

Research Update:

Emerson Borough, NJ Series 2026 General Improvement Bonds Assigned 'AA+' Rating

June 30, 2026

Overview

- S&P Global Ratings assigned its 'AA+' long-term rating to [Emerson Borough](#), New Jersey's \$6.7 million series 2026 general improvement bonds.
- At the same time, S&P Global Ratings affirmed its 'AA+' long-term rating on the borough's previously issued GO debt.
- The outlook is stable.

Rationale

Security

Emerson's full faith and credit and revenue from an ad valorem property tax, without limitation as to rate or amount, secure the GO bonds.

Officials will use proceeds to refund the borough's maturing notes to finance various general capital improvements as well as provide new money for unfunded capital projects.

Credit highlights

The 'AA+' rating reflects our view of Emerson Borough's historically stable financial performance, supported by well-embedded management practices and policies and an affluent economic base. Emerson Borough's nominal fund balance and reserve positions as a percentage of operating expenditures lag similarly rated state and national peers.

Property tax growth has supported positive operating performance historically, and we expect Emerson to produce balanced-to-positive operations in our outlook horizon, resulting in stable reserves over the near term. Fiscal 2025 yielded a modest adjusted operating deficit of approximately \$114,000, reflecting expenditure growth that outpaced revenue primarily as a result of higher personnel-related costs. Management reports that health benefit appropriations increased 10.5% in 2025 and a further 17.4% in the 2026 budget. Despite these increases, the adopted 2026 budget incorporates a 2.15% increase in the municipal tax levy, and management reports that results are track to expectations, while projecting an addition to fund balance at year-end. Anticipated retirements in fiscal 2027 are expected to help moderate healthcare cost

Primary Contact

Dalia Bereket
New York
1-212-438-1933
dalia.bereket
@spglobal.com

Secondary Contact

Lauren Freire
New York
+ 1 (212) 438 7854
lauren.freire
@spglobal.com

growth, and approximately \$900,000 of available tax levy cap bank provides additional budgetary flexibility.

The rating reflects our opinion of the borough's:

- Robust residential economy, with direct access to New York City, supporting above-average wealth and income indicators relative to county and national levels and economic metrics that are stronger than those of similarly rated peers. Ongoing housing project will generate expected payment-in-lieu-of-tax revenue in upcoming budgets.
- Solid financial performance that we expect will continue and that has moderately increased total fund balance reserves, even though we note that fund balance levels are below those of similarly rated peers.
- Cautious budgeting practices, including the use of five years of historical data to build revenue and expenditure assumptions for the budget with monthly budget-to-actual reports and a three-year capital improvement plan but no long-term financial plan. The borough has a formal fund balance policy to maintain fund balance at no less than 10% of the current fund municipal budget, excluding the public library's tax levy. The borough lacks a formal debt management policy, but maintains a cash management plan that conforms to state guidelines. The issuer's cyber risk mitigation measures align with our view of its overall risk management policies and practices.
- Manageable overall debt and liabilities profile, with plans to authorize approximately \$1 million each year. Following this issuance, the borough's net direct debt is \$11.7 million. The borough pays no other postemployment benefit (OPEB) costs. The borough participates in the New Jersey Public Employee Retirement System and has a total net pension liability of \$2.8 million.
- For more information on our institutional framework assessment for New Jersey municipalities, see "[Institutional Framework Assessment: New Jersey Local Governments](#)," Sept. 9, 2024.

Environmental, social, and governance

We consider physical risks slightly elevated given risk of inland flooding in portions of the borough along the Oradell Reservoir. To mitigate this risk, management participates in the Bergen County Office of Emergency Hazard Mitigation Plan Program, which produces policies, practices, and procedures to address flooding-related risks. We view social and governance factors as neutral in our analysis.

Outlook

The stable outlook reflects our expectation that Emerson Borough will likely maintain reserves and that its debt-and-liability metrics will not materially increase.

Downside scenario

We could lower the rating if available reserves decline without a concrete plan to rebuild them.

Upside scenario

Assuming all other rating factors remain stable or improve, we could raise the rating if available reserves increase to a level more in line with that of higher-rated peers on a sustained basis, alongside more comprehensive, formalized long-term policies and practices.

Emerson Borough, New Jersey--credit summary

Institutional framework (IF)	2
Individual credit profile (ICP)	1.82
Economy	1.0
Financial performance	2
Reserves and liquidity	1
Management	2.35
Debt and liabilities	2.75

Emerson Borough, New Jersey--key credit metrics

	Most recent	2025	2024	2023
Economy				
Real GCP per capita as % of U.S.	--	--	125	128
County PCPI as % of U.S.	--	--	145	146
Market value (\$000s)	--	1,835,043	1,717,423	1,612,848
Market value per capita (\$)	--	254,372	238,068	222,094
Top 10 taxpayers as % of taxable value	--	--	7.1	6.2
County unemployment rate (%)	--	4.3	3.8	3.6
Local median household EBI as % of U.S.	--	--	168	178
Local per capita EBI as % of U.S.	--	--	146	143
Local population	--	--	7,214	7,262
Financial performance				
Operating fund revenue (\$000s)	--	16,145	16,036	14,907
Operating fund expenditures (\$000s)	--	16,259	15,421	14,740
Net transfers and other adjustments (\$000s)	--	--	115	--
Operating result (\$000s)	--	(114)	730	167
Operating result as % of revenue	--	(0.7)	4.6	1.1
Operating result three-year average %	--	1.7	1.3	(0.1)
Reserves and liquidity				
Available reserves as % of operating revenue	--	21.4	22.2	19.0
Available reserves (\$000s)	--	3,449	3,563	2,832
Debt and liabilities				
Debt service cost as % of revenue	--	8.2	7.6	8.1
Net direct debt per capita (\$)	1,616	1,514	1,535	1,423
Net direct debt (\$000s)	11,658	10,921	11,071	10,334
Direct debt 10-year amortization (%)	74	44	52	--
Pension and OPEB cost as % of revenue	--	8	8	8
NPLs per capita (\$)	--	382	1,513	1,556
Combined NPLs (\$000s)	--	2,758	10,916	11,301

Financial data may reflect analytical adjustments and is 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. EBI--Effective buying income. GCP--Gross county product. NPL--Net pension liability. OPEB--Other postemployment benefits. PCPI--Per capita personal income.

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Ratings List

New Issue Ratings

US\$6,655,000 Borough of Emerson, in the County of Bergen, New Jersey, General Improvement Bonds, (Book-Entry Only) (Callable) (Bank-Qualified), Series 2026, dated: July 15, 2026, due: July 15, 2040

Long Term Rating	AA+/Stable
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Ratings Affirmed

Local Government

Emerson Boro, NJ Unlimited Tax General Obligation	AA+/Stable
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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.

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at <https://disclosure.spglobal.com/ratings/en/regulatory/ratings-criteria> for further information. A description of each of S&P Global Ratings' rating categories is contained in "S&P Global Ratings Definitions" at <https://disclosure.spglobal.com/ratings/en/regulatory/article/-/view/sourceId/504352>. Complete ratings information is available to RatingsDirect subscribers at www.capitaliq.com. All ratings referenced herein can be found on S&P Global Ratings' public website at www.spglobal.com/ratings.

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