

CREDIT OPINION

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Send Your Feedback

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Carroll County, MD

Update to credit analysis

Summary

Carroll County, MD (Aaa stable) benefits from its location outside of Baltimore (Aa2 negative) in northern Maryland (Aa1 stable). Its local economy is developed but has ample space for new opportunities. Currently, there is a pipeline of new development in the county that will bring additional activity and revenues. Its financial operations are stable and strong through annually conservative budgeting, strong revenue collections, and active management over operations. The county is aiming to draw reserves to fund capital projects given fund balance is at record levels. Even with this planned draw in fiscal 2026, reserves will remain strong. Leverage will remain low despite the county's ongoing capital plan with annual debt issuances. With its annual principal amortization of its debt along with revenue growth, its metrics will remain strong for the rating category.

Credit strengths

- » Very strong financial management
- » Ongoing development
- » Manageable leverage

Credit challenges

- » Moderate exposure to economically sensitive revenues

Rating outlook

The stable outlook reflects the expectation 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

- » Not applicable

Factors that could lead to a downgrade

- » Material decline in reserves to below 35% of revenues
- » Significant and sustained increase in leverage to above 200% of revenues

Key indicators

Exhibit 1

Carroll (County of) MD

	2021	2022	2023	2024	Aaa Medians
Economy					
Resident income ratio (%)	144.6%	145.0%	143.7%	N/A	121.1%
Full Value (\$000)	\$21,344,811	\$22,010,187	\$22,789,036	\$23,942,703	\$60,715,203
Population	172,148	173,225	174,318	N/A	413,001
Full value per capita (\$)	\$123,991	\$127,061	\$130,733	N/A	\$150,347
Annual Growth in Real GDP	5.1%	2.6%	1.6%	N/A	2.2%
Financial Performance					
Revenue (\$000)	\$541,788	\$543,367	\$575,951	\$597,836	\$556,827
Available fund balance (\$000)	\$179,352	\$195,393	\$242,774	\$259,738	\$251,309
Net unrestricted cash (\$000)	\$222,141	\$244,933	\$282,718	\$301,422	\$420,472
Available fund balance ratio (%)	33.1%	36.0%	42.2%	43.4%	47.7%
Liquidity ratio (%)	41.0%	45.1%	49.1%	50.4%	79.5%
Leverage					
Debt (\$000)	\$310,595	\$316,081	\$323,154	\$320,937	\$425,678
Adjusted net pension liabilities (\$000)	\$110,156	\$140,004	\$97,232	\$93,946	\$492,825
Adjusted net OPEB liabilities (\$000)	\$149,304	\$108,857	\$388	-\$15,471	\$62,594
Other long-term liabilities (\$000)	\$26,072	\$27,254	\$33,837	\$34,032	\$27,845
Long-term liabilities ratio (%)	110.0%	109.0%	78.9%	78.2%	178.9%
Fixed costs					
Implied debt service (\$000)	\$40,920	\$39,957	\$40,754	\$41,737	\$27,654
Pension tread water contribution (\$000)	\$4,969	\$3,413	\$6,787	\$7,309	\$10,470
OPEB contributions (\$000)	\$12,462	\$12,310	\$11,458	\$350	\$3,449
Implied cost of other long-term liabilities (\$000)	\$2,049	\$1,829	\$1,903	\$2,351	\$1,961
Fixed-costs ratio (%)	11.1%	10.6%	10.6%	8.7%	7.5%

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 Baltimore-Columbia-Towson, MD Metropolitan Statistical Area.

Sources: US Census Bureau, Carroll (County of) MD's financial statements and Moody's Ratings, US Bureau of Economic Analysis

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.

Detailed credit considerations

Economy: diverse and healthy economy outside of Baltimore

The county's local economy will continue to see growth in the near-term. The county is largely residential, however it has a commercial/industrial base that continues to see ongoing development. In 2025, the county reports over \$134 million in investment in new commercial and industrial space. Additionally, the county maintains a pipeline of projects that will continue to develop open space in the coming several years. Of note is the Shamrock Farms redevelopment project which will be the training facility to accompany the redevelopment of the Pimlico Race Course in Baltimore. This project will be financed and facilitated by state agencies for an estimated investment of \$115 million. The county's largest employers are the county school board, Carroll and Springfield hospitals, McDaniel College, and Penguin Random House. The county has very little exposure to the federal or state government in its economy.

The county's resident income and wealth are very strong. Adjusted median household income is 144% of the nation. Full value per capita is \$143,000 and has been growing annually as the tax base recognizes the development.

