



KNIGHTDALE
start something

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2025

KNIGHTDALE
INT'N'L

**PREPARED BY THE TOWN
OF KNIGHTDALE FINANCE DEPARTMENT**

Jessica Rhem, CPA, Finance Director

Alice DeGaetano, CPA, Assistant Finance Director

Michelle Arnold, Business Analyst

Antwan Morrison, Assistant Town Manager



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MAYOR AND TOWN COUNCIL MEMBERS

As of June 30, 2025



Mayor Jessica Day
Term 2024-2027



Mayor Pro Tempore Latatious Morris
Term 2021-2025



Council Steve Evans
Term 2021-2025



Councilor Ben McDonald
Term 2024-2027



Councilor Stephen Morgan
Term 2024-2027



Councilor Mark Swan
Term 2021-2025

Individual contact information is available at www.knightdalenc.gov



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TOWN OF KNIGHTDALE, NORTH CAROLINA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2025

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INTRODUCTORY SECTION

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.



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December 10, 2025

**To the Honorable Mayor, Members of the Town Council, and the Citizens
Town of Knightdale, North Carolina**

We are pleased to present the Annual Comprehensive Financial Report (ACFR) of the Town of Knightdale, North Carolina, for the fiscal year ended June 30, 2025, 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, 2025. 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 TOWN OF KNIGHTDALE

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 close by. The Town has a corporate limits comprised of 8.54 square miles and an extraterritorial jurisdiction of 16.65 square miles. The Town has a population of 22,893 according to the 2024 Population Estimate from the North Carolina Office of State Budget and Management. This is a 101% increase from the 2010 Census, and an 18% increase from the 2020 Census. According to the latest Census data, the median age in Knightdale is 35.5 years old.

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 is one of the fastest growing cities in North Carolina. The Town'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. Knightdale's local economy has been growing rapidly. The Town's unemployment rate is lower than the state and national averages. As of June 2025, this area of North Carolina had an unemployment rate of 3.4%, which is lower than the statewide rate of 4.0% and national rate of 4.4%. The Knightdale area median household income is \$90,039 compared to \$83,730 across the entire United States. The North Carolina median household income is \$73,958.

The Town of Knightdale's diverse economy is supported by businesses of all shapes and sizes from locally owned shops to nationally recognized corporations. The business climate looks great with the total number of businesses in Knightdale being 684 with 10,615 employees compared to 623 businesses with 6,667 employees in the prior year, an increase of 10% and 59% respectively.

Knightdale has experienced solid but disproportional growth in recent years. Retail trade, restaurants, and accommodations have dominated growth. Most residents commute outside of Knightdale for employment. The surrounding region is expected to continue to experience strong employment growth among well-paying industries, and Knightdale has a lot to offer to potential employers - the Town has a relatively young and well-educated population; labor force participation rate is high among residents, and unemployment rates are low; growth in housing construction is strong; median home prices are relatively low while home appreciation is robust.

Robust growth coupled with comparatively low prices position Knightdale's housing market as both attractive and affordable for area workers. The median home sales price in Knightdale is \$415,000 compared to Wake County at \$499,667 according to recent data. In 2024, there were 8,016 housing units in Knightdale, an increase of 4085 units or 104% since 2010.

MAJOR INITIATIVES

In July 2024, Town Council unanimously voted to adopt KnightdaleNext V.2 2035 Comprehensive Plan as the official guidance statement regarding the Town's goals and objectives for future growth. KnightdaleNext V.2 is an update to the original KnightdaleNext Comprehensive Plan, adopted in 2018. The horizon year remains at 2035. This plan update focuses on conservation and development efforts for an eleven-year planning horizon, 2024 to 2035. The updated V.2 plan builds upon the information included in the 2018 version, and provides greater focus and clarity related to community character, quality development, and preferred growth areas expected for the planning area. It moves the community closer to "intended outcomes", "greater predictability", and "coordinated efforts" for the future. 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 growth that reflects the priorities and values of Knightdale residents, safeguarding the Town's history and sense of place.

The Forestville Road Fire Station No. 1 was opened on October 11, 2024 as the newest fire station in Knightdale. The construction was initiated in fiscal year 2023. This 13,500 square foot fire station boasts state-of-the-art infrastructure, incorporating advanced firefighting equipment and cutting-edge technology to enhance

response capabilities. This modern facility will play a pivotal role in our ongoing pursuit of ensuring the safety and well-being of Knightdale residents. This milestone signifies our unwavering commitment to enhancing public safety and emergency response in our community.

On July 4, 2025, the Town officially opened its renovated playground at Knightdale Station Park. One major highlight of this new playground is the Sway Fun® glider, the first wheelchair-accessible glider in our town that fully meets all current safety standards. This innovative piece of equipment allows children of all abilities to play together, making inclusive fun a reality. The color orange was also incorporated as an accessibility enhancement for visually impaired individuals, ensuring that this new space is welcoming and usable for everyone in our community. Additionally, new shade structures were installed, offering much – needed relief from the sun for both children and families. This new playground is a testament to Knightdale’s commitment to creating safe, inclusive, and enriching spaces for all. Its features are thoughtfully built for accessibility and imaginative play, ensuring every child can enjoy the adventure.

The Town is currently in the process of constructing a new Law Enforcement Center. Project construction began in March 2025, with the facility being completed in two phases. The first phase includes renovations and expansion of the current public safety complex. Knightdale Police Department operations will move into the newly renovated space around April 2026. Phase two will involve the completion of Fire Administrative offices, which is anticipated to happen in Fall 2026. The end result will be an approximately 31,000 square feet state-of-the-art law enforcement center.

The Town is also exploring the possibility of a Community Center. This facility would support recreational, educational, and social needs of the community. Potential amenities include indoor recreational courts, space for group fitness classes, and areas for the arts. The Town’s goal is to build a Community Center that promotes a high quality of life, provides a variety of health, fitness, and cultural opportunities, and offers various recreation and leisure activities to meet the needs of a diverse population.

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. Any unassigned fund balance at year end in excess of 40% is transferred to its Capital Reserve Fund in the following fiscal year. The Town also works to maintain modest debt levels and is careful with its capital planning and expenditures. Per a policy adopted in 2017 and updated in 2023, the Town strives to maintain a debt ratio of no greater than 15% of the anticipated expenditures for the current fiscal year. The Town continues to meet these financial policy objectives.

Internal controls are a process affected by the Town's management and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the following categories: (1) effectiveness and efficiency of operations; (2) reliability of financial reporting; and (3) compliance with laws and regulations. Internal controls can provide reasonable, not absolute, assurance that the objectives of the Town are met. The concept of reasonable assurance implies a high degree of assurance, constrained by the costs and benefits of establishing incremental control procedures.

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 Annual Comprehensive Financial Report for the fiscal year ended June 30, 2024. This is the thirty-third (33rd) 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 Annual Comprehensive 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.

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

Jessica Rhem

Jessica Rhem, CPA
Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Town of Knightdale
North Carolina**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2024

Christopher P. Morill

Executive Director/CEO

TOWN OF KNIGHTDALE, NORTH CAROLINA
KEY ADMINISTRATIVE POSITIONS

as of June 30, 2025

Bill Summers
Town Manager

Phillip Bunton
Public Works Director

Dustin Tripp
Assistant Town Manager

Loren Cone
Fire Chief

Suzanne Yeatts
Assistant Town Manager

Jason Brown
Development Services Director

Antwan Morrison
Assistant Town Manager

VACANT
Finance Director

Lawrence Capps
Police Chief

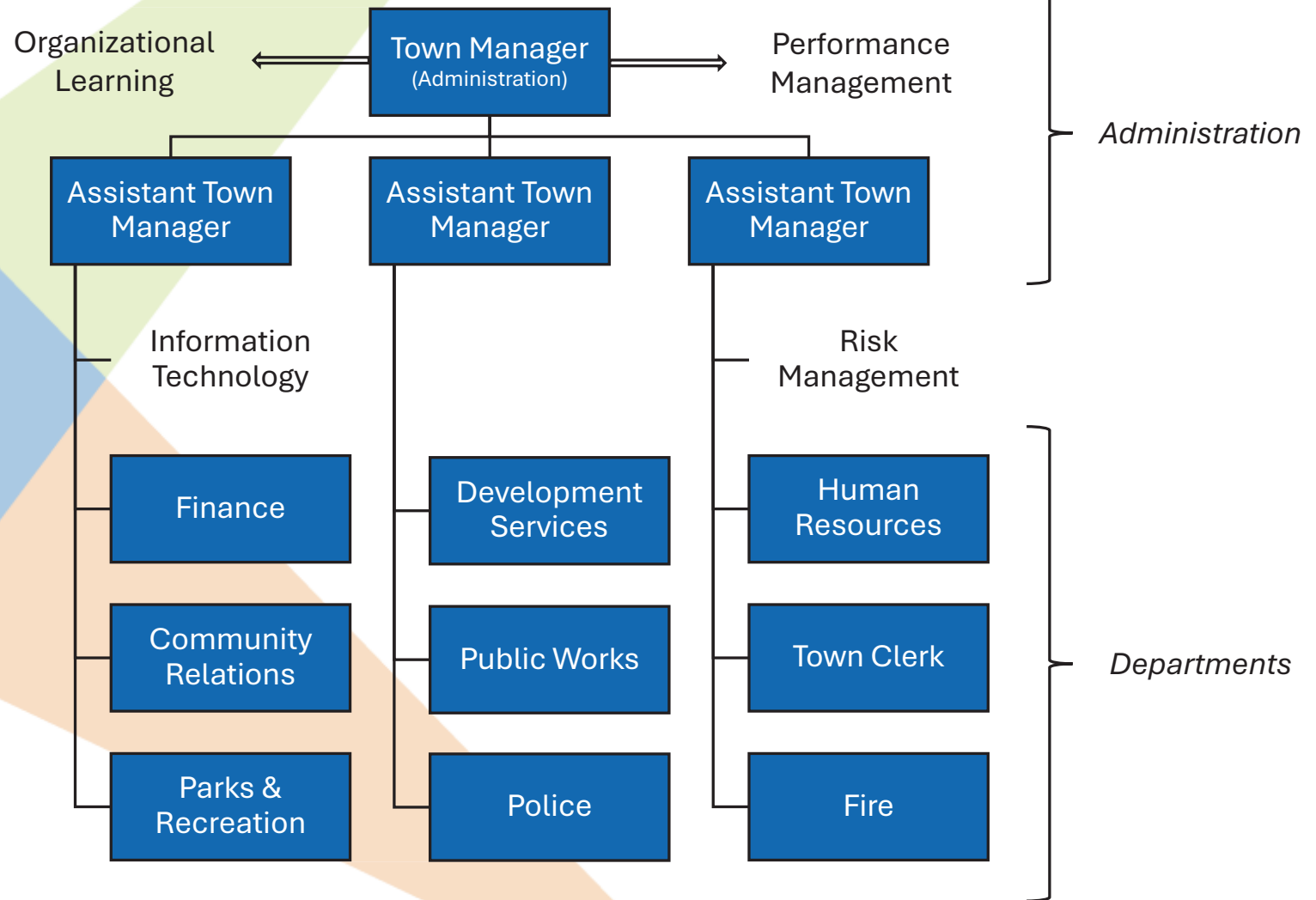
Marcey Bell
Human Resources Director

JP Lefever
*Parks, Recreation, and Cultural Resources
Director*

Heather Smith
Town Clerk

Rachel Morris
Community Relations Director

Overall Organizational Structure





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FINANCIAL SECTION

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 (budget-to-actual comparison of major governmental funds and pension schedules).



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Independent Auditor's Report

To the Honorable Mayor and
Members of the Town Council
Town of Knightdale, North Carolina

Report on the Audit of Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental 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, 2025, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Knightdale as of June 30, 2025, and the respective changes in financial position, and cash flows where applicable thereof and the respective budgetary comparison for the General Fund and major, annually budgeted special revenue funds, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Knightdale and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Audit of 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 for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raises substantial doubt about the Town of Knightdale's ability to continue as a going concern for the twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and Governmental Auditing Standards, will always detect material misstatement when it exists. The risk of not detecting material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material, if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Governmental Auditing Standards* we

- exercised professional judgement and maintained professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of Knightdale's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Knightdale's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 17 through 27, the Law Enforcement Officers' Special Separation Allowance's Schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll on pages 81 through 82, the Other Postemployment Benefits' Schedule of Changes in the Total OPEB Liability and Related Ratios on page 83, and the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability and Contributions on pages 80 through 81 be presented to supplement the basic financial statements. Such information is the responsibility of management, although not a part of the basic financial statements, required by Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consist of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic

financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Knightdale's basic financial statements. The combining and individual fund statements, budgetary schedules, other schedules, statistical section, as well as the accompanying Schedule of Expenditures of Federal and State Awards as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the State Single Audit Implementation Act are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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, based on our audit, the procedures performed as described above, the combining and individual fund financial statements, budgetary schedules, other schedules and Schedule of Expenditures of Federal and State Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.


Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory information and the statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 10, 2025 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 that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Town of Knightdale's 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

December 10, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Town of Knightdale, we offer readers of the Town of Knightdale's annual comprehensive financial report this narrative overview and analysis of the financial activities of the Town of Knightdale for the fiscal year ended June 30, 2025. Readers are encouraged to read the information presented here in conjunction with the additional information that we have furnished in the Town's financial statements, which follow this narrative.

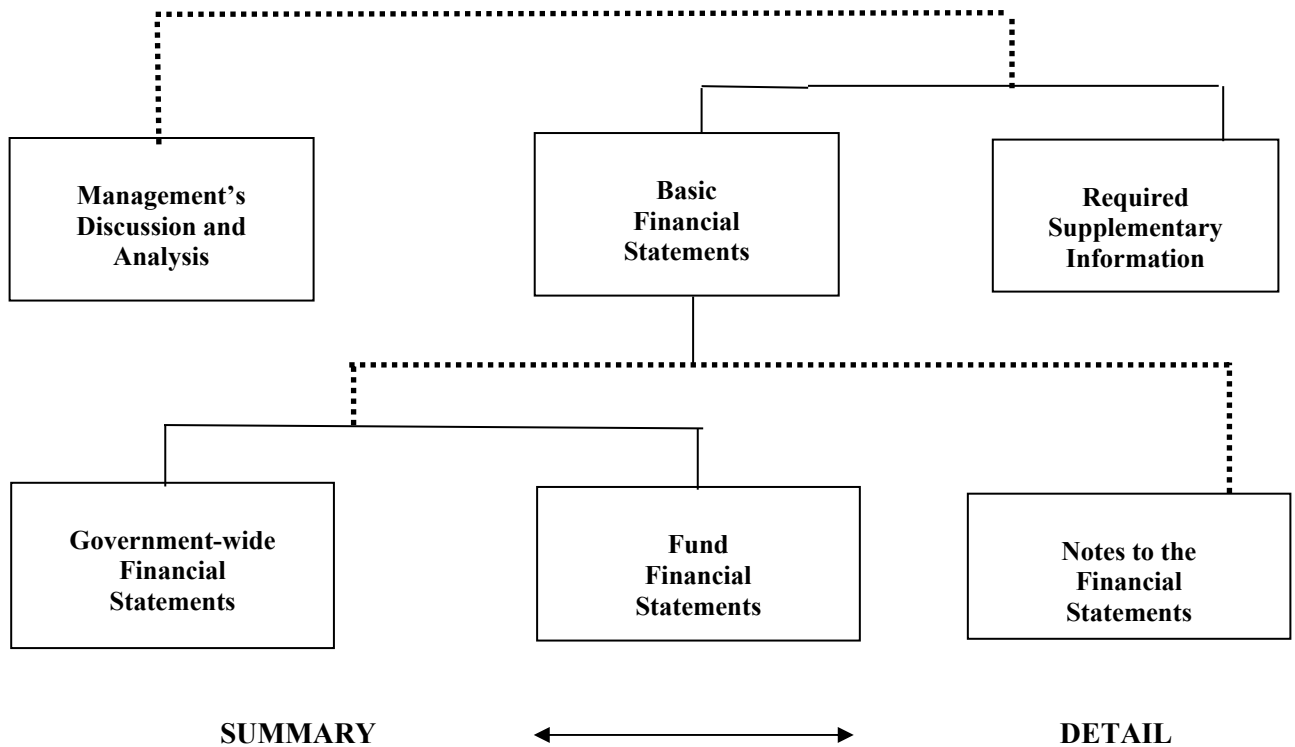
FINANCIAL HIGHLIGHTS

- At June 30, 2025, the assets and deferred outflows of the Town of Knightdale exceeded its liabilities and deferred inflows of resources by \$157,016,514 (*net position*).
- The Town's total net position increased over the course of the year's operations by \$25,428,074 (19.32%).
- At fiscal year-end, governmental activities revenue was \$61,254,867, an increase of \$24,936,383 from the prior year. The two largest revenue sources were from property taxes of \$18,991,816 and grants and contributions restricted of \$23,307,882.
- Total governmental activities expenses for the year ending June 30, 2025, were \$35,826,793. This is an increase of \$5,542,104 or 18.30%, 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 \$44,577,513 which is a net increase of \$18,358,967 or 70.02% in fund balance from the prior year. Approximately 57.74% of this total amount, or \$25,739,355 is non spendable or restricted.
- At the end of the current fiscal year, the unassigned fund balance for the General Fund was \$10,873,735 or 30.75% of total General Fund expenditures (including transfers to other funds less installment notes) for the fiscal year. The Town Council's policy is that this ratio should be at least 25% as of the fiscal year end.
- As of June 30, 2025, the Town had total debt outstanding of \$28,776,893. Of this amount, \$800,000 is general obligation bonds backed by the full faith and credit of the Town, \$14,652,779 is limited obligation bonds, and \$13,324,114 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 \$11,729,196 or 68.80% 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.

Figure 1
Required Components of Annual Financial Report



Basic Financial Statements

- The first two statements (Exhibits 1 and 2) in the basic financial statements are **Government-wide Financial Statements**. They provide both long-term and short-term information about the Town’s overall financial status.
- The remaining statements (Exhibit 3 through 5) are **Fund Financial Statements**. These statements focus on the activities of individual parts of the Town’s government, reporting the Town’s operations in more detail than the government-wide statements. There are two parts to the Fund Financial Statements: 1) the governmental funds statements; and 2) the budgetary comparison statements.
 - The *governmental funds* statements tell how *general government* services like public safety were financed in the *short term* as well as what remains for future spending.

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those financial statements. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. Supplemental 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

	Government-wide Statements	Fund Statements - Governmental Funds
Scope:	Entire Town government	The activities of the Town that are not proprietary, such as public safety and parks.
Required financial statements:	1) Statement of Net Position 2) Statement of Activities	1) Balance Sheet 2) Statement of Revenues, Expenditures, and Changes in Fund Balance
Accounting basis and measurement focus:	Accrual accounting and economic resources focus	Modified accrual accounting and current financial 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
Type of inflow/outflow information	All revenues and expenses during the 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

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 comprised of the following:

- 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.

Fund Financial Statements

The fund financial statements (Exhibits 3-6) 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 the funds of the Town of Knightdale consist of governmental 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.

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 41-76 of this report.

Other Information - In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Town 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 77 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.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure 3
NET POSITION

	Governmental Activities	
	2025	2024
Current and other assets	\$ 48,730,903	\$ 28,040,691
Capital assets	161,939,844	141,043,668
Total assets	210,670,747	169,084,359
Total deferred outflows of resources	6,835,525	7,680,307
Other liabilities	8,097,483	5,041,872
Long-term liabilities	48,353,436	34,232,034
Total liabilities	56,450,919	39,273,906
Total deferred inflows of resources	4,038,839	4,225,773
Net position:		
Net investment in capital assets	143,241,861	122,241,916
Restricted	25,769,388	7,216,824
Unrestricted	(11,994,735)	3,806,247
Total net position	\$ 157,016,514	\$ 133,264,987

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 \$157,016,514 as of June 30, 2025. This is an increase in net position by \$25,428,074 or 19.32% from the previous year. The largest portion, \$143,241,861 or 91.23% 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, \$25,769,388 or 16.41% of total net position, represents resources that are subject to external restrictions on how they may be used.

