FitchRatings

Public Finance
Tax-Supported
U.S.A

Los Angeles County, California

New Issue Summary

Sale Date: The 2020-21 Tax and Revenue Anticipation Notes (TRANs), Series A are due to be sold by negotiation on June 30, 2020. The Los Angeles County Capital Asset Leasing Corporation (LAC-CAL) Lease Revenue Bonds, 2020 Series A (LAC-CAL Equipment Program) are due to be sold competitively on July 15, 2020.

Series: $1,200,000,000 2020-21 Tax and Revenue Anticipation Notes, Series A; $23,995,000 Los Angeles County Capital Asset Leasing Corporation Lease Revenue Bonds, 2020 Series A (LAC-CAL Equipment Program).

Purpose: The 2020-21 TRANs will smooth cash flow management for general fund operations during fiscal 2021. The 2020 LAC-CAL lease revenue bonds will retire $35 million of bond anticipation notes (BANs).

Security: The 2020-21 TRANs are general obligations of the county, payable from unrestricted general fund revenue attributable to fiscal 2021. The 2020 LAC-CAL lease revenue bonds are payable from county departments' equipment lease rental payments to LAC-CAL.

Los Angeles County's (the county) 'AA+' Issuer Default Rating (IDR) reflects the combined strength of the county's historically solid revenue performance, its huge and diverse economy, a moderate-to-low long-term liability burden and superior gap-closing capacity. The county's demonstrated ability to cut spending, sound financial cushion and limited revenue cyclicality offset the county's exposure to federal and state funding decisions, Department of Health Services (DHS) operations and state law's constraints on the county's independent legal ability to raise revenues. In the medium to longer term, Fitch Ratings expects resumption of normal business activity should produce a return to economic, population and tax base gains in line with pre-pandemic trends.

The 'AA' rating for the county's certificates of participation (COPs) and lease revenue bonds reflects the slightly higher optionality inherent in appropriations for debt service repayment.

The 'F1+' short-term rating on the 2019-20 and 2020-21 TRANs corresponds to the county's IDR. The combination of pledged revenues and court-verified borrowable resources provides very strong debt service coverage for both series of TRANs. Full note principal and interest set-asides occur well in advance of note maturities.

Economic Resource Base: The county covers over 4,000 square miles and includes 88 incorporated cities and 100 school districts. With a population exceeding 10 million, it is more populous than most U.S. states. The county's huge, diversified economy represents over a quarter of California's total economy.

Key Rating Drivers

Revenue Framework: 'aa': The county's revenues have demonstrated limited volatility, reflecting the size and maturity of the economy and tax base (which retains a large Proposition 13 cushion). Medium-term growth prospects for revenues are solid. The county's independent legal ability to raise revenues is limited by state law but satisfactory due to control over fees and charges for services.

Expenditure Framework: 'aa': The county demonstrated strong expenditure control during the great recession and continues to enjoy solid expenditure flexibility. Fitch expects expenditure growth to be in line with, to marginally above, future revenue growth in the absence of policy action. The portion of the budget allocated to carrying costs will increase as the county ramps up contributions to pay down its net pension liability and significant other post-employment benefit (OPEB) obligations but is expected to remain moderate.

Long-Term Liability Burden: 'aa': The county's long-term liability burden for debt and pensions is moderate-to-low relative to total personal income. The majority of debt is issued by overlapping jurisdictions.

Ratings

Long-Term Issuer Default Rating	AA+

New Issues

$1,200,000 2020-21 Tax and Revenue Anticipation Notes, Series A	F1+
$23,995,000 Los Angeles County Capital Asset Leasing Corporation Lease Revenue Bonds, 2020 Series A (LAC-CAL Equipment Program)	AA

Outstanding Debt

Los Angeles County Certificates of Participation	AA
Los Angeles County Public Works Financing Authority Lease Revenue Bonds	AA
Sonnenblick-Del Rio El Monte Asset Leasing Corporation Certificates of Participation	AA
Sonnenblick-Del Rio West Los Angeles Leasing Corporation Certificates of Participation	AA
Los Angeles County Capital Leasing Corporation Lease Revenue Bonds (LAC-CAL Equipment Program)	AA
Los Angeles County Facilities, Inc. Lease Revenue Bonds (Vermont Corridor County Administration Building)	AA
Los Angeles County 2019-20 Tax and Revenue Anticipation Notes	F1+

