



# Pennsylvania Local Governments Credit Rating Process

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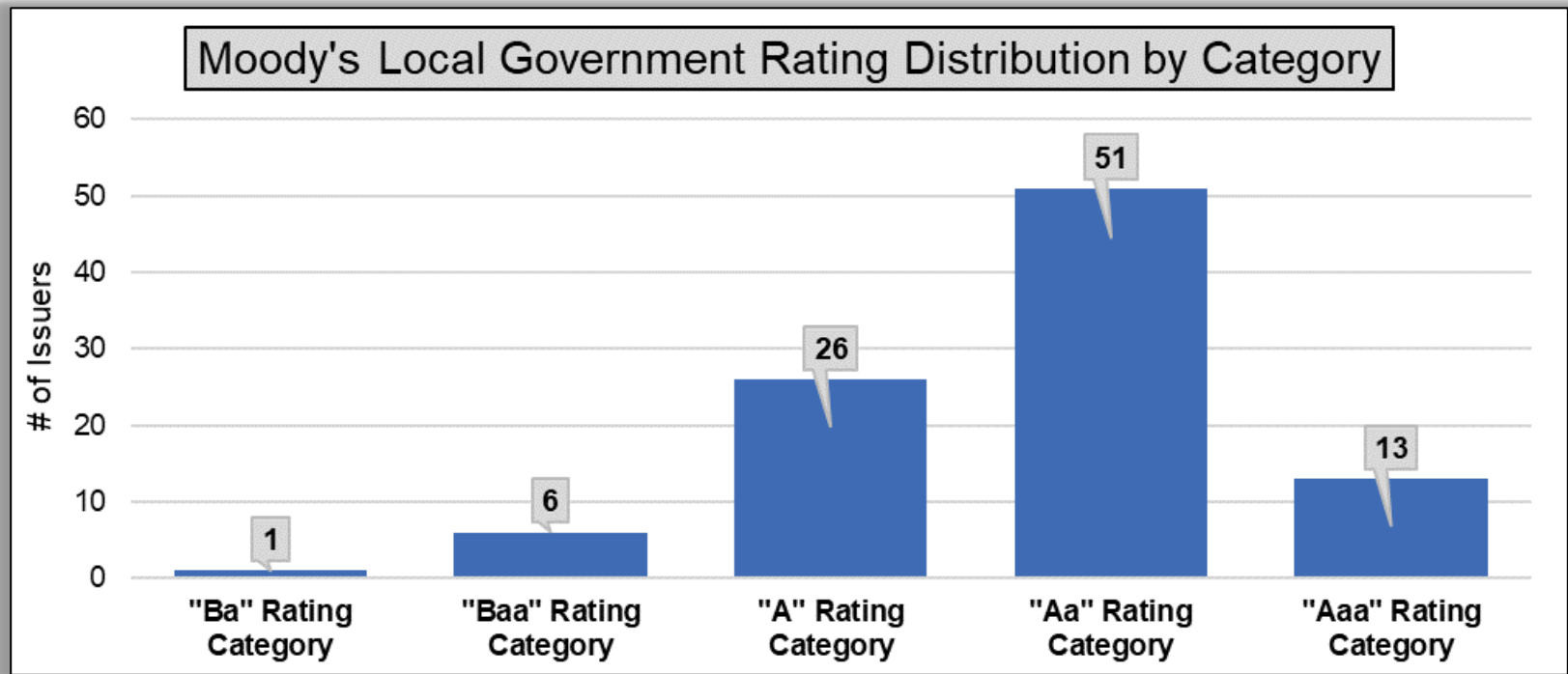
# Credit Rating Basics

- ◆ **What is a credit rating?** A credit rating is simply an opinion on the ability of a borrower to repay an obligation.
- ◆ **Why do we need one?** To attract and secure investors. Unless an issuer cannot achieve an investment grade rating, a rating is considered obligatory for the sale of any major bond issue.

DESCRIPTION	MOODY'S	S&P/FITCH		
<b>Strongest</b>	Aaa	AAA	} <b>Investment Grade</b>	
<b>Very Strong</b>	Aa1/Aa2/Aa3	AA+/AA/AA-		
<b>Above-Average</b>	A1/A2/A3	A+/A/A-		
<b>Average</b>	Baa1/Baa2/Baa3	BBB+/BBB/BBB-		
<b>Below-Average</b>	Ba1/Ba2/Ba3	BB+/BB/BB-	} <b>Junk Bonds</b>	
<b>Weak</b>	B1/B2/B3	B+/B/B-		
<b>Very Weak</b>	Caa1/Caa2/Caa3	CCC+/CCC/CCC-		
<b>Extremely Weak</b>	Ca	CC		
<b>Default</b>	C	D		



