

7 September 2017

Eye on Munis

OVERVIEW

Eye on Munis is an overview of major municipal borrowers under state oversight, at risk of needing to restructure debt, or facing significant credit events or other risks in the next one or two years.

This revision includes detailed information on credit concerns and upcoming events for:

Borrowers Eligible For Chapter 9, With Or Without State Approval

- 1) Dallas
- 2) Houston
- 3) Hartford
- 4) Atlantic City
- 5) Los Angeles Unified School District
- 6) Philadelphia Schools

Borrowers Eligible For Chapter 11

- 7) Purple Line Transit Partners, LLC
- 8) FirstEnergy
- 9) Iowa Fertilizer
- 10) Texas Pellets
- 11) Louisiana Pellets

METHODOLOGY

Borrowers have been chosen on the basis of criteria such as whether the borrower is under state oversight, at risk of needing to restructure debt, facing significant credit events in the next one to two years, beginning a fiscal year without an operating budget, or issuing long-term debt to pay current expenses. The last criterion includes issuance of pension obligation bonds.

OVERVIEW

Municipal Entities Ineligible Under State Law To File Chapter 9

- 12) Chicago
- 13) Chicago Board of Education/Chicago Public Schools
- 14) Bridgeview
- 15) Municipal Electric Authority of Georgia
- 16) Pennsylvania Turnpike Commission

Municipal Entities Whose Ability To File Chapter 9 Is Unknown At This Time

- 17) South Carolina Public Service Authority (Santee Cooper)
- 18) Washington Metropolitan Area Transit Authority
- 19) Virgin Islands

Ineligible To File Chapter 9

- 20) Connecticut
- 21) Illinois
- 22) Kansas
- 23) Kentucky
- 24) Pennsylvania
- 25) New Jersey
- 26) Louisiana

Borrower	State	Type	Out-standing Debt (USD)	Ratings						Main Credit Concerns	FY End	Disclosure	Chapter 9 or 11 Eligibility
				Moody's	Outlook	S&P	Outlook	Fitch	Outlook				
Borrowers Eligible For Chapter 9, With Or Without State Approval													
1 Dallas	TX	G.O.	1.8bn	A1	Negative	AA-	Negative	AA	Negative	<p>State legislation proposed earlier this month that would have limited local property taxes was not approved.</p> <p>A state law enacted earlier this year was designed to strengthen pension systems in both Dallas and Houston (please see below for details of Houston's legislation). For Dallas, the legislation addressed the police and fire pension system by providing a new board of trustees, an immediate ban on withdrawals from the Deferred Retirement Option Plan (DROP), and higher contributions to the plan by the city and its employees.</p> <p>Under terms of the DROP, members were allowed lump sum withdrawals from the fund and were able to invest those monies at a guaranteed rate of return. An accelerated pace of withdrawals during 2016 made a poorly-funded plan even weaker.</p>	30 Sep	Link	Borrower can file for Chapter 9 at its discretion.
2 Houston	TX	G.O. Limited Tax	3.2bn	Aa3	Negative	AA	Negative	AA	Stable	<p>Damage resulting from Hurricane Harvey presents Houston with challenges that include economic recovery, maintaining public safety, and balancing financial operations. City efforts to strengthen its pension systems, which were a primary focus before the storm, are now likely to become less of a concern.</p> <p>On the November ballot are referenda on two bond issues: USD 1bn for pension obligation bonds (POBs) and USD 495m for public improvements. Voter failure to approve the POBs could endanger other aspects of the city's pension reform plan.</p> <p>State legislation enacted earlier this year was designed to strengthen pension systems in both Houston and Dallas (please see above for details of the Dallas legislation). For Houston the legislation provided for future benefit reductions, a lower discount rate of 7%, a requirement that the city make its annually required pension contributions, and issuance of USD 1bn pension obligation bonds. The reforms in general address the police, fire, and municipal employee pension funds. POB proceeds would not be used to benefit the firefighters' system because the city made regular contributions to that fund.</p>	30 Jun	Link	Borrower can file for Chapter 9 at its discretion.
3 Hartford	CT	GO	752m	B2	Negative	BB	Credit Watch Negative	NR	NA	<p>No significant developments regarding the city's possible bankruptcy filing. During July, Hartford mayor Luke Bronin said that bondholders need to be "part of the solution", indicating they would be asked to accept haircuts on their holdings. About a week before the mayor made those comments, he hired Greenberg Traurig LLP, a law firm known for its work on municipal debt restructurings, as advisers to the city.</p> <p>Hartford's USD 20m tax anticipation notes mature 31 October 2017 and a default on those or other city obligations is possible before the end of the calendar year absent additional state aid or other positive financial news. The state, due to its own financial problems (see below) may be unable to offer the city any substantial relief.</p>	30 Jun	Link	Chapter 9 filing with prior written consent of the governor.
4 Atlantic City	NJ	G.O.	379m	Caa3	Positive	CCC	Developing	NR	NA	<p>Some conflict continues between state officials who oversee city operations and local officials. On 25 August, a state judge ruled against the state in its request to reduce fire department personnel by 148 positions. The judge said that staff reductions must be achieved via attrition and retirements.</p> <p>Economic and financial conditions in Atlantic City continue to slowly improve. Earlier this year the city sold about USD 70m state-qualified bonds to settle a property tax appeal, and a similar issue of up to USD 80m is expected later this year.</p> <p>Adding to economic growth in Atlantic City are a planned new campus of a state university and redevelopment of the former Taj Mahal casino by Hard Rock International.</p>	31 Dec	Link	Chapter 9 filing allowed with 2/3 vote of city council and state approval.

