



Rating Action: Moody's Ratings upgrades Carlstadt, NJ's issuer and GO ratings to A1 from A2; assigns MIG 1 to BANs

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New York, April 09, 2026 -- Moody's Ratings (Moody's) has upgraded the Borough of Carlstadt, NJ's issuer and general obligation unlimited tax (GOULT) ratings to A1 from A2. Concurrently, we have affirmed the MIG 1 rating on the borough's outstanding bond anticipation notes issued in 2025 and assigned a MIG 1 to the borough's proposed \$13.8 million Bond Anticipation Notes (Non-Callable). Post issuance, the borough will have approximately \$24.8 million in debt outstanding.

The upgrade to A1 is driven by the borough's improved financial position, with its prolonged tax appeal issues largely resolved and no longer constraining reserves. Sustained operating surpluses and conservative financial management are expected to support further growth in reserves.

RATINGS RATIONALE

The A1 issuer rating reflects Carlstadt's improved financial position following a period of weakening from 2015 to 2020, driven largely by sizable tax appeals that constrained reserves and liquidity. Since that period, the borough has rebuilt financial flexibility through sustained operating surpluses, supported by sizeable tax levy increases and conservative budgeting practices. Available fund balance increased from a trough of \$2.5 million (10.8% of revenues) in 2020 to an unaudited \$6.0 million (19.3%) in 2025; \$1.9 million of the borough's current reserves are for tax appeals which we expect will be modestly drawn down given expected appeal settlements.

The rating also reflects the borough's favorable location within the New York City metropolitan area and its stable local economy with above-average resident income levels. While largely built out, Carlstadt has experienced solid tax base growth, with full value increasing at a five year compound annual growth rate of 6.6%, supported by strong demand for industrial and warehousing properties. The rating further incorporates above average long-term liabilities relative to national medians, but in line with state standards. No material debt issuances are expected in the near-term.

The A1 GOULT rating is the same as the issuer rating due to the borough's general obligation full faith and credit pledge as well as an unlimited property tax that is payable to debt service.

The MIG 1 rating on the BANs reflects the borough's underlying credit quality, reflected in its A1 issuer rating.

RATING OUTLOOK

We do not assign outlooks to local governments with this amount of debt outstanding.

FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATINGS

- Increase in the available fund balance ratio to 35% or higher
- Increase in the resident income ratio to 150% or higher

FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATINGS

- Reversal of recent financial improvement, leading to a decline in the available fund balance ratio to 15% or lower
- Increase in the long-term liabilities ratio to 375% or higher

PROFILE

Carlstadt is a mixed industrial and residential community in northern New Jersey within commuting distance of New York City. It has a population of just under 6,400 residents as of the 2024 American Community Survey.

METHODOLOGY

The principal methodology used in the issuer and long-term rating was US Cities and Counties published in December 2025 and available at <https://ratings.moodys.com/rmc-documents/455983>. The principal methodology used in the short-term ratings was US Municipal Short-term Debt published in October 2024 and available at <https://ratings.moodys.com/rmc-documents/430699>. Alternatively, please see the Rating Methodologies page on <https://ratings.moodys.com> for a copy of these methodologies.

REGULATORY DISCLOSURES

For further specification of Moody's key rating assumptions and sensitivity analysis, see the sections Methodology Assumptions and Sensitivity to Assumptions in the disclosure form. Moody's Rating Symbols and Definitions can be found on <https://ratings.moodys.com/rating-definitions>.

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