

TOWN OF WAKE FOREST

Comprehensive Annual Financial Report

FOR THE FISCAL YEAR ENDED JUNE 30, 2010



TOWN of
WAKE FOREST

TOWN OF WAKE FOREST, NORTH CAROLINA

Comprehensive Annual Financial Report

For the fiscal year ended June 30, 2010

Board of Commissioners

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

**Prepared by:
Finance
Department**

TOWN OF WAKE FOREST STAFF

Mark S. Williams
Town Manager

Deeda Harris
Town Clerk

Town Attorney
Eric Vernon

Tammy R. Moody
Human Resources Director

Jeff Leonard
Police Chief

Aileen J. Staples
Finance Director

Roe O'Donnell
Deputy Town Manager – Operations

Roger A. Russell
Planning Director

Susan Simpson
Parks and Recreation Director

Eric Keravuori
Director of Engineering

Mike Barton
Public Works Director

Tom LaBarge
Information Technology Director

Bill Crabtree
Public Information Officer

ADVISORY BOARDS AND COMMISSIONS

Planning and Zoning Board
Bob Hill, Chairperson

Cemetery Advisory Board
John Mills, Chairperson

Board of Adjustment
Tom Littleton, Chairperson

Recreation Advisory Board
Sandy Thomason, Chairperson

Historic Preservation Commission
Louise Howard, Chairperson

Urban Forestry Advisory Board
John William Patterson, Chairperson

Human Relations Council
Sherry Burchett, Chairperson

Senior Center Advisory Board
Bonita L. Sharpee, Chairperson

Greenway Advisory Board
Joe Seiglar, Chairperson

Youth Advisory Board
Kyra Daniel

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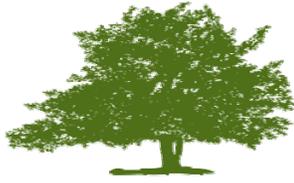
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TOWN *of*
WAKE FOREST



TOWN *of* WAKE FOREST

December 23, 2010

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

The Comprehensive Annual Financial Report (CAFR) of the Town of Wake Forest, as of and for the fiscal year ended June 30, 2010 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, 2010, and results of operations for the fiscal year then ended for all funds for the Town. Responsibility for both the accuracy of the presented data and the completeness and the fairness of the presentation, including all disclosures, rests with the Town. We believe the data and presentation are fair and accurate and that you will find everything necessary in this document to gain an understanding of the Town's financial activities over the past fiscal year.

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

Profile of the Town

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

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

The Town provides its citizens with a full range of services, including police, leisure and recreational opportunities, land use development administration and management, solid waste collection and disposal, construction and maintenance of streets, curbs, gutters, sidewalks and other infrastructure. In addition, the Town

operates Wake Forest Power, an electric utility providing residential and commercial service. Fire protection is provided through a contract with Wake Forest Fire Department, a private non-profit entity. This report includes all the Town's activities in delivering and administering these services.

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

Economic Condition and Outlook

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

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

The Town's estimated population at June 30, 2010 was 28,542 which is an increase of 4.6% over the previous fiscal year. Total growth has been 99.8% since 2001. Over the last several years there has been a shift in commercial establishments from industry to retail institutions.

Wake Forest's tax base has grown from \$841.2 million in 2001 to \$3.5 billion in 2010. The Town's tax base is approximately 23% commercial/industrial and 77% residential for fiscal year 2009-2010.

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

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

Major Initiatives

Several projects came to fruition during fiscal year 2009-2010. These projects reflect the Town's continued commitment to quality of life while maintaining its unique personality.

E. Carroll Joyner Park is the Town's newest and largest park. Scheduled for several phases of development, the 117 acre park is located at 701 Harris Road, approximately one mile east of Capital Boulevard. The Town received \$750,000 in grants for Phase I development in addition to \$3.5 million in bond proceeds. Phase I attractions include the restored farm buildings and pecan grove, a restored log cabin, 1,000 lawn seat amphitheater, a performance area and garden. Bordered by a 2,000 linear foot ribbon stone wall, the park offers approximately three miles of paved trails for walking, bicycling and in-line skating. Joyner Park was completed in late July and open to the public in August 2009.

The Town Hall construction was essentially completed and the certificate of occupancy was issued in June 2010. Landscaping, demolition and punch list items remain to be finalized during fiscal year 2010-2011. All town departments except police and public works are now housed in the 44,000 square foot facility. It is the cornerstone of Wake Forest's historical roots that blends the old with the new and incorporates sustainable practices. The Wake Forest Town Hall is expected to receive its "LEED" certification in 2011. LEED certification identifies the facility as a pioneering example of sustainable design. The "Leadership in Energy and Environmental Design" (LEED) green building rating system encourages and accelerates global adoption of sustainable green building and development practices through the creation and implementation of universally understood and accepted tools and performance criteria. LEED certification provides independent, third-party verification that a building project provides an environmentally responsible, profitable and healthy place to live and work. This project reinforces Wake Forest's commitment to being a sustainable community.

The remaining authorized \$7.3 million in general obligation (G.O.) bonds for remaining street and park projects were issued in December 2009. The park proceeds were used to reimburse the Town for their portion of the Heritage High School Park which was completed during fiscal year 2009-2010. The second phase of the S. Main Street widening project got underway and it is expected to be completed in fiscal year 2010-2011.

The above mentioned projects are the results of careful strategic planning over the last several years. Plans continue to be the forefront of how Wake Forest conducts business. These plans provide a continuing effort to improve the quality of life and services the Town provides to its citizens. During fiscal year 2009-2010, the Town retained the services of a consultant to begin the process of creating a Unified Development Ordinance (UDO) to replace its current assortment of development ordinances. Once adopted, the UDO will combine into a single document the Town's existing zoning, subdivision, land use, grading, storm water management and historic preservation regulations.

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

Internal Control

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

Cash Management

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

The Town realized investment earnings on all funds of \$260,880 for the fiscal year ended June 30, 2010 as compared to \$559,924 for the fiscal year ended June 30, 2009. Interest rates continued in a downward spiral over the past two fiscal years. This factor along with the Town's spending down bond and loan proceeds for ongoing projects attributed to the significant decrease in investment earnings. The average rate earned in FY 2010 was .40% as compared to 1.60% in 2009, to 4.09% in 2008, and 6.30% in 2007.

Independent Audit

The General Statutes of North Carolina require an annual independent financial audit of all local government units in the state. Joyce and Company, CPA, a firm of independent certified public accountants, has examined the financial records of the Town and their opinion has been included in this report. Their examination was made in accordance with 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, 2009. This was the 20th consecutive year in which the Town has received this recognition. To be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized Comprehensive Annual Financial Report. This report satisfied both generally accepted accounting principles and applicable legal requirements. The GFOA award is valid for a period of one year.

Acknowledgments

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

Respectfully submitted,

Mark S. Williams
Town Manager

Aileen J. Staples
Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Town of Wake Forest
North Carolina

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

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



President

Executive Director



History of the Town of Wake Forest

The Town of Wake Forest grew up around a college founded by North Carolina Baptists in 1834. After purchasing a plantation, which originally belonged to Dr. Calvin Jones, the North Carolina Baptist Convention opened the doors of the college on February 3, 1834. Lots were sold around the campus until gradually a town developed. The first Town Charter was obtained in 1880 for the Town of Wake Forest College. It was not until February 20, 1909 – 29 years later – that the Town of Wake Forest was chartered.

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

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

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

Responsibilities of Town Government By Department and Division

Legislative

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

Administration

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

Communications

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

Human Resources

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

Finance

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

Management Information Systems

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

Planning and Inspections

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

Engineering

Responsible for plan review, design work and construction inspection.

Parks and Recreation

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

Public Buildings

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

Public Safety

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

Public Works and Utilities Department

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

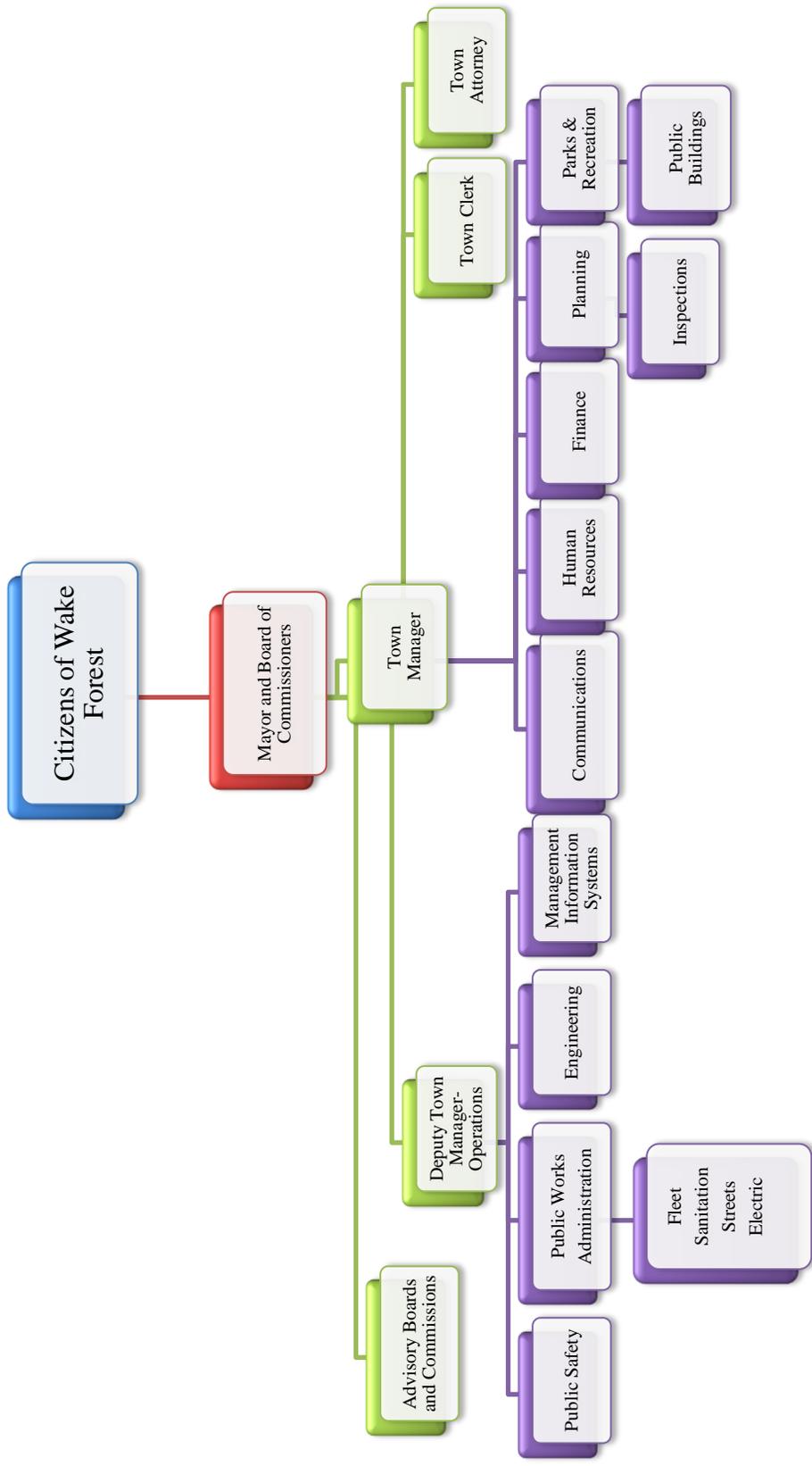
Electric Operations Division This division is charged with constructing, operating and maintaining the Town's electric distribution system, including power lines, substations and other equipment. Division is also responsible for tree trimming, system additions and conversions.

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

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

Town of Wake Forest

Organizational Chart





TOWN *of*
WAKE FOREST

Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Wake Forest, North Carolina, as of and for the year ended June 30, 2010, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Wake Forest, North Carolina's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Wake Forest, North Carolina, as of June 30, 2010 and the respective changes in financial position and cash flows, where appropriate, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated December 23, 2010 on our consideration of the Town of Wake Forest's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and on the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis and the Law Enforcement Officers' Special Separation Allowance's and the Other Postemployment Benefits' Schedules of Funding Progress and Schedules of Employer Contributions are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit this information and express no opinion on it.

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

Joyce and Company, CPA
JOYCE AND COMPANY, CPA

December 23, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Town of Wake Forest, we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2010. Please read it in conjunction with the transmittal letter at the front of this report and the Town's financial statements, which follow this narrative.

Financial Highlights

- The Town received upgrades from two of the three major credit rating agencies in conjunction with the issuance of \$7.3 million in General Obligation Bonds in December 2009. The ratings are as follows:

Moody's	Aa3
Standard & Poor's	AA increased to AAA
N.C. Municipal Council	84 increased to 87

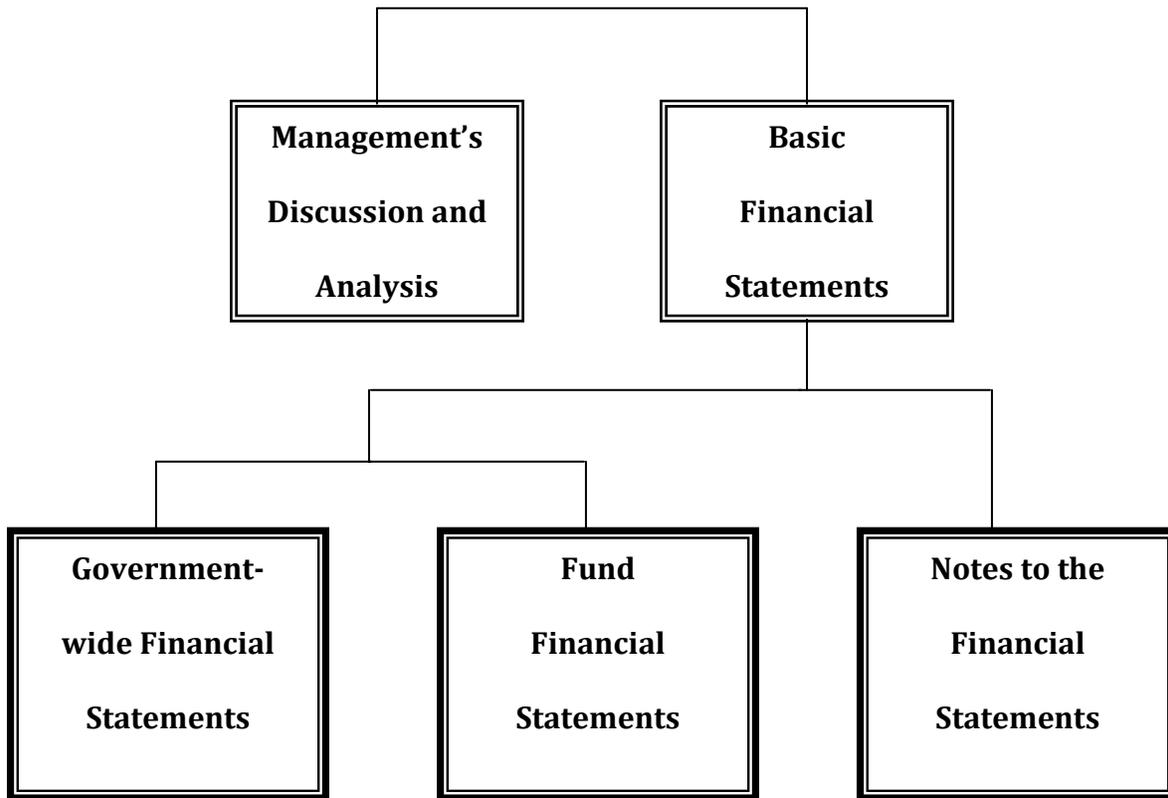
These increases were based on the Town's history of maintaining healthy financial operations that have contributed to a consistently strong financial strong position. The ratings further reflect the Town's access to and participation in the Raleigh-Cary metropolitan statistical area's deep and diverse economy; ongoing commercial development; and low overall debt burden.

- The assets of the Town of Wake Forest exceeded liabilities at the close of the fiscal year by \$138.4 million. Of this amount, \$14.3 million unrestricted net assets may be used to meet the Town's ongoing obligations to citizens and creditors.
- The Town's total net assets increased by \$1.5 million, with \$ 1.4 million coming from business-type activities and approximately \$.1 million increase coming from governmental activities.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of approximately \$17.0 million. Approximately 82.4% of the total governmental funds fund balance, or \$14.0 million, is available for spending at the Town's discretion (unreserved fund balance).
- The Town's total debt increased \$5.5 million during the past fiscal year. New debt included the issuance of the remaining \$7.3 million authorized general obligation bonds for street improvements and park development. Patrol vehicles along with other rolling stock and equipment were acquired through an installment purchase agreement for \$476,000 in June 2010. The Town retired approximately \$2.4 million in debt in fiscal year (FY) 2009-2010.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town of Wake Forest's basic financial statements. The Town's basic financial statements consist of three (3) components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The basic financial statements present two (2) different views of the Town through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the Town of Wake Forest.

Required Components of Annual Financial Report



Basic Financial Statements

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

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

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

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

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

During the past fiscal year, the Town of Wake Forest maintained twelve (12) individual governmental funds: the General Fund, three (3) special revenue funds (to account for revenues which are restricted to a specific purpose), five (5) capital projects funds (to account for construction projects spanning more than one annual budget year), and three (3) capital reserve funds (to account for funding future capital expenditures beyond one annual budget year). The General Fund, the New Town Hall Capital Project fund and Street and Sidewalk Improvements Capital Project fund are all considered to be major funds. The remaining governmental funds are all non-major funds and information is presented in the aggregate.

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

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

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

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

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

Other Information: In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Town’s progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found behind the notes to the financial statements and just before the individual fund statements in this report.

Government-Wide Financial Analysis

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

The Town of Wake Forest Net Assets

(All dollar amounts shown in millions)

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Current and Other Assets	\$19.9	\$19.2	\$ 9.0	\$ 8.9	\$28.9	\$27.2
Capital Assets	134.3	127.4	15.9	15.3	150.2	143.2
Total Assets	154.2	146.6	\$24.9	24.2	\$179.1	170.4
Long-Term Liabilities Outstanding	26.6	19.7	5.5	6.9	32.1	25.8
Other Liabilities	5.0	4.7	3.7	3.6	8.7	8.1
Total Liabilities	31.6	24.4	9.2	9.5	40.8	33.9
Net Assets:						
Invested in Capital Assets, net						
Of Related Debt	110.1	109.4	13.9	13.6	124.0	123.0
Restricted for Streets	-	0.2	-	-	-	0.2
Unrestricted	12.5	12.6	1.8	.7	14.3	13.3
Total Net Assets	\$122.6	\$122.2	\$15.7	\$14.3	\$138.3	\$136.5

The Town’s assets exceeded liabilities by \$138.3 million as of June 30, 2010. However, the largest portion reflects the Town’s investment in capital assets (e.g. land, buildings, machinery and equipment); less any related debt still outstanding that was issued to acquire those assets. The Town of Wake Forest uses these capital assets to provide services to the citizens; consequently, these assets are not available for future spending. Although the Town’s investment in its capital assets is reported net of the outstanding related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets cannot be used to liquidate these liabilities. The remaining balance of unrestricted net assets (\$14.3 million) may be used to meet the Town’s ongoing obligations to citizens and creditors.

The Town of Wake Forest Changes in Net Assets

(All dollar amounts shown in millions)

	Governmental		Business-Type		Total	
	Activities		Activities			
	2010	2009	2010	2009	2010	2009
Revenues:						
Program Revenues:						
Charges for Services	\$2.3	\$2.2	\$17.5	\$16.5	\$19.8	\$18.7
Operating Grants & Contributions	0.7	0.8	-	-	0.7	0.8
Capital Grants and Contributions	1.1	13.3	-	-	1.1	13.3
General Revenues:						
Property Taxes	18.2	17.3	-	-	18.2	17.3
Investment Earnings	0.1	0.4	0.2	0.2	0.1	0.6
Other	6.2	6.5	-	0.1	6.2	6.6
Total Revenues	<u>28.6</u>	<u>40.5</u>	<u>17.7</u>	<u>16.8</u>	<u>46.3</u>	<u>57.3</u>
Expenses:						
General Government	8.7	8.6	-	-	8.7	8.6
Public Safety	10.2	9.4	-	-	10.2	9.4
Transportation	4.3	3.6	-	-	4.3	3.6
Environmental Protection	2.4	2.3	-	-	2.4	2.3
Cultural and Recreation	2.0	1.8	-	-	2.0	1.8
Interest on Long-Term Debt	0.9	0.8	-	-	0.9	0.8
Water & Sewer	-	-	0.2	0.2	0.2	0.2
Electric	-	-	16.1	16.0	16.1	16.0
Total Expenses	<u>28.5</u>	<u>26.5</u>	<u>16.3</u>	<u>16.2</u>	<u>44.8</u>	<u>42.7</u>
Change in Net Assets Before Transfers and Extraordinary Items	0.1	14.0	1.4	0.6	1.5	14.6
Extraordinary items	-	2.2	-	-	-	2.2
Increase (Decrease) in Net Assets	0.1	16.2	1.4	0.6	1.5	16.8
NET ASSETS - Beginning of the Year	122.4	106.2	14.3	13.7	136.7	119.9
Prior Period Adjustment	0.1	-	-	-	0.1	-
NET ASSETS - End of the Year	<u>\$122.6</u>	<u>\$122.4</u>	<u>\$15.7</u>	<u>\$14.3</u>	<u>\$138.3</u>	<u>\$136.7</u>

Governmental activities: With respect to governmental activities, this past fiscal year was essentially flat compared to the previous fiscal year increasing net assets just under \$100,000.

