

Research Update:

Park Hill School District (Platte County), MO GO Debt Rating Lowered To 'AA-' From 'AA' On Escalating Debt Service Cost

September 9, 2025

Overview

- S&P Global Ratings lowered its underlying rating on [Park Hill School District \(Platte County\)](#), Mo.'s debt outstanding to 'AA-' from 'AA', and affirmed its 'AA+' long-term (base on credit enhancement) rating on the debt.
- At the same time, we assigned our 'AA+' long-term (based on credit enhancement) rating and 'AA-' underlying rating to the district's \$128 million series 2025 general obligation (GO) bonds.
- The outlook is stable.
- The downgrade reflects our view of the district's escalating debt service costs, which are contributing to a slow amortization schedule and an overall weakening of the debt and liabilities profile.
- The rating is based on the application of our "[Methodology For Rating U.S. Governments](#)," Sept. 9, 2024.

Rationale

Security

The series 2025 GO bonds are secured by an unlimited ad valorem tax on all taxable property within the district. Proceeds from the series 2025 bonds will be used to fund Phase I of the Park Hill High School replacement, including relocation of the stadium and baseball field. The 2025 bond proceeds will also be used to finance athletic facility upgrades at Park Hill South High School, classroom additions at three elementary schools, districtwide safety and security enhancements, and strategic land acquisition to support future growth.

The long-term rating reflects our view of the district's eligibility for, and participation in, the Missouri Direct Deposit of State Aid Program. The state credit enhancement rating is one notch

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below the Missouri issuer credit rating (AAA/Stable) given state aid appropriation risk partially mitigated by consistent state support, execution of the direct deposit agreement, and maximum annual debt service coverage that we expect will remain strong at 1.7x. For more information, see "[Missouri Credit Enhancement Programs](#)," July 10, 2024.

Credit highlights

Park Hill School District's doubling its debt burden over the last two years when including the issuance of the series 2025 bonds, coupled with the backloaded debt schedule combined with lower reserve levels as a percentage of revenues relative to higher rated peers supports the downgrade to 'AA-'. The series 2025 GO bonds are significantly backloaded in structure, which has elevated the net direct debt per capita and slowed the district's amortization schedule. Furthermore, elevated net pension liabilities per capita and a high discount rate that could increase future liabilities ultimately weakens our view of the district's debt and liabilities profile.

The district is located in the northwest portion of Kansas City, Missouri, and stretches across 73.5 square miles. Following two years of essentially break-even results, fiscal 2024 (year-end June 30) ended with a \$4.4 million surplus in the combined general fund (general and special revenue funds) fueled by an increase in property tax collections, higher-than-expected state and federal reimbursements (including Medicaid and food service), and conservative expenditure management. The surplus was part of the district's plan to build up operating and nonrestricted capital fund balances in preparation for the opening of the Angeline Washington Elementary School, and to supplement bond projects with capital fund dollars that will be used to expand the overall scope of improvements. The district is anticipating another surplus in fiscal 2025 (year-end June 30) of approximately \$3.1 million in the combined general fund. This planned surplus further reflects the district's strategy to strengthen reserves to support the opening of the new elementary school, and to sustain higher employee compensation packages following the passage of Proposition G in April 2025.

Park Hill School District's enrollment, which is a key factor in Missouri public school finance, has declined marginally in recent years, spurred by declining birth rates both nationally and within Platte County. This comes after a decade of strong enrollment growth. However, the district projects stabilization to modest growth in its enrollment numbers starting in fiscal 2026, which is supported by planned residential development within the district's boundaries. Park Hill School District remains as the primary kindergarten to grade 12 education provider in its attendance area, mitigating enrollment pressures from charter and private schools. The district's year-end available fund balance in fiscal 2024 was approximately 19% of expenditures, which is in line with the district's informal reserve policy and targets 18%-22% of expenditures. Park Hill School District's fiscal 2026 budget includes a planned, but modest, drawdown of reserves to support ongoing operating costs and higher employee compensation levels, but the district expects reserves to remain in line with its target. District officials noted the potential for future budgetary pressures related to recruiting and retaining qualified staff, which requires sustaining higher compensation levels and ensuring salary and benefit structures remain attractive in a competitive labor environment. Further budgetary pressures stem from the opening of the district's Angeline Washington Elementary School in August 2025, which will add permanent staffing and operational costs as well as programmatic demands. The district also faces pressure to address aging facilities more proactively, beyond what can be accomplished by the issuance of the series 2025 GO bonds.

