

Town of Knightdale North Carolina



Comprehensive Annual Financial Report For the Fiscal Year Ended June 30, 2020



TOWN OF KNIGHTDALE
NORTH CAROLINA

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2020

PREPARED BY
FINANCE STAFF



Veterans Plaza at Knightdale Station Park

MAYOR AND TOWN COUNCIL MEMBERS

As of June 30, 2020



Mayor James Roberson
Term 2019-2023



Mayor Pro Tem Jessica Day
Term 2017-2021



Councilor Randy Young
Term 2017-2021



Councilor Mark Swan
Term 2017-2021



Councilor Stephen Morgan
Term 2019-2023



Councilor Ben McDonald
Term 2019-2023

Individual contact information is available at www.knightdalenc.gov



This page is intentionally left blank.

TOWN OF KNIGHTDALE, NORTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2020

TABLE OF CONTENTS

	<u>Pages</u>
Title Page	i
Mayor and Town Council Members	iii
Table of Contents	v-ix
INTRODUCTORY SECTION	1
Letter of Transmittal	3-6
Certificate of Achievement for Excellence in Financial Reporting	7
Key Administrative Positions	8
Organizational Chart	9
FINANCIAL SECTION	11
Independent Auditor's Report	12-14
Management Discussion and Analysis (required supplementary information)	17-27

TOWN OF KNIGHTDALE, NORTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
 For the Fiscal Year Ended June 30, 2020

Basic Financial Statements		29
Government-Wide Financial Statements	<u>Exhibit</u>	
Statement of Net Position	1	30-31
Statement of Activities	2	32
Fund Financial Statements		
<i>Governmental Fund Financial Statements</i>		
Balance Sheet	3	33-34
Reconciliation of the Balance Sheet to the Statement of Net Position		
Governmental Funds	3	35
Statement of Revenues, Expenditures, and Changes in Fund Balances	4	36-37
Reconciliation of the Statement of Revenues, Expenditures, and		
Changes in Fund Balances of Governmental Funds to the		
Statement of Activities	4	38-39
Statement of Revenues, Expenditures, and Changes in Fund Balance -		
General Fund – Budget and Actual	5	40-41
<i>Proprietary Fund Financial Statements</i>		
Statement of Net Position - Proprietary Fund	6	42
Statement of Revenues, Expenses, and Changes in Net Position –		
Business-Type Activities - Proprietary Fund	7	43
Statement of Cash Flows – Business-type Activities – Proprietary Fund	8	44

TOWN OF KNIGHTDALE, NORTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2020

Notes to Financial Statements	45-82
Required Supplemental Information Other Than MD&A	83
Schedule of the Proportionate Share of the Net Pension Liability – Local Government Employee’s Retirement System	84
Schedule of Contributions – Local Government Retirement System	85
Schedule of Changes in Total Pension Liability – Law Enforcement Officers’ Special Separation Allowance	86
Schedule of Total Pension Liability as a Percentage of Covered Payroll	87
Schedule of Changes in the Total OPEB Liability and Related Ratios	88
Individual Fund Statements and Schedules	89
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual – General Fund	90-95
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual – General Capital Project – Capital Reserve Fund	96
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual – Wake Stone Athletic Park Capital Project Fund	97
Combining Balance Sheet – Non-major Governmental Funds	98-99
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Non-major Governmental Funds	100
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Storm Water Fund, Special Revenue Fund	101
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual – General Capital Projects Fund	102
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual – Mingo Creek Greenway Capital Project Fund	103
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual – Public Works Capital Project Fund	104

TOWN OF KNIGHTDALE, NORTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2020

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual – Fire Capital Project Fund	105
Schedule of Revenues and Expenditures – Budget and Actual (Non-GAAP) – Water and Sewer Operations	106
Other Schedules	107
Ad Valorem Taxes Receivable	108
Analysis of Current Tax Levy	109
STATISTICAL SECTION	<u>Table</u> 111
Net Position by Component	1 112
Changes in Net Position	2 113-114
Fund Balance of Governmental Funds	3 115
Changes in Fund Balance of Governmental Funds	4 116
Governmental Activities, Property Tax Revenue	5 117
Assessed Value of Taxable Property	6 118
Property Tax Rates – Direct and Overlapping	7 119
Property Tax Levies and Collections	8 120
Principal Property Taxpayers	9 121
Legal Debt Margin Information	10 122

TOWN OF KNIGHTDALE, NORTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
 For the Fiscal Year Ended June 30, 2020

Ratio of Outstanding Debt by Type to Assessed Value, Personal Income and Bonded Debt Per Capita	11	123
Ratio of Net General Obligation Debt Outstanding	12	124
Direct and Overlapping Governmental Activities Debt	13	125
Employee Positions Authorized by Department	14	126
Operating Indicators by Function	15	127-128
Capital Asset Statistics by Function	16	129
Demographic Statistics	17	130
Principal Employers	18	131
Commercial Activity	19	132
COMPLIANCE SECTION		135
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>		136-137
Schedule of Findings and Questioned Costs		138
Schedule of Expenditures of Federal and State Awards		139



Artwork at Town Hall Environmental Park



This section, which is unaudited, introduces the reader to the report and to the Town. It includes the letter of transmittal, GFOA award, and organizational information regarding the Town of Knightdale.

INTRODUCTORY SECTION



This page is intentionally left blank.



November 20, 2020

The Honorable Mayor James Roberson,
Members of the Town Council and Citizens of the
Town of Knightdale
950 Steeple Square Court
Knightdale, North Carolina 27545

To Town Council and the Citizens of the Town of Knightdale:

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of the Town of Knightdale, North Carolina, for the fiscal year ended June 30, 2020, as state law requires local governments publish a complete set of audited financial statements annually.

This report consists of management's representations concerning the financial position and results of operations for the fiscal year ended June 30, 2020. Consequently, management assumes responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the Town of Knightdale has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Town of Knightdale's financial statements in conformity with generally accepted accounting principles (GAAP). As management, we assert to the best of our belief and knowledge, this financial report is complete and reliable in all material respects.

The financial statements and supplemental schedules contained herein have been audited by the independent, certified public accounting firm of Joyce and Company, CPA, and that firm's unmodified opinion is included in the Financial Section of this report. The report, however, is presented by the Town of Knightdale, which is responsible for the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures. We believe the data as presented is accurate in all material aspects.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides an introduction, overview, and analysis of the basic financial statements. The discussion and analysis complements this letter of transmittal and should be read in combination with it.

PROFILE OF THE GOVERNMENT

Incorporated in 1927, the Town of Knightdale is located in Wake County just seven miles east of Raleigh, the State Capital of North Carolina. Established during the railroad boom, the Town is named after Henry H. Knight, whose farm was closeby. The Town has a corporate limits comprised of 7.44 square miles and an extraterritorial jurisdiction of 17.75 square miles. The Town has a projected population of 18,152, and according to the U.S. Census Bureau in 2019, it was the fastest growing municipality in Wake County. The median age of Town residents is 36.6 compared to 38.6 in North Carolina and 37.9 in the United States.

Knightdale has a Council-Manager form of government. Under this system the citizens elect a mayor and five council members as the Town's governing body. The Council then appoints the Town Manager who serves at the discretion of the council. Council members are elected to four-year terms. Three of the members are elected in one year, and the two remaining members and the mayor are elected two years later. The mayor, as the principal elected official of the Town, provides leadership to the governing body and the community, and presides over board meetings. The Town provides a full range of services including police, fire, sanitation, development services, construction and maintenance of streets and infrastructure, and recreational activities and events.

State law requires that the Town Council approve an annual budget prior to July 1. The budget ordinance authorizes all financial transactions of the Town except those authorized by a project ordinance or conducted through a trust or agency fund. The budget is prepared by fund and department. Department heads may transfer resources within a department and the Town Manager may transfer between departments, but any change which increases or decreases a fund's overall budget requires approval of the Council.

LOCAL ECONOMY

The Town of Knightdale's economy benefits from its proximity to the City of Raleigh and the Research Triangle Park, lands set aside for technological and research-oriented companies. The Triangle area which includes Raleigh, Durham, Chapel Hill and surrounding communities is considered one of the best places to live and work in the United States. The Triangle is home to Duke University, North Carolina State University, the University of North Carolina and Wake Technical Community College. Because of its proximity to the Triangle, the City of Raleigh, several universities, and state government complexes, the local economy remains stable and enjoys a lower unemployment rates than state and national averages. Like the rest of the nation and world, the Town of Knightdale has been impacted by the COVID-19 pandemic that surfaced during the third and fourth quarter of fiscal year 2020. As of June 2020, this area of the state had an unemployment rate of 6.6% compared to 3.9% at the same time last year. The 6.6% rate is lower than the statewide rate of 7.7% and national rate of 11.2%. The median family income is \$70,376 compared to \$61,937 across the entire United States.

The Town remains cautiously optimistic about the economic stability of the community during the COVID-19 pandemic, but this has not prevented it from taking precautionary measures. While essential workers, such as police, fire, and public works personnel, retained normal work routines, due to safety concerns, Town Hall closed and most non-essential Town staff worked remotely. As well, parks and other public facilities were closed during the third and fourth quarters of the fiscal year with most all cultural and recreational programming being suspended. At all times, the Town followed State and County COVID-19 precautionary recommendations.

Knightdale has experienced solid but disproportional growth in recent years. Retail trade, restaurants, and accommodations have dominated growth. As a result, workers make significantly less than workers in the rest of the county, the state, and nationally. Most residents commute outside of Knightdale for employment.

Fortunately, the surrounding region is expected to continue to experience strong employment growth among well-paying industry sectors, and Knightdale has a lot to offer potential employers—the Town has a relatively young and well-educated population; labor force participation is high among residents, and unemployment rates are low; growth in housing construction is strong; median home prices are low, while home appreciation is robust. Additionally, Knightdale offers the resources of over 6,000 resident workers who currently commute outside the Town for employment.

Robust housing growth coupled with relatively low prices position Knightdale’s housing market as both affordable and attractive for area workers. The median property value in Knightdale is \$183,000 compared to Wake County at \$301,900. Since 2010, the number of housing units has grown by 35%. Median home sales prices are 26% below Wake County and 17% below the nation. The percentage of households spending more than 30% of income on housing, a measure of unaffordability, is lower in Knightdale than in the county, state, and nation. As of 2018, there were 5,699 housing units in Knightdale, an increase of 1,768 units or 45% since 2010. Around 67% of occupied homes in Knightdale are owner occupied. Only 3% of Knightdale’s housing stock is vacant with the average sales price for homes in Knightdale in 2019 at \$266,000. This is a 7.5% increase from the prior year.

MAJOR INITIATIVES

In August 2018, Town Council adopted KnightdaleNext 2035 Comprehensive Plan. This plan is the official adopted statement for future development and conservation in the Town. It establishes a vision and guiding principles, analyzes existing conditions and emerging trends, describes and illustrates a plan for future development and supporting infrastructure, and outlines steps for implementation. It will serve as the foundation for determining effective public policy and for making land use decisions for the future that will provide an ongoing framework for informed and directed public investment and private development. The broad range of development issues and Town services addressed makes it a playbook for the growth that reflects the priorities and values of Knightdale residents, safeguarding the Town’s history and sense of place. The Town’s 2027 Comprehensive Plan was last revised in 2011.

During fiscal year 2020, the Town completed a major initiative to develop a strategic plan to serve as Council’s overall guiding framework for activities and operations moving forward. The Strategic Plan will provide clarity, direction and focus, identifying organizational priorities and subsequent objectives to successfully meet these goals. The Council’s primary responsibility is to improve the quality of life for its citizens and this plan provides the roadmap to reach that destination. The engine to accomplishing its strategic goals is through the adoption of an Annual Implementation Plan and subsequent Annual Performance Management Report. The Implementation Plan outlines the capital investment and other initiatives that Town Council will accomplish in the current fiscal year with the Performance Management Report demonstrating what the Town is doing to achieve the “Focus Areas” objectives as viewed through a service delivery lens. The Strategic Plan, Implementation Plan, and Annual Performance Management Report can be found on the Town’s website.

Fiscal year 2020 also saw renewed discussions around the consolidation of fire services. After months of discussions between Town officials, Wake County, and the Eastern Wake Fire Rescue Department, an agreement to merge Town and Eastern Wake Fire resources under the Town’s operations was made in the Spring of 2020. The effective date of the consolidation is July 1, 2020. Funding for the additional services being provided by the Town will come as part of the County’s cost-share program, which is funded by a countywide fire district property tax. This tax is charged to citizens living in the County’s unincorporated areas.

RELEVANT FINANCIAL POLICIES

Fund balance is an accounting term defined as the difference between assets and liabilities in a governmental fund. The term “reserves” is often used by public finance practitioners, but is not a governmental accounting term. It refers to the portion of fund balance held in reserve to buffer against financial distress or risk. The North Carolina State Treasurer recommends a minimum unallocated general fund balance of 8%. However, the Knightdale Town Council has determined that the Town should strive to maintain an available fund balance of 25% of expenditures and interfund transfers at the close of each fiscal year. For fiscal year 2020, the available general fund balance was \$4,733,905 or 29.94% of expenditures and interfund transfers.

The Town of Knightdale strives to maintain modest debt levels and is careful with its capital planning and expenditures. Per a policy adopted in 2017, the Town strives to maintain a debt ratio of no greater than 11% of the anticipated expenditures for the current fiscal year. It was at 7.65% in fiscal year 2020. Any unassigned fund balance at year end in excess of 40% is transferred to its Capital Reserve Fund in the following fiscal year. In addition, the Town transfers the equivalent of \$0.02 of the total \$0.43 tax levy to the Capital Reserve Fund each year to be set aside for future capital projects and an additional one-half cent to be used on park and recreation maintenance. For fiscal year 2020, the Town transferred \$458,897 from the General Fund to the Capital Reserve Fund.

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 Knightdale for the Comprehensive Annual Financial Report for the fiscal year ended June 30, 2019. This is the twenty-eighth (28th) such certificate the Town has received. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is the highest form of recognition awarded in the field of governmental reporting. A Certificate of Achievement is valid for one year only. We believe our current report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

Professional staff members in the Finance Department contributed to the preparation of this report. Their hard work, dedication, and continuing efforts to produce and improve the quality of this report are a direct benefit to all that read and use it. We would also like to commend each Town department for their cooperation and assistance throughout the year in the efficient administration and commitment to the vision, mission and goals of the Town of Knightdale. We extend a special thanks to Joyce and Company, CPA, for their hard work and efforts throughout the audit process. Recognition and appreciation are also extended to Town Council for their leadership and dedication to serving the people of the Town of Knightdale. This report is a testament to their continued support and desire for maintaining the highest standards in fiscal management and accountability.

William R. Summers
William R. Summers, ICMA-CM
Town Manager

Tim Flora
Tim Flora, CPA
Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

Town of Knightdale
North Carolina

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2019

Christopher P. Morill

Executive Director/CEO

**TOWN OF KNIGHTDALE, NORTH CAROLINA
KEY ADMINISTRATIVE POSITIONS**

as of June 30, 2020

Bill Summers
Town Manager

Dustin Tripp
Assistant Town Manager

Suzanne Yeatts
Assistant Town Manager

Lawrence Capps
Police Chief

Chris Wiley
Parks & Recreation Director

Phillip Bunton
Public Works Director

Loren Cone
Fire Chief

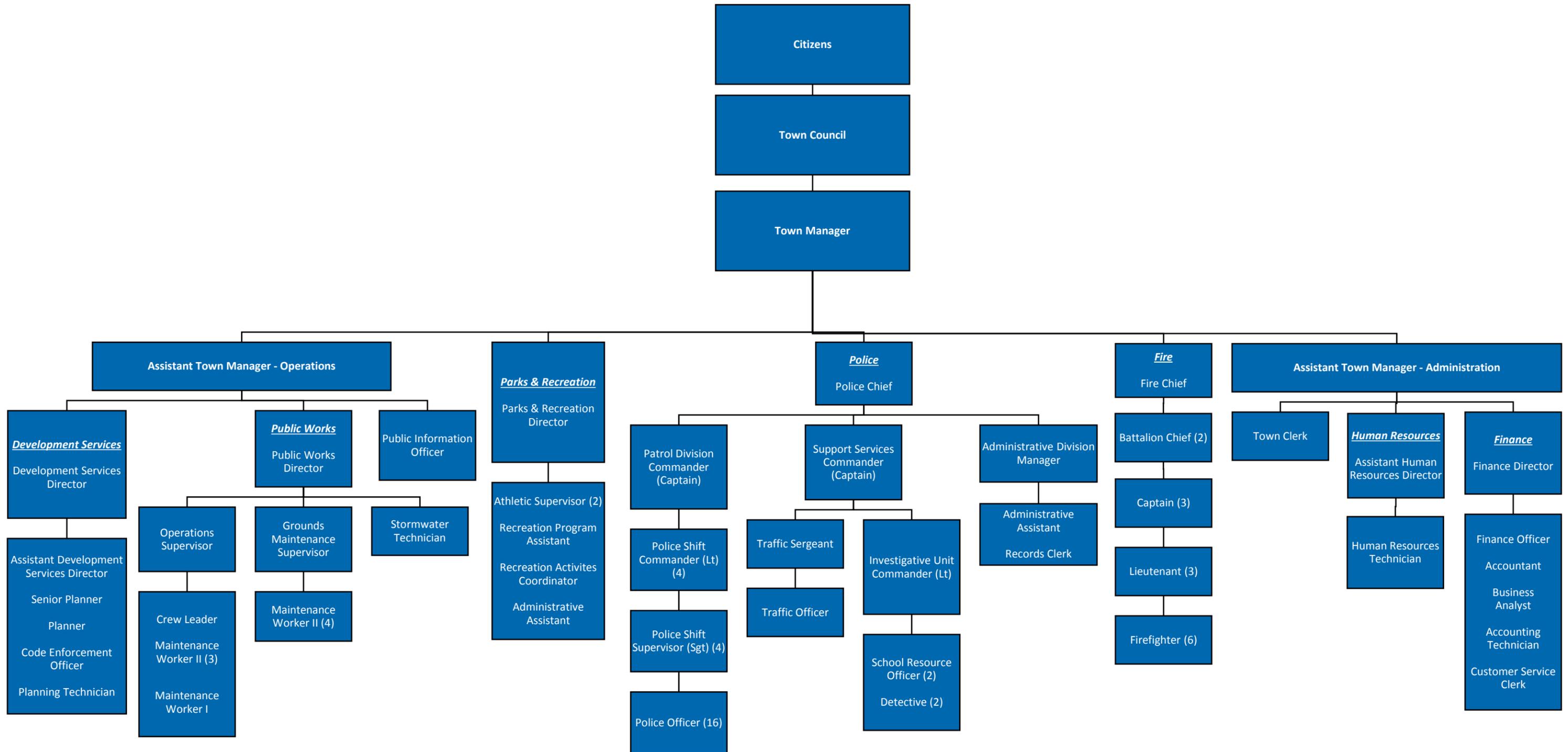
Chris Hills
Development Services Director

Tim Flora
Finance Director

Heather Smith
Town Clerk



ORGANIZATIONAL CHART





Pond at Knightdale Station



KNIGHTDALE
start something

This section includes the independent auditor's report, the management discussion and analysis, the basic financial statements (government-wide and fund financial statements), notes to financial statements and required supplemental information other than management discussion and analysis (budget to actual comparison of major governmental funds and pension schedules).

FINANCIAL SECTION

Independent Auditor's Report

To the Honorable Mayor and
Members of the Town Council
Town of Knightdale, 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 Knightdale, North Carolina, as of and for the year ended June 30, 2020, 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 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 an opinion on these 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 of 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 entity'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 entity'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 financial statement 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 opinion.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Knightdale, North Carolina as of June 30, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Law Enforcement Officers' Special Separation Allowance Schedules of Total Pension Liability as a Percentage of Covered Payroll and Changes in Total Pension Liability, Other Postemployment Benefits' Schedule of Changes in the Total OPEB Liability and Related Ratios and the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability and Contributions be presented to supplement the basic financial statements. Such information, although not a required 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 consisted 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 basic financial statements of the Town of Knightdale, North Carolina. The introductory information, combining and individual fund statements, budgetary schedules, other schedules and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements, budgetary schedules and other schedules are 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 combining and individual fund statements, budgetary schedules, and other schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 20, 2020 on our consideration of the Town of Knightdale’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements and other matters. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Knightdale’s internal control over financial reporting and compliance.



Joyce and Company, CPA
Cary, North Carolina

November 20, 2020



This page is intentionally left blank.



New Public Works Building Opened in Fiscal Year 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Town of Knightdale, we offer readers of the Town of Knightdale's comprehensive annual financial report this narrative overview and analysis of the financial activities of the Town of Knightdale for the fiscal year ended June 30, 2020. Readers are encouraged to read the information presented here in conjunction with the transmittal letter located on pages 3-6 of this report and additional information that we have furnished in the Town's financial statements, which follow this narrative.

FINANCIAL HIGHLIGHTS

- At June 30, 2020, the assets and deferred outflows of the Town of Knightdale exceeded its liabilities and deferred inflows of resources by \$93,247,519 (*net position*).
- The Town's total net position increased over the course of the year's operations by \$6,597,523 (7.61%). The net position related to governmental activities increased \$6,596,541 (7.62%).
- At fiscal year end, governmental activities revenue was \$24,054,449, an increase of \$100,307 from the prior year. The two largest revenue sources were from property taxes at \$8,113,286 and capital grants and contributions at \$8,320,639.
- Total governmental activities expenses for the year ending June 30, 2020 were \$17,457,908. This is an increase of \$1,531,512, or 9.62%, from the prior year.
- As of the close of the current fiscal year, the Town of Knightdale's governmental funds reported combined ending fund balances of \$11,414,245, which is a net decrease of \$1,387,065 (10.84%) in fund balance from the prior year. Approximately 29.48% of this total amount, or \$3,365,097, is non spendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$4,733,905 or 29.94% of total general fund expenditures (including transfers to other funds) for the fiscal year. The Town Council's policy is that this ratio should be 25% as of fiscal year end.
- Fund balance available for appropriation is specified in NC General Statute 159-8(a) and does include amounts which are limited in purpose. The fund balance available for appropriation in the General Fund as of June 30, 2020 was \$5,118,451 or 32.37% of the General Fund's expenditures, transfers out and adjusted for debt financed expenditures.
- As of June 30, 2020, the Town had total debt outstanding of \$12,328,869. Of this amount, \$2,195,000 is general obligation bonds backed by the full faith and credit of the Town, \$291,053 is debt related to the utility system, and \$10,133,869 relates to installment purchase agreements for land, buildings, equipment and vehicles. Collateral for these installment purchase agreements are the assets purchased or constructed.
- The Town of Knightdale's total debt increased by \$861,034 or 7.50% during the current fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the Town of Knightdale's basic financial statements. This annual report consists of four components: 1) management's discussion and analysis (this section), 2) government-wide financial statements, 3) fund financial statements, and 4) notes to the financial statements (see Figure 1). The basic financial statements present two different views of the Town through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the Town of Knightdale.

information is provided to show details about the Town’s individual funds. Budgetary information required by the North Carolina General Statutes also can be found in this part of the statements. Figure 1 shows how the required parts of this annual report are arranged and relate to one another. Figure 2 summarizes the major features of the Town’s financial statements, including the portion of the Town government they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis explains the structure and contents of each of the statements.

Figure 2

Major Features of the Town of Knightdale’s Government-wide and Fund Financial Statements

	Fund Statements		
	Government-wide Statements	Governmental Funds	Proprietary Funds
Scope	Entire Town government	The activities of the Town that are not proprietary, such as public safety and parks.	Activities the Town operates similar to private businesses; the water and sewer system.
Required financial statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures, and changes in fund balance 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenues, expenses and changes in net position • Statement of cash flows
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short term and long term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets included	All assets and liabilities, both financial and capital, and short term and long term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid

Government-wide Financial Statements

The government-wide financial statements (Exhibits 1 and 2 of this report) are designed to provide the reader with a broad overview of the Town’s finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the Town’s financial status as a whole. The statement of net position includes *all* of the government’s assets and liabilities. All of the current year’s revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

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

- Over time, increases or decreases in the Town’s net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the Town, additional non-financial factors such as changes in the Town’s property tax rate and the condition of the Town’s roads should be considered.

The government-wide financial statements of the Town are divided into two categories:

- Governmental activities - Most of the Town’s basic services are included here, such as the police, fire, public works, parks and recreation departments, and general administration. Property taxes, local option sales taxes, and state and federal grant funds finance most of these activities.
- Business-type activities - During fiscal year 2006, the Town’s water and sewer system was merged with the City of Raleigh’s utility system. More thorough information is included under “BUSINESS-TYPE ACTIVITIES” and “FINANCIAL ANALYSIS OF THE TOWN’S FUNDS” later in this document. These funds are maintained as internal controls for the fees and charges collected on behalf of Raleigh and debt payments which could not legally be assumed by the City of Raleigh.

