

Research Update:

Round Rock, TX Series 2026 GO Bonds, Series 2026 Certificates Of Obligation, And Series 2026 Notes Assigned 'AAA' Rating

April 3, 2026

Overview

- S&P Global Ratings assigned its 'AAA' rating to Round Rock, Texas' approximately \$100 million series 2026 general obligation (GO) bonds, \$93.1 million series 2026 combination tax and limited revenue certificates of obligation (COs), and \$5.3 million series 2026 limited-tax notes.
- S&P Global Ratings also affirmed its 'AAA' rating on the city's GO bonds, COs, and notes outstanding.
- The outlook is stable.

Rationale

Security

A direct, annual ad valorem tax levied on all taxable property in the city, within the limits prescribed by law, secures Round Rock's series 2026 GO bonds, COs, and notes, along with its GO bonds, COs, and notes outstanding. The city's home-rule charter adopts the maximum ad valorem tax rate of \$2.50 per \$100 of taxable assessed valuation for all city purposes; \$1.50 is permitted for tax-supported debt service. Round Rock's total tax rate is 37.2 cents, with 11.52 cents dedicated to debt service, both well below the maximum permitted.

A limited surplus net revenue pledge of the city's waterworks, sewer, and drainage system, not to exceed \$1,000, further secures the COs. However, we rate the COs to the ad valorem tax pledge due to the revenue pledge's limited nature. We do not differentiate between the city's limited-tax GO and CO debt because the ad valorem tax is not derived from a measurably narrower property tax base and because there are no limits on the fungibility of the city's general resources.

Officials intend to use series 2026 bond proceeds to fund construction projects, improvements, expansions, and relocation of parks and recreation facilities.

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Officials intend to use series 2026 CO proceeds to finance capital projects related to its public works complex, fire station No. 11, public safety training center, and parks facilities. In addition, proceeds will finance infrastructure improvements--including streets, roads, sidewalks, bridges, intersections, traffic signalization, waterworks, sewer, and drainage--and related professional service costs.

Lastly, officials plan to use series 2026 note proceeds to fund capital purchases, along with facility construction and maintenance.

Credit highlights

The rating reflects our opinion of Round Rock's continued positive finances and reserves; diverse, growing economy; and robust financial-management policies and practices. While the city's debt is likely to remain elevated due to continued growth needs, we believe its tax base and reserves will support current and additional debt plans. The city is located along Interstate 35, approximately 15 miles north of Austin, where it continues to experience rapid tax base growth and diversification as new residential, commercial, and industrial development projects occur. Notable new developments include the annexation, rezoning, and creation of an in-city municipal utility district that will be developed along with around 900 single-family homes, a planned unit development for a new data center, and vertical development construction activity for the District project, a three-million-square-foot mixed-use development.

Finances have been stable, with continued positive operating surpluses. Officials budgeted for fiscal 2025 expecting limited revenue growth and flat sales tax growth. However, the city ended the fiscal year with a minor surplus due to revenues exceeding budgeted amounts, allowing management to transfer \$10.78 million in excess fund balance for one-time capital expenditures. Fiscal 2026 was budgeted as balanced, and the city is trending to meet the adopted budgeted figures, year-to-date. Through the near future, management plans to continue its practice of using excess fund balance for one-time capital expenditures. Lastly, as the city continues its bond-funded facility projects, management anticipates a rise in property taxes to accommodate the operating costs associated with the new facilities.

Credit fundamentals supporting the rating include the city's:

- Participation in the Austin metropolitan statistical area, resulting in rapid economic growth;
- Stable finances. Computer manufacturer Dell remains a large sales tax contributor to the city, although this is limited to 15% of general fund sales tax revenue. The city maintains a concentration risk reserve in order to offset risk from any sales taxpayers that account for 5% or more of general fund revenue;
- Healthy available reserves on both a nominal basis and as a percentage of general fund revenue, providing budgetary flexibility should the need occur;
- Robust management practices, highlighted by conservative revenue and expenditure assumptions; long-term financial planning, with both a five-year financial forecast and rolling capital plan; and extensive formal reserve, debt-, and investment-management policies. In addition, management is taking measures to mitigate cyber risk; and
- Elevated debt profile, with continued planned issuances to meet growth needs. However, we expect debt to remain manageable given the city's tax base, positive financial record, and healthy reserves. We view pension and other postemployment benefit liabilities as manageable.

