FitchRatings

Public Finance
Local and Regional Governments
France

Department of Savoie

This report does not constitute a new rating action for this issuer. It provides more detailed credit analysis than the previously published Rating Action Commentary, which can be found on www.fitchratings.com.

Key Rating Drivers

Rating Derivation Summary: Fitch Ratings assesses Savoie's Standalone Credit Profile (SCP) at 'aaa'. This reflects the combination of a 'High Midrange' risk profile and very strong debt sustainability metrics that Fitch assessed in the 'aaa' category under its rating-case scenario. Savoie's Issuer Default Rating (IDR) is capped by that of the sovereign (AA/Negative).

Risk Profile - 'High Midrange': Fitch assesses Savoie's risk profile at 'High Midrange', reflecting a mix of 'Stronger' and 'Midrange' attributes on the six key risk factors. The assessment reflects Fitch's view of a low risk relative to international peers that the department's ability to cover debt with the operating balance may weaken unexpectedly over the forecast horizon (2021-2025) due to lower revenue, expenditure, or an unexpected rise in liabilities or debt or debt-service requirements.

Debt Sustainability - 'aaa' Category: In Fitch's rating-case scenario, the department's payback ratio is close to 2x in 2025 (2020: 0.8x), with coverage (Fitch's synthetic calculation) close to 7x and a fiscal debt burden of around 30%. Savoie's debt sustainability metrics remained exceptionally strong, despite the impact of the coronavirus pandemic. The department was able to self-finance its investments in the past decade, leading to a continuous decline in debt.

Sovereign Cap: Savoie's Long-Term IDR is capped by that of the French sovereign. It does not take any extraordinary support from the state, and there is no other rating factor affecting the final rating. Savoie's Negative Outlook also reflects that on the sovereign's rating.

ESG Considerations: ESG factors have a very limited impact on Savoie's rating, which is reflected in an ESG Relevance Score of '3'.

Rating Sensitivities

Sovereign Outlook Revised to Stable: Savoie's Outlook would be revised back to Stable if the sovereign rating Outlook were revised to Stable.

Sovereign Downgrade, Weaker Payback: A downgrade of the sovereign would be reflected in Savoie's ratings. A payback ratio above 7.5x on a sustained basis in our rating-case scenario could lead to a downgrade, which we view as very unlikely.

Ratings

Foreign Currency	
Long-Term IDR	AA
Short-Term IDR	F1+
Local Currency	
Long-Term IDR	AA

Outlooks

Long-Term Foreign-Currency IDR	Negative
Long-Term Local-Currency IDR	Negative

Issuer Profile

Savoie is a French department of 0.4 million residents in the French Alps, close to the border with Italy. It benefits from outstanding ski resorts and has socio-economic indicators that are stronger than the French average.

Financial Data

Department of Savoie

(EURm)	2020	2025rc
Payback (x)	0.8	1.8
Synthetic coverage (x)[a]	15.8	7.1
Actual coverage (x)	4.6	5.8
Fiscal debt burden (%)	17	30
Net adjusted debt	86	153
Operating balance	112	87
Operating revenue	511	518
Debt service	25	15
Mortgage-style debt annuity[a]	7	12

rc: Fitch's rating-case scenario
[a] Fitch's calculation (see *Appendix C*)
Source: Fitch Ratings, Savoie

Applicable Criteria

International Local and Regional Governments Rating Criteria (October 2020)

Related Research

French Departments – Portfolio Review (October 2020)

What Investors Want to Know: Property Tax Reform Credit Negative for French Departments (October 2019)