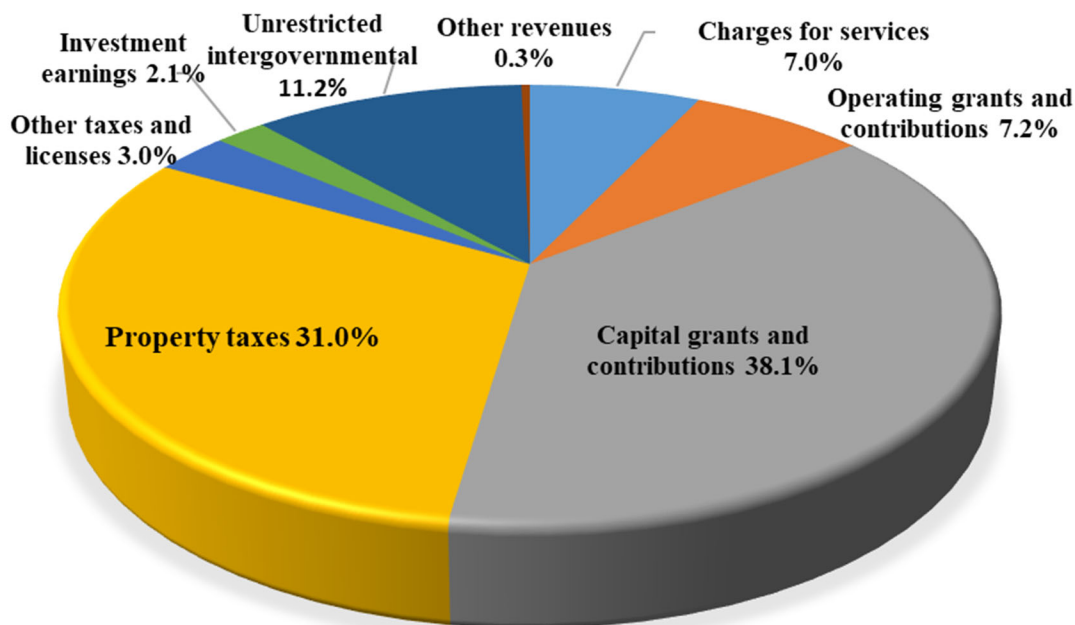
Figure 4
Changes in Net Position

	Governmental Activities	
	2025	2024
Revenues		
Program revenues:		
Charges for services	\$ 4,318,063	\$ 3,765,397
Operating grants and contributions	4,421,120	3,136,295
Capital grants and contributions	23,307,882	6,910,505
General revenues:		
Property taxes	18,991,816	12,429,757
Other taxes	1,853,375	1,747,006
Grants and contributions not restricted to specific programs	6,860,164	6,830,614
Unrestricted investment earnings	1,288,801	1,152,753
Other revenues	213,646	346,157
Total revenues	<u>61,254,867</u>	<u>36,318,484</u>
Expenses		
General government	4,560,208	3,881,523
Public safety	16,468,268	13,328,384
Transportation	6,579,318	6,029,958
Environmental protection	2,693,232	2,308,029
Economic and physical development	2,218,391	1,696,032
Cultural and recreational	2,641,620	2,577,647
Interest on long-term debt	665,756	463,116
Total expenses	<u>35,826,793</u>	<u>30,284,689</u>
Change in net position	25,428,074	6,033,795
Net Position - beginning	133,264,987	127,231,192
Change in Accounting Principal	(1,676,547)	-
Net Position - beginning, as restated	<u>131,588,440</u>	<u>127,231,192</u>
Net Position - ending	<u>\$ 157,016,514</u>	<u>\$ 133,264,987</u>

GOVERNMENTAL ACTIVITIES

Governmental activities increased the Town's net position by \$25,428,074 or 19.32%, thereby accounting for all of the total growth in net position of the Town of Knightdale. Key elements of this increase are as follows:

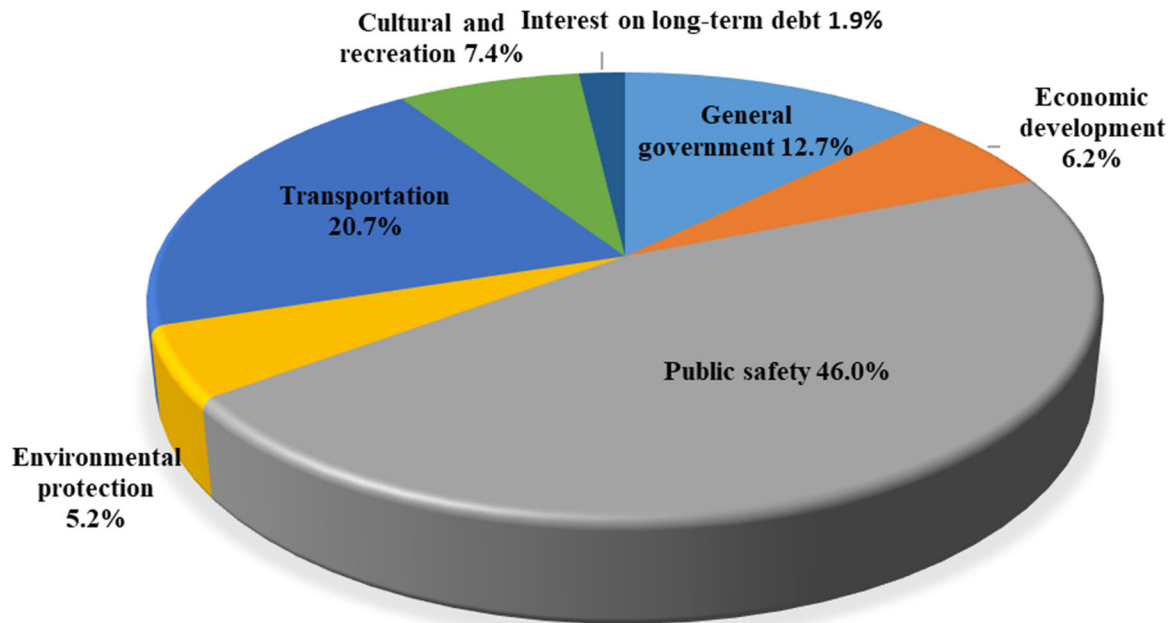
Figure 5
Revenues by Function- Governmental Activities



Revenues – Governmental Activities

- Ad Valorem Taxes make up 31.0% 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 2025 was 44 cents per \$100 assessed value with an assessed value of \$4,300,036,807 (per Wake County tax report). Knightdale's tax base grew 56.9% from fiscal year 2024. 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 99.74%. The statewide average tax collection percentage was 99.66% for FY2023-2024, which is the last year information is available.
- Capital grants and contributions make up 38.1% of the governmental activity revenue. For fiscal year 2025, capital grants and contributions were the largest revenue source for the Town of Knightdale. This amount consists primarily of donated infrastructure through Developer built streets and sidewalks. There were several new streets added to the Town during the year with the completion of several phases of developments. In addition, the Town received donated land to be used for future parks activities.
- Unrestricted intergovernmental revenue is the third largest revenue source accounting for 11.2% 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 utility sales taxes, wine and beer tax, and ABC profits.

Figure 6
Expenses by Function- Governmental Activities



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 \$35,826,793 for the year ending June 30, 2025. This is an increase of \$5,542,104 or 18.3%, from the prior year. The increase was due in part to new positions added in Public Safety. Increases were also driven by the implementation of GASB 101, which relates to how the Town accounts for compensated absences. Under previous guidance, sick leave was not recorded as a liability at year-end due to sick leave not being paid out to employees upon separation of employment. However, under this new standard sick leave must be reported as a liability which also increases expenses in all functions except interest on long-term debt.
- Public safety is the largest expense of the Town representing \$16,468,268 or 46.0% of the total expenses during fiscal year 2025. These are the funds spent on the Town's Police and Fire operations.
- The Transportation function accounts for 18.36% of the Town's expenses reflecting a total amount spent of \$6,579,318. These costs include street and sidewalk infrastructure construction, maintenance, and repair costs. It also includes operational expenses for the public works department. These expenses increased 9.11% from the prior year.
- The Town spent \$665,756 on interest towards its long-term debt. This is an increase of \$202,640 or 43.8%, from the prior year. The Town has strategically incurred additional debt to fund projects, which will increase the amount of interest from the previous year.

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 \$10,873,735 while total fund balance for the General Fund reached \$16,568,068. 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 30.75% of General Fund expenditures plus transfers out less installment financing. This ratio is used by the Town Council for internal management purposes. Available Fund balance at year-end more than 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 the fiscal year 2026.

At June 30, 2025, the governmental funds of the Town of Knightdale reported a combined fund balance of \$44,577,513 for a net increase in fund balance of \$18,358,967 or (70.02%) over last year. This significant increase in fund balance was mainly due to the Town's issuance of Limited Obligation Bonds to fund the construction of the Law Enforcement Center. In addition, the Town received significant fees in lieu in related to the future park site. Approximately 57.74% of this total amount, or \$25,739,355 is non spendable or restricted. In addition to the General Fund, the Town also considers as a major fund the Debt Service Fund, Future Park Site Capital Project Fund, Mingo Creek Greenway Extension Fund, Law Enforcement Center Fund, and General Capital Reserve Capital Project Fund which account for \$23,586,067 (52.91%) of the combined fund balance.

General Fund Budgetary Highlights – Fiscal Year 2025

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 \$776,147 or 2.24%, for a total budgeted amount of \$35,452,664. This increase is mostly attributed to the receipt of grants received and recognized and an increase in the property tax budget. The actual revenue collected exceeded the amount budgeted by \$747,787, mostly due to unanticipated increases in property tax revenues due to the continued growth of Knightdale. The expenditure budget increased by \$2,532,277 from the original adopted budget for a total amended budget of \$36,357,210. The increase mainly due to capital outlay carried over from the previous fiscal year and the appropriation of Powell Bill fund balance to fund streets and sidewalks. Actual expenditures were \$4,661,551, or 12.82%, below the amended budget amount.

General Capital Projects – Capital Reserve Fund- Fiscal Year 2025

As of June 30, 2025, the General Capital Projects – Capital Reserve Fund had a fund balance of \$5,268,296, an increase of \$1,324,707 from the previous fiscal year. Of this amount \$1,877,046 is restricted for parks maintenance and street improvement projects. The remaining balance is assigned or designated for future capital projects. The General Fund transferred \$1,062,500, representing the Town policy of transferring \$0.025 of the current tax levy to the General Capital Projects - Capital Reserve Fund during fiscal year 2025.

Law Enforcement Center Fund

As of June 30, 2025, the Law Enforcement Center Fund had a fund balance of \$11,676,258, an increase of \$10,889,228 from the previous fiscal year. The increase in fund balance is due to the receipt of the proceeds for the issuance of limited obligation bonds to fund the construction of the Law Enforcement Center.

Future Park Site Capital Project Fund

As of June 30, 2025, the Future Park Site Capital Project Fund had a fund balance of \$4,591,461. This fund was created during fiscal year 2025. The increase in fund balance is mainly due to the receipt of payments in lieu for the future park site.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Town of Knightdale's capital assets for its governmental activities on June 30, 2025 totals \$161,939,844 net of accumulated depreciation/amortization and including construction in progress. These assets include land, buildings, machinery, equipment, roads and infrastructure, vehicles, park facilities, and the right to use lease assets and IT subscription assets. Major capital asset highlights during the year include the following:

- Roads and infrastructure increased by \$15,652,363 compared to the prior year. This is due to the Mingo Creek Greenway Extension completion as well as several new streets and sidewalks added to the Town during the fiscal year, as mentioned previously.
- Buildings and building improvements increased by \$7,468,165 during the year mainly due to the completion of Fire Station #1 at Forestville Road.
- Construction in Progress decreased by \$5,299,320 during the year mainly due to Forestville Road Fire Station #1 completion as well as the Mingo Creek Greenway Extension completion.

Figure 7
CAPITAL ASSETS
(net of depreciation/amortization)

	Governmental Activities	
	2025	2024
Land and improvements	\$ 30,419,079	\$ 26,455,925
Construction in progress	5,433,531	10,732,851
Buildings and building improvements	17,303,195	9,835,030
Improvements	16,981,367	17,747,234
Roads and infrastructure	84,782,208	69,129,845
Intangibles	649,088	725,647
Equipment and furniture	664,810	568,311
Vehicles and motorized equipment	4,622,325	4,425,795
Right to use lease assets	191,273	286,859
Right to use subscription assets	892,968	1,136,171
Total	<u>\$ 161,939,844</u>	<u>\$ 141,043,668</u>

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

Long-Term Debt

As of June 30, 2025, the Town of Knightdale had total bonded debt outstanding of \$15,452,779. \$800,000 of this outstanding debt is backed by the full faith and credit of the Town.

The Town of Knightdale had installment purchase agreements outstanding of \$13,324,114. Collateral for these installment purchase agreements are the assets purchased or constructed. The Town of Knightdale's total installment debt decreased by \$2,723,583 or 16.97% during the fiscal year.

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 \$315,181,743, 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 Note 3.B.5 of this report.

Figure 8
LONG-TERM DEBT

	Governmental Activities	
	2025	2024
General obligation bonds	\$ 800,000	\$ 1,000,000
Limited obligation bonds - premiums	997,779	-
Limited obligation bonds	13,655,000	-
Installment purchase agreements	13,324,114	16,047,697
Total outstanding debt	<u>\$ 28,776,893</u>	<u>\$ 17,047,697</u>

NEXT YEAR'S BUDGET HIGHLIGHTS & ECONOMIC FACTORS

The total fiscal year 2026 operating budget for the Town of Knightdale is \$45,975,289. Of this amount, the General Fund budget is \$40,490,492. This is a \$3,856,471 or 10.53%, increase from the adopted General Fund budget from the prior year. Budget highlights include:

- Includes a transfer out from Capital Reserve Fund of \$2,354,090 to pay for capital outlay items.
- Addition of 20 new full-time positions mostly in the Fire Department
- A merit pay adjustment of up to 4% along with a cost-of-living adjustment of 3% for Town employees.
- Major capital outlay projects funded through the General Fund include \$580,000 for the community pool restroom renovations and \$950,000 for the purchase of twelve vehicles.

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 Jessica Rhem, Finance Director, Town of Knightdale, 950 Steeple Square Court, Knightdale, NC 27545.



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BASIC FINANCIAL STATEMENTS



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TOWN OF KNIGHTDALE, NORTH CAROLINA
STATEMENT OF NET POSITION
June 30, 2025

Exhibit 1

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 24,892,047
Restricted cash	18,827,421
Receivables:	
Taxes	174,757
Accounts	1,419,312
Due from other governments	3,116,952
Prepaid expenses	300,414
Total current assets	<u>48,730,903</u>
 Non-current assets	
Capital assets	
Intangible right to use assets, net of amortization	1,084,241
Capital assets, non-depreciable	35,852,610
Capital assets, net of depreciation	125,002,993
Total non-current assets	<u>161,939,844</u>
Total assets	<u>210,670,747</u>
 DEFERRED OUTFLOWS OF RESOURCES	
Pension deferrals	5,053,404
OPEB deferrals	1,782,121
Total deferred outflows of resources	<u>6,835,525</u>

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

TOWN OF KNIGHTDALE, NORTH CAROLINA
STATEMENT OF NET POSITION
June 30, 2025

Exhibit 1
(continued)

	Governmental Activities
LIABILITIES	
Current liabilities:	
Accounts payable and accrued expenses	\$ 1,890,162
Accrued interest	317,591
Current portion of long-term liabilities	3,938,778
Payable from restricted assets	1,950,952
Total current liabilities	<u>8,097,483</u>
Long term liabilities:	
Due in more than one year	48,353,436
Total liabilities	<u>56,450,919</u>
DEFERRED INFLOWS OF RESOURCES	
Prepaid taxes	11,193
Prepaid recreation fees	7,398
Pension deferrals	521,083
OPEB deferrals	3,499,165
Total deferred inflows of resources	<u>4,038,839</u>
NET POSITION	
Net investment in capital assets	143,241,861
Restricted for Stabilization by State Statute	4,054,009
Restricted for Powell Bill	1,479,396
Restricted for public safety	11,681,383
Restricted for development services	109,635
Restricted for streets	2,455,386
Restricted for Parks and Recreation	5,045,485
Restricted for Storm Water	944,094
Unrestricted	(11,994,735)
Total net position	<u><u>\$ 157,016,514</u></u>

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

TOWN OF KNIGHTDALE, NORTH CAROLINA
STATEMENT OF ACTIVITIES

Exhibit 2

FOR THE YEAR ENDED JUNE 30, 2025

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities					
General government	\$ 4,560,208	\$ 663,742	\$ -	\$ -	\$ (3,896,466)
Public safety	16,468,268	-	4,305,846	325,803	(11,836,619)
Transportation	6,579,318	494,149	18,120	22,756,733	16,689,684
Environmental protection	2,693,232	2,875,833	19,953	-	202,554
Economic and physical development	2,218,391	61,579	77,201	-	(2,079,611)
Cultural and recreational	2,641,620	222,760	-	225,346	(2,193,514)
Interest on long-term debt	665,756	-	-	-	(665,756)
Total governmental activities	<u>35,826,793</u>	<u>4,318,063</u>	<u>4,421,120</u>	<u>23,307,882</u>	<u>(3,779,728)</u>
General revenues					
Taxes:					
Property taxes, levied for general purposes					18,991,816
Local option sales tax					6,764,675
Other taxes					1,853,375
Intergovernmental revenues, unrestricted					95,489
Unrestricted investment earnings					1,288,801
Miscellaneous					213,646
Total general revenues					<u>29,207,802</u>
Change in Net Position					<u>25,428,074</u>
Net Position-beginning-as originally stated					133,264,987
Change in Accounting Principal					<u>(1,676,547)</u>
Net Position-beginning-as restated					<u>131,588,440</u>
Net Position-ending					<u>\$ 157,016,514</u>

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

TOWN OF KNIGHTDALE, NORTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS

Exhibit 3

JUNE 30, 2025

	General	Debt Service Fund	Future Park Site Capital Project Fund	Mingo Creek Greenway Extension Fund	Law Enforcement Center	General Capital Reserve	Other Nonmajor Governmental Funds	Total Governmental Funds
Assets								
Cash and cash equivalents	\$ 13,501,419	\$ 1,820,372	\$ 40,247	\$ 615,887	\$ -	\$ 3,391,250	\$ 2,655,448	\$ 22,024,623
Receivables, net								
Taxes	174,757	-	-	-	-	-	-	174,757
Accounts	128,417	-	1,236,653	-	-	-	-	1,365,070
Due from other governments	2,720,115	-	-	72,089	125	-	601,369	3,393,698
Accrued interest receivable	54,242	-	-	-	-	-	-	54,242
Prepaid expenditures	46,168	-	-	-	-	-	-	46,168
Restricted cash and cash equivalents	1,605,170	-	3,314,561	-	13,627,085	1,877,046	1,270,983	21,694,845
Total Assets	\$ 18,230,288	\$ 1,820,372	\$ 4,591,461	\$ 687,976	\$ 13,627,210	\$ 5,268,296	\$ 4,527,800	\$ 48,753,403
Liabilities								
Accounts payable and accrued liabilities	\$ 764,603	\$ -	\$ -	\$ 458,296	\$ -	\$ -	\$ 51,878	\$ 1,274,777
Accrued salaries and benefits	595,961	-	-	-	-	-	-	595,961
Unearned grant revenue	19,424	-	-	-	-	-	-	19,424
Accounts payable from restricted assets	-	-	-	-	1,950,952	-	-	1,950,952
Total Liabilities	1,379,988	-	-	458,296	1,950,952	-	51,878	3,841,114
Deferred Inflow of Resources								
Property taxes receivable	174,757	-	-	-	-	-	-	174,757
Prepaid property taxes	11,193	-	-	-	-	-	-	11,193
Prepaid recreation fees	7,398	-	-	-	-	-	-	7,398
Stormwater and decal fees receivable	88,884	-	-	-	-	-	52,544	141,428
Total deferred inflows of resources	282,232	-	-	-	-	-	52,544	334,776
Fund Balances								
Non Spendable								
Prepayments	46,168	-	-	-	-	-	-	46,168
Restricted								
Stabilization by state statute	4,054,009	-	-	-	-	-	-	4,054,009
Stormwater	-	-	-	-	-	-	944,094	944,094
Public safety	5,125	-	-	-	11,676,258	-	-	11,681,383
Parks and recreation	-	-	4,591,461	229,680	-	224,344	-	5,045,485
Development services	109,635	-	-	-	-	-	-	109,635
Transportation	1,479,396	-	-	-	-	1,652,702	726,483	3,858,581
Assigned								
Subsequent years expenditures	-	-	-	-	-	871,131	1,584,992	2,456,123
Debt Service	-	1,820,372	-	-	-	-	-	1,820,372
General Government	-	-	-	-	-	2,347,316	-	2,347,316
Stormwater	-	-	-	-	-	-	360,103	360,103
Parks and recreation	-	-	-	-	-	172,803	-	172,803
Public safety	-	-	-	-	-	-	807,706	807,706
Unassigned	10,873,735	-	-	-	-	-	-	10,873,735
Total fund balances	16,568,068	1,820,372	4,591,461	229,680	11,676,258	5,268,296	4,423,378	44,577,513
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 18,230,288	\$ 1,820,372	\$ 4,591,461	\$ 687,976	\$ 13,627,210	\$ 5,268,296	\$ 4,527,800	\$ 48,753,403

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, 2025

Exhibit 3a

Fund balances-total governmental funds		\$ 44,577,513
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	\$ 211,504,218	
Less accumulated depreciation	<u>(50,648,616)</u>	160,855,602
Intangible right to use assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		
		1,084,206
Deferred outflows of resources related to pensions are not reported in the funds		
		5,053,404
Deferred outflows of resources related to OPEB are not reported in the funds		
		1,782,121
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	(27,779,114)	
Unamortized bond premiums	(997,779)	
Lease liability	(209,690)	
Offsetting assets and liabilities for full accrual	(22,464)	
Subscription liabilities	(901,532)	
Compensated absences	(3,222,241)	
Net pension liability (LGERS)	(8,878,045)	
Total pension liability (LEO)	(1,733,667)	
Total OPEB liability	<u>(8,570,146)</u>	(52,314,678)
Earned revenues considered deferred inflows of resources in fund statements		
		316,185
Other liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Accrued interest payable		(317,591)
Deferred inflows of resources related to pensions are not reported in the funds		
		(521,083)
Deferred inflows of resources related to OPEB are not reported in the funds		
		<u>(3,499,165)</u>
Net position of governmental activities		<u><u>\$ 157,016,514</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

Exhibit 4

FOR THE YEAR ENDED JUNE 30, 2025

				Formerly Non-Major Fund			Formerly Major Fund	Formerly Major Fund	Formerly Major Fund		
	General	Debt Service Fund	Future Park Site Capital Project Fund	Mingo Creek Greenway Extension Fund	Law Enforcement Center	General Capital Projects Reserve	Stormwater Special Revenue Fund	Fire Capital Project Fund	Forestville Road Fire Station Capital Project Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
Revenues:											
Ad valorem taxes	\$ 18,942,744	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,942,744
Other taxes	7,172,408	-	-	-	-	158,235	-	-	-	-	7,330,643
Unrestricted intergovernmental	1,375,246	-	-	-	-	-	-	-	-	-	1,375,246
Restricted intergovernmental	5,601,276	-	-	225,346	-	-	-	-	-	1,877,081	7,703,703
Permits and fees	725,321	-	3,314,561	-	-	494,149	-	-	-	-	4,534,031
Sales and services	1,506,249	-	-	-	-	-	-	-	-	-	1,506,249
Miscellaneous	281,654	-	1,216,051	-	-	-	-	-	-	-	1,497,705
Investment earnings	595,553	1,055	60,849	25,594	319,186	153,339	-	-	-	133,224	1,288,800
Total revenues	36,200,451	1,055	4,591,461	250,940	319,186	805,723	-	-	-	2,010,305	44,179,121
Expenditures:											
Current:											
General government	3,953,411	-	-	-	-	-	-	-	-	-	3,953,411
Public safety	13,160,808	-	-	-	347,023	-	-	-	-	-	13,507,831
Transportation	2,788,134	-	-	-	-	-	-	-	-	-	2,788,134
Environmental protection	1,454,861	-	-	-	-	-	-	-	-	841,266	2,296,127
Economic and physical developm	1,945,446	-	-	-	-	-	-	-	-	-	1,945,446
Cultural and recreation	1,554,744	-	-	-	-	-	-	-	-	-	1,554,744
Capital outlay	3,276,750	-	-	1,046,052	3,237,501	-	-	-	-	3,150,338	10,710,641
Debt service:											
Debt issuance cost	12,643	-	-	-	-	-	-	-	-	-	12,643
Bond principal	200,000	-	-	-	-	-	-	-	-	-	200,000
Bond interest	19,888	-	-	-	-	-	-	-	-	-	19,888
Installment note principal	2,536,880	157,443	-	-	-	-	-	-	-	29,260	2,723,583
Installment note interest	396,158	18,973	-	-	-	-	-	-	-	644	415,775
Subscription principal	265,464	-	-	-	-	-	-	-	-	-	265,464
Subscription interest	29,158	-	-	-	-	-	-	-	-	-	29,158
Lease principal	95,129	-	-	-	-	-	-	-	-	-	95,129
Lease interest	6,185	-	-	-	-	-	-	-	-	-	6,185
Total expenditures	31,695,659	176,416	-	1,046,052	3,584,524	-	-	-	-	4,021,508	40,524,159
Revenues over/(under) expenditures	4,504,792	(175,361)	4,591,461	(795,112)	(3,265,338)	805,723	-	-	-	(2,011,203)	3,654,962
Other financing sources (uses):											
Transfers in	543,516	1,995,733	-	-	-	1,062,500	-	-	-	1,746,588	5,348,337
Transfers out	(3,669,151)	-	-	-	-	(543,516)	-	-	-	(1,135,670)	(5,348,337)
Issuance of debt	480,000	-	-	-	13,175,000	-	-	-	-	-	13,655,000
IT subscription based agreements (S	33,750	-	-	-	-	-	-	-	-	-	33,750
Premium on debt issuance	35,688	-	-	-	979,566	-	-	-	-	-	1,015,254
Total other financing sources (uses)	(2,576,197)	1,995,733	-	-	14,154,566	518,984	-	-	-	610,918	14,704,004
Net change in fund balances	1,928,595	1,820,372	4,591,461	(795,112)	10,889,228	1,324,707	-	-	-	(1,400,285)	18,358,966
Fund balance - beginning of year, as previously reported	14,639,473	-	-	1,024,792	-	3,943,589	3,105,368	579,630	2,138,665	787,030	26,218,547
Change within financial reporting entity	-	-	-	-	787,030	-	(3,105,368)	(579,630)	(2,138,665)	5,036,633	-
Fund balance - beginning of year, as adjusted	14,639,473	-	-	1,024,792	787,030	3,943,589	-	-	-	5,823,663	26,218,547
Fund balance - end of year	\$ 16,568,068	\$ 1,820,372	\$ 4,591,461	\$ 229,680	\$ 11,676,258	\$ 5,268,296	\$ -	\$ -	\$ -	\$ 4,423,378	\$ 44,577,513

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

TOWN OF KNIGHTDALE, NORTH CAROLINA**Exhibit 4a****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, 2025*

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

Net change in fund balances - total governmental funds \$ 18,358,966

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.

