

MOODY'S

RATINGS

Rating Action: Moody's Ratings assigns Aaa to Carroll County, MD's 2024 bonds

12 Nov 2024

New York, November 12, 2024 -- Moody's Ratings (Moody's) has assigned a Aaa to Carroll County, MD's proposed \$36.5 million General Obligation Bonds consisting of \$30 million Public Improvement Bonds of 2024 and \$6.5 million Taxable General Obligation Bonds (Volunteer Fire Department Project), Series 2024. We have affirmed the county's outstanding issuer and general obligation ratings at Aaa. The outlook is stable. The county had \$323 million in total debt outstanding at the end of 2023.

RATINGS RATIONALE

The Aaa issuer rating reflects the county's strong and stable local economy outside of Baltimore. The county continues to see ongoing development projects adding to its taxable base. It has a steady pipeline of projects that indicates future stability in its economy. Resident income and wealth levels are above-average as well.

The county's reserve position is strong but will see a very modest decline in 2024. Unaudited figures are showing a slight drop in our calculated fund balance to a still strong 40% of revenues. The decline was a planned draw to help fund pay-go capital with the abnormally strong revenue collections the county experienced during the pandemic. Fiscal 2025's budget includes another planned use of reserves of only \$16 million for capital projects. Management reports normal operations year-to-date.

The county's leverage is very low and despite ongoing capital plans according to its 5-year capital improvement plan, their metrics will remain strong for the rating category. Its future capital revolves around roads, bridges, and school funding with annual bond issuances ranging between \$30-50 million. Pension and OPEB liabilities are modest.

The Aaa general obligation rating reflects the unlimited ad valorem tax pledge that supports the bonds.

RATING OUTLOOK

The stable outlook reflects the growing likelihood that the county's economy will

remain strong while its reserves hold at levels appropriate for the rating category.

FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATINGS

- Not applicable

FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATINGS

- Material decline in reserves to below 30% of revenues
- Significant and sustained increase in leverage to above 200% of revenues

LEGAL SECURITY

The bonds benefit from the county's general obligation unlimited ad valorem tax pledge.

USE OF PROCEEDS

The bonds will be used to fund various county-wide projects including schools, conservation and water resources, and general government capital projects.

PROFILE

Carroll County, MD is located in the northern portion of the state to the west of Baltimore County (Aaa stable). Its population is around 172,000.

METHODOLOGY

The principal methodology used in these ratings was US Cities and Counties published in July 2024 and available at <https://ratings.moodys.com/rmc-documents/425429>. Alternatively, please see the Rating Methodologies page on <https://ratings.moodys.com> for a copy of this methodology.

REGULATORY DISCLOSURES

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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