

Research Update:

West Caldwell Township, NJ Series 2025 Bond Anticipation Notes Assigned 'SP-1+' Short-Term Rating

August 12, 2025

Overview

- S&P Global Ratings assigned its 'SP-1+' short-term rating to [West Caldwell Township](#), N.J.'s about \$15.2 million series 2025 bond anticipation notes (BANs), maturing Sept. 2, 2026.
- At the same time, S&P Global Ratings affirmed its 'SP-1+' short-term rating on the township's existing BANs.
- S&P Global Ratings also affirmed its 'AA+' long-term rating on the township's general obligation (GO) debt.
- The outlook on the long-term rating is stable.
- The long-term rating is based on the application of its criteria, "[Methodology For Rating U.S. Governments](#)," Sept. 9, 2024.

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Rationale

Security

West Caldwell's full-faith-and-credit pledge secures the bonds and BANs.

The short-term rating reflects our criteria for evaluating and rating BANs. The township maintains a very strong capacity to make principal-and-interest payments when the BANs come due. We view West Caldwell's market risk profile as low because the township's has strong legal authority to issue long-term debt to take out the BANs and because it is a frequent debt issuer that regularly provides ongoing disclosure to market participants.

Officials intend to use series 2025 BAN proceeds to renew existing BANs and fund various capital projects.

Credit highlights

The rating reflects our view of West Caldwell's strong reserve position, which it has maintained over the past few years through balanced operations, supported by a wealthy tax base with high incomes that we view as comparable with those of other similarly rated peers. At the same time, these strengths are offset by the township's high debt and retirement liabilities on a per-capita basis and above-average fixed costs.

The five-square-mile West Caldwell is a small, wealthy township about 25 miles west of New York City, which provides it with direct access to employment opportunities throughout the greater North New Jersey and New York City regions. There are a few developments underway in the township, including new residential complexes, redevelopment of an old warehouse, and the expected final built-out ShopRite supermarket. These and other projects are expected to contribute to the growth of West Caldwell's tax base.

The township ended fiscal 2024 with a larger-than-usual increase in fund balance that management attributes to higher-than-budgeted revenues. This includes a one-time nonrecurring revenue of about \$1 million in relation to the sale of a township property to support the Shoprite project. However, even after accounting for this, West Caldwell's year-end results were positive. For fiscal 2025, officials indicate budget to actuals are tracking favorably and expects to end the year with balanced results. At a minimum, the township expects to replenish the \$2.2 million in the fund balance it appropriated for the fiscal 2025 budget. We understand the township does not have any plans to drawdown on its reserves. The township's current-fund revenues are primarily derived of property taxes, which make up about 65% of total revenues.

With this issuance, West Caldwell will have about \$45.5 million in total direct debt, with some of this debt composed of self-supported utility debt. The township plans to issue about \$3 million-\$4 million in additional debt annually, although we don't expect this will have a material impact on its debt burden. However, we expect fixed costs, which include pension and other postemployment benefit (OPEB) costs, will remain a long-term credit pressure due to large liabilities as percent of the budget and on a per-capita basis and low funded ratios for its retirement plans.

The rating reflects West Caldwell's:

- Strong local economy that is well embedded within the New York City and northern New Jersey metropolitan statistical area. In addition, the township's local incomes are above the U.S. average and comparable with those of similarly rated peers although county level incomes and economic output indicators are more on par with the national average;
- Historically stable budgetary performance that has resulted in continued reserve improvement supported by a strong revenue base and conservative budgeting practices. The township's reserve levels are also commensurate with those of similarly rated peers.
- Conservative and forward-looking budgeting practices that include monthly reporting of budget-to-actual results, a multiyear revenue and expenditure forecast, and a six-year capital-improvement plan. The township also has as formal investment policy and an informal reserve policy of maintaining a fund balance of \$3 million-\$5 million after the appropriation of the fund balance in the budget; and
- High fixed costs and large retirement liabilities, with combined pension and OPEB liabilities that total about \$69 million as of fiscal 2024 and weak actuary assumptions for participating pension plans, administered by New Jersey, which could lead to budget pressure--however,

we think the township's debt profile should remain manageable, even with additional capital needs.

- For more information on our institutional framework assessment for New Jersey municipalities, see "[Institutional Framework Assessment: New Jersey Governments](#)," published Sept. 9, 2024.

