

Research Update:

# Georgetown, TX Series 2026 GO Bonds And Combination Tax And Revenue Certificates of Obligation Rated 'AAA'

April 15, 2026

## Overview

- S&P Global Ratings assigned its 'AAA' long-term rating to the City of [Georgetown](#), Texas' approximately \$54.0 million series 2026 general obligation (GO) bonds and \$38.215 million series 2026 combination tax and revenue certificates of obligation (COs).
- At the same time, S&P Global Ratings affirmed its 'AAA' long-term rating on the city's GO debt outstanding.
- The outlook is stable.

## Rationale

### Security

Georgetown's new and existing GO bonds and COs are secured by a limited ad valorem tax levied on all taxable property within the city. State statutes limit the ad valorem tax rate for home rule cities to \$2.50 per \$100 of taxable assessed valuation (AV) for all city purposes, with \$1.50 of the maximum tax rate allowable for debt service. The COs are additionally secured by a limited pledge not to exceed \$10,000 of the surplus net revenues of Georgetown's waterworks and sewer system; due to the pledge's limited nature, we rate the COs to the strength of the ad valorem tax pledge. We do not differentiate Georgetown's limited-tax debt from the city's 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.

Proceeds from the series 2026 GO bonds will fund various improvements related to a new customer service center and the recreation center renovation and expansion; the series 2026 COs will fund various improvements for streets, drainage, and public safety vehicles.

### Credit highlights

The rating reflects our view of Georgetown's sizable tax base with significant growth prospects, although below-average wealth and income indicators. Additional factors supporting the rating include its positive financial performance and maintenance of nominally sizable reserves

### Primary Contact

**Melissa Banuelos**  
Dallas  
1-214-871-1403  
Melissa.Banuelos  
@spglobal.com

### Secondary Contact

**Lora Abeyta**  
Englewood  
3033289083  
lora.abeyta  
@spglobal.com

supported by a prudent management team, which are offset by an elevated but manageable debt profile. Georgetown remains one of the fastest-growing cities in the nation with a population of more than 50,000, resulting in a growing tax base, budget, and debt burden; however, we believe its fiscally responsible management team, with well-established formalized policies and long-term planning, support credit quality by ensuring the maintenance of at least balanced operations and healthy reserves. Despite its significant growth that we expect will continue and its sizable debt needs, we believe Georgetown has established a trend of fiscal health and a manageable debt burden.

The rating further reflects our view of Georgetown's:

- Sizable tax base, with prospects for significant improvement, along with positive employment trends; however, its gross county product per capita, county per capita personal incomes, and wealth indicators are below average compared with those of similarly rated peers, nationally.
- Positive general fund financial performance, with consistent surpluses (net of discretionary spending), allowing for maintenance of reserves above 35% of general fund revenues during the past few years; we expect the city will maintain reserves at this level in the near term.
- Sophisticated management policies and practices, with conservative budgeting assumptions, long-term planning, and formalized policies. The city takes steps to mitigate cybersecurity risks.
- Elevated debt burden, with annual debt issuances that will be supported by tax base growth and prudent debt management policies and planning. In addition, we believe the city has limited pressure from pensions.
- 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 view Georgetown 's environmental, social, and governance factors as neutral within our credit rating analysis.

## **Rating above the sovereign**

We rate the bonds above the sovereign because we believe Georgetown can maintain better credit characteristics than the U.S. in a stress scenario, based on the locally derived pledged revenue for bondholders and our view that pledged revenue supporting debt service on the bonds is at limited risk of negative sovereign intervention. The rating above the sovereign is based on our criteria, "[Ratings Above The Sovereign--Corporate And Government Ratings: Methodology And Assumptions](#)," Nov. 19, 2013.

## **Outlook**

The stable outlook reflects our view that management will continue to align debt with Georgetown's tax base, preserving the city's robust financial performance and reserves. The outlook also reflects our expectation that Georgetown's debt profile will remain a credit weakness, although this is somewhat mitigated, in our view, by the exceptional planning exhibited by the city's management team.

