

Research Update:

Mount Olive Township, NJ Series 2026 General Improvement Bond Anticipation Notes Rated 'SP-1+'

April 13, 2026

Overview

- S&P Global Ratings assigned its 'SP-1+' short-term rating to [Mount Olive Township](#), N.J.'s proposed \$19.5 million series 2026 general improvement bond anticipation notes (BANs).
- At the same time, S&P Global Ratings affirmed its 'AA+' rating on the township's existing GO debt.
- The outlook on the long-term rating is stable.

Rationale

Security

The short-term rating on the notes reflects our criteria for evaluating and rating BANs. In our view, Mount Olive Township maintains a very strong capacity to pay principal and interest when the notes come due. We view the township's market risk profile as low because it has strong legal authority to issue long-term debt to take out the notes and is a frequent debt issuer that regularly provides ongoing disclosure to market participants. Note proceeds will fund various general, utility, and recreation related capital projects.

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

Credit highlights

The rating reflects Mount Olive Township's economic strengths, sizable reserves compared with revenues despite a decline for fiscal 2025, forward-looking management, and moderate debt and liability profile. Although reserves have declined for fiscal 2025, we believe that the township's other credit strengths and projected reserves levels for the next two fiscal years still support the current rating. To support future structural balance and reserve growth, the township increased its tax levy for fiscal 2026 and is actively managing expenditures and intends to keep this approach. In addition, management expects additional revenue from utility fees and new

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economic developments over the next few years. However, if reserves decline in fiscal 2026 or fiscal 2027 despite these efforts, we could take a negative rating action.

For fiscal 2025, Mount Olive Township reported a sizable current-fund deficit due to interfund transfers and use of funds for capital projects that will bring available reserves to \$7.7 million from \$14.2 million. Reserves declined partially because of the way that interfund loans are recorded under New Jersey regulatory basis accounting, with the remainder related to cost pre-payments and a decision to use reserves after they had been built up for years. Reserves are projected to remain in the \$8 million-\$12 million range, which is 18%-26% of operating revenue when using budgeted fiscal 2026 revenues. If reserves fall beyond this communicated level, we could take a negative rating action..

Mount Olive Township benefits from its favorable location within Morris County and its access to strong employment centers within New Jersey and New York City. Stronger management practices, particularly in budgeting and capital and financial planning, have also contributed to the township's positive financial performance and increasing reserves leading up to fiscal 2025. Nevertheless, we expect the township will likely continue to manage these costs due to its history of maintaining balanced operations, supported by a wealthy tax base.

The rating also reflects our view of Mount Olive Township's:

- Primarily affluent residential community in Morris County, with a growing tax base and income indicators that are above those of the national, but trail peers within the county and state; The 32-square-mile township is approximately 45 miles west of New York City and is primarily residential, with a growing commercial component. The township has seen strong tax-base appreciation along with several economic projects. Due to its favorable location and open space available along key interstates, it is experiencing rapid growth with warehouses, distribution centers, and some residential projects. We expect Mount Olive Township's local economy will continue to expand, with anticipated bumps in valuation when current projects are completed in upcoming years; however, we do not anticipate economic metrics will improve materially to levels consistent with those of higher-rated peers in the state.
- Management, which uses realistic budget assumptions, forward-looking long-term planning and formalized investment, debt, and fund balance policies to guide its fiscal trajectory and preserve fund balance. The formal debt-management policy limits annual debt appropriations to 25% of the operating budget and total direct debt to 3.5% of equalized value. The formal reserve policy requires a balance equal to 8.5% of the projected annual budget for liquidity purposes.
- Robust performance in recent years, with another surplus reported in fiscal 2024, keeping reserves above policy levels; Overall performance has been positive, with revenues consistently exceeding budgeted expenditures. However, fiscal 2025 reflects a deficit spurred by the use of fund balance and increasing expenditures. The township primarily relies on property taxes to support the budget. The 2026 budget included a smaller surplus appropriation of \$2.9 million, and the full amount is expected to be replenished. Mount Olive Township anticipates breakeven-to-positive year-end results for 2026, though the interfund loan repayments from fiscal 2025 have been recorded as a revenue to offset the lower fund balance appropriation and to clear a deficit in operations from the previous year. If financial performance is negative for fiscal 2026 or beyond, we could lower the rating.
- Elevated current costs, spurred in part by accelerated amortization of the township's debt, coupled with participation in the poorly funded state pensions and increasing other postemployment benefits (OPEB) liabilities. We do not expect future debt plans will materially

