

# **Bond Case Briefs**

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## **Baltimore County, Maryland: Fitch New Issue Report**

Key Rating Drivers Revenue Framework: 'aaa': Fitch's assessment of the county's revenue framework reflects its view of solid long-term growth prospects, which incorporate some sensitivity to fluctuations in the income tax and other economically sensitive sources through the economic cycle, coupled with the county's high independent legal ability to increase revenue. Expenditure Framework: 'aa': Fitch expects expenditures to grow at a rate in line with to marginally above revenues in the absence of policy action based on historical results. Fixed carrying costs for debt service and retiree benefits are moderate as a percentage of total governmental spending. Spending flexibility is somewhat constrained by multi-year labor agreements and the difficulty to reduce education spending below maintenance of efforts levels without full county council and state approval. Long-Term Liability Burden: 'aaa': Overall debt combined with Fitch-adjusted net pension liabilities is low at about 7% of residents' personal income, excluding GO-backed Metropolitan District debt. Such debt is supported by special assessments and charges levied against all property in the district for water and sewer service. Operating Performance: 'aaa': The county has high gap-closing capacity relative to Fitch's expectations of revenue sensitivity during economic cycles. Baltimore's superior level of inherent budget flexibility reflects its high revenue raising authority and solid expenditure flexibility. Conservative budget management practices have contributed to consistent reserve levels maintained at amounts above what Fitch deems adequate for an 'aaa' reserve safety margin. Management has a strong history of using excess reserves for pay-go capital.

### **[ACCESS REPORT](#)**

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