Preliminary Official Statement Dated August 4, 2026

NEW ISSUE: Book-Entry-Only ***RATING: S&P Global Ratings: "AA+"***

In the opinion of Bond Counsel, assuming the accuracy of and continuing compliance by the Town with its representations and covenants relating to certain requirements contained in the Internal Revenue Code of 1986, as amended (the "Code"), based on existing law, interest on the Bonds is excludable from gross income for federal income tax purposes and is not treated as an item of tax preference for purposes of calculating the federal alternative minimum tax on individuals under the Code; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on corporations under the Code. Interest on the Bonds may be includable in the calculation of certain taxes under the Code, as described under Appendix B- "Form of Legal Opinion of Bond Counsel and Tax Exemption" herein. In the opinion of Bond Counsel, under existing statutes, interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax.

Town of Sherman, Connecticut
$19,525,000
General Obligation Bonds, Issue of 2026

Dated: Date of Delivery ***Due: August 15, 2027-2051, As shown below:***

Year	Principal	Coupon	Yield	CUSIP [1]	Year	Principal	Coupon	Yield	CUSIP [1]
2027	$ 785,000	_.__%	_.__%	824078___	2040	$ 780,000	_.__%	_.__%	824078___
2028	785,000	_.__%	_.__%	824078___	2041	780,000	_.__%	_.__%	824078___
2029	785,000	_.__%	_.__%	824078___	2042	780,000	_.__%	_.__%	824078___
2030	785,000	_.__%	_.__%	824078___	2043	780,000	_.__%	_.__%	824078___
2031	785,000	_.__%	_.__%	824078___	2044	780,000	_.__%	_.__%	824078___
2032	780,000	_.__%	_.__%	824078___	2045	780,000	_.__%	_.__%	824078___
2033	780,000	_.__%	_.__%	824078___	2046	780,000	_.__%	_.__%	824078___
2034	780,000	_.__%	_.__%	824078___	2047	780,000	_.__%	_.__%	824078___
2035	780,000	_.__%	_.__%	824078___	2048	780,000	_.__%	_.__%	824078___
2036	780,000	_.__%	_.__%	824078___	2049	780,000	_.__%	_.__%	824078___
2037	780,000	_.__%	_.__%	824078___	2050	780,000	_.__%	_.__%	824078___
2038	780,000	_.__%	_.__%	824078___	2051	780,000	_.__%	_.__%	824078___
2039	780,000	_.__%	_.__%	824078___					

The Bonds will be general obligations of the Town of Sherman, Connecticut (the "Town") and the Town will pledge its full faith and credit to pay the principal of and the interest on the Bonds when due. See "Security and Remedies" herein. The Bonds will bear interest payable on February 15, 2027 and semiannually thereafter on August 15 and February 15 in each year until maturity. The Bonds are issuable only as fully registered bonds, without coupons, and, when issued, will be registered in the name of Cede & Co., as bondowner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry-only form, in the denomination of $5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their ownership interest in the Bonds. So long as Cede & Co. is the Bondowner, as nominee of DTC, reference herein to the Bondowner or owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners (as defined herein) of the Bonds. See "Book-Entry-Only Transfer System" herein.

Electronic proposals via PARITY® will be received until 11:30 A.M. (Eastern Time) for the Bonds on Wednesday, August 12, 2026 at Town Hall, 9 Route 39 North, Sherman, Connecticut 06784, as described in the official Notice of Sale dated August 4, 2026. See Appendix D herein.

The Bonds are subject to optional redemption prior to maturity as herein provided. See "Optional Redemption" herein.

The Registrar, Transfer Agent, Paying Agent and Certifying Agent for the Bonds will be U.S. Bank Trust Company, National Association, CityPlace I, 185 Asylum Street, 27th Floor, Hartford, Connecticut 06103.

The Bonds are offered for delivery when, as and if issued, subject to the approving opinion of Shipman & Goodwin LLP, Bond Counsel, of Hartford, Connecticut and certain other conditions. It is expected that delivery of the Bonds in book-entry-only form will be made to DTC on or about August 26, 2026.

[1] *CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein are provided by CUSIP Global Services, managed on behalf of the American Bankers Association by FactSet Research Systems, Inc, which is not affiliated with the Town and are included solely for the convenience of the holders of the Bonds. The Town is not responsible for the selection or use of these CUSIP numbers, does not undertake any responsibility for their accuracy, and makes no representation as to their correctness on the Bonds or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.*

PHOENIX ADVISORS

No dealer, broker, salesman or other person has been authorized by the Town to give any information or to make any representations, other than those contained in this Official Statement or any supplement, which may be issued hereto, and if given or made, such other information or representations must not be relied upon as having been authorized by the Town. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

This Official Statement has been prepared only in connection with the initial offering and sale of the Bonds and may not be reproduced or used in whole or in part for any other purpose. The information, estimates and expressions of opinion in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement, nor any sale of the Bonds, shall, under any circumstances, create any implication that there has been no material change in the affairs of the Town since the date of this Official Statement.

The information set forth herein has been obtained by the Town from sources which are believed to be reliable but it is not guaranteed as to accuracy or completeness. Certain information in this Official Statement has been obtained by the Town from other sources. Neither the Town, nor the Municipal Advisor, guaranty the accuracy or completeness of such information, however, and such information is not to be construed as a representation of any of the foregoing.

The independent auditors for the Town are not passing upon, and do not assume responsibility for, the accuracy or completeness of the financial information presented in this Official Statement (other than matters expressly set forth in their opinion in Appendix A), and they make no representation that they have independently verified the same.

The Bonds have not been registered under the Securities Act of 1933, as amended, nor have the Bonds been registered under any state securities law.

The Town deems this Official Statement to be “final” for purposes of Securities and Exchange Commission Rule 15c2-12(b)(1), but it is subject to revision or amendment.

The Town currently files its official statements for primary offerings with the Municipal Securities Rulemaking Board's Electronic Municipal Market Access (“EMMA”) system. In accordance with the requirements of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, the Town will enter into a continuing disclosure agreement to provide or cause to be provided (i) annual financial information and operating data, (ii) timely, but not in excess of ten (10) business days after the occurrence of the event, notice of the occurrence of certain events with respect to the Bonds and (iii) timely notice of a failure by the Town to provide the required annual financial information on or before the date specified in the Continuing Disclosure Agreement to be executed by the Town in substantially the form attached as Appendix C to this Official Statement.

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Bond Issue Summary

The information in this Bond Issue Summary and the front cover page is qualified in its entirety by the detailed information and financial statements appearing elsewhere in this Official Statement. This Official Statement speaks only as of its date and the information herein is subject to change.

Date of Sale:	Wednesday, August 12, 2026 at 11:30 A.M. (Eastern Time).
Location of Sale:	Town Hall, 9 Route 39 North, Sherman, Connecticut 06784.
Issuer:	Town of Sherman, Connecticut (the "Town").
Issue:	$19,525,000 General Obligation Bonds, Issue of 2026 (the "Bonds").
Dated Date:	Date of Delivery: August 26, 2026.
Interest Due:	Interest due February 15, 2027 and semiannually thereafter on August 15 and February 15 in each year until maturity.
Principal Due:	Principal due serially, August 15, 2027 through August 15, 2051, as detailed on the cover page of this Official Statement.
Authorization and Purpose:	The proceeds of the Bonds will be used for a senior center project and a school renovation project authorized by voters of the Town at a referendum.
Redemption:	The Bonds are subject to optional redemption prior to maturity. See "Optional Redemption" herein.
Security and Remedies:	The Bonds will be general obligations of the Town of Sherman, Connecticut, and the Town will pledge its full faith and credit to the payment of principal and interest on the Bonds when due.
Credit Rating:	The Town received a "AA+" from S&P Global Ratings ("S&P") on the Bonds.
Bond Insurance:	The Town does not expect to purchase a credit enhancement facility.
Tax Exemption:	See Appendix B - "Form of Legal Opinion of Bond Counsel and Tax Exemption" herein.
Bank Qualification:	The Bonds shall NOT be designated as qualified tax-exempt obligations by the Town under the provisions of Section 265(b) of the Internal Revenue Code of 1986 for purposes of the deduction by financial institutions for certain interest expense allocable to the Bonds.
Continuing Disclosure:	In accordance with the requirements of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, the Town will enter into a continuing disclosure agreement to provide or cause to be provided (i) annual financial information and operating data, (ii) timely, but not in excess of ten (10) business days after the occurrence of the event, notice of the occurrence of certain events with respect to the Bonds and (iii) timely notice of a failure by the Town to provide the required annual financial information on or before the date specified in the Continuing Disclosure Agreement to be executed in substantially the form attached as Appendix C to this Official Statement.
Registrar, Transfer Agent, Certifying Agent, and Paying Agent:	U.S. Bank Trust Company, National Association, CityPlace I, 185 Asylum Street, 27th Floor, Hartford, Connecticut 06103.
Legal Opinion:	Shipman & Goodwin LLP, of Hartford, Connecticut will act as Bond Counsel.
Municipal Advisor:	Phoenix Advisors, a division of First Security Municipal Advisors, Inc., Milford, Connecticut.
Delivery and Payment:	It is expected that delivery of the Bonds in book-entry-only form will be made to The Depository Trust Company on or about August 26, 2026 against payment in Federal Funds.
Contacts:	Questions concerning the Official Statement should be directed to Ms. Andrea Maloney, Treasurer, Town of Sherman, Town Hall, 9 Route 39 North, Sherman, Connecticut 06784. Telephone: (860) 355-1139 or Barry J. Bernabe, Phoenix Advisors, 53 River Street, Milford, Connecticut. Telephone: (203) 283-1110.

I. Bond Information

Introduction

This Official Statement, including the cover page and appendices, is provided for the purpose of presenting certain information relating to the Town of Sherman, Connecticut (the "Town"), in connection with the original issuance and sale of $19,525,000 General Obligation Bonds, Issue of 2026 (the "Bonds") of the Town.

This Official Statement is not to be construed as a contract or agreement between the Town and the purchasers or holders of any of the Bonds. Any statement made in this Official Statement involving matters of opinion or estimates are not intended to be representations of fact, and no representation is made that any such opinion or estimate will be realized. No representation is made that past experience, as might be shown by financial or other information herein, will necessarily continue or be repeated in the future. Neither the delivery of this Official Statement, nor any sale made hereunder, shall, under any circumstances, create any implication that there has been no change in the affairs of the Town since the date hereof.

All quotations from and summaries and explanations of provisions of statutes, charters, or other laws and acts and proceedings of the Town contained herein do not purport to be complete, are subject to repeal or amendment, and are qualified in their entirety by reference to such laws and the original official documents. All references to the Bonds and the proceedings of the Town relating thereto are qualified in their entirety by reference to the definitive form of the Bonds and such proceedings.

The Town deems this Official Statement to be "final" for purposes of Securities and Exchange Commission rule 15c2-12(b)(1), but it is subject to revision or amendment.

The certifying bank, registrar, transfer and paying agent for the Bonds will be U.S. Bank Trust Company, National Association, CityPlace I, 185 Asylum Street, 27th Floor, Hartford, Connecticut 06103.

Bond Counsel is not passing upon, and does not assume responsibility for, the accuracy or adequacy of the statements made in this Official Statement (other than matters expressly set forth as its opinion in Appendix B – "Form of Legal Opinion of Bond Counsel and Tax Exemption") and it makes no representation that it has independently verified the same.

Cybersecurity

The Town, like many other public and private entities, relies on technology to conduct its operations. The Town and its departments face cyber threats from time to time, including, but not limited to, hacking, viruses, malware, phishing, and other attacks on computers and other sensitive digital networks and systems. To mitigate the risk of business operations impacted and/or damage from cyber incidents or cyber-attacks, the Town invests in various forms of cybersecurity and operational controls, including, but not limited to, user training and intrusion detection and prevention. In addition, the Town currently is transitioning to a ".gov" domain (shermanct.gov). No assurances can be given, however, that such security and operational control measures will be completely successful in guarding against cyber threats and attacks. The results of any such attack could impact business operations and/or damage Town digital networks and systems and the costs of remedying any such damage could be substantial.

Climate Change

Numerous scientific studies have detailed changing global weather patterns and the potential for increasing extreme weather events across the world. The Town is susceptible to significant winter storms, hurricanes and tropical storms. The Town cannot predict the timing, extent or severity of climate change and its impact on its operations and finances.

In an effort to mitigate damage from future storms, response de-briefings are held following significant weather-related events. Equipment needed during/subsequent to such an event is routinely evaluated and funding is provided in the Capital Improvement Plan for improved disaster preparedness. In addition, the Town actively identifies ways to increase sustainability.

Municipal Advisor

Phoenix Advisors, a division of First Security Municipal Advisors, Inc., Milford, Connecticut, has served as Municipal Advisor to the Town in connection with the issuance of the Bonds (the "Municipal Advisor") and has assisted in matters related to the planning, structuring and terms of the Bonds. The Municipal Advisor is not obligated to undertake, and has not undertaken, either to make an independent verification of, or to assume responsibility for the accuracy, completeness, or fairness of the information contained in the Official Statement and the Appendices hereto. The Municipal Advisor is an Independent Registered Municipal Advisor pursuant to the Dodd-Frank Act and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

The Bonds

The Bonds will be dated the date of delivery and will mature on August 15 in each of the years as set forth on the cover page of this Official Statement. The Bonds will be issued in denominations of $5,000 or any integral multiples thereof. Interest on the Bonds will be payable on February 15, 2027 and semiannually thereafter on August 15 and February 15 in each year until maturity. Interest will be calculated on the basis of a 360-day year, consisting of twelve 30-day months. Interest is payable to the registered owner as of the close of business on the last business day of January and July in each year, by check, mailed to the registered owner at the address as shown on the registration books of the Town kept for such purpose, or so long as the Bonds are registered in the name of Cede & Co., as nominee of DTC, by such other means as DTC, the Paying Agent and the Town shall agree. The Bonds are subject to redemption prior to maturity as more fully described herein.

Optional Redemption

The Bonds maturing on or before August 15, 2036 are not subject to redemption prior to maturity. The Bonds maturing on August 15, 2037 and thereafter are subject to redemption prior to maturity, at the election of the Town, on and after August 15, 2036 at any time, in whole or in part, and by lot within a maturity, in such amounts and in such order of maturity, as the Town may determine, at the redemption price or prices (expressed as a percentage of the principal amount of Bonds to be redeemed), set forth in the following table, plus interest accrued and unpaid to the redemption date:

Period During Which Redeemed	*Redemption Prices*
August 15, 2036 and thereafter	100%

Notice of redemption shall be given by the Town or its agent by mailing a copy of the redemption notice by first-class mail not less than twenty (20) days prior to the redemption date to the registered owner of such Bonds designated for redemption in whole or in part at the address of such registered owner as the same shall last appear on the registration books for the Bonds kept for such purpose. Failure to give such notice by mailing to any registered owner, or any defect therein, shall not affect the validity of the redemption of any other Bonds. Upon the giving of such notice, if sufficient funds available solely for redemption are on deposit with the Paying Agent, the Bonds or portions thereof so called for redemption will cease to bear interest after the specified redemption date. So long as Cede & Co., as nominee of the DTC, is the registered owner of the Bonds, notice of redemption will be sent only to DTC (or a successor securities depository) or its successor nominee.

If less than all of the Bonds of any one maturity shall be called for redemption, the particular Bonds or portions of Bonds of such maturity to be redeemed shall be selected by lot in such manner as the Town in its discretion may determine, provided, however, that the portion of any Bonds to be redeemed shall be in the principal amount of $5,000 or a multiple thereof and that, in selecting Bonds for redemption, each Bond shall be considered as representing that number of Bonds which is obtained by dividing the principal amount of such Bond by $5,000.

The Town, so long as a book-entry system is used for the Bonds, will send any notice of redemption only to DTC (or successor securities depository) or its nominee. Any failure of DTC to advise any DTC Participant, or of any DTC Participant or Indirect Participant to notify any Indirect Participant or Beneficial Owner, of any such notice and its content or effect will not affect the validity of the redemption of such Bonds called for redemption (see "Book-Entry-Only Transfer System" herein for discussion of DTC and definitions of "DTC Participant", "Indirect Participant" and Beneficial Owner"). Redemption of a portion of the Bonds of any maturity by the Town will reduce the outstanding principal amounts of Bonds of such maturity held by DTC. In such event it is the current practice of DTC to allocate by lot, through its book-entry system, among the interest held by DTC Participants in the Bonds to be redeemed, the interest to be reduced by such redemption in accordance with its own rules or other agreements with DTC Participants. The DTC Participants and Indirect Participants may allocate reductions of the interests in the Bonds to be redeemed held by the Beneficial Owners. Any such allocations of interests in the Bonds to be redeemed will not be governed by the determination of the Town authorizing the issuance of the Bonds and will not be conducted by the Town, or be the responsibility of the Town, the Registrar or Paying Agent.

Authorization and Purpose

The Bonds are issued pursuant to the General Statutes of Connecticut, as amended and a bond resolution adopted by voters of the Town at a referendum.

Use of Proceeds

The Bonds are being issued to provide financing for the following project:

Project	*Amount Authorized*	*This Issue: The Bonds*
Sherman School Renovate as New……………….	$ 32,075,000	$ 13,075,000
Sherman School Renovate as New - Additional ..	2,500,000	2,500,000
Senior Center …………………………………….	3,950,000	3,950,000
Total …………………………………………….	$ 38,525,000	$ 19,525,000

Book-Entry-Only Transfer System

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered Bonds registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds in the aggregate principal amount of such maturity and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry-only transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has S&P Global Ratings highest rating: AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Town as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Town or its Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with Bonds held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or the Town, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Town or its Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Town or its Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The Town may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Town believes to be reliable, but the Town takes no responsibility for the accuracy thereof.

DTC Practices

The Town can make no assurances that DTC, Direct Participants, Indirect Participants or other nominees of the Beneficial Owners of the Bonds will act in a manner described in this Official Statement. DTC is required to act according to rules and procedures established by DTC and its participants which are on file with the Securities and Exchange Commission.

Replacement Bonds

In the event that: (a) DTC determines not to continue to act as securities depository for the Bonds, and the Town fails to identify another qualified securities depository for the Bond to replace DTC; or (b) the Town determines to discontinue the book-entry system of evidence and transfer of ownership of the Bonds, the Town will issue fully registered Bond certificates directly to the Beneficial Owner. A Beneficial Owner of the Bonds, upon registration of certificates held in such Beneficial Owner's name, will become the registered owner of the Bonds.

Security and Remedies

The Bonds will be general obligations of the Town and the Town will pledge its full faith and credit to pay the principal of and interest on the Bonds when due.

Unless paid from other sources, the Bonds are payable from ad valorem taxes which may be levied on all taxable property of the Town without limit as to rate or amount, except as to certain classified property such as certified forest land taxable at a limited rate and dwelling houses of qualified elderly persons of low income taxable at limited amounts.

Payment of the Bonds is not limited to property tax revenues or any other revenue source, but certain revenues of the Town may be restricted as to use and therefore may not be available to pay debt service on the Bonds.

There are no statutory provisions for priorities in the payment of general obligations of the Town. There are no statutory provisions for a lien on any portion of the tax levy or other revenues to secure the Bonds, or judgments thereon, in priority to other claims.

The Town is subject to suit on its general obligation bonds and notes and a court of competent jurisdiction has the power in appropriate proceedings to render a judgment against the Town. Courts of competent jurisdiction also have the power in appropriate proceedings to order a payment of a judgment on such bonds and notes from funds lawfully available therefor or, in the absence thereof, to order the Town to take all lawful action to obtain the same, including the raising of the required amount in the next annual tax levy. In exercising their discretion as to whether to enter such an order, the courts may take into account all relevant factors, including the current operating needs of the Town and the availability and adequacy of other remedies.

Enforcement of a claim for payment of principal of or interest on the Bonds would also be subject to the applicable provisions of Federal bankruptcy laws as well as other bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditor's rights heretofore or hereafter enacted by Congress and the Connecticut General Assembly and to the exercise of judicial discretion. Under the Federal Bankruptcy Code, the Town may seek relief only, if among other requirements, it is specifically authorized, in its capacity as a municipality or by name, to be a debtor under Chapter 9 of Title 11 of the United States Code, or by State law or a government officer or organization empowered by State law to authorize such entity to become a debtor under such Chapter.

Section 7-566 of the Connecticut General Statutes, as amended, provides that no Connecticut municipality shall file a petition in bankruptcy without the express prior written consent of the Governor. This prohibition applies to any town, city, borough, metropolitan district and any other political subdivision of the State of Connecticut having the power to levy taxes and issue bonds or other obligations.

THE TOWN HAS NEVER DEFAULTED IN THE PAYMENT OF PRINCIPAL OR INTEREST ON ITS BONDS OR NOTES.

Qualification for Financial Institutions

The Bonds shall NOT be designated by the Town as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for interest expense allocable to the Bonds.

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Availability of Continuing Disclosure

The Town prepares, in accordance with State law, annual audited financial statements and files such annual audits with the State Office of Policy and Management. The Town provides, and will continue to provide, to the rating agency ongoing disclosure in the form of annual audited financial statements, adopted budgets and other materials relating to its management and financial condition as may be necessary or requested.

The Town will enter into a Continuing Disclosure Agreement with respect to the Bonds, substantially in the form attached as Appendix C to this Official Statement, to provide or cause to be provided, in accordance with the requirements of SEC Rule 15c2-12, (i) annual financial information and operating data, (ii) timely, but not in excess of ten (10) business days after the occurrence of the event, notice of the occurrence of certain listed events with respect to the Bonds, and (iii) timely notice of a failure by the Town to provide the required annual financial information and operating data on or before the date specified in the Continuing Disclosure Agreement for the Bonds.

The Town has previously undertaken in continuing disclosure agreements entered into for the benefit of holders of certain of its general obligation bonds and notes to provide certain annual financial information and event notices pursuant to Rule 15c2-12. In the past five years, the Town has not failed to comply, in any material respect, with its undertakings in such agreements.

Rating

The Town received a “AA+” from S&P Global Ratings (“S&P”) on the Bonds. The Town furnished to S&P certain information and materials, some of which may not have been included in this Official Statement. The rating reflects only the views of S&P and will be subject to revision or withdrawal, which could affect the market price of the Bonds. S&P should be contacted directly for its rating on the Bonds and the explanation of such rating.

The Town expects to furnish to S&P information and materials that it may request. However, the Town may issue short-term or other debt for which a rating is not requested.

Generally, a rating agency bases its rating on the information and materials furnished to it and on its own investigations, studies and assumptions. There is no assurance that such rating will continue for any given period of time or that the rating will not be revised or withdrawn entirely by the agency if, in the judgment of such rating agency, circumstances so warrant. A revision or withdrawal of such rating may have an effect on the market price of the Town’s outstanding bonds or notes, including the Bonds.

Bond Insurance

The Town does not expect to purchase a credit enhancement facility for the Bonds.