# Credit Rating Distribution (Moody's)

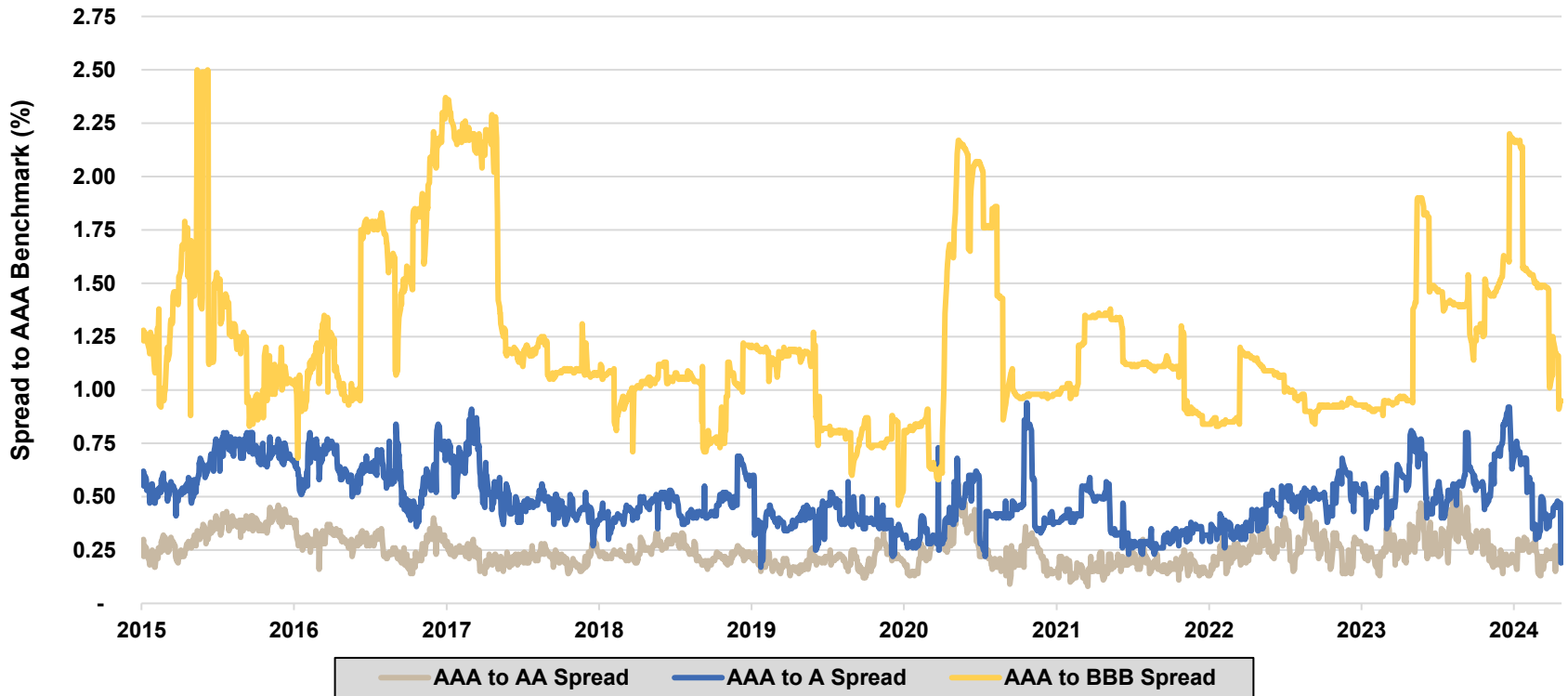




# The Value of a Strong Credit Rating

- ◆ Strong credit ratings will result in lower cost of borrowing.

Long-Term Municipal G.O. Credit Spreads\*



\*Based on the 10-year BVAL Spot Rate



# Underlying Rating and Enhanced Rating

## Underlying Rating

- ◆ Evaluation of the stand-alone credit quality of the issuer.
- ◆ Subject to rating criteria and rating process.

## Enhanced Rating

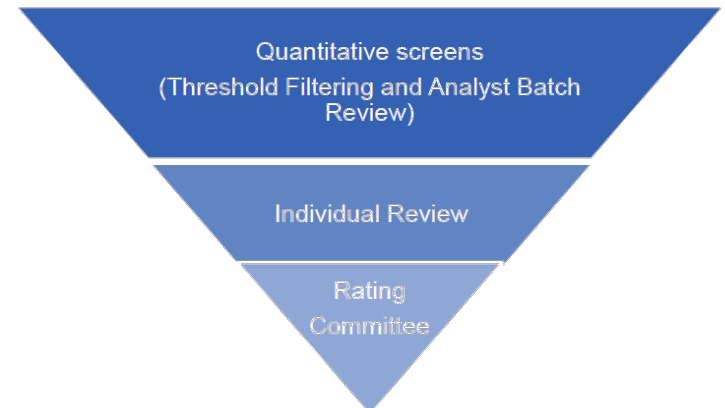
- ◆ Insurance (Build America Municipal & Assured Guarantee).
  - Bond insurance may be purchased for an upfront fee which varies based on credit quality.
- ◆ Rating based on the Municipal Insurance Company's rating ("AA" rated).
  - In recent years, issuers in the "AA" rating category typically do not see value in obtaining bond insurance.



# Timing and Selection of Ratings

The bond rating process will typically occur:

- ◆ When new bonds are issued
  1. Analysis of sale-related documents; legal information; audited financial data; debt and pension information; operating budgets; and capital improvement plans.
  2. Discussions between the rating analyst(s) and the issuer.
  3. Rating committee determines the rating outcome, publishes the rating and the credit opinion report.
- ◆ When the rating agency is in the process of surveilling the rating





## Preparing for a Rating Call

- ◆ After a Rating Agency has reviewed the sale-related documents or surveillance information gathered, they will circulate a list of questions ahead of the rating call
- ◆ Review the list of questions / create a rating presentation, if deemed necessary
  - Pressure for a rating upgrade, attempting to fend off a downgrade, undertaking a large capital plan, large and material changes to the local economy or governance are some examples of when a presentation may be warranted.
- ◆ Strongly recommended to include your financial advisor on any rating call, as they can help direct questions and/or responses to the rating analyst questions
- ◆ Have a pre rating call discussion with your financial advisor to make you are comfortable with each rating agency question provided
- ◆ Consider whether any responses include material, non-public information



# Credit Rating Considerations

## What do rating agencies look for?

### ◆ History of Strong Management

- Track record of making tough decisions during challenging fiscal times
- Documented Good Management Policies and Practices

### ◆ Diverse Economy

- A broad economic base that can withstand economic downturns
- Demonstrated tax base stability

