

Research Update:

Morris County, NJ Series 2025 GO Bonds Assigned 'AAA' Rating

May 27, 2025

Overview

- S&P Global Ratings assigned its 'AAA' rating to Morris County, N.J.'s approximately \$28.2 million series 2025 general obligation (GO) bonds, consisting of general improvement, park, and county college bonds.
- At the same time, S&P Global Ratings affirmed its 'AAA' rating on the county's existing GO debt and county-guaranteed GO-backed debt issued by Morris County Improvement Authority.
- The rating is based on the application our "Methodology For Rating U.S. Governments," published Sept. 9, 2024.
- The outlook is stable.

Primary contact

Anthony Polanco
Manchester
1-617-530-8234
anthony.polanco
@spglobal.com

Secondary contact

Lauren Freire
New York
1-212-438-7854
lauren.freire
@spglobal.com

Rationale

Security

Morris County's full-faith-and-credit pledge and agreement to levy ad valorem property taxes, without limitation as to rate or amount, secure the series 2025 bonds and existing GO debt.

We understand officials intend to use series 2025 bond proceeds to fund various capital-improvement projects.

The rating on the existing county-guaranteed debt, issued through the improvement authority, reflects the GO rating and unconditional guarantee of full and prompt principal-and-interest bond payments when due. The guarantee qualifies as a form of credit enhancement and reflects Morris County's unconditional promise to pay guaranteed obligations on the due date when the county exhausts remedies against the primary obligors.

Credit highlights

Morris County has a strong local economy with high incomes and wealthy property tax base that benefits from the county's favorable location, connecting residents to regional employment opportunities in the greater New York City area. The tax base continues to experience steady growth due to various ongoing private- and public-development projects, including the expansion of Morris County's commercial and retail sector, as well as new housing developments.

The county has consistently maintained positive finances in the past five fiscal years because of management's conservative budgeting. Management attributes positive operations in fiscal 2024 to higher-than-budgeted revenue--including investment income, shared-services revenue, and other miscellaneous revenue--and cost savings across different parts of the county's budget.

The fiscal 2025, \$376.6 million budget is a 4.89% increase in operations over fiscal 2024 with most increases for health care and operational costs for the purpose of retention and attraction. In addition, with budget-to-actual results tracking the budget favorably so far in fiscal 2025, management currently expects to end with balanced operations. Management currently plans to continue to build up reserves.

With this issuance, the county will have about \$276 million in total direct debt. Morris County plans to issue about of about \$130 million-\$150 million during the next two years, with a large portion going towards a courthouse project. However, we don't expect the additional debt to have a material impact on the county's debt burden.

Although retirement costs remain a long-term credit pressure due to low funding and large liabilities compared with the budget, we think the county has taken steps to address some liabilities, particularly other postemployment benefits (OPEBs), such as closing the plan for new employees.

The rating reflects our view of Morris County's:

- Strong local economy that well embedded within the New York City and northern New Jersey metropolitan statistical area. In addition, the county's incomes and economic output indicators are above the U.S. average and compare favorably with those of similarly rated peers;
- Historically stable budgetary performance that has resulted in continued reserve improvement due to conservative budgeting, supported by a strong revenue base. The county also maintains \$30.6 million of additional reserves, made up of storm-recovery, motor vehicle fines, and accumulated-absences funds as of fiscal 2024; the county can use these restricted funds for operations, if needed;
- Robust and comprehensive financial management practices and policies that include a conservative and forward-looking budgeting practices, long-term formal financial and capital improvement plans, formal investment and debt management policies, and a reserve policy that limits unreserved fund balance to no less than 12% of expenditures; and
- Large retirement liabilities, with combined pension and OPEB liabilities that totaled about \$1.2 billion as of fiscal 2024 and weak actuary assumptions for participating pension plans, administered by New Jersey, which could lead to budget pressure. However, we think the county's debt profile should remain manageable, even with additional capital needs.

