

CREDIT OPINION

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Gloucester County, NJ

Update to credit analysis following upgrade to Aaa

Summary

Gloucester County, NJ (Aaa stable) benefits from ongoing economic expansion centered around its higher education and health care institutions. Its location in southern New Jersey on major highways also lends itself to ongoing logistics and commercial/industrial expansion. Overall, its taxable base is at peak levels. The county does not have any direct material exposure to federal government policy changes (whether that be tariffs, federal workforce, etc.) The county's reserve position has been consistently growing through conservative budgeting and a focused effort on streamlined service delivery. The county works to reduce spending through outsourcing or shared service agreements, which has saved millions over the past decade. Leverage is above national peers but is manageable. A portion of its debt burden is guaranteed debt which has a separate payment source but is ultimately backed by the county's general obligation pledge.

Credit strengths

- » Growing reserves through strong financial management
- » Healthy local economy with above-average resident income and wealth levels

Credit challenges

- » Above-average leverage with exposure to guaranteed debt

Rating outlook

The stable outlook reflects the expectation that the county's local economy and reserves (after 2025) will continue to see modest annual growth while leverage remains affordable.

Factors that could lead to an upgrade

- » Not applicable

Factors that could lead to a downgrade

- » Decline in reserves to below 25% of revenues
- » Increase in leverage to above 350% of revenues
- » Any significant contraction in economic trends

Key indicators

Exhibit 1

Gloucester (County of) NJ

	2021	2022	2023	2024	Aaa Medians
Economy					
Resident income ratio (%)	136.3%	131.8%	126.4%	N/A	121.1%
Full Value (\$000)	\$28,036,084	\$30,174,113	\$34,333,802	\$38,694,967	\$60,715,203
Population	300,821	302,621	304,504	N/A	413,001
Full value per capita (\$)	\$93,199	\$99,709	\$112,753	N/A	\$150,347
Annual Growth in Real GDP	4.4%	2.6%	2.1%	N/A	2.2%
Financial Performance					
Revenue (\$000)	\$340,696	\$338,437	\$293,223	\$300,438	\$556,827
Available fund balance (\$000)	\$88,158	\$93,418	\$106,786	\$107,722	\$251,309
Net unrestricted cash (\$000)	\$150,228	\$181,082	\$154,895	\$171,686	\$420,472
Available fund balance ratio (%)	25.9%	27.6%	36.4%	35.9%	47.7%
Liquidity ratio (%)	44.1%	53.5%	52.8%	57.1%	79.5%
Leverage					
Debt (\$000)	\$370,718	\$350,101	\$332,283	\$337,081	\$425,678
Adjusted net pension liabilities (\$000)	\$337,778	\$297,540	\$286,571	\$262,420	\$492,825
Adjusted net OPEB liabilities (\$000)	\$226,130	\$233,419	\$207,189	\$213,338	\$62,594
Other long-term liabilities (\$000)	\$3,688	\$3,628	\$3,555	\$4,240	\$27,845
Long-term liabilities ratio (%)	275.4%	261.4%	282.9%	272.0%	178.9%
Fixed costs					
Implied debt service (\$000)	\$27,177	\$26,002	\$24,451	\$23,082	\$27,654
Pension tread water contribution (\$000)	\$14,979	\$12,590	\$13,589	\$13,198	\$10,470
OPEB contributions (\$000)	\$6,007	\$6,835	\$8,435	\$9,534	\$3,449
Implied cost of other long-term liabilities (\$000)	\$350	\$259	\$253	\$247	\$1,961
Fixed-costs ratio (%)	14.2%	13.5%	15.9%	15.3%	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 Philadelphia-Camden-Wilmington, PA-NJ-DE-MD Metropolitan Statistical Area.

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

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Profile

Gloucester County is located in southwestern New Jersey, bounded on the northwest by the Delaware River and the Pennsylvania state line, just south of Philadelphia.

