

MOODY'S

RATINGS

Rating Action: Moody's Ratings assigns Aa2 underlying/A1 enhanced ratings to Metuchen SD, NJ's 2026 GO bonds

15 Jun 2026

New York, June 15, 2026 -- Moody's Ratings (Moody's) has assigned a Aa2 underlying and A1 New Jersey School District Enhancement Program Chapter 72 enhanced rating to Metuchen School District, NJ's \$7.96 million School Energy Savings Obligation Refunding Bonds (Book-Entry-Only) (Callable)(Bank Qualified). We maintain a Aa2 on the district's outstanding issuer rating and general obligation bonds. The district had around \$85 million in outstanding debt at the end of 2025.

RATINGS RATIONALE

The Aa2 issuer rating reflects the district's strong local economy in central New Jersey. The district benefits from strong resident income and wealth. Enrollment trends are stable and will remain around current levels in the future.

The district's reserves have been largely stable over the past few years, a trend that is expected to hold going into the 2027 fiscal year. Management is active in projecting costs out to plan for future tax increases appropriately and maintain stable operations. Fiscal 2026 operations are reported to be in line with past fiscal years and reserves are estimated to be flat from 2025.

The district's leverage will remain affordable as there are no new capital plans expected in the coming few years. The district is still working through a previously bonded voter referendum to finance projects across the district; therefore its larger capital needs are in progress.

The Aa2 general obligation rating reflects the unlimited ad valorem tax pledge that support the bonds. The bonds will be used to finance energy efficiency improvements across the district, which will generate energy savings.

The A1 enhanced rating is at the same level as the New Jersey School District Enhancement Program Chapter 72 rating (A1 stable) given the program mechanics guarantee to pay debt service on the bonds in the event of nonpayment from the district.

RATING OUTLOOK

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

FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATINGS

- Trend of fund balance above 15% of revenue
- Improvement of income and wealth levels
- Upgrade of the enhancement program (enhanced rating only)

FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATINGS

- Decline in fund balance to below 6% of revenue

- Increase in leverage to above 200% of revenue
- Downgrade of the enhancement program (enhanced only)

PROFILE

Metuchen School District, NJ provides pre-k-12 education to around 2,330 students from the Borough of Metuchen (Aa1) across four school buildings.

METHODOLOGY

The principal methodology used in the underlying rating was US K-12 Public School Districts published in June 2026 and available <https://ratings.moodys.com/rmc-documents/466688>. The principal methodology used in the enhanced rating was Guarantees, Letters of Credit and Other Forms of Credit Substitution Methodology published in July 2022 and available at <https://ratings.moodys.com/rmc-documents/386295>. Alternatively, please see the Rating Methodologies page on <https://ratings.moodys.com> for a copy of these methodologies.

REGULATORY DISCLOSURES

For further specification of Moody's key rating assumptions and sensitivity analysis, see the sections Methodology Assumptions and Sensitivity to Assumptions in the disclosure form. Moody's Rating Symbols and Definitions can be found on <https://ratings.moodys.com/rating-definitions>.

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Susanne Murray
Lead Analyst

Orlie Prince
Additional Contact

Releasing Office:

Moody's Investors Service, Inc.
250 Greenwich Street
New York, NY 10007
U.S.A
JOURNALISTS: 1 212 553 0376
Client Service: 1 212 553 1653

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