(Santa Ana, CA) — A recovering local economy and “very strong” management practices led to a recent upgrade to the County’s creditworthiness by national rating agency Standard & Poor’s.

The County’s issuer credit rating went to ‘AA’ from ‘AA-,’ while its rating on outstanding general obligation debt went to ‘AA-‘ from ‘A+’ in action taken late last month. The new ratings are within S&P’s “high quality” range. Additionally, the agency noted that the County has no variable-rate debt.

The upgrades came despite continued concern about the County’s budget flexibility and large pension obligation. The County must begin repaying $150 million in vehicle license fee revenues to the State beginning next fiscal year. The Orange County Employee Retirement System currently is 62.5% funded.

“This is a welcome acknowledgement of the hard work by County leadership to make the best of a bad situation,” Board of Supervisors Chairman Shawn Nelson said. “Our financial challenge is serious but we are managing it.”

The S&P ratings analysis said the County’s outlook is stable and not expected to be revised within the next two years.

“The stable outlook reflects our view of the county’s very strong economy and adequate budgetary flexibility, which is supported by very strong management conditions,” the S&P ratings report said. “We believe the county will maintain reserves that include a set-aside of amounts due to the state … and very strong liquidity.”

###