- Ad valorem taxes made up 63.7% of governmental activity revenue and continue to be a significant revenue source for funding local government operations.
- Property tax collections increased 5.5% this fiscal year. The Town's tax rate was \$.51 and the tax base had an assessed value of \$3,503,428,301.

Business-type activities: Business-type activities increased the Town of Wake Forest's net assets by \$1.5 million. Key elements of this increase are as follows:

- Charges for services from the Sale of Power increased \$971,000 (6.1%) from the previous fiscal year.
- Total operating revenues increased 5.5% from the previous fiscal year.

- Total operating expenses were flat and increased only \$62,000.

Financial Analysis of the Town's Funds

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

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

The General Fund is the chief operating fund of the Town of Wake Forest. At the end of the current fiscal year, unreserved and undesignated fund balance of the General Fund was \$7.4 million, while total fund balance was \$12.5 million. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved/undesignated and total fund balance to total general fund expenditures. Unreserved and undesignated fund balance represents 25.2% of the total General Fund expenditures, while total fund balance represents 42.7% of that same amount.

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

The Town made a major commitment and reinvestment in the community in 2004 when the planning process began for the construction of the new town hall. Each budget year since that time, funds have been allocated from the General Fund to the Town Hall Capital projects fund. Although the building was occupied in late June 2010, work continues and should be completed next fiscal year. With that said, funds were allocated in FY 2010-2011 budget to towards closing out the Town Hall capital projects fund therefore correcting the negative fund balance reported at June 30, 2010.

At June 30, 2009, the governmental funds of Town of Wake Forest reported a combined fund balance of \$16.4 million. The General Fund, special revenue fund, capital project funds, and capital reserve fund are included in this combined amount. The total fund balance increased to \$17.0 as of June 30, 2010.

General Fund Budgetary Highlights: During the fiscal year ended June 30, 2010, the Town revised the budget on a few occasions. Generally, budget amendments are made to recognize new funding amounts from external sources, such as federal and state grants or to increase appropriations that become necessary to maintain or expand services. The primary differences between the original budget and the final amended budget are as follows:

- Ad Valorem taxes received exceeded original budget estimates by \$888,000 due to conservative budgeting regarding the collection rate coupled with some growth in the Town's tax base.
- Sales tax revenues were amended slightly as they exceeded the original budget estimate.
- Other financing uses were amended to reflect the transfers to the Town Hall capital projects fund by \$1.3 million.

The Town planned to utilize \$2.9 million in fund balance for capital items and \$1.9 for the town hall project for the fiscal year ended June 30, 2010. Total general fund balance *decreased* \$1.5 million.

Proprietary Funds: The Town of Wake Forest’s proprietary fund financial statements provide the same type of information found in the government-wide statements but in more detail. Unrestricted net assets of the Electric Fund at the end of the fiscal year amount to \$1.9 million and the total ending net assets were \$15.8 million.

Net assets *increased* \$1.5 million during this past fiscal year. Efforts to curtail expenses were successful, which included freezing three vacant positions along with reducing capital spending. Purchase for power for resale increased \$464,000 from the previous fiscal year due to some growth.

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

Capital Asset and Debt Administration

Capital assets: The Town of Wake Forest’s investment in capital assets for its governmental and business-type activities as of June 30, 2010, totaled \$150.2 million (net of accumulated depreciation). These assets include buildings, streets and sidewalks, land, machinery and equipment including vehicles, park facilities and electric system. Major capital asset transactions during the year include the following:

- Equipment and vehicles for the General Fund of \$690,000.
- Joyner Park and Heritage High School parks were completed during fiscal year 2010.
- Construction in progress includes the following ongoing projects: New Town Hall project; Streets and Sidewalks (Franklin Street and S. Main Street); Dunn Creek greenway; and construction of the electric substation on highway 98 by-pass.

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

	Governmental		Business-Type		Total	
	Activities		Activities			
	2010	2009	2010	2009	2010	2009
Land	\$31.8	\$25.6	\$0.2	\$0.2	\$32.0	\$25.8
Construction in Progress	24.6	32.4	3.1	2.9	27.7	35.3
Total Non-Depreciable Assets	56.4	58.0	3.3	3.1	59.7	61.1
Buildings	5.7	5.4	-	-	5.7	5.4
Other improvements	91.9	81.2	19.0	18.5	110.9	99.7
Equipment	3.9	3.4	1.5	1.6	5.4	5.0
Vehicles and motorized Equipment	4.2	4.2	1.3	1.1	5.5	5.3
Total Depreciable	105.7	94.2	21.8	21.2	127.5	115.4
Accumulated Depreciation	(27.8)	(24.8)	(9.2)	(8.5)	(37.0)	(33.3)
Total Depreciable Assets, Net	77.9	69.4	12.6	12.7	90.5	82.1
Total	\$134.3	\$127.4	\$15.9	\$15.8	\$150.2	\$143.2

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

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

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
General Obligation Bonds	\$16.8	\$10.1	\$ -	\$0.1	\$16.8	\$10.2
Revenue Bonds	-	-	1.8	2.0	1.8	2.0
N. C. Water Pollution Control Revolving Loan and Bond Fund	-	-	2.7	3.1	2.7	3.1
Installment Purchase	9.4	9.7	1.6	1.8	11.0	11.5
Total	\$26.2	\$19.8	\$6.1	\$7.0	\$32.3	\$26.8

Long-term Debt: As of June 30, 2010, the Town of Wake Forest had total general obligation bonded debt outstanding of \$16.8 million, and installment purchase related debt of \$11.0 million. \$16.8 million of the bonds and \$9.4 million of the installment purchase debt is being repaid from the General Fund. The outstanding revenue bond debt is \$1.8 million at June 30, 2010. The remaining \$1.6 million in installment purchase debt along with \$2.7 million in N.C. Water Pollution Control Revolving Loan and Bond funds are being repaid from utility system revenues. As part of the merger agreement, the City of Raleigh is required to pay to the Town amounts equal to the debt service on the Town’s water and sewer obligations.

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to eight (8%) percent of the total assessed value of taxable property located within that Town’s boundaries. The legal debt margin for the Town of Wake Forest is \$255.7 million. Practically, these statutory limits exceed the Town’s realistic debt capacity.

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

Budget Highlights for the Fiscal Year Ending June 30, 2011

Governmental Activities: As a result of the continued uncertainty in the economy, the emphasis of the FY 2010-2011 Budget is to maintain current levels of service and complete capital projects that are underway, while continuing to be conservative in our revenue projections and prudent in our use of revenues. Two main areas of focus are personnel and capital. No cost of living increases (COLA) were funded however merit funds were included along with respective market adjustments. Three (3) new positions were funded and seven (7) positions remain authorized but unfunded. Capital items were kept to a minimum and the focus was on finishing projects currently underway.

The Town’s tax rate remained unchanged at \$.51 for the coming fiscal year. This equates to a breakdown of \$.41 for town operations and debt service and \$.10 for fire services. The final budget for the General Fund totaled \$29.6 million. The Town appropriated \$2,108,755 of available fund balance for one-time capital items such as the

new town hall, Chalks Road construction, Juniper Avenue construction administration, White Streetscape design and sidewalk improvements.

Business-type Activities: Utility rates were unchanged in the Electric Fund. The total budget was \$17.5 million for the Electric Fund. Water and Sewer rates increased 5% to offset merger costs and maintain transition timeline. Effective July 1, 2005 the City of Raleigh operates the water and wastewater systems.

Requests for Information

This report is designed to provide an overview of the Town's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Finance Director, Town of Wake Forest, 301 S. Brooks Street, Wake Forest, North Carolina 27587; (919) 435-9461 or astaples@wakeforestnc.gov.

Exhibit 1

Town of Wake Forest, North Carolina
Statement of Net Assets
June 30, 2010

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 13,897,261	\$ 1,925,692	\$ 15,822,953
Taxes receivables (net)	476,447	-	476,447
Accounts receivable (net)	170,009	2,292,336	2,462,345
Internal balances	800,000	(800,000)	-
Due from other governments	2,036,138	-	2,036,138
Inventories	16,189	1,410,750	1,426,939
Prepaid items	46,715	-	46,715
Bond issuance costs	146,575	-	146,575
Restricted cash and cash equivalents	2,280,147	-	2,280,147
Due within one year			
Note receivable-current portion	-	745,799	745,799
Due in more than one year			
Note receivable-noncurrent portion	-	3,406,182	3,406,182
Capital assets			
Land, improvements, and construction in progress	56,445,695	3,334,207	59,779,902
Other capital assets, net of depreciation	77,870,495	12,585,218	90,455,713
Total assets	<u>154,185,671</u>	<u>24,900,184</u>	<u>179,085,855</u>
LIABILITIES			
Accounts payable	2,121,746	2,536,876	4,658,622
Unearned revenue	57,439	-	57,439
Accrued interest payable	368,096	45,428	413,524
Customer deposits	-	146,345	146,345
Due within one year			
Compensated absences	562,186	80,411	642,597
Bonds and notes payable	1,900,945	834,451	2,735,396
Accounts payable from restricted assets	-	-	-
Due in more than one year			
Compensated absences	22,559	-	22,559
Net pension obligation	363,028	-	363,028
Other postemployment benefits	1,632,970	218,678	1,851,648
Bonds and notes payable	24,520,486	5,298,192	29,818,678
Total liabilities	<u>31,549,455</u>	<u>9,160,381</u>	<u>40,709,836</u>
NET ASSETS			
Invested in capital assets, net of related debt	110,101,600	13,938,763	124,040,363
Unrestricted	12,534,616	1,801,040	14,335,656
Total net assets	<u>\$ 122,636,216</u>	<u>\$ 15,739,803</u>	<u>\$ 138,376,019</u>

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

Town of Wake Forest, North Carolina
Statement of Activities
 For the Year Ended June 30, 2010

FUNCTIONS/PROGRAMS	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 8,682,965	\$ 1,101,020	\$ -	\$ -	\$ (7,581,945)	\$ -	\$ (7,581,945)
Public safety	10,253,680	417,136	56,655	21,454	(9,758,435)	-	(9,758,435)
Transportation	4,299,079	52,628	656,839	700,731	(2,888,881)	-	(2,888,881)
Environmental protection	2,397,576	266,524	396	210,394	(1,920,262)	-	(1,920,262)
Cultural and recreation	2,024,989	471,331	-	158,479	(1,395,179)	-	(1,395,179)
Interest on long-term debt	902,986	-	-	-	(902,986)	-	(902,986)
Total governmental activities	28,561,275	2,308,639	713,890	1,091,058	(24,447,688)	-	(24,447,688)
Business-type activities:							
Water and sewer	170,850	-	-	-	-	(170,850)	(170,850)
Electric	16,097,214	17,520,430	-	-	-	1,423,216	1,423,216
Total business-type activities	16,268,064	17,520,430	-	-	-	1,252,366	1,252,366
Total	\$ 44,829,339	\$ 19,829,069	\$ 713,890	\$ 1,091,058	(24,447,688)	1,252,366	(23,195,322)
General revenues:							
Taxes:							
Property taxes, levied for general purpose					18,229,078	-	18,229,078
Other taxes and licenses					83,634	-	83,634
Unrestricted intergovernmental					5,789,968	-	5,789,968
Unrestricted investment earnings					85,946	174,934	260,880
Miscellaneous					327,018	26,999	354,017
Transfers					1,423	(1,423)	-
Total general revenues					24,517,067	200,510	24,717,577
Change in net assets					69,379	1,452,876	1,522,255
Net assets-beginning of year as previously reported					122,492,481	14,286,927	136,779,408
Prior period adjustment					74,356	-	74,356
Net assets-beginning of year as restated					122,566,837	14,286,927	136,853,764
Net assets-ending					\$ 122,636,216	\$ 15,739,803	\$ 138,376,019

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

Town of Wake Forest, North Carolina
Balance Sheet
Governmental Funds
June 30, 2010

	Major			Nonmajor	Total Governmental Funds
	General	New Town Hall Capital Project	Street and Sidewalk Improvements Capital Project	Other Governmental Funds	
Assets					
Cash and cash equivalents	\$ 10,683,804	\$ -	\$ 548,828	\$ 2,664,629	\$ 13,897,261
Receivables, net					
Taxes	450,996	-	-	25,451	476,447
Accounts	48,264	114,661	7,084	-	170,009
Due from other governments	1,877,659	-	-	158,479	2,036,138
Due from other funds	1,448,518	-	-	-	1,448,518
Inventories	16,189	-	-	-	16,189
Prepaid items	46,715	-	-	-	46,715
Restricted cash and cash equivalents	-	-	2,280,147	-	2,280,147
Total assets	<u>\$ 14,572,145</u>	<u>\$ 114,661</u>	<u>\$ 2,836,059</u>	<u>\$ 2,848,559</u>	<u>\$ 20,371,424</u>
Liabilities and fund balances					
Current liabilities:					
Accounts payable and accrued liabilities	\$ 1,527,990	\$ 311,640	\$ 224,395	\$ 57,721	\$ 2,121,746
Due to other funds	-	648,518	-	-	648,518
Deferred revenues	506,988	-	-	25,451	532,439
Unearned revenues	57,325	-	-	114	57,439
Accounts payable from restricted assets	-	-	-	-	-
Total liabilities	<u>2,092,303</u>	<u>960,158</u>	<u>224,395</u>	<u>83,286</u>	<u>3,360,142</u>
Fund balances					
Reserved for encumbrances	254,500	-	-	-	254,500
Reserved for inventories	16,189	-	-	-	16,189
Reserved for prepaid items	46,715	-	-	-	46,715
Reserved by state statute	2,669,931	-	-	-	2,669,931
Unreserved, reported in:					
General Fund	7,383,752	-	-	-	7,383,752
Designated for subsequent year's expenditures	2,108,755	-	-	-	2,108,755
Special revenue funds	-	-	-	314,410	314,410
Capital projects funds	-	(845,497)	2,611,664	2,450,863	4,217,030
Total fund balances	<u>12,479,842</u>	<u>(845,497)</u>	<u>2,611,664</u>	<u>2,765,273</u>	<u>17,011,282</u>
Total liabilities and fund balances	<u>\$ 14,572,145</u>	<u>\$ 114,661</u>	<u>\$ 2,836,059</u>	<u>\$ 2,848,559</u>	<u>\$ 20,371,424</u>

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

Town of Wake Forest, North Carolina
Reconciliation of the Balance Sheet to the Statement of Net Assets
Governmental Funds
June 30, 2010

Fund balances-total governmental funds		\$ 17,011,282
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Amounts reported for governmental activities in the statement of net assets are different because;

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

Governmental capital assets	\$ 162,154,866	
Less accumulated depreciation	<u>(27,838,676)</u>	134,316,190

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

Government bonds and notes payable	(26,166,610)	
Bond issuance costs	146,575	
Premiums received on bond issuance	(254,821)	
Compensated absences	(584,745)	
Other postemployment benefits	(1,632,970)	
Net pension obligation	<u>(363,028)</u>	(28,855,599)

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

Deferred revenue	532,439
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Other liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.

Accrued expenses payable	<u>(368,096)</u>
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Net assets of governmental activities	<u><u>\$ 122,636,216</u></u>
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The accompanying notes are an integral part of these financial statements.

Town of Wake Forest, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2010

	Major			Nonmajor	Total
	General	New Town Hall Capital Project	Street and Sidewalk Improvements Capital Project	Other Governmental Funds	
Revenues:					
Ad valorem taxes	\$ 18,128,468	\$ -	\$ -	\$ 89,674	\$ 18,218,142
Other taxes	81,990	-	-	-	81,990
Unrestricted intergovernmental	5,789,968	-	-	-	5,789,968
Restricted intergovernmental	952,442	-	-	158,479	1,110,921
Permits and fees	1,057,807	-	-	490,166	1,547,973
Sales and services	760,666	-	-	-	760,666
Miscellaneous	274,260	-	-	52,758	327,018
Investment earnings	140,826	939	102,640	96,362	340,767
Total revenues	<u>27,186,427</u>	<u>939</u>	<u>102,640</u>	<u>887,439</u>	<u>28,177,445</u>
Expenditures:					
Current:					
General government	8,145,908	-	-	-	8,145,908
Public safety	9,449,953	-	-	-	9,449,953
Transportation	2,071,754	-	-	-	2,071,754
Environmental protection	2,289,181	-	-	-	2,289,181
Cultural and recreation	1,496,830	-	-	61,628	1,558,458
Capital outlay	1,874,488	5,272,765	1,519,853	789,596	9,456,702
Debt service:					
Bond principal	2,365,250	-	-	-	2,365,250
Bond interest	452,588	-	-	-	452,588
Installment note principal	753,022	-	-	-	753,022
Installment note interest	352,835	-	-	-	352,835
Total expenditures	<u>29,251,809</u>	<u>5,272,765</u>	<u>1,519,853</u>	<u>851,224</u>	<u>36,895,651</u>
Revenues under expenditures	<u>(2,065,382)</u>	<u>(5,271,826)</u>	<u>(1,417,213)</u>	<u>36,215</u>	<u>(8,718,206)</u>
Other financing sources (uses):					
Transfers in	365,019	1,895,475	-	1,265,044	3,525,538
Transfers out	(1,896,225)	-	-	(1,627,890)	(3,524,115)
Issuance of debt	2,112,504	-	3,800,000	3,500,000	9,412,504
Bond issuance costs	(24,033)	-	(66,221)	(60,993)	(151,247)
Total other financing sources (uses)	<u>557,265</u>	<u>1,895,475</u>	<u>3,733,779</u>	<u>3,076,161</u>	<u>9,262,680</u>
Net change in fund balances	<u>(1,508,117)</u>	<u>(3,376,351)</u>	<u>2,316,566</u>	<u>3,112,376</u>	<u>544,474</u>
Fund balance - Beginning of year (as previously reported)	13,913,603	2,530,854	295,098	(347,103)	16,392,452
Adjustment to beginning fund balance	74,356	-	-	-	74,356
Fund balance - Beginning of year (as restated)	<u>13,987,959</u>	<u>2,530,854</u>	<u>295,098</u>	<u>(347,103)</u>	<u>16,466,808</u>
Fund balance - end of year	<u>\$ 12,479,842</u>	<u>\$ (845,497)</u>	<u>\$ 2,611,664</u>	<u>\$ 2,765,273</u>	<u>\$ 17,011,282</u>

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

Town of Wake Forest, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2010

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

Net changes in fund balances - total governmental funds	\$	544,474
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Expenditures for capital assets	\$ 9,456,702	
Less current year depreciation	<u>(3,258,126)</u>	6,198,576

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		694,027
Change in deferred revenues		<u>12,580</u>

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

Bond issuance costs	151,247	
Amortization of bond issuance costs	(4,672)	
Premiums received on bond issuance	(263,912)	
Amortization of bond premiums	9,091	
Issuance of debt	(9,412,504)	
Principal payments	<u>3,118,272</u>	(6,402,478)

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		(33,980)
Net pension obligation		(51,963)
Other postemployment benefits		(798,966)
Change in accrued interest payable		<u>(92,891)</u>

Total changes in net assets of governmental activities	\$	<u><u>69,379</u></u>
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The accompanying notes are an integral part of these financial statements.

