

ISSUER COMMENT

21 November 2018

RATING

General Obligation (or GO Related) ¹

Aa3 No Outlook

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Uintah County, UT

Annual Comment on Uintah County

Issuer Profile

Uintah County is located in northeastern Utah, bounded on the east by the Colorado state line. The county seat of Vernal City is approximately 125 miles east of Salt Lake City. The county has a population of 36,308 and a low population density of 8 people per square mile. The county's median family income is \$72,156 (1st quartile) and the August 2018 unemployment rate was 5.1% (4th quartile) ². The largest industry sectors that drive the local economy are mining/oil & gas, local government, and retail trade.

Credit Overview

Uintah County's credit position is solid but its Aa3 rating is a little weaker than the median rating of Aa2 for US counties. The notable credit factors include a robust financial position, a declining tax base with a healthy wealth and income profile, and inflated debt and pension liabilities.

Finances: The financial position of the county is very strong and is a strength when compared to the assigned rating of Aa3. The fund balance as a percent of operating revenues (195.3%) is far superior to the US median, and saw an impressive increase between 2013 and 2017. Furthermore, the cash balance as a percent of operating revenues (79.9%) is far above the US median.

Economy and Tax Base: The economy and tax base of the county are solid and in line with its Aa3 rating. The full value per capita (\$157,855) is much stronger than the US median. On the other hand, this metric decreased materially from 2013 to 2017. In addition, the total full value (\$5.5 billion) is below the US median. Lastly, the median family income is 106.3% of the US level.

Debt and Pensions: The debt and pension liabilities of Uintah County are elevated overall and slightly unfavorable in comparison to its Aa3 rating. The net direct debt to full value (1.4%) is above the US median, and did not change between 2013 and 2017. Additionally, the Moody's-adjusted net pension liability to operating revenues (2.2x) exceeds the US median.

Management and Governance: Utah counties have an Institutional Framework score ³ of Aa, which is high compared to the nation. Institutional Framework scores measure a sector's legal ability to increase revenues and decrease expenditures. The sector's major revenue source is from property taxes. Property tax revenues may be increased by holding an "truth in taxation" hearing. 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. Utah is a Right to Work state, providing significant expenditure-cutting ability. Unpredictable expenditure fluctuations tend to be minor, under 5% annually.

Sector Trends - Utah Counties

Utah counties continue to perform well with low unemployment rates supported by low business costs and an educated workforce, along with expansions of high-tech industries especially in the Salt Lake area. Healthy economic performance will be driven by strong population gains that will continue to support both sales and property tax revenue growth. Counties have also demonstrated an ability to manage rising costs. Pension burdens are manageable partly because the state's pension system includes both defined benefit and more affordable defined contribution plans.

EXHIBIT 1

Key Indicators [4](#) [5](#) Uintah County

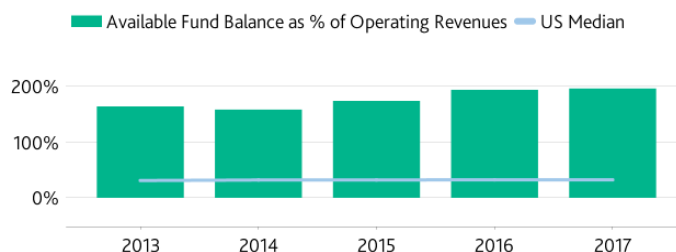
	2013	2014	2015	2016	2017	US Median	Credit Trend
Economy / Tax Base							
Total Full Value	\$6,003M	\$6,715M	\$6,836M	\$5,787M	\$5,548M	\$7,495M	Weakened
Full Value Per Capita	\$178,017	\$194,223	\$191,376	\$159,414	\$157,855	\$82,836	Weakened
Median Family Income (% of US Median)	102%	102%	112%	106%	106%	94%	Stable
Finances							
Available Fund Balance as % of Operating Revenues	163.3%	157.6%	173.1%	193.0%	195.3%	32.1%	Improved
Net Cash Balance as % of Operating Revenues	79.2%	68.2%	71.3%	82.2%	79.9%	36.7%	Stable
Debt / Pensions							
Net Direct Debt / Full Value	1.6%	1.4%	1.3%	1.4%	1.4%	0.5%	Stable
Net Direct Debt / Operating Revenues	3.68x	3.67x	3.59x	3.62x	3.11x	0.61x	Improved
Moody's-adjusted Net Pension Liability (3-yr average) to Full Value	1.0%	0.9%	0.8%	1.1%	1.0%	1.1%	Stable
Moody's-adjusted Net Pension Liability (3-yr average) to Operating Revenues	2.40x	2.37x	2.31x	2.70x	2.18x	1.28x	Stable
	2013	2014	2015	2016	2017	US Median	
Debt and Financial Data							
Population	33,722	34,576	35,721	36,308	35,150	N/A	
Available Fund Balance (\$000s)	\$41,785	\$40,480	\$42,354	\$44,007	\$48,487	\$23,300	
Net Cash Balance (\$000s)	\$20,271	\$17,510	\$17,439	\$18,739	\$19,829	\$24,724	
Operating Revenues (\$000s)	\$25,589	\$25,686	\$24,462	\$22,807	\$24,825	\$69,726	
Net Direct Debt (\$000s)	\$94,114	\$94,311	\$87,734	\$82,573	\$77,247	\$38,387	
Moody's Adjusted Net Pension Liability (3-yr average) (\$000s)	\$61,336	\$60,997	\$56,567	\$61,684	\$54,034	\$77,659	

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 for the most updated credit rating action information and rating history.

EXHIBIT 2

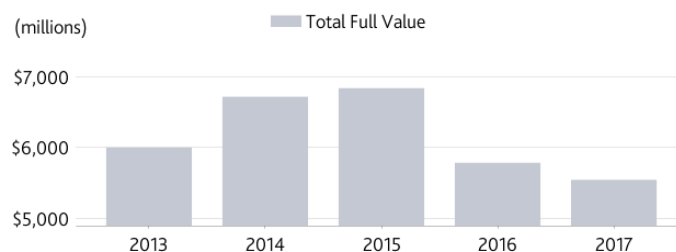
Available fund balance as a percent of operating revenues increased from 2013 to 2017



Source: Issuer financial statements; Moody's Investors Service

EXHIBIT 3

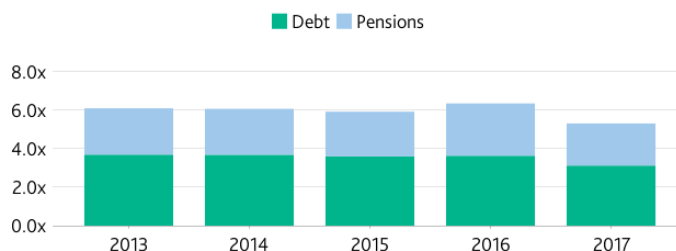
Full value of the property tax base decreased from 2013 to 2017



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

EXHIBIT 4

Moody's-adjusted net pension liability to operating revenues decreased from 2013 to 2017



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 - Property values key to stability, but pension burdens remain a challenge \(March 2018\)](#) 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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