



FISCAL YEAR ENDED June 30, 2017

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Town of Wake Forest ~ North Carolina



About the Cover

This image was captured during Six Sundays in Spring at E. Carroll Joyner Park on May 21, 2017. The photo was taken by Joe Martinson.

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended
June 30, 2017



TOWN *of*
WAKE FOREST

Town of Wake Forest, North Carolina

Prepared by the Finance Department

TOWN OF WAKE FOREST BOARD OF COMMISSIONERS



Mayor
Vivian A. Jones



Mayor Pro-Tem
Jim Thompson



Margaret Stinnett



Anne M. Reeve



Greg Harrington



Brian Pate

TOWN OF WAKE FOREST STAFF

Kipling D. Padgett
Town Manager

Candace Davis
Assistant to the Town Manager

Eric Vernon
Town Attorney

Virginia Jones
Human Resources Director

Deeda Harris
Town Clerk

Aileen J. Staples
Chief Financial Officer

Jeff Leonard
Police Chief

Roger A. Russell
Community Development Director

Ruben Wall
Parks Recreation Director

Eric Keravuori
Engineering Director

Mike Barton
Public Works Director

Tom LaBarge
Chief Information Officer

Bill Crabtree
Communications and Public Affairs Director

J J Carr
Inspections Director

Mickey Rochelle
Public Facilities Director

Lisa Hayes
Downtown Development Director

Jason Cannon
Economic Development Director

Cathy Gouge
Renaissance Centre Manager

ADVISORY BOARDS AND COMMISSIONS

Planning and Zoning Board
Ed Gary, Chairperson

Board of Adjustment
Will Hedrick, Chairperson

Cemetery Advisory Board
Alan O'Shaughnessy, Chairperson

Public Art Commission
John Pelosi, Chairperson

Cultural Resources Advisory Board
Teele Anderson, Chairperson

Recreation Advisory Board
Sandy Thomason, Chairperson

Design Review Board
Paul Eitel, Chairperson

Senior Center Advisory Board
Jerry Glen, Chairperson

Greenway Advisory Board
Deanna Welker, Chairperson

Technical Advisory Board
Lisa Mannion, Chairperson

Historic Preservation Commission
Ellen Turco, Chairperson

Urban Forestry Advisory Board
Mindy Hidenfelter, Chairperson

Human Relations Council
Pat Odoms, Chairperson

Youth In Government
Yara Mahmoud, Chairperson

TOWN OF WAKE FOREST, NORTH CAROLINA
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TOWN of WAKE FOREST

September 29, 2017

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

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of the Town of Wake Forest (the “Town”) for your review and use. This report was prepared by the Town’s Finance Department, and it is the comprehensive publication of the Town’s financial position and results of operations as of and for the fiscal year ended June 30, 2017. The Town, like all other local governments in the State, is required by state law to publish a complete set of financial statements within four months of the close of each fiscal year. The financial statements must be presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. This report is published to fulfill that requirement and to provide further accountability to citizens and other interested parties by providing a more all-inclusive report in lieu of the minimum basic financial statement requirements.

This document provides financial detail and historical trends beyond the basic financial statements in the **Financial Section**. 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.

Beyond the basic financial statements, the report includes **Supplementary Information** which provides details on retirement health care, law enforcement special separation allowance and pension liability information. The **Statistical Section** provides trend information on financial performance, revenue capacity, debt capacity, demographic and economic indicators as well as operating information. A **Compliance Section** includes documentation on federal and state grants and award compliance along with reports from auditors and schedule of findings.

Town management is responsible for both the accuracy of the data along with the completeness and fairness of the report. To ensure reliability of the information Town management has established a comprehensive framework of internal control. Internal controls protect the Town’s assets from loss, theft and misuse and ensure that information is reliable for the preparation of this report. Because the cost of internal controls should not outweigh their benefits, the Town’s controls have been designed to provide reasonable, rather than absolute assurance that the financial statements are free of any material misstatements. We believe to the best of our knowledge, this financial report is complete, accurate and reliable in all material aspects.

As noted earlier, the Town is required by state law to have an annual independent financial audit. A compliance audit on federal and state financial assistance is also required under the Federal Single Audit Act of 1984 and the State Single Audit Implementation Act. Cherry Bekaert LLP, Certified Public Accountants, has examined the financial records of the Town and their opinion can be found in the Report of the Independent Auditor included with the basic financial statements located at the beginning of the financial section of this document.

Profile of the Town

Wake Forest, incorporated in 1909, is a vibrant community located in northern Wake County that is part of the Triangle metropolitan area, which includes Raleigh, Durham and Chapel Hill. The Triangle area continues to be repeatedly ranked among the top places in the nation to raise a family, get an education, do business or retire. While Wake Forest is in a growing region, its small town charm and unique identity has been carefully

maintained. Wake Forest encompasses approximately 18 square miles in Wake and Franklin counties in the Piedmont region of the state. The Town adjoins the City of Raleigh, which is the state capital and the county seat, at the Town's southern boundary, just across US 1/Capital Boulevard. Residents enjoy 972 acres of open space, greenways and trails, excellent schools and access to higher education, all in close proximity to Research Triangle Park ("RTP") and Raleigh-Durham International Airport ("RDU").

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 is responsible for implementing the Board's policies and Town Ordinances, managing daily operations and appointing department directors.

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

The Wake Forest Board of Commissioners is required to adopt an annual operating budget by July 1 each year. The Town is empowered to levy a property tax on both real and personal property located within its boundaries. The Town's budget ordinance creates a legal limit on spending authorizations and serves as the foundation for financial planning and control. The Town Manager is authorized by the budget ordinance to make transfers within funds to facilitate budget execution consistent with the Board of Commissioner's intent.

Local Economy

Like the national and state economy, the local economy continued to improve in fiscal year 2017 with the number of new construction permits and the value of the estimated construction costs both increasing from fiscal year 2016. The total number of building permits for new construction, additions and alterations was 940, an increase of 48%. This is the second highest number of building permits issued with the highest, 1,125, issued back in fiscal year 2006 pre-recession. Retail sales increased and resulted in a 6.3% increase in sales tax revenues over fiscal year 2016. The state government, healthcare and university employers in the area continued to provide stable employment. Due to sustained positive growth in the region, Wake Forest continues to benefit from above average economic indicators as compared to the rest of the state and nation.

Southeastern Baptist Theological Seminary opened its doors in 1950 and is located on the former campus of Wake Forest College in downtown. The student body has grown to more than 3,400 students with an increase in enrollment over 30% in the past ten years. The Seminary offers study in 40 different undergraduate and post-graduate degree programs. A recent analysis conducted in January 2017 reports that the Seminary has a direct annual economic impact of \$37.5 million in Wake Forest. In addition, an average of over 1,560 full-time jobs have been created and sustained over the last five years.

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

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

Wake Forest's dynamic business climate has attracted and supports a number of successful companies. The number of small firms in town has more than tripled over the last 15 years. This includes a variety of technology employers as follows: Ultra Electronics 3 Phoenix, BTC Electronics, Superior Tooling, Sunthonix, RxMedic, Trident Technologies and PowerSecure just to name a few.

As of June 30, 2017, the Town's estimated population was 41,157 - an increase of slightly over 5% from fiscal year ended June 30, 2016. Total growth has been 55% since 2008. Wake Forest's tax base has grown from \$2.3 billion in 2007 to \$4.7 billion in 2017. The Town's tax base is approximately 25% commercial/industrial and 75% residential for fiscal year 2016 -17.

During the fiscal year, the Town issued 835 permits for residential construction and 105 permits for commercial construction. Permits issued for residential and commercial new construction and alteration cost values of almost \$161 million, an increase of approximately 30% over fiscal year 2016. Construction continued in the following developments during 2017:

- Heritage, single largest subdivision in Wake Forest, consists of 1,350 acres that includes a golf course, shopping centers, three (3) public schools, commercial opportunities and over 2,250 residential homes.
- Traditions, single and multi-family development that runs along the Wake Forest reservoir.
- Holding Village, a traditional neighborhood located on the Dr. Calvin Jones Highway/NC 98 Bypass and Franklin Street. With over 1,350 residential homes planned, this neighborhood will connect Heritage to downtown Wake Forest.
- Legacy Wake Forest, multi-family apartments located at Debarmore and Durham Road. Includes 298 units.
- Several other active residential developments include: Austin Creek, Bishops Grant, Tryon, Bridgeport, Stonemill and Reynolds Mill.
- Commercial developments include: Shoppes at Heritage, Crenshaw Corners and Wake Union Place.

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

The Board adopted a fiscal year 2018 budget based on growth patterns similar to 2017, with slightly increasing sales tax revenues and tax base. In planning for the future and keeping with the fourth goal of the strategic plan, focusing on fiscal strength, the Town continues to maintain a high priority on the delivery of quality services, infrastructure maintenance and financial stability.

Long Term Financial Planning and Major Initiatives

Our regional location, quality of life and small town atmosphere continues to make Wake Forest a destination for people and businesses moving into our region. Careful planning for growth based on values for an attractive community, environmental stewardship and protection, adequate public facilities and a variety of cultural and recreational opportunities while maintaining a strong financial position.

The Town maintains sufficient unassigned (unreserved) fund balance to ensure consistent cash flow, eliminate the need for short-term borrowings and provide flexibility for unanticipated opportunities and needs during emergencies or disasters. In addition, the Town's conservative philosophy and approach to budgeting has been key in maintaining its fiscal position as evidenced by its AAA and Aa1 ratings from two major credit rating agencies.

Some highlights of fiscal year 2016-2017 are as follows:

- Sixteen (16) full time positions added to meet the demands of our growing community
- Technology enhancements added downtown include:
 - Free wireless internet service along portions of South White Street, South Brooks Street and South Taylor Street
 - Cell phone charging towers installed
- Wake Forest Business and Industry Partnership (BIP), a 501 (c) 3 corporation formed to promote economic development
- Biennial Christmas Tour of Historic Homes in December 2016 with record breaking attendance
- Introduced first Citizen's Annual Financial report in January 2017
- Retained consultant to prepare feasibility and business case study for fiber initiative
- Updated strategic plan which provides a roadmap and guide for the next five years

The Town maintains a five-year capital improvement plan which serves as its planning document to ensure that its facilities, equipment and infrastructure are well maintained. This process provides the ability to plan for capital needs and allocate short and term resources appropriately. The following projects have been completed over the past year or are in progress:

- Rogers Road widening and pedestrian bridge underpass funded through interlocal agreement with NC Department of Transportation.
- Taylor Street Sprayground, an initiative funded with a Community Development Block Grant (CDBG) through Wake County Human Services.
- Installed four (4) new pickleball courts at Flaherty Park
- Construction of Smith, Sanford and Dunn Creek Greenways Downtown connector project. The \$5 million endeavor includes 3.8 miles of greenway trail and 0.8 mile of sidewalk, along with a multi-use path in the vicinity of Heritage Elementary, Heritage Middle and Heritage High Schools.
- Design completed and construction underway for Holding Park Pool renovations.
- First phase of renovations at the Wake Forest Renaissance Centre totaling approximately \$147,300 included connecting the Arts annex to the Grand Hall, classroom renovations and sidewalk improvements.
 - Second phase to begin in December 2017 and includes raised ceiling, extended stage, theater lighting and upgraded sound system in the Grand Hall. This project was made possible due to a grant received from the Wake County Board of Commissioners.
- Senior Center expansion design nearing completion - \$3.1 million construction expected to be underway by January 2018.
- Community Center at Joyner Park design is also nearing completion - \$12 million construction expected to commence by May 2018
- Design commenced for Royal Mill road connection, street rehabilitation and pavement resurfacing along with Owen Avenue parking lot. Construction expected to start in early 2018.

The Town actively monitors and manages its debt capacity and affordability. In the upcoming fiscal year, the debt model will be updated accordingly to fund several of the projects mentioned above. Some of the debt issuances planned are as follows:

- \$2.9 million installment purchase agreement – Holding Park Pool – September 2017
- \$2.5 million installment purchase agreement – Street improvements – 2017 -2018
- \$14.1 million general obligation bonds (authorized but unissued) – Senior Center expansion and Joyner Park Community Center – Spring 2018
- \$2.75 million installment purchase agreement – Fiber infrastructure – 2018-2019

The Board continues to conduct planning retreats to discuss current issues and long-range goals for the Town. These planning sessions provide staff with the guidance needed to carry out the board's policies and goals. The next retreat is scheduled for January 2018. Each year during the annual budget process, the goals, objectives and strategies are incorporated into an official spending plan. The Town's annual budget document can be found on the website at <https://www.wakeforestnc.gov/budget.aspx>.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Wake Forest for its comprehensive annual financial report for the fiscal year ended June 30, 2016. This was the 27th consecutive year in which the Town has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. The GFOA award is valid for a period of one year. We believe our current report continues to meet the program requirements and we are submitting to GFOA to determine its eligibility for another certificate.

In addition, the Town received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the fiscal years ended June 30, 2014 through 2016. To qualify for the Distinguished Budget Presentation Award, the budget document had to be judged to be proficient as a policy document, a financial plan, an operations guide, and a communications tool.

The preparation of this report would not have been possible without the skill, effort and dedicated service of the Finance Department. We appreciate the support and cooperation of Cherry Bekaert LLP. We sincerely appreciate the contributions of everyone who assisted with this report as well as the entire Town staff for their cooperation and assistance in prudent financial management throughout the year. In addition, we would also like to thank the Mayor and Board of Commissioners for their continued support, guidance and advice in planning and conducting the financial activities of the Town in a responsible and progressive manner.

Respectfully submitted,



Kipling D. Padgett, ICMA-CM
Town Manager



Aileen J. Staples
Chief Financial Officer



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Town of Wake Forest
North Carolina**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

Executive Director/CEO



History of the Town of Wake Forest

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

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

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

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

Responsibilities of Town Government By Department and Division

Legislative

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

Administration

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

Economic Development

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

Renaissance Centre for the Arts

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

Downtown Development

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

Communications

Responsible for the communications, marketing and public relations functions of the Town.

Human Resources

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

Finance

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

Management Information Systems

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

Planning

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

Inspections

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

Engineering

Responsible for plan review, design work and construction inspection.

Parks and Recreation

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

Public Facilities

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

Public Safety

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

Public Works and Utilities Department

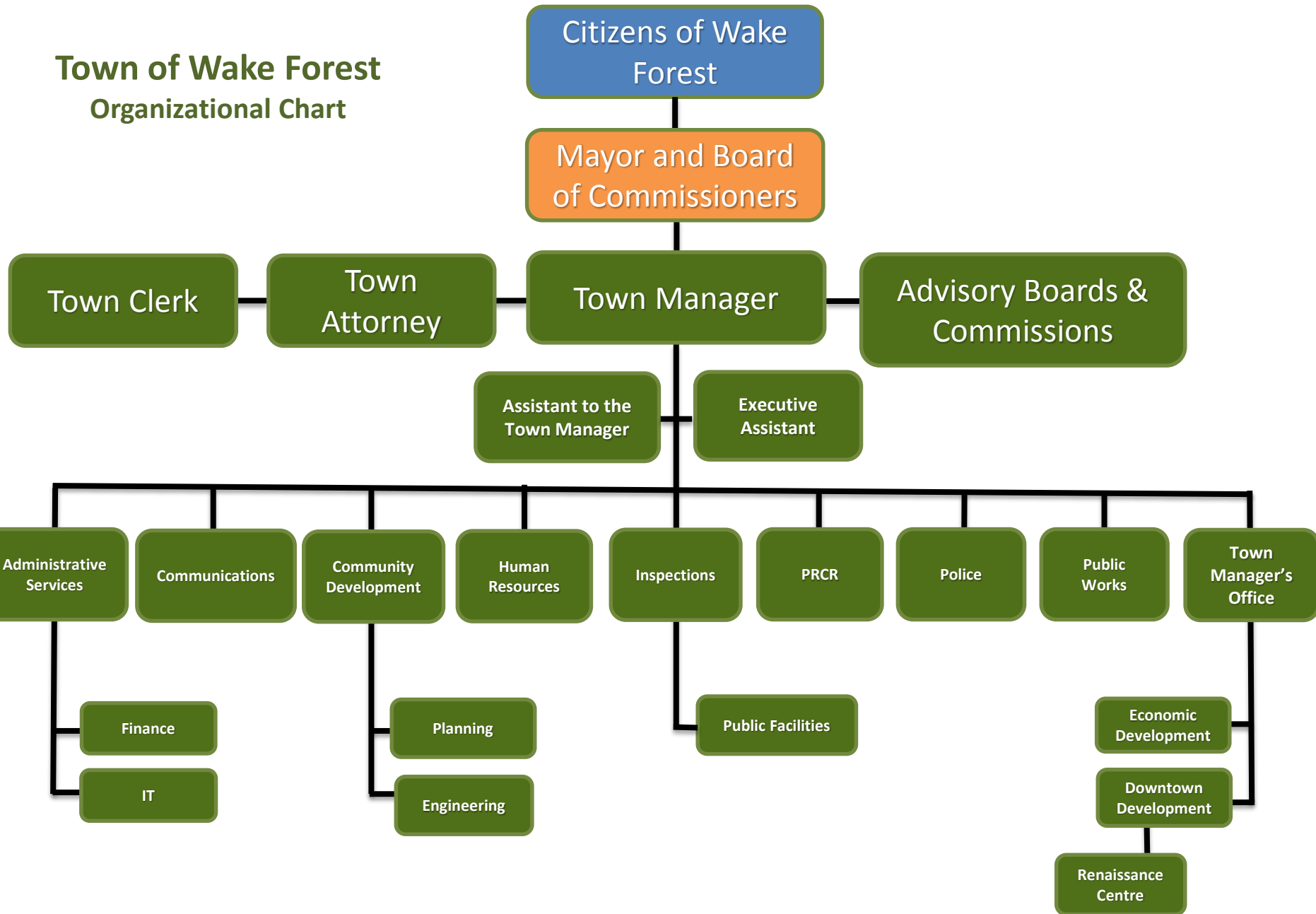
Administration - The Director and Administrative Specialist are responsible for the day to day operations of all divisions in Public Works and Wake Forest Power.

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

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

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

Town of Wake Forest Organizational Chart



Note: Effective July 1, 2017

Report of Independent Auditor

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Wake Forest, North Carolina (the "Town") as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these basic financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town, as of June 30, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 18 to the basic financial statements, the Town adopted Governmental Accounting Standards Board ("GASB") Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets* that are not within the scope of GASB Statement No. 68, *Amendments* to certain provisions of GASB Statements Nos. 67 and 68. As a result, net position as of June 30, 2016 has been restated. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The introductory section, individual fund statements and schedules, other schedules, and statistical section as listed in the table of contents as well as the schedule of expenditures of federal and state awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the State Single Audit Implementation Act are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The individual fund statements and schedules and other schedules for the years ended June 30, 2017 and 2016 and the schedule of expenditures of federal and state awards for the year ended June 30, 2017 is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2017 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Chemy Bekaert LLP

Raleigh, North Carolina
September 29, 2017

Management's Discussion and Analysis

As management of the Town of Wake Forest (the "Town"), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2017. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Town's financial statements, which follow this narrative.

Financial Highlights

In FY 2016-17, the Town maintained its strong financial position. Key indicators of this were overall positive budget variances, increases in fund balance amounts, as well as growth of key general revenues. The town's current bond rating are AAA (Standard & Poor') and Aa1 (Moody's).

- The assets and deferred outflows of the Town exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$188,183,692 (*net position*) or an 8.4% increase from prior year.
- The Town's total net position increased by \$15,748,323, primarily due to an increase in the governmental-type activities net position of \$15,085,681. Business-type activities position increased \$662,642 for the fiscal year.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balance of \$19,216,228.
 - \$5,541,957 or 28.9% is unassigned and available for spending at the Town's discretion
 - \$7,599,464 or 39.5% is restricted by external agencies
 - \$1,082,750 or 5.6% is committed for economic development purposes
 - \$82,733 or 0.4% is considered nonspendable
 - \$4,909,324 or 25.6% is assigned for specific purposes as identified by the Town
- The Town's total debt *decreased* by \$4,145,145 (14.4%) during the current fiscal year. Along with retiring a significant amount of debt during the year, one (1) installment purchase agreement was issued:
 - \$1,023,170 – Twenty (20) police vehicles, Street Sweeper and Rear Loader Sanitation Truck – March 2017 – four year term – 1.72%

Overview of the Financial Statements

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

Basic Financial Statements

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

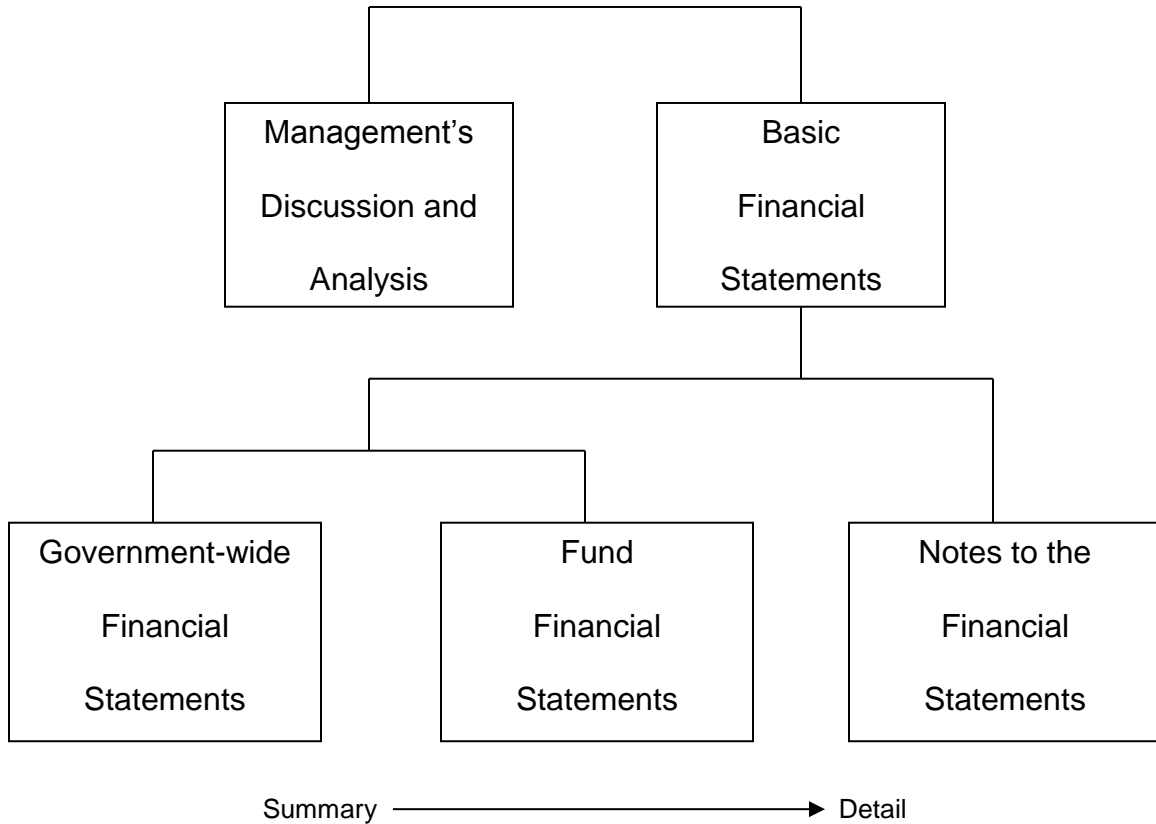
The next statements (Exhibits 3 through 8) are Fund Financial Statements. These statements focus on the activities of the individual parts of the Town's government. They provide more detail than the government-wide statements. There are three parts to the Fund Financial Statements: 1) the governmental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

The next section of the basic financial statements is the notes. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, supplemental information is provided to show

details about the Town's individual funds. Budgetary information required by the General Statutes also can be found in this part of the statements.

Required Components of Annual Financial Report

Figure 1



Government-Wide Financial Statements

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

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

The government-wide statements are divided into two categories: 1) governmental activities; 2) business-type activities. The governmental activities include most of the Town's basic services such as general government, public safety, public works, environmental protection and cultural and recreation. Property taxes and intergovernmental revenues finance most of these activities. The business-type activities are those that the Town charges customers to provide which include the electric services offered by the Town.

In accordance with the Governmental Accounting Standards Board criteria for inclusion in the reporting entity, the Town has one component unit, Wake Forest Business and Industry Partnership, Inc. (BIP). The component, however, did not have any activity that must be included in this report.

The government-wide financial statements are on Exhibits 1 and 2 of this report.

Fund Financial Statements

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

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

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

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

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

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

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

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

Government-Wide Financial Analysis

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

The town implemented GASB 72 related to our Law Enforcement Officers Special Separation Allowance (LEOSSA). This implementation required a restatement of the beginning balance to recognize the total pension liability (TPL). The restatement was \$1,145,568. The ending balance for this liability at June 30, 2017 was \$4,844,017. The town has no accumulated assets set aside for this allowance.

Net Position
Figure 2

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 25,187,015	\$ 25,701,202	\$ 6,724,947	\$ 7,778,477	\$ 31,911,962	\$ 33,479,679
Capital assets	181,368,514	165,529,429	19,163,134	18,489,348	200,531,648	184,018,777
Total asset	206,555,529	191,230,631	25,888,081	26,267,825	232,443,610	217,498,456
Deferred outflows of resources	3,573,907	816,505	545,161	81,994	4,119,068	898,499
Total assets and deferred outflows of resources	210,129,436	192,047,136	26,433,242	26,349,819	236,562,678	218,396,955
Long-term liabilities outstanding	32,269,841	29,603,304	3,922,294	3,519,162	36,192,135	33,122,466
Other liabilities	9,466,852	7,850,747	2,239,112	3,177,400	11,705,964	11,028,147
Total liabilities	41,736,693	37,454,051	6,161,406	6,696,562	47,898,099	44,150,613
Deferred inflows of resources	456,707	597,162	24,180	68,243	480,887	665,405
Total liabilities and deferred inflows of resources	42,193,400	38,051,213	6,185,586	6,764,805	48,378,986	44,816,018
Net investment in capital assets	161,330,230	144,053,526	16,911,361	15,203,329	178,241,591	159,256,855
Restricted	7,599,464	8,374,060	-	-	7,599,464	8,374,060
Unrestricted	(993,658)	1,568,337	3,336,295	4,381,685	2,342,637	5,950,022
Total net position	\$ 167,936,036	\$ 153,995,923	\$ 20,247,656	\$ 19,585,014	\$ 188,183,692	\$ 173,580,937

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The Town's assets and deferred outflows exceeded liabilities and deferred inflows by \$188,183,692 as of June 30, 2017. However, the largest portion (94.7%) reflects the Town's net investment in capital assets (e.g. land, buildings, machinery and equipment); less any related debt still outstanding that was issued to acquire those assets. The Town uses these capital assets to provide services to the citizens; consequently, these assets are not available for future spending. Although the Town's net investment in its capital assets is reported net of the outstanding related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets cannot be used to liquidate these liabilities. The remaining balance of unrestricted net position (\$2,342,637) may be used to meet the Town's ongoing obligations to citizens and creditors.