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II. The Issuer

Description of the Town

Located in southwestern Connecticut in Fairfield County, Sherman is about 75 miles from New York City. The Town covers an area of 23.5 square miles and is bordered on the south by New Fairfield, on the west by New York State, on the east by New Milford, and on the north by Kent. Connecticut routes 37, 39 and 55 traverse the Town.

Sherman is a rural-residential community with a population of 3,581 according to the 2010 Census. Town income levels, residential property sales prices, educational attainment and tax collection rates are all significantly higher than the state averages. Sherman was named *Connecticut Magazine's* "Best Connecticut Town" among towns with populations of 4,700 or less in 1999 and again in 2001 and 2005, based on a variety of factors such as crime rate, cost of living, education, and leisure/culture.

The Town enjoys an abundance of open space and scenic natural features. The Naromi Land Trust, established in 1968 for the purpose of preservation, currently manages over 1,600 acres in more than 40 parcels throughout the Town. Among Town-owned lands are Sherman Meadows, Veterans Field and Town Park totaling 1,255 acres. The National Park Service holds a sizeable tract in Sherman's northern corner where the Appalachian Trail passes through the Town. Candlewood Lake, created by Connecticut Light & Power in the 1920s, covers over 900 acres within the Town, providing nine miles of shoreline and numerous recreational opportunities.

A local community theatre was first established in 1924 and incorporated as the Sherman Players in 1949. The theatre is housed in the Town-owned Sherman Playhouse, and the Town helps to maintain this historic former church. The adjacent Town-owned Scouthouse also dates from 1837 and is used for various scouting activities.

The Town's Plan of Development was last updated and approved by the Planning and Zoning Commission in 2001. An updated Plan is in progress. The Plan is founded on the premise that Sherman is and wishes to remain a rural community. Highlights of the Plan include:

- A clearly delimited Town center containing commercial and municipal services;
- Low population density;
- No industrial activity;
- Limited commercial activity;
- Substantial areas devoted to forestation, agriculture and open space;
- Protection of scenic vistas, recreation areas and natural features; and
- No use of sewers or offsite water systems.

These principles are entirely compatible with the Growth Management Plan for the Housatonic Valley Region as adopted in 1997, as well as its Regional Plan of Conservation and Development adopted in 2009. The Town of Sherman is a member of the council that created the Growth Management Plan.

Form of Government

The Town operates under the provisions of the Connecticut General Statutes. The chief executive officer is the elected First Selectman. The legislative body is the Town Meeting, which has final approval of the annual budget, major special appropriations, and bond and note authorizations (except for refunding bonds, which only need to be approved by the Board of Selectmen). Administrative and fiscal matters are under the control of a three-member Board of Selectmen.

Principal Municipal Officials

Office	*Name*	*Manner of Selection*	*Years of Service*
First Selectman……………….	Don Lowe	Elected	7 years
Selectman…………………….	Bob Ostrosky	Elected	12 years
Selectman…………………….	Joel Bruzinski	Elected	4 years
Superintendent of Schools…..	Patricia Cosentino	Appointed	4 years
Treasurer………………………	Andrea Maloney	Elected	2 years
Town Attorney……………….	Matthew Willis	Appointed	7 years

Source: Town Officials.

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Summary of Municipal Services

Police Protection: The Town has contracted with the State of Connecticut for Resident Trooper support. This contract provides daily coverage Monday through Friday with support coverage from the Southbury Barracks in the evening and on weekends.

Fire Protection: The 65-member Sherman Volunteer Fire Department along with its ambulance team serves the Town. Members update their skills with mandated and non-mandated courses throughout the year. The Department holds drill nights weekly and meetings monthly for program development and other member-related issues. The Department also provides emergency, medical and fire-safety awareness to the students of the Sherman School as well as training for residents in CPR and operation of AEDs located in public buildings.

Public Works Department: The Public Works Department is responsible for the maintenance, repair and plowing of more than 37 miles of Town-owned roads and all municipal parking lots, including the school, library, senior center, Town Hall and Sherman Playhouse parking lots. Storm drain and building maintenance are also duties of the Public Works Department. The crew consists of a working Supervisor and four full-time employees. Equipment consists of six six-wheel dump trucks for plowing and hauling, a ten-wheel dump truck, a payloader/backhoe and two pickup trucks, along with assorted attachments and mowing equipment. The Department also stores and maintains the 14-passenger senior van.

Parks and Recreation: The Parks and Recreation Department employs a Director, Clerk and 32 seasonal employees, including lifeguards, camp counselors, coaches for sports, and one part-time grounds person. The Department controls the three sports fields with their soccer fields, baseball fields and four tennis courts. There is a Town beach and many miles of walking trails maintained by the Department. The summer programs of Junior and Senior Camp are well attended, with up to 135 children in total. The Department also sponsors an after-school program.

The Sherman Library: A 12-member Library Board of Trustees, a Director, two library assistants, one children's programmer and an administrative assistant oversee the Sherman Library. Over 200 programs include year-round programs for children ages three to twelve, a summer reading club for youngsters, special presentations, One Book One Lake Regional Community Read featuring 40 events and programs, a Friday night book discussion group and monthly art exhibits.

Sherman Historic District Commission: The Historic District Commission is dedicated to the preservation of the Historic District located in the village center.

Municipal Employees

	2025-26	2024-25	2023-24	2022-23	2021-22
General Government ……	39	39	37	37	36
Board of Education …….	67	65	61	64	64
Total …………………….	106	104	98	101	100

Note: Full-time equivalent. Does not include seasonal Parks and Recreation employees.

Source: Town Officials

Municipal Employees Bargaining Organizations

Employees	Bargaining Unit	Number of Members	Contract Expiration Date
General Government			
Public Works…………………	Teamsters Local 443	4	6/30/2029
Adminstrative and Clerical….	Teamsters Local 443	8	6/30/2029
***Sub-Total*……………………………………………………**		12	
Board of Education			
Teachers………………………	Sherman Educational Association	31	6/30/2028
Non-Certified…………………	AFSCME AFL-CIO 1303-319	15	6/30/2028
***Sub-Total*……………………………………………………**		46	
***Total*………………………………………………………**		58	

Source: Town Officials

Connecticut General Statutes sections 7-473c, 7-474, and 10-153a to 10-153n provide a procedure for binding arbitration of collective bargaining agreements between municipal employers and organizations representing municipal employees, including certified teachers and certain other employees. The legislative body of an affected municipality may reject the arbitration panel's decision by a two-thirds majority vote. The State and the employee organization must be advised in writing of the reasons for rejection. The State will then appoint a new panel of either one or three arbitrators to review the decisions on each of the rejected issues. The panel must accept the last best offer of either party. In reaching its determination, the arbitration panel shall give priority to the public interest and the financial capability of the municipal employer, including consideration of other demands on the financial capability of the municipal employer. For binding arbitration of teachers' contracts, in assessing the financial capability of a municipality, there is an irrebuttable presumption that a budget reserve of 5% or less is not available for payment of the cost of any item subject to arbitration. For binding arbitration of all other municipal employee contracts, there is an irrebuttable presumption that 15% of the municipal employer's budget reserve is not available for payment of the cost of any item subject to arbitration. In the light of the employer's financial capability, the panel shall consider prior negotiations between the parties, the interests and welfare of the employee group, changes in the cost of living, existing employment conditions, and the wages, salaries, fringe benefits, and other conditions of employment prevailing in the labor market, including developments in private sector wages and benefits.

Public Facilities

Facility	Date of Construction /	Most Recent Additions/ Renovations	Planned Major Improvements/ Replacements
Mallory Town Hall ……………	1976	2020	–
Old Town Hall …………………	1886	2008	–
Town Garage …………………	1968	2002	–
Firehouse ………………………	1951	2011	–
Playhouse/Scout House ……..	1837	2025	–

Source: Town of Sherman, Superintendent's Office.

Educational System

The Sherman public school system provides a full education program locally for students in grades pre-kindergarten through 8. High school students attend New Milford, Shepaug and New Fairfield High Schools on a tuition basis and a State-sponsored vocational school, Henry Abbott Tech, as well as the state sponsored Agriscience program at Shepaug. A small number of special education students are individually placed in accordance with their particular educational needs.

The Town's school system consists of one school building (The Sherman School) housing the local pre-kindergarten through grade 8 population and having a rated capacity of 512. As of October 1, 2025, total student enrollment was 341 students.

School Enrollment

School Year	Total
Historical	
2016-17	478
2017-18	442
2018-19	422
2019-20	406
2020-21	392
2021-22	400
2022-23	389
2023-24	376
2024-25	348
2025-26	341
Projected	
2026-27	339
2027-28	322
2028-29	323

Note: Total Enrollment includes high school students that attend New Milford, Shepaug, Abbott Tech and New Fairfield High Schools.

Source: Town of Sherman, Superintendent's Office.

School Facilities

School	Grades	Date of Construction / Remodeling	Number of Classrooms	Enrollment as of 10/1/2025	Operating Capacity
The Sherman School ….	Pre-K–8	1937 (2001)	35	233	512

Note: Enrollment does not include high school students.

Source: Town of Sherman, Superintendent's Office.

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III. Economic and Demographic Data

Population Trends

Year	Actual Population[1]	% Increase	Density[2]
2024[3]	3,554	0.8%	151.2
2020	3,527	-1.5%	150.1
2010	3,581	-6.4%	152.4
2000	3,827	36.2%	162.9
1990	2,809	23.1%	119.5
1980	2,281	56.3%	97.1

[1] *U.S. Department of Commerce, Bureau of Census.*

[2] *Per square mile: 20.4 square miles.*

[3] *American Community Survey 2020-2024.*

Age Distribution of the Population

	Town of Sherman		State of Connecticut	
Age	**Number**	**Percent**	**Number**	**Percent**
Under 5 years …………………	83	2.3%	181,691	5.0%
5 to 9 years ……………………	92	2.6	195,164	5.4%
10 to 14 years …………………	187	5.3	214,972	5.9%
15 to 19 years …………………	181	5.1	239,710	6.6%
20 to 24 years …………………	208	5.9	238,387	6.6%
25 to 34 years …………………	111	3.1	454,892	12.6%
35 to 44 years …………………	269	7.6	460,916	12.7%
45 to 54 years …………………	302	8.5	453,917	12.5%
55 to 59 years …………………	310	8.7	256,068	7.1%
60 to 64 years …………………	641	18.0	258,234	7.1%
65 to 74 years …………………	578	16.3	386,232	10.7%
75 to 84 years …………………	418	11.8	196,373	5.4%
85 years and over ……………	174	4.9	87,952	2.4%
Total…………………………	3,554	100%	3,624,508	100%
Median Age (Years) 2024…….	60.2		41.1	

Source: American Community Survey 2020-2024.

Income Distribution

	Town of Sherman		State of Connecticut	
Income	**Families**	**Percent**	**Families**	**Percent**
$ 0 - $ 9,999………………………	12	1.2%	24,004	2.6%
10,000 - 14,999……………………	3	0.3	12,584	1.4%
15,000 - 24,999……………………	-	0.0	27,285	3.0%
25,000 - 34,999……………………	17	1.7	33,429	3.6%
35,000 - 49,999……………………	72	7.1	59,826	6.5%
50,000 - 74,999……………………	119	11.7	106,611	11.6%
75,000 - 99,999……………………	73	7.2	106,893	11.6%
100,000 - 149,999…………………	217	21.4	182,785	19.8%
150,000 - 199,999…………………	50	4.9	131,310	14.3%
200,000 and over…………………	452	44.5	236,661	25.7%
Total……………………………	1,015	100.0%	921,388	100.0%

Source: American Community Survey 2020-2024.

Income Levels

	Town of Sherman	State of Connecticut
Per Capita Income, 2024	$ 104,553	$ 55,915
Median Family Income, 2024	$ 144,432	$ 122,706
Median Household Income, 2024	$ 115,000	$ 95,781

Source: American Community Survey 2020-2024.

Educational Attainment

	Town of Sherman		State of Connecticut	
	Number	Percent	Number	Percent
Less than 9th grade	5	0.2%	101,458	4.0%
9th to 12th grade	93	3.3	114,887	4.5
High School graduate	374	13.3	647,192	25.3
Some college, no degree	489	17.4	410,903	16.1
Associate's degree	170	6.1	195,081	7.6
Bachelor's degree	957	34.1	595,631	23.3
Graduate or professional degree	715	25.5	489,432	19.2
Total	2,803	100.0%	2,554,584	100.0%
Total high school graduate or higher (%)		96.5%		91.5%
Total bachelor's degree or higher (%)		59.7%		42.5%

Source: American Community Survey 2020-2024.

Employment by Industry

	Town of Sherman		State of Connecticut	
Sector	Number	Percent	Number	Percent
Agriculture, forestry, fishing and hunting, and mining	-	0.0%	7,132	0.4%
Construction	45	2.3	113,006	6.1
Manufacturing	223	11.5	198,526	10.7
Wholesale trade	43	2.2	35,592	1.9
Retail trade	292	15.0	192,698	10.4
Transportation warehousing, and utilities	140	7.2	87,076	4.7
Information	27	1.4	37,488	2.0
Finance, insurance, real estate, and leasing	315	16.2	161,226	8.7
Professional, scientific, management, administrative, and waste management	245	12.6	228,229	12.3
Education, health and social services	355	18.3	496,559	26.8
Arts, entertainment, recreation, accommodation and food services	179	9.2	143,851	7.8
Other services (except public admin.)	49	2.5	80,617	4.4
Public Administration	30	1.5	67,864	3.7
Total Labor Force, Employed	1,943	100.0%	1,849,864	100.0%

Source: American Community Survey 2020-2024.

Major Employers
As of June 2026

Employer	Type of Business	Approximate Number of Employees
Sherman School………………………	Schools	50 - 99
Sherman Volunteer Fire Dept……….	Fire Departments	50 - 99
River Oaks Golf Club…………………	Golf Courses	20 - 49
American Pie Co………………………	Restaurants	20 - 49
The Daily Market………………………	Grocers-Retail	20 - 49
United States Postal Svc…………….	Post Offices	10 - 19
Beatty Construction Co………………	Excavating Contractors	10 - 19

Source: State of Connecticut, Labor Market Information.

Labor Force Data

	Town of Sherman		Percentage Unemployed		
Period	Employed	Unemployed	Town of Sherman	Waterbury Labor Market	State of Connecticut
April 2026 ………….	1,865	78	4.0	5.6	5.0
Annual Average					
2025………………	1,979	64	3.1	4.4	3.9
2024………………	1,820	52	2.8	4.4	3.5
2023………………	1,795	63	3.4	4.7	3.7
2022………………	1,790	61	3.3	5.2	4.1
2021………………	1,652	84	4.9	8.0	6.6
2020………………	1,710	105	5.8	8.5	7.3
2019………………	1,828	55	2.9	4.6	3.7
2018………………	1,810	57	3.1	5.1	4.1
2017………………	1,873	73	3.7	5.9	4.7
2016………………	1,846	81	4.2	6.5	5.3

Source: State of Connecticut, Department of Labor.

Building Permits

Fiscal Year	Total	
Ending 6/30	Number	Value
2026[1]	396	$ 199,090
2025	460	258,290
2024	476	217,520
2023	541	259,916
2022	547	270,134
2021	650	246,544
2020	398	161,810
2019	471	115,020
2018	513	111,970
2017	439	90,590

[1] *As of May 31, 2026.*

Source: Building Department, Town of Sherman.

Housing Inventory

	Town of Sherman		State of Connecticut	
Housing Units	**Units**	**Percent**	**Units**	**Percent**
1-unit, detached…………………	1,844	96.1%	902,771	58.6%
1-unit, attached…………………	37	1.9	99,493	6.5
2 units……………………………	9	0.5	115,211	7.5
3 or 4 units………………………	-	-	125,486	8.1
5 to 9 units………………………	-	-	76,014	4.9
10 to 19 units……………………	-	-	54,675	3.5
20 or more units…………………	-	-	156,730	10.2
Mobile home………………………	29	1.5	10,890	0.7
Boat, RV, van, etc………………	-	-	552	0.0
Total Inventory………………	1,919	100.0%	1,541,822	100.0%

Source: American Community Survey 2020-2024.

Owner Occupied Housing

	Town of Sherman		State of Connecticut	
Specified Owner-Occupied Units	**Number**	**Percent**	**Number**	**Percent**
Less than $50,000………………………	37	2.5%	23,262	2.4%
$50,000 to $99,000………………………	12	0.8	14,209	1.5
$100,000 to $149,999……………………	-	-	31,134	3.3
$150,000 to $199,000……………………	-	-	65,851	6.9
$200,000 to $299,999……………………	88	5.9	205,349	21.5
$300,000 to $499,999……………………	618	41.4	350,277	36.8
$500,000 to $999,999……………………	580	38.8	197,853	20.8
$1,000,000 or more………………………	158	10.6	65,054	6.8
Total…………………………………	1,493	100.0%	952,989	100.0%
Median Value……………………………	$497,300		$366,900	

Source: American Community Survey 2020-2024.

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IV. Tax Base Data

Assessments

The Town of Sherman had a general property revaluation by inspection of all real estate, effective on the Grand List of October 1, 2023. The next revaluation is scheduled for October 1, 2028. Under Section 12-62 of the Connecticut General Statutes the Town must do a revaluation every five years and the assessor must fully inspect each parcel, including measuring or verifying the exterior dimensions of a building and entering and examining the interior of the building once every ten years. Section 12-62 also imposes a penalty on municipalities that fail to effect revaluations as required, with certain exceptions. Municipalities may choose to phase-in real property assessment increases resulting from a revaluation, but such phase-in must be implemented in less than five assessment years. The maintenance of an equitable tax base, and the location and appraisal of all real and personal property within the Town for inclusion onto the Grand List are the responsibilities of the Town's Assessor's Office. The Grand List represents the total of assessed values for all taxable real and personal property and motor vehicles located within the Town on October 1. A Board of Assessment Appeals determines whether adjustments to the Assessor's list on assessments under appeal are warranted. Assessments for real property are computed at 70 percent of the estimated market value at the time of the last general revaluation.

When a new structure or modification to an existing structure is undertaken, the Assessor's Office receives a copy of the permit issued by the Building Inspector. A physical appraisal is then completed, and the structure classified and priced from a schedule developed at the time of the last revaluation. Property depreciation and obsolescence factors are also considered when arriving at an equitable value.

All personal property (furniture, fixtures, equipment, machinery and leased equipment) is revalued annually. An assessor's check and audit is completed periodically. Assessments for personal property are computed at 70 percent of present value.

Connecticut General Statutes Section 12-71e creates a cap on the local property tax mill rate for motor vehicles. The statute provides that (1) for the assessment year October 1, 2016, the mill rate for motor vehicles shall not exceed 39 mills, and (2) for the assessment years October 1, 2017 to October 1, 2020, inclusive, the mill rate for motor vehicles shall not exceed 45 mills, and (3) for the assessment year commencing October 1, 2021, and each assessment year thereafter, the mill rate for motor vehicles shall not exceed 32.46 mills. No district or borough may set a motor vehicle mill rate that if combined with the motor vehicle mill rate of the town or city in which such district or borough is located would result in a combined motor vehicle mill rate in excess of these mill rate caps.

For the fiscal year ending June 30, 2022, motor vehicle property tax grants to municipalities that impose mill rates on real property and personal property other than motor vehicles greater than 45 mills or that, when combined with the mill rate of any district located within the municipality, impose mill rates greater than 45 mills, shall be made in an amount equal to the difference between the amount of property taxes levied by the municipality and any district located within the municipality on motor vehicles for the assessment year October 1, 2020, and the amount such levy would have been if the mill rate on motor vehicles for that assessment year was 45 mills. For the fiscal year ending June 30, 2023, and each fiscal year thereafter, motor vehicle property tax grants to municipalities that impose mill rates on real property and personal property other than motor vehicles greater than 32.46 mills or that, when combined with the mill rate of any district located within the municipality, impose mill rates greater than 32.46 mills, shall be made in an amount equal to the difference between the amount of property taxes levied by the municipality and any district located within the municipality on motor vehicles for the assessment year October 1, 2021, and each assessment year thereafter, and the amount such levy would have been if the mill rate on motor vehicles for that assessment year was 32.46 mills. The mill rate for fiscal year 2026-2027 is 17.41 mills.

Property Tax Collection Procedure

Real estate taxes for the fiscal year are levied on the Grand List of the prior October 1, and are due July 1, payable in two installments, on July 1 and January 1. Personal property taxes are payable in one installment on July 1 with motor vehicle supplemental bills payable on January 1. Payments not received by August 1 and February 1, respectively, become delinquent, with interest charged at the rate of 1.50% per month from the due date of the tax. In accordance with State law, the oldest outstanding tax is collected first. Outstanding real estate tax accounts are liened each year prior to June 30 with legal demands and alias tax warrants used in the collection of personal property and motor vehicle tax bills. Accounts are transferred to suspense 15 years after the due date in accordance with State Statutes.

Property Tax Levies and Collections

Fiscal Year Ending 6/30	Grand List of 10/1	Net Taxable Grand List	Mill Rate	Adjusted Annual Levy	Percent of Annual Levy Collected at End of Fiscal Year	Percent of Annual Levy Uncollected at End of Fiscal Year	Percent of Annual Levy Uncollected as of 6/30/2025
2026 [1]	2024	$ 879,206,138	16.67	N/A		*IN COLLECTION*	
2025	2023	867,933,368	16.36	$ 14,215,426	99.6%	0.40%	0.40%
2024	2022	763,750,079	17.82	13,611,765	99.2%	0.77%	0.17%
2023	2021 [2]	719,976,000	18.18	13,642,536	99.4%	0.57%	0.04%
2022	2020	713,972,000	18.64	13,469,003	99.3%	0.70%	0.02%
2021	2019	695,995,000	19.11	13,418,035	99.5%	0.50%	0.00%
2020	2018	688,824,000	19.81	13,724,910	99.5%	0.50%	0.00%
2019	2017	689,815,116	20.33	14,050,016	99.5%	0.50%	0.00%
2018	2016 [2]	684,679,000	20.33	13,919,524	99.5%	0.48%	0.00%
2017	2015	678,528,000	20.33	13,794,474	99.7%	0.30%	0.00%

[1] *Subject to audit.*

[2] *Revaluation.*

Source: Tax Collector's Office, Town of Sherman.

