

**CREDIT OPINION**

2 April 2026



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# Cherokee County School System, GA

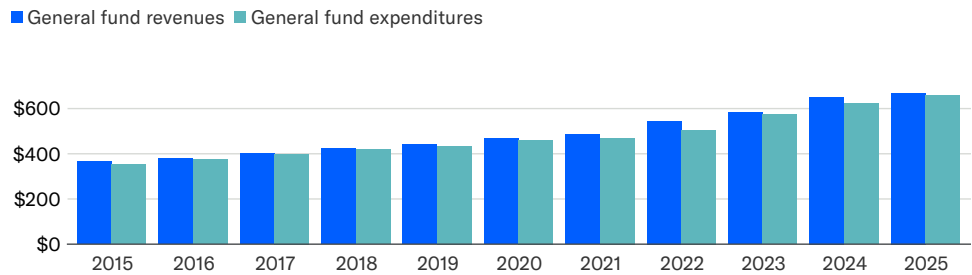
## Update to credit analysis

### Summary

[Cherokee County School System, GA](#) (Aa1 stable) has consistently maintained balanced operations and healthy reserves, despite rising operating costs in recent years. The district's strong finances are the product of multiple factors: prudent budget management, robust tax base growth, and (in more recent years) steadily rising state aid. These financial, economic, and governance strengths all help mitigate the district's above average long-term liabilities and recent trend of capital borrowing.

Exhibit 1

### Long track record of surplus operations demonstrates prudent budget management \$ in millions



Source: Audited financial statements

### Credit strengths

- » Multi-year trend of surplus operations and maintenance of sound reserve levels
- » Strong economic base with ongoing development activity and stable enrollment trends

### Credit challenges

- » Future capital needs will increase already above average leverage

### Rating outlook

The stable outlook reflects the expectation that the district's credit profile will remain in line with the rating category due to prudent budget management and capital planning and a strong and growing economic base.

### Factors that could lead to an upgrade

- » Completion of major capital needs and sustained maintenance of a long-term liabilities ratio of around 250% of revenue or less
- » Continued trend of balanced operations and maintenance of an available fund balance ratio at or above 30% of revenue

## Factors that could lead to a downgrade

- » Material increase in long-term liabilities ratio to over 400% of revenue
- » Sustained trend of declining reserves to below 18% of revenue

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

## Key indicators

Exhibit 2

### Cherokee County School System, GA

	2022	2023	2024	2025	Aa Medians
<b>Economy</b>					
Resident income	135.9%	133.0%	N/A	N/A	N/A
Full value (\$000)	\$26,941,536	\$33,448,143	\$40,495,922	\$42,728,065	\$4,352,123
Population	268,567	274,505	280,991	N/A	30,690
Full value per capita	\$100,316	\$121,849	\$144,118	N/A	\$136,490
Enrollment	42,049	41,891	42,016	42,031	3,879
Enrollment trend	-0.3%	-0.7%	0.5%	0.0%	N/A
<b>Financial performance</b>					
Operating revenue (\$000)	\$625,224	\$679,909	\$785,654	\$774,235	\$79,491
Available fund balance (\$000)	\$175,619	\$200,774	\$223,133	\$214,165	\$22,417
Net cash (\$000)	\$264,924	\$298,616	\$373,252	\$384,058	\$27,164
Available fund balance ratio	28.1%	29.5%	28.4%	27.7%	28.7%
Net cash ratio	42.4%	43.9%	47.5%	49.6%	36.5%
<b>Leverage</b>					
Debt (\$000)	\$420,521	\$392,219	\$477,766	\$513,219	\$50,348
ANPL (\$000)	\$1,829,837	\$1,524,235	\$1,306,596	\$1,086,553	\$77,231
OPEB (\$000)	\$222,160	\$201,007	\$219,131	\$225,335	\$6,210
Long-term liabilities ratio	395.5%	311.4%	255.0%	235.7%	N/A
Implied debt service (\$000)	\$31,179	\$29,369	\$27,246	\$33,066	\$3,492
Pension tread water (\$000)	\$29,997	\$65,252	\$63,209	\$59,561	\$3,023
OPEB contributions (\$000)	\$8,230	\$9,020	\$9,620	\$16,554	\$379
Fixed-costs ratio	11.1%	15.2%	12.7%	14.1%	N/A

For definitions of the metrics in the table above please refer to the [US K-12 Public School Districts 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 [K12 Median Report](#).