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Borrowers Eligible For Chapter 9, With Or Without State Approval (continued)														
5	Los Angeles Unified School District	CA	G.O.	10.2bn	Aa2	Stable	AA-	Stable	A+/AAA*	Stable	<p>No significant credit events in the last month. During June the district approved a budget for FY18 that increases spending by 6.7%, estimates annual enrollment declines of 2%, and eliminates 121 jobs, none which are held by teachers. Long-term budgeting challenges remain due to increasing levels of pension and healthcare costs and declining enrollment, which results in lower amounts of state aid.</p> <p>General fund results for FY16 were favorable and balanced operations for FY17 are expected. The borrower's liability for other than pension employment benefits (OPEB) is estimated at USD 13.6bn and pension contributions increased to USD 558m in FY17 from USD 346m in FY13. Enrollment decreased by 30% from 2008 through 2017.</p>	30 Jun	Link	State approval required for a Chapter 9 bankruptcy. Unlike CA cities, school districts receive significant assistance and oversight in event of financial distress.
6	Philadelphia Schools	PA	G.O.	3.1bn	Ba3	Stable	NR	NA	BB-	Stable	<p>School principals and other administrators recently approved a five-year contract that is estimated to cost the district USD 26m. District officials indicate that amount had been included in the five-year budget.</p> <p>Absent greater amounts of state aid or higher property taxes, Philadelphia's city controller expects school district deficits of up to USD 40m by 2019 and USD 243m by 2020. Teachers have tentatively approved what would be their first contract in four years, but it's not apparent where the money will come from to honor the contract.</p> <p>Audited results for FY16 show that the district's general fund balance increased to USD 92m from FY15's USD 4m. Costs for repairs and capital projects may be as much as USD 7.8bn through 2027.</p> <p>The district has a long history of financial and academic problems, and the state's secretary of education declared it "distressed" in 2001. An independent commission with members appointed by the governor and mayor then assumed responsibility for district operations. Proliferation of charter schools is a major challenge facing the district, as it is required to pay tuition to the charter school in which a student is enrolled. About one-third of district students are enrolled in charter schools, and that</p>	30 Jun	Link	Chapter 9 filing only with approval of the state department of community and economic development.
Borrowers Eligible For Chapter 11														
7	Purple Line Transit Partners, LLC (issued by the Maryland Economic Development Corporation)	MD	Project Finance	313m	NR	NA	BBB+	Stable	BBB+	Stable	<p>On Monday 28 August the US Secretary of Education signed a funding agreement that provides federal funds of USD 900m to the Purple Line project. The agreement may end a period of litigation that began before the bonds were issued in June 2016 and which postponed construction of the light rail system.</p> <p>Purple Line opponents reiterate their opposition to the project and state that it has not yet received final approval from federal courts.</p>	31 Dec	Link	The borrower is eligible to file under Chapter 11 of the bankruptcy code.

