

Town of Knightdale North Carolina



Annual Comprehensive Financial Report For the Fiscal Year Ended June 30, 2023



KNIGHTDALE

NORTH CAROLINA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2023

PREPARED BY
FINANCE STAFF



Knightdale Environmental Park

MAYOR AND TOWN COUNCIL MEMBERS
As of June 30, 2023



Mayor Jessica Day
Term 2022-2023



Mayor Pro Tempore Stephen Morgan
Term 2019-2023



Councilor Mark Swan
Term 2021-2025



Councilor Ben McDonald
Term 2019-2023



Councilor Latatious Morris
Term 2021-2025



Councilor Steve Evans
Term 2021-2025

Individual contact information is available at www.knightdalenc.gov



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TOWN OF KNIGHTDALE, NORTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2023

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KNIGHTDALE
NORTH CAROLINA

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

INTRODUCTORY SECTION



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November 27, 2023

**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, 2023, 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, 2023. 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 closeby. The Town has a corporate limits comprised of 7.81 square miles and an extraterritorial jurisdiction of 17.38 square miles. The Town has a population of 20,386 according to the 2022 Population Estimate from the North Carolina Office of State Budget and Management. This is a 70.5% change from the 2010 Census population. The median age of Town residents is 36.1 years.

Knightdale has a Council-Manager form of government. Under this system the citizens elect a mayor and five council members as the Town's governing body. The Council then appoints the Town Manager who serves at the discretion of the council. Council members are elected to four-year terms. Three of the

members are elected in one year, and the two remaining members and the mayor are elected two years later. The mayor, as the principal elected official of the Town, provides leadership to the governing body and the community, and presides over board meetings. The Town provides a full range of services including police, fire, sanitation, development services, construction and maintenance of streets and infrastructure, and recreational activities and events.

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

LOCAL ECONOMY

The Town of Knightdale's economy benefits from its proximity to the City of Raleigh and the Research Triangle Park, lands set aside for technological and research-oriented companies. The Triangle area which includes Raleigh, Durham, Chapel Hill and surrounding communities is considered one of the best places to live and work in the United States. The Triangle is home to Duke University, North Carolina State University, the University of North Carolina and Wake Technical Community College. Because of its proximity to the Triangle, the City of Raleigh, several universities, and state government complexes, the local economy remains stable and enjoys lower unemployment rates than state and national averages. As of June 2023, this area of North Carolina had an unemployment rate of 3.4% compared to 3.6% at the same time last year. The 3.4% rate is lower than the statewide rate of 3.6% and national rate of 3.6%. Knightdale median household income is \$90,039 compared to \$74,580 across the entire United States. The North Carolina median household income is \$60,516.

The Town is optimistic about the economic stability of the community as it works through the pandemic. As Town businesses transitioned to more normal conditions so did Town operations. Town event programming has also seen recovery as more recreational events have been planned. The business climate looks good with the total number of businesses in Knightdale being 623 with 6,667 employees compared to 592 businesses with 6,497 employees in the prior year.

Knightdale has experienced solid but disproportional growth in recent years. Retail trade, restaurants, and accommodations have dominated growth. As a result, workers make significantly less than workers in the rest of the county, the state, and nationally. Most residents commute outside of Knightdale for employment. Fortunately, the surrounding region is expected to continue to experience strong employment growth among well-paying industry sectors, and Knightdale has a lot to offer potential employers—the Town has a relatively young and well-educated population; labor force participation is high among residents, and unemployment rates are low; growth in housing construction is strong; median home prices are low, while home appreciation is robust. Additionally, Knightdale offers the resources of over 6,000 resident workers who currently commute outside the Town for employment.

Robust housing growth coupled with comparatively low prices position Knightdale's housing market as both affordable and attractive for area workers. The median home sales price in Knightdale is \$360,525 compared to Wake County at \$468,061. The percentage of households spending more than 30% of income on housing, a measure of unaffordability, is lower in Knightdale than in the county, state, and nation. As of 2021, there were 7,704, housing units in Knightdale,

an increase of 3,773 units or 96% since 2010. Around 65% of occupied homes in Knightdale are owner occupied. Only 3.6% of Knightdale’s housing stock is vacant with the average sales price for homes in Knightdale in 2023 at \$325,301. This is a 10.8% increase from the prior year.

MAJOR INITIATIVES

In August 2018, Town Council adopted KnightdaleNext 2035 Comprehensive Plan. This plan is the official adopted statement for future development and conservation in the Town. It establishes a vision and guiding principles, analyzes existing conditions and emerging trends, describes and illustrates a plan for future development and supporting infrastructure, and outlines steps for implementation. It will serve as the foundation for determining effective public policy and for making land use decisions for the future that will provide an ongoing framework for informed and directed public investment and private development. The broad range of development issues and Town services addressed makes it a playbook for the growth that reflects the priorities and values of Knightdale residents, safeguarding the Town’s history and sense of place. The Town is updating the Comprehensive Plan in budget year 2024.

The Town in 2023 created a Community Relations Department and hired a Community Relations Director. The Community Relations Department was created to engage both residents and businesses in shaping the Town’s future. This Department will also serve as the Town’s Economic Development.

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

With consolidation of fire services completed in fiscal year 2021, the Town continues to move forward with other public safety expansion and renovation projects. The Town is nearing completion of construction of a new fire station along the Hodge Road corridor, and has started construction on Fire Station #2 on Forestville Road. The current Public Safety facility is under design for an expansion with construction starting in 2024.

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, 2022. This is the thirty-first (31st) 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

Mark Stephens
Mark Stephens, 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, 2022

Christopher P. Morill

Executive Director/CEO

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

as of June 30, 2023

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

Lawrence Capps
Police Chief

Mark Stephens
Finance Director

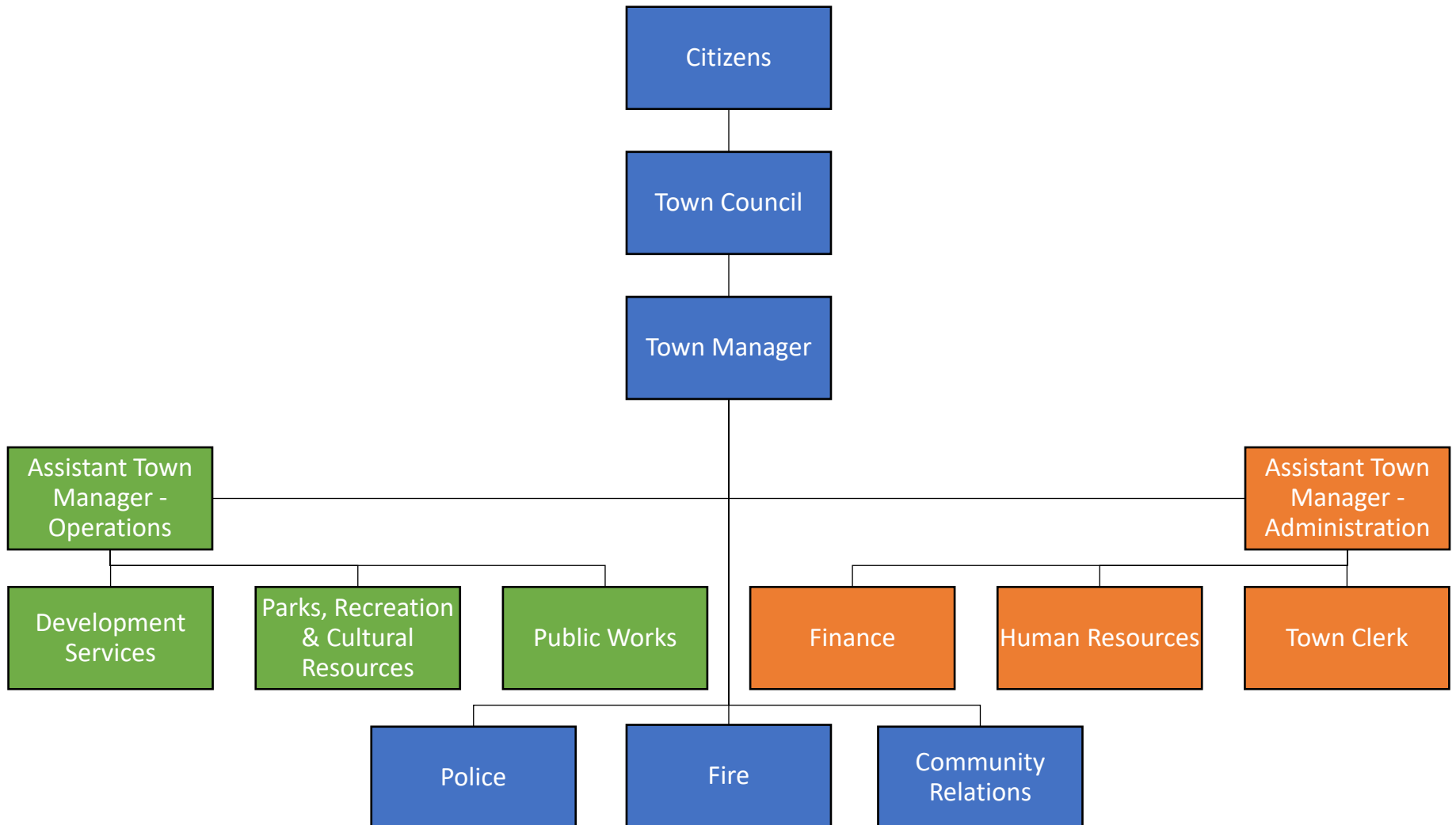
Chris Wiley
Parks & Recreation Director

Marcey Bell
Human Resources Director

Rachel Morris
Community Relations Director

Heather Smith
Town Clerk

TOWN ORGANIZATIONAL CHART





Veteran's Plaza at Knightdale Station Park



KNIGHTDALE
NORTH CAROLINA

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

FINANCIAL SECTION

Independent Auditor’s Report

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

Report on the Audit of Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Knightdale, North Carolina, as of and for the year ended June 30, 2023, 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, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Knightdale as of June 30, 2023, 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 86 through 87, the Other Postemployment Benefits' Schedule of Changes in the Total OPEB Liability and Related Ratios on page 88, and the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability and Contributions on pages 84 through 85 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 and other auditors 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 by us and other auditors. 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 November 27, 2023 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

November 27, 2023



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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, 2023. Readers are encouraged to read the information presented here in conjunction with the transmittal letter located on pages 3-6 of this report and additional information that we have furnished in the Town's financial statements, which follow this narrative.

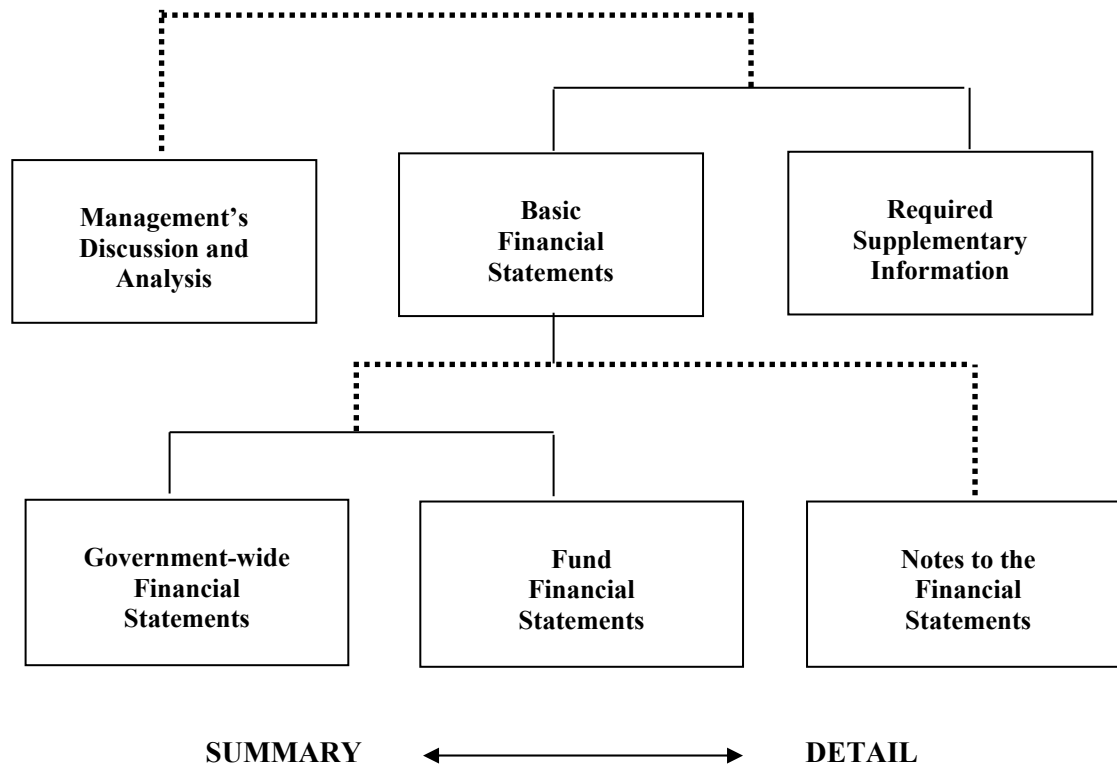
FINANCIAL HIGHLIGHTS

- At June 30, 2023, the assets and deferred outflows of the Town of Knightdale exceeded its liabilities and deferred inflows of resources by \$127,231,192 (*net position*).
- The Town's total net position increased over the course of the year's operations by \$17,199,930 (15.63%).
- At fiscal year-end, governmental activities revenue was \$44,732,598, an increase of \$16,981,025 from the prior year. The two largest revenue sources were from property taxes of \$11,599,976 and grants and contributions restricted for specific purpose of \$12,852,828.
- Total governmental activities expenses for the year ending June 30, 2023, were \$27,532,668. This is an increase of \$4,851,561 or 21.39%, 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 \$32,370,317, which is a net increase of \$14,076,793 (76.95%) in fund balance from the prior year. Approximately 17.54% of this total amount, or \$5,677,602 is non spendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$9,435,325 or 35.6% 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 fiscal year end.
- As of June 30, 2023, the Town had total debt outstanding of \$18,907,357. Of this amount, \$1,200,000 is general obligation bonds backed by the full faith and credit of the Town, and \$17,707,357 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 \$8,747,072 or 86.09% 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 8) 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 three parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; and 3) the proprietary fund 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.
 - *Proprietary fund* statements offer *short- and long-term* financial information about the activities the government operates *like businesses*.

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

Government-wide Financial Statements

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

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

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

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

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

Fund Financial Statements

The fund financial statements (Exhibits 3-8) provide more detailed information about the Town's most significant activities - not the Town as a whole. A fund is a grouping of related accounts that the Town uses to maintain control over specific sources of funding and spending that have been segregated for specific activities or objectives. The Town of Knightdale, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the Town's budget ordinance. All of the funds of the Town of Knightdale can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the Town's basic services are accounted for in governmental funds. These funds focus on (1) how *cash and other* financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called modified accrual accounting which provides a short-term spending focus. Consequently, the governmental fund financial statements provide a detailed *short-term* view that helps you determine whether there are more or less financial resources available that can be spent in the near future to finance the Town's programs. The relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is part of the fund financial statements.

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

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

Notes to the Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are located on pages 42-81 of this report.

Figure 3
NET POSITION

	Governmental		Business-Type		Total	
	Activities		Activities			
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 34,278,516	\$ 22,224,778	\$ -	\$ -	\$ 34,278,516	\$ 22,224,778
Capital assets	128,937,794	114,056,705	-	-	128,937,794	114,056,705
Total assets	163,216,310	136,281,483	-	-	163,216,310	136,281,483
Total deferred outflows of resources	7,237,534	5,069,841	-	-	7,237,534	5,069,841
Other liabilities	4,631,976	3,538,860	-	-	4,631,976	3,538,860
Long-term liabilities	33,763,761	20,906,528	-	-	33,763,761	20,906,528
Total liabilities	38,395,737	24,445,388	-	-	38,395,737	24,445,388
Total deferred inflows of resources	4,826,915	6,874,674	-	-	4,826,915	6,874,674
Net position:						
Net investment in capital assets	114,560,503	103,849,993	-	-	114,560,503	103,849,993
Restricted	5,647,781	6,489,616	-	-	5,647,781	6,489,616
Unrestricted	7,022,908	(308,347)	-	-	7,022,908	(308,347)
Total net position	\$ 127,231,192	\$ 110,031,262	\$ -	\$ -	\$ 127,231,192	\$ 110,031,262

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 83 of this report.

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

Figure 4
Changes in Net Position

	Governmental		Business-Type		Total	
	Activities		Activities			
	2023	2022	2023	2022	2023	2022
Revenues						
Program revenues:						
Charges for services	\$ 3,723,080	\$ 4,045,185	\$ -	\$ -	\$ 3,723,080	\$ 4,045,185
Operating grants and contributions	7,511,882	2,755,342	-	-	7,511,882	2,755,342
Capital grants and contributions	12,852,828	2,550,000	-	-	12,852,828	2,550,000
General revenues:						
Property taxes	11,599,976	10,548,953	-	-	11,599,976	10,548,953
Other taxes	535,830	72,158	-	-	535,830	72,158
Grants and contributions not restricted to specific programs	7,429,063	6,936,859	-	-	7,429,063	6,936,859
Unrestricted investment earnings	808,518	34,196	-	3,290	808,518	37,486
Other revenues	271,421	808,880	-	1,968	271,421	810,848
Total revenues	<u>44,732,598</u>	<u>27,751,573</u>	<u>-</u>	<u>5,258</u>	<u>44,732,598</u>	<u>27,756,831</u>
Expenses						
General government	3,829,471	3,099,981	-	-	3,829,471	3,099,981
Public safety	12,122,180	9,687,178	-	-	12,122,180	9,687,178
Transportation	5,725,222	5,117,393	-	-	5,725,222	5,117,393
Environmental protection	2,137,790	1,647,090	-	-	2,137,790	1,647,090
Economic and physical development	1,122,558	949,593	-	-	1,122,558	949,593
Cultural and recreational	2,366,509	1,925,848	-	-	2,366,509	1,925,848
Interest on long-term debt	228,938	254,024	-	-	228,938	254,024
Water and sewer	-	-	-	3,008	-	3,008
Total expenses	<u>27,532,668</u>	<u>22,681,107</u>	<u>-</u>	<u>3,008</u>	<u>27,532,668</u>	<u>22,684,115</u>
Transfers	-	40,700	-	(40,700)	-	-
Change in net position	17,199,930	5,111,166	-	(38,450)	17,199,930	5,072,716
Net Position-beginning	110,031,262	104,920,096	-	38,450	110,031,262	104,958,546
Net Position-ending	<u>\$ 127,231,192</u>	<u>\$ 110,031,262</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 127,231,192</u>	<u>\$ 110,031,262</u>

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of the Town of Knightdale exceeded liabilities and deferred inflows by \$127,231,192 as of June 30, 2023. This is an increase in net position by \$17,199,930 or 15.63% from the previous year. The largest portion, \$114,560,503 or 90.04% 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, \$5,647,781 or 4.44% of total net position, represents resources that are subject to external restrictions on how they may be used.