## **Downside scenario**

We could lower the rating if the city experiences structural imbalance and reserves are depleted below its formal policy, or if Georgetown no longer adheres to its established management policies and practices.

## Credit Opinion

### Economy

Georgetown continues to exhibit strong economic growth spurred by its favorable location, job opportunities, and workforce availability. The city is about 26 miles north of downtown Austin, and its taxable AV has nearly doubled in the past five years, thanks to a mix of residential, commercial, and industrial development. The city is also experiencing strong population growth, and we expect its population will increase by more than 50% in the next decade. Residential demand continues to spur housing development, with more than 1,400 residential building permits issued in 2025. Georgetown recently annexed 620 acres and anticipates the annexation of more acreage that could add another 4,000 acres to the city within the next two years, as well as additional population. Notable nonresidential economic developments that are either ongoing or have recently been completed include several commercial developments and several large manufacturing and warehouse projects within Georgetown's industrial parks that the city expects will create more than a thousand new jobs and add \$813 million in private investment. We believe this is an indication of Georgetown's favorable location and ability to draw interest from buyers, which supports our expectation of strong population and tax base growth in future years.

### Finances

The city continues to experience robust growth, contributing to rising costs; however, Georgetown's tax base and population growth have led to revenue growth that has balanced out any budgetary pressures. Officials conservatively budget general fund revenues and expenditures but outperform budgets consistently, allowing for surplus results. The city, however, has a practice of using excess revenue for one-time expenses and can spend down reserves in excess of its formal 90-day reserve policy on discretionary one-time items. The fiscal 2026 budget includes planned use of available balance above reserves of approximately \$1.5 million that, if drawn on, are expected to be replenished in fiscal 2027. However, Georgetown's financial performance, net of one-time expenses, remains very strong, which we expect will continue. The city's general fund revenues have grown consistently during the past several years and primarily consist of sales taxes (35%), property taxes (24%), and charges for services (19%). Given its growing reliance on sales tax for general fund revenue, the city continues to maintain its revenue stability reserve to offset any potential volatility or macroeconomic changes that could affect the revenue stream.

### Reserves and liquidity

Our view of Georgetown's available reserves takes into account its committed funds for contingency and economic stability that are available for operations and exceed the city's formal reserve policy. Furthermore, Georgetown has an additional \$3.8 million of reserves, as of fiscal 2025, in a nonmajor governmental fund that can be used at the city council's discretion to support ongoing operational needs or one-time projects. We understand the city has no material plans to spend down current reserves and therefore expect its fiscal stability will continue in fiscal years 2026 and 2027.

## Management

We believe Georgetown's financial management policies and practices are well established and that management has a long and consistent track record of executing them to manage rapid growth, which supports the current rating. Budgeting practices include management's use of historical data and extensive forecasting models in developing budget assumptions.

Management amends the budget as needed and shares quarterly reports on budget-to-actual results and investment performance with the city council.

For long-term planning, Georgetown assesses the effect of growth and service demands on the budget, and annually prepares a five-year financial forecast that includes projected revenue, expenditures, and fund-balance changes. The five-year plan provides granular details, but the city also prepares a high-level view that goes out further to consider strategic planning and compensation plans. Georgetown also maintains a rolling five-year capital improvement plan that identifies potential project costs and funding.

Georgetown maintains formal investment, debt, and reserve policies. The debt policy outlines various acceptable debt metrics and uses. The formal reserve policy requires maintaining operating reserves at a minimum 75 days' net budgeted operating expenditures, with a target of 90 days. The extensive policies also include a budget contingency plan that provides general guidelines for managing revenue shortfalls from local and national economic downturns that adversely affect the city's revenue streams, along with near- and longer-term solutions. There is also a provision to replenish the use of fund balance in the next fiscal year.

## Debt and liabilities

The city has about \$69 million in authorized but unissued debt that it plans to issue in the coming years. Despite its additional debt plans, as outlined in Georgetown's capital improvement plan, we expect the city's tax base growth and debt structure, along with amortization of existing debt, will offset any significant increases in its debt burden in the near term. Georgetown strategically issues debt and is able to layer new debt into the existing repayment schedule without significantly increasing the debt burden.