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Borrowers Eligible For Chapter 11 (continued)														
8	FirstEnergy (issued by local and state agencies)	OH	Investor-owned electric utility	19.9bn	Baa3	Stable	BBB-	Stable	BBB-	Stable	<p>FirstEnergy (NYSE:FE) is an investor-owned utility that via local and state governments issues tax-exempt bonds. Its generating subsidiary, FirstEnergy Solutions (FES) is negotiating with creditors regarding a debt restructuring or possible Chapter 11 filing. Coal and nuclear generating facilities of FES have become economically uncompetitive due to lower natural gas prices. Public subsidies for FE's Davis-Besse and Perry nuclear power plants do not appear likely.</p> <p>On 27 July, FE reported 2Q17 earnings of USD 174m, or USD 0.39 per share, on revenue of USD 3.3bn. In the prior comparable period FE lost USD (1.1bn), or USD (2.56) per share.</p>	31 Dec	Link	Eligible to file Chapter 11 bankruptcy.
9	Iowa Fertilizer (issued by Iowa Finance Authority)	IA	Project Finance	1.6bn	NR	NA	B	Stable	B-	Negative	<p>Plant operations began in April, about 18 months later than originally planned. Since April there have been at least two shutdowns, one in June of two downstream products and another in July of the entire facility. The July event lasted about a week. Debtwire Municipals reports that temporary shutdowns are not unusual for fertilizer plants but that Iowa Fertilizer's overall delays somewhat exceed the norm.</p> <p>The company's bimonthly report of 15 August indicates that production has resumed.</p> <p>In order to avoid payment default on its bonds during the construction period, the company borrowed from its parent, used its reserve fund, and executed a November 2016 exchange offer that gave it more time to pay its debt. Iowa Fertilizer has come online as fertilizer prices have fallen. In 2016, US fertilizer revenues fell for the third straight year. The company's parent provides a guarantee of USD 83m to be used if necessary as a debt service reserve.</p>	31 Dec	Link	Eligible to file Chapter 11 bankruptcy.
10	Texas Pellets, Inc. (issued by Sanger, TX Industrial Development Corporation)	TX	Project Finance	187m	NR	NA	NR	NA	NR	NA	<p>The Texas Pellets facility is located in Woodville and its storage and ship loading facility is in Port Arthur. Woodville is about 90 miles northeast of central Houston and at least parts of the town have been flooded. Port Arthur is only 15 miles north of the Gulf of Mexico and the situation there appears to be dire. We are unaware of any specific information regarding either the Woodville or Port Arthur facilities of Texas Pellets.</p> <p>Texas Pellets defaulted on its 1 July interest payment. The company has had at least two fires in Port Arthur, one on a ship loader and one in a storage silo that later collapsed.</p> <p>The company is in bankruptcy court and its facilities have been plagued by a series of events that affected plant construction and operations.</p> <p>An auction of Texas Pellets facilities had been scheduled for 1 March but was delayed. The company filed for bankruptcy protection on 30 April 2016 and its parent, German Pellets, filed for insolvency in Germany in February 2016.</p>	31 Dec	Link	Filed for Chapter 11 bankruptcy on 30 April. Parent company German Pellets GmbH filed for insolvency in Germany on 10 February.
11	Louisiana Pellets, Inc. (issued by Louisiana Public Facilities Authority)	LA	Project Finance	337m	NR	NA	NR	NA	NR	NA	<p>UK-based utility Drax Group bought the assets of the borrower, a subsidiary of wood pellet producer German Pellets, for USD 35.4m on 5 April. The sale closed on 25 April. A proposed liquidation plan would result in a recovery rate of 24% to 38% for secured bondholders.</p> <p>The plant, following upgrades, is expected to return to service by early 2018. Plant construction and operation were hampered by construction, electric, and adverse weather. Bonds defaulted January 2016 and the company filed for bankruptcy on 18 February 2016. German Pellets filed for insolvency in Germany in February 2016.</p>		Link	Filed for Chapter 11 bankruptcy on 18 February 2016. Parent company German Pellets GmbH filed for insolvency in Germany on 10 February 2016.

