

FINAL OFFICIAL STATEMENT DATED OCTOBER 19, 2011

NEW ISSUE: Book-Entry-Only

RATINGS: Moody's Investors Service: Aa1/MIG 1
Standard & Poor's: AA+/SP-1+
Fitch Ratings: AA+/F1+

In the opinion of Bond Counsel, based on existing statutes and court decisions and assuming continuing compliance with certain covenants and procedures relating to requirements of the Internal Revenue Code of 1986, as amended (the "Code"), interest on the Bonds and the Notes is excluded from gross income for federal income tax purposes and is not treated as an item of tax preference for purposes of computing the federal alternative minimum tax.



City of Milford, Connecticut

\$15,330,000

General Obligation Bonds, Issue of 2011

Dated: November 1, 2011

Due: Serially, November 1, 2012 – 2031

As detailed below:

Interest on the Bonds will be payable on May 1, 2012 and semiannually thereafter on November 1 and May 1 in each year until maturity. The Bonds will be issued in book-entry-only form whereby the beneficial owners of the Bonds will not receive physical delivery of bond certificates.

The Bonds are subject to redemption prior to maturity as more fully described herein. See "Optional Redemption".

Table with 10 columns: Year, Principal, Coupon, Yield, CUSIP, Year, Principal, Coupon, Yield, CUSIP. Rows list years from 2012 to 2031 with corresponding financial data.

\* Priced assuming redemption on November 1, 2019; however any such redemption is at the option of the City.

JANNEY MONTGOMERY SCOTT LLC

\$13,190,000

General Obligation Bond Anticipation Notes (the "Notes")

Lot A: \$3,045,000

Lot B: \$10,145,000

Dated: November 3, 2011
Due: May 3, 2012
Rate: 1.00%
Yield: 0.22%
Underwriter: EASTERN BANK
CUSIP: 5993773N6

Dated: November 3, 2011
Due: November 2, 2012
Rate: 1.00%
Yield: 0.25%
Underwriter: EASTERN BANK
CUSIP: 5993773P1

The Bonds and the Notes will be issued in book-entry-only form and will bear interest, at such rate or rates per annum as are specified by the successful bidder or bidders, in accordance with the respective Notices of Sale, dated October 12, 2011.

The Bonds and the Notes will be general obligations of the City of Milford, Connecticut and the City will pledge its full faith and credit to pay the principal of and interest on the Bonds and the Notes when due.

The Bonds and the Notes are offered for delivery when, as and if issued, subject to the approving opinion of Robinson & Cole LLP, Bond Counsel, of Hartford, Connecticut and certain other conditions. It is expected that delivery of the Bonds and the Notes in book-entry-only form will be made to DTC on or about November 3, 2011.

No person has been authorized by the City 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 shall there be any sale of the Bonds or 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 Bonds and 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 Bonds or the Notes shall, under any circumstances, create any implication that there has been no material change in the affairs of the City since the date of this Official Statement.

The independent auditors for the City 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 as the opinion of Bond Counsel, Bond Counsel are not passing on and do not assume any responsibility for the accuracy or adequacy of the statements made in this Official Statement and make no representation that they have independently verified the same.

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## **Issue Summary – The Bonds**

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

<b>Date of Sale:</b>	Wednesday, October 19, 2011 at 12:00 Noon (E.D.T).
<b>Location of Sale:</b>	Office of the Mayor, City Hall, 110 River Street, Milford, Connecticut, 06460.
<b>Issuer:</b>	City of Milford, Connecticut (the "City").
<b>Issue:</b>	\$15,330,000 General Obligation Bonds, Issue of 2011 (the "Bonds").
<b>Dated Date:</b>	November 1, 2011
<b>Interest Due:</b>	Interest due May 1, 2012 and semiannually thereafter on November 1 and May 1 in each year until maturity.
<b>Principal Due:</b>	Principal due serially November 1, 2012 through November 1, 2031 as detailed in this Official Statement.
<b>Authorization and Purpose:</b>	The Bonds are being issued to permanently finance a portion of bond anticipation notes of the City maturing on November 3, 2011 and to provide new money to finance various public improvement, school and sewer projects authorized by certain bond ordinances adopted by the City.
<b>Redemption:</b>	The Bonds are subject to redemption prior to maturity as herein provided.
<b>Security and Remedies:</b>	The Bonds will be general obligations of the City of Milford, Connecticut, and the City will pledge its full faith and credit to the payment of principal and interest on the Bonds when due.
<b>Credit Rating:</b>	The City received a "Aa1", "AA+" and "AA+" from Moody's Investors Service, Standard & Poor's and Fitch Ratings, respectively, on the Bonds.
<b>Bond Insurance:</b>	The City does not expect to direct purchase a credit enhancement facility.
<b>Basis of Award:</b>	Lowest True Interest Cost (TIC), as of the dated date.
<b>Tax Exemption:</b>	See "Tax Matters" herein.
<b>Bank Qualification:</b>	The Bonds shall NOT be designated as qualified tax-exempt obligations by the City under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for certain interest expense allocable to the Bonds.
<b>Continuing Disclosure:</b>	In accordance with the requirements of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, the City will agree to provide, or cause to be provided, annual financial information and operating data and notices of material events with respect to the Bonds pursuant to a Continuing Disclosure Agreement to be executed by the City substantially in the form attached as Appendix D to this Official Statement.
<b>Registrar, Transfer Agent, Certifying Agent, &amp; Paying Agent:</b>	U.S. Bank National Association, Goodwin Square, 225 Asylum Street, Hartford, Connecticut 06107.
<b>Legal Opinion:</b>	Robinson & Cole LLP of Hartford, Connecticut will act as Bond Counsel.
<b>Financial Advisor:</b>	Phoenix Advisors LLC of Milford, Connecticut will act as Financial Advisor. Telephone (203) 878-4945.
<b>Delivery and Payment:</b>	It is expected that delivery of the Bonds in book-entry-only form will be made to The Depository Trust Company on or about November 3, 2011 against payment in Federal Funds.
<b>Issuer Official:</b>	Questions concerning the City or this Official Statement should be addressed to Mr. Peter A. Erodici Jr., Director of Finance, City of Milford, 70 West River Street, Milford, Connecticut 06460. Telephone (203) 783-3220.

## **Issue Summary – The Lot A Notes**

*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.*

<b>Date of Sale:</b>	Wednesday, October 19, 2011 at 11:00 A.M. (E.D.T).
<b>Location of Sale:</b>	Office of the Mayor, City Hall, 110 River Street, Milford, Connecticut, 06460.
<b>Issuer:</b>	City of Milford, Connecticut (the "City").
<b>Issue:</b>	\$3,045,000 General Obligation Bond Anticipation Notes, Lot A (the "Lot A Notes").
<b>Dated Date:</b>	November 3, 2011.
<b>Interest Due:</b>	At maturity: May 3, 2012.
<b>Principal Due:</b>	At maturity: May 3, 2012.
<b>Authorization and Purpose:</b>	The Lot A Notes are being issued to finance various school projects authorized by certain bond ordinances adopted by the City.
<b>Redemption:</b>	The Lot A Notes are not subject to redemption prior to maturity.
<b>Security and Remedies:</b>	The Lot A Notes will be general obligations of the City of Milford, Connecticut, and the City will pledge its full faith and credit to the payment of principal and interest on the Lot A Notes when due.
<b>Credit Rating:</b>	The City received a "MIG 1", "SP-1+" and "F1+" from Moody's Investors Service, Standard & Poor's and Fitch Ratings, respectively, on the Lot A Notes.
<b>Bond Insurance:</b>	The City does not expect to direct purchase a credit enhancement facility.
<b>Basis of Award:</b>	Lowest Net Interest Cost (NIC), as of the dated date.
<b>Tax Exemption:</b>	See "Tax Matters" herein.
<b>Bank Qualification:</b>	The Lot A Notes shall NOT be designated as qualified tax-exempt obligations by the City under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for certain interest expense allocable to the Lot A Notes.
<b>Continuing Disclosure:</b>	In accordance with the requirements of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, the City will agree to provide, or cause to be provided, notices of material events with respect to the Lot A Notes pursuant to a Continuing Disclosure Agreement to be executed by the City substantially in the form attached as Appendix E to this Official Statement.
<b>Registrar, Transfer Agent, Certifying Agent &amp; Paying Agent:</b>	U.S. Bank National Association, Goodwin Square, 225 Asylum Street, Hartford, Connecticut 06107.
<b>Legal Opinion:</b>	Robinson & Cole LLP of Hartford, Connecticut will act as Bond Counsel.
<b>Financial Advisor:</b>	Phoenix Advisors LLC of Milford, Connecticut will act as Financial Advisor. Telephone (203) 878-4945.
<b>Delivery and Payment:</b>	It is expected that delivery of the Lot A Notes in book-entry-only form will be made to The Depository Trust Company on or about November 3, 2011 against payment in Federal Funds.
<b>Issuer Official:</b>	Questions concerning the City and this Official Statement should be addressed to Mr. Peter A. Erodici Jr., Director of Finance, City of Milford, 70 West River Street, Milford, Connecticut 06460. Telephone (203) 783-3220.

## **Issue Summary – The Lot B Notes**

*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.*

<b>Date of Sale:</b>	Wednesday, October 19, 2011 at 11:30 A.M. (E.D.T).
<b>Location of Sale:</b>	Office of the Mayor, City Hall, 110 River Street, Milford, Connecticut, 06460.
<b>Issuer:</b>	City of Milford, Connecticut (the "City").
<b>Issue:</b>	\$10,145,000 General Obligation Bond Anticipation Notes, Lot B (the "Lot B Notes").
<b>Dated Date:</b>	November 3, 2011.
<b>Interest Due:</b>	At maturity: November 2, 2012.
<b>Principal Due:</b>	At maturity: November 2, 2012.
<b>Authorization and Purpose:</b>	The Lot B Notes are being issued to finance various public improvement and sewer projects authorized by certain bond ordinances adopted by the City.
<b>Redemption:</b>	The Lot B Notes are not subject to redemption prior to maturity.
<b>Security and Remedies:</b>	The Lot B Notes will be general obligations of the City of Milford, Connecticut, and the City will pledge its full faith and credit to the payment of principal and interest on the Lot B Notes when due.
<b>Credit Rating:</b>	The City received a "MIG 1", "SP-1+" and "F1+" from Moody's Investors Service, Standard & Poor's and Fitch Ratings, respectively, on the Lot B Notes.
<b>Bond Insurance:</b>	The City does not expect to direct purchase a credit enhancement facility.
<b>Basis of Award:</b>	Lowest Net Interest Cost (NIC), as of the dated date.
<b>Tax Exemption:</b>	See "Tax Matters" herein.
<b>Bank Qualification:</b>	The Lot B Notes shall NOT be designated as qualified tax-exempt obligations by the City under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for certain interest expense allocable to the Lot B Notes.
<b>Continuing Disclosure:</b>	In accordance with the requirements of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, the City will agree to provide, or cause to be provided, notices of material events with respect to the Lot B Notes pursuant to a Continuing Disclosure Agreement to be executed by the City substantially in the form attached as Appendix E to this Official Statement.
<b>Registrar, Transfer Agent, Certifying Agent &amp; Paying Agent:</b>	U.S. Bank National Association, Goodwin Square, 225 Asylum Street, Hartford, Connecticut 06107.
<b>Legal Opinion:</b>	Robinson & Cole LLP of Hartford, Connecticut will act as Bond Counsel.
<b>Financial Advisor:</b>	Phoenix Advisors LLC of Milford, Connecticut will act as Financial Advisor. Telephone (203) 878-4945.
<b>Delivery and Payment:</b>	It is expected that delivery of the Lot B Notes in book-entry-only form will be made to The Depository Trust Company on or about November 3, 2011 against payment in Federal Funds.
<b>Issuer Official:</b>	Questions concerning the City and this Official Statement should be addressed to Mr. Peter A. Erodici Jr., Director of Finance, City of Milford, 70 West River Street, Milford, Connecticut 06460. Telephone (203) 783-3220.

## **I. Bond and Note Information**

### **Introduction**

This Official Statement, including the cover page and appendices, is provided for the purpose of presenting certain information relating to the City of Milford, Connecticut (the "City"), in connection with the original issuance and sale of \$15,330,000 General Obligation Bonds, Issue of 2011 (the "Bonds") of the City and \$13,190,000 General Obligation Bond Anticipation Notes of the City comprised of \$3,045,000 General Obligation Bond Anticipation Notes, Lot A (the "Lot A Notes") and \$10,145,000 General Obligation Bond Anticipation Notes, Lot B (the "Lot B Notes") (the Lot A Notes and the Lot B Notes referred to collectively as the "Notes").

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

The Bonds and the Notes are being offered for sale at public bidding. Notices of Sale for the Bonds and the Notes dated October 12, 2011 have been furnished to prospective bidders. Reference is made to the respective Notices of Sale for the terms and conditions of the bidding.

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

The independent auditors for the City 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.

Bond Counsel are not passing upon and do not assume responsibility for the accuracy or adequacy of the statements made in this Official Statement (other than matters expressly set forth as their opinion) and they make no representation that they have independently verified the same.

### **Financial Advisor**

Phoenix Advisors, LLC, of Milford, Connecticut has served as Financial Advisor to the City with respect to the issuance of the Bonds and the Notes (the "Financial Advisor"). The Financial 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 Financial Advisor is an independent firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

### **The Bonds**

The \$15,330,000 principal amount of the Bonds will mature on November 1 in each of the years as set forth on the front cover of this Official Statement. The Bonds will be dated November 1, 2011 and will bear interest at the rate or rates per annum specified by the successful bidder, payable on May 1, 2012 and semiannually thereafter on November 1 and May 1 in each year until maturity, as set forth on the cover of this Official Statement. Interest will be calculated on the basis of twelve 30-day months and a 360-day year. Interest is payable to the registered owner as of the close of business on the fifteenth day of April and October in each year, or the preceding business day if such fifteenth day is not a business day, by check, mailed to the registered owner at the address as shown on the registration books of the City kept for such purpose, or so long as the Bonds are registered in the name of Cede & Co., as nominee of DTC, by such other means as DTC, the Paying Agent and the City shall agree.

**Optional Redemption**

Bonds maturing on or before November 1, 2019 are not subject to redemption prior to maturity. The Bonds maturing on November 1, 2020 and thereafter are subject to redemption prior to maturity, at the election of the City, on or after November 1, 2019 at any time, in whole or in part and by lot within a maturity, in such amounts and in such order of maturity as the City may determine, at the respective prices (expressed as a percentage of the principal amount of Bonds to be redeemed), set forth in the following table, plus interest accrued and unpaid to the redemption date:

<u>Period During Which Redeemed</u>	<u>Redemption Prices</u>
November 1, 2019 and thereafter .....	100%

Notice of redemption shall be given by the City or its agent by mailing a copy of the redemption notice by first-class mail at least thirty (30) days prior to the date fixed for redemption to the registered owner as the same shall last appear on the registration books for the Bonds. Failure to give such notice by mailing to any registered owner, or any defect therein, shall not affect the validity of the redemption of any other Bonds. Upon the giving of such notice, if sufficient funds available solely for redemption are on deposit with the Paying Agent, the Bonds or portions thereof so called for redemption will cease to bear interest after the specified redemption date.

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

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

**The Notes**

The Lot A Notes will be dated November 3, 2011 and will be due and payable as to both principal and interest at maturity, May 3, 2012. The Lot B Notes will be dated November 3, 2011 and will be due and payable as to both principal and interest at maturity, November 2, 2012. 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 \$1,000 or integral multiples 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.

The Certifying Agent, Paying Agent, Registrar and Transfer Agent for the Bonds and the Notes will be U.S. Bank National Association, 225 Asylum Street, Hartford, Connecticut 06103. The legal opinion on the Bonds and the Notes will be rendered by Robinson & Cole LLP in substantially the forms set forth in Appendices B and C, respectively, of this Official Statement.

## ***Authorization and Purpose***

The Bonds and the Notes are issued pursuant to Title 7 of the General Statutes of Connecticut, as amended, the Charter of the City, and certain bond ordinances adopted by the Board of Aldermen of the City as follows:

On May 3, 1999, the Board of Aldermen appropriated and authorized bonds in the amount of \$1,310,000 for repairs, renovations, and improvements to City-owned recreational facilities.

On July 7, 2003, the Board of Aldermen appropriated and authorized bonds in the amount of \$64,500,000 for the planning, acquisition, and construction of improvements to the wastewater facilities. This was amended to \$92,712,000 on April 7, 2008. The total amount of bonds authorized has been reduced to \$33,172,523 to reflect the \$12,984,004 of State of Connecticut Clean Water Fund grants and Clean Water Fund Permanent Loan Obligations totaling \$46,555,469.

On July 7, 2003, the Board of Aldermen appropriated and authorized bonds in the amount of \$2,650,000 for renovations and improvements to the buildings and grounds on the site formerly occupied by Milford Academy.

On February 2, 2004, the Board of Aldermen appropriated and authorized bond in the amount of \$8,265,000 for various public improvements, including acquisition of a replacement fire tower truck, the redesign of a railroad crossing, for library renovations, Orange Avenue School additions, the installation of artificial turf at the two high school football fields, and construction of a new elevator shaft at Harborside Middle School. The authorization has been reduced by rescissions totaling \$592,415 approved in 2007 and 2010 and by grant payments of \$1,496,520 received from the State of Connecticut.

On November 4, 2004, the Board of Aldermen appropriated and authorized bonds in the amount of \$3,400,000 for various public improvements, including East Side Bulkhead and Boat Ramp repairs, road resurfacing in various parts of the City, repairs and modifications to Fire Station 1 and Fire Station 7, and emergency dredging of the federal channel at the entrance of Milford Harbor. The total authorization has been reduced by a rescission of \$52,500 made in 2010, and by grant payments received from the State of Connecticut, resulting in a total bond authorization remaining of \$3,279,447.

On March 7, 2005, the Board of Aldermen appropriated and authorized bonds in the amount of \$2,555,000 for the acquisition and construction of sanitary sewers and related facilities in various areas of the City.

On March 7, 2005, the Board of Aldermen appropriated and authorized bonds in the amount of \$1,315,000 for various public improvements including replacement of the police radio microwave system and mobile data system, storm drain replacement at Liberty Rock, Parsons Gym floor replacement, Senior Center parking lot improvements, Fowler Field drainage and surface improvements, Walnut Beach pavilion construction, and the purchase of a pumper truck for the Fire Department. On August 2, 2010, the Board of Aldermen rescinded \$180,500 of the bond authorization.

On March 6, 2006, the Board of Aldermen appropriated and authorized bonds in the amount of \$715,000 for road resurfacing.

On February 5, 2007, the Board of Aldermen appropriated and authorized bonds in the amount of \$12,937,000 for various school improvements including asbestos removal and tile replacement for various schools, for driveway safety improvements at Pumpkin Delight Elementary School, for Phase II addition and renovation of Jonathan Law and Foran High Schools, for Foran High School asbestos and lead abatement, for Phase II security enhancements for various schools, and for improvements and renovations for the Alternative High School. The appropriation and bond authorization was increased to \$18,489,511 on April 7, 2008. The total authorization has been reduced to \$13,216,073 due to grant payments received from the State of Connecticut.

On February 5, 2007, the Board of Aldermen appropriated and authorized bonds in the amount of \$4,650,000 for various public improvements including Stern Hall infrastructure improvements, intersection improvements at Gulf Street and New Haven Avenue, Citywide road, sidewalk, and curb repairing and reconstruction, Naugatuck Avenue drainage, a Fire Department pumper/engine and Phase I of Parsons Government Center improvements and renovations. On August 2, 2010, \$29,700 of the authorization was rescinded.

On February 5, 2007, the Board of Aldermen appropriated and authorized bonds in the amount of \$3,300,000 for the replacement of the East/West Interceptor and related costs. The appropriation and bond authorization was increased to \$4,250,000 on April 7, 2008.