Changes in Net Position
Figure 3

	Governmental		Business-Type		Total	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program revenues:						
Charges for services	\$ 4,879,735	\$ (1,162,635)	\$ 19,948,850	\$ 19,946,073	\$ 24,828,585	\$ 18,783,438
Operating grants and contributions	1,016,302	1,045,826	-	-	1,016,302	1,045,826
Capital grants and contributions	13,547,149	7,960,615	-	-	13,547,149	7,960,615
General revenues						
Property taxes	24,545,443	23,681,908	-	-	24,545,443	23,681,908
Other taxes	70,711	64,894	-	-	70,711	64,894
Investment earnings	177,663	110,600	33,004	38,254	210,667	148,854
Other	11,292,793	10,576,701	255,592	102,170	11,548,385	10,678,871
Total revenues	55,529,796	42,277,909	20,237,446	20,086,497	75,767,242	62,364,406
Expenses:						
General government	12,869,405	11,422,995	-	-	12,869,405	11,422,995
Public safety	14,515,834	15,997,273	-	-	14,515,834	15,997,273
Transportation	2,276,688	1,785,023	-	-	2,276,688	1,785,023
Environmental protection	3,312,425	3,081,207	-	-	3,312,425	3,081,207
Cultural and recreation	6,865,664	1,951,732	-	-	6,865,664	1,951,732
Interest on long-term debt	604,099	748,481	-	-	604,099	748,481
Water and sewer	-	-	11,907	27,761	11,907	27,761
Electric	-	-	19,562,897	18,172,784	19,562,897	18,172,784
Total expenses	40,444,115	34,986,711	19,574,804	18,200,545	60,018,919	53,187,256
Change in net position	15,085,681	7,291,198	662,642	1,885,952	15,748,323	9,177,150
Net position - July 1	153,995,923	146,704,725	19,585,014	17,699,062	173,580,937	164,403,787
Restatement	(1,145,568)	-	-	-	(1,145,568)	-
Net position - June 30	\$ 167,936,036	\$ 153,995,923	\$ 20,247,656	\$ 19,585,014	\$ 188,183,692	\$ 173,580,937

Governmental activities. Management acknowledges that 2017 was another successful year and plans to continue to enhance fiscal strength, which is a goal identified in the strategic plan. Governmental activities increased the Town's net position by \$15,085,681 thereby accounting for 95.8% of the total growth in the net position of the Town. Key elements of this increase are as follows:

- Capital grants and contributions increased 70% over previous year, this was related to a significant increase in contributed capital, due to continued development activity
- Ad valorem taxes made up 44.2% of governmental activity revenue and continue to be a significant revenue source for funding local government operations. Current year ad valorem taxes increased 3.7% over the previous fiscal year due to continued growth.
- Utility franchise tax decreased \$61,659 (2.4%) from previous year – this was primarily due to a mild winter season
- Local option sales tax increased \$431,306 (6.4%) over prior fiscal year – this was related to several large businesses coming online (i.e. Sam's Club, Publix, etc.)
- Total governmental activity revenue *increased* 31.4% while expenses *increased* 15.6% from the previous fiscal year. Developer contributions increased significantly, \$2,077,140 or 26.5%, from 2016 to 2017.

Business-type activities. Business-type activities increased the Town of Wake Forest's net position by \$662,642. Key elements of this increase are as follows:

- Charges for services from the Sale of Power was relatively flat compared to previous fiscal year ended June 30, 2016. This is attributed to the rate decrease effective September 2016.
- Total business-type expenses *increased* \$1,390,114 (7.1%). There were several items which contributed to this: LGERS pension expense, personnel allocation, banking services related to increased credit card transactions processed, power purchases, as well as the RF meters purchased.

Financial Analysis of the Town's Funds

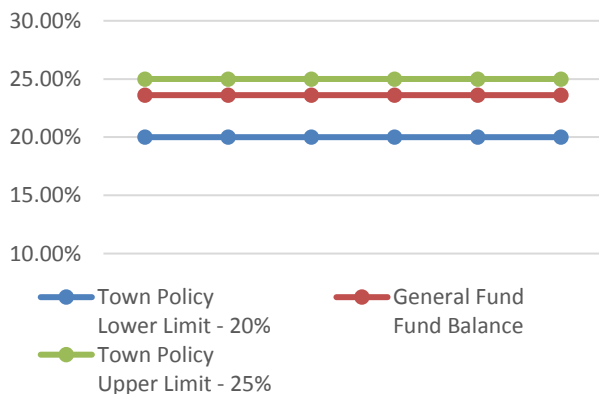
As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

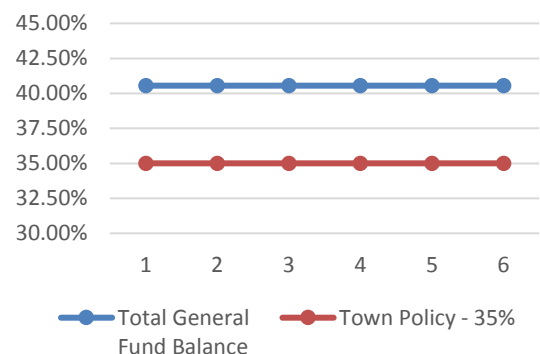
The general fund is the chief operating fund of the Town. At the end of the current fiscal year, fund balance available in the General Fund was \$9,521,082 while total fund balance was \$16,057,659. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned (available) fund balance and total fund balance to total general fund expenditures. Unassigned fund balance represents 23.6% of the total General Fund expenditures, while total fund balance represents 40.6% of that same amount.

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

Unassigned General Fund - Fund Balance vs. Policy Level



Total General Fund - Fund Balance vs Policy Level



At June 30, 2017, the governmental funds of the Town reported a combined fund balance of \$19,216,228 with a net *decrease* in fund balance of (\$2,430,643). The General Fund, special revenue funds, capital project funds and future capital reserve funds are included in this combined amount. This is attributed to the bond projects underway resulting in a decrease in fund balance in the GTP capital projects fund for the fiscal year. A few of the projects

included are the Smith and Sanford Creek Greenway, Dunn Creek Downtown Connector, Joyner Park and Senior Center.

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

- Ad valorem taxes received exceeded original budget estimates by \$829,766 (4.0% increase) due to conservative budgeting regarding the collection rate along with growth in the tax base.
- Unrestricted intergovernmental revenues exceeded original estimates by \$112,827 (1.0% increase). This is attributed to growth in sales tax revenues.
- Another major amendment was related to the Fleet Maintenance Shop Fire which occurred during FY 2016. This project was completed during the current fiscal year. The town received insurance proceeds for this totaling \$627,952.
- Due to the town's conservative management practices the operating expenditures for the fiscal year was at \$1.1 million, or 7.0%, under budgeted expectations. In addition, planned capital outlay expenditures were \$452,986, or 14.2% under budget.

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

The original budget planned to use \$1,161,500 of appropriated fund balance and was amended during the year to \$920,245 for one time capital items. However, fund balance actually *increased* \$1,620,933 for fiscal year 2016-2017. This is attributed to revenues exceeding original budgeted expectations, conservative spending and other financing sources.

Proprietary Funds. The Town's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Electric Fund at the end of the fiscal year amounted to \$3,395,063 and the total ending net position was \$20,306,423.

The Electric Fund's net position increased \$660,362 while the total proprietary fund's net position increased \$662,642 during this past fiscal year. Operating expenses *increased* 7.8% while sale of power revenues *remain flat*. As mentioned above there were various reasons which attributed to the increase in the operating expenses, which include LGERS pension expense, personnel allocation, bank service charges and RF meters purchased.

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

Capital Asset and Debt Administration

Capital assets. The Town's investment in capital assets for its governmental and business-type activities as of June 30, 2017 totaled \$200,531,648 (net of accumulated depreciation). This represents a 9.0% increase from June 30, 2017. 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:

- Roger Road Widening and Underpass - \$1,649,987
- Public Safety vehicles - \$730,952
- Streets, sidewalks and right of way additions - \$7,990,452
- Forestville Road Pedestrian Underpass - \$347,523
- Kitchin Farm property donation - \$1,205,000
- Public Safety armored vehicle donation - \$658,000

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

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land, rights and easements	\$ 41,475,939	\$ 38,916,585	\$ 510,605	\$ 510,605	\$ 41,986,544	\$ 39,427,190
Buildings and system	13,004,703	13,558,736	-	-	13,004,703	13,558,736
Other improvements	111,115,991	105,656,586	17,224,068	17,055,820	128,340,059	122,712,406
Equipment and furniture	1,779,767	1,767,534	893,126	352,328	2,672,893	2,119,862
Vehicles and motorized equipment	4,302,907	3,102,423	535,335	570,595	4,838,242	3,673,018
Construction in progress	9,689,207	2,527,565	-	-	9,689,207	2,527,565
Total	\$ 181,368,514	\$ 165,529,429	\$ 19,163,134	\$ 18,489,348	\$ 200,531,648	\$ 184,018,777

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

Long-term Debt. As of June 30, 2017, the Town had total bonded debt outstanding of \$13,682,000 and governmental activities installment purchase related debt of \$8,629,189. The outstanding revenue bond debt totals \$2,251,773 which represents the balance owed on the electric substation constructed in 2007 along with the 2016 John B. Cole substation improvements. The remaining balance of the N.C. Water Pollution Control Revolving Loan and Bond funds was paid off during the current fiscal year. The paying off of this debt completes the City of Raleigh merger agreement transaction.

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to eight (8%) percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for the Town is \$333,178,963. These statutory limits exceed the Town's realistic debt capacity.

As of June 30, 2017, the Town has \$20,770,000 in authorized and unissued bonds remaining from the November 2014 bond referendum.

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

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
General obligation bonds	\$ 13,682,000	\$ 14,935,000	\$ -	\$ -	\$ 13,682,000	\$ 14,935,000
Revenue bonds	-	-	2,251,773	2,702,434	2,251,773	2,702,434
N.C. Water Pollution Control Revolving Loan and Bond Fund	-	-	-	376,950	-	376,950
Installment Purchase	8,629,189	10,487,089	-	206,666	8,629,189	10,693,755
Total	\$ 22,311,189	\$ 25,422,089	\$ 2,251,773	\$ 3,286,050	\$ 24,562,962	\$ 28,708,139

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, 2018

Governmental Activities: The 2017-2018 Adopted Budget *increased* (3.7%) from the 2016-2017 Amended Budget, but increased 5.3% over the 2016-2017 Adopted Budget. The foundation of this budget is the strategic plan which sets the roadmap for all decisions over the next few years. The budget endeavors to achieve the four key goals in the strategic plan by maintaining current service levels, enhancing infrastructure and providing for employees. Performance pay (merit), market adjustments and career ladder funds for eligible departments were included. Seven (7) new positions along with the conversion of three (3) part time positions into full time positions were included in the approved budget.

The Town's tax rate remained unchanged at \$.52 for the coming fiscal year. This equates to a breakdown of \$.41 for town operations and debt service and \$.11 for fire services. The final budget for the General Fund totaled \$42.9 million. In addition, the Downtown Municipal Service District tax rate remains unchanged at \$.14. Despite the appearance of renewed fiscal growth and other positive changes in economic conditions, the Town will continue to focus on financial sustainability. The budget represents the fundamental philosophy of being conservative with revenue projections and maintaining fiscal constraint on the expenditure side.

As part of the town's commitment to focus on economic development a 501(c)(3) was formed, known as the Wake Forest Business and Industry Partnership (BIP). In addition, a recurring revenue stream has been established for this endeavor, which includes a \$125,000 transfer during this first year to the Futures Fund.

Decision making will still require much care and prudence as we continue to focus on providing the core services our citizens expect. Prioritizing how our resources are utilized is critical as we make long term plans for capital investments, as well as addressing future debt service and additional upcoming legislative mandates.

This budget document incorporates a performance management system, which better defines departmental goal and objectives, as well as measures of workload effectiveness. In addition, a five year financial forecast has been included, which will assist in the evaluation of current and future fiscal conditions that will enable the Board of Commissioners to make policy and programmatic decisions that will have a long-term effect on the town.

Business-type Activities: Utility rates were unchanged in the Electric Fund with the Adopted 2017-2018 Budget. The total budget was \$21.5 million for the Electric Fund. Included in the Electric Fund budget is an Electric Systems Division Manager, which will be responsible for the entire electric division. This is in addition to the tree trimming crew for urban forestry, which was also added.

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 Chief Financial Officer, Town of Wake Forest, 301 S. Brooks Street Wake Forest, North Carolina 27587; (919) 435-9461 or astaples@wakeforestnc.gov.



TOWN *of*
WAKE FOREST

TOWN OF WAKE FOREST, NORTH CAROLINA

Exhibit 1

STATEMENT OF NET POSITION

JUNE 30, 2017

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 15,360,515	\$ 3,401,770	\$ 18,762,285
Taxes receivables (net)	161,840	-	161,840
Accounts receivable (net)	4,618,968	2,239,712	6,858,680
Internal balances	93,500	(93,500)	-
Due from other governments	618,722	-	618,722
Inventories	12,958	1,176,965	1,189,923
Prepaid expenses	69,775	-	69,775
Restricted cash and cash equivalents	3,390,889	-	3,390,889
Due in more than one year			
Note receivable-noncurrent portion	859,848	-	859,848
Capital assets			
Land, improvements, and construction in progress	51,165,146	510,605	51,675,751
Other capital assets, net of depreciation	130,203,368	18,652,529	148,855,897
Total Assets	<u>206,555,529</u>	<u>25,888,081</u>	<u>232,443,610</u>
Deferred Outflows of Resources			
Contributions to LGERS pension plan in current fiscal year	918,196	86,404	1,004,600
Pension deferrals	2,655,711	458,757	3,114,468
Total Deferred Outflows of Resources	<u>3,573,907</u>	<u>545,161</u>	<u>4,119,068</u>
Liabilities			
Accounts payable	4,803,643	1,437,138	6,240,781
Accrued interest payable	194,944	16,466	211,410
Customer deposits	-	231,363	231,363
Due within one year			
Compensated absences	576,677	58,384	635,061
Bonds and notes payable	3,891,588	436,289	4,327,877
Due to other governments	-	59,472	59,472
Due in more than one year			
Compensated absences	381,248	24,004	405,252
Total pension obligation - LEO	2,307,794	-	2,307,794
Net pension obligation - LGERS	4,035,297	808,720	4,844,017
Other postemployment benefits	6,945,826	1,274,086	8,219,912
Bonds and notes payable	18,599,676	1,815,484	20,415,160
Total Liabilities	<u>41,736,693</u>	<u>6,161,406</u>	<u>47,898,099</u>
Deferred Inflows of Resources			
Prepaid taxes	22,503	-	22,503
Pension deferrals	319,838	24,180	344,018
Grants	114,366	-	114,366
Total Deferred Inflows of Resources	<u>456,707</u>	<u>24,180</u>	<u>480,887</u>
Net Position			
Net investment in capital assets	161,330,230	16,911,361	178,241,591
Restricted for			
Stabilization by state statute	4,208,575	-	4,208,575
Inspections (HB 255)	163,450	-	163,450
Downtown district	266,635	-	266,635
Public safety	334,069	-	334,069
Street and sidewalk improvements	1,983,593	-	1,983,593
Greenways	469,387	-	469,387
Cultural and Recreation	173,755	-	173,755
Unrestricted	(993,658)	3,336,295	2,342,637
Total Net Position	<u>\$ 167,936,036</u>	<u>\$ 20,247,656</u>	<u>\$ 188,183,692</u>

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

TOWN OF WAKE FOREST, NORTH CAROLINA
STATEMENT OF ACTIVITIES

Exhibit 2

FOR THE YEAR ENDED JUNE 30, 2017

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 12,869,405	\$ 2,456,723	\$ 7,994	\$ -	\$ (10,404,688)	\$ -	\$ (10,404,688)
Public safety	14,515,834	544,319	75,676	5,680	(13,890,159)	-	(13,890,159)
Transportation	2,276,688	91,773	852,302	10,193,724	8,861,111	-	8,861,111
Environmental protection	3,312,425	185,245	-	-	(3,127,180)	-	(3,127,180)
Cultural and recreation	6,865,664	1,601,675	80,330	3,347,745	(1,835,914)	-	(1,835,914)
Interest on long-term debt	604,099	-	-	-	(604,099)	-	(604,099)
Total governmental activities	<u>40,444,115</u>	<u>4,879,735</u>	<u>1,016,302</u>	<u>13,547,149</u>	<u>(21,000,929)</u>	<u>-</u>	<u>(21,000,929)</u>
Business-type activities:							
Water and sewer	11,907	-	-	-	-	(11,907)	(11,907)
Electric	19,562,897	19,948,850	-	-	-	385,953	385,953
Total business-type activities	<u>19,574,804</u>	<u>19,948,850</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>374,046</u>	<u>374,046</u>
Total	<u>\$ 60,018,919</u>	<u>\$ 24,828,585</u>	<u>\$ 1,016,302</u>	<u>\$ 13,547,149</u>	<u>(21,000,929)</u>	<u>374,046</u>	<u>(20,626,883)</u>
General revenues:							
Taxes:							
Property taxes, levied for general purpose					24,545,443	-	24,545,443
Other taxes and licenses					70,711	-	70,711
Unrestricted intergovernmental					9,845,432	-	9,845,432
Unrestricted investment earnings					177,663	33,004	210,667
Miscellaneous					1,447,361	255,592	1,702,953
Total general revenues not including transfers					<u>36,086,610</u>	<u>288,596</u>	<u>36,375,206</u>
Change in net position					15,085,681	662,642	15,748,323
Net position-beginning					153,995,923	19,585,014	173,580,937
Restatement (Note 18)					(1,145,568)	-	(1,145,568)
Net position-beginning (restated)					<u>152,850,355</u>	<u>19,585,014</u>	<u>172,435,369</u>
Net position-ending					<u>\$ 167,936,036</u>	<u>\$ 20,247,656</u>	<u>\$ 188,183,692</u>

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

TOWN OF WAKE FOREST, NORTH CAROLINA

Exhibit 3

**BALANCE SHEET
GOVERNMENTAL FUNDS**

JUNE 30, 2017

	General	Parks and Recreation Improvements	Greenway Transportation Projects	Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 14,167,443	\$ -	\$ -	\$ 4,577,992	\$ 18,745,435
Receivables, net					
Taxes	161,840	-	-	-	161,840
Accounts	2,699,700	2,500	1,730,634	186,134	4,618,968
Due from other governments	618,722	-	-	-	618,722
Due from other funds	712,224	-	-	-	712,224
Inventories	12,958	-	-	-	12,958
Prepaid expenditures	69,775	-	-	-	69,775
Restricted cash and cash equivalents	-	-	-	5,969	5,969
Total Assets	<u>\$ 18,442,662</u>	<u>\$ 2,500</u>	<u>\$ 1,730,634</u>	<u>\$ 4,770,095</u>	<u>\$ 24,945,891</u>
Liabilities					
Accounts payable and accrued liabilities	\$ 2,192,072	\$ 117,389	\$ -	\$ 41,200	\$ 2,350,661
Due to other funds	-	606,441	12,284	-	618,725
Accounts payable from restricted assets	-	-	2,452,980	-	2,452,980
Total Liabilities	<u>2,192,072</u>	<u>723,830</u>	<u>2,465,264</u>	<u>41,200</u>	<u>5,422,366</u>
Deferred Inflow of Resources					
Property taxes receivable	161,840	-	-	-	161,840
Sanitation receivables	8,588	-	-	-	8,588
Prepaid taxes and other	22,503	-	-	-	22,503
Grants	-	-	-	114,366	114,366
Total deferred inflows of resources	<u>192,931</u>	<u>-</u>	<u>-</u>	<u>114,366</u>	<u>307,297</u>
Fund Balances					
Non Spendable					
Inventories	12,958	-	-	-	12,958
Prepayments	69,775	-	-	-	69,775
Restricted					
Stabilization by state statute	4,208,575	-	-	-	4,208,575
Inspections (HB 255)	163,450	-	-	-	163,450
Downtown district	266,635	-	-	-	266,635
Public safety	334,069	-	-	-	334,069
Street and sidewalk improvements	-	-	1,983,593	-	1,983,593
Greenways	-	-	469,387	-	469,387
Grants:					
Cultural and Recreation	-	-	-	173,755	173,755
Committed					
Economic development	-	-	-	1,082,750	1,082,750
Assigned					
Subsequent years expenditures	1,481,115	-	-	1,728,468	3,209,583
Recreation improvements	-	-	-	1,630,042	1,630,042
Cemetery improvements	-	-	-	69,699	69,699
Unassigned	9,521,082	(721,330)	(3,187,610)	(70,185)	5,541,957
Total fund balances	<u>16,057,659</u>	<u>(721,330)</u>	<u>(734,630)</u>	<u>4,614,529</u>	<u>19,216,228</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 18,442,662</u>	<u>\$ 2,500</u>	<u>\$ 1,730,634</u>	<u>\$ 4,770,095</u>	<u>\$ 24,945,891</u>

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

TOWN OF WAKE FOREST, NORTH CAROLINA
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS

JUNE 30, 2017

Fund balances-total governmental funds	\$ 19,216,228
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Amounts reported for governmental activities in the statement of net position are different because;

Long-term assets, including notes receivable are not due and receivable in the current period and therefore are not reported in the governmental funds.	859,848
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Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.

Governmental capital assets	\$ 239,203,068	
Less accumulated depreciation	<u>(57,834,557)</u>	181,368,511

Contributions to the LGERS pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Position	918,196
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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	(22,311,189)	
Premiums received on bond issuance	(180,075)	
Compensated absences	(957,924)	
Other postemployment benefits	(6,945,826)	
Total pension obligation - LEOSSA	(2,307,794)	
Net pension obligation - LGERS	<u>(4,035,298)</u>	(36,738,106)

Liabilities for earned revenues considered deferred inflows of resources in fund statements.	170,428
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Deferred inflows of resources related to pensions are not reported in the funds - LEOSSA & LGERS	2,335,876
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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 interest expense payable	<u>(194,945)</u>
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Net position of governmental activities	<u><u>\$ 167,936,036</u></u>
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The accompanying notes are an integral part of these financial statements.

