

MOODY'S

RATINGS

Rating Action: Moody's Ratings upgrades Saratoga Fire Protection District, CA's GOs to Aa1 and assigns Aa1 issuer rating

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New York, February 23, 2026 -- Moody's Ratings (Moody's) has assigned a Aa1 issuer rating to Saratoga Fire Protection District, CA. The issuer rating reflects the district's credit quality and ability to repay debt and debt-like obligations without consideration of any pledge, security, or structural features. Concurrently, we upgraded the district's general obligation unlimited tax (GOULT) rating to Aa1 from Aa2.

This action concludes a review for possible upgrade that was initiated on December 9th, 2025 in conjunction with the release of the US Special Purpose Districts methodology. The district has about \$1.4 million in outstanding debt as of June 30, 2025.

RATINGS RATIONALE

The Aa1 issuer rating reflects the district's very strong financial reserves, limited operations, and growing tax base. As of fiscal 2025, the district's available fund balance and liquidity were very strong at 58.3% and 69.8% of operating revenue, respectively. Financial operations will remain solid, reflecting structurally low operating risk and prudent financial management.

The district's revenue is derived almost entirely from property taxes, which increased 5.3% in fiscal 2025 and continue to support consistent operating surpluses and reserve growth. Operating expenditures are highly predictable and limited in scope, consisting primarily of contractual fire protection services with the Santa Clara County Fire Department, minimal personnel costs for a part-time business manager, and modest services and supplies.

Under its service agreement, the district effectively passes through the majority of revenues to the county for personnel, equipment, and facility-related operating costs, limiting direct exposure to cost volatility.

The district's capital and maintenance needs are limited and well managed, with near-term needs budgeted and medium-term requirements addressed through proactive reserve planning. Discretionary contributions to the local Fire Safe Council remain modest and affordable. The district further benefits from an affluent Silicon Valley tax base, with median household income at 272% of the national level, and very modest leverage and fixed costs of 21% and 1.6%, respectively.

The Aa1 rating on the district's general obligation bonds is equivalent to the Aa1 issuer rating, based on the district's unlimited property tax pledge that is dedicated to debt service.

RATING OUTLOOK

We do not assign outlooks to local government issuers with this amount of debt outstanding.

FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATINGS

- Sustained maintenance of available fund balance above current levels, even after addressing capital needs
- Demonstrated resilience through an economic slowdown or housing market softening without financial weakening

FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATINGS

- Significant erosion of reserves below 35% of revenue
- Increase in long-term liabilities ratio to over 200%
- Material or prolonged economic contraction

PROFILE

Saratoga Fire Protection District provides fire protection services to approximately 12.5 square miles encompassing one-half of the city of Saratoga and sections of unincorporated areas to the south. The district's service area population is approximately 14,500. In 2008, the district entered into a contract for fire protection services with the Santa Clara County Fire Protection Department under which all the district's safety employees became Santa Clara County Personnel. The district owns a fire station which is maintained by the Santa Clara County Fire Department. The district is governed by a three-member Board of Fire Commissioners and voters residing in the Fire District elect the Board for a four-year term.

METHODOLOGY

The principal methodology used in these ratings was US Special Purpose Districts published in December 2025 and available at <https://ratings.moodys.com/rmc-documents/455982>. Alternatively, please see the Rating Methodologies page on <https://ratings.moodys.com> for a copy of this methodology.

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