

Town of Knightdale North Carolina



**Comprehensive Annual
Financial Report
For the Fiscal Year Ended June 30, 2019**



TOWN OF KNIGHTDALE
NORTH CAROLINA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2019

PREPARED BY
FINANCE STAFF



Veterans Plaza at Knightdale Station Park

MAYOR AND TOWN COUNCIL MEMBERS

As of June 30, 2019



Mayor James Roberson
Term 2015-2019



Mayor Pro Tem Randy Young
Term 2017-2021



Councilor Pete Mangum
Term 2015-2019



Councilor Russell Killen
Term 2018-2019



Councilor Jessica Day
Term 2017-2021



Councilor Mark Swan
Term 2017-2021

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, 2019

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Knightdale Arts & Education Festival



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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October 22, 2019

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

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

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of the Town of Knightdale, North Carolina, for the fiscal year ended June 30, 2019, 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, 2019. Consequently, management assumes responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the Town of Knightdale has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Town of Knightdale's financial statements in conformity with generally accepted accounting principles (GAAP). As management, we assert to the best of our belief and knowledge, this financial report is complete and reliable in all material respects.

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

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

PROFILE OF THE GOVERNMENT

The Town of Knightdale, incorporated in 1927, 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 is comprised of 7.43 square miles with a population of 16,753. According to the U.S. Census Bureau in 2019, Knightdale was the fastest growing town in Wake County.

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, water, sewer, 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 fairly stable and enjoys a low unemployment rate. As of June 2019, this area of the state had an unemployment rate of 3.9% compared to the statewide rate of 4.2%. The median family income is \$70,540.

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

Robust housing growth coupled with relatively low prices position Knightdale's housing market as both affordable and attractive for area workers. Since 2010, the number of housing units has grown by 35%. Median home sales prices are 26% below Wake County and 17% below the nation. The percentage of households spending more than 30% of income on housing, a measure of unaffordability, is lower in Knightdale than in the county, state, and nation. As of 2016 there were 5,292 housing units in Knightdale, an increase of 1,361 units or 35% since 2010. By contrast, over the same period housing units increased by

13% in Wake County, 5% statewide and 3% nationally. Around 66% of occupied homes in Knightdale are owner occupied. Only 3% of Knightdale's housing stock is vacant. The average sales price for homes in Knightdale in 2018 was \$247,474.

The construction industry remains strong. In calendar year 2018, the Town Development Services Department issued 268 combined residential and commercial building permits representing a total value of \$89.7 million in construction. Knightdale Developers, LLC continues construction on one of the newest and largest subdivisions in Knightdale which is adjacent to Knightdale Station Park. This community includes a YMCA and a private school, and will have approximately 800 new homes when completed. Construction on Knightdale's newest neighborhood, Glenmere, began during fiscal year 2015 and continues progress in phases. Hinton Oaks Business Park, a major new industrial park adjacent to I-540, began construction in fiscal year 2016. The 48-acre park has two 120,000 square foot buildings of total office space constructed with eighty percent occupancy and construction was completed on an adjacent 110 guest room hotel which opened in fiscal year 2018. Construction of the first 150,000 square foot industrial offices at Eastgate Industrial Park was completed in fiscal year 2018. Knightdale's corporate limits consist of approximately 7.43 square miles, or 4,755 acres, 640 acres per square mile, while the extraterritorial jurisdiction covers 17.76 square miles, or 11,366 acres.

MAJOR INITIATIVES

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

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 unassigned fund balance of 25% of expenditures and interfund transfers at the close of each fiscal year. For fiscal year 2019, the unassigned General Fund balance was \$5,099,076 or 32.42% of expenditures and interfund transfers.

The Town of Knightdale strives to maintain modest debt levels and is careful with its capital planning and expenditures. Per a policy adopted in 2017, the Town strives to maintain a debt ratio of no greater than 11% of the anticipated expenditures for the current fiscal year. It was around 9% in fiscal year 2019. Any unassigned fund balance at year end in excess of 40% is transferred to its Capital Reserve Fund in the following fiscal year. In addition, the Town transfers the equivalent of \$0.02 of the total \$0.43 tax levy to the Capital Reserve Fund each year to be set aside for future capital projects and an additional one-half cent to be used on park and recreation maintenance. For fiscal year 2019, the Town transferred \$438,715 from the General Fund to the Capital Reserve Fund.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Knightdale for the Comprehensive Annual Financial Report for the fiscal year ended June 30, 2018. This is the twenty-seventh (27th) such certificate the Town has received. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is the highest form of recognition awarded in the field of governmental reporting. A Certificate of Achievement is valid for one year only. We believe our current report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

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

Bill Summers

Bill Summers
Town Manager

Tim Flora

Tim Flora
Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

Town of Knightdale
North Carolina

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Monill

Executive Director/CEO

TOWN OF KNIGHTDALE, NORTH CAROLINA
KEY ADMINISTRATIVE POSITIONS

as of June 30, 2019

Bill Summers
Town Manager

Phillip Bunton
Public Works Director

Dustin Tripp
Assistant Town Manager

Timothy Guffey
Fire Chief

Suzanne Yeatts
Administrative Services Director

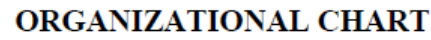
Chris Hills
Development Services Director

Lawrence Capps
Police Chief

Tim Flora
Finance Director

Chris Wiley
Parks & Recreation Director

Heather Smith
Town Clerk





Knightdale Station Park



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

FINANCIAL SECTION

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Knightdale, North Carolina, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Knightdale, North Carolina as of June 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the Town of Knightdale, North Carolina. The combining and individual fund statements, budgetary schedules, other schedules and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements, budgetary schedules and other schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing

standards generally accepted in the United States of America. In our opinion, the combining and individual fund statements, budgetary schedules, and other schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 22, 2019 on our consideration of the Town of Knightdale's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements and other matters. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Knightdale's internal control over financial reporting and compliance.



Joyce and Company, CPA
Cary, North Carolina

October 22, 2019



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Downtown Knightdale

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Town of Knightdale, we offer readers of the Town of Knightdale's comprehensive annual financial report this narrative overview and analysis of the financial activities of the Town of Knightdale for the fiscal year ended June 30, 2019. 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.

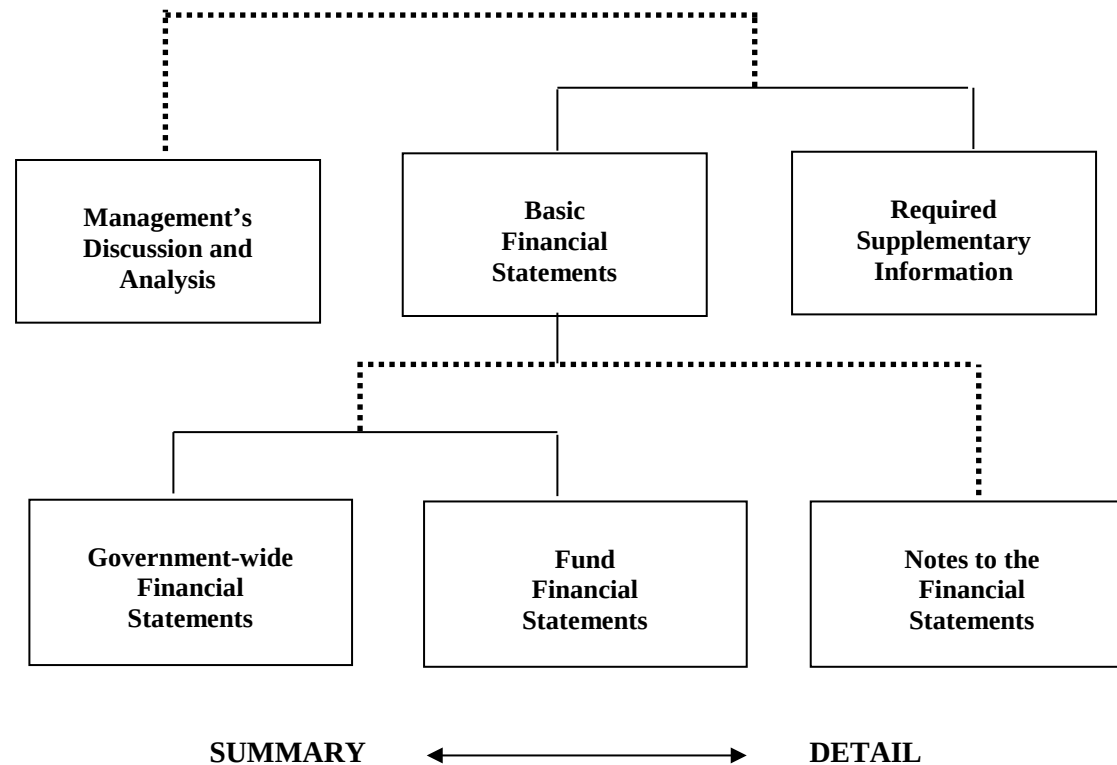
FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of the Town of Knightdale exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$86,649,996 (*net position*).
- The Town's total net position increased over the course of this year's operations by \$8,837,494 (11.36%). The net position related to governmental activities increased \$8,895,983 (11.45%).
- Knightdale no longer owns nor operates the water and sewer utility system in the Town. Knightdale has chosen to maintain the water and sewer proprietary funds because of the internal controls inherent with these funds. Knightdale now collects water and sewer fees and charges on behalf of the City of Raleigh. Amounts collected on behalf of Raleigh are remitted to the City of Raleigh by the middle of the following month.
- As of the close of the current fiscal year, the Town of Knightdale's governmental funds reported combined ending fund balances of \$12,801,310 with a net increase of \$693,153 (5.72%) in fund balance. Approximately 22.20% of this total amount, or \$2,841,951, is non spendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$5,099,076 or 32.42% of total general fund expenditures (including transfers to other funds) for the fiscal year. The Town Council's policy is that this ratio should be 25% as of fiscal year end.
- Fund balance available for appropriation is specified in NC General Statute 159-8(a) and does include amounts which are limited in purpose. The fund balance available for appropriation in the General Fund as of June 30, 2019 was \$5,799,076 or 36.87% of the General Fund's expenditures, transfers out and adjusted for debt financed expenditures.
- As of June 30, 2019, the Town had total debt outstanding of \$11,467,835. Of this amount, \$2,598,000 is general obligation bonds backed by the full faith and credit of the Town, \$440,632 is debt related to the utility system, and \$8,869,835 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 \$3,521,429 or 44.31% 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	• Statement of net position • Statement of activities	• Balance sheet • Statement of revenues, expenditures, and changes in fund balance	• Statement of net position • Statement of revenues, expenses and changes in net position • Statement of cash flows
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short term and long term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets included	All assets and liabilities, both financial and capital, and short term and long term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid

Government-wide Financial Statements

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

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

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

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

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

Fund Financial Statements

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

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

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

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

Notes to the Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are located on pages 45-81 of this report.

Figure 3
Net Position

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 14,963,503	\$ 13,612,249	\$ 516,257	\$ 1,195,835	\$ 15,479,760	\$ 14,808,084
Capital assets	94,505,503	81,947,125	-	-	\$ 94,505,503	81,947,125
Total assets	109,469,006	95,559,374	516,257	1,195,835	109,985,263	96,755,209
Total deferred outflows of resources	1,663,475	1,015,832	-	-	1,663,475	1,015,832
Other liabilities	3,729,847	2,124,365	187,869	659,379	3,917,716	2,783,744
Long-term liabilities	19,494,171	15,561,062	291,053	440,632	19,785,224	16,001,694
Total liabilities	23,224,018	17,685,427	478,922	1,100,011	23,702,940	18,785,438
Total deferred inflows of resources	1,295,802	1,173,101	-	-	1,295,802	1,173,101
Net position:						
Invested in capital assets, net of related debt	84,694,947	74,593,140	-	-	84,694,947	74,593,140
Restricted	2,813,131	3,465,478	-	-	2,813,131	3,465,478
Unrestricted	(895,417)	(341,940)	37,335	95,824	(858,082)	(246,116)
Total net position	\$ 86,612,661	\$ 77,716,678	\$ 37,335	\$ 95,824	\$ 86,649,996	\$ 77,812,502

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 Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues						
Program revenues:						
Charges for services	\$ 2,564,549	\$ 2,296,529	\$ -	\$ -	\$ 2,564,549	\$ 2,296,529
Operating grants and contributions	272,786	297,256	-	-	272,786	297,256
Capital grants and contributions	8,586,829	19,165,527	-	-	8,586,829	19,165,527
General revenues:						
Property taxes	7,672,069	7,192,745	-	-	7,672,069	7,192,745
Other taxes	246,727	239,366	-	-	246,727	239,366
Grants and contributions not restricted to specific programs	4,289,039	3,899,874	-	-	4,289,039	3,899,874
Unrestricted investment earnings	214,968	128,145	15,561	18,102	230,529	146,247
Other revenues	107,175	139,174	-	-	107,175	139,174
Total revenues	23,954,142	33,358,616	15,561	18,102	23,969,703	33,376,718
Expenses						
General government	2,241,328	2,040,009	-	-	2,241,328	2,040,009
Public safety	5,584,019	4,911,222	-	-	5,584,019	4,911,222
Transportation	3,983,151	3,211,771	-	-	3,983,151	3,211,771
Environmental protection	1,275,434	1,126,966	-	-	1,275,434	1,126,966
Economic and physical development	713,596	1,179,187	-	-	713,596	1,179,187
Cultural and recreational	1,875,579	1,335,609	-	-	1,875,579	1,335,609
Interest on long-term debt	253,289	173,366	-	-	253,289	173,366
Water and sewer	-	-	74,050	16,656	74,050	16,656
Total expenses	15,926,396	13,978,130	74,050	16,656	16,000,446	13,994,786
Change in net position	8,027,746	19,380,486	(58,489)	1,446	7,969,257	19,381,932
Net Position-beginning (as previously stated)	77,716,678	62,587,054	95,824	94,378	77,812,502	62,681,432
Adjustment to beginning net position	868,237	(4,250,862)	-	-	868,237	(4,250,862)
Net Position-June 30	\$ 86,612,661	\$ 77,716,678	\$ 37,335	\$ 95,824	\$ 86,649,996	\$ 77,812,502

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 \$86,649,996 as of June 30, 2019. This is an increase in net position by \$8,837,494 or 11.36% from the previous year. The largest portion, \$84,694,947 or 97.79% 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, \$2,813,131 or 3.25% 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 \$8,895,983 or 11.45%, thereby accounting for most of the total growth in net position of the Town of Knightdale. Key elements of this increase are as follows:

Revenues-Governmental Activities

- Ad Valorem Taxes make up 32.0% of the governmental activity revenue and have traditionally been the single most important revenue source for funding local government operations. Property taxes are expected, over the long term, to remain one of the top two revenue sources for the Town. The Town's tax rate during fiscal year 2019 was 43 cents with an assessed value of \$1,776,839,070 (per Wake County tax report). Knightdale's tax base grew 6.62% from fiscal year 2018. 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 99.73%. The statewide average tax collection percentage was 99.23% for FY 2017-2018.
- While it can fluctuate from year to year, restricted capital grants and contributions represent a significant portion of Town revenues. In fiscal year 2019, the amount was \$8,586,829, which represents 35.8% of the total revenues received by the Town. This funding is mostly for infrastructure improvements to the Town and is not a resource that can be used to retire financial obligations.
- Unrestricted intergovernmental revenue is also a large revenue source accounting for 17.9% of total governmental revenues. Local option sales tax accounts for a majority of this category. The sales tax is basically a tax on the retail sale or lease of tangible personal property. Although the Town does not levy these taxes, they share in the proceeds collected for Wake County, in which the Town is located. Intergovernmental revenues also include state collected reimbursements for franchise taxes, wine and beer tax and ABC profits.
- Charges for services, which include recreation, sanitation, storm water fees, permits and fees revenues, increased by \$268,020 or 11.67% this year.

