

Research Update:

Montgomery County, TN Series 2026 GO Bonds Assigned 'AA' Rating

April 15, 2026

Overview

- S&P Global Ratings assigned its 'AA' long-term rating to [Montgomery County](#), Tenn.'s \$49.995 million series 2026 general obligation (GO) bonds.
- We also affirmed our 'AA' long-term rating on the county's existing bonds.
- The outlook is stable.

Rationale

Security

The GO bonds are secured by the county's full-faith-and-credit pledge, payable from Montgomery County's levy of an unlimited ad valorem tax on all taxable property within the county. Bond proceeds will be used to support various projects, including construction of a new school and a new fire headquarters.

Credit highlights

Our 'AA' rating reflects Montgomery County's sustained growth, prudent financial management, and strategic geographic position, 45 miles northwest of Nashville. The county demonstrates resilience and adaptability that we believe will continue to underpin its financial stability, even in a potentially moderating economic environment.

The county is experiencing robust and diversified economic growth, fueled by Fort Campbell, a leading military base that contributes significantly to the county's acreage and population, and substantial recent investments. Fort Campbell has been part of the county's economy since 1941, and 85% of the base is in Montgomery County. LG Chemical (\$3.2 billion) and Korea Zinc (\$6.6 billion, 40% Department of Defense ownership, also known as Department of War) are driving a growing military manufacturing sector and a tax base increase exceeding 90% in the last five years. The county benefits from consistent job creation (including 1,500 at Amazon and anticipated roles at LG and Korea Zinc), a diversified employer base, and ongoing interest from major retailers and developers. This suggests Montgomery County is well positioned for continued economic expansion.

Primary Contact

Anna Uboytseva
Salt Lake City
1-312-233-7067
anna.uboytseva
@spglobal.com

Secondary Contact

Emma Steyaert
Chicago
1-312-233-7012
emma.steyaert
@spglobal.com

County management maintains a prudent approach to budgeting that avoids reliance on growth. The county has achieved balanced-to-positive operating results over the past 10 years, on average. In the past two fiscal years, the county realized sizable general fund surpluses as a result of strong revenue performance and positive expenditure variances. The revised fiscal 2026 budget highlights an \$8.9 million use of reserves; however, officials expect positive expenditure variances and higher-than-expected revenue, likely leading to a lower-than-budgeted use of reserves. The county's largest general fund revenue sources consist of property taxes at approximately 63%, charges for services and fees at 20%, and state-shared revenue at 7%. The county has a local option sales tax, but the majority of revenue supports school system operations. The component school system maintains a healthy financial position.

We acknowledge one key consideration: Resident income levels remain below 80% of the U.S. average. While the county notes that the influx of technologically advanced businesses and higher-paying jobs will eventually address this, the transition is likely to be gradual.

Additional factors reflected in the 'AA' rating include our view of the following:

- The county's population has increased 30% over the past 10 years, driven by new developments, relative affordability, and proximity to the Nashville metropolitan statistical area. County incomes and economic output are below national levels, but local incomes are boosted by growing military spending. Commercial activity is gaining traction in order to meet residential demand. The county's strong growth prospects are a positive factor in our analysis.
- The county's fiscal 2026 budget (year-end June 30) calls for use of reserves, which management believes will be smaller than budgeted. The county has added 78 new positions in fiscal 2026, 32 of which are within the county fire department and eight EMS paramedic positions. The commission approved a 2% cost-of-living adjustment for July 2025, and employees received 2% step increases in January 2026. Details of the proposed 2027 budget are not yet available, though officials believe a break-even budget will likely be finalized. The county has historically used conservative expenditure and revenue forecasts that contribute to better-than-expected budgetary performance.
- Financial management processes are mostly formalized and robust, and day-to-day management has proven effective. The county has standard budgeting practices that use historical trends and state sources where applicable, and management presents formal budget-to-actual reports monthly to the board. The county has no formal long-term financial forecast. County management prepares and periodically updates a five-year capital improvement plan, and the county has formal debt and investment policies and targets to maintain 25% in reserves. The county has taken steps to address cyber risk.
- The county's debt burden is elevated as the county has to issue debt for new school construction periodically. Officials report limited debt issuance plans over the next two years and do not anticipate debt increasing materially given the desire to keep the tax rate low and property taxes affordable. Pension and retiree health care liabilities are minimal, and combined fixed costs are low. A new Tennessee Consolidated Retirement System supplemental bridge benefit for public safety personnel, estimated to cost \$210,000 annually, will be considered in April 2026, but is not expected to significantly affect the budget.
- For more information on our institutional framework assessment for Tennessee municipalities, see: "[Institutional Framework Assessment: Tennessee Local Governments](#)," Sept. 11, 2024.