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Municipal Entities Ineligible Under State Law to File Chapter 9														
12	Chicago	IL	G.O.	9.7bn	Ba1	Under review for down-grade	BBB+	Stable	BBB-	Stable	<p>Recent state legislation is favorable in at least two ways to Chicago.</p> <p>The first benefit is pension reform, which will gradually increase city contributions to the Municipal Employees' and the Laborers' pension funds. Earlier actuarial studies indicated that the two funds risked insolvency in 2025 and 2027, respectively.</p> <p>Chicago was also granted the ability to issue bonds payable from revenues collected by the state on the city's behalf. The city will as a result establish a new authority that will issue bonds backed by the city's share of the state sales tax. Revenues that secure the bonds will be isolated from the city's corporate fund. Assuming the new bonds have higher ratings than the general obligation bonds to be refunded as part of the plan, debt service savings could be substantial. City leaders indicate they would refinance as much as USD 2.5bn in general obligation and sales tax bonds with bonds secured by the new revenue stream.</p>	31 Dec	Link	State law does not allow municipal bankruptcy.
13	Chicago Board of Education/ Chicago Public Schools	IL	G.O.	7.3bn	B3	Negative	B	Negative	B+	Negative	<p>The recently approved state school aid formula benefits CPS by increasing state contributions to the CPS pension plan and by giving the district the ability to raise property taxes for pensions.</p> <p>Although these are positive developments, they're not enough to change the district's fundamental credit outlook, which remains characterized by poor liquidity and straitened financial operations.</p> <p>In mid-July, the board sold USD 500m general obligation bonds that are also payable from unrestricted state aid that would be intercepted in event of default or bankruptcy. Included in the bonds' official statement is a 23-page opinion by Katten Muchin Rosenman LLP in which the firm concludes that property taxes levied for debt service on the bonds should be treated as special revenues in the event of a board Chapter 9 filing. Special revenue status would make property taxes levied for debt service on the bonds exempt from an automatic stay under the bankruptcy code.</p>	30 Jun	Link	State law does not allow municipal bankruptcy.
14	Bridgeview	IL	G.O.	248m	NR	NA	BB-	Negative	NR	NA	<p>No significant credit events in the last month.</p> <p>The village, a Chicago suburb with a population of slightly over 16,000 people, sold USD 134.6m of Ambac-insured general obligation debt in 2005 to finance a 20,000-seat stadium and concert venue. The stadium is home to the Chicago Fire, a Major League Soccer team. Stadium revenues are insufficient to pay debt service and since 2011 the village has issued a series of "scoop and toss" bond issues. Debt service payments are about 44% of governmental fund expenditures.</p>	31 Dec	Link	State law does not allow municipal bankruptcy.