On April 7, 2008, the Board of Aldermen appropriated and authorized bonds in the amount of \$3,025,000 for the replacement of the Buckingham Avenue force main. The appropriation and bond authorization was increased to \$4,650,000 on February 1, 2010.

On April 7, 2008, the Board of Aldermen appropriated and authorized bonds in the amount of \$1,440,000 for Foran High School asbestos and lead abatement and Phase III security enhancements for various schools.

On April 30, 2008, the Board of Aldermen appropriated and authorized bonds in the amount of \$3,715,559 for various technology upgrades, infrastructure improvements, and building repairs and improvements.

On August 3, 2009, the Board of Aldermen appropriated and authorized bonds in the amount of \$4,050,000 for Phase III additions, alterations, and energy conservation improvements at Jonathan Law High School.

On February 1, 2010, the Board of Aldermen appropriated and authorized bonds in the amount of \$2,623,500 for Rogers Avenue pump station and High Street Sewer upgrades and related costs.

On February 1, 2010, the Board of Aldermen appropriated and authorized bonds in the amount of \$6,292,000 for various public improvements including the overhaul and upgrade of the Police Department communications system; a rescue vehicle for the Fire Department; the east side fire station consolidation; technology upgrades; citywide road, sidewalk and curb repaving and reconstruction; renovations and improvements to the Parsons Government Center and City Hall and related expenses.

On February 1, 2010, the Board of Aldermen appropriated and authorized bonds in the amount of \$9,640,000 for Phase III additions and renovations at Foran High School, the design and construction of a new elevator at Pumpkin Delight School, and related costs.

On November 8, 2010, the Board of Aldermen appropriated and authorized bonds in the amount of \$4,950,000 for East Side Fire Station consolidation and construction and related costs.

On February 7, 2011, the Board of Aldermen appropriated and authorized bonds in the amount of \$5,630,000 for East Shore Middle School improvements including asbestos removal and tile replacement and additions and renovations, for roof replacements at Jonathan Law and Foran High Schools; for Foran High School Phase III asbestos and lead abatement; and for asbestos removal and tile replacement at various schools.

On February 7, 2011, the Board of Aldermen appropriated and authorized bonds in the amount of \$4,625,000 for the acquisition and construction of sanitary sewers and related facilities in various areas of the City.

On February 7, 2011, the Board of Aldermen appropriated and authorized bonds in the amount of \$6,588,000 for various public improvements including Citywide road, sidewalk, and curb repaving and reconstruction; repairs and renovation/bulkhead replacement to town dock at High Street; Gulf Beach erosion control and replacement; Milford Harbor- Lisman Landing maintenance dredging; Wepawaug River dredging and dam and shore rehabilitation; conversion to single stream recycling and for a Quint fire pumper..

On April 5, 2011, the Board of Aldermen appropriated and authorized bonds in the amount of \$1,685,000 for the purchase of 13.45 acres of land at 462 Oronoque Road and realignment, reconstruction and traffic safety improvements on Old Gate Lane.

## Use of Proceeds

Project	Bonds Authorized	Bonds Issued	Notes Due 11/3/2011	Paid- Down	The Lot A	The Lot B	The Bonds	Authorized
					Notes Due 5/3/2012	Notes Due 11/2/2012		But Unissued
Recreation Facilities Improvements.....	\$ 1,310,000	\$ 1,277,700	\$ 7,000	\$ -	\$ -	\$ -	\$ 27,000	\$ 5,300
Milford Academy Renovations.....	2,650,000	2,297,000	211,000	2,250	-	-	246,000	104,750
Various Public Improvements (Feb 04)..	2,483,065	2,381,765	20,000	-	-	5,000	20,000	76,300
Various Public Improvements (Nov 04)..	3,279,447	2,847,500	278,700	-	-	125,000	153,700	153,247
Various Public Improvements (Mar 05)..	1,134,500	1,038,000	45,000	150	-	-	45,000	51,350
Road Resurfacing.....	715,000	677,000	26,000	-	-	-	27,000	11,000
Various Public Improvements (Feb 07) <sup>1</sup> ..	4,620,300	3,495,685	157,000	-	-	202,500	54,000	868,115
Various Public Improvements (Apr 08)..	3,715,559	2,745,350	224,000	-	-	-	163,900	806,309
Various Public Improvements (Feb 10)..	6,292,000	974,000	2,658,000	-	-	800,000	658,000	3,860,000
February 2011 Pub Improvements.....	6,588,000	-	2,840,300	-	-	2,890,300	2,000,000	1,697,700
April 2011 Pub Improvements.....	1,685,000	-	-	-	-	200,000	1,125,000	360,000
Eastside Firehouse.....	4,950,000	-	2,533,000	-	-	2,033,000	1,000,000	1,917,000
<b>Subtotal General Improvement.....</b>	<b>\$ 39,422,871</b>	<b>\$ 17,734,000</b>	<b>\$ 9,000,000</b>	<b>\$ 2,400</b>	<b>\$ -</b>	<b>\$ 6,255,800</b>	<b>\$ 5,519,600</b>	<b>\$ 9,911,071</b>
Various School Improvements (Feb 07) . <sup>1</sup>	13,216,073	11,942,000	410,000	-	15,000	-	410,000	849,073
Various School Improvements (Apr 08)..	1,440,000	105,000	895,000	-	300,000	-	200,000	835,000
J. Law Phase III Construction (Aug 09)..	4,050,000	2,000,000	1,600,000	-	100,000	-	500,000	1,450,000
Various School Improvements (Feb 10)..	9,640,000	1,150,000	6,630,000	-	630,000	-	3,200,000	4,660,000
Various School Improvements (Feb 11)..	5,630,000	-	2,700,000	-	2,000,000	-	800,000	2,830,000
<b>Subtotal Schools.....</b>	<b>\$ 33,976,073</b>	<b>\$ 15,197,000</b>	<b>\$ 12,235,000</b>	<b>\$ -</b>	<b>\$ 3,045,000</b>	<b>\$ -</b>	<b>\$ 5,110,000</b>	<b>\$ 10,624,073</b>
Wastewater Facilities Upgrade . <sup>2</sup> .....	33,172,523	12,100,000	1,500,000	-	-	2,004,200	2,000,400	17,067,923
Sewers XIII.....	2,555,000	1,553,000	120,000	-	-	20,000	100,000	882,000
East/West Interceptor.....	4,250,000	3,965,000	125,000	-	-	15,000	100,000	170,000
Buckingham Ave Force Main.....	4,650,000	2,000,000	2,000,000	-	-	100,000	2,000,000	550,000
Roger Ave Pump & High St Sewer.....	2,623,500	500,000	1,250,000	-	-	750,000	500,000	873,500
Sewers XV.....	4,625,000	-	-	-	-	1,000,000	-	3,625,000
<b>Subtotal Sewers.....</b>	<b>\$ 51,876,023</b>	<b>\$ 20,118,000</b>	<b>\$ 4,995,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,889,200</b>	<b>\$ 4,700,400</b>	<b>\$ 23,168,423</b>
<b>Totals.....</b>	<b>\$ 125,274,967</b>	<b>\$ 53,049,000</b>	<b>\$ 26,230,000</b>	<b>\$ 2,400</b>	<b>\$ 3,045,000</b>	<b>\$ 10,145,000</b>	<b>\$ 15,330,000</b>	<b>\$ 43,703,567</b>

<sup>1</sup> Original authorization of \$18,489,511 has been reduced by \$5,273,438 due to grant payments received from the State of Connecticut.

<sup>2</sup> The City is in the midst of a \$92,712,000 program to upgrade its wastewater facilities. The project has been financed in part by 2% loans of approximately \$48 million and grants of approximately \$12.9 million under the State of Connecticut Clean Water Fund Program. As of this issue, the authorization has been reduced to \$33,172,523 reflecting Clean Water Fund grant and loan proceeds received.

## School Projects

Pursuant to Section 10-287i of the Connecticut General Statutes, as amended, the State of Connecticut will provide proportional progress payments for eligible school construction expenses on projects approved on or after July 1, 1996. Debt service reimbursement will continue under the old program for all projects approved prior to July 1, 1996.

Under the old program, the State of Connecticut will reimburse the City for principal and interest costs for eligible school construction projects over the life of outstanding school bonds and the subsequent bond issues necessary to completely fund the approved school projects at estimated reimbursement rates shown below.

Under the new program, the State of Connecticut will make proportional progress payments for eligible construction costs during construction. The following projects will be reimbursed at the estimated reimbursement rates shown below:

<b>Projects approved on or after July 1, 1996</b>	<b>Authorized Amount<sup>1</sup></b>	<b>Approximate Reimbursement Rate</b>	<b>Estimated Grant Amount</b>	<b>City's Estimated Share of Project Cost</b>
School Improvements 2007.....	\$ 18,489,511	33.00%	\$ 6,101,539	\$ 12,387,972
School Improvements 2008.....	1,440,000	33.00%	475,200	964,800
J. Law Phase III Construction.....	4,050,000	33.00%	1,336,500	2,713,500
School Improvements 2010.....	9,640,000	33.00%	3,181,200	6,458,800
School Improvements 2011. <sup>2</sup> .....	5,630,000	33.00%	1,857,900	3,772,100
<b>Total.....</b>	<b>\$ 39,249,511</b>		<b>\$ 12,952,339</b>	<b>\$ 26,297,172</b>

<sup>1</sup> The authorized amount for each project listed is the original amount authorized by the Board of Aldermen prior to any grant payments received by the City.

<sup>2</sup> The School Improvements 2011 had applications submitted to the State Department of Education by the City. Grant funding has yet to be acted on for this bond issue by the State.

## Book-Entry-Only Transfer System

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the securities (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. For the Bonds, 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. For the Notes, one fully-registered Security certificate will be issued for each interest rate of the Security.

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](http://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.

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).

Redemption proceeds, distributions, and dividend payments on 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.

### ***Security and Remedies***

The Bonds and the Notes will be general obligations of the City of Milford, Connecticut and the City will pledge its full faith and credit to pay the principal of and interest on the Bonds and Notes when due.

Unless paid from other sources, the Bonds and the Notes are payable from general property tax revenues. The City has the power under Connecticut statutes to levy ad valorem taxes on all taxable property in the City 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 or of qualified disabled persons taxable at limited amounts. There was, however, no such classified property on the last completed Grand List of the City,

and, under existing statutes the State of Connecticut is obligated to pay the City the amount of tax revenue which the City would have received except for the limitation on its power to tax such dwelling houses.

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

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

The City 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 City. Courts of competent jurisdiction also have power in appropriate proceedings to order a payment of a judgment on such debt from funds lawfully available therefore or, in the absence thereof, to order the City 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 City and the availability and adequacy of other remedies.

Enforcement of a claim for payment of principal of or interest on such debt would also be subject to the applicable provisions of Federal bankruptcy laws and to provisions of other statutes, if any, 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. Under the federal bankruptcy code, the City may seek relief only, among other requirements, if it is specifically authorized, in its capacity as a municipality or by name, to be a debtor under Chapter 9 Title 11 of the Code, or by state law or by a governmental officer or organization empowered by state law to authorize such entity to become a debtor under such chapter. Section 7-566 of the Connecticut General Statutes, as amended, provides that no Connecticut municipality shall file a petition in bankruptcy without the express prior written consent of the Governor. This prohibition applies to any city, borough, metropolitan district and any other political subdivision of the State having the power to levy taxes and issue bonds or other obligations.

The City of Milford, Connecticut has never defaulted in the payment of principal or interest on its bonds or notes.

### ***Qualification for Financial Institutions***

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

### ***Availability of Continuing Disclosure Information***

The City of Milford prepares, in accordance with State law, annual independent audited financial statements and files such annual report with the State Office of Policy and Management within six months of the end of its fiscal year.

In accordance with the requirements of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, the City will agree to provide, or cause to be provided, annual financial information and operating data and notices of material events with respect to the Bonds and notices of material events with respect to the Notes pursuant to Continuing Disclosure Agreements to be executed by the City substantially in the forms attached as Appendices D and E, respectively, to this Official Statement.

The City has previously undertaken in continuing disclosure agreements entered into for the benefit of holders of certain of its general obligation bonds and notes to provide certain annual financial information and event notices pursuant to Rule 15c2-12(b)(5). To date the City has not failed to meet any of its undertakings under such agreements.

### ***Ratings***

Application was made to Moody's Investors Service, Inc., Standard & Poor's Corporation, and Fitch Ratings (the "Rating Agencies") for a rating on the Bonds and on the Notes. The City furnished to the Rating Agencies certain information and materials, some of which may not have been included in this Official Statement. The rating reflects only the views of the Rating Agencies and will be subject to revision or withdrawal, which could affect the market price of the Bonds and the Notes. The Rating Agencies should be contacted directly for its rating on the Bonds and the Notes and the explanation of such rating.

The City expects to furnish to the Rating Agencies information and materials that it may request. However, the City may issue short-term or other debt for which a rating is not required. The City's Financial Advisor, Phoenix Advisors, LLC recommends that all bonded debt be submitted for a credit rating.

The City received ratings of "Aa1", "AA+" and "AA+" from Moody's Investors Service, Standard & Poor's and Fitch Ratings, respectively, on the Bonds. The Notes received ratings of "MIG 1", "SP-1+" and "F1+" from Moody's Investors Service, Standard & Poor's and Fitch Ratings, respectively.

### ***Bond Insurance***

Information has been submitted to various bond insurers for consideration as to insurance on the Bonds, if the original purchaser wishes to purchase such insurance. The grant or denial of such insurance by the insurers reflects only the view of the individual insurer as to the City's credit, but could affect the market price of Bonds. If the original purchaser obtains insurance on the Bonds, the insurer should be contacted directly for information concerning its insurance program.

### ***Tax Matters***

The Internal Revenue Code of 1986, as amended (the "Code"), imposes certain requirements which must be met at and subsequent to delivery of the Bonds and the Notes in order that interest on the Bonds and the Notes be and remain excluded from gross income for federal income tax purposes. Noncompliance with such requirements could cause interest on the Bonds and the Notes to be included in gross income retroactive to the date of issuance of the Bonds and the Notes. The Tax Regulatory Agreement, which will be executed and delivered by the Town concurrently with the Bonds and the Notes, contains representations, covenants and procedures relating to the use, expenditure and investment of proceeds of the Bonds and the Notes in order to comply with such requirements of the Code. Pursuant to the Tax Regulatory Agreement, the Town also covenants and agrees that it shall perform all things necessary or appropriate under any valid provision of law to ensure interest on the Bonds and the Notes shall be excluded from gross income for federal income tax purposes under the Code.

In the opinion of Bond Counsel, based on existing statutes and court decisions and assuming continuing compliance by the Town with its covenants and the procedures contained in the Tax Regulatory Agreement, interest on the Bonds and the Notes is excluded from gross income for federal income tax purposes and is not treated as an item of tax preference for purposes of computing the federal alternative minimum tax. Interest on the Bonds and the Notes is, however, includable in adjusted current earnings for purposes of computing the federal alternative minimum tax imposed on certain corporations.

Ownership of the Bonds and the Notes may also result in certain collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, certain foreign corporations doing business in the United States, certain S corporations with excess passive income, individual recipients of Social Security and Railroad Retirement benefits, taxpayers utilizing the earned income credit and taxpayers who have or are deemed to have incurred indebtedness to purchase or carry tax exempt obligations, such as the Bonds and the Notes. Prospective purchasers of the Bonds and the Notes, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of ownership and disposition of, or receipt of interest on, the Bonds and the Notes.

In the opinion of Bond Counsel, based on existing statutes, interest on the Bonds and the Notes is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax. The opinion of Bond Counsel is rendered as of its date and is based on existing law, which is subject to change. Bond Counsel assumes no obligation to update or supplement its opinion to reflect any facts or circumstances that may come to their attention, or to reflect any changes in law that may thereafter occur or become effective.

Prospective purchasers of the Bonds and the Notes are advised to consult their own tax advisors regarding other State and local tax consequences of ownership and disposition of and receipt of interest on the Bonds and the Notes.

### ***Original Issue Discount***

The initial public offering price of certain maturities of the Bonds and the Notes may be less than the principal amount payable on such Bonds and Notes at maturity. The excess of the principal amount payable at maturity over the initial public offering price at which a substantial amount of these Bonds and Notes are sold constitutes original issue discount. The prices set forth on the cover page of the Official Statement may or may not reflect the prices at which a substantial amount of the Bonds and the Notes were ultimately sold to the public.

Under Section 1288 of the Code, the amount of original issue discount treated as having accrued with respect to any Bond or Note during each day it is owned by a taxpayer is added to the owner's adjusted basis for purposes of determining gain or loss upon the sale or other disposition of such Bonds and Notes by such owner. Accrued original issue discount on the Bonds and the Notes is excluded from gross income for federal income tax purposes. Original issue discount on any bond and note is treated as accruing on the basis of economic accrual for such purposes, computed by a constant semiannual compounding method using the yield to maturity on such bond and note. The original issue discount attributable to any bond for any particular semiannual period is equal to the excess of the product of (i) one-half of the yield to maturity of such bond and note, and (ii) the amount which would be the adjusted basis of the bond and note at the beginning of such semiannual period if held by the original owner and purchased by such owner at the initial public offering price, over the interest paid during such period. The amount so treated as accruing during each semiannual period is apportioned in equal amounts among the days in that period to determine the amount of original issue discount accruing for such purposes during each such day. Prospective purchasers of the Bonds and the Notes should consult their own tax advisors with respect to the federal income tax consequences of the disposition of and receipt of interest on the Bonds and the Notes.

### ***Original Issue Premium***

The initial public offering price of certain maturities of the Bonds and the Notes may be greater than the principal amount payable on such Bonds and Notes at maturity. The excess of the initial public offering price at which a substantial amount of these Bonds and Notes are sold over the principal amount payable at maturity or on earlier call date constitutes original issue premium. The prices set forth on the cover page of the Official Statement may or may not reflect the prices at which a substantial amount of the Bonds and the Notes were ultimately sold to the public.

Under Sections 1016 and 171 of the Code, the amount of original issue premium treated as amortizing with respect to any Bond and Note during each day it is owned by a taxpayer is subtracted from the owner's adjusted basis for purposes of determining gain or loss upon the sale or other disposition of such Bonds and Notes by such owner. Amortized original issue premium on the Bonds and the Notes is not treated as a deduction from gross income for federal income tax purposes. Original issue premium on any bond and note is treated as amortizing on the basis of the taxpayer's yield to maturity using the taxpayer's cost basis and a constant semiannual compounding method. Prospective purchasers of the Bonds and the Notes should consult their own tax advisors with respect to the federal income tax consequences of the disposition of and receipt of interest on the Bonds and the Notes.