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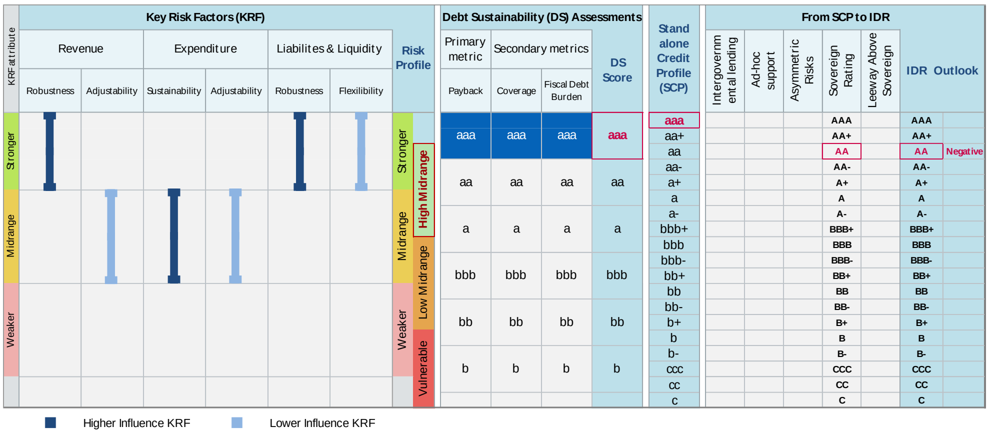
Rating Synopsis

Rating Building Blocks Overview



Issuer Profile

Savoie is a department of the unitary state of France and is classified by Fitch as a 'Type B' local and regional government (LRG) as it is required to cover debt service from cash flow on an annual basis. Savoie's main expenditure responsibilities cover social spending (social subsidies, notably social accommodation fees), education and road maintenance, like other French departments.

Savoie is in the Auvergne-Rhone-Alpes region, in the French Alps, and borders Italy. In 2017, Savoie's population was close to 430,000, about half of which lived in the Chambery-Aix les Bains urban area. Savoie's population grew by 0.5% a year on average in 2012-2017, above the national average of 0.4%, partly due to net inward migration.

Savoie's socio-economic indicators are stronger than the national average. In 2018, the poverty rate in Savoie was 10.0%, well below the national average of 14.7%, and median income was 7% above the national average. The unemployment rate is also relatively low, at 7.1% in 3Q20 versus 8.9% in metropolitan France. This translates into a lower share of social benefits in operating spending, compared to the average of French departments.

Tourism forms a large share of Savoie's economy, accounting for about 20% of paid employment. This reflects the department's position as one of Europe's main ski resort areas. There are 58 ski resorts in Savoie, including some of the largest and highest in Europe, which means there is a lower risk of a lack of snow. Excluding tourism, Savoie's economy is well-diversified, benefiting from agriculture, a still-significant industrial sector and a dynamic services sector.

The department's local economy was badly affected by the impact of the pandemic, especially due to the closure of ski resorts in March-April 2020 and the winter season of 2020-2021. This will lead to a decline in corporate value-added tax (CVAE) in 2021-2022 and explains the sharp increase in social benefits expenditure in 2020. However, the real-estate market has remained resilient since throughout the pandemic.

Rating History

Date	Long-Term Foreign-Currency IDR	Long-Term Local-Currency IDR
7 Feb 14	AA	AA

Source: Fitch Ratings

Savoie, Department of

Source: Fitch Ratings

Socioeconomic Indicators

	LRG	Country
Population, 2017 (m)	0.4	66.5
2012-2017 average annual population growth (%)	0.5	0.4
Median income, 2017 (EUR)	23,160	21,730
Unemployment rate, 3Q20	7.1	8.9
Poverty rate, 2018 (%)	10.0	14.7

Source: Fitch Ratings, Insee

Risk Profile: High Midrange

Fitch assessed Savoie's risk profile at 'High Midrange', reflecting the following combination of assessments:

Savoie – Risk Profile Assessment

Risk profile	Revenue robustness	Revenue adjustability	Expenditure sustainability	Expenditure adjustability	Liabilities & liquidity robustness	Liabilities & liquidity flexibility
High midrange	Stronger	Midrange	Midrange	Midrange	Stronger	Stronger

Source: Fitch Ratings

Revenue Breakdown, 2020

	Operating revenue (%)	Total revenue (%)
Property tax	19	-
Property transfer duties	26	-
Corporate value-added tax (CVAE)	7	-
Fuel tax	4	-
Tax on insurance contracts	15	-
Transfers	21	-
Other	7	-
Operating revenue	100	94
Financial revenue	-	0
Capital revenue	-	5

