Board of Commissioners
Mark Jones, Chair
Benita Finney, Vice Chair
Richard Poindexter
Terry Renegar
M Brent Shoaf

County Manager
Brian Barnett
Commissioners Room
123 S. Main Street
Mocksville, NC 27028
June 3, 2024
6:00 PM

MINUTES
Davie County - Board of Commissioners
Regular Session

1. Meeting Called to Order - Chair Jones

The meeting was called to order at 6:02 P.M.

2. Invocation - Stan Riddle

The invocation was offered by Stan Riddle.

3. Pledge of Allegiance - James "Kyle" Greenwood

The Pledge of Allegiance was led by James "Kyle" Greenwood.

4. Ethics & Conflicts Disclosure - County Attorney, Ed Vogler

County Attorney Ed Vogler stated: "Pursuant to NCGS 160A-86 and the Davie County Board of Commissioners Code of Ethics adopted December 2, 2019, I would ask each of you before you adopt the agenda if there is any actual, potential or perceived conflicts of interest with respect to any matter on the proposed agenda which will come before the Board for a vote at this meeting today. If so, please speak up and let the Board know at this time before the agenda is adopted." No Commissioner spoke. Vogler then stated, "It is therefore concluded that there are no actual, potential, or perceived conflicts of interest by any Board member."

5. Adopt Agenda - Chair Jones

Chair Jones requested to pull Item 10 (h) Resolution for Contract Execution of Davie County Custodial Services from the Consent Agenda and move to 12 (a) as a new business item.

Vice Chair Finney made a motion to adopt the amended agenda. Commissioner Renegar seconded the motion. All were in favor, and the motion passed 5-0 (Mark Jones, Benita Finney, Richard Poindexter, Terry Renegar, M Brent Shoaf)

6. Public Comment Period - County Attorney, Ed Vogler

   a. Public Comment Period Rules

There were no individuals who signed up for Public Comment.

7. Public Hearings

a. Public Hearing Comment Rules

b. FY2024-2025 Proposed Budget & Capital Improvement Plan

Robin West, Brian Barnett and Mitch from Davenport presented the proposed Davie County Budget for the 2024-2025 fiscal year and the Capital Improvement Plan for 2025–2029, and the Public Utilities Capital Improvement Plan.

The Public Hearing was opened at 6:38 P.M. County Attorney Ed Vogler read the requirements for those who wish to speak during the public hearing.

There were no individuals signed up to speak during the public hearing.

The Public Hearing was closed at 6:39 P.M. by a motion made by Vice Chair Finney and seconded by Commissioner Poindexter. All were in favor, and the motion passed 5-0 (Jones, Finney, Poindexter. Renegar, Shoaf).

Vice Chair Finney expressed that she needed more time to go through the material and felt it would not be wise to vote on the proposal tonight without more time to look over the budget.

Vice Chair Finney made a motion to defer the vote for the FY2024-2025 Proposed Budget to June 24, 2024, at 10:00 a.m. and seconded by Commissioner Shoaf. All were in favor, and the motion passed 5-0 (Jones, Finney, Poindexter. Renegar, Shoaf).

8. Presentations - County Manager, Brian Barnett

a. April 2024 Financial Presentation - Robin West

Robin West spoke about the April 2024 financial summary report.

9. County Manager's Report - County Manager, Brian Barnett

Brian Barnett did not have a report tonight due to the budget presentation.

10. Consent Agenda - Chair Jones

Vice Chair Finney made the motion to approve the amended consent agenda. Commissioner Renegar seconded the motion. All were in favor, and the motion passed 5-0 (Jones, Finney, Poindexter, Renegar, Shoaf)

a. Approval of Meeting Minutes

i) Regular Scheduled Meeting May 6, 2024

ii) Closed Session Meeting Minutes May 6, 2024

iii) Budget Workshop Minutes May 14, 2024

b. Asset Deletion - EMS

c. Board Re-Appointment - Partners Health Management Board, Terry Renegar

d. Board Re-Appointment - Davie County Board of Adjustment, Marty Carter

e. Board Appointment Replacement - Child Protection and Child Fatality Prevention Team

i) Chris Cantrell to replace Mary Karina Hall

ii) Aimee Farr to replace Ashley Golds (formerly known as Ashley Von Rueden)

f. Budget Transfers / Amendments

g. EDC Interlocal Agreement

h. Resolution of Personal Property Donations

i. Tax Reports, Releases, Refunds

11. Old Business - Chair Jones

a. Renaming of Sweat Trail, Mocksville NC to Sweet Trail, Mocksville NC - Johnny Easter
Johnny Easter stated the two addresses currently on Sweat Trail are 180 and 172. He informed the Commissioners that there were no corresponding address numbers with similar names.

Commissioner Poindexter made a motion to approve the renaming of Sweat Trail to Sweet Trail. Commissioner Renegar seconded the motion. All were in favor, and the motion passed 5-0 (Mark Jones, Benita Finney, Richard Poindexter, Terry Renegar, M Brent Shoaf)

12. New Business - Chair Jones

Item 12 (a) Resolution for Contract Execution of Davie County Custodial Services was pulled from the Consent Agenda.

Chair Jones requested a motion to defer this item to allow more time for the Commissioners to view the Davie County Custodial Contract.

Vice Chair Finney made the Motion to defer item 12(a) to June 24, 2024, and was seconded by Commissioner Shoaf. All were in favor, and the motion passed 5-0 (Jones, Finney, Poindexter, Renegar, Shoaf).

13. Commissioners' Comments

The Commissioners thanked the employees for the hard work that went into going into the budget. They all appreciated the attendance tonight.

14. Closed Session - Chair Jones

At 6:53 P.M. Commissioner Poindexter made the motion to enter into a closed session. Vice Chair Finney seconded the motion. All were in favor, and the motion passed 5-0 (Jones, Finney, Poindexter, Renegar, Shoaf)

a. Closed Session Pursuant to NCGS 143-318.11 (a)(5) To establish, or to instruct the public body's staff or negotiating agents concerning the position to be taken by or on behalf of the public body in negotiating (i) the price and other material terms of a contract or proposed contract for the acquisition of real property by purchase, option, exchange, or lease; or (ii) the amount of compensation and other material terms of an employment contract or proposed employment contract.

15. Adjourn - Chair Jones

At 7:16 P.M., Commissioner Poindexter made the motion to resume the open session. Vice Chair Finney seconded the motion. All were in favor, and the motion passed 5-0 (Jones, Finney, Poindexter, Renegar, Shoaf).

At 7:17 P.M., Commissioner Poindexter made the motion to adjourn. Vice Chair Finney seconded the motion. All were in favor, and the motion passed 5-0 (Jones, Finney, Poindexter, Renegar, Shoaf).

✓ APPROVED

Karen E. Logan

Mark Jones
Board of County Commissioners Chair

Karen Logan
Clerk to the Board

Discussion Materials

Davie County, North Carolina

June 3, 2024

Contents / Agenda

Credit Rating Overview and Peer Comparatives

Credit Rating Overview and Peer Comparatives

Credit Rating Overview

- The County is currently rated:
  - **Aa2** by Moody's Investors Service
    - Last Rating Report: 10/5/2018
    - Last Annual Issuer Comment Report: 3/25/2024
  - **AA+** by Standard and Poor's
    - Last Rating Report: 10/3/2018
    - Last Review Date: 7/21/2023
    - Last Rating Change: Upgrade to 'AA+' on 10/3/2018

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		

Peer Comparatives

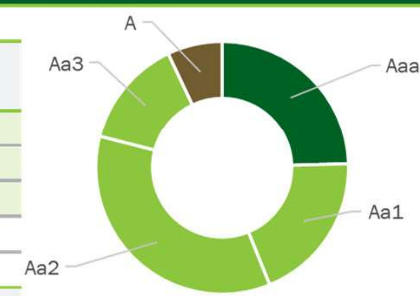
- The following pages contain peer comparatives based on the Moody's rating categories shown below.

National Moody's Rated Counties

	Number of Credits	Percentage of Credits
Aaa	114	15.7%
Aa1	124	17.1%
Aa2	211	29.0%
Aa3	160	22.0%
A	118	16.2%
Total	727	100.0%

North Carolina Moody's Rated Counties

	Number of Credits	Percentage of Credits
Aaa	14	24.6%
Aa1	11	19.3%
Aa2	20	35.1%
Aa3	8	14.0%
A	4	7.0%
Total	57	100.0%



NC 'Aaa':	*Brunswick, Buncombe, Cabarrus, Durham, Forsyth, Gaston, Guilford, Iredell, Johnston, Mecklenburg, New Hanover, Orange, Union, Wake*
NC 'Aa1':	*Alamance, Carteret, Catawba, Chatham, Cumberland, Dare, Davidson, Henderson, Moore, Onslow, Pitt*
NC 'Aa2':	*Burke, Cleveland, Davie, Franklin, Granville , Harnett, Hoke, Lee, Lenoir, Lincoln, Macon, Nash, Pender, Randolph, Rockingham, Rowan, Surry, Watauga, Wayne, Wilson*
NC 'Aa3':	*Beaufort, Bladen, Columbus, Duplin, Rutherford, Sampson, Warren, Wilkes*
NC 'A':	*Bertie, Edgecombe, Hertford, Martin*

Note: The data shown in the peer comparatives is from Moody's Municipal Financial Ratio Analysis database. The figures in the chart above are from August 2023. The peer comparison data is derived from FY 2021 figures in most cases.

