Discussion Materials

Davie County, North Carolina

January 21, 2015

DAVENPORT & COMPANY
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Contents / Agenda

Goals and Objectives

- Present a detailed analysis of the County's Existing Tax Supported Debt Profile.
  - Analyze a series of Key Financial Ratios so as to better understand the County's Existing Debt Profile and future Debt Capacity.
  - Examine a series of Peer Comparatives to understand how the County's Existing Debt Profile compares against national and North Carolina counties.
- Review the County's Capital Improvement Plan and analyze the potential impacts of the planned borrowings on the County's Tax Supported Debt Profile.
  - Revisit the Key Financial Ratios.
  - Analyze the impact of proposed financings on the County's Debt Affordability based on current revenue sources.
- Provide a series of observations related to the County's Capital Funding Capacity and work towards developing a Comprehensive Plan of Finance that will:
  - Minimize rate impacts on the County's Taxpayers.
  - Maintain a healthy Debt Profile so as to help the County maintain strong credit ratings and comply with Financial Policy Guidelines.
- Provide an analytical framework for additional CIP decisions related to project prioritizations and approvals.

Peer Comparatives

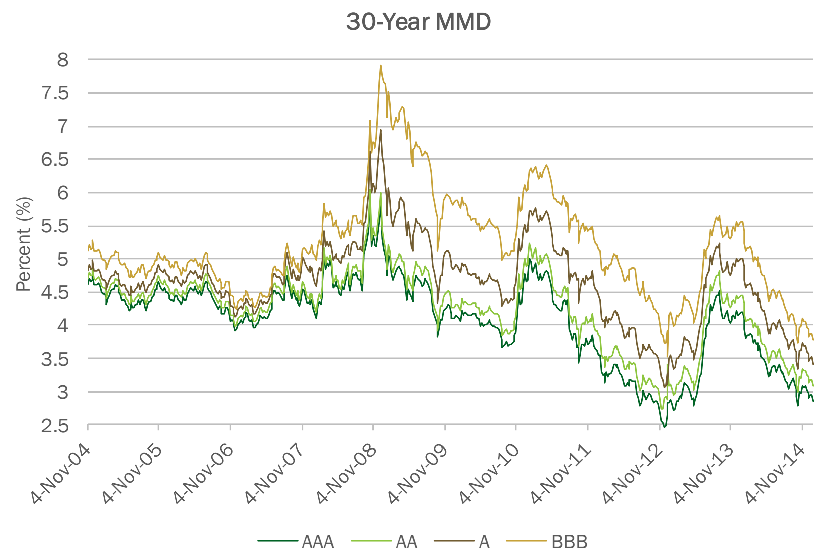
Peer Comparative Introduction

- The County is currently rated Aa2 by Moody's Investors Service (March 2013) and AA by Standard and Poor's (September 2014).
- The following pages contain peer comparatives based on the below Moody's rating categories.
  - National Counties
    - Aaa 78 Credits
    - Aa1 94 Credits
    - Aa2 269 Credits
  - North Carolina Counties
    - Aaa 7 Credits
    - Aa1 7 Credits
    - Aa2 26 Credits
- The data shown in the peer comparatives is from Moody's Municipal Financial and Ratio Analysis database. The figures shown are derived from the most recent financial statement available as of December 5, 2014 (FY 2013 in most cases).

Moody's Investors Service	Standard & Poor's	Fitch Ratings
Aaa	AAA	AAA
Aa1	AA+	AA+
Aa2	AA	AA
Aa3	AA-	AA-
A1	A+	A+
A2	A	A
A3	A-	A-
Baa1	BBB+	BBB+
Baa2	BBB	BBB
Baa3	BBB-	BBB-
Non Investment Grade		

Historical Credit Spreads

- The County's credit rating has a direct impact on the cost of borrowing, which in turn effects the County's debt capacity.
  - The credit spread is the premium an issuer pays to the purchaser of their bonds (i.e. higher interest rate) as compensation for increased credit risk.
  - Since the financial downturn in September 2008, credit quality of issuers has taken on a renewed importance to investors.
  - The average spread for an A rated borrower has increased from 0.33% from Nov 2004 – Dec 2008 to 0.75% since Dec 2008.



Credit Spreads (%) vs the 30-yr AAA MMD

Nov 2004 - Dec 2008

Rating	Min	Max	Average
AA	0.04	0.19	0.10
A	0.15	1.26	0.33
BBB	0.30	2.52	0.60

Dec 2008 - Present

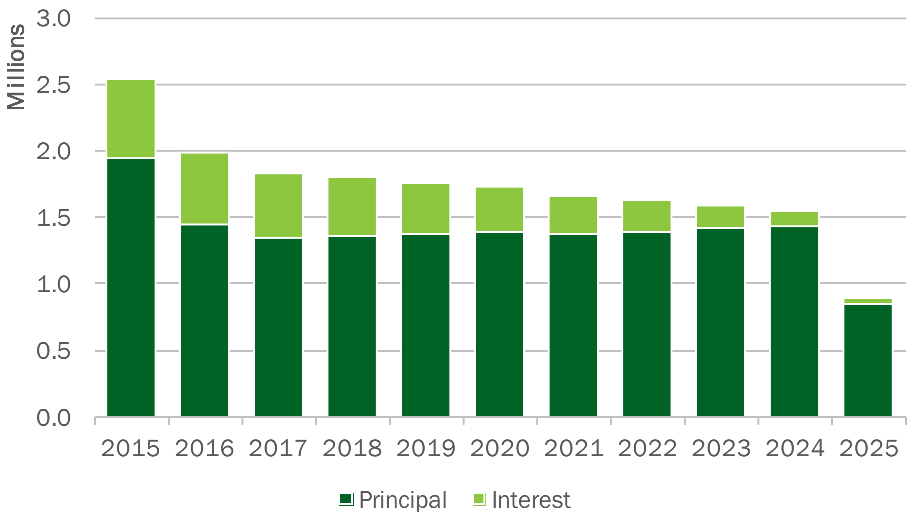
Rating	Min	Max	Average
AA	0.09	0.56	0.22
A	0.27	1.11	0.75
BBB	0.69	2.58	1.50

Note: credit spreads compared to the 'AAA' equivalent

Existing Debt Profile

Existing Tax Supported Debt

Tax Supported Debt Service



Tax Supported Debt Service

FY	Principal	Interest	Total	10-yr Payout
Total	15,327,737	3,650,963	18,978,700	
2015	1,940,456	608,082	2,548,538	94.5%
2016	1,450,456	541,575	1,992,031	100.0%
2017	1,350,456	485,575	1,836,031	100.0%
2018	1,360,456	437,525	1,797,981	100.0%
2019	1,375,456	389,175	1,764,631	100.0%
2020	1,390,456	339,319	1,729,775	100.0%
2021	1,375,000	289,013	1,664,013	100.0%
2022	1,390,000	237,200	1,627,200	100.0%
2023	1,415,000	173,150	1,588,150	100.0%
2024	1,435,000	108,100	1,543,100	100.0%
2025	845,000	42,250	887,250	100.0%

Par Outstanding – Estimated as of 6/30/2014

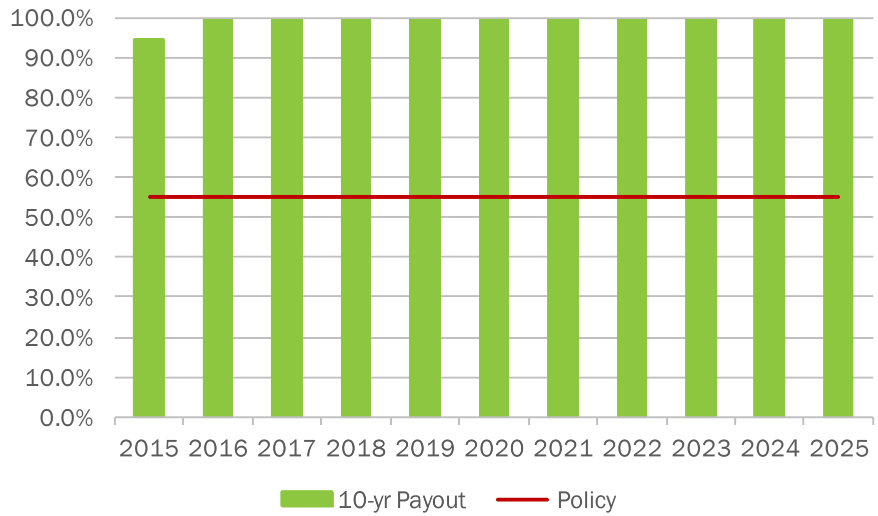
Type	Par Amount
General Obligation Bonds	$5,710,000
IPCs / COPs / LOBs	$9,617,737
Total	**$15,327,737**

Note: QZAB shown net of Sinking Fund earnings.

Source: LGC Bond Ledger and 2014 CAFR

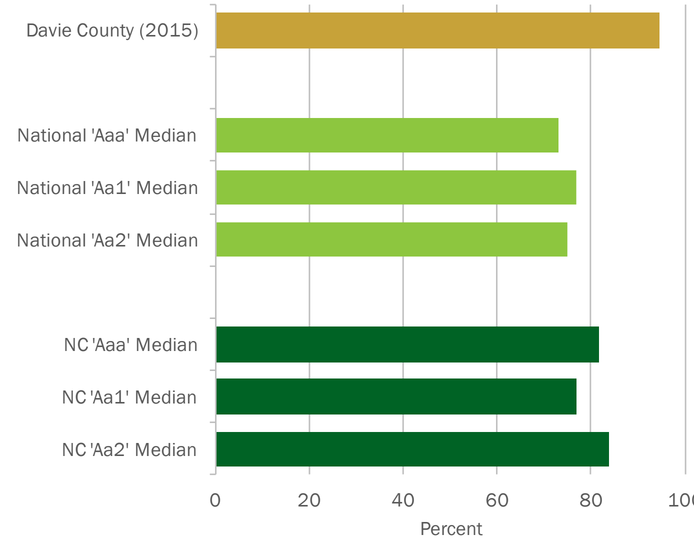
Key Debt Ratio: Tax Supported Payout Ratio

10-Year Payout Ratio



- Existing 10-year Payout Ratio
  - FY 2015: 94.5%
- The 10-Year Payout Ratio measures the amount of principal to be retired in the next 10 years.
- This ratio is an important metric that indicates whether or not a locality is back-loading its debt.
- The County has a Financial Policy setting a minimum 10-Year Payout Ratio of 55%.

10-year Payout Ratio Peer Comparative

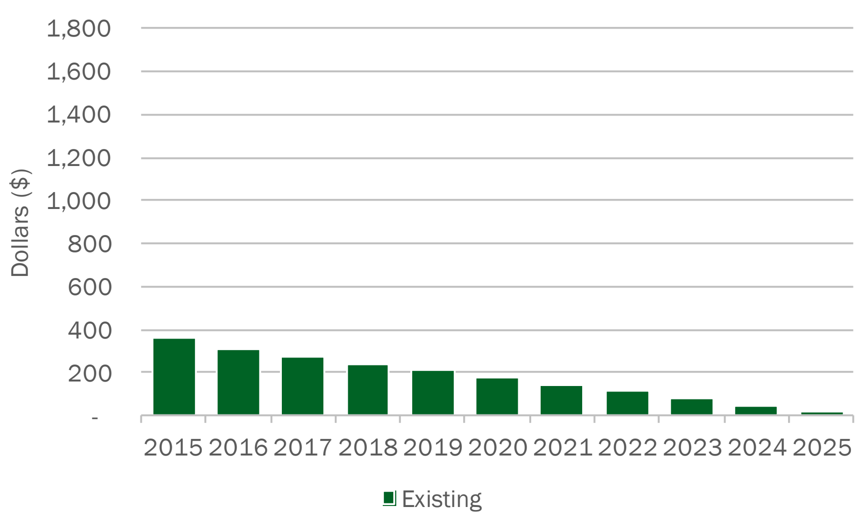


- Rating Considerations:
  - Moody's: Moody's rating criteria for General Obligation credits allows for a scorecard adjustment if an issuer has unusually slow or rapid amortization of debt principal.
  - S&P: A payout ratio greater than 65% results in a one point positive qualitative adjustment to the Debt & Contingent Liabilities section of S&P's General Obligation rating methodology.