Fund Financial Statements

The fund financial statements (Exhibits 3-8) provide more detailed information about the Town’s most significant activities - not the Town as a whole. A fund is a grouping of related accounts that the Town uses to maintain control over specific sources of funding and spending that have been segregated for specific activities or objectives. The Town of Knightdale, 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 of Knightdale 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 (1) how *cash and other* financial assets that can readily be converted to cash flow in and out and (2) the balances 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. Consequently, the governmental fund financial statements provide a detailed *short-term* view that helps you determine whether there are more or less financial resources available that can be spent in the near future 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 part of the fund financial statements.

The Town of Knightdale adopts an annual 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 Council 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 Council; 2) the final budget as amended by the Council; 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.

Proprietary Funds - Services for which the Town charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long- and short-term financial information. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. Town of Knightdale uses an enterprise fund to account for its water and sewer activity. This fund is the same as those functions shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

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 located on pages 45-82 of this report.

Figure 3
NET POSITION

	Governmental		Business-Type		Total	
	Activities		Activities			
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 13,165,012	\$ 14,963,503	\$ 331,688	\$ 516,257	\$ 13,496,700	\$ 15,479,760
Capital assets	104,388,409	94,505,503	-	-	104,388,409	94,505,503
Total assets	117,553,421	109,469,006	331,688	516,257	117,885,109	109,985,263
Total deferred outflows of resources	1,524,387	1,663,475	-	-	1,524,387	1,663,475
Other liabilities	3,524,155	3,729,847	148,950	187,869	3,673,105	3,917,716
Long-term liabilities	20,776,280	19,494,171	144,421	291,053	20,920,701	19,785,224
Total liabilities	24,300,435	23,224,018	293,371	478,922	24,593,806	23,702,940
Total deferred inflows of resources	1,568,171	1,295,802	-	-	1,568,171	1,295,802
Net position:						
Net investment in capital assets	92,350,593	84,694,947	-	-	92,350,593	84,694,947
Restricted	3,321,406	2,813,131	-	-	3,321,406	2,813,131
Unrestricted	(2,462,797)	(895,417)	38,317	37,335	(2,424,480)	(858,082)
Total net position	\$ 93,209,202	\$ 86,612,661	\$ 38,317	\$ 37,335	\$ 93,247,519	\$ 86,649,996

Other Information - In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Town of Knightdale's progress in funding its obligations to provide pension and other postemployment benefits to its employees. Required supplementary information can be found beginning on page 85 of this report.

Interdependence with Other Entities: The Town depends on financial resources flowing from, or associated with, both the Federal Government and the State of North Carolina. Because of this dependency, the Town is subject to changes in specific flows of intergovernmental revenues based on modifications to Federal and State laws and Federal and State appropriations. It is also subject to changes in investment earnings and asset values associated with U.S. Treasury Securities because of actions by foreign government and other holders of publicly held U.S. Treasury Securities.

Figure 4
CHANGES IN NET POSITION

	Governmental		Business-Type		Total	
	Activities		Activities			
	2020	2019	2020	2019	2020	2019
Revenues						
Program revenues:						
Charges for services	\$ 2,276,913	\$ 2,564,549	\$ -	\$ -	\$ 2,276,913	\$ 2,564,549
Operating grants and contributions	234,376	272,786	-	-	234,376	272,786
Capital grants and contributions	8,320,639	8,586,829	-	-	8,320,639	8,586,829
General revenues:						
Property taxes	8,113,286	7,672,069	-	-	8,113,286	7,672,069
Other taxes	253,644	246,727	-	-	253,644	246,727
Grants and contributions not restricted to specific programs	4,490,944	4,289,039	-	-	4,490,944	4,289,039
Unrestricted investment earnings	164,054	214,968	10,280	15,561	174,334	230,529
Other revenues	200,593	107,175	335	-	200,928	107,175
Total revenues	24,054,449	23,954,142	10,615	15,561	24,065,064	23,969,703
Expenses						
General government	2,754,724	2,241,328	-	-	2,754,724	2,241,328
Public safety	6,101,023	5,584,019	-	-	6,101,023	5,584,019
Transportation	4,390,035	3,983,151	-	-	4,390,035	3,983,151
Environmental protection	1,414,155	1,275,434	-	-	1,414,155	1,275,434
Economic and physical development	712,736	713,596	-	-	712,736	713,596
Cultural and recreational	1,802,331	1,875,579	-	-	1,802,331	1,875,579
Interest on long-term debt	282,904	253,289	-	-	282,904	253,289
Water and sewer	-	-	9,633	74,050	9,633	74,050
Total expenses	17,457,908	15,926,396	9,633	74,050	17,467,541	16,000,446
Change in net position	6,596,541	8,027,746	982	(58,489)	6,597,523	7,969,257
Net Position-beginning (as previously stated)	86,612,661	77,716,678	37,335	95,824	86,649,996	77,812,502
Adjustment to beginning net position	-	868,237	-	-	-	868,237
Net Position-June 30	\$ 93,209,202	\$ 86,612,661	\$ 38,317	\$ 37,335	\$ 93,247,519	\$ 86,649,996

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of the Town of Knightdale exceeded liabilities and deferred inflows by \$93,247,519 as of June 30, 2020. This is an increase in net position by \$6,597,523 or 7.61% from the previous year. The largest portion, \$92,350,593 or 99.03% of total net position, 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 items. The Town of Knightdale uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Knightdale's net investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the Town of Knightdale's net position, \$3,321,406 or 3.56% of total net position, represents resources that are subject to external restrictions on how they may be used.

GOVERNMENTAL ACTIVITIES

Governmental activities increased the Town's net position by \$6,596,541 or 7.62%, thereby accounting for most of the total growth in net position of the Town of Knightdale. Key elements of this increase are as follows:

Revenues-Governmental Activities

- Ad Valorem Taxes make up 33.7% of the governmental activity revenue and have traditionally been the single most important revenue source for funding local government operations. Property taxes are expected, over the long term, to remain one of the top two revenue sources for the Town. The Town's tax rate during fiscal year 2020 was 43 cents with an assessed value of \$1,880,526,047 (per Wake County tax report). Knightdale's tax base grew 5.84% from fiscal year 2019. The Town continues to experience commercial and residential growth. Wake County continues to act as a tax collector for the Town, with current year collections at 99.62%. The statewide average tax collection percentage was 99.21% for FY 2018-2019.
- While it can fluctuate from year to year, restricted capital grants and contributions represent a significant portion of Town revenues. In fiscal year 2020, the amount was \$8,320,639, which represents 34.6% of the total revenues received by the Town. This funding is mostly for infrastructure improvements to the Town and is not a resource that can be used to retire financial obligations.
- Unrestricted intergovernmental revenue is also a large revenue source accounting for 18.7% of total governmental revenues. Local option sales tax accounts for a majority of this category. The sales tax is basically a tax on the retail sale or lease of tangible personal property. Although the Town does not levy these taxes, they share in the proceeds collected for Wake County, in which the Town is located. Intergovernmental revenues also include state collected reimbursements for franchise taxes, wine and beer tax and ABC profits.
- Charges for services, which include recreation, sanitation, storm water fees, permits and fees revenues, decreased by \$287,636 or 11.22% this year. This was mostly due to the third and fourth quarter impact of the COVID-19 pandemic whereby most recreational programming was suspended.

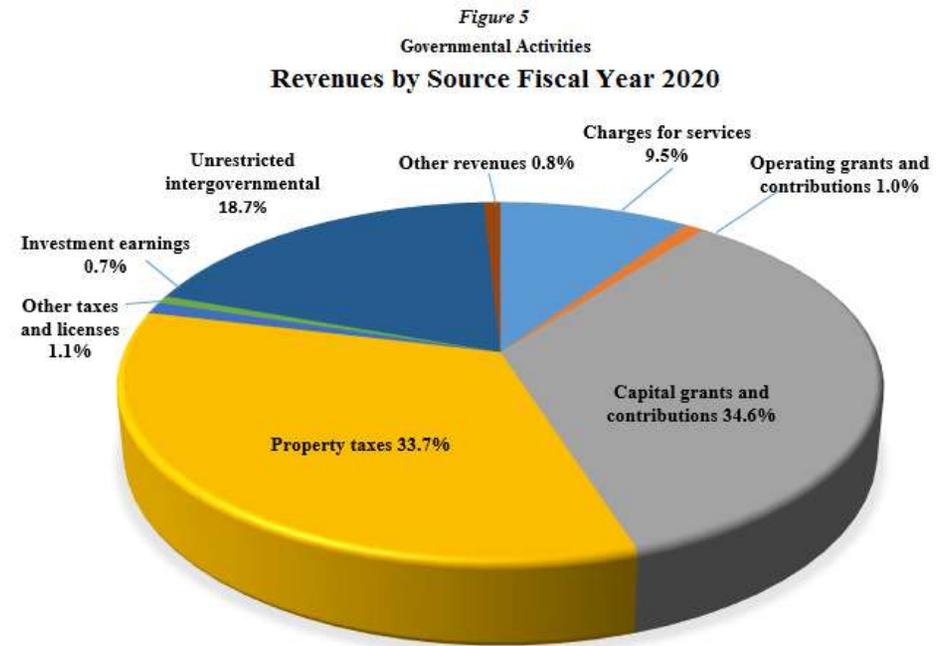
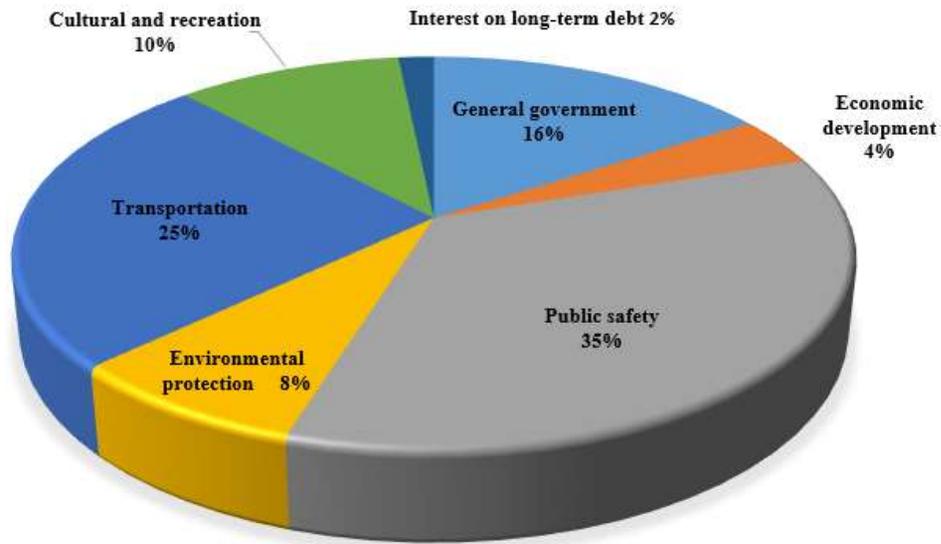


Figure 6
Governmental Activities
Expenses by Function Fiscal Year 2020



Expenses-Governmental Activities

- The primary expenses are divided into seven different functions: General Government, Public Safety, Transportation, Environmental Protection, Economic Development, Cultural and Recreational, and interest on long-term debt.
- Total expenses were \$17,457,908 for the year ending June 30, 2020. This is an increase of \$1,531,512, or 9.62%, from the prior year. Increases partially resulted from five new full-time positions and increased capital outlay for vehicles, town hall renovations, and the Wake Stone Athletic Park capital project.
- Public safety is the largest expense of the Town representing \$6,101,023 or 35% of the total expenses during fiscal year 2020. These are the funds spent on the Town’s Police and Fire operations.
- The transportation function accounts for 25% of the Town’s expenses reflecting a total amount spent of \$4,390,035. These costs include street and sidewalk infrastructure construction, maintenance and repair costs. It also includes operational expenses for the public works department.
- The Town spent \$282,904 on interest towards its long-term debt. This is an increase of \$29,615, or 11.69%, from the prior year. Principal payments are expensed in the function where the debt was incurred.

BUSINESS-TYPE ACTIVITIES

On May 1, 2006, the Town of Knightdale and the City of Raleigh merged the water and sewer systems. Under the terms of the agreement, Raleigh assumed full responsibility for the provision of water and sewer services in Knightdale, including responsibility for Knightdale’s water and sewer utility systems and related equipment and property rights. Key points of the merger:

- Upon the transfer, Raleigh assumed immediate and sole duty and responsibility for financing, operating, maintaining, improving and expanding the water and sewer systems serving Knightdale’s existing and future corporate limits and Urban Service area.
- The Town transferred ownership of all facilities, property, land, equipment, financial assets, information and data subject to the agreement with Raleigh.
- Knightdale accepts certain water and sewer fees from developers and builders. Depending on the nature of the fees, the money is either transferred to Raleigh on a monthly basis, held in reserve to fund infrastructure reimbursements to developers, or fund water and sewer line extensions to annexed areas.
- The City of Raleigh reimbursed the Town of Knightdale \$159,917 for debt service payments made during the fiscal year ended June 30, 2020.
- Town residents began paying City of Raleigh water and sewer rates effective July 1, 2018.

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

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

Governmental Funds

The focus of the Town of Knightdale's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the Town of Knightdale's financing requirements. Specifically, unassigned fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The General Fund is the chief operating fund of the Town of Knightdale. At the end of the current fiscal year, Town of Knightdale's fund balance available in the General Fund was \$5,118,451 while total fund balance for the General Fund reached \$7,652,785. The Town Council of the Town of Knightdale has determined that the Town should maintain an available fund balance of 25% of General Fund expenditures and interfund transfers in case of unforeseen needs or opportunities, in addition to meeting the cash flow needs of the Town. The Town currently has an available fund balance of 32.37% of General Fund expenditures and transfers out adjusted for debt-financed expenditures. This ratio is used by the Town Council for internal management purposes. Available Fund balance less restricted funds at year-end in excess of 40% of expenditures and interfund transfers will be transferred to the General Capital Project Capital Reserve Fund in the following fiscal year. No funds will be transferred in fiscal year 2021.

At June 30, 2020, the governmental funds of the Town of Knightdale reported a combined fund balance of \$11,414,245, for a net decrease in fund balance of \$1,387,065 (10.84%) over last year. Approximately 29.48% of this total amount, or \$3,365,097, is non spendable or restricted. In addition to the General Fund, the Town has two other funds it considers as major funds. These are the General Capital Project Capital Reserve Fund and the Wake Stone Athletic Park Capital Project Fund. These capital project funds accounted for \$2,234,403 (19.58%) of the combined fund balance.

General Fund Budgetary Highlights-Fiscal Year 2020

During the fiscal year, the Town revised the budget on a few 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. Total amendments to the General Fund increased budgeted revenue \$84,233, or 5.50%, for a total budgeted amount of \$15,403,662. This increase is mostly attributed to additional grant funding received. The actual revenue collected fell short of the amount budgeted by \$305,057, mostly due to reduced recreation fees resulting from programming changes due to the COVID-19 pandemic in the third and fourth quarters. Expenditure budget increased by \$873,484 from the original adopted budget for a total amended budget of \$16,793,926. Actual expenditures were \$1,441,273, or 8.58%, below the amended budget amount.

General Capital Projects – Capital Reserve Fund- Fiscal Year 2020

As of June 30, 2020, the General Capital Projects – Capital Reserve Fund had a fund balance of \$1,702,958, a decrease of \$1,046,023 from the previous fiscal year. Of this amount \$508,871 is restricted for street improvement projects. The remaining balance is assigned or designated for future capital projects. The General Fund transferred \$458,897, representing the Town policy of transferring \$0.025 of the current tax levy to the General Capital Projects - Capital Reserve Fund during fiscal year 2020. During fiscal year 2020, \$293,040 was transferred to the General Fund for annual debt service costs for Knightdale Station Park. Two transfers for capital projects were also made. The first being \$1,021,000 for the Wake Stone Athletic Park. The other transfer of \$514,000 was made to the Mingo Creek Greenway Extension Capital Project Fund.

Proprietary Fund Highlights- Fiscal Year 2020

As previously mentioned, the Water and Sewer Operations Fund shown in these financial statements is a shell of its former self. The Town of Knightdale does not maintain any water and sewer operations. The fund is maintained for the internal controls it provides in collecting fees to be either remitted to Raleigh on a monthly basis or used to reimburse developers under previous developer agreements. The budgeted amounts are presented on the modified accrual basis. Because Knightdale has no ownership of any of the revenues, they are eliminated in the conversion to full accrual. The Town continues to pay debt service on infrastructure items and is fully reimbursed by the City of Raleigh. The final debt service payment is due in fiscal year 2022, after which time the Town intends to close this fund.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Town of Knightdale’s investment in capital assets for its governmental activities as of June 30, 2020, totals \$104,388,409 net of accumulated depreciation and including construction in progress. These assets include land, buildings, machinery, equipment, roads and infrastructure, vehicles and park facilities. The Town does not retain any business-type capital assets. As discussed previously, all business-type capital assets were transferred to the City of Raleigh per merger agreement. Major capital asset highlights during the year include the following.

- Roads and infrastructure increases of \$4,654,451, net of depreciation, accounted for the largest increase.
- Construction in progress in the amount of \$3,827,345 represents capital projects not completed as of June 30, 2020, the majority of this being related to the Wake Stone Athletic Park project scheduled to be completed in fiscal year 2021.

Additional information on the Town’s capital assets can be found in Note 2.A.3 of the Basic Financial Statements.

Long-term Debt

As of June 30, 2020, the Town of Knightdale had total bonded debt outstanding of \$2,195,000. This outstanding debt is backed by the full faith and credit of the Town. Of that total, \$291,053 is debt related to the utility system. The merger agreement with the City of Raleigh requires the City to make periodic transfers to Knightdale to fund these debt service payments. The remaining Town debt balance of \$10,133,869 relates to installment purchase agreements for land, buildings, equipment and vehicles. Collateral for these installment purchase agreements are the assets purchased or constructed. The Town of Knightdale’s total debt increased by \$861,034 or 7.50% during the past fiscal year. The increase is related to \$2,000,000 installment debt for the Wake Stone Athletic park and \$247,789 installment debt for two heavy-duty trucks in the Public Works Department.

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8% of the total assessed value of taxable property located within that government’s boundaries. The legal debt margin for the Town of Knightdale is \$138,695,321, which is well above the Town’s current total debt outstanding.

Additional information regarding the Town of Knightdale’s long-term debt can be found in the Note 2.B.5 of this report.

	Governmental Activities	
	2020	2019
Land and improvements	\$ 22,350,352	\$ 20,921,910
Construction in progress	3,827,345	7,223,443
Streets and infrastructure	56,266,976	51,612,525
Building	4,765,597	2,604,238
Other improvements	14,945,663	10,371,365
Intangibles	191,318	176,017
Equipment	593,178	339,972
Vehicles and motorized equipment	1,447,980	1,256,033
Total	<u>\$ 104,388,409</u>	<u>\$ 94,505,503</u>

Figure 8
LONG-TERM DEBT

	Governmental		Business-Type		Total	
	2020	2019	2020	2019	2020	2018
General obligation bonds	\$ 1,903,947	\$ 2,157,368	\$ 291,053	\$ 440,632	\$ 2,195,000	\$ 2,598,000
Installment purchase agreements	10,133,869	8,869,835	-	-	10,133,869	8,869,835
Total outstanding debt	\$ 12,037,816	\$ 11,027,203	\$ 291,053	\$ 440,632	\$ 12,328,869	\$ 11,467,835

NEXT YEAR’S BUDGET HIGHLIGHTS & ECONOMIC FACTORS

The total fiscal year 2021 operating budget for the Town of Knightdale is \$22,281,519. Of this amount, the general fund budget is \$20,180,902. This is a \$3,801,473, or 23.21%, increase from the adopted general fund budget from the prior year. Budget highlights include:

- A tax revaluation year in which the ad valorem property tax rate changed from \$.43 per \$100 of assessed value to \$.42. This accounts for an estimated revenue of \$10,099,181 based on a total assessed value of \$2,422,963,277. The revenue-neutral rate per General Statute 159-11(e) is \$.356 per \$100 assessed value based on an average growth rate of 6.55%.
- The vehicle fee was doubled from \$15 to \$30. This is anticipated to increase revenues by over \$200,000.
- A merger with the Eastern Wake Fire-Rescue Department effective July 1, 2020 increased the fire expenditure budget by \$1,850,453. These additional costs are fully funded by Wake County Government in fiscal year 2021 and shared costs thereafter.
- A contingency-based budget resulting from the COVID-19 pandemic, which has brought economic uncertainty upon the nation. These contingencies totaling \$1,414,000 include:
 - Ad valorem collections rate reduced to 99% from 99.5%, reducing property tax revenue projections by \$50,000.
 - Sales Tax revenue being budgeted flat, reducing projected revenues by \$485,000.
 - Some staffing and associated costs budgeted contingent on mid-year economic conditions that could save up to \$333,000 in staffing and associated costs if gone unfilled.
 - Capital requests over \$40,000 and considered operation enhancements on hold until a mid-year economic conditions evaluation. This could save up to \$546,000 if these requests are not executed in fiscal year 2021.
- No cost of living adjustment for Town employees was included in fiscal year 2021 budget, although the Town budgets 2% for merit increases.
- Major capital outlay projects funded through the general fund include \$285,000 for Town Hall renovations, \$250,000 for Parks & Recreation major maintenance, and \$247,500 for street paving projects. Total general fund capital funding is \$1,471,145.

REQUESTS FOR INFORMATION

This report is designated to provide an overview of the Town’s finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Finance Officer, Town of Knightdale, 950 Steeple Square Court, Knightdale, NC 27545.



This page is intentionally left blank.

