S&P Global Ratings

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Research Update:

Fairview Borough, NJ General Improvement Bonds Assigned 'AA-' Rating

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Overview

- S&P Global Ratings assigned its 'AA-' rating to Fairview Borough, New Jersey's $13.5 million general improvement bonds.
- At the same time, we affirmed our 'AA-' rating on the borough's outstanding general obligation (GO) debt and our 'SP-1+' short-term rating on the borough's bond anticipation notes (BANs).
- The outlook is stable.

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 GO bonds and BANs. Bond proceeds will be used to permanently finance the outstanding BANs and provide additional funding for various ordinances.

Credit highlights

The rating reflects Fairview's proximity to the broad New York City metro area, stable operating profile, and consistent reserve position. The borough is largely built out, but some smaller redevelopment projects may occur. Moving forward, we anticipate Fairview will likely see tax base appreciation. Upward pressure is limited given weaker income metrics and recent use of its reserves.

The borough returned to positive operations in 2025, largely driven by unanticipated miscellaneous revenues, expenditure savings, and close monitoring of operations. Fairview continues to look for savings in its budget and recently left the State Health Benefit plan, and is experiencing sizable savings. Additionally, the borough is working with the Fairview Board of Education on several shared services and enacted a property tax increase to ensure revenue/expenditure balance.

With this issuance, the borough will have roughly $24.7 million in total direct debt. Management does not anticipate issuing a significant amount of debt over the outlook period.

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 county income metrics above national averages. However, the borough's income indicators are below county averages, but slightly below national averages While certain income metrics have improved, current levels limit upside rating potential at this time. We note that tax base redevelopment is ongoing, which will support a growing tax levy.
- Budgetary assumptions and techniques are 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 2026 budget is $27.3 million and includes $3.1 million in appropriated surplus, a similar amount to previous years. Management anticipates that the borough will end the year with balanced or slightly positive results based on current revenue generation and expected cancelled appropriations. We expect the borough's reserve position will remain consistent.
- Fixed costs are elevated, and have remained stable on a percentage basis. The borough's per capita pension and other postemployment benefits (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 $23.3 million unfunded OPEB liability
- For more information on our institutional framework assessment for New Jersey municipalities, see "Institutional Framework Assessment: New Jersey Local Governments," Sept. 9, 2024.
- Although physical risks are relevant for the local government sector, we consider Fairview's exposure to natural hazards, including flooding and extreme weather, low compared with that of national peers and in a nominal sense, and therefore not a material factor in our credit analysis.

Outlook

The stable outlook reflects our view that the borough will continue to produce at least break-even results and maintain a stable reserve level, supported by conservative budgeting and what we expect to be a steady tax base 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, or ifits debt burden and associated costs significantly increase beyond current expectations.

Upside scenario

We could raise the rating if the borough's underlying economic metrics improve to a level we consider comparable with those of national peers, or if the borough maintains stable operations while growing its reserve balance.

Fairview Borough, New Jersey--credit summary

Institutional framework (IF)	2
Individual credit profile (ICP)	2.38
Economy	3.0
Financial performance	2
Reserves and liquidity	1
Management	2.65
Debt and liabilities	3.25

Fairview Borough, New Jersey--key credit metrics

	Most recent	2025	2024	2023
Economy				
Real GCP per capita % of U.S.	--	--	125	128
County PCPI % of U.S.	--	--	145	146
Market value ($000s)	--	2,249,797	2,084,216	2,007,293
Market value per capita ($)	--	149,867	138,837	133,065
Top 10 taxpayers % of taxable value	--	11.4	10.2	11.2
County unemployment rate (%)	--	4.3	3.8	3.6
Local median household EBI % of U.S.	--	--	85	96
Local per capita EBI % of U.S.	--	--	78	88
Local population	--	--	15,012	15,085
Financial performance				
Operating fund revenues ($000s)	--	25,630	24,320	23,297
Operating fund expenditures ($000s)	--	25,295	24,766	23,368
Net transfers and other adjustments ($000s)	--	--	--	9
Operating result ($000s)	--	335	(446)	(62)
Operating result % of revenues	--	1.3	(1.8)	(0.3)
Operating result three-year average %	--	(0.3)	(0.8)	0.7
Reserves and liquidity				
Available reserves % of operating revenues	--	23.8	23.7	26.6
Available reserves ($000s)	--	6,096	5,762	6,208
Debt and liabilities				
Debt service cost % of revenues	--	9.8	10.2	9.4
Net direct debt per capita ($)	1,648	1,625	1,403	1,487
Net direct debt ($000s)	24,734	24,400	21,067	22,427
Direct debt 10-year amortization (%)	66	35	44	45
Pension and OPEB cost % of revenues	--	7.0	10.0	8.0
NPLs per capita ($)	--	882	1,015	1,156
Combined NPLs ($000s)	--	13,248	15,240	17,431

Fairview Borough, New Jersey--key credit metrics

	Most recent	2025	2024	2023

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$13,550,000 Borough of Fairview, In the County of Bergen, New Jersey, General Improvement Bonds, dated: August 15, 2026, due: August 15, 2041	
Long Term Rating	AA-/Stable
Ratings Affirmed	
Local Government	
Fairview Boro, NJ Unlimited Tax General Obligation	AA-/Stable
Fairview Borough, 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.

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. All ratings referenced herein can be found on S&P Global Ratings' public website at www.spglobal.com/ratings.