Source: LGC Bond Ledger, 2014 CAFR, County Budget Documents, Moody's Investors Service, and S&P

Key Debt Ratio: Debt Per Capita

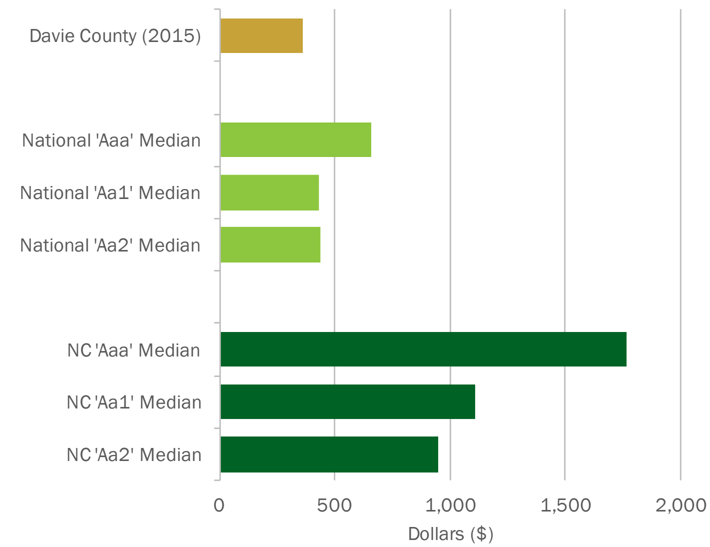
Debt Per Capita



- Existing Debt Per Capita
  - FY 2015: $362

- Assumed Future Growth Rates
  - 2013 Population Estimate: 41,554
  - 2014 & Beyond: 1.00%

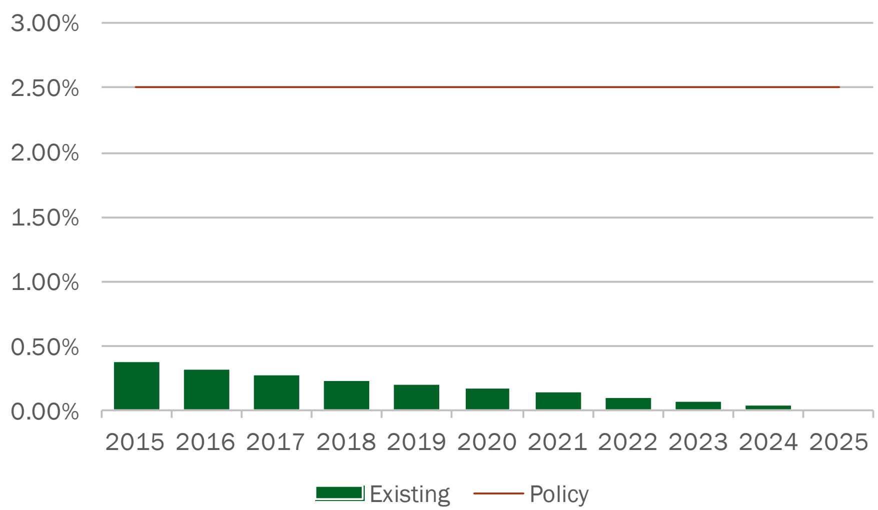
Debt Per Capita Peer Comparative



Source: LGC Bond Ledger, 2014 CAFR, County Budget Documents, Moody's Investors Service, and S&P

Key Debt Ratio: Debt to Assessed Value

Debt to Assessed Value

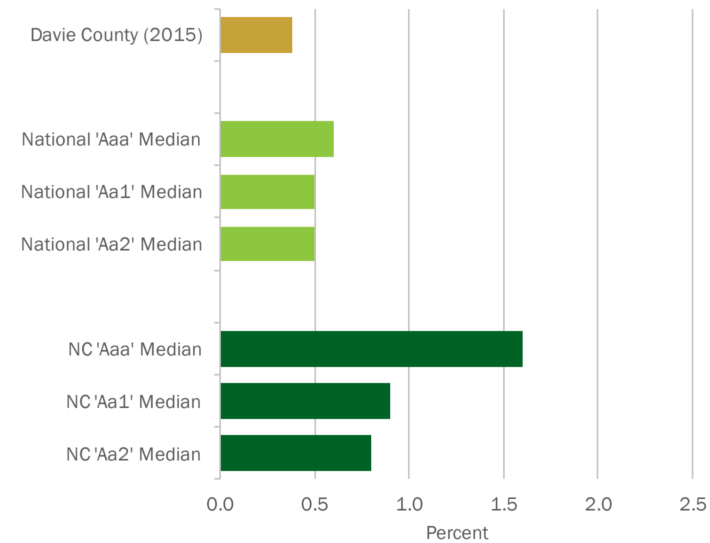


- Existing Debt to Assessed Value
  - FY 2015: 0.36%

- Assumed Future Growth Rates
  - 2014 Assessed Value: $4,250,061,530
  - 2015 – 2017: 1.00%
  - 2018 and Every 4th Year: 5.00%
  - Between Future Revaluations: 1.50%

- The County has a Financial Policy setting a maximum Debt to Assessed Value of 2.5%.

Debt to Assessed Value Peer Comparative

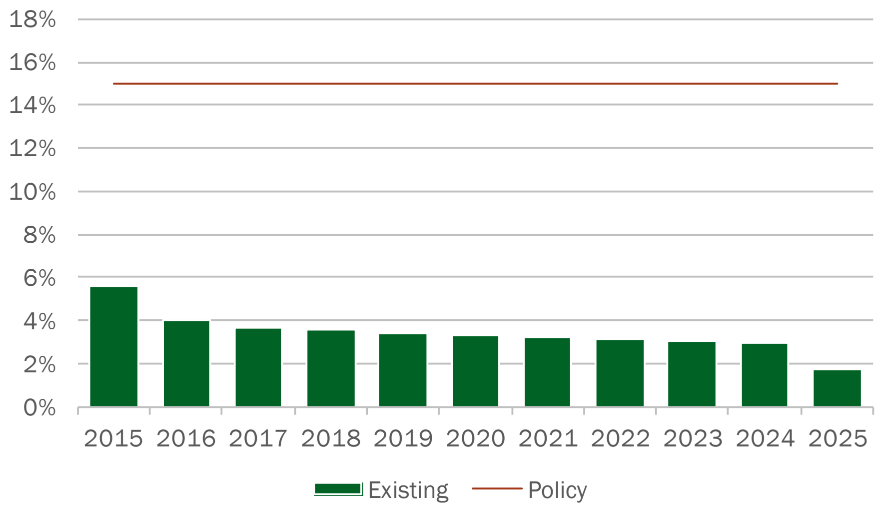


- Rating Considerations:
  - Moody's: Criteria for General Obligation Credits defines categories of Debt to Assessed Values as:
    - Very Strong (Aaa): < 0.75%
    - Strong (Aa): 0.75% - 1.75%
    - Moderate (A): 1.75% - 4.00%
    - Weak – Very Poor (Baa and below): > 4.00%
  - S&P: A positive qualitative adjustment is made to the Debt and Contingent Liabilities score for a debt to market value ratio below 3.00%, while a negative adjustment is made for a ratio above 10.00%.

Source: LGC Bond Ledger, 2014 CAFR, County Budget Documents, Moody's Investors Service, and S&P

Key Debt Ratio: Debt Service vs. Expenditures

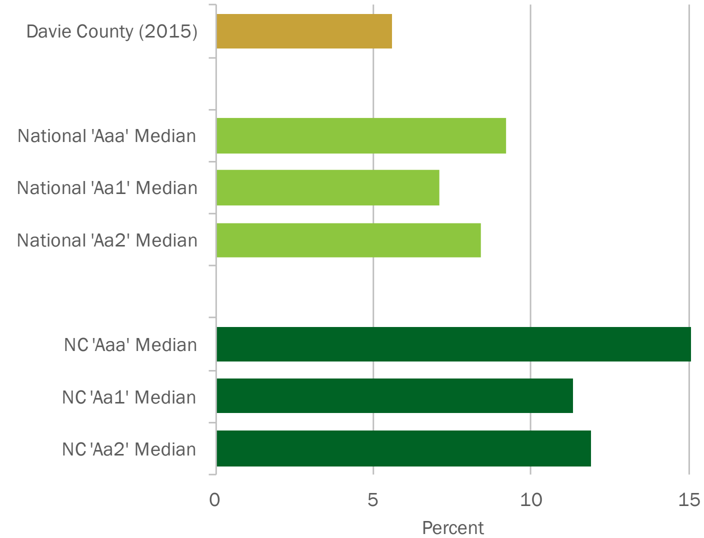
Debt Service vs. Governmental Expenditures



- Existing Debt Service vs. Expenditures
  - FY 2015: 5.68%
- Assumed Future Growth Rates
  - 2014 Adjusted Expenditures: $41,930,013
  - 2015 & Beyond: 1.00%
- The County has a Financial Policy setting a maximum Debt Service to Expenditures of 15%.

Note: Governmental Expenditures represent the ongoing operating expenditures of the County. In this analysis, debt service and capital projects expenditures are excluded.

Debt Service vs. Expenditures Peer Comparative

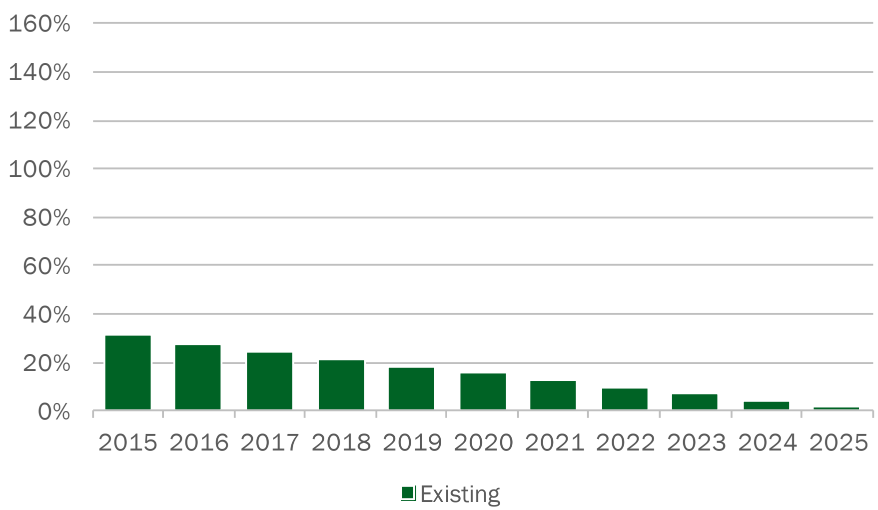


- Rating Considerations:
  - Moody's: Moody's criteria allows for a scorecard adjustment if an issuer has very high or low debt service relative to its budget Percent.
  - S&P: The Debt and Contingent Liabilities section defines categories of Net Direct Debt as a % of Total Governmental Funds Expenditures as follows:
    - Very Strong: <8%
    - Strong: 8% to 15%
    - Adequate: 15% - 25%
    - Weak: 25% - 35%
    - Very Weak: > 35%

Source: LGC Bond Ledger, 2014 CAFR, County Budget Documents, Moody's Investors Service, and S&P

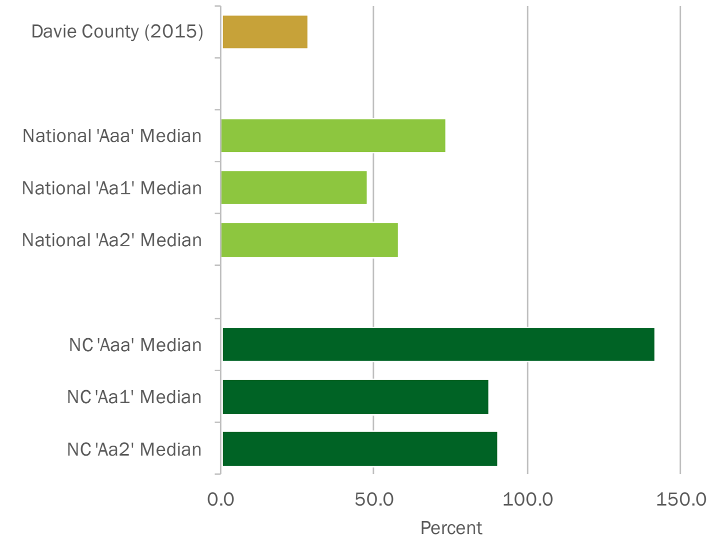
Key Debt Ratio: Debt as a % of Governmental Revenues

Direct Net Debt as a % of Governmental Revenues



- Existing Direct Net Debt as a % of Governmental Revenues
  - FY 2015: 31.73%
- Assumed Future Growth Rates
  - 2014 Governmental Revenues: $47,824,903
  - 2015 & Beyond 1.00%

Debt as a % of Governmental Revenues Peer Comparative



- Rating Considerations:
  - Moody's: The Debt/Pensions section defines categories of Debt to Governmental Revenues as follows:
    - Aaa: < 33%
    - Aa: 33% - 67%
    - A: 67% - 300%
    - Baa and below: > 300%
  - S&P: The Debt and Contingent Liabilities Score defines categories of Net Direct Debt as a % of Total Governmental Funds Revenue as follows:
    - Very Strong: <30%
    - Strong: 30% to 60%
    - Adequate: 60% - 120%
    - Weak: 120% - 180%
    - Very Weak: > 180%

Source: LGC Bond Ledger, 2014 CAFR, County Budget Documents, Moody's Investors Service, and S&P

Standard & Poor's Debt and Contingent Liabilities Score

Total Governmental Funds Debt Service As A % of Total Governmental Funds Expenditures	Net Direct Debt As % of Total Governmental Funds Revenue: <30	30 to 60	60 to 120	120 to 180	≥180
<8	1	**2**	3	4	5
8 to 15	2	3	4	4	5
15 to 25	3	4	5	5	5
25 to 35	4	4	5	5	5
≥35	4	5	5	5	5

A score of 1, 2, 3, 4 and 5 are very strong, strong, adequate, weak and very weak, respectively.