Basic Financial Statements

TOWN OF KNIGHTDALE, NORTH CAROLINA
STATEMENT OF NET POSITION

June 30, 2020

EXHIBIT 1

Page 1 of 2

	Governmental Activities	Business Type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 9,483,777	\$ 40,635	\$ 9,524,412
Restricted cash	1,794,597	-	1,794,597
Receivables:			
Taxes	88,300	-	88,300
Accounts	152,437	-	152,437
Notes-current	-	146,632	146,632
Due from other governments	1,602,210	-	1,602,210
Prepaid expenses	43,691	-	43,691
Total current assets	<u>13,165,012</u>	<u>187,267</u>	<u>13,352,279</u>
Note receivable-noncurrent	-	144,421	144,421
Capital assets:			
Land, improvements and construction in progress	26,177,697	-	26,177,697
Other capital assets, net of depreciation	78,210,712	-	78,210,712
Total capital assets	<u>104,388,409</u>	<u>-</u>	<u>104,388,409</u>
Total assets	<u>117,553,421</u>	<u>331,688</u>	<u>117,885,109</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension deferrals	1,419,878	-	1,419,878
OPEB deferrals	104,509	-	104,509
Total deferred outflows of resources	<u>1,524,387</u>	<u>-</u>	<u>1,524,387</u>

The accompanying notes are an integral part of these financial statements

TOWN OF KNIGHTDALE, NORTH CAROLINA
STATEMENT OF NET POSITION

June 30, 2020

EXHIBIT 1

Page 2 of 2

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued expenses	\$ 1,562,417	\$ 1,968	\$ 1,564,385
Accrued interest	228,190	350	228,540
Compensated absences	279,740	-	279,740
Bonds and notes payable	<u>1,453,808</u>	<u>146,632</u>	<u>1,600,440</u>
Total current liabilities	<u>3,524,155</u>	<u>148,950</u>	<u>3,673,105</u>
Long term liabilities:			
Due in more than one year	<u>20,776,280</u>	<u>144,421</u>	<u>20,920,701</u>
Total liabilities	<u>24,300,435</u>	<u>293,371</u>	<u>24,593,806</u>
DEFERRED INFLOWS OF RESOURCES			
Prepaid taxes and recreation fees	16,211	-	16,211
Pension deferrals	167,515	-	167,515
OPEB deferrals	<u>1,384,445</u>	<u>-</u>	<u>1,384,445</u>
Total deferred inflows of resources	<u>1,568,171</u>	<u>-</u>	<u>1,568,171</u>
NET POSITION			
Net investment in capital assets	92,350,593	-	92,350,593
Restricted for Stabilization by State Statute	1,526,809	-	1,526,809
Restricted for Powell Bill	784,758	-	784,758
Restricted for public safety	57,348	-	57,348
Restricted for loan covenant	121,728	-	121,728
Restricted for streets	508,871	-	508,871
Restricted for Storm Water	321,892	-	321,892
Unrestricted	<u>(2,462,797)</u>	<u>38,317</u>	<u>(2,424,480)</u>
Total net position	<u>\$ 93,209,202</u>	<u>\$ 38,317</u>	<u>\$ 93,247,519</u>

The accompanying notes are an integral part of these financial statements

TOWN OF KNIGHTDALE, NORTH CAROLINA
STATEMENT OF ACTIVITIES
For The Year Ended June 30, 2020

EXHIBIT 2

	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
FUNCTIONS/PROGRAMS							
Governmental activities							
General government	\$ 2,754,724	\$ 272,623	\$ -	\$ -	\$ (2,482,101)	\$ -	\$ (2,482,101)
Public safety	6,101,023	-	124,440	79,651	(5,896,932)	-	(5,896,932)
Transportation	4,390,035	157,669	6,746	8,210,019	3,984,399	-	3,984,399
Environmental protection	1,414,155	1,653,995	11,484	-	251,324	-	251,324
Economic and physical development	712,736	-	54,706	-	(658,030)	-	(658,030)
Cultural and recreational	1,802,331	192,626	37,000	30,969	(1,541,736)	-	(1,541,736)
Interest on long-term debt	282,904	-	-	-	(282,904)	-	(282,904)
Total governmental activities	<u>17,457,908</u>	<u>2,276,913</u>	<u>234,376</u>	<u>8,320,639</u>	<u>(6,625,980)</u>	<u>-</u>	<u>(6,625,980)</u>
Business-type activities							
Water and sewer	<u>9,633</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(9,633)</u>	<u>(9,633)</u>
TOTAL	<u>\$ 17,467,541</u>	<u>\$ 2,276,913</u>	<u>\$ 234,376</u>	<u>\$ 8,320,639</u>	<u>(6,625,980)</u>	<u>(9,633)</u>	<u>(6,635,613)</u>
General revenues							
Taxes:							
Property taxes, levied for general purposes					8,113,286	-	8,113,286
Other taxes and licenses					253,644	-	253,644
Grants and contributions not restricted to specific programs					4,490,944	-	4,490,944
Unrestricted investment earnings					164,054	10,280	174,334
Miscellaneous					200,593	335	200,928
Total general revenues					<u>13,222,521</u>	<u>10,615</u>	<u>13,233,136</u>
Change in Net Position					6,596,541	982	6,597,523
Net Position-beginning					86,612,661	37,335	86,649,996
Net Position-ending					<u>\$ 93,209,202</u>	<u>\$ 38,317</u>	<u>\$ 93,247,519</u>

The accompanying notes are an integral part of these financial statements

TOWN OF KNIGHTDALE, NORTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2020

EXHIBIT 3

Page 1 of 2

ASSETS

	Major			Total	Total
	General	Capital Project Capital Reserve	Wake Stone Athletic Park Capital Project	Nonmajor Governmental Funds	Governmental Funds
Cash and cash equivalents	\$ 6,178,450	\$ 1,194,087	\$ 1,008,297	\$ 1,102,943	\$ 9,483,777
Restricted cash	963,834	508,871	-	321,892	1,794,597
Receivables:					
Taxes	88,300	-	-	-	88,300
Accounts	139,597	-	-	12,840	152,437
Due from other governments	1,458,211	-	12,809	131,190	1,602,210
Prepaid expenditures	43,691	-	-	-	43,691
TOTAL ASSETS	\$ 8,872,083	\$ 1,702,958	\$ 1,021,106	\$ 1,568,865	\$ 13,165,012

LIABILITIES AND FUND BALANCES

LIABILITIES

Accounts payable	\$ 769,378	\$ -	\$ 489,661	\$ 23,400	\$ 1,282,439
Accrued salaries	274,410	-	-	5,568	279,978
TOTAL LIABILITIES	1,043,788	-	489,661	28,968	1,562,417

DEFERRED INFLOWS OF RESOURCES

Property taxes receivable	88,300	-	-	-	88,300
Prepaid taxes and licenses	5,314	-	-	-	5,314
Accounts receivable	70,999	-	-	12,840	83,839
Prepaid recreation fees	10,897	-	-	-	10,897
TOTAL DEFERRED INFLOWS OF RESOURCES	175,510	-	-	12,840	188,350

The accompanying notes are an integral part of these financial statements

TOWN OF KNIGHTDALE, NORTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2020

EXHIBIT 3

	Major			Total	Total
	General	Capital Project Capital Reserve	Wake Stone Athletic Park Capital Project	Nonmajor Governmental Funds	Governmental Funds
Nonspendable					
Prepaid expenditures	\$ 43,691	\$ -	\$ -	\$ -	\$ 43,691
Restricted					
Stabilization by State Statute	1,526,809	-	-	-	1,526,809
Streets - Powell Bill funds	784,758	-	-	-	784,758
Public safety	57,348	-	-	-	57,348
Streets - payment in lieu of street improvements	-	508,871	-	-	508,871
Storm Water	-	-	-	321,892	321,892
Debt service	121,728	-	-	-	121,728
Assigned					
Subsequent year's expenditures	384,546	-	-	369,378	753,924
Storm Water	-	-	-	300,711	300,711
Capital Projects Fund	-	1,194,087	531,445	535,076	2,260,608
Unassigned	4,733,905	-	-	-	4,733,905
TOTAL FUND BALANCES	7,652,785	1,702,958	531,445	1,527,057	11,414,245
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 8,872,083	\$ 1,702,958	\$ 1,021,106	\$ 1,568,865	\$ 13,165,012

Page 2 of 2

FUND BALANCES

Nonspendable

 Prepaid expenditures

Restricted

 Stabilization by State Statute

 Streets - Powell Bill funds

 Public safety

 Streets - payment in lieu of street improvements

 Storm Water

 Debt service

Assigned

 Subsequent year's expenditures

 Storm Water

 Capital Projects Fund

Unassigned

 TOTAL FUND BALANCES

TOTAL LIABILITIES, DEFERRED INFLOWS OF
RESOURCES AND FUND BALANCES

The accompanying notes are an integral part of these financial statements

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

June 30, 2020

EXHIBIT 3

Fund balances-total governmental funds \$ 11,414,245

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

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

Governmental capital assets	\$ 131,414,765	
Less accumulated depreciation	<u>(27,026,356)</u>	104,388,409

Deferred outflows of resources related to pensions are not reported in the funds		1,419,878
Deferred outflows of resources related to OPEB are not reported in the funds		104,509

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	(12,037,816)	
Compensated absences	(449,734)	
Net pension liability (LGERS)	(2,318,826)	
Total pension liability (LEO)	(1,159,280)	
Total OPEB liability	<u>(6,544,172)</u>	(22,509,828)

Earned revenues considered deferred inflows of resources in fund statements		172,139
---	--	---------

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

Accrued interest payable		(228,190)
--------------------------	--	-----------

Deferred inflows of resources related to pensions are not reported in the funds		(167,515)
---	--	-----------

Deferred inflows of resources related to OPEB are not reported in the funds		<u>(1,384,445)</u>
---	--	--------------------

Net position of governmental activities		<u><u>\$ 93,209,202</u></u>
---	--	-----------------------------

The accompanying notes are an integral part of these financial statements

TOWN OF KNIGHTDALE, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS

For The Year Ended June 30, 2020

EXHIBIT 4

Page 1 of 2

	Major			Total Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	General Capital Project Capital Reserve	Wake Stone Athletic Park Capital Project		
REVENUES					
Ad valorem taxes	\$ 8,096,412	\$ -	\$ -	\$ -	\$ 8,096,412
Other taxes and licenses	118,587	138,762	-	-	257,349
Unrestricted intergovernmental	4,490,944	-	-	-	4,490,944
Restricted intergovernmental	663,959	-	-	30,969	694,928
Permits and fees	272,623	165,412	-	664,033	1,102,068
Sales and services	1,198,942	-	-	-	1,198,942
Investment earnings	119,775	18,946	11,693	13,640	164,054
Miscellaneous	137,363	-	-	-	137,363
TOTAL REVENUES	15,098,605	323,120	11,693	708,642	16,142,060
EXPENDITURES					
Current					
General government	2,549,789	-	-	-	2,549,789
Public safety	5,100,993	-	-	-	5,100,993
Transportation	1,829,159	-	-	-	1,829,159
Environmental protection	1,090,243	-	-	274,006	1,364,249
Economic and physical development	645,077	-	-	-	645,077
Cultural and recreational	1,129,441	-	-	-	1,129,441
Capital outlay	1,489,428	-	2,848,204	1,365,283	5,702,915
Debt service					
Bond and note principal	1,237,176	-	-	-	1,237,176
Bond and note interest and fees	281,347	-	-	-	281,347
TOTAL EXPENDITURES	15,352,653	-	2,848,204	1,639,289	19,840,146
REVENUES OVER (UNDER) EXPENDITURES	(254,048)	323,120	(2,836,511)	(930,647)	(3,698,086)

The accompanying notes are an integral part of these financial statements

**TOWN OF KNIGHTDALE, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS**

For The Year Ended June 30, 2020

EXHIBIT 4

Page 2 of 2 (continued)

	Major			Total Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	General Capital Project Capital Reserve	Wake Stone Athletic Park Capital Project		
OTHER FINANCING SOURCES (USES)					
Transfers from other funds	\$ 363,040	\$ 458,897	\$ 1,221,000	\$ 514,000	\$ 2,556,937
Transfers to other funds	(458,897)	(1,828,040)	-	(270,000)	(2,556,937)
Sale of capital assets	63,232	-	-	-	63,232
Installment purchase obligations issued	101,491	-	2,000,000	146,298	2,247,789
TOTAL OTHER FINANCING SOURCES (USES)	<u>68,866</u>	<u>(1,369,143)</u>	<u>3,221,000</u>	<u>390,298</u>	<u>2,311,021</u>
NET CHANGE IN FUND BALANCE	(185,182)	(1,046,023)	384,489	(540,349)	(1,387,065)
FUND BALANCE - Beginning of Year	<u>7,837,967</u>	<u>2,748,981</u>	<u>146,956</u>	<u>2,067,406</u>	<u>12,801,310</u>
FUND BALANCE - End of Year	<u>\$ 7,652,785</u>	<u>\$ 1,702,958</u>	<u>\$ 531,445</u>	<u>\$ 1,527,057</u>	<u>\$ 11,414,245</u>

The accompanying notes are an integral part of these financial statements

TOWN OF KNIGHTDALE, NORTH CAROLINA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS

For the Year Ended June 30, 2020

EXHIBIT 4
Page 1 of 2

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

Net change in fund balances - total governmental funds \$ (1,387,065)

Amounts reported for governmental activities in the statement of activities (Exhibit 2) are different because:

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	\$ 5,702,915	
Less current year depreciation	<u>(3,643,094)</u>	2,059,821

Some revenues reported in the statement of activities do not provide current financial resources and therefore are not reported as revenues in governmental funds

Developer's contributed capital - infrastructure streets, sidewalks and park space		7,823,087
--	--	-----------

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.		(2)
---	--	-----

Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities		472,925
--	--	---------

Benefit payments paid and administrative expense for the LEOSSA are not included on the Statement of Activities		32,562
---	--	--------

OPEB benefit payments and administrative costs made in the current fiscal year are not included on the Statement of Activities		92,664
--	--	--------

Some revenues reported in the statement of activities do not provide current financial resources and therefore are not reported as revenues in governmental funds

Change in unavailable revenue		26,072	(continued)
-------------------------------	--	--------	-------------

The accompanying notes are an integral part of these financial statements

TOWN OF KNIGHTDALE, NORTH CAROLINA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS

For the Year Ended June 30, 2020

EXHIBIT 4

Page 2 of 2

Installment note proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond and installment note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which proceeds exceeded repayments.

Installment note proceeds	(2,247,789)	
Principal payments	1,237,176	
Increase in accrued interest payable	<u>(1,557)</u>	(1,012,170)

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

Change in compensated absences	(40,084)	
Pension expense	(1,040,537)	
OPEB plan expense	<u>(430,732)</u>	(1,511,353)

Change in net position of governmental activities		<u><u>\$ 6,596,541</u></u>
---	--	----------------------------

The accompanying notes are an integral part of these financial statements

TOWN OF KNIGHTDALE, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND

For the Year Ended June 30, 2020

EXHIBIT 5

Page 1 of 2

	Budget		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Ad valorem taxes	\$ 8,041,782	\$ 8,041,782	\$ 8,096,412	\$ 54,630
Other taxes and licenses	118,000	118,000	118,587	587
Unrestricted intergovernmental revenues	4,299,000	4,299,000	4,490,944	191,944
Restricted intergovernmental revenues	743,616	819,849	663,959	(155,890)
Permits and fees	309,500	309,500	272,623	(36,877)
Sales and services	1,534,612	1,534,612	1,198,942	(335,670)
Investment earnings	142,000	142,000	119,775	(22,225)
Miscellaneous	130,919	138,919	137,363	(1,556)
TOTAL REVENUES	<u>15,319,429</u>	<u>15,403,662</u>	<u>15,098,605</u>	<u>(305,057)</u>
EXPENDITURES				
General government	2,770,884	3,062,979	2,866,030	196,949
Public safety	6,005,140	6,031,376	5,538,637	492,739
Transportation	2,324,847	2,630,860	2,343,580	287,280
Environmental protection	1,007,984	1,091,684	1,090,243	1,441
Economic and physical development	843,313	937,299	730,098	207,201
Cultural & recreation	1,449,696	1,521,150	1,265,542	255,608
Debt service				
Bond and note principal	1,237,176	1,237,176	1,237,176	-
Bond and note interest	281,402	281,402	281,347	55
TOTAL EXPENDITURES	<u>15,920,442</u>	<u>16,793,926</u>	<u>15,352,653</u>	<u>1,441,273</u>
Revenues over (under) expenditures	<u>(601,013)</u>	<u>(1,390,264)</u>	<u>(254,048)</u>	<u>1,136,216</u>

The accompanying notes are an integral part of these financial statements

TOWN OF KNIGHTDALE, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended June 30, 2020
EXHIBIT 5

Page 2 of 2

	Budget		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	\$ 240,000	\$ 363,040	\$ 363,040	\$ -
Transfers to other funds	(458,987)	(458,987)	(458,897)	90
Sale of capital assets	-	85,000	63,232	(21,768)
Installment purchase obligations issued	120,000	120,000	101,491	(18,509)
Appropriated Fund Balance	700,000	1,281,211	-	(1,281,211)
TOTAL OTHER FINANCING SOURCES (USES)	<u>601,013</u>	<u>1,390,264</u>	<u>68,866</u>	<u>(1,321,398)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	(185,182)	<u>\$ (185,182)</u>
FUND BALANCE - beginning of year			<u>7,837,967</u>	
FUND BALANCE - end of year			<u>\$ 7,652,785</u>	

The accompanying notes are an integral part of these financial statements

TOWN OF KNIGHTDALE, NORTH CAROLINA
STATEMENT OF NET POSITION - PROPRIETARY FUND

June 30, 2020

EXHIBIT 6

Water & Sewer

ASSETS

Current assets:

Cash and cash equivalents	\$	40,635
Note receivable-current portion		<u>146,632</u>
Total current assets		187,267

Noncurrent assets:

Note receivable-noncurrent portion		<u>144,421</u>
TOTAL ASSETS	\$	<u><u>331,688</u></u>

LIABILITIES

Current liabilities:

Accounts payable and accrued expenses	\$	1,968
Accrued interest		350
Bonds payable-current		<u>146,632</u>
Total current liabilities		148,950

Noncurrent liabilities:

Bonds payable-noncurrent		<u>144,421</u>
TOTAL LIABILITIES		<u>293,371</u>

NET POSITION

Unrestricted		<u>38,317</u>
TOTAL NET POSITION	\$	<u><u>38,317</u></u>

The accompanying notes are an integral part of these financial statements

**TOWN OF KNIGHTDALE, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN FUND NET POSITION - PROPRIETARY FUND**

For The Year Ended June 30, 2020

EXHIBIT 7

OPERATING REVENUES	\$ -
OPERATING EXPENSES	<u>-</u>
Operating income	<u>-</u>
NON-OPERATING REVENUES (EXPENSES)	
Interest earnings	10,280
Interest expense	(9,633)
Developer reimbursements	<u>335</u>
Net non-operating revenues	<u>982</u>
CHANGE IN NET POSITION	982
NET POSITION - Beginning of Year	<u>37,335</u>
NET POSITION - End of Year	<u><u>\$ 38,317</u></u>

The accompanying notes are an integral part of these financial statements

TOWN OF KNIGHTDALE, NORTH CAROLINA
STATEMENT OF CASH FLOWS-PROPRIETARY FUND

For The Year Ended June 30, 2020

EXHIBIT 8

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Cash received from developers	\$	157,804
Cash paid to City of Raleigh for fees collected		<u>(193,071)</u>
Net cash used by noncapital financing activities		<u>(35,267)</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Debt service reimbursement from City of Raleigh, pursuant to merger agreement		159,581
Principal paid on debt		(149,579)
Interest paid on debt		<u>(10,002)</u>
Net cash used for capital and related financing activities		<u>-</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Investment earnings		<u>277</u>
Net decrease in cash and cash equivalents		(34,990)

Cash and cash equivalents - Beginning of the year 75,625

Cash and cash equivalents - End of the year \$ 40,635

The accompanying notes are an integral part of these financial statements

TOWN OF KNIGHTDALE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of Knightdale conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

A. REPORTING ENTITY

The Town of Knightdale (the Town) is a municipal corporation that is governed by an elected mayor and a five member Town Council. The Town's financial statements include all funds, agencies, boards, commissions and authorities for which the Town is financially accountable. There are no component units, which are required to be included in these financial statements.

B. BASIS OF PRESENTATION

Government-wide Statements: The statement of net position and the statement of activities display information on all of the financial activities of the Town. Eliminations have been made to minimize the double counting of internal activities. 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 water and sewer fund 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 and 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. The remaining governmental 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 investment earnings, result from ancillary activities.

TOWN OF KNIGHTDALE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2020

The Town reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the Town. The General Fund accounts for all financial resources except those that are required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, Federal and State grants, state-shared revenues and various other taxes and licenses. The primary expenditures are for public safety, streets, sanitation, parks and recreation, and general governmental services.

General Capital Project - Capital Reserve Fund – The General Capital Reserve Fund is used to account for financial resources to be held for capital projects prior to construction. The budgetary comparison for the General Capital Project - Capital Reserve Fund has been included in the supplemental information.

Wake Stone Athletic Park Capital Project Fund – The Wake Stone Athletic Park Capital Project Fund is used to account for financial resources to be used for the acquisition or construction of capital facilities of the Wake Stone Athletic Park.

The Town reports the following non-major governmental funds:

Storm Water Special Revenue Fund - This fund is used to account for storm water fees collected by the Town from residents and commercial businesses. Storm water fees will be used to map and maintain the storm drainage system and to provide street sweeping services to decrease or prevent pollution from storm water runoff into local streams and rivers.

General Capital Projects Fund – The General Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities.

Mingo Creek Greenway Extension Capital Project Fund - This fund is used to account for financial resources to be used for acquisition or construction related to greenways.

Public Works Building Capital Projects Fund – This fund is used to account for financial resources to be used for the acquisition or construction of a new Public Works building.

Fire Capital Project Fund – This fund is used to account for financial resources to be used for acquisition or construction related to fire protection.

The Town reports the following major proprietary fund:

Water and Sewer Fund – The Water and Sewer Fund is used to account for water and sewer 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

TOWN OF KNIGHTDALE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2020

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 Town of Knightdale has one Proprietary Fund, the Water and Sewer Fund. The Water and Sewer Utility System of the Town was transferred to the City of Raleigh effective May 1, 2006; however, these funds remain open to collect certain utility development fees and to pay long term debt. This merger is discussed more fully in Note 6. The Town conducts no day-to-day water and sewer operations.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

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

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

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including 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 non-operating 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. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Governmental Fund Financial Statements. Governmental funds 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 for property other than motor vehicles are materially past due

TOWN OF KNIGHTDALE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2020

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, the State of North Carolina is responsible for billing and collecting the property taxes on all registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed 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 or resources.

Sales taxes and certain intergovernmental revenues, such as the utilities franchise tax, collected and held by the State at year-end on behalf of the Town are recognized as revenue. Sales taxes are considered a shared revenue for the Town of Knightdale because the tax is levied by Wake County and then remitted to and distributed by the State. Most intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. All taxes, including those dedicated for specific purposes are reported as general revenues rather than program revenues. Grant revenues, which are unearned at year-end, are recorded as unearned revenues. Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there is 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.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, and then unrestricted resources as they are needed.

D. BUDGETARY DATA

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget ordinance is adopted for the General, Capital Reserve, Special Revenue and Proprietary Funds. All annual appropriations lapse at fiscal year-end. A project ordinance is adopted for the General Capital Projects Fund. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the departmental level for all annually budgeted funds and at the project level for the multi-year funds. Interfund or interdepartmental transfer of moneys may be made only with specific advanced approval of the Town Council. Supplemental appropriations that amend the total expenditures of any fund require a resolution of the Town Council. The Budget Officer is authorized to reallocate any appropriations within departments. Budgets are reported as originally adopted or as amended by executive action or Council resolution. During the year several amendments to the original budget were necessary, the effects of which were not material. 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 NET POSITION OR FUND EQUITY

1. DEPOSITS AND INVESTMENTS

TOWN OF KNIGHTDALE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2020

All deposits of the Town are made in Council 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 association whose principal office is located in North Carolina. The Town may also establish time deposit accounts such as NOW and Super NOW accounts, money market accounts and certificates of deposit. The Town has no policy regarding custodial credit risk for deposits.

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 bankers' 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 NCCMT Government Portfolio, a SEC-registered (2a-7) money market mutual fund, is measured at fair value. The NCCMT- Term Portfolio is a bond fund, has no rating and is measured at fair value. As of June 30, 2020, The Term portfolio has a duration of .15 years. Because the NCCMT Government and Term Portfolios have a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than 6 months.

2. CASH AND CASH EQUIVALENTS

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

3. RESTRICTED CASH

The Town has restricted cash in an amount sufficient to comply with a loan covenant. Powell bills funds are also classified as restricted cash because they can be expended only for the purposes of maintaining, repairing, constructing, reconstructing or widening of local streets per G.S. 136-41.1 through 136-41.4. Restricted cash also includes unearned grant revenues and Federal equitable sharing funds and firemen's relief funds restricted to law enforcement and public safety expenditures. The General Capital Project - Capital Reserve Fund includes payments in lieu of street improvements received from developers which are restricted for the paving of certain streets. Storm water surety fees received from developers are restricted to the repairs and maintenance of storm water drainage improvements installed by the various developers.

Town of Knightdale Restricted Cash

Governmental Activities

General Fund

Streets – Powell Bill Funds	\$ 784,758
Public Safety	57,348
Loan Covenant – KS Bank	121,728
	<hr/>
	963,834

TOWN OF KNIGHTDALE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2020

General Capital Reserve Fund	Payments in Lieu of Street Improvements	<u>508,871</u>
Storm Water Special Revenue Fund	Surety Fees	5,281
	Sinking Fund	<u>316,611</u>
		<u>321,892</u>
Total Restricted Cash		<u>\$ 1,794,597</u>

4. AD VALOREM TAXES RECEIVABLE

In accordance with State law [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 on September 1st, (lien date); however, interest does not accrue until the following January 6th. These taxes are based on the assessed values as of January 1, 2019.

5. ALLOWANCE FOR DOUBTFUL ACCOUNTS

No allowance for doubtful accounts is maintained because historically the uncollectible amounts have been insignificant. The direct write-off method is used by the Town on all receivables. Under this method, all accounts considered uncollectible at June 30, 2020 including inactive accounts for garbage collection services and storm water fees have been charged against operations.

6. PREPAID ITEMS

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements and expensed as items are used. The Town utilizes the purchase method of accounting for prepaid expenses where purchases are recorded as expenditures when acquired.

7. CAPITAL ASSETS

Capital assets are defined by the government as assets with an initial, individual cost of \$10,000 or more and an estimated useful life in excess of two years. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets received prior to June 15, 2015 are recorded at their estimated

TOWN OF KNIGHTDALE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2020

fair value at the date of donation. Donated capital assets received after June 15, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. General infrastructure assets acquired prior to July 1, 2002, consist of the road network assets that were acquired or that received substantial improvements subsequent to July 1, 1980, and are reported at estimated historical cost using deflated replacement cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

<u>Item</u>	<u>Life</u>
Infrastructure	30 years
Equipment and Vehicles	5 years
Buildings and Improvements	25 years
Intangible Assets	5 years

8. DEFERRED OUTFLOWS/INFLOWS 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 this criterion, pension and OPEB deferrals for the 2020 fiscal year. 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 three items that meet the criterion for this category – prepaid taxes and recreation fees, pension deferrals and OPEB deferrals.

