

CREDIT OPINION

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Borough of Sayreville, NJ

Update to credit analysis

Summary

Sayreville, NJ (Aa2) benefits from its strong economy in central New Jersey, satisfactory reserves, and above-average leverage compared to national peers.

Credit strengths

- » Large and growing local economy
- » Satisfactory reserves despite decline in 2025

Credit challenges

- » Above-average leverage driven by OPEB liability

Rating outlook

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

Factors that could lead to an upgrade

- » Decline in leverage below 250% of revenue
- » Improvement in wealth and income metrics to levels consistent with higher-rated peers

Factors that could lead to a downgrade

- » Decline in fund balance to levels below 30% of revenues
- » Sustained increase in leverage to above 400% of revenues

Key indicators

Exhibit 1

Sayreville (Borough of) NJ

	2022	2023	2024	2025	Aa Medians
Economy					
Resident income ratio (%)	112.2%	111.5%	110.0%	N/A	111.9%
Full Value (\$000)	\$5,550,560	\$5,953,896	\$6,624,099	\$6,997,320	\$3,387,432
Population	45,136	45,237	45,838	N/A	22,328
Full value per capita (\$)	\$122,974	\$131,616	\$144,511	N/A	\$163,193
Annual Growth in Real GDP	2.2%	0.9%	2.4%	N/A	N/A
Financial Performance					
Revenue (\$000)	\$88,230	\$83,774	\$89,858	\$93,014	\$58,527
Available fund balance (\$000)	\$29,557	\$35,827	\$34,423	\$34,243	\$32,844
Net unrestricted cash (\$000)	\$81,795	\$85,113	\$88,682	\$90,820	\$45,441
Available fund balance ratio (%)	33.5%	42.8%	38.3%	36.8%	57.4%
Liquidity ratio (%)	92.7%	101.6%	98.7%	97.6%	79.7%
Leverage					
Debt (\$000)	\$69,445	\$71,633	\$81,113	\$72,864	\$40,551
Adjusted net pension liabilities (\$000)	\$121,777	\$100,540	\$84,987	\$81,094	\$30,928
Adjusted net OPEB liabilities (\$000)	\$108,523	\$124,063	\$125,490	\$159,126	\$3,164
Other long-term liabilities (\$000)	\$7,097	\$6,379	\$6,500	\$6,875	\$2,015
Long-term liabilities ratio (%)	347.8%	361.2%	331.7%	344.0%	162.0%
Fixed costs					
Implied debt service (\$000)	\$4,474	\$4,850	\$4,976	\$5,614	\$2,685
Pension tread water contribution (\$000)	\$4,282	\$5,418	\$5,125	\$5,099	\$1,817
OPEB contributions (\$000)	\$4,367	\$4,380	\$4,213	\$5,345	\$161
Implied cost of other long-term liabilities (\$000)	\$485	\$496	\$443	\$450	\$118
Fixed-costs ratio (%)	15.4%	18.1%	16.4%	17.7%	9.8%

For definitions of the metrics in the table above please refer to the [US Cities and Counties Methodology](#) or see the Glossary in the Appendix below. Metrics represented as N/A indicate the data were not available at the time of publication. The medians come from our most recently published [US Cities and Counties Median Report](#).

The real GDP annual growth metric cited above is for the New York-Newark-Jersey City, NY-NJ.

Sources: US Census Bureau, Sayreville (Borough of) NJ's financial statements and Moody's Ratings, US Bureau of Economic Analysis

Profile

The Borough of Sayreville is located in Middlesex County in east central New Jersey, approximately 25 miles southwest of Newark.

Detailed credit considerations

The borough's economy will continue to see ongoing growth through new development. Its largest development, Riverton, will bring new commercial and residential properties to the borough over the next 15 years. Its first major opening will be a Bass Pro Shops by the end of the year and generate a new PILOT revenue for the borough. Over the coming several years, the borough will see new residential come on line at this development site. There are several other new projects in the works including a battery facility and logistics warehouse, both of which will generate new tax revenue.

