

Research Update:

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

July 23, 2025

Overview

- S&P Global Ratings assigned its 'AA' rating to [Robinson](#), Texas' proposed \$33 million series 2025 combination tax and revenue certificates of obligation (COs).
- At the same time, we affirmed our 'AA' rating on the city's existing general obligation (GO) and CO debt.
- The outlook is stable.
- The rating is based on the application of our "[Methodology For Rating U.S. Governments](#)," Sept. 9, 2024.

Rationale

Security

The city's new and existing GO bonds and certificates are secured by a limited ad valorem tax levied on all taxable property within the city. The certificates are also secured by a limited pledge not to exceed \$1,000 of the surplus net revenues of the city's waterworks and sewer system. Given the de minimis revenue pledge, we base our ratings on the city's ad valorem tax pledge.

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. The Texas attorney general will permit the allocation of \$1.50 of the \$2.50 maximum tax rate for ad valorem tax debt service. For fiscal 2025, Robinson's total tax rate is well below the state's and city's maximum thresholds at 44.99 cents per \$100 of AV, 12.25 cents of which is dedicated to debt service. Despite state statutory tax-rate limitations, we do not differentiate between the city's limited-tax debt and its 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, supporting our view of the city's overall ability and willingness to pay debt service.

Primary contact

Jackie Dove

Englewood
3037214317
jackie.dove
@spglobal.com

Secondary contact

Allie Jacobson

Englewood
303-721-4242
allie.jacobson
@spglobal.com

Bond proceeds will fund the expansion of a water treatment plant and sewer system improvements.

Credit highlights

The rating reflects our view of the city's well-managed finances and very healthy reserves with a stable local economy anchored by its proximity to Waco. Offsetting characteristics include an elevated debt burden with a substantial debt issuance that almost doubles the city's carrying charges.

Aided by proximity to Waco and strong housing demand, Robinson's economy has steadily grown, with AV increasing by 67% in the past five years. Officials attribute the growth to residential development as well as to some commercial development in retail and restaurants. Given that the city is only approximately 40% developed as well as its anticipated continued development, we expect that Robinson's tax base will continue to exhibit strong growth in the next few years. The city's finances have been stable, with surpluses in the past four years. Management anticipates a small deficit in fiscal 2025 due to one-time items. The city was notified of an overpayment from the comptroller's office and opted to make a one-time repayment in fiscal 2025, in addition to unexpected police vehicle maintenance costs. Given the city's continued growth in sales tax and property revenue as well as management's conservative budgeting, we expect its financial performance will remain strong.

Given the size of the issuance, carrying charges are expected to increase substantially. Approximately \$30.5 million of the city's \$81.3 million in total direct debt is supported by the utility fund. The city's utility fund has a healthy reserve position and we expect it will be able to support debt at this time. The city recently changed its approach to debt, issuing a large amount now, instead of smaller amounts across multiple years. As a result, the city does not have additional tax supported debt plans in the near term. Given the city's average amortization, we do not anticipate the debt burden changing materially in the near term despite a lack of debt plans.

The rating reflects our view of the city:

- Economic output (as measure by gross county product per capita) which is in line with peers and local incomes which compare favorably to country metrics, which we have accounted for in our analysis.
- Healthy general fund and enterprise fund reserves compare favorably with those of peers. We do not expect they will decrease materially despite deficit forecast in fiscal 2025 to address mostly one-time items.
- Financial policies and practices are highlighted by monthly budget-to-actual reports, a debt management policy, an investment policy, and a formal reserve policy to maintain 180 days of expenditures. The city does not undertake formalized long-term financial or capital planning. The city is undertaking practices to mitigate cyber risks.
- We consider the elevated debt profile a credit weakness, although the higher carrying charges are in line with those of peers experiencing similar growth. The city has one private placement outstanding in its series 2018 limited tax notes that mature next month. The notes do not pose a contingent liquidity risk, in our view, as legal provisions do not include unusual default or acceleration clauses. We do not view pension and other postemployment benefit as a credit pressure since they make up a relatively small portion of the city's budget. For more information, see "[Pension Spotlight: Texas](#)," April 4, 2023.

- 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

The rating incorporates our view of environmental, social, and governance factors that we view as neutral credit considerations.

Outlook

The stable outlook reflects our view that the city will maintain very strong reserves above its fund balance policy of 180 days of operating expenditures, and that its other financial metrics will remain stable.

Downside scenario

We could consider a negative rating action if Robinson's financial performance deteriorates, leading to sustained and significant drawdowns on reserves, or if carrying charges pressure its budget.

Upside scenario

We could raise the rating if the city's economy continues to expand, bringing economic indicators to levels commensurate with those of higher-rated peers; our view of management strengthens; and the debt burden remains manageable through growth.

Robinson, Texas--credit summary

Institutional framework (IF)	1
Individual credit profile (ICP)	2.29
Economy	2.0
Financial performance	1
Reserves and liquidity	1
Management	2.70
Debt and liabilities	4.75

Robinson, Texas--key credit metrics

	Most recent	2024	2023	2022
Economy				
Real GCP per capita % of U.S.	78	--	78	77
County PCPI % of U.S.	78	--	78	77
Market value (\$000s)	1,546,747	1,465,743	1,310,360	1,090,338
Market value per capita (\$)	119,949	113,668	101,618	87,395
Top 10 taxpayers % of taxable value	5.8	6.1	7.6	7.8
County unemployment rate (%)	3.8	3.8	3.8	3.6
Local median household EBI % of U.S.	117	--	117	120
Local per capita EBI % of U.S.	101	--	101	105
Local population	12,895	--	12,895	12,476

Robinson, Texas--key credit metrics

	Most recent	2024	2023	2022
Economy				
Financial performance				
Operating fund revenues (\$000s)	--	8,770	7,944	7,244
Operating fund expenditures (\$000s)	--	8,935	7,850	7,800
Net transfers and other adjustments (\$000s)	--	693	642	1,008
Operating result (\$000s)	--	528	736	452
Operating result % of revenues	--	6.0	9.3	6.2
Operating result three-year average %	--	7.2	8.1	9.6
Reserves and liquidity				
Available reserves % of operating revenues	--	77.6	79.0	76.9
Available reserves (\$000s)	--	6,805	6,279	5,571
Debt and liabilities				
Debt service cost % of revenues	--	16.3	15.6	18.7
Net direct debt per capita (\$)	6,306	3,747	2,532	2,822
Net direct debt (\$000s)	81,315	48,314	32,651	35,203
Direct debt 10-year amortization (%)	50	67	--	--
Pension and OPEB cost % of revenues	--	6.0	5.0	6.0
NPLs per capita (\$)	--	245	300	140
Combined NPLs (\$000s)	--	3,158	3,867	1,752

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\$33.0 mil combination tax and rev certs of oblig ser 2025 dtd 08/26/2025 due 08/15/2045

Long Term Rating AA/Stable

Ratings Affirmed

Local Government

Robinson, TX Limited Tax General Operating Pledge AA/Stable

Robinson, 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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