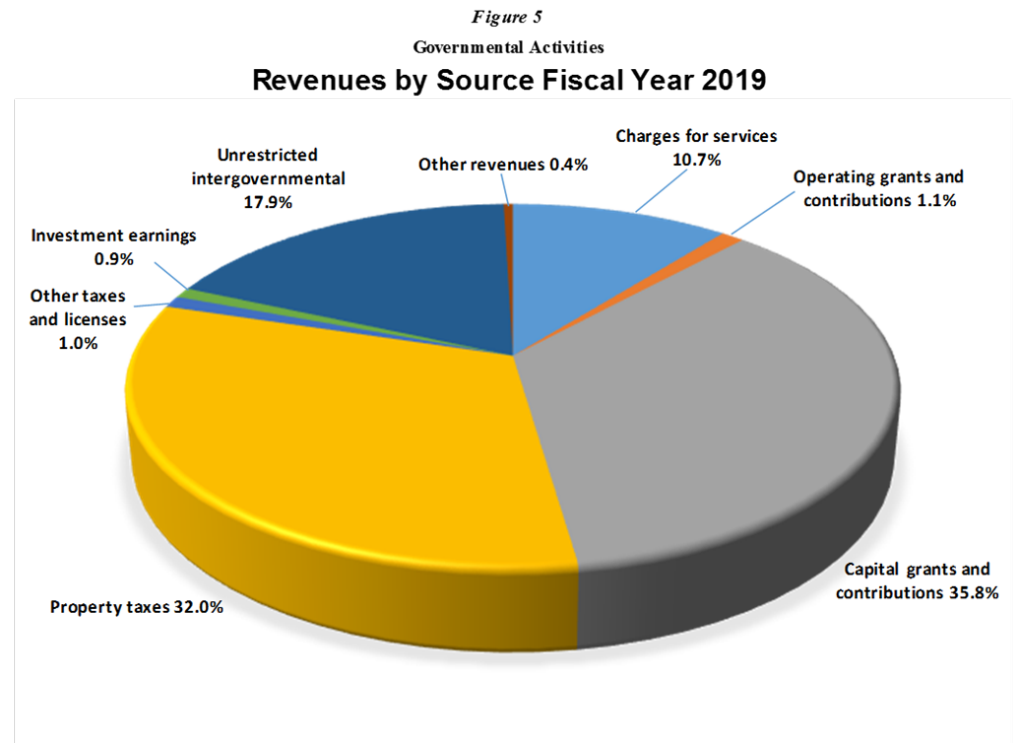
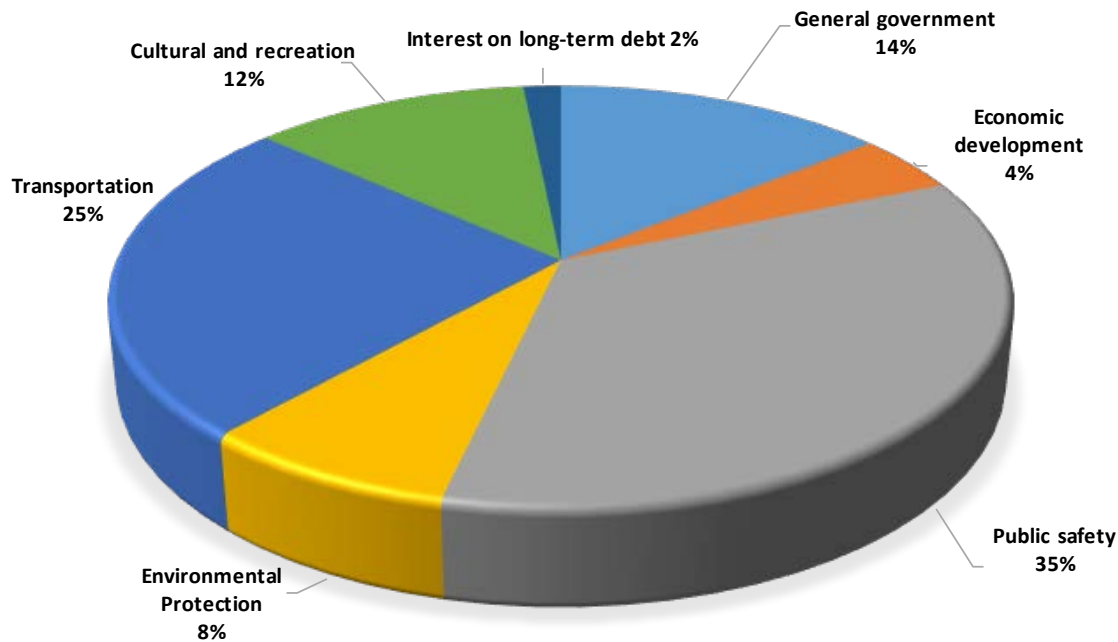


Figure 6
Governmental Activities
Expenses by Function Fiscal Year 2019



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 \$15,926,396 for the year ending June 30, 2019. This is an increase of \$1,948,266 from the prior year. Increases partially resulted from four new full-time positions and increased capital outlay for vehicles and supplemental capital projects funding for a new public works facility, Harper Park upgrades, and the new splash pad at Knightdale Station Park.
- Public safety is the largest expense of the Town representing \$5,584,019 or 35% of the total expenses during fiscal year 2019. These are the funds spent on the Town's Police and Fire operations.
- Street infrastructure construction, maintenance and repair accounts for 25% of the Town's expenses reflecting a total amount spent of \$3,983,151.
- The Town spent \$253,289 on interest towards its long-term debt. This is an increase of \$79,923 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. As of June 30, 2019, the financial statements include current accounts payable to the City of Raleigh in the amount of \$35,603 related to water and sewer fees and assessments collected by Knightdale for the City of Raleigh.
- The City of Raleigh reimbursed the Town of Knightdale \$165,237 for debt service payments made during the fiscal year ended June 30, 2019.
- Town residents began paying City of Raleigh water and sewer rates effective July 1, 2018.

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

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

Governmental Funds

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

The General Fund is the chief operating fund of the Town of Knightdale. At the end of the current fiscal year, Town of Knightdale's fund balance available in the General Fund was \$5,799,076 while total fund balance for the General Fund reached \$7,837,967. 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 36.87% of General Fund expenditures and transfers out adjusted for debt-financed expenditures. This ratio is used by the Town Council for internal management purposes. Available Fund balance less restricted funds at year-end in excess of 40% of expenditures and interfund transfers will be transferred to the General Capital Project Capital Reserve Fund in the following fiscal year. No funds will be transferred in fiscal year 2020.

At June 30, 2019, the governmental funds of the Town of Knightdale reported a combined fund balance of \$12,801,310, for a net increase in fund balance of \$693,153 (5.72%) over last year. Approximately 22.20% of this total amount, or \$2,841,951, is non spendable or restricted. In addition to the General Fund, the Town has three other funds it considers as major funds. These are the General Capital Project Capital Reserve Fund, General Capital Projects Fund, and the Public Works Capital Project Fund. These three capital projects funds accounted for \$3,921,356 (30.63%) of the combined fund balance.

General Fund Budgetary Highlights-Fiscal Year 2019

During the fiscal year, the Town revised the budget on several occasions. Generally, budget amendments fall into one of three categories: (1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; (2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and (3) increases in appropriations that become necessary to maintain services. Total amendments to the General Fund increased budgeted revenue \$450,015 or 3.21% for a total budgeted amount of \$14,764,619. This increase is mostly attributed to additional grant funding received. The actual revenue collected exceeded the final budget amount by \$206,093 or 1.38%.

General Capital Projects – Capital Reserve Fund- Fiscal Year 2019

As of June 30, 2019, the General Capital Projects – Capital Reserve Fund had a fund balance of \$2,748,981, an increase of \$400,914 from the previous fiscal year. Of this amount \$504,071 is restricted for street improvement projects. The remaining balance is assigned or designated for future capital projects. The General Fund transferred \$438,715, representing the Town policy of transferring \$0.025 of the current tax levy to the General Capital Projects - Capital Reserve Fund during fiscal year 2019. During fiscal year 2019, \$240,000 was transferred to the General Fund for annual debt service costs for Knightdale Station Park and \$125,000 was transferred to the Public Works Capital Project Fund.

Proprietary Fund Highlights- Fiscal Year 2019

As previously mentioned, the Utility Fund shown in these financial statements is a shell of its former self. The Town of Knightdale does not maintain any water and sewer operations. The various funds are maintained for the internal controls they provide in collecting fees to be either remitted to Raleigh on a monthly basis, used to reimburse developers under previous developer agreements, or to fund water and sewer additions to newly annexed areas. In the final scenario, Knightdale is responsible for providing the infrastructure to newly annexed areas, but the City of Raleigh will take title to the lines once the project is complete. The budgeted amounts are presented on the modified accrual basis. Because Knightdale has no ownership of any of the revenues, they are eliminated in the conversion to full accrual.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Town of Knightdale's investment in capital assets for its governmental activities as of June 30, 2019, totals \$94,505,503 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.

- The Town added \$1,762,097 for new vehicles, equipment, buildings, land, and other improvements.
- Construction in progress in the amount of \$7,223,443 represents capital projects not completed as of June 30, 2019. Those projects include: Knightdale Station Park (Phase III), tennis and pickleball courts at the Town's Harper Park, the new Public Works facility, and preliminary work for the Wake Stone Athletic Park and Mingo Creek Greenway.

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

Long-term Debt

As of June 30, 2019, the Town of Knightdale had total bonded debt outstanding of \$2,598,000. This outstanding debt is backed by the full faith and credit of the Town. Of that total, \$440,632 is debt related to the utility system. The merger agreement with the City of Raleigh requires the City to make periodic transfers to Knightdale to fund these debt service payments. The remaining Town debt balance of \$8,869,835 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 \$3,521,429 or 44.31% during the past fiscal year. The increase mostly is related to \$1,875,000 installment debt for the Knightdale Station Park Phase III project and \$2,300,000 installment debt associated with the new Public Works facility.

As mentioned in the financial highlights section of this document, the Town of Knightdale maintained its bonds ratings of AA, A2 and 82 with Standard and Poor's, Moody's, and the North Carolina Municipal Council, respectively. This bond rating is a clear indication of the sound financial condition of the Town of Knightdale. This is a primary factor in keeping interest costs low on the Town's outstanding debt.

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 \$131,119,923, 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 7
Capital Assets
(net of depreciation)

	Governmental Activities	
	2019	2018
Land and improvements	\$ 20,921,910	\$ 17,626,931
Construction in progress	7,223,443	2,180,247
Streets and infrastructure	51,612,525	48,004,863
Building	2,604,238	2,557,035
Other improvements	10,371,365	10,015,829
Intangibles	176,017	38,050
Equipment	339,972	218,060
Vehicles and motorized equipment	1,256,033	1,306,110
Total	<u>\$ 94,505,503</u>	<u>\$ 81,947,125</u>

Figure 8
Long-Term Debt

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
General obligation bonds	\$ 2,157,368	\$ 2,211,579	\$ 440,632	\$ 592,421	\$ 2,598,000	\$ 2,804,000
Installment purchase agreements	8,869,835	5,142,406	-	-	8,869,835	5,142,406
Total outstanding debt	<u>\$ 11,027,203</u>	<u>\$ 7,353,985</u>	<u>\$ 440,632</u>	<u>\$ 592,421</u>	<u>\$ 11,467,835</u>	<u>\$ 7,946,406</u>

NEXT YEAR'S BUDGET'S HIGHLIGHTS & ECONOMIC FACTORS

The total fiscal year 2020 operating budget for the Town of Knightdale is \$19,083,908. Of this amount, the General Budget is \$16,379,429. This is a .27% increase from the final amended General Fund budget from the prior year. Budget highlights include:

- Tax Rate for fiscal year 2020 remains the same at \$0.43 per \$100 of assessed value.
- No cost of living adjustment for Town employees was included in fiscal year 2020 budget.
- There was a fee increase for sanitation and recycling services, which are provided weekly. The monthly rate went from \$3.75 to \$4.73.
- Major capital outlay projects funded through the General Fund include \$260,000 for Town Hall renovations, \$236,000 for police vehicles, \$120,000 for a public works compactor truck, \$100,000 for a UDO update and \$50,548 for a fire vehicle.
- Major capital improvement budgets going into fiscal year 2020 include: \$3,500,000 for the Wake Stone Athletic Park and \$2,572,000 for the extension of the Mingo Creek Greenway.

REQUESTS FOR INFORMATION

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



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Basic Financial Statements

TOWN OF KNIGHTDALE, NORTH CAROLINA
STATEMENT OF NET POSITION

June 30, 2019

EXHIBIT 1

Page 1 of 2

	Governmental Activities	Business Type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 11,521,490	\$ 75,625	\$ 11,597,115
Restricted cash	1,608,373	-	1,608,373
Receivables:			
Taxes	71,426	-	71,426
Accounts	154,531	-	154,531
Notes-current	-	149,579	149,579
Due from other governments	1,578,863	-	1,578,863
Prepaid expenses	28,820	-	28,820
Total current assets	<u>14,963,503</u>	<u>225,204</u>	<u>15,188,707</u>
Non-current assets:			
Note receivable-noncurrent	-	291,053	291,053
Capital assets:			
Land, improvements and construction in progress	28,145,353	-	28,145,353
Other capital assets, net of depreciation	66,360,150	-	66,360,150
Total capital assets	<u>94,505,503</u>	<u>-</u>	<u>94,505,503</u>
Total assets	<u>109,469,006</u>	<u>516,257</u>	<u>109,985,263</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension deferrals	1,565,507	-	1,565,507
OPEB deferrals	97,968	-	97,968
Total deferred outflows of resources	<u>1,663,475</u>	<u>-</u>	<u>1,663,475</u>

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

TOWN OF KNIGHTDALE, NORTH CAROLINA
STATEMENT OF NET POSITION

June 30, 2019

EXHIBIT 1

Page 2 of 2

	Governmental Activities	Business-type Activities	Total
LIABILITIES			
Current liabilities:			
Accounts payable and accrued expenses	\$ 2,010,386	\$ 37,571	\$ 2,047,957
Accrued interest	226,633	719	227,352
Compensated absences	255,652	-	255,652
Bonds and notes payable	1,237,176	149,579	1,386,755
Total current liabilities	<u>3,729,847</u>	<u>187,869</u>	<u>3,917,716</u>
Long term liabilities:			
Due in more than one year	19,494,171	291,053	19,785,224
Total liabilities	<u>23,224,018</u>	<u>478,922</u>	<u>23,702,940</u>
DEFERRED INFLOWS OF RESOURCES			
Prepaid taxes and grant proceeds	5,740	-	5,740
Pension deferrals	208,641	-	208,641
OPEB deferrals	1,081,421	-	1,081,421
Total deferred inflows of resources	<u>1,295,802</u>	<u>-</u>	<u>1,295,802</u>
NET POSITION			
Net investment in capital assets	84,694,947	-	84,694,947
Restricted for Stabilization by State Statute	1,204,758	-	1,204,758
Restricted for Powell Bill	615,060	-	615,060
Restricted for public safety	54,806	-	54,806
Restricted for loan covenant	135,447	-	135,447
Restricted for streets	504,071	-	504,071
Restricted for Storm Water	298,989	-	298,989
Unrestricted	(895,417)	37,335	(858,082)
Total net position	<u>\$ 86,612,661</u>	<u>\$ 37,335</u>	<u>\$ 86,649,996</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, 2019

EXHIBIT 2

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for	Operating	Capital	Governmental	Business-type	Total
	Expenses	Services	Grants and Contributions	Grants and Contributions	Activities	Activities	
FUNCTIONS/PROGRAMS							
Governmental activities							
General government	\$ 2,241,328	\$ 278,468	\$ -	\$ -	\$ (1,962,860)	\$ -	\$ (1,962,860)
Public safety	5,584,019	-	165,308	-	(5,418,711)	-	(5,418,711)
Transportation	3,983,151	150,065	-	6,774,771	2,941,685	-	2,941,685
Environmental protection	1,275,434	1,603,144	10,003	-	337,713	-	337,713
Economic and physical development	713,596	-	54,055	-	(659,541)	-	(659,541)
Cultural and recreational	1,875,579	532,872	43,420	1,812,058	512,771	-	512,771
Interest on long-term debt	253,289	-	-	-	(253,289)	-	(253,289)
Total governmental activities	15,926,396	2,564,549	272,786	8,586,829	(4,502,232)	-	(4,502,232)
Business-type activities							
Water and sewer	74,050	-	-	-	-	(74,050)	(74,050)
TOTAL	\$ 16,000,446	\$ 2,564,549	\$ 272,786	\$ 8,586,829	(4,502,232)	(74,050)	(4,576,282)
General revenues							
Taxes:							
Property taxes, levied for general purposes					7,672,069	-	7,672,069
Other taxes and licenses					246,727	-	246,727
Grants and contributions not restricted to specific programs					4,289,039	-	4,289,039
Unrestricted investment earnings					214,968	15,561	230,529
Miscellaneous					107,175	-	107,175
Total general revenues					12,529,978	15,561	12,545,539
Change in Net Position					8,027,746	(58,489)	7,969,257
Net Position-beginning (as previously stated)					77,716,678	95,824	77,812,502
Adjustment to beginning net position					868,237	-	868,237
Net Position-beginning (as restated)					78,584,915	95,824	78,680,739
Net Position-ending					\$ 86,612,661	\$ 37,335	\$ 86,649,996

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

TOWN OF KNIGHTDALE, NORTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2019

EXHIBIT 3

Page 1 of 2

ASSETS

	Major				Total	
	General	General Capital Project Capital Reserve	General Capital Projects	Public Works Capital Project Fund	Nonmajor Governmental Funds	Total Governmental Funds
Cash and cash equivalents	\$ 6,768,881	\$ 2,244,910	\$ 435,683	\$ 1,338,113	\$ 733,903	\$ 11,521,490
Restricted cash	805,313	504,071	-	-	298,989	1,608,373
Receivables:						
Taxes	71,426	-	-	-	-	71,426
Accounts	146,573	-	-	-	7,958	154,531
Due from other governments	1,416,077	-	31,041	25,396	106,349	1,578,863
Prepaid expenditures	28,820	-	-	-	-	28,820
TOTAL ASSETS	<u>\$ 9,237,090</u>	<u>\$ 2,748,981</u>	<u>\$ 466,724</u>	<u>\$ 1,363,509</u>	<u>\$ 1,147,199</u>	<u>\$ 14,963,503</u>

LIABILITIES AND FUND BALANCES

LIABILITIES

Accounts payable	\$ 1,028,873	\$ -	\$ 368,973	\$ 288,885	\$ 94,808	\$ 1,781,539
Accrued salaries	226,401	-	-	-	2,446	228,847
TOTAL LIABILITIES	<u>1,255,274</u>	<u>-</u>	<u>368,973</u>	<u>288,885</u>	<u>97,254</u>	<u>2,010,386</u>

DEFERRED INFLOWS OF RESOURCES

Property taxes receivable	71,426	-	-	-	-	71,426
Prepaid taxes and licenses	1,240	-	-	-	-	1,240
Accounts receivable	66,683	-	-	-	7,958	74,641
Prepaid grants and sponsorships	4,500	-	-	-	-	4,500
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>143,849</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,958</u>	<u>151,807</u>

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

June 30, 2019

Major				Total	
	General		Public Works	Nonmajor	Total
	Capital Project	General	Capital Project	Governmental	Governmental
General	Capital Reserve	Capital Projects	Fund	Funds	Funds

FUND BALANCES

Prepaid expenditures	\$	28,820	\$	-	\$	-	\$	-	\$	28,820
Storm Water		-		-		-		293,708		293,708
Restricted										
Stabilization by State Statute		1,204,758		-		-		-		1,204,758
Streets - Powell Bill funds		615,060		-		-		-		615,060
Public safety		54,806		-		-		-		54,806
Streets - payment in lieu of street improvements		-		504,071		-		-		504,071
Storm Water		-		-		-		5,281		5,281
Debt service		135,447		-		-		-		135,447
Assigned										
Subsequent year's expenditures		700,000		-		-		-		700,000
Storm Water		-		-		-		596,042		596,042
Capital Projects Fund		-		2,244,910		97,751		1,074,624		146,956
Unassigned		5,099,076		-		-		-		5,099,076
TOTAL FUND BALANCES		7,837,967		2,748,981		97,751		1,074,624		12,801,310

\$	9,237,090	\$	2,748,981	\$	466,724	\$	1,363,509	\$	1,147,199	\$	14,963,503
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TOWN OF KNIGHTDALE, NORTH CAROLINA
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS

June 30, 2019

EXHIBIT 3

Fund balances-total governmental funds	\$ 12,801,310
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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	\$118,084,230	
Less accumulated depreciation	<u>(23,578,727)</u>	94,505,503

Deferred outflows of resources related to pensions are not reported in the funds	1,565,507
Deferred outflows of resources related to OPEB are not reported in the funds	97,968

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	(11,027,203)	
Compensated absences	(409,650)	
Net pension liability (LGRS)	(1,954,098)	
Total pension liability (LEO)	(1,093,461)	
Total OPEB liability	<u>(6,502,587)</u>	(20,986,999)

Earned revenues considered deferred inflows of resources in fund statements	146,067
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Other liabilities are not due and payable in the current period
and therefore are not reported in the governmental funds.