- For more information on our institutional framework assessment for Texas municipalities, see "[Institutional Framework Assessment: Texas Local Governments](#)," Sept. 9, 2024 on RatingsDirect.

Environmental, social, and governance

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

Rating above the sovereign

Round Rock's GO bonds, COs, and notes are eligible to be rated above the sovereign because we believe the city can maintain better credit characteristics than the nation in a stress scenario. Under our criteria, "[Ratings Above The Sovereign: Corporate And Government Ratings—Methodology And Assumptions](#)," Nov. 19, 2013, on RatingsDirect, the city has a predominantly locally derived revenue base, with 44.6% of general fund revenue coming from local property taxes and 49% from sales taxes, independent taxing authority, and treasury management independent of the federal government.

Outlook

The stable outlook reflects S&P Global Ratings' view that the city will likely maintain very healthy finances, coupled with continued economic growth, which will, in turn, keep its debt profile manageable through our two-year outlook.

Downside scenario

We could lower the rating if debt or sales tax revenue volatility were to produce sustained budgetary imbalance, resulting in a material reserve deterioration.

Round Rock, Texas--Credit summary

Institutional framework (IF)	1
Individual credit profile (ICP)	1.45
Economy	1.0
Financial performance	1
Reserves and liquidity	1
Management	1.00
Debt and liabilities	3.25

Round Rock, Texas--Key credit metrics

	Most recent	2025	2024	2023
Economy				
Real GCP per capita % of U.S.	71	--	71	70
County PCPI % of U.S.	104	--	104	103
Market value (\$000s)	25,821,995	25,298,238	24,052,056	21,693,026
Market value per capita (\$)	190,912	187,040	177,826	167,843
Top 10 taxpayers % of taxable value	7.5	7.9	8.3	8.1
County unemployment rate (%)	3.3	3.3	3.6	3.4

Round Rock, Texas--Key credit metrics

	Most recent	2025	2024	2023
Local median household EBI % of U.S.	125	--	125	129
Local per capita EBI % of U.S.	112	--	112	116
Local population	135,256	--	135,256	129,246
Financial performance				
Operating fund revenues (\$000s)	--	165,191	157,731	153,766
Operating fund expenditures (\$000s)	--	172,538	152,812	138,720
Net transfers and other adjustments (\$000s)	--	7,654	5,582	--
Operating result (\$000s)	--	307	10,501	15,046
Operating result % of revenues	--	0.2	6.7	9.8
Operating result three-year average %	--	5.5	2.8	0.5
Reserves and liquidity				
Available reserves % of operating revenues	--	44.6	46.8	41.2
Available reserves (\$000s)	--	73,742	73,795	63,341
Debt and liabilities				
Debt service cost % of revenues	--	11.6	12.9	13.5
Net direct debt per capita (\$)	5,146	3,679	2,968	2,930
Net direct debt (\$000s)	695,969	497,569	401,434	378,666
Direct debt 10-year amortization (%)	43	51	54	--
Pension and OPEB cost % of revenues	--	6.0	6.0	5.0
NPLs per capita (\$)	--	462	519	619
Combined NPLs (\$000s)	--	62,531	70,133	80,064

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\$100,000,000 City of Round Rock, Texas, (A political subdivision of the State of Texas located in Williamson and Travis Counties), General Obligation Bonds, Series 2026, dated: May 19, 2026, due: August 15, 2051

Long Term Rating AAA/Stable

US\$5,300,000 City of Round Rock, Texas, (A political subdivision of the State of Texas located in Williamson and Travis Counties), Limited Tax Notes, Series 2026, dated: May 19, 2026, due: August 15, 2032

Long Term Rating AAA/Stable

US\$93,100,000 City of Round Rock, Texas, (A political subdivision of the State of Texas located in Williamson and Travis Counties), Combination Tax and Limited Revenue Certificates of Obligation, Series 2026, dated: May 19, 2026, due: August 15, 2051

Long Term Rating AAA/Stable

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at <https://disclosure.spglobal.com/ratings/en/regulatory/ratings-criteria> for further information. A description of each of S&P Global Ratings' rating categories is contained in "S&P Global Ratings Definitions" at <https://disclosure.spglobal.com/ratings/en/regulatory/article/-/view/sourceId/504352>. Complete ratings information is available to RatingsDirect subscribers at www.capitaliq.com. All ratings referenced herein can be found on S&P Global Ratings' public website at www.spglobal.com/ratings.

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