TOWN OF WAKE FOREST, NORTH CAROLINA

Exhibit 4

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS**

FOR THE YEAR ENDED JUNE 30, 2017

	General	Parks and Recreation Improvement	Greenway Transportation Projects	Other Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
Ad valorem taxes	\$ 24,545,443	\$ -	\$ -	\$ -	\$ 24,545,443
Other taxes	70,711	-	-	-	70,711
Unrestricted intergovernmental	9,845,432	-	-	-	9,845,432
Restricted intergovernmental	947,925	-	3,639,631	86,984	4,674,540
Permits and fees	2,513,613	-	73,000	1,281,005	3,867,618
Sales and services	800,167	-	-	-	800,167
Miscellaneous	923,876	17,900	-	104,119	1,045,895
Investment earnings	90,837	-	26,967	69,554	187,358
Total revenues	<u>39,738,004</u>	<u>17,900</u>	<u>3,739,598</u>	<u>1,541,662</u>	<u>45,037,164</u>
Expenditures:					
Current:					
General government	10,113,395	-	-	960	10,114,355
Public safety	13,719,419	-	-	11,063	13,730,482
Transportation	2,009,350	-	-	-	2,009,350
Environmental protection	3,158,944	-	-	-	3,158,944
Cultural and recreation	3,073,887	-	-	23,457	3,097,344
Capital outlay	2,770,033	739,230	8,104,902	636,863	12,251,028
Debt service:					
Bond principal	1,253,000	-	-	-	1,253,000
Bond interest	410,917	-	-	-	410,917
Installment note principal	2,881,069	-	-	-	2,881,069
Installment note interest	212,440	-	-	-	212,440
Total expenditures	<u>39,602,454</u>	<u>739,230</u>	<u>8,104,902</u>	<u>672,343</u>	<u>49,118,929</u>
Revenues under expenditures	<u>135,550</u>	<u>(721,330)</u>	<u>(4,365,304)</u>	<u>869,319</u>	<u>(4,081,765)</u>
Other financing sources (uses):					
Transfers in	665,727	-	454,564	573,068	1,693,359
Transfers out	(845,495)	-	-	(847,864)	(1,693,359)
Issuance of debt	1,023,170	-	-	-	1,023,170
Insurance recovery - Shop Fire 2016*	627,952	-	-	-	627,952
Total other financing sources (uses)	<u>1,471,354</u>	<u>-</u>	<u>454,564</u>	<u>(274,796)</u>	<u>1,651,122</u>
Net change in fund balances	<u>1,606,904</u>	<u>(721,330)</u>	<u>(3,910,740)</u>	<u>594,523</u>	<u>(2,430,643)</u>
Fund balance - beginning of year	<u>14,450,755</u>	<u>-</u>	<u>3,176,110</u>	<u>4,020,006</u>	<u>21,646,871</u>
Fund balance - end of year	<u>\$ 16,057,659</u>	<u>\$ (721,330)</u>	<u>\$ (734,630)</u>	<u>\$ 4,614,529</u>	<u>\$ 19,216,228</u>

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

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

FOR THE YEAR ENDED JUNE 30, 2017

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

Net change in fund balances - total governmental funds \$ (2,430,643)

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	\$ 11,891,828	
Less current year depreciation	(5,888,307)	
The net effect of various miscellaneous transactions involving capital assets is to decrease net position	(73,297)	5,930,224

Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities 918,196

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		9,908,859
Change in notes receivable		(28,851)
Change in unavailable revenue for tax and sanitation revenues		(34,481)

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

Amortization of bond premiums	19,157	
Issuance of debt	(1,023,170)	
Principal payments	4,134,069	3,130,056

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		(65,495)
Pension Expense - LGERS		(1,097,790)
Pension Expense - LEOSSA		(195,589)
Other postemployment benefits		(968,063)
Change in accrued interest payable		19,258

Total changes in net position of governmental activities \$ 15,085,681

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

TOWN OF WAKE FOREST, NORTH CAROLINA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017

	Original	Final	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:				
Ad valorem taxes	\$ 23,641,085	\$ 24,252,985	\$ 24,470,851	\$ 217,866
Other taxes and licenses	65,495	65,495	70,711	5,216
Unrestricted intergovernmental	9,732,605	9,934,735	9,845,432	(89,303)
Restricted intergovernmental	1,054,715	927,980	927,978	(2)
Permits and fees	1,977,285	2,320,990	2,513,613	192,623
Sales and services	788,410	744,800	711,485	(33,315)
Miscellaneous*	595,905	693,035	831,288	138,253
Investment earnings	50,000	87,125	88,026	901
Total revenues	<u>37,905,500</u>	<u>39,027,145</u>	<u>39,459,384</u>	<u>432,239</u>
Expenditures:				
Current				
General government	11,706,120	12,115,355	11,003,966	1,111,389
Public safety	14,805,775	14,796,905	14,440,077	356,828
Transportation	2,583,895	2,686,375	2,447,334	239,041
Environmental protection	3,293,760	3,369,860	3,334,935	34,925
Cultural and recreational	3,536,305	3,642,585	3,119,498	523,087
Debt service				
Bond principal	1,253,000	1,253,000	1,253,000	-
Bond interest	410,925	415,120	410,917	4,203
Installment note principal	2,633,930	2,877,995	2,881,069	(3,074)
Installment note interest	209,670	218,000	212,440	5,560
Total expenditures	<u>40,433,380</u>	<u>41,375,195</u>	<u>39,103,236</u>	<u>2,271,959</u>
Revenues over (under) expenditures	<u>(2,527,880)</u>	<u>(2,348,050)</u>	<u>356,148</u>	<u>2,704,198</u>
Other financing sources (uses):				
Transfers in (out)				
Downtown District Special Tax	107,500	88,500	64,668	(23,832)
Public Facilities Capital Projects	-	(253,300)	(253,300)	-
Wake Forest Renaissance Centre	(271,120)	(276,620)	(276,620)	-
Holding Park Pool Renovations	-	(52,500)	(52,500)	-
Grant and Special Revenue Fund	(20,000)	(20,000)	(20,000)	-
General Capital Reserve	-	44,000	44,000	-
Cemetery Capital Reserve	73,500	-	-	-
Greenways, Trails & Pedestrian Access	-	(173,025)	(173,025)	-
Recreation Capital Reserve	222,500	417,580	280,440	(137,140)
Insurance recovery - Shop Fire 2016*	-	630,000	627,952	(2,048)
Installment note issuance	1,254,000	1,023,170	1,023,170	-
Appropriated fund balance	1,161,500	920,245	-	(920,245)
Total other financing sources (uses)	<u>2,527,880</u>	<u>2,348,050</u>	<u>1,264,785</u>	<u>(1,083,265)</u>

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

TOWN OF WAKE FOREST, NORTH CAROLINA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>1,620,933</u>	<u>\$ 1,620,933</u>
Fund balance - Beginning of year			<u>13,829,026</u>	
Fund balance - End of year			<u>15,449,959</u>	
A legally budgeted Downtown District Special Tax Fund is consolidated into the General Fund for reporting purposes:				
Ad valorem taxes			74,592	
Investment earnings			1,365	
Transfer to General Fund			(64,668)	
Fund balance - beginning of year			255,346	
A legally budgeted Police Department Special Fund is consolidated into the General Fund for reporting purposes:				
Donations			28,140	
Forfeited currency			19,947	
Investment earnings			1,446	
Transfer to General Fund			(59,137)	
Fund balance - beginning of year			343,673	
A legally budgeted Wake Forest Renaissance Centre Fund is consolidated into the General Fund for reporting purposes:				
Sales and services			88,682	
Miscellaneous revenue			64,447	
Operating expenditures			(445,463)	
Transfer from General Fund			276,620	
Fund balance - beginning of year			22,710	
Fund balance - end of year (Exhibit 4)			<u><u>\$ 16,057,659</u></u>	

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

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

JUNE 30, 2017

	Electric Fund	Water and Sewer Fund	Totals
Assets			
Current assets:			
Cash and cash equivalents	\$ 3,307,699	\$ 94,071	\$ 3,401,770
Accounts receivable, net	2,239,712	-	2,239,712
Inventories	1,176,965	-	1,176,965
Subtotal	<u>6,724,376</u>	<u>94,071</u>	<u>6,818,447</u>
Noncurrent assets:			
Capital assets:			
Land and other non-depreciable assets	510,605	-	510,605
Other capital assets, net of depreciation	18,652,528	-	18,652,528
Capital assets (net)	<u>19,163,133</u>	<u>-</u>	<u>19,163,133</u>
Subtotal-noncurrent assets	<u>19,163,133</u>	<u>-</u>	<u>19,163,133</u>
Total assets	<u>25,887,509</u>	<u>94,071</u>	<u>25,981,580</u>
Deferred Outflows of Resources:			
Contributions to pension plan - LGERS	86,405	-	86,405
Pension deferrals - LGERS	458,757	-	458,757
	<u>545,162</u>	<u>-</u>	<u>545,162</u>
Liabilities			
Current liabilities:			
Accounts payable and accrued liabilities	1,343,772	93,366	1,437,138
Due to other funds	93,500	-	93,500
Due to other governments	-	59,472	59,472
Customer deposits	231,363	-	231,363
Accrued interest payable	16,466	-	16,466
Compensated absences	82,388	-	82,388
Bonds and notes payable	436,289	-	436,289
Total current liabilities	<u>2,203,778</u>	<u>152,838</u>	<u>2,356,616</u>
Noncurrent liabilities:			
Net Pension Obligation - LGERS	808,720	-	808,720
Other postemployment benefits	1,274,086	-	1,274,086
Bonds and notes payable	1,815,484	-	1,815,484
Total noncurrent liabilities	<u>3,898,290</u>	<u>-</u>	<u>3,898,290</u>
Total liabilities	<u>6,102,068</u>	<u>152,838</u>	<u>6,254,906</u>
Deferred Inflows of Resources			
Pension deferrals - LGERS	24,180	-	24,180
Net Position			
Net investment in capital assets	16,911,360	-	16,911,360
Unrestricted	3,395,063	(58,767)	3,336,296
Total net position	<u>\$ 20,306,423</u>	<u>\$ (58,767)</u>	<u>\$ 20,247,656</u>

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

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

FOR THE YEAR ENDED JUNE 30, 2017

	Electric Fund	Water and Sewer Fund	Totals
Operating revenues:			
Charges for services	\$ 18,521,632	\$ -	\$ 18,521,632
Other operating revenues	1,639,394	-	1,639,394
Total operating revenues	<u>20,161,026</u>	<u>-</u>	<u>20,161,026</u>
Operating expenses:			
Electric operations	6,342,412	-	6,342,412
Electric power purchases	12,060,954	-	12,060,954
Depreciation	1,091,847	-	1,091,847
Total operating expenses	<u>19,495,213</u>	<u>-</u>	<u>19,495,213</u>
Operating income	<u>665,813</u>	<u>-</u>	<u>665,813</u>
Nonoperating revenues (expenses):			
Investment earnings	18,819	14,187	33,006
Interest expense	(67,686)	(11,907)	(79,593)
Gain on capital asset disposals	43,416	-	43,416
Total nonoperating revenues (expenses)	<u>(5,451)</u>	<u>2,280</u>	<u>(3,171)</u>
Change in net position	660,362	2,280	662,642
Net position, beginning of year	19,646,061	(61,047)	19,585,014
Net position, end of year	<u>\$ 20,306,423</u>	<u>\$ (58,767)</u>	<u>\$ 20,247,656</u>

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

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

FOR THE YEAR ENDED JUNE 30, 2017

	<u>Electric Fund</u>	<u>Water and Sewer Fund</u>	<u>Totals</u>
Cash flows from operating activities:			
Cash received from customers	\$ 20,430,055	\$ -	\$ 20,430,055
Cash paid for goods and services	(15,367,405)	-	(15,367,405)
Cash paid to employees for services	(2,830,317)	-	(2,830,317)
Customer deposits received	68,554	-	68,554
Customer deposits returned	(84,113)	-	(84,113)
Net cash provided by operating activities	<u>2,216,774</u>	<u>-</u>	<u>2,216,774</u>
Cash flows from noncapital financing activities:			
Repayment of interfund loan	(93,500)	-	(93,500)
Net cash used by noncapital financing activities	<u>(93,500)</u>	<u>-</u>	<u>(93,500)</u>
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(1,765,632)	-	(1,765,632)
Proceeds of sale of capital assets	43,416	-	43,416
Principal paid on bond maturities and equipment notes	(450,630)	(583,617)	(1,034,247)
Interest paid on bond maturities and equipment notes	(72,034)	(14,187)	(86,221)
Collections for the City of Raleigh, pursuant to merger agreement	-	2,713,309	2,713,309
Transfer of funds to City of Raleigh, pursuant to merger agreement	-	(2,902,509)	(2,902,509)
Transfer of funds from City of Raleigh, pursuant to merger agreement	-	583,617	583,617
Net cash provided by (used by) capital and related financing activities	<u>(2,244,880)</u>	<u>(203,387)</u>	<u>(2,448,267)</u>
Cash flows from investing activities:			
Interest on investments	18,819	14,187	33,006
Net increase (decrease) in cash and cash equivalents	(102,787)	(189,200)	(291,987)
Cash and cash equivalents:			
Beginning of year	3,410,486	283,271	3,693,757
End of year	<u>\$ 3,307,699</u>	<u>\$ 94,071</u>	<u>\$ 3,401,770</u>

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

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

FOR THE YEAR ENDED JUNE 30, 2017

	Electric Fund	Water and Sewer Fund	Totals
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 665,813	\$ -	\$ 665,813
Adjustments to reconcile operating income to net cash provided by operating activities			
Depreciation	1,091,847	-	1,091,847
Changes in assets and liabilities:			
Decrease in accounts receivable	269,029	-	269,029
Decrease in prepaid expenses	1,250	-	1,250
Decrease in inventory	1,153	-	1,153
Decrease in deferred outflows of resources for pensions	43,006	-	43,006
Increase in deferred outflows for pensions	(427,495)	-	(427,495)
Increase in net pension liability	560,374	-	560,374
Decrease in accounts payable and accrued liabilities	(154,061)	-	(154,061)
Increase in customer deposits	15,559	-	15,559
Increase in accrued vacation pay	3,656	-	3,656
Decrease in deferred inflows of resources - pensions	(72,545)	-	(72,545)
Increase in other postemployment benefits	219,188	-	219,188
Total adjustments	1,550,961	-	1,550,961
Net cash provided by operating activities	<u>\$ 2,216,774</u>	<u>\$ -</u>	<u>\$ 2,216,774</u>

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

TOWN OF WAKE FOREST, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

Note 1—Summary of significant accounting policies

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

(a) Reporting Entity - The Town, a political subdivision of Wake County, is a municipal corporation governed by an elected mayor and a five-member commission. The Town’s basic financial statements include all funds over which the Town has accountability. The Wake Forest Business and Industry Partnership, Inc. (BIP), a North Carolina 501 (c) 3 non-profit was formed to promote economic development in the Town of Wake Forest. An agreement for the services between the Town and the BIP was entered into on January 26, 2017. The BIP is the only component unit for the Town and it has no assets, liabilities or other activity to be recorded as of June 30, 2017. The BIP will serve as a mechanism for the Town to issue future debt for economic development.

(b) Basis of Presentation

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

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

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

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

The government reports the following major governmental fund:

General Fund - The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund. The primary revenue sources are ad valorem taxes and state-shared revenues. The primary expenditures are for public safety, streets, sanitation, parks and recreation, and general governmental services. Additionally, the Town has legally adopted a Downtown District Special Tax Fund, Wake Forest Renaissance Centre, and a Police Department Special Fund. Under GASB 54 guidance these three funds are consolidated in the General Fund. The budgetary comparisons for the Downtown District Special Tax Fund, Police Department Special Fund, and Wake Forest Renaissance Centre Fund have been included in the supplemental information.

TOWN OF WAKE FOREST, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

Note 1—Summary of significant accounting policies (continued)

Parks and Recreation Improvement - The Parks and Recreation Improvement is used to account design and construction of parks, recreation and cultural resource improvements.

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

The government reports the following major proprietary funds:

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

Water and Sewer Fund - The Water and Sewer Utility System of the Town was transferred to the City of Raleigh effective July 1, 2005; however this fund remains open to collect capital facilities fees and other fees on behalf of the City of Raleigh and to pay long-term debt and interest on long term debt as it becomes due.

The Town reports the following nonmajor governmental funds:

Special Revenue Funds - Special Revenue funds are used to account for resources set aside for specific purposes. The Town has two special revenue funds: the Futures Fund which is used to account for resources set aside for economic development and the Grants and Special Revenue Fund which is used to account for federal, state and private grants, as well as other miscellaneous resources received.

Capital Project Funds - Capital project funds are used to account for financial resources to be used for the acquisition or construction of major facilities (other than those financed by proprietary funds). The Town has five (5) non-major capital project funds: Recreation Capital Reserve, Cemetery Capital Reserve, Public Facilities, Holding Park Pool Renovation and General Capital Reserve.

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

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

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

TOWN OF WAKE FOREST, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

Note 1—Summary of significant accounting policies (continued)

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

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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

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

The Town considers all revenues available if they are collected within 90 days after year end, except for property taxes. Ad valorem property taxes receivable are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of September 1, 2013, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, Wake County is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts in the County, including the Town of Wake Forest. Property taxes are due when vehicles are registered. The billed taxes in periods prior to September 1, 2013 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

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

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

TOWN OF WAKE FOREST, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

Note 1—Summary of significant accounting policies (continued)

(d) Budgetary Data

Budgets are adopted as required by North Carolina General Statutes. Annual budget ordinances are adopted for the general, special revenue and enterprise funds. All annual appropriations lapse at fiscal year-end. Project ordinances, which may cover more than one year, are adopted for the capital project and capital reserve funds. All budgets are prepared using the modified accrual basis of accounting, which is consistent with the accounting system used to record transactions. Supplemental appropriations that amend the total expenditures of any fund require an ordinance of the Board of Commissioners. The Town Manager is authorized by the budget ordinance to transfer appropriations between objects of expenditure within a functional area without limitation and without a report being required and may transfer appropriations up to \$50,000 between functional areas within a fund with an official reporting of such transfers to the Board. Any interfund transfer not included in the original budget or any appropriation from a contingency account must be approved by the Board of Commissioners. During the year several immaterial amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

(e) Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity

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

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

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

Restricted Assets - The unexpended debt proceeds of the Greenways, Trails and Pedestrian Access issued by the Town are classified as restricted assets because their use is completely restricted to the purpose for which the debt was originally issued. Money in the Downtown District Special Tax Fund and the Police Department Special Fund is classified as restricted assets because its use is restricted to the Downtown District Special Tax Fund and the Police Department Special Fund per N.C. G.S. Chapter 159, Article 3. Funds in the Grants and Special Revenue Fund are restricted by the external and/or awarding agency for the specific purpose of the award. The fund restricted for Inspections are pursuant of NC General Assembly 2015 House Bill 255 which states all fees collected under the authority set forth shall be used for support of the administration and activities of the inspection department and no other purpose.

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

JUNE 30, 2017

Note 1—Summary of significant accounting policies (continued)

Governmental Activities

General Fund:

Inspections	\$ 163,450
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Downtown District	266,635
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Public Safety	334,069
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Other Nonmajor Governmental Funds:

Grants and Special Revenues	173,751
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Holding Park Pool	4
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Greenway, Transportation and Pedestrian Access	2,452,980
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Total Restricted Cash	<u>\$ 3,390,889</u>
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Ad Valorem Taxes Receivable - In accordance with North Carolina General Statutes (G.S 105-347 and G.S. 159-13(a), the Town levies ad valorem taxes on property other than motor vehicles on July 1st, the beginning of the fiscal year. The taxes are due September 1st (lien date); however interest does not accrue until the following January 6th. These taxes are based on the assessed values as of the previous January 1.

Allowances for Doubtful Accounts - An allowance for doubtful accounts is maintained on the ad valorem taxes receivable and customer accounts receivable for electric operations. The allowance for ad valorem taxes receivable is estimated by analyzing the percentage of receivables that are written off in prior years. The allowance for customer accounts receivable for electric operations is estimated at the amount of accounts receivable that have not been written off that exceeds 120 days. The direct write-off method is used by the Town on all other types of receivables. Under this method, all accounts considered uncollectible at June 30th have been charged against operations.

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

Capital Assets - Capital assets, which include property, plant, equipment and infrastructure assets (roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of \$5,000 or more. Such assets are recorded at historical cost or estimated historical cost. Donated assets are recorded at their estimated fair value at the date of donation. Those received in service concession arrangement are reported at acquisition value rather than fair value. General infrastructure assets acquired prior to July 1, 2003 consist of the road network that was acquired or that received substantial improvements subsequent to July 1, 1980 and are reported at estimated historical cost using deflated replacement cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

JUNE 30, 2017

Note 1—Summary of significant accounting policies (continued)

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

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

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

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

Long-term Obligations - In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net position. Bond premiums are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs, except for prepaid insurance costs, are expensed in the reporting period in which they are incurred. Prepaid insurance costs are expensed over the life of the debt.

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

Compensated Absences - The vacation policy of the Town provides for the accumulation of up to thirty (30) days earned vacation leave with such leave being fully vested when earned, except that police officers may accumulate thirty (30) regular days and twenty-two (22) holidays for a total of fifty-two (52) vested vacation days.

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

The Town’s sick leave policy provides for unlimited accumulation of earned sick leave. Sick leave does not vest but any unused sick leave accumulated at the time of retirement may be used in the determination of

TOWN OF WAKE FOREST, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

Note 1—Summary of significant accounting policies (continued)

length of service for retirement purposes. Since the Town has no obligation for the sick leave until it is actually taken, no provision has been made in the accompanying financial statements.

Net Position/Fund Balances

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

Fund Balances - In the governmental fund financial statements, fund balance is composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent.

The governmental fund types classify fund balances as follows:

Nonspendable Fund Balance

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

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

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

Restricted Fund Balance

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

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

Restricted for Inspection – portion of fund balance that is restricted by NC General Assembly 2015 House Bill 255.

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

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

Restricted for Holding Park Pool - portion of fund balance that is restricted by revenue source for the Holding Park Pool renovation project.

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

TOWN OF WAKE FOREST, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

Note 1—Summary of significant accounting policies (continued)

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

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

Committed Fund Balance

This classification includes amounts of fund balance that can only be used for specific purposes imposed by majority vote by quorum of the Town's Board of Commissioners, the highest level of decision making authority. Any changes or removal of specific purpose requires majority action by the Board either through board resolution or ordinance. The governing body approves the appropriation; however the budget ordinance authorizes the manager to modify the appropriations by resource or appropriation within funds up to \$50,000.

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

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

Assigned Fund Balance

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

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

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

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

Unassigned Fund Balance

The portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds. The General Fund is the only fund that reports a positive unassigned fund balance amount. In governmental funds other than the general fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

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

TOWN OF WAKE FOREST, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

Note 1—Summary of significant accounting policies (continued)

The Town's original fund balance policy adopted in September 2004 was amended in February 2016 and requires that the Town maintain an unassigned General Fund balance between 20 and 25 percent of General Fund expenditures and a total fund balance of at least 35 percent of General Fund expenditures. Amounts in excess of this minimum may be used for construction projects or major capital outlay when the Town wishes to avoid the issuance of debt, purchase of real property, emergency work after disasters or for maintaining a stable tax rate when economically dependent revenues (i.e. sales taxes) are less than budgeted amounts.

(f) Pensions

The Town participates in three cost-sharing, multi-employer, defined benefit pension plans that are administered by the State; the Local Government Employees' Retirement System (LGERS) and the Law Enforcement Officers' Special Separation Allowance (LEOSSA). For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the LGERS and additions to/deductions from LGERS' fiduciary net position have been determined on the same basis as they are reported by LGERS. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The Town of Wake Forest's employer contributions are recognized when due and the Town of Wake Forest has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of LGERS. Investments are reported at fair value.

Note 2—Stewardship, compliance, and accountability

Deficit in Fund Balance of Individual Fund – The Greenways, Trails and Pedestrian Access (GTP) Fund and Parks and Recreation Improvements Fund had a deficit fund balance at June 30, 2017, in the amount of \$721,330 and \$734,630, respectively. These deficits are both for expenditures paid which are related to authorized but unissued bonds. The Town's anticipated plan for eliminating this deficit will be through future debt issuance. At June 30, 2017 there was also a fund deficit in the Water and Sewer Fund. This deficit is related the City of Raleigh Equity Transfer and will be funded from General Fund revenues in the upcoming fiscal year.

Note 3—Deposits and investments

Deposits - All of the Town's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage are collateralized with securities held by the Town's agent in the Town's name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Town, these deposits are considered to be held by the Town's agent in the Town's name. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Town or the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the Town under The Pooling Method, the potential exists for under collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Town has no formal policy regarding custodial credit risk for deposits, but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The Town complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

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

JUNE 30, 2017

Note 3—Deposits and investments (continued)

At June 30, 2017, the carrying amount of the Town’s deposits was \$5,370,374 and the bank balance was \$6,397,578. Of the bank balance, \$1,250,000 was covered by federal depository insurance and \$4,120,374 was covered under the Pooling Method. At June 30, 2017, the Town had \$1,900 of petty cash and change funds on hand.

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

At June 30, 2017, the Town’s investment balances were as follows:

Investment Type	Valuation Measurement Method	Book Value at 06/30/2017	Maturities				Rating
			Less Than 1 Year	1 to 2 Years	2 to 3 Years	3+ Years	
US Government Agenices	Fair Value - Level 1	\$ 745,720	\$ 99,758	\$ 348,275	\$ 297,687	\$ -	AAA
NCCMT - Government Portfolio	Amortized Cost	3,232,536	3,232,536	-	-	-	AAAm
NCCMT - Term Portfolio	Fair Value - Level 1	12,802,644	12,802,644	-	-	-	Unrated
Totals		\$ 16,780,900	\$ 16,134,938	\$ 348,275	\$ 297,687	\$ -	

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

Credit Rate Risk – The Town has no formal policy regarding credit risk, but has internal management procedures that limits the Town’s investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated.

Custodial Credit Risk – The Town’s investment policy states that investment securities purchased by the Town shall be held in third-party safekeeping by an institution designated as primary agent. Generally, the Town invests available cash in North Carolina Capital Management Trust’s or other investment earnings account as allowed by North Carolina General Statute. The Town’s investment in the N.C. Capital Management Trust Government Portfolio carried a credit rating of AAAM by Standard & Poor’s as of June 30, 2017.

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

Level of fair value hierarchy: Level 1 debt securities are valued using directly observable, quoted prices (unadjusted) in active markets for identical assets.

Note 4—Receivables – allowance for doubtful accounts

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

General Fund	Allowance for uncollectible property taxes receivable	\$ 73,212
Electric Fund	Allowance for uncollectible customer receivables	11,171

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

JUNE 30, 2017

Note 5—Capital assets

Capital asset activity for the year ended June 30, 2017, was as follows:

GOVERNMENTAL ACTIVITIES	Balance				Balance	
	June 30, 2016	Additions	Transfers	Deletions	June 30, 2017	
Capital assets not being depreciated:						
Land	\$ 10,794,095	\$ 101,235	\$ -	\$ -	\$ 10,895,330	
Land rights and easements	28,122,490	2,318,917	139,202	-	30,580,609	
Construction in progress	2,527,565	7,787,605	(618,326)	7,637	9,689,207	
Total capital assets not being depreciated	<u>41,444,150</u>	<u>10,207,757</u>	<u>(479,124)</u>	<u>7,637</u>	<u>51,165,146</u>	
Capital assets being depreciated:						
Buildings	16,694,732	-	-	-	16,694,732	
Improvements	28,599,440	2,900,642	-	-	31,500,082	
Infrastructure	119,654,963	6,296,176	479,124	-	126,430,263	
Equipment and furniture	5,453,505	487,176	-	111,193	5,829,488	
Vehicles and motorized equipment	6,517,001	1,908,936	(30,923)	811,653	7,583,361	
Total capital assets being depreciated	<u>176,919,641</u>	<u>11,592,930</u>	<u>448,201</u>	<u>922,846</u>	<u>188,037,926</u>	
Less Accumulated Depreciation for:						
Buildings	3,135,996	554,033	-	-	3,690,029	
Improvements	11,017,571	1,231,149	-	-	12,248,720	
Infrastructure	31,580,246	2,985,388	-	-	34,565,634	
Equipment and furniture	3,685,971	454,716	-	90,966	4,049,721	
Vehicles and motorized equipment	3,414,578	663,021	(30,923)	766,222	3,280,454	
Total accumulated depreciation	<u>52,834,362</u>	<u>5,888,307</u>	<u>(30,923)</u>	<u>857,188</u>	<u>57,834,558</u>	
Total capital assets being depreciated, net	<u>124,085,279</u>				<u>130,203,368</u>	
Governmental activity capital						
assets, net	<u>\$ 165,529,429</u>				<u>\$ 181,368,514</u>	

Depreciation expense was charged to

Functions/programs as follows:

General government	\$ 1,130,212
Public safety	519,873
Public works	3,238,038
Environmental protection	113,093
Cultural and recreational	887,091
Total	<u>\$ 5,888,307</u>

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

JUNE 30, 2017

Note 5—Capital assets (continued):

Business-type Activities	Balance				Balance
	June 30, 2016	Additions	Transfers	Deletions	June 30, 2017
Capital assets not being depreciated					
Land	\$ 510,605	\$ -	\$ -	\$ -	\$ 510,605
Total capital assets not being depreciated	510,605	-	-	-	510,605
Capital assets being depreciated					
Utility improvements	28,920,318	1,081,835	-	-	30,002,153
Equipment and furniture	1,665,969	629,574	-	45,562	2,249,981
Vehicles and motorized equipment	1,615,388	54,223	30,923	32,127	1,668,407
Total capital assets being depreciated	32,201,675	1,765,632	30,923	77,689	33,920,541
Less accumulated depreciation for					
Utility improvements	11,864,498	913,587	-	-	12,778,085
Equipment and furniture	1,313,641	88,776	-	45,562	1,356,855
Vehicles and motorized Equipment	1,044,793	89,483	30,923	32,127	1,133,072
Total accumulated depreciation	14,222,932	1,091,846	30,923	77,689	15,268,012
Total capital assets being depreciated, net	17,978,743				18,652,529
Business-type activity capital assets, net	\$ 18,489,348				\$ 19,163,134

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

Project	Contract Amount	Expensed	Remaining
Smith and Sanford Creek Greenway	\$ 4,954,189	\$ (4,021,874)	\$ 932,315
Dunn Creek Greenway	788,677	(632,388)	156,289
	<u>\$ 5,742,866</u>	<u>\$ (4,654,262)</u>	<u>\$ 1,088,604</u>

TOWN OF WAKE FOREST, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

Note 6—Pension plan obligations

(a) Local Government Employees' Retirement System

Plan Description - The Town is a participating employer in the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G. S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested by the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employee's Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454 or at www.osc.nc.gov.