GOVERNMENTAL ACTIVITIES

Governmental activities increased the Town's net position by \$17,199,930 or 15.63%, thereby accounting for all of the total growth in net position of the Town of Knightdale. Key elements of this increase are as follows:

Revenues-Governmental Activities

- Ad Valorem Taxes make up 25.9% 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 2023 was 45 cents per \$100 assessed value with an assessed value of \$2,570,361,556 (per Wake County tax report). Knightdale's tax base grew 2.63% from fiscal year 2022. 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 99.76%. The statewide average tax collection percentage was 99.28% for FY2021-2022, which is the last year information is available.
- Unrestricted intergovernmental revenue is also a large revenue source accounting for 16.6% of total governmental revenues. Local option sales tax accounts for a majority of this category. The sales tax is basically a tax on the retail sale or lease of tangible personal property. Although the Town does not levy these taxes, they share in the proceeds collected for Wake County, in which the Town is located. Intergovernmental revenues also include state collected reimbursements for franchise taxes, wine and beer tax and ABC profits.
- Capital grants and contributions make up 28.7% of the governmental activity revenue. This amount consists primarily of donated infrastructure through Developer built streets and sidewalks.

Figure 5
Governmental Activities
Revenues by Source Fiscal Year 2023

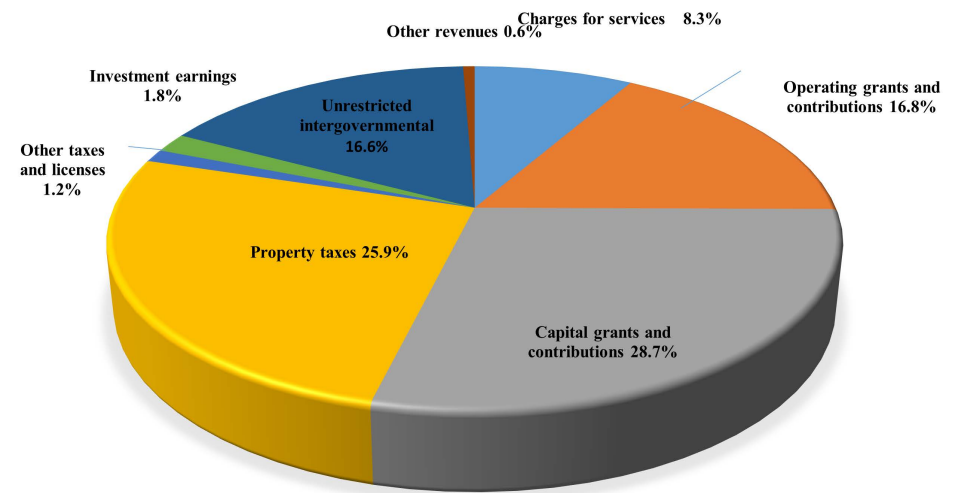
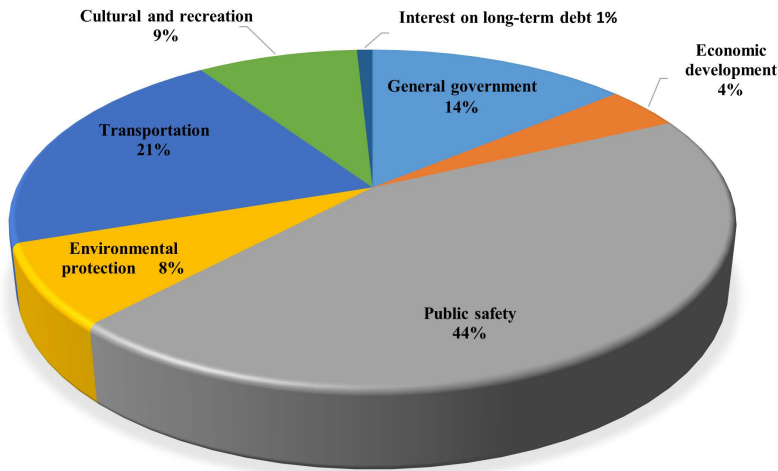


Figure 6
Governmental Activities
Expenses by Function Fiscal Year 2023



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 \$27,532,668 for the year ending June 30, 2023. This is an increase of \$4,851,561 or 21.39%, from the prior year. The increase was due in part to new positions added in Public Safety.
- Public safety is the largest expense of the Town representing \$12,122,180 or 44% of the total expenses during fiscal year 2023. These are the funds spent on the Town’s Police and Fire operations.
- The transportation function accounts for 21% of the Town’s expenses reflecting a total amount spent of \$5,725,222. 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 \$607,829 from the prior year.
- The Town spent \$228,938 on interest towards its long-term debt. This is a decrease of \$25,086, or 9.88%, from the prior year. Principal payments are expensed in the function where the debt was incurred.

BUSINESS-TYPE ACTIVITIES

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

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

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

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

Governmental Funds

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

The General Fund is the chief operating fund of the Town of Knightdale. At the end of the current fiscal year, Town of Knightdale's fund balance available in the General Fund was \$9,453,325 while total fund balance for the General Fund reached \$13,579,538. 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 35.6% 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 2024.

At June 30, 2023, the governmental funds of the Town of Knightdale reported a combined fund balance of \$32,370,317 for a net increase in fund balance of \$14,076,793 (76.95%) over last year. The increase in fund balance was in part due to unexpended debt proceeds. Approximately 17.5% of this total amount, or \$5,677,602 is non spendable or restricted. In addition to the General Fund, the Town also considers as a major fund the Fire Capital Project Fund, Forestville Road Fire Station Capital Project Fund and ARPA special revenue fund, which accounts for \$11,077,775 (34.22%) of the combined fund balance.

General Fund Budgetary Highlights-Fiscal Year 2023

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 \$352,958 or 1.48%, for a total budgeted amount of \$23,918,104. This increase is mostly attributed to additional grant funding received. The actual revenue collected exceeded the amount budgeted by \$1,218,317, mostly due to unanticipated increases in sales tax revenues. The expenditure budget increased by \$2,615,391, mainly due to capital outlay carried over from the previous fiscal year, from the original adopted budget for a total amended budget of \$26,337,325. Actual expenditures were \$461,069, or 1.75%, below the amended budget amount.

General Capital Projects – Capital Reserve Fund- Fiscal Year 2023

As of June 30, 2023, the General Capital Projects – Capital Reserve Fund had a fund balance of \$2,902,803, a decrease of \$271,991 from the previous fiscal year. Of this amount \$870,847 is restricted for street improvement projects. The remaining balance is assigned or designated for future capital projects. The General Fund transferred \$641,212, representing the Town policy of transferring \$0.025 of the current tax levy to the General Capital Projects - Capital Reserve Fund during fiscal year 2023. The town also transferred \$420,000 of debt proceeds from Fire Capital Project Fund as reimbursement for the land purchase at Hodge Road Fire Station. During fiscal year 2023, \$1,224,881 was transferred to Mingo Creek Greenway Capital Project Fund for construction cost and \$552,475 was transferred to Law Enforcement Center Capital Project Fund for design cost.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Town of Knightdale's investment in capital assets for its governmental activities on June 30, 2023 totals \$128,937,794 net of accumulated depreciation and including construction in progress. These assets include land, buildings, machinery, equipment, roads and infrastructure, vehicles, and park facilities. The Town does not retain any business-type capital assets. As discussed previously, all business-type capital assets were transferred to the City of Raleigh per merger agreement. Major capital asset highlights during the year include the following.

- Construction in Progress increased by \$3,303,722 during the year mainly due to Hodge Road Fire Station Construction.
- Streets and infrastructure increased by \$8,296,225 during the year mainly due to developer donated streets and sidewalks.

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

Figure 7
CAPITAL ASSETS
(net of depreciation/amortization)
Governmental
Activities

	2023	2022
Land and improvements	\$ 26,079,706	\$ 24,333,485
Construction in progress	5,760,481	2,456,759
Streets and infrastructure	69,107,724	60,811,499
Buildings	4,347,030	4,419,624
Other improvements	18,426,311	18,329,492
Intangibles	655,240	483,834
Equipment	621,832	776,381
Vehicles and motorized equipment	2,571,562	2,399,204
Leased Building	19,897	46,427
Leased Equipment	382,479	-
IT subscriptions	965,532	-
Total	<u>\$ 128,937,794</u>	<u>\$ 114,056,705</u>

Long-Term Debt

As of June 30, 2023, the Town of Knightdale had total bonded debt outstanding of \$1,200,000. This outstanding debt is backed by the full faith and credit of the Town. The Town of Knightdale had installment purchase agreements outstanding of \$17,707,357. Collateral for these installment purchase agreements are the assets purchased or constructed. The Town of Knightdale's total debt increased by \$8,747,072 or 86.09% during the past 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 \$186,721,567, which is well above the Town's current total debt outstanding.

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

Figure 8

LONG-TERM DEBT

	Governmental		Business-Type		Total	
	Activities		Activities			
	2023	2022	2023	2022	2023	2022
General obligation bonds	\$ 1,200,000	\$ 1,400,000	\$ -	\$ -	\$ 1,200,000	\$ 1,400,000
Installment purchase agreements	17,707,357	8,760,285	-	-	17,707,357	8,760,285
Total outstanding debt	<u>\$ 18,907,357</u>	<u>\$ 10,160,285</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,907,357</u>	<u>\$ 10,160,285</u>

NEXT YEAR’S BUDGET HIGHLIGHTS & ECONOMIC FACTORS

The total fiscal year 2024 operating budget for the Town of Knightdale is \$33,449,541. Of this amount, the general fund budget is \$29,659,162. This is a \$2,409,915, or 21.73%, increase from the adopted general fund budget from the prior year. Budget highlights include:

- Includes a transfer in from Capital Reserve Fund of \$2,113,373 to pay for capital outlay items.
- Addition of 10 new full-time positions mostly in police department
- A merit pay adjustment of up to 4% along with a cost of living adjustment of 3% for Town employees were included in fiscal year 2023.
- Major capital outlay projects funded through the general fund include \$748,000 for Police Vehicles, \$724,816 for Streets/Sidewalks, \$230,000 for Knightdale Station Park Field Lighting. Total general fund capital funding is \$2,787,316.

REQUESTS FOR INFORMATION

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



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Basic Financial Statements

TOWN OF KNIGHTDALE, NORTH CAROLINA
STATEMENT OF NET POSITION

June 30, 2023

EXHIBIT 1

Page 1 of 2

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 22,380,155
Restricted cash	9,087,510
Receivables:	
Taxes	108,469
Accounts	109,232
Due from other governments	2,563,329
Prepaid expenses	29,821
Total current assets	<u>34,278,516</u>
Non-current assets	
Capital assets	
Intangible right to use assets, net of amortization	1,367,908
Capital assets, non-depreciable	31,840,187
Capital assets, net of depreciation	95,729,699
Total non-current assets	<u>128,937,794</u>
Total assets	<u>163,216,310</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension deferrals	5,324,065
OPEB deferrals	1,913,469
Total deferred outflows of resources	<u>7,237,534</u>

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

TOWN OF KNIGHTDALE, NORTH CAROLINA
STATEMENT OF NET POSITION

June 30, 2023

EXHIBIT 1
Page 2 of 2

	<u>Governmental Activities</u>
LIABILITIES	
Current liabilities:	
Accounts payable and accrued expenses	\$ 1,502,328
Accrued interest	115,914
Current portion of long-term liabilities	<u>3,013,734</u>
Total current liabilities	4,631,976
Long term liabilities:	
Due in more than one year	<u>33,763,761</u>
Total liabilities	<u>38,395,737</u>
DEFERRED INFLOWS OF RESOURCES	
Prepaid taxes and recreation fees	36,308
Grants	183,100
Pension deferrals	456,855
OPEB deferrals	<u>4,150,652</u>
Total deferred inflows of resources	<u>4,826,915</u>
NET POSITION	
Net investment in capital assets	114,560,503
Restricted for Stabilization by State Statute	2,850,941
Restricted for Powell Bill	810,962
Restricted for public safety	481
Restricted for loan covenant	78,654
Restricted for streets	870,847
Restricted for Storm Water	1,035,896
Unrestricted	<u>7,022,908</u>
Total net position	<u>\$ 127,231,192</u>

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

TOWN OF KNIGHTDALE, NORTH CAROLINA
STATEMENT OF ACTIVITIES
For The Year Ended June 30, 2023

EXHIBIT 2

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
					Governmental Activities
Governmental activities					
General government	\$ 3,829,471	\$ 530,103	\$ 743,253	\$ -	\$ (2,556,115)
Public safety	12,122,180	3,631	5,517,316	-	(6,601,233)
Transportation	5,725,222	-	511,162	12,710,516	7,496,456
Environmental protection	2,137,790	2,914,486	175,618	142,312	1,094,626
Economic and physical development	1,122,558	35,160	310,764	-	(776,634)
Cultural and recreational	2,366,509	239,700	253,769	-	(1,873,040)
Interest on long-term debt	228,938	-	-	-	(228,938)
Total governmental activities	<u>27,532,668</u>	<u>3,723,080</u>	<u>7,511,882</u>	<u>12,852,828</u>	<u>(3,444,878)</u>
General revenues					
Taxes:					
Property taxes, levied for general purposes					11,599,976
Local option sales tax					6,252,534
Other taxes					1,606,743
Intergovernmental revenues, unrestricted					105,616
Unrestricted investment earnings					808,518
Miscellaneous					271,421
Total general revenues					<u>20,644,808</u>
Change in Net Position					17,199,930
Net Position-beginning					<u>110,031,262</u>
Net Position-ending					<u>\$ 127,231,192</u>

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

TOWN OF KNIGHTDALE, NORTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2023

EXHIBIT 3

	Major				Total Nonmajor Governmental Funds	Total Governmental Funds
	General	ARP CSLFRF Special Revenue Fund	Fire Capital Project Fund	Forestville Rd. Fire Station Capital Project Fund		
ASSETS						
Cash and cash equivalents	\$ 11,662,392	\$ -	\$ 63,685	\$ 5,068,197	\$ 5,585,881	\$ 22,380,155
Restricted cash	890,097	182,818	4,637,400	1,452,453	1,924,742	9,087,510
Receivables:						
Taxes	108,469	-	-	-	-	108,469
Accounts	89,079	-	-	-	20,153	109,232
Due from other governments	2,334,068	282	19,320	-	209,659	2,563,329
Prepaid expenditures	18,100	-	-	-	11,721	29,821
TOTAL ASSETS	\$ 15,102,205	\$ 183,100	\$ 4,720,405	\$ 6,520,650	\$ 7,752,156	\$ 34,278,516
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable	\$ 1,124,443	\$ -	\$ 142,248	\$ 21,032	\$ 11,561	\$ 1,299,284
Accrued salaries	195,607	-	-	-	7,438	203,045
TOTAL LIABILITIES	1,320,050	-	142,248	21,032	18,999	1,502,329
DEFERRED INFLOWS OF RESOURCES						
Property taxes receivable	108,469	-	-	-	-	108,469
Prepaid taxes and licenses	25,411	-	-	-	-	25,411
Accounts receivable	57,840	-	-	-	20,153	77,993
Grants	-	183,100	-	-	-	183,100
Prepaid recreation fees	10,897	-	-	-	-	10,897
TOTAL DEFERRED INFLOWS OF RESOURCES	202,617	183,100	-	-	20,153	405,870

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

TOWN OF KNIGHTDALE, NORTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2023

EXHIBIT 3

	Major				Total Nonmajor Governmental Funds	Total Governmental Funds
	General	ARP CSLFRF Special Revenue Fund	Fire Capital Project Fund	Forestville Rd. Fire Station Capital Project Fund		
Nonspendable						
Prepaid expenditures	\$ 18,100	\$ -	\$ -	\$ -	\$ 11,721	\$ 29,821
Restricted						
Stabilization by State Statute	2,850,941	-	-	-	-	2,850,941
Streets - Powell Bill funds	810,962	-	-	-	-	810,962
Public safety	481	-	-	-	-	481
Streets - payment in lieu of street improvements	-	-	-	-	870,847	870,847
Storm Water	-	-	-	-	1,035,896	1,035,896
Debt service	78,654	-	-	-	-	78,654
Assigned						
Subsequent year's expenditures	367,075	-	-	-	-	367,075
Storm Water	-	-	-	-	1,635,971	1,635,971
Capital Projects Fund	-	-	4,578,157	6,499,618	4,158,569	15,236,344
Unassigned	9,453,325	-	-	-	-	9,453,325
TOTAL FUND BALANCES	13,579,538	-	4,578,157	6,499,618	7,713,004	32,370,317
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 15,102,205	\$ 183,100	\$ 4,720,405	\$ 6,520,650	\$ 7,752,156	\$ 34,278,516

Page 2 of 2

FUND BALANCES

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

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

June 30, 2023

EXHIBIT 3

Fund balances-total governmental funds		\$ 32,370,317
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	\$ 167,641,083	
Less accumulated depreciation	<u>(40,071,197)</u>	127,569,886
Intangible right to use assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		
		1,367,908
Deferred outflows of resources related to pensions are not reported in the funds		
		5,324,065
Deferred outflows of resources related to OPEB are not reported in the funds		
		1,913,469
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	(18,907,356)	
Lease liability	(414,389)	
Subscription liabilities	(982,119)	
Compensated absences	(789,333)	
Net pension liability (LGERS)	(6,925,981)	
Total pension liability (LEO)	(1,514,749)	
Total OPEB liability	<u>(7,243,567)</u>	(36,777,494)
Earned revenues considered deferred inflows of resources in fund statements		
		186,462
Other liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Accrued interest payable		(115,914)
Deferred inflows of resources related to pensions are not reported in the funds		
		(456,855)
Deferred inflows of resources related to OPEB are not reported in the funds		
		<u>(4,150,652)</u>
Net position of governmental activities		<u><u>\$ 127,231,192</u></u>

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

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

For The Year Ended June 30, 2023

EXHIBIT 4

Page 1 of 2

	Major				Total Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	ARP CSLFRF Special Revenue Fund	Fire Capital Project Fund	Forestville Rd. Fire Station Capital Project Fund		
REVENUES						
Ad valorem taxes	\$ 11,592,338	\$ -	\$ -	\$ -	\$ -	\$ 11,592,338
Other taxes and licenses	383,015	-	-	-	152,815	535,830
Unrestricted intergovernmental	7,432,316	-	-	-	-	7,432,316
Restricted intergovernmental	3,125,761	5,058,055	-	-	-	8,183,816
Permits and fees	568,893	-	-	-	1,940,451	2,509,344
Sales and services	1,417,338	-	-	-	-	1,417,338
Investment earnings	424,939	84,258	101,672	47,165	150,485	808,519
Miscellaneous	191,821	-	-	-	-	191,821
TOTAL REVENUES	25,136,421	5,142,313	101,672	47,165	2,243,751	32,671,322
EXPENDITURES						
Current						
General government	3,507,171	-	-	-	-	3,507,171
Public safety	10,327,856	-	-	-	-	10,327,856
Transportation	2,475,133	-	-	-	-	2,475,133
Environmental protection	1,302,169	-	-	-	670,451	1,972,620
Economic and physical development	1,008,506	-	-	-	-	1,008,506
Cultural and recreational	1,346,872	-	-	-	-	1,346,872
Capital outlay	4,127,509	142,313	2,956,600	692,917	193,589	8,112,928
Debt issuance costs	-	-	-	54,630	-	54,630
Debt service						
Bond and note principal	1,537,669	-	-	-	29,260	1,566,929
Bond and note interest and fees	243,371	-	-	-	1,931	245,302
TOTAL EXPENDITURES	25,876,256	142,313	2,956,600	747,547	895,231	30,617,947
REVENUES OVER (UNDER) EXPENDITURES	(739,835)	5,000,000	(2,854,928)	(700,382)	1,348,520	2,053,375

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

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

For The Year Ended June 30, 2023

EXHIBIT 4

Page 2 of 2 (continued)

	Major				Total Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	ARP CSLFRF Special Revenue Fund	Fire Capital Project Fund	Forestville Rd. Fire Station Capital Project Fund		
OTHER FINANCING SOURCES (USES)						
Lease proceeds	\$ 478,099	\$ -	\$ -	\$ -	\$ -	\$ 478,099
Subscription proceeds	1,111,887	-	-	-	39,831	1,151,718
Transfers from other funds	5,100,000	-	-	5,000,000	2,851,618	12,951,618
Transfers to other funds	(5,641,212)	(5,000,000)	(520,000)	-	(1,790,406)	(12,951,618)
Sale of capital assets	79,601	-	-	-	-	79,601
Installment purchase obligations issued	-	-	8,114,000	2,200,000	-	10,314,000
TOTAL OTHER FINANCING SOURCES (USES)	1,128,375	(5,000,000)	7,594,000	7,200,000	1,101,043	12,023,418
NET CHANGE IN FUND BALANCE	388,540	-	4,739,072	6,499,618	2,449,563	14,076,793
FUND BALANCE - Beginning of Year	13,190,998	-	(160,915)	-	5,263,441	18,293,524
FUND BALANCE - End of Year	<u>\$ 13,579,538</u>	<u>\$ -</u>	<u>\$ 4,578,157</u>	<u>\$ 6,499,618</u>	<u>\$ 7,713,004</u>	<u>\$ 32,370,317</u>

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

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

For the Year Ended June 30, 2023

EXHIBIT 4
Page 1 of 2

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

Net change in fund balances - total governmental funds \$ 14,076,792

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Expenditures for capital assets	\$ 8,112,928	
Less current year depreciation	(4,903,008)	
Less current year amortization	<u>(308,336)</u>	2,901,584

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 11,979,506

Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities 1,169,705

Benefit payments paid and administrative expense for the LEOSSA are not included on the Statement of Activities 18,937

OPEB benefit payments and administrative costs made in the current fiscal year are not included on the Statement of Activities 87,060

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 2,171 (continued)

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

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

For the Year Ended June 30, 2023

EXHIBIT 4

Page 2 of 2

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

Installment note proceeds	(10,314,000)	
Principal payments	1,566,929	
Lease and subscription liabilities issued	(1,629,817)	
Lease and subscription liabilities retired	280,325	
Decrease in accrued interest payable	<u>47,168</u>	(10,049,395)

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	(154,720)	
Pension expense	(2,240,752)	
OPEB plan expense	<u>(590,958)</u>	(2,986,430)

Change in net position of governmental activities		<u><u>\$ 17,199,930</u></u>
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The accompanying notes are an integral part of these financial statements.

