

13 MAR 2026

Fitch Rates Danbury, CT \$28.8MM Ser 2026 B GO Ref Bonds 'AA+'; Outlook Stable

Fitch Ratings - New York - 13 Mar 2026: Fitch Ratings has assigned a 'AA+' rating to the city of Danbury, Connecticut's \$28,825,000 general obligation (GO) refunding bonds, issue of 2026, Series B.

The bonds are scheduled to sell via negotiate sale on March 24, 2026. Bond proceeds will be used to refund certain outstanding general obligation bonds.

Fitch has also affirmed Danbury's Issuer Default Rating (IDR) and outstanding GO bonds at 'AA+', as well as outstanding bond anticipation notes at 'F1+'.

The Rating Outlook is Stable.

The 'AA+' IDR and GO bond rating reflect the city's 'aaa' financial resilience assessment and expectations that unrestricted general fund reserves (sum of committed, assigned and unassigned) will be maintained at or above 10% of spending, given the city's 'High-Midrange' level of budgetary flexibility and unlimited ability to raise revenues.

The city's long-term liability burden is assessed as 'Strong', reflecting slightly elevated direct debt and Fitch-adjusted net pension liabilities (NPLs) compared to estimated personal income levels. This is offset by a 'Strong' ratio of liabilities to governmental revenues and manageable, but increasing, fixed carrying costs.

The city has plans for future non-enterprise debt associated primarily with new school projects for which a portion of costs will be reimbursed by the state of Connecticut. Future bond debt service costs will be partially offset by rapidly amortizing principal of outstanding governmental debt (80% over 10 years, inclusive of the 2026 bonds) and, therefore, should not have an effect on the current rating.

The city's economic and demographic metrics associated with residents' employment, educational attainment and median household income (MHI) levels are assessed at 'strong' when compared to Fitch's local government ratings portfolio. The city economy is diverse and its population has experienced moderate annual growth trends over the past decade.

Rating Sensitivities

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

-- A sustained approximate 70% increase in long-term liabilities and carrying costs absent a

commensurate increase in personal income and/or governmental resources.

-- A reduction in fund balance that results in unrestricted reserve levels sustained below 10% of spending, leading to a lower financial resilience assessment.

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

-- A sustained approximate 20% decrease in long-term liabilities and carrying costs absent a commensurate decrease in personal income and/or governmental resources.

-- Improved demographic and economic indicators, including stronger MHI, population growth, and lower unemployment rates.

SECURITY

The bonds are general obligations of the city backed by its full faith and credit and unlimited tax power.

Fitch's Local Government Rating Model

The Local Government Rating Model (LGRM) 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 IDR 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, which 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 +/-three notches.

Ratings Headroom & Positioning

Danbury Model Implied Rating: 'AA+' (Numerical Value: 9.80)

-- Metric Profile: 'AA+' (Numerical Value: 9.80)

-- Net Additional Analytical Factor Notching: 0.0

Danbury's Model Implied Rating is 'AA+'. The associated numerical value of 9.80 is at the upper end of the 9.0 to 10.0 range for a 'AA+' rating.

Key Rating Drivers

Financial Profile

Financial Resilience - 'aaa'

Danbury's financial resilience is driven by the combination of its 'High' revenue control assessment and

'Midrange' expenditure control assessment, culminating in a 'High Midrange' budgetary flexibility assessment.

- Revenue control assessment: High
- Expenditure control assessment: Midrange
- Budgetary flexibility assessment: High Midrange
- Minimum fund balance for current financial resilience assessment: $\geq 10.0\%$
- Current year fund balance to expenditure ratio: 22.5% (2024)
- Lowest fund balance to expenditure ratio for the fiscal-year period 2020-2024: 15.7% (2020)

Revenue Volatility - 'Strong'

Danbury'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): 0.9% increase for the three-year period ending fiscal 2021
- Median issuer decline: -4.3% (2024)

Demographic and Economic Strength

Population Trend - 'Weak'

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

Population trend: 0.4% 2024 (23rd percentile) (vs. 0.1% 2023 median of 10-year annual percentage change in population)

Unemployment, Educational Attainment and MHI Level - 'Strong'

The overall strength of Danbury's demographic and economic level indicators (unemployment rate, educational attainment, median household income [MHI]) in 2024 are assessed as 'Strong' on a composite basis, performing at the 64th percentile of Fitch's local government rating portfolio. This is due to high education attainment levels and very low unemployment rate offsetting midrange median-issuer indexed adjusted MHI.

- Unemployment rate as a percentage of national rate: 70.0% 2024 (88th percentile), relative to the

national rate of 4.0%

-- Percent of population with a bachelor's degree or higher: 34.5% (2023) (62nd percentile)

-- MHI as a percent of the portfolio median: 93.9% 2024 (41st percentile) (vs. 98.0% 2023 Actual)

Economic Concentration and Population Size - 'Strongest'

Danbury's population in 2024 was of sufficient size and the economy was sufficiently diversified to qualify for Fitch's highest overall size/diversification category.

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: 88,692 2024 (above the 15th percentile) (vs. 87,263 2023 Actual)

-- Economic concentration: 38.1% (2024) (above the 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.

Long-Term Liability Burden

Long-Term Liability Burden - 'Strong'

Danbury'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 2024 is at the 63rd percentile, indicating a somewhat lower liability burden relative to the Fitch's local government rating portfolio.

-- Liabilities to personal income: 6.4% Analyst Input (41st percentile) (vs. 6.1% 2024 Actual)

-- Liabilities to governmental revenue: 104.6% Analyst Input (83rd percentile) (vs. 100.0% 2024 Actual)

-- Carrying costs to governmental expenditures: 12.2% (2024) (69th percentile)

Analyst inputs were made to the liability metrics to reflect the issuance of new debt (less self-supporting water- and sewer-related debt) and amortization of outstanding debt since fiscal year-end 2024.

PROFILE

Danbury is located in northern Fairfield County, approximately 60 miles north of New York City, and is proximate to other major employment centers in Connecticut. Its estimated population in 2024 was 88,692, up approximately 9.6% since 2010.

Danbury benefits from continued economic development and its role as a regional employment and retail center. The city's major employers besides the city and schools include the Western Connecticut Health Network-affiliated Danbury Hospital and Boehringer-Ingelheim Pharmaceuticals. The city is also home to Western Connecticut State University, one of four state-operated universities. The city's top 10 taxpayers comprise approximately 8% of the total, with the Danbury Fair Mall the largest, at 2% of the tax base.

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 <https://www.fitchratings.com/topics/esg/products#esg-relevance-scores>.

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Rating Actions

ENTITY/DEBT	RATING		RECOVERY	PRIOR
Danbury (CT) [General Government]	LT IDR	AA+ ●	Affirmed	AA+ ●
• Danbury (CT) /General Obligation - Unlimited Tax/ 1 LT	LT	AA+ ●	Affirmed	AA+ ●
• Danbury (CT) /General Obligation - Unlimited Tax/ 1 ST	ST	F1+	Affirmed	F1+

RATINGS KEY OUTLOOK WATCH

POSITIVE	⊕	◊
NEGATIVE	⊖	◊
EVOLVING	◊	◆
STABLE	○	

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

[Solicitation Status](#)

Endorsement Status

Danbury (CT) EU Endorsed, UK Endorsed

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(EU Exit) Regulations 2019 respectively.

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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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