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

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

Funding Policy – Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Town of Wake Forest employees are required to contribute six (6%) 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 7.39% and 8.0%, respectively, of annual covered payroll. The contribution requirements of employees and of the Town are established and may be amended by the North Carolina General Assembly. The Town's contributions to LGERS for the years ended June 30, 2017, 2016 and 2015 and were \$1,004,600, \$878,134 and \$897,824, respectively. The contributions made by the Town equaled the required contributions for each year.

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

JUNE 30, 2017

Note 6—Pension plan obligations (continued)

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

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

At June 30th the Town reported a liability of \$4,844,018 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015. The total pension liability was then rolled forward to the measurement date of June 30, 2016 utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employees, actuarially determined. At June 30, 2016 the Town's proportion was .22824, which was a decrease of .00386 from its proportion measured as of June 30, 2015 at 0.2321%.

For the year ended June 30, 2017, the Town recognized pension expense of \$1,269,342. At June 30, 2017, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 91,011	\$ 169,740
Changes of assumptions	331,772	-
Net difference between projected and actual earnings on pension plan investments	2,678,131	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	13,554	113,238
Town contributions subsequent to the measurement date	<u>1,004,600</u>	<u> </u>
Total	<u>\$ 4,119,068</u>	<u>\$ 282,978</u>

\$1,004,600 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2018. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2018	\$ 419,596
2019	419,897
2020	1,241,099
2021	750,893
2022	-
Thereafter	-
	<u>\$ 2,831,485</u>

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

JUNE 30, 2017

Note 6—Pension plan obligations (continued)

Actuarial Assumptions – The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.50 to 7.75 percent, including inflation and productivity factor
Investment rate of return	7.25 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2016 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	29.00%	1.40%
Global Equity	42.00%	5.30%
Real Estate	8.00%	4.30%
Alternatives	8.00%	8.90%
Credit	7.00%	6.00%
Inflation Protection	6.00%	4.00%
Total	<u>100.00%</u>	

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

JUNE 30, 2017

Note 6—Pension plan obligations (continued)

The information above is based on 30 year expectations developed with the consulting actuary for the 2016 asset, liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualize figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

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

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

	1 % Decrease (6.25%)	Discount Rate (7.25%)	1 % Increase (8.25%)
Town's proportionate share of the net pension liability (asset)	\$ 11,497,113	\$ 4,844,017	\$ (713,143)

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

(b) Law Enforcement Officers Special Separation Allowance

Plan Description

The Town of Wake Forest administers a public employee retirement system (the “Separation Allowance”), a single-employer defined benefit pension plan that provides retirement benefits to the Town’s qualified sworn law enforcement officers. The Separation Allowance is equal to .85% of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G. S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. All full-time law enforcement officers of the Town are covered by the Separation Allowance. At December 31, 2016 the Separation Allowance’s membership consisted of:

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

JUNE 30, 2017

Note 6—Pension plan obligations (continued)

Retirees receiving benefits	1
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	<u>70</u>
Total	<u><u>71</u></u>

Summary of Significant Accounting Policies

Basis of Accounting - The Town has chosen to fund the Separation Allowance on a pay as you go basis. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

The Separation Allowance has no assets accumulated in a trust that meets the following criteria which are outlined in GASB Statement 73.

Actuarial Assumptions - The entry age actuarial cost method was used in the December 31, 2015 valuation. The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.50 to 7.35 percent, including inflation and productivity factor
Discount rate	3.86 percent
Cost of Living Adjustment	N/A

The discount rate is based on the weekly average of the Bond Buyer General Obligation 20-year Municipal Bond Index determined at the end of each month.

Mortality rates are based on the RP-2000 Mortality tables with adjustments for mortality improvements based on Scale AA.

Contributions - The Town is required by Article 12D of G. S. Chapter 143 to provide these retirement benefits and has chosen to fund the benefit payments on a pay as you go basis through appropriations made in the General Fund operating budget. The Town's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. There were no contributions made by employees.

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

At June 30, 2017, the Town reported a total pension liability of \$2,307,794. The total pension liability was measured as of December 31, 2016 based on a December 31, 2015 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2016 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2017, the Town recognized pension expense of \$197,884.

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

JUNE 30, 2017

Note 6—Pension plan obligations (continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	58,471
Benefit payments and administrative expenses subsequent to the measurement date	-	2,569
Total	<u>\$ -</u>	<u>\$ 61,040</u>

\$2,569 reported as deferred inflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2018. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2018	\$ (9,761)
2019	(9,761)
2020	(9,761)
2021	(9,761)
2022	(9,761)
Thereafter	(12,235)
	<u>\$ (61,040)</u>

\$2,295 paid as benefits came due subsequent to the measurement date are reported as deferred outflows of resources.

Sensitivity of the Town's total pension liability to changes in the discount rate. The following presents the Town's total pension liability calculated using the discount rate of 3.86 percent, as well as what the Town's pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.86 percent) or 1 percentage point higher (4.86 percent) than the current rate:

	1 % Decrease (2.86%)	Discount Rate (3.86%)	1 % Increase (4.86%)
Total pension liability	<u>\$ 2,551,065</u>	<u>\$ 2,307,794</u>	<u>\$ 2,086,504</u>

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

JUNE 30, 2017

Note 6—Pension plan obligations (continued)

Schedule of Changes in Total Pension Liability
Law Enforcement Officers' Special Separation Allowance

Total Pension Liability as of December 31, 2015 (restated)	\$ 2,173,245
Changes for the year:	
Service Cost	129,868
Interest on the total pension liability	77,503
Changes of benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	-
Changes of assumptions or other inputs	(68,232)
Benefit payments	(4,590)
Other changes	-
Net changes	<u>134,549</u>
Total Pension Liability as of December 31, 2016	<u><u>\$ 2,307,794</u></u>

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

The actuarial assumptions used in the December 31, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

(c) Supplemental Retirement Income Plan for Law Enforcement Officers

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

Funding Policy - Article 12E of G. S. Chapter 143 requires the Town to contribute each month an amount equal to 5% of each officer's salary, and all amounts contributed are vested immediately. The Law Enforcement Officers may also make voluntary contributions to the plan. Contributions for the year ended June 30, 2017 were \$289,477, which consisted of \$212,260 from the Town and \$77,217 from the law enforcement officers.

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

JUNE 30, 2017

Note 6—Pension plan obligations (continued)

(d) Supplemental Retirement Income Plan for all Other Employees

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

Funding Policy - The Town contributes each month an amount equal to 5% of eligible employee's salary, and all amounts contributed are vested immediately. Also, the employees may make voluntary contributions to the plan. Contributions for the year ended June 30, 2017 were \$624,151, which consisted of \$431,874 from the Town and \$192,277 from employees.

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

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

Membership of the HCB Plan consisted of the following at December 31, 2016, the date of the latest actuarial valuation:

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

Funding Policy - The Board of Commissioners established the contribution requirements of plan members and this may be amended by the Board. Employees pay \$456 per month for dependent coverage and \$1,040 per month for family coverage. The Town has chosen to fund the healthcare benefits on a pay as you go basis.

The current ARC rate is 10.95% of annual covered payroll. For the current year, the Town contributed \$222,212 or 1.83% of annual covered payroll. The Town obtains healthcare coverage through private insurers. The Town's required contributions, under a Board resolution, for employees not engaged in law enforcement and for law enforcement officers represented 11.21% and 6.25% of covered payroll, respectively. There were no contributions made by employees, except for dependent coverage in the amount of \$254,326. The Town's obligation to contribute to the HCB Plan is established and may be amended by the Board of Commissioners.

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

JUNE 30, 2017

Note 6—Pension plan obligations (continued)

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	\$ 1,396,891
Interest on OPEB obligation	281,306
Adjustment to annual required contribution	<u>(268,735)</u>
Annual OPEB cost	1,409,462
Contributions made	<u>(222,212)</u>
Increase in net OPEB obligation	1,187,250
Net OPEB obligation - beginning of year	<u>7,032,662</u>
Net OPEB obligation - end of year	<u><u>\$ 8,219,912</u></u>

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the HCB Plan, and the net OPEB obligation as of June 30, 2017 were as follows:

Year Ended	Annual OPEB Costs	Percentage of Annual OPEB Costs Contributed	Net OPEB Obligation
6/30/17	\$ 1,409,462	15.80%	\$ 8,219,912
6/30/16	1,198,641	16.70%	7,032,662
6/30/15	1,059,241	20.00%	6,033,986

Funded Status and Funding Progress - As of December 31, 2015, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and, thus, the unfunded actuarial accrued liability (UAAL) was \$13,684,549. The covered payroll (annual payroll of active employees covered by the plan) was \$12,125,728 and the ratio of the UAAL to the covered payroll was 112.9%. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

JUNE 30, 2017

Note 6—Pension plan obligations (continued)

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, 2015 actuarial valuation, the projected unit credit method was used. The actuarial assumptions included a 4.0% investment rate of return (net of administrative expenses), which is the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual medical cost trend increase of 7.75 to 5.0% for pre-Medicare and 5.75 to 5.0% for post-Medicare, annually. The investment rate included a 3.00% inflation assumption. The actuarial value, if any, was determined using techniques that spread the effects of short-term volatility in the market value of investments over a 5-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2015 was 30 years.

(f) Other Employment Benefit

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

Note 7—Deferred outflows and inflows of resources

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

	<u>Total</u>
Contributions to pension plan in current fiscal year	
General Fund	\$ 918,196
Electric Fund	86,404
	<u>1,004,600</u>
Pension Deferrals	
General Fund	2,730,086
Electric Fund	384,382
Total	<u>\$ 4,119,068</u>

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

JUNE 30, 2017

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

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

	<u>Unavailable Revenue</u>	<u>Unearned Revenue</u>	<u>Total</u>
General Fund			
Prepaid taxes not yet earned	\$ -	\$ 7,595	\$ 7,595
Taxes receivable (net)	109,124	-	109,124
Vehicle licenses receivable	52,716	-	52,716
Sanitation receivable	8,588	-	8,588
Prepaid other	-	14,908	14,908
Grant deferral	-	114,366	114,366
Pension deferrals	-	344,018	344,018
Total	<u>\$ 170,428</u>	<u>\$ 480,887</u>	<u>\$ 651,315</u>

Note 8—Risk management

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

There are exclusions to the town's policy which bar coverage for all risks of loss. There have been no significant reductions in insurance coverage in the prior year, and settled claims have not exceeded coverage in any of the past three (3) fiscal years. The Town does not carry flood insurance because flood plain maps show insignificant property values within flood plains.

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

Note 9—Claims, judgments and contingent liabilities

At June 30, 2017, the Town was a defendant to various lawsuits. In the opinion of the Town's management and the Town's attorney, the ultimate effect of these legal matters will not have a material adverse effect on the Town's financial position.

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

JUNE 30, 2017

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, 2017 are comprised of the following individual issues:

Serviced by the General Fund:

\$4,330,000 Series 2015 Public Improvement Bonds with annual installments of \$220,000 due annually on April 1 through April 1, 2021 plus interest and \$215,000 due annually on October 1 through October 1, 2035 plus interest from 2.0 to 3.25 percent	\$ 3,890,000
\$7,300,000 Series 2009 A Public Improvement Bonds with annual installments of \$365,000 due annually on February 1 through February 1, 2030 plus interest from 2.0 to 4.0 percent	4,745,000
\$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	425,000
\$5,125,000 Series 2016 Refunding Bonds with annual installments of \$428,000 to \$503,000 due annually on April 1 through April 1, 2027 plus interest of 2.05 percent	<u>4,622,000</u>
Total	<u>\$ 13,682,000</u>

At June 30, 2017, the Town of Wake Forest had bonds authorized but unissued of \$20,770,000 and a legal debt margin of \$333,178,963.

Unissued Bond Authorization:	<u>Purpose</u>	<u>Amount</u>
	Parks and Recreation	\$14,200,000
	Streets and Sidewalks	4,805,000
	Greenway Improvements	<u>1,765,000</u>
		<u>\$20,770,000</u>

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

JUNE 30, 2017

Note 10—Long-term debt (continued)

Annual debt service requirements to maturity for general obligation bonds at June 30, 2017 are as follows:

Year Ending June 30:	Governmental Activities	
	Principal	Interest
2018	\$ 1,245,000	\$ 379,189
2019	1,232,000	344,266
2020	1,165,000	308,883
2021	1,058,000	278,780
2022	1,047,000	252,821
2023-2027	5,120,000	865,415
2028-2032	2,170,000	271,103
2033-2037	645,000	40,313
Total	<u>\$ 13,682,000</u>	<u>\$ 2,740,770</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%.

\$ 457,676

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

1,794,097
\$ 2,251,773

The Town is in compliance with the covenants as to rates, fees, rentals and charges in Section 5.02 of the Bond Order, authorizing the issuance of the Electric System Revenue Bond, Series 2007 and Series 2014. Section 5.02 (a) requires the debt service coverage ratio to be no less than 120%. The debt service coverage ratio calculation for the year ended June 30, 2017, is as follows:

Operating revenues	\$ 20,146,975
Operating expenses (less depreciation)	18,557,456
Net revenues available for debt service	<u>\$ 1,589,519</u>
Debt service, principal and interest paid (revenue bond only)	<u>\$ 517,988</u>
Debt service coverage ratio	<u>307%</u>

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

JUNE 30, 2017

Note 10—Long-term debt (continued)

The Town has pledged future electric revenues, net of specified operating expenses, to repay \$2,300,000 in electric revenue bonds issued in February 2007 and \$2,500,000 in electric revenue bonds issued in June 2014. Proceeds from the bonds provided financing for an electric substation, substation improvements, and installation of street lights. The bonds are payable solely from electric customer net revenues and are payable through 2019 for the Series 2007 bonds and 2024 for the Series 2014 bonds. Annual principal and interest payments on the bonds are expected to require less than 307 percent of net revenues. The total principal and interest remaining to be paid on the bonds is \$2,427,717. Principal and interest paid for the current year and total customer net revenues were \$517,988 and \$1,589,519, respectively.

Annual debt service requirements to maturity for revenue bonds at June 30, 2017 are as follows:

Year Ending June 30:	Business-Type Activities	
	Principal	Interest
2018	\$ 464,097	\$ 53,891
2019	477,971	40,018
2020	250,405	27,943
2021	256,045	22,303
2022	261,813	16,535
2023-2027	541,442	15,244
Total	<u>\$ 2,251,773</u>	<u>\$ 175,934</u>

c) Installment Notes

The Town's installment notes outstanding at June 30, 2017 are as follows:

	Governmental Activities
\$9,800,000 installment obligation to BB&T for the New Town Hall issued July 23, 2008; semi-annual payments of \$326,667, plus interest at 3.72%, secured by a building. <i>(Rate reduced to 2.70% - April 2012)</i>	\$ 4,246,661
\$850,000 installment obligation to BB&T Bank for the renovation of the existing police department issued October 17, 2012; semi-annual payments of \$85,000 plus interest at 1.53%, secured by real estate.	85,000
\$4,000,000 installment obligation to RBC Bank for street improvements issued September 20, 2011; semi-annual payments of varying amounts from \$252,725 to \$293,600 which includes interest at 2.18%.	1,250,000
\$2,300,000 installment obligation to BB&T for street improvements issued May 16, 2012; semi-annual payments of varying amounts from \$165,797 to \$185,446 which includes interest at 1.84%.	546,423
\$792,750 installment obligation to BB&T for vehicles and equipment issued February 25, 2015; semi-annual payments of \$102,059 which includes interest at 1.32%, secured by vehicles and equipment.	401,590

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

JUNE 30, 2017

	<u>Governmental Activities</u>
\$1,181,000 installment obligation to PNC Bank for the purchase of the Wake Forest Renaissance Centre issued September 16, 2013; quarterly payments of varying amounts from \$66,051 to \$69,567 which includes interest at 1.34%.	196,833
\$740,000 installment obligation to BB&T for Holding Park Pool renovations issued February 27, 2014; semi-annual payments of \$61,667 which includes interest at 1.65%.	370,000
\$455,735 installment obligation to PNC Bank for police vehicles issued on December 17, 2015; semi-annual payments of \$77,854 which includes interest at 1.42%.	230,286
\$415,965 installment obligation to PNC Bank for vehicles and equipment issued on May 31, 2016; semi-annual payments of \$71,024 which includes interest at 1.39%.	279,226
\$1,023,170 installment obligation to BB&T Bank for vehicles and equipment issued on March 7, 2017; semi-annual payments of \$132,895 which includes interest at 1.72%.	<u>1,023,170</u>
Total	<u><u>\$ 8,629,189</u></u>

Annual debt service requirements to maturity for installment notes at June 30, 2017 are as follows:

	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
Year Ending June 30:		
2018	\$ 2,627,431	\$ 180,226
2019	2,168,086	130,575
2020	1,284,612	87,066
2021	915,735	60,720
2022	653,334	39,690
2023-2026	979,991	26,460
Total	<u><u>\$ 8,629,189</u></u>	<u><u>\$ 524,737</u></u>

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

JUNE 30, 2017

Note 10—Long-term debt (continued)

Changes in Long-Term Liabilities - Long-term liability activity for the year ended June 30, 2017, was as follows:

	Balance July 1, 2016	Increases	Decreases	Balance June 30, 2017	Amounts Due Within One Year
Governmental Activities:					
Bonds and Notes Payable:					
General obligation bonds	\$ 14,935,000	\$ -	\$ 1,253,000	\$ 13,682,000	\$ 1,245,000
Premiums on issuance	199,232	-	19,157	180,075	19,157
Total bonds payable	15,134,232	-	1,272,157	13,862,075	1,264,157
Installment Notes	10,487,088	1,023,170	2,881,069	8,629,189	2,627,431
Compensated absences	892,430	739,903	674,409	957,924	576,677
Total pension obligation - LEO*	2,173,245	134,549	-	2,307,794	-
Net pension obligation - LGERS	843,368	3,191,930	-	4,035,298	-
Other post employment benefits	5,977,763	968,063	-	6,945,826	-
Governmental activity long-term liabilities	35,508,126	6,057,615	4,827,635	36,738,106	4,468,265
Business-Type Activities:					
Revenue bonds	\$ 2,702,403	\$ -	\$ 450,630	\$ 2,251,773	\$ 464,097
Installment notes	583,616	-	583,616	-	-
Compensated absences	78,732	73,260	69,604	82,388	58,384
Net pension obligation - LGERS	198,149	610,571	-	808,720	-
Other post employment benefits	1,054,899	219,187	-	1,274,086	-
Business-type activity long-term liabilities	4,617,799	903,018	1,103,850	4,416,967	522,481
Total long-term liabilities	<u>\$ 40,125,925</u>			<u>\$ 41,155,073</u>	<u>\$ 4,990,746</u>

*Restated beginning balance due to GASB 73 for Law Enforcement Officers Separation Allowance - \$1,145,568

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

Note 11—Fund balance

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

Total fund balance - General Fund	\$ 16,057,659
Less:	
Inventories	12,958
Prepayments	69,775
Stabilization by State Statute	4,208,575
Downtown District	266,635
Public Safety	334,069
Inspections	163,450
Assigned for subsequent year's expenditures	1,481,115
Remaining fund balance	<u>\$ 9,521,082</u>

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

JUNE 30, 2017

Note 11—Fund balance (continued)

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

Encumbrances – General Fund	\$ 186,516
Capital Projects	3,541,901

Note 12—Interfund balances and transfers

A summary of interfund transfers follows:

	Transfers Out						
	General Fund	Downtown District Special Tax	Police Department		Recreation Capital Reserve	General Capital Reserve	Total Transfers In
			Special Revenue				
			Fund				
Transfers In:							
General Fund	\$ -	\$ 64,668	\$ -	\$ 280,440	\$ 44,000	\$ 389,108	
Wake Forest Renaissance Centre	276,620	-	-	-	-	276,620	
Grants and Special Revenue	20,000	-	5,383	-	-	25,383	
Holding Park Pool	52,500	-	-	241,885	-	294,385	
Public Facilities Projects	253,300	-	-	-	-	253,300	
GTP	173,024	-	-	281,539	-	454,563	
Total Transfers Out	\$ 775,444	\$ 64,668	\$ 5,383	\$ 803,864	\$ 44,000	\$ 1,693,359	

Transfers are used to move unrestricted revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided for matching funds for various grant programs.

Balances advanced to/from other funds at June 30, 2017, consist of the following:

<u>Receivable Fund</u>	<u>Payable</u>	<u>Amount</u>
General Fund	Electric Fund	\$ 93,500

The amounts payable to the General Fund relate to working capital loans made to the Electric Fund. This loan to the Electric Fund was for the construction of the Electric Substation located on Calvin Jones Highway/98 Bypass. The Electric Fund will pay this loan off during the fiscal year ending June 30, 2018 plus interest at 2.5%.

The interfund balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

TOWN OF WAKE FOREST, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

Note 13—Jointly governed organization

The Town is a member of the North Carolina Eastern Municipal Power Agency (the “Agency”). The Agency was formed to enable municipalities that own electric distribution systems to finance, construct, own, operate, and maintain generation and transmission facilities through the Agency. The Town receives power from the Agency and is contractually allocated a .7262% interest in the Agency, with the balance being shared by the thirty-two (32) other local governments. Each participating government appoints one commissioner to the Agency’s governing board. The Town is obligated to purchase all of its power supply requirements from the Agency. Except for the power supply purchase requirements, no local government participant has any obligation, entitlement, or residual interest. On July 31, 2015, the NCEMPA completed the sale of most of its electricity generating assets to Duke Energy. These proceeds were used to defease the NCEMPA’s outstanding revenue bonds. The NCEMPA entered into contractual agreements with its member cities and Duke Energy. Under these arrangements, the NCEMPA will supply wholesale power to its members and will purchase this power from Duke Energy. In addition to payments made for electric power, NCEMPA members will make payments for their share of the debt service on the NCEMPA’s new revenue bonds.

The Town’s gross purchases of power for the fiscal year ended June 30, 2017 were \$12,060,954.

Note 14—Summary disclosure of significant contingencies

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

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

The Water and Sewer Utility System of the Town was transferred to the City of Raleigh effective July 1, 2005. Under the terms of the agreement, Raleigh assumed full responsibility for the provision of water and sewer services in Wake Forest, including responsibility for Wake Forest’s water and sewer utility systems and related equipment and property rights. Upon the transfer, Raleigh assumed immediate and sole duty and responsibility for financing, operating, maintaining, improving and expanding the water and sewer systems serving Wake Forest’s existing and future corporate limits and Urban Services Area. The Town transferred ownership of all facilities, property, land, equipment, financial assets, information and data subject to the agreement with Raleigh. The financial statements include a current account payable amount to the City of Raleigh of \$152,838 related to the merger.

Note 16—Note receivable

The Town entered into an agreement with the Wireless Research Center of North Carolina whereby the Town would advance loan funds to the Wireless Research Center up to \$975,000 for the purpose of economic development. The loan funds are for the purpose of covering operating expenses during the startup period. As of June 30, 2017, the Town had advanced funding in the amount of \$859,848. This loan agreement was modified in March 2016. Under the original terms of the loan, interest only payments began January 1, 2012 and continued on the first day of each calendar month thereafter until December 31, 2016 at such time the entire outstanding principal balance was due. The terms of the loan modification, interest at the rate of 2.5% per annum with the balance of the loan in December 2016 to convert to a 10 year balloon payment with a 20 year amortization. Accordingly, the amounts advanced at June 30, 2017 have been recorded as noncurrent assets in the government-wide financial statements.

TOWN OF WAKE FOREST, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

Note 17—Subsequent events

Subsequent to June 30, 2017 and prior to the issuance of these financial statements, the Town entered into an installment purchase agreement with BB&T Governmental Finance on September 19, 2017 in the amount of \$2,900,000 for improvements at Holding Park Pool. This is a ten year installment note with an interest rate of 2.85%. The Town has entered into a contract with Harrod Construction for said improvements.

Note 18—Change in Accounting Principles/Restatement

The town implemented Governmental Accounting Standards Board (GASB) No. Statement 73, Accounting and Financial Reporting for Pensions and Related Assets that are not within the scope of GASB Statement 68, Amendments to certain provisions of GASB Statements 67 and 68, in the fiscal year ending June 30, 2017. The implementation of the statement required the Town to record beginning total pension liability and the effects on net position of benefit payments and administrative expenses paid by the Town to the Law Enforcement Officers' Special Separation Allowance during the measurement period (fiscal year ending December 31, 2016). As a result, net position for the governmental activities decreased \$1,145,568.

TOWN OF WAKE FOREST, NORTH CAROLINA
SCHEDULE OF CHANGES IN TOTAL PENSION OBLIGATION
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
 June 30, 2017

	2017
Beginning balance @ 12.31.2015	\$ 2,173,245
Service cost	129,868
Interest on the total pension obligation	77,503
Changes of benefit terms	-
Differences between expected and actual experience in the measurement of the total pension obligation	-
Changes of assumptions or other inputs	(68,232)
Benefit payments	(4,590)
Other changes	-
Ending balances of the total pension obligation	<u>\$ 2,307,794</u>

*The amounts presented for each fiscal year were determined as of the prior fiscal year ending December, 31.

*This is the first year of reporting in this format. This report will eventually report multiple years of information.

TOWN OF WAKE FOREST, NORTH CAROLINA
SCHEDULE OF TOTAL PENSION OBLIGATION AS A PERCENTAGE
OF COVERED PAYROLL
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
June 30, 2017

	<u>2017</u>
Total pension obligation	\$ 2,307,794
Covered payroll	4,591,100
Total pension obligation as a percentage of covered payroll	50.27%

Notes to the schedules:

*The Town of Wake Forest has no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 73 to pay related benefits.

*This is the first year of reporting in this format. This report will eventually report multiple years of information.

TOWN OF WAKE FOREST, NORTH CAROLINA
RETIREMENT HEALTH CARE PLAN
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF FUNDING PROGRESS

*FIVE YEARS ENDED DECEMBER 31, 2017**

Actual Valuation Date December 31	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
2011	\$ -	\$ 9,402,161	\$9,402,161	0.00%	\$10,771,362	87.29%
2012	-	9,504,056	9,504,056	0.00%	11,159,640	85.16%
2013	-	10,291,047	10,291,047	0.00%	11,932,156	86.25%
2014	-	11,855,181	11,855,181	0.00%	11,768,783	100.73%
2015	-	13,684,549	13,684,549	0.00%	12,125,728	112.86%

*Based on the ARC from the December 31, 2015 actuarial valuation report. There were no changes to the plan, benefit structure or population covered that would require an updated actuarial valuation ARC to be used.