### ◆ Sound financial position with strong reserves

- Financial flexibility to address unforeseen circumstances

### ◆ Manageable Debt Burden

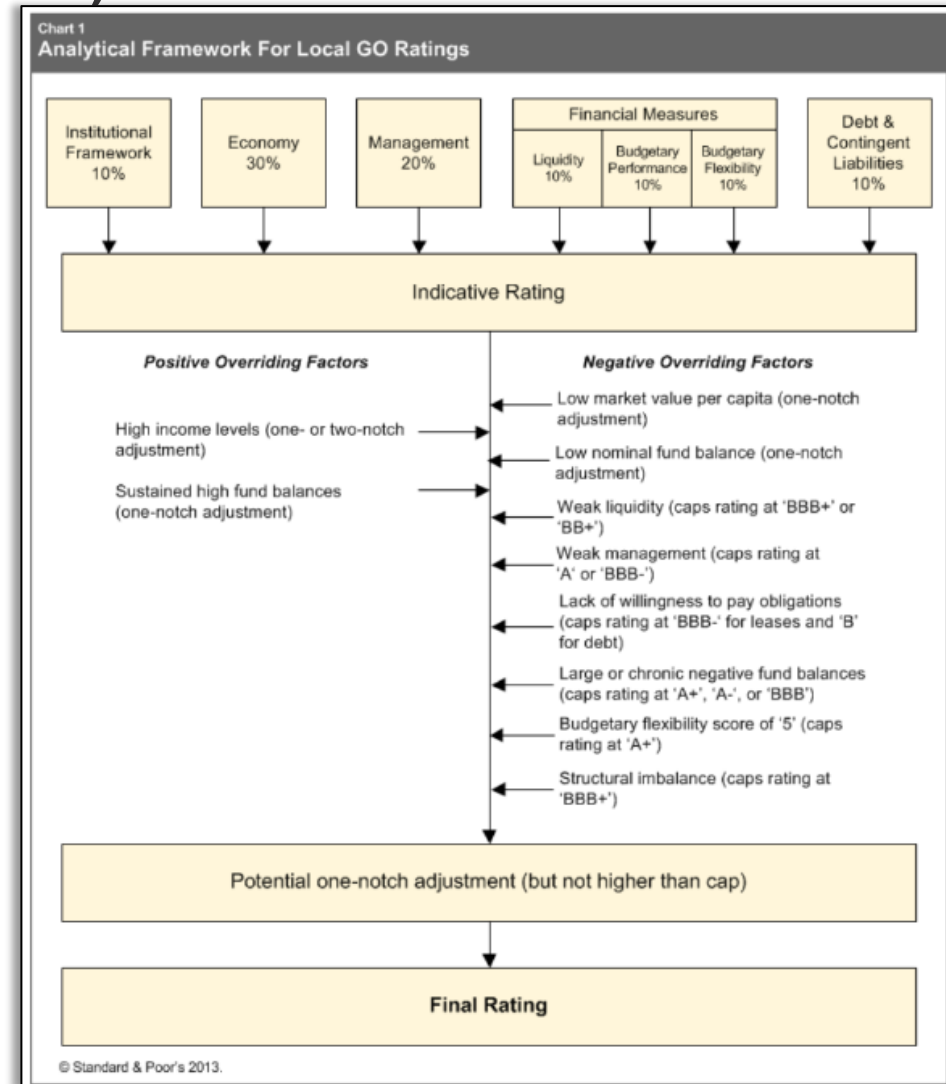
- Debt service as percent of operating expenditures
- Rapid amortization of debt





# Credit Rating Scorecards (S&P)

- ◆ S&P's rating methodology evaluates the credit quality of an issuer with a scorecard that provides guidance based on what they consider the most important credit factors.





# Credit Rating Scorecards (Moody's)

- Similar to S&P's scorecard, Moody's considers the local economy, financial performance, and leverage in determining their rating, however, they place different weights on different metrics and do not have a separate rating category for management.

EXHIBIT 1 US Cities and Counties Scorecard Overview			
Factor	Factor Weighting*	Sub-factor	Sub-factor Weighting
Economy	30%	Resident Income (MHI Adjusted for RPP / US MHI)†	10%
		Full Value per Capita (Full Valuation of Tax Base / Population)	10%
		Economic Growth (Difference Between Five-Year Compound Annual Growth in Real GDP and Five-Year CAGR in Real US GDP) ‡	10%
Financial Performance	30%	Available Fund Balance Ratio (Available Fund Balance + Net Current Assets / Revenue)	20%
		Liquidity Ratio (Unrestricted Cash / Revenue)	10%
Institutional Framework	10%	-- **	10%
Leverage	30%	Long-term Liabilities Ratio (Debt + ANPL + Adjusted Net OPEB + Other Long-Term Liabilities) / Revenue)††	20%
		Fixed-Costs Ratio (Adjusted Fixed Costs / Revenue)	10%
<b>Total</b>	<b>100%</b>		<b>100%</b>
<b>Preliminary Outcome</b>			
Notching Factor			Notching Range
Additional Strength in Local Resources			0 to +2
Limited Scale of Operations			-1 to 0
Financial Disclosures			-2 to 0
Potential Cost Shift to or from the State			-1 to +1
Potential for Significant Change in Leverage			-2 to +1.5



## Economy/ Tax Base (30%) (Moody's Scorecard)

Sub-factor	Sub-factor Weight	Aaa	Aa	A	Baa	Ba	B	Caa	Ca
Resident Income (MHI Adjusted for RPP / US MHI)* <sup>1</sup>	10%	≥ 120%	100 - 120%	80 - 100%	65 - 80%	50 - 65%	35 - 50%	20 - 35%	< 20%
Full Value per Capita (Full Valuation of the Tax Base / Population) <sup>2</sup>	10%	≥ \$180,000	\$100,000 - \$180,000	\$60,000 - \$100,000	\$40,000 - \$60,000	\$25,000 - \$40,000	\$15,000 - \$25,000	\$9,000 - \$15,000	< \$9,000
Economic Growth (Difference Between Five-Year Compound Annual Growth in Real GDP and Five-Year CAGR in Real US GDP) <sup>3</sup>	10%	≥ 0	(1)% - 0	(2.5) - (1)%	(4.5) - (2.5)%	(7) - (4.5)%	(10) - (7)%	(15) - (10)%	< (15)%

