

Research Update:

Sussex County, NJ Series 2026 GO Bonds Rated 'AA+'; Series 2026 Bond Anticipation Notes Rated 'SP-1+'

June 3, 2026

Overview

- S&P Global Ratings assigned its 'AA+' long-term rating to **Sussex County**, N.J.'s anticipated \$4.9 million series 2026 general obligation (GO) bonds, consisting of school and county college bonds.
- At the same time, S&P Global Ratings assigned its 'SP-1+' short-term rating to the county's anticipated \$4.1 million series 2026 bond anticipation notes (BANs).
- S&P Global Ratings also affirmed its 'SP-1+' short-term rating on the county's outstanding BANs.
- Finally, we affirmed our 'AA+' rating on the county's outstanding GO debt; **Sussex County Municipal Utilities Authority's** (SCMUA) wastewater facilities revenue bonds, which are supported by and based on Sussex County's unlimited-tax GO pledge; and the county's outstanding guaranteed debt.
- The outlook, where applicable, is stable.

Rationale

Security

The county's full-faith-and-credit pledge and agreement to levy ad valorem property taxes, without limitation as to rate or amount, secure the series 2026 bonds and notes, as well as the outstanding GO debt and BANs.

The 'SP-1+' short-term rating on the county's series 2026 and existing BANs reflects our criteria for evaluating and rating BANs. In our view, Sussex County maintains a very strong capacity to pay principal and interest when the notes come due. We view the county's market risk profile as low, because Sussex County has strong legal authority to issue long-term debt to take out the notes and is a frequent debt issuer that regularly provides disclosure to market participants.

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Series 2026 bond proceeds will provide funding for capital projects for the county's vocational-technical school and community college. Series 2026 BAN proceeds will be used to current refund the outstanding notes, along with \$1.5 million of budgeted principal pay down, and provide \$1.6 million of new money to temporarily finance various capital projects.

SCMUA's outstanding wastewater facilities revenue bonds are secured by a deficiency agreement, in which the county agrees to pay principal and interest on the bonds and the authority agrees to provide 45 days advance notice if it does not have sufficient funds to pay debt service on the bonds. Payments under the service contract constitute direct debt and general obligations of the county. Sussex County has the power and obligation to levy ad valorem taxes on all taxable property for any necessary appropriation. The rating on these bonds reflects that of the county's GO pledge.

Lastly, the rating on bonds guaranteed by the county reflects our view of the county's unconditional guarantee of full and prompt principal and interest payments on the bonds when due and payable. The guarantee qualifies as a form of credit enhancement; in our view, it reflects the county's unconditional promise to pay the guaranteed obligation on the due date when it exhausts remedies against the primary obligors.

Credit highlights

The rating on the county reflects our view of its strong local economy and income indicators that benefit from additional developments and its participation in the New York-Newark-Jersey City metropolitan statistical area. We understand that there are various development projects underway that officials expect will add to the county's local economy and tax base, including a new NJ Transit commuter rail station in Andover Borough.

Management attributed its surpluses during the last few years, including a slight surplus in fiscal 2025, to conservative budgeting and positive variances in both current fund revenues and expenses. In particular, the county's interest income and miscellaneous revenues continue to perform well relative to budget while property taxes remain stable. For fiscal 2026, the county adopted a \$132.2 million budget, reflecting a 4.3% increase in costs from the prior year's budget. The 2026 adopted budget also contains an \$8.8 million fund balance appropriation from reservestoward, similar to the prior year's budget. The county has historically utilized fund balance transfers in its budgeting process. Officials indicate budget-to-actuals are tracking favorably in fiscal 2026 and management anticipates ending the fiscal year with reserves that are well within its formal reserve policy of 15%-20% of expenditures. Furthermore, the county has approximately \$4.3 million of its levy cap bank available for the 2027 budget.

Although the county's fixed costs are somewhat elevated at just over 22% of expenses, they have been stable and manageable. The county plans to issue about \$10 million in annual additional debt as part of its capital improvement program, which we do not expect will materially squeeze the county's debt and liability profile.

The 'AA+' long-term rating reflects our opinion of the county's:

- Stable local economy with strong local incomes and easy access to the northern New Jersey and New York City labor markets. At the same time, while its economic output indicators are below average compared with the nation, we believe these ratios may be understated due to the county's large size and composition. More than half of it comprises small rural communities with most economic activity occurring in its east and southern portions.
- Historically stable budgetary performance that has resulted in continued reserve improvement due to conservative budgeting, supported by a strong revenue base;

- Financial management policies and practices that include a formal six-year capital improvement plan, regular reporting of budget-to-actuals to the governing body, and a formal reserve policy that targets a fund balance comprising 15%-20% of expenditures and a rule to maintain no less than 12% of expenditures; and
- Somewhat elevated, albeit stable, fixed costs, due in part to its other postemployment benefits (OPEB) liability of \$214 million. We believe pension and OPEB costs remain a source of credit pressure given their low funded ratios and large liabilities.
- For more information on our institutional framework assessment for New Jersey counties, see "[Institutional Framework Assessment: New Jersey Local Governments](#)," Sept. 9, 2024.

