



## **Rating Action: Moody's Ratings assigns MIG 1 to East Hanover, NJ's notes; affirms Aa2 issuer and GO ratings**

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13 May 2025

New York, May 13, 2025 -- Moody's Ratings (Moody's) has assigned a MIG 1 short-term rating to the Township of East Hanover, NJ's proposed \$11.7 million Bond Anticipation Notes, Series 2025A. Concurrently, we have affirmed the township's Aa2 issuer and general obligation unlimited tax ratings. Inclusive of the proposed issuance, the township has approximately \$56.0 million in debt outstanding.

### **RATINGS RATIONALE**

The Aa2 issuer rating for East Hanover reflects a stable economic outlook supported by its favorable location in northern New Jersey, which allows residents to easily commute to major employment centers. The township benefits from ongoing commercial and residential developments that are projected to add \$400 million in ratables over the next two years, bolstering property tax revenues by \$3 million to \$4 million. 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 164% of the national median and robust property wealth, with a full value per capita of \$313,061. Financially, the township maintains a healthy fund balance, with reserves increasing from \$10.8 million (32.1% of revenue) in 2023 to an estimated \$12.3 million (33.5% of revenue) in 2024, attributable to strong investment income and construction fee revenues. While the township's leverage position is above-average with a long-term liabilities ratio of 317%, 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 RATINGS**

- 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 RATINGS**

- Decrease in the available fund balance ratio to 15% 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 (A1 positive). Its population is approximately 11,100.

## METHODOLOGY

The principal methodology used in the issuer and long-term ratings was US Cities and Counties published in July 2024 and available at <https://ratings.moodys.com/rmc-documents/425429>. The principal methodology used in the short-term 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 these methodologies.

## REGULATORY DISCLOSURES

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.moodys.com/rating-definitions>.

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