Discussion Materials

Davie County, North Carolina

DAVIE COUNTY
North Carolina

June 22, 2020 - DRAFT

Contents / Agenda

DAVIE COUNTY
North Carolina

Topics for Discussion

- Credit Ratings and Peer Comparative Introduction.

- Tax Supported Debt Profile.
  - Key Debt Ratios & Policies.
  - Debt Capacity.
  - Debt Affordability.

- Proposed Capital Improvement Plan.
  - Revisit Key Debt Ratios & Policies.
  - Revisit Debt Capacity.
  - Revisit Debt Affordability.

- CIP Funding Capacity.

Credit Rating Overview and Peer Comparatives

Credit Rating Overview and Peer Comparatives

Peer Comparative Introduction

- The County is currently rated Aa2 by Moody's Investors Service (October 2018 and April 2020 AICR) and AA+ by Standard and Poor's (October 2018).
- The following pages contain peer comparatives based on the below Moody's rating categories.

  – National Counties
    – Aaa 118 Credits
    – Aa1 132 Credits
    – Aa2 258 Credits

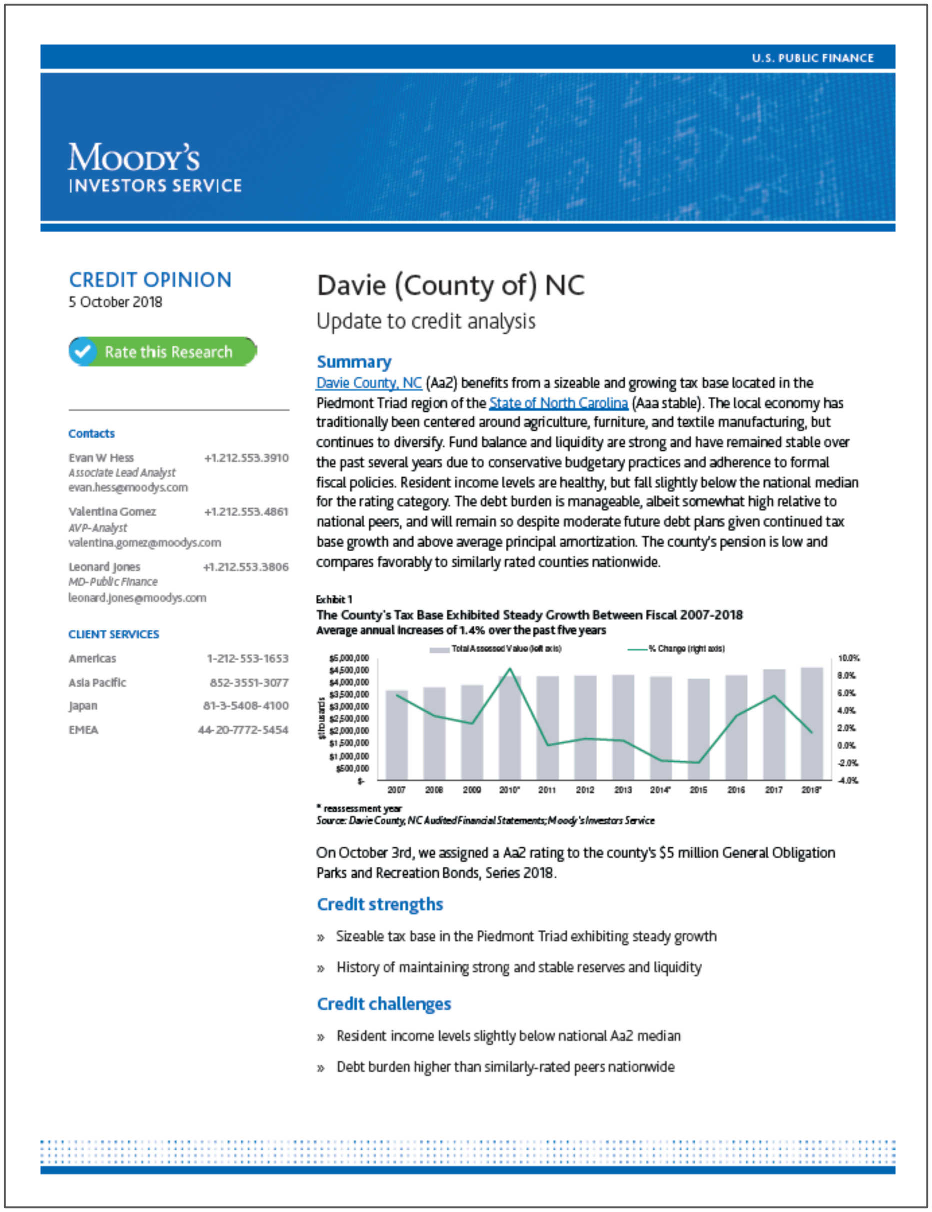
  – North Carolina County Medians
    – Aaa 9 Credits
      – Buncombe, Durham, Forsyth, Guilford, Mecklenburg, New Hanover, Orange, Union, Wake
    – Aa1 13 Credits
      – Brunswick, Cabarrus, Carteret, Catawba, Chatham, Cumberland, Davidson, Henderson, Iredell, Johnston, Moore, Onslow, Pitt
    – Aa2 21 Credits
      – Alamance, Burke, Cleveland, Dare, Davie, Franklin, Gaston, Granville, Harnett, Lee, Lenoir, Lincoln, Nash, Pender, Randolph, Rockingham, Rowan, Surry, Watauga, Wayne, Wilson

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		

Note: The data shown in the peer comparatives is from Moody's Municipal Financial Ratio Analysis database. The figures shown are derived from the most recent financial statement available as of May 15, 2020 (FY 2019 figures in most cases).

Rating Agency Commentary – Moody's (10/5/2018)

DAVIE COUNTY
North Carolina


U.S. PUBLIC FINANCE

MOODY'S
INVESTORS SERVICE

CREDIT OPINION
5 October 2018

Rate this Research

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CLIENT SERVICES

Americas	1-212-553-1653
Asia Pacific	852-3551-3077
Japan	81-3-5408-4100
EMEA	44-20-7772-5454

Davie (County of) NC
Update to credit analysis

Summary

Davie County, NC (Aa2) benefits from a sizeable and growing tax base located in the Piedmont Triad region of the State of North Carolina (Aaa stable). The local economy has traditionally been centered around agriculture, furniture, and textile manufacturing, but continues to diversify. Fund balance and liquidity are strong and have remained stable over the past several years due to conservative budgetary practices and adherence to formal fiscal policies. Resident income levels are healthy, but fall slightly below the national median for the rating category. The debt burden is manageable, albeit somewhat high relative to national peers, and will remain so despite moderate future debt plans given continued tax base growth and above average principal amortization. The county's pension is low and compares favorably to similarly rated counties nationwide.

Exhibit 1
The County's Tax Base Exhibited Steady Growth Between Fiscal 2007-2018
Average annual increases of 1.4% over the past five years

* reassessment year
Source: Davie County, NC Audited Financial Statements; Moody's Investors Service

On October 3rd, we assigned a Aa2 rating to the county's $5 million General Obligation Parks and Recreation Bonds, Series 2018.

Credit strengths

» Sizeable tax base in the Piedmont Triad exhibiting steady growth

» History of maintaining strong and stable reserves and liquidity

Credit challenges

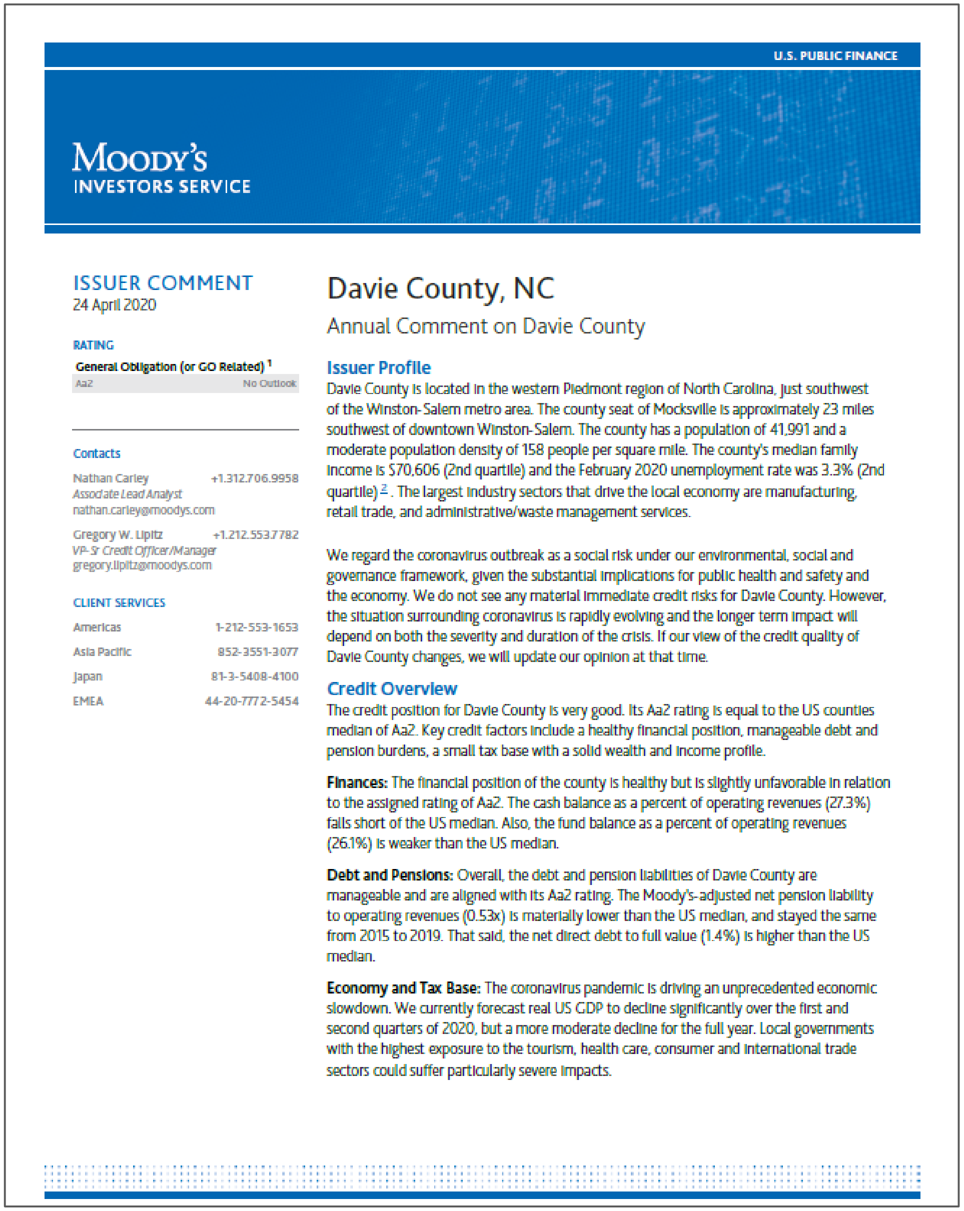
» Resident income levels slightly below national Aa2 median

» Debt burden higher than similarly-rated peers nationwide

- Credit Strengths
  - Sizeable tax base in the Piedmont Triad exhibiting steady growth
  - History of maintaining strong and stable reserves and liquidity
- Credit Challenges
  - Resident income levels slightly below national Aa2 median
  - Debt burden higher than similarly-rated peers nationwide
- Factors that Could Lead to an Upgrade
  - Material and sustained improvement in reserve and liquidity levels
  - Continued tax base growth and improvement in the county's socioeconomic profile
  - Moderation of debt burden
- Factors that Could Lead to a Downgrade
  - Trend of operating deficits and narrowing reserve levels
  - Material declines in tax base values and wealth levels
  - Significant increase in debt burden

Issuer Comment Report – Moody's (4/24/2020)

DAVIE COUNTY
North Carolina



U.S. PUBLIC FINANCE

MOODY'S INVESTORS SERVICE

ISSUER COMMENT
24 April 2020

RATING

General Obligation (or GO Related) [1]	
Aa2	No Outlook

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Americas	1-212-553-1653
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Davie County, NC

Annual Comment on Davie County

Issuer Profile

Davie County is located in the western Piedmont region of North Carolina, just southwest of the Winston-Salem metro area. The county seat of Mocksville is approximately 23 miles southwest of downtown Winston-Salem. The county has a population of 41,991 and a moderate population density of 158 people per square mile. The county's median family income is $70,606 (2nd quartile) and the February 2020 unemployment rate was 3.3% (2nd quartile) [2]. The largest industry sectors that drive the local economy are manufacturing, retail trade, and administrative/waste management services.

We regard the coronavirus outbreak as a social risk under our environmental, social and governance framework, given the substantial implications for public health and safety and the economy. We do not see any material immediate credit risks for Davie County. However, the situation surrounding coronavirus is rapidly evolving and the longer term impact will depend on both the severity and duration of the crisis. If our view of the credit quality of Davie County changes, we will update our opinion at that time.

Credit Overview

The credit position for Davie County is very good. Its Aa2 rating is equal to the US counties median of Aa2. Key credit factors include a healthy financial position, manageable debt and pension burdens, a small tax base with a solid wealth and income profile.

Finances: The financial position of the county is healthy but is slightly unfavorable in relation to the assigned rating of Aa2. The cash balance as a percent of operating revenues (27.3%) falls short of the US median. Also, the fund balance as a percent of operating revenues (26.1%) is weaker than the US median.

Debt and Pensions: Overall, the debt and pension liabilities of Davie County are manageable and are aligned with its Aa2 rating. The Moody's-adjusted net pension liability to operating revenues (0.53x) is materially lower than the US median, and stayed the same from 2015 to 2019. That said, the net direct debt to full value (1.4%) is higher than the US median.

Economy and Tax Base: The coronavirus pandemic is driving an unprecedented economic slowdown. We currently forecast real US GDP to decline significantly over the first and second quarters of 2020, but a more moderate decline for the full year. Local governments with the highest exposure to the tourism, health care, consumer and international trade sectors could suffer particularly severe impacts.