Town of Wake Forest, North Carolina
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2010

	Original	Final	Actual Amounts	Variance with Final Budget- Positive (Negative)
REVENUES:				
Ad valorem taxes	\$ 17,240,570	\$ 17,975,975	\$ 18,128,468	\$ 152,493
Other taxes and licenses	62,500	77,350	81,990	4,640
Unrestricted intergovernmental	5,622,370	5,666,090	5,789,968	123,878
Restricted intergovernmental	854,815	1,207,035	952,442	(254,593)
Permits and fees	1,147,100	1,045,600	1,057,807	12,207
Sales and services	732,630	754,460	760,666	6,206
Miscellaneous	269,500	284,480	274,260	(10,220)
Investment earnings	215,000	103,280	140,826	37,546
Total revenues	<u>26,144,485</u>	<u>27,114,270</u>	<u>27,186,427</u>	<u>72,157</u>
EXPENDITURES:				
Current				
General government	9,257,090	9,797,220	9,064,236	732,984
Public safety	9,614,380	10,084,055	9,682,515	401,540
Transportation	3,114,305	2,943,930	2,668,418	275,512
Environmental protection	2,455,165	2,422,165	2,389,591	32,574
Cultural and recreational	1,635,395	1,657,675	1,523,354	134,321
Debt service:				
Bond principal	640,250	640,250	2,365,250	(1,725,000)
Bond interest	424,620	424,620	452,588	(27,968)
Installment note principal	763,585	755,250	753,022	2,228
Installment note interest	354,910	353,060	352,835	225
Total expenditures	<u>28,259,700</u>	<u>29,078,225</u>	<u>29,251,809</u>	<u>(173,584)</u>
Revenues over (under) expenditures	<u>(2,115,215)</u>	<u>(1,963,955)</u>	<u>(2,065,382)</u>	<u>(101,427)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in (out)				
Downtown District Special Tax	4,715	40,975	40,975	-
Centennial Celebration Fund	-	(1,500)	-	1,500
Town Hall Capital Project Fund	(630,000)	(1,895,475)	(1,895,475)	-
General Capital Reserve Fund	177,500	382,465	310,296	(72,169)
Recreation Capital Reserve Fund	75,000	75,000	-	(75,000)
Police Department Special Revenue Fund	(50,000)	12,325	11,575	(750)
Water and Sewer Fund	-	-	1,423	1,423
Bond proceeds	-	-	1,705,000	1,705,000
Installment note issuance	448,000	407,505	407,504	(1)
Bond issuance costs	-	-	(24,033)	(24,033)
Appropriated fund balance	2,090,000	2,942,660	-	(2,942,660)
Total other financing sources (uses)	<u>2,115,215</u>	<u>1,963,955</u>	<u>557,265</u>	<u>(1,406,690)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(1,508,117)</u>	<u>\$ (1,508,117)</u>
FUND BALANCE - Beginning of year (as previously reported)			13,913,603	
Adjustment to beginning fund balance			74,356	
FUND BALANCE - Beginning of year (as restated)			<u>13,987,959</u>	
FUND BALANCE - End of year			<u>\$ 12,479,842</u>	

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

Town of Wake Forest
Proprietary Funds
Statement of Net Assets
June 30, 2010

	Electric Fund	Water and Sewer Fund	Totals
<u>Assets</u>			
Current assets:			
Cash and cash equivalents	\$ 923,437	\$ 1,002,255	\$ 1,925,692
Accounts receivable	2,292,336	-	2,292,336
Note receivable - current portion	-	745,799	745,799
Inventories	1,410,750	-	1,410,750
Subtotal	<u>4,626,523</u>	<u>1,748,054</u>	<u>6,374,577</u>
Noncurrent assets:			
Note receivable - noncurrent portion	-	3,406,182	3,406,182
Capital assets:			
Land and other non-depreciable assets	3,334,207	-	3,334,207
Other capital assets, net of depreciation	12,585,218	-	12,585,218
Capital assets (net)	<u>15,919,425</u>	<u>-</u>	<u>15,919,425</u>
Subtotal-noncurrent assets	<u>15,919,425</u>	<u>3,406,182</u>	<u>19,325,607</u>
Total assets	<u>20,545,948</u>	<u>5,154,236</u>	<u>25,700,184</u>
<u>Liabilities</u>			
Current liabilities:			
Accounts payable and accrued liabilities	1,494,903	1,041,973	2,536,876
Due to other funds	800,000	-	800,000
Customer deposits	146,345	-	146,345
Accrued interest payable	25,484	19,944	45,428
Compensated absences	80,411	-	80,411
Bonds and notes payable	239,724	594,727	834,451
Total current liabilities	<u>2,786,867</u>	<u>1,656,644</u>	<u>4,443,511</u>
Noncurrent liabilities:			
Other postemployment benefits	218,678	-	218,678
Bonds and notes payable	1,740,938	3,557,254	5,298,192
Total noncurrent liabilities	<u>1,959,616</u>	<u>3,557,254</u>	<u>5,516,870</u>
Total liabilities	<u>4,746,483</u>	<u>5,213,898</u>	<u>9,960,381</u>
Net Assets			
Invested in capital assets, net of related debt	13,938,763	-	13,938,763
Unrestricted	1,860,702	(59,662)	1,801,040
Total net assets	<u>\$ 15,799,465</u>	<u>\$ (59,662)</u>	<u>\$ 15,739,803</u>

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

Town of Wake Forest
Proprietary Funds
Statement of Revenues, Expenses, and Changes in Fund Net Assets
For the Fiscal Year Ended June 30, 2010

	Electric Fund	Water and Sewer Fund	Totals
Operating revenues:			
Charges for services	\$ 16,847,175	\$ -	\$ 16,847,175
Other operating revenues	673,255	-	673,255
Total operating revenues	<u>17,520,430</u>	<u>-</u>	<u>17,520,430</u>
Operating expenses:			
Electric operations	2,495,786	-	2,495,786
Electric power purchases	12,737,761	-	12,737,761
Depreciation	786,761	-	786,761
Total operating expenses	<u>16,020,308</u>	<u>-</u>	<u>16,020,308</u>
Operating income	<u>1,500,122</u>	<u>-</u>	<u>1,500,122</u>
Nonoperating revenues (expenses):			
Investment earnings	746	174,188	174,934
Interest expense	(76,906)	(170,850)	(247,756)
Gain on capital asset disposals	26,999	-	26,999
Total nonoperating revenues (expenses)	<u>(49,161)</u>	<u>3,338</u>	<u>(45,823)</u>
Income before transfers	1,450,961	3,338	1,454,299
Transfers out	<u>-</u>	<u>(1,423)</u>	<u>(1,423)</u>
Change in net assets	1,450,961	1,915	1,452,876
Net assets, beginning	<u>14,348,504</u>	<u>(61,577)</u>	<u>14,286,927</u>
Net assets, end of year	<u>\$ 15,799,465</u>	<u>\$ (59,662)</u>	<u>\$ 15,739,803</u>

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

Town of Wake Forest
Enterprise Funds
Combining Statement of Cash Flows
For The Fiscal Year Ended June 30, 2010

	Electric Fund	Water and Sewer Fund	Totals
Cash flows from operating activities:			
Cash received from customers	\$ 17,185,943	\$ -	\$ 17,185,943
Cash paid for goods and services	(13,467,391)	-	(13,467,391)
Cash paid to employees for services	(1,396,987)	-	(1,396,987)
Customer deposits received	91,400	-	91,400
Customer deposits returned	(77,660)	-	(77,660)
Net cash provided by operating activities	<u>2,335,305</u>	<u>-</u>	<u>2,335,305</u>
Cash flows from noncapital financing activities:			
Repayment of interfund loan	(380,595)	-	(380,595)
Interfund transfer	-	(1,423)	(1,423)
Net cash used by noncapital financing activities	<u>(380,595)</u>	<u>(1,423)</u>	<u>(382,018)</u>
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(941,213)	-	(941,213)
Installment note issuance	125,656	-	125,656
Proceeds of sale of capital assets	26,999	-	26,999
Principal paid on bond maturities and equipment notes	(303,842)	(623,977)	(927,819)
Interest paid on bond maturities and equipment notes	(77,235)	(174,187)	(251,422)
Collections for the City of Raleigh, pursuant to merger agreement	-	1,866,968	1,866,968
Transfer of funds to City of Raleigh, pursuant to merger agreement	-	(1,749,851)	(1,749,851)
Transfer of funds from City of Raleigh, pursuant to merger agreement	-	623,977	623,977
Net cash used by capital and related financing activities	<u>(1,169,635)</u>	<u>(57,070)</u>	<u>(1,226,705)</u>
Cash flows from investing activities:			
Interest on investments	746	174,187	174,933
Net increase in cash and cash equivalents	785,821	115,694	901,515
Cash and cash equivalents:			
Beginning of year	137,616	886,561	1,024,177
End of year	<u>\$ 923,437</u>	<u>\$ 1,002,255</u>	<u>\$ 1,925,692</u>

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

Town of Wake Forest
Enterprise Funds
Combining Statement of Cash Flows
 For The Fiscal Year Ended June 30, 2010

	Electric Fund	Water and Sewer Fund	Totals
Reconciliation of operating income to net cash provided by operating activities			
Operating income	\$ 1,500,122	\$ -	\$ 1,500,122
Adjustments to reconcile operating income to net cash provided by operating activities			
Depreciation	786,761	-	786,761
Changes in assets and liabilities:			
Increase in accounts receivable	(334,487)	-	(334,487)
Decrease in inventory	64,236	-	64,236
Increase in accounts payable and accrued liabilities	193,244	-	193,244
Increase in customer deposits	13,740	-	13,740
Increase in accrued vacation pay	2,065	-	2,065
Increase in other postemployment benefits	109,624	-	109,624
Total adjustments	835,183	-	835,183
Net cash provided by operating activities	\$ 2,335,305	\$ -	\$ 2,335,305

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

TOWN OF WAKE FOREST, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2010

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Reporting Entity

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

(b) Basis of Presentation

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

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

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

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

The government reports the following major governmental funds:

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

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

TOWN OF WAKE FOREST, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2010

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

The government reports the following major proprietary funds:

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

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

The Town reports the following nonmajor governmental funds:

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

Capital Project Funds – Capital project funds are used to account for financial resources to be used for the acquisition or construction of major facilities (other than those financed by proprietary funds). The Town has six (6) capital project funds: the Recreation Park Development Capital Project Fund, the Stream Buffers Capital Project Fund, the Cemetery Capital Reserve Fund, the Recreation Capital Reserve Fund, the Dunn Creek Greenway Capital Project Fund and the General Capital Reserve Fund.

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

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

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

TOWN OF WAKE FOREST, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2010

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 January 1, 1993, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, Wake County is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts in the County including the Town of Wake Forest. For motor vehicles registered under the staggered system, property taxes are due the first day of the fourth month after the vehicles are registered. The billed taxes are applicable to the fiscal year in which they become due. Therefore, the Town's vehicle taxes for vehicles registered in Wake County from March 2009 through February 2010 apply to the fiscal year ended June 30, 2010. Uncollected taxes that were billed during this period are shown as a receivable in these financial statements and are offset by deferred revenues.

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

TOWN OF WAKE FOREST, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2010

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

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

(d) Budgetary Data

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

(e) Assets, Liabilities and Fund Equity

(1) Deposits and Investments

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

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

(2) Cash and Cash Equivalents

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

TOWN OF WAKE FOREST, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2010

(3) Restricted Assets

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

(4) Ad Valorem Taxes Receivable

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

(5) Allowances for Doubtful Accounts

An allowance for doubtful accounts is maintained on the ad valorem taxes receivable as described above. This amount is estimated by analyzing the percentage of receivables that are written off in prior years. The direct write-off method is used by the Town on all other types of receivables. Under this method, all accounts considered uncollectible at June 30, 2010 have been charged against operations.

(6) Inventories and Prepaid Items

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

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

(7) Capital Assets

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

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

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

TOWN OF WAKE FOREST, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2010

(8) Long-term Obligations

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amounts of debt issuances are reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual net proceeds received, are reported as debt service expenditures.

(9) Compensated Absences

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

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

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

(10) Net Assets/Fund Balances

Net Assets

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

Fund Balances

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

TOWN OF WAKE FOREST, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

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

The governmental fund types classify fund balances as follows:

RESERVED

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

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

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

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

UNRESERVED

Designated for subsequent year's expenditures – portion of total fund balance available for appropriation which has been designated for the adopted 2010 – 2011 budget ordinance.

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

Note 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Deficit Fund Balance of Individual Funds

At June 30, 2010, the New Town Hall Capital Project Fund had a deficit fund balance in the amount of \$845,497. The Town plans to transfer funds from the General Fund in fiscal year 2011 to cover this amount.

Note 3 – DEPOSITS AND INVESTMENTS

Deposits – All of the Town's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage are collateralized with securities held by the Town's agent in the Town's name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Town, these deposits are considered to be held by the Town's agent in the Town's name. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits.

TOWN OF WAKE FOREST, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

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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, 2010, the carrying amount of the Town's deposits was \$7,783,422 and the bank balance was \$8,219,351. Of the bank balance, \$1,750,000 was covered by federal depository insurance and \$6,469,351 was covered under the Pooling Method. At June 30, 2010, the Town had \$1,200 of petty cash on hand.

Investments – At June 30, 2010, the Town had \$10,318,478 invested with the North Carolina Capital Management Trust's Cash Portfolio which carried a credit rating of AAAM by Standard and Poor's. The Town has no policy regarding credit risk.

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

Custodial Credit Risk – The Town has no formal policy regarding credit risk. Generally the Town invests available cash in North Carolina Capital Management Trust's Cash Portfolio or other interest generating account as allowed by North Carolina law. The Town's investment in the N.C. Capital Management Trust Cash Portfolio carried a credit rating of AAAM by Standard & Poor's as of June 30, 2010.

Note 4 – RECEIVABLES – ALLOWANCE FOR DOUBTFUL ACCOUNTS

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

General Fund	Allowance for uncollectible property taxes	\$ <u>38,822</u>
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TOWN OF WAKE FOREST, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2010

Note 5 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2010, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 25,582,321	\$ 6,259,218	\$ -	\$ 31,841,539
Construction in progress	32,407,329	7,582,214	15,385,387	24,604,156
Total capital assets not being depreciated	<u>57,989,650</u>	<u>13,841,432</u>	<u>15,385,387</u>	<u>56,445,695</u>
Capital assets being depreciated:				
Buildings	5,397,782	276,041	-	5,673,823
Other improvements and infrastructure	81,200,462	10,729,037	-	91,929,499
Equipment and furniture	3,407,197	524,052	-	3,931,249
Vehicles and motorized equipment	4,212,012	165,555	202,966	4,174,601
Total capital assets being depreciated	<u>94,217,453</u>	<u>11,694,685</u>	<u>202,966</u>	<u>105,709,172</u>
Less accumulated depreciation for:				
Buildings	2,715,434	180,471	-	2,895,905
Other improvements and infrastructure	17,994,615	2,224,568	-	20,219,183
Equipment and furniture	1,656,727	362,687	-	2,019,414
Vehicles and motorized equipment	2,416,740	490,401	202,966	2,704,175
Total accumulated depreciation	<u>24,783,516</u>	<u>\$ 3,258,127</u>	<u>\$ 202,966</u>	<u>27,838,677</u>
Total capital assets being depreciated, net	<u>69,433,937</u>			<u>77,870,495</u>
Governmental activity capital assets, net	<u>\$ 127,423,587</u>			<u>\$ 134,316,190</u>

Depreciation expense was charged to functions/programs as follows:

General government	\$ 240,750
Public safety	383,341
Public works	2,162,248
Environmental protection	78,481
Cultural and recreational	393,307
	<u>\$ 3,258,127</u>

TOWN OF WAKE FOREST, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2010

Business activity:	Beginning Balances	Increases	Decreases	Ending Balances
Electric Fund				
Capital assets not being depreciated:				
Land	\$ 159,839	\$ -	\$ -	\$ 159,839
Construction in progress	2,929,834	244,534	-	3,174,368
Total capital assets not being depreciated	<u>3,089,673</u>	<u>244,534</u>	<u>-</u>	<u>3,334,207</u>
Capital assets being depreciated:				
Utility improvements	18,486,693	557,844	-	19,044,537
Equipment and furniture	1,575,686	12,181	55,582	1,532,285
Vehicles and motorized equipment	1,114,951	126,656	-	1,241,607
Total capital assets being depreciated	<u>21,177,330</u>	<u>696,681</u>	<u>55,582</u>	<u>21,818,429</u>
Less accumulated depreciation for:				
Utility improvements	6,922,376	580,482	-	7,502,858
Equipment and furniture	724,595	132,794	55,582	801,807
Vehicles and motorized equipment	855,061	73,485	-	928,546
Total accumulated depreciation	<u>8,502,032</u>	<u>\$ 786,761</u>	<u>\$ 55,582</u>	<u>9,233,211</u>
Total capital assets being depreciated, net	<u>12,675,298</u>			<u>12,585,218</u>
Electric capital assets, net	<u>\$ 15,764,971</u>			<u>\$ 15,919,425</u>

Construction commitments

At June 30, 2010, the Town had contracted commitments as follows:

Project	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Capital Project Fund – New Town Hall	\$ 15,253,552	\$ 138,611
Capital Project Fund – Dunn Creek Greenway	216,721	612,205
Capital Project Fund – Street and Sidewalk Improvements	9,133,883	598,954
	<u>\$ 24,604,156</u>	<u>\$ 1,349,770</u>

Note 6– PENSION PLAN OBLIGATIONS

(a) Local Government Employees’ Retirement System

Plan Description

The Town of Wake Forest contributes to the statewide Local Governmental Employees’ Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS provides retirement and disability benefits to plan members and beneficiaries. Article 3 of G. S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Local Governmental Employee’s Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State’s CAFR includes financial statements and required supplementary information for LGERS. That report may be

TOWN OF WAKE FOREST, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2010

obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy

Plan members are required to contribute six percent of their annual covered salary. The Town is required to contribute at an actuarially determined rate. For the Town, the current rate for employees not engaged in law enforcement and for law enforcement officers is 4.80% and 4.72%, respectively, of annual covered payroll. The contribution requirements of members and of the Town of Wake Forest are established and may be amended by the North Carolina General Assembly. The Town's contributions to LGERS for the years ended June 30, 2010, 2009, and 2008 and were \$489,435, \$469,700, and \$423,272, respectively. The contributions made by the Town equaled the required contributions for each year.

(b) Law Enforcement Officers Special Separation Allowance

Plan Description

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

Retirees receiving benefits	-
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	54
Total	<u>54</u>

A separate report was not issued for the plan.

Summary of Significant Accounting Policies

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

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

Contributions

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

TOWN OF WAKE FOREST, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

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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, 2009 actuarial valuation using the projected unit credit actuarial cost method and the level percent of pay closed amortization method. The actuarial assumptions included (a) 5.00% investment rate of return (net of administrative expenses over a remaining amortization period of 21 years) and (b) projected salary increases of 4.5 – 12.3% per year. The inflation component was 3.75%. The assumptions do not include postretirement benefit increases.

Annual Pension Cost and Net Pension Obligation

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

Annual required contribution	\$ 66,638
Interest on net pension obligation	22,552
Adjustment to annual required contribution	<u>(19,595)</u>
Annual pension cost	69,595
Contributions made	<u>17,632</u>
Increase in net pension obligation	51,963
Net pension obligation – Beginning of year	<u>311,065</u>
Net pension obligation – End of year	<u>\$ 363,028</u>

Trend Information

Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/10	\$ 69,595	25.34%	\$ 363,028
6/30/09	55,719	7.41%	311,065
6/30/08	44,572	4.63%	259,475

Funded Status and Funding Progress

As of December 31, 2009, 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 \$789,979. The covered payroll (annual payroll of active employees covered by the plan) was \$3,419,562, and the ratio of the UAAL to the covered payroll was 23.10 percent.

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

TOWN OF WAKE FOREST, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

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(c) Supplemental Retirement Income Plan for Law Enforcement Officers

1. Plan Description

The Town contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the Town. Article 5 of G. S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401 (k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

2. Funding Policy

Article 12E of G. S. Chapter 143 requires the Town to contribute each month an amount equal to 5% of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2010 were \$208,840, which consisted of \$163,720 from the Town and \$45,120 from the law enforcement officers.

(d) Supplemental Retirement Income Plan for all Other Employees

1. Plan Description

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

2. Funding Policy

The Town contributes each month an amount equal to 4.9% of eligible employee's salary, and all amounts contributed are vested immediately. Also, the employees may make voluntary contributions to the plan. Contributions for the year ended June 30, 2010 were \$479,421, which consisted of \$333,398 from the Town and \$146,023 from employees.

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

Plan Description

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

TOWN OF WAKE FOREST, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

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Membership of the HCB Plan consisted of the following at December 31, 2009, the date of the latest actuarial valuation:

	General Employees	Law Enforcement Officers
Retirees and dependents receiving benefits	18	4
Terminated plan members entitled to but not yet receiving benefits	-	-
Active plan members	130	54
Total	148	58

Funding Policy

The Board of Commissioners established the contribution requirements of plan members and this may be amended by the Board. The Town’s members pay \$366 per month for dependent coverage. The Town has chosen to fund the healthcare benefits on a pay as you go basis.

The current ARC rate is 8.59% of annual covered payroll. For the current year, the Town contributed \$87,990 or .85% 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 .29% and .06% of covered payroll, respectively. There were no contributions made by employees, except for dependent coverage in the amount of \$36,754. The Town’s obligation to contribute to the HCB Plan is established and may be amended by the Board of Commissioners.

