

CREDIT OPINION

20 August 2025



Send Your Feedback

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Hamblen County, TN

Update to Credit Analysis

Summary

Hamblen County, TN (Aa3) benefits from a growing economic and taxable base in eastern Tennessee (Aaa stable). GDP growth is on par with the nation, property wealth is comparable to peers and the county's population has been steadily increasing. The county's financial position has seen steady improvement due to consistent operational surpluses. Long-term liabilities, however, are somewhat elevated but are expected to moderate in future years as the county has no additional debt issuances planned.

Credit strengths

- » Economic growth that is on par with the nation
- » Steady improvement in reserves and liquidity

Credit challenges

- » Below-average resident incomes
- » Elevated long-term liabilities and fixed-costs

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 improvement in property wealth and resident incomes of around 100%
- » Significant moderation of long-term liabilities to less than 200% of revenue

Factors that could lead to a downgrade

- » Failure to maintain balanced operations resulting in draws to support operations
- » Significant increase in long-term liabilities above 400% of revenue

Key indicators

Exhibit 1

Hamblen (County of) TN

	2021	2022	2023	2024	Aa Medians
Economy					
Resident income ratio (%)	77.8%	75.4%	76.6%	N/A	97.6%
Full Value (\$000)	\$5,664,373	\$5,735,364	\$7,171,476	\$7,476,484	\$9,151,511
Population	64,184	64,531	64,930	N/A	87,096
Full value per capita (\$)	\$88,252	\$88,878	\$110,449	N/A	\$104,628
Annual Growth in Real GDP	8.2%	2.2%	1.8%	N/A	1.6%
Financial Performance					
Revenue (\$000)	\$37,993	\$50,373	\$45,673	\$57,664	\$107,019
Available fund balance (\$000)	\$18,600	\$23,321	\$23,569	\$33,623	\$48,740
Net unrestricted cash (\$000)	\$40,051	\$137,587	\$111,415	\$77,605	\$81,778
Available fund balance ratio (%)	49.0%	46.3%	51.6%	58.3%	45.7%
Liquidity ratio (%)	105.4%	273.1%	243.9%	134.6%	81.6%
Leverage					
Debt (\$000)	\$33,300	\$138,824	\$138,518	\$134,087	\$45,818
Adjusted net pension liabilities (\$000)	\$25,688	\$21,427	\$13,754	\$12,623	\$83,237
Adjusted net OPEB liabilities (\$000)	\$474	\$349	\$285	\$318	\$4,935
Other long-term liabilities (\$000)	\$0	\$0	\$0	\$135	\$4,365
Long-term liabilities ratio (%)	156.5%	318.8%	334.0%	255.2%	161.0%
Fixed costs					
Implied debt service (\$000)	\$2,569	\$2,336	\$9,695	\$9,622	\$3,284
Pension tread water contribution (\$000)	\$342	\$164	\$544	N/A	\$1,640
OPEB contributions (\$000)	\$14	\$11	\$13	\$16	\$198
Implied cost of other long-term liabilities (\$000)	\$0	\$0	\$0	\$0	\$283
Fixed-costs ratio (%)	7.7%	5.0%	22.4%	17.7%	6.0%

For definitions of the metrics in the table above please refer to the [US Cities and Counties Methodology](#) or see the Glossary in the Appendix below. Metrics represented as N/A indicate the data were not available at the time of publication. The medians come from our most recently published [US Cities and Counties Median Report](#).

The real GDP annual growth metric cited above is for the Morristown, TN Metropolitan Statistical Area.

Sources: US Census Bureau, Hamblen (County of) TN's financial statements and Moody's Ratings, US Bureau of Economic Analysis

Profile

Hamblen County is located in northeastern Tennessee. The county seat of Morristown is approximately 40 miles northeast of Knoxville.

