

# NORTH CAROLINA MUNICIPAL COUNCIL

*A Division of the Carolinas Municipal Advisory Council, Inc.*

*Incorporated Not For Profit*

**225 Tryon Rd. – Suite 200**

**RALEIGH, NORTH CAROLINA 27603**

**February 11, 2011**

**Report No. 487-F**

## **TOWN OF KNIGHTDALE NORTH CAROLINA**

**(Council Rating - 82)**

<b>In Wake County</b>	Population - 1970	815
	1980	985
	1990	1,884
	2000	5,958
	<b>(est.) 2009</b>	<b>12,393</b>

### **CONCLUSIONS**

The Town of Knightdale has a moderate gross direct debt in proportion to taxable property and the debt is moderately high on a per capita basis. Real property was reappraised for 2008 taxation and the Town is operating with a lower than average tax rate. The Town has outstanding \$2,487,000 general obligation bonds, of which approximately 74.6% (\$1,855,420) were issued for utility purposes. On May 1, 2006, Knightdale transferred ownership and operational responsibility of the Town's water and sewer utilities to the City of Raleigh, which assumed all assets and liabilities of Knightdale's water and sewer system. The City of Raleigh forwards sufficient funds to the Town to provide for debt service requirements on the Town's outstanding utility-related general obligation bonds (Series 1976 – prin. outstanding \$19,000; Series 1984 – prin. outstanding \$68,000; and a portion of the Series 2002 – prin. outstanding \$1,855,420) and lease purchase contracts (outstanding principal \$972,690). The remainder of the bonded debt is rather small in proportion to taxable property. In addition to general obligation bonds, Knightdale has outstanding \$7,190,691 installment purchase contracts that were issued for vehicles, equipment, land, buildings, and water improvements. Knightdale has no new general obligation bonds planned at this time. The Town will finance a new park and community recreation center at a cost of about \$3.7 million through an installment contract.

Knightdale is located a few miles east of Raleigh, the State capital, and serves primarily as a bedroom community to the surrounding employment centers. However, as the Town's population grew rapidly from the late 1980's through 2008, commercial and business resources in the Town also grew. The Town's population grew by 91.3% from 1980 to 1990 and by 216.2% from 1990 to 2000. The Town's 2009 estimated population of 12,393 reflects an increase of 108% since 2000. Commercial development peaked in 2008, with 143 commercial permits issued, valued at \$89 million. The Shoppes at Midway Plantation opened in 2007 along Knightdale Boulevard (US Highway 64 Business) near the I-540 interchange and includes anchors Target, Home Depot, Best Buy, Kohl's and Dick's Sporting Goods, along with Chili's, Applebee's, Bed Bath & Beyond, OfficeMax, Kirkland's Home, Michael's, Radio Shack, Five Guys Burgers and Chick-fil-a, to name a few. A new Wal-Mart SuperCenter has also been constructed in Knightdale in recent years. Other recent commercial development includes restaurants, smaller retail shops, office buildings, medical clinics and outpatient surgery centers. Recent highway improvements include the US Highway 64 Bypass (13 mile section opened in 2005) and Interstate Highway 540 which opened in January 2007. These road projects greatly enhance traffic flow to Raleigh and the Research Triangle Park.

Like other municipalities, Knightdale has been affected by the recent recession with declines in certain state-collected revenues, development related fees and investment earnings. For FY 2010, the Town reduced expenditures, held some vacant positions open and was able to balance its budget without using fund balance. For FY 2011, the Town Council increased the tax rate by 1¢ to fund additional police officers. Knightdale is using grants to fund capital projects and some public safety positions, and the sales tax has rebounded with a new shopping center and large stores (major retailers) opening in the Town.

**VALUATION AND TAXES**

			Growth %	
Assessed Valuation for	2000-01	\$	408,152,267	
	2001-02		447,637,725	8.82%
	2002-03		460,137,434	2.72%
	2003-04		472,280,403	2.57%
	2004-05		503,462,984	6.19%
	2005-06		590,583,180	14.75%
	2006-07		639,450,231	7.64%
	2007-08		740,500,656	13.65%
	2008-09		1,099,469,450	32.65%
	2009-10	Real Property	\$ 1,068,919,623	
		Personal Property	106,944,430	
		Public Service Cos.	9,050,383	
			\$ 1,184,914,436	7.21%
	2010-11	Real Property	\$ 1,114,360,955	
		Personal Property	50,525,338	
		Motor Vehicles	78,834,160	
		Public Service Cos.	9,148,276	
			\$ 1,252,868,729	5.42%

Real property was reappraised for 2008 taxation and is listed at 100% of the 2008 appraised value.

