



Rating Action: Moody's Ratings assigns Baa3 und./A1 enh. ratings to City of Union City, NJ's Series 2026 GO bonds

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New York, February 03, 2026 -- Moody's Ratings (Moody's) has assigned a Baa3 underlying and A1 enhanced ratings to the City of Union City, NJ's proposed \$4.92 million General Obligation Bonds, Series 2026 (Qualified Pursuant to the Provisions of the Municipal Qualified Bond Act, P.L. 1976, c.38, as amended) (Callable). We maintain the city's outstanding issuer, general obligation, and GO-backed guaranteed ratings at Baa3. We maintain an A1 enhanced rating on the city's outstanding qualified bonds. The city had approximately \$87 million in debt outstanding at the end of fiscal 2024.

RATINGS RATIONALE

The Baa3 issuer rating reflects the city's expanding local economy, trim reserves, and affordable leverage. Union City, favorably located in Hudson County and outside of New York City, has benefitted from material re-development and growth in recent years. Full value increased by nearly \$1 billion in 2024 alone, reaching \$6.1 billion. Since 2018, full value has grown at a compound annual rate of 8%. In turn, full value per capita has also increased, reaching \$101,000. Resident income ratio is at the weaker end at 74%. Out of the 66,375 residents, 21.3% are below the poverty level. Unemployment rate is in line with the state at 4.8%. In the near term, the local economy will remain strong from ongoing residential development.

The city's financial position remains narrow but is expected to remain stable. In 2024, available fund balance totaled \$9.4 million (4.7% of calendar year 2024 revenue), while net unrestricted cash was \$22.3 million (11.2% of calendar year 2024 revenue). Available fund balance has increased modestly for two consecutive years, which is a positive trend. The city issued tax anticipation notes (TANs) in 2025-its first cash flow issuance in over a decade-and plans to do so again in 2026. The reliance on short-term cash flow borrowing reflects the timing mismatch between expenditures and major revenue sources, including state aid, transitional aid, and property tax receipts, which are largely received in the second half of the year. The city continues to rely on annual transitional aid to support budget balance. For fiscal 2025, management expects the ending reported fund balance to be consistent with 2024 levels. Absent significant new revenue or expenditure reductions, the city is expected to continue operating with thin reserves, consistent with historical practice.

The city's leverage is affordable and should remain so in the near term. Long-term liabilities and fixed costs decreased in 2024 to 282% and 19.3% of revenue, respectively.

The Baa3 general obligation and GO-backed guaranteed ratings are at the same level as the issuer rating reflecting its unlimited tax pledge that supports the bonds, either directly or via a guarantee agreement.

The A1 enhanced rating is at the same level as the programmatic rating (New Jersey Municipal Qualified Bond Program; A1 stable) reflecting the very strong debt service to state aid coverage.

RATING OUTLOOK

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

FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATINGS

- Sustained increase in fund balance to above 10% of revenue
- Material improvement in resident income and wealth levels

FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATINGS

- Deficits that threaten to pull available fund balance to 0%
- Material increase in leverage
- Contraction of local economy

PROFILE

Union City is located in Hudson County, directly west of New York City. The city is home to approximately 66,000 residents.

METHODOLOGY

The principal methodology used in the underlying rating was US Cities and Counties published in December 2025 and available at <https://ratings.moodys.com/rmc-documents/455983>. The principal methodology used in the enhanced rating was US State Aid Intercept Programs and Financings published in February 2024 and available at <https://ratings.moodys.com/rmc-documents/415020>. Alternatively, please see the Rating Methodologies page on <https://ratings.moodys.com> for a copy of these methodologies.

REGULATORY DISCLOSURES

For further specification of Moody's key rating assumptions and sensitivity analysis, see the sections Methodology Assumptions and Sensitivity to Assumptions in the disclosure form. Moody's Rating Symbols and Definitions can be found on <https://ratings.moodys.com/rating-definitions>.

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Regulatory disclosures contained in this press release apply to the credit rating and, if applicable, the related rating outlook or rating review.

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