

CREDIT OPINION

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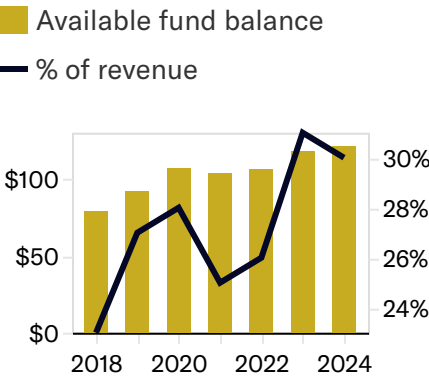
Morris County, NJ

Update to credit analysis

Summary

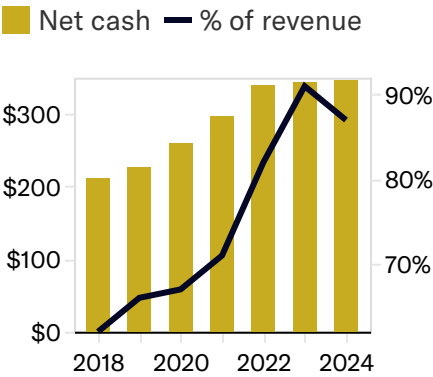
Morris County, NJ (Aaa stable) will continue to benefit from its favorable position as a wealthy outer suburb of New York City (Aa2 stable). Resident income is very strong at 152.7% of the US median and full value per capita is now about \$250,000 as the county attracts significant new development. The county has a history of strong governance, with healthy reserves at 30% for 2024. The county's liabilities are relatively high at 357%, though OPEB reform will help to bring this figure down over time.

Exhibit 1  
Available fund balance remains healthy  
\$ in millions



Source: Moody's Ratings

Exhibit 2  
Net cash  
\$ in millions



Source: Moody's Ratings

## Credit strengths

- » Strong and stable finances
- » Large, diverse and wealthy economy with stable employer presence
- » Exceptionally strong, proactive financial management

## Credit challenges

- » Above-average leverage and fixed costs

## Rating outlook

The stable outlook reflects our expectation that the county's financial position will remain strong over the near term and that the county will continue to benefit from its wealthy and growing economy and above-average resident wealth and income.

## Factors that could lead to an upgrade

- » Not applicable

## Factors that could lead to a downgrade

- » Material, sustained declines in reserves below 20% of revenue
- » Sustained economic decline
- » Significant increase in leverage above 500% of revenue

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.

## Key indicators

Exhibit 3

### Morris (County of) NJ

	2021	2022	2023	2024	Aaa Medians
<b>Economy</b>					
Resident income ratio (%)	156.1%	154.0%	152.7%	N/A	121.1%
Full Value (\$000)	\$97,242,143	\$100,656,187	\$107,222,191	\$116,681,771	\$60,715,203
Population	508,347	508,816	510,375	N/A	413,001
Full value per capita (\$)	\$191,291	\$197,824	\$210,085	\$247,717	\$150,347
Annual Growth in Real GDP	5.1%	2.2%	1.6%	N/A	2.2%
<b>Financial Performance</b>					
Revenue (\$000)	\$419,927	\$412,629	\$378,897	\$398,184	\$556,827
Available fund balance (\$000)	\$103,956	\$106,065	\$117,910	\$121,080	\$251,309
Net unrestricted cash (\$000)	\$297,019	\$339,286	\$343,195	\$345,969	\$420,472
Available fund balance ratio (%)	24.8%	25.7%	31.1%	30.4%	47.7%
Liquidity ratio (%)	70.7%	82.2%	90.6%	86.9%	79.5%
<b>Leverage</b>					
Debt (\$000)	\$352,608	\$312,346	\$270,534	\$266,037	\$425,678
Adjusted net pension liabilities (\$000)	\$586,945	\$498,849	\$417,662	\$355,273	\$492,825
Adjusted net OPEB liabilities (\$000)	\$989,811	\$697,848	\$727,899	\$787,354	\$62,594
Other long-term liabilities (\$000)	\$12,178	\$12,289	\$12,034	\$11,425	\$27,845
Long-term liabilities ratio (%)	462.4%	368.7%	376.9%	356.6%	178.9%
<b>Fixed costs</b>					
Implied debt service (\$000)	\$26,770	\$24,732	\$21,814	\$18,793	\$27,654
Pension tread water contribution (\$000)	\$21,430	\$16,236	\$19,255	\$17,771	\$10,470
OPEB contributions (\$000)	\$27,130	\$27,787	\$29,054	\$33,024	\$3,449
Implied cost of other long-term liabilities (\$000)	\$825	\$854	\$858	\$836	\$1,961
Fixed-costs ratio (%)	18.1%	16.9%	18.7%	17.7%	7.5%