Sources: US Census Bureau, Cherokee County School System, GA's financial statements and Moody's Ratings

## Profile

Cherokee County School System is located in northwestern Georgia and is headquartered in Canton, approximately 35 miles north of Atlanta.

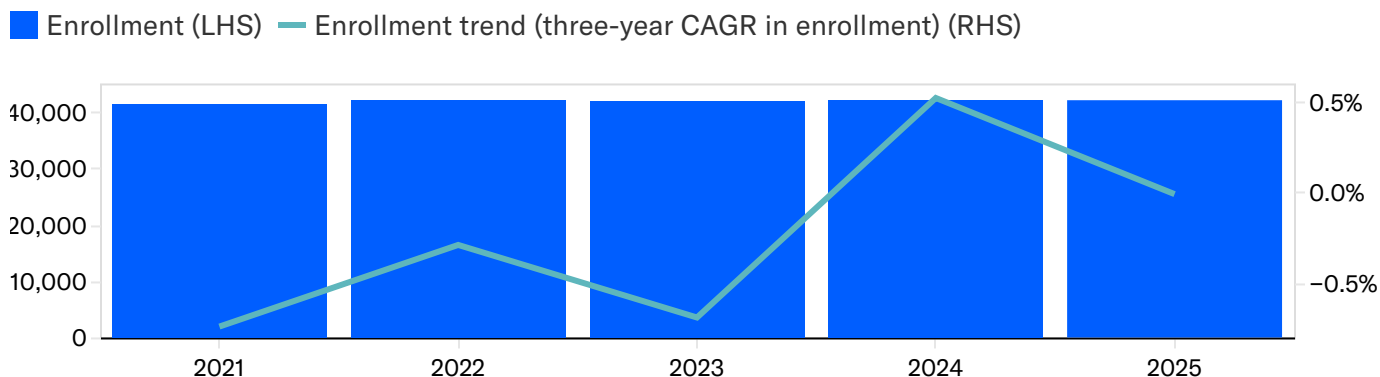
## Detailed credit considerations

### Economy

The district's economic base will continue to grow given ongoing new development, healthy population trends, and appreciating property values. Enrollment is likely to exhibit more gradual growth as the district's school-aged population stabilizes. Located in the northern portion of Metro Atlanta (Aa1 stable), Cherokee County's population of around 280,000 has grown at a solid annual rate of 2-3% for the last decade. The county's higher end housing stock and proximity to employment opportunities throughout the metro area contribute to the population gains, which are also driving new construction and increasing property values. The district's tax base was fully valued at \$42.7 billion in fiscal 2025. Notably, the tax base has more than doubled since 2019, and district officials report that about one-third of the recent growth was driven by new construction and the remainder was due to reassessments.

Like many districts, Cherokee CSS experienced a decline in enrollment in the wake of the coronavirus pandemic. Enrollment trends have since started to recover and district projections show enrollment growing at a modest but steady rate (0.4-0.9% annually) for the foreseeable future given the county's steady population trends. Officials expect enrollment to grow more slowly than the overall population due to a rising number of new senior residential developments that are underway. Such slower growth will help alleviate capacity demands while still supporting state aid receipts.

Exhibit 3  
Enrollment



Source: Moody's Ratings

### Financial operations

The district is expected to maintain balanced operations for the foreseeable future. The district's general fund recorded operating surpluses for at least the last ten fiscal years ending in 2025 and management expects another small surplus in FY26 based on year-to-date results. The district anticipates another year of operational balance in FY27 based on preliminary budget discussions.

