Rating Action: Moody's assigns MIG 1 to Los Angeles County's (CA) 2022-23 TRANs

02 Jun 2022

New York, June 02, 2022 -- Moody's Investors Service has assigned a MIG 1 rating to Los Angeles County, CA's 2022-23 Tax and Revenue Anticipation Notes. The expected par amount is approximately $900 million.

RATINGS RATIONALE

The assignment of the MIG 1 rating is driven by Los Angeles County's strong long-term credit quality, as reflected in its Aa1 issuer rating. The rating also takes into account the track record of accurate revenue forecasts and budgeting assumptions, the quality of cash management and strong note structure with advance set asides for repayment in December 2022, January 2023 and April 2023. The county's ample alternate funds available for note repayment are also factored into the rating.

RATING OUTLOOK

Moody's does not assign outlooks to short-term ratings.

FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATING
- N/A

FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATING
- Significant reduction in anticipated cash position
- Erosion of alternate sources of liquidity
- Significant lowering of the county's long-term rating

LEGAL SECURITY

The notes are secured by a pledge of unrestricted fiscal 2023 general fund receipts.

USE OF PROCEEDS

The notes are being issued to fund the county's fiscal 2022-23 cash flow needs.

PROFILE

Los Angeles County is the largest county in the nation both by assessed value ($1.7 trillion) and population (10.3 million). Its large and diverse economy is larger than 45 states and all but 17 countries. The county is governed by a five-member Board of Supervisors and day-to-day operations are managed by the Chief Executive Officer.

METHODOLOGY


REGULATORY DISCLOSURES

For further specification of Moody's key rating assumptions and sensitivity analysis, see the sections Methodology Assumptions and Sensitivity to Assumptions in the disclosure form. Moody's Rating Symbols and Definitions can be found on https://ratings.moodys.com/rating-definitions.
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