**Tax Rate (Based on \$100.00 assessed valuation)**

Town Tax Rate		Total Overall Tax Rate 2010-11	
2001-02	0.440	Knightdale	\$ 0.410
2002-03	0.460	Airport District	-
2003-04	0.480	Wake County	0.534
2004-05	0.500	Total	\$ 0.944
2005-06	0.500		
2006-07	0.500		
2007-08	0.500		
2008-09	0.400 *		
2009-10	0.400		
2010-11	0.410		

\*Real property was reappraised for 2008 taxation.

**Tax Collection Record (Fiscal year July 1st to June 30th)**

	2006-07	2007-08	2008-09	2009-10
Levy	\$ 3,201,115	\$ 3,708,082	\$ 4,441,324	\$ 4,779,605
Collected to 6-30-2010	3,190,164	3,692,788	4,398,974	4,672,322
Uncollected	\$ 10,951	\$ 15,294	\$ 42,350	\$ 107,283
Percent delinquent	0.34%	0.41%	0.95%	2.24%
Collected in year levied	\$ 3,106,828	\$ 3,595,606	\$ 4,314,443	\$ 4,672,322
Percent collected in year levied	97.05%	96.97%	97.14%	97.76%
% Collected on real & personal property	98.96%	98.92%	98.46%	98.85%
% Collected on motor vehicles	81.19%	79.98%	81.50%	81.65%
Uncollected 2005 and prior years	\$ 27,641			

**Largest Taxpayers (2009-10)**

	Assessed Values	% of Total	Taxes
Kimco Wakefield Knightdale LP (real estate/development)	\$ 35,156,686	2.97%	\$ 140,627
Greystone WW Co., LLC (real estate/development)	30,000,716	2.53%	120,003
Widewaters Knightdale Co. LLC (real estate)	25,149,497	2.12%	100,598
Crosland Knightdale, LLC (real estate/development)	22,748,864	1.92%	90,995
Lowe's Home Center, Inc. (bldg. supplies/hardware/retail)	18,728,427	1.58%	74,914
Wake Stone Corp. (mining / aggregates)	17,910,745	1.51%	71,642
Laurens Way Co. Ltd. Partnership (apartments, real estate)	14,716,009	1.24%	58,864
TGLVF Eastpoint LLC (electric motor controls)	13,029,617	1.10%	52,118
Rex Hospital, Inc. (health care services)	12,708,977	1.07%	50,836
Kohl's Department Stores (retail)	11,434,532	0.97%	45,735
Target Corporation (retail dept. store)	10,697,172	0.90%	42,789

