

Powhatan County, VA's Ongoing Economic Development Elevates GO Debt Rating To 'AA-'

Primary Credit Analyst:

Danielle Leonardis, New York (1) 212-438-2053; danielle_leonardis@standardandpoors.com

Secondary Credit Analyst:

Karl Jacob, New York (1) 212-438-2111; karl_jacob@standardandpoors.com

NEW YORK (Standard & Poor's) Feb. 2, 2010--Standard & Poor's Ratings Services raised its underlying rating (SPUR) on Powhatan County, Va.'s general obligation (GO) debt one notch to 'AA-' from 'A+' based on the ongoing economic development that has occurred in the county, growing the property tax base.

Standard & Poor's also raised its SPUR on Powhatan County Economic Development Authority, Va.'s appropriation debt, supported by the county, one notch to 'A+' from 'A'.

The county's improving reserves have also been factored into the upgrade. The outlook is stable.

Standard & Poor's also assigned its 'AA-' long-term rating, and stable outlook, to the county's \$23.27 million series 2010 GO school refunding bonds.

The stable outlook reflects the growth in the local economy and the county's participation in the regional Richmond employment base. The outlook also reflects the ongoing economic development that continues to foster diversification in the area, as well as ongoing tax base growth. The county's sound financial position and growing reserves provide rating stability.

In Standard & Poor's opinion, the rating reflects the county's continued growth in the local economy, which maintains its large agricultural component yet benefits from its location and participation in the nearby Richmond-Chesterfield regional employment base; consistent and healthy property tax base growth, coupled with no taxpayer concentration; strong wealth and income levels and historically low unemployment; solid financial operations, coupled with growing reserves; and moderate per capita debt burden, further benefitted by a very modest capital plan.

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The county's debt burden is a moderate \$3,177 per capita, or a low 2.2% of market value. Principal amortization is average with officials planning to retire 49% over 10 years and 100% by 2037.

The rating action affects roughly \$90 million of debt outstanding.

RELATED RESEARCH

USPF Criteria: GO Debt, Oct. 12, 2006

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