Detailed credit considerations

Economy: healthy economy with expected continued growth

Gloucester County's local economy will continue to grow at a moderate pace due to ongoing residential, commercial and industrial developments. A major driver in the county is the presence of Rowan University. The university has seen total full time enrollment grow 48% over the past 10 years to around 17,100 students. The university has been growing its education offerings to include a new Doctor of Veterinary Medicine program that is starting in Fall 2025 and the creation of the Virtua Health College of Medicine and Life Sciences program established in 2021 in partnership with Virtua Health Systems. These new programs are aimed at attracting students the area and provide a pathway to employment post graduation. The county's community college, Rowan College of South Jersey is in partnership with the university to provide a pathway of education in southern New Jersey.

Outside of higher education and health care institutions, the county continues to see ongoing development and expansion. Management reports new businesses opening in the county along with expansions of current tenants. The county has more affordable

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commercial and industrial space while still being close to Philadelphia. The county's tax base, as a proxy for growth, has grown annually since 2014 to an all-time high of \$42.7 billion (10% greater than 2024).

Despite the county's recent developments, it's worth noting that its MSA's GDP growth rate over the past five years has been slower compared to the national average. This was partly due to a significant GDP decline during the pandemic. Nevertheless, the MSA's real GDP has since rebounded and continues to grow, albeit at a slower pace than the national rate. The county's specific GDP growth has been stronger than the MSA.

Favorably, the county's resident income is above-average. Its adjusted median household income compared to the nation amounts to 126%. Its full value per capita is almost at \$147,000 as of the 2025 full value of \$42.6 billion.

Financial operations: strong and stable reserves

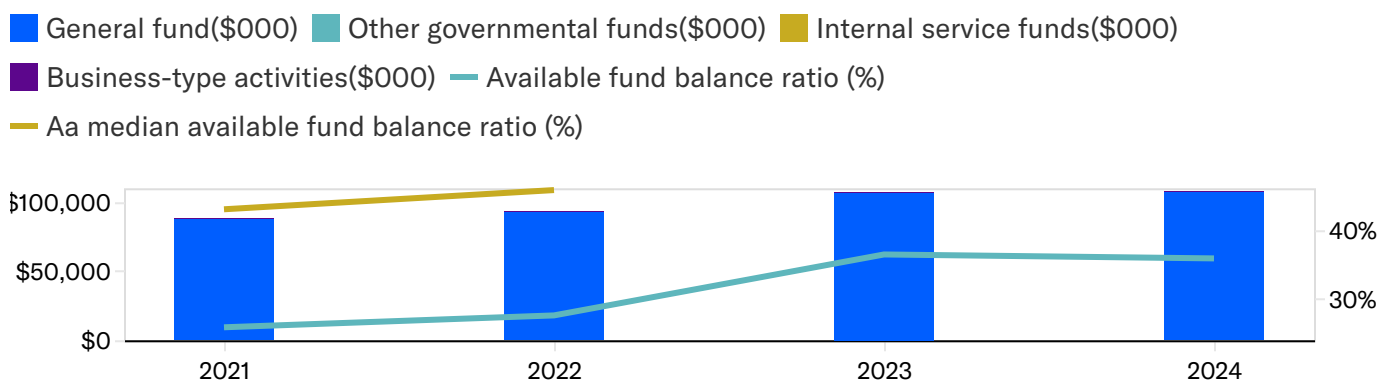
The county's financial position will remain stable in the near term due to conservative budgeting of operations and tight controls on expenditures. For year-end 2024, the county had an available fund balance of \$108 million, or a strong 36% of revenues, continuing its trend set out by its financial forecasts. The county's fund balance, on a nominal basis, has grown 52% since 2019 through a focus on conservative budgeting of revenues and adjusting operations to keep operating lean without sacrificing service quality. The main way the county has maintained generally flat spending is through its shared service agreements with both municipalities in the county along with its neighboring counties. A prime example is in 2013, the county regionalized its male correctional facility with neighboring counties for operational savings. This consolidation has let to millions of dollars in cost containment, allowing the county to reduce the need to increase revenues and even add to fund balance.

The fiscal 2025 budget is largely similar previous years but is utilizing some additional fund balance to balance its budget to keep its tax levy is flat for the fifth year in a row. While operations have been trending well to budget, the county is anticipating on seeing a \$6 million decline in fund balance by the end of the year (instead of \$19 million that was budgeted for).

The county maintains formal multi-year financial forecast that shows modest annual growth in fund balance through 2029. The county is forecasting 2% increases to its tax levy, which is the main revenue source, along with contractual and inflationary cost growth. The county consistently outperforms its financial forecast.