Comparative Assessed Valuations

Grand List of 10/1	Residential Real Property (%)	Commercial & Industrial Real Property (%)	Other Real Property (%)	Personal Property (%)	Motor Vehicle (%)	Gross Taxable Grand List	Less Exemption	Net Taxable Grand List	Percent Change
2025	91.8	0.3	1.4	1.6	4.9	$ 895,433,840	$ 4,486,672	$ 890,947,168	1.3%
2024	91.8	0.3	1.5	1.6	4.8	882,358,325	3,152,187	879,206,138	1.3%
2023 [1]	91.2	0.3	1.3	1.6	5.6	869,784,845	1,851,477	867,933,368	13.6%
2022	90.2	0.4	1.3	1.6	6.4	766,038,113	2,288,034	763,750,079	6.1%
2021	91.7	0.3	0.1	1.6	6.3	747,437,000	27,461,000	719,976,000	0.8%
2020	92.5	0.4	0.2	1.7	5.2	716,559,000	2,587,000	713,972,000	2.6%
2019	92.6	0.4	0.2	1.7	5.1	698,729,000	2,734,000	695,995,000	1.0%
2018 [1]	92.8	0.4	0.2	1.5	5.1	691,608,000	2,784,000	688,824,000	-0.1%
2017	91.6	0.2	1.8	1.3	5.1	692,471,960	2,656,844	689,815,116	0.8%
2016	92.8	0.5	0.2	1.4	5.1	687,498,000	2,819,000	684,679,000	0.9%

[1] *Revaluation.*

Source: Assessor's Office, Town of Sherman.

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Property Tax Receivables

Fiscal Year Ending 6/30	Current Year Levy Uncollected	Total Uncollected (Current & Prior Years)
2025	$ 56,961	$ 88,854
2024	105,253	130,223
2023	77,122	110,500
2022	87,782	137,076
2021	64,547	90,255

Source: Tax Collector's Office, Town of Sherman.

Ten Largest Taxpayers

The following table sets forth the ten largest taxpayers per the grand list dated October 1, 2025:

Name	Nature of Business	Taxable Valuation	Percent of Net Taxable Grand List [1]
Connecticut Light & Power Co………………	Utility	$ 8,267,730	0.93%
Kadley Farm……………………………………	Private Use	4,578,000	0.51%
Goldring, Gregory & Rebecca………………	Private Use	4,301,100	0.48%
River Oaks of Sherman Golf Club LLC………	Real Estate	3,870,220	0.43%
Cherry, Dorothy Morton ……………………	Private Use	3,169,300	0.36%
Mill Pond Farm………………………………	Real Estate	3,124,300	0.35%
Eight Cedar Point Lane LLC…………………	Real Estate	2,844,100	0.32%
20A Spring Lake Road LLC…………………	Real Estate	2,758,000	0.31%
Hackett Patrick T & Janienne P………………	Real Estate	2,548,400	0.29%
Goodman Alan & Robin Trust………………	Real Estate	2,501,600	0.28%
***Total*……………………………………………………………**		$ 37,962,750	4.26%

[1] *Based on October 1, 2025 Net Taxable Grand List of $890,947,168.*

Note: Totals may not tie out exactly due to rounding.

Source: Tax Assessor, Town of Sherman.

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V. Debt Section

Principal Amount of Bonded Indebtedness
As of August 26, 2026
(Pro-Forma)

Dated	Purpose	Rate %	Amount of Original Issue	Outstanding	Date of Final Fiscal Year of Maturity
Long-Term Debt					
04/13/17	General Purpose - Refunding ……	2.18	$ 5,020,000	$ 1,170,000	2030
08/27/25	Schools…………………………….	4.00 - 5.00	19,000,000	18,240,000	2051
	Total Outstanding**……………………………**		$ 24,020,000	$ 19,410,000	
This Issue					
08/26/2026	General Purpose……………………	*tbd*	$ 3,950,000	$ 3,950,000	2052
08/26/2026	Schools…………………………….	*tbd*	15,575,000	15,575,000	2052
	Total This Issue**……………………………**		$ 19,525,000	$ 19,525,000	
	Grand Total**………………………………**		$ 43,545,000	$ 38,935,000	

Note: The table above excludes capital leases.

Short-Term Debt
As of August 26, 2026
(Pro-Forma)

As of August 26, 2026, the Town does not have any outstanding short-term debt.

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Annual Bonded Debt Maturity Schedule
As of August 26, 2026
(Pro-Forma)

Fiscal Year Ended 6/30	Principal Payments	Interest Payments	Total Payments	This Issue	Total Principal	Cumulative Principal Retired %
2027	$ -	$ 419,353	$ 419,353	$ -	$ -	0.0%
2028	1,155,000	815,401	1,970,401	785,000	1,940,000	5.0%
2029	1,150,000	768,844	1,918,844	785,000	1,935,000	10.0%
2030	1,145,000	722,397	1,867,397	785,000	1,930,000	14.9%
2031	760,000	680,200	1,440,200	785,000	1,545,000	18.9%
2032	760,000	642,200	1,402,200	785,000	1,545,000	22.8%
2033	760,000	604,200	1,364,200	780,000	1,540,000	26.8%
2034	760,000	566,200	1,326,200	780,000	1,540,000	30.8%
2035	760,000	528,200	1,288,200	780,000	1,540,000	34.7%
2036	760,000	490,200	1,250,200	780,000	1,540,000	38.7%
2037	760,000	452,200	1,212,200	780,000	1,540,000	42.6%
2038	760,000	418,000	1,178,000	780,000	1,540,000	46.6%
2039	760,000	387,600	1,147,600	780,000	1,540,000	50.5%
2040	760,000	357,200	1,117,200	780,000	1,540,000	54.5%
2041	760,000	326,800	1,086,800	780,000	1,540,000	58.4%
2042	760,000	296,400	1,056,400	780,000	1,540,000	62.4%
2043	760,000	266,000	1,026,000	780,000	1,540,000	66.4%
2044	760,000	235,600	995,600	780,000	1,540,000	70.3%
2045	760,000	205,200	965,200	780,000	1,540,000	74.3%
2046	760,000	174,800	934,800	780,000	1,540,000	78.2%
2047	760,000	143,925	903,925	780,000	1,540,000	82.2%
2048	760,000	112,575	872,575	780,000	1,540,000	86.1%
2049	760,000	80,750	840,750	780,000	1,540,000	90.1%
2050	760,000	48,450	808,450	780,000	1,540,000	94.0%
2051	760,000	16,150	776,150	780,000	1,540,000	98.0%
2052	-	-	-	780,000	780,000	100.0%
***Total*……**	$ 19,410,000	$ 9,758,845	$ 29,168,845	$ 19,525,000	$ 38,935,000	

[1] *Excludes principal payments of $1,160,000 and interest payments of $442,713 made between July 1, 2026 and August 26, 2026.*

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Debt Statement
As of August 26, 2026
(Pro-Forma)

Long-Term Debt Outstanding:		
General Purpose (*Includes This Issue*)…………	$	5,120,000
Schools (*Includes This Issue*)…………		33,815,000
Sewer …………		-
Water …………		-
Total Long-Term Debt**………**		38,935,000
Short-Term Debt …………		-
Total Direct Debt…………		38,935,000
Less: School Construction Grants Receivable (As of June 30, 2026) [1]…………		-
Less: Water Assessment Receivable (Principal Only) …………		-
Total Direct Net Debt…………		38,935,000
Overlapping/Underlying Debt…………		-
Total Overall Net Debt…………	$	38,935,000

[1] *The State of Connecticut will reimburse the Town for eligible principal and interest costs over the life of bonds issued for projects authorized by the General Assembly prior to July 1, 1996. School construction grants receivable stated above are for principal reimbursement only.*

Current Debt Ratios
As of August 26, 2026
(Pro-Forma)

Population[1]…………		3,554
Net Taxable Grand List at 70% of Full Value (10/1/25) …….	$	890,947,168
Estimated Full Value …………	$	1,272,781,669
Equalized Net Taxable Grand List (10/1/23) [2]…………	$	1,239,964,810
Money Income per Capita (2024) [1]…………	$	104,553

	Total Direct Debt: $38,935,000	***Total Direct Net Debt: $38,935,000***
Debt per Capita…………	$10,955.26	$10,955.26
Ratio to Net Taxable Grand List…………	4.37%	4.37%
Ratio to Estimated Full Value…………	3.06%	3.06%
Ratio to Equalized Net Taxable Grand List…………	3.14%	3.14%
Debt per Capita to Money Income per Capita…………	10.48%	10.48%

[1] *American Community Survey 2020-2024.*

[2] *Office of Policy and Management, State of Connecticut.*

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Bond Authorization

The Town has the power to incur indebtedness by issuing its bonds or notes as authorized by the Connecticut General Statutes ("CGS"). The issuance of bonds or notes is authorized upon the recommendation of the Board of Selectmen, and by the voters at a Town Meeting or a referendum, except for refunding bonds which are approved by the Board of Selectmen.

Temporary Financing

When general obligation bonds have been authorized, bond anticipation notes maturing in not more than two years may be issued (CGS Sec. 7-378). Temporary notes may be renewed up to ten years from their original date of issue as long as all project grant payments are applied toward payment of temporary notes when they become due and payable and the legislative body schedules principal reductions starting at the end of the third and continuing in each subsequent year during which such temporary notes remain outstanding in an amount equal to a minimum of 1/20th (1/30th for school and sewer projects) of the estimated net project cost (CGS Sec. 7-378a). The term of the bond issue is reduced by the amount of time temporary financing exceeds two years, or, for school and sewer projects, by the amount of time temporary financing has been outstanding.

Temporary notes must be permanently funded no later than ten years from the initial borrowing date except for sewer notes issued in anticipation of State and/or Federal grants. If a written commitment exists, the municipality may renew the notes from time to time in terms not to exceed six months until such time that the final grant payments are received (CGS Sec. 7-378b).

Temporary notes may also be issued for up to fifteen years for certain capital projects associated with the operation of a waterworks system (CGS Sec. 7-244a) or a sewage system (CGS Sec. 7-264a). In the first year following the completion of the project(s), or in the sixth year (whichever is sooner), and in each year thereafter, the notes must be reduced by at least 1/15 of the total amount of the notes issued by funds derived from certain sources of payment. Temporary notes may be issued in one year maturities for up to fifteen years in anticipation of sewer assessments receivable, such notes to be reduced annually by the amount of assessments received during the preceding year (CGS Sec. 7-269a).

Limitation of Indebtedness

Municipalities shall not incur indebtedness through the issuance of bonds which will cause aggregate indebtedness by class to exceed the following:

General Purposes:	2.25 times annual receipts from taxation
School Purposes:	4.50 times annual receipts from taxation
Sewer Purposes:	3.75 times annual receipts from taxation
Urban Renewal Purposes:	3.25 times annual receipts from taxation
Unfunded Past Pension Purposes:	3.00 times annual receipts from taxation

"Annual receipts from taxation" (the "base") are defined as total tax collections including interest and penalties, late payment of taxes and state payments for revenue losses under CGS Section 12-129d and 7-528. In no case shall total indebtedness exceed seven times the base.

The Statutes also provide for exclusion from the debt limit calculation debt (i) issued in anticipation of taxes; (ii) issued for the supply of water, gas, electricity, electric demand response, conservation and load management, distributed generation and renewable energy projects; for the construction of subways for cables, wires and pipes; for the construction of underground conduits for cables, wires and pipes; for the construction and operation of a municipal community antenna television system and for two or more of such purposes; (iii) issued in anticipation of the receipt of proceeds from assessments levied upon property benefited by any public improvement; (iv) issued in anticipation of the receipt of proceeds from State or Federal grants evidenced by a written commitment or for which allocation has been approved by the State Bond Commission or from a contract with the state, state agencies or another municipality providing for the reimbursement of costs but only to the extent such indebtedness can be paid from such proceeds; (v) issued for certain water pollution control projects; and (vi) upon placement in an escrow of the proceeds of refunding bonds, notes or other obligations or other funds of the municipality in an amount sufficient to provide for the payment when due of principal of and interest on such bond, note or other evidence of indebtedness.

Statement of Debt Limitation
As of August 26, 2026
(Pro Forma)

Total Tax Collections (including interest and lien fees)	
For the year ended June 30, 2025 ………………………………………………………………………………	$ 14,331,205
Reimbursement For Revenue Loss:	
Tax relief for elderly………………………………………………………………………………………	-
Base for Debt Limitation Computation…………………………………………………………………………	$ 14,331,205

	General Purpose	*Schools*	*Sewers*	*Urban Renewal*	*Unfunded Pension*
Debt Limitation:					
2 1/4 times base………………………………	$ 32,245,211	-	-	-	-
4 1/2 times base………………………………	-	$ 64,490,423	-	-	-
3 3/4 times base………………………………	-	-	$ 53,742,019	-	-
3 1/4 times base………………………………	-	-	-	$ 46,576,416	-
3 times base…………………………………	-	-	-	-	$ 42,993,615
Total Debt Limitation…………………………	$ 32,245,211	$ 64,490,423	$ 53,742,019	$ 46,576,416	$ 42,993,615
Indebtedness:					
Bonds Outstanding…………………………	$ 1,170,000	$ 18,240,000	$ -	$ -	$ -
Bonds (*This Issue*)………………………………	3,950,000	15,575,000	-	-	-
Notes …………………………………………	-	-	-	-	-
Debt Authorized But Unissued ……………	-	-	-	-	-
Total Indebtedness…………………………	$ 5,120,000	$ 33,815,000	$ -	$ -	$ -
Less:					
Water Assessment Receivable …………	-	-	-	-	-
Total Net Indebtedness……………………	$ 5,120,000	$ 33,815,000	$ -	$ -	$ -
DEBT LIMITATION IN EXCESS OF OUTSTANDING INDEBTEDNESS….	$ 27,125,211	$ 30,675,423	$ 53,742,019	$ 46,576,416	$ 42,993,615

Note: In no case shall total indebtedness exceed seven times annual receipts from taxation or $100,318,435.

Authorized but Unissued Debt

Project	*Amount Authorized*	*Previously Bonded*	*New Money*	*This Issue: The Bonds*	*Authorized but Unissued*
Sherman School Renovate as New…………………	$ 32,075,000	$ 19,000,000	$ 13,075,000	$ 13,075,000	$ -
Sherman School Renovate as New - Additional ..	2,500,000	-	2,500,000	2,500,000	-
Senior Center ………………………………………	3,950,000	-	3,950,000	3,950,000	-
Total …………………………………………	$ 38,525,000	$ 19,000,000	$ 19,525,000	$ 19,525,000	$ -

Ratios of Net Long-Term Debt to Valuation, Population, and Income

Fiscal Year Ended 6/30	Net Assessed Value	Estimated Full Value [1]	Net Long-Term Debt [2]	Ratio of Net Long-Term Debt to Net Assessed Value (%)	Ratio of Net Long-Term Debt to Estimated Full Value (%)	Population [3]	Net Long-Term Debt per Capita	Ratio of Net Long-Term Debt per Capita to Per Capita Income [4] (%)
2026 [5]	$ 879,206,138	$ 1,256,008,769	$ 20,975,000	2.39%	1.67%	3,554	$ 5,901.80	5.64%
2025	867,933,368	1,239,904,811	1,975,000	0.23%	0.16%	3,554	555.71	0.53%
2024	763,750,079	1,091,071,541	2,385,000	0.31%	0.22%	3,554	671.07	0.64%
2023	719,976,000	1,028,537,143	2,795,000	0.39%	0.27%	3,554	786.44	0.75%
2022	713,972,000	1,019,960,000	3,310,000	0.46%	0.32%	3,554	931.34	0.89%

[1] *Assessment Ratio: 70%.*

[2] *Does not reflect State of Connecticut School Construction grants, and water and sewer assessments applied to the retirement of the outstanding*

[3] *American Community Survey 2020-2024.*

[4] *Money Income per Capita: American Community Survey 2020-2024 data: $104,553 used for all calculations.*

[5] *Subject to audit.*

Ratios of Annual Long-Term General Fund Debt Service To Total General Fund Expenditures

Fiscal Year Ended 6/30	Annual Debt Service	Total General Fund Expenditures [1]	Ratio of General Fund Debt Service To Total General Fund Expenditures
2026 [2]	$ 1,254,391	$ 16,952,586	7.40%
2025	458,125	16,624,470	2.76%
2024	466,864	16,561,772	2.82%
2023	582,853	16,213,764	3.59%
2022	594,675	15,107,233	3.94%
2021	533,556	16,279,989	3.28%
2020	941,678	15,266,352	6.17%
2019	973,188	15,528,339	6.27%

[1] *GAAP basis of accounting. Includes Transfers out.*

[2] *Subject to audit.*

Source: Annual Audited Financial Statements.

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VI. Financial Administration

Fiscal Year

The Town's fiscal year begins July 1 and ends June 30.

Accounting Policies

The Town's accounting system is organized on a fund basis and uses funds and account groups to report on its financial position and results of operations. The Town's accounting records are maintained on a modified accrual basis, with major revenues recorded when earned and expenditures recorded when incurred. The accounting policies of the Town conform to generally accepted accounting principles as applied to governmental units. See Appendix A – "Auditor's Section, Notes to Financial Statements" herein.

Budgetary Procedures

All Town departments, including the Board of Education, submit their budget requests to the Board of Selectmen by March 15th for review. The Board of Selectmen holds public hearings on the budget before making a final budget presentation at the annual Town Meeting on the first Friday in May. The Town Meeting is adjourned to a referendum to vote on the budget, and once the budget is adopted the mill rate is set by the Board of Selectmen in special session.

Annual Audit

The Town, in accordance with the provisions of Chapter 111 of the Connecticut General Statutes, employs the services of an independent certified public accountant firm to audit its financial records annually. The audit must be conducted under the guidelines issued by the State of Connecticut, Office of Policy and Management, and a copy of the report must be submitted on an annual basis. For fiscal year ended June 30, 2025, the audit was conducted by Clermont & Associates, LLC, a professional corporation of certified public accountants in Waterbury, Connecticut.

Pension Plans

The Town is the administrator of a single-employer defined benefit pension plan. The plan is contributory and covers substantially all full-time employees, except certified employees of the Board of Education covered under the State of Connecticut Teachers Retirement System. The Town's funding policy provides for periodic employer contributions at actuarially determined amounts that are sufficient to accumulate assets to pay benefits when due.

Effective June 30, 2005, the Town's defined benefit retirement plan (the "Town Plan") was closed to new employees and participant's monthly pension was frozen (i.e., additional benefits will accrue under the Town Plan for the subsequent period). Prior to closing the Town Plan, the Town had a defined benefit retirement plan covering substantially all employees of the Town and Board of Education except certified staff of the Board of Education covered by the State Teachers' Retirement Board Plan. The Town is the administrator of this single-employer public employee retirement system (PERS) established and administered to provide pension benefits for its employees. The Town Plan provides retirement, disability, and death benefits to plan members and beneficiaries.

Employees are eligible to participate in the Town Plan when they complete 1 year of eligible service and have attained the age of 22. The only elected or appointed officials covered are those paid a salary by the Town, working more than 5 months a year and 20 hours per week.

All employees hired after July 1, 2005 are only eligible to participate in the defined contribution plan for which the employees may contribute a portion of their pay and the Town will match 100%, up to 3% of the employee's gross pay, of the employee's contribution to a 457-account commencing the first payroll after the employee's one year anniversary.

The Town Plan is contributory and covers substantially all regularly employed permanent employees of the Town employed as of June 30, 2005. Prior to June 30, 2005, employees contributed 3% of earnings. Beginning July 1, 2005, employees were required to contribute to the Town Plan. The only elected or appointed officials covered are those paid a salary by the Town, working more than 5 months a year and 20 hours per week. To be eligible for the Town Plan, the employee must complete one full year of service and attain a minimum age of 22. Employees covered by the State Teachers Retirement System are excluded from this Town Plan.

Normal retirement age is 62 (with 20 years of credited service) or 65. The annual benefit is 1.6% of 1986-87 earnings for years of service through June 30, 1987, plus 1.6% of earnings for each year of participation since July 1, 1987, for a maximum of 40 years. The Town Plan contains a provision for early retirement at age 55 and after 10 years of credited service at reduced benefits. The Town Plan also contains provisions for disability retirement and spouse's benefits. There is no provision for increases in benefits after retirement.

The Town's funding policy provides for periodic employer contributions at actuarially determined rates that are sufficient to accumulate the assets needed to pay benefits when due. Certain costs for administering the Town Plan are paid by the earnings in the Pension Trust Fund.

Fiscal Year Ended	*Actual Contribution*	*Actuarially Required Contribution (ARC)*	*% of ARC Contributed*
6/30/2016	$ 67,000	$ 18,716	358.0%
6/30/2017	67,000	11,670	574.1%
6/30/2018	57,200	2,728	2096.8%
6/30/2019	46,200	3,583	1289.4%
6/30/2020	-	12,012	0.0%
6/30/2021	-	(26,897)	0.0%
6/30/2022	-	8,279	0.0%
6/30/2023	-	15,078	0.0%
6/30/2024	-	(51,414)	0.0%
6/30/2025	-	(10,924)	0.0%

Total Pension Liability at June 30, 2025………………	$ 942,488
Plan Fiduciary Net Position …………………………	1,228,962
Town's Net Pension Liability (Asset)……………….	$ (286,474)
Plan Fiduciary Net Position as % of Total Pension Liability ……………………………	130.4%

Sensitivity of the Net Pension Liability to Changes in the Discount Rate:

The following presents the net pension liability of the Town calculated using the discount rate of 6.00%, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

	1 % Decrease (5.00%)	*Current Discount (6.00%)*	*1 % Increase (7.00%)*
Net Pension Liability (Asset) as of June 30, 2025 …..	$ (210,647)	$ (286,474)	$ (352,654)

Teachers, principals, superintendents, or supervisors engaged in service of public schools are provided with pensions through the Connecticut State Teachers' Retirement System – a cost sharing, multiemployer, defined benefit pension plan administered by the Teachers' Retirement Board. Title 10, Chapter 167a of the State Statutes grants authority to establish and amend the benefit terms to the State Teachers' Retirement Board ("TRB"). The State Treasurer is responsible for investing Teachers' Retirement System funds for the exclusive benefit of the TRS members.

For further details on the plans, please refer to Appendix A herein.

Other Post-Employment Benefits

The Town does not provide any post-employment benefits other than pensions to any employees.

