



Rating Action: Moody's Ratings assigns Aa2 to City of Elizabeth, NJ's 2026 Bonds

20 Apr 2026

New York, April 20, 2026 -- Moody's Ratings (Moody's) has assigned a Aa2 rating to the City of Elizabeth, NJ's proposed \$16 million General Obligation Bonds, Series 2026, consisting of \$10,000,000 General Improvement Bonds, and \$6,000,000 Sewer Utility Bonds. We maintain a Aa2 issuer rating on the city and Aa2 ratings on its outstanding debts. Elizabeth has about \$185 million of debt outstanding.

RATINGS RATIONALE

The Aa2 issuer rating captures excellent financial management, which will ensure the city will preserve its strong financial position. The city holds very healthy reserves (available fund balance is 59% of revenue) and demonstrates conservative budgeting and sound long-term financial planning. Elizabeth's strong fiscal condition is an important strength in light of its local tax base, which is not as wealthy as most highly rated peers in the state.

The city's median household income adjusted for the regional cost of living is 72.3% of the US median, which is among the lowest income figures out of more than 200 rated NJ municipalities. Favorably, the city's base is growing (full value has jumped more than 75% over the past five years, and population is up 8% over the past decade), owing to its favorable location near Newark Airport and major NJ highways, and good transit options into New York City. The growing base, strong financial management, and moderate leverage will keep the city's credit profile in a solid position going forward.

The Aa2 ratings on the city's general obligation bonds and the Elizabeth Parking Authority's city-guaranteed bonds recognize the general obligation pledge of the city supporting the bonds, either directly for the general obligation bonds or via a guaranty agreement for the parking authority bonds.

RATING OUTLOOK

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

FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATING

- Strengthening of resident income ratio to at least 100% of the US median
- Significant decline in leverage

FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATING

- Decline in available fund balance below 45% of revenue
- Significant increase in leverage
- Capital requirements for sewer system driving need for substantial debt issuances and rate increases

PROFILE

The City of Elizabeth is the fourth-largest municipality in New Jersey, with a population of 135,887. It is the county seat of Union County, and is located just south of Newark.

METHODOLOGY

The principal methodology used in this rating was US Cities and Counties published in December 2025 and available at <https://ratings.moody.com/rmc-documents/455983>. Alternatively, please see the Rating Methodologies page on <https://ratings.moody.com> for a copy of this methodology.

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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.moody.com/rating-definitions>.

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Dan Seymour
Lead Analyst

Orlie Prince
Additional Contact

Releasing Office:
Moody's Investors Service, Inc.
250 Greenwich Street
New York, NY 10007
U.S.A
JOURNALISTS: 1 212 553 0376
Client Service: 1 212 553 1653

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