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Research Update:

Westfield Board of Education, NJ Series 2026 School Bonds Assigned 'AA+' Rating

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Overview

- S&P Global Ratings assigned its 'AA+' rating to the Westfield Board of Education (BOE), New Jersey's approximately $125.8 million school bonds, series 2026.
- At the same time, we affirmed our 'AA+' long-term rating on the district's previously issued general obligation debt and our 'SP-1+' short-term rating on the board's outstanding temporary notes.
- The outlook, where applicable, is stable.

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. Forty percent of debt service on the series 2026 bonds is expected to be supported through state aid for which project costs have been deemed eligible to receive support. Proceeds will go toward permanently financing the outstanding $25 million in temporary notes and fund portions of construction costs for various improvements and construction on school facilities across the district, which were approved during the April 2025 voter referendum.

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.

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 employment base, its track record of stable financial operations supporting adequate reserves, stable management albeit with limited formal financial policies, and growing yet manageable debt burden and fixed costs burden.

Financial results have been generally positive as revenues have continued to outpace expenditures, with the district posting its first net deficit in several years in fiscal 2025 due primarily to capital expenses and the rollover of purchase orders from previous years. Although financial pressures deepen around the state, particularly relating to sharp increases in healthcare costs, the district expects to continue its trend of balanced operations supported by a growing tax base and proactive management. To address growing costs, management has initiated plans to increase the tax rate above the 2% levy cap through voter referendum for certain growing costs, has actively surveyed health insurance brokers for cost savings, and is expanding to full-day kindergarten, which is expected to improve enrollment numbers and state aid allotments.

After successfully incorporating higher health benefit costs into the budget for fiscal 2026, the district expects to end the year with breakeven operations. It expects similar operating results to end fiscal 2027 but is prepared to freeze spending in the event healthcare costs spike. For more information, see "U.S. Local Governments Credit Brief: New Jersey School Districts Means And Medians," Oct. 17, 2025. Despite growing pressures in the state, we expect that the district will continue to offset cost increases through conservative measures and either revenue raising or cost saving initiatives over the next two years, and that reserves and credit factors will remain comparable with similarly rated peers.

The rating further reflects our opinion of the following:

- This established, primarily residential community is coterminous with the Town of Westfield, with local incomes significantly outpacing both national and county levels. Access to New York City and underlying economic output metrics further strengthened its economic profile.
- Operations are balanced historically absent one-time capital needs, and we expect to see further balance ending fiscal 2026 and into fiscal 2027. About a quarter of revenue is derived from state aid, which, as part of the S2 funding formula, is seeing ongoing revenue growth supporting its relatively stable reserve position.
- The management framework for New Jersey schools is 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. The district completes the state-mandated, long-range facility plan, as needed, and some multiyear financial forecasting. There is no formal debt or reserve policy outside of general state guidelines. We view the district's cyber risk mitigation measures as consistent with our view of its credit fundamentals.
- With this issuance, the district's debt burden grows to be somewhat elevated relative to population but will remain manageable, with about $100 million in additional debt authorization usable for the project. When the full remaining authorization will be used is unknown, but we do not expect it to materially worsen credit quality over the next two years. Fixed costs are not a source of credit pressure for the district. We note New Jersey contributes on behalf of the board for a majority of the district's pension and other postemployment benefits (OPEB), so budgetary pressure arising from retirement expenses is

currently limited. If the state requires a local contribution for the New Jersey Teachers Pension and Annuity Fund or OPEB, it could lead to budgetary stress for this and other school districts, but we view this scenario as unlikely in the next two years. For more information, see "Pension Spotlight: New Jersey," Oct. 9, 2025.

- New Jersey school districts have a predictable state operating environment, despite some revenue-raising limitations. For more information on our institutional framework assessment for New Jersey school districts, see "Institutional Framework Assessment: New Jersey Local Governments," Sept. 9, 2024.

Outlook

The stable outlook reflects our view that the district will continue to produce balanced operations supported by its strong tax base and proactive financial management in the face of rising costs.

Downside scenario

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

Upside scenario

We could raise the rating if the district's total fund balance and debt improve to levels that we consider comparable with those of higher-rated peers and management strengthens its financial management practices.

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

Institutional framework (IF)	2
Individual credit profile (ICP)	1.91
Economy	1.0
Financial performance	2
Reserves and liquidity	2
Management	2.30
Debt and liabilities	2.25

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

	Most recent	2025	2024	2023
Economy				
Real GCP per capita % of U.S.	102	--	102	103
County PCPI % of U.S.	116	--	116	117
Market value ($000s)	11,869,615	9,995,739	9,908,736	9,173,280
Market value per capita ($)	391,827	329,969	327,097	297,930
Top 10 taxpayers % of taxable value	2.5	2.6	2.6	2.6
County unemployment rate (%)	4.8	5.5	4.9	4.5
Local median household EBI % of U.S.	235	--	235	215
Local per capita EBI % of U.S.	207	--	207	199

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

	Most recent	2025	2024	2023
Local population	30,293	--	30,293	30,790
Financial performance				
Operating fund revenues ($000s)	--	159,064	153,682	146,243
Operating fund expenditures ($000s)	--	161,982	150,572	141,182
Net transfers and other adjustments ($000s)	--	1	76	(91)
Operating result ($000s)	--	(2,917)	3,186	4,970
Operating result % of revenues	--	(1.8)	2.1	3.4
Operating result three-year average %	--	1.2	1.6	(1.0)
Enrollment	--	5,942	5,910	5,909
Reserves and liquidity				
Available reserves % of operating revenues	--	12.8	15.2	13.8
Available reserves ($000s)	--	20,394	23,311	20,125
Debt and liabilities				
Debt service cost % of revenues	--	1.6	1.7	1.8
Net direct debt per capita ($)	5,312	333	413	483
Net direct debt ($000s)	160,907	10,100	12,500	14,875
Direct debt 10-year amortization (%)	26	100	100	--
Pension and OPEB cost % of revenues	--	1.0	1.0	1.0
NPLs per capita ($)	--	463	507	564
Combined NPLs ($000s)	--	14,022	15,366	17,375

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$125.807 mil sch bnds due 8/15/2056	
Long Term Rating	AA+/Stable
Underlying Rating for Credit Program	AA+/Stable
Ratings Affirmed	
Local Government	
The Board of Education of the Town of Westfield, NJ Unlimited Tax General Obligation	AA+/Stable
Westfield Board of Education, NJ Unlimited Tax General Obligation	SP-1+

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.