,925	-
From City of Raleigh	624,800	624,798	(2)	641,162
Total other financing sources (uses)	(1,249,125)	624,798	1,873,923	641,162
Revenues and other financing sources under expenditures and other financing uses	\$ -	-	\$ -	-
Reconciliation from budgetary basis (modified accrual) to full accrual:				
Reconciling items:				
Principal retirement		594,727		594,727
Decrease in accrued interest		2,310		2,390
Principal payments of note receivable from City of Raleigh		(594,727)		(594,727)
Total reconciling items		2,310		2,390
Change in net position		\$ 2,310		\$ 2,390

TOWN OF WAKE FOREST, NORTH CAROLINA
ELECTRIC CAPITAL PROJECTS FUND CAPITAL RESERVE
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON - GAAP)

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2016

	Project Authorization	Actual		Total to Date
		Prior Years	Current Year	
Revenues:				
Investment earnings	\$ 170,000	\$ 170,249	\$ 794	\$ 171,043
Other financing sources (uses):				
Transfers in (out)				
Electric Fund	830,000	727,144	31,500	758,644
Capital Project Fund	-	(31,695)	-	(31,695)
Electric Fund	(1,000,000)	(496,500)	-	(496,500)
Total other financing sources (uses)	(170,000)	198,949	31,500	230,449
Revenues and other financing sources over other financing uses	\$ -	\$ 369,198	\$ 32,294	\$ 401,492

TOWN OF WAKE FOREST, NORTH CAROLINA
SUBSTATION AND STREET LIGHTING CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON - GAAP)

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2016

	Project Authorization	Actual		Total to Date
		Prior Years	Current Year	
Revenues:				
Sales Tax Refund	\$ -	\$ 1,177	\$ -	\$ 1,177
Investment earnings	500	92	42	134
Total revenues	500	1,269	42	1,311
Expenditures:				
Professional service	205,000	194,183	6,781	200,964
Capital outlay - improvements	325,000	114,810	19,570	134,380
Capital outlay - system improvements	2,525,000	2,321,350	223,502	2,544,852
Total expenditures	3,055,000	2,630,343	249,853	2,880,196
Revenues over expenditures	(3,054,500)	(2,629,074)	(249,811)	(2,878,885)
Other financing sources (uses):				
Transfers in (out)				
Capital Reserve Fund	100,000	-	-	-
Electric Fund	2,954,500	2,630,252	248,633	2,878,885
Total other financing sources (uses)	3,054,500	2,630,252	248,633	2,878,885
Revenues and other financing sources over other financing uses	\$ -	\$ 1,178	\$ (1,178)	\$ -

TOWN OF WAKE FOREST, NORTH CAROLINA
SCHEDULE OF AD VALOREM TAXES RECEIVABLE

JUNE 30, 2016

Fiscal Year	Uncollected Balance June 30, 2015	Additions	Collections And Credits	Uncollected Balance June 30, 2016
2015-2016	\$ -	\$ 23,561,063	\$ 23,523,354	\$ 37,709
2014-2015	43,678	-	28,361	15,317
2013-2014	33,722	-	13,753	19,969
2012-2013	23,521	-	7,492	16,029
2011-2012	23,074	-	3,069	20,005
2010-2011	18,387	-	991	17,396
2009-2010	(1,330)	-	1,182	(2,512)
2008-2009	19,433	-	392	19,041
2007-2008	16,574	-	641	15,933
2006-2007	12,782	-	(57)	12,839
2005-2006	8,281	-	8,281	-
	\$ 198,122	\$ 23,561,063	\$ 23,587,459	171,725
				(63,515)
				\$ 108,210
				\$ 194,337
				(29,434)
				(56,694)
				\$ 108,210
Revenue reconciliation:				
			\$ 23,610,065	
			25,232	
			8,281	
			(56,118)	
			\$ 23,587,459	

TOWN OF WAKE FOREST, NORTH CAROLINA
ANALYSIS OF CURRENT TAX LEVY
TOWN-WIDE LEVY

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Town - Wide		Total Levy		
	Property Valuation	Rate	Total Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current year's rate	\$ 4,529,109,285	0.52	\$ 23,551,368	\$ 21,621,881	\$ 1,929,487
Penalties	-		11,934	11,934	-
Total	4,529,109,285		23,563,302	21,633,815	1,929,487
Discoveries:					
Prior year taxes	-		58,704	58,469	235
Less: abatements	(11,719,809)	0.52	(60,943)	(55,241)	(5,702)
Total property valuation	<u>\$ 4,517,389,476</u>				
Net levy			23,561,063	21,637,043	1,924,020
Less: uncollected taxes at June 30, 2016			37,709	31,245	6,464
Current year's taxes collected			<u>\$ 23,523,354</u>	<u>\$ 21,605,798</u>	<u>\$ 1,917,556</u>
Current levy collection percentage			<u>99.84%</u>	<u>99.86%</u>	<u>99.66%</u>

TOWN OF WAKE FOREST, NORTH CAROLINA

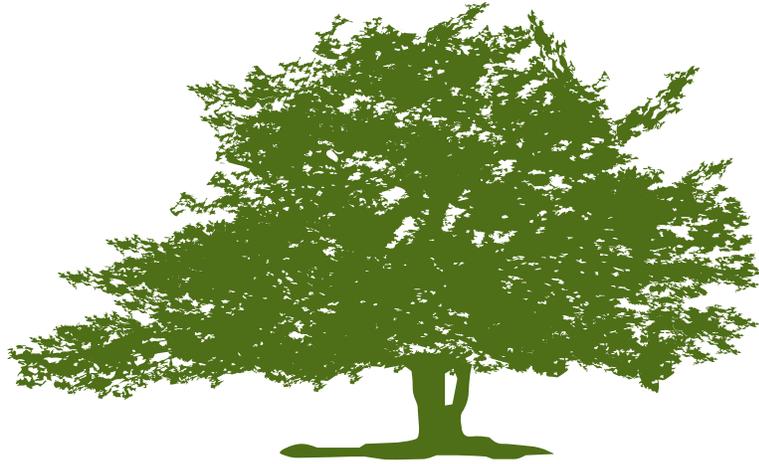
GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS AND MATURITY
SCHEDULE

JUNE 30, 2016

Fiscal Year	Governmental Funds	
	Principal	Principal and Interest
2016-2017	\$ 1,253,000	\$ 1,663,917
2017-2018	1,245,000	1,624,189
2018-2019	1,232,000	1,576,266
2019-2020	1,165,000	1,473,883
2020-2021	1,058,000	1,336,780
2021-2022	1,047,000	1,299,821
2022-2023	1,040,000	1,266,173
2023-2024	1,032,000	1,231,668
2024-2025	1,024,000	1,197,327
2025-2026	1,016,000	1,163,150
2026-2027	1,008,000	1,127,097
2027-2028	580,000	670,885
2028-2029	580,000	651,340
2029-2030	580,000	631,580
2031-2032	215,000	246,498
2032-2033	215,000	240,800
2033-2034	215,000	234,888
2034-2035	215,000	228,438
2035-2036	215,000	221,988
Total	<u>\$ 14,935,000</u>	<u>\$ 18,086,684</u>



TOWN *of*
WAKE FOREST



TOWN *of*
WAKE FOREST

TOWN OF WAKE FOREST, NORTH CAROLINA
NET POSITION BY CATEGORY
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

June 30, 2016

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Governmental activities				
Net investment in capital assets	\$62,558,549	\$ 87,439,825	\$ 109,374,788	\$ 110,101,600
Restricted for:				
Stabilization by State Statute	-	-	-	-
Downtown District	-	-	-	-
Public Safety	-	-	-	-
Street and sidewalk improvements	-	261,802	185,777	-
Equipment and vehicles	-	-	-	-
Holding park pool renovations	-	-	-	-
Greenways	-	-	-	-
Grants	-	-	-	-
Unrestricted	<u>19,654,914</u>	<u>18,522,494</u>	<u>12,613,374</u>	<u>12,534,616</u>
Subtotal governmental activities net position	<u>82,213,463</u>	<u>106,224,121</u>	<u>122,173,939</u>	<u>122,636,216</u>
Business-type activities				
Net investment in capital assets	12,189,177	12,711,174	13,606,123	13,938,763
Unrestricted	<u>909,821</u>	<u>1,017,401</u>	<u>680,804</u>	<u>1,801,040</u>
Subtotal business-type activities net position	<u>13,098,998</u>	<u>13,728,575</u>	<u>14,286,927</u>	<u>15,739,803</u>
Primary Government				
Net investment in capital assets	74,747,726	100,150,999	122,980,911	124,040,363
Restricted for:				
Stabilization by State Statute	-	-	-	-
Downtown District	-	-	-	-
Public Safety	-	-	-	-
Street improvements	-	261,802	185,777	-
Holding Park Pool Renovations	-	-	-	-
Equipment and vehicles	-	-	-	-
Greenways	-	-	-	-
Grants	-	-	-	-
Unrestricted	<u>20,564,735</u>	<u>19,539,895</u>	<u>13,294,178</u>	<u>14,335,656</u>
Total primary government net position	<u><u>\$95,312,461</u></u>	<u><u>\$ 119,952,696</u></u>	<u><u>\$ 136,460,866</u></u>	<u><u>\$ 138,376,019</u></u>

