

Research Update:

South Plainfield Borough, NJ Series 2026A GO Bond Anticipation Notes Assigned 'SP-1+' Short-Term Rating

March 16, 2026

Overview

- S&P Global Ratings assigned its 'SP-1+' short-term rating to [South Plainfield Borough](#), N.J.'s approximately \$8.2 million series 2026A general obligation (GO) bond anticipation notes (BANs).
- We also affirmed our 'AA' long-term rating on the borough's GO debt and 'SP-1+' short-term rating on the borough's existing GO BANs.
- The outlook on the long-term rating is stable.

Rationale

Security

South Plainfield's full-faith-and-credit pledge and agreement to levy ad valorem property taxes, without limitation as to rate or amount, secure the GO bonds and BANs. The short-term rating reflects our criteria for evaluating and rating BANs. In our view, South Plainfield maintains very strong capacity to make principal-and-interest payments when the BANs come due. The borough has, what we view as, a low market-risk profile because it has strong legal authority to issue long-term debt to take out the BANs and it is a frequent issuer that regularly provides ongoing disclosure to market participants.

Officials intend to use series 2026A BAN proceeds to provide funding for some capital projects.

Credit highlights

The 'AA' rating reflects the borough's appreciating tax base, manageable debt burden, and well-embedded policies and practices, supported by above-average household income levels relative to both Middlesex County and national benchmarks. South Plainfield's fund balance levels and net operating result as a percentage of general fund revenue lag those of similarly rated peers constraining upward rating movement. Although preliminary fiscal 2025 results reveal a \$2,000

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drawdown in fund balance, we anticipate available reserves as a percentage of general fund revenue will be maintained above 8%.

Fiscal 2024 results reflect a modest decline in fund balance of approximately \$600,000, primarily driven by management appropriating \$600,000 more in fund balance in the operating budget compared with fiscal 2023. Expenditure growth of roughly 8.4% outpaced revenue growth during the year, largely due to increases in municipal operating spending. Preliminary fiscal 2025 results indicate roughly breakeven operations, with fund balance expected to remain relatively flat. Management reports planning to add to fund balance in fiscal 2026.

The rating also reflects our view of the borough's:

- Stable and predominantly residential tax base located in Middlesex County, with incomes that exceed national and county levels. South Plainfield is a suburban borough in southern New Jersey, approximately 35 miles southwest of New York City.
- Generally positive operating results with one operating deficit in the past five years in fiscal 2024. Expected return to balanced-to-positive operations in fiscal 2025 backed by a reliance on property tax revenue (73% of general fund revenue), and stable reserves consistent with its policy.
- Management provides monthly budget-to-actual reports to the council. The borough maintains a three-year budget forecast and surplus projections and includes a six-year capital plan. It also maintains a cash management policy that mirrors state guidelines, with investments monitored and reported to the council monthly. The borough has a formal fund balance policy of maintaining reserves at 5%-8% of the prior year's operating expenditures and a debt policy that mirrors state guidelines.
- Manageable debt and liabilities profile. The total net pension liability is approximately \$30.15 million of which \$20.52 million is from New Jersey Police & Fire Retirement System and \$9.63 million is from New Jersey Public Employment Retirement System. The borough also provides other postemployment benefits (OPEB) to eligible retirees through the State Health Benefits Program, a cost-sharing, multiple-employer, defined-benefit postemployment health care plan administered by New Jersey. These benefits are funded on a pay-as-you-go basis with no mechanism in place that allows for prefunding, limiting the borough's ability to plan for these rapidly escalating costs. The borough's total OPEB liability is \$108 million, which is modestly sizeable and slightly higher than for similarly rated state peers. Total net direct debt is \$34.8 million with plans to issue additional debt in upcoming years. For more details, see: "[Pension Spotlight: New Jersey](#)," June 21, 2022.
- 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 governance of the state's pension plans as a weakness for New Jersey local governments because it could lead to elevated and volatile costs. Although it is currently managing pension costs, we think South Plainfield has a limited ability to control pension-liability growth due to state restrictions and funding discipline. It funds OPEB liabilities, according to state statute, on a pay-as-you-go basis; due to claims volatility and medical-cost and demographic trends, this is likely to lead to escalating costs. While the borough has some legal flexibility to alter OPEB, it is unable to prefund these costs, raising the risk these benefits could

create budgetary pressure. We consider environmental and social factors neutral in our credit analysis.

Outlook

The stable outlook reflects S&P Global Ratings' expectation that the borough's economic profile, reliable revenue stream, and fund balance will likely continue to support the rating.

Downside scenario

We could lower the rating if South Plainfield faces budgetary pressure, resulting in lower reserves.

Upside scenario

We could raise the rating if South Plainfield increases current fund balance to levels we consider commensurate with those of higher-rated peers, sustaining it through recurring surpluses, while lowering retirement liabilities.

South Plainfield Borough, New Jersey--credit summary

Institutional framework (IF)	2
Individual credit profile (ICP)	2.10
Economy	1.0
Financial performance	2
Reserves and liquidity	2
Management	2.00
Debt and liabilities	3.50

South Plainfield Borough, New Jersey--key credit metrics

	Most recent	2024	2023	2022
Economy				
Real GCP per capita % of U.S.	118	--	118	120
County PCPI % of U.S.	106	--	106	107
Market value (\$000s)	5,001,805	5,001,805	5,001,980	4,478,433
Market value per capita (\$)	207,820	207,820	207,027	182,756
Top 10 taxpayers % of taxable value	8.7	8.7	8.3	8.4
County unemployment rate (%)	4.7	4.5	4.2	3.7
Local median household EBI % of U.S.	159	159	160	148
Local per capita EBI % of U.S.	126	126	121	112
Local population	24,068	24,068	24,161	24,505
Financial performance				
Operating fund revenues (\$000s)	--	38,477	36,921	34,086
Operating fund expenditures (\$000s)	--	39,432	36,388	33,904
Net transfers and other adjustments (\$000s)	--	275	515	--
Operating result (\$000s)	--	(680)	1,048	182

South Plainfield Borough, New Jersey--key credit metrics

	Most recent	2024	2023	2022
Operating result % of revenues	--	(1.8)	2.8	0.5
Operating result three-year average %	--	0.5	1.8	1.1
Reserves and liquidity				
Available reserves % of operating revenues	--	8.6	10.8	8.7
Available reserves (\$000s)	--	3,319	3,999	2,950
Debt and liabilities				
Debt service cost % of revenues	--	7.5	7.4	7.0
Net direct debt per capita (\$)	1,447	1,409	1,109	1,159
Net direct debt (\$000s)	34,827	33,920	26,787	28,412
Direct debt 10-year amortization (%)	100	63	53	--
Pension and OPEB cost % of revenues	--	17.0	17.0	18.0
NPLs per capita (\$)	--	1,253	1,378	1,411
Combined NPLs (\$000s)	--	30,150	33,288	34,575

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\$7.931 mil BANs ser 2026A due 04/08/2027

Short Term Rating SP-1+

Ratings Affirmed

Local Government

South Plainfield Boro, NJ Unlimited Tax General Obligation AA/Stable

South Plainfield Borough, NJ Unlimited Tax General Obligation 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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