Capital outlay expenditures for capital assets	\$ 10,676,891	
Less current year depreciation	<u>(6,421,029)</u>	4,255,862
Right to use subscription asset capital outlay expenditures	33,750	
Less current year amortization	<u>(372,574)</u>	(338,824)

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 18,263,196

The net effect of various miscellaneous transactions involving capital assets (i.e.-sales, trade-ins, and transfers) is to decrease net position (1,284,059)

Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities 1,670,942

Benefit payments paid and administrative expense for the LEOSSA are not included on the Statement of Activities 18,236

OPEB benefit payments and administrative costs made in the current fiscal year are not included on the Statement of Activities 86,105

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 \$ 96,609

TOWN OF KNIGHTDALE, NORTH CAROLINA**Exhibit 4a****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, 2025*

(continued)

Bond 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 position. This is the amount by which proceeds exceeded repayments.

Bond and premium proceeds	(14,670,254)	
Principal payments	2,923,583	
Subscription liabilities issued	(33,750)	
Bond premium amortization	17,475	
Lease and subscription liabilities retired	360,593	
Increase in accrued interest payable	<u>(212,225)</u>	(11,614,578)

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	(586,592)	
Pension expense	(2,978,455)	
OPEB plan expense	<u>(519,334)</u>	(4,084,381)

Change in net position of governmental activities	<u><u>\$ 25,428,074</u></u>
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TOWN OF APEX, NORTH CAROLINA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2025

	Original	Final	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:				
Ad valorem taxes	\$ 18,828,450	\$ 19,128,450	\$ 18,942,744	\$ (185,706)
Other taxes and licenses	7,007,600	7,007,600	7,172,408	164,808
Unrestricted intergovernmental	1,187,700	1,171,700	1,375,246	203,546
Restricted intergovernmental	5,121,021	5,440,686	5,601,276	160,590
Permits and fees	431,858	431,858	725,321	293,463
Sales and services	1,447,950	1,447,950	1,506,249	58,299
Miscellaneous	201,000	283,482	281,654	(1,828)
Investment earnings	450,938	540,938	595,553	54,615
Total revenues	34,676,517	35,452,664	36,200,451	747,787
Expenditures:				
Current				
General government	4,822,088	5,002,020	4,147,226	854,794
Public safety	15,084,582	15,249,242	13,874,449	1,374,793
Public works	4,432,367	5,486,846	4,182,832	1,304,014
Environmental protection	1,383,028	1,387,478	1,454,861	(67,383)
Economic and physical development	2,152,129	2,587,223	2,135,269	451,954
Cultural and recreational	2,890,313	3,023,075	2,339,517	683,558
Debt service				
Bond principal	200,000	200,000	200,000	-
Bond interest	19,700	20,000	19,888	112
Installment note principal	1,762,464	2,535,387	2,536,880	(1,493)
Installment note interest	659,826	456,003	396,158	59,845
Subscription principal	287,458	265,464	265,464	-
Subscription interest	29,664	29,158	29,158	-
Lease principal	95,130	95,129	95,129	-
Lease interest	6,184	6,185	6,185	-
Debt issuance cost	-	14,000	12,643	1,357
Total expenditures	33,824,933	36,357,210	31,695,659	4,661,551
Revenues over (under) expenditures	851,584	(904,546)	4,504,792	5,409,338
Other financing sources (uses):				
Transfers in	1,350,000	2,485,670	543,516	(1,942,154)
Debt issuance	-	485,798	480,000	(5,798)
Premium on debt issuance	-	36,000	35,688	(312)
Transfers out	(2,809,088)	(3,669,151)	(3,669,151)	-
IT subscription based agreements (SBITAs)	-	400,000	33,750	(366,250)
Appropriated fund balance	607,504	1,166,229	-	(1,166,229)
Total other financing sources (uses)	(851,584)	904,546	(2,576,197)	(3,480,743)
Net change in fund balance	\$ -	\$ -	1,928,595	\$ 1,928,595
Fund balance - Beginning of year			14,639,473	
Fund balance - end of year (Exhibit 4)			\$ 16,568,068	

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

TOWN OF APEX, NORTH CAROLINA
DEBT SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2025

	Original	Final	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:				
Investment earnings	\$ -	\$ 10,000	\$ 1,055	\$ (8,945)
Total revenues	-	10,000	1,055	(8,945)
Expenditures:				
Debt service				
Installment note principal	-	480,000	157,443	322,557
Installment note interest	-	30,000	18,973	11,027
Total expenditures	-	510,000	176,416	333,584
Revenues over (under) expenditures	-	(500,000)	(175,361)	324,639
Other financing sources (uses):				
Transfers in	-	500,000	1,995,733	1,495,733
Total other financing sources (uses)	-	500,000	1,995,733	1,495,733
Net change in fund balance	\$ -	\$ -	1,820,372	\$ 1,820,372
Fund balance - Beginning of year			-	
Fund balance - end of year (Exhibit 4)			\$ 1,820,372	

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, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Knightdale’s basic financial statements have been prepared in conformity with accounting principles generally accepted in the United State of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Knightdale’s significant policies are described below.

Knightdale has implemented all applicable GASB pronouncements as required and as applicable in previous years. Included here is a list of GASB pronouncements that became effective during fiscal year 2025 and pronouncements that were issued but not et effective.

The GASB pronouncement effective as of the fiscal year ended June 30, 2025:

GASB Statement No. 101, *Compensated Absences* – This statement intends to update the recognition and measurement guidance for compensated absences. The Town implemented this statement in fiscal year 2025.

The GASB has issued pronouncements prior to fiscal year ended June 30, 2025 that impact future reporting periods:

GASB Statement No. 102, *Certain Risk Disclosures* – This statement is to provide users of government financial statements with essential information about risks related to a government’s vulnerabilities due to certain concentrations or constraints. This statement is effective for fiscal year ended June 30, 2026.

GASB Statement No. 103, *Financial Reporting Model Improvements* – This statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision-making and assessing a government’s accountability. This statement is effective for fiscal year ended June 30, 2026.

GASB Statement No. 104, *Disclosure of Certain Capital Assets* – This statement is to provide users of government financial statements with essential information about certain types of capital assets. This statement is effective for fiscal year ended June 30, 2026.

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 Town does not have any business-type activities.

TOWN OF KNIGHTDALE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2025

The statement of activities presents a comparison between direct expenses and program revenues 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 the governmental fund category - are presented. The Town has no fiduciary funds to report. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. The Town does not have any enterprise funds. The remaining governmental funds are aggregated and reported as nonmajor funds.

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.

Debt Service Fund – This fund is used to account for financial resources to pay the Town's governmental debt that is not held within a capital project fund.

Future Park Site Capital Project Fund – This fund is used to account for financial resources to be held for capital projects related for Parks, Recreation, and Cultural Resources.

Law Enforcement Center – This fund is used to account for financial resources for the construction of a new police and fire facility.

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.

The Town reports the following non-major governmental funds:

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

Pedestrian Improvements Capital Project Fund – This fund is used to account for financial resources to be held for acquisition or construction related to pedestrian improvements.

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

TOWN OF KNIGHTDALE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2025

system and to provide street sweeping services to decrease or prevent pollution from storm water runoff into local streams and rivers.

Forestville Road Fire Station Capital Project Fund – This fund is used to account for financial resources for the construction of a new fire station.

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 Financial Statements. The government-wide financial statements are reported using the economic resources measurement focus. The government-wide 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.

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 leases and IT subscriptions 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 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.

TOWN OF KNIGHTDALE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2025

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 Fund, Capital Reserve Fund, Debt Service Fund, and Stormwater Fund. All annual appropriations lapse at fiscal year-end. A project ordinance is adopted for the Fire, Pedestrian Improvements, Forestville Road Fire Station, Future Park Site, Mingo Creek Greenway Extension, and the Law Enforcement Capital Projects Funds. 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 inter-departmental transfer of moneys may be made only with specific advanced approval of the Town Manager. 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 BALANCE

1. DEPOSITS AND INVESTMENTS

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 mutual fund shares when the mutual fund is certified by the Local Government Commission. The Town's investments are reported at fair value as determined by quoted market prices.

The North Carolina Capital Management Trust (NCCMT) Government Portfolio is a SEC-registered money market mutual fund that is currently certified by the Local Government Commission under provisions of G.S. 159-30(c)(8)

TOWN OF KNIGHTDALE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2025

and the North Carolina Administrative Code. The Government Portfolio is a 2a7 fund that invests in treasuries, government agencies, and repurchase agreements collateralized by treasuries. It is rated AAAm by S&P and AAA-mf by Moody's Investor Services and reported at fair value.

In accordance with State law, the City has invested in securities which are callable, and which provide for periodic interest rate increases in specific increments until maturity. These investments are reported at fair value as determined by quoted market prices.

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, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2025

Governmental Activities:

General Fund

Customer Deposits	\$ 97,463
General Government Projects	600
Development Services	12,172
Public Safety	15,539
Public Works	1,479,396

Law Enforcement Center

Unspent Debt Proceeds	13,627,085
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Other Major Governmental Funds:

Future Park Site Capital Project	3,314,561
General Capital Reserve	1,877,046

Non-Major Governmental Funds:

Streets and Sidewalks	-
Fire	240,358
Stormwater	1,030,625
Total Governmental Activities	<u>21,694,845</u>

Total Restricted Cash	<u><u>\$ 21,694,845</u></u>
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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, 2024.

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, 2025, including inactive accounts for garbage collection services and storm water fees have been charged against operations.

TOWN OF KNIGHTDALE, NORTH CAROLINA
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For the Fiscal Year Ended June 30, 2025

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 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.

The Town's capital assets also include certain right to use assets. These right to use assets arise with agreements where the Town reports a lease (only applies when the Town is the lessee) or agreements where the Town reports an Information Technology (IT) Subscription in accordance with the requirements of GASB 87 and GASB 96, respectively.

The right to use lease assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made at or prior to the start of the lease term, less lease incentives received from the lessor at or prior to the start of the lease term, and plus ancillary charges necessary to place the lease asset into service. The right to use lease assets are amortized on a straight-line basis over the life of the related lease.

The right to use IT subscription assets are initially measured at an amount equal to the initial measurement of the subscription liability plus any subscription payments made at the start of the subscription term, if applicable, plus capitalizable initial implementation costs at the start of the subscription term, less any incentives received from the IT subscription vendor at the start of the subscription term. Subscription payments, as well as payments for capitalizable implementation costs made before the start of the subscription term should be reported as a prepayment (asset). Such prepayments should be reduced by any incentives received from the same vendor before the start of the subscription term if a right of offset exists. The net amount of the prepayments and incentives should be reported as an asset or liability, as appropriate, before the start of the subscription term at which time the amount should be included in the initial measurement of the subscription asset. The right to use subscription assets should be amortized on a straight-line basis over the subscription term.

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

TOWN OF KNIGHTDALE, NORTH CAROLINA
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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 assets that applies to future periods 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 2025 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 assets that applies to future periods and so will not be recognized as revenue until then. The Town has five items that meet the criterion for this category – prepaid recreation fees, accounts receivable, prepaid taxes, pension deferrals, and OPEB deferrals.

9. LONG-TERM OBLIGATIONS

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities 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 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 last-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. With the implementation of GASB Standard No. 101 an obligation for sick leave is included in the fiscal year 2025 statements at the government-wide level.

TOWN OF KNIGHTDALE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2025

11. NET POSITION/FUND BALANCES

Net Position

Net position in government-wide 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.

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 - North Carolina G.S. 159-8 prohibits units of government from budgeting or spending a portion of their fund balance. This is one of several statutes enacted by the North Carolina State Legislature in the 1930's that were designed to improve and maintain the fiscal health of local government units. Restricted by State Statute (RSS) is calculated at the end of each fiscal year for all annually budgeted funds. The calculation in G.S. 159-8(a) provides a formula for determining what portion of fund balance is available for appropriation. The amount of fund balance not available for appropriation is what is known as "restricted by State statute". Appropriated fund balance in any fund shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget. Per GASB guidance, RSS is considered a resource upon which a restriction is "imposed by law through constitutional provisions or enabling legislation." RSS is reduced by inventories, prepaids and lease receivables in excess of deferred inflows of resources for leases, as they are classified as non-spendable. Outstanding Encumbrances are included within RSS. RSS is included as a component of Restricted Net position and Restricted fund balance on the face of the balance sheet.

Restricted for Transportation - (1) 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. (2) a portion of the fund balance that is restricted for Payments in Lieu of Street Improvements that are restricted by the grantor for the construction of various street improvement projects.

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 OF KNIGHTDALE, NORTH CAROLINA
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For the Fiscal Year Ended June 30, 2025

Town and funds that are collected from drug seizures, and (2) funds collected for relief of injured firemen or surviving family members.

Restricted for Stormwater – 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 Parks and Recreation – portion of fund balance that is restricted by revenue source to be used for park related projects.

Restricted for Development Services – portion of fund balance that is restricted by revenue source to be used for 1) affordable housing and 2) developer bonds.

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.

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 Debt Service – all of the fund balance in the debt service fund is assigned for future debt payments.

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

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

TOWN OF KNIGHTDALE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2025

12. DEFINED BENEFIT COST-SHARING PLANS

For purposes of measuring the net pension liability, 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.

13. ACCOUNTING FOR CHANGES WITHIN THE FINANCIAL REPORTING ENTITY

For the year ended June 30, 2024, the Town implemented the requirements of GASB Statement No. 100, Accounting for Changes and Errors Corrections. The Statement provides a definition of accounting changes made in accounting principles, changes made within the financial reporting entity, changes in accounting estimate and error corrections. The guidance will enhance the clarity for accounting and financial reporting requirements and result in greater consistency for transactions.

Changes made within the financial reporting entity:

	Reporting Units Affected by Adjustments to Beginning Balances				
	Funds				
	Law Enforcement Center Fund	Stormwater Special Revenue Fund	Fire Capital Project Fund	Forestville Road Fire Station Capital Fund	Nonmajor Governmental Funds
6/30/24, as previously reported	\$ -	\$ 3,105,368	\$ 579,630	\$ 2,138,665	\$ 787,030
Change from major to non-major fund	-	(3,105,368)	(579,630)	(2,138,665)	(5,823,663)
Change from non-major fund to major	787,030	-	-	-	(787,030)
6/30/24, as adjusted	<u>\$ 787,030</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (5,823,663)</u>

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the fiscal year ended June 30, 2025, the expenditures made in the Town's General Fund exceeded authorized appropriations made by Council for the Legislative and Sanitation departments by \$40,457 and \$67,383, respectively. The over-expenditure in the Legislative department occurred due to unplanned professional services expenditures. The over-expenditure in the Sanitation department occurred due to the cost of sanitation services being underestimated for the fiscal year. Towards the end of the fiscal year the Town's Finance Director resigned and the new Director was not hired until after year-end. Management and Council will more closely review budget reports to ensure compliance in future years.

TOWN OF KNIGHTDALE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2025

NOTE 3 – 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 under collateralization. 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, 2025, the Town's deposits had a carrying value of \$3,303,669 and a bank balance of \$3,669,827. Of the bank balance, \$1,000,000 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. At June 30, 2025, the Town's petty cash fund totaled \$1,450.

2. INVESTMENTS

At June 30, 2025 the Town's investment balances were as follows:

Investments by Type	Valuation Measurement Method	Book Value at 6/30/25	Maturity	Rating
NC Capital Management Trust – Government Portfolio	Fair Value Level 1	\$27,754,477	N/A	AAAm
NC CLASS	Fair Value Level 1	9,226,226	N/A	AAAm
Commercial Paper and Government backed securities	Fair Value Level 2	1,483,955	< 2 years	AA+
Commercial Paper	Fair Value Level 2	<u>1,949,691</u>	9 months	A1
Total investments		<u>\$40,414,349</u>		

TOWN OF KNIGHTDALE, NORTH CAROLINA
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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 (NCCMT), which consists of an SEC-registered mutual fund (the Government Portfolio), is authorized by G.S. 159-30(c)(8). The Government Portfolio, which invests in treasuries and government agencies, is a money market mutual fund (2a7) and maintains a credit rating of AAAm by Standard & Poor's and AAAmf by Moody's Investors Service as of June 30, 2025.

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.

Concentration of Credit Risk. The Town Council places no limit on the amount that the Town may invest in any one issuer. The Town has no policy regarding concentration of credit risk.

TOWN OF KNIGHTDALE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2025

3. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2025, was as follows:

GOVERNMENTAL ACTIVITIES	Balance June 30, 2024	Increases	Decreases	Transfers	Balance June 30, 2025
Capital assets not being depreciated/amortized:					
Land	\$ 26,455,925	\$ 3,319,573	\$ (25,543)	\$ 669,124	\$ 30,419,079
Construction in progress	10,732,851	8,324,645	(345,321)	(13,278,644)	5,433,531
Total capital assets not being depreciated	37,188,776	11,644,218	(370,864)	(12,609,520)	35,852,610
Capital assets being depreciated/amortized:					
Buildings and building improvements	14,255,791	1,284,648	-	6,828,895	22,369,334
Improvements	24,635,371	119,527	-	87,651	24,842,549
Roads and infrastructure	96,903,211	13,732,894	(227,922)	5,282,292	115,690,475
Intangibles	1,032,830	-	-	-	1,032,830
Equipment and furniture	2,308,554	337,788	(175,911)	-	2,470,431
Vehicles and motorized equipment	8,657,900	996,010	(818,601)	410,682	9,245,991
Right to use leased assets	551,056	-	(72,957)	-	478,099
Right to use subscriptions assets	1,584,109	33,750	-	-	1,617,859
Total capital assets being depreciated	149,928,822	16,504,617	(1,295,391)	12,609,520	177,747,568
Less accumulated depreciation/amortization for:					
Building and building improvements	4,420,761	645,378	-	-	5,066,139
Improvements	6,888,137	973,045	-	-	7,861,182
Roads and infrastructure	27,773,366	3,274,631	(139,730)	-	30,908,267
Intangibles	307,183	76,559	-	-	383,742
Equipment and furniture	1,740,243	241,289	(175,911)	-	1,805,621
Vehicles and motorized equipment	4,232,105	1,210,162	(818,601)	-	4,623,666
Right to use leased assets	264,197	95,586	(72,957)	-	286,826
Right to use subscriptions assets	447,938	276,953	-	-	724,891
Total accumulated depreciation	46,073,930	6,793,603	(1,207,199)	-	51,660,334
Total capital assets being depreciated, net	103,854,892				126,087,234
Governmental activity capital assets, net	\$ 141,043,668				\$ 161,939,844

TOWN OF KNIGHTDALE, NORTH CAROLINA
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For the Fiscal Year Ended June 30, 2025

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

Depreciation/amortization expense was charged to
Functions/programs as follows:

General government	\$ 381,439
Public safety	1,490,450
Transportation	3,649,048
Environmental protection	159,548
Economic development	125,014
Cultural and recreational	988,104
Total	<u>\$ 6,793,603</u>

The Town has active construction projects as of June 30, 2025. At year-end, the Town's commitment with contractors is as follows:

Project	Spent-to-Date	Remaining Commitment	Total Contract
Mingo Creek Greenway Extension	5,218,961	803	5,219,764
Law Enforcement Center	3,523,604	10,075,472	13,599,076
Park Avenue Drainage Improvements	732,456	1,281	733,737
Poplar Street Drainage Improvements*	59,867	1,983	61,850
Forest Drive Drainage Improvements*	33,103	3,722	36,825
Breckenridge Drive Drainage Improvements*	82,081	6,779	88,860
Knightdale Boulevard/Old Knight Road Pedestrian Improvements	874,637	293,210	1,167,847
Community Pool Restroom Renovations*	30,695	-	30,695
Public Works Shop Expansion	-	768,000	768,000

B. LIABILITIES

1. PENSION PLAN AND POSTEMPLOYMENT OBLIGATIONS

a. Local Governmental Employees' Retirement System

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

TOWN OF KNIGHTDALE, NORTH CAROLINA
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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, 2025, was 15.04% of compensation for law enforcement officers and 13.62% 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 \$1,670,942 for the year ended June 30, 2025.

