

Research Update:

Robbinsville Township, NJ Series 2025A And 2025B GO Bond Assigned AA; Outlook Is Positive

June 12, 2025

Overview

- S&P Global Ratings assigned its 'AA' long-term rating to the township's \$26.2 million and series 2025A GO bonds and its \$1.8 million series 2025B GO bonds.
- S&P Global Ratings also assigned its 'SP-1+' short-term rating to Robbinsville's \$4.0 million series 2025A bond anticipation note (BAN).
- At the same time, S&P Global Ratings has affirmed its 'AA' rating on the township's outstanding GO bonds and its SP-1+ on its outstanding BANs.
- The outlook positive.
- The long-term rating is based on the application of our "[Methodology For Rating U.S. Governments](#)," Sept. 9, 2024.

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Rationale

Security

Robbinsville's full-faith-and-credit pledge, including the agreement to levy ad valorem property taxes without limitation as to rate or amount, secures the BANs and GO debt. The short-term rating reflects our opinion of Robbinsville's general creditworthiness and market risk profile, which we consider low. The low market risk profile reflects our view of the township's strong legal authority to issue long-term debt to take out the BANs, as well as its ongoing disclosure to market participants.

Officials intend to use 2025A proceeds to refund existing BANs and finance unfunded ordinances, while 2025B bonds will currently refund the existing taxable BANs. The 2025A notes will refund an existing portion of the existing BANs and provide funding for unfunded ordinances.

Credit highlights

The rating reflects the township's rebuild of reserves across several years, reversing the four-year trend of reserve drawdowns, along with an affluent base that continues to experience ongoing tax base development, further supported by robust policies that include long-term planning. However, we note that the township does have elevated debt and liability costs; furthermore, Robbinsville's debt and unfunded retirement liabilities total about 3.3% of the total market value, reflecting general affordability relative to the tax base. The township continues to experience significant economic development, driven by warehouse growth, mixed-use projects, and several sizable residential projects.

Since 2021, the township's operations have been positive, with several sizable surpluses in recent years. Based on unaudited figures for fiscal year 2024, Robbinsville had another sizable surplus driven by increased unbudgeted revenue, including investment income, construction fees, and reverse tax appeal revenue. On the expenditure side, the township looks to maximize shared service agreements with neighboring municipalities while streamlining its own operations. We expect the township to continue its focus on maintaining, if not building, its reserve position over the outlook period.

After this issuance, the township will have roughly \$73.7 million in debt outstanding. A portion of this debt is self-supported by its utility system. We also note that Robbinsville expects specific revenues streams, which S&P Global Ratings does not consider self-supporting, to support certain bonds, likely providing operational flexibility. We do expect a portion of the township's debt burden will retire in 2026, reducing its overall burden.

The township's combined proportionate share of the net pension liability for both the Police and Firemen's Retirement System (PFRS) and the Public Employees' Retirement System (PERS) totaled about \$23 million in fiscal 2023. Its other postemployment benefits (OPEB) liability totaled about \$25 million, which we view as significant and as weakening our view of the township's overall liability profile.

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

- Affluent residential tax base, which benefits from proximity to New York City; while Mercer County's economic metrics largely exceed national averages, Robbinsville's local income metrics are substantially better than those of national peers and in line with county peers, reflecting the strength of its economic base and providing credit uplift.
- Positive financial performance trend, supported by consistent property tax revenue collections and conservative budgeting of miscellaneous revenues. The township's fiscal 2025 budget is \$32.3 million and includes \$5.0 million in appropriated fund balance; we expect positive operations will continue based on fiscal 2025 year-to-date performance. Robbinsville does not anticipate spending down reserves during our outlook period.
- Well-embedded financial policies and practices. Budgetary assumptions are grounded in recent actual results and incorporate known and projected changes to revenue and expenditures. Management reports monthly on revenue and expenditure performance to the board, supporting its ability to make midyear adjustments as needed. The township maintains a three-year financial and fund balance forecast and a six-year capital improvement plan; the financial forecast is more formalized than that which is typical for state peers. The township's formal cash management plan and informal debt management policy are comparable. The township is compliant with its informal fund balance policy of 15%-20% of revenues.