Table 1

2011	2012	2013	2014	2015	2016
\$ 112,448,969	\$ 112,059,645	\$ 115,919,685	\$ 120,837,511	\$ 131,248,516	\$ 144,053,526
5,424,734	3,753,434	2,757,473	4,111,501	3,721,637	3,617,882
-	222,608	224,269	236,256	243,525	255,346
-	208,258	267,904	267,986	297,346	343,673
-	-	-	478,867	1,481,070	954,214
-	-	-	-	224,833	969,307
-	-	-	26,373	-	-
-	-	-	-	2,330,480	2,221,896
-	-	-	-	-	11,742
4,887,874	6,352,719	8,353,849	5,087,465	7,157,318	1,568,337
122,761,577	122,596,664	127,523,180	131,045,959	146,704,725	153,995,923
14,324,918	13,998,797	14,129,141	12,716,267	13,789,268	15,786,945
2,591,519	3,053,159	3,465,391	5,069,470	3,909,794	3,798,069
16,916,437	17,051,956	17,594,532	17,785,737	17,699,062	19,585,014
126,773,887	126,058,442	130,048,826	133,553,778	145,037,784	159,840,471
5,424,734	3,753,434	2,757,473	4,111,501	3,721,637	3,617,882
-	222,608	224,269	236,256	243,525	255,346
-	208,258	267,904	267,986	297,346	343,673
-	-	-	478,867	1,481,070	954,214
-	-	-	26,373	-	-
-	-	-	-	224,833	969,307
-	-	-	-	2,330,480	2,221,896
-	-	-	-	-	11,742
7,479,393	9,405,878	11,819,240	10,156,935	11,067,112	5,366,406
\$ 139,678,014	\$ 139,648,620	\$ 145,117,712	\$ 148,831,696	\$ 164,403,787	\$ 173,580,937

**TOWN OF WAKE FOREST, NORTH CAROLINA
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)**

June 30, 2016

	2007	2008	2009	2010
Expenses				
Governmental activities:				
General Government	\$ 6,122,587	\$ 7,613,303	\$ 8,618,506	\$ 8,682,965
Public Safety	6,366,631	7,445,480	9,447,725	10,253,680
Transportation	2,605,715	2,795,746	3,604,053	4,299,079
Environmental Protection	1,797,390	1,976,526	2,272,165	2,397,576
Cultural and Recreational	1,354,940	1,519,941	1,798,042	2,024,989
Interest on long-term debt	443,086	489,404	784,454	902,986
Subtotal governmental activities expense	<u>18,690,349</u>	<u>21,840,400</u>	<u>26,524,945</u>	<u>28,561,275</u>
Business-type activities:				
Water and sewer	(3,877)	34,441	195,625	170,850
Electric	14,565,448	14,228,087	16,048,282	16,097,214
Subtotal business-type activities expenses	<u>14,561,571</u>	<u>14,262,528</u>	<u>16,243,907</u>	<u>16,268,064</u>
Total primary government expenses	<u>33,251,920</u>	<u>36,102,928</u>	<u>42,768,852</u>	<u>44,829,339</u>
Program Revenues				
Governmental activities:				
Charges for Services				
General Governmental	1,941,342	1,825,345	1,071,361	1,101,020
Public Safety	29,063	181,975	376,472	417,136
Transportation	515,279	28,311	70,698	52,628
Environmental Protection	1,455,622	1,566,112	256,014	266,524
Cultural and Recreational	323,983	561,482	415,745	471,331
Operating Grants and Contributions				
General Governmental	-	-	-	-
Public Safety	111,463	106,447	55,286	56,655
Transportation	321,471	680,220	708,220	656,839
Environmental Protection	-	-	5,460	396
Cultural and Recreational	-	-	56,482	-
Capital Grants and Contributions				
Public Safety	100,937	-	-	21,454
Transportation	7,578,376	20,637,263	12,395,415	700,731
Environmental Protection	-	-	-	210,394
Cultural and Recreational	905,155	242,000	750,000	158,479
Subtotal governmental activities program revenues	<u>13,282,691</u>	<u>25,829,155</u>	<u>16,161,153</u>	<u>4,113,587</u>

Table 2

2011	2012	2013	2014	2015	2016
\$ 9,814,820	\$ 9,629,543	\$ 9,524,312	\$ 10,466,637	\$ 10,288,616	\$ 11,422,995
10,478,094	10,697,935	11,228,188	12,809,633	13,193,519	15,997,273
4,370,908	4,052,075	4,119,839	4,436,052	5,090,607	1,785,023
2,520,645	2,554,192	2,666,922	2,787,905	2,661,631	3,081,207
2,502,178	2,644,989	2,819,826	3,250,469	3,759,071	1,951,732
909,477	932,318	995,852	809,270	775,312	748,481
30,596,122	30,511,052	31,354,939	34,559,966	35,768,756	34,986,711
147,731	126,995	74,309	60,395	44,045	27,761
17,327,845	16,908,508	17,486,017	17,964,027	19,503,601	18,172,784
17,475,576	17,035,503	17,560,326	18,024,422	19,547,646	18,200,545
48,071,698	47,546,555	48,915,265	52,584,388	55,316,402	53,187,256
1,206,061	1,240,682	1,901,453	1,767,013	2,183,403	(2,985,095)
298,319	272,903	624,000	444,838	608,598	641,804
73,665	73,334	36,873	19,403	28,655	18,663
267,115	210,471	191,383	168,524	172,421	174,647
625,252	566,154	1,119,803	805,310	1,181,893	987,346
144,937	342,982	-	-	-	-
116,649	75,676	82,944	85,197	75,676	78,823
686,375	738,982	770,703	796,640	810,220	946,028
3,057	-	54,028	37,184	2,264	-
-	-	-	-	2,834	20,975
62,117	-	16,960	264,256	99,564	65,450
1,487,487	-	3,612,138	3,397,026	15,342,778	7,870,624
46,999	-	-	-	-	11,000
291,521	284,861	142,693	427,543	2,756	13,541
5,309,554	3,806,045	8,552,978	8,212,934	20,511,062	7,843,806