Accrued interest payable	(226,633)
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Deferred inflows of resources related to pensions are not reported in the funds	(208,641)
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Deferred inflows of resources related to OPEB are not reported in the funds	<u>(1,081,421)</u>
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Net position of governmental activities	<u><u>\$ 86,612,661</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 BALANCES - GOVERNMENTAL FUNDS

For The Year Ended June 30, 2019

EXHIBIT 4

Page 1 of 2

	Major				Total Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	General Capital Project Capital Reserve	General Capital Projects	Public Works Capital Project Fund		
REVENUES						
Ad valorem taxes	\$ 7,661,793	\$ -	\$ -	\$ -	\$ -	\$ 7,661,793
Other taxes and licenses	116,660	135,864	-	-	-	252,524
Unrestricted intergovernmental	4,289,039	-	-	-	-	4,289,039
Restricted intergovernmental	916,528	-	-	-	-	916,528
Permits and fees	278,468	156,473	-	-	709,315	1,144,256
Sales and services	1,464,921	-	-	-	-	1,464,921
Investment earnings	152,533	34,862	11,838	5,687	10,048	214,968
Miscellaneous	90,770	-	-	-	-	90,770
TOTAL REVENUES	14,970,712	327,199	11,838	5,687	719,363	16,034,799
EXPENDITURES						
Current						
General government	2,119,274	-	-	-	-	2,119,274
Public safety	4,811,661	-	-	-	-	4,811,661
Transportation	1,660,236	-	-	-	-	1,660,236
Environmental protection	955,890	-	-	-	277,485	1,233,375
Economic and physical development	666,160	-	-	-	-	666,160
Cultural and recreational	1,299,450	-	-	-	-	1,299,450
Capital outlay	2,784,586	-	2,751,057	1,356,063	252,065	7,143,771
Debt service						
Bond and note principal	593,582	-	-	-	-	593,582
Bond and note interest and fees	121,891	-	-	-	-	121,891
TOTAL EXPENDITURES	15,012,730	-	2,751,057	1,356,063	529,550	19,649,400
REVENUES OVER (UNDER) EXPENDITURES	(42,018)	327,199	(2,739,219)	(1,350,376)	189,813	(3,614,601)

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, 2019

EXHIBIT 4

Page 2 of 2 (continued)

	Major				Total Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	General Capital Project Capital Reserve	General Capital Projects	Public Works Capital Project Fund		
OTHER FINANCING SOURCES (USES)						
Transfers from other funds	\$ 240,000	\$ 438,715	\$ -	\$ 125,000	\$ 279,000	\$ 1,082,715
Transfers to other funds	(717,715)	(365,000)	-	-	-	(1,082,715)
Sale of capital assets	40,954	-	-	-	-	40,954
Issuance of debt	91,800	-	1,875,000	2,300,000	-	4,266,800
TOTAL OTHER FINANCING SOURCES (USES)	(344,961)	73,715	1,875,000	2,425,000	279,000	4,307,754
NET CHANGE IN FUND BALANCE	(386,979)	400,914	(864,219)	1,074,624	468,813	693,153
FUND BALANCE - Beginning of Year	8,224,946	2,348,067	961,970	-	573,174	12,108,157
FUND BALANCE - End of Year	\$ 7,837,967	\$ 2,748,981	\$ 97,751	\$ 1,074,624	\$ 1,041,987	\$ 12,801,310

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, 2019

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	\$	693,153
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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	\$	7,143,771	
Less current year depreciation		<u>(3,328,747)</u>	3,815,024

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

Developer's contributed capital - infrastructure streets, sidewalks and park space	7,899,667
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The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.	(24,549)
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Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	382,816
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Benefit payments paid and administrative expense for the LEOSSA are not included on the Statement of Activities	29,632
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OPEB benefit payments and administrative costs made in the current fiscal year are not included on the Statement of Activities	84,658
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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	3,271	(continued)
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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, 2019

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	(4,266,800)	
Principal payments	593,582	
Increase in accrued interest payable	<u>(131,398)</u>	(3,804,616)

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	(39,613)	
Pension expense	(527,171)	
OPEB plan expense	<u>(484,526)</u>	(1,051,310)

Change in net position of governmental activities		<u><u>\$ 8,027,746</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, 2019
EXHIBIT 5

Page 1 of 2

	Budget		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Ad valorem taxes	\$ 7,548,882	\$ 7,548,882	\$ 7,661,793	\$ 112,911
Other taxes and licenses	110,500	110,500	116,660	6,160
Unrestricted intergovernmental revenues	4,009,000	4,094,000	4,289,039	195,039
Restricted intergovernmental revenues	641,713	982,054	916,528	(65,526)
Permits and fees	343,000	343,000	278,468	(64,532)
Sales and services	1,473,659	1,473,659	1,464,921	(8,738)
Investment earnings	88,000	88,000	152,533	64,533
Miscellaneous	90,850	124,524	90,770	(33,754)
TOTAL REVENUES	<u>14,305,604</u>	<u>14,764,619</u>	<u>14,970,712</u>	<u>206,093</u>
EXPENDITURES				
General government	2,252,139	2,254,178	2,119,274	134,904
Public safety	5,374,396	5,461,370	5,137,912	323,458
Transportation	2,305,516	2,389,978	1,941,508	448,470
Environmental protection	881,956	973,956	955,890	18,066
Economic and physical development	871,259	1,732,889	1,590,366	142,523
Cultural & recreation	2,201,735	2,807,507	2,552,307	255,200
Debt service				
Bond and note principal	1,140,993	593,493	593,582	(89)
Bond and note interest	286,685	122,060	121,891	169
TOTAL EXPENDITURES	<u>15,314,679</u>	<u>16,335,431</u>	<u>15,012,730</u>	<u>1,322,701</u>
Revenues over (under) expenditures	<u>(1,009,075)</u>	<u>(1,570,812)</u>	<u>(42,018)</u>	<u>1,528,794</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, 2019
EXHIBIT 5

Page 2 of 2

	Budget		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	\$ 240,000	\$ 240,000	\$ 240,000	\$ -
Transfers to other funds	(438,715)	(717,715)	(717,715)	-
Sale of capital assets	50,000	50,000	40,954	(9,046)
Issuance of debt	-	85,000	91,800	6,800
Appropriated fund balance	1,157,790	1,913,527	-	(1,913,527)
TOTAL OTHER FINANCING SOURCES (USES)	1,009,075	1,570,812	(344,961)	(1,915,773)
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	(386,979)	<u>\$ (386,979)</u>
FUND BALANCE - beginning of year			8,224,946	
FUND BALANCE - end of year			<u>\$ 7,837,967</u>	

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

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

June 30, 2019

EXHIBIT 6

Water & Sewer

ASSETS

Current assets:

Cash and cash equivalents	\$ 75,625
Note receivable-current portion	<u>149,579</u>
Total current assets	225,204

Noncurrent assets:

Note receivable-noncurrent portion	291,053
TOTAL ASSETS	<u>\$ 516,257</u>

LIABILITIES

Current liabilities:

Accounts payable and accrued expenses	\$ 37,571
Accrued interest	719
Bonds payable-current	<u>149,579</u>
Total current liabilities	187,869

Noncurrent liabilities:

Bonds payable-noncurrent	<u>291,053</u>
TOTAL LIABILITIES	<u>478,922</u>

NET POSITION

Unrestricted	37,335
TOTAL NET POSITION	<u>\$ 37,335</u>

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

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

For The Year Ended June 30, 2019

EXHIBIT 7

OPERATING REVENUES	\$ -
OPERATING EXPENSES	<u>-</u>
Operating income	<u>-</u>
NON-OPERATING REVENUES (EXPENSES)	
Interest earnings	15,561
Interest expense	(13,059)
Developer reimbursements	<u>(60,991)</u>
Net non-operating revenues	<u>(58,489)</u>
CHANGE IN NET POSITION	(58,489)
NET POSITION - Beginning of Year	<u>95,824</u>
NET POSITION - End of Year	<u><u>\$ 37,335</u></u>

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

TOWN OF KNIGHTDALE, NORTH CAROLINA
STATEMENT OF CASH FLOWS-PROPRIETARY FUND
For The Year Ended June 30, 2019

EXHIBIT 8

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Cash received from developers	\$ 927,359
Transfers from other funds	48
Cash paid to developers	(126,164)
Cash paid to City of Raleigh for fees collected	<u>(1,331,145)</u>
Net cash used by noncapital financing activities	<u>(529,902)</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Debt service reimbursement from City of Raleigh, pursuant to merger agreement	165,237
Principal paid on debt	(151,789)
Interest paid on debt	<u>(13,448)</u>
Net cash used for capital and related financing activities	<u>-</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Investment earnings	<u>2,113</u>
Net decrease in cash and cash equivalents	(527,789)

Cash and cash equivalents - Beginning of the year	<u>603,414</u>
Cash and cash equivalents - End of the year	<u><u>\$ 75,625</u></u>

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, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

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

B. BASIS OF PRESENTATION

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

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

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

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

TOWN OF KNIGHTDALE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2019

The Town reports the following major governmental funds:

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

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

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

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

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.

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.

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

The Town reports the following major proprietary fund:

Water and Sewer Fund – The Water and Sewer Fund is used to account for water and sewer operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods and services to the general

TOWN OF KNIGHTDALE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2019

public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Town of Knightdale has one Proprietary Fund, the Water and Sewer Fund. The Water and Sewer Utility System of the Town was transferred to the City of Raleigh effective May 1, 2006; however these funds remain open to collect certain utility development fees and to pay long term debt. This merger is discussed more fully in Note 6. The Town conducts no day-to-day water and sewer operations.

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

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

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

The Town considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem property taxes receivable are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due

TOWN OF KNIGHTDALE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2019

and are not considered to be an available resource to finance the operations of the current year. Also, as of September 1, 2013, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on all registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows or resources.

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

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

D. BUDGETARY DATA

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

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

1. DEPOSITS AND INVESTMENTS

TOWN OF KNIGHTDALE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2019

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) external investment pool, is measured at amortized cost, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value.

2. CASH AND CASH EQUIVALENTS

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

3. RESTRICTED CASH

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

Town of Knightdale Restricted Cash

Governmental Activities

General Fund

Streets – Powell Bill Funds
Public Safety
Loan Covenant – KS Bank

\$ 615,060
54,806
135,447

805,313

TOWN OF KNIGHTDALE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2019

General Capital Reserve Fund	Payments in Lieu of Street Improvements	504,071
Storm Water Special Revenue Fund	Surety Fees	5,281
	Sinking Fund	<u>293,708</u>
Total Restricted Cash		<u>\$ 1,608,373</u>

4. AD VALOREM TAXES RECEIVABLE

In accordance with State law [G.S. 105-347- and G. S. 159-13(a)], the Town levies ad valorem taxes on property other than motor vehicles on July 1st, the beginning of the fiscal year. The taxes are due on September 1st, (lien date); however, interest does not accrue until the following January 6th. These taxes are based on the assessed values as of January 1, 2018.

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, 2019 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

TOWN OF KNIGHTDALE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2019

acquired or that received substantial improvements subsequent to July 1, 1980, and are reported at estimated historical cost using deflated replacement cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

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

8. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Town has two items that meet this criterion, pension and OPEB deferrals for the 2019 fiscal year. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Town has three items that meet the criterion for this category – prepaid taxes and grant proceeds, pension deferrals and OPEB deferrals.

9. LONG-TERM OBLIGATIONS

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

In fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt 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.

TOWN OF KNIGHTDALE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2019

10. COMPENSATED ABSENCES

The vacation policy of the Town provides for the accumulation of up to thirty (30) days earned vacation leave with such leave being fully vested when earned. The Town also allows employees to accrue compensatory time for hours worked in excess of a regular workweek. Non-exempt employees may accumulate this time and then use it at a later date in lieu of using vacation time or they will be paid for these hours when leaving the Town's employment. Exempt employees may accumulate compensatory time up to a maximum of 24 hours and use this in lieu of vacation. Exempt employees lose any time accumulated over 24 hours and are not paid for accumulated compensatory time upon leaving service.

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

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

11. NET POSITION/FUND BALANCES

Net Position

Net position in government-wide and proprietary fund financial statements are classified as net investment in capital assets; restricted; and unrestricted. Restricted net position represent 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:

TOWN OF KNIGHTDALE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2019

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

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

Storm Water – Storm Water resources that are required to be retained in perpetuity for maintenance of the storm water control facilities.

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 and homeowner associations that are restricted to the repairs and maintenance of storm water drainage improvements installed by the various developers.

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

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

TOWN OF KNIGHTDALE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2019

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

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

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

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

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

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

12. PENSIONS

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

TOWN OF KNIGHTDALE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2019

NOTE 2 – DETAIL NOTES ON ALL FUNDS

A. ASSETS

1. DEPOSITS

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

The State Treasurer does not confirm this information with the Town or the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the Town under the Pooling Method, the potential exists for undercollateralization. This risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Town has no formal policy regarding custodial credit risk for deposits, but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The Town complies with the provisions of General Statute 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2019, the Town's deposits had a carrying value of \$8,279,313 and a bank balance of \$8,874,652. Of the bank balance, \$1,000,000 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. At June 30, 2019, the Town's petty cash fund totaled \$1,150.

2. INVESTMENTS

At June 30, 2019, the Town's investment balances were as follows:

Investments by Type	Valuation Measurement Method	Book Value at 6/30/19	Maturity	Rating
NC Capital Management Trust – Government Portfolio	Fair Value Level 1	2,301,038	N/A	AAAm

TOWN OF KNIGHTDALE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2019

NC Capital Management Trust – Term Portfolio	Fair Value Level 1	339,073	.11 Years	Unrated
Commercial Paper	Fair Value Level 2	687,106	9 months	P1
US Government Agencies	Fair Value Level 2	<u>1,597,808</u>	Various	AAA
Total investments		<u>4,925,025</u>		

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

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

Credit risk. The Town has no formal policy regarding credit risk, but has internal management procedures that limits the Town's investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. The Town's investment in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAM by Standard & Poor's as of June 30, 2019. The Town's investment in the NC Capital Management Trust Term Portfolio is unrated. The Term Portfolio is authorized to invest in obligations of the U.S. government and agencies, and in high grade money market instruments as permitted under North Carolina General Statutes 159-30 as amended.

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

Concentration of Credit Risk. The Town Council places no limit on the amount that the Town may invest in any one issuer. More than 5 percent of the Town's investments are in US Government Agency securities and represents 14% of total investments. The Town has no policy regarding concentration of credit risk.

TOWN OF KNIGHTDALE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2019

3. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2019, was as follows:

	Beginning Balances	Additions	Retirements	Transfers	Ending Balances
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 17,626,931	\$ -	\$ -	\$ 3,294,979	\$ 20,921,910
Construction in progress	2,180,247	5,381,671	-	(338,475)	7,223,443
Total capital assets not being depreciated	19,807,178	5,381,671	-	2,956,504	28,145,353
Capital assets being depreciated:					
Buildings	5,175,378	264,016	-	-	5,439,394
Other improvements	12,320,939	833,161	16,485	23,800	13,161,415
Roads and infrastructure	59,929,087	125,234	-	5,637,452	65,691,773
Intangibles	149,900	-	-	150,150	300,050
Equipment	1,339,846	213,434	223,983	-	1,329,297
Vehicles and motorized equipment	3,875,040	326,252	184,344	-	4,016,948
Total capital assets being depreciated	82,790,190	1,762,097	424,812	5,811,402	89,938,877
Less accumulated depreciation for:					
Buildings	2,618,343	216,812	-	-	2,835,155
Other improvements	2,305,110	492,633	7,693	-	2,790,050
Roads and infrastructure	11,924,224	2,155,024	-	-	14,079,248
Intangibles	111,850	12,183	-	-	124,033
Equipment	1,121,786	85,497	217,957	-	989,325
Vehicles and motorized equipment	2,568,930	366,598	174,613	-	2,760,915
Total accumulated depreciation	20,650,243	3,328,747	400,263	-	23,578,727
Total capital assets being depreciated, net	\$ 62,139,947	\$(1,566,650)	\$ (24,549)	\$ 5,811,402	\$ 66,360,150
Governmental activity capital assets, net	\$ 81,947,125	\$ 3,815,021	\$ (24,549)	\$ 8,767,906	\$ 94,505,503

TOWN OF KNIGHTDALE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2019

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

General government	\$ 93,412
Public safety	417,840
Transportation	2,263,097
Environmental protection	34,206
Cultural and recreational	520,192
Total depreciation expense	<u>\$ 3,328,747</u>

The Town has an active construction project as of June 30, 2019. At year-end, the Town's commitment with contractors is as follows:

Project	Spent-to-Date	Remaining Commitment	Total Contract
CLH Design-Knightdale Station Park	\$ 176,204	\$ 20,875	\$ 197,079
Bluescope Construction – Public Works Building	736,475	928,390	1,664,865
Gaines and Company – Public Works Building	498,875	99,331	598,206
Withers and Ravenel – Wake Stone Athletic Park	131,095	33,280	164,375

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

TOWN OF KNIGHTDALE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2019

State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

Benefits Provided. LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

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

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Town of Knightdale employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Town's contractually required contribution rate for the year ended June 30, 2019, was 8.50% of compensation for law enforcement officers and 7.75% 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 \$382,818 for the year ended June 30, 2019.