### ◆ Economy

- Broad economic base that can withstand economic downturns
- Character and diversity of largest employers
- Current and Projected Development

### ◆ Wealth Indicators

- Per Capita Property Values
- Per Capital & Per Household Income levels

### ◆ Employment Conditions

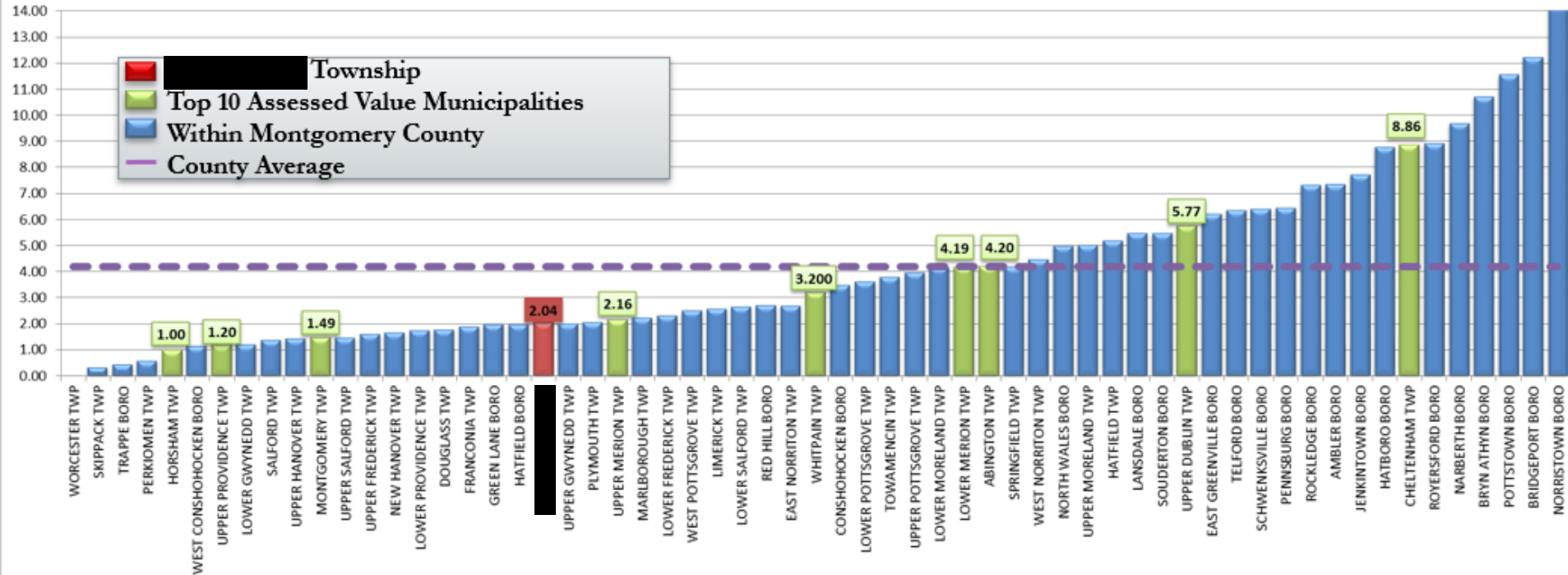
- Percentage Unemployment
- Comparison to State and National Averages

### ◆ Tax Base

- Demonstrated tax base stability & growth trend
- Concentration or diversity of tax base (by sector & property type)
- Concentration or diversity of largest taxpayers
- Future Growth Opportunity (% built out vs open space)
- Significant tax appeals



# Economy/ Tax Base – Sample Illustration



Type	2017 Assessed Value	% of Total
Residential	\$1,257,461,967	72.51%
Commercial	\$337,157,801	19.44%
Agriculture	\$67,229,410	3.88%
Trailers	\$0	0.00%
Lots	\$12,455,460	0.72%
Land	\$1,469,450	0.08%
Industrial	\$58,468,463	3.37%
<b>Total</b>	<b>\$1,734,242,551</b>	<b>100.00%</b>



# Economy/ Tax Base – Sample Illustration

Entity	Status	Real Estate Tax *
<i>Developer 1</i>	Complete	\$94,195
<i>Developer 2</i>	Complete	\$6,548
<i>Developer 3</i>	Complete	\$32,758 (Fee in Lieu)
<i>Developer 4</i>	Complete	\$16,410
<i>Developer 5</i>	Complete	\$2,211
<i>Developer 6</i>	Complete	\$5,855
<b>TOTAL</b>		<b>\$157,977</b>

Name	Description	Status
<i>Project 1</i>	223 Town Houses	Homes under Construction 124 U & O's issued to date
<i>Project 2</i>	Phase II- 5 buildings. 54 Apt. Homes 266 units plus skilled nursing & assist. living beds	Approved
<i>Project 3</i>	598 Residential Units/ plus 4 bldgs.	Approved
<i>Project 4</i>	23 Single Family Homes	Close to Completion
<i>Project 5</i>	9 Townhouses & 4 Single Homes	Approved
<i>Project 6</i>	159 Single Family attached dwelling units	Under Construction 46 U & O's issued to date
<i>Project 7</i>	67 Townhouses	Proposed
<i>Project 8</i>	21 Single Family Homes	Under Construction
<i>Project 9</i>	230 Multi-family Units	Proposed



