

# Los Angeles County, CA Series A 2020-21 TRANs Assigned 'SP-1+' Rating

June 29, 2020

SAN FRANCISCO (S&P Global Ratings) June 29, 2020--S&P Global Ratings assigned its 'SP-1+' short-term rating to Los Angeles County, Calif.'s pro forma \$1.2 billion series A 2020-21 tax and revenue anticipation notes (TRANs).

"The rating reflects our view of the county's good projected coverage at maturity, with very strong coverage when using alternative liquidity; broad and diverse economy and very strong long-term creditworthiness; and history of conservative cash flow projections with actual results that consistently exceed projections," said S&P Global Ratings credit analyst Tim Tung.

The county's current projections for fiscal 2021 include adjustments to reflect declines in certain revenue streams driven by the "safer at home" initiative implemented to reduce the transmission of the novel coronavirus, and reductions to cash balances as reserves are deployed to achieve budgetary balance. While there are substantial projected declines in revenue streams, such as sales taxes, the county has a strong revenue base in property taxes that we anticipate will continue to grow based on stored assessed valuation under Proposition 13. However, we do anticipate that fiscal 2021 will have greater volatility and uncertainty in cash flows than in prior years that will be driven by the trajectory of the pandemic and economic recovery, and from potential changes to funding from the state and federal governments as the state grapples with its own budgetary challenges and the federal government considers additional stimulus funding.

We understand the county intends to invest TRAN proceeds and repayment amounts in its investment pool. As of April 2020, the pool is highly liquid, with an average weighted maturity of 587 days, and about 34% of the pool's investments mature within 60 days.

## Related Research

Through The ESG Lens 2.0: A Deeper Dive Into U.S. Public Finance Credit Factors, April 28, 2020

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