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.

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

## Profile

Morris County is located in northern New Jersey (A1 positive) about 25 miles west of New York City (Aa2 stable). It is one of the wealthiest counties in the country.

## Detailed credit considerations

### Economy: growing, diverse economy with above-average resident wealth and income

Morris County's economy will remain strong due to its advantageous location in northern New Jersey and its highly skilled and well-educated labor force.

Resident wealth and income are well above-average with equalized value per capita of \$247,717 as of 2025 and adjusted median household income equal to 154% of the national median. Management reports considerable ongoing development in both the residential and commercial sectors.

The county has a significant retail and corporate presence, including many Fortune 500 companies. The largest taxpayers include major pharmaceutical, retail, and financial firms and there is no material concentration in the tax base.

### Financial performance: strong finances with healthy reserves

Morris County's financial position will remain healthy and a credit strength as management continues to budget conservatively.

In 2024, the county's Moody's-adjusted available fund balance grew to \$121 million, or 30.4% of revenue. The county's finances have been stable for many years. Management has a long history of accurate and conservative budgeting and routinely outperforms its budget.

**Leverage: above-average leverage due to OPEB, but reform will relieve pressure eventually**

Morris County's leverage will remain above-average for the time being, largely the effect of a significant OPEB liability. As of the end of 2024, the county's Moody's-adjusted long-term net liabilities totaled 357% revenue, which is high even for a NJ county (NJ counties as a whole are a high-leverage cohort). The most significant component of these long-term liabilities is OPEB, which total an adjusted \$787 million (200% of revenue). Favorably, the county has discontinued OPEB benefits for new employees, so its net OPEB liability will eventually decline, though this will likely take a number of years.

## 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 county's Aaa rating is 3 notches higher than its scorecard-indicated outcome because the scorecard does not capture the county's financial stability nor the OPEB reform that will reduce its leverage over time.

Exhibit 4

### Morris (County of) NJ

	Measure	Weight	Score
<b>Economy</b>			
Resident income ratio	152.7%	10.0%	Aaa
Full value per capita	247,717	10.0%	Aaa
Economic growth metric	-0.8%	10.0%	Aa
<b>Financial Performance</b>			
Available fund balance ratio	30.4%	20.0%	Aa
Liquidity ratio	86.9%	10.0%	Aaa
<b>Institutional Framework</b>			
Institutional Framework	Aa	10.0%	Aa
<b>Leverage</b>			
Long-term liabilities ratio	356.6%	20.0%	Baa
Fixed-costs ratio	17.7%	10.0%	A
<b>Notching factors</b>			
Financial disclosures	-0.5		
Scorecard-Indicated Outcome			Aa3
<b>Assigned Rating</b>			<b>Aaa</b>

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 to the five-year CAGR of real GDP for the US.

