

CREDIT OPINION

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Send Your Feedback

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Borough of East Rutherford, NJ

Update to credit analysis

Summary

East Rutherford, NJ (Aa3) benefits from a stable local economy supported by its proximity to major employment centers within the New York City metropolitan area. The borough is further strengthened by its role as host to major regional entertainment destinations, including MetLife Stadium and the American Dream Mall. These economic strengths are complemented by a historically sound financial position and solid reserve levels. Somewhat offsetting these benefits are an above-average leverage position and below-average reserve levels relative to national averages.

Credit strengths

- » Stable local economy with a favorable location in the NYC metro area
- » Solid reserves and liquidity

Credit challenges

- » Above-average leverage

Rating outlook

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

Factors that could lead to an upgrade

- » Increase in the resident income ratio to 120% or higher
- » Increase in the available fund balance ratio to 45% or higher
- » Sustained decline in leverage to below 200% of revenues

Factors that could lead to a downgrade

- » Decrease in the available fund balance ratio to 20% or lower
- » Increase in the long-term liabilities ratio to 350% or higher
- » Significant contraction of the local economy

Key indicators

Exhibit 1

East Rutherford (Borough of) NJ

	2021	2022	2023	2024	Aa Medians
Economy					
Resident income ratio (%)	109.3%	109.0%	103.9%	N/A	114.1%
Full Value (\$000)	\$2,492,411	\$2,676,729	\$2,673,752	\$2,870,324	\$3,130,196
Population	9,918	10,020	10,154	N/A	22,330
Full value per capita (\$)	\$251,302	\$267,139	\$263,320	N/A	\$140,110
Annual Growth in Real GDP	5.1%	2.2%	1.6%	N/A	1.9%
Financial Performance					
Revenue (\$000)	\$30,600	\$32,647	\$32,258	\$32,573	\$57,424
Available fund balance (\$000)	\$11,597	\$12,249	\$13,067	\$11,820	\$31,108
Net unrestricted cash (\$000)	\$15,030	\$16,336	\$16,728	\$14,921	\$43,921
Available fund balance ratio (%)	37.9%	37.5%	40.5%	36.3%	56.8%
Liquidity ratio (%)	49.1%	50.0%	51.9%	45.8%	80.3%
Leverage					
Debt (\$000)	\$32,141	\$32,541	\$33,241	\$36,845	\$38,979
Adjusted net pension liabilities (\$000)	\$62,259	\$51,500	\$43,942	\$39,519	\$36,275
Adjusted net OPEB liabilities (\$000)	\$12,300	\$17,453	\$14,225	\$14,250	\$3,698
Other long-term liabilities (\$000)	\$1,010	\$1,038	\$952	\$1,124	\$1,773
Long-term liabilities ratio (%)	352.0%	314.1%	286.3%	281.6%	175.0%
Fixed costs					
Implied debt service (\$000)	\$2,108	\$2,254	\$2,273	\$2,309	\$2,605
Pension tread water contribution (\$000)	\$2,386	\$1,979	\$2,401	\$2,263	\$1,547
OPEB contributions (\$000)	\$201	\$316	\$399	\$497	\$167
Implied cost of other long-term liabilities (\$000)	\$71	\$71	\$72	\$66	\$122
Fixed-costs ratio (%)	15.6%	14.2%	15.9%	15.8%	9.6%

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, East Rutherford (Borough of) NJ's financial statements and Moody's Ratings, US Bureau of Economic Analysis

Profile

The Borough of East Rutherford is located in southwestern Bergen County, New Jersey, approximately eight miles west of New York City.

Detailed credit considerations

East Rutherford, NJ's local economy is expected to remain strong, supported by its favorable location within easy commuting distance of major employment centers across the New York City metropolitan area, while maintaining a small town residential base complemented by significant regional attractions and a moderate industrial presence. The borough is home to MetLife Stadium and the American Dream Mall, two landmark properties that anchor the Meadowlands as a premier destination for sports, entertainment, and retail activity. Although Meadowlands properties are exempt from traditional property taxation, they generate substantial payments in lieu of taxes (PILOTs), accounting for approximately 30% of total borough revenues; these revenues are expected to grow modestly over time based on historical performance and continued economic activity at these sites. Outside of the Meadowlands, the tax base is anticipated to expand gradually as modest residential and industrial development continues. Resident wealth and income levels are generally average, with an adjusted median household income (MHI) equal to 103% of the US MHI and an equalized value per capita of \$295,741, supported in part by the borough's relatively high concentration of commercial and industrial properties.

