

PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER 2, 2026

New Money / Refunding Issue: Book-Entry-Only

Rating: S&P Global Ratings: "SP-1+"

In the opinion of Bond Counsel, rendered in reliance upon and assuming the accuracy of and continuing compliance by the Town with certain representations and covenants relating to the applicable requirements of the Internal Revenue Code of 1986 (the "Code"), under existing law, interest on the Notes is excludable from gross income for federal income tax purposes and is not treated as an item of tax preference for purposes of the federal alternative minimum tax 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. In the opinion of Bond Counsel, under existing statutes, interest on the Notes is excludable 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. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Notes. (See "Tax Matters" herein.)



Town of Windham, Connecticut

\$17,265,000

General Obligation Bond Anticipation Notes

Dated: September 25, 2026

Rate: . _ %

Due: September 24, 2027

Yield: . _ %

CUSIP:¹ 973279 _ _

The General Obligation Bond Anticipation Notes, dated September 25, 2026 (the "Notes") issued by the Town of Windham, Connecticut (the "Town") will bear interest at such rate or rates per annum as are specified by the successful bidder or bidders, in accordance with the Notice of Sale for the Notes, and such interest shall be payable at maturity. The Notes will be issued in book-entry-only form and will be registered in the name of Cede & Co., as noteowner and nominee for DTC. Purchases of the Notes will be made in book-entry form, in the denomination of \$5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their ownership interest in the Notes. So long as Cede & Co. is the Noteowner, as nominee of DTC, reference herein to the Noteowners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners (as defined herein) of the Notes. (See "Book-Entry-Only Transfer System" herein.)

The Notes are NOT subject to redemption.

Electronic bids via PARITY® for the Notes will be received until 11:30 A.M. (E.T.) on Thursday, September 10, 2026, at the office of Pullman & Comley, LLC, 90 State House Square, 14th Floor, Hartford, Connecticut 06103, as described in the Notice of Sale for the Notes (see Appendix D to this Official Statement).

The Notes will be general obligations of the Town and the Town will pledge its full faith and credit to pay the principal of and the interest on the Notes when due. (See "Security and Remedies" herein.)

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

The Notes are offered for delivery when, as and if issued, subject to the approving opinions of Pullman & Comley, LLC, Bond Counsel, of Bridgeport and Hartford, Connecticut and certain other conditions. It is expected that delivery of the Notes in book-entry-only form will be made to DTC on or about September 25, 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 Notes. 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 Notes or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Notes 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 Notes.

No dealer, broker, salesperson or other person has been authorized by the Town of Windham, Connecticut (the “Town”) to give any information or to make any representations not 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. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor any sale of the Notes 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 Notes 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 Notes 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 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.

Other than as to matters expressly set forth herein as the opinions of Bond Counsel in Appendix B, Bond Counsel is not passing on and does not assume any responsibility for the accuracy or adequacy of the statements made in this Official Statement and makes no representation that it has independently verified the same.

Any references to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader’s convenience. Unless specified otherwise, any such websites and the information or links contained therein are not incorporated into, and are not a part of, this Official Statement.

This Official Statement may include “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Without limiting the foregoing, the words “may,” “believe,” “could,” “might,” “possible,” “potential,” “project,” “will,” “should,” “expect,” “intend,” “plan,” “predict,” “anticipate,” “estimate,” “approximate,” “contemplate,” “continue,” “target,” “goal” and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these words. All forward-looking statements included in this Official Statement are based on information available to the Town up to the date as of which such statements are to be made, or otherwise up to, and including, the date of this document, and the Town assumes no obligation to update any such forward-looking statements to reflect events or circumstances that arise after the date hereof or after the date of any report containing such forward-looking statement, as applicable. Actual results could differ materially from those anticipated in these forward-looking statements as a result of certain important factors, including, but not limited to (i) the effect of and from, future municipal, state and federal budgetary matters, including state and federal grants and other forms of financial aid to the Town; (ii) federal tax policy, including the deductibility of state and local taxes for federal tax purposes; (iii) macroeconomic economic and business developments, both for the country as a whole and particularly affecting the Town; (iv) financial services industry developments; (v) litigation or arbitration; (vi) climate and weather related developments, natural disasters and other acts of God; (vii) factors used in estimating future obligations of the Town; (viii) the effects of epidemics and pandemics, including economic effects; (ix) foreign hostilities or wars; (x) foreign or domestic terrorism or domestic violent extremism; (xi) disruptions to the Town’s technology network and systems, including computer systems and software; and (xii) other factors contained in this Official Statement.

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Note Issue Summary

The information in this Note 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:	Thursday, September 10, 2026 at 11:30 A.M. (E.T.).
Location of Sale:	Office of Pullman & Comley, LLC, 90 State House Square, 14th Floor, Hartford, Connecticut 06103.
Issuer:	Town of Windham, Connecticut (the "Town").
Issue:	\$17,265,000 General Obligation Bond Anticipation Notes (the "Notes").
Dated Date:	September 25, 2026.
Principal and Interest Due:	September 24, 2027.
Purpose:	The Note proceeds will be used to finance capital improvement projects and refinance outstanding notes of the Town. See "Authorization and Purpose" and "Use of Proceeds" herein.
Redemption:	The Notes are NOT subject to redemption prior to maturity.
Security:	The Notes will be general obligations of the Town, and the Town will pledge its full faith and credit to the payment of principal of and interest on the Notes when due.
Credit Rating:	The Notes have received ratings of "SP-1+" from S&P Global Ratings.
Bond Insurance:	The Town does not expect to direct purchase a credit enhancement facility.
Tax Matters:	See "Tax Matters" herein.
Bank Qualification:	The Notes <u>shall NOT</u> be designated by the Town as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986 for purposes of the deduction by financial institutions of interest expense allocable to the Notes.
Continuing Disclosure:	In accordance with the requirements of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, the Town will agree to provide, or cause to be provided, notices of the occurrence of certain events, no later than ten (10) business days after the occurrence of such event, with respect to the Notes pursuant to a Continuing Disclosure Agreement to be executed by the Town substantially in 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, 27 th Floor, Hartford, Connecticut 06103.
Municipal Advisor:	Phoenix Advisors, a division of First Security Municipal Advisors, Inc., of Milford, Connecticut will act as Municipal Advisor. Telephone: (203) 283-1110.
Legal Opinion:	Pullman & Comley, LLC, Bond Counsel, of Bridgeport and Hartford, Connecticut will act as Bond Counsel.
Delivery and Payment:	It is expected that delivery of the Notes in book-entry-only form will be made to The Depository Trust Company on or about September 25, 2026. Delivery of the Notes will be made against payment in Federal Funds.
Issuer Official:	Questions concerning the Official Statement should be addressed to Christian Johnson, Director of Finance, 979 Main Street, Windham, Connecticut 06226. Telephone (860) 465-3165.

I. Note Information

Introduction

This Official Statement, including the inside cover page and appendices, is provided for the purpose of presenting certain information relating to the Town of Windham, Connecticut (the “Town”) in connection with the issuance and sale of the Town’s \$17,265,000 General Obligation Bond Anticipation Notes (the “Notes”) 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 Notes. Any statement made in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are intended as such and not intended to be representations of fact, and no representation is made that any of such statements 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.

The Notes are being offered for sale through public bidding. Notice of Sale dated September 2, 2026 has been furnished to prospective bidders and is included herein as Appendix D for the Notes. Reference is made to the Notice of Sale for the terms and conditions of the bidding.

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 and are qualified in their entirety by reference to the original official documents. All references to the Notes and the proceedings of the Town relating thereto are qualified in their entirety by reference to the definitive forms of the Notes and such proceedings.

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

Bond Counsel is not passing on and does not assume any responsibility for the accuracy or adequacy of the statements made in this Official Statement other than as to matters expressly set forth herein as its opinions and it makes no representation that it has independently verified the same.

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.

U.S. Bank Trust Company, National Association will act as the Registrar, Transfer Agent, Paying Agent and Certifying Agent for the Notes.

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, currently implementing multi-factor authentication, user training, and intrusion detection and prevention. The Town’s entire cybersecurity infrastructure falls under the purview of a co-managed support contract with Athens Technology Services. In addition, the Town invests in cybersecurity insurance, so that a claim can be made to the insurance provider in the event of a cyber-attack. No assurances can be given, however, that such security and operational control measures will be completely successful to guard 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

In an effort to address climate risks, the Town maintains a Hazard Mitigation and Climate Adaptation Plan (the "Plan") that was developed in coordination with the Southeastern Connecticut Council of Governments and was updated as recently as 2023. The Plan identifies specific hazard concerns of the Town including flooding, dam breach/failure, wind (hurricane, tornado, or severe wind event), winter weather, extreme temperatures, drought and wildfire, and earthquakes (the "Hazards"). The Plan includes: (i) an assessment of the risks related to each of the Hazards; (ii) a prioritization of mitigation strategies based on a set of criteria applied to each proposed strategy; and (iii) an action plan through 2028 that includes goals and objectives for each action item noted.

The Town's Plan includes specific mitigation action items, including, but not limited to: (i) acquiring generators; (ii) ensuring that cooling centers are accessible using transit or alternate transportation options; (iii) providing educational materials and links on natural hazard preparedness on Town website; (iv) execute grants related to flood mitigation, water quality and other resiliency needs for the Willimantic Reservoir, dam and treatment facility; (v) evaluate feasibility of hydropower operations at Willimantic Reservoir dam. (vi) determine the feasibility of a Windham Water Works microgrid that could support the nearby supermarket and pharmacy in southern Mansfield.; and (vii) compare elevations of WWTP assets and infrastructure to the base flood elevations associated with the Natchaug River and Willimantic River plus applicable freeboard (likely two feet); and determine if funds should be set aside for resiliency projects; (viii) compare elevations of sewer pumping station infrastructure to the base flood elevations associated with nearby flood sources, plus applicable freeboard (likely two feet); and determine if funds should be set aside for resiliency projects; (ix) require floodplain manager and land use staff to take free training at <https://portal.ct.gov/DEEP/P2/Chemical-Management-and-Climate-Resilience/Chemical-Management-and-Climate-Resilience> to reduce risks of spills from businesses during floods.

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 Notes (the "Municipal Advisor") and has assisted in matters related to the planning, structuring and terms of the Notes. 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.

Description of the Notes

The Notes will be dated September 25, 2026 and will be due and payable as to both principal and interest at maturity, September 24, 2027. The Notes will bear interest calculated on the basis of twelve 30-day months and a 360-day year at such rate or rates per annum as are specified by the successful bidder or bidders. A book-entry system will be employed evidencing ownership of the Notes in principal amounts of \$5,000 or any multiple thereof, with transfers of ownership effected on the records of DTC, and its participants pursuant to rules and procedures established by DTC and its participants. See "Book-Entry Transfer System". The Notes are not subject to redemption prior to maturity.

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Authorization and Purpose

The Notes are issued pursuant to resolutions adopted by the Town Council and Board of Finance and all resolutions were approved at Town Meetings or referenda of the Town.

Use of Proceeds

The Notes are being issued to provide financing for the following projects. The allocation of proceeds to specific projects is subject to change.

<i>Project</i>	<i>Aggregate Amount Authorized</i>	<i>This Issue: The Notes Due: 9/24/27</i>
Windham High School Renovation	\$ 112,332,777	\$ 11,200,000
2025 Town Capital Projects	4,575,000	1,000,000
2026 BOE Capital Projects	937,000	440,000
WW - Lead Line Replacement Project	4,500,000	3,375,000
WW - Water Main Relining & Replacement ...	4,426,000	1,250,000
Total	\$ 126,770,777	\$ 17,265,000

Book-Entry-Only Transfer System

The Depository Trust Company (“DTC”) will act as securities depository for the Notes (the “Securities”). The Securities will be issued as fully-registered securities 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 Security certificate will be issued for each maturity of the Securities 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 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 a Standard & Poor’s rating of 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 Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities 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 Securities 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 Securities, except in the event that use of the book-entry system for the Securities is discontinued.

To facilitate subsequent transfers, all Securities 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 Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities 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 Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities 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 Securities 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 Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer 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 Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on, and redemption premium, if any with respect to the Securities 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 Issuer or 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 Securities 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 Issuer, 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 Issuer or 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 Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security 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 Issuer believes to be reliable, but Issuer 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 Notes 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 Notes

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

Security and Remedies

The Notes 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 Notes when due.

Unless paid from other sources, the Notes are payable from general property tax revenues of the Town. The Town has the power under Connecticut statutes to levy ad valorem taxes on all property subject to taxation by 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 and of qualified disabled persons taxable at limited amounts. There was, however, no such certified forest land on the last completed grand list of the Town and under existing statutes, the State of Connecticut is obligated to pay the Town the amount of tax revenue which the Town would have received except for the limitation on its power to tax such dwelling houses.

Payment of the Notes 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 Notes.

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 Notes, or judgments thereon, in priority to other claims.

The Town is subject to suit on its general obligation debt and a court of competent jurisdiction has power in appropriate proceedings to render a judgment against the Town. A court of competent jurisdiction also has the power in appropriate proceedings to order a payment of a judgment on the 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 could 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 Notes 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 creditors rights heretofore or hereafter enacted by the Congress or the Connecticut General Assembly extending the time for payment or imposing other constraints upon enforcement insofar as the same may be constitutionally applied.

Section 7-566 of the Connecticut General Statutes, as amended, provides that no Connecticut municipality shall file a petition in bankruptcy under Chapter 9 of Title 11 of the United States Code 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.

Qualification for Financial Institutions

The Notes 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 for purposes of the deduction by financial institutions for certain interest expense allocable to the Notes.

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

Availability of Continuing Disclosure Information

The Town will enter into a Continuing Disclosure Agreement with respect to the Notes, substantially in the form included in Appendix C to this Official Statement to provide timely notice of the occurrence of certain listed events no later than ten (10) business days after the occurrence of such events. The winning bidders' obligation to purchase the Notes shall be conditioned upon their receiving, at or prior to the delivery of the Notes, executed copies of the Continuing Disclosure Agreement.

The Town failed to file timely submissions to Municipal Securities Rulemaking Board Electronic Municipal Market Access ("EMMA") by February 28, 2021, February 28, 2023, February 28, 2024, February 28, 2025, and February 28, 2026 of certain annual financial information and operating data. Notices of failure to file annual financial information were timely filed for the information due on February 28, 2021, February 28, 2023, March 1, 2024, March 3, 2025, and March 2, 2026, respectively. On June 24, 2021, April 5, 2023, May 13, 2024, May 19, 2025*, and June 10, 2026, the Town filed with EMMA the annual financial information required for fiscal years ending June 30, 2020, June 30, 2022, June 30, 2023, June 30, 2024, and June 30, 2025, respectively. For fiscal year ending June 30, 2021, the Town filed unaudited annual financial information and operating data on February 28, 2022, and on March 3, 2022, the Town filed its notice of failure to file the fiscal year ending June 30, 2021 audited annual financial information. On April 12, 2022, the Town filed its audited annual financial information for the fiscal year ending June 30, 2021 as required by its previous continuing disclosure undertakings. The Town has hired additional staff and installed a new financial software system which the Town anticipates will facilitate more timely financial disclosure in future years. The Municipal Advisor and Bond Counsel will also assist the Town in meeting its continuing disclosure obligations.

The Town prepares, in accordance with state law, annual audited financial statements and files such annual audits with the State of Connecticut, Office of Policy and Management. The Town provides, and will continue to provide, to Moody's Investors Service and S&P Global Ratings ongoing disclosure in the form of the Annual Financial Report, Recommended and Adopted Budgets, and other materials relating to its management and financial condition, as may be necessary or requested.

Ratings

The Notes have been rated "SP-1+" by S&P Global Ratings. The Town furnished the rating agency certain information and materials, some of which may not have been included in this Official Statement. Such ratings reflect only the view of the rating agency and will be subject to revision or withdrawal, which could affect the market price of the Notes. The rating agency should be contacted directly for an explanation of such ratings. No application was made to any other credit rating agency for the purpose of obtaining ratings on the Notes.

The Town's long-term rating is "AA" from S&P Global Ratings.

An explanation of the significance of a rating may be obtained only from the rating agency. Generally, the rating agency's rating is based upon information and materials that it gathers, and upon its own investigations, studies and assumptions. There can be no assurance that a credit rating will continue for any given period of time or that it will not be lowered or withdrawn entirely by a credit rating agency if, in its judgment, circumstances so warrant. Any such downward change in or withdrawal of a credit rating may have an adverse effect on the marketability or market price of the Town's outstanding securities.

*The unaudited annual financial information for the Fiscal Year ending June 30, 2024 was filed on April 29, 2025.

Tax Matters

Federal Taxes. In the opinion of Bond Counsel, under existing law, (i) interest on the Notes is excludable from gross income for federal income tax purposes, and (ii) such interest is not an item of tax preference for purposes of 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.

Bond Counsel's opinion with respect to the Notes will be rendered in reliance upon and assuming the accuracy of and continuing compliance by the Town with its representations and covenants relating to certain requirements of the Internal Revenue Code of 1986 (the "Code"). The Code and regulations promulgated thereunder establish certain requirements which must be satisfied at and subsequent to the issuance of the Notes in order that interest on the Notes be and remain excludable from gross income for federal income tax purposes. Failure to comply with such requirements may cause interest on the Notes to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Notes irrespective of the date on which such noncompliance occurs. In the Tax Regulatory Agreement, which will be delivered concurrently with the issuance of the Notes, the Town will covenant to comply with certain provisions of the Code and will make certain representations designed to assure compliance with such requirements of the Code including, but not limited to, investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of the Note proceeds and certain other matters. The opinion of Bond Counsel delivered on the date of issuance of the Notes is conditioned upon compliance by the Town with such requirements.

No other opinion is expressed by Bond Counsel regarding the federal tax consequences of the ownership of, or the receipt or accrual of interest on, the Notes.

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

Other Federal Tax Matters. Prospective purchasers of the Notes should be aware that ownership of the Notes may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, certain insurance companies, recipients of Social Security or Railroad Retirement benefits, certain S corporations, foreign corporations subject to the branch profits tax, taxpayers eligible for the earned income credit, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations. Bond Counsel does not express any opinion regarding such collateral tax consequences. Prospective purchasers of the Notes should consult their tax advisors regarding collateral federal income tax consequences. Prospective purchasers of the Notes may also wish to consult with their tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding.

State Taxes. In the opinion of Bond Counsel, under existing statutes, interest on the Notes is excludable 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 for individuals, trusts and estates required to pay the federal alternative minimum tax.

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

Owners of the Notes should consult their own tax advisors with respect to the determination for state and local income tax purposes of original issue premium accrued upon sale or redemption thereof, and with respect to the state and local tax consequences of owning or disposing of such Notes.

Changes in Federal and State Tax Law. Legislation affecting tax-exempt obligations is regularly considered by the United States Congress. Court proceedings may also be filed, the outcome of which could modify the tax treatment of obligations such as the Notes. There can be no assurance that legislation enacted or proposed, or actions by a court, after the issuance of the Notes will not have an adverse effect on the tax status of interest on the Notes or the market value or marketability of the Notes. These adverse effects could result, for example, from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), or repeal (or reduction in the benefit) of the exclusion of interest on the Notes from gross income for federal or state income tax purposes for all or certain taxpayers.

Investors in the Notes should be aware that future legislative actions may increase, reduce or otherwise change (including retroactively) the financial benefits and the treatment of all or a portion of the interest on the Notes for federal income tax purposes for all or certain taxpayers. In all such events, the market value of the Notes may be adversely affected and the ability of holders to sell their Notes in the secondary market may be reduced. The Notes are not subject to special mandatory redemption, and the interest rates on the Notes are not subject to adjustment, in the event of any such change in the tax treatment of interest on the Notes.

General. 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 that may occur after the date of its opinion. Bond Counsel's opinion is based on existing law, which is subject to change. Such opinion is further based on factual representations made to Bond Counsel as of the date of issuance. Moreover, Bond Counsel's opinion is not a guarantee of a particular result, and is not binding on the Internal Revenue Service or the courts; rather, such opinion represents Bond Counsel's professional judgment based on its review of existing law, and in reliance on the representations and covenants that it deems relevant to such opinion.

The discussion above does not purport to deal with all aspects of federal or state or local taxation that may be relevant to a particular owner of the Notes. Prospective owners of the Notes, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal, state and local tax consequences of owning and disposing of the Notes.

Legal Opinion

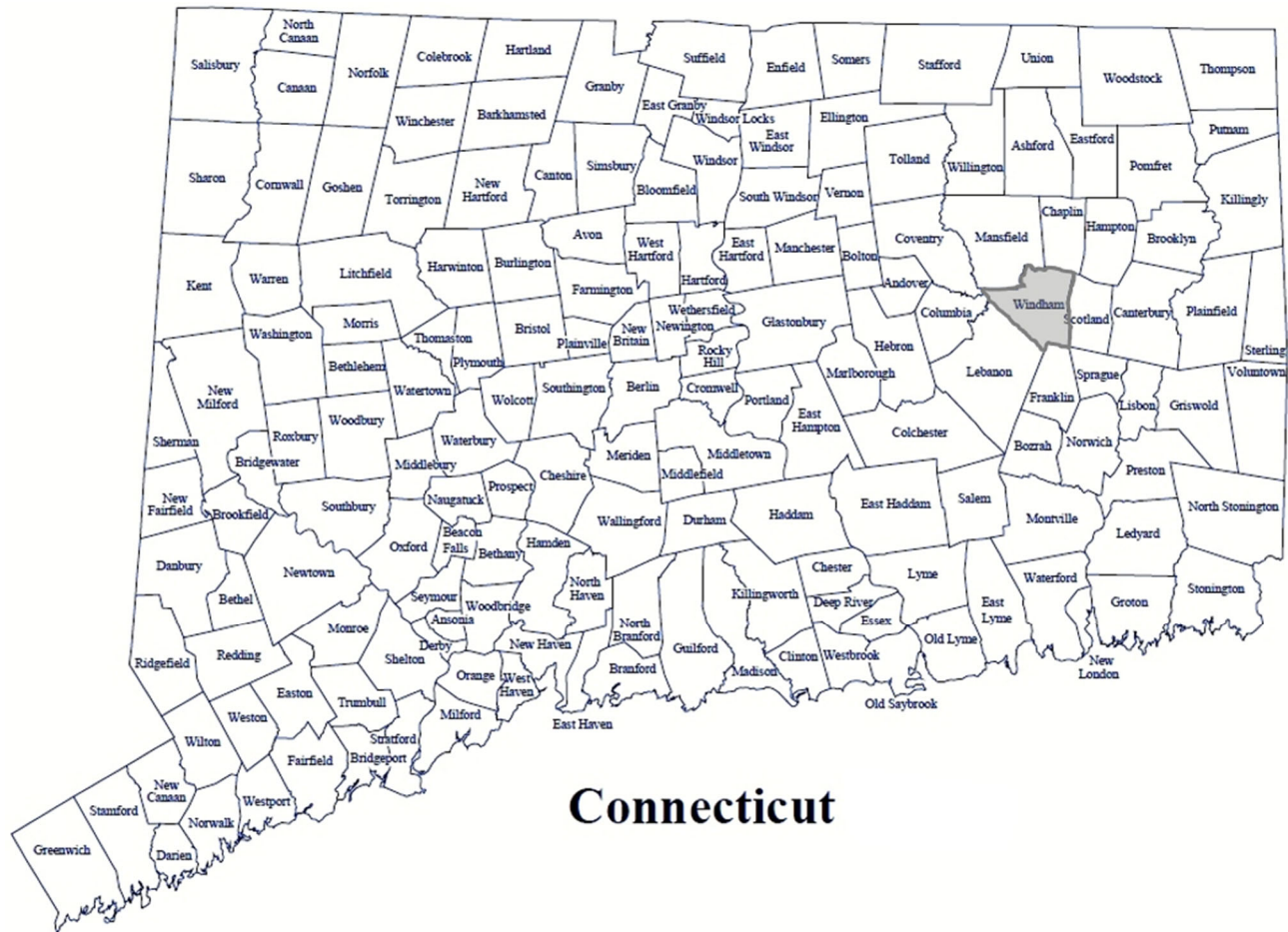
The legal opinion for the Notes will be rendered by Pullman & Comley, LLC in substantially the form set forth in Appendix B to this Official Statement.

Registrar, Transfer Agent, Paying Agent, Certifying Agent

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

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II. The Issuer



Description of the Municipality

The Town of Windham, Connecticut was incorporated in 1692 after being settled in 1686. The Town, named after Windham in Sussex, England, covers an area of 27.9 square miles. It is located in the center of eastern Connecticut and is bounded on the north by Mansfield and Chaplin, east by Scotland, south by Franklin and Lebanon, and west by Coventry and Columbia. Windham is 27 miles east of Hartford, Connecticut and 50 miles west of Providence, Rhode Island and is served by several highways, including U.S. Route 6 and State Routes 14, 32, 66, 195, 203, and 289 with connections to Interstates 84, 384 and 395. Freight service is provided by the Genesee & Wyoming along the New England Central Railroad.

Windham is the established service center for northeastern Connecticut with a variety of regional and state facilities. The Town is home to Eastern Connecticut State University, Windham Regional Vocational/Technical School, Windham Airport, Windham Hospital (owned by Hartford Healthcare), and a branch of Quinebaug Valley Community Technical College. The University of Connecticut Storrs campus, located in Mansfield, is only eight miles from Windham. The Windham Regional Transit District (WRTD) provides local bus transportation between Willimantic and Storrs.

Four banks serve Windham, including Bank of America, Liberty Bank, Key Bank, and The Berkshire Bank. The Chronicle, a daily newspaper, and WILI, a radio station, are located in Windham and provide communication services for the area.

The Windhams, particularly, North Windham is finding a surge in development, while at the same time, Windham Center, and South Windham find the environs filling with new home owners. The city within the Town, Willimantic, is evolving daily. Currently there is a major downtown revitalization taking place that harbingers changes in the fabric of the downtown area. There are a multitude of downtown initiatives: the Victorian Neighborhood Association, The Garden on the Bridge, The Mills Art's Space, The Whitewater Initiative, the Windham Theatre Guild, ACT and the wonders of the Third Thursday Festival are a few of the beacons of success that illuminate the bright future of the Town of Windham.

Form of Government

The consolidation of Windham and Willimantic was approved by referendum in December of 1982 with the charter becoming effective July 1, 1983, and later revised on November 5, 1992, November 7, 2007 and November 14, 2014. The Consolidation Charter created one government for the Town and established provision of Windham's fire and police protection through service districts. The section of Windham within the boundaries of the former City of Willimantic is known as the Willimantic Taxing District. The Town and the Willimantic Taxing District are maintained as separate funds but consolidated for financial reporting purposes. The area of Windham outside the former city limits is known as the Windham Taxing District, and funding for police and fire services is appropriated through the Windham First Taxing District, an entity separate from the Town. The Town imposes a separate tax levy for the general government and the Willimantic Taxing District. Individuals residing in the Willimantic Taxing District receive a tax bill based on the total levy for the general government and the Willimantic Taxing District. Individuals residing in the Windham Service District receive a tax bill based on the total levy for the general government and the Windham First Taxing District.

Effective November 17, 2009, as a result of a Town charter revision, the Town's form of government changed from an eleven-member Board of Selectmen to an eleven-member (the Mayor plus ten Councilors) Town Council, which serves as the Town's legislative body. Under the previous form of government, an elected First Selectman acted as the chief executive officer and this position has been replaced with a Town Manager appointed by the Town Council and a "ceremonial" Mayor who serves as the Town Council Chair and acts as the ombudsman for the Town. The functions of the seven-member Board of Finance remain substantially unchanged under the revised charter. The general objective of the 2007 charter revision was to provide stable, professional Town management to ensure the efficient administration of Town government and to develop and implement strategic initiatives for the Town that are consistent with the goals set forth by the Town Council, the legislative body.

Effective November 14, 2014, the Town Charter was revised. Under this revision, the budget for the Willimantic Taxing District is under the purview of the elected Board of Directors of the Willimantic Taxing District instead of the Board of Finance.

Powers and privileges are conferred and granted to the Town by the Connecticut General Statutes and the Charter. Pursuant to Charter revisions in 2020, a Town Meeting approved by the voters shall be required for all special appropriations or expenditures over \$100,000. Refunding bond authorizations are approved solely by the Town Council. The Town Manager is responsible for the administration of all Town matters with the exception of the education system. Presiding over the Town Council, the Mayor has full voting privileges.

The Board of Finance is the budget-making authority responsible for financial and taxation matters, presenting the annual operating budget and special appropriations to Town Meeting and voter referendum for its approval, and establishing the tax rate.

The local Board of Education, which is an elected nine-member board serving four-year staggered terms, is the policy-making body for all public education, grades pre-kindergarten through twelve. The Superintendent of Schools is directly responsible to the Board of Education for the supervision and administration of the education system.

The Water Commission and Sewer Authority serve all citizens of the Willimantic Service District with water service extending beyond the District's boundaries in some areas. The Commission and Authority are governed by a Board whose members are appointed by the Town Council. The rates for user charges are established by the Commission and Authority, respectively, and bond issuance authorizations are approved at a town meeting. The legal liability for the general obligation portion of the Commission's and Authority's debt remains with the Town.

The Windham First Taxing District is the only coterminous entity within the territorial limits of the Town of Windham. Effective July 1, 1983, with the consolidation of Willimantic and the Town of Windham governments, Windham became responsible for the outstanding debt and other liabilities of Willimantic.

The Town has the power to incur indebtedness by issuing bonds and/or notes as provided by the Connecticut General Statutes.

Principal Municipal Officials

<i>Office</i>	<i>Name</i>	<i>Manner of Selection</i>	<i>Date of Hire / Election / Appointment</i>
Town Manager.....	Robert Zarnetske	Appointed/Indefinite	01/25
Town Council, Mayor.....	Thomas DeVivo	Elected/4 years	11/20
Town Clerk/Treasurer.....	Patricia Spruance	Appointed/Indefinite	10/07
Director of Finance.....	Christian Johnson	Appointed/Indefinite	09/13
Town Controller.....	Thinh Nguyen	Appointed/Indefinite	03/21
Collector of Revenue.....	Karen Gauthier	Appointed/Indefinite	01/26
Town Assessor.....	John Rainaldi	Appointed/Indefinite	12/25
Superintendent of Schools.....	Iris Gomero	Appointed/Indefinite	07/25

Summary of Municipal Services

The Town provides a broad range of services including public safety, public roads, solid waste disposal, health, social services, parks and recreation, education, public facilities, planning, development, zoning, and general administrative services. Support and administrative services include Finance, Tax Collector, Assessor, Building Inspection, Animal Control, General Assistance, Housing Code Enforcement, Zoning Code Enforcement, Planning, and Town Clerk. The Engineering Department provides support services for Public Works, Water and Sewer.

Public Works: The Public Works Department is responsible for the maintenance of Town roads, public parks, cemeteries, municipal parking lots, and storm drainage system, and the operation of the recycling center.

Public Safety: Police and fire services are provided in the Willimantic Taxing District by full-time professionals. In the Windham First Taxing District, fire protection is provided by volunteer fire departments and police protection by Troop K, Colchester, of the Connecticut State Police. Ambulance service is provided by the Willimantic Fire Department.

Solid Waste: The disposal of solid waste is contracted by the Town with a private hauler. The Town of Windham entered into an amended six-year agreement beginning in July 1, 2024 and expiring June 30, 2030 with Casella Waste Systems, Inc. to dispose of solid waste generated in the Town. The flat fee for Fiscal Year 2026-27 is \$106.92 per ton for municipal solid waste disposal. Willimantic Waste Paper Company was purchased in July 2021 by Casella Waste Systems, Inc.

Library: A large public library in Willimantic and smaller libraries in Windham Center and South Windham provide extensive collections for adults and children. Additional access is provided through a computerized inter-library loan network. Each library has an endowment fund that provides revenue to augment tax support for the acquisition of books.

Sewer/Water: Sewer and water service is available to approximately 80% of the residents of the Town and to a portion of the Town of Mansfield. Plant capacity is available to extend sewer and water services to the entire Town in the future, as needed.

The State of Connecticut Department of Environmental Protection enacted new regulations and requirements for wastewater treatment facilities. Following these regulations, the Town completed a major facility upgrade to the Town's Water Pollution Control Facility in 2012. The total project cost was \$21,736,750 and is supported by federal/state funds with a 20% grant and 2% loan. This loan was refunded with general obligation bonds in October 2020. Debt service on this loan is being paid from sewer user fees.

Recreation and Open Space: The Recreation Department sponsors year-round recreational activities for all ages and interests. Facilities include public parks, school recreational grounds and the new Community/Senior Center on Jillson Square. Open space includes the Beaver Brook State Park, consisting of 401 acres and providing boating, fishing, and picnicking.

Principal Public Facilities

School	Date of Construction (Latest Additions)	Type of Construction	Planned Major Improvements
Town Hall.....	1900 (1996, 2009)	Elevator/Auditorium	None
Safety Complex.....	1974 (2019)	Block	2027
Dog Pound.....	1978 (2025)	Block	2027
Library.....	1967 (2017)	Brick	None
Public Works Garage.....	1954 (1978, 1985)	Block & Steel	None
Water Department Facility.....	1930 (1974, 1999)	Brick & Block	None
Water Pollution Control Facility.....	1958 (1972, 2012,2021)	Brick & Block	None
Intramodal Transportation Center.....	2021	Concrete	None
Senior/Community Center.....	2021	Block & Steel	None

Educational Services

The Windham school system services grades pre-kindergarten through twelve and is governed by the local Board of Education. Windham has a nine-member Board of Education elected to four-year staggered terms. The primary function of the Board is to establish policy. Some of the areas for which such policies are set include curriculum, budget development, implementation of both state and federal laws, facilities maintenance, and long-range planning, including construction and renovation.

The Town has four elementary schools, one middle school, and one high school. Enrollment in the system as of October 1, 2025 was 3,058 with a rated capacity of 4,781.

School Enrollment

School Year	Grades Pre-K - 4	Grades 5 - 6	Grades 9 - 12	Non- Graded	Total
Historical					
2016–17	1,717	1,015	605	-	3,337
2017–18	1,654	1,105	590	-	3,349
2018–19	1,653	1,122	612	-	3,387
2019–20	1,591	1,117	637	-	3,345
2020–21	1,476	1,131	623	-	3,230
2021–22	1,479	1,069	646	-	3,194
2022–23	1,490	1,025	695	-	3,210
2023-24	1,512	1,005	665	-	3,182
2024-25	1,432	1,019	676	-	3,127
2025-26	1,389	1,019	650	-	3,058
Projected					
2026-27	1,400	1,020	660	-	3,080

Source: Town of Windham, Board of Education.

School Facilities

School	Grades	Date of Construction (Latest Additions)	Number of Classrooms	Enrollment as of 10/1/2025	Operating Capacity
North Windham Elementary.....	K-5	1959 (1987)	24	445	450
Windham Center Elementary.....	K-5	1953 (1968)	-	-	-
Sweeney Elementary.....	K-5	1959 (1964)	25	241	600
Natchaug Elementary.....	K-5	1912 (1972)	17	204	550
Barrows STEM Academy.....	K-8	2012	44	552	600
Windham Middle ¹	6-8	1996	89	762	1,100
CORE & Assisted Work Program...	9-12	2022	5	51	157
Windham High	9-12	2025	87	587	1,324
Teams.....	-	1970	-	-	-
Total.....			291	2,842	4,781

¹ Includes Pre-K.

Source: Town of Windham, Board of Education.

Employee Relations and Collective Bargaining Municipal Employees

	2025-26	2024-25	2023-24	2022-23	2021-22
General Government	192	206	205	200	194
Board of Education	-	748	805	796	778
Total	192	954	1,010	996	972

Source: Town of Windham, Finance Department.

