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The Curious Case of Manassas Park, VA, and Suspension of its Credit Rating.

Following the financial crisis of 2008, the financial regulations were tightened and financial markets have been expected to adhere to new regulations that promoted financial transparency and accountability in the corporate and local government operations.

The federal oversight agencies, like the Securities and Exchange Commission (SEC), have also been quite diligent with their oversight efforts and ensuring proper adherence. Furthermore, when credit rating agencies perform their analysis to assess the ability of borrowers, either local governments or private entities, to repay their debt, they also assess the entity's compliance with financial regulations and compliance with its financial disclosures.

This rightful scrutiny of financial disclosures and transparency had recently been tested in the case of Manassas Park, VA, where S&P Global Ratings withdrew its AA- underlying rating on the city's outstanding general obligation debt due to its non-compliance with filing comprehensive annual financial report (CAFR).

In this article, we will take a closer look at the role of credit rating agencies in assessing and monitoring the financial health of U.S. local governments and things that led up to the rating suspension of Manassas Park, VA.

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Oct 31, 2018

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