## **General**

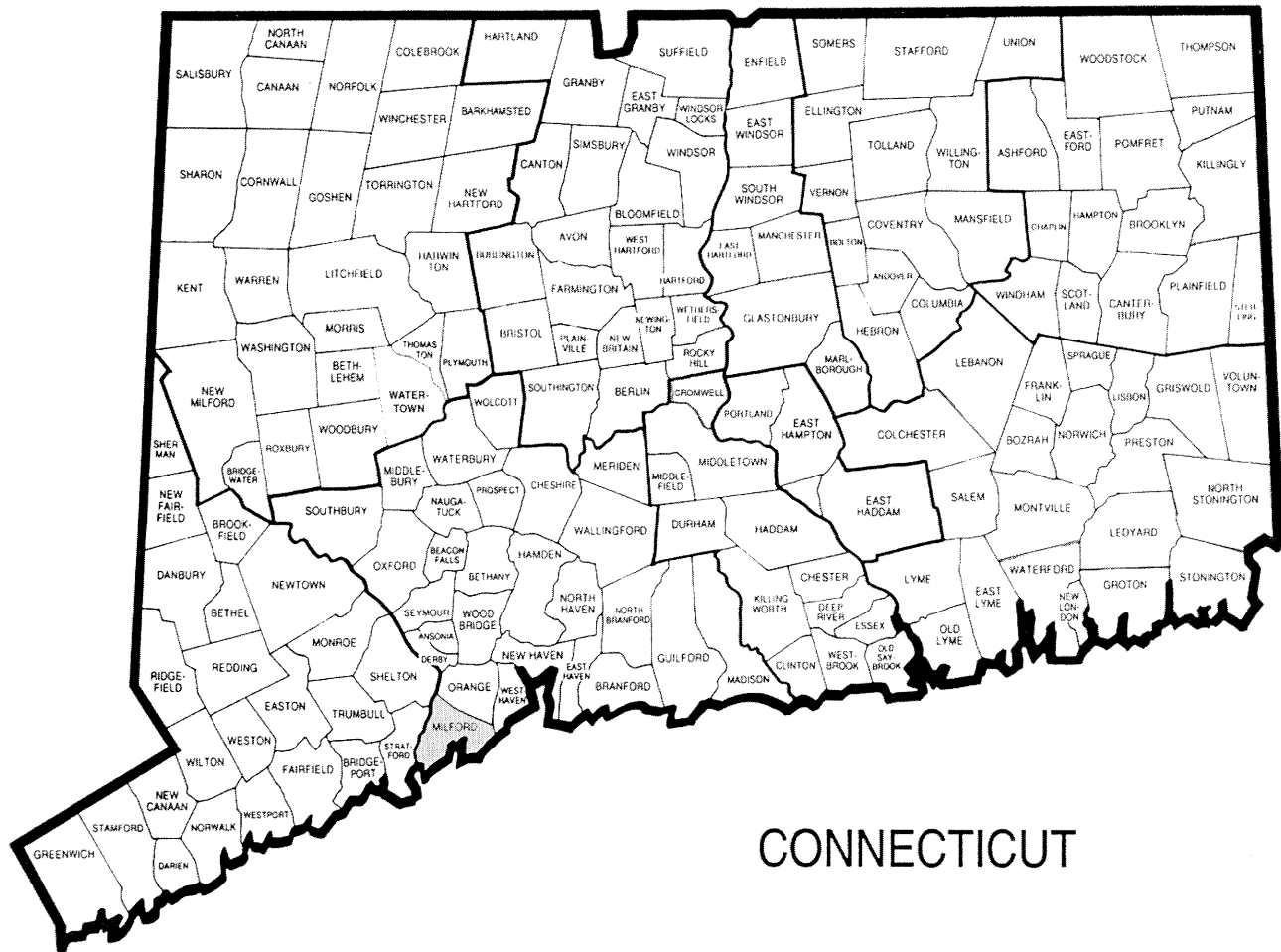
On September 12, 2011, President Obama released a legislative proposal that would, among other things, subject interest on tax-exempt bonds to a federal income tax for taxpayers with incomes above certain thresholds for tax years beginning after 2012. The proposal has not passed either of the two Houses of Congress and it is not possible to predict whether this proposal will be enacted into law. Legislation affecting the exclusion from gross income of interest on obligations, such as the Bonds and the Notes, is regularly proposed and considered by the United States Congress. There can be no assurance that legislation proposed or enacted after the date of issuance of the Bonds and the Notes will not reduce or eliminate the benefit of the exclusion from gross income of interest on the Bonds and the Notes or adversely affect the market price of the Bonds and the Notes.

The opinion of Bond Counsel is rendered as of its date and is based on existing law, which is subject to change. Bond Counsel assumes no obligation to update or supplement its opinion to reflect any facts or circumstances that may come to their attention, or to reflect any changes in law that may thereafter occur or become effective. On the date of delivery of the Bonds and the Notes, Bond Counsel will deliver their opinions in the forms attached hereto as Appendix B and Appendix C.

The above discussion does not purport to deal with all aspects of federal, state and local taxation that may be relevant to a particular owner of a Bond or a Note. Prospective purchasers of the Bonds and 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 ownership and disposition of, and receipt of interest on, the Bonds and the Notes.

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## II. The Issuer



### **Description of the Municipality**

The City of Milford, covering 23.5 square miles (15,104 acres) on Long Island Sound at the mouth of the Housatonic River, lies almost equidistant between New Haven and Bridgeport. Contiguous to the Towns of Stratford, Shelton, Orange, and West Haven, Milford is the fifth largest community in population in New Haven County and eighteenth in population size of the State's one hundred and sixty-nine cities and towns.

Primarily a residential community, Milford's population has essentially stabilized (52,759 by the 2010 Census). Residences in Milford are mainly single family units, and condominiums. Roughly fifty-eight percent of the land (8,810 acres) is developed residential with another twenty-five percent (3,783 acres) undeveloped residential. New single family construction has averaged about 150 units a year for the last ten years in an area where 33% of the housing stock was built since 1970, 45% between 1940 and 1970, and 22% prior to 1940.

Milford is served by many transportation facilities. Interstate 95 has seven Milford entrances/exits and Connecticut 15 (Merritt/Wilbur Cross Parkway -- cars only), two entrances/exits. U.S. 1 (open access throughout the City) plus Connecticut Routes 121, 162, and numerous local roads and streets are also available. Fifteen motor freight companies maintain Milford Terminals. Inter-city passenger bus service is provided by Connecticut Transit

and interstate service by Greyhound. The New Haven Line, Amtrak, and Metro North (Conrail) provide four east/west passenger/freight rails and two north/south freight rails. Industrial sidings, with one available for general use, provide storage capacity for more than one hundred cars. Passenger trains stop daily going to and coming from New York's Grand Central Station. Two airports serve Milford: Sikorsky Memorial Airport and Tweed-New Haven Airport. Sikorsky (seven miles east in Stratford) provides domestic passenger, airmail and airfreight service with two 4,700 foot runways as well as charter and complete fuel services. Tweed-New Haven's single 5,600 foot runway furnishes similar services. International air service is available at Bradley International (Windsor Locks) or the New York airports, all approximately one and one-half hours driving time.

The Milford Transit District provides intra-city bus service over four fixed routes in Milford covering more than fifty two miles. Special commuter bus runs during peak hours serve the City's major office and industrial parks to the rail station and from commuter lots also to the station. The District also operates a Federal Transit Administration Jobs Access bus service providing seamless transportation from Milford to Norwalk. A demand responsive door to door service offers transportation to the elderly and disabled with a fleet of sixteen vehicles. In addition to public transportation the District operates two train stations at the Metro-North commuter stop in Milford along with 500 parking spaces for commuter use. Since 1979, the publicly funded Transit District has received annual City support in excess of \$5,590,000, Federal grants in excess of \$30,000,000, and State grants in the amount of \$17,620,000.

Media choices in Milford are extensive and varied. Two morning and two weekly newspapers cover the City. Three radio stations are located in Milford but there are over 50 AM and FM signals received including those from New York City. Television stations in Connecticut that cover Milford include WTNH, WFSB, WVIT, and Channel 12. Cablevision and satellite services provide access to hundreds of channels. "Milford Living", a quarterly magazine, features positive aspects of the community.

Milford Hospital is a full service medical center with state-of-the-art technology. The hospital is a regional leader in many areas, including emergency walk-in services; outpatient surgery, family childbirth, health education and home care services. A new off-site walk-in center was completed in early 2007. A staff of approximately 800, including 150 physicians representing all major medical specialties, provides a valued community service at this 106 bed facility.

### **Form of Government**

Milford has a Mayor-Board of Aldermen form of government. The Mayor and fifteen Aldermen are elected biennially each odd numbered year. The City's Charter guarantees representation by more than one political party, with no more than ten (10) Aldermen from the same party. The Board of Aldermen acts as the legislative body of the City. The budgetary process involves sequential recommendations by Department Heads and Boards and Commissions, the Mayor, and the five (5) member Board of Finance, with the final budget set by the Board of Aldermen. A Director of Finance, whose position is included under Civil Service, administers fiscal matters.

### **PRINCIPAL MUNICIPAL OFFICIALS**

<b>Office</b>	<b>Name</b>	<b>Manner of Selection</b>	<b>Current Term</b>	<b>Length of Service</b>	<b>Principal Employment Last Five Years</b>
Mayor.....	James L. Richetelli Jr.	Elected	11/09-11/11	5 <sup>th</sup> term <sup>1</sup>	Production Manager
Chairman, Board of Aldermen....	Gregory M. Smith	Elected	11/09-11/11	1 <sup>st</sup> term	Technical Writer and Editor
Town/City Clerk.....	Linda Stock	Elected	11/09-11/11	1 <sup>st</sup> term	Zoning Enforcement Officer
Director of Finance.....	Peter A. Erodici, Jr.	Appointed	Indefinite	4 Months <sup>2</sup>	City/Senior Accountant
City Treasurer.....	Libera C. Nosal	Appointed	Indefinite	12 years	Acct./Cash Manager
Superintendent of Schools .....	Elizabeth E. Feser, Ed.D.	Appointed	Indefinite	5 Months	Superintendent, Windsor
Deputy Superintendent of Ops.....	Philip G. Russell ( <i>Acting</i> )	Appointed	Indefinite	11 years	Deputy School Bus. Mgr.
Director of Public Health.....	Andrew D. McBride, M.D.	Appointed	Contract	8 years	State Health Director
City Attorney.....	Winthrop S. Smith, Jr	Appointed	N/A	3 years	Attorney
Chairman, Board of Education....	Dr. Mark T. Stapleton	Elected	11/09-11/11	1 <sup>st</sup> term	Psychologist

<sup>1</sup> Mayor Richetelli is not seeking reelection in November 2011 as he will be assuming the role of Deputy Superintendent of Operations with the Milford Board of Education effective November 21, 2011

<sup>2</sup> Mr. Erodici served as City Accountant with the City for 3 years prior to being appointed as Director of Finance on July 18, 2011.

Sources: Finance Director's Office, City of Milford

Deputy Superintendent of Operations, City of Milford Public Schools

### **James L. Richetelli Jr., Mayor**

Mayor Richetelli graduated from Fordham University in 1983 with a Bachelor of Arts Degree. Prior to his election as Mayor in November 2001, Mr. Richetelli was employed in senior management positions in the manufacturing industry for eighteen years. His last position was that of Production Manager at Precision Metal Products in Milford, a high technology company with over 150 employees specializing in intricate medical instruments. He had overall responsibility for all day-to-day operations of the company including budget, personnel, quality and operations.

Mayor Richetelli was elected to the Board of Aldermen in 1985 at the age of twenty-four. He was a five-term member of the Board of Aldermen, including one term as Majority Leader and three terms as Chairman. He has served as Chairman of the following Aldermanic Committees: Rules, Personnel, Public Safety and Welfare as well as being a member of the Ordinance and Claims Committees. He was a member of the Central Office Complex Building Committee and Chairman of the West Shore Fire Station Building Committee.

Mayor Richetelli is a Justice of the Peace and is very active in the community, having served as President of the Milford National Little League as well as volunteering in many civic, school, and church organizations. He has received numerous awards including: *Boy Scouts of America Good Scout Award*, *Boys and Girls Village Distinguished Service Award*, *Milford Columbus Committee Italian/American of the Year Award*, *Milford Chamber of Commerce Public Sector Award*, *Easter Seals National Outstanding Advocate Award*, *Central Connecticut Coast Milford/Orange YMCA Strong Kids Builder*, *Concerned Citizens for People with Disabilities Achievement Award*, *Bridges...a Community Support System Public Service Award*, *"Kids Day America/International" Children's Empowerment Award*, and was inducted into the *"Knights of Honor"* for Notre Dame High School, West Haven. Under his administration, Milford has been named one of the *"Top 100 Communities in America for Young People"* for all four years of the competition (Milford is the only city or town in Connecticut to win that designation). Mayor Richetelli served as a *national panelist at the "100 Best Communities"* Washington D.C. meeting.

The Mayor has served as Secretary and Chairman of the South Central Regional Council of Governments and is Chairman of the Connecticut Conference of Municipalities Statewide Task Force on Children, Youth and Families.

### **Dr. Elizabeth E. Feser, Superintendent of Schools**

Dr. Elizabeth E. Feser holds the position of Superintendent of Schools in Milford. She began her appointment in Milford on April 4, 2011.

Dr. Feser received her B.A. in Theology and History at St. Xavier College (Chicago) in 1971, followed by a M.Ed. in Religious Education from Boston College in 1976. After working as a high school teacher and administrator for several years, Dr. Feser pursued and earned her doctoral degree in Education Administration from Columbia University in 1985.

Dr. Feser brings a wealth of experience to the Milford Public School district, most recently having served as the Superintendent of Windsor Public Schools for the past nine years. Prior to her work in Windsor, Dr. Feser served for eight years as Assistant Superintendent of Schools in the New Canaan Public School district. Earlier in her career, Dr. Feser was the Principal of Danbury High School, (1987-1994); prior to that she served as a professional educator in both the public and parochial educational systems in New York and Massachusetts.

Dr. Feser has been an active participant in many educational organizations over the years, including substantial involvement with the Connecticut Association of Public School Superintendents (CAPSS). She is the 2<sup>nd</sup> Vice President of the group, and has served on their Assessment and Accountability Committee. She is also a member of the Superintendents' Network, a study group focused on improving the quality of instructional practice and student learning; it is led by the Connecticut Center for School Change and Harvard University.

In addition to her work with a variety of professional organizations, Dr. Feser has also been an active participant/volunteer in the town of Windsor on several committees.

### **Peter A. Erodici Jr., CPA, Director of Finance**

Peter A. Erodici Jr., Director of Finance, attended Harvard University, and earned a Bachelor of Business Administration, summa cum laude, from Iona College in New Rochelle, New York, with a major in public accounting. He has passed all four parts of the Uniform Certified Public Accountant (CPA) Examination, and is a licensed CPA in New York. Mr. Erodici has worked for the City of Milford since August 2008, when he was hired

as City Accountant. In April 2011, he was promoted to Acting Director of Finance, and was permanently appointed as Director of Finance, City of Milford in July 2011. Prior to entering the public sector, Mr. Erodici was employed by Oxford Health Plans/UnitedHealthcare, sequentially as a Senior Broker Commissions Analyst, a Team Leader, the Manager of Commissions and Broker Licensing in the Finance Department, and as Senior Accountant in General Accounting/Finance. Before his eleven year career with Oxford, he worked for five years in the mortgage banking industry with the former East River Savings Bank in New Rochelle, New York as a Loan Counselor, as well as The Bank of New York Mortgage Company, in Tarrytown, New York, where he rose to the level of Assistant Branch Manager.

Mr. Erodici is a member of the American Institute of Certified Public Accountants (AICPA), a member of the Government Finance Officers Association (GFOA) of Connecticut, and a member of the New York State Society of Certified Public Accountants. He is also a member of the Government Finance Officers Association of the United States and Canada. In addition, Mr. Erodici is a member of the Board of Directors for the Harvard Club of Southern Connecticut; and serves as the Chairman of the Harvard Book Prize, which is awarded to approximately 100 outstanding local area high school juniors within the Club's region in Connecticut each year.

**Philip G. Russell, Acting Deputy Superintendent of Operations, Board of Education**

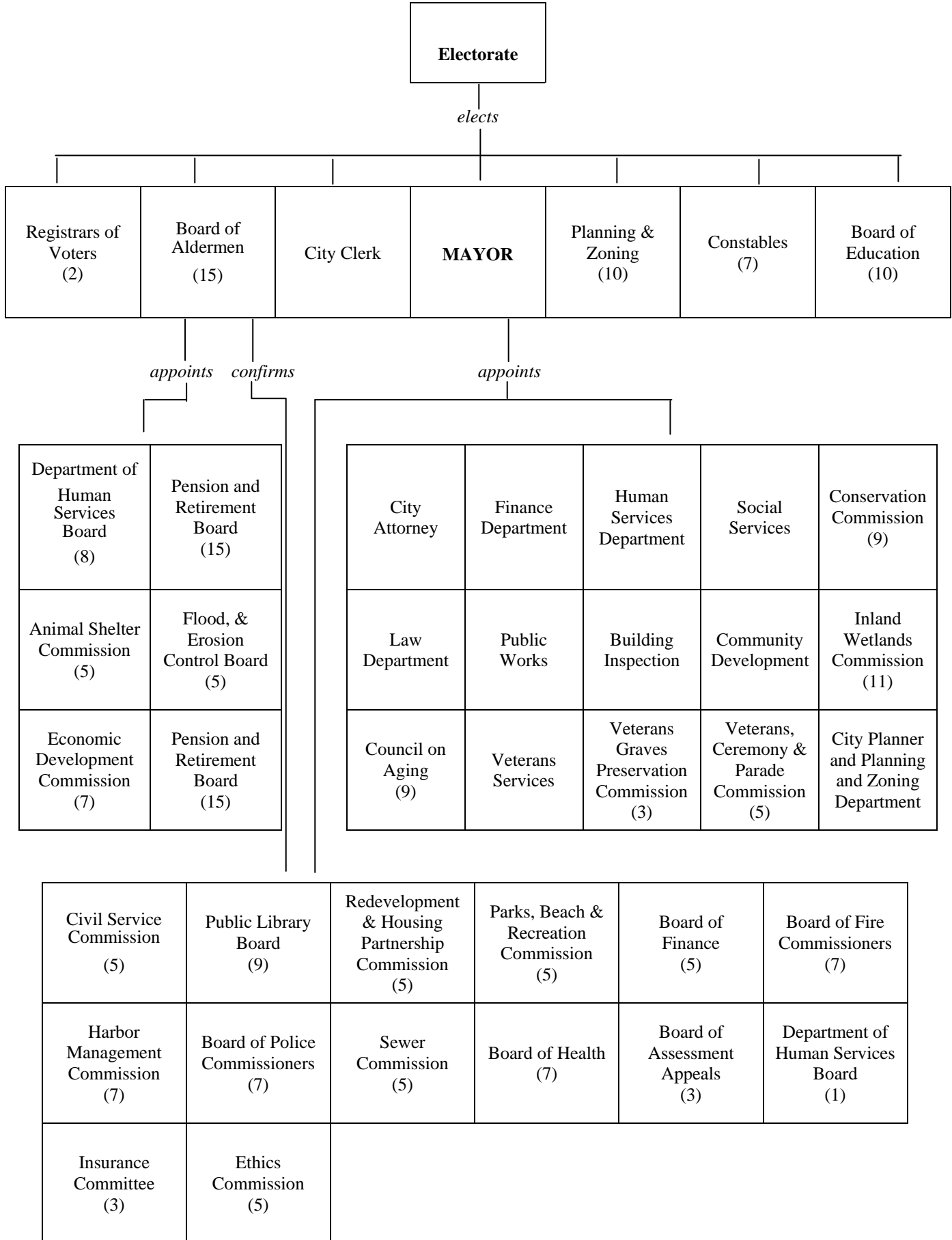
Philip Russell, Acting Deputy Superintendent of Operations for the City of Milford Board of Education, graduated from Central Connecticut State University with a Bachelors of Science degree in Accounting in 1972. Before coming to Milford, Mr. Russell served as the Executive Director of Finance and Administration at the City of Hartford Public Schools where he was responsible for accounting, payroll, grants, purchasing, information technology, food services, administrative support services, and student transportation.

Mr. Russell has been involved in education finance and administration since 1978. He was the first Internal Auditor for the State Department of Education, and he later served as the Business Manager for the Waterford, Norwich, and Clinton Public School systems. For six years, he worked on the municipal side as the Finance Director in the Town of Guilford.

Mr. Russell is active in the Connecticut Association of School Business Officials and has served as President of the organization. He is a member of the Niantic Lions Club, and was a past member of the East Hartford Exchange Club, and he is a past Board Member and Treasurer of the East Hartford Branch of the YMCA. In 1989, in response to a clear need perceived by Mr. Russell, he founded and now presides as President of the Chelsea Foundation, Inc., a non-profit organization dedicated to providing free medical equipment to needy children.

