

Research Update:

Windham, CT Series 2025 GO BANs Assigned 'SP-1+' Short-Term Rating; 'AA' GO Debt Rating Affirmed

August 29, 2025

Overview

- S&P Global Ratings assigned its 'SP-1+' long-term rating to the Town of [Windham](#), Conn.'s \$11.315 million general obligation (GO) bond anticipation notes (BANs) for 2025, maturing Sept. 25, 2026.
- At the same time, S&P Global Ratings affirmed its 'AA' long-term and underlying ratings on the town's GO debt outstanding and affirmed its 'SP-1+' short-term rating on Windham's existing GO BANs.
- The outlook on the long-term ratings is stable.
- The rating reflects the application of our "[Methodology For Rating U.S. Governments](#)," published Sept. 9, 2024.

Primary Contact

Victor M Medeiros
Boston
1-617-530-8305
victor.medeiros
@spglobal.com

Secondary Contact

Tyler Fitman
Boston
1-617-530-8021
tyler.fitman
@spglobal.com

Rationale

Security

Windham's full faith and credit pledge secures the bonds and notes. The short-term rating on the notes reflects our criteria for evaluating and rating BANs. In our view, Windham maintains a very strong capacity to pay principal and interest when the notes come due. We view the town's market risk profile as low because Windham has strong legal authority to issue long-term debt to take out the notes and is a frequent debt issuer that regularly provides ongoing disclosure to market participants.

Proceeds from the bonds will finance various capital projects, including school facility repairs, road and sidewalks, and waterworks projects. The BANs will finance various capital projects and provide working capital for a high school project with state funding.

Credit highlights

The rating reflects Windham's stable, albeit limited, economy; steady financial performance exhibited over several years; and maintenance of reserves at high levels along with manageable debt burden.

Windham has maintained balanced operations over several years, supported by its strong budget development and monitoring framework. The town estimates its second consecutive audited positive operating result for fiscal 2025, increasing reserves more than 17%. Assessed values increased by 35% in 2025, which led to an increase in taxes that were above average for the year; however, property tax collections remained strong and consistent.

For fiscal 2026, the town's voters failed to approve its 2026 annual budget and so are operating with a level budget. Windham set the millage rate and is collecting property taxes, which account for 54% of general fund revenues. The town used \$1 million in reserves to provide a one-time subsidy to the taxpayers and is also undertaking a restructuring to generate a like amount of savings throughout the year, so operating results should remain balanced. Another referendum is scheduled for later in September, at which point the budget will be updated. We believe that, despite challenges in adopting the budget, management anticipates making the necessary changes to ensure financial performance remains balanced and that reserves remain in line with existing levels.

Following the series 2025 issuance, the town will have about \$80.1 million in direct debt outstanding. The cost of debt and liabilities (inclusive of pension and other postemployment benefit costs) is low and manageable. The notes supporting the high school project will be paid off over the next three years. Similarly, water notes will finance water projects until Windham receives state grant funding. With most of the town's planned capital projects completed, we do not anticipate material changes to Windham's debt profile.

The rating also reflects our view of the following:

- A suburban residential community outside Hartford experiencing continued demand for housing, leading to strong assessed valuation growth. The overall economy is stable; however, gross county product and personal income per-capita metrics for Windham County, in which the town is situated, are below that of U.S. levels. Moreover, Windham's local incomes are weaker than both the county and the nation; however, we believe they are understated in part due to the student population from Eastern Connecticut University;
- Demonstrated steady financial performance over the past five fiscal years, supported by stable and predictable revenues and expenditures. Consistently balanced financial results, spurred by conservative budgeting surpluses, have positioned the town to effectively navigate economic challenges that could affect its finances.
- Realistic budgeting supported by long-term planning and well-defined policies in several key areas. These policies incorporate conservative revenue and expenditure assumptions, allowing management to factor in recent performance when making budget estimates. The town maintains a five-year capital improvement plan that is reviewed and updated annually, along with a three-year budget projection to inform financial stakeholders. Windham adheres to a policy that requires reserves to be maintained at a minimum of 17% of the annual budget, with any draw below this threshold necessitating approval from the board of finance. In addition, the town has adopted an investment policy that aligns with state requirements and guidelines and has implemented measures to mitigate cybersecurity risks.

- Very manageable debt burden. The overall cost of debt and liabilities is low, and debt per capita metrics fall within the midrange, with no significant debt plans on the horizon that could materially affect Windham’s debt burden; and
- A stable and predictable operating framework 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

The town's environmental, social, and governance factors are neutral within our credit analysis.

Outlook

The stable outlook reflects our view that Windham will maintain steady budgetary performance and reserves supported by its strong financial management practices. The outlook also reflects a low cost of debt and liabilities and limited future debt plans.

Downside scenario

We could lower the rating if the town were to experience a material decline in reserves.

Upside scenario

Although unlikely, we could raise the rating if Windham sees substantial economic growth while maintaining strong budgetary performance, reserves, and manageable debt.