## Economy/ Tax Base – Sample Illustration

Tax	Amount	Max Allowed by Law	Comments
Real Estate – general purpose	1.1000 mills		
Real estate – Fire Equipment & Firehouse	0.5400 mills		
Earned Income (Resident)	0.50% (net)	1.00% total	
Earned Income (Non-Resident)	1.00%	1.00% total	For non-residents working in Twp
Local Service Tax	\$47.00 per year	\$52.00	Anyone employed within Twp
Realty Transfer	0.50% (net)	1.00% total	
Per Capita	\$10.00 Per year	\$10.00 per person over the age of 17 Years	Per person over the age of 17 Years



## Finances (30%) (Moody's Scorecard)

Sub-factor	Sub-factor Weight	Aaa	Aa	A	Baa	Ba	B	Caa	Ca
Available Fund Balance Ratio (Available Fund Balance + Net Current Assets / Revenue) <sup>**4</sup>	20%	≥ 35%	25 - 35%	15 - 25%	5 - 15%	0 - 5%	(5) - 0%	(10) - (5)%	< (10)%
Liquidity Ratio (Unrestricted Cash / Revenue) <sup>**2</sup>	10%	≥ 40%	30 - 40%	20 - 30%	12.5 - 20%	5 - 12.5%	0 - 5%	(5) - 0%	< (5)%

- **Maintain Sound Financial Position and Reserves**

- Financial flexibility to address unforeseen circumstances
- Liquidity levels
- Fund balance (actual & projected) as % of operations

- **Recent & Projected Financial Results**

- Most recent audit will be accepted truth
- Current year budget assumptions & expected results
- Following year's budget & budget assumptions



# Finances – Sample Illustration

Fund as of 12/31/2017	Ending Fund Balance	Total Revenues	As a % of Revenues	Total Expenditures	As a % of Expenditures
1) General Fund	\$11,090,822	\$19,269,243	57.56%	\$17,598,604	63.02%
2) Capital Reserve	\$5,663,059	\$424,645	1,333.60%	\$2,190,010	258.59%
3) Open Space Reserve	\$9,047,885	\$61,408	14,734.05%	\$703,123	1,286.81%
4) Non-Major Funds	\$2,591,846	\$2,893,270	89.58%	\$1,554,422	166.74%
5) <b>Total Governmental Funds</b>	<b>\$28,393,612</b>	<b>\$22,648,566</b>	<b>125.37%</b>	<b>\$22,046,159</b>	<b>128.79%</b>
6) Internal Service	\$140,153	\$421,877	33.22%	\$426,001	32.90%
7) <b>Total Proprietary Funds</b>	<b>\$140,153</b>	<b>\$421,877</b>	<b>33.22%</b>	<b>\$426,001</b>	<b>32.90%</b>
8) <b>Total Funds</b>	<b>\$28,533,765</b>	<b>\$23,070,443</b>	<b>123.68%</b>	<b>\$22,472,160</b>	<b>126.97%</b>

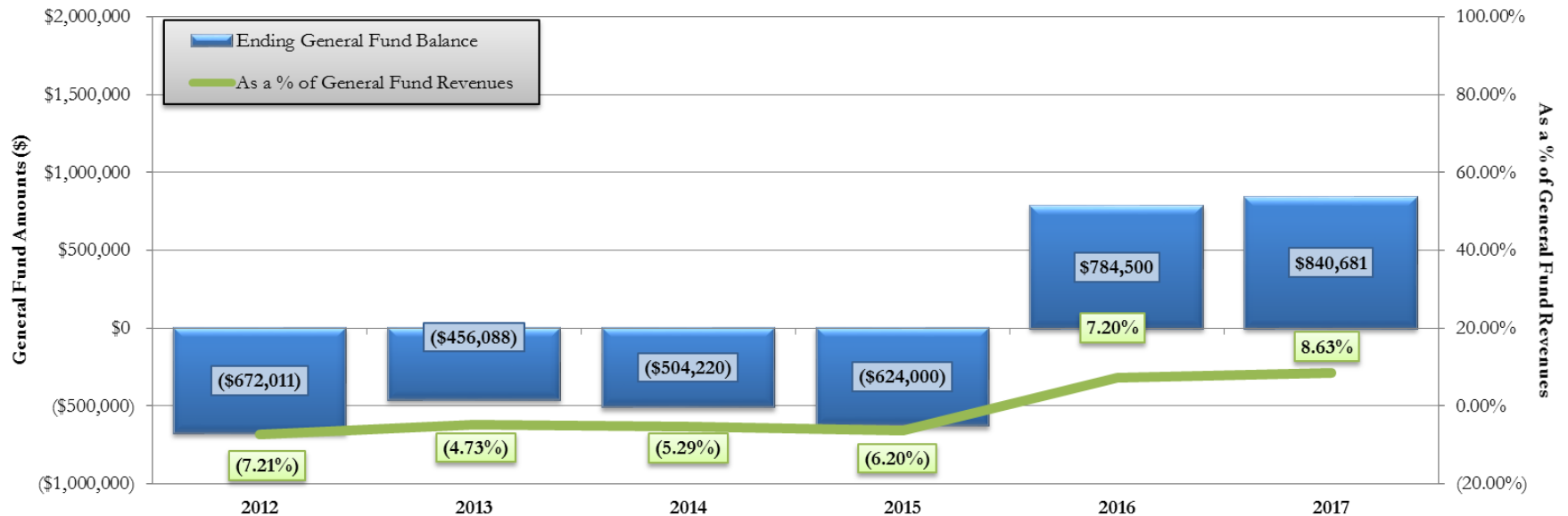
	Township General Fund	2013	2014	2015	2016	2017
1)	Ending General Fund Balance	12,965,515	12,738,437	11,469,133	10,928,908	11,090,822
2)	General Fund Revenues	18,640,106	17,569,402	17,574,431	18,104,072	19,269,243
3)	As a % of Revenues	69.56%	72.50%	65.26%	60.37%	57.56%
4)	Lower Gwynedd Township (Aaa)	45.60%	31.10%	29.80%	40.20%	28.90%
5)	Lower Merion Township (Aaa)	34.90%	35.20%	35.40%	32.50%	33.90%
6)	Upper Merion Township (Aaa)	56.20%	49.60%	48.30%	51.50%	Not Available
7)	Whitpain Township (Aaa)	40.10%	34.40%	41.50%	40.10%	50.30%
8)	Median	42.85%	34.80%	38.45%	40.15%	33.90%
9)	Difference to WT	(26.71%)	(37.70%)	(26.81%)	(20.22%)	(23.66%)
10)	Maximum	56.20%	49.60%	48.30%	51.50%	50.30%
11)	Difference to WT	(13.36%)	(22.90%)	(16.96%)	(8.87%)	(7.26%)





