

Research Update:

Berkeley Township, NJ Series 2026 GO Bonds Assigned 'AA-' Rating

February 19, 2026

Overview

- S&P Global Ratings assigned its 'AA-' long-term rating [Berkeley Township](#), N.J.'s \$13.195 million series 2026 general obligation (GO) bonds.
- At the same time, S&P Global Ratings affirmed its 'AA-' rating on the township's existing GO debt and the [Berkeley Township Municipal Utilities Authority](#)'s series 2012 water revenue refunding bonds, as well as its 'SP-1+' rating on the township's outstanding bond anticipation notes (BANs).
- The outlook, where applicable, is stable.

Rationale

Security

The township's full-faith-and-credit GO pledge secures the bonds and notes.

The short-term BAN rating reflects our high investment-grade, long-term rating and the township's low market risk profile. In our view, and in accordance with our criteria "[Bond Anticipation Note Rating Methodology](#)," Aug. 31, 2011, we assess the township's market risk as low because of its strong market access, information availability, and takeout authorization.

The series 2012 water revenue refunding bonds, issued by the Berkeley Township Municipal Utilities Authority, are secured by net revenue of the authority. However, as outlined in the service agreement between the authority and the township, the township agrees to make up a deficiency should net revenue be insufficient to pay, among other things, operations and maintenance as well as debt service. The township's deficiency agreement is an absolute and unconditional obligation, consistent with our view of our GO rating on the township, which is reflected in our 'AA-' long-term rating on the 2012 bonds.

Proceeds from the bonds will refund existing notes and provide new money financing for various capital projects.

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Credit highlights

The rating reflects the township's stable, albeit limited, local economy and moderate debt burden, offset by robust reserves. Recent budgetary performance has been mixed, but a slight surplus in the unaudited 2025 financials supports expectations for continued reserve strength.

As the township is primarily residential, property taxes represent more than two-thirds of its revenue, lending stability to its budget. While assessed value growth has been flat, market values have increased significantly based on rising demand given the township's proximity to New York and Philadelphia, along with ongoing housing developments. The township increased the tax rate by an annual average of 3.6% over the last four years to support incremental budgetary growth. The township maintains about \$3.7 million in unused levy cap bank, providing additional flexibility. The township annually appropriates fund balance in the budget, and for many years had regenerated these appropriations. While the township was not able to regenerate these appropriations in the last two audited fiscal years, reserves remain comparable with those of peers. The township's 2025 unaudited annual financial statement currently reflects a modest \$69,000 surplus for the year following an additional tax rate adjustment and good revenue growth. The township intends to rebuild reserves to meet its 20% policy threshold within the next few years. Given the township's track record, supported by willingness to adjust the tax rate if needed, we believe that its financial performance will remain stable.

South Seaside Park has been attempting to secede from the township. We will monitor developments in this secession effort to determine impacts on the township's revenues, expenditures, and debt burden and assess what impact these changes have on our view of the township's creditworthiness. The New Jersey Supreme Court recently ruled that the residents of South Seaside Park can secede and join a neighboring community. This would be contingent upon acceptance by the neighboring community, and it is unclear where that community stands on the issue. The area seeking to secede accounts for roughly 10% of the township's tax base and one of the 10 largest taxpayers. However, there may be partially offsetting budgetary savings in the event of secession. Additionally, a portion of the township's debt may be apportioned to the accepting municipality in the event of secession.

Including the series 2026 GO bonds, Berkeley Township will have about \$81.3 million in debt outstanding, with \$5 million-\$6 million of additional debt plans each year. We expect debt levels to remain moderate given the manageable issuance plans. The township's pension and other postemployment benefits (OPEB) burden is elevated, which is typical across New Jersey municipalities, and a credit weakness. Across the two plans in which Berkeley Township participates, proportionate share of the net pension liability is \$37.4 million in fiscal 2024.

The rating reflects our view of the following credit factors:

- Berkeley Township's economic base is stable, with access to New York and Philadelphia. We note that there is some seasonality in the township's population, which grows by a few thousand people in the coastal areas during the summer months.
- The township's operations have been mixed in recent years, but historically has a record of at least balanced performance, with a modest anticipated year-end surplus for fiscal 2025.
- Financial management policies and practices are well embedded, including long-term capital planning, conservative budgeting assumptions, a cash management plan, and monthly budget status reports provided to the governing body. The township's formal fund balance policy targets 20% of appropriations, and management intends to reach the policy threshold in the next few years.

