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S&P Global Raises San Joaquin County Credit Rating

County credit rating raised to AA- from A+

Stockton, CA – Standard & Poor's (S&P) recently upgraded the underlying credit rating of San Joaquin County's 2017 Certificates of Participation from "A+ to "AA-", with a "stable" outlook.

"S&P's credit rating upgrade demonstrates our County's commitment to fiscal responsibility. As our former Auditor-Controller, it is rewarding to see the consistent application of sound and prudent fiscal principles validated through this rating upgrade," said Jay Wilverding, San Joaquin County Administrator.

Improved economic indicators and financial management policies as well as sustained strength in general fund reserves were among the reasons for San Joaquin County's credit rating upgrade. An AA- rating is an *Investment Grade* rating with a very strong capacity to meet financial commitments. "The credit rating upgrade is a great result for the County and could result in lower borrowing costs, should it need to access the capital markets in the future," said Bobby Cheung of KNN Public Finance, the County's municipal advisor.

In S&P's view, the rating reflects the County's recent history of strong budgetary performance, with general fund and total government operating surpluses; very strong available reserves that are unlikely to significantly weaken below current levels; strong management, with a robust framework of financial policies and practices under the S&P's financial management assessment methodology; strong institutional framework score; and adequate economy, with access to a broad and diverse metropolitan statistical area.

A summary report noted that the County's assessed values have risen in recent years, supporting its core revenues. It also found the County's fiscal position to be strong, which is reflected by a recent history of operating surpluses and maintenance of very strong available reserves. Despite the County projecting modest net deficits in the short-term, much of which is attributed to unspent American Rescue Plan Act funds, S&P expects the County to maintain its reserve strength. While the report also noted the County's need to manage its long-term exposure to rising pension and postemployment benefit contributions, its overall debt burden is relatively low.

Credit ratings provide a common global language for investors to form a view on and compare the relative likelihood of whether an issuer may repay its debts on time and in full. They are forward looking opinions about an issuer's creditworthiness.

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