CREDIT OPINION
2 September 2026

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Township of Morris, NJ

Update to credit analysis

Summary

Morris Township, NJ (Aaa) benefits from a very strong local economy and resident income levels. Its reserves are strong and stable. Leverage has been moderating over the past several years.

Credit strengths

» Very strong resident income and wealth

» Healthy fund balance

Credit challenges

» Ongoing capital projects

Rating outlook

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

Factors that could lead to an upgrade

» Not applicable

Factors that could lead to a downgrade

» Decline in fund balance to 25% of revenues

» Sustained increase in leverage to over 300% of revenues

Key indicators

Exhibit 1
Morris (Township of) NJ

	2022	2023	2024	2025	Aaa Medians
Economy					
Resident income ratio (%)	220.0%	219.4%	225.5%	N/A	167.9%
Full Value ($000)	$5,833,961	$6,047,795	$6,489,053	$6,911,100	$9,704,244
Population	23,094	23,239	23,424	N/A	36,112
Full value per capita ($)	$252,618	$260,243	$277,026	N/A	$239,458
Annual Growth in Real GDP	2.2%	0.9%	2.4%	N/A	2.1%
Financial Performance					
Revenue ($000)	$48,187	$50,284	$51,352	$51,413	$116,165
Available fund balance ($000)	$26,632	$25,792	$26,521	$28,273	$78,547
Net unrestricted cash ($000)	$34,660	$32,072	$35,379	$32,567	$109,144
Available fund balance ratio (%)	55.3%	51.3%	51.6%	55.0%	65.8%
Liquidity ratio (%)	71.9%	63.8%	68.9%	63.3%	93.9%
Leverage					
Debt ($000)	$22,983	$31,245	$30,936	$33,127	$81,498
Adjusted net pension liabilities ($000)	$74,043	$67,776	$57,782	$53,549	$71,276
Adjusted net OPEB liabilities ($000)	$0	$0	$0	$0	$10,296
Other long-term liabilities ($000)	$1,121	$998	$1,414	$1,150	$4,168
Long-term liabilities ratio (%)	203.7%	198.9%	175.5%	170.8%	183.1%
Fixed costs					
Implied debt service ($000)	$1,930	$1,605	$2,170	$2,141	$5,076
Pension tread water contribution ($000)	$2,940	$3,338	$3,196	$3,113	$3,403
OPEB contributions ($000)	$0	$0	$0	$0	$543
Implied cost of other long-term liabilities ($000)	$95	$78	$69	$98	$279
Fixed-costs ratio (%)	10.3%	10.0%	10.6%	10.4%	10.0%

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.
Sources: US Census Bureau, Morris (Township of) NJ's financial statements and Moody's Ratings, US Bureau of Economic Analysis

Profile

Morris Township is located in Morris County in north central New Jersey, approximately 30 miles west of New York City.

Detailed credit considerations

The township's local economy will remain a strength given its already strong resident income and wealth levels with some new development. The township's most notable economic development project, a new New York Red Bulls soccer training facility, opened as scheduled and is paying taxes in the 2026 budget. It is now the township's largest taxpayer.

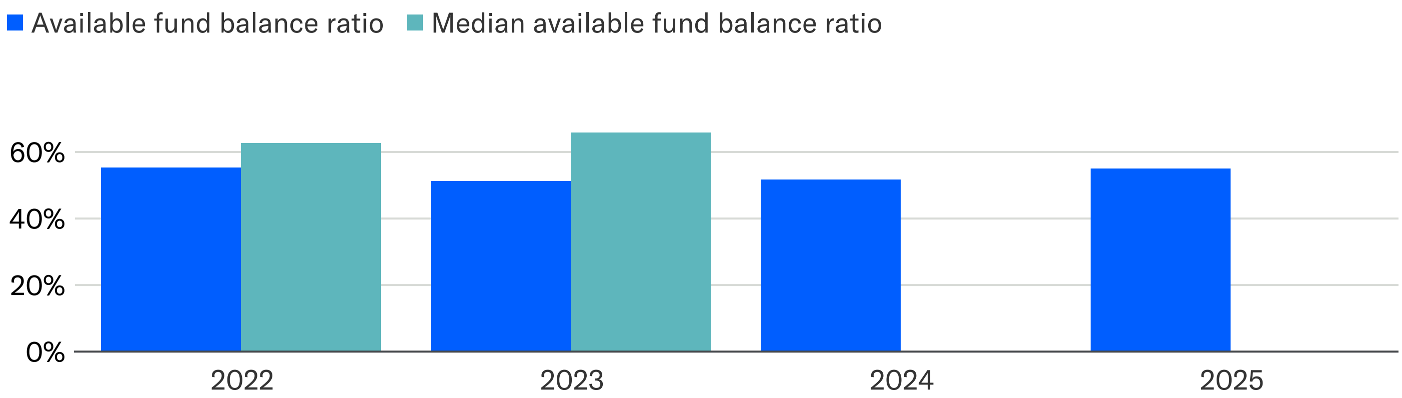
Wealth and income levels remain a key credit strength, with adjusted median household income equal to 225.5% of the nation, substantially above levels typical for highly rated local governments. Full value per capita is also strong at over $325,000.

