

Bond Case Briefs

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Los Angeles, California: Fitch New Issue Report

The city's 'AA' Long-Term Issuer Default Rating reflects the city's strong operating performance with solid revenue growth largely outpacing managed expenditure growth. The city also benefits from a moderate debt burden and superior gap-closing capacity. Revenue Framework: 'aa': Historically, revenue growth has been solid, below national GDP growth but above inflation, reflecting the ability to capture revenues from across its wide range of economic activity. Although property taxes remain the largest and most stable of the city's general fund revenues, the city is also exposed to a number of economically sensitive revenue sources. Expenditure Framework: 'a': Over time, Fitch expects the natural pace of expenditure growth to be roughly in line with, to marginally above, the city's solid revenue growth given rising employee compensation costs and public demand for service enhancements. Long-Term Liability Burden: 'aa': The long-term liability burden is moderate relative to personal income with net pension liabilities and overlapping debt making up the bulk of liabilities. Operating Performance: 'aaa': The city demonstrates superior gap-closing capacity relative to expected revenue volatility.

ACCESS REPORT

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