CREDIT OPINION
9 November 2026

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Contacts

Christopher Coviello +1.212.553.0575
VP-Ratings
christopher.coviello@moodys.com

Orlie Prince +1.212.553.7738
Exec Dir-Ratings
orlie.prince@moodys.com

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Asia Pacific	852-3551-3077
Japan	81-3-5408-4100
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Sevier County, TN

Update to credit analysis

Summary

Sevier County, TN (Aa1) benefits from an economic base that while heavily concentrated in tourism, has seen strong growth over the last ten years which has contributed to above-average property wealth metrics and GDP growth. Additionally, the county's financial position has improved steadily, resulting in very healthy reserve and liquidity levels given conservative budgeting and management of expenditures. Long-term liabilities remain below average and are expected to remain affordable going forward.

Credit strengths

» Strong financial position with reserves and liquidity that have grown considerably in recent years

» Growing economic base

» Long-term liabilities that are below the median for peers

Credit challenges

» The economy is largely concentrated in the tourism industry

» Exposure to variable rate debt

Rating outlook

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

Factors that could lead to an upgrade

» Material improvement in resident incomes to above 120% of the national median

» Diversification of the economic base

» Reduced exposure to variable rate debt

» Maintenance of reserves and liquidity above 50% of annual revenue

Factors that could lead to a downgrade

» Failure to maintain balanced operations, resulting in draws on reserves to below 35% of revenue

» Significant contraction of the economic base and property wealth and resident incomes

» Material increase in long-term liabilities ratio to above 250% of revenue

Key indicators

Exhibit 1
Sevier (County of) TN

	2022	2023	2024	2025	Aa Medians
Economy					
Resident income ratio (%)	94.0%	96.4%	91.3%	N/A	97.7%
Full Value ($000)	$17,852,644	$18,365,809	$34,684,696	$36,333,973	$10,809,583
Population	98,455	98,802	99,652	N/A	80,894
Full value per capita ($)	$181,328	$185,885	$348,058	N/A	$140,128
Annual Growth in Real GDP	6.4%	7.5%	2.2%	N/A	N/A
Financial Performance					
Revenue ($000)	$110,862	$126,720	$148,916	$157,451	$118,246
Available fund balance ($000)	$66,457	$74,230	$86,647	$107,276	$55,548
Net unrestricted cash ($000)	$166,408	$180,915	$212,905	$228,667	$85,809
Available fund balance ratio (%)	59.9%	58.6%	58.2%	68.1%	44.6%
Liquidity ratio (%)	150.1%	142.8%	143.0%	145.2%	75.7%
Leverage					
Debt ($000)	$122,097	$113,969	$112,515	$115,856	$48,130
Adjusted net pension liabilities ($000)	$45,408	$32,637	$33,820	$26,513	$55,677
Adjusted net OPEB liabilities ($000)	$5,635	$5,429	$5,129	$6,940	$2,711
Other long-term liabilities ($000)	$1,484	$1,301	$1,609	$2,255	$4,975
Long-term liabilities ratio (%)	157.5%	121.0%	102.8%	96.3%	111.8%
Fixed costs					
Implied debt service ($000)	$8,002	$8,527	$7,917	$7,787	$3,201
Pension tread water contribution ($000)	-$274	$942	$1,487	N/A	$2,693
OPEB contributions ($000)	$253	$223	$271	$279	$162
Implied cost of other long-term liabilities ($000)	$92	$104	$90	$111	$300
Fixed-costs ratio (%)	7.3%	7.7%	6.6%	6.1%	6.3%

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 Sevierville, TN Micropolitan Statistical Area.
Sources: US Census Bureau, Sevier (County of) TN's financial statements and Moody's Ratings, US Bureau of Economic Analysis

Profile

Sevier County is located in the eastern portion of the State of Tennessee (Aaa stable) on the western side of the Great Smokey Mountains National Park. The county is approximately 30 miles southeast of Knoxville (Aa1).

Detailed credit considerations

Sevier County benefits from a robust economic base that continues to experience above-average growth, a trend that is expected to continue given ongoing development. As the county serves as a gateway to the Great Smokey Mountains National Park and is also home to the Dollywood theme park, it's economic base is heavily concentrated in tourism. Property wealth as measured by full value per capita is strong at $364,609 and five-year compound annual GDP growth has been stronger than national GDP growth by 2.7%, factors that somewhat offset resident incomes which is below-average at 91% of the national median.

