

CREDIT OPINION

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Send Your Feedback

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Township of Wayne, NJ

Update to credit analysis

Summary

Wayne, NJ benefits from a strong and wealthy economy in northern New Jersey, very stable and healthy reserves, and above-average leverage.

Credit strengths

- » Strong local economy with above-average resident income and wealth
- » Stable reserves

Credit challenges

- » Above-average leverage

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

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Factors that could lead to a downgrade

- » Decline in fund balance to below 40% of revenues
- » Increase in leverage to above 500% of revenues

Key indicators

Exhibit 1

Wayne (Township of) NJ

	2020	2021	2022	2023	Aaa Medians
Economy					
Resident income ratio (%)	170.0%	173.0%	173.9%	N/A	170.6%
Full Value (\$000)	\$10,904,179	\$10,938,736	\$10,957,099	\$11,772,678	\$8,680,662
Population	53,665	54,880	54,143	N/A	36,119
Full value per capita (\$)	\$203,190	\$199,321	\$202,373	N/A	N/A
Annual Growth in Real GDP	-3.5%	4.8%	2.5%	N/A	4.9%
Financial Performance					
Revenue (\$000)	\$105,200	\$101,736	\$108,476	\$113,516	\$101,733
Available fund balance (\$000)	\$49,072	\$50,828	\$56,315	\$61,159	\$62,520
Net unrestricted cash (\$000)	\$76,888	\$76,096	\$79,732	\$83,073	\$88,880
Available fund balance ratio (%)	46.6%	50.0%	51.9%	53.9%	61.7%
Liquidity ratio (%)	73.1%	74.8%	73.5%	73.2%	91.1%
Leverage					
Debt (\$000)	\$64,560	\$62,357	\$56,490	\$89,104	\$68,781
Adjusted net pension liabilities (\$000)	\$268,487	\$196,920	\$155,342	\$151,885	\$105,726
Adjusted net OPEB liabilities (\$000)	\$166,225	\$151,406	\$138,108	\$138,701	\$11,674
Other long-term liabilities (\$000)	\$508	\$509	\$531	\$2,098	\$3,903
Long-term liabilities ratio (%)	475.1%	404.2%	323.1%	336.3%	258.2%
Fixed costs					
Implied debt service (\$000)	\$5,011	\$4,623	\$4,374	\$3,945	\$4,899
Pension tread water contribution (\$000)	\$8,439	\$8,115	\$6,310	\$7,548	\$3,333
OPEB contributions (\$000)	\$5,555	\$5,443	\$5,621	\$5,628	\$503
Implied cost of other long-term liabilities (\$000)	\$39	\$36	\$36	\$37	\$262
Fixed-costs ratio (%)	18.1%	17.9%	15.1%	15.1%	11.2%

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 Metropolitan Statistical Area.

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

Profile

Wayne is a township with a population of nearly 54,000 located in northern New Jersey, within commuting distance of New York City.

Detailed credit considerations

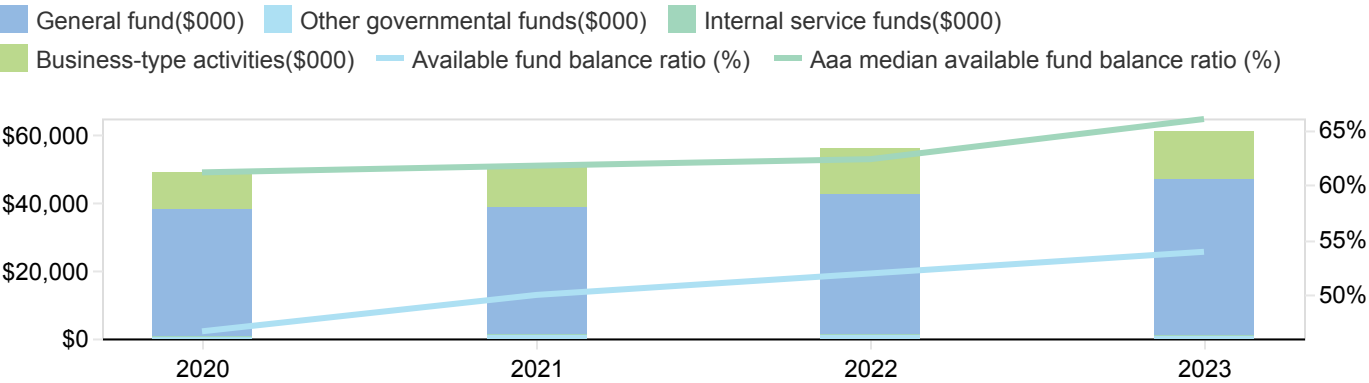
The township's local economy is largely residential but has a solid commercial sector. It benefits from its location in northern New Jersey that is in commuting distance to strong job markets. Resident income and wealth are very strong and are in line with peers for the Aaa rating category. The township's operations are annually positive leading to healthy fund balance levels. Operations are comprised mainly of Current Fund operations (80%) but the township also operates a water and sewer and recreation fund. The township's budget is largely supported by property taxes. Long-term liabilities are above-average and are driven by state administered pension and OPEB liabilities.