# Finances – Sample Illustration

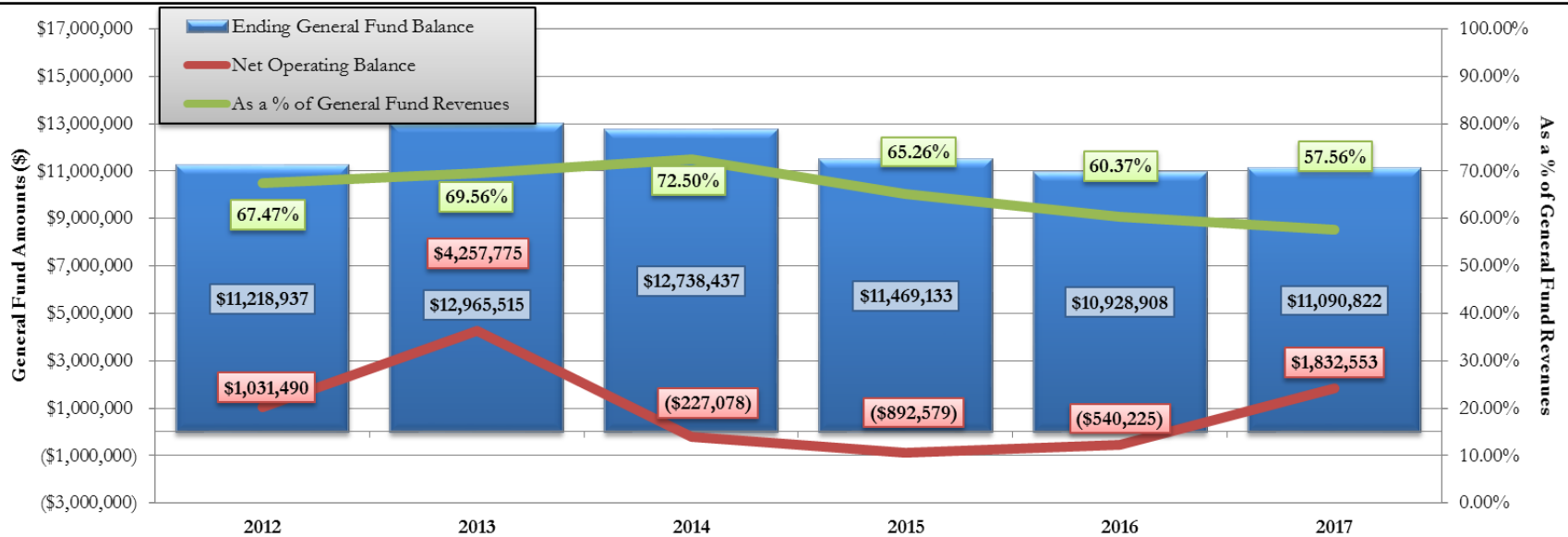
	2012	2013	2014	2015	2016	2017
General Fund Revenues	\$9,315,934	\$9,636,401	\$9,537,769	\$10,069,000	\$10,892,951	\$9,739,076
General Fund Expenditures	\$8,959,008	\$9,420,478	\$9,585,901	\$10,189,000	\$12,466,632	\$9,717,313
Transfer In/(Out)	(\$110,313)	\$0	\$0	\$0	\$2,982,416	\$0
<b>Net Operating Balance</b>	<b>\$246,613</b>	<b>\$215,923</b>	<b>(\$48,132)</b>	<b>(\$120,000)</b>	<b>\$1,408,735</b>	<b>\$21,763</b>
Beginning General Fund Balance	(\$918,624)	(\$672,011)	(\$456,088)	(\$504,220)	(\$624,000)	\$784,500
<b>Ending General Fund Balance</b>	<b>(\$672,011)</b>	<b>(\$456,088)</b>	<b>(\$504,220)</b>	<b>(\$624,000)</b>	<b>\$784,500</b>	<b>\$840,681</b>
<b>As a % of General Fund Revenues</b>	<b>(7.21%)</b>	<b>(4.73%)</b>	<b>(5.29%)</b>	<b>(6.20%)</b>	<b>7.20%</b>	<b>8.63%</b>