Source: Fitch Ratings, Savoie

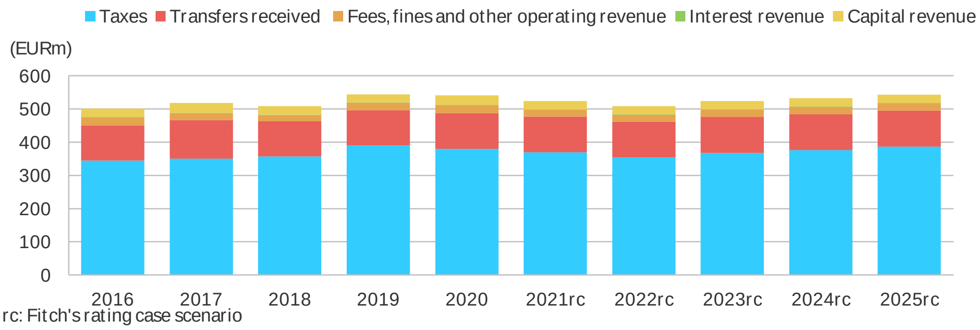
Revenue Robustness: Stronger

Savoie benefits from robust revenue, mainly comprising predictable and growing tax items and stable resources transferred by the French state. The latter include the transfers and the fuel tax whose proceeds are mostly guaranteed by the French state and have a low counterparty risk due to the high sovereign rating.

Property transfer duties (26% of operating revenue in 2020) are the main source of potential volatility as they are linked to real-estate transactions. They grew by 66% in 2015-2019, to a high of EUR143 million in 2019 (including about EUR6 million of exceptional proceeds) from EUR86 million in 2015, before remaining a high level of EUR135 million in 2020, despite the pandemic and related containment measures. In 2021, proceeds are likely to exceed their 2019 levels as they were up 9% compared to 2019 levels at end-May. We factor the potential volatility of this tax item into our rating case.

As of 2021, about 25% of Savoie's operating revenue will be linked to GDP growth, including the CVAE and VAT. CVAE proceeds are driven by local companies' value-added, recorded one or two years earlier. We expect them to decline by 10%-15% in 2021-2022, before rebounding in 2023. VAT revenue is driven by consumption at the national level and we expect proceeds to steadily grow in the coming years. Departments will also benefit from a minimum level of proceeds guaranteed by the French state (the amount of property tax received in 2020).

Revenue Structure



rc: Fitch's rating case scenario
Source: Fitch Ratings, Savoie

Revenue Adjustability: Midrange

As with other French departments, Savoie's share of property tax has been replaced by a share of VAT to be collected nationally from 2021. As a result, the department has lost almost all of its fiscal flexibility, although it keeps its rate-setting power over marginal tax items, such as the development tax, which represented only 2% of operating revenue in 2020. Additional revenue from a tax increase would be low compared to any reasonable decline in revenue we could expect in an economic downturn.

However, we believe that French departments benefit from cost pass-through mechanisms with the state as their counterparty: they are responsible for public policies decided at the national level, especially for social spending, and tend to receive greater financial support from the French state when costs increase. Fitch expects the state to continue supporting the departments if the latter face a sustained increase in social spending, and the full removal of their fiscal flexibility would make support from the state even more likely, in our view.

The support mechanisms from the state were insufficient to cover a spending increase in the past and do not benefit from a constitutional guarantee. A 'Stronger' assessment of the rating factor is therefore ruled out. However, the record of financial support and our expectation that such support would continue in case of need justify, in our view, a 'Midrange' assessment of the factor for all French departments.

Expenditure Sustainability: Midrange

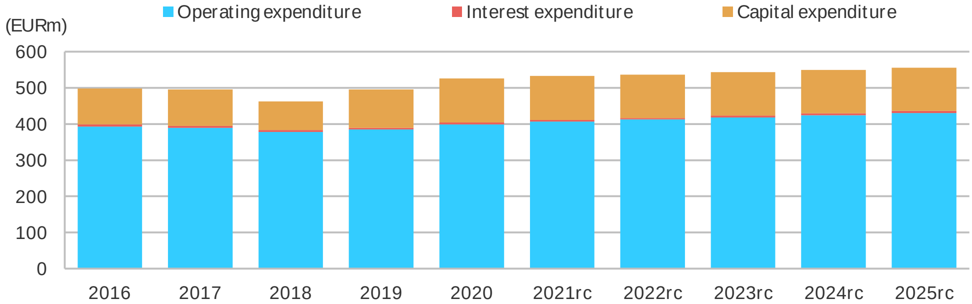
Savoie exercises good control over its operating expenditure. Between 2015 and 2020, operating expenditure grew by 0.4% a year on average (including the transfer of transportation competencies to the region in 2017-2018), below the 1.3% growth in operating revenue.