- Credit Overview
  - The credit position for Davie County is very good. Its Aa2 rating is equal to the US counties median of Aa2. Key credit factors include a healthy financial position, manageable debt and pension burdens, a small tax base with a solid wealth and income profile.
- Finances
  - The financial position of the county is healthy but is slightly unfavorable in relation to the assigned rating of Aa2.
- Debt and Pensions
  - Overall, the debt and pension liabilities of Davie County are manageable and are aligned with its Aa2 rating.
- Economy and Tax Base
  - The county has a solid economy and tax base, yet the factor is slightly unfavorable relative to the assigned rating of Aa2.
- Management and Governance
  - North Carolina counties have an institutional framework score of "Aaa," or very strong.

Rating Agency Commentary – S&P (10/1/2018)

Summary:

Davie County, North Carolina; General Obligation

Credit Profile		
US$5.0 mil GO pks and recre bnds ser 2018 due 10/01/2038		
Long Term Rating	AA+/Stable	New
Davie Cnty GO		
Long Term Rating	AA+/Stable	Upgraded
Davie Cnty GO		
Unenhanced Rating	AA+(SPUR)/Stable	Upgraded

Many issues are enhanced by bond insurance.

Rationale

S&P Global Ratings raised its long-term rating on Davie County, N.C.'s general obligation (GO) debt outstanding to 'AA+' from 'AA'.

At the same time, S&P Global Ratings assigned its 'AA+' long-term rating to the county's 2018 GO parks and recreation bonds. The outlook is stable.

The upgrade reflects our view of the county's economic expansion and ongoing development, which will likely lead to continued job growth and improved residential incomes. The county's good management practices allow it to consistently practice conservative budgeting, helping it maintain very strong reserve and liquidity positions. Furthermore, management has structured its outstanding debt favorably, with rapid amortization, which is unlikely to cause debt-related budgetary pressures in the future.

The 2018 bonds and the county's GO debt outstanding are secured by its full faith and credit, including its pledge to levy ad valorem property taxes without limitation as to rate or amount.

Bond proceeds from the 2018 bonds will be used to repurpose the existing high school property, including offices for the county's parks and recreation department and the addition of new park facilities on the existing property.

The 'AA+' rating reflects our opinion of the county's:

- Strong economy, with access to a broad and diverse metropolitan statistical area (MSA);
- Strong management, with good financial policies and practices under our Financial Management Assessment (FMA) methodology;
- Strong budgetary performance, with break-even operating results in the general fund and break-even operating results at the total governmental fund level in fiscal 2017;
- Very strong budgetary flexibility, with an available fund balance in fiscal 2017 of 24% of operating expenditures;
- Very strong liquidity, with total government available cash at 57.7% of total governmental fund expenditures and

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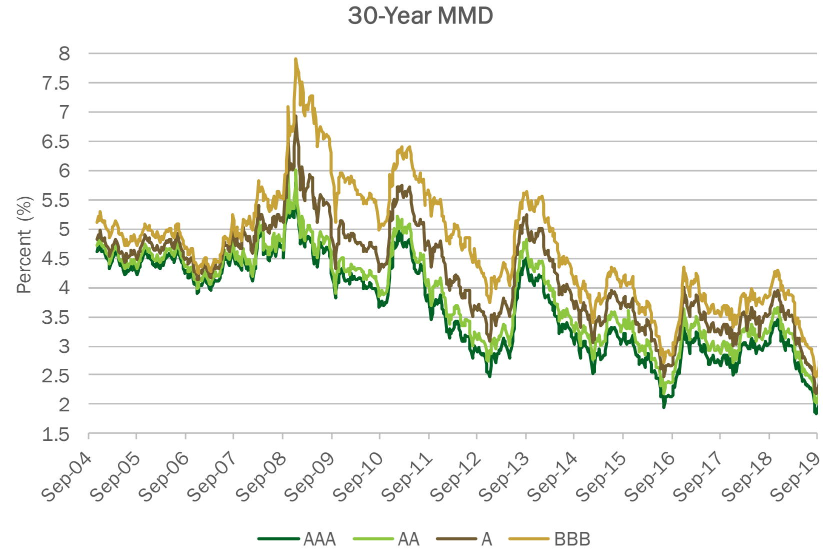
- The 'AA+' rating reflects S&P's opinion of the County's:
  - Strong economy, with access to a broad and diverse metropolitan statistical area (MSA);
  - Strong management, with good financial policies and practices under our Financial Management Assessment (FMA) methodology;
  - Strong budgetary performance, with break-even operating results in the general fund and break-even operating results at the total governmental fund level in fiscal 2017;
  - Very strong budgetary flexibility, with an available fund balance in fiscal 2017 of 24% of operating expenditures;
  - Very strong liquidity, with total government available cash at 57.7% of total governmental fund expenditures and 4.4x governmental debt service, and access to external liquidity we consider strong;
  - Strong debt and contingent liability profile, with debt service carrying charges at 13.2% of expenditures and net direct debt that is 121.4% of total governmental fund revenue, as well as low overall net debt at less than 3% of market value and rapid amortization, with 73.2% of debt scheduled to be retired in 10 years; and
  - Very strong Institutional Framework score
- Outlook
  - The stable outlook reflects our opinion that the county will likely continue to maintain a very strong liquidity and reserve position, which is further strengthened by its strong management team. Additionally, we believe the county will continue to benefit from its access to the Winston-Salem MSA. Therefore, we do not anticipate changing the rating over the two-year outlook horizon.
- Upside Scenario
  - All else equal, we could further raise the rating if the county continues to see economic expansion, including improved assessed values and income levels in line with those of higher-rated peers.
- Downside Scenario
  - If the county's financial performance were to experience deterioration, leading to significant and sustained draws on its reserves, we could take a negative rating action.

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 0.64% 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 - May 2020

	Min	Max	Average
AA	(0.09)	0.53	0.22
A	0.20	1.11	0.64
BBB	0.56	2.58	1.19

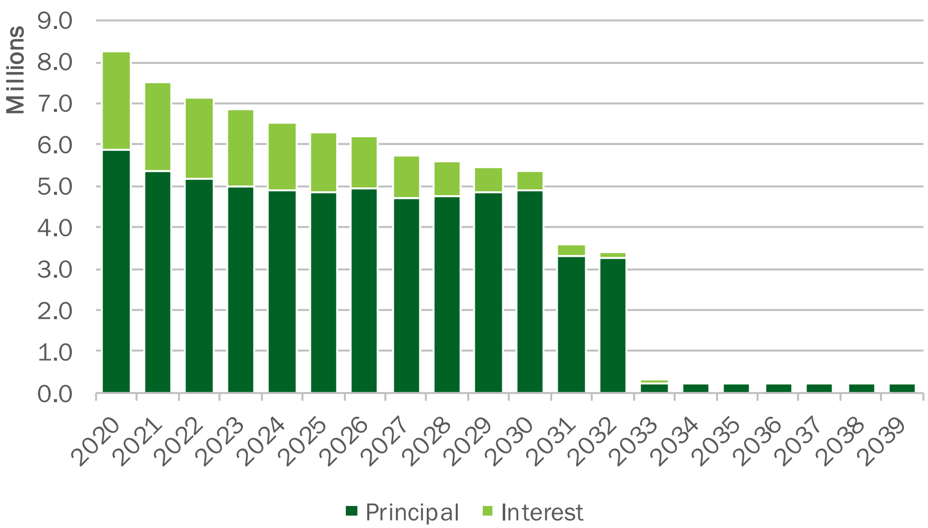
Note: credit spreads compared to the 'AAA' equivalent

Existing Tax Supported Debt Profile

Existing Tax Supported Debt

DAVIE COUNTY
North Carolina

Tax Supported Debt Service



Par Outstanding – Estimated as of 6/30/2019

Type	Par Amount
General Obligation Bonds	$52,820,000
IPCs / COPs / LOBs	$17,265,456
Other Obligations	$2,794,080
Total	**$72,879,536**

Notes:
-QZAB shown net of Sinking Fund earnings.
-Does not include the HHS and Sherriff Lease.
-Includes the 2019 IPC issued in August 2019 and 2020 IFA issued in March 2020.

Tax Supported Debt Service

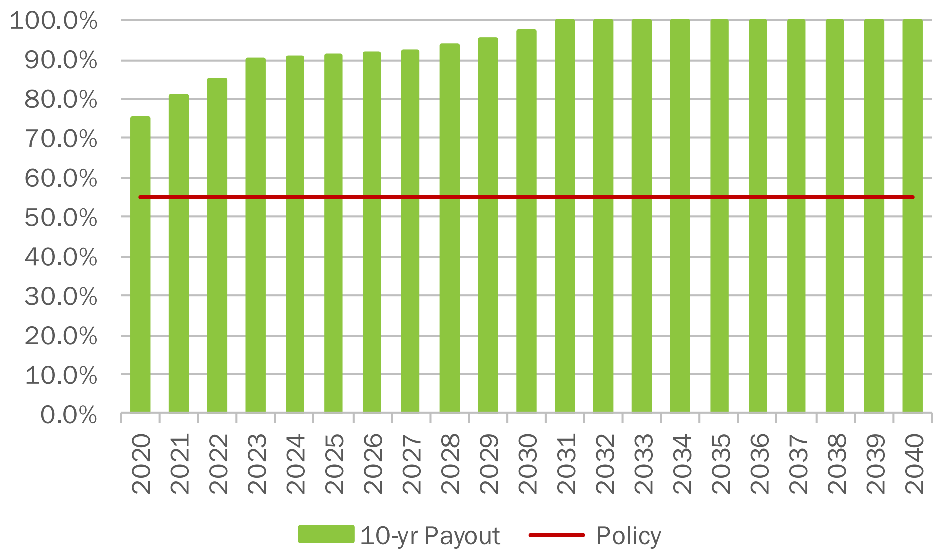
FY	Principal	Interest	Total	10-yr Payout
Total	72,879,536	18,953,961	91,833,496	
2020	5,899,034	2,363,533	8,262,567	74.9%
2021	5,807,000	2,397,303	8,204,303	80.7%
2022	5,634,000	2,217,247	7,851,247	85.0%
2023	5,463,000	2,082,057	7,545,057	90.2%
2024	5,360,000	1,870,431	7,230,431	90.5%
2025	5,310,000	1,660,354	6,970,354	91.0%
2026	5,410,000	1,442,583	6,852,583	91.6%
2027	5,161,501	1,199,477	6,360,978	92.4%
2028	5,228,000	998,679	6,226,679	93.5%
2029	5,293,000	795,161	6,088,161	95.0%
2030	5,368,000	590,294	5,958,294	97.5%
2031	3,788,000	383,676	4,171,676	100.0%
2032	3,712,000	270,696	3,982,696	100.0%
2033	712,000	159,681	871,681	100.0%
2034	712,000	138,604	850,604	100.0%
2035	712,000	117,401	829,401	100.0%
2036	712,000	96,074	808,074	100.0%
2037	712,000	74,622	786,622	100.0%
2038	712,000	52,732	764,732	100.0%
2039	712,000	30,467	742,467	100.0%
2040	462,000	12,890	474,890	100.0%

Source: LGC Bond Ledger and 2019 Audit

Key Debt Ratio: Tax Supported Payout Ratio

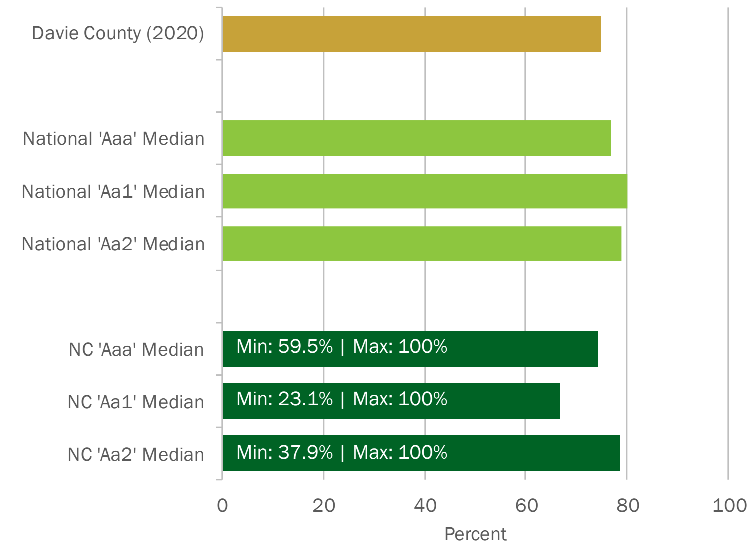
DAVIE COUNTY
North Carolina

10-Year Payout Ratio



- Existing 10-year Payout Ratio
  - FY 2020: 74.9%
- 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 policy establishing a minimum 10 Year Payout Ratio of 55.00%.

