

Research Update:

Secaucus, NJ's Series 2025 GO Bonds Assigned 'AA' Rating; Outlook Is Stable

July 10, 2025

Overview

- S&P Global Ratings assigned its 'AA' long-term rating to the Town of [Secaucus](#), N.J.'s roughly \$40.8 million series 2025 general obligation (GO) bonds, consisting of \$39.7 million general improvement bonds and \$1.1 million swimming pool utility bonds.
- At the same time, S&P Global Ratings affirmed its 'AA' rating on the town's GO bonds outstanding as well as its 'SP-1+' short-term rating on the town's bond anticipation notes (BANs) outstanding, which will be permanently financed with this issue.
- The outlook, where applicable, is stable.
- The rating is based on the town's general creditworthiness and the application of our criteria, [Methodology For Rating U.S. Governments](#), Sept. 9, 2024.

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Rationale

Security

The GO bonds and outstanding notes are secured by the town's full faith and credit and resources pledge and agreement to levy ad valorem property taxes without limitation as to rate or amount.

Series 2025 bond proceeds will be used primarily to currently refund the town's previously issued BANs outstanding as well as to provide funding for nearly \$2.0 million in unfunded capital projects.

The short-term rating on the town's BAN outstanding reflects our criteria for evaluating and rating BANs. In our view, the town maintains a very strong capacity to pay principal and interest when the BANs come due. Secaucus maintains what we view as a low market risk profile, because it has strong legal authority to issue long-term debt to take out the BANs and is a debt issuer that regularly provides ongoing disclosure to market participants.

Credit highlights

Secaucus' creditworthiness is characterized by a wealthy economy with a strong residential, commercial, and industrial presence that continues to see robust overall market value growth, which has supported steady financial performance, including five consecutive operating surpluses through fiscal 2024. These strengths are offset by somewhat elevated annual fixed costs, which total 18% of annual expenses, as well as large pension and other postemployment benefits (OPEB) retirement liabilities.

According to unaudited financial statements, the town ended fiscal 2024 with an operating surplus of nearly \$2.0 million. Management attributes the positive operating results in fiscal 2024 and in the previous few years to strong revenue growth and conservative budgeting. The fiscal 2024 surplus increases available current fund reserves to \$13.8 million, or roughly 18% of general fund revenues, which, although improving in recent years, is still below that of higher-rated peers. Although Secaucus does not have a formal reserve policy, management states that it informally tries to maintain fund balances equal to 10%-15% of expenditures and only uses fund balance in the operating budget if it believes it can be replenished, with no capital drawdowns planned.

The introduced 2025 budget is balanced and uses \$7.5 million in fund balance (54% of available reserves), which is consistent with the town's historical budgeting practice of appropriating slightly more than half of available reserves in its budgets. The budget maintains a 98.5% property tax collection rate. We understand revenues and expenses are tracking well for fiscal 2025 due in part to the receipt of additional payment in lieu of taxes (PILOT) payment revenues stemming from a number of data center developments coming into the town. We understand PILOT payments could be as much as \$2 million over budget at fiscal year-end.

Additionally, the town maintains \$4.4 million in levy cap bank available for the 2026 budget, providing additional financial flexibility. Ultimately, we expect Secaucus will maintain solid financial results even though results may vary year to year because of the high fund balance utilization rate as appropriated reserves in addition to the lack of a formalized fund balance policy.

Following this issuance, Secaucus will have about \$58 million in direct debt outstanding, with no major additional debt plans, although management could issue relatively small amounts for various capital projects. Like other New Jersey local governments, we view Secaucus' participation in poorly funded state-administered pension and OPEB plans as a credit weakness that could present budgetary pressure. As a result, we view pension and OPEB liabilities as an additional credit pressure for Secaucus. For more details on these risks, see [Pension Spotlight: New Jersey](#), June 21, 2022.