Continued on next page

**TOWN OF WAKE FOREST, NORTH CAROLINA
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)**

June 30, 2016

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Business-type activities:				
Charges for Services -				
Water and sewer	\$ -	\$ -	\$ -	\$ -
Electric	14,348,899	14,827,940	16,483,781	17,520,430
Operating Grants and Contributions -				
Water and sewer	-	-	-	-
Subtotal business-type activities program	<u>14,348,899</u>	<u>14,827,940</u>	<u>16,483,781</u>	<u>17,520,430</u>
Total primary government program revenues	<u>27,631,590</u>	<u>40,657,095</u>	<u>32,644,934</u>	<u>21,634,017</u>
Net (Expense) Revenue				
Governmental activities	(5,407,658)	3,988,755	(10,363,792)	(24,447,688)
Business-type activities:				
Water and sewer	3,877	(34,441)	(195,625)	(170,850)
Electric	(216,549)	599,853	435,499	1,423,216
Total primary government net expense	<u>(5,620,330)</u>	<u>4,554,167</u>	<u>(10,123,918)</u>	<u>(23,195,322)</u>
General Revenues and Other Changes in Net Position				
Governmental activities:				
Property taxes, levied for general purpose	10,918,755	12,712,109	17,276,890	18,229,078
Other taxes and licenses	63,925	73,320	71,784	83,634
Unrestricted intergovernmental	5,028,295	5,834,891	5,937,573	5,789,968
Unrestricted investment earnings	1,129,731	825,169	358,825	85,946
Miscellaneous	326,728	576,414	463,068	327,018
Special items	-	-	2,205,470	-
Transfers	-	-	-	1,423
Subtotal governmental activities	<u>17,467,434</u>	<u>20,021,903</u>	<u>26,313,610</u>	<u>24,517,067</u>
Business type activities:				
Unrestricted investment earnings	89,731	44,161	201,099	174,934
Unrestricted intergovernmental	-	-	-	-
Miscellaneous	-	20,004	117,379	26,999
Transfers and Special items	8,936	-	-	(1,423)
Subtotal business-type activities	<u>98,667</u>	<u>64,165</u>	<u>318,478</u>	<u>200,510</u>
Total primary government	<u>17,566,101</u>	<u>20,086,068</u>	<u>26,632,088</u>	<u>24,717,577</u>
Change in Net Position				
Governmental activities	12,059,776	24,010,658	15,949,818	69,379
Business-type activities	(114,005)	629,577	558,352	1,452,876
Total primary Government	<u>\$ 11,945,771</u>	<u>\$ 24,640,235</u>	<u>\$ 16,508,170</u>	<u>\$ 1,522,255</u>

Table 2

2011	2012	2013	2014	2015	2016
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
18,453,796	17,033,633	17,987,671	18,068,548	19,501,560	19,946,073
311	31	-	-	-	-
18,454,107	17,033,664	17,987,671	18,068,548	19,501,560	19,946,073
23,763,661	20,839,709	26,540,649	26,281,482	40,012,622	27,789,879
(25,286,568)	(26,705,007)	(22,801,961)	(26,347,032)	(15,257,694)	(27,142,905)
(147,420)	(126,964)	(74,309)	(60,395)	(44,045)	(27,761)
1,125,951	125,125	501,654	104,521	(2,041)	1,773,289
(24,308,037)	(26,706,846)	(22,374,616)	(26,302,906)	(15,303,780)	(25,397,377)
18,590,117	19,271,260	20,062,610	21,387,601	22,496,254	23,681,908
86,027	113,292	92,347	110,789	47,957	64,894
6,254,703	6,671,559	7,070,415	7,527,964	8,773,026	9,464,778
67,390	68,575	139,553	69,369	67,633	110,600
402,927	415,408	516,424	766,922	607,247	1,111,923
-	-	-	-	507,768	-
10,765	-	1,460	7,166	-	-
25,411,929	26,540,094	27,882,809	29,869,811	32,499,885	34,434,103
152,522	132,409	82,968	65,167	49,047	38,254
-	-	-	-	1,177	-
56,346	4,949	33,723	89,078	162,559	102,170
(10,765)	-	(1,460)	(7,166)	-	-
198,103	137,358	115,231	147,079	212,783	140,424
25,610,032	26,677,452	27,998,040	30,016,890	32,712,668	34,574,527
125,361	(164,913)	5,080,848	3,522,779	17,242,191	7,291,198
1,176,634	135,519	542,576	191,205	166,697	1,885,952
\$ 1,301,995	\$ (29,394)	\$ 5,623,424	\$ 3,713,984	\$ 17,408,888	\$ 9,177,150

**TOWN OF WAKE FOREST, NORTH CAROLINA
 FUND BALANCES, GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS
 (MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

June 30, 2016

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General Fund				
Reserved for:				
Encumbrances	\$ 165,290	\$ 461,515	\$ 42,046	\$ 254,500
State statute	2,251,538	2,385,676	6,872,108	2,669,931
Inventories and prepaid items	5,919	3,256	39,694	62,904
Streets	174,529	261,802	185,777	-
Unreserved:				
Designated for subsequent year's expenditures	1,009,730	1,259,375	2,090,000	2,108,755
Undesignated	6,337,710	7,865,860	4,683,978	7,383,752
Non Spendable				
Inventories	-	-	-	-
Prepaid Expenditures	-	-	-	-
Restricted:				
Stabilization by State Statute	-	-	-	-
Downtown District	-	-	-	-
Public Safety	-	-	-	-
Equipment and vehicles	-	-	-	-
Assigned:				
Subsequent years expenditures	-	-	-	-
Unassigned	-	-	-	-
Total General Fund	<u>\$ 9,944,716</u>	<u>\$ 12,237,484</u>	<u>\$ 13,913,603</u>	<u>\$ 12,479,842</u>
All Other Governmental Funds				
Unreserved, reported in:				
Special revenue funds	\$ 64,286	\$ 85,609	\$ 168,677	\$ 314,410
Capital projects funds	1,405,156	9,947,674	7,304,335	4,217,030
Committed:				
Economic Development	-	-	-	-
Street improvements	-	-	-	-
Recreation improvements	-	-	-	-
Restricted:				
Street improvements	-	-	-	-
Holding park pool renovations	-	-	-	-
Equipment and vehicles	-	-	-	-
Greenways	-	-	-	-
Grants	-	-	-	-
Assigned:				
Subsequent years expenditures	-	-	-	-
Recreation improvements	-	-	-	-
Cemetery improvements	-	-	-	-
Unassigned	-	-	-	-
Total all other Governmental Funds	<u>\$ 1,469,442</u>	<u>\$ 10,033,283</u>	<u>\$ 7,473,012</u>	<u>\$ 4,531,440</u>

Note: Changes from 2015 to 2016 were primarily due expenditures paid for the 2014 bond related projects, as well as the addition of Fire Station #4.

Table 3

2011	2012	2013	2014	2015	2016
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
16,327	16,327	17,169	15,099	13,281	15,942
535	-	-	-	-	74,031
5,424,734	3,753,434	2,757,473	4,111,501	3,721,637	3,617,882
	222,608	224,269	236,256	243,525	255,346
	208,258	267,904	267,986	297,346	343,673
				224,833	969,307
1,660,745	921,000	935,130	1,383,860	894,170	1,161,500
4,838,882	6,349,345	7,726,822	5,634,102	7,633,804	8,013,074
<u>\$ 11,941,223</u>	<u>\$ 11,470,972</u>	<u>\$ 11,928,767</u>	<u>\$ 11,648,804</u>	<u>\$ 13,028,596</u>	<u>\$ 14,450,755</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	900,053	923,451	946,850	1,030,500
2,068,159	2,513,318	897,352	-	-	-
113,239	-	-	-	-	-
-	-	-	478,867	1,287,047	954,214
-	-	-	26,373	-	-
-	-	-	-	194,023	-
-	-	-	-	2,330,480	2,221,896
-	-	-	-	-	11,742
611,431	2,455,268	1,830,896	2,353,473	3,058,811	1,242,997
1,320,649	1,081,765	726,880	833,558	1,365,216	1,665,395
104,092	104,193	104,330	104,408	74,048	69,372
(799,734)	(1,067,899)	-	(293,207)	-	-
<u>\$ 3,417,836</u>	<u>\$ 5,086,645</u>	<u>\$ 4,459,511</u>	<u>\$ 4,426,923</u>	<u>\$ 9,256,475</u>	<u>\$ 7,196,116</u>