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

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

At June 30, 2025, the Town reported a liability of \$8,878,045 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2023. The total pension liability was then rolled forward to the measurement date of June 30, 2024 utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension

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For the Fiscal Year Ended June 30, 2025

plan of all participating LGERS employers, actuarially determined. At June 30, 2024, the Town's proportion was 0.13%, which was an increase of 0.01% from its proportion measured as of June 30, 2023.

For the year ended June 30, 2025, the Town recognized pension expense of \$2,811,525. At June 30, 2025, 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	\$ 1,555,770	\$ 10,460
Net difference between projected and actual earnings on pension plan investments	1,206,965	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	215,542	116,680
Town contributions subsequent to the measurement date	1,670,942	
Total	<u>\$ 4,649,219</u>	<u>\$ 127,140</u>

\$1,670,942 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:

Year ended June 30:

2026	\$ 948,769
2027	1,738,970
2028	299,872
2029	(136,474)
	<u>\$ 2,851,137</u>

Actuarial Assumptions. The total pension liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	3.25 to 8.25 percent, including inflation and productivity factor
Investment rate of return	6.50 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, 2023 valuation were based on the results of an actuarial experience review for the period January 1, 2015 through December 31, 2019. Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

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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, 2024 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	33.0%	2.4%
Global Equity	38.0%	6.9%
Real Estate	8.0%	6.0%
Alternatives	8.0%	8.6%
Opportunistic Fixed Income	7.0%	5.3%
Inflation Sensitive	6.0%	4.3%
Total	100%	

The information above is based on 30-year expectations developed with an investment consulting firm's 2025 long-term capital market assumptions. 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 2.38%. All rates of return and inflation are annualized figures. Source data provided in the 2024 Annual Comprehensive Financial Report published on the [NC Office of State Controller](#).

Discount rate. The discount rate used to measure the total pension liability was 6.50%. 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 6.50 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 (5.50 percent) or one percentage point higher (7.50 percent) than the current rate:

	1 % Decrease (5.5%)	Discount Rate (6.5%)	1 % Increase (7.5%)
Town's proportionate share of the net pension liability	\$ 15,732,156	\$ 8,878,045	\$ 3,239,596

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

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b. Law Enforcement Officers Special Separation Allowance

1. Plan Description.

The Town 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 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, 2023, the Separation Allowance’s membership consisted of:

Retirees receiving benefits	2
Terminated plan members entitled to but not yet receiving benefits	-
Active members	37
Total	39

2. 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.

3. Actuarial Assumptions

The entry age actuarial cost method was used in the December 31, 2023 valuation. The total pension liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.25 to 7.75 percent, including inflation and productivity factor
Discount rate	4.28 percent

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

Mortality rates are based on the Pub-2010 amount-weighted tables with adjustments for mortality improvements based on Scale MP-2019.

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4. 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 \$36,471 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, 2025, the Town reported a total pension liability of \$1,733,667. The total pension liability was measured as of December 31, 2024 based on a December 31, 2023 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2024 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2025, the Town recognized pension expense of \$178,989.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 208,318	\$ 151,765
Changes of assumptions	177,631	242,178
Benefit payments and administrative expenses subsequent to the measurement date	18,236	-
Total	<u>\$ 404,185</u>	<u>\$ 393,943</u>

\$36,471 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, 2026. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2026	\$ 26,934
2027	20,244
2028	(45,819)
2029	(24,872)
2030	1,522
Thereafter	13,997
	<u>\$ (7,994)</u>

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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 4.28 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 (3.28 percent) or 1-percentage-point higher (5.28 percent) than the current rate:

	1 % Decrease (3.28%)	Discount Rate (4.28%)	1 % Increase (5.28%)
Total pension liability	\$ 1,904,936	\$ 1,733,667	\$ 1,578,607

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

	2025
Beginning Balance	\$ 1,509,414
Changes for the year:	
Service cost	89,418
Interest on the total pension liability	59,647
Change in benefit terms	-
Difference between expected and actual	157,929
Changes of assumptions or other inputs	(46,270)
Benefit payments	(36,471)
Other charges	-
Net changes	<u>224,253</u>
Ending balance of the total pension liability	<u><u>1,733,667</u></u>

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

The actuarial assumptions used in the December 31, 2023 valuation were based on the results of an actuarial experience review completed by the actuary for the Local Government Employees' Retirement System for the five-year period January 1, 2015 through December 31, 2019.

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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:

	LGERS	LEOSSA	Total
Pension Expense	\$ 2,811,525	\$ 178,989	\$ 2,990,514
Pension Liability	8,878,045	1,733,667	10,611,712
Proportionate share of the net pension liability	0.13169%	n/a	
 Deferred Outflows of Resources			
Differences between expected and actual experience	1,555,770	208,318	1,764,088
Changes of assumptions	-	177,631	177,631
Net difference between projected and actual earnings on plan investments	1,206,965	-	1,206,965
Changes in proportion and differences between contributions and proportionate share of contributions	215,542	-	215,542
Benefit payments and administrative costs paid subsequent to the measurement date	1,670,942	18,236	1,689,178
 Deferred Inflows of Resources			
Differences between expected and actual experience	10,460	151,765	162,225
Changes of assumptions	-	242,178	242,178
Changes in proportion and differences between contributions and proportionate share of contributions	116,680	-	116,680

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 Annual Comprehensive Financial Report for the State of North Carolina. The State's Annual Comprehensive Financial Report 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, 2025 were \$249,666, which consisted of \$179,249 from the Town and \$70,417 from law enforcement officers.

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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, 2025 were \$608,418, which consisted of \$418,307 from the Town and \$190,111 from employees.

e. Other Post-Employment Benefits

1. 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.

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, 2023, the date of the latest actuarial valuation:

	General Employees	Law Enforcement Officers:
Retirees receiving benefits	10	6
Active members	95	42
Total	105	48

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Total OPEB Liability

The Town's total OPEB liability of \$8,570,146 was measured as of June 30, 2024 and was determined by an actuarial valuation as June 30, 2023.

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2023 actuarial valuation measured as of June 30, 2024 was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.5 percent
Salary increases	3.25 percent to 8.41 percent, average, including inflation
Discount rate	3.93 percent
Healthcare cost trend rates	Medical and Prescription – 7.0 percent decreasing to 4.5 percent by 2033

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

	Total OPEB Liability
Balance at June 30, 2024	\$ 8,349,035
Changes for the year:	
Service cost	548,067
Interest	322,552
Difference between expected and actual experience	(3,759)
Changes of assumptions	(524,532)
Contributions - employer	-
Net investment income	-
Benefits payments	(121,217)
Net change	221,111
Balance at June 30, 2025	\$ 8,570,146

Changes in assumptions and other inputs reflect a change in the discount rate from 3.65% to 3.93%.

Mortality rates were based on the Pub-2010 mortality tables, with adjustments for LGERS experience and generational mortality improvements using Scale MP-2019.

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience review for the period January 2015 through December 2019.

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

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that is 1-percentage-point lower (2.93 percent) or 1-percentage-point higher (4.93 percent) than the current discount rate:

	<u>1% Decrease (2.93%)</u>	<u>Current Discount Rate (3.93%)</u>	<u>1% Increase (4.93%)</u>
Total OPEB liability	\$ 10,656,985	\$ 8,570,146	\$ 6,999,904

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:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Total OPEB liability	\$ 6,742,275	\$ 8,570,146	\$ 11,103,203

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

For the year ended June 30, 2025, the Town recognized OPEB expense of \$563,979. At June 30, 2025, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 397,922	\$ 858,993
Changes of assumptions	1,298,094	2,640,172
Benefit payments and administrative expenses subsequent to the measurement date	86,105	
Total	<u>\$ 1,782,121</u>	<u>\$ 3,499,165</u>

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\$86,105 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, 2026. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2026	\$ (312,530)
2027	(312,530)
2028	(250,115)
2029	(194,910)
2030	(153,660)
Thereafter	(579,404)
	<u>\$ (1,803,149)</u>

2. 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 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.

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3. DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

Deferred outflows of resources at June 30, 2025 are composed of the following:

	LEOSSA	LGERS	OPEB	Total
Benefit payments and administrative expenses subsequent to the measurement date	\$ 18,236	\$ -	\$ 86,105	\$ 104,341
Contributions to pension plan in current fiscal year	-	1,670,942	-	1,670,942
Changes of assumptions or other inputs	177,631	-	1,298,094	1,475,725
Differences between expected and actual experience	208,318	1,555,770	397,922	2,162,010
Change in proportion and differences between contributions and proportionate share of contributions	-	215,542	-	215,542
Net difference between projected and actual earnings on plan investments	-	1,206,965	-	1,206,965
Total deferred outflows	<u>\$ 404,185</u>	<u>\$ 4,649,219</u>	<u>\$ 1,782,121</u>	<u>\$ 6,835,525</u>

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

	Statement of Net Position	Governmental Funds Balance Sheet
Prepaid taxes (General Fund)	\$ 11,193	\$ 11,193
Taxes receivable (General Fund)	-	174,757
Prepaid recreation fees (General Fund)	7,398	7,398
Accounts receivable (General Fund)	-	88,884
Accounts receivable (Nonmajor funds)	-	52,544
LEOSSA deferrals	393,943	-
Pension deferrals	127,140	-
OPEB deferrals	3,499,165	-
Total	<u>\$ 4,038,839</u>	<u>\$ 334,776</u>

4. 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.

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The Town purchases commercial insurance to provide the following types of major coverage: general liability (\$5,000,000), property (\$45,849,184), inland marine (\$2,570,916), auto liability (\$5,000,000), public officials' liability (\$5,000,000), employment practices liability (\$5,000,000), employee benefits liability (\$5,000,000), law enforcement liability (\$5,000,000). The coverage has deductibles up to \$10,000. 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 is individually bonded for \$1,000,000. The remaining employees that have access to funds are covered under a blanket employee dishonesty policy with a current limit of \$100,000.

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, JUDGEMENTS AND CONTINGENT LIABILITIES

At June 30, 2025, 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. LEASES

The Town has entered into agreements to lease equipment. The lease agreements qualify as other than short-term leases under GASB 87 and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

The Town entered into two lease agreements for equipment in the previous years. The first agreement was executed on July 1, 2022 to lease computer equipment and requires 60 monthly payments, \$7,393 average for the current fiscal year, with increases of 4% per year through the duration of the agreement. The lease does not contain a stated interest rate. Accordingly, the Town's incremental borrowing rate of 2.366% was used to discount the remaining lease payments. The liability balance as of June 30, 2025 is \$183,606.

The second agreement was executed on July 1, 2022 to lease computer equipment and requires 60 monthly payments, \$1,050 average for the current fiscal year, with increases of 4% per year through the duration of the agreement. The lease does not contain a stated interest rate. Accordingly, the Town's incremental borrowing rate of 2.366% was used to discount the remaining lease payments. The liability balance as of June 30, 2025 is \$26,084.

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The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2025, were as follows:

Year Ending				
June 30:	Principal	Interest	Total	
2026	\$ 101,501	\$ 3,865	\$ 105,366	
2027	108,189	1,391	109,580	
	<u>\$ 209,690</u>	<u>\$ 5,256</u>	<u>\$ 214,946</u>	

B. 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. 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, 2025 is composed of the following individual issue:

Serviced by the General Fund:

\$3,000,000, 2013 Parks and Recreation Facility Bonds due in annual installments of \$200,000 plus interest through 2029, interest is at 1.97%. \$ 800,000

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

Year Ending				
June 30:	Principal	Interest	Total	
2026	\$200,000	\$ 15,760	\$ 215,760	
2027	200,000	11,820	211,820	
2028	200,000	7,880	207,880	
2029	200,000	3,940	203,940	
	<u>\$800,000</u>	<u>\$ 39,400</u>	<u>\$ 839,400</u>	

C. LIMITED OBLIGATION INDEBTEDNESS

The Town's limited obligation bonds serviced by the governmental funds were issued for the construction of the Town's Law Enforcement Center. Principal and interest requirements are appropriated when due. Bonds payable at June 30, 2025 is composed of the following individual issue:

Serviced by the General Fund:

\$13,655,000, Series 2025 Law Enforcement Center Bonds due in varying Annual installments plus interest through 2045, interest is at 5% \$ 13,655,000

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Year Ending			
June 30:	Principal	Interest	Total
2026	\$ 805,000	\$ 658,992	\$ 1,463,992
2027	820,000	611,500	1,431,500
2028	830,000	570,500	1,400,500
2029	660,000	529,000	1,189,000
2030	655,000	496,000	1,151,000
2031 - 2035	3,290,000	1,987,000	5,277,000
2036 - 2040	3,295,000	1,164,250	4,459,250
2041 - 2045	3,300,000	398,000	3,698,000
	<u>\$ 13,655,000</u>	<u>\$ 6,415,242</u>	<u>\$ 20,070,242</u>

D. INSTALLMENT NOTE INDEBTEDNESS

The Town also has various installment notes for land, buildings, equipment and vehicles. Installment notes payable at June 30, 2025 are composed of the following individual notes:

Serviced by the General Fund:

\$2,115,099 installment debt to KS Bank for the Public Safety Building issued November 30, 2012; annual payments of \$168,341 which includes interest at 2.30%; secured by land and building; this installment was paid in full as of 6/30/25.	\$ -
\$6,614,000 installment debt to JP Morgan Chase for construction of a new fire station issued October 13, 2022; annual payments of \$441,000 plus interest at 2.82%; secured by land and building.	5,732,000
\$5,217,000 installment debt to Sterling National Bank for municipal buildings and facilities issued October 14, 2021; annual payments ranging from \$394,000 to \$797,000 plus interest at 1.125%; secured by real estate.	2,629,000
\$2,184,000 installment debt to JP Morgan Chase for construction of a new fire station issued May 11, 2023; annual payments \$146,000 plus interest of 3.23%; secured by real estate.	1,892,000
\$1,516,000 installment debt to JP Morgan Chase for purchase of two fire trucks issued May 11, 2023; annual payments of \$169,000 plus interest at 3.28%; secured by equipment.	1,347,000
\$223,848 installment debt to PNC Bank for purchase of equipment issued February 1, 2024; monthly payments of \$5,513 plus interest at 8.46%; secured by equipment; this installment was paid in full as of 6/30/25.	-
\$2,000,000 installment debt to Truist Bank for construction of Wake Stone Athletic Park issued February 11, 2020; annual payments of \$226,045 which includes interest at 2.29%, secured by real property.	1,056,544

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\$247,789 installment debt to Southern Bank for Public Works trucks issued October 4, 2019; annual payments of \$49,558 plus interest at 2.2%; secured by the vehicles; this installment was paid in full as of 6/30/25.

-

\$1,080,000 installment debt to Truist Bank for fire a fire truck issued January 29, 2021; annual payments of \$117,295 which includes interst at 1.53%, secured by the fire truck.

667,570

Total

\$ 13,324,114

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

Year Ending			
June 30:	Principal	Interest	Total
2026	\$ 1,823,931	\$ 324,702	\$ 2,148,633
2027	1,816,192	287,208	2,103,400
2028	1,808,584	249,740	2,058,324
2029	1,477,109	212,295	1,689,404
2030	1,089,771	178,539	1,268,310
2031 - 2035	3,551,527	517,286	4,068,813
2036 - 2040	1,757,000	83,993	1,840,993
	<u>\$ 13,324,114</u>	<u>\$ 1,853,763</u>	<u>\$ 15,177,877</u>

E. SUBSCRIPTIONS

The Town has a total of ten Subscriptions in the Governmental Funds.

Serviced by the Governmental Funds:

One such agreement is for the Town's financial accounting software. The initial term of the agreement was for nine years. The term ended during fiscal year 2025. The subscription does not have a stated interest rate. Accordingly, the Town's estimated incremental borrowing rate of 2.275% was used to discount the subscription payments.

\$ -

Another such agreement is for the Town's development services software. The initial term of the agreement was for one hundred and sixteen months. The remaining term at June 30, 2025 is for seventy-two months. The subscription does not have a stated interest rate. Accordingly, the Town's estimated incremental borrowing rate of 2.842% was used to discount the subscription payments.

184,568

Another such agreement is for the Town's legislative services software. The initial term of the agreement was for one hundred and twenty six months. The remaining term at June 30, 2025 is for eighty-five months. The subscription does not have a stated interest rate. Accordingly, the Town's estimated incremental borrowing rate of 2.927% was used to discount the subscription payments.

43,607

TOWN OF KNIGHTDALE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2025

Another such agreement is for the Town's data sharing software. The initial term of the agreement was for one hundred and forty four months. The remaining term at June 30, 2025 is for eighty-six months. The subscription does not have a stated interest rate. Accordingly, the Town's estimated incremental borrowing rate of 2.991% was used to discount the subscription payments.	100,170
Another such agreement is for the Town's office software. The term of the agreement was for five years. The remaining term at June 30, 2025 is for twenty-four months. The subscription does not have a stated interest rate. Accordingly the Town's incremental borrowing rate of 2.366% was used to discount the subscription payments.	239,554
Another such agreement is for the Town's managed backup program. The term of the agreement was for five years. The remaining term at June 30, 2025 is for twenty-four months. The subscription does not have a stated interest rate. Accordingly the Town's incremental borrowing rate of 2.366% was used to discount the subscription payments.	21,745
Another such agreement is for the Town's managed backup program. The term of the agreement was for three years. The remaining term at June 30, 2025 is for eleven months. The subscription does not have a stated interest rate. Accordingly, the Town's incremental borrowing rate of 2.275% was used to discount the subscription payments.	15,155
The Town has an agreement for the Town's human resources software. The term of the agreement was for three years. The remaining term at June 30, 2025 is for twelve months. The Subscription does not have a stated interest rate. Accordingly, the Town's incremental borrowing rate of 2.863% was used to discount the subscription payments.	14,502
The Town has an agreement for the Town's citizen experience software. The term of the agreement is for three years. The remaining term at June 30, 2025 is for thirteen months. The subscription does not have a stated interest rate. Accordingly, the Town's incremental borrowing rate of 2.732% was used to discount the subscription payments.	16,048
The Town has an agreement for the Town's police software. The term of the agreement was for nine years. The remaining term at June 30, 2025 is for eighty-five months. The subscription does not have a stated interest rate. Accordingly, the Town's incremental borrowing rate of 2.702% was used to discount the subscription payments.	266,183
Total	<u>\$ 901,532</u>

TOWN OF KNIGHTDALE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2025

The future minimum subscription obligations and the net present value of these minimum payments as of June 30, 2025, were as follows:

Year Ending			
June 30:	Principal	Interest	Total
2026	\$250,460	\$ 22,645	\$ 273,105
2027	216,661	16,155	232,816
2028	85,585	12,107	97,692
2029	89,466	9,678	99,144
2030	93,502	7,138	100,640
2031 - 2033	165,858	6,212	172,070
	<u>\$901,532</u>	<u>\$ 73,935</u>	<u>\$ 975,467</u>

E. CHANGES IN LONG-TERM LIABILITIES

	Balance	GASB 101			Balance	Amounts Due
	July 1, 2024	Adoption	Increases	Decreases	June 30, 2025	Within One Year
Governmental Activities:						
Bonds and Notes Payable:						
General obligation bonds	\$ 1,000,000	\$ -	\$ -	\$ 200,000	\$ 800,000	\$ 200,000
General obligation bonds - premiums	-	-	1,015,254	17,475	997,779	50,735
Limited obligation bonds	-	-	13,655,000	-	13,655,000	805,000
Total bonds payable	1,000,000	-	14,670,254	217,475	15,452,779	1,055,735
Other Liabilities:						
Installment Notes	16,047,697	-	-	2,723,583	13,324,114	1,823,931
Compensated absences	959,102	1,676,547	586,592	-	3,222,241	707,151
Net pension liability (LGERS)	8,245,147	-	632,898	-	8,878,045	-
Total pension Liability (LEO)	1,509,414	-	224,253	-	1,733,667	-
Net OPEB liability	8,349,035	-	221,111	-	8,570,146	-
Lease Liability	304,819	-	-	95,129	209,690	101,501
IT Subscriptions	1,155,745	-	-	254,213	901,532	250,460
Total other liabilities	36,570,959	1,676,547	1,664,854	3,072,925	36,839,435	2,883,043
Governmental activity long-term liabilities	37,570,959	1,676,547	16,335,108	3,290,400	52,292,214	3,938,778
Total long-term liabilities	<u>\$ 37,570,959</u>				<u>\$ 52,292,214</u>	<u>\$ 3,938,778</u>

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

At June 30, 2025, The Town of Knightdale a legal debt margin of \$315,181,743.