Social spending was the main driver of opex growth, especially subsidies to those on low incomes (social benefits or RSA; up 4.2% a year on average in 2015-2019), to the elderly (up 2.2%) and the disabled (up 2.8%). However, staff costs and goods services increased by only 0.9% and 0.3% a year on average, respectively, in this period.

In 2020, opex grew by a high 3.8%, which included exceptional spending linked to the pandemic (financing of health equipment and masks, support to municipalities and middle-schools, pandemic-related bonuses for staff), in addition to the sharp 7% increase in social benefits.

As for other departments, a large share of Savoie's expenditure depends on national decisions, notably for spending linked to social action, which limits its control. This spending includes social benefits, which is a countercyclical item that tends to grow when unemployment rises, and which we expect to have increased significantly in 2020-2021 due to pandemic-related economic recession. However, the weight of this spending item remains moderate in the department's budget in comparison with the average of French departments (9% of operating spending in 2020 versus close to 17% on average).

Expenditure Structure



rc : Fitch's rating case scenario
Source: Fitch Ratings, Savoie

Expenditure Breakdown, 2020

	Opex (%)	Total expend-iture (%)
Social benefits	9	-
Other social subsidies	14	-
Social accomodatino fees	22	-
Staff costs	25	-
Goods and services	9	-
Other	22	-
Operating expenditure	**100**	**76**
Financial charges	**-**	**1**
Capital expenditure	**-**	**23**

Source: Fitch Ratings, Savoie

Expenditure Adjustability: Midrange

Savoie's operating expenditure is fairly rigid, mainly comprising mandatory current transfers, including social subsidies (25% of operating spending in 2020), social accommodation fees (22%), transfer to middle schools, or transfer to the fire brigade. Staff costs are also a rigid spending item as most of the department's employees have the status of civil servants. Cost-cutting measures remain possible, as evidenced by the good control exercised by the department over operating spending in recent years.

The department has more flexibility over its capital expenditure programme as a significant share may be postponed in case of need. The share of capex in total expenditure is high for a French department, at 23% in 2020 versus an average of around 15% for other French departments. This reflects the geographical features of the department, which has a very large road network. Overall, we estimate the share of non-flexible items to be between 70% and 90% of total spending.

Fitch assesses the budget balance rule that applies to French LRGs as a 'Midrange' attribute. French LRGs must cover operating expenditure by operating revenue, with a good record of application. However, they can increase their level of debt to finance investments.

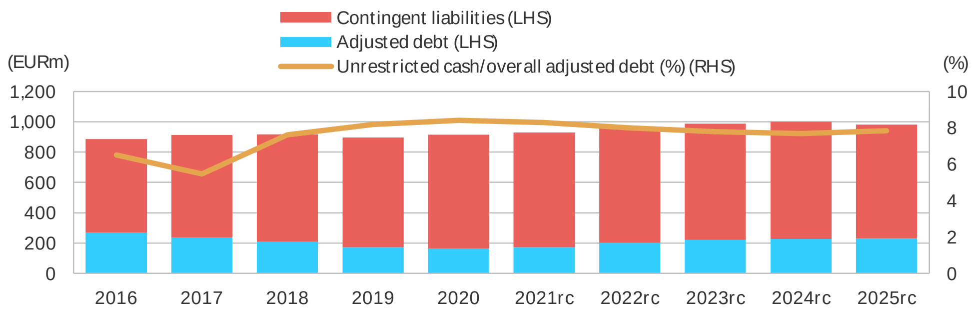
Liabilities and Liquidity Robustness: Stronger

Savoie operates under a robust national framework, which includes a transparent risk assessment of different types of debt products and limits the level of guarantees. At end-2020, Savoie's carried little risk: 85% of the debt was fixed-rate and the rest was linked to eurozone indexes, while 98% was considered risk-free under national regulation.