Rating Outlook

Stable

Applicable Criteria

U.S. Public Finance Tax-Supported Rating Criteria (March 2020)

Related Research

Fitch Rates Los Angeles County, CA's 2021 TRANS 'F1+' & Lease Revs 'AA'; Outlook Stable (June 2020)

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Operating Performance: 'aaa': The county has demonstrated an ongoing commitment to bolster its financial cushion, aided in part by the DHS's improved financial position. The county, which has superior gap-closing capacity, is very well positioned to address cyclical downturns.

Rating Sensitivities

Factors that could, individually or collectively, lead to positive rating action/upgrade:

- Increased revenue growth rate, decreased expenditure pressures, and a consistently low long-term liability burden, achieved primarily through reduction of unfunded pension and OPEB liabilities.

Factors that could, individually or collectively, lead to negative rating action/downgrade:

- Financial flexibility could be pressured by reduced revenue growth, expenditure growth that outpaces revenues, and/or sustained reductions in reserves.
- An inability to address the fiscal challenges triggered by the expected short term but severe economic contraction, as evidenced by insufficient budget adjustments, leaving the county less financial resilient at the end of the recovery period.
- Economic contraction extending well into the second half of the year or beyond, consistent with Fitch's coronavirus downside scenario, which triggers sustained and deep revenue declines and materially erodes the county's gap-closing capacity.

Current Developments

Sectorwide Coronavirus Implications

The ongoing outbreak of coronavirus and related government containment measures worldwide create an uncertain global environment for U.S. state and local governments and related entities in the near term. While the county's most recently available fiscal and economic data may not fully reflect impairment, material changes in revenues and expenditures are occurring across the country and likely to worsen in the coming weeks and months as economic activity suffers and public health spending increases. Fitch's ratings are forward-looking in nature, and Fitch will monitor developments in state and local governments as a result of the virus outbreak as it relates to severity and duration and incorporate revised expectations for future performance and assessment of key risks.

In its baseline scenario, Fitch assumes sharp economic contractions hit major economies in the first half of 2020 at a speed and depth that is unprecedented since World War II. Sequential recovery is projected to begin from the third quarter of 2020 onwards as the health crisis subsides after a short but severe global recession. GDP is projected to remain below its fourth quarter 2019 level until mid-2022. Additional details, including key assumptions and implications of the baseline scenario and a downside scenario, are described in the report titled, "Fitch Ratings Coronavirus Scenarios: Baseline and Downside Cases - Update" (https://www.fitchratings.com/site/re/10120570), published on April 29, 2020 on www.fitchratings.com.

Credit Profile

Los Angeles County is a major economic and manufacturing center and incorporates two ports and an airport that are among the busiest in the world. Taxable AV has grown strongly over the past decade after very small recessionary declines, reflecting the county's highly developed and mature nature and large Proposition 13 cushion with a significant portion of properties listed on the tax roll at less than market value.

While the majority of recent growth is tied to ownership transfers of existing properties and inflation, ongoing new development and redevelopment will continue to support future tax base growth. The county assessor is projecting over 5% taxable AV growth in fiscal 2021. Fitch anticipates the county might experience some softening of its TAV trend in fiscal 2022 (valuation at Jan. 1, 2021) due to the current economic contraction's effect on property values, particularly for commercial and retail properties. However, the size and diversity of the

Rating History (IDR)

Rating	Action	Outlook/ Watch	Date
AA+	Affirmed	Stable	6/26/20
AA+	Upgraded	Stable	5/31/19
AA	Upgraded	Stable	2/23/16
AA–	Affirmed	Positive	12/24/14
AA–	Assigned	Stable	6/9/11

Rating History — Certificates of Participation and Lease Revenue Bonds

Rating	Action	Outlook/ Watch	Date
AA	Affirmed	Stable	6/26/20
AA	Upgraded	Stable	5/31/19
AA–	Upgraded	Stable	2/23/16
A+	Affirmed	Positive	12/24/14
A+	Revised	Stable	4/30/10
A	Affirmed	Positive	11/5/01
A	Upgraded	—	5/23/00
A–	Downgraded	—	6/21/95
A+	Assigned	—	9/11/92

Rating History — TRANs

Rating	Action	Outlook/ Watch	Date
F1+	Assigned	—	6/26/20
F1+	Affirmed	—	7/30/19

economy that underpins the county's tax base remains a credit strength. The significant stored property tax value as a result of Proposition 13 should help mitigate any temporary declines in property tax values.