Rating Agency Methodologies

Moody's Rating Methodology

Category	Rating Percentage	Short Term Control	Long Term Control
Economy	30%		✓
Financial Performance	30%	✓	✓
Institutional Framework	10%		✓
Leverage	30%	✓	✓

- On November 2, 2022, Moody's updated its US Local Governments General Obligation Debt methodology and assumptions.
- Under the new methodology, an initial indicative rating is calculated from a weighted average of four key factors.
- 5 defined below the line qualitative adjustments can be made based upon certain factors not included in the quantitative score.
- While the defined notching factors have been reduced, a new category for other considerations will allow for any other factor deemed appropriate by the rating analysts and committee to be considered in the rating outcome.

S&P Rating Methodology

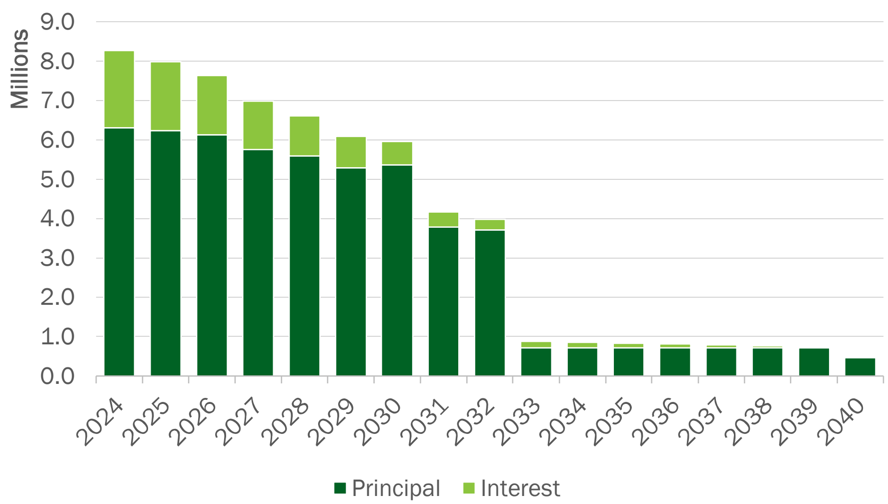
Category	Rating Percentage	Short Term Control	Long Term Control
Institutional Framework	10%		✓
Economy	30%		✓
Management	20%	✓	✓
Budget Flexibility	10%	✓	✓
Budgetary Performance	10%	✓	✓
Liquidity	10%	✓	✓
Debt and Contingent Liabilities	10%	✓	✓

- On September 12, 2013, Standard & Poor's updated its US Local Governments General Obligation Ratings methodology and assumptions.
- Under the new methodology, an initial indicative rating is calculated from a weighted average of seven key factors.
- Up to a one-notch adjustment can be made from the indicative rating based on other qualitative factors not included in the quantitative score.

Existing Tax Supported Debt Profile

Existing Tax Supported Debt

Tax Supported Debt Service



Par Outstanding – Estimated as of 6/30/2023

Type	Par Amount
General Obligation Bonds	$39,310,000
IPCs / COPs / LOBs	$10,643,501
IPCs – Vehicles & Equipment	$3,677,746
Total	**$53,631,247**

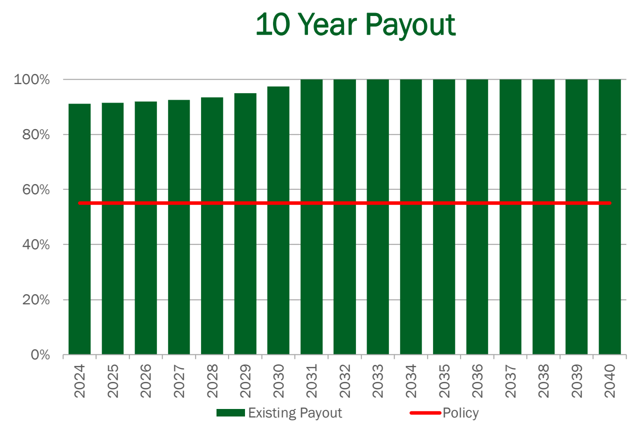
Notes:
-QZAB shown net of Sinking Fund earnings.
-Does not include the HHS and Sherriff Lease or the 2020 Installment Purchase Contract for Economic Development contracts.
-Includes FY 2024 Vehicle financing which closed on 11/7/2023.

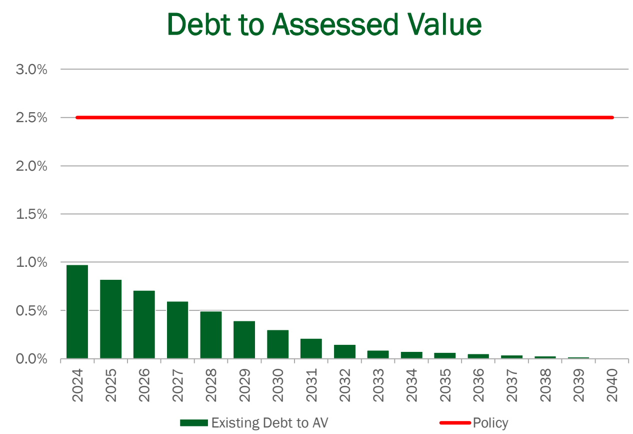
Tax Supported Debt Service

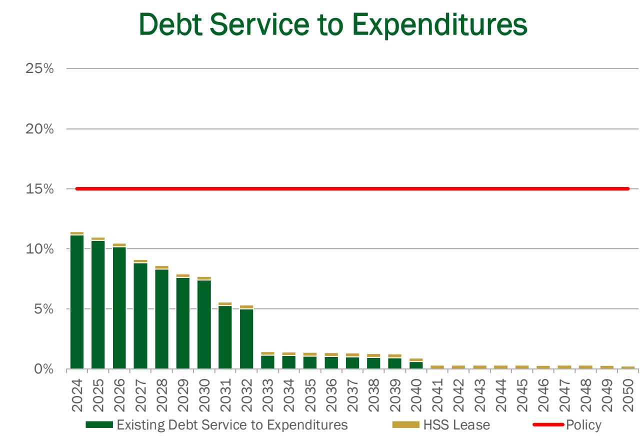
FY	Principal	Interest	Total	10-yr Payout
Total	53,631,247	10,195,424	63,826,670	
2024	6,312,746	1,960,295	8,273,041	91.2%
2025	6,235,000	1,751,032	7,986,032	91.5%
2026	6,130,000	1,507,246	7,637,246	91.9%
2027	5,749,501	1,239,542	6,989,043	92.6%
2028	5,597,000	1,015,012	6,612,012	93.5%
2029	5,293,000	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%

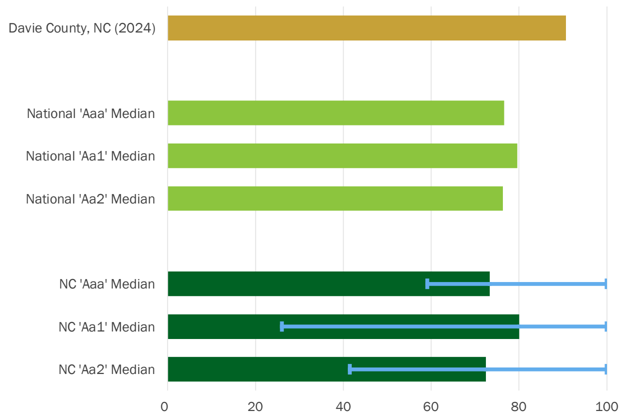
Source: LGC Bond Ledger / County Audits / Final Numbers

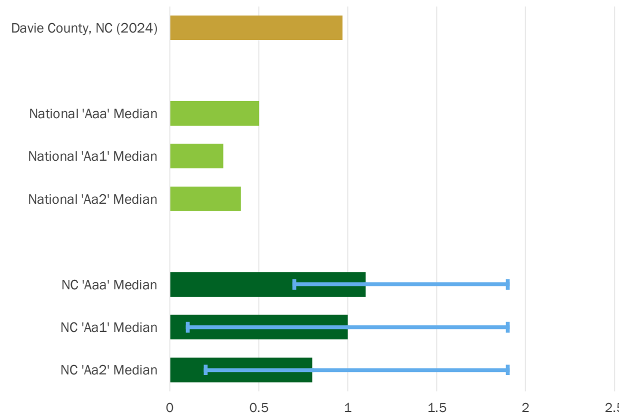
Existing Tax Supported Debt Ratios & Policies

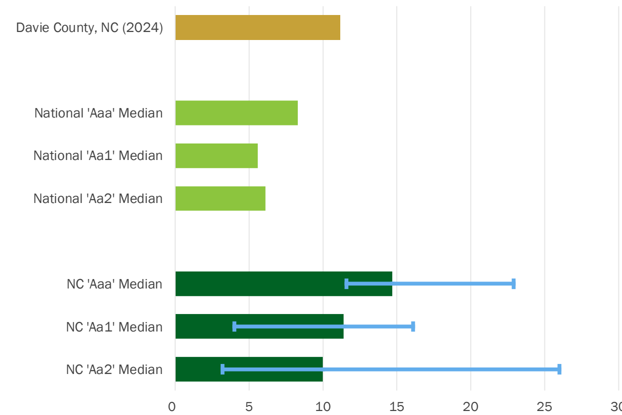












Gold – Reflects Davie County Value
Light Green – Reflects National (Aaa, Aa1, Aa2) Median Values
Dark Green – Reflects NC (Aaa, Aa1, Aa2) Median Values
Blue Line – Reflects Min/Max Values

- Existing 10-year Payout Ratio
  – FY 2024: **91.2%**
- The County has a policy establishing a minimum 10 Year Payout Ratio of 55.00%.