9. 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 and discounts are deferred and amortized over the life of the bonds using the straight-line method that approximates 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 fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt

TOWN OF KNIGHTDALE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2020

issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

10. 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. The Town also allows employees to accrue compensatory time for hours worked in excess of a regular workweek. Non-exempt employees may accumulate this time and then use it at a later date in lieu of using vacation time or they will be paid for these hours when leaving the Town's employment. Exempt employees may accumulate compensatory time up to a maximum of 24 hours and use this in lieu of vacation. Exempt employees lose any time accumulated over 24 hours and are not paid for accumulated compensatory time upon leaving service.

For the Town's government-wide 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 an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since the Town does not have any obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

11. 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 and regulations of other governments or imposed by law through state statute.

Fund Balances

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

TOWN OF KNIGHTDALE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2020

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.

Prepaid expenditures - portions of fund balance segregated for prepaid expenditures, which are not available spendable resources.

Restricted Fund Balance – This classification includes amounts that are restricted to specific purposes externally imposed by creditors or imposed by law.

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

Restricted for Streets - Powell Bill portion of fund balance that is restricted by revenue source for street construction and maintenance expenditures. This amount represents the balance of the total unexpended Powell Bill funds.

Restricted for Public Safety – portion of fund balance that is restricted by revenue source, which represents funds accumulated for (1) DARE (Drug Abuse Resistance Education) and other anti-drug operations in the Town and funds that are collected from drug seizures, and (2) funds collected for relief of injured firemen or surviving family members.

Restricted for Streets – Payments in Lieu of Street Improvements – portion of fund balance that is restricted by grantor for the construction of various street improvement projects.

Restricted for Storm Water – portion of fund balance, which represents fees received from developers, residents and homeowner associations that are restricted to the repairs and maintenance of storm water drainage improvements within the Town.

Restricted for Debt Service – portion of fund balance required to be reserved by loan covenants. This represents one year's debt service payments on the Public Safety Building loan.

Assigned fund balance – This classification includes amounts of fund balance that reflect a government's intended use of resources for specific purposes. Assignments are created, amended, or eliminated by the Town Council through budget ordinances or amendments to previously approved budget ordinances.

TOWN OF KNIGHTDALE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2020

Subsequent year's expenditures – portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed. The governing body approves the appropriation; however, the budget ordinance authorizes the manager to modify the appropriations within departments or to transfer appropriations between departments not to exceed 10% of a department's budget.

Assigned for Storm Water – portion of fund balance that has been budgeted by the Town Council for storm water repairs and maintenance.

Assigned for Capital Projects Fund – portion of fund balance that has been budgeted by the Town Council for construction of various capital projects including street improvements, greenways and public parks.

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.

The Town of Knightdale has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Officer 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 Officer has the authority to deviate from this policy if it is in the best interest of the Town.

The Town of Knightdale has also adopted a minimum fund balance policy for the general fund which instructs management to conduct the business of the Town in such a manner that available fund balance is at least equal to or greater than 25% of budgeted expenditures and transfers to other funds. Any portion of the available general fund balance in excess of 40% of budgeted expenditures and interfund transfers will be transferred to the General Capital Projects – Capital Reserve Fund to be appropriated for future capital needs of the Town.

12. DEFINED BENEFIT PENSION AND OPEB PLANS

For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Local Governmental Employees' Retirement System (LGERS) and additions to/deductions from LGERS' fiduciary net position have been determined on the same basis as they are reported by LGERS. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The Town's employer contributions are recognized when due and the Town 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.

TOWN OF KNIGHTDALE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2020

NOTE 2 – DETAIL NOTES ON ALL FUNDS

A. ASSETS

1. DEPOSITS

All 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 level 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 undercollateralization. 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 General Statute 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2020, the Town's deposits had a carrying value of \$6,120,973 and a bank balance of \$6,212,933. Of the bank balance, \$957,471 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. At June 30, 2020, the Town's petty cash fund totaled \$1,150.

2. INVESTMENTS

At June 30, 2020, the Town's investment balances were as follows:

TOWN OF KNIGHTDALE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2020

Investments by Type	Valuation Measurement Method	Book Value at 6/30/20	Maturity	Rating
NC Capital Management Trust – Government Portfolio	Fair Value Level 1	2,313,783	N/A	AAAm
NC Capital Management Trust – Term Portfolio	Fair Value Level 1	1,098,622	.15 Years	Unrated
Commercial Paper	Fair Value Level 2	1,584,095	11 months	P1
US Government Agencies	Fair Value Level 2	<u>200,386</u>	Various	AAA
Total investments		<u>5,196,886</u>		

All investments are measured using the market approach: using prices and other relevant information generated by market transactions involving identical or comparable assets or a group of assets. Level of fair value hierarchy: Level 1: Debt securities valued using directly observable, quoted prices (unadjusted) in active markets for identical assets. Level 2 debt securities are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' benchmark quoted prices.

Interest Rate Risk. The Town has no formal investment policy regarding interest rate risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the Town's internal investment policy limits the Town's investment portfolio to maturities of less than 15 months. Also, the Town's internal management policy requires purchases of securities to be laddered with staggered maturity dates and limits all securities to a final maturity of no more than 15 months.

Credit 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. The Town's investment in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAm by Standard & Poor's as of June 30, 2020. The Town's investment in the NC Capital Management Trust Term Portfolio is unrated. The Term Portfolio is authorized to invest in obligations of the U.S. government and agencies, and in high grade money market instruments as permitted under North Carolina General Statutes 159-30 as amended.

Custodial credit risk. For an investment, the custodial risk is the risk that in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town has no formal policy on custodial credit risk, but management procedures are that the Town shall utilize a third-party custodial agent for book entry transactions, all of which shall be held in the Town's name.

TOWN OF KNIGHTDALE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2020

Concentration of Credit Risk. The Town Council places no limit on the amount that the Town may invest in any one issuer. More than 5 percent of the Town's investments are in commercial paper issued by Toyota Motor Company, Credit Suisse and Natixis and represents 31% of total investments. The Town has no policy regarding concentration of credit risk.

3. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2020, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 20,921,910	\$ 1,428,442	\$ -	\$ 22,350,352
Construction in progress	<u>7,223,443</u>	<u>4,462,997</u>	<u>7,859,095</u>	<u>3,827,345</u>
Total capital assets not being depreciated	<u>28,145,353</u>	<u>5,891,439</u>	<u>7,859,095</u>	<u>26,177,697</u>
Capital assets being depreciated:				
Buildings	5,439,394	2,408,877	-	7,848,271
Other improvements	13,161,415	5,132,829	-	18,294,244
Roads and infrastructure	65,691,773	6,996,431	-	72,688,204
Intangibles	300,050	30,564	-	330,614
Equipment	1,329,297	355,063	-	1,684,360
Vehicles and motorized equipment	<u>4,016,948</u>	<u>569,892</u>	<u>195,465</u>	<u>4,391,375</u>
Total capital assets being depreciated	<u>89,938,877</u>	<u>15,493,656</u>	<u>195,465</u>	<u>105,237,068</u>
Less accumulated depreciation for:				
Buildings	2,835,155	247,519	-	3,082,674
Other improvements	2,790,050	558,531	-	3,348,581
Roads and infrastructure	14,079,248	2,341,980	-	16,421,228
Intangibles	124,033	15,263	-	139,296
Equipment	989,326	101,856	-	1,091,182
Vehicles and motorized equipment	<u>2,760,915</u>	<u>377,945</u>	<u>195,465</u>	<u>2,943,395</u>
Total accumulated depreciation	<u>23,578,727</u>	<u>\$ 3,643,094</u>	<u>\$ 195,465</u>	<u>27,026,356</u>
Total capital assets being depreciated, net	<u>66,360,150</u>			<u>78,210,712</u>
Governmental activity capital assets, net	<u>\$ 94,505,503</u>			<u>\$ 104,388,409</u>

TOWN OF KNIGHTDALE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2020

Depreciation expense was charged to functions / programs of the primary government as follows:

General government	\$ 102,335
Public safety	433,756
Transportation	2,473,888
Environmental protection	36,567
Cultural and recreational	596,548
Total depreciation expense	<u>\$ 3,643,094</u>

The Town has active construction projects as of June 30, 2020. At year-end, the Town’s commitment with contractors is as follows:

Project	Spent-to-Date	Remaining Commitment	Total Contract
THC Inc.-Mingo Creek Greenway Extension	\$ 38,712	\$ 59,288	\$ 98,000
Fred Smith Company – Wake Stone Athletic Park	2,561,528	1,447,959	4,009,487
BFPE International Inc – Town Hall Security System	15,242	3,120	18,362
CLH Design PA – Harper Park Storm Drainage System	6,375	10,625	17,000

B. LIABILITIES

1. PENSION PLAN AND POSTEMPLOYMENT OBLIGATIONS

a. Local Governmental Employees' Retirement System

Plan Description. The Town of Knightdale 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 in 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 Employees’ 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

TOWN OF KNIGHTDALE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2020

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, 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 (age 55 for firefighters). 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 (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) 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.

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Town of Knightdale employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Town's contractually required contribution rate for the year ended June 30, 2020, was 9.70% of compensation for law enforcement officers and 8.95% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Town were \$472,925 for the year ended June 30, 2020.

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.

TOWN OF KNIGHTDALE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2020

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

At June 30, 2020, the Town reported a liability of \$2,318,826 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2018. The total pension liability was then rolled forward to the measurement date of June 30, 2019 utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension asset 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 employers, actuarially determined. At June 30, 2019, the Town's proportion was 0.08491%, which was an increase of 0.00254% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the Town recognized pension expense of \$985,981. At June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 397,042	\$ -
Changes of assumptions	377,930	-
Net difference between projected and actual earnings on pension plan investments	56,560	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	9,422	75,555
Town contributions subsequent to the measurement date	472,925	-
Total	\$ 1,313,879	\$ 75,555

\$472,925 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the subsequent fiscal year. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<i>Year ended June 30:</i>	
2021	\$ 381,806
2022	108,731
2023	219,275
2024	55,587

TOWN OF KNIGHTDALE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2020

Actuarial Assumptions. The total pension liability in the December 31, 2018 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 8.10 percent, including inflation and productivity factor
Investment rate of return	7.00 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, 2018 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, 2019 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation Protection	6.0%	4.0%
Total	100%	

TOWN OF KNIGHTDALE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2020

The information above is based on 30-year expectations developed with the consulting actuary for the 2018 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 annualized 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 7.00%. 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 liability 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 7.00 percent, 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 (6.00 percent) or one percentage point higher (8.00 percent) than the current rate:

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Town’s proportionate share of the net pension liability (asset)	\$ 5,303,579	\$ 2,318,826	\$ (162,108)

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 Knightdale 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 under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed five or more years of creditable service. The Separation Allowance is equal to .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement

TOWN OF KNIGHTDALE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2020

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, 2018, the Separation Allowance's membership consisted of:

Retirees receiving benefits	3
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	<u>32</u>
Total	<u>35</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, 2018 valuation. The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.50 to 7.35 percent, including inflation and productivity factor
Discount rate	3.26 percent

The discount rate is based on the S&P Municipal Bond 20-year High Grade Rate Index.

Mortality rates are based on the RP-2014 Mortality tables with adjustments for mortality improvements based on MP-2015.

TOWN OF KNIGHTDALE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2020

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. There were no contributions made by employees. The Town's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. The Town paid \$59,264 as benefits came due for the reporting period.

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

At June 30, 2020, the Town reported a total pension liability of \$1,159,280. The total pension liability was measured as of December 31, 2019 based on a December 31, 2018 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2019 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2020, the Town recognized pension expense of \$79,677.

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Differences between expected and actual experience	\$ 4,286	\$ 47,717
Changes of assumptions	69,151	44,243
Town benefit payments and plan administrative expense made subsequent to the measurement date	32,562	-
	<u> </u>	<u> </u>
Total	<u>\$ 105,999</u>	<u>\$ 91,960</u>

\$32,562 reported as deferred outflows 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, 2021. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

TOWN OF KNIGHTDALE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2020

Year ended June 30:

2021	\$	(8,422)
2022		(8,422)
2023		(6,790)
2024		(1,842)
2025		4,481
Thereafter		2,472

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 3.26 percent, as well as what the Town's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.26 percent) or 1-percentage-point higher (4.26 percent) than the current rate:

	1% Decrease (2.26%)	Discount Rate (3.26%)	1% Increase (4.26%)
Total pension liability	\$ 1,269,100	\$ 1,159,280	\$ 1,059,006

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

Beginning balance	\$ 1,093,461
Service Cost	49,376
Interest on the total pension liability	38,723
Differences between expected and actual experience	(2,220)
Changes of assumptions or other inputs	39,204
Benefit payments	<u>(59,264)</u>
Ending balance of the total pension liability	<u>\$ 1,159,280</u>

TOWN OF KNIGHTDALE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2020

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, 2018 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

Following is information related to the proportionate share and pension expense for all pension plans:

	<u>LGERS</u>	<u>LEOSSA</u>	<u>TOTAL</u>
Pension Expense	\$ 985,981	\$ 79,677	\$1,065,658
Pension Liability	2,318,826	1,159,280	3,478,106
Proportionate share of the net pension liability	.08491%	N/A	
Deferred Outflows of Resources			
Differences between expected and actual experience	397,042	4,286	401,328
Changes of assumptions	377,930	69,151	447,081
Net difference between projected and actual earnings on plan investments	56,560	-	56,560
Changes in proportion and differences between contributions and proportionate share of contributions	9,422	-	9,422
Benefit payments and administrative costs paid subsequent to the measurement date	472,925	32,562	505,487
Deferred Inflows of Resources			
Differences between expected and actual experience	-	47,717	47,717
Changes of assumptions	-	44,243	44,243
Changes in proportion and differences between contributions and proportionate share of contributions	75,555	-	75,555

TOWN OF KNIGHTDALE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2020

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 five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2020 were \$139,211, which consisted of \$103,419 from the Town and \$35,792 from law enforcement officers.

d. Supplemental Retirement Income Plan For Employees Other Than Law Enforcement Officers

Plan Description. All other permanent full-time employees of the Town (excluding law enforcement officers) also participate in the Supplemental Retirement Income Plan; a defined contribution pension plan as described above.

Funding Policy. The Town contributes each month an amount equal to five percent of each employee's (excluding law enforcement officers) salary, and all amounts contributed are vested immediately. Also, these employees may make voluntary contributions to the plan. Total contributions for the year ended June 30, 2020 were \$228,984, which consisted of \$150,701 from the Town and \$78,283 from employees.

e. Other Post-Employment Benefits

Healthcare Benefits

Plan Description. Under the terms of a Town resolution April 20, 2005, the Town administers a single-employer defined benefit Healthcare Benefits Plan (the HCB Plan). The Town Board has the authority to establish and amend the benefit terms and financing requirements. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

TOWN OF KNIGHTDALE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2020

Benefits Provided. Employees who have 10 or more years of continuous creditable service under the Local Government Retirement System and with the Town (25 years with the Town for employees hired April 20, 2005 or after) at the time of their retirement will receive full benefits. In addition, the Town will provide to employees hired prior to April 20, 2005, at age 65, 100% of Medicare supplemental insurance policy payment (\$50 per month for employees hired after April 20, 2005). Also, the Town’s retirees can purchase coverage for their dependents at the Town’s group rates under the limits prescribed by the Consolidated Omnibus Budget Reconciliation Act. The Town Council may amend the benefit provisions. A separate report was not issued for the plan.

Retired Employees’ Years of Creditable Service	Hired Prior to April 20, 2005	Hired On or After April 20, 2005
Less than 10 years	Not eligible for coverage	Not eligible for coverage
11 – 15 years	100% coverage paid by Town	Not eligible for coverage
15 – 17 years	100% coverage paid by Town	25% coverage paid by Town
18 – 21 years	100% coverage paid by Town	50% coverage paid by Town
22 – 24 years	100% coverage paid by Town	75% coverage paid by Town
25 + years	100% coverage paid by Town	100% coverage paid by Town

Membership of the HCB Plan consisted of the following at June 30, 2019, the date of the latest actuarial valuation:

	General Employees:	Law Enforcement Officers:
Retirees and dependents receiving benefits	7	6
Active plan members	50	30
Total	<u>57</u>	<u>36</u>

Total OPEB Liability

The Town’s total OPEB liability of \$6,544,172 was measured as of June 30, 2019 and was determined by an actuarial valuation as June 30, 2019.

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2019 actuarial valuation measured as of June 30, 2019 was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

TOWN OF KNIGHTDALE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2020

Inflation	2.5 percent
Salary increases	3.5 percent to 7.75 percent, average, including inflation
Discount rate	3.50 percent
Healthcare cost trend rates	Medical and Prescription – 7.0 percent decreasing to 4.5 percent by 2026

The discount rate is based on the yield of the Bond Buyer General Obligation 20 Year Municipal Bond Index as of the measurement date.

Changes in the Total OPEB Liability

Balance at July 1, 2018	<u>\$ 6,502,587</u>
Changes for the year	
Service cost	378,836
Interest	250,811
Differences between expected and actual experience	(367,091)
Changes in assumptions or other inputs	(109,913)
Benefit payments	<u>(111,058)</u>
Net changes	<u>41,585</u>
Balance at June 30, 2019	<u><u>\$ 6,544,172</u></u>

Changes in assumptions and other inputs reflect a change in the discount rate from 3.89% to 3.50%.

Mortality rates were based on the RP-2014 mortality tables, with adjustments for LGERS experience and generational mortality improvements using Scale MP-2015.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period January 2010 through December 2014.

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the Town, as well as what the Town’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.50 percent) or 1-percentage-point higher (4.50 percent) than the current discount rate:

TOWN OF KNIGHTDALE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2020

	1% Decrease (2.50%)	Discount Rate (3.50%)	1% Increase (4.50%)
Total OPEB Liability	\$ 8,104,294	\$ 6,544,172	\$ 5,368,539

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Healthcare cost Trend Rate (7.0% decreasing to 4.5%)	1% Increase
Total OPEB Liability	\$ 5,226,523	\$ 6,544,172	\$ 8,353,354

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2020, the Town recognized OPEB expense of \$457,132. At June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

TOWN OF KNIGHTDALE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2020

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 11,845	\$ 330,160
Changes of assumptions	-	1,054,285
Town benefit payments and plan administrative expense made subsequent to the measurement date	92,664	-
Total	<u>\$ 104,509</u>	<u>\$ 1,384,445</u>

\$92,664 reported as deferred outflows 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, 2021. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2021	\$ (172,515)
2022	(172,515)
2023	(172,515)
2024	(172,515)
2025	(172,515)
Thereafter	(510,025)

Other Employment Benefits

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. The beneficiaries of those 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 12 highest months' salary in a row during the 24 months prior to the employee's death, but the benefit may not exceed \$50,000 or be less than \$25,000. Because all death benefit payments are made from the Death Benefit Plan and not by the Town, the Town does not determine the number of eligible participants. The Town has no liability beyond the payment of monthly contributions. The contributions to

TOWN OF KNIGHTDALE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2020

the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. 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. The Town considers these contributions to be immaterial.

The Town also provides group term life insurance to all full-time employees through a private insurance company. Premiums are paid by the Town for life insurance equal to 2 times the employee's annual salary, but the benefit may not exceed \$200,000. The Town has no liability beyond the payment of monthly premiums.

2. DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

Deferred outflows of resources at June 30, 2020 are composed of the following:

Contributions to pension plan in current fiscal year (LGERS)	\$	472,925
Differences between expected and actual experience (LGERS)		397,042
Changes of assumptions (LGERS)		377,930
Net difference between projected and actual earnings (LGERS)		56,560
Changes in proportion and differences between employer contributions and proportionate share of contributions (LGERS)		9,422
Changes of assumptions (LEO)		69,151
Benefit payments made and administrative expenses made subsequent to measurement date (LEO)		32,562
Differences between expected and actual experience (LEO)		4,286
Differences between expected and actual experience (OPEB)		11,845
Benefit payments made subsequent to the measurement date (OPEB)		<u>92,664</u>
 Total	 \$	 <u><u>1,524,387</u></u>

TOWN OF KNIGHTDALE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2020

Deferred inflows of resources at yearend are composed of the following:

	Statement of Net Position	Balance Sheet
General Fund:		
Prepaid taxes not yet earned	\$ 5,314	\$ 5,314
Recreation fees	10,897	10,897
Taxes receivable (Net)	-	88,300
Decal receivable	-	40,597
Sanitation receivables	-	30,402
Differences between expected and actual experience (LGERS)	-	-
Changes in proportion and differences Between employer contributions and Proportionate share of contributions (LGERS)	75,555	-
Differences between expected and actual experience (LEO)	47,717	-
Changes in assumptions (LEO)	44,243	-
Differences between expected and actual experience (OPEB)	330,160	-
Changes of assumptions (OPEB)	1,054,285	-
Storm Water Fund		
Storm water fees receivable	-	12,840
Total	<u>\$ 1,568,171</u>	<u>\$ 188,350</u>

TOWN OF KNIGHTDALE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2020

3. 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 is a participant in one self-funded risk-financing insurance pool administered by the North Carolina League of Municipalities, which provides workers' compensation with coverage up to statutory limits. The pool is reinsured through commercial companies for claims up to the statutory limits for workers' compensation. Stop loss insurance is purchased by the Board of Trustees to protect against large medical claims that exceed certain dollar cost levels. Specific information on the limits of the reinsurance, excess and stop loss policies purchased by the Board of Trustees can be obtained by contacting the Risk Management Services Department of the NC League of Municipalities. The pools are audited annually by certified public accountants, and the audited financial statements are available to the Town upon request.

The Town purchases commercial insurance to provide the following types of major coverage: general liability (\$5,000,000), property (\$16,716,240), inland marine (\$1,357,529), auto liability (\$5,000,000), public officials' liability (\$5,000,000), employment practices liability (\$5,000,000), law enforcement liability (\$5,000,000), and a cyber liability policy (\$100,000). Deductibles up to \$10,000, depending on the coverage. The Town does not carry flood insurance because flood plain maps show insignificant property values within flood plains.

In accordance with G.S. 159-29, the Town's employees that have access to \$100 or more at any given time of the Town's funds are performance bonded through a commercial surety bond. The Finance Director and Finance Officer are individually bonded for \$150,000. The remaining employees that have access to funds are bonded under a blanket bond for \$10,000.

There have been no significant reductions in insurance coverage in the prior year, and settled claims resulting from these risks have not exceeded coverage in any of the past three fiscal years.

4. CLAIMS, JUDGMENTS AND CONTINGENT LIABILITIES

At June 30, 2020, the Town was a defendant to various lawsuits. In the opinion of the Town's management and the legal counsel, the ultimate effect of these legal matters will not have a material adverse effect on the Town's financial position.

5. LONG-TERM OBLIGATIONS

A. GENERAL OBLIGATION INDEBTEDNESS

The Town's general obligation bonds serviced by the governmental funds were issued for the acquisition and construction of public improvements including parks and recreation facilities. The general obligation bonds issued to finance the construction of facilities utilized in the operations of the water and sewer system and

TOWN OF KNIGHTDALE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2020

which are being retired by contributions from the City of Raleigh, per the merger agreement, are reported as long-term debt in the Water and Sewer Utility Fund. 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, 2020 are composed of the following individual issues:

Serviced by the General Fund:

\$557,632, 2011 Public Improvement Refunding bonds due in annual installments of \$58,947 plus interest through 2022; interest is at 2.27%.	\$ 103,947
\$3,000,000, 2013 Parks and Recreation Facility Bonds due in annual installments of \$200,000 plus interest through 2028, interest is at 1.97%.	1,800,000

Serviced by the Water and Sewer Fund:

\$1,561,368, 2011 Water and Sewer Refunding bonds due in annual installments of \$165,053 plus interest through 2022; interest is at 2.27%.	<u>291,053</u>
Total	<u>\$ 2,195,000</u>

At June 30, 2020, The Town of Knightdale a legal debt margin of \$138,695,321.