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

FIVE YEARS ENDED JUNE 30, 2017

<u>Year Ended</u> <u>June 30</u>	<u>Annual Required</u> <u>Contribution</u>	<u>Percentage</u> <u>Contributed</u>
2013	\$ 991,006	16.03%
2014	980,909	15.16%
2015	1,049,970	20.15%
2016	1,187,855	16.83%
2017	1,396,891	15.91%

Notes to the Required Schedules:

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

Valuation date	December 31, 2015
Actuarial cost method	Projected Unit Credit
Amortization method	Level Percent of Pay, Open
Remaining amortization period	30 years
Amortization factor	26.1695
Asset valuation method	Market Value of Assets
Actuarial assumptions:	
Investment rate of return	4.00%
Medical Cost Trend Rate	
Pre-Medicare cost trend rate	7.75 - 5.00%
Post-Medicare cost trend rate	5.75 - 5.00%
Year of Ultimate Trend Rate	2022
Includes inflation at	3.00%

TOWN OF WAKE FOREST, NORTH CAROLINA

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

LAST FOUR FISCAL YEARS

Local Government Employees' Retirement System

	2017	2016	2015	2014
Wake Forest's proportion of the net pension obligation (asset) (%)	0.2282%	0.2321%	0.2308%	0.2236%
Wake Forest's proportion of the net pension obligation (asset) (\$)	\$ 4,844,017	\$ 1,041,516	\$ (1,361,016)	\$ 2,695,239
Wake Forest's covered-employee payroll	\$ 12,125,728	\$11,768,783	\$11,932,156	\$ 11,159,640
Wake Forest's proportionate share of the net pension obligation (asset) as a percentage of its covered-employee payroll	39.95%	8.85%	-11.41%	24.15%
Plan fiduciary net position as a percentage of the total pension obligation (2)	91.47%	98.09%	102.64%	94.35%

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

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

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

LAST FOUR FISCAL YEARS

Local Government Employees' Retirement System

	2017	2016	2015	2014
Contractually required contribution	\$ 1,004,600	\$ 878,135	\$ 897,824	\$ 869,753
Contributions in relation to the contractually required contribution	1,004,600	878,135	897,824	869,753
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Wake Forest's covered-employee payroll	\$12,545,629	\$12,125,728	\$11,768,783	\$11,932,156
Contributions as a percentage of covered-employee payroll	8.01%	7.24%	7.63%	7.29%



TOWN *of*
WAKE FOREST

TOWN OF WAKE FOREST, NORTH CAROLINA

GENERAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2017

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016)

	2017		Variance Positive (Negative)	2016
	Budget	Actual		Actual
Revenues:				
Ad valorem taxes:				
Current year taxes	\$ 24,182,985	\$ 24,404,210	\$ 221,225	\$ 23,463,261
Prior years taxes	22,500	21,611	(889)	90,686
Penalties and interest	47,500	45,030	(2,470)	56,118
Total	24,252,985	24,470,851	217,866	23,610,065
Other taxes and licenses:				
Gross receipts tax on short-term rental property	65,495	70,711	5,216	64,894
Total	65,495	70,711	5,216	64,894
Unrestricted intergovernmental:				
Local option sales taxes	7,089,060	7,187,101	98,041	6,755,795
Beer and wine tax	156,850	156,017	(833)	146,483
Utility franchise tax				
Piped natural gas	64,125	79,329	15,204	81,371
Electricity	2,100,300	1,879,850	(220,450)	1,950,096
Telecommunications	113,400	108,395	(5,005)	110,161
Video Programming	388,500	411,584	23,084	399,189
Other unrestricted intergovernmental	22,500	23,156	656	21,683
Total	9,934,735	9,845,432	(89,303)	9,464,778
Restricted intergovernmental:				
Powell Bill allocation	852,300	852,302	2	836,028
County grants	75,680	75,676	(4)	75,676
State grants	-	-	-	(852)
Federal grants	-	-	-	(3,655)
Total	927,980	927,978	(2)	907,197
Permits and fees:				
Building permits	1,495,195	1,554,035	58,840	1,258,015
Fire inspection and prevention	23,500	24,358	858	21,314
Utility and street inspection fees	92,470	91,773	(697)	18,663
Vehicle licenses	417,750	452,948	35,198	423,335
Business registration fee	3,100	1,625	(1,475)	1,993
Other permits and fees	288,975	388,874	99,899	329,629
Total	2,320,990	2,513,613	192,623	2,052,949
Sales and services:				
Solid waste fees	157,500	152,995	(4,505)	149,647
Recreation fees	454,700	430,891	(23,809)	593,158
Cemetery	31,300	32,250	950	25,000
Other sales and services	101,300	95,349	(5,951)	102,366
Total	744,800	711,485	(33,315)	870,171

TOWN OF WAKE FOREST, NORTH CAROLINA

GENERAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2017

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016)

	2017		Variance Positive (Negative)	2016
	Budget	Actual		Actual
Miscellaneous:				
ABC revenue	\$ 164,655	\$ 181,489	\$ 16,834	\$ 164,896
Miscellaneous revenue*	528,380	649,799	121,419	571,622
Total	693,035	831,288	138,253	736,518
Investment earnings	87,125	88,026	901	45,076
Total revenues	39,027,145	39,459,384	432,239	37,751,648
Expenditures:				
General government:				
Governing body:				
Salaries and employee benefits	245,030	230,950	14,080	208,894
Professional services	298,190	298,189	1	347,739
Contributions	39,240	37,406	1,834	86,565
Operating expenditures	94,365	83,983	10,382	110,108
Total	676,825	650,528	26,297	753,306
Economic Development:				
Salaries and employee benefits	161,870	161,106	764	-
Professional services	39,200	39,138	62	-
Operating expenditures	30,045	29,647	398	-
Total	231,115	229,891	1,224	-
Administration:				
Salaries and employee benefits	280,085	245,944	34,141	376,396
Professional services	1,200	1,200	-	16,060
Operating expenditures	76,165	56,331	19,834	58,891
Total	357,450	303,475	53,975	451,347
Communications:				
Salaries and employee benefits	314,310	308,180	6,130	277,165
Operating expenditures	344,480	332,820	11,660	291,289
Total	658,790	641,000	17,790	568,454
Human Resources:				
Salaries and employee benefits	349,970	339,487	10,483	391,648
Professional services	13,800	7,150	6,650	2,488
Operating expenditures	187,240	174,582	12,658	120,187
Total	551,010	521,219	29,791	514,323
Downtown Development				
Salaries and employee benefits	113,210	111,368	1,842	89,854
Operating expenditures	152,505	143,479	9,026	125,004
Capital Outlay	-	-	-	25,730
Total	265,715	254,847	10,868	240,588

TOWN OF WAKE FOREST, NORTH CAROLINA

GENERAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2017

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016)

	2017		Variance Positive (Negative)	2016
	Budget	Actual		Actual
Finance:				
Salaries and employee benefits	\$ 757,180	\$ 747,086	\$ 10,094	\$ 760,790
Professional services	59,530	45,948	13,582	111,085
Operating expenditures	438,800	406,334	32,466	399,139
Capital outlay	16,500	16,500	-	8,160
Total	1,272,010	1,215,868	56,142	1,279,174
Management Information Systems:				
Salaries and employee benefits	559,305	555,291	4,014	506,527
Professional services	37,500	36,351.00	1,149	-
Operating expenditures	376,630	353,619	23,011	284,168
Capital outlay	132,500	129,186	3,314	273,791
Total	1,105,935	1,074,447	31,488	1,064,486
Inspections:				
Salaries and employee benefits	1,332,570	1,284,486	48,084	1,225,619
Operating expenditures	131,270	99,227	32,043	96,793
Capital outlay	50,685	50,670	15	30,246
Total	1,514,525	1,434,383	80,142	1,352,658
Planning:				
Salaries and employee benefits	804,040	733,025	71,015	733,050
Professional services	170,000	96,880	73,120	141,903
Operating expenditures	182,820	118,255	64,565	87,744
Total	1,156,860	948,160	208,700	962,697
Public buildings:				
Salaries and employee benefits	247,310	232,188	15,122	219,945
Professional services	-	-	-	35,503
Operating expenditures	1,433,290	1,175,364	257,926	1,263,695
Capital outlay	624,240	541,554	82,686	378,868
Total	2,304,840	1,949,106	355,734	1,898,011
Engineering:				
Salaries and employee benefits	693,510	690,088	3,422	674,620
Professional services	140,240	44,407	95,833	47,750
Operating expenditures	377,670	362,267	15,403	325,369
Contributions	10,000	10,000	-	10,000
Capital outlay	144,100	144,002	98	-
Total	1,365,520	1,250,764	114,756	1,057,739
Public Works Administration:				
Salaries and employee benefits	135,580	134,198	1,382	122,264
Operating expenditures	54,800	43,519	11,281	32,305
Total	190,380	177,717	12,663	154,569

TOWN OF WAKE FOREST, NORTH CAROLINA

GENERAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2017

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016)

	2017		Variance Positive (Negative)	2016
	Budget	Actual		Actual
Fleet Maintenance:				
Salaries and employee benefits	\$ 334,910	\$ 261,452	\$ 73,458	\$ 324,324
Operating expenditures	115,470	82,447	33,023	75,636
Capital outlay	14,000	8,662	5,338	53,807
Total	464,380	352,561	111,819	453,767
Total general government	12,115,355	11,003,966	1,111,389	10,751,119
Public safety:				
Police:				
Salaries and employee benefits	7,090,090	7,052,716	37,374	6,790,959
Operating expenditures	1,784,370	1,523,541	260,829	1,269,778
Capital outlay	809,900	751,301	58,599	554,479
Total	9,684,360	9,327,558	356,802	8,615,216
Fire:				
Contributions to:				
Fire Department	5,097,845	5,097,844	1	7,254,103
Hazmat	14,700	14,675	25	13,921
Total	5,112,545	5,112,519	26	7,268,024
Total public safety	14,796,905	14,440,077	356,828	15,883,240
Transportation:				
Streets:				
Salaries and employee benefits	1,101,345	1,021,319	80,026	975,595
Operating expenditures	1,082,535	988,031	94,504	1,007,235
Capital outlay	502,495	437,984	64,511	96,773
Total transportation	2,686,375	2,447,334	239,041	2,079,603
Environmental protection:				
Sanitation:				
Salaries and employee benefits	502,220	492,570	9,650	469,157
Contracted services	2,320,000	2,318,319	1,681	2,248,638
Operating expenditures	371,640	348,055	23,585	264,670
Capital outlay	176,000	175,991	9	416,926
Total environmental protection	3,369,860	3,334,935	34,925	3,399,391
Cultural and recreational:				
Parks and recreation:				
Salaries and employee benefits	1,621,705	1,579,916	41,789	1,518,297
Professional services	73,000	26,822	46,178	100
Operating expenditures	1,218,390	1,021,685	196,705	1,058,874
Capital outlay	729,490	491,075	238,415	5,680
Total cultural and recreational	3,642,585	3,119,498	523,087	2,582,951

TOWN OF WAKE FOREST, NORTH CAROLINA

GENERAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2017

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016)

	2017		Variance Positive (Negative)	2016
	Budget	Actual		Actual
Debt service:				
Bond principal	\$ 1,253,000	\$ 1,253,000	\$ -	\$ 1,215,000
Bond interest	415,120	410,917	4,203	538,038
Installment note principal	2,877,995	2,881,069	(3,074)	2,884,020
Installment note interest	218,000	212,440	5,560	257,952
Total debt service	4,764,115	4,757,426	6,689	4,895,010
Total expenditures	41,375,195	39,103,236	2,271,959	39,591,314
Revenues under expenditures	(2,348,050)	356,148	2,704,198	(1,839,666)
Other financing sources (uses):				
Transfers in (out):				
Downtown District Special Tax	88,500	64,668	(23,832)	60,654
Public Facilities Capital Project	(253,300)	(253,300)	-	-
Wake Forest Renaissance Centre	(276,620)	(276,620)	-	(137,902)
Holding Park Pool Renovations	(52,500)	(52,500)	-	-
Grant & Special Revenue Fund	(20,000)	(20,000)	-	(73,918)
General Capital Reserve	44,000	44,000	-	2,522,884
Parks & Recreation Capital Improvement	-	-	-	(10,400)
Cemetery Fund Capital Reserve	-	-	-	4,835
Street Improvements Fund	-	-	-	(59,656)
Greenways, Trails & Pedestrian Access	(173,025)	(173,025)	-	(46,500)
Recreation Capital Reserve	417,580	280,440	(137,140)	-
Insurance recovery - Shop Fire 2016*	630,000	627,952	(2,048)	-
Installment note issuance	1,023,170	1,023,170	-	871,700
Appropriated fund balance	920,245	-	(920,245)	-
Total other financing sources (uses)	2,348,050	1,264,785	(1,083,265)	3,131,697
Net change in fund balance	-	1,620,933	1,620,933	1,292,031
Debt refunding:				
Principal payments	-	-	-	(5,060,000)
Refunding bonds issued	-	-	-	5,125,057
	\$ -		\$ 1,620,933	
Fund balance - Beginning of year		13,829,026		12,471,941
Fund balance - End of year		\$ 15,449,959		\$ 13,829,029

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

FOR THE YEAR ENDED JUNE 30, 2017

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016)

	2017		Variance Positive (Negative)	2016
	Budget	Actual		Actual
Revenues:				
Ad valorem taxes	\$ 74,500	\$ 74,592	\$ (92)	\$ 71,843
Investment earnings	1,350	1,365	(15)	632
Total revenues	75,850	75,957	(107)	72,475
Other financings sources (uses):				
Transfers out:				
General Fund	75,850	64,668	11,182	60,654
Total other financing sources (uses):	75,850	64,668	11,182	60,654
Net change in fund balance	\$ -	11,289	\$ 11,289	11,821
Fund Balances:				
Beginning of year		255,346		243,525
End of year		\$ 266,635		\$ 255,346

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

FOR THE YEAR ENDED JUNE 30, 2017

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016)

	2017		Variance Positive (Negative)	2016
	Budget	Actual		Actual
Revenues:				
Donations	\$ 26,900	\$ 28,140	\$ 1,240	\$ 16,407
Forfeited currency				
Federal Asset Forfeiture	20,000	19,528	(472)	22,102
State Controlled Substances Tax	900	419	(481)	1,129
Investment earnings	1,000	1,446	446	699
Miscellaneous	-	-	-	5,990
Total revenues	48,800	49,533	733	46,327
Expenditures:				
Federal Asset Forfeiture	20,000	37,829	17,829	-
State Controlled Substances Tax	900	5,168	4,268	-
Miscellaneous	1,000	-	(1,000)	-
Donations	26,900	16,140	(10,760)	-
	48,800	59,137	10,337	-
Net change in fund balance	\$ -	(9,604)	\$ (9,604)	46,327
Fund Balances:				
Beginning of year		343,673		297,346
End of year		\$ 334,069		\$ 343,673
Project Reconciliation:				
Federal Asset Forfeiture		\$ 52,126		\$ 70,153
State Controlled Substances Tax		57,266		61,768
Miscellaneous Projects		95,261		94,803
Donations		129,416		116,949
		\$ 334,069		\$ 343,673

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

FOR THE YEAR ENDED JUNE 30, 2017

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016)

	2017		Variance Positive (Negative)	2016
	Budget	Actual		Actual
Revenues:				
Sales and services	\$ 120,500	\$ 88,682	\$ (31,818)	\$ 97,262
Donations	-	-	-	1,810
Miscellaneous	102,555	64,447	(38,108)	1,725
Events revenue	-	-	-	66,189
Total revenues	223,055	153,129	(69,926)	166,986
Expenditures:				
Personnel	276,620	259,575	(17,045)	137,903
Operating expenses	223,055	185,888	(37,167)	150,980
Capital Outlay	-	-	-	9,080
Total expenditures	499,675	445,463	(54,212)	297,963
Revenues over (under) expenditures	(276,620)	(292,334)	(15,714)	(130,977)
Other Financing Sources:				
Transfer in:				
General Fund	276,620	276,620	-	137,903
Total other financing sources	276,620	276,620	-	137,903
Net change in fund balance	\$ -	(15,714)	\$ (15,714)	6,926
Fund balances:				
Beginning of year		22,710		15,784
End of year		\$ 6,996		\$ 22,710

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

Schedule 5

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2017

	Project Authorization	Actual		Total to Date
		Prior Years	Current Year	
Revenues:				
Miscellaneous Revenue	\$ -	\$ -	\$ 17,900	\$ 17,900
Total revenues	-	-	17,900	17,900
Expenditures:				
Capital outlay:				
Professional services				
Northern Wake Senior Center Expansion	345,000	10,400	144,415	154,815
Joyner Park Development	875,000	-	283,628	283,628
Subtotal	1,220,000	10,400	428,043	438,443
Capital outlay-improvements				
Northern Wake Senior Center Expansion	2,800,000	-	311,187	311,187
Joyner Park Development	10,555,000	-	-	-
Subtotal	13,355,000	-	311,187	311,187
Total expenditures	14,575,000	10,400	739,230	749,630
Revenues under expenditures	(14,575,000)	(10,400)	(721,330)	(731,730)
Other financing sources:				
Bond Proceeds				
Northern Wake Senior Center Expansion	3,100,000	-	-	-
Joyner Park Development	11,100,000	-	-	-
Total Bond Proceeds	14,200,000	-	-	-
Transfer in - General Fund				
Northern Wake Senior Center Expansion	-	10,400	-	10,400
Joyner Park Development	125,000	-	-	-
Total Transfer In - General Fund	125,000	10,400	-	10,400
Transfer in - Capital Reserve				
Northern Wake Senior Center Expansion	45,000	-	-	-
Joyner Park Development	205,000	-	-	-
Total Transfer In - Capital Reserve	250,000	-	-	-
Total other financing sources	14,575,000	10,400	-	10,400
Net change in fund balance	\$ -	\$ -	(721,330)	\$ (721,330)
Fund balances:				
Beginning of Year			-	
End of Year			\$ (721,330)	

TOWN OF WAKE FOREST, NORTH CAROLINA

CAPITAL PROJECTS FUND

GREENWAY TRANSPORTATION PEDESTRIAN ACCESS

SCHEDULE OF REVENUES, EXPENDITURES, AND

CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2017

	Project Authorization	Actual		Total to Date
		Prior Years	Current Year	
Revenues:				
Federal grants				
Smith and Sanford Creek Greenway	\$ 3,337,785	\$ 507,530	\$ 2,907,478	\$ 3,415,008
Priority Pedestrian Corridors	1,457,000	238,276	131,321	369,597
Dunn Creek Greenway-Downtown Connector	665,440	78,444	440,267	518,711
Ligon Mill Road - Operational Improvements	2,028,000	104,678	-	104,678
Stadium Drive - Complete Streets	3,562,400	291,989	153,544	445,533
Smith Creek Greenway - Phase 2	513,580	-	-	-
Durham Road Operational Improvements	2,038,100	-	-	-
Sub-total federal grants	<u>13,602,305</u>	<u>1,220,917</u>	<u>3,632,610</u>	<u>4,853,527</u>
State grants				
Hedrick Property	289,665	-	4,400	4,400
Ailey Young Dam	582,105	-	-	-
Sub-total state grants	<u>871,770</u>	<u>-</u>	<u>4,400</u>	<u>4,400</u>
Wake County grants				
Smith Creek Greenway - Phase 2	941,000	-	-	-
Sub-total Wake County grants	<u>941,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Investment earnings				
Smith and Sanford Creek Greenway	-	2,041	5,133	7,174
Priority Pedestrian Corridors	-	989	2,150	3,139
Dunn Creek Greenway - Downtown Connector	-	267	587	854
Forestville Road Pedestrian Underpass	-	204	443	647
Greenway and Park Signage	-	1,072	2,405	3,477
Ligon Mill Road Operation Improvements	-	2,571	5,586	8,157
W. Oak Avenue Pedestrian Underpass	-	512	1,111	1,623
Burlington Mills Road Landscape	-	432	(466)	(34)
Dunn Creek Greenway - Boardwalk Rehab	-	1,192	1,960	3,152
Richland Creek Greenway	-	74	(138)	(64)
Traffic Signals - Franklin Street	-	242	-	242
Traffic Signals - Heritage Lake Road/Heritage Club	-	32	595	627
Wake Forest Reservoir	-	2,383	3,814	6,197
Hedrick Property	-	-	4,321	4,321
Smith Creek Stream Bank Repair	-	-	449	449
Miscellaneous Greenway - TBD	-	983	(983)	-
Sub-total investment earnings	<u>-</u>	<u>12,994</u>	<u>26,967</u>	<u>39,961</u>
Payment in Lieu of Taxes (PILOT)				
Ligon Mill Road Operation Improvements	128,000	128,314	-	128,314
Ligon Mill Road Pedestrian Underpass	73,000	-	73,000	73,000
Sub-total payment in lieu of taxes	<u>201,000</u>	<u>128,314</u>	<u>73,000</u>	<u>201,314</u>

TOWN OF WAKE FOREST, NORTH CAROLINA
 CAPITAL PROJECTS FUND
 GREENWAY TRANSPORTATION PEDESTRIAN ACCESS
 SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2017

	Project Authorization	Actual		Total to Date
		Prior Years	Current Year	
Miscellaneous Revenues				
Ligon Mill Additional Services	\$ -	\$ 551	\$ -	\$ 551
Ligon Mill Road Operation Improvements	-	3	-	3
Rogers Road Widening and Pedestrian Underpass	-	20,450	-	20,450
Hedrick Property	4,075	-	2,621	2,621
Ailey Young Dam	61,000	-	-	-
Other Miscellaneous	-	10	-	10
Sub-total miscellaneous revenues	65,075	21,014	2,621	23,635
Sales Tax Refund				
Smith and Sanford Creek Greenway	4,150	-	-	-
Sub-total sales tax refund	4,150	-	-	-
Total revenues	15,685,300	1,383,239	3,739,598	5,122,837
Expenditures:				
Capital outlay:				
Smith Creek/Sanford Creek Greenway	6,054,935	651,420	3,907,522	4,558,942
Other improvements:				
Priority Pedestrian Corridors	1,822,000	305,915	153,169	459,084
Dunn Creek Greenway - Downtown Connector	1,491,500	100,289	600,083	700,372
Stadium Drive Complete Streets	4,495,620	466,881	218,392	685,273
Forestville Road Pedestrian Underpass	349,000	349,187	-	349,187
Greenway and Park Signage	514,625	104,283	11,810	116,093
Ligon Mill Road Operational Improvement	3,252,555	290,504	494,482	784,986
W. Oak Avenue Pedestrian Underpass	168,000	4,171	188,528	192,699
Burlington Mills Road Landscape	86,500	85,114	1,352	86,466
Dunn Creek Greenway - Boardwalk Rehab	312,000	39,840	12,267	52,107
Richland Creek Greenway	28,600	28,537	-	28,537
Richland Creek Stream Repair	100,000	-	9,242	9,242
Traffic Signals - Franklin Street	52,500	52,235	-	52,235
Traffic Signals - Heritage Club	37,500	-	-	-
Wake Forest Reservoir	500,000	165,878	90,635	256,513
Hedrick Property	595,515	-	14,010	14,010
Ailey Young Dam	643,105	-	-	-
Smith Creek Stream Bank Repair	200,000	-	5,457	5,457
Ailey Young Park Improvements	-	-	56,428	56,428
Dunn Creek Greenway - Phase 3	392,000	-	250,248	250,248
Dunn Creek Greenway - Phase 4	406,000	-	-	-
Smith Creek Greenway - Phase 2	1,969,580	-	189,303	189,303
Harris Round Roundabout	255,000	-	146,742	146,742
Ligon Mill Road Underpass	73,000	-	15,000	15,000
Rogers Road Widening and Underpass	1,470,000	-	1,649,987	1,649,987
Durham Road Operational Improvements	2,838,100	-	90,245	90,245
Miscellaneous Sidewalks and Streets - TBD	1,641,000	-	-	-
Other Miscellaneous	-	45,604	-	45,604
Sub-total other improvements	23,693,700	2,038,438	4,197,380	6,235,818
Total expenditures	29,748,635	2,689,858	8,104,902	10,794,760

TOWN OF WAKE FOREST, NORTH CAROLINA
CAPITAL PROJECTS FUND
GREENWAY TRANSPORTATION PEDESTRIAN ACCESS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2017

	Project Authorization	Actual		Total to Date
		Prior Years	Current Year	
Revenues under expenditures	\$ (14,063,335)	\$ (1,306,619)	\$ (4,365,304)	\$ (5,671,923)
Other financing sources:				
Transfers in:				
General Capital Reserve Fund				
Smith and Sanford Creek Greenway	700,000	-	-	-
Dunn Creek Greenway - Downtown Connector	300,000	-	-	-
Ligon Mill Road Operational Improvements	39,555	33,869	-	33,869
Forestville Road - Pedestrian Underpass	282,000	-	281,539	281,539
Stadium Drive Complete Streets	51,915	-	-	-
Sub-total General Capital Reserve Fund	<u>1,373,470</u>	<u>33,869</u>	<u>281,539</u>	<u>315,408</u>
General Fund				
Smith and Sanford Creek Greenway	1,028,000	46,500	-	46,500
Priority Pedestrian Corridors	40,000	-	-	-
W. Oak Avenue Pedestrian Underpass	-	-	3,957	3,957
Dunn Creek Greenway - Downtown Connector	5,560	-	-	-
Greenway and Park Signage	50,000	50,000	-	50,000
Ligon Mill Road Operational Improvements	13,000	-	-	-
Stadium Drive Complete Streets	441,305	-	81,601	81,601
Dunn Creek Greenway - Boardwalk Rehab	112,000	-	-	-
Hedrick Property	-	-	16,440	16,440
Richland Creek Stream Repair	100,000	-	25,424	25,424
Other Miscellaneous	-	-	45,603	45,603
Sub-total General Fund	<u>1,789,865</u>	<u>96,500</u>	<u>173,025</u>	<u>269,525</u>
Bond Proceeds				
Smith and Sanford Creek Greenway	985,000	688,455	296,545	985,000
Priority Pedestrian Corridors	325,000	326,639	(1,639)	325,000
Dunn Creek Greenway - Downtown Connector	520,500	102,954	546	103,500
Forestville Road - Pedestrian Underpass	67,000	67,338	(338)	67,000
Greenway and Park Signage	464,625	361,816	69,334	431,150
Ligon Mill Road - Operational Improvements	1,044,000	849,261	(5,261)	844,000
W. Oak Avenue - Pedestrian Underpass	168,000	168,847	18,273	187,120
Dunn Creek Greenway - Boardwalk Rehab	200,000	402,017	(202,017)	200,000
Traffic Signals - Franklin Street	52,500	51,993	-	51,993
Traffic Signals - Heritage Lake Road/Heritage Club	37,500	38,461	534	38,995
Wake Forest Reservoir	500,000	804,033	(302,306)	501,727
Richland Creek Greenway	28,600	28,536	64	28,600
Burlington Mills Road Landscape	86,500	128,964	(42,464)	86,500
Stadium Drive Complete Streets	440,000	-	-	-
Hedrick Property	301,775	-	301,775	301,775
Smith Creek Stream Bank Repair	200,000	-	200,000	200,000
Dunn Creek Greenway - Phase 3	392,000	-	-	-
Dunn Creek Greenway - Phase 4	406,000	-	-	-
Smith Creek Greenway - Phase 2	515,000	-	-	-