Comparative Balance Sheets - General Fund

	Actual 6/30/2025	Actual 6/30/2024	Actual 6/30/2023	Actual 6/30/2022	Actual 6/30/2021
Assets					
Cash and Cash Equivalents	$ 146,557	$ 1,204,040	$ 1,593,049	$ 1,696,570	$ 5,241,597
Investments	5,384,339	4,905,266	4,423,870	4,076,841	-
Accounts Receivable, Net	108,862	133,481	110,500	137,708	131,926
Due From Other Funds	1,072,785	-	151,293	34,691	-
Total Assets	6,712,543	6,242,787	6,278,712	5,945,810	5,373,523
Liabilities and Fund Balances					
Accounts Payable	424,669	440,557	438,929	482,831	363,337
Payments in Advance	30,570	35,565	73,545	57,435	-
Due to Other Funds	-	-	-	-	37,382
Unearned Revenue	-	-	-	-	36,790
Deposits	34,820	28,160	30,500	14,550	13,550
Deferred Revenue	-	-	-	-	-
Other	-	-	-	-	748
Total Liabilities	490,059	504,282	542,974	554,816	451,807
Deferred Inflows of Resources					
Unavailable Revenue	84,900	110,518	90,795	124,524	86,120
Total Deferred Inflows of Revenue	84,900	110,518	90,795	124,524	86,120
Fund Balances					
Nonspendable	-	-	-	-	-
Restricted	28,160	28,160	10,752	-	10,750
Committed	466,500	21,695	37,177	10,752	-
Assigned	-	-	-	212,540	224,355
Unassigned	5,642,924	5,578,132	5,597,014	5,043,178	4,600,491
Total Fund Balance	6,137,584	5,627,987	5,644,943	5,266,470	4,835,596
Total Liabilities, Deferred Inflows of Resources and Fund Balances	6,712,543	6,242,787	6,278,712	5,945,810	5,373,523
Analysis of General Fund Balance					
Operating revenues	$ 17,134,067	$ 16,544,818	$ 16,592,237	$ 15,538,107	$ 17,002,455
Fund balance as a percent of operating revenues	35.82%	34.02%	34.02%	33.89%	28.44%
Unassigned fund balance as a percent of operating revenues	32.93%	33.72%	33.73%	32.46%	27.06%

Intergovernmental Revenues

Fiscal Year Ended 6/30	Intergovernmental Revenues	Total Revenues	Percent
2025	$ 1,643,401	$ 17,134,067	9.59%
2024	1,812,515	16,544,818	10.96%
2023	1,968,638	16,592,237	11.86%
2022	1,239,711	15,538,107	7.98%
2021	2,777,516	17,002,455	16.34%

Source: Annual Audited Financial Statements.

General Fund Revenues and Expenditures
Four Year Summary of Audited Revenues and Expenditures (GAAP Basis)
FY 2025-26 Budget and FY 2026-27 Budget (Budgetary Basis)

	Budget [1] 6/30/2027	Budget [1] 6/30/2026	Actual 6/30/2025	Actual 6/30/2024	Actual 6/30/2023	Actual 6/30/2022
Revenues:						
Property Taxes	$ 15,546,357	$ 14,703,656	$ 14,379,120	$ 13,718,941	$ 13,738,850	$ 13,434,150
Licenses and Permits	-	-	-	-	-	-
Intergovernmental [2]	1,431,948	1,432,405	1,643,401	1,812,515	1,968,638	1,239,711
Charges for Services	534,498	609,746	671,164	586,488	573,612	772,876
Investment Income	335,000	275,000	335,443	343,987	247,733	15,611
Miscellaneous	34,521	49,524	104,939	82,887	63,404	75,759
Total Revenues	17,882,324	17,070,331	17,134,067	16,544,818	16,592,237	15,538,107
Expenditures:						
General Government	1,008,318	973,713	1,374,681	986,266	981,044	940,754
Public Safety	1,159,373	1,091,579	1,217,673	920,867	783,342	818,709
Public Works	1,011,443	985,425	1,137,437	939,740	1,109,882	848,660
Public Health	144,521	139,552	245,480	129,104	119,160	120,052
Culture and Recreation	383,887	409,424	459,225	422,570	355,792	304,037
Education	10,095,148	9,931,764	11,061,659	11,125,604	10,984,616	10,004,172
Other	1,771,869	1,191,738	124,709	1,054,276	759,225	961,174
Debt Service	2,454,781	1,254,391	458,125	466,864	582,853	594,675
Total Expenditures	18,029,340	15,977,586	16,078,989	16,045,291	15,675,914	14,592,233
Excess (Deficiency) of Revenues Over Expenditures	(147,016)	1,092,745	1,055,078	499,527	916,323	945,874
Other Financing Sources (uses):						
Operating Transfers In	-	-	-	-	-	-
Operating Transfers Out	(1,575,000)	(975,000)	(545,481)	(516,481)	(537,850)	(515,000)
Total Other Financing Sources (uses)	(1,575,000)	(975,000)	(545,481)	(516,481)	(537,850)	(515,000)
Excess (deficiency) of revenues and other financing sources (uses) over (under) expenditures and other financing uses	(1,722,016)	117,745	509,597	(16,954)	378,473	430,874
Fund Balance, Beginning of Year	6,255,329	6,137,584	5,627,987	5,644,941 [3]	5,266,470	4,835,596
Fund Balance, End of Year	$ 4,533,313	$ 6,255,329	$ 6,137,584	$ 5,627,987	$ 5,644,943	$ 5,266,470
Analysis of General Fund Balance						
Fund balance as a percent of operating expenditures	25.14%	39.15%	38.17%	35.08%	36.01%	36.09%

[1] *Budgetary basis of accounting. Subject to audit.*

[2] *The difference in intergovernmental revenues is due to Teachers on behalf pension payments.*

[3] *Beginning balance is restated.*

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VII. Legal and Other Information

Litigation

The Town of Sherman, its officers, employees, boards and commissions, are defendants in a number of lawsuits. The Town Attorney is of the opinion that pending litigation will not be finally determined so as to result individually or in the aggregate in a final judgment against the Town which would have a materially adverse effect upon its financial position.

Transcript and Documents Furnished at Delivery

Upon the delivery of the Bonds, the winning bidder will be furnished with the following:

1. A Signature and No Litigation Certificate stating that at the time of delivery no litigation is pending or threatened affecting the validity of the Bonds or the levy or collection of taxes to pay the principal of and interest on the Bonds.

2. A Certificate on behalf of the Town signed by the First Selectman and Treasurer which will be dated the date of delivery and attached to a signed copy of the Official Statement, and which will certify, to the best of said officials' knowledge and belief, that at the time the bids were accepted, the descriptions and statements in the Official Statement relating to the Town and its finances were true and correct in all material respects and did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, and that there has been no material adverse change in the financial condition of the Town from that set forth in or contemplated by the Official Statement.

3. Receipt for the purchase price of the Bonds.

4. Approving opinion of Shipman & Goodwin LLP, Bond Counsel, of Hartford, Connecticut, substantially in the form of Appendix B, attached hereto.

5. Continuing Disclosure Agreement, substantially in the form of Appendix C, attached hereto.

6. The Town has prepared an Official Statement for the Bonds which is dated August __, 2026. The Town deems such Official Statement final as of its date for purposes of SEC Rule 15c2-12(b)(1), but it is subject to revision or amendment.

A transcript of the proceedings taken by the Town in authorizing the Bonds will be kept on file at the offices of U.S. Bank Trust Company, National Association, Corporate Trust Services, CityPlace I, 185 Asylum Street, 27th Floor, Hartford, Connecticut and will be available for examination upon reasonable request.

(Remainder of page intentionally left blank)

Concluding Statement

This Official Statement is not to be construed as a contract or agreement between the Town and the purchaser or holders of any of the Bonds. Any statements made in this Official Statement involving matters of opinion or estimates are not intended to be representations of fact, and no representation is made that any of such opinion or estimate will be realized.

No representation is made that past experience, as might be shown by financial or other information herein, will necessarily continue or be repeated in the future. Neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Town since the date hereof. References to statutes, charters, or other laws herein may not be complete and such provisions of law are subject to repeal or amendment.

TOWN OF SHERMAN, CONNECTICUT

____
DON LOWE
First Selectman

____
ANDREA MALONEY
Treasurer

August __, 2026

Appendix A

2025 General Purpose Financial Statements

The following includes excerpts from the Annual Comprehensive Financial Report of the Town of Sherman, Connecticut for the fiscal year ended June 30, 2025. The supplemental data which was a part of that report has not been reproduced herein. A copy of the complete report is available upon request from Barry J. Bernabe, Managing Director, Phoenix Advisors, 53 River Street, Suite 1, Milford, Connecticut 06460. Telephone (203) 283-1110.

CLERMONT
ACCOUNTANTS • ADVISORS

Clermont & Associates, LLC
301 Highland Avenue
Waterbury CT 06708

Main: 203-758-6658
Fax: 203-758-6758

INDEPENDENT AUDITOR'S REPORT

Board of Selectmen
Town of Sherman
Sherman, CT 06784

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Sherman, Connecticut, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Town of Sherman, Connecticut's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of governmental activities, each major fund and the aggregate remaining fund information of the Town of Sherman, Connecticut as of June 30, 2025, and the respective changes in the financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America(*GAAS)* and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Sherman, Connecticut and to meet our ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Sherman, Connecticut's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards,* we;

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of Sherman, Connecticut's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events considered in aggregate, which raise substantial doubt about the Town of Sherman, Connecticut's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis* on pages 4a through 4e and the required supplementary information relating to pension schedules and General fund budget to actual Schedule on pages 40-45, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Sherman, Connecticut's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedules, the statement of changes in fund balance – by project, the schedule of property taxes levied, collected and outstanding, and the schedule of debt limitation are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements and schedules described in the above paragraph are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 21, 2025, on our consideration of the Town of Sherman, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Sherman, Connecticut's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Sherman, Connecticut's internal control over financial reporting and compliance.

CLERMONT & ASSOCIATES LLC
Waterbury, Connecticut

Clermont & Associates, LLC

October 21, 2025

TOWN OF SHERMAN, CONNECTICUT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2025

This discussion and analysis of the Town of Sherman, Connecticut's (the "Town") financial performance is provided by management to provide an overview of the Town's financial activities for the fiscal year ended June 30, 2025. Please read this MD&A in conjunction with the Town's financial statements.

Financial Highlights

- The net position of our governmental activities increased by $757 thousand.
- The General Fund reported a fund balance this year of $6.1 million. $17 thousand less than the general fund balance reported in the prior year.
- The Town maintained a capital reserve fund balance of $1.8 million, this decreased by $492 thousand from the prior year.

Overview of the Financial Statements

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (Exhibits A and B, respectively) provide information about the activities of the Town as a whole and present a long-term view of the Town's finances. Fund financial statements are presented in Exhibits C and D. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Town's operations in more detail than the government-wide statements by providing information about the Town's most significant funds. The remaining statements provide financial information about activities for which the Town acts solely as a trustee or agent for the benefit of those outside of the government.

Government-Wide Financial Statements

The analysis of the Town as a whole begins on Exhibits A and B. The Statement of Net Position and the Statement of Activities reports information about the Town as a whole and about its activities for the current period. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All the current year's revenues and expenses are considered regardless of when cash is received or paid.

These two statements report on the Town's net position and related changes. The Town's net position, the difference between assets and liabilities, is one way to measure the Town's financial health, or financial position. Over time, increases or decreases in the Town's net position are one indicator of whether its financial health is improving or deteriorating. The reader needs to consider other non-financial factors, such as changes in the Town's property tax base and the condition of the Town's capital assets, to assess the overall health of the Town.

Government-Wide Financial Statements (continued)

In the Statement of Net Position and the Statement of Activities, the Town reports its activities as follows:

- *Governmental activities* - The Town's basic services are reported here, including general government, public safety, community services, public works, education, and municipal facilities. Property taxes, charges for services, and state and federal grants finance most of these activities.

Fund Financial Statements

The fund financial statements begin with Exhibit C and provide detailed information about the most significant funds - not the Town as a whole. Some funds are required to be established by the State Statute. However, the Board of Selectman establishes many other funds to help control and manage financial activities for particular purposes or to show that it is meeting legal responsibilities for using grants and other money (like grants received for education from the State and Federal governments). The Town's funds are divided into three categories: governmental, proprietary, and fiduciary.

- *Governmental funds (Exhibits C and D)* - Most of the Town's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Governmental fund information helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation at the bottom of the fund financial statements.

- *Fiduciary funds (Exhibits G and H)* - The Town is the trustee, or fiduciary, for its employees' pension plans. All the Town's fiduciary activities are reported in separate statements of fiduciary net assets and changes in fiduciary net position. These activities are excluded from the Town's other financial statements because the Town cannot use these assets to finance its operations. The Town is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Government-Wide Financial Analysis

The analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the Town's governmental activities. The Town's net position for governmental activities increased $307 thousand from $23.1 million in 2022 to $23.4 million in 2024.

Table 1: Net Position

		Governmental Activities	
		2025	**2024**
Current and other assets	$	9,558,150	11,768,256
Capital assets		17,969,074	15,827,835
Deferred outflows		81,589	131,585
Total assets & deferred outflows	$	27,608,813	27,727,676
Current and other liabilities	$	1,078,502	
Deferred inflows		33,147	161,600
Long-term liabilities		2,324,119	4,149,974
Total liabilities & deferred inflows	$	3,435,768	4,311,574
Net position:			
Investment in capital assets	$	15,707,600	13,442,835
Restricted		2,939,731	2,329,303
Unrestricted		5,525,714	7,643,964
Total net position	$	24,173,045	23,416,102

Table 2: Change In Net Assets

		Governmental Activities	
		2025	**2024**
Revenues:			
Program revenues:			
Charges for services	$	868,217	770,541
Operating grants and contributions		2,561,903	2,156,604
Capital grants and contributions		557,662	284,390
General revenues:			
Property taxes		14,353,502	13,738,664
Grants and contributions not restricted to specific purposes		115,448	108,697
Unrestricted investment earnings and other revenues		569,479	683,675
Sale of Assets			
Miscellaneous		146,092	82,887
Total revenues	$	19,172,303	17,825,458
Program expenses:			
General government	$	1,832,855	1,510,194
Public safety		1,587,313	1,343,089
Public works		1,798,593	1,522,770
Health and welfare		278,498	172,411
Culture and recreation		946,649	709,382
Education		11,773,798	11,841,495
Other		157,627	352,993
Interest on long-term debt		40,027	66,450
Total program expenses	$	18,415,360	17,518,784
Increase (decrease) in net position	$	756,943	306,674

Town Funds Financial Analysis

Governmental Funds

As the Town completed the year, its governmental funds (as presented in the Balance Sheet - Exhibit C) reported a combined fund balance of $8.4 million which was a $1.8 million decrease from the previous year. Included in this year's total change in fund balance was a $2.7 Million in the capital projects spending, netted with a $545 thousand operating surplus in the general fund and $457 thousand in donations received from the public.

The Town received substantial donations to be used for the Town's senior Center. The total Town assets restricted for this purpose was $485 thousand, of which $457 thousand was received in the 2024-2025 fiscal year.

General Fund Budgetary Highlights

Exhibit F shows the summary information of budget to actual revenues, expenditures, and changes in undesignated, unreserved fund balance (funds available to be appropriated).

- Property tax collections, permits and fees and investment income were significantly more than expected, which provided for an additional $348 thousand in revenues over budget.

- Department of Education under spent the appropriation by $113 thousand.

- The Parks and recreation over expended the adjusted appropriation by $15 thousand, which was matched by the increase in fee collections.

- The total undesignated fund balance was $6.1 million, of which the majority was without restrictions or assignments and are available to be appropriate.

Capital Assets

At June 30, 2025, the Town had approximately $17.7 million invested in a broad range of capital assets, including land, buildings, park facilities, vehicles and equipment, roads, and bridges. The total Town's amount represents a increase (including additions and deductions) of $1.9 million, net of depreciation expenses. The Town has a large ongoing projects included in contraction in progress, which includes the school redevelopment projects and is to be funded through general obligation bonds and state grants.

Table 3: Capital Assets (Net of Depreciation)

		Governmental Activities	
		2025	2024
Land	$	2,851,200	2,851,200
Construction in progress		2,250,675	484,281
Buildings and improvements		8,764,220	9,120,403
Furniture, fixtures, and equipment		889,695	723,271
Vehicles		939,173	760,267
Infrastructure		1,987,639	1,888,413
Totals	$	17,682,602	15,827,835

Long-Term Liabilities

At June 30, 2025, the Town had $2.3 million in long-term liabilities versus $2.7 million last year. The largest decrease includes the continual payments on the Town's 2017 general obligation bond.

During the fiscal year, the Town authorized $32 million in general obligation bonds to fund in part the school renovation project. After the year end, an additional $6.5 million was approved for the school project of which $2.5 million was authorized to be bonded.

The Town closed its defined benefit plan to new employees and froze participants' monthly pension calculations as of June 30, 2005 (no additional benefits will accrue under the plan for the subsequent periods). An independent actuarial valuation has determined the Town carries a net plan asset of $286 thousand and is well funded.

The Town established a Defined Contribution Pension Plan for its employees on July 1, 2005. Under this plan, employees can contribute a portion of their pay to the plan, and the Town matches 100% of employees' contribution of gross pay to contractual limits by bargaining units.

Additional information on the Town's employee retirement plans can be found in Note 10.

Economic Factors and Next Year's Budgets and Rates

The Town's elected officials considered many factors when setting the fiscal-year 2024/2025 property tax rates. One of those factors is the economy.

While the Town's spending is also relatively stable year-to-year, Sherman faces increasing economic burdens from the reduction of state and federal grants including the reduction of PILOT and education grants. In addition, the Town weighs the risks of further unfunded mandates as well as the State's unfunded teacher's pension and OPEB liabilities.

These indicators along with a projected inflationary increase were considered when proposing the General Fund budget for 2025-26.

Contacting the Town's Financial Management

This financial report is designed to provide citizens, taxpayers, customers, investors, and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the First Selectman's office, P.O. Box 39, Sherman, Connecticut, 06784.

STATEMENT OF NET POSITION
June 30, 2025

		Governmental Activities *
Assets:		
Cash and cash equivalents	$	1,747,306
Investments		7,718,440
Receivables, net		109,812
Net pension asset		286,474
Capital assets:		
Capital assets, not being depreciated		5,101,875
Capital assets, being depreciated, net		12,580,725
Total assets	$	27,544,632
Deferred outflows on resources:		
Deferred charges from refunding	$	70,272
Deferred outflows related to pension		11,317
Total deferred outflows on resources	$	81,589
Liabilities:		
Accounts payable and other current liabilities	$	426,279
Payments in advance		617,403
Deposits		34,820
Noncurrent liabilities:		
Due within one year		405,000
Due in more than one year		1,919,119
Total liabilities	$	3,402,621
Deferred inflows on resources:		
Deferred intflows related to pension	$	33,147
Net position:		
Invested in capital assets, net of related debt	$	15,707,600
Restricted		2,939,731
Unrestricted		5,543,122
Total net position	$	24,190,453

* After internal balances have been eliminated

The notes to the financial statements are an integral part of this statement.

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2025

Functions/programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expenses) Revenue and Changes in Net Position — Primary Government — Total
Primary government:					
Governmental activities:					
General government	$ (1,832,855)	476,479	5,500		(1,350,876)
Public safety	(1,587,313)	1,902	86,266	196,810	(1,302,335)
Public works	(1,798,593)		29,513		(1,769,080)
Culture and recreation	(946,649)	362,586	456,896	231,719	104,552
Health services	(278,498)	27,250		129,133	(122,115)
Education	(11,756,390)		1,983,728		(9,772,662)
Other	(157,627)				(157,627)
Interest on long-term debt	(40,027)				(40,027)
Total governmental activities	$ (18,397,952)	868,217	2,561,903	557,662	(14,410,170)

General revenues:	
Property taxes, interest and lien fees	$ 14,353,502
Grants and contributions not restricted to specific programs	115,448
Unrestricted investment earnings (loss)	569,479
Miscellaneous	146,092
Total general revenues	$ 15,184,521
Change in net position	$ 774,351
Net position, beginning	23,416,102
Net position, ended	$ 24,190,453

The notes to the financial statements are an integral part of this statement.

TOWN OF SHERMAN, CONNECTICUT **EXHIBIT C**

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2025

		General	Capital & Nonrecurring	Happy Acres Farm	American Recovery Plan	Other Governmental Funds	Total Governmental Funds
Assets:							
Cash and cash equivalents	$	146,557	725,217	115,857	533,690	225,985	1,747,306
Investments		5,384,339		2,334,101			7,718,440
Receivables, net		108,862				950	109,812
Due from other funds		1,072,785					1,072,785
Total assets	$	6,712,543	725,217	2,449,958	533,690	226,935	10,648,343
Liabilities:							
Accounts and other payables	$	424,669					424,669
Payments in advance		30,570	70,340		497,315	19,178	617,403
Due to other funds			1,072,785				1,072,785
Deposits		34,820					34,820
Total liabilities	$	490,059	1,143,125	-	497,315	19,178	2,149,677
Deferred inflows of resources:							
Unavailable receipts	$	84,900					84,900
Total deferred inflows of resources	$	84,900	-	-	-	-	84,900
Fund balances:							
Restricted	$	28,160	456,896	2,410,773	36,375	7,527	2,939,731
Committed		466,500		39,185		84,156	589,841
Assigned						116,074	116,074
Unassigned		5,642,924	(874,804)				4,768,120
Total fund balances	$	6,137,584	(417,908)	2,449,958	36,375	207,757	8,413,766
Total liabilities, deferred inflows of resources and fund balances	$	6,712,543	725,217	2,449,958	533,690	226,935	

Amounts reported for governmental activities in the statement of net position **(Exhibit A)** are different because:

Capital assets used in the governmental activities are not financial resources and, therefore, are not reported in the funds.		17,682,600
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.		84,900
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.		(2,255,457)
Pension costs, including differences between expected and actual pension experiences, change in pension assumptions and net difference between projected and actual pension earnings.		264,644
Net position of governmental activities **(Exhibit A)**	$	24,190,453

The notes to the financial statements are an integral part of this statement.

TOWN OF SHERMAN, CONNECTICUT **EXHIBIT D**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICITS)
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2025

	General	Capital & Nonrecurring	Happy Acres Farm	American Recovery Plan	Other Governmental Funds	Total Governmental Funds
Revenues:						
Property taxes and assessments	$ 14,379,120					14,379,120
Intergovernmental	1,643,401	390,365		283,076	461,275	2,778,117
Charges for services	671,164	2,900			194,153	868,217
Investment income	335,443	33,332	198,723	28	1,981	569,507
Miscellaneous	104,939	456,896	41,153			602,988
Total revenues	$ 17,134,067	883,493	239,876	283,104	657,409	19,197,949
Expenditures:						
Current:						
General government	$ 1,374,681				12,870	1,387,551
Public safety	1,217,673			86,266	1,369	1,305,308
Public works	1,137,437					1,137,437
Public health	245,480					245,480
Culture and recreation	459,225		74,542		189,618	723,385
Education	11,061,659				455,775	11,517,434
Other	124,709					124,709
Capital outlay		3,554,345		196,810		3,751,155
Debt service	458,125					458,125
Total expenditures	$ 16,078,989	3,554,345	74,542	283,076	659,632	20,650,584
Excess (deficiency) of revenues over (under) expenditures	$ 1,055,078	(2,670,852)	165,334	28	(2,223)	(1,452,635)
Other financing sources (uses):						
Transfer to other funds	$ (545,481)					(545,481)
Transfer from other funds		500,000			45,481	545,481
Total other financing sources (uses)	$ (545,481)	500,000	-	-	45,481	-
Net change in fund balances	$ 509,597	(2,170,852)	165,334	28	43,258	(1,452,635)
Fund balances (deficits) - beginning	5,627,987	1,752,944	2,284,624	36,347	164,499	9,866,401
Fund balances (deficits) - ended	$ 6,137,584	(417,908)	2,449,958	36,375	207,757	8,413,766

The notes to the financial statements are an integral part of this statement.