- Existing Debt to Assessed Value
  – FY 2024: **0.97%**
- The County has a policy establishing a maximum Debt to Assessed Value ratio of 2.50%.

- Existing Debt Service vs. Expenditures
  – FY 2024: **11.16%**
- The County has a policy establishing a maximum Debt Service to Expenditures ratio of 15.00%.

Note: Ratios based upon FY24 estimated AV of $5,504,686,990 (grown at 4.36% in FY25 and 1% thereafter), and FY23 adjusted governmental expenditures of $65,226,932, grown at 1% annually.

Existing Capital and Debt Service Funding Sources Available

- **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 additional 1.00¢ coinciding with issuance of 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. The Tax Rate was assumed to be reduced overtime to fund only High School related debt service.

- **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 One-Time 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.

- **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.

Debt Affordability Analysis – County

Existing Debt Only

A	B	C	D	E	F	G	H	I	J	K	L	M	N
	Capital Funding Requirements							Revenue Available for DS				Cash Flow Surplus (Deficit)	
												(L - H)	
Fiscal Year	Existing Long Term Debt Service (Excludes HS)	Vehicle Debt Service (Existing and Proposed)	Proposed Debt Service	CIP Pay-Go Cash	HHS and Sherriff Lease Payments	Transfers Out	Total Requirements	Property Tax (6.36¢)	Operating Revenue for Vehicle Debt Service	GF Approp. for Capital / Cell Tower / BOE Contr.	Total Revenues Available	Annual Surplus/ (Deficit)	County Capital Reserve
2024													$0
2025	$ 2,268,804	$ 1,015,679	$ -	$ -	$ 209,016	$ -	$ 3,493,498	$ 3,653,502	$ 1,015,679	$ 1,030,848	$ 5,700,029	$2,206,530	2,206,530
2026	1,401,283	784,662	-	-	221,813	1,107,147	3,514,905	3,690,037	784,662	730,848	5,205,547	1,690,642	3,897,173
2027	1,005,928	628,065	-	-	221,813	1,107,147	2,962,952	3,726,937	628,065	730,848	5,085,850	2,122,898	6,020,071
2028	979,429	385,333	-	-	221,813	1,107,147	2,693,721	3,764,207	385,333	730,848	4,880,387	2,186,667	8,206,737
2029	956,511	-	-	-	221,813	1,107,147	2,285,471	3,801,849	-	730,848	4,532,697	2,247,226	10,453,964
2030	934,844	-	-	-	226,078	-	1,160,922	3,839,867	-	730,848	4,570,715	3,409,794	13,863,757
2031	914,426	-	-	-	238,875	-	1,153,301	3,878,266	-	730,848	4,609,114	3,455,813	17,319,570
2032	892,696	-	-	-	238,875	-	1,131,571	3,917,049	-	730,848	4,647,897	3,516,326	20,835,896
2033	871,681	-	-	-	238,875	-	1,110,556	3,956,219	-	530,848	4,487,067	3,376,511	24,212,408
2034	850,604	-	-	-	238,875	-	1,089,479	3,995,781	-	530,848	4,526,629	3,437,151	27,649,558
2035	829,401	-	-	-	243,141	-	1,072,542	4,035,739	-	530,848	4,566,587	3,494,045	31,143,604
2036	808,074	-	-	-	255,938	-	1,064,012	4,076,097	-	530,848	4,606,945	3,542,933	34,686,537
2037	786,622	-	-	-	255,938	-	1,042,559	4,116,858	-	530,848	4,647,706	3,605,146	38,291,683
2038	764,732	-	-	-	255,938	-	1,020,669	4,158,026	-	530,848	4,688,874	3,668,205	41,959,888
2039	742,467	-	-	-	255,938	-	998,405	4,199,606	-	530,848	4,730,454	3,732,050	45,691,937
2040	474,890	-	-	-	255,938	-	730,827	4,241,602	-	530,848	4,772,450	4,041,623	49,733,560
2041	-	-	-	-	255,938	-	255,938	4,284,018	-	530,848	4,814,866	4,558,929	54,292,489
2042	-	-	-	-	255,938	-	255,938	4,326,859	-	530,848	4,857,707	4,601,769	58,894,258
2043	-	-	-	-	255,938	-	255,938	4,370,127	-	530,848	4,900,975	4,645,038	63,539,296
2044	-	-	-	-	255,938	-	255,938	4,413,828	-	530,848	4,944,676	4,688,739	68,228,035
2045	-	-	-	-	255,938	-	255,938	4,457,967	-	530,848	4,988,815	4,732,877	72,960,912
2046	-	-	-	-	255,938	-	255,938	4,502,546	-	530,848	5,033,394	4,777,457	77,738,369
2047	-	-	-	-	255,938	-	255,938	4,547,572	-	530,848	5,078,420	4,822,482	82,560,852
2048	-	-	-	-	255,938	-	255,938	4,593,048	-	530,848	5,123,896	4,867,958	87,428,810
2049	-	-	-	-	255,938	-	255,938	4,638,978	-	530,848	5,169,826	4,913,889	92,342,698
2050	-	-	-	-	191,953	-	191,953	4,685,368	-	530,848	5,216,216	5,024,263	97,366,961
2051	-	-	-	-	-	-	-	4,732,222	-	530,848	5,263,070	5,263,070	102,630,031
Totals	**$ 15,482,391**	**$ 2,813,738**	**$ -**		**$ 6,296,062**	**$ 4,428,587**			**$ 2,813,738**				
		(Note 1)						(Note 2,4)	(Note 1)	(Note 3)			

Note 1: Includes FY 2024 Vehicle Financing Debt Service which closed on 11/7/2023. Future years assumed to be funded to maintain $1,168,012 of annual debt service (FY 2024 amount). Debt Service assumed to be funded with current year operating revenues. Subject to change.

Note 2: Includes Property Tax Revenues (6.36¢) available for Debt Service.

Note 3: Includes General Fund Appropriation Available for Capital in the amount of $485,100 and the Cell Tower Rental Revenues equal to $45,748. Also includes School Contributions of $300,000 per year through FY 2025 and $200,000 per year through FY 2032.

Note 4: FY 2025 Value of a Penny equal to $574,450. Assumed to grow at 1.00% annually.

- FY 2025 Value of a Penny*: $574,450
- Assumed Growth Rate: 1.00%

* Per County Staff

CIP Funding Analysis

CIP Funding Sources & Uses

FY 2025 – 2029 CIP

#	Uses of Funds	2025	2026	2027	2028	2029	5 Year Total
1	Detention Center (Design & Construction)	-	35,335,721	-	-	-	$ 35,335,721
2	Parking Lot Paving	500,000	350,000	-	350,000	-	1,200,000
3	Former HHS Building Demolition	-	350,000	-	-	-	350,000
4	Emergency Management Storage Facility	-	-	250,000	-	-	250,000
5	Davie County Community Park	-	-	330,000	-	-	330,000
6	EMS Station #5	-	-	-	1,000,000	-	1,000,000
7	Civic Agriculture Center	-	-	-	-	8,000,000	8,000,000
8	**Total**	$ 500,000	$ 36,035,721	$ 580,000	$ 1,350,000	$ 8,000,000	$ 46,465,721
9							
10	**Sources of Funds**	**2025**	**2026**	**2027**	**2028**	**2029**	**5 Year Total**
11	General Fund Pay-Go Funding	500,000	700,000	580,000	1,350,000	-	$ 3,130,000
12	Other Outside Contributions[1]	-	50,000	-	-	8,000,000	8,050,000
13	Debt Financing:						-
14	10 Years (4.00%)	-	-	-	-	-	-
15	15 Years (4.50%)	-	-	-	-	-	-
16	20 Years (5.00%)	-	37,285,721	-	-	-	37,285,721
17	Reimbursement from Debt[2]	-	(2,000,000)	-	-	-	(2,000,000)
18	**Total**	$ 500,000	$ 36,035,721	$ 580,000	$ 1,350,000	$ 8,000,000	$ 46,465,721

[1] Duke Energy is assumed to contribute $50,000 to the Detention Center project for Energy Efficiency (FY 2026). The County is pursuing Grant Funding for the Civic Agriculture Center in FY 2029.

[3] $2,000,000 in preliminary design costs for the Detention Center ($1.8 million in FY 2022 and $200,000 in FY 2023) assumed to be reimbursed at the time of the debt issuance.

- In addition to the CIP Funding shown above, the County funds annual vehicle/equipment replacement and preventative maintenance capital projects in the annual operating budget.

