

Research Update:

Cibolo, TX Series 2026 Combination Tax And Limited Pledge Certificates Of Obligation Rated 'AA+'; Outlook Stable

July 29, 2026

Overview

- S&P Global Ratings assigned its 'AA+' long-term rating to the City of [Cibolo](#), Texas' proposed \$4.5 million series 2026 combination tax and limited pledge certificates of obligation (COs).
- At the same time, S&P Global Ratings affirmed its 'AA+' long-term rating on the city's general obligation (GO) debt and COs outstanding.
- The outlook is stable.

Rationale

Security

A limited ad valorem tax, levied on all taxable property within the city, secures the certificates and GO bonds. The COs are additionally secured by a limited pledge of surplus revenue of the city's combined utility system in an amount not to exceed \$1,000. Given the limitation of the net utility system revenue pledge, the certificates are rated based on the city's ad valorem tax pledge. The maximum allowable ad valorem tax rate in Texas is \$2.50 per \$100 of assessed value (AV) for all purposes, with the portion dedicated to debt service limited to \$1.50. The city's total tax rate is well below the maximum for fiscal 2026 at 52.26 cents, 18.45 cents of which is for debt service. We do not differentiate between the city's limited-tax debt and its general creditworthiness since the ad valorem tax is not derived from a measurably narrower tax base and there are no limitations on the fungibility of resources. The COs will fund various capital projects.

Credit highlights

Our view of Cibolo's general creditworthiness reflects its strong income metrics and rapid economic growth, and formalized policies and practices supporting a stable financial position, with a slightly elevated debt profile partially offsetting these credit strengths. Increasing capital and service-level needs associated with rapid economic and population growth will be Cibolo's

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primary challenge in the near term, but we believe the city's very strong finances and robust long-term planning position it well to meet that challenge.

Cibolo has experienced strong economic and population growth the past decade, benefiting from its location along Interstate 10 (I-10) and I-35 and location about 13 miles northeast of downtown San Antonio. This economic activity has fueled rapid assessed value (AV) and sales tax revenue growth and aided the city in achieving consistently better-than-budgeted operating performance. The property tax base is primarily residential, but commercial and industrial development has accelerated in recent years, with AV in those sectors increasing 62% the past two years. City officials expect AV will grow at a more moderate pace, like fiscal 2026, with AV growth from ongoing residential, commercial, and industrial development offsetting temporary adjustments in industrial valuations due to protests and a state-legislated increase to the business personal property exemption. We anticipate the city will likely issue additional debt over the next few years, given its growth-related needs, but we do not anticipate its debt profile will significantly change because of its above-average amortization and expected tax base and population growth.

Credit fundamentals supporting the 'AA+' rating include:

- The city's location within the San Antonio-New Braunfels metropolitan area, which has helped fuel rapid tax base and population growth, and support significantly higher income metrics relative to county and national levels.
- Recently planned general fund drawdowns, after available reserves grew to more than double the city's fund balance policy minimum. For fiscal year 2026, the city adopted a slight deficit budget, but it typically outperforms the budget, and city officials expect year-end results will be close to balanced. We expect the city will maintain generally balanced operations, supported by tax base growth, over the outlook period.
- Available general fund reserves that are maintained in accordance with the city's minimum policy of 25% of recurring operating revenue, and which we expect the city will continue to maintain. The city has two privately placed debt obligations outstanding, but we have reviewed the documents and do not consider them contingent liquidity risks.
- Budgeting practices that support consistently better-than-budgeted results, and regular budget monitoring via monthly budget-to-actual reporting provided to the council. The city maintains a five-year bond-funded capital improvement plan that is included in its annual budget, as well as a stand-alone general fund forecast that helps inform financial decision-making. It has also adopted investment, debt management, and reserve policies, and provides quarterly investment reports to the council. We view the city's cyberrisk-mitigation measures as consistent with our view of its credit fundamentals.
- Somewhat elevated fixed costs, which reflect the city's growth-related capital needs and rapid amortization. Although the city could issue \$10 million of COs and \$24 million of GO bonds over the next two years, we do not expect its debt and liabilities profile will significantly change. Pension and other postemployment benefits (OPEB) are not an immediate budgetary pressure given the adequate pension funding status and limited OPEB liability. For more information, see "[Pension Spotlight: Texas](#)," April 4, 2023.
- For more information on our institutional framework assessment for Texas municipalities, see "[Institutional Framework Assessment: Texas Local Governments](#)," Sept. 9, 2024.
- Although physical risks are relevant for the local government sector, we consider Cibolo's exposure to natural hazards, including extreme heat and drought, low compared with national peers and in a nominal sense, and therefore not a material factor in our credit analysis.