One driver of the district's strong financial performance is robust growth in property taxes, which account for roughly half of annual operating revenue. Property tax revenue grew by nearly 60% over the last five years. The growth is a result of the above mentioned tax base appreciation coupled with generally stable property tax rates. As of fiscal 2025, the district's operating millage was 16.45 mills, providing some headroom under its 20 mill cap.

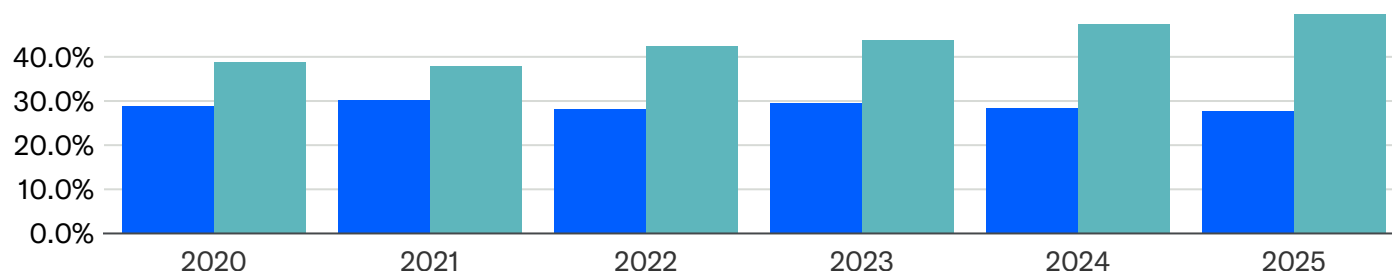
Strong property taxes and improving state aid have helped the district maintain balanced operations despite substantial expenditure pressures in recent years that have been tied to increases in salaries, benefits, and healthcare costs, along with new programmatic needs that arose following the onset of the pandemic. While some new recurring personnel costs were funded with temporary federal pandemic relief money, the district will begin to fund these positions with its own dollars through a combination of attrition and organic property tax growth. An indication of the district's proactive budgeting, management updates a 5-year operating forecast annually as part of its budget process.

The district's overall available fund balance was \$214 million at the end of FY25, an amount equal to 28% of revenue. This available fund balance figure does not include \$134 million of restricted fund balance that is held in the capital projects fund that is comprised of surplus special purpose local option sales tax (SPLOST) collections, general fund capital transfers, and bond proceeds.

Exhibit 4

**Financial Trends**

■ Fund Balance as a % of Revenues ■ Cash Balance as a % of Revenues



Source: Moody's Ratings

**Liquidity**

The district's cash balance was about \$384 million (about 50% of revenue) at the end of FY25. The difference between the district's available fund balance and cash balance is due to the capital projects fund, which has a \$134 million restricted fund balance that is reported in the audit as unrestricted cash.

**Leverage**

The district's long-term liabilities ratio will grow to about 250% of revenue following the Series 2026 bond issuance. Notably, the Series 2026 issuance is the last tranche of the district's \$290 million voter approved bonding authority. Like most Georgia school districts, the district largely funds its capital program with a voter-approved SPLOST. The district's current SPLOST is expected to sunset by the end of 2026 or early 2027, and management anticipates returning to voters in the coming months to seek reauthorization and new bonding authority (though the size of the request is yet to be finalized). Historically, the district has received strong voter support for SPLOST renewals and bond authorizations.

Despite the recent rise in the district's debt burden, its long-term liabilities continue to be driven by unfunded pension obligations. Moody's adjusted net pension liability (ANPL, discussed in Pensions and OPEB below) for the district accounts for roughly 60% of its long-term liabilities. The district's bonded debt accounts for roughly 27% of its long term liabilities.

**Legal security**

The bonds are general obligations of the district, ultimately payable from an unlimited ad valorem property tax levied upon all taxable property within the district.