TOWN OF WAKE FOREST, NORTH CAROLINA
CAPITAL PROJECTS FUND
GREENWAY TRANSPORTATION PEDESTRIAN ACCESS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2017

	Project Authorization	Actual		Total to Date
		Prior Years	Current Year	
Harris Road Roundabout	\$ 255,000	\$ -	\$ -	\$ -
Rogers Road Widening and Underpass	1,470,000	-	-	-
Durham Road Operational Improvements	800,000	-	-	-
Miscellaneous Sidewalks and Streets - TBD	1,641,000	-	-	-
Miscellaneous Greenway - TBD	-	333,046	(333,046)	-
Sub-total Bonds Proceeds	10,900,000	4,352,360	-	4,352,360
Total other financing sources	14,063,335	4,482,729	454,564	4,937,293
Net change in fund balance	\$ -	\$ 3,176,110	(3,910,740)	\$ (734,630)
Fund balances:				
Beginning of year			3,176,110	
End of year			\$ (734,630)	

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

JUNE 30, 2017

	Capital Project Funds				Total Capital Projects Funds	Special Revenue Fund		Total Special Revenue Funds	Total Nonmajor Governmental Funds	
	Recreation Capital Reserve	Cemetery Capital Reserve	Public Facilities Projects	Holding Park Pool Project		General Capital Reserve	Futures Fund			Grants and Special Revenue Funds
Assets										
Cash and cash equivalents	\$ 1,630,042	\$ 69,699	\$ 65,827	\$ 41,204	\$ 1,688,469	\$ 3,495,241	\$ 1,082,750	\$ -	\$ 1,082,750	\$ 4,577,991
Restricted cash and cash equivalents	-	-	-	-	-	-	-	5,968	5,968	5,968
Accounts receivable	-	-	42,835	-	40,000	82,835	-	103,301	103,301	186,136
Total assets	<u>\$ 1,630,042</u>	<u>\$ 69,699</u>	<u>\$ 108,662</u>	<u>\$ 41,204</u>	<u>\$ 1,728,469</u>	<u>\$ 3,578,076</u>	<u>\$ 1,082,750</u>	<u>\$ 109,269</u>	<u>\$ 1,192,019</u>	<u>\$ 4,770,095</u>
Liabilities										
Accounts payable	\$ -	\$ -	\$ -	\$ 41,200	\$ -	\$ 41,200	\$ -	\$ -	\$ -	\$ 41,200
Due to other funds	-	-	-	-	-	-	-	-	-	-
Total liabilities	-	-	-	41,200	-	41,200	-	-	-	41,200
Deferred inflows										
Grants	-	-	-	-	-	-	-	114,366	114,366	114,366
Fund balances:										
Restricted:										
Parks & Recreation	-	-	173,751	4	-	173,755	-	-	-	173,755
Committed:										
Economic development	-	-	-	-	-	-	1,082,750	-	1,082,750	1,082,750
Assigned:										
Subsequent years expenditures	-	-	-	-	1,728,469	1,728,469	-	-	-	1,728,469
Recreation improvements	1,630,042	-	-	-	-	1,630,042	-	-	-	1,630,042
Cemetery improvements	-	69,699	-	-	-	69,699	-	-	-	69,699
Unassigned:	-	-	(65,089)	-	-	(65,089)	-	(5,097)	(5,097)	(70,186)
Total fund balances	<u>1,630,042</u>	<u>69,699</u>	<u>108,662</u>	<u>4</u>	<u>1,728,469</u>	<u>3,536,876</u>	<u>1,082,750</u>	<u>(5,097)</u>	<u>1,077,653</u>	<u>4,614,529</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 1,630,042</u>	<u>\$ 69,699</u>	<u>\$ 108,662</u>	<u>\$ 41,204</u>	<u>\$ 1,728,469</u>	<u>\$ 3,578,076</u>	<u>\$ 1,082,750</u>	<u>\$ 109,269</u>	<u>\$ 1,192,019</u>	<u>\$ 4,770,095</u>

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

FOR THE YEAR ENDED JUNE 30, 2017

	Capital Project Funds					Total Capital Projects Funds	Special Revenue Funds		Total Grants and Special Revenue Funds	Total Nonmajor Governmental Funds
	Recreation Capital Reserve	Cemetery Capital Reserve	Public Facilities Projects	Holding Park Pool Project	General Capital Reserve		Futures Fund	Grants and Special Revenue Funds		
Revenues:										
Investment earnings	\$ 6,793	\$ 327	\$ -	\$ -	\$ 10,184	\$ 17,304	\$ 52,250	\$ -	\$ 52,250	\$ 69,554
Federal grant	-	-	-	-	-	-	-	5,681	5,681	5,681
State grant	-	-	-	-	-	-	-	30,474	30,474	30,474
Impact fees	761,718	-	-	-	461,991	1,223,709	-	-	-	1,223,709
Payment in lieu	-	-	-	-	56,211	56,211	-	-	-	56,211
Greenway fees	-	-	-	-	1,086	1,086	-	-	-	1,086
Miscellaneous	-	-	52,834	-	-	52,834	-	102,113	102,113	154,947
Total revenues	768,511	327	52,834	-	529,472	1,351,144	52,250	138,268	190,518	1,541,662
Expenditures:										
Professional services	-	-	55,500	294,381	-	349,881	-	-	-	349,881
Operating expenses	-	-	-	-	-	-	-	35,481	35,481	35,481
Capital outlay	-	-	141,972	-	-	141,972	-	145,009	145,009	286,981
Total expenditures	-	-	197,472	294,381	-	491,853	-	180,490	180,490	672,343
Revenues over (under) expenditures	768,511	327	(144,638)	(294,381)	529,472	859,291	52,250	(42,222)	10,028	869,319
Other financing sources (uses):										
Transfers in	-	-	253,300	294,385	-	547,685	-	25,383	25,383	573,068
Transfers out	(803,864)	-	-	-	(44,000)	(847,864)	-	-	-	(847,864)
Net change in fund balances	(35,353)	327	108,662	4	485,472	559,112	52,250	(16,839)	35,411	594,523
Fund balances:										
Beginning of year	1,665,395	69,372	-	-	1,242,997	2,977,764	1,030,500	11,742	1,042,242	4,020,006
End of year	\$ 1,630,042	\$ 69,699	\$ 108,662	\$ 4	\$ 1,728,469	\$ 3,536,876	\$ 1,082,750	\$ (5,097)	\$ 1,077,653	\$ 4,614,529

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

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2017

	Project Authorization	Actual			Total to Date
		Prior Years	Current Year	Closed Projects	
Revenues:					
Payments in lieu	\$ -	\$ 318,211	\$ -	\$ (318,211)	\$ -
Impact fees	3,489,600	4,373,838	761,718	(2,708,444)	2,427,112
Investment earnings	150,000	328,465	6,793	(328,464)	6,794
Miscellaneous	1,000	932	-	(932)	-
Donations	-	30,973	-	(30,973)	-
Total revenues	<u>3,640,600</u>	<u>5,052,419</u>	<u>768,511</u>	<u>(3,387,024)</u>	<u>2,433,906</u>
Other financing sources (uses):					
Transfers in (out):					
General Fund	250,000	525,578	-	(525,578)	-
General Fund	(252,600)	(641,790)	(280,440)	641,790	(280,440)
Capital Project Fund	<u>(3,638,000)</u>	<u>(3,270,812)</u>	<u>(523,424)</u>	<u>3,270,812</u>	<u>(523,424)</u>
Total financing sources (uses)	<u>(3,640,600)</u>	<u>(3,387,024)</u>	<u>(803,864)</u>	<u>3,387,024</u>	<u>(803,864)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 1,665,395</u>	<u>(35,353)</u>	<u>\$ -</u>	<u>\$ 1,630,042</u>
Fund balances:					
Beginning of year			<u>1,665,395</u>		
End of year			<u>\$ 1,630,042</u>		

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

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2017

	Project Authorization	Actual			Total to Date
		Prior Years	Current Year	Closed Projects	
Revenues:					
Donations	\$ 150,000	\$ 143,490	\$ -	\$ (74,118)	\$ 69,372
Investment earnings	115,000	112,219	327	(112,219)	327
Miscellaneous	-	9	-	(9)	-
Total revenues	<u>265,000</u>	<u>255,718</u>	<u>327</u>	<u>(186,346)</u>	<u>69,699</u>
Other financing uses					
Transfer out:					
General Fund	<u>(265,000)</u>	<u>(186,346)</u>	<u>-</u>	<u>186,346</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 69,372</u>	<u>327</u>	<u>\$ -</u>	<u>\$ 69,699</u>
Fund balances:					
Beginning of year			<u>69,372</u>		
End of year			<u>\$ 69,699</u>		

TOWN OF WAKE FOREST, NORTH CAROLINA
CAPITAL PROJECTS FUND
HOLDING PARK POOL RENOVATIONS - PHASE 2
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2017

	Project Authorization	Actual		Total to Date
		Prior Years	Current Year	
Revenues:				
Total revenues	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Capital outlay:				
Professional services	320,000	-	294,381	294,381
Capital outlay-improvements	2,500,000	-	-	-
Total expenditures	2,820,000	-	294,381	294,381
Revenues under expenditures	(2,820,000)	-	(294,381)	(294,381)
Other financing sources:				
Installment note issuance	2,500,000	-	-	-
Transfer in - Capital Reserve	220,000	-	241,885	241,885
Transfer in - General Fund	100,000	-	52,500	52,500
Total other financing sources	2,820,000	-	294,385	294,385
Net change in fund balance	\$ -	\$ -	4	\$ 4
Fund balances:				
Beginning of Year			-	
End of Year			\$ 4	

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

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2017

	Project Authorization	Actual			Total to Date
		Prior Years	Current Year	Closed Projects	
Revenues:					
Payments in lieu	\$ 803,220	\$ 780,554	\$ 56,211	\$ -	\$ 836,765
Greenway fees	20,690	19,606	1,086	-	20,692
Fire Impact Fees	935,000	3,527,172	461,991	(3,237,952)	751,211
Investment earnings	160,000	161,751	10,184	(116,927)	55,008
Donations	205,000	204,930	-	(182,698)	22,232
Development proceeds	86,560	86,560	-	-	86,560
Total revenues	2,210,470	4,780,573	529,472	(3,537,577)	1,772,468
Other financing sources (uses):					
Transfers in (out):					
General Fund	-	11,715	-	(11,715)	-
General Fund					
Fire Department	(2,210,470)	(3,237,951)	(44,000)	3,237,952	(43,999)
Other	-	(311,340)	-	311,340	-
Capital Projects Fund	-	-	-	-	-
Total other financing sources (uses)	(2,210,470)	(3,537,576)	(44,000)	3,537,577	(43,999)
Net change in fund balance	\$ -	\$ 1,242,997	485,472	\$ -	\$ 1,728,469
Fund balances:					
Beginning of year			1,242,997		
End of year			\$ 1,728,469		

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

Schedule 13

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2017

	Project Authorization	Actual		Total to Date
		Prior Years	Current Year	
Revenues:				
Restricted Intergovernmental:				
Renaissance Centre Renovations	\$ 348,530	\$ -	\$ 42,834	\$ 42,834
Other Revenue:				
Ailey Young Home Improvements	-	-	10,000	10,000
Total revenues	348,530	-	52,834	52,834
Expenditures:				
Capital outlay:				
Professional services				
Operations Center Expansion	200,000	-	55,500	55,500
Subtotal	200,000	-	55,500	55,500
Capital outlay-improvements				
Ailey Young Home Improvements	-	-	19,589	19,589
Renaissance Centre Renovations	995,800	-	122,383	122,383
Subtotal	995,800	-	141,972	141,972
Total expenditures	1,195,800	-	197,472	197,472
Revenues under expenditures	(847,270)	-	(144,638)	(144,638)
Other financing sources:				
Transfer in - General Fund				
Renaissance Centre Renovations	647,270	-	253,300	253,300
Total Transfer In - General Fund	647,270	-	253,300	253,300
Transfer in - Capital Reserve				
Operations Center Expansion	200,000	-	-	-
Total Transfer In - Capital Reserve	200,000	-	-	-
Total other financing sources	847,270	-	253,300	253,300
Net change in fund balance	\$ -	\$ -	108,662	\$ 108,662
Fund balances:				
Beginning of Year			-	
End of Year			\$ 108,662	

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

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2017

	Project Authorization	Actual		Total to Date
		Prior Years	Current Year	
Revenues:				
Restricted Intergovernmental:				
Federal Grants				
Police Department	\$ 23,115	\$ 7,861	\$ 5,680	\$ 13,541
State Grants				
Downtown Development	144,340		29,974	29,974
Planning	9,000	4,000	500	4,500
Total Restricted Intergovernmental	176,455	11,861	36,154	48,015
Miscellaneous Revenues:				
Park, Recreation and Cultural Resources	97,275	1,741	97,119	98,860
Donations:				
Planning Department	-	10,000	(10,000)	-
Park, Recreation and Cultural Resources	12,500	2,500	2,000	4,500
Renaissance Centre	5,000	-	5,000	5,000
Total Donations	17,500	12,500	(3,000)	9,500
Other Revenues:				
Park, Recreation and Cultural Resources	240,493	-	7,994	7,994
Total revenues	531,723	26,102	138,267	164,369
Expenditures:				
Operations:				
Police Department	46,230	15,721	11,063	26,784
Planning Department	24,250	6,885	960	7,845
Park, Recreation and Cultural Resources	345,268	-	18,457	18,457
Renaissance Centre	5,000	-	5,000	5,000
Subtotal - Operations	420,748	22,606	35,480	58,086
Capital Outlay:				
Downtown Development	144,340	-	29,974	29,974
Park, Recreation and Cultural Resources	86,000	65,672	115,035	180,707
Subtotal - Capital Outlay	230,340	65,672	145,009	210,681
Total expenditures	651,088	88,278	180,489	268,767
Revenues under expenditures	(119,365)	(62,176)	(42,222)	(104,398)
Other financing sources:				

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

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2017

	Project Authorization	Actual		Total to Date
		Prior Years	Current Year	
Transfer in - General Fund				
Police Department	23,115	7,861	5,383	13,244
Planning Department	5,250	2,885	-	2,885
Park, Recreation and Cultural Resources	91,000	63,172	20,000	83,172
Total Transfer In - General Fund	<u>119,365</u>	<u>73,918</u>	<u>25,383</u>	<u>99,301</u>
Capital Contributions	-	-	-	-
Total other financing sources	<u>119,365</u>	<u>73,918</u>	<u>25,383</u>	<u>99,301</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 11,742</u>	<u>(16,839)</u>	<u>\$ (5,097)</u>
Fund balances:				
Beginning of Year			<u>11,742</u>	
End of Year			<u>\$ (5,097)</u>	

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

FOR THE YEAR ENDED JUNE 30, 2017

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016)

	2017		Variance Positive (Negative)	2016
	Budget	Actual		Actual
Revenues:				
Investment earnings	\$ 57,000	\$ 52,250	\$ (4,750)	\$ 83,650
Expenditures:				
Professional services	57,000	-	57,000	-
Total expenditures	57,000	-	57,000	-
Revenues over (under) expenditures	\$ -	52,250	\$ 52,250	83,650
Fund balances:				
Beginning of year		1,030,500		946,850
End of year		\$ 1,082,750		\$ 1,030,500

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

FOR THE YEAR ENDED JUNE 30, 2017

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016)

	2017		Variance Positive (Negative)	2016
	Budget	Actual		Actual
Revenues:				
Operating revenues:				
Charges for services	\$19,053,995	\$18,521,682	\$ (532,313)	\$ 18,517,223
Other operating revenues				
Sales tax	1,332,765	1,306,516	(26,249)	1,311,558
Reconnect charges	125,000	120,652	(4,348)	117,292
Miscellaneous	202,000	212,176	10,176	81,476
Total operating revenues	20,713,760	20,161,026	(552,734)	20,027,549
Nonoperating revenues:				
Investment earnings	16,900	17,189	289	7,346
Sale of assets	35,000	43,416	8,416	20,694
Total nonoperating revenues	51,900	60,605	8,705	28,040
Total revenues	20,765,660	20,221,631	(544,029)	20,055,589
Expenditures:				
Electric operations:				
Salaries and employee benefits	2,946,255	2,838,398	107,857	2,635,578
Power purchases for resale	12,062,110	12,060,954	1,156	11,524,092
Utility sales tax	2,067,000	2,009,211	57,789	2,023,172
Repairs and maintenance	234,650	215,380	19,270	166,473
Other operating expenditures	972,280	952,087	20,193	667,771
Total electric operations	18,282,295	18,076,030	206,265	17,017,086
Debt service:				
Principal retirement	450,660	450,630	30	437,650
Interest and fees	72,015	72,034	(19)	89,688
Total debt service	522,675	522,664	11	527,338
Capital outlay	1,885,690	1,765,632	120,058	1,125,164
Total expenditures	20,690,660	20,364,326	326,334	18,669,588
Revenues over expenditures	75,000	(142,695)	217,695	1,386,001

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

FOR THE YEAR ENDED JUNE 30, 2017

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016)

	2017		Variance Positive (Negative)	2016
	Budget	Actual		Actual
Other financing sources (uses):				
Transfer in (out):				
Electric capital reserve fund	\$ (75,000)	\$ -	\$ (75,000)	\$ (31,500)
Substation and street lighting capital project fund			-	(248,633)
Total other financing sources (uses)	(75,000)	-	(75,000)	(280,133)
Revenues over expenditures and other financing uses	\$ -	(142,695)	\$ 142,695	1,105,868
Reconciliation from budgetary basis (modified accrual) to full accrual:				
Reconciling items:				
Depreciation		(1,091,847)		(1,030,270)
Capital outlay		1,765,632		1,125,164
Capitalized interest		-		36,935
Interfund transfers		-		280,133
Principal retirement		450,630		437,650
Increase/(Decrease) in inventory		(1,153)		62,854
Increase/(Decrease) in accrued interest		4,347		4,208
Decrease in accrued vacation pay		(3,656)		12,272
Increase in pension expense		(189,744)		(81,422)
Deferred outflows of resources for contributions made to pension plan in current fiscal year		86,406		79,215
Increase in accrued other postemployment benefits		(219,187)		(149,801)
Capital project funds:				
Investment earnings		1,629		836
Total reconciling items		803,057		777,774
Change in net position	\$	660,362	\$	1,883,642

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

FOR THE YEAR ENDED JUNE 30, 2017

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016)

	2017		Variance Positive (Negative)	2016
	Budget	Actual		Actual
Revenues:	\$ 2,636,500	\$ -	\$ (2,636,500)	\$ -
Expenditures:				
Debt service:				
Principal retirement	583,620	583,617	(3)	594,727
Interest and fees	14,190	14,187	(3)	30,071
Total debt service	597,810	597,804	(6)	624,798
Revenues over (under) expenditures	2,038,690	(597,804)	(2,636,494)	(624,798)
Other financing sources (uses):				
Transfers in (out):				
To City of Raleigh	(2,636,500)	-	2,636,500	-
From City of Raleigh	597,810	597,804	(6)	624,798
Total other financing sources (uses)	(2,038,690)	597,804	2,636,494	624,798
Revenues and other financing sources under expenditures and other financing uses	\$ -	\$ -	\$ -	\$ -
Reconciliation from budgetary basis (modified accrual) to full accrual:				
Reconciling items:				
Principal retirement		583,617		594,727
Decrease in accrued interest		2,280		2,310
Principal payments of note receivable from City of Raleigh		(583,617)		(594,727)
Total reconciling items		2,280		2,310
Change in net position		\$ 2,280		\$ 2,310

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

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2017

	Project Authorization	Actual			Total to Date
		Prior Years	Current Year	Closed Projects	
Revenues:					
Investment earnings	\$ 170,000	\$ 171,043	\$ 1,629	\$ (171,043)	\$ 1,629
Other financing sources (uses):					
Transfers in (out)					
Electric Fund	830,000	758,644	-	(357,152)	401,492
Capital Project Fund	-	(31,695)	-	31,695	-
Electric Fund	(1,000,000)	(496,500)	-	496,500	-
Total other financing sources (uses)	(170,000)	230,449	-	171,043	401,492
Revenues and other financing sources over other financing uses	\$ -	\$ 401,492	\$ 1,629	\$ -	\$ 403,121

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

JUNE 30, 2017

Fiscal Year	Uncollected Balance June 30, 2016	Additions	Collections And Credits	Uncollected Balance June 30, 2017
2016-2017	\$ -	\$ 24,578,867	\$ 24,544,133	\$ 34,734
2015-2016	37,709	-	22,129	15,580
2014-2015	15,317	-	6,709	8,608
2013-2014	19,969	-	7,049	12,920
2012-2013	16,029	-	2,366	13,663
2011-2012	20,005	-	1,425	18,580
2010-2011	17,396	-	309	17,087
2009-2010	(2,512)	-	237	(2,749)
2008-2009	19,041	-	258	18,783
2007-2008	15,933	-	(35)	15,968
2006-2007	12,839	-	12,839	-
	\$ 171,726	\$ 24,578,867	\$ 24,597,418	153,175
				Less allowance for uncollectible ad valorem tax receivable
				(73,212)
				Ad valorem taxes receivable - net
				\$ 79,963
				General Fund Taxes Receivable per the fund financial statements (Exhibit 3)
				\$ 161,840
				Less: Downtown Municipal Service District Taxes Receivable
				(29,159)
				Less: Vehicle License Fee Receivable
				(52,716)
				General Fund Ad Valorem Taxes Receivable
				\$ 79,964
				Revenue reconciliation:
				Ad valorem taxes - General Fund
			\$ 24,470,851	
				Add (deduct):
			Releases allowed	158,758
			Taxes written off	12,839
			Penalties and interest	(45,030)
			Total collections and credits	\$ 24,597,418

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

FOR THE YEAR ENDED JUNE 30, 2017

	Town - Wide		Total Levy		
	Property Valuation	Rate	Total Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current year's rate	\$ 4,721,878,056	0.52	\$ 24,553,766	\$ 22,447,919	\$ 2,105,846
Penalties	-		19,754	19,754	-
Total	4,721,878,056		24,573,520	22,467,673	2,105,846
Discoveries:					
Prior year taxes	-		102,203	101,973	230
Less: abatements	(18,626,154)	0.52	(96,856)	(81,727)	(15,129)
Total property valuation	<u>\$ 4,703,251,902</u>				
Net levy			24,578,867	22,487,919	2,090,947
Less: uncollected taxes at June 30, 2017			34,734	25,634	9,100
Current year's taxes collected			<u>\$ 24,544,133</u>	<u>\$ 22,462,285</u>	<u>\$ 2,081,847</u>
Current levy collection percentage			<u>99.86%</u>	<u>99.89%</u>	<u>99.56%</u>

TOWN OF WAKE FOREST, NORTH CAROLINA
GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS AND MATURITY SCHEDULE

JUNE 30, 2017

Fiscal Year	Governmental Funds	
	Principal	Principal and Interest
2017-2018	\$ 1,245,000	\$ 1,624,189
2018-2019	1,232,000	1,576,266
2019-2020	1,165,000	1,473,883
2020-2021	1,058,000	1,336,780
2021-2022	1,047,000	1,299,821
2022-2023	1,040,000	1,266,173
2023-2024	1,032,000	1,231,668
2024-2025	1,024,000	1,197,327
2025-2026	1,016,000	1,163,150
2026-2027	1,008,000	1,127,097
2027-2028	580,000	670,885
2028-2029	580,000	651,340
2029-2030	580,000	631,580
2031-2032	215,000	246,498
2032-2033	215,000	240,800
2033-2034	215,000	234,888
2034-2035	215,000	228,438
2035-2036	215,000	221,988
Total	<u>\$ 13,682,000</u>	<u>\$ 16,422,768</u>



TOWN *of*
WAKE FOREST

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

June 30, 2017

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Governmental activities				
Net investment in capital assets	\$ 87,439,825	\$ 109,374,788	\$ 110,101,600	\$ 112,448,969
Restricted for:				
Stabilization by State Statute	-	-	-	5,424,734
Inspections (HB 255)	-	-	-	-
Downtown District	-	-	-	-
Public Safety	-	-	-	-
Street and sidewalk improvements	261,802	185,777	-	-
Equipment and vehicles	-	-	-	-
Holding park pool renovations	-	-	-	-
Greenways	-	-	-	-
Cultural and Recreation	-	-	-	-
Unrestricted	<u>18,522,494</u>	<u>12,613,374</u>	<u>12,534,616</u>	<u>4,887,874</u>
Subtotal governmental activities net position	<u>106,224,121</u>	<u>122,173,939</u>	<u>122,636,216</u>	<u>122,761,577</u>
Business-type activities				
Net investment in capital assets	12,711,174	13,606,123	13,938,763	14,324,918
Unrestricted	<u>1,017,401</u>	<u>680,804</u>	<u>1,801,040</u>	<u>2,591,519</u>
Subtotal business-type activities net position	<u>13,728,575</u>	<u>14,286,927</u>	<u>15,739,803</u>	<u>16,916,437</u>
Primary Government				
Net investment in capital assets	100,150,999	122,980,911	124,040,363	126,773,887
Restricted for:				
Stabilization by State Statute	-	-	-	5,424,734
Inspections (HB 225)	-	-	-	-
Downtown District	-	-	-	-
Public Safety	-	-	-	-
Street improvements	261,802	185,777	-	-
Holding Park Pool Renovations	-	-	-	-
Equipment and vehicles	-	-	-	-
Greenways	-	-	-	-
Cultural and Recreation	-	-	-	-
Unrestricted	<u>19,539,895</u>	<u>13,294,178</u>	<u>14,335,656</u>	<u>7,479,393</u>
Total primary government net position	<u>\$ 119,952,696</u>	<u>\$ 136,460,866</u>	<u>\$ 138,376,019</u>	<u>\$ 139,678,014</u>