Outlook

The stable outlook reflects our view that the city will maintain stable finances and debt profile, supported by continued economic growth.

Downside scenario

We could lower the rating if the city's available reserves significantly decline because of persistent operating deficits or capital spending, or if additional debt far outpaces economic growth.

Upside scenario

We could raise the rating if the city's economic metrics improve to levels comparable with those of higher-rated peers, and its debt profile moderates.

Cibolo, Texas--credit summary

Institutional framework (IF)	1
Individual credit profile (ICP)	2.24
Economy	2.0
Financial performance	3
Reserves and liquidity	1
Management	1.70
Debt and liabilities	3.50

Cibolo, Texas--key credit metrics

	Most recent	2025	2024	2023
Economy				
Real GCP per capita % of U.S.	95	--	95	94
County PCPI % of U.S.	84	--	84	84
Market value (\$000s)	3,868,372	3,789,167	3,451,634	3,009,325
Market value per capita (\$)	110,481	108,219	98,579	87,738
Top 10 taxpayers % of taxable value	10.0	8.3	6.9	7.9
County unemployment rate (%)	3.6	3.8	3.6	3.5
Local median household EBI % of U.S.	145	--	145	147
Local per capita EBI % of U.S.	102	--	102	100
Local population	35,014	--	35,014	34,299
Financial performance				
Operating fund revenues (\$000s)	--	20,360	21,686	20,574
Operating fund expenditures (\$000s)	--	23,588	24,135	22,387
Net transfers and other adjustments (\$000s)	--	2,990	3,116	157
Operating result (\$000s)	--	(238)	667	(1,656)
Operating result % of revenues	--	(1.2)	3.1	(8.0)
Operating result three-year average %	--	(2.0)	(3.8)	(1.4)

Cibolo, Texas--key credit metrics

	Most recent	2025	2024	2023
Reserves and liquidity				
Available reserves % of operating revenues	--	33.1	32.1	30.7
Available reserves (\$000s)	--	6,744	6,972	6,320
Debt and liabilities				
Debt service cost % of revenues	--	22.6	24.2	22.2
Net direct debt per capita (\$)	1,952	2,062	1,870	1,657
Net direct debt (\$000s)	68,351	72,216	65,475	56,843
Direct debt 10-year amortization (%)	69	73	76	--
Pension and OPEB cost % of revenues	--	5.0	5.0	4.0
NPLs per capita (\$)	--	68	90	107
Combined NPLs (\$000s)	--	2,380	3,147	3,686

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\$4,500,000 City of Cibolo, A political subdivision of the State of Texas located primarily in Guadalupe County, Texas, Combined Tax and Limited Pledge Certificates of Obligation , Series 2026, dated: July 1, 2026, due: February 1, 2046

Long Term Rating	AA+/Stable
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Ratings Affirmed

Local Government

Cibolo TX Limited Tax General Obligation, Water & Sewer System Revenues	AA+/Stable
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Cibolo, TX Limited Tax General Obligation	AA+/Stable
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Cibolo, TX Limited Tax General Operating Pledge and Water & Sewer System Subordinate Lien	AA+/Stable
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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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