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- Elevated fixed costs, which have remained stable on a percentage basis. The township's per capita pension and OPEB liabilities are comparable with those of many state peers, but incremental cost growth is likely due to low pension-funded ratios and practical limitations on cutting OPEB benefits, with an inability to prefund the approximately \$25 million unfunded OPEB liability.
- New Jersey municipalities have a generally predictable operating framework and some statutory flexibility to raise local-source revenue for operating purposes, despite the state's property tax cap. 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 have assessed environmental, social, and governance (ESG) factors relative to Robbinsville's management, financial measures, and debt and liability profile; we view all three as neutral in our credit analysis. Furthermore, although we consider the state's governance of its pension plans and lack of a mechanism to prefund OPEB a weakness for New Jersey local governments, these issues have a similar effect on all New Jersey local governments.

Outlook

The positive outlook reflects our view there is one in three chance that we could raise Robbinsville's rating over our outlook period.

Downside scenario

We could revise the outlook to stable if the township were to revert to misalignment of revenue and expenditures; if reserves were to decrease, whether due to budgetary imbalance or an inability to replenish fund-balance appropriations; or if high fixed costs were to pressure the budget.

Upside scenario

We could raise the rating if Robbinsville continues to maintain balanced operations through economic cycles and sustain reserves comparable to peers while making incremental improvements in fixed costs.

Robbinsville Township (Mercer County), New Jersey--Credit summary

Institutional framework (IF)	2
Individual credit profile (ICP)	2.26
Economy	1.0
Financial performance	2.0
Reserves and liquidity	1.0
Management	2.30
Debt and liabilities	5.00

Robbinsville Township (Mercer County), New Jersey--Key credit metrics

	Most recent	2023	2022	2021
Economy				
Real GCP per capita % of U.S.	172	172	174	169
County PCPI % of U.S.	120	120	121	120
Market value (\$000s)	3,651,222	3,635,360	3,254,800	2,991,936
Market value per capita (\$)	228,573	227,580	214,033	206,568
Top 10 taxpayers % of taxable value	11.5	11.6	15.2	15.0
County unemployment rate (%)	4.4	4.1	3.2	4.6
Local median household EBI % of U.S.	207	207	202	189
Local per capita EBI % of U.S.	178	178	185	185
Local population	15,974	15,974	15,207	14,484
Financial performance				
Operating fund revenues (\$000s)	--	27,432	29,113	24,711
Operating fund expenditures (\$000s)	--	25,987	28,403	24,994
Net transfers and other adjustments (\$000s)	--	--	--	--
Operating result (\$000s)	--	1,445	710	(283)
Operating result % of revenues	--	5.3	2.4	(1.1)
Operating result three-year average %	--	2.2	(0.7)	(1.9)
Reserves and liquidity				
Available reserves % of operating revenues	--	19.1	13.1	12.3
Available reserves (\$000s)	--	5,249	3,804	3,034
Debt and liabilities				
Debt service cost % of revenues	--	16.4	15.2	20.6
Net direct debt per capita (\$)	4,616	4,398	4,092	3,586
Net direct debt (\$000s)	73,733	70,252	62,222	51,936
Direct debt 10-year amortization (%)	55	42	--	--
Pension and OPEB cost % of revenues	--	12.0	10.0	10.0
NPLs per capita (\$)	--	1,444	1,552	1,129
Combined NPLs (\$000s)	--	23,073	23,598	16,348

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\$1.826 mil go bnds (Federally Taxable) ser 2025B due 04/15/2046

Long Term Rating AA/Positive

US\$26.226 mil go bnds ser 2025A due 04/15/2046

Long Term Rating AA/Positive

US\$4.074 mil BANs ser 2025A due 07/08/2026

Short Term Rating SP-1+

Ratings Affirmed

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Ratings List

Local Government

Robbinsville Township (Mercer Cnty), NJ. Unlimited Tax BAN	SP-1+
Robbinsville Twp (Mercer Cnty), NJ Unlimited Tax General Obligation	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 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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