Environmental, social, and governance

We view social, and governance factors as neutral within our analysis, while physical risks are slightly elevated. Montgomery County, located near the Cumberland and Red rivers, periodically experiences flooding. A significant flood event in April 2025, triggered by heavy rainfall, resulted in federal disaster assistance. While highlighting the county's vulnerability to extreme weather and stormwater challenges, overall flood risk remains manageable for a Middle Tennessee river-adjacent community.

The county has implemented corrective actions to address internal control issues identified in the audit, including enhanced vendor verification processes and improved communication regarding outstanding invoices.

Outlook

The stable outlook reflects our expectation that the county's growing economy will continue to drive revenue growth and that its very strong available reserves will provide ample flexibility.

Downside scenario

We could lower the rating if there is a material reduction in Montgomery County's reserves or ongoing declines in its budgetary performance. In addition, should future issuances weaken the county's debt profile to levels no longer comparable with those of peers at the current rating level, we could lower the rating.

Upside scenario

We could raise the rating if the county's economic profile diversifies, incomes improve, and financial operations remain positive.

Montgomery County, Tennessee--credit summary

| | |
|---------------------------------|------|
| Institutional framework (IF) | 1 |
| Individual credit profile (ICP) | 2.54 |
| Economy | 3.5 |
| Financial performance | 2 |
| Reserves and liquidity | 1 |
| Management | 2.70 |
| Debt and liabilities | 3.50 |

Montgomery County, Tennessee--key credit metrics

| | Most recent | 2025 | 2024 | 2023 |
|--------------------------------------|-------------|------------|------------|------------|
| Economy | | | | |
| Real GCP per capita % of U.S. | 43 | -- | 43 | 43 |
| County PCPI % of U.S. | 74 | -- | 74 | 74 |
| Market value (\$000s) | 32,042,943 | 32,042,943 | 30,855,598 | 21,113,491 |
| Market value per capita (\$) | 129,514 | 129,514 | 124,715 | 87,473 |
| Top 10 taxpayers % of taxable value | 9.0 | 9.1 | 15.0 | 6.2 |
| County unemployment rate (%) | 3.5 | 3.5 | 3.6 | 3.4 |
| Local median household EBI % of U.S. | 93 | -- | 93 | 90 |

Montgomery County, Tennessee--key credit metrics

| | Most recent | 2025 | 2024 | 2023 |
|--|-------------|---------|---------|---------|
| Local per capita EBI % of U.S. | 78 | -- | 78 | 76 |
| Local population | 247,409 | -- | 247,409 | 241,372 |
| Financial performance | | | | |
| Operating fund revenues (\$000s) | -- | 148,952 | 146,594 | 121,856 |
| Operating fund expenditures (\$000s) | -- | 142,826 | 124,990 | 118,228 |
| Net transfers and other adjustments (\$000s) | -- | (1,036) | (909) | 252 |
| Operating result (\$000s) | -- | 5,090 | 20,695 | 3,880 |
| Operating result % of revenues | -- | 3.4 | 14.1 | 3.2 |
| Operating result three-year average % | -- | 6.9 | 8.1 | 6.9 |
| Reserves and liquidity | | | | |
| Available reserves % of operating revenues | -- | 43.7 | 41.9 | 36.3 |
| Available reserves (\$000s) | -- | 65,144 | 61,379 | 44,237 |
| Debt and liabilities | | | | |
| Debt service cost % of revenues | -- | 21.8 | 24.6 | 26.1 |
| Net direct debt per capita (\$) | 2,123 | 1,928 | 2,073 | 2,073 |
| Net direct debt (\$000s) | 525,139 | 476,911 | 512,961 | 500,480 |
| Direct debt 10-year amortization (%) | 55 | 56 | 55 | 55 |
| Pension and OPEB cost % of revenues | -- | 5.0 | 5.0 | 5.0 |
| NPLs per capita (\$) | -- | 72 | 72 | 97 |
| Combined NPLs (\$000s) | -- | 17,792 | 17,792 | 23,494 |