increase Mount Olive Township's debt metrics. Despite recent improvements in state pension systems funding, we believe costs are likely to increase and could cause budgetary pressure depending on the state's adherence to its pension-funding schedule. (For more details, see "[Pension Spotlight: New Jersey](#)," Oct. 9, 2025.) In addition, we think the township's OPEB liability, totaling about \$41 million as of the fiscal 2024 valuation, further weakens retirement liability ratios.

- 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 environmental, social, and governance factors as neutral in our credit rating analysis. Although we view the township's governance risk as generally neutral, pension funding discipline and assumption choices at the state level will likely lead to elevated and volatile costs.

Outlook

The stable outlook reflects the township's growing economy and above-average management practices compared with that of many state peers, which should support future financial stability despite a lower reserve position.

Downside scenario

We could lower the rating if Mount Olive Township's available reserves weaken beyond current projections, if future fund balance appropriations increase beyond historical trends, or if debt and liabilities significantly increase.

Upside scenario

We could raise the rating if the township's income metrics and reserves improve to levels comparable with those of higher-rated national peers, given that debt and liability costs will likely remain elevated.

Mount Olive Township, New Jersey--credit summary

Institutional framework (IF)	2
Individual credit profile (ICP)	1.79
Economy	1.0
Financial performance	2
Reserves and liquidity	1
Management	1.70
Debt and liabilities	3.25

Mount Olive Township, New Jersey--key credit metrics

	Most recent	2024	2023	2022
Economy				
Real GCP per capita % of U.S.	170	170	173	177

Mount Olive Township, New Jersey--key credit metrics

	Most recent	2024	2023	2022
County PCPI % of U.S.	163	163	164	164
Market value (\$000s)	5,338,845	4,461,533	4,433,092	3,989,680
Market value per capita (\$)	177,725	148,520	149,625	128,385
Top 10 taxpayers % of taxable value	17.3	18.2	15.2	14.9
County unemployment rate (%)	3.9	3.7	3.5	3.1
Local median household EBI % of U.S.	137	137	141	132
Local per capita EBI % of U.S.	143	143	149	146
Local population	30,040	30,040	29,628	31,076
Financial performance				
Operating fund revenues (\$000s)	--	37,289	35,103	34,635
Operating fund expenditures (\$000s)	--	35,145	35,492	32,691
Net transfers and other adjustments (\$000s)	--	--	--	--
Operating result (\$000s)	--	2,144	(389)	1,944
Operating result % of revenues	--	5.7	(1.1)	5.6
Operating result three-year average %	--	3.4	2.9	3.4
Reserves and liquidity				
Available reserves % of operating revenues	--	38.3	34.5	36.1
Available reserves (\$000s)	--	14,266	12,121	12,511
Debt and liabilities				
Debt service cost % of revenues	--	11.2	11.5	10.4
Net direct debt per capita (\$)	1,564	1,007	1,017	961
Net direct debt (\$000s)	46,994	30,262	30,135	29,866
Direct debt 10-year amortization (%)	96	99	--	--
Pension and OPEB cost % of revenues	--	14.0	14.0	12.0
NPLs per capita (\$)	--	1,050	1,143	1,106
Combined NPLs (\$000s)	--	31,552	33,868	34,364

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\$19.500 mil BANs ser 2026 dtd 5/6/2026 due 5/5/2027	
Short Term Rating	SP-1+
New Rating	
Local Government	
Mount Olive Township, NJ Unlimited Tax General Obligation	SP-1+
Ratings Affirmed	
Local Government	
Mount Olive Twp, NJ Unlimited Tax General Obligation	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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