

Research Update:

# Lauderdale County, TN Series 2026 GO School Bonds Assigned 'AA-' Rating; GO Debt Rating Affirmed At 'AA-'

April 13, 2026

## Overview

- S&P Global Ratings assigned its 'AA-' long-term rating to [Lauderdale County](#), Tenn.'s anticipated \$9.995 million series 2026 general obligation (GO) school bonds.
- At the same time, S&P Global Ratings affirmed its 'AA-' long-term rating on the county's GO debt outstanding.
- The outlook is stable.

## Rationale

### Security

The county's full faith and credit, including its ability to levy ad valorem property taxes without limitation as to rate or amount, secures the series 2026 GO school bonds and the outstanding GO debt. As additional security, the county has also pledged its local option sales tax (the receipts of which are collected in its general purpose school fund) and revenues received through interlocal agreements between the county, the towns of Gates and Halls, and the cities of Henning and Ripley. However, we rate the strength of the GO pledge on the bonds due to the lack of legal covenants in place to assess the strength of the sales tax pledges.

Bond proceeds will be used to finance capital projects for the county's public schools.

### Credit highlights

The 'AA-' rating reflects our view of Lauderdale County's robust reserves supported by steady financial performance, and its favorable debt and liability profile, characterized by low fixed costs. Offsetting these credit strengths are the county's relatively limited financial management practices and below-average economic metrics compared with those of similarly rated peers.

For the third consecutive year, the county reported a general fund deficit due to transfers to support its ambulance service fund; prior to these transfers, revenue outpaced expenditure. Officials informed us that the general fund will need to continue to support the ambulance service fund; however, transfers should decrease in fiscal 2026 as additional grant funds

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awarded to the county increased revenue in the fund. Officials are hopeful that additional state aid and growth in the county's tax base will result in the ambulance service fund becoming self-sufficient. Management expects to report a slight general fund surplus in fiscal 2026 (June 30) even after transfers. Officials expect to pass a balanced budget for fiscal 2027, spurred by projected revenue growth--partly from new industrial projects added to the tax rolls--that should sufficiently cover rising employee wages.

Lauderdale's largest revenue source in fiscal 2025 was property taxes (53% of general fund revenue), followed by state sources (16%), fees (8%), and the wheel tax (6%); all sales tax revenue goes to the county's schools, a component unit of the county. We expect the county's budgetary performance to return to at least balanced operations as revenue increases due to economic growth, and the ambulance service fund requires less general fund support over our two-year outlook horizon.

The 'AA-' rating also reflects our view of the county's:

- Below-average economic output and personal incomes relative to the nation, although this is somewhat offset by the recent expansion of the tax base due to a new electric vehicle and battery manufacturing plant (BlueOval, a partnership between Ford and SK Innovation) scheduled to be completed in 2027 that will add nearly 7,000 jobs to the region. Although the plant is not within county limits, much of Lauderdale is in commuting distance, such that we believe the county can realistically expect ancillary benefits in the form of job opportunities, industrial investment, and residential development.
- Cautious budgetary management practices as reflected by results that routinely outperform the budget, with monthly budget-to-actual reports provided to county commissioners and the ability to amend the budget as needed. However, our view of management is offset by its lack of long-term planning and formalized policies or targets, which are typically used by similarly rated peers.
- Stable budgetary performance, with a strong track record of generally balanced to positive operations, which we expect the county to return to in fiscal 2026. Reserves are also robust at \$12.3 million, or 88.0% of general fund revenue. The county has no plans to spend down reserves.
- Favorably low long-term liability burden, inclusive of fixed costs. The county will have roughly \$20.1 million in net direct debt outstanding after this issuance. Although it plans to cash-fund a few small capital projects, it could issue about \$3 million in debt in the next two years. We do not believe this will affect the county's debt burden. Fixed costs will increase slightly in the medium term, but we do not believe they will materially pressure the budget partly due to the slow amortization schedule, which we view as a negative credit factor. We recognize that the county's entire net direct debt is issued for Lauderdale County School Department, but we do not include substantial school revenue in our calculation of total governmental fund revenue because it is a component unit of the county. Since Tennessee counties are liable for debt issued for schools, we include these obligations in our calculation of direct debt.
- We do not consider the county's pension liabilities as a significant credit pressure, given the well-funded status and manageable contributions relative to the budget.
- For more information on our institutional framework assessment for Tennessee counties municipalities, see "[Institutional Framework Assessment: Tennessee Local Governments](#)," Sept. 11, 2024.

