



## Municipal Fundamentals Remain Strong

- The spring fiscal survey conducted by the National Association of State Budget Officers was released last week and indicated that state reserve funds are expected to reach an average of 8.6% of expenditures by FYE19, the highest since records began in 1988. By way of comparison, reserve levels were 4.8% of expenditures in fiscal year 2008.
- Additionally, no states reported making mid-year budget reductions due to revenue shortfalls during the current fiscal year. However, spending growth is starting to ramp up. Spending growth for the year will come in around 5.8% – much higher than the 4.3% growth recorded just six months ago during the fall fiscal survey.
- Following release of a late FY18 CAFR a few weeks ago, California Legislators passed a \$147.8 billion general fund budget yesterday for FY20, which will begin July 1.

## AAA Municipal Yields



Source: Bloomberg

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