Summary of Significant Accounting Policies

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

Annual OPEB Cost and Net OPEB Obligation

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

Annual required contribution	\$ 991,402
Interest on OPEB obligation	37,722
Adjustment to annual required contribution	(32,544)
Annual OPEB cost	996,580
Contributions made	87,990
Increase in net OPEB obligation	908,590
Net OPEB obligation beginning of year	943,058
Net OPEB obligation end of year	\$ 1,851,648

TOWN OF WAKE FOREST, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

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

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

Funded Status and Funding Progress

As of December 31, 2009, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and, thus, the unfunded actuarial accrued liability (UAAL) was \$8,005,686. The covered payroll (annual payroll of active employees covered by the plan) was \$10,405,650 and the ratio of the UAAL to the covered payroll was 76.9%. 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.

In the December 31, 2009, actuarial valuation, the projected unit credit method was used. The actuarial assumptions included a 4.0 percent investment rate of return (net of administrative expenses), which is the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual medical cost trend increase of 10.5 to 5.0 percent annually. The investment rate included a 3.75% inflation assumption. The actuarial value, if any, was determined using techniques that spread the effects of short-term volatility in the market value of investments over a 5 year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period of December 31, 2009 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

TOWN OF WAKE FOREST, NORTH CAROLINA

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beneficiaries are equal to the employee's twelve (12) highest months salary in a row during the twenty-four (24) months prior to the employee's death, but the benefit may not exceed \$50,000 or be less than \$25,000. All death benefit payments are made from the Death Benefit Plan. The Town has no liability beyond the payment of monthly contributions. Contributions are determined as a percentage of monthly payroll, based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. Because the benefit payments are made by the Death Benefit Plan and not by the Town, the Town does not determine the number of eligible participants. For the fiscal year ended June 30, 2010, the Town made contributions to the State for death benefits of \$16,429. The Town's required contributions for employees not engaged in law enforcement and for law enforcement officers represented .17% and .14% of covered payroll, respectively. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount.

Note 7 – DEFERRED REVENUES

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

	Deferred Revenue	Unearned Revenue	Total
General Fund			
Prepaid taxes not yet earned	\$ -	\$ 43,026	\$ 43,026
Taxes receivable (net)	408,757	-	408,757
Vehicle license receivable	53,298	-	53,298
Sanitation receivables	44,933	-	44,933
Prepaid other	-	14,299	14,299
Total general fund	506,988	57,325	564,313
Special Revenue Fund			
Taxes receivable	25,451	114	25,565
Total	\$ 532,439	\$ 57,439	\$ 589,878

Note 8 – RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. The Town participates in three (3) self-funded risk financing pools administered by the North Carolina League of Municipalities (NCLM). Through these pools, the Town obtains general liability coverage in the amount of \$3,000,000 per occurrence, auto liability coverage in the amount of \$2,000,000 per occurrence, property coverage up to the total insurance values of the property policy and workers' compensation coverage up to the statutory limits. Employee dental coverage is also provided by a plan administered by the NCLM. The Town contracts with a preferred provider organization (PPO) to provide employee health insurance coverage. The pools are reinsured through commercial companies for single occurrence claims against general liability and auto liability in excess of \$1,000,000. The pools are reinsured through commercial companies for single occurrence claims against property in excess of \$500,000 and statutory limits for workers' compensation in excess of \$1,000,000. The property liability pool has an aggregate limit for the total property losses in a single year, with the reinsurance limit based upon a percentage of the total insurance values.

The Town carries commercial coverage for all other risks of loss. There have been no significant reductions in insurance coverage in the prior year, and settled claims have not exceeded coverage in any of the past

TOWN OF WAKE FOREST, NORTH CAROLINA

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three (3) fiscal years. The Town does not carry flood insurance because flood plain maps show insignificant property values within flood plains.

In accordance with G.S. 159-29, the Town's employees that have access to \$100 or more at any given time of the Town's funds are performance bonded through a commercial surety bond with limits of \$100,000. The finance officer and the tax collector are individually bonded for \$100,000 each. Government crime coverage provides \$5,000 per occurrence for theft of money and securities inside the premises as well as outside.

Note 9 – CLAIMS, JUDGEMENTS AND CONTINGENT LIABILITIES

At June 30, 2010, the Town was a defendant to various lawsuits. In the opinion of the Town's management and the Town's attorney, the ultimate effect of these legal matters will not have a material adverse effect on the Town's financial position.

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

Note 10 – LONG-TERM DEBT

(a) General Obligation Bonds

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

Bonds payable at June 30, 2010 are comprised of the following individual issues:

Serviced by the General Fund:

\$7,300,000 Series 2009A Public Improvement Bonds with annual installments of \$365,000 due annually on February 1 through February 1, 2030 plus interest from 2.0 to 4.0 percent	\$ 7,300,000
\$1,705,000 Series 2009B Refunding Bonds with annual installments of \$100,000 to \$190,000 due annually on February 1 through February 1, 2020 plus interest from 2.5 to 4.0 percent	1,670,000
\$9,200,000 Series 2006 Public Improvement Bonds with annual installments of \$460,000 due annually on April 1 through April 1, 2027 plus interest from 3.6 to 5.0 percent	<u>7,820,000</u>

TOWN OF WAKE FOREST, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2010

Total \$ 16,790,000

At June 30, 2010, the Town of Wake Forest had a legal debt margin of \$255,742,539.

Annual debt service requirements to maturity for general obligation bonds at June 30, 2010 are as follows:

Year Ending June 30:	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2011	\$ 1,015,000	\$ 628,763	\$ -	\$ -
2012	1,010,000	572,513	-	-
2013	1,005,000	542,188	-	-
2014	1,005,000	511,988	-	-
2015	1,000,000	475,375	-	-
2016-2020	4,885,000	1,811,613	-	-
2021-2025	4,125,000	982,593	-	-
2026-2030	2,745,000	270,750	-	-
Total	<u>\$ 16,790,000</u>	<u>\$ 5,795,783</u>	<u>\$ -</u>	<u>\$ -</u>

(b) Revenue Bonds

\$2,300,000 Electric Revenue Bonds, Series 2007, issued for acquiring, constructing and equipping an electric substation. Principal installments are due semiannually on August 15 and February 15 of \$119,820 through 2019 which includes interest at 3.74%. \$ 1,817,049

The Town is in compliance with the covenants as to rates, fees, rentals and charges in Section 5.02 of the Bond Order, authorizing the issuance of the Electric System Revenue Bond, Series 2007. Section 5.02 (a) requires the debt service coverage ratio to be no less than 120%. The debt service coverage ratio calculation for the year ended June 30, 2010, is as follows:

Operating revenues	\$17,520,430
Operating & non-operating expenses	<u>16,085,898</u>
Income available for debt service	<u>1,434,532</u>
Debt service, principal & interest paid (revenue bond only)	<u>239,640</u>
Debt service coverage ratio	<u>599%</u>

TOWN OF WAKE FOREST, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2010

Annual debt service requirements to maturity for revenue bonds at June 30, 2010 are as follows:

Year Ending June 30:	Principal	Interest
2011	\$ 173,288	\$ 66,346
2012	179,829	59,811
2013	186,618	53,022
2014	193,663	45,978
2015	200,973	38,667
2016-2020	882,678	75,882
Total	<u>\$ 1,817,049</u>	<u>\$ 339,706</u>

(c) Installment Notes

The Town's installment notes outstanding at June 30, 2010 are as follows:

	Governmental <u>Activities</u>	Business-Type <u>Activities</u>
\$9,800,000 installment obligation to BB&T for the New Town Hall issued July 23, 2008; semi-annual payments of \$326,667, plus interest at 3.72%, secured by a building.	\$ 8,819,999	\$ -
\$248,795 installment obligation to Capital Bank for equipment issued May 29, 2008; quarterly payments of \$26,691 which includes interest at 2.87%, secured by equipment.	206,312	-
\$475,955 installment obligation to RBC Bank for equipment and vehicles issued June 30, 2010; semi-annual payments of \$82,804 plus interest at 2.48%, secured by equipment and vehicles.	350,299	125,656
\$3,100,000 installment obligation to BB&T for land and land improvements issued May 31, 2002; quarterly payments of \$51,667 plus interest at 4.79%, secured by land and land improvements.	-	1,446,667
\$46,965 installment obligation to BB&T for equipment issued January 14, 2008; quarterly payments of \$12,838 which includes interest at 2.93%, secured by equipment.	-	37,956
Totals	<u>\$ 9,376,610</u>	<u>\$ 1,610,279</u>

Annual debt service requirements to maturity for installment notes at June 30, 2010 are as follows:

Year Ending June 30:	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2011	\$ 869,162	\$ 331,429	\$ 285,481	\$ 68,062
2012	874,576	302,705	248,544	56,883
2013	772,875	274,870	249,588	46,304

TOWN OF WAKE FOREST, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2010

2014	653,334	249,116	206,667	35,885
2015	653,334	224,812	206,667	25,986
2016-2020	3,266,670	759,498	413,333	22,274
2021-2025	2,286,659	170,127	-	-
Total	<u>\$ 9,376,610</u>	<u>\$ 2,312,557</u>	<u>\$ 1,610,280</u>	<u>\$ 255,394</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, 2010 the outstanding balance on this note totaled \$2,257,500. 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, 2010 the remaining balance on these notes totaled \$66,665 and \$381,150, respectively.

Annual debt service requirements to maturity are as follows:

Year Ending June 30,	Principal	Interest
2011	\$ 388,061	\$ 85,488
2012	388,061	73,183
2013	388,061	60,877
2014	388,061	48,572
2015	388,061	36,266
2016-2020	765,010	35,617
Total	<u>\$ 2,705,315</u>	<u>\$ 340,003</u>

(e) Advance Refunding

In 1988 the Town defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Town's financial statements. On June 30, 2010, \$977,000 of bonds outstanding are considered defeased.

(f) Current Refunding

On December 22, 2009, the Town issued Refunding Bonds, Series 2009B in the amount of \$1,705,000 to currently refund \$1,690,000 of Parks and Recreational Facilities Series 1999. The refunding was undertaken to reduce future debt payments and obtain savings over the remaining term of the original bonds.

TOWN OF WAKE FOREST, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2010

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2010, was as follows:

	Balance July 1, 2009	Increases	Decreases	Balance June 30, 2010	Amounts Due Within One Year
Governmental activities:					
General obligation bonds	\$ 10,150,250	\$ 9,005,000	\$ 2,365,250	\$ 16,790,000	\$ 1,015,000
Premiums on issuance	-	263,912	9,091	254,821	16,783
Less deferred amounts for issuance charges	-	(151,248)	(4,673)	(146,575)	(8,627)
Total bonds Payable	10,150,250	9,117,664	2,369,668	16,898,246	1,023,156
Installment notes	9,722,128	407,504	753,022	9,376,610	869,162
Compensated absences	550,765	563,496	529,516	584,745	562,186
Net pension obligation	311,065	69,595	17,632	363,028	-
Other post employment benefits	834,004	886,956	87,990	1,632,970	-
Governmental activity long-term liabilities	\$ 21,568,212	\$ 11,045,215	\$ 3,757,828	\$ 28,855,599	\$ 2,454,504
Business-type activities:					
General obligation bonds	\$ 69,750	\$ -	\$ 69,750	\$ -	\$ -
Revenue bonds	1,984,034	-	166,985	1,817,049	160,910
Installment notes	4,881,023	125,656	691,085	4,315,594	673,541
Other post employment Benefits	109,054	109,624	-	218,678	-
Compensated absences	78,346	91,583	89,518	80,411	80,411
Business-type activity long-term liabilities	\$ 7,122,207	\$ 326,863	\$ 1,017,338	\$ 6,431,732	\$ 941,862

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

Note 11 – INTERFUND BALANCES AND TRANSFERS

A summary of interfund transfers follows:

From Fund	To Fund	Amount	Purpose
Electric	General Fund	\$ 1,423	Expense reimbursement
General Fund	Nonmajor Governmental Funds	750	Close fund
General Fund	New Town Hall Capital Project	1,895,475	Capital projects
Nonmajor Governmental Funds	Nonmajor Governmental Funds	1,264,294	Capital projects
Nonmajor Governmental Funds	General Fund	363,596	Capital projects
		<u>\$ 3,525,538</u>	

TOWN OF WAKE FOREST, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2010

Balances due to/from other funds at June 30, 2010, consist of the following:

From Fund	To Fund	Amount
Electric Fund	General Fund	\$ 800,000
New Town Hall Capital Project	General Fund	648,518
	Total	\$1,448,518

The amounts payable to the General Fund relate to working capital loans made to the Electric Fund and the New Town Hall Capital Project Fund. This loan to the Electric Fund is to complete the construction of the Electric Substation. The Electric Fund will make payments over the next ten (10) years plus interest at 2.5% or it may prepay the loan in full within the ten year period. It is anticipated that the balance due from the New Town Hall Capital Project fund will be collected in the subsequent year.

Note 12 – JOINTLY GOVERNED ORGANIZATION

The Town is a member of the North Carolina Eastern Municipal Power Agency (the “Agency”). The Agency was formed to enable municipalities that own electric distribution systems to finance, construct, own, operate, and maintain generation and transmission facilities through the Agency. The Town receives power from the Agency and is contractually allocated a .7262% interest in the Agency, with the balance being shared by the thirty-two (32) other local governments. Each participating government appoints one commissioner to the Agency’s governing board. The Town is obligated to purchase all of its power supply requirements from the Agency. Except for the power sales purchase requirements, no local government participant has any obligation, entitlement, or residual interest. The Town’s gross purchases of power for the fiscal year ended June 30, 2010 were \$12,520,699.

Note 13 – SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

Federal and State Assisted Programs

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

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

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

The accompanying statement of net assets shows total notes receivable of \$4,151,981 due from the City of Raleigh related to this merger. The amount due from the City of Raleigh is shown as \$594,727 due within one year and \$3,557,254 due in more than one year. The City of Raleigh will also pay interest on this balance based on the Town of Wake Forest’s interest rates on the associated long term debt. The financial

TOWN OF WAKE FOREST, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2010

statements include a current account payable amount to the City of Raleigh of \$1,041,973 related to the merger.

Note 15 – PRIOR PERIOD ADJUSTMENT

The accompanying financial statements show a prior period adjustment in the General Fund of \$74,336. This amount represents funds that should have been recorded as a grant receivable at June 30, 2009 as reimbursable expenditures were incurred during that period. The effect of this transaction is to increase fund balance by this amount at June 30, 2009 and would have increased accounts receivable at this same date.

In addition, there were reimbursable grant expenditures of \$318,542 incurred in the Stream Buffers Capital Project Fund during the year ended June 30, 2009 and a grant receivable of this amount should have been recorded at that time. The prior year amounts in this fund have been restated to record this as a receivable at June 30, 2009. The effect of this restatement is that accounts receivable and grant revenues would have been increased by this amount at June 30, 2009.

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

Eight years ended December 31, 2009

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) -Projected Unit Credit (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
12/31/2002	\$ -	\$ 197,477	\$ 197,477	0%	\$ 1,417,208	13.93
12/31/2003	-	237,986	237,986	0%	1,515,180	15.71
12/31/2004	-	263,188	263,188	0%	1,656,800	15.89
12/31/2005	-	242,453	242,453	0%	1,946,655	12.45
12/31/2006	-	266,027	266,027	0%	2,063,352	12.89
12/31/2007	-	344,645	344,645	0%	2,519,495	13.68
12/31/2008	-	435,525	435,525	0%	2,988,072	14.58
12/31/2009	-	789,979	789,979	0%	3,419,561	23.10

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

Eight years ended June 30, 2010

Year Ended June 30	Annual Required Contribution	Percentage Contribution
2003	\$ 27,878	0.00%
2004	32,588	0.00%
2005	38,152	0.00%
2006	40,003	0.00%
2007	38,720	0.00%
2008	42,174	4.89%
2009	52,771	7.41%
2010	66,638	26.50%

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, 2009
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	21 Years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	5.00%
Projected salary increases	4.5 - 12.3%
Includes inflation at	3.75%
Cost-of-living adjustments	N/A

Town of Wake Forest, North Carolina

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

Three years ended December 31, 2009

Actual Valuation Date December 31	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
2007	\$ -	\$ 7,909,431	\$ 7,909,431	0.00%	\$ 8,639,637	91.55%
2008	-	8,900,833	8,909,431	0.00%	9,427,483	94.50%
2009	-	8,005,686	8,005,686	0.00%	10,405,650	76.94%

Town of Wake Forest, North Carolina

Retirement Health Plan
Required Supplementary Information
Schedule of Employer Contributions

Two years ended June 30, 2010

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

Notes to the Required Schedules:

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

Valuation date	December 31, 2009
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay, open
Remaining amortization period	30 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	4.00%
Medical cost trend rate	10.5 - 5.0%
Includes inflation at	3.75%
Cost-of-living adjustments	N/A



TOWN *of*
WAKE FOREST

Town of Wake Forest, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Years Ended June 30, 2010 and 2009

	2010		Variance Favorable (Unfavorable)	2009
	Budget	Actual		Actual
REVENUES:				
Ad valorem taxes:				
Current year taxes	\$ 17,656,175	\$ 17,794,119	\$ 137,944	\$ 16,857,717
Prior years taxes	251,300	259,906	8,606	169,155
Penalties and interest	68,500	74,443	5,943	51,746
Total	<u>17,975,975</u>	<u>18,128,468</u>	<u>152,493</u>	<u>17,078,618</u>
Other taxes and licenses:				
Gross receipts tax on short-term rental property	31,000	32,994	1,994	31,388
Privilege licenses	46,350	48,996	2,646	37,685
Total	<u>77,350</u>	<u>81,990</u>	<u>4,640</u>	<u>69,073</u>
Unrestricted intergovernmental:				
Local option sales taxes	4,132,975	4,257,327	124,352	4,328,578
Beer and wine tax	39,220	39,216	(4)	115,568
Utility franchise tax	1,468,750	1,468,603	(147)	1,445,212
Other unrestricted intergovernmental	25,145	24,822	(323)	43,488
Total	<u>5,666,090</u>	<u>5,789,968</u>	<u>123,878</u>	<u>5,932,846</u>
Restricted intergovernmental:				
Powell Bill allocation	656,845	656,839	(6)	694,220
County grants	37,840	53,059	15,219	37,838
Federal grants	341,000	21,454	(319,546)	19,000
State grants	171,350	221,090	49,740	34,390
Total	<u>1,207,035</u>	<u>952,442</u>	<u>(254,593)</u>	<u>785,448</u>
Permits and fees:				
Building permits	730,000	784,567	54,567	700,945
Fire inspection and prevention	50,000	35,504	(14,496)	45,329
Utility and street inspection fees	55,000	52,628	(2,372)	61,024
Vehicle licenses	92,500	96,886	4,386	95,221
Other permits and fees	118,100	88,222	(29,878)	143,619
Total	<u>1,045,600</u>	<u>1,057,807</u>	<u>12,207</u>	<u>1,046,138</u>
Sales and services:				
Solid waste fees	250,000	247,909	(2,091)	365,631
Recreation fees	352,280	362,797	10,517	362,531
Cemetery	17,500	18,615	1,115	10,800
Other sales and services	130,680	131,345	665	131,576
Total	<u>750,460</u>	<u>760,666</u>	<u>10,206</u>	<u>870,538</u>
Miscellaneous:				
Franchise fees	52,500	54,423	1,923	50,284
ABC revenue	78,500	74,268	(4,232)	78,650
Miscellaneous revenue	157,480	145,569	(11,911)	144,249
Total	<u>288,480</u>	<u>274,260</u>	<u>(14,220)</u>	<u>273,183</u>
Investment earnings				
	<u>103,280</u>	<u>140,826</u>	<u>37,546</u>	<u>165,277</u>
Total revenues	<u>27,114,270</u>	<u>27,186,427</u>	<u>72,157</u>	<u>26,221,121</u>

Town of Wake Forest, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Years Ended June 30, 2010 and 2009

