



Rating Action: Moody's Ratings assigns Aa2 to Loudon County, TN's Rural School Bonds, Series 2026

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New York, June 08, 2026 -- Moody's Ratings (Moody's) has assigned a Aa2 rating to Loudon County, TN's proposed \$60 million Rural School Bonds, Series 2026. We maintain the county's Aa2 issuer and general obligation unlimited tax (GOULT) ratings. Post issuance, the county will have approximately \$132 million in debt outstanding.

RATINGS RATIONALE

The Aa2 issuer rating reflects a solid financial position, the result of conservative budgeting and prudent fiscal management. As of fiscal 2025 the county's available fund balance ratio was 47% of annual revenue and their liquidity ratio was 80% of annual revenues. Management projects fiscal 2026 will end with a moderate decline in General Fund balance and that there could be further use in fiscal 2027, however reserve levels should remain at satisfactory levels.

The rating also takes into consideration a growing economic base in eastern Tennessee, just south of Knox County. Resident income is average for the rating category at 110% of the nation and the county's full value per capita is healthy at \$227,482. Taxpayer concentration is moderate at approximately five percent of total assessed value and unemployment is similar to state averages at 3.4% as of February 2026.

The rating further reflects the county's manageable long-term liabilities, which as of fiscal 2025 were 131% of annual revenues. When taking into consideration the current debt issuance and bonds issued at the beginning of fiscal 2026, long-term liabilities increase to approximately 320% of fiscal 2025 revenue which is elevated for the Aa rating category. Furthermore, the county expects to potentially issue up to \$15 million in fiscal 2027 in order to finish the current high school project. Regardless, county liabilities should remain manageable given a lot of debt service is paid out of school revenues and given the fact that the economic base continues to experience growth.

The absence of distinction between the Aa2 issuer rating and GOULT rating reflects the county's general obligation full faith and credit pledge.

RATING OUTLOOK

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

FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATING

- Decrease in long-term liabilities to around 100% of annual revenues
- Increases in resident income
- Maintenance of available fund balance and liquidity ratios above 35% of annual revenues

FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATING

- Sizeable increases in long-term liabilities beyond current expectations

- Deterioration of available fund to below 25% of annual revenues

PROFILE

Loudon County is located in the Tennessee River Valley in southeastern Tennessee. The county seat of Loudon is approximately 30 miles southwest of Knoxville.

METHODOLOGY

The principal methodology used in this rating was US Cities and Counties published in June 2026 and available at <https://ratings.moodys.com/rmc-documents/466689>. Alternatively, please see the Rating Methodologies page on <https://ratings.moodys.com> for a copy of this methodology.

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For further specification of Moody's key rating assumptions and sensitivity analysis, see the sections Methodology Assumptions and Sensitivity to Assumptions in the disclosure form. Moody's Rating Symbols and Definitions can be found on <https://ratings.moodys.com/rating-definitions>.

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