TOWN OF WAKE FOREST, NORTH CAROLINA
CHANGES IN FUND BALANCE, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

June 30, 2016

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Revenues				
Ad Valorem Taxes	\$ 10,855,959	\$ 12,673,146	\$ 17,150,242	\$ 18,218,142
Other Taxes	61,853	70,206	69,073	81,990
Unrestricted Intergovernmental	5,028,295	5,834,891	5,937,573	5,789,968
Restricted Intergovernmental	1,723,523	1,049,167	1,575,448	1,110,921
Permits and Fees	2,385,764	2,066,232	1,440,169	1,547,973
Sales and Services	1,812,357	2,126,403	870,538	760,666
Miscellaneous	330,105	599,293	398,427	327,018
Investment Earnings	1,129,731	825,169	358,825	340,767
Total revenues	<u>23,327,587</u>	<u>25,244,507</u>	<u>27,800,295</u>	<u>28,177,445</u>
Expenditures				
General Government	5,960,379	7,375,668	8,010,553	8,145,908
Public Safety	6,019,806	7,082,614	8,715,513	9,449,953
Transportation	1,165,719	1,236,454	1,552,320	2,071,754
Environmental Protection	1,749,208	1,908,344	2,174,599	2,289,181
Cultural and Recreational	1,162,726	1,332,289	1,537,097	1,558,458
Capital outlay	5,670,476	4,976,321	19,836,119	9,456,702
Debt service:				
Bond Principal	193,875	652,750	651,625	2,365,250
Bond Interest	305,559	480,254	452,364	452,588
Installment note principal	1,116,743	447,854	573,026	753,022
Installment note interest	50,761	19,462	187,930	352,835
Total expenditures	<u>23,395,252</u>	<u>25,512,010</u>	<u>43,691,146</u>	<u>36,895,651</u>
Excess of revenues over (under) expenditures	<u>(67,665)</u>	<u>(267,503)</u>	<u>(15,890,851)</u>	<u>(8,718,206)</u>
Other Financing Sources (Uses)				
Transfers in	1,408,765	310,607	1,172,719	3,525,538
Transfers (out)	(1,408,765)	(310,607)	(1,172,719)	(3,524,115)
Special Item	-	-	2,205,470	-
Installment note proceeds	-	-	10,048,795	407,504
Bond premium/(issuance costs)	-	-	-	(151,247)
Bond issuance	9,200,000	-	-	9,005,000
Total other financing sources (uses)	<u>9,200,000</u>	<u>-</u>	<u>12,254,265</u>	<u>9,262,680</u>
Net changes in fund balances	<u>9,132,335</u>	<u>(267,503)</u>	<u>(3,636,586)</u>	<u>544,474</u>
Fund balance - beginning of year (as previously reported)	10,845,664	19,977,999	19,710,496	16,392,452
Adjustments to beginning fund balance	-	-	-	74,356
Fund balance - beginning of year (as restated)	10,845,664	19,977,999	19,710,496	16,466,808
Fund balance - end of year	<u>\$ 19,977,999</u>	<u>\$ 19,710,496</u>	<u>\$ 16,073,910</u>	<u>\$ 17,011,282</u>
Debt service as a percentage of noncapital expenditures	<u>9.40%</u>	<u>7.79%</u>	<u>7.82%</u>	<u>14.30%</u>

Table 4

2011	2012	2013	2014	2015	2016
\$ 18,655,904	\$ 19,314,239	\$ 20,062,793	\$ 21,364,309	\$ 22,496,254	\$ 23,681,908
84,844	87,495	92,347	110,789	47,957	64,894
6,254,703	6,671,559	7,070,415	7,527,964	8,740,874	9,464,778
1,339,445	1,442,501	1,121,653	2,233,503	1,029,571	1,162,325
1,679,309	1,625,891	3,151,923	2,530,344	3,592,120	3,200,322
796,759	758,893	710,031	746,997	847,584	967,433
465,688	440,520	527,072	757,487	489,816	892,367
67,390	68,575	122,770	52,589	50,849	151,696
<u>29,344,042</u>	<u>30,409,673</u>	<u>32,859,004</u>	<u>35,323,982</u>	<u>37,295,025</u>	<u>39,585,723</u>
8,821,715	9,255,647	8,705,491	9,245,621	9,387,662	9,987,406
9,679,055	9,899,361	10,418,124	11,896,289	12,586,385	15,344,482
2,162,019	1,811,031	1,734,057	1,836,957	1,986,906	1,982,830
2,420,516	2,461,981	2,577,759	2,700,114	2,863,636	2,982,465
1,605,629	1,742,995	2,003,892	2,369,564	2,840,566	2,866,153
3,782,821	7,697,205	5,371,207	6,180,462	2,532,617	3,102,334
1,015,000	1,010,000	1,005,000	1,005,000	1,000,000	1,215,000
628,763	572,513	542,188	511,988	475,375	538,038
877,659	1,238,404	1,957,402	2,465,139	2,795,093	2,884,020
334,913	372,133	361,021	321,270	295,441	257,952
<u>31,328,090</u>	<u>36,061,270</u>	<u>34,676,141</u>	<u>38,532,404</u>	<u>36,763,681</u>	<u>41,160,680</u>
<u>(1,984,048)</u>	<u>(5,651,597)</u>	<u>(1,817,137)</u>	<u>(3,208,422)</u>	<u>531,344</u>	<u>(1,574,957)</u>
913,836	5,597,826	1,453,347	356,367	277,878	2,916,749
(903,071)	(5,597,826)	(1,451,887)	(349,201)	(277,878)	(2,916,749)
-	-	-	-	507,768	-
321,060	6,850,155	1,603,825	2,888,705	792,750	871,700
-	-	-	-	47,482	-
-	-	-	-	4,330,000	65,057
<u>331,825</u>	<u>6,850,155</u>	<u>1,605,285</u>	<u>2,895,871</u>	<u>5,678,000</u>	<u>936,757</u>
<u>(1,652,223)</u>	<u>1,198,558</u>	<u>(211,852)</u>	<u>(312,551)</u>	<u>6,209,344</u>	<u>(638,200)</u>
17,011,282	15,359,059	16,557,617	16,388,278	16,075,727	22,285,071
-	-	42,513	-	-	-
17,011,282	15,359,059	16,600,130	16,388,278	16,075,727	22,285,071
<u>\$ 15,359,059</u>	<u>\$ 16,557,617</u>	<u>\$ 16,388,278</u>	<u>\$ 16,075,727</u>	<u>\$ 22,285,071</u>	<u>\$ 21,646,871</u>
<u>10.37%</u>	<u>11.26%</u>	<u>13.19%</u>	<u>13.30%</u>	<u>13.34%</u>	<u>12.86%</u>

**TOWN OF WAKE FOREST, NORTH CAROLINA
GOVERNMENT-WIDE REVENUES
LAST TEN FISCAL YEARS**

June 30, 2016

Program Revenues			
Fiscal Year	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
2007	\$ 18,614,188	\$ 432,934	\$ 8,584,468
2008	18,991,165	786,667	20,879,263
2009	18,674,071	825,448	13,145,415
2010	19,829,069	713,890	1,091,058
2011	20,924,208	951,329	1,888,124
2012	19,397,177	1,157,671	284,861
2013	21,861,183	907,675	3,771,791
2014	21,273,636	919,021	4,088,825
2015	23,676,530	890,994	15,445,098
2016	18,783,438	1,045,826	7,960,615

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

* Miscellaneous for June 30, 2015 includes an special item of \$507,768 which is a litigation settlement for the Town Hall building located at 301 S. Brooks Street.

*Charges for Services for June 30, 2016 includes a bond refunding amount of \$5,125,000 for the 2006 Public Improvements Bond \$9,200,000 issuance

Table 5

General Revenue					
Taxes	Unrestricted Intergovernmental	Unrestricted Investment Earnings	Miscellaneous	Total	
\$ 10,982,680	\$ 5,028,295	\$ 1,219,462	\$ 335,664	\$	45,197,691
12,785,429	5,834,891	869,330	596,418		60,743,163
17,348,674	5,937,573	559,924	2,785,917 *		59,277,022
18,312,712	5,789,968	260,880	354,017		46,351,594
18,676,144	6,254,703	219,912	459,273		49,373,693
19,384,552	6,671,559	200,984	420,357		47,517,161
20,154,957	7,070,415	222,521	550,147		54,538,689
21,498,390	7,527,964	134,536	856,000		56,298,372
22,544,211	8,774,203	116,680	1,277,574		72,725,290
23,746,802	9,464,778	148,854	1,214,093		62,364,406

**TOWN OF WAKE FOREST, NORTH CAROLINA
GENERAL GOVERNMENTAL REVENUES BY SOURCES (1)
LAST TEN FISCAL YEARS**

June 30, 2016

Fiscal Year	Taxes	Intergovernmental	Permits and Fees	Sales and Services	Investment Earnings	Miscellaneous Revenues	Total
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
2012	26,073,293	1,339,589	1,204,262	758,893	54,424	422,909	29,853,370
2013	27,225,555	907,675	1,853,691	710,031	34,831	422,787	31,154,570
2014	29,071,809	888,290	1,803,280	695,300	25,870	460,782	32,945,331
2015	31,283,682	984,848	2,292,774	847,584	24,310	489,816	35,923,014
2016	33,211,580	930,429	2,052,949	967,433	46,407	828,639	38,037,437

Notes:

(1) Includes general and special revenue funds.