Detailed credit considerations

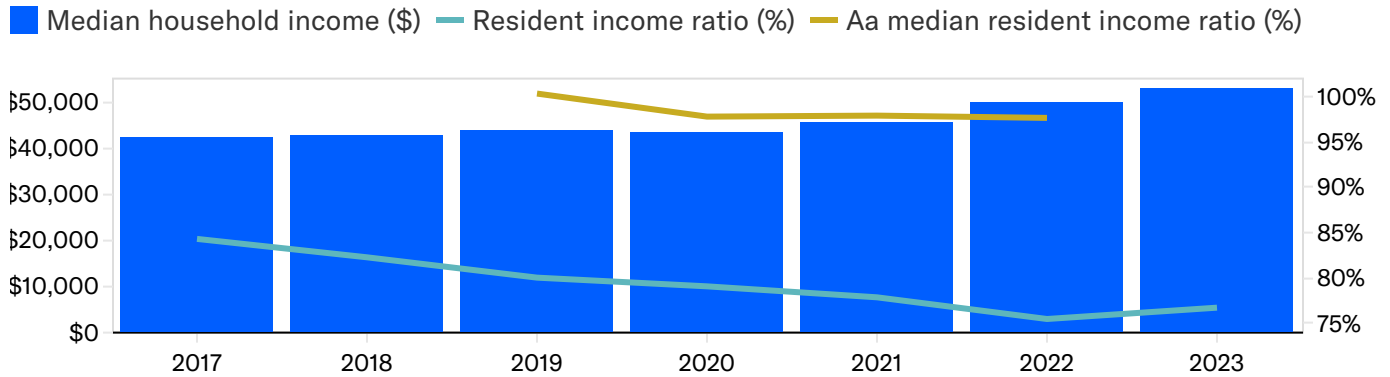
Hamblen County TN's credit profile reflects the county's large and growing tax base which is contributing to a trend of growing fund balances, while taking into account the county's somewhat elevated long-term liabilities and below-average median house hold income. In fiscal 2024, the county's available fund balance ratio increased from 51.6% to 58.3%. The main drivers of this increase have been prudent budgeting practices, increases in property tax revenue and increases in revenue from the state of Tennessee. The county did see a drop in net cash as they have utilized \$34 million of bond proceeds, from previous issuances, on the development of their Justice Center. The county, which has an informal fund balance of 20% of expenditures, is expecting to see fund balances to remain relatively stable despite the planned utilization of reserves for minor capital improvements. The county has also seen increases in revenue from the State of Tennessee through grants to fund local School Resource Officers. Long-term liabilities fell below 300% in 2024 for the first time since 2021 and, following the issuance of the Series 2025 bonds, are expected to remain below 300% in the near term as no further debt issuances are planned by the county.

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the issuer/deal page on <https://ratings.moody's.com> for the most updated credit rating action information and rating history.

