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Los Angeles Unified School District, California: Fitch New Issue Report

The upgrade of the Issuer Default Rating (IDR) to 'A' from 'A-' reflects the district's improved expenditure flexibility as well as operating performance, which has outperformed expectations over the past several years. The 'A' IDR remains below Fitch Ratings' median rating for the local government sector, reflecting the likely structural budget imbalances that will require ongoing budget adjustments so long as enrollment trends remain negative. The 'A' IDR also reflects the district's currently strong reserve position, moderate liabilities burden, and track record of compliance with state and board reserve requirements within the context of strong state oversight. The upgrade of the GO bond ratings to 'AAA' from 'AA+' reflects the upgrade of the IDR as well as the large, growing and diverse tax base supporting bond repayment.

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