CIP Project Detail

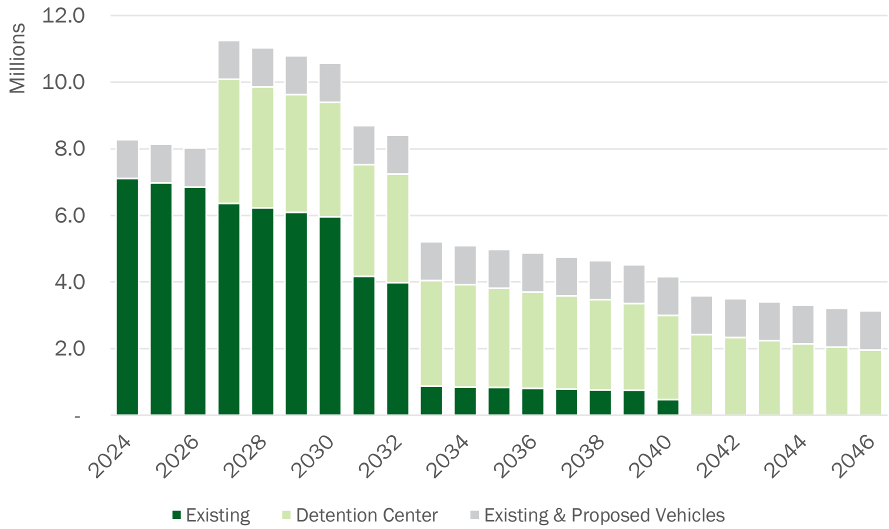
FY 2025 – 2029 CIP

	CIP Project Detail		
	Project	Grant/Other Funding	Description
1	**Detention Center**	$50,000 from Duke Energy	Detention Design & construction.
2	**Parking Lot Paving**	-	Parking - FY25 -EMS #1/Hospital Lot and DC Park; FY26 - Dodge & Senior Center; FY28 remainder of DC Park.
3	**Former HHS Building Demo.**	-	Demolition and clearing of former HHS buildings.
4	**Emergency Management Storage Facility**	-	Emergency Management Storage Facility to cover trailers, trucks, and other equipment.
5	**Davie County Community Park**	-	Splash pad Resurfacing to safety surfacing for wet areas only.
6	**EMS Station #5**	-	EMS Station #5 for Northwest area of County.
7	**Civic Agriculture Center**	$8,000,000 Grant Funding	Civic Agriculture Center construction would serve as a multipurpose complete to provide accommodations for a future multipurpose complex that would provide accommodations for the N.C. Cooperative Extension- Davie County Center, Davie County Soil and Water Conservation District, Davie County office of NC Forest Service and a 500 table-seated capacity auditorium or civic center on a 20-25 acre tract. This project will improve both efficiency and effectiveness of programming and provide ample meeting and event space for current needs. It will provide space and parking to accommodate a large number of participants and offer different types of events to residents. Meeting room in current building only seats 16. Master Gardener Volunteers can no longer meet here, and the room is too small for most classes offered to the public and farmers. We can no longer host events, such as NC Farm School, which require months of preplanning and scheduling since we do not have an ample facility. Will pursue grant funds- no one will consider without land purchased.

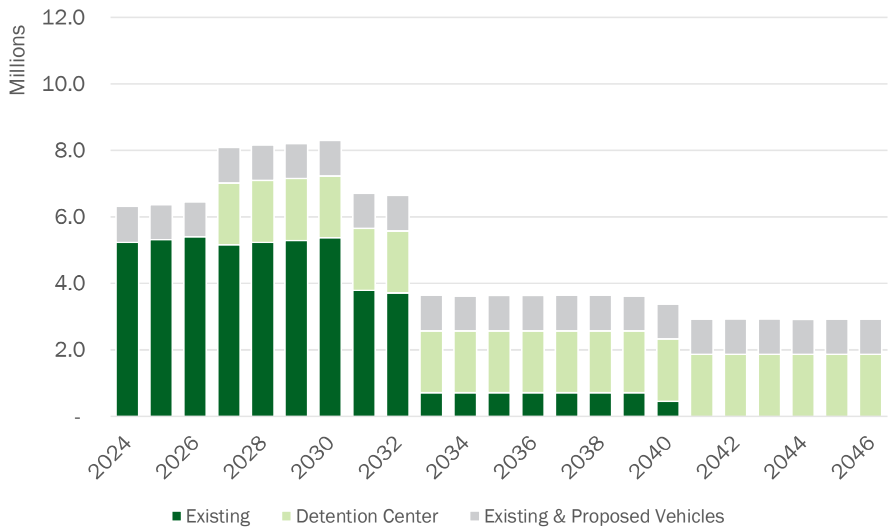
Proposed Tax Supported Debt Service

FY 2025 – 2029 CIP

Proposed Tax Supported Debt Service



Proposed Principal



Summary

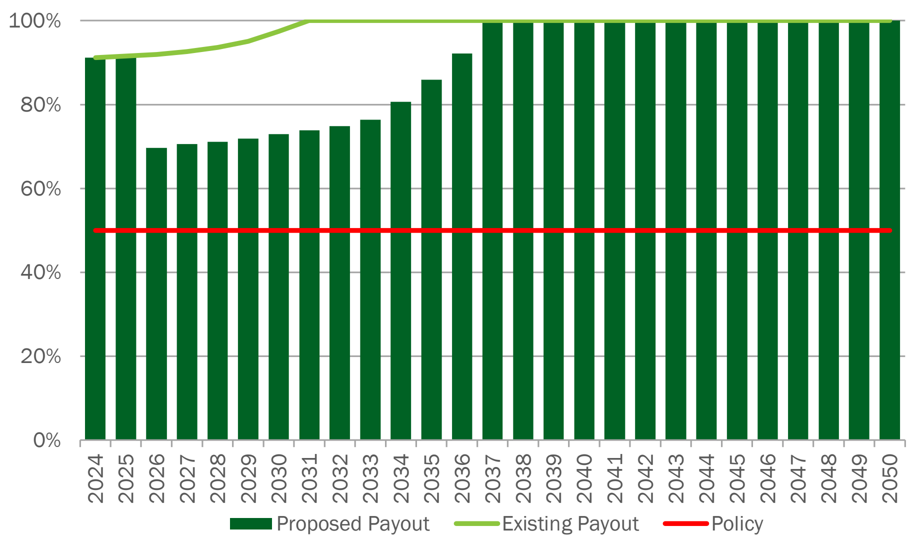
- Financing Assumptions:
  - Amortization: Level Principal
  - First Interest: FY Following Issuance
  - First Principal: FY Following Issuance
  - Term and Rate: 20 Years at 5.00%
- Debt Issued[1]:
  - Detention Center (FY 2026): $37,285,721
- Debt Service[1]:
  - Detention Center (FY 2026): $56,860,725
- General Fund Pay Go Capital:
  - FY 2025 - 2029: $3,130,000 Total
  - FY 2030 & Beyond: $750,000 / Year

[1] Excludes future Vehicle IPCs.