**TOWN OF WAKE FOREST, NORTH CAROLINA
GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION (1)
LAST TEN FISCAL YEARS**

June 30, 2016

Fiscal Year	General Government	Public Safety	Transportation	Environmental Protection	Cultural and Recreational	Debt Service	Fiscal Year Total
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
2012	10,421,497	10,321,288	2,301,523	2,468,976	1,836,625	3,193,050	30,542,959
2013	9,081,076	10,836,218	2,343,492	2,940,893	2,190,341	3,865,611	31,257,631
2014	11,428,809	12,420,494	2,155,007	2,700,114	2,486,889	4,303,397	35,494,710
2015	9,788,541	13,286,150	2,255,542	2,977,093	2,835,107	4,565,909	35,708,342
2016	10,751,122	15,883,240	2,079,603	3,399,391	2,582,951	4,895,010	39,591,317

**TOWN OF WAKE FOREST, NORTH CAROLINA
GOVERNMENT-WIDE EXPENSES BY FUNCTION
LAST TEN FISCAL YEARS**

June 30, 2016

Fiscal Year	General Government	Public Safety	Transportation	Environmental Protection
2007	\$ 6,122,587	\$ 6,366,631	\$ 2,605,715	\$ 1,797,390
2008	7,613,303	7,445,480	2,795,746	1,976,526
2009	8,618,506	9,447,725	3,604,053	2,272,165
2010	8,682,965	10,253,680	4,299,079	2,397,576
2011	9,814,820	10,478,094	4,370,908	2,520,645
2012	9,629,543	10,697,935	4,052,075	2,554,192
2013	9,524,312	11,228,188	4,119,839	2,666,922
2014	10,466,637	12,809,633	4,436,052	2,787,905
2015	10,288,616	13,193,519	5,090,607	2,661,631
2016	11,422,995	15,997,273	1,785,023	3,081,207

Table 8

Cultural and Recreation	Interest on Long-term Debt	Water and Sewer	Electric	Total
\$ 1,354,940	\$ 443,086	\$ (3,877)	\$ 14,565,448	\$ 33,251,920
1,519,941	489,404	34,441	14,228,087	36,102,928
1,798,042	784,454	195,625	16,048,282	42,768,852
2,024,989	902,986	170,850	16,097,214	44,829,339
2,502,178	909,477	147,731	17,327,845	48,071,698
2,644,989	932,318	126,995	16,908,508	47,546,555
2,819,826	995,852	74,309	17,486,017	48,915,265
3,250,469	809,270	60,395	17,964,027	52,584,388
3,759,071	775,312	44,045	19,503,601	55,316,402
1,951,732	748,481	27,761	18,172,784	53,187,256

**TOWN OF WAKE FOREST, NORTH CAROLINA
 ASSESSED VALUES OF TAXABLE PROPERTY (1)
 LAST TEN FISCAL YEARS**

June 30, 2016

Fiscal Year	Tax Year Ended December 31	Real Property	Personal Property	Public Service Company	Total Assessed Value	Total Direct Tax Rate	Ratio of Assessed Value to Estimated Actual Value
2007	2006	\$ 1,698,886,624	\$ 287,999,416	\$ 24,473,936	\$ 2,011,359,976	\$ 0.540	100%
2008	2007	1,943,616,102	327,762,406	22,349,063	2,293,727,571	0.550	100%
2009	2008 (2)	2,991,210,274	325,185,573	29,041,493	3,345,437,340	0.510	100%
2010	2009	3,205,505,756	266,540,456	31,382,089	3,503,428,301	0.510	100%
2011	2010	3,221,774,225	345,392,571	30,995,165	3,598,161,961	0.510	100%
2012	2011	3,373,651,564	348,998,438	30,021,371	3,752,671,373	0.510	100%
2013	2012	3,454,767,428	413,935,518	33,118,426	3,901,821,372	0.510	100%
2014	2013	3,578,577,402	531,310,563	32,184,022	4,142,071,987	0.510	100%
2015	2014	3,772,983,301	478,751,321	35,032,002	4,286,766,624	0.520	100%
2016	2015	4,004,778,334	467,446,582	45,164,560	4,517,389,476	0.520	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.

**TOWN OF WAKE FOREST, NORTH CAROLINA
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS**

June 30, 2016

<u>Fiscal Year</u>	<u>Town of Wake Forest</u>	<u>Wake County</u>	<u>Combined Tax Rate Per \$100 of Assessed Value</u>
2007	\$ 0.540	\$ 0.634	\$ 1.174
2008	0.550	0.678	1.228
2009	0.510	0.534	1.044
2010	0.510	0.534	1.044
2011	0.510	0.534	1.044
2012	0.510	0.534	1.044
2013	0.510	0.534	1.044
2014	0.510	0.578	1.088
2015	0.520	0.615	1.135
2016	0.520	0.601	1.121

Notes:

*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
CURRENT YEAR AND NINE YEARS AGO**

June 30, 2016

Taxpayer	2016			2006		
	Taxable Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Taxable Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Wake Forest Apartments LLC	\$ 29,854,501	1	0.66%	\$ -	-	0.00%
Crossroads Holdings LLC	28,710,113	2	0.64%	8,184,777	10	0.41%
Wake Electric Membership CORP.	24,790,195	3	0.55%	-	-	0.00%
WMCI Raleigh IV LLC	22,765,335	4	0.50%	-	-	0.00%
Caveness Partners LLC	21,105,703	5	0.47%	-	-	0.00%
Weingarten Investments INC	20,737,553	6	0.46%	-	-	0.00%
Gateway Forest LLC	20,120,713	7	0.45%	-	-	0.00%
Heritage Gardens LLC	19,917,547	8	0.44%	-	-	0.00%
The Macsydney Company II LLC	19,829,851	9	0.44%	-	-	0.00%
Walmart	17,041,268	10	0.38%	14,226,032	3	0.71%
Lowes Home Center Inc	13,443,732	11	0.30%	11,971,132	6	0.60%
MLC Automotive LLC	14,936,618	12	0.33%	-	-	0.00%
Target Corporation	13,138,132	13	0.29%	12,190,790	5	0.61%
Factory LLC	-	-	0.00%	12,581,914	4	0.63%
KF US-1, LLC	-	-	0.00%	17,534,752	1	0.87%
Heritage Wake Forest Inc.	-	-	0.00%	17,108,488	2	0.85%
Oakland Heritage Multifamily LLC	-	-	0.00%	11,685,487	7	0.58%
Flaherty Farms LLC	-	-	0.00%	11,053,352	8	0.55%
Stonegate Partners LLC	-	-	0.00%	10,948,842	9	0.54%
Total	\$ 266,391,261		5.90%	\$ 127,485,566		6.34%
Total Assessed Value	<u>\$ 4,517,389,476</u>			<u>\$ 2,011,359,976</u>		

Source: Wake County Revenue Department

TOWN OF WAKE FOREST, NORTH CAROLINA
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL OBLIGATIONS
BONDED DEBT TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES
LAST TEN FISCAL YEARS

June 30, 2016

Fiscal Year	Principal	Interest (1)	Total Debt Service	Total General Governmental Expenditures	Ratio of Debt Service to General Governmental Expenditures
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%
2012	1,010,000	572,513	1,582,513	29,919,509	5.3%
2013	1,005,000	542,188	1,547,188	31,257,631	4.9%
2014	1,005,000	511,988	1,516,988	35,578,285	4.3%
2015	1,000,000	475,375	1,475,375	35,833,160	4.1%
2016	1,215,000	538,038	1,753,038	39,889,279	4.4%

(1) Excludes bond issuance and other costs.

