

CREDIT OPINION

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Send Your Feedback

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Williamson-Liberty Hill M.U.D., TX

Update to credit analysis

Summary

The credit profile of [Williamson-Liberty Hill MUD, TX](#) (Baa3) reflects the district's a modest and fully built out residential tax base of \$295 million for fiscal 2026 that is favorably located in the Austin metropolitan area. The operating funds (general and debt service) will remain healthy at around 128% of revenue, given the projected general fund surplus. For fiscal 2026, the district is planning to use about \$300,000 of debt service reserves, however we expect the operating fund balance to remain healthy. The district's high debt profile of 13.1% of assessed value post-sale is a constraint on the profile. Smaller taxable value growth and slow principal amortization are likely to keep the district's debt burden high and above medians for the foreseeable future.

Credit strengths

- » Healthy available fund balance and liquidity
- » Limited enterprise risk since other local governments handle utility operations
- » No pension or OPEB liabilities

Credit challenges

- » Small tax base with limited growth anticipated given near build out
- » High debt burden

Rating outlook

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

Factors that could lead to an upgrade

- » Substantial moderation of the debt burden to below 8% of assessed value
- » Increase of taxable value to levels on par with Baa2 peers, typically above \$350 million

Factors that could lead to a downgrade

- » Trend of tax base contraction
- » Erosion of fund balance or liquidity meaningfully below 100% of revenue
- » Increase in the debt burden to above 15% of assessed value

Key indicators

Exhibit 1

Williamson-Liberty Hill M.U.D., TX

	2020	2021	2022	2023	2024
Economy/Tax Base					
Total Full Value (\$000)	\$56,932	\$85,498	\$120,186	\$216,647	\$280,526
Population	567	783	783	783	783
Full Value Per Capita	\$100,409	\$109,192	\$153,494	\$276,688	\$358,271
Median Family Income (% of US Median)	157.9%	155.0%	157.0%	157.9%	157.9%
Finances					
Operating Revenue (\$000)	\$549	\$813	\$1,155	\$2,181	\$2,998
Fund Balance (\$000)	\$425	\$777	\$1,033	\$2,285	\$3,301
Cash Balance (\$000)	\$580	\$901	\$1,568	\$2,382	\$3,677
Fund Balance as a % of Revenues	77.5%	95.6%	89.4%	104.8%	110.1%
Cash Balance as a % of Revenues	105.7%	110.9%	135.7%	109.2%	122.6%
Debt/Pensions					
Net Direct Debt (\$000)	\$6,915	\$10,105	\$19,990	\$19,865	\$33,000
3-Year Average of Moody's ANPL (\$000)	\$	\$	\$	\$	\$
Net Direct Debt / Full Value (%)	12.1%	11.8%	16.6%	9.2%	11.8%
Net Direct Debt / Operating Revenues (x)	12.6x	12.4x	17.3x	9.1x	11.0x
Moody's - ANPL (3-yr average) to Full Value (%)	0.0%	0.0%	0.0%	0.0%	0.0%
Moody's - ANPL (3-yr average) to Revenues (x)	0.0x	0.0x	0.0x	0.0x	0.0x

Sources: US Census Bureau, US Bureau of Economic Analysis, Williamson-Liberty Hill M.U.D., TX's financial statements and Moody's Ratings

Profile

Williamson-Liberty Hill MUD is situated on 228 acres located 16 miles north of downtown [Austin](#). The district is entirely within the extraterritorial jurisdiction of the City of Liberty Hill and is within the boundaries of Leander Independent School District. The estimated population is 2,730. Retail water service is provided by the City of Georgetown and wastewater treatment is provided by Liberty Hill.

Detailed credit considerations

The district is near fully developed and future growth will rely on annexations or appreciation. Assessed value (AV) for fiscal 2026 places the district at \$295 million. As of July 8, 2025 there are 770 completed homes, 3 homes under construction, and 7 vacant single-family lots. Positively, median family income in the area is above average at nearly 158% of the nation using Leander ISD as a proxy.

Reserves are healthy and are projected to remain stable through fiscal 2026. For the fiscal year ending September 30, 2025, the general fund budget anticipates a modest surplus of \$73,000. After eight months, financial results are positive, with revenue exceeding projections and expenditures coming in below estimates. The district expects to end better than budgeted by approximately \$175,000. The operating fund balance is expected to improve and end near 128% of revenue. For fiscal 2026, the district is expecting to increase its debt service tax rate while maintaining the total tax rate at \$9.50 or below and will use about \$300,000 of debt service reserves to pay debt service.

The debt profile will remain high given slow principal payout. When including the current issuance, the direct debt burden equals a high 13.1% of fiscal 2026 AV. The district's overlapping debt burden totals a high 17.8%. This will be the last issuance of bonds to reimburse the developer and no new debt is anticipated.

ESG considerations

Environmental

The local government sector generally has low exposure to environmental risks. Based on its location, the district has high exposure to water stress, medium exposure to heat stress, and low exposure to extreme rainfall and hurricanes. The state has taken action to help

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mitigate water stress risk within its borders by issuing general obligation debt through the Texas Water Development Board (TWDB) since the 1950s to finance a variety of water conservation and supply projects.

Social

Social considerations do not present material risks to the district's credit profile. Income levels in the area, using the Leander ISD as a proxy, are above average with a median family income equal to 157.9% of the US. Homes in the district range in price from approximately \$400,000 to \$1 million.

Governance

The district is governed by a board of directors, consisting of five directors serving four-year staggered terms. All directors own property within the district. Although the district does not have any employees, which is typical for MUDs, the district contracts out for critical needs including bookkeeping and other financial services. The district is subject to oversight by the Texas Commission of Environmental Quality.

Texas MUDs have an Institutional Framework score of Aa, which is strong compared to the nation. Property taxes, one of the sector's major revenue sources, are not subject to any caps for debt service. MUDs that are considered over 95% developed, are subject to a property tax cap of 3.5% for maintenance and operations. Unpredictable revenue fluctuations tend to be minor, or under 5% annually. Across the sector, fixed and mandated costs specifically for debt service are generally greater than 25% of expenditures. MUDs have no full-time employees. Unpredictable expenditure fluctuations tend to be minor, under 5% annually.

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