MOODY'S RATINGS

U.S. Public Finance

CREDIT OPINION

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Holmdel (Township of) NJ

Update to credit analysis

Summary

Holmdel Township, NJ (Aaa) benefits from a wealthy and established local economy, strong reserves, and moderate leverage with no OPEB liability.

Credit strengths

» Above-average income and wealth levels

» Affordable leverage with no large new capital plans

Credit challenges

» Growing health care costs that could pressure expenditures in the near-term

Rating outlook

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

Factors that could lead to an upgrade

» Not applicable

Factors that could lead to a downgrade

» Imbalanced operations leading to a decline in fund balance to below 35% of revenues

» Increase in leverage to above 350% of revenues

Key indicators

Exhibit 1
Holmdel (Township of) NJ

	2021	2022	2023	2024	Aaa Medians
Economy					
Resident income ratio (%)	196.7%	199.3%	195.1%	181.6%	167.9%
Full Value ($000)	$4,368,170	$4,561,887	$5,073,854	$5,411,716	$9,704,244
Population	17,317	17,369	17,401	17,436	36,112
Full value per capita ($)	$252,247	$262,645	$291,584	$310,376	$239,458
Annual Growth in Real GDP	5.2%	2.2%	0.9%	2.4%	2.1%
Financial Performance					
Revenue ($000)	$31,172	$32,970	$35,329	$38,126	$116,165
Available fund balance ($000)	$14,626	$15,517	$18,247	$18,229	$78,547
Net unrestricted cash ($000)	$30,689	$32,569	$35,041	$36,981	$109,144
Available fund balance ratio (%)	46.9%	47.1%	51.6%	47.8%	65.8%
Liquidity ratio (%)	98.5%	98.8%	99.2%	97.0%	93.9%
Leverage					
Debt ($000)	$48,471	$43,419	$43,385	$40,371	$81,498
Adjusted net pension liabilities ($000)	$66,369	$57,368	$46,095	$40,239	$71,276
Adjusted net OPEB liabilities ($000)	$0	$0	$0	$0	$10,296
Other long-term liabilities ($000)	$144	$288	$383	$1,862	$4,168
Long-term liabilities ratio (%)	368.9%	306.6%	254.4%	216.3%	183.1%
Fixed costs					
Implied debt service ($000)	$2,856	$3,400	$3,032	$3,014	$5,076
Pension tread water contribution ($000)	$2,495	$2,121	$2,322	$2,416	$3,403
OPEB contributions ($000)	$0	$0	$0	$0	$543
Implied cost of other long-term liabilities ($000)	$13	$10	$20	$27	$279
Fixed-costs ratio (%)	17.2%	16.8%	15.2%	14.3%	10.0%

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, Holmdel (Township of) NJ's financial statements and Moody's Ratings, US Bureau of Economic Analysis

Profile

Holmdel, NJ is located in Monmouth County, New Jersey, approximately 15 miles from the Atlantic Ocean and 35 miles south of New York City.

Detailed credit considerations

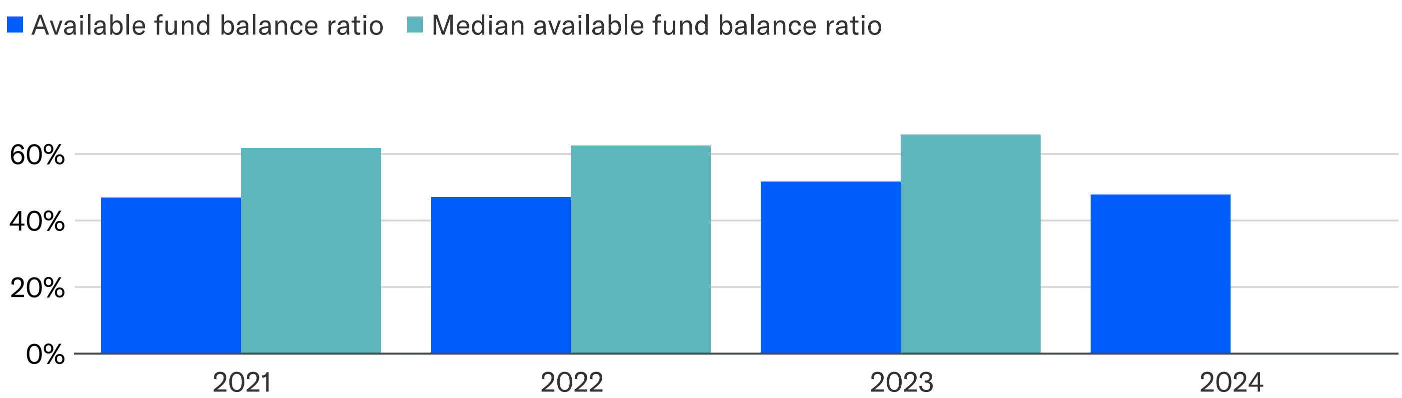
Holmdel's local economy will remain stable in the near-term given its established residential community in central New Jersey. The township continues to see annual growth in its taxable base through appreciation of existing properties generating strong full value per capita of over $350,000. There is modest new development including the redevelopment of an existing property into various age restricted units. That project will generate PILOT payments when completed in the coming few years.