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, 2025

During the fiscal year ended June 30, 2025, transfers to/from other funds consist of the following:

	Transfers Out				
	General Fund	General Capital Reserve	Fire Capital Project	Forestville Road Fire Station	Total Transfers In
Transfers In:					
General Fund	\$ -	\$ 543,516	\$ -	\$ -	\$ 543,516
Debt Service Fund	860,063	-	586,345	549,325	1,995,733
Pedestrian Improvement Project	946,588	-	-	-	946,588
Fire Capital Project	800,000	-	-	-	800,000
General Capital Reserve	1,062,500	-	-	-	1,062,500
Total Transfers Out	<u>\$ 3,669,151</u>	<u>\$ 543,516</u>	<u>\$ 586,345</u>	<u>\$ 549,325</u>	<u>\$ 5,348,337</u>

7. NET INVESTMENT IN CAPITAL ASSETS

Capital assets	\$ 213,600,178
Less accumulated depreciation and amortization	<u>(51,660,334)</u>
Net capital assets	<u>161,939,844</u>
Less long-term debt	(29,888,115)
Plus unspent debt issuance	13,627,085
Less accounts and retainage payable	<u>\$ (2,436,953)</u>
Net investment in capital assets	<u>143,241,861</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:

Total fund balance - General Fund	\$ 16,568,068
Less:	
Prepayments	46,168
Restricted by Stabilization by State Statute	4,054,009
Restricted for Transportation	1,479,396
Restricted for Public Safety	5,125
Restricted for Development Services	<u>109,635</u>
Remaining fund balance	<u>\$ 10,873,735</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

TOWN OF KNIGHTDALE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2025

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>
\$1,232,721	\$1,232,721

NOTE 3 – JOINTLY GOVERNED ORGANIZATIONS

Central Pines Regional Council

The Town, in conjunction with seven counties and fourteen other municipalities, established the Triangle J Regional Council of Governments. 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 \$8,066 to the Council during the fiscal year ended June 30, 2025.

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, 2025, Knightdale contributed \$71,300 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, 2025. 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

TOWN OF KNIGHTDALE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2025

department by the board of trustees. During the fiscal year ended June 30, 2025, the Town reported revenues of \$-0- and expenditures of \$-0- 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, 2024. 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.

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 2025.

NOTE 6 – CHANGE IN ACCOUNTING PRINCIPLE

GASB Statement No. 101, Compensated Absences, was implemented for the current year. This statement updates the recognition and measurement guidance for compensated absences. Due to this implementation, beginning net position was restated by a decrease of \$1,676,547.

NOTE 7 – SUBSEQUENT EVENTS

Subsequent to June 30, 2025 and prior to the issuance of these financial statements, the Town entered into an installment financing agreement with PNC Bank on December 2, 2025 for various vehicles and equipment. This is a five year installment financing at an interest rate of 3.66%.



REQUIRED SUPPLEMENTARY INFORMATION



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

LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Knightdale's proportion of the net pension liability (asset) (%)	0.13169%	0.12449%	0.12277%	0.09643%	0.08467%	0.08491%	0.08237%	0.07350%	0.07726%	0.08078%
Knightdale's proportion of the net pension liability (asset) (\$) \$	8,878,045	\$ 8,245,147	\$ 6,925,981	\$ 1,478,847	\$ 3,025,620	\$ 2,318,826	\$ 1,954,098	\$ 1,122,876	\$ 1,639,716	\$ 362,536
Knightdale's covered payroll	\$ 10,464,996	\$ 9,460,869	\$ 7,740,789	\$ 6,634,426	\$ 5,112,670	\$ 4,740,720	\$ 4,393,455	\$ 4,004,248	\$ 3,937,807	\$ 3,808,190
Knightdale's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	84.84%	87.15%	89.47%	22.29%	59.18%	48.91%	44.48%	28.04%	41.64%	9.52%
Plan fiduciary net position as a percentage of the total pension liability	83.30%	84.14%	84.14%	95.51%	88.61%	90.86%	91.63%	94.18%	91.47%	98.09%

* 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.

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

LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	\$ 1,670,942	\$ 1,379,788	\$ 1,169,705	\$ 894,243	\$ 689,099	\$ 472,925	\$ 382,818	\$ 342,915	\$ 292,647	\$ 281,986
Contributions in relation to the contractually required contributions	1,670,942	1,379,788	1,169,705	894,243	689,099	472,925	382,818	342,915	292,647	281,986
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town of Knightdale's covered payroll	\$ 11,920,579	\$ 10,464,996	\$ 9,460,869	\$ 7,740,789	\$ 6,634,426	\$ 5,112,670	\$ 4,740,720	\$ 4,393,455	\$ 4,004,248	\$ 3,937,807
Contributions as a percentage of covered payroll	14.02%	13.18%	12.36%	11.55%	10.39%	9.25%	8.08%	7.81%	7.31%	7.16%

TOWN OF KNIGHTDALE, NORTH CAROLINA
SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
REQUIRED SUPPLEMENTARY INFORMATION
LAST NINE FISCAL YEARS

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Beginning balance	\$ 1,509,414	\$ 1,514,749	\$ 1,607,804	\$ 1,680,872	\$ 1,159,280	\$ 1,093,461	\$ 1,121,847	\$ 1,124,497	\$ 1,124,178
Service cost	89,418	72,657	100,224	92,476	53,963	49,376	50,557	40,626	48,620
Interest on total pension liability	59,647	64,500	35,745	31,847	36,864	38,723	34,314	42,118	39,111
Differences between expected and actual experience	157,929	(148,163)	129,592	(86,663)	(30,815)	(2,220)	6,332	(87,389)	-
Changes of assumptions or other inputs	(46,270)	42,142	(320,316)	(49,185)	518,564	39,204	(47,659)	68,711	(30,134)
Benefit payments	<u>(36,471)</u>	<u>(36,471)</u>	<u>(38,300)</u>	<u>(61,543)</u>	<u>(56,984)</u>	<u>(59,264)</u>	<u>(71,930)</u>	<u>(66,716)</u>	<u>(57,278)</u>
Ending balance of the total pension liability	<u>\$ 1,733,667</u>	<u>\$ 1,509,414</u>	<u>\$ 1,514,749</u>	<u>\$ 1,607,804</u>	<u>\$ 1,680,872</u>	<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

LAST NINE FISCAL YEARS

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability	\$ 1,733,667	\$ 1,509,414	\$ 1,514,749	\$ 1,607,804	\$ 1,680,872	\$ 1,159,280	\$ 1,093,461	\$ 1,121,847	\$ 1,124,497
Covered-employee payroll	2,760,054	2,378,895	2,256,530	1,963,051	1,958,954	1,925,565	1,774,369	1,576,784	1,759,651
Total pension liability as a percentage of covered-employee payroll	62.81%	63.45%	67.13%	81.90%	85.80%	60.20%	61.63%	71.15%	63.90%

Notes to the schedules

1. 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.
2. 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

LAST EIGHT FISCAL YEARS

	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability								
Service Cost	\$ 548,067	\$ 475,179	\$ 722,363	\$ 567,086	\$ 359,717	\$ 378,836	\$ 405,405	\$ 465,751
Interest	322,552	271,151	209,218	216,077	239,364	250,811	227,047	199,447
Differences between expected and actual experience	(3,759)	490,541	843	(1,211,078)	5,422	(367,091)	12,882	2,098
Changes of assumptions	(524,532)	(12,143)	(2,596,011)	301,670	2,256,033	(109,913)	(467,814)	(819,815)
Benefit payments	<u>(121,217)</u>	<u>(119,260)</u>	<u>(112,445)</u>	<u>(127,900)</u>	<u>(130,964)</u>	<u>(111,058)</u>	<u>(104,390)</u>	<u>(87,667)</u>
Net change in total OPEB liability	221,111	1,105,468	(1,776,032)	(254,145)	2,729,572	41,585	73,130	(240,186)
Total OPEB liability - beginning	<u>8,349,035</u>	<u>7,243,567</u>	<u>9,019,599</u>	<u>9,273,744</u>	<u>6,544,172</u>	<u>6,502,587</u>	<u>6,429,457</u>	<u>6,669,643</u>
Total OPEB liability - ending	<u>\$ 8,570,146</u>	<u>\$ 8,349,035</u>	<u>\$ 7,243,567</u>	<u>\$ 9,019,599</u>	<u>\$ 9,273,744</u>	<u>\$ 6,544,172</u>	<u>\$ 6,502,587</u>	<u>\$ 6,429,457</u>
Covered-employee payroll	\$ 9,799,545	\$ 9,799,545	\$ 7,149,545	\$ 7,149,545	\$ 4,671,267	\$ 4,671,267	\$ 3,959,139	\$ 3,959,139
Total OPEB liability as a percentage of covered-employee payroll	87.45%	85.20%	101.32%	126.16%	198.53%	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%
2021	2.21%
2022	2.16%
2023	3.54%
2024	3.65%
2025	3.93%

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.

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



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INDIVIDUAL FUND STATEMENTS AND SCHEDULES

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



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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, 2025

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2024)

	2025		Variance Positive (Negative)	2024
	Budget	Actual		Actual
Revenues:				
Ad valorem taxes:				
Current year taxes	\$ 17,691,844	\$ 17,716,494	\$ 24,650	\$ 11,309,616
Prior years taxes	350,000	312,161	(37,839)	12,764
Penalties and interest	25,000	31,988	6,988	35,192
Vehicle tax	1,061,606	882,101	(179,505)	1,054,969
Total	19,128,450	18,942,744	(185,706)	12,412,541
Other taxes and licenses:				
Gross receipts on rental vehicles	70,000	85,335	15,335	79,341
Local option sales taxes	6,615,100	6,764,675	149,575	6,557,424
Vehicle Fee	322,000	321,570	(430)	308,869
Privilege licenses	500	828	328	813
Total	7,007,600	7,172,408	164,808	6,946,447
Unrestricted intergovernmental:				
Utility distribution	986,700	1,196,173	209,473	1,101,984
Beer and wine tax	85,000	83,584	(1,416)	99,131
ABC profit distribution	100,000	95,489	(4,511)	90,090
Total	1,171,700	1,375,246	203,546	1,291,205
Restricted intergovernmental:				
Powell Bill	673,000	672,969	(31)	603,008
Wake County - Fire District	4,016,521	4,002,887	(13,634)	2,905,163
State grants	79,500	267,453	187,953	99,600
Federal grants	460,500	426,203	(34,297)	5,949
Wake County - grants	88,165	88,161	(4)	157,568
NC DOR - PEG Channel Support	75,000	77,201	2,201	51,613
Solid waste disposal tax	16,000	19,953	3,953	16,002
Other restricted intergovernmental	32,000	46,449	14,449	-
Total	5,440,686	5,601,276	160,590	3,838,903
Permits and fees:				
Building permits and inspection fees	400,500	663,742	263,242	672,966
Certificate of occupancy fees	12,433	24,198	11,765	21,757
Miscellaneous fees	18,925	37,381	18,456	13,900
Total	431,858	725,321	293,463	708,623
Sales and services:				
Sanitation:				
Refuse collection fees	875,000	922,250	47,250	894,747
Recycling revenue	350,000	361,239	11,239	334,541
Subtotal	1,225,000	1,283,489	58,489	1,229,288
Recreation				
Program fees	109,950	103,906	(6,044)	143,887
Pool fees	20,000	26,715	6,715	35,519

SCHEDULE 1

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, 2025

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2024)

	2025			2024
	Budget	Actual	Variance Positive (Negative)	Actual
Recreation center fees	28,800	24,676	(4,124)	33,424
Trackout/Fitness fees	3,000	4,634	1,634	4,392
Knightdale Station Park fees	61,200	62,829	1,629	42,814
Subtotal	222,950	222,760	(190)	260,036
Total sales and services	1,447,950	1,506,249	58,299	1,489,324
Miscellaneous:				
Procurement card rebate	-	16,672	16,672	11,700
Sale of capital assets	75,000	58,463	(16,537)	41,286
Insurance refund	87,482	92,706	5,224	10,745
Reimbursement for off duty police officers	40,000	22,219	(17,781)	40,417
Miscellaneous revenue	81,000	91,594	10,594	358,268
Total	283,482	281,654	(1,828)	462,416
Investment earnings	540,938	595,553	54,615	595,825
Total revenues	35,452,664	36,200,451	747,787	27,745,284
Expenditures:				
General government:				
Legislative:				
Salaries and employee benefits	87,413	80,206	7,207	73,256
Operating expenditures	101,650	73,634	28,016	141,698
Professional services	217,000	292,680	(75,680)	227,158
Total	406,063	446,520	(40,457)	442,112
Administration:				
Town Manager's Office				
Salaries and employee benefits	1,062,174	1,070,400	(8,226)	849,498
Operating expenditures	416,961	190,922	226,039	120,066
Professional services	20,700	17,317	3,383	15,883
Capital outlay	322,171	193,815	128,356	100,640
Total	1,822,006	1,472,454	349,552	1,086,087
Human Resources				
Salaries and employee benefits	773,048	637,047	136,001	527,904
Operating expenditures	296,169	226,101	70,068	175,846
Professional services	68,606	13,530	55,076	23,002
Capital outlay	-	-	-	37,159
Total	1,137,823	876,678	261,145	763,911
Finance:				
Salaries and employee benefits	743,007	692,724	50,283	654,897
Operating expenditures	308,522	228,828	79,694	159,103
Professional services	95,273	65,924	29,349	67,417
Total	1,146,802	987,476	159,326	881,417

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, 2025

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2024)

	2025		Variance Positive (Negative)	2024
	Budget	Actual		Actual
Information Technology				
Operating expenditures	246,056	127,859	118,197	116,362
Professional services	243,270	236,239	7,031	201,201
Total	489,326	364,098	125,228	317,563
Total general government	5,002,020	4,147,226	854,794	3,491,090
Economic and Physical Development				
Development Services				
Salaries and employee benefits	999,550	980,498	19,052	888,292
Operating expenditures	260,612	144,940	115,672	70,035
Professional services	230,201	214,936	15,265	61,778
Capital outlay	409,207	175,041	234,166	544,621
Total	1,899,570	1,515,415	384,155	1,564,726
Community Relations				
Salaries and employee benefits	350,926	331,850	19,076	279,437
Operating expenditures	187,327	150,205	37,122	92,585
Professional services	134,400	123,017	11,383	86,044
Capital outlay	15,000	14,782	218	49,864
Total	687,653	619,854	67,799	507,930
Total economic and physical development	2,587,223	2,135,269	451,954	2,072,656
Public safety:				
Police:				
Law enforcement				
Salaries and employee benefits	6,014,932	5,074,627	940,305	4,210,393
Operating expenditures	872,432	870,692	1,740	648,345
Professional services	454,652	449,196	5,456	308,195
Capital outlay	850,904	656,547	194,357	1,006,009
Total	8,192,920	7,051,062	1,141,858	6,172,942
Fire:				
Salaries and employee benefits	6,068,518	5,909,814	158,704	5,271,928
Operating expenditures	872,160	811,912	60,248	779,123
Professional services	54,044	44,567	9,477	37,377
Capital outlay	61,600	57,094	4,506	175,293
Total	7,056,322	6,823,387	232,935	6,263,721
Total public safety	15,249,242	13,874,449	1,374,793	12,436,663
Environmental Protection				
Sanitation				
Operating expenditures	1,265,478	1,333,221	(67,743)	1,239,685
Professional services	122,000	121,640	360	73,098
Total	1,387,478	1,454,861	(67,383)	1,312,783
Total environmental protection	1,387,478	1,454,861	(67,383)	1,312,783

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, 2025

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2024)

	2025		Variance	2024
	Budget	Actual	Positive (Negative)	Actual
Transportation				
Public Works				
Salaries and employee benefits	761,673	758,637	3,036	651,111
Operating expenditures	594,011	515,985	78,026	438,777
Professional services	184,290	179,426	4,864	133,203
Capital outlay	1,162,736	385,912	776,824	158,723
Total	2,702,710	1,839,960	862,750	1,381,814
Building and Grounds				
Salaries and employee benefits	436,043	435,091	952	408,675
Operating expenditures	333,658	293,808	39,850	219,621
Professional services	181,809	163,624	18,185	144,269
Capital outlay	269,200	269,151	49	42,175
Total	1,220,710	1,161,674	59,036	814,740
Streets and Highways				
Operating expenditures	444,295	427,113	17,182	383,541
Professional services	49,750	14,450	35,300	55,582
Powell Bill	1,069,381	739,635	329,746	-
Capital outlay	-	-	-	10,367
Total	1,563,426	1,181,198	382,228	449,490
Total transportation	5,486,846	4,182,832	1,304,014	2,646,044
Cultural and recreational:				
Parks and recreation:				
Salaries and employee benefits	899,330	829,341	69,989	737,965
Operating expenditures	851,125	567,009	284,116	624,762
Professional services	189,230	158,394	30,836	157,014
Capital outlay	1,083,390	784,773	298,617	362,811
Total cultural and recreational	3,023,075	2,339,517	683,558	1,882,552
Debt Service				
Bond principal	200,000	200,000	-	200,000
Bond interest	20,000	19,888	112	23,762
Installment principal	2,535,387	2,536,880	(1,493)	2,211,746
Installment interest	456,003	396,158	59,845	447,732
Subscription principal	265,464	265,464	-	-
Subscription interest	29,158	29,158	-	-
Lease principal	95,129	95,129	-	-
Lease interest	6,185	6,185	-	-
Debt issuance cost	14,000	12,643	1,357	-
Total debt service	3,621,326	3,561,505	59,821	2,883,240
Total expenditures	36,357,210	31,695,659	4,661,551	26,725,028
Revenues over (under) expenditures	(904,546)	4,504,792	5,409,338	1,020,256

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, 2025

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2024)

	2025		Variance Positive (Negative)	2024
	Budget	Actual		Actual
Other financing sources (uses):				
Transfers in:				
General Capital Reserve	1,350,000	543,516	(806,484)	-
Capital Project Fund	1,135,670	-	(1,135,670)	-
Special Revenue - ARPA	-	-	-	50,440
Transfers out:				
General Capital Reserve Fund	(1,062,500)	(1,062,500)	-	(667,000)
Capital Project Fund	(1,746,588)	(1,746,588)	-	-
Debt Service Fund	(860,063)	(860,063)	-	-
Installment purchase agreements	-	-	-	223,848
Bond proceeds	485,798	480,000	(5,798)	-
Bond premium	36,000	35,688	(312)	-
IT subscription based agreements (SBITAs)	400,000	33,750	(366,250)	432,391
Appropriated fund balance	1,166,229	-	(1,166,229)	-
Total other financing sources (uses)	904,546	(2,576,197)	(3,480,743)	39,679
Net change in fund balance	\$ -	1,928,595	\$ 1,928,595	1,059,935
Fund balance - Beginning of year		14,639,473		13,579,538
Fund balance - End of year		\$ 16,568,068		\$ 14,639,473

TOWN OF KNIGHTDALE, NORTH CAROLINA**GENERAL GOVERNMENT DEBT SERVICE FUND****SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL***FOR THE YEAR ENDED JUNE 30, 2025**(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2024)*

	2025			2024
	Budget	Actual	Variance Positive (Negative)	Actual
Revenues:				
Investment earnings	\$ 10,000	\$ 1,055	\$ (8,945)	\$ -
Total revenues	10,000	1,055	(8,945)	-
Expenditures:				
Installment note principal	480,000	157,443	322,557	-
Installment note interest	30,000	18,973	11,027	-
Total expenditures	510,000	176,416	333,584	-
Revenues under expenditures	(500,000)	(175,361)	324,639	-
Other financing sources (uses):				
Transfers-in				
General Fund	500,000	860,063	360,063	-
Capital Project Fund	-	1,135,670	1,135,670	-
Total other financing sources (uses)	500,000	1,995,733	1,495,733	-
Net change in fund balance	\$ -	1,820,372	\$ 1,820,372	-
Fund balance - Beginning of year		-		-
Fund balance - End of year		\$ 1,820,372		\$ -

TOWN OF KNIGHTDALE, NORTH CAROLINA**MINGO CREEK GREENWAY EXTENSION CAPITAL PROJECT FUND****SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES****BUDGET AND ACTUAL***FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2025*

	Project Authorization	Prior Years	Actual	
			Current Year	Total to Date
Revenues:				
Restricted intergovernmental:				
State Grant				
CAMPO grant	\$ 3,282,881	\$ 3,057,135	\$ 225,346	\$ 3,282,481
Total State Grants	3,282,881	3,057,135	225,346	3,282,481
Investment earnings	17,064	50,703	25,594	76,297
Total revenues	3,299,945	3,107,838	250,940	3,358,778
Expenditures				
Capital Outlay:				
Right of Way Acquisition	668,616	669,125	-	669,125
Professional fees	569,529	-	-	-
Constuction	3,800,681	3,152,802	1,046,052	4,198,854
Total expenditures	5,038,826	3,821,927	1,046,052	4,867,979
Revenues under expenditures	(1,738,881)	(714,089)	(795,112)	(1,509,201)
Other financing sources (uses):				
Transfers in:				
General Capital Reserve Fund	1,738,881	1,738,881	-	1,738,881
Total financing sources (uses)	1,738,881	1,738,881	-	1,738,881
Net change in fund balance	\$ -	\$ 1,024,792	(795,112)	\$ 229,680
Fund balance - Beginning of year			1,024,792	
Fund balance - End of year			\$ 229,680	

TOWN OF KNIGHTDALE, NORTH CAROLINA**CAPITAL PROJECTS FUND****LAW ENFORCEMENT CENTER CAPITAL PROJECT FUND****SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES****BUDGET AND ACTUAL***FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2025*

	Project Authorization	Prior Years	Actual Current Year	Total to Date
Revenues:				
Investment earnings	\$ 355,727	\$ 28,833	\$ 319,186	\$ 348,019
Total revenues	<u>355,727</u>	<u>28,833</u>	<u>319,186</u>	<u>348,019</u>
Expenditures:				
Operating:	369,975	-	347,023	347,023
Capital Outlay:				
Design	1,044,300	286,103	536,872	822,975
Construction	14,155,900	-	2,700,629	2,700,629
Total expenditures	<u>15,570,175</u>	<u>286,103</u>	<u>3,584,524</u>	<u>3,870,627</u>
Revenues under expenditures	<u>(15,214,448)</u>	<u>(257,270)</u>	<u>(3,265,338)</u>	<u>(3,522,608)</u>
Other financing sources:				
Limited Obligation Bonds:	14,170,148	-	13,175,000	13,175,000
Limited Obligation Bonds - Premium	-	-	979,566	979,566
Transfer in:				
General Capital Reserve Fund:	1,044,300	1,044,300	-	1,044,300
Total other financing sources	<u>15,214,448</u>	<u>1,044,300</u>	<u>14,154,566</u>	<u>15,198,866</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 787,030</u>	10,889,228	<u>\$ 11,676,258</u>
Fund balance - Beginning of year			787,030	
Fund balance - End of year			<u>\$ 11,676,258</u>	

TOWN OF KNIGHTDALE, NORTH CAROLINA**GENERAL CAPITAL PROJECT - CAPITAL RESERVE FUND****SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL***FOR THE YEAR ENDED JUNE 30, 2025**(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2024)*

