

MOODY'S

RATINGS

Rating Action: Moody's Ratings assigns A2 to the City of Giddings, TX's GO bonds

06 Jul 2026

New York, July 06, 2026 -- Moody's Ratings (Moody's) has assigned an A2 rating to the City of Giddings, TX's proposed \$5 million Combination Tax and Revenue Certificates of Obligation, Series 2026. We maintain the A2 issuer rating and the A2 underlying rating on the city's outstanding general obligation limited tax (GOLT) bonds. Including the current offering, the city will have approximately \$15.6 million of outstanding debt.

RATINGS RATIONALE

The A2 issuer rating reflects the city's healthy reserve position, which will remain strong through fiscal 2026. The fiscal 2026 budget is largely balanced, year-to-date results are favorable, and fund balance and cash are expected to remain above 40% of operating revenue. Fund balance remained strong in fiscal 2025 at \$9.1 million, or 50% of operating revenue, largely driven by a stronger utility fund balance of \$6.8 million. Governmental reserves were more limited at \$2.3 million, down from \$2.9 million, and represented 25% of total reserves.

The local economy will see some residential and commercial activity but will remain largely limited with some concentration within the energy sector, which can be volatile. Additionally, full value per capita has improved reaching above \$104,000 and resident income is at 102% of the US when adjusting for regional price parity. The rating further incorporates the city's manageable long-term liabilities ratio of 147% of 2025 revenue, which includes the Series 2026 bonds. The long-term liabilities ratio will likely decrease as the city has no immediate debt plans and expected revenue growth.

The A2 assigned to the city's general obligation limited tax bonds is at the same level as the city's issuer rating, based on the city's ample taxing headroom.

RATING OUTLOOK

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

FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATING

- Diversification of tax base and/or expansion of the local economy
- Maintenance of reserves and liquidity in excess of 40%
- Moderation of long-term liability ratio below 100%

FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATING

- Reduction in reserves and liquidity below 25% of operating revenue
- Increase in leverage and fixed costs above 350% and 10% respectively

PROFILE

The city of Giddings is the county seat of Lee County, located 55 miles east of the City of Austin and 110 miles northwest of Houston. The city's population is estimated at 5,325 as of 2025.

METHODOLOGY

The principal methodology used in this rating was US Cities and Counties published in June 2026 and available at <https://ratings.moodys.com/rmc-documents/466689>. Alternatively, please see the Rating Methodologies page on <https://ratings.moodys.com> for a copy of this methodology.

REGULATORY DISCLOSURES

For further specification of Moody's key rating assumptions and sensitivity analysis, see the sections Methodology Assumptions and Sensitivity to Assumptions in the disclosure form. Moody's Rating Symbols and Definitions can be found on <https://ratings.moodys.com/rating-definitions>.

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