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[S&P Medians And Credit Factors: Rhode Island Municipalities](#)

Overview

S&P Global Ratings maintains long-term ratings on 22 of the 39 cities and towns in Rhode Island. Since the beginning of fiscal 2019, there were only two rating revisions--Johnston and Providence--each received a one-notch upgrade, primarily for increased reserves and budgetary flexibility.

As the current economic cycle continues, we anticipate general rating stability as many governments look to maintain their financial positions following several years of modest taxable value growth. However, we believe there may be budgetary pressure on the horizon as GDP projections are falling and the risk of recession is rising. (See "U.S. State And Local Governments Will Need To Keep Their Hands On The Wheel," published on July 31, 2019, on RatingsDirect.)

Management teams throughout the state have adopted formal financial management policies and practices, helping to ensure continued stable financial operations. Of all Rhode Island municipalities, 65% score strong or good in our Financial Management Assessment methodology, demonstrating the strength of reporting requirements, long-term forecasting documents, and debt and reserve policies. Additionally, 100% of the state's cities and towns participate in a broad and diverse metropolitan statistical area (MSA), providing additional rating stability. While Rhode Island's manufacturing sector was particularly hard hit in the recession and we believe the state's economy is still vulnerable to economic shocks, recent growth in health care and high-technology sectors has helped diversify the economy.

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