

## RATING ACTION COMMENTARY

# Fitch Rates Carroll County, MD's \$29.1MM GO Bonds 'AAA'; Outlook Stable

Fri 07 Nov, 2025 - 12:43 PM ET

Fitch Ratings - New York - 07 Nov 2025: Fitch Ratings has assigned a 'AAA' rating to Carroll County, MD's \$29.115 million public improvement bonds of 2025. The bonds are general obligations of the county and will be sold competitively on Nov. 20. The public improvement bond proceeds will be used to fund various capital improvement projects.

In addition, Fitch has affirmed the following county ratings:

--Outstanding general obligation (GO) bonds at 'AAA';

--Issuer Default Rating (IDR) at 'AAA'.

The Rating Outlook is Stable.

## RATING ACTIONS

ENTITY / DEBT ⚡

RATING ⚡

PRIOR ⚡

Carroll County (MD) [General Government]	LT IDR	AAA Rating Outlook Stable	Affirmed	AAA Rating Outlook Stable
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Carroll County (MD) /General Obligation - Unlimited Tax/1 LT	LT	AAA Rating Outlook Stable	Affirmed	AAA Rating Outlook Stable
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### [VIEW ADDITIONAL RATING DETAILS](#)

The 'AAA' IDR and GOs reflect the county's 'strongest' demographic and economic level metrics. Another key driver is the county's long-term liability (LTL) burden, also assessed at 'strongest' relative to Fitch's local government rating portfolio.

The county's financial resilience assessment of 'aaa', is supported by 'Ample' budgetary flexibility underpinned by broad revenue-raising powers, and an expectation that unrestricted general fund reserves (the sum of committed, assigned and unassigned) will be maintained at least equal to or above 7.5% of spending (the minimum level for a 'aaa' assessment given its budgetary flexibility assessment). The county has historically maintained unrestricted reserves above 10%. As of fiscal year-end 2024, the unrestricted general fund balance was 18.4% of general fund spending.

These strengths are somewhat tempered by a 'weak' population trend.

### **RATING SENSITIVITIES**

#### **Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade**

--A sustained decline in available general fund balances below 7.5% of spending, which would lower the financial resilience assessment to below 'aaa';

--A material weakening in demographic and economic metrics including unemployment rate, population trend and educational attainment;

--A substantial increase in long-term liabilities due to additional debt and/or increases in net pension liabilities and increased carrying costs, assuming current levels of personal income and/or governmental resources.

### **Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade**

--Not applicable because the 'AAA' rating is at the highest rating level.

### **SECURITY**

The bonds are payable from the county's full faith and credit taxing power, for which the county is empowered and directed to levy unlimited ad valorem taxes

### **FITCH'S LOCAL GOVERNMENT RATING MODEL**

The Local Government Rating Model generates Model Implied Ratings, which communicate the issuer's credit quality relative to Fitch's local government rating portfolio. (The Model Implied Rating will be the Issuer Default Rating except in certain circumstances explained in the applicable criteria.) The Model Implied Rating is expressed via a numerical value calibrated to Fitch's long-term rating scale that ranges from 10.0 or higher (AAA), 9.0 (AA+), 8.0 (AA), and so forth down to 1.0 (BBB- and below).

Model Implied Ratings reflect the combination of issuer-specific metrics and assessments to generate a Metric Profile and a structured framework to account for Additional Analytical Factors not captured in the Metric Profile that can either mitigate or exacerbate credit risks. Additional Analytical Factors are reflected in notching from the Metric Profile and are capped at +/-3 notches.

### **RATINGS HEADROOM & POSITIONING**

Carroll County Model Implied Rating: 'AAA' (Numerical Value: 10.77)

-- Metric Profile: 'AAA' (Numerical Value: 10.77)

-- Net Additional Analytical Factor Notching: 0.0

Carroll County's Model Implied Rating is 'AAA'. The associated numerical value of 10.77 is at the upper end of the range for a 'AAA' rating.

## **KEY RATING DRIVERS**

### **FINANCIAL PROFILE**

#### **Financial Resilience - 'aaa'**

Carroll County's financial resilience is driven by the combination of its 'High' revenue control assessment and 'High' expenditure control assessment, culminating in an 'Ample' budgetary flexibility assessment.

-- Revenue control assessment: High

-- Expenditure control assessment: High

-- Budgetary flexibility assessment: Ample

-- Minimum fund balance for current financial resilience assessment:  $\geq 7.5\%$

-- Current year fund balance to expenditure ratio: 18.4% (2024)

-- Lowest fund balance to expenditure ratio for the fiscal-year period 2020-2024: 16.1% (2020)

#### **Revenue Volatility - 'Strongest'**

Carroll County's weakest historic three-year revenue performance is neutral to the Model Implied Rating.

The revenue volatility metric is an estimate of potential revenue volatility based on the issuer's historical experience relative to the median for the Fitch-rated local government portfolio. The metric helps to differentiate issuers by the scale of revenue loss that would have to be addressed through revenue raising, cost controls or utilization of reserves through economic cycles.