As an additional security for the GOULT bonds, the district participates in the State of Georgia School District Intercept Program, under which the State Board of Education is required to transfer state aid appropriated for each school district directly to the paying agent in the event of debt service shortfalls.

**Pensions and OPEB**

Georgia school districts primarily participate in the Teachers Retirement System of Georgia (GA TRS). As of the retirement system's fiscal 2023 reporting, government contributions amounted to about 20.0% of payroll in aggregate, below our tread water indicator of 22.5% of payroll. Based on reporting by GA TRS, we expect Georgia school districts' adjusted net pension liabilities (ANPLs) to decrease by about 14% in fiscal 2024. While results will vary across US public pension systems, we generally expect local governments' fiscal year 2025 ANPLs to fall by around 20% based on our aggregate estimates, due to rising interest rates and above-target investment returns in 2024.

## ESG considerations

The district's ESG Credit Impact Score is a CIS-1. The CIS score reflects strong budget management and ample revenue raising flexibility (both governance considerations) and favorable population, labor, and income trends (all social considerations). The district has limited exposure to environmental risks.

### Environmental

The district's overall E issuer profile score is E-2, reflecting neutral to low exposure to environmental risks across all categories, including physical climate risk, natural capital, and waste and pollution.

### Social

The district's S issuer profile score is S-1 and reflects solid population growth, strong in-migration trends, and relatively favorable labor/staffing considerations (such as strong retention rates and teacher fill rates), and relatively low health and safety related risks. The district's exposure to housing and access to basic services related risks is neutral to low.

### Governance

The district's G Issuer Profile Score is G-1. The district's policy credibility and effectiveness is strong as the district adheres to established financial policies and its capture rate is favorable (the percentage of school-aged children within the district's boundaries who attend its schools), indicating the district is not losing a material number of students to other educational alternatives in the area. The institutional structure for all Georgia school districts is in line with peers across the nation, as district's ability to increase local revenues is capped and/or subject to voter approval. The district has solid budget management practices. The district's transparency and disclosure practices are strong and include the publication of monthly financial reports.

## Rating methodology and scorecard factors

The [US K-12 Public School Districts Methodology](#) includes a scorecard that summarizes the rating factors generally most important to school district 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

### Cherokee County School System, GA

	Measure	Weight	Score
<b>Economy</b>			
Resident Income (MHI Adjusted for RPP / US MHI)	133.0%	10.0%	Aaa
Full value per capita (full valuation of the tax base / population)	152,062	10.0%	Aa
Enrollment trend (three-year CAGR in enrollment)	0.0%	10.0%	A
<b>Financial performance</b>			
Available fund balance ratio (available fund balance / operating revenue)	27.7%	20.0%	Aaa
Net cash ratio (net cash / operating revenue)	49.6%	10.0%	Aaa
<b>Institutional framework</b>			
Institutional Framework	A	10.0%	A
<b>Leverage</b>			
Long-term liabilities ratio ((debt + ANPL + adjusted net OPEB) / operating revenue)	235.7%	20.0%	Aa
Fixed-costs ratio (adjusted fixed costs / operating revenue)	14.1%	10.0%	Aaa
<b>Notching factors</b>			
No notchings applied			
Scorecard-Indicated Outcome			Aa2
<b>Assigned Rating</b>			<b>Aa1</b>

The complete list of outstanding ratings assigned to the Cherokee County School System, GA is available on their [issuer page](#). Details on the current ESG scores assigned to the Cherokee County School System, GA are available on their [ESGView page](#).

