

Research Update:

Branchburg Township, NJ Series 2026 GO Bonds Assigned 'AAA' Rating

March 31, 2026

Overview

- S&P Global Ratings assigned its 'AAA' long-term rating to [Branchburg Township](#), N.J.'s \$19.3 million series 2026 general obligation (GO) bonds.
- The outlook is stable.

Rationale

Security

Branchburg's full faith, credit, and resources and revenue from an ad valorem property tax, without limitation as to rate or amount, secure the series 2026 bonds and as well as GO debt and bond anticipation notes outstanding.

Officials will use series 2026 GO bonds to permanently finance a portion of the township's bond anticipation notes outstanding.

Credit highlights

The rating reflects our view of Branchburg's stable finances, as evidenced by strong reserves and consistently positive finances during the last few fiscal years due to conservative budgeting. The township's wealthy property tax base and strong income relative to national averages further support the rating.

Branchburg sits on the Raritan Valley NJ Transit line and U.S. Routes 22 and 202, all of which provide excellent access to the New York and northern New Jersey employment and population centers. According to management, the township remains a desirable location for high-income earners due to its location, amenities, and public and private schools. Branchburg has also experienced residential and commercial development during the last few years, which has led to continued growth of property values. We understand a new residential development is currently underway, including high-end townhomes for rent and purchase.

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Branchburg has consistently maintained available reserves at strong levels and averaged more than 50% during the last three fiscal years due to positive operating performances. For fiscal 2024, management attributes positive results to revenues exceeding the budget and expenditures coming in on target. According to fiscal 2025 unaudited results, the town ended with a slight general fund deficit of about \$200,000. However, we still expect available reserves to remain strong, especially as management has no plans to materially draw down on reserves. Officials also expect no major changes in the upcoming fiscal 2026 budget.

With this series 2026 issuance, Branchburg will have about \$32 million of total direct debt outstanding, a majority of which is short-term debt. The township currently plans to issue about \$3 million of additional debt annually for various capital projects, so we do not expect net direct debt per capita ratios to weaken.

Credit fundamentals supporting the long-term rating include Branchburg's:

- Status as a primarily residential community, with income significantly more than the national average and in line with Somerset County. County economic metrics are also very strong compared with the national average because the county and township are both part of northern New Jersey's vibrant, diverse, and robust regional economy, and we think its direct access to New York City supports the county's overall economic output and provides employment opportunities for residents.
- Continued maintenance of high reserves that have averaged more than 50% of revenue during the last three fiscal years due to consistently positive finances. Branchburg does not currently plan to draw down the fund balance, so we expect budgetary performance and reserves will likely remain stable.
- Finances, supported by its conservative budgeting and regular reporting of budget-to-actual results to the township board, which have supported the township's positive finances, along with its formal capital plan, budget forecast with revenue assumptions, and informal reserve target.
- Overall manageable debt and moderate fixed costs; however, we expect pension and other postemployment benefits (OPEB) obligations will likely continue to increase due to low funded ratios, though we do not expect them to materially affect the budget due to Branchburg's financial flexibility and strong tax base. The township's OPEB liability totaled \$19.6 million as of fiscal 2024.
- 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 view Branchburg's environmental and social factors as credit neutral within our analysis. We view the governance of the state's pension plans as a weakness for New Jersey local governments because it could lead to elevated and volatile costs.

Rating above the sovereign

Branchburg is eligible to be rated above the sovereign because we think the town can maintain better credit characteristics than the nation in a stress scenario. Under our criteria, "[Ratings Above The Sovereign: Corporate And Government Ratings—Methodology And Assumptions](#)," Nov. 19, 2013, the township has a predominantly locally derived revenue source, with the majority of

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general fund revenue from property taxes with independent taxing authority and treasury management from the federal government.

Outlook

The stable outlook reflects S&P Global Ratings' view of Branchburg's consistently strong finances and underlying economy. High reserves, manageable liabilities, and limited capital needs provide additional stability. Therefore, we do not expect to change the rating during our two-year outlook.

Downside scenario

While we view the scenario as unlikely, we could lower the rating or revise the outlook to negative if finances were to decrease on a sustained basis due to higher retirement costs or some other unforeseen reason, resulting in substantially reduced fund balance.

Table 1

Branchburg Township, New Jersey--credit summary

Institutional framework (IF)	2
Individual credit profile (ICP)	1.84
Economy	1
Financial performance	2
Reserves and liquidity	1
Management	1.95
Debt and liabilities	3.25

Table 2

Branchburg Township, New Jersey--key credit metrics

	Most recent	2024	2023	2022
Economy				
Real GCP per capita % of U.S.	--	188	188	191
County PCPI % of U.S.	--	165	166	170
Market value (\$000s)	--	4,362,635	4,244,203	4,228,726
Market value per capita (\$)	--	292,323	283,779	278,425
Top 10 taxpayers % of taxable value	--	11.9	10.4	11.4
County unemployment rate (%)	--	3.8	3.5	3.2
Local median household EBI % of U.S.	--	200	185	184
Local per capita EBI % of U.S.	--	199	177	169
Local population	--	14,924	14,956	15,188
Financial performance				
Operating fund revenues (\$000s)	--	25,040	22,848	21,023
Operating fund expenditures (\$000s)	--	24,738	22,694	20,475
Net transfers and other adjustments (\$000s)	--	--	405	--
Operating result (\$000s)	--	302	559	548

Branchburg Township, New Jersey--key credit metrics

	Most recent	2024	2023	2022
Operating result % of revenues	--	1.2	2.4	2.6
Operating result three-year average %	--	2.1	5.1	3.4
Reserves and liquidity				
Available reserves % of operating revenues	--	48.2	51.4	53.3
Available reserves (\$000s)	--	12,057	11,754	11,195
Debt and liabilities				
Debt service cost % of revenues	--	7.4	5.9	6.6
Net direct debt per capita (\$)	2,153	2,575	1,364	643
Net direct debt (\$000s)	32,130	38,430	20,400	9,760
Direct debt 10-year amortization (%)	49	17	38	--
Pension and OPEB cost % of revenues	--	8	9	8
NPLs per capita (\$)	--	1,012	1,109	1,183
Combined NPLs (\$000s)	--	15,097	16,582	17,974

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\$19.33 mil gen imp bnds ser 2026 due 04/15/2046

Long Term Rating AAA/Stable

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 <https://disclosure.spglobal.com/ratings/en/regulatory/ratings-criteria> for further information. A description of each of S&P Global Ratings' rating categories is contained in "S&P Global Ratings Definitions" at <https://disclosure.spglobal.com/ratings/en/regulatory/article/-/view/sourceid/504352>. Complete ratings information is available to RatingsDirect subscribers at www.capitaliq.com. All ratings referenced herein can be found on S&P Global Ratings' public website at www.spglobal.com/ratings.

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