**OPERATIONS****Revenue and Expenditures (Fiscal years June 30, 2008, 2009 and 2010)**

Revenues:	FY 2008	FY 2009	FY 2010
Ad Valorem Taxes	\$ 3,697,892	\$ 4,428,988	\$ 4,787,815
Local Option Sales Tax	1,753,660	1,660,860	1,707,341
Utility Franchise Tax	487,747	443,708	322,644
Beer & Wine Tax	40,891	44,070	15,642
Hold-Harmless Payments	-	-	-
Unrestricted Intergovernmental	100,242	79,622	236,361
Restricted Intergovernmental	392,971	400,597	381,876
Licenses, Permits & Fees	433,743	869,140	359,701
Sales & Services	874,890	955,003	1,075,050
Water & Sewer Operations	-	-	6,003
From Raleigh - for Debt Service *	563,293	557,547	496,988
From Water/Sewer Capital Reserve Fund	290,135	143,608	-
ABC Profit Distribution	25,207	24,804	32,894
Installment Purchase Proceeds	699,549	175,000	60,059
From Capital Projects Funds	17,953	-	-
Investment Earnings	216,733	73,709	14,480
Miscellaneous	115,431	123,082	36,526
<b>Total Revenues:</b>	<b>\$ 9,710,337</b>	<b>\$ 9,979,738</b>	<b>\$ 9,533,380</b>
<b>Expenditures:</b>			
General and Administrative	\$ 1,582,185	\$ 1,671,944	\$ 1,164,083
Public Safety	2,839,365	3,003,200	3,094,857
Public Works	1,290,931	1,614,249	2,106,193
Culture & Recreation	1,029,592	868,644	844,184
Economic Development	-	-	412,798
Capital Outlay	2,387,552	212,563	256,036
To Special Revenue/Grants Funds	-	-	2,175
To Capital Projects Fund (net)	-	570,184	176,626
Water & Sewer Operations	-	25	37
Water & Sewer Capital Outlay	107,549	-	-
To Water & Sewer Capital Projects Fund	-	-	-
To Raleigh - Utilities	119,447	-	-
Debt Service	1,316,608	1,364,444	1,283,292
<b>Total Expenditures:</b>	<b>\$ 10,673,229</b>	<b>\$ 9,305,253</b>	<b>\$ 9,340,281</b>
<b>Revenues Over / (Under) Expenditures</b>	<b>\$ (962,892)</b>	<b>\$ 674,485</b>	<b>\$ 193,099</b>
<b>Cash and Investments - Included Funds</b>	<b>6-30-2008</b>	<b>6-30-2009</b>	<b>6-30-2010</b>
General Fund	\$ 2,785,323	\$ 2,898,349	\$ 2,838,436
General Fund - Restricted	146,800	146,800	146,800
Capital Reserve Fund	33,070	1,757,411	1,930,844
Water & Sewer Fund	2,859,395	2,590,033	2,133,746
<b>Total</b>	<b>\$ 5,824,588</b>	<b>\$ 7,392,593</b>	<b>\$ 7,049,826</b>
<b>Cash and Investments - Excluded Funds</b>			
Capital Projects Fund	\$ 56,693	\$ 69,359	\$ 5,235
Special Revenue Funds	-	-	9,175
Restricted Water and Sewer Fund	-	-	-
<b>Total</b>	<b>\$ 56,693</b>	<b>\$ 69,359</b>	<b>\$ 14,410</b>
<b>Fund Balance</b>			
Unreserved/Undesignated	\$ 1,981,389	\$ 2,151,399	\$ 1,897,932
% of GF Expenditures & Transfers	20.05%	25.36%	21.30%

Statement of Activities

Year Ended June 30, 2010

<i>Town of Knightdale</i>	Expenses	Program Revenues			Net (Expense) Revenue & Changes in Net Assets		
		Charges for Services	Operating Grants	Capital Grants	Governmental Activities	Business-type Activities	Total
<u>Functions/Programs</u>							
Governmental Activities:							
General government	\$ (1,490,500)	\$ 1,250	\$ 92,566	\$ 49,500	\$ (1,347,184)	\$ -	\$ (1,347,184)
Public safety	(3,647,406)	35,431	131,927	430,350	(3,049,698)	-	(3,049,698)
Streets	(2,366,730)	8,080	284,567	29,342	(2,044,741)	-	(2,044,741)
Sanitation/environmental	(535,182)	590,782	9,087	-	64,687	-	64,687
Economic & physical development	(418,950)	102,752	-	-	(316,198)	-	(316,198)
Culture & recreation	(898,375)	371,833	-	-	(526,542)	-	(526,542)
Interest on long-term debt	(168,894)	-	-	-	(168,894)	-	(168,894)
Total governmental activities	\$ (9,526,037)	\$ 1,110,128	\$ 518,147	\$ 509,192	\$ (7,388,570)	\$ -	\$ (7,388,570)
Business-type activities:							
Water and Sewer	(133,748)	-	-	-	-	(133,748)	(133,748)
Total business-type activities	(133,748)	-	-	-	-	(133,748)	(133,748)
Total	<u>\$ (9,659,785)</u>	<u>\$ 1,110,128</u>	<u>\$ 518,147</u>	<u>\$ 509,192</u>	<u>\$ (7,388,570)</u>	<u>\$ (133,748)</u>	<u>\$ (7,522,318)</u>

## General revenues:

## Taxes:

Property taxes, levied for general purposes	\$ 4,796,505	\$ -	\$ 4,796,505
Other taxes	220,629	-	220,629
Unrestricted intergovernmental	2,314,882	-	2,314,882
Unrestricted investment earnings	22,027	146,081	168,108
Miscellaneous	117,836	6,003	123,839
Gain (Loss) on disposal of assets	15,155	-	15,155
Transfer of utility assets to City of Raleigh	-	-	-
Total general revenues and transfers	\$ 7,487,034	\$ 152,084	\$ 7,639,118
Changes in net assets	98,464	18,336	116,800
Net assets - beginning of year	30,567,468	2,628,382	33,195,850
Prior period adjustment	(46,958)	-	(46,958)
Net assets - end of year	\$ 30,618,974	\$ 2,646,718	\$ 33,265,692