	Qualitative factors with a positive impact on the initial score:	Qualitative factors with a negative impact on the initial score:
-1	Overall net debt as a percentage of market value below 3%.	Significant medium-term debt plans produce a higher initial score when included.
-1	Overall rapid annual debt amortization, with more than 65% coming due in 10 years.	Exposure to interest-rate risk or instrument provisions that could increase annual payment requirements by at least 20%.
		Overall net debt as a percentage of market value exceeding 10%
		Unaddressed exposure to large unfunded pension or OPEB obligations leading to accelerating payment obligations over the medium term that represent significant budget pressure (see paragraph 82). If there is a plan to address the obligations, the final score worsens by one point; otherwise the score worsens by two points.
		Speculative contingent liabilities or those otherwise likely to be funded on an ongoing basis by the government representing more that 10% of total governmental revenue.

For each relevant qualitative factor, the score changes by one point, except for unaddressed exposure to unfunded pension or OPEB obligations which can worsen the final score by two points. The final debt and contingent liabilities score equals the initial score adjusted up or down on the net effect of the qualitative factors. Metrics equal a cutoff point between two initial scores will equate to the worse score.

S&P Contingent Liabilities Score	
Quantitative Score	2
Qualitative Adjustments:	
Net Debt as a % of Market Value < 3%	-1
10-Year Payout > 65%	-1
Adjusted Score	**1**

Note: Could be impacted by the County's future debt plans.

Source: Standard & Poor's Rating Services

Debt Affordability Analysis

Existing Debt

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S
	Debt Service Requirements					Revenue Available for DS							Debt Service Cash Flow Surplus (Deficit)					
FY	Existing Debt Service	CIP Debt Service	County Contribution	CIP Operating Impact	Total	Additional Revenue Requested - Property Tax (5.36¢)	Restricted Sales Tax for School Debt	General Fund - Fund Balance Appropriated	Cell Tower Rental	School contribution for new DHS debt	Potential 2006 COPs Refunding Savings	Total Revenues Available	Surplus/ (Deficit)	Revenue From Prior Tax Impact	Capital Reserve Utilized	Adjusted Surplus/ (Deficit)	Estimated Incremental Tax Equivalent	Capital Reserve Fund Balance
2015	2,548,538	-	80,133	-	2,628,671	2,207,789	300,000	80,133	40,750	-	-	2,628,671	-	-	-	-	-	-
2016	1,992,031	-	2,485,437	-	4,477,468	2,229,866	300,000	2,485,437	40,750	-	40,000	5,096,053	618,585	-	-	618,585	-	618,585
2017	1,836,031	-	485,100	-	2,321,131	2,252,165	300,000	485,100	40,750	-	40,000	3,118,015	796,884	-	-	796,884	-	1,415,469
2018	1,797,981	-	697,030	-	2,495,011	2,364,773	300,000	697,030	40,750	-	40,000	3,442,553	947,542	-	-	947,542	-	2,363,012
2019	1,764,631	-	105,500	-	1,870,131	2,400,245	300,000	105,500	40,750	-	40,000	2,886,495	1,016,364	-	-	1,016,364	-	3,379,375
2020	1,729,775	-	291,500	-	2,021,275	2,436,249	300,000	291,500	40,750	-	40,000	3,108,499	1,087,224	-	-	1,087,224	-	4,466,599
2021	1,664,013	-	-	-	1,664,013	2,472,792	300,000	-	40,750	-	40,000	2,853,542	1,189,530	-	-	1,189,530	-	5,656,129
2022	1,627,200	-	35,300	-	1,662,500	2,596,432	300,000	35,300	40,750	-	40,000	3,012,482	1,349,982	-	-	1,349,982	-	7,006,111
2023	1,588,150	-	-	-	1,588,150	2,635,379	300,000	-	40,750	-	40,000	3,016,129	1,427,979	-	-	1,427,979	-	8,434,090
2024	1,543,100	-	-	-	1,543,100	2,674,909	300,000	-	40,750	-	40,000	3,055,659	1,512,559	-	-	1,512,559	-	9,946,649
2025	887,250	-	-	-	887,250	2,715,033	300,000	-	40,750	-	40,000	3,095,783	2,208,533	-	-	2,208,533	-	12,155,182
2026	-	-	-	-	-	2,850,784	300,000	-	40,750	-	-	3,191,534	3,191,534	-	-	3,191,534	-	15,346,716
2027	-	-	-	-	-	2,893,546	300,000	-	40,750	-	-	3,234,296	3,234,296	-	-	3,234,296	-	18,581,012
2028	-	-	-	-	-	2,936,949	300,000	-	40,750	-	-	3,277,699	3,277,699	-	-	3,277,699	-	21,858,712
2029	-	-	-	-	-	2,981,004	300,000	-	40,750	-	-	3,321,754	3,321,754	-	-	3,321,754	-	25,180,466
2030	-	-	-	-	-	3,130,054	300,000	-	40,750	-	-	3,470,804	3,470,804	-	-	3,470,804	-	28,651,269
2031	-	-	-	-	-	3,177,005	300,000	-	40,750	-	-	3,517,755	3,517,755	-	-	3,517,755	-	32,169,024
2032	-	-	-	-	-	3,224,660	300,000	-	40,750	-	-	3,565,410	3,565,410	-	-	3,565,410	-	35,734,434
2033	-	-	-	-	-	3,273,030	300,000	-	40,750	-	-	3,613,780	3,613,780	-	-	3,613,780	-	39,348,213
2034	-	-	-	-	-	3,436,681	300,000	-	40,750	-	-	3,777,431	3,777,431	-	-	3,777,431	-	43,125,645
2035	-	-	-	-	-	3,488,231	300,000	-	40,750	-	-	3,828,981	3,828,981	-	-	3,828,981	-	46,954,626
2036	-	-	-	-	-	3,540,555	300,000	-	40,750	-	-	3,881,305	3,881,305	-	-	3,881,305	-	50,835,931
2037	-	-	-	-	-	3,593,663	300,000	-	40,750	-	-	3,934,413	3,934,413	-	-	3,934,413	-	54,770,344
2038	-	-	-	-	-	3,773,346	300,000	-	40,750	-	-	4,114,096	4,114,096	-	-	4,114,096	-	58,884,440
2039	-	-	-	-	-	3,829,946	300,000	-	40,750	-	-	4,170,696	4,170,696	-	-	4,170,696	-	63,055,137
2040	-	-	-	-	-	3,887,396	300,000	-	40,750	-	-	4,228,146	4,228,146	-	-	4,228,146	-	67,283,282
2041	-	-	-	-	-	3,945,707	300,000	-	40,750	-	-	4,286,457	4,286,457	-	-	4,286,457	-	71,569,739
2042	-	-	-	-	-	4,142,992	300,000	-	40,750	-	-	4,483,742	4,483,742	-	-	4,483,742	-	76,053,481
2043	-	-	-	-	-	4,205,137	300,000	-	40,750	-	-	4,545,887	4,545,887	-	-	4,545,887	-	80,599,368
2044	-	-	-	-	-	4,268,214	300,000	-	40,750	-	-	4,608,964	4,608,964	-	-	4,608,964	-	85,208,331
2045	-	-	-	-	-	4,332,237	300,000	-	40,750	-	-	4,672,987	4,672,987	-	-	4,672,987	-	89,881,319
																Total Tax Effect	0.00¢	
																FY 2015 Tax Requirement	5.36¢	
																Total Tax Requirement	5.36¢	
Total	18,978,700	-	4,180,000	-	23,158,700								Total		-			

- FY 2015 Value of a Penny: $412,000
- Assumed Growth Rate: 1.00% (2015-2017)
  5.00% (2018 and Every 4th Year)
  1.50% (Between Future Revaluations)

Capital Improvement Program Analysis

Bond Pricing – Fixed Par Amount vs. Resized Par Amount

2015 GO Referendum Bonds Only

#	Issue Fixed Par Amount[1]		Resize Par Amount for Premium[1]		Difference	
	Borrowing Assumptions		Borrowing Assumptions		Borrowing Assumptions	
1	Closing Date	5/12/2015	Closing Date	5/12/2015	Closing Date	N/A
2	First Interest Payment	11/1/2015	First Interest Payment	11/1/2015	First Interest Payment	N/A
3	Firs Principal Payment	5/1/2016	Firs Principal Payment	5/1/2016	Firs Principal Payment	N/A
4						
5	Sources		Sources		Sources	
6	Par Amount	$ 54,500,000	Par Amount	$ 49,740,000	Par Amount	$ 4,760,000
7	Premium	5,708,439	Premium	5,211,109	Premium	497,330
8	**Total Sources**	**$ 60,208,439**	**Total Sources**	**$ 54,951,109**	**Total Sources**	**$ 5,257,330**
9						
10	Uses		Uses		Uses	
11	Project Fund	$ 59,735,939	Project Fund	$ 54,500,000	Project Fund	$ 5,235,939
12	Cost of Issuance	200,000	Cost of Issuance	200,000	Cost of Issuance	-
13	Underwriter's Discount	272,500	Underwriter's Discount	248,700	Underwriter's Discount	23,800
14	Additional Proceeds	-	Additional Proceeds	2,409	Additional Proceeds	(2,409)
15	**Total Uses**	**$ 60,208,439**	**Total Uses**	**$ 54,951,109**	**Total Uses**	**$ 5,257,330**
16						
17	TIC	2.75%	TIC	2.74%	TIC	0.00%
18	AIC	2.78%	AIC	2.79%	AIC	0.00%
19	Average Coupon	3.86%	Average Coupon	3.86%	Average Coupon	0.00%
20						
21	Debt Service		Debt Service		Debt Service	
22	2016	$ 4,828,482	2016	$ 4,409,870	2016	$ 418,613
23	2017	4,813,031	2017	4,395,681	2017	417,350
24	2018	4,731,281	2018	4,320,981	2018	410,300
25	2019	4,649,531	2019	4,246,281	2019	403,250
26	2020	4,513,281	2020	4,121,781	2020	391,500
27	2021	4,377,031	2021	3,997,281	2021	379,750
28	2022	4,240,781	2022	3,872,781	2022	368,000
29	2023	4,104,531	2023	3,748,281	2023	356,250
30	2024	3,968,281	2024	3,618,781	2024	349,500
31	2025	3,832,031	2025	3,494,531	2025	337,500
32	2026	3,723,031	2026	3,395,131	2026	327,900
33	2027	3,614,031	2027	3,295,731	2027	318,300
34	2028	3,505,031	2028	3,196,331	2028	308,700
35	2029	3,396,031	2029	3,096,931	2029	299,100
36	2030	3,287,031	2030	2,997,531	2030	289,500
37	2031	3,178,031	2031	2,898,131	2031	279,900
38	2032	3,069,031	2032	2,798,731	2032	270,300
39	2033	2,983,875	2033	2,721,075	2033	262,800
40	2034	2,898,719	2034	2,643,419	2034	255,300
41	2035	2,813,563	2035	2,565,763	2035	247,800
42	**Total Debt Service**	**$ 76,526,639**	**Total Debt Service**	**$ 69,835,026**	**Total Debt Service**	**$ 6,691,613**

[1] Based on current market estimates as of 12/19/14.

Borrowing Assumptions

Issuance	Amount	Interest Rate	Amortization	Issue Date	First Interest	First Principal
2015 General Obligation School Bonds:						
Case 1:	$49,740,000	2.74%[1]	20 Year Level Principal	May 2015 (FY 2015)	November 2015 (FY 2016)	May 2016 (FY 2016)
Case 2:	$49,170,000	2.76%[1]	17 Year Structured Principal[2]	May 2015 (FY 2015)	November 2015 (FY 2016)	May 2016 (FY 2016)
2016 Central Davie Renovations	$600,000	3.50%	10 Year Level Principal	FY 2016	FY 2017	FY 2017
2017 Viper Radio Infrastructure	$1,444,023	3.50%	4 Year Level Debt Service	FY 2017	FY 2017	FY 2017
2018 General Obligation Recreation Bonds	$5,000,000	4.00%	20 Year Level Principal	FY 2018	FY 2019	FY 2019

[1] Current market estimates as of 12/19/2014. Preliminary and subject to change.
[2] Structured to create Debt Service equal to Case 1. Preliminary and subject to review and discussion with LGC Staff.