Debt service is structurally well-covered by the operating balance (2020: 4.6x). The department's debt amortisation profile is fairly smooth until 2028, with an annual average capital repayment of EUR11 million, and shows peaks in 2029 and 2031 due to some private placements issued. However, the risk of bullet repayments is mitigated, in Fitch's view, by the modest amount of these maturities in absolute terms and as a proportion of Savoie's operating balance.

Off-balance sheet liabilities (guarantees plus public-sector entities' debt) are significant and represented 5x the department's operating balance in 2019. However, 91% was related to the low-risk social housing sector, especially OPAC (67% of total contingent liabilities) that has sound debt ratios.

Overall Adjusted Debt Structure



rc: Fitch's rating case scenario
Source: Fitch Ratings, Savoie

Liabilities and Liquidity Flexibility: Stronger

Fitch considers that there is a strong framework for emergency liquidity support from the state. There is cash-pooling between French LRGs and the state because their liquidity is deposited at the national Treasury. French LRGs may benefit from cash advances from the state in case of need as the latter may transfer to some tax items proceeds in advance. This limits the risk of liquidity shortfall. The counterparty risk of this mechanism is low due to the sovereign's high rating (AA/Negative).

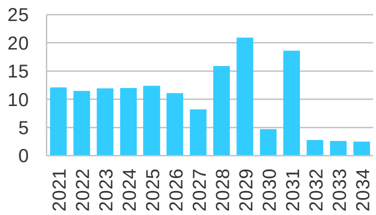
Debt Analysis

	End-2020
Fixed rate (% of direct debt)	85
Short-term debt (% of direct debt)	0
Apparent cost of debt, Fitch-calculated (%)	2.7
Average maturity (year)	8
Debt service (2020, EURm)	25
Operating balance (2020, EURm)	112

Source: Fitch Ratings, Savoie

Debt Amortisation Schedule 2021-2024 – Capital Repayments

(EURm)



Source: Fitch Ratings, Savoie

Liquidity

(EURm)	End-2020
Available cash	87
Unrestricted cash[a]	77
Undrawn committed credit lines	38

[a] See Appendix C
Source: fitch Ratings, Savoie

The department also has abundant access to liquidity under various forms, including EUR38 million from committed lines contracted with counterparties rated in the 'A' category. Like other French LRGs, the department also has access to some institutional lenders, especially the Caisse des Depots et Consignations (CDC; AA/Negative), which may support them in case of denied access to commercial banks.

Debt Sustainability: 'aaa'

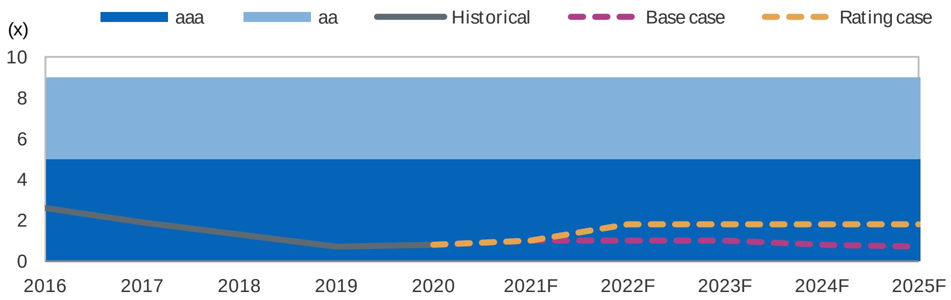
Savoie - Debt Sustainability Assessment

	Primary metric	Secondary metrics	
	Payback (x)	Coverage (x)	Fiscal debt burden (%)
aaa	X ≤ 5	X >= 4	X ≤ 50
aa	5 < X ≤ 9	2 ≤ X < 4	50 < X ≤ 100
a	9 < X ≤ 13	1.5 ≤ X < 2	100 < X ≤ 150
bbb	13 < X ≤ 18	1.2 ≤ X < 1.5	150 < X ≤ 200
bb	18 < X ≤ 25	1 ≤ X < 1.2	200 < X ≤ 250
b	X > 25	X < 1	X > 250

Source: Fitch Ratings

We assess Savoie's debt sustainability in the 'aaa' category. In our rating-case scenario, we expect the payback ratio to be close to 2x in 2025 (2020: 0.8x), the coverage ratio (our synthetic ratio calculation) around 7x, and the fiscal debt burden at around 30%.