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Employee Relations

Employees	Bargaining Unit	Number of Members	Contract Expiration Date
<u>General Government</u>			
Fire.....	International Association of Firefighters, AFL-CIO, Local 1033	33	6/30/2025 ¹
Police.....	United Public Service Employees Union, Cops Unit #340	38	6/30/2028
Public Works.....	Local 493 International Brotherhood of Teamsters, Chauffeurs, Warehousemen & Helpers of America	21	6/30/2027
Water Department.....	Local 2001 C.S.E.A., SEIU, AFL-CIO	13	6/30/2027
Supervisory & Professional...	United Public Service Employees Union	23	6/30/2027
Municipal Employees.....	American Federation of State, County, Municipal Employees, AFL-CIO, Local 1303-116 of Council #4	43	6/30/2028
Sewer Department.....	Local 493 International Brotherhood of Teamster	8	6/30/2027
	Total Organized	179	
	Non-Union	13	
	Total.....	192	
<u>Board of Education</u>			
Administrators.....	Windham Association of Administrators	24	6/30/2027
Teachers.....	Windham Association of Teachers, AFL-CIO, Local 1577	318	8/31/2028
Clerical.....	Windham Association of Educational Secretaries, C.S.E.A. Inc.	31	6/30/2027
Nurses.....	Windham Association of School Nurses	10	6/30/2027
Custodians.....	General Teamsters, Local 493	36	6/30/2029
Cafeteria.....	Windham Cafeteria Employees Association, C.S.E.A. Inc.	30	6/30/2026 ¹
Educational Personnel.....	CFT/AFL-CIO Educational Personnel	139	6/30/2026 ¹
Maintenance Workers.....	CFT/AFL-CIO Maintenance Workers	5	6/30/2029
Crossing Guards.....	ADSCME	5	6/30/2026 ¹
	Total Organized	598	
	Non-Union	147	
	Total.....	745	

¹ In negotiations

Source: Town of Windham, Finance Department.

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 a municipal entity may reject an arbitration panel's decision by a two-thirds majority vote. The State of Connecticut and the employee organization must be advised in writing of the reasons for rejection. The State then appoints 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 gives 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 municipal entity, there is an irrefutable presumption that a budget reserve of: (i) 5% or less with respect to teachers' contracts, and (ii) 15% or less with respect to municipal employees 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 considers 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.

III. Economic and Demographic Information

Economic Condition and Outlook

Windham's economy is supported by a mix of manufacturing, health care, education, retail, service, government, aviation, and small business activity. Major private-sector employers include Prysmian Group, United Abrasives/SAIT, Casella Waste Systems, Micro Precision/Nathan Airchime, Prime Materials Recovery, Fluoropolymer Resources, Jakeco, Motive Engineering, and Windham Materials.

The Town remains one of Connecticut's Targeted Investment Communities and contains a State-designated Enterprise Zone. These designations provide tools to support reinvestment, job creation, and business expansion. The historic downtown was also designated as an Entertainment District, supporting arts, restaurants, cultural activity, and mixed-use redevelopment along Main Street.

North Windham's Boston Post Road/Route 6 corridor and Willimantic's West Main Street corridor continue to function as major commercial and service areas for eastern Connecticut. Major retailers and service businesses include Home Depot, Stop & Shop, Walmart, BJ's Wholesale, Sherwin-Williams, AutoZone, Advance Auto Parts, Ocean State Job Lot, Planet Fitness, CVS, Walgreens, Cumberland Farms, Aldi, Tractor Supply, Dollar Tree, and Family Dollar.

Eastern Connecticut State University remains one of Windham's most important institutional partners. The University's academic, employment, housing, cultural, and student activity directly affect the Town's economy. The Town also continues to work with ECSU on business development, downtown activity, student-town relations, and long-term planning opportunities.

Windham Hospital and Hartford HealthCare also remain major employers and service providers. The Ridge Recovery Center opened in January 2024 at the former Immaculata Retreat House site, expanding Hartford HealthCare's presence and bringing additional health-care employment to Windham.

New Investment

Windham continues to see meaningful private investment in housing, mixed-use development, commercial sites, hospitality, and reuse of older properties. The Town's Opportunity Zone, Enterprise Zone, Entertainment District, available infrastructure, and regional location continue to support that activity.

At 9 Northridge Drive, O'Neill Group Northridge, LLC has advanced a major multi-family housing proposal in North Windham. The project has been reviewed as a large residential development of more than 220 apartment units, with multiple residential buildings, a clubhouse, maintenance facilities, roadway improvements, utilities, drainage, stormwater management, and related site infrastructure. The project represents one of the largest current housing investments in Windham and will require continued coordination through engineering, permitting, construction review, and infrastructure planning.

At 10 Industrial Park Drive, the approved commercial development includes a gas station, retail store, drive-through/restaurant component, parking, landscaping, rain gardens, underground storage, and related site improvements. Final plans were submitted to the Building Department in early 2026, moving the project toward construction. This project adds commercial investment to the North Windham corridor and supports continued use of the Industrial Park area for business development.

At 804 Main Street, the Town advanced a significant downtown mixed-use project. The Planning and Zoning Commission approved a multi-story building with first-floor retail space and upper-floor apartments. Subsequent Town Council action moved the sale and related tax-fixing agreement forward. The project will add new housing and active ground-floor commercial space to Main Street while helping replace underused property with a more productive downtown use.

At 664 Main Street, work has continued on facade, site plan, building, utility, and engineering coordination. This project remains part of the broader downtown reinvestment effort involving older Main Street buildings, ground-floor commercial potential, and additional housing opportunities.

At 948 Main Street, the Planning and Zoning Commission approved a special permit for a boutique hotel. The project authorizes a new 22-room hotel structure through consolidation of two parcels and represents a targeted hospitality investment in the Main Street corridor. This will support downtown businesses, visitors, university-related activity, and continued reinvestment in Willimantic's historic core.

Other current activity includes continued planning for the Kramer Building, environmental study work at the Giant Vac property and Windham Mills Mill 4 site, the Town's disposition strategy for 760 Main Street, demolition and cleanup work at 85 Bridge Street, and construction activity at 671 Windham Road. Taken together, these projects show a stronger and more current development pipeline than the older list of transactions previously reported in this letter.

Major Projects

The Town continues to pursue major projects that improve municipal infrastructure, reduce long-term costs, and support redevelopment. Prior energy conservation work reduced municipal energy consumption through lighting upgrades, solar installations, and fuel conversions. The Town continues to consider energy efficiency, resilience, and emergency preparedness in capital planning. The Town is planning to add carports to the Community Center parking lot and replacing solar and cogens at Windham Middle School. Solar will provide 100% of the power for the Community Center at a fixed rate over 20 years.

Recent and ongoing priorities include continued coordination around downtown redevelopment, environmental assessment and remediation planning, reuse of town-owned or distressed properties, public infrastructure tied to housing and economic development, and long-term planning for the Windham Mills and Mill 4 area. These projects are complicated and often require coordination among local boards, state agencies, developers, engineers, environmental consultants, and private property owners.

Housing Initiatives

Windham has long provided a substantial share of the region's affordable and multi-family housing. According to state affordable housing records cited in prior Town reporting, Windham exceeds the statutory ten percent affordable housing threshold, with more than a quarter of its housing stock classified as affordable to low- and moderate-income households. The Town also contains a significant inventory of apartments, mobile homes, elderly housing, public housing, supportive housing, and subsidized housing.

The Willimantic Housing Authority provides housing assistance through low-rent public housing and the Housing Choice Voucher Program. Larger housing communities in Town include Ashton Towers, Briarwood Apartments, Cedarwood, Wilbur Cross Apartments, Eastman Terrace, 560 on Main, Ga-Na-Den, Nathan Hale Terrace, Hevrin Terrace, Father Honan Terrace, Ivy Gardens, Kingswood Apartments, Village Heights, Windham Heights, and Wyndham Park Apartments.

The Town's housing challenge is no longer limited to affordability alone. Windham must also support home ownership, improve housing quality, encourage reinvestment in older units, manage demand for student and workforce housing, and ensure that new housing is supported by adequate infrastructure, drainage, transportation, utilities, and neighborhood compatibility.

Planned Projects

The Intermodal Transportation Center opened to the public on October 23, 2021 and continues to support downtown residents, employees, visitors, transit users, and businesses. The facility remains an important downtown asset, particularly as additional housing and commercial activity move forward in the Main Street area.

Downtown Willimantic continues to offer redevelopment opportunities in older commercial buildings, former industrial sites, and underused parcels. The Town has benefited from private investment in several historic and downtown properties, including mill buildings, former institutional buildings, commercial buildings, and vacant or distressed sites. The current pipeline at 804 Main Street, 664 Main Street, 948 Main Street, 760 Main Street, the Kramer Building, and the Windham Mills area reflects the next stage of that work.

The Town continues to pursue reuse strategies for town-owned or distressed properties. These properties often require environmental review, building condition analysis, legal coordination, site control, title review, or demolition before they can return to productive use. Work at the Kramer Building, 760 Main Street, 85 Bridge Street, and other properties reflect the Town's effort to move difficult sites from liability toward reuse.

Public infrastructure and recreation projects also remain important to long-term planning. The Town has continued work related to parks, trails, downtown public spaces, bridge and access planning, and public facilities. These investments improve quality of life while supporting redevelopment, tourism, and private investment.

Public Safety & Innovative Energy Security

Windham previously earned certification as a Bronze Community under Sustainable CT. The Town's micro-grid project at Windham Middle School and Sweeney Elementary School provides alternative power and supports emergency shelter operations during outages. Continued attention to emergency preparedness, facility resilience, and public safety remains important as the Town maintains aging infrastructure and responds to increasing service demands.

Education

The renovation of Windham High School as new was approved by the State and voters in 2017 and completed in 2025, with the State funding a substantial share of eligible costs. Education remains a central part of Windham's civic and economic identity through Windham Public Schools, Windham Technical High School, Eastern Connecticut State University, ACT, and other educational partners.

The Town has also remained active in discussions concerning the future of Windham Technical High School. Keeping that institution in Windham remains an important local priority because of its workforce, educational, and economic development value.

The Band Shell and other downtown improvements through grants obtained by the Town's Office of Economic & Community Development:

Grant-funded downtown improvements have helped strengthen Willimantic's public spaces and support private reinvestment. Prior Urban Act funding supported facade and roof improvements, sidewalk and streetscape work, lighting, trash receptacles, access improvements, Jillson Square improvements, decorative fencing, and construction of the band shell. These projects continue to support downtown events, business activity, and the broader effort to make Main Street a stronger civic and commercial center.

In addition, the State of Connecticut has passed grants through the Town to improve recreational opportunities including the Air Line Trail system with additional bridges, trail, access and parking improvements and the Whitewater Park improvements.

The Town has also used state brownfield and redevelopment funding to assess and plan for the reuse of distressed or underused properties. This work remains important as environmental issues continue to affect several high-priority redevelopment sites. Several examples include: Mill #4, the Kramer Building, the Former Knight's Oil gas station, and the former Giant Vac facility.

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Population and Density

Actual			
Year	Population ¹	% Increase	Density ²
2024 ³	23,961	-1.9%	858.8
2020	24,425	-3.3%	875.4
2010	25,268	10.5%	905.7
2000	22,857	3.7%	819.2
1990	22,039	4.6%	789.9
1980	21,062	7.3%	754.9
1970	19,626	15.6%	703.4

¹ U.S. Department of Commerce, Bureau of Census.

² Per square mile: 27.9 square miles.

³ American Community Survey 2020-2024.

Age Distribution of the Population

Age	Town of Windham		State of Connecticut	
	Number	Percent	Number	Percent
Under 5 years	1,138	4.7%	181,691	5.0%
5 to 9 years	1,322	5.5	195,164	5.4%
10 to 14 years	1,465	6.1	214,972	5.9%
15 to 19 years	2,211	9.2	239,710	6.6%
20 to 24 years	2,823	11.8	238,387	6.6%
25 to 34 years	3,453	14.4	454,892	12.6%
35 to 44 years	2,570	10.7	460,916	12.7%
45 to 54 years	2,672	11.2	453,917	12.5%
55 to 59 years	1,313	5.5	256,068	7.1%
60 to 64 years	1,566	6.5	258,234	7.1%
65 to 74 years	2,200	9.2	386,232	10.7%
75 to 84 years	918	3.8	196,373	5.4%
85 years and over	310	1.3	87,952	2.4%
Total.....	23,961	100%	3,624,508	100%
Median Age (Years) 2024.....	33.7		41.1	
Median Age (Years) 2010 ¹	30.4		40.0	

¹ U.S. Department of Commerce, Bureau of Census, 2010.

Source: American Community Survey 2020-2024.

Income Levels

	Town of Windham	State of Connecticut
Per Capita Income, 2024.....	\$ 28,246	\$ 55,915
Median Family Income, 2024.....	\$ 61,367	\$ 122,706
Median Household Income, 2024.....	\$ 55,736	\$ 95,781

Source: American Community Survey 2020-2024.

Income Distribution

Income	Town of Windham		State of Connecticut	
	Families	Percent	Families	Percent
\$0 - \$ 9,999.....	293	5.8%	24,004	2.6%
10,000 - 14,999.....	193	3.8	12,584	1.4%
15,000 - 24,999.....	250	5.0	27,285	3.0%
25,000 - 34,999.....	774	15.4	33,429	3.6%
35,000 - 49,999.....	643	12.8	59,826	6.5%
50,000 - 74,999.....	807	16.0	106,611	11.6%
75,000 - 99,999.....	536	10.7	106,893	11.6%
100,000 - 149,999.....	856	17.0	182,785	19.8%
150,000 - 199,999.....	362	7.2	131,310	14.3%
200,000 and over.....	317	6.3	236,661	25.7%
Total.....	5,031	100.0%	921,388	100.0%

Source: American Community Survey 2020-2024.

Educational Attainment

	Town of Windham		State of Connecticut	
	Number	Percent	Number	Percent
Less than 9th grade.....	1,118	9.0%	101,458	4.0%
9th to 12th grade.....	1,345	10.9	114,887	4.5
High School graduate.....	5,237	36.1	647,192	25.3
Some college, no degree.....	2,637	19.4	410,903	16.1
Associate's degree	1,262	6.1	195,081	7.6
Bachelor's degree.....	1,874	10.1	595,631	23.3
Graduate or professional degree.....	1,529	8.4	489,432	19.2
Total.....	15,002	100.0%	2,554,584	100.0%
Total high school graduate or higher (%)......		83.6%		91.5%
Total bachelor's degree or higher (%)......		22.7%		42.5%

Source: American Community Survey 2020-2024.

Major Employers

Employer	Type of Business	Approximate Number of Employees
Town of Windham ¹	Municipality	950-1,099
Eastern Connecticut State University ²	Higher Education	950-1,099
Casella (formerly Willimantic Waste Paper Co.) ...	Recycling collection	250-499
Hartford Healthcare (Windham Hospital).....	Health care	250-499
Wal-Mart Supercenter.....	Department store	250-499
Prysmian Group (former General Cable).....	Cable Manufacturing	250-499
United Abrasives, Inc.....	Manufacturing	250-499
St. Joseph Living Center.....	Nursing Home	100-249
Ahold Delhaize (Super Stop & Shop).....	Grocery store	100-249
Department of Children and Families (DCF)	State of Connecticut	100-249
Department of Social Services	State of Connecticut	100-249
Perception Programs.....	Health Treatment Center	100-249
Douglas Manor Nursing & Rehab.....	Vocational Rehabilitation	100-249
Kohl's.....	Department store	100-249
Vanderman Place.....	Nursing & Convelescent	100-249

¹ Includes Town and Windham Public School employees.

² Includes adjunct faculty.

Source: State of Connecticut, Department of Labor

Employment by Industry
Employed Persons 16 Years of Age and Over

Sector	Town of Windham		State of Connecticut	
	Number	Percent	Number	Percent
Agriculture, forestry, fishing and hunting, and mining.....	187	1.7%	7,132	0.4%
Construction.....	523	4.7	113,006	6.1
Manufacturing.....	1,035	9.3	198,526	10.7
Wholesale trade.....	214	1.9	35,592	1.9
Retail trade.....	1,860	16.7	192,698	10.4
Transportation warehousing, and utilities.....	500	4.5	87,076	4.7
Information.....	70	0.6	37,488	2.0
Finance, insurance, real estate, and leasing....	395	3.6	161,226	8.7
Professional, scientific, management, administrative, and waste management.....	612	5.5	228,229	12.3
Education, health and social services.....	3,576	32.1	496,559	26.8
Arts, entertainment, recreation, accommodation and food services.....	1,216	10.9	143,851	7.8
Other services (except public admin.).....	535	4.8	80,617	4.4
Public Administration.....	402	3.6	67,864	3.7
Total Labor Force, Employed.....	11,125	100.0%	1,849,864	100.0%

Source: American Community Survey 2020-2024.

Percentage Unemployed

Period	Town of Windham		Percentage Unemployed		
	Employed	Unemployed	Town of Windham	Putnam-Northeast Labor Market	State of Connecticut
June 2026	10,786	838	7.2	5.0	4.9
Annual Average					
2025.....	11,225	598	5.1	4.1	3.9
2024.....	11,783	517	4.2	3.4	3.5
2023.....	11,634	554	4.5	3.7	3.7
2022.....	11,650	654	4.0	3.9	4.1
2021.....	10,795	980	8.3	6.2	6.6
2020.....	11,464	1,027	8.2	6.9	7.3
2019.....	11,889	601	4.8	4.0	3.7
2018.....	11,784	657	5.3	4.4	4.1
2017.....	11,805	721	5.8	4.9	4.7
2016.....	11,652	789	6.3	5.6	5.3

Source: State of Connecticut, Department of Labor.

Commute to Work

	Town of Windham		State of Connecticut	
	Number	Percent	Number	Percent
Drove alone	7,911	74.2%	1,247,615	68.8%
Car pools	919	8.6	142,552	7.9
Used public transportation	329	3.1	60,136	3.3
Walked	661	6.2	44,871	2.5
Used other means	190	1.8	28,498	1.6
Worked at home	653	6.1	291,021	16.0
Total	10,663	100.0%	1,814,693	100.0%
Mean travel to work (minutes)	24.3		26.5	

Source: American Community Survey 2020-2024.

Housing Inventory

Housing Units	Town of Windham		State of Connecticut	
	Units	Percent	Units	Percent
1-unit, detached.....	4,292	43.7%	902,771	58.6%
1-unit, attached.....	459	4.7	99,493	6.5
2 units	1,322	13.5	115,211	7.5
3 or 4 units	1,414	14.4	125,486	8.1
5 to 9 units	1,287	13.1	76,014	4.9
10 to 19 units	327	3.3	54,675	3.5
20 or more units	352	3.6	156,730	10.2
Mobile home.....	369	3.8	10,890	0.7
Boat, RV, van, etc.....	-	-	552	0.0
Total Inventory.....	9,822	100.0%	1,541,822	100.0%

Source: American Community Survey 2020-2024.

Age Characteristics of Housing

Year Built	Town of Windham		State of Connecticut	
	Units	Percent	Units	Percent
1939 or earlier.....	3,492	35.6%	311,584	20.2%
1940 to 1969.....	2,913	29.7	514,365	33.4
1970 to 1979.....	1,520	15.5	210,797	13.7
1980 to 1989.....	864	8.8	199,083	12.9
1990 to 1999.....	388	4.0	115,803	7.5
2000 or 2009.....	482	4.9	109,783	7.1
2010 or later.....	163	1.7	80,407	5.2
Total Housing Units	9,822	100.0%	1,541,822	100.0%

Source: American Community Survey 2020-2024.

Value of Owner-Occupied Housing

Specified Owner-Occupied Units	Town of Windham		State of Connecticut	
	Number	Percent	Number	Percent
Less than \$50,000.....	303	6.9%	23,262	2.4%
\$50,000 to \$99,000.....	209	4.7	14,209	1.5
\$100,000 to \$149,999.....	542	12.3	31,134	3.3
\$150,000 to \$199,000.....	919	20.8	65,851	6.9
\$200,000 to \$299,999.....	1,772	40.2	205,349	21.5
\$300,000 to \$499,999.....	646	14.7	350,277	36.8
\$500,000 to \$999,999.....	18	0.4	197,853	20.8
\$1,000,000 or more.....	-	-	65,054	6.8
Total.....	4,409	100.0%	952,989	100.0%
Median Value.....	\$209,800		\$366,900	

Source: American Community Survey 2020-2024.

Building Permits Last Ten Years

Ending 6/30	Residential		Commercial / Industrial		All Categories	
	No.	Value	No.	Value	No.	Value
2026	687	\$ 13,770	150	\$ 24,365	837	\$ 38,135
2025	734	12,003	215	21,697	949	33,699
2024	779	12,508	164	17,173	943	29,680
2023	695	9,805	167	15,918	862	25,723
2022	673	9,168	131	60,785	804	69,953
2021	670	9,066	112	22,676	782	31,742
2020	592	7,896	9	116	601	8,012
2019	704	6,479	193	10,515	897	16,994
2018	651	10,140	912	23,084	1,563	33,224
2017	657	5,658	936	12,186	1,593	17,844

Sources: Building Department, Town of Windham.

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IV. Tax Base Data

Property Tax

Assessments

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 Assessor's Office. The Grand List represents the total of assessed value for all taxable real property, personal property and motor vehicles located within the Town as of October 1. Assessments for real property are computed at 70% of the estimated market value at the time of the last general revaluation.

The Town's last revaluation of real property was completed as of October 1, 2023. Pursuant to Section 12-62 *et. seq.* of the Connecticut General Statutes, as amended, the Town must next revalue all real estate as of October 1, 2028, and every fifth year thereafter.

Any taxpayer who is unsatisfied with any new assessment may file a written appeal of such assessment with the Town's Board of Assessment Appeals and may receive, subject to the discretion of the Board of Assessment Appeals, an appeal hearing and final determination of any increase or decrease from the property's original assessment. Each year the Board of Assessment Appeals determines whether adjustments to the Assessor's list on assessments under appeal are warranted.

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 Official. A physical appraisal is then completed and the structure classified and priced from a schedule developed at the time of the last general revaluation. The property depreciation and obsolescence factors are also considered when arriving at an equitable value.

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

Motor Vehicles. Motor vehicle lists are furnished to the Town by the State of Connecticut and appraisals of motor vehicles are accomplished in accordance with an automobile price schedule developed by the Connecticut Association of Assessing Officials. Section 12-71b of the Connecticut General Statutes, as amended, provides that motor vehicles which are registered with the Commissioner of Motor Vehicles after the October 1 assessment date but prior to the first day of August in such assessment year, are subject to a property tax as if the motor vehicle had been included on the October 1 Grand List. The tax is prorated, and the pro-ratio is based on the number of months of ownership, including the month of registration, to the next succeeding October 1. Cars purchased in August and September are not taxed until the next October 1 Grand List. If the motor vehicle replaces a motor vehicle that was taxed on the October 1 Grand List, the taxpayer is entitled to certain credits. Assessments for motor vehicles are computed at 70% of the annual appraisal of market value.

Section 12-124a of the Connecticut General Statutes, as amended, permits a municipality, upon approval by its legislative body, to abate property taxes on owner-occupied residences to the extent that the taxes exceed eight percent of the owner's total income from any source, adjusted for self-employed persons to reflect expenses allowed in determining adjusted gross income. The owner must agree to pay the amount of taxes abated with interest at 6% per annum, or at such rate approved by the legislative body, at such time that the residence is sold or transferred or on the death of the last surviving owner. A lien for such amounts is recorded in the land records but does not take precedence over any mortgage recorded before the lien. The Town has approved the use of this abatement provision.

Connecticut General Statutes section 12-71(e), as amended, allows municipalities to tax motor vehicles at a different rate than other taxable property, but caps the motor vehicle tax rate at 32.46 mills for the assessment year commencing October 1, 2021, and each assessment year thereafter. Section 4-66l of the General Statutes, as amended (“Section 4-66l”), diverts a portion of state collected sales tax revenue to provide funding to municipalities to mitigate the revenue loss attributed to the motor vehicle property tax cap. The Town’s mill rate for motor vehicles for the current 2025 assessment year (the fiscal year ending June 30, 2027) is 32.46 mills. The entire revenue loss from the motor vehicle tax cap will come from the State MV Transition grant.

Levy

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 property taxes are payable in two equal installments on July 1 and January 1 following the levy date and personal property and motor vehicle taxes are payable in one installment on July 1 following the levy date, although a 30-day grace period is provided. Motor vehicle supplemental bills are payable on January 1. A modest estimate for outstanding interest and lien fees anticipated to be collected during the fiscal year is normally included as a revenue item in the budget. Payments not received within one month after the due date become delinquent, with interest charged at the rate of one and one-half percent per month from the due date on 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.

Delinquent motor vehicle and personal property accounts are transferred to a suspense account after three years at which time they cease to be carried as receivables. Real estate accounts are transferred to suspense 15 years after the due date in accordance with state statutes.

Property tax revenues 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 (within 60 days) to be used to pay liabilities of the current period. Property taxes receivable not expected to be collected during the available period are reflected as unavailable revenue – property taxes.

Section 12-165 of the Connecticut General Statutes, as amended, requires each municipality to write off, on an annual basis, the property taxes which are deemed to be uncollectible.

Comparative Assessed Valuations (in thousands)

Grand List of 10/1	Commercial			Personal Property (%)	Motor Vehicle (%)	Gross Taxable Grand List	Less Exemption	Net Taxable	
	Residential Real Property (%)	& Industrial Real Property (%)	Other Real Property (%)					Grand List	Percent Change
2025	55.7	22.0	1.5	7.9	10.8	\$ 1,468,515	\$ 47,123	\$ 1,421,392	1.94%
2024	58.4	23.1	1.3	6.7	10.5	1,438,438	44,090	1,394,348	-0.04%
2023 ¹	56.5	22.5	1.5	8.4	11.1	1,437,992	43,148	1,394,844	34.43%
2022	48.5	25.6	1.7	11.1	13.1	1,080,714	43,077	1,037,637	2.50%
2021	48.3	26.3	2.0	10.9	12.5	1,064,047	51,744	1,012,303	4.20%
2020	48.7	26.6	1.9	11.3	11.5	1,023,257	51,711	971,546	1.06%
2019	49.4	26.6	1.7	11.3	11.0	1,012,588	51,271	961,317	1.15%
2018 ¹	49.4	26.6	1.7	11.5	10.9	1,002,046	51,614	950,432	6.41%
2017	48.4	23.9	3.6	12.8	11.3	943,009	49,800	893,209	0.60%
2016	48.4	23.9	3.6	12.8	11.4	939,779	51,874	887,905	0.70%

¹ Revaluation.

Ten Largest Taxpayers

Name	Nature of Business	Taxable Valuation	Percent of Net Taxable Grand List ¹
Connecticut Light & Power.....	Utility	\$ 33,751,620	2.37%
Willimantic Waste Paper Co. Inc.....	Apartments	25,589,140	1.80%
Vesta Windham LLC.....	Utility	23,284,380	1.64%
Yankee Gas.....	Real Estate	14,192,060	1.00%
MHC Stonegate Manor LLC.....	Apartments	13,497,450	0.95%
Colonial BT LLC.....	Commercial	10,971,260	0.77%
Walmart Real Estate Business Trust....	Commercial	8,883,790	0.63%
Willimantic Station LLC.....	Commercial	8,598,220	0.60%
NL Grocery II Dst.....	Apartments	8,128,720	0.57%
Caleb Village Heights.....	Apartments	7,692,470	0.54%
Total.....		\$ 154,589,110	10.88%

¹ Based on October 1, 2025 Net Taxable Grand List of \$1,421,392,000.

Source: Tax Assessor, Town of Windham

Property Tax Levies and Collections

Fiscal Year Ending 6/30	Grand List of 10/1	Net Taxable Grand List (000s)	Mill Rate	WSD Mill Rate	Adjusted Annual Levy (000s)	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 6/30/2026 ¹
2027 ¹	2025	\$ 1,421,392	28.83	38.80	N/A	<i>IN COLLECTION</i>		
2026 ¹	2024	1,394,348	27.85	37.02	\$ 47,016	98.1%	1.9%	1.90%
2025	2023 ²	1,394,844	27.89	37.06	47,016	97.8%	2.2%	0.93%
2024	2022	1,037,637	36.21	47.40	43,736	97.7%	2.3%	0.79%
2023	2021	1,012,303	35.51	46.70	41,091	97.3%	2.7%	0.51%
2022	2020	971,546	37.21	50.09	43,310	97.1%	2.9%	0.00%
2021	2019	961,317	36.80	49.98	42,280	97.3%	2.7%	0.00%
2020	2018 ²	950,432	36.44	49.17	41,629	99.0%	1.0%	0.00%
2019	2017	893,209	37.50	49.60	40,152	98.3%	1.7%	0.00%
2018	2016	887,905	36.67	47.63	38,469	98.6%	1.4%	0.00%

¹ Subject to audit.

² Revaluation.

Sources: Tax Collector's Office, Town of Windham.

Property Tax Receivables

Fiscal Year Ending 6/30	Town of Windham		Town of Windham and Willimantic Service District	
	Current Year	Total	Current Year	Total
2026 ¹	\$ 120,537	\$ 338,233	\$ 767,387	\$ 1,238,009
2025	342,941	536,202	687,603	1,724,631
2024	333,999	528,149	652,308	1,667,285
2023	353,944	539,091	748,995	1,656,025
2022	366,758	542,466	889,569	1,702,274
2021	340,218	428,198	799,658	1,408,583
2020	375,125	425,720	882,401	1,393,584
2019	141,500	174,514	208,056	646,420
2018	228,936	320,207	425,218	980,415
2017	360,557	408,182	486,018	973,835

¹ Subject to audit.

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V. Debt Summary
Principal Amount Of Bonded Indebtedness
Long-Term Debt
As of September 25, 2026

Long-Term Debt			Amount of	Outstanding	
Dated	Purpose	Rate %	Original Issue	After This Issue	Final Maturity
04/01/14	General Purpose.....	2.00-4.00	\$ 6,160,900	\$ 1,600,000	2033
04/01/14	School.....	2.00-4.00	1,660,000	560,000	2033
10/29/19	General Purpose, Series A.....	3.00-4.00	12,592,300	7,747,000	2046
10/29/19	School, Series A.....	3.00-4.00	3,702,700	3,863,000	2046
10/29/19	General Purpose, Series B.....	3.37-4.00	137,000	93,730	2040
10/29/19	School, Series B.....	3.37-4.00	2,138,000	1,461,270	2040
10/01/20	General Purpose.....	4.00-5.00	9,240,000	7,640,000	2046
10/01/20	Sewer.....	4.00-5.00	11,370,000	10,125,000	2046
10/01/20	Water.....	4.00-5.00	2,595,000	2,310,000	2046
09/30/21	General Purpose.....	2.00-4.00	12,125,000	10,385,000	2045
09/29/22	General Purpose.....	4.00-5.00	975,000	885,000	2047
09/29/22	School.....	4.00-5.00	9,000,000	8,220,000	2047
09/28/23	General Purpose.....	4.00-5.00	3,507,000	3,332,000	2046
09/28/23	School.....	4.00-5.00	1,343,000	1,273,000	2046
05/31/24	Clean Water Fund.....	2.00	312,008	276,907	2044
09/27/24	General Purpose.....	3.25-5.00	1,575,000	1,575,000	2047
09/27/24	School.....	3.25-5.00	4,595,000	4,595,000	2047
Total Outstanding.....			\$ 83,027,908	\$ 65,941,907	

Short-Term Debt
As of September 25, 2026
(Pro-Forma)

Project	Aggregate Amount Authorized	This Issue: The Notes Due: 9/24/27
Windham High School Renovation	\$ 112,332,777	\$ 11,200,000
2025 Town Capital Projects	4,575,000	1,000,000
2026 BOE Capital Projects	937,000	440,000
WWW - Lead Line Replacement Project	4,500,000	3,375,000
WWW - Water Main Relining & Replacement ...	4,426,000	1,250,000
Total	\$ 126,770,777	\$ 17,265,000

Annual Bonded Debt Maturity Schedule ¹
As of September 25, 2026
(Pro Forma)

Fiscal Year Ended 6/30	Principal Payments	Interest Payments	Total Payments	Total Principal	Cumulative Principal Retired %
2027 ¹	\$ 13,000	\$ 1,293,661	\$ 1,306,661	\$ 13,000	0.02%
2028	3,485,600	2,509,055	5,994,655	3,485,600	5.31%
2029	3,510,600	2,355,292	5,865,892	3,510,600	10.63%
2030	3,550,600	2,195,905	5,746,505	3,550,600	16.01%
2031	3,570,600	2,035,520	5,606,120	3,570,600	21.43%
2032	3,535,600	1,875,538	5,411,138	3,535,600	26.79%
2033	3,555,600	1,723,181	5,278,781	3,555,600	32.18%
2034	3,575,600	1,575,474	5,151,074	3,575,600	37.60%
2035	3,295,600	1,433,617	4,729,217	3,295,600	42.60%
2036	3,325,600	1,304,267	4,629,867	3,325,600	47.65%
2037	3,350,600	1,180,799	4,531,399	3,350,600	52.73%
2038	3,375,600	1,058,507	4,434,107	3,375,600	57.85%
2039	3,400,600	935,214	4,335,814	3,400,600	63.00%
2040	3,420,600	811,012	4,231,612	3,420,600	68.19%
2041	3,330,600	691,000	4,021,600	3,330,600	73.24%
2042	3,360,600	576,131	3,936,731	3,360,600	78.34%
2043	3,385,600	459,509	3,845,109	3,385,600	83.47%
2044	3,414,301	339,990	3,754,291	3,414,301	88.65%
2045	3,430,000	219,441	3,649,441	3,430,000	93.85%
2046	2,890,000	103,844	2,993,844	2,890,000	98.23%
2047	735,000	33,513	768,513	735,000	99.35%
2048	430,000	9,138	439,138	430,000	100.00%
Total.....	\$ 65,941,901	\$ 24,719,608	\$ 90,661,509	\$ 65,941,901	

¹ Excludes principal payments of \$3,147,600 and interest payments of \$1,356,358 made between July 1, 2026 and September 25, 2026.

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Overlapping/Underlying Debt

The Town of Windham has neither overlapping nor underlying debt.

Temporary Financing

When general obligation bonds have been authorized, bond anticipation notes may be issued maturing in not more than two years (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 project costs or temporary notes when they become due and payable and the legislative body schedules principal reductions by the end of the third year from the date of original issue and again for all subsequent years during which such temporary notes remain outstanding in an amount equal to a minimum of 1/20th (1/30th for sewer projects and certain school building projects) of the estimated net project cost (CGS Sec. 7-378a), subject to the exception set forth in CGS 10-287f. The term of any 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 or school 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 15 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 following the issuance of such notes (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 15 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).

Maturities

General obligation bonds (serial and term) are required to be payable in maturities wherein a succeeding maturity may not exceed any prior maturity by more than 50% or aggregate annual principal and interest payments must be substantially equal. The first installment of any series of bonds shall mature not later than three years from the date of the issue of such series. Pursuant to state law, all bonds issued on or after July 1, 2017, including sewer and school bonds, shall be due not later than thirty years from the date of their issuance.

Clean Water Fund Program

The Town is a participant in the State of Connecticut's Clean Water Fund Program (General Statutes Sections 22-475 et seq., as amended) for its \$19,788,728 Phase I wastewater treatment facility upgrade. The Town's Clean Water Fund bonds for this project were refinanced through General Obligation Bonds in September 2020. The Town is also a participant for its \$312,008 Water Meter Upgrade, with \$276,907 outstanding as of September 25, 2026. Debt service for the project is paid from user fees. The program provides financial assistance through a combination of grants and loans bearing interest at 2% per annum. All participating municipalities receive a grant of 20% and a loan of 80% of total eligible costs.

Loans to each municipality are made pursuant to a Project Grant and Project Loan Agreement. Each municipality is obligated to repay only that amount that it draws down for the payment of project costs (Interim Funding Obligation). Each municipality must deliver to the State an obligation secured by the full faith and credit of the municipality and/or a dedicated source of revenue of such municipality.

