

MOODY'S

RATINGS

Rating Action: Moody's Ratings upgrades Mercer County, NJ's outstanding ratings to Aa1 from Aa2; assigns Aa1 to 2026 GO bonds; outlook stable

12 Jun 2026

New York, June 12, 2026 -- Moody's Ratings (Moody's) has upgraded Mercer County, NJ's outstanding issuer, general obligation (GO), and non-contingent GOULT lease obligation debt to Aa1 from Aa2. We have assigned a Aa1 the county's \$62.8 million General Obligation Bonds, Series 2026, consisting of \$56.7 million General Improvement Bonds and \$6.2 million County College Bonds (County College Bond Act, P.L. 1971, c. 12, as amended) (Callable). We have also affirmed the county's outstanding bond anticipation notes at MIG 1. The county had \$575 million in total debt outstanding at the end of 2024. The outlook has been revised to stable from positive.

RATINGS RATIONALE

The upgrade of the issuer rating to Aa1 reflects the county's ability to continue its positive financial trend over the past several years. Its management team which took over in 2024 has stabilized and right-sized operations leading to fund balance increasing to around 24% of revenues based on unaudited 2025 results. The 2026 budget continues to show stability despite a 28% year-over-year increase in health care costs. Management is reporting operations are trending well to budget and reserves should be at least stable by the end of the year.

The county's local economy continues to be a strength given its prime location to major job markets and ongoing redevelopment. The county has several large redevelopment projects that will be beneficial to its revenue base. Resident income and wealth levels are above-average compared to national peers.

Its leverage is affordable and will remain generally stable. The county borrows annually to address routine infrastructure and equipment purchases. Its annual issuances are not currently expected to materially change its current debt profile.

The upgrade to Aa1 from Aa2 on the general obligation and non-contingent GOULT lease obligation ratings reflect the unlimited ad valorem tax pledge supporting the bonds, either directly or indirectly through the lease agreements.

The MIG 1 reflects the county's strong underlying credit quality, as evidenced by its Aa1 long-term rating, and history of market access.

RATING OUTLOOK

The stable outlook reflects the expectation that the county's economy will continue to see growth while reserves and leverage remain in line with peers.

FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATINGS

- Increase and maintenance in reserves at 35% of revenues
- Material improvement in resident income and wealth levels

- Sustained decline in leverage to below 200% of revenues

FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATINGS

- Decline in reserves to below 20% of revenues
- Increase in leverage to above 350% of revenues
- Downgrade of the long-term rating to below A2 (short-term only)

PROFILE

Mercer County, NJ is located in central New Jersey (Aa3 stable) and is home to the state capital, Trenton (Baa1).

METHODOLOGY

The principal methodology used in the long-term and issuer ratings was US Cities and Counties published in June 2026 and available at <https://ratings.moodys.com/rmc-documents/466689>. The principal methodology used in the short-term ratings 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 these methodologies.

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