	2010		Variance Favorable (Unfavorable)	2009
	Budget	Actual		Actual
EXPENDITURES:				
General government:				
Governing body:				
Salaries and employee benefits	\$ 141,195	\$ 140,883	\$ 312	\$ 100,981
Professional services	347,000	345,305	1,695	498,739
Contributions	366,000	354,697	11,303	354,961
Operating expenditures	182,520	177,281	5,239	93,770
Total	<u>1,036,715</u>	<u>1,018,166</u>	<u>18,549</u>	<u>1,048,451</u>
Administration:				
Salaries and employee benefits	394,310	390,677	3,633	402,001
Professional services	19,000	5,655	13,345	800
Operating expenditures	73,995	52,167	21,828	74,057
Total	<u>487,305</u>	<u>448,499</u>	<u>38,806</u>	<u>476,858</u>
Communications:				
Salaries and employee benefits	142,060	137,537	4,523	137,792
Operating expenditures	180,385	131,194	49,191	153,744
Total	<u>322,445</u>	<u>268,731</u>	<u>53,714</u>	<u>291,536</u>
Human Resources:				
Salaries and employee benefits	343,755	342,212	1,543	329,149
Professional services	1,500	1,263	237	1,247
Operating expenditures	83,700	63,933	19,767	62,191
Total	<u>428,955</u>	<u>407,408</u>	<u>21,547</u>	<u>392,587</u>
Finance:				
Salaries and employee benefits	989,120	983,913	5,207	918,120
Professional services	55,000	43,366	11,634	40,546
Operating expenditures	379,100	360,193	18,907	321,018
Capital outlay	54,500	54,517	(17)	66,652
Total	<u>1,477,720</u>	<u>1,441,989</u>	<u>35,731</u>	<u>1,346,336</u>
Management Information Systems:				
Salaries and employee benefits	213,275	190,676	22,599	177,110
Operating expenditures	203,600	201,214	2,386	160,674
Capital outlay	55,600	19,800	35,800	21,645
Total	<u>472,475</u>	<u>411,690</u>	<u>60,785</u>	<u>359,429</u>
Inspections:				
Salaries and employee benefits	874,480	864,286	10,194	933,215
Operating expenditures	132,200	74,622	57,578	86,717
Capital outlay	25,445	25,443	2	-
Total	<u>1,032,125</u>	<u>964,351</u>	<u>67,774</u>	<u>1,019,932</u>
Planning:				
Salaries and employee benefits	741,505	721,911	19,594	708,853
Professional services	100,500	61,063	39,437	66,650
Operating expenditures	326,200	281,065	45,135	323,393
Capital outlay	-	-	-	1,223,690
Total	<u>1,168,205</u>	<u>1,064,039</u>	<u>104,166</u>	<u>2,322,586</u>

Town of Wake Forest, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Years Ended June 30, 2010 and 2009

	2010		Variance Favorable (Unfavorable)	2009
	Budget	Actual		Actual
Public buildings:				
Operating expenditures	\$ 614,550	\$ 570,614	\$ 43,936	\$ 549,680
Professional services	7,100	6,040	1,060	31,070
Capital outlay	262,130	262,128	2	29,889
Total	<u>883,780</u>	<u>838,782</u>	<u>44,998</u>	<u>610,639</u>
Engineering:				
Salaries and employee benefits	647,855	645,094	2,761	624,997
Professional services	110,000	83,233	26,767	120,114
Operating expenditures	337,690	269,214	68,476	197,267
Capital outlay	647,285	476,657	170,628	99,111
Total	<u>1,742,830</u>	<u>1,474,198</u>	<u>268,632</u>	<u>1,041,489</u>
Public Works Administration:				
Salaries and employee benefits	256,700	254,755	1,945	219,188
Operating expenditures	26,700	21,432	5,268	34,888
Capital Outlay	-	-	-	10,302
Total	<u>283,400</u>	<u>276,187</u>	<u>7,213</u>	<u>264,378</u>
Fleet Maintenance:				
Salaries and employee benefits	290,130	285,474	4,656	202,740
Operating expenditures	89,850	84,939	4,911	84,881
Capital outlay	81,285	79,783	1,502	63,875
Total	<u>461,265</u>	<u>450,196</u>	<u>11,069</u>	<u>351,496</u>
Total general government	<u>9,797,220</u>	<u>9,064,236</u>	<u>732,984</u>	<u>9,525,717</u>
Public safety:				
Police:				
Salaries and employee benefits	4,908,230	4,890,867	17,363	4,596,964
Operating expenditures	1,026,270	886,394	139,876	762,460
Capital outlay	483,700	232,562	251,138	716,565
Total	<u>6,418,200</u>	<u>6,009,823</u>	<u>408,377</u>	<u>6,075,989</u>
Fire:				
Contributions to:				
Fire Department	3,654,855	3,661,904	(7,049)	3,344,473
Hazmat	11,000	10,788	212	11,616
Total	<u>3,665,855</u>	<u>3,672,692</u>	<u>(6,837)</u>	<u>3,356,089</u>
Total public safety	<u>10,084,055</u>	<u>9,682,515</u>	<u>401,540</u>	<u>9,432,078</u>
Transportation:				
Streets:				
Salaries and employee benefits	936,430	932,405	4,025	849,969
Professional services	365,000	285,700	79,300	104,288
Operating expenditures	876,125	853,649	22,476	598,063
Capital outlay	766,375	596,664	169,711	231,901
Total transportation	<u>2,943,930</u>	<u>2,668,418</u>	<u>275,512</u>	<u>1,784,221</u>

Town of Wake Forest, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Years Ended June 30, 2010 and 2009

	2010		Variance Favorable (Unfavorable)	2009
	Budget	Actual		Actual
Environmental protection:				
Sanitation:				
Salaries and employee benefits	\$ 375,840	\$ 363,111	\$ 12,729	\$ 319,667
Contracted services	1,746,200	1,745,633	567	1,661,397
Operating expenditures	199,715	180,437	19,278	193,535
Capital outlay	100,410	100,410	-	138,997
Total environmental protection	<u>2,422,165</u>	<u>2,389,591</u>	<u>32,574</u>	<u>2,313,596</u>
Cultural and recreational:				
Parks and recreation:				
Salaries and employee benefits	918,455	902,119	16,336	814,232
Professional services	67,000	10,864	56,136	56,505
Operating expenditures	645,720	583,847	61,873	519,782
Capital outlay	26,500	26,524	(24)	116,332
Total cultural and recreational	<u>1,657,675</u>	<u>1,523,354</u>	<u>134,321</u>	<u>1,506,851</u>
Debt service:				
Bond principal	640,250	2,365,250	(1,725,000)	651,625
Bond interest	424,620	452,588	(27,968)	452,364
Installment note principal	755,250	753,022	2,228	573,026
Installment note interest	353,060	352,835	225	187,930
Total debt service	<u>2,173,180</u>	<u>3,923,695</u>	<u>(1,750,515)</u>	<u>1,864,945</u>
Total expenditures	<u>29,078,225</u>	<u>29,251,809</u>	<u>(173,584)</u>	<u>26,427,408</u>
Revenues under expenditures	<u>(1,963,955)</u>	<u>(2,065,382)</u>	<u>(101,427)</u>	<u>(206,287)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in (out):				
Downtown District Special Tax	40,975	40,975	-	31,810
Centennial Celebration Fund	(1,500)	-	1,500	(50,000)
Town Hall Capital Project Fund	(1,895,475)	(1,895,475)	-	(800,000)
General Capital Reserve Fund	382,465	310,296	(72,169)	130,924
Sidewalk Capital Reserve Fund	-	-	-	64,301
Glen Royall Housing Fund	-	-	-	51,106
Recreation Capital Reserve Fund	75,000	-	(75,000)	-
Police Department Special Revenue Fund	12,325	11,575	(750)	-
Water and Sewer Fund	-	1,423	1,423	-
Bond Proceeds	-	1,705,000	1,705,000	-
Installment Note Issuance	407,505	407,504	(1)	248,795
Bond Issuance Costs	-	(24,033)	(24,033)	-
Proceeds from Industrial Development Corp	-	-	-	2,205,470
Appropriated fund balance	2,942,660	-	(2,942,660)	-
Total other financing sources	<u>1,963,955</u>	<u>557,265</u>	<u>(1,406,690)</u>	<u>1,882,406</u>
Net change in fund balance	<u>\$ -</u>	<u>(1,508,117)</u>	<u>\$ (1,508,117)</u>	<u>1,676,119</u>
FUND BALANCE - Beginning of year (as previously reported)		13,913,603		12,237,484
Adjustment to beginning fund balance		74,356		-
FUND BALANCE - Beginning of year (as restated)		<u>13,987,959</u>		<u>12,237,484</u>
FUND BALANCE - End of year		<u>\$ 12,479,842</u>		<u>\$ 13,913,603</u>

Town of Wake Forest, North Carolina
Capital Projects Fund
New Town Hall
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2010

	Project Author- ization	Actual		Total to Date
		Prior Years	Current Year	
Revenues:				
Sales tax refund	\$ 70,000	\$ 31,263	\$ 114,660	\$ 145,923
Investment earnings	132,150	131,191	939	132,130
Total revenues	<u>202,150</u>	<u>162,454</u>	<u>115,599</u>	<u>278,053</u>
Expenditures:				
Capital outlay:				
Professional services	1,900,000	1,556,786	207,902	1,764,688
Personnel costs	180,000	57,799	115,601	173,400
Contracted services	50,000	24,555	4,594	29,149
Capital outlay-land	835,625	835,614	-	835,614
Capital outlay-construction	12,511,525	7,537,296	4,475,755	12,013,051
Capital outlay-equipment	625,000	-	583,573	583,573
Total expenditures	<u>16,102,150</u>	<u>10,012,050</u>	<u>5,387,425</u>	<u>15,399,475</u>
Revenues under expenditures	<u>(15,900,000)</u>	<u>(9,849,596)</u>	<u>(5,271,826)</u>	<u>(15,121,422)</u>
Other financing sources:				
Transfer in:				
General Fund	6,100,000	2,580,450	1,895,475	4,475,925
Installment note issuance	9,800,000	9,800,000	-	9,800,000
Total other financing sources	<u>15,900,000</u>	<u>12,380,450</u>	<u>1,895,475</u>	<u>14,275,925</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 2,530,854</u>	<u>(3,376,351)</u>	<u>\$ (845,497)</u>
Fund balances:				
Beginning of year			2,530,854	
End of year			<u>\$ (845,497)</u>	

Town of Wake Forest, North Carolina
Capital Projects Fund
Street & Sidewalk Improvements
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2010

	Project Author- ization	Actual		
		Prior Years	Current Year	Total to Date
Revenues:				
Investment earnings	\$ 617,340	\$ 615,039	\$ 102,640	717,679
Development proceeds	227,750	227,835	-	227,835
NC-DOT proceeds	1,182,370	1,182,372	-	1,182,372
Sales tax refund	35,000	16,855	7,084	23,939
Total revenues	<u>2,062,460</u>	<u>2,042,101</u>	<u>109,724</u>	<u>2,151,825</u>
Expenditures:				
Capital outlay:				
Professional services	1,900,000	1,794,298	98,964	1,893,262
Allocated personnel services	50,000	39,492	178,427	217,919
Allocated operating costs	-	7,360	(2,475)	4,885
Capital outlay-land	500,000	348,161	95,297	443,458
Capital outlay-construction	9,684,133	5,441,574	1,156,724	6,598,298
Total expenditures	<u>12,134,133</u>	<u>7,630,885</u>	<u>1,526,937</u>	<u>9,157,822</u>
Revenues under expenditures	<u>(10,071,673)</u>	<u>(5,588,784)</u>	<u>(1,417,213)</u>	<u>(7,005,997)</u>
Other financing sources:				
Transfers in:				
General Fund	339,813	16,328	-	16,328
General Capital Reserve Fund	231,860	167,554	-	167,554
Bond issuance	9,500,000	5,700,000	3,800,000	9,500,000
Bond issuance costs	-	-	(66,221)	(66,221)
Total other financing sources	<u>10,071,673</u>	<u>5,883,882</u>	<u>3,733,779</u>	<u>9,617,661</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 295,098</u>	2,316,566	<u>\$ 2,611,664</u>
Fund balances:				
Beginning of year			295,098	
End of year			<u>\$ 2,611,664</u>	

Town of Wake Forest, North Carolina
Nonmajor Governmental Funds
Combining Balance Sheet
 June 30, 2010

	Recreation Capital Reserve	Cemetery Capital Reserve	General Capital Reserve	Dunn Creek Greenway	Downtown District Special Tax	Police Department Special Fund	Total Nonmajor Governmental Funds
Assets							
Cash and cash equivalents	\$ 1,366,619	\$ 103,969	\$ 650,048	\$ 229,469	\$ 227,719	\$ 86,805	\$ 2,664,629
Accounts receivable	-	-	-	158,479	25,451	-	183,930
Total assets	<u>\$ 1,366,619</u>	<u>\$ 103,969</u>	<u>\$ 650,048</u>	<u>\$ 387,948</u>	<u>\$ 253,170</u>	<u>\$ 86,805</u>	<u>\$ 2,848,559</u>
Liabilities and fund balances							
Deferred revenue	\$ -	\$ -	\$ -	\$ -	\$ 25,451	\$ -	\$ 25,451
Unearned revenue	-	-	-	-	114	-	114
Accounts payable	11,531	-	-	46,190	-	-	57,721
Total liabilities	11,531	-	-	46,190	25,565	-	83,286
Fund balances:							
Unreserved, undesignated	1,355,088	103,969	650,048	341,758	227,605	86,805	2,765,273
Total liabilities and fund balances	<u>\$ 1,366,619</u>	<u>\$ 103,969</u>	<u>\$ 650,048</u>	<u>\$ 387,948</u>	<u>\$ 253,170</u>	<u>\$ 86,805</u>	<u>\$ 2,848,559</u>

Town of Wake Forest, North Carolina
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
 For the Fiscal Year Ended June 30, 2010

	Capital Projects										Special Revenue Funds			Total Nonmajor Governmental Funds
	Stream Buffers	Park Development	Recreation		Cemetery		General		Dunn Creek Greenway	Centennial Celebration	Downtown		Police Department Special Fund	
			Capital Reserve	Capital Reserve	Capital Reserve	Capital Reserve	Capital Reserve	District Special Tax			Special Fund			
Revenues:														
Ad valorem taxes	\$ -	-	\$ -	-	-	-	-	-	-	-	\$ 89,674	-	-	\$ 89,674
Investment earnings	-	89,662	4,436	211	1,428	-	-	46	-	-	415	164	-	96,362
Federal grant	-	-	-	-	-	158,479	-	-	-	-	-	-	-	158,479
Impact fees	-	-	108,535	-	381,631	-	-	-	-	-	-	-	-	490,166
Donations	-	-	-	-	-	-	-	9,400	-	-	-	15,099	-	24,499
Forfeited currency	-	-	-	-	-	-	-	-	-	-	-	4,635	-	4,635
Miscellaneous	-	-	-	-	-	-	-	14,856	-	-	-	8,768	-	23,624
Total revenues	-	89,662	112,971	211	383,059	158,479	-	24,302	90,089	-	28,666	-	-	887,439
Expenditures:														
Special events	-	-	-	-	-	-	-	51,792	-	-	-	-	-	51,792
Supplies	-	-	-	-	-	-	-	35	-	-	-	-	-	35
Marketing	-	-	-	-	-	-	-	9,801	-	-	-	-	-	9,801
Capital outlay	6,645	566,230	-	-	-	216,721	-	-	-	-	-	-	-	789,596
Total expenditures	6,645	566,230	-	-	-	216,721	-	61,628	-	-	-	-	-	851,224
Revenues over (under) expenditures	(6,645)	(476,568)	112,971	211	383,059	(58,242)	-	(37,326)	90,089	-	28,666	-	-	36,215
Other financing sources (uses):														
Transfers in	138,837	725,457	-	-	-	400,000	-	750	-	-	-	-	-	1,265,044
Transfers out	-	-	(1,264,294)	-	(310,296)	-	-	-	(40,975)	-	(12,325)	-	-	(1,627,890)
Debt proceeds	-	3,500,000	-	-	-	-	-	-	-	-	-	-	-	3,500,000
Bond issuance costs	-	(60,993)	-	-	-	-	-	-	-	-	-	-	-	(60,993)
Total other financing sources (uses)	138,837	4,164,464	(1,264,294)	-	(310,296)	400,000	-	750	(40,975)	-	(12,325)	-	-	3,076,161
Net change in fund balances	132,192	3,687,896	(1,151,323)	211	72,763	341,758	-	(36,576)	49,114	-	16,341	-	-	3,112,376
Fund balance:														
Beginning of year	(132,192)	(3,687,896)	2,506,411	103,758	577,285	-	-	36,576	178,491	70,464	-	-	-	(347,103)
End of year	\$ -	\$ -	\$ 1,355,088	\$ 103,969	\$ 650,048	\$ 341,758	\$ -	\$ -	\$ 227,605	\$ 86,805	\$ -	\$ -	\$ -	\$ 2,765,273

Town of Wake Forest, North Carolina
Capital Projects Fund
Stream Buffers
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2010

	Project Author- ization	Actual		
		Prior Years	Current Year	Total to Date
Revenues:				
Federal grants	\$ 1,516,375	\$ 1,170,373	\$ -	\$ 1,170,373
State grants	290,545	609,087	-	609,087
Sales tax refund	1,580	3,041	-	3,041
Miscellaneous	52,500	46,599	-	46,599
Total revenues	<u>1,861,000</u>	<u>1,829,100</u>	<u>-</u>	<u>1,829,100</u>
Expenditures:				
Capital outlay:				
Professional services	585,125	532,460	6,645	539,105
Capital outlay-land	1,080,115	1,080,113	-	1,080,113
Improvements	963,375	966,164	-	966,164
Total expenditures	<u>2,628,615</u>	<u>2,578,737</u>	<u>6,645</u>	<u>2,585,382</u>
Revenues under expenditures	<u>(767,615)</u>	<u>(749,637)</u>	<u>(6,645)</u>	<u>(756,282)</u>
Other financing sources:				
Transfer in:				
General Fund	767,615	617,445	-	617,445
General Capital Reserve Fund	-	-	138,837	138,837
Subtotal other financing sources (uses)	<u>767,615</u>	<u>617,445</u>	<u>138,837</u>	<u>756,282</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (132,192)</u>	132,192	<u>\$ -</u>
Fund balances:				
Beginning of year			<u>(132,192)</u>	
End of year			<u>\$ -</u>	

Town of Wake Forest, North Carolina
Capital Projects Fund
Park Development
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2010

	Project Author- ization	Actual		Total to Date
		Prior Years	Current Year	
Revenues:				
Investment earnings	\$ 56,478	\$ 56,920	\$ 89,662	\$ 146,582
Grant proceeds	2,816,587	2,816,587	-	2,816,587
Sales tax refund	30,000	34,320	932	35,252
Total revenues	<u>2,903,065</u>	<u>2,907,827</u>	<u>90,594</u>	<u>2,998,421</u>
Expenditures:				
Capital outlay:				
Professional services	57,958	58,781	-	58,781
Capital outlay-land	5,135,665	4,635,661	-	4,635,661
Heritage High School	3,250,355	2,836,966	588,654	3,425,620
Joyner Park Development	4,640,000	4,739,728	(21,492)	4,718,236
Total expenditures	<u>13,083,978</u>	<u>12,271,136</u>	<u>567,162</u>	<u>12,838,298</u>
Revenues under expenditures	<u>(10,180,913)</u>	<u>(9,363,309)</u>	<u>(476,568)</u>	<u>(9,839,877)</u>
Other financing sources (uses):				
Transfers in (out):				
Capital Reserve Fund	625,000	-	725,457	725,457
General Fund	380,500	-	-	-
Capital Reserve Fund	(324,587)	(324,587)	-	(324,587)
Installment note issuance	2,050,000	2,050,000	-	2,050,000
Bond issuance	7,450,000	3,950,000	3,500,000	7,450,000
Bond issuance costs	-	-	(60,993)	(60,993)
Total other financing sources (uses)	<u>10,180,913</u>	<u>5,675,413</u>	<u>4,164,464</u>	<u>9,839,877</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (3,687,896)</u>	3,687,896	<u>\$ -</u>
Fund balances:				
Beginning of year			<u>(3,687,896)</u>	
End of year			<u>\$ -</u>	

Town of Wake Forest, North Carolina
Capital Projects Fund
Recreation Capital Reserve
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2010

	Project Author- ization	Actual		
		Prior Years	Current Year	Total to Date
Revenues:				
Payments in lieu	\$ 318,212	\$ 318,211	\$ -	\$ 318,211
Impact fees	1,989,600	1,989,678	108,535	2,098,213
Investment earnings	315,000	314,522	4,436	318,958
Donations	30,100	30,973	-	30,973
Total revenues	<u>2,652,912</u>	<u>2,653,384</u>	<u>112,971</u>	<u>2,766,355</u>
Other financing sources (uses)				
Transfers in (out):				
General Fund	550,000	525,578	-	525,578
General Fund	(616,544)	(324,357)	-	(324,357)
Capital Project Fund	<u>(2,586,368)</u>	<u>(348,194)</u>	<u>(1,264,294)</u>	<u>(1,612,488)</u>
Total other financing sources (uses)	<u>(2,652,912)</u>	<u>(146,973)</u>	<u>(1,264,294)</u>	<u>(1,411,267)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 2,506,411</u>	<u>(1,151,323)</u>	<u>\$ 1,355,088</u>
Fund balances:				
Beginning of year			<u>2,506,411</u>	
End of year			<u>\$1,355,088</u>	