-- Lowest three-year revenue performance (based on revenues dating back to 2005): 3.0% increase for the three-year period ending fiscal 2015

-- Median issuer decline: -4.3% (2024)

## **DEMOGRAPHIC AND ECONOMIC STRENGTH**

### **Population Trend - 'Weak'**

Based on the median of 10-year annual percentage change in population, Carroll County's population trend is assessed as 'Weak'.

Population trend: 0.4% 2023 median of 10-year annual percentage change in population (23rd percentile)

### **Unemployment, Educational Attainment and MHI Level - 'Strongest'**

The overall strength of Carroll County's demographic and economic level indicators (unemployment rate, educational attainment, median household income [MHI]) in 2024 are assessed as 'Strongest' on a composite basis, performing at the 85th percentile of Fitch's local government rating portfolio. This is due to relatively strong education attainment levels, median-issuer indexed adjusted MHI and unemployment rate.

-- Unemployment rate as a percentage of national rate: 60.0% 2024 (96th percentile), relative to the national rate of 4.0%

-- Percent of population with a bachelor's degree or higher: 39.7% (2023) (74th percentile)

-- MHI as a percent of the portfolio median: 141.9% (2023) (84th percentile)

### **Economic Concentration and Population Size - 'Strongest'**

Carroll County's population in 2023 was of sufficient size and the economy was sufficiently diversified to qualify for Fitch's highest overall size/diversification category.

The composite metric acts asymmetrically, with most issuers (above the 15th percentile for each metric) sufficiently diversified to minimize risks associated with small population and economic concentration. Downward effects of the metric on the Metric Profile are most pronounced for the least economically diverse issuers (in the 5th percentile for the metric or lower). The economic concentration percentage shown below is defined as the sum of the absolute deviation of the percentage of personal income by major economic sectors relative to the U.S. distribution.

-- Population size: 177,108 Analyst Input (above the 15th percentile) (vs. 176,735 2023 Actual)

-- Economic concentration: 25.6% Analyst Input (above the 15th percentile) (vs. 24.5% 2024 Actual)

### **Analyst Inputs to the Model**

Analyst inputs to the model reflect metric adjustments to account for historical data anomalies, forward-looking performance shifts, or non-recurring events that may otherwise skew the time series.

The analyst entered the county's 2024 population figure and used the state-wide county median value for missing natural resources and mining sector income data.

### **LONG-TERM LIABILITY BURDEN**

#### **Long-Term Liability Burden - 'Strongest'**

Carroll County's long-term liability metrics remain moderately strong across each of the three dimensions: liabilities to personal income, liabilities to governmental revenue, and carrying costs to governmental expenditures. The long-term liability composite metric in 2024 is at the 87th percentile, indicating a low liability burden relative to the Fitch's local government rating portfolio.

-- Liabilities to personal income: 2.8% Analyst Input (79th percentile) (vs. 2.5% 2024 Actual)

-- Liabilities to governmental revenue: 65.8% Analyst Input (96th percentile) (vs. 59.1% 2024 Actual)

-- Carrying costs to governmental expenditures: 8.4% Analyst Input (89th percentile) (vs. 7.6% 2024 Actual)

The long-term liability burden includes an adjustment to deduct scheduled principal amortization through fiscal 2025, and to add the principal and debt service amounts associated with the county's latest issuance. Governmental expenditures were adjusted to include the county's estimated fiscal 2026 debt service.

## **PROFILE**

Carroll County, located in north-central Maryland, covers 452 square miles and is within the Baltimore metropolitan area, approximately 40 miles from the downtown business district. The estimated 2024 population of 177,108 has increased by just 5% since 2010, well below the state and nation. The county continues to focus growth within its designated growth areas while making an intentional effort to keep one-third of the county rural through its agricultural preservation program. Longstanding employers remain stable, and economic expansion continues, although population growth is slow.

The county's economy is anchored by two hospitals (Carroll Hospital Center and Springfield Hospital Center) and two colleges (McDaniel College and Carroll Community College). The unemployment rate remains below the state and nation. Wealth metrics are above the nation and state.

## **Sources of Information**

In addition to sources of information identified in Fitch's applicable criteria specified below, this action was informed by data from DIVER by Solve.

## **REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING**

The principal sources of information used in the analysis are described in the Applicable Criteria.

## **ESG CONSIDERATIONS**

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit <https://www.fitchratings.com/topics/esg/products#esg-relevance-scores>.

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**APPLICABLE CRITERIA**

[U.S. Public Finance Local Government Rating Criteria \(pub. 02 Apr 2024\) \(including rating assumption sensitivity\)](#)

**APPLICABLE MODELS**

Numbers in parentheses accompanying applicable model(s) contain hyperlinks to criteria providing description of model(s).

[U.S. Local Government Rating Model, v1.2.0 \(1\)](#)

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