10-year Payout Ratio Peer Comparative



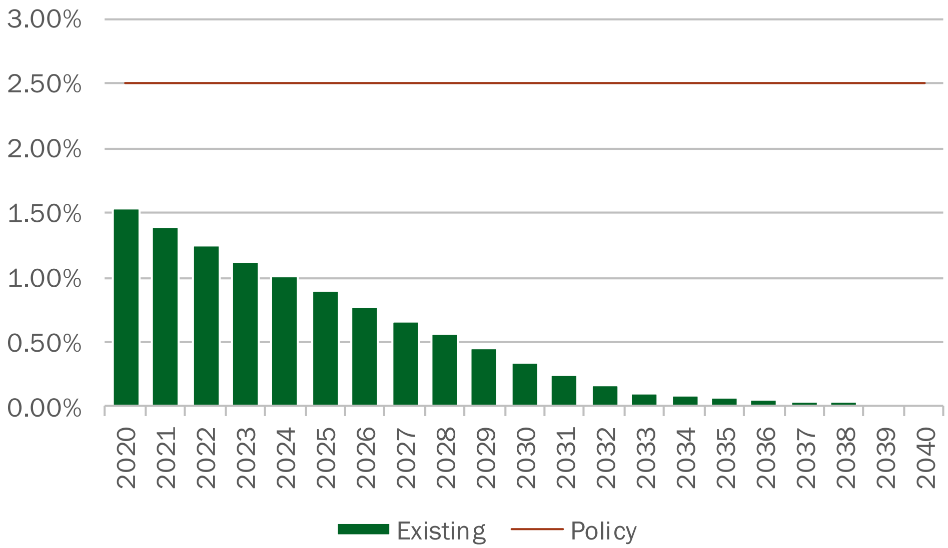
- Rating Considerations:
  - Moody's: Moody's rating criteria for General Obligation credits allows for a scorecard adjustment if an issuer has unusually slow or rapid amortization of debt principal.
  - S&P: A payout ratio greater than 65% results in a one point positive qualitative adjustment to the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

Source: LGC Bond Ledger, 2019 Audit, 2020 Budget, Moody's Investors Service, and S&P

Key Debt Ratio: Debt to Assessed Value

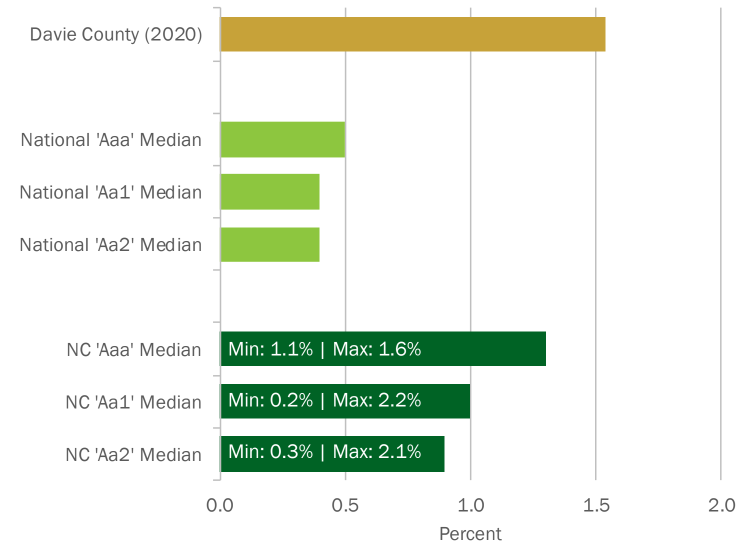
DAVIE COUNTY North Carolina

Debt to Assessed Value



- Existing Debt to Assessed Value
  - FY 2020: 1.54%
- Assumed Future Growth Rates
  - 2019 Assessed Value: $4,642,546,668
  - 2020 Estimate: $4,728,776,620
  - 2021 Estimate: $4,823,194,065
  - 2022 & Beyond: 1.00%
- The County has a policy establishing a maximum Debt to Assessed Value of 2.50%.

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, 2019 Audit, 2020 Budget, County Staff, Moody's Investors Service, and S&P

Key Debt Ratio: Debt Service vs. Expenditures

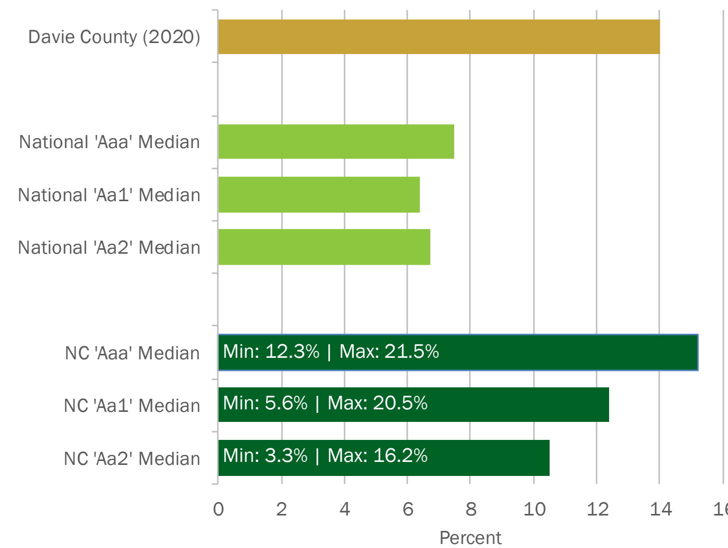
DAVIE COUNTY North Carolina

Debt Service vs. Governmental Expenditures

- Existing Debt Service vs. Expenditures
  - FY 2020: 14.03%
- Assumed Future Growth Rates
  - 2019 Adjusted Expenditures: $50,109,722
  - 2020 & Beyond: 1.00%
- The County has a policy establishing a maximum level of Debt Service to Expenditures of 15.00%.

Note: Governmental Expenditures represent the ongoing operating expenditures of the County. In this analysis, debt service and capital outlay 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, 2019 Audit, 2020 Budget, Moody's Investors Service, and S&P

Existing Capital and Debt Service Funding Sources Available

DAVIE COUNTY
North Carolina

- 6.36¢ Property Tax
  - The 6.36¢ Property Tax is equal to the amount of funding set aside for debt service beginning in FY 2015.
    - Note: This includes 5.36¢ plus 1.00¢ set aside in FY 2019 related to the General Obligation Parks & Recreation Bonds, Series 2018.

- 10.80¢ Property Tax
  - The County Property Tax was increased by 10.80¢ in FY 2016 in conjunction with the issuance of the 2015 GO Bonds for Davie High School.

- Operating Revenue for Vehicle Debt Service
  - The County funds an Operating Budget to make available funds to pay debt service on its existing Vehicle IPCs.

- General Fund Appropriation for Capital - $485,100
  - The County included $485,100 of Pay Go capital funding in the FY 2017 Budget from recurring revenue sources. This annual revenue is assumed to be available for debt service / capital in all future years.

- Cell Tower Rental - $45,748 per year
  - The County receives annual rental payments in the amount of $45,748 from a Cell Tower Lease.

- Restricted Sales Tax for School Debt - $300,000 per year
  - The County has an Interlocal Agreement with the Schools to receive $300,000 of annual restricted sales tax funds for School debt service through FY 2025. For purposes of this analysis, this revenue is assumed to be available for school capital / debt service annually beyond 2025.

- Additional School Contribution for Debt Service / Capital - $200,000 per year
  - The County has an Interlocal Agreement with the Schools to receive $200,000 annually beginning in FY 2018 through FY 2032. For purposes of this analysis, this revenue is assumed to be available for school capital / debt service annually beyond 2032.

Debt Affordability Analysis

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	V	W
	Debt Service Requirements							Revenue Available for DS									Debt Service Cash Flow Surplus (Deficit)					
FY	Existing Non-Vehicle Debt Service	Vehicle Debt Service	CIP Debt Service	HHS and Sherriff Lease Payments	County CIP Pay Go / Contribution	Operating Impact (Savings)[1]	Total	Additional Revenue Requested - Property Tax (6.36¢)[2]	Additional Revenue Requested - Property Tax (HS Debt Only)	Operating Revenue for Vehicle Debt Service	General Fund Appropriation for Capital	Cell Tower Rental	BOE Portion of Restricted Sales Tax for School Debt	Additional School Contribution for Debt Service / Capital	Reimbursement from Bond Proceeds[3]	Total Revenues Available	Surplus/ (Deficit)	Revenue From Prior Tax Impact	Capital Reserve Utilized	Adjusted Surplus/ (Deficit)	Estimated Incremental Tax Equivalent	Capital Reserve Fund Balance
																						2,519,720
2020	7,037,514	1,225,053	-	51,187	1,311,258	-	9,625,013	2,943,120	4,997,750	1,225,053	485,100	45,748	300,000	200,000	168,499	10,365,270	740,257	-	-	740,257	-	3,259,977
2021	7,444,798	759,505	-	204,750	-	-	8,409,053	2,979,909	5,060,222	759,505	485,100	45,748	300,000	200,000	-	9,830,484	1,421,431	-	-	1,421,431	-	4,681,408
2022	7,352,441	498,806	-	204,750	-	-	8,055,997	3,083,328	4,751,040	498,806	485,100	45,748	300,000	200,000	-	9,364,022	1,308,025	-	-	1,308,025	-	5,989,433
2023	7,233,658	311,399	-	204,750	-	-	7,749,807	3,114,161	4,798,550	311,399	485,100	45,748	300,000	200,000	-	9,254,959	1,505,152	-	-	1,505,152	-	7,494,585
2024	7,105,029	125,402	-	204,750	-	-	7,435,181	3,145,303	4,846,536	125,402	485,100	45,748	300,000	200,000	-	9,148,089	1,712,908	-	-	1,712,908	-	9,207,493
2025	6,970,354	-	-	209,016	-	-	7,179,370	3,176,756	4,895,001	-	485,100	45,748	300,000	200,000	-	9,102,605	1,923,236	-	-	1,923,236	-	11,130,729
2026	6,852,583	-	-	221,813	-	-	7,074,396	3,208,523	4,943,951	-	485,100	45,748	300,000	200,000	-	9,183,323	2,108,927	-	-	2,108,927	-	13,239,656
2027	6,360,978	-	-	221,813	-	-	6,582,791	3,240,609	4,993,391	-	485,100	45,748	300,000	200,000	-	9,264,848	2,682,057	-	-	2,682,057	-	15,921,713
2028	6,226,679	-	-	221,813	-	-	6,448,492	3,273,015	5,043,325	-	485,100	45,748	300,000	200,000		9,347,187	2,898,696	-	-	2,898,696	-	18,820,409
2029	6,088,161	-	-	221,813	-	-	6,309,974	3,305,745	5,093,758	-	485,100	45,748	300,000	200,000	-	9,430,351	3,120,377	-	-	3,120,377	-	21,940,786
2030	5,958,294	-	-	226,078	-	-	6,184,372	3,338,802	5,144,696	-	485,100	45,748	300,000	200,000	-	9,514,346	3,329,974	-	-	3,329,974	-	25,270,760
2031	4,171,676	-	-	238,875	-	-	4,410,551	3,372,190	4,055,899	-	485,100	45,748	300,000	200,000	-	8,458,937	4,048,386	-	-	4,048,386	-	29,319,146
2032	3,982,696	-	-	238,875	-	-	4,221,571	3,405,912	-	-	485,100	45,748	300,000	200,000	-	4,436,760	215,190	-	-	215,190	-	29,534,336
2033	871,681	-	-	238,875	-	-	1,110,556	3,439,971	-	-	485,100	45,748	300,000	200,000	-	4,470,819	3,360,264	-	-	3,360,264	-	32,894,599
2034	850,604	-	-	238,875	-	-	1,089,479	3,474,371	-	-	485,100	45,748	300,000	200,000	-	4,505,219	3,415,741	-	-	3,415,741	-	36,310,340
2035	829,401	-	-	243,141	-	-	1,072,542	3,509,115	-	-	485,100	45,748	300,000	200,000	-	4,539,963	3,467,421	-	-	3,467,421	-	39,777,761
2036	808,074	-	-	255,938	-	-	1,064,012	3,544,206	-	-	485,100	45,748	300,000	200,000	-	4,575,054	3,511,043	-	-	3,511,043	-	43,288,803
2037	786,622	-	-	255,938	-	-	1,042,559	3,579,648	-	-	485,100	45,748	300,000	200,000	-	4,610,496	3,567,937	-	-	3,567,937	-	46,856,740
2038	764,732	-	-	255,938	-	-	1,020,669	3,615,445	-	-	485,100	45,748	300,000	200,000	-	4,646,293	3,625,623	-	-	3,625,623	-	50,482,364
2039	742,467	-	-	255,938	-	-	998,405	3,651,599	-	-	485,100	45,748	300,000	200,000	-	4,682,447	3,684,042	-	-	3,684,042	-	54,166,406
2040	474,890	-	-	255,938	-	-	730,827	3,688,115	-	-	485,100	45,748	300,000	200,000	-	4,718,963	3,988,136	-	-	3,988,136	-	58,154,542
2041	-	-	-	255,938	-	-	255,938	3,724,996	-	-	485,100	45,748	300,000	200,000	-	4,755,844	4,499,907	-	-	4,499,907	-	62,654,448
2042	-	-	-	255,938	-	-	255,938	3,762,246	-	-	485,100	45,748	300,000	200,000	-	4,793,094	4,537,157	-	-	4,537,157	-	67,191,605
2043	-	-	-	255,938	-	-	255,938	3,799,869	-	-	485,100	45,748	300,000	200,000	-	4,830,717	4,574,779	-	-	4,574,779	-	71,766,384
2044	-	-	-	255,938	-	-	255,938	3,837,867	-	-	485,100	45,748	300,000	200,000	-	4,868,715	4,612,778	-	-	4,612,778	-	76,379,162
2045	-	-	-	255,938	-	-	255,938	3,876,246	-	-	485,100	45,748	300,000	200,000	-	4,907,094	4,651,156	-	-	4,651,156	-	81,030,318
2046	-	-	-	255,938	-	-	255,938	3,915,008	-	-	485,100	45,748	300,000	200,000	-	4,945,856	4,689,919	-	-	4,689,919	-	85,720,237
2047	-	-	-	255,938	-	-	255,938	3,954,158	-	-	485,100	45,748	300,000	200,000	-	4,985,006	4,729,069	-	-	4,729,069	-	90,449,306
2048	-	-	-	255,938	-	-	255,938	3,993,700	-	-	485,100	45,748	300,000	200,000	-	5,024,548	4,768,611	-	-	4,768,611	-	95,217,917
2049	-	-	-	255,938	-	-	255,938	3,398,593	-	-	485,100	40,750	300,000	200,000	-	4,424,443	4,168,505	-	-	4,168,505	-	99,386,422
2050	-	-	-	191,953	-	-	191,953	3,432,579	-	-	485,100	40,750	300,000	200,000	-	4,458,429	4,266,476	-	-	4,266,476	-	103,652,898
																				Total Tax Effect	0.00¢	
Total	88,913,331	2,920,166	-	7,166,250	1,311,258		100,311,004										Total		-			

[1] Includes the potential operating savings from maintenance avoidance on the Detention Center project.