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# ORGANIZATION CHART



## ***Municipal Services***

### **Police**

The Milford Police Department is housed in a facility built in 1979. There are currently 112 sworn Officers and 15 Civilian personnel in the Department. Presently, department services include a Patrol Division, Detective Division, Records Division, and Crime Prevention Division. Specialized Units in the Department consist of a S.W.A.T. Team, Marine/Scuba Team, Training Unit, K-9 Unit, Crime Prevention Unit, Motorcycle patrol, Bicycle Patrol, Computer Crimes Unit and Honor Guard. The Department maintains a fleet of forty-eight vehicles plus a prisoner van, Scuba van, motorcycles, Mobile Command Vehicle and a S.W.A.T. Vehicle.

On an annual basis, the Department receives over 43,000 calls for service and/or complaints that are logged and tracked on computer via a computer-aided dispatch system. The Department recently completed a software upgrade for records management and dispatch functions. In addition, there are server based computer systems for mobile in-car computers, Automatic Vehicle Locater System and GIS Crime Analysis Systems. Currently, the Department is in the procurement stage of a new state of the art communications radio system to replace out present system which is obsolete.

The Police Department maintains and manages our own State (POST) Certified Regional Police Academy, training police officers for other municipalities in the state as well as our own.

The Police Department is a federally recognized Internet Crimes Against Children Investigative Satellite and is a leader in the state in the area of Internet and computer Crime Investigations. The Department maintains a state of the art Mobile Command Center, providing us with communication capabilities in the field during critical incident operations as well as providing mobile policing needs to the community.

### **Fire**

The Milford Fire Department is one of forty-four Departments to hold the designation of a "Class 1" ISO rated Fire Department, the highest rating given. The Department consists of five active fire stations and a vehicle and apparatus repair and maintenance facility. A Special Services Unit (Canteen Truck) is housed at a sixth fire station and is manned by retired members of the Department to provide fluid and food at long-term incidents. Ground has been broken for the construction of a new fire station on the eastside of the City that will combine the resources of Stations 5 and 6. A second full time rescue truck will respond from this location and fire calls will be answered with the "Quint" manned by two firefighters and a lieutenant.

The Milford Fire Department's fleet consists of five 1,250 G.P.M. Fire Pumpers and one 1,000 G.P.M. Fire Pumper. The Department has two Aerials, a 100-foot Tower Ladder with a 1,500 G.P.M. Fire Pump and a 75-foot Quint (a combination Aerial and Pumper with a 1,250 G.P.M. Fire Pump). There are three reserve 1,000 G.P.M. Fire Pumpers for occasions when apparatus are being repaired or maintained. A new Rescue Truck is due in September and final details are being negotiated for the purchase of a new "Quint". The Department has one full time Paramedic Rescue Truck; a second Paramedic Truck is in service during periods when call volume is predicted to be high.

For water emergencies there is a 27-foot Fire Rescue Boat and a 19-foot Inflatable Rescue Boat. The 27 Foot Fire Rescue Boat is deployed from a slip at Milford Harbor and is equipped to fight fires on the water with a 1,000 G.P.M. fire pump. It transports members and equipment from the Department's Dive Team and also disperses containment booms for fuel spills. The 19-foot boat is on a trailer at Fire Headquarters and is dispatched to incidents when appropriate.

The Department members are trained to the Firefighter II level, Haz-Mat Operations and EMT. They are also trained to handle special operations including Water Rescue, Ice Rescue, Confined Space and Trench Rescue, and Hazardous Materials Incidents. Department members are trained to provide Paramedic level care known as ALS, Advanced Life Support. The Department deploys a Certified Dive Rescue Team and Haz-Mat Technicians when appropriate. All fire department apparatus carry water and ice rescue equipment, Advanced Life Support gear, and cardiac defibrillators. We have added LUCAS Devices to our Emergency Medical Services inventory. These machines perform CPR on a patient during Advanced Life Support Incidents.

The Department, , is comprised of 114 fire personnel, eight dispatchers and five civilian personnel. Two Assistant Chiefs fall under the direction of the Chief and are responsible for the operations of the department. One Assistant Chief is the Fire Marshal directing the Fire Prevention Bureau and acting as the department's

administrative officer. Another Assistant Chief is the operations officer, whose responsibilities include the day-to-day activities of the department as well as the accommodating of all training needs, reviewing equipment inventories, purchasing and servicing of firefighting equipment, hose, and breathing apparatus.

Administrative staff responsibilities include planning for all the logistical situations for the department, formulating and executing long-term goals, and forecasting future budgeting to satisfy the needs of the department. Two department mechanics are responsible for the maintenance and repair of apparatus, the fire and rescue boats as well as all gasoline and hydraulic powered equipment.

The 911 Dispatch Center is located in Fire Headquarters and links city officials, fire, police, ambulance and mutual aid with surrounding cities and towns. Milford's 911 System is at the EMD level (Emergency Medical Dispatch) and is able to provide necessary resources based on information given. It is the focal point the new State Emergency Notification System used to send out a telephone message to large groups. The department's 911 dispatchers sent fire apparatus to over 8,500 emergency calls last year. The 911 dispatchers also monitor all fire alarms, wastewater alarms, and weather systems using state of the art technologies. Dispatchers handle over 28,000 911 calls and over 60,000 total calls a year including non-emergency calls for service.

### **Public Works**

The Public Works Department consists of six divisions which include Office, Highway & Parks, Engineering, Building Maintenance, Wastewater, City Garage, and Solid Waste plus an office staff. The department employs one hundred and sixty-eight people and utilizes two hundred twenty-six pieces of equipment.

The Solid Waste division provides curbside garbage collection service to residents once a week and a bi-weekly curbside recycling pickup. Seasonal bulky waste pickup and fall leaf collection programs are conducted in addition to the weekly collection.

All non-recyclable solid waste is processed by the Connecticut Resource Recovery Authority (CRRA) in Bridgeport, after first being processed through a CRRA-operated transfer station located within City limits. The City also participates in the regional recycling program.

### **Service Contract - Solid Waste Disposal**

Solid waste collection in the City is collected by private firms who have direct contracts with residents.

Milford is one of twelve municipalities that has entered into a Municipal Service Agreement ("MSA") with the Connecticut Resource Recovery Authority (the "Authority") for the disposal of solid waste through the Greater Bridgeport Resource Recovery System (the "System"). Each municipality which has signed such MSA (a "Participating Municipality") has agreed to deliver or cause to be delivered to the System all "Acceptable Waste," as defined therein, generated within its boundaries. The facility for the System (the "Facility") is located in the City of Bridgeport, Connecticut and was designed and constructed and is operated by Bridgeport Resco Company, L.P. (the "Company"). The Facility began commercial operation in July 1988 and is designed to process up to 2,250 tons of solid waste per day. Each Participating Municipality has further agreed to deliver annually its Minimum Tonnage Guarantee, as defined in the MSA, to the System.

For fiscal year ending June 30, 2011, the Authority billed each Participating Municipality a fixed charge of \$64.09 per ton of MSW actually delivered by or on behalf of each Participating Municipality.

Each Participating Municipality has agreed to pay Municipal Disposal Fees to the Authority for the acceptance and processing and/or disposing of Acceptable Waste. The Municipal Disposal Fees, which are payable on a monthly basis, include (i) disposal fees of the Authority to the Company under a Solid Waste Disposal Agreement, (ii) an Authority Administrative Fee.

The obligation of the Participating Municipalities to pay Municipal Disposal Fees, so long as the Authority meets its obligation to accept and dispose of Acceptable Waste, is absolute and unconditional and shall not be subject to any abatement, reduction, set-off, counterclaim, recoupment, defense (other than payment itself) or other right which the Participating Municipality may have against the Authority or any other person for any reason whatsoever. If any Participating Municipality shall default in the payment of any amounts for which it is responsible and such default continues for more than 60 days, the other Participating Municipalities shall pay their share of the amounts unpaid by the non-paying Participating Municipality and shall be entitled to full reimbursement upon the Authority collecting such delinquent amounts.

The MSAs contain Minimum Tonnage Guarantees for each Participating Municipality. The City of Milford's Minimum Tonnage Guarantee was 41,457 tons. The aggregate Minimum Tonnage Guarantee by all the Participating Municipalities was 265,000 tons. The Minimum Tonnage Guarantee was eliminated in January 2009.

Recent year's fee structures are listed below:

<b>Current Contract</b>			
<b>Fiscal Year</b>	<b>Monthly Flat Fee</b>	<b>Hauling Fee (Per Ton)</b>	<b>Tipping Fee (Per Ton)</b>
2012	\$ 28,987.47	\$14.00	\$65.11
2011	28,987.47 <sup>1</sup>	14.00	64.09
2010	28,266.66	13.65	63.00
2009	28,266.66	13.65	63.00 <sup>1</sup>

<sup>1</sup> Beginning in January 2009.

<b>Prior Contract</b>		
<b>Fiscal Year</b>	<b>Fixed Fee Portion</b>	<b>Delivered Waste</b>
2009	\$18.50	\$63.00 <sup>2</sup>
2008	5.00	76.00
2007	8.00	70.00
2006	8.00	66.00

<sup>1</sup> This fixed fee, which was \$16,666.67 per month, ceased after December 2008.

<sup>2</sup> Until December 31, 2008.

## **Sewers**

The City of Milford, Wastewater Division consists of two treatment facilities with a combined capacity of the City's sewer system to 11.1 million gallons per day.

The City has approximately two hundred and twenty-seven miles of sanitary sewers with forty-three pumping stations in the Collection System.

The Division has the ability to televise sewers for new acceptance and trouble shoot old ones. All maintenance is performed in house. Approximately 3,000 feet of sewer line are treated for root control each year. Several hundred feet of sewer laterals are treated at the property lines each year.

## **Milford Redevelopment & Housing Partnership**

The Milford Redevelopment & Housing Partnership located in the City of Milford was created in November of 1948. There are currently 465 units of public housing, 403 elderly and mixed population (elderly and nonelderly-disabled), and 62 family units. Of the 465 public housing units, 330 are federally-funded units (HUD), and 135 are state-funded units (DECD)(the DECD is involved in agency consolidations with the Commission on Culture and Tourism and parts of the Office of Workforce Competitiveness).

## **Milford Council on Aging**

The Milford Council on Aging/Milford Senior Center was founded in 1970 and is in its 41<sup>st</sup> year of operation. During 1977 and 1978, a Senior Citizen Center was built on the corner of High Street and Jepson Drive with Community Development Block Grant funds. A five thousand square foot addition was constructed in 1991 with funding provided by the State of Connecticut Department of Human Resources and Community Development Block Grant funds. A 15,872 square foot addition was completed in July of 2004, with the funding provided by the City of Milford. Membership is approximately 3,000 and the agency provides a wide range of services and programs for Milford residents aged 55 and older, such as Transportation, Lunch Programs, a Citywide Food Bank, a Respite Program, Outreach Services, Meals-on-Wheels Program, Insurance Assistance, Notary Public, Evening Programs, Computer Courses, Educational Programs, Health Fairs, Flu Shot Clinics, Travel Events, Lectures, Foreign Language classes, Zumba Gold, Pilates, Yoga, and many other classes and activities.

## **Milford Department of Human Services / Milford Youth & Family Services**

The Milford Department of Human Services, along with The Milford Youth and Family Services Department, has been providing services to the Milford Community since July of 1976. This department is responsible for providing all aspects of human and social services, community outreach, assessment and referral, family therapy, group therapy, and positive focused prevention oriented programming for youth and their families. A staff of six people, as well as an adjunct staff of twelve part-time therapists provide our services to the community. Service hours are Monday – Friday from 8:00 a.m. – 9:00 p.m. Samples of services include assessment and evaluation, case management, outreach and referral, fuel assistance, program development, family therapy, in school group counseling, and youth programs.

### **Utilities**

Water service is provided to virtually all of Milford by the South Central Connecticut Regional Water Authority, a regional quasi-municipal water company serving the southern New Haven county area. Total storage capacity is in excess of nineteen billion gallons and annual consumption is about twenty billion gallons.

Electricity is available from the United Illuminating Company. Natural gas is provided by the Southern Connecticut Gas Company which maintains a 1.2 billion cubic foot LNG facility in Milford.

### **Recreational Facilities**

The Milford Recreation Department provides “Fun for Generations”, with a combination of over one hundred and fifty active and passive programs and activities meeting the needs of all population groups. Milford maintains five public beaches on Long Island Sound, two boat launching ramps for fishing and recreational boating, as well as two public fishing piers. Milford Lisman Landing at the Head of the Harbor welcomes recreational boaters visiting Milford and serves as the centerpiece to our waterfront community. The Walnut Beach boardwalk has been completed joining the Silver Sands State Park boardwalk with the Burt Monroe Pier at Walnut Beach. Bodies’ Place a boundless playground, opened in May at Eisenhower Park. This community playground supports child development and is barrier free allowing all children, including those with disabilities, to play together. The City provides eight open space public parks, nineteen playgrounds, twenty-five ball fields, ten multipurpose soccer/football facilities, twenty-five tennis courts, including twelve lighted courts, five indoor recreation facilities, and fifteen outdoor basketball courts. In addition, residents and non-residents alike enjoy golf at Milford's municipal nine-hole, par 3 executive golf course known as "The Orchards" and the public “Great River” championship 18 hole golf course. Two outdoor handball courts, an outdoor roller hockey rink, a private ice skating rink, a private indoor skateboard facility, as well as a state of the art outdoor skate/bike park provide alternative recreation needs. Bocce ball courts are available at Walnut Beach and the Milford Academy campus. Swimming lessons, public swimming, and water based exercise classes are offered at the Joseph Foran High School Swimming Pool and the McCann Natatorium. Additional facilities include the multi-service YMCA including an indoor swimming pool and a weight room for fitness and conditioning. Other recreational opportunities in the City include a variety of youth sports through Little League Baseball, Junior Major League Baseball, the Milford United Soccer Club, the Pop Warner Football program, Milford Indians Wrestling Club, the Milford Tennis Association, and the Milford Youth Lacrosse program. Milford is home to five yacht clubs and marinas, an AMF bowling alley, a golf driving range, and a miniature golf course.

### **Business and Industry – 2010-11**

Donghia is relocating its corporate headquarters from Mt. Vernon, NY to join its warehouse operation at 500 Bic Drive. 3PL Worldwide, Subway, Ebeanstalk, Encore Sales, PSI Services and Milford Fabricating are already located in the former Bic buildings. Sikorsky Aircraft is leasing 53,000sf for storage of research and development machinery there.

In the manufacturing area, The Greater New Haven Chamber of Commerce bestowed its 2010 Achievement in manufacturing award on Schick Wilkinson Sword in Milford. Schick recently expanded their facility, as did Excello Tool.

Western International has leased 11,212sf of industrial flex space at 290 Quarry Road. Located less than a half mile from the Milford Transit District and under one mile from I-95, the property suited the needs of Western

International Incorporated. The property's balance of warehouse and office space was leased by Transcube Distribution Center.

Hartford National Title, Inc., a leading provider of national title and closing services, has moved its headquarters to a larger, state-of-the-art office facility located at 344 West Main Street. Hartford National Title is occupying 1,800sf and has 14 employees.

The Boston Post Road has seen a number of positive signs. Chipotle Mexican Grill is under construction and will be opening in space previously occupied by Moe's and Angry Burrito's. LA Fitness will occupy 40,000sf in the Mall. On the negative side, Borders and Krazy City closed their stores in the Mall. Milford MarketPlace solidified its position with the addition of Captiva Salon, Paul Mitchell and Plan B Burger.

Encore Billiards and Gameroom has leased 6,000sf at 1581 Boston Post Road. Encore will be selling billiard tables and accessories and game room furniture. A Goodwill Super Store opened at 1712 Boston Post Road in the former Tweeter location. Marlon the Baker, café and pizzeria, and Aya Japanese Fusion Bistro have opened in Turnpike Square. Van Wilgrens opened a seasonal location across from the 295 Boston Post Road Milford Bank location. Valentine's Diamond Center opened at 350 Boston Post Road after undergoing an expansion and renovation.

Tri-State Kenworth has opened a new full-service dealership. The 13,500sf center is located on a 4-acre site one-quarter mile off I-95, Exit 40, the major east-west truck route connecting New York City to Boston.

One New Haven Avenue, in the downtown area, was sold to Smith Craft Real Estate. The building will be converted to apartments on upper floors with office/retail on the main floor. Stacy Blake Real Estate, GotChef, Shelter Interiors, The Window, Cheat the Clock and Antelope Networks all opened downtown.

In Devon, the final stage of the streetscape is under construction while new businesses Z Hair Studio, Reggino Pizza and Pasta House, Liberty Tax Services, Flip Salon and Boutique, Companion Animal Hospital and Avenue Awards and Canvas Products have opened in the area. On the negative side, Devon News and Devon Barber Shop closed.

Construction has begun on a number of improvements to the Walnut Beach area. The new boardwalk now connects Silver Sands State Park with Walnut Beach. Several new businesses have opened.

Milford Plaza on Cherry Street owned by Stonemar Properties announced that Bob's Stores, a major clothing and sports apparel retailer, has renewed its space of more than 50,000sf at Milford Plaza. The five-year lease, which accounts for 28 percent of the plaza's total space, is valued at \$1.86 million. Retail chain Dollar Tree Stores has signed a ten-year lease for a 9,000sf of anchor space and Southington Wines & Spirit Co. signed a \$4.23 million 15-year lease for 20,000sf. Nonna's Brick Oven Pizza will be going into the spot formerly occupied by Vazzy's Restaurant. Stonemar said Milford Plaza is now 94 percent leased.

Northeast Medical Group, LLC, a continuing care facility, located at 2080 Bridgeport Ave. Suite A. Holistic Healing & Martial Arts Center opened at 1015 Bridgeport Ave. Anewu, a new hair salon, and Black Diamond Tattoo opened at 2000 Bridgeport Ave. Plaza. Swinging Pendulum Clock Shop opened at 365 New Haven Ave.

Kisco Conformal Coating, East Coast Valve Services, American Integrity Restoration, R. S. Capital Group, LLC, Daniel Blanchet, and Business Microcosm Corporation all signed leases in Milford.

The Briad Lodging Group, owners of the Milford Hilton Garden Inn, has sold it to MCR Property Management LLC. Towers Watson, a leading global professional services company, will acquire Aliquant, a privately held, full-service health and welfare benefits administration-outsourcing firm. Aliquant was founded in 1985 in Milford to develop software for the administration of health and welfare benefit plans. EquiPower Resources Corp., owned by Energy Capital Partners, will acquire Milford Power.

## Employee Relations and Collective Bargaining

### Municipal Employees

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
General Government.....	556.00	556.00	561.00	561.00	559.00
Board of Education. <sup>1</sup> .....	1,120.75	1,139.75 <sup>2</sup>	1,181.85	1,183.50	1,168.00
<b>Total</b> .....	<u>1,676.75</u>	<u>1,695.75</u>	<u>1,742.85</u>	<u>1,744.50</u>	<u>1,727.00</u>

<sup>1</sup> Includes employees funded by grants.

<sup>2</sup> Reflects staff reductions due to the closing of Simon Lake Elementary School.

Source: City Attorney's Office, City of Milford

Director of Personnel, City of Milford Public Schools

### Employee Bargaining Groups

<u>General Government Unions</u>	<u>Positions Covered</u>	<u>Current Contract Expiration Date</u>
Police Local 899, AFSCME.....	113.00	6/30/2012
International Firefighters Association, IAFF.....	112.00	6/30/2011 <sup>1</sup>
Milford Supervisors Association, NAGE.....	31.00	6/30/2011 <sup>1</sup>
Milford Employees Association.....	73.00	6/30/2011 <sup>1</sup>
Registered Professional Nurses Association.....	21.00	6/30/2011 <sup>1</sup>
Public Works Local 1566, AFSCME.....	142.00	6/30/2011 <sup>1</sup>
Dispatchers Local 4177, UPSEU.....	5.00	6/30/2011 <sup>1</sup>
Dispatchers Local 4620, IAFF.....	8.00	6/30/2011 <sup>1</sup>
Organized.....	505.00	
Non-Union.....	51.00	
<b>Sub-Total</b> .....	<u>556.00</u>	
 <u>Board of Education Unions</u>		
Milford Education Association (Teachers).....	659.40	8/31/2014
Local 2018 Maintenance Workers, AFSCME.....	73.00	6/30/2014
Milford Association of Education Secretaries.....	51.85	6/30/2011 <sup>1</sup>
Milford Administrators Association (Principals/Administrators).....	28.00	6/30/2013
Local 217, Cafeteria Workers, Hotel and Bartenders Association.....	75.00	6/30/2014
Milford Federation of Paraprofessionals (Teacher's Aides).....	181.50	8/31/2014
Organized.....	1,068.75	
Non-Union.....	52.00	
<b>Sub-Total</b> .....	<u>1,120.75</u>	
<b>Total</b> .....	<u><u>1,676.75</u></u>	

<sup>1</sup> In negotiation.