Environmental, social, and governance

We have assessed environmental and social factors relative to West Caldwell's economy, management, financial measures, and debt profile; we view both as neutral in our credit analysis. We view the state's governance of its pension plans and lack of a mechanism to prefund OPEB as a risk for New Jersey local governments; however, these issues have a similar effect on all local New Jersey governments.

Outlook

The stable outlook reflects S&P Global Ratings' view of West Caldwell's relatively consistent finances and strong local economy, supported by high reserves.

Downside scenario

We could lower the rating if the township's finances were pressured, whether due to increasing long-term liability costs or if management cannot replenish appropriated reserves, resulting in an available reserve drawdown.

Upside scenario

We could raise the rating if debt, retirement liabilities, and associated costs were to decrease and if management were to maintain reserves at least at current levels through balanced operations, coupled with implementation of more formalized financial management policies.,

West Caldwell Township, New Jersey--credit summary

| | |
|---------------------------------|------|
| Institutional framework (IF) | 2 |
| Individual credit profile (ICP) | 2.26 |
| Economy | 1.0 |
| Financial performance | 2 |
| Reserves and liquidity | 1 |
| Management | 2.30 |
| Debt and liabilities | 5.00 |

West Caldwell Township, New Jersey--key credit metrics

| | Most recent | 2024 | 2023 | 2022 |
|-------------------------------|-------------|-----------|-----------|-----------|
| Economy | | | | |
| Real GCP per capita % of U.S. | -- | -- | 102 | 103 |
| County PCPI % of U.S. | -- | -- | 114 | 115 |
| Market value (\$000s) | -- | 3,073,547 | 2,950,379 | 2,788,740 |

West Caldwell Township, New Jersey--key credit metrics

| | Most recent | 2024 | 2023 | 2022 |
|--|-------------|---------|---------|---------|
| Market value per capita (\$) | -- | 282,677 | 271,349 | 249,909 |
| Top 10 taxpayers % of taxable value | -- | 14.3 | 14.3 | 13.4 |
| County unemployment rate (%) | -- | 5.5 | 5.1 | 4.7 |
| Local median household EBI % of U.S. | -- | -- | 176 | 183 |
| Local per capita EBI % of U.S. | -- | -- | 169 | 181 |
| Local population | -- | -- | 10,873 | 11,159 |
| Financial performance | | | | |
| Operating fund revenues (\$000s) | -- | 27,372 | 23,436 | 22,947 |
| Operating fund expenditures (\$000s) | -- | 24,922 | 23,619 | 22,032 |
| Net transfers and other adjustments (\$000s) | -- | -- | - | -- |
| Operating result (\$000s) | -- | 2,450 | (183) | 915 |
| Operating result % of revenues | -- | 9.0 | (0.8) | 4.0 |
| Operating result three-year average % | -- | 4.1 | 3.2 | 4.0 |
| Reserves and liquidity | | | | |
| Available reserves % of operating revenues | -- | 35.4 | 30.9 | 32.3 |
| Available reserves (\$000s) | -- | 9,681 | 7,231 | 7,413 |
| Debt and liabilities | | | | |
| Debt service cost % of revenues | -- | 12.5 | 11.8 | 9.9 |
| Net direct debt per capita (\$) | 4,189 | 3,790 | 3,885 | 3,982 |
| Net direct debt (\$000s) | 45,546 | 41,205 | 42,247 | 44,437 |
| Direct debt 10-year amortization (%) | 76 | 56 | - | -- |
| Pension and OPEB cost % of revenues | -- | 13.0 | 14.0 | 11.0 |
| NPLs per capita (\$) | -- | 1,715 | 1,738 | 1,169 |
| Combined NPLs (\$000s) | -- | 18,648 | 18,894 | 13,047 |

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.

West Caldwell Township, NJ Series 2025 Bond Anticipation Notes Assigned 'SP-1+' Short-Term Rating

| | |
|--|------------|
| Ratings List | |
| New Issue Ratings | |
| US\$15.182 mil BANs dtd 09/02/2025 due 09/02/2026 | |
| Short Term Rating | SP-1+ |
| Ratings Affirmed | |
| Local Government | |
| West Caldwell Twp, NJ Unlimited Tax General Obligation | AA+/Stable |
| West Caldwell Twp, NJ Unlimited Tax General Obligation BAN | 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.

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