Annual debt service requirements to maturity for bonds payable are as follows:

Year ending June 30	Governmental Activities		Business Type Activities	
	Principal	Interest	Principal	Interest
2021	\$ 252,368	\$ 37,820	\$ 146,632	\$ 6,607
2022	251,579	32,690	144,421	3,278
2023	200,000	27,580	-	-
2024	200,000	23,640	-	-
2025	200,000	19,700	-	-
2026-2030	<u>800,000</u>	<u>39,400</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 1,903,947</u>	<u>\$ 180,830</u>	<u>\$ 291,053</u>	<u>\$ 9,885</u>

TOWN OF KNIGHTDALE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2020

B. INSTALLMENT NOTE INDEBTEDNESS

The Town also has various installment notes for land, buildings, equipment and vehicles. Installment notes payable at June 30, 2020 are composed of the following individual notes:

	Serviced by the General Fund
\$2,115,099 installment debt to the KS Bank for the Public Safety Building issued 11-30-12; annual payments of \$168,341 which includes interest at 2.30%; secured by land and building	\$ 1,217,279
\$288,118 installment debt to KS Bank for a fire truck issued 3-23-18; annual payments of \$60,646 which includes interest at 1.74%; secured by a fire truck	175,784
\$5,000,000 installment debt to SunTrust Bank for construction of Knightdale Park and renovations to Town Hall issued 07-14-12; annual payments of \$333,333 plus interest at 2.33%; secured by Knightdale Municipal Building	2,666,667
\$1,875,000 installment debt to Southern Bank for construction of Knightdale Station Park Phase III issued 8-30-18; annual payments of \$187,500 plus interest at 3.08%; secured by real property.	1,687,500
\$2,300,000 installment debt to Southern Bank for construction of Knightdale Public Works Building issued 4-26-19; annual payments of \$230,000 plus interest at 3.58%; secured by real property.	2,070,000
\$91,800 installment debt to Musco Lighting for athletic field lighting issued 2-18-19 with 0% interest; annual payments of \$22,950; secured by the equipment	68,850

TOWN OF KNIGHTDALE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2020

	Serviced by the General Fund
\$2,000,000 installment debt to BB&T for construction of Wake Stone Athletic Park issued 2-11-20; annual payments of \$226,045 which includes interest at 2.29%; secured by real property	2,000,000
\$247,789 installment debt to Southern Bank for public works trucks issued 10-4-19, annual payments of \$49,558 plus interest at 2.2% interest; secured by the vehicles	<u>247,789</u>
Total	<u>\$ 10,133,869</u>

Annual debt service requirements to maturity for installment notes payable are as follows:

Year Ending June 30:	Governmental Activities	
	Principal	Interest
2021	\$ 1,201,440	\$ 270,756
2022	1,209,873	239,300
2023	1,218,416	207,890
2024	1,143,555	176,426
2025	1,151,388	145,673
2026-2030	4,209,197	282,801
Total	\$ 10,133,869	\$ 1,322,846

TOWN OF KNIGHTDALE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2020

C. CHANGES IN LONG-TERM LIABILITIES

	Balance July 1, 2019	Increases	Decreases	Balance June 30, 2020	Amounts Due Within One Year
Governmental activities:					
General obligation bonds	\$ 2,157,368	\$ -	\$ 253,421	\$ 1,903,947	\$ 252,368
Installment notes	8,869,835	2,247,789	983,755	10,133,869	1,201,440
Compensated absences	409,650	409,496	369,412	449,734	279,740
Other postemployment benefits	6,502,587	134,249	92,664	6,544,172	-
Net pension liability (LGERS)	1,954,098	837,653	472,925	2,318,826	-
Total pension liability (LEO)	<u>1,093,461</u>	<u>125,083</u>	<u>59,264</u>	<u>1,159,280</u>	<u>-</u>
Governmental activity long-term liabilities	<u>\$ 20,986,999</u>	<u>\$ 3,754,270</u>	<u>\$ 2,231,441</u>	<u>\$ 22,509,828</u>	<u>\$ 1,733,548</u>
Business-type activities:					
General obligation bonds	<u>\$ 440,632</u>	<u>\$ -</u>	<u>\$ 149,579</u>	<u>\$ 291,053</u>	<u>\$ 146,632</u>

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

6. INTERFUND BALANCES AND ACTIVITY

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 providing matching funds for various grant programs.

TOWN OF KNIGHTDALE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2020

During the fiscal year ended June 30, 2020, transfers to/from other funds consist of the following:

From Fund	To Fund	Amount	Purpose
General Fund	General Capital Project Reserve	\$ 458,897	To fund future capital projects
General Capital Project Fund	General Fund	70,000	To close out capital project
General Capital Project Reserve	General Fund	293,040	For debt service and capital projects
General Capital Project Reserve	Wake Stone Athletic Park Capital Project Fund	1,021,000	To fund future capital projects
General Capital Project Reserve	Mingo Creek Greenway Extension Capital Project Fund	514,000	To fund future capital projects
Storm Water Fund	Wake Stone Athletic Park Capital Project Fund	200,000	For storm water components of project
	Total	<u>\$ 2,556,937</u>	

7. NET INVESTMENT IN CAPITAL ASSETS

	<u>Governmental</u>
Capital assets	\$ 131,414,765
Less accumulated depreciation	<u>(27,026,356)</u>
Net capital assets	104,388,409
Less long-term debt	<u>(12,037,816)</u>
Net investment in capital assets	<u>\$ 92,350,593</u>

8. FUND BALANCE

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

TOWN OF KNIGHTDALE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2020

Total fund balance-General Fund	\$7,652,785
Less:	
Prepaid expenditures	43,691
Stabilization by State Statute	1,526,809
Streets-Powell Bill	784,758
Public Safety	57,348
Debt Service	121,728
Appropriated Fund Balance in 2021 budget	384,546
Working Capital / Fund Balance Policy	<u>4,173,109</u>
Remaining Fund Balance	<u>\$ 560,796</u>

The Town of Knightdale has adopted a minimum fund balance policy for the General Fund which instructs management to conduct the business of the Town in such a manner that available fund balance is at least equal to or greater than 25% of budgeted expenditures plus transfers out less proceeds of long-term debt. Fund balance in excess of 40% of this same total is transferred to the General Capital Projects – General Capital Reserve Fund to be used for future capital projects.

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

<i>Encumbrances</i>	<i>General Fund</i>	<i>Wake Stone Athletic Park Capital Project Fund</i>	<i>Non-Major Funds</i>
\$2,724,163	\$281,117	\$1,189,870	\$1,253,176

NOTE 3 – JOINTLY GOVERNED ORGANIZATIONS

Triangle J Regional Council of Governments

The Town, in conjunction with five counties and fourteen other municipalities, established the Triangle J Regional Council of Governments (Council). The participating governments established the Council to coordinate various funding received from federal and state agencies. Each participating government appoints one member to the Council’s governing board. The Town paid membership fees of \$5,623 to the Council during the fiscal year ended June 30, 2020.

TOWN OF KNIGHTDALE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2020

NOTE 4 – JOINT VENTURES

East Wake Television (PEG Media Partners)

The Town, in conjunction with the Towns of Archer Lodge, Clayton, Garner, Rolesville, Wendell and Zebulon, operates two local public, educational and government (PEG) cable TV channels. East Wake TV is funded by state shared video programming franchise taxes collected by the State of North Carolina and remitted to the 7 participating Towns. These funds are restricted for the operation of local PEG channels. Prior to June 30, 2010, East Wake TV was recorded as a special revenue fund of the Town of Knightdale. As of July 1, 2010, East Wake TV was incorporated as a legally separate non-profit organization. The organization is governed by a Board of Directors consisting of the Town Managers of Archer Lodge, Clayton, Garner, Knightdale, Rolesville, Wendell and Zebulon. Each Town contributes its share of restricted PEG channel funds received from the State of North Carolina to East Wake TV. For the fiscal year ended June 30, 2020, each town, including Knightdale, contributed \$54,613 to East Wake TV. The participating governments do not have any equity interest in the joint venture, so no equity interest has been reflected in the financial statements at June 30, 2020. East Wake TV operates from a studio built by the Town of Knightdale. East Wake Television operates under the name PEG Media Partners. Complete financial statements or a copy of Form 990 Return of Organization Exempt from Income Tax can be obtained from East Wake Television's office at 954 Steeple Square Court, Knightdale, NC 27545-7655.

Firemen's Relief Fund

The Town and the members of the Town's fire department each appoint two members to the five-member local board of trustees for the Firemen's Relief Fund. The State Insurance Commissioner appoints one additional member to the local board of trustees. The Firemen's Relief Fund is funded by a portion of the fire and lightning insurance premiums which insurers remit to the state. The state passes these moneys to the local board of the Firemen's Relief Fund. The funds are used to assist fire fighters in various ways. The Town obtains an ongoing financial benefit from the Fund for the on-behalf of payments for salaries and fringe benefits made to members of the Town's fire department by the board of trustees. During the fiscal year ended June 30, 2020, the Town reported revenues and expenditures for the payments of \$2,470 made through the Firemen's Relief Fund. The participating governments do not have any equity interest in the joint venture, so no equity has been reflected in the financial statements at June 30, 2020. The Firemen's Relief Fund does not issue separate audited financial statements. Instead, the local board of trustees files an annual financial report with the State Firemen's Association. This report can be obtained from the Association at 323 West Jones Street, Suite 401, Raleigh, North Carolina 27603.

TOWN OF KNIGHTDALE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2020

NOTE 5 – 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 under the grant agreements. Such audits could result in the refund of grant moneys to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant moneys for fiscal year 2020.

NOTE 6 – MERGER OF WATER AND SEWER UTILITY SYSTEM WITH THE CITY OF RALEIGH

The Water and Sewer Utility System of the Town was transferred to the City of Raleigh effective May 1, 2006. Under the terms of the agreement, Raleigh assumed full responsibility for the provision of water and sewer services in Knightdale, including responsibility for Knightdale'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 Knightdale'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. Pursuant to the agreement, the Town transferred the remaining balance in the Utility Capital Projects Fund upon completion of construction in fiscal year 2012.

The accompanying statement of net position shows total notes receivable of \$291,053 due from the City of Raleigh related to this merger. The amount due from the City of Raleigh is shown as \$146,632 due within one year and \$144,421 due in more than one year. The City of Raleigh will also pay interest on this balance based on the Town of Knightdale's interest rates on the associated long-term debt. During the current fiscal year, the City of Raleigh reimbursed the Town of Knightdale \$159,581 (\$149,579 principal plus \$10,002 interest) for debt service payments related to proprietary fund long term debt.

NOTE 7 – SUBSEQUENT EVENTS

On July 1, 2020, the Town of Knightdale entered into a service agreement with Wake County to provide fire protection services for the unincorporated areas previously serviced by Eastern Wake Fire Rescue Department. This in effect consolidated the Eastern Wake Fire Rescue Department under the Town's operations. The County retains ownership of most capital assets and equipment with the Town using and insuring such assets and equipment. Eastern Wake Fire Rescue Department personnel were hired by the Town effective July 1. Funding for the additional fire services is being provided by Wake County using a countywide fire district property tax charged to citizens living in the County's unincorporated areas. The amount of funding to be received by the Town in fiscal year 2021 is \$1,850,453. In subsequent years, County funding will be provided based upon a cost-share formula whereby the Town shall receive 49.91% of total fire operating costs.

Required Supplemental Information

**TOWN OF KNIGHTDALE, NORTH CAROLINA
TOWN OF KNIGHTDALE'S PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)
REQUIRED SUPPLEMENTARY INFORMATION
LAST SEVEN FISCAL YEARS***

LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM

	2020	2019	2018	2017	2016	2015	2014
Knightdale's proportion of the net pension liability (asset) (%)	0.08491%	0.08237%	0.07350%	0.07726%	0.08078%	0.08259%	0.08280%
Knightdale's proportion of the net pension liability (asset) (\$)	\$ 2,318,826	\$ 1,954,098	\$ 1,122,876	\$ 1,639,716	\$ 362,536	\$ (487,072)	\$ 998,058
Knightdale's covered payroll	\$ 4,740,720	\$ 4,393,455	\$ 4,004,248	\$ 3,937,807	\$ 3,808,190	\$ 3,793,488	\$ 3,745,230
Knightdale's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	48.91%	44.48%	28.04%	41.64%	9.52%	-12.84%	26.65%
Plan fiduciary net position as a percentage of the total pension liability**	91.63%	94.18%	91.47%	98.09%	99.07%	102.64%	94.35%

* The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30.

** This will be the same percentage for all participant employers in the LGERS plan.

Note that this schedule will not present 10 years' worth of data until fiscal year 2023.

**TOWN OF KNIGHTDALE, NORTH CAROLINA
TOWN OF KNIGHTDALE'S CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION
LAST SEVEN FISCAL YEARS**

LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 472,925	\$ 382,818	\$ 342,915	\$ 292,647	\$ 281,986	\$ 274,191	\$ 271,432
Contributions in relation to the contractually required contributions	<u>472,925</u>	<u>382,818</u>	<u>342,915</u>	<u>292,647</u>	<u>281,986</u>	<u>274,191</u>	<u>271,432</u>
Contribution deficiency (excess)	<u>\$ -</u>						
Town of Knightdale's covered payroll	\$ 5,112,670	\$ 4,740,720	\$ 4,393,455	\$ 4,004,248	\$ 3,937,807	\$ 3,808,190	\$ 3,793,488
Contributions as a percentage of covered payroll	9.25%	8.08%	7.81%	7.31%	7.16%	7.20%	7.16%

Note that this schedule will not present 10 years' worth of data until fiscal year 2023.

**TOWN OF KNIGHTDALE, NORTH CAROLINA
SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2020**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Beginning balance	\$ 1,093,461	\$ 1,121,847	\$ 1,124,497	\$ 1,124,178
Service cost	49,376	50,557	40,626	48,620
Interest on total pension liability	38,723	34,314	42,118	39,111
Differences between expected and actual experience	(2,220)	6,332	(87,389)	-
Changes of assumptions or other inputs	39,204	(47,659)	68,711	(30,134)
Benefit payments	<u>(59,264)</u>	<u>(71,930)</u>	<u>(66,716)</u>	<u>(57,278)</u>
Ending balance of the total pension liability	<u>\$ 1,159,280</u>	<u>\$ 1,093,461</u>	<u>\$ 1,121,847</u>	<u>\$ 1,124,497</u>

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

Note that this schedule will not present 10 years' worth of information until fiscal year 2026.

**TOWN OF KNIGHTDALE, NORTH CAROLINA
SCHEDULE OF TOTAL PENSION LIABILITY
AS A PERCENTAGE OF COVERED PAYROLL
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2020**

	2020	2019	2018	2017
Total pension liability	\$ 1,159,280	\$ 1,093,461	\$ 1,121,847	\$ 1,124,497
Covered payroll	1,925,565	1,774,369	1,576,784	1,759,651
Total pension liability as a percentage of covered payroll	60.20%	61.63%	71.15%	63.90%

Notes to the schedules

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

Note that this schedule will not present 10 years' worth of information until fiscal year 2026.

TOWN OF KNIGHTDALE, NORTH CAROLINA
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS
REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2020

Total OPEB Liability	2019	2018	2017
Service Cost	\$ 378,836	\$ 405,405	\$ 465,751
Interest	250,811	227,047	199,447
Differences between expected and actual experience	(367,091)	12,882	2,098
Changes of assumptions	(109,913)	(467,814)	(819,815)
Benefit payments	<u>(111,058)</u>	<u>(104,390)</u>	<u>(87,667)</u>
Net change in total OPEB liability	41,585	73,130	(240,186)
Total OPEB liability - beginning	<u>6,502,587</u>	<u>6,429,457</u>	<u>6,669,643</u>
Total OPEB liability - ending	<u><u>\$ 6,544,172</u></u>	<u><u>\$ 6,502,587</u></u>	<u><u>\$ 6,429,457</u></u>
Covered payroll	4,671,267	3,959,139	3,959,139
Total OPEB liability as a percentage of covered payroll	140.09%	164.24%	162.40%

Notes to Schedule

Changes of assumptions: Changes of assumptions and other inputs reflect the effects of changes in the discount rate of each period. The following are the discount rates used in each period:

<u>Fiscal year</u>	<u>Rate</u>
2018	3.56%
2019	3.89%
2020	3.50%

This schedule will show ten years of information beginning with fiscal year 2027.

Individual Fund Statements and Schedules

This section contains additional information on the Governmental and Proprietary Funds (budget to actual comparison) and other schedules (ad valorem taxes receivable and current tax levy).

TOWN OF KNIGHTDALE, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

For the Year Ended June 30, 2020

With Comparative Actual Amounts for Year Ended June 30, 2019

	2020			2019
	Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)	Actual
REVENUES				
Ad valorem taxes				
Current year	\$ 8,023,282	\$ 8,073,156	\$ 49,874	\$ 7,638,608
Prior years	3,500	7,874	4,374	5,698
Penalties and interest	15,000	15,382	382	17,487
Total	<u>8,041,782</u>	<u>8,096,412</u>	<u>54,630</u>	<u>7,661,793</u>
Other taxes and licenses				
Motor vehicle licenses	69,500	69,381	(119)	67,932
Gross receipts on rental vehicles	48,000	48,953	953	48,255
Privilege licenses	500	253	(247)	473
Total	<u>118,000</u>	<u>118,587</u>	<u>587</u>	<u>116,660</u>
Unrestricted intergovernmental revenues				
Local option sales tax	3,360,000	3,504,390	144,390	3,301,091
Utility franchise tax	808,000	842,477	34,477	854,081
Wine and beer tax	61,000	65,828	4,828	62,293
ABC profits	70,000	78,249	8,249	71,574
Total	<u>4,299,000</u>	<u>4,490,944</u>	<u>191,944</u>	<u>4,289,039</u>
Restricted intergovernmental revenues				
State street aid - Powell Bill	375,000	386,932	11,932	370,821
Federal grants	325,511	157,698	(167,813)	435,160
State grants	5,500	6,746	1,246	-
NC Department of Revenue PEG Channel Support	54,000	54,706	706	54,055
Solid waste disposal tax	14,000	11,484	(2,516)	10,003
Wake County Public Schools - Resource officer	37,838	37,838	-	37,838
Firemen's relief fund	8,000	8,555	555	8,651
Total	<u>819,849</u>	<u>663,959</u>	<u>(155,890)</u>	<u>916,528</u>

TOWN OF KNIGHTDALE, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

For the Year Ended June 30, 2020

With Comparative Actual Amounts for Year Ended June 30, 2019

	2020			2019
	Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)	Actual
Permits and fees				
Building permits and inspection fees	\$ 260,000	\$ 229,418	\$ (30,582)	\$ 232,540
Certificate of occupancy fees	17,500	15,704	(1,796)	15,368
Miscellaneous fees	28,000	23,247	(4,753)	25,988
Officer fees	4,000	4,254	254	4,572
Total	<u>309,500</u>	<u>272,623</u>	<u>(36,877)</u>	<u>278,468</u>
Sales and services				
Sanitation				
Sanitation fees	717,984	688,317	(29,667)	670,646
Recycle fees	300,828	288,742	(12,086)	224,391
Subtotal	<u>1,018,812</u>	<u>977,059</u>	<u>(41,753)</u>	<u>895,037</u>
Recreation				
Program fees	341,300	99,586	(241,714)	344,804
Pool fees	27,000	16,262	(10,738)	24,199
Recreation center fees	36,000	17,720	(18,280)	34,952
Track out fees	90,000	13,580	(76,420)	84,052
Knightdale Station Park fees	21,500	37,735	16,235	38,457
Grant proceeds	-	37,000	37,000	43,420
Subtotal	<u>515,800</u>	<u>221,883</u>	<u>(293,917)</u>	<u>569,884</u>
Total	<u>1,534,612</u>	<u>1,198,942</u>	<u>(335,670)</u>	<u>1,464,921</u>
Investment earnings	<u>142,000</u>	<u>119,775</u>	<u>(22,225)</u>	<u>152,533</u>
Other revenues				
Miscellaneous	95,419	99,850	4,431	62,357
Insurance proceeds	13,000	13,273	273	22,405
Reimbursement for off duty police officers	30,000	21,960	(8,040)	4,883
Fines and forfeitures	500	2,280	1,780	1,125
Total	<u>138,919</u>	<u>137,363</u>	<u>(1,556)</u>	<u>90,770</u>
TOTAL REVENUES	<u>15,403,662</u>	<u>15,098,605</u>	<u>(305,057)</u>	<u>14,970,712</u>

TOWN OF KNIGHTDALE, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

For the Year Ended June 30, 2020

With Comparative Actual Amounts for Year Ended June 30, 2019

	2020			2019
	Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)	Actual
EXPENDITURES				
General government				
Administration				
Current				
Personnel services	\$ 981,920	\$ 992,973	\$ (11,053)	\$ 861,756
Operations & maintenance	930,336	864,162	66,174	729,331
Capital outlay	299,601	205,058	94,543	-
Total	<u>2,211,857</u>	<u>2,062,193</u>	<u>149,664</u>	<u>1,591,087</u>
Finance				
Current				
Personnel services	524,514	515,113	9,401	391,605
Operations & maintenance	186,789	177,541	9,248	136,582
Capital outlay	139,819	111,183	28,636	-
Total	<u>851,122</u>	<u>803,837</u>	<u>47,285</u>	<u>528,187</u>
Total general government	<u>3,062,979</u>	<u>2,866,030</u>	<u>196,949</u>	<u>2,119,274</u>
Public safety				
Police				
Current				
Personnel services	3,078,362	2,953,610	124,752	2,850,449
Operations & maintenance	625,902	538,179	87,723	607,527
Capital outlay	592,145	393,727	198,418	326,251
Total	<u>4,296,409</u>	<u>3,885,516</u>	<u>410,893</u>	<u>3,784,227</u>

TOWN OF KNIGHTDALE, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

For the Year Ended June 30, 2020

With Comparative Actual Amounts for Year Ended June 30, 2019

	2020			2019
	Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)	Actual
Fire				
Current				
Personnel services	\$ 1,343,780	\$ 1,284,880	\$ 58,900	\$ 1,030,841
Operations & maintenance	345,639	324,324	21,315	322,844
Capital outlay	45,548	43,917	1,631	-
Total	<u>1,734,967</u>	<u>1,653,121</u>	<u>81,846</u>	<u>1,353,685</u>
Total public safety	<u>6,031,376</u>	<u>5,538,637</u>	<u>492,739</u>	<u>5,137,912</u>
Transportation				
Public Works				
Current				
Personnel services	414,846	395,855	18,991	391,998
Operations & maintenance	457,041	435,525	21,516	355,513
Capital Outlay	284,664	278,654	6,010	57,502
Total	<u>1,156,551</u>	<u>1,110,034</u>	<u>46,517</u>	<u>805,013</u>
Public Buildings and Grounds				
Current				
Personnel services	279,779	275,975	3,804	269,725
Operations & maintenance	445,418	385,030	60,388	348,237
Capital Outlay	37,012	42,252	(5,240)	142,666
Total	<u>762,209</u>	<u>703,257</u>	<u>58,952</u>	<u>760,628</u>
Streets and Highways				
Current				
Operations & maintenance	296,100	336,774	(40,674)	294,763
Capital Outlay	416,000	193,515	222,485	81,104
Total	<u>712,100</u>	<u>530,289</u>	<u>181,811</u>	<u>375,867</u>
Total transportation	<u>2,630,860</u>	<u>2,343,580</u>	<u>287,280</u>	<u>1,941,508</u>

TOWN OF KNIGHTDALE, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

For the Year Ended June 30, 2020

With Comparative Actual Amounts for Year Ended June 30, 2019

	2020			2019
	Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)	Actual
Environmental Protection				
Sanitation				
Current				
Operations & maintenance	\$ 1,091,684	\$ 1,090,243	\$ 1,441	\$ 955,890
Economic and Physical Development				
Planning and Zoning				
Current				
Personnel services	560,341	522,550	37,791	524,751
Operations & maintenance	152,034	122,527	29,507	108,659
Capital Outlay	224,924	85,021	139,903	924,206
Total	937,299	730,098	207,201	1,557,616
Special Appropriations				
Current				
Special appropriations	-	-	-	32,750
Total economic and physical development	937,299	730,098	207,201	1,590,366
Cultural & Recreational				
Parks and Recreation				
Current				
Personnel services	584,331	589,619	(5,288)	618,793
Operations & maintenance	790,348	539,822	250,526	680,657
Capital outlay	146,471	136,101	10,370	1,252,857
Total cultural and recreational	1,521,150	1,265,542	255,608	2,552,307
Debt service				
Note principal	983,755	983,755	-	539,371
Note interest	238,430	238,364	66	117,088
Bond principal	253,421	253,421	-	54,211
Bond interest	42,972	42,983	(11)	4,803
Total debt service	1,518,578	1,518,523	55	715,473
TOTAL EXPENDITURES	16,793,926	15,352,653	1,441,273	15,012,730
Revenues under expenditures	(1,390,264)	(254,048)	1,136,216	(42,018)

TOWN OF KNIGHTDALE, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

For the Year Ended June 30, 2020

With Comparative Actual Amounts for Year Ended June 30, 2019

	2020			2019
	Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)	Actual
OTHER FINANCING SOURCES (USES)				
Transfers from:				
General Capital Reserve	\$ 293,040	\$ 293,040	\$ -	\$ 240,000
General Capital Project Fund	70,000	70,000	-	-
Transfers to:				
General Capital Reserve Fund	(458,987)	(458,897)	90	(438,715)
General Capital Project Fund	-	-	-	(279,000)
Sale of capital assets	85,000	63,232	(21,768)	40,954
Installment purchase obligations issued	120,000	101,491	(18,509)	91,800
Appropriated fund balance	1,281,211	-	(1,281,211)	-
TOTAL OTHER FINANCING SOURCES (USES)	1,390,264	68,866	(1,321,398)	(344,961)
NET CHANGE IN FUND BALANCE	\$ -	(185,182)	\$ (185,182)	(386,979)
FUND BALANCE - beginning of year		7,837,967		8,224,946
FUND BALANCE - end of year		\$ 7,652,785		\$ 7,837,967

