

Research Update:

Lyndhurst Township, NJ Bond Anticipation Notes Assigned 'SP-1+' Rating

January 15, 2026

Overview

- S&P Global Ratings assigned its 'SP-1+' rating to [Lyndhurst Township](#), N.J.'s approximately \$21.39 million series 2026 bond anticipation notes (BANs).
- At the same time, we affirmed our 'AA' long-term and underlying ratings on the township's general obligation (GO) bonds outstanding and our 'SP-1+' rating on the township's BANs outstanding.
- The outlook on the long-term rating is stable.

Rationale

Security

Lyndhurst's full-faith-and-credit pledge secures the BANs and outstanding GO bonds. The short-term rating reflects our criteria for evaluating and rating BANs. The 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.

The series 2026 BAN proceeds will renew maturing notes and provide new money to finance various capital ordinances.

Credit highlights

Lyndhurst's economic profile, consistent financial performance, and sizable available reserves support the 'AA' long-term rating; however, these strengths are offset by our view of the township's relatively large per capita debt, retirement liabilities, and the associated current costs when compared with higher-rated state peers as well as more limited formal financial policies compared with similarly rated national peers. Nevertheless, we believe the township will continue to effectively incorporate its current costs into the budget, maintaining its track record of positive general fund operations and healthy reserve levels.

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The township's conservative budgeting approach and healthy reserve levels are credit supportive; officials have demonstrated the willingness to increase taxes at a necessary pace to fund ongoing services and escalating expenditures, particularly health insurance costs which is common for municipalities across the state. The fiscal 2025 budget included a 5.5% property tax rate increase with preliminary estimates indicating a small current fund surplus. The fiscal 2026 budget will likely be introduced in March or April, as with prior years, but management does not anticipate the fiscal 2026 budget to include material changes in assumptions from prior budgets. These strategies have also supported maintenance of fund balance around 35% of current fund revenue, which is stronger than medians for its similarly rated state peers and provides additional financial flexibility should the township need it to support future budgets.

We consider the township's sizeable debt and pension liabilities to be an offsetting factor to its economic and financial strengths but also expect management's history of proactive budgeting will continue to manage debt service and pension contribution costs. The township will have about \$79 million in total direct debt after this issuance and expects to issue up to \$2 million annually in new-money debt for ongoing capital. Its largest project is a \$40 million investment in lead pipe replacement, which is being financed in phases with the New Jersey Infrastructure Bank (NJIB) and will be reflected in the water utility fund rather than the current fund. While unlikely in the near-term, if increasing current costs lead to weaker financial performance and deteriorating reserves, the rating could face downward pressure.

The 'AA' rating also reflects our view of Lyndhurst's:

- Favorable location in northern New Jersey with access to the New York City metropolitan area; while relatively built out, the township has development projects in various stages of construction that will likely complete over the medium-term and provide new revenue for future budgets. Lyndhurst's solid local incomes, population growth and increasing market value trends supports our view of local-term economic stability.
- Track record of positive financial performance, which is expected to continue in fiscal 2025 based on preliminary year-end estimates, along with sizeable reserves that provide additional financial cushion.
- Conservative budgeting and monitoring of intra-year performance and reserve levels, although formal long-term planning practices and policies are limited compared with those of many similarly rated national peers.
- Elevated debt and pension per capita liabilities relative to peers at the current rating level, with pension and health insurance costs likely to continue escalating although we expect management will continue proactively budgeting these fixed costs.
- 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," Sept. 9, 2024.

Environmental, social, and governance

We have assessed the township's environmental, social, and governance factors relative to its economy, management, financial measures, and debt and liability profile, and view them as neutral within our credit rating analysis. Regarding governance factors, we note that pension funding discipline and assumption choices at the state level will likely lead to elevated and volatile costs for the township. Also, the township's location along the Hackensack and Passaic

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rivers has resulted in some inland flooding, but previous work with the state and the Army Corps of Engineers has mitigated this risk.

Outlook

The stable outlook reflects our expectation of continuously positive financial performance and sustained reserves around current levels, while management continues incorporating increasing fixed costs into the budget.

Downside scenario

We could lower the rating if available reserves materially weaken on a sustained basis, or if debt or retirement liabilities increase to a level that pressures financial performance.

Upside scenario

We could raise the rating if the township's debt and retirement liabilities moderate while financial practices and policies become more formalized.

Lyndhurst Township, New Jersey--credit summary

Institutional framework (IF)	2
Individual credit profile (ICP)	2.13
Economy	1.0
Financial performance	2
Reserves and liquidity	1
Management	2.65
Debt and liabilities	4.00

Lyndhurst Township, New Jersey--key credit metrics

	Most recent	2024	2023	2022
Economy				
Real GCP per capita % of U.S.	--	--	127	130
County PCPI % of U.S.	--	--	145	145
Market value (\$000s)	--	5,091,423	4,485,713	4,120,135
Market value per capita (\$)	--	223,504	197,853	183,003
Top 10 taxpayers % of taxable value	--	11.8	12.2	13.4
County unemployment rate (%)	--	3.7	3.6	3.4
Local median household EBI % of U.S.	--	121	133	124
Local per capita EBI % of U.S.	--	120	135	121
Local population	--	22,780	22,672	22,514
Financial performance				
Operating fund revenues (\$000s)	--	52,766	46,148	44,570
Operating fund expenditures (\$000s)	--	51,651	44,342	46,122
Net transfers and other adjustments (\$000s)	--	--	--	300
Operating result (\$000s)	--	1,115	1,806	(1,252)

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Lyndhurst Township, New Jersey--key credit metrics

	Most recent	2024	2023	2022
Operating result % of revenues	--	2.1	3.9	(2.8)
Operating result three-year average %	--	1.1	1.8	0.8
Reserves and liquidity				
Available reserves % of operating revenues	--	35.3	37.9	35.2
Available reserves (\$000s)	--	18,608	17,492	15,685
Debt and liabilities				
Debt service cost % of revenues	--	13.8	16.3	15.9
Net direct debt per capita (\$)	3,467	3,435	3,744	3,894
Net direct debt (\$000s)	78,967	78,258	84,879	87,661
Direct debt 10-year amortization (%)	69	50	49	50
Pension and OPEB cost % of revenues	--	7.0	9.0	9.0
NPLs per capita (\$)	--	1,305	1,311	1,256
Combined NPLs (\$000s)	--	29,734	29,734	28,268

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\$21.394 mil BANs dtd 01/30/2026 due 01/29/2027

Short Term Rating	SP-1+
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Ratings Affirmed

Local Government

Lyndhurst Twp, NJ Bond Anticipation Notes	SP-1+
Lyndhurst Twp, NJ Unlimited Tax General Obligation	AA/Stable

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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