

Research Update:

Westfield Board of Education, NJ Series 2025 Temporary Notes Rated 'SP-1+'

August 6, 2025

Overview

- S&P Global Ratings assigned its 'SP-1+' short-term rating to [Westfield Board of Education](#) (BOE), N.J.'s approximately \$25 million series 2025 temporary notes.
- At the same time, we affirmed our 'AA+' long-term rating on the district's previously issued GO debt.
- The outlook, where applicable, is stable.
- The rating is based on the application of our "[Methodology For Rating U.S. Governments](#)," Sept. 9, 2024.

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Rationale

Security

Westfield BOE's full-faith-and-credit pledge, including the requirement to levy ad valorem taxes on all taxable property within the town's borders, without limitation as to rate or amount, secures the notes. The short-term rating reflects our high investment-grade, long-term rating on the district and its low market-risk profile. In our view, and in accordance with our criteria, "[Bond Anticipation Note Rating Methodology](#)," Aug. 31, 2011, we have assessed the district's market risk as low because of its market access, information availability, and takeout authorization.

The New Jersey Fund for the Support of Free Public Schools program provides additional security. The program pledges a portion of a state fund's assets for a school district's debt service should the district be unable to meet principal and interest payments.

Officials will use proceeds from the new issuance to finance various capital projects at many district schools.

Credit highlights

The rating reflects our view of the district's affluent and predominantly residential tax base benefitting from access to the New York City metropolitan statistical area (MSA) employment base. A track record of stable financial operations, ample reserves, and a stable management environment also underpin the rating. Somewhat constraining the rating is the district's significant medium-term debt plans, resulting from a voter-approved capital project, which will introduce approximately \$200 million in additional bonding and slightly weaken the debt profile. We, however, ultimately think the additional debt and associated costs will be manageable to the board's wealthy tax base and remain consistent with the 'AA+' rating.

Financial results have been generally positive, predominantly due to the board's conservative budgeting and prudent expenditure management and years where the board has used reserves were largely for one-time planned capital projects. Management expects modest surplus results in fiscal 2025 despite cost increases in various areas, including health benefits. The board has allocated increased amounts for health benefit costs for fiscal 2026, but has flexibility in its operations to ensure structural budgetary balance. In the medium term, we expect general stability in the board's expenditure profile with a recently settled contractual agreement for teaching and support staff salaries providing stability through 2030. Furthermore, the board expects to see special-education cost savings as it aims to move those programs within district. We expect that reserves will likely remain comparable with those of similarly rated school districts, and the district has no specific plans to reduce reserves and generally aims to replenish any used reserves in following fiscal years.

The board's debt metrics will worsen over the outlook horizon, in our view, as it looks to issue an additional \$200 million as part of a voter-authorized referendum. However, we believe that this increased debt load will be manageable given the board will receive debt service aid on 40% of the principal and given the board's currently low debt service costs (2.7% of revenue), its currently low net direct debt per capita, and its limited retirement liabilities burden given on-behalf payments by the state for teachers' pensions. While the district will likely phase these issuances out over several years, we expect the net direct debt per capita will likely exceed 6,000 after all the issuances are completed, a level that we view as elevated compared with peers at the current rating level. Beyond these plans, the board does not intend to issue any additional debt.

The rating further reflects our opinion of the district's:

- Established, primarily residential (91% of assessed value) community in Union County coterminous with the Town of Westfield (AAA/Stable), with local incomes significantly outpacing both national and county averages, and stable economic growth at the county level (although lagging the national average), which could result in enhanced revenue-raising capabilities in future years. Westfield's population has been flat because the town is largely built-out but its access to New York City and underlying wealth underpin its desirability as a residential community.
- Consistently positive operations, with modestly positive operations expected for fiscal 2025. The \$120.9 million fiscal 2026 budget includes a 4.4% tax increase to cover, among other items, health care and salary increases. The board's revenue mix has proven stable with 73% of revenue coming from property taxes and demonstrated support for tax increases to support the upcoming capital project via a 2-1 passed referendum. Twenty-five percent of revenue is derived from state aid, which, as part of the S2 funding formula, has increased over the past five years and is expected to increase in fiscal 2026.