Exhibit 3

Fund Balance

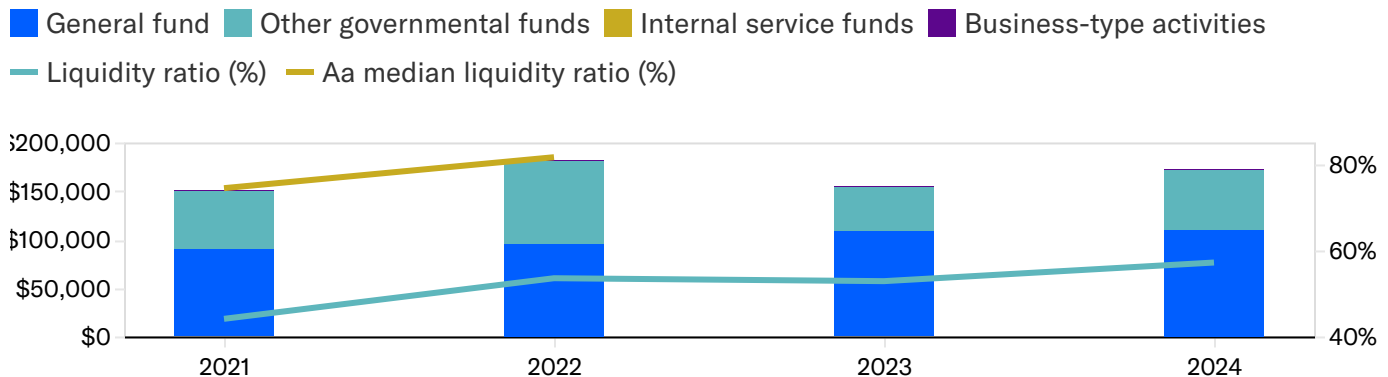


Source: Moody's Ratings

Liquidity

The county's liquidity remains very healthy. At the end of 2024, cash amounted to \$171.7 million or 57% of revenues.

Exhibit 4

Cash

Source: Moody's Ratings

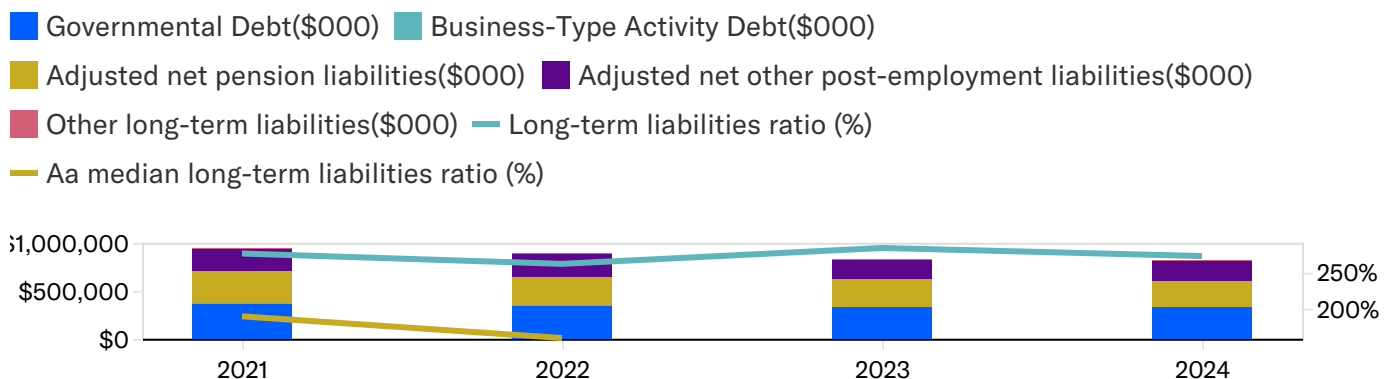
Leverage: above-average but affordable leverage

The county's leverage will remain manageable in the near term. Including its upcoming issuance, the county's total leverage will amount to approximately 288% of 2024 revenue. The county's future capital plans are modest with just routine road and infrastructure projects expected in the near term.