Sources: US Census Bureau, Cherokee County School System, GA's financial statements and Moody's Ratings

## Appendix

Exhibit 6

### Key Indicators Glossary

	Definition	Typical Source*
<b>Economy</b>		
Resident income	Median Household Income (MHI), adjusted for Regional Price Parity (RPP), as a % of the US	MHI: American Community Survey (US Census Bureau) RPP: US Bureau of Economic Analysis
Full value (\$000)	Estimated market value of taxable property accessible to the district	State repositories, district's audited financial reports, offering documents or continuing disclosure
Population	Population of school district	American Community Survey (US Census Bureau)
Full value per capita	Full value / population of school district	
Enrollment	Student enrollment of school district	State data publications
Enrollment trend	3-year Compound Annual Growth Rate (CAGR) of Enrollment	State data publications; Moody's Ratings
<b>Financial performance</b>		
Operating revenue (\$000)	Total annual operating revenue in what we consider to be the district's operating funds	Audited financial statements
Available fund balance (\$000)	Committed, assigned and unassigned fund balances in what we consider to be the district's operating funds	Audited financial statements
Net cash (\$000)	Net cash (cash and liquid investments minus short-term debt) in what we consider to be the district's operating funds	Audited financial statements
Available fund balance ratio	Available fund balance / Operating Revenue	Audited financial statements
Net cash ratio	Net Cash / Operating Revenue	Audited financial statements
<b>Leverage</b>		
Debt (\$000)	District's direct gross debt outstanding	Audited financial statements; official statements
ANPL (\$000)	District'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
OPEB (\$000)	District'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
Long-term liabilities ratio	Debt, ANPL and OPEB liabilities as % of operating revenue	Audited financial statements, official statements; Moody's Ratings
Implied debt service (\$000)	Annual cost to amortize district's long-term debt over 20 years with level payments	Audited financial statements; official statements; Moody's Ratings
Pension tread water (\$000)	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 contributions (\$000s)	District's actual contribution in a given period, typically the fiscal year	Audited financial statements; official statements
Fixed-costs ratio	Implied debt service, pension tread water and OPEB contributions as % of operating revenue	Audited financial statements, official statements, pension system financial statements

\*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 K-12 Public School Districts Methodology](#).

Source: Moody's Ratings

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Research Update:

# Cherokee County School District, GA Series 2026A/B GO Refunding Bonds Assigned 'AA+' Rating; Outlook Stable

April 2, 2026

## Overview

- S&P Global Ratings assigned its 'AA+' long-term rating and 'AA' underlying rating to Cherokee County School District, Ga.'s \$90 million series 2026A general obligation (GO) bonds and \$36.8 million series 2026B GO refunding bonds.
- At the same time, we affirmed our 'AA+' long-term rating and 'AA' underlying rating on the district's GO debt outstanding.
- The outlook is stable.

## Rationale

### Security

The underlying rating solely reflects the district's credit quality. The district's full faith and credit, including its ability to levy ad valorem property taxes without limitation as to rate or amount, secures its 2026 bonds and GO bonds outstanding. Proceeds of a 1% education special-purpose local option sales tax (SPLOST) may be used to pay principal and interest on the bonds. Should such revenue be insufficient, the bonds are payable from the district's unlimited taxing authority. The 2026A bond proceeds will finance the remainder of capital projects related to new and existing school facilities as part of a \$290 million authorization for SPLOST VI. The 2026B bond will be used towards refunding the series 2018 bonds for net present value savings.

The long-term rating reflects our assessment of the district's eligibility for, and participation in, the Georgia State Aid Intercept Program. The program rating is one notch below our GO rating on Georgia, reflecting our view that:

- Strong state support for the program and consistent, well-established state aid funding partly mitigate state aid appropriation risks.

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- Maximum annual debt service (MADS) coverage on all parity debt by state aid payments, currently 4.02x in 2026 and 2.70x for stressed semiannual coverage as of Feb. 1, 2028, will likely remain strong.
- State aid distribution flow and debt service payment dates result in a moderate assessment of timing and administrative risks.

