

**Research Update:**

# Whitehouse, TX Series 2025 Certificates Of Obligation Assigned 'AA' Rating; Outlook Is Stable

July 9, 2025

## Overview

- S&P Global Ratings assigned its 'AA' long-term rating to the City of [Whitehouse](#), Texas' estimated \$15.1 million series 2025 combination tax and revenue certificates of obligation (COs).
- S&P Global Ratings also affirmed its 'AA' long-term and underlying rating (SPUR) on the city's existing general obligation (GO) debt and COs.
- The outlook is stable.

## Rationale

### Security

Whitehouse's GO bonds and COs are direct obligations of the city, payable from an annual ad valorem tax levied against all taxable property within its borders, within the limits prescribed by law. The certificates are further secured by and payable from a pledge of the surplus net revenues derived from the operation of the city's waterworks and sewer system not to exceed \$1,000. Given the de minimis pledge, we rate the certificates based on Whitehouse's GO pledge. Texas statutes provide for a maximum ad valorem tax rate of \$2.50 per \$100 of taxable assessed value (AV) for all city purposes, including a maximum of \$1.50 of the \$2.50 for all ad valorem tax obligation debt service. For fiscal 2025, Whitehouse's total tax rate is well below the maximum at 79.29 cents per \$100 of taxable AV, including 53.89 cents for debt service. Based on the application of our criteria "[Issue Credit Ratings Linked To U.S. Public Finance Obligors' Creditworthiness](#)" (Nov. 20, 2019), we view the limited-tax GO debt pledge as on par with the issuer credit rating, which is based on the city's general creditworthiness.

The city will use the CO proceeds to fund fire safety and accessibility improvements.

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## Credit highlights

Our view of Whitehouse's general creditworthiness reflects the city's consistently positive operating results, growing reserves, and positive economic trends. In our opinion, Whitehouse's relatively small population and budget size compared with that of higher-rated peers, as well as the lack of some formalized management practices and policies, partially offset these credit strengths.

Whitehouse, a bedroom community of Tyler, has experienced consistent population and taxable value growth driven by regional in-migration and a desirable school district. Effective buying incomes within the city consistently measure above both national and county medians. Management expects growth will continue at a similar pace, as 400-500 new single-family homes are in the pipeline and will be added to the tax rolls in the next couple of years. Growth in the city's major revenue streams, property and sales taxes, and conservative expenditure management have boosted operating results, with consecutive surpluses realized since fiscal 2017. These results have, in turn, effectively doubled general fund balance since fiscal 2021. Whitehouse's available general fund reserves exceed the informal fund balance policy of three-four months' expenditures at \$4.4 million, or 59% of general fund revenues in fiscal 2024. Comparatively, the general fund balance was \$2.3 million, or 47.7% of revenues in fiscal 2021. Estimates for fiscal 2025, which ends Sept. 30, indicate another small surplus. Officials said that both staff and council are aligned on a shared goal of further increasing the fund balance and have no plans to materially reduce reserves. Whitehouse's debt and liabilities profile is manageable and there are no additional debt plans within our outlook period. Pension costs remain manageable.

Credit fundamentals supporting the rating include:

- Steady tax base and population growth, which we expect will continue, with local incomes above both national and county levels;
- Multiyear general fund surpluses, with another budgeted for fiscal 2025, and healthy reserves that exceed the city's informal target to maintain three-four months of expenditures in general fund balance;
- Budgeting practices that support consistently positive operations, aided by regular budget monitoring, careful expenditure monitoring, a five-year rolling capital plan that includes some funding sources, and a basic investment management policy, and cyber practices that are in line with those of peers; and
- Manageable debt load and no immediate future debt plans; pension and other postemployment benefits (OPEB) are not an immediate budgetary pressure due to adequate pension funding status and limited OPEB liabilities.
- For more information on our institutional framework assessment for Texas municipalities, see "[Institutional Framework Assessment: Texas Local Governments](#)," Sept. 9, 2024.

## Environmental, social, and governance

We consider environmental, social, and governance factors as neutral in our credit analysis.

## Outlook

The stable outlook reflects our expectation that Whitehouse will likely continue to experience positive operating results and maintain robust reserves, supported by ongoing tax base growth.

## Downside scenario

We could lower the rating if we thought the city entered into a period of persistent deficits and reserves decreased significantly or if the debt load were to increase materially without offsetting economic growth to levels we no longer consider comparable with those of similarly rated peers.

## Upside scenario

We could raise the rating if Whitehouse's economic metrics improve to levels commensurate with those of higher-rated peers and if management implements more formalized policies and practices.

### Whitehouse, Texas--credit summary

<b>Institutional framework (IF)</b>	<b>1</b>
Individual credit profile (ICP)	2.33
Economy	3.0
Financial performance	2
Reserves and liquidity	1
Management	2.65
Debt and liabilities	3.00

### Whitehouse, Texas--key credit metrics

	Most recent	2024	2023	2022
<b>Economy</b>				
Real GCP per capita % of U.S.	76	--	76	75
County PCPI % of U.S.	96	--	96	99
Market value (\$000s)	811,778	807,225	692,457	576,687
Market value per capita (\$)	96,652	96,110	82,445	66,271
Top 10 taxpayers % of taxable value	7.6	6.9	6.6	7.6
County unemployment rate (%)	3.8	3.8	3.7	3.8
Local median household EBI % of U.S.	112	--	112	118
Local per capita EBI % of U.S.	85	--	85	87
Local population	8,399	--	8,399	8,702
<b>Financial performance</b>				
Operating fund revenues (\$000s)	--	7,440	6,665	5,623
Operating fund expenditures (\$000s)	--	7,304	5,667	6,466
Net transfers and other adjustments (\$000s)	--	(94)	27	1,892
Operating result (\$000s)	--	42	1,025	1,049
Operating result % of revenues	--	0.6	15.4	18.7
Operating result three-year average %	--	11.5	12.7	15.1
<b>Reserves and liquidity</b>				
Available reserves % of operating revenues	--	59.2	65.5	59.4
Available reserves (\$000s)	--	4,407	4,365	3,340

## Whitehouse, Texas--key credit metrics

	Most recent	2024	2023	2022
<b>Economy</b>				
<b>Debt and liabilities</b>				
Debt service cost % of revenues	--	10.9	16.3	16.3
Net direct debt per capita (\$)	4,121	2,469	2,724	2,872
Net direct debt (\$000s)	34,616	20,741	22,879	24,996
Direct debt 10-year amortization (%)	62	97	--	--
Pension and OPEB cost % of revenues	--	3.0	3.0	3.0
NPLs per capita (\$)	--	--	42	--
Combined NPLs (\$000s)	--	--	349	--

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\$15.145 mil combination tax and rev certs of oblig ser 2025 dtd 07/15/2025 due 02/15/2045

Long Term Rating AA/Stable

#### Ratings Affirmed

#### Local Government

Whitehouse, TX Limited Tax General Operating Pledge AA/Stable

Whitehouse, TX Limited Tax General Operating Pledge and Water and Sewer System Subordinate Lien 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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