The borough posted a decline in Current Fund balance in 2025 driven by increasing health care costs but will stabilize at these levels through the end of 2026. The Moody's calculated fund balance actually remained stable nominally due to an increase in settlement reserve in the water fund which will pay for water system improvements related to PFAS. Management is reporting that operations are trending well to budget in 2026 and the Current Fund balance should remain stable from 2025. The borough utilized less reserves in the budget while also increasing its tax levy almost 9% to cover growing health care costs.

Leverage will likely remain around current levels. The borough plans on addressing routine road, infrastructure, and facility projects annually, which is not expected to materially change its leverage profile. OPEB is the largest portion of its liability.

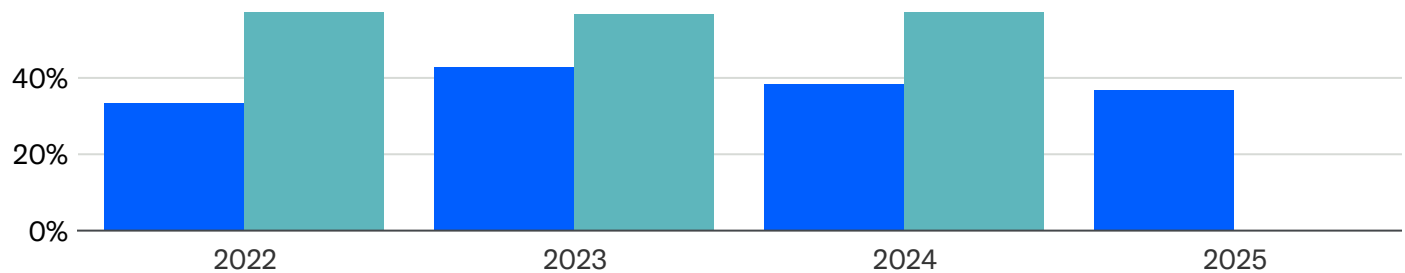
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Financial operations

Exhibit 2

Fund Balance Ratio

■ Available fund balance ratio ■ Median available fund balance ratio



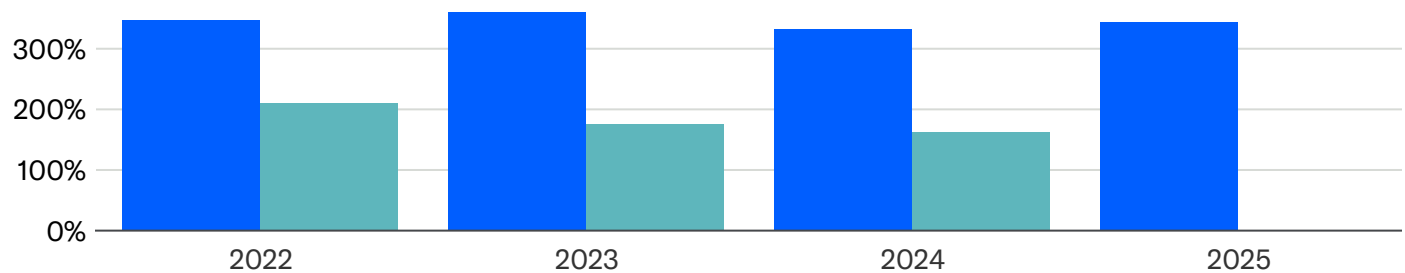
Source: Audited financial statements; Moody's Ratings

Leverage

Exhibit 3

Total Primary Government - Long Term Liabilities

■ Long-term liabilities ratio ■ Median long-term liabilities ratio



Source: Audited financial statements; Moody's Ratings

ESG considerations

Environmental

The borough is located on the Raritan River which can lead to flooding and storm related issues but not material enough to be a major credit driver.

Social

Social considerations are not material to the credit profile.

Governance

New Jersey cities have a strong ability to match revenues to expenditures. While their primary operating revenue source (property taxes) is subject to state-imposed caps, there are exemptions that allow for increases without limitation or voter approval for debt service, pension, and OPEB costs.

Rating methodology and scorecard factors

The [US Cities and Counties Methodology](#) includes a scorecard that summarizes the rating factors generally most important to city and county credit profiles. Because the scorecard is a summary and may not include every consideration in the credit analysis for a specific issuer, a scorecard-indicated outcome may or may not map closely to the actual rating assigned.