TOWN OF WAKE FOREST, NORTH CAROLINA
Property Tax Levies and Collections
LAST TEN FISCAL YEARS

Table 13

JUNE 30, 2016

Fiscal Year	Taxes Levied for the Fiscal Year (Original Levy)		Adjustments	Total Adjusted Levy	Collected within the Fiscal Year of the Levy	
					Amount	Percentage of Original Levy
2007	\$	10,896,415	\$ (10,621)	\$ 10,885,794	\$ 10,706,862	98.36%
2008		12,678,816	(11,001)	12,667,815	12,469,062	98.43%
2009		17,243,590	(23,407)	17,220,183	16,928,984	98.31%
2010		18,185,036	(26,445)	18,158,591	17,886,169	98.50%
2011		18,576,563	-	18,576,563	18,353,347	98.80%
2012		19,204,045	-	19,204,045	19,007,310	98.98%
2013		19,955,115	-	19,955,115	19,760,773	99.03%
2014		21,184,179	-	21,184,179	21,076,021	99.49%
2015		22,357,927	-	22,357,927	22,314,249	99.80%
2016		23,561,063	-	23,561,063	23,523,354	99.84%

TOWN OF WAKE FOREST, NORTH CAROLINA

Property Tax Levies and Collections

LAST TEN FISCAL YEARS

JUNE 30, 2016

Table 13

Fiscal Year	Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Adjusted Levy
2007	\$ 163,572	\$ 10,870,434	99.86%
2008	177,462	12,646,524	99.83%
2009	268,216	17,197,200	99.87%
2010	250,872	18,137,041	99.88%
2011	190,738	18,544,085	99.83%
2012	155,998	19,163,308	99.79%
2013	192,650	19,953,423	99.99%
2014	178,348	21,254,369	100.00%
2015	123,541	22,437,790	100.00%
2016	64,105	23,587,459	100.00%

**TOWN OF WAKE FOREST, NORTH CAROLINA
DEMOGRAPHIC STATISTICS
LAST TEN FISCAL YEARS**

June 30, 2016

Fiscal Year	(1) Population	(2) Per Capita Personal Income	(3) Median Age	(4) Wake County School Enrollment	(5) Wake County Unemployment Rate	(6) Wake Forest Unemployment Rate
2007	24,970	\$ 39,373	34.9	134,002	3.8%	2.9%
2008	26,634	37,602	34.9	138,000	4.9%	3.7%
2009	27,217	37,849	34.9	137,706	8.6%	6.3%
2010	28,542	**	34.5	139,599	8.8%	6.2%
2011	30,329	29,723	32.9	143,289	8.7%	6.6%
2012	31,774	41,440	34.2	146,687	7.9%	5.9%
2013	33,703	32,060	35.0	149,528	7.3%	5.4%
2014	35,609	33,711	35.0	154,381	5.1%	3.9%
2015	37,046	32,474	34.2	159,984	4.8%	4.0%
2016	39,012	33,124	34.7	157,180	4.3%	3.6%

Sources:

- (1) Town of Wake Forest - Planning Department
- (2) North Carolina Department of Commerce and/or Census.gov - Information is calculated on the county level. Information is not maintained at the Town level. Information is estimated.
- (3) North Carolina Department of Commerce and/or City-Data - Information is calculated on the county level. Information is not maintained at the City level. Information is estimated.
- (4) Wake County Public School System
- (5) North Carolina State Employment Security Commission for Wake County and/or US Bureau of Labor & Statistics
- (6) North Carolina State Employment Security Commission for Wake County and/or US Bureau of Labor & Statistics
- ** Information not available.

**TOWN OF WAKE FOREST, NORTH CAROLINA
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS**

June 30, 2016

<u>Fiscal Year</u>	<u>Debt Limit</u>	<u>Less: Total Net Debt Applicable to Limit</u>	<u>Legal Debt Margin</u>	<u>Total Net Debt Applicable to the Limit as a Percentage of Debt Limit</u>
2007	\$ 160,908,798	\$ 12,148,838	\$ 148,759,960	7.55%
2008	183,498,206	10,900,984	172,597,222	5.94%
2009	267,634,987	19,852,128	247,782,859	7.42%
2010	280,274,264	24,531,725	255,742,539	8.75%
2011	287,852,957	24,595,011	263,257,946	8.54%
2012	300,213,710	29,196,762	271,016,948	9.73%
2013	312,145,710	27,802,641	284,343,069	8.91%
2014	331,365,759	27,256,751	304,109,008	8.23%
2015	342,941,335	49,354,418	293,586,917	14.39%
2016	361,391,158	46,192,088	315,199,070	12.78%

Legal Debt Margin Calculation for Fiscal Year 2016

Assessed value	<u><u>\$ 4,517,389,476</u></u>
Debt Limit (8% of total assessed value)	361,391,158
Debt applicable to limit	<u>46,192,088</u>
Legal debt margin	<u><u>\$ 315,199,070</u></u>
Percentage of debt to debt limit	<u><u>12.78%</u></u>

**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, 2016

Fiscal Year	(1) Population	Assessed Value	Gross Bonded Debt	Debt Payable From Enterprise Revenues
2007	24,970	\$ 2,011,359,976	\$ 11,815,000	\$ 360,375
2008	26,634	2,293,727,571	11,015,000	213,125
2009	27,217	3,345,437,340	10,220,000	69,750
2010	28,542	3,503,428,301	16,790,000	-
2011	30,329	3,598,161,961	15,775,000	-
2012	31,774	3,752,671,373	14,765,000	-
2013	33,703	3,901,821,373	13,760,000	-
2014	35,609	4,142,071,987	12,942,690	-
2015	37,046	4,286,766,624	16,303,389	-
2016	39,012	4,517,389,476	15,134,232	-

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

Table 16

Fiscal Year	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita	Gross Bonded Debt per Capita
2007	\$ 11,454,625	0.57%	\$ 459	\$ 473
2008	10,801,875	0.47%	406	414
2009	10,150,250	0.30%	373	376
2010	16,790,000	0.48%	588	588
2011	15,775,000	0.44%	520	520
2012	14,765,000	0.39%	465	465
2013	13,760,000	0.35%	408	408
2014	12,942,690	0.31%	365	365
2015	16,303,389	0.38%	440	440
2016	15,134,232	0.34%	388	388

(1) Compiled by the T

**TOWN OF WAKE FOREST, NORTH CAROLINA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**

June 30, 2016

<u>Jurisdiction</u>	<u>Bonded Debt</u>	<u>Percentage Applicable to Town (2)</u>	<u>Amount Applicable to Town</u>
Direct:			
Town of Wake Forest	\$ 25,621,321 (1)	100.00%	\$ 25,621,321
Overlapping: (3)			
Wake County	\$ 1,812,535,000 (4)	3.42%	<u>62,052,781</u>
		Total	<u>\$ 87,674,102</u>

(1) Includes all governmental activities debt.

(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
COMMERCIAL ACTIVITY
LAST TEN FISCAL YEARS**

June 30, 2016

Fiscal Year	Commercial		Residential		Total	
	Number	Value	Number	Value	Number	Value
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
2012	67	10,282,212	585	70,591,023	652	80,873,235
2013	94	27,164,939	501	100,873,993	595	128,038,932
2014	89	29,873,213	419	74,795,239	508	104,668,452
2015	102	33,338,472	561	102,480,602	663	135,819,074
2016	99	36,132,937	537	88,031,763	636	124,164,700

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

**TOWN OF WAKE FOREST, NORTH CAROLINA
EMPLOYEE POSITION AUTHORIZATION BY DEPARTMENT (1)
LAST TEN FISCAL YEARS**

JUNE 30, 2016

Fiscal Year	Admin	Comm	Downtown	Finance	Human Resources	MIS	Planning and (3)		Public	
							Inspections	Inspections	Safety	Engineering
2007	4.0	0.0	0.0	17.0	3.0	2.0	20.5	0.0	58.0	7.0
2008	3.0	1.0	0.0	17.0	4.0	2.0	24.0	0.0	63.0	7.0
2009	3.0	1.0	0.0	17.0	4.0	3.0	23.0	0.0	65.0	7.0
2010	3.0	2.0	0.0	17.0	4.0	3.0	23.0	0.0	65.0	7.0
2011	3.0	2.0	0.0	17.0	4.0	4.0	22.0	0.0	67.0	7.0
2012	3.0	2.0	0.0	18.0	4.0	4.0	21.0	0.0	70.0	7.0
2013	4.0	2.0	0.0	18.0	4.0	5.0	21.0	0.0	75.0	7.0
2014	3.0	2.0	1.0	18.0	4.0	5.0	7.0	14.0	83.0	7.0
2015	3.0	3.0	1.0	18.0	4.0	5.0	8.0	14.0	84.0	7.0
2016	3.0	3.0	1.0	17.0	4.0	5.0	8.0	14.0	84.0	7.0

- (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.
- (3) Planning and Inspections employee reporting was separated in FY 2014.