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

For the Year Ended June 30, 2023

EXHIBIT 5

Page 1 of 2

	Budget		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Ad valorem taxes	\$ 11,581,824	\$ 11,581,824	\$ 11,592,338	\$ 10,514
Other taxes and licenses	340,500	340,500	383,015	42,515
Unrestricted intergovernmental revenues	6,655,000	6,655,000	7,432,316	777,316
Restricted intergovernmental revenues	2,992,221	3,078,261	3,125,761	47,500
Permits and fees	408,000	408,000	568,893	160,893
Sales and services	1,426,000	1,426,000	1,417,338	(8,662)
Investment earnings	25,500	112,541	424,939	312,398
Miscellaneous	136,101	315,978	191,821	(124,157)
TOTAL REVENUES	<u>23,565,146</u>	<u>23,918,104</u>	<u>25,136,421</u>	<u>1,218,317</u>
EXPENDITURES				
General government	3,901,642	4,256,030	5,138,579	(882,549)
Public safety	11,013,798	11,483,957	10,788,515	695,442
Transportation	3,169,051	3,989,729	3,652,982	336,747
Environmental protection	1,288,500	1,307,500	1,302,169	5,331
Economic and physical development	1,053,988	1,394,527	1,448,120	(53,593)
Cultural & recreation	1,597,423	2,118,657	1,764,851	353,806
Debt service				
Bond and note principal	1,537,637	1,537,637	1,537,669	(32)
Bond and note interest	159,895	246,936	243,371	3,565
Debt issuance costs	-	2,352	-	2,352
TOTAL EXPENDITURES	<u>23,721,934</u>	<u>26,337,325</u>	<u>25,876,256</u>	<u>461,069</u>
Revenues over (under) expenditures	<u>(156,788)</u>	<u>(2,419,221)</u>	<u>(739,835)</u>	<u>1,679,386</u>

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

TOWN OF KNIGHTDALE, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended June 30, 2023
EXHIBIT 5

Page 2 of 2

	Budget		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	\$ 465,000	\$ 5,565,000	\$ 5,100,000	\$ (465,000)
Transfers to other funds	(641,212)	(5,641,212)	(5,641,212)	-
Sale of capital assets	-	25,000	79,601	54,601
Lease proceeds	-	-	478,099	478,099
Subscription proceeds	-	-	1,111,887	1,111,887
Issuance of debt	-	18,000	-	(18,000)
Appropriated fund balance	333,000	2,452,433	-	(2,452,433)
TOTAL OTHER FINANCING SOURCES (USES)	156,788	2,419,221	1,128,375	(1,290,846)
Net change in fund balance	\$ -	\$ -	388,540	\$ 388,540
FUND BALANCE - beginning of year			13,190,998	
FUND BALANCE - end of year			\$ 13,579,538	

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, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

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

B. BASIS OF PRESENTATION

Government-wide Statements: The statement of net position and the statement of activities display information on all of the financial activities of the Town. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the Town. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

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

Fund Financial Statements: The fund financial statements provide information about the Town's funds. Separate statements for each fund category-governmental and proprietary - are presented. The 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 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.

TOWN OF KNIGHTDALE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2023

ARP CSLFRF Fund – This fund is a Special Revenue Fund used to account for American Rescue Plan Coronavirus State and Local Fiscal Recovery funds (ARP Funds) received by the Town and transfers made to other funds for eligible expenditures.

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

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

The Town reports the following non-major governmental funds:

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

General Capital 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.

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.

Law Enforcement Capital Project Fund – This fund is used to account for the financial resources to be used for the acquisition and construction relate to new police facilities.

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

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

TOWN OF KNIGHTDALE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2023

(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. 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.

TOWN OF KNIGHTDALE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2023

D. BUDGETARY DATA

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget ordinance is adopted for the General, Capital Reserve and Special Revenue Funds. All annual appropriations lapse at fiscal year-end. A project ordinance is adopted for the Capital Projects Funds and the ARP CSLFRF Fund. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the departmental level for all annually budgeted funds and at the project level for the multi-year funds. Interfund or interdepartmental transfer of moneys may be made only with specific advanced approval of the Town Council. Supplemental appropriations that amend the total expenditures of any fund require a resolution of the Town Council. The Budget Officer is authorized to reallocate any appropriations within departments. Budgets are reported as originally adopted or as amended by executive action or Council resolution. During the year several amendments to the original budget were necessary, the effects of which were not material. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

E. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES AND NET POSITION OR FUND EQUITY

1. DEPOSITS AND INVESTMENTS

All deposits of the Town are made in Council designated official depositories and are secured as required by State law (G.S. 159-31). The Town may designate as an official depository, any bank or savings and loan association whose principal office is located in North Carolina. The Town may also establish time deposit accounts such as NOW and Super NOW accounts, money market accounts and certificates of deposit. The Town has no policy regarding custodial credit risk for deposits.

State law [G.S. 159-30 (c)] authorizes the Town to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; and the North Carolina Capital Management Trust (NCCMT). The Town's investments are reported at fair value as determined by quoted market prices. The NCCMT Government Portfolio, a SEC-registered (2a-7) money market mutual fund, is measured at fair value. Because the NCCMT Government and has a weighted average maturity of less than 90 days, it is presented as an investment with a maturity of less than 6 months.

2. CASH AND CASH EQUIVALENTS

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

TOWN OF KNIGHTDALE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2023

3. RESTRICTED CASH

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

Town of Knightdale Restricted Cash

Governmental Activities

General Fund

Streets – Powell Bill Funds	\$	810,962
Public Safety		481
Loan Covenant – KS Bank		78,654

\$ 890,097

General Capital Reserve Fund

Payments in Lieu of Street Improvements	\$	870,847
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ARP CSLFRF Special Revenue Fund

Grants		182,818
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Fire Capital Project Fund

Unspent debt proceeds		4,637,400
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Forestville Road Fire Station Capital Project Fund

1,452,453

Storm Water Special Revenue Fund

Surety Fees		5,281
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Sinking Fund		1,048,614
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1,053,895

Total Restricted Cash

\$ 9,087,510

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, 2022.

TOWN OF KNIGHTDALE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2023

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, 2023, including inactive accounts for garbage collection services and storm water fees have been charged against operations.

6. PREPAID ITEMS

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

7. CAPITAL ASSETS

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

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For the Fiscal Year Ended June 30, 2023

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

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 2023 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 four items that meet the criterion for this category – prepaid taxes and recreation fees, unspent grant proceeds, 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.

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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 40 hours and use this in lieu of vacation. Exempt employees lose any time accumulated over 24 hours and are not paid for accumulated compensatory time upon leaving service.

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

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

11. NET POSITION/FUND BALANCES

Net Position

Net position in government-wide 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.

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

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

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

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

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

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

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

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

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

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

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

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

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Unassigned fund balance – the portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds. The General Fund is the only fund that reports a positive unassigned fund balance.

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

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

12. DEFINED BENEFIT PENSION AND OPEB PLANS

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

NOTE 2 – DETAIL NOTES ON ALL FUNDS

A. ASSETS

1. DEPOSITS

All the Town's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage level are collateralized with securities held by the Town's agent in the Town's name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Town, these deposits are considered to be held by the Town's agent in the Town's name. The amount of the pledged collateral is based on

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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, 2023, the Town’s deposits had a carrying value of \$8,349,344 and a bank balance of \$9,073,517. Of the bank balance, \$1,250,000 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. At June 30, 2023, the Town’s petty cash fund totaled \$1,150.

2. INVESTMENTS

At June 30, 2023 the Town’s investment balances were as follows:

Investments by Type	Valuation Measurement Method	Book Value at 6/30/22	Maturity	Rating
NC Capital Management Trust – Government Portfolio	Fair Value Level 1	22,123,774	N/A	AAAm
Commercial Paper	Fair Value Level 2	<u>993,397</u>	7 months	AA+
Total investments		<u>23,117,171</u>		

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

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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, 2023.

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.

3. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2023, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 24,333,485	\$ 1,746,221	\$ -	\$ 26,079,706
Construction in progress	2,456,759	4,918,119	1,614,397	5,760,481
Total capital assets not being depreciated	<u>26,790,244</u>	<u>6,664,340</u>	<u>1,614,397</u>	<u>31,840,187</u>
Capital assets being depreciated:				
Buildings	8,152,550	262,822	-	8,415,372
Other improvements	23,345,272	1,010,872	-	24,356,144
Roads and infrastructure	82,606,265	11,109,440	-	93,715,705

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Intangibles	\$ 685,942	\$ 219,700	\$ -	\$ 905,642
Equipment	2,089,986	119,901	66,925	2,142,962
Vehicles and motorized equipment	5,591,071	756,863	82,863	6,265,071
	<u>122,471,086</u>	<u>13,479,598</u>	<u>149,788</u>	<u>135,800,896</u>
Less accumulated depreciation for:				
Buildings	3,732,926	335,416	-	4,068,342
Other improvements	5,015,780	914,053	-	5,929,833
Roads and infrastructure	21,794,766	2,813,215	-	24,607,981
Intangibles	202,108	48,294	-	250,402
Equipment	1,313,605	207,525	-	1,521,130
Vehicles and motorized equipment	3,191,867	584,505	82,863	3,693,509
Total accumulated depreciation	<u>35,251,052</u>	<u>4,903,008</u>	<u>82,863</u>	<u>40,071,197</u>
Total capital assets being depreciated, net	<u>87,220,034</u>	<u>8,576,590</u>	<u>66,925</u>	<u>95,729,699</u>
Capital assets being amortized:				
Right to use assets:				
Leased building	72,957	-	-	72,957
Leased equipment	-	478,099	-	478,099
IT subscriptions	1,111,887	39,831	-	1,151,718
Total capital assets being amortized	<u>1,184,844</u>	<u>517,930</u>	<u>-</u>	<u>1,702,774</u>
Less accumulated amortization for:				
Right to use assets:				
Leased building	26,530	26,530	-	53,060
Leased equipment	-	95,620	-	95,620
IT subscriptions	-	186,186	-	186,186
Total accumulated amortization	<u>26,530</u>	<u>308,336</u>	<u>-</u>	<u>334,866</u>
Total capital assets amortized, net	<u>1,158,314</u>	<u>209,594</u>	<u>-</u>	<u>1,367,908</u>
Governmental activity capital assets, net	<u>\$ 115,168,592</u>	<u>\$ 15,450,524</u>	<u>\$ 1,681,322</u>	<u>\$ 128,937,794</u>

TOWN OF KNIGHTDALE, NORTH CAROLINA

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

General government	\$ 408,766
Public safety	621,815
Transportation	3,082,938
Environmental protection	111,213
Economic development	53,954
Cultural and recreational	932,658
Total depreciation and amortization expense	<u>\$ 5,211,344</u>

The Town has active construction projects as of June 30, 2023. At year-end, the Town's commitment with contractors is as follows:

Project	Spent-to-Date	Remaining Commitment	Total Contract
Mingo Creek Greenway Extension	\$ 280,379	\$ 3,805,335	\$ 4,085,714
Hodge Road Fire Station	2,980,150	2,667,711	5,647,861
Forestville Road Fire Station	1,299,659	5,519,890	6,819,549
Law Enforcement Center	44,380	508,095	552,475

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For the Fiscal Year Ended June 30, 2023

B. LIABILITIES

1. PENSION PLAN AND POSTEMPLOYMENT OBLIGATIONS

a. Local Governmental Employees' Retirement System

Plan Description. The Town of Knightdale is a participating employer in the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the 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.

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.

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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, 2023, was 13.04% of compensation for law enforcement officers and 12.13% 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 \$1,169,705 for the year ended June 30, 2023.

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, 2023, the Town reported a liability of \$6,925,981 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2021. The total pension liability was then rolled forward to the measurement date of June 30, 2022 utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension asset was based on a projection of the Town's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2022, the Town's proportion was 0.12277%, which was an increase of 0.02634% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the Town recognized pension expense of \$2,104,158. At June 30, 2023, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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For the Fiscal Year Ended June 30, 2023

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 298,434	\$ 29,260
Changes of assumptions	691,058	-
Net difference between projected and actual earnings on pension plan investments	2,289,109	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	432,146	24,573
Town contributions subsequent to the measurement date	1,169,705	-
Total	<u>\$ 4,880,452</u>	<u>\$ 53,833</u>

\$1,169,705 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:

2024	1,164,188
2025	1,041,243
2026	360,908
2027	1,090,575

Actuarial Assumptions. The total pension liability in the December 31, 2021 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.

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The actuarial assumptions used in the December 31, 2021 valuation were based on the results of an actuarial experience study for the period January 1, 2011 through December 31, 2015. Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2023 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	33.0%	0.9%
Global Equity	38.0%	6.5%
Real Estate	8.0%	5.9%
Alternatives	8.0%	8.2%
Credit	7.0%	5.0%
Inflation Protection	6.0%	2.7%
Total	100%	

The information above is based on 30-year expectations developed with the consulting actuary for the 2021 asset, liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 2.50%. All rates of return and inflation are annualized.

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

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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:

	<u>1% Decrease (5.50%)</u>	<u>Discount Rate (6.50%)</u>	<u>1% Increase (7.50%)</u>
Town’s proportionate share of the net pension liability (asset)	\$ 12,500,504	\$ 6,925,981	\$ 2,332,251

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.

b. Law Enforcement Officers Special Separation Allowance

Plan Description.

The Town of Knightdale administers a public employee retirement system (the “Separation Allowance”), a single-employer defined benefit pension plan that provides retirement benefits to the Town’s qualified sworn law enforcement officers under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed five or more years of creditable service. The Separation Allowance is equal to .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement 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, 2021, the Separation Allowance’s membership consisted of:

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Retirees receiving benefits	2
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	<u>33</u>
Total	<u>35</u>

Summary of Significant Accounting Policies:

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

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

Actuarial Assumptions

The entry age actuarial cost method was used in the December 31, 2021 valuation. The total pension liability in the December 31, 2021 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	4.31 percent

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

Mortality rates are based on the RP-2014 Mortality tables with adjustments for mortality improvements based on MP-2019.

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 \$38,300 as benefits came due for the reporting period.

TOWN OF KNIGHTDALE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2023

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

At June 30, 2023, the Town reported a total pension liability of \$1,514,749. The total pension liability was measured as of December 31, 2022 based on a December 31, 2021 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2022 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2023, the Town recognized pension expense of \$152,575.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 112,082	\$ 84,637
Changes of assumptions	312,594	318,385
Town benefit payments and plan administrative expense made subsequent to the measurement date	18,937	-
Total	<u>\$ 443,613</u>	<u>\$ 403,022</u>

\$18,937 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, 2024. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2024	\$ 21,554
2025	27,877
2026	25,868
2027	19,178
2028	(46,885)
Thereafter	(25,938)

TOWN OF KNIGHTDALE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2023

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 4.31 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 (3.31 percent) or 1-percentage-point higher (5.31 percent) than the current rate:

	1% Decrease	Discount Rate	1% Increase
	(3.31%)	(4.31%)	(5.31%)
Total pension liability	\$ 1,662,585	\$ 1,514,749	\$ 1,380,465

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

Beginning balance	\$ 1,607,804
Service Cost	100,224
Interest on the total pension liability	35,745
Differences between expected and actual experience	129,592
Changes of assumptions or other inputs	(320,316)
Benefit payments	<u>(38,300)</u>
Ending balance of the total pension liability	<u>\$ 1,514,749</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, 2021 valuation were based on the results of an actuarial experience study for the period January 1, 2015 through December 31, 2019.

TOWN OF KNIGHTDALE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2023

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

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

	<u>LGERS</u>	<u>LEOSSA</u>	<u>TOTAL</u>
Pension Expense	\$ 2,104,158	\$ 152,575	\$ 2,256,733
Pension Liability	6,925,981	1,514,749	8,440,730
Proportionate share of the net pension liability	.12277%	N/A	
 Deferred Outflows of Resources			
Differences between expected and actual experience	298,434	112,082	410,516
Changes of assumptions	691,058	312,594	1,003,652
Net difference between projected and actual earnings on plan investments	2,289,109	-	2,289,109
Changes in proportion and differences between contributions and proportionate share of contributions	432,146	-	432,146
Benefit payments and administrative costs paid subsequent to the measurement date	1,169,705	18,937	1,188,642
 Deferred Inflows of Resources			
Differences between expected and actual experience	29,260	84,637	113,897
Changes of assumptions	-	318,385	318,385
Changes in proportion and differences between contributions and proportionate share of contributions	24,573	-	24,573

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

TOWN OF KNIGHTDALE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2023

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, 2023 were \$198,817, which consisted of \$130,792 from the Town and \$68,025 from law enforcement officers.