The township's local economy will remain strong in the near-term. Management reports ongoing redevelopment that is expected to add over 2,000 residential units and new warehouses in 2025. Fiscal 2024 operations are trending well to budget. Across all funds, the township is expecting to see flat if not modestly positive reserves by the end of the year. The township's leverage should remain in line as there are no material debt issuances planned in the near-term. It will continue to address capital projects annually.

Financial operations

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the issuer/deal page on <https://ratings.moody's.com> for the most updated credit rating action information and rating history.

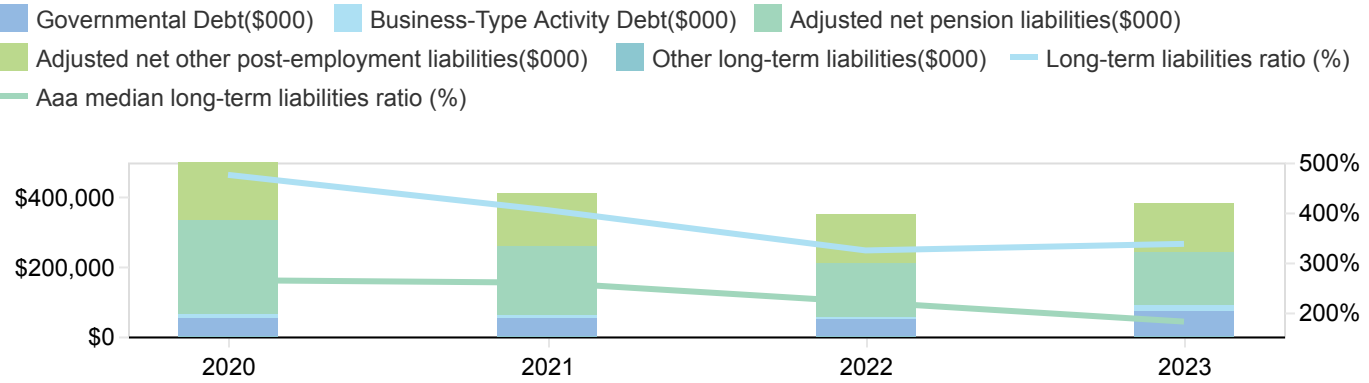
Exhibit 2
Fund Balance



Source: Moody's Ratings

Leverage

Exhibit 3
Total Primary Government - Long Term Liabilities

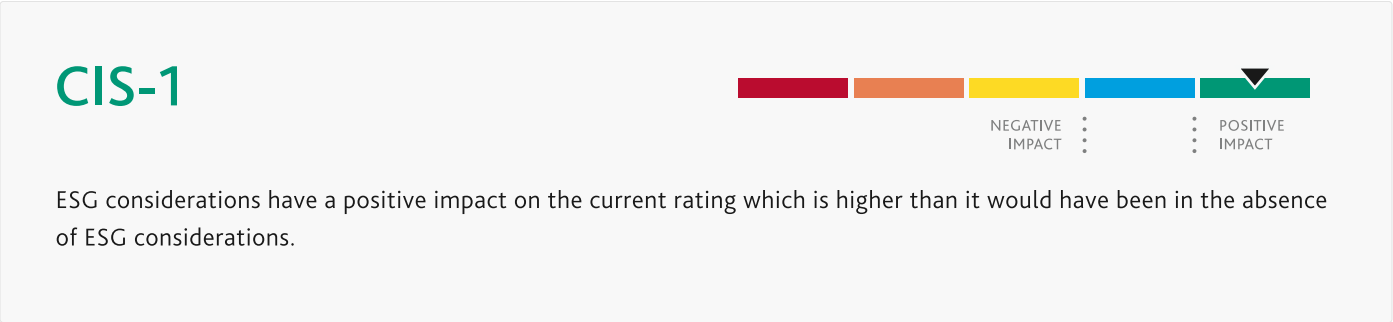


Source: Moody's Ratings

ESG considerations

Wayne (Township of) NJ's ESG credit impact score is CIS-1

Exhibit 4
ESG credit impact score

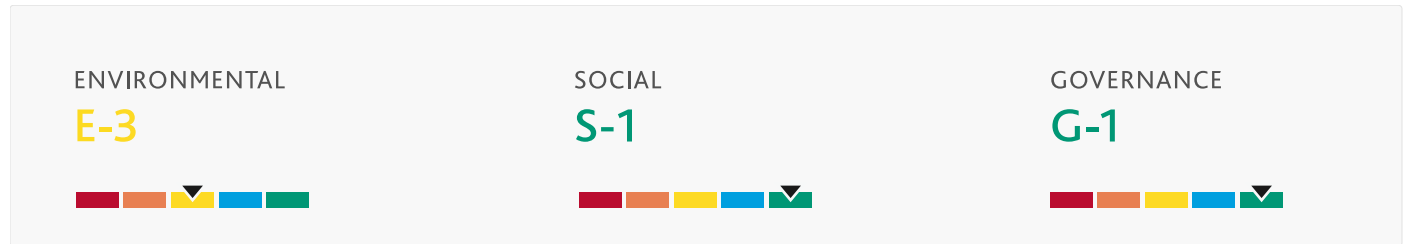


Source: Moody's Ratings

The township's ESG credit impact score is **CIS-1**, reflecting positive governance and social considerations, while environmental risks are moderately negative.

Exhibit 5

ESG issuer profile scores



Source: Moody's Ratings

Environmental

The township's overall environmental issuer profile score is **E-3**. While carbon transition, water, natural capital, and pollution risks are modest, the area is exposed to heat stress, hurricanes, and potential wildfires.

Social

The township has a positive social score of **S-1**. The township benefits from strong labor and income metrics along with being very well educated and overall very safe. In contrast, the high cost of living and housing prices in the area poses a challenge. Residents have easy access to basic services.