Town of Wake Forest, North Carolina
Capital Projects Fund
Cemetery Capital Reserve
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2010

	Project Author- ization	Actual		Total to Date
		Prior Years	Current Year	
Revenues:				
Donations	\$ 150,000	\$ 143,490	\$ -	\$ 143,490
Investment earnings	115,000	111,360	211	111,571
Total revenues	<u>265,000</u>	<u>254,850</u>	<u>211</u>	<u>255,061</u>
Other financing uses				
Transfer out:				
General Fund	<u>(265,000)</u>	<u>(151,092)</u>	<u>-</u>	<u>(151,092)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 103,758</u>	211	<u>\$ 103,969</u>
Fund balances:				
Beginning of year			<u>103,758</u>	
End of year			<u>\$ 103,969</u>	

Town of Wake Forest, North Carolina
Capital Projects Fund
General Capital Reserve
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2010

	Project Author- ization	Actual		
		Prior Years	Current Year	Total to Date
Revenues:				
Payments in lieu	\$ 174,595	\$ 150,727	\$ -	\$ 150,727
Fire Impact Fees	485,000	487,140	381,631	868,771
Investment earnings	150,000	147,637	1,428	149,065
Donations	117,000	117,004	-	117,004
Total revenues	<u>926,595</u>	<u>902,508</u>	<u>383,059</u>	<u>1,285,567</u>
Other financing sources (uses):				
Transfers in (out):				
General Fund	49,309	11,715	-	11,715
General Fund	<u>(975,904)</u>	<u>(336,938)</u>	<u>(310,296)</u>	<u>(647,234)</u>
Total other financing sources (uses)	<u>(926,595)</u>	<u>(325,223)</u>	<u>(310,296)</u>	<u>(635,519)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 577,285</u>	72,763	<u>\$ 650,048</u>
Fund balances:				
Beginning of year			<u>577,285</u>	
End of year			<u>\$ 650,048</u>	

Town of Wake Forest, North Carolina
Capital Projects Fund
Dunn Creek Greenway
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2010

	Project Author- ization	Actual		
		Prior Years	Current Year	Total to Date
Revenues:				
Grant proceeds	\$ 450,000	\$ -	\$ 158,479	\$ 158,479
Expenditures:				
Capital outlay:				
Professional services	100,000	-	58,242	58,242
Capital outlay - construction	750,000	-	158,479	158,479
Total expenditures	850,000	-	216,721	216,721
Revenues under expenditures	(400,000)	-	(58,242)	(58,242)
Other financing sources				
Transfers in:				
Recreation Capital Reserve Fund	400,000	-	400,000	400,000
Net change in fund balance	\$ -	\$ -	341,758	\$ 341,758
Fund balances:				
Beginning of year			-	
End of year			\$ 341,758	

Town of Wake Forest, North Carolina
Special Revenue Fund
Centennial Celebration
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Years Ended June 30, 2010 and 2009

	2010		Variance Favorable (Unfavorable)	2009
	Budget	Actual		Actual
Revenues:				
Investment earnings	\$ 250	\$ 46	\$ (204)	\$ 249
Donations	9,500	9,400	(100)	44,655
Contributions-Wake County	-	-	-	40,000
Centennial events revenue	14,856	14,856	-	46,593
Total revenues	<u>24,606</u>	<u>24,302</u>	<u>(304)</u>	<u>131,497</u>
Expenditures:				
Marketing	11,500	9,801	1,699	33,275
Printing	-	35	(35)	38,101
Special events	51,755	51,792	(37)	75,202
Total expenditures	<u>63,255</u>	<u>61,628</u>	<u>1,627</u>	<u>146,578</u>
Revenues over (under) expenditures	(38,649)	(37,326)	1,323	(15,081)
Other financing sources:				
Transfer in:				
General Fund	<u>38,649</u>	<u>750</u>	<u>(37,899)</u>	<u>50,000</u>
Net change in fund balance	<u>\$ -</u>	(36,576)	<u>\$ (36,576)</u>	34,919
Fund balances:				
Beginning of year		<u>36,576</u>		<u>1,657</u>
End of year		<u>\$ -</u>		<u>\$ 36,576</u>

Town of Wake Forest, North Carolina
Special Revenue Fund
Downtown District Special Tax
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Years Ended June 30, 2010 and 2009

	2010		Variance Favorable (Unfavorable)	2009
	Budget	Actual		Actual
REVENUES:				
Ad valorem taxes	\$ 70,500	\$ 89,674	\$ 19,174	\$ 71,624
Investment earnings	2,000	415	(1,585)	1,409
Total revenues	<u>72,500</u>	<u>90,089</u>	<u>17,589</u>	<u>73,033</u>
EXPENDITURES	<u>1,000</u>	<u>-</u>	<u>1,000</u>	<u>-</u>
Revenues over expenditures	<u>71,500</u>	<u>90,089</u>	<u>18,589</u>	<u>73,033</u>
OTHER FINANCING USES:				
Transfers out:				
General Fund	(4,715)	(40,975)	(36,260)	(31,810)
Appropriated Fund Balance	<u>(66,785)</u>	<u>-</u>	<u>66,785</u>	<u>-</u>
Total other financing uses	<u>(71,500)</u>	<u>(40,975)</u>	<u>30,525</u>	<u>(31,810)</u>
Net change in fund balance	<u>\$ -</u>	49,114	<u>\$ 49,114</u>	41,223
Fund balances:				
Beginning of year		178,491		137,268
End of year		<u>\$ 227,605</u>		<u>\$ 178,491</u>

Town of Wake Forest, North Carolina
Special Revenue Fund
Police Department Special Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Years Ended June 30, 2010 and 2009

	2010		Variance Favorable (Unfavorable)	2009
	Budget	Actual		Actual
REVENUES:				
Donations	\$ 15,100	\$ 15,099	\$ (1)	\$ 16,736
Forfeited currency	4,500	4,635	135	13,211
Investment earnings	200	164	(36)	358
Miscellaneous	8,800	8,768	(32)	8,750
Total revenues	28,600	28,666	66	39,055
OTHER FINANCING USES:				
Transfers out:				
General Fund	(28,600)	(12,325)	16,275	-
Net change in fund balance	\$ -	16,341	\$ 16,341	39,055
Fund balances:				
Beginning of year		70,464		31,409
End of year		\$ 86,805		\$ 70,464

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

	2010		Variance Favorable (Unfavorable)	2009
	Budget	Actual		Actual
Revenues:	\$ 1,720,835	\$ -	\$ (1,720,835)	\$ -
Expenditures:				
Debt service:				
Principal retirement	623,985	623,977	8	654,853
Interest and fees	174,680	174,187	493	199,455
Total debt service	798,665	798,164	501	854,308
Revenues under expenditures	922,170	(798,164)	(1,720,334)	(854,308)
Other financing sources (uses):				
Transfers in (out):				
General Fund	-	(1,423)	(1,423)	-
City of Raleigh	(1,720,835)	-	1,720,835	-
City of Raleigh	798,665	798,165	(500)	854,308
Total other financing sources (uses)	(922,170)	796,742	1,718,912	854,308
Revenues and other financing sources under expenditures and other financing uses	\$ -	(1,422)	\$ (1,422)	-
Reconciliation from budgetary basis (modified accrual) to full accrual:				
Reconciling items:				
Principal retirement		623,977		654,853
Decrease in accrued interest		3,337		3,830
Principal payments of note receivable from City of Raleigh		(623,977)		(654,853)
Total reconciling items		3,337		3,830
Net income		\$ 1,915		\$ 3,830

Town of Wake Forest
Electric Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non - GAAP)
For the Fiscal Year Ended June 30, 2010
With comparative actual amounts for the year ended June 30, 2009

	2010		Variance Favorable (Unfavorable)	2009
	Budget	Actual		Actual
Revenues:				
Operating revenues:				
Charges for services	\$ 16,594,020	\$ 16,847,175	\$ 253,155	\$ 15,875,747
Other operating revenues				
Sales tax	499,515	498,552	(963)	472,343
Reconnect charges	133,500	142,456	8,956	135,691
Miscellaneous	90,050	32,247	(57,803)	117,379
Total operating revenues	<u>17,317,085</u>	<u>17,520,430</u>	<u>203,345</u>	<u>16,601,160</u>
Nonoperating revenues:				
Investment earnings	350	465	115	-
Sale of assets	21,115	26,999	5,884	-
Total nonoperating revenues	<u>21,465</u>	<u>27,464</u>	<u>5,999</u>	<u>-</u>
Total revenues	<u>17,338,550</u>	<u>17,547,894</u>	<u>209,344</u>	<u>16,601,160</u>
Expenditures:				
Electric operations:				
Salaries and employee benefits	1,740,085	1,399,103	340,982	1,752,009
Power purchases for resale	12,959,265	12,737,761	221,504	12,273,875
Utility sales tax	388,685	381,280	7,405	354,858
Repairs and maintenance	285,950	163,002	122,948	241,341
Other operating expenditures	585,305	376,477	208,828	458,765
Total electric operations	<u>15,959,290</u>	<u>15,057,623</u>	<u>901,667</u>	<u>15,080,848</u>
Debt service:				
Principal retirement	303,845	303,842	3	530,587
Interest and fees	77,240	77,232	8	93,501
Total debt service	<u>381,085</u>	<u>381,074</u>	<u>11</u>	<u>624,088</u>
Capital outlay	<u>1,123,850</u>	<u>696,680</u>	<u>427,170</u>	<u>1,060,937</u>
Total expenditures	<u>17,464,225</u>	<u>16,135,377</u>	<u>1,328,848</u>	<u>16,765,873</u>
Revenues over (under) expenditures	<u>(125,675)</u>	<u>1,412,517</u>	<u>1,538,192</u>	<u>(164,713)</u>

Town of Wake Forest
Electric Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non - GAAP)
 For the Fiscal Year Ended June 30, 2010
 With comparative actual amounts for the year ended June 30, 2009

	2010		Variance Favorable (Unfavorable)	2009
	Budget	Actual		Actual
Other financing sources (uses):				
Transfer out:				
Electric Substation Capital Project Fund	\$ (800,000)	\$ (790,000)	\$ 10,000	\$ -
Installment note issuance	125,675	125,656	(19)	-
Appropriated fund balance	800,000	-	(800,000)	-
Total other financing sources (uses)	<u>125,675</u>	<u>(664,344)</u>	<u>(790,019)</u>	<u>-</u>
 Revenues and other financing sources over (under) expenditures	 <u>\$ -</u>	 <u>748,173</u>	 <u>\$ 748,173</u>	 <u>(164,713)</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:				
Reconciling items:				
Depreciation		(786,761)		(819,458)
Capital outlay		696,680		1,060,937
Interfund transfers		790,000		-
Principal retirement		303,842		530,587
Installment note proceeds		(125,656)		-
Increase (decrease) in inventory		(64,236)		58,834
Decrease in accrued interest		326		3,904
Increase in accrued vacation pay		(2,064)		(8,159)
Increase in accrued other postemployment benefits		(109,624)		(109,054)
Electric Capital Reserve Fund				
Investment earnings		281		1,355
Electric Substation Capital Project Fund				
Investment earnings		-		289
Total reconciling items		<u>702,788</u>		<u>719,235</u>
Net income		<u>\$ 1,450,961</u>		<u>\$ 554,522</u>

Town of Wake Forest
Electric Capital Projects Fund
Capital Reserve
Schedule of Revenues and Expenditures - Budget and Actual (Non - GAAP)
From Inception and For the Fiscal Year Ended June 30, 2010

	Project Author - ization	Actual		
		Prior Years	Current Year	Total to Date
Revenues:				
Investment earnings	\$ 170,000	\$ 168,786	\$ 281	\$ 169,067
Other financing sources (uses):				
Transfers in (out)				
Electric Fund	830,000	345,588	-	345,588
System Betterment	-	119,741	-	119,741
Electric Fund	(1,000,000)	(496,500)	-	(496,500)
Total other financing sources (uses)	(170,000)	(31,171)	-	(31,171)
Revenues and other financing sources over other financing (uses)	\$ -	\$ 137,615	\$ 281	\$ 137,896

Town of Wake Forest
Electric Capital Projects Fund
Electric Substation
Schedule of Revenues and Expenditures - Budget and Actual (Non - GAAP)
From Inception and For the Fiscal Year Ended June 30, 2010

	Project Author - ization	Actual		Total to Date
		Prior Years	Current Year	
Revenues:				
Investment earnings	\$ 75,275	\$ 75,286	\$ -	\$ 75,286
Expenditures				
Capital outlay:				
Professional services	215,885	214,548	1,336	215,884
Contracted services	3,080	1,659	1,420	3,079
Capital outlay-land	350,800	350,766	-	350,766
Capital outlay-improvements	2,605,510	2,362,862	241,777	2,604,639
Total expenditures	<u>3,175,275</u>	<u>2,929,835</u>	<u>244,533</u>	<u>3,174,368</u>
Expenditures over revenues	<u>(3,100,000)</u>	<u>(2,854,549)</u>	<u>(244,533)</u>	<u>(3,099,082)</u>
Other financing sources:				
Transfers in:				
Electric Fund	800,000	-	790,000	790,000
Revenue bond issuance	<u>2,300,000</u>	<u>2,300,000</u>	<u>-</u>	<u>2,300,000</u>
Total other financing sources	<u>3,100,000</u>	<u>2,300,000</u>	<u>790,000</u>	<u>3,090,000</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ (554,549)</u>	<u>\$ 545,467</u>	<u>\$ (9,082)</u>

Town of Wake Forest, North Carolina
Schedule of Ad Valorem Taxes Receivable
 June 30, 2010

<u>Fiscal Year</u>	Uncollected Balance <u>June 30, 2009</u>	<u>Additions</u>	Collections And Credits	Uncollected Balance <u>June 30, 2010</u>
2009-2010	\$ -	\$ 18,077,154	\$ 17,795,594	\$ 281,560
2008-2009	313,603	-	262,645	50,958
2007-2008	39,683	-	8,554	31,129
2006-2007	23,803	-	2,725	21,078
2005-2006	18,838	-	1,830	17,008
2004-2005	12,440	-	1,923	10,517
2003-2004	6,768	-	313	6,455
2002-2003	8,991	-	527	8,464
2001-2002	16,572	-	318	16,254
2000-2001	4,495	-	338	4,157
1999-2000	5,507	-	5,507	-
	<u>\$ 450,700</u>	<u>\$ 18,077,154</u>	<u>\$ 18,080,274</u>	447,580
				Less allowance for uncollectible ad valorem taxes receivable
				<u>38,822</u>
				Ad valorem taxes receivable - net
				<u>\$ 408,758</u>

Revenue reconciliation:

Ad valorem taxes - General Fund	\$ 18,128,468
Add (deduct):	
Releases allowed	20,742
Taxes written off	5,507
Penalties and interest	<u>(74,443)</u>
Total collections and credits	<u>\$ 18,080,274</u>

Town of Wake Forest, North Carolina
Analysis of Current Tax Levy
Town - Wide Levy
For the fiscal year ended June 30, 2010

	City - Wide		Total Levy		
	Property Valuation	Rate	Total Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
	Original levy:				
Property taxed at current year's rate	3,578,259,608	0.51	\$ 18,249,124	\$17,083,957	\$ 1,165,167
Prior year taxes	17,908,889	0.54	96,708	-	96,708
Penalties	-		34,930	34,930	-
Total	<u>3,596,168,497</u>		<u>18,380,762</u>	<u>17,118,887</u>	<u>1,261,875</u>
Discoveries:					
Prior year taxes	-		169,367	150,421	18,946
Less: abatements	<u>(92,740,196)</u>	0.51	<u>(472,975)</u>	<u>(445,855)</u>	<u>(27,120)</u>
Total property valuation	<u>\$ 3,503,428,301</u>				
Net levy			18,077,154	16,823,453	1,253,701
Less: uncollected taxes at June 30, 2010			<u>281,560</u>	<u>174,767</u>	<u>106,793</u>
Current year's taxes collected			<u>\$ 17,795,594</u>	<u>\$16,648,686</u>	<u>\$ 1,146,908</u>
Current levy collection percentage			<u>98.44%</u>	<u>98.96%</u>	<u>91.48%</u>

Town of Wake Forest, North Carolina
General Obligation Debt Service Requirements and Maturity Schedule
 June 30, 2010

Fiscal Year	Governmental Funds	
	Principal	Principal & interest
2010-2011	\$ 1,015,000	\$ 1,643,763
2011-2012	1,010,000	1,582,513
2012-2013	1,005,000	1,547,188
2013-2014	1,005,000	1,516,988
2014-2015	1,000,000	1,475,375
2015-2016	995,000	1,433,000
2016-2017	990,000	1,388,525
2017-2018	990,000	1,353,400
2018-2019	985,000	1,309,625
2019-2020	925,000	1,212,065
2020-2021	825,000	1,079,643
2021-2022	825,000	1,051,220
2022-2023	825,000	1,021,885
2023-2024	825,000	992,320
2024-2025	825,000	962,525
2025-2026	825,000	932,500
2026-2027	825,000	900,650
2027-2028	365,000	408,800
2028-2029	365,000	394,200
2029-2030	365,000	379,600
Total	<u>\$ 16,790,000</u>	<u>\$ 22,585,783</u>



TOWN *of*
WAKE FOREST

Table 1

TOWN OF WAKE FOREST, NORTH CAROLINA

Net Assets By Category

Last Eight Fiscal Years

(accrual basis of accounting)

June 30, 2010

	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
Governmental activities								
Invested in capital assets, net of related debt	\$ 40,547,856	\$ 42,937,877	\$ 49,400,842	\$ 59,573,601	\$ 62,558,549	\$ 87,439,825	\$ 109,374,788	\$ 110,101,600
Restricted for: Streets	-	-	-	-	-	261,802	185,777	-
Unrestricted	7,076,073	9,204,232	10,712,444	10,580,086	19,654,914	18,522,494	12,613,374	12,534,616
Subtotal governmental activities net assets	<u>47,623,929</u>	<u>52,142,109</u>	<u>60,113,286</u>	<u>70,153,687</u>	<u>82,213,463</u>	<u>106,224,121</u>	<u>122,173,939</u>	<u>122,636,216</u>
Business-type activities								
Invested in capital assets, net of related debt	37,462,607	40,864,847	43,067,952	11,072,201	12,189,177	12,711,174	13,606,123	13,938,763
Unrestricted	9,515,165	10,566,979	12,689,129	2,140,802	909,821	1,017,401	680,804	1,801,040
Subtotal business-type activities net assets	<u>46,977,772</u>	<u>51,431,826</u>	<u>55,757,081</u>	<u>13,213,003</u>	<u>13,098,998</u>	<u>13,728,575</u>	<u>14,286,927</u>	<u>15,739,803</u>
Primary Government								
Invested in capital assets, net of related debt	78,010,463	83,802,724	92,468,794	70,645,802	74,747,726	100,150,999	122,980,911	124,040,363
Restricted for: Streets	-	-	-	-	-	261,802	185,777	-
Unrestricted	16,591,238	19,771,211	23,401,573	12,720,888	20,564,735	19,539,895	13,294,178	14,335,656
Total primary government net Assets	<u>\$ 94,601,701</u>	<u>\$ 103,573,935</u>	<u>\$ 115,870,367</u>	<u>\$ 83,366,690</u>	<u>\$ 95,312,461</u>	<u>\$ 119,952,696</u>	<u>\$ 136,460,866</u>	<u>\$ 138,376,019</u>

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

Table 2

TOWN OF WAKE FOREST, NORTH CAROLINA
Changes in Net Assets, Last Eight Fiscal Years
(accrual basis of accounting)
 June 30, 2010