Payback Ratio - Fitch's Base and Rating Case Scenarios



Source: Fitch Ratings, Savoie

Fitch's rating-case scenario ends in 2025 and is based on the assumptions below.

Fitch's Base and Rating Case - Main Assumptions

		2021-2025rc CAGR	
	2015-2020 CAGR	Base case	Rating case
Operating revenue growth (%)	1.3	0.8	0.2
Tax revenue growth (%)	2.0	1.0	0.4
Transfers received growth (%)	-1.1	0.0	0.0
Operating expenditure growth (%)	0.4	1.5	1.5
Net capital expenditure (average per year; EURm)	-75	-91	-91
Apparent cost of debt (%), 2020	2.7	2.5	2.4

rc: Fitch rating-case scenario
Source: Fitch Ratings

Debt Sustainability Ratios – Fitch's Rating Case Scenario

	2020	2025rc
Payback (x)	0.8	1.8
Synthetic coverage (x)	15.8	7.1
Fiscal debt burden (%)	17	30

rc: Fitch's rating case
Source: Fitch Ratings, Savoie

Debt Sustainability Ratios:

- **Payback:** Net adjusted debt/Operating balance (x)
- **Synthetic coverage:** Operating balance/mortgage style debt annuity; Fitch's synthetic calculation (x; see *Appendix C*)
- **Fiscal debt burden:** net adjusted debt/operating revenue (%)

Exceptionally Strong Debt Ratios

Savoie has exceptionally strong debt sustainability metrics with a payback ratio below 1x in 2020 and a coverage ratio (Fitch's synthetic calculation) close to 16x. These ratios remained fairly stable in 2020 as the decline in the operating balance triggered by the pandemic was offset by a decrease in net adjusted debt.

The operating balance declined to EUR112 million in 2020 from EUR134 million in 2019. Operating revenue decreased by 1.5%, driven by a 6% decline in property transfer duties (-2%, adjusted from exceptional items in 2020), while opex grew by 3.8%, driven by social benefits and one-off items (see above).

In our rating-case scenario, the operating balance varies by EUR75 million-90 million in 2021-2025. This is due to assumptions including a 20% drop in property transfer duties in 2022 and a rebound towards EUR115 million-120 million in 2025 (2020: EUR135 million). However, in our rating-case scenario, the payback ratio will remain very low, below 2x.

High Capex Programme

We expect Savoie to maintain a large capex programme in the coming years, especially in relation to middle schools' infrastructure and road maintenance. In our rating-case scenario, we expect the department to have capex of about EUR115 million a year on average in 2021-2025, equivalent to 20%-25% of total expenditure, and the capital balance to be close to –EUR90 million a year.

Accordingly, in our scenario, the department's net adjusted debt will grow to around EUR150 million at end-2025, from EUR86 million at end-2020. Much will depend on the evolution of operating revenue, and especially that of property transfer duties.

Sovereign Cap

Savoie's final rating is capped by the sovereign rating (AA/Negative). French LRGs may not be rated above the sovereign. This reflects the high influence the French state has on the LRGs' responsibilities and finances. The other rating factors are neutral to Savoie's ratings.

From SCP to IDR: Factors Beyond the SCP

		Support						
SCP	Sovereign Rating	Intergovern. Financing	Ad-hoc Support	Floor	Asymmetric Risks	Cap	Notches above the Sovereign	IDR
aaa	AA	-	-	-	-	AA	-	AA

Source: Fitch Ratings

Fitch believes that the department benefits from good governance, reflected in tight expenditure control and prudent debt management. The considerations relating to governance are especially reflected in our 'Strong' assessment of 'Liability and liquidity robustness', and our rating-case assumption relative to the evolution of operating expenditure. It is also taken into account in our 'Midrange' assessment of the 'Expenditure sustainability' rating factor; the assessment also factors in the department's expenditure structure, which includes some countercyclical items.