Governance

The township's governance is **G-1**. Government operations are managed by certified and experienced professionals who are responsible for implementing its policy objectives. This, plus a combination of a strong state-wide institutional framework and generally conservative budgeting, has allowed for stable and strong financial operations. Finally, management is generally prompt in publishing its budgets and audited financial statements.

ESG Issuer Profile Scores and Credit Impact Scores for the rated entity/transaction are available on Moodys.com. In order to view the latest scores, please click [here](#) to go to the landing page for the entity/transaction on MDC and view the ESG Scores section.

Rating methodology and scorecard factors

The US Cities and Counties Methodology includes a scorecard, which 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. The scorecard outcome does not consider the township's very stable operations annually.

Exhibit 6

Wayne (Township of) NJ

	Measure	Weight	Score
Economy			
Resident income ratio	173.9%	10.0%	Aaa
Full value per capita	255,682	10.0%	Aaa
Economic growth metric	-0.4%	10.0%	Aa
Financial Performance			
Available fund balance ratio	53.9%	20.0%	Aaa
Liquidity ratio	73.2%	10.0%	Aaa
Institutional Framework			
Institutional Framework	Aa	10.0%	Aa
Leverage			
Long-term liabilities ratio	336.3%	20.0%	A
Fixed-costs ratio	15.1%	10.0%	A
Notching factors			
Financial disclosures	-0.5		
Scorecard-Indicated Outcome			Aa2
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-PA Metropolitan Statistical Area Metropolitan Statistical Area to the five-year CAGR of real GDP for the US.

Sources: US Census Bureau, Wayne (Township of) NJ's financial statements and Moody's Ratings

Appendix

Exhibit 7

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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