Amortization of each loan is required to begin one year from the earlier of the project's scheduled completion date specified in the Loan Agreement or the actual project completion date. The final maturity of each loan is 20 years from the scheduled completion date. Principal and interest payments are payable 1) in equal monthly installments commencing one month after the scheduled completion date, or 2) in a single annual installment representing 1/20th of total principal not later than one year from the project's scheduled completion date specified in the Loan Agreement, and thereafter in monthly installments. Borrowers may elect to make level debt service payments or level principal payments. Borrowers may prepay their loans at any time prior to maturity without penalty.

Debt Statement ¹
As of September 25, 2026
(Pro Forma)

Long-Term Debt Outstanding:

General Purpose	\$ 33,257,730
Schools	19,972,270
Sewer	10,125,000
Water	2,586,907
Total Long-Term Debt	65,941,907
Short-Term Debt (Includes this Issue Due: 9/24/2027)	17,265,000
Total Direct Debt	83,206,907
Less: School Construction Grants Receivable (As of June 30, 2026)	-
Total Direct Net Debt.....	83,206,907
Overlapping/Underlying Debt.....	-
Total Overall Net Debt.....	\$ 83,206,907

Current Debt Ratios
As of September 25, 2026
(Pro Forma)

Population ¹	23,961
Net Taxable Grand List at 70% of Full Value (10/1/25)	\$ 1,421,392,000
Estimated Full Value	\$ 2,030,560,000
Equalized Net Taxable Grand List (10/1/24) ²	\$ 2,453,889,358
Money Income per Capita (2024) ¹	\$ 28,246

	Total Direct Debt: \$83,206,907	Total Overall Net Debt: \$83,206,907
Debt per Capita.....	\$3,472.60	\$3,472.60
Ratio to Net Taxable Grand List.....	5.85%	5.85%
Ratio to Estimated Full Value.....	4.10%	4.10%
Ratio to Equalized Grand List.....	3.39%	3.39%
Debt per Capita to Money Income per Capita.....	12.29%	12.29%

¹ American Community Survey 2020-2024.

² Office of Policy and Management, State of Connecticut.

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Statement Of Statutory Debt Limitation
As of September 25, 2026
(Pro Forma)

Total Tax Collections (including interest and lien fees)

For the year ended June 30, 2026 ¹ \$ 47,451,322

Reimbursement For Revenue Loss:

Tax relief for elderly..... -

Base for Debt Limitation Computation..... \$ 47,451,322

	General Purpose	Schools	Sewers	Urban Renewal	Unfunded Pension
Debt Limitation:					
2 1/4 times base.....	\$ 106,765,475	-	-	-	-
4 1/2 times base.....	-	\$ 213,530,951	-	-	-
3 3/4 times base.....	-	-	\$ 177,942,459	-	-
3 1/4 times base.....	-	-	-	\$ 154,216,798	-
3 times base.....	-	-	-	-	\$ 142,353,967
Total Debt Limitation.....	\$ 106,765,475	\$ 213,530,951	\$ 177,942,459	\$ 154,216,798	\$ 142,353,967

Indebtedness: ²

Bonds Outstanding.....	\$ 33,257,730	\$ 19,972,270	\$ 2,586,907	\$ -	\$ -
Notes (This Issue)	6,065,000	11,200,000	-	-	-
Debt Authorized But Unissued	15,305,592	2,422,238	-	-	-
Total Indebtedness.....	54,628,322	33,594,508	2,586,907	-	-

Less:

State School Grants Receivable ³..... -

Total Net Indebtedness..... 54,628,322 33,594,508 2,586,907 - -

DEBT LIMITATION IN EXCESS

OF OUTSTANDING INDEBTEDNESS.... \$ 52,137,153 \$ 179,936,443 \$ 175,355,552 \$ 154,216,798 \$ 142,353,967

¹ Subject to audit.

² Excludes \$2,693,108 of outstanding water bonds as allowed under the Connecticut General Statutes.

³ 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.

Note: In no case shall total indebtedness exceed seven times annual receipts from taxation or \$332,159,257.

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**Authorized But Unissued Debt
As of September 25, 2026
(Pro Forma)**

Project	Aggregate Amount	Bonds Previously Issued	Cumulative Premium Applied	Grants / Paydowns	Statutory (Paydowns)	Maturing Notes Due: 9/25/26	This Issue:		Authorized but Unissued
	Authorized						New Money (Paydowns)	The Notes Due: 9/24/27	
Intramodal Transportation Center /									
Parking Garage ¹	\$ 12,800,000	\$ 5,478,600	\$ 221,400	\$ 1,100,000	\$ -	\$ -	\$ -	\$ -	\$ 6,000,000
Senior/Community Center	15,593,635	12,746,000	1,489,710	1,345,000	-	-	-	-	12,925
2018 Various Capital Projects (Jillson Park)	2,775,000	2,125,000	-	-	-	-	-	-	650,000
Windham High School Renovation	112,332,777	9,000,000	-	92,030,659	23,900	5,690,000	5,510,000	11,200,000	78,218 ²
2020 BOE Capital Projects	4,544,500	1,400,000	-	2,150,000	40,480	-	-	-	954,020
2020 Town Capital Projects	668,300	620,000	25,000	-	-	-	-	-	23,300
2023 BOE Capital Projects	1,825,000	1,250,000	-	-	-	-	-	-	575,000
2024 BOE Capital Projects	2,633,000	2,468,000	-	-	-	-	-	-	165,000
2025 BOE Capital Projects	1,470,000	820,000	-	-	-	-	-	-	650,000
2025 Town Capital Projects	4,575,000	1,575,000	-	-	-	1,000,000	-	1,000,000	2,000,000
2026 BOE Capital Projects	937,000	-	-	-	-	-	440,000	440,000	497,000
Public Safety Complex Renovation	1,947,722	-	-	-	-	-	-	-	1,947,722
2026 Town & PS Equipment	1,790,000	-	-	-	-	-	-	-	1,790,000
Windham Town Hall Renovations	3,200,000	2,116,355	-	-	-	-	-	-	1,083,645
WW - Lead Line Replacement Project	4,500,000	-	-	-	-	3,375,000	-	3,375,000	1,125,000
WW - Water Main Relining & Replacement ...	4,426,000	3,000,000	-	-	-	1,250,000	-	1,250,000	176,000
Total	\$ 176,017,934	\$ 42,598,955	\$ 1,736,110	\$ 96,625,659	\$ 64,380	\$ 11,315,000	\$ 5,950,000	\$ 17,265,000	\$ 17,727,830

¹ Project is expected to be \$1.1 million under budget and Town is expecting a \$6 million DECD grant.

² While the Town expects additional grant funding from the State to finance the project which will be used to pay off any outstanding notes, the Town does not anticipate bonding any additional amounts for this project.

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**Ratio of Net Long-Term Debt to Valuation, Population and Income
Last Five Fiscal Years**

Fiscal Year Ended 6/30	Net Assessed Value (000s)	Estimated Full Value ¹ (000s)	Net Long-Term Debt ² (000s)	Ratio of Net Long-Term Debt to Estimated Full Value (%)			Ratio of Net Long-Term Debt per Capita to Per Capita Income ⁴ (%)	
				Ratio of Net Long-Term Debt to Assessed Value (%)	Population ³	Net Long-Term Debt per Capita		
2026 ⁵	\$ 1,394,348	\$ 1,991,926	\$ 68,810	4.93%	3.45%	23,961	\$ 2,871.75	10.17%
2025	1,394,844	1,992,634	72,110	5.17%	3.62%	23,961	3,009.47	10.65%
2024	1,037,637	1,482,339	68,860	6.64%	4.65%	23,961	2,873.84	10.17%
2023	1,012,303	1,446,146	66,330	6.55%	4.59%	23,961	2,768.25	9.80%
2022	971,546	1,387,923	58,410	6.01%	4.21%	23,961	2,437.71	8.63%

¹ Assessment Ratio: 70%.

² Long-Term debt less school building construction grants receivable.

³ American Community Survey, Bureau of Census, ACS 2020-2024.

⁴ Money Income per Capita: American Community Survey, Bureau of Census 2020-2024 data: \$28,246 used for all calculations.

⁵ Subject to audit.

**Ratio of Annual General Fund Long-Term Debt Service Expenditures
to Total General Fund Expenditures
Last Ten Fiscal Years**

Fiscal Year Ended 6/30	Ratio of General Fund Debt Service To Total General Fund Expenditures		
	Total Debt Service	Total General Fund Expenditures ¹	Ratio of General Fund Debt Service To Total General Fund Expenditures
2026 ²	\$ 1,903,705	\$ 86,198,966	2.21%
2025	2,755,630	95,562,018	2.88%
2024	3,040,570	92,382,251	3.29%
2023	3,113,293	88,818,349	3.51%
2022	2,593,356	84,942,306	3.05%
2021	2,448,245	82,337,919	2.97%
2020	2,081,209	82,372,978	2.53%
2019	2,098,191	77,249,583	2.72%
2018	2,628,933	83,932,732	3.13%
2017	2,175,072	80,660,168	2.70%

¹ GAAP basis of accounting. Includes Transfers out.

² Subject to audit. FY 2026 is on a budgetary basis of accounting.

Source: Annual Audited Financial Statements.

VI. Financial Administration

Fiscal Year

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

Basis of Accounting

See footnote number 1 in Appendix A "Notes to General Purpose Financial Statements."

Budget Adoption Procedure

The General Fund is the only fund for which an annual budget must be adopted by the Town at referendum. On or before March 1 and after input from each agency and department of the Town General Government, except the Board of Education, the Town Manager submits to the Town Council a proposed operating budget for the Town General Government. In addition, a program concerning capital improvement projects for the next five years and a method of financing them for the fiscal year commencing the following July 1 is also submitted.

On or before March 15, the Town Council and Board of Education present to the Board of Finance a budget prepared for the fiscal year commencing the following July 1 for both the Town and the BOE. The Town Manager presents an operating (Police and Fire Departments) and capital budget for the Willimantic Taxing District to the Board of the Willimantic Taxing District.

Copies of the budgets are made available to taxpayers five days prior to public hearings and five days prior to the annual budget meeting. The Board of Finance holds a public hearing to obtain taxpayer comments. A Town Meeting is held the first Tuesday in May and is adjourned to referendum on the second Tuesday in May. Should the recommended budgets fail at referendum, they are returned to the Board of Finance and the Board of the Willimantic Taxing District for adjustments. The budgets are legally enacted no later than seven days after the taxpayers approve it by referendum vote.

If the Town of Windham fails to approve an annual budget, the Charter provides the Town Council with the power to approve any and all necessary expenditures. This power is restricted by the Connecticut General Statutes, however, which limit such appropriations to an amount which does not exceed that of the previous fiscal year.

In the event a budget has not been approved by June 15th of any given year, the Charter provides that the Town Council may levy property taxes at a rate in mills which does not exceed the tax rate of the preceding fiscal year. However, the Connecticut General Statutes §12-123 provides broader power to the Town Council that when any Town has failed to levy taxes which are sufficient to pay current expenses of the Town, its Town Council shall make a rate bill for the amount necessary and cause the rate bill to be collected.

Upon request from the Town Manager, the Board of Finance and the Board of the Taxing District, respectively may transfer any unexpended and unencumbered appropriation, balance or portion thereof from one board, office or agency, except the Board of Education, to another on or before June 30. The Board of Finance must approve any additional appropriation and a Town Meeting must approve any additional appropriation over \$100,000.

The General Fund budget is prepared on a modified accrual basis of accounting. Encumbrances are recognized as valid and proper charges against a budget appropriation in the year in which the purchase order, contract or other commitment is issued and, accordingly, encumbrances outstanding at year-end are reflected in budgetary reports as expenditures in the current year. No officer of the Town shall expend or enter into any contract by which the Town shall become liable for any sum which, with any contract then in force, shall exceed the appropriation for the department, except in case of necessity connected with the repair of highways, bridges, sidewalks, and water and sewer systems and the case of the Town poor, and then not more than \$1,000. All unencumbered appropriations of the General Fund lapse at the end of the fiscal year.

Fiscal Year 2026-27 Budget

The Town's voters failed to approve the Town's Annual Budget for Fiscal Year 2026-27 on May 12, 2026 and June 12, 2026. A 3rd referendum is scheduled for September 22, 2026. However, per section X-7 of the Town Charter, the Town Council set the Town's General Government mill rate before June 15th at 27.85, the same as the previous fiscal year and issued tax bills. The Willimantic Taxing District ("WTD") budget was adopted on May 22, 2026 by the voters at referendum with a mill rate of 9.97, an increase of 0.80 from the previous year.

Audit

The Town of Windham, in accordance with the provisions of Chapter 111 of the Connecticut General Statutes, employs the services of a firm of independent certified public accountants to audit its financial records annually. The annual audits are conducted in compliance with Chapter 111 and contain the financial statements of the Town and the auditor's opinion thereon, in addition to specific comments and recommendations. The Town has not asked for nor has it been given permission to include the audited financial statements in this Official Statement.

Liability Insurance

See footnote number 12 in Appendix A "Notes to General Purpose Financial Statements."

Capital Improvement Plan

<i>Funding</i>	<i>Fiscal 2025-26</i>	<i>Fiscal 2026-27</i>	<i>Fiscal 2027-28</i>	<i>Fiscal 2028-29</i>	<i>Fiscal 2029-30</i>	<i>Total</i>
Capital Budget.....	\$ -	\$ 741,334	\$ 1,051,083	\$ 478,333	\$ 621,333	\$ 2,892,083
Grants.....	381,454	800,000	-	-	-	1,181,454
Bonds / Notes.....	937,000	4,090,000	720,000	615,000	440,000	6,802,000
<i>Total</i>	\$ 1,318,454	\$ 5,631,334	\$ 1,771,083	\$ 1,093,333	\$ 1,061,333	\$ 10,875,537

<i>Purpose</i>	<i>Fiscal 2025-26</i>	<i>Fiscal 2026-27</i>	<i>Fiscal 2027-28</i>	<i>Fiscal 2028-29</i>	<i>Fiscal 2029-30</i>	<i>Total</i>
Infrastructure.....	\$ -	\$ 2,658,000	\$ 389,750	\$ 325,000	\$ -	\$ 3,372,750
Public Works.....	381,454	490,000	630,000	385,000	615,000	2,501,454
Fire.....	-	1,608,334	296,333	108,333	108,333	2,121,333
Police.....	-	325,000	455,000	275,000	338,000	1,393,000
Schools.....	937,000	550,000	-	-	-	1,487,000
<i>Total</i>	\$ 1,318,454	\$ 5,631,334	\$ 1,771,083	\$ 1,093,333	\$ 1,061,333	\$ 10,875,537

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Pensions

The Town is the administrator of three separate single-employer Public Employee Retirement System (PERS) defined benefit contributory pension plans established and administered to provide pension benefits for its municipal employees, police and firefighters, and one separate single-employer PERS defined benefit noncontributory pension plan established and administered to provide pension benefits for its Board of Education full-time employees other than teachers. The PERS do not issue stand-alone financial statements and are considered to be part of the Town's financial reporting entity. As such, the PERS are included in the Town's fiduciary fund financial statements as pension trust funds.

Fire employees are required to contribute 9.0% of their straight time earnings plus holiday pay post-tax to the PERS. Police employees are required to contribute 9.0% of their straight time earnings post-tax. If a member leaves covered employment or dies before meeting the vesting requirements, accumulated employee contributions are refunded. The Town is required to contribute the remaining amounts necessary to finance the benefits for its fire and police employees. Benefits and employee contributions are fixed by contract and may be amended by union negotiations.

Municipal employees are required to contribute 1.5% of annual earnings to the PERS. The Board of Education is required to contribute the amounts necessary to finance the benefits for its employees. Board of Education employees are not required to contribute to the PERS. Benefits are fixed by contract and may be amended by union negotiations.

The Town's and Board of Education's funding policy provides for periodic employer contributions at actuarially determined rates, that, when expressed as a percentage of annual covered payroll, are sufficient to accumulate the assets needed to pay benefits when due. Contributions were determined in accordance with actuarially determined contribution requirements computed through actuarial valuations performed at various valuation dates. The employer's contributions were based on normal cost and an amortization of the unfunded actuarial accrued liability.

Net Pension Liability As of June 30, 2025

	<i>Municipal Employees</i>	<i>Board of Education</i>	<i>Police</i>	<i>Firefighters</i>
Total Pension Liability	\$ 33,341,200	\$ 15,996,616	\$ 38,613,368	\$ 22,481,133
Plan Fiduciary Net Position	27,317,019	14,937,354	34,579,094	20,740,738
Net Pension Liability	\$ 6,024,181	\$ 1,059,262	\$ 4,034,274	\$ 1,740,395
Covered Payroll	\$ 6,011,992	\$ 4,505,401	\$ 3,127,652	\$ 2,308,053
Plan Fiduciary Net Position as a % of the Total Pension Liability	81.93%	93.38%	89.55%	92.26%
Net Pension Liability as a % of Covered Payroll	100.20%	23.51%	128.99%	75.41%

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Pension Sensitivity Analysis: The following table presents the net pension liability of the Town, calculated using the current discount rates shown below. As well as what the Town's net pension liability (asset) would be if it were calculated using a discount rate that is one percentage lower or one percentage point higher than the current rate.

		Current	
	1%	Discount	1%
Net Pension Liability (Asset)	Decrease	Rate	Increase
	(5.50%)	(6.50%)	(7.50%)
Police.....	\$ 9,324,971	\$ 4,034,274	\$ (287,738)
Fire.....	\$ 4,493,044	\$ 1,740,395	\$ (547,481)
Municipal.....	\$ 10,098,028	\$ 6,024,181	\$ (2,597,191)
	(5.25%)	(6.25%)	(7.25%)
BOE.....	\$ 2,940,825	\$ 1,059,262	\$ (522,355)

Schedule of Employer Contributions

Fiscal Year	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
Fire PERS					
2026 ¹	\$ 858,730	\$ 858,730	\$ -	2,377,295	36.12%
2025	829,691	829,691	-	2,308,053	35.95%
2024	531,962	531,962	-	2,230,003	23.85%
2023	513,973	513,973	-	2,130,881	24.12%
2022	722,534	722,534	-	2,058,822	35.09%
Police PERS					
2026 ¹	\$ 1,534,368	\$ 1,534,368	\$ -	3,221,482	47.63%
2025	1,482,481	1,482,481	-	3,127,652	47.40%
2024	1,251,216	1,251,216	-	3,021,886	41.41%
2023	1,208,904	1,208,904	-	3,110,051	38.87%
2022	1,407,144	1,407,144	-	3,004,880	46.83%
Municipal PERS					
2026 ¹	\$ 1,543,547	\$ 1,543,547	\$ -	7,256,375	21.27%
2025	1,249,134	1,249,134	-	6,011,992	20.78%
2024	1,042,870	1,042,870	-	5,915,014	17.63%
2023	1,247,210	1,247,210	-	5,407,452	23.06%
2022	1,260,997	1,260,997	-	5,764,219	21.88%
Board of Education PERS					
2026 ¹	\$ 593,773	\$ 593,773	\$ -	5,018,293	11.83%
2025	575,619	575,619	-	4,505,401	12.78%
2024	600,203	648,800	(48,597)	4,635,595	14.00%
2023	623,149	623,149	-	4,823,548	12.92%
2022	616,796	616,796	-	4,753,569	12.98%

¹ Subject to audit.

Other Post-Employment Benefits

The Town administers an Other Post-Employment Benefits Plan (the “OPEB Plan”), which is a single-employer defined benefit, healthcare plan. The OPEB Plan provides healthcare and life insurance benefits for eligible retirees and their spouses through the Town’s group healthcare and life insurance plans, which covers both active and retired members. Benefit provisions are established through negotiations between the Town and the unions representing Town employees and are renegotiated each three-year bargaining period.

The Town’s total OPEB liability of \$11,403,150 was measured as of June 30, 2025, as determined by an actuarial valuation as of July 1, 2024. The total OPEB liability for Fiscal Year 2026 is estimated to be \$11.4 million. The Town has not accumulated any assets in a fiduciary trust for payment of benefits. Below is the change in total OPEB liability in detail.

Changes in Total OPEB Liability	2025	2024	2023
Total OPEB Liability:			
Service Cost.....	\$ 727,734	\$ 733,072	\$ 638,633
Interest on Total OPEB Liability.....	487,623	450,144	426,525
Changes in Benefit Terms.....	-	-	-
Differences Between Expected & Actual Experience...	(81,987)	570,354	105,970
Changes of Assumptions.....	(589,640)	(362,084)	253,274
Benefits Payments.....	(1,625,445)	(1,003,564)	(1,462,339)
Net Change in Total OPEB Liability.....	(1,081,715)	387,922	(37,937)
Total OPEB Liability, Beginning.....	12,484,865	12,096,943	12,134,880
Total OPEB Liability, Ending.....	\$ 11,403,150	\$ 12,484,865	\$ 12,096,943
Covered Payroll.....	\$ 41,688,438	\$ 41,688,438	\$ 40,711,366
Total OPEB Liability as a % of Covered Payroll.....	27.4%	29.9%	29.7%

Schedule of Contributions

Fiscal Year Ending	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2026 ¹	\$ 500,000	280%	n/a
6/30/2025	493,827	319%	\$ 11,403,150
6/30/2024	510,967	188%	12,484,865
6/30/2023	360,290	389%	12,096,943
6/30/2022	385,149	364%	12,134,880
6/30/2021	485,676	-25%	13,454,109
6/30/2020	450,056	-28%	13,397,020
6/30/2019	912,928	15%	10,908,086
6/30/2018	1,363,972	n/a	16,811,100
6/30/2017	1,090,918	n/a	13,278,841

¹ Subject to audit.

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates:

The following presents the total OPEB liability, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% point lower or 1% point higher than the current healthcare cost trend rates:

	1% Decrease (4.20%)	Current Discount Rate (5.20%)	1% Increase (6.20%)
Total OPEB Liability.....	\$ 12,575,631	\$ 11,403,150	\$ 10,376,715

Sensitivity of Estimates Using in Calculating the Total OPEB Liability:

The following presents the total OPEB liability, calculated using the current discount rate of 4.40% as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1% point lower or 1% point higher than the current discount rate utilized:

	1% Decrease 5.50% Decreasing to 3.40%	Healthcare Cost Trend Rates 6.50% Decreasing to 4.40%	1% Increase 7.50% Decreasing to 5.40%
Total OPEB Liability.....	\$ 10,089,602	\$ 11,403,150	\$ 12,969,233

Investment Policy

The Town maintains a cash management investment policy, adopted by the Board of Finance on June 17, 2009. The policy applies to all transactions involving the financial assets and related activity of all of the foregoing funds. Pension or other formal trust funds are exempted from the policy. The policy contains no limit in investment choices beyond those limited by Connecticut General Statutes. Connecticut General Statutes permit the Town to invest in obligations of the United States, including its agencies; in obligations of any state or of any political subdivision, authority or agency thereof, provided such obligations are rated within one of the top two rating categories of any nationally recognized rating service; or in obligations of the State of Connecticut or of any regional school district, town, city, borough or metropolitan district thereof, provided such obligations are rated within one of the top three rating categories of any recognized rating service. The pension trust funds may also invest in certain real estate mortgages, in certain savings banks or savings and loan associations, or in stocks or bonds or other securities selected by the trustee, with the care of a prudent investor. In accordance with Connecticut General Statutes, the Town Council designates the qualified public depositories which the Treasurer may use for public deposits, including investments. The Town Controller and Finance Director invest the Town's operating and working capital funds accordingly.

In addition, the Town monitors the risk-based capital ratios and collateral requirements of the qualified public depositories, as defined by the Connecticut General Statutes, Section 36-382, for which it places deposits or makes investments. See Appendix A – "Audited Financial Statements, Notes to the Financial Statements" herein regarding the Town's cash and cash equivalents and investments.

The pension funds for Town employees are invested by professional portfolio managers chosen by the trustees of the Town's pension fund and their investment advisor. The portfolio managers make investment decisions based on guidelines established by the trustees of the pension funds in the Town's Investment Policy Statement ("IPS").

Teachers in the Town's school system participate in the Connecticut Teachers' Retirement System. The investment of teachers' funds is managed by the State.

Risk Management

The Town of Windham maintains a comprehensive insurance program to manage and mitigate its exposure to loss in the areas of employee benefits, workers' compensation, general liability, and property damage.

The Town is self-insured for health benefits, with Anthem Blue Cross Blue Shield serving as the plan administrator. Workers' compensation was fully insured until 2015; in June 2015, the State of Connecticut authorized the Town to become self-insured effective January 1, 2016. A Third-Party Administrator (TPA) oversees the program, which is now in its 11th year. Stop-loss coverage is maintained at \$500,000 per claim for all employee classes except Fire and Police, which have a \$750,000 per claim limit.

A Safety Committee is in place to promote workplace safety, provide employee training, and allocate resources to correct unsafe conditions on Town property.

Based on the Town's 2025–2026 Schedule of Insurance, coverages and limits are as follows:

- **General Liability** – Occurrence basis; \$1,000,000 per occurrence / \$3,000,000 aggregate; no deductible.
- **Public Officials Employment Practices, School Board Employment Practices, Public Officials Liability, and School Board Legal Liability** – Claims-made basis; \$1,000,000 per wrongful act / \$3,000,000 aggregate; \$10,000 deductible.
- **Law Enforcement Liability** – Occurrence basis; \$1,000,000 per occurrence / \$3,000,000 aggregate; \$10,000 deductible.
- **Cyber Liability** – \$1,000,000 per occurrence / \$1,000,000 aggregate; \$10,000 deductible.
- **Property Insurance** – \$364,256,351 blanket limit; \$10,000,000 flood limit; \$5,000,000 earthquake limit; \$100,000,000 boiler & machinery limit. Deductibles: \$10,000 (blanket property), \$10,000 (boiler & machinery), \$250,000 (flood), and \$50,000 (earthquake).

The Town also purchases multiple excess liability policies, providing a combined limit of \$15,000,000 per occurrence and in the aggregate. These excess policies extend over all underlying liability coverages.

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General Fund Revenues and Expenditures
Four Year Summary of Audited Revenues and Expenditures, Estimated Actual (GAAP Basis)
and Adopted Budget (Budgetary Basis) (000s)

	Adopted Budget 6/30/2027^{1,2}	Estimated Actual 6/30/2026^{1,2}	Actual 6/30/2025	Actual 6/30/2024	Actual 6/30/2023	Actual 6/30/2022
Revenues:						
Property Taxes.....	\$ 49,476,399	\$ 45,833,329	\$ 46,078,137	\$ 42,494,417	\$ 41,587,943	\$ 43,239,220
Licenses & Permits.....	696,300	710,004	586,030	497,509	555,185	402,503
Fines & Penalties.....	9,900	7,673	9,423	11,079	95,926	110,174
Charges for Services.....	2,910,060	2,850,238	3,056,583	2,468,924	2,582,822	2,580,575
Intergovernmental.....	32,769,059	32,208,187	43,091,835	44,879,840	42,645,004	40,216,499
Investment Income.....	1,000,000	858,715	1,756,731	1,440,190	820,521	8,552
Other Revenue.....	1,030,923	595,402	983,148	478,325	240,783	351,974
Total.....	87,892,641	83,063,548	95,561,887	92,270,284	88,528,184	86,909,497
Expenditures:						
General Government	\$ 3,598,723	\$ 3,723,446	\$ 3,822,627	\$ 3,545,370	\$ 3,519,820	\$ 3,101,174
Public Safety	2,200,597	2,921,511	2,952,361	2,417,647	1,975,853	2,062,856
Public Works	5,396,879	4,807,229	4,494,323	4,212,307	3,888,882	3,554,469
Human Services.....	1,860,063	1,233,191	729,585	593,052	568,470	534,291
Civic and Cultrual	578,163	679,252	1,387,791	1,451,367	1,265,005	1,132,388
Education	53,156,736	52,154,784	60,370,152	58,500,978	56,072,646	55,366,205
Planning & Development.....	129,189	140,637	676,957	600,812	503,209	470,163
Other	3,951,119	4,364,535	4,038,436	3,999,052	3,765,579	3,632,792
Police.....	8,436,700	8,778,740	8,324,891	7,527,378	7,617,933	7,617,653
Fire.....	4,476,426	4,590,228	4,548,065	4,103,593	3,778,344	3,614,644
Miscellaneous	-	412	-	-	-	-
Capital Expenditures.....	-	-	-	-	-	-
Debt Service	3,799,333	1,903,705	2,755,630	3,040,570	3,113,293	2,593,356
Total.....	87,583,928	85,297,670	94,100,818	89,992,126	86,069,034	83,679,991
Excess (Deficiency) of Revenues						
Over Expenditures.....	308,713	(2,234,122)	1,461,069	2,278,158	2,459,150	3,229,506
Other financing sources (uses):						
Proceeds from Capital Leases.....	-	-	-	-	-	-
Proceeds from Refunding Bonds.....	-	-	-	-	-	-
Payment to Escrow Agent.....	-	-	-	-	-	-
Transfers In.....	659,000	625,000	240,000	220,000	248,471	1,252,964
Transfers Out.....	(967,713)	(901,296)	(1,461,200)	(2,390,125)	(2,749,315)	(1,262,315)
Total Other financing sources (uses).....	(308,713)	(276,296)	(1,221,200)	(2,170,125)	(2,500,844)	(9,351)
Excess (Deficiency) of Revenues and						
Other Financing Sources (Uses) over						
(Under) Expenditures and Other						
Financing Uses	-	(2,510,418)	239,869	108,033	(41,694)	3,220,155
Fund Balance, as originally reported	12,841,659	15,352,077	15,112,208	15,004,175	15,045,869	11,825,714
Adjustment.....	-	-	-	-	-	-
Fund Balance, Beginning of Year.....	12,841,659	15,352,077	15,112,208	15,004,175	15,045,869	11,825,714
Fund Balance, End of Year.....	\$ 12,841,659	\$ 12,841,659	\$ 15,352,077	\$ 15,112,208	\$ 15,004,175	\$ 15,045,869

¹ Budgetary Basis of accounting. Subject to audit. No assurances can be given that subsequent projections will not change.

² Subject to Audit

Comparative Balance Sheet

	<i>Estimated</i> Actual ¹ 6/30/2026	Actual 6/30/2025	Actual 6/30/2024	Actual 6/30/2023	Actual 6/30/2022
Assets					
Cash and cash equivalents.....	\$ 14,970,930	\$ 13,276,257	\$ 18,094,595	\$ 19,015,809	\$ 18,225,225
Receivables:					
Property taxes.....	1,815,074	1,906,363	1,971,765	2,009,100	2,039,386
Intergovernmental.....	-	-	-	-	-
Other.....	1,330,730	1,644,472	2,463,801	946,691	578,012
Due from other funds.....	-	4,338,319	6,874,269	2,137,824	1,731,581
Restricted Investments.....	-	-	-	-	487,820
Supplies.....	200,233	178,093	170,885	162,925	183,860
Total assets.....	18,316,967	21,343,504	29,575,315	24,272,349	23,245,884
Liabilities and Fund Balances					
Accounts payable.....	3,239,455	3,577,700	7,885,186	4,721,225	4,089,079
Unearned revenue.....	2,979	2,863	3,622	2,156	4,089
Deferred revenue.....	-	-	-	-	-
Due to other funds.....	66	66	66	66	2,156,835
Total liabilities.....	3,242,500	3,580,629	7,888,874	4,723,447	6,250,003
Deferred Inflows of Resources					
Advance Property Tax Collections.....	-	189,923	4,602,891	2,328,872	4,779
Deferred Inflow related to leases.....	42,729	42,729	53,412	64,094	74,777
Unavailable Resources.....	2,190,079	2,178,146	1,917,930	2,151,761	1,870,456
Total Deferred Resources.....	2,232,808	2,410,798	6,574,233	4,544,727	1,950,012
Fund Balances					
Nonspendable.....	116,251	189,608	170,885	162,925	183,860
Restricted.....	-	-	-	-	487,820
Committed.....	-	-	-	-	-
Assigned.....	-	-	-	-	-
Unassigned.....	12,725,408	15,162,469	14,941,323	14,841,250	14,374,189
Total fund balance.....	12,841,659	15,352,077	15,112,208	15,004,175	15,045,869
Total liabilities and fund balance.....	18,316,967	21,343,504	29,575,315	24,272,349	23,245,884
Analysis of General Fund Balance					
Operating revenues.....	\$ 83,063,548	\$ 95,561,887	\$ 92,270,284	\$ 88,528,184	\$ 86,909,497
Fund balance as a percent of					
operating revenues.....	15.46%	16.07%	16.38%	16.95%	17.31%
Unassigned fund balance as					
a percent of operating revenues.....	15.32%	15.87%	16.19%	16.76%	16.54%

¹ Budgetary Basis of accounting. Subject to audit.

Section 4-66l creates certain disincentives on increasing adopted budget expenditures for municipalities in Connecticut. Beginning in fiscal year 2018, the Office of Policy and Management (“OPM”) must reduce the amount of the municipal revenue sharing grant for those municipalities whose increase in its adopted budget expenditures, with certain exceptions, exceed the spending limit specified in the general statutes (the “expenditure cap”). The reduction to the municipal revenue sharing grant will generally equal 50 cents for every dollar by which the municipality’s adopted budget exceeds the expenditure cap. A municipality whose population increased from the previous fiscal year, as determined by OPM, may increase its adopted budget expenditures over the expenditure cap by an amount proportionate to its population growth. Section 4-66l requires each municipality to annually certify to the Secretary of OPM whether the municipality has exceeded the expenditure cap, and if so, the amount by which the cap was exceeded.

Under Section 4-66l, municipal spending does not include expenditures: (i) for debt service, special education, or costs to implement court orders or arbitration awards; (ii) associated with a major disaster or emergency declaration by the President or disaster emergency declaration by the Governor under the civil preparedness law; (iii) for any municipal revenue sharing grant the municipality disburses to a district; or (iv) budgeting for an audited deficit, non-recurring grants, capital expenditures or payments of unfunded pension liabilities.

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VII. Legal and Other Information

Legal Matters

Pullman & Comley, LLC is serving as Bond Counsel with respect to the authorization and issuance of the Notes and will render its opinions in substantially the form included in this Official Statement as Appendix B.

Litigation

Following consultation with the Town Attorney and other attorneys providing legal services to the Town, Town officials advise that the Town of Windham, Connecticut, its officers, employees, boards and commissions are named defendants in a number of lawsuits. With regard to these pending lawsuits, it is the Town officials' opinion that such pending litigation will not be finally determined so as to result individually or in the aggregate in final judgments against the Town which would materially adversely affect its financial position.

Documents Furnished at Delivery

The original purchasers of the Notes will be furnished the following documentation when the Notes are delivered:

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 Notes or the levy or collection of taxes to pay them.
2. A Certificate on behalf of the Town, signed by the Town Manager and Director of Finance which will be dated the date of delivery, which will certify, to the best of said officials' knowledge and belief, that at the time bids on the Notes 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 necessary to make the statements therein, in the 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. A receipt for the purchase price of the Notes.
4. The approving opinion of Pullman & Comley, LLC, Bond Counsel, of Bridgeport and Hartford, Connecticut, substantially in the form of Appendix B attached hereto.
5. An executed Continuing Disclosure Agreement for the Notes in substantially the form of Appendix C attached hereto.
6. The Town will provide to the winning bidders of the Notes a reasonable number of copies of the Official Statement, prepared for this Note issue at the Town's expense and delivered not later than seven business days after the bid opening. Additional copies may be obtained by the winning bidders at their own expense by arrangement with the printer. If the Town's municipal advisor is provided with the necessary information from the winning bidders by noon of the day after the bid opening, the copies of the Official Statement will include an additional cover page and other pages, if necessary, indicating the interest rates, rating, yields or reoffering prices, the name of the managing underwriter, and the name of the insurer, if any, of the Notes.