**TOWN OF KNIGHTDALE, NORTH CAROLINA
GENERAL CAPITAL PROJECT - CAPITAL RESERVE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL**

For The Year Ended June 30, 2020

With Comparative Actual Amounts for Year Ended June 30, 2019

	2020			2019
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
REVENUES				
Other taxes and licenses:				
Motor vehicle licenses	\$ 139,000	\$ 138,762	\$ (238)	\$ 135,864
Permits and fees:				
Transportation fees	200,000	152,869	(47,131)	145,965
Streets-in-lieu fees	-	-	-	4,100
Sidewalks-in-lieu fees	-	4,800	4,800	-
Recreation-in-lieu fees	-	7,743	7,743	6,408
Investment earnings	34,000	18,946	(15,054)	34,862
TOTAL REVENUES	<u>373,000</u>	<u>323,120</u>	<u>(49,880)</u>	<u>327,199</u>
OTHER FINANCING SOURCES (USES)				
Transfers from:				
General Fund	458,987	458,897	(90)	438,715
Transfers to:				
General Fund	(293,040)	(293,040)	-	(240,000)
General Capital Projects Fund	(1,535,000)	(1,535,000)	-	(125,000)
Fund Balance:				
Appropriated Fund Balance	996,053	-	(996,053)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(373,000)</u>	<u>(1,369,143)</u>	<u>(996,143)</u>	<u>73,715</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>(1,046,023)</u>	<u>\$ (1,046,023)</u>	400,914
FUND BALANCE - beginning of year		<u>2,748,981</u>		<u>2,348,067</u>
FUND BALANCE - end of year		<u>\$ 1,702,958</u>		<u>\$ 2,748,981</u>

TOWN OF KNIGHTDALE, NORTH CAROLINA
WAKE STONE ATHLETIC PARK CAPITAL PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL

From Inception To June 30, 2020

	Project Authorization	Prior Years	Actual Current Year	Total To Date
REVENUES				
Investment earnings	\$ -	\$ 746	\$ 11,693	\$ 12,439
Wake County Hospitality Grant	1,000,000	-	-	-
TOTAL REVENUES	<u>1,000,000</u>	<u>746</u>	<u>11,693</u>	<u>12,439</u>
EXPENDITURES				
Wake Stone Athletic Complex				
Professional services	100,000	73,724	86,995	160,719
Construction	4,400,000	59,066	2,761,209	2,820,275
TOTAL EXPENDITURES	<u>4,500,000</u>	<u>132,790</u>	<u>2,848,204</u>	<u>2,980,994</u>
Revenues under expenditures before other financing sources	<u>(3,500,000)</u>	<u>(132,044)</u>	<u>(2,836,511)</u>	<u>(2,968,555)</u>
OTHER FINANCING SOURCES				
Installment purchase obligations issued	2,000,000	-	2,000,000	2,000,000
Transfers from:				
General Capital Reserve Fund	1,021,000	-	1,021,000	1,021,000
General Fund	279,000	279,000	-	279,000
Storm Water Fund	200,000	-	200,000	200,000
TOTAL OTHER FINANCING SOURCES	<u>3,500,000</u>	<u>279,000</u>	<u>3,221,000</u>	<u>3,500,000</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ 146,956</u>	<u>\$ 384,489</u>	<u>\$ 531,445</u>

TOWN OF KNIGHTDALE, NORTH CAROLINA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
For the Year Ended June 30, 2020

Page 1 of 2

	Storm Water Special Revenue Fund	General Capital Projects Fund	Capital Projects Mingo Creek Greenway Extension Capital Project Fund	Public Works Capital Project Fund	Total Non-Major Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 588,014	\$ 687	\$ 507,885	\$ 6,357	\$ 1,102,943
Restricted cash	321,892	-	-	-	321,892
Receivables, net	12,840	-	-	-	12,840
Due from other governments	111,043	30	-	20,117	131,190
TOTAL ASSETS	<u>\$ 1,033,789</u>	<u>\$ 717</u>	<u>\$ 507,885</u>	<u>\$ 26,474</u>	<u>\$ 1,568,865</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 23,400	\$ -	\$ -	\$ -	\$ 23,400
Accrued salaries	5,568	-	-	-	5,568
TOTAL LIABILITIES	<u>28,968</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,968</u>
DEFERRED INFLOWS OF RESOURCES					
Accounts receivable	12,840	-	-	-	12,840

TOWN OF KNIGHTDALE, NORTH CAROLINA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
For the Year Ended June 30, 2020

	Storm Water Special Revenue Fund	General Capital Projects Fund	Capital Projects Mingo Creek Greenway Extension Capital Project Fund	Public Works Capital Project Fund	Total Non-Major Governmental Funds
Page 2 of 2					
FUND BALANCES					
Restricted					
Storm Water	\$ 316,611	\$ -	\$ -	\$ -	\$ 316,611
Storm Water Surety	5,281	-	-	-	5,281
Assigned					
Subsequent year's expenditures	369,378	-	-	-	369,378
Storm Water	300,711	-	-	-	300,711
Capital Projects Fund	-	717	507,885	26,474	535,076
TOTAL FUND BALANCES	<u>991,981</u>	<u>717</u>	<u>507,885</u>	<u>26,474</u>	<u>1,527,057</u>
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	 <u>\$ 1,033,789</u>	 <u>\$ 717</u>	 <u>\$ 507,885</u>	 <u>\$ 26,474</u>	 <u>\$ 1,568,865</u>

TOWN OF KNIGHTDALE, NORTH CAROLINA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES

For the Year Ended June 30, 2020

	Special Revenue	Capital Projects			Total Non-Major Governmental Funds
	Storm Water	General Capital Projects	Mingo Creek Greenway Extension	Public Works	
REVENUES					
Permits and fees	\$ 664,033	\$ -	\$ -	\$ -	\$ 664,033
CAMPO grant	-	-	30,969	-	30,969
Investment earnings	8,510	612	1,628	2,890	13,640
TOTAL REVENUES	672,543	612	32,597	2,890	708,642
EXPENDITURES					
Environmental protection	274,006	-	-	-	274,006
Capital outlay	247,885	27,646	38,712	1,051,040	1,365,283
TOTAL EXPENDITURES	521,891	27,646	38,712	1,051,040	1,639,289
REVENUES OVER (UNDER) EXPENDITURES	150,652	(27,034)	(6,115)	(1,048,150)	(930,647)
OTHER FINANCING SOURCES (USES)					
Installment purchase obligations issued	146,298	-	-	-	146,298
Transfers from (to):					
General Fund	-	(70,000)	-	-	(70,000)
General Capital Reserve Fund	-	-	514,000	-	514,000
Wake Stone Athletic Park Capital Project Fund	(200,000)	-	-	-	(200,000)
TOTAL OTHER FINANCING SOURCES (USES)	(53,702)	(70,000)	514,000	-	390,298
NET CHANGE IN FUND BALANCE	96,950	(97,034)	507,885	(1,048,150)	(540,349)
FUND BALANCE - beginning of year	895,031	97,751	-	1,074,624	2,067,406
FUND BALANCE - end of year	\$ 991,981	\$ 717	\$ 507,885	\$ 26,474	\$ 1,527,057

**TOWN OF KNIGHTDALE, NORTH CAROLINA
SPECIAL REVENUE FUND - STORM WATER FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**

For the Year Ended June 30, 2020

With Comparative Actual Amounts for Year Ended June 30, 2019

	2020			2019
	Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)	Actual
REVENUES				
Permits and fees				
Storm Water fees	\$ 613,000	\$ 641,129	\$ 28,129	\$ 613,272
Sinking fund revenue	-	22,904	22,904	96,043
Total	613,000	664,033	51,033	709,315
Investment earnings	10,600	8,510	(2,090)	9,302
TOTAL REVENUES	623,600	672,543	48,943	718,617
EXPENDITURES				
Storm Water Maintenance				
Current				
Personnel services	171,658	103,023	68,635	86,869
Operations & maintenance	218,492	170,983	47,509	190,615
Capital outlay	379,748	247,885	131,863	119,275
TOTAL EXPENDITURES	769,898	521,891	248,007	396,759
REVENUES OVER (UNDER) EXPENDITURES	(146,298)	150,652	296,950	321,858
OTHER FINANCING SOURCES (USES)				
Installment purchase obligations issued	146,298	146,298	-	-
Transfers to:				
Wake Stone Athletic Park Capital Project	(200,000)	(200,000)	-	-
Appropriated fund balance	200,000	-	(200,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	146,298	(53,702)	(200,000)	-
NET CHANGE IN FUND BALANCE	\$ -	96,950	\$ 96,950	321,858
FUND BALANCE - beginning of year		895,031		573,173
FUND BALANCE - end of year		\$ 991,981		\$ 895,031

**TOWN OF KNIGHTDALE, NORTH CAROLINA
GENERAL CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL**

From Inception To June 30, 2020

	Project Authorization	Prior Years	Actual Current Year	Total To Date
REVENUES				
Investment earnings	\$ 20,000	\$ 20,056	\$ 612	\$ 20,668
PARTF Grant	40,000	40,000	-	40,000
SUBTOTAL REVENUES	60,000	60,056	612	60,668
Less closed projects	60,000	60,056	612	60,668
TOTAL REVENUES	-	-	-	-
EXPENDITURES				
Knightdale Park				
Professional services	24,528	25,712	2,021	27,733
Construction	3,950,445	3,921,566	25,625	3,947,191
SUBTOTAL EXPENDITURES	3,974,973	3,947,278	27,646	3,974,924
Less closed projects	3,974,256	3,947,278	27,646	3,974,924
TOTAL EXPENDITURES	717	-	-	-
Revenues under expenditures before other financing sources (uses)	(717)	-	-	-
OTHER FINANCING SOURCES (USES)				
Issuance of debt	1,875,000	1,875,000	-	1,875,000
Transfers from:				
General Fund	300,000	300,000	-	300,000
General Capital Reserve Fund	1,420,159	1,420,159	-	1,420,159
Utility Capital Project Fund	389,814	389,814	-	389,814
Transfers to:				
General Fund	(70,000)	-	(70,000)	(70,000)
SUBTOTAL OTHER FINANCING SOURCES (USES)	3,914,973	3,984,973	(70,000)	3,914,973
Less closed projects	3,914,256	3,984,256	(70,000)	3,914,256
TOTAL OTHER FINANCING SOURCES (USES)	717	717	-	717
NET CHANGE IN FUND BALANCE	\$ -	\$ 717	\$ -	\$ 717

TOWN OF KNIGHTDALE, NORTH CAROLINA
MINGO CREEK GREENWAY EXTENSION CAPITAL PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL

From Inception To June 30, 2020

	Project Authorization	Prior Years	Actual Current Year	Total To Date
REVENUES				
Investment Earnings	\$ -	\$ -	\$ 1,628	\$ 1,628
CAMPO grant	2,058,000	-	30,969	30,969
TOTAL REVENUES	2,058,000	-	32,597	32,597
EXPENDITURES				
Mingo Creek Greenway Extension				
Right of Way Acquisition	746,000	-	38,712	38,712
Construction	1,826,000	-	-	-
TOTAL EXPENDITURES	2,572,000	-	38,712	38,712
Revenues under expenditures before other financing sources	(514,000)	-	(6,115)	(6,115)
OTHER FINANCING SOURCES				
Transfers from:				
General Capital Reserve Fund	514,000	-	514,000	514,000
NET CHANGE IN FUND BALANCE	\$ -	\$ -	\$ 507,885	\$ 507,885

TOWN OF KNIGHTDALE, NORTH CAROLINA
PUBLIC WORKS CAPITAL PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL

From Inception To June 30, 2020

	Project Authorization	Prior Years	Actual Current Year	Total To Date
REVENUES				
Investment earnings	\$ -	\$ 5,687	\$ 2,890	\$ 8,577
Less closed projects	-	5,687	2,890	8,577
TOTAL REVENUES	-	-	-	-
EXPENDITURES				
Public Works Facility				
Professional services	-	1,250	-	1,250
Land acquisition	417,000	416,766	-	416,766
Construction	2,433,000	1,354,813	1,051,040	2,405,853
SUBTOTAL EXPENDITURES	2,850,000	1,772,829	1,051,040	2,823,869
Less closed projects	2,823,526	1,772,829	1,051,040	2,823,869
TOTAL EXPENDITURES	26,474	-	-	-
Revenues under expenditures before other financing sources	(26,474)	-	-	-
OTHER FINANCING SOURCES				
Issuance of debt	2,300,000	2,300,000	-	2,300,000
Transfers from:				
General Capital Reserve Fund	550,000	541,766	-	541,766
SUBTOTAL OTHER FINANCING SOURCES	2,850,000	2,841,766	-	2,841,766
Less closed projects	2,823,526	2,815,292	-	2,815,292
TOTAL OTHER FINANCING SOURCES	26,474	26,474	-	26,474
NET CHANGE IN FUND BALANCE	\$ -	\$ 26,474	\$ -	\$ 26,474

TOWN OF KNIGHTDALE, NORTH CAROLINA
FIRE CAPITAL PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL

From Inception To June 30, 2020

	Project Authorization	Prior Years	Actual Current Year	Total To Date
REVENUES	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
Capital Outlay	1,250,000	-	-	-
Revenues under expenditures before other financing sources	(1,250,000)	-	-	-
OTHER FINANCING SOURCES				
Installment purchase obligations issued	1,100,000			
Transfers from:				
General Capital Reserve Fund	150,000	-	-	-
TOTAL OTHER FINANCING SOURCES	1,250,000	-	-	-
NET CHANGE IN FUND BALANCE	\$ -	\$ -	\$ -	\$ -

**TOWN OF KNIGHTDALE, NORTH CAROLINA
WATER AND SEWER OPERATIONS
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP)**

For the Year Ended June 30, 2020

With Comparative Actual Amounts for Year Ended June 30, 2019

	2020			2019
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
REVENUES				
Water non-operating revenues				
Interest earnings	\$ -	\$ 277	\$ 277	\$ 2,113
EXPENDITURES				
Water & Sewer non-operating expenditures				
Infrastructure reimbursements	-	-	-	60,991
Total revenues over (under) expenditures	-	277	277	(58,878)
OTHER FINANCING SOURCES (USES)				
Debt Service				
City of Raleigh - reimbursement of debt service payments	159,581	159,917	336	165,237
Interest	(10,002)	(10,002)	-	(13,448)
Debt principal	(149,579)	(149,579)	-	(151,789)
TOTAL OTHER FINANCING SOURCES (USES)	-	336	336	-
Total revenues and other financing sources over expenditures and other financing uses	\$ -	613	\$ 613	(58,878)
Reconciliation from budgetary basis (modified accrual) to full accrual:				
Principal paid on debt		149,579		151,789
Payments received on notes receivable		(149,579)		(151,789)
Decrease in accrued interest		369		389
CHANGE IN NET POSITION	\$	982		\$ (58,489)

Other Schedules

TOWN OF KNIGHTDALE, NORTH CAROLINA
SCHEDULE OF AD VALOREM TAXES RECEIVABLE

June 30, 2020

Fiscal Year	Uncollected Balance June 30, 2019	Current Levy	Collections and Credits	Uncollected Balance June 30, 2020
2020	\$ -	\$ 8,103,942	\$ 8,073,156	30,786
2019	20,563	-	7,452	13,111
2018	6,317	-	57	6,260
2017	3,863	-	55	3,808
2016	3,494	-	429	3,065
2015	2,219	-	20	2,199
2014	9,347	-	36	9,311
2013	8,028	-	52	7,976
2012	7,317	-	142	7,175
2011	4,889	-	280	4,609
2010	5,389	-	5,389	-
Total	\$ 71,426	\$ 8,103,942	\$ 8,087,068	\$ 88,300

RECONCILIATION WITH REVENUES

Taxes - Ad Valorem - General Fund	\$ 8,096,412
Add (deduct):	
Penalties and interest	(15,382)
Taxes written off	5,388
Releases, rebates and adjustments	650
Total Collections and Credits	\$ 8,087,068

**TOWN OF KNIGHTDALE, NORTH CAROLINA
ANALYSIS OF CURRENT TAX LEVY**

June 30, 2020

	Town-Wide			Total Levy	
	Property Valuation	Tax Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current year's rate	\$ 1,882,926,977	0.43	\$ 8,096,586	\$ 7,374,134	\$ 722,452
Penalties	-		2,049	2,049	-
Total	<u>1,882,926,977</u>		<u>8,098,635</u>	<u>7,376,183</u>	<u>722,452</u>
Discoveries:					
Prior year taxes	-	0.43	15,631	15,631	-
Total	<u>1,882,926,977</u>		<u>8,114,266</u>	<u>7,391,814</u>	<u>722,452</u>
Abatements	<u>(2,400,930)</u>	0.43	<u>(10,324)</u>	<u>(10,324)</u>	-
Total property valuation	<u><u>\$ 1,880,526,047</u></u>				
Net levy			8,103,942	7,381,490	722,452
Uncollected taxes at June 30, 2020			<u>30,786</u>	<u>25,420</u>	<u>5,366</u>
Current year's taxes collected			<u>\$ 8,073,156</u>	<u>\$ 7,356,070</u>	<u>\$ 717,086</u>
Current levy collection percentage			<u><u>99.62%</u></u>	<u><u>99.66%</u></u>	<u><u>99.26%</u></u>



Knightdale Town Hall Back View



This section, unaudited, presents comparative statistical data, graphs, and other pertinent information of the Town which may be further divided into the following:

Financial Trends (Tables 1 – 4) containing trend information to help the reader understand how the Town’s financial performance and standing have changed over time.

Revenue Capacity (Tables 5 – 9) containing information to help the reader assess the Town’s tax base and revenue from property taxes.

Debt Capacity (Tables 10 – 13) containing schedules to help the reader assess the affordability of the Town’s current levels of outstanding debt and the Town’s ability to issue additional debt in the future.

Operating Information (Tables 14 – 16) containing information about the Town’s operation and resources to help the reader understand how the Town’s financial information relates to the services the Town provides and the activities it performs.

Demographic and Economic Information (Tables 17 – 19) containing demographic and economic indicators to help the reader understand the environment with which the Town’s financial activities take place and to help make comparisons over time, and with other governments.

STATISTICAL SECTION

TOWN OF KNIGHTDALE, NORTH CAROLINA

Net Position by Component

Last Ten Fiscal Years

(accrual basis of accounting)

Table 1

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental Activities										
Net investment in capital assets	\$ 28,955,166	\$ 28,803,069	\$ 33,353,729	\$ 41,680,758	\$ 42,796,062	\$ 42,147,141	\$ 52,553,720	\$ 74,593,140	\$ 84,694,947	\$ 92,350,593
Restricted	1,943,693	1,895,412	2,299,485	4,253,275	3,020,044	3,401,121	4,888,416	3,465,478	2,813,131	3,321,406
Unrestricted	3,295,965	4,953,181	5,089,424	2,645,764	4,586,612	5,960,276	5,144,918	(341,940)	(895,417)	(2,462,797)
Total governmental activities net position	<u>\$ 34,194,824</u>	<u>\$ 35,651,662</u>	<u>\$ 40,742,638</u>	<u>\$ 48,579,797</u>	<u>\$ 50,402,718</u>	<u>\$ 51,508,538</u>	<u>\$ 62,587,054</u>	<u>\$ 77,716,678</u>	<u>\$ 86,612,661</u>	<u>\$ 93,209,202</u>
Business-type Activities										
Net investment in capital assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	1,044,574	46,062	61,500	70,767	70,300	93,036	94,378	95,824	37,335	38,317
Total business-type activities net position	<u>\$ 1,044,574</u>	<u>\$ 46,062</u>	<u>\$ 61,500</u>	<u>\$ 70,767</u>	<u>\$ 70,300</u>	<u>\$ 93,036</u>	<u>\$ 94,378</u>	<u>\$ 95,824</u>	<u>\$ 37,335</u>	<u>\$ 38,317</u>
Primary Government										
Net investment in capital assets	\$ 28,955,166	\$ 28,803,069	\$ 33,353,729	\$ 41,680,758	\$ 42,796,062	\$ 42,147,141	\$ 52,553,720	\$ 74,593,140	\$ 84,694,947	\$ 92,350,593
Restricted	1,943,693	1,895,412	2,299,485	4,253,275	3,020,044	3,401,121	4,888,416	3,465,478	2,813,131	3,321,406
Unrestricted	4,340,539	4,999,243	5,150,924	2,716,531	4,656,912	6,053,312	5,239,296	(246,116)	(858,082)	(2,424,480)
Total primary government net position	<u>\$ 35,239,398</u>	<u>\$ 35,697,724</u>	<u>\$ 40,804,138</u>	<u>\$ 48,650,564</u>	<u>\$ 50,473,018</u>	<u>\$ 51,601,574</u>	<u>\$ 62,681,432</u>	<u>\$ 77,812,502</u>	<u>\$ 86,649,996</u>	<u>\$ 93,247,519</u>

TOWN OF KNIGHTDALE, NORTH CAROLINA

Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

Table 2

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Expenses										
Governmental activities:										
General government	\$ 1,454,654	\$ 2,155,837	\$ 1,716,310	\$ 1,706,307	\$ 1,462,856	\$ 1,705,859	\$ 1,790,288	\$ 2,040,009	\$ 2,241,328	\$ 2,754,724
Public safety	4,087,816	4,202,231	4,025,428	3,964,847	3,850,081	4,216,783	4,448,548	4,911,222	5,584,019	6,101,023
Transportation	2,442,706	2,401,269	2,297,740	2,481,115	3,593,265	2,748,299	3,015,025	3,211,771	3,983,151	4,390,035
Environmental protection	532,250	571,764	745,462	708,691	769,509	864,818	991,916	1,126,966	1,275,434	1,414,155
Economic development	449,226	579,390	550,333	536,780	509,072	668,332	673,850	1,179,187	713,596	712,736
Cultural and recreational	918,928	976,780	955,930	1,238,780	1,567,881	1,754,476	1,623,863	1,335,609	1,875,579	1,802,331
Interest on long-term debt	299,747	251,805	318,556	331,372	277,097	245,700	215,103	173,366	253,289	282,904
Total governmental activities expenses	<u>\$ 10,185,327</u>	<u>\$ 11,139,076</u>	<u>\$ 10,609,759</u>	<u>\$ 10,967,892</u>	<u>\$ 12,029,761</u>	<u>\$ 12,204,267</u>	<u>\$ 12,758,593</u>	<u>\$ 13,978,130</u>	<u>\$ 15,926,396</u>	<u>\$ 17,457,908</u>
Business-type activities:										
Water and sewer	130,422	176,625	75,525	54,903	52,482	30,594	20,566	16,656	74,050	9,633
Total business-type activities expenses	<u>130,422</u>	<u>176,625</u>	<u>75,525</u>	<u>54,903</u>	<u>52,482</u>	<u>30,594</u>	<u>20,566</u>	<u>16,656</u>	<u>74,050</u>	<u>9,633</u>
Total primary government expenses	<u>\$ 10,315,749</u>	<u>\$ 11,315,701</u>	<u>\$ 10,685,284</u>	<u>\$ 11,022,795</u>	<u>\$ 12,082,243</u>	<u>\$ 12,234,861</u>	<u>\$ 12,779,159</u>	<u>\$ 13,994,786</u>	<u>\$ 16,000,446</u>	<u>\$ 17,467,541</u>
Program Revenues										
Governmental activities:										
Charges for service:										
General government	\$ -	\$ -	\$ -	\$ -	\$ 300,127	\$ 353,762	\$ 291,440	\$ 386,222	\$ 278,468	\$ 272,623
Public safety	41,616	28,363	22,974	44,262	-	-	-	-	-	-
Public works	396,177	143,531	200,389	26,884	97,420	345,889	252,588	187,053	150,065	157,669
Environmental protection	642,781	620,313	938,852	934,875	1,043,007	1,036,465	1,157,202	1,183,579	1,603,144	1,653,995
Economic development	139,569	158,937	197,998	103,694	-	-	-	-	-	-
Cultural and recreational	423,361	427,063	483,567	494,514	540,237	497,221	454,092	539,675	532,872	192,626
Operating grants and contributions	864,939	830,434	684,002	595,622	1,277,124	771,677	632,335	297,256	272,786	234,376
Capital grants and contributions	2,961,423	884,887	4,714,539	7,239,152	1,445,891	39,613	10,744,304	19,165,527	8,586,829	8,320,639
Total governmental activities program revenue	<u>\$ 5,469,866</u>	<u>\$ 3,093,528</u>	<u>\$ 7,242,321</u>	<u>\$ 9,439,003</u>	<u>\$ 4,703,806</u>	<u>\$ 3,044,627</u>	<u>\$ 13,531,961</u>	<u>\$ 21,759,312</u>	<u>\$ 11,424,164</u>	<u>\$ 10,831,928</u>
Business-type activities:										
Operating grants and contributions	-	-	-	-	-	-	-	-	-	-
Capital grants and contributions	-	87,684	-	-	-	-	-	-	-	-
Total business-type activities program revenues	<u>-</u>	<u>87,684</u>	<u>-</u>							
Total primary government program revenues	<u>\$ 5,469,866</u>	<u>\$ 3,181,212</u>	<u>\$ 7,242,321</u>	<u>\$ 9,439,003</u>	<u>\$ 4,703,806</u>	<u>\$ 3,044,627</u>	<u>\$ 13,531,961</u>	<u>\$ 21,759,312</u>	<u>\$ 11,424,164</u>	<u>\$ 10,831,928</u>