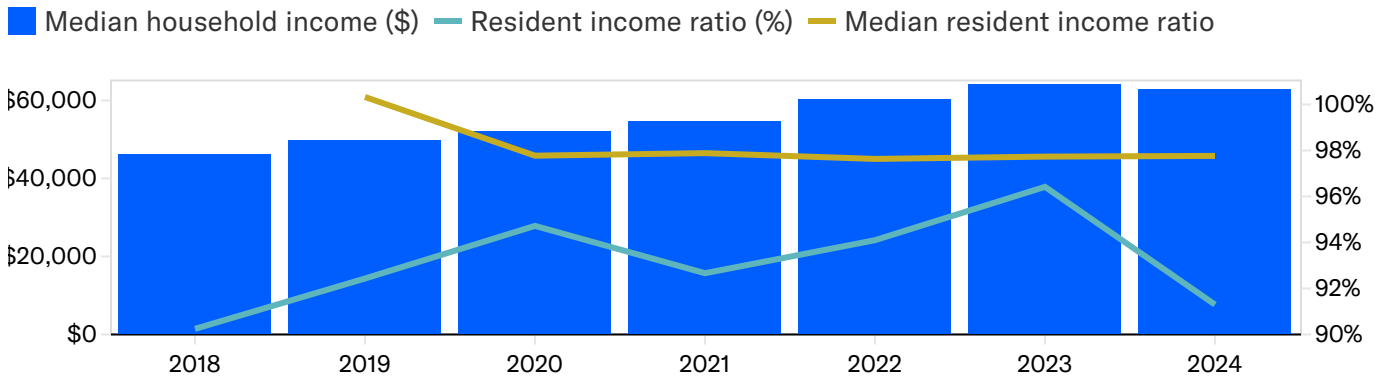
The county's growing economy has been a factor in its healthy finances as revenues, particularly hotel/motel taxes and sales and use taxes have increased significantly in recent years. The county has consistently realized operating surpluses as revenues have come in stronger than budgeted and in fiscal 2025 (June 30 fiscal year-end) the county grew General Fund reserves by approximately $10 million. As of fiscal 2025 available fund balance was equal to 68% of annual revenue. While audited financial statements are not yet available for fiscal 2026, management expects a surplus of around $5 million in the general fund as well as growth of reserves in the debt service fund. For the current fiscal year, the county's adopted budget is structurally balanced.

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.moodys.com for the most updated credit rating action information and rating history.

As of fiscal 2025 close the county's long-term liabilities (debt, pension and OPEB obligations) represented 96.3% of annual revenue, which is below the median for Aa1 peers and fixed-costs represented a manageable 6.1% of revenues. Despite low leverage, the county does have exposure to variable rate debt, which, following issuance of the 2026 bonds will account for approximately 22% of all debt. Overall liabilities are expected to remain affordable going forward despite future debt issuances in 2027 and 2028.

Economy

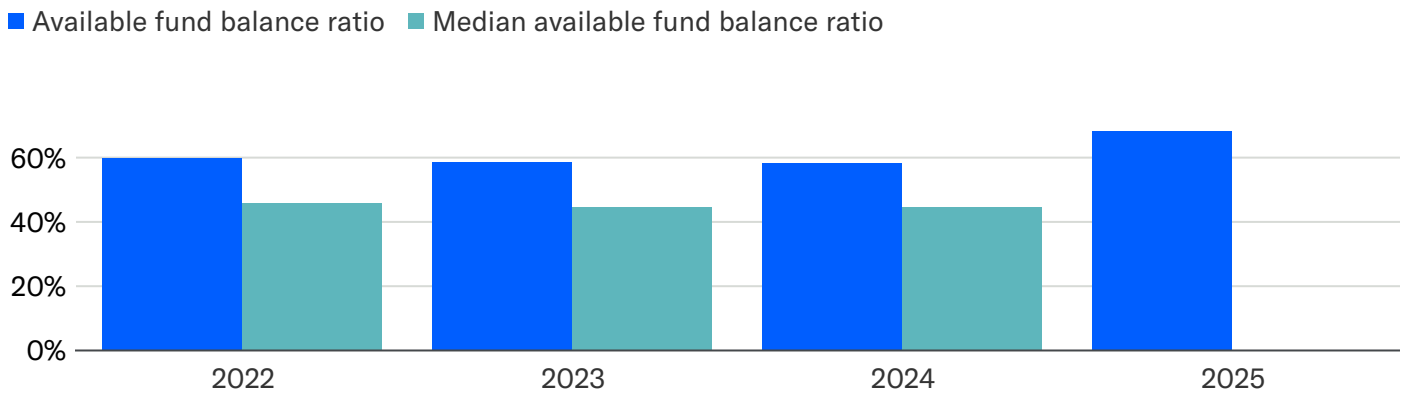
Exhibit 2
Resident Income



Source: US Census Bureau - American Community Survey 5-Year Estimates; US Bureau of Economic Analysis; Moody's Ratings