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

TOWN OF KNIGHTDALE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2019

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, 2019, the Town reported a liability of \$1,954,098 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2017. The total pension liability was then rolled forward to the measurement date of June 30, 2018 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, 2016, the Town's proportion was 0.082%, which was an increase of 0.008% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the Town recognized pension expense of \$490,475. At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 301,471	\$ 10,116
Changes of assumptions	518,542	-
Net difference between projected and actual earnings on pension plan investments	268,240	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	12,562	82,354
Town contributions subsequent to the measurement date	382,818	-
Total	<u>\$ 1,483,633</u>	<u>\$ 92,470</u>

\$382,818 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:

2020	\$ 482,488
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TOWN OF KNIGHTDALE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2019

2021	315,743
2022	51,230
2023	158,884

Actuarial Assumptions. The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00 percent
Salary increases	3.50 percent to 8.1 percent, including inflation and productivity factor
Investment rate of return	7.00 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study as of December 31, 2016. 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, 2017 are summarized in the following table:

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

TOWN OF KNIGHTDALE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2019

Total	<u>100%</u>
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The information above is based on 30 year expectations developed with the consulting actuary for the 2017 asset, liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

Discount rate. The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Town's proportionate share of the net pension liability to changes in the discount rate. The following presents the Town's proportionate share of the net pension asset calculated using the discount rate of 7.00 percent, as well as what the Town's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current rate:

	<u>1% Decrease (6.00%)</u>	<u>Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
Town's proportionate share of the net pension liability (asset)	\$ 4,693,913	\$ 1,954,098	\$ (335,334)

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

b. Law Enforcement Officers Special Separation Allowance

Plan Description.

The Town of Knightdale administers a public employee retirement system (the "Separation Allowance"), a single-employer defined benefit pension plan that provides retirement benefits to the Town's qualified sworn law enforcement officers under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed five or more years of creditable service. The Separation Allowance is equal to .85

TOWN OF KNIGHTDALE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2019

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, 2017 the Separation Allowance's membership consisted of:

Retirees receiving benefits	4
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	<u>31</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, 2017 valuation. The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.50 to 7.35 percent, including inflation and productivity factor
Discount rate	3.64 percent

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

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

TOWN OF KNIGHTDALE, NORTH CAROLINA

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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 \$71,930 as benefits came due for the reporting period.

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

At June 30, 2019, the Town reported a total pension liability of \$1,093,461. The total pension liability was measured as of December 31, 2018 based on a December 31, 2017 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2018 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2019, the Town recognized pension expense of \$70,697.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 5,309	\$ 59,691
Changes of assumptions	46,933	56,480
Town benefit payments and plan administrative expense made subsequent to the measurement date	29,632	-
Total	<u>\$ 81,874</u>	<u>\$ 116,171</u>

\$29,632 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, 2020. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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For the Fiscal Year Ended June 30, 2019

Year ended June 30:

2020	\$	(14,174)
2021		(14,174)
2022		(14,174)
2023		(12,542)
2024		(7,594)
Thereafter		(1,271)

Sensitivity of the Town's total pension liability to changes in the discount rate. The following presents the Town's total pension liability calculated using the discount rate of 3.64 percent, as well as what the Town's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.64 percent) or 1-percentage-point higher (4.64 percent) than the current rate:

	1% Decrease (2.64%)	Discount Rate (3.64%)	1% Increase (4.64%)
Total pension liability	\$ 1,195,133	\$ 1,093,461	\$ 1,000,742

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

	2018
Beginning balance	\$ 1,121,847
Service Cost	50,557
Interest on the total pension liability	34,314
Differences between expected and actual experience	6,332
Changes of assumptions or other inputs	(47,659)
Benefit payments	(71,930)
Ending balance of the total pension liability	<u>\$ 1,093,461</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

TOWN OF KNIGHTDALE, NORTH CAROLINA

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For the Fiscal Year Ended June 30, 2019

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, 2017 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

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

	LGERS	LEOSSA	TOTAL
Pension Expense	\$ 490,475	\$ 70,697	\$ 561,172
Pension Liability	1,954,098	1,093,461	3,047,559
Proportionate share of the net pension liability	.0824%	N/A	
Deferred Outflows of Resources			
Differences between expected and actual experience	301,471	5,309	306,780
Changes of assumptions	518,542	46,933	565,475
Net difference between projected and actual earnings on plan investments	268,240	-	268,240
Changes in proportion and differences between contributions and proportionate share of contributions	12,562	-	12,562
Benefit payments and administrative costs paid subsequent to the measurement date	382,818	29,632	412,450
Deferred Inflows of Resources			
Differences between expected and actual experience	10,116	59,691	69,807
Changes of assumptions	-	56,480	56,480
Changes in proportion and differences between contributions and proportionate share of contributions	82,354	-	82,354

c. Supplemental Retirement Income Plan for Law Enforcement Officers

TOWN OF KNIGHTDALE, NORTH CAROLINA

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

Funding Policy. Article 12E of G.S. Chapter 143 requires the Town to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2019 were \$125,127, which consisted of \$97,322 from the Town and \$27,805 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, 2019 were \$213,994, which consisted of \$139,713 from the Town and \$74,281 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 10 or more years of continuous creditable service under the Local Government Retirement System and with the Town (25 years with the Town for employees hired April 20, 2005 or after) at the time of their retirement will receive full benefits. In addition the Town will provide to employees hired prior to April 20, 2005, at age 65, 100% of Medicare supplemental insurance policy payment (\$50 per month for employees hired after April 20, 2005). Also, the Town's retirees can purchase coverage for their dependents at the Town's group rates under the limits

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For the Fiscal Year Ended June 30, 2019

prescribed by the Consolidated Omnibus Budget Reconciliation Act. The Town Board may amend the benefit provisions. A separate report was not issued for the plan.

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

Membership of the HCB Plan consisted of the following at June 30, 2017, the date of the latest actuarial valuation:

	General Employees:	Law Enforcement Officers:
Retirees and dependents receiving benefits	5	6
Active plan members	47	27
Total	52	33

Total OPEB Liability

The Town's total OPEB liability of \$6,502,587 was measured as of June 30, 2018 and was determined by an actuarial valuation as June 30, 2017.

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2017 actuarial valuation measured as of June 30, 2018 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	3.5 percent to 7.75 percent, average, including inflation
Discount rate	3.89 percent
Healthcare cost trend rates	Medical and Prescription – 7.5 percent decreasing to 5.0 percent by 2023

TOWN OF KNIGHTDALE, NORTH CAROLINA

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For the Fiscal Year Ended June 30, 2019

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

Changes in the Total OPEB Liability

Balance at July 1, 2017	<u>\$ 6,429,457</u>
Changes for the year	
Service cost	405,405
Interest	227,047
Differences between expected and actual experience	12,882
Changes in assumptions or other inputs	(467,814)
Benefit payments	<u>(104,390)</u>
Net changes	<u>73,130</u>
Balance at June 30, 2017	<u><u>\$ 6,502,587</u></u>

Changes in assumptions and other inputs reflect a change in the discount rate from 3.56% to 3.89%.

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

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period January 2010 through December 2014.

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.89 percent) or 1-percentage-point higher (4.89 percent) than the current discount rate:

	1% Decrease (2.89%)	Discount Rate (3.89%)	1% Increase (4.89%)
Total OPEB Liability	\$ 8,069,540	\$6,502,587	\$ 5,322,027

TOWN OF KNIGHTDALE, NORTH CAROLINA

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For the Fiscal Year Ended June 30, 2019

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:

	Healthcare cost Trend Rate (7.5% decreasing to		
	1% Decrease	5.0%)	1% Increase
Total OPEB Liability	\$ 5,132,444	\$ 6,502,587	\$ 8,393,814

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

For the year ended June 30, 2019, the City recognized OPEB expense of \$507,926. At June 30, 2019, the City 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	\$ 13,310	\$ -
Changes of assumptions	-	1,081,421
Town benefit payments and plan administrative expense made subsequent to the measurement date	84,658	-
Total	\$ 97,968	\$ 1,081,421

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For the Fiscal Year Ended June 30, 2019

\$84,658 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, 2019. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2018	\$	(124,526)
2019		(124,526)
2020		(124,526)
2021		(124,526)
2022		(124,526)
Thereafter		(445,481)

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.

2. DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

Deferred outflows of resources at June 30, 2019 are composed of the following:

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For the Fiscal Year Ended June 30, 2019

Contributions to pension plan in current fiscal Year (LGERS)	\$	382,818
Differences between expected and actual experience (LGERS)		301,471
Changes of assumptions (LGERS)		518,542
Net difference between projected and actual (LGERS)		268,240
Changes in proportion and differences between employer contributions and proportionate share of contributions (LGERS)		12,562
Changes of assumptions (LEO)		46,933
Benefit payments made and administrative expenses for LEO		29,632
Differences between expected and actual Experience (LEO)		5,309
Differences between expected and actual experience (OPEB)		13,310
Benefit payments made subsequent to the measurement date (OPEB)		<u>84,658</u>
Total	<u>\$</u>	<u>1,663,475</u>

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	\$ 1,240	\$ 1,240
Sponsorships	4,500	4,500

TOWN OF KNIGHTDALE, NORTH CAROLINA

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For the Fiscal Year Ended June 30, 2019

Taxes receivable (Net)	-	71,426
Decal receivable	-	44,302
Sanitation receivables	-	22,381
Differences between expected and actual experience (LGERS)	10,116	-
Changes in proportion and differences Between employer contributions and Proportionate share of contributions (LGERS)	82,354	-
Differences between expected and actual experience (LEO)	59,691	-
Changes in assumptions (LEO)	56,480	-
Changes of assumptions (OPEB)	1,081,421	-
Storm Water Fund		
Storm water fees receivable	-	7,958
Total	<u>\$ 1,295,802</u>	<u>\$ 151,807</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 workers' compensation with coverage up to statutory limits. The pool is reinsured through commercial companies for claims up to the statutory limits for workers' compensation. Stop loss insurance is purchased by the Board of Trustees to protect against large medical claims that exceed certain dollar cost levels. Specific information on the limits of the reinsurance, excess and stop loss policies purchased by the Board of Trustees can be obtained by contacting the Risk Management Services Department of the NC League of Municipalities. The pools are audited annually by certified public accountants, and the audited financial statements are available to the Town upon request.

The Town purchases commercial insurance to provide the following types of major coverage: general liability (\$5,000,000), property (\$16,716,240), inland marine (\$1,357,729), auto liability (\$5,000,000), public officials' liability (\$5,000,000), employment practices liability (\$5,000,000), law enforcement liability (\$5,000,000), cyber liability (\$100,000) and an umbrella policy (\$2,000,000). The coverage has deductibles up to \$5,000. The Town does not carry flood insurance because flood plain maps show insignificant property values within flood plains.

TOWN OF KNIGHTDALE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

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

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

4. CLAIMS, JUDGMENTS AND CONTINGENT LIABILITIES

At June 30, 2019, the Town was a defendant to various lawsuits. In the opinion of the Town's management and the legal counsel, the ultimate effect of these legal matters will not have a material adverse effect on the Town's financial position.

5. LONG-TERM OBLIGATIONS

A. GENERAL OBLIGATION INDEBTEDNESS

The Town's general obligation bonds serviced by the governmental funds were issued for the acquisition and construction of public improvements including parks and recreation facilities. The general obligation bonds issued to finance the construction of facilities utilized in the operations of the water and sewer system and which are being retired by contributions from the City of Raleigh, per the merger agreement, are reported as long-term debt in the Water and Sewer Utility Fund. All general obligation bonds are collateralized by the full faith, credit and taxing power of the Town. Principal and interest requirements are appropriated when due. Bonds payable at June 30, 2019 are composed of the following individual issues:

Serviced by the General Fund:

\$557,632, 2011 Public Improvement Refunding bonds due in annual installments of \$58,947 plus interest through 2022; interest is at 2.27%.	\$ 157,368
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\$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%.	2,000,000
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Serviced by the Water and Sewer Fund:

\$1,561,368, 2011 Water and Sewer Refunding bonds due in annual installments of \$165,053 plus interest through 2022; interest is at 2.27%.	<u>440,632</u>
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TOWN OF KNIGHTDALE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2019

Total \$ 2,598,000

At June 30, 2019, The Town of Knightdale a legal debt margin of \$131,119,923.

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

Year ending June 30	Governmental Activities		Business Type Activities	
	Principal	Interest	Principal	Interest
2020	\$ 253,421	\$ 42,972	\$ 149,579	\$ 10,002
2021	252,368	37,820	146,632	6,607
2022	251,579	32,691	144,421	3,279
2023	200,000	27,580	-	-
2024	200,000	23,640	-	-
2025-2029	<u>1,000,000</u>	<u>59,100</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 2,157,368</u>	<u>\$ 223,803</u>	<u>\$ 440,632</u>	<u>\$ 19,888</u>

B. INSTALLMENT NOTE INDEBTEDNESS

The Town also has various installment notes for land, buildings, equipment and vehicles. Installment notes payable at June 30, 2019 are composed of the following individual notes:

	Serviced by the General Fund
\$2,115,099 installment debt to the KS Bank for the Public Safety Building issued 11-30-12; annual payments of \$168,341 which includes interest at 2.30%; secured by land and building	\$ 1,354,467
\$288,118 installment debt to KS Bank for a fire truck issued 3-23-18: annual payments of \$60,646 which includes interest at 1.74%; secured by a fire truck	232,376

TOWN OF KNIGHTDALE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2019

	Serviced by the General Fund
\$5,000,000 installment debt to SunTrust Bank for construction of Knightdale Park and renovations to Town Hall issued 07-14-12; annual payments of \$333,333 plus interest at 2.33%; secured by Knightdale Municipal Building	3,000,000
\$1,875,000 installment debt to Southern Bank for construction of Knightdale Station Park Phase III issued 8-30-18; annual payments of \$187,500 plus interest at 3.08%; secured by real property.	1,875,000
\$2,300,000 installment debt to Southern Bank for construction of Knightdale Public Works Building issued 4-26-19; annual payments of \$230,000 plus interest at 3.58%; secured by real property.	2,300,000
\$91,800 installment debt to Musco Lighting for athletic field lighting issued 2-18-19 with 0% interest; annual payments of \$22,950; secured by the equipment	91,800
\$48,575 installment debt to MCSJ Software for software and equipment issued 3-28-17 with 0% interest; annual payments of \$16,192; secured by the equipment	<u>16,192</u>
Total	<u>\$ 8,869,835</u>

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

	Governmental Activities	
Year Ending June 30:	Principal	Interest
2020	\$ 983,755	\$ 238,429
2021	971,637	219,489
2022	975,942	193,267

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For the Fiscal Year Ended June 30, 2019

2023	980,264	167,169
2024	901,083	141,114
2025-2029	4,057,154	324,988
Total	<u>\$ 8,869,835</u>	<u>\$ 1,284,456</u>

C. CHANGES IN LONG-TERM LIABILITIES

	Balance July 1, 2018	Increases	Decreases	Balance June 30, 2019	Amounts Due Within One Year
Governmental activities:					
General obligation bonds	\$ 2,211,579	\$ -	\$ 54,211	\$ 2,157,368	\$ 253,421
Installment notes	5,142,406	4,266,800	539,371	8,869,835	983,755
Compensated absences	370,037	433,264	393,651	409,650	255,652
Other postemployment benefits	6,429,457	157,788	84,658	6,502,587	-
Net pension liability (LGERS)	1,122,876	1,214,040	382,818	1,954,098	-
Total pension liability (LEO)	<u>1,121,847</u>	<u>43,544</u>	<u>71,930</u>	<u>1,093,461</u>	<u>-</u>
Governmental activity long-term liabilities	<u>\$ 16,398,202</u>	<u>\$ 4,901,396</u>	<u>\$ 1,975,043</u>	<u>\$ 20,986,999</u>	<u>\$ 1,492,828</u>
Business-type activities:					
General obligation bonds	<u>\$ 592,421</u>	<u>\$ -</u>	<u>\$ 151,789</u>	<u>\$ 440,632</u>	<u>\$ 149,579</u>

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

6. INTERFUND BALANCES AND ACTIVITY

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

During the fiscal year ended June 30, 2019, transfers to/from other funds consist of the following:

TOWN OF KNIGHTDALE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2019

From Fund	To Fund	Amount	Purpose
General Fund	General Capital Project Reserve	\$ 279,000	To fund future capital projects
General Fund	General Capital Project Fund	438,715	To fund future capital projects
General Capital Project Reserve	General Fund	240,000	For payment of debt service Knightdale Station Park
General Capital Project Reserve	General Capital Project Fund	125,000	To fund future capital projects
	Total	<u>\$ 1,082,715</u>	

7. NET INVESTMENT IN CAPITAL ASSETS

	<u>Governmental</u>
Capital assets	\$ 118,084,230
Less accumulated depreciation	<u>(23,578,727)</u>
Net capital assets	94,505,503
Less long-term debt	<u>(9,810,556)</u>
Net investment in capital assets	<u>\$ 84,694,947</u>

8. FUND BALANCE

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

Total fund balance-General Fund	\$7,837,967
Less:	
Prepaid expenditures	28,820
Stabilization by State Statute	1,204,758
Streets-Powell Bill	615,060
Public Safety	54,806
Debt Service	135,447
Appropriated Fund Balance in 2020 budget	700,000
Working Capital / Fund Balance Policy	<u>4,178,287</u>
Remaining Fund Balance	<u>\$ 920,789</u>

TOWN OF KNIGHTDALE, NORTH CAROLINA

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

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

<i>Encumbrances</i>	<i>General Fund</i>	<i>General Capital Projects Fund</i>	<i>Public Works Capital Project Fund</i>	<i>Non-Major Funds</i>
\$2,038,169	\$514,104	\$411,120	\$1,058,840	\$54,105

NOTE 3 – JOINTLY GOVERNED ORGANIZATIONS

Triangle J Regional Council of Governments

The Town, in conjunction with five counties and fourteen other municipalities, established the Triangle J Regional Council of Governments (Council). The participating governments established the Council to coordinate various funding received from federal and state agencies. Each participating government appoints one member to the Council's governing board. The Town paid membership fees of \$5,377 to the Council during the fiscal year ended June 30, 2019.