	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
Expenses								
Governmental activities:								
General Government	\$ 2,956,800	\$ 3,264,577	\$ 3,579,532	\$ 5,078,512	\$ 6,122,587	\$ 7,613,303	\$ 8,618,506	\$ 8,682,965
Public Safety	3,609,320	4,330,589	4,919,342	5,656,444	6,366,631	7,445,480	9,447,725	10,253,680
Transportation	1,818,020	1,790,537	2,074,901	2,220,905	2,605,715	2,795,746	3,604,053	4,299,079
Environmental Protection	1,093,977	1,264,596	1,364,786	2,110,057	1,797,390	1,976,526	2,272,165	2,397,576
Cultural and Recreational	879,025	975,811	1,100,051	1,216,086	1,354,940	1,519,941	1,798,042	2,024,989
Interest on long-term debt	282,603	258,942	221,154	190,793	443,086	489,404	784,454	902,986
Subtotal governmental activities expense	10,639,745	11,885,052	13,259,766	16,472,797	18,690,349	21,840,400	26,524,945	28,561,275
Business-type activities:								
Water and sewer	6,432,339	7,128,256	7,754,258	280,588	(3,877)	34,441	195,625	170,850
Electric	9,477,167	10,301,962	11,567,024	14,278,166	14,565,448	14,228,087	16,048,282	16,097,214
Subtotal business-type activities expenses	15,909,506	17,430,218	19,321,282	14,558,754	14,561,571	14,262,528	16,243,907	16,268,064
Total primary government expenses	26,549,251	29,315,270	32,581,048	31,031,551	33,251,920	36,102,928	42,768,852	44,829,339
Program Revenues								
Governmental activities:								
Charges for Services								
General Governmental	838,253	1,319,858	1,338,727	1,762,151	1,941,342	1,825,345	1,071,361	1,101,020
Public Safety	29,997	34,815	63,147	31,849	29,063	181,975	376,472	417,136
Transportation	183,550	231,134	225,280	321,999	515,279	28,311	70,698	52,628
Environmental Protection	976,389	1,086,851	1,204,045	1,338,077	1,455,622	1,566,112	256,014	266,524
Cultural and Recreational	156,665	166,978	199,105	237,976	323,983	561,482	415,745	471,331
Operating Grants and Contributions								
General Governmental	-	35,266	10,000	-	-	-	-	-
Public Safety	37,837	243,618	37,913	94,028	111,463	106,447	55,286	56,655
Transportation	392,593	377,355	481,947	490,467	321,471	680,220	708,220	656,839
Environmental Protection	-	-	-	-	-	-	5,460	396
Cultural and Recreational	4,800	-	-	1,181,244	-	-	56,482	-
Capital Grants and Contributions								
Public Safety	276,522	-	-	76,597	100,937	-	-	21,454
Transportation	2,112,141	1,482,162	5,160,675	4,610,306	7,578,376	20,637,263	12,395,415	700,731
Environmental Protection	-	582,032	-	-	-	-	-	210,394
Cultural and Recreational	1,550,000	366,052	-	18,881	905,155	242,000	750,000	158,479
Subtotal governmental activities program revenues	6,558,747	5,926,121	8,720,839	10,163,575	13,282,691	25,829,155	16,161,153	4,113,587

Table 2

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

(accrual basis of accounting)

June 30, 2010

	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
Business-type activities:								
Charges for Services - Water and sewer	6,672,700	8,551,662	9,473,396	-	-	-	-	-
Charges for Services - Electric	11,234,615	11,552,691	12,271,899	13,819,974	14,348,899	14,827,940	16,483,781	17,520,430
Operating Grants and Contributions - Water and sewer	-	5,527	-	-	-	-	-	-
Capital Grants and Contributions - Water and sewer	1,297,513	1,467,324	1,079,690	-	-	-	-	-
Capital Grants and Contributions - Electric	182,083	15,903	23,804	89,532	-	-	-	-
Subtotal business-type activities program revenues	19,386,911	21,593,107	22,848,789	13,909,506	14,348,899	14,827,940	16,483,781	17,520,430
Total primary government program revenues	25,945,658	27,519,228	31,569,628	24,073,081	27,631,590	40,657,095	32,644,934	21,634,017
Net (Expense) Revenue								
Governmental activities	(4,080,998)	(5,958,931)	(4,538,927)	(6,309,222)	(5,407,658)	3,988,755	(10,363,792)	(24,447,688)
Business-type activities:								
Water and sewer	1,537,874	2,896,257	2,798,828	(280,588)	3,877	(34,441)	(195,625)	(170,850)
Electric	1,939,531	1,266,632	728,679	(368,660)	(216,549)	599,853	435,499	1,423,216
Total primary government net expense	(603,593)	(1,796,042)	(1,011,420)	(6,958,470)	(5,620,330)	4,554,167	(10,123,918)	(23,195,322)
General Revenues and Other Changes in Net Assets								
Governmental activities:								
Property taxes, levied for general purpose	5,826,709	6,792,219	7,866,320	9,469,105	10,918,755	12,712,109	17,276,890	18,229,078
Other taxes and licenses	43,756	38,937	39,234	59,050	63,925	73,320	71,784	83,634
Unrestricted intergovernmental	2,470,464	3,033,438	3,681,220	4,078,480	5,028,295	5,834,891	5,937,573	5,789,968
Unrestricted investment earnings	86,140	71,661	211,950	395,979	1,129,731	825,169	358,825	85,946
Miscellaneous	403,393	580,712	911,615	2,122,009	326,728	576,414	463,068	327,018
Extraordinary item-Contribution from IDC	-	-	-	-	-	-	2,205,470	-
Transfers	(175,411)	(210,522)	(200,235)	225,000	-	-	-	1,423
Subtotal governmental activities	8,655,051	10,306,445	12,510,104	16,349,623	17,467,434	20,021,903	26,313,610	24,517,067
Business type activities:								
Unrestricted investment earnings	117,154	75,037	208,616	369,920	89,731	44,161	201,099	174,934
Miscellaneous	4,482	5,606	-	37,116	-	20,004	117,379	26,999
Transfers and Special items	175,411	210,522	200,235	(42,301,866)	8,936	-	-	(1,423)
Subtotal business-type activities	297,047	291,165	408,851	(41,894,830)	98,667	64,165	318,478	200,510
Total primary government	8,952,098	10,597,610	12,918,955	(25,545,207)	17,566,101	20,086,068	26,632,088	24,717,577
Change in Net Assets								
Governmental activities	4,574,053	4,347,514	7,971,177	10,040,401	12,059,776	24,010,658	15,949,818	69,379
Business-type activities	3,774,452	4,454,054	3,936,358	(42,544,078)	(114,005)	629,577	558,352	1,452,876
Total primary Government	\$ 8,348,505	\$ 8,801,568	\$ 11,907,535	\$(32,503,677)	\$ 11,945,771	\$ 24,640,235	\$ 16,508,170	\$ 1,522,255

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

Table 3

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

Last Ten Fiscal Years
(modified accrual basis of accounting)
 June 30, 2010

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Fund										
Reserved for:										
Encumbrances	\$ 211,468	\$ 411,374	\$ 375,443	\$ 246,620	\$ 242,697	\$ 340,579	\$ 165,290	\$ 461,515	\$ 42,046	\$ 254,500
State statute	680,400	660,705	-	1,110,064	1,529,667	4,025,734	2,251,538	2,385,676	6,872,108	2,669,931
Inventories and prepaid items	3,045	2,244	2,750	2,704	54,921	10,812	5,919	3,256	39,694	62,904
Streets	-	-	-	-	-	54,515	174,529	261,802	185,777	-
Unreserved:										
Designated for subsequent year's expenditures	587,800	584,430	579,100	929,840	671,050	643,835	1,009,730	1,259,375	2,090,000	2,108,755
Undesignated	2,803,861	3,333,145	4,864,733	5,216,938	6,490,869	4,300,747	6,337,710	7,865,860	4,683,978	7,383,752
Total General Fund	\$ 4,286,574	\$ 4,991,898	\$ 5,822,026	\$ 7,506,166	\$ 8,989,204	\$ 9,376,222	\$ 9,944,716	\$ 12,237,484	\$ 13,913,603	\$ 12,479,842
All Other Governmental Funds										
Reserved	\$ -	\$ 70	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	11,102	23,085	25,925	33,115	25,524	35,264	64,286	85,609	168,677	314,410
Capital projects funds	3,584,991	2,697,861	1,732,083	1,219,037	1,780,588	1,880,442	1,405,156	9,947,674	7,304,335	4,217,030
Total all other Governmental Funds	\$ 3,596,093	\$ 2,721,016	\$ 1,758,008	\$ 1,252,152	\$ 1,806,112	\$ 1,915,706	\$ 1,469,442	\$ 10,033,283	\$ 7,473,012	\$ 4,531,440

Table 4

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

Last Ten Fiscal Years
(modified accrual basis of accounting)
June 30, 2010

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Revenues										
Ad Valorem Taxes	\$ 4,254,564	\$ 5,064,615	\$ 5,811,596	\$ 6,824,156	\$ 7,859,275	\$ 9,445,404	\$ 10,855,959	\$ 12,673,146	\$ 17,150,242	\$ 18,218,142
Other Taxes	1,892,167	1,830,052	39,639	36,551	36,766	54,076	61,853	70,206	69,073	81,990
Unrestricted Intergovernmental	909,221	399,168	2,470,464	3,033,438	3,681,220	4,078,480	5,028,295	5,834,891	5,937,573	5,789,968
Restricted Intergovernmental	591,481	478,788	2,531,211	1,604,323	679,860	1,842,336	1,723,523	1,049,167	1,575,448	1,110,921
Permits and Fees	837,956	934,693	1,005,458	1,523,494	1,537,172	1,911,058	2,385,764	2,066,232	1,440,169	1,547,973
Sales and Services	919,455	1,060,435	1,153,197	1,353,592	1,502,272	1,765,177	1,812,357	2,126,403	870,538	760,666
Miscellaneous	493,696	398,681	407,155	583,055	912,625	2,185,890	330,105	599,293	398,427	327,018
Investment Earnings	408,063	149,080	86,140	71,661	211,950	395,979	1,129,731	825,169	358,825	340,767
Total revenues	10,306,603	10,315,512	13,504,860	15,030,270	16,421,140	21,678,400	23,327,587	25,244,507	27,800,295	28,177,445
Expenditures										
General Government	2,265,811	2,439,621	3,310,886	3,167,683	3,446,786	4,922,324	5,960,379	7,375,668	8,010,553	8,145,908
Public Safety	2,551,365	3,217,182	3,703,025	4,098,211	4,656,043	5,347,091	6,019,806	7,082,614	8,715,513	9,449,953
Transportation	551,657	617,340	929,098	706,566	916,970	907,520	1,165,719	1,236,454	1,552,320	2,071,754
Environmental Protection	932,666	1,038,479	1,072,042	1,233,448	1,335,465	2,081,078	1,749,208	1,908,344	2,174,599	2,289,181
Cultural and Recreational	648,818	904,597	824,600	809,334	922,605	1,021,001	1,162,726	1,332,289	1,537,097	1,558,458
Capital outlay	1,236,924	996,833	4,214,428	1,495,274	2,045,196	6,783,198	5,670,476	4,976,321	19,836,119	9,456,702
Debt service:										
Bond Principal	205,125	204,000	202,875	557,768	195,000	193,875	193,875	652,750	651,625	2,365,250
Bond Interest	179,499	169,669	159,889	182,020	140,480	130,994	305,559	480,254	452,364	452,588
Installment note principal	834,960	638,170	708,729	693,534	1,199,828	1,113,169	1,116,743	447,854	573,026	753,022
Installment note interest	160,267	128,186	134,557	82,051	84,385	65,271	50,761	19,462	187,930	352,835
Total expenditures	9,567,092	10,354,077	15,260,129	13,025,889	14,942,758	22,565,521	23,395,252	25,512,010	43,691,146	36,895,651
Excess of revenues over (under) expenditures	739,511	(38,565)	(1,755,269)	2,004,381	1,478,382	(887,121)	(67,665)	(267,503)	(15,890,851)	(8,718,206)
Other Financing Sources (Uses)										
Operating transfers in	410,278	589,519	327,344	827,887	1,015,094	989,822	1,408,765	310,607	1,172,719	3,525,538
Operating transfers (out)	(578,769)	(816,955)	(502,755)	(1,038,409)	(1,215,329)	(764,822)	(1,408,765)	(310,607)	(1,172,719)	(3,524,115)
Contribution from Industrial Development Corp	-	-	-	-	-	-	-	-	2,205,470	-
Installment note proceeds	2,751	8,317	2,254,952	273,575	314,485	602,875	-	-	10,048,795	407,504
Bond issuance costs	-	-	-	-	-	-	-	-	-	(151,247)
Bond issuance	-	-	-	-	-	-	9,200,000	-	-	9,005,000
Total other financing sources (uses)	(165,740)	(219,119)	2,079,541	63,053	114,250	827,875	9,200,000	-	12,254,265	9,262,680
Net changes in fund balances	573,771	(257,684)	324,272	2,067,434	1,592,632	(59,246)	9,132,335	(267,503)	(3,636,586)	544,474
Fund balance-Beginning of year (as previously reported)	6,728,212	7,007,590	6,749,906	7,074,178	9,312,278	10,904,910	10,845,664	19,977,999	19,710,496	16,392,452
Adjustments to beginning fund balance	(294,393)	-	-	170,666	-	-	-	-	-	74,356
Fund balance - Beginning of Year (as restated)	6,433,819	7,007,590	6,749,906	7,244,844	9,312,278	10,904,910	10,845,664	19,977,999	19,710,496	16,466,808
Fund balance - End of Year	\$ 7,007,590	\$ 6,749,906	\$ 7,074,178	\$ 9,312,278	\$ 10,904,910	\$ 10,845,664	\$ 19,977,999	\$ 19,710,496	\$ 16,073,910	\$ 17,011,282
Debt service as percentage of noncapital expenditures	16.56%	12.18%	10.92%	13.14%	12.56%	9.53%	9.40%	7.79%	7.82%	14.30%

Table 5

TOWN OF WAKE FOREST, NORTH CAROLINA

Government-wide Revenues

Last Eight Fiscal Years

June 30, 2010

Fiscal Year	PROGRAM REVENUES			GENERAL REVENUES				
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Taxes	Unrestricted Inter-governmental	Unrestricted Investment Earnings	Miscellaneous	Total
2003	\$ 20,092,169	\$ 435,230	\$ 5,418,259	\$ 5,870,465	\$ 2,470,464	\$ 203,294	\$ 407,875	\$ 34,897,756
2004	22,943,989	661,766	3,913,473	6,831,156	3,033,438	146,698	586,318	38,116,838
2005	24,775,599	529,860	6,264,169	7,905,554	3,681,220	420,566	911,615	44,488,583
2006	17,512,026	1,765,739	4,795,316	9,469,105	4,078,480	765,899	2,159,125	40,545,690
2007	18,614,188	432,934	8,584,468	10,982,680	5,028,295	1,219,462	335,664	45,197,691
2008	18,991,165	786,667	20,879,263	12,785,429	5,834,891	869,330	596,418	60,743,163
2009	18,674,071	825,448	13,145,415	17,348,674	5,937,573	559,924	2,785,917 *	59,277,022
2010	19,829,069	713,890	1,091,058	18,312,712	5,789,968	260,880	354,017	46,351,594

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

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

Table 6

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

Last Ten Fiscal Years
 June 30, 2010

Fiscal Year	Taxes	Inter- govern- mental	Permits and Fees	Sales and Services	Invest- ment- Earnings	Misc. Revenues	Fiscal Year Total
2001	6,146,731	1,500,702	837,956	919,455	208,416	204,795	9,818,055
2002	6,894,667	877,956	934,693	1,060,435	95,406	194,287	10,057,444
2003	7,792,329	1,560,581	1,005,458	1,153,197	64,533	224,291	11,800,389
2004	9,298,847	1,293,002	1,523,494	1,353,592	59,272	227,806	13,756,013
2005	11,577,261	679,860	1,537,172	1,502,272	173,509	306,688	15,776,762
2006	13,577,960	1,842,336	1,911,058	1,765,177	300,716	439,353	19,836,600
2007	15,934,125	799,046	2,037,784	1,812,357	471,535	324,265	21,379,112
2008	18,578,243	800,648	1,687,009	2,126,403	382,854	534,301	24,109,458
2009	23,156,889	838,658	1,046,138	870,538	167,293	385,190	26,464,706
2010	24,000,426	952,442	1,057,807	760,666	140,826	274,260	27,186,427

Notes:

(1) Includes general and special revenue funds.

Table 7

TOWN OF WAKE FOREST, NORTH CAROLINA
Government-wide Expenses by function
Last Eight Fiscal Years
 June 30, 2010

Fiscal Year	General Government		Public Safety		Transportation		Environmental Protection		Cultural and Recreation		Interest on Long-term Debt		Water and Sewer		Electric		Total
	\$		\$		\$		\$		\$		\$		\$		\$		
2003	\$ 2,956,800		\$ 3,609,320		\$ 1,818,020		\$ 1,093,977		\$ 879,025		\$ 282,603		\$ 6,432,339		\$ 9,477,167		\$ 26,549,251
2004	3,264,577		4,330,589		1,790,537		1,264,596		975,811		258,942		7,128,256		10,301,962		29,315,270
2005	3,579,532		4,919,342		2,074,901		1,364,786		1,100,051		221,154		7,754,258		11,567,024		32,581,048
2006	5,078,512		5,656,444		2,220,905		2,110,057		1,216,086		190,793		280,588		14,278,166		31,031,551
2007	6,122,587		6,366,631		2,605,715		1,797,390		1,354,940		443,086		(3,877)		14,565,448		33,251,920
2008	7,613,303		7,445,480		2,795,746		1,976,526		1,519,941		489,404		34,441		14,228,087		36,102,928
2009	8,618,506		9,447,725		3,604,053		2,272,165		1,798,042		784,454		195,625		16,048,282		42,768,852
2010	8,682,965		10,253,680		4,299,079		2,397,576		2,024,989		902,986		170,850		16,097,214		44,829,339

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

Table 8

TOWN OF WAKE FOREST, NORTH CAROLINA
General Governmental Expenditures by Function (1)
 (Last Ten Fiscal Years)
 June 30, 2010

Fiscal Year	General Government	Public Safety	Transportation	Environmental Protection	Cultural and Recreational		Debt Service	Fiscal Year Total
					Environmental Protection	Cultural and Recreational		
2001	2,265,811	2,551,365	551,657	932,666	648,818	1,379,851	8,330,168	
2002	2,439,621	3,217,182	617,340	1,038,479	904,597	1,140,025	9,357,244	
2003	3,310,886	3,703,025	929,098	1,072,042	824,600	1,206,050	11,045,701	
2004	3,290,668	4,342,049	955,724	1,315,658	1,009,653	1,515,373	12,429,125	
2005	3,619,907	4,916,934	1,473,403	1,335,465	1,096,895	1,619,693	14,062,297	
2006	5,413,924	5,789,425	1,286,788	2,190,290	3,525,721	1,503,309	19,709,457	
2007	6,772,894	6,338,522	1,388,137	2,027,196	1,198,163	1,666,938	19,391,850	
2008	7,696,482	7,411,281	1,298,470	1,933,999	1,491,413	1,600,320	21,431,965	
2009	9,672,294	9,432,078	1,784,221	2,313,596	1,506,851	1,864,945	26,573,985	
2010	9,064,236	9,682,515	2,668,418	2,389,591	1,523,354	3,923,695	29,251,809	

Notes:

(1) Includes general and special revenue funds.