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

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

Funding Policy. The Town contributes each month an amount equal to five percent of each employee's (excluding law enforcement officers) salary, and all amounts contributed are vested immediately. Also, these employees may make voluntary contributions to the plan. Total contributions for the year ended June 30, 2023 were \$535,054, which consisted of \$342,254 from the Town and \$192,800 from employees.

e. Other Post-Employment Benefits

Healthcare Benefits

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

Benefits Provided. Employees who have at least 10 years of creditable service with the Town (25 years of service with the Town for employees hired on or after April 20, 2005) and retire under the Local Government Employees' Retirement System (LGERS) will receive 100% of health insurance premiums paid by the Town. For employees hired prior to April 20, 2005, their age and creditable service in LGERS at the time of retirement must equal at least 72. When a retiree qualified to receive 100% of health insurance paid by the Town (or with at least 15 years of service with the Town if hired on or after April 20, 2005) reaches age 65, the Town provides an individual Medicare Supplemental Insurance Policy in addition to a prescription supplement plan not to exceed the cost of current employee health insurance premiums. Retirees may purchase health insurance for dependents at the Town's group rates. The Town Council may amend the benefit provisions.

TOWN OF KNIGHTDALE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2023

Retired Employees' Years of Creditable Service	Hired Prior to April 20, 2005	Hired On or After April 20, 2005
0 – 9 years	Not eligible for coverage	Not eligible for coverage
10 – 14 years	100% coverage paid by Town	Not eligible for coverage
15 – 18 years	100% coverage paid by Town	25% coverage paid by Town
19 – 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, 2021, the date of the latest actuarial valuation:

	General Employees:	Law Enforcement Officers:
Retirees and dependents receiving benefits	7	6
Active plan members	81	36
Total	<u>88</u>	<u>42</u>

Total OPEB Liability

The Town's total OPEB liability of \$7,243,567 was measured as of June 30, 2022 and was determined by an actuarial valuation as June 30, 2021.

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2021 actuarial valuation measured as of June 30, 2022 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	3.54 percent
Healthcare cost trend rates	Medical and Prescription – 7.0 percent decreasing to 4.5 percent by 2031

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

TOWN OF KNIGHTDALE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2023

Changes in the Total OPEB Liability

Balance at July 1, 2021	\$ 9,019,599
Changes for the year	
Service cost	722,363
Interest	209,218
Differences between expected and actual experience	843
Changes in assumptions or other inputs	(2,596,011)
Benefit payments	(112,445)
Net changes	<u>(1,776,032)</u>
Balance at June 30, 2022	<u>\$ 7,243,567</u>

Changes in assumptions and other inputs reflect a change in the discount rate from 2.16% to 3.54%.

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

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study 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 that is 1-percentage-point lower (2.54 percent) or 1-percentage-point higher (4.54 percent) than the current discount rate:

	<u>1% Decrease (2.54%)</u>	<u>Discount Rate (3.54%)</u>	<u>1% Increase (4.54%)</u>
Total OPEB Liability	\$ 9,015,576	\$ 7,243,567	\$ 5,911,019

TOWN OF KNIGHTDALE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2023

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

	1% Decrease	Healthcare cost Trend Rate (7.0% decreasing to 4.5%)	1% Increase
Total OPEB Liability	\$ 5,698,675	\$ 7,243,567	\$ 9,380,095

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

For the year ended June 30, 2023, the Town recognized OPEB expense of \$624,158. At June 30, 2023, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 11,993	\$ 1,179,963
Changes of assumptions	1,814,416	2,970,689
Town benefit payments and plan administrative expense made subsequent to the measurement date	87,060	-
Total	<u>\$ 1,913,469</u>	<u>\$ 4,150,652</u>

\$87,060 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, 2023. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

TOWN OF KNIGHTDALE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2023

Year ended June 30:

2024	\$	(307,423)
2025		(307,423)
2026		(307,423)
2027		(307,423)
2028		(245,008)
Thereafter		(849,543)

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.

TOWN OF KNIGHTDALE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2023

2. DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

Deferred outflows of resources at June 30, 2023 are composed of the following:

Contributions to pension plan in current fiscal year (LGERS)	\$	1,169,705
Differences between expected and actual Experience (LGERS)		298,434
Changes of assumptions (LGERS)		691,058
Net difference between projected and actual earnings on plan investments		2,289,109
Changes in proportion and differences between employer contributions and proportionate share of contributions (LGERS)		432,146
Changes of assumptions (LEO)		312,594
Benefit payments made and administrative expenses made subsequent to measurement date (LEO)		18,937
Differences between expected and actual experience (LEO)		112,082
Differences between expected and actual experience (OPEB)		11,993
Changes of assumptions (OPEB)		1,814,416
Benefit payments made subsequent to the measurement date (OPEB)		87,060
Total	\$	<u><u>7,237,534</u></u>

TOWN OF KNIGHTDALE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2023

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

	Statement of Net Position	Balance Sheet
General Fund:		
Prepaid taxes not yet earned	\$ 25,411	\$ 25,411
Recreation fees	10,897	10,897
Taxes receivable (Net)	-	108,469
Decal receivable	-	30,236
Sanitation receivables	-	27,604
Net difference between expected and actual experience (LGERS)	29,260	-
Changes in proportion and differences between employer contributions and proportionate share of contributions (LGERS)	24,573	-
Differences between expected and actual experience (LEO)	84,637	-
Changes of assumptions (LEO)	318,385	-
Differences between expected and actual experience (OPEB)	1,179,963	-
Changes of assumptions (OPEB)	2,970,689	-
ARP CSLFRF		
Unspent grant revenues	183,100	183,100
Storm Water Fund		
Storm water fees receivable	-	20,153
Total	\$ <u>4,826,915</u>	\$ <u>405,870</u>

3. RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town is a participant in one self-funded risk-financing insurance pool administered by the North Carolina League of Municipalities, which provides

TOWN OF KNIGHTDALE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2023

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

The Town purchases commercial insurance to provide the following types of major coverage: general liability (\$5,000,000), property (\$18,023,981), inland marine (\$1,885,041), auto liability (\$5,000,000), public officials' liability (\$5,000,000), employment practices 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 Officer is bonded for \$150,000. 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, 2023, 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 a modular building and 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 had one existing lease from the prior year for a modular building. The term of this lease was initially 36 months with monthly fixed payments of \$2,313 through March 2024. The lease does not contain a stated interest rate. Accordingly, the Town's estimated incremental borrowing rate of 3.6% was used to discount the remaining lease payments. The liability balance as of June 30, 2023 is \$20,510.

TOWN OF KNIGHTDALE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2023

The Town entered into two lease agreements during the past fiscal year. The first agreement was executed on July 1, 2022 to lease computer equipment and requires 60 monthly payments, \$6,835 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, 2023 is \$344,883.

The second agreement was executed on July 1, 2022 to lease computer equipment and requires 60 monthly payments, \$971 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, 2023 is \$48,996.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2023, were as follows:

Year ending June 30	Principal	Interest	Total
2024	\$ 109,570	\$ 8,664	\$ 118,234
2025	95,129	6,165	101,294
2026	101,501	3,865	105,366
2027	108,189	1,392	109,581
Total	<u>\$ 414,389</u>	<u>\$ 20,086</u>	<u>\$ 434,475</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, 2022 are composed of the following individual issues:

Serviced by the General Fund:

\$3,000,000, 2013 Parks and Recreation Facility Bonds due in annual installments of \$200,000 plus interest through 2028, interest is at 1.97%.

\$ 1,200,000

TOWN OF KNIGHTDALE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2023

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

Year ending <u>June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2024	\$ 200,000	\$ 23,640
2025	200,000	19,700
2026	200,000	15,760
2027	200,000	11,820
2028	200,000	7,880
2029-2033	<u>200,000</u>	<u>3,940</u>
Total	<u>\$ 1,200,000</u>	<u>\$ 82,740</u>

C. INSTALLMENT NOTE INDEBTEDNESS

The Town also has various installment notes for land, buildings, equipment and vehicles. Installment notes payable at June 30, 2023 are composed of the following individual notes:

	Serviced by the General Fund
\$2,115,099 installment debt to the KS Bank for the Public Safety Building issued 11-30-12; annual payments of \$168,341 which includes interest at 2.30%; secured by land and building	\$ 786,537
\$6,614,000 installment debt to JP Morgan Chase for construction of a new fire station issued 10-13-22; annual payments of \$441,000 plus interest at 2.82%; secured by land and building	6,614,000
\$5,217,000 installment debt to Webster Bank for municipal buildings and facilities issued 10-14-21; annual payments ranging from \$394,000 to \$797,000 plus interest at 1.125%; secured by real estate	4,184,000
\$2,184,000 installment debt to JP Morgan Chase for construction of a new fire station issued 5-11-23; annual payments \$146,000 plus interest of 3.23%; secured by real estate	2,184,000
\$1,516,000 installment debt to JP Morgan Chase for purchase of two fire trucks issued 5-11-23; annual payments of \$169,000 plus interest at 3.28%; secured by equipment	\$ 1,516,000

TOWN OF KNIGHTDALE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2023

	Serviced by the General Fund
\$2,000,000 installment debt to BB&T for construction of Wake Stone Athletic Park issued 2-11-20; annual payments of \$226,045 which includes interest at 2.29%; secured by real property	\$ 1,446,788
\$247,789 installment debt to Southern Bank for public works trucks issued 10-4-19, annual payments of \$49,558 plus interest at 2.2%; secured by the vehicles	99,116
\$1,080,000 installment debt to Truist Bank for fire truck issued 1-29-21, annual payments of \$117,295 which includes interest at 1.53%; secured by fire truck	<u>876,916</u>
Total	<u>\$ 17,707,357</u>

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

Year Ending June 30:	Governmental Activities	
	Principal	Interest
2024	\$ 2,036,569	\$ 411,145
2025	2,033,022	377,973
2026	1,981,171	335,803
2027	1,977,048	294,692
2028	1,972,140	253,525
2029-2033	4,778,407	683,880
2034-2038	2,929,000	225,578
Total	<u>\$ 17,707,357</u>	<u>\$ 2,582,596</u>

D. SUBSCRIPTIONS

For the year ended June 30, 2023 the Town implement the requirements of GASB Statement No. 96, Subscription-Based Information Technology Arrangements (Subscriptions). The Statement provides a definition of Subscriptions and provides uniform guidance for accounting and financial reporting for such transactions.

TOWN OF KNIGHTDALE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2023

The guidance will decrease diversity in the accounting and financial reporting for these transactions, thereby, increasing comparability in financial reporting among governments. Further, the reporting of a subscription asset (a right-to-use intangible capital asset) and a subscription liability will enhance the relevance and reliability of the financial statements.

Subscriptions in affect at the end of the prior fiscal year had their assets and liabilities initially measured at the present value of the subscription payments expected over the remaining term of the Subscription after July 1, 2022. One such agreement was in place at June 30, 2022. The Subscription is for the Town's financial accounting software. The initial term of the agreement was for nine years. The remaining term at June 30, 2023 is for thirty two months. 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. As a result, the amount of \$67,247 was added as a right-to-use subscription asset and a subscription liability as of July 1, 2022. This restatement has no effect on equity. The liability balance at June 30, 2023 was \$45,012.

Another such agreement was in place at June 30, 2022. The Subscription 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, 2023 is for ninety six 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. As a result, the amount of \$258,710 was added as a right-to-use subscription asset and a subscription liability as of July 1, 2022. This restatement has no effect on equity. The liability balance at June 30, 2023 was \$232,321.

Another such agreement was in place at June 30, 2022. The Subscription 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, 2023 is for one hundred and nine 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. As a result, the amount of \$61,278 was added as a right-to-use subscription asset and a subscription liability as of July 1, 2022. This restatement has no effect on equity. The liability balance at June 30, 2023 was \$54,532.

Another such agreement was in place at June 30, 2022. The Subscription 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, 2023 is for one hundred and ten 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. As a result, the amount of \$130,032 was added as a right-to-use subscription asset and a subscription liability as of July 1, 2022. This restatement has no effect on equity. The liability balance at June 30, 2023 was \$120,544.

During the year the Town entered into a new Subscription for the Town's office software. The term of the agreement was for five years. 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. The initial liability for the subscription was \$545,137. The liability balance remaining at June 30, 2023 was \$450,009.

TOWN OF KNIGHTDALE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2023

During the year the Town entered into a new Subscription for the Town’s managed backup program. The term of the agreement was for five years. 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. The initial liability for the subscription was \$49,482. The liability balance remaining at June 30, 2023 was \$40,847.

During the year the Town entered into a new Subscription for the Town’s managed backup program. The term of the agreement was for three years. 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. The initial liability for the subscription was \$39,831. The liability balance remaining at June 30, 2023 was \$38,854.

The future minimum subscription obligations and the net present value of these minimum payments as of June 30, 2023, were as follows:

Year ending June 30	Principal	Interest	Total
2024	\$ 182,402	\$ 23,966	\$ 206,368
2025	194,919	19,375	214,294
2026	184,893	14,502	199,395
2027	180,685	9,831	190,516
2028	48,625	6,766	55,391
2029-2033	190,595	12,059	202,654
Total	<u>\$ 982,119</u>	<u>\$ 86,499</u>	<u>\$ 1,068,618</u>

E. CHANGES IN LONG-TERM LIABILITIES

	<u>Balance July 1, 2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2023</u>	<u>Amounts Due Within One Year</u>
Governmental activities:					
General obligation bonds	\$ 1,400,000	\$ -	\$ 200,000	\$ 1,200,000	\$ 200,000
Installment notes	8,760,285	10,314,000	1,366,928	17,707,357	2,036,569
Lease liabilities	47,017	478,099	110,727	414,389	109,570
IT Subscription liabilities	1,111,887	39,831	169,599	982,119	182,402
Compensated absences	634,613	757,662	602,942	789,333	485,193
Other postemployment benefits	9,019,599	-	1,776,032	7,243,567	-
Net pension liability (LGERS)	1,478,847	6,616,839	1,169,705	6,925,981	-
Total pension liability (LEO)	1,607,804	-	93,055	1,514,749	-
Governmental activity long-term liabilities	<u>\$ 24,060,052</u>	<u>\$ 18,206,431</u>	<u>\$ 5,488,988</u>	<u>\$ 36,777,495</u>	<u>\$ 3,013,734</u>

TOWN OF KNIGHTDALE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2023

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, 2023, The Town of Knightdale a legal debt margin of \$186,721,567.

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.

During the fiscal year ended June 30, 2023, transfers to/from other funds consist of the following:

From Fund	To Fund	Amount	Purpose
General Fund	General Capital Project Reserve	\$ 641,212	To fund future capital projects
General Capital Project Reserve	Mingo Creek Greenway Ext. Fund	1,224,881	To fund capital projects
General Capital Project Reserve	Law Enforcement Capital Project	552,475	To fund capital projects
ARP CSLFRF Fund	General Fund	5,000,000	To reimburse for salaries and capital outlay
General Fund	Forestville Road Fire Station Capital Project	5,000,000	To fund capital project
Fire Capital Project Fund	General Fund	100,000	Refund prior year transfers
Fire Capital Project Fund	General Capital Project Reserve	420,000	Refund prior year transfers
Wake Stone Athletic Park Fund	General Capital Project Reserve	13,050	Close capital project fund
	Total	<u>\$ 12,951,618</u>	

7. NET INVESTMENT IN CAPITAL ASSETS

	<u>Governmental</u>
Capital assets	\$ 169,343,857
Less accumulated depreciation and amortization	<u>(40,406,063)</u>
Net capital assets	128,937,794
Less long-term debt	<u>(14,377,291)</u>
Net investment in capital assets	<u>\$ 114,560,503</u>

TOWN OF KNIGHTDALE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2023

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	\$13,579,538
Less:	
Prepaid expenditures	18,100
Stabilization by State Statute	2,850,941
Streets-Powell Bill	810,962
Public Safety	481
Debt Service	78,654
Appropriated Fund Balance in 2023 budget	367,075
Working Capital / Fund Balance Policy	6,629,367
Remaining Fund Balance	<u><u>\$ 2,823,958</u></u>

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

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

Encumbrances	General Fund	Fire Capital Project Fund	Forestville Rd Fire Station Capital Project Fund	ARPA Special Revenue Fund	Non-Major Funds
\$ 18,234,961	\$ 485,634	\$ 7,588,313	\$ 5,474,211	\$ 136,718	\$ 4,550,085

TOWN OF KNIGHTDALE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2023

NOTE 3 – JOINTLY GOVERNED ORGANIZATIONS

Triangle J Regional Council of Governments

The Town, in conjunction with five counties and fourteen other municipalities, established the Triangle J Regional Council of Governments (Council). The participating governments established the Council to coordinate various funding received from federal and state agencies. Each participating government appoints one member to the Council's governing board. The Town paid membership fees of \$7,667 to the Council during the fiscal year ended June 30, 2023.

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, 2023, each town, including Knightdale, contributed \$51,200 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, 2022. East Wake TV operates from a studio built by the Town of Knightdale. East Wake Television operates under the name PEG Media Partners. Complete financial statements or a copy of Form 990 Return of Organization Exempt from Income Tax can be obtained from East Wake Television's office at 954 Steeple Square Court, Knightdale, NC 27545-7655.

Firemen's Relief Fund

The Town and the members of the Town's fire department each appoint two members to the five-member local board of trustees for the Firemen's Relief Fund. The State Insurance Commissioner appoints one additional member to the local board of trustees. The Firemen's Relief Fund is funded by a portion of the fire and lightning insurance premiums which insurers remit to the state. The state passes these moneys to the local board of the Firemen's Relief Fund. The funds are used to assist fire fighters in various ways. The Town obtains an ongoing financial benefit from the Fund for the on-behalf of payments for salaries and fringe benefits made to members of the Town's fire department by the board of trustees. During the fiscal year ended June 30, 2023, the Town reported revenues of \$26,280 and expenditures of \$234,786 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, 2023. The Firemen's Relief Fund does not issue separate audited financial statements. Instead, the local

TOWN OF KNIGHTDALE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2023

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 2023.

NOTE 6 – CHANGE IN ACCOUNTING PRINCIPLE

GASB Statement No. 96, Subscription-Based Information Technology Arrangements, was implemented for the current year. However, the implementation did not have an affect on equity. Accordingly, there is no restatement to report. See Note 2 Detail Notes on All Funds; B. Liabilities; 5. Long-Term Obligations; D. Subscriptions for further discussion.



