



Rating Action: Moody's assigns Aa2 to Mercer County, NJ's GOULT bonds

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New York, June 01, 2023 -- Moody's Investors Service has assigned a Aa2 rating to Mercer County, NJ's \$3.8 million County College Bonds, Series 2023 (Callable). Moody's maintains the county's Aa2 issuer and general obligation unlimited tax (GOULT) ratings. Post-sale, the county will have roughly \$580 million in debt outstanding. The outlook is stable.

RATINGS RATIONALE

The Aa2 issuer rating reflects the county's diverse, growing economy and satisfactory finances. The rating also incorporates above-average resident wealth and income. The county's GDP is growing faster than the country's and benefits from the institutional presence of the state capital as well as institutions of higher education. These positive factors help to offset above-average leverage and fixed costs.

The absence of distinction between the Aa2 issuer and GOULT ratings, including the new current issuance, reflects the county's general obligation full faith and credit pledge as well as an unlimited property tax that is dedicated to debt service.

RATING OUTLOOK

The stable outlook reflects the county's growing economy and stable finances.

FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATING

- Materially decreased leverage and fixed costs
- Improved resident wealth and income
- Sustained increases in reserves and liquidity

FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATING

- Materially increased leverage and fixed costs
- Declines in resident wealth and income
- Sustained drops in reserves and liquidity

LEGAL SECURITY

Debt service on the county's bonds is backed by the pledge of its full faith and credit and legal obligation to levy ad valorem tax on all taxable property for the payment of debt service without limit as to rate or amount.

USE OF PROCEEDS

Proceeds from the bonds will be used to finance capital projects for the county college.

PROFILE

Mercer County is located in central New Jersey across the Delaware River from Pennsylvania (Aa3 stable). The county has a population of approximately 373,400.

METHODOLOGY

The principal methodology used in this rating was US Cities and Counties Methodology published in November 2022 and available at <https://ratings.moodys.com/rmc-documents/386953>. Alternatively, please see the Rating Methodologies page on <https://ratings.moodys.com> for a copy of this methodology.

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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