In addition to the county's direct capital projects, it also supports projects through providing its general obligation guarantee pledge. Debt issued by a separate authority but is guaranteed by the county totaled \$100 million at the end of fiscal 2024 or 30% of its total debt burden. Excluding this \$100 million in additional debt from its metrics would bring total leverage to around 255% of revenues. These obligations, while county-backed, are paid by operations outside of the county such as its utilities or improvement authorities. While the county is still responsible for the debt, the additional revenue support is not fully recognized in its metrics.

Finally, not reported on its debt statement is an additional \$56.6 million in debt issued for Rowan University but has a full county guarantee. The county has not need to pay on its guaranteed debt but is financially able to fulfill its obligations.

Exhibit 5

Total Primary Government - Long Term Liabilities

Source: Moody's Ratings

Debt structure

All of the county's debt is fixed rate.

Debt-related derivatives

The county is not party to any interest rate swap or derivative agreements.

Pensions and OPEB

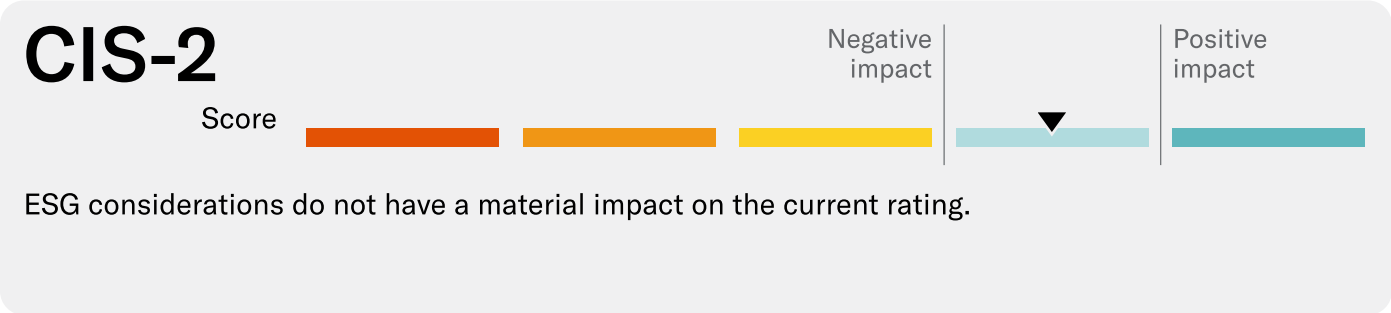
The county's pension and OPEB liabilities are elevated and, though manageable at this time, represent a potential future credit challenge. The county participates in two state sponsored multiple employer cost-sharing pension plans and provides other post employment benefits (OPEB). OPEB is funded on a pay-as-you-go basis.

The state-sponsored boards which control the pension funds have historically set contribution rates at a level insufficient to allow the plans to tread water. In addition, the tread water gap does not take into account the very aggressive assumptions underpinning the actuarial analysis, which likely would make the gap even larger. However, recent required contributions surpass treadwater, indicating more favorable pension liability forecasts. In addition to contributing above its estimated treadwater payment, the county added to fund balance indicating operations were positive from fiscal 2022 through 2024. To the extent that the multiple-employer pension plans in which the county participates experience returns on assets that fall short of their assumptions, the county's required pension contribution will increase.

ESG considerations

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

Exhibit 6
ESG credit impact score



Source: Moody's Ratings

The ESG CIS impact score is a 2, reflecting moderately negative exposure to environmental, low exposure to social risks offset by strong governance and a favorable location.

Exhibit 7
ESG issuer profile scores



Source: Moody's Ratings

Environmental

The county's overall environmental issuer profile score is E-3. While carbon transition, water, natural capital, and pollution risks are modest, the county is exposed to rising sea levels and flooding. Favorably, multiple levels of government are engaged in projects related to the health and upkeep of the Delaware River.

Social

Exposure to social risk is **S-2**. The county has 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

Gloucester 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 Moodys.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.

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 scorecard does not include the strong county GDP growth that, while included in the MSA's number, does not fully show the strength of the local economy. Additionally, the county's governance is very strong and seen in its financial trends but not the scorecard.

