CREDIT OPINION
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Contacts

Adebola Kushimo +1.214.979.6847
Exec Dir-Ratings
adebola.kushimo@moodys.com

Kori Ellis
Analyst-Ratings
kori.ellis@moodys.com

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Williamson County Municipal Utility District No. 25, TX

Update to credit analysis

Summary

Williamson County Municipal Utility District No. 25, TX's (Baa2) credit profile reflects strong resident income, continued tax base growth and related revenue growth which has supported a robust financial position with healthy reserves and liquidity. The profile is constrained by elevated leverage and additional debt issuance associated with ongoing development and developer reimbursement obligations.

Credit strengths

» Tax base growth is driving property taxes, supported by ongoing residential development and a favorable location within Williamson County

» Strong available fund balance and liquidity relative to revenue

Credit challenges

» Elevated leverage relative to full value

» Low available fund balance to long-term liabilities ratio

Rating outlook

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

Factors that could lead to an upgrade

» Maintenance of available fund balance to liabilities ratio above 12.5%

» Further taxable value growth or debt moderation resulting in the long-term liabilities to full value ratio declining below 10%

Factors that could lead to a downgrade

» Stagnation in taxable value growth, additional debt issuance or increased developer owed reimbursements leading to a material increase in the long-term liabilities to full value ratio

» Maintenance of available fund balance to liabilities ratio above 12.5%

Key indicators

Exhibit 1
Williamson County Municipal Utility District No. 25, TX

	2022	2023	2024	2025
Economy				
Resident income ratio (%)	132.3%	132.4%	N/A	N/A
Full value ($000)	$131,089	$209,765	$329,980	$449,564
Financial Performance				
Revenue ($000)	$1,208	$2,045	$3,180	$4,315
Capital-focused Issuers -- Available Fund Balance	$1,250	$2,169	$3,378	$4,320
Net unrestricted cash ($000)	$2,193	$2,385	$3,862	$4,703
Capital-focused Issuers -- Available Fund Balance Ratio	103.4%	106.1%	106.2%	100.1%
Liquidity ratio (%)	181.5%	116.6%	121.4%	109.0%
Available fund Balance to Liabilities Ratio	2.9%	3.7%	4.9%	4.8%
Leverage				
Debt ($000)	$14,007	$31,985	$42,319	$49,094
Adjusted net pension liabilities ($000)	$0	$0	$0	$0
Adjusted net OPEB liabilities ($000)	$0	$0	$0	$0
Other long-term liabilities ($000)	$28,361	$26,500	$27,081	$41,731
Long-term Liabilities Ratio	3506.6%	2859.8%	2182.3%	2104.8%
Long-term Liabilities to Full Value Ratio (annual, used in key indicators)	32.3%	27.9%	21.0%	20.2%

For definitions of the metrics in the table above please refer to the US Special Purpose Districts Methodology or see the Glossary in the Appendix below. Metrics represented as N/A indicate the data were not available at the time of publication. The medians come from our most recently published US Special Purpose Districts Median Report.
The real GDP annual growth metric cited above is for the Austin-Round Rock-San Marcos, TX.
Sources: US Census Bureau, Williamson County Municipal Utility District No. 25, TX's financial statements and Moody's Ratings, US Bureau of Economic Analysis

Profile

Williamson County MUD No. 25 is comprised of about 682.1 acres located in western Williamson County within the boundaries of both Georgetown Independent School District and Leander Independent School District. The district is an entirely residential community with a population of approximately 3,588 residents. The district is not responsible for utility operations; water and wastewater service is provided by the City of Georgetown.

Detailed credit considerations

The district's economy will continue to benefit from strong income levels and ongoing residential development. Resident income is approximately 132% of the US median, using Georgetown ISD as a proxy. As of July 24, 2026, development consisted of 1,493 developed single-family lots, including 1,300 completed homes, 50 homes under construction and 143 vacant developed lots. The district's 2026 certified taxable value increased to approximately $729.3 million from $611.4 million in 2025. An additional 145.7 acres remain under development or undeveloped, supporting further homebuilding activity and future tax base growth.

The district's financial position will remain strong in fiscal 2026 (June 30 year-end) and fiscal 2027, supported by continued property tax revenue growth and positive operating results. With a modest surplus in fiscal 2026, available fund balance will increase to 109% of revenue based on unaudited results. For fiscal 2027, the district’s balanced budget will continue to support financial stability.

The district's leverage profile will remain elevated given ongoing infrastructure financing needs and remaining developer reimbursement obligations. Inclusive of the current issuance, long-term liabilities are expected to increase to approximately 15.9% of fiscal 2026 taxable value because of continued tax base growth. Following the Series 2026 issuance, the district will have approximately $81.6 million of debt outstanding and roughly $34 million in developer advances remaining owed to developers. The available fund balance to long-term liabilities ratio will improve to approximately 5%, though leverage will remain the principal credit constraint over the medium term.

ESG considerations

Environmental

The district has high exposure to water stress and wildfires, medium exposure to heat stress, and low exposure to extreme rainfall. Favorably, federal and state governments help mitigate these exposures. The state has taken action to help 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

Population growth will continue as residential development remains ongoing. Resident income is strong at approximately 132% of the US median using Georgetown ISD as a proxy. The district benefits from strong housing demand in Williamson County, with homes ranging from approximately $475,000 to more than $950,000.

Governance

The district is governed by a five-member board of directors and is subject to oversight by the Texas Commission on Environmental Quality. The district does not have any employees, which is typical for Texas municipal utility districts, and contracts with third parties for bookkeeping, engineering, tax collection and other administrative services.

Rating methodology and scorecard factors

The US Special Purpose Districts Methodology includes a scorecard that summarizes the rating factors generally most important to municipal utility district credit profiles. Because the scorecard is a summary and may not include every consideration in the credit analysis for a specific issuer, a scorecard-indicated outcome may or may not map closely to the actual rating assigned. The district's scorecard indicated outcome is two notches below the assigned rating of Baa2 as the scorecard indicated outcome does not fully capture the strength of the local economy.

Exhibit 2
Williamson County Municipal Utility District No. 25, TX

	Measure	Weight	Score
Economy			
Resident income ratio	132.4%	30.0%	Aaa
Financial Performance			
Capital-focused Issuers -- Available Fund Balance Ratio	100.1%	5.0%	Aaa
Available fund Balance to Liabilities Ratio	4.8%	20.0%	Ca
Liquidity ratio	109.0%	5.0%	Aaa
Leverage			
Long-term Liabilities to Full Value Ratio	14.5%	40.0%	B
Notching factors			
Limited scale of operations	-0.5		
Scorecard-Indicated Outcome			Ba1
Assigned Rating			**Baa2**

The Economic Growth metric cited above compares the five-year CAGR of real GDP for Austin-Round Rock-San Marcos, TX Metropolitan Statistical Area to the five-year CAGR of real GDP for the US.
Sources: US Census Bureau, Williamson County Municipal Utility District No. 25, TX's financial statements and Moody's Ratings

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