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ISSUER COMMENT
19 November 2019

RATING

General Obligation (or GO Related) [1]

Aa2	No Outlook

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Douglas County, GA

Annual Comment on Douglas County

Issuer Profile

Douglas County is located in northwestern Georgia, just west of the Atlanta metro area. The county seat of Douglasville is approximately 20 miles west of downtown Atlanta. Douglas County has a population of 140,152 and a moderate population density of 703 people per square mile. The county's median family income is $67,280 (2nd quartile) and the September 2019 unemployment rate was 3.2% (3rd quartile) [2] . The largest industry sectors that drive the local economy are retail trade, administrative/waste management services, and health services.

Credit Overview

Douglas County has a very high quality credit position. Its Aa2 rating is level with the median rating of Aa2 for US counties. Notable credit factors include a strong financial position, a low debt burden, and a low pension liability. The county's credit position also reflects a substantial tax base and a strong wealth and income profile.

Finances: The financial position of the county is strong and is relatively favorable when compared to its assigned rating of Aa2. The cash balance as a percent of operating revenues (86%) is far superior to the US median, and it increased significantly between 2014 and 2018. Furthermore, the fund balance as a percent of operating revenues (31.8%) is on par with the US median.

Debt and Pensions: The debt burden of Douglas County is low and is a credit strength with respect to its Aa2 rating position. The net direct debt to full value (0.4%) is consistent with the US median, and it remained stable from 2014 to 2018. Additionally, the county has a low pension liability that is consistent with its assigned rating of Aa2. The ratio of the county's Moody's-adjusted net pension liability to its operating revenues (0.85x) is favorably lower than the US median.

Economy and Tax Base: The economy and tax base of the county are strong overall and are in line with its Aa2 rating. The full value of Douglas County's tax base ($12.9 billion) is notably larger than the US median, and it increased significantly from 2014 to 2018. Furthermore, the full value per capita of the county's tax base ($88,757) is consistent with the US median. Lastly, the median family income of Douglas County residents is a strong 95% of the US median level.

Management and Governance: Georgia counties have an institutional framework score [3] of "Aaa," or very strong. Counties rely primarily on property tax revenues to fund operations, but receive 15% to 25% of total revenues from economically sensitive sales taxes, resulting in overall moderate predictability. Revenue-raising ability is high, as counties are not subject to any state-imposed tax or levy caps. Expenditures consist mostly of public safety and personnel, which are highly predictable. Counties have a high ability to reduce expenditures, if necessary, as there are no unions in the state.

Sector Trends - Georgia Counties

Georgia counties generally benefit from stable tax bases and an expanding state economy. Growth throughout the Atlanta region, as well as stable military and higher education presence across the rest of the state, support the strong statewide economy. However, rural counties will likely experience slow tax base growth compared to rapidly growing urban areas. The operating environment of counties will remain favorable due to high operating flexibility and manageable fixed costs.

EXHIBIT 1

Key Indicators [4] [5] Douglas County

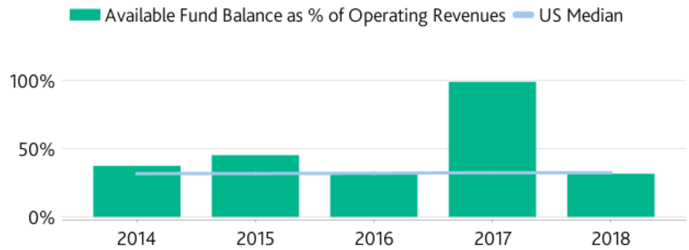
	2014	2015	2016	2017	2018	US Median	Credit Trend
Economy / Tax Base							
Total Full Value	$9,627M	$10,042M	$10,555M	$11,734M	$12,899M	$7,665M	Improved
Full Value Per Capita	$71,295	$73,560	$76,332	$83,730	$88,757	$85,725	Improved
Median Family Income (% of US Median)	92%	91%	96%	95%	95%	93%	Stable
Finances							
Available Fund Balance as % of Operating Revenues	37.5%	45.4%	32.5%	99.3%	31.8%	32.5%	Weakened
Net Cash Balance as % of Operating Revenues	41.1%	48.0%	41.8%	105.8%	86.0%	37.8%	Improved
Debt / Pensions							
Net Direct Debt / Full Value	0.4%	0.2%	0.0%	0.5%	0.4%	0.5%	Stable
Net Direct Debt / Operating Revenues	0.37x	0.19x	0.01x	0.62x	0.48x	0.59x	Stable
Moody's-adjusted Net Pension Liability (3-yr average) to Full Value	0.4%	0.6%	0.6%	0.8%	0.8%	1.1%	Stable
Moody's-adjusted Net Pension Liability (3-yr average) to Operating Revenues	0.39x	0.54x	0.82x	0.91x	0.85x	1.38x	Stable

	2014	2015	2016	2017	2018	US Median
Debt and Financial Data						
Population	135,037	136,520	138,283	140,152	145,331	N/A
Available Fund Balance ($000s)	$41,380	$48,644	$27,027	$96,561	$36,636	$24,307
Net Cash Balance ($000s)	$45,357	$51,379	$34,735	$102,872	$99,156	$27,626
Operating Revenues ($000s)	$110,288	$107,149	$83,114	$97,272	$115,329	$72,972
Net Direct Debt ($000s)	$40,310	$20,113	$769	$60,647	$55,795	$40,162
Moody's Adjusted Net Pension Liability (3-yr average) ($000s)	$43,310	$57,761	$68,231	$88,303	$97,546	$89,312

Source: Moody's Investors Service

EXHIBIT 2

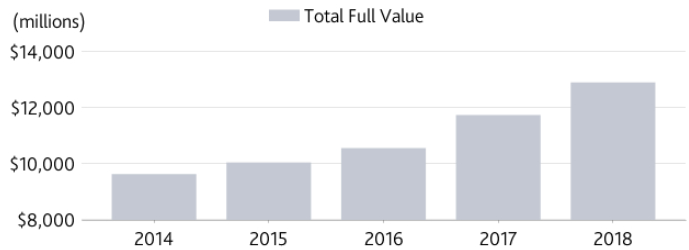
Available fund balance as a percent of operating revenues decreased slightly from 2014 to 2018



Source: Issuer financial statements; Moody's Investors Service

EXHIBIT 3

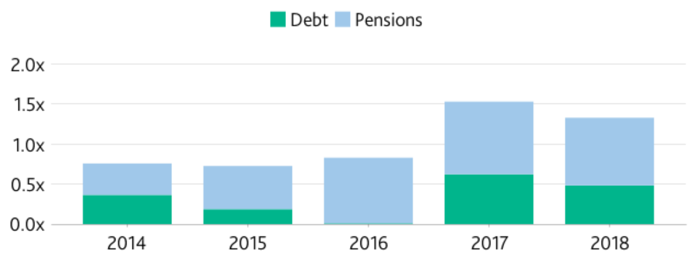
Full value of the property tax base increased significantly from 2014 to 2018



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

EXHIBIT 4

Moody's-adjusted net pension liability to operating revenues remained stable from 2014 to 2018



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.

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