

17-Dec-2024 | 18:22 EST

Oxnard, CA 2020 Gas Tax Revenue, Refunding Bond Rating Raised To 'AA' On Stronger Finances

NEW YORK (S&P Global Ratings) Dec. 17, 2024--S&P Global Ratings raised its long-term rating and underlying rating (SPUR) to 'AA' from 'AA-' on Oxnard, Calif.'s series 2020 gas tax revenue refunding bonds. The outlook is stable.

The upgrade reflects our view of the city's stronger general credit profile due to the materially stronger sales tax and property revenue, improving its overall financial position, underpinned by what we view as prudent financial management practices," said S&P Global Ratings credit analyst Krystal Tena. Additionally, the pledged gas tax revenue stream has been positive over the last several years, resulting in coverage remaining very strong, in our view.

The series 2020 gas tax bonds are secured by a first lien on gas tax revenue that the city receives each month under the state's Streets and Highways Code sections 2105, 2106, and 2107 (but not 2107.5).

"The stable outlook reflects our opinion of the city's growth in its major revenue streams and management's projection of ending fiscal 2025 with

an operating surplus in the general fund," added Ms. Tena. We also expect that the city will be able to successfully manage its operating costs to maintain at least strong financial performance and flexibility scores. Finally, we expect that pledged gas tax revenue will likely remain very strong despite high per-gallon prices due to the continued demand for gasoline. Therefore, we do not expect to change the ratings within the two-year outlook horizon.

For more information on our views on the city of Oxnard, please see our [summary analysis on the Oxnard issuer credit rating](#), published Dec. 17, 2024, on RatingsDirect.

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