

Research Update:

Liberty, MO Series 2025 Special Obligation Bonds Rated 'A+'; Outlook Stable

November 20, 2025

Overview

- S&P Global Ratings assigned its 'A+' rating to the City of [Liberty](#), Mo.'s \$24.25 million series 2025 special obligation bonds.
- At the same time, we affirmed our 'AA-' rating on the city's general obligation (GO) debt and 'A+' rating on the city's existing special obligation debt.
- The outlook is stable.

Rationale

Security

The city's annual appropriation of legally available funds secures its special obligation bonds. We rate these bonds one notch lower than our view of the city's general creditworthiness to account for appropriation risk. We view the city's involvement with the project as strong given the series 2025 bonds will be used to fund a new police station. We also view the intended repayment source as strong given the city plans to draw from a 1-cent sales tax voters approved in April 2025. We've assessed previous special obligation bonds of the city as having moderate or strong repayment sources. We also see no unusual political or administrative risks involved in the transaction.

The city's unlimited property tax pledge secures its GO debt.

Credit highlights

The rating reflects the city's stable finances, recent voter approval of a 1-cent public safety sales tax that will help the city address personnel cost pressures, and economic metrics that compare favorably with those of similarly rated cities. Limiting the rating are the city's lower reserves relative to revenues and somewhat higher, but manageable, debt metrics relative to those of higher rated cities.

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The city's operating results have generally been positive, supported by property and sales tax growth and long-term planning. The fiscal 2024 general fund result was roughly a \$500,000 deficit (negative 2% of operating revenue) after adjusting for one-time capital spending on a city hall atrium project. This remaining imbalance was mainly due to the general fund transferring \$3 million more than usual to the public safety sales tax (PSST) fund to cover public safety salary increases related to hiring and retention challenges. Management projects the general fund will post a slight \$181,000 surplus in fiscal 2025 (0.6% of operating revenue), reflecting a more typical \$1.6 million transfer to the PSST fund, and projects the PSST fund will post a large \$3 million deficit in fiscal 2025 (negative 53% of the fund's revenue), continuing to reflect these cost pressures.

However, in April 2025 voters approved a 1-cent sales tax that management estimates will generate about \$7.5 million annually, \$1.7 million of which will support debt service on the series 2025 bonds and the remainder for public safety salaries and equipment. Collections began in October 2025, and management expects this additional revenue will support a modest surplus in the PSST fund in fiscal 2026. Management also expects another slight surplus in the general fund in fiscal 2026, with general fund reserves remaining within its 18% to 22% fund balance policy going forward. Management projects there will be \$2.8 million in the PSST fund at the end of fiscal 2025, which is restricted for public safety costs but provides additional flexibility given this is a core operating expense. Salary increases have led to currently minimal staff vacancies and management reports the city's salaries and benefits are competitive with those of neighboring cities. We expect the additional sales tax revenue, along with the city's long-term planning and track record of keeping spending within available revenues, will support financial stability.

Credit fundamentals further supporting the 'AA-' rating include:

- Access to employment opportunities in Kansas City 15 miles away, which has fueled ongoing residential development and \$1.2 billion in developments in the supply chain, manufacturing, and distribution industries in recent years, creating 7,000 new jobs. Management reports additional planned development in these industries could lead to 2,000 to 3,000 additional jobs over the next 10 years. These developments are under tax abatement agreements and therefore we do not expect these will lead to a significant revenue increase for the city in the near term. The local population has been stable in the last 10 years.
- Stable finances, particularly following the recent passage of a one-cent public safety sales tax.
- Management practices that support financial stability, including quarterly internal budget-to-actual monitoring by management, monthly budget-to-actual reporting of sales tax performance to the city council, long-term financial and capital planning, and an 18% to 22% fund balance policy. The district is taking steps to mitigate cyber risk.
- Somewhat higher, though manageable in our view, debt metrics relative to those of similarly rated cities. The city has no additional debt plans over the next few years and its pension costs are manageable. The city has one series of private placement debt with no nonstandard events of default or acceleration provisions.
- For more information on our institutional framework assessment for Missouri cities, see ["Institutional Framework Assessment: Missouri Local Governments,"](#) Sept. 10, 2024.

Environmental, social, and governance

We view the cities' environmental, social, and governance factors as neutral within our credit analysis.

Outlook

The stable outlook reflects our view that the recently enacted 1-cent public safety sales tax will alleviate personnel cost pressures and that reserves will remain in line with the city's fund balance policy.

Downside scenario

We could take a negative rating action if reserves materially weaken due to operational imbalance or draws for capital.

Upside scenario

While unanticipated, we could take a positive rating action if reserves materially improved relative to those of higher-rated cities, with steadiness or improvement in other credit factors.

Liberty, Missouri--credit summary

Institutional framework (IF)	2
Individual credit profile (ICP)	2.35
Economy	3.5
Financial performance	2
Reserves and liquidity	1
Management	2.00
Debt and liabilities	3.25

Liberty, Missouri--key credit metrics

	Most recent	2024	2023	2022
Economy				
Real GCP per capita % of U.S.	79	--	79	80
County PCPI % of U.S.	86	--	86	85
Market value (\$000s)	4,006,331	3,549,011	3,474,308	3,050,955
Market value per capita (\$)	131,136	116,167	113,362	93,812
Top 10 taxpayers % of taxable value	12.0	5.8	5.8	7.0
County unemployment rate (%)	3.6	3.2	2.8	2.6
Local median household EBI % of U.S.	109	109	107	111
Local per capita EBI % of U.S.	94	94	89	89
Local population	30,551	30,551	30,648	32,522
Financial performance				
Operating fund revenues (\$000s)	--	28,750	28,373	25,678
Operating fund expenditures (\$000s)	--	27,681	27,546	24,298
Net transfers and other adjustments (\$000s)	--	(3,485)	(761)	(717)
Operating result (\$000s)	--	(2,416)	66	663
Operating result % of revenues	--	(8.4)	0.2	2.6

Liberty, Missouri--key credit metrics

	Most recent	2024	2023	2022
Operating result three-year average %	--	(1.9)	5.0	7.2
Reserves and liquidity				
Available reserves % of operating revenues	--	22.7	32.5	24.9
Available reserves (\$000s)	--	6,527	9,233	6,400
Debt and liabilities				
Debt service cost % of revenues	--	16.9	16.5	16.7
Net direct debt per capita (\$)	3,134	2,480	2,608	2,608
Net direct debt (\$000s)	95,741	75,760	79,939	84,804
Direct debt 10-year amortization (%)	50	61	--	--
Pension and OPEB cost % of revenues	--	8.0	6.0	5.0
NPLs per capita (\$)	--	430	316	110
Combined NPLs (\$000s)	--	13,142	9,680	3,588

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\$24.25 mil special oblig bnds ser 2025 due 11/01/2050

Long Term Rating A+/Stable

Ratings Affirmed

Local Government

Liberty, MO Appropriation Contract A+/Stable

Liberty, MO 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.

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