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S&P Medians And Credit Factors: California Municipalities

Overview

California municipalities' credit quality remains very strong, in S&P Global Ratings' view, supported by a dynamic economy that has been one of the nation's top performing for the last several years, generally strong budgetary performance facilitated by steady revenue growth, and financial management often supported by formal policies and regular budget monitoring. These conditions have supported municipalities' efforts to maintain robust available reserves, which have helped more than 83% of California's municipal issuers maintain general obligation (GO) ratings, issuer credit ratings, or general creditworthiness in the 'AA' or 'AAA' categories. S&P Global Ratings does not expect any significant changes to the California municipal sectors' credit quality over the next year, but believes prospects for continued growth are diminishing.

S&P Global Ratings maintains public ratings on 200 municipalities in California. Overall, the credit quality increased recently, with 9% of California cities and towns experiencing upward rating movement or positive outlooks throughout 2019. More specifically, we took 17 positive rating actions and two negative rating actions on municipalities' GO or appropriation debt.

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