- For more information on our institutional framework assessment for New Jersey counties, see "Institutional Framework Assessment: New Jersey Local Governments," published Sept. 9, 2024, on RatingsDirect.

Environmental, social, and governance

We have assessed environmental, social, and governance factors relative to the county's economy, management, financial measures, and debt profile; we view them all as neutral in our credit rating analysis.

Rating above the sovereign

Morris County is eligible for a rating higher than the sovereign because we think the county can maintain strong credit characteristics relative to the nation in a stress scenario. Under our criteria, "Ratings Above The Sovereign: Corporate And Government Ratings--Methodology And Assumptions," published Nov. 19, 2013, the county has predominantly locally derived revenue with independent taxing authority and treasury management from the federal government.

Outlook

The stable outlook reflects S&P Global Ratings' opinion of the county's strong and robust economy, coupled with a history of positive finances and strong fund balance levels. Although we expect retirement liabilities will likely remain high, we think the county will likely continue to manage fixed costs and maintain balanced operating results.

Downside scenario

We could lower the rating if increasing pension and OPEB costs or other factors were to cause budgetary performance to deteriorate and if Morris County were to draw down reserves with no plan to correct this.

Morris County, New Jersey--credit summary

Institutional framework (IF)	2
Individual credit profile (ICP)	1.65
Economy	1.0
Financial performance	2
Reserves and liquidity	1
Management	1.00
Debt and liabilities	3.25

Morris County, New Jersey--key credit metrics

	Most recent	2024	2023	2022
Economy				
Real GCP per capita % of U.S.	--	--	173	178
County PCPI % of U.S.	--	--	165	164

Morris County, New Jersey--key credit metrics

	Most recent	2024	2023	2022
Economy				
Market value (\$000s)	--	125,464,713	115,769,336	106,672,870
Market value per capita (\$)	--	244,746	225,833	207,883
Top 10 taxpayers % of taxable value	--	--	--	1.9
County unemployment rate (%)	--	3.7	3.5	3.1
Local median household EBI % of U.S.	--	--	163	160
Local per capita EBI % of U.S.	--	--	164	163
Local population	--	--	512,633	513,139
Financial performance				
Operating fund revenues (\$000s)	--	398,184	378,897	412,629
Operating fund expenditures (\$000s)	--	392,061	376,397	409,861
Net transfers and other adjustments (\$000s)	--	--	--	--
Operating result (\$000s)	--	6,123	2,500	2,768
Operating result % of revenues	--	1.5	0.7	0.7
Operating result three-year average %	--	1.0	0.6	0.6
Reserves and liquidity				
Available reserves % of operating revenues	--	17.7	16.7	14.7
Available reserves (\$000s)	--	69,319	63,196	60,695
Debt and liabilities				
Debt service cost % of revenues	--	10.2	10.6	10.1
Net direct debt per capita (\$)	550	494	502	582
Net direct debt (\$000s)	282,128	247,800	257,598	298,706
Direct debt 10-year amortization (%)	87	98	--	--
Pension and OPEB cost % of revenues	--	13.0	13.0	11.0
NPLs per capita (\$)	--	417	417	453
Combined NPLs (\$000s)	--	213,717	213,717	232,687

Financial data may reflect analytical adjustments and are sourced from issuer audit reports or other annual disclosures. Economic data is generally sourced from S&P Global Market Intelligence, the Bureau of Labor Statistics, Claritas, and issuer audits and other disclosures. Local population is sourced from Claritas. Claritas estimates are point in time and not meant to show year-over-year trends. GCP--Gross county product. PCPI--Per capita personal income. EBI--Effective buying income. OPEB--Other postemployment benefits. NPLs--Net pension liabilities.