Economy

Exhibit 2

Resident Income

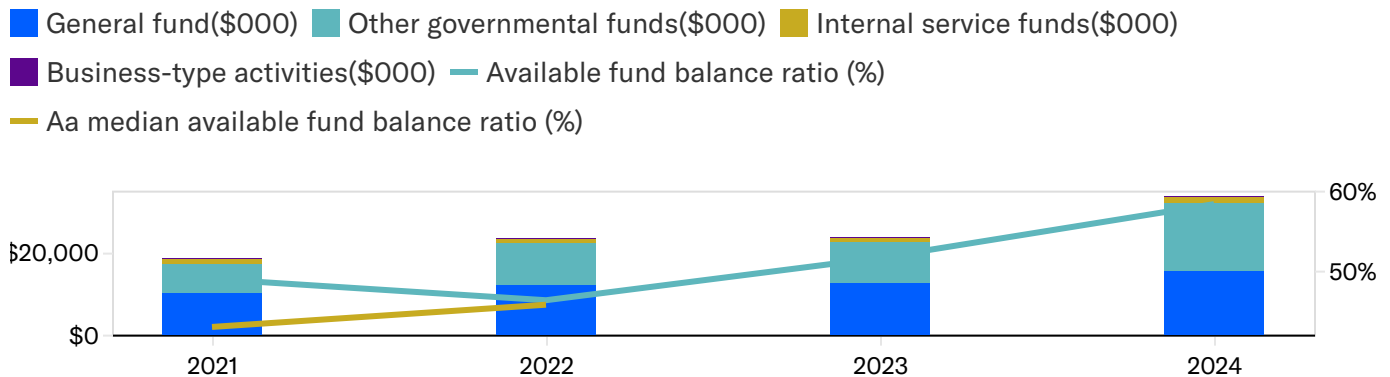


Source: Moody's Ratings

Financial operations

Exhibit 3

Fund Balance

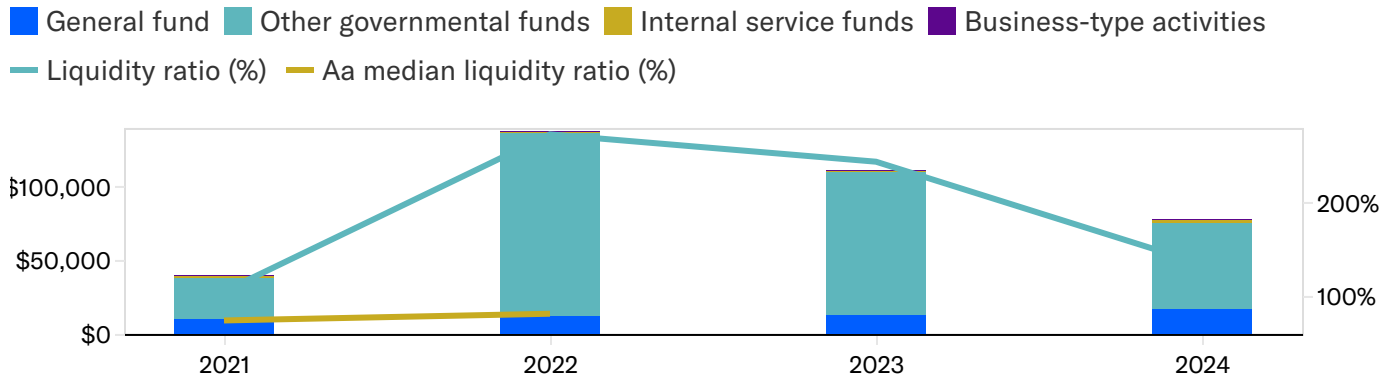


Source: Moody's Ratings

Liquidity

Exhibit 4

Cash

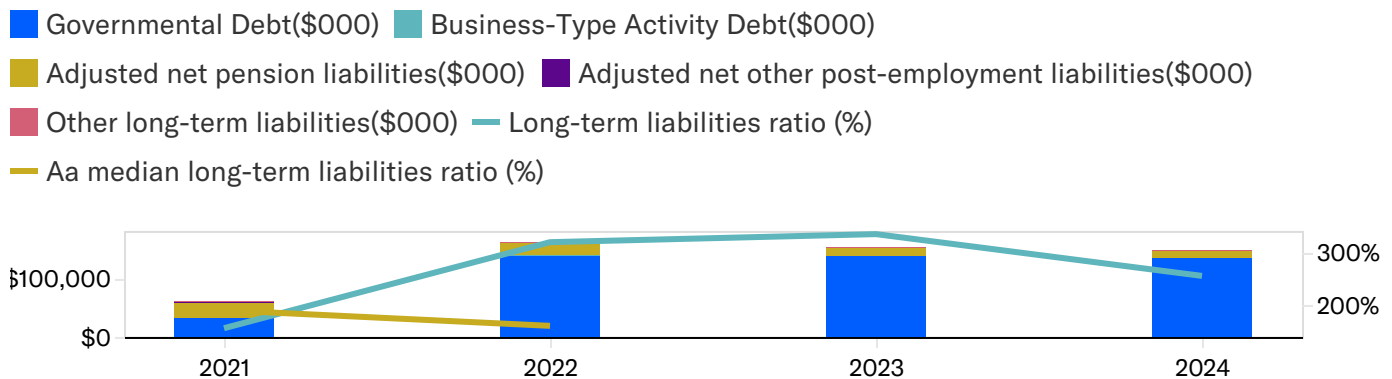


Source: Moody's Ratings

Leverage

Exhibit 5

Total Primary Government - Long Term Liabilities



Source: Moody's Ratings

ESG considerations

Environmental

Hamblen County's overall environmental issuer profile score reflects relatively low exposure to environmental risks across all categories, including physical climate risk, carbon transition, water management, natural capital and pollution risks. While Hamblen County does have higher exposure to heat stress and extreme rainfall, to date these have had a minimal impact. These risks are also partially mitigated by solid management and a historically stable fiscal position.

Social

Exposure to social risk is relatively minimal. The county has a moderately growing population with solid labor force participation, below average wealth and income levels and a lower cost of living compared to the rest of the nation. Educational attainment is average and health and safety and housing affordability are strengths. Additionally, residents have easy access to basic services.

Governance

Hamblen County benefits from strong governance. The county has solid operational and fiscal policies and maintains good transparency with its annual disclosures. This, plus a combination of a strong state-wide institutional framework and conservative budgeting, has allowed the county to maintain solid financial operations. The county maintains various debt and fiscal policies which will support continued financial health in the future. Timely annual financial statements and disclosures are also available to the general public.

Rating methodology and scorecard factors

The US Cities and Counties Methodology includes a scorecard, which summarizes the rating factors generally most important to city and county credit profiles. Because the scorecard is a summary, and may not include every consideration in the credit analysis for a specific issuer, a scorecard-indicated outcome may or may not map closely to the actual rating assigned.

