

General site search...

Erie County, NY General Obligation Debt Upgraded Three Notches To 'AA-' From 'A-' On Strong Budgetary Performance

Publication date: 15-Sep-2014 09:53:15 EST

Contact Client Services

1-877-SPCLIENT
1-877-772-5436
Call Tree Options
Contact Us

View Analyst Contact Information

BOSTON (Standard & Poor's) Sept. 12, 2014--Standard & Poor's Ratings Services raised its long-term rating on Erie County, N.Y.'s general obligation (GO) bonds three notches to 'AA-' from 'A-'. The outlook is stable.

"We base the upgrade on the application of our local GO criteria published Sept. 12, 2013," said Standard & Poor's credit analyst Timothy Daley. "The upgrade further reflects the county's consistently strong budgetary performance, even during the recession, that has allowed it to build up and maintain reserves to levels we consider strong maintenance of strong budgetary flexibility, Mr. Daley added.

The county's faith and credit GO pledge secures the bonds, including the statutory authorization to levy ad valorem taxes on all real property within the county, subject to applicable statutory limitations.

The county's 'AA-' GO rating reflects our view of the following credit factors:

- An adequate local economy that has experienced substantial investment with the city of Buffalo serving as the county seat and primary economic driver;
- Strong budgetary flexibility that has remained consistent over time;
- Adequate budgetary performance projected for fiscal 2014 (Dec. 31);
- Very strong liquidity, with strong access to external liquidity, albeit with a recurring need for cash flow borrowing;
- Strong management, with good financial policies and practices in place; and
- Strong debt and contingent liability profile, with limited exposure to fixed costs associated with pension and other postemployment benefit liabilities (OPEB) liabilities.

The stable outlook reflects our view of Erie County's strong financial management, which has contributed to a consistent and stable financial position over time. We do, however, believe the county's financial strength is somewhat tempered by the adequate local economy. We expect the county to maintain at least an adequate budgetary performance over time, and believe management will make the necessary adjustments to offset any fluctuations in sales tax receipts throughout economic cycles. For these reasons, we do not expect to change the rating within the two-year outlook horizon. However, while not currently anticipated, a sustained period of weak performance and a deterioration in available reserves could lead us to lower the rating.

RELATED CRITERIA AND RESEARCH

Related Criteria

- USPF Criteria: Local Government GO Ratings Methodology And Assumptions, Sept. 12, 2013
- USPF Criteria: Financial Management Assessment, June 27, 2006
- USPF Criteria: Debt Statement Analysis, Aug. 22, 2006

Related Research

- U.S. State And Local Government Credit Conditions Forecast, July 8, 2014
- S&P Public Finance Local GO Criteria: How We Adjust Data For Analytic Consistency, Sept. 12, 2013

Complete ratings information is available to subscribers of RatingsDirect at www.globalcreditportal.com and at www.spcapitaliq.com. All ratings affected by this rating action can be found on Standard & Poor's public Web site at www.standardandpoors.com. Use the Ratings search box located in the left column.

Primary Credit Analyst: Timothy J Daley, Boston (1) 617-530-8121;
timothy.daley@standardandpoors.com

Secondary Contact: Lindsay Wilhelm, New York (1) 212-438-2301;
lindsay.wilhelm@standardandpoors.com

No content (including ratings, credit-related analyses and data, model, software or other application or output therefrom) or any part thereof (Content) may be modified, reverse engineered, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of S&P. The Content shall not be used for any unlawful or unauthorized purposes. S&P, its affiliates, and any third-party providers, as well as their directors, officers, shareholders, employees or agents (collectively S&P Parties) do not guarantee the accuracy, completeness, timeliness or availability of the Content. S&P Parties are not responsible for any errors or omissions, regardless of the cause, for the results obtained from the use of the Content, or for the security or maintenance of any data input by the user. The Content is provided on an "as is" basis. S&P PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall S&P Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs) in connection with any use of the Content even if advised of the possibility of such damages.

Credit-related analyses, including ratings, and statements in the Content are statements of opinion as of the date they are expressed and not statements of fact or recommendations to purchase, hold, or sell any securities or to make any investment decisions. S&P assumes no obligation to update the Content following publication in any form or format. The Content should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. S&P's opinions and analyses do not address the suitability of any security. S&P does not act as a fiduciary or an investment advisor. While S&P has obtained information from sources it believes to be reliable, S&P does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives.

S&P keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain business units of S&P may have information that is not available to other S&P business units. S&P has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process.

S&P may receive compensation for its ratings and certain credit-related analyses, normally from issuers or underwriters of securities or from obligors. S&P reserves the right to disseminate its opinions and analyses. S&P's public ratings and analyses are made available on its Web sites, www.standardandpoors.com (free of charge), and www.ratingsdirect.com and www.globalcreditportal.com (subscription), and may be distributed through other means, including via S&P publications and third-party redistributors. Additional information about our ratings fees is available at www.standardandpoors.com/usratingsfees.

Any Passwords/user IDs issued by S&P to users are single user-dedicated and may ONLY be used by the individual to whom they have been assigned. No sharing of passwords/user IDs and no simultaneous access via the same password/user ID is permitted. To reprint, translate, or use the data or information other than as provided herein, contact Client Services, 55 Water Street, New York, NY 10041; (1) 212-438-7280 or by e-mail to: research_request@standardandpoors.com.

[Legal Disclaimers](#) | [Terms of Use](#) | [Privacy and Cookie Notice](#) | [Contact Us](#)

Copyright © 2014 Standard & Poor's Financial Services LLC, a part of McGraw Hill Financial. All rights reserved.

Reproduction and distribution of this information in any form is prohibited except with the prior written permission of Standard & Poor's. Standard & Poor's does not guarantee the accuracy, completeness, timeliness or availability of any information, including ratings, and is not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use of such information. STANDARD & POOR'S GIVES NO EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE. STANDARD & POOR'S shall not be liable for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including lost income or profits and opportunity costs) in connection with any use of this information, including ratings. Standard & Poor's ratings are statements of opinions and are not statements of fact or recommendations to purchase, hold or sell securities. They do not address the market value of securities or the suitability of securities for investment purposes, and should not be relied on as investment advice. Please read our complete disclaimer [here](#).