Capital Improvement Program Analysis – Summary

		Policy	Case 1	Case 2
	Issuance Par Amount			
1	2015 General Obligation School Bonds[1]		$ 49,740,000	$ 49,170,000
2	2016 Central Davie Renovations		600,000	600,000
3	2017 Viper Radio Infrastructure		1,444,023	1,444,023
4	2018 General Obligation Recreation Bonds		5,000,000	5,000,000
5	**Total**		**$ 56,784,023**	**$ 56,214,023**
6				
7	**Total New Debt Service**		**$ 79,223,074**	**$ 79,225,055**
8				
9	**Debt Ratios (Worst Shown)**	**Policy**		
10	Debt Per Capita	N/A	$1,535	$1,522
11	Debt to Assessed Value	2.50%	1.52%	1.50%
12	Debt Service to Expenditures	15.00%	13.59%	12.91%
13	Debt as a % of Revenues	N/A	134.71%	133.53%
14	10 Year Payout	55.00%	56.69%	**51.09%**
15	Years Out of Compliance	N/A	N/A	FY 2015
16				
17	**Equivalent Tax Impact**			
18	FY 2015 (included in FY 2015 Budget)		5.36¢	5.36¢
19	FY 2016[2]		10.60¢	8.98¢
20	FY 2019[3]		1.00¢	1.00¢
21	**Total Tax Impact**		**16.96¢**	**15.34¢**
22				
23	**Case Comparison**			
24	Principal Amortization of 2015 Bonds		20-Yr Level Principal	17-Yr Structured Principal
25	Final Maturity of 2015 Bonds		FY 2035	FY 2032
26	Total Debt Service of 2015 Bonds		$ 69,835,026	$ 69,837,008
27	4:1 Compliance		Yes	Yes
28	FY 2016 Tax Impact		10.60¢	8.98¢

[1] Current market estimates as of 12/19/14 are preliminary and subject to change.

[2] Calculated based on the FY 2016 Debt Service associated with the 2015 General Obligation School Bonds.

[3] Calculated based on the FY 2019 Debt Service associated with the 2018 General Obligation Recreation Bonds.

Case Comparison

2015 GO Principal Amortizations

Fiscal Year	Case 1	Case 2
2015	$ -	$ -
2016	2,490,000	1,795,000
2017	2,490,000	1,900,000
2018	2,490,000	1,955,000
2019	2,490,000	2,015,000
2020	2,490,000	2,050,000
2021	2,490,000	2,120,000
2022	2,490,000	2,160,000
2023	2,490,000	2,210,000
2024	2,485,000	2,265,000
2025	2,485,000	2,935,000
2026	2,485,000	3,840,000
2027	2,485,000	3,890,000
2028	2,485,000	3,950,000
2029	2,485,000	4,005,000
2030	2,485,000	4,065,000
2031	2,485,000	4,130,000
2032	2,485,000	3,885,000
2033	2,485,000	-
2034	2,485,000	-
2035	2,485,000	-
Total	$ 49,740,000	$ 49,170,000

2015 General Obligation Bonds – Schedule

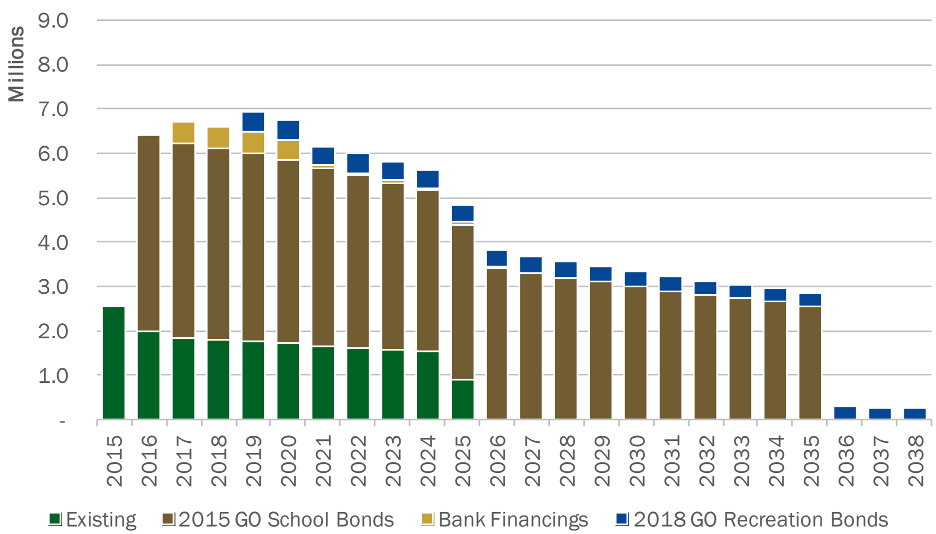
Date	Task
March / April Timeframe	Draft Preliminary Official Statement (“POS”) and Notice of Sale (“NOS”) Developed
Late March	Credit Rating Meetings
April 6th	County Board Meeting – Adopt Issuance Resolution
April 10th	Mail POS and Post Bidding Parameters to Online Auction Platform
April 21st	Bonds Priced via Competitive Sale on Online Auction Platform
May 12th	Close Bonds

Case 1: Level Principal Amortization

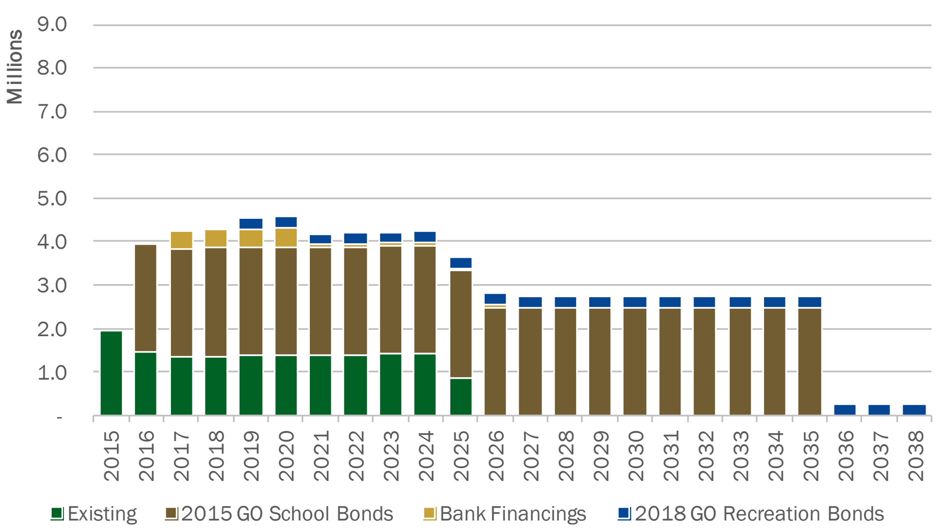
Case 1: Proposed Debt Service

Level Principal Amortization

Proposed Debt Service



Proposed Principal



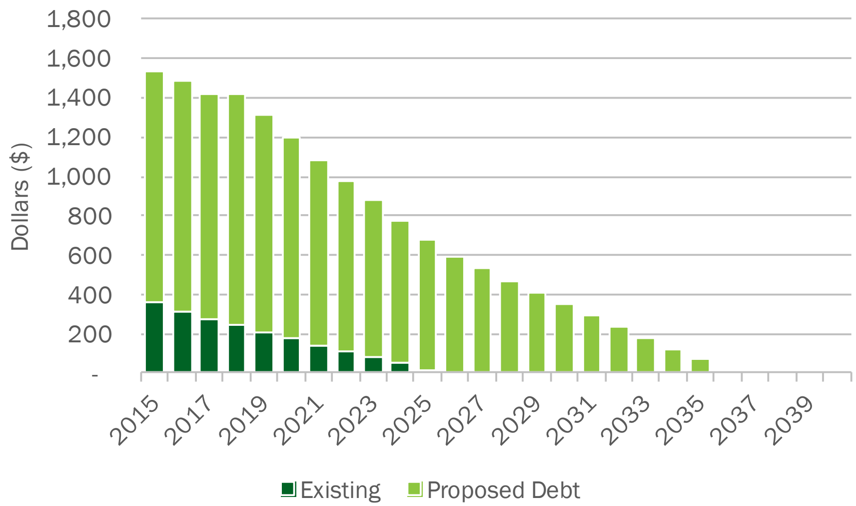
Assumptions

- Debt Issued:
  - 2015 General Obligation School Bonds $49,740,000
  - 2016 Central Davie Renovations 600,000
  - 2017 Viper Radio Infrastructure 1,444,023
  - 2018 General Obligation Recreation Bonds 5,000,000
  - Total $56,784,023
- Debt Service:
  - 2015 General Obligation School Bonds[1] $69,835,026
  - 2016 Central Davie Renovations 715,500
  - 2017 Viper Radio Infrastructure 1,572,548
  - 2018 General Obligation Recreation Bonds 7,100,000
  - Total $79,223,074

[1] Based on current market estimates as of 12/19/2014. Preliminary and subject to change.

Case 1: Proposed Debt Ratios

Debt Per Capita



- FY 2015 $1,535
  - Existing $362
  - Proposed $1,173

- Davenport does not recommend establishing a Financial Policy for Debt Per Capita.

Debt to Assessed Value

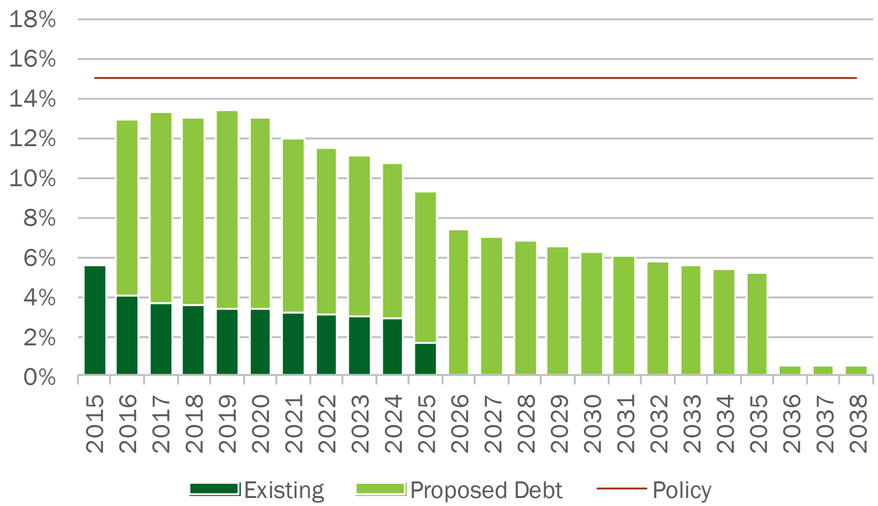
- FY 2015 1.52%
  - Existing 0.36%
  - Proposed 1.16%

- The County has a Financial Policy setting a maximum Debt to Assessed Value of 2.5%.

Source: County CAFR / Budgets

Case 1: Proposed Debt Ratios

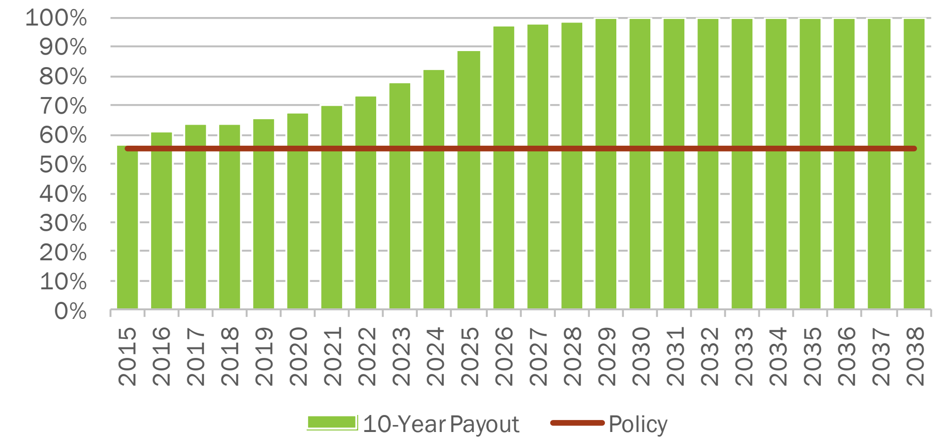
Debt Service vs. Expenditures



- FY 2019 13.59%
  - Existing 3.46%
  - Proposed 10.13%

- The County has a Financial Policy setting a maximum Debt Service to Expenditures of 15%.

