

MOODY'S

RATINGS

Rating Action: **Moody's affirms Bergen County, NJ at Aaa**

19 Mar 2024

New York, March 19, 2024 -- Moody's Ratings has affirmed Bergen County, NJ's issuer rating and general obligation debt ratings at Aaa, and its short-term note ratings at MIG 1. Moody's has also affirmed the county-guaranteed bonds and notes issued by the Bergen County Improvement Authority at Aaa and MIG 1, respectively. The outlook is stable. Inclusive of the guaranteed debts, the county had approximately \$1.2 billion of debt outstanding as of 2022.

RATINGS RATIONALE

The county's Aaa rating incorporates a large, dynamic and wealthy economy that remains an enduring credit strength. Bergen County's financial position is historically narrow for the Aaa rating category but is improving, with available fund balance reaching nearly 20% of revenue in 2023 on an unaudited basis. Because of the county's deliberate efforts to continue strengthening its financial position, fund balance is likely to continue growing. A large portfolio of guaranteed debt and heavy other post-employment benefits contribute to leverage that is much higher than many highly rated peers (nearly 440% of revenue), which makes the county's other strengths such as its wealthy economy and solid financial management important offsetting factors.

The county's general obligation bonds are rated at the level of the issuer rating because of the full faith and credit pledge supporting the bonds.

The Bergen County Improvement Authority's county-guaranteed bonds are rated Aaa because of the county's general obligation unlimited tax pledge via the provisions of a county guaranty.

The MIG 1 rating on the county's short-term notes is based on the long-term credit quality of the county, as indicated by its Aaa rating. The MIG 1 rating on the Bergen County Improvement Authority's county-guaranteed short-term notes is similarly based on the county's long-term rating, as the county is obligated to pay the notes

according to the provisions of a guaranty.

RATING OUTLOOK

The stable outlook recognizes the enduring strengths of the county's economy and tax base, which continue to grow, as well as the ongoing improvement in finances. These remain important offsetting strengths in light of the county's heavy long-term liabilities.

FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATINGS

- N/A

FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATINGS

- Reversion of Moody's-adjusted available fund balance below 10% on a sustained basis
- Significant growth in long-term liabilities

LEGAL SECURITY

All the debts covered by this action are supported by the county's general obligation unlimited tax pledge. The county's bonds and short-term notes are direct GOs of the county. The Bergen County Improvement Authority's county-guaranteed bonds and notes are guaranteed by the county pursuant to guaranty agreements under which the county shall be unconditionally and irrevocably obligated to levy ad valorem taxes for payment of debt service without limitation as to rate or amount.

PROFILE

Bergen County is the largest county in NJ. It is located just outside New York City (Aa2 stable), and is primarily suburban in nature.

METHODOLOGY

The principal methodology used in the long term ratings was US Cities and Counties Methodology published in November 2022 and available at <https://ratings.moodys.com/rmc-documents/386953>. The principal methodology used in the short term ratings was US Municipal Short-term Debt Methodology published in May 2023 and available at <https://ratings.moodys.com/rmc-documents/398329>. The additional methodology used in the long-term and short-term county-guaranteed ratings was Guarantees, Letters of Credit and Other Forms of Credit Substitution Methodology published in July 2022 and available at <https://ratings.moodys.com/rmc-documents/386295>. Alternatively, please see the Rating Methodologies page on <https://ratings.moodys.com> for a copy of these methodologies

REGULATORY DISCLOSURES

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