Statement of Net Assets

	Governmental Activities	Business-type Activities	Total
Cash and investments	\$ 4,783,690	\$ 2,133,746	\$ 6,917,436
Restricted Cash and investments	146,800	-	146,800
Due from other governments	770,739	11,449	782,188
Note receivable	-	2,882,155	2,882,155
Other current assets	390,898	-	390,898
Capital assets	30,105,151	628,502	30,733,653
Total assets	\$ 36,197,278	\$ 5,655,852	\$ 41,853,130
Accounts payable and accrued expenses	\$ 300,442	\$ 117,417	\$ 417,859
Accrued interest payable	96,985	9,562	106,547
Other current liabilities	244,664	-	244,664
Long-term liabilities - due within one year	578,757	370,155	948,912
Long-term liabilities - due in more than one year:			
Compensated absences	84,891	-	84,891
Net Pension Obligation	265,276	-	265,276
OPEB	225,871	-	225,871
Bonds and notes payable	3,781,418	2,512,000	6,293,418
Total liabilities	\$ 5,578,304	\$ 3,009,134	\$ 8,587,438
Net assets:			
Invested in capital assets, net of debt	\$ 26,004,718	\$ 628,502	\$ 26,633,220
Restricted for :			
Streets	\$ 215,886	\$ -	\$ 215,886
Public safety	71,558	-	71,558
Loan covenants	146,800	-	146,800
Unrestricted	4,180,012	2,018,216	6,198,228
Total net assets	\$ 30,618,974	\$ 2,646,718	\$ 33,265,692

Water and Sewer System

Prior to May 1, 2006, Knightdale operated water and sewer service utilities serving customers in and around the Town. **On May 1, 2006, the Town of Knightdale transferred all utility assets, liabilities and operational responsibilities to the City of Raleigh.** Knightdale maintains a water/sewer fund to account for fees paid by developers, transfers from the City of Raleigh for debt service, certain improvements to the system and payment of debt service by the Town.

Transactions in the water and sewer fund were as follows:

	2007-08	2008-09	2009-10
Operating Revenue	\$ -	\$ -	\$ -
Operating Expenditures	-	-	-
Operating Profit	\$ -	\$ -	\$ -
Other Revenues (Expenditures) *	73,281	143,583	5,966
Revenue Over / (Under) Expenditures	\$ 73,281	\$ 143,583	\$ 5,966
Transfers from Raleigh for Debt Service	443,846	557,547	496,988
Available for Debt Service	\$ 517,127	\$ 701,130	\$ 502,954
Principal and Interest Payments	\$ 560,302	\$ 557,558	\$ 496,988
Cash and Investments	\$ 2,859,395	\$ 2,590,033	\$ 2,133,746

\* Includes transfers from Utilities Capital Projects Funds

**NOTE -** The City of Raleigh charges differential rates in the various service areas. Rates in Knightdale are as follows: Water Base Charge - \$5.75 per month Sewer Base Charge - \$5.75 per month  
Volume Charges: (water) \$4.13 per 100 cu. ft. (sewer) \$3.60 per 100 cu. ft.  
Cost per month (6,000 gals.): Water - \$38.79; Sewer - \$34.55; **Total - \$73.34**  
Rates in Knightdale were increased by about 15% on 7-1-2010.

Electric System

Knightdale does not own or operate a municipal electric system. Electric current is supplied to the Town and its citizens by Progress Energy (formerly Carolina Power & Light Company).

Liquor Revenue

Local liquor stores are operated by the Wake County ABC Board and the enabling legislation provides that 27% of the net profits be distributed to the municipalities of Wake County in the ratio that the assessed valuation of each municipality bears to the total valuation of all the municipalities in the County. Town revenue from this source amounted to \$9,444 in 2003-04, \$13,010 in 2004-05, \$15,037 in 2005-06, \$19,474 in 2006-07, \$25,207 in 2007-08, \$24,804 in 2008-09 and \$32,894 in 2009-10.

**TAX SUPPORTED DEBT**

Indebtedness (12-2-2010)

Bonds - General	\$ 631,580		
Water & Sewer	1,855,420 *		
Notes	-		
Installment Obligations	7,190,691		
Gross Debt	\$ 9,677,691	0.77%	
Utility Debt (serviced by Raleigh)	2,828,109		
	Net Debt	0.55%	\$ 6,849,582
	Per capita gross debt (Town only )		\$ 781
	Per capita gross debt (Town and overlapping )		\$ 3,574

\* Debt service on these bonds are being paid from funds transferred from the City of Raleigh.