The township's reserves will hold around currently healthy levels in the near-term. Preliminary 2025 results are showing level fund balance as a percent of revenues as Moody's calculated it. Nominal reserves declined as the township did appropriate more fund balance in the budget than normal during 2025 which was not fully regenerated by year-end. The 2026 budget reduced that fund balance appropriation to $7.6 million which management is currently expecting to be able to replenish at year end. Various revenues are over performing year-to-date with spending coming in as expected. The township is in the state health benefits plan which is seeing significant cost growth. While the township is looking at other options, the future growth in health benefits are going to pressure all members in the state and could be a credit stress in the future. The township's ability to maintain balanced budgets will be key to future credit reviews.

Leverage is affordable and there are no large debt issuance plans anticipated. The township is expecting to authorize around $4 million annually, mostly to fund road projects.

Financial operations

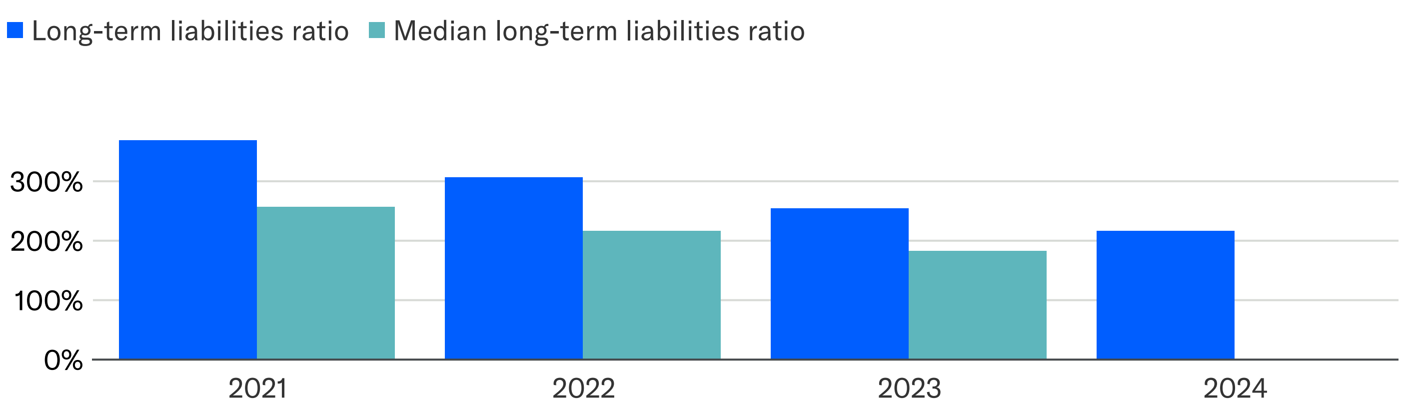
Exhibit 2
Fund Balance Ratio



Source: Audited financial statements; Moody's Ratings

Leverage

Exhibit 3
Total Primary Government - Long Term Liabilities



Source: Audited financial statements; Moody's Ratings

ESG considerations

Environmental

The township has exposure to hurricane and storm related damage given its location in New Jersey.

Social

Social considerations are not material to the credit profile. Poverty and unemployment are low and the township's resident income and wealth levels are strong.

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

Holmdel (Township of) NJ

	Measure	Weight	Score
Economy			
Resident income ratio	181.6%	10.0%	Aaa
Full value per capita	367,864	10.0%	Aaa
Economic growth metric	-0.9%	10.0%	Aa
Financial Performance			
Available fund balance ratio	47.8%	20.0%	Aaa
Liquidity ratio	97.0%	10.0%	Aaa
Institutional Framework			
Institutional Framework	Aa	10.0%	Aa
Leverage			
Long-term liabilities ratio	216.3%	20.0%	A
Fixed-costs ratio	14.3%	10.0%	Aa
Notching factors			
Financial disclosures	-0.5		
Scorecard-Indicated Outcome			Aa2
Assigned Rating			**Aaa**

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, Holmdel (Township 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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