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Municipal Entities Ineligible Under State Law to File Chapter 9 (continued)														
15	Municipal Electric Authority of Georgia (MEAG)	GA	Vogtle Project Revenues	6.9bn	A2 (M) A2 (J) Baa2 (P)	Negative Negative Negative	A+ (M) A+ (J) A- (P)	Negative Negative Negative	A+ (M) A+ (J) A- (P)	Negative Negative Stable	<p>Georgia Power (GP), which oversees construction of the Vogtle 3 and 4 nuclear plants, announced on 31 August its plans to complete construction of the two facilities. Vogtle's co-owners, which are MEAG, Oglethorpe Power, and Dalton Utilities, all support GP's decision. Projected completion dates are November 2021 for Vogtle 3 and November 2022 for Vogtle 4, which are each about five years after their initially scheduled openings.</p> <p>GP's decision to proceed is subject to approval by the state's public service commission, which may not make its decision before February 2018. GP has hired Bechtel construction company to manage construction of Vogtle 3 and 4.</p> <p>The projects were originally managed by Westinghouse, which filed for bankruptcy protection on 29 March. Westinghouse is a subsidiary of Toshiba Corporation, which during June agreed to pay USD 3.68bn to Vogtle's co-owners. Assuming Toshiba's continued ability to make the payments, they will be made in installments from October 2017 through January 2021.</p> <p>MEAG's ownership share of Vogtle 3 and 4 is 22.7%; GP's is 45.7%, Oglethorpe's is 30% and Dalton's is 1.6%.</p> <p>Bonds issued for Vogtle 3 and 4 carry separate ratings for projects M, J, and P. The salient credit feature of each rating shown is 1) take-or-pay contracts with MEAG participants (Project M), 2) a 20-year take-or-pay contract with JEA (Project J), and 3) a 20-year take-or-pay contract with PowerSouth Energy Cooperative (Project P). MEAG has other ratings that are not shown in the table to the left.</p>	31 Dec	Link	Georgia prohibits its municipal entities from filing for Chapter 9 bankruptcy protection.
16	Pennsylvania Turnpike Commission (senior bonds)	PA	Senior Turnpike Revenue	10.1bn	A1	Stable	A	Stable	A+	Stable	<p>No significant credit events in the last month.</p> <p>In late July, the commission sold USD 705m subordinate revenue bonds and USD 45m motor license fund bonds. About half of bond proceeds were used to make payments required by state Acts 44 and 89 (see below) with remaining proceeds used mostly for refunding.</p> <p>The turnpike's debt burden has steadily increased, due largely to Acts 44 and 89, which require the commission to pay large sums annually to the state to subsidize public transit and other non-turnpike projects. The commission borrows to make payments required by Acts 44 and 89 and then increases tolls to pay for debt service.</p>	31 May	Link	State law does not allow the Turnpike Commission to file for Chapter 9 bankruptcy.
Municipal Entities Whose Ability to File Chapter 9 Is Unknown at This Time														
17	South Carolina Public Service Authority (Santee Cooper)	SC	Gross Electric Revenues	7.4bn	A1	Negative	A+	Negative	A+	Rating Watch Negative	<p>Santee Cooper and South Carolina Electric & Gas (SCE&G) have announced their plans to stop construction of units 2 and 3 of the VC Summer nuclear facilities. SCE&G then withdrew on 15 August its request to abandon the project, following discussions with state officials and with the possibility that another utility could proceed with construction. Santee Cooper's role in the projects however has ended.</p> <p>Santee Cooper's future is uncertain, as South Carolina's Governor Henry McMaster has discussed the possibility of selling the utility. On 11 August Santee Cooper cancelled plans for a rate increase in response to public furor regarding costs of the failed projects.</p> <p>The originally expected completion date for the first reactor (Summer 2) was April 2016 and for Summer 3 it was January 2019.</p>	31 Dec	Link	Ability to file for Chapter 9 bankruptcy is unclear.

