

RATING ACTION COMMENTARY

Fitch Rates St. Mary's County, MD's \$61.5MM Ser 2026 GO Bonds 'AAA'; Outlook Stable

Fri 31 Jul, 2026 - 4:52 PM ET

Fitch Ratings - New York - 31 Jul 2026: Fitch Ratings has assigned a 'AAA' rating to St. Mary's County, MD's \$61.5 million series 2026 consolidated public improvement bonds.

The bonds are scheduled to sell competitively on August 18.

Fitch also affirmed the county's Issuer Default Rating (IDR) and outstanding general obligation (GO) bonds at 'AAA'.

The Rating Outlook is Stable.

RATING ACTIONS

ENTITY / DEBT ⚡	RATING TYPE ⚡	RATING ⚡	RATING ACTION ⚡	PRIOR ⚡
St. Mary's County (MD) [General Government]	LT IDR	AAA Rating Outlook Stable	Affirmed	AAA Rating Outlook Stable

St. Mary's County (MD)	LT	AAA Rating	Affirmed	AAA Rating Outlook
/General Obligation - Unlimited		Outlook Stable		Stable
Tax/1 LT				

VIEW ADDITIONAL RATING DETAILS

The 'AAA' rating reflects continued maintenance of strong reserves and 'Strong' demographic and economic level metrics relative to Fitch's rating portfolio. Economic concentration is assessed as 'High' due to the presence of Naval Air Station (NAS) Patuxent River, which is the county's largest employer with over 22,000 employees. Long-term liabilities are expected to grow with new borrowing. However, Fitch expects at least commensurate growth in the county's underlying resource base to maintain the current rating. Results contrary to this expectation would be viewed negatively.

RATING SENSITIVITIES

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

- A sustained approximately 5% increase in long-term liabilities due to additional debt and/or increases in net pension liabilities (NPLs) and carrying costs, absent a commensurate increase in personal income and/or governmental resources.
- A material weakening in demographic and economic metrics, including unemployment rate, population trend or personal income.
- A sustained decline in available general fund balances below 7.5% of spending, which would lower the financial resilience assessment to below 'aaa'.

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

- Not applicable because the 'AAA' rating is highest rating that can be assigned.

SECURITY

The bonds are general obligations of the county, for which the full faith and credit and unlimited taxing power are irrevocably pledged for repayment of the bonds.

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

St. Mary's County Model Implied Rating: 'AAA' (Numerical Value: 10.05)

-- Metric Profile: 'AAA' (Numerical Value: 10.05)

-- Net Additional Analytical Factor Notching: 0.0

St. Mary's County's Model Implied Rating is 'AAA'. The associated numerical value of 10.05 is at the lower end of the range for a 'AAA' rating.

KEY RATING DRIVERS

FINANCIAL PROFILE

Financial Resilience - 'aaa'

St. Mary's County's financial resilience is driven by the combination of its 'High' revenue control assessment and 'High' expenditure control assessment, culminating in a '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: 26.5% (2025)

-- Lowest fund balance to expenditure ratio for the fiscal-year period 2021-2025: 24.0% (2024)

Revenue Volatility - 'Strongest'

St. Mary's 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 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): 3.3% increase for the three-year period ending fiscal 2015

-- Median issuer decline: -3.6% (2025)

DEMOGRAPHIC AND ECONOMIC STRENGTH

Population Trend - 'Weak'

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

Population trend: 0.5% Analyst Input (31st percentile) (vs. 0.7% 2024 median of 10-year annual percentage change in population)

Unemployment, Educational Attainment and MHI Level - 'Strong'

The overall strength of St. Mary's County's demographic and economic level indicators (unemployment rate, educational attainment, median household income [MHI]) in 2025 are assessed as 'Strong' on a composite basis, performing at the 78th 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: 79.1% 2025 (78th percentile), relative to the national rate of 4.3%

-- Percent of population with a bachelor's degree or higher: 36.5% (2024) (67th percentile)

-- MHI as a percent of the portfolio median: 154.3% (2024) (90th percentile)

Economic Concentration and Population Size - 'Midrange'

St. Mary's County's population in 2024 was of sufficient size to qualify for Fitch's highest overall size category but this is offset by the highly concentrated economy.

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 fifth 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: 116,692 Analyst Input (above the 15th percentile) (vs. 116,216 2024 Actual)

-- Economic concentration: 83.4% Analyst Input (from 0th to 2.5th percentile) (vs. 82.1% 2025 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.

Economic concentration was adjusted by using the state-wide county median for natural resources and mining sector data, which was absent. Demographic and economic level metrics were updated to reflect 2025 data.

LONG-TERM LIABILITY BURDEN

Long-Term Liability Burden - 'Strong'

St. Mary's County's carrying costs to governmental expenditures and liabilities to governmental revenue remain strong while liabilities to personal income remain midrange. The long-term liability composite metric in 2025 is at the 73rd percentile, indicating a somewhat lower liability burden relative to the Fitch's local government rating portfolio.

-- Liabilities to personal income: 4.5% Analyst Input (58th percentile) (vs. 3.9% 2025 Actual)

-- Liabilities to governmental revenue: 106.5% Analyst Input (82nd percentile) (vs. 92.5% 2025 Actual)

-- Carrying costs to governmental expenditures: 10.3% Analyst Input (81st percentile) (vs. 9.2% 2025 Actual)

The long-term liability burden includes adjustments to deduct scheduled outstanding principal amortization through fiscal 2026 and to add the principal and debt service amount associated with the series 2026 GO bonds.

PROFILE

St. Mary's County borders the Patuxent and Potomac rivers and Chesapeake Bay and is home to the Naval Air Systems Command and Naval Air Warfare Center Aircraft Division headquarters. Wealth indicators are high in part due to higher-wage technology jobs in the area.

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.

CLIMATE VULNERABILITY SIGNALS

The results of our Climate.VS screener did not indicate an elevated risk for St. Mary's County (MD) [General Government].

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 \(pub. 01 May 2026\) \(including rating assumption sensitivity\)](#)

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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St. Mary's County (MD)

EU Endorsed, UK Endorsed

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