Windham, Connecticut--credit summary

Institutional framework (IF)	1
Individual credit profile (ICP)	2.30
Economy	4.5
Financial performance	2
Reserves and liquidity	1
Management	2.00
Debt and liabilities	2.00

Windham, Connecticut--key credit metrics

	Most recent	2024	2023	2022
Economy				
Real GCP per capita % of U.S.	--	--	65	64
County PCPI % of U.S.	--	--	81	82
Market value (\$000s)	--	1,482,186	1,446,147	1,387,923
Market value per capita (\$)	--	60,908	59,805	55,557
Top 10 taxpayers % of taxable value	--	12.2	--	--
County unemployment rate (%)	--	3.1	3.3	4.3
Local median household EBI % of U.S.	--	65	66	71
Local per capita EBI % of U.S.	--	58	57	59

Windham, Connecticut--key credit metrics

	Most recent	2024	2023	2022
Local population	--	24,335	24,181	24,982
Financial performance				
Operating fund revenues (\$000s)	--	92,270	88,528	86,909
Operating fund expenditures (\$000s)	--	89,992	86,069	83,680
Net transfers and other adjustments (\$000s)	--	(2,170)	(2,501)	(9)
Operating result (\$000s)	--	108	(42)	3,220
Operating result % of revenues	--	0.1	--	3.7
Operating result three-year average %	--	1.3	2.7	3.0
Reserves and liquidity				
Available reserves % of operating revenues	--	16.2	16.8	16.5
Available reserves (\$000s)	--	14,941	14,841	14,374
Debt and liabilities				
Debt service cost % of revenues	--	2.7	2.5	2.7
Net direct debt per capita (\$)	3,293	3,263	3,199	2,699
Net direct debt (\$000s)	80,125	79,410	77,355	67,435
Direct debt 10-year amortization (%)	40	40	--	--
Pension and OPEB cost % of revenues	--	3.0	3.0	4.0
NPLs per capita (\$)	--	746	658	--
Combined NPLs (\$000s)	--	18,145	15,921	--

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\$11.315 mil GO BANs ser 2025 dtd 09/26/2025 due 09/25/2026

Short Term Rating SP-1+

Ratings Affirmed

Local Government

Windham CT Unlimited Tax General Obligations 19-AUG-2020 SP-1+

Windham, CT Unlimited Tax General Obligation AA/Stable

The ratings appearing below the new issues represent an aggregation of debt issues (ASID) associated with related maturities. The maturities similarly reflect our opinion about the creditworthiness of the U.S. Public Finance obligor's legal pledge for payment of the financial obligation. Nevertheless, these maturities may have different credit ratings than the rating presented next to the ASID depending on whether or not additional legal pledge(s) support the specific maturity's payment obligation, such as credit enhancement, as a result of defeasance, or other factors.

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at <https://disclosure.spglobal.com/ratings/en/regulatory/ratings-criteria> for further information. A description of each of S&P Global Ratings' rating categories is contained in "S&P Global Ratings Definitions" at <https://disclosure.spglobal.com/ratings/en/regulatory/article/-/view/sourceId/504352>. Complete ratings information is available to RatingsDirect subscribers at www.capitaliq.com. All ratings referenced herein can be found on S&P Global Ratings' public website at www.spglobal.com/ratings.

Copyright © 2025 by Standard & Poor's Financial Services LLC. All rights reserved.

No content (including ratings, credit-related analyses and data, valuations, model, software or other application or output therefrom) or any part thereof (Content) may be modified, reverse engineered, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of Standard & Poor's Financial Services LLC or its affiliates (collectively, S&P). The Content shall not be used for any unlawful or unauthorized purposes. S&P and any third-party providers, as well as their directors, officers, shareholders, employees or agents (collectively S&P Parties) do not guarantee the accuracy, completeness, timeliness or availability of the Content. S&P Parties are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, for the results obtained from the use of the Content, or for the security or maintenance of any data input by the user. The Content is provided on an "as is" basis. S&P PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall S&P Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs or losses caused by negligence) in connection with any use of the Content even if advised of the possibility of such damages.

Some of the Content may have been created with the assistance of an artificial intelligence (AI) tool. Published Content created or processed using AI is composed, reviewed, edited, and approved by S&P personnel.

Credit-related and other analyses, including ratings, and statements in the Content are statements of opinion as of the date they are expressed and not statements of fact. S&P's opinions, analyses and rating acknowledgment decisions (described below) are not recommendations to purchase, hold, or sell any securities or to make any investment decisions, and do not address the suitability of any security. S&P assumes no obligation to update the Content following publication in any form or format. The Content should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. S&P does not act as a fiduciary or an investment advisor except where registered as such. While S&P has obtained information from sources it believes to be reliable, S&P does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives. Rating-related publications may be published for a variety of reasons that are not necessarily dependent on action by rating committees, including, but not limited to, the publication of a periodic update on a credit rating and related analyses.

To the extent that regulatory authorities allow a rating agency to acknowledge in one jurisdiction a rating issued in another jurisdiction for certain regulatory purposes, S&P reserves the right to assign, withdraw or suspend such acknowledgment at any time and in its sole discretion. S&P Parties disclaim any duty whatsoever arising out of the assignment, withdrawal or suspension of an acknowledgment as well as any liability for any damage alleged to have been suffered on account thereof.

S&P keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain business units of S&P may have information that is not available to other S&P business units. S&P has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process.

S&P may receive compensation for its ratings and certain analyses, normally from issuers or underwriters of securities or from obligors. S&P reserves the right to disseminate its opinions and analyses. S&P's public ratings and analyses are made available on its Web sites, www.spglobal.com/ratings (free of charge), and www.ratingsdirect.com (subscription), and may be distributed through other means, including via S&P publications and third-party redistributors. Additional information about our ratings fees is available at www.spglobal.com/usratingsfees.

STANDARD & POOR'S, S&P and RATINGSDIRECT are registered trademarks of Standard & Poor's Financial Services LLC.