	2025			2024
	Budget	Actual	Variance Positive (Negative)	Actual
Revenues:				
Other taxes and licenses				
Motor vehicle licenses	\$ 137,500	\$ 158,235	\$ 20,735	\$ 157,297
Total	137,500	158,235	20,735	157,297
Permits and fees				
Transportation fees	350,000	331,863	(18,137)	370,978
Streets-in-lieu fees	200,000	162,286	(37,714)	194,818
Total	550,000	494,149	(55,851)	565,796
Investment earnings	165,000	153,339	(11,661)	142,518
Total revenues	852,500	805,723	(46,777)	865,611
Other financing sources (uses):				
Transfers in				
General Fund	1,062,500	1,062,500	-	667,000
Transfers out				
General Fund	(1,915,000)	(543,516)	1,371,484	(491,825)
Total other financing sources (uses)	(852,500)	518,984	1,371,484	175,175
Net change in fund balance	\$ -	1,324,707	\$ 1,324,707	1,040,786
Fund balance - Beginning of year		3,943,589		2,902,803
Fund balance - End of year		\$ 5,268,296		\$ 3,943,589

TOWN OF KNIGHTDALE, NORTH CAROLINA**CAPITAL PROJECTS FUND****FUTURE PARK SITE****SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES****BUDGET AND ACTUAL***FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2025*

	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Revenues:				
Investment earnings	\$ 65,400	\$ -	\$ 60,849	\$ 60,849
Permits and fees	3,314,600	-	3,314,561	3,314,561
Miscellaneous revenue	1,220,000	-	1,216,051	1,216,051
Total revenues	<u>4,600,000</u>	<u>-</u>	<u>4,591,461</u>	<u>4,591,461</u>
Expenditures:				
Capital Outlay:				
Design	1,285,400	-	-	-
Construction	3,314,600	-	-	-
Total expenditures	<u>4,600,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues under expenditures	<u>-</u>	<u>-</u>	<u>4,591,461</u>	<u>4,591,461</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>4,591,461</u>	<u>\$ 4,591,461</u>
Fund balance - Beginning of year			<u>-</u>	
Fund balance - End of year			<u>\$ 4,591,461</u>	

TOWN OF KNIGHTDALE, NORTH CAROLINA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET

JUNE 30, 2025

	Capital Project Fund		Total	Special Revenue Funds	Total
	Fire	Pedestrian	Capital	Stormwater	Nonmajor
	Capital Project	Improvements	Projects	Special Revenue	Governmental
	Fund	Capital Project	Fund	Fund	Funds
	Fund	Fund	Fund	Fund	Funds
Assets					
Cash and cash equivalents	\$ 567,066	\$ 428,050	\$ 995,116	\$ 1,660,332	\$ 2,655,448
Restricted cash and cash equivalents	240,358	-	240,358	1,030,625	1,270,983
Due from other governments	282	326,138	326,420	274,949	601,369
Total assets	\$ 807,706	\$ 754,188	\$ 1,561,894	\$ 2,965,906	\$ 4,527,800
Liabilities					
Accounts payable	\$ -	\$ 27,705	\$ 27,705	\$ 24,173	\$ 51,878
Total liabilities	-	27,705	27,705	24,173	51,878
Deferred inflows					
Stormwater receivable	-	-	-	52,544	52,544
Fund balances:					
Restricted:					
Stormwater	-	-	-	944,094	944,094
Street improvements	-	726,483	726,483	-	726,483
Assigned:					
Stormwater	-	-	-	360,103	360,103
Public Safety	807,706	-	807,706	-	807,706
Subsequent Year's Expenditures	-	-	-	1,584,992	1,584,992
Total fund balances	807,706	726,483	1,534,189	2,889,189	4,423,378
Total liabilities and fund balances	\$ 807,706	\$ 754,188	\$ 1,561,894	\$ 2,965,906	\$ 4,527,800

TOWN OF KNIGHTDALE, NORTH CAROLINA

NONMAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 2025

	Capital Project Fund				
	Formerly Major Fire Capital Project Fund	Formerly Major Forestville Road Fire Station Capital Project Fund	Pedestrian Improvements Capital Project Fund	Formerly Non-Major Law Enforcement Capital Project Fund	Total Capital Projects Fund
Revenues:					
Restricted intergovernmental	\$ -	\$ -	\$ 324,623	\$ -	\$ 324,623
Investment earnings	17,557	22,295	6,129	-	45,981
Total revenues	17,557	22,295	330,752	-	370,604
Expenditures:					
Operating	-	-	-	-	-
Debt service	-	-	-	-	-
Capital outlay	3,136	1,611,635	550,857	-	2,165,628
Total expenditures	3,136	1,611,635	550,857	-	2,165,628
Revenues over (under) expenditures	14,421	(1,589,340)	(220,105)	-	(1,795,024)
Other financing sources (uses):					
Transfers in	800,000	-	946,588	-	1,746,588
Transfers out	(586,345)	(549,325)	-	-	(1,135,670)
Total other financing sources (uses)	213,655	(549,325)	946,588	-	610,918
Net change in fund balances	228,076	(2,138,665)	726,483	-	(1,184,106)
Fund balances:					
Beginning of year, as previously presented	-	-	-	787,030	787,030
Change within financial reporting entity	579,630	2,138,665	-	(787,030)	1,931,265
Beginning of year, as adjusted	579,630	2,138,665	-	-	2,718,295
End of year	\$ 807,706	\$ -	\$ 726,483	\$ -	\$ 1,534,189

Schedule 8
(continued)

TOWN OF KNIGHTDALE, NORTH CAROLINA

NONMAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 2025

	Special Revenue Funds	
	Formerly Major Stormwater Special Revenue Fund	Total Nonmajor Governmental Funds
Revenues:		
Restricted intergovernmental	\$ 1,552,458	\$ 1,877,081
Investment earnings	87,243	133,224
Total revenues	<u>1,639,701</u>	<u>2,010,305</u>
Expenditures:		
Operating	841,266	841,266
Debt service	29,904	29,904
Capital outlay	984,710	3,150,338
Total expenditures	<u>1,855,880</u>	<u>4,021,508</u>
Revenues over (under) expenditures	<u>(216,179)</u>	<u>(2,011,203)</u>
Other financing sources (uses):		
Transfers in	-	1,746,588
Transfers out	-	(1,135,670)
Total other financing sources (uses)	<u>-</u>	<u>610,918</u>
Net change in fund balances	<u>(216,179)</u>	<u>(1,400,285)</u>
Fund balances:		
Beginning of year, as previously presented	-	787,030
Change within financial reporting entity	3,105,368	5,036,633
Beginning of year, as adjusted	<u>3,105,368</u>	<u>5,823,663</u>
End of year	<u>\$ 2,889,189</u>	<u>\$ 4,423,378</u>

TOWN OF KNIGHTDALE, NORTH CAROLINA**SPECIAL REVENUE FUND - STORMWATER FUND****SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL***FOR THE YEAR ENDED JUNE 30, 2025**(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2024)*

	2025			2024
	Budget	Actual	Variance Positive (Negative)	Actual
Revenues:				
Restricted intergovernmental:				
Stormwater fees	\$ 1,348,440	\$ 1,317,377	\$ (31,063)	\$ 1,261,369
Building permits and inspection fees	115,000	235,081	120,081	289,753
Total	1,463,440	1,552,458	89,018	1,551,122
Investment earnings	75,000	87,243	12,243	111,697
Total revenues	1,538,440	1,639,701	101,261	1,662,819
Expenditures:				
Stormwater maintenance				
Salaries & benefits	748,700	661,408	87,292	555,338
Operating expenditures	491,466	179,858	311,608	253,296
Capital Outlay	2,367,263	984,710	1,382,553	390,139
Total stormwater maintenance	3,607,429	1,825,976	1,781,453	1,198,773
Debt service				
Principal	29,260	29,260	-	40,096
Interest	644	644	-	2,170
Total debt service	29,904	29,904	-	42,266
Total expenditures	3,637,333	1,855,880	1,781,453	1,241,039
Revenues under expenditures	(2,098,893)	(216,179)	1,882,714	421,780
Other financing sources (uses):				
Appropriated fund balance	2,098,893	-	(2,098,893)	-
Total other financing sources (uses)	2,098,893	-	(2,098,893)	-
Net change in fund balance	\$ -	(216,179)	\$ (216,179)	421,780
Fund balance - Beginning of year		3,105,368		2,683,588
Fund balance - End of year		\$ 2,889,189		\$ 3,105,368

TOWN OF KNIGHTDALE, NORTH CAROLINA**FIRE CAPITAL PROJECT FUND****SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES****BUDGET AND ACTUAL***FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2025*

	Project Authorization	Actual		Total to Date
		Prior Years	Current Year	
Revenues:				
Investment earnings	\$ 220,000	\$ 185,568	\$ 17,557	\$ 203,125
Total revenues	<u>220,000</u>	<u>185,568</u>	<u>17,557</u>	<u>203,125</u>
Expenditures				
Operating:	294,671	292,882	-	292,882
Capital Outlay:				
Fire Pumper Trucks	1,632,645	1,632,645	-	1,632,645
Fire Station #4	5,600,804	5,574,876	3,136	5,578,012
Fire Truck and Engine	3,643,470	-	-	-
Future Fire Station	800,000	-	-	-
Total expenditures	<u>11,971,590</u>	<u>7,500,403</u>	<u>3,136</u>	<u>7,503,539</u>
Revenues under expenditures	<u>(11,751,590)</u>	<u>(7,314,835)</u>	<u>14,421</u>	<u>(7,300,414)</u>
Other financing sources (uses):				
Transfers in:				
General Capital Reserve Fund	300,465	300,465	-	300,465
General Fund	800,000	-	800,000	800,000
Transfers out:	-	-	-	-
General Fund	(686,345)	(100,000)	(586,345)	(686,345)
Capital Reserve Fund	(420,000)	(420,000)	-	(420,000)
Installment purchase:				
Fire Pumper Trucks	1,632,645	1,632,645	-	1,632,645
Fire Station #4	6,481,355	6,481,355	-	6,481,355
Fire Truck and Engine	3,643,470	-	-	-
Total financing sources (uses)	<u>11,751,590</u>	<u>7,894,465</u>	<u>213,655</u>	<u>8,108,120</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 579,630</u>	<u>228,076</u>	<u>\$ 807,706</u>
Fund balance - Beginning of year			<u>579,630</u>	
Fund balance - End of year			<u>\$ 807,706</u>	

TOWN OF KNIGHTDALE, NORTH CAROLINA
FORESTVILLE ROAD FIRE STATION CAPITAL PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2025

	Actual		
	Project	Prior	Current
	Authorization	Years	Year
			Total to
			Date
Revenues:			
Investment earnings	\$ 232,850	\$ 210,556	\$ 22,295
Total revenues	<u>232,850</u>	<u>210,556</u>	<u>22,295</u>
Expenditures			
Operating:	54,630	54,630	-
Capital Outlay:			
Fire Station	6,828,895	5,217,261	1,611,635
Total expenditures	<u>6,883,525</u>	<u>5,271,891</u>	<u>1,611,635</u>
Revenues under expenditures	<u>(6,650,675)</u>	<u>(5,061,335)</u>	<u>(1,589,340)</u>
Other financing sources (uses):			
Transfers in:			
General Fund	5,000,000	5,000,000	-
Transfers out:			
Debt Service Fund	(549,325)	-	(549,325)
Installment purchase	2,200,000	2,200,000	-
Total financing sources (uses)	<u>6,650,675</u>	<u>7,200,000</u>	<u>(549,325)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 2,138,665</u>	<u>(2,138,665)</u>
Fund balance - Beginning of year			2,138,665
Fund balance - End of year			<u>\$ -</u>

TOWN OF KNIGHTDALE, NORTH CAROLINA**CAPITAL PROJECTS FUND****PEDESTRIAN IMPROVEMENTS****SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES****BUDGET AND ACTUAL***FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2025*

		Actual		
	Project Authorization	Prior Years	Current Year	Total to Date
Revenues:				
Investment earnings	\$ 15,000	\$ -	\$ 6,129	\$ 6,129
Restricted intergovernmental				
State grants	396,588	-	324,623	324,623
Total restricted intergovernmental	396,588	-	324,623	324,623
Miscellaneous revenue	93,800	-	-	-
Total revenues	505,388	-	330,752	330,752
Expenditures:				
Capital Outlay:				
Design	450,000	-	-	-
Right of Way	100,000	-	14,252	14,252
Construction	901,976	-	536,605	536,605
Total expenditures	1,451,976	-	550,857	550,857
Revenues under expenditures	(946,588)	-	(220,105)	(220,105)
Other financing sources:				
Transfer in:				
General Fund	946,588	-	946,588	946,588
Total other financing sources	946,588	-	946,588	946,588
Net change in fund balance	\$ -	\$ -	726,483	\$ 726,483
Fund balance - Beginning of year			-	
Fund balance - End of year			\$ 726,483	



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OTHER SCHEDULES



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TOWN OF KNIGHTDALE, NORTH CAROLINA
SCHEDULE OF AD VALOREM TAXES RECEIVABLE -
GENERAL FUND

SCHEDULE 13

June 30, 2025

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2024</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2025</u>
2024-2025	\$ -	\$ 18,976,077	\$ (18,903,624)	\$ 72,453
2023-2024	39,597	-	(8,220)	31,377
2022-2023	19,401	-	(8,656)	10,745
2021-2022	15,410	-	(9,624)	5,786
2020-2021	17,792	-	1,904	19,696
2019-2020	11,921	-	3,000	14,921
2018-2019	9,127	-	1,769	10,896
2017-2018	3,907	-	706	4,613
2016-2017	3,595	-	675	4,270
2015-2016	2,755	-	(2,755)	-
2014-2015	2,180	-	(2,180)	-
	<u>\$ 125,685</u>	<u>\$ 18,976,077</u>	<u>\$ (18,924,825)</u>	<u>\$ 174,757</u>

Less: allowance for uncollectible accounts

General Fund

-

Ad valorem taxes receivable-net

\$ 174,757

Reconciliation to revenues:

Ad valorem taxes-General Fund	\$ 18,942,744
Reconciling items:	
Releases allowed	428,094
Penalties and interest	(39,500)
County vehicle decal collections	1,470
Other	(407,983)
Total collections and credits	<u>\$ 18,924,825</u>

TOWN OF KNIGHTDALE, NORTH CAROLINA
ANALYSIS OF CURRENT TAX LEVY
TOWN-WIDE LEVY

Schedule 14

YEAR ENDED JUNE 30, 2025

	Town - Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current rate	\$ 4,397,330,898	\$ 0.4400	\$ 19,348,256	\$ 18,161,288	\$ 1,186,968
Motor Vehicle Decals	-		11,700	11,700	-
Penalties	-		4,849	4,849	-
Total	4,397,330,898		19,364,805	18,177,837	1,186,968
Discoveries			39,366	39,366	-
Rebates and Releases	(97,294,091)	\$ 0.4400	(428,094)	(428,094)	-
Total Property Valuation	<u>\$ 4,300,036,807</u>				
Net levy			18,976,077	17,789,109	1,186,968
Uncollected taxes at June 30, 2025			(72,453)	(65,942)	(6,511)
Current year's taxes collected			<u>\$ 18,903,624</u>	<u>\$ 17,723,167</u>	<u>\$ 1,180,457</u>
Current levy collection percentage			<u>99.62%</u>	<u>99.63%</u>	<u>99.45%</u>



STATISTICAL SECTION

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 – 10) containing information to help the reader access the Town's tax base and revenue from property taxes.

Debt Capacity: (Tables 11 – 14) 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 15 – 17) 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 18 – 20) 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.



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TOWN OF KNIGHTDALE, NORTH CAROLINA
NET POSITION BY COMPONENT
Last Ten Fiscal Years
(Accrual Basis of Accounting)

Table 1

YEAR ENDED JUNE 30, 2025

	2016	2017	2018	2019	2020
Governmental activities					
Net investment in capital assets	\$42,147,141	\$52,553,720	\$74,593,140	\$84,694,947	\$92,350,593
Restricted	3,401,121	4,888,416	3,465,478	2,813,131	3,321,406
Unrestricted	5,960,276	5,144,918	(341,940)	(895,417)	(2,462,797)
Total governmental activities net position	<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	93,036	94,378	95,824	37,335	38,317
Total business-type activities net position	<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	\$42,147,141	\$52,553,720	\$74,593,140	\$84,694,947	\$92,350,593
Restricted	3,401,121	4,888,416	3,465,478	2,813,131	3,321,406
Unrestricted	6,053,312	5,239,296	(246,116)	(858,082)	(2,424,480)
Total primary government net position	<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
NET POSITION BY COMPONENT
Last Ten Fiscal Years
(Accrual Basis of Accounting)

Table 1
(CONTINUED)

YEAR ENDED JUNE 30, 2025

	2021	2022	2023	2024	2025
Governmental activities					
Net investment in capital assets	\$ 102,431,612	\$ 103,849,993	\$ 114,560,503	\$ 122,241,916	\$ 143,241,861
Restricted	5,586,838	6,489,616	5,647,781	7,216,824	25,769,388
Unrestricted	(3,098,354)	(308,347)	7,022,908	3,806,247	(11,994,735)
Total governmental activities net position	<u>\$ 104,920,096</u>	<u>\$ 110,031,262</u>	<u>\$ 127,231,192</u>	<u>\$ 133,264,987</u>	<u>\$ 157,016,514</u>
Business-type activities					
Net investment in capital assets	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-
Unrestricted	38,450	-	-	-	-
Total business-type activities net position	<u>\$ 38,450</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Primary government					
Net investment in capital assets	\$ 102,431,612	\$ 103,849,993	\$ 114,560,503	\$ 122,241,916	\$ 143,241,861
Restricted	5,586,838	6,489,616	5,647,781	7,216,824	25,769,388
Unrestricted	(3,059,904)	(308,347)	7,022,908	3,806,247	(11,994,735)
Total primary government net position	<u>\$ 104,958,546</u>	<u>\$ 110,031,262</u>	<u>\$ 127,231,192</u>	<u>\$ 133,264,987</u>	<u>\$ 157,016,514</u>

TOWN OF KNIGHTDALE, NORTH CAROLINA
Table 2
CHANGES IN NET POSITION
Last Ten Fiscal Years

(Accrual Basis of Accounting)

YEAR ENDED JUNE 30, 2025

	2016	2017	2018	2019	2020
Expenses					
Governmental activities					
General government	\$ 1,705,859	\$ 1,790,288	\$ 2,040,009	\$ 2,241,328	\$ 2,754,724
Public Safety	4,216,783	4,448,548	4,911,222	5,584,019	6,101,023
Transportation	2,748,299	3,015,025	3,211,771	3,983,151	4,390,035
Environmental Protection	864,818	991,916	1,126,966	1,275,434	1,414,155
Economic Development	668,332	673,850	1,179,187	713,596	712,736
Culture and Recreation	1,754,476	1,623,863	1,335,609	1,875,579	1,802,331
Interest on long-term debt	245,700	215,103	173,366	253,289	282,904
Total governmental activities expenses	12,204,267	12,758,593	13,978,130	15,926,396	17,457,908
Business-type activities					
Water and Sewer	30,594	20,566	16,656	74,050	9,633
Total business-type activities expenses	30,594	20,566	16,656	74,050	9,633
Total primary government expenses	\$ 12,234,861	\$ 12,779,159	\$ 13,994,786	\$ 16,000,446	\$ 17,467,541
Program Revenues					
Governmental activities					
Charges for services:					
General government	\$ 353,762	\$ 291,440	\$ 386,222	\$ 278,468	272,623
Public Safety	-	-	-	-	-
Transportation	345,889	252,588	187,053	150,065	157,669
Environmental Protection	1,036,465	1,157,202	1,183,579	1,603,144	1,653,995
Economic Development	-	-	-	-	-
Cultural and Recreation	497,221	454,092	539,675	532,872	192,626
Operating grants and contributions	771,677	632,335	297,256	272,786	234,376
Capital grants and contributions	39,613	10,744,304	19,165,527	8,586,829	8,320,639
Total governmental activities program revenues	3,044,627	13,531,961	21,759,312	11,424,164	10,831,928
Business-type activities					
Charges for services:					
Water and Sewer	-	-	-	-	-
Operating grants and contributions	-	-	-	-	-
Capital grants and contributions	-	-	-	-	-
Total business-type activities program revenues	-	-	-	-	-
Total primary government program revenues	\$ 3,044,627	\$ 13,531,961	\$ 21,759,312	\$ 11,424,164	\$ 10,831,928
Net (expense)/revenue					
Governmental activities	\$ (9,159,640)	\$ 773,368	\$ 7,781,182	\$ (4,502,232)	\$ (6,625,980)
Business-type activities	(30,594)	(20,566)	(16,656)	(74,050)	(9,633)
Total primary government net expenses	\$ (9,190,234)	\$ 752,802	\$ 7,764,526	\$ (4,576,282)	\$ (6,635,613)

TOWN OF KNIGHTDALE, NORTH CAROLINA

Table 2

CHANGES IN NET POSITION

Last Ten Fiscal Years

(Accrual Basis of Accounting)