Table 1

2012	2013	2014	2015	2016	2017
\$ 112,059,645	\$ 115,919,685	\$ 120,837,511	\$ 131,248,516	\$ 144,053,526	\$ 161,330,230
3,753,434	2,757,473	4,111,501	3,721,637	3,617,882	4,208,575
-	-	-	-	-	163,450
222,608	224,269	236,256	243,525	255,346	266,635
208,258	267,904	267,986	297,346	343,673	334,069
-	-	478,867	1,481,070	954,214	1,983,593
-	-	-	224,833	969,307	-
-	-	26,373	-	-	-
-	-	-	2,330,480	2,221,896	469,387
-	-	-	-	11,742	173,755
6,352,719	8,353,849	5,087,465	7,157,318	1,568,337	(993,658)
122,596,664	127,523,180	131,045,959	146,704,725	153,995,923	167,936,036
13,998,797	14,129,141	12,716,267	13,789,268	15,786,945	16,911,360
3,053,159	3,465,391	5,069,470	3,909,794	3,798,069	3,336,296
17,051,956	17,594,532	17,785,737	17,699,062	19,585,014	20,247,656
126,058,442	130,048,826	133,553,778	145,037,784	159,840,471	178,241,590
3,753,434	2,757,473	4,111,501	3,721,637	3,617,882	4,208,575
-	-	-	-	-	163,450
222,608	224,269	236,256	243,525	255,346	266,635
208,258	267,904	267,986	297,346	343,673	334,069
-	-	478,867	1,481,070	954,214	1,983,593
-	-	26,373	-	-	-
-	-	-	224,833	969,307	-
-	-	-	2,330,480	2,221,896	469,387
-	-	-	-	11,742	173,755
9,405,878	11,819,240	10,156,935	11,067,112	5,366,406	2,342,638
\$ 139,648,620	\$ 145,117,712	\$ 148,831,696	\$ 164,403,787	\$ 173,580,937	\$ 188,183,692

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

June 30, 2017

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Expenses				
Governmental activities:				
General Government	\$ 7,613,303	\$ 8,618,506	\$ 8,682,965	\$ 9,814,820
Public Safety	7,445,480	9,447,725	10,253,680	10,478,094
Transportation	2,795,746	3,604,053	4,299,079	4,370,908
Environmental Protection	1,976,526	2,272,165	2,397,576	2,520,645
Cultural and Recreational	1,519,941	1,798,042	2,024,989	2,502,178
Interest on long-term debt	489,404	784,454	902,986	909,477
Subtotal governmental activities expense	<u>21,840,400</u>	<u>26,524,945</u>	<u>28,561,275</u>	<u>30,596,122</u>
Business-type activities:				
Water and sewer	34,441	195,625	170,850	147,731
Electric	14,228,087	16,048,282	16,097,214	17,327,845
Subtotal business-type activities expenses	<u>14,262,528</u>	<u>16,243,907</u>	<u>16,268,064</u>	<u>17,475,576</u>
Total primary government expenses	<u>36,102,928</u>	<u>42,768,852</u>	<u>44,829,339</u>	<u>48,071,698</u>
Program Revenues				
Governmental activities:				
Charges for Services				
General Governmental	1,825,345	1,071,361	1,101,020	1,206,061
Public Safety	181,975	376,472	417,136	298,319
Transportation	28,311	70,698	52,628	73,665
Environmental Protection	1,566,112	256,014	266,524	267,115
Cultural and Recreational	561,482	415,745	471,331	625,252
Operating Grants and Contributions				
General Governmental	-	-	-	144,937
Public Safety	106,447	55,286	56,655	116,649
Transportation	680,220	708,220	656,839	686,375
Environmental Protection	-	5,460	396	3,057
Cultural and Recreational	-	56,482	-	-
Capital Grants and Contributions				
Public Safety	-	-	21,454	62,117
Transportation	20,637,263	12,395,415	700,731	1,487,487
Environmental Protection	-	-	210,394	46,999
Cultural and Recreational	242,000	750,000	158,479	291,521
Subtotal governmental activities program revenues	<u>25,829,155</u>	<u>16,161,153</u>	<u>4,113,587</u>	<u>5,309,554</u>

Table 2

2012	2013	2014	2015	2016	2017
\$ 9,629,543	\$ 9,524,312	\$ 10,466,637	\$ 10,288,616	\$ 11,422,995	\$ 12,869,405
10,697,935	11,228,188	12,809,633	13,193,519	15,997,273	14,515,834
4,052,075	4,119,839	4,436,052	5,090,607	1,785,023	2,276,688
2,554,192	2,666,922	2,787,905	2,661,631	3,081,207	3,312,425
2,644,989	2,819,826	3,250,469	3,759,071	1,951,732	6,865,664
932,318	995,852	809,270	775,312	748,481	604,099
30,511,052	31,354,939	34,559,966	35,768,756	34,986,711	40,444,115
126,995	74,309	60,395	44,045	27,761	11,907
16,908,508	17,486,017	17,964,027	19,503,601	18,172,784	19,562,897
17,035,503	17,560,326	18,024,422	19,547,646	18,200,545	19,574,804
47,546,555	48,915,265	52,584,388	55,316,402	53,187,256	60,018,919
1,240,682	1,901,453	1,767,013	2,183,403	(2,985,095)	2,456,723
272,903	624,000	444,838	608,598	641,804	544,319
73,334	36,873	19,403	28,655	18,663	91,773
210,471	191,383	168,524	172,421	174,647	185,245
566,154	1,119,803	805,310	1,181,893	987,346	1,601,675
342,982	-	-	-	-	7,994
75,676	82,944	85,197	75,676	78,823	75,676
738,982	770,703	796,640	810,220	946,028	852,302
-	54,028	37,184	2,264	-	-
-	-	-	2,834	20,975	80,330
-	16,960	264,256	99,564	65,450	5,680
-	3,612,138	3,397,026	15,342,778	7,870,624	10,193,724
-	-	-	-	11,000	-
284,861	142,693	427,543	2,756	13,541	3,347,745
3,806,045	8,552,978	8,212,934	20,511,062	7,843,806	19,443,186

Continued on next page

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

June 30, 2017

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Business-type activities:				
Charges for Services -				
Water and sewer	\$ -	\$ -	\$ -	\$ -
Electric	14,827,940	16,483,781	17,520,430	18,453,796
Operating Grants and Contributions -				
Water and sewer	-	-	-	311
Subtotal business-type activities program	<u>14,827,940</u>	<u>16,483,781</u>	<u>17,520,430</u>	<u>18,454,107</u>
Total primary government program revenues	<u>40,657,095</u>	<u>32,644,934</u>	<u>21,634,017</u>	<u>23,763,661</u>
Net (Expense) Revenue				
Governmental activities	3,988,755	(10,363,792)	(24,447,688)	(25,286,568)
Business-type activities:				
Water and sewer	(34,441)	(195,625)	(170,850)	(147,420)
Electric	599,853	435,499	1,423,216	1,125,951
Total primary government net expense	<u>4,554,167</u>	<u>(10,123,918)</u>	<u>(23,195,322)</u>	<u>(24,308,037)</u>
General Revenues and Other Changes in Net Position				
Governmental activities:				
Property taxes, levied for general purpose	12,712,109	17,276,890	18,229,078	18,590,117
Other taxes and licenses	73,320	71,784	83,634	86,027
Unrestricted intergovernmental	5,834,891	5,937,573	5,789,968	6,254,703
Unrestricted investment earnings	825,169	358,825	85,946	67,390
Miscellaneous	576,414	463,068	327,018	402,927
Special items	-	2,205,470	-	-
Transfers	-	-	1,423	10,765
Subtotal governmental activities	<u>20,021,903</u>	<u>26,313,610</u>	<u>24,517,067</u>	<u>25,411,929</u>
Business type activities:				
Unrestricted investment earnings	44,161	201,099	174,934	152,522
Unrestricted intergovernmental	-	-	-	-
Miscellaneous	20,004	117,379	26,999	56,346
Transfers and Special items	-	-	(1,423)	(10,765)
Subtotal business-type activities	<u>64,165</u>	<u>318,478</u>	<u>200,510</u>	<u>198,103</u>
Total primary government	<u>20,086,068</u>	<u>26,632,088</u>	<u>24,717,577</u>	<u>25,610,032</u>
Change in Net Position				
Governmental activities	24,010,658	15,949,818	69,379	125,361
Business-type activities	629,577	558,352	1,452,876	1,176,634
Total primary Government	<u>\$ 24,640,235</u>	<u>\$ 16,508,170</u>	<u>\$ 1,522,255</u>	<u>\$ 1,301,995</u>

Table 2

2012	2013	2014	2015	2016	2017
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
17,033,633	17,987,671	18,068,548	19,501,560	19,946,073	19,948,850
31	-	-	-	-	-
17,033,664	17,987,671	18,068,548	19,501,560	19,946,073	19,948,850
20,839,709	26,540,649	26,281,482	40,012,622	27,789,879	39,392,036
(26,705,007)	(22,801,961)	(26,347,032)	(15,257,694)	(27,142,905)	(21,000,929)
(126,964)	(74,309)	(60,395)	(44,045)	(27,761)	(11,907)
125,125	501,654	104,521	(2,041)	1,773,289	385,953
(26,706,846)	(22,374,616)	(26,302,906)	(15,303,780)	(25,397,377)	(20,626,883)
19,271,260	20,062,610	21,387,601	22,496,254	23,681,908	24,545,443
113,292	92,347	110,789	47,957	64,894	70,711
6,671,559	7,070,415	7,527,964	8,773,026	9,464,778	9,845,432
68,575	139,553	69,369	67,633	110,600	177,663
415,408	516,424	766,922	607,247	1,111,923	1,447,361
-	-	-	507,768	-	-
-	1,460	7,166	-	-	-
26,540,094	27,882,809	29,869,811	32,499,885	34,434,103	36,086,610
132,409	82,968	65,167	49,047	38,254	33,004
-	-	-	1,177	-	-
4,949	33,723	89,078	162,559	102,170	255,592
-	(1,460)	(7,166)	-	-	-
137,358	115,231	147,079	212,783	140,424	288,596
26,677,452	27,998,040	30,016,890	32,712,668	34,574,527	36,375,206
(164,913)	5,080,848	3,522,779	17,242,191	7,291,198	15,085,681
135,519	542,576	191,205	166,697	1,885,952	662,642
\$ (29,394)	\$ 5,623,424	\$ 3,713,984	\$ 17,408,888	\$ 9,177,150	\$ 15,748,323

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

June 30, 2017

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
General Fund				
Reserved for:				
Encumbrances	\$ 461,515	\$ 42,046	\$ 254,500	\$ -
State statute	2,385,676	6,872,108	2,669,931	-
Inventories and prepaid items	3,256	39,694	62,904	-
Streets	261,802	185,777	-	-
Unreserved:				
Designated for subsequent year's expenditures	1,259,375	2,090,000	2,108,755	-
Undesignated	7,865,860	4,683,978	7,383,752	-
Non Spendable				
Inventories	-	-	-	16,327
Prepaid Expenditures	-	-	-	535
Restricted:				
Stabilization by State Statute	-	-	-	5,424,734
Inspections (HB 255)	-	-	-	-
Downtown District	-	-	-	-
Public Safety	-	-	-	-
Equipment and vehicles	-	-	-	-
Assigned:				
Subsequent years expenditures	-	-	-	1,660,745
Unassigned	-	-	-	4,838,882
Total General Fund	<u>\$ 12,237,484</u>	<u>\$ 13,913,603</u>	<u>\$ 12,479,842</u>	<u>\$ 11,941,223</u>
All Other Governmental Funds				
Unreserved, reported in:				
Special revenue funds	\$ 85,609	\$ 168,677	\$ 314,410	\$ -
Capital projects funds	9,947,674	7,304,335	4,217,030	-
Committed:				
Economic Development	-	-	-	-
Street improvements	-	-	-	2,068,159
Recreation improvements	-	-	-	113,239
Restricted:				
Street improvements	-	-	-	-
Holding park pool renovations	-	-	-	-
Equipment and vehicles	-	-	-	-
Greenways	-	-	-	-
Grants	-	-	-	-
Assigned:				
Subsequent years expenditures	-	-	-	611,431
Recreation improvements	-	-	-	1,320,649
Cemetery improvements	-	-	-	104,092
Unassigned	-	-	-	(799,734)
Total all other Governmental Funds	<u>\$ 10,033,283</u>	<u>\$ 7,473,012</u>	<u>\$ 4,531,440</u>	<u>\$ 3,417,836</u>

Note: Changes from 2016 to 2017 were primarily due to expenditures for the 2014 bond related projects. In addition, there was significant activity for projects funded by federal grant, as well as those which will be funded by future debt insurance.

Table 3

2012	2013	2014	2015	2016	2017
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
16,327	17,169	15,099	13,281	15,942	12,958
-	-	-	-	74,031	69,775
3,753,434	2,757,473	4,111,501	3,721,637	3,617,882	4,208,575
-	-	-	-	-	163,450
222,608	224,269	236,256	243,525	255,346	266,635
208,258	267,904	267,986	297,346	343,673	334,069
			224,833	969,307	-
921,000	935,130	1,383,860	894,170	1,161,500	1,481,115
6,349,345	7,726,822	5,634,102	7,633,804	8,013,074	9,521,082
<u>\$ 11,470,972</u>	<u>\$ 11,928,767</u>	<u>\$ 11,648,804</u>	<u>\$ 13,028,596</u>	<u>\$ 14,450,755</u>	<u>\$ 16,057,659</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	900,053	923,451	946,850	1,030,500	1,082,750
2,513,318	897,352	-	-	-	-
-	-	-	-	-	-
-	-	478,867	1,287,047	954,214	1,983,593
-	-	26,373	-	-	-
-	-	-	194,023	-	-
-	-	-	2,330,480	2,221,896	469,387
-	-	-	-	11,742	173,755
2,455,268	1,830,896	2,353,473	3,058,811	1,242,997	1,728,468
1,081,765	726,880	833,558	1,365,216	1,665,395	1,630,042
104,193	104,330	104,408	74,048	69,372	69,699
(1,067,899)	-	(293,207)	-	-	(3,979,125)
<u>\$ 5,086,645</u>	<u>\$ 4,459,511</u>	<u>\$ 4,426,923</u>	<u>\$ 9,256,475</u>	<u>\$ 7,196,116</u>	<u>\$ 3,158,569</u>

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

June 30, 2017

	2008	2009	2010	2011
Revenues				
Ad Valorem Taxes	\$ 12,673,146	\$ 17,150,242	\$ 18,218,142	\$ 18,655,904
Other Taxes	70,206	69,073	81,990	84,844
Unrestricted Intergovernmental	5,834,891	5,937,573	5,789,968	6,254,703
Restricted Intergovernmental	1,049,167	1,575,448	1,110,921	1,339,445
Permits and Fees	2,066,232	1,440,169	1,547,973	1,679,309
Sales and Services	2,126,403	870,538	760,666	796,759
Miscellaneous	599,293	398,427	327,018	465,688
Investment Earnings	825,169	358,825	340,767	67,390
Total revenues	<u>25,244,507</u>	<u>27,800,295</u>	<u>28,177,445</u>	<u>29,344,042</u>
Expenditures				
General Government	7,375,668	8,010,553	8,145,908	8,821,715
Public Safety	7,082,614	8,715,513	9,449,953	9,679,055
Transportation	1,236,454	1,552,320	2,071,754	2,162,019
Environmental Protection	1,908,344	2,174,599	2,289,181	2,420,516
Cultural and Recreational	1,332,289	1,537,097	1,558,458	1,605,629
Capital outlay	4,976,321	19,836,119	9,456,702	3,782,821
Debt service:				
Bond Principal	652,750	651,625	2,365,250	1,015,000
Bond Interest	480,254	452,364	452,588	628,763
Installment note principal	447,854	573,026	753,022	877,659
Installment note interest	19,462	187,930	352,835	334,913
Total expenditures	<u>25,512,010</u>	<u>43,691,146</u>	<u>36,895,651</u>	<u>31,328,090</u>
Excess of revenues over (under) expenditures	<u>(267,503)</u>	<u>(15,890,851)</u>	<u>(8,718,206)</u>	<u>(1,984,048)</u>
Other Financing Sources (Uses)				
Transfers in	310,607	1,172,719	3,525,538	913,836
Transfers (out)	(310,607)	(1,172,719)	(3,524,115)	(903,071)
Special Item	-	2,205,470	-	-
Installment note proceeds	-	10,048,795	407,504	321,060
Bond premium/(issuance costs)	-	-	(151,247)	-
Bond issuance	-	-	9,005,000	-
Insurance recovery - Shop Fire 2016*	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>12,254,265</u>	<u>9,262,680</u>	<u>331,825</u>
Net changes in fund balances	<u>(267,503)</u>	<u>(3,636,586)</u>	<u>544,474</u>	<u>(1,652,223)</u>
Fund balance - beginning of year (as previously reported)	19,977,999	19,710,496	16,392,452	17,011,282
Adjustments to beginning fund balance	-	-	74,356	-
Fund balance - beginning of year (as restated)	<u>19,977,999</u>	<u>19,710,496</u>	<u>16,466,808</u>	<u>17,011,282</u>
Fund balance - end of year	<u>\$ 19,710,496</u>	<u>\$ 16,073,910</u>	<u>\$ 17,011,282</u>	<u>\$ 15,359,059</u>
Debt service as a percentage of noncapital expenditures	<u>7.79%</u>	<u>7.82%</u>	<u>14.30%</u>	<u>10.37%</u>

Table 4

2012	2013	2014	2015	2016	2017
\$ 19,314,239	\$ 20,062,793	\$ 21,364,309	\$ 22,496,254	\$ 23,681,908	\$ 24,545,443
87,495	92,347	110,789	47,957	64,894	70,711
6,671,559	7,070,415	7,527,964	8,740,874	9,464,778	9,845,432
1,442,501	1,121,653	2,233,503	1,029,571	1,162,325	4,674,540
1,625,891	3,151,923	2,530,344	3,592,120	3,200,322	3,867,619
758,893	710,031	746,997	847,584	967,433	800,167
440,520	527,072	757,487	489,816	892,367	1,045,895
68,575	122,770	52,589	50,849	151,696	187,357
<u>30,409,673</u>	<u>32,859,004</u>	<u>35,323,982</u>	<u>37,295,025</u>	<u>39,585,723</u>	<u>45,037,164</u>
9,255,647	8,705,491	9,245,621	9,387,662	9,987,406	10,114,354
9,899,361	10,418,124	11,896,289	12,586,385	15,344,482	13,730,482
1,811,031	1,734,057	1,836,957	1,986,906	1,982,830	2,009,350
2,461,981	2,577,759	2,700,114	2,863,636	2,982,465	3,158,944
1,742,995	2,003,892	2,369,564	2,840,566	2,866,153	3,097,344
7,697,205	5,371,207	6,180,462	2,532,617	3,102,334	12,251,028
1,010,000	1,005,000	1,005,000	1,000,000	1,215,000	1,253,000
572,513	542,188	511,988	475,375	538,038	410,917
1,238,404	1,957,402	2,465,139	2,795,093	2,884,020	2,881,069
372,133	361,021	321,270	295,441	257,952	212,440
<u>36,061,270</u>	<u>34,676,141</u>	<u>38,532,404</u>	<u>36,763,681</u>	<u>41,160,680</u>	<u>49,118,928</u>
(5,651,597)	(1,817,137)	(3,208,422)	531,344	(1,574,957)	(4,081,764)
5,597,826	1,453,347	356,367	277,878	2,916,749	1,693,359
(5,597,826)	(1,451,887)	(349,201)	(277,878)	(2,916,749)	(1,693,360)
-	-	-	507,768	-	-
6,850,155	1,603,825	2,888,705	792,750	871,700	1,023,170
-	-	-	47,482	-	-
-	-	-	4,330,000	65,057	-
-	-	-	-	-	627,952
<u>6,850,155</u>	<u>1,605,285</u>	<u>2,895,871</u>	<u>5,678,000</u>	<u>936,757</u>	<u>1,651,121</u>
1,198,558	(211,852)	(312,551)	6,209,344	(638,200)	(2,430,643)
15,359,059	16,557,617	16,388,278	16,075,727	22,285,071	21,646,871
-	42,513	-	-	-	-
15,359,059	16,600,130	16,388,278	16,075,727	22,285,071	21,646,871
<u>\$ 16,557,617</u>	<u>\$ 16,388,278</u>	<u>\$ 16,075,727</u>	<u>\$ 22,285,071</u>	<u>\$ 21,646,871</u>	<u>\$ 19,216,228</u>
<u>11.26%</u>	<u>13.19%</u>	<u>13.30%</u>	<u>13.34%</u>	<u>12.86%</u>	<u>12.90%</u>

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

June 30, 2017

Program Revenues			
Fiscal Year	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
2008	\$ 18,991,165	\$ 786,667	\$ 20,879,263
2009	18,674,071	825,448	13,145,415
2010	19,829,069	713,890	1,091,058
2011	20,924,208	951,329	1,888,124
2012	19,397,177	1,157,671	284,861
2013	21,861,183	907,675	3,771,791
2014	21,273,636	919,021	4,088,825
2015	23,676,530	890,994	15,445,098
2016	18,783,438	1,045,826	7,960,615
2017	24,828,585	1,016,302	13,547,149

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

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

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

Table 5

General Revenue					
Unrestricted		Unrestricted			
Taxes	Intergovernmental	Investment Earnings	Miscellaneous	Total	
\$ 12,785,429	\$ 5,834,891	\$ 869,330	\$ 596,418	\$	60,743,163
17,348,674	5,937,573	559,924	2,785,917 *		59,277,022
18,312,712	5,789,968	260,880	354,017		46,351,594
18,676,144	6,254,703	219,912	459,273		49,373,693
19,384,552	6,671,559	200,984	420,357		47,517,161
20,154,957	7,070,415	222,521	550,147		54,538,689
21,498,390	7,527,964	134,536	856,000		56,298,372
22,544,211	8,774,203	116,680	1,277,574		72,725,290
23,746,802	9,464,778	148,854	1,214,093		62,364,406
24,616,154	9,845,432	210,667	1,702,953		75,767,242

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

June 30, 2017

Fiscal Year	Taxes	Intergovernmental	Permits and Fees	Sales and Services	Investment Earnings	Miscellaneous Revenues	Total
2008	\$ 18,578,243	\$ 800,648	\$ 1,687,009	\$ 2,126,403	\$ 382,854	\$ 534,301	\$ 24,109,458
2009	23,156,889	838,658	1,046,138	870,538	167,293	385,190	26,464,706
2010	24,000,426	952,442	1,057,807	760,666	140,826	274,260	27,186,427
2011	24,995,451	1,117,009	1,114,255	796,759	58,183	307,744	28,389,401
2012	26,073,293	1,339,589	1,204,262	758,893	54,424	422,909	29,853,370
2013	27,225,555	907,675	1,853,691	710,031	34,831	422,787	31,154,570
2014	29,071,809	888,290	1,803,280	695,300	25,870	460,782	32,945,331
2015	31,283,682	984,848	2,292,774	847,584	24,310	489,816	35,923,014
2016	33,211,580	930,429	2,052,949	967,433	46,407	828,639	38,037,437
2017	34,461,586	947,925	2,513,613	800,167	90,837	923,876	39,738,004

Notes:

(1) Includes general and special revenue funds.

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

June 30, 2017

Fiscal Year	General Government	Public Safety	Transportation	Environmental Protection	Cultural and Recreational	Debt Service	Fiscal Year Total
2008	\$ 7,696,482	\$ 7,411,281	\$ 1,298,470	\$ 1,933,999	\$ 1,491,413	\$ 1,600,320	\$ 21,431,965
2009	9,672,294	9,432,078	1,784,221	2,313,596	1,506,851	1,864,945	26,573,985
2010	9,064,236	9,682,515	2,668,418	2,389,591	1,523,354	3,923,695	29,251,809
2011	10,130,934	10,147,037	2,377,888	2,420,516	1,871,215	2,856,335	29,803,925
2012	10,421,497	10,321,288	2,301,523	2,468,976	1,836,625	3,193,050	30,542,959
2013	9,081,076	10,836,218	2,343,492	2,940,893	2,190,341	3,865,611	31,257,631
2014	11,428,809	12,420,494	2,155,007	2,700,114	2,486,889	4,303,397	35,494,710
2015	9,788,541	13,286,150	2,255,542	2,977,093	2,835,107	4,565,909	35,708,342
2016	10,751,122	15,883,240	2,079,603	3,399,391	2,582,951	4,895,010	39,591,317
2017	10,113,394	13,719,419	2,009,350	3,158,944	3,073,887	4,757,426	36,832,420

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

June 30, 2017

Fiscal Year	General Government	Public Safety	Transportation	Environmental Protection
2008	\$ 7,613,303	\$ 7,445,480	\$ 2,795,746	\$ 1,976,526
2009	8,618,506	9,447,725	3,604,053	2,272,165
2010	8,682,965	10,253,680	4,299,079	2,397,576
2011	9,814,820	10,478,094	4,370,908	2,520,645
2012	9,629,543	10,697,935	4,052,075	2,554,192
2013	9,524,312	11,228,188	4,119,839	2,666,922
2014	10,466,637	12,809,633	4,436,052	2,787,905
2015	10,288,616	13,193,519	5,090,607	2,661,631
2016	11,422,995	15,997,273	1,785,023	3,081,207
2017	12,869,405	14,515,834	2,276,688	3,312,425

Table 8

Cultural and Recreation	Interest on Long-term Debt	Water and Sewer	Electric	Total
\$ 1,519,941	\$ 489,404	\$ 34,441	\$ 14,228,087	\$ 36,102,928
1,798,042	784,454	195,625	16,048,282	42,768,852
2,024,989	902,986	170,850	16,097,214	44,829,339
2,502,178	909,477	147,731	17,327,845	48,071,698
2,644,989	932,318	126,995	16,908,508	47,546,555
2,819,826	995,852	74,309	17,486,017	48,915,265
3,250,469	809,270	60,395	17,964,027	52,584,388
3,759,071	775,312	44,045	19,503,601	55,316,402
1,951,732	748,481	27,761	18,172,784	53,187,256
6,865,664	604,099	11,907	19,562,897	60,018,919

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

June 30, 2017

Fiscal Year	Tax Year Ended December 31	Real Property	Personal Property	Public Service Company	Total Assessed Value	Total Direct Tax Rate	Ratio of Assessed Value to Estimated Actual Value
2008	2007	\$ 1,943,616,102	\$ 327,762,406	\$ 22,349,063	\$ 2,293,727,571	0.550	100%
2009	2008 (2)	2,991,210,274	325,185,573	29,041,493	3,345,437,340	0.510	100%
2010	2009	3,205,505,756	266,540,456	31,382,089	3,503,428,301	0.510	100%
2011	2010	3,221,774,225	345,392,571	30,995,165	3,598,161,961	0.510	100%
2012	2011	3,373,651,564	348,998,438	30,021,371	3,752,671,373	0.510	100%
2013	2012	3,454,767,428	413,935,518	33,118,426	3,901,821,372	0.510	100%
2014	2013	3,578,577,402	531,310,563	32,184,022	4,142,071,987	0.510	100%
2015	2014	3,772,983,301	478,751,321	35,032,002	4,286,766,624	0.520	100%
2016	2015*	3,938,881,667	533,343,249	45,164,560	4,517,389,476	0.520	100%
2017	2016	4,062,038,937	587,751,713	53,461,252	4,703,251,902	0.520	100%

Notes:

(1) Assessed value is established by Wake County Tax Department at 100% estimated market value.

