

# Five Potential Ways to Boost your Credit Rating

1.

## Make Long-term Planning a Priority

Financial planning is described by Standard and Poor’s as one of the top management characteristics of highly rated credits<sup>1</sup>. The forward-looking nature of credit ratings requires municipalities to be transparent with anticipated challenges, and discuss plans for tackling them.

2.

## Allocate and Maintain Fund Balance Appropriately

Rating agencies consider fund balance a measure of a municipality’s financial flexibility to meet essential services during periods of limited liquidity. A deteriorating fund balance can cause a sharp drop in an issuer’s rating, making it one of the most critical components to monitor.



## Best Practices in Fund Balance

Learn what constitutes an appropriate fund balance and the benefits of maintaining accessible funds.

**Download the Resource**

<https://synopsis.pfm.com/resources>

1. "Top 10 Management Characteristics of Highly Rated Credits in U.S. Public Finance," Standard & Poors. July 26, 2010 <http://www.ncsl.org/portals/t/documents/fiscal/top10management.pdf>



3.

## Distinguish between Conservative Budgeting Practices and Fiscal Challenges

Taking a conservative approach to budgeting is generally favored by rating agencies, but this may give an inaccurate impression about municipalities' projected growth. It's important to identify true fiscal challenges and a long-term plan for addressing them.

## Ensure Key Metrics Comply with Rating Agency Expectations

4.

Credit ratings are driven by quantitative analysis - certain metrics and ratios are indicators of local governments' financial stability. Maintaining awareness of policy targets or published medians of certain key metrics can serve as a guidepost for future planning.


5.

## Enact Effective Policies and Procedures

Rating agencies place significant emphasis on sound financial policies and plans. The Synopsis platform provides the ability to efficiently build and communicate integrated financial plans, which is critical for municipalities looking to receive favorable valuations from credit rating agencies.

### Learn More about Synopsis

To schedule a personalized demo, reach out to:

 1-800-335-1243

 [SynopsisDemo@pfm.com](mailto:SynopsisDemo@pfm.com)

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