Source: City Attorney's Office, City of Milford

Director of Human Resources, City of Milford Public Schools

Connecticut General Statutes sections 7-473c, 7-474, and 7-473a provide a procedure for binding arbitration of collective bargaining agreements between municipal employers and organizations representing municipal employees, including certificated teachers and certain other employees. The legislative body of an affected municipality may reject the arbitration panel's decision by a two-thirds majority vote. The State and the employee organization must be advised in writing of the reasons for rejection. The State will then appoint a new panel of either one or three arbitrators to review the decisions on each of the rejected issues. The panel may accept the last best offer of either party or anything in between. In reaching its determination, the arbitration panel shall give priority to the public interest and the financial capability of the municipal employer, including consideration of other demands on the financial capability of the municipal employer. In the light of the employer's financial capability, the panel shall consider prior negotiations between the parties, the interests and welfare of the employee group, changes in the cost of living, existing employment conditions, and the wages, salaries, fringe benefits, and other conditions of employment prevailing in the labor market, including developments in private sector wages and benefits.

## Educational System

The Milford Board of Education is comprised of ten members, two representatives from each of Milford's five districts. They are elected for a two-year term and are responsible for maintaining four public elementary schools grades K-2, four public elementary schools grades 3-5, three middle schools grades 6-8, and two high schools grades 9-12.

Milford is home to several private educational institutions. Lauralton Hall is a parochial girls preparatory school grades 9-12 with approximately 437 pupils. Two additional parochial schools, St. Gabriel's R.C., and St. Mary's R.C. all serve grades 1-8.

The Platt Vocational Technical School, a state facility, serves grades 9-12 in addition to post-graduate and has in excess of 900 students enrolled. Training is provided in skilled occupations geared to area industrial job opportunities.

## School Facilities

<u>School</u>	<u>Grades</u>	<u>Date of Construction (Remodeling)</u>	<u>Type of Construction</u>	<u>Number of Classrooms</u>	<u>10/1/2011 Enrollment</u>	<u>Rated Capacity</u> <sup>1</sup>
Calf Pen Meadow...	3-5	1955 (61)(96)	Brick & Cinder	29	310	460
J.F. Kennedy.....	K-2	1967 (97)	Brick & Cinder	29	425	460
Live Oaks.....	K-2	1961 (68)(92)	Brick & Cinder	26	305	450
Mathewson.....	K-2	1961 (69)(95)(97)(01)	Brick & Cinder	26	408	530
Meadowside.....	3-5	1955 (93)	Brick & Cinder	29	487	460
Orange Avenue.....	PreK-2	1955 (61)(69)(92)(03)	Brick & Cinder	32	393	640
Orchard Hills.....	3-5	1961 (68)(92)(04)	Brick & Cinder	32	381	640
Pumpkin Delight....	3-5	1950 (56)(92)	Brick & Cinder	22	396	380
Harborside.....	6-8	1969 (92)(94)(98)(99)	Brick & Cinder	36	612	625
West Shore.....	6-8	1950 (56)(72)(91)(94)(99)	Brick & Cinder	36	586	625
East Shore.....	6-8	1952 (56)(68)(93)(94)(95)(99)	Brick & Cinder	38	504	620
Joseph A. Foran.....	9-12	1973 (91)(99)(05)(10)	Brick & Cinder	76	965	1,400
Jonathan Law.....	9-12	1962 (91)(92)(99)(05)(10)	Brick & Cinder	67	972	1,400
<b>Sub-Total.....</b>				<b>478</b>	<b>6,744</b>	<b>8,690</b>
Off-site: New Haven Magnet Schools, Alternative Education.....					78	
<b>Total.....</b>					<b>6,822</b>	

<sup>1</sup> Classroom space used for media centers is not included in the number of classrooms.

Source: Superintendent's Office, Milford Board of Education.

## School Enrollment

<u>School Year</u>	<u>K-5</u>	<u>6-8</u>	<u>Senior High 9-12</u>	<u>Pre-School</u>	<u>Total</u>
	<b><u>Historical</u></b>				
2002-03	3,357	1,782	2,113	176	7,428
2003-04	3,439	1,819	2,134	186	7,578
2004-05	3,439	1,790	2,166	187	7,582
2005-06	3,493	1,722	2,230	152	7,597
2006-07	3,507	1,683	2,225	181	7,596
2007-08	3,357	1,717	2,123	177	7,374
2008-09	3,309	1,744	2,086	167	7,306
2009-10	3,215	1,707	2,070	174	7,166
2010-11	3,133	1,712	2,048	176	7,069
2011-12	2,964	1,696	2,026	163	6,849
	<b><u>Projected</u></b> <sup>1</sup>				
2012-13	2,860	1,695	2,018	165	6,738
2013-14	2,783	1,602	2,027	167	6,579
2014-15	2,706	1,580	2,004	169	6,459
2015-16	2,682	1,492	1,990	171	6,335
2016-17	2,668	1,453	1,930	173	6,224

<sup>1</sup> Projected enrollment from the New England School Development Council.

Note: Special Education students allocated to individual grades.

Source: Deputy Superintendent's Office, City of Milford Public Schools.

### III. Economic and Demographic Information

#### Population and Density

<u>Year</u>	<u>Actual Population<sup>1</sup></u>	<u>% Increase</u>	<u>Density<sup>2</sup></u>
1950	26,870	-	1,143
1960	41,662	55.1	1,773
1970	50,858	22.1	2,164
1980	50,898	0.1	2,166
1990	49,938	(1.9)	2,125
2000	52,305	4.7	2,226
2010	52,759	0.9	2,245

<sup>1</sup> U.S. Department of Commerce, Bureau of Census.

<sup>2</sup> Per square mile: 23.5 square miles.

#### Age Distribution of the Population

<u>Age</u>	<u>City of Milford</u>		<u>State of Connecticut</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Under 5.....	2,411	4.7%	202,106	5.7%
5 - 9.....	2,817	5.5	222,571	6.2
10 - 14.....	3,154	6.2	240,265	6.7
15 - 19.....	2,820	5.5	250,834	7.0
20 - 24.....	2,526	4.9	227,898	6.4
25 - 34.....	5,936	11.6	420,377	11.8
35 - 44.....	7,324	14.3	484,438	13.6
45 - 54.....	8,793	17.2	575,597	16.1
55 - 59.....	3,805	7.4	240,157	6.7
60 - 64.....	3,356	6.5	203,295	5.7
65 - 74.....	4,222	8.2	254,944	7.1
75 - 84.....	2,774	5.4	166,717	4.7
85 and over.....	1,333	2.6	84,898	2.4
<b>Total.....</b>	<b>51,271</b>	<b>100.0%</b>	<b>3,574,097</b>	<b>100.0%</b>
Median Age (Years).....	43.3		40.0	

Source: U.S. Census Bureau, 2010 Census.

#### Income Distribution

<u>Income</u>	<u>City of Milford</u>		<u>State of Connecticut</u>	
	<u>Families</u>	<u>Percent</u>	<u>Families</u>	<u>Percent</u>
Less than \$10,000.....	222	1.6%	33,423	3.8%
\$10,000 to \$14,999.....	212	1.5	23,593	2.7
\$15,000 to \$24,999.....	760	5.4	63,262	7.1
\$25,000 to \$34,999.....	889	6.3	75,413	8.5
\$35,000 to \$49,999.....	1,982	14.1	120,134	13.6
\$50,000 to \$74,999.....	3,488	24.7	198,924	22.5
\$75,000 to \$99,999.....	3,119	22.1	141,981	16.0
\$100,000 to \$149,999.....	2,426	17.2	132,177	14.9
\$150,000 to \$199,999.....	608	4.3	42,472	4.8
\$200,000 or more.....	387	2.7	54,368	6.1
<b>Total.....</b>	<b>14,093</b>	<b>100.0%</b>	<b>885,747</b>	<b>100.0%</b>

Source: U.S. Department of Commerce, Bureau of Census, 2000

### Income Levels

	<b>City of Milford</b>	<b>State of Connecticut</b>
Per Capita Income, 2000.....	\$ 28,882	\$ 28,766
Per Capita Income, 1990.....	\$ 19,099	\$ 20,189
Median Family Income, 2000.....	\$ 71,226	\$ 65,521
Percent Below Poverty, 2000.....	2.4%	5.6%

*Source: U.S. Department of Commerce, Bureau of Census, 2000.*

### Educational Attainment Persons 25 Years and Older

	<b>City of Milford</b>		<b>State of Connecticut</b>	
	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>
Less than 9th grade.....	1,228	3.3%	132,917	5.8%
9th to 12th grade, no diploma.....	3,057	8.2	234,739	10.2
High School graduate (includes equivalency).....	11,602	31.0	653,300	28.5
Some college, no degree.....	7,819	20.9	402,741	17.5
Associate degree.....	2,811	7.5	150,926	6.6
Bachelor's degree.....	6,481	17.3	416,751	18.2
Graduate or professional degree.....	4,482	12.0	304,243	13.3
<b>Total.....</b>	<b>37,480</b>	<b>100.0%</b>	<b>2,295,617</b>	<b>100.0%</b>
Total high school graduate or higher (%).....	88.6%		84.0%	
Total bachelor's degree or higher (%).....	29.3%		31.4%	

*Source: U.S. Department of Commerce, Bureau of Census, 2000.*

### Employment by Industry

<b>Sector</b>	<b>City of Milford</b>		<b>State of Connecticut</b>	
	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>
Agriculture, forestry, fishing and hunting, and mining.....	42	0.1%	7,445	0.4%
Construction.....	1,752	6.2	99,913	6.0
Manufacturing.....	4,911	17.4	246,607	14.8
Wholesale trade.....	960	3.4	53,231	3.2
Retail trade.....	3,311	11.8	185,633	11.2
Transportation and warehousing, and utilities.....	1,312	4.7	64,662	3.9
Information.....	1,009	3.6	55,202	3.3
Finance, insurance, real estate, and rental and leasing.....	2,227	7.9	163,568	9.8
Professional, scientific, management, administrative, and waste management services.....	3,056	10.9	168,334	10.1
Education, health and social services.....	5,742	20.4	366,568	22.0
Arts, entertainment, recreation, accommodation and food services.....	1,767	6.3	111,424	6.7
Other services (except public administration).....	1,082	3.8	74,499	4.5
Public Administration.....	987	3.5	67,354	4.0
<b>Total Labor Force, Employed.....</b>	<b>28,158</b>	<b>100.0%</b>	<b>1,664,440</b>	<b>100.0%</b>

*Source: U.S. Department of Commerce, Bureau of Census, 2000.*

**Employment Data  
By Place of Residence**

<b>Period</b>	<b>City of Milford</b>		<b>Percentage Unemployed</b>		
	<b>Employed</b>	<b>Unemployed</b>	<b>City of Milford</b>	<b>Bridgeport Labor Market</b>	<b>State of Connecticut</b>
August 2011	30,481	2,575	7.8	8.3	9.0
<b>Annual Average</b>					
2010 <sup>1</sup> .....	30,321	2,835	8.6	8.4	9.0
2009 <sup>1</sup> .....	30,397	2,474	7.5	7.8	8.2
2008 <sup>1</sup> .....	30,816	1,606	5.0	5.3	5.8
2007 <sup>1</sup> .....	30,786	1,222	3.8	4.1	4.6
2006 <sup>1</sup> .....	30,260	1,165	3.7	3.9	4.3
2005 <sup>1</sup> .....	29,391	1,346	4.4	4.6	4.9
2004.....	27,014	1,285	4.5	5.6	4.6
2003.....	26,606	1,516	5.4	6.7	5.5
2002.....	25,720	1,239	4.6	5.3	4.3
2001.....	25,007	820	3.2	4.1	3.3

<sup>1</sup> Not seasonally adjusted.

Source: State of Connecticut, Department of Labor.

**Major Employers  
As of November 2011**

<b>Name</b>	<b>Business</b>	<b>Number of Employees</b>
City of Milford Board of Education.....	Municipal School System	1,238
Milford Hospital.....	Healthcare	811
Subway World Headquarters.....	Corporate Headquarters - Food Franchiser	719
Schick.....	Manufacturer-Razors	705
City of Milford.....	Municipal Government	556
Neopost Hasler, Inc.....	Postage Meter Company	325
Stop & Shop Stores Combined.....	Grocery Store	325
Macy's.....	Retail Department Store	277
Costco.....	Wholesale Club	241
Alinabal, Practical & Sterling.....	Manufacturing Company	234

Source: Office of Community Development, City of Milford.

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## Building Permits

FYE 6/30	Residential		Commercial		Industrial		Multi-Family		Miscellaneous		Totals	
	No.	Value	No.	Value	No.	Value	No.	Value	No.	Value	No.	Value
2011	34	\$ 5,799,000	5	\$ 1,755,000	-	\$ -	5	\$ 4,388,000	2,974	\$ 41,545,478	3,018	\$ 53,487,478
2010	50	8,734,600	9	5,227,500	-	-	3	660,000	1,064	36,060,175	1,126	50,682,275
2009	29	6,443,600	18	4,786,000	-	-	11	2,129,550	1,154	25,562,170	1,212	38,921,320
2008	34	7,195,100	11	7,187,500	1	640,000	2	1,870,000	3,220	79,996,941	3,268	96,889,541
2007	105	23,228,470	15	33,796,099	-	-	2	3,660,000	3,814	86,540,599	3,936	147,225,168
2006	137	18,661,444	22	44,752,000	-	-	2	1,025,000	4,278	70,116,334	4,439	134,554,778
2005	239	20,021,856	8	11,397,690	3	569,000	1	975,000	4,775	100,127,862	5,026	133,091,408
2004	75	30,260,540	8	6,807,700	4	658,300	-	-	3,329	46,750,960	3,416	84,477,500
2003	99	17,228,191	7	4,783,500	2	775,000	-	-	3,294	36,993,764	3,402	59,780,455
2002	148	23,468,708	6	3,572,000	3	1,215,000	-	-	3,456	44,567,259	3,613	72,822,967

Source: Chief Building Inspector, City of Milford.

## Age Distribution of Housing

Year Built	City of Milford		State of Connecticut	
	Units	Percent	Units	Percent
1999 to March 2000.....	416	1.9%	15,993	1.2%
1995 to 1998.....	978	4.5	47,028	3.4
1990 to 1994.....	820	3.7	56,058	4.0
1980 to 1989.....	2,009	9.1	183,405	13.2
1970 to 1979.....	3,077	14.0	203,377	14.7
1960 to 1969.....	3,315	15.1	212,176	15.3
1940 to 1959.....	6,561	29.9	359,042	25.9
1939 or earlier.....	4,786	21.8	308,896	22.3
<b>Total Housing Units, 1999.....</b>	<b>21,962</b>	<b>100.0%</b>	<b>1,385,975</b>	<b>100.0%</b>
Percent Owner Occupied, 1999.....	77.3%		66.8%	

Source: U.S. Department of Commerce, Bureau of Census, 2000

## Housing Inventory

Type	Units	Percent
1-unit, detached.....	15,490	70.5%
1-unit, attached.....	1,017	4.6
2 units.....	1,104	5.0
3 or 4 units.....	1,392	6.3
5 to 9 units.....	646	2.9
10 to 19 units.....	678	3.1
20 or more units.....	1,390	6.3
Mobile home.....	239	1.1
Boat, RV, van, etc.....	6	0.0
<b>Total Inventory.....</b>	<b>21,962</b>	<b>100.0%</b>

Source: U.S. Department of Commerce, Bureau of Census, 2000

## Owner-Occupied Housing Values

<b>Specified Owner-Occupied Units</b>	<b>City of Milford</b>		<b>State of Connecticut</b>	
	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>
Less than \$50,000.....	39	0.3%	5,996	0.8%
\$50,000 to \$99,999.....	562	4.0	85,221	11.7
\$100,000 to \$149,999.....	4,152	29.4	212,010	29.1
\$150,000 to \$199,999.....	5,252	37.2	156,397	21.5
\$200,000 to \$299,999.....	3,056	21.7	137,499	18.9
\$300,000 to \$499,999.....	837	5.9	79,047	10.9
\$500,000 to \$999,999.....	186	1.3	38,168	5.2
\$1,000,000 or more.....	24	0.2	13,906	1.9
<b>Total.....</b>	<b>14,108</b>	<b>100.0%</b>	<b>728,244</b>	<b>100.0%</b>
<b>Median Sales Price.....</b>	<b>\$ 168,900</b>			

Source: U.S. Department of Commerce, Bureau of Census, 2000

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## **IV. Tax Base Data**

### **Property Tax**

#### **Assessments**

The City of Milford completed a revaluation of its real estate values effective October 1, 2006 which is being phased in over five years. In May 2009, the Board of Aldermen voted to suspend the phase in after 2 years under the provision of new state legislation. For real property, only 40% of the increase has been phased in and will remain as such from Grand List 2008 until the next revaluation. The City must next revalue all real estate by October 1, 2011 and every five years thereafter. The maintenance of an accurate tax base and the location and appraisal of all real and personal property within the City for inclusion in the Grand List are the responsibilities of the Assessor. The Grand List represents the total of assessed value for all taxable real property, motor vehicles and personal property located within the City as of October 1. A Board of Assessment Appeals determines whether adjustments to the Assessor's list on assessments under appeal are warranted. Assessments are computed at seventy percent (70%) of market value at the time of the last completed revaluation (Grand List 10/1/06) and the impact of the Phase In.

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

Motor vehicle lists are furnished to the City 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 and as recommended by the State Office of Policy and Management. Section 12-71b of the Connecticut General Statutes provides that motor vehicles which are registered with the Commissioner of Motor Vehicles after the October 1 assessment date but before the next August 1 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 proration is based on the number of months of ownership between October 1 and the following July 31. 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 Grand List, the taxpayer is entitled to certain credits.

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

Section 12-124a of the Connecticut General Statutes 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 City has approved the use of this abatement provision.

#### **Levy**

Property taxes are levied on all assessed property on the Grand List of October 1 prior to the beginning of the fiscal year. All property taxes except motor vehicle taxes of \$200 or less are payable in two installments on July 1 and January 1. Motor vehicle taxes of \$200 or less are due in one installment in July. Supplemental motor vehicle taxes (those vehicles registered between October 2 and July 31) are due in one installment in January. An estimate for delinquent taxes and outstanding interest and lien fees anticipated to be collected during the fiscal year is normally included as a revenue item in the budget. Delinquent taxes are billed at least two times a year, with interest charged at the rate of one and one-half percent per month with a minimum charge of \$2. In accordance with State law, the oldest outstanding tax is collected first. Outstanding real estate tax accounts are automatically 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.

In 2006, the Connecticut Legislature passed Public Act's 06-148 and 06-176 which allow municipalities which have just undergone revaluation to phase-in the increased assessments over as many as five years. Milford revalued its Grand List as of 10/1/06 and elected, to phase-in the increased assessment on all real property over five years. For the first year, 20% of the difference between the 2005 and the 2006 assessment is added to the 2005

assessment to produce the 2006 phased-in assessment. An additional 20% of the difference between the two assessments will be added for each of the remaining four years of the phase-in, which will end with the 2010 Grand List. In May 2009, the Board of Aldermen voted to suspend the phase in after two years in accordance with new legislation. All real estate will only have 40% of the increased assessment from Grand List 2008 through Grand List 2010.