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Municipal Entities Whose Ability to File Chapter 9 Is Unknown at This Time (continued)													
18 Washington Metropolitan Area Transit Authority	DC	Transportation Revenue	491m	A2	Stable	AA-	Stable	AA-	Stable	<p>President Trump recently signed legislation that creates the Metro Safety Commission (MSC), which will assume responsibility for safety of the authority's operations. The MSC will gradually replace the Federal Transit Administration (FTA) in this role.</p> <p>The FTA became directly involved in authority operations in October 2015, following a series of safety lapses and accidents.</p> <p>FY16 operating revenues fell to USD 859m from USD 899m in FY15 while operating expenses in those respective years increased to USD 2.6bn from USD 2.5bn. The resulting FY16 operating deficit of USD 1.8bn was remedied primarily by federal subsidies of USD 32m, local government subsidies of USD 896m, and capital contributions. Ridership has been declining due to safety concerns and suboptimal service.</p>	30 Jun	Link	No information readily available on the authority's Chapter 9 eligibility.
19 Virgin Islands (issued by Virgin Islands Public Finance Authority)	VI	Matching Fund Revenues (Senior Lien)	1.2bn	Caa1	Negative	CCC+	Negative	B	Negative	<p>The VI's fiscal and liquidity problems are worsening. In late August, officials announced that tax refunds would be postponed until the islands' fiscal crisis was resolved, and financial problems at a VI-subsidized hospital have become more severe. Fitch recently announced plans to withdraw its ratings on VI gross receipts tax and matching fund bonds unless it receives reliable information on matching funds, cash flows, and the FY18 budget.</p> <p>For FY16, the VI's auditors issued a "disclaimer of opinion" on some major funds, including the general, governmental activities, and business-type activities funds. A disclaimer of opinion indicates that the auditor is not expressing an opinion on the financial statements. Problems cited by the auditors included inadequate documentation to support figures for income taxes receivable, tax refunds payable, tax revenues, and payments in lieu of taxes.</p> <p>The territory's economic base was damaged in the last 15 years by elimination of federal tax breaks, the 2008-2009 recession, and loss of a major employer. For a number of years, the VI responded to this situation with long-term borrowing that provided liquidity and closed operating deficits. Pension system insolvency is expected within a few years absent any corrective measures. There is no indication yet that Congress will establish an oversight board for the VI as it did for Puerto Rico.</p>	30 Sep	Link	Probably ineligible for Chapter 9 bankruptcy under the federal bankruptcy code.
Ineligible To File Chapter 9													
20 Connecticut	CT	G.O.	16.2bn	A1	Stable	A+	Stable	A+	Stable	<p>State leaders, as expected, did not adopt an FY18 budget during August. Although there does not yet seem to be a consensus on how to resolve the budget impasse, a resolution is possible during September.</p> <p>Funding of the two largest pension plans has declined, with their respective funding ratios as of 30 June 2016 at 35.5% and 56.0%.</p>	30 Jun	Link	Ineligible for Chapter 9 bankruptcy under the federal bankruptcy code.
21 Illinois	IL	G.O.	29.6bn	Baa3	Negative	BBB-	Stable	BBB	Negative	<p>When the FY18 budget was enacted in early July, the amount to be appropriated for K-12 education aid was approved, but the formula by which this aid was to be distributed was not part of the budget agreement. This controversy was resolved in late August when the governor and legislature agreed on a state aid formula.</p> <p>The FY18 budget raises the personal income tax to 4.95% from 3.75% and the corporate income tax to 7% from 5.25%.</p> <p>As of 31 August, accounts payable from the general fund were 14.8bn, a slight increase from USD 14.6bn in late July.</p> <p>Audited results for FY16 indicate that the general fund's unassigned fund deficit was USD 10.8bn, equal to an extremely high 27.7% of revenues. Aggregate pension funding at the close of FY16 decreased to 38% from FY15's 41% and is among the lowest in the US among state pension plans. Even if the state's economic base grows, it will take the better part of a decade for Illinois to start emerging from its financial problems.</p>	30 Jun	Link	Ineligible for Chapter 9 bankruptcy under the federal bankruptcy code.

