



Rating Action: Moody's Ratings assigns Aa1 to Essex County, NJ's Series 2025 Bonds and MIG 1 to BANs

17 Jun 2025

New York, June 17, 2025 -- Moody's Ratings (Moody's) has assigned a Aa1 rating to Essex County, NJ's proposed \$3.1 million General Obligation Bonds, Series 2025, consisting of \$1.55 million County College Bonds, Series 2025A and \$1.55 million County College Bonds, Series 2025B (County College Bond Act, P.L. 1971, c. 12) (Callable), and a MIG 1 rating to the county's proposed \$67.6 million Bond Anticipation Notes, Series 2025 (Non-Callable). We maintain a Aa1 issuer rating on the county. The outlook for the long-term rating is stable. The county has about \$980 million of debt outstanding.

RATINGS RATIONALE

The Aa1 issuer rating recognizes a regionally important economy acting as a hub for transportation, logistics, higher education and government in northern New Jersey. The balance of wealthy suburbs and lower-income cities in the county drives a resident income that is lower than many highly rated peers (median household income adjusted for the regional cost of living is 87% of the US median). Yet a strong growth trend in the county as well as numerous major employers and institutions integral to the region present an overall strong economic picture. Financial management is solid, and Moody's-adjusted available reserves of 20.8% will remain stable going forward. Like most NJ counties, Moody's-adjusted long-term liabilities are high (about 280% of revenue as of 2024), but continue to moderate due to higher discount rates, greater contributions to the pension plans the county participates in, moderate debt issuance, and revenue growth.

The Aa1 ratings on the county's general obligation bonds and its guaranteed and noncontingent lease bonds issued by the Essex County Improvement Authority are based on the county's full faith and credit pledge, either directly in the case of its general obligation bonds or through a guaranty or lease agreement in the case of the county's debt issued through the Essex County Improvement Authority.

The MIG 1 rating on the county's short-term notes is based on the county's general credit quality, as indicated by its Aa1 issuer rating.

RATING OUTLOOK

The stable outlook for the long-term rating recognizes the county's economic growth trend and its stable financial position, which will continue to face little variability because of conservative budgeting and a reliance on highly predictable property tax revenues.

FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATINGS

- Moderation of long-term liabilities based on better pension funding or amortization of outstanding debt
- Sustained available fund balance ratio of 30% of revenue
- Improvement in resident income ratio to 95% of US median

FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATINGS

- Sustained available fund balance ratio below 10% of revenue
- Reversal of currently strong economic growth trend
- Dramatic increase in debt

PROFILE

Essex county is the third-largest county in NJ by population with about 850,000 residents. A major economic hub within the greater New York City metropolitan area, the county's gross domestic product totals approximately \$67.4 billion

METHODOLOGY

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