TOWN OF KNIGHTDALE, NORTH CAROLINA

Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

Table 2 (continued)

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Net (Expense) / Revenue										
Governmental activities	\$ (4,715,461)	\$ (8,045,548)	\$ (3,367,438)	\$ (1,528,889)	\$ (7,325,955)	\$ (9,159,640)	\$ 773,368	\$ 7,781,182	\$ (4,502,232)	\$ (6,625,980)
Business-type activities	(130,422)	(88,941)	(75,525)	(54,903)	(52,482)	(30,594)	(20,566)	(16,656)	(74,050)	(9,633)
Total primary government net revenue /(expense)	<u>\$ (4,845,883)</u>	<u>\$ (8,134,489)</u>	<u>\$ (3,442,963)</u>	<u>\$ (1,583,792)</u>	<u>\$ (7,378,437)</u>	<u>\$ (9,190,234)</u>	<u>\$ 752,802</u>	<u>\$ 7,764,526</u>	<u>\$ (4,576,282)</u>	<u>\$ (6,635,613)</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes:										
Property taxes, levied for general purpose	\$ 5,125,475	\$ 5,249,709	\$ 5,421,563	\$ 6,042,731	\$ 6,179,543	\$ 6,398,393	\$ 6,709,702	\$ 7,192,745	\$ 7,672,069	\$ 8,113,286
Other taxes and licenses	232,843	246,403	284,406	326,641	277,822	219,428	230,023	239,366	246,727	253,644
Unrestricted intergovernmental revenues	2,662,238	2,545,808	2,697,954	2,926,002	3,360,348	3,616,196	3,770,758	3,899,874	4,289,039	4,490,944
Unrestricted investment earnings	33,351	34,957	37,194	25,213	13,960	57,502	68,483	128,145	214,968	164,054
Miscellaneous	237,404	774,350	17,297	45,461	43,830	(26,059)	161,061	139,174	107,175	200,593
Transfers	-	651,159	-	-	-	-	-	-	-	-
Total governmental activities	<u>8,291,311</u>	<u>9,502,386</u>	<u>8,458,414</u>	<u>9,366,048</u>	<u>9,875,503</u>	<u>10,265,460</u>	<u>10,940,027</u>	<u>11,599,304</u>	<u>12,529,978</u>	<u>13,222,521</u>
Business-type activities:										
Unrestricted investment earnings	130,917	125,126	67,162	55,551	43,584	32,437	21,908	18,102	15,561	10,615
Gain /(Loss) on abandoned capital project	-	-	-	-	-	-	-	-	-	-
Miscellaneous	6,017	17,711	23,801	8,619	8,431	20,893	-	-	-	-
Transfers	-	(651,159)	-	-	-	-	-	-	-	-
Special item (loss on transfer of assets to Raleigh)	(1,608,656)	(401,249)	-	-	-	-	-	-	-	-
Total business-type activities	<u>(1,471,722)</u>	<u>(909,571)</u>	<u>90,963</u>	<u>64,170</u>	<u>52,015</u>	<u>53,330</u>	<u>21,908</u>	<u>18,102</u>	<u>15,561</u>	<u>10,615</u>
Total primary government	<u>\$ 6,819,589</u>	<u>\$ 8,592,815</u>	<u>\$ 8,549,377</u>	<u>\$ 9,430,218</u>	<u>\$ 9,927,518</u>	<u>\$ 10,318,790</u>	<u>\$ 10,961,935</u>	<u>\$ 11,617,406</u>	<u>\$ 12,545,539</u>	<u>\$ 13,233,136</u>
Change in Net Position										
Governmental activities	\$ 3,575,850	\$ 1,456,838	\$ 5,090,976	\$ 7,837,159	\$ 2,549,548	\$ 1,105,820	\$ 11,713,395	\$ 19,380,486	\$ 8,027,746	\$ 6,596,541
Business-type activities	(1,602,144)	(998,512)	15,438	9,267	(467)	22,736	1,342	1,446	(58,489)	982
Total primary government	<u>\$ 1,973,706</u>	<u>\$ 458,326</u>	<u>\$ 5,106,414</u>	<u>\$ 7,846,426</u>	<u>\$ 2,549,081</u>	<u>\$ 1,128,556</u>	<u>\$ 11,714,737</u>	<u>\$ 19,381,932</u>	<u>\$ 7,969,257</u>	<u>\$ 6,597,523</u>

TOWN OF KNIGHTDALE, NORTH CAROLINA

Fund Balance of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

Table 3

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-	-	-	-	-	-	-
Nonspendable	23,476	36,008	11,423	9,072	9,526	10,002	5,045	233,533	28,820	43,691
Restricted	1,605,841	1,527,084	2,005,357	2,152,862	2,170,548	2,413,050	3,644,905	2,759,704	2,010,071	2,490,643
Assigned	212,000	100,800	187,220	171,600	70,500	125,000	184,590	1,157,790	700,000	384,546
Unassigned	2,536,605	2,984,408	3,430,429	4,029,715	5,438,398	5,561,886	5,015,838	4,073,919	5,099,076	4,733,905
Total General Fund	\$ 4,377,922	\$ 4,648,300	\$ 5,634,429	\$ 6,363,249	\$ 7,688,972	\$ 8,109,938	\$ 8,850,378	\$ 8,224,946	\$ 7,837,967	\$ 7,652,785
All other governmental funds										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	-	-	-	-	-	-	-	-	-	-
Capital project funds	-	-	-	-	-	-	-	-	-	-
Nonspendable	-	-	-	-	86,844	113,994	190,068	197,664	293,708	-
Restricted	337,852	368,328	294,128	2,100,413	849,496	988,071	1,053,443	508,110	509,352	830,763
Assigned, reported in:										
Special revenue funds	-	15,937	58,631	120,544	150,046	270,885	244,459	370,229	596,042	670,089
Capital project funds	1,568,121	3,227,646	3,173,436	1,689,218	1,870,097	3,128,486	4,085,322	2,807,208	3,564,241	2,260,608
Unassigned	-	-	(17,672)	-	(80,943)	-	-	-	-	-
Total all other governmental funds	\$ 1,905,973	\$ 3,611,911	\$ 3,508,523	\$ 3,910,175	\$ 2,875,540	\$ 4,501,436	\$ 5,573,292	\$ 3,883,211	\$ 4,963,343	\$ 3,761,460

Note:

Fund balance designated for subsequent years has been classified as Unreserved, for consistency.

Fiscal year 2011 and forward is presented in conformity with GASB Statement No. 54 which was implemented in fiscal year 2011.

TOWN OF KNIGHTDALE, NORTH CAROLINA
Changes in Fund Balance of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

Table 4

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues										
Ad valorem taxes	\$ 5,154,363	\$ 5,277,887	\$ 5,394,455	\$ 6,093,511	\$ 6,223,115	\$ 6,406,826	\$ 6,717,305	\$ 7,194,768	\$ 7,661,793	\$ 8,096,412
Other taxes and licenses	223,835	238,439	272,639	337,443	290,675	222,407	232,380	244,226	252,524	257,349
Unrestricted intergovernmental	2,662,238	2,545,808	2,697,954	2,926,002	3,360,348	3,616,196	3,770,758	3,899,874	4,289,039	4,490,944
Restricted intergovernmental	949,247	1,715,321	2,926,663	1,995,222	1,872,765	811,290	677,588	660,587	916,528	694,928
Permits and fees	608,630	386,600	729,312	454,903	793,094	1,018,278	921,328	884,143	1,144,256	1,102,068
Sales and services	1,043,408	1,028,223	1,109,917	1,149,456	1,185,254	1,217,524	1,254,476	1,566,564	1,464,921	1,198,942
Investment earnings	33,351	34,957	37,194	25,213	13,960	57,502	68,483	128,145	214,968	164,054
Miscellaneous	140,924	86,369	68,895	118,746	39,593	131,544	107,085	78,556	90,770	137,363
Total revenues	10,815,996	11,313,604	13,237,029	13,100,496	13,778,804	13,481,567	13,749,403	14,656,863	16,034,799	16,142,060
Expenditures										
General government	1,106,568	1,159,777	1,294,788	1,344,395	1,347,135	1,569,789	1,640,039	1,945,701	2,119,274	2,549,789
Public safety	3,912,098	3,831,884	3,708,123	3,754,607	3,518,674	3,809,642	3,925,080	4,311,630	4,811,661	5,100,993
Public works	1,666,795	1,628,223	1,491,381	2,107,105	2,419,090	1,491,206	1,520,383	1,609,776	1,660,236	1,829,159
Environmental protection	532,250	628,604	772,683	700,456	736,714	830,894	951,730	1,090,608	1,233,375	1,364,249
Economic development	451,522	577,318	547,941	539,428	504,730	646,700	635,288	630,868	666,160	645,077
Cultural and recreation	908,416	912,635	897,127	989,115	1,298,594	1,188,254	1,069,680	1,288,372	1,299,450	1,129,441
Capital outlay	3,716,800	1,139,842	7,773,588	4,305,483	2,403,729	410,560	950,142	3,990,833	7,143,771	5,702,915
Debt service :										
Principal	420,955	1,211,715	2,750,843	965,027	1,164,167	1,235,089	1,105,068	2,172,303	593,582	1,237,176
Interest	172,692	269,001	247,015	271,823	299,120	272,997	242,248	280,980	121,891	281,347
Total expenditures	12,888,096	11,358,999	19,483,489	14,977,439	13,691,953	11,455,131	12,039,658	17,321,071	19,649,400	19,840,146
Excess of revenues over (under) expenditures	(2,072,100)	(45,395)	(6,246,460)	(1,876,943)	86,851	2,026,436	1,709,745	(2,664,208)	(3,614,601)	(3,698,086)
Other financing sources (uses)										
Transfers in	1,199,206	1,142,917	1,112,924	1,230,688	981,280	1,947,922	1,223,586	3,793,098	1,082,715	2,556,937
Transfers out	(1,199,206)	(491,758)	(1,112,924)	(1,230,688)	(981,280)	(1,947,922)	(1,223,586)	(3,793,098)	(1,082,715)	(2,556,937)
Sale of capital assets	16,480	812,920	14,102	7,415	4,237	20,426	53,976	60,577	40,954	63,232
Installment debt issued	3,040,500	557,632	7,115,099	3,000,000	200,000	-	48,575	288,118	4,266,800	2,247,789
Contribution from East Wake Television	80,000	-	-	-	-	-	-	-	-	-
Assumption of debt in annexations	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	3,136,980	2,021,711	7,129,201	3,007,415	204,237	20,426	102,551	348,695	4,307,754	2,311,021
Net change in fund balance	\$ 1,064,880	\$ 1,976,316	\$ 882,741	\$ 1,130,472	\$ 291,088	\$ 2,046,862	\$ 1,812,296	\$ (2,315,513)	\$ 693,153	\$ (1,387,065)
Debt service as a percentage of noncapital expenditures	6.5%	14.5%	25.6%	11.6%	13.0%	13.7%	12.1%	18.4%	5.7%	10.7%

TOWN OF KNIGHTDALE, NORTH CAROLINA
Governmental Activities, Property Tax Revenue
 Last Ten Fiscal Years
(accrual basis of accounting)

Table 5

Fiscal Year	Tax Rate	Property Tax	Property Tax Adjusted to Current Rate
2011	0.41	5,125,475	5,375,498
2012	0.41	5,249,709	5,505,792
2013	0.41	5,421,563	5,686,029
2014	0.43	6,042,731	6,042,731
2015	0.43	6,179,543	6,179,543
2016	0.43	6,398,393	6,398,393
2017	0.43	6,709,702	6,709,702
2018	0.43	7,198,558	7,198,558
2019	0.43	7,659,171	7,659,171
2020	0.43	8,103,942	8,103,942

Property Tax Adjusted to Current Rate is a prediction of the tax revenue that might have been received if the tax rate were uniform over the entire period.

TOWN OF KNIGHTDALE, NORTH CAROLINA

Assessed Value of Taxable Property

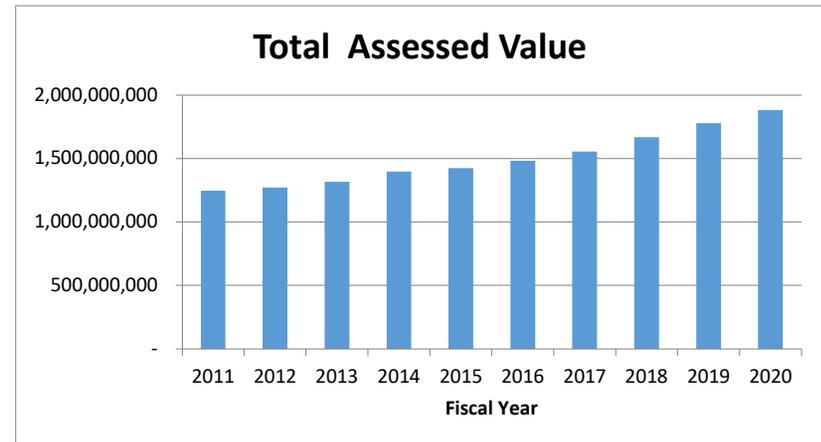
Last Ten Fiscal Years

Table 6

Fiscal Year	Real Property	Personal Property	Public Service Property	Total Assessed Value (1)	Property Tax Rate (Per \$100 Assessed Value)	Estimated Actual Value	Ratio of Assessed Value to Actual Value
2011	1,114,360,955	122,598,502	9,148,276	1,246,107,733	0.41	1,175,573,333	106%
2012	1,133,994,181	128,739,400	8,931,806	1,271,665,387	0.41	1,166,665,493	109%
2013	1,167,750,585	138,980,390	8,839,036	1,315,570,011	0.41	1,185,198,208	111%
2014	1,207,176,381	179,648,001	9,252,266	1,396,076,648	0.43	1,292,663,563	108%
2015	1,251,348,719	162,473,352	9,275,836	1,423,097,907	0.43	1,435,611,732	99%
2016	1,310,258,180	160,031,798	10,914,208	1,481,204,186	0.43	1,458,945,389	102%
2017 (2)	1,356,873,863	188,302,815	10,712,624	1,555,889,302	0.43	1,554,125,464	100%
2018	1,459,368,486	195,122,565	12,064,763	1,666,555,814	0.43	1,644,362,257	101%
2019	1,549,753,811	212,784,898	14,300,361	1,776,839,070	0.43	1,754,469,482	101%
2020	1,642,062,400	225,704,923	12,758,724	1,880,526,047	0.43	1,864,622,794	101%

NOTES:

- (1) Assessed Value is established by Wake County Tax Department.
- (2) A revaluation of all property is required every eight years by state statute. The most recent revaluation occurred in fiscal year 2017 (tax year 2016).



TOWN OF KNIGHTDALE, NORTH CAROLINA

Property Tax Rates - Direct and Overlapping (1)

Last Ten Fiscal Years

Table 7

Fiscal Year	Town of Knightdale	Wake County	Combined Tax Rate Per \$100 of Assessed Value
2011	0.41	0.534	0.9440
2012	0.41	0.534	0.9440
2013	0.41	0.534	0.9440
2014	0.43	0.534	0.9640
2015	0.43	0.578	1.0080
2016	0.43	0.6145	1.0445
2017 (2)	0.43	0.6005	1.0305
2018	0.43	0.6150	1.0450
2019	0.43	0.6544	1.0844
2020	0.43	0.7207	1.1507

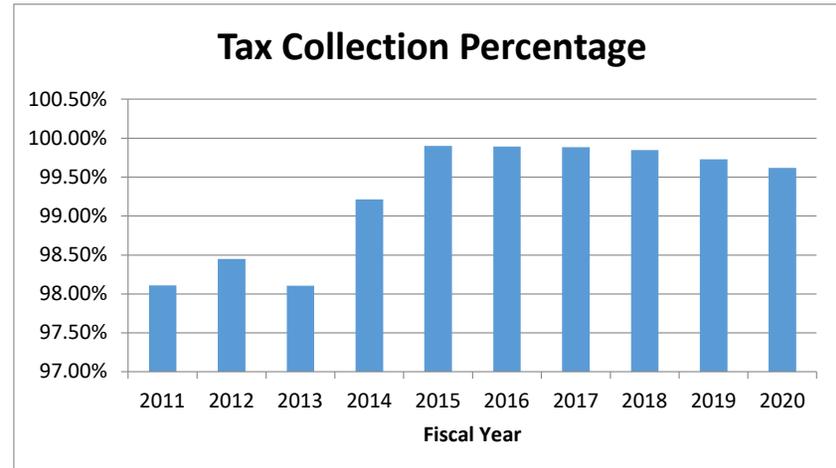
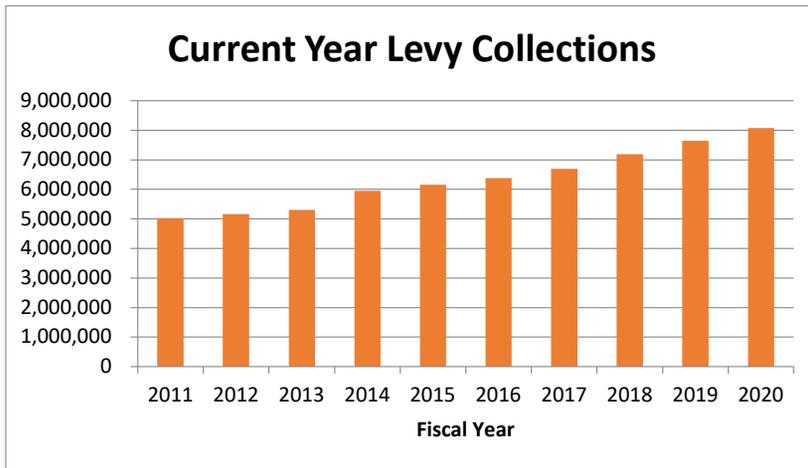
Notes:

- (1) Overlapping rates are those of local and county governments that apply to property owners within the Town of Knightdale.
- (2) A revaluation of all property is required every eight years by state statute.
The most recent revaluation occurred in fiscal year 2017 (tax year 2016).
- (3) There are no special tax districts within the Town of Knightdale. The tax rates listed above are Town wide property tax rates.

TOWN OF KNIGHTDALE, NORTH CAROLINA
Property Tax Levies and Collections
 Last Ten Fiscal Years

Table 8

Fiscal Year	Net Levy	Current Year's Taxes Collected	Percent of Net Levy Collected	Collections- Prior Years	Total Collections	Percent of Total Tax Collections To Net Levy	Ad Valorem Taxes Receivable Balance-June 30	Percent Delinquent Taxes To Net Levy
2011	5,124,740	5,027,969	98.11%	91,419	5,119,388	99.90%	174,631	3.41%
2012	5,242,074	5,160,708	98.45%	72,944	5,233,652	99.84%	146,453	2.79%
2013	5,408,394	5,305,974	98.11%	92,533	5,398,507	99.82%	173,561	3.21%
2014	6,001,549	5,954,407	99.21%	36,050	5,990,457	99.82%	122,781	2.05%
2015	6,166,908	6,160,848	99.90%	1,265	6,162,113	99.92%	79,209	1.28%
2016	6,389,729	6,382,904	99.89%	(1,941)	6,380,963	99.86%	70,776	1.11%
2017	6,706,433	6,698,716	99.88%	3,722	6,702,438	99.94%	63,173	0.94%
2018	7,198,558	7,187,814	99.85%	(4,625)	7,183,189	99.79%	61,150	0.85%
2019	7,659,171	7,638,608	99.73%	5,698	7,644,306	99.81%	71,426	0.93%
2020	8,103,942	8,073,156	99.62%	7,874	8,077,530	99.67%	88,300	1.09%



TOWN OF KNIGHTDALE, NORTH CAROLINA

Principal Property Taxpayers

Current Year and Nine Years Ago

		2020			2010		
Table 9 Taxpayer (1)	Type of Enterprise	Assessed Valuation	Percentage Of Total	Rank	Assessed Valuation	Percentage Of Total	Rank
			Assessed Valuation			Assessed Valuation	
East Raleigh Multifamily DST	Real Estate/Apartments	35,769,985	2.02%	1			
Greystone WW Co. LLC	Real Estate/Apartments	34,837,966	1.97%	2	30,000,716	2.41%	2
BBK Midway Plantation LLC	Retail	32,571,446		3			
BRC Knightdale LLC	Real Estate/Apartments	30,442,337	1.72%	4	22,758,825	1.83%	5
Knightdale Multifamily Ownership LLC	Real Estate/Apartments	28,632,738		5			
Triangle Palisades at Legacy Oaks	Real Estate/Apartments	28,220,980	1.60%	6	29,799,092	2.39%	3
Laurens Way Co LP	Real Estate/Apartments	22,313,866	1.26%	7	14,716,009	1.18%	8
BBK Midtown Commons LLC	Retail	22,236,172		8	13,042,480	1.05%	9
Rex Hospital Inc	Medical Facility	18,745,455	1.06%	9			
Widewaters Knightdale Co. LLC	Real Estate/Apartments	14,456,272	0.82%	10	25,169,230	2.02%	4
Lowes Home Center	Retail	-	-	-	18,580,561	1.49%	7
Kimco Wakefield Knightdale, LP	Real Estate	-	-	-	31,821,955	2.55%	1
Crossland Knightdale LLC	Real estate	-	-	-	22,386,227	1.80%	6
Wake Stone Corporation	Manufacturer	-	-	-			
TGLVF Eastpoint LLC	Manufacturer	-	-	-	13,037,814	1.05%	10
Kohl's Department Store Inc	Retail	-	-	-			
Target	Retail	-	-	-			
Totals		<u>\$ 268,227,217</u>	<u>10.45%</u>		<u>\$ 221,312,909</u>	<u>17.77%</u>	
Total Assessed Value		<u><u>\$ 1,766,839,070</u></u>			<u><u>\$ 1,246,107,733</u></u>		

(1) Data obtained from the Wake County Revenue Department

TOWN OF KNIGHTDALE, NORTH CAROLINA
Legal Debt Margin Information
Last Ten Fiscal Years

Table 10

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Assessed value	\$ 1,246,107,733	\$ 1,271,665,387	\$ 1,315,570,011	\$ 1,396,076,648	\$ 1,423,097,907	\$ 1,481,204,186	\$ 1,555,889,302	\$ 1,666,555,814	\$ 1,776,839,070	\$ 1,880,526,047
Debt limit (8% of assessed value)	99,688,619	101,733,231	105,245,601	111,686,132	113,847,833	118,496,335	124,471,144	133,324,465	142,147,126	150,442,084
Debt applicable to limit:										
Total outstanding debt	9,259,537	8,369,100	12,401,246	14,098,159	12,789,389	11,205,336	9,984,632	7,946,406	11,467,835	12,037,816
Debt authorized but unissued	-	5,000,000	3,000,000	-	-	-	-	-	-	-
Less debt applicable to business-type activities Enterprise Fund debt	(2,511,950)	(2,274,595)	(1,942,425)	(1,604,365)	(1,259,762)	(910,632)	(746,421)	(592,421)	(440,632)	(291,053)
Total net debt applicable to limit	6,747,587	11,094,505	13,458,821	12,493,794	11,529,627	10,294,704	9,238,211	7,353,985	11,027,203	11,746,763
Legal debt margin	\$ 92,941,032	\$ 90,638,726	\$ 91,786,780	\$ 99,192,338	\$ 102,318,206	\$ 108,201,631	\$ 115,232,933	\$ 125,970,480	\$ 131,119,923	\$ 138,695,321
Total net debt applicable to the limit, as a percentage of the total debt limit	6.77%	10.91%	12.79%	11.19%	10.13%	8.69%	7.42%	5.52%	7.76%	7.81%
Total net debt applicable to the limit, as a percentage of assessed value	0.54%	0.87%	1.02%	0.89%	0.81%	0.70%	0.59%	0.44%	0.62%	0.62%

Note:

Under North Carolina general statutes, the legal debt limit should not exceed 8% of total assessed property value.