Relative Debt Burden

Gross Town Debt				\$	9,677,691
Utility System Debt Capitalized		\$	2,828,109		
Liquor Revenue Capitalized (4 yr. avg.)			<u>255,947</u>		<u>3,084,056</u>
				\$	6,593,635
Proportion of Overlapping Debts					
Wake County	1.05%	of	\$ 2,120,034,650		<u>22,260,364</u>
Capitalized Debt & Overlapping Debt				\$	28,853,999
Hypothetical debt based on relative ability to pay			163%	\$	17,701,840
Hypothetical per capita debt burden				\$	1,428

\* **Wake County has voter authorized and unissued \$279,290,000 G. O. Bonds and the County plans to offer approximately \$100,000,000 General Obligation School Bonds for sale on March 15, 2011.**

**NOTE** - This section is inserted primarily for rating purposes. Outstanding debt is adjusted by deducting capitalized special revenues and adding proportionate overlapping obligations. The debt is further adjusted in accordance with certain resources of the unit so as to better reflect the burden it represents in relation to the normal North Carolina municipality.

General Obligation Bonds \$2,487,000

<u>Dated</u>	<u>Issue</u>	<u>Rate</u>	<u>Issued</u>	<u>Outstanding</u>	<u>Maturing</u>
2-2-1976	G.O. Water, 1976	5.00%	\$ 200,000	\$ 10,000	6-1-2011
				9,000	6-1-2012
4-30-1984	G.O. Sanitary Sewer, 1984	5.00%	190,000	9,000	6-1-2011
				9,000	6-1-2012
				10,000	6-1-2013
				10,000	6-1-2014
				11,000	6-1-2015
				11,000	6-1-2016
				8,000	6-1-2017
12-1-2002	Public Improvement, 2002	4.00%	2,800,000	200,000	6-1-2011
				200,000	6-1-2012
				200,000	6-1-2013
				200,000	6-1-2014
				200,000	6-1-2015
				200,000	6-1-2016
				200,000	6-1-2017
				200,000	6-1-2018
				200,000	6-1-2019
				200,000	6-1-2020
12-1-2002	Public Improvement, 2002	4.10%	400,000	200,000	6-1-2021
				200,000	6-1-2022

General Obligation Bond Requirements \* (Fiscal year July 1st to June 30th)

	<u>Principal</u>	<u>Prin. &amp; Int.</u>		<u>Principal</u>	<u>Prin. &amp; Int.</u>
2010-11	\$ 219,000	\$ 319,750	2016-17	\$ 208,000	\$ 256,800
2011-12	218,000	309,800	2017-18	200,000	240,400
2012-13	210,000	292,900	2018-19	200,000	232,400
2013-14	210,000	284,400	2019-20	200,000	224,400
2014-15	211,000	276,900	2020-21	200,000	216,400
2015-16	211,000	268,350	2021-22	<u>200,000</u>	<u>208,200</u>
			Totals	\$ 2,487,000	\$ 3,130,700

\* **Approximately \$1,855,420 of the above debt service is now funded by the City of Raleigh.**

Installment Obligations \$7,190,691

Outstanding	Rate	Purpose	Payable
\$ 1,344,732 *	4.640%	Park & Water Tank	\$ 139,915 (prin. & int.) semi-ann.
2,821,500	4.74%	Land Acquisition	282,150 (prin. & int.) annually
2,227,219	4.125%	Public Safety Building	146,800 (prin. & int.) annually
1,831	4.27%	Fire & Rescue Equipment	414 (prin. & int.) annually
47,953	4.89%	Fire Truck and Equipment	16,772 (prin. & int.) semi-ann.
1,165	0.27%	Annexation (fire/rescue)	295 (prin. & int.) annually
5,732	1.79%	Annexation (fire/rescue)	1,958 (prin. & int.) annually
196,136	4.43%	Fire Truck	20,270 (prin. & int.) semi-ann.
144,708	1.78%	Vehicles & Equipment	74,292 (prin. & int.) annually
60,200	3.19%	Vehicle	30,822 (prin. & int.) semi-ann.
272,990	3.32%	Fire Truck	20,709 (prin. & int.) semi-ann.
46,740	3.55%	Phone System	1,111 (prin. & int.) monthly
2,725	0.53%	Annexation (fire/rescue)	608 (prin. & int.) annually
8,028	1.797%	Annexation (fire/rescue)	1,958 (prin. & int.) annually
3,276	0.53%	Annexation (fire/rescue)	666 (prin. & int.) annually
5,756	1.079%	Annexation (fire/rescue)	1,218 (prin. & int.) annually

\* 72.3333% of debt service requirements is being forwarded to the Town by the City of Raleigh as part of the utilities merger agreement.