Table 19

Fiscal	Pub Works				Parks &	Public		Tree	Year
Year	Admin	Fleet	Streets	Sanitation	Recreation	Facilities	Electric	Trimming	Total
2007	0.0	4.0	14.0	7.0	11.0	0.0	25.0	0.0	172.5
2008	3.0	4.0	15.0	7.0	11.0	0.0	22.0	0.0	183.0
2009	3.0	5.0	18.0	9.0	15.0	0.0	22.0	0.0	195.0
2010	3.0	5.0	18.0	9.0	15.0	0.0	22.0	0.0	196.0
2011	3.0	5.0	17.0	9.0	15.0	1.0	22.0	0.0	198.0
2012	3.0	5.0	17.0	9.0	15.0	1.0	22.0	0.0	201.0
2013	3.0	5.0	17.0	9.0	15.0	2.0	19.0	3.0	209.0
2014	3.0	5.0	20.0	9.0	17.0	2.0	19.0	3.0	222.0
2015	3.0	5.0	20.0	9.0	19.0	3.0	19.0	3.0	228.0
2016	3.0	5.0	20.0	9.0	19.0	3.0	20.0	3.0	228.0

**TOWN OF WAKE FOREST, NORTH CAROLINA
GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

June 30, 2016

Fiscal	Property	Sales	Franchise
Year	Tax	Tax	Tax
2007	\$ 10,826,918	\$ 3,926,315	\$ 955,747
2008	12,614,652	4,480,256	1,208,734
2009	17,150,242	4,328,578	1,445,212
2010	18,128,468	4,257,327	1,468,603
2011	18,579,520	4,559,143	1,550,178
2012	19,240,193	4,991,298	1,528,114
2013	19,988,279	5,285,774	1,581,534
2014	21,290,422	5,700,274	1,661,397
2015	22,422,548	6,218,974	2,335,449
2016	23,610,065	6,755,795	2,540,817

Table 20

Motor Vehicle	Rental Vehicle	Beer & Wine	
Licenses	Tax	Tax	Total
\$ 82,650	\$ 27,074	\$ 89,435	\$ 15,908,139
90,310	33,636	104,240	18,531,828
95,221	31,388	115,568	23,166,209
96,886	32,994	39,216	24,023,494
99,371	36,920	125,782	24,950,914
219,629	31,791	131,394	26,142,419
324,888	38,731	125,512	27,344,718
485,076	39,867	139,022	29,316,058
456,574	47,957	154,318	31,635,820
423,335	64,894	146,483	33,541,389

TOWN OF WAKE FOREST, NORTH CAROLINA
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

June 30, 2016

Fiscal Year	Governmental Activities		Business-Type Activities			Total Primary Government	(1)	
	General	Installment Financings	General	Installment Financings	Revenue Bonds		Debt	Percentage of Personal Income
	Obligation Bonds		Obligation Bonds				Per Capita	
2007	\$ 11,454,625	\$ 694,213	\$ 360,375	\$ 6,606,700	\$ 2,300,000	\$ 21,415,913	\$ 858	2.18%
2008	10,801,875	246,359	213,125	5,762,177	2,144,943	19,168,479	720	1.91%
2009	10,150,250	9,722,128	69,750	4,881,023	1,984,034	26,807,185	985	2.60%
2010	16,790,000	9,376,610	-	4,315,594	1,817,049	32,299,253	1,132	N/A
2011*	15,875,091	8,820,011	-	3,650,588	1,643,761	29,889,360	986	3.32%
2012*	14,857,545	14,431,762	-	3,022,730	1,463,932	33,683,424	1,060	2.56%
2013*	13,964,473	14,078,185	-	2,367,799	1,277,315	31,483,299	934	2.91%
2014	12,942,690	14,501,751	-	1,773,071	3,583,652	32,801,164	921	2.73%
2015*	16,303,390	12,499,409	-	1,178,344	3,140,053	33,121,196	894	2.75%
2016	15,134,232	10,487,088	-	583,616	2,702,403	28,907,339	741	2.24%

Notes:

(1) See Table 14 for population data and per capita personal income.

(2) Details regarding the Town's outstanding debt can be found in the notes to the financial statements.

*Amount does not agree to that fiscal year's CAFR; amount was adjusted in subsequent fiscal year reporting

**TOWN OF WAKE FOREST, NORTH CAROLINA
MISCELLANEOUS STATISTICS**

June 30, 2016

Date of Incorporation	February 20, 1909	
Form of Government	Council-Manager	
Miles of City-owned Streets	99.55	
Fire Protection (Combination: Paid/Volunteer)		
Number of Stations	5	
Number of Full-Time & Part-Time	74	
Number of Volunteers	60	
Police Protection		
Number of Stations	4	
Number of Full-time Sworn Officers	68	
Utility System: Electric		
Number of Customers	6,816	
Residential Rates:	Basic Customer Charge	\$9.89
	Energy Charge	\$0.120802 per kwh
Community Facilities:		
Parks	0 Private	12 Public
Pools	6 Private	1 Public
Tennis Courts	7 Private	4 Public
Golf Courses	1 Semi-private	1 Public

Cultural Activities:

- | | |
|---|---|
| *Wake Forest Renaissance Centre (WFRC) | *Concerts in the Park (in addition to the Six Sundays Series) |
| *Wake Forest Birthplace Museum | *Neck of the Woods - regular theater and music performances at WFRC |
| *Wake Forest Historic District | *Art Galleries in Downtown Wake Forest |
| *Wake Forest Arts | *Good Neighbor Day community music, art, and food festival |
| *Wake Forest Biennial Historical Homes Tour | *Annual Lighting of Wake Forest and Christmas Parade |
| *Wake Forest Historical Association bi-monthly programs | *Art After Hours monthly events in Downtown Wake Forest |
| *Six Sundays in Spring concert series | *Wake Forest Mardi Gras - community festival |
| *Movies in the Park | *Dirt Day - showcasing healthy living, outdoor lifestyle |
| *Meet in the Street - Spring arts and music festival | *Wake Forest Charity Car Show |
| *Arbor Day Celebration | *Beach Night on White Street |
| *Fourth of July Fireworks Spectacular | *Public Power Week |
| *Art-in-the-Park & Games-in-the-Park | *Friday Night on White Street |
| *Wake Forest Christmas Parade | *Mid-day Concerts at Town Hall Plaza |
| *Easter Egg Hunt at Joyner Park | *Camping at Joyner Park |

	2016		2007	
	Approximate Number of Employees	Rank	Approximate Number of Employees	Rank
<u>Principal Employers*</u> :				
Wake County Public School System	900	1	819	1
Southeastern Baptist Theological Seminary, Inc.	425	2	315	5
Centurylink	400	3	-	-
Wal-mart	396	4	430	2
Rex Healthcare (Wake Forest & Wakefield)	353	5	-	-
Town of Wake Forest	294	6	172	7
Pack-Rat	275	7	-	-
Lowe's Foods	235	8	-	-
Target	200	9	315	6
Lowe's Home Improvement	175	10	165	8
Hillside Nursing Center of Wake Forest, Inc.	150	11	-	-
Home Depot	136	12	105	10
Ultra Electronics/3 Phoenix	122	13	-	-
Franklin Academy	130	14	-	-
Harris Teeter	120	15	-	-
Olive Garden	100	16	-	-
Kohl's	86	17	-	-
Chris Leith	85	18	143	9
East Coast Drilling & Blasting Inc.	80	19	-	-
WakeMed Health & Hospitals	70	20	-	-

* Source - Wake Forest Economic Development



TOWN *of*
WAKE FOREST

**Report of Independent Auditor on Internal Control over Financial Reporting
and on 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 Town Board of Commissioners
Town of Wake Forest, North Carolina

We have audited, in accordance with the 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, the 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 (the "Town"), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated October 19, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the basic financial statements, we considered the Town's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

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 and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Town's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control 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 material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