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Required Supplemental Information

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

LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Knightdale's proportion of the net pension liability (asset) (%)	0.12277%	0.09643%	0.08467%	0.08491%	0.08237%	0.07350%	0.07726%	0.08078%	0.08259%	0.08280%
Knightdale's proportion of the net pension liability (asset) (\$)	\$ 6,925,981	\$ 1,478,847	\$ 3,025,620	\$ 2,318,826	\$ 1,954,098	\$ 1,122,876	\$ 1,639,716	\$ 362,536	\$ (487,072)	\$ 998,058
Knightdale's covered payroll	\$ 7,740,789	\$ 6,634,426	\$ 5,112,670	\$ 4,740,720	\$ 4,393,455	\$ 4,004,248	\$ 3,937,807	\$ 3,808,190	\$ 3,793,488	\$ 3,745,230
Knightdale's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	89.47%	22.29%	59.18%	48.91%	44.48%	28.04%	41.64%	9.52%	-12.84%	26.65%
Plan fiduciary net position as a percentage of the total pension liability**	84.14%	95.51%	88.61%	90.86%	91.63%	94.18%	91.47%	98.09%	102.47%	94.35%

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

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

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

LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 1,169,705	\$ 894,243	\$ 689,099	\$ 472,925	\$ 382,818	\$ 342,915	\$ 292,647	\$ 281,986	\$ 274,191	\$ 271,432
Contributions in relation to the contractually required contributions	<u>1,169,705</u>	<u>894,243</u>	<u>689,099</u>	<u>472,925</u>	<u>382,818</u>	<u>342,915</u>	<u>292,647</u>	<u>281,986</u>	<u>274,191</u>	<u>271,432</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town of Knightdale's covered payroll	\$ 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	\$ 3,793,488
Contributions as a percentage of covered payroll	12.36%	11.55%	10.39%	9.25%	8.08%	7.81%	7.31%	7.16%	7.20%	7.16%

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Beginning balance	\$ 1,607,804	\$ 1,680,872	\$ 1,159,280	\$ 1,093,461	\$ 1,121,847	\$ 1,124,497	\$ 1,124,178
Service cost	100,224	92,476	53,963	49,376	50,557	40,626	48,620
Interest on total pension liability	35,745	31,847	36,864	38,723	34,314	42,118	39,111
Differences between expected and actual experience	129,592	(86,663)	(30,815)	(2,220)	6,332	(87,389)	-
Changes of assumptions or other inputs	(320,316)	(49,185)	518,564	39,204	(47,659)	68,711	(30,134)
Benefit payments	<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>\$ 1,514,749</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 SEVEN FISCAL YEARS**

	2023	2022	2021	2020	2019	2018	2017
Total pension liability	\$ 1,514,749	\$ 1,607,804	\$ 1,680,872	\$ 1,159,280	\$ 1,093,461	\$ 1,121,847	\$ 1,124,497
Covered-employee payroll	2,256,530	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	67.13%	81.90%	85.80%	60.20%	61.63%	71.15%	63.90%

Notes to the schedules

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

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

**TOWN OF KNIGHTDALE, NORTH CAROLINA
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS
REQUIRED SUPPLEMENTARY INFORMATION
LAST SIX FISCAL YEARS**

Total OPEB Liability	2023	2022	2021	2020	2019	2018
Service Cost	\$ 722,363	\$ 567,086	\$ 359,717	\$ 378,836	\$ 405,405	\$ 465,751
Interest	209,218	216,077	239,364	250,811	227,047	199,447
Differences between expected and actual experience	843	(1,211,078)	5,422	(367,091)	12,882	2,098
Changes of assumptions	(2,596,011)	301,670	2,256,033	(109,913)	(467,814)	(819,815)
Benefit payments	(112,445)	(127,900)	(130,964)	(111,058)	(104,390)	(87,667)
Net change in total OPEB liability	(1,776,032)	(254,145)	2,729,572	41,585	73,130	(240,186)
Total OPEB liability - beginning	9,019,599	9,273,744	6,544,172	6,502,587	6,429,457	6,669,643
Total OPEB liability - ending	\$ 7,243,567	\$ 9,019,599	\$ 9,273,744	\$ 6,544,172	\$ 6,502,587	\$ 6,429,457
Covered-employee payroll	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	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:

Fiscal year	Rate
2018	3.56%
2019	3.89%
2020	3.50%
2021	2.21%
2022	2.16%
2023	3.54%

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.

Individual Fund Statements and Schedules

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

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

For the Year Ended June 30, 2023

With Comparative Actual Amounts for Year Ended June 30, 2022

	2023			2022
	Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)	Actual
REVENUES				
Ad valorem taxes				
Current year	\$ 11,541,824	\$ 11,592,269	\$ 50,445	\$ 10,520,787
Prior years	25,000	(21,379)	(46,379)	11,483
Penalties and interest	15,000	21,448	6,448	18,795
Total	<u>11,581,824</u>	<u>11,592,338</u>	<u>10,514</u>	<u>10,551,065</u>
Other taxes and licenses				
Motor vehicle licenses	270,000	305,629	35,629	293,929
Gross receipts on rental vehicles	70,000	76,528	6,528	75,120
Privilege licenses	500	858	358	658
Total	<u>340,500</u>	<u>383,015</u>	<u>42,515</u>	<u>369,707</u>
Unrestricted intergovernmental revenues				
Local option sales tax	5,660,000	6,252,534	592,534	5,795,109
Utility franchise tax	810,000	984,997	174,997	958,154
Wine and beer tax	80,000	89,169	9,169	78,011
ABC profits	105,000	105,616	616	105,585
Total	<u>6,655,000</u>	<u>7,432,316</u>	<u>777,316</u>	<u>6,936,859</u>
Restricted intergovernmental revenues				
State street aid - Powell Bill	500,000	529,622	29,622	534,976
Federal grants	4,500	9,503	5,003	52,856
Wake County Grants	-	23,488	23,488	26,448
NC Department of Revenue PEG Channel Support	52,000	51,282	(718)	51,530
Solid waste disposal tax	12,000	15,345	3,345	14,594
Wake County Public Schools - Resource officer	37,838	58,480	20,642	37,838
Wake County Fire District Funding	2,451,923	2,411,761	(40,162)	2,110,768
Firemen's relief fund	20,000	26,280	6,280	20,301
Total	<u>3,078,261</u>	<u>3,125,761</u>	<u>47,500</u>	<u>2,849,311</u>

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

For the Year Ended June 30, 2023

With Comparative Actual Amounts for Year Ended June 30, 2022

	2023			2022
	Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)	Actual
Permits and fees				
Building permits and inspection fees	\$ 370,000	\$ 530,102	\$ 160,102	\$ 417,768
Certificate of occupancy fees	18,000	22,098	4,098	18,383
Miscellaneous fees	15,000	13,062	(1,938)	23,228
Officer fees	5,000	3,631	(1,369)	4,512
Total	408,000	568,893	160,893	463,891
Sales and services				
Sanitation				
Sanitation fees	826,000	845,800	19,800	792,600
Recycle fees	350,000	331,838	(18,162)	316,839
Subtotal	1,176,000	1,177,638	1,638	1,109,439
Recreation				
Program fees	138,900	123,354	(15,546)	107,989
Pool fees	26,300	30,893	4,593	35,354
Recreation center fees	22,500	39,514	17,014	27,416
Track out/Fitness fees	4,000	4,541	541	2,507
Knightdale Station Park fees	58,300	41,398	(16,902)	69,893
Donations	-	-	-	229,650
Subtotal	250,000	239,700	(10,300)	472,809
Total	1,426,000	1,417,338	(8,662)	1,582,248
Investment earnings	112,541	424,939	312,398	24,521
Other revenues				
Miscellaneous	238,337	134,085	(104,252)	115,650
Insurance proceeds	41,641	44,623	2,982	101,388
Reimbursement for off duty police officers	35,000	12,553	(22,447)	10,249
Fines and forfeitures	1,000	560	(440)	450
Total	315,978	191,821	(124,157)	227,737
TOTAL REVENUES	23,918,104	25,136,421	1,218,317	23,005,339

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, 2023

With Comparative Actual Amounts for Year Ended June 30, 2022

	2023			2022
	Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)	Actual
EXPENDITURES				
General government				
Administration				
Current				
Personnel services	\$ 1,480,513	\$ 1,463,691	\$ 16,822	\$ 1,036,653
Operations & maintenance	1,433,706	1,175,768	257,938	1,045,018
Capital outlay	402,186	1,564,161	(1,161,975)	27,742
Total	<u>3,316,405</u>	<u>4,203,620</u>	<u>(887,215)</u>	<u>2,109,413</u>
Finance				
Current				
Personnel services	652,025	633,344	18,681	580,577
Operations & maintenance	287,600	234,368	53,232	216,945
Capital outlay	-	67,247	(67,247)	-
Total	<u>939,625</u>	<u>934,959</u>	<u>4,666</u>	<u>797,522</u>
Total general government	<u>4,256,030</u>	<u>5,138,579</u>	<u>(882,549)</u>	<u>2,906,935</u>
Public safety				
Police				
Current				
Personnel services	3,978,950	3,607,166	371,784	3,143,895
Operations & maintenance	1,034,223	890,581	143,642	741,829
Capital outlay	362,914	309,242	53,672	319,935
Total	<u>5,376,087</u>	<u>4,806,989</u>	<u>569,098</u>	<u>4,205,659</u>

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

For the Year Ended June 30, 2023

With Comparative Actual Amounts for Year Ended June 30, 2022

	2023			2022
	Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)	Actual
Fire				
Current				
Personnel services	\$ 4,980,659	\$ 4,913,972	\$ 66,687	\$ 3,978,047
Operations & maintenance	966,084	916,137	49,947	593,797
Capital outlay	161,127	151,417	9,710	-
Total	<u>6,107,870</u>	<u>5,981,526</u>	<u>126,344</u>	<u>4,571,844</u>
Total public safety	<u>11,483,957</u>	<u>10,788,515</u>	<u>695,442</u>	<u>8,777,503</u>
Transportation				
Public Works				
Current				
Personnel services	619,185	654,430	(35,245)	568,236
Operations & maintenance	754,697	651,007	103,690	465,152
Capital Outlay	462,925	266,202	196,723	975,682
Total	<u>1,836,807</u>	<u>1,571,639</u>	<u>265,168</u>	<u>2,009,070</u>
Public Buildings and Grounds				
Current				
Personnel services	329,752	322,316	7,436	349,094
Operations & maintenance	496,706	444,942	51,764	390,061
Capital Outlay	97,549	87,328	10,221	67,820
Total	<u>924,007</u>	<u>854,586</u>	<u>69,421</u>	<u>806,975</u>
Streets and Highways				
Current				
Operations & maintenance	361,735	402,438	(40,703)	302,922
Capital Outlay	867,180	824,319	42,861	332,266
Total	<u>1,228,915</u>	<u>1,226,757</u>	<u>2,158</u>	<u>635,188</u>
Total transportation	<u>3,989,729</u>	<u>3,652,982</u>	<u>336,747</u>	<u>3,451,233</u>

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

For the Year Ended June 30, 2023

With Comparative Actual Amounts for Year Ended June 30, 2022

	2023			2022
	Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)	Actual
Environmental Protection				
Sanitation				
Current				
Operations & maintenance	\$ 1,307,500	\$ 1,302,169	\$ 5,331	\$ 1,141,766
Economic and Physical Development				
Planning and Zoning				
Current				
Personnel services	713,891	733,837	(19,946)	605,644
Operations & maintenance	377,252	274,669	102,583	296,553
Capital Outlay	303,384	439,614	(136,230)	231,991
Total economic and physical development	1,394,527	1,448,120	(53,593)	1,134,188
Cultural & Recreational				
Parks and Recreation				
Current				
Personnel services	697,282	717,680	(20,398)	520,333
Operations & maintenance	946,654	629,192	317,462	450,282
Capital outlay	474,721	417,979	56,742	67,225
Total cultural and recreational	2,118,657	1,764,851	353,806	1,037,840
Debt service				
Note principal	1,337,637	1,337,669	(32)	6,465,825
Note interest	219,356	219,449	(93)	269,442
Bond principal	200,000	200,000	-	251,579
Bond interest	27,580	23,922	3,658	32,691
Debt issuance costs	2,352	-	2,352	50,103
Total debt service	1,786,925	1,781,040	5,885	7,069,640
TOTAL EXPENDITURES	26,337,325	25,876,256	461,069	25,519,105
Revenues over/(under) expenditures	(2,419,221)	(739,835)	1,679,386	(2,513,766)

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, 2023

With Comparative Actual Amounts for Year Ended June 30, 2022

	2023			2022
	Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)	Actual
OTHER FINANCING SOURCES (USES)				
Transfers from:				
General Capital Reserve Fund	\$ 465,000	\$ -	\$ (465,000)	\$ 674,035
Fire Capital Project Fund	100,000	100,000	-	-
Special Revenue-ARPA	5,000,000	5,000,000	-	-
Transfers to:				
General Capital Reserve Fund	(641,212)	(641,212)	-	(1,400,728)
Forestville Road Fire Station Capital Project Fund	(5,000,000)	(5,000,000)	-	-
Sale of capital assets	25,000	79,601	54,601	644,342
Lease proceeds	-	478,099	478,099	-
Subscription proceeds	-	1,111,887	1,111,887	-
Installment purchase obligations issued	18,000	-	(18,000)	5,217,000
Appropriated fund balance	2,452,433	-	(2,452,433)	-
TOTAL OTHER FINANCING SOURCES (USES)	2,419,221	1,128,375	(1,290,846)	5,134,649
NET CHANGE IN FUND BALANCE	\$ -	388,540	\$ 388,540	2,620,883
FUND BALANCE - beginning of year		13,190,998		10,570,115
FUND BALANCE - end of year		\$ 13,579,538		\$ 13,190,998

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

For The Year Ended June 30, 2023

With Comparative Actual Amounts for Year Ended June 30, 2022

	2023			2022
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
REVENUES				
Other taxes and licenses:				
Motor vehicle licenses	\$ 135,000	\$ 152,815	\$ 17,815	\$ 146,964
Permits and fees:				
Transportation fees	250,000	96,085	(153,915)	348,219
Streets-in-lieu fees	-	103,553	103,553	-
Recreation-in-lieu fees	-	1,750	1,750	-
Investment earnings	3,000	76,900	73,900	4,374
TOTAL REVENUES	388,000	431,103	43,103	499,557
OTHER FINANCING SOURCES (USES)				
Transfers from:				
General Fund	641,212	641,212	-	1,400,728
Fire Capital Project Fund	420,000	420,000	-	-
Wake Stone Capital Project Fund	13,051	13,050	(1)	-
Transfers to:				
General Fund	(465,000)	-	465,000	(674,035)
Law Enforcement Center Capital Project Fund	(552,475)	(552,475)	-	-
Mingo Creek Greenway Capital Project Fund	(1,224,881)	(1,224,881)	-	-
Fund Balance:				
Appropriated fund balance	780,093	-	(780,093)	-
TOTAL OTHER FINANCING SOURCES (USES)	(388,000)	(703,094)	(315,094)	726,693
NET CHANGE IN FUND BALANCE	\$ -	(271,991)	\$ (271,991)	1,226,250
FUND BALANCE - beginning of year		3,174,794		1,948,544
FUND BALANCE - end of year		<u>\$ 2,902,803</u>		<u>\$ 3,174,794</u>

TOWN OF KNIGHTDALE, NORTH CAROLINA
ARP CSLFRF SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL

From Inception To June 30, 2023

	Project Authorization	Prior Years	Actual Current Year	Total To Date
REVENUES				
ARP - CSLFRF Funds	\$ 5,686,519	\$ 445,364	\$ 5,058,055	\$ 5,503,419
Investment earnings	41,543	3,668	84,258	87,926
TOTAL REVENUES	5,728,062	449,032	5,142,313	5,591,345
EXPENDITURES				
Personnel services	222,504	222,504	-	222,504
Supplies	21,679	21,679	-	21,679
Capital Outlay	483,879	204,849	142,313	347,162
TOTAL EXPENDITURES	728,062	449,032	142,313	591,345
Revenues over expenditures before other financing uses	5,000,000	-	5,000,000	5,000,000
OTHER FINANCING USES				
Transfers to General Fund	(5,000,000)	-	(5,000,000)	(5,000,000)
NET CHANGE IN FUND BALANCE	\$ -	\$ -	\$ -	\$ -

TOWN OF KNIGHTDALE, NORTH CAROLINA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
For the Year Ended June 30, 2023

Page 1 of 2

	Special Revenue		Capital Projects		Total Non-Major Governmental Funds
	Storm Water Special Revenue Fund	Capital Reserve Capital Project Fund	Law Enforcement Capital Project Fund	Mingo Creek Greenway Extension Capital Project Fund	
ASSETS					
Cash and cash equivalents	\$ 1,427,480	\$ 2,031,956	\$ 500,189	\$ 1,626,256	\$ 5,585,881
Restricted cash	1,053,895	870,847	-	-	1,924,742
Receivables, net	20,153	-	-	-	20,153
Due from other governments	209,491	-	168	-	209,659
Prepaid expenditures	11,721	-	-	-	11,721
TOTAL ASSETS	\$ 2,722,740	\$ 2,902,803	\$ 500,357	\$ 1,626,256	\$ 7,752,156
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 11,561	\$ -	\$ -	\$ -	\$ 11,561
Accrued salaries	7,438	-	-	-	7,438
TOTAL LIABILITIES	18,999	-	-	-	18,999
DEFERRED INFLOWS OF RESOURCES					
Accounts receivable	20,153	-	-	-	20,153

TOWN OF KNIGHTDALE, NORTH CAROLINA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
For the Year Ended June 30, 2023

	Special Revenue		Capital Projects		Total Non-Major
	Storm Water Special Revenue Fund	Capital Reserve Capital Project Fund	Law Enforcement Capital Project Fund	Mingo Creek Greenway Extension Capital Project Fund	Governmental Funds
FUND BALANCES					
Nonspendable					
Prepaid expenditures	\$ 11,721	\$ -	\$ -	\$ -	\$ 11,721
Restricted					
Storm Water	1,030,615	-	-	-	1,030,615
Storm Water Surety	5,281	-	-	-	5,281
Streets-payment in lieu of street improvement	-	870,847	-	-	870,847
Assigned					
Storm Water	1,635,971	-	-	-	1,635,971
Capital Projects Fund	-	2,031,956	500,357	1,626,256	4,158,569
TOTAL FUND BALANCES	<u>2,683,588</u>	<u>2,902,803</u>	<u>500,357</u>	<u>1,626,256</u>	<u>7,713,004</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 2,722,740</u>	<u>\$ 2,902,803</u>	<u>\$ 500,357</u>	<u>\$ 1,626,256</u>	<u>\$ 7,752,156</u>

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

For the Year Ended June 30, 2023

	Special Revenue		Capital Projects			Total Non-Major Governmental Funds
	Storm Water Special Revenue Fund	Capital Reserve Capital Project Fund	Law Enforcement Capital Project Fund	Wake Stone Athletic Park Capital Project Fund	Mingo Creek Greenway Extension Capital Project Fund	
REVENUES						
Other taxes and licenses	\$ -	\$ 152,815	\$ -	\$ -	\$ -	\$ 152,815
Permits and fees	1,739,063	201,388	-	-	-	1,940,451
Investment earnings	50,469	76,900	4,067	219	18,830	150,485
TOTAL REVENUES	1,789,532	431,103	4,067	219	18,830	2,243,751
EXPENDITURES						
Environmental protection	670,451	-	-	-	-	670,451
Debt service	31,191	-	-	-	-	31,191
Capital outlay	137,404	-	56,185	-	-	193,589
TOTAL EXPENDITURES	839,046	-	56,185	-	-	895,231
REVENUES OVER (UNDER) EXPENDITURES	950,486	431,103	(52,119)	219	18,830	1,348,519
OTHER FINANCING SOURCES (USES)						
Subscription proceeds	39,831	-	-	-	-	39,831
Transfers from:						
General Fund	-	641,212	-	-	-	641,212
Capital Reserve Capital Project Fund	-	-	552,475	-	1,224,881	1,777,356
Fire Capital Project Fund	-	420,000	-	-	-	420,000
Wake Stone Capital Project Fund	-	13,050	-	-	-	13,050
Transfers to:						
Capital Reserve Capital Project Fund	-	-	-	(13,050)	-	(13,050)
Law Enforcement Center Capital Project Fund	-	(552,475)	-	-	-	(552,475)
Mingo Creek Greenway Capital Project Fund	-	(1,224,881)	-	-	-	(1,224,881)
TOTAL OTHER FINANCING SOURCES (USES)	39,831	(703,094)	552,475	(13,050)	1,224,881	1,101,043
NET CHANGE IN FUND BALANCE	990,317	(271,991)	500,357	(12,831)	1,243,711	2,449,563
FUND BALANCE - beginning of year	1,693,271	3,174,794	-	12,831	382,545	5,263,441
FUND BALANCE - end of year	<u>\$ 2,683,588</u>	<u>\$ 2,902,803</u>	<u>\$ 500,357</u>	<u>\$ -</u>	<u>\$ 1,626,256</u>	<u>\$ 7,713,004</u>