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (DEFICITS) OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2025

Differences in amounts reported for government-wide activities in the Statement of Activities are due to:

Net change in fund balances - total governmental funds **(Exhibit D)**	$ (1,452,635)
Governmental funds report **capital outlays** as expenditures; however, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	1,854,765
Revenues previously recognized in the Statement of Activities that provided current financial resources in the current year.	(25,618)
The issuance of **long-term debt** (e.g., bonds, leases) provide current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	430,757
Pension expenses and credits as a result of changes in assumptions and expectation are recognized in the government-wide financial statements but are not included in the fund financial statements.	(32,918)
Change in net position of governmental activities **(Exhibit B)**	$ 774,351

The notes to the financial statements are an integral part of this statement.

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2025

		Defined Benefit Trust	Custodial Funds
Assets:			
Cash and cash equivalents	$		51,986
Investments, at fair value		1,214,564	-
Total assets	$	1,214,564	51,986
Net position:			
Held in trust for benefits and other purposes	$	1,214,564	51,986
Held in trust for benefits & other purposes	$	1,214,564	51,986

The notes to the financial statements are an integral part of this statement.

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
For the Year Ended June 30, 2025

	Defined Benefit Trust
Additions:	
Contributions:	
Employer contributions	$ -
Employee contributions	-
Total contributions	$ -
Investment earnings:	
Net increase in fair value of investments	$ 120,211
Total investment earnings	$ 120,211
Total additions	$ 120,211
Deductions:	
Administrative	$ 5,912
Benefits	71,341
Total deductions	$ 77,253
Change in net position	$ 42,958
Net position - beginning of year	1,171,606
Net position - end of year	$ 1,214,564

The notes to the financial statements are an integral part of this statement.

Note 1 - Summary of Significant Accounting Policies

Reporting Entity

The Town of Sherman, Connecticut (the Town) was incorporated in 1802, under the provisions of the State of Connecticut's General Statutes, as amended. The Town is governed under the provisions of the Home Rule Law of the State of Connecticut and operates under a Board of Selectmen form of government.

The Town provides a full range of services to its residents including public safely, police and fire, highways and streets, health and human services, culture and recreation, public improvements, planning and zoning, general administrative services, and education.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The financial statements of the Town have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting board for governmental accounting financial reporting principles. These principles require that the Town report government-wide and fund financial statements.

The following is a summary of the Town's most significant accounting principles.

Government-wide financial statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Changes in Net Position) report information on all the non-fiduciary activities of the primary government. *Government activities*, which are normally supported by taxes and intergovernmental revenues, are reported separately than *business-type activities,* which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment of, are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues.*

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are proprietary fund and fiduciary fund financial statements. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

As a rule, the effect of inter-fund activity, or internal balances, has been eliminated from government-wide financial statements. Exceptions to this rule are the changes between the business-type funds and the various other functions of the Town. Elimination of these charges would distort the direct costs and program revenues reported for the various functions.

Fund financial statements

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures are generally recorded when a liability has occurred, as under accrual accounting. However, expenditures related to long-term liabilities, such as debt service payments and compensated absences, are recorded only when payment is due.

Property taxes are levied on all taxable assessed property on the grand list of October 1 prior to the beginning of the fiscal year. Real estate taxes are payable in two installments (July 1 and January 1). Personal property taxes are payable annually (July 1) and motor vehicle taxes are due in one single payment on July 1. Liens are filed on delinquent real estate taxes within one year. Revenues from property taxes are recognized when they become available. Available means due, or past due, and receivable within the current period or expected to be collected soon enough thereafter to be used to pay liabilities in the current period. For this purpose, the Town considers property tax revenue to be available if it is collected within 60 days of the end of the fiscal year.

Those revenues susceptible to accrual are property taxes, special assessments, and interest revenue. Fines, permits, and charges for services are not susceptible to accrual because generally they are not measurable until received in cash.

Intergovernmental revenue grants and similar items are recognized as soon as all eligible requirements imposed by the provider have been met and are collected soon enough to pay the liabilities of the current period. For this purpose, grants may be recognized and received after 60 days of the fiscal year end.

The Town reports on the following major governmental funds:

The *general fund* is the general operating fund of the Town's government. All unrestricted resources, except those required to be accounted for in other funds, are accounted for in this fund. From this fund are paid general operating expenditures, fixed charges, principal and interest on long-term debt and capital improvement costs of the Town, which were not paid through a special fund.

The *capital and nonrecurring fund* is used to account for resources used for capital expenditures or for the acquisition or construction of capital facilities, improvements, and equipment. Sources of revenue include current tax revenues and government grants.

The *Happy Acres Farms* accounts for the preservation and maintenance of the real estate and improvements conveyed to the Town known as Happy Acres Farm.

Additionally, the Town reports the following fund type:

The *Pension trust and defined contribution funds* account for activities of the Town's defined benefit plan and defined contribution plan, which accumulate resources for the pension benefit payments to qualified employees.

The *Custodial funds* account for monies held as a custodian for outside groups and agencies.

Assets, Liabilities and Net Assets or Equity

Cash and cash equivalents

The Town considers cash on hand, deposits, and short-term investments, with an original maturity of three months or less from the date of acquisition.

Investments

Investments are primarily stated at fair value using quoted market prices, with the exception of U.S. government agencies whose fair values are based upon prices quoted by dealers in such securities, certificates of deposit whose cost approximates fair value, and market funds whose amortized costs approximate fair value.

Receivables and payables

Activities between funds that are representative of lending or borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (current portion of interfund loans) or "advances to/from other funds" (noncurrent portion of interfund loans).

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable funds to indicate that they are not available for appropriation and are not expendable as financial resources.

Property taxes

Property taxes on real estate, motor vehicles and personal property are assessed on the Town's grand list as of October 1 of the previous year and billed on the following July 1 and January 1. The billings are considered due on those dates; however, the actual due dates are 31 days after the tax bill date. On these days, (February 1 and August 1) the unpaid bill is considered delinquent at which time the applicable property is subject to lien and penalties, and interest is assessed. Property tax assessments are made at 70% of the assessed value for all taxable real estate and personal property located within the Town of Sherman on October 1.

Capital assets

Capital assets, which include property, plant and equipment and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than $20,000 and an estimated useful life in excess of two years.

Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the net assets or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of the business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment of the Town are depreciated using the straight-line method over the following estimated useful lives with a capitalization threshold of $5,000:

Asset	Years
Buildings and improvements	5-40
Infrastructure (including sewer system)	30-50
Machinery and equipment	5-20

Capital assets are reported as expenditures and no depreciation expense is reported in the governmental fund financial statements.

Deferred outflows/inflows of resources

The Statement of Net Position (Exhibit A) reports a separate section for deferred outflows of resources. This separate financial element represents a consumption of net position that applies to a future period or periods and so will not be recognized as an outflow of resources until a future period. The Town reports borrowing costs as well as a deferred charge on refunding as a result from the differences in the carrying value of refunded debt and its reacquisition price. These amounts are deferred and amortized over the shorter of the life of the related debt.

A deferred outflow of resources related to pension results from differences between expected and actual experience, changes in assumptions or other inputs, and the net difference between projected and actual pension investment earnings.

The Statement of Net Position (Exhibit A) and the Balance Sheet for the governmental funds (Exhibit C) report a separate section for deferred inflows of resources. This separate financial element represents the addition of net position or fund balance that applies to future periods and will not be recognized as revenue until that time. The Town reports advance tax collections in the Statement of Net Position and the Balance Sheet for the governmental funds. The Town reports a deferred inflow of resources related to pensions in the Statement of Net Position.

A deferred inflow of resources related to pension results from differences between expected and actual experience. These amounts are deferred and included in pension expenses in a systematic and rational manner. The government funds report unavailable revenue, which arises only under the modified accrual basis of accounting because it does not meet the measurable and available criteria for recognition in the current period.

Compensated absences

Under the terms of its various union contracts, Town employees are granted vacation and sick time in varying amounts based on length of service. Certain employees may also carry over a limited number of unused vacation days to subsequent years based on the terms of an employment or union contract. In the event of termination, these employees are reimbursed for accumulated vacation. The Town recognizes a liability in the government-wide financial statements for the vested portion, as well as the unvested portion to the extent expected to be paid, as compensated absences.

Net pension asset

The net pension liability is measured as the portion of the present actuarial value of projected benefits that is attributed to past periods of employee service (total pension liability), net of the pension plan’s fiduciary net position. The pension plan’s fiduciary net position is determined using the same valuation methods that are used by the pension plan for purposes of preparing its statement of fiduciary net position. The net pension liability is measured as of a date (measurement date) no earlier than the end of the employer’s prior fiscal year, consistently applied from period to period.

Long-term obligations

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the terms of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financial sources.

Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund equity and net position

In the government-wide financial statements, net position is classified in the following categories:

> ***Investment in capital assets, net of related debt*** - This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce this category.
>
> ***Restricted net position*** represents external restrictions imposed by creditors, grantors, contributors, laws or regulations of other governments, and restrictions imposed by law through constitutional provisions or enabling legislation.
>
> ***Unrestricted net position*** represents the net position of the Town which is not restricted for any project or other purpose.

In the fund financial statements, fund balances of governmental funds are classified into five separate categories. The five categories and their general meanings are as follows:

> ***Nonspendable*** are those net assets that are not in expendable form or are legally or contractually required to be maintained.
>
> ***Restricted fund balances*** are defined in the same manner as for the restricted government-wide net assets.
>
> ***Committed fund balances*** are those balances that can only be used for a specific purpose as a result of constraints imposed by formal action of the government's highest level of decision-making authority. For the Town of Sherman, that was considered to be the Town Council.
>
> ***Assigned fund balances*** are amounts that are contained by the government's intent to be used as a specific purpose.
>
> ***Unassigned fund balance*** is defined as the residual classification for the general fund and includes those remaining balances that cannot be categorized in the above four categories.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and deferred inflows/outflows, including disclosures for contingent liabilities and reporting revenues, expenses, and expenditures during the fiscal year. Accordingly, actual results could differ from those estimates.

Note 2 - Budgets and Budgetary Accounting

The Town adheres to the following procedures in establishing the budgetary data included in the General Fund Financial Statements.

1. In January of each year, all departments are asked to submit their budget requests to the First Selectman.

2. During January and February, the First Selectman compiles a draft of the Town budget for the subsequent year based on each department's provided information.

3. In March, the Board of Selectmen, acting as the Board of Finance, holds public hearings at which time departments formally present their budget requests and rationale. Following the hearings, the Board of Selectman meet in a workshop to finalize the budget.

4. At the March Board of Selectmen meeting, acting as the Board of Finance, the Board of Selectman approve the subsequent year's proposed budget and schedules a Town meeting to present the proposed budget. The Town meeting is held and then adjourned to a referendum vote on the budgets. The Town and Board of Education budgets are voted on separately.

5. The legal level of control is at the department level.

6. Formal budgetary integration is employed as a management control devise during the fiscal year. Only by recommendation of the First Selectman, and certification of the Treasurer, the Board of Selectmen, acting as the Board of Finance, may transfer appropriations from one department to another. Within one department, appropriations may be transferred without the Board of Selectmen's approval. Unencumbered appropriations lapse at year end.

A reconciliation of the general fund amounts presented on a budgetary basis to amounts presented in accordance with accounting principles generally accepted in the United States of America (GAAP basis) is as follows:

		Revenues	Expenditures
Balance, budgetary basis	$	15,843,831	15,319,039
Committed resources recognized for budgetary but not GAAP purposes:			
2024 Encumbrances			21,695
2025 Encumbrances			(6,500)
Reclassify transfers to other funds as other financing resources			(545,481)
State Teachers' Retirement "on-behalf" payment, not recognized for budgetary purposes		1,290,236	1,290,236
Balance, GAAP basis	$	17,134,067	16,078,989

Special Revenue Funds

The Town does not have legally adopted annual budgets for the Special Revenue Funds. Budgets for the various special revenue funds which are utilized to account for specific grant programs are established in accordance with the requirements of the grantor agencies. Such budgets carry over until completion of the grants and, therefore, may comprise more than one fiscal year.

Capital Projects Funds

Legal authorization for expenditures of the Capital Projects Funds may be provided by the related bond ordinances and/or intergovernmental grant agreements or Connecticut State Statutes. Capital appropriations do not lapse until the purpose for which the appropriation was made has been accomplished or abandoned.

Note 3 - Reconciliation of Government-Wide and Fund Financial Statements

Explanation of Certain Differences Between the Government Fund Balance Sheet and the Government-Wide Statement of Net Position

The details of the components included in Exhibit C are as follows:

Capitalized assets are expensed in the fund financial statements in the period the expense is incurred while the expense is incurred over the useful life of the related asset in the government-wide financial statements:

Land	$	2,851,200
Construction in progress		2,250,675
Net capital assets being depreciated		12,580,725
Net adjustment to increase fund balance to arrive at net position of governmental activities	$	17,682,600

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. The detail of this difference is as follows:

Debt	$	(1,975,000)
Accrued interest		(1,610)
Deferred charges on refunding		70,272
Compensated absences		(349,119)
Net adjustment to reduce fund balance to arrive at net position of governmental activities	$	(2,255,457)

Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance and the Government-Wide Statement of Activities

The governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances includes reconciliation between net changes in fund balances - total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as a depreciation expense."

Another element of that reconciliation states that "the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities."

The details of these differences are as follows:

Capital assets:

Acquisitions	$	3,344,643
Depreciation		(1,489,878)
Net adjustment to increase net changes in fund balances to arrive at changes in net position of governmental activities	$	1,854,765

Long-term liabilities:

Debt payments	$	410,000
Net change in accrued interest		22,152
Net change in deferred refunding		(14,054)
Net change in compensated absences		12,659
Net adjustment to reduce fund balance to arrive at net position of governmental activities	$	430,757

Note 4 - Deposits and Investments

Deposits

As of June 30, 2025, total deposits of $1,781,884 represent cash and cash equivalents of $1,729,898 as reported on the Statement of Net Position and $51,986 reported on the Statement of Fiduciary Net Assets.

Custodial credit risk on deposits – Custodial credit risk is the possibility that in the event of a bank failure, the Town deposits may not be returned. The Treasurer is generally restricted to investing funds in accordance with the Connecticut General Statutes (Section 7-402). Deposits may be placed with any “qualifying public depository,” as defined by state statute, which has its main place of business in the State of Connecticut. The State of Connecticut requires that each depository maintain segregated collateral in an amount equal to a defined percentage of its public deposits based upon the bank’s risk-based capital ratio.

Concentration of credit risk – Concentration of credit risk attributed to the magnitude of a government’s deposit in a single financial institution. The Town follows the limitations specified in the Connecticut General Statutes. Generally, the Town’s deposits cannot be 75% or more of the total capital of any one depository.

Of the Town’s total bank deposits, $250,000 was covered by Federal Depository Insurance and $230,000 was unissued and uncollateralized. All the deposits were maintained in institutions considered to be qualified public depositories and are protected under the provisions of Section 36a-33 of the Connecticut General Statutes, which provide for protection against loss in excess of any deposit insurance by providing individual bank collateral pledge requirements tiered to risk-based capital ratios.

Investments

The Town’s investments consist of the following at June 30, 2025:

	Governmental	Retirement Trust
CT Short term investment fund	$ 7,718,440	
Exchange traded funds (ETF)		1,214,564
Total investments	$ 7,718,440	1,214,564

The Connecticut General Statutes authorize the investment of funds in the obligations of the United States or may be invested in any state to other tax-exempt political subdivision under certain conditions. Funds may also be deposited in the State Treasurer’s Short-Term Investment Fund (STIF). The provisions of the statutes regarding the investments of certain funds, such as the municipal pension funds, do not specify permitted investments. Therefore, investments of such funds are generally controlled by laws applicable to fiduciaries and regulations applicable to those funds.

Credit Risk – The Town has a formal investment policy that would limit its investment choices due to credit risk for the Happy Acres Farm restricted fund. All other funds follow State Statutes.

Interest Rate Risk – Interest rate risk is the possibility that the Town will incur losses in fair market value caused by changing interest rates. The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

The Town is required to measure the fair value of its assets and liabilities under a three-level hierarchy, as follows:

Level 1: Quoted market prices for identical assets or liabilities to which an entity has access to at the measurement date.

Level 2: Inputs and information other than quoted market indices included in Level 1 are observable for the asset or liability, either directly or indirectly. Level 2 inputs include:

a. Quoted prices for similar assets or liabilities in active markets;
b. Quoted prices for identical or similar assets in markets that are not active;
c. Observable inputs other than quoted prices for the assets or liabilities;
d. Inputs derived principally from, or corroborated by, observable market data by correlation or by other means.

Level 3: Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure the fair value to the extent that observable inputs are not available.

Observable inputs reflect the assumptions market participants would use in pricing the asset or liability developed from sources independent of the reporting entity; and *unobservable inputs* reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

Investments are summarized as follows:

		Fair Value	Maturities (in years) <1
CT STIF	$	7,718,440	7,718,440
EFT's - pension		1,214,564	1,214,564
	$	8,933,004	8,933,004

Note 5 - Receivables and Unavailable/Unearned Receipts

Receivables

The receivables reported in the Statement of Net Position and the Governmental Funds Balance Sheet consists of the following:

Current receivables:		
Property taxes	$	88,854
Interest on property taxes		20,008
Intergovernmental		950
Net total receivables	$	109,812

Unavailable and unearned receipts

Governmental funds report deferred revenue in connection with receivables for revenue that are not considered to be available to liquidate liabilities in the current period. Recognition of revenues may also be deferred in connection with the resources received but not yet earned. The unavailable and unearned receipts consist of the following:

		Unavailable	Unearned
Delinquent taxes and interest	$	84,900	
Grants paid in advance			586,833
Fees paid in advance			30,570
Total	$	84,900	617,403

Note 6 - Inter-fund Receivables, Payables and Transfers

Inter-fund Transfers

The Town made the following transfers between funds during the fiscal year:

General fund annual contributions:		
Capital and non-recurring fund	$	500,000
Revaluation Fund		45,481
Total inter-fund transfers	$	545,481

Inter-fund receivables and payables

The general fund provided a short-term loan of $1,072,785 to the capital and non-recurring fund to fund a portion of the school construction project. These funds will be repaid to the general fund when the related debt is issued.

Note 7 - Capital Assets

Capital assets activity for the year ended June 30, 2025, was as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 2,851,200	-	-	2,851,200
Construction in progress	484,281	1,766,394		2,250,675
Total capital assets, not being deprec.	$ 3,335,481	1,766,394		5,101,875
Capital assets being depreciated:				
Buildings and improvements	$ 22,509,266	328,258		22,837,524
Infrastructure	4,035,667	586,719		4,622,386
Vehicles	1,898,943	326,351		2,225,294
Furniture and equipment	1,628,099	336,920		1,965,019
Total capital assets being depreciated	$ 30,071,975	1,578,248		31,650,224
Less: accumulated depreciation:				
Buildings and improvements	$ 13,388,863	684,441		14,073,304
Infrastructure	2,147,254	487,493		2,634,747
Vehicles	1,138,676	147,445		1,286,121
Furniture and equipment	904,828	170,499		1,075,327
Total accumulated depreciation	$ 17,579,621	1,489,878		19,069,499
Net capital assets, being depreciated	$ 12,492,354	88,370		12,580,725
Total capital assets, governmental	$ 15,827,835	1,854,764		17,682,600

Depreciation expense was charged to functions of the primary government as follows:

Governmental activities:		
General government	$	457,963
Education		238,956
Public safety		282,033
Public works		254,644
Recreation		223,264
Health services		33,018
Total depreciation expense	$	1,489,878

Note 8 - Long-Term Liabilities

Long-term debt liabilities activity for the year ended June 30, 2025, was as follows:

		Balance July 1, 2024	New Issues	Payments	Balance June 30, 2025	Due Within 1 year
Long-term debt:						
G.O. Refunding Bonds	$	2,385,000		410,000	1,975,000	405,000
Other long-term obligations:						
Compensated absences		361,778		12,659	349,119	
Total long-term liabilities	$	2,746,778	-	422,659	2,324,119	405,000

The Town issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities and are direct obligations and pledge the good faith and credit of the government. Certain general obligation bonds are to be repaid by revenues of the enterprise funds. As of June 30, 2025, the outstanding general obligation bonded indebtedness of the Town was as follows:

		Refunding
$5,020,000 G.O. Refunding bond 2017, issued on 4/13/2017, with final maturity on August 15, 2029, principal due serially with interest rate of 2.18%.	$	1,975,000
Total general obligation bonds	$	1,975,000

Annual debt service requirements for government funds to maturity for general obligation bonds are as follows:

Year Ended, June 30		Governmental Activity Principal	Interest
2026	$	405,000	38,641
2027		400,000	29,866
2028		395,000	21,201
2029		390,000	12,644
2030		385,000	4,197
Thereafter		-	-
Total	$	1,975,000	106,549

Legal Debt Limit

Connecticut General Statutes Section 7-374(b) provides that authorized debt of the Town shall not exceed seven times base receipts for the immediately preceding fiscal year, as defined in the Statute, or $66.3 million. Further, the Statute limits the amount of debt that may be authorized by the Town for general purposes, schools, sewers, urban renewal, and pension deficit. The Town did not exceed any of the statutory debt limitations at June 30, 2025.

Unissued Bond Authorizations

Authorization of general obligation bonds that remained unissued as of June 30, 2025 are summarized below:

	Date Authorized		Authorized and unissued
Sherman School Renovation [1]	8/22/2024	$	32,075,000
Total authorized and unissued			32,075,000

[1] A August 23,2025 referendum authorized an additional $6.5 million to the school renovations project, of which $2.5 million was authorized to be bonded.

Note 9 - Commitments and Contingencies

Risk Management

The Town is exposed to various risks of loss including torts, theft of, damage to, and destruction of assets; error and omissions; injuries to employees; employee health; and natural disasters. The Town generally obtains commercial insurance for these risks. For all types of commercial coverage, settled claims have not exceeded coverage in any of the past three years.

The Town is a member of the Connecticut Interlock Risk Management Agency (CIRMA), a public entity risk pool established under the provisions of Connecticut General Statutes section 7-479a. The Town is liable only for contributions to the pool. Members do not retain the risk of loss, as they have transferred the risk by purchasing coverage with no deductible retention.

The Town of Sherman is currently involved as a defendant in litigation involving the Town, its officers, employees, boards, and commissions. The probability of adverse decisions in these matters and the amounts of potential losses that may result are not presently determinable. However, the Town is of the opinion that the liability in these cases, if any, will not materially adversely affect the financial statements for these contingencies.

The Town received federal and state grants for specific purposes and is subject to review and audit by the grantor agency for compliance and disallowed expenses under the grant. Management believes that such disallowances, if any, will not be material to the financial position of the Town.