Exhibit 4

Sayreville (Borough of) NJ

	Measure	Weight	Score
Economy			
Resident income ratio	110.0%	10.0%	Aa
Full value per capita	167,655	10.0%	Aa
Economic growth metric	-0.9%	10.0%	Aa
Financial Performance			
Available fund balance ratio	36.8%	20.0%	Aaa
Liquidity ratio	97.6%	10.0%	Aaa
Institutional Framework			
Institutional Framework	Aa	10.0%	Aa
Leverage			
Long-term liabilities ratio	344.0%	20.0%	A
Fixed-costs ratio	17.7%	10.0%	A
Notching factors			
Financial disclosures	-0.5		
Scorecard-Indicated Outcome			Aa3
Assigned Rating			Aa2

The Economic Growth metric cited above compares the five-year CAGR of real GDP for New York-Newark-Jersey City, NY-NJ to the five-year CAGR of real GDP for the US.

Sources: US Census Bureau, Sayreville (Borough of) NJ's financial statements and Moody's Ratings

Appendix

Exhibit 5

Key Indicators Glossary

	Definition	Typical Source*
Economy		
Resident income ratio	Median Household Income (MHI) for the city or county, adjusted for Regional Price Parity (RPP), as a % of the US MHI	MHI: US Census Bureau - American Community Survey 5-Year Estimates RPP: US Bureau of Economic Analysis
Full value	Estimated market value of taxable property in the city or county	State repositories; audited financial statements; continuing disclosures
Population	Population of the city or county	US Census Bureau - American Community Survey 5-Year Estimates
Full value per capita	Full value / population	
Economic growth metric	Five year CAGR of real GDP for Metropolitan Statistical Area or county minus the five-year CAGR of real GDP for the US	Real GDP: US Bureau of Economic Analysis
Financial performance		
Revenue	Sum of revenue from total governmental funds, operating and non-operating revenue from total business-type activities, and non-operating revenue from internal services funds, excluding transfers and one-time revenue, e.g., bond proceeds or capital contributions	Audited financial statements
Available fund balance	Sum of all fund balances that are classified as unassigned, assigned or committed in the total governmental funds, plus unrestricted current assets minus current liabilities from the city's or county's business-type activities and internal services funds	Audited financial statements
Net unrestricted cash	Sum of unrestricted cash in governmental activities, business type activities and internal services fund, net of short-term debt	Audited financial statements
Available fund balance ratio	Available fund balance (including net current assets from business-type activities and internal services funds) / Revenue	
Liquidity ratio	Net unrestricted cash / Revenue	
Leverage		
Debt	Outstanding long-term bonds and all other forms of long-term debt across the governmental and business-type activities, including debt of another entity for which it has provided a guarantee disclosed in its financial statements	Audited financial statements; official statements
Adjusted net pension liabilities (ANPL)	Total primary government's pension liabilities adjusted by Moody's to standardize the discount rate used to compute the present value of accrued benefits	Audited financial statements; Moody's Ratings
Adjusted net OPEB liabilities (ANOL)	Total primary government's net other post-employment benefit (OPEB) liabilities adjusted by Moody's to standardize the discount rate used to compute the present value of accrued benefits	Audited financial statements; Moody's Ratings
Other long-term liabilities (OLTL)	Miscellaneous long-term liabilities reported under the governmental and business-type activities entries	Audited financial statements
Long-term liabilities ratio	Debt + ANPL + ANOL + OLTL / Revenue	
Fixed costs		
Implied debt service	Annual cost to amortize city or county's long-term debt over 20 years with level payments	Audited financial statements; official statements; Moody's Ratings
Pension tread water contribution	Pension contribution necessary to prevent reported unfunded pension liabilities from growing, year over year, in nominal dollars, if all actuarial assumptions are met	Audited financial statements; Moody's Ratings
OPEB contribution	City or county's actual contribution in a given period	Audited financial statements
Implied cost of OLTL	Annual cost to amortize city or county's other long-term liabilities over 20 years with level payments	Audited financial statements; Moody's Ratings
Fixed-costs ratio	Implied debt service + Pension tread water + OPEB contributions + Implied cost of OLTL / Revenue	

*Note: If typical data source is not available then alternative sources or proxy data may be considered. For more detailed definitions of the metrics listed above please refer to the [US Cities and Counties Methodology](#).

Source: Moody's Ratings

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