Financial operations

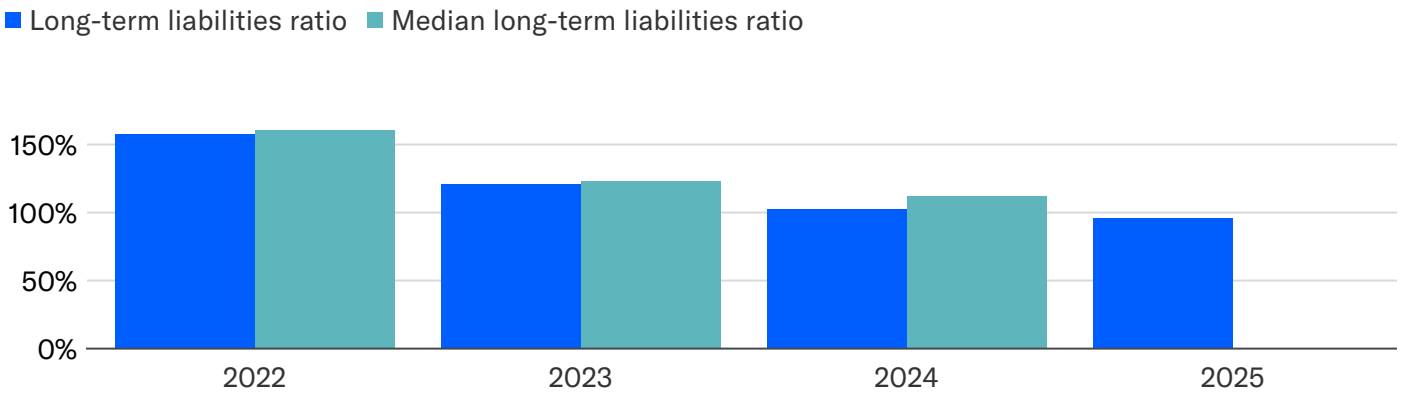
Exhibit 3
Fund Balance Ratio



Source: Audited financial statements; Moody's Ratings

Leverage

Exhibit 4
Total Primary Government - Long Term Liabilities



Source: Audited financial statements; Moody's Ratings

Debt structure
The county's debt profile is predominantly made up of fixed rate securities but also includes approximately 22% variable rate debt.

Debt-related derivatives
The county is not currently party to any derivative agreements.

ESG considerations

Environmental

Environmental considerations do not pose a significant risk to the county's credit profile. While the county does have higher exposure to heat stress and extreme rainfall, these risks are partially mitigated by solid management and a historically healthy fiscal position.

Social

Social considerations are not currently a material credit stress.

Governance

Sevier County's governance remains strong given prudent fiscal management, conservative budgeting practices and formalized fiscal policies.

Tennessee counties have an ample ability to match revenues to expenditures. Their primary operating revenue sources are property taxes, which are not subject to state-imposed caps and sales taxes and state aid, which mainly funds K-12 education provided by counties. Counties can generally implement cost cutting measures easily.

Rating methodology and scorecard factors

The US Cities and Counties Methodology includes a scorecard that 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 5

Sevier (County of) TN

	Measure	Weight	Score
Economy			
Resident income ratio	91.3%	10.0%	A
Full value per capita	364,609	10.0%	Aaa
Economic growth metric	2.3%	10.0%	Aaa
Financial Performance			
Available fund balance ratio	68.1%	20.0%	Aaa
Liquidity ratio	145.2%	10.0%	Aaa
Institutional Framework			
Institutional Framework	Aaa	10.0%	Aaa
Leverage			
Long-term liabilities ratio	96.3%	20.0%	Aaa
Fixed-costs ratio	6.1%	10.0%	Aaa
Notching factors			
Potential for significant change in leverage	-0.5		
Scorecard-Indicated Outcome			Aa1
Assigned Rating			**Aa1**

The Economic Growth metric cited above compares the five-year CAGR of real GDP for Sevierville, TN Micropolitan Statistical Area to the five-year CAGR of real GDP for the US.
Sources: US Census Bureau, Sevier (County of) TN's financial statements and Moody's Ratings

Appendix

Exhibit 6
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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