[2] Includes 1 penny in FY 2019 implemented in conjunction with GO Parks & Recreation Bonds.

[3] The County partially prepaid its 2017 IFC (BB&T) in FY 2020 from remaining Bond Proceeds.

- FY 2020 Value of a Penny[1]: $468,176
- FY 2021 Value of a Penny[1]: $480,000

- Assumed Growth Rate: 1.00%

[1] County Staff

CIP Analysis

CIP Funding Sources & Uses

FY 2021 – 2025 CIP

	Uses of Funds	2021	2022	2023	2024	2025	6 Year Total
1	Government Center	$ 1,517,397	$ -	$ -	$ -	$ -	$ 1,517,397
2	DCCC	825,000	1,000,000	2,000,000	-	-	3,825,000
3	CAD/Viper/Radio	80,900	489,900	184,900	184,900	230,000	1,170,600
4	Space Study Implementation	335,000	400,000	-	-	-	735,000
5	Admin Building	60,000	60,000	-	-	-	120,000
6	Library Expansion	378,000	-	-	-	-	378,000
7	Hospital	383,533	-	-	-	-	383,533
8	HVAC/Roofing/Energy Upgrades	-	375,000	134,000	-	-	509,000
9	Parking Lot Paving	-	500,000	350,000	-	350,000	1,200,000
10	Detention Center	-	600,000	600,000	12,908,101	4,302,700	18,410,801
11	Network Upgrades Sheriff	-	-	-	357,000	-	357,000
12	Courthouse	-	-	-	2,000,000	1,000,000	3,000,000
13	Davie County Community Park	-	-	-	-	350,000	350,000
14	Reimbursement of Preliminary Costs	-	-	-	1,200,000	-	1,200,000
15	**Grand Total**	**$ 3,579,830**	**$ 3,424,900**	**$ 3,268,900**	**$ 16,650,001**	**$ 6,232,700**	**$ 33,156,331**

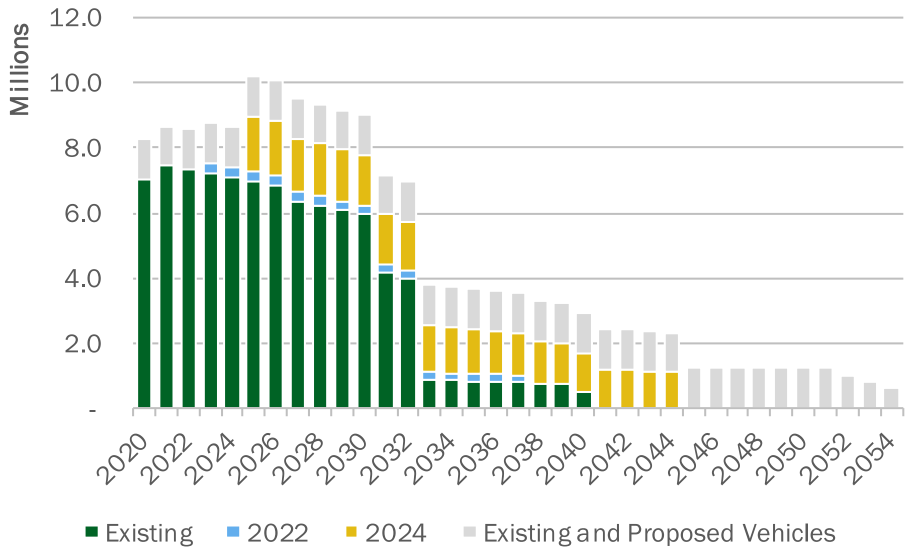
	Sources of Funds	2021	2022	2023	2024	2025	6 Year Total
1	General Fund Pay Go Capital	$ 2,062,433	$ 2,424,900	$ 1,268,900	$ 541,900	$ 930,000	$ 7,228,133
2	Other Outside Contributions	1,517,397	-	-	-	-	1,517,397
3	Debt Financing:	-	-	-	-	-	-
4	5 Years (3.00%)	-	-	-	-	-	-
5	7 Years (3.25%)	-	-	-	-	-	-
6	10 Years (3.50%)	-	-	-	-	-	-
7	15 Years (4.00%)	-	3,000,000	-	-	-	3,000,000
8	20 Years (5.00%)	-	-	-	21,410,801	-	21,410,801
9	**Grand Total**	**$ 3,579,830**	**$ 5,424,900**	**$ 1,268,900**	**$ 21,952,701**	**$ 930,000**	**$ 33,156,331**

Proposed Tax Supported Debt Service

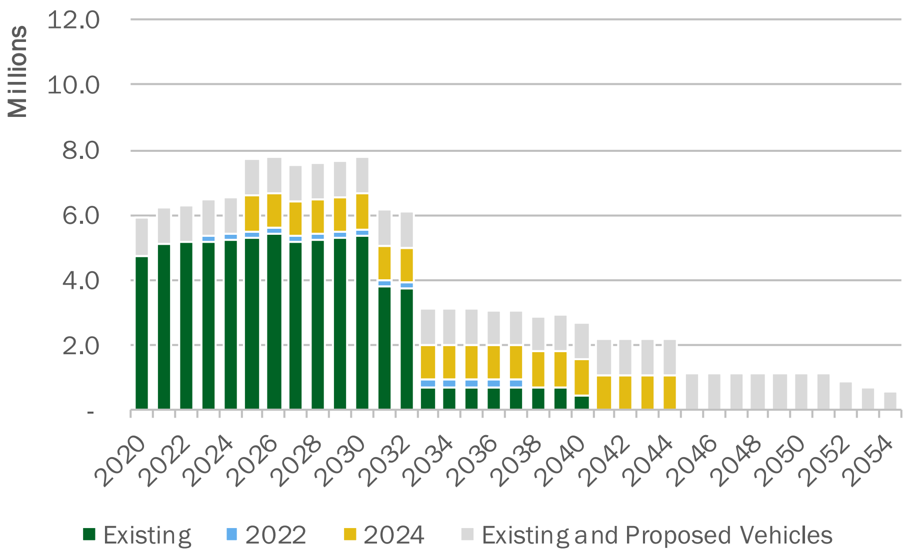
FY 2021 – 2025 CIP

DAVIE COUNTY North Carolina

Proposed Tax Supported Debt Service



Proposed Principal



Summary

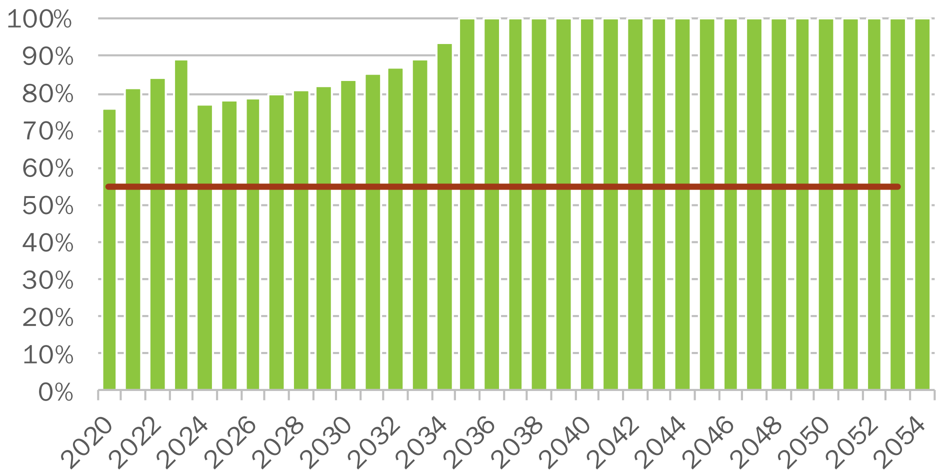
- Financing Assumptions:
  - Amortization: Level Principal
  - First Interest: FY Following Issuance
  - First Principal: FY Following Issuance
  - Term:
    - FY 2022 Issuance: 15 Years
    - FY 2024 Issuance: 20 Years
  - Term:
    - FY 2022 Issuance: 4.00%
    - FY 2024 Issuance: 5.00%
- Debt Issued[1]:
  - 2022: $3,000,000
  - 2024: $21,410,801
  - Total: $24,410,801
- Debt Service[1]:
  - 2022: $3,960,000
  - 2024: $28,155,203
  - Total: $32,115,203
- General Fund Pay Go Capital:
  - FY 2021 - 2025: $7,228,133 Total
  - FY 2026 & Beyond: $750,000 / Year

[1] Excludes future Vehicle IPCs.