Note 10 - Employee Retirement Plans

Town's Retirement Plan

Effective June 30, 2005, the Town's defined benefit retirement plan (the Town Plan) was closed to new employees and participant's monthly pension was frozen (i.e., additional benefits will accrue under the Plan for the subsequent period. Prior to closing the Town Plan, The Town had a defined benefit retirement plan covering substantially all employees of the Town and Board of Education except certified staff of the Board of Education covered by the State Teachers' Retirement Board Plan. The Town is the administrator of this single-employer public employee retirement system (PERS) established and administered to provide pension benefits for its employees. The Town Plan provides retirement, disability, and death benefits to plan members and beneficiaries.

Town’s Defined Contribution Plan

Employees are eligible to participate in the Town Plan when they complete 1 year of eligible service and have attained the age of 22. The only elected or appointed officials covered are those paid a salary by the Town, working more than 5 months a year and 20 hours per week.

All employees hired after July 1, 2005 will only be eligible to participate in the defined contribution plan for which the employees may contribute a portion of their pay and the Town will match 100%, up to 3% of the employee's gross pay, of the employee's contribution to a 457-account commencing the first payroll after the employee's one year anniversary.

Based on the actuarial valuation report dated June 30, 2022, membership consisted of:

Active participants	8
Terminated vested participants	6
Retired	18
Total	32

Benefit provisions

The Plan is contributory and covers substantially all regularly employed permanent employees of the Town employed as of June 30, 2005. Prior to June 30, 2005, employees contributed 3% of earnings. Beginning July 1, 2005, employees are not required to contribute to the Plan. The only elected or appointed officials covered are those paid a salary by the Town, working more than 5 months a year and 20 hours per week. To be eligible for the Plan, the employee must complete one full year of service and attain a minimum age of 22. Employees covered by the State Teachers Retirement System are excluded from this Plan.

Normal retirement age is 62 with 20 years of credited service or 65. The annual benefit is 1.6% of 1986-87 earnings for years of service through June 30, 1987, plus 1.6% of earnings for each year of participation since July 1, 1987, for a maximum of 40 years. The Plan contains a provision for early retirement at age 55 and after 10 years of credited service at reduced benefits. The Plan also contains provisions for disability retirement and spouse's benefits. There is no provision for increases in benefits after retirement.

Town’s Defined Benefit Plan

Basis of Accounting

The Plan's financial statements are prepared on the accrued basis of accounting. Contributions are recorded as paid by the employer, and the benefits are recorded as payments are due.

Investments

The Town has no set policy regarding the allocation of invested assets, which is established by the plan's investment advisors. The administrative costs of the plan are financed through investment earnings. Investments are valued at fair market value using the quoted market price.

Contribution requirements

Employer

The Town's funding policy provides for periodic employer contributions at actuarially determined rates that are sufficient to accumulate the assets needed to pay benefits when due. Certain costs for administering the Plan are paid by the earnings in the Pension Trust Fund.

For the year ended June 30, 2025, the Town did not make the required contribution to the Plan.

Employee

Plan members are not required to contribute to the Plan.

Pension liabilities (assets), pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions

The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022. The changes in assumptions that affected the measurement of the total pension liability since the prior measurement date, were updating rates of inflation, real investment return mortality, withdrawal, disability, retirement, and salary increase to more closely reflect actual and anticipated experience.

Net pension liabilities (assets)

The component of the net pension liability (Asset) of the Town as of June 30, 2025, were as follows:

		Total Pension Liability (a)	Plan Fiduciary Net Assets (b)	Net Pension Liabilities (asset) (a)-(b)
Balance At June 30, 2024	$	759,703	1,171,606	(411,903)
Interest	$	43,249	-	43,249
Difference between expected and actual experience		211,320	-	211,320
Net investment income		-	134,896	(134,896)
Benefit payments		(71,784)	(71,784)	-
Administrative expense		-	(5,756)	5,756
Net Change	$	182,785	57,356	125,429
Balance at June 30, 2025	$	942,488	1,228,962	(286,474)

The Town recognized its proportionate share of the collective pension revenue in the government-wide Statement of Activities in the amount of $10,924 for the year ended June 30, 2025.

At June 30, 2025, the Town reported deferred outflows of resources and deferred inflows of resources related to the Plan pension benefits as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on plan investments	$ 11,134	
Difference between expected and actual experience		(33,147)
	$ 11,134	(33,147)

Net deferred outflows and inflows of resources for pensions is amortized and recognized as an increase/decrease to the net pension expense/liability each year as follows:

Year Ended June 30,	
2026	$ (13,790)
2027	(13,790)
2028	(13,790)
2029	8,223
	$ (22,013)

Actuarial assumptions

The total pension liability was determined by an actuarial valuation as of July 1, 2022. The key actuarial assumptions used in the valuation were as follows:

Mortality	Post-retirement – RP -2000 Mortality
Salary increase	N/A
Rate of Return	6.00%, net of pension plan investment expense, including inflation
Assumed retirement Age	The younger of age 62 or the completion of 20 years of service, or age 65

Discount rate

The discount rate used to measure the total pension liability was 6.0%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the actuarial determined rates in future years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability of the Town calculated using the discount rate of 6.00%, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate.

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
Proportionate share of the net pension liability	$ (210,647)	(286,474)	(352,654)

Teachers' Retirement

All Town of Sherman Board of Education certified employees participate in the State of Connecticut Teachers' Retirement System ("TRS" or the "Plan") under Section 10.183 of the General Statutes of the State of Connecticut.

Plan Description

Teachers, principals, superintendents, or supervisors engaged in service of public schools are provided with pensions through the Connecticut State Teachers' Retirement System – a cost sharing, multiemployer, defined benefit pension plan administered by the Teachers' Retirement Board. Title 10, Chapter 167a of the State Statutes grants authority to establish and amend the benefit terms to the State Teachers' Retirement Board ("TRB"). The State Treasurer is responsible for investing Teachers' Retirement System funds for the exclusive benefit of the TRS members.

The Teachers' Retirement System is considered to be a part of the State of Connecticut financial reporting entity and is included in the State's financial reports as a pension trust fund. Those reports may be obtained by writing to the State of Connecticut, Office of the State Comptroller,165 Capitol Avenue, Hartford, Connecticut 06106, by calling 860-702-3480, or by visiting the State's website www.ct.gov.

Benefit Provisions

The plan provides retirement, disability, and death benefits. Employees are eligible to retire at age 60 with 20 years of credited service in Connecticut, or 35 years of credited service including at least 25 years of service in Connecticut.

Normal Retirement: Retirement benefits for the employees are calculated as 2% of the average annual salary times years of credited service (maximum benefit is 75% of average annual salary during the 3 years of highest salary).

In addition, amounts derived from the accumulation of the 6% contributions made prior to July 1, 1989 and voluntary contributions are payable.

Early Retirement: Employees are eligible after 25 years of credited service with a minimum of 20 years of Connecticut service, or age 55 with 20 years of credited service with a minimum of 15 years of Connecticut service. Benefits are reduced for those retiring before the normal retirement age.

Minimum Benefit: Effective January 1, 1999, Public Act 98-251 provides a minimum monthly benefit of $1,200 to teachers who retire under the normal retirement provisions and who have completed at least 25 years of full-time Connecticut service at retirement.

Disability Retirement: Employees are eligible for service-related disability benefits regardless of length of service. Five years of credited service is required for nonservice-related disability eligibility. Disability benefits are calculated as 2% per year of service times the average of the highest three years of pensionable salary, as defined per the Plan, but not less than 15%, nor more than 50%. In addition, disability benefits under this plan (without regard to cost-of-living adjustments) plus any initial award of Social Security benefits and workers' compensation cannot exceed 75% of the average annual salary.

A plan member who leaves service and has attained 10 years of service will be entitled to 100% of the accrued benefit as of the date of termination of covered employment. Benefits are payable at age 60, and early retirement deductions are based on the number of years of service the member would have had if they had continued work until age 60.

Pre-Retirement Death Benefit: The plan also offers a lump-sum return of contributions with interest or surviving spouse benefit depending on length of service.

Contributions

State of Connecticut

Per Connecticut General Statutes Section 10-183z, (which reflects Public Act 79-436 as amended), contribution requirements of active employees and the State of Connecticut is amended and certified by the State Teachers' Retirement Board and appropriated by the General Assembly. The contributions are actuarially determined as an amount that, when combined with employee contributions and investment earnings, is expected to finance the costs of the benefits earned by employees during the year, with any additional amounts to finance any unfunded accrued liability.

Employer (School Districts)

School district employers are not required to make contributions to the Plan.

Employees

Effective July 1, 1992, participants are required to contribute 6.00% of their pensionable salary to the pension System as required by CGS Section 10-183b (7). Effective January 1, 2018, the required contribution increased to 7.00% of pensionable salary. For the year ended June 30, 2025, mandatory contributions were deducted from the salaries of teachers who were participants in the System. The estimated covered payroll for the Town was $3,270,216.

Administrative Expenses

Administrative expenses of the Plan are to be paid by the General Assembly per Section 10-183r of the Connecticut General Statutes.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The State has a statutory requirement to pay 100% of the required plan contribution, therefore, as of June 30, 2024 the Town reports no amounts for its proportionate share of the net pension liability, and related deferred outflows and inflows. The amount recognized by the Town as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability associated with the Town were as follows:

Town's proportionate share of the net pension liability	$	-
State's proportionate share of the net pension liability associated with the Town		12,722,953
Total net pension liability	$	12,722,953

The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2025.

For the year ended June 30, 2025, the Town has recognized, in the General Fund, intergovernmental revenue and education expenditures in the amount of $1,459,350 as payments made by the State of Connecticut on behalf of the Town for teachers' pension.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2024, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increase	3.00-6.50%, including inflation
Investment rate of return	6.90%, net of pension plan investment expense, including inflation
Administrative expenses	$0 assumption as expenses are paid for by the State of CT General Assembly

Mortality rates were based on the PubT-2010 Healthy Retiree Table (adjusted 105% for males and 103% for females as ages 82 and above), projected generationally with MP-2019 for the period after service retirement. The PubT-2010 Disabled Retiree Table projected generationally with MP-2019 was used for the period after disability retirement.

The PubT-2010 Contingent Survivor Table projected generationally with MP-2019 and set forward 1 year for both males and females was used for survivors and beneficiaries. The PubT-2010 Employee Table projected generationally with MP-2019 was used for active members,

Future Cost-of-Living increases for teachers who retired prior to September 1, 1992, are made in accordance with increases in the Consumer Price Index, with a minimum of 3% and a maximum of 5% per annum. For teachers who were members of the Teachers' Retirement System before July 1, 2007, and retire on or after September 1, 1992, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 6% per annum. If the return on assets in the previous year was less than 8.5%, the maximum increase is 1.5%. For teachers who were members of the Teachers' Retirement System after July 1, 2007, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 5% per annum. If the return on assets in the previous year was less than 11.5%, the maximum increase is 3%, and if the return on the assets in the previous year was less than 8.5%, the maximum increase is 1.0%.

Long-Term Rate of Return

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	37.0 %	6.8 %
Public Credit	2.0	2.9
Core Fixed Income	13.0	0.4
Liquidity Fund	1.0	-0.4
Risk Mitigation	5.0	0.1
Private equity	15.0	11.2
Private Credit	10.0	6.1
Real estate	10.0	6.2
Infrastructure and natural resources	7.0	7.7
Total	100.0 %	

Discount Rate

The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that State contributions will be made at the actuarially determined rates in future years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The Town's proportionate share of the net pension liability is $0. Any change in the discount rate would only have an effect on the amount recorded by the State of Connecticut.

Note 11 - Other Post-Employment Benefits Plan

Teachers' Retirement OPEB Plan

All Town of Sherman Board of Education certified employees participate in the State of Connecticut Teachers' Retirement System ("TRS" or the "Plan") under Section 10.183 of the General Statutes of the State of Connecticut.

Plan description

Teachers, principals, superintendents, or supervisors engaged in service of public schools are provided with benefits, including retiree health insurance, through the Connecticut State Teachers' Retirement System – a cost sharing, multiemployer, defined benefit pension plan administered by the Teachers' Retirement Board. Title 10, Chapter 167a of the State Statutes grants authority to establish and amend the benefit terms to the State Teachers' Retirement Board ("TRB"). The State Treasurer is responsible for investing Teachers' Retirement System funds for the exclusive benefit of the TRS members.

The Teachers' Retirement System is considered to be a part of the State of Connecticut financial reporting entity and is included in the State's financial reports as a pension trust fund. Those reports may be obtained by writing to the State of Connecticut, Office of the State Comptroller,165 Capitol Avenue, Hartford, Connecticut 06106, by calling 860-702-3480, or by visiting the State's website www.ct.gov.

Benefit provisions

The Plan provides healthcare insurance benefits to eligible retirees and their spouses. Any member currently receiving retirement or disability benefit through the Plan is eligible to participate in the healthcare portion of the Plan. Subsidized Local School District Coverage provides a subsidy paid to members still receiving coverage through their former employer and the TRB Sponsored Medicare Supplemental Plans provide coverage for those participating in Medicare, but not receiving Subsidized Local School District Coverage.

Any member that is not currently participating in Medicare Parts A & B is eligible to continue health care coverage with their former employer. A subsidy of up to $110 per month for a retired member plus an additional $110 per month for a spouse enrolled in a local school district plan is provided to the school district to first offset the retiree's share of the cost of coverage, any remaining portion is used to offset the district's cost. The subsidy amount is set by Statute and has not increased since July of 1996. A subsidy amount of $220 per month may be paid for a retired member, spouse or the surviving spouse of a member who has attained the normal retirement age to participate in Medicare, is not eligible for Part A or Medicare without cost and contributes at least $220 per month towards coverage under a local school district plan.

Any member that is currently participating in Medicare Parts A & B is eligible to either continue health care coverage with their former employer, if offered, or enroll in the Plan sponsored by the System. If they elect to remain in the Plan with their former employer, the same subsidies as above will be paid to offset the cost of coverage.

If a member participating in Medicare Parts A & B so elects, they may enroll in one of the CTRB Sponsored Medicare Supplemental Plans. Active members, retirees, and the State pay equally toward the cost of the basic coverage (medical and prescription drug benefits).

The choices and calendar year premiums charged as of July 1, 2024 are as follows:

• Medicare Supplement with Prescriptions	$ 269
• Medicare Supplement with Prescriptions and Dental	319
• Medicare Supplement with Prescriptions, Dental, Vision & Hearing	N/A

Changes in Plan Provisions Since Previous Valuation

Effective January 1, 2022, vision and hearing coverage is included with all plans. Additionally, prescription drug coverage is included with the Medicare Advantage plan. All plans except Dental are now fully insured. The full premiums have been set until the calendar year 2025.

These changes have been reflected in the measurement of the Plan's benefit obligations for accounting purposes as of June 30, 2021. While coverage was consolidated into one plan (two for Medicare Supplement) as of January 1, 2022, and while Medicare Advantage premiums decreased, the level of benefits have remained identical or slightly increased. Therefore, the change effective January 1, 2022 was recognized through actual versus expected experience.

Survivor Health Care Coverage: Survivors of former employees or retirees remain eligible to participate in the Plan and continue to be eligible to receive either the $110 monthly subsidy or participate in the TRB-Sponsored Medicare Supplemental Plans, as long as they do not remarry.

Normal Retirement: Eligible after age 60 with 20 years of credited service in Connecticut, or 35 years of credited service including at least 25 years of service in Connecticut.

Early Retirement: Eligible after 25 years of credited service with a minimum of 20 years of Connecticut service, or age 55 with 20 years of credited service with a minimum of 15 years of Connecticut service.

Proratable Retirement: Eligible after age 60 with 10 years of credited service.

Disability Retirement: Eligible after 5 years of credited service in Connecticut if not incurred in the performance of duty and no service requirement if incurred in the performance of duty.

Termination of Employment: Eligible after 10 or more years of credited service.

Contributions

State of Connecticut

Per Connecticut General Statutes Section 10-183z (which reflects Public Act 79-436 as amended), contribution requirements of active employees and the State of Connecticut is amended and certified by the State Teachers' Retirement Board and appropriated by the

General Assembly. The State pays for one third of Plan costs through an annual appropriation in the General Fund.

Employer (school districts)

School district employers are not required to make contributions to the Plan.

Employees

The cost of providing Plan benefits is financed on a pay-as-you-go basis as follows:

- Active teachers' pay one third of the Plan costs through a contribution of 1.25% of pensionable salary.
- Retired teachers pay one third of the Plan costs through monthly premiums.

For the year ended June 30, 2025, $44,503 mandatory contributions were deducted from the salaries of active teachers who were participants in the System. The estimated covered payroll for the Town was $3,560,175.

Administrative expenses

Administrative expenses of the Plan are to be paid by the General Assembly per Section 10-183r of the Connecticut General Statutes.

OPEB liabilities, OPEB expense, and deferred outflows of resources and deferred inflows of resources related to OPEB

The State has a statutory requirement to pay 100% of the required Plan contribution; therefore, as of June 30, 2025, the Town reports no amounts for its proportionate share of the net OPEB liability and related deferred outflows and inflows. The amount recognized by the Town as its proportionate share of the net OPEB liability, the related state support, and the total portion of the net OPEB liability associated with the Town were as follows:

Town's proportionate share of the net OPEB liability	$	-
State's proportionate share of the net OPEB liability associated with the Town		2,609,915
Total net OPEB liability	$	2,609,915

The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020. The assumptions used in the June 30, 2020; valuation was based on the results of an actuarial experience study for the period July 1, 2015 - June 30, 2019.

For the year ended June 30, 2025, the Town has recognized, in the General Fund, intergovernmental revenue and education expenditures related to OPEB in the amount of $81,589 as payments made by the State of Connecticut on behalf of the Town teachers' OPEB.

Actuarial assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increase	3.00-6.50%, including inflation
Long-term investment rate of return	3.00%, net of pension plan investment expense, including inflation
Real wage growth	.50% (Previously 0.75%)
Wage inflation	3.00% (Previously 3.25%)
Municipal bond index rate	3.65%, (3.54% at prior measurement date)
Single equivalent interest rate	3.65%, net of OPEB plan investment expense, including inflation (3.53% at prior measurement date)
Healthcare cost trend rates	Known increases until calendar 2024, then general trend decreasing to an ultimate rate of 4.50% by 2031
Administrative expenses	$0 assumption as expenses are paid for by the State of CT General Assembly

Mortality rates were based on the PubT-2010 Healthy Retiree Table (adjusted 105% for males and 103% for females as ages 82 and above), projected generationally with MP-2019 for the period after service retirement. The PubT-2010 Disabled Retiree Table projected generationally with MP-2019 was used for the period after disability retirement. The PubT-2010 Contingent Survivor Table projected generationally with MP-2019 and set forward 1 year for both males and females was used for survivors and beneficiaries. The PubT-2010 Employee Table projected generationally with MP-2019 was used for active members,

Long-term rate of return

The long-term expected rate of return on plan investments was determined using the Plan's current asset allocation and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class compiled by Horizon Actuarial Services, LLC in its "*Survey of Capital Market Assumptions, 2020 Edition*".

The long-term expected rate of return was determined by weighing the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. the assumption is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Treasuries (cash equivalents)	100.00	3.25

Discount rate

The discount rate used to measure the total OPEB was 3.64%, up from the previous year's rate of 3.53%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current member contribution rate and that contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members. No future State contributions were assumed to have been made. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be depleted in 2024 and, as a result, the Municipal Bond Index Rate was used in the determination.

Sensitivity of the net OPEB liability to changes in the discount rate

The Town's proportionate share of the net OPEB liability is $0. Any change in the health care cost trend rate or the discount rate would only influence the amount recorded by the State of Connecticut.

Note 12 - Fund Balances

Governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. These are summarized below:

	General Fund	Capital and Nonrecurring	Happy Acres	ARPA	Nonmajor Funds
Restricted:					
Grant requirements	$			36,375	7,527
Donor requirements	28,160	456,896	2,410,773		
Committed:					
Commitments	6,500				
Capital projects 2025/2026 approp.	460,000				
Specific programs			39,185		84,156
Assigned:					
Commitments					
Capital projects					
Specific programs					116,074
Unassigned	5,642,924	(874,804)			
Total	$ 6,137,584	(417,908)	2,449,958	36,375	207,757

The capital and nonrecurring fund shows a fund deficit which was caused by the prefunding of the school renovation program. This deficit will be fully funded through the issuance of a general obligation bond, which was authorized and unissued as of June 30, 2025.

Note 13 – Subsequent Events

Management has evaluated subsequent events from the financial statement date of June 30, 2025 through October 21, 2025, which was the date these financial statements were available to be issued. All subsequent events requiring recognition or disclosure have been incorporated into these financial statements.

On August 13, 2025, the Town issued a general obligation bond in the amount of $19,000,000 to help fund the school renovation project. The Bond is expected to be paid over 25 years with principal and interest due annually. The interest rate of the bond is 4%-5%.

On August 23, 2025, the Town authorized an additional $6.5 million for the school construction project of which $2.5 million is authorized to be bond obligations to help fund the School Renovation project. The total authorized and unissued bonds was increased to $15,575,000.