Exhibit 8

Gloucester (County of) NJ

	Measure	Weight	Score
Economy			
Resident income ratio	126.4%	10.0%	Aaa
Full value per capita	139,767	10.0%	Aa
Economic growth metric	-1.1%	10.0%	A
Financial Performance			
Available fund balance ratio	35.9%	20.0%	Aaa
Liquidity ratio	571%	10.0%	Aaa
Institutional Framework			
Institutional Framework	Aa	10.0%	Aa
Leverage			
Long-term liabilities ratio	272.0%	20.0%	A
Fixed-costs ratio	15.3%	10.0%	A
Notching factors			
Financial disclosures	-1.0		
Scorecard-Indicated Outcome			Aa3
Assigned Rating			Aaa

The Economic Growth metric cited above compares the five-year CAGR of real GDP for Philadelphia-Camden-Wilmington, PA-NJ-DE-MD Metropolitan Statistical Area Metropolitan Statistical Area to the five-year CAGR of real GDP for the US.

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

Appendix

Exhibit 9

Key Indicators Glossary

	Definition	Typical Source*
Economy		
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
Financial performance		
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	
Leverage		
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	
Fixed costs		
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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MOODY'S

RATINGS

Rating Action: Moody's Ratings upgrades Gloucester County, NJ's ratings to Aaa from Aa1; assigns Aaa to Series 2025 GO-backed guarantee bonds; outlook stable

23 Jun 2025

New York, June 23, 2025 -- Moody's Ratings (Moody's) has upgraded Gloucester County, NJ's issuer, general obligation (GO), and GO-backed guaranteed ratings to Aaa from Aa1. We have also assigned a Aaa to the county's \$24 million County Guaranteed Solid Waste Revenue Bonds (Cell Expansion Projects), Series 2025. The county had around \$332 million in total debt outstanding at the end of 2024. The outlook has been revised to stable from positive.

The upgrade to Aaa reflects the county's continued strong financial performance which aligns with peers in the rating category and which is expected to remain healthy in the near-term. The county's revenue stream is very reliable as it is mostly property tax dependent and is guaranteed in full annually. This provides stability for operations along with a hedge in economic downturns. The economy continues to see growth and leverage, while above-average, is affordable. The county does not have material direct exposure to federal government policy changes.

RATINGS RATIONALE

The Aaa issuer rating reflects the county's large and growing local economy in southern New Jersey (A1 positive). The local economy benefits from the presence of various higher education and health care institutions including Rowan University (A2 stable). The county continues to see expansion in its commercial and industrial base and residential development is steady. Assessed values are increasing at a strong pace. Resident income and wealth levels are strong. The county does not have material direct exposure to federal government policy changes.

The county's reserve position is at all time highs at the end of fiscal 2024 at around 36% of revenues. Over the past several years, the county has focused on increasing reserves through consistent revenue growth and controlling expenditures through various way including shared service agreements. Fiscal 2025's budget does include and project a modest decline in reserves of only \$6 million (its budget is around \$300 million). The county's management team maintains a financial forecast through 2029 which shows a return to fund balance growth after 2025. The county benefits from a very reliable revenue stream in its property tax levy that supports a majority of operations. Liquidity remains extremely strong at 57% of revenues.

Leverage is above-average but is affordable. Its long-term capital needs are largely routine in nature and the county's debt plans will not significant increase in the coming few years. Around 30% of the county's debt burden is related to debt the county has guaranteed. It has never had to pay out on that debt in the past.

The Aaa on the county's GO and GO-backed guaranteed debt reflects the unlimited ad valorem pledge to support the bonds, either directly or via a guarantee agreement.

RATING OUTLOOK

The stable outlook reflects the expectation that the county's local economy and reserves (after 2025) will continue to see modest annual growth while leverage remains affordable.

FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATINGS

- Not applicable

FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATINGS

- Decline in reserves to below 25% of revenues
- Increase in leverage to above 350% of revenues
- Any significant contraction in economic trends

PROFILE

Gloucester County is located in southwestern New Jersey, bounded on the northwest by the Delaware River and the Pennsylvania state line, just south of Philadelphia.

METHODOLOGY

The principal methodology used in the issuer, general obligation, and dependent ratings was US Cities and Counties published in July 2024 and available at <https://ratings.moodys.com/rmc-documents/425429>. An additional methodology used in the dependent 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.

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