The above agreements are payable in the minimum annual installments as follows:

	Principal	Prin. & Int.		Principal	Prin. & Int.
2010-11	\$ 514,016	\$ 1,114,404	2018-19	\$ 355,041	\$ 455,698
2011-12	781,462	1,070,209	2019-20	358,048	442,324
2012-13	735,989	992,469	2020-21	361,178	146,800
2013-14	679,649	904,803	2021-22	82,288	146,800
2014-15	683,533	878,057	2022-23	85,683	146,800
2015-16	697,388	860,666	2023-24	89,217	146,800
2016-17	388,480	523,864	2024-25	92,897	146,800
2017-18	392,562	510,490	Thereafter	1,213,836	1,515,627
			Totals	\$ 7,511,267	\$ 10,002,611

Comparative Debt Statement

	July 2, 1989	Mar. 3, 1997	No. 2, 2002	Dec. 15, 2006	Dec. 2, 2010
<i>Tax Supported:</i>					
Bonds	\$ 451,000	\$ 340,500	\$ 226,500	\$ 3,356,500	\$ 2,487,000
Notes	446,400	-	-	-	-
Installment Obligations	144,773	1,439,207	4,374,354	5,709,945	7,190,691
Gross Debt	\$ 1,042,173	\$ 1,779,707	\$ 4,600,854	\$ 9,066,445	\$ 9,677,691
Net Debt	131,450	1,439,207	4,374,354	4,797,220	6,849,582

Other Post-Employment Benefits

Knightdale offers eligible retirees access to health insurance and subsidizes the cost of premiums, based on the number of years of creditable service and date of hire. Employees hired on or after April 20, 2005 that participate in the NC Local Government Employees' Retirement System and retire with 25 years of creditable service, may retire with full benefits; 75% premium payment with 22-24 years of service; 50% premium payment with 18 to 20 years of service; 25% premium payment with 15-17 years of service; and at age 65 the Town will pay \$50 per month for a Medicare Supplement policy. Employees hired before that date have more liberal requirements, providing 100% premium payment with 10 years' or more service and certain requisite age requirements. Retirees hired before April 20, 2005 also qualify for a Medicare Supplement policy (100% payment) when the retiree reaches age 65.

At December 31, 2009, Knightdale had two retirees receiving benefits and 58 other Plan Participants.

Actuarial Valuation Date	Unfunded Accrued Liability	Annual Required Contribution	FY 2010 Contribution
12/31/2009	\$ 2,419,933	\$ 237,605	\$ 11,734

Recent Bonds Sold

On December 10, 2002, the Town of Knightdale sold \$3,800,000 general obligation bonds (average maturity 10.5 years) to Wachovia Bank at a premium of \$12.80 (net interest cost of 4.017%). The bonds are additionally secured under an insurance policy of FSA (Financial Security Assurance) and are described as follows:

\$ 400,000 GO Pub. Impr.	3.90%	Dated	Dec. 1, 2002	Due	June 1, 2004/2005
3,000,000 GO Pub. Impr.	4.00%	“	Dec. 1, 2002	“	June 1, 2006/2020
400,000 GO Pub. Impr.	4.10%	“	Dec. 1, 2002	“	June 1, 2021/2022

Redemption Provisions, Securities Depository and Bond Counsel

The Bonds maturing on or after June 1, 2013, are subject to redemption prior to maturity, at the option of the Town, from any moneys that may be made available for such purpose, either in whole or in part (in multiples of \$5,000) on any date not earlier than June 1, 2012, at a redemption price equal to the principal amount of the Bonds to be redeemed together with accrued interest thereon to the date fixed for redemption, provided the redemption price for Bonds redeemed during the period June 1, 2012, to May 31, 2013, inclusive, shall include a premium of 101% of the principal amount to be redeemed and the redemption price for Bonds redeemed thereafter, shall be at 100% of the principal amount to be redeemed. The Depository Trust Company, New York, NY serves as Securities Depository and Hunton & Williams served as Bond Counsel.