## Environmental, social, and governance

We consider social and governance factors as neutral in our credit-rating analysis. Lauderdale is exposed to fluvial flooding, given its location along the Mississippi River and the prominence of wetlands throughout it. However, damage tends to be limited to agricultural property during floods, making environmental factors largely neutral in our credit analysis. In our view, oversight provided by the Tennessee comptroller's offices provides a basis for strong governance across the state.

## Outlook

The stable outlook reflects our expectation that the tax base will continue to grow, supporting stable revenues to fund operations. It also reflects the county's healthy cushion of reserves to support one-time or unexpected draws and management's conservative budgetary practices.

### Downside scenario

We could consider lowering the rating should Lauderdale exhibit imbalanced operations or fund one-time capital costs, leading to material drawdowns of its reserves.

### Upside scenario

All else equal, we could raise the rating if the county's economic metrics strengthen on the back of growth and if the county implements more formalized fiscal policies and practices.

### Lauderdale County, Tennessee--credit summary

Institutional framework (IF)	1
Individual credit profile (ICP)	2.95
Economy	6.0
Financial performance	3
Reserves and liquidity	1
Management	3.00
Debt and liabilities	1.75

### Lauderdale County, Tennessee--key credit metrics

	Most recent	2025	2024	2023
<b>Economy</b>				
Real GCP per capita % of U.S.	43	--	43	43
County PCPI % of U.S.	58	--	58	61
Market value (\$000s)	1,951,442	1,904,868	1,897,978	1,524,734
Market value per capita (\$)	79,752	77,848	77,567	61,738
Top 10 taxpayers % of taxable value	--	--	--	--
County unemployment rate (%)	4.9	--	4.9	4.9
Local median household EBI % of U.S.	70	-	70	73
Local per capita EBI % of U.S.	64	--	64	67
Local population	24,469	--	24,469	24,697
<b>Financial performance</b>				
Operating fund revenues (\$000s)	--	13,948	13,228	12,347

**Lauderdale County, Tennessee--key credit metrics**

	Most recent	2025	2024	2023
Operating fund expenditures (\$000s)	--	13,628	12,857	12,470
Net transfers and other adjustments (\$000s)	--	(633)	(677)	34
Operating result (\$000s)	--	(313)	(306)	(89)
Operating result % of revenues	--	(2.2)	(2.3)	(0.7)
Operating result three-year average %	--	(1.8)	0.4	7.8
<b>Reserves and liquidity</b>				
Available reserves % of operating revenues	--	88.0	93.4	104.5
Available reserves (\$000s)	--	12,272	12,359	12,903
<b>Debt and liabilities</b>				
Debt service cost % of revenues	--	1.1	1.3	1.8
Net direct debt per capita (\$)	821	14	21	35
Net direct debt (\$000s)	20,083	345	503	876
Direct debt 10-year amortization (%)	19	100	100	--
Pension and OPEB cost % of revenues	--	3.0	3.0	2.0
NPLs per capita (\$)	--	--	--	--
Combined NPLs (\$000s)	--	--	--	--

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\$9.995 mil GO sch bnds ser 2026 due 6/1/2056

Long Term Rating AA-/Stable

**Ratings Affirmed**

**Local Government**

Lauderdale County, TN Unlimited Tax General Obligation and Sales Tax Revenues 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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