YEAR ENDED JUNE 30, 2025

	2021	2022	2023	2024	2025
Expenses					
Governmental activities					
General government	\$ 2,890,349	\$ 3,099,981	\$ 3,829,471	\$ 3,881,523	\$ 4,560,208
Public Safety	9,011,593	9,687,178	12,122,180	13,328,384	16,468,268
Transportation	4,757,226	5,117,393	5,725,222	6,029,958	7,420,584
Environmental Protection	1,604,465	1,647,090	2,137,790	2,308,029	1,851,966
Economic Development	731,964	949,593	1,122,558	1,696,032	2,218,391
Culture and Recreation	1,640,414	1,925,848	2,366,509	2,577,647	2,641,620
Interest on long-term debt	288,544	254,024	228,938	463,116	665,756
Total governmental activities expenses	20,924,555	22,681,107	27,532,668	30,284,689	35,826,793
Business-type activities					
Water and Sewer	6,527	3,008	-	-	-
Total business-type activities expenses	6,527	3,008	-	-	-
Total primary government expenses	\$ 20,931,082	\$ 22,684,115	\$ 27,532,668	\$ 30,284,689	\$ 35,826,793
Program Revenues					
Governmental activities					
Charges for services:					
General government	351,581	904,784	530,103	668,835	663,742
Public Safety	-	-	3,631	4,131	-
Transportation	628,035	348,219	-	-	494,149
Environmental Protection	1,993,778	2,549,023	2,914,486	2,796,738	2,875,833
Economic Development	-	-	35,160	35,657	61,579
Cultural and Recreation	151,414	243,159	239,700	260,036	222,760
Operating grants and contributions	2,321,810	2,755,342	7,511,882	3,136,295	4,421,120
Capital grants and contributions	10,763,955	2,550,000	12,852,828	6,910,505	23,307,882
Total governmental activities program revenues	16,210,573	9,350,527	24,087,790	13,812,197	32,047,065
Business-type activities					
Charges for services:					
Water and Sewer	-	-	-	-	-
Operating grants and contributions	-	-	-	-	-
Capital grants and contributions	-	-	-	-	-
Total business-type activities program revenues	-	-	-	-	-
Total primary government program revenues	\$ 16,210,573	\$ 9,350,527	\$ 24,087,790	\$ 13,812,197	\$ 32,047,065
Net (expense)/revenue					
Governmental activities	\$ (4,713,982)	\$ (13,330,580)	\$ (3,444,878)	\$ (16,472,492)	\$ (3,779,728)
Business-type activities	(6,527)	(3,008)	-	-	-
Total primary government net expenses	\$ (4,720,509)	\$ (13,333,588)	\$ (3,444,878)	\$ (16,472,492)	\$ (3,779,728)

TOWN OF KNIGHTDALE, NORTH CAROLINA

Table 2

CHANGES IN NET POSITION

Last Ten Fiscal Years

(Accrual Basis of Accounting)

YEAR ENDED JUNE 30, 2025

General Revenues and Other Changes in

Net Position

Governmental activities

Taxes

Property taxes

\$	6,398,393	\$	6,709,702	\$	7,192,745	\$	7,672,069	\$	8,113,286
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Other taxes and licenses

	219,428		230,023		239,366		246,727		253,644
--	---------	--	---------	--	---------	--	---------	--	---------

Unrestricted intergovernmental

	3,616,196		3,770,758		3,899,874		4,289,039		4,490,944
--	-----------	--	-----------	--	-----------	--	-----------	--	-----------

Investment earnings

	57,502		68,483		128,145		214,968		164,054
--	--------	--	--------	--	---------	--	---------	--	---------

Miscellaneous

	(26,059)		161,061		139,174		107,175		200,593
--	----------	--	---------	--	---------	--	---------	--	---------

Transfers

	-		-		-		-		-
--	---	--	---	--	---	--	---	--	---

Total governmental activities

	10,265,460		10,940,027		11,599,304		12,529,978		13,222,521
--	------------	--	------------	--	------------	--	------------	--	------------

Business-type activities

Investment earnings

	32,437		21,908		18,102		15,561		10,615
--	--------	--	--------	--	--------	--	--------	--	--------

Miscellaneous

	20,893		-		-		-		-
--	--------	--	---	--	---	--	---	--	---

Transfers

	-		-		-		-		-
--	---	--	---	--	---	--	---	--	---

Total business-type activities

	53,330		21,908		18,102		15,561		10,615
--	--------	--	--------	--	--------	--	--------	--	--------

Total primary government

\$	10,318,790	\$	10,961,935	\$	11,617,406	\$	12,545,539	\$	13,233,136
----	------------	----	------------	----	------------	----	------------	----	------------

Change in Net Position

Governmental activities

\$	1,105,820	\$	11,713,395	\$	19,380,486	\$	8,027,746	\$	6,596,541
----	-----------	----	------------	----	------------	----	-----------	----	-----------

Business-type activities

	22,736		1,342		1,446		(58,489)		982
--	--------	--	-------	--	-------	--	----------	--	-----

Total primary government

\$	1,128,556	\$	11,714,737	\$	19,381,932	\$	7,969,257	\$	6,597,523
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TOWN OF KNIGHTDALE, NORTH CAROLINA

Table 2

CHANGES IN NET POSITION

Last Ten Fiscal Years

(Accrual Basis of Accounting)

YEAR ENDED JUNE 30, 2025

General Revenues and Other Changes in

Net Position

Governmental activities

Taxes

Property taxes

\$ 10,259,528 \$ 10,548,953 \$ 11,599,976 \$ 12,429,757 \$ 18,991,816

Other taxes and licenses

456,322 72,158 535,830 545,891 7,338,293 (1)

Unrestricted intergovernmental

5,466,795 6,936,859 7,429,063 8,031,729 1,375,246

Investment earnings

38,331 34,196 808,518 1,152,753 1,288,801

Miscellaneous

203,900 808,880 271,421 346,157 213,646

Transfers

- 40,700 - -

Total governmental activities

16,424,876 18,441,746 20,644,808 22,506,287 29,207,802

Business-type activities

Investment earnings

53 3,290 - - -

Miscellaneous

6,607 1,968 - - -

Transfers

- (40,700) - - -

Total business-type activities

6,660 (35,442) - - -

Total primary government

\$ 16,431,536 \$ 18,406,304 \$ 20,644,808 \$ 22,506,287 \$ 29,207,802

Change in Net Position

Governmental activities

\$ 11,710,894 \$ 5,111,166 \$ 17,199,930 \$ 6,033,795 \$ 25,428,074

Business-type activities

133 (38,450) - - -

Total primary government

\$ 11,711,027 \$ 5,072,716 \$ 17,199,930 \$ 6,033,795 \$ 25,428,074

Note:

(1) Sales Tax are categorized as "Other taxes and licenses" in FY 2025, whereas historically it had been categorized under "Unrestricted intergovernmental".

TOWN OF KNIGHTDALE, NORTH CAROLINA
FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

Table 3

YEAR ENDED JUNE 30, 2025

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Fund										
Nonspendable	\$ 10,002	\$ 5,045	\$ 233,533	\$ 28,820	\$ 43,691	\$ 12,465	\$ 14,100	\$ 18,100	\$ 18,814	\$ 46,168
Restricted	2,413,050	3,644,905	2,759,704	2,010,071	2,490,643	4,150,317	4,955,976	3,741,038	5,230,500	5,648,165
Assigned	125,000	184,590	1,157,790	700,000	384,546	347,437	333,000	367,075	607,504	-
Unassigned	5,561,886	5,015,838	4,073,919	5,099,076	4,733,905	6,059,896	7,887,922	9,453,325	8,782,655	10,873,735
Total General Fund	<u>\$ 8,109,938</u>	<u>\$ 8,850,378</u>	<u>\$ 8,224,946</u>	<u>\$ 7,837,967</u>	<u>\$ 7,652,785</u>	<u>\$ 10,570,115</u>	<u>\$ 13,190,998</u>	<u>\$ 13,579,538</u>	<u>\$ 14,639,473</u>	<u>\$ 16,568,068</u>
All other governmental funds										
Nonspendable	\$ 113,994	\$ 190,068	\$ 197,664	\$ 293,708	\$ -	\$ -	\$ -	\$ 11,721	\$ -	\$ -
Restricted	988,071	1,053,443	508,110	509,352	830,763	1,436,521	1,533,640	1,906,743	1,986,324	20,045,022
Assigned	3,399,371	4,329,781	3,177,437	4,160,283	2,930,697	2,100,751	3,568,886	16,872,315	9,592,749	7,964,423
Total all other governmental funds	<u>\$ 4,501,436</u>	<u>\$ 5,573,292</u>	<u>\$ 3,883,211</u>	<u>\$ 4,963,343</u>	<u>\$ 3,761,460</u>	<u>\$ 3,537,272</u>	<u>\$ 5,102,526</u>	<u>\$ 18,790,779</u>	<u>\$ 11,579,073</u>	<u>\$ 28,009,445</u>

TOWN OF KNIGHTDALE, NORTH CAROLINA
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

Table 4

YEAR ENDED JUNE 30, 2025

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenues										
Ad valorem taxes	\$ 6,406,826	\$ 6,717,305	\$ 7,194,768	\$ 7,661,793	\$ 8,096,412	\$ 10,244,885	\$ 10,551,065	\$ 11,592,338	\$ 12,412,541	\$ 18,942,744
Other taxes and licenses	222,407	232,380	244,226	252,524	257,349	459,810	516,671	535,830	546,320	7,330,643
Unrestricted intergovernmental	3,616,196	3,770,758	3,899,874	4,289,039	4,490,944	5,466,795	6,936,859	7,432,316	8,031,729	1,375,246
Restricted intergovernmental	811,290	677,588	660,587	916,528	694,928	4,225,102	3,760,377	8,183,816	6,361,145	7,703,703
Permits and fees	1,018,278	921,328	884,143	1,144,256	1,102,068	1,917,705	2,254,832	2,509,344	2,825,541	4,534,031
Sales and services	1,217,524	1,254,476	1,566,564	1,464,921	1,198,942	1,210,235	1,582,248	1,417,338	1,489,324	1,506,249
Investment earnings	57,502	68,483	128,145	214,968	164,054	38,331	34,196	808,518	1,152,753	1,288,801
Miscellaneous	131,544	107,085	78,556	90,770	137,363	131,469	228,557	191,821	421,130	1,497,705
Total revenues	13,481,567	13,749,403	14,656,863	16,034,799	16,142,060	23,694,332	25,864,805	32,671,321	33,240,483	44,179,122
Expenditures										
General government	1,569,789	1,640,039	1,945,701	2,119,274	2,549,789	2,687,448	2,918,695	3,507,171	3,353,291	3,953,411
Public safety	3,809,642	3,925,080	4,311,630	4,811,661	5,100,993	7,738,976	8,663,892	10,327,856	11,362,982	13,507,831
Transportation	1,491,206	1,520,383	1,609,776	1,660,236	1,829,159	1,858,051	2,104,098	2,475,133	2,434,779	3,629,400
Environmental protection	830,894	951,730	1,090,608	1,233,375	1,364,249	1,529,250	1,552,826	1,972,620	2,121,417	1,454,861
Economic development	646,700	635,288	630,868	666,160	645,077	672,521	916,514	1,008,506	1,478,171	1,945,446
Cultural and recreation	1,188,254	1,069,680	1,288,372	1,299,450	1,129,441	796,825	978,796	1,346,872	1,519,741	1,554,744
Capital outlay	410,560	950,142	3,990,833	7,143,771	5,702,915	5,113,773	3,344,417	8,112,928	14,893,892	10,710,641
Debt Service										
Principal	1,235,089	1,105,068	2,172,303	593,582	1,237,176	1,453,808	6,746,663	1,566,929	2,451,842	3,284,176
Interest	272,997	242,248	280,980	121,891	281,347	302,969	304,706	245,302	473,664	471,006
Debt issuance costs							50,103	54,630	-	12,643
Total expenditures	11,455,131	12,039,658	17,321,071	19,649,400	19,840,146	22,153,621	27,580,710	30,617,947	40,089,779	40,524,159
Excess of revenues over (under) expenditures	2,026,436	1,709,745	(2,664,208)	(3,614,601)	(3,698,086)	1,540,711	(1,715,905)	2,053,374	(6,849,296)	3,654,963
Other financing sources (uses)										
Issuance of debt	-	48,575	288,118	4,266,800	2,247,789	1,080,000	5,217,000	10,314,000	223,848	14,670,254
Lease proceeds	-	-	-	-	-	-	-	478,099	-	-
Sale of capital assets	20,426	53,976	60,577	40,954	63,232	72,431	644,342	79,601	41,286	-
Transfers in	1,947,922	1,223,586	3,793,098	1,082,715	2,556,937	1,943,363	2,115,463	12,951,618	1,209,265	5,348,337
Transfers out	(1,947,922)	(1,223,586)	(3,793,098)	(1,082,715)	(2,556,937)	(1,943,363)	(2,074,763)	(12,951,618)	(1,209,265)	(5,348,337)
IT subscription based agreements	-	-	-	-	-	-	-	1,151,718	432,391	33,750
Total other financing sources (uses)	20,426	102,551	348,695	4,307,754	2,311,021	1,152,431	5,902,042	12,023,418	697,525	14,704,004
Net change in fund balances	\$ 2,046,862	\$ 1,812,296	\$ (2,315,513)	\$ 693,153	\$ (1,387,065)	\$ 2,693,142	\$ 4,186,137	\$ 14,076,792	\$ (6,151,771)	\$ 18,358,967
Debt service as a percentage of noncapital expenditures	13.7%	12.1%	18.4%	5.7%	10.7%	10.3%	29.3%	8.3%	11.6%	12.6%

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
2016	0.43	6,398,393	6,547,193
2017	0.43	6,709,702	6,865,742
2018	0.43	7,198,558	7,365,966
2019	0.43	7,659,171	7,837,291
2020	0.43	8,103,942	8,292,406
2021	0.42	10,248,665	10,736,697
2022	0.42	10,545,890	11,048,075
2023	0.45	11,620,242	11,362,014
2024	0.45	12,404,182	12,128,534
2025	0.44	18,942,744	18,942,744

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
GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE
Last Ten Fiscal Years
 (Modified Accrual Basis of Accounting)

Table 6

YEAR ENDED JUNE 30, 2025

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Sales Tax</u>	<u>Utility Distribution</u>	<u>Motor Vehicle Licenses</u>	<u>Beer & Wine Tax</u>	<u>Rental Vehicle Tax</u>	<u>Total</u>
2016	\$ 6,406,826	\$ 2,682,219	\$ 821,342	\$ 179,504	\$ 57,635	\$ 42,540	\$ 10,190,066
2017	6,717,305	2,854,008	796,893	189,441	61,103	42,729	10,661,479
2018	7,194,768	2,954,774	824,064	196,864	59,712	46,287	11,276,469
2019	7,661,793	3,301,091	854,081	203,796	62,293	48,255	12,131,309
2020	8,096,412	3,504,390	842,477	208,143	65,828	48,953	12,766,203
2021	10,244,885	4,475,665	834,002	398,961	72,104	60,244	16,085,861
2022	10,551,065	5,795,109	958,154	440,893	78,011	75,120	17,898,352
2023	11,592,338	6,252,534	984,997	458,444	89,169	76,528	19,454,010
2024	12,412,541	6,557,424	1,101,984	466,166	99,131	79,341	20,716,587
2025	18,942,744	6,764,675	1,196,173	479,805	83,584	85,335	27,552,316

TOWN OF KNIGHTDALE, NORTH CAROLINA
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
Last Ten Fiscal Years

Table 7

Fiscal Year Ended June 30		Real Property	Public Service Property	Motor Vehicles	Other Personal Property	Total Taxable Assessed Value	Tax Rate per \$100 Assessed Value	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
2016		\$ 1,310,258,180	\$ 10,914,208	\$ 129,190,233	\$ 30,841,565	\$ 1,481,204,186	\$ 0.430	\$ 1,521,727,635	97.3%
2017	R	1,356,873,863	10,712,624	138,757,624	49,545,191	1,555,889,302	0.430	1,673,878,334	93.0%
2018		1,459,368,486	12,064,763	148,048,119	47,074,446	1,666,555,814	0.430	1,865,560,608	89.3%
2019		1,549,753,811	14,300,361	159,072,923	53,711,975	1,776,839,070	0.430	2,041,785,272	87.0%
2020		1,642,062,400	12,758,724	167,584,359	58,120,564	1,880,526,047	0.430	1,880,197,700	100.0%
2021	R	2,148,928,125	12,633,173	198,511,000	69,025,321	2,429,097,619	0.420	2,495,559,314	97.3%
2022		2,203,429,118	15,686,698	204,057,000	81,440,279	2,504,613,095	0.420	2,572,760,387	97.4%
2023		2,251,503,416	15,535,819	220,172,020	83,150,301	2,570,361,556	0.450	2,639,995,682	97.4%
2024		2,391,625,817	27,044,843	234,700,960	87,229,936	2,740,601,556	0.450	2,764,759,393	99.1%
2025	R	3,903,922,968	28,082,021	269,765,455	98,266,363	4,300,036,807	0.440	4,339,470,372	99.1%

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

(2) Rate per \$100 of assessed valuation

(3) A revaluation of all property is required every four (4) years by North Carolina State Statute. The last revaluation occurred as of December 31, 2023.

TOWN OF KNIGHTDALE, NORTH CAROLINA
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
Last Ten Fiscal Years

Table 8

YEAR ENDED JUNE 30, 2025

Fiscal Year	Town of Knightdale	Wake County	Combined Tax Rate Per \$100 of Assessed Value
2016	\$ 0.430	\$ 0.6145	\$ 1.005
2017	0.430	0.6005	0.981
2018	0.430	0.6150	0.995
2019	0.430	0.6544	1.069
2020	0.430	0.7207	1.136
2021	0.420	0.6000	0.980
2022	0.420	0.6000	0.990
2023	0.450	0.6195	1.030
2024	0.450	0.6570	1.107
2025	0.440	0.5135	0.954

Note:

(1) A revaluation of all property is required every four (4) years by North Carolina State Statute. The last revaluation occurred as of December 31, 2023.

(2) Overlapping rates are those of local and county governments that apply to property owners within the Town of Knightdale.

(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 9

YEAR ENDED JUNE 30, 2025

Fiscal Year Ended	Taxes Levied for the Fiscal Year		Total Adjusted	Collected within the Fiscal Year of the Levy		Percentage of Collections in Subsequent Years	Total Collections to Date	
	(Original Levy)	Adjustments		Amount	Original Levy		Amount	Percentage of Levy
June 30			Levy					
2016	\$ 6,377,247	\$ 12,482	\$ 6,389,729	\$ 6,382,904	99.89%	\$ 8,476	\$ 6,391,380	100.03%
2017	6,799,979	(93,546)	6,706,433	6,698,716	99.88%	9,189	6,707,905	100.02%
2018	7,194,527	4,031	7,198,558	7,187,814	99.85%	5,175	7,192,989	99.92%
2019	7,650,648	8,523	7,659,171	7,638,608	99.73%	6,321	7,644,929	99.81%
2020	8,098,635	5,307	8,103,942	8,073,156	99.62%	8,523	8,081,679	99.73%
2021	10,311,246	(62,581)	10,248,665	10,211,672	99.64%	17,741	10,229,413	99.81%
2022	10,552,780	(6,890)	10,545,890	10,520,787	99.76%	20,204	10,540,991	99.95%
2023	11,617,983	2,259	11,620,242	11,592,269	99.76%	12,631	11,604,900	99.87%
2024	12,358,115	46,067	12,404,182	12,364,585	99.68%	22,381	12,386,966	99.86%
2025	19,364,805	(388,728)	18,976,077	18,903,624	99.62%	23,686	18,927,310	99.74%

TOWN OF KNIGHTDALE, NORTH CAROLINA
PRINCIPAL PROPERTY TAXPAYERS
Current Year and Nine Years Ago

Table 10

Taxpayer	2025*			2016		
	Taxable Assessed Value	Rank	Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
BDPF Eastgate	\$ 203,256,748	1	4.73%	\$ -	-	0.00%
Knightdale Multifamily Ownership	85,242,080	2	1.98%	-	-	0.00%
Wake Stone Property Company	79,141,186	3	1.84%	-	-	0.00%
CH Realty Ixpreiss MF Raleigh Legacy	65,141,802	4	1.51%	-	-	0.00%
Greystone WW Co. LLC	64,088,110	5	1.49%	30,000,716	2	2.03%
Triangle Palisades at Legacy Oaks	60,538,897	6	1.41%	-	-	0.00%
The Cottages at Knightdale Station	45,125,632	7	1.05%	-	-	0.00%
Laurens Way Co. LTD Partnership	43,112,236	8	1.00%	14,933,697	7	1.01%
BBK Midway Plantation LLC	41,915,696	9	0.97%	-	-	0.00%
BRC Knightdale LLC	41,669,858	10	0.97%	22,809,224	4	1.54%
Knightdale Centers LLC	-	-	0.00%	52,993,902	1	3.58%
WW Knightdale Property LLC	-	-	0.00%	13,752,228	8	0.93%
Legacy Oaks Apartments LP	-	-	0.00%	24,395,225	3	1.65%
Rex Hospital	-	-	0.00%	15,916,224	5	1.07%
Lowe's Home Centers, Inc.	-	-	0.00%	15,781,504	6	1.07%
Aventura Place, LLC (formerly Square D)	-	-	0.00%	13,107,670	9	0.88%
Widewaters Knightdale Co. LLC	-	-	0.00%	11,483,885	10	0.78%
Totals	<u>\$ 729,232,245</u>		<u>16.96%</u>	<u>\$ 215,174,275</u>		<u>14.53%</u>
Total Assessed Valuation = <u>\$ 4,300,036,807</u>				<u>\$ 1,481,204,186</u>		

Source: Wake County Administration - Statistics and Reports, and 2014 ACFR.

*Based on most recent data available. Per Wake County Tax Office will not be completed until December timeframe.

TOWN OF KNIGHTDALE, NORTH CAROLINA
RATIOS OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years

YEAR ENDED JUNE 30, 2025

Fiscal Year	<u>Governmental Activities</u>			
	General Obligation Bonds	Limited Obligation Bonds	Installment Financings	IT Subscriptions
2016	\$ 2,922,369	\$ -	\$ 7,372,335	\$ -
2017	2,666,579	-	6,571,632	-
2018	2,211,579	-	5,142,406	-
2019	2,157,368	-	8,869,835	-
2020	1,903,947	-	10,133,869	-
2021	1,651,579	-	10,012,429	-
2022	1,400,000	-	8,760,285	(4) -
2023	1,200,000	-	17,707,357	-
2024	1,000,000	-	16,047,697	1,155,745
2025	800,000	14,652,779	13,324,114	901,532

Notes:

(1) See Table 14 for personal income data

(2) Total primary government debt divided by assessed valuation

(3) Total primary government debt divided by total population

(4) During fiscal year 2025, the Town issued \$13,655,000 in limited obligation bonds with a premiums of \$1,015,254 for the Law Enforcement Center. Of this amount \$480,000 was a refunding of the 2012 Public Safety Building loan, which was then subsequently paid-off.