Debt Planned

Knightdale has no new general obligation bonds authorized and none are definitely planned at this time. The Town will be developing a new park and community recreation center within the next year at a cost of about \$3.7 million through an installment purchase contract. The land has already been acquired.

Record of Debt Payment

According to sources considered to be reliable, the Knightdale has never defaulted the payment of bond principal or interest.

The N. C. Local Government Commission is authorized by Statute to impound the books and records of any unit of local government and assume full control of all its financial affairs if the unit defaults on any debt service payment or, in the opinion of the Commission, would default on a future debt service payment if the financial policies and practices of the unit are not improved.

Schools

Local schools are provided by the Wake County School System and have no financial connection with the Town of Knightdale.

**ECONOMY/RESOURCES**

Larger Employers (Located in and near the Town)

<u>Company/Institution</u>	<u>Products/Services</u>	<u>Employment</u>
Wake County Public Schools	Education	550-600
Schneider Electric	Electric devices	450-500
Wal-Mart	Discount retailer	125-150
Lowe's Home Improvement	Hardware, building supplies, etc.	125-150
Target	Department store	125-150
Kohl's	Department store	100-125
Wellington Nursing Center	Health care	100-125
Lowe's Foods	Supermarkets	75-100
WeatherMaster HVAC	Heating, A/C and plumbing services	75-100
Home Depot	Hardware, building supplies, etc.	75-100
Best Buy	Electronics and appliance sales	75-100

Unemployment Rates

Period	Wake Co.	N C	U S
December 2010	7.5%	9.7%	9.10%
November 2010	7.9%	9.9%	9.3%
October 2010	7.3%	9.2%	9.0%
September 2010	7.6%	9.3%	9.2%
August 2010	8.0%	9.8%	9.5%
July 2010	8.1%	10.0%	9.7%
June 2010	8.3%	10.2%	9.6%
May 2010	8.1%	10.0%	9.3%
April 2010	8.1%	10.1%	9.5%
March 2010	8.6%	10.9%	10.2%
February 2010	9.2%	11.8%	10.4%
January 2010	9.2%	11.7%	10.6%
<b>2010 (Avg.)</b>	<b>8.2%</b>	<b>10.2%</b>	<b>9.6%</b>

Year	Wake Co.	N C	U S
<b>2009 (Avg.)</b>	<b>8.3%</b>	10.8%	9.3%
<b>2008 (Avg.)</b>	<b>4.7%</b>	6.4%	5.8%
<b>2007 (Avg.)</b>	<b>3.5%</b>	4.7%	4.6%
<b>2006 (Avg.)</b>	<b>3.4%</b>	4.6%	4.6%
<b>2005 (Avg.)</b>	<b>4.0%</b>	5.3%	5.1%
<b>2004 (Avg.)</b>	<b>3.6%</b>	5.3%	5.5%
<b>2003 (Avg.)</b>	<b>4.6%</b>	6.3%	6.0%
<b>2002 (Avg.)</b>	<b>5.1%</b>	6.4%	5.7%
<b>2001 (Avg.)</b>	<b>2.9%</b>	5.5%	4.7%
<b>2000 (Avg.)</b>	<b>1.5%</b>	3.5%	4.0%

Population Trends

Year	Town Population	Growth
1970	815	
1980	985	20.86%
1990	1,884	91.27%
2000	5,958	216.24%
2002 (est.)	6,360	6.75%
2004 (est.)	6,660	4.72%
2006 (est.)	8,671	30.20%
2008 (est.)	10,967	26.48%
2009 (est.)	12,393	13.00%
Growth 2000-2009		108.01%

Per Capita Income Trends

Year	Wake Co.	NC	% of Statewide Avg. (Wake Co)
1998	\$ 32,056	\$ 24,743	129.56%
1999	34,355	26,326	130.50%
2000	37,086	27,914	132.86%
2001	37,012	28,382	130.41%
2002	36,166	28,460	127.08%
2003	36,016	28,955	124.39%
2004	37,566	30,557	122.94%
2005	39,095	32,035	122.04%
2006	41,089	33,558	122.44%
2007	42,242	34,865	121.16%
2008	41,691	35,249	118.28%

Retail Sales/Taxable Sales

<u>Fiscal Year</u>	<u>Total Retail Sales</u>	<u>Incr./(Decr.)</u>	<u>Taxable Sales</u>	<u>Incr./(Decr.)</u>
2001-02	\$ 118,648,548			
2002-03	131,185,488	10.6%		
2003-04	163,683,376	24.8%		
2004-05	146,800,130	-10.3%		
2005-06			\$ 95,057,287	
2006-07			151,029,912	58.9%
2007-08			162,638,033	7.7%
2008-09			180,018,014	10.7%
2009-10			NA	

\* Beginning July 1, 2005, the NC Dept. of Revenue began compiling information only for

"Taxable Retail Sales," as certain items (including qualifying food items) are not subject to sales tax.

