

CREDIT OPINION

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Township of Morris, NJ

Update to credit analysis

Summary

Morris Township, NJ (Aaa) benefits from a very strong local economy and resident income levels. Its reserves are strong and stable. Leverage has been moderating over the past several years.

Credit strengths

- » Very strong resident income and wealth
- » Healthy fund balance

Credit challenges

- » Ongoing capital projects

Rating outlook

We do not assign outlooks to local government issuers with this amount of debt outstanding.

Factors that could lead to an upgrade

- » Not applicable

Factors that could lead to a downgrade

- » Decline in fund balance to 25% of revenues
- » Sustained increase in leverage to over 300% of revenues

Key indicators

Exhibit 1

Morris (Township of) NJ

	2021	2022	2023	2024	Aaa Medians
Economy					
Resident income ratio (%)	227.6%	219.9%	219.8%	N/A	168.9%
Full Value (\$000)	\$5,752,273	\$5,833,961	\$6,047,795	\$6,489,053	\$9,011,663
Population	23,049	23,094	23,239	N/A	36,103
Full value per capita (\$)	\$249,567	\$252,618	\$260,243	N/A	\$218,941
Annual Growth in Real GDP	5.1%	2.2%	1.6%	N/A	2.4%
Financial Performance					
Revenue (\$000)	\$45,932	\$48,187	\$50,284	\$51,352	\$108,194
Available fund balance (\$000)	\$25,349	\$26,632	\$25,792	\$26,521	\$68,159
Net unrestricted cash (\$000)	\$33,509	\$34,660	\$32,072	\$35,379	\$99,090
Available fund balance ratio (%)	55.2%	55.3%	51.3%	51.6%	62.6%
Liquidity ratio (%)	73.0%	71.9%	63.8%	68.9%	95.0%
Leverage					
Debt (\$000)	\$27,517	\$22,983	\$31,245	\$30,936	\$72,678
Adjusted net pension liabilities (\$000)	\$93,203	\$74,043	\$67,776	\$57,782	\$89,696
Adjusted net OPEB liabilities (\$000)	\$0	\$0	\$0	\$0	\$10,915
Other long-term liabilities (\$000)	\$1,347	\$1,121	\$998	\$1,414	\$4,029
Long-term liabilities ratio (%)	265.8%	203.7%	198.9%	175.5%	217.2%
Fixed costs					
Implied debt service (\$000)	\$2,333	\$1,930	\$1,605	\$2,170	\$4,949
Pension tread water contribution (\$000)	\$3,581	\$2,940	\$3,338	\$3,196	\$2,629
OPEB contributions (\$000)	\$0	\$0	\$0	\$0	\$594
Implied cost of other long-term liabilities (\$000)	\$99	\$95	\$78	\$69	\$274
Fixed-costs ratio (%)	13.1%	10.3%	10.0%	10.6%	10.0%

For definitions of the metrics in the table above please refer to the [US Cities and Counties Methodology](#) or see the Glossary in the Appendix below. Metrics represented as N/A indicate the data were not available at the time of publication. The medians come from our most recently published [US Cities and Counties Median Report](#).

The real GDP annual growth metric cited above is for the New York-Newark-Jersey City, NY-NJ-PA Metropolitan Statistical Area.

Sources: US Census Bureau, Morris (Township of) NJ's financial statements and Moody's Ratings, US Bureau of Economic Analysis

Profile

Morris Township, NJ is located in the northwest portion of the state. Its population is around 23,000.

Detailed credit considerations

Morris Township benefits from its location in northern New Jersey in commuting distance to New York City and northern New Jersey job markets. It has very strong resident income and wealth indicators. Development in the township continues as the new state-of-the-art training facility for the New York Red Bulls has broken ground and still has an estimated completion date of 2026 in time for the World Cup. The project will be on standard property taxes.