TOWN OF KNIGHTDALE, NORTH CAROLINA
Ratio of Outstanding Debt by Type
To Assessed Value, Personal Income and Bonded Debt per Capita
Last Ten Fiscal Years

Table 11

Fiscal Year	Governmental Activities		Business-Type Activities		Total Primary Government	Assessed Value	Debt as a % of Assessed Valuation	Debt as a % of Personal Income		Debt Per Capita
	GO Bonds	Installment Purchases	GO Bonds	Installment Purchases				Population		
2011	578,947	6,168,640	1,689,053	822,897	9,259,537	1,246,107,733	0.74%	1.74%	11,401	812
2012	554,210	5,540,355	1,601,790	672,805	8,369,160	1,271,665,387	0.66%	1.50%	11,493	728
2013	495,263	9,963,558	1,426,737	515,688	12,401,246	1,315,570,011	0.94%	2.16%	11,904	1,042
2014	3,436,842	9,056,952	1,253,158	351,207	14,098,159	1,396,076,648	1.01%	2.25%	12,340	1,142
2015	3,179,211	8,350,416	1,080,790	178,972	12,789,389	1,423,097,907	0.90%	1.82%	13,102	976
2016	2,922,369	7,372,335	910,632		11,205,336	1,481,204,186	0.76%	1.59%	13,560	826
2017	2,666,579	6,571,632	746,421		9,984,632	1,555,889,302	0.64%	1.20%	13,786	724
2018	2,211,579	5,142,406	592,421		7,946,406	1,666,555,814	0.48%	N/A	15,849	501
2019	2,157,368	8,869,835	440,632		11,467,835	1,776,839,070	0.65%	N/A	16,753	685
2020	1,903,947	10,133,869	291,053		12,328,869	1,880,526,047	0.64%	N/A	18,152	663

NOTES:

(1) See Table 17 for personal income data

(2) N/A indicates data is "not available"

TOWN OF KNIGHTDALE, NORTH CAROLINA
Ratio of Net General Obligation Debt Outstanding
Last Ten Fiscal Years

Table 12

Fiscal Year	GO Bonds		Net General Obligation Debt	Total Personal Income	Debt as a % of Personal Income	Net General Bonded Debt as a % of (3)		Debt Per Capita
	Governmental Activities	Business-Type Activities				Property Value	Population	
2011	578,947	1,689,053	2,268,000	\$531,548,000	0.43%	0.19%	11,401	199
2012	554,210	1,601,790	2,156,000	\$558,859,000	0.39%	0.18%	11,493	188
2013	495,263	1,426,737	1,922,000	\$574,785,000	0.33%	0.16%	11,904	161
2014	3,436,842	1,253,158	4,690,000	\$627,304,000	0.75%	0.36%	12,340	380
2015	3,179,211	1,080,790	4,260,001	\$702,595,000	0.61%	0.29%	13,102	325
2016	2,922,369	910,632	3,833,001	\$702,595,000	0.55%	0.26%	13,560	283
2017	2,666,579	746,421	3,413,000	\$829,420,000	0.41%	0.22%	13,786	248
2018	2,211,579	592,421	2,804,000	N/A	N/A	0.17%	15,849	177
2019	2,157,368	440,632	2,598,000	N/A	N/A	0.15%	16,753	155
2020	1,903,947	291,053	2,195,000	N/A	N/A	0.10%	18,152	105

NOTES:

(1) See Table 17 for personal income data

(2) N/A indicates data is "not available"

(3) Net general bonded debt as a percentage of estimated actual value of taxable property.
See Table 6 for estimated actual value of taxable property.

TOWN OF KNIGHTDALE, NORTH CAROLINA
Direct and Overlapping Governmental Activities Debt
As of June 30, 2020

Table 13

Governmental Unit	General Obligation Debt Outstanding (1)	Estimated Percentage Applicable to Town (2)	Estimated Share of Overlapping Debt (3)
Debt repaid with property taxes - Wake County	\$ 1,580,690,000	1.2273%	\$ 19,399,439
Subtotal, overlapping debt			19,399,439
Town of Knightdale direct debt			12,037,816
Total direct and overlapping debt			\$ 31,437,255

NOTES:

- (1) Supplied by Wake County Finance Department
Portion of this debt that is outstanding Wake County school bonds, \$1,268,294,165
- (2) The percentage of overlapping debt applicable to the town is estimated using assessed property values. The applicable percentage represents the town's total assessed value divided by Wake County's total assessed value.

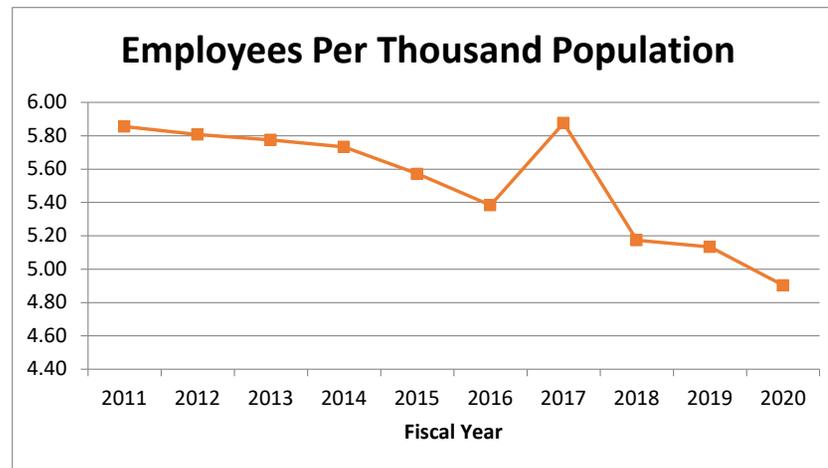
Town of Knightdale Assessed Value	\$ 1,880,526,047
Wake County Assessed Value (1)	153,227,562,019
Percentage applicable to Knightdale	1.2273%

- (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.

TOWN OF KNIGHTDALE, NORTH CAROLINA
Employee Positions Authorized by Department
 Last Ten Fiscal Years

Table 14

Fiscal Year	General Government	Public Safety	Parks and Recreation	Development Services	Public Works	Fiscal Year Total
2011	8.75	38.0	5.0	7.00	8.0	66.75
2012	8.75	38.0	5.0	7.00	8.0	66.75
2013	9.75	38.0	5.0	7.00	9.0	68.75
2014	9.75	39.0	5.0	7.00	10.0	70.75
2015	10.00	39.0	6.0	5.00	13.0	73.00
2016	11.00	39.0	6.0	6.00	11.0	73.00
2017	10.00	45.0	6.0	7.00	13.0	81.00
2018	12.00	46.0	7.0	6.00	11.0	82.00
2019	14.00	48.0	7.0	6.00	11.0	86.00
2020	13.00	52.0	6.0	6.00	12.0	89.00



Number of employees data provided by Town of Knightdale Human Resources Division.

TOWN OF KNIGHTDALE, NORTH CAROLINA

Operating Indicators by Function

Last Ten Fiscal Years

Table 15

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Function										
<i>Administration</i>										
Agendas prepared and delivered 5 days before Council meetings	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Minutes prepared within 3 working days of Council meetings	90%	90%	75%	100%	58%	100%	100%	100%	100%	100%
Meeting minutes completed without error	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
<i>Human Resources</i>										
Employees successfully completing probation period	100%	100%	93%	99%	100%	100%	89%	82%	67%	100%
Employee turnover (including retirements)	6%	6%	7%	3%	18%	4%	14%	9%	12%	11%
<i>Finance</i>										
Bank statement reconciled within 7 days of receipt	92%	92%	100%	100%	100%	45%	100%	100%	100%	100%
Month is closed out within 20 days of month end	100%	100%	92%	100%	100%	92%	100%	100%	100%	100%
Accuracy of bank deposits submitted to the bank	99%	99%	99%	98%	96%	98%	98%	99%	99%	99%
Average accuracy rate in forecasting all major revenues	98%	99%	95%	95%	95%	95%	99%	100%	100%	100%
Accuracy rate in forecasting ad valorem revenue tax revenue.	97%	99%	99%	97%	97%	98%	100%	100%	100%	100%
Number of budget amendments requiring council approval	15	13	11	20	9	11	11	9	8	3
<i>Development Services Department</i>										
Permits issued:										
Commercial	66	48	67	43	58	107	81	129	84	77
Residential	131	168	246	149	152	228	266	185	156	132
<i>Police Department</i>										
Investigative report supplement compliance rates	NA	NA	98%	100%	100%	100%	100%	100%	100%	100%
Investigation clearance rates	NA	NA	53%	60%	48%	51%	52%	53%	46%	45%
Average response time to calls for service (minutes : seconds)	3:45	3:41	3:41	4:22	5:07	5:05	4:46	5:17	5:44	5:09
Number Part I Crimes	NA	NA	514	441	455	407	355	376	365	363
Number of reports taken	NA	NA	1,163	1,104	1,136	1,120	1,178	1,122	1,109	1,170
Number of arrests made	NA	NA	311	337	322	330	357	323	441	435

TOWN OF KNIGHTDALE, NORTH CAROLINA

Operating Indicators by Function

Last Ten Fiscal Years

Table 15

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Continued										
<i>Fire Department</i>										
Average response time to calls for service (minutes : seconds)	4:24	4:28	4:38	4:47	4:55	5:01	5:17	5:07	5:06	5:15
Average personnel responding to structure related calls	10	11.7	13.6	14.2	13.0	12.1	11.5	9.12	10	7
Training hours for all staff & volunteers	8,188	8,813	9,141	8,399	9,818	9,171	11,674	10,071	10,004	8,750
Fire loss for the year	\$188,900	\$234,802	\$1,139,628	\$231,308	\$487,141	\$443,230	\$532,854	\$616,351	\$628,050	\$15,220
Value of property saved	\$6,942,755	\$5,667,695	\$22,228,757	\$8,490,218	\$7,843,396	\$5,668,883	\$7,280,616	\$7,066,049	\$8,453,728	\$1,770,350
Percentage of property loss	2.65%	3.98%	5.13%	2.62%	5.85%	7.82%	6.72%	8.02%	6.92%	8.60%
Total calls	1,067	1,252	1,294	1,217	1,348	1,364	1,490	1,504	1,661	1,839
<i>Public Works (2)</i>										
Residential tons collected yearly										
Solid Waste	2,739.88	2,582.00	2,087.90	5,342.00	3,033.91	3,503.72	3,959.20	4,528.00	3,751.70	5,212.00
Recycling	506.56	657.00	703.10	740.32	551.60	625.82	706.38	1,223.00	806.95	1,526.00
Mulching / compost (6)	NA	NA	782.70	1,600.00	1,368.00	-	2,250.00	3,080.00	3,280.00	3,450.00
Households served	3,615	3,736	4,042	4,302	3,455	4,092	4,662	5,133	5,249	5,831
<i>Parks and Recreation (3)</i>										
Participants in camps and recreation programs										
Baseball (Spring & Fall)	403	428	397	389	394	437	469	446	347	0
Softball (Spring & Fall)	99	104	103	60	38	61	261	487	486	0
Basketball (Summer & Winter beginning 2010)	424	386	467	528	525	564	995	1,226	1,041	603
Swimming Pool	12,017	9,535	8,627	8,174	7,718	6,563	5,673	6,482	6,525	2,424
Swim Lessons	320	304	205	288	163	156	140	97	0	0
Track Out Camp (4) (5)	4,222	3,506	4,197	4,252	4,297	3,663	3,715	362	486	0
Summer Camp	928	1,095	1,108	1,005	979	1,190	1,155	1,111	1,051	130

Notes:

NA = Not Available at this time.

(2) Information provided from the Town of Knightdale Public Works Department and NC Dept. of Environment and Natural Resources.

(3) The Parks & Recreation maintains the detailed information shown here on a calendar year basis.

(4) The Track Out Program matches the Wake County Public School Year Round

(5) Track Out Camp registered by the week in fiscal years 2003 to 2010. Registered by the day in fiscal years 2011 and 2012. Did not register for Track 2 in fiscal year 2012. Did not register for Track 2 in fiscal year 2015. Did not register for Track 2 or 3 in fiscal year 2016.

(6) No mulching or composting done in FY16 due to position vacancy. Resumed in July 2016.

TOWN OF KNIGHTDALE, NORTH CAROLINA

Capital Asset Statistics by Function

Last Ten Fiscal Years

Table 16

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Function										
Police										
Stations	1	1	1	1	1	1	1	2	2	2
Patrol Units	27	27	27	27	32	32	35	35	35	35
K-9 Units	-	2	2	2	2	2	2	1	1	1
Fire										
Stations	1	1	1	1	1	1	1	1	1	1
Fire Trucks	3	3	3	3	3	3	3	3	3	3
Ladder Trucks	1	1	1	1	1	1	1	1	1	1
Public Works										
Streets (miles)	43.06	43.06	45.02	47.74	48.33	48.33	50.95	56.30	57.00	59.05
Streetlights	N/A	1,381	1,401	1,429	1,429	1,450	1,472	1,617	1,877	1,945
Traffic signals (1)	-	-	-	-	-	-	-	-	-	-
Parks and Recreation										
Parks (3)	3	3	3	4	4	4	4	4	4	4
Acreage (5)	37.16	37.16	37.16	106.80	106.80	106.80	106.80	106.80	156.80	156.80
Playgrounds	2	2	2	4	4	4	4	4	4	3
Baseball / softball diamonds (2)	5	5	5	9	9	9	9	9	9	7
Soccer / football fields	1	1	1	4	4	4	4	4	4	4
Community Centers	1	1	1	1	1	1	1	1	1	1
Pool	1	1	1	1	1	1	1	1	1	1
Tennis Courts	2	2	2	2	2	2	2	2	4	4
Mingo Creek Greenway (miles)	-	-	1.1	3.3	3.3	3.3	3.3	3.3	3.3	3.3
Bus	1	1	1	1	1	1	1	1	1	1
Splash Pad	-	-	-	-	-	-	-	-	1	1
Pickleball Courts	-	-	-	-	-	-	-	-	2	2

Sources: Various Town Departments

Notes:

No capital indicators are available for general government function.

- 1 All traffic signals in Town Limits owned and operated by NC Department of Transportation
- 2 Baseball / softball fields are owned by Wake County, but maintained by Town of Knightdale.
- 3 Knightdale Station Park - Land purchased in 2010. Park opened on July 19, 2013.
- 4 access to 6 additional courts at the High School based on JUA with WCPSS
- 5 50 acres for Wake Stone Athletic Park

N/A Data not available.

TOWN OF KNIGHTDALE, NORTH CAROLINA
Demographic Statistics
 Last Ten Fiscal Years

Table 17

Fiscal Year	(1) Knightdale Population	(1) Wake County Population	Knightdale Personal Income (thousands of dollars)	Wake County (2) Personal Income (thousands of dollars)	(2) Per Capita Income	(1) Median Family Income	(4) Unemployment Rate Percentage
2011	11,401	924,256	\$531,458	\$43,320,456	\$46,615	\$68,308	8.4
2012	11,493	945,528	\$558,859	\$46,320,314	\$48,626	\$71,922	7.9
2013	11,904	964,771	\$574,785	\$47,064,181	\$48,285	\$75,285	7.4
2014	12,340	985,056	\$627,304	\$50,257,552	\$50,835	\$70,512	5.1
2015	13,102	1,007,641	\$702,595	\$53,028,913	\$53,625	\$71,066	5.0
2016	13,560	1,030,326	\$739,684	\$56,592,270	\$54,549	\$72,591	4.3
2017	14,763	1,052,120	\$829,120	\$60,216,950	\$56,162	\$64,399	3.6
2018	15,849	1,073,993	(5)	(5)	(5)	\$67,167	3.4
2019	16,753	1,096,408	(5)	(5)	(5)	\$70,540	3.9
2020	18,152	1,109,883	(5)	(5)	(5)	\$70,540	11.0

NOTES:

(1) North Carolina Office of State Budget and Management and Development Services Quick Fact Data Sheet

(2) Wake County annual CAFR report. Numbers are for Wake County.

Separate figures for the Town are not available.

Knightdale total personal income estimated as Wake County per capita income x Knightdale population.

(3) US Census Bureau - American Community Survey 5-Year estimates 2011 to 2014

US Census Bureau - 200 Census Data 2005 -2010.

(4) North Carolina Department of Commerce

Numbers are for Wake County. Separate figures for the Town are not available.

(5) Information is not yet available.

TOWN OF KNIGHTDALE, NORTH CAROLINA

Principal Employers

Current Year and Prior Year

Table 18

Employer		2020				2011			
		Employment Range				Employment Range (2)			
Wake County Public School System, <i>All Knightdale Locations.</i>	1	650	-	700	8.55%	550	-	600	11.90%
Schneider Electric	2	400	-	450	5.38%	450	-	500	9.83%
Wal-Mart Store #1816	3 (tie)	150	-	200	2.22%	125	-	150	2.85%
Target	3 (tie)	150	-	200	2.22%	125	-	150	2.85%
Wake Stone	3 (tie)	150	-	200	2.22%				
Lowe's Home Improvement	6	125	-	150	1.74%	125	-	150	2.85%
Lowe's Foods	7 (tie)	100	-	125	1.42%	75	-	100	1.81%
Best Buy	7 (tie)	100	-	125	1.42%	75	-	100	1.81%
Wellington Nursing Center	9 (tie)	75	-	100	1.11%	100	-	125	2.33%
Home Depot	9 (tie)	75	-	100	1.11%	75	-	100	1.81%
Kohl's						100	-	125	2.33%
Weathermaster Hearing & Air						75	-	100	1.81%
Total of Top Employers, in a range		1,975	to	2,350		1,875	to	2,200	
Total Estimated Employed in Town (2)		7,898				4,830			
Estimated Percentage of Total Employment Represented by Top Employers		27.38%				42.18%			

Notes:

Data obtained from the Town of Knightdale Development Services Department and the North Carolina Commerce Department.

New employers in the Town of Knightdale prefer presenting the employment information in ranges.

Percentages presented are based upon the median of the respective range.

(1) Individual school employment numbers presented in the prior year have been restated for consistency with the current year presentation.

Square D and Schneider Electric have been combined in this restatement for consistency with the current year presentation.

(2) Estimated employment based on Capital Area Metropolitan Planning Organization projections.

TOWN OF KNIGHTDALE, NORTH CAROLINA
Commercial Activity
 Last Ten Calendar Years

Table 19

Building Permits (1)

Calendar Year	All Commercial		New Residential		Total	
	Number	Value	Number	Value	Number	Value
2010	56	6,449,164	126	22,242,753	182	28,691,917
2011	64	8,588,038	137	24,275,987	201	32,864,025
2012	63	9,879,743	200	36,728,786	263	46,608,529
2013	40	2,144,704	242	37,804,599	282	39,949,303
2014	51	3,054,938	135	25,878,037	186	28,932,975
2015	70	16,426,116	215	43,877,276	285	60,303,392
2016	112	38,441,256	222	42,174,824	334	80,616,080
2017	112	38,855,235	255	50,777,123	367	89,632,358
2018	84	20,493,178	156	33,722,628	240	54,215,806
2019	127	28,024,617	65	38,440,141	192	66,464,758

NOTES:

(1) Compiled by the Town of Knightdale Development Services Department. Residential does not include alterations or additions. (Jan-Dec)



This page is intentionally left blank.



Knightdale Fire Department



This section includes information relating to federal and state financial assistance, in conformity with the provisions of Government Auditing Standards, published by the General Accounting Office. Included are a schedule of federal and state financial assistance, and the auditor's report on compliance with requirements applicable to each major Federal program and on the internal control structure and compliance with applicable laws and regulations.

COMPLIANCE SECTION

**Report 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 Town Council
Town of Knightdale, 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 accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Knightdale, North Carolina, as of and for the year ended June 30, 2020, and the related notes to the financial statement, which collectively comprises the Town of Knightdale's basic financial statements, and have issued our report thereon dated November 20, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Knightdale'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Knightdale'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 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 entity'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 the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 of Knightdale's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and,

accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 result of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Joyce and Company, CPA
Cary, North Carolina

November 20, 2020

**TOWN OF KNIGHTDALE, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended June 30, 2020**

Section I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

- | | | | | | | | | | | | | | | | | |
|--|---|-------|-----|---------------|---|----|-------|-----|-------|---|---------------|-------|-----|-------|---|----|
| <ul style="list-style-type: none"> • Material weakness(es) identified? • Significant deficiencies identified that are not considered to be material weaknesses? • Noncompliance material to financial statement noted | <table border="0"> <tr> <td style="text-align: center;">_____</td> <td style="padding-left: 10px;">Yes</td> <td style="padding-left: 20px;">_____</td> <td style="text-align: center;">X</td> <td style="padding-left: 10px;">No</td> </tr> <tr> <td style="text-align: center;">_____</td> <td style="padding-left: 10px;">Yes</td> <td style="padding-left: 20px;">_____</td> <td style="text-align: center;">X</td> <td style="padding-left: 10px;">None reported</td> </tr> <tr> <td style="text-align: center;">_____</td> <td style="padding-left: 10px;">Yes</td> <td style="padding-left: 20px;">_____</td> <td style="text-align: center;">X</td> <td style="padding-left: 10px;">No</td> </tr> </table> | _____ | Yes | _____ | X | No | _____ | Yes | _____ | X | None reported | _____ | Yes | _____ | X | No |
| _____ | Yes | _____ | X | No | | | | | | | | | | | | |
| _____ | Yes | _____ | X | None reported | | | | | | | | | | | | |
| _____ | Yes | _____ | X | No | | | | | | | | | | | | |

Federal Awards

The Town of Knightdale has no major federal programs.

State Awards

The Town of Knightdale has no major state programs.

Section II. Financial Statement Findings

None.

Section III. Federal Award Findings and Questioned Costs

None.

Section IV. State Award Findings and Questioned Costs

None.

Town of Knightdale, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Fiscal Year Ended June 30, 2020

<u>Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>State/Pass-Through Grantor's Number</u>	<u>Federal Direct and Pass-Through Expenditures</u>	<u>State Expenditures</u>	<u>Local Expenditures</u>	<u>Total Expenditures</u>
Federal Grants:						
Cash Programs:						
<u>United States Department of Transportation</u>						
Passed-through the N.C. Department of Transportation						
Governor's Highway Safety Program	20.600	PT-20-0625	\$ 55,234	\$ -	\$ 9,747	\$ 64,981
Highway Planning and Construction	20.205	43714.2.10	30,969	-	7,742	38,711
Total United States Department of Transportation			<u>86,203</u>	<u>-</u>	<u>17,489</u>	<u>103,692</u>
<u>United States Department of Justice</u>						
Direct Program						
Bulletproof Vest Partnership	16.607	N/A	4,145	-	4,145	8,290
Passed-through the N.C. Dept. of Public Safety:						
Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A	79,651	-	-	79,651
Total United States Department of Justice			<u>83,796</u>	<u>-</u>	<u>4,145</u>	<u>87,941</u>
<u>United States Department of Treasury</u>						
Passed-through the Office of State Budget and Management:						
NC Pandemic Recovery Office						
Passed-through Wake County:						
Coronavirus Relief Fund 6	21.019	N/A	12,515	-	4,172	16,687
Total assistance-federal programs			<u>182,514</u>	<u>-</u>	<u>25,806</u>	<u>208,320</u>
State Grants:						
Cash Programs:						
<u>North Carolina Department of Transportation</u>						
Non-State System Street-Aid Allocation						
Powell Bill	N/A	DOT-4	-	228,507	-	228,507
Total federal and state assistance			<u>\$ 182,514</u>	<u>\$ 228,507</u>	<u>\$ 25,806</u>	<u>\$ 436,827</u>

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

Basis of Presentation -The accompanying schedule of expenditures of federal and state awards (SEFSA) includes the federal and state grant activity of the Town of Knightdale under the programs of the federal government and the State of North Carolina for the year ended June 30, 2020. 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 SEFSA presents only a select portion of the operations of the Town of Knightdale, it is not intended to and does not present the financial position, changes in net position or cash flows of the Town of Knightdale.

Summary of Significant Accounting Policies 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.

Coronavirus Relief Funds - The Town of Knightdale received \$12,515 of funding from the Coronavirus Relief Fund (21.019) from Wake County in accordance with HB 1043 and HB 1023. The Town of Knightdale has a plan to spend these funds approved by OSBM. According to the Office of State Budget and Management, the State's pass-through agency, municipalities are considered subrecipients of the Counties; however, municipalities are not liable to the County for any misused or misspent funds. CRF must be spent during the period March 1, 2020 to December 30, 2020.