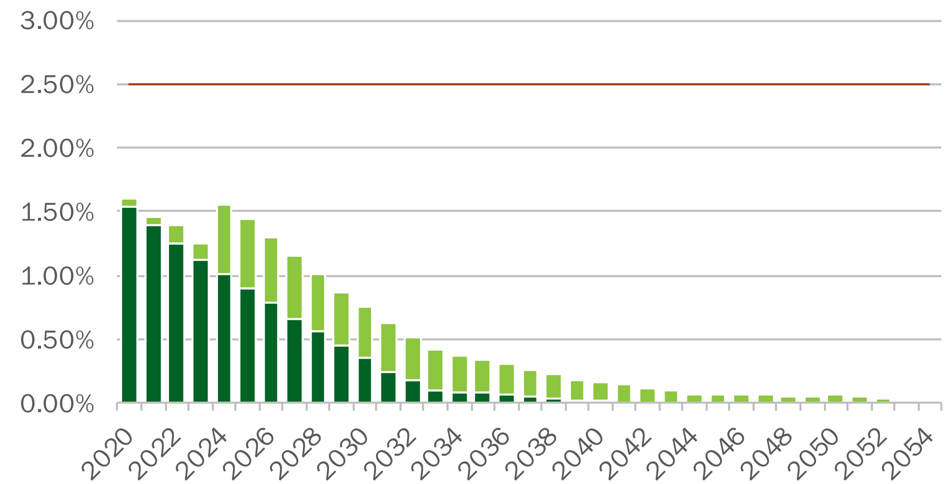
Key Debt Ratios

Existing Debt and Proposed FY 2021 – 2025 CIP

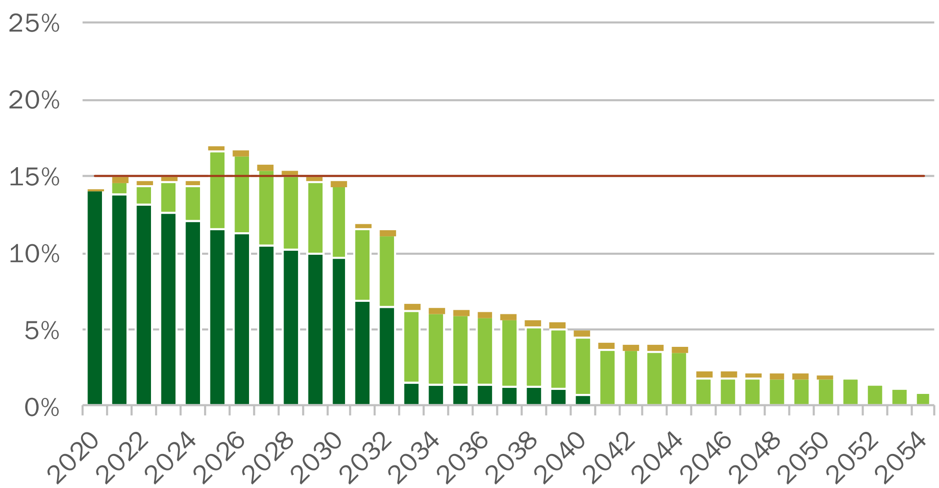
10-Year Payout



Debt to Assessed Value



Debt Service to Expenditures



Debt Affordability Analysis – Natural Tax Impact

Existing and Proposed Debt

DAVIE COUNTY North Carolina

A	B	C	D	E	F	G	H	I	J	K
	Debt Service Requirements							Revenue Available for DS		
FY	Existing Non-Vehicle Debt Service	Vehicle Debt Service	CIP Debt Service	HHS and Sherriff Lease Payments	County CIP Pay Go / Contribution	Operating Impact (Savings)[1]	Total	Additional Revenue Requested - Property Tax (6.36¢)[2]	Additional Revenue Requested - Property Tax (HS Debt Only)	Operating Revenue for Vehicle Debt Service
2020	7,037,514	1,225,053	-	51,187	1,311,258	-	9,625,013	2,943,120	4,997,750	1,225,053
2021	7,444,798	1,225,053	-	204,750	2,062,433	-	10,937,034	2,979,909	5,060,222	1,225,053
2022	7,352,441	1,225,053	-	204,750	2,424,900	-	11,207,144	3,083,328	4,751,040	1,225,053
2023	7,233,658	1,225,053	320,000	204,750	1,268,900	-	10,252,361	3,114,161	4,798,550	1,225,053
2024	7,105,029	1,225,053	312,000	204,750	541,900	-	9,388,732	3,145,303	4,846,536	1,225,053
2025	6,970,354	1,225,053	2,016,864	209,016	930,000	-	11,351,287	3,176,756	4,895,001	1,225,053
2026	6,852,583	1,225,053	1,976,748	221,813	750,000	(220,000)	10,806,197	3,208,523	4,943,951	1,225,053
2027	6,360,978	1,225,053	1,936,632	221,813	750,000	(220,000)	10,274,475	3,240,609	4,993,391	1,225,053
2028	6,226,679	1,225,053	1,896,515	221,813	750,000	(220,000)	10,100,060	3,273,015	5,043,325	1,225,053
2029	6,088,161	1,225,053	1,856,399	221,813	750,000	(220,000)	9,921,426	3,305,745	5,093,758	1,225,053
2030	5,958,294	1,225,053	1,816,283	226,078	750,000	(220,000)	9,755,708	3,338,802	5,144,696	1,225,053
2031	4,171,676	1,225,053	1,776,167	238,875	750,000	(220,000)	7,941,771	3,372,190	4,055,899	1,225,053
2032	3,982,696	1,225,053	1,736,051	238,875	750,000	(220,000)	7,712,675	3,405,912	-	1,225,053
2033	871,681	1,225,053	1,695,934	238,875	750,000	(220,000)	4,561,544	3,439,971	-	1,225,053
2034	850,604	1,225,053	1,655,818	238,875	750,000	(220,000)	4,500,350	3,474,371	-	1,225,053
2035	829,401	1,225,053	1,615,702	243,141	750,000	(220,000)	4,443,297	3,509,115	-	1,225,053
2036	808,074	1,225,053	1,575,586	255,938	750,000	(220,000)	4,394,651	3,544,206	-	1,225,053
2037	786,622	1,225,053	1,535,470	255,938	750,000	(220,000)	4,333,082	3,579,648	-	1,225,053
2038	764,732	1,225,053	1,295,353	255,938	750,000	(220,000)	4,071,076	3,615,445	-	1,225,053
2039	742,467	1,225,053	1,263,237	255,938	750,000	(220,000)	4,016,695	3,651,599	-	1,225,053
2040	474,890	1,225,053	1,231,121	255,938	750,000	(220,000)	3,717,002	3,688,115	-	1,225,053
2041	-	1,225,053	1,199,005	255,938	750,000	(220,000)	3,209,996	3,724,996	-	1,225,053
2042	-	1,225,053	1,166,889	255,938	750,000	(220,000)	3,177,879	3,762,246	-	1,225,053
2043	-	1,225,053	1,134,772	255,938	750,000	(220,000)	3,145,763	3,799,869	-	1,225,053
2044	-	1,225,053	1,102,656	255,938	750,000	(220,000)	3,113,647	3,837,867	-	1,225,053
2045	-	1,225,053	-	255,938	750,000	(220,000)	2,010,991	3,876,246	-	1,225,053
2046	-	1,225,053	-	255,938	750,000	(220,000)	2,010,991	3,915,008	-	1,225,053
2047	-	1,225,053	-	255,938	750,000	(220,000)	2,010,991	3,954,158	-	1,225,053
2048	-	1,225,053	-	255,938	750,000	(220,000)	2,010,991	3,993,700	-	1,225,053
2049	-	1,225,053	-	255,938	750,000	(220,000)	2,230,991	3,398,593	-	1,225,053
2050	-	1,225,053	-	191,953	750,000	(220,000)	2,167,006	3,432,579	-	1,225,053
Total	88,913,331	37,976,648	32,115,203	7,166,250	30,289,391		191,400,823			

A	L	M	N	O	P	Q	R	S	T	U	V	W
	Revenue Available for DS						Debt Service Cash Flow Surplus (Deficit)					
FY	General Fund Appropriation for Capital	Cell Tower Rental	BOE Portion of Restricted Sales Tax for School Debt	Additional School Contribution for Debt Service / Capital	Reimbursement from Bond Proceeds[3]	Total Revenues Available	Surplus/ (Deficit)	Revenue From Prior Tax Impact	Capital Reserve Utilized	Adjusted Surplus/ (Deficit)	Estimated Incremental Tax Equivalent	Capital Reserve Fund Balance
												2,519,720
2020	485,100	45,748	300,000	200,000	168,499	10,365,270	740,257	-	-	740,257	-	3,259,977
2021	485,100	45,748	300,000	200,000	-	10,296,032	(641,002)	-	(641,002)	-	-	2,618,975
2022	485,100	45,748	300,000	200,000	-	10,090,269	(1,116,875)	-	(1,116,875)	-	-	1,502,100
2023	485,100	45,748	300,000	200,000	-	10,168,613	(83,748)	-	(83,748)	-	-	1,418,352
2024	485,100	45,748	300,000	200,000	1,200,000	11,447,740	2,059,008	-	-	2,059,008	-	3,477,360
2025	485,100	45,748	300,000	200,000	-	10,327,658	(1,023,628)	-	(1,023,628)	-	-	2,453,732
2026	485,100	45,748	300,000	200,000	-	10,408,376	(397,821)	-	(397,821)	-	-	2,055,911
2027	485,100	45,748	300,000	200,000	-	10,489,901	215,425	-	-	215,425	-	2,271,336
2028	485,100	45,748	300,000	200,000		10,572,241	472,181	-	-	472,181	-	2,743,517
2029	485,100	45,748	300,000	200,000	-	10,655,404	733,978	-	-	733,978	-	3,477,494
2030	485,100	45,748	300,000	200,000	-	10,739,399	983,691	-	-	983,691	-	4,461,186
2031	485,100	45,748	300,000	200,000	-	9,683,990	1,742,219	-	-	1,742,219	-	6,203,405
2032	485,100	45,748	300,000	200,000	-	5,661,813	(2,050,861)	-	(2,050,861)	-	-	4,152,544
2033	485,100	45,748	300,000	200,000	-	5,695,873	1,134,329	-	-	1,134,329	-	5,286,873
2034	485,100	45,748	300,000	200,000	-	5,730,272	1,229,922	-	-	1,229,922	-	6,516,795
2035	485,100	45,748	300,000	200,000	-	5,765,016	1,321,719	-	-	1,321,719	-	7,838,514
2036	485,100	45,748	300,000	200,000	-	5,800,107	1,405,457	-	-	1,405,457	-	9,243,971
2037	485,100	45,748	300,000	200,000	-	5,835,549	1,502,467	-	-	1,502,467	-	10,746,438
2038	485,100	45,748	300,000	200,000	-	5,871,346	1,800,270	-	-	1,800,270	-	12,546,708
2039	485,100	45,748	300,000	200,000	-	5,907,500	1,890,805	-	-	1,890,805	-	14,437,513
2040	485,100	45,748	300,000	200,000	-	5,944,016	2,227,015	-	-	2,227,015	-	16,664,528
2041	485,100	45,748	300,000	200,000	-	5,980,897	2,770,902	-	-	2,770,902	-	19,435,429
2042	485,100	45,748	300,000	200,000	-	6,018,147	2,840,268	-	-	2,840,268	-	22,275,697
2043	485,100	45,748	300,000	200,000	-	6,055,770	2,910,007	-	-	2,910,007	-	25,185,704
2044	485,100	45,748	300,000	200,000	-	6,093,768	2,980,122	-	-	2,980,122	-	28,165,825
2045	485,100	45,748	300,000	200,000	-	6,132,147	4,121,156	-	-	4,121,156	-	32,286,982
2046	485,100	45,748	300,000	200,000	-	6,170,910	4,159,919	-	-	4,159,919	-	36,446,901
2047	485,100	45,748	300,000	200,000	-	6,210,060	4,199,069	-	-	4,199,069	-	40,645,970
2048	485,100	45,748	300,000	200,000	-	6,249,601	4,238,611	-	-	4,238,611	-	44,884,580
2049	485,100	40,750	300,000	200,000	-	5,649,496	3,418,505	-	-	3,418,505	-	48,303,086
2050	485,100	40,750	300,000	200,000	-	5,683,482	3,516,476	-	-	3,516,476	-	51,819,561
										Total Tax Effect	0.00¢	
							Total		(5,313,935)			

[1] Includes the potential operating savings from maintenance avoidance on the Detention Center project.

[2] Includes 1 penny in FY 2019 implemented in conjunction with GO Parks & Recreation Bonds.

[3] The County partially prepaid its 2017 IFC (BB&T) in FY 2020 from remaining Bond Proceeds.

- FY 2020 Value of a Penny[1]: $468,176
- FY 2021 Value of a Penny[1]: $480,000
- Assumed Growth Rate: 1.00%

[1] County Staff

Appendix A

Existing Tax Supported Debt

Existing Tax Supported Debt Summary

DAVIE COUNTY
North Carolina

Total Tax Supported Debt Service

FY	Principal	Interest	Total
Total	72,879,536	18,953,961	91,833,496
2020	5,899,034	2,363,533	8,262,567
2021	5,807,000	2,397,303	8,204,303
2022	5,634,000	2,217,247	7,851,247
2023	5,463,000	2,082,057	7,545,057
2024	5,360,000	1,870,431	7,230,431
2025	5,310,000	1,660,354	6,970,354
2026	5,410,000	1,442,583	6,852,583
2027	5,161,501	1,199,477	6,360,978
2028	5,228,000	998,679	6,226,679
2029	5,293,000	795,161	6,088,161
2030	5,368,000	590,294	5,958,294
2031	3,788,000	383,676	4,171,676
2032	3,712,000	270,696	3,982,696
2033	712,000	159,681	871,681
2034	712,000	138,604	850,604
2035	712,000	117,401	829,401
2036	712,000	96,074	808,074
2037	712,000	74,622	786,622
2038	712,000	52,732	764,732
2039	712,000	30,467	742,467
2040	462,000	12,890	474,890

GO Bonds

FY	Principal	Interest	Total
Total	52,820,000	15,584,675	68,404,675
2020	3,250,000	2,149,000	5,399,000
2021	3,355,000	1,999,300	5,354,300
2022	3,440,000	1,844,650	5,284,650
2023	3,465,000	1,759,950	5,224,950
2024	3,560,000	1,594,900	5,154,900
2025	3,655,000	1,425,300	5,080,300
2026	4,575,000	1,245,050	5,820,050
2027	4,695,000	1,018,800	5,713,800
2028	4,765,000	831,000	5,596,000
2029	4,830,000	640,400	5,470,400
2030	4,905,000	448,450	5,353,450
2031	3,325,000	254,750	3,579,750
2032	3,250,000	154,688	3,404,688
2033	250,000	56,563	306,563
2034	250,000	48,375	298,375
2035	250,000	40,063	290,063
2036	250,000	31,625	281,625
2037	250,000	23,063	273,063
2038	250,000	14,063	264,063
2039	250,000	4,688	254,688
2040	-	-	-

IPCs / LOBs / COPs

FY	Principal	Interest	Total
Total	17,265,456	3,243,200	20,508,656
2020	1,478,955	159,559	1,638,514
2021	1,729,000	361,498	2,090,498
2022	1,717,000	350,791	2,067,791
2023	1,697,000	311,708	2,008,708
2024	1,677,000	273,129	1,950,129
2025	1,655,000	235,054	1,890,054
2026	835,000	197,533	1,032,533
2027	466,501	180,677	647,178
2028	463,000	167,679	630,679
2029	463,000	154,761	617,761
2030	463,000	141,844	604,844
2031	463,000	128,926	591,926
2032	462,000	116,008	578,008
2033	462,000	103,118	565,118
2034	462,000	90,229	552,229
2035	462,000	77,339	539,339
2036	462,000	64,449	526,449
2037	462,000	51,559	513,559
2038	462,000	38,669	500,669
2039	462,000	25,780	487,780
2040	462,000	12,890	474,890

Other Obligations

FY	Principal	Interest	Total
Total	2,794,080	126,086	2,920,166
2020	1,170,080	54,974	1,225,053
2021	723,000	36,505	759,505
2022	477,000	21,806	498,806
2023	301,000	10,399	311,399
2024	123,000	2,402	125,402
2025	-	-	-
2026	-	-	-
2027	-	-	-
2028	-	-	-
2029	-	-	-
2030	-	-	-
2031	-	-	-
2032	-	-	-
2033	-	-	-
2034	-	-	-
2035	-	-	-
2036	-	-	-
2037	-	-	-
2038	-	-	-
2039	-	-	-
2040	-	-	-

General Obligation Bonds

DAVIE COUNTY North Carolina

$5,130,000
General Obligation Refunding Bonds, Series 2013

FY	Coupon	Principal	Interest	Total
Total		2,750,000	321,850	3,071,850
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		-	-	-
2035		-	-	-
2036		-	-	-
2037		-	-	-
2038		-	-	-
2039		-	-	-

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

Purpose: Schools Insurance: N/A

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

$54,500,000
General Obligation School Bonds, Series 2015

FY	Coupon	Principal	Interest	Total
Total		45,070,000	13,489,700	58,559,700
2020	5.000%	2,485,000	1,870,700	4,355,700
2021	5.000%	2,575,000	1,746,450	4,321,450
2022	2.000%	2,645,000	1,617,700	4,262,700
2023	5.000%	2,645,000	1,564,800	4,209,800
2024	5.000%	2,720,000	1,432,550	4,152,550
2025	5.000%	3,405,000	1,296,550	4,701,550
2026	5.000%	4,325,000	1,126,300	5,451,300
2027	4.000%	4,445,000	910,050	5,355,050
2028	4.000%	4,515,000	732,250	5,247,250
2029	4.000%	4,580,000	551,650	5,131,650
2030	4.000%	4,655,000	368,450	5,023,450
2031	3.000%	3,075,000	182,250	3,257,250
2032	3.000%	3,000,000	90,000	3,090,000
2033		-	-	-
2034		-	-	-
2035		-	-	-
2036		-	-	-
2037		-	-	-
2038		-	-	-
2039		-	-	-

Dated Date: 5/12/2015 Next Call: 5/1/2025

Purpose: Schools Insurance: n/a

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

$5,000,000
General Obligation Parks & Recreation Bonds, Series 2018

FY	Coupon	Principal	Interest	Total
Total		5,000,000	1,773,125	6,773,125
2020	4.000%	250,000	178,750	428,750
2021	4.000%	250,000	168,750	418,750
2022	4.000%	250,000	158,750	408,750
2023	4.000%	250,000	148,750	398,750
2024	4.000%	250,000	138,750	388,750
2025	4.000%	250,000	128,750	378,750
2026	4.000%	250,000	118,750	368,750
2027	4.000%	250,000	108,750	358,750
2028	4.000%	250,000	98,750	348,750
2029	4.000%	250,000	88,750	338,750
2030	3.000%	250,000	80,000	330,000
2031	3.000%	250,000	72,500	322,500
2032	3.250%	250,000	64,688	314,688
2033	3.250%	250,000	56,563	306,563
2034	3.300%	250,000	48,375	298,375
2035	3.350%	250,000	40,063	290,063
2036	3.400%	250,000	31,625	281,625
2037	3.450%	250,000	23,063	273,063
2038	3.750%	250,000	14,063	264,063
2039	3.750%	250,000	4,688	254,688

Dated Date: 10/31/2018 Next Call: 10/1/2028

Purpose: Parks & Rec Insurance: N/A

Coupon Dates: Apr 1 / Oct 1 Maturity Date: Oct 1

Source: LGC Bond Ledger / County Audit

IPCs / LOBs / COPs

DAVIE COUNTY North Carolina

$602,600
Qualified Zone Academy Bonds, Series 2004

FY	Coupon	Principal	Interest	Total
Total		30,456	-	30,456
2020	0.000%	30,456	-	30,456
2021		-	-	-
2022		-	-	-
2023		-	-	-
2024		-	-	-
2025		-	-	-
2026		-	-	-
2027		-	-	-
2028		-	-	-
2029		-	-	-
2030		-	-	-
2031		-	-	-
2032		-	-	-
2033		-	-	-
2034		-	-	-
2035		-	-	-
2036		-	-	-
2037		-	-	-
2038		-	-	-
2039		-	-	-
2040				-

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.

