

Research Update:

Danbury, CT Series 2026B GO Refunding Bonds Assigned 'AA+' Rating; Outlook Stable

March 11, 2026

Overview

- S&P Global Ratings assigned its 'AA+' long-term rating to the City of [Danbury](#), Conn.'s approximately \$45.205 million series 2026B general obligation (GO) refunding bonds.
- The outlook is stable.

Rationale

Security

The 2026B GO bonds are secured by a pledge of the city's full-faith-and-credit taxing power to levy ad valorem taxes, without limit as to rate or amount, on all taxable property within its jurisdiction. 2026B bond proceeds will refund outstanding GO bonds for interest rate savings.

Credit highlights

The rating reflects our view of the city's diverse property tax base and residents' access to large regional employment centers. Danbury is in affluent Fairfield County, and although incomes are lower than those of peers within the county, they remain on par with those of the nation. The city's approach to financial management and reliance on property tax revenue have resulted in consistently positive financial results and robust reserves that support the rating, which we expect will continue. Pending litigation could have a one-time effect on reserves and performance, but we expect financial metrics will remain commensurate with the current rating.

Credit fundamentals supporting the rating include Danbury's:

- Expanding, diverse economic base, with access to employment centers in New York City, Hartford, and Norwalk. We expect steady population growth both locally and countywide, consistent with recent trends. New development, particularly in multifamily residential, should result in consistent taxable valuation growth. We believe Danbury's location in an affluent county, intersected by a major interstate and with commuter rail access to New York City, partially offsets weakness in local incomes compared with county metrics.

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- Consistent surplus operations, backed by high reliance on local property taxes that are collected at about 98% of the levy annually. Recent surplus operating results, including a projected surplus in fiscal 2025 that may exceed those in fiscal years 2023 and 2024, are bolstered by expenditure savings in the school department due to personnel vacancies. The city is recruiting for these positions, which could reduce surpluses in future years, but we expect at-least-balanced operations throughout the two-year outlook period. Danbury is appealing an approximately \$16 million legal judgement that, if paid entirely from reserves, would meaningfully reduce its reserve position; however, we project reserves would remain comparable with those peers at about 17% of expenditure and expect the city would work to restore its reserve position.
- Adherence to financial management policies and practices, including formal other postemployment benefit (OPEB) funding, debt management, and reserve policies that support prudent financial management. The debt management policy specifies debt limits, permissible debt structures, and use of bond proceeds. The reserve policy outlines holding unassigned reserves at 8%-15% of expenditure. We understand management provides elected officials with monthly budget updates, as required by the city charter, and investment reports as requested. Management maintains an informal long-term financial plan and updates its formal five-year, council-approved capital improvement plan annually. These policies support the city's ability to maintain balanced finances. Management is taking steps to mitigate cyber risk.
- About \$371 million in debt outstanding after this issuance, including the notes and outstanding leases, which is somewhat elevated on a per-capita basis compared with that of peers. However, costs remain manageable. Given proposed issuances within the multiyear capital plan, debt could incrementally rise. We expect management will prioritize projects and seek ongoing financial balance, ultimately issuing only a portion of debt outlined in the capital plan. Somewhat pressuring the liabilities profile are the large unfunded retirement liabilities, with net pension liabilities totaling about \$153 million across seven locally administered plans, and a \$307 million net OPEB liability. The OPEB liability is funded on a pay-as-you-go basis and we do not believe the city is likely to materially cut or alter benefits.
- Generally stable operating framework, similar to that of most Connecticut municipalities, with significant statutory flexibility to raise local-source revenue for operations. For more information on our institutional framework assessment for Connecticut municipalities, see: "[Institutional Framework Assessment: Connecticut Local Governments](#)," Sept. 9, 2024.

Environmental, social, and governance

We view Danbury's environmental, social, and governance factors as neutral within our credit rating analysis.

Outlook

The stable outlook reflects our expectation that Danbury will continue to produce at-least-balanced operating results throughout the outlook period.

Downside scenario

We could lower the rating if the city's budgetary performance weakens, leading to a material reserve drawdown, or if new money debt issuances materially weaken debt ratios.

Upside scenario

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We could raise the rating if Danbury's underlying economic indicators improve to levels commensurate with those of higher-rated peers, in addition to maintenance of reserves at levels we view as very strong and progress in reducing unfunded retirement liabilities.

Danbury, Connecticut--credit summary

Institutional framework (IF)	1
Individual credit profile (ICP)	2.30
Economy	2.0
Financial performance	2
Reserves and liquidity	1
Management	2.00
Debt and liabilities	4.50

Danbury, Connecticut--key credit metrics

	Most recent	2024	2023	2022
Economy				
Real GCP per capita % of U.S.	--	--	149	148
County PCPI % of U.S.	--	--	197	196
Market value (\$000s)	--	14,833,786	11,620,707	11,395,908
Market value per capita (\$)	--	168,694	133,093	130,785
Top 10 taxpayers % of taxable value	--	8.9	9.8	10.1
County unemployment rate (%)	--	2.8	2.8	4.1
Local median household EBI % of U.S.	--	107	109	107
Local per capita EBI % of U.S.	--	99	98	99
Local population	--	87,933	87,313	87,135
Financial performance				
Operating fund revenues (\$000s)	--	331,908	308,062	291,836
Operating fund expenditures (\$000s)	--	315,667	296,571	290,240
Net transfers and other adjustments (\$000s)	--	(3,771)	(1,054)	(699)
Operating result (\$000s)	--	12,470	10,437	897
Operating result % of revenues	--	3.8	3.4	0.3
Operating result three-year average %	--	2.5	1.8	1.2
Reserves and liquidity				
Available reserves % of operating revenues	--	21.7	19.4	17.3
Available reserves (\$000s)	--	72,114	59,848	50,548
Debt and liabilities				
Debt service cost % of revenues	--	6.5	5.8	8.0
Net direct debt per capita (\$)	4,222	2,349	3,619	2,808
Net direct debt (\$000s)	371,214	206,528	315,955	244,661
Direct debt 10-year amortization (%)	67	70	37	--
Pension and OPEB cost % of revenues	--	7.0	7.0	8.0
NPLs per capita (\$)	--	1,737	1,825	1,777
Combined NPLs (\$000s)	--	152,708	159,309	154,877

Danbury, Connecticut--key credit metrics

	Most recent	2024	2023	2022
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Financial data may reflect analytical adjustments and are sourced from issuer audit reports or other annual disclosures. Economic data is generally sourced from S&P Global Market Intelligence, the Bureau of Labor Statistics, Claritas, and issuer audits and other disclosures. Local population is sourced from Claritas. Claritas estimates are point in time and not meant to show year-over-year trends. GCP--Gross county product. PCPI--Per capita personal income. EBI--Effective buying income. OPEB--Other postemployment benefits. NPLs--Net pension liabilities.

Ratings List

New Issue Ratings

US\$45,205,000 Danbury, Connecticut, General Obligation Refunding Bonds, Series 2026B, dated: Date of Delivery, due: July 15, 2037

Long Term Rating	AA+/Stable
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