Morris County, NJ Series 2025 GO Bonds Assigned 'AAA' Rating

Ratings List

New Issue Ratings

US\$28.179 mil GO bnds ser 2025 dtd 06/26/2025 due 02/01/2033	
Long Term Rating	AAA/Stable

Ratings Affirmed

Local Government

Morris Cnty, NJ Unlimited Tax General Obligation	AAA/Stable
Morris County Improvement Authority, NJ Renewable Energy Project Revenues and Morris County, NJ Unlimited Tax General Obligation Guarantee	AAA/Stable

The ratings appearing below the new issues represent an aggregation of debt issues (ASID) associated with related maturities. The maturities similarly reflect our opinion about the creditworthiness of the U.S. Public Finance obligor's legal pledge for payment of the financial obligation. Nevertheless, these maturities may have different credit ratings than the rating presented next to the ASID depending on whether or not additional legal pledge(s) support the specific maturity's payment obligation, such as credit enhancement, as a result of defeasance, or other factors.

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at <https://disclosure.spglobal.com/ratings/en/regulatory/ratings-criteria> for further information. A description of each of S&P Global Ratings' rating categories is contained in "S&P Global Ratings Definitions" at <https://disclosure.spglobal.com/ratings/en/regulatory/article/-/view/sourceid/504352>. Complete ratings information is available to RatingsDirect subscribers at www.capitaliq.com. All ratings referenced herein can be found on S&P Global Ratings' public website at www.spglobal.com/ratings.

Copyright © 2025 by Standard & Poor's Financial Services LLC. All rights reserved.

No content (including ratings, credit-related analyses and data, valuations, model, software or other application or output therefrom) or any part thereof (Content) may be modified, reverse engineered, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of Standard & Poor's Financial Services LLC or its affiliates (collectively, S&P). The Content shall not be used for any unlawful or unauthorized purposes. S&P and any third-party providers, as well as their directors, officers, shareholders, employees or agents (collectively S&P Parties) do not guarantee the accuracy, completeness, timeliness or availability of the Content. S&P Parties are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, for the results obtained from the use of the Content, or for the security or maintenance of any data input by the user. The Content is provided on an "as is" basis. S&P PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall S&P Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs or losses caused by negligence) in connection with any use of the Content even if advised of the possibility of such damages.

Some of the Content may have been created with the assistance of an artificial intelligence (AI) tool. Published Content created or processed using AI is composed, reviewed, edited, and approved by S&P personnel.

Credit-related and other analyses, including ratings, and statements in the Content are statements of opinion as of the date they are expressed and not statements of fact. S&P's opinions, analyses and rating acknowledgment decisions (described below) are not recommendations to purchase, hold, or sell any securities or to make any investment decisions, and do not address the suitability of any security. S&P assumes no obligation to update the Content following publication in any form or format. The Content should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. S&P does not act as a fiduciary or an investment advisor except where registered as such. While S&P has obtained information from sources it believes to be reliable, S&P does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives. Rating-related publications may be published for a variety of reasons that are not necessarily dependent on action by rating committees, including, but not limited to, the publication of a periodic update on a credit rating and related analyses.

To the extent that regulatory authorities allow a rating agency to acknowledge in one jurisdiction a rating issued in another jurisdiction for certain regulatory purposes, S&P reserves the right to assign, withdraw or suspend such acknowledgment at any time and in its sole discretion. S&P Parties disclaim any duty whatsoever arising out of the assignment, withdrawal or suspension of an acknowledgment as well as any liability for any damage alleged to have been suffered on account thereof.

S&P keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain business units of S&P may have information that is not available to other S&P business units. S&P has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process.

S&P may receive compensation for its ratings and certain analyses, normally from issuers or underwriters of securities or from obligors. S&P reserves the right to disseminate its opinions and analyses. S&P's public ratings and analyses are made available on its Web sites, www.spglobal.com/ratings (free of charge), and www.ratingsdirect.com (subscription), and may be distributed through other means, including via S&P publications and third-party redistributors. Additional information about our ratings fees is available at www.spglobal.com/usratingsfees.

STANDARD & POOR'S, S&P and RATINGSDIRECT are registered trademarks of Standard & Poor's Financial Services LLC.