$7,303,000
2015 Refunding Certificate of Participation (FTB)

FY	Coupon	Principal	Interest	Total
Total		5,208,000	451,609	5,659,609
2020	2.520%	907,000	131,242	1,038,242
2021	2.520%	895,000	108,385	1,003,385
2022	2.520%	882,000	85,831	967,831
2023	2.520%	862,000	63,605	925,605
2024	2.520%	842,000	41,882	883,882
2025	2.520%	820,000	20,664	840,664
2026		-	-	-
2027		-	-	-
2028		-	-	-
2029		-	-	-
2030		-	-	-
2031		-	-	-
2032		-	-	-
2033		-	-	-
2034		-	-	-
2035		-	-	-
2036		-	-	-
2037		-	-	-
2038		-	-	-
2039		-	-	-
2040				-

Dated Date: 2/17/2015 Next Call: Make-whole

Purpose: Refunding of '06 COPs Insurance: N/A

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

$2,000,000
Installment Purchase Contract, Series 2016 (Energy United)

FY	Coupon	Principal	Interest	Total
Total		1,400,000	-	1,400,000
2020	0.000%	200,000	-	200,000
2021	0.000%	200,000	-	200,000
2022	0.000%	200,000	-	200,000
2023	0.000%	200,000	-	200,000
2024	0.000%	200,000	-	200,000
2025	0.000%	200,000	-	200,000
2026	0.000%	200,000	-	200,000
2027		-	-	-
2028		-	-	-
2029		-	-	-
2030		-	-	-
2031		-	-	-
2032		-	-	-
2033		-	-	-
2034		-	-	-
2035		-	-	-
2036		-	-	-
2037		-	-	-
2038		-	-	-
2039		-	-	-
2040				-

Dated Date: 3/1/2016 Next Call: n/a

Purpose: Economic Development Insurance: n/a

Coupon Dates: n/a Maturity Date: 2/1

Source: LGC Bond Ledger / County Audit

IPCs / LOBs / COPs

DAVIE COUNTY
North Carolina

$1,723,000
2017 Installment Financing Agreement (BB&T)

FY	Coupon	Principal	Interest	Total
Total		1,377,000	111,594	1,488,594
2020	2.290%	341,499	28,318	369,817
2021	2.290%	172,000	23,713	195,713
2022	2.290%	172,000	19,774	191,774
2023	2.290%	172,000	15,835	187,835
2024	2.290%	172,000	11,897	183,897
2025	2.290%	172,000	7,958	179,958
2026	2.290%	172,000	4,019	176,019
2027	2.290%	3,501	80	3,581
2028		-	-	-
2029		-	-	-
2030		-	-	-
2031		-	-	-
2032		-	-	-
2033		-	-	-
2034		-	-	-
2035		-	-	-
2036		-	-	-
2037		-	-	-
2038		-	-	-
2039		-	-	-
2040				-

Dated Date:	4/13/2017	Next Call:	Current (101%)
Purpose:	Central Davie / EMS Build.	Insurance:	n/a
Coupon Dates:	May 1 / Nov 1	Maturity Date:	May 1

Note: The County partially prepaid this loan in FY 2020 from remaining Bond Proceeds.

$9,250,000
2020 Installment Financing Agreement (Truist)

FY	Coupon	Principal	Interest	Total
Total		9,250,000	2,679,997	11,929,997
2020		-	-	-
2021	2.790%	462,000	229,400	691,400
2022	2.790%	463,000	245,185	708,185
2023	2.790%	463,000	232,268	695,268
2024	2.790%	463,000	219,350	682,350
2025	2.790%	463,000	206,432	669,432
2026	2.790%	463,000	193,514	656,514
2027	2.790%	463,000	180,597	643,597
2028	2.790%	463,000	167,679	630,679
2029	2.790%	463,000	154,761	617,761
2030	2.790%	463,000	141,844	604,844
2031	2.790%	463,000	128,926	591,926
2032	2.790%	462,000	116,008	578,008
2033	2.790%	462,000	103,118	565,118
2034	2.790%	462,000	90,229	552,229
2035	2.790%	462,000	77,339	539,339
2036	2.790%	462,000	64,449	526,449
2037	2.790%	462,000	51,559	513,559
2038	2.790%	462,000	38,669	500,669
2039	2.790%	462,000	25,780	487,780
2040	2.790%	462,000	12,890	474,890

Dated Date:	3/11/2020	Next Call:	Current (101%)
Purpose:	Park / Admin Building Brock Center / Sherrif / HHS	Insurance:	n/a
Coupon Dates:	Feb 1 / Aug 1	Maturity Date:	Feb 1

Source: LGC Bond Ledger / County Audit

Other Obligations

$2,630,000
Vehicle and Equipment Lease Purchase Agreement, Series 2015 (Whitney Bank)

FY	Coupon	Principal	Interest	Total
Total		458,080	6,802	464,882
2020	1.515%	458,080	6,802	464,882
2021		-	-	-
2022		-	-	-
2023		-	-	-
2024		-	-	-
2025		-	-	-
2026		-	-	-
2027		-	-	-
2028		-	-	-
2029		-	-	-
2030		-	-	-
2031		-	-	-
2032		-	-	-
2033		-	-	-
2034		-	-	-
2035		-	-	-
2036		-	-	-
2037		-	-	-
2038		-	-	-
2039		-	-	-

Dated Date: 7/15/2015 Next Call: Current (103%)

Purpose: Vehicles & Equipment Insurance: n/a

Coupon Dates: Jun 1 Maturity Date: Jun 1

$1,258,000
Installment Purchase Contract, Series 2016 (First Citizens)

FY	Coupon	Principal	Interest	Total
Total		512,000	10,703	522,703
2020	1.390%	254,000	7,117	261,117
2021	1.390%	258,000	3,586	261,586
2022		-	-	-
2023		-	-	-
2024		-	-	-
2025		-	-	-
2026		-	-	-
2027		-	-	-
2028		-	-	-
2029		-	-	-
2030		-	-	-
2031		-	-	-
2032		-	-	-
2033		-	-	-
2034		-	-	-
2035		-	-	-
2036		-	-	-
2037		-	-	-
2038		-	-	-
2039		-	-	-

Dated Date: 8/18/2016 Next Call: Current (100%)

Purpose: Vehicles & Equipment Insurance: n/a

Coupon Dates: Jun 1 Maturity Date: Jun 1

$884,000
Installment Purchase Contract, Series 2017 (First Citizens)

FY	Coupon	Principal	Interest	Total
Total		538,000	21,335	559,335
2020	1.970%	176,000	10,599	186,599
2021	1.970%	179,000	7,131	186,131
2022	1.970%	183,000	3,605	186,605
2023		-	-	-
2024		-	-	-
2025		-	-	-
2026		-	-	-
2027		-	-	-
2028		-	-	-
2029		-	-	-
2030		-	-	-
2031		-	-	-
2032		-	-	-
2033		-	-	-
2034		-	-	-
2035		-	-	-
2036		-	-	-
2037		-	-	-
2038		-	-	-
2039		-	-	-

Dated Date: 8/17/2017 Next Call: Current (100%)

Purpose: Vehicles & Equipment Insurance: n/a

Coupon Dates: Jun 1 Maturity Date: Jun 1

Source: LGC Bond Ledger / County Audit

Other Obligations

DAVIE COUNTY
North Carolina

$860,000
Financing Agreement, Series 2018 (BB&T)

FY	Coupon	Principal	Interest	Total
Total		690,000	54,775	744,775
2020	3.130%	165,000	21,597	186,597
2021	3.130%	170,000	16,433	186,433
2022	3.130%	175,000	11,112	186,112
2023	3.130%	180,000	5,634	185,634
2024		-	-	-
2025		-	-	-
2026		-	-	-
2027		-	-	-
2028		-	-	-
2029		-	-	-
2030		-	-	-
2031		-	-	-
2032		-	-	-
2033		-	-	-
2034		-	-	-
2035		-	-	-
2036		-	-	-
2037		-	-	-
2038		-	-	-
2039		-	-	-

Dated Date:	10/26/2018	Next Call:	Current (101%)
Purpose:	Vehicles & Equipment	Insurance:	n/a
Coupon Dates:	Jun 1	Maturity Date:	Jun 1

$596,000
Installment Purchase Contract, Series 2019 (Capital Bank)

FY	Coupon	Principal	Interest	Total
Total		596,000	32,471	628,471
2020	1.953%	117,000	8,859	125,859
2021	1.953%	116,000	9,355	125,355
2022	1.953%	119,000	7,089	126,089
2023	1.953%	121,000	4,765	125,765
2024	1.953%	123,000	2,402	125,402
2025		-	-	-
2026		-	-	-
2027		-	-	-
2028		-	-	-
2029		-	-	-
2030		-	-	-
2031		-	-	-
2032		-	-	-
2033		-	-	-
2034		-	-	-
2035		-	-	-
2036		-	-	-
2037		-	-	-
2038				-
2039				-

Dated Date:	8/27/2019	Next Call:	Current (100%)
Purpose:	Vehicles & Equipment	Insurance:	n/a
Coupon Dates:	Jun 1	Maturity Date:	Jun 1

Source: LGC Bond Ledger / County Audit

Appendix B

Rating Reports

MOODY'S
INVESTORS SERVICE

CREDIT OPINION
5 October 2018

Rate this Research

Contacts

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CLIENT SERVICES

Americas	1-212-553-1653
Asia Pacific	852-3551-3077
Japan	81-3-5408-4100
EMEA	44-20-7772-5454

Davie (County of) NC

Update to credit analysis

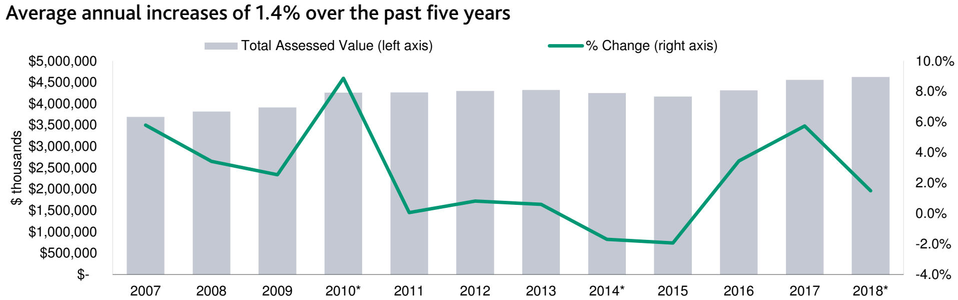
Summary

Davie County, NC (Aa2) benefits from a sizeable and growing tax base located in the Piedmont Triad region of the State of North Carolina (Aaa stable). The local economy has traditionally been centered around agriculture, furniture, and textile manufacturing, but continues to diversify. Fund balance and liquidity are strong and have remained stable over the past several years due to conservative budgetary practices and adherence to formal fiscal policies. Resident income levels are healthy, but fall slightly below the national median for the rating category. The debt burden is manageable, albeit somewhat high relative to national peers, and will remain so despite moderate future debt plans given continued tax base growth and above average principal amortization. The county's pension is low and compares favorably to similarly rated counties nationwide.

Exhibit 1

The County's Tax Base Exhibited Steady Growth Between Fiscal 2007-2018

Average annual increases of 1.4% over the past five years



* reassessment year

Source: Davie County, NC Audited Financial Statements; Moody's Investors Service

On October 3rd, we assigned a Aa2 rating to the county's $5 million General Obligation Parks and Recreation Bonds, Series 2018.

Credit strengths

» Sizeable tax base in the Piedmont Triad exhibiting steady growth

» History of maintaining strong and stable reserves and liquidity

Credit challenges

» Resident income levels slightly below national Aa2 median

» Debt burden higher than similarly-rated peers nationwide

Rating outlook

Outlooks are typically not assigned to issuers with this amount of debt outstanding.