Table 9

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

Last Ten Fiscal Years

June 30, 2010

Fiscal Year	Tax Year Ended December 31	Tax			Public Service Company	Total Assessed Value	Ratio of Assessed Value to Estimated Actual Value
		Real Property	Personal Property	Company			
2001	2000 (2)	694,627,479	131,854,974	14,719,261	841,201,714	100%	
2002	2001	800,733,193	153,007,895	15,014,334	968,755,422	100%	
2003	2002	930,251,530	165,399,124	15,604,444	1,111,255,098	100%	
2004	2003	1,014,153,784	191,867,989	18,798,560	1,224,820,333	100%	
2005	2004	1,233,395,263	203,855,525	19,324,889	1,456,575,677	100%	
2006	2005	1,441,248,082	274,455,628	22,472,114	1,738,175,824	100%	
2007	2006	1,698,886,624	287,999,416	24,473,936	2,011,359,976	100%	
2008	2007	1,943,616,102	327,762,406	22,349,063	2,293,727,571	100%	
2009	2008 (2)	2,991,210,274	325,185,573	29,041,493	3,345,437,340	100%	
2010	2009	3,205,505,756	266,540,456	31,382,089	3,503,428,301	100%	

Notes:

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

Table 10

TOWN OF WAKE FOREST, NORTH CAROLINA
Property Tax Rates - Direct and Overlapping Governments
 Last Ten Fiscal Years
 June 30, 2010

Fiscal Year	Town of Wake Forest	Wake County	Combined Tax Rate Per \$100 of Assessed Value
2001	0.500	0.564	1.064
2002	0.520	0.564	1.084
2003	0.520	0.564	1.084
2004	0.530	0.604	1.134
2005	0.540	0.604	1.144
2006	0.540	0.604	1.144
2007	0.540	0.634	1.174
2008	0.550	0.678	1.228
2009	0.510	0.534	1.044
2010	0.510	0.534	1.044

Notes:

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

Table 11

TOWN OF WAKE FOREST, NORTH CAROLINA
Principal Property Taxpayers
 June 30, 2010

Taxpayer	Type of Enterprise	2010 Assessed Valuation	% of Total Assessed Valuation
Crossroads Holdings LLC	Automotive Dealership	\$ 25,834,058	0.737%
Time Warner Entertainment	Cable; Internet; Telephone	22,710,009	0.648%
WMCI Raleigh IV LLC	Residential Apartments	22,765,335	0.650%
Caviness Partners LLC	Residential Apartments	21,105,703	0.602%
Heritage Wake Forest Inc	Residential Development	19,928,744	0.569%
Factory LLC	Sports Entertainment Center	19,677,441	0.562%
Gateway Forest LLC	Shopping Center	19,058,455	0.544%
Lowes Home Center Inc.	Home Improvements Superstore	18,835,412	0.538%
Walmart Real Estate Business Trust	Shopping Center	15,055,714	0.430%
MLC Automotive LLC	Automotive Dealership	14,682,581	0.419%
		<u>\$ 199,653,452</u>	<u>5.699%</u>
	Total Assessed Value =	\$ 3,503,428,301	

Table 12

TOWN OF WAKE FOREST, NORTH CAROLINA
Property Taxes Levies and Collections
 Last Ten Fiscal Years
 June 30, 2010

Fiscal Year	Net Tax Levy	Current Year's Taxes Collected	Percent Net Levy Collected	Collections Prior Years	Total Tax Collections	Ratio of Total Tax Collections to total Tax Levy		Ratio of Delinquent Taxes to total Tax Levy	
						Total Tax Collections	Outstanding Delinquent Taxes	Total Tax Collections	Outstanding Delinquent Taxes
2001	4,247,563	4,146,819	97.6%	73,651	4,220,470	180,677	99.4%	180,677	4.25%
2002	5,035,631	4,914,688	97.6%	91,795	5,006,483	209,825	99.4%	209,825	4.17%
2003	5,791,230	5,661,122	97.8%	111,868	5,772,990	228,065	99.7%	228,065	3.94%
2004	6,719,331	6,601,578	98.3%	146,055	6,747,633	199,763	100.4%	199,763	2.97%
2005	7,863,526	7,740,454	98.4%	114,793	7,855,247	208,042	99.9%	208,042	2.65%
2006	9,403,050	9,260,871	98.5%	119,178	9,380,049	231,043	99.8%	231,043	2.46%
2007	10,866,417	10,678,057	98.3%	130,055	10,808,112	289,348	99.5%	289,348	2.66%
2008	12,616,913	12,411,124	98.4%	172,974	12,584,098	322,163	99.7%	322,163	2.55%
2009	17,171,320	16,857,717	98.2%	185,066	17,042,783	450,700	99.3%	450,700	2.62%
2010	18,077,154	17,795,594	98.4%	284,680	18,080,274	447,580	100.0%	447,580	2.48%

Table 13

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

Last Ten Fiscal Years
June 30, 2010

Fiscal Year	Principal	Interest (2)	Total Debt Service	Total General Governmental Expenditures	Ratio of Debt Service to General Governmental Expenditures
2001	205,125	179,499	384,624	8,330,168	4.6%
2002	204,000	169,669	373,669	9,357,244	4.0%
2003	202,875	159,889	362,764	11,045,701	3.3%
2004	200,625	150,162	350,787	12,429,125	2.8%
2005	195,000	140,480	335,480	14,062,297	2.4%
2006	193,875	130,994	324,869	19,709,457	1.6%
2007	193,875	305,559	499,434	19,391,850	2.6%
2008	652,750	480,254	1,133,004	21,427,516	5.3%
2009	651,625	452,364	1,103,989	26,573,985	4.2%
2010	2,365,250	452,588	2,817,838	29,251,809	9.6%

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

(2) Excludes bond issuance and other costs.

Table 14

TOWN OF WAKE FOREST, NORTH CAROLINA
Demographic Statistics
 Last Ten Fiscal Years
 June 30, 2010

Fiscal Year	(1)	(2)	(3)	(4)	(5)
	Population	Per Capita Personal Income	Median Age	Wake County School Enrollment	Wake County Unemployment Rate
2001	14,288	34,109	33.4	97,583	3.4%
2002	14,634	33,227	33.6	101,397	5.5%
2003	16,205	33,122	33.8	104,373	4.8%
2004	17,607	34,615	34.4	108,970	3.6%
2005	20,300	35,624	34.3	114,068	4.4%
2006	22,784	37,221	34.7	120,504	3.5%
2007	24,970	39,373	34.9	134,002	3.9%
2008	26,634	37,602	34.9	138,000	4.8%
2009	27,217	37,849	34.9	140,421	8.8%
2010	28,542	**	34.5	143,433	8.4%

(1) Town of Wake Forest Planning Department

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

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

(4) Wake County, NC Comprehensive Annual Financial Reports

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

** Information not available.

Table 15

TOWN OF WAKE FOREST, NORTH CAROLINA
Legal Debt Margin Information
 Last Ten Fiscal Years
 June 30, 2010

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Debt Limit	\$67,296,137	\$77,500,434	\$88,900,408	\$97,985,627	\$116,526,054	\$139,054,066	\$160,908,798	\$183,498,206	\$267,634,987	\$280,274,264
Total debt applicable to limit	5,825,445	5,457,275	6,733,498	5,806,396	4,202,902	4,110,956	12,148,838	10,900,984	19,852,128	24,531,725
Legal debt margin	\$61,470,692	\$72,043,159	\$82,166,910	\$92,179,231	\$112,323,152	\$134,943,110	\$148,759,960	\$172,597,222	\$247,782,859	\$255,742,539
Percentage of debt to debt limit	8.66%	7.04%	7.57%	5.93%	3.61%	2.96%	7.55%	5.94%	7.42%	8.75%

Legal Debt Margin Calculation for Fiscal Year 2010

Assessed value	\$3,503,428,301
Debt Limit (8% of total assessed value)	280,274,264
Debt applicable to limit	24,531,725
Legal debt margin	\$255,742,539
Percentage of debt to debt limit	8.75%

Table 16

TOWN OF WAKE FOREST, NORTH CAROLINA

Ratio of Net General Bonded Debt**To Assessed Value And Net Bonded Debt Per Capita**

Last Ten Fiscal Years

June 30, 2010

Fiscal Year	(1) Population	Assessed Value		Gross Bonded Debt		Debt Payable From Enterprise Revenues	Net Bonded Debt		Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita	Gross Bonded Debt per Capita
				Debt	Debt		Debt	Debt			
2001	14,288	841,201,714	4,848,441	4,848,441	3,444,875	1,403,566	3,444,875	0.41%	241	339	
2002	15,022	968,755,422	4,415,000	4,415,000	3,240,875	1,174,125	3,240,875	0.33%	216	294	
2003	16,205	1,111,255,098	4,030,000	4,030,000	3,038,000	992,000	3,038,000	0.27%	187	249	
2004	16,553	1,224,820,333	3,655,000	3,655,000	2,837,375	817,625	2,837,375	0.23%	171	221	
2005	20,300	1,456,575,677	3,305,000	3,305,000	2,642,375	662,625	2,642,375	0.18%	130	163	
2006	22,784	1,738,175,824	2,960,000	2,960,000	2,448,500	511,500	2,448,500	0.14%	107	130	
2007	24,970	2,011,359,976	11,815,000	11,815,000	11,454,625	360,375	11,454,625	0.57%	459	473	
2008	26,634	2,293,727,571	11,015,000	11,015,000	10,801,875	213,125	10,801,875	0.47%	406	414	
2009	27,217	3,345,437,340	10,220,000	10,220,000	10,150,250	69,750	10,150,250	0.30%	373	376	
2010	28,542	3,503,428,301	16,790,000	16,790,000	16,790,000	-	16,790,000	0.48%	588	588	

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

Table 17

TOWN OF WAKE FOREST, NORTH CAROLINA
Computation of Direct And Overlapping Bonded Debt
General Obligation Bonds
 June 30, 2010

Jurisdiction	Net General Obligation Bonded Debt Outstanding	Percentage Applicable to Town (2)	Amount Applicable to Town
Direct:			
Town of Wake Forest	\$16,790,000 (1)	100.00%	\$16,790,000
Overlapping: (3)			
Wake County	\$1,794,370,000 (4)	2.95%	\$52,915,583

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

(2) Based on total assessed values.

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

(4) Wake County Revenue Department

Table 18

TOWN OF WAKE FOREST, NORTH CAROLINA

Commerical Activity

Last Ten Fiscal Years

June 30, 2009

Fiscal Year	Commercial		Residential		Total	
	Number	Value	Number	Value	Number	Value
2001	22	\$ 12,424,580	451	\$ 54,092,199	473	\$ 66,516,779
2002	18	22,738,114	443	66,035,853	461	88,773,967
2003	14	27,716,501	481	79,047,538	495	106,764,039
2004	21	27,982,010	783	123,955,498	804	151,937,508
2005	20	15,378,373	711	118,683,258	731	134,061,631
2006	18	13,649,705	1,107	222,378,036	1,125	236,027,741
2007	20	23,243,271	728	156,284,719	748	179,527,990
2008	27	38,034,721	509	120,685,563	536	158,720,284
2009	31	36,982,166	153	28,544,355	184	65,526,521
2010	59	26,595,248	316	57,137,983	375	83,733,231

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

Table 19

TOWN OF WAKE FOREST, NORTH CAROLINA
Employee Position Authorization by Department (1)
 Last Ten Fiscal Years
 June 30, 2010

Fiscal Year	Admin	Comm	Finance	Human Resources	MIS	Planning and			Public Safety	Pub Works		Fleet	Streets	Sanitation	Parks & Recreation	Public Buildings	Cemetery	(2)		Year Total
						Inspections	Engineering	Admin		Water	Wastewater							Electric		
2001	4.0	0.0	15.0	0.0	0.0	12.0	38.5	5.0	0.0	3.0	7.0	3.0	6.0	0.0	2.0	25.0	11.0	131.5		
2002	4.0	0.0	16.0	0.0	0.0	12.0	40.0	6.0	0.0	4.0	8.0	3.0	7.0	0.0	2.0	25.0	11.0	138.0		
2003	4.0	0.0	16.0	0.0	0.0	14.0	44.0	6.0	0.0	4.0	8.0	3.0	8.0	0.0	2.0	25.0	11.0	145.0		
2004	5.0	0.0	17.0	0.0	0.0	15.0	45.0	6.0	0.0	4.0	8.0	4.0	8.0	0.0	2.0	25.0	18.0	157.0		
2005	6.0	0.0	17.0	0.0	1.0	17.0	49.0	8.0	0.0	4.0	13.0	4.0	10.0	0.0	0.0	29.0	22.0	180.0		
2006	4.0	0.0	17.0	3.0	1.0	18.0	50.5	7.0	0.0	4.0	14.0	7.0	10.0	0.0	0.0	0.0	22.0	157.5		
2007	4.0	0.0	17.0	3.0	2.0	20.5	58.0	7.0	0.0	4.0	14.0	7.0	11.0	0.0	0.0	0.0	25.0	172.5		
2008	3.0	1.0	17.0	4.0	2.0	24.0	63.0	7.0	3.0	4.0	15.0	7.0	11.0	0.0	0.0	0.0	22.0	183.0		
2009	3.0	1.0	17.0	4.0	3.0	23.0	65.0	7.0	3.0	5.0	18.0	9.0	15.0	0.0	0.0	0.0	22.0	195.0		
2010	3.0	2.0	17.0	4.0	3.0	23.0	65.0	7.0	3.0	5.0	18.0	9.0	15.0	0.0	0.0	0.0	22.0	196.0		

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

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

Table 20

TOWN OF WAKE FOREST, NORTH CAROLINA
Governmental Activities Tax Revenues By Source
 Last Eight Fiscal Years
(modified accrual basis of accounting)
 June 30, 2010

Fiscal Year	Property	Sales	Franchise	Motor	Rental	Beer & Wine	Total
	Tax	Tax	Tax	Vehicle Licenses	Vehicle Tax	Tax	
2003	\$ 5,782,736	\$ 1,941,094	\$ 446,355	\$ 50,553	\$ 22,873	\$ 55,288	\$ 8,298,899
2004	6,794,962	2,438,140	480,921	56,256	17,602	61,058	9,848,939
2005	7,829,955	2,936,686	636,362	63,504	22,554	73,265	11,562,326
2006	9,403,482	3,256,103	711,491	72,181	24,448	76,123	13,543,828
2007	10,826,918	3,926,315	955,747	82,650	27,074	89,435	15,908,139
2008	12,614,652	4,480,256	1,208,734	90,310	33,636	104,240	18,531,828
2009	17,150,242	4,328,578	1,445,212	95,221	31,388	115,568	23,166,209
2010	18,128,468	4,257,327	1,468,603	96,886	32,994	39,216	24,023,494

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

Table 21

TOWN OF WAKE FOREST, NORTH CAROLINA

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years

June 30, 2010

Fiscal Year	Governmental Activities			Business-Type Activities			Total Primary Government	(1) Debt Per Capita	
	General		Installment Financings	General		Installment Financings			Revenue Bonds
	Obligation Bonds	3,075,445		Obligation Bonds	1,403,566				
2001	3,444,875	3,075,445	9,104,256	1,403,566	111,727	17,139,869	1,200		
2002	3,240,875	2,437,273	13,298,716	1,174,125	10,839	20,161,828	1,342		
2003	3,038,000	3,983,497	11,822,768	992,000	-	19,836,265	1,224		
2004	2,837,375	3,206,392	10,519,880	817,625	-	17,381,272	1,050		
2005	2,642,375	2,321,030	8,125,676	662,625	-	13,751,706	677		
2006	2,448,500	1,810,956	7,290,948	511,500	-	12,061,904	529		
2007	11,454,625	694,213	6,606,700	360,375	2,300,000	21,415,913	858		
2008	10,801,875	246,359	5,762,177	213,125	2,144,943	19,168,479	720		
2009	10,150,250	9,722,128	4,881,023	69,750	1,984,034	26,807,185	985		
2010	-	-	-	-	-	-	-		

Notes:

(1) See Table 14 for population data.

Table 22

TOWN OF WAKE FOREST, NORTH CAROLINA

Miscellaneous Statistics

June 30, 2010

Date of Incorporation February 20, 1909

Form of Government Council-Manager

Miles of City-owned Streets 78.01

Fire Protection (Combination: Paid/Volunteer)
 Number of Stations 3
 Number of Uniformed Officers 42

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

Utility System: Electric
 Number of Customers 6,300

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

Community Facilities:
 Parks 10 Public
 Pools 6 Private 1 Public
 Tennis Courts 7 Private 4 Public
 Golf Courses 1 Semi-private 1 Public
 Country Clubs 1 Semi-private

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

<u>Principal Employers:</u>	<u>Service or Product</u>	<u>Approximate Number of Employees</u>
Wake County Schools	Education	683
Wal-mart Super Center	Grocery/Retail	388
CenturyLink (formerly named EmBarq)	Telecommunications	375
Southeastern Baptist Theological Seminary	Academic Institution	345
Super Target	Grocery/Retail	233
The Body Shop	Naturally-based skin and hair	203
Town of Wake Forest	Local Government	178
Lowes Home Improvement	Building/Home supplies	175
Home Depot	Building/Home supplies	106
Chris Leith	Automotive sales/service	98

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

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

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregated remaining fund information of the Town of Wake Forest, North Carolina, as of and for the year ended June 30, 2010, which collectively comprises the Town of Wake Forest's basic financial statements and have issued our report thereon dated December 23, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the schedule of findings and responses, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Town's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Town's financial statements that is more than inconsequential will not be prevented or detected by the Town's internal control. We consider the deficiencies described in the accompanying schedule of findings and responses to be significant deficiencies in internal control over financial reporting (Items 2010-1, 2010-2 and 2010-3). A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Town's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider Items 2010-1 and 2010-2 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Wake Forest's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying schedule of findings and responses as Item 2010-3.

The Town's response to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit the Town's response and, accordingly, we express no opinion on it. We noted certain other matters that we reported to management of the Town of Wake Forest, in a separate letter dated December 23, 2010.

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


JOYCE AND COMPANY, CPA

December 23, 2010

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

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

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

Compliance

We have audited the compliance of the Town of Wake Forest, North Carolina, with the types of compliance requirements described in the Audit Manual for Governmental Auditors in North Carolina, issued by the Local Government Commission, that could have a direct and material effect on its major state program for the year ended June 30, 2010. The Town of Wake Forest's major state program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major state program is the responsibility of the Town of Wake Forest's management. Our responsibility is to express an opinion on the Town of Wake Forest's compliance based on our audit.

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

In our opinion, the Town of Wake Forest complied, in all material respects, with the requirements referred to above that are applicable to its major state program for the year ended June 30, 2010.

Internal Control Over Compliance

The management of the Town of Wake Forest is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to state programs. In planning and performing our audit, we considered the Town of Wake Forest's internal control over compliance with requirements that could have a direct and material effect on a major state program in order to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance with applicable sections of OMB Circular A-133 and the State Single Audit Implementation Act, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned

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

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

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


JOYCE AND COMPANY, CPA

December 23, 2010

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

For the year ended June 30, 2010

Section I. Summary of Auditor's Results

Financial Statements

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

Federal Awards

The Town of Wake Forest has no major federal programs.

State Awards

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

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

Identification of major state programs: Powell Bill

Section II. Financial Statement Findings

Item 2010-1 **The Town is not meeting statutorily imposed deadlines for several of it's financial reporting requirements.**

Criteria All required financial reports should be timely filed and information should be available so that the required annual financial statement audit can be completed in a timely manner.

Condition Various required financial reports needed by the State of North Carolina have not been timely filed and reports and information needed to conduct the annual audit of the Town's financial records have not been available in a timely manner so that this could be completed by the deadline imposed by the State.

Effect Financial statements and reports are not available for Town staff and management to use for timely management decisions.

Cause There is a lack of timely reconciliations of financial data and reports by Town staff.

Recommendation We recommend that the Town impose a policy establishing internal deadlines to perform

all financial reconciliations, perform reviews of financial data and internal statements, and that this be monitored on an ongoing basis by management.

Views of responsible officials and planned corrective actions

The Town agrees with this finding.

Item 2010-2 **Purchasing cards were not reconciled and journal entries related to this were not recorded throughout the year.**

Criteria The purchasing card reports should be reconciled monthly and all related journal entries posted immediately in the Town's financial records.

Condition Purchasing cards had not been reconciled for the fiscal year when our audit started and the journal entries for all months had yet to be posted to the Town's internal financial statements.

Effect The Town's financial statements are misstated and lack of timely review deters from the Town's system of internal control.

Cause There is a lack of timely reconciliations of financial data and reports by Town staff.

Recommendation We recommend that the Town timely review and reconcile the purchasing card upon the receipt of monthly reports and immediately post all needed journal entries as well as follow up on any required documentation that is missing.

Views of responsible officials and planned corrective actions

The Town agrees with this finding.

Item 2010-3 **Grant revenues are not being recorded in the proper accounting periods in some circumstances.**

Criteria Controls should be in place to ensure that all revenues are properly recorded in the period which they become resources of the Town.

Condition Reimbursable grant expenditures were incurred during the prior fiscal year which should have resulted in a receivable being recorded for the matching grant revenues. However, no such receivable entry was recorded.

Effect Financial statements have been materially misstated and not been timely corrected.

Cause This is due to a lack of careful review.

Recommendation We recommend that the finance director receive copies of all grant documentation and that a periodic review of all grant related items be performed so that expenses and reimbursable grant revenues are recorded in the proper period.

Views of responsible officials and planned corrective actions

The Town agrees with this finding.

Section III. Federal Award Findings and Questioned Costs.

None.

Section IV. State Award Findings and Questioned Costs.

None.

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

For the Fiscal Year Ended June 30, 2010

Federal Grantor/ Pass- Through Grantor/Program Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal (Direct and Pass-Through) Expenditures	State Expenditures	Local Expenditures
FEDERAL GRANT:					
<u>U.S. Department of Transportation</u>					
Passed through N.C. Department of Transportation					
<i>ARRA-Federal-Aid Highway Program</i>	20.205	#STM-0527	\$ 158,479	\$ -	\$ -
Total assistance - federal program			<u>158,479</u>	<u>-</u>	<u>-</u>
STATE GRANTS:					
<u>N.C. Department of Environment & Natural Resources</u>					
<i>N.C. Community Conservation Assistance</i>	N/A	N/A	-	396	-
<i>Clean Water Management Trust Fund</i>	N/A	N/A	-	210,394	20,160
<u>N.C. Department of Transportation</u>					
<i>Fire Station Apron Grant</i>	N/A	N/A	-	7,050	-
<i>Powell Bill Fund</i>	N/A	N/A	-	845,589	-
Total assistance - state programs			<u>-</u>	<u>1,063,429</u>	<u>20,160</u>
Total assistance			<u>\$ 158,479</u>	<u>\$ 1,063,429</u>	<u>\$ 20,160</u>

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

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



TOWN *of*
WAKE FOREST