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Westchester County Loses Triple-A Rating From S&P.

The county incurred a deficit in 2017 and is forecast to end this year with an almost \$40 million deficit

One of the richest U.S. counties, Westchester, lost its triple-A rating Tuesday.

S&P Global Inc. downgraded the suburban county north of New York City to a double-A plus rating from the highest grade, triple-A.

Analysts at S&P cited Westchester's thin reserves and inability to balance expenses and revenues. The county incurred a deficit in 2017 and is forecast to end this year with an almost \$40 million deficit, partly driven by retroactive salary increases to union workers.

"As we have said these past few months, the county is in serious financial stress," said George Latimer, Westchester's county executive, in a statement.

Westchester's costs continue to swell because of such salary costs, the S&P analysts said, though it has turned to its wealthy tax base to help its budget. The county's financial plan for this year and next includes property tax increases of 2%, one of the biggest sources of municipal income, according to S&P.

Westchester is one of the richest counties in the nation based on income per person, according to S&P. Almost a million people reside in Westchester, which benefits from its proximity to New York City, with more than a third of its residents commuting to the city.

Some of the county's prior tactics to help finances may not work in the future, the analysts said. Westchester previously tapped one-time measures, like selling property and privatizing the county's assets, to balance its budget, they said.

The analysts at S&P warned that there is a chance Westchester's rating could be lowered further in the next two years, if county officials aren't able shore up its reserves and finances continue to deteriorate.

Westchester lost its triple-A rating in 2013 from Moody's , which also has a negative outlook on the county, indicating its credit could be further downgraded.

The Wall Street Journal

By Gunjan Banerji

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