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN UNASSIGNED FUND BALANCE - BUDGETARY BASIS - BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended June 30, 2025

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive/ (Negative)
	Original	Final		
Revenues:				
Property taxes	$ 14,241,136	14,241,136	14,379,120	137,984
Intergovernmental	341,722	341,722	353,165	11,443
Licenses, permits and fees	591,888	636,888	671,164	34,276
Investment income	250,000	250,000	335,443	85,443
Other revenues	26,375	26,375	104,939	78,564
Total revenues	$ 15,451,121	15,496,121	15,843,831	347,710
Expenditures:				
Current:				
General government	$ 1,024,042	1,024,042	971,742	52,300
Public safety	993,838	993,838	1,009,978	(16,140)
Public works	956,380	956,380	943,427	12,953
Health and welfare	134,546	134,546	125,280	9,266
Cultural and recreation	398,359	443,359	459,225	(15,866)
Education	9,869,360	9,869,360	9,756,228	113,132
Insurance and employee benefits	739,400	739,400	721,737	17,663
Building and grounds	206,500	206,500	203,107	3,393
Other	670,422	670,422	670,190	232
Debt services	458,274	458,274	458,125	149
Total expenditures	$ 15,451,121	15,496,121	15,319,039	177,082
Revenues over (under) expenditures	$ -	-	524,792	524,792
Revenues over expenditures and other financing sources (uses)	$ -	-	524,792	524,792
Committed to the subsequent year's operating budget			(460,000)	
Unassigned fund balance, July 1, 2024			$ 5,578,132	
Unassigned fund balance, June 30, 2025			$ 5,642,924	

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS - TOWN PLAN
Last Ten Fiscal Years

		2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total pension liability:											
Interest	$	43,249	57,562	56,728	57,051	57,353	57,953	57,033	55,940	54,827	54,061
Differences between expected and actual experience		211,320	(232,239)	17,345	2,442	(1,050)	(11,526)	7,166	6,769	10,199	7,039
Change in assumptions		-	-	-	-	-	-	-	-	-	-
Benefit payments, including refunds of member contributions		(71,784)	(54,516)	(66,850)	(62,542)	(59,937)	(52,272)	(44,843)	(44,072)	(49,295)	(47,227)
Net change in total pension liability	$	182,785	(229,193)	7,223	(3,049)	(3,634)	(5,845)	19,356	18,637	15,731	13,873
Total pension liability - beginning		759,703	988,896	981,673	984,722	988,356	994,201	974,845	956,208	940,477	926,604
Total pension liability - ended	$	942,488	759,703	988,896	981,673	984,722	988,356	994,201	974,845	956,208	940,477
Plan fiduciary net position:											
Contributions - employer	$	-	-	-	-	-	-	46,200	57,200	67,000	67,000
Contributions - employee		-	-	-	-	-	-	-	-	-	-
Net investment income		134,896	85,545	88,154	(129,394)	260,911	10,992	39,811	78,476	101,754	3,257
Benefit payments, including refunds of member contributions		(71,784)	(54,516)	(66,850)	(62,542)	(59,937)	(52,272)	(44,843)	(44,072)	(49,295)	(47,227)
Other		(5,756)	(4,350)	(5,541)	(6,509)	(10,149)	(8,357)	(4,850)	(5,345)	(9,503)	(9,934)
Net change in plan fiduciary net position	$	57,356	26,679	15,763	(198,445)	190,825	(49,637)	36,318	86,259	109,956	13,096
Plan fiduciary net position - beginning		1,171,606	1,144,927	1,129,164	1,327,609	1,136,784	1,186,421	1,150,103	1,063,844	953,888	940,792
Plan fiduciary net position - ended	$	1,228,962	1,171,606	1,144,927	1,129,164	1,327,609	1,136,784	1,186,421	1,150,103	1,063,844	953,888
Net pension liability (asset) - ended	$	(286,474)	(411,903)	(156,031)	(147,491)	(342,887)	(148,428)	(192,220)	(175,258)	(107,636)	(13,411)
Plan fiduciary net position as a percentage of total pension liability		130.40%	154.22%	115.78%	115.02%	134.82%	115.02%	119.33%	117.98%	111.26%	101.43%
Covered payroll		-	-	-	-	-	-	-	-	-	-
Net pension liability as a percentage of its covered payroll		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Notes to Schedule

Changes in benefit terms	None
Changes in assumptions	The July 1, 2022 valuation reflects changes in investment rate of return from 4.00% to 6.00%, inflation from 3.00% to 2.50%, salary decrease from 4.00% to 3.50%, mortality was updated on the most recently published pension mortality study released by the Society of Actuaries.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level dollar
Remaining amortization period	13 years
Asset valuation method	Market value of assets
Inflation	2.50%
Salary increase	0.00%, including inflation
Investment rate of return	6.00%, net of pension plan investment expense

SCHEDULE OF EMPLOYER CONTRIBUTIONS -TOWN PLAN
Last Ten Fiscal Years

		2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially Required Contribution	$	(10,924)	(51,414)	15,078	8,279	(26,897)	12,012	3,583	2,728	11,670	18,716
Contributions in relation to the contractually required contribution		-	-	-	-	-	-	46,200	57,200	67,000	67,000
Contribution deficiency (excess)	$	(10,924)	(51,414)	15,078	8,279	(26,897)	12,012	(42,617)	(54,472)	(55,330)	(48,284)
Town's covered-employee payroll	$	-	-	-	-	-	-	-	-	-	-
Contributions as a percentage of covered employee payroll		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Notes to Schedule

Changes in benefit terms None

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level dollar
Remaining amortization period	13 years
Asset valuation method	Market value of assets
Inflation	2.50%
Salary increase	0.00%, including inflation
Investment rate of return	6.00%, net of pension plan investment expense

SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY -
TEACHERS' RETIREMENT PLAN
Last Ten Fiscal Years

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Town's proportion of the net pension liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Town's proportionate share of the net pension liability	$ -	-	-	-	-	-	-	-	-	-
State's proportionate share of the net pension liability associated with the Town	12,722,653	14,617,090	15,455,577	12,914,053	16,305,448	14,011,923	10,804,007	10,011,700	10,562,396	9,113,816
Total	$ 12,722,653	14,617,090	15,455,577	12,914,053	16,305,448	14,011,923	10,804,007	10,011,700	10,562,396	9,113,816
Town's covered payroll	$ 3,560,175	3,501,799	3,177,133	3,270,216	3,778,452	3,696,082	3,569,082	3,384,980	3,185,000	3,025,599
Town's proportionate share of the net pension liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of total pension liability	62.68%	58.39%	54.06%	60.77%	49.24%	52.00%	57.69%	55.93%	52.26%	59.50%

Notes to Schedule

Changes in benefit terms	In 2022, legislation was passed restoring the 25% wear down of Plan N benefits to vested members as of June 30, 2019.
Changes in assumptions	None

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percent of salary closed, grading to a level dollar amortization method for June 30,2024 valuation
Single equivalent amortization period	27.8 years
Asset valuation method	4-year smoothed market
Inflation	2.50%
Salary increase	3.00-6.50%, including inflation
Investment rate of return	6.90%, net of investment related expense, including inflation

SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY -
TEACHERS' RETIREMENT PLAN
Last Eight Fiscal Years

	2025	2024	2023	2022	2021	2020	2019	2018
Town's proportion of the net OPEB liability		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Town's proportionate share of the net OPEB liability	$	-	-	-	-	-	-	-
State's proportionate share of the net OPEB liability associated with the Town	2,609,915	1,369,421	1,353,554	1,406,962	2,431,958	2,185,246	2,159,818	2,576,898
Total	$ 2,609,915	1,369,421	1,353,554	1,406,962	2,431,958	2,185,246	2,159,818	2,576,898
Town's covered payroll	$ 3,560,174	3,501,799	3,177,133	3,270,829	3,778,452	3,696,082	3,569,082	3,384,980
Town's proportionate share of the net OPEB liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of total OPEB liability	7.40%	11.92%	9.46%	6.11%	2.50%	2.08%	1.49%	1.79%

Notes to Schedule

Changes in benefit terms	In June 2022, There was a change in the mximum monthly subsidy amounts offered to retirees and their dependants from $110/$220 to $220/$440.
Changes in assumptions	The single equivalent interest rate was updated to 3.53% as of June 30, 2022.
	The expected annual per capita claims cost were updated to reflect anticipated medical and prescription drug claim experience; The assumed age related annual percentage increases in expected annual per capita health care claim costs were updated; Long-term health care cost trend rates were updated: and The percentages of participating retirees who are expected to enroll in the Medicare Supplement Paln and the Medicare Advantage Plan options were updated to better reflect anticipated plan experience.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percent of payroll
Amortization period	30 years, open
Asset valuation method	Market value of assets
Inflation	2.50%
Salary increase	3.00-6.50%, including inflation
Investment rate of return	3.00%, net of investment related expense, including inflation

This schedule is intended to show information for ten years. Additional information will be added as it becomes available.

SCHEDULE OF INVESTMENT RETURNS - PENSION PLAN
Last Ten Fiscal Years

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Annual money-weighted rate of return, net of investment expense	1137%	7.26%	7.54%	-10.48%	22.66%	0.23%	3.04%	6.83%	9.93%	-0.70%

Appendix B

Form of Legal Opinion of Bond Counsel and Tax Exemption

APPENDIX B – FORM OF LEGAL OPINION OF BOND COUNSEL AND TAX EXEMPTION

The legal opinion of the firm of Shipman & Goodwin LLP of Hartford, Connecticut, Bond Counsel, will be furnished to the successful purchaser when the Bonds are delivered, and a copy of the legal opinion will be included in the record of proceedings of the Town authorizing the Bonds. The opinion will be dated and given on and will speak only as of the date of original delivery of the Bonds to the successful purchaser.

The opinion of Shipman & Goodwin LLP will be in substantially the following form:

Town of Sherman, Connecticut
Town Hall
9 Route 39 North
Sherman, Connecticut 06784

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the Town of Sherman, Connecticut (the "Town") of its $19,525,000 General Obligation Bonds, Issue of 2026, dated August 26, 2026, maturing August 15, 2027-2051 (the "Bonds").

In connection with our representation of the Town as bond counsel with respect to the Bonds, we have examined the executed Tax Certificate and Tax Compliance Agreement of the Town, each dated as of August 26, 2026, the executed Bonds, and certified records of proceedings of the Town authorizing the Bonds. In addition, we have examined and relied on originals or copies, identified to us as genuine, of such other documents, instruments or records, and have made such investigations of law as we considered necessary or appropriate for the purposes of this opinion. In making the statements contained in this opinion, we have assumed, without independently verifying, the genuineness of all signatures, the authenticity of all documents submitted to us as originals, the conformity to original documents of documents submitted to us as certified or photostatic copies, and the legal capacity and authority of all persons executing such documents.

On the basis of our review noted above and subject to the qualifications set forth herein:

1. We are of the opinion that the proceedings and above-referenced evidence show lawful authority for the issuance and sale of the Bonds under the authority of the constitution and statutes of the State of Connecticut, and that the Bonds are valid and binding general obligations of the Town payable, with respect to both principal and interest, unless paid from other sources, from ad valorem taxes which may be levied on all property subject to taxation by the Town without limitation as to rate or amount except as to classified property. Classified property includes certified forest land which is taxable at a limited rate. Classified property also includes dwelling houses of qualified elderly persons of low income which are taxable at limited amounts.

2. We are of the opinion that the Tax Compliance Agreement is a valid and binding agreement of the Town and that the Tax Certificate and Tax Compliance Agreement were duly authorized by the Town.

3. The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met subsequent to the issuance and delivery of the Bonds if interest on the Bonds is to be excludable from gross income under Section 103 of the Code. The Town has covenanted in the Tax Compliance Agreement that it will at all times perform all acts and things necessary or appropriate under any valid provision of law to ensure that interest paid on the Bonds will not be includable in the gross income of the owners thereof for federal income tax purposes under the Code. In our opinion, under existing law:

(i) interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Code; and

(ii) such interest is not treated as an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals under the Code; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on corporations under the Code.

We express no opinion regarding other federal income tax consequences caused by ownership of, or receipt of interest on, the Bonds. In rendering the foregoing opinions regarding the federal income tax treatment of interest on the Bonds, we have relied upon and assumed (i) the material accuracy of the representations, statements of intention and reasonable expectations, and certifications of fact contained in the Tax Certificate and the Tax Compliance Agreement, and (ii) full compliance by the Town with the covenants set forth in the Tax Compliance Agreement. The inaccuracy of the representations, statements of intention and reasonable expectations, and certifications of fact, contained in the Tax Certificate or the Tax Compliance Agreement, or the failure of the Town to fully comply with the covenants set forth therein, may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

4. We are of the opinion that, under existing statutes, interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax.

The rights of the holders of the Bonds and the enforceability of the Bonds and the enforceability of the Tax Compliance Agreement are limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity.

We express no opinion herein as to the accuracy, adequacy or completeness of the Official Statement relating to the Bonds.

This opinion is given as of the date hereof and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law, regulation or judicial interpretation that may hereafter occur.

Very truly yours,

Shipman & Goodwin LLP

CERTAIN ADDITIONAL FEDERAL TAX CONSEQUENCES.

The following is a brief discussion of certain federal income tax matters with respect to the Bonds under existing statutes. It does not purport to deal with all aspects of federal taxation that may be relevant to a particular owner of a bond. Prospective owners of the Bonds, particularly those that may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Bonds.

Recent Tax Legislation. The opinion of Bond Counsel is rendered as of its date and Bond Counsel assumes no obligation to update or supplement its opinion to reflect any facts or circumstances that may come to its attention or any changes in law or the interpretation thereof that may occur after the date of its opinion.

From time to time, there are Presidential proposals, proposals of various federal committees, and legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to herein or adversely affect the marketability or market value of the Bonds or otherwise prevent holders of the Bonds from realizing the full benefit of the tax exemption of interest on the Bonds.

In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value, marketability or tax status of the Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds would be impacted thereby.

Purchasers of the Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any proposed or pending legislation, regulatory initiatives or litigation.

Alternative Minimum Tax. The Code imposes an alternative minimum tax. The alternative minimum tax is imposed on alternative minimum taxable income, which includes items of tax preference. The interest on certain tax-exempt “private activity bonds” is treated as an item of tax preference. The Town’s Tax Compliance Agreement will contain certain representations and covenants to ensure that the Bonds are not “private activity bonds” so that interest on the Bonds will not be treated as an item of tax preference for purposes of calculating the federal alternative minimum tax. However, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on corporations under the Code.

Financial Institutions. The Code provides that commercial banks, thrift institutions and certain other financial institutions may not deduct the portion of their interest expense allocable to tax-exempt obligations acquired after August 7, 1986, other than "qualified tax-exempt obligations". The Bonds shall not be designated by the Town as “qualified tax-exempt obligations” for purposes of the deduction for federal income tax purposes by financial institutions of a portion of interest expense allocable to tax-exempt obligations.

Changes in Federal Tax Law. Legislation affecting municipal bonds is regularly under consideration by the United States Congress. There can be no assurance that legislation enacted or proposed after the date of issuance of the Bonds will not have an adverse effect on the tax-exempt status or the market price of the Bonds.

Other. Ownership of the Bonds may result in collateral federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, and individuals otherwise eligible for the earned income credit, and to taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is not included in gross income for federal income tax purposes.

STATE OF CONNECTICUT TAX ON INTEREST.

The opinion of Bond Counsel will state in substance that, based on the record of proceedings authorizing the Bonds, under existing statutes, interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax.

Interest on the Bonds is included in gross income for purposes of the Connecticut corporation business tax.

Owners of the Bonds should consult their tax advisors with respect to other applicable state and local tax consequences of ownership of the Bonds and the disposition thereof, including the extent to which gains and losses from the sale or exchange of Bonds held as capital assets reduce and increase, respectively, amounts taken into account in computing the Connecticut income tax on individuals, trusts and estates and may affect the net Connecticut minimum tax on such taxpayers who are also required to pay the federal alternative minimum tax.

ORIGINAL ISSUE DISCOUNT.

The initial public offering prices of certain maturities of the Bonds (the "OID Bonds") may be less than their stated principal amounts. Under existing law, the difference between the stated principal amount and the initial offering price of each maturity of the OID Bonds to the public (excluding bond houses and brokers) at which a substantial amount of such maturity of the OID Bonds is sold will constitute original issue discount ("OID"). The offering prices relating to the yields set forth in this Official Statement for the OID Bonds are expected to be the initial offering prices to the public at which a substantial amount of each maturity of the OID Bonds are sold. Under existing law OID on the Bonds accrued and properly allocable to the owners thereof under the Code is not included in gross income for federal income tax purposes if interest on the Bonds is not included in gross income for federal income tax purposes.

Under the Code, for purposes of determining an owner's adjusted basis in an OID Bond, OID treated as having accrued while the owner holds the OID Bond will be added to the owner's basis. OID will accrue on a constant-yield-to-maturity method based on regular compounding. The owner's adjusted basis will be used to determine taxable gain or loss upon the sale or other disposition (including redemption or payment at maturity) of an OID Bond.

Prospective purchasers of OID Bonds should consult their own tax advisors as to the calculation of accrued OID, the accrual of OID in the cases of owners of the OID Bonds purchasing such Bonds after the initial offering and sale, and the state and local tax consequences of owning or disposing of such OID Bonds.

ORIGINAL ISSUE PREMIUM.

The initial public offering prices of certain maturities of the Bonds (the "OIP Bonds") may be more than their stated principal amounts. An owner who purchases a Bond at a premium to its principal amount must amortize bond premium as provided in applicable Treasury Regulations, and amortized premium reduces the owner's basis in the Bond for federal income tax purposes. Prospective purchasers of OIP Bonds should consult their tax advisors regarding the amortization of premium and the effect upon basis.

* * * * * * * * * * * *

The information above does not purport to deal with all aspects of federal or state taxation that may be relevant to particular investors. Prospective investors, particularly those that may be subject to special rules, are advised to consult their own tax advisors regarding the federal and state tax consequences of owning and disposing of the Bonds, including any tax consequences arising under the laws of any state or other taxing jurisdiction.

Appendix C

Form of Continuing Disclosure Agreement

APPENDIX C - FORM OF CONTINUING DISCLOSURE AGREEMENT

In accordance with the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission, the Town will agree to provide, or cause to be provided, (i) certain annual financial information and operating data, (ii) timely, but not in excess of ten (10) business days after the occurrence of the event, notice of the occurrence of certain listed events with respect to the Bonds, and (iii) timely notice of a failure by the Town to provide the required annual financial information on or before a specified date, all pursuant to a Continuing Disclosure Agreement for the Bonds in substantially the following form:

<u>CONTINUING DISCLOSURE AGREEMENT</u>

This Continuing Disclosure Agreement (the "Agreement") is made as of the 26th day of August, 2026 by the Town of Sherman, Connecticut (the "Town") acting by its undersigned officers, duly authorized, in connection with the issuance of the Town's $19,525,000 General Obligation Bonds, Issue of 2026 (the "Bonds"), dated August 26, 2026 for the benefit of the beneficial owners from time to time of the Bonds.

<u>Section 1. Definitions</u>. For purposes of this Agreement, the following capitalized terms shall have the following meanings:

"MSRB" means the Municipal Securities Rulemaking Board established under the Securities Exchange Act of 1934, as amended, or any successor thereto. As of the date of this Agreement, the MSRB has designated its Electronic Municipal Market Access System ("EMMA") (http://emma.msrb.org) to receive submissions of continuing disclosure documents that are described in the Rule.

"Rule" means Rule 15c2-12 under the Securities Exchange Act of 1934, as of the date of this Agreement.

"SEC" means the Securities and Exchange Commission of the United States, or any successor thereto.

<u>Section 2. Annual Financial Information</u>.

(a) The Town agrees to provide, or cause to be provided, to the MSRB in an electronic format as prescribed by the MSRB, in accordance with the provisions of the Rule and this Agreement, annual financial information and operating data (commencing with information and data for the fiscal year ending June 30, 2026), as follows:

(i) the audited general purpose financial statements of the Town, which financial statements include the Town's general fund, any special revenue funds, enterprise and internal service (proprietary) funds, agency and trust (fiduciary) funds and the general fixed assets and general long-term debt account groups, for the prior fiscal year, which statements shall be

prepared in accordance with generally accepted accounting principles or mandated state statutory principles as in effect from time to time. As of the date of this Agreement, the Town prepares its financial statements in accordance with generally accepted accounting principles.

(ii) the following financial information and operating data to the extent not included in the financial statements described in (i) above:

A. amounts of the gross and the net taxable grand list applicable to the fiscal year,

B. listing of the ten largest taxpayers on the applicable grand list, together with each such taxpayer's taxable valuation thereon,

C. percentage of the annual property tax levy uncollected as of the close of the preceding fiscal year,

D. schedule of annual debt service on outstanding long-term bonded indebtedness as of the close of the fiscal year,

E. calculation of total direct debt and total direct net debt as of the close of the fiscal year,

F. total direct debt and total direct net debt of the Town per capita,

G. ratios of the total direct debt and total direct net debt of the Town to the Town's net taxable grand list,

H. statement of statutory debt limitation as of the close of the fiscal year, and

I. funding status of the Town's pension benefit obligation.

(b) The financial information and operating data described above shall be provided not later than eight months after the close of the fiscal year for which such information is being provided, commencing with information for the fiscal year ending June 30, 2026. The Town agrees that if audited information is not available eight months after the close of the fiscal year, it shall submit unaudited information by such time and will submit audited information when available.

(c) Annual financial information and operating data may be provided in whole or in part by reference to other documents available to the public on the MSRB's internet website or filed with the SEC. All or a portion of the financial information and operating data may be provided in the form of a comprehensive annual financial report.

(d) The Town reserves the right (i) to provide financial statements which are not audited if no longer required by law, (ii) to modify from time to time the format for the presentation of such information or data, and (iii) to modify the accounting principles it follows to the extent required or permitted by law, by changes in generally accepted accounting principles, or by changes in accounting principles adopted by the Town; provided that the Town agrees that any such modification will be done in a manner consistent with the Rule.

(e) The Town may file information with the MSRB, from time to time, in addition to that specifically required by this Agreement (a "Voluntary Filing"). If the Town chooses to make a Voluntary Filing, the Town shall have no obligation under this Agreement to update information contained in such Voluntary Filing or include such information in any future filing. Notwithstanding the foregoing provisions of this Section 2(e), the Town is under no obligation to provide any Voluntary Filing.

Section 3. Listed Events.

The Town agrees to provide, or cause to be provided, in a timely manner, not in excess of ten (10) business days after the occurrence of the event, to the MSRB in an electronic format as prescribed by the MSRB, notice of the occurrence of any of the following events with respect to the Bonds:

(a) principal and interest payment delinquencies;

(b) non-payment related defaults, if material;

(c) unscheduled draws on debt service reserves reflecting financial difficulties;

(d) unscheduled draws on credit enhancements reflecting financial difficulties;

(e) substitution of credit or liquidity providers, or their failure to perform;

(f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the Bonds;

(g) modifications to rights of holders of the Bonds, if material;

(h) Bond calls, if material, and tender offers;

(i) Bond defeasances;

(j) release, substitution, or sale of property securing repayment of the Bonds, if material;

(k) rating changes;

(l) bankruptcy, insolvency, receivership or similar event of the Town;

(m) the consummation of a merger, consolidation, or acquisition involving the Town or the sale of all or substantially all of the assets of the Town, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(n) appointment of a successor or additional trustee or the change of name of a trustee, if material;

(o) incurrence of a financial obligation, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Town, any of which affect security holders, if material; and

(p) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Town, any of which reflect financial difficulties.

For purposes of events (o) and (p) above, the term "financial obligation" is defined as a (i) debt obligation, (ii) derivative instrument entered into in connection with or pledged as security or a source of payment for an existing or planned debt obligation, or (iii) guarantee of (i) or (ii). The term financial obligation does not include municipal securities for which a final official statement has been filed with the MSRB pursuant to the Rule.

Section 4. Notice of Failure to Provide Annual Financial Information.

The Town agrees to provide, or cause to be provided, in a timely manner, to the MSRB in an electronic format as prescribed by the MSRB, notice of any failure by the Town to provide annual financial information as set forth in Section 2(a) hereof on or before the date set forth in Section 2(b) hereof.

Section 5. Use of Agents.

Annual financial information and operating data and notices to be provided pursuant to this Agreement may be provided by the Town or by any agents which may be employed by the Town for such purpose from time to time.

Section 6. Termination.

The obligations of the Town under this Agreement shall terminate upon the earlier of (i) payment or legal defeasance, at maturity or otherwise, of all of the Bonds, or (ii) such time as the Town ceases to be an obligated person with respect to the Bonds within the meaning of the Rule.

Section 7. Identifying Information.

All documents provided to the MSRB shall be accompanied by identifying information as prescribed by the MSRB.