- We generally view the management framework for New Jersey schools as less formalized than that of national peers. Still the district employs cautious budget assumptions, which, coupled with monthly budget-to-actual results presented to the school board, support the district's ability to maintain balanced operations. The district also maintains a cash management plan that adheres to state guidelines. While the district completes the state-mandated, long-range facility plan, as needed, it also conducts multiyear financial forecasting, which we view as supporting its ability to project future revenue and expenditure growth and identify out-year gaps. In our view, the district has taken appropriate steps to mitigate cyberrisk.
- Currently low debt and low carrying charges, with \$200 million in additional debt as part of a voter-approved referendum which garnered substantial community support. We view expected debt issuances as manageable for the board and the rating over the outlook period.
- Stable operating environment that will likely remain so. (For more information on our institutional framework assessment for New Jersey school districts, see "[Institutional Framework Assessment: New Jersey Local Governments](#)," Sept. 9, 2024, on RatingsDirect.)

Environmental, social, and governance

We assessed the district's environmental and social factors relative to its economy, management, financial measures, and debt and liability profile, and consider them neutral in our credit rating analysis. We view the state's governance of its pension plans and lack of a mechanism to prefund other postemployment benefits (OPEB) as a weakness for New Jersey local governments and school districts; despite a lack of associated liability, a change in the special funding situation could pressure the budget.

Outlook

The stable outlook reflects our opinion of the district's affluent local economic base, overall consistent financial profile that will continue to support expected debt issuances over the outlook period.

Downside scenario

We could lower the rating if the district materially draws down its fund balance, or if its debt and liabilities profile weakens beyond levels currently anticipated.

Upside scenario

While unlikely at this time, due to expected higher levels of debt, we could raise the rating if total fund balance and debt improve to levels that we consider comparable with those of higher-rated peers, and if the district adopts additional financial management practices.

The Board of Education of the Town of Westfield, New -Jersey-credit summary

Institutional framework (IF)	2
Individual credit profile (ICP)	1.81
Economy	1.0
Financial performance	2
Reserves and liquidity	1
Management	2.30
Debt and liabilities	2.75

The Board of Education of the Town of Westfield, New Jersey--key credit metrics

	Most recent	2024	2023	2022
Economy				
Real GCP per capita % of U.S.	101	--	101	103
County PCPI % of U.S.	117	--	117	118
Market value (\$000s)	10,792,416	9,908,736	9,173,280	8,514,364
Market value per capita (\$)	350,517	321,817	297,930	264,783
Top 10 taxpayers % of taxable value	2.6	2.6	2.6	2.7
County unemployment rate (%)	5.0	4.8	4.5	4.0
Local median household EBI % of U.S.	215	--	215	213
Local per capita EBI % of U.S.	199	--	199	201
Local population	30,790	--	30,790	32,156
Financial performance				
Operating fund revenues (\$000s)	--	153,682	146,243	140,932
Operating fund expenditures (\$000s)	--	150,572	141,182	139,429
Net transfers and other adjustments (\$000s)	--	76	(91)	(2,458)
Operating result (\$000s)	--	3,186	4,970	(955)
Operating result % of revenues	--	2.1	3.4	(0.7)
Operating result three-year average %	--	1.6	(1.0)	(0.3)
Enrollment	--	5,910	5,909	5,829
Reserves and liquidity				
Available reserves % of operating revenues	--	15.2	13.8	10.8
Available reserves (\$000s)	--	23,311	20,125	15,154
Debt and liabilities				
Debt service cost % of revenues	--	1.7	1.8	2.4
Net direct debt per capita (\$)	328	406	483	536
Net direct debt (\$000s)	10,100	12,500	14,875	17,225
Direct debt 10-year amortization (%)	100	100	--	--
Pension and OPEB cost % of revenues	--	1.0	1.0	1.0
NPLs per capita (\$)	--	564	564	629
Combined NPLs (\$000s)	--	17,375	17,375	20,232

Financial data might 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\$25.0 mil temp nts due 09/03/2026

Short Term Rating SP-1+

New Rating

Local Government

Westfield Board of Education, NJ Unlimited Tax General Obligation SP-1+

Ratings List

Ratings Affirmed

Local Government

The Board of Education of the Town of Westfield, 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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