Exhibit 6

Hamblen (County of) TN

	Measure	Weight	Score
Economy			
Resident income ratio	76.6%	10.0%	Baa
Full value per capita	140,691	10.0%	Aa
Economic growth metric	0.7%	10.0%	Aaa
Financial Performance			
Available fund balance ratio	58.3%	20.0%	Aaa
Liquidity ratio	134.6%	10.0%	Aaa
Institutional Framework			
Institutional Framework	Aaa	10.0%	Aaa
Leverage			
Long-term liabilities ratio	255.2%	20.0%	A
Fixed-costs ratio	17.7%	10.0%	A
Notching factors			
No notchings applied			
Scorecard-Indicated Outcome			Aa2
Assigned Rating			Aa3

The Economic Growth metric cited above compares the five-year CAGR of real GDP for Morristown, TN Metropolitan Statistical Area Metropolitan Statistical Area to the five-year CAGR of real GDP for the US.

Sources: US Census Bureau, Hamblen (County of) TN's financial statements and Moody's Ratings

Appendix

Exhibit 7

Key Indicators Glossary

	Definition	Typical Source*
Economy		
Resident income ratio	Median Household Income (MHI) for the city or county, adjusted for Regional Price Parity (RPP), as a % of the US MHI	MHI: US Census Bureau - American Community Survey 5-Year Estimates RPP: US Bureau of Economic Analysis
Full value	Estimated market value of taxable property in the city or county	State repositories; audited financial statements; continuing disclosures
Population	Population of the city or county	US Census Bureau - American Community Survey 5-Year Estimates
Full value per capita	Full value / population	
Economic growth metric	Five year CAGR of real GDP for Metropolitan Statistical Area or county minus the five-year CAGR of real GDP for the US	Real GDP: US Bureau of Economic Analysis
Financial performance		
Revenue	Sum of revenue from total governmental funds, operating and non-operating revenue from total business-type activities, and non-operating revenue from internal services funds, excluding transfers and one-time revenue, e.g., bond proceeds or capital contributions	Audited financial statements
Available fund balance	Sum of all fund balances that are classified as unassigned, assigned or committed in the total governmental funds, plus unrestricted current assets minus current liabilities from the city's or county's business-type activities and internal services funds	Audited financial statements
Net unrestricted cash	Sum of unrestricted cash in governmental activities, business type activities and internal services fund, net of short-term debt	Audited financial statements
Available fund balance ratio	Available fund balance (including net current assets from business-type activities and internal services funds) / Revenue	
Liquidity ratio	Net unrestricted cash / Revenue	
Leverage		
Debt	Outstanding long-term bonds and all other forms of long-term debt across the governmental and business-type activities, including debt of another entity for which it has provided a guarantee disclosed in its financial statements	Audited financial statements; official statements
Adjusted net pension liabilities (ANPL)	Total primary government's pension liabilities adjusted by Moody's to standardize the discount rate used to compute the present value of accrued benefits	Audited financial statements; Moody's Ratings
Adjusted net OPEB liabilities (ANOL)	Total primary government's net other post-employment benefit (OPEB) liabilities adjusted by Moody's to standardize the discount rate used to compute the present value of accrued benefits	Audited financial statements; Moody's Ratings
Other long-term liabilities (OLTL)	Miscellaneous long-term liabilities reported under the governmental and business-type activities entries	Audited financial statements
Long-term liabilities ratio	Debt + ANPL + ANOL + OLTL / Revenue	
Fixed costs		
Implied debt service	Annual cost to amortize city or county's long-term debt over 20 years with level payments	Audited financial statements; official statements; Moody's Ratings
Pension tread water contribution	Pension contribution necessary to prevent reported unfunded pension liabilities from growing, year over year, in nominal dollars, if all actuarial assumptions are met	Audited financial statements; Moody's Ratings
OPEB contribution	City or county's actual contribution in a given period	Audited financial statements
Implied cost of OLTL	Annual cost to amortize city or county's other long-term liabilities over 20 years with level payments	Audited financial statements; Moody's Ratings
Fixed-costs ratio	Implied debt service + Pension tread water + OPEB contributions + Implied cost of OLTL / Revenue	

*Note: If typical data source is not available then alternative sources or proxy data may be considered. For more detailed definitions of the metrics listed above please refer to the [US Cities and Counties Methodology](#).

Source: Moody's Ratings

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