Factors that could lead to an upgrade

» Material and sustained improvement in reserve and liquidity levels

» Continued tax base growth and improvement in the county's socioeconomic profile

» Moderation of debt burden

Factors that could lead to a downgrade

» Trend of operating deficits and narrowing reserve levels

» Material declines in tax base values and wealth levels

» Significant increase in debt burden

Key indicators

Exhibit 2

Davie (County of) NC	2013	2014	2015	2016	2017
Economy/Tax Base					
Total Full Value ($000)	$4,323,578	$4,250,062	$4,167,898	$4,311,378	$4,558,866
Population	41,339	41,411	41,447	41,568	41,568
Full Value Per Capita	$104,588	$102,631	$100,560	$103,719	$109,672
Median Family Income (% of US Median)	90.4%	90.8%	91.1%	89.2%	89.2%
Finances					
Operating Revenue ($000)	$47,736	$47,203	$47,365	$54,727	$55,876
Fund Balance ($000)	$12,188	$15,195	$16,968	$18,272	$18,127
Cash Balance ($000)	$11,334	$14,463	$15,702	$17,057	$17,186
Fund Balance as a % of Revenues	25.5%	32.2%	35.8%	33.4%	32.4%
Cash Balance as a % of Revenues	23.7%	30.6%	33.2%	31.2%	30.8%
Debt/Pensions					
Net Direct Debt ($000)	$17,628	$15,748	$68,797	$69,128	$67,397
3-Year Average of Moody's ANPL ($000)	$16,275	$18,635	$18,635	$18,161	$23,899
Net Direct Debt / Full Value (%)	0.4%	0.4%	1.7%	1.6%	1.5%
Net Direct Debt / Operating Revenues (x)	0.4x	0.3x	1.5x	1.3x	1.2x
Moody's - adjusted Net Pension Liability (3-yr average) to Full Value (%)	0.4%	0.4%	0.4%	0.4%	0.5%
Moody's - adjusted Net Pension Liability (3-yr average) to Revenues (x)	0.3x	0.4x	0.4x	0.3x	0.4x

Source: Davie County, NC Audited Financial Statements; Moody's Investors Service

Profile

Davie County, NC encompasses 267 square miles in the Piedmont region of the State of North Carolina (Aaa stable), located approximately 25 miles southwest of the City of Winston-Salem (Aaa stable) along Interstate 40. The county's 2016 population was 41,568 according to the most recent American Community Survey, which represents a 2.4% increase from 2010.

Detailed credit considerations

Economy and Tax Base: Sizeable and Growing Tax Base Located in the Piedmont Triad Region of North Carolina

Davie County's $4.6 billion (2018) tax base will experience continued modest annual growth driven by ongoing and planned developments as well as property value appreciation. Full valuation has grown at an average annual rate of 1.4% between 2014 and 2018. Traditionally an agriculture, furniture, and textile-based economy, the county has diversified in recent years by attracting several light manufacturing facilities. Recent notable announcements include a $80 million investment by Ashley Furniture to expand their manufacturing and distribution facility that is expected to add 400 new jobs and a $30 million investment by Ingersoll Rand to expand their industrial manufacturing facility in Mockville that is expected to add 25 new jobs.

Countywide unemployment as of June 2018 was 3.7%, which is slightly below the state (4.2%) and national (4.2%) rates for the same period. Resident income levels are slightly below the national median for the Aa2 rating category at 89.2% of the nation in 2016, according to the most recent American Community Survey.

Financial Operations and Reserves: Strong and Stable Reserve and Liquidity Position Supported by Formal Fiscal Policies

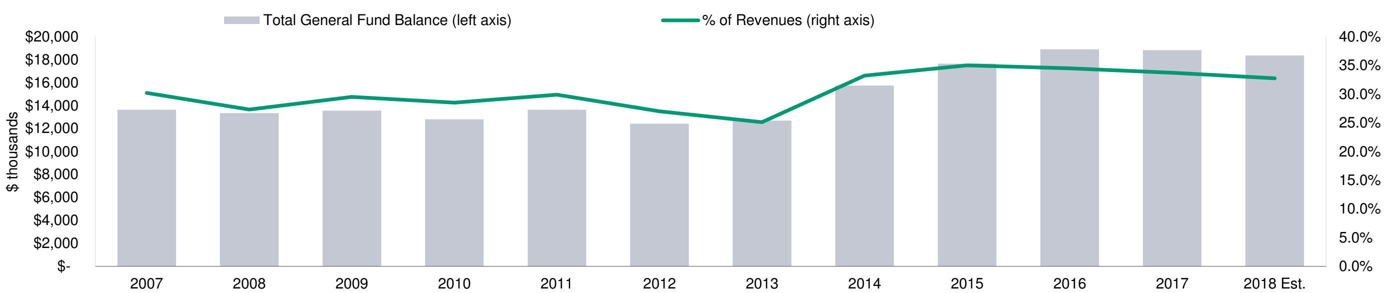
The county's reserve and liquidity position will remain strong and stable due to conservative budgetary practices and adherence to formal fiscal policies. Over the past five fiscal years, the county's total general fund balance has averaged 33% of revenues, which is a level comparable to similarly-rated counties nationwide. Fiscal 2017 ended with a total general fund balance of $18.8 million, or 33.7% of revenues. Available general fund balance (restricted - stabilization by state statute, committed, assigned, and unassigned portions) was also strong at $18.1 million, or 32.4% of revenues.

Unaudited fiscal year-end 2018 results show a modest decrease in general fund balance of $468,296 for one-time capital expenditures, bringing total fund balance to a still healthy $18.4 million, or roughly 32% of estimated fiscal 2018 revenues.

Exhibit 3

Total General Fund Balance Has Averaged a Strong 31% of Revenues Since Fiscal 2007

Fiscal Years 2007-2018



Source: Davie County, NC Audited Financial Statements; Moody's Investors Service

Management adheres to a formal policy of maintaining the sum of the unassigned, assigned, committed, and "restricted all other" portions of general fund balance equal to at least 25% of general fund expenditures.

LIQUIDITY

General fund net cash at the end of fiscal 2017 is strong at $17.2 million, or 30.8% of general fund revenues. The county's general fund cash position has averaged 30% of revenues over the past five fiscal years.

Debt and Pensions: Above Average Debt Burden will Remain Manageable Despite Future Debt Plans

Davie County's debt burden is manageable at 1.5% of full value, but higher than the national Aa2 median of 0.4%. The county's debt burden is higher than the national medians in part because counties in North Carolina are responsible for school capital needs, which is not the case with most US counties. The Aa2 median for North Carolina counties is 0.9%.

The county's 2019-2023 capital improvement plan (CIP) totals just over $31 million, and largely supports detention center projects (52%). The CIP is primarily funded with debt (81%), including the current $5 million bond issue which will finance park related projects outlined for fiscal 2019 in the CIP. Future debt plans include the issuance of $16.1 million for the expansion of a detention facility in 2023. Despite the additional debt plans, the county's debt burden will remain manageable given continued tax base growth and above average principal amortization.

Debt policies include limits on total debt at 2% of assessed value, annual debt service at 15% of general fund expenditures, and the 10-year payout ratio at 55%.

DEBT STRUCTURE

All of the county's debt is fixed rate and amortized over the long-term, with 70% of principal amortized within the next 10 years.

DEBT-RELATED DERIVATIVES

The county is not party to any derivative agreements.

PENSIONS AND OPEB

Pension costs are not a source of pressure for Davie County, and will remain manageable. The county operates a single employer defined benefit pension plan and participates in the North Carolina Retirement System, a multi-employer pension plan administered by the State of North Carolina (Aaa stable).

The three-year average adjusted net pension liability, under Moody's methodology for adjusting reported pension data, is $23.9 million, or 0.43 times operating fund revenues, which compares favorably to the national medians for the Aa2 rating category. Moody's uses the adjusted net pension liability to improve comparability of reported pension liabilities. The adjustments are not intended to replace the county's reported liability information, but to improve comparability with other rated entities.

Total fixed costs (including debt service, pension contributions, and OPEB) represented 15% of general fund revenues in fiscal 2017.

Management and Governance:

North Carolina Counties have an Institutional Framework score of Aaa, which is very high. Institutional Framework scores measure a sector's legal ability to increase revenues and decrease expenditures. The sector's major revenue sources are subject to a cap, which cannot be overridden. However, the cap 15%, still allows for significant revenue-raising ability. Unpredictable revenue fluctuations tend to be minor, or under 5% annually. Across the sector, fixed and mandated costs are generally less than 25% of expenditures. North Carolina is a Right to Work state, providing significant expenditure-cutting ability. Unpredictable expenditure fluctuations tend to be minor, under 5% annually.

REPORT NUMBER 1144429

CLIENT SERVICES

Americas	1-212-553-1653
Asia Pacific	852-3551-3077
Japan	81-3-5408-4100
EMEA	44-20-7772-5454

MOODY'S INVESTORS SERVICE

MOODY'S INVESTORS SERVICE

ISSUER COMMENT
24 April 2020

RATING

General Obligation (or GO Related) [1]

Aa2	No Outlook

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Davie County, NC

Annual Comment on Davie County

Issuer Profile

Davie County is located in the western Piedmont region of North Carolina, just southwest of the Winston-Salem metro area. The county seat of Mocksville is approximately 23 miles southwest of downtown Winston-Salem. The county has a population of 41,991 and a moderate population density of 158 people per square mile. The county's median family income is $70,606 (2nd quartile) and the February 2020 unemployment rate was 3.3% (2nd quartile) [2] . The largest industry sectors that drive the local economy are manufacturing, retail trade, and administrative/waste management services.

We regard the coronavirus outbreak as a social risk under our environmental, social and governance framework, given the substantial implications for public health and safety and the economy. We do not see any material immediate credit risks for Davie County. However, the situation surrounding coronavirus is rapidly evolving and the longer term impact will depend on both the severity and duration of the crisis. If our view of the credit quality of Davie County changes, we will update our opinion at that time.

Credit Overview

The credit position for Davie County is very good. Its Aa2 rating is equal to the US counties median of Aa2. Key credit factors include a healthy financial position, manageable debt and pension burdens, a small tax base with a solid wealth and income profile.

Finances: The financial position of the county is healthy but is slightly unfavorable in relation to the assigned rating of Aa2. The cash balance as a percent of operating revenues (27.3%) falls short of the US median. Also, the fund balance as a percent of operating revenues (26.1%) is weaker than the US median.

Debt and Pensions: Overall, the debt and pension liabilities of Davie County are manageable and are aligned with its Aa2 rating. The Moody's-adjusted net pension liability to operating revenues (0.53x) is materially lower than the US median, and stayed the same from 2015 to 2019. That said, the net direct debt to full value (1.4%) is higher than the US median.

Economy and Tax Base: The coronavirus pandemic is driving an unprecedented economic slowdown. We currently forecast real US GDP to decline significantly over the first and second quarters of 2020, but a more moderate decline for the full year. Local governments with the highest exposure to the tourism, health care, consumer and international trade sectors could suffer particularly severe impacts.

The county has a solid economy and tax base, yet the factor is slightly unfavorable relative to the assigned rating of Aa2. Favorably, the full value per capita ($109,263) is stronger than the US median, and increased between 2015 and 2019. That said, the total full value ($4.7 billion) is smaller than other Moody's-rated counties nationwide. The median family income is 91.8% of the US level.

Management and Governance: North Carolina counties have an institutional framework score [3] of "Aaa," or very strong. Revenues mainly consist of property taxes, which are highly predictable. Counties have high revenue-raising ability primarily due to their flexibility to increase property tax rates annually, virtually without limit. Expenditures, which are largely for personnel, are highly predictable and counties have a high ability to reduce expenditures.

Sector Trends - North Carolina Counties

North Carolina counties are likely to experience steady economic growth over the near- to medium term, leading to healthy revenue trends. Increasing property tax valuations benefit counties as the housing market continues to rebound, supported by positive migration trends. The growing tourism sector is also helping boost many localities in the state. Conversely, some areas transitioning from a high reliance on textile, furniture and tobacco employment will lag the rest of the state. Pensions are typically well funded, whereas debt burdens are slightly high because counties are responsible for school and technical college infrastructure needs.

EXHIBIT 1

Key Indicators [4] [5] Davie County

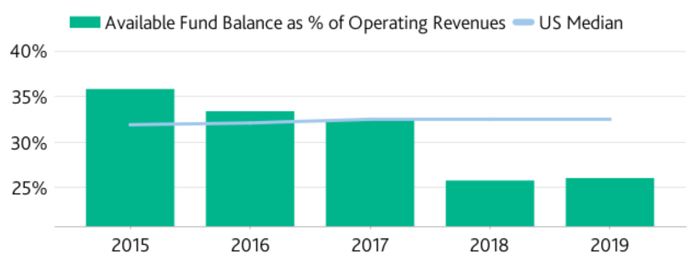
	2015	2016	2017	2018	2019	US Median	Credit Trend
Economy / Tax Base							
Total Full Value	$4,167M	$4,311M	$4,558M	$4,626M	$4,669M	$7,665M	Improved
Full Value Per Capita	$100,560	$103,719	$109,153	$108,270	$109,263	$85,725	Improved
Median Family Income (% of US Median)	91%	89%	92%	92%	92%	93%	Stable
Finances							
Available Fund Balance as % of Operating Revenues	35.8%	33.4%	32.4%	25.8%	26.1%	32.5%	Weakened
Net Cash Balance as % of Operating Revenues	33.2%	31.2%	30.8%	29.2%	27.3%	37.8%	Weakened
Debt / Pensions							
Net Direct Debt / Full Value	1.7%	1.6%	1.5%	1.4%	1.4%	0.5%	Stable
Net Direct Debt / Operating Revenues	1.45x	1.26x	1.21x	1.11x	1.06x	0.59x	Stable
Moody's-adjusted Net Pension Liability (3-yr average) to Full Value	0.4%	0.4%	0.5%	0.6%	0.7%	1.1%	Stable
Moody's-adjusted Net Pension Liability (3-yr average) to Operating Revenues	0.39x	0.33x	0.43x	0.49x	0.53x	1.38x	Stable

	2015	2016	2017	2018	2019	US Median
Debt and Financial Data						
Population	41,447	41,568	41,766	42,733	42,733	N/A
Available Fund Balance ($000s)	$16,968	$18,272	$18,127	$14,678	$15,561	$24,307
Net Cash Balance ($000s)	$15,702	$17,057	$17,186	$16,647	$16,323	$27,626
Operating Revenues ($000s)	$47,365	$54,727	$55,876	$56,930	$59,736	$72,972
Net Direct Debt ($000s)	$68,797	$69,128	$67,397	$63,173	$63,607	$40,162
Moody's Adjusted Net Pension Liability (3-yr average) ($000s)	$18,635	$18,161	$23,899	$28,158	$31,649	$89,312

Source: Moody's Investors Service

EXHIBIT 2

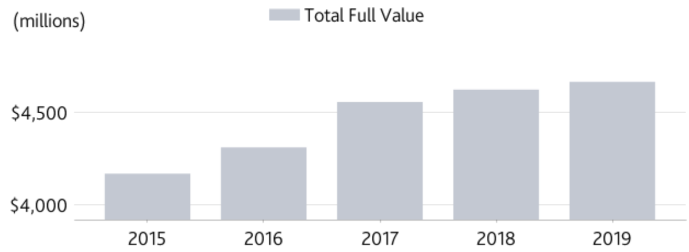
Available fund balance as a percent of operating revenues decreased from 2015 to 2019



Source: Issuer financial statements; Moody's Investors Service

EXHIBIT 3

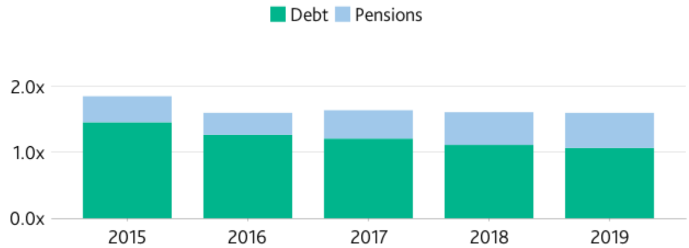
Full value of the property tax base increased from 2015 to 2019



Source: Issuer financial statements; Government data sources; Offering statements; Moody's Investors Service

EXHIBIT 4

Moody's-adjusted net pension liability to operating revenues increased from 2015 to 2019



Source: Issuer financial statements; Government data sources; Offering statements; Moody's Investors Service

Endnotes

1 The rating referenced in this report is the issuer's General Obligation (GO) rating or its highest public rating that is GO-related. A GO bond is generally backed by the full faith and credit pledge and total taxing power of the issuer. GO-related securities include general obligation limited tax, annual appropriation, lease revenue, non-ad valorem, and moral obligation debt. The referenced ratings reflect the government's underlying credit quality without regard to state guarantees, enhancement programs or bond insurance.