Despite strong economic and tax base characteristics, the unemployment rate has historically been higher than the nation's, and that gap has been exacerbated by recent events. The county's unemployment rate shot up to 20.3% in April from 4.6% in February (seasonally unadjusted). This compares to the national unemployment rate of 14.7% in April, which was a significant increase over March's 3.5% national unemployment rate. Wealth indicators are below the state but generally above or in line with the nation, incorporating some highly urbanized and low income areas.

Revenue Framework

In fiscal 2019, over half of general fund revenues came from federal and state funding for social services, although this amount can fluctuate significantly throughout the economic cycle due to caseloads, reimbursement timing, and state budget issues. Two other key revenue sources were locally generated taxes (31%) and charges for services (13%).

On a 10-year CAGR basis, total general fund revenue growth has been slightly below national GDP but has outpaced inflation. Excluding intergovernmental revenues, the 10-year CAGRS for locally controlled revenues typically outperformed national GDP growth until fiscal years 2017 and 2018 when they dipped slightly below and fiscal 2019 when they were on par. Fitch expects future intergovernmental revenues will be determined by federal and state policy decisions and economic performance, while locally controlled revenues will mirror future economic trends at the county level.

Currently, the coronavirus pandemic is materially affecting state revenues and is expected to continue applying downward pressure in the coming months. The county is preparing for reductions in federal and state funding and intends to continue complying with its policy of not backfilling cuts in federal and state-funded programs. However, it is also establishing funding priorities if additional federal and state resources become available.

For fiscal 2020, the county is currently projecting $1.2 billion losses in sales tax and realignment revenues (a 4.3% reduction from the final adopted fiscal 2020 budget of $27.9 billion). However, over 99% of fiscal 2020 property taxes, which represent almost three-quarter of local revenues, have been collected. State law requires the county to accept requests to cancel penalties for late property tax payments caused by the coronavirus. This is not expected to have a significant adverse revenue effect in fiscal 2020.

For fiscal 2021, the $26.9 billion revised recommended general county budget for the board of supervisors' consideration on June 29, 2020 will be 3.5% smaller than the final adopted fiscal 2020 budget. The county is projecting $935 million revenue losses, particularly from sales tax and realignment revenues. The revised recommended general county budget does not assume any possible new realignment funds or additional federal assistance and it holds the county's entire Coronavirus Aid, Relief and Economic Security (CARES) Act allocation aside until there is greater clarity about how those moneys can be used. To date, the county has received almost $1.1 billion of federal assistance under the CARES Act. However, there is uncertainty about what costs will ultimately be eligible for CARES Act reimbursement.

The county has satisfactory independent revenue-raising capacity relative to its modest historical cyclical revenue declines. However, its ability to raise revenues is constrained by state laws (in particular, Propositions 13 and 218) requiring voter approval for tax increases. Independent revenue-raising ability is largely limited to licenses, permits, fines and charges for service.

Expenditure Framework

The majority of fiscal 2019 general fund expenditures were related to public assistance (34%), public safety (31%) and health and sanitation services (26%), which are key roles for county governments in California. Personnel costs remain the largest driver of expenditure increases. The county operates within a strong labor environment and labor has the ability to strike. Nevertheless, labor relations are productive and multiyear labor contracts have considerable flexibility.

The pace of spending growth absent policy actions is likely to be in line with, to marginally above, revenue growth patterns given high-needs communities within the county. Fitch expects the county will continue to control expenditures aggressively. It is currently absorbing extraordinary coronavirus-related expenses, expecting that some will be eligible for reimbursement from CARES Act funds.