The City of Milford has implemented an Elderly Tax Relief program. Elderly persons meeting the State elderly tax relief guidelines may also receive a tax credit from the City against real estate taxes due. No individual's tax credit may exceed \$600, and total tax credits for the year are limited to 0.05% of the total real estate tax assessed in the prior year. For fiscal year 2011-12, this limit is \$7,718,654.

### Comparative Assessed Valuations

Grand List of 10/1	Residential	Commercial/Industrial	Personal	Motor	Gross	Less	Net	Percent Growth
	Real Property (%)	Real Property (%)	Property (%)	Vehicle (%)	Taxable Grand List	Exemption <sup>2</sup>	Taxable Grand List	
2010 <sup>1</sup>	66.9	20.1	6.0	6.0	\$ 5,560,338,591	\$ 150,269,811	\$ 5,410,068,780	(0.38)
2009 <sup>1</sup>	66.7	20.3	7.0	6.0	5,552,659,794	121,736,873	5,430,922,921 <sup>3,4</sup>	1.00
2008 <sup>1</sup>	70.1	19.0	5.6	5.3	5,491,337,688	113,975,096	5,377,362,522 <sup>3</sup>	2.39
2007 <sup>1</sup>	70.0	19.0	4.4	6.6	5,370,617,245	118,970,570	5,251,646,675 <sup>3</sup>	17.42
2006 <sup>1</sup>	68.3	19.6	4.5	7.6	4,587,119,042	114,573,019	4,472,546,023 <sup>3</sup>	17.24
2005	64.7	18.5	8.0	8.8	3,908,138,537	93,271,760	3,814,866,777 <sup>3</sup>	(4.63)
2004	60.7	16.4	9.1	7.8	4,121,281,765	121,285,367	3,999,996,598 <sup>3</sup>	0.40
2003	61.1	16.4	10.0	7.3	4,101,117,581	117,240,553	3,983,877,028	0.68
2002	63.8	18.9	9.8	7.5	4,082,360,137	125,543,697	3,956,816,440	1.43
2001	64.5	18.3	9.9	7.3	4,010,299,425	109,240,125	3,901,059,300	2.12

<sup>1</sup> Revaluation & phase-in. Phase-in of assessment increases per revaluation for Grand List of October 1, 2006. 20% of the difference between 2005 and 2006 assessment will be added each year. NOTE: Phase-in of assessments increases per revaluation were suspended after the 2nd year, Grand List 2007. Grand Lists 2008 through 2010 will only have 40% of the increased value reflected instead of values increasing to 100%.

<sup>2</sup> Beginning with the Grand List of October 1, 1991, Connecticut General Statutes Section 12-81 (72) exempts new manufacturing equipment from property taxation by municipalities. The State of Connecticut will directly reimburse the City for 60% of the foregone taxes for Grand List 2008; the reimbursement is scheduled to be 80% for Grand List Year 2009; the reimbursement is scheduled to be 100% for the Grand List Year 2010.

<sup>3</sup> See Disclosure after Ten Largest Taxpayers, herein.

<sup>4</sup> Prior to the Property Tax Stabilization Agreement with GenConn which will result in a reduction in the Grand List. See Page 35.

Note: The October 1, 2006 Grand List prior to implementation of Phase-In is \$7,104,616,510

Source: Assessor's Office, City of Milford.

### Exempt Property

The following categories of exempt properties are not included in the net taxable Grand List:

Public	Assessed Value (10/1/10) <sup>1</sup>
State of Connecticut.....	\$ 65,339,526
City of Milford.....	238,633,860
United States of America.....	11,577,022
<b>Sub-Total Public.....</b>	<b>\$ 315,550,408</b>
<b>Private</b>	
Private Hospitals and Colleges.....	35,222,024
Scientific, Educational, Historical & Charitable.....	12,542,876
Cemeteries.....	3,398,004
Churches.....	48,513,558
Recreation Facilities.....	2,938,456
Veteran's Organizations.....	1,623,810
Volunteer Fire Companies and Miscellaneous.....	1,029,768
<b>Sub-Total Private.....</b>	<b>\$ 105,268,496</b>
<b>Total Exempt Property.....</b>	<b>\$ 420,818,904</b>
Percent Compared to Net Taxable Grand List.....	7.78%

<sup>1</sup> Based on the October 1, 2010 Net Taxable Grand List of \$5,410,068,780.

Source: Assessor's Office, City of Milford.

The South Central Connecticut Regional Water Authority (SCCRWA) is required by State statute (SA 77-98) to “make annual payments to the City equivalent to the taxes which would otherwise be due for the property of the authority in such municipality excluding improvements to or construction on any such real property by the authority.” The exempt assessment for SCCRWA amounts to \$15,098,019. PILOTs (payments in lieu of taxes) have been (or will be) as noted below:

<u>Year</u>	<u>Payments</u>
2010-2011 <sup>1</sup>	\$ 433,264
2009-2010	409,428
2008-2009	408,420
2007-2008	433,793
2006-2007	457,349
2005-2006	436,835
2004-2005	421,337
2003-2004	386,303
2002-2003	380,955
2001-2002	328,813

<sup>1</sup> Subject to audit.

### Property Tax Levies and Collections

(in thousands)

<u>Grand List of 10/1</u>	<u>Fiscal Year Ending 6/30</u>	<u>Net Taxable Grand List</u>	<u>Mill Rate</u>	<u>Adjusted Annual Levy</u>	<u>Percent of Annual Levy Collected at End of Fiscal Year</u>	<u>Percent of Annual Levy Uncollected at End of Fiscal Year</u>	<u>Percent of Annual Levy Uncollected as of 6/30/2011</u>
2010 <sup>1,2</sup>	2012	\$5,410,069 <sup>5</sup>	28.89	\$ 152,772		IN PROCESS	
2009 <sup>1,2</sup>	2011	5,430,923 <sup>4</sup>	28.44	149,702	98.08	1.92	1.92
2008 <sup>1,2</sup>	2010	5,377,363	27.50	146,895	98.13	1.87	0.96
2007 <sup>1,2</sup>	2009	5,251,647	28.23	148,604	97.62	2.38	0.60
2006 <sup>1,2</sup>	2008	4,472,546	31.77	142,432	98.50	1.50	0.45
2005 <sup>2</sup>	2007	3,814,867	34.36	130,409	99.34	0.66	0.36
2004 <sup>2</sup>	2006	3,999,996	32.18	122,782 <sup>3</sup>	98.45	1.55	0.27
2003	2005	3,977,816	31.34	124,490	98.28	1.72	0.22
2002	2004	3,956,816	29.20	115,969	98.01	1.99	0.20
2001	2003	3,901,059	28.84	112,937	98.17	1.83	0.19

<sup>1</sup> Revaluation.

<sup>2</sup> See Disclosure after Ten Largest Taxpayers on page 35 of the Official Statement.

<sup>3</sup> Starting with the 10/1/04 Grand List the Milford Power Company assessment is not included in the adjusted annual levy or grand list.

<sup>4</sup> Prior to the Property Tax Stabilization Agreement with GenConn which will result in a reduction in the Grand List. See Page 35.

<sup>5</sup> Does not include the assessment of GennConn in the grand list or adjusted annual levy.

Sources: Assessor's Office and Tax Collector's Office, City of Milford

### Property Tax Receivable

(in thousands)

<u>Fiscal Year Ending 6/30</u>	<u>Total Uncollected</u>	<u>Uncollected for Current Year of Levy</u>
2011 <sup>1</sup>	\$8,149	\$2,878
2010	8,290	2,747
2009	7,329	3,152
2008	6,730	2,702
2007	6,301	2,254

<sup>1</sup> Subject to audit.

Source: Tax Collector's Report, City of Milford Annual Audited Financial Statements, 2007-2010. 2011, City of Milford.

## Ten Largest Taxpayers

<b>Name</b>	<b>Nature of Business</b>	<b>Taxable Valuation</b>	<b>Percent of Net Taxable Grand List <sup>1</sup></b>
Connecticut Post Mall.....	Connecticut Post Shopping Center	\$ 118,531,188	2.19%
Connecticut Light & Power.....	Utility	115,145,297	2.13%
Milford Crossing Investors LLC.....	Retail	50,119,294	0.93%
Smith Craft Real Estate.....	Real Estate Developer	45,993,829	0.85%
Crown Milford LLC.....	Office Park	29,102,884	0.54%
Devon Power .....	Utility	26,135,410	0.48%
Schick Manufacturing Inc.....	Manufacturer – Razors	22,653,322	0.42%
JP Construction/Avalon Bay.....	Apartments	18,671,790	0.35%
D'Amato Investments LLC.....	Industrial Rentals/ Construction	18,611,146	0.34%
Keystone Milford LLC.....	Retail (Stop & Shop)	16,094,557	0.30%
<b>Total.....</b>		<b>\$ 461,058,717</b>	<b>8.52%</b>

<sup>1</sup> Based on the October 1, 2010 Net Taxable Grand List of \$5,410,068,780.

Source: Assessor's Office, City of Milford

On June 30, 2005, the City and Milford Power Company, LLC (the "MPC") entered into a Property Tax Payment Agreement. The MPC withdrew its assessment appeals for Grand Lists of 2001, 2002, 2003, and 2004. The assessment had been \$183,073,530 generating over \$5,000,000 in taxes. (The assessment and the taxes would have significantly decreased in future years due to depreciation of the personal property.) In return, the City accepted scheduled payments in lieu of taxes for the fiscal years of 2006 through 2015. Payments will be made in July and January of each fiscal year. The payment schedule is \$1,687,500 for each six month period from July 2005 through January 2009. Payments will be \$1,875,000 for each six month period from July 2009 through January 2011 and \$1,750,000 for each six month period from July 2011 through January 2015. The MPC made the July 2008 payment and is up to date with all their payments.

The City also entered into a Water Access Agreement with the MPC. The MPC opted to terminate that agreement and the City will reimburse the MPC a total of \$1,300,000 commencing in July 2009. This will be accomplished by reducing by \$325,000 the scheduled July payment disclosed above each year for four years from July 2009 through July 2012.

As a result of the Property Tax Payment Agreement, the Assessor issued a certificate of correction in June 2005 removing the \$183,073,530 from the Grand List of 2004. Since this occurred after the October 1, 2004 Grant List was signed, the reduction does not appear in any of the Grand List 2004 figures, including the Net Taxable Grand List (shown as \$3,999,996,598) in the Property Tax Levies and Collections. The Adjusted Annual Levy of \$121,782,000 does reflect the reduction.

On May 15, 2009, the City of Milford settled a tax appeal with Connecticut Post Mall Limited Partnership. Under this settlement, the City lowered their real property assessment from \$133,273,859 for the 2008 Grand List to \$118,061,678. Additionally, the City adjusted their 2006 assessment to \$110,748,904 and their 2007 assessment to \$118,061,678. This resulted in a total credit due the Partnership of \$1,248,516. By terms of the court approved settlement, this credit will be given to the mall equally over three fiscal years in the form of a credit tax bill beginning in July 2009.

On June 28, 2010, the City of Milford entered into a Property Tax Payment Agreement with GenConn Devon LLC. The City accepted a 30 year payment schedule calling for payments in lieu of taxes to be made to the City through May 1, 2040. Payment amounts are as follows: 06/30/2010 - \$ 500,000; 05/01/2011 - \$2,500,000; 05/01/2012 - \$3,000,000; 05/01/2013 through 05/01/2040 - \$2,025,000.

This Agreement has the following reopener events:

1. The Material Amendment or termination of the Connecticut Department of Public Utility Control (DPUC) approved Peaking Generation Cost of service contract for differences between GenConn and the Connecticut Light and Power Company dated August 28, 2008 (the Contract) which expires May 31, 2040.

2. The extension of the term of the Contract.
3. Any acquisition of After Acquired Property (on one or more occasions) that results in a cumulative 10% increase or decrease in the capacity of the facility compared to its capacity at the last reopener or June 28, 2010.
4. Any destruction, demolition or decommissioning of the facility (on one or more occasions) that results in a cumulative 10% decrease in capacity of the facility compared to its capacity at the last reopener or June 28, 2010 or
5. An increase or decrease in the CPI by 24% within any 3 year period.

The parties shall have 30 days to negotiate in good faith to determine an equitable adjustment to the Tax Payments beginning with the first payment after the date of the reopener event. If the change is one of capacity, the change in the tax payment shall be of equal percentage. If the Reopener Event is other than capacity, and the parties are unable to agree on an adjustment to the Tax Payment, the Agreement shall terminate.

The scheduled tax payments are subject to review and modifications after the 10<sup>th</sup> and 20<sup>th</sup> payment due dates if a Reopener Event has occurred. If the Agreement terminates prior to the end of terms, there are several calculations specified in the Agreement to determine the amount to be paid. However, GenConn's obligation to pay the amount calculated shall be limited to the amount of funds made available for such purposes through rate recovery approved by the DPUC. GenConn agrees to exert commercially reasonable efforts to secure such approvals.

As a result of the Property Tax Agreement, the Assessor issued a certificate of correction in July 2010 removing \$2,380,320 from the Grand List of 2009. Since this occurred after the October 1, 2009 Grand List was signed, the reduction does not appear in any of the Grand List 2009 figures, including the Net Taxable Grand List (shown as \$5,430,922,921) in the Comparative Assess Valuations and the Property Tax Levies and Collections. The Adjusted Annual Levy of \$148,537,000 does reflect the reduction.

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**V. Debt Summary**  
**Principal Amount of Bonded Indebtedness <sup>1</sup>**  
**As of November 3, 2011**  
**(Pro-Forma)**

<b>Long-Term Debt</b>			<b>Amount of</b>	<b>Outstanding</b>	<b>Fiscal Year</b>
<b>Date</b>	<b>Purpose</b>	<b>Rate %</b>	<b>Original Issue</b>	<b>After This Issue</b>	<b>of Final Maturity</b>
07/15/92	Schools.....	4.70 - 6.70	\$ 8,630,000	\$ 340,000	2012
07/15/92	Sewer.....	4.70 - 6.70	302,000	10,000	2012
07/01/93	General Purpose.....	4.00 - 5.50	610,000	64,000	2013
07/01/93	Schools.....	4.00 - 5.50	1,727,000	50,000	2013
07/01/93	Sewer.....	4.00 - 5.50	8,059,000	926,000	2013
11/01/01	General Purpose.....	3.25 - 4.75	1,004,940	502,470	2022
11/01/01	Schools.....	3.25 - 4.75	1,179,000	589,500	2022
11/01/01	Sewer.....	3.25 - 4.75	916,060	458,030	2022
11/01/03	General Purpose.....	2.50 - 4.05	5,238,000	262,000	2013
11/01/03	Schools.....	2.50 - 4.05	3,013,000	150,000	2013
11/01/03	Sewer.....	2.50 - 4.05	1,064,000	53,000	2013
12/01/03	General Purpose Refunding.....	2.00 - 4.50	6,954,000	5,507,000	2023
12/01/03	Schools Refunding.....	2.00 - 4.50	5,837,000	3,632,000	2023
12/01/03	Sewer Refunding.....	2.00 - 4.50	5,824,000	3,496,000	2021
11/01/04	General Purpose.....	3.00 - 5.00	1,940,500	1,067,275	2014
11/01/04	Schools.....	3.00 - 5.00	2,784,500	1,531,475	2014
11/01/04	Sewer.....	3.00 - 5.00	175,000	96,250	2014
11/01/05	General Purpose.....	3.75 - 5.00	5,725,000	3,420,000	2014
11/01/05	Schools.....	3.75 - 5.00	1,790,000	1,070,000	2014
11/01/05	Sewer.....	3.75 - 5.00	195,000	115,000	2014
11/01/06	General Purpose.....	3.60 - 5.50	2,892,000	1,735,000	2027
11/01/06	Schools.....	3.60 - 5.50	4,075,000	2,455,000	2027
11/01/06	Sewer.....	3.60 - 5.50	133,000	70,000	2027
11/01/07	General Purpose.....	3.625 - 5.00	2,764,600	1,781,000	2028
11/01/07	Schools.....	3.625 - 5.00	2,300,000	1,495,000	2028
11/01/07	Sewer.....	3.625 - 5.00	1,555,400	1,014,000	2028
05/01/09	General Purpose.....	2.125 - 4.125	2,500,000	2,000,000	2029
05/01/09	Schools.....	2.125 - 4.125	6,000,000	4,800,000	2029
05/01/09	Sewer.....	2.125 - 4.125	5,000,000	4,000,000	2029
11/01/09	General Purpose.....	3.00 - 5.00	2,746,000	2,465,000	2030
11/01/09	Schools.....	3.00 - 5.00	6,000,000	5,400,000	2030
11/01/09	Sewer.....	3.00 - 5.00	6,354,000	5,725,000	2030
02/02/10	General Purpose Refunding.....	2.00 - 4.50	7,373,700	6,998,000	2024
02/02/10	Schools Refunding.....	2.00 - 4.50	5,921,500	5,257,000	2024
02/02/10	Sewer Refunding.....	2.00 - 4.50	2,174,800	1,825,000	2024
11/01/10	General Purpose.....	2.50 - 4.00	1,632,000	1,548,000	2031
11/01/10	Schools.....	2.50 - 4.00	3,805,000	3,614,000	2031
11/01/10	Sewer.....	2.50 - 4.00	7,803,000	7,413,000	2031
<b>Sub-Total.....</b>			<b>133,998,000</b>	<b>82,935,000</b>	
<b>This Issue</b>					
11/01/11	General Purpose.....	3.00 - 5.00	5,519,600	5,519,600	2032
11/01/11	Schools.....	3.00 - 5.00	5,110,000	5,110,000	2032
11/01/11	Sewer.....	3.00 - 5.00	4,700,400	4,700,400	2032
<b>Sub-Total.....</b>			<b>15,330,000</b>	<b>15,330,000</b>	
<b>Total All Bonds.....</b>			<b>149,328,000</b>	<b>98,265,000</b>	
<b>Long-Term Note</b>					
09/30/06	Sewers – CWF 502D <sup>2</sup> .....	2.00	2,409,308	1,758,931	2026
07/31/07	Sewers – CWF 111 <sup>2</sup> .....	2.00	1,737,319	1,372,352	2027
07/31/96	Sewers – CWF 356C <sup>2</sup> .....	2.00	148,605	36,385	2016
05/31/10	Sewers – CWF 532-C-1 <sup>2</sup> .....	2.00	42,260,238	37,651,030	2029
<b>Sub-Total.....</b>			<b>46,555,470</b>	<b>40,818,698</b>	
<b>Total Long Term Debt.....</b>			<b>\$ 195,883,470</b>	<b>\$ 139,083,698</b>	

<sup>1</sup> Excludes bonds previously refunded.

<sup>2</sup> Permanent Loan Obligations issued in conjunction with State of Connecticut, Clean Water Fund Program. Principal & interest are paid in equal monthly installments. See "Clean Water Fund Program" herein.