The 'AA-' underlying rating reflects our view of Park Hill School District's:

- Per capita gross county product and per capita county personal incomes that are 102.0% and 105.7% of U.S. levels, respectively. The district’s economic indicators are slightly higher than national medians. Residents have access to the Kansas City metropolitan statistical area, with a large residential presence and access to all transportation systems.
- Financial performance, which has been stable in recent years and is highlighted by three consecutive fiscal surpluses, with a surplus result anticipated in fiscal 2025.
- Cash-based reserves, which have fluctuated slightly over the past three years, and of which the district anticipates a spend down in fiscal 2026. However, it continues to adhere to its informal fund balance target of 18%-22% of expenditures.
- Forward looking management practices include the preparation of a monthly treasurer’s report that provides a budget-to-actual comparison. The district engages in formal long-term financial and capital planning to address future needs. It also maintains a formal investment policy and an informal reserve policy but does not maintain a debt management policy. The district takes measures to mitigate cybersecurity risks.
- Debt and liabilities profile that is weakening, with the recent borrowings pressuring net direct debt per capita. The district has no additional new-money debt plans until about 2030, when it will embark on phase two of its 2034 vision. Park Hill School District’s net pension liabilities per capita are elevated, with a high discount rate of 7.3%, above our recommended guideline of 6.5% that could increase future liabilities.
- For more information on our institutional framework assessment for Missouri schools, see ["Institutional Framework Assessment: Missouri Local Governments,"](#) Sept. 10, 2024.

Environmental, social, and governance

We view environmental, social, and governance factors as neutral within our credit rating analysis.

Outlook

The stable outlook reflects our expectation that the district will maintain an adequate cash reserve consistent with its fund balance target, despite budgeted capital spenddowns, during the two-year outlook horizon.

Downside scenario

Should Park Hill School District’s worsen materially with budget deficits or if the cash reserve experiences a sustained decline below it’s reserve target over consecutive years, we could lower the underlying rating.

Upside scenario

We could raise the rating if the district builds its reserves to significantly higher levels while exhibiting continued improved tax base growth, and if its debt profile moderates to levels we view as commensurate with those of higher-rated peers.

Platte County School District (Park Hill), Missouri--credit summary

Institutional framework (IF)	3
Individual credit profile (ICP)	2.21

Platte County School District (Park Hill), Missouri--credit summary

Economy	1.5
Financial performance	2
Reserves and liquidity	2
Management	1.30
Debt and liabilities	4.25

Platte County School District (Park Hill), Missouri--key credit metrics

	Most recent	2024	2023	2022
Economy				
Real GCP per capita % of U.S.	102	--	102	103
County PCPI % of U.S.	106	--	106	104
Market value (\$000s)	10,460,864	10,460,864	9,530,232	9,241,547
Market value per capita (\$)	131,995	131,995	122,601	121,050
Top 10 taxpayers % of taxable value	6.0	6.0	6.9	--
County unemployment rate (%)	3.4	3.2	2.7	2.3
Local median household EBI % of U.S.	111	111	119	116
Local per capita EBI % of U.S.	112	112	119	121
Local population	79,252	79,252	77,734	76,345
Financial performance				
Operating fund revenues (\$000s)	--	198,351	195,005	175,208
Operating fund expenditures (\$000s)	--	189,190	187,706	169,831
Net transfers and other adjustments (\$000s)	--	(4,764)	(5,498)	(5,026)
Operating result (\$000s)	--	4,397	1,801	351
Operating result % of revenues	--	2.2	0.9	0.2
Operating result three-year average %	--	1.1	0.6	(0.1)
Enrollment	--	11,573	11,645	11,695
Reserves and liquidity				
Available reserves % of operating revenues	--	18.2	17.2	19.0
Available reserves (\$000s)	--	36,063	33,615	33,239
Debt and liabilities				
Debt service cost % of revenues	--	5.9	8.2	8.2
Net direct debt per capita (\$)	4,824	2,335	2,446	1,870
Net direct debt (\$000s)	382,281	185,024	190,100	142,800
Direct debt 10-year amortization (%)	26	50	--	--
Pension and OPEB cost % of revenues	--	6.0	7.0	7.0
NPLs per capita (\$)	--	1,757	1,791	1,669
Combined NPLs (\$000s)	--	139,211	139,211	127,427

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\$128.0 mil GO bnds ser 2025 due 03/01/2045		
Long Term Rating	AA+/Stable	
Underlying Rating for Credit Program	AA-/Stable	
Downgraded		
	To	From
Local Government		
Park Hill Sch Dist of Platte Cnty, MO Unlimited Tax General Obligation	AA-/Stable	AA/Stable
Ratings Affirmed		
Local Government		
Park Hill Sch Dist of Platte Cnty, MO Direct Deposit State Aid Program	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.

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