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

Financial operations: strong reserves despite plans to draw in near-term

The county's reserve position and operations will remain strong in the near-term despite macroeconomic headwinds. The fiscal 2026 General Fund budget is around 6.5% greater than 2025's budget driven by education and general government spending. The county is utilizing \$27 million in fund balance, down from \$29 million last year, along with budgeting for property and income tax collections to grow 6.4% and 5.7%, respectively. Year-to-date, the county is reporting generally stable operations and reserves should remain healthy by year end.

The county, in addition to its fiscal 2025 budget, continues to generate a multi-year spending plan to properly prepare for future budgets using known revenues and expenditures. This plan is a strength for the credit profile.

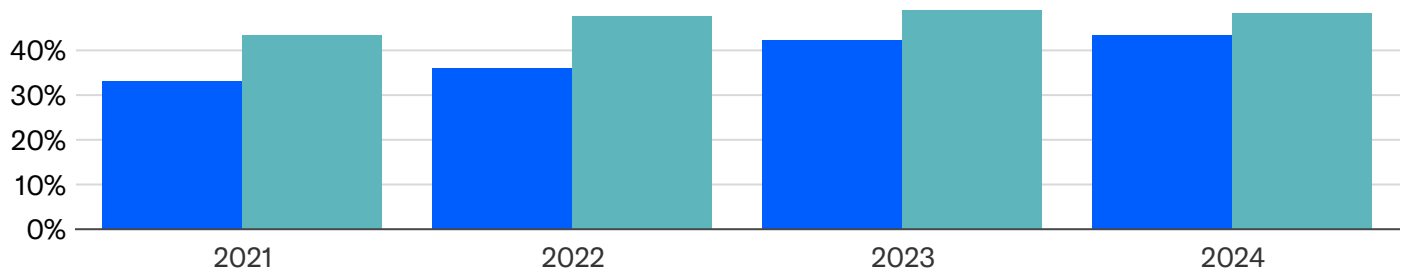
Fiscal 2025's unaudited results are showing a surplus and the Moody's calculated available fund balance will be around \$316 million or 48% of revenues. Total General Fund revenues outpaced budget by 9.4% driven by income taxes coming in 13% above budget. General Fund spending was under budget across most operations and is a testament to the county's conservative budgeting practices.

At the end of fiscal 2024, its total available fund balance equaled \$260 million or 43% of revenues. Current reserves mark a five-year high and has been generated through annual positive budgeting variances, specifically on the revenues in its income tax collections. Outside of the governmental funds, the county operates several business type funds including water/sewer, solid waste, airport, and fiber network funds. Collectively, business type funds are only 5% of total revenues. Operations in these funds have been generally healthy and stable.

Exhibit 2

Fund Balance Ratio

■ Available fund balance ratio ■ Median available fund balance ratio



Source: Audited financial statements; Moody's Ratings

Liquidity

The county's liquidity is healthy. At the end of fiscal 2024 its cash balance was \$301 million or 50% of revenues. Fiscal 2025 unaudited results are showing a total cash balance of around \$309 million or 47% of revenues.

Leverage: low leverage expected to hold

The county's leverage will remain low in the near-term despite ongoing capital plans and debt issuances. Including this issuance, the county's total leverage remain below 100% of total revenues, with a majority of it comprised of debt. Almost all of its outstanding debt is for general government and school purposes with a small portion related to its utilities.

The county maintains a formal capital plan that runs through 2030 and addresses projects across all operations. This plan calls for annual debt issuances ranging between \$30-49 million in general obligation bonds annually. Around 70% of the funding is related to schools, roads, and bridges. The county does actively fund projects with internal resources and state and federal grants. Its debt burden will remain low despite these ongoing plans as the county has an average principal amortization along with steady revenue growth.

Legal security

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

Debt structure

All of the county's debt is fixed rate.

Debt-related derivatives

The county is not party to any interest rate swap or derivative agreements.

