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Los Angeles County, California: Fitch New Issue Report

Key Rating Drivers Revenue Framework: 'aa': The county's revenues demonstrate limited volatility, reflecting the size and maturity of the economy and tax base, which retains a large Proposition 13 cushion. Growth prospects for revenues are solid. The county's independent legal ability to raise revenues is restricted by state law but is satisfactory since it has control over fees and charges for services. Expenditure Framework: 'aa': Fitch expects expenditure growth to be marginally above future revenue growth in the absence of policy action. The county continues to enjoy solid expenditure flexibility, although policy changes and potential litigation outcomes could somewhat constrain that flexibility in the future. Pension and other post-employment benefit (OPEB) obligation contributions have been ramped up to pay down significant liabilities; however, such payments have remained a relatively stable percentage of spending in recent years. Long-Term Liability Burden: 'aa': The county's long-term liability burden for debt and pensions is moderately low relative to total personal income. The majority of debt is issued by overlapping jurisdictions. Operating Performance: 'aaa': The county demonstrates an ongoing commitment to support a strong financial cushion. This cushion is aided in part by the DHS's stable/solid financial position, which is supported by a five-year extension of full reimbursement for certain safety net hospital costs. The county, which has superior gap-closing capacity, is very well positioned to address economic downturns.

ACCESS REPORT

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