

RatingsDirect®

Summary:

Riverside County, California; Note

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Credit Profile

US\$425.0 mil TRAN ser 2024 due 06/30/2025

Short Term Rating

SP-1+

New

Credit Highlights

S&P Global Ratings assigned its 'SP-1+' short-term rating to Riverside County, Calif.'s estimated \$425 million series 2024 tax and revenue anticipation notes (TRANs).

Security

The notes are payable from unrestricted revenue consisting of taxes, income, revenue, cash receipts, and other unrestricted money (legally available revenue) that the county receives in the fiscal year ending June 30, 2025. The notes mature on June 30, 2025. The note proceeds will be used to meet the county's fiscal 2024 and fiscal 2025 expenditures, including current expenses and capital expenditures, and the discharge of other obligations or debt.

Credit overview

The rating reflects our view of the county's historical use of conservative assumptions in its cash flow, which has resulted in consistently strong debt service coverage (DSC) at maturity. Management monitors the cash position year round, including daily. The county's projections for fiscal 2025 are based on a budget that is due to be approved at the end of June 2024. The county conservatively estimates ending the year with a reduction in cash balances, but we expect that it will exceed these projections. The county has a strong revenue base in property taxes that we anticipate will continue to grow based on stored assessed valuation under Proposition 13. In addition, the county has flexibility with additional borrowable resources as alternative liquidity, which totaled approximately \$2.2 billion. We expect the county's history of strong positive variance will continue in fiscal 2025.

The rating reflects our view of the county's:

- Very strong projected DSC of 1.52x at maturity,
- Very strong projected DSC of 5.27x when alternative liquidity is included, and
- History of positive variance with actual DSC at maturity consistently outperforming projections (with actual coverage for the previously issued 2023-2024 TRANs expected to be 2.0x compared with the projected 1.7x).

For more information on our view of the long-term rating, see our report published May 8, 2024, on RatingsDirect.

Environmental, social, and governance

We view environmental factors as elevated given the county's regional exposure to acute physical risks from earthquakes and wildfires, but we believe that strong state building codes mitigate this risk in part. We consider social and governance factors neutral within our analysis.

Related Research

Through The ESG Lens 3.0: The Intersection Of ESG Credit Factors And U.S. Public Finance Credit Factors, March 2, 2022

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