10-Year Payout Ratio



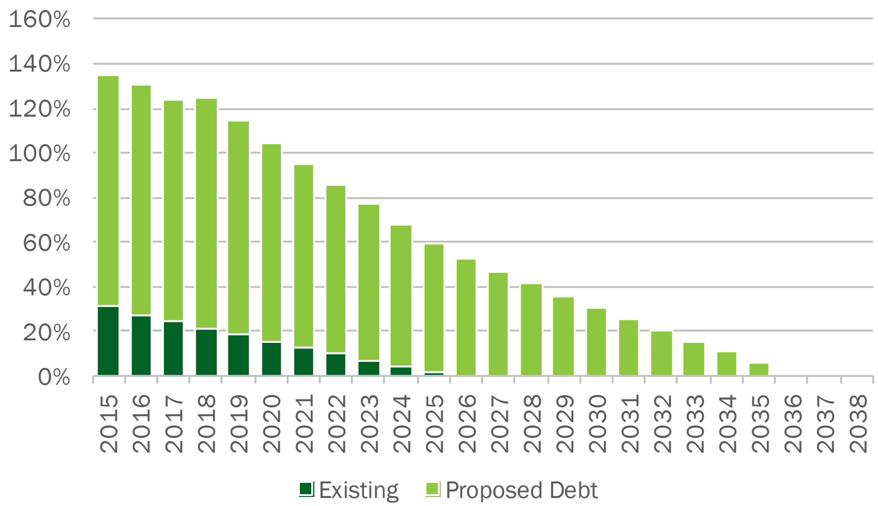
- FY 2015 56.69%

- The County has a Financial Policy setting a minimum 10-Year Payout Ratio of 55%.

Source: County CAFR / Budgets

Case 1: Key Debt Ratio: Debt as a % of Governmental Revenues

Direct Net Debt as a % of Governmental Revenues



- FY 2015 134.71%
  - Existing 31.73%
  - Proposed 102.97%

S&P Contingent Liabilities Score

	Net Direct Debt As % of Total Governmental Funds Revenue				
Total Governmental Funds Debt Service As A % of Total Governmental Funds Expenditures	<30	30 to 60	60 to 120	120 to 180	≥180
<8	1	2	3	4	5
8 to 15	2	3	4	4	5
15 to 25	3	4	5	5	5
25 to 35	4	4	5	5	5
≥35	4	5	5	5	5

A score of 1, 2, 3, 4 and 5 are very strong, strong, adequate, weak and very weak, respectively.

S&P Contingent Liabilities Score

Quantitative Score	4
Qualitative Adjustments:	
Net Debt as a % of Market Value < 3%	-1
10-Year Payout > 65%	N/A
Adjusted Score	3

Note: Could be impacted by the County 's future debt plans.

Source: LGC Bond Ledger, 2014 CAFR, Moody's: US Local Government General Obligation Debt Rating Methodology, and Standard & Poor's: U.S. Local Governments General Obligation Ratings: Methodology And Assumptions

Case 1: Debt Affordability Analysis

Existing & Proposed Debt – Level Principal Amortization

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S
	Debt Service Requirements					Revenue Available for DS							Debt Service Cash Flow Surplus (Deficit)					
FY	Existing Debt Service	CIP Debt Service	County Contribution	CIP Operating Impact	Total	Additional Revenue Requested - Property Tax (5.36¢)	Restricted Sales Tax for School Debt	General Fund - Fund Balance Appropriated	Cell Tower Rental	School contribution for new DHS debt	Potential 2006 COPs Refunding Savings	Total Revenues Available	Surplus/ (Deficit)	Revenue From Prior Tax Impact	Capital Reserve Utilized	Adjusted Surplus/ (Deficit)	Estimated Incremental Tax Equivalent	Capital Reserve Fund Balance
2015	2,548,538	-	80,133	-	2,628,671	2,207,789	300,000	80,133	40,750	-	-	2,628,671	-	-	-	-	-	-
2016	1,992,031	4,409,870	2,485,437	-	8,887,338	2,229,866	300,000	2,485,437	40,750	-	40,000	5,096,053	(3,791,284)	4,410,872	-	619,588	10.60¢	619,588
2017	1,836,031	4,869,818	485,100	-	7,190,949	2,252,165	300,000	485,100	40,750	-	40,000	3,118,015	(4,072,934)	4,454,981	-	382,047	-	1,001,634
2018	1,797,981	4,793,018	697,030	-	7,288,029	2,364,773	300,000	697,030	40,750	200,000	40,000	3,642,553	(3,645,476)	4,677,730	-	1,032,254	-	2,033,888
2019	1,764,631	5,166,218	105,500	-	7,036,349	2,400,245	300,000	105,500	40,750	200,000	40,000	3,086,495	(3,949,854)	5,195,810	-	1,245,956	1.00¢	3,279,844
2020	1,729,775	5,029,618	291,500	-	7,050,893	2,436,249	300,000	291,500	40,750	200,000	40,000	3,308,499	(3,742,394)	5,273,748	-	1,531,353	-	4,811,197
2021	1,664,013	4,499,881	-	-	6,163,894	2,472,792	300,000	-	40,750	200,000	40,000	3,053,542	(3,110,351)	5,352,854	-	2,242,502	-	7,053,700
2022	1,627,200	4,363,281	35,300	-	6,025,781	2,596,432	300,000	35,300	40,750	200,000	40,000	3,212,482	(2,813,299)	5,620,496	-	2,807,197	-	9,860,897
2023	1,588,150	4,226,681	-	-	5,814,831	2,635,379	300,000	-	40,750	200,000	40,000	3,216,129	(2,598,703)	5,704,804	-	3,106,101	-	12,966,998
2024	1,543,100	4,085,081	-	-	5,628,181	2,674,909	300,000	-	40,750	200,000	40,000	3,255,659	(2,372,522)	5,790,376	-	3,417,854	-	16,384,852
2025	887,250	3,948,731	-	-	4,835,981	2,715,033	300,000	-	40,750	200,000	40,000	3,295,783	(1,540,198)	5,877,232	-	4,337,033	-	20,721,885
2026	-	3,837,231	-	-	3,837,231	2,850,784	300,000	-	40,750	200,000	-	3,391,534	(445,697)	6,171,093	-	5,725,396	-	26,447,282
2027	-	3,665,731	-	-	3,665,731	2,893,546	300,000	-	40,750	200,000	-	3,434,296	(231,435)	6,263,660	-	6,032,225	-	32,479,506
2028	-	3,556,331	-	-	3,556,331	2,936,949	300,000	-	40,750	-	-	3,277,699	(278,632)	6,357,614	-	6,078,983	-	38,558,489
2029	-	3,446,931	-	-	3,446,931	2,981,004	300,000	-	40,750	-	-	3,321,754	(125,178)	6,452,979	-	6,327,801	-	44,886,290
2030	-	3,337,531	-	-	3,337,531	3,130,054	300,000	-	40,750	-	-	3,470,804	133,273	6,775,628	-	6,908,900	-	51,795,190
2031	-	3,228,131	-	-	3,228,131	3,177,005	300,000	-	40,750	-	-	3,517,755	289,623	6,877,262	-	7,166,885	-	58,962,076
2032	-	3,118,731	-	-	3,118,731	3,224,660	300,000	-	40,750	-	-	3,565,410	446,678	6,980,421	-	7,427,099	-	66,389,175
2033	-	3,031,075	-	-	3,031,075	3,273,030	300,000	-	40,750	-	-	3,613,780	582,705	7,085,127	-	7,667,832	-	74,057,007
2034	-	2,943,419	-	-	2,943,419	3,436,681	300,000	-	40,750	-	-	3,777,431	834,012	7,439,384	-	8,273,396	-	82,330,403
2035	-	2,855,763	-	-	2,855,763	3,488,231	300,000	-	40,750	-	-	3,828,981	973,219	7,550,974	-	8,524,193	-	90,854,596
2036	-	280,000	-	-	280,000	3,540,555	300,000	-	40,750	-	-	3,881,305	3,601,305	7,664,239	-	11,265,544	-	102,120,140
2037	-	270,000	-	-	270,000	3,593,663	300,000	-	40,750	-	-	3,934,413	3,664,413	7,779,203	-	11,443,616	-	113,563,756
2038	-	260,000	-	-	260,000	3,773,346	300,000	-	40,750	-	-	4,114,096	3,854,096	8,168,163	-	12,022,259	-	125,586,015
2039	-	-	-	-	-	3,829,946	300,000	-	40,750	-	-	4,170,696	4,170,696	8,290,685	-	12,461,382	-	138,047,396
2040	-	-	-	-	-	3,887,396	300,000	-	40,750	-	-	4,228,146	4,228,146	8,415,045	-	12,643,191	-	150,690,587
2041	-	-	-	-	-	3,945,707	300,000	-	40,750	-	-	4,286,457	4,286,457	8,541,271	-	12,827,728	-	163,518,315
2042	-	-	-	-	-	4,142,992	300,000	-	40,750	-	-	4,483,742	4,483,742	8,968,335	-	13,452,077	-	176,970,392
2043	-	-	-	-	-	4,205,137	300,000	-	40,750	-	-	4,545,887	4,545,887	9,102,860	-	13,648,747	-	190,619,138
2044	-	-	-	-	-	4,268,214	300,000	-	40,750	-	-	4,608,964	4,608,964	9,239,403	-	13,848,366	-	204,467,505
2045	-	-	-	-	-	4,332,237	300,000	-	40,750	-	-	4,672,987	4,672,987	9,377,994	-	14,050,981	-	218,518,485
																Total Tax Effect	11.60¢	
																FY 2015 Tax Requirement	5.36¢	
																Total Tax Requirement	16.96¢	
Total	18,978,700	79,223,074	4,180,000	-	102,381,774								Total		-			

- FY 2015 Value of a Penny: $412,000
- Assumed Growth Rate: 1.00% (2015-2017)
5.00% (2018 and Every 4th Year)
1.50% (Between Future Revaluations)

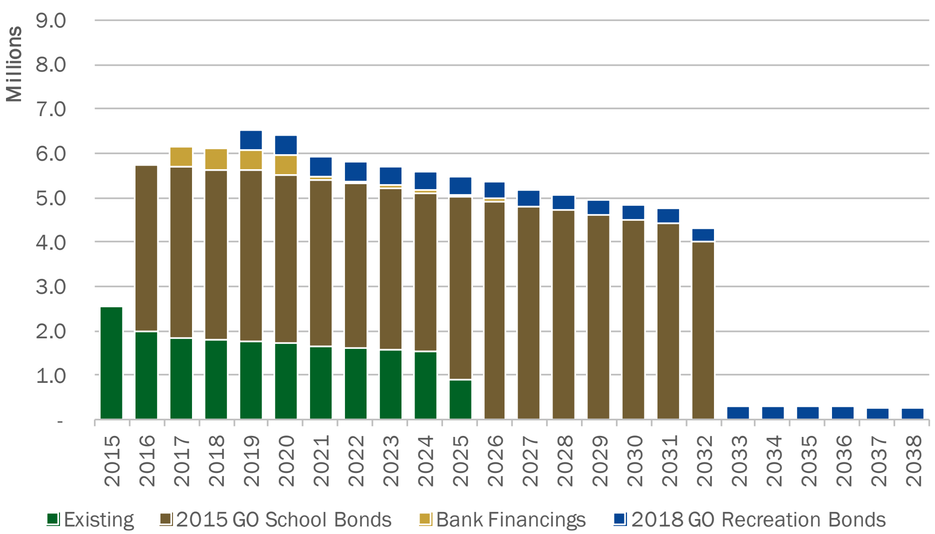
Case 2: Structured Principal Amortization