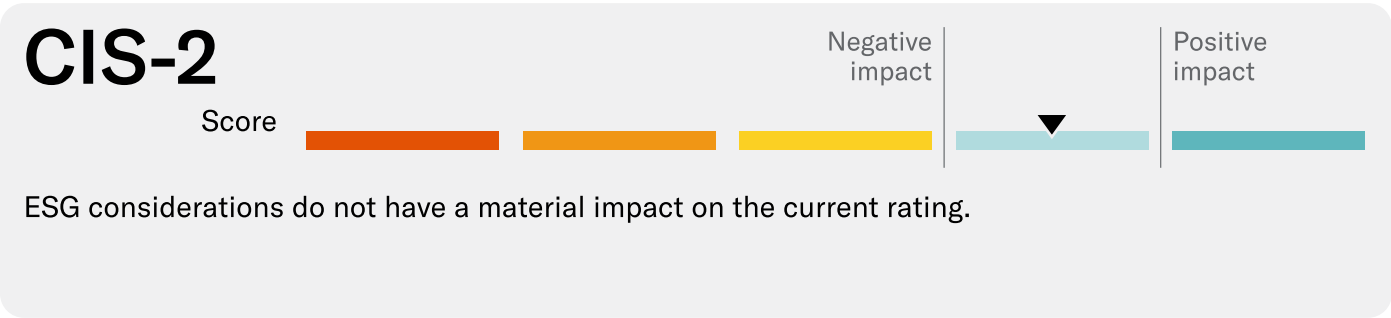
Pensions and OPEB

The county's pension and OPEB liabilities do not pose a risk for its credit profile in the near term. The county participates in two single-employer defined benefit pension plans, a length of service awards program (LOSAP), and the Maryland State Retirement Agency (MSRA). The county also offers post employment benefits to its qualified employees but given the current funding status, is an asset not a liability.

ESG considerations

Carroll (County of) MD's ESG credit impact score is CIS-2

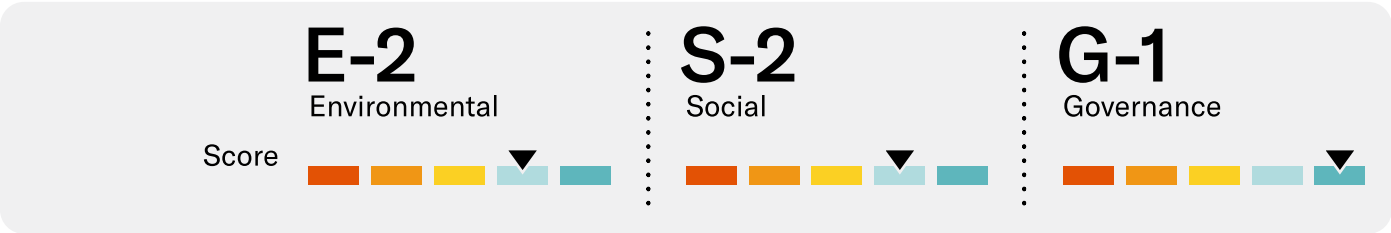
Exhibit 3
ESG credit impact score



Source: Moody's Ratings

Carroll County's ESG CIS impact score is **CIS-2**, reflecting the neutral to low impact environmental and social risks have on its credit profile along with a strong governance impact.

Exhibit 4
ESG issuer profile scores



Source: Moody's Ratings

Environmental

The county's overall E issuer profile score is **E-2**. The county has medium exposure to heat stress, water stress, extreme rainfall, hurricane and typhoons and wildfire. The county's exposure is mitigated by several factors, including the county's participation in the Maryland Climate Leadership Academy and other environmentally related task forces to enhance resiliency and management, as well as the county's healthy financial position and state and federal governments' history of providing disaster relief to local governments following a major weather event.

Social

The county's overall S issuer profile score is **S-2**. The county's overall demographics and educational attainment are strengths. Residents have easy access to basic services and the county scores favorably in health and safety.

Governance

Carroll County's very strong governance profile supports its rating, as captured by its **G-1** issuer profile score. It reflects a strong institutional structure, demonstrated policy effectiveness and established history of prudent budget management as evidenced by the county's financial management practices, including the development of a six-year balanced operating plan and the restriction of one-time revenue (including appropriated fund balance) to fund non-recurring expenditures.

ESG Issuer Profile Scores and Credit Impact Scores for the rated entity/transaction are available on Moodys.com. In order to view the latest scores, please click [here](#) to go to the landing page for the entity/transaction on MDC and view the ESG Scores section.

Rating methodology and scorecard factors

The US Cities and Counties Methodology includes a scorecard, which 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

Carroll (County of) MD

	Measure	Weight	Score
Economy			
Resident income ratio	143.7%	10.0%	Aaa
Full value per capita	146,123	10.0%	Aa
Economic growth metric	-1.1%	10.0%	A
Financial Performance			
Available fund balance ratio	43.4%	20.0%	Aaa
Liquidity ratio	50.4%	10.0%	Aaa
Institutional Framework			
Institutional Framework	Aa	10.0%	Aa
Leverage			
Long-term liabilities ratio	78.2%	20.0%	Aaa
Fixed-costs ratio	6.7%	10.0%	Aaa
Notching factors			
No notchings applied			
Scorecard-Indicated Outcome			Aa1
Assigned Rating			Aaa

The Economic Growth metric cited above compares the five-year CAGR of real GDP for Baltimore-Columbia-Towson, MD Metropolitan Statistical Area to the five-year CAGR of real GDP for the US.

Sources: US Census Bureau, Carroll (County of) MD'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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