

Research Update:

Collingswood Borough, NJ GO Bond Outlook Revised To Stable From Positive On Current Fund Balance Decline

February 19, 2026

Overview

- S&P Global Ratings revised its outlook to stable from positive and affirmed its 'AA-' long-term rating and underlying rating on [Collingswood Borough](#), N.J.'s outstanding general obligation (GO) bonds.
- At the same time, S&P Global Ratings assigned its 'SP-1+' short-term rating to the borough's \$8.85 million series 2026 bond anticipation notes (BANs).
- The outlook revision reflects the borough's anticipated current fund balance decline in unaudited fiscal 2025 brought about by tax appeals following a revaluation and a neutral tax rate adjustment for taxpayer relief.

Rationale

Security

The borough's full-faith-and-credit pledge and unlimited taxing power secure the bonds, notes, and outstanding debt. The short-term rating on the BANs reflects our opinion that the borough will maintain very strong capacity to make principal and interest payments when the BANs come due. We believe the borough has a low market risk profile because of its legal authority to issue long-term debt to take out the BANs as well as its regular disclosure filings to market participants.

The 2026 note proceeds will refund existing notes and provide new money financing for various fields and facilities in the borough.

Credit highlights

The outlook revision reflects the borough's projected decrease in reserves, stemming from a recent revaluation of property that increased tax appeals in 2025, along with a limited tax rate adjustments to cover the expected loss. The rating affirmation reflects the borough's still healthy

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fund balance position following the one-time decline and our expectation of tax rate increases for 2026. Moreover, the rating reflects Collingswood's strong economic growth over the last five years, primarily due to redevelopment economic projects in its mostly residential tax base.

In 2025, the borough underwent a revaluation of property that increased assessed value (AV) by roughly 92%, which has resulted in higher market values. This substantial increase prompted a higher-than-usual volume of tax appeals, with one still pending for the borough's sixth-largest taxpayer. Furthermore, the local school district raised taxes to address a budget shortfall, while the borough limited its tax rate increase to provide resident relief. Preliminary fiscal 2025 financial results indicate a roughly \$2.0 million fund balance reduction, with S&P Global Ratings' calculations showing reserves at about 14% of current fund revenue. The fiscal 2026 budget will likely be introduced in March, and management indicated a reduction in fund balance utilization to \$700,000 from about \$3.1 million, along with a tax levy increase expected to generate about \$450,000 more in collections from the prior year. The borough is also in the final stages of a \$1.4 million land sale, which is expected to provide a one-time boost to the budget in 2026. The borough's levy bank in fiscal 2026 is estimated at \$3.3 million; in New Jersey, municipalities can use some prior-year levy capacity in future budgets. Given the borough's track record of prudent financial management, supported by its willingness to adjust the tax rate if needed, we believe that its financial performance will remain stable.

Collingswood is a primarily residential and mostly built-out community near Philadelphia, which provides residents with access to regional employment opportunities. Given the mostly built-out status, redevelopment of existing parcels has been the primary source of economic development projects, including redevelopment of parcels into large apartment and mixed-use residential buildings. We expect continued economic growth over the next year, supporting our view of the rating.

After this issuance the borough will have \$37.9 million in total direct debt outstanding. The borough has a history of prepaying debt service and intends to permanently finance the series 2026 next year. While the borough's pension costs have remained relatively flat over the last four years, they have been offset by the growing other postemployment benefits (OPEB) liability given the state's restrictions on prefunding the liability. (For more information, see "[Pension Spotlight: New Jersey](#)," Oct. 9, 2025.)

The rating also reflects our view of the following credit factors:

- The borough is primarily residential (91% of total AV) and growing with economic output metrics still somewhat lagging those of higher-rated peers, although expansion is likely to continue given development projects in progress.
- A \$2.0 million fund balance decline is projected in fiscal 2025, but historical performance is more stable, demonstrated by four consecutive surpluses, largely due to predictable tax revenues (56% of overall revenue).
- Financial management policies and practices are well embedded, including long-term capital planning, monthly budget-to-actual reports provided to council, and policies related to debt, investments, and reserves. The borough is in compliance with its 5-10% fund balance policy, and is also taking steps to mitigate cyber risks.
- The overall debt burden is moderate and pension and OPEB liabilities are elevated, but limited debt plans and a history of prepaying debt service are expected to continue.