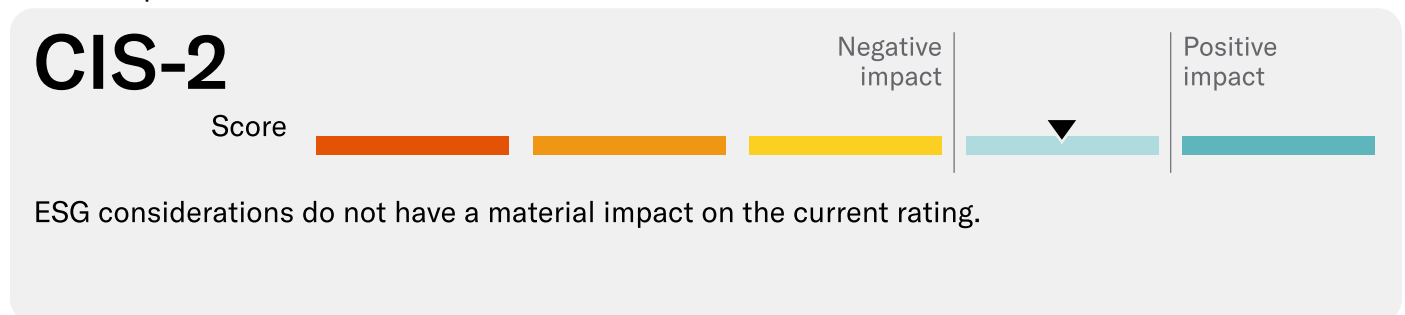
Sources: US Census Bureau, Morris (County of) NJ's financial statements and Moody's Ratings

## ESG considerations

### Morris (County of) NJ's ESG credit impact score is CIS-2

Exhibit 5

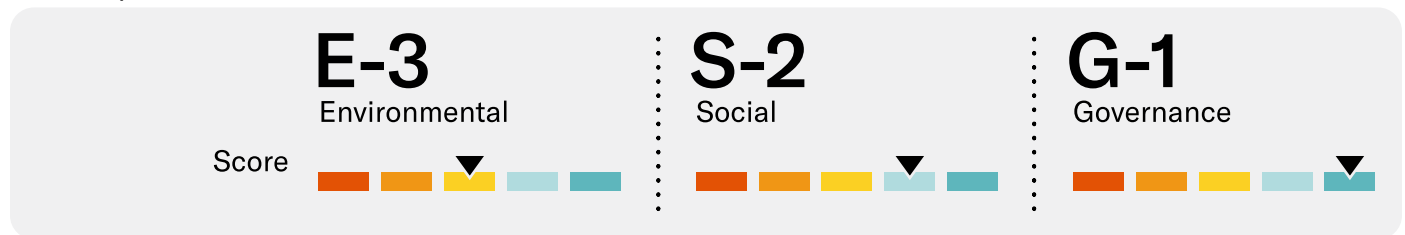
#### ESG credit impact score



Source: Moody's Ratings

Morris County's ESG credit impact score of **CIS-2** reflects the limited impact that environmental, social, and governance risks have on the county's credit quality.

Exhibit 6  
ESG issuer profile scores



Source: Moody's Ratings

### Environmental

The county has moderate exposure to environmental risks. While carbon transition, water, natural capital, and pollution risks are modest, the county is exposed to heat stress, hurricanes, and potential wildfires.

### Social

Exposure to social risk is limited. The county has above-average resident wealth and income, though affordable housing is one of the county's major challenges. Overall, demographics and educational attainment are strengths. Residents have easy access to basic services and the county scores favorably in health and safety.

### Governance

Morris County's strong governance is reflected in a score of **G-1**. The county has built a deep bench of civil servants and outside professionals to implement its policy objectives. This, plus a combination of a strong state-wide institutional framework and highly conservative budgeting, has allowed the county not only to strengthen its finances but to do so while providing various forms of assistance to its local governments.

ESG Issuer Profile Scores and Credit Impact Scores for the rated entity/transaction are available on Moody's.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.

## Appendix

Exhibit 7

### Key Indicators Glossary

	Definition	Typical Source*
<b>Economy</b>		
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
<b>Financial performance</b>		
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	
<b>Leverage</b>		
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	
<b>Fixed costs</b>		
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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