

Research Update:

Hillsdale Borough, NJ Series 2026 General Improvement Bonds Assigned 'AA+' Rating; Outlook Stable

April 13, 2026

Overview

- S&P Global Ratings assigned its 'AA+' long-term rating to [Hillsdale Borough](#), N.J.'s \$9.539 million series 2026 general improvement bonds.
- The outlook is stable.

Rationale

Security

The borough's full-faith-and-credit pledge secures the general obligation bonds, including its ability to levy unlimited ad valorem property taxes to pay debt service. Bond proceeds will be used to finance various capital projects and the construction of turf fields.

Credit highlights

The 'AA+' rating reflects our view of the borough's robust local economy and healthy household incomes, which are stronger than those of peers in Bergen County and nationwide. The borough's performance has been mixed, showing a drawdown in reserves in the most recent fiscal year. Even so, the borough still maintains reserve levels above similar rated peers.

Financial results were pressured in fiscal 2024 due to escalating health benefits costs, a common budget pressure among New Jersey municipalities. Throughout the year the borough utilized available reserves for pay-as-you-go capital projects, also contributing to its year-end result. We anticipate fiscal 2025 to end with approximately \$4.1 million in available reserves, roughly \$800,000 less than the year prior with interest revenue slipping and miscellaneous revenue down. The fiscal 2025 budget utilized \$2.8 million in reserves to balance its budget, a level that management indicates will be lowered in future budgets. Although we are optimistic about future years' performance, we believe the borough has sufficient reserves to withstand financial hardships for the time being.

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Hillsdale has approximately \$9.5 million in net direct debt outstanding. We understand there are plans to issue roughly \$1 million in the next few years for fire apparatus, but do not anticipate anything beyond that. While retirement costs could grow as a result of the aggressive state plan assumptions, pension and other postemployment benefit (OPEB) liabilities are manageable, in our view, given the low current costs. (For more information, see "[Pension Spotlight: New Jersey](#)," Oct. 9, 2025.)

The rating reflects our view of Hillsdale Borough's:

- Diverse and robust local economy. The borough is in an affluent suburb approximately 25 miles west of Manhattan with a robust transportation network. While there are employment opportunities within the borough, residents also travel to the greater Northern New Jersey and New York City for additional employment opportunities. The borough's household incomes and market values outpace both the county and nation, lending to rating stability.
- Mixed operations although the revenue framework is generally predictable with local property taxes making up 65% of fiscal 2024 general fund revenues. Reserves are solid, albeit continuous decreases expected in fiscal 2025. Management's fiscal 2026 budget was challenging as the borough continues to tackle higher than expected health benefit increases but has proactively reduced capital funding and increased its tax levy 5.63%.
- We view budgeting practices as well grounded, realistic, and proactive. The proactive budgeting is supported by a long-term capital plan that is routinely updated, with some long-term financial planning. Management regularly monitors and adjusts the budget to achieve target results. The borough follows policies governing reserves (15%-20% of the operating budget) and investments, although it lacks a debt management policy.
- Manageable debt and pension liabilities; however, there are no near-term plans to issue additional debt at this time that would materially change our view of the debt and liabilities profile.
- For more information on our institutional framework assessment for New Jersey municipalities, see "[Institutional Framework Assessment: New Jersey Local Governments](#)," Sept. 9, 2024, on RatingsDirect.

Environmental, social, and governance

We assessed the borough's environmental and social risks relative to its economy, management, financial measures, and debt and liability profile and determined them to be neutral in our credit rating analysis. We consider New Jersey's governance of its pension plans and lack of mechanism to prefund OPEBs as a weakness for the state's local governments that we reflect in our analysis.

Outlook

The stable outlook reflects our opinion of the borough's affluent local economy and manageable debt profile.

Downside scenario

We could lower the rating if the borough were to experience further reserve declines in fiscal 2026 due to pressured budgetary performance.

Upside scenario

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We could raise the rating should the borough sustain positive operations and increase reserves to higher levels such that they are comparable with those of higher-rated peers and increases its level of forecasting.

Hillsdale Borough, New Jersey--credit summary

Institutional framework (IF)	2
Individual credit profile (ICP)	2.03
Economy	1.0
Financial performance	3
Reserves and liquidity	1
Management	2.65
Debt and liabilities	2.50

Hillsdale Borough, New Jersey--key credit metrics

	Most recent	2024	2023	2022
Economy				
Real GCP per capita % of U.S.	--	125	128	129
County PCPI % of U.S.	--	145	146	145
Market value (\$000s)	--	2,474,545	2,250,707	2,106,424
Market value per capita (\$)	--	245,466	221,985	193,819
Top 10 taxpayers % of taxable value	--	--	3.0	3.0
County unemployment rate (%)	--	3.7	3.6	3.3
Local median household EBI % of U.S.	--	191	207	203
Local per capita EBI % of U.S.	--	179	183	176
Local population	--	10,081	10,139	10,868
Financial performance				
Operating fund revenues (\$000s)	--	17,514	16,105	16,778
Operating fund expenditures (\$000s)	--	18,588	15,385	15,753
Net transfers and other adjustments (\$000s)	--	--	--	--
Operating result (\$000s)	--	(1,074)	720	1,025
Operating result % of revenues	--	(6.1)	4.5	6.1
Operating result three-year average %	--	1.5	5.4	2.7
Reserves and liquidity				
Available reserves % of operating revenues	--	28.4	37.5	31.7
Available reserves (\$000s)	--	4,976	6,045	5,325
Debt and liabilities				
Debt service cost % of revenues	--	1.7	1.5	1.9
Net direct debt per capita (\$)	946	401	418	236
Net direct debt (\$000s)	9,539	4,039	4,239	2,561
Direct debt 10-year amortization (%)	71	--	--	--
Pension and OPEB cost % of revenues	--	9.0	9.0	9.0
NPLs per capita (\$)	--	856	876	945
Combined NPLs (\$000s)	--	8,628	8,881	10,274

Hillsdale Borough, New Jersey--key credit metrics

	Most recent	2024	2023	2022
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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\$9.539 mil gen imp bnds ser 2026 dtd 2026/05/01 due 2038/05/01

Long Term Rating AA+/Stable

New Rating

Local Government

Hillsdale 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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