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Municipal Fiscal Prudence: The Overlooked Community Impact Factor

This is the sixth and final article in a series highlighting the most important aspect of municipal bonds: how the projects bonds finance helps the community. It appropriately started with Municipal Bonds: Investing In Our Communities. This piece looks at how fiscally responsible governments have a more positive impact on their communities because they can better meet the needs of those residents.

When thinking about impact factors, fiscal prudence is often overlooked. Yet in the event of fiscal irresponsibility, the negative impacts can be severe to a community and investors alike. Puerto Rico and Detroit are just two recent examples of why fiscal responsibility is an essential factor to consider when investing in municipal bonds.

Investing in municipalities and authorities with initiatives and processes aligning with good governance, such as consistent, prudent, and transparent financial management, can provide stable returns for investors and lower capital costs for communities.

Continue reading.

Forbes

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Aug 20, 2019

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