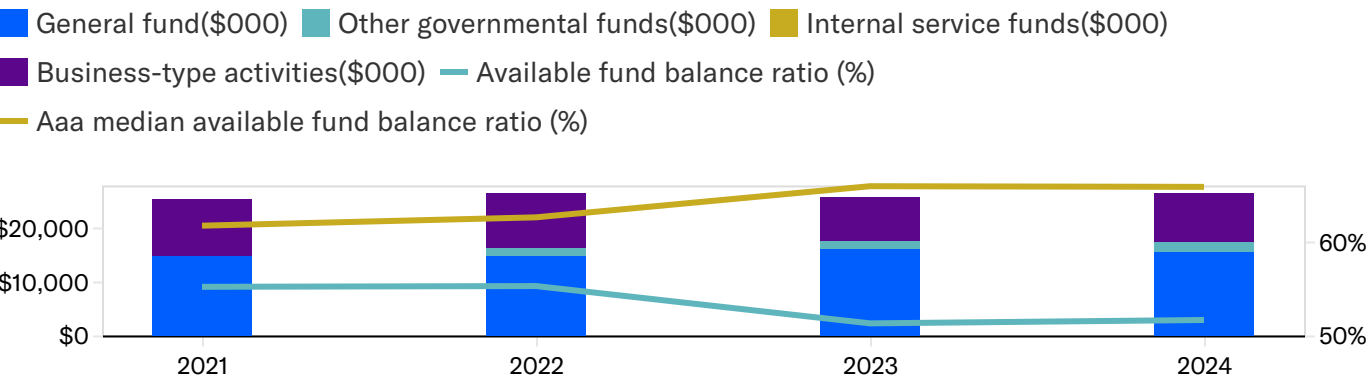
The reserve position is strong despite seeing very modest declines in relation to the budget for the past few years. Its fund balance nominally has been very stable. The township is largely supported by property taxes and has a very strong collection rate. Fiscal 2025 operations are trending normal to budget and fund balance should hold steady.

Leverage is not expected to materially change as it has no large debt issuance plans. It will continue to spend around \$2.5-\$3.5 million annually on routine projects.

Financial operations

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the issuer/deal page on <https://ratings.moody.com> for the most updated credit rating action information and rating history.