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, 2019, each town, including Knightdale, contributed \$53,966 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, 2018. 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.

TOWN OF KNIGHTDALE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2019

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, 2019, the Town reported revenues and expenditures for the payments of \$3,480 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, 2019. The Firemen's Relief Fund does not issue separate audited financial statements. Instead, the local board of trustees files an annual financial report with the State Firemen's Association. This report can be obtained from the Association at 323 West Jones Street, Suite 401, Raleigh, North Carolina 27603.

NOTE 5 – SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

Federal and State Assisted Programs

The Town has received proceeds from several federal and state grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant moneys to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant moneys for fiscal year 2019.

Developer Agreements

The Town has entered into several agreements with local developers related to development costs of public infrastructure and water and sewer improvements. The terms of these agreements require the developer to pay all costs of the public infrastructure including design, engineering and construction of road improvements and water and sewer improvements. The Town has agreed to reimburse or issue credits towards water and sewer acreage fees and sewer development fees to the developer, limited to the total cost, when users connect to these developer specific improvements. Development fees will be allotted to various agreements until costs are fully reimbursed or agreements expire (generally 12 years). As of June 30, 2019, there were eleven developers eligible for reimbursements. The Town is also contingently liable for legal fees billable to developers related to development agreements between the Town and various developers in the event such fees are not paid by the developers. As of June 30, 2019, the Town has contingent liabilities related to these developer agreements as shown below:

<u>Developer</u>	<u>Legal Fees</u>
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TOWN OF KNIGHTDALE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2019

Various Developers

\$16,650

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

The Water and Sewer Utility System of the Town was transferred to the City of Raleigh effective May 1, 2006. Under the terms of the agreement, Raleigh assumed full responsibility for the provision of water and sewer services in Knightdale, including responsibility for Knightdale's water and sewer utility systems and related equipment and property rights. Upon the transfer, Raleigh assumed immediate and sole duty and responsibility for financing, operating, maintaining, improving and expanding the water and sewer systems serving Knightdale's existing and future corporate limits and Urban Services Area. The Town transferred ownership of all facilities, property, land, equipment, financial assets, information and data subject to the agreement with Raleigh. Pursuant to the agreement, the Town transferred the remaining balance in the Utility Capital Projects Fund upon completion of construction in fiscal year 2012.

The accompanying statement of net position shows total notes receivable of \$440,632 due from the City of Raleigh related to this merger. The amount due from the City of Raleigh is shown as \$149,579 due within one year and \$291,053 due in more than one year. The City of Raleigh will also pay interest on this balance based on the Town of Knightdale's interest rates on the associated long term debt. During the current fiscal year, the City of Raleigh reimbursed the Town of Knightdale \$165,237 (\$151,789 principal plus \$13,448 interest) for debt service payments related to proprietary fund long term debt. As of June 30, 2019, the financial statements include current accounts payable to the City of Raleigh in the amount of \$35,603 related to water and sewer fees and assessments collected by Knightdale for the City of Raleigh.

NOTE 7 – PRIOR PERIOD ADJUSTMENT

During the fiscal year ended June 30, 2019, the Town determined that land donated in a prior period had been omitted as a capital asset on the statement of net position. Therefore an adjustment to beginning net position has been recorded to account for the donation, the net effect of which increased beginning net position by \$868,237.

NOTE 8 - SUBSEQUENT EVENTS

Subsequent to June 30, 2019 and prior to the issuance of these financial statements the Town entered into a sixty-five year lease of the Knightdale Station Village property through a public private partnership and development agreement for the development of the property. The Town also increased the project ordinance for Wake Stone Athletic Park to \$4,500,000 and awarded the construction contract in the amount of \$4,009,487.



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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 SIX FISCAL YEARS*

LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM

	2019	2018	2017	2016	2015	2014
Knightdale's proportion of the net pension liability (asset) (%)	0.08237%	0.07350%	0.07726%	0.08078%	0.08259%	0.08280%
Knightdale's proportion of the net pension liability (asset) (\$)	\$ 1,954,098	\$ 1,122,876	\$ 1,639,716	\$ 362,536	\$ (487,072)	\$ 998,058
Knightdale's covered payroll	\$ 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	44.48%	28.04%	41.64%	9.52%	-12.84%	26.65%
Plan fiduciary net position as a percentage of the total pension liability**	91.63%	94.18%	91.47%	98.09%	102.64%	94.35%

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

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

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

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

LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM

	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 382,818	\$ 342,915	\$ 292,647	\$ 281,986	\$ 274,191	\$ 271,432
Contributions in relation to the contractually required contributions	382,818	342,915	292,647	281,986	274,191	271,432
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town of Knightdale's covered payroll	\$ 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	8.08%	7.81%	7.31%	7.16%	7.20%	7.16%

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

TOWN OF KNIGHTDALE, NORTH CAROLINA
SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
JUNE 30, 2019

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability	\$ 1,093,461	\$ 1,121,847	\$1,124,497
Covered payroll	1,774,369	1,576,784	1,759,651
Total pension liability as a percentage of covered payroll	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
June 30, 2019

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

Notes to Schedule

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

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

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, 2019
With Comparative Actual Amounts for Year Ended June 30, 2018

	2019			2018
	Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)	Actual
REVENUES				
Ad valorem taxes				
Current year	\$ 7,528,882	\$ 7,638,608	\$ 109,726	\$ 7,187,814
Prior years	5,000	5,698	698	(4,624)
Penalties and interest	15,000	17,487	2,487	11,578
Total	7,548,882	7,661,793	112,911	7,194,768
Other taxes and licenses				
Motor vehicle licenses	65,000	67,932	2,932	65,625
Gross receipts on rental vehicles	45,000	48,255	3,255	46,287
Privilege licenses	500	473	(27)	1,075
Total	110,500	116,660	6,160	112,987
Unrestricted intergovernmental revenues				
Local option sales tax	3,165,000	3,301,091	136,091	2,954,774
Utility franchise tax	807,000	854,081	47,081	824,064
Wine and beer tax	60,000	62,293	2,293	59,712
ABC profits	62,000	71,574	9,574	61,324
Total	4,094,000	4,289,039	195,039	3,899,874
Restricted intergovernmental revenues				
State street aid - Powell Bill	360,000	370,821	10,821	356,272
Federal grants	419,516	435,160	15,644	169,430
State grants	82,700	-	(82,700)	13,659
NC Department of Revenue PEG Channel Support	54,000	54,055	55	53,512
Solid waste disposal tax	20,000	10,003	(9,997)	21,354
Wake County Public Schools - Resource officer	37,838	37,838	-	37,838
Firemen's relief fund	8,000	8,651	651	8,522
Total	982,054	916,528	(65,526)	660,587

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, 2019
With Comparative Actual Amounts for Year Ended June 30, 2018

	2019			2018
	Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)	Actual
Permits and fees				
Building permits and inspection fees	\$ 289,000	\$ 232,540	\$ (56,460)	\$ 315,506
Certificate of occupancy fees	25,000	15,368	(9,632)	26,320
Miscellaneous fees	25,000	25,988	988	10,961
Fines and penalties	-	-	-	29,412
Officer fees	4,000	4,572	572	4,023
Total	343,000	278,468	(64,532)	386,222
Sales and services				
Sanitation				
Sanitation fees	645,920	670,646	24,726	656,826
Recycle fees	218,610	224,391	5,781	218,493
Subtotal	864,530	895,037	30,507	875,319
Recreation				
Program fees	365,829	344,804	(21,025)	344,929
Pool fees	40,500	24,199	(16,301)	32,789
Recreation center fees	36,000	34,952	(1,048)	33,652
Track out fees	105,500	84,052	(21,448)	85,571
Knightdale Station Park fees	56,900	38,457	(18,443)	36,266
Grant proceeds	4,400	43,420	39,020	152,638
Subtotal	609,129	569,884	(39,245)	685,845
Total	1,473,659	1,464,921	(8,738)	1,561,164
Investment earnings	88,000	152,533	64,533	94,407
Other revenues				
Miscellaneous	63,800	62,357	(1,443)	52,446
Insurance proceeds	26,474	22,405	(4,069)	7,050
Reimbursement for off duty police officers	33,750	4,883	(28,867)	17,929
Fines and forfeitures	500	1,125	625	1,131
Total	124,524	90,770	(33,754)	78,556
TOTAL REVENUES	14,764,619	14,970,712	206,093	13,988,565

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, 2019
With Comparative Actual Amounts for Year Ended June 30, 2018

	2019			2018
	Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)	Actual
EXPENDITURES				
General government				
Administration				
Current				
Personnel services	897,574	861,756	35,818	786,141
Operations & maintenance	809,124	729,331	79,793	695,453
Capital outlay	11,410	-	11,410	-
Total	1,718,108	1,591,087	127,021	1,481,594
Finance				
Current				
Personnel services	388,402	391,605	(3,203)	343,325
Operations & maintenance	147,668	136,582	11,086	120,783
Total	536,070	528,187	7,883	464,108
Total general government	2,254,178	2,119,274	134,904	1,945,702
Public safety				
Police				
Current				
Personnel services	2,903,904	2,850,449	53,455	2,581,073
Operations & maintenance	766,500	607,527	158,973	455,543
Capital outlay	332,000	326,251	5,749	298,698
Total	4,002,404	3,784,227	218,177	3,335,314

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, 2019
With Comparative Actual Amounts for Year Ended June 30, 2018

	2019			2018
	Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)	Actual
Fire				
Current				
Personnel services	\$ 1,100,602	\$ 1,030,841	\$ 69,761	\$ 1,015,464
Operations & maintenance	332,129	322,844	9,285	259,550
Capital outlay	26,235	-	26,235	514,090
Total	1,458,966	1,353,685	105,281	1,789,104
Total public safety	5,461,370	5,137,912	323,458	5,124,418
Transportation				
Public Works				
Current				
Personnel services	397,858	391,998	5,860	371,616
Operations & maintenance	389,489	355,513	33,976	307,776
Capital Outlay	174,759	57,502	117,257	115,647
Total	962,106	805,013	157,093	795,039
Public Buildings and Grounds				
Current				
Personnel services	269,090	269,725	(635)	258,073
Operations & maintenance	371,466	348,237	23,229	374,434
Capital Outlay	163,000	142,666	20,334	73,186
Total	803,556	760,628	42,928	705,693
Streets and Highways				
Current				
Operations & maintenance	355,716	294,763	60,953	297,877
Capital Outlay	268,600	81,104	187,496	859,877
Total	624,316	375,867	248,449	1,157,754
Total transportation	2,389,978	1,941,508	448,470	2,658,486

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, 2019
With Comparative Actual Amounts for Year Ended June 30, 2018

	2019			2018
	Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)	Actual
Environmental Protection				
Sanitation				
Current				
Operations & maintenance	\$ 973,956	\$ 955,890	\$ 18,066	\$ 911,380
Economic and Physical Development				
Planning and Zoning				
Current				
Personnel services	536,242	524,751	11,491	497,583
Operations & maintenance	148,562	108,659	39,903	103,535
Capital Outlay	1,015,335	924,206	91,129	336,898
Total	1,700,139	1,557,616	142,523	938,016
Special Appropriations				
Current				
Special appropriations	32,750	32,750	-	29,750
Total economic and physical development	1,732,889	1,590,366	142,523	967,766
Cultural & Recreational				
Parks and Recreation				
Current				
Personnel services	611,225	618,793	(7,568)	592,818
Operations & maintenance	841,802	680,657	161,145	695,554
Capital outlay	1,354,480	1,252,857	101,623	362,400
Total cultural and recreational	2,807,507	2,552,307	255,200	1,650,772
Debt service				
Note principal	539,282	539,371	(89)	1,717,303
Note interest	117,257	117,088	169	184,286
Bond principal	54,211	54,211	-	455,000
Bond interest	4,803	4,803	-	96,693
Total debt service	715,553	715,473	80	2,453,282
TOTAL EXPENDITURES	16,335,431	15,012,730	1,322,701	15,711,806
Revenues over (under) expenditures	(1,570,812)	(42,018)	1,528,794	(1,723,241)

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, 2019
With Comparative Actual Amounts for Year Ended June 30, 2018

	2019			2018
	Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)	Actual
OTHER FINANCING SOURCES (USES)				
Transfers from:				
General Capital Reserve	\$ 240,000	\$ 240,000	\$ -	\$ 1,460,370
Street and Sidewalk Capital Project Fund	-	-	-	\$ -
Transfers to:				
General Capital Reserve Fund	(438,715)	(438,715)	-	(411,256)
General Capital Project Fund	(279,000)	(279,000)	-	(300,000)
Sale of capital assets	50,000	40,954	(9,046)	60,577
Installment purchase obligations issued	85,000	91,800	6,800	288,118
Appropriated fund balance	1,913,527	-	(1,913,527)	-
TOTAL OTHER FINANCING SOURCES (USES)	1,570,812	(344,961)	(1,915,773)	1,097,809
NET CHANGE IN FUND BALANCE	\$ -	(386,979)	\$ (386,979)	(625,432)
FUND BALANCE - beginning of year		8,224,946		8,850,378
FUND BALANCE - end of year		\$ 7,837,967		\$ 8,224,946

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, 2019

With Comparative Actual Amounts for Year Ended June 30, 2018

	2019			2018
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
REVENUES				
Other taxes and licenses:				
Motor vehicle licenses	\$ 130,000	\$ 135,864	\$ 5,864	\$ 131,239
Permits and fees:				
Transportation fees	200,000	145,965	(54,035)	179,188
Streets-in-lieu fees	-	4,100	4,100	-
Streetlights-in-lieu fees	-	-	-	2,858
Sidewalks-in-lieu fees	-	-	-	5,007
Recreation-in-lieu fees	-	6,408	6,408	1,068
Sales and services:				
Recreation program fees	-	-	-	5,400
Investment earnings	30,000	34,862	4,862	26,673
TOTAL REVENUES	360,000	327,199	(32,801)	351,433
OTHER FINANCING SOURCES (USES)				
Transfers from:				
General Fund	438,715	438,715	-	411,256
Transfers to:				
General Fund	(240,000)	(240,000)	-	(1,460,370)
General Capital Projects Fund	(683,715)	(125,000)	558,715	(1,621,472)
Fund Balance:				
Appropriated Fund Balance	125,000	-	(125,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	(360,000)	73,715	433,715	(2,670,586)
NET CHANGE IN FUND BALANCE	\$ -	400,914	\$ 400,914	(2,319,153)
FUND BALANCE - beginning of year		2,348,067		4,667,220
FUND BALANCE - end of year		\$ 2,748,981		\$ 2,348,067

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

From Inception To June 30, 2019

	Project Authorization	Prior Years	Actual Current Year	Total To Date
REVENUES				
Investment earnings	\$ 10,000	\$ 8,218	\$ 11,838	\$ 20,056
PARTF Grant	40,000	40,000	-	40,000
TOTAL REVENUES	50,000	48,218	11,838	60,056
EXPENDITURES				
Knightdale Park				
Professional services	24,528	22,962	2,750	25,712
Construction	4,010,445	1,173,259	2,748,307	3,921,566
TOTAL EXPENDITURES	4,034,973	1,196,221	2,751,057	3,947,278
Revenues under expenditures before other financing sources	(3,984,973)	(1,148,003)	(2,739,219)	(3,887,222)
OTHER FINANCING SOURCES				
Issuance of debt	1,875,000	-	1,875,000	1,875,000
Transfers from:				
General Fund	300,000	300,000	-	300,000
General Capital Reserve Fund	1,420,159	1,420,159	-	1,420,159
Utility Capital Project Fund	389,814	389,814	-	389,814
TOTAL OTHER FINANCING SOURCES	3,984,973	2,109,973	1,875,000	3,984,973
NET CHANGE IN FUND BALANCE	\$ -	\$ 961,970	\$ (864,219)	\$ 97,751

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

From Inception To June 30, 2019

	Project Authorization	Prior Years	Actual Current Year	Total To Date
REVENUES				
Investment earnings	\$ -	\$ -	\$ 5,687	\$ 5,687
EXPENDITURES				
Public Works Facility				
Professional services	-	-	1,447	1,447
Land acquisition	417,000	416,766	-	416,766
Construction	2,433,000	-	1,354,616	1,354,616
TOTAL EXPENDITURES	2,850,000	416,766	1,356,063	1,772,829
Revenues under expenditures before other financing sources	(2,850,000)	(416,766)	(1,350,376)	(1,767,142)
OTHER FINANCING SOURCES				
Issuance of debt	2,300,000	-	2,300,000	2,300,000
Transfers from:				
General Capital Reserve Fund	550,000	416,766	125,000	541,766
TOTAL OTHER FINANCING SOURCES	2,850,000	416,766	2,425,000	2,841,766
NET CHANGE IN FUND BALANCE	\$ -	\$ -	\$ 1,074,624	\$ 1,074,624

TOWN OF KNIGHTDALE, NORTH CAROLINA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET

For the Year Ended June 30, 2019

Page 1 of 2

ASSETS

	Storm Water Special Revenue Fund	Wake Stone Athletic Park Capital Project Fund	Total Non-Major Governmental Funds
Cash and cash equivalents	\$ 549,069	\$ 184,834	\$ 733,903
Restricted cash	298,989	-	298,989
Receivables, net	7,958	-	7,958
Due from other governments	106,349	-	106,349
TOTAL ASSETS	\$ 962,365	\$ 184,834	\$ 1,147,199

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES

LIABILITIES

Accounts payable	\$ 56,930	\$ 37,878	\$ 94,808
Retainage payable	-	-	-
Accrued salaries	2,446	-	2,446
TOTAL LIABILITIES	59,376	37,878	97,254

DEFERRED INFLOWS OF RESOURCES

Accounts receivable	7,958	-	7,958
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TOWN OF KNIGHTDALE, NORTH CAROLINA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET

For the Year Ended June 30, 2019

Page 2 of 2

FUND BALANCES

Nonspendable

Storm Water

\$	293,708	\$	-	\$	293,708
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Restricted

Storm Water Surety

5,281	-	5,281
-------	---	-------

Assigned

Storm Water

596,042	-	596,042
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Capital Projects Fund

