

RATING ACTION COMMENTARY

Fitch Affirms Cary, NC GOs at 'AAA'; Outlook Stable

Wed 04 Mar, 2026 - 10:46 AM ET

Fitch Ratings - New York - 04 Mar 2026: Fitch Ratings has affirmed the rating on Cary, NC's Issuer Default Rating (IDR) and General Obligation (GO) bonds at 'AAA'.

The Rating Outlook is Stable.

RATING ACTIONS

ENTITY / DEBT ↕	RATING ↕			PRIOR ↕
Cary (NC) [General Government]	LT IDR	AAA Rating Outlook Stable		AAA Rating Outlook Stable
	Affirmed			
Cary (NC) /General Obligation - Unlimited Tax/1 LT	LT	AAA Rating Outlook Stable	Affirmed	AAA Rating Outlook Stable

[VIEW ADDITIONAL RATING DETAILS](#)

The IDR and GO rating of 'AAA' reflect the town's 'aaa' financial resilience, based on ample budget flexibility and Fitch's expectation that available reserves will remain above 7.5% of spending. The rating also incorporates the town's very low long-term liability burden, and Fitch's strongest and midrange assessments for the town's demographic- and economic-level and trend metrics, reflective of the fast-growing and wealthy resource base. Fitch is aware of recent developments related to the departure of the former town manager, but does not believe these matters will lead to negative rating action at this time.



RATING SENSITIVITIES

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

--A sustained decrease in general fund balances below 7.5% of general fund expenditures;

--Diminished demographic trends and economic levels, including but not limited to population growth, unemployment relative to the national average and median household income as a percentage of Fitch's portfolio.

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

--Not applicable, given 'AAA' rating.

SECURITY

The GO bonds are backed by a pledge of the full faith and credit and unlimited taxing power of the town.

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 Ratings will be the IDR except in certain circumstances explained in the applicable criteria). The Model Implied Ratings 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

Cary's Model Implied Rating: 'AAA' (Numerical Value: 10.85)

-- Metric Profile: 'AAA' (Numerical Value: 10.85)

-- Net Additional Analytical Factor Notching: 0.0

Cary's Model Implied Rating is 'AAA'. The associated numerical value of 10.85 is at the upper end of the range for a 'AAA' rating.

KEY RATING DRIVERS

FINANCIAL PROFILE

Financial Resilience - 'aaa'

Cary'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: 36.7% Analyst Input (vs. 28.9% 2024 Actual)

-- Lowest fund balance to expenditure ratio for the fiscal-year period 2020-2024: 25.9% (2023)

Revenue Volatility - 'Strongest'

Cary'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): 5.7% increase for the three-year period ending fiscal 2011

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

DEMOGRAPHIC AND ECONOMIC STRENGTH

Population Trend - 'Strong'

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

Population trend: 1.6% Analyst Input (75th percentile) (vs. 1.8% 2023 median of 10-year annual percentage change in population)

Unemployment, Educational Attainment and MHI Level - 'Strongest'

The overall strength of Cary'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 92nd 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: 72.5% 2024 (86th percentile), relative to the national rate of 4.0%

-- Percent of population with a bachelor's degree or higher: 70.5% Analyst Input (98th percentile) (vs. 70.3% 2023 Actual)

-- MHI as a percent of the portfolio median: 165.5% Analyst Input (93rd percentile) (vs. 165.4% 2023 Actual)

Economic Concentration and Population Size - 'Midrange'

Cary's population in 2023 was of sufficient size to qualify for Fitch's highest overall size category but this is offset by the somewhat 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: 182,659 Analyst Input (above the 15th percentile) (vs. 181,205 2023 Actual)

-- Economic concentration: 54.2% Analyst Input (from 10th to 15th percentile)

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 used 2024 values for population trend and level metrics, as well as educational attainment, MHI, and economic concentration.

LONG-TERM LIABILITY BURDEN

Long-Term Liability Burden - 'Strongest'

Cary's liabilities to governmental revenue has improved while carrying costs to governmental expenditures and liabilities to personal income remain moderately strong. The long-term liability composite metric in 2024 is at the 85th percentile, indicating a low liability burden relative to the Fitch's local government rating portfolio.

-- Liabilities to personal income: 1.6% Analyst Input (93rd percentile) (vs. 1.7% 2024 Actual)

-- Liabilities to governmental revenue: 86.9% Analyst Input (90th percentile) (vs. 107.5% 2024 Actual)

-- Carrying costs to governmental expenditures: 11.3% Analyst Input (75th percentile) (vs. 10.2% 2024 Actual)

The analyst adjusted liabilities to personal income and liabilities to governmental revenues calculations to account for fiscal 2025 results and the amortization of debt in fiscal 2026.

PROFILE

Cary's estimated 2024 population is 182,659. The town benefits from strong local commercial and employment bases as well as its proximity to the state capital, Raleigh (IDR:

AAA/Stable). Nearby Research Triangle Park (RTP), a prominent research and development center, serves as an economic engine, helping draw biotechnology and high-tech firms to the area. Several colleges and universities as well as major healthcare facilities provide complementary employment opportunities.

Academia, biotechnology, and government foster economic stability and have helped Cary maintain healthy employment metrics. Numerous multinational corporations are tenants at RTP, which is located between three major research universities (Duke, University of North Carolina, and North Carolina State), and prominent employers include Biogen, Inc., GlaxoSmithKline, Fidelity Investments, and Cisco Systems, Inc. The employment opportunities have attracted a highly educated labor force and translated into favorable wealth levels and unemployment rates consistently below the national and state averages.

The town's location has allowed it to generate economic investment and create its own employment base. SAS Institute, Inc. (computer software) is the town's largest employer, with over 4,000 employees, and the largest taxpayer at approximately 1.3% of taxable assessed value. MetLife employs over 3,100 in Cary and represents approximately 0.7% of the town's taxable assessed value.

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

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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)

ADDITIONAL DISCLOSURES

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Cary (NC)

EU Endorsed, UK Endorsed

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rating transitions, measured in each direction) for international credit ratings, based on historical performance. A simple average across asset classes presents best-case upgrades of 4 notches and worst-case downgrades of 8 notches at the 99th percentile. For more details on sector-specific best- and worst-case scenario credit ratings, please see [Best- and Worst-Case Measures](#) under the Rating Performance page on Fitch's website.

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