

CREDIT OPINION

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Send Your Feedback

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Williamson County Municipal Utility District 19C, TX

Update to credit analysis

Summary

[Williamson County Municipal Utility District 19C, TX](#) 's (Baa3) credit profile benefits from a modest yet growing \$224 million tax base with ongoing residential development. The district has ample operating reserves, relative to its limited scope of operations, that will continue to increase as the district anticipates a surplus in fiscal 2025. The credit profile is constrained by a high debt burden of 10% of the fiscal 2026 estimated assessed valuation. The debt burden will remain high given future issuance plans to reimburse the developer. The district benefits from a lack of retiree benefit liabilities because it has no employees.

Credit strengths

- » Rapidly growing tax base
- » Strong financial reserves relative to limited revenue and scope of operations
- » Lack of pension and OPEB liabilities

Credit challenges

- » High debt burden relative to peers
- » Elevated fixed costs
- » High top taxpayer concentration

Rating outlook

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

Factors that could lead to an upgrade

- » Material tax base growth approaching \$300 million
- » Decline in the debt burden to below 10% of full value

Factors that could lead to a downgrade

- » Additional debt issuance absent commensurate taxable value growth
- » Operating deficits leading to a decline in available fund balance or liquidity of below 100% of revenue

Key indicators

Exhibit 1

Williamson County Municipal Utility District 19C, TX	2022	2023	2024
Economy/Tax Base			
Total Full Value (\$000)	\$6,615	\$14,590	\$55,242
Population	-	361	1,075
Full Value Per Capita	-	\$40,415	\$51,388
Median Family Income (% of US Median)	150%	154%	154%
Finances			
Operating Revenue (\$000)	-	\$240	\$686
Fund Balance (\$000)	-	\$244	\$1,481
Cash Balance (\$000)	-	\$570	\$1,490
Fund Balance as a % of Revenues	-	102%	216%
Cash Balance as a % of Revenues	-	237%	217%
Debt/Pensions			
Net Direct Debt (\$000)	-	\$3,180	\$10,710
3-Year Average of Moody's ANPL (\$000)	-	\$0	\$0
Net Direct Debt / Full Value (%)	-	21.8%	19.4%
Net Direct Debt / Operating Revenues (x)	-	13.2x	15.6x
Moody's - adjusted Net Pension Liability (3-yr average) to Full Value (%)	-	0.0%	0.0%
Moody's - adjusted Net Pension Liability (3-yr average) to Revenues (x)	-	0.0x	0.0x

Source: US Census Bureau, US Bureau of Economic Analysis, Williamson County Municipal Utility District 19C, TX's financial statements and Moody's Ratings

Profile

Williamson County MUD 19C was created to finance water, sewer, and drainage infrastructure to a residential area located five miles southeast of Liberty Hill, within the Austin metropolitan area. The 488 acre district has an estimated population of 1,075.

Detailed credit considerations

The district's tax base will continue to grow given ongoing residential development supported by demand in the greater Austin region. Assessed value (AV) has grown rapidly in recent years, increasing 84% to \$102 million for fiscal 2025. The fiscal 2026 estimate of value shows the tax base more than doubled to \$225 million. Current development consists of 270 acres with completed homes on 65% of the 575 developed lots. The district has an additional 169 acres that are undeveloped but developable. Resident income is above average with a median family income of 154% of the US, using Liberty Hill Independent School District as a proxy.

Financial reserves are very strong relative to revenue with fiscal 2024 (Sept. 30 year-end) general fund available fund balance equal to 159% of revenue. The district has limited operations given that water and wastewater services are contracted through the cities of Georgetown and Liberty Hill, respectively. Year-to-date fiscal 2025 financial statements show another surplus is expected at year-end. When considering both the general and debt service funds, available operating fund balance in fiscal 2024 is a strong 216% of revenue.

The district's debt burden is extremely elevated at 22% of fiscal 2025 AV. However, the debt burden is a still elevated but more manageable 10% relative to the fiscal 2026 estimate and will continue to remain high given slow amortization and future issuance plans.

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ESG considerations

Environmental

The Austin area is subject to severe thunderstorms and drought, though too far inland to be significantly impacted by tropical storms. The district is not any more subject to environmental stress than other entities located in the central Texas region.

Social

Social considerations do not present material risks to the district's credit profile. Median family income equals 150% of the US and unemployment in the area is below statewide and national levels.

Governance

Governance of the district is strong given oversight from the Texas Commission of Environmental Quality. The district is governed by a five-member board who serve four year staggered terms. Although the district does not have any employees, which is typical for MUDs, the district contracts out for critical needs including bookkeeping and other financial services.

Texas MUDs have an Institutional Framework score of Aa, which is strong compared to the nation. Property taxes, one of the sector's major revenue sources, are not subject to any caps for debt service. MUDs that are considered over 95% developed, are subject to a property tax cap of 3.5% for maintenance and operations. Unpredictable revenue fluctuations tend to be minor, or under 5% annually. Across the sector, fixed and mandated costs specifically for debt service are generally greater than 25% of expenditures. MUDs have no full time employees. Unpredictable expenditure fluctuations tend to be minor, under 5% annually.

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