The county has three-year labor agreements with all of its 62 bargaining units, with varying expiration dates from Dec. 31, 2020 to Sept. 30, 2021. These agreements provide for 7% cost of living adjustments (COLAs) implemented incrementally over those three years; the 7% COLA also applies to nonrepresented employees. Represented employees are additionally covered by two fringe benefit agreements through 2021. They increase the county's contribution toward healthcare benefits, while instituting a cap on the amount of unused county contribution returned to employees as taxable cash. All agreed labor cost increases have been included in the revised recommended fiscal 2021 budget. The county is currently working with its bargaining units on possible labor concessions to minimize the need for staffing curtailments and layoffs.

Although Fitch expects that debt, pension and OPEB carrying costs will grow as a percentage of general fund spending, due to planned debt issuance, rising pension contributions and increased retiree healthcare benefit prefunding, it also expects that the county's expenditure flexibility will remain solid.

Long-Term Liability Burden

Long-term debt and pension liabilities are a moderate-to-low burden on county taxpayers' resources at about 10% of personal income. Sixty percent of the long-term liability burden is debt issued by overlapping jurisdictions outside of the county's control ($37.4 billion). This portion could grow significantly. By themselves, school and community college districts located within the county have $16.4 billion in unissued bond authorizations. By contrast, net direct county debt of about $2.3 billion (including tobacco settlement asset-backed bonds and interest accretions) represents only 4% of the total long-term liability burden.

During fiscal 2021, the county is planning to issue $425 million of long-term lease revenue bonds to finance the county's contribution toward the $650 million Los Angeles County Museum of Art (LACMA) rebuilding project. Of that amount, $125 million will repay commercial paper issued by the county and the balance of $300 million is intended to be repaid by LACMA's private fundraising campaign.

Adjusted pension liabilities represent about 36% of the county's long-term liability burden. The Los Angeles County Employees Retirement Association (LACERA) reported a $10.3 billion net pension liability at June 30, 2018 (an asset-to-liabilities ratio of 84%, assuming a 7.25% discount rate). Fitch's standard 6% discount rate increases the net pension liability to an estimated $22.7 billion, reducing the asset-to-liabilities ratio to 70%.

In January 2020, LACERA made actuarial assumption changes, lowering the rate of return assumption in the future to 7.0% from 7.25% and shortening the amortization methodology for future unanticipated changes in unfunded liabilities to 22 years from 30 years. These changes, in combination with adjustments for prior-year investment performance, will result in increased retirement contribution costs in fiscal years 2021 to 2023. To the degree that LACERA investments perform below fiscal 2020's 7.25% assumed rate of return, there will need to be further increases in the county's pension system contribution in fiscal 2022.

The county's unfunded actuarial accrued OPEB liability was sizable at $24.6 billion in fiscal 2020, or 4% of personal income. The county does have the ability to reduce it. The county enacted OPEB reforms in 2015 and is increasing its annual contributions by $60 million annually, funded in part by maximizing subvention revenues from other governments. The county is currently budgeting for a $309 million pre-funding contribution to its OPEB trust fund in fiscal 2021, its sixth annual increase. The county is projecting that it will be able to reach full actuarially required OPEB contributions in fiscal 2028. In addition to the county's irrevocable OPEB trust (with an April 30, 2020 balance of approximately $1.3 billion), LACERA has an almost $132 million reserve for annual healthcare premium fluctuations.

Operating Performance

The Fitch Analytical Stress Test (FAST) scenario analysis tool, which relates historical tax revenue volatility to GDP to support the assessment of operating performance under Fitch's criteria, has now been adjusted to reflect GDP parameters consistent with Fitch's global coronavirus forecast assumptions. FAST is not a forecast, but it represents Fitch's estimate of possible revenue behavior in a downturn, based on historical revenue performance. Hence, actual revenue declines will vary from FAST results and Fitch expects the county will implement decisive corrective actions to offset them. FAST does provide a relative sense of the risk exposure of a particular local government entity compared to other local government entities.

Fitch anticipates the county will absorb the budgetary effects of Fitch's coronavirus baseline and downside scenarios by utilizing its midrange inherent budget flexibility and superior gap-closing capacity to rebuild its financial resilience through the eventual recovery period. Under the baseline and downside scenarios, the county's FAST results show its total revenue decline and rebound through Fitch's three-year scenario period would likely compare favorably with other government entities. In recent years, the county has prioritized maintenance of strong general fund balances and continued strengthening of its reserves, in the face of increasing employee remuneration costs. As a result, unrestricted reserves of over $4 billion in fiscal 2019 (20% of general fund spending) provide a considerable cushion against revenue declines. The county maintains a notable amount of expenditure control due to moderate carrying costs and labor contracts with considerable flexibility.

