

## ISSUER COMMENT

18 October 2019

### RATING

#### General Obligation (or GO Related) <sup>1</sup>

Aa2 No Outlook

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## City of Camas, WA

### Annual Comment on Camas

#### Issuer Profile

The City of Camas is located in the southwest portion of Washington State, approximately 20 miles northeast of Portland, Oregon. The county has a population of 457,474 and a moderate population density of 728 people per square mile. The county's median family income is \$78,142 (1st quartile) and the August 2019 unemployment rate was 5.5% (4th quartile) <sup>2</sup>. The largest industry sectors that drive the local economy are health services, retail trade, and local government.

#### Credit Overview

The credit position for Camas is very strong. Its Aa2 rating is slightly higher than the US cities median of Aa3. The notable credit factors include a healthy financial position, a very strong wealth and income profile and a large tax base. It also reflects a light debt burden and a moderate pension liability.

**Finances:** The financial position of Camas is healthy in comparison to the Aa2 rating assigned. The city's cash balance as a percent of operating revenues (36.3%) is on par with the US median, and saw an impressive increase from 2014 to 2018. Also, the fund balance as a percent of operating revenues (28.1%) is slightly under the US median.

**Economy and Tax Base:** Camas has a very strong economy and tax base overall, which are a modest credit strength when compared to the assigned rating of Aa2. The full value per capita (\$189,327) is above other Moody's-rated cities nationwide, and increased dramatically from 2014 to 2018. Also, the median family income is a robust 154.6% of the US level. The total full value (\$4.5 billion) exceeds the US median.

**Debt and Pensions:** The debt burden of Camas is light in relation to its Aa2 rating position. The net direct debt to full value (0.5%) is below the US median, and remained flat from 2014 to 2018. However, the city has a mid-ranged pension liability and is unfavorable with respect to the assigned rating of Aa2. The Moody's-adjusted net pension liability to operating revenues (1.4x) is roughly equivalent to the US median.

**Management and Governance:** Washington cities have an institutional framework score <sup>3</sup> of "Aa," or strong. Although cities depend on economically sensitive tax revenues (sales, business and occupation), post-recession collections have been strong, making revenues moderately predictable. Cities have a moderate ability to increase property taxes by 1% annually, subject to state statutory limits. Expenditures primarily consist of public safety costs, which are highly predictable. Expenditure-reduction ability is moderate due to modest fixed costs. Cities also have the ability to make mid-year budgetary reductions not related to public safety.



## Sector Trends - Washington Cities

Washington cities are likely to experience steady economic growth over the near-term. Sales tax and other economically sensitive revenues should improve as unemployment levels remain low, particularly in the Puget Sound region. Strong improvement in the housing market will continue to boost assessed valuation growth and property tax collections. Pension costs are not a significant source of credit weakness, but remain a longer-term challenge.

EXHIBIT 1

### Key Indicators <sup>4.5</sup> Camas

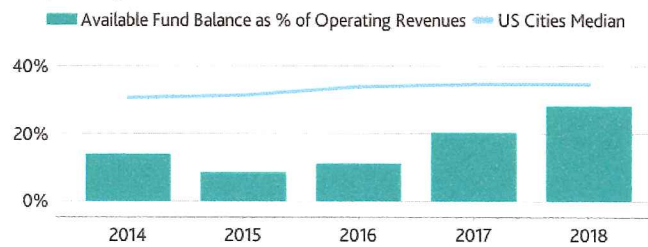
	2014	2015	2016	2017	2018	US Median	Credit Trend
<b>Economy / Tax Base</b>							
Total Full Value	\$2,757M	\$3,057M	\$3,332M	\$3,776M	\$4,500M	\$1,904M	Improved
Full Value Per Capita	\$134,768	\$146,376	\$155,784	\$171,000	\$189,327	\$94,106	Improved
Median Family Income (% of US Median)	148%	151%	154%	155%	155%	111%	Improved
<b>Finances</b>							
Available Fund Balance as % of Operating Revenues	13.8%	8.4%	11.0%	20.3%	28.1%	34.6%	Improved
Net Cash Balance as % of Operating Revenues	12.9%	8.4%	11.8%	19.0%	36.3%	39.6%	Improved
<b>Debt / Pensions</b>							
Net Direct Debt / Full Value	0.4%	0.5%	0.4%	0.3%	0.5%	1.1%	Stable
Net Direct Debt / Operating Revenues	0.42x	0.59x	0.50x	0.42x	0.66x	0.84x	Stable
Moody's-adjusted Net Pension Liability (3-yr average) to Full Value	1.0%	1.2%	1.4%	1.3%	1.0%	1.9%	Stable
Moody's-adjusted Net Pension Liability (3-yr average) to Operating Revenues	1.14x	1.48x	1.70x	1.53x	1.36x	1.56x	Stable
	2014	2015	2016	2017	2018	US Median	
<b>Debt and Financial Data</b>							
Population	20,458	20,890	21,393	22,086	23,770	N/A	
Available Fund Balance (\$000s)	\$3,319	\$2,154	\$3,074	\$6,362	\$9,175	\$8,028	
Net Cash Balance (\$000s)	\$3,109	\$2,150	\$3,278	\$5,976	\$11,848	\$9,530	
Operating Revenues (\$000s)	\$24,134	\$25,721	\$27,858	\$31,400	\$32,651	\$23,172	
Net Direct Debt (\$000s)	\$10,003	\$15,267	\$13,823	\$13,189	\$21,658	\$19,139	
Moody's Adjusted Net Pension Liability (3-yr average) (\$000s)	\$27,559	\$38,018	\$47,284	\$48,011	\$44,300	\$35,448	

Source: Moody's Investors Service

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the ratings tab on the issuer/entity page on [www.moody's.com](http://www.moody's.com) for the most updated credit rating action information and rating history.

## EXHIBIT 2

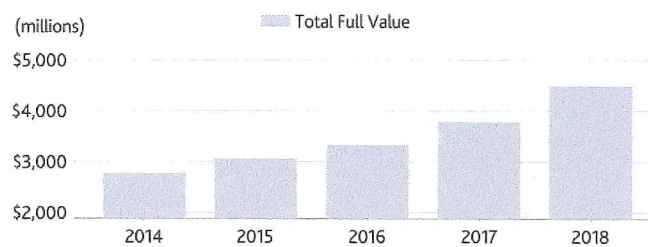
## Available fund balance as a percent of operating revenues increased from 2014 to 2018



Source: Issuer financial statements; Moody's Investors Service

## EXHIBIT 3

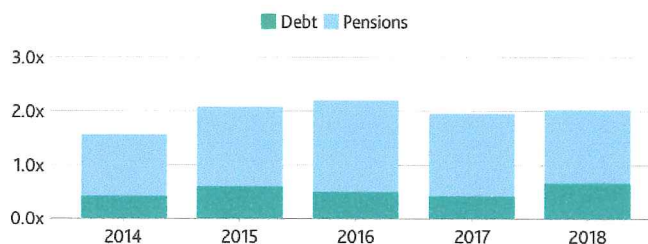
## Full value of the property tax base increased from 2014 to 2018



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

## EXHIBIT 4

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



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

## Endnotes

- 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.
  - 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.
- 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.
  - 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.
  - 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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