-	146,956	146,956
---	---------	---------

TOTAL FUND BALANCES

895,031	146,956	1,041,987
---------	---------	-----------

**TOTAL LIABILITIES, DEFERRED INFLOWS
OF RESOURCES AND FUND BALANCES**

\$	962,365	\$	184,834	\$	1,147,199
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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, 2019

	Special Revenue	Capital Projects	Total Non-Major Governmental Funds
	Storm Water	Wake Stone Athletic Park	
REVENUES			
Permits and fees	\$ 709,315	\$ -	\$ 709,315
Investment earnings	9,302	746	10,048
TOTAL REVENUES	718,617	746	719,363
EXPENDITURES			
Environmental protection	277,484	-	277,484
Capital outlay	119,275	132,790	252,065
TOTAL EXPENDITURES	396,759	132,790	529,549
OTHER FINANCING SOURCES			
Issuance of debt	-	-	-
Transfers from:			
General Fund	-	279,000	279,000
Capital Reserve Fund	-	-	-
TOTAL OTHER FINANCING SOURCES	-	279,000	279,000
NET CHANGE IN FUND BALANCE	321,858	146,956	468,814
FUND BALANCE - beginning of year	573,173	-	573,173
FUND BALANCE - end of year	\$ 895,031	\$ 146,956	\$ 1,041,987

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, 2019

With Comparative Actual Amounts for Year Ended June 30, 2018

	2019			2018
	Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)	Actual
REVENUES				
Permits and fees				
Storm Water fees	\$ 504,596	\$ 613,272	\$ 108,676	\$ 302,204
Sinking fund revenue	-	96,043	96,043	7,596
Total	504,596	709,315	204,719	309,800
Investment earnings	3,500	9,302	5,802	2,794
TOTAL REVENUES	508,096	718,617	210,521	312,594
EXPENDITURES				
Storm Water Maintenance				
Current				
Personnel services	102,277	86,869	15,408	83,486
Operations & maintenance	196,819	190,615	6,204	95,743
Capital outlay	209,000	119,275	89,725	-
TOTAL EXPENDITURES	508,096	396,759	111,337	179,229
NET CHANGE IN FUND BALANCE	\$ -	321,858	\$ 321,858	133,365
FUND BALANCE - beginning of year		573,173		439,808
FUND BALANCE - end of year		\$ 895,031		\$ 573,173

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, 2019

	Project Authorization	Prior Years	Actual Current Year	Total To Date
REVENUES				
Investment earnings	\$ -	\$ -	\$ 746	\$ 746
Wake County Hospitality Grant	1,000,000	-	-	-
TOTAL REVENUES	1,000,000	-	746	746
EXPENDITURES				
Wake Stone Athletic Park				
Professional services	57,502	-	1,695	1,695
Construction	3,442,498	-	131,095	131,095
TOTAL EXPENDITURES	3,500,000	-	132,790	132,790
Revenues under expenditures before other financing sources	(2,500,000)	-	(132,044)	(132,044)
OTHER FINANCING SOURCES				
Installment note proceeds	1,000,000	-	-	-
Transfers from:				
General Capital Reserve Fund	1,021,000	-	-	-
General Fund	279,000	-	279,000	279,000
Storm Water Fund	200,000	-	-	-
TOTAL OTHER FINANCING SOURCES	2,500,000	-	279,000	279,000
NET CHANGE IN FUND BALANCE	\$ -	\$ -	\$ 146,956	\$ 146,956

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, 2019

	Project Authorization	Prior Years	Actual Current Year	Total To Date
REVENUES				
Campo Grant	\$ 2,058,000	\$ -	\$ -	\$ -
EXPENDITURES				
Public Works Facility				
Land acquisition	372,000	-	-	-
Construction	2,200,000	-	-	-
TOTAL EXPENDITURES	2,572,000	-	-	-
Revenues under expenditures before other financing sources	(514,000)	-	-	-
OTHER FINANCING SOURCES				
Transfers from:				
General Capital Reserve Fund	514,000	-	-	-
NET CHANGE IN FUND BALANCE	\$ -	\$ -	\$ -	\$ -

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

For the Year Ended June 30, 2019

With Comparative Actual Amounts for Year Ended June 30, 2018

	2019			2018
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
REVENUES				
Water non-operating revenues				
Interest earnings	\$ -	\$ 2,113	\$ (2,113)	\$ 1,159
EXPENDITURES				
Water & Sewer non-operating expenditures				
Infrastructure reimbursements	-	60,991	(60,991)	-
Total revenues over expenditures	-	(58,878)	58,878	1,159
OTHER FINANCING SOURCES (USES)				
Debt Service				
City of Raleigh - reimbursement of debt service payments	165,237	165,237	-	170,944
Interest	(13,448)	(13,448)	-	(16,944)
Debt principal	(151,789)	(151,789)	-	(154,000)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
Total revenues and other financing sources over expenditures and other financing uses	<u>\$ -</u>	<u>(58,878)</u>	<u>\$ 58,878</u>	1,159
Reconciliation from budgetary basis (modified accrual) to full accrual:				
Principal paid on debt		151,789		154,000
Payments received on notes receivable		(151,789)		(154,000)
Decrease in accrued interest		389		287
CHANGE IN NET POSITION		<u>\$ (58,489)</u>		<u>\$ 1,446</u>



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Other Schedules

TOWN OF KNIGHTDALE, NORTH CAROLINA
SCHEDULE OF AD VALOREM TAXES RECEIVABLE
June 30, 2019

Fiscal Year	Uncollected Balance June 30, 2018	Current Levy	Collections and Credits	Uncollected Balance June 30, 2019
2019	\$ -	\$ 7,659,171	\$ 7,638,608	\$ 20,563
2018	10,744	-	4,427	6,317
2017	4,239	-	376	3,863
2016	3,665	-	171	3,494
2015	2,295	-	76	2,219
2014	9,602	-	255	9,347
2013	8,220	-	192	8,028
2012	7,520	-	203	7,317
2011	5,076	-	187	4,889
2010	5,823	-	434	5,389
2009	3,966	-	3,966	-
Total	\$ 61,150	\$ 7,659,171	\$ 7,648,895	\$ 71,426

RECONCILIATION WITH REVENUES

Taxes - Ad Valorem - General Fund	\$ 7,661,793
Add (deduct):	
Penalties and interest	(17,487)
Taxes written off	3,950
Releases, rebates and adjustments	639
Total Collections and Credits	\$ 7,648,895

TOWN OF KNIGHTDALE, NORTH CAROLINA
ANALYSIS OF CURRENT TAX LEVY

June 30, 2019

	Town-Wide			Total Levy	
	Property Valuation	Tax Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current year's rate	\$ 1,778,227,907	0.43	\$ 7,646,380	\$ 6,958,469	\$ 687,911
Penalties	-		4,268	4,268	-
Total	1,778,227,907		7,650,648	6,962,737	687,911
Discoveries:					
Prior year taxes	-	0.43	14,495	14,495	-
Total	1,778,227,907		7,665,143	6,977,232	687,911
Abatements	(1,388,837)	0.43	(5,972)	(5,972)	-
Total property valuation	<u>\$ 1,776,839,070</u>				
Net levy			7,659,171	6,971,260	687,911
Uncollected taxes at June 30, 2019			20,563	15,966	4,597
Current year's taxes collected			<u>\$ 7,638,608</u>	<u>\$ 6,955,294</u>	<u>\$ 683,314</u>
Current levy collection percentage			<u>99.73%</u>	<u>99.77%</u>	<u>99.33%</u>



Mingo Creek Greenway



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

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Governmental Activities										
Net investment in capital assets	\$ 26,004,718	\$ 28,955,166	\$ 28,803,069	\$ 33,353,729	\$ 41,680,758	\$ 42,796,062	\$ 42,147,141	\$ 52,553,720	\$ 74,593,140	\$ 84,694,947
Restricted	434,244	1,943,693	1,895,412	2,299,485	4,253,275	3,020,044	3,401,121	4,888,416	3,465,478	2,813,131
Unrestricted	4,180,012	3,295,965	4,953,181	5,089,424	2,645,764	4,586,612	5,960,276	5,144,918	(341,940)	(895,417)
Total governmental activities net position	<u>\$ 30,618,974</u>	<u>\$ 34,194,824</u>	<u>\$ 35,651,662</u>	<u>\$ 40,742,638</u>	<u>\$ 48,579,797</u>	<u>\$ 50,402,718</u>	<u>\$ 51,508,538</u>	<u>\$ 62,587,054</u>	<u>\$ 77,716,678</u>	<u>\$ 86,612,661</u>
Business-type Activities										
Net investment in capital assets	\$ 628,502	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	2,018,216	1,044,574	46,062	61,500	70,767	70,300	93,036	94,378	95,824	37,335
Total business-type activities net position	<u>\$ 2,646,718</u>	<u>\$ 1,044,574</u>	<u>\$ 46,062</u>	<u>\$ 61,500</u>	<u>\$ 70,767</u>	<u>\$ 70,300</u>	<u>\$ 93,036</u>	<u>\$ 94,378</u>	<u>\$ 95,824</u>	<u>\$ 37,335</u>
Primary Government										
Net investment in capital assets	\$ 26,633,220	\$ 28,955,166	\$ 28,803,069	\$ 33,353,729	\$ 41,680,758	\$ 42,796,062	\$ 42,147,141	\$ 52,553,720	\$ 74,593,140	\$ 84,694,947
Restricted	434,244	1,943,693	1,895,412	2,299,485	4,253,275	3,020,044	3,401,121	4,888,416	3,465,478	2,813,131
Unrestricted	6,198,228	4,340,539	4,999,243	5,150,924	2,716,531	4,656,912	6,053,312	5,239,296	(246,116)	(858,082)
Total primary government net position	<u>\$ 33,265,692</u>	<u>\$ 35,239,398</u>	<u>\$ 35,697,724</u>	<u>\$ 40,804,138</u>	<u>\$ 48,650,564</u>	<u>\$ 50,473,018</u>	<u>\$ 51,601,574</u>	<u>\$ 62,681,432</u>	<u>\$ 77,812,502</u>	<u>\$ 86,649,996</u>

TOWN OF KNIGHTDALE, NORTH CAROLINA

Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

Table 2 (Page 1 of 2)

Expenses

Governmental activities:

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
General government	\$ 1,490,500	\$ 1,454,654	\$ 2,155,837	\$ 1,716,310	\$ 1,706,307	\$ 1,462,856	\$ 1,705,859	\$ 1,790,288	\$ 2,040,009	\$ 2,241,328
Public safety	3,647,406	4,087,816	4,202,231	4,025,428	3,964,847	3,850,081	4,216,783	4,448,548	4,911,222	5,584,019
Transportation	2,366,730	2,442,706	2,401,269	2,297,740	2,481,115	3,593,265	2,748,299	3,015,025	3,211,771	3,983,151
Environmental protection	535,182	532,250	571,764	745,462	708,691	769,509	864,818	991,916	1,126,966	1,275,434
Economic development	418,950	449,226	579,390	550,333	536,780	509,072	668,332	673,850	1,179,187	713,596
Cultural and recreational	898,375	918,928	976,780	955,930	1,238,780	1,567,881	1,754,476	1,623,863	1,335,609	1,875,579
Interest on long-term debt	168,894	299,747	251,805	318,556	331,372	277,097	245,700	215,103	173,366	253,289
Total governmental activities expenses	\$ 9,526,037	\$ 10,185,327	\$ 11,139,076	\$ 10,609,759	\$ 10,967,892	\$ 12,029,761	\$ 12,204,267	\$ 12,758,593	\$ 13,978,130	\$ 15,926,396

Business-type activities:

Water and sewer	133,748	130,422	176,625	75,525	54,903	52,482	30,594	20,566	16,656	74,050
Total business-type activities expenses	133,748	130,422	176,625	75,525	54,903	52,482	30,594	20,566	16,656	74,050
Total primary government expenses	\$ 9,659,785	\$ 10,315,749	\$ 11,315,701	\$ 10,685,284	\$ 11,022,795	\$ 12,082,243	\$ 12,234,861	\$ 12,779,159	\$ 13,994,786	\$ 16,000,446

Program Revenues

Governmental activities:

Charges for service:

General government	\$ 1,250	\$ -	\$ -	\$ -	\$ -	\$ 300,127	\$ 353,762	\$ 291,440	\$ 386,222	\$ 278,468
Public safety	35,431	41,616	28,363	22,974	44,262	-	-	-	-	-
Public works	8,080	396,177	143,531	200,389	26,884	97,420	345,889	252,588	187,053	150,065
Environmental protection	590,782	642,781	620,313	938,852	934,875	1,043,007	1,036,465	1,157,202	1,183,579	1,603,144
Economic development	102,752	139,569	158,937	197,998	103,694	-	-	-	-	-
Cultural and recreational	371,833	423,361	427,063	483,567	494,514	540,237	497,221	454,092	539,675	532,872
Operating grants and contributions	518,147	864,939	830,434	684,002	595,622	1,277,124	771,677	632,335	297,256	272,786
Capital grants and contributions	509,192	2,961,423	884,887	4,714,539	7,239,152	1,445,891	39,613	10,744,304	19,165,527	8,586,829
Total governmental activities program revenue	\$ 2,137,467	\$ 5,469,866	\$ 3,093,528	\$ 7,242,321	\$ 9,439,003	\$ 4,703,806	\$ 3,044,627	\$ 13,531,961	\$ 21,759,312	\$ 11,424,164

Business-type activities:

Operating grants and contributions	-	-	-	-	-	-	-	-	-	-
Capital grants and contributions	-	-	87,684	-	-	-	-	-	-	-
Total business-type activities program revenues	-	-	87,684	-	-	-	-	-	-	-
Total primary government program revenues	\$ 2,137,467	\$ 5,469,866	\$ 3,181,212	\$ 7,242,321	\$ 9,439,003	\$ 4,703,806	\$ 3,044,627	\$ 13,531,961	\$ 21,759,312	\$ 11,424,164

TOWN OF KNIGHTDALE, NORTH CAROLINA

Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

Table 2 (Page 2 of 2)

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Net (Expense) / Revenue										
Governmental activities	\$ (7,388,570)	\$ (4,715,461)	\$ (8,045,548)	\$ (3,367,438)	\$ (1,528,889)	\$ (7,325,955)	\$ (9,159,640)	\$ 773,368	\$ 7,781,182	\$ (4,502,232)
Business-type activities	(133,748)	(130,422)	(88,941)	(75,525)	(54,903)	(52,482)	(30,594)	(20,566)	(16,656)	(74,050)
Total primary government net revenue /(expense)	<u>\$ (7,522,318)</u>	<u>\$ (4,845,883)</u>	<u>\$ (8,134,489)</u>	<u>\$ (3,442,963)</u>	<u>\$ (1,583,792)</u>	<u>\$ (7,378,437)</u>	<u>\$ (9,190,234)</u>	<u>\$ 752,802</u>	<u>\$ 7,764,526</u>	<u>\$ (4,576,282)</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes:										
Property taxes, levied for general purpose	\$ 4,796,505	\$ 5,125,475	\$ 5,249,709	\$ 5,421,563	\$ 6,042,731	\$ 6,179,543	\$ 6,398,393	\$ 6,709,702	\$ 7,192,745	\$ 7,672,069
Other taxes and licenses	220,629	232,843	246,403	284,406	326,641	277,822	219,428	230,023	239,366	246,727
Unrestricted intergovernmental revenues	2,314,882	2,662,238	2,545,808	2,697,954	2,926,002	3,360,348	3,616,196	3,770,758	3,899,874	4,289,039
Unrestricted investment earnings	22,027	33,351	34,957	37,194	25,213	13,960	57,502	68,483	128,145	214,968
Miscellaneous	132,991	237,404	774,350	17,297	45,461	43,830	(26,059)	161,061	139,174	107,175
Transfers	-	-	651,159	-	-	-	-	-	-	-
Total governmental activities	<u>7,487,034</u>	<u>8,291,311</u>	<u>9,502,386</u>	<u>8,458,414</u>	<u>9,366,048</u>	<u>9,875,503</u>	<u>10,265,460</u>	<u>10,940,027</u>	<u>11,599,304</u>	<u>12,529,978</u>
Business-type activities:										
Unrestricted investment earnings	146,081	130,917	125,126	67,162	55,551	43,584	32,437	21,908	18,102	15,561
Gain /(Loss) on abandoned capital project	-	-	-	-	-	-	-	-	-	-
Miscellaneous	6,003	6,017	17,711	23,801	8,619	8,431	20,893	-	-	-
Transfers	-	-	(651,159)	-	-	-	-	-	-	-
Special item (loss on transfer of assets to Raleigh)	-	(1,608,656)	(401,249)	-	-	-	-	-	-	-
Total business-type activities	<u>152,084</u>	<u>(1,471,722)</u>	<u>(909,571)</u>	<u>90,963</u>	<u>64,170</u>	<u>52,015</u>	<u>53,330</u>	<u>21,908</u>	<u>18,102</u>	<u>15,561</u>
Total primary government	<u>\$ 7,639,118</u>	<u>\$ 6,819,589</u>	<u>\$ 8,592,815</u>	<u>\$ 8,549,377</u>	<u>\$ 9,430,218</u>	<u>\$ 9,927,518</u>	<u>\$ 10,318,790</u>	<u>\$ 10,961,935</u>	<u>\$ 11,617,406</u>	<u>\$ 12,545,539</u>
Change in Net Position										
Governmental activities	\$ 98,464	\$ 3,575,850	\$ 1,456,838	\$ 5,090,976	\$ 7,837,159	\$ 2,549,548	\$ 1,105,820	\$ 11,713,395	\$ 19,380,486	\$ 8,027,746
Business-type activities	18,336	(1,602,144)	(998,512)	15,438	9,267	(467)	22,736	1,342	1,446	(58,489)
Total primary government	<u>\$ 116,800</u>	<u>\$ 1,973,706</u>	<u>\$ 458,326</u>	<u>\$ 5,106,414</u>	<u>\$ 7,846,426</u>	<u>\$ 2,549,081</u>	<u>\$ 1,128,556</u>	<u>\$ 11,714,737</u>	<u>\$ 19,381,932</u>	<u>\$ 7,969,257</u>