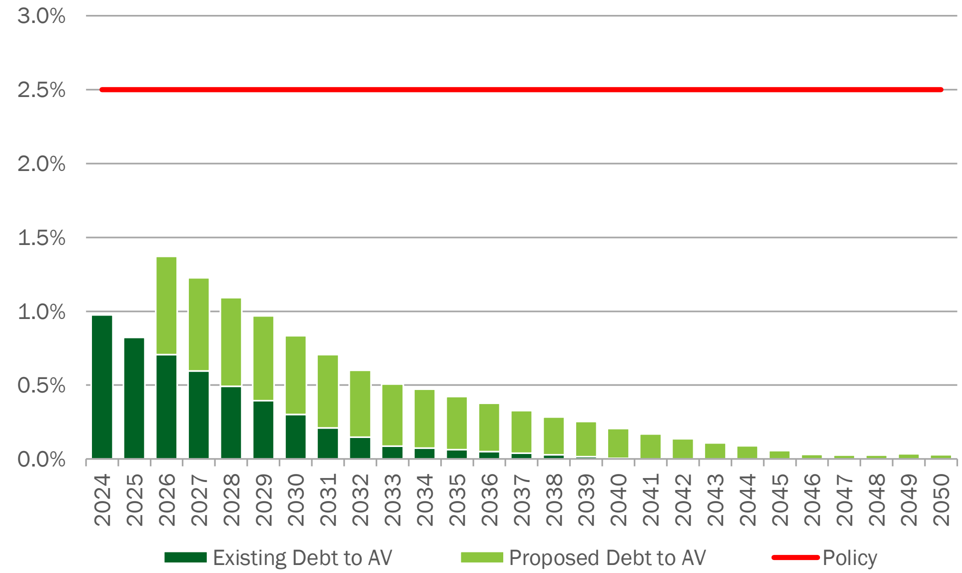
Key Debt Ratios

Existing Debt and Proposed FY 2025 – 2029 CIP

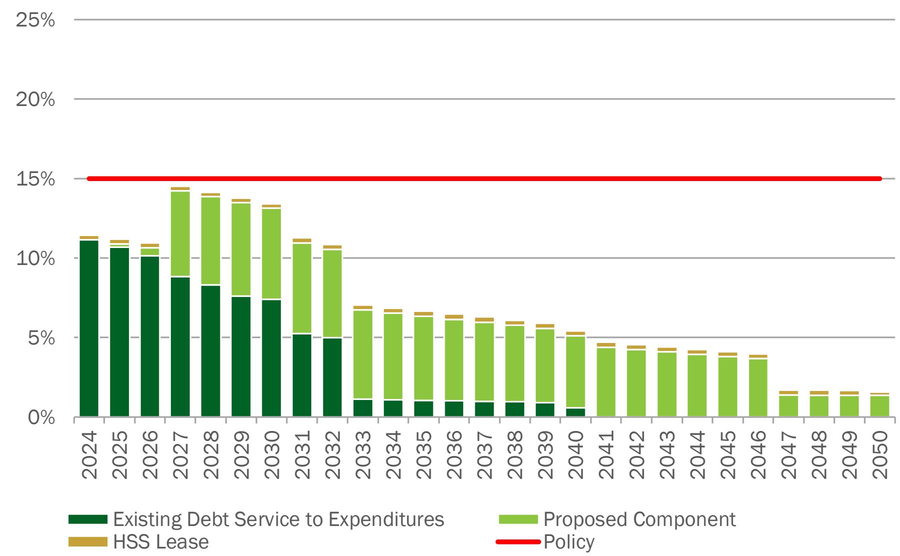
10-Year Payout



Debt to Assessed Value



Debt Service to Expenditures



Debt Affordability Analysis – County

Existing and Proposed Debt

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R
	Capital Funding Requirements							Revenue Available for DS				Cash Flow Surplus (Deficit)		Additional Revenue		Adj. Surplus/ (Deficit)	
												(L - H)				(M + P)	
Fiscal Year	Existing Long Term Debt Service (Excludes HS)	Vehicle Debt Service (Existing and Proposed)	Proposed Debt Service	CIP Pay-Go Cash	HHS and Sherriff Lease Payments	Transfers Out	Total Requirements	Property Tax (6.36¢)	Operating Revenue for Vehicle Debt Service	GF Approp. for Capital / Cell Tower / BOE Contr.	Total Revenues Available	Annual Surplus/ (Deficit)	County Capital Reserve	Equivalent Tax Impact	Equivalent Tax Impact Revenue	Adjusted Surplus/ (Deficit)	Adjusted County Capital Reserve
2024													$0				$0
2025	$ 2,268,804	$ 1,168,012	$ -	$ 300,000	$ 209,016	$ -	$ 3,945,832	$ 3,653,502	$ 1,168,012	$ 1,030,848	$ 5,852,362	$1,906,530	1,906,530		-	$1,906,530	1,906,530
2026	1,401,283	1,168,012	-	700,000	221,813	1,107,147	4,598,255	3,690,037	1,168,012	730,848	5,588,897	990,642	2,897,173	1.44¢	832,950	1,823,592	3,730,123
2027	1,005,928	1,168,012	3,728,572	580,000	221,813	1,107,147	7,811,471	3,726,937	1,168,012	730,848	5,625,797	(2,185,674)	711,499		841,279	(1,344,395)	2,385,728
2028	979,429	1,168,012	3,635,358	1,350,000	221,813	1,107,147	8,461,758	3,764,207	1,168,012	730,848	5,663,067	(2,798,691)	(2,087,192)		849,692	(1,948,999)	436,728
2029	956,511	1,168,012	3,542,143	-	221,813	1,107,147	6,995,626	3,801,849	1,168,012	730,848	5,700,709	(1,294,917)	(3,382,110)		858,189	(436,728)	0
2030	934,844	1,168,012	3,448,929	750,000	226,078	-	6,527,863	3,839,867	1,168,012	730,848	5,738,727	(789,136)	(4,171,245)		866,771	77,635	77,635
2031	914,426	1,168,012	3,355,715	750,000	238,875	-	6,427,028	3,878,266	1,168,012	730,848	5,777,126	(649,902)	(4,821,147)		875,438	225,537	303,172
2032	892,696	1,168,012	3,262,501	750,000	238,875	-	6,312,083	3,917,049	1,168,012	730,848	5,815,909	(496,175)	(5,317,322)		884,193	388,018	691,190
2033	871,681	1,168,012	3,169,286	750,000	238,875	-	6,197,854	3,956,219	1,168,012	530,848	5,655,079	(542,775)	(5,860,097)		893,035	350,260	1,041,450
2034	850,604	1,168,012	3,076,072	750,000	238,875	-	6,083,563	3,995,781	1,168,012	530,848	5,694,641	(388,921)	(6,249,018)		901,965	513,044	1,554,494
2035	829,401	1,168,012	2,982,858	750,000	243,141	-	5,973,412	4,035,739	1,168,012	530,848	5,734,599	(238,812)	(6,487,830)		910,985	672,172	2,226,666
2036	808,074	1,168,012	2,889,643	750,000	255,938	-	5,871,667	4,076,097	1,168,012	530,848	5,774,957	(96,710)	(6,584,541)		920,095	823,384	3,050,050
2037	786,622	1,168,012	2,796,429	750,000	255,938	-	5,757,000	4,116,858	1,168,012	530,848	5,815,718	58,717	(6,525,824)		929,296	988,013	4,038,063
2038	764,732	1,168,012	2,703,215	750,000	255,938	-	5,641,896	4,158,026	1,168,012	530,848	5,856,886	214,990	(6,310,834)		938,589	1,153,578	5,191,642
2039	742,467	1,168,012	2,610,000	750,000	255,938	-	5,526,417	4,199,606	1,168,012	530,848	5,898,466	372,049	(5,938,784)		947,974	1,320,024	6,511,665
2040	474,890	1,168,012	2,516,786	750,000	255,938	-	5,165,625	4,241,602	1,168,012	530,848	5,940,462	774,837	(5,163,947)		957,454	1,732,291	8,243,956
2041	-	1,168,012	2,423,572	750,000	255,938	-	4,597,521	4,284,018	1,168,012	530,848	5,982,878	1,385,357	(3,778,590)		967,029	2,352,386	10,596,342
2042	-	1,168,012	2,330,358	750,000	255,938	-	4,504,307	4,326,859	1,168,012	530,848	6,025,719	1,521,412	(2,257,179)		976,699	2,498,111	13,094,453
2043	-	1,168,012	2,237,143	750,000	255,938	-	4,411,093	4,370,127	1,168,012	530,848	6,068,987	1,657,894	(599,284)		986,466	2,644,360	15,738,813
2044	-	1,168,012	2,143,929	750,000	255,938	-	4,317,878	4,413,828	1,168,012	530,848	6,112,688	1,794,810	1,195,526		996,331	2,791,141	18,529,954
2045	-	1,168,012	2,050,715	750,000	255,938	-	4,224,664	4,457,967	1,168,012	530,848	6,156,827	1,932,163	3,127,688		1,006,294	2,938,457	21,468,410
2046	-	1,168,012	1,957,500	750,000	255,938	-	4,131,450	4,502,546	1,168,012	530,848	6,201,406	2,069,957	5,197,645		1,016,357	3,086,313	24,554,724
2047	-	1,168,012	-	750,000	255,938	-	2,173,950	4,547,572	1,168,012	530,848	6,246,432	4,072,482	9,270,127		1,026,520	5,099,003	29,653,726
2048	-	1,168,012	-	750,000	255,938	-	2,173,950	4,593,048	1,168,012	530,848	6,291,908	4,117,958	13,388,085		1,036,786	5,154,744	34,808,470
2049	-	1,168,012	-	750,000	255,938	-	2,173,950	4,638,978	1,168,012	530,848	6,337,838	4,163,889	17,551,974		1,047,154	5,211,042	40,019,512
2050	-	1,168,012	-	750,000	191,953	-	2,109,965	4,685,368	1,168,012	530,848	6,384,228	4,274,263	21,826,237		1,057,625	5,331,888	45,351,400
2051	-	1,168,012	-	750,000	-	-	1,918,012	4,732,222	1,168,012	530,848	6,431,082	4,513,070	26,339,306		1,068,201	5,581,271	50,932,671
Totals	**$ 15,482,391**		**$ 56,860,725**		**$ 6,296,062**	**$ 4,428,587**								**1.44¢**			
		(Note 1)						(Note 2,4)	(Note 1)	(Note 3)				(Note 4)	(Note 4)		

Note 1: Includes FY 2024 Vehicle Financing Debt Service which closed on 11/7/2023. Future years assumed to be funded to maintain $1,168,012 of annual debt service (FY 2024 amount). Debt Service assumed to be funded with current year operating revenues. Subject to change.

Note 2: Includes Property Tax Revenues (6.36¢) available for Debt Service.

Note 3: Includes General Fund Appropriation Available for Capital in the amount of $485,100 and the Cell Tower Rental Revenues equal to $45,748. Also includes School Contributions of $300,000 per year through FY 2025 and $200,000 per year through FY 2032.

Note 4: FY 2025 Value of a Penny equal to $574,450. Assumed to grow at 1.00% annually.