**Short-Term Debt**  
**As of November 3, 2011**  
**(Pro-Forma)**

<b>Project</b>	<b>Bonds Authorized</b>	<b>The Lot A Notes Due 05/03/12</b>	<b>The Lot B Notes Due 11/02/12</b>
Various Public Improvements (Feb 04).....	\$ 2,483,065	\$ -	\$ 5,000
Various Public Improvements (Nov 04).....	3,279,447	-	125,000
Various Public Improvements (Feb 07).....	4,620,300	-	202,500
Various Public Improvements (Feb 10).....	6,292,000	-	800,000
February 2011 Pub Improvements.....	6,588,000	-	2,890,300
April 2011 Pub Improvements.....	1,685,000	-	200,000
Eastside Firehouse.....	4,950,000	-	2,033,000
<b>Subtotal General Improvement.....</b>	<b>45,413,409</b>	<b>-</b>	<b>6,255,800</b>
Various School Improvements (Feb 07) .....	13,216,073	15,000	-
Various School Improvements (Apr 08).....	1,440,000	300,000	-
J. Law Phase III Construction (Aug 09).....	4,050,000	100,000	-
Various School Improvements (Feb 10).....	9,640,000	630,000	-
Various School Improvements (Feb 11).....	5,630,000	2,000,000	-
<b>Subtotal Schools.....</b>	<b>33,976,073</b>	<b>3,045,000</b>	<b>-</b>
Wastewater Facilities Upgrade <sup>1</sup> .....	33,172,523	-	2,004,200
Sewers XIII.....	2,555,000	-	20,000
East/West Interceptor.....	4,250,000	-	15,000
Buckingham Ave Force Main.....	4,650,000	-	100,000
Roger Ave Pump & High St Sewer.....	2,623,500	-	750,000
Sewers XV.....	4,625,000	-	1,000,000
<b>Subtotal Sewers.....</b>	<b>52,806,023</b>	<b>-</b>	<b>3,889,200</b>
<b>Totals.....</b>	<b>\$ 132,195,505</b>	<b>\$ 3,045,000</b>	<b>\$ 10,145,000</b>

<sup>1</sup> The City is in the midst of a \$92,712,000 program to upgrade its wastewater facilities. The project has been financed in part by 2% loans of approximately \$48 million and grants of approximately \$12.9 million under the State of Connecticut Clean Water Fund Program. As of this issue, the authorization has been reduced to \$33,172,523 reflecting Clean Water Fund grant and loan proceeds received.

**Capital Leases**

The City of Milford has no capital leases.

**Other Obligations**

The City of Milford has no other obligations.

**Annual Bonded Debt Maturity Schedule <sup>1</sup>**  
**As of November 3, 2011**  
**(Pro-Forma)**

Fiscal Year Ended	This Issue - Pro-Forma								Cumulative Principal Retired
	Principal	Interest	Total	General Purpose	Schools	Sewer	Total This Issue	Total	
2012 <sup>2</sup>	\$ 1,565,000	\$ 1,537,356	\$ 3,102,356	\$ -	\$ -	\$ -	\$ -	\$ 1,565,000	1.59%
2013	7,145,000	2,913,773	10,058,773	278,500	255,500	236,000	770,000	7,915,000	9.65%
2014	6,605,000	2,669,261	9,274,261	278,500	255,500	236,000	770,000	7,375,000	17.15%
2015	6,475,000	2,438,084	8,913,084	278,500	255,500	236,000	770,000	7,245,000	24.53%
2016	6,145,000	2,231,091	8,376,091	278,500	255,500	236,000	770,000	6,915,000	31.56%
2017	6,110,000	2,017,060	8,127,060	278,500	255,500	236,000	770,000	6,880,000	38.56%
2018	5,525,000	1,789,275	7,314,275	278,500	255,500	236,000	770,000	6,295,000	44.97%
2019	5,210,000	1,576,796	6,786,796	274,900	255,500	234,600	765,000	5,975,000	51.05%
2020	5,040,000	1,380,050	6,420,050	274,900	255,500	234,600	765,000	5,805,000	56.96%
2021	4,650,000	1,189,138	5,839,138	274,900	255,500	234,600	765,000	5,415,000	62.47%
2022	4,445,000	1,013,608	5,458,608	274,900	255,500	234,600	765,000	5,210,000	67.77%
2023	4,285,000	847,485	5,132,485	274,900	255,500	234,600	765,000	5,050,000	72.91%
2024	3,825,000	693,934	4,518,934	274,900	255,500	234,600	765,000	4,590,000	77.58%
2025	3,400,000	555,669	3,955,669	274,900	255,500	234,600	765,000	4,165,000	81.82%
2026	3,150,000	429,384	3,579,384	274,900	255,500	234,600	765,000	3,915,000	85.80%
2027	2,775,000	315,747	3,090,747	274,900	255,500	234,600	765,000	3,540,000	89.41%
2028	2,420,000	216,988	2,636,988	274,900	255,500	234,600	765,000	3,185,000	92.65%
2029	2,090,000	130,481	2,220,481	274,900	255,500	234,600	765,000	2,855,000	95.55%
2030	1,415,000	49,750	1,464,750	274,900	255,500	234,600	765,000	2,180,000	97.77%
2031	660,000	11,550	671,550	274,900	255,500	234,600	765,000	1,425,000	99.22%
2032	-	-	-	274,900	255,500	234,600	765,000	765,000	100.00%
<b>Total.....</b>	<b>\$ 82,935,000</b>	<b>\$ 24,006,481</b>	<b>\$ 106,941,481</b>	<b>\$ 5,519,600</b>	<b>\$ 5,110,000</b>	<b>\$ 4,700,400</b>	<b>\$ 15,330,000</b>	<b>\$ 98,265,000</b>	

<sup>1</sup> Excludes long-term capital leases and clean water fund debt.

<sup>2</sup> Excludes \$6,165,000 in principal payments and \$1,644,525 in interest payments from July 1, 2011 through November 3, 2011.

**Overlapping/Underlying Debt**

The following table of jurisdictions with boundaries overlapping or underlying City boundaries is based upon information received by the City from sources specified below. The table does not reflect authorized but unissued indebtedness of those jurisdictions. The City has not assumed responsibility to verify the information in the schedule below.

**Overlapping Debt**

The City has no overlapping debt.

**Underlying Debt**

The following municipal subdivisions or special tax districts have the authority to issue tax-exempt debt that constitutes underlying debt of the City of Milford:

<u>Jurisdiction</u>	<u>Debt Outstanding As of 11/3/11</u>
Borough of Woodmont	None
Laurel Beach Association	None

Source: Treasurers of the above listed organizations.

**Debt Statement <sup>1</sup>**  
**As of November 3, 2011**  
**(Pro-Forma)**

**Long-Term Debt Outstanding:**

General Purpose (includes \$27,349,745 outstanding plus \$5,519,600 of this issue) .....	\$ 32,869,345
Schools (includes \$30,383,975 outstanding plus \$5,110,000 of this issue) .....	35,493,975
Sewers (includes \$25,201,280 outstanding plus \$4,700,400 of this issue) .....	29,901,680
State of Connecticut Clean Water Fund PLO .....	40,818,698
<b>Total Long-Term Debt</b> .....	<u>139,083,698</u>
<b>Short-Term Debt:</b>	
This Issue (Lot A and Lot B) .....	13,190,000
<b>Total Short-Term Debt</b> .....	<u>13,190,000</u>
<b>Total Overall Debt</b> .....	152,273,698
Less: School Construction Grants Receivable (As of November 3, 2011) <sup>2</sup> .....	(1,558,415)
<b>Total Overall Net Debt</b> .....	<u><u>\$150,715,283</u></u>

<sup>1</sup> Excludes capital leases.

<sup>2</sup> The State of Connecticut will reimburse the City for eligible principal and interest costs over the life of bonds issued for projects authorized by the General Assembly prior to July 1, 1996. School construction grants receivable stated above are for principal reimbursement only.

**Current Debt Ratios**  
**As of November 3, 2011**  
**(Pro-Forma)**

Population <sup>1</sup> .....	52,759
Net Taxable Grand List (10/1/10) <sup>2</sup> .....	\$ 5,410,068,780
Estimated Full Value .....	\$ 10,578,868,000
Equalized Grand List (10/1/09) <sup>3</sup> .....	\$ 7,186,613,467
Money Income per Capita (2000) <sup>1</sup> .....	\$ 28,882

	<u>Total</u> <u>Overall Debt</u>	<u>Total Overall</u> <u>Net Debt</u>
Per Capita .....	\$2,886.21	\$2,856.67
Ratio to Net Taxable Grand List .....	2.81%	2.79%
Ratio to Estimated Full Value .....	1.44%	1.42%
Ratio to Equalized Grand List .....	2.12%	2.10%
Debt per Capita to Money Income per Capita .....	9.99%	9.89%

<sup>1</sup> U.S. Department of Commerce, Bureau of Census.

<sup>2</sup> Revalued 10/1/06. Represents the Phased-In value which was suspended after 2 years (40% of increase).

<sup>3</sup> Office of Policy and Management, State of Connecticut.

**Bond Authorization**

Capital projects and cost estimates are submitted annually to the Mayor for review and inclusion in the City’s Capital Improvement Program (CIP). The Mayor submits a proposed CIP describing the capital projects proposed for the upcoming five-year period, and the method of financing the same, to the Planning and Zoning Board for approval. Upon consideration and approval by the Planning and Zoning Board, the CIP is submitted by the Mayor to the Board of Aldermen.

When a specific project to be funded by bonds is about to be undertaken the Mayor recommends to the Board of Finance that bonding for such project be approved. The action of the Board of Finance is submitted to the Board of Aldermen’s Ordinance Committee. The Ordinance Committee submits the bond ordinance to the full Board of Aldermen with its recommendation. Adoption of the bond ordinance by the Board of Aldermen constitutes authorization to issue bonds for the designated capital project. Jonathan Law Phase III Construction project was requested by a vote of the Board of Aldermen. The remainder of the approval process was as described above.

**Emergency Appropriations**

Article III, Section 7(b) of the City Charter (last amended November 3, 1983) provides that upon declaration of a public emergency by the Chairman or acting Chairman of the Board of Aldermen, an emergency ordinance may be passed without public notification by at least a two-thirds majority of the Board of Aldermen. Emergency ordinances and any amendments automatically expire sixty-one days after passage, except for those which involve an appropriation of funds.

**Maturities**

General obligation bonds 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 term of an issue may not exceed twenty years except in the case of school and sewer bonds which may mature in up to thirty years.

**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 temporary notes when they become due and payable and the legislative body schedules principal reductions starting at the end of the third and continuing in each subsequent year during which such temporary notes remain outstanding in an amount equal to a minimum of 1/20th (1/30th for school and sewer projects) of the estimated net project cost (CGS Sec. 7-378a). The term of the bond issue is reduced by the amount of time temporary financing exceeds two years, or, for school and sewer projects, by the amount of time temporary financing has been outstanding.

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

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

**Clean Water Fund Program**

The City of Milford is a participant in the State of Connecticut's Clean Water Fund Program (General Statutes Sections 22a-475 et seq., as amended) which provides financial assistance through a combination of grants and loans bearing interest at a rate of 2% per annum. All participating municipalities receive a grant of 20% and a loan of 80% of total eligible costs (with the exception of combined sewer overflow correction projects which are financed with a 50% grant and a 50% loan).

Loans to a participating municipality are made pursuant to a Project Grant and Project Loan Agreement. Each municipality is obligated to repay only that amount which it draws down for the payment of project costs. Municipalities must permanently finance draws under the Interim Funding Obligations (“IFO”) through the issuance of a Project Loan Obligation (“PLO”).

Amortization of each loan is required to begin one year from the earlier of the project completion date specified in the PLO, or the actual project completion date. The final maturity of each loan is twenty 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 1/20 of total principal not later than one year from the project completion date specified in the PLO, 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. 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.

The City is in the midst of a \$92,712,000 program to upgrade its wastewater facilities. The project has been permanently financed in part by 2% loans of approximately \$48 million and grants of approximately \$12.7 million under the State of Connecticut Clean Water Fund Program. As of this issue, the authorization has been reduced to \$33,172,523 reflecting Clean Water Fund grant and loan proceeds received.

**Limitation of Indebtedness**

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

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

In no case however, shall total indebtedness exceed seven times the annual receipts from taxation. Annual receipts from taxation (the "base,") are defined as total tax collections (including interest and penalties) and state payments for revenue loss under the Connecticut General Statutes Sections 12-129d and 7-528.

The statutes also provide for exclusion from the debt limit calculation debt issued in anticipation of taxes; for the supply of water, gas, electricity; for the construction of subways for cables, wires and pipes; for the construction of underground conduits for cables, wires and pipes; and for two or more of such purposes. There are additional exclusions for indebtedness issued in anticipation of the receipt of proceeds from assessments levied upon property benefited by any public improvement and for indebtedness issued in anticipation of the receipt of proceeds from State or Federal grants evidenced by a written commitment or contract but only to the extent such indebtedness can be paid from such proceeds. The statutes also provide for exclusion from the debt limitation any debt to be paid from a funded sinking fund.

**Statement of Statutory Debt Limitation <sup>1</sup>**  
**As of November 3, 2011**  
**(Pro Forma)**

**Total Tax Collections** (including interest and lien fees)

Received by the Treasurer for the year ended June 30, 2011 (Subject to Audit)..... \$152,959,320

**Reimbursement For Revenue Loss:**

Tax relief for elderly ..... 10,000

**Base for Debt Limitation Computation**..... \$152,969,320

	<b>General Purpose</b>	<b>Schools</b>	<b>Sewers</b>	<b>Urban Renewal</b>	<b>Unfunded Pension</b>
<b>Debt Limitation:</b>					
2 1/4 times base.....	\$ 344,180,969	-	-	-	-
4 1/2 times base.....	-	\$688,361,938	-	-	-
3 3/4 times base.....	-	-	\$573,634,948	-	-
3 1/4 times base.....	-	-	-	\$ 497,150,289	-
3 times base.....	-	-	-	-	\$ 458,907,959
<b>Total Debt Limitation</b> .....	<b>\$ 344,180,969</b>	<b>\$688,361,938</b>	<b>\$573,634,948</b>	<b>\$ 497,150,289</b>	<b>\$ 458,907,959</b>

**Indebtedness:**

Bonds Outstanding.....	27,349,745	30,383,975	25,201,280	-	-
Bonds – This Issue.....	5,519,600	5,110,000	4,700,400	-	-
Notes - This Issue.....	6,255,800	3,045,000	3,889,200	-	-
CWF Project Loan Obligation (PLO).....	-	-	40,818,698	-	-
Debt Authorized But Unissued.....	10,348,809	10,624,073	23,509,023	-	-
<b>Total Indebtedness</b> .....	<b>49,473,954</b>	<b>49,163,048</b>	<b>98,118,601</b>	<b>-</b>	<b>-</b>

Less:

State School Grants Receivable <sup>1</sup>..... - (1,558,415) - - -

**Total Net Indebtedness** .....

	49,473,954	47,604,633	98,118,601	-	-
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**DEBT LIMITATION IN EXCESS**

**OF OUTSTANDING INDEBTEDNESS** ... \$ 294,707,015 \$640,757,305 \$475,516,347 \$ 497,150,289 \$ 458,907,959

<sup>1</sup> The State of Connecticut will reimburse the City 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 \$1,070,785,237.

**THE CITY OF MILFORD HAS NEVER DEFAULTED IN THE PAYMENT OF PRINCIPAL  
OR INTEREST ON ITS BONDS OR NOTES.**

**Authorized but Unissued Debt  
As of November 3, 2011  
(Pro Forma)**

Project	Bonds		Paid- Down	The Lot A	The Lot B	The	General	Schools	Sewers
	Authorized	Issued		Notes Due 5/3/2012	Notes Due 11/2/2012				
Recreation Facilities Improvements.....	\$ 1,310,000	\$ 1,277,700	\$ -	\$ -	\$ -	\$ 27,000	\$ 5,300	\$ -	\$ -
Pepe's Farm Rd & Woodmont Rd.....	1,370,000	1,202,000	-	-	-	-	168,000	-	-
Stowe Property.....	895,000	690,000	-	-	-	-	205,000	-	-
Senior Center Renovation.....	1,950,000	1,909,000	-	-	-	-	41,000	-	-
Milford Academy Renovations.....	2,650,000	2,297,000	2,250	-	-	246,000	104,750	-	-
Various Public Improvements (Feb 04).....	2,483,065	2,381,765	-	-	5,000	20,000	76,300	-	-
Various Public Improvements (Nov 04).....	3,279,447	2,847,500	-	-	125,000	153,700	153,247	-	-
Various Public Improvements (Mar 05).....	1,134,500	1,038,000	150	-	-	45,000	51,350	-	-
Road Resurfacing.....	715,000	677,000	-	-	-	27,000	11,000	-	-
Various Public Improvements (Feb 07).....	4,620,300	3,495,685	-	-	202,500	54,000	868,115	-	-
Various Public Improvements (Apr 08).....	3,715,559	2,745,350	-	-	-	163,900	806,309	-	-
Various Public Improvements (Feb 10).....	6,292,000	974,000	-	-	800,000	658,000	3,860,000	-	-
February 2011 Pub Improvements.....	6,588,000	-	-	-	2,890,300	2,000,000	1,697,700	-	-
April 2011 Pub Improvements.....	1,685,000	-	-	-	200,000	1,125,000	360,000	-	-
Eastside Firehouse.....	4,950,000	-	-	-	2,033,000	1,000,000	1,917,000	-	-
General Public Improvements.....	1,775,538	1,751,800	-	-	-	-	23,738	-	-
<b>Subtotal General Improvement.....</b>	<b>\$ 45,413,409</b>	<b>\$ 23,286,800</b>	<b>\$ 2,400</b>	<b>\$ -</b>	<b>\$ 6,255,800</b>	<b>\$ 5,519,600</b>	<b>\$ 10,348,809</b>	<b>\$ -</b>	<b>\$ -</b>
Various School Improvements (Feb 07) <sup>1</sup> .....	13,216,073	11,942,000	-	15,000	-	410,000	-	849,073	-
Various School Improvements (Apr 08).....	1,440,000	105,000	-	300,000	-	200,000	-	835,000	-
J. Law Phase III Construction (Aug 09).....	4,050,000	2,000,000	-	100,000	-	500,000	-	1,450,000	-
Various School Improvements (Feb 10).....	9,640,000	1,150,000	-	630,000	-	3,200,000	-	4,660,000	-
Various School Improvements (Feb 11).....	5,630,000	-	-	2,000,000	-	800,000	-	2,830,000	-
<b>Subtotal Schools.....</b>	<b>\$ 33,976,073</b>	<b>\$ 15,197,000</b>	<b>\$ -</b>	<b>\$ 3,045,000</b>	<b>\$ -</b>	<b>\$ 5,110,000</b>	<b>\$ -</b>	<b>\$ 10,624,073</b>	<b>\$ -</b>
Wastewater Facilities Upgrade <sup>2</sup> .....	33,172,523	12,100,000	-	-	2,004,200	2,000,400	-	-	17,067,923
Sewers XIII.....	2,555,000	1,553,000	-	-	20,000	100,000	-	-	882,000
Sewers XIV Design Phase.....	930,000	589,400	-	-	-	-	-	-	340,600
East/West Interceptor.....	4,250,000	3,965,000	-	-	15,000	100,000	-	-	170,000
Buckingham Ave Force Main.....	4,650,000	2,000,000	-	-	100,000	2,000,000	-	-	550,000
Roger Ave Pump & High St Sewer.....	2,623,500	500,000	-	-	750,000	500,000	-	-	873,500
Sewers XV.....	4,625,000	-	-	-	1,000,000	-	-	-	3,625,000
<b>Subtotal Sewers.....</b>	<b>\$ 52,806,023</b>	<b>\$ 20,707,400</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,889,200</b>	<b>\$ 4,700,400</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 23,509,023</b>
<b>Totals.....</b>	<b>\$ 132,195,505</b>	<b>\$ 59,191,200</b>	<b>\$ 2,400</b>	<b>\$ 3,045,000</b>	<b>\$ 10,145,000</b>	<b>\$ 15,330,000</b>	<b>\$ 10,348,809</b>	<b>\$ 10,624,073</b>	<b>\$ 23,509,023</b>

<sup>1</sup> Original authorization of \$18,489,511 has been reduced by \$5,273,438 due to grant payments received from the State of Connecticut.

<sup>2</sup> The City is in the midst of a \$92,712,000 program to upgrade its wastewater facilities. The project has been financed in part by 2% loans of approximately \$48 million and grants of approximately \$12.9 million under the State of Connecticut Clean Water Fund Program. As of this issue, the authorization has been reduced to \$33,172,523 reflecting Clean Water Fund grant and loan proceeds received.