TOWN OF KNIGHTDALE, NORTH CAROLINA

Fund Balance of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

Table 3

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund										
Reserved	\$ 1,309,298	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	1,930,259	-	-	-	-	-	-	-	-	-
Nonspendable	-	23,476	36,008	11,423	9,072	9,526	10,002	5,045	233,533	28,820
Restricted	-	1,605,841	1,527,084	2,005,357	2,152,862	2,170,548	2,413,050	3,644,905	2,759,704	2,010,071
Assigned	-	212,000	100,800	187,220	171,600	70,500	125,000	184,590	1,157,790	700,000
Unassigned	-	2,536,605	2,984,408	3,430,429	4,029,715	5,438,398	5,561,886	5,015,838	4,073,919	5,099,076
Total General Fund	\$ 3,239,557	\$ 4,377,922	\$ 4,648,300	\$ 5,634,429	\$ 6,363,249	\$ 7,688,972	\$ 8,109,938	\$ 8,850,378	\$ 8,224,946	\$ 7,837,967
All other governmental funds										
Reserved	\$ 34,070	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	-	-	-	-	-	-	-	-	-	-
Capital project funds	1,945,388	-	-	-	-	-	-	-	-	-
Nonspendable	-	-	-	-	-	86,844	113,994	190,068	197,664	293,708
Restricted	-	337,852	368,328	294,128	2,100,413	849,496	988,071	1,053,443	508,110	509,352
Assigned, reported in:										
Special revenue funds	-	-	15,937	58,631	120,544	150,046	270,885	244,459	370,229	596,042
Capital project funds	-	1,568,121	3,227,646	3,173,436	1,689,218	1,870,097	3,128,486	4,085,322	2,807,208	3,564,241
Unassigned	-	-	-	(17,672)	-	(80,943)	-	-	-	-
Total all other governmental funds	\$ 1,979,458	\$ 1,905,973	\$ 3,611,911	\$ 3,508,523	\$ 3,910,175	\$ 2,875,540	\$ 4,501,436	\$ 5,573,292	\$ 3,883,211	\$ 4,963,343

Note:

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

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

TOWN OF KNIGHTDALE, NORTH CAROLINA
Changes in Fund Balance of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

Table 4

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues										
Ad valorem taxes	\$ 4,787,815	\$ 5,154,363	\$ 5,277,887	\$ 5,394,455	\$ 6,093,511	\$ 6,223,115	\$ 6,406,826	\$ 6,717,305	\$ 7,194,768	\$ 7,661,793
Other taxes and licenses	212,371	223,835	238,439	272,639	337,443	290,675	222,407	232,380	244,226	252,524
Unrestricted intergovernmental	2,314,882	2,662,238	2,545,808	2,697,954	2,926,002	3,360,348	3,616,196	3,770,758	3,899,874	4,289,039
Restricted intergovernmental	1,002,839	949,247	1,715,321	2,926,663	1,995,222	1,872,765	811,290	677,588	660,587	916,528
Permits and fees	147,330	608,630	386,600	729,312	454,903	793,094	1,018,278	921,328	884,143	1,144,256
Sales and services	967,385	1,043,408	1,028,223	1,109,917	1,149,456	1,185,254	1,217,524	1,254,476	1,566,564	1,464,921
Investment earnings	22,027	33,351	34,957	37,194	25,213	13,960	57,502	68,483	128,145	214,968
Miscellaneous	117,836	140,924	86,369	68,895	118,746	39,593	131,544	107,085	78,556	90,770
Total revenues	9,572,485	10,815,996	11,313,604	13,237,029	13,100,496	13,778,804	13,481,567	13,749,403	14,656,863	16,034,799
Expenditures										
General government	1,322,247	1,106,568	1,159,777	1,294,788	1,344,395	1,347,135	1,569,789	1,640,039	1,945,701	2,119,274
Public safety	3,281,322	3,912,098	3,831,884	3,708,123	3,754,607	3,518,674	3,809,642	3,925,080	4,311,630	4,811,661
Public works	1,586,331	1,666,795	1,628,223	1,491,381	2,107,105	2,419,090	1,491,206	1,520,383	1,609,776	1,660,236
Environmental protection	535,182	532,250	628,604	772,683	700,456	736,714	830,894	951,730	1,090,608	1,233,375
Economic development	430,008	451,522	577,318	547,941	539,428	504,730	646,700	635,288	630,868	666,160
Cultural and recreation	844,184	908,416	912,635	897,127	989,115	1,298,594	1,188,254	1,069,680	1,288,372	1,299,450
Capital outlay	666,180	3,716,800	1,139,842	7,773,588	4,305,483	2,403,729	410,560	950,142	3,990,833	7,143,771
Debt service :										
Principal	597,558	420,955	1,211,715	2,750,843	965,027	1,164,167	1,235,089	1,105,068	2,172,303	593,582
Interest	188,746	172,692	269,001	247,015	271,823	299,120	272,997	242,248	280,980	121,891
Total expenditures	9,451,758	12,888,096	11,358,999	19,483,489	14,977,439	13,691,953	11,455,131	12,039,658	17,321,071	19,649,400
Excess of revenues over (under) expenditures	120,727	(2,072,100)	(45,395)	(6,246,460)	(1,876,943)	86,851	2,026,436	1,709,745	(2,664,208)	(3,614,601)
Other financing sources (uses)										
Transfers in	443,909	1,199,206	1,142,917	1,112,924	1,230,688	981,280	1,947,922	1,223,586	3,793,098	1,082,715
Transfers out	(443,909)	(1,199,206)	(491,758)	(1,112,924)	(1,230,688)	(981,280)	(1,947,922)	(1,223,586)	(3,793,098)	(1,082,715)
Sale of capital assets	35,695	16,480	812,920	14,102	7,415	4,237	20,426	53,976	60,577	40,954
Installment debt issued	60,059	3,040,500	557,632	7,115,099	3,000,000	200,000	-	48,575	288,118	4,266,800
Contribution from East Wake Television	-	80,000	-	-	-	-	-	-	-	-
Assumption of debt in annexations	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	95,754	3,136,980	2,021,711	7,129,201	3,007,415	204,237	20,426	102,551	348,695	4,307,754
Net change in fund balance	\$ 216,481	\$ 1,064,880	\$ 1,976,316	\$ 882,741	\$ 1,130,472	\$ 291,088	\$ 2,046,862	\$ 1,812,296	\$ (2,315,513)	\$ 693,153
Debt service as a percentage of noncapital expenditures	8.9%	6.5%	14.5%	25.6%	11.6%	13.0%	13.7%	12.1%	18.4%	5.7%

TOWN OF KNIGHTDALE, NORTH CAROLINA
Governmental Activities, Property Tax Revenue

Last Ten Fiscal Years

(accrual basis of accounting)

Table 5

Fiscal Year	Tax Rate	Property Tax	Property Tax Adjusted to Current Rate
2010	0.40	4,796,505	5,156,243
2011	0.41	5,125,475	5,375,498
2012	0.41	5,249,709	5,505,792
2013	0.41	5,421,563	5,686,029
2014	0.43	6,042,731	6,042,731
2015	0.43	6,179,543	6,179,543
2016	0.43	6,398,393	6,398,393
2017	0.43	6,709,702	6,709,702
2018	0.43	7,198,558	7,198,558
2019	0.43	7,659,171	7,659,171

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

TOWN OF KNIGHTDALE, NORTH CAROLINA

Assessed Value of Taxable Property

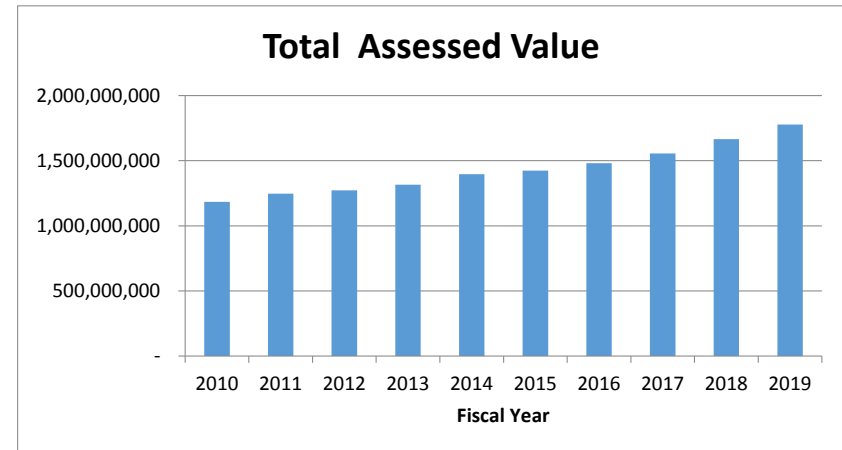
Last Ten Fiscal Years

Table 6

Fiscal Year	Real Property	Personal Property	Public Service Property	Total Assessed Value (1)	Property Tax Rate (Per \$100 Assessed Value)	Estimated Actual Value	Ratio of Assessed Value to Actual Value
2010	1,068,919,623	106,944,430	9,050,383	1,184,914,436	0.40	1,150,402,365	103%
2011	1,114,360,955	122,598,502	9,148,276	1,246,107,733	0.41	1,175,573,333	106%
2012	1,133,994,181	128,739,400	8,931,806	1,271,665,387	0.41	1,166,665,493	109%
2013	1,167,750,585	138,980,390	8,839,036	1,315,570,011	0.41	1,185,198,208	111%
2014	1,207,176,381	179,648,001	9,252,266	1,396,076,648	0.43	1,292,663,563	108%
2015	1,251,348,719	162,473,352	9,275,836	1,423,097,907	0.43	1,435,611,732	99%
2016	1,310,258,180	160,031,798	10,914,208	1,481,204,186	0.43	1,458,945,389	102%
2017	(2) 1,356,873,863	188,302,815	10,712,624	1,555,889,302	0.43	1,554,125,464	100%
2018	1,459,368,486	195,122,565	12,064,763	1,666,555,814	0.43	1,644,362,257	101%
2019	1,549,753,811	212,784,898	14,300,361	1,776,839,070	0.43	1,754,469,482	101%

NOTES:

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



TOWN OF KNIGHTDALE, NORTH CAROLINA

Property Tax Rates - Direct and Overlapping (1)

Last Ten Fiscal Years

Table 7

Fiscal Year	Town of Knightdale	Wake County	Combined Tax Rate Per \$100 of Assessed Value
2010	0.40	0.534	0.9340
2011	0.41	0.534	0.9440
2012	0.41	0.534	0.9440
2013	0.41	0.534	0.9440
2014	0.43	0.534	0.9640
2015	0.43	0.578	1.0080
2016	0.43	0.6145	1.0445
2017 (2)	0.43	0.6005	1.0305
2018	0.43	0.6150	1.0450
2019	0.43	0.6544	1.0844

Notes:

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

TOWN OF KNIGHTDALE, NORTH CAROLINA

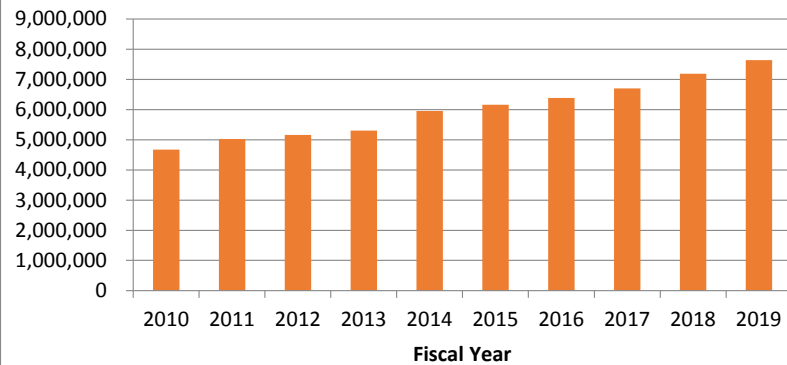
Property Tax Levies and Collections

Last Ten Fiscal Years

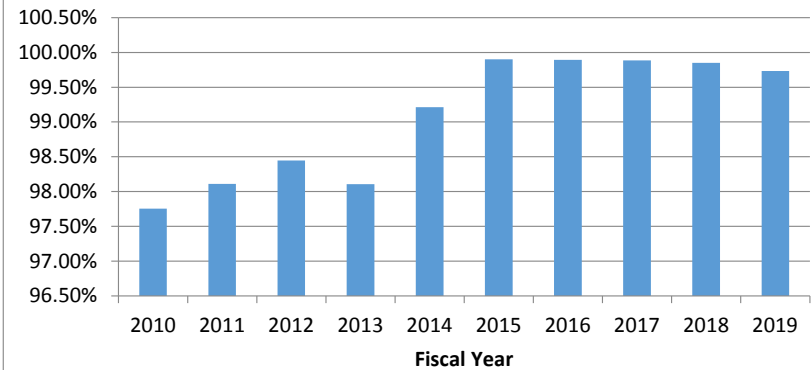
Table 8

Fiscal Year	Net Levy	Current Year's Taxes Collected	Percent of Net Levy Collected	Collections- Prior Years	Total Collections	Percent of Total Tax Collections To Net Levy	Ad Valorem Taxes Receivable Balance-June 30	Percent Delinquent Taxes To Net Levy
2010	4,779,605	4,672,322	97.76%	101,127	4,773,449	99.87%	203,519	4.26%
2011	5,124,740	5,027,969	98.11%	91,419	5,119,388	99.90%	174,631	3.41%
2012	5,242,074	5,160,708	98.45%	72,944	5,233,652	99.84%	146,453	2.79%
2013	5,408,394	5,305,974	98.11%	92,533	5,398,507	99.82%	173,561	3.21%
2014	6,001,549	5,954,407	99.21%	36,050	5,990,457	99.82%	122,781	2.05%
2015	6,166,908	6,160,848	99.90%	1,265	6,162,113	99.92%	79,209	1.28%
2016	6,389,729	6,382,904	99.89%	(1,941)	6,380,963	99.86%	70,776	1.11%
2017	6,706,433	6,698,716	99.88%	3,722	6,702,438	99.94%	63,173	0.94%
2018	7,198,558	7,187,814	99.85%	(4,625)	7,183,189	99.79%	61,150	0.85%
2019	7,659,171	7,638,608	99.73%	5,698	7,644,306	99.81%	71,426	0.93%

Current Year Levy Collections



Tax Collection Percentage



TOWN OF KNIGHTDALE, NORTH CAROLINA

Principal Property Taxpayers

Current Year and Nine Years Ago

		2019			2010		
		Assessed	Percentage Of Total Assessed	Rank	Assessed	Percentage Of Total Assessed	Rank
Taxpayer (1)	Type of Enterprise	Valuation	Valuation		Valuation	Valuation	
Knightdale Centers LLC	Retail	\$ 54,807,618	3.10%	1			
East Raleigh Multifamily DST	Real Estate/Apartments	35,680,589	2.02%	2			
Greystone WW Co. LLC	Real Estate/Apartments	34,837,966	1.97%	3	30,000,716	2.53%	2
BRC Knightdale LLC	Real Estate/Apartments	30,443,787	1.72%	4			
Triangle Palisades at Legacy Oaks	Real Estate/Apartments	28,220,980	1.60%	5			
Laurens Way Co LP	Real Estate/Apartments	22,313,866	1.26%	6	14,716,009	1.24%	7
Rex Hospital	Medical Facility	18,827,144	1.07%	7			
WW Knightdale Property LLC	Real Estate/Apartments	14,157,519	0.80%	8			
Widewaters Knightdale Co. LLC	Real Estate/Apartments	13,038,193	0.74%	9	25,149,497	2.12%	3
Lowes Home Center	Retail	12,887,606	0.73%	10	18,728,427	1.58%	5
Kimco Wakefield Knightdale, LP	Real Estate	-	-	-	35,156,686	2.97%	1
Crossland Knightdale LLC	Real estate	-	-	-	22,748,864	1.92%	4
Wake Stone Corporation	Manufacturer	-	-	-	17,910,745	1.51%	6
TGLVF Eastpoint LLC	Manufacturer	-	-	-	13,029,617	1.10%	8
Kohl's Department Store Inc	Retail	-	-	-	11,434,532	0.97%	9
Target	Retail	-	-	-	10,697,172	0.90%	10
Totals		<u>\$ 265,215,268</u>	<u>15.01%</u>		<u>\$ 199,572,265</u>	<u>16.84%</u>	
Total Assessed Value		<u><u>\$ 1,766,839,070</u></u>			<u><u>\$ 1,184,914,436</u></u>		

(1) Data obtained from the Wake County Revenue Department

TOWN OF KNIGHTDALE, NORTH CAROLINA

Legal Debt Margin Information

Last Ten Fiscal Years

Table 10

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Assessed value	\$ 1,184,914,436	\$ 1,246,107,733	\$ 1,271,665,387	\$ 1,315,570,011	\$ 1,396,076,648	\$ 1,423,097,907	\$ 1,481,204,186	\$ 1,555,889,302	\$ 1,666,555,814	\$ 1,776,839,070
Debt limit (8% of assessed value)	94,793,155	99,688,619	101,733,231	105,245,601	111,686,132	113,847,833	118,496,335	124,471,144	133,324,465	142,147,126
Debt applicable to limit:										
Total outstanding debt	7,010,197	9,259,537	8,369,100	12,401,246	14,098,159	12,789,389	11,205,336	9,984,632	7,946,406	11,467,835
Debt authorized but unissued	2,821,500	-	5,000,000	3,000,000	-	-	-	-	-	-
Less debt applicable to business-type activities										
Enterprise Fund debt	(2,882,155)	(2,511,950)	(2,274,595)	(1,942,425)	(1,604,365)	(1,259,762)	(910,632)	(746,421)	(592,421)	(440,632)
Total net debt applicable to limit	6,949,542	6,747,587	11,094,505	13,458,821	12,493,794	11,529,627	10,294,704	9,238,211	7,353,985	11,027,203
Legal debt margin	\$ 87,843,613	\$ 92,941,032	\$ 90,638,726	\$ 91,786,780	\$ 99,192,338	\$ 102,318,206	\$ 108,201,631	\$ 115,232,933	\$ 125,970,480	\$ 131,119,923
Total net debt applicable to the limit, as a percentage of the total debt limit	7.33%	6.77%	10.91%	12.79%	11.19%	10.13%	8.69%	7.42%	5.52%	7.76%
Total net debt applicable to the limit, as a percentage of assessed value	0.59%	0.54%	0.87%	1.02%	0.89%	0.81%	0.70%	0.59%	0.44%	0.62%