## Credit highlights

The rating reflects our view of the district's economy, track record of positive results, and maintenance of a healthy level of reserves. Cherokee County School District's large economic base is supported by growth and proximity to the Atlanta-Sandy Springs-Roswell metropolitan statistical area (MSA), which continues to expand. Due to the county's residential nature, its economic output lags national averages by a wide margin, though per capita income metrics remain above those of the nation. The district's positive net operating performance and maintenance of reserves continue to exceed its fund balance policy threshold of 15% of expenditures, which we view as a credit strength. The district's debt profile is manageable on a per capita basis, in our view, and costs are overstated in fiscal year 2025 because of defeasance of roughly \$25 million of debt. Furthermore, costs are structured to amortize rapidly, exceeding 90% in the next ten-years, a credit positive in our view. Similarly, we will continue to monitor the district's pension and other postemployment benefit (OPEB) profile as costs are likely to escalate; this, along with weaker economic metrics, potentially constrain the rating.

The district has produced consecutive surpluses that management attributes to conservative budgeting practices. Fiscal 2025 is the latest year in more than a decade of operationally positive results, with ample levels of available fund balance in the general fund. While the district intends to use a portion of reserves for one-time capital projects so as to maintain fund balance at around 15% of expenditures, in line with its policy and the state's requirement, we believe it will likely regenerate some of that utilization with positive operational results. The district changed its budgeting practices in fiscal 2020 whereby it started collecting its SPLOST for capital projects directly in its capital reserve fund and then transferring the required amounts into its debt service fund for payments. As a result, the majority of the district's debt is managed outside the general fund.

The adopted fiscal 2026 budget totals \$603 million, or about a 3% increase over the fiscal 2025 budget. The biggest budget consideration was providing additional compensation increases for teachers and staff to keep pace with competitive salaries in neighboring districts, along with cost-of-living increases. Management reports results in line with the budget to date, with another surplus expected at fiscal year-end 2026. Overall, we expect the district to remain structurally balanced while maintaining its reserve cushion.

The underlying rating reflects our opinion of the following:

- The district, coterminous with Cherokee County just north of Atlanta, features a predominantly residential economy with rural areas. It benefits from regional labor opportunities, leading to incomes above national averages, though economic activity remains below average due to its residential nature.
- The district offers educational services through 23 elementary, seven middle, and six high schools, along with specialized centers such as a preschool, evening high school, special-education school, alternative school, and virtual academy. Enrollment has remained stable and is expected to stay flat despite population growth trends due to competition from charter schools. State aid, which comprises 43% of revenue and driven by the enrollment-based

Quality Based Education (QBE) formula, is anticipated to remain predictable. Overall, regional economic strength and growth are expected to support the rating.

- Ample reserves, with a ten-year track record of positive general fund operating results. Given that property taxes account for 48% of the district's budget, we believe this robust tax base growth continues to support the district's revenue-generating ability. We note that the district successfully opted out of the Georgia House Bill 581 homestead tax exemption, which we view as a revenue positive because it supports the district's ability to raise property tax rates.
- Financial management policies and practices are comprehensive and forward-looking, in our view, and include conservative budgeting practices using historical revenue and expenditure trends with regular monthly monitoring, as well as a multiyear financial forecast that includes scenario planning and is reviewed as part of its annual budget along with long-term capital planning and planning for the SPLOST program. Its reserve policy is to maintain 12%-15% of unassigned fund balance as a proportion of the prior year's budgeted expenditures. The district also has a formal investment and debt management policy, where debt service may not exceed 12% of expenditures, with the provision that if SPLOST revenue is used, that figure can increase to 15%; historically, the district has adhered to this policy.
- Increasing debt service carrying charge costs that we expect will remain manageable because of debt policy guardrails. Rapid amortization and one-time debt pre-payments in fiscal 2025 result in manageable per capita liabilities. Including this issuance, the district has \$565 million in direct debt outstanding and the renewal of the SPLOST program is due in March 2026. Although the district has historically issued tax anticipation notes annually to bridge a gap in timing for receipt of property tax revenue, it has not had to do so since 2020 thanks to improved cash flow. We view the district's pension and OPEB liabilities as elevated, with significant liabilities analogous to its size, and funding levels that fall short of our minimum and static funding progress calculations. While the discount rate improved to 6.9% in fiscal 2023 from 7.25% in fiscal 2022, it remains likely, in our view, that it could lead to some escalating cost-trajectory risk.
- For more information on our institutional framework assessment for Georgia school districts, see "[Institutional Framework Assessment: Georgia Local Governments](#)," Sept. 10, 2024.