The borough's financial position has historically been strong and stable, characterized by consistent operations and management's demonstrated ability to align budgeted expectations closely with actual fiscal results. In 2024 and 2025, the borough undertook planned drawdowns of reserves, resulting in two consecutive years of declines in available fund balance. Based on unaudited figures,

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available fund balance is projected to decline to \$10.1 million, or 29.8% of revenues, at year end 2025, down from a peak of \$13.1 million, or 40.5% of revenues, in 2023. We view the recent declines as temporary and expect reserves to begin rebuilding in 2026, supported by reduced reliance on fund balance in the 2026 budget, anticipated growth in hotel tax revenues associated with MetLife Stadium hosting FIFA World Cup games, and continued growth in the local tax levy. In addition, the borough expects ongoing litigation against the owners of the American Dream Mall related to delinquent PILOT revenues to resolve in their favor, with any settlement or judgment proceeds likely to provide a one time boost to available reserves.

The borough has also been named as a defendant, alongside the owners of the American Dream Mall, in a separate lawsuit filed by bondholders of the American Dream PILOT bonds alleging that the mall's assessed value was improperly reduced. While the litigation remains ongoing and the outcome is uncertain, the bondholders are not seeking monetary relief from the borough. Any potential retroactive PILOT payments resulting from an understated valuation would not be the responsibility of the borough under the existing PILOT structure.

The borough's leverage will remain above-average when compared to national medians at its current rating category but in line with NJ peers. At year-end 2024, the borough's long-term liabilities ratio was 282% which is expected remain at that level given plans to issue \$5.0 to \$10.0 in the near-term for a new athletic facility.

ESG considerations

Environmental

Environmental factors do not pose a credit risk in the near-term for the borough. According to data from Moody's ESG Solutions, the borough does not have any high risk hazards. Any exposures are mitigated by ongoing efforts to address annual infrastructure improvements and support from FEMA in the event of material storm damage.

Social

Social considerations such as wealth, income, and employment are major factors in the borough's credit quality and are discussed in the detailed credit considerations section.

Governance

The borough has historically aligned budgets with actual fiscal results with strong accuracy. Willingness to raise the tax levy by utilizing banked tax levies is a positive.

New Jersey municipalities have an Institutional Framework score of "Aa," or strong. Revenues are moderately predictable and mostly consist of property taxes; however, cities are required to make county and school district tax levies whole in the event of tax appeals. Revenue-raising ability is moderate as cities are constrained by a 2% cap on the property tax levy. Cities can raise the levy above the cap for debt service, pensions and certain qualified expenses. Expenditures, which primarily consist of personnel and public safety, are highly predictable. Cities have a moderate ability to adjust costs given the presence of collective bargaining and high fixed costs.

Rating methodology and scorecard factors

The [US Cities and Counties Methodology](#) includes a scorecard that 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 2

East Rutherford (Borough of) NJ

	Measure	Weight	Score
Economy			
Resident income ratio	103.9%	10.0%	Aa
Full value per capita	295,741	10.0%	Aaa
Economic growth metric	-0.9%	10.0%	Aa
Financial Performance			
Available fund balance ratio	36.3%	20.0%	Aaa
Liquidity ratio	45.8%	10.0%	Aaa
Institutional Framework			
Institutional Framework	Aa	10.0%	Aa
Leverage			
Long-term liabilities ratio	281.6%	20.0%	A
Fixed-costs ratio	15.8%	10.0%	A
Notching factors			
Financial disclosures	-0.5		
Scorecard-Indicated Outcome			Aa3
Assigned Rating			Aa3

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 to the five-year CAGR of real GDP for the US.

Sources: US Census Bureau, East Rutherford (Borough of) NJ's financial statements and Moody's Ratings

Appendix

Exhibit 3

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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