

Research Update:

Fair Haven Borough, NJ Series 2026 General Obligation Bonds Assigned 'AA+' Rating; Outlook Stable

February 9, 2026

Overview

- S&P Global Ratings has assigned its 'AA+' long-term rating to [Fair Haven Borough](#), N.J.'s series 2026 general obligation (GO) bonds.
- We also affirmed our 'AA+' long-term rating on the borough's outstanding debt.
- The outlook is stable.

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Rationale

Security

The borough's full-faith-and-credit pledge secures the bonds. Proceeds from the sale of the bonds will permanently finance the borough's bond anticipation notes (BANs) outstanding, maturing on March 13, 2026.

Credit highlights

The 'AA+' rating reflects our view of the borough's wealthy, residential demographics with access to substantial employment opportunities in northern New Jersey and New York City. The rating is further stabilized by the borough's positive operating performance and strong reserve position. However, the rating is constrained by management policies and practices that, while comparable with those of other rated New Jersey municipalities, are weaker than those of higher-rated peers.

Fair Haven has maintained positive operating performance and increased its reserve position. Conservative budgeting around investment income, property taxes, and court fees have led to increased reserves. Fiscal 2025 results should remain strong as management expects to fully regenerate the appropriated fund balance in the budget and available reserves should remain stable near current levels. To mitigate expected cost increases over the next few years, the borough has switched to a joint insurance fund from the state health benefit program. Property

taxes are Fair Haven's primary source of revenue. Like other municipalities, Fair Haven faces rising expenditures with increasing salaries, benefits, and utility costs.

Following this issuance, Fair Haven will have roughly \$24.9 million in outstanding debt. As the new debt service costs are layered onto its growing pension expenses, we expect the borough's debt and liability profile will weaken and its overall debt and liability costs will likely exceed 14% of its current revenues. The borough anticipates issuing short-term debt for various paving and road capital projects but intends to pay the BANs down, rather than permanently financing with long-term debt. Management also anticipates spending about \$1.5 million for a fire apparatus but would likely self-fund rather than issue debt.

The 'AA+' rating further reflects the following factors:

- Located in Monmouth County, the borough has a mature, primarily residential economy. Incomes exceed county and national levels. Management anticipates ongoing appreciation to the already built-out tax base, with one parcel of land that may turn into additional housing stock. We expect Fair Haven's local economic factors will remain a positive credit factor.
- Officials make realistic budget assumptions based on trend analysis, with regular budget monitoring, supporting year-to-year balanced operations and flexibility. The budget includes a three-year capital plan as required by state law, which identifies capital spending categories and funding sources. There are no formal long-term planning practices the borough has a cash management plan that coincides with state guidelines with investments. The borough does not have a formal debt policy, but management regularly reprioritizes capital projects and ensures debt service costs remain affordable over a five- to 10-year horizon. Additionally, the borough's annual budget and informal forecast includes \$215,000 appropriated for pay-as-you-go capital funding to supplement its debt plan. Fair Haven follows an informal reserve policy that requires the governing body to consider and approve the amount of surplus appropriated in the budget, which management carefully determines by analyzing what can reasonably be regenerated. The borough has taken steps to mitigate cyber risk.
- Fair Haven has maintained positive operations in recent years, driven by strong investment returns and expenditure savings. The borough anticipates another positive year for 2025 fully regenerating the surplus appropriated as part of the budget. Management anticipates the reserve position will grow in 2025 and has no plans to spend down over the outlook period.
- The borough has a manageable debt and liability profile, which we expect will remain stable. The borough has unfunded pension liabilities from its participation in the New Jersey Public Employees' Retirement System (51% funded and \$2.4 million net liability), the New Jersey Police & Firemen's Retirement System (68% funded and \$4.8 million net liability), and \$9.7 million in unfunded other postemployment retirement benefits, funded on a pay-as-you-go basis. Retirement costs still outpace overall budgetary growth, but we believe Fair Haven has sufficient revenue-generating capacity to support escalating costs while holding budgetary balance. For more, see "[Pension Spotlight: New Jersey](#)," Oct. 9, 2025.
- We expect the operating environment for New Jersey municipalities will remain stable. For more information, see "[Institutional Framework Assessment: New Jersey Local Governments](#)," Sept. 9, 2024.

Environmental, social, and governance

We view Fair Haven's environmental factors as neutral within our credit rating analysis, despite its proximity to the Navesink River. Management reports the borough rarely experiences infrastructure damage due to inland flooding. The borough has a fully funded storm trust to

handle weather-related incidents. However, we view the state's governance of pension plans, particularly the lack of funding discipline, as a risk for New Jersey local governments. We view social factors as neutral within our credit rating analysis.

Outlook

The stable outlook reflects our view that management will maintain healthy available reserves through positive financial operations and conservative budgeting, supported by a stable tax base.

Downside scenario

We could lower the rating if Fair Haven's operating performance weakens as a result of recurring budgetary imbalances or one-time events. Furthermore, further weakening of the debt and liability profile could also pressure the rating.

Upside scenario

We could consider raising the rating if the borough enhances its management practices and policies, while maintaining its other credit factors.

Fair Haven Borough, New Jersey--Credit summary

Institutional framework (IF)	2
Individual credit profile (ICP)	1.88
Economy	1.0
Financial performance	1
Reserves and liquidity	1
Management	2.65
Debt and liabilities	3.75

Fair Haven Borough, New Jersey--Key credit metrics

	Most recent	2024	2023	2022
Economy				
Real GCP per capita % of U.S.	--	--	96	96
County PCPI % of U.S.	--	--	144	142
Market value (\$000s)	--	2,753,758	2,530,537	2,382,925
Market value per capita (\$)	--	440,883	403,080	393,872
Top 10 taxpayers % of taxable value	--	2.0	1.9	2.2
County unemployment rate (%)	--	4.1	3.9	3.5
Local median household EBI % of U.S.	--	237	260	261
Local per capita EBI % of U.S.	--	200	215	220
Local population	--	6,246	6,278	6,050
Financial performance				
Operating fund revenues (\$000s)	--	13,003	11,140	10,206
Operating fund expenditures (\$000s)	--	12,664	10,699	9,535
Net transfers and other adjustments (\$000s)	--	8	--	--
Operating result (\$000s)	--	347	441	671

Fair Haven Borough, New Jersey--Key credit metrics

	Most recent	2024	2023	2022
Operating result % of revenues	--	2.7	4.0	6.6
Operating result three-year average %	--	4.4	4.2	3.4
Reserves and liquidity				
Available reserves % of operating revenues	--	29.4	31.2	29.7
Available reserves (\$000s)	--	3,821	3,474	3,032
Debt and liabilities				
Debt service cost % of revenues	--	4.9	4.2	4.6
Net direct debt per capita (\$)	3,990	4,062	2,025	1,321
Net direct debt (\$000s)	24,923	25,369	12,714	7,993
Direct debt 10-year amortization (%)	36	83	25	--
Pension and OPEB cost % of revenues	--	6.0	7.0	7.0
NPLs per capita (\$)	--	1,036	1,152	1,196
Combined NPLs (\$000s)	--	6,469	7,235	7,235

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\$17.74 mil GO bnds ser 2026 due 03/01/2048

Long Term Rating AA+/Stable

Ratings Affirmed

Local Government

Fair Haven Boro, 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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