The rating further reflects our view of Secaucus':

- Direct participation in the New York-Newark-Jersey City metropolitan statistical area given its location in Hudson County directly west of New York City, leading to ongoing residential and commercial, as well as data center and warehouse, development, with extremely strong income indicators that we view as a credit positive;
- Track record of strong financial results due to conservative budgeting, with predictable property tax receipts (67% of revenues) diversified among industrial (37%), residential (30%), and commercial (30%) properties, helping the town to continue growing reserves;
- Comprehensive budget process with conservative budget assumptions that the town typically outperforms, quarterly review of budget-to-actuals and investment holdings,

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maintenance of a cash management plan, and a six-year capital improvement plan along with some financial projections included in the budget, combined with our view that the town has taken steps to mitigate cyber risk;

- Currently manageable albeit somewhat elevated overall fixed costs due primarily to large retirement liabilities that will likely lead to escalating costs through participation in state-administered Police and Firemen's Retirement System (65% funded, \$25.8 million proportionate share of the net pension liability as of June 30, 2023) and Public Employees' Retirement System (48.4% funded, \$21.6 million proportionate share of net pension liability), in addition to an unfunded OPEB obligation (\$54.0 million funded on a pay-as-you-go basis); and
- Institutional framework that we assess as in line with the portfolio standard (for more information on our institutional framework for New Jersey municipalities, see [Institutional Framework Assessment: New Jersey Local Governments](#), Sept. 9, 2024).

Environmental, social, and governance

We view the Secaucus' physical risks as slightly elevated due to its location along the Hackensack River, although management states that the town has mitigated flood risk during the last decade by building embankments along the river. We view governance of the state's pension plans as a weakness for New Jersey local governments because it could lead to elevated and volatile costs. We consider social factors neutral in our credit analysis.

Outlook

The stable outlook reflects our expectation that Secaucus will maintain roughly balanced operating results during the next two years.

Downside scenario

We could lower the rating if Secaucus' reserves materially decrease due to budgetary imbalance or a one-time drawdown without a plan to restore them.

Upside scenario

We could raise the rating if Secaucus maintains strong financial operations that lead available current fund reserves to increase to levels line with those of higher-rated peers or if the town formalizes additional financial policies and procedures.

Secaucus, New Jersey--credit summary

Institutional framework (IF)	2
Individual credit profile (ICP)	2.18
Economy	1.0
Financial performance	2
Reserves and liquidity	1
Management	2.65
Debt and liabilities	4.25

Secaucus, New Jersey--key credit metrics

	Most recent	2023	2022	2021
Economy				
Real GCP per capita % of U.S.	--	108	110	106
County PCPI % of U.S.	--	114	115	114
Market value (\$000s)	7,860,379	5,735,602	5,873,133	5,235,686
Market value per capita (\$)	346,120	262,283	291,920	269,464
Top 10 taxpayers % of taxable value	16.5	19.7	--	--
County unemployment rate (%)	--	4.0	3.6	6.9
Local median household EBI % of U.S.	--	168	171	160
Local per capita EBI % of U.S.	--	163	167	163
Local population	22,710	21,868	20,119	19,430
Financial performance				
Operating fund revenues (\$000s)	--	78,675	65,281	62,030
Operating fund expenditures (\$000s)	--	74,865	63,652	61,841
Net transfers and other adjustments (\$000s)	--	--	--	--
Operating result (\$000s)	--	3,810	1,629	189
Operating result % of revenues	--	4.8	2.5	0.3
Operating result three-year average %	--	2.5	1.2	0.1
Reserves and liquidity				
Available reserves % of operating revenues	18.4	15.1	12.3	10.3
Available reserves (\$000s)	13,805	11,857	8,047	6,418
Debt and liabilities				
Debt service cost % of revenues	--	7.2	6.7	6.7
Net direct debt per capita (\$)	2,594	2,742	2,831	2,631
Net direct debt (\$000s)	56,735	59,964	56,966	51,125
Direct debt 10-year amortization (%)	66	30	--	--
Pension and OPEB cost % of revenues	--	6.0	9.0	9.0
NPLs per capita (\$)	--	2,167	2,329	2,641
Combined NPLs (\$000s)	--	47,391	46,865	51,312

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\$40.785 mil bnds ser 2025 dtd 08/01/2025 due 08/01/2040

Long Term Rating AA/Stable

Ratings Affirmed

Local Government

Secaucus, NJ General Obligation BAN SP-1+

Secaucus, 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.

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