- 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 assessed the borough's environmental and social risks relative to its economy, management, financial measures, and debt and liability profile and view them as neutral in our credit rating analysis. We consider New Jersey's governance of its pension plans and lack of mechanism to prefund OPEB as a weakness for the state's local governments.

Outlook

The stable outlook reflects S&P Global Ratings' expectation that Collingswood Borough will likely maintain healthy reserves and consistent performance, despite an anticipated one-time decline in fund balance for fiscal 2025. We expect balanced-to-positive results in fiscal 2026, based on historical performance and management's proactive budgeting practices.

Downside scenario

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

Upside scenario

We could raise the rating if the borough's budgetary performance leads to a consistent record of reserves in-line with higher rated peers, in addition to improved income and economic output indicators.

Collingswood Borough, New Jersey--credit summary

| | |
|---------------------------------|------|
| Institutional framework (IF) | 2 |
| Individual credit profile (ICP) | 2.57 |
| Economy | 3.5 |
| Financial performance | 2 |
| Reserves and liquidity | 2 |
| Management | 2.35 |
| Debt and liabilities | 3.00 |

Collingswood Borough, New Jersey--key credit metrics

| | Most recent | 2024 | 2023 | 2022 |
|-------------------------------------|-------------|-----------|-----------|-----------|
| Economy | | | | |
| Real GCP per capita % of U.S. | -- | -- | 75 | 76 |
| County PCPI % of U.S. | -- | -- | 93 | 93 |
| Market value (\$000s) | -- | 1,508,742 | 1,506,270 | 1,376,948 |
| Market value per capita (\$) | -- | 104,847 | 106,458 | 93,157 |
| Top 10 taxpayers % of taxable value | -- | 3.4 | 3.4 | 3.4 |
| County unemployment rate (%) | -- | 5.0 | 4.7 | 4.2 |

Collingswood Borough, New Jersey--key credit metrics

| | Most recent | 2024 | 2023 | 2022 |
|--|-------------|--------|--------|--------|
| Local median household EBI % of U.S. | -- | 111 | 113 | 114 |
| Local per capita EBI % of U.S. | -- | 134 | 143 | 140 |
| Local population | -- | 14,390 | 14,149 | 14,781 |
| Financial performance | | | | |
| Operating fund revenues (\$000s) | -- | 22,562 | 21,743 | 21,024 |
| Operating fund expenditures (\$000s) | -- | 21,987 | 21,491 | 20,741 |
| Net transfers and other adjustments (\$000s) | -- | -- | 450 | -- |
| Operating result (\$000s) | -- | 575 | 702 | 283 |
| Operating result % of revenues | -- | 2.5 | 3.2 | 1.3 |
| Operating result three-year average % | -- | 2.4 | 4.2 | 0.6 |
| Reserves and liquidity | | | | |
| Available reserves % of operating revenues | -- | 21.9 | 20.1 | 17.5 |
| Available reserves (\$000s) | -- | 4,951 | 4,376 | 3,673 |
| Debt and liabilities | | | | |
| Debt service cost % of revenues | -- | 11.7 | 15.6 | 16.6 |
| Net direct debt per capita (\$) | 2,635 | 2,416 | 2,033 | 2,167 |
| Net direct debt (\$000s) | 37,915 | 34,761 | 28,768 | 32,026 |
| Direct debt 10-year amortization (%) | 68 | 61 | -- | -- |
| Pension and OPEB cost % of revenues | -- | 7.0 | 7.0 | 7.0 |
| NPLs per capita (\$) | -- | 924 | 1,023 | 1,009 |
| Combined NPLs (\$000s) | -- | 13,292 | 14,472 | 14,916 |

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\$8,850,000 Collingswood Borough, New Jersey, Bond Anticipation Notes, Series 2026, dated: Date of Delivery, due: March 10, 2027

Short Term Rating SP-1+

New Rating

Local Government

Collingswood Boro, NJ Unlimited Tax General Obligation BAN SP-1+

Outlook Action

| | To | From |
|--|------------|--------------|
| Local Government | | |
| Collingswood Boro, NJ Unlimited Tax General Obligation | AA-/Stable | AA-/Positive |

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

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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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