

Research Update:

# Fairview Borough, NJ Bond Anticipation Notes Assigned 'SP-1+' Short-Term Rating

August 5, 2025

## Overview

- S&P Global Ratings assigned its 'SP-1+' short-term rating to [Fairview Borough](#), N.J.'s \$14.4 million bond anticipation notes (BANs).
- At the same time, we affirmed our 'AA-' rating on the borough's outstanding general obligation (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.

## Rationale

### Security

The borough's full-faith-and-credit GO pledge and agreement to levy ad valorem property taxes, without limitation as to rate or amount, secure the existing GO bonds and BANs.

The short-term rating reflects our criteria for evaluating and rating BANs. The borough has 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 regularly provides ongoing disclosure to market participants. BAN proceeds will be used to fund various capital projects throughout the borough.

### Credit highlights

Our ratings on the borough are supported by its ongoing tax base appreciation driven by current redevelopment projects and proximity to New York City, which in our view offset its built-out status. Its conservative budgeting and rapidly amortizing debt, with manageable fixed costs, also support the rating.

Historically, the borough has maintained positive operations that have driven reserves to historical highs, although management has elected to use reserves strategically in recent years. In addition, the borough has seen savings on the expenditure side, while certain revenues, such

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as interest income, have exceeded budgeted levels. Despite its recent use of reserves, Fairview's overall reserves are in line with its 2020 levels and consistent with those of peers.

With this issuance, the borough will have roughly \$25 million in total direct debt. It maintains rapid amortization, which, combined with pension and other post-employment benefits (OPEB) expenses, elevates its fixed costs. Management expects to permanently finance these notes in 2026 when the 2020 refunding bonds are paid in full and currently expects the takeout debt to be amortized over 10-15 years.

The rating also reflects the following:

- Fairview, which covers less than one square mile, is located in Bergen County, with direct access to the broader New York City area, contributing to county economic output and income metrics above national averages. However, the borough's income indicators are below county and national averages, which limits upside rating potential at this time. We note that tax base redevelopment is ongoing and that the borough is in the last stages of its tax base reassessment, which will support a growing tax levy.
- Budgetary assumptions and techniques generally consistent with those of other New Jersey municipalities, including the use of trend analysis when developing revenue and expenditures. Monthly budget-to-actual reports are provided to the council. Officials maintain a six-year capital plan that is part of the state-mandated budget form, while also adhering to state guidelines for investments and debt policies. The borough does not maintain a formal fund balance policy, but looks to not appropriate more than it can regenerate.
- The borough's 2025 budget is \$26.0 million and includes \$2.9 million in appropriated surplus, a similar amount to previous years. Management anticipates that the borough will end with balanced or slightly positive year-end results based on current revenue generation and expected cancelled appropriations.
- Elevated fixed costs, which have remained stable on a percentage basis. The borough's per capita pension and OPEB liabilities are comparable with those of many state peers, but incremental cost growth is likely due to low pension-funded ratios and practical limitations on cutting OPEB benefits, as the borough is not legally permitted to prefund the approximately \$20.8 million unfunded OPEB liability.
- New Jersey municipalities have a generally predictable operating framework and some statutory flexibility to raise local-source revenue for operating purposes, despite the state's property tax cap. For more information on our institutional framework assessment for New Jersey municipalities, see "[Institutional Framework Assessment: New Jersey Local Governments](#)," published Sept. 9, 2024.

## Environmental, social, and governance

We have assessed environmental, social, and governance factors relative to Fairview's management, financial measures, and debt-and-liability profile; we view all three as neutral in our credit analysis. Furthermore, although we consider the state's governance of its pension plans and lack of a mechanism to prefund OPEB a weakness for New Jersey local governments, these issues have a similar effect on all New Jersey local governments.

## Outlook

The stable outlook reflects our view that the borough will continue to produce at least break-even results and maintain stable reserves, supported by conservative budgeting and what we

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expect to be a steady growth in its tax base following the full implementation of its re-assessment over the near term.

### Downside scenario

We could lower the rating if the borough experiences financial pressure that leads to a material decline in available fund balance, its debt burden and associated costs significantly increase beyond current expectations, or its pension and OPEB liabilities substantially increase.

### Upside scenario

We could raise the rating if the borough's underlying economic metrics improve to a level we consider comparable with those of countywide and national peers.

### Fairview Borough, New Jersey--Credit summary

Institutional framework (IF)	2
Individual credit profile (ICP)	2.68
Economy	3.0
Financial performance	3
Reserves and liquidity	1
Management	2.65
Debt and liabilities	3.75

### Fairview Borough, New Jersey--Key credit metrics

	Most recent	2024	2023	2022
<b>Economy</b>				
Real GCP per capita % of U.S.	--	--	127	130
County PCPI % of U.S.	--	--	146	145
Market value (\$000s)	--	2,084,216	2,007,293	1,731,018
Market value per capita (\$)	--	138,165	133,065	116,020
Top 10 taxpayers % of taxable value	--	10.2	11.2	12.1
County unemployment rate (%)	--	3.7	3.6	3.3
Local median household EBI % of U.S.	--	--	96	99
Local per capita EBI % of U.S.	--	--	88	90
Local population	--	--	15,085	14,920
<b>Financial performance</b>				
Operating fund revenues (\$000s)	--	24,320	23,297	21,571
Operating fund expenditures (\$000s)	--	24,766	23,368	21,824
Net transfers and other adjustments (\$000s)	--	--	9	163
Operating result (\$000s)	--	(446)	(62)	(90)
Operating result % of revenues	--	(1.8)	(0.3)	(0.4)
Operating result three-year average %	--	(0.8)	0.7	2.7
<b>Reserves and liquidity</b>				
Available reserves % of operating revenues	--	23.7	26.6	29.1
Available reserves (\$000s)	--	5,762	6,208	6,269

Fairview Borough, New Jersey--Key credit metrics

	Most recent	2024	2023	2022
Debt and liabilities				
Debt service cost % of revenues	--	10.2	9.4	9.2
Net direct debt per capita (\$)	1,713	1,397	1,487	1,563
Net direct debt (\$000s)	25,835	21,067	22,427	23,323
Direct debt 10-year amortization (%)	82	44	45	--
Pension and OPEB cost % of revenues	--	10.0	8.0	9.0
NPLs per capita (\$)	--	1,010	1,155	1,182
Combined NPLs (\$000s)	--	15,240	17,430	17,641

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\$14.468 mil BANs ser 2025 dtd 08/21/2025 due 08/21/2026	
Short Term Rating	SP-1+
New Rating	
Local Government	
Fairview Borough, NJ Unlimited Tax General Obligation BAN	SP-1+
Ratings Affirmed	
Local Government	
Fairview Boro, NJ Unlimited Tax General Obligation	AA-/Stable

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.

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at <https://disclosure.spglobal.com/ratings/en/regulatory/ratings-criteria> for further information. A description of each of S&P Global Ratings' rating categories is contained in "S&P Global Ratings Definitions" at <https://disclosure.spglobal.com/ratings/en/regulatory/article/-/view/sourceId/504352>. Complete ratings information is available to RatingsDirect subscribers at [www.capitaliq.com](http://www.capitaliq.com). All ratings referenced herein can be found on S&P Global Ratings' public website at [www.spglobal.com/ratings](http://www.spglobal.com/ratings).

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