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S&P Management Matters: As Risks Rise Across The Water And Sewer Sector, The Importance Of Transparency Surges

Key Takeaways

- During the past two years, 38% of the negative rating actions (outlook revisions and downgrades) in the water and sewer sector have resulted from weak transparency, lack of accountability (related to event risk or disclosure), or risk management.
- Delays in release of audited financial reports, forecasts, or rate studies, or if material information is not shared in a timely fashion, it could hinder our ability to accurately assess credit risks and a utility's financial performance.
- Transparency and accountability are influential credit drivers that can mitigate forward-looking risks and add credibility to issuer forecasts. We believe insufficient disclosure regarding operational and financial reporting practices could lead to negative rating pressure.

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