

RatingsDirect®

Summary:

Camden, New Jersey; General Obligation; Non-School State Programs

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Credit Profile		
Camden GO (AGI)		
Unenhanced Rating	A(SPUR)/Stable	Current

Credit Highlights

- S&P Global Ratings' underlying rating on Camden, N.J.'s general obligation (GO) improvement bonds is 'A'.
- The outlook is stable.
- The rating reflects the application of our criteria, "Methodology For Rating U.S. Governments," published Sept. 9, 2024, on RatingsDirect.

Security

The city's full-faith-and-credit and resources pledge and agreement to levy ad valorem property taxes without limitation as to rate or amount secure its GO bonds.

Credit overview

Camden's general creditworthiness consists of improving economic and financial momentum over the past decade, due in part to economic incentives provided by the city, in addition to a renewed focus on enhancing its financial position. Within the past three fiscal years, the city has scrubbed its financial processes, reducing the number of accounts used, eliminating interfund receivables, and strengthening reserves. In addition, it has increased its property tax rate in each of the past two years as well as water and sewer utility rates to help improve overall financial performance. As a result of these measures, and aided by the infusion of increased state transitional aid as well as \$61.6 million in American Rescue Plan Act funds, Camden generated a massive \$65.6 million surplus in fiscal 2022, followed by increases of \$33 million in fiscal 2023 based on audited results and \$6.9 million in fiscal 2024 based on the city's unaudited annual fiscal statement. These increases dramatically boosted reserves to \$101.4 million, or nearly 49% of operating revenues. This is a high-water mark for the city and is materially higher than reserves at the end of fiscal years 2020 and 2021.

Nevertheless, we understand the city anticipates drawing down reserves over the short term and longer term to try to better conform to its targeted levels as outlined in its policy, which state the city will target available reserves between 10% and 15% of expenses. In fiscal 2025, the city appropriated reserves equal to \$22 million. Management indicates the year is going well and that the city should replenish about \$15 million of reserves, resulting in an anticipated drawdown of \$7 million. Furthermore, over the next few years, management indicates it could draw down reserves by as much as \$35 million, with the goal of being closer to 15% of expenses over the next decade.

We understand the city's current capital needs consist mainly of water and sewer upgrades, totaling \$55 million and

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\$15 million, respectively, as well as \$5 million in city infrastructure projects. It plans to fund the water and sewer projects through the New Jersey Infrastructure Bank, which offers interest-free financing and significant principal forgiveness. The city's supplemental state aid will fund the city infrastructure projects. In addition, it expects to make a large water and sewer infrastructure investment over the next six years, but management indicates the utility capital needs should be paid for with utility revenue, so we do not expect the city's low debt will materially change.

Additional factors in support of the rating include our view of Camden's:

- Historically challenging economic environment, including high unemployment, low wealth and income levels, and long-term population declines; however, the city has experienced improved economic momentum over the past decade as a number of economic development projects come online;
- Improved internal controls and financial practices in addition to a history of reliance on state oversight and state support;
- Improved financial performance and reserve levels in recent years, aided by federal stimulus funds, property tax and utility rate increases, and reconciliation of interfund receivables, with fiscal 2024 year-end reserves at a very strong 49% of revenues based on unaudited actuals, offset by our expectation that reserves could be drawn down over the next few years; and
- Strong and stable debt profile supported by rapid amortization, offset in part by poorly funded retirement liabilities with likely increasing costs.
- For more information on our institutional framework assessment for New Jersey municipalities, see "Institutional Framework Assessment: New Jersey Local Governments," published Sept. 9, 2024.

Environmental, social, and governance

We believe Camden's environmental and governance risks are generally credit neutral within our analysis, although pension funding discipline and assumption choices at the state level will likely lead to elevated and volatile costs for the city.

We consider Camden's social risks elevated due to prolonged population declines, totaling nearly 30% since 1970; historically high crime rates, which, although still high compared with national levels, have dramatically improved over the past decade; and very low income levels that point to a tax base with limited revenue-raising flexibility.

Outlook

The stable outlook reflects our view that the city will maintain its strong overall financial profile throughout the two-year outlook horizon, supported by strong state support and good recent economic momentum.

Downside scenario

Should budgetary performance materially weaken or should the state reduce aid, leading to the use of reserves to bridge the gap between revenue and expenditures beyond levels indicated by management, the rating could be pressured.

Upside scenario

If the city continues to experience economic growth, resulting in improved wealth and income indicators, thereby lessening its dependence on state aid while maintaining stable and strong financial performance and current fund reserves, we could take a positive rating action.

This report does not constitute a rating action.

Table 1

Camden, New Jersey--credit summary	
Institutional framework (IF)	2
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Management	3.00
Debt and liabilities	2.25

Table 2

Camden, New Jersey--key credit metrics				
	Most recent	2023	2022	2021
Economy				
Real GCP per capita % of U.S.	--	75	76	76
County PCPI % of U.S.	--	93	93	95
Market value (\$000s)	--	2,284,734	2,079,195	1,924,025
Market value per capita (\$)	--	32,080	29,286	25,537
Top 10 taxpayers % of taxable value	--	--	10.1	10.3
County unemployment rate (%)	--	4.6	4.0	8.1
Local median household EBI % of U.S.	--	50	49	44
Local per capita EBI % of U.S.	--	49	43	39
Local population	--	71,220	70,996	75,342
Financial performance				
Operating fund revenues (\$000s)	--	217,126	260,398	222,680
Operating fund expenditures (\$000s)	--	205,393	194,773	245,256
Net transfers and other adjustments (\$000s)	--	--	--	2,576
Operating result (\$000s)	--	11,733	65,625	(20,000)
Operating result % of revenues	--	5.4	25.2	(9)
Operating result three-year average %	--	7.2	8.7	1.5
Reserves and liquidity				
Available reserves % of operating revenues	--	43.5	31.8	7.7
Available reserves (\$000s)	--	94,524	82,791	17,166
Debt and liabilities				
Debt service cost % of revenues	--	1.4	1.3	1.1

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Table 2

Camden, New Jersey--key credit metrics (cont.)				
	Most recent	2023	2022	2021
Net direct debt per capita (\$)	464	491	417	459
Net direct debt (\$000s)	33,035	34,939	29,639	34,585
Direct debt 10-year amortization (%)	81	74	--	--
Pension and OPEB cost % of revenues	--	4.0	3.0	4.0
NPLs per capita (\$)	--	1,104	2,264	1,800
Combined NPLs (\$000s)	--	78,625	160,700	135,630

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. GCP--Gross county product. PCPI--Per capita personal income. EBI--Effective buying income. OPEB--Other postemployment benefits. NPLs--Net pension liabilities.

Ratings Detail (As Of April 28, 2025)		
Camden qualified GO Non-Sch St Prog (BAM)		
<i>Unenhanced Rating</i>	A(SPUR)/Stable	Current
<i>Underlying Rating for Credit Program</i>	A/Stable	Current
Camden City GO (BAM)		
<i>Unenhanced Rating</i>	A(SPUR)/Stable	Current
<i>Underlying Rating for Credit Program</i>	A/Stable	Current

Many issues are enhanced by bond insurance.

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at www.spglobal.com/ratings for further information. Complete ratings information is available to RatingsDirect subscribers at www.capitaliq.com. All ratings affected by this rating action can be found on S&P Global Ratings' public website at www.spglobal.com/ratings.

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