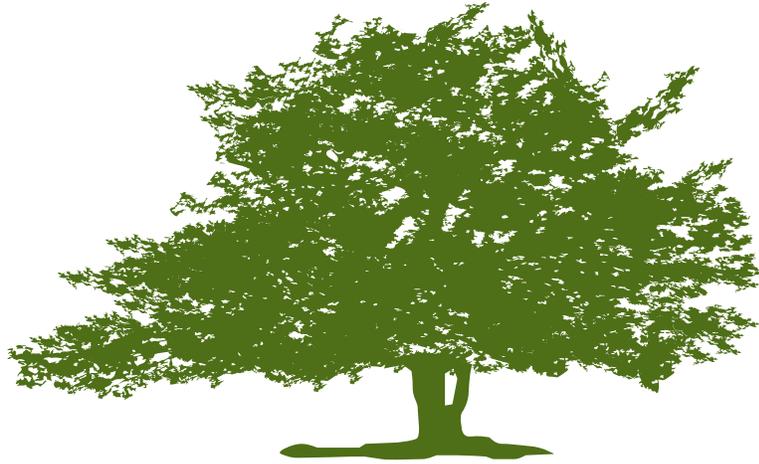
As part of obtaining reasonable assurance about whether the Town's basic financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material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

Purpose of this Report

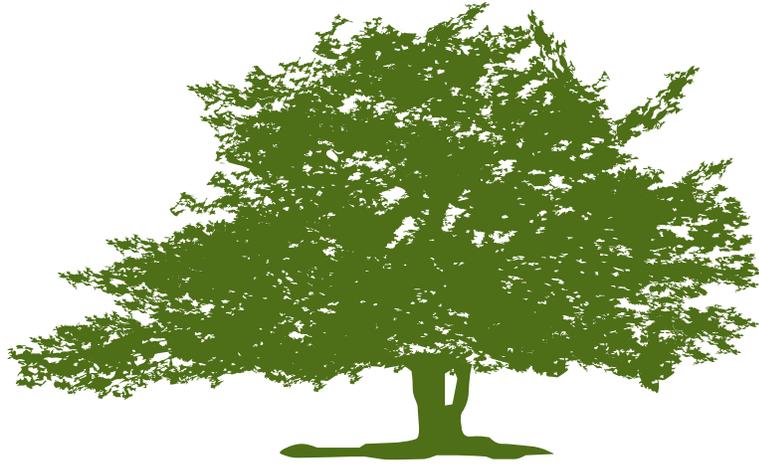
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Chemy Bekaert LLP

Raleigh, North Carolina
October 19, 2016



TOWN *of*
WAKE FOREST



TOWN *of*
WAKE FOREST

Report of Independent Auditor on Compliance with Requirements Applicable for Each Major State Program and on Internal Control over Compliance in Accordance with the Uniform Guidance and the State Single Audit Implementation Act.

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

Report on Compliance for Each Major State Program

We have audited the Town of Wake Forest, North Carolina (the "Town"), compliance 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 the Town's major state program for the year ended June 30, 2016. The Town's major state program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state program.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Town's major State program based on our audit of the types of compliance requirements referred to above. 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 Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the State Single Audit Implementation Act. Those standards, Uniform Guidance, 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'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 on compliance for the major state program. However, our audit does not provide a legal determination of the Town's compliance.

Opinion on Each Major State Program

In our opinion, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major state program for the year ended June 30, 2016.

Report on Internal Control over Compliance

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town's internal control over compliance with the types of requirements that could have a direct and material effect on the major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major state program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Chemy Bekaert LLP

Raleigh, North Carolina
October 19, 2016

TOWN OF WAKE FOREST, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2016

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

- Material Weaknesses identified? yes no
- Significant deficiency(s) identified that are not considered to be material weaknesses? yes none reported
- Noncompliance material to financial statements noted? yes no

Section I – Summary of Auditor’s Results (continued)

State Awards

Internal control over major state programs:

- Material weaknesses identified? yes no
- Significant deficiency(s) identified that are not considered to be material weaknesses? yes none reported
- Noncompliance material to state awards noted? yes no

Type of auditor’s report issued on compliance for major state programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act yes no

Identification of major state programs:

Program Name

Non-State System Street-Aid Allocation Fund (Powell Bill)

TOWN OF WAKE FOREST, NORTH CAROLINA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FOR THE YEAR ENDED JUNE 30, 2016

II. – Findings Related to the Audit of the Basic Financial Statements

None reported.

III. – State Award Findings and Questioned Costs

None reported.

IV – Status of Prior Year Findings and Questioned Costs

None noted.

TOWN OF WAKE FOREST, NORTH CAROLINA
CORRECTIVE ACTION PLAN

FOR THE YEAR ENDED JUNE 30, 2016

Not applicable.

TOWN OF WAKE FOREST, NORTH CAROLINA
SCHEDULE OF PRIOR AUDIT FINDINGS

FOR THE YEAR ENDED JUNE 30, 2016

Not applicable.

**TOWN OF WAKE FOREST, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**

FOR THE YEAR ENDED JUNE 30, 2016

Federal Grantor/Pass-Through Grantor/Program Program Title	Federal CFDA Number	State/ Pass-Through Grantor's Number	Federal (Direct and Pass-Through) Expenditures	State Expenditures	Local Expenditures
FEDERAL GRANTS:					
U.S. Department of Transportation					
Passed through N.C. Department of Transportation:					
<i>Priority Pedestrian Corridors - Sidewalk Projects</i>	20.205-1	WBS 41821.1.38	\$ 38,905	\$ -	\$ 9,726
<i>Dunn Creek Greenway - Downtown Connector</i>	20.205-1	WBS 41821.1.41	2,905	-	727
<i>Ligon Mill Road Operational Improvements</i>	20.205-1	WBS 42379.1.3	-	-	95,933
<i>Stadium Drive - Complete Streets</i>	20.205-1	WBS 55056.1.1	57,589	-	21,923
<i>Smith and Sanford Creek Greenway</i>	20.205-1	WBS 46229.1.1	10,636	-	279
Total U.S. Department of Transportation			110,035	-	128,588
U.S. Department of Justice					
Office of Justice Programs:					
<i>Bulletproof Vest Partnership - 2014</i>	16.608	N/A	7,861	-	7,861
Equitable Sharing Program:					
<i>Asset Forfeiture and Money Laundering</i>	16.922	N/A	15,000	-	-
Total U.S. Department of Justice			22,861	-	7,861
Environmental Protection Agency					
Passed through N.C. Department of Environment and Natural Resources					
<i>Smith Creek Watershed Plan and Restoration</i>	66.460	Contract 5038	11,000	-	83,474
Total Environmental Protection Agency			11,000	-	83,474
Department of the Interior					
Passed through N.C. Department of Cultural Resources					
<i>Historic Preservation Walking Tour Grant 2015</i>	15.904	N/A	4,000	-	2,885
Total Department of the Interior			4,000	-	2,885
Total Federal Grants			147,896	-	222,807
STATE OF NORTH CAROLINA FINANCIAL ASSISTANCE					
N.C. Department of Transportation					
<i>Non-State System Street-Aid Allocation Fund (Powell Bill)</i>					
<i>Grandmark Street</i>	N/A	WBS 32570 WBS 43998 Agreement 5254	-	836,028	-
Passed through N.C. Solar Center & Electricities:					
<i>2014 Clean Fuel Advanced Technology- Charging Stations</i>	N/A	N/A	-	8,053	2,014
Total NC Department of Transportation			-	954,081	305,002
Total State of North Carolina Financial Assistance			-	954,081	305,002
Total Federal & State of North Carolina Financial Assistance			\$ 147,896	\$ 954,081	\$ 527,809

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

Note 1: The accompanying schedule of expenditures of federal and State awards (SEFSA) includes the federal and state grant activity of the Town of Wake Forest the programs of the federal government and the State of North Carolina for the year ended June 30, 2016. The information in this SEFSA is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of the Town of Wake Forest, it is not intended to and does not present the financial position, changes in net position or cash flows of the Town of Wake Forest.

Note 2: Expenditures reported in the SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Town of Wake Forest has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 3: The town did not incur any passed-through subrecipient expenditures during the fiscal year ended June 30, 2016.



TOWN *of*
WAKE FOREST