Savoie's socioeconomic profile directly affects the department's debt sustainability ratios. The lower-than-average unemployment and poverty rate translate to a low share of social benefits in operating spending, compared to other French departments, while the strong real-estate market, including high-profile ski resorts, translates into a high level of proceeds from property transfer duties. This supports the department's sound operating performance.

Savoie is also characterised by a high share of secondary residences (37% in 2017 versus 10% on average in France) and this market tends to be more volatile than that of primary homes. This translates into a higher stress applied on property transfer duties in our rating-case scenario.

Peer Analysis

Savoie has the same risk profile as other French departments, assessed at 'High Midrange'. Its debt sustainability metrics are close to that of Haute-Savoie, which has also an SCP of 'aaa', and significantly lower than that of other French departments.

Peer Comparison

French departments	Risk profile	Payback, 2025rc (x)	SCP	IDR	Outlook
Savoie	High midrange	1.8	aaa	AA	Negative
Bouches-du-Rhône	High midrange	9.1	aa-	AA-	Stable
Essonne	High midrange	8.7	aa-	AA-	Stable
Haute-Savoie	High midrange	1.2	aaa	AA	Negative
Puy-de-Dôme	High midrange	6.0	aa+	AA	Negative
International Peers					
City of Barcelona	High midrange	3.6	aaa	A-	Stable
City of Milan	Midrange	8.4	a-	BBB-	Stable
City of Warsaw	High midrange	6.4	aa	A-	Stable

Source: Fitch Ratings

ESG Considerations

Savoie has more exposure to climate change than other Fitch-rated French departments as its economy has a large exposure to tourism, driven by a very large number of ski resorts (58 in 2020). However, it includes some of the largest and highest resorts in Europe, limiting the risk of a lack of snow in our rating horizon.

Unless otherwise disclosed in this section, the highest level of ESG credit relevance is a score of '3'. This means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. For more information on our ESG Relevance Scores, visit https://www.fitchratings.com/site/esg.

Appendix A: Financial Data

Savoie

(EURm)	2017	2018	2019	2020	2021rc	2025rc
Taxes	350	357	390	380	369	387
Transfers received	116	106	106	108	108	108
Fees, fines and other operating revenue	21	19	23	23	20	22
Operating revenue	**488**	**482**	**519**	**511**	**498**	**518**
Operating expenditure	-389	-378	-385	-399	-407	-430
Operating balance	**98**	**103**	**134**	**112**	**91**	**87**
Interest revenue	1	1	1	1	1	1
Interest expenditure	-6	-5	-5	-4	-4	-6
Current balance	**94**	**99**	**130**	**108**	**88**	**82**
Capital revenue	29	26	24	29	25	25
Capital expenditure	-101	-79	-106	-122	-122	-110
Capital balance	**-72**	**-53**	**-82**	**-93**	**-97**	**-85**
Total revenue	518	508	544	541	524	543
Total expenditure	-496	-462	-495	-526	-533	-546
Surplus (deficit) before net financing	**22**	**46**	**48**	**15**	**-9**	**-3**
New direct debt borrowing	0	0	0	12	21	24
Direct debt repayment	-30	-28	-37	-20	-12	-21
Net direct debt movement	-30	-28	-37	-8	9	3
Overall results						
Debt						
Short-term debt	0	0	0	0	0	0
Long-term debt	234	206	169	159	168	225
Intergovernmental debt	0	0	0	0	0	0
Direct debt	**234**	**206**	**169**	**159**	**168**	**225**
Other Fitch-classified debt	4	3	5	5	5	5
Adjusted debt	**238**	**209**	**173**	**163**	**173**	**230**
Guarantees issued (excluding adjusted debt portion)	515	530	536	546	552	575
Majority-owned GRE debt and other contingent liabilities	160	177	186	204	204	204
Overall adjusted debt	**913**	**916**	**886**	**914**	**928**	**1,008**
Total cash, liquid deposits, and sinking funds	70	83	94	87	87	87
Restricted cash	21	13	20	10	10	10
Unrestricted cash	50	70	73	77	77	77
Net adjusted debt	**188**	**139**	**100**	**86**	**96**	**153**
Net overall debt	**863**	**846**	**823**	**837**	**852**	**931**

rc: Fitch's rating case scenario (see Debt Sustainability: 'aaa'). The last year of the rating-case scenario is 2025
Source: Fitch Ratings, Savoie

