

Research Update:

Middlesex County, NJ Series 2026 GO Bonds Assigned 'AAA' Rating

June 4, 2026

Overview

- S&P Global Ratings assigned its 'AAA' long-term rating to [Middlesex County](#), New Jersey's anticipated \$19.2 million series 2026 general obligation (GO) bonds.
- The outlook is stable.

Rationale

Security

Middlesex County's full-faith-and-credit pledge and agreement to levy ad valorem property taxes, without limitation as to rate or amount, secure the series 2026 bonds.

Credit highlights

In addition to its robust and growing economy, consistent surplus operations over the past decade underpin the county's 'AAA' rating, as evidenced by management's historical efforts to exclude surplus appropriations to balance its budgets and to reduce debt service costs. We believe that this, in combination with Middlesex County's favorable location in the New York City-Newark-Jersey City metropolitan statistical area (MSA), means its credit profile should remain stable. We also believe the county's reliance on stable property tax revenue--which accounts for nearly 80% of current-fund revenue, guaranteed by municipalities that collect the taxes--and increasing reserves will continue to help it withstand unexpected budgetary challenges.

According to audited fiscal 2024 results, Middlesex County ended the year with another surplus, increasing available reserves by approximately \$6.4 million and boosting year-end reserves to \$113.5 million, or about 17% of revenues. Management was able to generate this surplus while increasing pay-as-you-go capital spending in its continued effort to reduce annual debt service costs. The county has adopted its 2026 budget at \$683.2 million, which includes roughly \$5 million in appropriated surplus, which the county has been able to re-generate in the past. Management reports budget to actuals are trending in-line with expectations and historical levels.

For more information, see [our report](#), April 2, 2026.

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Environmental, social, and governance

We consider Middlesex County's social factors credit neutral within our analysis. We also view governance factors as credit neutral and as generally in line with those of its state peers, although pension funding discipline and assumption choices at the state level will likely lead to elevated and volatile costs. Middlesex County has some exposure to physical environmental risks, including sea-level rise and the potential for inland flooding because a portion of it is along the Atlantic Ocean coast. However, the county maintains a range of planning programs to mitigate this risk, including sustainability and resiliency initiatives, and we therefore view its environmental risk as credit neutral.

Rating above the sovereign

Middlesex County's GO bonds are eligible to be rated above the sovereign because we believe the county 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 county derives revenue predominantly from local sources (governmental activity revenue accounted for about 80% in fiscal 2023) and maintains independent taxing authority and treasury management from the federal government.

Outlook

The stable outlook reflects our view that Middlesex County's historically strong managerial oversight and balanced financial operations will likely continue, supported by a mature local economy that participates in the New York City-Newark-Jersey City MSA.

Downside scenario

We view the county's elevated fixed costs, including those from pension and OPEB expenses, as the primary credit weakness despite management's focus on reducing annual debt service expenses. Due to this cost pressure, we believe the county's efforts to adopt conservative and structurally sound budgets, while improving budgetary flexibility, are fundamental to maintaining the 'AAA' rating. Budgetary weakness or increased fixed costs as a percentage of expenditures could lead to our lowering the rating or revising the outlook to negative. In our opinion, despite these considerations, Middlesex County's strong management, participation in the greater New York City-Newark-Jersey City MSA, and recent finances provide rating stability.

Table 1

Middlesex County, New Jersey--credit summary

Institutional framework (IF)	2
Individual credit profile (ICP)	1.69
Economy	1.0
Financial performance	2
Reserves and liquidity	1
Management	1.70
Debt and liabilities	2.75

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Table 2

Middlesex County, New Jersey--key credit metrics

	Most recent	2024	2023	2022
Economy				
Real GCP per capita as % of U.S.	115	115	117	120
County PCPI as % of U.S.	106	106	106	107
Market value (\$000s)	156,837,040	156,837,040	144,172,262	134,520,959
Market value per capita (\$)	176,076	176,076	166,398	156,276
Top 10 taxpayers as % of taxable value	3.0	3.0	3.3	3.6
County unemployment rate (%)	4.7	4.5	4.2	3.5
Local median household EBI as % of U.S.	133	133	135	135
Local per capita EBI as % of U.S.	117	117	119	119
Local population	890,736	890,736	866,428	860,791
Financial performance				
Operating fund revenue (\$000s)	--	640,113	680,257	621,015
Operating fund expenditures (\$000s)	--	633,632	674,512	608,406
Net transfers and other adjustments (\$000s)	--	--	--	--
Operating result (\$000s)	--	6,481	5,745	12,609
Operating result as % of revenue	--	1.0	0.8	2.0
Operating result three-year average %	--	1.3	1.0	1.1
Reserves and liquidity				
Available reserves as % of operating revenue	--	17.7	15.7	16.3
Available reserves (\$000s)	--	113,566	107,086	101,341
Debt and liabilities				
Debt service cost as % of revenue	--	6.5	6.7	8.6
Net direct debt per capita (\$)	805	483	551	464
Net direct debt (\$000s)	716,857	429,799	477,439	399,026
Direct debt 10-year amortization (%)	24	36	36	--
Pension and OPEB cost as % of revenue	--	9	8	9
NPLs per capita (\$)	--	271	316	323
Combined NPLs (\$000s)	--	241,439	273,908	278,219

Financial data may reflect analytical adjustments and is 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. EBI--Effective buying income. GCP--Gross county product. NPL--Net pension liability. OPEB--Other postemployment benefits. PCPI--Per capita personal income.

Ratings List

New Issue Ratings

US\$19.2 mil GO bnds ser 2026 due 06/15/2043

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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