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

For the Year Ended June 30, 2023

With Comparative Actual Amounts for Year Ended June 30, 2022

	2023			2022
	Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)	Actual
REVENUES				
Permits and fees				
Storm Water fees	\$ 1,156,720	\$ 1,236,178	\$ 79,458	\$ 1,207,028
Sinking fund revenue	-	269,550	269,550	235,694
Building permits and inspection fees	111,639	233,335	121,696	820
Total	1,268,359	1,739,063	470,704	1,443,542
Investment earnings	2,000	50,469	48,469	1,957
TOTAL REVENUES	1,270,359	1,789,532	519,173	1,445,499
EXPENDITURES				
Storm Water Maintenance				
Current				
Personnel services	622,580	453,266	169,314	232,435
Operations & maintenance	378,180	217,185	160,995	176,580
Capital outlay	337,500	137,404	200,096	235,392
Total Storm Water Maintenance	1,338,260	807,855	530,405	644,407
Debt Service				
Note principal	29,260	29,260	-	29,259
Note interest	1,931	1,931	-	2,573
Total Debt Service	31,191	31,191	-	31,832
TOTAL EXPENDITURES	1,369,451	839,046	530,405	676,239
REVENUES OVER (UNDER) EXPENDITURES	(99,092)	950,486	1,049,578	769,260
OTHER FINANCING SOURCES				
Subscription proceeds	-	39,831	39,831	-
Transfers from:				
Water Sewer Fund	-	-	-	40,700
Appropriated fund balance	99,092	-	(99,092)	-
TOTAL OTHER FINANCING SOURCES	99,092	39,831	(59,261)	40,700

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

For the Year Ended June 30, 2023

With Comparative Actual Amounts for Year Ended June 30, 2022

	<u>2023</u>			<u>2022</u>
	Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)	Actual
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>990,317</u>	<u>\$ 990,317</u>	<u>809,960</u>
FUND BALANCE - beginning of year		<u>1,693,271</u>		<u>883,311</u>
FUND BALANCE - end of year		<u>\$ 2,683,588</u>		<u>\$ 1,693,271</u>

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

From Inception To June 30, 2023

	Project Authorization	Prior Years	Actual Current Year	Total To Date
REVENUES				
Investment Earnings	\$ -	\$ 2,777	\$ 18,830	\$ 21,607
CAMPO grant	3,282,881	534,893	-	534,893
TOTAL REVENUES	3,282,881	537,670	18,830	556,500
EXPENDITURES				
Mingo Creek Greenway Extension				
Right of Way Acquisition	668,616	669,125	-	669,125
Professional Fees	569,529	-	-	-
Construction	3,783,617	-	-	-
TOTAL EXPENDITURES	5,021,762	669,125	-	669,125
Revenues over (under) expenditures before other financing sources	(1,738,881)	(131,455)	18,830	(112,625)
OTHER FINANCING SOURCES				
Transfers from:				
General Capital Reserve Fund	1,738,881	514,000	1,224,881	1,738,881
NET CHANGE IN FUND BALANCE	\$ -	\$ 382,545	\$ 1,243,711	\$ 1,626,256

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

From Inception To June 30, 2023

	Project Authorization	Prior Years	Actual Current Year	Total To Date
REVENUES				
Investment earnings	\$ 11,054	\$ 10,834	\$ 219	\$ 11,053
Wake County Hospitality Grant	1,997	1,997	-	1,997
TOTAL REVENUES	13,051	12,831	219	13,050
OTHER FINANCING USES				
Transfers to:				
General Capital Reserve Fund	(13,051)	-	(13,050)	(13,050)
NET CHANGE IN FUND BALANCE	\$ -	\$ 12,831	\$ (12,831)	\$ -

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

From Inception To June 30, 2023

	Project Authorization	Prior Years	Actual Current Year	Total To Date
REVENUES				
Investment Earnings	\$ -	\$ 187	\$ 101,672	\$ 101,859
EXPENDITURES				
Supplies	276,652	185,261	-	185,261
Capital Outlay	11,227,283	276,306	2,956,600	3,232,906
TOTAL EXPENDITURES	11,503,935	461,567	2,956,600	3,418,167
Revenues under expenditures before other financing sources (uses)	(11,503,935)	(461,380)	(2,854,928)	(3,316,308)
OTHER FINANCING SOURCES (USES)				
Installment purchase obligations issued	11,723,470	-	8,114,000	8,114,000
Transfers from:				
General Capital Reserve Fund	300,465	300,465	-	300,465
Transfers to:				
General Fund	(100,000)	-	(100,000)	(100,000)
Capital Reserve Fund	(420,000)	-	(420,000)	(420,000)
TOTAL OTHER FINANCING SOURCES (USES)	11,503,935	300,465	7,594,000	7,894,465
NET CHANGE IN FUND BALANCE	\$ -	\$ (160,915)	\$ 4,739,072	\$ 4,578,157

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

From Inception To June 30, 2023

	Project Authorization	Prior Years	Actual Current Year	Total To Date
REVENUES				
Investment Earnings	\$ -	\$ -	\$ 4,067	\$ 4,067
EXPENDITURES				
Capital Outlay	552,475	-	56,185	56,185
TOTAL EXPENDITURES	552,475	-	56,185	56,185
Revenues under expenditures before other financing sources	(552,475)	-	(52,119)	(52,119)
OTHER FINANCING SOURCES				
Transfers from:				
General Capital Reserve Fund	552,475	-	552,475	552,475
TOTAL OTHER FINANCING SOURCES	552,475	-	552,475	552,475
NET CHANGE IN FUND BALANCE	\$ -	\$ -	\$ 500,357	\$ 500,357

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

From Inception To June 30, 2023

	Project Authorization	Prior Years	Actual Current Year	Total To Date
REVENUES				
Investment Earnings	\$ -	\$ -	\$ 47,165	\$ 47,165
EXPENDITURES				
Financing costs	50,000	-	54,630	54,630
Capital Outlay	7,150,000	-	692,917	692,917
TOTAL EXPENDITURES	7,200,000	-	747,547	747,547
Revenues under expenditures before other financing sources	(7,200,000)	-	(700,382)	(700,382)
OTHER FINANCING SOURCES				
Installment purchase obligations issued	2,200,000	-	2,200,000	2,200,000
Transfers from:				
General Fund	5,000,000	-	5,000,000	5,000,000
TOTAL OTHER FINANCING SOURCES	7,200,000	-	7,200,000	7,200,000
NET CHANGE IN FUND BALANCE	\$ -	\$ -	\$ 6,499,618	\$ 6,499,618



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Other Schedules

TOWN OF KNIGHTDALE, NORTH CAROLINA
SCHEDULE OF AD VALOREM TAXES RECEIVABLE
June 30, 2023

Fiscal Year	Uncollected Balance June 30, 2022	Current Levy	Collections and Credits	Uncollected Balance June 30, 2023
2023	\$ -	\$ 11,620,242	\$ 11,592,269	27,973
2022	25,103	-	6,789	18,314
2021	23,379	-	5,098	18,281
2020	12,764	-	406	12,358
2019	9,538	-	92	9,446
2018	4,048	-	-	4,048
2017	3,789	-	22	3,767
2016	3,065	-	-	3,065
2015	2,195	-	-	2,195
2014	9,246	-	224	9,022
2013	7,704	-	7,704	-
Total	\$ 100,831	\$ 11,620,242	\$ 11,612,604	\$ 108,469

RECONCILIATION WITH REVENUES

Taxes - Ad Valorem - General Fund	\$ 11,592,338
Add (deduct):	
Penalties and interest	(21,448)
Taxes written off	7,704
Releases, rebates and adjustments	34,010
Total Collections and Credits	\$ 11,612,604

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

June 30, 2023

	Town-Wide			Total Levy	
	Property Valuation	Tax Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current year's rate	\$ 2,579,881,556	0.45	\$ 11,609,467	\$ 10,634,748	\$ 974,719
Penalties	-		8,516	8,516	-
Total	<u>2,579,881,556</u>		<u>11,617,983</u>	<u>10,643,264</u>	<u>974,719</u>
Discoveries:					
Prior year taxes	-	0.45	45,099	45,099	-
Total	<u>2,579,881,556</u>		<u>11,663,082</u>	<u>10,688,363</u>	<u>974,719</u>
Abatements	<u>(9,520,000)</u>	0.45	<u>(42,840)</u>	<u>(42,840)</u>	-
Total property valuation	<u>\$ 2,570,361,556</u>				
Net levy			11,620,242	10,645,523	974,719
Uncollected taxes at June 30, 2023			<u>27,973</u>	<u>25,461</u>	<u>2,512</u>
Current year's taxes collected			<u>\$ 11,592,269</u>	<u>\$ 10,620,062</u>	<u>\$ 972,207</u>
Current levy collection percentage			<u>99.76%</u>	<u>99.76%</u>	<u>99.74%</u>



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KNIGHTDALE NORTH CAROLINA

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

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

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

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

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

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

STATISTICAL SECTION

TOWN OF KNIGHTDALE, NORTH CAROLINA

Net Position by Component

Last Ten Fiscal Years

(accrual basis of accounting)

Table 1

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental Activities										
Net investment in capital assets	\$ 41,680,758	\$ 42,796,062	\$ 42,147,141	\$ 52,553,720	\$ 74,593,140	\$ 84,694,947	\$ 92,350,593	\$102,431,612	\$ 103,849,993	\$ 114,560,503
Restricted	4,253,275	3,020,044	3,401,121	4,888,416	3,465,478	2,813,131	3,321,406	5,586,838	6,489,616	5,647,781
Unrestricted	2,645,764	4,586,612	5,960,276	5,144,918	(341,940)	(895,417)	(2,462,797)	(3,098,354)	(308,347)	7,022,908
Total governmental activities net position	<u>\$ 48,579,797</u>	<u>\$ 50,402,718</u>	<u>\$ 51,508,538</u>	<u>\$ 62,587,054</u>	<u>\$ 77,716,678</u>	<u>\$ 86,612,661</u>	<u>\$ 93,209,202</u>	<u>\$104,920,096</u>	<u>\$ 110,031,262</u>	<u>\$ 127,231,192</u>
Business-type Activities										
Net investment in capital assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	70,767	70,300	93,036	94,378	95,824	37,335	38,317	38,450	-	-
Total business-type activities net position	<u>\$ 70,767</u>	<u>\$ 70,300</u>	<u>\$ 93,036</u>	<u>\$ 94,378</u>	<u>\$ 95,824</u>	<u>\$ 37,335</u>	<u>\$ 38,317</u>	<u>\$ 38,450</u>	<u>\$ -</u>	<u>\$ -</u>
Primary Government										
Net investment in capital assets	\$ 41,680,758	\$ 42,796,062	\$ 42,147,141	\$ 52,553,720	\$ 74,593,140	\$ 84,694,947	\$ 92,350,593	\$102,431,612	\$ 103,849,993	\$ 114,560,503
Restricted	4,253,275	3,020,044	3,401,121	4,888,416	3,465,478	2,813,131	3,321,406	5,586,838	6,489,616	5,647,781
Unrestricted	2,716,531	4,656,912	6,053,312	5,239,296	(246,116)	(858,082)	(2,424,480)	(3,059,904)	(308,347)	7,022,908
Total primary government net position	<u>\$ 48,650,564</u>	<u>\$ 50,473,018</u>	<u>\$ 51,601,574</u>	<u>\$ 62,681,432</u>	<u>\$ 77,812,502</u>	<u>\$ 86,649,996</u>	<u>\$ 93,247,519</u>	<u>\$104,958,546</u>	<u>\$ 110,031,262</u>	<u>\$ 127,231,192</u>

TOWN OF KNIGHTDALE, NORTH CAROLINA

Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

Table 2

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Expenses										
Governmental activities:										
General government	\$ 1,706,307	\$ 1,462,856	\$ 1,705,859	\$ 1,790,288	\$ 2,040,009	\$ 2,241,328	\$ 2,754,724	\$ 2,890,349	\$ 3,099,981	\$ 3,829,471
Public safety	3,964,847	3,850,081	4,216,783	4,448,548	4,911,222	5,584,019	6,101,023	9,011,593	9,687,178	12,122,180
Transportation	2,481,115	3,593,265	2,748,299	3,015,025	3,211,771	3,983,151	4,390,035	4,757,226	5,117,393	5,725,222
Environmental protection	708,691	769,509	864,818	991,916	1,126,966	1,275,434	1,414,155	1,604,465	1,647,090	2,137,790
Economic development	536,780	509,072	668,332	673,850	1,179,187	713,596	712,736	731,964	949,593	1,122,558
Cultural and recreational	1,238,780	1,567,881	1,754,476	1,623,863	1,335,609	1,875,579	1,802,331	1,640,414	1,925,848	2,366,509
Interest on long-term debt	331,372	277,097	245,700	215,103	173,366	253,289	282,904	288,544	254,024	228,938
Total governmental activities expenses	<u>\$ 10,967,892</u>	<u>\$ 12,029,761</u>	<u>\$ 12,204,267</u>	<u>\$ 12,758,593</u>	<u>\$ 13,978,130</u>	<u>\$ 15,926,396</u>	<u>\$ 17,457,908</u>	<u>\$ 20,924,555</u>	<u>\$ 22,681,107</u>	<u>\$ 27,532,668</u>
Business-type activities:										
Water and sewer	54,903	52,482	30,594	20,566	16,656	74,050	9,633	6,527	3,008	-
Total business-type activities expenses	<u>54,903</u>	<u>52,482</u>	<u>30,594</u>	<u>20,566</u>	<u>16,656</u>	<u>74,050</u>	<u>9,633</u>	<u>6,527</u>	<u>3,008</u>	<u>-</u>
Total primary government expenses	<u>\$ 11,022,795</u>	<u>\$ 12,082,243</u>	<u>\$ 12,234,861</u>	<u>\$ 12,779,159</u>	<u>\$ 13,994,786</u>	<u>\$ 16,000,446</u>	<u>\$ 17,467,541</u>	<u>\$ 20,931,082</u>	<u>\$ 22,684,115</u>	<u>\$ 27,532,668</u>
Program Revenues										
Governmental activities:										
Charges for service:										
General government	\$ -	\$ 300,127	\$ 353,762	\$ 291,440	\$ 386,222	\$ 278,468	\$ 272,623	\$ 351,581	\$ 904,784	\$ 530,103
Public safety	44,262	-	-	-	-	-	-	-	-	3,631
Transportation	26,884	97,420	345,889	252,588	187,053	150,065	157,669	628,035	348,219	-
Environmental protection	934,875	1,043,007	1,036,465	1,157,202	1,183,579	1,603,144	1,653,995	1,993,778	2,549,023	2,914,486
Economic development	103,694	-	-	-	-	-	-	-	-	35,160
Cultural and recreational	494,514	540,237	497,221	454,092	539,675	532,872	192,626	151,414	243,159	239,700
Operating grants and contributions	595,622	1,277,124	771,677	632,335	297,256	272,786	234,376	2,321,810	2,755,342	7,511,882
Capital grants and contributions	7,239,152	1,445,891	39,613	10,744,304	19,165,527	8,586,829	8,320,639	10,763,955	2,550,000	12,852,828
Total governmental activities program revenue	<u>\$ 9,439,003</u>	<u>\$ 4,703,806</u>	<u>\$ 3,044,627</u>	<u>\$ 13,531,961</u>	<u>\$ 21,759,312</u>	<u>\$ 11,424,164</u>	<u>\$ 10,831,928</u>	<u>\$ 16,210,573</u>	<u>\$ 9,350,527</u>	<u>\$ 24,087,790</u>
Business-type activities:										
Operating grants and contributions	-	-	-	-	-	-	-	-	-	-
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total business-type activities program revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total primary government program revenues	<u>\$ 9,439,003</u>	<u>\$ 4,703,806</u>	<u>\$ 3,044,627</u>	<u>\$ 13,531,961</u>	<u>\$ 21,759,312</u>	<u>\$ 11,424,164</u>	<u>\$ 10,831,928</u>	<u>\$ 16,210,573</u>	<u>\$ 9,350,527</u>	<u>\$ 24,087,790</u>

TOWN OF KNIGHTDALE, NORTH CAROLINA

Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

Table 2 (continued)

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Net (Expense) / Revenue										
Governmental activities	\$ (1,528,889)	\$ (7,325,955)	\$ (9,159,640)	\$ 773,368	\$ 7,781,182	\$ (4,502,232)	\$ (6,625,980)	\$ (4,713,982)	\$ (13,330,580)	\$ (3,444,878)
Business-type activities	(54,903)	(52,482)	(30,594)	(20,566)	(16,656)	(74,050)	(9,633)	(6,527)	(3,008)	-
Total primary government net revenue /(expense)	<u>\$ (1,583,792)</u>	<u>\$ (7,378,437)</u>	<u>\$ (9,190,234)</u>	<u>\$ 752,802</u>	<u>\$ 7,764,526</u>	<u>\$ (4,576,282)</u>	<u>\$ (6,635,613)</u>	<u>\$ (4,720,509)</u>	<u>\$ (13,333,588)</u>	<u>\$ (3,444,878)</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes:										
Property taxes, levied for general purpose	\$ 6,042,731	\$ 6,179,543	\$ 6,398,393	\$ 6,709,702	\$ 7,192,745	\$ 7,672,069	\$ 8,113,286	\$ 10,259,528	\$ 10,548,953	\$ 11,599,976
Other taxes and licenses	326,641	277,822	219,428	230,023	239,366	246,727	253,644	456,322	72,158	535,830
Unrestricted intergovernmental revenues	2,926,002	3,360,348	3,616,196	3,770,758	3,899,874	4,289,039	4,490,944	5,466,795	6,936,859	7,429,063
Unrestricted investment earnings	25,213	13,960	57,502	68,483	128,145	214,968	164,054	38,331	34,196	808,518
Miscellaneous	45,461	43,830	(26,059)	161,061	139,174	107,175	200,593	203,900	808,880	271,421
Transfers	-	-	-	-	-	-	-	-	40,700	-
Total governmental activities	<u>9,366,048</u>	<u>9,875,503</u>	<u>10,265,460</u>	<u>10,940,027</u>	<u>11,599,304</u>	<u>12,529,978</u>	<u>13,222,521</u>	<u>16,424,876</u>	<u>18,441,746</u>	<u>20,644,808</u>
Business-type activities:										
Unrestricted investment earnings	55,551	43,584	32,437	21,908	18,102	15,561	10,615	53	3,290	-
Gain /(Loss) on abandoned capital project	-	-	-	-	-	-	-	-	-	-
Miscellaneous	8,619	8,431	20,893	-	-	-	-	6,607	1,968	-
Transfers	-	-	-	-	-	-	-	-	(40,700)	-
Special item (loss on transfer of assets to Raleigh)	-	-	-	-	-	-	-	-	-	-
Total business-type activities	<u>64,170</u>	<u>52,015</u>	<u>53,330</u>	<u>21,908</u>	<u>18,102</u>	<u>15,561</u>	<u>10,615</u>	<u>6,660</u>	<u>(35,442)</u>	<u>-</u>
Total primary government	<u>\$ 9,430,218</u>	<u>\$ 9,927,518</u>	<u>\$ 10,318,790</u>	<u>\$ 10,961,935</u>	<u>\$ 11,617,406</u>	<u>\$ 12,545,539</u>	<u>\$ 13,233,136</u>	<u>\$ 16,431,536</u>	<u>\$ 18,406,304</u>	<u>\$ 20,644,808</u>
Change in Net Position										
Governmental activities	\$ 7,837,159	\$ 2,549,548	\$ 1,105,820	\$ 11,713,395	\$ 19,380,486	\$ 8,027,746	\$ 6,596,541	\$ 11,710,894	\$ 5,111,166	\$ 17,199,930
Business-type activities	9,267	(467)	22,736	1,342	1,446	(58,489)	982	133	(38,450)	-
Total primary government	<u>\$ 7,846,426</u>	<u>\$ 2,549,081</u>	<u>\$ 1,128,556</u>	<u>\$ 11,714,737</u>	<u>\$ 19,381,932</u>	<u>\$ 7,969,257</u>	<u>\$ 6,597,523</u>	<u>\$ 11,711,027</u>	<u>\$ 5,072,716</u>	<u>\$ 17,199,930</u>