The county is currently projecting to end fiscal 2020 with an unrestricted general fund balance of over $3.4 billion, a reduction of $609 million, bringing it back close to the level at fiscal 2017 year end. Based on historical outperformance of year end estimates, the county expects to exceed that amount. To address expected revenue losses of $1.2 billion, the county plans to use departmental budget savings ($472 million) and drawdowns on one-time trust accounts ($316 million) and a large portion of its Rainy Day Reserve ($471 million of the total $602 million reserve). To date, the county has avoided furloughs or layoffs.

Based on total pooled cash and investments as of May 31, 2020, but excluding the county's discrete component units and LACERA, the county had 93 days cash on hand. Including almost $1.5 billion in resources that could be borrowed by the general fund, the county projects that it will have almost $2.4 billion in available cash at June 30, 2020.

The county is currently budgeting to end fiscal 2021 with a much lower unrestricted general fund balance of nearly $1.8 billion. While it is too early to tell if the county will need to draw down its unrestricted general fund balance to that level, it would remain well above the reserve safety margin necessary to maintain a 'aaa' financial resilience assessment.

To address expected revenue losses of $935 million, the county is proposing to use departmental budget savings ($453 million), one-time trust account drawdowns ($352 million), other revenue and appropriation reductions ($71 million) and suspension of the county match for certain employees' 401(k) and 457 plans and COLAs for executive management ($59 million). The proposed budget cuts would result in the elimination of 3,251 budgeted positions, potentially requiring 655 layoffs after Oct. 1. The remaining 2,596 positions are currently vacant. The residual $131 million balance in the Rainy Day Reserve would be available if further budget balancing measures are required. The county also intends to appropriate $22 million for a contingency reserve for use during the year.

Including $1.5 billion in resources that could be borrowed by the general fund, the county projects that it will have over $1.6 billion in available cash at June 30, 2021. Although recognizing the year's fiscal plan will likely continue to evolve, including a supplemental budget in September to make further required adjustments, Fitch expects the county will continue to manage prudently its liquidity and costs in order to maintain a financial cushion consistent with the current rating based on the strong fiscal trend demonstrated by the county in recent years.

Department of Health Services

The county operates the second largest public health system in the nation. The general fund is responsible for Department of Health Service (DHS) administration, online medical records and the managed care program. State Assembly Bill (SB) 85 established a maintenance of effort funding requirement for the annual county general fund contribution to DHS, with 1% increases annually. On this basis, the base net county contribution (NCC) has been stable, increasing 1% annually since fiscal 2015. In fiscal years 2019 and 2020, county officials report that the base NCC represented around 5% of DHS's total budget. At approximately $350 million, the base NCC is again budgeted to be around 5% of DHS's fiscal 2021 budget. In addition to the base NCC, other departments transferred resources to support DHS's absorption of correctional health services, the county board of supervisors provided new funding for strategic initiatives and the state increased pass-through funding for mental health programs. Consequently, gross county contribution increases in recent years have been driven primarily by policy decisions rather than DHS budgetary pressures.

The county is projecting a DHS ending fund balance of over $1.1 billion for fiscal 2020. However, $268 million of this ending fund balance is a long-term receivable since payments awaiting approval from the Federal Centers for Medicaid and Medicare Services are not expected to be collected until September 2021. The remaining $863 million of the ending fund balance is available to fund future DHS operations and balance its budget, as needed. Taking this into account, the general fund's hospital working capital loan to DHS is projected to drop to $215 million at June 30, 2020, down from $539 million at June 30, 2019.

DHS is currently projecting fund balance drawdowns of $437 million in fiscal 2021 and $454 million in fiscal 2022. To address these, DHS aims to rebalance its financial operations through a combination of additional revenues and spending curtailments. A number of initiatives currently under way could assist through creating new revenue programs and instituting cost efficiencies. Beyond the growth factor associated with SB 85, DHS is not planning to seek additional support from the county general fund.