# Finances – Sample Illustration

	2012	2013	2014	2015	2016	2017
General Fund Revenues	\$16,627,254	\$18,640,106	\$17,569,402	\$17,574,431	\$18,104,072	\$19,269,243
General Fund Expenditures	\$15,784,548	\$16,128,909	\$16,450,773	\$17,197,706	\$17,292,913	\$17,598,604
Transfer In/(Out)	\$188,784	\$1,746,578	(\$1,345,707)	(\$1,269,304)	(\$1,351,384)	\$161,914
<b>Net Operating Balance</b>	<b>\$1,031,490</b>	<b>\$4,257,775</b>	<b>(\$227,078)</b>	<b>(\$892,579)</b>	<b>(\$540,225)</b>	<b>\$1,832,553</b>
Beginning General Fund Balance	\$11,030,153	\$11,218,937	\$12,965,515	\$12,738,437	\$11,469,133	\$10,928,908
<b>Ending General Fund Balance</b>	<b>\$11,218,937</b>	<b>\$12,965,515</b>	<b>\$12,738,437</b>	<b>\$11,469,133</b>	<b>\$10,928,908</b>	<b>\$11,090,822</b>
<b>As a % of General Fund Revenues</b>	<b>67.47%</b>	<b>69.56%</b>	<b>72.50%</b>	<b>65.26%</b>	<b>60.37%</b>	<b>57.56%</b>





# Institutional Framework (10%) (Moody's Scorecard)

## Factors that drive the institutional framework score:

- Tax caps
- Organized labor
- Difficulty of increasing revenues
- Predictability of costs
- State-imposed limitations

Institutional Framework	Factor Weight	Aaa	Aa	A	Baa	Ba	B
Institutional Framework	10%	The majority of revenue is not subject to externally imposed caps and the governing body can increase revenue meaningfully without limitation or without approval of voters or other governments.	The majority of revenue is subject to externally imposed caps but the governing body can increase revenue meaningfully without the approval of voters or other governments.	The majority of revenue is subject to externally imposed caps but the governing body can increase revenue moderately without the approval of voters or other governments.	The majority of revenue is subject to externally imposed caps and the governing body can increase revenue only minimally without the approval of voters or other governments.	The majority of revenue is subject to externally imposed caps and the governing body cannot increase revenue without the approval of voters or other governments.	The majority of revenue is subject to externally imposed caps and the governing body cannot increase revenue.  Or:  The ability to meaningfully reduce expenditures is extremely constrained by externally imposed mandates or restrictions.
		And:  The ability to meaningfully reduce expenditures is not constrained by externally imposed mandates or restrictions.	The ability to meaningfully reduce expenditures is mildly constrained by externally imposed mandates or restrictions.	The ability to meaningfully reduce expenditures is moderately constrained by externally imposed mandates or restrictions.	The ability to meaningfully reduce expenditures is heavily constrained by externally imposed mandates or restrictions.	The ability to meaningfully reduce expenditures is very heavily constrained by externally imposed mandates or restrictions.	



# Financial Management Assessment

- ◆ Fund Balance Policy
- ◆ Long-Term Financial Planning
- ◆ Long-Term Capital Planning
- ◆ Investment Management Policies
- ◆ Debt Management Policies
- ◆ Reserve and Liquidity Policies





## Financial Management Assessment – Sample Illustration

- The Township currently has in place policies to help guide the prudent and conservative budgeting practice
- ✓ Fund Balance Policy (adopted December 2013)
- ✓ Capital Improvement Policy/Plan (adopted December 2013)
  - ✓ Updated 5 Year Plan must be included in every budget presentation
- ✓ Long Range Financial Planning
  - ✓ Planning meetings with entire Board
  - ✓ 5-10 year planning period looking at all areas of General Fund budget
- ✓ Investment Policy (currently being considered and expected to be adopted soon)
- ✓ Monthly Board updates including YTD revenues vs. expenses, fund balance, cash & investments, etc.



## Debt / Pension (30%) (Moody's Scorecard)

Sub-factor	Sub-factor Weight	Aaa	Aa	A	Baa	Ba	B	Caa	Ca
Long-term Liabilities Ratio ((Debt + ANPL + Adjusted Net OPEB + Other Long-Term Liabilities) / Revenue) <sup>15</sup>	20%	≤ 100%	100 - 200%	200 - 350%	350 - 500%	500 - 700%	700 - 900%	900 - 1,100%	> 1,100%
Fixed-Costs Ratio (Adjusted Fixed Costs / Revenue) <sup>17</sup>	10%	≤ 10%	10 - 15%	15 - 20%	20 - 25%	25 - 35%	35 - 45%	45 - 55%	> 55%

### ◆ Pension and Other Post-Employment Benefits

- Current payments in comparison to overall financial position
- Funded status of pension plans
- Potential for increases in employer contributions

### ◆ Manageable Debt Burden

- Direct and guaranteed debt as well as pension and other post employment benefit liabilities
- Debt service as percent of operating expenditures
- Rapid or slow amortization of debt

### ◆ Other Debt

- Privately placed debt and concern for default and acceleration provisions
- Cash flow borrowing - timing issue vs weak finances
- Expected future financing



## Debt & Pension – Sample Illustration

	Liability	Assets	Funded Status	Discount Rate
<b>Township</b>				
Police (as of 12/31/2017)	\$23,576,590	\$21,884,523	92.82%	7.50%
<b>Township (Aaa)</b>				
Police (as of 12/31/2017)	\$14,035,376	\$12,563,459	89.51%	7.50%
Non-Uniform (as of 12/31/2017)	\$4,854,456	\$5,142,498	105.93%	7.50%
<b>Township (Aaa)</b>				
Police (as of 12/31/2017)	\$111,688,312	\$121,480,838	108.77%	8.00%
Employee (as of 12/31/2017)	\$90,641,736	\$99,068,582	109.30%	8.00%
<b>Township (Aaa)</b>				
Police (as of 12/31/2016)	\$55,029,470	\$44,556,693	80.97%	8.00%
<b>Township (Aaa)</b>				
Police (as of 12/31/2017)	\$17,786,588	\$16,559,340	93.10%	7.50%
Non-Uniform (as of 12/31/2017)	\$15,569,102	\$14,346,385	92.15%	7.50%



# Debt & Pension – Sample Illustration

The goal of the restructuring is to smooth out the Township's debt service in FY2025-27, without extending the Township's debt, while still staying within the confined of the Township's dedicated Debt Service Tax.