Table 11

<u>Lease Obligations</u>	<u>Business-Type Activities General Obligation Bonds</u>	<u>Total Primary Government</u>	<u>Debt as a % of Assessed Valuation ⁽²⁾</u>	<u>Percentage of Personal Income ⁽¹⁾</u>	<u>Per Capita ⁽³⁾</u>
\$ -	\$ 910,632	\$ 11,205,336	0.76%	1.1%	855
-	746,421	9,984,632	0.64%	0.9%	736
-	592,421	7,946,406	0.48%	0.7%	538
-	440,632	11,467,835	0.65%	1.0%	724
-	291,053	12,328,869	0.66%	1.11%	736
-	144,421	11,808,429	0.49%	1.06%	651
-	-	10,160,281	0.41%	0.9%	516
-	-	18,907,357	0.74%	1.6%	927
304,819	-	18,508,261	0.68%	1.5%	883
209,690	-	29,888,115	0.70%	2.4%	1,306

TOWN OF KNIGHTDALE, NORTH CAROLINA
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
Last Ten Fiscal Years

Table 12

YEAR ENDED JUNE 30, 2025

Fiscal Year	General Obligation Bonds (3)		Limited Obligation Bonds	Net General Obligation Debt	Percentage of Estimated Actual Taxable Value of Property ⁽¹⁾	Per Capita ⁽²⁾
	Governmental Activities	Busines-Type Activities	Governmental Activities ⁽³⁾			
2016	\$ 2,922,369	\$ 910,632	\$ -	\$ 3,833,001	0.25%	\$ 293
2017	2,666,579	746,421	-	3,413,000	0.20%	252
2018	2,211,579	592,421	-	2,804,000	0.15%	190
2019	2,157,368	440,632	-	2,598,000	0.13%	164
2020	1,903,947	291,053	-	2,195,000	0.12%	131
2021	1,651,579	144,421	-	1,796,000	0.07%	99
2022	1,400,000	-	-	1,400,000	0.05%	71
2023	1,200,000	-	-	1,200,000	0.05%	59
2024	1,000,000	-	-	1,000,000	0.04%	48
2025	800,000	-	14,652,779	15,452,779	0.36%	675

Notes:

⁽¹⁾ See Table 6 for estimated taxable values of property.

⁽²⁾ See Table 14 for estimated population data.

⁽³⁾ Includes limited obligation bonds from governmental and bond premiums

*Details regarding the Town's debt can be found in the notes of the financial statements

**TOWN OF KNIGHTDALE, NORTH CAROLINA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES BONDED DEBT**

Table 13

YEAR ENDED JUNE 30, 2025

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ⁽³⁾</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes: County			
Wake County General Obligation Bonds ⁽¹⁾	\$ 2,874,993,805	1.40%	\$ 40,178,318
Town of Knightdale governmental activities debt	29,888,115 ⁽²⁾	100.00%	<u>29,888,115</u>
Total direct and overlapping debt			<u><u>\$ 70,066,433</u></u>

Notes:

(1) 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

(2) Includes all governmental general and limited obligations, as well as the installment financing debt

(3) The percentag of overlapping debt applicable to the town is estimated using assessed property tax values. The applicable percentage represents the town's total assessed value divided by Wake County's total assessed value.

Town of Knightdale Assessed Value	<u>\$ 4,300,036,807</u>
Wake County Assessed Value (per Wake County Finance Department)	<u>307,692,798,941</u>
Percentage applicable to the Town of Knightdale	<u><u>1.40%</u></u>

TOWN OF KNIGHTDALE, NORTH CAROLINA
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(Amounts in Thousands, Except Current Year Calculation)

Table 14

YEAR ENDED JUNE 30, 2025

Fiscal Year	Assessed Value	Debt Limit	Debt Applicable to the Limit	Less: Total Debt Applicable Business-Type	Legal Debt Margin	Net Debt Applicable to Limit as a Percentage of Total Debt Limit	Net Debt Applicable to Limit as a Percentage of Total Debt Limit
2016	\$ 1,481,204,186	\$ 118,496,335	\$ 11,205,336	\$ (910,632)	\$ 108,201,631	8.69%	0.70%
2017	1,555,889,302	124,471,144	9,984,632	(746,421)	115,232,933	7.42%	0.59%
2018	1,666,555,814	133,324,465	7,946,406	(592,421)	125,970,480	5.52%	0.44%
2019	1,776,839,070	142,147,126	11,467,835	(440,632)	131,119,923	7.76%	0.62%
2020	1,880,526,047	150,442,084	12,328,869	(291,053)	138,404,268	8.00%	0.64%
2021	2,429,097,619	194,327,810	11,808,429	(144,421)	182,663,802	6.00%	0.48%
2022	2,504,613,095	200,369,048	10,160,285	-	190,208,763	5.07%	0.41%
2023	2,570,361,556	205,628,924	18,907,357	-	186,721,567	9.19%	0.74%
2024	2,740,601,556	219,248,124	17,047,697	-	202,200,427	7.78%	0.62%
2025	4,300,036,807	343,958,636	28,776,893	-	315,181,743	8.37%	0.67%

Legal Debt Margin Calculation for Fiscal Year 2025

	<u>\$ 4,300,036,807</u>
Assessed value	
Debt Limit (8% of total assessed value)	343,958,636
Debt applicable to limit:	
General obligation bonds (including premium)	800,000
Authorized but not issued general obligation bonds	-
Installment purchase agreements	13,324,114
Limited Obligation Bonds	14,652,779
Total net debt applicable to limit	<u>28,776,893</u>
Legal Debt Margin	<u>\$ 315,181,743</u>
Percentage of debt to debt limit	8.37%
Percentage of debt to assessed value	0.67%

⁽¹⁾ Under North Carolina general statutes, the legal debt limit should not exceed 8% of total assessed property value. By law, the statutes provide exclusions for bonded debt which has been issued for water and sewer systems provided the criteria for the debt has been satisfied by the unit of government.

TOWN OF KNIGHTDALE, NORTH CAROLINA
DEMOGRAPHIC AND ECONOMIC STATISTICS
 Last Ten Fiscal Years

Table 15

Fiscal Year	(3) Population (1)	Wake County Population	(1) Median Family Income	(2) Unemployment Rate
2016	13,102	\$ 1,030,326	\$ 72,591	4.30%
2017	13,560	1,052,120	64,399	3.60%
2018	14,763	1,073,993	67,167	3.40%
2019	15,849	1,096,408	70,540	3.90%
2020	16,753	1,109,883	70,540	7.10%
2021	18,152	1,111,761	70,363	4.60%
2022	19,674	1,150,722	90,039	3.60%
2023	20,386	1,171,331	90,039	3.40%
2024	20,957	1,213,377	90,039	3.60%
2025	22,893	1,232,444	90,039	3.40%

Notes:

- (1) Median Family Income figure is per North Carolina Office of State Budget and Management and most recent available is 2020.
 (2) Per North Carolina Department of Commerce. Figure presented is for Wake County, separate figures for Town is not available.
 (3) According to the Town of Knightdale Development Services - Quick Fact Data Sheet

TOWN OF KNIGHTDALE, NORTH CAROLINA
PRINCIPAL EMPLOYERS - TOP TEN
Current Year and Nine Years Ago

Table 16

Taxpayer	2025			2016		
	Estimated Number of Employees ⁽¹⁾	Rank	Percentage of Total Town Employment	Estimated Number of Employees ⁽¹⁾	Rank	Percentage of Total Town Employment
Wake County Public Schools	650	1	6.03%	550	1	10.06%
Wal-mart	150	2	1.39%	200	3 (tie)	3.66%
Target	150	3	1.39%	200	3 (tie)	3.66%
Wake Stone	150	4	1.39%	-	-	0.00%
Eby-Brown	150	5	1.39%	-	-	0.00%
Town of Knightdale	145	6	1.34%	-	-	0.00%
Lowe's Home Improvement	125	7	1.16%	150	5 (tie)	2.74%
Lowe's Foods	100	8	0.93%	100	9 (tie)	1.83%
Best Buy	100	9	0.93%	-	-	0.00%
Weathermaster Heating & Air	90	10	0.83%	100	9 (tie)	1.83%
Schneider Electric	-	-	-	500	2	9.14%
The Home Depot				150	5 (tie)	2.74%
True Green Land Care, LLC				125	7 (tie)	2.29%
Electronic Systems Protection				125	7 (tie)	2.29%
Total Employed by Top Ten Principal Employers	1,810		16.79%	2,200		40.23%
Total Employed in Knightdale ⁽¹⁾	10,781			5,469		

Notes:

- (1) Compiled by the Town of Knightdale Development Services department and North Carolina Commerce
(no update provided for current year)



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TOWN OF KNIGHTDALE, NORTH CAROLINA

Table 17

EMPLOYEE POSITION AUTHORIZATION BY DEPARTMENT

LAST TEN FISCAL YEARS

YEAR ENDED JUNE 30, 2025

Function	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Government										
Administration	5	4	5	5	5	5	5	6	5	6
Community Relations	-	-	-	-	-	-	-	-	2	3
Finance	5	5	5	6	6	6	6	6	6	6
Human Resources	1	1	1	2	2	3	3	4	4	5
Total General Government	11	10	11	13	13	14	14	16	17	20
Public Safety										
Fire	10	13	13	13	15	44	44	47	54	56
Police	29	32	33	35	37	40	40	42	49	54
Total Public Safety	39	45	46	48	52	84	84	89	103	110
Public Works and Infrastructure										
Public Works	11	13	11	11	11	13	16	16	17	18
Stormwater	-	-	-	-	1	1	1	2	2	2
Engineering	-	-	1	1	-	-	-	-	-	-
Total Public Works and Infrastructure	11	13	12	12	12	14	17	18	19	20
Development Services	6	7	6	6	6	6	7	7	8	8
Parks and Recreation	6	6	7	7	6	5	5	6	6	6
Total	73	81	82	86	89	123	127	136	153	164

TOWN OF KNIGHTDALE, NORTH CAROLINA
OPERATING INDICATORS BY FUNCTION
 LAST TEN FISCAL YEARS

FUNCTION	2016	2017	2018	2019
Administration				
Agendas prepared and delivered 5 days before Council meetings	100%	100%	100%	100%
Minutes prepared within 3 working days of Council meetings	100%	100%	100%	100%
Meeting minutes completed without error	100%	100%	100%	100%
Human Resources				
Employees successfully completing probationary period	100.00%	89.00%	82.00%	67.00%
Employee turnover (includes retirements)	4.00%	14.00%	9.00%	12.00%
Finance				
Bank statement reconciled within 7 days of receipt	45%	100%	100%	100%
Month is closed within 20 days of month end	92%	100%	100%	100%
Accuracy of bank deposits submitted to bank	98%	98%	99%	99%
Average accuracy rate in forecasting all major revenues	95%	99%	100%	100%
Accuracy rate in forecasting ad valorem tax revenue	98%	100%	100%	100%
Number of budget amendments requiring council approval	11	11	9	8
Maintain a performance of revenues exceeding expenditures	-	-	-	-
Maintain a level of unassigned fund balance greater than 25% of expenditures	-	-	-	-
Debt service is less than 15% of total anticipated expenditures	-	-	-	-
Maintain a General Capital Reserve Fund of greater than \$500,000	-	-	-	-
Development Services Department				
Permits issued:				
Commercial	107	81	129	63
Residential	228	266	185	138
Police Department				
Investigative report supplement compliance rates	100.0%	100.0%	100.0%	100.0%
Investigation clearance rates	51.0%	52.0%	53.0%	46.0%
Average response time to calls for service (minutes : seconds)	5:05	4:46	5:17	5:44
Number Part I Crimes	407	355	376	365
Numbers of report taken	1,120	1,178	1,122	1,109
Number of arrest made	330	357	323	441
Fire Department				
Average response time to calls for service (minutes : seconds)	5:01	5:17	5:07	5:06
Average personnel responding to structure related calls ⁽¹⁾	13.00	12.10	11.50	9.12
Training hours for all staff and volunteers ⁽¹⁾	9,171	11,674	10,071	10,004
Fire loss for the year ⁽¹⁾	\$ 443,230.00	\$ 532,854.00	\$ 616,351.00	\$ 628,050.00
Value of property saved ⁽¹⁾	\$ 5,668,883.00	\$ 7,280,616.00	\$ 7,066,049.00	\$ 8,453,728.00
Percentage of property loss ⁽¹⁾	7.82%	6.72%	8.02%	6.92%
Total calls ⁽¹⁾	1,364	1,490	1,504	1,661
Achieve 100% compliance with the mandate state fire prevention inspection	-	-	-	-
Conduct annual public outreach for fire prevention safety for at least 10% of the Town's population	-	-	-	-
Save at least 90% of building and content values from fire loss	-	-	-	-
Respond to 90% of emergency calls for service within the town limits, with a travel time of 5 minutes or less for the first arriving unit	-	-	-	-
Respond to 90% of emergency calls for service within the Alert Fire District limits, with a travel time of 7 minutes or less for the first arriving unit	-	-	-	-
Public Works				
Residential tons collected annually				
Solid Waste	3,504	3,959	4,528	3,752
Recycling	626	706	1,223	807
Mulching/compost	0	2,250	3,080	3,280
Households served	4,092	4,662	5,133	5,249
Parks and Recreation				
Participants in camps and recreation programs				
Baseball (Spring & Fall)	437	469	446	347
Softball (Spring & Fall)	61	261	487	486
Basketball (Summer & Winter)	564	995	1,226	1,041
Swimming Pool	6,563	5,673	6,482	6,525
Swim Lessons	156	140	97	0
Track Out Camp	3,663	3,715	362	486
Summer Camp	1,190	1,155	1,111	1,051
Volleyball Academy	0	0	47	64
55+ Active Adult Day Trips	0	0	0	0
55+ Active Adult Programs	0	0	0	0
Youth Running Clubs	0	0	0	0

(1) Effective FY 2024 these benchmarks are no longer part of the Fire Department's reportable benchmarks. For historical reporting purposes these will remain on the schedule until they completely roll off.

Table 18

2020	2021	2022	2023	2024	2025
100%	100%	100%	100%	100%	100%
100%	100%	100%	100%	100%	100%
100%	100%	100%	100%	100%	100%
100.00%	87.00%	92.86%	82.35%	70.59%	96.15%
11.00%	10.00%	21.97%	12.14%	12.42%	5.49%
100%	100%	100%	100%	N/A	N/A
100%	100%	100%	100%	N/A	N/A
99%	99%	99%	99%	N/A	N/A
100%	100%	100%	100%	N/A	N/A
100%	100%	100%	100%	N/A	N/A
3	6	12	17	N/A	N/A
-	-	-	-	Yes	Yes
-	-	-	-	Yes	Yes
-	-	-	-	Yes	Yes
-	-	-	-	Yes	Yes
77	81	93	134	152	114
132	88	260	229	328	588
100.0%	97.0%	100.0%	98.9%	98.0%	97.0%
45.0%	49.0%	52.0%	54.0%	58.0%	60.0%
5:09	12:28	5:49	4:22	4:40	4:38
363	413	456	604	622	567
1,170	1,261	1,110	1,476	1,609	1,424
435	593	497	728*	913*	831
5:15	4:49	5:02	5:51	N/A	N/A
10.00	7.00	8.14	14.90	11.25	14.35
8,750	12,580	18,400	16,117	Not Reportable	Not Reportable
\$ 15,220.00	\$ 322,802.00	\$ 536,950.00	\$ 2,279,112.00	Not Reportable	Not Reportable
\$ 1,770,350.00	\$ 5,629,123.00	\$ 5,257,417.00	\$ 6,726,259.00	Not Reportable	Not Reportable
8.60%	5.73%	10.21%	25.30%	Not Reportable	Not Reportable
1,839	3,189	3,888	4,127	Not Reportable	Not Reportable
-	-	-	-	100%	100%
-	-	-	-	52.0%	45.1%
-	-	-	-	90.9%	98.0%
-	-	-	-	85.7%	88.4%
-	-	-	-	80.0%	87.2%
5,212	5,399	5,700	5,400	5,200	5,100
1,526	1,261	1,200	1,300	1,137	1,124
3,450	3,625	4,000	4,000	4,000	7,244
5,831	6,036	6,120	6,300	6,500	6,800
0	0	590	698	703	608
0	0	72	72	35	34
603	603	605	842	700	743
2,424	2,424	6,038	6,233	5,252	4,407
0	0	0	0	0	0
0	0	0	0	0	0
130	130	0	0	0	0
0	0	97	84	96	124
0	0	0	111 (4 Trips)	74 (3 Trips)	92 (3 Trips)
0	0	0	0	88	149
0	0	0	99	147	123

**TOWN OF KNIGHTDALE, NORTH CAROLINA
CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS**

Table 19

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<u>Function</u>										
Public safety										
Police										
Stations	1	1	2	2	2	2	2	2	2	2
Patrol Units	32	35	35	35	35	37	40	45	51	54
K-9 Units	2	2	2	1	1	1	-	-	-	-
Fire										
Fire stations	1	1	1	1	1	3	3	3	4	4
Fire Trucks	3	3	3	3	3	5	5	5	6	6
Ladder Trucks	1	1	1	1	1	1	1	1	1	1
Other Trucks	-	-	-	-	-	4	4	4	5	5
Public Works										
Streets (miles)	48.33	50.95	56.30	57.00	59.05	61.17	61.44	63.98	64.61	67.09
Parks and Recreation										
Parks	4	4	4	4	3	3	3	3	3	5
Parks acreage	106.8	106.8	106.8	156.8	156.8	241.0	241.0	241.0	241.0	241.0
Playgrounds	4	4	4	4	3	3	3	3	3	3
Baseball / softball diamonds	9	9	9	9	7	7	7	7	7	7
Soccer / football fields	4	4	4	4	4	9	9	9	9	11
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	2	4
Greenways (miles)	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3	3	4.75
Bus	1	1	1	1	1	1	1	1	1	0
Splash Pad	0	0	0	1	1	1	1	1	1	1
Pickleball Courts	0	0	0	2	2	2	4	4	4	4
Cultural Activities:										
Cupid Run 5k				Movie in the Park x2				Turkey Leg 5k		
Pot of Gold 5k				African American Festival				Christmas Tree Lighting		
Spring Fling Festival				July 4th Celebration				Christmas Parade		
Harper Hour x4				Arts and Education Festival						
Latin American Festival				Walk Like M.A.D.D.						
Shakespeare in the Park				Fall on First Avenue						
Two Green Thumbs Plant Sale				Live Like Ryan 5k						
Splash Pad Series x3				Kick or Treat the Trail						
Memorial Day Event				Veterans Day Event						

Sources: Town of Knightdale- Finance, Police, Fire, Parks and Recreation, and Public Works departments.

**TOWN OF KNIGHTDALE, NORTH CAROLINA
COMMERCIAL ACTIVITY
LAST TEN CALENDAR YEARS**

Table 20

YEAR ENDED JUNE 30, 2025

Calendar Year	All Commercial		New Residential		Total	
	Number	Value	Number	Value	Number	Value
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
2020	81	17,256,240	106	19,731,390	187	36,987,630
2021	99	46,208,830	150	33,421,333	249	79,630,163
2022	92	66,304,667	207	48,702,432	299	115,007,099
2023	147	88,242,443	272	55,368,027	419	143,610,470
2024	147	36,927,513	614	126,517,247	761	163,444,760

Notes:

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



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COMPLIANCE SECTION

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



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**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, 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, 2025, 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 December 10, 2025.

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.

Report on 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

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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

December 10, 2025

**Report on Compliance for Each Major State Program;
Report on Internal Control Over Compliance; With OMB Uniform Guidance
and the State Single Audit Implementation Act**

Independent Auditor's Report

To the Honorable Mayor and
Members of the Town Council
Town of Knightdale, North Carolina

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited the Town of Knightdale, North Carolina, compliance with the types of compliance requirements described in the OMB *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on the Town of Knightdale's major state programs for the year ended June 30, 2025. The Town of Knightdale's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Town of Knightdale complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2025.

Basis for Opinion on Each Major State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State Single Audit Implementation Act. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Town of Knightdale and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our opinion on compliance for each major state program. Our audit does not provide a legal determination of the Town of Knightdale's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of

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laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Town of Knightdale's state programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Town of Knightdale's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Town of Knightdale's compliance with the requirements of each major state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- exercise professional judgment and maintain professional skepticism throughout the audit
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Town of Knightdale's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the Town of Knightdale's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Town of Knightdale's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

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Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies or material weaknesses in internal control over compliance. Given these limitations, during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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



JOYCE AND COMPANY, CPA
Cary, North Carolina

December 10, 2025

**TOWN OF KNIGHTDALE, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended June 30, 2025**

Section I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ☐ yes ☒ no

- Significant deficiency (s) identified that are not
considered to be material weaknesses? ☐ yes ☒ none reported

Noncompliance material to financial statements noted ☐ yes ☒ no

Federal Awards

The Town of Knightdale has no major federal programs.

State Awards

Internal control over major state program:

- Material weakness(es) identified? ☐ yes ☒ no

- Significant deficiency(s) identified that are not
considered to be material weaknesses? ☐ yes ☒ none reported

Identification of major state program: Powell Bill

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

Dollar threshold used to distinguish between Type A and Type B Programs \$ 500,000

Auditee qualified as a low-risk auditee ☒ yes ☐ no

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, 2025

<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>
Federal Grants:					
Cash Programs:					
<u>United States Department of Justice</u>					
Direct Program					
Justice Assistance Grant	16.753	I5PBJA-24-GG-00335-BRND	\$ 325,803	\$ -	\$ -
<u>United States Department of Transportation</u>					
Safe Streets for All - Safety Action Plan	20.939	693JJ32340272	100,400	-	20,080
Passed through N.C. Department of Transportation					
Congestion Mitigation and Air Quality					
LAPP/CAMPO Mingo Creek Greenway Extension	20.205	C-5604HA	225,346	-	140,841
Total assistance-federal programs			651,549	-	160,921
State Grants:					
Cash Programs:					
<u>North Carolina Department of Transportation</u>					
Non-State System Street-Aid Allocation					
Powell Bill	N/A	32570	-	754,085	-
<u>North Carolina Department of Public Safety</u>					
NC Emergency Management					
Mutual Aid	N/A	N/A	-	186,469	-
Total assistance-state programs			-	940,554	-
Total federal and state assistance			\$ 651,549	\$ 940,554	\$ 160,921

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, 2025. 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. The Town of Knightdale has elected not to use the 10-percent de minimis cost rate as allowed under the Uniform Guidance.



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