Georgetown's pension and other postemployment benefits (OPEB) are manageable, and we do not expect them to pressure the city's operating budget. Georgetown participates in The Texas Municipal Retirement System (TMRS), with a funded ratio of 89% and net pension liability of \$31.1 million as of fiscal 2025. The city contributes to a nontraditional, joint contributory, hybrid defined-benefit pension plan administered by the TMRS. The agent multiple-employer retirement plan's contributions are actuarially determined under state law governing the TMRS, and the city has met its obligations annually. Georgetown also offers an OPEB plan, which is funded on a pay-as-you-go basis, and its total OPEB liability was \$3.5 million in fiscal 2025.

## Georgetown, Texas--credit summary

Institutional framework (IF)	1
Individual credit profile (ICP)	1.85
Economy	2.0
Financial performance	1
Reserves and liquidity	1
Management	1.00
Debt and liabilities	4.25

**Georgetown, Texas--key credit metrics**

	Most recent	2025	2024	2023
<b>Economy</b>				
Real GCP per capita % of U.S.	71	--	71	71
County PCPI % of U.S.	104	--	104	103
Market value (\$000s)	19,601,896	18,391,675	16,752,529	13,880,993
Market value per capita (\$)	169,567	159,098	160,830	165,394
Top 10 taxpayers % of taxable value	6.6	5.9	6.6	7.1
County unemployment rate (%)	3.3	3.3	3.6	3.5
Local median household EBI % of U.S.	123	--	123	123
Local per capita EBI % of U.S.	129	--	129	129
Local population	115,600	115,600	104,163	83,927
<b>Financial performance</b>				
Operating fund revenues (\$000s)	--	91,767	90,816	95,639
Operating fund expenditures (\$000s)	--	109,853	101,938	107,594
Net transfers and other adjustments (\$000s)	--	16,983	13,347	10,391
Operating result (\$000s)	--	(1,103)	2,225	(1,564)
Operating result % of revenues	--	(1.2)	2.5	(1.6)
Operating result three-year average %	--	(0.1)	3.1	5.6
<b>Reserves and liquidity</b>				
Available reserves % of operating revenues	--	40.4	42.0	37.6
Available reserves (\$000s)	--	37,051	38,157	35,934
<b>Debt and liabilities</b>				
Debt service cost % of revenues	--	22.0	21.9	21.6
Net direct debt per capita (\$)	5,290	4,512	4,400	4,783
Net direct debt (\$000s)	611,477	521,592	458,332	401,390
Direct debt 10-year amortization (%)	59	51	51	--
Pension and OPEB cost % of revenues	--	6.0	5.0	5.0
NPLs per capita (\$)	--	269	319	423
Combined NPLs (\$000s)	--	31,095	33,238	35,489

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\$38,215,000 City of Georgetown, A political subdivision of the State of Texas located in Williamson County, Texas, Combination Tax and Revenue Certificates of Obligation, Series 2026, dated: May 21, 2026, due: August 15, 2046

Long Term Rating AAA/Stable

US\$54,000,000 City of Georgetown, A political subdivision of the State of Texas located in Williamson County Texas, General Obligation Bonds, Series 2026, dated: May 21, 2026, due: August 15, 2046

Long Term Rating AAA/Stable

## Georgetown, TX Series 2026 GO Bonds And Combination Tax And Revenue Certificates of Obligation Rated 'AAA'

### Ratings List

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#### Ratings Affirmed

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#### Local Government

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Georgetown, TX Limited Tax General Operating Pledge	AAA/Stable
Georgetown, TX Limited Tax General Operating Pledge and Water, Sewer, and Retail Electric System Subordinate Lien	AAA/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.

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](http://www.capitaliq.com). All ratings referenced herein can be found on S&P Global Ratings' public website at [www.spglobal.com/ratings](http://www.spglobal.com/ratings).

## Georgetown, TX Series 2026 GO Bonds And Combination Tax And Revenue Certificates of Obligation Rated 'AAA'

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