A record of the proceedings taken by the Town in authorizing the Notes will be kept on file at the principal office of the Certifying Agent, U.S. Bank Trust Company, National Association, CityPlace I, 185 Asylum Street, 27th Floor, Hartford, Connecticut 06103 and may be examined upon reasonable request.

Concluding Statement

This Official Statement is not to be construed as a contract or agreement between the Town and the purchasers or holders of the Notes. Any statements made in this Official Statement involving matters of opinion or estimates are not intended to be representation 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.

Information herein has been derived by the Town from official and other sources and is believed by the Town to be reliable, but such information other than that obtained from official records of the Town has not been independently confirmed or verified by the Town and its accuracy is not guaranteed.

This Official Statement has been duly prepared and delivered by the Town, and executed for and on behalf of the Town by the following officials:

TOWN OF WINDHAM, CONNECTICUT

By: _____
ROBERT ZARNETSKE, *Town Manager*

By: _____
PATRICIA SPRUANCE, *Treasurer*

By: _____
CHRISTIAN JOHNSON, *Director of Finance*

September __, 2026

Appendix A

***The Town's Annual Comprehensive Financial Report
For Fiscal Year Ending June 30, 2025***



INDEPENDENT AUDITORS' REPORT

Board of Finance
Town of Windham, Connecticut

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Windham, 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 Windham, Connecticut's basic financial statements as listed in the table of contents.

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

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Windham, Connecticut and to meet our other 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 the 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 Windham, 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.

Auditors' 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 auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS 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 Windham, 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 the aggregate, that raise substantial doubt about the Town of Windham, 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, the budgetary comparison information, and the pension and OPEB schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, 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 Windham, Connecticut's basic financial statements. The general fund combining financial statements, schedules of revenues and other financing sources – budgetary basis, schedules of expenditures and other financing uses – budgetary basis, schedules of property taxes levied, collected, and outstanding, nonmajor governmental funds combining financial statements, and internal service funds combining financial statements are presented for 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 GAAS. In our opinion, the general fund combining financial statements, schedules of revenues and other financing sources – budgetary basis, schedules of expenditures and other financing uses – budgetary basis, schedules of property taxes levied, collected, and outstanding, nonmajor governmental funds combining financial statements, and internal service funds combining financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section, and statistical section but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 5, 2026, on our consideration of the Town of Windham, 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 Windham, 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 the Town of Windham, Connecticut's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

West Hartford, Connecticut
June 5, 2026

**TOWN OF WINDHAM, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

The management of the Town of Windham, Connecticut (the Town), offers the readers of its financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2025.

Financial Highlights

- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$163,857,652 (net position). Of this amount, \$(9,914,156) is unrestricted net position. \$13,945,307 of this unrestricted net position is from the operations of the Town's water and sewer systems (business-type activities). The net unrestricted deficit of the Town's governmental activities was \$(23,859,463).
- The Town's changes in net position for the year ended June 30, 2025, amounted to \$2,090,479 which consisted of an increase of \$1,836,763 relating to the Town's governmental activities combined with an increase of \$253,716 relating to the Town's business-type activities.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$11,490,743 a decrease of \$1,607,537 in comparison with the prior year driven by the lag in state of Connecticut reimbursements from the Windham High School renovation project. Of this amount \$5,005,631 of governmental ending fund balances was unassigned fund balance. At the end of the close of the current fiscal year, unassigned fund balance for the General Fund was \$15,162,469, or 15.8% of total General Fund expenditures and operating transfers out.
- The Town's total long-term debt, consisting of bonds payable and notes payable, increased by \$3.9 million.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the Town's assets and deferred outflows of resources and liabilities and deferred inflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The statement of activities presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

**TOWN OF WINDHAM, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

Both of the government-wide financial statements are intended to distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town include general government, public safety, public works, human services, civic and cultural, education, planning and development, police, and fire. The business-type activities of the Town include sewer and water activities.

The government-wide financial statements can be found in Exhibits I and II of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year.

Such information may be useful in evaluating the Town's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Town's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town maintains a number of individual governmental funds for reporting purposes. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, Educational Grants Fund, and the Capital Improvement Fund, which are considered to be major funds. Data from the other remaining governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The basic governmental fund financial statements can be found in Exhibits III and IV of this report.

**TOWN OF WINDHAM, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

Proprietary Funds

The Town maintains two types of proprietary funds. Enterprise funds are used to report on the same functions presented as business-type activities in the government-wide financial statements. The Town uses enterprise funds to account for its sewer, water, and parking garage operations. The second type are Internal Service Funds. Internal service funds are an accounting device used to accumulate and allocate costs internally among the Town's various functions. The Town uses internal service funds to account for its risk management activities.

The Town maintains two individual enterprise funds and two internal service funds. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. Information is presented separately in the proprietary fund financial statements for the Sewer Fund and the Water Fund, both of which are considered to be major funds and the Internal Service Funds, which are considered a nonmajor fund.

The basic proprietary fund financial statements can be found in Exhibits V through VII of this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the Town government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to the Town's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found in Exhibits VIII and IX of this report.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information

In addition to the basic financial statements and accompanying notes, this report also contains required supplementary information and combining and individual and nonmajor fund statements and schedules.

**TOWN OF WINDHAM, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

Government-Wide Financial Analysis

Net Position

The analysis below focuses on the net position and changes in net position of the Town's governmental and business-type activities.

**Town of Windham, Connecticut
Summary Statement of Net Position**

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Assets:						
Current Assets	\$ 45,153,445	\$ 61,844,113	\$ 15,217,548	\$ 14,093,196	\$ 60,370,993	\$ 75,937,309
Capital Assets, Net of						
Accumulated Depreciation	206,946,564	198,059,149	40,664,114	42,212,844	247,610,678	240,271,993
Total Assets	252,100,009	259,903,262	55,881,662	56,306,040	307,981,671	316,209,302
Deferred Outflows of Resources	5,896,693	7,827,207	-	-	5,896,693	7,827,207
Liabilities:						
Current Liabilities	28,964,386	35,999,913	1,434,592	1,174,295	30,398,978	37,174,208
Long-Term Liabilities						
Outstanding	87,459,383	89,723,012	20,042,885	20,953,798	107,502,268	110,676,810
Total Liabilities	116,423,769	125,722,925	21,477,477	22,128,093	137,901,246	147,851,018
Deferred Inflows of Resources	12,009,555	14,280,929	109,911	137,389	12,119,466	14,418,318
Net Position:						
Investments in						
Capital Assets	14,173,930	13,150,637	20,348,967	20,840,816	162,088,897	152,344,453
Restricted	11,682,911	14,638,700	-	-	11,682,911	14,638,700
Unrestricted	(23,859,463)	(18,415,722)	13,945,307	13,199,742	(9,914,156)	(5,215,980)
Total Net Position	\$ 129,563,378	\$ 127,726,615	\$ 34,294,274	\$ 34,040,558	\$ 163,857,652	\$ 161,767,173

The Town's government-wide net position of \$163.9 million represents an increase of \$2.1 million over last year's net position of \$161.8 million. It's unrestricted net position, the part of net position that can be used to finance day-to-day operations without restraints established by debt covenants, enabling legislation or other legal requirements, is \$(9.9) million at the end of this year compared with \$(5.2) million at the end of last year.

The Town's governmental activities had an overall \$1.8 million increase of net position. Governmental activities negative unrestricted net position increased by \$5.8 million. Unrestricted net position of the Town's business-type activities increased \$1.1 million.

**TOWN OF WINDHAM, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

**Town of Windham, Connecticut
Summary of Change in Net Position**

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Revenues:						
Program Revenues:						
Charges for Services	\$ 4,551,284	\$ 3,393,801	\$ 8,595,164	\$ 7,349,015	\$ 13,146,448	\$ 10,742,816
Operating Grants and Contributions	68,573,592	68,801,601	-	-	68,573,592	68,801,601
Capital Grants and Contributions	6,632,531	24,491,039	83,099	312,008	6,715,630	24,803,047
General Revenues:						
Property Taxes	46,067,111	42,545,587	-	-	46,067,111	42,545,587
Grants Not Restricted to Specific Programs	9,687,507	11,187,577	-	-	9,687,507	11,187,577
Unrestricted Investment Earnings	1,869,989	1,558,776	554,966	451,279	2,424,955	2,010,055
Miscellaneous Revenue	1,302,453	621,578	470,979	223,667	1,773,432	845,245
Total Revenues	138,684,467	152,599,959	9,704,208	8,335,969	148,388,675	160,935,928
Expenses:						
General Government	7,263,981	7,124,456	-	-	7,263,981	7,124,456
Public Safety	17,805,957	22,184,324	-	-	17,805,957	22,184,324
Public Works	7,051,360	8,073,772	-	-	7,051,360	8,073,772
Human Services	993,504	857,496	-	-	993,504	857,496
Civic and Cultural	4,169,186	2,773,888	-	-	4,169,186	2,773,888
Planning and Development	911,565	836,397	-	-	911,565	836,397
Education	96,173,610	94,616,478	-	-	96,173,610	94,616,478
Interest and Fiscal Charges	2,496,298	2,020,503	-	-	2,496,298	2,020,503
Water	-	-	4,241,480	3,765,939	4,241,480	3,765,939
Sewer	-	-	4,792,542	4,470,078	4,792,542	4,470,078
Parking Garage	-	-	398,713	398,686	398,713	398,686
Total Expenses	136,865,461	138,497,314	9,432,735	8,634,703	146,298,196	147,132,017
Change in Net Position Before Transfers	1,819,006	14,102,645	271,473	(298,734)	2,090,479	13,803,911
Transfers	17,757	220,000	(17,757)	(220,000)	-	-
Change in Net Position	1,836,763	14,322,645	253,716	(518,734)	2,090,479	13,803,911
Net Position - Beginning of Year	127,726,615	113,403,970	34,040,558	34,559,292	161,767,173	147,963,262
Net Position - End of Year	\$ 129,563,378	\$ 127,726,615	\$ 34,294,274	\$ 34,040,558	\$ 163,857,652	\$ 161,767,173

The Town's governmental activities and business-type activities total revenue in 2025 of \$148.4 million represents a decrease of \$12.5 million over last year. Capital grants and contributions decreased by \$18.1 million because of a slowdown in construction reimbursements from the State as the High School renovation nears completion. Charges for services on the other hand increased by \$2.4 million over FY 2024 somewhat offsetting the decline.

The Town's total program expenses of \$146.3 million represents a decrease of \$0.8 million over last year due primarily to decreased public safety spending driven by the completion of the Willimantic Switchboard upgrades project.

The Town's overall net position increased by \$2.1 million from operations.

**TOWN OF WINDHAM, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

Financial Analysis of the Town's Funds

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Enterprise Funds

The Water Fund had an increase in net position of \$908,619 mainly due to an increase in charges for services versus the prior year. The Sewer Fund had a decrease in net position of \$559,994, an improvement of \$348,426 versus a decrease of \$908,420 in the prior year due to higher investment income and user fees in FY 2025.

Governmental Funds

The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the Town's net resources available for spending at the end of the fiscal year.

As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$11,490,743, a decrease of \$1,607,537 in comparison with the prior year due to the timing of reimbursements from a \$113 million school construction grant. Of this amount \$5,005,631 of governmental ending fund balances are unassigned fund balances. The remainder of fund balance is nonspendable or restricted, to indicate that it is not in spendable form, legally required to be maintained intact or restricted for a specific purpose.

General Fund

The General Fund is the chief operating fund of the Town and is accounted for separately for the Town and Willimantic Taxing District. The Town of Windham, Connecticut and City of Willimantic, Connecticut were consolidated by ordinance adopted December 15, 1982, under the name "Town of Windham, Connecticut" and came into political existence on July 1, 1983. The former City of Willimantic is now known as the Willimantic Taxing District (the WTD). At the end of the current fiscal year, unassigned fund balance of the Town General Fund was \$10,073,983 while the unassigned fund balance of the Willimantic Taxing District General Fund was \$5,088,486 totaling \$15,162,469.

The fund balance of the combined General Fund increased by \$239,869 during the current fiscal year resulting, or approximately the amount of the transfers into the General Fund. All excess revenues over expenditures was transferred to other funds: \$925,000 as a 2% set-aside for the BOE, and a \$511,200 transfer to pay for capital leases.

Educational Grants Fund

Total revenue and expenditures for the year were \$23.7 million as compared to \$27.6 million in the prior year, a \$3.9 million decline due to the end of COVID-19 response and ESSER funds from the US Treasury.

Capital Improvement Fund

The Capital Improvement Fund had a decrease of \$1.6 million in fund balance mostly attributable to delayed State construction reimbursements and retainage associated with the high school renovation project and the revenue being recognized when received, not earned.

**TOWN OF WINDHAM, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

General Fund Budgetary Highlights

During the year, revenues were lower than budget and expenditures and transfers out were lower than budget for a total Town positive variance of \$315,853 surplus. This was the product of \$(288,159) revenue deficit and expenditure savings of \$604,012.

Capital Asset and Debt Administration

Capital Assets

The Town's investment in capital assets for its governmental and business-type activities as of June 30, 2025, totaled \$247,610,678 (net of accumulated depreciation). This investment in capital assets includes land and improvements, construction in progress, buildings and improvements, machinery and equipment, and infrastructure. The net increase in the Town's investment in capital assets for the current fiscal year was \$7,338,685. Much of the increase relates to increased capital outlay for the high school renovation.

The following table is a two-year comparison of the investment in capital assets presented for both governmental and business-type activities:

**Town of Windham, Connecticut
Capital Assets Net of Depreciation
June 30, 2025 and 2024**

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Land and Improvements	\$ 5,471,725	\$ 5,471,725	\$ 99,330	\$ 99,330	\$ 5,571,055	\$ 5,571,055
Construction in Progress	117,073,928	107,352,554	10,816	10,816	117,084,744	107,363,370
Buildings and Improvements	64,665,503	66,621,958	25,884,207	26,687,476	90,549,710	93,309,434
Machinery and Equipment	9,341,123	7,277,886	3,897,210	4,574,258	13,238,333	11,852,144
Infrastructure	10,394,285	11,335,026	10,772,551	10,840,964	21,166,836	22,175,990
Total	\$ 206,946,564	\$ 198,059,149	\$ 40,664,114	\$ 42,212,844	\$ 247,610,678	\$ 240,271,993

Additional information on the Town's capital assets can be found in Note 6 of this report.

Long-Term Debt

At the end of the current fiscal year, the Town Governmental Activities had total long-term bonded debt outstanding of \$53,609,900 and notes payable outstanding of \$10,550,000. The entire amounts are comprised of debt backed by the full faith and credit of the Town.

The Town's total governmental activities long-term obligations (including notes) increased by \$3,942,200 during the current fiscal year. The Enterprise Fund's long-term obligations decreased by \$(692,200) for debt amortization.

State statutes limit the amount of general obligation debt the Town may issue to approximately seven times its prior year annual receipts from taxation, as defined by the statutes. The current debt limitation for the Town is significantly in excess of the Town's outstanding general obligation debt.

**TOWN OF WINDHAM, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

The following table is a two-year comparison of long-term debt including bonds and notes payable presented for both governmental and business-type activities:

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Bonds Payable	\$ 53,609,900	\$ 49,667,700	\$ 18,500,100	\$ 19,192,300	\$ 72,110,000	\$ 68,860,000
Notes Payable	10,550,000	10,550,000	-	-	10,550,000	10,550,000
Total	<u>\$ 64,159,900</u>	<u>\$ 60,217,700</u>	<u>\$ 18,500,100</u>	<u>\$ 19,192,300</u>	<u>\$ 82,660,000</u>	<u>\$ 79,410,000</u>

Additional information on the Town's long-term debt can be found in Note 8 of this report which provides debt outstanding by issue and activity.

Economic Factors and Next Year's Budgets and Rates

A summary of key economic factors affecting the Town are as follows:

- The Town receives intergovernmental revenues from the state of Connecticut. Connecticut's economy moves in the same general cycle as the national economy, which may affect the amount of intergovernmental revenues the Town will receive in fiscal year 2026, and thereafter.
- Inflationary trends in the region approximate the national indices.
- As a whole, the Town continues to aggressively pursue economic development activities to help spread the tax burden among commercial and residential taxpayers.
- The Town has consistently budgeted below the municipal spending cap set at the level of inflation by the state in developing the 2026 Budget.
- Because the Town of Windham BOE is designated an Alliance District by the State of Connecticut Department of Education, it's Educational Cost Sharing (ECS) Grant and Alliance Grant funding are offered added protection from both state and Town cuts.

All of these factors were considered in preparing the Town's budget for fiscal year 2026.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the Town's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to: Department of Finance, 979 Main Street, Willimantic, CT 06226.

BASIC FINANCIAL STATEMENTS

TOWN OF WINDHAM, CONNECTICUT
STATEMENT OF NET POSITION
JUNE 30, 2025

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 30,518,591	\$ 5,878,297	\$ 36,396,888
Investments	1,122,372	9,055,687	10,178,059
Property Taxes, Net	1,894,848	-	1,894,848
Due from Other Governments	8,160,769	-	8,160,769
Other Receivables	1,612,816	1,335,172	2,947,988
Lease Receivable	48,577	124,912	173,489
Prepays	11,515	-	11,515
Supplies	196,172	-	196,172
Internal Balances	1,587,785	(1,587,785)	-
Other Assets	-	411,265	411,265
Capital Assets, Nondepreciable	122,545,653	110,146	122,655,799
Capital Assets, Net of Accumulated Depreciation	84,400,911	40,553,968	124,954,879
Total Assets	252,100,009	55,881,662	307,981,671
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Charge on Refunding	15,633	-	15,633
Deferred Outflows Related to Pension	2,682,046	-	2,682,046
Deferred Outflows Related to OPEB	3,199,014	-	3,199,014
Total Deferred Outflows of Resources	5,896,693	-	5,896,693
LIABILITIES			
Accounts Payable and Accrued Items	8,086,476	312,418	8,398,894
Interest Payable	1,037,041	362,359	1,399,400
Unearned Revenue	4,310,611	-	4,310,611
Bond Anticipation Notes Payable	10,550,000	-	10,550,000
Noncurrent Liabilities:			
Due Within One Year	4,980,258	759,815	5,740,073
Due in More Than One Year	87,459,383	20,042,885	107,502,268
Total Liabilities	116,423,769	21,477,477	137,901,246
DEFERRED INFLOWS OF RESOURCES			
Advance Property Tax Collections	189,923	-	189,923
Deferred Inflows Related to Pension	4,239,271	-	4,239,271
Deferred Inflows Related to OPEB	7,537,632	-	7,537,632
Deferred Inflows Related to Leases	42,729	109,911	152,640
Total Deferred Inflows of Resources	12,009,555	109,911	12,119,466
NET POSITION			
Investment in Capital Assets	141,739,930	20,348,967	162,088,897
Restricted for:			
Nonexpendable	298,896	-	298,896
Grant Program Purposes	9,690,166	-	9,690,166
Debt Repayment	662,067	-	662,067
Other Purposes	1,031,782	-	1,031,782
Unrestricted	(23,859,463)	13,945,307	(9,914,156)
Total Net Position	\$ 129,563,378	\$ 34,294,274	\$ 163,857,652

See accompanying Notes to Financial Statements.

**TOWN OF WINDHAM, CONNECTICUT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025**

Function/Program Activities	Expenses	Program Revenues			Net Revenue (Expense) and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
PRIMARY GOVERNMENT							
Governmental Activities:							
General Government	\$ 7,263,981	\$ 1,431,731	\$ 2,155,129	\$ -	\$ (3,677,121)	\$ -	\$ (3,677,121)
Public Safety	17,805,957	2,441,853	320,303	1,480,551	(13,563,250)	-	(13,563,250)
Public Works	7,051,360	114,233	23,844	468,680	(6,444,603)	-	(6,444,603)
Human Services	993,504	-	291,918	-	(701,586)	-	(701,586)
Civic and Cultural	4,169,186	289,663	32,089	745,481	(3,101,953)	-	(3,101,953)
Planning and Development	911,565	-	-	-	(911,565)	-	(911,565)
Education	96,173,610	273,804	65,750,309	3,937,819	(26,211,678)	-	(26,211,678)
Interest and Fiscal Charges	2,496,298	-	-	-	(2,496,298)	-	(2,496,298)
Total Governmental Activities	136,865,461	4,551,284	68,573,592	6,632,531	(57,108,054)	-	(57,108,054)
Business-Type Activities:							
Water	4,241,480	4,875,002	-	83,099	-	716,621	716,621
Sewer	4,792,542	3,638,601	-	-	-	(1,153,941)	(1,153,941)
Parking Garage	398,713	81,561	-	-	-	(317,152)	(317,152)
Total Business-Type Activities	9,432,735	8,595,164	-	83,099	-	(754,472)	(754,472)
Total Primary Government	\$ 146,298,196	\$ 13,146,448	\$ 68,573,592	\$ 6,715,630	(57,108,054)	(754,472)	(57,862,526)
GENERAL REVENUES							
Property Taxes					46,067,111	-	46,067,111
Grants and Contributions Not Restricted to Specific Programs					9,687,507	-	9,687,507
Unrestricted Investment Earnings					1,869,989	554,966	2,424,955
Miscellaneous					1,302,453	470,979	1,773,432
Transfers					17,757	(17,757)	-
Total General Revenues and Transfers					58,944,817	1,008,188	59,953,005
CHANGES IN NET POSITION							
Net Position - Beginning of Year					127,726,615	34,040,558	161,767,173
NET POSITION - END OF YEAR							
					\$ 129,563,378	\$ 34,294,274	\$ 163,857,652

See accompanying Notes to Financial Statements.

**TOWN OF WINDHAM, CONNECTICUT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025**

	General Fund	Educational Grants Fund	Capital Improvement Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 13,276,257	\$ 498,958	\$ 6,254,389	\$ 9,011,319	\$ 29,040,923
Investments	-	-	-	1,122,372	1,122,372
Property Taxes Receivable, Net	1,894,848	-	-	-	1,894,848
Prepaid	115,15	-	-	-	115,15
Due from Other Governments	-	752,599	5,388,630	2,019,540	8,160,769
Other Receivables, Net	1,595,895	-	-	16,921	1,612,816
Lease Receivable	48,577	-	-	-	48,577
Due from Other Funds	4,338,319	-	-	66	4,338,385
Supplies	178,093	-	-	18,079	196,172
Total Assets	<u>\$ 21,343,504</u>	<u>\$ 1,251,557</u>	<u>\$ 11,643,019</u>	<u>\$ 12,188,297</u>	<u>\$ 46,426,377</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts Payable and Accrued Items	\$ 3,577,700	\$ 1,244,067	\$ 2,630,561	\$ 577,592	\$ 8,029,920
Due to Other Funds	66	-	-	2,750,534	2,750,600
Unearned Revenue	2,863	7,204	-	4,300,544	4,310,611
Bond Anticipation Notes Payable	-	-	10,550,000	-	10,550,000
Total Liabilities	<u>3,580,629</u>	<u>1,251,271</u>	<u>13,180,561</u>	<u>7,628,670</u>	<u>25,641,131</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue - Property Taxes	1,572,010	-	-	-	1,572,010
Unavailable Revenue - Charges for Services	606,136	-	-	-	606,136
Advance Property Tax Collections	189,923	-	-	-	189,923
Deferred Inflow Related to Leases	42,729	-	-	-	42,729
Unavailable Revenue - Grants	-	-	5,388,630	1,495,075	6,883,705
Total Deferred Inflows of Resources	<u>2,410,798</u>	<u>-</u>	<u>5,388,630</u>	<u>1,495,075</u>	<u>9,294,503</u>
FUND BALANCES					
Nonspendable	189,608	-	-	316,975	506,583
Restricted	-	286	-	5,537,065	5,537,351
Committed	-	-	-	441,178	441,178
Unassigned	15,162,469	-	(6,926,172)	(3,230,666)	5,005,631
Total Fund Balances	<u>15,352,077</u>	<u>286</u>	<u>(6,926,172)</u>	<u>3,064,552</u>	<u>11,490,743</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 21,343,504</u>	<u>\$ 1,251,557</u>	<u>\$ 11,643,019</u>	<u>\$ 12,188,297</u>	<u>\$ 46,426,377</u>

See accompanying Notes to Financial Statements.

**TOWN OF WINDHAM, CONNECTICUT
BALANCE SHEET
GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2025**

RECONCILIATION TO THE STATEMENT OF NET POSITION

Total Fund Balances - Governmental Funds (Exhibit III)	\$ 11,490,743
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Amounts reported for governmental activities in the statement of net position (Exhibit I) are different because of the following:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Governmental Capital Assets	323,135,741
Less: Accumulated Depreciation	(116,189,177)
Net Capital Assets	206,946,564

Other long-term assets and deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are deferred in the funds:

Property Tax Receivables Greater Than 60-Days	1,572,010
Charges for Services	606,136
Grants	6,883,705
Deferred Outflows Related to Refundings	15,633
Deferred Outflows Related to Pensions	2,682,046
Deferred Outflows Related to OPEB	3,199,014

Internal service funds are used by management to charge the costs of risk management to individual funds. The assets and liabilities of the internal service funds are reported with governmental activities in the statement of net position.

(2,376,690)

Long-term liabilities and deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds:

Bonds Payable	(53,609,900)
Unamortized Premium on Bonds Payable	(4,686,195)
Interest Payable on Bonds	(1,037,041)
Landfill Post-Closure	(21,000)
Compensated Absences	(6,063,482)
Net Pension Liability	(12,858,112)
Total OPEB Liability	(11,403,150)
Deferred Inflows Related to Pensions	(4,239,271)
Deferred Inflows Related to OPEB	(7,537,632)

Net Position of Governmental Activities as Reported on the Statement of Net Position (Exhibit I)	\$ 129,563,378
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TOWN OF WINDHAM, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2025

	General Fund	Educational Grants Fund	Capital Improvement Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Property Taxes, Interest, and Lien Fees	\$ 46,078,137	\$ -	\$ -	\$ -	\$ 46,078,137
Intergovernmental	43,091,835	23,698,388	5,832,405	115,610,07	84,183,635
Charges for Services	3,056,583	-	-	628,003	3,684,586
Licenses and Permits	586,030	-	-	-	586,030
Fines, Forfeitures, and Penalties	9,423	-	-	-	9,423
Investment Income	1,756,731	-	-	113,258	1,869,989
Miscellaneous	983,148	-	-	319,305	1,302,453
Donations and Contributions	-	-	-	1492,731	1492,731
Total Revenues	95,561,887	23,698,388	5,832,405	14,114,304	139,206,984
EXPENDITURES					
Current:					
General Government	3,822,627	-	-	2,346,656	6,169,283
Public Safety	2,952,361	-	-	1,155,485	4,107,846
Public Works	4,494,323	-	-	441,532	4,935,855
Human Services	729,585	-	-	-	729,585
Civic and Cultural	1,387,791	-	-	1,767,236	3,155,027
Planning and Development	676,957	-	-	-	676,957
Education	60,370,152	23,698,388	-	8,918,790	92,987,330
Other	4,038,436	-	-	-	4,038,436
Police	8,324,891	-	-	-	8,324,891
Fire	4,548,065	-	-	-	4,548,065
Debt Service:					
Principal Retirement	2,227,800	-	-	-	2,227,800
Interest and Other Charges	527,830	-	-	2,053,435	2,581,265
Capital Outlay	-	-	12,276,587	799,604	13,076,191
Total Expenditures	94,100,818	23,698,388	12,276,587	17,482,738	147,558,531
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,461,069	-	(6,444,182)	(3,368,434)	(8,351,547)
OTHER FINANCING SOURCES (USES)					
General Obligation Bonds Issued	-	-	5,063,875	1,106,125	6,170,000
Premium on Bonds Issued	-	-	-	556,253	556,253
Transfers In	240,000	-	-	146,1200	1,701,200
Transfers Out	(1,461,200)	-	(222,243)	-	(1,683,443)
Total Other Financing Sources	(1,221,200)	-	4,841,632	3,123,578	6,744,010
NET CHANGE IN FUND BALANCES	239,869	-	(1,602,550)	(244,856)	(1,607,537)
Fund Balances - Beginning of Year	15,112,208	286	(5,323,622)	3,309,408	13,098,280
FUND BALANCES (DEFICIT) - END OF YEAR	\$ 15,352,077	\$ 286	\$ (6,926,172)	\$ 3,064,552	\$ 11,490,743

See accompanying Notes to Financial Statements.

**TOWN OF WINDHAM, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2025**

RECONCILIATION TO THE STATEMENT OF ACTIVITIES

Net Change in Fund Balances - Governmental Funds (Exhibit IV) \$ (1,607,537)

Amounts reported for governmental activities in the statement of activities (Exhibit II)
are different because of the following:

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.

Capital Outlay	14,938,631
Depreciation Expense	(6,051,216)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Property Taxes Collected After 60-Days	(11,026)
Charges for Services	271,245
Grants	(2,391,910)
Deferred Outflows Related to Pensions	(1,519,803)
Deferred Outflows Related to OPEB	(398,142)

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 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.

Bonds Issued	(6,170,000)
Premium on Bonds Issued	(556,253)
Principal Payments	2,227,800

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Amortization of Deferred Charge on Refunding	(12,569)
Amortization of Premium	464,270
Accrued Interest	(366,735)
Change in Landfill Post-Closure	7,000
Change in Long-Term Compensated Absences	(843,336)
Change in Net Pension Liability	5,286,351
Change in Total OPEB Liability	1,081,715
Deferred Inflows Related to Pensions	(2,552,635)
Deferred Inflows Related to OPEB	400,358

The net expense of the internal service funds is reported with governmental activities.

(359,445)

Change in Net Position of Governmental Activities as Reported on the
Statement of Activities (Exhibit II)

\$ 1,836,763

See accompanying Notes to Financial Statements.

**TOWN OF WINDHAM, CONNECTICUT
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2025**

	Business-Type Activities - Enterprise Funds				Governmental Activities
	Water Fund	Sewer Fund	Parking Garage Fund	Total	Internal Service Funds
ASSETS					
Current Assets:					
Cash and Cash Equivalents	\$ 5,056,300	\$ 821,997	\$ -	\$ 5,878,297	\$ 1,477,668
Accounts Receivable, Net	862,151	473,021	-	1,335,172	-
Lease Receivable	28,110	-	-	28,110	-
Other Assets	411,265	-	-	411,265	-
Total Current Assets	6,357,826	1,295,018	-	7,652,844	1,477,668
Noncurrent Assets:					
Investments	1,449,204	7,606,483	-	9,055,687	-
Lease Receivable - Noncurrent	96,802	-	-	96,802	-
Capital Assets:					
Not Being Depreciated	80,666	29,480	-	110,146	-
Being Depreciated, Net	11,021,809	18,633,820	10,898,339	40,553,968	-
Total Noncurrent Assets	12,648,481	26,269,783	10,898,339	49,816,603	-
Total Assets	19,006,307	27,564,801	10,898,339	57,469,447	1,477,668
LIABILITIES					
Current Liabilities:					
Accounts Payable	124,566	185,624	2,228	312,418	56,556
Accrued Liabilities	111,702	207,742	42,915	362,359	-
Claims Payable - Current	-	-	-	-	1,219,800
Due to Other Funds	-	903,768	684,017	1,587,785	-
Bonds and Notes Payable - Current	130,700	320,000	261,000	711,700	-
Compensated Absences - Current	33,506	14,609	-	48,115	-
Total Current Liabilities	400,474	1,631,743	990,160	3,022,377	1,276,356
Noncurrent Liabilities:					
Bonds Payable After One Year	2,955,122	11,885,437	5,112,969	19,953,528	-
Claims Payable - Noncurrent	-	-	-	-	2,578,002
Compensated Absences	62,226	27,131	-	89,357	-
Total Noncurrent Liabilities	3,017,348	11,912,568	5,112,969	20,042,885	2,578,002
Total Liabilities	3,417,822	13,544,311	6,103,129	23,065,262	3,854,358
DEFERRED INFLOWS OF RESOURCES					
Deferred Inflows Related to Leases	109,911	-	-	109,911	-
NET POSITION					
Net Investment in Capital Assets	8,366,734	6,457,863	5,524,370	20,348,967	-
Unrestricted	7,111,840	7,562,627	(729,160)	13,945,307	(2,376,690)
Total Net Position	\$ 15,478,574	\$ 14,020,490	\$ 4,795,210	\$ 34,294,274	\$ (2,376,690)

See accompanying Notes to Financial Statements.

TOWN OF WINDHAM, CONNECTICUT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2025

	Business-Type Activities - Enterprise Funds				Governmental Activities
	Water Fund	Sewer Fund	Parking Garage Fund	Total	Internal Service Funds
OPERATING REVENUES					
Charges for Services	\$ 4,875,002	\$ 3,638,601	\$ 81,561	\$ 8,595,164	\$ 16,230,128
Other	195,081	275,898	-	470,979	-
Total Operating Revenues	5,070,083	3,914,499	81,561	9,066,143	16,230,128
OPERATING EXPENSES					
Personnel Services	2,324,442	1,587,274	-	3,911,716	-
Outside Services	188,652	724,492	-	913,144	-
Fuel and Utilities	256,765	234,592	29,406	520,763	-
Administration	131,197	112,560	-	243,757	2,055,265
Repairs, Maintenance, and Supplies	611,825	589,499	6,043	1,207,367	-
Other	319	4,715	-	5,034	-
Claims	-	-	-	-	14,534,308
Depreciation	640,887	1,202,306	233,009	2,076,202	-
Total Operating Expenses	4,154,087	4,455,438	268,458	8,877,983	16,589,573
OPERATING INCOME (LOSS)	915,996	(540,939)	(186,897)	188,160	(359,445)
NONOPERATING REVENUES (EXPENSES)					
Investment Income	116,917	438,049	-	554,966	-
Interest Expense	(87,393)	(337,104)	(130,255)	(554,752)	-
Intergovernmental	83,099	-	-	83,099	-
Total Nonoperating Revenues (Expenses)	112,623	100,945	(130,255)	83,313	-
INCOME (LOSS) BEFORE TRANSFERS	1,028,619	(439,994)	(317,152)	271,473	(359,445)
Transfers In	-	-	222,243	222,243	-
Transfers Out	(120,000)	(120,000)	-	(240,000)	-
CHANGE IN NET POSITION	908,619	(559,994)	(94,909)	253,716	(359,445)
Net Position - Beginning of Year	14,569,955	14,580,484	4,890,119	34,040,558	(2,017,245)
NET POSITION - END OF YEAR	<u>\$ 15,478,574</u>	<u>\$ 14,020,490</u>	<u>\$ 4,795,210</u>	<u>\$ 34,294,274</u>	<u>\$ (2,376,690)</u>

See accompanying Notes to Financial Statements.

**TOWN OF WINDHAM, CONNECTICUT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2025**

	Business-Type Activities - Enterprise Funds				Governmental Activities
	Water Fund	Sewer Fund	Parking Garage Fund	Total	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from Customers and Users	\$ 4,976,182	\$ 3,898,861	\$ 81,561	\$ 8,956,604	\$ 16,545,520
Payments to Suppliers	(1,102,686)	(1,494,574)	(33,221)	(2,630,481)	(15,013,669)
Payments to Employees	(2,298,982)	(1,648,785)	-	(3,947,767)	(2,067,937)
Payments for Interfund Services Used	-	131,299	140,326	271,625	-
Net Cash Provided (Used) by Operating Activities	1,574,514	886,801	188,666	2,649,981	(536,086)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers In from Other Funds	-	-	222,243	222,243	-
Transfers Out to Other Funds	(120,000)	(120,000)	-	(240,000)	-
Net Cash Provided (Used) by Noncapital Financing Activities	(120,000)	(120,000)	222,243	(17,757)	-
CASH FLOWS FROM CAPITAL AND RELATED ACTIVITIES					
Operating Grant	83,099	-	-	83,099	-
Principal Paid on Debt	(149,200)	(300,000)	(258,600)	(707,800)	-
Interest Paid on Debt	(114,831)	(466,800)	(152,309)	(733,940)	-
Purchase of Capital Assets	(527,472)	-	-	(527,472)	-
Net Cash Used by Capital and Related Financing Activities	(708,404)	(766,800)	(410,909)	(1,886,113)	-
CASH FLOWS FROM INVESTING ACTIVITIES					
Sale of Investments	200,000	1,451,000	-	1,651,000	-
Purchase of Investments	(423,000)	(917,000)	-	(1,340,000)	-
Interest on Investments	87,394	284,172	-	371,566	-
Net Cash Provided (Used) by Investing Activities	(135,606)	818,172	-	682,566	-
NET INCREASE IN CASH AND CASH EQUIVALENTS	610,504	818,173	-	1,428,677	(536,086)
Cash and Cash Equivalents - Beginning of Year	4,445,796	3,824	-	4,449,620	2,013,754
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 5,056,300</u>	<u>\$ 821,997</u>	<u>\$ -</u>	<u>\$ 5,878,297</u>	<u>\$ 1,477,668</u>

See accompanying Notes to Financial Statements.