## Environmental, social, and governance

We have analyzed environmental, social, and governance factors and view them as neutral within the credit-rating analysis.

## Outlook

The stable outlook on the underlying rating reflects the district's participation in the larger Cherokee County economy, which remains robust, as well as its consistent finances and rapid debt amortization.

## Downside scenario

We could lower the rating if the district's financial performance deteriorates, leading to sustained drawdowns in reserves to levels no longer comparable with those of similarly rated peers.

## Upside scenario

We could raise the rating if the district's economic indicators were to improve to levels we consider consistent with those of higher-rated peers while it maintains solid finances.

**Cherokee County School District, Georgia--Credit summary**

Institutional framework (IF)	2
Individual credit profile (ICP)	2.17
Economy	3.5
Financial performance	2
Reserves and liquidity	1
Management	1.35
Debt and liabilities	3

**Cherokee County School District, Georgia--Key credit metrics**

	Most recent	2025	2024	2023
<b>Economy</b>				
Real GCP per capita % of U.S.	--	--	50	49
County PCPI % of U.S.	--	--	102	101
Market value (\$000s)	--	42,570,855	42,628,889	40,495,922
Market value per capita (\$)	--	146,956	147,157	143,650
Top 10 taxpayers % of taxable value	--	2.5	2.4	2.9
County unemployment rate (%)	--	2.7	2.9	2.7
Local median household EBI % of U.S.	--	--	127	124
Local per capita EBI % of U.S.	--	--	110	106
Local population	--	--	289,684	281,907
<b>Financial performance</b>				
Operating fund revenues (\$000s)	--	667,122	650,967	578,419
Operating fund expenditures (\$000s)	--	649,895	623,722	556,891
Net transfers and other adjustments (\$000s)	--	(5,338)	(15,372)	(11,403)
Operating result (\$000s)	--	11,889	11,873	10,125
Operating result % of revenues	--	1.8	1.8	1.8
Operating result three-year average %	--	1.8	3.7	4.1
Enrollment	--	42,031	42,016	41,855
<b>Reserves and liquidity</b>				
Available reserves % of operating revenues	--	21.0	18.5	14.9
Available reserves (\$000s)	--	140,314	120,320	86,352
<b>Debt and liabilities</b>				
Debt service cost % of revenues	--	10.4	6.0	6.6
Net direct debt per capita (\$)	1,950	1,635	1,515	1,271
Net direct debt (\$000s)	564,966	473,580	438,753	358,386
Direct debt 10-year amortization (%)	85	100	100	--
Pension and OPEB cost % of revenues	--	10.0	9.0	10.0
NPLs per capita (\$)	--	1,735	1,735	2,074
Combined NPLs (\$000s)	--	502,692	502,692	584,581

## Cherokee County School District, Georgia--Key credit metrics

	Most recent	2025	2024	2023
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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\$36.83 mil GO rfdg bnds due 08/01/2033

Long Term Rating	AA+/Stable
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Underlying Rating for Credit Program	AA/Stable
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US\$90.000 mil GO bnds ser 2026A due 8/1/2038

Long Term Rating	AA+/Stable
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Underlying Rating for Credit Program	AA/Stable
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#### Ratings Affirmed

#### Local Government

Cherokee Cnty Sch Dist, GA Enhanced State Aid Intercept Program	AA+/Stable
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Cherokee Cnty Sch Dist, GA Unlimited Tax General Obligation	AA/Stable
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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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