- FY 2025 Value of a Penny*: $574,450
- Assumed Growth Rate: 1.00%

* Per County Staff

Other County Capital Considerations

- The County completed the following projects that rolled off of the current CIP:
  - Davidson Davie Community College funding for Future Building Construction
  - Detention Center Dehumidifier and Door Upgrades
  - HVAC for Gyms at the Davie County Community Park

- Additionally, the County may have further capital project needs (beyond annual pay-go funding of $750,000) in future years beyond the scope of the current CIP term, including:
  - Courthouse Project – Future Phases: $18 million
  - Park Phase II: $6 million
  - Park Phase III: $5 million
  - Schools: TBD
  - Community College: TBD

Appendix A

Existing Tax Supported Debt

Existing Tax Supported Debt Summary

Total Debt Service

Year (6/30)	Principal	Interest	Total
2024	$ 6,312,746	$ 1,960,295	$ 8,273,041
2025	6,235,000	1,751,032	7,986,032
2026	6,130,000	1,507,246	7,637,246
2027	5,749,501	1,239,542	6,989,043
2028	5,597,000	1,015,012	6,612,012
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
Total	$ 53,631,247	$ 10,195,424	$ 63,826,670

General Obligation

Year (6/30)	Principal	Interest	Total
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	-	-	-
Total	$ 39,310,000	$ 7,831,775	$ 47,141,775

Existing Tax Supported Debt Summary

IPCs / LOBs / COPs

Year (6/30)	Principal	Interest	Total
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
Total	**$ 10,643,501**	**$ 2,059,644**	**$ 12,703,145**

Vehicle & Eqipment

Year (6/30)	Principal	Interest	Total
2024	$ 1,075,746	$ 92,266	$ 1,168,012
2025	925,000	90,679	1,015,679
2026	720,000	64,662	784,662
2027	588,000	40,065	628,065
2028	369,000	16,333	385,333
2029	-	-	-
2030	-	-	-
2031	-	-	-
2032	-	-	-
2033	-	-	-
2034	-	-	-
2035	-	-	-
2036	-	-	-
2037	-	-	-
2038	-	-	-
2039	-	-	-
2040	-	-	-
Total	**$ 3,677,746**	**$ 304,005**	**$ 3,981,750**

General Obligation Bonds

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

Year (6/30)	Coupon		Principal		Interest		Total
2024	4.000%	$	590,000	$	23,600	$	613,600
2025			-		-		-
2026			-		-		-
2027			-		-		-
2028			-		-		-
2029			-		-		-
2030			-		-		-
2031			-		-		-
2032			-		-		-
2033			-		-		-
2034			-		-		-
2035			-		-		-
2036			-		-		-
2037			-		-		-
2038			-		-		-
2039			-		-		-
2040			-		-		-
2041			-		-		-
2042			-		-		-
2043			-		-		-
2044			-		-		-
Total		**$**	**590,000**	**$**	**23,600**	**$**	**613,600**

Series Detail	
Original Issue Amount	$ 5,130,000.00
Detailed Series Name	General Obligation Refunding Bonds, Series 2013
Underwriter/Bank	Wells Fargo Securities
Dated Date	April 17, 2013
Principal Payment Date	May 1
Interest Payment Date(s)	May 1, November 1
Call Date	Non-callable
Call Price	N/A
Tax Status	Tax-Exempt
Purpose	Refunding - Schools
Source	DebtBook

General Obligation Bonds

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

Year (6/30)	Coupon	Principal	Interest	Total
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		-	-	-
2040		-	-	-
2041		-	-	-
2042		-	-	-
2043		-	-	-
2044		-	-	-
Total		**$ 34,720,000**	**$ 6,690,050**	**$ 41,410,050**

Series Detail	
Original Issue Amount	$ 54,500,000.00
Detailed Series Name	General Obligation School Bonds, Series 2015
Underwriter/Bank	FTN Financial
Dated Date	May 12, 2015
Principal Payment Date	May 1
Interest Payment Date(s)	May 1, November 1
Call Date	May 1, 2025
Call Price	100.00%
Tax Status	Tax-Exempt
Purpose	Davie High School
Source	Final Numbers

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

Year (6/30)	Coupon	Principal	Interest	Total
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
2040		-	-	-
2041		-	-	-
2042		-	-	-
2043		-	-	-
2044		-	-	-
Total		**$ 4,000,000**	**$ 1,118,125**	**$ 5,118,125**

Series Detail	
Original Issue Amount	$ 5,000,000.00
Detailed Series Name	General Obligation Parks & Recreation Bonds, Series 2018
Underwriter/Bank	FTN Financial
Dated Date	October 31, 2018
Principal Payment Date	October 1
Interest Payment Date(s)	April 1, October 1
Call Date	October 1, 2028
Call Price	100.00%
Tax Status	Tax-Exempt
Purpose	Parks & Rec
Source	Final Numbers

IPCs / LOBs / COPs

$ 7,303,000
Refunding Certificate of Participation, Series 2015 (First Tennessee Bank)

Year (6/30)	Coupon	Principal	Interest	Total
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		-	-	-
2041		-	-	-
2042		-	-	-
2043		-	-	-
2044		-	-	-
Total		**$ 1,662,000**	**$ 62,546**	**$ 1,724,546**

Series Detail	
Original Issue Amount	$ 7,303,000.00
Detailed Series Name	Refunding Certificate of Participation, Series 2015
Underwriter/Bank	First Tennessee Bank
Dated Date	February 17, 2015
Principal Payment Date	June 1
Interest Payment Date(s)	June 1, December 1
Call Date	Current
Call Price	Make Whole Call
Tax Status	Tax-Exempt
Purpose	Refunding - Schools
Source	Final Numbers

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

Year (6/30)	Coupon	Principal	Interest	Total
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		-	-	-
2041		-	-	-
2042		-	-	-
2043		-	-	-
2044		-	-	-
Total		**$ 600,000**	**$ -**	**$ 600,000**

Series Detail	
Original Issue Amount	$ 2,000,000.00
Detailed Series Name	2016 Installment Purchase Contract
Underwriter/Bank	Energy United
Dated Date	March 1, 2016
Principal Payment Date	February 15
Interest Payment Date(s)	N/A
Call Date	Non-Callable
Call Price	N/A
Tax Status	Tax-Exempt
Purpose	Economic Development
Source	DebtBook

IPCs / LOBs / COPs

$ 1,723,000
2017 Installment Financing Agreement (Truist Bank)

Year (6/30)	Coupon	Principal	Interest	Total
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		-	-	-
2041		-	-	-
2042		-	-	-
2043		-	-	-
2044		-	-	-
Total		**$ 519,501**	**$ 23,954**	**$ 543,455**

Series Detail	
Original Issue Amount	$ 1,723,000.00
Detailed Series Name	2017 Installment Financing Agreement
Underwriter/Bank	Truist Bank
Dated Date	April 13, 2017
Principal Payment Date	May 1
Interest Payment Date(s)	May 1, November 1
Call Date	Current
Call Price	101.00%
Tax Status	Tax-Exempt
Purpose	Central Davie / EMS Building
Source	Final Numbers

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

Year (6/30)	Coupon	Principal	Interest	Total
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
2041		-	-	-
2042		-	-	-
2043		-	-	-
2044		-	-	-
Total		**$ 7,862,000**	**$ 1,973,144**	**$ 9,835,144**

Series Detail	
Original Issue Amount	$ 9,250,000.00
Detailed Series Name	2020 Installment Financing Agreement
Underwriter/Bank	Truist Bank
Dated Date	March 11, 2020
Principal Payment Date	February 1
Interest Payment Date(s)	February 1, August 1
Call Date	Current
Call Price	101.00%
Tax Status	Tax-Exempt
Purpose	Park/Admin Building/Brock Center
Source	Final Numbers

IPCs / LOBs / COPs – Vehicles & Equipment

$ 574,982
Installment Purchase Contract, Series 2019 (Capital Bank)

Year (6/30)	Coupon	Principal	Interest	Total
2024	1.953%	$ 143,746	$ 8,165	$ 151,911
2025		-	-	-
2026		-	-	-
2027		-	-	-
2028		-	-	-
2029		-	-	-
2030		-	-	-
2031		-	-	-
2032		-	-	-
2033		-	-	-
2034		-	-	-
2035		-	-	-
2036		-	-	-
2037		-	-	-
2038		-	-	-
2039		-	-	-
2040		-	-	-
2041		-	-	-
2042		-	-	-
2043		-	-	-
2044		-	-	-
Total		**$ 143,746**	**$ 8,165**	**$ 151,911**

Series Detail	
Original Issue Amount	$ 574,982.00
Detailed Series Name	Installment Purchase Contract, Series 2019
Underwriter/Bank	Capital Bank
Dated Date	August 27, 2019
Principal Payment Date	June 1
Interest Payment Date(s)	June 1
Call Date	Current
Call Price	100.00%
Tax Status	Tax-Exempt
Purpose	Vehicles & Equipment
Source	Final Numbers

$ 1,127,000
Installment Purchase Contract, Series 2021 (Truist Bank)

Year (6/30)	Coupon	Principal	Interest	Total
2024	1.010%	$ 226,000	$ 4,585	$ 230,585
2025	1.010%	228,000	2,303	230,303
2026		-	-	-
2027		-	-	-
2028		-	-	-
2029		-	-	-
2030		-	-	-
2031		-	-	-
2032		-	-	-
2033		-	-	-
2034		-	-	-
2035		-	-	-
2036		-	-	-
2037		-	-	-
2038		-	-	-
2039		-	-	-
2040		-	-	-
2041		-	-	-
2042		-	-	-
2043		-	-	-
2044		-	-	-
Total		**$ 454,000**	**$ 6,888**	**$ 460,888**