Reserves will remain strong through the rest of 2026 and into future years. Fiscal 2026's budget includes a 5% increase in the tax levy from 2025 to cover increases in all spending areas. Reserve levels have remained remarkably consistent over the last several years, reflecting prudent fiscal management and the stability of the township's property tax driven revenue structure. Ending fiscal 2025 fund balance amounted to 55% of revenues which follows a long trend of stable operating performance.

Leverage will likely remain around these levels over the near-term as there are limited borrowing plans. Long-term liabilities were 170% of operating revenue in fiscal 2025, continuing a downward trend driven by improved pension liability reporting. The township has no large new capital plans. It will likely continue to issue around $2.5-3.5 million annually for routine improvements.

Financial operations

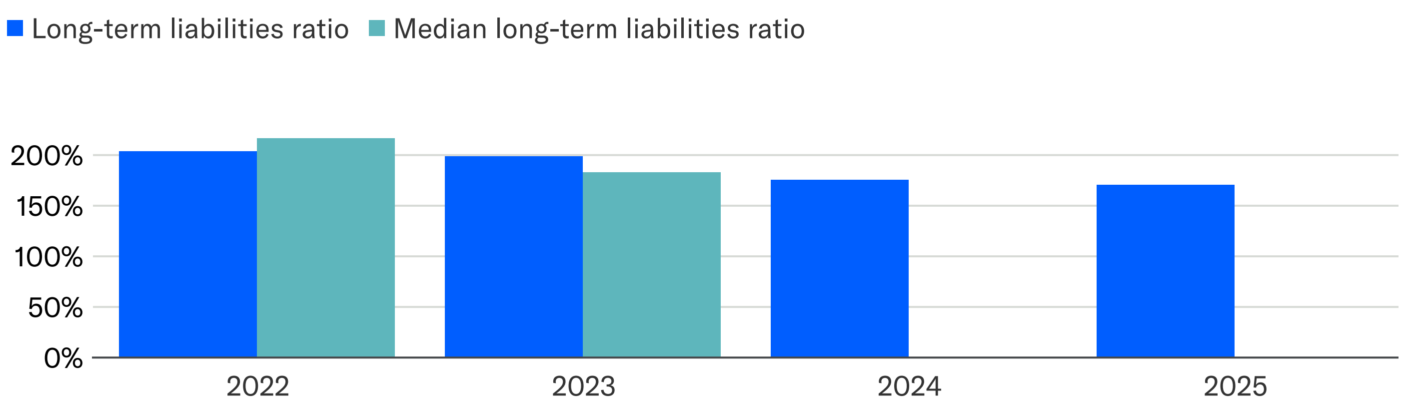
Exhibit 2
Fund Balance Ratio



Source: Audited financial statements; Moody's Ratings

Leverage

Exhibit 3
Total Primary Government - Long Term Liabilities



Source: Audited financial statements; Moody's Ratings

ESG considerations

Environmental

The township does not have material environmental exposure risk. The township does have regular storms that can cause damage but nothing that would materially impact its local economy.

Social

Social considerations are not material to the credit profile. Poverty and unemployment are low.

Governance

New Jersey cities have a strong ability to match revenues to expenditures. While their primary operating revenue source (property taxes) is subject to state-imposed caps, there are exemptions that allow for increases without limitation or voter approval for debt service, pension, and OPEB 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 4
Morris (Township of) NJ

	Measure	Weight	Score
Economy			
Resident income ratio	225.5%	10.0%	Aaa
Full value per capita	325,365	10.0%	Aaa
Economic growth metric	-0.9%	10.0%	Aa
Financial Performance			
Available fund balance ratio	55.0%	20.0%	Aaa
Liquidity ratio	63.3%	10.0%	Aaa
Institutional Framework			
Institutional Framework	Aa	10.0%	Aa
Leverage			
Long-term liabilities ratio	170.8%	20.0%	Aa
Fixed-costs ratio	10.4%	10.0%	Aa
Notching factors			
Additional Strength in Local Resources	0.5		
Financial disclosures	-0.5		
Scorecard-Indicated Outcome			Aa1
Assigned Rating			**Aaa**

The Economic Growth metric cited above compares the five-year CAGR of real GDP for New York-Newark-Jersey City, NY-NJ to the five-year CAGR of real GDP for the US.
Sources: US Census Bureau, Morris (Township of) NJ's financial statements and Moody's Ratings

Appendix

Exhibit 5
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

REPORT NUMBER 1494789

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