2 The demographic data presented, including population, population density, per capita personal income and unemployment rate are derived from the most recently available US government databases. Population, population density and per capita personal income come from the American Community Survey while the unemployment rate comes from the Bureau of Labor Statistics.

The largest industry sectors are derived from the Bureau of Economic Analysis. Moody's allocated the per capita personal income data and unemployment data for all counties in the US census into quartiles. The quartiles are ordered from strongest-to-weakest from a credit perspective: the highest per capita personal income quartile is first quartile, and the lowest unemployment rate is first quartile.

3 The institutional framework score assesses a municipality's legal ability to match revenues with expenditures based on its constitutionally and legislatively conferred powers and responsibilities. See US Local Government General Obligation Debt (December 2016) methodology report for more details.

4 For definitions of the metrics in the Key Indicators Table, US Local Government General Obligation Methodology and Scorecard User Guide (July 2014) . Metrics represented as N/A indicate the data were not available at the time of publication.

5 The medians come from our most recently published local government medians report, Medians - Tax base growth underpins sector strength, while pension challenges remain (May 2019) which is available on Moodys.com. The medians presented here are based on the key metrics outlined in Moody's GO methodology and the associated scorecard.

REPORT NUMBER 1213787

CLIENT SERVICES

Americas	1-212-553-1653
Asia Pacific	852-3551-3077
Japan	81-3-5408-4100
EMEA	44-20-7772-5454

RatingsDirect®

Summary:

Davie County, North Carolina; General Obligation

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Table Of Contents

Summary:

Davie County, North Carolina; General Obligation

Credit Profile		
US$5.0 mil GO pks and recre bnds ser 2018 due 10/01/2038		
Long Term Rating	AA+/Stable	New
Davie Cnty GO		
Long Term Rating	AA+/Stable	Upgraded
Davie Cnty GO		
Unenhanced Rating	AA+(SPUR)/Stable	Upgraded

Many issues are enhanced by bond insurance.

Rationale

S&P Global Ratings raised its long-term rating on Davie County, N.C.'s general obligation (GO) debt outstanding to 'AA+' from 'AA'.

At the same time, S&P Global Ratings assigned its 'AA+' long-term rating to the county's 2018 GO parks and recreation bonds. The outlook is stable.

The upgrade reflects our view of the county's economic expansion and ongoing development, which will likely lead to continued job growth and improved residential incomes. The county's good management practices allow it to consistently practice conservative budgeting, helping it maintain very strong reserve and liquidity positions. Furthermore, management has structured its outstanding debt favorably, with rapid amortization, which is unlikely to cause debt-related budgetary pressures in the future.

The 2018 bonds and the county's GO debt outstanding are secured by its full faith and credit, including its pledge to levy ad valorem property taxes without limitation as to rate or amount.

Bond proceeds from the 2018 bonds will be used to repurpose the existing high school property, including offices for the county's parks and recreation department and the addition of new park facilities on the existing property.

The 'AA+' rating reflects our opinion of the county's:

- Strong economy, with access to a broad and diverse metropolitan statistical area (MSA);
- Strong management, with good financial policies and practices under our Financial Management Assessment (FMA) methodology;
- Strong budgetary performance, with break-even operating results in the general fund and break-even operating results at the total governmental fund level in fiscal 2017;
- Very strong budgetary flexibility, with an available fund balance in fiscal 2017 of 24% of operating expenditures;
- Very strong liquidity, with total government available cash at 57.7% of total governmental fund expenditures and

4.4x governmental debt service, and access to external liquidity we consider strong;

- Strong debt and contingent liability profile, with debt service carrying charges at 13.2% of expenditures and net direct debt that is 121.4% of total governmental fund revenue, as well as low overall net debt at less than 3% of market value and rapid amortization, with 73.2% of debt scheduled to be retired in 10 years; and
- Very strong institutional framework score.

Strong economy

We consider the county's economy strong. Davie County, with an estimated population of 41,924, is located in the Winston-Salem MSA, which we consider to be broad and diverse. The county has a projected per capita effective buying income of 90.1% of the national level and per capita market value of $110,359. Overall, the county's market value grew by 1.5% over the past year to $4.6 billion in 2018. The county unemployment rate was 4% in 2017.

Davie County encompasses roughly 264 square miles in the southeastern portion of the Piedmont Triad Region of the state. The Piedmont Triad Region is located midway between Research Triangle (outside of Raleigh) and the city of Charlotte. The county is approximately 25 miles southwest of Winston-Salem, and residents in the county have strong access to jobs across the Winston-Salem MSA, which we consider broad and diverse. The county has access to several of the state's major thoroughfares and is located within an hour of three airports, including the state's largest airport, Charlotte Douglas International. Additionally, the county is located less than an hour's drive from over 14 universities/colleges within the state. The county is home to the Wake Forest Baptist Health Davie Medical Center, which opened in 2013. BB&T Sports Park is a large sports facility located within the county that hosts sports tournaments for teams across the southeast region of the country.

The county's assessed value (AV) has seen strong growth in recent years, including an 11% increase over the past three years since fiscal 2015. Ongoing economic development includes the development of phase three of the SouthPoint Business Park, which is expected to add more than 100 acres. Management is expecting hundreds of new jobs in the county upon the completion of the third phase. The county's job growth rate was 23% since 2013, which leads the state. Davie County has also experienced steady residential growth, displayed by a 34% increase in residential building permits since 2015. Given historical AV growth and ongoing economic development, we anticipate the county to see further economic expansion in the coming years.

The county was not materially impacted by Hurricane Florence, which recently affected the southeastern portion of North Carolina.

Strong management

We view the county's management as strong, with good financial policies and practices under our FMA methodology, indicating financial practices exist in most areas, but that governance officials might not formalize or monitor all of them on a regular basis.

County management uses several years of historical trends and works with outside sources to generate revenue and expenditure assumptions when formulating the budget. Additionally, the county board is provided quarterly budget-to-actual financial results through the first three quarters of the fiscal year, and monthly reports during the final quarter. Amendments can be made to the budget as needed, with board approval.

The county does not conduct formalized long-term financial planning, but does maintain a five-year capital improvement plan, updated annually, that identifies potential projects and their respective funding sources. The county also has a formal cash and investment management policy, requiring monthly reports during the second half of the fiscal year, and quarterly investment holdings reports to be reported to the board for the second quarter of the fiscal year. Davie County has historically adhered to its formal and comprehensive debt management policy, which identifies debt amount parameters and types of debt that are acceptable for issue. The county has a formal reserve policy to maintain its available fund balance at a minimum of 25% of general fund expenditures.

Strong budgetary performance

Davie County's budgetary performance is strong in our opinion. The county had break-even operating results in the general fund, but a balanced result across all governmental funds of 0.3% in fiscal 2017.

The county has a strong history of conservative budgeting, when comparing budgeted figures to year-end financial results. In assessing budgetary performance, we have adjusted for recurring transfers out of the general fund, as well as one-time capital expenditures funded with bond proceeds. In fiscal 2017, the county posted a slight deficit in the general fund after adjusting for recurring transfers to the proprietary funds. However, the county outperformed its 2017 budget, which initially reflected a $3.3 million deficit. The county realized stronger property and sales tax collections than budgeted. The primary source of revenues in the general fund for fiscal 2017 was property taxes, accounting for 64% of revenues. Sales tax collections were the next largest revenue source, accounting for 13.3% of general fund revenues.

According to unaudited 2018 financial estimates, the county is anticipating another slight deficit, though general fund revenue estimates are over $3 million higher than the original 2018 budget. The county adopted a $59 million budget for fiscal 2019, currently reflecting a $3.5 million deficit, although historically the county has outperformed budgeted expectations. We anticipate the county will maintain strong budgetary performance over the next two years.

Very strong budgetary flexibility

Davie County's budgetary flexibility is very strong, in our view, with an available fund balance in fiscal 2017 of 24% of operating expenditures, or $13.4 million.

The county has historically maintained very strong budgetary flexibility, in our opinion. The county has a formal fund balance policy to maintain at least 25% of operating expenditures in reserve, which it has adhered to historically. When calculating the county's available fund balance, management includes unassigned, assigned, committed, and restricted general fund balances (excluding funds restricted by state statute), while we only use the assigned and unassigned fund balances.

Aside from using its appropriated fund balance for one-time capital projects, management does not have plans to draw on its reserves. Therefore, we anticipate the county will likely maintain very strong budgetary flexibility over the next few years.

Very strong liquidity

In our opinion, Davie County's liquidity is very strong, with total government available cash at 57.7% of total governmental fund expenditures and 4.4x governmental debt service in 2017. In our view, the county has strong access to external liquidity if necessary.

Davie County has historically maintained a very strong liquidity position, in our opinion. The county's strong access to external liquidity, in our opinion, is displayed by its frequent debt issuance of general obligation bonds and limited obligation bonds. Although the state allows for, what we view as, permissive investments, we believe the county does not have aggressive investments, with investments held in commercial paper and in state investment pools.

The county recently issued a direct bank loan, the agreement terms and provisions do not include any non-standard events of default or acceleration provisions that present a contingent liquidity pressure, in our opinion. Additionally, we believe any liquidity risks are partially mitigated by the provisions of Section 160A-20 of the North Carolina statutes, which do not allow for deficiency judgments.

Strong debt and contingent liability profile

In our view, Davie County's debt and contingent liability profile is strong. Total governmental fund debt service is 13.2% of total governmental fund expenditures, and net direct debt is 121.4% of total governmental fund revenue. Overall net debt is low at 1.5% of market value, and approximately 73.2% of the direct debt is scheduled to be repaid within 10 years, which are in our view positive credit factors.

After the issuance of the 2018 bonds, the county will have approximately $55.7 million in general obligation debt outstanding. The county plans to issue approximately $4.2 million in additional debt over the next two years, to fund an additional education building for a community college within the county. We note that our view of the county's debt profile could weaken should future debt issuances cause the county's 10-year amortization schedule to fall below 65%.

Davie County's combined required pension and actual other postemployment benefits (OPEB) contributions totaled 2% of total governmental fund expenditures in 2017. The county made its full annual required pension contribution in 2017.

The county participates in the North Carolina Local Government Employees' Retirement System (LGERS). In addition, it participates in the Law Enforcement Officers' Special Separation Allowance and the Registers of Deeds' Supplemental Pension Fund, both are defined-benefit plans, administered by the state. The county's proportion of the LGERS net pension liability, the county's largest plan, was $4.8 million as of June 2017. In addition, the plan fiduciary net position as a percent of the LGERS' total pension liability was 91.5%

Davie County provides OPEB through a single-employer, defined-benefit plan, which funds the retiree health care benefits plan on a pay-as-you-go basis. The county board of commissioners has the authority to amend the plan. The county's OPEB cost in fiscal 2017 was approximately $402,306 with an unfunded liability of $3.8 million.

Very strong institutional framework

The institutional framework score for North Carolina counties is very strong.

Outlook

The stable outlook reflects our opinion that the county will likely continue to maintain a very strong liquidity and reserve position, which is further strengthened by its strong management team. Additionally, we believe the county will continue to benefit from its access to the Winston-Salem MSA. Therefore, we do not anticipate changing the rating over the two-year outlook horizon.

Downside scenario

If the county's financial performance were to experience deterioration, leading to significant and sustained draws on its reserves, we could take a negative rating action.

Upside scenario

All else equal, we could further raise the rating if the county continues to see economic expansion, including improved assessed values and income levels in line with those of higher-rated peers.

Related Research

- Alternative Financing: Disclosure Is Critical To Credit Analysis In Public Finance, Feb. 18, 2014
- 2018 Update Of Institutional Framework For U.S. Local Governments

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at www.standardandpoors.com for further information. Complete ratings information is available to subscribers of RatingsDirect at www.capitaliq.com. All ratings affected by this rating action can be found on S&P Global Ratings' public website at www.standardandpoors.com. Use the Ratings search box located in the left column.

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