Series Detail	
Original Issue Amount	$ 1,127,000.00
Detailed Series Name	Installment Purchase Contract, Series 2021
Underwriter/Bank	Truist Bank
Dated Date	February 3, 2021
Principal Payment Date	June 1
Interest Payment Date(s)	June 1
Call Date	Current
Call Price	100.00%
Tax Status	Tax-Exempt
Purpose	Vehicle & Eqipment
Source	Final Numbers

IPCs / LOBs / COPs – Vehicles & Equipment

$ 760,000

Installment Purchase Agreement, Series 2021 (Key Government Finance)

Year (6/30)	Coupon	Principal	Interest	Total
2024	1.165%	$ 151,000	$ 5,347	$ 156,347
2025	1.165%	153,000	3,588	156,588
2026	1.165%	155,000	1,806	156,806
2027		-	-	-
2028		-	-	-
2029		-	-	-
2030		-	-	-
2031		-	-	-
2032		-	-	-
2033		-	-	-
2034		-	-	-
2035		-	-	-
2036		-	-	-
2037		-	-	-
2038		-	-	-
2039		-	-	-
2040		-	-	-
2041		-	-	-
2042		-	-	-
2043		-	-	-
2044		-	-	-
Total		**$ 459,000**	**$ 10,741**	**$ 469,741**

Series Detail	
Original Issue Amount	$ 760,000.00
Detailed Series Name	Installment Purchase Agreement, Series 2021
Underwriter/Bank	Key Government Finance
Dated Date	November 10, 2021
Principal Payment Date	June 1
Interest Payment Date(s)	June 1
Call Date	November 12, 2022
Call Price	100.00%
Tax Status	Tax-Exempt
Purpose	Vehicle & Eqipment
Source	Final Numbers

$ 1,115,000

Installment Purchase Contract, Series 2022 (Truist Bank)

Year (6/30)	Coupon	Principal	Interest	Total
2024	3.450%	$ 213,000	$ 30,878	$ 243,878
2025	3.450%	220,000	23,529	243,529
2026	3.450%	227,000	15,939	242,939
2027	3.450%	235,000	8,108	243,108
2028		-	-	-
2029		-	-	-
2030		-	-	-
2031		-	-	-
2032		-	-	-
2033		-	-	-
2034		-	-	-
2035		-	-	-
2036		-	-	-
2037		-	-	-
2038		-	-	-
2039		-	-	-
2040		-	-	-
2041		-	-	-
2042		-	-	-
2043		-	-	-
2044		-	-	-
Total		**$ 895,000**	**$ 78,453**	**$ 973,453**

Series Detail	
Original Issue Amount	$ 1,115,000.00
Detailed Series Name	Installment Purchase Contract, Series 2022
Underwriter/Bank	Truist Bank
Dated Date	October 19, 2022
Principal Payment Date	June 1
Interest Payment Date(s)	June 1
Call Date	Current
Call Price	100.00%
Tax Status	Tax-Exempt
Purpose	Vehicle & Eqipment
Source	Final Numbers

IPCs / LOBs / COPs – Vehicles & Equipment

$ 1,726,000
2023 Equipment Installment Financing Agreement (BAPCC)

Year (6/30)	Coupon	Principal	Interest	Total
2024	4.426%	$ 342,000	$ 43,291	$ 385,291
2025	4.426%	324,000	61,259	385,259
2026	4.426%	338,000	46,918	384,918
2027	4.426%	353,000	31,957	384,957
2028	4.426%	369,000	16,333	385,333
2029		-	-	-
2030		-	-	-
2031		-	-	-
2032		-	-	-
2033		-	-	-
2034		-	-	-
2035		-	-	-
2036		-	-	-
2037		-	-	-
2038		-	-	-
2039		-	-	-
2040		-	-	-
2041		-	-	-
2042		-	-	-
2043		-	-	-
2044		-	-	-
Total		**$ 1,726,000**	**$ 199,757**	**$ 1,925,757**

Series Detail	
Original Issue Amount	$ 1,726,000.00
Detailed Series Name	2023 Equipment Installment Financing Agreement
Underwriter/Bank	BAPCC
Dated Date	November 7, 2023
Principal Payment Date	June 1
Interest Payment Date(s)	June 1
Call Date	June 1, 2026
Call Price	100.00%
Tax Status	Tax-Exempt
Purpose	Vehicles & Equipment
Source	Final Numbers

Appendix B

Rating Reports

MOODY'S
INVESTORS SERVICE

ISSUER COMMENT
14 June 2023

RATING

Issuer Rating [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.

Key indicators

Exhibit 1

Davie (County of) NC

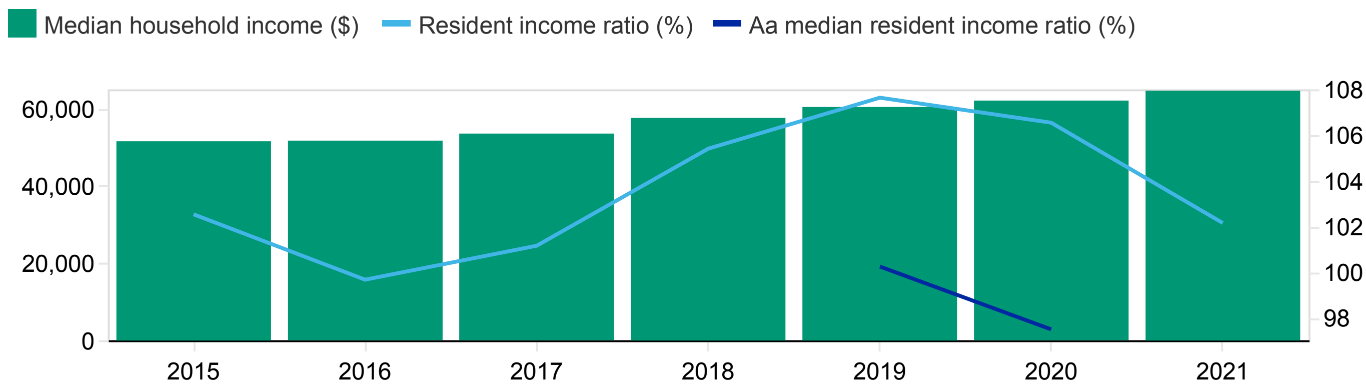
	2019	2020	2021	2022	Aa Medians
Economy					
Resident income ratio (%)	107.6%	106.5%	102.1%	N/A	97.5%
Full Value ($000)	$4,669,156	$4,864,251	$4,920,019	$5,375,811	$8,453,079
Population	42,257	42,543	42,543	N/A	90,155
Full value per capita ($)	$110,494	$114,337	$115,648	N/A	$96,018
Economic growth metric (%)	N/A	-1.8%	-1.4%	N/A	-0.6%
Financial Performance					
Revenue ($000)	$65,848	$70,685	$73,396	$84,773	$93,942
Available fund balance ($000)	$20,240	$20,113	$26,026	$26,079	$38,248
Net unrestricted cash ($000)	$26,520	$30,955	$31,115	$33,275	$53,548
Available fund balance ratio (%)	30.7%	28.5%	35.5%	30.8%	38.5%
Liquidity ratio (%)	40.3%	43.8%	42.4%	39.3%	63.0%
Leverage					
Debt ($000)	$63,607	$85,342	$82,812	$81,106	$48,047
Adjusted net pension liabilities ($000)	$30,683	$39,743	$51,762	$49,152	$94,206
Adjusted net OPEB liabilities ($000)	$5,727	$6,577	$7,360	$7,739	$8,826
Other long-term liabilities ($000)	$1,279	$1,427	$1,595	$1,845	$4,037
Long-term liabilities ratio (%)	153.8%	188.3%	195.6%	165.0%	187.9%
Fixed costs					
Implied debt service ($000)	$4,655	$4,638	$6,112	$5,808	$3,335
Pension tread water contribution ($000)	$1,347	$1,458	$1,588	$1,333	$2,355
OPEB contributions ($000)	$115	$111	$98	$308	$197
Implied cost of other long-term liabilities ($000)	$99	$93	$102	$112	$264
Fixed-costs ratio (%)	9.4%	8.9%	10.8%	8.9%	7.3%

For definitions of the metrics in the table above please refer to the US Cities and Counties Methodology or see the Glossary in the Appendix below. Metrics represented as N/A indicate the data were not available at the time of publication. The medians come from our most recently published US Cities and Counties Median Report.
The Economic Growth metric cited above compares the five-year CAGR of real GDP for Winston-Salem, NC Metropolitan Statistical Area to the five-year CAGR of real GDP for the US.
Sources: US Census Bureau, Davie (County of) NC's financial statements and Moody's Investors Service, US Bureau of Economic Analysis