Debt Service Equal to Case 1

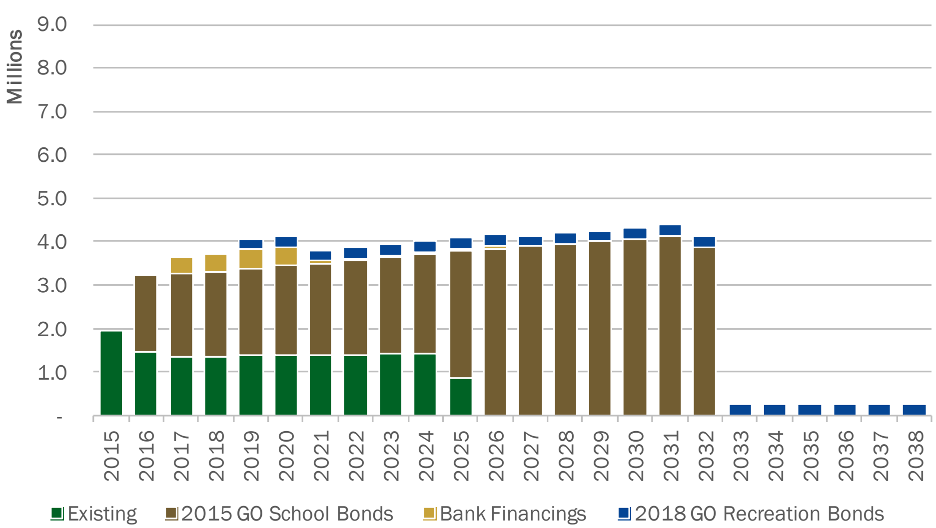
Case 2: Proposed Debt Service

Structured to Create Debt Service Equal to Case 1

Proposed Debt Service



Proposed Principal



Assumptions

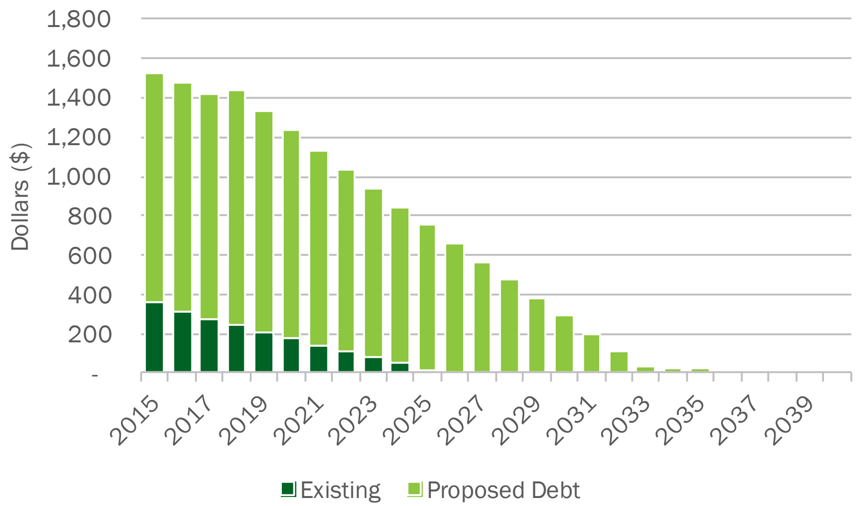
- Debt Issued:
  - 2015 General Obligation School Bonds $49,170,000
  - 2016 Central Davie Renovations 600,000
  - 2017 Viper Radio Infrastructure 1,444,023
  - 2018 General Obligation Recreation Bonds 5,000,000
  - Total $56,214,023

- Debt Service:
  - 2015 General Obligation School Bonds[1] $69,387,008
  - 2016 Central Davie Renovations 715,500
  - 2017 Viper Radio Infrastructure 1,572,548
  - 2018 General Obligation Recreation Bonds 7,100,000
  - Total $79,225,055

[1] Based on current market estimates as of 12/19/2014. Preliminary and subject to review and discussion with LGC Staff.

Case 2: Proposed Debt Ratios

Debt Per Capita



- FY 2015 $1,522
  - Existing $362
  - Proposed $1,160

- Davenport does not recommend establishing a Financial Policy for Debt Per Capita.

Debt to Assessed Value

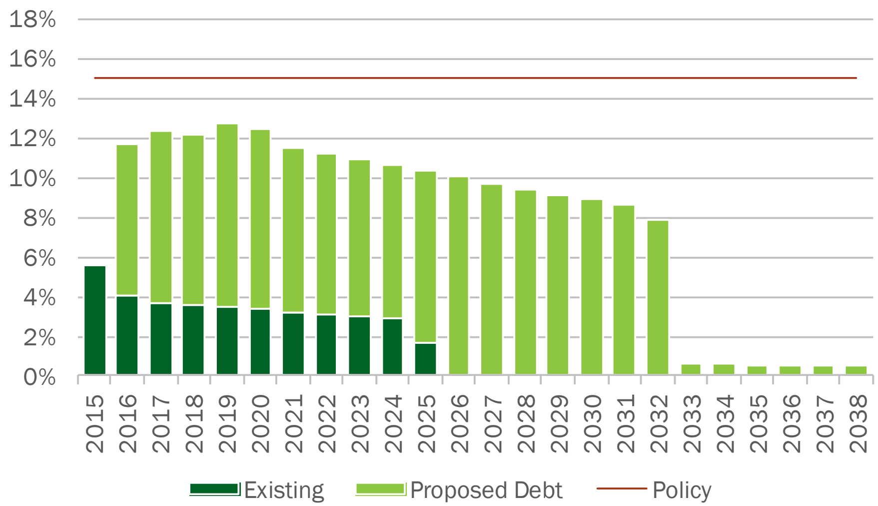
- FY 2015 1.50%
  - Existing 0.36%
  - Proposed 1.15%

- The County has a Financial Policy setting a maximum Debt to Assessed Value of 2.5%.

Source: County CAFR / Budgets

Case 2: Proposed Debt Ratios

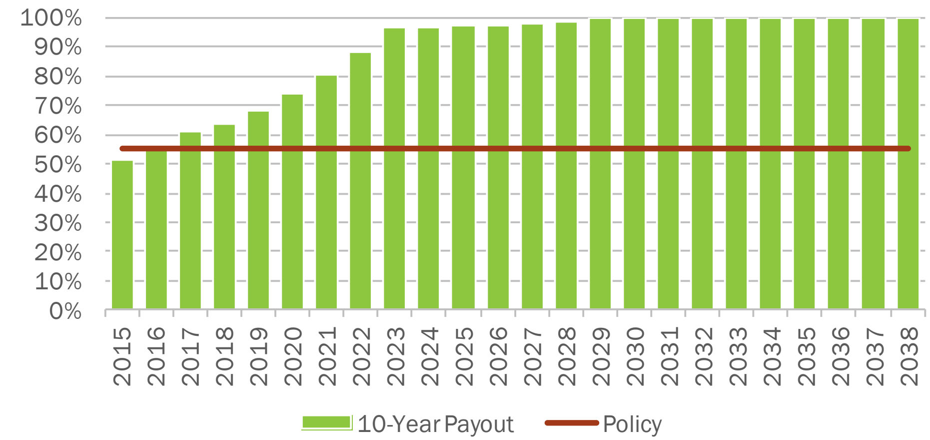
Debt Service vs. Expenditures



- FY 2019 12.91%
  - Existing 3.49%
  - Proposed 9.43%

- The County has a Financial Policy setting a maximum Debt Service to Expenditures of 15%.

10-Year Payout Ratio



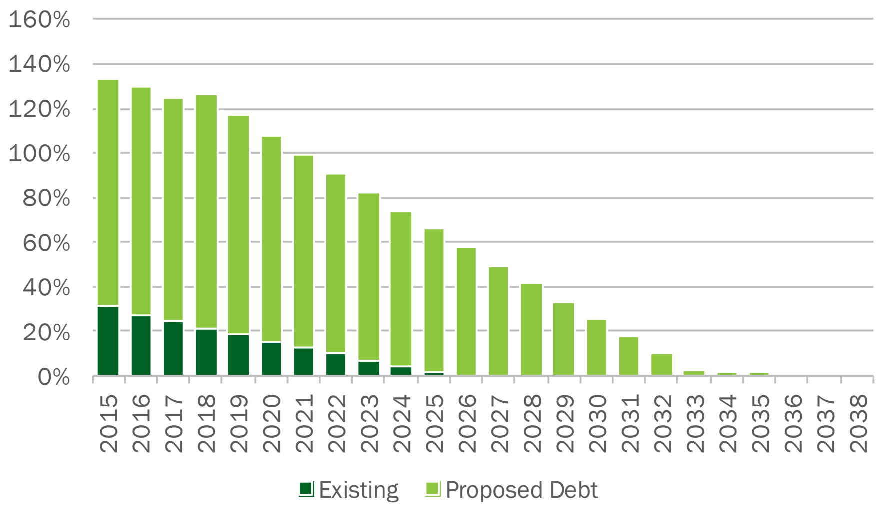
- FY 2015 51.09%

- The County has a Financial Policy setting a minimum 10-Year Payout Ratio of 55%.

Source: County CAFR / Budgets

Case 2: Key Debt Ratio: Debt as a % of Governmental Revenues

Direct Net Debt as a % of Governmental Revenues



- FY 2015 133.53%
  - Existing 31.73%
  - Proposed 101.79%

S&P Contingent Liabilities Score

Total Governmental Funds Debt Service As A % of Total Governmental Funds Expenditures	Net Direct Debt As % of Total Governmental Funds Revenue				
	<30	30 to 60	60 to 120	120 to 180	≥180
<8	1	2	3	4	5
8 to 15	2	3	4	**4**	5
15 to 25	3	4	5	5	5
25 to 35	4	4	5	5	5
≥35	4	5	5	5	5

A score of 1, 2, 3, 4 and 5 are very strong, strong, adequate, weak and very weak, respectively.

S&P Contingent Liabilities Score

Quantitative Score	4
Qualitative Adjustments:	
Net Debt as a % of Market Value < 3%	-1
10-Year Payout > 65%	N/A
Adjusted Score	**3**

Note: Could be impacted by the County 's future debt plans.

Source: LGC Bond Ledger, 2014 CAFR, Moody's: US Local Government General Obligation Debt Rating Methodology, and Standard & Poor's: U.S. Local Governments General Obligation Ratings: Methodology And Assumptions

Case 2: Debt Affordability Analysis

Existing & Proposed Debt – Structured to Create Debt Service Equal to Case 1

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S
	Debt Service Requirements					Revenue Available for DS							Debt Service Cash Flow Surplus (Deficit)					
FY	Existing Debt Service	CIP Debt Service	County Contribution	CIP Operating Impact	Total	Additional Revenue Requested - Property Tax (5.36¢)	Restricted Sales Tax for School Debt	General Fund - Fund Balance Appropriated	Cell Tower Rental	School contribution for new DHS debt	Potential 2006 COPs Refunding Savings	Total Revenues Available	Surplus/ (Deficit)	Revenue From Prior Tax Impact	Capital Reserve Utilized	Adjusted Surplus/ (Deficit)	Estimated Incremental Tax Equivalent	Capital Reserve Fund Balance
2015	2,548,538	-	80,133	-	2,628,671	2,207,789	300,000	80,133	40,750	-	-	2,628,671	-	-	-	-	-	-
2016	1,992,031	3,738,257	2,485,437	-	8,215,726	2,229,866	300,000	2,485,437	40,750	-	40,000	5,096,053	(3,119,672)	3,736,758	-	617,085	8.98¢	617,085
2017	1,836,031	4,324,793	485,100	-	6,645,924	2,252,165	300,000	485,100	40,750	-	40,000	3,118,015	(3,527,909)	3,774,125	-	246,216	-	863,301
2018	1,797,981	4,320,693	697,030	-	6,815,704	2,364,773	300,000	697,030	40,750	200,000	40,000	3,642,553	(3,173,151)	3,962,831	-	789,681	-	1,652,982
2019	1,764,631	4,769,943	105,500	-	6,640,074	2,400,245	300,000	105,500	40,750	200,000	40,000	3,086,495	(3,553,579)	4,470,189	-	916,609	1.00¢	2,569,591
2020	1,729,775	4,692,093	291,500	-	6,713,368	2,436,249	300,000	291,500	40,750	200,000	40,000	3,308,499	(3,404,869)	4,537,241	-	1,132,372	-	3,701,963
2021	1,664,013	4,254,356	-	-	5,918,369	2,472,792	300,000	-	40,750	200,000	40,000	3,053,542	(2,864,826)	4,605,300	-	1,740,474	-	5,442,437
2022	1,627,200	4,176,256	35,300	-	5,838,756	2,596,432	300,000	35,300	40,750	200,000	40,000	3,212,482	(2,626,274)	4,835,565	-	2,209,291	-	7,651,728
2023	1,588,150	4,106,156	-	-	5,694,306	2,635,379	300,000	-	40,750	200,000	40,000	3,216,129	(2,478,178)	4,908,099	-	2,429,921	-	10,081,649
2024	1,543,100	4,038,556	-	-	5,581,656	2,674,909	300,000	-	40,750	200,000	40,000	3,255,659	(2,325,997)	4,981,720	-	2,655,723	-	12,737,372
2025	887,250	4,583,206	-	-	5,470,456	2,715,033	300,000	-	40,750	200,000	40,000	3,295,783	(2,174,673)	5,056,446	-	2,881,772	-	15,619,144
2026	-	5,358,706	-	-	5,358,706	2,850,784	300,000	-	40,750	200,000	-	3,391,534	(1,967,172)	5,309,268	-	3,342,096	-	18,961,240
2027	-	5,183,006	-	-	5,183,006	2,893,546	300,000	-	40,750	200,000	-	3,434,296	(1,748,710)	5,388,907	-	3,640,197	-	22,601,437
2028	-	5,077,406	-	-	5,077,406	2,936,949	300,000	-	40,750	-	-	3,277,699	(1,799,707)	5,469,741	-	3,670,034	-	26,271,471
2029	-	4,964,406	-	-	4,964,406	2,981,004	300,000	-	40,750	-	-	3,321,754	(1,642,653)	5,551,787	-	3,909,134	-	30,180,605
2030	-	4,854,206	-	-	4,854,206	3,130,054	300,000	-	40,750	-	-	3,470,804	(1,383,402)	5,829,376	-	4,445,974	-	34,626,579
2031	-	4,746,606	-	-	4,746,606	3,177,005	300,000	-	40,750	-	-	3,517,755	(1,228,852)	5,916,817	-	4,687,965	-	39,314,544
2032	-	4,326,406	-	-	4,326,406	3,224,660	300,000	-	40,750	-	-	3,565,410	(760,997)	6,005,569	-	5,244,573	-	44,559,117
2033	-	310,000	-	-	310,000	3,273,030	300,000	-	40,750	-	-	3,613,780	3,303,780	6,095,653	-	9,399,432	-	53,958,549
2034	-	300,000	-	-	300,000	3,436,681	300,000	-	40,750	-	-	3,777,431	3,477,431	6,400,435	-	9,877,866	-	63,836,416
2035	-	290,000	-	-	290,000	3,488,231	300,000	-	40,750	-	-	3,828,981	3,538,981	6,496,442	-	10,035,423	-	73,871,839
2036	-	280,000	-	-	280,000	3,540,555	300,000	-	40,750	-	-	3,881,305	3,601,305	6,593,888	-	10,195,193	-	84,067,032
2037	-	270,000	-	-	270,000	3,593,663	300,000	-	40,750	-	-	3,934,413	3,664,413	6,692,797	-	10,357,210	-	94,424,242
2038	-	260,000	-	-	260,000	3,773,346	300,000	-	40,750	-	-	4,114,096	3,854,096	7,027,437	-	10,881,533	-	105,305,775
2039	-	-	-	-	-	3,829,946	300,000	-	40,750	-	-	4,170,696	4,170,696	7,132,848	-	11,303,545	-	116,609,319
2040	-	-	-	-	-	3,887,396	300,000	-	40,750	-	-	4,228,146	4,228,146	7,239,841	-	11,467,986	-	128,077,306
2041	-	-	-	-	-	3,945,707	300,000	-	40,750	-	-	4,286,457	4,286,457	7,348,438	-	11,634,895	-	139,712,201
2042	-	-	-	-	-	4,142,992	300,000	-	40,750	-	-	4,483,742	4,483,742	7,715,860	-	12,199,602	-	151,911,803
2043	-	-	-	-	-	4,205,137	300,000	-	40,750	-	-	4,545,887	4,545,887	7,831,598	-	12,377,485	-	164,289,288
2044	-	-	-	-	-	4,268,214	300,000	-	40,750	-	-	4,608,964	4,608,964	7,949,072	-	12,558,036	-	176,847,324
2045	-	-	-	-	-	4,332,237	300,000	-	40,750	-	-	4,672,987	4,672,987	8,068,308	-	12,741,295	-	189,588,620
																Total Tax Effect	9.98¢	
																FY 2015 Tax Requirement	5.36¢	
																Total Tax Requirement	15.34¢	
Total	18,978,700	79,225,055	4,180,000	-	102,383,755								Total		-			