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Ineligible To File Chapter 9 (continued)													
22 Kansas	KS	Implied G.O.	4.8bn	Aa2	Stable	AA-	Negative	NR	NA	<p>Budget director Shawn Sullivan, an appointee of Governor Brownback, recently cited the need for higher rates of revenue growth if state services such as education, Medicaid, and pensions are to be adequately funded.</p> <p>The state's FY18 budget includes an income tax increase of USD 1.2bn, representing a reversal of tax cuts enacted in 2012.</p> <p>The state's accumulated general fund deficit increased to (USD 504m) in FY16 from (USD 279m) in FY15.</p>	30 Jun	Link	Ineligible for Chapter 9 bankruptcy under the federal bankruptcy code.
23 Kentucky	KY	Implied G.O.	7.7bn	Aa3	Stable	A+	Negative	AA-	Stable	<p>Inadequate pension funding is Kentucky's biggest credit weakness. Funded ratio of the teachers' pension plan, the state's largest, was 54.6% as of 30 June 2016, a slight decline from 2015's 55.3%. Another large plan, for state employees with non-hazardous jobs, dropped to 16% from 2015's 19%. According to a 28 August presentation by the state budget director, the ARC is about USD 700m underfunded in the FY18 budget.</p> <p>The state's consultants recently recommended a number of steps that could strengthen the plans, among them an increase in the retirement age to 60 for police and firemen and a switch to defined contribution plans. Political considerations are likely to prevent many of the recommendations from being enacted into law.</p> <p>The state's Consensus Forecasting Group (CFG) is a panel of economists that provides estimates of state revenues. Its most recent projection, released 15 August, indicates that FY18 general fund revenues will be about USD 200m less than budgeted.</p>	30 Jun	Link	Ineligible for Chapter 9 bankruptcy under the federal bankruptcy code.
24 Pennsylvania	PA	G.O.	13.1bn	Aa3	Stable	AA-	Credit Watch Negative	AA-	Stable	<p>State officials do not seem close to agreement as Pennsylvania enters the third month of FY18 without a budget. Pennsylvania is unusual in that only the expenditure side of the budget has been adopted; revenues to support the budget are not yet approved.</p> <p>Liquidity was provided during August by interfund borrowing of USD 750m. Approval of the borrowing was required on the part of both the state treasurer and auditor, and the treasurer has indicated his reluctance to approve additional loans of this type.</p> <p>Although FY17 general fund revenues were 2.5% higher than in FY16, the estimated FY17 deficit was USD 1.5bn and the FY18 deficit could be USD 700m.</p> <p>Audited figures for FY16 indicate the state's general fund balance decreased to USD 90m from FY15's USD 274m, with the FY16 figure equal to only 0.2% of that year's USD 56.7bn revenues.</p>	30 Jun	Link	Ineligible for Chapter 9 bankruptcy under the federal bankruptcy code.
25 New Jersey	NJ	G.O.	35.5bn	A3	Stable	A-	Stable	A	Stable	<p>State officials adopted an FY18 budget in early July, a few days past the 30 June deadline. Revenues for July 2017, the first month of FY18, were up slightly from July 2016.</p> <p>New Jersey's FY16 financial statements indicate a general fund deficit for the year of (USD 531m), decreasing its total fund balance to USD 3.9bn. Fund balance would be much lower had the state in recent years made actuarially required contributions to its pension plans, funding ratios of which are among the worst in the nation.</p>	30 Jun	Link	Ineligible for Chapter 9 bankruptcy under the federal bankruptcy code.
26 Louisiana	LA	G.O.	7.0bn	Aa3	Negative	AA-	Negative	AA-	Stable	<p>Although Louisiana has avoided major damage resulting from Hurricane Harvey, President Trump declared a state of emergency for parts of the state.</p> <p>Governor John Bel Edwards signed the state's FY18 budget on 27 June. House Republican leaders believe the budget's revenue forecast are too optimistic and that insufficient consideration has been given to revenue losses that will begin once FY18 is completed.</p> <p>A number of temporary taxes, including a 1% sales tax, are scheduled to expire at the end of FY18.</p>	30 Jun	Link	Ineligible for Chapter 9 bankruptcy under the federal bankruptcy code.

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EMEA

10 Queen Street Place

London

EC4R 1BE

United Kingdom

+44 203 741 1000

sales@acuris.com

Americas

330 Hudson St.

4th Floor

New York,

NY 10013 USA

+1 212 500 7537

sales.us@acuris.com

Asia

Suite 1602-6

Grand Millennium Plaza

181 Queen's Road, Central

Hong Kong

+ 612 9002 3131

sales.asia@acuris.com

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