**TOWN OF WINDHAM, CONNECTICUT
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2025**

	Business-Type Activities - Enterprise Funds				Governmental Activities
	Water Fund	Sewer Fund	Parking Garage Fund	Total	Internal Service Funds
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating Income (Loss)	\$ 915,996	\$ (540,939)	\$ (186,897)	\$ 188,160	\$ (359,445)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:					
Depreciation	640,887	1,202,306	233,009	2,076,202	-
Change in Assets, Liabilities, and Deferred Inflows:					
(Increase) Decrease in:					
Accounts Receivable	(92,622)	(15,638)	-	(108,260)	315,392
Leases Receivable	26,199	-	-	26,199	-
Other Assets	(12,839)	-	-	(12,839)	-
Increase (Decrease) in:					
Accounts Payable	98,911	171,284	2,228	272,423	(12,672)
Accrued Liabilities	15,290	(4,000)	-	11,290	-
Compensated Absences	10,170	(57,511)	-	(47,341)	-
Claims Payable	-	-	-	-	(479,361)
Due to Other Funds	-	131,299	140,326	271,625	-
Deferred Inflows - Leases	(27,478)	-	-	(27,478)	-
Total Adjustments	658,518	1,427,740	375,563	2,461,821	(176,641)
Net Cash Provided (Used) by Operating Activities	<u>\$ 1,574,514</u>	<u>\$ 886,801</u>	<u>\$ 188,666</u>	<u>\$ 2,649,981</u>	<u>\$ (536,086)</u>

See accompanying Notes to Financial Statements.

**TOWN OF WINDHAM, CONNECTICUT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2025**

	Pension Trust Funds	Private- Purpose Trust Fund Walter Fahey
ASSETS		
Cash and Cash Equivalents	\$ 1,341,816	\$ 10,411
Investments, at Fair Value:		
Corporate Bonds	27,752,121	-
Common Stock	62,352,687	148,725
Mutual Funds	2,170,285	-
Guaranteed Investment Contracts	3,678,913	-
Receivables	278,383	106
Total Assets	<u>97,574,205</u>	<u>159,242</u>
NET POSITION		
Restricted for Pension Benefits and Other Benefits	<u><u>\$ 97,574,205</u></u>	<u><u>\$ 159,242</u></u>

See accompanying Notes to Financial Statements.

**TOWN OF WINDHAM, CONNECTICUT
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2025**

	Pension Trust Funds	Private- Purpose Trust Fund Walter Fahey
ADDITIONS		
Contributions:		
Employer	\$ 4,136,925	\$ -
Plan Members	715,718	-
Total Contributions	<u>4,852,643</u>	<u>-</u>
Investment Earnings:		
Net Change in Fair Value of Investments	7,243,375	14,280
Interest and Dividends	2,874,242	4,218
Total Investment Earnings	<u>10,117,617</u>	<u>18,498</u>
Less Investment Expenses:		
Investment Management Fees	63,723	-
Net Investment Earnings	<u>10,053,894</u>	<u>18,498</u>
Total Additions	14,906,537	18,498
DEDUCTIONS		
Benefits	5,210,618	-
Administrative Expense	<u>53,587</u>	<u>11,736</u>
Total Deductions	<u>5,264,205</u>	<u>11,736</u>
CHANGE IN NET POSITION	9,642,332	6,762
Net Position - Beginning of Year	<u>87,931,873</u>	<u>152,480</u>
NET POSITION - END OF YEAR	<u><u>\$ 97,574,205</u></u>	<u><u>\$ 159,242</u></u>

See accompanying Notes to Financial Statements.

**TOWN OF WINDHAM, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of Windham, Connecticut (the Town) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant policies of the Town are described below.

A. Reporting Entity

The Town of Windham was incorporated in 1686 after being settled in 1686 and adopted its original charter in 1947. The Town and City of Willimantic, Connecticut (the City) were consolidated by ordinance adopted December 15, 1982, under the name "Town of Windham, Connecticut" and came into political existence on July 1, 1983. The former City of Willimantic is now known as the Willimantic Taxing District (the WTD).

Effective November 17, 2009, as a result of a Town charter revision, the Town's form of government changed from an 11-member Board of Selectman which served as the Town's legislative body to an 11-member Town Council. Formerly, the First Selectman acted as the chief executive officer and this position has subsequently been replaced with a nonelected Town Manager and a "ceremonial" Mayor who serves as the Town Council Chair and acts as the ombudsman for the Town. The functions of the existing seven-member Board of Finance remains substantially unchanged. The general objective of the charter revision is to provide stable, professional Town management which will help to ensure the efficient administration of Town government and to develop and implement strategic initiatives for the Town that are consistent with the goals set forth by the legislative body.

The legislative power of the Town is vested with the Town Council and Town Meeting. The Town Council may enact, amend, or repeal ordinances and resolutions. The Board of Finance is responsible for financial and taxation matters as prescribed by the Connecticut General Statutes, and is responsible for presenting fiscal operating budgets for Town Meeting approval.

Accounting principles generally accepted in the United States of America require that the reporting entity include 1) the primary government, 2) organizations for which the primary government is financially accountable, and 3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The criteria provided in GASB Codification Section 2100 have been considered, and, as a result, there are no agencies or entities that should be but are not included in the financial statements of the Town.

Fiduciary Component Units

The Town has established a single-employer Public Retirement Systems (PERS) to provide retirement benefits to employees and their beneficiaries. The Town appoints a majority of the Pension Board and is required to make contributions to the pension plan and can impose its will.

**TOWN OF WINDHAM, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (Continued)

The financial statements of the fiduciary component unit is reported as Pension Trust fund in the fiduciary fund financial statements. Separate financial statements have not been prepared for the fiduciary component units.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Town. The effect of interfund activity has been removed from these statements, except for the net residual amounts due between governmental and business-type activities. However, interfund services provided and used are not eliminated in the process of consolidation. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from 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 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.

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 and major individual enterprise funds are reported as separate columns in the fund financial statements.

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements.

Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**TOWN OF WINDHAM, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(Continued)**

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. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, with the exception of grant revenues which are considered available if they are collected 180 days of the end of the current fiscal year.

Property taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. In determining when to recognize intergovernmental revenues (grants and entitlements), the legal and contractual requirements of the individual programs are used as guidance. Revenues are recognized when the eligibility requirements have been met. All other revenue items are considered to be measurable and available only when cash is received by the Town.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, landfill post-closure monitoring, postemployment benefits, and claims and judgments, are recorded only when payment is due.

The Town reports the following major governmental funds:

General Fund

The General Fund is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. It accounts for all activities in relation to the normal recurring operations of the Town's general government, including the Board of Education and the WTD. The Town and WTD are two separate "sub-funds" of the General Fund. Each sub-fund has its own legally adopted budget.

Educational Grants Fund

The Educational Grants Fund accounts for funds to be used for educational revenues and expenditures relating to federal and state educational grants.

Capital Improvement Fund

The Capital Improvement Fund is used to account for revenues and expenditures relating to capital improvement projects.

**TOWN OF WINDHAM, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(Continued)**

The Town reports the following major proprietary funds:

Water Fund

The Water Fund is used to account for revenues and expenses associated with the processing and distribution of water service to residents of the Town.

Sewer Fund

The Sewer Fund is used to account for revenues and expenses associated with the processing, treatment, and disposal of sewage within the Town.

Parking Garage Fund

The Parking Garage Fund is used to account for revenues and expenses associated with the construction and operation of the town parking garage.

Additionally, the Town reports the following fund types:

Internal Service Funds

Internal Service Funds are used to account for activities that provide goods or services to other funds, departments, or agencies of the Town on a cost-reimbursement basis. The Town utilizes an internal service fund to account for risk management activities as permitted by GAAP.

Pension Trust Funds

Pension Trust Funds are used to account for resources held in trust for the members and beneficiaries of the Town's defined benefit pension plans. The Town utilizes these funds to account for activities of the following plans: Firemen's Pension, Policemen's Pension, Municipal Employees' Pension, and the Board of Education Employees' Pension.

Private-Purpose Trust Fund

Private-Purpose Trust Fund is used to account for trust arrangements under which principal and income benefit individuals, private organizations, or other governments. The Town utilizes this fund to account for activities of the Walter Fahey Trust Fund.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the enterprise funds and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

**TOWN OF WINDHAM, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(Continued)**

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are charges to customers for services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed. Unrestricted resources are used in the following order: committed, assigned, then unassigned.

C. Cash Equivalents

For purposes of reporting cash flows, all savings, checking, money market accounts, and certificates of deposit with an original maturity of less than 90 days are considered to be cash equivalents.

D. Investments

Investments are stated at fair value.

E. Supplies and Prepaid Items

Supplies of governmental funds are reported at cost and are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures when consumed rather than when purchased.

**TOWN OF WINDHAM, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

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

All trade and property tax receivables are shown net of an allowance for uncollectibles. Property taxes receivable at June 30, 2025, are stated net of allowance for uncollectible accounts of \$806,000.

G. Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$5,000 and an estimated useful life of more than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, and equipment of the Town is depreciated using the straight-line method over the following estimated useful lives.

Land	None
Construction in Progress	None
Building and Improvements	5 to 50 Years
Infrastructure	20 to 50 Years
Machinery and Equipment	3 to 25 Years

**TOWN OF WINDHAM, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Leases (Lessor)

Lessor

The Town of Windham, Connecticut is a lessor for a noncancellable lease of cell towers. The Town recognizes a lease receivable and a deferred inflow of resources in the applicable governmental activities or business-type activities in the government-wide and in the governmental and proprietary fund financial statements.

At the commencement of a lease, the Town initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the Town determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The Town uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease.
- Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The Town monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

I. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to future periods. The Town reports a deferred charge on refunding and deferred outflows related to pension and OPEB in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. A deferred outflow of resources related to pension and OPEB results from differences between expected and actual experience and changes in assumptions or other inputs. These amounts are deferred and included in pension and OPEB expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension and OPEB plans (active employees and inactive employees).

TOWN OF WINDHAM, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to future periods. The Town reports deferred inflows of resources for pension, OPEB, and advance property tax collections in the government-wide statement of net position. A deferred inflow of resources related to pension and OPEB results from differences between expected and actual experience, changes in assumptions or other inputs, and difference between projected and actual earnings on investments. These amounts are deferred and included in pension and OPEB expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension and OPEB plans (active employees and inactive employees), with the exception of difference between projected and actual earnings on investments which are amortized over five years. For governmental funds, the Town reports unavailable revenue, which arises only under the modified accrual basis of accounting. The governmental funds report unavailable revenues from property taxes, grants, and charges for services. These amounts are deferred and recognized as an inflow of resources (revenue) in the period in which the amounts become available.

J. Compensated Absences

Based on union contracts, certain employees may accumulate a certain amount of unused sick leave until retirement, termination, or death, at which time the accumulated amounts become vested and the employee is paid a percentage of the accumulated sick leave. The amount recorded as a liability is based upon current salary levels. Vacation time earned during the fiscal year may, in some situations, be carried over to the next fiscal year. The liability for compensated absences reported in the government-wide and proprietary fund statements consists of leave that has not been used that is attributable to services already rendered, accumulates and is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The liability also includes amounts for leave that has been used for time off but has not yet been paid in cash or settled through noncash means and certain other types of leave. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

K. Net Pension Liability

The net pension liability is measured as the portion of the actuarial present 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.

TOWN OF WINDHAM, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Total Other Postemployment Benefits Other than Pensions (OPEB) Liability

The total OPEB liability is measured as the portion of the actuarial present value of projected benefits that is attributed to past periods of employee service. The total OPEB liability is measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year and no later than the end of the current fiscal year, consistently applied from period to period.

M. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts 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, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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 debt issued is reported as other financing 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.

N. Equity

Equity in the government-wide financial statements is defined as "net position" and is classified in the following categories:

Net Investment in Capital Assets – This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted – Restrictions are externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Unrestricted – This component of net position consists of amounts that do not meet the definition of "restricted" or "net investment in capital assets."

**TOWN OF WINDHAM, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Equity (Continued)

The equity of the fund financial statements is defined as “fund balance” and is classified in the following categories:

Nonspendable Fund Balance – This represents amounts that cannot be spent due to form (e.g., inventories and prepaid amounts).

Restricted Fund Balance – This represents amounts constrained for a specific purpose by external parties, such as grantors, creditors, contributors, or laws and regulations of their governments.

Committed Fund Balance – This represents amounts constrained for a specific purpose by a government using its highest level of decision-making authority (Town Council). Amounts remain committed until action is taken by the Town Council to remove or revise the limitations per the Town Charter.

Assigned Fund Balance – This includes amounts constrained for the intent to be used for a specific purpose by the Town Manager or Town Controller that has been delegated authority to assign amounts by the Town Charter.

Unassigned Fund Balance – This represents fund balance in the General Fund in excess of nonspendable, restricted, committed, and assigned fund balance. If another governmental fund has a fund balance deficit, it is reported as a negative amount in unassigned fund balance.

O. Property Taxes

Property taxes are assessed as of October 1 and billed the following July 1 and January 1. Taxes are overdue on August 1 and February 1. Interest at the rate of 1.5% per month accrues on all overdue taxes. Assessments for real and personal property, excluding motor vehicles, are computed at 70% of appraised market value. A lien is placed on the property if real estate taxes are unpaid as of June 30 following the payable date.

Property tax revenues 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 of the current period. The Town defines the current period to mean within 60 days after year-end. Property taxes receivable not expected to be collected during the available period are reflected in deferred revenue in the fund financial statements. The entire receivable is recorded as revenue in the government-wide financial statements. Property taxes collected prior to June 30 that are applicable to the subsequent years' assessment are reflected as advance tax collections in both the fund financial statements and the government-wide financial statements.

**TOWN OF WINDHAM, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

Q. Adoption of New Accounting Standards

In June 2022, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 101, *Compensated Absences*. This statement aims to achieve a unified model for recognition and measurement guidance for compensated absences. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.

In December 2023, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 102, *Certain Risk Disclosures*. This statement expands disclosure requirements for risks arising from concentrations and constraints that may significantly impact a government's ability to acquire resources or control spending. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter.

The Town adopted these requirements effective July 1, 2024. The implementation of these standards did not have a material impact on the Town's financial statements.

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

Budgetary information: The General Fund is the only fund for which an annual budget is legally adopted. The Town adheres to the following procedures in establishing the budgetary data for the General Fund.

- On or before March 1, and after input from each agency and department of the Town, except the Board of Education (BOE), the Town Manager submits to the Town Council and the Board of Finance a proposed operating budget for both the Town and the WTD, respectively. These two budgets are the driving force of and are operated as "sub-funds" of the combined General Fund. In addition, a program concerning capital improvement projects for the next five fiscal years and a method of financing them for the fiscal year commencing the following July 1, is also submitted.

**TOWN OF WINDHAM, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

A. Budgetary Information (Continued)

- On or before March 15, the Town Manager and Town Council presents to the Board of Finance (BOF) a budget prepared for the fiscal year commencing the following July 1 for the Town. The WTD budget is presented by the Town Manager to the WTD Board of Directors for approval.
- Copies of the budgets are made available to taxpayers five days before the public hearings and five days before the annual budget meeting. One public hearing is held to obtain taxpayer comments. A Town meeting is held on the first Tuesday of May and adjourned to a referendum on the second Tuesday in May. Should the recommended budgets fail at referendum, they are returned to the BOF for adjustments. The budgets are legally enacted no later than seven days after the taxpayers approve them by vote.
- Management cannot amend the budgets without approval of the BOF. Only the BOF is authorized to transfer budgeted amounts.
- The BOF must approve any additional appropriation and a Town Meeting must be held to approve any additional appropriation over \$100,000 for both budgets. During the year ended June 30, 2025, the Town appropriated an additional \$500,000.
- Formal budgetary integration is employed as a management control device during the year.
- The legal level of control (the level at which expenditures may not legally exceed appropriations) is at the budgetary department line-item level (i.e., Finance Department, Town Council within the General Government function) for the General Fund, except for the BOE where department control is implemented.
- The budget is prepared on the modified accrual basis of accounting. "On-behalf" payments made by the state of Connecticut into the State Teachers Retirement System are not recorded for budgetary purposes. Encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which the purchase order, contract or other commitment is issued and, accordingly, encumbrances outstanding at year-end are reported in budgetary reports as expenditures of the current year.
- The Town does not have legally adopted budgets for its special revenue funds. Budgets for the various special revenue funds that are utilized to account for specific grant programs are established in accordance with the requirements of the grantor agencies. Such budgets are nonlapsing and may comprise of more than one fiscal year.

**TOWN OF WINDHAM, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

B. Deficit Fund Equity

For the year ended June 30, 2025, the following funds had deficit balances:

Capital Improvement Fund	\$ 6,926,172
Nonmajor Governmental Funds:	
Special Revenue Funds:	
Switchboard Upgrades Fund	747,573
School Readiness/Quality Enhancement Fund	603,174
Shaboo Stage Fund	51,142
Small Cities Fund	260,275
Town Aid Road Fund	22,009
Public Safety Donation Fund	50,209
Town Beautification Fund	132,207
Probate Court District Fund	855
Capital Projects Fund:	
LOCIP Projects Fund	148,686
Capital Lease Fund	1,214,536
Internal Service Funds:	
Workers Compensation Fund	1,471,274
Health Insurance Fund	905,416

These amounts will be funded through bonds, contributions, and future revenues.

**TOWN OF WINDHAM, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 3 CASH, CASH EQUIVALENTS, AND INVESTMENTS

The deposit of public funds is controlled by the Connecticut General Statutes (Section 7-402). Deposits may be made in a “qualified public depository” as defined by the Statutes or, in amounts not exceeding the Federal Deposit Insurance Corporation insurance limit, in an “out of state bank” as defined by the Statutes, which is not a “qualified public depository.”

The Connecticut General Statutes (Section 7-400) permit municipalities to invest in: 1) obligations of the United States and its agencies; 2) highly rated obligations of any state of the United States or of any political subdivision, authority, or agency thereof; and 3) shares or other interests in custodial arrangements or pools maintaining constant net asset values and in highly rated no-load open end money market and mutual funds (with constant or fluctuating net asset values) whose portfolios are limited to obligations of the United States and its agencies, and repurchase agreements fully collateralized by such obligations. Other provisions of the Statutes cover specific municipal funds with particular investment authority. The provisions of the Statutes regarding the investment of municipal pension funds do not specify permitted investments. Therefore, investment of such funds is generally controlled by the laws applicable to fiduciaries and the provisions of the applicable plan.

The Statutes (Sections 3-24f and 3-27f) also provide for investment in shares of the State Short-Term Investment Fund (STIF). This investment pool is under the control of the State Treasurer, with oversight provided by the Treasurer’s Cash Management Advisory Board and are regulated under the State Statutes and subject to annual audit by the Auditors of Public Accounts. Investment yields are accounted for on an amortized-cost basis with an investment portfolio that is designed to attain a market-average rate of return throughout budgetary and economic cycles. Investors accrue interest daily based on actual earnings, less expenses and transfers to the designated surplus reserve, and the fair value of the position in the pool is the same as the value of the pool shares.

A. Deposits

Deposit Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the Town’s deposit will not be returned. The Town does not have a deposit policy for custodial credit risk. The deposit of public funds is controlled by the Connecticut General Statutes. Deposits may be placed with any qualified public depository that has a branch office in the state of Connecticut. Connecticut General Statutes require that each depository maintain segregated collateral (not required to be based on a security agreement between the depository and the municipality and, therefore, not perfected in accordance with federal law) in an amount equal to a defined percentage of its public deposits based upon the depository’s risk-based capital ratio.

TOWN OF WINDHAM, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 3 CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

A Deposits (continued)

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$34,378,752 of the Town's bank balance of \$39,509,862 was exposed to custodial credit risk as follows:

Uninsured and Uncollateralized	\$ 30,790,878
Uninsured and Collateral Held by the Pledging Bank's Trust Department, Not in the Town's Name	3,587,874
Total Amount Subject to Custodial Risk	<u>\$ 34,378,752</u>

B. Cash Equivalents

Cash equivalents are short-term, highly liquid investments that are both readily convertible to known amounts of cash and purchased within 90 days of maturity. At June 30, 2025, the Town's cash equivalents amounted to \$3,314,402. The following table provides summary of the Town's cash equivalents (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations.

	Standard & Poor's
Morgan Stanley	*
Multi-Bank Securities	*
Bank of America	*

* Not Rated

C. Investments

As of June 30, 2025, the Town had the following investments in the General Fund, Nonmajor Governmental Funds, Water Fund, Sewer Fund, Pension Funds, and Private-Purpose Trust Fund:

Investment Type	Fair Value	Investment Maturities (in Years)		
		Less Than 1	1 - 10	More Than 10
Interest-Bearing Investments:				
U.S. Government Securities	\$ 156,326	\$ 20,707	\$ 135,619	\$ -
U.S. Government Agencies	5,495,516	1,557,152	2,588,649	1,349,715
Certificate of Deposits	3,619,108	1,654,184	1,964,924	-
Corporate Bonds	27,900,231	8,142,299	19,749,038	8,894
Total	<u>37,171,181</u>	<u>\$11,374,342</u>	<u>\$24,438,230</u>	<u>\$ 1,358,609</u>
Other Investments:				
Mutual Funds	2,188,236			
Guaranteed Investment Contracts	3,766,579			
Common Stock	63,154,794			
Total Investments	<u>\$ 106,280,790</u>			

**TOWN OF WINDHAM, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 3 CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

C. Investments (Continued)

Investment Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value if its investment or collateral securities that are in the possession of an outside party.

Credit Risk

The Town and the Pension Trust Funds do not have a custodial credit risk policy for investments. The Connecticut General Statutes (Section 7-400) permit municipalities to invest in: (1) obligations of the United States and its agencies, (2) highly rated obligations of any state of the United States or of any political subdivision, authority, or agency thereof, and (3) shares or other interests in custodial arrangements or pools maintaining constant net asset values and in highly rated no-load open-end money market mutual funds (with constant or fluctuating net asset values) whose portfolios are limited to obligations of the United States and its agencies, and repurchase agreements fully collateralized by such obligations. The Statutes (Sections 2-24f and 3-27f) also provide for investment in shares of the STIF. Other provisions of the Statutes cover specific municipal pension funds with particular investment authority and do not specify permitted investments. Therefore, investment of such funds is generally controlled by the laws applicable to fiduciaries.

Average Rating	Corporate Bonds	U.S. Government Securities	U.S. Government Agencies	Certificates of Deposit
Aaa	\$ 138,944	\$ -	\$ -	\$ -
Aa1	-	156,326	5,495,516	-
Aa2	178,337	-	-	-
Aa3	317,161	-	-	-
A1	2,675,005	-	-	-
A2	4,113,759	-	-	-
A3	7,453,691	-	-	-
Baa1	2,385,877	-	-	-
Baa2	8,976,905	-	-	-
Baa3	1,477,387	-	-	-
Ba1	183,165	-	-	-
Unrated	-	-	-	3,619,108
Total	<u>\$ 27,900,231</u>	<u>\$ 156,326</u>	<u>\$ 5,495,516</u>	<u>\$ 3,619,108</u>

Concentration of Credit Risk

The Town places no limit on the amount invested in any one issuer. No more than 5% of the Town's investments were invested in any one issuer in which credit risk was applicable.

TOWN OF WINDHAM, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 3 CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

C. Investments (Continued)

Interest Rate Risk

The Town, including its Pension Trust Funds, does not have a policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, its practice is to structure the investment portfolio so that securities mature to meet cash requirements for ongoing operations or pension payments, thereby avoiding the need to sell securities on the open market prior to maturity, and investing operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools.

Fair Value

The Town categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements); followed by quoted prices in inactive markets or for similar assets or with observable inputs (Level 2 measurements); and the lowest priority to unobservable inputs (Level 3 measurements).

The Town has the following recurring fair value measurements as of June 30, 2025:

	June 30, 2025	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Investments by Fair Value Level:				
U.S. Government Securities	\$ 156,326	\$ 156,326	\$ -	\$ -
U.S. Government Agencies	5,495,516	-	5,495,516	-
Guaranteed Investment				
Contracts	3,766,579	-	3,766,579	-
Corporate Bonds	27,900,231	-	27,900,231	-
Mutual Funds	2,188,236	2,188,236	-	-
Common Stock	63,154,794	63,154,794	-	-
Total Investments by Fair Value Level	<u>\$ 102,661,682</u>	<u>\$65,499,356</u>	<u>\$37,162,326</u>	<u>\$ -</u>

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Guaranteed investment contracts classified as Level 2 of the fair value hierarchy are valued using the present value of benefits for retirees based on premium rate tables in their contract.

TOWN OF WINDHAM, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 4 RECEIVABLES

Accounts receivables as of June 30, 2025, for the Town's individual major funds and nonmajor governmental funds in the aggregate, including the applicable allowances for uncollectable amounts, are as follows:

	General Fund	Educational Grants Fund	Capital Improvement Fund	Water Fund	Sewer Fund	Nonmajor and Other Funds	Total
Accounts Receivable:							
Property Taxes							
Receivable	\$ 2,700,848	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,700,848
Due from Other							
Governments	-	752,599	5,388,630	-	-	2,019,540	8,160,769
Other Receivables	1595,895	-	-	904,151	510,021	16,921	3,026,988
Lease Receivables	48,577	-	-	124,912	-	-	173,489
Gross Receivable	4,345,320	752,599	5,388,630	1,029,063	510,021	2,036,461	14,062,094
Less: Allowance for							
Uncollectible Accounts	806,000	-	-	42,000	37,000	-	885,000
Net Total							
Receivables	<u>\$ 3,539,320</u>	<u>\$ 752,599</u>	<u>\$ 5,388,630</u>	<u>\$ 987,063</u>	<u>\$ 473,021</u>	<u>\$ 2,036,461</u>	<u>\$ 13,177,094</u>

NOTE 5 LEASE RECEIVABLES

The Town, acting as lessor, leases real property under long-term, noncancelable lease agreements. The leases expire at various dates through 2029 if all renewal options are exercised. During the year ended June 30, 2025, the Town recognized \$38,160 and \$6,850 in lease revenue and interest revenue, respectively, pursuant to these contracts.

Total future minimum lease payments to be received under lease agreements are as follows:

<u>Year Ending June 30,</u>	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2026	\$ 10,964	\$ 1,537	\$ 28,110	\$ 3,951
2027	11,748	1,128	30,210	2,901
2028	12,572	690	32,328	1,776
2029	13,293	223	34,264	572
Total	<u>\$ 48,577</u>	<u>\$ 3,578</u>	<u>\$ 124,912</u>	<u>\$ 9,200</u>

TOWN OF WINDHAM, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 6 CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 5,471,725	\$ -	\$ -	\$ 5,471,725
Construction in Progress	107,352,554	12,665,308	2,943,934	117,073,928
Total Capital Assets Not Being Depreciated	112,824,279	12,665,308	2,943,934	122,545,653
Capital Assets Being Depreciated:				
Buildings and Improvements	126,029,718	1,316,021	-	127,345,739
Machinery and Equipment	31,288,016	3,348,611	-	34,636,627
Infrastructure	38,055,097	552,625	-	38,607,722
Total Capital Assets Being Depreciated	195,372,831	5,217,257	-	200,590,088
Less: Accumulated Depreciation for:				
Buildings and Improvements	59,407,760	3,272,476	-	62,680,236
Machinery and Equipment	24,010,130	1,285,374	-	25,295,504
Infrastructure	26,720,071	1,493,366	-	28,213,437
Total Accumulated Depreciation	110,137,961	6,051,216	-	116,189,177
Total Capital Assets Being Depreciated, Net	85,234,870	(833,959)	-	84,400,911
Governmental Activities Capital Assets, Net	<u>\$ 198,059,149</u>	<u>\$ 11,831,349</u>	<u>\$ 2,943,934</u>	<u>\$ 206,946,564</u>
	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 99,330	\$ -	\$ -	\$ 99,330
Construction in Progress	10,816	-	-	10,816
Total Capital Assets Not Being Depreciated	110,146	-	-	110,146
Capital Assets Being Depreciated:				
Buildings and Improvements	39,930,649	-	-	39,930,649
Machinery and Equipment	17,232,841	141,478	-	17,374,319
Services and Improvements	20,578,799	385,994	-	20,964,793
Total Capital Assets Being Depreciated	77,742,289	527,472	-	78,269,761
Less: Accumulated Depreciation for:				
Buildings and Improvements	13,243,173	803,269	-	14,046,442
Machinery and Equipment	12,658,583	818,526	-	13,477,109
Services and Improvements	9,737,835	454,407	-	10,192,242
Total Accumulated Depreciation	35,639,591	2,076,202	-	37,715,793
Total Capital Assets Being Depreciated, Net	42,102,698	(1,548,730)	-	40,553,968
Business-Type Activities Capital Assets, Net	<u>\$ 42,212,844</u>	<u>\$ (1,548,730)</u>	<u>\$ -</u>	<u>\$ 40,664,114</u>

**TOWN OF WINDHAM, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 6 CAPITAL ASSETS (CONTINUED)

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

Governmental Activities:

General Government	\$ 484,097
Public Safety	1,210,243
Public Works	2,420,487
Human Services	60,512
Planning and Development	60,512
Civic and Cultural	242,049
Education	1,573,316
Total Depreciation Expense - Governmental Activities	<u>\$ 6,051,216</u>

Business-Type Activities:

Water	\$ 640,887
Sewer	1,202,306
Parking Garage Fund	233,009
Total Depreciation Expense - Business-Type Activities	<u>\$ 2,076,202</u>

NOTE 7 INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of June 30, 2025, is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor Governmental Funds	\$ 2,750,534
General Fund	Parking Garage Fund	684,017
General Fund	Sewer Fund	903,768
Subtotal		<u>4,338,319</u>
Nonmajor Governmental Funds	General Fund	66
Total		<u>\$ 4,338,385</u>

The outstanding balances between funds result mainly from the time lag between the dates that: 1) interfund goods and services are provided or reimbursable expenditure occur; 2) transactions are recorded in the accounting system; and 3) payments between funds are made.

TOWN OF WINDHAM, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 7 INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (CONTINUED)

The transfers that occurred during the year are as follows:

	Transfers In			Total
	General Fund	Parking Garage Fund	Nonmajor Governmental Funds	Transfers Out
Transfers Out:				
General Fund	\$ -	\$ -	\$ 1,461,200	\$ 1,461,200
Capital Improvement Fund	-	222,243	-	222,243
Water Fund	120,000	-	-	120,000
Sewer Fund	120,000	-	-	120,000
Total Transfers In	<u>\$ 240,000</u>	<u>\$ 222,243</u>	<u>\$ 1,461,200</u>	<u>\$ 1,923,443</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. The transfer from the General Fund to the Nonmajor fund was for various budgeted purposes.

NOTE 8 LONG-TERM LIABILITIES

Changes in Long-Term Liabilities

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

	Beginning Balance	Additions*	Reductions*	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds Payable:					
General Obligation Bonds	\$ 49,667,700	\$ 6,170,000	\$ 2,227,800	\$ 53,609,900	\$ 2,603,900
Premium	4,594,212	556,253	464,270	4,686,195	-
Total Bonds Payable	<u>54,261,912</u>	<u>6,726,253</u>	<u>2,692,070</u>	<u>58,296,095</u>	<u>2,603,900</u>
Compensated Absences	5,220,146	843,336	-	6,063,482	606,348
Landfill Post-Closure Liability	28,000	-	7,000	21,000	7,000
Risk Management Claims	4,277,163	14,534,308	15,013,669	3,797,802	1219,800
Total OPEB Liability	<u>12,484,865</u>	<u>-</u>	<u>1,081,715</u>	<u>11,403,150</u>	<u>543,210</u>
Net Pension Liability	<u>18,144,463</u>	<u>-</u>	<u>5,286,351</u>	<u>12,858,112</u>	<u>-</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 94,416,549</u>	<u>\$ 22,103,897</u>	<u>\$ 24,080,805</u>	<u>\$ 92,439,641</u>	<u>\$ 4,980,258</u>

*The changes in compensated absences, OPEB liability and pension liability are presented net.

**TOWN OF WINDHAM, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 8 LONG-TERM LIABILITIES (CONTINUED)

Changes in Long-Term Liabilities (Continued)

For the governmental activities, compensated absences, land-fill post-closure, net pension liability, and total OPEB liability are generally liquidated by the General Fund.

	Beginning Balance	Additions*	Reductions*	Ending Balance	Due Within One Year
Business-Type Activities:					
Bonds Payable:					
General Obligation Bonds	\$ 19,192,300	\$ -	\$ 692,200	\$ 18,500,100	\$ 696,100
Premium	2,038,463	-	168,442	1,870,021	-
Total Bonds Payable	21,230,763	-	860,642	20,370,121	696,100
Loans Payable	310,707	-	15,600	295,107	15,600
Compensated Absences	184,813	-	47,341	137,472	48,115
Total Business-Type Activities Long-Term Liabilities	\$ 21,726,283	\$ -	\$ 923,583	\$ 20,802,700	\$ 759,815

*The change in compensated absences is presented net.

General obligation bonds currently outstanding are as follows:

Description	Date of Issue	Date of Maturity	Interest Rate (%)	Amount of Original Issue	Balance Outstanding June 30, 2025
Governmental Activities:					
Bonds Payable:					
General Purpose					
Refunding Bonds	2014	2034	2.00-4.00%	\$ 7,820,900	\$ 2,889,900
General Purpose Bonds	2020	2046	4.00%	16,295,000	13,165,000
General Purpose Bonds	2020	2040	4.00%	2,275,000	1,795,000
General Purpose Bonds	2021	2046	4.00-5.00%	9,240,000	8,440,000
General Purpose Bonds	2022	2044	2.00-4.00%	6,646,400	6,325,000
General Purpose Bonds	2023	2047	4.00-5.00%	9,975,000	9,975,000
General Purpose Bonds	2024	2046	4.00-5.00%	4,850,000	4,850,000
General Purpose Bonds	2025	2047	3.25-5.00%	6,170,000	6,170,000
Total Governmental Activities					<u>\$ 53,609,900</u>
Business-Type Activities:					
Bonds Payable:					
Water Bonds, Refinanced	2014	2026	2.00-3.00%	\$ 684,100	\$ 40,100
Water Bonds	2021	2046	4.00-5.00%	2,595,000	2,460,000
Sewer Bonds, Refinanced	2021	2046	4.00-5.00%	11,370,000	10,780,000
Parking Garage Bonds	2022	2044	2.00-4.00%	5,478,600	5,220,000
Total Business-Type Activities					<u>\$ 18,500,100</u>

**TOWN OF WINDHAM, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 8 LONG-TERM LIABILITIES (CONTINUED)

Changes in Long-Term Liabilities (Continued)

Annual debt service requirements to maturity for general obligation bonds and notes payable are as follows:

Year Ending June 30,	Governmental Activities		Business-Type Activities	
	Bonds Payable		Bonds Payable	
	Principal	Interest	Principal	Interest
2026	\$ 2,603,900	\$ 2,083,911	\$ 696,100	\$ 696,795
2027	2,474,000	1,976,878	671,000	667,679
2028	2,784,000	1,863,368	686,000	640,539
2029	2,789,000	1,739,983	706,000	610,474
2030	2,809,000	1,614,098	726,000	577,284
2031-2035	13,460,000	6,250,663	3,995,000	2,374,744
2036-2040	12,110,000	3,724,054	4,685,000	1,555,644
2041-2045	11,445,000	1,606,946	5,415,000	676,676
2046-2049	3,135,000	128,094	920,000	18,400
Total	<u>\$ 53,609,900</u>	<u>\$ 20,987,995</u>	<u>\$ 18,500,100</u>	<u>\$ 7,818,235</u>

The Town is subject to the General Statutes of Connecticut, which limits the amount of debt outstanding at June 30, 2025, to the following:

Category	Debt Limit	Net Indebtedness	Balance
General Purpose	\$ 99,828,000	\$ 59,514,820	\$ 40,313,180
Schools	199,656,000	22,566,464	177,089,536
Sewers	166,380,000	12,080,000	154,300,000
Urban Renewal	144,196,000	-	144,196,000
Pension Deficit	133,104,000	-	133,104,000

Total debt outstanding may not exceed seven times annual receipts from taxation of \$310,575,566.