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- The township exhibits a moderate debt and liability profile, with plans for additional debt authorizations over the next two years. However, we do not anticipate a material weakening of its debt position, as these plans appear manageable. While the township is currently managing pension costs, we think it has a limited ability to control liability growth due to state restrictions. (For more details and information on these risks, see "[Pension Spotlight: New Jersey](#)," Oct. 9, 2025.)
- New Jersey municipalities have a generally predictable operating framework and some statutory flexibility to raise local-source revenue for operating purposes, despite the state's property tax cap. For more information on our institutional framework assessment for New Jersey municipalities, see "[Institutional Framework Assessment: New Jersey Local Governments](#)," Sept. 9, 2024.

Environmental, social, and governance

We have analyzed the township's environmental, social, and governance (ESG) factors relative to its economy, management, financial measures, and debt and liability profile. We view social factors as neutral within our credit analysis, and environmental risks as elevated given the township's coastal location, which management is in part addressing through mitigation policies and restoration projects. We view the state's governance of its pension plans and lack of mechanism to prefund OPEB as a weakness for New Jersey local governments; however, the risk is lower for Berkeley Township because the OPEB liability is assigned to the state.

Outlook

The stable outlook reflects S&P Global Ratings' expectation that Berkeley Township will likely sustain healthy reserves and consistent performance. While there is potential for a portion of the township to secede, our outlook reflects our expectation that the township will manage the process to continue to achieve balanced operations.

Downside scenario

If the township were to experience structural imbalance, with consecutive draws on reserves and no plans to restore them, we could lower the rating.

Upside scenario

All other factors being equal, we could raise the rating if the township's budgetary performance leads to a consistent record of reserves in compliance with its fund balance policy threshold, and if management makes progress in containing long-term liabilities.

Berkeley Township, New Jersey--credit summary

Institutional framework (IF)	2
Individual credit profile (ICP)	2.68
Economy	4.5
Financial performance	2
Reserves and liquidity	1
Management	2.65
Debt and liabilities	3.25

Berkeley Township, New Jersey--key credit metrics

	Most recent	2024	2023	2022
Economy				
Real GCP per capita % of U.S.	--	--	54	54
County PCPI % of U.S.	--	--	89	89
Market value (\$000s)	--	9,321,660	8,535,653	7,584,862
Market value per capita (\$)	--	206,017	190,647	168,115
Top 10 taxpayers % of taxable value	--	2.4	2.4	2.4
County unemployment rate (%)	--	4.5	4.3	4.0
Local median household EBI % of U.S.	--	90	91	95
Local per capita EBI % of U.S.	--	109	111	116
Local population	--	45,247	44,772	45,117
Financial performance				
Operating fund revenues (\$000s)	--	59,810	53,850	54,764
Operating fund expenditures (\$000s)	--	60,423	55,155	52,329
Net transfers and other adjustments (\$000s)	--	--	200	700
Operating result (\$000s)	--	(613)	(1,105)	3,135
Operating result % of revenues	--	(1.0)	(2.1)	5.7
Operating result three-year average %	--	0.9	4.6	3.5
Reserves and liquidity				
Available reserves % of operating revenues	--	17.6	20.6	22.3
Available reserves (\$000s)	--	10,506	11,119	12,224
Debt and liabilities				
Debt service cost % of revenues	--	15.9	15.0	13.2
Net direct debt per capita (\$)	1,810	1,796	1,743	1,382
Net direct debt (\$000s)	81,914	81,264	78,047	62,360
Direct debt 10-year amortization (%)	97	57	65	65
Pension and OPEB cost % of revenues	--	7.0	8.0	8.0
NPLs per capita (\$)	--	826	918	922
Combined NPLs (\$000s)	--	37,391	41,095	41,580

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\$13.195 mil GO bnds ser 2026 due 3/15/2036

Long Term Rating AA-/Stable

Ratings Affirmed

Local Government

Berkeley Twp, NJ Unlimited Tax General Obligation AA-/Stable

Berkeley Twp, NJ Unlimited Tax General Obligation BAN SP-1+

Pooled

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Ratings List

Berkeley Twp Mun Utils Auth, NJ Water System and Berkeley Twp, NJ General Fund Pledge	AA-/Stable
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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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