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\$49.995 mil GO bnds ser 2026 due 6/1/2046

Long Term Rating AA/Stable

Ratings Affirmed

Local Government

Montgomery Cnty, TN Unlimited Tax General Obligation 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.

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. All ratings referenced herein can be found on S&P Global Ratings' public website at www.spglobal.com/ratings.

Montgomery County, TN Series 2026 GO Bonds Assigned 'AA' Rating

Copyright ©2026 by Standard & Poor's Financial Services LLC. All rights reserved.

No content (including ratings, credit-related analyses and data, valuations, model, software, or other application or output therefrom) or any part thereof (Content) may be modified, reverse engineered, reproduced, or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of Standard & Poor's Financial Services LLC or its affiliates (collectively, S&P). The Content shall not be used for any unlawful or unauthorized purposes. S&P and any third-party providers, as well as their directors, officers, shareholders, employees, or agents (collectively S&P Parties) do not guarantee the accuracy, completeness, timeliness, or availability of the Content. S&P Parties are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, for the results obtained from the use of the Content, or for the security or maintenance of any data input by the user. The Content is provided on an "as is" basis. S&P PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED, OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall S&P Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs or losses caused by negligence) in connection with any use of the Content even if advised of the possibility of such damages.

Some of the Content may have been created with the assistance of an artificial intelligence (AI) tool. Published Content created or processed using AI is composed, reviewed, edited, and approved by S&P personnel.

Credit-related and other analyses, including ratings, and statements in the Content are statements of opinion as of the date they are expressed and not statements of fact. S&P's opinions, analyses, and rating acknowledgment decisions (described below) are not recommendations to purchase, hold, or sell any securities or to make any investment decisions, and do not address the suitability of any security. S&P assumes no obligation to update the Content following publication in any form or format. The Content should not be relied on and is not a substitute for the skill, judgment, and experience of the user, its management, employees, advisors, and/or clients when making investment and other business decisions. S&P does not act as a fiduciary or an investment advisor except where registered as such. While S&P has obtained information from sources it believes to be reliable, S&P does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives. Rating-related publications may be published for a variety of reasons that are not necessarily dependent on action by rating committees, including, but not limited to, the publication of a periodic update on a credit rating and related analyses.

To the extent that regulatory authorities allow a rating agency to acknowledge in one jurisdiction a rating issued in another jurisdiction for certain regulatory purposes, S&P reserves the right to assign, withdraw, or suspend such acknowledgement at any time and in its sole discretion. S&P Parties disclaim any duty whatsoever arising out of the assignment, withdrawal, or suspension of an acknowledgment as well as any liability for any damage alleged to have been suffered on account thereof.

S&P keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain business units of S&P may have information that is not available to other S&P business units. S&P has established policies and procedures to maintain the confidentiality of certain nonpublic information received in connection with each analytical process.

S&P may receive compensation for its ratings and certain analyses, normally from issuers or underwriters of securities or from obligors. S&P reserves the right to disseminate its opinions and analyses. S&P's public ratings and analyses are made available on its Web sites, www.spglobal.com/ratings (free of charge) and www.ratingsdirect.com (subscription) and may be distributed through other means, including via S&P publications and third-party redistributors. Additional information about our ratings fees is available at www.spglobal.com/usratingsfees.