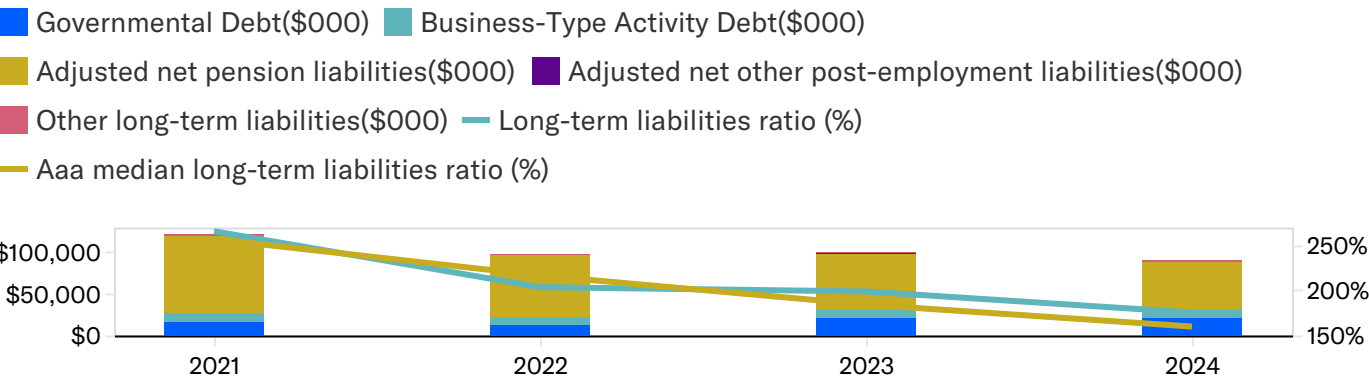
Exhibit 2
Fund Balance



Source: Moody's Ratings

Leverage

Exhibit 3
Total Primary Government - Long Term Liabilities

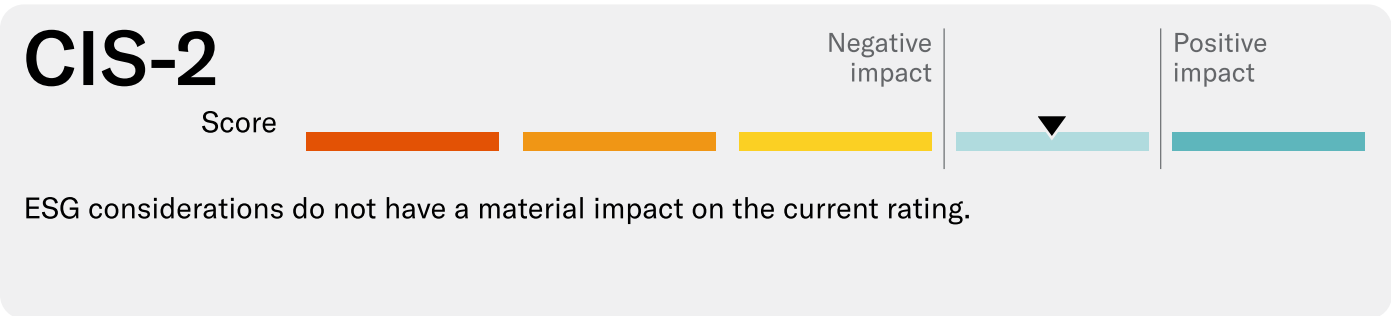


Source: Moody's Ratings

ESG considerations

Morris (Township of) NJ's ESG credit impact score is CIS-2

Exhibit 4
ESG credit impact score



Source: Moody's Ratings

The township's ESG credit impact score is **CIS-2**, reflecting neutral to low exposure to governance, and social risks, while environmental risks are moderately negative.

Exhibit 5
ESG issuer profile scores



Source: Moody's Ratings

Environmental

The township's overall environmental issuer profile score is **E-3**. While carbon transition, water, natural capital, and pollution risks are modest, the area is exposed to heat stress, hurricanes, and potential wildfires.

Social

Exposure to social is **S-2**. The township benefits from strong labor and income metrics along with being very well educated and overall generally safe. In contrast, the high cost of living and housing prices in the area poses a challenge. Residents have easy access to basic services.

Governance

The township's governance risk is **G-2**. Government operations are managed by certified and experienced professionals who are responsible for implementing its policy objectives. This, plus a combination of a strong state-wide institutional framework and generally conservative budgeting, has allowed for stable and strong financial operations. Finally, management is generally prompt in publishing its budgets and audited financial statements. Monthly or quarterly interim statements are not available publicly.

ESG Issuer Profile Scores and Credit Impact Scores for the rated entity/transaction are available on Moodys.com. In order to view the latest scores, please click [here](#) to go to the landing page for the entity/transaction on MDC and view the ESG Scores section.

Rating methodology and scorecard factors

The US Cities and Counties Methodology includes a scorecard, which summarizes the rating factors generally most important to city and county credit profiles. Because the scorecard is a summary, and may not include every consideration in the credit analysis for a specific issuer, a scorecard-indicated outcome may or may not map closely to the actual rating assigned.

Exhibit 6

Morris (Township of) NJ

	Measure	Weight	Score
Economy			
Resident income ratio	219.8%	10.0%	Aaa
Full value per capita	297,392	10.0%	Aaa
Economic growth metric	-0.8%	10.0%	Aa
Financial Performance			
Available fund balance ratio	51.6%	20.0%	Aaa
Liquidity ratio	68.9%	10.0%	Aaa
Institutional Framework			
Institutional Framework	Aa	10.0%	Aa
Leverage			
Long-term liabilities ratio	175.5%	20.0%	Aa
Fixed-costs ratio	10.6%	10.0%	Aa
Notching factors			
Additional Strength in Local Resources	0.5		
Financial disclosures	-0.5		
Scorecard-Indicated Outcome			Aa1
Assigned Rating			Aaa

The Economic Growth metric cited above compares the five-year CAGR of real GDP for New York-Newark-Jersey City, NY-NJ-PA Metropolitan Statistical Area Metropolitan Statistical Area to the five-year CAGR of real GDP for the US.