Total Retail Sales and Taxable Sales are not directly comparable.

NOTE - The State Dept. of Revenue no longer compiles this information for municipalities - only at the county level.

Property Components

<u>Fiscal Year</u>	<u>% Commercial/Industrial</u>	<u>% Residential</u>
2000-01	23%	77%
2001-02	25%	75%
2002-03	25%	75%
2003-04	25%	75%
2004-05	27%	73%
2005-06	25%	75%
2006-07	26%	74%
2007-08	33%	67%
2008-09	36%	64%
2009-10	36%	64%

Construction Activity

<u>Calendar Year</u>	<u>Residential</u>		<u>Commercial</u>		<u>Total Values</u>
	<u>Permits</u>	<u>Values</u>	<u>Permits</u>	<u>Values</u>	
2000	133	\$ 13,111,157	15	\$ 3,219,367	\$ 16,330,524
2001	99	10,785,759	28	9,003,225	19,788,984
2002	82	5,817,161	43	23,726,400	29,543,561
2003	124	13,472,040	41	22,380,504	35,852,544
2004	238	30,649,605	37	5,078,800	35,728,405
2005	194	30,248,440	96	30,246,131	60,494,571
2006	295	44,499,865	93	17,687,288	62,187,153
2007	269	48,559,543	71	12,579,698	61,139,241
2008	174	22,401,561	143	89,109,842	111,511,403
2009	130	24,305,128	69	13,802,065	38,107,193

Transportation Networks

**Highways:** US Highway 64. The US 64-Bypass was opened in the Summer of 2005 which facilitates traffic flow around the Town. A new section of I-540 was opened in January of 2007 which connects the 64 Bypass to I-540 extending north and west of Raleigh.

**Rail:** Freight rail service is provided by the Norfolk-Southern Railroad.

**Air:** Raleigh-Durham International Airport offers approximately 190 scheduled flights daily, and is located approximately 20 minutes from Knightdale.

Location/Features

Knightdale, incorporated in 1927, is located in the eastern Piedmont section of the State, about seven miles east of Raleigh (**see attached maps**). The Town is primarily a residential community and the proximity to Raleigh and the Research Triangle Park affords local residents considerable employment opportunities. An electrical control devices plant (450 empl.) operated by Schneider Electric (formerly Square D Company) was annexed into the Town a few years ago. There are about a dozen large residential neighborhoods located in the Knightdale area that were developed over the past twenty years. Knightdale issued over 1,700 housing permits from 2000 to 2009, with 564 issued at the peak of construction in 2006 and 2007. Residential development has slowed considerably because of the recent recession. Commercial construction in the Town reached its peak in 2008, with 143 commercial permits issued, valued at \$89 million. The Shoppes at Midway Plantation is a 50-acre development, located along Knightdale Boulevard (US Highway 64 Business near the I-540 interchange) which includes Target, Home Depot, Best Buy, Kohl's, Dick's Sporting Goods, Chili's, Applebee's, Bed Bath & Beyond, OfficeMax, Kirkland's Home, Michael's, Radio Shack, Five Guys Burgers and Chick-fil-a, to name a few. A new Wal-Mart SuperCenter has also been constructed. A number of commercial office buildings have been built in recent years, including medical offices, medical clinics and outpatient surgery. The primary road serving Knightdale is U. S. Highway 64. A new US Highway 64 Bypass (13 miles) was opened in 2005 and provides a direct Interstate-quality link to Interstate-540. These road projects greatly enhance traffic flow to Raleigh and to the Research Triangle Park.

**(Total Rating: 82 points out of 100 maximum)**  
**(Previous Rating: 81 points)**

Government Structure: Mayor, Town Council (five members) and Town Manager.

Mr. Seth Lawless is Town Manager.

Mr. James C. Overton, CPA is Finance Director.

*NORTH CAROLINA MUNICIPAL COUNCIL*

*Tony L. Blalock*

Tony L. Blalock

President

Survey made by  
Tony L. Blalock: atp

*This supplements our Reports No. 487 to 487-E. Report No. 487-E was released on February 23, 2007.*

