Research Update:

Maryville, TN Series 2026 GO Bonds Assigned 'AA+' Rating

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Overview

- S&P Global Ratings assigned its 'AA+' rating to the City of **Maryville**, Tennessee's $25 million series 2026 general obligation (GO) bonds.
- At the same time, S&P Global Ratings affirmed its 'AA+' rating on the city's GO debt outstanding.
- The outlook is stable.

Rationale

Security

The 2026 bonds and outstanding GO debt are secured by the city's full faith and credit pledge, payable from the levy of an unlimited ad valorem tax on all taxable property within the corporate limits of Maryville.

The city's existing series 2017B are secured by a pledge of net revenues from Maryville's water and sewer system but are ultimately backed by the city's pledge of unlimited ad valorem taxes to be levied on all taxable property within the city. We rate the series 2017B bonds based on the city's unlimited-tax GO pledge.

The 2026 bond proceeds will fund significant expansion and renovations to Maryville High School.

Credit highlights

The 'AA+' long-term rating reflects Maryville's expanding economy, particularly local and county population growth over the past decade, and proactive management team committed to structural balance and long-term planning, which have resulted in credit-supportive reserves. These strengths are offset by weaker per capita wealth metrics and near-term debt plans for regulatory-driven capital needs in its sewer system.

Disciplined expenditure management, conservative budgeting, and economic expansion fueling revenue growth have provided significant operating flexibility, with general fund reserves peaking in fiscal 2025 and surpassing the city's 25%-40% policy target. To support a $30 million, five-year capital plan, the city transferred approximately $7 million of general fund reserves to the capital projects fund, which will moderate operating margins in 2026. Additionally, there is potential for additional general fund support of capital projects in the coming years, though the fiscal 2027 budget is balanced.

The rating also reflects the following:

- The city benefits from a desirable location at the base of the Smoky Mountains, approximately 20 miles south of Knoxville. While we view the city as somewhat concentrated in manufacturing, we see this risk as offset by ongoing growth. The economic base is anchored by Denso Manufacturing, a major Toyota parts manufacturer that employs over 5,000 residents and accounts for 8% of the total assessed value. Management noted continued investment in this facility, underscoring Denso's long-term commitment to the area.
- Maryille has a long history of positive operating performance, reporting surpluses in 10 of the last 11 fiscal years, largely due to cost containment measures and strong revenue performance. The city raised the tax rate in fiscal 2026 to accommodate debt service under this 2026 issuance and is conducting rate studies in the water and sewer fund to establish rates that will support future debt plans, in line with the city's commitment to long-term financial planning and stability.
- Management remains a key credit strength, with robust, well-defined policies, realistic budgeting, and long-term planning practices driving positive performance. Management prepares the budget using three years of historical data analysis and provides the board with quarterly budget-to-actual reports. It routinely updates long-term planning documents, including both capital and general fund financial forecasts. It has formal reserve, investment, and debt management policies, all of which support a strong policy framework and solid financial performance.
- The debt burden is growing, though the long-term liability and fixed-costs profile is manageable due to the city's above-average amortization and very well-funded pension plans. The city plans to issue roughly $100 million of debt in 2028 for a wastewater treatment plant expansion project; this obligation would be shared by participating municipalities. Management noted this expansion is regulatory driven and they are operating under a consent decree, which we will continue to monitor.
- Oversight provided by the Tennessee comptroller's offices provides a basis for strong governance across the state. For more information on our institutional framework assessment for Tennessee counties, see "Institutional Framework Assessment: Tennessee Local Governments," Sept. 11, 2024.
- Environmental factors have a limited impact on our credit analysis. The county is exposed to physical climate risks including severe rainfall, which could have negative financial and economic impact, but the city has not experienced a major weather event. Additionally, we believe the city's robust reserve position, forward and proactive planning, and the joint county and city emergency management agreement plan partially mitigate the long-term risk to the credit quality should an event occur.

Outlook

The stable outlook reflects our expectation that the city will continue to report balanced budgets years and maintain very strong reserves as a cushion against unexpected revenue fluctuations or one-time support of capital needs.

Downside scenario

All else equal, we could lower the rating if the city's budgetary performance becomes imbalanced or reserves weaken significantly. We could also lower the rating if the outstanding consent decree pressures the city's overall debt profile or operations.

Upside scenario

We could consider a higher rating if the city's wealth and income levels improve, all else equal.

Maryville, Tennessee--credit summary

Institutional framework (IF)	1
Individual credit profile (ICP)	2.05
Economy	3.5
Financial performance	1
Reserves and liquidity	1
Management	2
Debt and liabilities	2.75

Maryville, Tennessee--key credit metrics

	Most recent	2025	2024	2023
Economy				
Real GCP per capita % of U.S.	77	--	77	76
County PCPI % of U.S.	86	--	86	85
Market value ($000s)	7,092,389	5,939,440	5,941,284	3,816,776
Market value per capita ($)	215,627	180,574	180,630	118,053
Top 10 taxpayers % of taxable value	13.1	14.8	16	20.2
County unemployment rate (%)	3.0	3.0	3.0	2.9
Local median household EBI % of U.S.	93	--	93	91
Local per capita EBI % of U.S.	85	--	85	83
Local population	32,892	--	32,892	32,331
Financial performance				
Operating fund revenues ($000s)	--	60,291	60,732	56,793
Operating fund expenditures ($000s)	--	33,648	31,506	30,662
Net transfers and other adjustments ($000s)	--	(23,082)	(26,741)	(24,237)
Operating result ($000s)	--	3,561	2,485	1,894
Operating result % of revenues	--	5.9	4.1	3.3
Operating result three-year average %	--	4.4	5.1	4.8
Reserves and liquidity				
Available reserves % of operating revenues	--	46.3	40.1	38.6
Available reserves ($000s)	--	27,941	24,379	21,894
Debt and liabilities				
Debt service cost % of revenues	--	4.9	5.1	5.3
Net direct debt per capita ($)	2,899	1,412	1,622	1,859
Net direct debt ($000s)	95,358	46,438	53,360	60,110

Maryville, Tennessee--key credit metrics

	Most recent	2025	2024	2023
Direct debt 10-year amortization (%)	53	84	69	70
Pension and OPEB cost % of revenues	--	5.0	5.0	5.0
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$25,000,000 Maryville, Tennessee, General Obligation Bonds, Series 2026, dated: Date of Delivery, due: June 1, 2047	
Long Term Rating	AA+/Stable
Ratings Affirmed	
Local Government	
Maryville, TN Unlimited Tax General Obligation	AA+/Stable
Multiple Revenue Stream	
Maryville, TN Unlimited Tax General Obligation 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.

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.