(2) A revaluation of all property is required every four (4) years by State Statute. The last revaluation occurred as of December 31, 2016.

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

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

June 30, 2017

<u>Fiscal Year</u>	<u>Town of Wake Forest</u>	<u>Wake County</u>	<u>Combined Tax Rate Per \$100 of Assessed Value</u>
2008	0.550	0.678	1.228
2009	0.510	0.534	1.044
2010	0.510	0.534	1.044
2011	0.510	0.534	1.044
2012	0.510	0.534	1.044
2013	0.510	0.534	1.044
2014	0.510	0.578	1.088
2015	0.520	0.615	1.135
2016	0.520	0.601	1.121
2017	0.520	0.615	1.135

Notes:

*A revaluation of real property is required by N. C. General Statutes at least every eight years. Revaluation was completed for tax years 2000 (fiscal year 2001), 2008 (fiscal year 2009) and 2016 (fiscal year 2017)

Table 11

**TOWN OF WAKE FOREST, NORTH CAROLINA
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO**

June 30, 2017

Taxpayer	2017			2008		
	Taxable Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Taxable Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Wake Forest Apartments LLC	\$ 39,620,368	1	0.84%	\$ -	-	0.00%
Weingarten Investments INC	37,139,175	2	0.79%			
Caveness Partners LLC	35,075,009	3	0.75%	-	-	0.00%
Wake Electric Membership CORP.	32,431,151	4	0.69%	7,844,865	10	0.34%
Gateway Forest LLC	28,444,097	5	0.60%	-	-	0.00%
Crossroads Holdings LLC	27,664,604	6	0.59%	8,178,695	9	0.36%
WMCI Raleigh IV LLC	26,803,533	7	0.57%	-	-	0.00%
Heritage Gardens LLC	25,426,941	8	0.54%	-	-	0.00%
The Macsydney Company II LLC	18,438,996	9	0.39%	-	-	0.00%
MLC Automotive LLC	16,904,935	10	0.36%	-	-	0.00%
Ellington Utility Contractors Inc	-	-	0.00%	18,826,729	1	0.82%
Walmart Real Estate Business Trust	-	-	0.00%	16,717,688	2	0.73%
KF US-1 LLC	-	-	0.00%	16,703,376	3	0.73%
Oakland Heritage Multifamily LLC	-	-	0.00%	13,949,326	4	0.61%
Factory LLC	-	-	0.00%	12,661,246	5	0.55%
Target Corporation	10,803,756	18	0.23%	11,945,817	6	0.52%
Lowes Home Center Inc	10,484,119	21	0.22%	11,757,560	7	0.51%
Flaherty Farms LLC	16,081,406	11	0.34%	11,053,352	8	0.48%
Total	\$ 325,318,090		6.92%	\$ 129,638,654		5.65%
Total Assessed Value	<u>\$ 4,703,251,902</u>			<u>\$ 2,293,727,571</u>		

Source: Wake County Revenue Department

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

June 30, 2017

Fiscal Year	Principal	Interest (1)	Total Debt Service	Total General Governmental Expenditures	Ratio of Debt Service to General Governmental Expenditures
2008	\$ 652,750	\$ 480,254	\$ 1,133,004	\$ 21,427,516	5.3%
2009	651,625	452,364	1,103,989	26,573,985	4.2%
2010	2,365,250	452,588	2,817,838	29,251,809	9.6%
2011	1,015,000	628,763	1,643,763	29,477,326	5.6%
2012	1,010,000	572,513	1,582,513	29,919,509	5.3%
2013	1,005,000	542,188	1,547,188	31,257,631	4.9%
2014	1,005,000	511,988	1,516,988	35,578,285	4.3%
2015	1,000,000	475,375	1,475,375	35,833,160	4.1%
2016	1,215,000	538,038	1,753,038	39,889,279	4.4%
2017	1,253,000	410,917	1,663,917	39,602,453	4.2%

(1) Excludes bond issuance and other costs.

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

Table 13

JUNE 30, 2017

Fiscal Year	Taxes Levied for the Fiscal Year (Original Levy)		Adjustments	Total Adjusted Levy	Collected within the Fiscal Year of the Levy	
	Amount	Percentage of Original Levy				
2008	\$ 12,678,816	\$ (11,001)	\$ 12,667,815	\$ 12,469,062	98.43%	
2009	17,243,590	(23,407)	17,220,183	16,928,984	98.31%	
2010	18,185,036	(26,445)	18,158,591	17,886,169	98.50%	
2011	18,576,563	-	18,576,563	18,353,347	98.80%	
2012	19,204,045	-	19,204,045	19,007,310	98.98%	
2013	19,955,115	-	19,955,115	19,760,773	99.03%	
2014	21,184,179	-	21,184,179	21,076,021	99.49%	
2015	22,357,927	-	22,357,927	22,314,249	99.80%	
2016	23,561,063	-	23,561,063	23,523,354	99.84%	
2017	24,578,867	-	24,578,867	24,544,133	99.86%	

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

Table 13

JUNE 30, 2017

Fiscal Year	Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Adjusted Levy
2008	\$ 177,462	\$ 12,646,524	99.83%
2009	268,216	17,197,200	99.87%
2010	250,872	18,137,041	99.88%
2011	190,738	18,544,085	99.83%
2012	155,998	19,163,308	99.79%
2013	192,650	19,953,423	99.99%
2014	178,348	21,254,369	100.00%
2015	123,541	22,437,790	100.00%
2016	64,105	23,587,459	100.00%
2017	53,285	24,597,418	100.00%

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

June 30, 2017

Fiscal Year	(1) Population	(2) Per Capita Personal Income	(3) Median Age	(4) Wake County School Enrollment	(5) Wake County Unemployment Rate	(6) Wake Forest Unemployment Rate
2008	\$ 26,634	\$ 37,602	\$ 34.9	\$ 138,000	4.9%	3.7%
2009	27,217	37,849	34.9	137,706	8.6%	6.3%
2010	28,542	**	34.5	139,599	8.8%	6.2%
2011	30,329	29,723	32.9	143,289	8.7%	6.6%
2012	31,774	41,440	34.2	146,687	7.9%	5.9%
2013	33,703	32,060	35.0	149,528	7.3%	5.4%
2014	35,609	33,711	35.0	154,381	5.1%	3.9%
2015	37,046	32,474	34.2	159,984	4.8%	4.0%
2016	39,012	33,124	34.7	157,180	4.3%	3.6%
2017	41,157	34,845	36.2	159,549	3.8%	3.6%

Sources:

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

** Information not available.

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

June 30, 2017

<u>Fiscal Year</u>	<u>Debt Limit</u>	<u>Less: Total Net Debt Applicable to Limit</u>	<u>Legal Debt Margin</u>	<u>Total Net Debt Applicable to the Limit as a Percentage of Debt Limit</u>
2008	\$ 183,498,206	\$ 10,900,984	\$ 172,597,222	5.94%
2009	267,634,987	19,852,128	247,782,859	7.42%
2010	280,274,264	24,531,725	255,742,539	8.75%
2011	287,852,957	24,595,011	263,257,946	8.54%
2012	300,213,710	29,196,762	271,016,948	9.73%
2013	312,145,710	27,802,641	284,343,069	8.91%
2014	331,365,759	27,256,751	304,109,008	8.23%
2015	342,941,335	49,354,418	293,586,917	14.39%
2016	361,391,158	46,192,088	315,199,070	12.78%
2017	376,260,152	43,081,189	333,178,963	11.45%

Legal Debt Margin Calculation for Fiscal Year 2017

Assessed value	<u><u>\$ 4,703,251,902</u></u>
Debt Limit (8% of total assessed value)	376,260,152
Debt applicable to limit	<u>43,081,189</u>
Legal debt margin	<u><u>\$ 333,178,963</u></u>
Percentage of debt to debt limit	<u><u>11.45%</u></u>

**TOWN OF WAKE FOREST, NORTH CAROLINA
RATIO OF NET GENERAL BONDED DEBT
TO ASSESSED VALUE AND NET BONDED DEBT PER CAPITA
LAST TEN FISCAL YEARS**

JUNE 30, 2017

Fiscal Year	(1) Population	Assessed Value	Gross Bonded Debt	Debt Payable From Enterprise Revenues
2008	26,634	\$ 2,293,727,571	\$ 11,015,000	\$ 213,125
2009	27,217	3,345,437,340	10,220,000	69,750
2010	28,542	3,503,428,301	16,790,000	-
2011	30,329	3,598,161,961	15,775,000	-
2012	31,774	3,752,671,373	14,765,000	-
2013	33,703	3,901,821,373	13,760,000	-
2014	35,609	4,142,071,987	12,942,690	-
2015	37,046	4,286,766,624	16,303,389	-
2016	39,012	4,517,389,476	15,134,232	-
2017	41,157	4,703,251,902	13,682,000	-

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

Table 16

Fiscal Year	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita	Gross Bonded Debt per Capita
2008	\$ 10,801,875	0.47%	\$ 406	\$ 414
2009	10,150,250	0.30%	373	376
2010	16,790,000	0.48%	588	588
2011	15,775,000	0.44%	520	520
2012	14,765,000	0.39%	465	465
2013	13,760,000	0.35%	408	408
2014	12,942,690	0.31%	365	365
2015	16,303,389	0.38%	440	440
2016	15,134,232	0.34%	388	388
2017	13,682,000	0.29%	332	332

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

June 30, 2017

<u>Jurisdiction</u>	<u>Bonded Debt</u>	<u>Percentage Applicable to Town (2)</u>	<u>Amount Applicable to Town</u>
Direct:			
Town of Wake Forest	\$ 22,311,189 (1)	100.00%	\$ 22,311,189
Overlapping: (3)			
Wake County	\$ 1,727,865,000 (4)	3.33%	<u>57,467,833</u>
		Total	<u>\$ 79,779,022</u>

(1) Includes all governmental activities debt.

(2) Based on total assessed values.

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

(4) Wake County Revenue Department

Table 18

**TOWN OF WAKE FOREST, NORTH CAROLINA
COMMERCIAL ACTIVITY
LAST TEN FISCAL YEARS**

June 30, 2017

Fiscal Year	Commercial		Residential		Total	
	Number	Value	Number	Value	Number	Value
2008	27	\$ 38,034,721	509	\$ 120,685,563	536	\$ 158,720,284
2009	31	36,982,166	153	28,544,355	184	65,526,521
2010	59	26,595,248	316	57,137,983	375	83,733,231
2011	47	6,122,922	415	68,864,397	462	74,987,319
2012	67	10,282,212	585	70,591,023	652	80,873,235
2013	94	27,164,939	501	100,873,993	595	128,038,932
2014	89	29,873,213	419	74,795,239	508	104,668,452
2015	102	33,338,472	561	102,480,602	663	135,819,074
2016	99	36,132,937	537	88,031,763	636	124,164,700
2017	105	32,799,902	835	128,088,592	940	160,888,494

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

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

JUNE 30, 2017

Fiscal Year	Economic			Human			(3)	Public		
	Admin	Comm	Downtown	Development	Finance	Resources			MIS	Planning
2008	3.0	1.0	0.0	0.0	17.0	4.0	2.0	24.0	0.0	63.0
2009	3.0	1.0	0.0	0.0	17.0	4.0	3.0	23.0	0.0	65.0
2010	3.0	2.0	0.0	0.0	17.0	4.0	3.0	23.0	0.0	65.0
2011	3.0	2.0	0.0	0.0	17.0	4.0	4.0	22.0	0.0	67.0
2012	3.0	2.0	0.0	0.0	18.0	4.0	4.0	21.0	0.0	70.0
2013	4.0	2.0	0.0	0.0	18.0	4.0	5.0	21.0	0.0	75.0
2014	3.0	2.0	1.0	0.0	18.0	4.0	5.0	7.0	14.0	83.0
2015	3.0	3.0	1.0	0.0	18.0	4.0	5.0	8.0	14.0	84.0
2016	3.0	3.0	1.0	0.0	17.0	4.0	5.0	8.0	14.0	84.0
2017	4.0	3.0	1.0	1.0	18.0	4.0	6.0	8.0	15.0	91.0

- (1) Permanent full time and part time positions employees only as of June 30th. Excludes temporary, part-time and seasonal employees.
- (2) All Water and Sewer employees transferred to the City of Raleigh effective July 1, 2005.
- (3) Planning and Inspections employee reporting was separated in FY 2014.

Table 19

Fiscal	Pub Works				Parks &	Public	Tree		Year	
Year	Engineering	Admin	Fleet	Streets	Sanitation	Recreation	Facilities	Electric	Trimming	Total
2008	7.0	3.0	4.0	15.0	7.0	11.0	0.0	22.0	0.0	183.0
2009	7.0	3.0	5.0	18.0	9.0	15.0	0.0	22.0	0.0	195.0
2010	7.0	3.0	5.0	18.0	9.0	15.0	0.0	22.0	0.0	196.0
2011	7.0	3.0	5.0	17.0	9.0	15.0	1.0	22.0	0.0	198.0
2012	7.0	3.0	5.0	17.0	9.0	15.0	1.0	22.0	0.0	201.0
2013	7.0	3.0	5.0	17.0	9.0	15.0	2.0	19.0	3.0	209.0
2014	7.0	3.0	5.0	20.0	9.0	17.0	2.0	19.0	3.0	222.0
2015	7.0	3.0	5.0	20.0	9.0	19.0	3.0	19.0	3.0	228.0
2016	7.0	3.0	5.0	20.0	9.0	19.0	3.0	20.0	3.0	228.0
2017	7.0	2.0	6.0	20.0	9.0	23.0	3.0	20.0	3.0	244.0

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

June 30, 2017

Fiscal	Property	Sales	Franchise
Year	Tax	Tax	Tax
2008	\$ 12,614,652	\$ 4,480,256	\$ 1,208,734
2009	17,150,242	4,328,578	1,445,212
2010	18,128,468	4,257,327	1,468,603
2011	18,579,520	4,559,143	1,550,178
2012	19,240,193	4,991,298	1,528,114
2013	19,988,279	5,285,774	1,581,534
2014	21,290,422	5,700,274	1,661,397
2015	22,422,548	6,218,974	2,335,449
2016	23,610,065	6,755,795	2,540,817
2017	24,470,851	7,187,102	2,479,157

Table 20

Motor Vehicle	Rental Vehicle	Beer & Wine	
Licenses	Tax	Tax	Total
\$ 90,310	\$ 33,636	\$ 104,240	\$ 18,531,828
95,221	31,388	115,568	23,166,209
96,886	32,994	39,216	24,023,494
99,371	36,920	125,782	24,950,914
219,629	31,791	131,394	26,142,419
324,888	38,731	125,512	27,344,718
485,076	39,867	139,022	29,316,058
456,574	47,957	154,318	31,635,820
423,335	64,894	146,483	33,541,389
452,948	70,711	156,017	34,816,786

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

June 30, 2017

Fiscal Year	Governmental Activities		Business-Type Activities			Total Primary Government	(1)		
	General	Installment Financings	General	Installment Financings	Revenue Bonds		Total	Debt Per Capita	Percentage of Personal Income
	Obligation Bonds		Obligation Bonds				Government		
2008	\$ 10,801,875	\$ 246,359	\$ 213,125	\$ 5,762,177	\$ 2,144,943	\$ 19,168,479	\$ 720	1.91%	
2009	10,150,250	9,722,128	69,750	4,881,023	1,984,034	26,807,185	985	2.60%	
2010	16,790,000	9,376,610	-	4,315,594	1,817,049	32,299,253	1,132	N/A	
2011*	15,875,091	8,820,011	-	3,650,588	1,643,761	29,889,360	986	3.32%	
2012*	14,857,545	14,431,762	-	3,022,730	1,463,932	33,683,424	1,060	2.56%	
2013*	13,964,473	14,078,185	-	2,367,799	1,277,315	31,483,299	934	2.91%	
2014	12,942,690	14,501,751	-	1,773,071	3,583,652	32,801,164	921	2.73%	
2015*	16,303,390	12,499,409	-	1,178,344	3,140,053	33,121,196	894	2.75%	
2016	15,134,232	10,487,088	-	583,616	2,702,403	28,907,339	741	2.24%	
2017	13,682,000	8,629,189	-	-	2,251,773	24,562,963	597	1.71%	

Notes:

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

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

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

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

June 30, 2017

Date of Incorporation	February 20, 1909	
Form of Government	Council-Manager	
Miles of City-owned Streets	103.28	
Fire Protection (Combination: Paid/Volunteer)		
Number of Stations	5	
Number of Full-Time & Part-Time	76	
Number of Volunteers	60	
Police Protection		
Number of Stations	5	
Number of Full-time Sworn Officers	73	
Utility System: Electric		
Number of Customers	7,128	
Residential Rates:	Basic Customer Charge	\$15.95
	Energy Charge	\$0.1131 per kwh
Community Facilities:		
Parks	0 Private	12 Public
Pools	6 Private	1 Public
Tennis Courts	7 Private	4 Public
Golf Courses	1 Semi-private	1 Public
Cultural Activities:		
*Wake Forest Renaissance Centre (WFRC)	*Concerts in the Park (in addition to the Six Sundays Series)	
*Wake Forest Birthplace Museum	*Neck of the Woods - regular theater and music performances at WFRC	
*Wake Forest Historic District	*Art Galleries in Downtown Wake Forest	
*Wake Forest Arts	*Good Neighbor Day community music, art, and food festival	
*Wake Forest Biennial Historical Homes Tour	*Annual Lighting of Wake Forest and Christmas Parade	
*Wake Forest Historical Association bi-monthly programs	*Art After Hours monthly events in Downtown Wake Forest	
*Six Sundays in Spring concert series	*Wake Forest Mardi Gras - community festival	
*Movies in the Park	*Dirt Day - showcasing healthy living, outdoor lifestyle	
*Meet in the Street - Spring arts and music festival	*Wake Forest Charity Car Show	
*Arbor Day Celebration	*Public Power Week	
*Fourth of July Fireworks Spectacular	*Friday Night on White Street	
*Art-in-the-Park & Games-in-the-Park	*Mid-day Concerts at Town Hall Plaza	
*Wake Forest Christmas Parade	*Wake Forest Home & Garden Show	
*Easter Egg Hunt at Joyner Park		

	2017		2008	
	Approximate Number of Employees	Rank	Approximate Number of Employees	Rank
<u>Principal Employers*:</u>				
Wake County Public School System	900	1	863	1
Southeastern Baptist Theological Seminary, Inc.	425	2	340	3
Centurylink	400	3	-	-
Wal-mart	396	4	455	2
Town of Wake Forest	281	5	183	7
Pack-Rat	275	6	-	-
Lowe's Foods	235	7	-	-
Rex Healthcare (Wake Forest & Wakefield)	228	8	-	-
Target	200	9	250	6
Lowe's Home Improvement	175	10	150	8
Publix	160	11	-	-
Hillside Nursing Center of Wake Forest, Inc.	150	12	-	-
Home Depot	136	13	99	10
Franklin Academy	130	14	-	-
Ultra Electronics/3 Phoenix	122	15	-	-
Harris Teeter	120	16	-	-
Olive Garden	100	17	-	-
Kohl's	86	18	-	-
Chris Leith	85	19	119	9
East Coast Drilling & Blasting Inc.	85	19	-	-

* Source - Wake Forest Economic Development



TOWN *of*
WAKE FOREST

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Wake Forest, North Carolina (the "Town"), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated September 29, 2017.

Internal Control over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Town's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

Chemy Bekaert LLP

Raleigh, North Carolina
September 29, 2017

Report of Independent Auditor on Compliance with Requirements Applicable for Each Major Federal Program and on Internal Control Over Compliance in accordance with OMB Uniform Guidance and the State Single Audit Implementation Act

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

Report on Compliance for Each Major Federal Program

We have audited the Town of Wake Forest, North Carolina (the “Town”), compliance with the types of compliance requirements described in the OMB *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the Town’s major federal programs for the year ended June 30, 2017. The Town’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

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

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of the Town’s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State Single Audit Implementation Act. Those standards, the Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town’s compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Town’s compliance.

Opinion on Each Major Federal Program

In our opinion, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

Report on Internal Control Over Compliance

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

A deficiency *in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

Purpose of this Report

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

Chemy Bekaert LLP

Raleigh, North Carolina
September 29, 2017

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

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

Report on Compliance for Each Major State Program

We have audited the Town of Wake Forest, North Carolina (the “Town”), compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission *that* could have a direct and material effect on the Town’s major state program for the year ended June 30, 2017. The Town’s major state program is identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

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

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for the Town’s major State program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and applicable sections of Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) as described in the audit manual for Governmental Audits in North Carolina, and the State Single Audit Implementation Act. Those standards, the Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State program occurred. An audit includes examining, on a test basis, evidence about the Town’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major state program. However, our audit does not provide a legal determination of the Town’s compliance.

Opinion on Each Major State Program

In our opinion, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major state program for the year ended June 30, 2017.

Report on Internal Control over Compliance

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town's internal control over compliance with the types of requirements that could have a direct and material effect on the major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major state program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

Purpose of this Report

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

Chemy Bekaert LLP

Raleigh, North Carolina
September 29, 2017

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

FOR THE YEAR ENDED JUNE 30, 2017

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes X no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ yes X none reported
- Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? _____ yes X no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ yes X none reported
- Noncompliance material to federal awards noted? _____ yes X no

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ yes X no

Identification of major federal programs:

CFDA Numbers

20.205

Dollar threshold used to distinguish between Type A and Type B programs:

Auditee qualified as low-risk auditee?

Names of Federal Program or Cluster

Highway Planning and Construction

\$750,000

 X yes _____ no

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

FOR THE YEAR ENDED JUNE 30, 2017

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

State Awards

Internal control over major state programs:

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

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

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

Identification of major state programs:

Program Name

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

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

FOR THE YEAR ENDED JUNE 30, 2017

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

None reported.

III. – Federal and State Award Findings and Questioned Costs

None reported.

IV. – Status of Prior Year Findings and Questioned Costs

None noted.

TOWN OF WAKE FOREST, NORTH CAROLINA
CORRECTIVE ACTION PLAN

FOR THE YEAR ENDED JUNE 30, 2017

Not applicable.

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

FOR THE YEAR ENDED JUNE 30, 2017

Not applicable.

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

FOR THE YEAR ENDED JUNE 30, 2017

Federal Grantor/Pass-Through Grantor/Program Program Title	Federal CFDA Number	State/Pass-Through Grantor's Number	Federal (Direct and Pass-Through) Expenditures	State Expenditures	Local Expenditures
FEDERAL GRANTS:					
U.S. Department of Transportation					
Passed through N.C. Department of Transportation:					
<i>Priority Pedestrian Corridors - Sidewalk Projects</i>	20.205-1	WBS 41821.1.38	\$ 122,535	\$ -	\$ 30,634
<i>Dunn Creek Greenway - Downtown Connector</i>	20.205-1	WBS 41821.1.41	478,466	-	121,617
<i>Ligon Mill Road Operational Improvements</i>	20.205-1	WBS 42379.1.3	395,585	-	98,896
<i>Stadium Drive - Complete Streets</i>	20.205-1	WBS 55056.1.1	174,714	-	43,678
<i>Smith and Sanford Creek Greenway</i>	20.205-1	WBS 46229.1.1	3,126,018	-	781,504
Total U.S. Department of Transportation			4,297,318	-	1,076,330
U.S. Department of Justice					
Office of Justice Programs:					
<i>Bulletproof Vest Partnership - 2014</i>	16.607	N/A	3,378	-	3,378
<i>Bulletproof Vest Partnership - 2016</i>	16.607	N/A	2,154	-	2,154
Equitable Sharing Program:					
<i>Asset Forfeiture and Money Laundering</i>	16.922	N/A	37,829	-	-
Total U.S. Department of Justice			43,361	-	5,532
Total Federal Grants			4,340,679	-	1,081,862
STATE OF NORTH CAROLINA FINANCIAL ASSISTANCE					
N.C. Department of Transportation					
<i>Non-State System Street-Aid Allocation Fund (Powell Bill)</i>	N/A	WBS 32570	-	852,302	-
Total NC Department of Transportation			-	852,302	-
N.C. Department of Commerce					
<i>Building Reuse Program (Downtown Revitalization)</i>	N/A	2017-053-1257-1534	-	29,974	-
Total NC Department of Commerce			-	29,974	-
N.C. Department of Natural and Cultural Resources					
Passed through N.C. Clean Water Management Trust Fund					
<i>Hedrick Property</i>	N/A	2014-068	-	6,865	7,145
<i>Smith Creek Greenway - Phase 2</i>	N/A	2016-089	-	-	189,303
Total NC Department of Natural and Cultural Resources			-	6,865	196,448
Total State of North Carolina Financial Assistance			-	889,141	196,448
Total Federal & State of North Carolina Financial Assistance			\$ 4,340,679	\$ 889,141	\$ 1,278,309

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

Note 1: The accompanying schedule of expenditures of federal and State awards (SEFSA) includes the federal and state grant activity of the Town of Wake Forest the programs of the federal government and the State of North Carolina for the year ended June 30, 2017. The information in this SEFSA is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of the Town of Wake Forest, it is not intended to and does not present the financial position, changes in net position or cash flows of the Town of Wake Forest.

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

Note 3: The town did not incur any passed-through subrecipient expenditures during the fiscal year ended June 30, 2017.