Appendix B: Financial Ratios

Savoie

Fiscal performance ratios	2017	2018	2019	2020	2021rc	2025rc
Operating balance/operating revenue (%)	20.2	21.5	25.8	21.9	18.3	16.9
Current balance/current revenue (%)	19.2	20.6	25.1	21.2	17.7	15.9
Operating revenue growth (annual % change)	2.6	-1.2	7.8	-1.5	-2.6	2.2
Operating expenditure growth (annual % change)	-1.0	-2.8	1.8	3.8	1.8	1.4
Surplus (deficit) before net financing/total revenue (%)	4.2	9.1	8.9	2.8	-1.8	-0.5
Total revenue growth (annual % change)	3.4	-1.8	6.9	-0.4	-3.3	2.1
Total expenditure growth (annual % change)	-0.5	-6.8	7.2	6.2	1.4	1.1
Debt ratios - type B						
Primary metrics						
Payback ratio (x)	1.9	1.3	0.7	0.8	1.0	1.8
Overall payback ratio (x)	8.8	8.2	6.1	7.5	9.3	10.7
Secondary metrics						
Fiscal debt burden (%)	39	29	19	17	19	30
Synthetic debt service coverage ratio (x)	6.6	9.3	16.5	15.8	11.9	7.1
Actual debt service coverage ratio (x)	2.7	3.1	3.2	4.6	5.7	3.2
Other debt ratios						
Liquidity coverage ratio (x)	4.3	4.6	4.9	7.5	10.5	6.1
Direct debt maturing in one year/total direct debt (%)	7.0	7.8	7.2	7.6	-	-
Direct debt (annual % change)	-11.4	-12.1	-17.9	-6.0	5.9	1.2
Apparent cost of direct debt (interest paid/direct debt) (%)	2.3	2.4	2.6	2.7	2.5	2.5
Revenue ratios						
Tax revenue/total revenue (%)	67.6	70.2	71.7	70.1	70.5	71.2
Current transfers received/total revenue (%)	22.4	20.8	19.5	20.0	20.7	20.0
Interest revenue/total revenue (%)	0	0	0	0	0	0
Capital revenue/total revenue (%)	5.6	5.1	4.4	5.4	4.8	4.6
Expenditure ratios						
Staff expenditure/total expenditure (%)	19.7	21.2	20.1	19.3	-	-
Current transfers made/total expenditure (%)	52.7	53.1	50.6	50.0	-	-
Interest expenditure/total expenditure (%)	1.2	1.1	1.0	0.8	0.7	1.0
Capital expenditure/total expenditure (%)	20.4	17.0	21.4	23.2	22.9	20.2

rc: Fitch's Rating-case scenario (see Debt Sustainability: 'aaa'). The last year of the rating-case scenario is 2025
Source: Fitch Ratings, Savoie

Appendix C: Data Adjustments

Net Adjusted Debt Calculation

Fitch's adjusted debt includes Savoie's short-term and long-term debt (EUR159 million), as well as the "other Fitch-classified debt" items (EUR4.5 million). The latter is made of the fire brigades' debt covered by the department. Fitch's net adjusted debt corresponds to the difference between Fitch's adjusted debt and the cash at the end of the year that Fitch considers to be unrestricted (EUR77 million).

The department's available cash was EUR87 million at end-2020. Fitch considers that EUR10 million was restricted and not available for debt service, which corresponds to the gap between receivable (EUR18 million) and non-financial short-term liabilities (EUR28 million).

Synthetic Coverage Calculation

Fitch's synthetic coverage calculation assumes a mortgage-style amortisation over 15 years of the entity's net adjusted debt, using its average cost of debt. This synthetic calculation is used to assess the French LRGs' debt sustainability.

The ratings above were solicited and assigned or maintained at the request of the rated entity/issuer or a related third party. Any exceptions follow below.