

# MOODY'S

## RATINGS

### Rating Action: Moody's Ratings assigns MIG 1 short-term rating to Saddle Brook, NJ's notes

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17 Apr 2026

New York, April 17, 2026 -- Moody's Ratings (Moody's) has assigned a MIG 1 short-term rating to the Township of Saddle Brook, NJ's proposed \$16.5 million Bond Anticipation Notes consisting of \$15.8 million General Bond Anticipation Notes and \$765,000 Water Utility Bond Anticipation Notes (Non-Callable) (Not Bank-Qualified). We continue to maintain the township's A1 issuer and general obligation unlimited tax (GOULT) ratings and MIG 1 short-term rating on outstanding notes. Post issuance, the township will have approximately \$58.9 million in debt outstanding.

#### RATINGS RATIONALE

The A1 issuer rating reflects the township's satisfactory financial position while elevated leverage remains a persistent credit challenge. After fund balance declined for two consecutive years in 2023 and 2024, reserves stabilized in 2025 with an available fund balance of \$6.0 million or 17.2% of revenue (unaudited), up from \$5.3 million in 2024. Stabilization was driven by a moderate 7.5% property tax levy increase, improved tax collections, and stronger miscellaneous revenues performance while controlling expenditures. Overall, township finances also benefited from improved water utility operations following billing restructuring and rate increases implemented in 2024 and 2025, alleviating several years of utility related pressure.

Despite a better year in 2025, reserves remain below prior levels and peers, and sustained operating balance will be necessary to maintain current levels, which remain below average for the A1 rating category. A renewed decline in reserves, particularly if the available fund balance ratio approaches 10%, would exert negative pressure on the rating. Favorably, management expects fiscal 2026 to end in line with 2025 results.

The rating also incorporates the township's elevated pension and OPEB burden, partially offset by a strong local economy with high resident income and a favorable location in the New York City metro area. With the issuance of the 2026 notes, the proforma long-term liabilities ratio is 434% while the resident income ratio is 142%.

The absence of distinction between the issuer and GOULT ratings reflects the township's general obligation full faith and credit pledge as well as an unlimited property tax that is payable to debt service.

The MIG 1 short-term rating reflects the strong underlying credit of the township, as highlighted by its A1 issuer rating, and history of market access.

#### RATING OUTLOOK

We do not assign outlooks to local government issuers that is below our threshold.

#### FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATING

- Sustained available fund balance ratio at 25% or higher
- Decrease in the long-term liabilities ratio to 300% or lower

#### FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATING

- Decrease in the available fund balance ratio to 10% or lower
- Increase in the long-term liabilities ratio to 550% or higher

- Downgrade of the township's issuer rating to below A2 (short-term rating)

## PROFILE

The Township of Saddle Brook is located in Bergen County (Aaa stable), approximately 10 miles from New York City, NY (Aa2 negative). The township has a population of 14,419 residents according to the 2024 American Community Survey.

## METHODOLOGY

The principal methodology used in this rating 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 this methodology.

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