Authorized but Unissued Bonds

The total of authorized but unissued bonds at June 30, 2025, is \$19,221,284. In most cases, interim financing is obtained through bond anticipation notes or other short-term borrowings until the issuance of long-term debt.

Bond Anticipation Notes

Date Issued	Maturity Date	Interest Rate	Beginning Balance	Issued	Retired	Ending Balance
9/28/23	9/27/24	4.50%	\$ 10,550,000	\$ -	\$ 10,550,000	\$ -
9/27/24	9/26/25	4.00%	-	10,550,000	-	10,550,000
Total			<u>\$ 10,550,000</u>	<u>\$ 10,550,000</u>	<u>\$ 10,550,000</u>	<u>\$ 10,550,000</u>

The bond anticipation notes were issued to fund various projects of the Town.

**TOWN OF WINDHAM, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 8 LONG-TERM LIABILITIES (CONTINUED)

Landfill Post-Closure Liability

The Town landfill has been closed. State and federal laws and regulations require landfill closures to meet certain standards. Monitoring costs for the next seven years are estimated to be \$21,000. This amount is based on estimates, which are subject to change due to inflation, technology, or applicable laws and regulations. The estimated liability is not recorded in the fund financial statements since the liability will be funded from future financial resources, not from expendable available financial resources.

NOTE 9 FUND BALANCE

The components of fund balance for the governmental funds at June 30, 2025, are as follows:

	General Fund	Educational Grants Fund	Capital Improvement Fund	Nonmajor Governmental Funds	Total
Fund Balances:					
Nonspendable:					
Supplies and Prepaid	\$ 189,608	\$ -	\$ -	\$ 18,079	\$ 207,687
Permanent Fund Principal	-	-	-	298,896	298,896
Restricted for:					
General Government	-	-	-	193,874	193,874
Education	-	286	-	2,011,399	2,011,685
Public Safety	-	-	-	211,525	211,525
Public Works	-	-	-	78,752	78,752
Library	-	-	-	52,502	52,502
Historic Preservation	-	-	-	11,344	11,344
Small Cities	-	-	-	245,729	245,729
C-Pace	-	-	-	1,050	1,050
Capital Projects	-	-	-	77,332	77,332
Debt Service	-	-	-	1,699,108	1,699,108
Cemetery	-	-	-	346,640	346,640
King Trust	-	-	-	607,810	607,810
Committed to:					
Student Activity	-	-	-	264,890	264,890
Recreation Revolving	-	-	-	147,332	147,332
Scholarship Fund	-	-	-	27,506	27,506
Animal Control	-	-	-	1,450	1,450
Unassigned	15,162,469	-	(6,926,172)	(3,230,666)	5,005,631
Total Fund Balances	<u>\$ 15,352,077</u>	<u>\$ 286</u>	<u>\$ (6,926,172)</u>	<u>\$ 3,064,552</u>	<u>\$ 11,490,743</u>

**TOWN OF WINDHAM, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 10 EMPLOYEE RETIREMENT PLAN

Pension Trust Fund

A. Plan Description

The Town is the administrator of four separate single-employer Public Employee Retirement System (PERS) defined benefit contributory pension plans established and administered to provide pension benefits for its municipal, police, and firefighters, and one separate single-employer PERS defined benefit noncontributory pension plan established and administered to provide pension benefits for its Board of Education full-time employees other than teachers. The PERS do not issue stand-alone financial statements and are considered to be part of the Town's financial reporting entity. As such, the PERS are included in the Town's fiduciary fund financial statements as pension trust funds.

Before the merger of the Town of Windham, Connecticut with the City of Willimantic, municipal employees held their pensions with the Travelers Insurance Company. During 1986, the Travelers plan was frozen and assets related to active participants of this plan were transferred to New England Financial Retirement Services. Since all retirement benefits under this plan were funded through annual purchases of annuity contracts for all active employees, Travelers is obligated to pay the related pension benefits. Therefore, the activity and the assets in the Travelers plans and the actuarial present value of the accumulated plan benefits are excluded from the Town's financial statements.

The Town Manager and Finance Director serve as the pension plan board and work in conjunction with the Town's investment advisors to manage the portfolio based on the asset allocation strategy and procedures described in the Town's Investment Policy Statement.

B. Benefit Provisions

Municipal Pension Plan

The Town's municipal PERS cover all regular employees of the Town other than police, fire, Board of Education employees, and teachers. The Town provides all retirement benefits through a single-employer contributory defined benefit plan. All employees are eligible to become participants in the PERS on the first day of the first month following two years of service. The retirement benefit is the sum of 1.75% of the participant's average annual earnings for the last three years of employment, multiplied by the number of years of service excluding the first two years and any years prior to age 21 for employees hired before January 1, 1995. Normal retirement is assumed to be at age 65 with the completion of five years of plan participation. A participant becomes 100% vested upon completion of five years of credited service. The municipal PERS offer optional survivorship benefits.

**TOWN OF WINDHAM, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 10 EMPLOYEE RETIREMENT PLAN (CONTINUED)

Pension Trust Fund (Continued)

B. Benefit Provisions (Continued)

Municipal Pension Plan (Continued)

Municipal employees are required to make contributions of 1.50% of annual earnings to the PERS. If a member leaves, is terminated, or passes before meeting the vesting requirements, accumulated employee contributions are refunded. The Town is required to contribute the remaining amounts necessary to finance the benefits for its employees. Benefits are fixed by contract and may be amended by union negotiations.

Administrative costs are paid by the plan.

Board of Education Pension Plan

The Town of Windham's Board of Education provides benefits to all full-time employees other than teachers through a single-employer, noncontributory, defined benefit plan. All employees are eligible for membership in the PERS on the first day of the month after completion of two years of service and attainment of age 24. Employees are 100% vested after five years of continuous service. The retirement benefit is 1.25% of average earnings paid to a member during the highest five consecutive years of active employment multiplied by the number of whole years of continuous service. Normal retirement is assumed to be the later of age 65 and five years of participation in the plan. The Board of Education pension plan offers optional survivorship benefits.

Employees are not required to contribute to the PERS. The Board of Education is required to contribute the amounts necessary to finance the benefits for its employees. Benefits are fixed by contract and may be amended by union negotiations.

Administrative costs are paid by the plan.

Police and Fire Pension Plans

The fire and police PERS cover regular employees of the fire and police departments. The PERS provide retirement, disability, and survivorship (optional) benefits generally based on final base pay for all active and retired employees. The Town provides retirement benefits through a single employer, contributory, defined benefit plan. All regular employees of both departments are eligible for participation on their date of hire. Fire and police employees are 100% vested after 10 years of service. The retirement benefit for fire is 2.25% of the annual straight time earnings plus paid holiday pay in the 52 pay periods before retirement, multiplied by the number of years and completed months of service up to a maximum of 35 years. The retirement benefit for police is 2.3% of annual straight time earnings in the fiscal year last completed before retirement plus longevity pay in that year, multiplied by the number of years and completed months of service up to a maximum of 40 years. Normal retirement is assumed to be after 25 years of service or age 60, whichever comes first, for fire and after 20 years of service or age 60, whichever comes first, for police.

**TOWN OF WINDHAM, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 10 EMPLOYEE RETIREMENT PLAN (CONTINUED)

Pension Trust Fund (Continued)

B. Benefit Provisions (Continued)

Police and Fire Pension Plans (Continued)

Fire employees are required to contribute 9.0% of their straight time earnings plus holiday pay pre-tax to the PERS. Police employees are required to contribute 9.0% of their straight time earnings pre-tax. If a member leaves covered employment, or dies before meeting the vesting requirements, accumulated employee contributions are refunded. The Town is required to contribute the remaining amounts necessary to finance the benefits for its fire and police employees. Benefits and employee contributions are fixed by contract and may be amended by union negotiations.

Administrative costs are paid by the plans.

As of the latest actuarial valuation the membership of the plans consisted of the following:

	<u>Municipal</u>	<u>Board of Education</u>	<u>Policemen</u>	<u>Firefighters</u>
Retirees and Beneficiaries				
Receiving Benefits	80	93	46	30
Terminated Employees Entitled to Benefits But Not Yet				
Receiving Them	74	74	10	2
Active Plan Members	80	105	43	32
Total Participants	<u>234</u>	<u>272</u>	<u>99</u>	<u>64</u>

C. Summary of Significant Accounting Policies

Basis of Accounting

The Pension Trusts' financial statements are accounted for using the accrual basis of accounting. Contributions are recognized when they are due, pursuant to formal commitments and contractual requirements. Investment income is recognized when earned. Investments are reported at fair value. Expenses (benefits, administration, and refunds) are recognized when they are due and payable in accordance with the terms of the plan. Separate financial statements are not issued for the Pension Trust funds.

Method Used to Value Investments

Investments are reported at fair value. Investment income is recognized as earned.

D. Investments

Each of the Pension Plan's policy in regard to the allocation of invested assets is established and may be amended by the Town Council/Board of Education. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension plan.

**TOWN OF WINDHAM, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 10 EMPLOYEE RETIREMENT PLAN (CONTINUED)

Pension Trust Fund (Continued)

D. Investments (Continued)

Rate of Return

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. For the year ended June 30, 2025, the annual money-weighted rate of return on pension investments, net of pension plan investment expense, was as follows:

	Municipal	Board of Education	Police	Fire
Money Weighted Rate of Return	12.34%	12.51%	11.23%	10.70%

E. Net Pension Liability of the Town

The components of the net pension liability of the Town at June 30, 2025, were as follows:

	Municipal	Board of Education	Policemen's	Firefighter's	Total
Total Pension Liability	\$ 33,341,200	\$ 15,996,616	\$ 38,613,368	\$ 22,481,133	\$ 110,432,317
Plan Fiduciary Net Position	27,317,019	14,937,354	34,579,094	20,740,738	97,574,205
Net Pension Liability	<u>\$ 6,024,181</u>	<u>\$ 1,059,262</u>	<u>\$ 4,034,274</u>	<u>\$ 1,740,395</u>	<u>\$ 12,858,112</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	<u>81.93%</u>	<u>93.38%</u>	<u>89.55%</u>	<u>92.26%</u>	<u>88.36%</u>

Actuarial Assumptions

The total pension liability was measured as of June 30, 2025, and it was determined by an actuarial valuation as of July 1, 2024, for the Board of Education plan, July 1, 2023 for Police and Fire plans, and January 1, 2024, for the Town plan, using the following actuarial assumptions, applied to all periods included in the measurement rolled forward to June 30, 2025:

	Municipal	Board of Education	Police	Fire
Actuarial Valuation Date	1/1/2024	7/1/2024	7/1/2023	7/1/2023
Actuarial Cost Method	Entry Age	Entry Age	Entry Age	Entry Age
	Normal	Normal	Normal	Normal
Investment Rate of Return	6.50%	6.25%	6.50%	6.50%
Projected Salary Increase	3.00%	3.00%	3.50%	3.50%
Inflation Rate	2.40%	2.75%	2.40%	2.40%
Measurement Date	6/30/2025	6/30/2025	6/30/2025	6/30/2025

**TOWN OF WINDHAM, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 10 EMPLOYEE RETIREMENT PLAN (CONTINUED)

Pension Trust Fund (Continued)

E. Net Pension Liability of the Town (Continued)

Actuarial Assumptions (Continued)

Mortality rates for Municipal were based on Pub-2010 Public Retirement Plans Amount-Weighted Mortality Tables (with separate tables for General Employees, Public Safety, and Teachers), projected to the valuation date with Scale MP-2021. Mortality rates for the Police and Fire Pub-2010 Public Retirement Plans Amount-Weighted Mortality Tables (with separate tables for General Employees, Public Safety, and Teachers), projected to the valuation date with Scale MP-2021. Mortality rates for the Board of Education were based on PubG-2010 Mortality Table with generational projection per the MP-2021 Ultimate Scale.

A full actuarial experience study has not been completed for the plans.

Long-Term Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method 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 weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Pension plan's target asset allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2025, (see the discussion of the pension plan's investment policy) are summarized in the following tables:

Asset Class	Town Pension Plan	
	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap Core Equity	30.00 %	6.29 %
Mid Cap Core Equity	8.00	6.44
Small Cap Core Equity	7.00	5.64
International Equity	10.00	5.19
Emerging Market Equity	10.00	6.19
U.S. Fixed Income Taxable	25.00	1.59
Short Duration Investment Grade Taxable	5.00	1.29
Cash	5.00	1.79
Total	100.00 %	

**TOWN OF WINDHAM, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 10 EMPLOYEE RETIREMENT PLAN (CONTINUED)

Pension Trust Fund (Continued)

E. Net Pension Liability of the Town (Continued)

Long-Term Rate of Return (Continued)

Asset Class	Board of Education Pension Plan	
	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Cash	3.75 %	0.83 %
U.S. Core Fixed Income	25.00	2.35
U.S. Large Caps	21.00	5.39
U.S. Large & Mid Caps	15.00	5.34
U.S. Small Caps	6.75	6.80
Global Equity	24.00	6.05
Emerging Markets Equity	4.50	8.78
Total	100.00 %	

Asset Class	Firefighter Pension Plan	
	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap Core Equity	30.00 %	6.29 %
Mid Cap Core Equity	8.00	6.44
Small Cap Core Equity	7.00	5.64
International Equity	10.00	5.19
Emerging Market Equity	10.00	6.19
U.S. Fixed Income Taxable	25.00	1.59
Short Duration Investment Grade Taxable	5.00	1.29
Cash	5.00	1.79
Total	100.00 %	

Asset Class	Police Pension Plan	
	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap Core Equity	30.00 %	6.29 %
Mid Cap Core Equity	8.00	6.44
Small Cap Core Equity	7.00	5.64
International Equity	10.00	5.19
Emerging Market Equity	10.00	6.19
U.S. Fixed Income Taxable	25.00	1.59
Short Duration Investment Grade Taxable	5.00	1.29
Cash	5.00	1.79
Total	100.00 %	

**TOWN OF WINDHAM, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 10 EMPLOYEE RETIREMENT PLAN (CONTINUED)

Pension Trust Fund (Continued)

F. Changes in the Net Pension Liability

	Municipal Employees' Pension Plan		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances - July 1, 2024	\$ 32,481,157	\$ 24,739,401	\$ 7,741,756
Changes for the Year:			
Service Cost	722,401	-	722,401
Interest on Total Pension Liability	2,101,967	-	2,101,967
Effect of Economic/Demographic (Gains) or Losses	(205,435)	-	(205,435)
Employer Contributions	-	1,249,134	(1,249,134)
Member Contributions	-	124,259	(124,259)
Net Investment Income	-	2,963,115	(2,963,115)
Benefit Payments, Including Refund to Employee Contributions	(1,758,890)	(1,758,890)	-
Net Changes	860,043	2,577,618	(1,717,575)
Balances - June 30, 2025	\$ 33,341,200	\$ 27,317,019	\$ 6,024,181

	Board of Education Retirement Fund		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances - July 1, 2024	\$ 15,373,121	\$ 13,439,319	\$ 1,933,802
Changes for the Year:			
Service Cost	296,974	-	296,974
Interest on Total Pension Liability	957,162	-	957,162
Effect of Economic/Demographic (Gains) or Losses	91,298	-	91,298
Employer Contributions	-	575,619	(575,619)
Member Contributions	-	-	-
Net Investment Income	-	1,697,942	(1,697,942)
Benefit Payments, Including Refund to Employee Contributions	(721,939)	(721,939)	-
Administrative Expenses	-	(53,587)	53,587
Net Changes	623,495	1,498,035	(874,540)
Balances - June 30, 2025	\$ 15,996,616	\$ 14,937,354	\$ 1,059,262

**TOWN OF WINDHAM, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 10 EMPLOYEE RETIREMENT PLAN (CONTINUED)

Pension Trust Fund (Continued)

F. Changes in the Net Pension Liability (Continued)

	Policemen's Pension Plan		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances - July 1, 2024	\$ 36,959,318	\$ 31,246,463	\$ 5,712,855
Changes for the Year:			
Service Cost	1,127,867	-	1,127,867
Interest on Total Pension Liability	2,415,239	-	2,415,239
Employer Contributions	-	1,482,481	(1,482,481)
Member Contributions	-	304,520	(304,520)
Net Investment Income	-	3,447,411	(3,447,411)
Benefit Payments, Including			
Refund to Employee Contributions	(1,889,056)	(1,889,056)	-
Administrative Expenses	-	(12,725)	12,725
Net Changes	1,654,050	3,332,631	(1,678,581)
Balances - June 30, 2025	\$ 38,613,368	\$ 34,579,094	\$ 4,034,274

	Firefighter's Pension Plan		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances - July 1, 2024	\$ 21,262,740	\$ 18,506,690	\$ 2,756,050
Changes for the Year:			
Service Cost	660,978	-	660,978
Interest on Total Pension Liability	1,398,148	-	1,398,148
Employer Contributions	-	829,691	(829,691)
Member Contributions	-	286,939	(286,939)
Net Investment Income	-	1,969,376	(1,969,376)
Benefit Payments, Including			
Refund to Employee Contributions	(840,733)	(840,733)	-
Administrative Expenses	-	(11,225)	11,225
Net Changes	1,218,393	2,234,048	(1,015,655)
Balances - June 30, 2025	\$ 22,481,133	\$ 20,740,738	\$ 1,740,395

**TOWN OF WINDHAM, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 10 EMPLOYEE RETIREMENT PLAN (CONTINUED)

Pension Trust Fund (Continued)

G. Discount Rate

The discount rate used to measure the total pension liability is listed below. 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 Town contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. 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. The plan's fiduciary net position was projected to be available to make all projected future benefit payments of current and active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

	Municipal	Board of Education	Police	Fire
Discount Rate	6.50%	6.25%	6.50%	6.50%

H. 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 current discount rate, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (5.50%)	Current Discount (6.50%)	1% Increase (7.50%)
Municipal Pension Plan	<u>\$ 10,098,028</u>	<u>\$ 6,024,181</u>	<u>\$ 2,597,191</u>
	1% Decrease (5.25%)	Current Discount (6.25%)	1% Increase (7.25%)
Board of Education Pension Plan	<u>\$ 2,940,825</u>	<u>\$ 1,059,262</u>	<u>\$ (522,355)</u>
	1% Decrease (5.50%)	Current Discount 6.50%	1% Increase (7.50%)
Police Pension Plan	<u>\$ 9,324,971</u>	<u>\$ 4,034,274</u>	<u>\$ (281,738)</u>
	1% Decrease (5.50%)	Current Discount (6.50%)	1% Increase (7.50%)
Fire Pension Plan	<u>\$ 4,493,044</u>	<u>\$ 1,740,395</u>	<u>\$ (547,481)</u>

**TOWN OF WINDHAM, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 10 EMPLOYEE RETIREMENT PLAN (CONTINUED)

Pension Trust Fund (Continued)

I. Combining Schedule of Net Position

	Pension Trust Funds				
	Municipal Employees' Pension	Board of Education Employees' Pension	Policemen's Pension	Firemen's Pension	Total
ASSETS					
Cash and Cash Equivalents	\$ 283,747	\$ 145,971	\$ 553,862	\$ 358,236	\$ 1,341,816
Investments, at Fair Value:					
Corporate Bonds	9,369,905	-	11,487,964	6,894,252	27,752,121
Common Stock	16,990,483	10,728,277	21,676,884	12,957,043	62,352,687
Mutual Funds	579,695	384,193	740,366	466,031	2,170,285
Collective Trusts	-	3,678,913	-	-	3,678,913
Total Investments	26,940,083	14,791,383	33,905,214	20,317,326	95,954,006
Receivable	93,189	-	120,018	65,176	278,383
Total Assets	27,317,019	14,937,354	34,579,094	20,740,738	97,574,205
NET POSITION					
Restricted for Pension Benefits	\$ 27,317,019	\$ 14,937,354	\$ 34,579,094	\$ 20,740,738	\$ 97,574,205

J. Combining Schedule of Changes in Plan Net Position

	Pension Trust Funds				
	Municipal Employees' Pension	Board of Education Employees' Pension	Policemen's Pension	Firemen's Pension	Total
ADDITIONS					
Contributions:					
Employer	\$ 1,249,134	\$ 575,619	\$ 1,482,481	\$ 829,691	\$ 4,136,925
Plan Members	124,259	-	304,520	286,939	715,718
Total Contributions	1,373,393	575,619	1,787,001	1,116,630	4,852,643
Investment Earnings:					
Net Increase in Fair Value of Investments	2,177,397	1,246,032	2,504,896	1,315,050	7,243,375
Interest and Dividends	825,491	451,910	942,515	654,326	2,874,242
Net Investment Income	3,002,888	1,697,942	3,447,411	1,969,376	10,117,617
Less Investment Expenses:					
Investment Management Fees	39,773	-	12,725	11,225	63,723
Net Investment Income	2,963,115	1,697,942	3,434,686	1,958,151	10,053,894
Total Additions	4,336,508	2,273,561	5,221,687	3,074,781	14,906,537
DEDUCTIONS					
Benefits	1,758,890	721,939	1,889,056	840,733	5,210,618
Administrative Expense	-	53,587	-	-	53,587
Total Deductions	1,758,890	775,526	1,889,056	840,733	5,264,205
CHANGE IN NET POSITION	2,577,618	1,498,035	3,332,631	2,234,048	9,642,332
Net Position - Beginning of Year	24,739,401	13,439,319	31,246,463	18,506,690	87,931,873
NET POSITION - END OF YEAR	\$ 27,317,019	\$ 14,937,354	\$ 34,579,094	\$ 20,740,738	\$ 97,574,205

**TOWN OF WINDHAM, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 10 EMPLOYEE RETIREMENT PLAN (CONTINUED)

Pension Trust Fund (Continued)

K. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2025, the Town reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

Deferred Outflows of Resources					
	Municipal Employees' Pension	Board of Education Employees' Pension	Policemen's Pension	Firemen's Pension	Total
Differences Between Expected and Actual Experience	\$ 931,647	\$ 57,484	\$ 419,913	\$ -	\$ 1,409,044
Changes of Assumptions	565,725	-	583,902	123,375	1,273,002
Total	<u>\$ 1,497,372</u>	<u>\$ 57,484</u>	<u>\$ 1,003,815</u>	<u>\$ 123,375</u>	<u>\$ 2,682,046</u>
Deferred Inflows of Resources					
	Municipal Employees' Pension	Board of Education Employees' Pension	Policemen's Pension	Firemen's Pension	Total
Differences Between Expected and Actual Experience	\$ 327,801	\$ 11,854	\$ 114,499	\$ 288,437	\$ 742,591
Changes of Assumptions	-	-	-	-	-
Net Difference Between Projected and Actual Earning on Pension Plan Investments	1,029,677	802,918	1,088,370	575,715	3,496,680
Total	<u>\$ 1,357,478</u>	<u>\$ 814,772</u>	<u>\$ 1,202,869</u>	<u>\$ 864,152</u>	<u>\$ 4,239,271</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	Municipal Employees' Pension	Board of Education Employees' Pension	Policemen's Pension	Firemen's Pension	Total
2026	\$ 851,533	\$ (714,52)	\$ 558,173	\$ 34,457	\$ 1,372,711
2027	(228,861)	(267,893)	(105,971)	(318,449)	(921,174)
2028	(193,838)	(245,081)	(329,135)	(277,550)	(1,045,604)
2029	(277,310)	(172,862)	(322,121)	(179,235)	(951,528)
2030	(11,630)	-	-	-	(11,630)
Total	<u>\$ 139,894</u>	<u>\$ (757,288)</u>	<u>\$ (199,054)</u>	<u>\$ (740,777)</u>	<u>\$ (1,557,225)</u>

For the year ended June 30, 2025, the Town recognized pension expense of \$2,923,012 as follows:

	Pension Expense
Municipal Pension Plan	\$ 1,505,705
Board of Education Pension Plan	101,965
Police Pension Plan	1,077,074
Fire Pension Plan	238,268
Total	<u>\$ 2,923,012</u>

**TOWN OF WINDHAM, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 10 EMPLOYEE RETIREMENT PLAN (CONTINUED)

Pension Trust Fund (Continued)

L. Aggregate Pension Information

The Town recognized the following amounts related to pension plans as of and for the year ended June 30, 2025:

	Net Pension Liability	Pension Expense	Deferred Outflows of Resources	Deferred Inflows of Resources
Municipal Pension Plan	\$ 6,024,181	\$ 1,505,705	\$ 1,497,372	\$ 1,357,478
Board of Education Pension Plan	1,059,262	101,965	57,484	814,772
Police Pension Plan	4,034,274	1,077,074	1,003,815	1,202,869
Fire Pension Plan	1,740,395	238,268	123,375	864,152
Total	<u>\$12,858,112</u>	<u>\$ 2,923,012</u>	<u>\$ 2,682,046</u>	<u>\$ 4,239,271</u>

Connecticut Teachers Retirement System – Pension

A. 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. Chapter 167a of the State Statutes grants authority to establish and amend the benefit terms to the Teachers Retirement Board. The Teachers Retirement Board issues a publicly available financial report that can be obtained at www.ct.gov.

B. 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 employees are calculated as 2% of the average annual salary times the years of credited service (maximum benefit is 75% of average annual salary during the three years of highest salary).

Early Retirement

Employees are eligible after 25 years of credited service including 20 years of Connecticut service, or age 55 with 20 years of credited service including 15 years of Connecticut service with reduced benefit amounts.

**TOWN OF WINDHAM, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 10 EMPLOYEE RETIREMENT PLAN (CONTINUED)

Connecticut Teachers Retirement System – Pension (Continued)

B. Benefit Provisions (Continued)

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% of average annual salary times credited service to date of disability, but not less than 15% of average annual salary, nor more than 50% of average annual salary.

C. Contributions

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 are approved, amended, and certified by the State Teachers Retirement Board and appropriated by the General Assembly.

Employer (School Districts)

School District employers are not required to make contributions to the plan.

The statutes require the state of Connecticut to contribute 100% of each school districts' required contributions, which are actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of the benefits earned by employees during the year, with any additional amount to finance any unfunded accrued liability.

For the year ended June 30, 2025, the amount of "on-behalf" contributions made by the state was \$9,014,148 and is recognized in the General Fund as intergovernmental revenues and education expenditures.

Employees

Effective July 1, 1992, each teacher is required to contribute 6% of salary for the pension benefit.

Effective January 1, 2018, the required contribution increased to 7% of pensionable salary.

**TOWN OF WINDHAM, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 10 EMPLOYEE RETIREMENT PLAN (CONTINUED)

Connecticut Teachers Retirement System – Pension (Continued)

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

At June 30, 2025, the Town reports no amounts for its proportionate share of the net pension liability, and related deferred outflows and inflows, due to the statutory requirement that the state pay 100% of the required contribution. 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 that was 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	91,450,798
Total	<u>\$ 91,450,798</u>

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, 2024. At June 30, 2025, the Town has no proportionate share of the net pension liability.

For the year ended June 30, 2025, the Town recognized pension expense and revenue of \$10,489,603 in Exhibit II.

E. 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

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

The actuarial assumptions used in the June 30, 2024, valuation were based on the results of an actuarial experience study for the five-year period ending June 30, 2019.

**TOWN OF WINDHAM, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 10 EMPLOYEE RETIREMENT PLAN (CONTINUED)

Connecticut Teachers Retirement System – Pension (Continued)

E. Actuarial Assumptions (Continued)

Assumption changes since the prior year are as follows:

- There were no changes in assumptions that affected the measurement of the TPL since the prior measurement date.

Benefit changes since the prior year are as follows:

- Legislation was passed restoring the 25% wear down of Plan N benefits to vested members as of June 30, 2019.

Cost-of-Living Allowance

For teachers who retired prior to September 1, 1992, pension benefit adjustments 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 weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The current capital market assumptions and the target asset allocation as provided by the State of Connecticut Treasurer's Office are summarized in the following table:

**TOWN OF WINDHAM, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 10 EMPLOYEE RETIREMENT PLAN (CONTINUED)

Connecticut Teachers Retirement System – Pension (Continued)

E. Actuarial Assumptions (Continued)

Asset Class	Expected Return	Target Allocation
Global Equity	6.80 %	37.00 %
Public Credit	2.90	2.00
Core Fixed Income Fund	0.40	13.00
Liquidity Fund	(0.40)	1.00
Risk Mitigation	0.10	5.00
Private Equity	11.20	15.00
Private Credit	6.10	10.00
Real Estate	6.20	10.00
Infrastructure and Natural Resources	7.70	7.00
Total		<u>100.00 %</u>

F. 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 contribution rates in the 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.

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

The Town's proportionate share of the net pension liability is \$-0- and, therefore, the change in the discount rate would only impact the amount recorded by the state of Connecticut.

H. Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued financial statements available at www.ct.gov.

I. Other Information

Additional information is included in the required supplementary information section of the financial statements. A schedule of contributions is not presented as the Town has no obligation to contribute to the plan.

**TOWN OF WINDHAM, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 10 EMPLOYEE RETIREMENT PLAN (CONTINUED)

Deferred Compensation Plan

The Town of Windham and the Board of Education adopted an eligible deferred compensation plan under Section 457(b) of the Internal Revenue Code (IRC) of 1986 as amended and restated effective August 1, 2019. Under this plan any employee of the Town or Board of Education on either a full-time or part-time basis can contribute the maximum amount allowed under the Code up to 100% of compensation. The Town or Board of Education may make employer contributions in accordance with their contract or employment agreements. Participants shall be fully vested at all times for all contributions. Employees will self-direct contributions based on investment vehicles provided by the Town. Total employer and employee contributions to this plan are \$452,959 and \$949,870, respectively.

The Board of Education provides certain employees a 403(b) plan in accordance with union contracts and employment agreements. Total employer and employee contributions under this plan were \$65,500 and \$984,759, respectively.

The Board of Education also provides certain nonaffiliated employees \$2,200 to be used to purchase a tax shelter annuity.

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS

Retiree Benefit Program

A. Plan Description

The Town administers an Other Postemployment Benefits Plan (the Plan), which is a single-employer defined benefit healthcare plan. The Plan provides healthcare and life insurance benefits for eligible retirees and their spouses through the Town's group healthcare and life insurance plans, which covers both active and retired members. Benefit provisions are established through negotiations between the Town and the unions representing Town employees and are renegotiated each three-year bargaining period.

The Town currently pays for postemployment healthcare benefits on a pay-as-you-go basis. As of June 30, 2025, the Town has not established a trust fund to irrevocably segregate assets to fund liability associated with the postemployment benefits, which would require the reporting of a trust fund in accordance with GASB guidelines. The contribution requirements of plan members and the Town are also negotiated with the various unions representing the employees.

**TOWN OF WINDHAM, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Retiree Benefit Program (Continued)

A. Plan Description (Continued)

At July 1, 2024, plan membership consisted of the following:

	Retiree Benefit Program
Retired and Beneficiaries Receiving Benefits	24
Active Plan Members	619
Total	643

B. Benefit Provided

The Town plan provides for medical benefits for all eligible Board of Education retirees. The Town plan provides self-insured medical and prescription drug coverage for all eligible teachers and administrators retiring from the Teachers Retirement Act. The retiree pays 100% of the premium less the state subsidy for medical coverage for either the lifetime of the employee and spouse or until participating in Medicare. Surviving spouses are eligible to continue coverage upon death of the retiree by continuing to pay 100% of the premium less the state subsidy for medical coverage. The results are highly dependent on two key assumptions: the assumed rate at which medical costs will increase over time and the discount rate used to translate future payments into current dollars.

C. Total OPEB Liability

The Town's total OPEB liability of \$11,403,150 was measured as of June 30, 2025, and was determined by an actuarial valuation dated July 1, 2024.

**TOWN OF WINDHAM, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Retiree Benefit Program (Continued)

D. Actuarial Assumptions and Other Inputs

The total OPEB liability in the July 1, 2024, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.40%
Salary Increases	2.40%
Discount Rate	5.20%; Prior: 3.93%
Retirees' Share of Benefit-Related Costs	Varies by group from 10% to 100%
Healthcare Cost Trend Rates	6.50% in 2020, reducing by .20% each year to an ultimate rate of 4.40% per year rate for 2031 and later. Prior: 7.00% in 2018, reducing by .5% each year to an ultimate rate of 4.50% per year rate for 2023 and later.
Mortality Rates	Pub-2010 Public Retirement Plans Amount-Weighted Mortality Tables (with separate tables for General Employees, Public Safety and Teachers), projected to the valuation date with Scale MP-2021 Prior: Pub-2010 Public Retirement Plans Amount-Weighted Mortality Tables (with separate tables for General Employees, Public Safety and Teachers), projected to the valuation date with Scale MP-2020.)

The discount rate was based on the Bond Buyer General Obligation 20-Bond Municipal Index.

The plan has not had a formal actuarial experience study performed.

**TOWN OF WINDHAM, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Retiree Benefit Program (Continued)

E. Changes in the Total OPEB Liability

	Total OPEB Liability
Balance - July 1, 2024	\$ 12,484,865
Changes for the Year:	
Service Cost	727,734
Interest on Total OPEB Liability	487,623
Effect of Economic/Demographic Gains or Losses	(81,987)
Changes in Assumptions or Other Inputs	(589,640)
Benefit Payments	(1,625,445)
Net Changes	<u>(1,081,715)</u>
Balance - June 30, 2025	<u>\$ 11,403,150</u>

F. Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	1% Decrease (4.20%)	Current Discount Rate (5.20%)	1% Increase (6.20%)
Total OPEB Liability	<u>\$ 12,575,631</u>	<u>\$ 11,403,150</u>	<u>\$ 10,376,715</u>

G. Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using the current healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB Liability	<u>\$ 10,089,602</u>	<u>\$ 11,403,150</u>	<u>\$ 12,969,233</u>

**TOWN OF WINDHAM, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Retiree Benefit Program (Continued)

H. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2025, the Town recognized OPEB expense of \$493,827. At June 30, 2025, the Town reported deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 1,321,261	\$ 5,043,400
Changes in Assumptions	1,877,753	2,494,232
Total	<u>\$ 3,199,014</u>	<u>\$ 7,537,632</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2026	\$ (673,843)
2027	(673,843)
2028	(673,843)
2029	(673,843)
2030	(649,838)
Thereafter	(993,408)
Total	<u>\$ (4,338,618)</u>

Other Postemployment Benefit - Connecticut State Teachers Retirement Plan

A. Plan Description

Teachers, principals, superintendents, or supervisors engaged in service of public schools plus professional employees at state schools of higher education are eligible to participate in the Connecticut State Teachers' Retirement System Retiree Health Insurance Plan (TRS-RHIP), a cost-sharing, multiemployer defined benefit other postemployment benefit plan administered by the Teachers' Retirement Board (TRB), if they choose to be covered.