Sources: US Census Bureau, Morris (Township of) NJ's financial statements and Moody's Ratings

Appendix

Exhibit 7

Key Indicators Glossary

	Definition	Typical Source*
Economy		
Resident income ratio	Median Household Income (MHI) for the city or county, adjusted for Regional Price Parity (RPP), as a % of the US MHI	MHI: US Census Bureau - American Community Survey 5-Year Estimates RPP: US Bureau of Economic Analysis
Full value	Estimated market value of taxable property in the city or county	State repositories; audited financial statements; continuing disclosures
Population	Population of the city or county	US Census Bureau - American Community Survey 5-Year Estimates
Full value per capita	Full value / population	
Economic growth metric	Five year CAGR of real GDP for Metropolitan Statistical Area or county minus the five-year CAGR of real GDP for the US	Real GDP: US Bureau of Economic Analysis
Financial performance		
Revenue	Sum of revenue from total governmental funds, operating and non-operating revenue from total business-type activities, and non-operating revenue from internal services funds, excluding transfers and one-time revenue, e.g., bond proceeds or capital contributions	Audited financial statements
Available fund balance	Sum of all fund balances that are classified as unassigned, assigned or committed in the total governmental funds, plus unrestricted current assets minus current liabilities from the city's or county's business-type activities and internal services funds	Audited financial statements
Net unrestricted cash	Sum of unrestricted cash in governmental activities, business type activities and internal services fund, net of short-term debt	Audited financial statements
Available fund balance ratio	Available fund balance (including net current assets from business-type activities and internal services funds) / Revenue	
Liquidity ratio	Net unrestricted cash / Revenue	
Leverage		
Debt	Outstanding long-term bonds and all other forms of long-term debt across the governmental and business-type activities, including debt of another entity for which it has provided a guarantee disclosed in its financial statements	Audited financial statements; official statements
Adjusted net pension liabilities (ANPL)	Total primary government's pension liabilities adjusted by Moody's to standardize the discount rate used to compute the present value of accrued benefits	Audited financial statements; Moody's Ratings
Adjusted net OPEB liabilities (ANOL)	Total primary government's net other post-employment benefit (OPEB) liabilities adjusted by Moody's to standardize the discount rate used to compute the present value of accrued benefits	Audited financial statements; Moody's Ratings
Other long-term liabilities (OLTL)	Miscellaneous long-term liabilities reported under the governmental and business-type activities entries	Audited financial statements
Long-term liabilities ratio	Debt + ANPL + ANOL + OLTL / Revenue	
Fixed costs		
Implied debt service	Annual cost to amortize city or county's long-term debt over 20 years with level payments	Audited financial statements; official statements; Moody's Ratings
Pension tread water contribution	Pension contribution necessary to prevent reported unfunded pension liabilities from growing, year over year, in nominal dollars, if all actuarial assumptions are met	Audited financial statements; Moody's Ratings
OPEB contribution	City or county's actual contribution in a given period	Audited financial statements
Implied cost of OLTL	Annual cost to amortize city or county's other long-term liabilities over 20 years with level payments	Audited financial statements; Moody's Ratings
Fixed-costs ratio	Implied debt service + Pension tread water + OPEB contributions + Implied cost of OLTL / Revenue	

*Note: If typical data source is not available then alternative sources or proxy data may be considered. For more detailed definitions of the metrics listed above please refer to the [US Cities and Counties Methodology](#).

Source: Moody's Ratings

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