TOWN OF KNIGHTDALE, NORTH CAROLINA

Fund Balance of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

Table 3

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-	-	-	-	-	-	-
Nonspendable	9,072	9,526	10,002	5,045	233,533	28,820	43,691	12,465	14,100	18,100
Restricted	2,152,862	2,170,548	2,413,050	3,644,905	2,759,704	2,010,071	2,490,643	4,150,317	4,955,976	3,741,038
Assigned	171,600	70,500	125,000	184,590	1,157,790	700,000	384,546	347,437	333,000	367,075
Unassigned	4,029,715	5,438,398	5,561,886	5,015,838	4,073,919	5,099,076	4,733,905	6,059,896	7,887,922	9,453,325
Total General Fund	\$ 6,363,249	\$ 7,688,972	\$ 8,109,938	\$ 8,850,378	\$ 8,224,946	\$ 7,837,967	\$ 7,652,785	\$ 10,570,115	\$ 13,190,998	\$ 13,579,538
All other governmental funds										
Nonspendable	\$ -	\$ 86,844	\$ 113,994	\$ 190,068	\$ 197,664	\$ 293,708	\$ -	\$ -	\$ -	\$ 11,721
Restricted	2,100,413	849,496	988,071	1,053,443	508,110	509,352	830,763	1,436,521	1,533,640	1,906,743
Assigned, reported in:										
Special revenue funds	120,544	150,046	270,885	244,459	370,229	596,042	670,089	352,659	926,925	1,635,971
Capital project funds	1,689,218	1,870,097	3,128,486	4,085,322	2,807,208	3,564,241	2,260,608	1,748,092	2,641,961	15,236,344
Unassigned	-	(80,943)	-	-	-	-	-	-	-	-
Total all other governmental funds	\$ 3,910,175	\$ 2,875,540	\$ 4,501,436	\$ 5,573,292	\$ 3,883,211	\$ 4,963,343	\$ 3,761,460	\$ 3,537,272	\$ 5,102,526	\$ 18,790,779

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

Table 4

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues										
Ad valorem taxes	\$ 6,093,511	\$ 6,223,115	\$ 6,406,826	\$ 6,717,305	\$ 7,194,768	\$ 7,661,793	\$ 8,096,412	\$ 10,244,885	\$ 10,551,065	\$ 11,592,338
Other taxes and licenses	337,443	290,675	222,407	232,380	244,226	252,524	257,349	459,810	516,671	535,830
Unrestricted intergovernmental	2,926,002	3,360,348	3,616,196	3,770,758	3,899,874	4,289,039	4,490,944	5,466,795	6,936,859	7,432,316
Restricted intergovernmental	1,995,222	1,872,765	811,290	677,588	660,587	916,528	694,928	4,225,102	3,760,377	8,183,816
Permits and fees	454,903	793,094	1,018,278	921,328	884,143	1,144,256	1,102,068	1,917,705	2,254,832	2,509,344
Sales and services	1,149,456	1,185,254	1,217,524	1,254,476	1,566,564	1,464,921	1,198,942	1,210,235	1,582,248	1,417,338
Investment earnings	25,213	13,960	57,502	68,483	128,145	214,968	164,054	38,331	34,196	808,519
Miscellaneous	118,746	39,593	131,544	107,085	78,556	90,770	137,363	131,469	228,557	191,821
Total revenues	13,100,496	13,778,804	13,481,567	13,749,403	14,656,863	16,034,799	16,142,060	23,694,332	25,864,805	32,671,322
Expenditures										
General government	1,344,395	1,347,135	1,569,789	1,640,039	1,945,701	2,119,274	2,549,789	2,687,448	2,918,695	3,507,171
Public safety	3,754,607	3,518,674	3,809,642	3,925,080	4,311,630	4,811,661	5,100,993	7,738,976	8,663,892	10,327,856
Transportation	2,107,105	2,419,090	1,491,206	1,520,383	1,609,776	1,660,236	1,829,159	1,858,051	2,104,098	2,475,133
Environmental protection	700,456	736,714	830,894	951,730	1,090,608	1,233,375	1,364,249	1,529,250	1,552,826	1,972,620
Economic development	539,428	504,730	646,700	635,288	630,868	666,160	645,077	672,521	916,514	1,008,506
Cultural and recreation	989,115	1,298,594	1,188,254	1,069,680	1,288,372	1,299,450	1,129,441	796,825	978,796	1,346,872
Capital outlay	4,305,483	2,403,729	410,560	950,142	3,990,833	7,143,771	5,702,915	5,113,773	3,344,417	8,112,928
Debt issuance costs	-	-	-	-	-	-	-	-	-	54,630
Debt service :										
Principal	965,027	1,164,167	1,235,089	1,105,068	2,172,303	593,582	1,237,176	1,453,808	6,746,663	1,566,929
Interest	271,823	299,120	272,997	242,248	280,980	121,891	281,347	302,969	304,706	245,302
Debt issuance cost	-	-	-	-	-	-	-	-	50,103	-
Total expenditures	14,977,439	13,691,953	11,455,131	12,039,658	17,321,071	19,649,400	19,840,146	22,153,621	27,580,710	30,617,947
Excess of revenues over (under) expenditures	(1,876,943)	86,851	2,026,436	1,709,745	(2,664,208)	(3,614,601)	(3,698,086)	1,540,711	(1,715,905)	2,053,375
Other financing sources (uses)										
Lease proceeds	-	-	-	-	-	-	-	-	-	478,099
Subscription proceeds	-	-	-	-	-	-	-	-	-	1,151,718
Transfers in	1,230,688	981,280	1,947,922	1,223,586	3,793,098	1,082,715	2,556,937	1,943,363	2,115,463	12,951,618
Transfers out	(1,230,688)	(981,280)	(1,947,922)	(1,223,586)	(3,793,098)	(1,082,715)	(2,556,937)	(1,943,363)	(2,074,763)	(12,951,618)
Sale of capital assets	7,415	4,237	20,426	53,976	60,577	40,954	63,232	72,431	644,342	79,601
Installment debt issued	3,000,000	200,000	-	48,575	288,118	4,266,800	2,247,789	1,080,000	5,217,000	10,314,000
Total other financing sources (uses)	3,007,415	204,237	20,426	102,551	348,695	4,307,754	2,311,021	1,152,431	5,902,042	12,023,418
Net change in fund balance	\$ 1,130,472	\$ 291,088	\$ 2,046,862	\$ 1,812,296	\$ (2,315,513)	\$ 693,153	\$ (1,387,065)	\$ 2,693,142	\$ 4,186,137	\$ 14,076,793
Debt service as a percentage of noncapital expenditures	11.6%	13.0%	13.7%	12.1%	18.4%	5.7%	10.7%	10.3%	29.1%	8.1%

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
2014	0.43	6,042,731	6,323,788
2015	0.43	6,179,543	6,466,964
2016	0.43	6,398,393	6,695,993
2017	0.43	6,709,702	7,021,781
2018	0.43	7,198,558	7,533,375
2019	0.43	7,659,171	8,015,412
2020	0.43	8,103,942	8,480,870
2021	0.42	10,248,665	10,980,713
2022	0.42	10,545,890	11,299,168
2023	0.45	11,620,242	11,620,242

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

TOWN OF KNIGHTDALE, NORTH CAROLINA

Assessed Value of Taxable Property

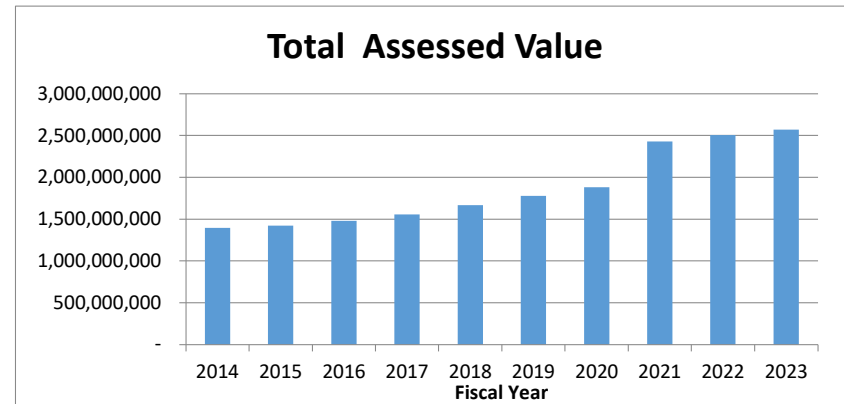
Last Ten Fiscal Years

Table 6

Fiscal Year	Real Property	Personal Property	Public Service Property	Total Assessed Value (1)	Property Tax Rate (Per \$100 Assessed Value)
2014	1,207,176,381	179,648,001	9,252,266	1,396,076,648	0.43
2015	1,251,348,719	162,473,352	9,275,836	1,423,097,907	0.43
2016	1,310,258,180	160,031,798	10,914,208	1,481,204,186	0.43
2017	(2) 1,356,873,863	188,302,815	10,712,624	1,555,889,302	0.43
2018	1,459,368,486	195,122,565	12,064,763	1,666,555,814	0.43
2019	1,549,753,811	212,784,898	14,300,361	1,776,839,070	0.43
2020	1,642,062,400	225,704,923	12,758,724	1,880,526,047	0.43
2021	(2) 2,148,928,125	267,536,321	12,633,173	2,429,097,619	0.42
2022	2,203,429,118	285,497,279	15,686,698	2,504,613,095	0.42
2023	2,251,503,416	303,322,321	15,535,819	2,570,361,556	0.45

NOTES:

- (1) Assessed Value is established by Wake County Tax Department.
- (2) A revaluation of all property is required every eight years by state statute. The most recent revaluation occurred in fiscal year 2021 (tax year 2020).



TOWN OF KNIGHTDALE, NORTH CAROLINA

Property Tax Rates - Direct and Overlapping (1)

Last Ten Fiscal Years

Table 7

Fiscal Year	Town of Knightdale	Wake County	Combined Tax Rate Per \$100 of Assessed Value
2014	0.43	0.534	0.9640
2015	0.43	0.578	1.0080
2016	0.43	0.6145	1.0445
2017 (2)	0.43	0.6005	1.0305
2018	0.43	0.6150	1.0450
2019	0.43	0.6544	1.0844
2020	0.43	0.7207	1.1507
2021 (2)	0.42	0.6000	1.0200
2022	0.42	0.6000	1.0200
2023	0.45	0.6195	1.0695

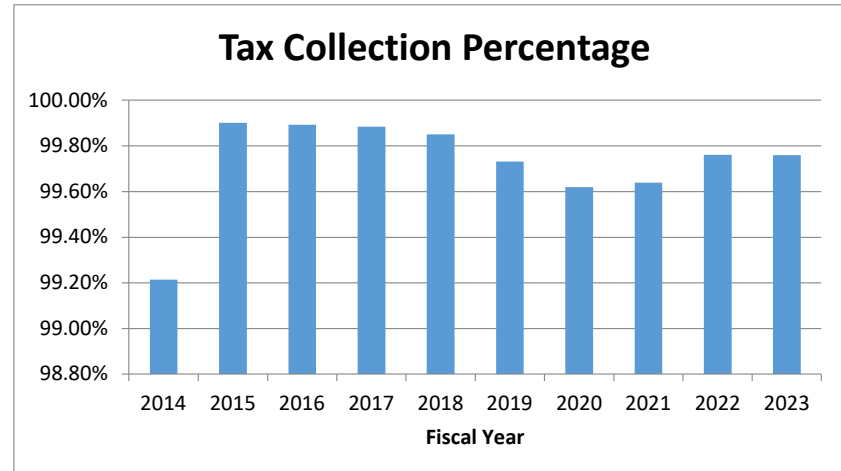
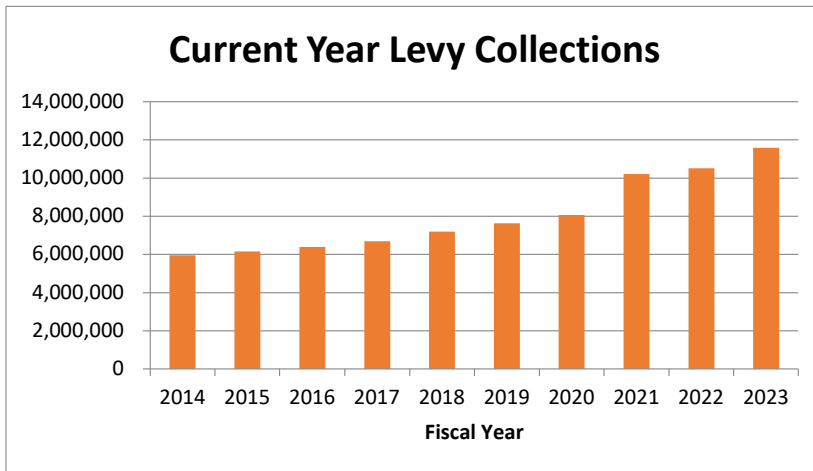
Notes:

- (1) Overlapping rates are those of local and county governments that apply to property owners within the Town of Knightdale.
- (2) A revaluation of all property is required every eight years by state statute.
The most recent revaluation occurred in fiscal year 2021 (tax year 2020).
- (3) There are no special tax districts within the Town of Knightdale. The tax rates listed above are Town wide property tax rates.

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

Table 8

Fiscal Year	Net Levy	Current Year's Taxes Collected	Percent of Net Levy Collected	Collections- Prior Years	Total Collections	Percent of Total Tax Collections To Net Levy	Ad Valorem Taxes Receivable Balance-June 30	Percent Delinquent Taxes To Net Levy
2014	6,001,549	5,954,407	99.21%	36,050	5,990,457	99.82%	122,781	2.05%
2015	6,166,908	6,160,848	99.90%	1,265	6,162,113	99.92%	79,209	1.28%
2016	6,389,729	6,382,904	99.89%	(1,941)	6,380,963	99.86%	70,776	1.11%
2017	6,706,433	6,698,716	99.88%	3,722	6,702,438	99.94%	63,173	0.94%
2018	7,198,558	7,187,814	99.85%	(4,625)	7,183,189	99.79%	61,150	0.85%
2019	7,659,171	7,638,608	99.73%	5,698	7,644,306	99.81%	71,426	0.93%
2020	8,103,942	8,073,156	99.62%	7,874	8,081,030	99.72%	88,300	1.09%
2021	10,248,665	10,211,672	99.64%	17,389	10,229,061	99.81%	102,943	1.00%
2022	10,545,890	10,520,787	99.76%	27,215	10,548,002	100.02%	100,831	0.96%
2023	11,620,242	11,592,269	99.76%	20,335	11,612,604	99.93%	108,469	0.93%



TOWN OF KNIGHTDALE, NORTH CAROLINA

Principal Property Taxpayers

Current Year and Nine Years Ago

		2023			2014		
Table 9 Taxpayer (1)	Type of Enterprise	Assessed Valuation	Percentage Of Total	Rank	Assessed Valuation	Percentage Of Total	Rank
			Assessed Valuation			Assessed Valuation	
BDF Eastgate	Manufacturer	66,745,818	2.60%	1			
Knightsdale Multifamily Ownership LLC	Real Estate/Apartments	58,095,273	2.26%	2			
Greystone WW Co. LLC	Real Estate/Apartments	50,864,095	1.98%	3	30,000,716	2.15%	2
CH Realty Ixpreiss Multifamily Raleigh	Real Estate/Apartments	44,486,319	1.73%	4			
BRC Knightsdale LLC	Real Estate/Apartments	41,865,017	1.63%	5	22,918,232	1.64%	5
Triangle Palisades at Legacy Oaks	Real Estate/Apartments	37,106,016	1.44%	6	24,395,225	1.75%	4
Wake Stone Property Company	Manufacturer	37,028,743	1.44%	7			
The Cottages at Knightsdale Station	Real Estate/Apartments	33,411,360	1.30%	8			
BBK Midway Plantation LLC	Retail	32,855,907	1.28%	9			
Laurens Way Co LP	Real Estate/Apartments	29,295,052	1.14%	10	14,716,009	1.05%	7
Knightsdale Centers LLC	Retail				53,236,277	3.81%	1
Widewaters Knightsdale Co. LLC	Real Estate/Apartments				25,236,113	1.81%	3
Lowes Home Center	Retail				18,266,989	1.31%	6
TGLVF Eastpoint LLC	Manufacturer				13,107,670	0.94%	8
Target	Retail				10,270,766	0.74%	9
Kohl's Department Stores	Retail				10,013,454	0.72%	10
Totals		<u>\$ 431,753,600</u>	<u>16.80%</u>		<u>\$ 222,161,451</u>	<u>15.92%</u>	
Total Assessed Value		<u>\$ 2,570,361,556</u>			<u>\$ 1,396,076,648</u>		

(1) Data obtained from the Wake County Revenue Department

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

Table 10

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Assessed value	\$ 1,396,076,648	\$ 1,423,097,907	\$ 1,481,204,186	\$ 1,555,889,302	\$ 1,666,555,814	\$ 1,776,839,070	\$ 1,880,526,047	\$ 2,429,097,619	\$ 2,504,613,095	\$ 2,570,361,556
Debt limit (8% of assessed value)	111,686,132	113,847,833	118,496,335	124,471,144	133,324,465	142,147,126	150,442,084	194,327,810	200,369,048	205,628,924
Debt applicable to limit:										
Total outstanding debt	14,098,159	12,789,389	11,205,336	9,984,632	7,946,406	11,467,835	12,328,869	11,808,429	10,160,285	18,907,357
Debt authorized but unissued	-	-	-	-	-	-	-	-	-	-
Less debt applicable to business-type activities										
Enterprise Fund debt	(1,604,365)	(1,259,762)	(910,632)	(746,421)	(592,421)	(440,632)	(291,053)	(144,421)	-	-
Total net debt applicable to limit	12,493,794	11,529,627	10,294,704	9,238,211	7,353,985	11,027,203	12,037,816	11,664,008	10,160,285	18,907,357
Legal debt margin	\$ 99,192,338	\$ 102,318,206	\$ 108,201,631	\$ 115,232,933	\$ 125,970,480	\$ 131,119,923	\$ 138,404,268	\$ 182,663,802	\$ 190,208,763	\$ 186,721,567
Total net debt applicable to the limit, as a percentage of the total debt limit	11.19%	10.13%	8.69%	7.42%	5.52%	7.76%	8.00%	6.00%	5.07%	9.19%
Total net debt applicable to the limit, as a percentage of assessed value	0.89%	0.81%	0.70%	0.59%	0.44%	0.62%	0.64%	0.48%	0.41%	0.74%