Section 8. Enforcement.

The Town acknowledges that the undertakings set forth in this Agreement are intended to be for the benefit of, and enforceable by, the beneficial owners from time to time of the Bonds. In the event the Town shall fail to perform its duties hereunder, the Town shall have the option to cure such failure within a reasonable time (but not exceeding thirty (30) days with respect to the undertakings set forth in Section 2 hereof or five (5) business days with respect to undertakings set forth in Sections 3 and 4 hereof) from the time the First Selectman receives written notice from any beneficial owner of the Bonds of such failure. The present address of the First Selectman is Town of Sherman, Town Hall, 9 Route 39 North, Sherman, Connecticut 06784. In the event the Town does not cure such failure within the time specified above, the beneficial owner of any Bonds shall be entitled only to the remedy of specific performance. The Town expressly acknowledges and the beneficial owners are hereby deemed to expressly agree that no monetary damages shall arise or be payable hereunder nor shall any failure to comply with this Agreement constitute an event of default with respect to the Bonds.

Section 9. Miscellaneous.

(a) The Town shall have no obligation to provide any information, data or notices other than as set forth in this Agreement; provided, however, nothing in this Agreement shall be construed as prohibiting the Town from providing such additional information, data or notices from time to time as it deems appropriate in connection with the Bonds. If the Town elects to provide any such additional information, data or notices, the Town shall have no obligation under this Agreement to update or continue to provide further additional information, data or notices of the type so provided.

(b) This Agreement shall be governed by the laws of the State of Connecticut.

(c) Notwithstanding any other provision of this Agreement, the Town may amend this Agreement, and any provision of this Agreement may be waived, if (i) such amendment or waiver is made in connection with a change of circumstances that arises from a change in legal requirements, a change in law, or a change in the identity, nature or status of the Town, (ii) the Agreement as so amended or waived would have complied with the requirements of the Rule as of the date of the Agreement, taking into account any amendments or interpretations of the Rule, as well as any changes in circumstances, and (iii) such amendment or waiver is supported by an opinion of counsel expert in federal securities laws to the effect that such amendment or waiver would not materially adversely affect the beneficial owner of the Bonds. A copy of any such amendment or waiver will be filed in a timely manner with the MSRB. The annual financial information provided on the first date following the adoption of any such amendment or waiver will explain, in narrative form, the reasons for the amendment or waiver and the impact of the change in the type of operating data or financial information being provided.

TOWN OF SHERMAN, CONNECTICUT

By_____________________________________
Don Lowe
First Selectman

By_____________________________________
Andrea Maloney
Treasurer

Appendix D

Notice of Sale

NOTICE OF SALE

$19,525,000

TOWN OF SHERMAN, CONNECTICUT

GENERAL OBLIGATION BONDS, ISSUE OF 2026
BOOK-ENTRY-ONLY

ELECTRONIC PROPOSALS via PARITY® ("PARITY") will be received by the Town of Sherman, Connecticut (the "Town"), at Town Hall, 9 Route 39 North, Sherman, Connecticut 06784 until **11:30 A.M. (Eastern Time) on WEDNESDAY,**

AUGUST 12, 2026

for the purchase, when issued, of the whole of the Town's $19,525,000 General Obligation Bonds, Issue of 2026, dated August 26, 2026 bearing interest payable semiannually on February 15 and August 15 in each year until maturity, commencing February 15, 2027, and maturing on August 15 in each year as follows:

2027	$785,000	2040	$780,000
2028	$785,000	2041	$780,000
2029	$785,000	2042	$780,000
2030	$785,000	2043	$780,000
2031	$785,000	2044	$780,000
2032	$780,000	2045	$780,000
2033	$780,000	2046	$780,000
2034	$780,000	2047	$780,000
2035	$780,000	2048	$780,000
2036	$780,000	2049	$780,000
2037	$780,000	2050	$780,000
2038	$780,000	2051	$780,000
2039	$780,000		

(the "Bonds"). The Bonds will be delivered against payment in Federal funds in New York, New York on or about August 26, 2026. The Bonds **shall not** be designated by the Town as "qualified tax-exempt obligations" for purposes of the deduction for federal income tax purposes by financial institutions of a portion of interest expense allocable to tax-exempt obligations.

The Bonds will be general obligations of the Town and the Town will pledge its full faith and credit to pay the principal of and interest on the Bonds when due.

The Bonds maturing on or before August 15, 2036 are not subject to redemption prior to maturity. The Bonds maturing on August 15, 2037 and thereafter are subject to redemption prior to maturity, at the election of the Town, on and after August 15, 2036, at any time, in whole or in part and by lot within a maturity, in such amounts and in such order of maturity as the Town may determine, at the redemption price (expressed as a percentage of the principal amount of the Bonds to be redeemed) set forth in the following table, plus interest accrued and unpaid to the redemption date:

Redemption Dates	**Redemption Price**
August 15, 2036 and thereafter	100%

Proposals. All proposals for the purchase of the Bonds must specify the amount bid for the Bonds (which shall be the aggregate par value of the Bonds, and, at the option of the bidder, a premium), and must specify in a multiple of 1/20 or 1/8 of 1% the rate or rates of interest per annum which the Bonds are to bear, but shall not specify (a) more than one interest rate for any Bonds having a like maturity, or (b) any interest rate for any Bonds which exceeds the interest rate specified in such proposal for any other Bonds by more than 3%. Interest shall be computed on the basis of a 360-day year consisting of twelve 30-day months. In addition to the amount bid for the Bonds, the purchaser must pay an amount equal to any interest on the Bonds accrued to the date of delivery. **No proposal for less than the entire $19,525,000 Bonds, or for less than par and accrued interest, will be considered.**

Basis of Award. As between proposals which comply with this Notice of Sale, the Bonds will be sold to the responsible bidder offering to purchase the Bonds at the lowest true interest cost to the Town. For the purpose of determining the successful bidder, the true interest cost to the Town will be the annual interest rate, compounded semiannually, which, when used to discount all payments of principal and interest payable on the Bonds to August 26, 2026, the date of the Bonds, results in an amount equal to the purchase price for the Bonds, excluding interest accrued to the date of delivery. If there is more than one responsible bidder making said offer at the same lowest true interest cost, the Bonds will be sold to the responsible bidder whose proposal is selected by the Town by lot from among all such proposals. It is requested that each proposal be accompanied by a statement of the percentage of true interest cost completed to four decimal places. Such statement shall not be considered as part of the proposal.

The Town reserves the right to reject any and all proposals, to reject any proposal not complying with this Notice of Sale and to waive any irregularity or informality with respect to any proposal.

Electronic Proposals Bidding Procedure. Electronic proposals for the purchase of the Bonds must be submitted through the facilities of PARITY by **11:30 A.M. (Eastern Time), on Wednesday, August 12, 2026**. Any prospective bidder must be a subscriber of Bidcomp's competitive bidding system. Further information about Bidcomp/ PARITY, including any fee charged, may be obtained from i-Deal LLC, 1359 Broadway, 2nd Floor, New York, New York 10018, telephone (212) 849-5021. The Town will neither confirm any subscription nor be responsible for any failure of a prospective bidder to subscribe.

Once an electronic proposal made through the facilities of PARITY is communicated to the Town, it shall constitute an irrevocable offer, in response to this Notice of Sale, and shall be binding upon the bidder as if made by a signed, sealed proposal delivered to the Town. By submitting a proposal for the Bonds via PARITY, the bidder represents and warrants to the Town that such bidder's proposal for the purchase of the Bonds is submitted for and on behalf of such prospective bidder by an officer or agent who is duly authorized to bind the prospective bidder by an irrevocable offer and that acceptance of such proposal by the Town will bind the bidder by a legal, valid and enforceable contract, for the purchase of the Bonds on the terms described in this Notice of Sale. The Town shall not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of, PARITY, the use of such facilities being the sole risk of the prospective bidder.

Disclaimer **-** Each PARITY prospective electronic bidder shall be solely responsible to make necessary arrangements to access PARITY for the purposes of submitting its proposal in a timely manner and in compliance with the requirements of this Notice of Sale. Neither the Town nor PARITY shall have any duty or obligation to undertake such arrangements to bid for any prospective bidder or to provide or assure such access to any prospective bidder, and neither the Town nor PARITY shall be responsible for a bidder's failure to make a proposal or for proper operation of, or have any liability for, any delays or interruptions of, or any damages caused by, PARITY. The Town is using PARITY as a communication mechanism, and not as the Town's agent, to conduct the electronic bidding for the Bonds. The Town is not bound by any advice and determination of PARITY to the effect that any particular proposal complies with the terms of this Notice of Sale and in particular the proposal requirements set forth herein. All costs and expenses incurred by prospective bidders in connection with their subscription to, arrangements with and submission of proposals via PARITY are the sole responsibility of the bidders, and the Town is not responsible, directly or indirectly, for any such costs or expenses. If a prospective bidder encounters any difficulty in arranging to bid or submitting, modifying or withdrawing a proposal for the Bonds, the prospective bidder should telephone PARITY at (212) 849-5021. If any provision of this Notice of Sale conflicts with information provided by PARITY, this Notice of Sale shall control.

For the purpose of the bidding process, the time as maintained on PARITY shall constitute the official time. For information purposes only, bidders are requested to state in their proposals the true interest cost to the Town, as described under "Basis of Award" above, represented by the rate or rates of interest and the premium, if any, specified in their respective proposals. All electronic proposals shall be deemed to incorporate the provisions of this Notice of Sale.

Bond Counsel Opinion. The legal opinion of Shipman & Goodwin LLP of Hartford, Connecticut, Bond Counsel, will be furnished without charge and will be placed on file with the certifying bank for the Bonds. A copy of the opinion will be delivered to each purchaser of the Bonds. The opinion of Bond Counsel will cover the following matters: (1) that the Bonds will be valid and binding general obligations of the Town when duly certified, (2) that, assuming the accuracy of and continuing compliance by the Town with its representations and covenants relating to certain requirements contained in the Internal Revenue Code of 1986, as amended (the "Code"), based on existing law, interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not treated as an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on corporations under the Code; and (3) that interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax.

Obligation to Deliver Issue Price Certificate. Pursuant to the Code and applicable Treasury Regulations, the Town must establish the "issue price" of the Bonds. **In order to assist the Town, the winning bidder is obligated to deliver to the Town a certificate (an "Issue Price Certificate") and such additional information satisfactory to Bond Counsel described below, prior to the delivery of the Bonds.** The Town will rely on the Issue Price Certificate and such additional information in determining the issue price of the Bonds. The form of Issue Price Certificate is available by contacting Mr. Barry J. Bernabe, Managing Director, Phoenix Advisors, Email:bbernabe@muniadvisors.com, Telephone: (203) 283-1110, municipal advisor to the Town (the "Municipal Advisor").

By submitting a bid, each bidder is certifying that its bid is a firm offer to purchase the Bonds, is a good faith offer which the bidder believes reflects current market conditions, and is not a "courtesy bid" being submitted for the purpose of assisting in meeting the competitive sale rule relating to the establishment of the issue price of the Bonds pursuant to Section 148 of the Code, including the requirement that bids be received from at least three (3) underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds (the "Competitive Sale Rule").

The Municipal Advisor will advise the winning bidder if the Competitive Sale Rule was met at the same time it notifies the winning bidder of the award of the Bonds. **Bids will not be subject to cancellation in the event that the Competitive Sale Rule is not satisfied.**

Competitive Sale Rule Met. If the Municipal Advisor advises the winning bidder that the Competitive Sale Rule has been met, the winning bidder shall, within one (1) hour after being notified of the award of the Bonds, advise the Municipal Advisor by electronic or facsimile transmission of the reasonably expected initial offering price to the public of each maturity of the Bonds as of August 12, 2026 (the "Sale Date").

Competitive Sale Rule Not Met. By submitting a bid, the winning bidder agrees (unless the winning bidder is purchasing the Bonds for its own account and not with a view to distribution or resale to the public) that if the Competitive Sale Rule is not met, it will satisfy either the **10% Sale Rule** or the **Hold the Offering Price Rule** described below with respect to each maturity of the Bonds prior to the delivery date of the Bonds. The rule selected with respect to each maturity of the Bonds shall be set forth on an Issue Price Rule Selection Certificate, which shall be sent to the winning bidder promptly after the award of the Bonds. The winning bidder shall complete and execute the Issue Price Rule Selection Certificate and email it to Bond Counsel and the Municipal Advisor by 5:00 P.M. Eastern Time on the day after the Sale Date. **If the Issue Price Rule Selection Certificate is not returned by this deadline, or if no selection is made with respect to maturity, the winning bidder agrees that the Hold the Offering Price Rule shall apply to such maturities.**

10% Sale Rule. To satisfy the 10% Sale Rule for any maturity, the winning bidder:

(i) will make a bona fide offering to the public of all of the Bonds at the initial offering prices and provide the Town with reasonable supporting documentation, such as a copy of the pricing wire or equivalent communication, the form of which is acceptable to Bond Counsel;

(ii) will report to the Town information regarding the actual prices at which at least 10 percent (10%) of the Bonds of each maturity have been sold to the public;

(iii) will provide the Town with reasonable supporting documentation or certifications of such sales prices, the form of which is acceptable to Bond Counsel. If the 10% Sale Rule is used with respect to a maturity of the Bonds, this reporting requirement will continue, beyond the closing date of the Bonds, if necessary, until such date that at least 10 percent (10%) of such maturity of the Bonds has been sold to the public; and

(iv) has or will include in any agreement among underwriters, selling group agreement or retail distribution agreement (to which the winning bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, language obligating each underwriter to comply with the reporting requirement described above.

Hold the Offering Price Rule. To satisfy the Hold the Offering Price Rule for any maturity, the winning bidder:

(i) will make a bona fide offering to the public of all of the Bonds at the initial offering prices and provide Bond Counsel with reasonable supporting documentation, such as a copy of the pricing wire or equivalent communication, the form of which is acceptable to Bond Counsel;

(ii) will neither offer nor sell to any person any Bonds of such maturity at a price that is higher than the initial offering price of each maturity until the earlier of (i) the date on which the winning bidder has sold to the public at least ten percent (10%) of the Bonds of such maturity at a price that is no higher than the initial offering price of such maturity or (ii) the close of business on the fifth (5^{th}) business day after the Sale Date of the Bonds; and

(iii) has or will include within any agreement among underwriters, selling group agreement or retail distribution agreement (to which the winning bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, language obligating each underwriter to comply with the limitations on the sale of the Bonds as set forth above.

For purposes of the 10% Sale Rule or the Hold the Offering Price Rule, a "maturity" refers to Bonds that have the same interest rate, credit and payment terms.

If the winning bidder has purchased any maturity of the Bonds for its own account and not with a view to distribution or resale to the public, then, whether or not the Competitive Sale Rule was met, the Issue Price Certificate will recite such facts and identify the price or prices at which such maturity of the Bonds was purchased.

For purposes of this Notice of Sale, the "public" does not include the winning bidder or any person that agrees pursuant to a written contract with the winning bidder to participate in the initial sale of the Bonds to the public (such as a retail distribution agreement between a national lead underwriter and a regional firm under which the regional firm participates in the initial sale of the Bonds to the public). In making the representations described above, the winning bidder must reflect the effect on the offering prices of any "derivative products" (e.g., a tender option) used by the bidder in connection with the initial sale of any of the Bonds.

Preliminary Official Statement and Official Statement. The Town has prepared a Preliminary Official Statement dated August 4, 2026 for this Bond issue. The Town deems such Preliminary Official Statement final as of its date for purposes of Securities and Exchange Commission Rule 15c2-12(b)(1), except for omissions permitted thereby, but the Preliminary Official Statement is subject to revision and amendment. The Town will make available to the winning purchaser a reasonable number of copies of the final Official Statement at the Town's expense by the delivery of the Bonds or, if earlier, by the seventh business day after the day proposals on the Bonds are received. The purchaser shall arrange with the Municipal Advisor the method of delivery of the copies of the final Official Statement to the purchaser. Additional copies may be obtained by the purchaser at its own expense by arrangement with the printer.

The purchaser agrees to promptly file the final Official Statement with the Municipal Securities Rulemaking Board and to take any and all other actions necessary to comply with applicable Securities and Exchange Commission and Municipal Securities Rulemaking Board rules governing the offering, sale and delivery of the Bonds to the ultimate purchasers.

DTC Book-Entry. The Bonds will be issued by means of a book-entry-only system with no physical distribution of bond certificates made to the public. The Bonds will be issued in registered form and one bond certificate for each maturity will be issued to the Depository Trust Company ("DTC"), New York, New York, registered in the name of its nominee, Cede & Co., and immobilized in its custody. Ownership of the Bonds will be evidenced in principal amounts of $5,000 or integral multiples thereof, with transfers of ownership effected on the records of DTC and its Participants pursuant to rules and procedures adopted by DTC and its Participants. The purchaser, as a condition to delivery of the Bonds, will be required to deposit the bond certificates with DTC, registered in the name of Cede & Co. Principal of and interest on the Bonds will be payable by the Town or its agent to DTC or its nominee as registered owner of the Bonds. Principal and interest payments by DTC to Participants of DTC will be the responsibility of DTC; principal and interest payments to Beneficial Owners by Participants of DTC will be the responsibility of such Participants and other nominees of Beneficial Owners. The Town will not be responsible or liable for payments by DTC to its Participants or by DTC Participants or Indirect Participants to Beneficial Owners or for maintaining, supervising or reviewing the records maintained by DTC, its Participants or persons acting through such Participants.

Certifying, Transfer and Paying Agent; Registrar. The Bonds will be certified by U.S. Bank Trust Company, National Association, Hartford, Connecticut, which will also act as transfer and paying agent and registrar.

CUSIP Numbers. The deposit of the Bonds with DTC under a book-entry-only system requires the assignment of CUSIP numbers prior to delivery. It shall be the responsibility of the Town's Municipal Advisor, Phoenix Advisors, to apply for CUSIP numbers for the Bonds by no later than one business day after dissemination of this Notice of Sale. Phoenix Advisors will provide CUSIP Global Services with the final details of the sale of the Bonds in accordance with Rule G-34 of the Municipal Securities Rulemaking Board, including the identity of the winning purchaser. The Town will not be responsible for any delay caused by the inability to deposit the Bonds with DTC due to the failure of Phoenix Advisors to obtain such numbers and provide them to the Town in a timely manner. The Town assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers, which charges shall be the responsibility of and shall be paid for by the purchaser.

Continuing Disclosure Agreement. The Town will agree, in a Continuing Disclosure Agreement entered into in accordance with the requirements of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, to provide, or cause to be provided, (i) certain annual financial information and operating data; (ii) timely, but not in excess of ten (10) business days after the occurrence of the event, notice of the occurrence of certain listed events with respect to the Bonds; and (iii) timely notice of its failure to provide such annual financial information on or before a date specified. The winning purchaser's obligation to purchase the Bonds shall be conditioned upon its receiving, at or prior to the delivery of the Bonds, an executed copy of the Continuing Disclosure Agreement for the Bonds.

Additional Information. For more information regarding this Bond issue and the Town, reference is made to the Preliminary Official Statement dated August 4, 2026. The Preliminary Official Statement may be accessed via the Internet at https://munihub.com. Electronic access to the Preliminary Official Statement is being provided as a matter of convenience only. The only official version of the Preliminary Official Statement is the printed version for physical delivery. Copies of the Preliminary Official Statement and Official Statement may be obtained from Mr. Barry J. Bernabe, Managing Director, Phoenix Advisors, 53 River Street, Suite 1, Milford, Connecticut 06460, telephone (203) 283-1110.

August 4, 2026

Don Lowe	Andrea Maloney
First Selectman	Treasurer

ISSUE PRICE RULE SELECTION CERTIFICATE

Town of Thomaston, Connecticut
$19,525,000 General Obligation Bonds, Issue of 2026

The undersigned, on behalf of [NAME OF UNDERWRITER/REPRESENTATIVE] (the "Representative"), on behalf of itself and [OTHER UNDERWRITERS] (together, the "Underwriting Group"), hereby certifies that it will use the rule selected below for the respective maturity of the above-captioned bonds (the "Bonds"), as described in the Notice of Sale for the Bonds, dated August 4, 2026 (the "Notice of Sale"). For a description of the requirements of each rule, please refer to the section "Obligation to Deliver Issue Price Certificate" in the Notice of Sale. Capitalized terms used but not defined herein are defined in the Notice of Sale.

			10% Sale Rule (Underwriter has or will comply with 10% Sale Rule for this Maturity)		**Hold the Offering Price Rule** (Underwriter will comply with Hold the Offering Price Rule for this Maturity)	
Date of Maturity	**Principal Amount**	**Interest Rate**	**Check Box**	**Sales Price**	**Check Box**	**Initial Offering Price**
08/15/2027	$ 785,000	_____%	☐	$__________	☐	$______________
08/15/2028	785,000	_____%	☐	$__________	☐	$______________
08/15/2029	785,000	_____%	☐	$__________	☐	$______________
08/15/2030	785,000	_____%	☐	$__________	☐	$______________
08/15/2031	785,000	_____%	☐	$__________	☐	$______________
08/15/2032	780,000	_____%	☐	$__________	☐	$______________
08/15/2033	780,000	_____%	☐	$__________	☐	$______________
08/15/2034	780,000	_____%	☐	$__________	☐	$______________
08/15/2035	780,000	_____%	☐	$__________	☐	$______________
08/15/2036	780,000	_____%	☐	$__________	☐	$______________
08/15/2037	780,000	_____%	☐	$__________	☐	$______________
08/15/2038	780,000	_____%	☐	$__________	☐	$______________
08/15/2039	780,000	_____%	☐	$__________	☐	$______________
08/15/2040	780,000	_____%	☐	$__________	☐	$______________
08/15/2041	780,000	_____%	☐	$__________	☐	$______________
08/15/2042	780,000	_____%	☐	$__________	☐	$______________
08/15/2043	780,000	_____%	☐	$__________	☐	$______________
08/15/2044	780,000	_____%	☐	$__________	☐	$______________
08/15/2045	780,000	_____%	☐	$__________	☐	$______________
08/15/2046	780,000	_____%	☐	$__________	☐	$______________
08/15/2047	780,000	_____%	☐	$__________	☐	$______________
08/15/2048	780,000	_____%	☐	$__________	☐	$______________
08/15/2049	780,000	_____%	☐	$__________	☐	$______________
08/15/2050	780,000	_____%	☐	$__________	☐	$______________
08/15/2051	780,000	_____%	☐	$__________	☐	$______________

(All Sales Prices or Initial Offering Prices must be filled in prior to the delivery date of the Bonds.)

**[NAME OF UNDERWRITER/
REPRESENTATIVE]**

By: ____________________________
Name:
Title:

Email this completed and executed certificate to the following by 5:00 P.M. (Eastern Time) on August 13, 2026:
Bond Counsel: dbraun@goodwin.com **Municipal Advisor:** bbernabe@muniadvisors.co

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