DHS continues to benefit from a number of external and internal reforms, most notably the Affordable Care Act (ACA) and an improved payor mix, the 'Medi-Cal 2020' extension for California public hospitals through Dec. 31, 2020 (DHS is working with the state on successor plans), healthcare service and electronic system integration, infrastructure investments, and departmental reorganization. DHS considers itself well placed to respond to potential future federal healthcare funding policy changes, given its stronger continuum of care, better health outcomes and improved patient demographics.

2020–2021 Trans Finance Cash Flow Needs

Note proceeds will be used to smooth cash flow management for general fund operations during fiscal 2021. The county expects the first two note set-asides to occur in months with positive net ending balances (December 2020 and January 2021), thereby allowing sufficient coverage of between 1.6x and 2.0x solely on the basis of each month's projected net ending balance without drawing upon $5.0 billion to $7.7 billion in projected borrowable funds at those set-aside dates. Coverage increases to between 10.2x and 15.2x when projected borrowable fund are included. The final note set-aside and interest is expected to occur in a month with a negative net ending balance (April 2021), resulting in 0.4x coverage solely on the basis of that month's projected net ending balance.

However, the county expects to have access to $6.2 billion in projected borrowable funds at that set-aside date, which would provide 43.9x coverage. The repayment deposit structure sets aside 100% of principal and interest two months in advance of note maturity. Based on the previous 12 fiscal years, the county consistently outperforms its projected year-end cash balances.

Sound Equipment Lease Program

The 2020 LAC-CAL lease revenue bonds are the latest installment in a strong 36-year program of lease revenue bonds issued to refund BANs issued for equipment purchases. The bonds' lease features are typical of California lease transactions. Bondholder protections include the county's covenant to budget and appropriate the equipment lease payments, and the LAC-CAL's assignment of its right to receive the equipment lease rental payments to a trustee responsible for enforcing payment when due each year.

Mandatory insurance coverage, including two years of rental interruption insurance, is available to address abatement concerns. County officials advise that all pieces of equipment are currently in use and essential for operations, their aggregate average useful life exceeds the weighted-average bond maturity, and their cumulative value ($52 million) is greater than the bond par amount. Any equipment substitution must be of comparable useful life and value.

The trustee does not have the right to retake possession of the equipment or force its sale or return. There is no acceleration upon default. Unlike previous LAC-CAL lease revenue bond issuances, the county will not be establishing a reserve fund for the 2020 LAC-CAL lease revenue bonds. This reflects both the county's recent practice with regard to lease revenue bond issuances and overcollateralization by the pledged equipment.

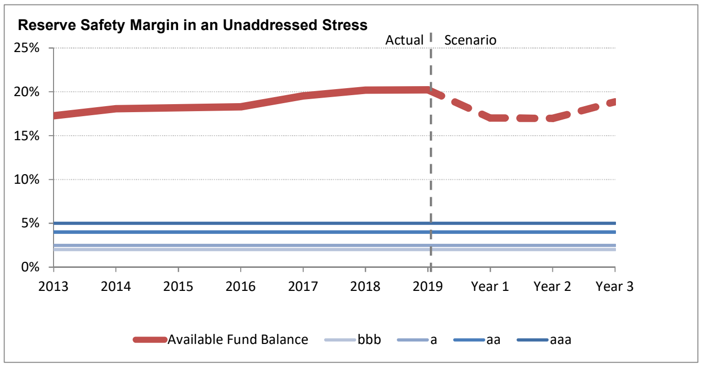
ESG Considerations

Unless otherwise disclosed in this section, the highest level of environmental, social and governance (ESG) credit relevance is a score of '3' — ESG issues are credit neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity.

For more information on Fitch's ESG Relevance Scores, visit www.fitchratings.com/esg.

Los Angeles County (CA)

Scenario Analysis



Analyst Interpretation of Scenario Results:

The Fitch Analytical Stress Test (FAST) scenario analysis tool, which relates historical tax revenue volatility to GDP to support the assessment of operating performance under Fitch's criteria, has now been adjusted to reflect GDP parameters consistent with Fitch's global coronavirus forecast assumptions. FAST is not a forecast, but it represents Fitch's estimate of possible revenue behavior in a downturn, based on historical revenue performance. Hence, actual revenue declines will vary from FAST results and Fitch expects the county will implement decisive corrective actions to offset them. FAST does provide a relative sense of the risk exposure of a particular local government entity compared to other local government entities.