Note:

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

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

Table 11

Fiscal Year	Governmental Activities		Business-Type Activities		Total Primary Government	Assessed Value	Debt as a % of Assessed Valuation	Debt as a % of Personal Income	Population	Debt Per Capita
	GO Bonds	Installment Purchases	GO Bonds	Installment Purchases						
2014	3,436,842	9,056,952	1,253,158	351,207	14,098,159	1,396,076,648	1.01%	2.25%	12,340	1,142
2015	3,179,211	8,350,416	1,080,790	178,972	12,789,389	1,423,097,907	0.90%	1.82%	13,102	976
2016	2,922,369	7,372,335	910,632	-	11,205,336	1,481,204,186	0.76%	1.59%	13,560	826
2017	2,666,579	6,571,632	746,421	-	9,984,632	1,555,889,302	0.64%	1.20%	13,786	724
2018	2,211,579	5,142,406	592,421	-	7,946,406	1,666,555,814	0.48%	0.85%	15,849	501
2019	2,157,368	8,869,835	440,632	-	11,467,835	1,776,839,070	0.65%	1.10%	16,753	685
2020	1,903,947	10,133,869	291,053	-	12,328,869	1,880,526,047	0.66%	1.04%	18,152	679
2021	1,651,579	10,012,429	144,421	-	11,808,429	2,429,097,619	0.49%	N/A	19,435	608
2022	1,400,000	8,760,285	-	-	10,160,285	2,504,613,095	0.41%	N/A	19,674	516
2023	1,200,000	17,707,357	-	-	18,907,357	2,570,361,556	0.74%	N/A	20,386	927

NOTES:

(1) See Table 17 for personal income data

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

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

Table 12

Fiscal Year	GO Bonds		Net General Obligation Debt	Total Personal Income	Debt as a % of Personal Income	Net General Bonded Debt as a % of (3) Property Value	Population	Debt Per Capita
	Governmental Activities	Business-Type Activities						
2014	3,436,842	1,253,158	4,690,000	\$627,304,000	0.75%	0.36%	12,340	380
2015	3,179,211	1,080,790	4,260,001	\$702,595,000	0.61%	0.29%	13,102	325
2016	2,922,369	910,632	3,833,001	\$702,595,000	0.55%	0.26%	13,560	283
2017	2,666,579	746,421	3,413,000	\$829,420,000	0.41%	0.22%	13,786	248
2018	2,211,579	592,421	2,804,000	\$935,313,000	0.30%	0.17%	15,849	177
2019	2,157,368	440,632	2,598,000	\$1,043,109,000	0.25%	0.15%	16,753	155
2020	1,903,947	291,053	2,195,000	\$1,188,048,000	0.18%	0.12%	18,152	121
2021	1,651,579	144,421	1,796,000	N/A	N/A	0.07%	19,435	92
2022	1,400,000	-	1,400,000	N/A	N/A	0.06%	19,674	71
2023	1,200,000	-	1,200,000	N/A	N/A	0.05%	20,386	59

NOTES:

(1) See Table 17 for personal income data

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

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

TOWN OF KNIGHTDALE, NORTH CAROLINA
Direct and Overlapping Governmental Activities Debt
As of June 30, 2023

Table 13

Governmental Unit	General Obligation Debt Outstanding (1)	Estimated Percentage Applicable to Town (2)	Estimated Share of Overlapping Debt (3)
Debt repaid with property taxes - Wake County	\$ 1,704,400,000	1.2850%	\$ 21,901,433
Subtotal, overlapping debt			21,901,433
Town of Knightdale direct debt			18,907,357
Total direct and overlapping debt			\$ 40,808,790

NOTES:

(1) Supplied by Wake County Finance Department

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

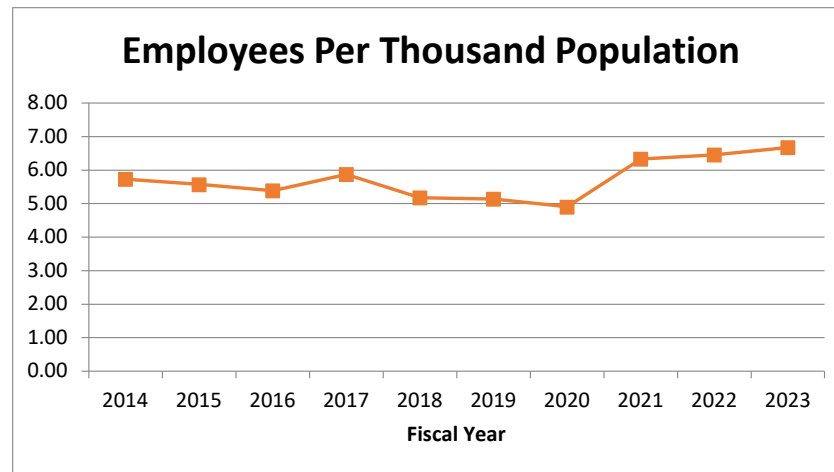
Town of Knightdale Assessed Value	\$ 2,570,361,556
Wake County Assessed Value (1)	200,029,113,686
Percentage applicable to Knightdale	1.2850%

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

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

Table 14

Fiscal Year	General Government	Public Safety	Parks and Recreation	Development Services	Public Works	Fiscal Year Total
2014	9.75	39.0	5.0	7.00	10.0	70.75
2015	10.00	39.0	6.0	5.00	13.0	73.00
2016	11.00	39.0	6.0	6.00	11.0	73.00
2017	10.00	45.0	6.0	7.00	13.0	81.00
2018	12.00	46.0	7.0	6.00	11.0	82.00
2019	14.00	48.0	7.0	6.00	11.0	86.00
2020	13.00	52.0	6.0	6.00	12.0	89.00
2021	14.00	84.0	5.0	6.00	14.0	123.00
2022	14.00	84.0	5.0	7.00	17.0	127.00
2023	16.00	89.0	6.0	7.00	18.0	136.00



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

TOWN OF KNIGHTDALE, NORTH CAROLINA

Operating Indicators by Function

Last Ten Fiscal Years

Table 15

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Function										
<i>Administration</i>										
Agendas prepared and delivered 5 days before Council meetings	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Minutes prepared within 3 working days of Council meetings	100%	58%	100%	100%	100%	100%	100%	100%	100%	100%
Meeting minutes completed without error	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
<i>Human Resources</i>										
Employees successfully completing probation period	99%	100%	100%	89%	82%	67%	100%	87%	92.86%	82.35%
Employee turnover (includes retirements)	3%	18%	4%	14%	9%	12%	11%	10%	21.97%	12.14%
<i>Finance</i>										
Bank statement reconciled within 7 days of receipt	100%	100%	45%	100%	100%	100%	100%	100%	100%	100%
Month is closed out within 20 days of month end	100%	100%	92%	100%	100%	100%	100%	100%	100%	100%
Accuracy of bank deposits submitted to the bank	98%	96%	98%	98%	99%	99%	99%	99%	99%	99%
Average accuracy rate in forecasting all major revenues	95%	95%	95%	99%	100%	100%	100%	100%	100%	100%
Accuracy rate in forecasting ad valorem revenue tax revenue.	97%	97%	98%	100%	100%	100%	100%	100%	100%	100%
Number of budget amendments requiring council approval	20	9	11	11	9	8	3	6	12	17
<i>Development Services Department</i>										
Permits issued:										
Commercial	43	58	107	81	129	63	77	81	93	134
Residential	149	152	228	266	185	138	132	88	260	229
<i>Police Department</i>										
Investigative report supplement compliance rates (1)	100%	100%	100%	100%	100%	100%	100%	97%	99.98%	98.9%
Investigation clearance rates	60%	48%	51%	52%	53%	46%	45%	49%	52%	54%
Average response time to calls for service (minutes : seconds)	4:22	5:07	5:05	4:46	5:17	5:44	5:09	12:28	5:49	4:22
Number Part I Crimes	441	455	407	355	376	365	363	413	456	604
Number of reports taken	1,104	1,136	1,120	1,178	1,122	1,109	1,170	1,261	1,110	1,476
Number of arrests made	337	322	330	357	323	441	435	593	497	728*

TOWN OF KNIGHTDALE, NORTH CAROLINA

Operating Indicators by Function

Last Ten Fiscal Years

Table 15

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Continued										
<i>Fire Department</i>										
Average response time to calls for service (minutes : seconds)	4:47	4:55	5:01	5:17	5:07	5:06	5:15	4:49	5:02	5:51
Average personnel responding to structure related calls	14.2	13.0	12.1	11.5	9.12	10	7	8.14	14.9	11.25
Training hours for all staff & volunteers	8,399	9,818	9,171	11,674	10,071	10,004	8,750	12,580	18,400	16,117.25
Fire loss for the year	\$231,308	\$487,141	\$443,230	\$532,854	\$616,351	\$628,050	\$15,220	\$322,802	\$536,950	\$2,279,112
Value of property saved	\$8,490,218	\$7,843,396	\$5,668,883	\$7,280,616	\$7,066,049	\$8,453,728	\$1,770,350	\$5,629,123	\$5,257,417	\$6,726,259
Percentage of property loss	2.62%	5.85%	7.82%	6.72%	8.02%	6.92%	8.60%	5.73%	10.21%	25.3%
Total calls	1,217	1,348	1,364	1,490	1,504	1,661	1,839	3,189	3,888	4,127
<i>Public Works (2)</i>										
Residential tons collected yearly										
Solid Waste	5,342.00	3,033.91	3,503.72	3,959.20	4,528.00	3,751.70	5,212.00	5,399.00	5,700.00	5,400
Recycling	740.32	551.60	625.82	706.38	1,223.00	806.95	1,526.00	1,261.00	1,200.00	1,300
Mulching / compost (3)	1,600.00	1,368.00	-	2,250.00	3,080.00	3,280	3,450.00	3,625.00	4,000.00	4,000
Households served	4,302	3,455	4,092	4,662	5,133	5,249.00	5,831	6,036	6,120	6,300
<i>Parks and Recreation (4)</i>										
Participants in camps and recreation programs										
Baseball (Spring & Fall) (5)	389	394	437	469	446	347	-	-	590	698
Softball (Spring & Fall) (5)	60	38	61	261	487	486	-	-	72	72
Basketball (Summer & Winter beginning 2010) (5)	528	525	564	995	1,226	1,041	603	603	605	842
Swimming Pool	8,174	7,718	6,563	5,673	6,482	6,525	2,424	2,424	6,038	6,233
Swim Lessons	288	163	156	140	97	-	-	-	-	-
Track Out Camp (6)	4,252	4,297	3,663	3,715	362	486	-	-	-	-
Summer Camp (6)	1,005	979	1,190	1,155	1,111	1,051	130	130	-	-

Notes:

NA = Not Available at this time.

*Includes physical arrests and arrests via criminal summons

(1) This metric will not be tracked in FY24.

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

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

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

(5) Youth participants in FY22 and FY23, no adult leagues. FY23 increase due to newly offered sports-related clinics.

(6) The Town of Knightdale only facilitates these camps, as they are co-sponsored with the YMCA. No figures are shown.

TOWN OF KNIGHTDALE, NORTH CAROLINA

Capital Asset Statistics by Function

Last Ten Fiscal Years

Table 16

Function	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Police										
Stations	1	1	1	1	2	2	2	2	2	2
Patrol Units	27	32	32	35	35	35	35	37	40	45
K-9 Units	2	2	2	2	1	1	1	-	-	-
Fire										
Stations	1	1	1	1	1	1	1	3	3	3
Fire Trucks	3	3	3	3	3	3	3	5	5	5
Ladder Trucks	1	1	1	1	1	1	1	1	1	1
Other Trucks	-	-	-	-	-	-	-	4	4	4
Public Works										
Streets (miles)	47.74	48.33	48.33	50.95	56.30	57.00	59.05	61.17	61.44	63.98
Parks and Recreation										
Parks (1)	4	4	4	4	4	4	4	6	6	6
Acreage	106.80	106.80	106.80	106.80	106.80	156.80	156.80	241.00	241.00	241.00
Playgrounds	4	4	4	4	4	4	3	3	3	3
Baseball / softball diamonds (2)	9	9	9	9	9	9	7	7	7	7
Soccer / football fields	4	4	4	4	4	4	4	9	9	9
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	4	4	4	4	4
Mingo Creek Greenway (miles)	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3
Bus	1	1	1	1	1	1	1	1	1	1
Splash Pad	-	-	-	-	-	1	1	1	1	1
Pickleball Courts	-	-	-	-	-	2	2	2	4	4

Sources: Various Town Departments

Notes:

No capital indicators are available for general government function.

1 Knightdale Station Park - Land purchased in 2010. Park opened on July 19, 2013.

2 Baseball / softball fields are owned by Wake County, but maintained by Town of Knightdale.

N/A Data not available.

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

Table 17

Fiscal Year	(1) Knightdale Population	(1) Wake County Population	Knightdale Personal Income (thousands of dollars)	Wake County (2) Personal Income (thousands of dollars)	(2) Per Capita Income	(1) Median Family Income	(3) Unemployment Rate Percentage
2014	12,340	985,056	\$627,304	\$50,257,552	\$50,835	\$70,512	5.1
2015	13,102	1,007,641	\$702,595	\$53,028,913	\$53,625	\$71,066	5.0
2016	13,560	1,030,326	\$739,684	\$56,592,270	\$54,549	\$72,591	4.3
2017	14,763	1,052,120	\$829,120	\$60,216,950	\$56,162	\$64,399	3.6
2018	15,849	1,073,993	\$935,313	\$64,461,643	\$59,014	\$67,167	3.4
2019	16,753	1,096,408	\$1,043,109	\$69,222,569	\$62,264	\$70,540	3.9
2020	18,152	1,109,883	\$1,188,048	\$74,107,214	\$65,450	\$70,540	7.1
2021	19,435	1,111,761	(4)	(4)	(4)	\$70,363	4.6
2022	19,674	1,150,722	(4)	(4)	(4)	\$90,039	3.6
2023	20,386	1,171,331	(4)	(4)	(4)	\$90,039	3.4

Notes:

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

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

Separate figures for the Town are not available.

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

(3) North Carolina Department of Commerce

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

(4) Information is not yet available.

TOWN OF KNIGHTDALE, NORTH CAROLINA

Principal Employers

Current Year and Nine Years Ago

Table 18

Employer	2023			Rank	2014			Rank
	Employment Range				Employment Range (1)			
Wake County Public School System, <i>All Knightdale Locations.</i>	650	-	700	1	550	-	600	1
Wal-Mart Store #1816	150	-	200	2	125	-	150	3
Target	150	-	200	2	125	-	150	3
Wake Stone	150	-	200	2				
Eby-Brown	150	-	150	5				
Lowe's Home Improvement	125	-	150	6	125	-	150	3
Lowe's Foods	100	-	125	7	75	-	100	8
Best Buy	100	-	125	7	75	-	100	8
Town of Knightdale	100	-	125	7				
Weathermaster Hearing & Air	90	-	100	10	75	-	100	8
Home Depot					75	-	100	8
Kohl's					100	-	125	6
Wellington Nursing Center					100	-	125	6
Schneider Electric					450	-	500	2

Notes:

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

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

- (1) Individual school employment numbers presented in the prior year have been restated for consistency with the current year presentation. Square D and Schneider Electric have been combined in this restatement for consistency with the current year presentation.

TOWN OF KNIGHTDALE, NORTH CAROLINA

Commercial Activity

Last Ten Calendar Years

Table 19

Building Permits (1)

Calendar Year	All Commercial		New Residential		Total	
	Number	Value	Number	Value	Number	Value
2013	40	2,144,704	242	37,804,599	282	39,949,303
2014	51	3,054,938	135	25,878,037	186	28,932,975
2015	70	16,426,116	215	43,877,276	285	60,303,392
2016	112	38,441,256	222	42,174,824	334	80,616,080
2017	112	38,855,235	255	50,777,123	367	89,632,358
2018	84	20,493,178	156	33,722,628	240	54,215,806
2019	127	28,024,617	65	38,440,141	192	66,464,758
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

Notes:

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



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Hodge Road Fire Station Construction



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

COMPLIANCE SECTION

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Knightdale, North Carolina, as of and for the year ended June 30, 2023, and the related notes to the financial statement, which collectively comprises the Town of Knightdale's basic financial statements, and have issued our report thereon dated November 27, 2023.

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 compliance with those provisions was not an objective of our audit and,

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

Purpose of this Report

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



Joyce and Company, CPA
Cary, North Carolina

November 27, 2023

**Report on Compliance for Each Major Federal 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 Federal Program

Opinion on Each Major Federal 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 each of the Town of Knightdale's major federal programs for the year ended June 30, 2023. The Town of Knightdale's major federal 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 federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal 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 federal 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 laws, statutes, regulations, rule and provisions of contracts or grant agreements applicable to the Town of Knightdale's federal 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 federal 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 federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the 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

November 27, 2023

**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

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 each of the Town of Knightdale's major state programs for the year ended June 30, 2023. 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, 2023.

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 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.

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 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

November 27, 2023

**TOWN OF KNIGHTDALE, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended June 30, 2023**

Section I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted _____ yes _____ X no

Federal Awards

Internal control over major federal programs:

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

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

Identification of major federal programs:

<u>CFDA No(s)</u>	<u>Names of Federal Program or Cluster</u>
21.027	Coronavirus State and Local Fiscal Recovery Funds

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

Dollar threshold used to distinguish between Type A and Type B Programs \$ 750,000

Auditee qualified as a low-risk auditee _____ yes _____ X no

State Awards

Internal control over major state program:

- Material weakness(es) identified? _____ yes _____ X no

- Significant deficiency(s) identified that are not considered to be material weaknesses?

_____ yes X none reported

Identification of major state program: Powell Bill

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, 2023

<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 Transportation</u>					
Passed-through the N.C. Department of Transportation Governor's Highway Safety Program	20.600	PT-20-0625	\$ 7,500	\$ -	\$ 7,500
<u>United States Department of Treasury</u>					
Passed-through the Office of State Budget and Management: NC Pandemic Recovery Office Passed-through Wake County: Coronavirus State and Local Fiscal Recovery Funds	21.027	NC0237	5,058,055	-	-
Total assistance-federal programs			<u>5,065,555</u>	<u>-</u>	<u>7,500</u>
State Grants:					
Cash Programs:					
<u>North Carolina Department of Transportation</u>					
Non-State System Street-Aid Allocation Powell Bill	N/A	32570	-	817,065	-
Total federal and state assistance			<u>\$ 5,065,555</u>	<u>\$ 817,065</u>	<u>\$ 7,500</u>

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

Basis of Presentation -The accompanying schedule of expenditures of federal and state awards (SEFSA) includes the federal and state grant activity of the Town of Knightdale under the programs of the federal government and the State of North Carolina for the year ended June 30, 2023. 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.