Chapter 167a of the State Statutes grants authority to establish and amend the benefit terms to the TRB. TRS-RHIP issues a publicly available financial report that can be obtained at www.ct.gov/trb.

**TOWN OF WINDHAM, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

**Other Postemployment Benefit - Connecticut State Teachers Retirement Plan
(Continued)**

B. Benefit Provisions

There are two types of the healthcare benefits offered through the system. Subsidized Local School District Coverage provides a subsidy paid to members still receiving coverage through their former employer and the CTRB Sponsored Medicare Supplement Plans provide coverage for those participating in Medicare but not receiving Subsidized Local School District Coverage.

Any member who is not currently participating in Medicare Parts A & B is eligible to continue healthcare coverage with their former employer. A subsidy of up to \$220 per month for a retired member plus an additional \$220 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, and any remaining portion is used to offset the district's cost. The subsidy amount is set by statute. A subsidy amount of \$440 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 of Medicare without cost, and contributes at least \$440 per month towards coverage under a local school district plan.

Any member who is currently participating in Medicare Parts A & B is eligible to either continue healthcare 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 Supplement Plans. Effective July 1, 2018, the System added a Medicare Advantage Plan option. Active members, retirees, and the state pay equally toward the cost of the basic coverage (medical and prescription drug benefits) under the Medicare Advantage Plan. Retired members who choose to enroll in the Medicare Supplement Plan are responsible for the full difference in the premium cost between the two plans. Additionally, effective July 1, 2018, retired members who cancel their healthcare coverage or elect to not enroll in a CTRB sponsored healthcare coverage option must wait two years to re-enroll.

Survivor Healthcare Coverage

Survivors of former employees or retirees remain eligible to participate in the plan and continue to be eligible to receive either the \$220 monthly subsidy or participate in the TRB-Sponsored Medicare Supplement Plans, as long as they do not remarry.

**TOWN OF WINDHAM, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

**Other Postemployment Benefit - Connecticut State Teachers Retirement Plan
(Continued)**

C. Eligibility

Any member who is currently receiving a retirement or disability benefit is eligible to participate in the plan.

Credited Service

One month for each month of service as a teacher in Connecticut public schools, maximum ten months for each school year. Ten months of credited service constitutes one year of Credited Service. Certain other types of teaching services, state employment, or wartime military service may be purchased prior to retirement if the member pays one-half the cost.

Normal Retirement

Age 60 with twenty years of Credited Service in Connecticut, or thirty-five years of Credited Service including at least twenty-five years of service in Connecticut.

Early Retirement

Age 55 with twenty years of Credited Service including fifteen years of Connecticut service, or twenty years of Credited Service including twenty years of Connecticut service.

Proratable Retirement

Age 60 with ten years of Credited Service.

Disability Retirement

No service requirement if incurred in the performance of duty, and five years of Credited Service in Connecticut if not incurred in the performance of duty.

Termination of Employment

Ten or more years of Credited Service.

D. Contributions

State of Connecticut

Per Connecticut General Statutes Section 10-183z, contribution requirements of active employees and the state of Connecticut are approved, amended, and certified by the State Teachers' Retirement Board and appropriated by the General Assembly. The state appropriates from the General Fund one third of the annual costs of the Plan. Administrative costs of the Plan are financed by the state. Based upon Chapter 167a, Subsection D of Section 10-183t of the Connecticut statutes, it is assumed the state will pay for any long-term shortfall arising from insufficient active member contributions.

**TOWN OF WINDHAM, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

**Other Postemployment Benefit - Connecticut State Teachers Retirement Plan
(Continued)**

D. Contributions (Continued)

Employer (School Districts)

School District employers are not required to make contributions to the plan.

For the year ended June 30, 2025, the amount of “on-behalf” contributions made by the state was \$126,206 and is recognized in the General Fund as intergovernmental revenues and education expenditures.

Employees/Retirees

The cost of providing plan benefits is financed on a pay-as-you-go basis as follows: active teachers’ pay for one-third of the Plan costs through a contribution of 1.25% of their pensionable salaries, and retired teachers pay for one-third of the Plan costs through monthly premiums, which helps reduce the cost of health insurance for eligible retired members and dependents.

E. OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2025, the Town reports no amounts for its proportionate share of the net OPEB liability, and related deferred outflows and inflows, due to the statutory requirement that the state pay 100% of the required contribution. 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 that was associated with the Town was as follows:

Town’s Proportionate Share of the Net OPEB Liability	\$ -
State’s Proportionate Share of the Net OPEB Liability Associated with the Town	18,759,703
Total	<u>\$ 18,759,703</u>

The net OPEB liability was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as June 30, 2024. At June 30, 2025, the Town has no proportionate share of the net OPEB liability.

For the year ended June 30, 2025, the Town recognized OPEB expense and revenue of \$259,928 in Exhibit II.

**TOWN OF WINDHAM, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

**Other Postemployment Benefit - Connecticut State Teachers Retirement Plan
(Continued)**

F. Actuarial Assumptions

The total OPEB 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
Healthcare Costs Trend Rate	Known increases until calendar year 2024 then general trend decreasing to an ultimate rate of 4.50% by 2031
Salary Increases	3.00-6.50%, including inflation
Investment Rate of Return	3.00%, net of OPEB plan investment expense, including inflation
Year Fund Net Position will be Depleted	2027

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

The actuarial assumptions used in the June 30, 2024, valuation were based on the results of an actuarial experience study for the period July 1, 2014 - June 30, 2019.

The changes in the assumptions since the prior year are as follows:

- Discount rate changed from 3.64% to 3.93%.

The changes in the benefit terms since the prior year are as follows:

- There were no changes to benefit terms since the prior measurement date.

The long-term expected rate of return on plan assets is reviewed as part of the GASB 75 valuation process. Several factors are considered in evaluating the long-term rate of return assumption, including the plan's current asset allocations and a log-normal distribution analysis using the best-estimate ranges of expected future real rates of return (expected return, net investment expense and inflation) for each major asset class. The long-term expected rate of return was determined by weighting 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 plan is 100% invested in U.S. Treasuries (Cash Equivalents) for which the expected 10-Year Geometric Real Rate of Return is (0.98%).

**TOWN OF WINDHAM, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

**Other Postemployment Benefit - Connecticut State Teachers Retirement Plan
(Continued)**

G. Discount Rate

The discount rate used to measure the total OPEB liability was 3.93%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 75. The projection was based on an actuarial valuation performed as of June 30, 2024.

In addition to the actuarial methods and assumptions of the June 30, 2024, actuarial valuation, the following actuarial methods and assumptions were used in the projection of cash flows:

- Total payroll for the initial projection year consists of the payroll of the active membership present on the valuation date. In subsequent projection years, total payroll was assumed to increase annually at a rate of 3.00%
- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Annual State contributions were assumed to be equal to the most recent five-year average of state contributions toward the fund.

Based on those assumptions, the Plan's fiduciary net position was projected to be depleted in 2027 and, as a result, the Municipal Bond Index Rate was used in the determination of the single equivalent rate.

H. Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate and the Discount Rate

The Town's proportionate share of the net OPEB liability is \$-0- and, therefore, the change in the healthcare cost trend rate or the discount rate would only impact the amount recorded by the state of Connecticut.

I. OPEB Plan Fiduciary Net Position

Detailed information about the Connecticut State Teachers OPEB Plan fiduciary net position is available in the separately issued State of Connecticut Annual Comprehensive Financial Report at www.ct.gov.

J. Other Information

Additional information is included in the required supplementary information section of the financial statements. A schedule of contributions is not presented as the Town has no obligation to contribute to the plan.

**TOWN OF WINDHAM, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 12 RISK MANAGEMENT

The Town is exposed to various risks of loss relating to torts; theft of, damage of, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town purchases commercial insurance to manage these risks. The Town is not insured concerning the following types of risks: unemployment compensation.

Settled claims have not exceeded commercial coverage nor has coverage been materially reduced in any of the last three years.

The Town is self-insured for worker's compensation claims and employee health insurance. The Town recognizes a liability for worker's compensation claims payable and for claims incurred but not reported based on actuarial analysis of claim history and for other self-insured claims which are probable of loss based on a case-by-case review. The Town also purchases stop-loss coverage for amounts above \$500,000 per claim.

The Health Insurance Fund, an internal service fund, was established to account for and finance employee medical benefits claims for eligible employees of both the Town and the Board of Education. The Town retains the risk of loss under the plan.

A third party processes the claims filed under the self-insured health plan, for which the Health Insurance Fund is charged an administrative fee.

The Town and BOE have Individual Stop Loss (ISL) coverage that limits their liability to \$175,000 per claimant in a plan year. The Town and BOE's overall claim liability is also limited to 115% of expected claims (\$10,500,000) with Aggregate Stop Loss coverage for the plan year. Anthem administers the payment of Medical and Pharmacy claims, calculates, and provides the accrued liability in a year-end settlement. Lockton Companies, LLC, the consultant for the Town and BOE, analyzes those claims and administrative expenses and advises the Town and BOE on all health insurance related issues.

A summary of claims activity for health and workers' compensation risks for the years ended June 30, 2025 and 2024, are as follows:

	Liability July 1,	Current Year Claims and Changes in Estimates	Claim Payments	Liability June 30,
2023-24	\$ 2,774,644	\$ 15,051,288	\$ 13,548,769	\$ 4,277,163
2024-25	4,277,163	14,534,308	15,013,669	3,797,802

TOWN OF WINDHAM, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 12 RISK MANAGEMENT (CONTINUED)

The Town establishes claims liabilities based on estimates of claims that have been incurred but not reported at June 30, 2025. Claims liabilities are recorded in accordance with GASB No. 10 and 30, which require that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is possible that a liability has been incurred at the date of the financial statements and the amount of possible loss can be reasonably estimated. The amount of the claims accrual is based on the ultimate costs of settling the claims, which include past experience data, inflation and other future economic and societal factors and incremental claim adjustment expenses, net of estimated subrogation recoveries.

NOTE 13 CONTINGENT LIABILITIES

The Town has received state and Federal grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for any expenditures disallowed under terms of the grant. Based on prior experience, Town management believes such disallowances, if any, will not be material.

In addition, there are several lawsuits pending against the Town. The outcome and eventual liability to the Town, if any, in these cases, is not known at this time. The Town's management, based upon consultation with legal counsel, estimates that potential claims against the Town resulting from such litigation would not materially affect the financial position of the Town.

NOTE 14 SUBSEQUENT EVENTS

On September 26, 2025, the Town issued \$11,315,000 of General Obligation Bond Anticipation Notes, with a coupon rate of 3.75%. These notes were issued to fund various capital improvement projects.

REQUIRED SUPPLEMENTARY INFORMATION

**TOWN OF WINDHAM, CONNECTICUT
GENERAL FUND
COMBINED SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL – BUDGETARY BASIS
YEAR ENDED JUNE 30, 2025**

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Property Taxes, Interest, and Lien Fees	\$46,646,298	\$46,646,298	\$46,078,137	\$ (568,161)
Intergovernmental	34,066,359	34,566,359	33,951,481	(614,878)
Licenses and Permits	448,000	448,000	586,030	138,030
Fines, Forfeitures, and Penalties	14,050	14,050	9,423	(4,627)
Charges for Services	3,309,835	3,309,835	3,056,583	(253,252)
Investment Income	1,400,000	1,400,000	1,756,731	356,731
Other	325,150	325,150	983,148	657,998
Total Revenues	86,209,692	86,709,692	86,421,533	(288,159)
EXPENDITURES				
Current:				
General Government	3,909,015	3,830,366	3,822,627	7,739
Public Safety	2,136,787	2,144,335	2,144,321	14
Public Works	4,510,970	4,494,338	4,494,323	15
Human Services	1,495,488	1,539,018	1,537,625	1,393
Civic and Cultural	1,462,215	1,387,800	1,387,791	9
Planning and Development	700,550	676,961	676,957	4
Education	52,154,784	52,154,784	52,154,784	-
Other	4,399,525	4,464,025	4,464,015	10
Police	8,946,590	8,324,923	8,324,891	32
Fire	3,479,817	4,122,502	4,122,486	16
Debt Service	2,383,751	2,639,688	2,679,660	(39,972)
Contingency	200,000	752	-	752
Total Expenditures	85,779,492	85,779,492	85,809,480	(29,988)
OTHER FINANCING SOURCE (USES)				
Transfer In	580,000	580,000	580,000	-
Transfer Out	(916,200)	(1,416,200)	(876,200)	540,000
Total Other Financing Source (Uses)	(336,200)	(836,200)	(296,200)	540,000
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>\$ 94,000</u>	<u>\$ 94,000</u>	<u>\$ 315,853</u>	<u>\$ 221,853</u>

**TOWN OF WINDHAM, CONNECTICUT
GENERAL FUND
COMBINED SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL – BUDGETARY BASIS (CONTINUED)
YEAR ENDED JUNE 30, 2025**

Reconciliation of Budgetary Revenues, Expenditures to GAAP Revenues and Expenditures:

	Revenues and Other Financing Sources	Expenditures and Other Financing Uses
	<u> </u>	<u> </u>
Balance, Budgetary Basis	\$ 87,001,533	\$ 86,685,680
State of Connecticut on-behalf payments to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted:		
Pension	9,014,148	9,014,148
OPEB	126,206	126,206
Assignment of fund balance for budgetary reporting is recorded as an expenditure for GAAP financial statement purposes.	-	75,984
Transfer Elimination Due to GASB No. 54	<u>(340,000)</u>	<u>(340,000)</u>
Balance, GAAP Basis	<u><u>\$ 95,801,887</u></u>	<u><u>\$ 95,562,018</u></u>

TOWN OF WINDHAM, CONNECTICUT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
MUNICIPAL PENSION PLAN
LAST TEN FISCAL YEARS

MUNICIPAL PENSION PLAN

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total Pension Liability:										
Service Cost	\$ 722,401	\$ 648,261	\$ 661,430	\$ 674,861	\$ 557,323	\$ 493,089	\$ 502,866	\$ 447,886	\$ 434,840	\$ 369,204
Interest	2,101,967	1,965,838	1,878,618	1,842,938	1,677,141	1,530,509	1,437,039	1,325,414	1,186,369	1,046,867
Effect of Plan Changes	-	-	-	-	-	-	-	-	-	83,448
Differences Between Expected and Actual Experience	(205,435)	1,115,873	427,698	(540,255)	164,132	351,963	144,380	(180,790)	668,663	247,009
Effect of Assumption Changes or Inputs	-	-	-	52,037	3,018,862	517,690	-	1,824,191	-	-
Benefit Payments, Including Refunds of Member Contributions	(1,758,890)	(1,662,254)	(1,564,774)	(1,372,661)	(915,984)	(811,299)	(669,517)	(561,144)	(340,816)	(283,451)
Net Change in Total Pension Liability	860,043	2,067,718	1,402,972	656,920	4,501,474	2,081,952	1,414,768	2,855,557	1,949,056	1,463,077
Total Pension Liability - Beginning	32,481,157	30,413,439	29,010,467	28,353,547	23,852,073	21,770,121	20,355,353	17,499,796	15,550,740	14,087,663
Total Pension Liability - Ending	33,341,200	32,481,157	30,413,439	29,010,467	28,353,547	23,852,073	21,770,121	20,355,353	17,499,796	15,550,740
Plan Fiduciary Net Position:										
Contributions - Employer	1,249,134	1,042,870	1,247,210	1,260,997	1,087,197	717,402	614,335	829,133	560,000	518,719
Contributions - Member	124,259	103,972	99,482	88,457	90,331	89,619	91,936	88,394	86,153	83,448
Net Investment Income (Loss)	2,963,115	2,053,629	1,570,958	(1,029,976)	4,087,641	176,673	1,822,676	531,307	1,713,797	148,346
Benefit Payments, Including Refunds of Member Contributions	(1,758,890)	(1,662,254)	(1,564,774)	(1,372,661)	(915,984)	(811,299)	(669,517)	(561,144)	(340,816)	(283,451)
Net Change in Plan Fiduciary Net Position	2,577,618	1,538,217	1,352,876	(1,053,183)	4,349,185	172,395	1,859,430	887,690	2,019,134	467,062
Plan Fiduciary Net Position - Beginning	24,739,401	23,201,184	21,848,308	22,901,491	18,552,306	18,379,911	16,520,481	15,632,791	13,613,657	13,146,595
Plan Fiduciary Net Position - Ending	27,317,019	24,739,401	23,201,184	21,848,308	22,901,491	18,552,306	18,379,911	16,520,481	15,632,791	13,613,657
Net Pension Liability - Ending	\$ 6,024,181	\$ 7,741,756	\$ 7,212,255	\$ 7,162,159	\$ 5,452,056	\$ 5,299,767	\$ 3,390,210	\$ 3,834,872	\$ 1,867,005	\$ 1,937,083
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	81.93%	76.17%	76.29%	75.31%	80.77%	77.78%	84.43%	81.16%	89.33%	87.54%
Covered Payroll	\$ 6,011,992	\$ 5,915,014	\$ 5,407,452	\$ 5,764,219	\$ 5,931,697	\$ 6,207,765	\$ 6,028,323	\$ 6,039,928	\$ 5,926,104	\$ 5,753,499
Net Pension Liability as a Percentage of Covered Payroll	100.20%	130.88%	133.38%	124.25%	91.91%	85.37%	56.24%	63.49%	31.50%	33.67%

Notes to Schedule:

Benefit Changes: None
Assumption Changes: None

TOWN OF WINDHAM, CONNECTICUT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
BOARD OF EDUCATION PENSION PLAN
LAST TEN FISCAL YEARS

BOARD OF EDUCATION PENSION PLAN

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total Pension Liability:										
Service Cost	\$ 296,974	\$ 274,460	\$ 289,400	\$ 305,562	\$ 277,815	\$ 242,829	\$ 263,400	\$ 255,793	\$ 278,939	\$ 260,773
Interest	957,162	927,969	899,142	867,103	830,810	719,631	700,556	671,537	637,854	608,513
Effect of Economic/Demographic (Gains) or Losses	91,298	(41,486)	31,001	(10,788)	192,223	421,996	(89,289)	34,716	113,754	194,946
Effect of Assumption Changes or Inputs	-	-	(69,961)	-	387,730	896,299	-	-	-	(268,239)
Benefit Payments, Including Refunds of Member Contributions	(721,939)	(710,963)	(636,958)	(629,338)	(619,219)	(591,799)	(530,417)	(516,210)	(463,024)	(409,942)
Net Change in Total Pension Liability	623,495	449,980	512,624	532,539	1,069,359	1,688,956	344,250	445,836	567,523	386,051
Total Pension Liability - Beginning	15,373,121	14,923,141	14,410,517	13,877,978	12,808,619	11,119,663	10,775,413	10,329,577	9,762,054	9,376,003
Total Pension Liability - Ending	15,996,616	15,373,121	14,923,141	14,410,517	13,877,978	12,808,619	11,119,663	10,775,413	10,329,577	9,762,054
Plan Fiduciary Net Position:										
Contributions - Employer	575,619	648,800	623,149	616,796	528,128	480,450	306,355	485,352	465,555	411,800
Net Investment Income	1,697,942	1,134,012	951,475	(251,830)	2,062,328	102,509	704,053	440,892	536,867	330,997
Benefit Payments, Including Refunds of Member Contributions	(721,939)	(710,963)	(636,958)	(629,338)	(619,219)	(591,799)	(530,417)	(516,210)	(463,024)	(409,942)
Administrative Expense	(53,587)	(55,743)	(55,297)	(57,968)	(61,007)	(64,437)	(68,639)	(72,623)	(72,602)	(73,255)
Net Change in Plan Fiduciary Net Position	1,498,035	1,016,106	882,369	(322,340)	1,910,230	(73,277)	411,352	337,411	466,796	259,600
Plan Fiduciary Net Position - Beginning	13,439,319	12,423,213	11,540,844	11,863,184	9,952,954	10,026,231	9,614,879	9,277,468	8,810,672	8,551,072
Plan Fiduciary Net Position - Ending	14,937,354	13,439,319	12,423,213	11,540,844	11,863,184	9,952,954	10,026,231	9,614,879	9,277,468	8,810,672
Net Pension Liability - Ending	\$ 1,059,262	\$ 1,933,802	\$ 2,499,928	\$ 2,869,673	\$ 2,014,794	\$ 2,855,665	\$ 1,093,432	\$ 1,160,534	\$ 1,052,109	\$ 951,382
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	93.38%	87.42%	83.25%	80.09%	85.48%	77.71%	90.17%	89.23%	89.81%	90.25%
Covered Payroll	\$ 4,505,401	\$ 4,635,595	\$ 4,823,548	\$ 4,753,569	\$ 4,482,093	\$ 4,405,690	\$ 4,204,969	\$ 4,453,739	\$ 4,119,506	\$ 3,797,635
Net Pension Liability as a Percentage of Covered Payroll	23.51%	41.72%	51.83%	60.37%	44.95%	64.82%	26.00%	26.06%	25.54%	25.05%

Notes to Schedule:

Benefit Changes: None
Assumption Changes: None

TOWN OF WINDHAM, CONNECTICUT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
POLICEMEN'S PENSION PLAN
LAST TEN FISCAL YEARS

POLICEMEN'S PENSION PLAN

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total Pension Liability:										
Service Cost	\$ 1,127,867	\$ 1,013,764	\$ 979,483	\$ 1,007,544	\$ 982,878	\$ 916,816	\$ 877,336	\$ 879,570	\$ 841,694	\$ 623,532
Interest	2,415,239	2,194,843	2,101,890	2,059,658	1,967,576	1,763,705	1,678,068	1,614,284	1,527,799	1,385,907
Changes of Benefit Terms	-	2,040,644	-	-	-	-	-	-	-	1,955,797
Differences Between Expected and Actual Experience	-	(17,1749)	-	521,828	-	928,825	-	89,436	-	(549,303)
Changes of Assumptions	-	-	-	1,072,554	-	699,304	-	(349,652)	-	741,184
Benefit Payments, Including Refunds of Member Contributions	(1,889,056)	(1,715,463)	(1,656,697)	(1,780,133)	(1,543,221)	(1,384,004)	(1,359,382)	(1,282,348)	(1,065,062)	(991,702)
Net Change in Total Pension Liability	1,654,050	3,362,039	1,424,676	2,881,451	1,407,233	2,924,646	1,196,022	951,290	1,304,431	3,165,415
Total Pension Liability - Beginning	36,959,318	33,597,279	32,172,603	29,291,152	27,883,919	24,959,273	23,763,251	22,811,961	21,507,530	18,342,115
Total Pension Liability - Ending	38,613,368	36,959,318	33,597,279	32,172,603	29,291,152	27,883,919	24,959,273	23,763,251	22,811,961	21,507,530
Plan Fiduciary Net Position:										
Contributions - Employer	1,482,481	1,251,216	1,208,904	1,407,144	1,346,549	1,128,597	1,079,997	1,055,252	1,009,811	-
Contributions - Member	304,520	302,245	280,803	272,980	260,536	265,902	252,301	250,922	244,526	233,545
Net Investment Income (Loss)	3,447,411	2,588,123	1,918,303	(1,188,110)	5,174,698	228,961	1,981,666	774,811	369,028	2,841,554
Benefit Payments, Including Refunds of Member Contributions	(1,889,056)	(1,715,463)	(1,656,697)	(1,780,133)	(1,543,221)	(1,384,004)	(1,359,382)	(1,282,348)	(1,065,062)	(991,702)
Administrative Expense	(12,725)	(6,650)	(3,944)	-	-	-	-	-	-	-
Net Change In Plan Fiduciary Net Position	3,332,631	2,419,471	1,747,369	(1,288,119)	5,238,562	239,456	1,954,582	798,637	558,303	2,083,397
Plan Fiduciary Net Position - Beginning	31,246,463	28,826,992	27,079,623	28,367,742	23,129,180	22,889,724	20,935,142	20,136,505	19,578,202	17,494,805
Plan Fiduciary Net Position - Ending	34,579,094	31,246,463	28,826,992	27,079,623	28,367,742	23,129,180	22,889,724	20,935,142	20,136,505	19,578,202
Net Pension Liability - Ending	\$ 4,034,274	\$ 5,712,855	\$ 4,770,287	\$ 5,092,980	\$ 923,410	\$ 4,754,739	\$ 2,069,549	\$ 2,828,109	\$ 2,675,456	\$ 1,929,328
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	89.55%	84.54%	85.80%	84.17%	96.85%	82.95%	91.71%	88.10%	88.27%	91.03%
Covered Payroll	\$ 3,127,652	\$ 3,021,886	\$ 3,110,051	\$ 3,004,880	\$ 3,179,390	\$ 3,042,478	\$ 2,891,105	\$ 2,766,608	\$ 2,952,695	\$ 2,825,545
Net Pension Liability as a Percentage of Covered Payroll	128.99%	189.05%	153.38%	169.49%	29.04%	156.28%	71.58%	102.22%	90.61%	68.28%

Notes to Schedule:

Benefit Changes: None
Assumption Changes: None

TOWN OF WINDHAM, CONNECTICUT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
FIREMEN'S PENSION PLAN
LAST TEN FISCAL YEARS

FIREMEN'S PENSION PLAN

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total Pension Liability:										
Service Cost	\$ 660,978	\$ 504,328	\$ 487,274	\$ 522,985	\$ 510,182	\$ 485,637	\$ 464,724	\$ 473,620	\$ 453,225	\$ 430,295
Interest	1,398,148	1,205,185	1,147,668	1,186,308	1,126,113	1,063,620	1,014,871	1,008,090	958,755	979,024
Changes of Benefit Terms	-	2,089,039	-	-	-	-	-	-	-	262,662
Differences Between Expected and Actual Experience	-	(181,827)	-	(648,921)	-	(132,611)	-	(333,279)	-	(920,890)
Changes of Assumptions	-	-	-	460,280	-	246,605	-	(275,033)	-	610,157
Benefit Payments, Including Refunds of Member Contributions	(840,733)	(769,831)	(764,488)	(785,778)	(792,450)	(797,500)	(810,496)	(726,206)	(728,920)	(752,483)
Net Change in Total Pension Liability	1218,393	2,846,894	870,454	734,874	843,845	865,751	669,099	147,192	683,060	608,765
Total Pension Liability - Beginning	21,262,740	18,415,846	17,545,392	16,810,518	15,966,673	15,100,922	14,431,823	14,284,631	13,601,571	12,992,806
Total Pension Liability - Ending	22,481,133	21,262,740	18,415,846	17,545,392	16,810,518	15,966,673	15,100,922	14,431,823	14,284,631	13,601,571
Plan Fiduciary Net Position:										
Contributions - Employer	829,691	531,962	513,973	722,534	691,420	683,071	653,656	708,361	677,857	-
Contributions - Member	286,939	240,145	208,655	184,291	177,983	171,765	132,863	164,696	158,040	155,129
Net Investment Income (Loss)	1,969,376	1,530,215	1,148,587	(708,316)	2,977,365	34,016	1,169,522	449,820	97,074	2,050,630
Benefit Payments, Including Refunds of Member Contributions	(840,733)	(769,831)	(764,488)	(816,323)	(792,450)	(797,500)	(810,496)	(726,206)	(728,920)	(752,483)
Administrative Expense	(11,225)	(2,800)	(5,225)	-	-	-	-	-	-	-
Net Change in Plan Fiduciary Net Position	2,234,048	1,529,691	1,101,502	(617,814)	3,054,318	91,352	1,145,545	596,671	204,051	1,453,276
Plan Fiduciary Net Position - Beginning	18,506,690	16,976,999	15,875,497	16,493,311	13,438,993	13,347,641	12,202,096	11,605,425	11,401,374	9,948,098
Plan Fiduciary Net Position - Ending	20,740,738	18,506,690	16,976,999	15,875,497	16,493,311	13,438,993	13,347,641	12,202,096	11,605,425	11,401,374
Net Pension Liability - Ending	\$ 1,740,395	\$ 2,756,050	\$ 1,438,847	\$ 1,669,895	\$ 317,207	\$ 2,527,680	\$ 1,753,281	\$ 2,229,727	\$ 2,679,206	\$ 2,200,197
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	92.26%	87.04%	92.19%	90.48%	98.11%	84.17%	88.39%	84.55%	81.24%	83.82%
Covered Payroll	\$ 2,308,053	\$ 2,230,003	\$ 2,130,881	\$ 2,058,822	\$ 2,090,418	\$ 2,000,400	\$ 1,954,987	\$ 1,870,801	\$ 2,009,650	\$ 1,923,110
Net Pension Liability as a Percentage of Covered Payroll	75.41%	123.59%	67.52%	81.11%	15.17%	126.36%	89.68%	119.19%	133.32%	114.41%

Notes to Schedule:

Benefit Changes: None
Assumption Changes: None

**TOWN OF WINDHAM, CONNECTICUT
SCHEDULE OF EMPLOYER CONTRIBUTIONS
MUNICIPAL PENSION PLAN
LAST TEN FISCAL YEARS**

MUNICIPAL PENSION PLAN

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially Determined Contribution*	\$ 1,249,134	\$ 1,042,870	\$ 1,247,210	\$ 1,260,997	\$ 1,087,197	\$ 716,795	\$ 869,065	\$ 710,445	\$ 660,879	\$ 518,719
Contributions in Relation to the Actuarially Determined Contribution	1,249,134	1,042,870	1,247,210	1,260,997	1,087,197	717,402	614,335	829,133	560,000	518,719
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ (607)	\$ 254,730	\$ (18,688)	\$ 100,879	\$ -	\$ 22,234
Covered Payroll	\$ 6,011,992	\$ 5,915,014	\$ 5,407,452	\$ 5,764,219	\$ 5,931,697	\$ 6,207,765	\$ 6,028,323	\$ 6,039,928	\$ 5,926,104	\$ 5,753,499
Contributions as a Percentage of Covered Payroll	20.8%	17.6%	23.1%	21.9%	18.3%	11.6%	10.2%	13.7%	9.4%	9.0%

Notes to Schedule:

Valuation Date January 1, 2024

Measurement Date June 30, 2025

Actuarially determined contribution rates are calculated based on actuarial valuation as of July 1 of the beginning of each fiscal year in which contributions are reported.

Methods and Assumptions Used to Determine**Contribution Rates:**

Actuarial Cost Method	Entry Age Normal
Amortization Method	Open Basis - 20 Years
Asset Valuation Method	Fair Value
Inflation	2.40%
Salary Increases	3.00%
Investment Rate of Return	6.50%
Retirement Age	Age 65
Mortality	Pub-2010 Public Retirement Plans Amount-Weighted Mortality Tables (with separate tables for General Employees, Public Safety and Teachers), projected to the valuation date with Scale MP-2021.

**TOWN OF WINDHAM, CONNECTICUT
SCHEDULE OF EMPLOYER CONTRIBUTIONS
BOARD OF EDUCATION PLAN
LAST TEN FISCAL YEARS**

BOARD OF EDUCATION PENSION PLAN

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially Determined Contribution*	\$ 575,619	\$ 600,203	\$ 623,149	\$ 616,796	\$ 528,128	\$ 480,450	\$ 472,355	\$ 485,352	\$ 465,555	\$ 411,800
Contributions in Relation to the Actuarially Determined Contribution	575,619	648,800	623,149	616,796	528,128	480,450	306,355	485,352	465,555	411,800
Contribution Deficiency (Excess)	\$ -	\$ (48,597)	\$ -	\$ -	\$ -	\$ -	\$ 166,000	\$ -	\$ -	\$ -
Covered Payroll	\$ 4,505,401	\$ 4,635,595	\$ 4,823,548	\$ 4,753,569	\$ 4,482,093	\$ 4,405,690	\$ 4,204,969	\$ 4,453,739	\$ 4,119,506	\$ 3,797,635
Contributions as a Percentage of Covered Payroll	12.8%	14.0%	12.9%	13.0%	11.8%	10.9%	7.3%	10.9%	11.3%	10.8%

Notes to Schedule:

Valuation Date July 1, 2024

Measurement Date June 30, 2025

Actuarially determined contribution rates are calculated based on actuarial valuation as of July 1 of the beginning of each fiscal year in which contributions are reported.

Methods and Assumptions Used to Determine**Contribution Rates:**

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent, Closed
Remaining Amortization Period	15 Years
Asset Valuation Method	5-Year Smoothed Fair Value
Inflation	2.75%
Salary Increases	3.00%
Investment Rate of Return	6.25%
Retirement Age	Varies by Age
Mortality	PubG-2010 Mortality Table with generational projection per the MP-2021 Ultimate Scale

**TOWN OF WINDHAM, CONNECTICUT
SCHEDULE OF EMPLOYER CONTRIBUTIONS
POLICEMEN'S PENSION PLAN
LAST TEN FISCAL YEARS**

POLICEMEN'S PENSION PLAN

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially Determined Contribution*	\$ 1,482,481	\$ 1,251,216	\$ 1,208,904	\$ 1,407,144	\$ 1,346,549	\$ 1,128,597	\$ 1,079,997	\$ 1,055,252	\$ 1,009,811	\$ 790,769
Contributions in Relation to the Actuarially Determined Contribution	1,482,481	1,251,216	1,208,904	1,407,144	1,346,549	1,128,597	1,079,997	1,055,252	1,009,811	-
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 790,769
Covered Payroll	\$ 3,127,652	\$ 3,021,886	\$ 3,110,051	\$ 3,004,880	\$ 3,179,390	\$ 3,042,478	\$ 2,891,105	\$ 2,766,608	\$ 2,952,695	\$ 2,825,545
Contributions as a Percentage of Covered Payroll	47.4%	41.4%	38.9%	46.8%	42.4%	37.1%	37.4%	38.1%	34.2%	0.0%

Notes to Schedule:

Valuation Date July 1, 2023

Measurement Date June 30, 2025

Actuarially determined contribution rates are calculated based on actuarial valuation as of July 1 of the beginning of each fiscal year in which contributions are reported.

Methods and Assumptions Used to Determine**Contribution Rates:**

Actuarial Cost Method	Entry Age Normal
Amortization Method	Open Basis - 20 Years
Asset Valuation Method	Fair Value
Inflation	2.40%
Salary Increases	3.50%
Investment Rate of Return	6.50%
Retirement Age	Varies by Years of Service and Age
Mortality	Pub-2010 Public Retirement Plans Amount-Weighted Mortality Tables (with separate tables for General Employees, Public Safety and Teachers), projected to the valuation date with Scale M P-2021.

**TOWN OF WINDHAM, CONNECTICUT
SCHEDULE OF EMPLOYER CONTRIBUTIONS
FIREMEN'S PENSION PLAN
LAST TEN FISCAL YEARS**

FIREMEN'S PENSION PLAN

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially Determined Contribution*	\$ 829,691	\$ 531,962	\$ 513,973	\$ 722,534	\$ 691,420	\$ 683,071	\$ 653,656	\$ 708,361	\$ 677,857	\$ 714,062
Contributions in Relation to the Actuarially Determined Contribution	829,691	531,962	513,973	722,534	691,420	683,071	653,656	708,361	677,857	-
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 714,062
Covered Payroll	\$ 2,308,053	\$ 2,230,003	\$ 2,130,881	\$ 2,058,822	\$ 2,090,418	\$ 2,000,400	\$ 1,954,987	\$ 1,870,801	\$ 2,009,650	\$ 1,923,110
Contributions as a Percentage of Covered Payroll	36.0%	23.9%	24.1%	35.1%	33.1%	34.1%	33.4%	37.9%	33.7%	0.0%

Notes to Schedule:

Valuation Date July 1, 2023

Measurement Date June 30, 2025

Actuarially determined contribution rates are calculated based on actuarial valuation as of July 1 of the beginning of each fiscal year in which contributions are reported.