- FY 2015 Value of a Penny: $412,000
- Assumed Growth Rate: 1.00% (2015-2017)
  5.00% (2018 and Every 4th Year)
  1.50% (Between Future Revaluations)

Preliminary and subject to review and discussion with LGC Staff.

Appendix A

Existing Tax Supported Debt

Existing Tax Supported Debt Summary

Total Tax Supported Debt Service

FY	Principal	Interest	Total
Total	15,327,737	3,650,963	18,978,700
2015	1,940,456	608,082	2,548,538
2016	1,450,456	541,575	1,992,031
2017	1,350,456	485,575	1,836,031
2018	1,360,456	437,525	1,797,981
2019	1,375,456	389,175	1,764,631
2020	1,390,456	339,319	1,729,775
2021	1,375,000	289,013	1,664,013
2022	1,390,000	237,200	1,627,200
2023	1,415,000	173,150	1,588,150
2024	1,435,000	108,100	1,543,100
2025	845,000	42,250	887,250

GO Bonds

FY	Principal	Interest	Total
Total	5,710,000	1,050,650	6,760,650
2015	930,000	184,950	1,114,950
2016	570,000	156,850	726,850
2017	475,000	143,350	618,350
2018	485,000	129,100	614,100
2019	500,000	114,550	614,550
2020	515,000	99,550	614,550
2021	530,000	84,100	614,100
2022	545,000	68,200	613,200
2023	570,000	46,400	616,400
2024	590,000	23,600	613,600
2025	-	-	-

IPCs / LOBs / COPs

FY	Principal	Interest	Total
Total	9,617,737	2,600,313	12,218,050
2015	1,010,456	423,132	1,433,588
2016	880,456	384,725	1,265,181
2017	875,456	342,225	1,217,681
2018	875,456	308,425	1,183,881
2019	875,456	274,625	1,150,081
2020	875,456	239,769	1,115,225
2021	845,000	204,913	1,049,913
2022	845,000	169,000	1,014,000
2023	845,000	126,750	971,750
2024	845,000	84,500	929,500
2025	845,000	42,250	887,250

General Obligation Bonds

$2,590,000

General Obligation Refunding Bonds, Series 2010

FY	Coupon	Principal	Interest	Total
Total		580,000	27,400	607,400
2015	4.000%	475,000	23,200	498,200
2016	4.000%	105,000	4,200	109,200
2017		-	-	-
2018		-	-	-
2019		-	-	-
2020		-	-	-
2021		-	-	-
2022		-	-	-
2023		-	-	-
2024		-	-	-
2025		-	-	-
2026		-	-	-
2027		-	-	-
2028		-	-	-
2029		-	-	-
2030		-	-	-
2031		-	-	-
2032		-	-	-
2033		-	-	-
2034				-

Dated Date: 6/25/2010 | Next Call: Non-callable

Purpose: Schools | Insurance: N/A

Coupon Dates: Jun 1 / Dec 1 | Maturity Date: Jun 1

$5,130,000

General Obligation Refunding Bonds, Series 2013

FY	Coupon	Principal	Interest	Total
Total		5,130,000	1,023,250	6,153,250
2015	2.000%	455,000	161,750	616,750
2016	2.000%	465,000	152,650	617,650
2017	3.000%	475,000	143,350	618,350
2018	3.000%	485,000	129,100	614,100
2019	3.000%	500,000	114,550	614,550
2020	3.000%	515,000	99,550	614,550
2021	3.000%	530,000	84,100	614,100
2022	4.000%	545,000	68,200	613,200
2023	4.000%	570,000	46,400	616,400
2024	4.000%	590,000	23,600	613,600
2025		-	-	-
2026		-	-	-
2027		-	-	-
2028		-	-	-
2029		-	-	-
2030		-	-	-
2031		-	-	-
2032		-	-	-
2033		-	-	-
2034				-

Dated Date: 4/17/2013 | Next Call: Non-callable

Purpose: Schools | Insurance: N/A

Coupon Dates: May 1 / Nov 1 | Maturity Date: May 1

Source: LGC Bond Ledger / County CAFR

IPCs / LOBs / COPs

$602,600
Qualified Zone Academy Bonds, Series 2004

FY	Coupon	Principal	Interest	Total
Total		182,737	-	182,737
2015	0.000%	30,456	-	30,456
2016	0.000%	30,456	-	30,456
2017	0.000%	30,456	-	30,456
2018	0.000%	30,456	-	30,456
2019	0.000%	30,456	-	30,456
2020	0.000%	30,456	-	30,456
2021		-	-	-
2022		-	-	-
2023		-	-	-
2024		-	-	-
2025		-	-	-
2026		-	-	-
2027		-	-	-
2028		-	-	-
2029		-	-	-
2030		-	-	-
2031		-	-	-
2032		-	-	-
2033		-	-	-

Dated Date: 3/17/2004 Next Call: N/A

Purpose: Schools Insurance: N/A

Coupon Dates: Mar 17 Maturity Date: Mar 17

Note: Shown net of Sinking Fund earnings.

$1,300,000
2005 IPC (BOA)

FY	Coupon	Principal	Interest	Total
Total		130,000	4,407	134,407
2015	3.390%	130,000	4,407	134,407
2016		-	-	-
2017		-	-	-
2018		-	-	-
2019		-	-	-
2020		-	-	-
2021		-	-	-
2022		-	-	-
2023		-	-	-
2024		-	-	-
2025		-	-	-
2026		-	-	-
2027		-	-	-
2028		-	-	-
2029		-	-	-
2030		-	-	-
2031		-	-	-
2032		-	-	-
2033		-	-	-

Dated Date: 12/1/2005 Next Call: Current

Purpose: Senior Center Insurance: N/A

Coupon Dates: May 1 Maturity Date: May 1

$17,050,000
Certificates of Participation, Series 2006

FY	Coupon	Principal	Interest	Total
Total		9,305,000	2,595,906	11,900,906
2015	4.000%	850,000	418,725	1,268,725
2016	5.000%	850,000	384,725	1,234,725
2017	4.000%	845,000	342,225	1,187,225
2018	4.000%	845,000	308,425	1,153,425
2019	4.125%	845,000	274,625	1,119,625
2020	4.125%	845,000	239,769	1,084,769
2021	4.250%	845,000	204,913	1,049,913
2022	5.000%	845,000	169,000	1,014,000
2023	5.000%	845,000	126,750	971,750
2024	5.000%	845,000	84,500	929,500
2025	5.000%	845,000	42,250	887,250
2026		-	-	-
2027		-	-	-
2028		-	-	-
2029		-	-	-
2030		-	-	-
2031		-	-	-
2032		-	-	-
2033		-	-	-

Dated Date: 1/21/2006 Next Call: 6/1/2016

Purpose: Schools / CC Insurance: Ambac

Coupon Dates: Jun 1 / Dec 1 Maturity Date: Jun 1

Source: LGC Bond Ledger / County CAFR

Appendix B

Proposed Debt

Proposed Debt

2015 General Obligation School Bonds
Case 1: Level Principal

FY Issued 2015
Interest Rate 2.74%

Series 2015

FY	Principal	Interest	Total
Total	49,740,000	20,095,026	69,835,026
2015	-	-	-
2016	2,490,000	1,919,870	4,409,870
2017	2,490,000	1,905,681	4,395,681
2018	2,490,000	1,830,981	4,320,981
2019	2,490,000	1,756,281	4,246,281
2020	2,490,000	1,631,781	4,121,781
2021	2,490,000	1,507,281	3,997,281
2022	2,490,000	1,382,781	3,872,781
2023	2,490,000	1,258,281	3,748,281
2024	2,485,000	1,133,781	3,618,781
2025	2,485,000	1,009,531	3,494,531
2026	2,485,000	910,131	3,395,131
2027	2,485,000	810,731	3,295,731
2028	2,485,000	711,331	3,196,331
2029	2,485,000	611,931	3,096,931
2030	2,485,000	512,531	2,997,531
2031	2,485,000	413,131	2,898,131
2032	2,485,000	313,731	2,798,731
2033	2,485,000	236,075	2,721,075
2034	2,485,000	158,419	2,643,419
2035	2,485,000	80,763	2,565,763
2036	-	-	-
2037	-	-	-
2038	-	-	-

2015 General Obligation School Bonds
Case 2: Structured to Create Debt Service Equal to Case 1

FY Issued 2015
Interest Rate 2.76%

Series 2015

FY	Principal	Interest	Total
Total	49,170,000	20,667,008	69,837,008
2015	-	-	-
2016	1,795,000	1,943,257	3,738,257
2017	1,900,000	1,950,656	3,850,656
2018	1,955,000	1,893,656	3,848,656
2019	2,015,000	1,835,006	3,850,006
2020	2,050,000	1,734,256	3,784,256
2021	2,120,000	1,631,756	3,751,756
2022	2,160,000	1,525,756	3,685,756
2023	2,210,000	1,417,756	3,627,756
2024	2,265,000	1,307,256	3,572,256
2025	2,935,000	1,194,006	4,129,006
2026	3,840,000	1,076,606	4,916,606
2027	3,890,000	923,006	4,813,006
2028	3,950,000	767,406	4,717,406
2029	4,005,000	609,406	4,614,406
2030	4,065,000	449,206	4,514,206
2031	4,130,000	286,606	4,416,606
2032	3,885,000	121,406	4,006,406
2033	-	-	-
2034	-	-	-
2035	-	-	-
2036	-	-	-
2037	-	-	-
2038	-	-	-

2016 Central Davie Renovations

FY Issued 2016
Interest Rate 3.50%

Series 2016

FY	Principal	Interest	Total
Total	600,000	115,500	715,500
2015	-	-	-
2016	-	-	-
2017	60,000	21,000	81,000
2018	60,000	18,900	78,900
2019	60,000	16,800	76,800
2020	60,000	14,700	74,700
2021	60,000	12,600	72,600
2022	60,000	10,500	70,500
2023	60,000	8,400	68,400
2024	60,000	6,300	66,300
2025	60,000	4,200	64,200
2026	60,000	2,100	62,100
2027	-	-	-
2028	-	-	-
2029	-	-	-
2030	-	-	-
2031	-	-	-
2032	-	-	-
2033	-	-	-
2034	-	-	-
2035	-	-	-
2036	-	-	-
2037	-	-	-
2038	-	-	-