Scenario Parameters:		Year 1	Year 2	Year 3
GDP Assumption (% Change)		(5.6%)	4.3%	2.5%
Expenditure Assumption (% Change)		0.0%	2.0%	2.0%
Revenue Output (% Change)	*Min Y1 Stress:* **-5%** *Case Used:* **Baseline**	(5.7%)	5.7%	4.0%
Inherent Budget Flexibility			Midrange	

Revenues, Expenditures, and Fund Balance	Actuals							Scenario Output		
	2013	2014	2015	2016	2017	2018	2019	Year 1	Year 2	Year 3
Total Revenues	14,606,938	15,208,018	15,454,733	16,190,186	17,081,934	17,726,265	19,551,091	18,427,294	19,474,517	20,247,266
% Change in Revenues	-	4.1%	1.6%	4.8%	5.5%	3.8%	10.3%	(5.7%)	5.7%	4.0%
Total Expenditures	14,013,588	14,790,147	15,237,807	15,863,407	16,573,050	17,531,885	19,170,861	19,170,861	19,554,278	19,945,364
% Change in Expenditures	-	5.5%	3.0%	4.1%	4.5%	5.8%	9.3%	0.0%	2.0%	2.0%
Transfers In and Other Sources	508,087	468,614	393,023	374,195	438,769	734,228	981,144	924,748	977,301	1,016,081
Transfers Out and Other Uses	863,738	663,327	522,934	506,555	680,922	684,390	822,556	822,556	839,007	855,787
Net Transfers	(355,651)	(194,713)	(129,911)	(132,360)	(242,153)	49,838	158,588	102,192	138,294	160,293
Bond Proceeds and Other One-Time Uses	-	-	-	-	-	-	-	-	-	-
Net Operating Surplus(+)/Deficit(-) After Transfers	237,699	223,158	87,015	194,419	266,731	244,218	538,818	(641,375)	58,533	462,196
Net Operating Surplus(+)/Deficit(-) (% of Expend. and Transfers Out)	1.6%	1.4%	0.6%	1.2%	1.5%	1.3%	2.7%	(3.2%)	0.3%	2.2%
Unrestricted/Unreserved Fund Balance (General Fund)	2,566,028	2,790,224	2,861,745	2,991,807	3,368,535	3,680,895	4,042,841	3,401,466	3,459,999	3,922,195
Other Available Funds (GF + Non-GF)	-	-	-	-	-	-	-	-	-	-
Combined Available Funds Balance (GF + Other Available Funds)	2,566,028	2,790,224	2,861,745	2,991,807	3,368,535	3,680,895	4,042,841	3,401,466	3,459,999	3,922,195
Combined Available Fund Bal. (% of Expend. and Transfers Out)	17.2%	18.1%	18.2%	18.3%	19.5%	20.2%	20.2%	17.0%	17.0%	18.9%

Reserve Safety Margins	Inherent Budget Flexibility				
Moderate	Minimal	Limited	Midrange	High	Superior
Reserve Safety Margin (aaa)	16.0%	8.0%	5.0%	3.0%	2.0%
Reserve Safety Margin (aa)	12.0%	6.0%	4.0%	2.5%	2.0%
Reserve Safety Margin (a)	8.0%	4.0%	2.5%	2.0%	2.0%
Reserve Safety Margin (bbb)	3.0%	2.0%	2.0%	2.0%	2.0%

Notes: Scenario analysis represents an unaddressed stress on issuer finances. Fitch's scenario analysis assumes the GDP and expenditure growth sequence shown in the 'Scenario Parameters' section. Inherent budget flexibility is the analyst's assessment of the issuer's ability to deal with fiscal stress through tax and spending policy choices, and determines the multiples used to calculate the reserve safety margin. For further details, please see Fitch's US Tax-Supported Rating Criteria.

The ratings above were solicited and assigned or maintained at the request of the rated entity/Issuer or a related third party. Any exceptions follow below.