Credit overview

Economy

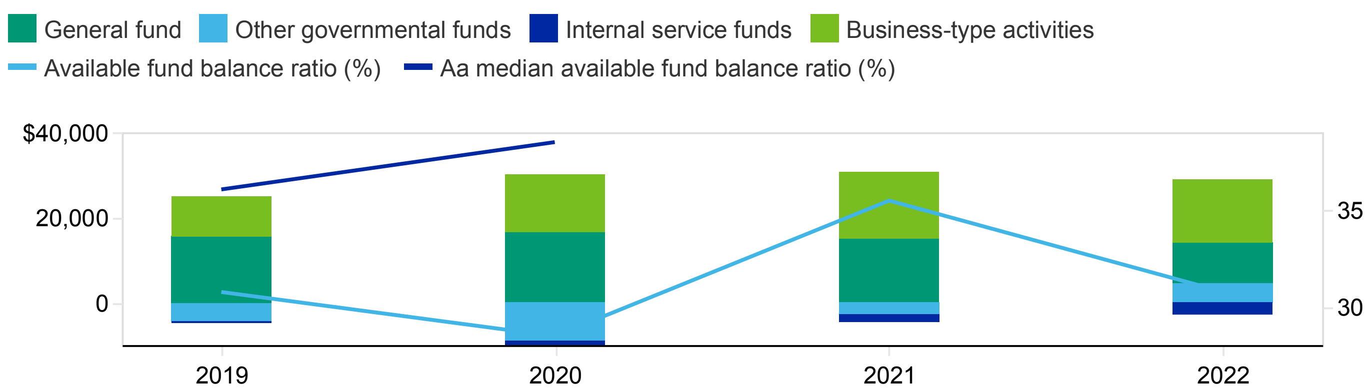
Exhibit 2
Resident Income



Source: Moody's Investors Service

Financial performance

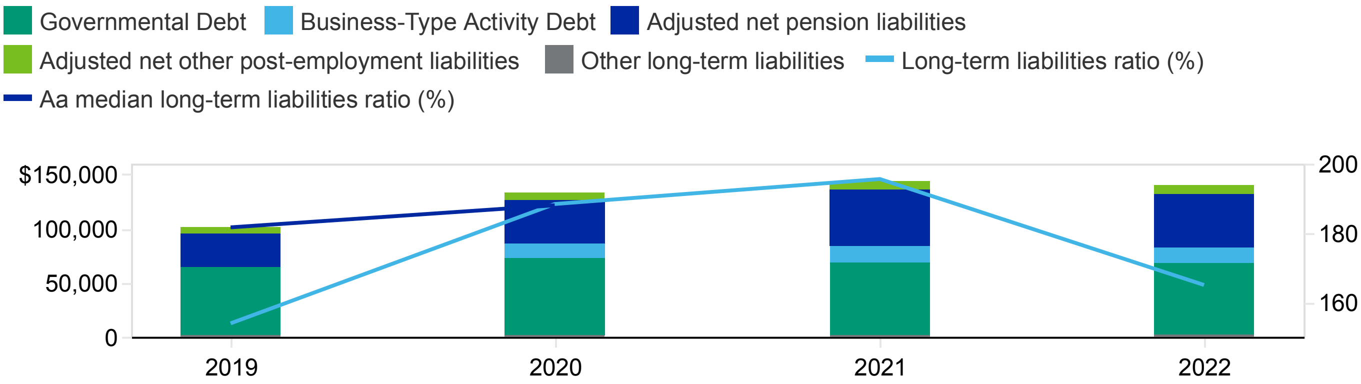
Exhibit 3
Fund Balance



Source: Moody's Investors Service

Leverage

Exhibit 4
Total Primary Government - Long Term Liabilities



Source: Moody's Investors Service

Appendix

Exhibit 5

Key Indicators Glossary

	Definition	Typical Source*
Economy		
Resident income ratio	Median Household Income (MHI) for the city or county, adjusted for Regional Price Parity (RPP), as a % of the US MHI	MHI: US Census Bureau - American Community Survey 5-Year Estimates RPP: US Bureau of Economic Analysis
Full value	Estimated market value of taxable property in the city or county	State repositories; audited financial statements; continuing disclosures
Population	Population of the city or county	US Census Bureau - American Community Survey 5-Year Estimates
Full value per capita	Full value / population	
Economic growth metric	Five year CAGR of real GDP for Metropolitan Statistical Area or county minus the five-year CAGR of real GDP for the US	Real GDP: US Bureau of Economic Analysis
Financial performance		
Revenue	Sum of revenue from total governmental funds, operating and non-operating revenue from total business-type activities, and non-operating revenue from internal services funds, excluding transfers and one-time revenue, e.g., bond proceeds or capital contributions	Audited financial statements
Available fund balance	Sum of all fund balances that are classified as unassigned, assigned or committed in the total governmental funds, plus unrestricted current assets minus current liabilities from the city's or county's business-type activities and internal services funds	Audited financial statements
Net unrestricted cash	Sum of unrestricted cash in governmental activities, business type activities and internal services fund, net of short-term debt	Audited financial statements
Available fund balance ratio	Available fund balance (including net current assets from business-type activities and internal services funds) / Revenue	
Liquidity ratio	Net unrestricted cash / Revenue	
Leverage		
Debt	Outstanding long-term bonds and all other forms of long-term debt across the governmental and business-type activities, including debt of another entity for which it has provided a guarantee disclosed in its financial statements	Audited financial statements; official statements
Adjusted net pension liabilities (ANPL)	Total primary government's pension liabilities adjusted by Moody's to standardize the discount rate used to compute the present value of accrued benefits	Audited financial statements; Moody's Investors Service
Adjusted net OPEB liabilities (ANOL)	Total primary government's net other post-employment benefit (OPEB) liabilities adjusted by Moody's to standardize the discount rate used to compute the present value of accrued benefits	Audited financial statements; Moody's Investors Service
Other long-term liabilities (OLTL)	Miscellaneous long-term liabilities reported under the governmental and business-type activities entries	Audited financial statements
Long-term liabilities ratio	Debt + ANPL + ANOL + OLTL / Revenue	
Fixed costs		
Implied debt service	Annual cost to amortize city or county's long-term debt over 20 years with level payments	Audited financial statements; official statements; Moody's Investors Service
Pension tread water contribution	Pension contribution necessary to prevent reported unfunded pension liabilities from growing, year over year, in nominal dollars, if all actuarial assumptions are met	Audited financial statements; Moody's Investors Service
OPEB contribution	City or county's actual contribution in a given period	Audited financial statements
Implied cost of OLTL	Annual cost to amortize city or county's other long-term liabilities over 20 years with level payments	Audited financial statements; Moody's Investors Service
Fixed-costs ratio	Implied debt service + Pension tread water + OPEB contributions + Implied cost of OLTL / Revenue	

*Note: If typical data source is not available then alternative sources or proxy data may be considered. For more detailed definitions of the metrics listed above please refer to the US City and Counties Methodology .

Source: Moody's Investors Service

Endnotes

1 Issuer Rating reflects the government's ability to repay debt and debt-like obligations without consideration of any pledge, security or structural features. In some circumstances, credit characteristics are sufficient to result in a GO bond rating that is higher than the Issuer Rating. Local governments with Moody's rated debt outstanding will have separate ratings detailed by security pledge on their Moody's.com issuer page and credit opinions explaining our credit view for each rating.

REPORT NUMBER 1369874

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

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

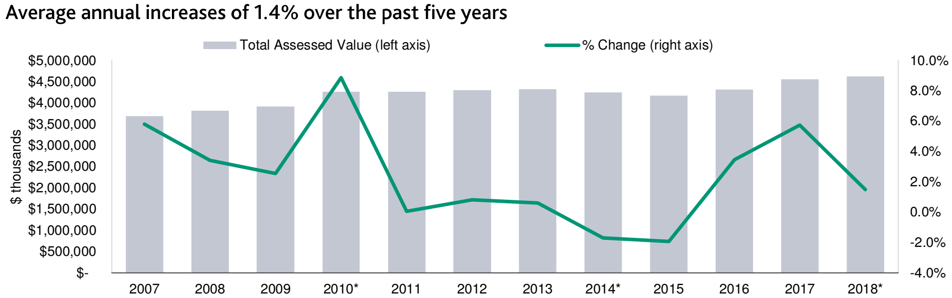
Summary

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

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.

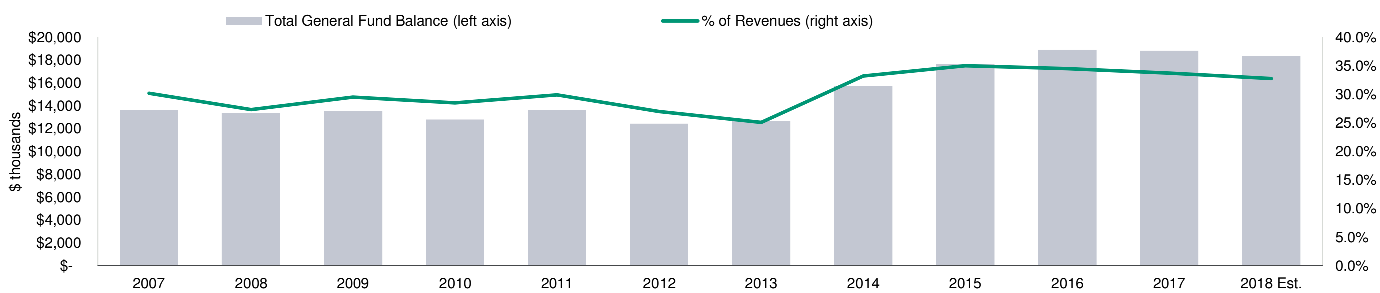
Financial Operations and Reserves: Strong and Stable Reserve and Liquidity Position Supported by Formal Fiscal Policies

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.

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CLIENT SERVICES

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MOODY'S INVESTORS SERVICE

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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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