Proposed Debt

2017 Viper Radio Project

FY Issued 2017
Interest Rate 3.50%

Series 2017

FY	Principal	Interest	Total
Total	1,444,023	128,525	1,572,548
2015	-	-	-
2016	-	-	-
2017	342,596	50,541	393,137
2018	354,587	38,550	393,137
2019	366,998	26,139	393,137
2020	379,842	13,294	393,137
2021	-	-	-
2022	-	-	-
2023	-	-	-
2024	-	-	-
2025	-	-	-
2026	-	-	-
2027	-	-	-
2028	-	-	-
2029	-	-	-
2030	-	-	-
2031	-	-	-
2032	-	-	-
2033	-	-	-
2034	-	-	-
2035	-	-	-
2036	-	-	-
2037	-	-	-
2038	-	-	-

2018 General Obligation Recreation Bonds

FY Issued 2018
Interest Rate 4.00%

Series 2018

FY	Principal	Interest	Total
Total	5,000,000	2,100,000	7,100,000
2015	-	-	-
2016	-	-	-
2017	-	-	-
2018	-	-	-
2019	250,000	200,000	450,000
2020	250,000	190,000	440,000
2021	250,000	180,000	430,000
2022	250,000	170,000	420,000
2023	250,000	160,000	410,000
2024	250,000	150,000	400,000
2025	250,000	140,000	390,000
2026	250,000	130,000	380,000
2027	250,000	120,000	370,000
2028	250,000	110,000	360,000
2029	250,000	100,000	350,000
2030	250,000	90,000	340,000
2031	250,000	80,000	330,000
2032	250,000	70,000	320,000
2033	250,000	60,000	310,000
2034	250,000	50,000	300,000
2035	250,000	40,000	290,000
2036	250,000	30,000	280,000
2037	250,000	20,000	270,000
2038	250,000	10,000	260,000

Appendix C

Rating Reports

New Issue: Moody's assigns Aa2 rating to the Davie County's (NC) $5.1 million General Obligation Refunding Bonds, Series 2013

Global Credit Research - 11 Mar 2013

Aa2 rating applies to $7.5 million GO debt outstanding

DAVIE (COUNTY OF) NC
Counties
NC

Moody's Rating

ISSUE	RATING
General Obligation Refunding Bonds, Series 2013	Aa2
Sale Amount $5,100,000	
Expected Sale Date 03/25/13	
Rating Description General Obligation	

Moody's Outlook NOO

Opinion

NEW YORK, March 11, 2013 --Moody's Investors Service has assigned a Aa2 rating to Davie County's (NC) $5.1 million General Obligation Refunding Bonds, Series 2013. Concurrently, Moody's affirmed the Aa2 rating on the county's $7.5 million of outstanding general obligation debt. The bonds are secured by the county's unlimited ad valorem tax pledge.

SUMMARY RATINGS RATIONALE

The Aa2 rating reflects the county's solid financial position, its sizable tax base with ongoing development opportunities, and manageable debt burden. Proceeds from the refunding bonds will refinance the county's 2004 General Obligation School Bonds for an expected net present value savings in excess of 9% without extending debt maturity.

STRENGTHS:

-Solid financial position with adequate reserves despite planed draws for capital

-Local economy expected to benefit from ongoing diversification and expansion efforts

- Strong management as evidenced by conservative budgeting practices

CHALLENGES:

-10% value declines associated with county wide revaluation

CURRENT ISSUE:

DETAILED CREDIT DISCUSSION

SOLID FINANCIAL POSITION WITH ADEQUATE FINANCIAL FLEXIBILITY DESPITE PLANNED DRAWS FOR CAPITAL

Moody's anticipates the county's financial position will remain healthy given a solid track record of positive operating results, conservative budgeting practices, and sound reserve levels. Positive fiscal 2011 operations increased total General Fund balance to a strong $13.6 million (29.9% of revenues) with the unassigned portion at $9.8 million 24.8% of General Fund revenues. The surplus was largely due to conservative budgeting in property tax and sales tax.

In fiscal 2012 the fund balanced decreased by $1.2 million following a planned draw related to economic development incentives for relocation of Ashley Furniture Company to the county. The county will provide a total of $5 million in incentives for land and equipment and to be repaid over three years. Following the draw, total fund balance decreased to $12.4 million or 27% of General Fund revenues.

The fiscal 2013 budget represents a $1.5 million increase driven primarily by school maintenance costs, and a change in state grant funding. budget includes no property tax levy increase. The county made another $2.5 million payment for equipment costs to Ashley furniture but has received approximately $2.1 million in reimbursements to date. County officials report revenues and expenditures on track with budgeted projections with year to date.

The county participates in the well funded (95%) state Local Government Employees Retirement plan

LOCAL ECONOMY BENEFITS FROM PROXIMITY PIEDMONT TRIAD AND ONGOING ECONOMIC DEVELOPMENT INITIATIVES

Moody's believes the county's trends of population and tax base growth will continue given proximity to employment opportunities in Winston-Salem (G.O. rated Aaa) and a diversifying industrial base. Located in central North Carolina approximately 20 miles from the Piedmont Triad, Davie County is experiencing ongoing population growth, with a 19% increase in population since 2000. The county's property tax base has grown by an average of 2.9% per year over the past five years, despite a 10% loss in value with the most recent revaluation.

Traditionally an agriculture, furniture, and textile-based economy, the county has diversified by attracting several light manufacturing facilities, including Pro Refrigeration Inc, a manufacturer of refrigeration systems which will relocate its facility to the county , a $3.6 million investment expected to bring an additional 58 jobs over a three year time period, Ingersoll, Rand Company, an air compressor manufacturer recently announced plans to create 60 jobs and invest $22 million over the next three years, ad CPP Global, a manufacturer of cosmetics packaging products recently opened a new plant in Mocksville, investing $5.4 million and creating 130 new jobs.

Additionally as discussed above, Ashley Furniture Industries, has relocated a manufacturing and distribution center to the county expecting to create 550 new jobs, and an additional $40 million to the county's tax base by September 2016.

As a result of spurred economic activity the county's unemployment rate has dropped to 8.2% (December 2012) compared to 10.4% in December 2011. County wealth levels approximate both state and national norms with full value per capital totaling $103,272.

DEBT BURDEN EXPECTED TO REMAIN MANAGEABLE

Moody's expects the county's debt position to remain manageable, given a low direct debt burden and above-average rate of debt retirement. The county's direct debt burden is low at 0.5% of full value. Amortization of debt is above- average, with 85.2% of principal retired within 10 years, and debt service comprised a reasonable 6.4% of fiscal 2012 operating expenditures. The county may seek voter authorization for a high school project as a part of its five year capital plan. The estimated cost of the new high school is $53 million. All outstanding debt is fixed rate and the county is not party to any derivative agreements.

WHAT COULD MAKE THE RATING GO UP:

-Significant increases in tax base and socio economic statistics

-Increase in general fund reserves

WHAT COULD MAKE THE RATING GO DOWN:

-Substantial declines in tax base

-Narrowing of liquidity or General Fund balance

KEY STATISTICS:

2011 Population: 41,552 (19% increase since 2000)

2013 Full value: $4.2 billion

Full value per capita: $103,272

Direct debt: 0.5%

Payout of principal (10 years): 85.2%

2010 Per Capita Income: (105.4% of state, 95.3% of the U.S.)

2010 Median Family Income: (108.9% of state, 96.8% of U.S.)

2012 General Fund balance: $12.4 million (27% of General Fund revenues)

Post-refunding GO debt outstanding: $7.5 million

RATING METHODOLOGY

The principal methodology used in this rating was General Obligation Bonds Issued by U.S. Local Governments published in October 2009. Please see the Credit Policy page on www.moodys.com for a copy of this methodology.

REGULATORY DISCLOSURES

For ratings issued on a program, series or category/class of debt, this announcement provides certain regulatory disclosures in relation to each rating of a subsequently issued bond or note of the same series or category/class of debt or pursuant to a program for which the ratings are derived exclusively from existing ratings in accordance with Moody's rating practices. For ratings issued on a support provider, this announcement provides certain regulatory disclosures in relation to the rating action on the support provider and in relation to each particular rating action for securities that derive their credit ratings from the support provider's credit rating. For provisional ratings, this announcement provides certain regulatory disclosures in relation to the provisional rating assigned, and in relation to a definitive rating that may be assigned subsequent to the final issuance of the debt, in each case where the transaction structure and terms have not changed prior to the assignment of the definitive rating in a manner that would have affected the rating. For further information please see the ratings tab on the issuer/entity page for the respective issuer on www.moodys.com.

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Summary:

Davie County, North Carolina; Appropriations; General Obligation

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Summary:

Davie County, North Carolina; Appropriations; General Obligation

Credit Profile		
Davie Cnty GO		
Long Term Rating	AA/Stable	Upgraded
Davie Cnty certs of part (Davie Cnty Pub Sch & Comnty Fac Proj) ser 2006		
Unenhanced Rating	AA-(SPUR)/Stable	Upgraded
Davie Cnty GO		
Unenhanced Rating	AA(SPUR)/Stable	Upgraded

Many issues are enhanced by bond insurance.

Rationale

Standard & Poor's Ratings Services raised its rating on Davie County, N.C.'s outstanding general obligation (GO) debt to 'AA' from 'AA-' and its rating on the county's appropriation debt to 'AA-' from 'A+'. The outlook is stable. The upgrades are based on our local GO criteria published Sept. 12, 2013.

The county's full-faith-and-credit pledge secures its GO bonds.

The rating reflects the following factors for the county:

- We consider the county's economy to be strong. Davie County (estimated population: 42,279) is located in the western Piedmont region of North Carolina. Mocksville, the county seat, is situated approximately 25 miles southwest of Winston-Salem and 38 miles west of High Point. The largely rural county's economy is centered textiles and light manufacturing industries. The population has grown 21% since 2000, and the county continues to experience development, including the expansion of several manufacturers. County unemployment averaged 7.5% in 2013, which was roughly in line with the national rate, but below the state rate. Projected per capita effective buying income stands at 82.2% of the national average. Market value per capita currently stands at $103,168. The tax base is very diverse, with the leading 10 taxpayers representing only 6.3% of assessed value.
- In our opinion, budgetary flexibility is very strong, with available reserves equal to 17.9% of operating expenditures at the end of fiscal 2013. It is our understanding that available reserves are not expected to materially change at the end of fiscal 2014 and 2015. In addition, the county has historically used general fund transfers to fund capital projects, providing additional financial flexibility.
- We view overall budgetary performance as strong. The county has a history of generating surpluses and using general fund reserves for pay-go capital expenditures. In fiscal 2013, the county generated a general fund surplus of $269,000 and break-even operations in the total governmental funds. In addition, fiscal 2014 and 2015 are balanced, and we do not expect reserves to materially change. The county obtains 57% of its revenue from property taxes.
- In our opinion, very strong liquidity supports Davie County's finances, with available cash equal to 32% of total governmental funds expenditures and 5.5x debt service. Based on past debt issuances, we believe Davie County has

strong access to capital markets to provide liquidity, if necessary.
- In our view, Davie County's management conditions are adequate with "standard" financial management practices under our Financial Management Assessment methodology, indicating that the finance department maintains adequate policies in some, but not all, key areas.
- In our opinion, Davie County's debt and contingent liability profile is very strong. Net direct debt is 28.8% of total governmental funds revenue, and debt service is 5.8% of total governmental funds expenditures. Officials plan to retire nearly 95% of debt over 10 years, which we consider rapid. We view the net-debt-to-market-value ratio as a low 0.4%. Davie County participates in the statewide local governmental employees' retirement system and has historically contributed 100% of the annual required pension contribution. In fiscal 2013, the combined annual pension and other postemployment benefit (OPEB) cost accounted for just 2% of total governmental expenditures. As of Dec. 31, 2012, the unfunded actuarial accrued OPEB liability totaled $4.8 million.
- We consider the Institutional Framework score for North Carolina municipalities very strong.

Outlook

The stable outlook reflects our opinion of Davie County's strong financial position, supported by a stable economy that continues to grow. We believe that management will continue to make the adjustments necessary to maintain at least strong budgetary flexibility and very strong liquidity despite periodic capital spending with general fund reserves. For these reasons, we do not expect the rating to change during the two-year outlook horizon. Although unexpected, if the county were to significantly draw down reserves, the rating could be pressured.

Related Criteria And Research

Related Criteria

- USPF Criteria: Local Government GO Ratings Methodology And Assumptions, Sept. 12, 2013
- USPF Criteria: Appropriation-Backed Obligations, June 13, 2007

Related Research

- S&P Public Finance Local GO Criteria: How We Adjust Data For Analytic Consistency, Sept. 12, 2013

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