

Research Update:

South Metropolitan Fire Protection District, MO Series 2025 GO Bonds Assigned 'AA' Rating; Outlook Stable

September 30, 2025

Overview

- S&P Global Ratings assigned its 'AA' rating to [South Metropolitan Fire Protection District](#), Mo.'s \$8.5 million series 2025 general obligation (GO) bonds.
- At the same time, S&P Global Ratings affirmed its 'AA' rating on the district's GO debt outstanding.
- The outlook is stable.

Rationale

Security

The bonds are secured by South Metropolitan Fire Protection District's full-faith-and-credit pledge and the district's ability to levy unlimited ad valorem property taxes. Bond proceeds will finance a facility expansion, technology upgrades, and the acquisition of three ambulances and one fire truck.

Credit highlights

The 'AA' rating reflects our expectation that South Metropolitan Fire Protection District will maintain strong operating performance, with year-over-year surpluses bolstering the district's extremely strong reserves over the past decade. South Metropolitan Fire Protection District's location south of the Kansas City metropolitan statistical area supports the district's strong year-over-year population, tax base, and local revenue growth trends, which we view as further strengths lending rating stability. In our view, the district's lack of long-term financial planning and formal financial policies are relative credit weaknesses, but the absence of these policies and plans has not negatively affected financial results.

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The district encompasses northwest Cass County benefiting from direct access to the southern Kansas City regional economy. Its operations are expanding, with increasing emergency call volume spurred by steady population growth of the communities it serves. Management reports about 1,200 new single-family homes are planned within South Metropolitan Fire Protection District over the next four years, so rising demand for the district's services will likely continue. Over the past five years, the district's assessed value (AV) increased 52% to \$754 million in 2025, which has benefited the district financially, as it routinely posts stronger-than-budgeted revenue from sales taxes and emergency management services (EMS) fees. For fiscal 2025 (Dec. 31), management projects another surplus of at least \$800,000 (8% of revenue) attributable to continued positive revenue variances. The preliminary fiscal 2026 budget will reflect expenditure increases of about \$800,000 to finance three new positions and to cover pay raises included in the existing six-year firefighter labor contracts, which reflect average annual increases of about 5%, and expire in 2028. Despite these cost increases, the preliminary fiscal 2026 budget is balanced with higher revenue from sales tax, interest earnings, and EMS fees based on historical actual collections. With a general levy of 59.87 cents per \$100 of AV, South Metropolitan Fire Protection District is currently operating below the 68.90-cent ceiling, which we view positively because it provides revenue flexibility should the district encounter unforeseen budgetary stress in future years.

The series 2025 bonds are part of a total \$25 million of GO debt authorized by voters in April 2024. About \$15 million of that authorization will remain after issuance of the series 2025 bonds. Management says it will not issue the remaining debt until at least 2030 as the district determines which facility improvements and equipment purchases are necessary for the long term.

Credit fundamentals supporting the 'AA' rating include:

- Cass County per capita gross county product that is only 40.6% of the national average, which we believe understates South Metropolitan Fire Protection District's economic base given that much of the county is rural, while the district covers the county's more urban and growing base. The district's incomes are above the national and county averages, which, paired with a strong per capita market value, are more indicative of South Metropolitan Fire Protection District's underlying economic strengths.
- Annual budget surpluses over the past decade, spurred by strong local revenue performance, supporting growing available reserves that are nominally high, at \$18.5 million, and extremely strong relative to revenue (177%). In fiscal 2024, most operating revenue came from property taxes (60%), followed by sales taxes (20%), and charges for services (14%).
- Budgeting practices that we consider conservative, based on realistic assumptions, with monthly budget-to-actual reports to the board. The district does not engage in long-term financial planning for operations, capital planning is informal, and the district lacks formalized policies for debt and investments beyond statutory requirements. The board's informal reserve target is to maintain six months' expenditures in the unassigned general fund balance to provide sufficient cash flow in an emergency. South Metropolitan Fire Protection District is proactive in mitigating cyber security risks.
- A manageable debt and liability profile, with no definitive plans to issue new debt over the next two years. The district's two direct placement loans are standard, in our opinion, and mature in early 2026. We expect pension and other postemployment benefits costs will remain affordable given funding levels are exceeding our minimum funding progress measurements for both the firefighter and general employee plans.

- For more information on our institutional framework assessment for Missouri local governments, see "[Institutional Framework Assessment: Missouri Local Governments](#)," published Sept. 10, 2024.

Environmental, social, and governance

We view environmental, social, and governance factors as neutral in our credit rating analysis. The district is subject to episodic tornados, but these adverse environmental events are not unusual compared with other governmental entities in the region.

Outlook

The stable outlook reflects our expectation that South Metropolitan Fire Protection District's expanding economic base will support strong revenue performance, leading to at least balanced budgetary results, and maintenance of high reserves.

Downside scenario

We could lower the rating if the district's financial performance were to unexpectedly weaken reflecting structural imbalance.

Upside scenario

We could raise the rating if South Metropolitan Fire Protection District's key economic indicators were to improve to levels we consider more in line with those of higher-rated peers, paired with improvement in our view of the district's financial plans and policies.

South Metro Fire Protection District, Missouri--credit summary

Institutional framework (IF)	2
Individual credit profile (ICP)	2.08
Economy	3.5
Financial performance	1
Reserves and liquidity	1
Management	2.65
Debt and liabilities	2.25

South Metro Fire Protection District, Missouri--key credit metrics

	Most recent	2024	2023	2022
Economy				
Real GCP per capita % of U.S.	41	--	41	41
County PCPI % of U.S.	86	--	86	86
Market value (\$000s)	3,602,045	3,172,611	3,095,791	2,650,190
Market value per capita (\$)	129,841	114,361	111,592	116,236
Top 10 taxpayers % of taxable value	4.3	--	--	--
County unemployment rate (%)	3.6	3.4	2.9	2.4
Local median household EBI % of U.S.	122	122	121	129
Local per capita EBI % of U.S.	104	104	100	107

South Metro Fire Protection District, Missouri--key credit metrics

	Most recent	2024	2023	2022
Local population	27,742	27,742	27,742	22,800
Financial performance				
Operating fund revenues (\$000s)	--	10,431	9,948	9,011
Operating fund expenditures (\$000s)	--	9,291	8,255	8,333
Net transfers and other adjustments (\$000s)	--	134	45	687
Operating result (\$000s)	--	1,274	1,738	1,365
Operating result % of revenues	--	12.2	17.5	15.1
Operating result three-year average %	--	14.9	17.3	20.0
Reserves and liquidity				
Available reserves % of operating revenues	--	177.3	173.7	173.2
Available reserves (\$000s)	--	18,494	17,275	15,605
Debt and liabilities				
Debt service cost % of revenues	--	10.9	17.2	13.8
Net direct debt per capita (\$)	689	382	370	529
Net direct debt (\$000s)	19,105	10,605	10,260	12,065
Direct debt 10-year amortization (%)	72	50	--	--
Pension and OPEB cost % of revenues	--	6.0	6.0	6.0
NPLs per capita (\$)	--	4	2	2
Combined NPLs (\$000s)	--	116	61	45

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\$8.5 mil GO bnds ser 2025 due 03/01/2034

Long Term Rating	AA/Stable
Ratings Affirmed	
Local Government	
South Metro Fire Protection Dist th, MO Unlimited Tax General Obligation	AA/Stable

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