

MOODY'S

RATINGS

Rating Action: Moody's Ratings assigns MIG 1 to Township of East Hanover , NJ's Bond Anticipation Notes, Series 2026A

01 Jun 2026

New York, June 01, 2026 -- Moody's Ratings (Moody's) has assigned a MIG 1 short-term rating to the Township of East Hanover, NJ's proposed \$25.8 million Bond Anticipation Notes, Series 2026A. We maintain the township's Aa2 issuer and outstanding general obligation unlimited tax (GOULT) ratings and MIG 1 rating on outstanding short-term debt. Post issuance, the township will have approximately \$57.3 million of debt outstanding.

RATINGS RATIONALE

The Aa2 issuer rating reflects a stable economic outlook supported by the township's favorable location in northern New Jersey within easy commuting distance to major employment hubs. The township benefits from ongoing commercial and residential developments that will continue to drive tax base growth. Despite a moderately concentrated tax base, with Novartis Pharmaceuticals accounting for 13.3% of total assessed value, the township has effectively mitigated risks associated with Novartis' downsizing by replacing its presence with new ratables, thereby reducing dependency on a single taxpayer. East Hanover also boasts strong socioeconomic indicators, including an adjusted median household income at 165% of the national median and robust property wealth, with a full value per capita of \$392,454.

Financially, the township maintains a healthy fund balance, with an available fund balance ratio of 32.9% for 2025 according to unaudited figures. While the township's leverage position is above-average with a proforma long-term liabilities ratio of 318%, it remains manageable, and future debt issuance is not anticipated to materially alter this position.

The absence of distinction between the issuer and GOULT ratings reflects the township's general obligation full faith and credit pledge as well as an unlimited property tax that is payable to debt service.

The MIG 1 rating on the township's short-term notes reflects the township's strong underlying credit quality, as evidenced by its Aa2 long-term rating, along with its history of market access and strong liquidity.

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

- Increase in the available fund balance ratio to 40% or higher
- Decrease in the long-term liabilities ratio to 200% or lower

FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATING

- Decrease in the available fund balance ratio to 20% or lower
- Significant contraction of the local economy
- Material increase to long-term liabilities

PROFILE

East Hanover Township is located in Morris County (Aaa stable) in north New Jersey (Aa3 stable). Its population is approximately 11,100.

METHODOLOGY

The principal methodology used in this rating was US Municipal Short-term Debt published in October 2024 and available at <https://ratings.moodys.com/rmc-documents/430699>. Alternatively, please see the Rating Methodologies page on <https://ratings.moodys.com> for a copy of this methodology.

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