Note:

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

TOWN OF KNIGHTDALE, NORTH CAROLINA

Ratio of Outstanding Debt by Type

To Assessed Value, Personal Income and Bonded Debt per Capita

Last Ten Fiscal Years

Table 11

Fiscal Year	Governmental Activities		Business-Type Activities		Total Primary Government	Assessed Value	Debt as a % of Assessed Valuation	Debt as a % of Personal Income	Population	Debt Per Capita
	GO Bonds	Installment Purchases	GO Bonds	Installment Purchases						
2010	631,579	3,496,463	1,855,421	1,026,734	7,010,197	1,184,914,436	0.59%	1.37%	12,393	566
2011	578,947	6,168,640	1,689,053	822,897	9,259,537	1,246,107,733	0.74%	1.88%	11,401	812
2012	554,210	5,540,355	1,601,790	672,805	8,369,160	1,271,665,387	0.66%	1.62%	11,493	728
2013	495,263	9,963,558	1,426,737	515,688	12,401,246	1,315,570,011	0.94%	2.26%	11,904	1,042
2014	3,436,842	9,056,952	1,253,158	351,207	14,098,159	1,396,076,648	1.01%	1.79%	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%	1.50%	13,102	976
2016	2,922,369	7,372,335	910,632	-	11,205,336	1,481,204,186	0.76%	1.24%	13,560	826
2017	2,666,579	6,571,632	746,421	-	9,984,632	1,555,889,302	0.64%	N/A	13,786	724
2018	2,211,579	5,142,406	592,421	-	7,946,406	1,666,555,814	0.48%	N/A	15,849	501
2019	2,157,368	8,869,835	440,632	-	11,467,835	1,776,839,070	0.65%	N/A	16,753	685

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						
2010	631,579	1,855,421	2,487,000	\$527,148,648	0.47%	0.22%	12,393	201
2011	578,947	1,689,053	2,268,000	\$493,435,280	0.46%	0.19%	11,401	199
2012	554,210	1,601,790	2,156,000	\$515,334,627	0.42%	0.18%	11,493	188
2013	495,263	1,426,737	1,922,000	\$548,738,688	0.35%	0.16%	11,904	161
2014	3,436,842	1,253,158	4,690,000	\$787,180,940	0.60%	0.36%	12,340	380
2015	3,179,211	1,080,790	4,260,001	\$853,726,320	0.50%	0.29%	13,102	325
2016	2,922,369	910,632	3,833,001	\$902,811,240	0.42%	0.26%	13,560	283
2017	2,666,579	746,421	3,413,000	N/A	N/A	0.22%	13,786	248
2018	2,211,579	592,421	2,804,000	N/A	N/A	0.17%	15,849	177
2019	2,157,368	440,632	2,598,000	N/A	N/A	0.16%	16,753	155

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, 2019

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	\$ 1,727,510,000	1.1955%	<u>\$ 20,652,341</u>
Subtotal, overlapping debt			20,652,341
Town of Knightdale direct debt			<u>11,027,203</u>
Total direct and overlapping debt			<u><u>\$ 31,679,544</u></u>

NOTES:

- (1) Supplied by Wake County Finance Department
Portion of this debt that is outstanding Wake County school bonds, \$1,421,230,484
- (2) The percentage of overlapping debt applicable to the town is estimated using assessed property values. The applicable percentage represents the town's total assessed value divided by Wake County's total assessed value.

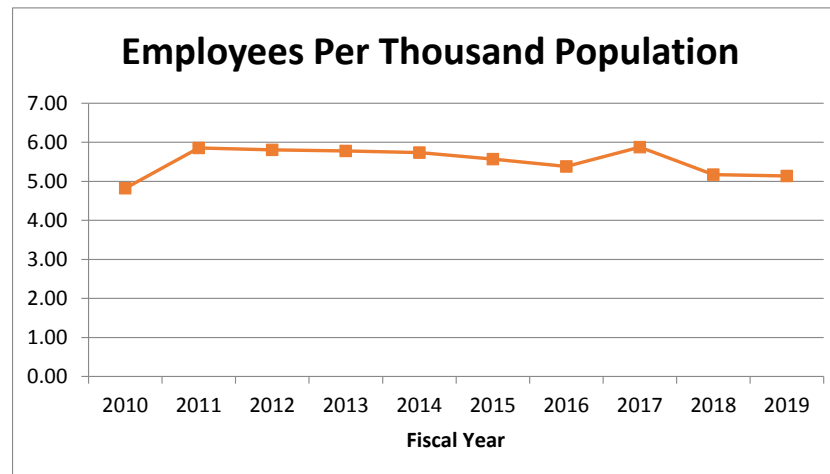
Town of Knightdale Assessed Value	\$ 1,776,839,070
Wake County Assessed Value (1)	<u>148,627,572,143</u>
Percentage applicable to Knightdale	<u><u>1.1955%</u></u>

- (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
2010	8.75	31.0	5.0	7.00	8.0	59.75
2011	8.75	38.0	5.0	7.00	8.0	66.75
2012	8.75	38.0	5.0	7.00	8.0	66.75
2013	9.75	38.0	5.0	7.00	9.0	68.75
2014	9.75	39.0	5.0	7.00	10.0	70.75
2015	10.00	39.0	6.0	5.00	13.0	73.00
2016	11.00	39.0	6.0	6.00	11.0	73.00
2017	10.00	45.0	6.0	7.00	13.0	81.00
2018	12.00	46.0	7.0	6.00	11.0	82.00
2019	14.00	48.0	7.0	6.00	11.0	86.00



Note: Number of employees data provided by Town of Knightdale Human Resources Department.

TOWN OF KNIGHTDALE, NORTH CAROLINA
Operating Indicators by Function

Last Ten Fiscal Years

Table 15

(Page 1 of 2)

Function	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<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	80%	90%	90%	75%	100%	58%	100%	100%	100%	100%
Meeting minutes completed without error	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
<i>Human Resources</i>										
Employees successfully completing probation period	100%	100%	100%	93%	99%	100%	100%	89%	82%	67%
Employee turnover	0%	6%	6%	7%	3%	18%	4%	14%	9%	12%
<i>Finance</i>										
Bank statement reconciled within 7 days of receipt	75%	92%	92%	100%	100%	100%	45%	100%	100%	100%
Month is closed out within 20 days of month end	100%	100%	100%	92%	100%	100%	92%	100%	100%	100%
Accuracy of bank deposits submitted to the bank	99%	99%	99%	99%	98%	96%	98%	98%	99%	99%
Average accuracy rate in forecasting all major revenues	98%	98%	99%	95%	95%	95%	95%	99%	100%	100%
Accuracy rate in forecasting ad valorem revenue tax revenue.	97%	97%	99%	99%	97%	97%	98%	100%	100%	100%
Number of budget amendments requiring council approval	14	15	13	11	20	9	11	11	9	8
<i>Development Services Department</i>										
Permits issued:										
Commercial	42	66	48	67	43	58	107	81	129	84
Residential	152	131	168	246	149	152	228	266	185	156
<i>Police Department</i>										
Investigative report supplement compliance rates	NA	NA	NA	98%	100%	100%	100%	100%	100%	100%
Investigation clearance rates	NA	NA	NA	53%	60%	48%	51%	52%	53%	46%
Average response time to calls for service (minutes : seconds)	11:05	3:45	3:41	3:41	4:22	5:07	5:05	4:46	5:17	5:44
Number Part I Crimes	NA	NA	NA	514	441	455	407	355	376	365
Number of reports taken	NA	NA	NA	1,163	1,104	1,136	1,120	1,178	1,122	1,109
Number of arrests made	NA	NA	NA	311	337	322	330	357	323	441

TOWN OF KNIGHTDALE, NORTH CAROLINA

Operating Indicators by Function

Last Ten Fiscal Years

Table 15

(Page 2 of 2)

	Continued									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<i>Fire Department</i>										
Average response time to calls for service (minutes : seconds)	4:12	4:24	4:28	4:38	4:47	4:55	5:01	5:17	5:07	5:06
Average personnel responding to structure related calls	11	10	11.7	13.6	14.2	13.0	12.1	11.5	9.12	10
Training hours for all staff & volunteers	8,041	8,188	8,813	9,141	8,399	9,818	9,171	11,674	10,071	10,004
Fire loss for the year	\$70,790	\$188,900	\$234,802	\$1,139,628	\$231,308	\$487,141	\$443,230	\$532,854	\$616,351	\$628,050
Value of property saved	\$9,628,944	\$6,942,755	\$5,667,695	\$22,228,757	\$8,490,218	\$7,843,396	\$5,668,883	\$7,280,616	\$7,066,049	\$8,453,728
Percentage of property loss	0.73%	2.65%	3.98%	5.13%	2.62%	5.85%	7.82%	6.72%	8.02%	6.92%
Total calls	1,002	1,067	1,252	1,294	1,217	1,348	1,364	1,490	1,504	1,661
<i>Public Works (2)</i>										
Residential tons collected yearly										
Solid Waste	NA	2,739.88	2,582.00	2,087.90	5,342.00	3,033.91	3,503.72	3,959.20	4,528.00	3,751.70
Recycling	NA	506.56	657.00	703.10	740.32	551.60	625.82	706.38	1,223.00	806.95
Mulching / compost (6)	NA	NA	NA	782.70	1,600.00	1,368.00	-	2,250.00	3,080.00	3,280.00
Households served	3,525	3,615	3,736	4,042	4,302	3,455	4,092	4,662	5,133	5,249
<i>Parks and Recreation (3)</i>										
Participants in camps and recreation programs										
Baseball (Spring & Fall)	403	403	428	397	389	394	437	469	446	347
Softball (Spring & Fall)	103	99	104	103	60	38	61	261	487	486
Basketball (Summer & Winter beginning 2010)	485	424	386	467	528	525	564	995	1,226	1,041
Swimming Pool	9,240	12,017	9,535	8,627	8,174	7,718	6,563	5,673	6,482	6,525
Swim Lessons	271	320	304	205	288	163	156	140	97	0
Track Out Camp (4) (5)	1,014	4,222	3,506	4,197	4,252	4,297	3,663	3,715	362	486
Summer Camp	902	928	1,095	1,108	1,005	979	1,190	1,155	1,111	1,051

Notes:

NA = Not Available at this time.

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

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

(4) The Track Out Program matches the Wake County Public School Year Round Calendar, which runs

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

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

TOWN OF KNIGHTDALE, NORTH CAROLINA

Capital Asset Statistics by Function

Last Ten Fiscal Years

Table 16

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Function										
Police										
Stations	1	1	1	1	1	1	1	1	2	2
Patrol Units	23	27	27	27	27	32	32	35	35	35
K-9 Units	-	-	2	2	2	2	2	2	1	1
Fire										
Stations	1	1	1	1	1	1	1	1	1	1
Fire Trucks	3	3	3	3	3	3	3	3	3	3
Ladder Trucks	1	1	1	1	1	1	1	1	1	1
Public Works										
Streets (miles)	41.93	43.06	43.06	45.02	47.74	48.33	48.33	50.95	56.30	57.00
Streetlights	N/A	N/A	1,381	1,401	1,429	1,429	1,450	1,472	1,617	1,877
Traffic signals (1)	-	-	-	-	-	-	-	-		
Parks and Recreation										
Parks (3)	3	3	3	3	4	4	4	4	4	4
Acreage (5)	37.16	37.16	37.16	37.16	106.80	106.80	106.80	106.80	106.80	156.80
Playgrounds	2	2	2	2	4	4	4	4	4	4
Baseball / softball diamonds (2)	5	5	5	5	9	9	9	9	9	9
Soccer / football fields	1	1	1	1	4	4	4	4	4	4
Community Centers	1	1	1	1	1	1	1	1	1	1
Pool	1	1	1	1	1	1	1	1	1	1
Tennis Courts	2	2	2	2	2	2	2	2	2	4
Mingo Creek Greenway (miles)	-	-	-	1.1	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
Pickleball Courts	-	-	-	-	-	-	-	-	-	2

Sources: Various Town Departments

Notes:

No capital indicators are available for general government function.

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

N/A Data not available.

TOWN OF KNIGHTDALE, NORTH CAROLINA

Demographic Statistics

Last Ten Fiscal Years

Table 17

Fiscal Year	(1) Knightdale Population	(1) Wake County Population	Knightdale Personal Income (thousands of dollars)	Wake County (2) Personal Income (thousands of dollars)	(2) Per Capita Income	(1) Median Family Income	(4) Unemployment Rate Percentage
2010	12,393	906,494	\$566,149	\$41,432,611	\$45,683	\$62,073	8.3
2011	11,401	924,256	\$531,458	\$43,320,456	\$46,615	\$68,308	8.4
2012	11,493	945,528	\$558,859	\$46,320,314	\$48,626	\$71,922	7.9
2013	11,904	964,771	\$574,785	\$47,064,181	\$48,285	\$75,285	7.4
2014	12,340	985,056	\$620,628	\$50,257,552	\$50,294	\$70,512	5.1
2015	13,102	1,007,641	\$678,369	\$53,028,913	\$51,776	\$71,066	5.0
2016	13,560	1,030,326	\$733,094	\$56,592,270	\$54,063	\$72,591	4.3
2017	14,763	1,052,120	(5)	(5)	(5)	\$64,399	3.6
2018	15,849	1,073,993	(5)	(5)	(5)	\$67,167	3.4
2019	16,753	1,096,408	(5)	(5)	(5)	\$70,540	3.9

NOTES:

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

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

Separate figures for the Town are not available.

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

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

US Census Bureau - 200 Census Data 2005 -2010.

(4) North Carolina Department of Commerce

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

(5) Information is not yet available.

TOWN OF KNIGHTDALE, NORTH CAROLINA

Principal Employers

Current Year and Prior Year

Table 18

Employer		2019				2010				(2)
		Employment Range				Employment Range				
Wake County Public School System, <i>All Knightdale Locations.</i>	1	650	-	700	8.55%	550	-	600	9.68%	
Schneider Electric	2	400	-	450	5.38%	450	-	500	8.00%	
Wal-Mart Store #1816	3 (tie)	150	-	200	2.22%	125	-	150	2.32%	
Target	3 (tie)	150	-	200	2.22%	125	-	150	2.32%	
Wake Stone	3 (tie)	150	-	200	2.22%	50		60	0.93%	
Lowe's Home Improvement	6	125	-	150	1.74%	140	-	160	2.53%	
Lowe's Foods	7 (tie)	100	-	125	1.42%	75		100	1.47%	
Best Buy	7 (tie)	100	-	125	1.42%					
Wellington Nursing Center	9 (tie)	75	-	100	1.11%	100	-	125	1.89%	
Home Depot	9 (tie)	75	-	100	1.11%	100	-	125	1.89%	
Total of Top Employers, in a range		1,975	to	2,350		1,715	to	1,970		
Total Estimated Employed in Town (2)		7,898				5,939				
Estimated Percentage of Total Employment Represented by Top Employers		27.38%				31.02%				

Notes:

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

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

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

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

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

TOWN OF KNIGHTDALE, NORTH CAROLINA**Commercial Activity**

Last Ten Calendar Years

Table 19

Building Permits (1)

Calendar Year	All Commercial		New Residential		Total	
	Number	Value	Number	Value	Number	Value
2009	69	13,802,065	130	24,305,128	199	38,107,193
2010	56	6,449,164	126	22,242,753	182	28,691,917
2011	64	8,588,038	137	24,275,987	201	32,864,025
2012	63	9,879,743	200	36,728,786	263	46,608,529
2013	40	2,144,704	242	37,804,599	282	39,949,303
2014	51	3,054,938	135	25,878,037	186	28,932,975
2015	70	16,426,116	215	43,877,276	285	60,303,392
2016	112	38,441,256	222	42,174,824	334	80,616,080
2017	112	38,855,235	255	50,777,123	367	89,632,358
2018	84	20,493,178	156	33,722,628	240	54,215,806

NOTES:

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



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Knightdale Fire Department



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

COMPLIANCE SECTION

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Knightdale, North Carolina, as of and for the year ended June 30, 2019, 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 October 22, 2019.

Internal Control Over Financial Reporting

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

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

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

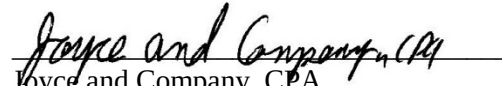
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Knightdale's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and,

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

Purpose of this Report

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


Joyce and Company, CPA
Cary, North Carolina

October 22, 2019

**TOWN OF KNIGHTDALE, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended June 30, 2019**

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 | _____ <u>X</u> No |
| • Significant deficiencies identified that are not considered to be material weaknesses? | _____ Yes | _____ <u>X</u> None reported |
| • Noncompliance material to financial statement noted | _____ Yes | _____ <u>X</u> No |

Federal Awards

The Town of Knightdale has no major federal programs.

State Awards

The Town of Knightdale has no major state programs.

Section II. Financial Statement Findings

None.

Section III. Federal Award Findings and Questioned Costs

None.

Section IV. State Award Findings and Questioned Costs

None.

Town of Knightdale, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Fiscal Year Ended June 30, 2019

<u>Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>State/ Pass-Through Grantor's Number</u>	<u>Federal Direct and Pass-Through Expenditures</u>	<u>State Expenditures</u>	<u>Local Expenditures</u>	<u>Total Expenditures</u>
Federal Grants:						
Cash Programs:						
<u>United States Department of Homeland Security</u>						
Direct Program						
Federal Emergency Management Agency						
Assistance to Firefighters Operations and Safety Program	97.044	N/A	114,124	-	-	114,124
<u>United States Department of Justice</u>						
Direct Program						
Bulletproof Vest Partnership	16.607	N/A	4,695	-	4,695	9,390
Total assistance-federal programs			118,819	-	4,695	123,514
State Grants:						
Cash Programs:						
<u>North Carolina Department of Transportation</u>						
Non-State System Street-Aid Allocation						
Powell Bill	N/A	DOT-4	-	119,105	-	119,105
Total federal and state assistance			\$ 118,819	\$ 119,105	\$ 4,695	\$ 242,619

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, 2019. 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.



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