Environmental, social, and governance

We analyzed Sussex County's environmental and governance risks relative to its economy, management, financial measures, and debt and liability profile and consider them neutral in our credit rating analysis.

Outlook

The stable outlook reflects S&P Global Ratings' view of the county's strong reserves due to positive financial operations, and our anticipation that they will remain within the county's target levels. Furthermore, we think Sussex County's large tax base and stable economy will support rating stability, although we consider its retirement liabilities a long-term budget pressure.

Downside scenario

We could lower the rating if financial pressures decrease financial flexibility, particularly if from rising retirement or general expenditure costs without a mechanism to mitigate them.

Upside scenario

While upward rating potential is limited at this time, if the county's economic metrics, including incomes, were to improve to levels comparable with its higher-rated peers, while maintaining its strong reserves, and lowering its retirement liabilities, we could raise the rating.

Sussex County, New Jersey--credit summary

Institutional framework (IF)	2
Individual credit profile (ICP)	2.16
Economy	2.5
Financial performance	2
Reserves and liquidity	1
Management	2.30
Debt and liabilities	3.00

Sussex County, New Jersey--key credit metrics

	Most recent	2025	2024	2023
Economy				
Real GCP per capita % of U.S.	--	--	52	53

Sussex County, New Jersey--key credit metrics

	Most recent	2025	2024	2023
County PCPI % of U.S.	--	--	106	106
Market value (\$000s)	--	28,485,842	25,948,962	23,211,852
Market value per capita (\$)	--	192,936	175,753	158,079
Top 10 taxpayers % of taxable value	--	--	--	--
County unemployment rate (%)	--	5.0	4.4	4.1
Local median household EBI % of U.S.	--	--	135	143
Local per capita EBI % of U.S.	--	--	133	140
Local population	147,644	147,644	147,644	146,837
Financial performance				
Operating fund revenues (\$000s)	--	129,784	127,354	129,211
Operating fund expenditures (\$000s)	--	129,599	126,277	127,984
Net transfers and other adjustments (\$000s)	--	--	--	--
Operating result (\$000s)	--	185	1,077	1,227
Operating result % of revenues	--	0.1	0.8	0.9
Operating result three-year average %	--	0.6	1.0	1.2
Reserves and liquidity				
Available reserves % of operating revenues	--	17.7	17.9	16.8
Available reserves (\$000s)	--	23,024	22,838	21,762
Debt and liabilities				
Debt service cost % of revenues	--	10.9	12.2	11.7
Net direct debt per capita (\$)	1,227	1,139	981	990
Net direct debt (\$000s)	181,151	168,146	144,810	145,437
Direct debt 10-year amortization (%)	83			--
Pension and OPEB cost % of revenues	--	12.0	12.0	12.0
NPLs per capita (\$)	--	866	390	461
Combined NPLs (\$000s)	--	127,888	57,638	67,678

Financial data may reflect analytical adjustments and are sourced from issuer audit reports or other annual disclosures. Economic data is generally sourced from S&P Global Market Intelligence, the Bureau of Labor Statistics, Claritas, and issuer audits and other disclosures. Local population is sourced from Claritas. Claritas estimates are point in time and not meant to show year-over-year trends. GCP--Gross county product. PCPI--Per capita personal income. EBI--Effective buying income. OPEB--Other postemployment benefits. NPLs--Net pension liabilities.

Ratings List**New Issue Ratings**

US\$4,101,000 County of Sussex, State of New Jersey, Bond Anticipation Notes, Series 2026, dated: June 24, 2026, due: June 23, 2027

Short Term Rating SP-1+

US\$4,881,000 Sussex County, New Jersey, General Obligation Bonds, Series 2026, Consisting of Vocational-Technical School Bonds, Series 2026A, and County College Bonds, Series 2026B, dated: Date of Delivery, due: June 15, 2036

Long Term Rating AA+/Stable

Ratings Affirmed**Local Government**

Sussex Cnty NJ Unlimited Tax Guarantee AA+/Stable

Sussex Cnty, NJ General Fund Pledge and Sussex Cnty Mun Util Auth, NJ Sewer System AA+/Stable

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Ratings List

Sussex Cnty, NJ Unlimited Tax General Obligation	AA+/Stable
Sussex Cnty, NJ Unlimited Tax General Obligation BAN	SP-1+

The ratings appearing below the new issues represent an aggregation of debt issues (ASID) associated with related maturities. The maturities similarly reflect our opinion about the creditworthiness of the U.S. Public Finance obligor's legal pledge for payment of the financial obligation. Nevertheless, these maturities may have different credit ratings than the rating presented next to the ASID depending on whether or not additional legal pledge(s) support the specific maturity's payment obligation, such as credit enhancement, as a result of defeasance, or other factors.

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