Methods and Assumptions Used to Determine**Contribution Rates:**

Actuarial Cost Method	Entry Age Normal
Amortization Method	Open Basis - 20 Years
Asset Valuation Method	Fair Value
Inflation	2.40%
Salary Increases	3.50%
Investment Rate of Return	6.50%
Retirement Age	Varies by Years of Service and Age
Mortality	Pub-2010 Public Retirement Plans Amount-Weighted Mortality Tables (with separate tables for General Employees, Public Safety and Teachers), projected to the valuation date with Scale MP-2021

**TOWN OF WINDHAM, CONNECTICUT
SCHEDULE OF INVESTMENT RETURNS
PENSION PLANS
LAST TEN FISCAL YEARS**

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Annual Money-Weighted Rate of Return, Net of Investment Expense:										
Municipal Pension Plan	12.34%	9.12%	7.41%	-4.46%	22.50%	0.98%	11.13%	3.38%	13.66%	1.11%
Board of Education Pension Plan	12.51%	8.94%	8.12%	-2.10%	20.56%	10.4%	7.89%	4.83%	6.21%	3.96%
Policemen's Pension Plan	11.23%	9.18%	7.25%	-4.26%	23.05%	10.2%	9.62%	-0.97%	5.18%	16.57%
Firemen's Pension Plan	10.70%	9.14%	7.35%	-4.48%	22.74%	0.26%	9.74%	-1.97%	6.49%	21.20%

TOWN OF WINDHAM, CONNECTICUT
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	91,450,798	99,386,380	102,159,553	84,589,222	106,803,430	103,292,937	79,644,856	78,028,522	82,320,688	62,227,331
Total	\$ 91,450,798	\$ 99,386,380	\$ 102,159,553	\$ 84,589,222	\$ 106,803,430	\$ 103,292,937	\$ 79,644,856	\$ 78,028,522	\$ 82,320,688	\$ 62,227,331
Town's Covered Payroll	\$ 30,571,641	\$ 29,909,462	\$ 29,205,234	\$ 26,440,691	\$ 24,208,471	\$ 24,208,471	\$ 26,146,000	\$ 23,838,000	\$ 24,730,000	\$ 23,600,000
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 the 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	None
Changes of Assumptions	None
Actuarial Cost Method	Entry Age
Amortization Method	Level Percent of Pay, Closed, Grading to a Level Dollar Amortization Method for the June 30, 2024 Valuation.
Single Equivalent Amortization Period	25.9 years
Asset Valuation Method	4-Year Smoothed Fair Value
Inflation	2.50%
Salary Increase	3.00% - 6.50%, Including Inflation
Investment Rate of Return	6.90%, Net of Investment Related Expense
Mortality	PubT-2010 Healthy Retiree Table, projected generationally with MP-2019 for the period after service retirement.

Notes:

- The measurement date is one year earlier than the employer's reporting date.

TOWN OF WINDHAM, CONNECTICUT
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
RETIREE BENEFIT PROGRAM
LAST EIGHT FISCAL YEARS*

	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability:								
Service Cost	\$ 727,734	\$ 733,072	\$ 638,633	\$ 793,763	\$ 806,760	\$ 601,722	\$ 838,221	\$ 834,730
Interest	487,623	450,144	426,525	292,357	314,775	405,313	679,574	610,262
Changes of Benefit Terms	-	-	-	-	-	-	55,555	-
Difference Between Expected and Actual Experience	(81,987)	570,354	105,970	1,089,114	(1,707,802)	(424,692)	(8,072,968)	(4,986)
Changes of Assumptions and Other Inputs	(589,640)	(362,084)	253,274	(2,061,153)	563,964	1,830,776	776,870	(595,204)
Benefit Payments, Including Refunds of Member Contributions	(1,625,445)	(1,003,564)	(1,462,339)	(1,433,310)	79,392	75,815	(180,266)	(486,527)
Net Change in Total OPEB Liability	(1,081,715)	387,922	(37,937)	(1,319,229)	57,089	2,488,934	(5,903,014)	358,275
Total OPEB Liability - Beginning	12,484,865	12,096,943	12,134,880	13,454,109	13,397,020	10,908,086	16,811,100	16,452,825
Total OPEB Liability - Ending	<u>\$ 11,403,150</u>	<u>\$ 12,484,865</u>	<u>\$ 12,096,943</u>	<u>\$ 12,134,880</u>	<u>\$ 13,454,109</u>	<u>\$ 13,397,020</u>	<u>\$ 10,908,086</u>	<u>\$ 16,811,100</u>
Covered-Employee Payroll	\$ 42,868,869	\$ 41,688,438	\$ 40,711,366	\$ 35,564,476	\$ 34,730,933	\$ 32,290,861	\$ 31,503,279	\$ 34,818,995
Total OPEB Liability as a Percentage of Covered Payroll	26.60%	29.95%	29.71%	34.12%	38.74%	41.49%	34.63%	48.28%

Notes to Schedule:

Changes in Benefit Terms	None
Changes of Assumptions:	
Discount Rate	5.20%; Prior 3.93%

* This schedule is intended to show information for 10 years. Additional years' information will be displayed as it becomes available. No assets are accumulated in a trust for the payment of OPEB.

**TOWN OF WINDHAM, CONNECTICUT
SCHEDULE OF 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%	0.00%
Town's Proportionate Share of the Net OPEB Liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's Proportionate Share of the Net OPEB Liability Associated with the Town	18,759,703	9,311,139	8,946,834	9,215,841	15,929,735	16,109,117	15,921,503	20,083,665
Total	<u>\$ 18,759,703</u>	<u>\$ 9,311,139</u>	<u>\$ 8,946,834</u>	<u>\$ 9,215,841</u>	<u>\$ 15,929,735</u>	<u>\$ 16,109,117</u>	<u>\$ 15,921,503</u>	<u>\$ 20,083,665</u>
Town's Covered Payroll	\$ 30,571,641	\$ 29,909,462	\$ 29,205,234	\$ 26,440,691	\$ 24,208,471	\$ 24,208,471	\$ 24,660,000	\$ 23,838,000
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 the 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	None
Changes of Assumptions	Based on the procedure described in GASB 75, the discount rate used to measure Plan obligations for financial accounting purposes as of June 30, 2024 was updated to equal the SEIR of 3.93% as of June 30, 2024.
Actuarial Cost Method	Entry Age
Amortization Method	Level Percent of Payroll Over an Open Period
Remaining Amortization Period	30 Years
Asset Valuation Method	Fair Value of Assets
Investment Rate of Return	3.00%, Net of Investment Related Expense, Including Price Inflation
Price Inflation	2.50%

Notes:

* This schedule is intended to show information for 10 years. Additional years' information will be displayed as it becomes available.

- The measurement date is one year earlier than the employer's reporting date.

Appendix B

Form of Opinion of Bond Counsel

FORM OF OPINION OF BOND COUNSEL

September __, 2026

Town of Windham
979 Main Street
Willimantic, CT 06226

We have acted as Bond Counsel to the Town of Windham, Connecticut (the “Town”) in connection with the issuance by the Town of its \$_____ General Obligation Bond Anticipation Notes (the “Notes”) dated September __, 2026. In such capacity, we have examined such law and such certified proceedings, certifications, and other documents (including, but not limited to, a Tax Compliance Agreement of the Town dated the date hereof (the “Agreement”)) as we have deemed necessary to give the opinions below.

Regarding questions of fact material to the opinions below, we have relied on the certified proceedings and other certifications of representatives of the Town and certifications of others furnished to us without undertaking to verify them by independent investigation.

Based on the foregoing, we are of the opinion that when the Notes are duly certified by U.S. Bank Trust Company, National Association, the Notes will be valid and legally binding general obligations of the Town payable as to both principal and interest from ad valorem taxes which may be levied on all taxable property subject to taxation by the Town without limitation as to rate or amount except as to classified property such as certified forest lands taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts pursuant to Connecticut statutes. We are further of the opinion that the Agreement is a valid and binding agreement of the Town and was duly authorized by the Town.

The Internal Revenue Code of 1986 (the “Code”) establishes certain requirements that must be satisfied at and subsequent to the issuance and delivery of the Notes in order that interest on the Notes be excluded from gross income under Section 103 of the Code. In the Agreement, the Town has made covenants and representations designed to assure compliance with such requirements of the Code. The Town has covenanted in the Agreement that it will at all times comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Notes to ensure that interest on the Notes shall not be included in gross income for federal income tax purposes retroactive to the date of issuance of the Notes, including covenants regarding, among other matters, the use, expenditure and investment of the proceeds of the Notes.

In rendering the below opinions regarding the federal treatment of interest on the Notes, 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 Agreement, and

(ii) continuing compliance by the Town with the covenants set forth in the Agreement as to such tax matters.

Based on the foregoing, we are of the opinion that interest on the Notes is excludable from gross income for federal income tax purposes under Section 103 of the Code, and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, such interest on the Notes may be taken into account for the purpose of computing the alternative minimum tax imposed on certain corporations. The opinion set forth in the preceding sentence is subject to the condition that the Town comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Notes in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes under Section 103 of the Code. The Town has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the Notes to be includable in gross income for federal income tax purposes retroactively to the date of issuance of the Notes. We express no opinion regarding other federal tax consequences caused by ownership or disposition of, or receipt of interest on the Notes.

We are further of the opinion that, under existing statutes, interest on the Notes is excludable 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 for individuals, trusts and estates required to pay the federal alternative minimum tax. We express no opinion regarding other state and other State of Connecticut tax consequences caused by ownership or disposition of, or receipt of interest on the Notes.

The rights of the owners of the Notes and the enforceability of the Notes are limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting the rights and remedies of creditors, and by equitable principles, whether considered at law or in equity.

We express no opinion herein regarding the accuracy, adequacy, or completeness of the Preliminary Official Statement, the Official Statement and other offering material relating to the Notes.

The opinions given in this opinion letter are given as of the date set forth above, and we assume no obligation to revise or supplement them to reflect any facts or circumstances or changes in law that may come later to our attention or occur.

Respectfully,

PULLMAN & COMLEY, LLC

Appendix C

Form of Continuing Disclosure Agreement

FORM OF CONTINUING DISCLOSURE AGREEMENT

**In Connection With The Issuance and Sale of
\$_____ General Obligation Bond Anticipation Notes**

This Continuing Disclosure Agreement (“Agreement”) is executed and delivered as of September __, 2026, by the Town of Windham, Connecticut (the “Issuer”) acting by its undersigned officers, duly authorized, in connection with the issuance of its \$_____ General Obligation Bond Anticipation Notes dated September __, 2026 (the “Notes”).

Section 1. Definitions. In addition to the terms defined above, the following capitalized terms shall have the meanings ascribed thereto:

“EMMA” means the Electronic Municipal Market Access System as described in the 1934 Act Release #59062 and maintained by the Municipal Securities Rulemaking Board for the purposes of the Rule and as further described in Section 13 hereof.

“Final Official Statement” means the official statement of the Issuer dated September __, 2026, prepared in connection with the issuance of the Notes.

“Fiscal Year End” shall mean the last day of the Issuer’s fiscal year, currently June 30.

“Listed Events” shall mean any of the events listed in Section 2 of this Agreement.

“MSRB” shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, as amended, or any successor thereto.

“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.

Section 2. Event Notices.

(a) The Issuer agrees to provide or cause to be provided to the MSRB, within ten (10) business days of the occurrence of any of the following events with respect to the Notes, notice of the occurrence of such event:

- (i) principal and interest payment delinquencies;
- (ii) unscheduled draws on debt service reserves reflecting financial difficulties;

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

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

(v) adverse tax opinions, the issuance by the Internal Revenue Service or 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 Notes, or other events affecting the tax status of the security;

(vi) tender offers;

(vii) bankruptcy, insolvency, receivership, or a similar proceeding by the Issuer;

(viii) Bond defeasances;

(ix) rating changes; and

(x) 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.

(b) The Issuer agrees to provide or cause to be provided to the MSRB, within ten (10) business days of the occurrence of any of the following events with respect to the Notes, notice of the occurrence of such event, if material:

(i) non-payment related defaults;

(ii) modifications to rights of Bond holders;

(iii) Bond calls;

(iv) release, substitution, or sale of property securing repayment of the Notes;

(v) consummation of a merger, consolidation, acquisition involving the Issuer, other than the ordinary course of business, or the sale of all or substantially all the assets of the Issuer, or the entry into a definitive agreement to engage in such a transaction, or a termination of such an agreement, other than in accordance with its terms;

(vi) appointment of a successor or additional trustee, or the change in the name of the trustee; and

(vii) incurrence of a Financial Obligation* of the Town 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 bondholders.

** Note to clauses (a)(x) and (b)(vii): For purposes of the events identified in clauses(a)(x) and (b)(vii), the term “financial obligation” means 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” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.*

Section 3. Termination of Reporting Obligation. The Issuer’s obligations under this Agreement shall terminate upon the defeasance, prior redemption or payment in full of all of the Notes.

Section 4. Agent. The Issuer may, from time to time, appoint or engage an agent to assist it in carrying out its obligations under this Agreement, and may discharge any such agent, with or without appointing a successor agent.

Section 5. Amendment; Waiver. Notwithstanding any other provision of this Agreement, the Issuer may amend this Agreement, and any provision of this Agreement may be waived, if such amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, a change in law, or a change in the identity, nature or status of the Issuer, and is supported by an opinion of counsel expert in federal securities laws, to the effect that (i) such amendment or waiver would not materially adversely affect the beneficial owners of the Notes and (ii) the Agreement as so amended 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. A copy of any such amendment will be filed in a timely manner with the MSRB. The annual financial information provided on the first date following adoption of any such amendment will explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating or financial information provided.

Section 6. Additional Information. Nothing in this Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communications, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Agreement. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Agreement, the Issuer shall have no obligation under this Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 7. Enforceability. The Issuer agrees that its undertaking pursuant to the Rule set forth in this Agreement is intended to be for the benefit of and enforceable by the beneficial owners of the Notes. In the event the Issuer shall fail to perform its duties hereunder, the Issuer shall have the option to cure such failure after its receipt of written notice from any beneficial owner of the Notes of such failure. The present address of the Issuer is Town of Windham, 979 Main Street, Willimantic, CT 06226, Attn: Interim Town Manager. In the event the Issuer does not cure such failure, the right of any beneficial owner of the Notes to enforce the provisions of this undertaking shall be limited to a right to obtain specific enforcement of the Issuer's obligations hereunder. No monetary damages shall arise or be payable hereunder nor shall any failure to comply with this Agreement constitute default of the Issuer with respect to the Notes.

Section 8. Governing Law. This Agreement shall be governed by the laws of the State of Connecticut.

Section 9. Method of Filing. To the extent filings are required to be made to the MSRB under this Agreement, the Issuer shall transmit such filings or notices in an electronic format to the continuing disclosure service portal provided through MSRB's EMMA as provided at <http://emma.msrb.org/> or any similar system that is acceptable to the SEC.

[signature page to follow]

IN WITNESS WHEREOF, the Issuer has caused this Agreement to be executed in its name by its undersigned officers, duly authorized, all as of the date first above written.

TOWN OF WINDHAM

By: _____
Robert Zarnetske
Town Manager

By: _____
Christian Johnson
Director of Finance

Appendix D

Notice of Sale

NOTICE OF SALE

**TOWN OF WINDHAM, CONNECTICUT
\$17,265,000 GENERAL OBLIGATION BOND ANTICIPATION NOTES
BOOK-ENTRY-ONLY**

NOTICE IS GIVEN that ELECTRONIC BIDS via **PARITY®** (as described herein) will be received by the TOWN OF WINDHAM, CONNECTICUT (the “Issuer”), until 11:30 A.M. (E.T.) on THURSDAY,

SEPTEMBER 10, 2026

(the “Sale Date”) for the purchase of the Issuer’s \$17,265,000 General Obligation Bond Anticipation Notes (the “Notes”). Electronic bids must be submitted via **PARITY®** (see “Electronic Bidding Procedures”).

The Notes

The Notes are expected to be dated September 25, 2026 and will mature and be payable to the registered owner on September 24, 2027 as further described in the Preliminary Official Statement (as hereinafter defined). The Notes will bear interest (which interest shall be calculated on the basis of a 360-day year consisting of twelve 30-day months) payable at maturity at the rate or rates per annum fixed in the proposal or proposals accepted for their purchase, which rates shall be in multiples of 1/100 of 1% per annum.

Nature of Obligation

The Notes will constitute general obligations of the Issuer, and the Issuer will pledge its full faith and credit to pay the principal of and interest on the Notes when due. Unless paid from other sources, the Notes are payable from ad valorem taxes which may be levied on all taxable property subject to taxation by the Issuer without limit as to rate or amount except as to classified property such as certified forest lands taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts pursuant to provisions of the Connecticut General Statutes, as amended. The information in this Notice of Sale is only a brief summary of certain provisions of the Notes. For further information about the Notes, reference is hereby made to the Preliminary Official Statement.

Bank Qualification

The Notes SHALL NOT be designated by the Issuer as qualified tax exempt obligations under the provisions of Section 265(b)(3) of the Internal Revenue Code of 1986 for purposes of the deduction by financial institutions for interest expense allocable to the Notes.

Registration

The Notes will be issued by means of a book-entry system with no physical distribution of note certificates made to the public. The Notes will be issued in registered form and one note certificate for each interest rate will be issued to The Depository Trust Company (“DTC”), registered in the name of its nominee, Cede & Co., and immobilized in its custody. A book-entry system will be employed, evidencing ownership of the Notes in principal amounts of \$5,000 or any integral multiple 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(s), as a condition to delivery of the Notes, will be required to deposit the Note certificates with DTC, registered in the name of Cede & Co. Principal of and interest on the Notes will be payable by the Issuer or its agent to DTC or its nominee as registered owner of the Notes. 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 Issuer 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. Upon receipt from the Issuer, the Paying Agent will pay principal of and interest on the Notes directly to DTC so long as DTC or its nominee, Cede & Co, is the Noteholder.

Bid Specifications; Basis of Award; Right to Reject Proposals; Waiver; Right to Cancel; Postponement; Change of Terms

Each bid for the purchase of the Notes must be submitted in accordance with the requirements prescribed herein. A proposal may be for all or any part of the Notes but any proposal for a part must be for at least \$100,000, or a whole multiple thereof, except one such proposal for a part may include the odd \$65,000 and a separate proposal will be required for each part of the Notes for which a separate interest rate is bid. Unless all bids are rejected, the Notes will be awarded to the bidder or bidders offering to purchase the Notes at the lowest net interest cost (“NIC”), computed as to each interest rate stated by adding the total interest which will be paid at such rate and deducting therefrom the premium offered, if any. As between proposals resulting in the same lowest net interest cost to the Issuer, the award will be made on the basis of the highest principal amount of the Notes specified. No bid for less than par and accrued interest, if any, will be considered and the Issuer reserves the right to award to any bidder all or any part of the Notes bid for in its proposal. If a bidder is awarded only a part of the Notes bid for in its proposal, any premium offered in such proposal will be proportionately reduced so that the resulting net interest cost to the Issuer with respect to the Notes awarded is the same as that contained in the bidder’s proposal with respect to the entire amount bid, carried to six decimal places. The purchase price must be paid in immediately available federal funds.

The right is reserved to reject any and all proposals and to reject any proposal not complying with this Notice of Sale and to waive any irregularity or informality with respect to any proposal.

The Issuer further reserves the right to cancel or postpone the sale to another time and date in its sole discretion for any reason, including Internet difficulties. The Issuer will use its best efforts to notify prospective bidders in a timely manner of any need for a cancellation or postponement. Upon the establishment of an alternative sale date, any bidder may submit proposals for the purchase of the Notes in accordance with the provisions of this Notice of Sale.

Electronic Bidding Procedures

Any prospective bidder intending to submit an electronic bid must submit its electronic bid through the facilities of **PARITY**[®]. Subscription to the BiDCOMP Competitive Bidding System is required in order to submit an electronic bid and the Issuer will neither confirm any subscription nor be responsible for the failure of any prospective bidder to subscribe.

An electronic bid made through the facilities of **PARITY**[®] shall be deemed an irrevocable offer to purchase the Notes on the terms provided in this Notice of Sale, and shall be binding upon the bidder as if made by a signed, sealed bid delivered to the Issuer. By submitting a bid for the Notes via **PARITY**[®], the bidder represents and warrants to the Issuer that such bidder's bid for the purchase of the Notes 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 bid by the Issuer will bind the bidder by a legal, valid and enforceable contract, for the purchase of the Notes on the terms described in this Notice of Sale. **The Issuer shall not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of **PARITY**[®], or the inaccuracies of any information, including bid information or worksheets supplied by **PARITY**[®], the use of **PARITY**[®] facilities being the sole risk of the prospective bidder. Each Bidder is solely responsible for knowing the terms of the sale as set forth herein.**

If any provisions of this Notice of Sale shall conflict with information provided by **PARITY**[®] as the approved provider of electronic bidding services, this Notice of Sale shall control. Further information about **PARITY**[®], including any fee charged, may be obtained from **PARITY**[®], 1359 Broadway, 36th Street, 2nd Floor, New York, NY 10018, Attention: Customer Service Department (telephone: (212) 849-5021; email notice: munis@spglobal.com or parity@i-deal.com).

For purposes of the electronic bidding process, the time as maintained by **PARITY**[®] shall constitute the official time. For information purposes only, bidders are requested to state in their bids the net interest cost to the Issuer, as described under "Bid Specifications; Basis of Award; Right to Reject Proposals; Waiver; Right to Cancel; Postponement; Change of Terms" above. All electronic bids shall be deemed to incorporate the provisions of this Notice of Sale.

Disclaimer. Each **PARITY**[®] prospective electronic bidder shall be solely responsible to make necessary arrangements to access **PARITY**[®] for the purposes of submitting its bid in a timely manner and in compliance with the requirements of this Notice of Sale. Neither the Issuer 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 Issuer nor **PARITY**[®] shall be responsible for a bidder's failure to make a bid or for proper operation

of, or have any liability for any delays or interruptions of, or any damages caused by, **PARITY**[®]. The Issuer is using **PARITY**[®] as a communication mechanism, and not as the Issuer's agent, to conduct the electronic bidding for the Notes. The Issuer is not bound by any advice and determination of **PARITY**[®] to the effect that any particular bid complies with the terms of this Notice of Sale and in particular the bid requirements herein set forth. All costs and expenses incurred by prospective bidders in connection with their subscription to, arrangements with and submission of bids via **PARITY**[®] are the sole responsibility of the bidders; and the Issuer 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 bid for the Notes, the prospective bidder should telephone **PARITY**[®] at (212) 849-5021.

CUSIP Numbers

The deposit of the Notes with DTC under a book-entry system requires the assignment of CUSIP numbers prior to delivery. It shall be the responsibility of Phoenix Advisors, a division of First Security Municipal Advisors, Inc. ("Phoenix Advisors"), to obtain CUSIP numbers for the Notes prior to delivery, and Phoenix Advisors, will provide the CUSIP Service Bureau with the final details of the sale, including the identity of the winning bidder(s). The Issuer will not be responsible for any delay occasioned by the inability to deposit the Notes with DTC due to the failure of Phoenix Advisors to obtain such numbers and to supply them to the Issuer in a timely manner. Neither the failure to print such CUSIP number on any note, nor any error with respect thereto, shall constitute cause for a failure or refusal by the purchaser thereof to accept delivery of and pay for the Notes. All expenses in relation to the printing of CUSIP numbers on the Notes shall be paid for by the Issuer; provided, however, that the Issuer 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.

Certifying Agent, Registrar, Paying Agent and Transfer Agent

The Notes will be authenticated by U.S. Bank Trust Company, National Association, Hartford, Connecticut. U.S. Bank Trust Company, National Association will also act as Registrar, Paying Agent and Transfer Agent.

Delivery, Payment and Closing Requirements

At or prior to the delivery of the Notes the winning bidder shall be furnished, without cost, with (a) the approving opinion of Pullman & Comley, LLC of Bridgeport, Connecticut, Bond Counsel ("Bond Counsel") (see "Bond Counsel Opinion" below); (b) a signature and no litigation certificate, in form satisfactory to said firm, dated as of the date of delivery of the Notes, and stating that there is no litigation pending, or to the knowledge of the signer or signers thereof threatened, affecting the validity of the Notes or the power of the Issuer to levy and collect taxes to pay them; (c) a copy of the Official Statement prepared for this note issue; (d) a certificate of Issuer Officials relating to the accuracy and completeness of the Official Statement; (e) a Continuing Disclosure Agreement; and (f) a receipt of payment for the Notes.

The Notes will be delivered against payment in immediately available federal funds through the facilities of DTC or its agent via Fast Automated Securities Transfer (“FAST”) on or about September 25, 2026 (the “Closing Date”).

The Issuer will have no responsibility to pay for any expenses of the purchaser except to the extent specifically stated in this Notice of Sale. The purchaser will have no responsibility to pay for any of the Issuer’s costs of issuance except to the extent specifically stated in this Notice of Sale.

The purchaser will be responsible for the clearance or exemption with respect to the status of the Notes for sale under securities or “Blue Sky” laws and the preparation of any surveys or memoranda in connection with such sale. The Issuer shall have no responsibility for such clearance, exemption or preparation.

Bond Counsel Opinion

The legality of the issue will be passed upon by Bond Counsel, and the purchaser will be furnished with its opinion, without charge, substantially in the form set forth in Appendix B to the Official Statement. The opinion will state that the Notes are valid and binding obligations of the Issuer. Bond Counsel will require as a precondition to release of its opinion that the purchaser of such Notes deliver to it a completed “issue price” certificate, or similar certificate, regarding expectations or public offering prices, as applicable, with respect to the Notes awarded to such bidder, as described below under “Establishment of Issue Price”.

Establishment of Issue Price

In order to provide the Issuer with information that enables it to comply with certain requirements of the Internal Revenue Code of 1986 (the “Code”) relating to the exclusion of interest on the Notes from the gross income of their owners, the winning bidder will be required to complete, execute, and deliver to the Issuer at or prior to the delivery of the Notes an “issue price” or similar certificate setting forth the reasonably expected initial offering price to the Public (the “Initial Offering Price”) or the actual sales price or prices of the Notes, as circumstances may determine, together with the supporting pricing wires or equivalent communications, with such modifications as may be appropriate or necessary, in the reasonable judgment of Bond Counsel. Communications relating to this “Establishment of Issue Price” section, the completed certificate(s) and any supporting information shall be delivered to (1) Bond Counsel at Jessica G. Kennedy, Esq., Pullman & Comley, LLC, 850 Main Street, Bridgeport, CT 06604, Telephone: (203) 330-2215, E-mail: jkennedy@pullcom.com and (2) the Municipal Advisor at Barry J. Bernabe, Phoenix Advisors, a division of First Security Municipal Advisors, Inc., 53 River Street, Milford, CT 06460, Telephone: (203) 283-1110, E-mail: bbernabe@muniadvisors.com (the “Municipal Advisor”). Questions related to this “Establishment of Issue Price” section should be directed to Bond Counsel or the Municipal Advisor. For purposes of this “Establishment of Issue Price” section, Bond Counsel may act on behalf of the Issuer and the Municipal Advisor may act on behalf of the Issuer.

By submitting a bid, each bidder is certifying that its bid is a firm offer to purchase the Notes, 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 requirements relating to the establishment of the “issue price” of the Notes pursuant to Section 148 of the Code, including the requirement that bids be received from at least three (3) underwriters of municipal bonds or notes who have established industry reputations for underwriting new issuances of municipal bonds or notes.

By submitting a bid, a bidder represents to the Issuer that it has an established industry reputation for underwriting new issuances of municipal bonds or notes such as the Notes, represents that such bidder’s bid is submitted for or on behalf of such bidder by an officer or agent who is duly authorized to bind the bidder to a legal, valid and enforceable contract for the purchase of the Notes, and understands that upon award by the Issuer that this Notice of Sale constitutes a written contract between such bidder, as winning bidder, and the Issuer.

By submitting a bid, the bidder agrees that if the Competitive Sale Rule (as set forth below) is not met, it will satisfy either the Actual Sales Rule (as set forth below) or the Hold-the-Offering-Price Rule (as set forth below).

Bids will not be subject to cancellation in the event that the competitive sale requirements are not satisfied.

Notification of Contact Information of Winning Bidder. Promptly upon award, the winning bidder shall notify the Municipal Advisor and Bond Counsel of the contact name, telephone number and e-mail address of the person(s) of the winning bidder for purposes of communications concerning this “Establishment of Issue Price” section.

Competitive Sale Rule. The Issuer intends that the provisions of Treasury Regulations Section 1.148-1(f)(3)(i) (defining “competitive sale” for purposes of establishing the issue price of the Notes) will apply to the initial sale of the Notes (the “Competitive Sale Rule”) because:

- (1) the Issuer shall disseminate, or have disseminated on its behalf, this Notice of Sale to potential bidders in a manner that is reasonably designed to reach potential bidders;
- (2) all bidders shall have an equal opportunity to bid;
- (3) the Issuer anticipates receiving bids from at least three underwriters of municipal bonds or notes who have established industry reputations for underwriting new issuances of municipal bonds or notes; and
- (4) the Issuer anticipates awarding the sale of the Notes to the bidder who submits a firm offer to purchase the Notes at the lowest net interest cost, as set forth in this Notice of Sale.

Competitive Sale Rule Met. The Issuer, or the Municipal Advisor on behalf of the Issuer, shall at the time of award advise the winning bidder if the Competitive Sale Rule has been met. The winning bidder will be required to deliver to Bond Counsel on behalf of the Issuer prior to the delivery of the Notes a completed “Certificate as to Issue Price” (in form satisfactory to Bond Counsel) for such Notes, setting forth the Initial Offering Price.

Competitive Sale Rule Not Met. In the event that the Competitive Sale Rule is not satisfied, the Issuer, or the Municipal Advisor on behalf of the Issuer, shall at the time of award advise the winning bidder. The Issuer may determine to treat (i) the first price at which ten percent (10%) of a Maturity of the Notes (the “Actual Sales Rule”) is sold to the Public as the issue price of that Maturity, and/or (ii) the Initial Offering Price to the Public as of the Sale Date of any Maturity of the Notes as the issue price of that Maturity (the “Hold-the-Offering-Price Rule”), in each case applied on a Maturity-by-Maturity basis. In the event that the Competitive Sale Rule is not satisfied, the winning bidder, by 4:30 p.m. (E.T.) on the Sale Date, shall notify and provide, via e-mail, Bond Counsel and the Municipal Advisor (I) of the first price at which ten percent (10%) of each Maturity has been sold to the Public and (II) reasonable supporting documentation or certifications of such price the form of which is acceptable to Bond Counsel; i.e., those Maturities that satisfy the Actual Sales Rule as of the Sale Date. After such receipt, the Issuer, or Bond Counsel on behalf of the Issuer, shall promptly confirm with the winning bidder, via e-mail, which Maturities of the Notes shall be subject to the Actual Sales Rule and which Maturities shall be subject to the Hold-the-Offering-Price Rule.

For those Maturities of Notes subject to the Hold-the-Offering-Price Rule, the winning bidder shall (i) provide Bond Counsel (via e-mail) a copy of pricing wire or equivalent communication for the Notes (ii) confirm that each Underwriter (as defined below) has offered or will offer all of the Notes to the Public on or before the date of award at the Initial Offering Prices and (ii) agree, on behalf of each Underwriter participating in the purchase of the Notes, that each Underwriter will neither offer nor sell unsold Notes of any Maturity to which the Hold-the-Offering-Price Rule shall apply to any person at a price that is higher than the Initial Offering Price for such Maturity during the period starting on the Sale Date and ending on the earlier of the following:

- (1) the close of the fifth (5th) business day after the Sale Date; or
- (2) the date on which the Underwriters have sold at least ten percent (10%) of that Maturity of the Notes to the Public at a price that is no higher than the Initial Offering Price.

The winning bidder shall promptly advise Bond Counsel and the Municipal Advisor, via e-mail, when the Underwriters have sold ten percent (10%) of that Maturity of the Notes to the Public at a price that is no higher than the Initial Offering Price, if that occurs prior to the close of the fifth (5th) business day after the Sale Date.

By submitting a bid, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each third-party distribution agreement (to which the bidder is a party) relating to the initial sale of the Notes to the Public, together with the related pricing wires, contains

or will contain language obligating each Underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such third-party distribution agreement, as applicable, to (A) report the prices at which it sells to the Public the unsold Notes of each Maturity allotted to it until it is notified by the winning bidder that either the Actual Sales Rule has been satisfied as to the Notes of that Maturity or all Notes of that Maturity have been sold to the Public and (B) comply with the Hold-the-Offering-Price Rule, if applicable, in each case if and for so long as directed by the winning bidder and as set forth in the related pricing wires, and (ii) any agreement among underwriters relating to the initial sale of the Notes to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Notes to the Public to require each broker-dealer that is a party to such third-party distribution agreement to (A) report the prices at which it sells to the Public the unsold Notes of each Maturity allotted to it until it is notified by the winning bidder or such Underwriter that either the Actual Sales Rule has been satisfied as to the Notes of that Maturity or all Notes of that Maturity have been sold to the Public and (B) comply with the Hold-the-Offering-Price Rule, if applicable, in each case if and for so long as directed by the winning bidder or such Underwriter and as set forth in the related pricing wires.

Sales of any Notes to any person that is a Related Party (as defined below) to an Underwriter shall not constitute sales to the Public for purposes of this Notice of Sale.

Definitions. For purposes of this “Establishment of Issue Price” section:

- (1) “Maturity” means Notes with the same credit and payment terms. Notes with the same maturity date but different stated interest rates, are treated as separate Maturities.
- (2) “Public” means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a Related Party to an Underwriter.
- (3) “Related Party” generally means any two or more persons who have greater than 50% common ownership, directly or indirectly.
- (4) “Underwriter” means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead Underwriter to form an underwriting syndicate) to participate in the initial sale of the Notes to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this definition to participate in the initial sale of the Notes to the Public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Notes to the Public).

Official Statement

For more information regarding the Notes or the Issuer, reference is made to the Preliminary Official Statement dated September 2, 2026 (the “Official Statement”) describing the Notes and the financial condition of the Issuer. The Preliminary Official Statement is available in electronic format at <https://munihub.com>, and such electronic access is being provided as a matter of convenience only. Copies of the Preliminary Official Statement may be obtained from Barry J. Bernabe, Phoenix Advisors, a division of First Security Municipal Advisors, Inc., 53 River Street, Milford, CT 06460, Telephone: (203) 283-1110, E-mail: bbernabe@muniadvisors.com. The Issuer deems such Official Statement to be a final official statement for purposes of complying with Securities and Exchange Commission Rule 15c2-12 (the “Rule”), but such Official Statement is subject to revision or amendment as appropriate. The Issuer will make available to the purchaser a reasonable number of copies of the final Official Statement at the Issuer’s expense, and the final Official Statement will be made available to the purchaser by no later than the earlier of the delivery of the Notes or by the seventh (7th) business day after the day bids on the Notes are received. If the Issuer’s Municipal Advisor, is provided with the necessary information from the purchaser by 12:00 o’clock noon on the day after the Sale Date, the copies of the final Official Statement will include an additional cover page and other pages, if necessary, indicating the interest rates, rating(s), yields or reoffering prices and the name of the managing underwriter of the Notes, and any corrections. 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 of the final Official Statement may be obtained by the purchaser at its own expense by arrangement with the printer.

Continuing Disclosure Agreement

As required by the Rule, the Issuer will undertake, pursuant to a Continuing Disclosure Agreement (the “Agreement”), to provide notice of the occurrence of certain events with respect to the Notes within ten (10) business days of such event. A form of the Agreement is attached to the Official Statement as Appendix C. The purchaser’s obligation to purchase the Notes shall be conditioned upon its receiving, at or prior to delivery of the Notes, an executed Agreement.

TOWN OF WINDHAM, CONNECTICUT

ROBERT ZARNETSKE
Town Manager

PATRICIA P. SPRUANCE
Treasurer

September 2, 2026