	1	2	3
	SERIES OF 2020	SERIES OF 2021	TOTAL
Principal	\$2,880,000	\$2,830,000	\$5,710,000
Township Cash (Est.)	\$2,345,000	\$0	\$2,345,000
Financing Type	Bond Issue	Bond Issue	Bond Issue
Tax Status	Tax-Exempt	Tax-Exempt	Tax-Exempt
Bonds/Notes Refunded	Series of 2015A	Series of 2018	Series of 2015A & 2018
Final Maturity	FY 2039	FY 2039	FY 2039
PV Savings/(Cost)	\$383,822	\$353,874	\$737,696

4	5	6	7	8	9	10	11
Fiscal Year Ending	Existing Debt Service	(Less) Refunded Debt Service	Series of 2020 Debt Service [1]	(Less) Refunded Debt Service	Series of 2021 Debt Service [1]	Budgetary Savings/(Cost)	New Net Debt Service
12/31/2020	788,264						788,264
12/31/2021	778,069	242,178	71,160	164,525	305,466	30,077	747,992
12/31/2022	776,807	235,278	61,900	224,600	370,600	27,378	749,430
12/31/2023	773,166	238,478	71,800	220,150	376,350	10,478	762,688
12/31/2024	770,208	241,483	76,500	215,700	371,100	9,583	760,626
12/31/2025	1,051,958	624,358	176,100	116,250	275,350	289,158	762,801
12/31/2026	1,253,123	458,445	58,700	316,028	218,600	497,173	755,950
12/31/2027	3,328,958	420,690	58,600	2,391,905	179,800	2,574,195	754,763
12/31/2028	933,878	416,690	133,500	416,690	101,700	181,490	752,388
12/31/2029	940,878	427,540	136,900		105,100	185,540	755,338
12/31/2030	941,528	427,790	140,200		98,400	189,190	752,338
12/31/2031	769,140	427,740	313,400		101,800	12,540	756,600
12/31/2032	781,140	432,390	303,100		100,100	29,190	751,950
12/31/2033	777,240	426,590	302,900		103,400	20,290	756,950
12/31/2034	777,890	430,640	302,600		106,600	21,440	756,450
12/31/2035	777,940	429,240	302,200		104,700	22,340	755,600
12/31/2036	772,095	402,540	281,700		102,800	18,040	754,055
12/31/2037	773,033	404,040	286,500		105,900	11,640	761,393
12/31/2038	368,105		286,100		98,900	(385,000)	753,105
12/31/2039	366,893		285,600		102,000	(387,600)	754,493
12/31/2040							
12/31/2041							
12/31/2042							
12/31/2043							
12/31/2044							
12/31/2045							
<b>TOTAL</b>	<b>18,500,309</b>	<b>6,686,108</b>	<b>3,649,460</b>	<b>3,649,158</b>	<b>3,328,666</b>	<b>3,357,139</b>	<b>15,143,170</b>





## “Below the Line” Notching Factors

Notching Factor	Notching Range
Additional Strength in Local Resources	0 to +2
Limited Scale of Operations	-1 to 0
Financial Disclosures	-2 to 0
Potential Cost Shift to or from the State	-1 to +1
Potential for Significant Change in Leverage	-2 to +1.5

- Each of the rating agencies respective scorecards provides the starting point for their internal rating committees. From there the rating committee may notch the issuer’s rating up or down given additional information, considerations, or circumstances.



# Increasing Focus on ESG (Environmental, Social and Governance)

ESG profile scores assess an issuer's exposure to the categories of ESG that rating agencies regard as material to credit.

While a hot topic nationally, generally, PA local governments have almost entirely received "neutral" ESG scores.

- For smaller issuers, rating agencies may not even provide an ESG score (Moody's does not assign an ESG score for issuers with less than \$250 million of debt).



## Environmental

Physical climate risks

Carbon transition

Water management

Waste and pollution

Natural capital



## Social

Access to basic services

Demographics

Education

Health and safety

Housing

Labor and income



## Governance

Institutional structure

Policy credibility and effectiveness

Budget management

Transparency and disclosure



# How Can We Improve Our Rating?

## ◆ Within the Municipality's Control

- Consider reviewing and/or revising policies
- Long-Term Capital Planning
- Maintain strong fund and cash balances
- Consistent Budget Practices
- Pension/OPEB

## ◆ Outside the Municipality's Control or Limited Control

- Economy
- Wealth Levels
- State Policies





# Ways to Upgrade or Maintain your Rating

## ◆ Be proactive

- Use questions provided by rating agency to tell your story
- Know your data compared to others with the same rating and one rating above yours
- Show that you have a mastery of your municipality's financials and other data

## ◆ Explain to stakeholders why your credit rating is important

- Balance between spending, taxing, debt, and fund balance
- Explain how reserves and the capacity to repay debt factor into your rating
- Explain how factors outside of your control may impact your rating



## Things to be Aware of . . .

- ◆ Financial and policy decisions in your Municipality that may have an impact on the financial condition of the Municipality and affect the rating
- ◆ Surveillance
  - Provide requested information
  - Involve your Municipal Advisor
  - Participate in the surveillance call if requested
  - Review report
- ◆ Continuing Disclosure (MSRB Rule 15c2-12)
  - Compliance with Continuing Disclosure Requirements
  - Material Event Notices - Rating Changes



## Helpful links & Resources

- Moody's:

<https://www.moodys.com/>

- S&P:

<https://www.spglobal.com/ratings/en/>

- EMMA:

<https://emma.msrb.org/IssuerHomePage/State?state=PA>



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# Thank You



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