**Principal Amount of Outstanding General Fund Debt  
Last Five Fiscal Years Ending June 30**

<b>Long-Term Debt</b>	<b>2011<sup>2</sup></b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
Bonds.....	\$ 89,100,000	\$ 82,985,000	\$ 74,220,000	\$ 66,905,000	\$ 66,500,000
Notes <sup>1</sup> .....	41,477,132	43,426,318	3,611,780	3,795,866	70,435
<b>Sub-Total.....</b>	<b>130,577,132</b>	<b>126,411,318</b>	<b>77,831,780</b>	<b>70,700,866</b>	<b>66,570,435</b>
<b>Short-Term Debt</b>					
Bond Anticipation Notes.....	26,230,000	23,633,000	26,410,000	13,430,000	21,625,000
<b>Grand Total.....</b>	<b>\$ 156,807,132</b>	<b>\$ 150,044,318</b>	<b>\$104,241,780</b>	<b>\$84,130,866</b>	<b>\$ 88,195,435</b>

<sup>1</sup> Represents Clean Water Fund debt.

<sup>2</sup> Subject to audit.

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

<b>Fiscal Year Ended 6/30</b>	<b>Net Assessed Value <sup>5</sup></b>	<b>Estimated Full Value <sup>1,5</sup></b>	<b>Net Long-Term Debt <sup>2</sup></b>	<b>Ratio of Net Long-Term Debt to</b>		<b>Population <sup>3</sup></b>	<b>Net Long-Term Debt per Capita</b>	<b>Ratio of Net Long-Term Debt per Capita to Per Capita Income <sup>4</sup> (%)</b>
				<b>Assessed Value (%)</b>	<b>Estimated Full Value (%)</b>			
2011 <sup>6</sup>	\$5,430,922,921	\$ 10,603,075,000	\$129,018,717	2.38%	1.22%	52,759	\$ 2,445.44	8.47%
2010	5,377,362,522	10,546,040,000	80,622,242	1.50%	0.76%	52,759	1,528.12	5.29%
2009	5,251,646,675	10,546,040,000	74,795,952	1.42%	0.71%	52,759	1,417.69	4.91%
2008	4,472,546,023	9,992,784,000	67,116,335	1.50%	0.67%	52,759	1,272.13	4.40%
2007	3,814,866,777	5,449,809,681	68,539,277	1.80%	1.26%	52,759	1,299.10	4.50%
2006	3,999,996,598	5,714,280,854	60,559,376	1.51%	1.06%	52,759	1,147.85	3.97%

<sup>1</sup> Assessment Ratio, 70% for fiscal years 2006 and 2007; Fiscal years 2008-2011 represent the Estimated Full Value had the 10/1/06 revaluation not been phased in. The phase-in was suspended after 2 years (40% of increase was realized for fiscal years 2008 and 2009).

<sup>2</sup> Reflects deductions for contractual state school building construction grants receivable over the life of the respective issues. Includes long-term notes payable; does not include outstanding BANs, or authorized but unissued debt.

<sup>3</sup> U.S. Department of Commerce, Bureau of Census (2010).

<sup>4</sup> Money Income per Capita: Census 2000 data: \$28,882 used for all calculations.

<sup>5</sup> Prior to the agreement with GenConn. See page 35.

<sup>6</sup> Subject to audit.

Note: Excludes capital leases.

**Ratios of Annual Long-Term General Fund Debt Service Expenditures  
To Total General Fund Expenditures  
(in thousands)**

<b>Fiscal Year Ended 6/30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Debt Service</b>	<b>Total General Fund Expenditures <sup>1</sup></b>	<b>Ratio of General Fund Debt Service To Total General Fund Expenditures (%)</b>
2011 <sup>2</sup>	\$7,628	\$3,493	\$11,121	\$175,677	6.33
2010	6,993	3,143	10,136	177,917	5.70
2009	6,281	3,055	9,336	178,876	5.22
2008	6,308	2,843	9,151	167,386	5.47
2007	6,287	2,830	9,117	164,791	5.53
2006	6,217	2,879	9,096	155,997	5.83

<sup>1</sup> GAAP basis of accounting. Includes Transfers out.

<sup>2</sup> Budgetary basis of accounting; subject to audit

**Capital Improvement Program  
(in thousands)**

<b>Proposed Projects</b>	<b>Fiscal 2011-12</b>	<b>Fiscal 2012-13</b>	<b>Fiscal 2013-14</b>	<b>Fiscal 2014-15</b>	<b>Fiscal 2015-16</b>	<b>Total</b>
Education.....	\$ 11,300.0	\$ 6,600.0	\$ 9,900.0	\$ 9,600.0	\$ 7,000.0	\$ 44,400.0
Sewers .....	3,780.0	1,100.0	5,600.0	12,650.0	8,920.0	32,050.0
Fire .....	-	-	245.0	245.0	-	490.0
Police.....	-	-	-	-	1,188.0	1,188.0
Roads/Drainage.....	1,050.0	1,050.0	1,050.0	1,050.0	1,050.0	5,250.0
Bridges.....	-	500.0	-	-	-	500.0
Buildings.....	950.0	150.0	-	210.0	-	1,310.0
Erosion/Flood Control...	1,100.0	-	535.0	-	-	1,635.0
Recreation.....	275.0	235.0	250.0	350.0	-	1,110.0
<b>Total.....</b>	<b>\$ 18,455.0</b>	<b>\$ 9,635.0</b>	<b>\$ 17,580.0</b>	<b>\$ 24,105.0</b>	<b>\$ 18,158.0</b>	<b>\$ 87,933.0</b>

**Proposed Funding**

Pay-As-You-Go.....	\$ 325.0	\$ 50.0	\$ 85.0	\$ 50.0	\$ 50.0	\$ 560.0
Bonds.....	11,873.0	6,511.0	13,284.0	19,961.0	15,223.0	66,852.0
Grants.....	6,257.0	3,074.0	4,211.0	4,094.0	2,885.0	20,521.0
<b>Total.....</b>	<b>\$ 18,455.0</b>	<b>\$ 9,635.0</b>	<b>\$ 17,580.0</b>	<b>\$ 24,105.0</b>	<b>\$ 18,158.0</b>	<b>\$ 87,933.0</b>

*Note: The proposed projects reflect what is being submitted for approval for each fiscal year. The proposed funding does not reflect the amount of bonds that will be issued in each fiscal year.*

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## **VI. Financial Administration**

### **Fiscal Year**

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

### **Basis of Accounting**

The City's accounting policies are summarized in Note 1 of the auditor's report.

### **Budget Procedure**

It is the duty and responsibility of the Board of Finance to present the annual budget to the Board of Aldermen, to recommend to the Board of Aldermen all transfers of appropriations in budget accounts, and to recommend all issues of bonds or notes required for the management of the City business.

The budget making process is as follows:

- |               |   |
|---------------|---|
| By December 6 | Departments, Offices, Boards, Commissions, Committees, and Agencies except the Board of Education submit estimates of receipts and expenditures to the Mayor.<br><br>The Mayor reviews the budget request together with estimates of receipts and expenditures for the current year with the Director of Finance.   |
| By January 31 | The Mayor submits to the Board of Finance estimated revenue and expenditures (excluding Education) for the ensuing fiscal year. The Board of Education requested budget is forwarded directly to the Board of Finance from the Chairman of the Board of Education.<br><br>The Board of Finance conducts one or more public hearings to review the requested budgets and holds several meetings with all department heads during the month of March. |
| By April 1    | The Board of Finance recommends a proposed total budget (City and Board of Education) and submits it to the Board of Aldermen.  |
| In April      | The Board of Aldermen holds a public hearing on the entire City budget as proposed by the Board of Finance.<br><br>Following the public hearing, several meetings are held with department heads, commissions, chairmen, and agency representatives.  |
| In May        | The Board of Aldermen adopts the budget for the fiscal year beginning July 1.<br><br>The Board of Aldermen sets the tax rate for the fiscal year beginning July 1.  |

### **Annual Audit**

The City of Milford, pursuant to local ordinance and provisions of Chapter 111 of the Connecticut General Statutes (Sec. 7-391 through 397), is required to undergo an annual audit by an independent public accountant. The auditor is required to conduct the audit under the guidelines outlined by the Office of Policy and Management, which also receives a copy of the audit report. For the fiscal year ended June 30, 2010, the general purpose financial statements of the various funds of the City were audited by Blum Shapiro.

### **Property and Liability Insurance**

The City and the Board of Education Property, General Liability, Auto Liability, Public Officials' Liability, Police Professional Liability, and Educators' Liability are insured by CIRMA with deductibles of \$1,000 for auto physical damage and \$0 for other liability coverage. Law Enforcement/Public Officials/School Leaders has a \$25,000 deductible and Employee Benefits has a deductible of \$10,000. The Board of Education insures its Workers' Compensation with CIRMA.

The Property/Inland Marine Insurance and Boiler and Machinery Insurance are with CIRMA Insurance. The policy has a deductible of \$50,000. There is \$20,000,000 of coverage for flood damage under this policy. Flood Zones A and V have a deductible of \$1,000,000. The City has purchased coverage from the National Flood Program to cover this deductible. The National Flood Program has a maximum deductible of \$25,000.

All City deductibles and premiums for the City portion of insurance are paid from the City's Property and Casualty Self Insurance Fund. The Board of Education pays for its premiums and deductibles from its operations budget.

The Property and Casualty Self Insurance Fund is an internal service fund that was established by the Board of Aldermen in April 2003 along with a self insurance program for property and casualty insurance. This fund pays for claims that occurred between April 23, 2003 and June 30, 2008. The General Liability, Auto Liability, Public Officials' Liability, Police Professional Liability, and Educator's Liability were self insured for the first \$250 thousand dollars of each claim. There is an excess coverage policy for up to \$5 million of losses provided by Genesis. The General Liability, Police Professional Liability, and Auto Liability have additional coverage of \$10 million provided by Crum and Foster. There are several claims still open from this period.

### ***Workers' Compensation Insurance***

The City is self insured for Workers' Compensation. In Fiscal Year 2010-2011, the self insured retention was \$500,000. The coverage in excess of the self insured retention was provided by Safety National Casualty Corporation. For Fiscal Year 2011-2012, all coverages and the excess insurance remained the same. The Board of Education Workers' Compensation insurance is carried through Connecticut Interlocal Risk Management Agency (CIRMA).

### ***Pensions***

See Note #10 of the General Purpose Financial Statements.

### ***Other Post Employment Benefits (OPEB)***

The City and Board of Education have had actuarial valuations of their OPEB liabilities.

#### **City**

- The City has an actuarial accrued liability as of July 1, 2010 of \$133.71 million.
- The Annual Required Contribution (ARC) for the Fiscal Year Ending 2010 is \$14.07 million, for Fiscal Year Ending 2011 is \$14.77 million, and for Fiscal Year Ending 2012 is \$14.08 million.
- The FY2010 estimated "Pay as you go" cost that is an offset to the cash cost of funding the ARC is \$4.98 million.
- As a result, the net cost to the City for the Fiscal Year Ending 2010 is \$8.89 million.
- The City has made contributions as follows: Fiscal Year Ending 2007: \$250,000; Fiscal Year Ending 2008: \$250,000; Fiscal Year Ending 2009: \$350,000; Fiscal Year Ending 2010: \$350,000; Fiscal Year Ending 2011: \$500,000; Fiscal Year Ending 2012: \$500,000 to be made in October 2011. These contributions have been deposited in a Connecticut CLASS account, which had a value of \$1,732,735 as of August 31, 2011. The Board of Aldermen has approved the creation of a fund and the investing of the money appropriated for OPEB. Without the creation of an OPEB Trust Fund, the investment options under State statute are the same as those for the deposit of public funds as described in note 4 of the financial statements. As of July 1, 2011, the City had created an OPEB Trust.
- Since the plan was not fully funded, the Net OPEB Obligation as of June 30, 2010 is \$25.87 million.

#### **Board of Education (BOE)**

- The BOE has an actuarial accrued liability as of July 1, 2010 of \$131.6 million.
- The Annual Required Contribution (ARC) for the Fiscal Year Ending 2010 is \$12.41 million, for Fiscal Year Ending 2011 is \$13.09 million, and for Fiscal Year Ending 2012 is \$13.70 million.

- The estimated “Pay as you go” cost that is an offset to the cash cost of funding the ARC is \$2.76 million.
- As a result, the net cost to the BOE for the Fiscal Year Ending 2010 is \$9.46 million.
- The BOE made a contribution of \$50,000 in Fiscal Year Ending 2008. This contribution has been deposited in a Connecticut CLASS account, which had a value of \$50,679 as of August 31, 2011. Without the creation of an OPEB Trust Fund, the investment options under State statute are the same as those for the deposit of public funds as described in note 4 of the financial statements.
- Since the plan was not fully funded, the Net OPEB Obligation as of June 30, 2010 is \$25.3 million.

### ***Investment Practices***

The operating and working capital funds of the City are invested at the discretion of the Director of Finance in the following short-term investments: (1) various certificates of deposit with Connecticut banks; (2) money market accounts with various banks; (3) Connecticut Class (an investment fund managed by Cutwater Asset Management) which invests only in (i) high grade short-term federal securities and variable rate obligations backed by federal agencies having monthly or quarterly assets based on indices like the prime rate, LIBOR, or a combination of the two, and (ii) very short-term (usually overnight) repurchase agreements secured by high quality collateral which is valued daily and fully delivered to the Program's custodial bank to be held for the benefit of the Pool's participants), which is the City's major investment vehicle for operating and working funds. This Fund was previously named MBIA CLASS and managed by MBIA Municipal Investors Service Corp. The changes listed above are changes to the name of the Fund only.

By City ordinance, the Milford Pension and Retirement Board is responsible for investment of pension and retirement system monies. The Board has adopted an investment policy to allocate a maximum of 65% of fund assets to equities and 35% to fixed income securities. The City's portfolio is managed by several investment advisors. For a description of the City's Pension Plan, see Notes Nos. 4, 12 and 13 to the City's audited general purpose financial statements at Appendix A.

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**General Fund Balance Sheet**  
**Five Year Summary of Assets, Liabilities, and General Fund Equity**  
*(in thousands)*

	<u>Actual</u> <u>6/30/2010</u>	<u>Actual</u> <u>6/30/2009</u>	<u>Actual</u> <u>6/30/2008</u>	<u>Actual</u> <u>6/30/2007</u>	<u>Actual</u> <u>6/30/2006</u>
<b>Assets:</b>					
Cash and cash equivalents .....	\$ 29,168	\$ 31,206	\$ 33,215	\$ 25,436	\$ 27,350
Investments .....	116	114	112	4,049	4,054
Receivables, net.....	15,277	10,866	11,323	11,876	13,176
Due from other funds .....	624	1,602	3,282	1,250	988
Prepaid items and other assets .....	852	1,270	21	42	64
Advances to other funds .....	-	-	28	80	133
<b>Total Assets</b> .....	<u>46,037</u>	<u>45,058</u>	<u>47,981</u>	<u>42,733</u>	<u>45,765</u>
<b>Liabilities, Equity, &amp; Other Credits:</b>					
<b>Current Liabilities</b>					
Accounts and other payables.....	9,684	9,087	9,216	9,029	8,695
Other Liabilities .....	1,545	1,752	240	170	174
Due to other governments .....	400	384	379	377	430
Due to other funds .....	830	907	1,210	1,724	1,237
Deferred Revenues .....	15,775	13,682	18,348	15,593	19,583
<b>Total Liabilities</b> .....	<u>28,234</u>	<u>25,812</u>	<u>29,393</u>	<u>26,893</u>	<u>30,119</u>
<b>Equity &amp; Other Credits</b>					
Reserved .....	3,341	3,176	2,633	1,911	1,348
Unreserved:					
Designated for subsequent year .....	2,000	3,750	1,750	2,500	3,000
Undesignated .....	12,462	12,320	14,205	11,429	11,298
<b>Total Equity &amp; Other Credits</b> .....	<u>17,803</u>	<u>19,246</u>	<u>18,588</u>	<u>15,840</u>	<u>15,646</u>
<b>Total Liabilities, Equity &amp; Other Credits</b> ...	<u>\$ 46,037</u>	<u>\$ 45,058</u>	<u>\$ 47,981</u>	<u>\$ 42,733</u>	<u>\$ 45,765</u>

**General Fund Revenues and Expenditures**  
**Four Year Summary of Audited Revenues and Expenditures (GAAP Basis) and**  
**Estimated Actuals and Current Year Budget (Budgetary Basis)**  
*(in thousands)*

	<b>Adopted Budget <sup>1</sup> 6/30/2012</b>	<b>Estimated Actual <sup>1</sup> 6/30/2011</b>	<b>Actual 6/30/2010</b>	<b>Actual 6/30/2009</b>	<b>Actual 6/30/2008</b>	<b>Actual 6/30/2007</b>
<b>Revenues:</b>						
Property Taxes & Assessments.....	\$ 153,684	\$ 152,959	\$ 146,157	\$ 146,819	\$ 142,244	\$ 131,265
Fines, Forfeitures, Penalties & Interest.....	1,200	1,654	993	1,072	1,091	1,011
State/Federal Grants.....	15,529	13,806	22,212	24,521	49,611	21,200
Charges for Services.....	-	-	2,260	2,269	2,903	3,737
Investment Income.....	118	113	152	467	1,994	2,785
Net Appreciation in Fair Value of Investments....	-	-	-	-	-	23
Other.....	13,008	11,235	3,869	4,364	4,508	4,805
<b>Total.....</b>	<b>\$ 183,539</b>	<b>\$ 179,767</b>	<b>\$ 175,643</b>	<b>\$ 179,512</b>	<b>\$ 202,351</b>	<b>\$ 164,826</b>
<b>Expenditures:</b>						
General Government.....	\$ 4,020	\$ 3,969	\$ 3,419	\$ 3,322	\$ 3,348	\$ 3,238
Administration.....	2,506	2,507	2,397	2,404	2,417	2,338
Public Safety.....	23,169	22,796	22,448	22,427	21,396	20,813
Public Services.....	11,608	11,866	11,401	11,825	11,382	11,414
Education.....	105,078	100,975	106,657	106,963	128,653	95,431
Health & Welfare.....	1,675	1,682	1,629	1,649	1,644	1,601
General Charges.....	20,143	16,573	15,948	16,619	18,594	15,406
Grants to Agencies.....	3,105	3,095	2,504	2,561	2,500	2,484
Capital Outlay.....	20	-	-	-	-	-
Debt Service.....	12,215	11,008	10,048	9,001	9,142	9,117
<b>Total.....</b>	<b>\$ 183,539</b>	<b>\$ 174,471</b>	<b>\$ 176,451</b>	<b>\$ 176,771</b>	<b>\$ 199,076</b>	<b>\$ 161,842</b>
<b>Excess (Deficiency) of Revenues</b>						
<b>Over Expenditures.....</b>	<b>\$ -</b>	<b>\$ 5,296</b>	<b>\$ (808)</b>	<b>\$ 2,741</b>	<b>\$ 3,275</b>	<b>\$ 2,984</b>
<b>Other Financing Sources (Uses):</b>						
Lease Principal Payments.....	N/A	\$ -	\$ -	\$ -	\$ -	\$ -
Proceeds from Advanced Refunding.....	N/A	-	16,087	-	-	-
Payment for Refunding Debt.....	N/A	-	(15,899)	-	-	-
Premium on Issuance of Debt.....	N/A	-	-	-	-	-
Cost of Debt Issuance.....	N/A	-	-	-	-	-
Sale of Capital Assets.....	N/A	-	98	22	-	10
Operating transfers in.....	N/A	450	545	-	1,000	149
Operating transfers out.....	N/A	(1,206)	(1,466)	(2,105)	(1,530)	(2,949)
<b>Net Other Financing Sources (Uses).....</b>	<b>\$ -</b>	<b>\$ (756)</b>	<b>\$ (635)</b>	<b>\$ (2,083)</b>	<b>\$ (530)</b>	<b>\$ (2,790)</b>
<b>Excess (Deficiency) Of Revenues And Other Financing Sources Over Expenditures and Other Financing Uses.....</b>						
<b>Other Financing Uses.....</b>	<b>\$ -</b>	<b>\$ 4,540</b>	<b>\$ (1,443)</b>	<b>\$ 658</b>	<b>\$ 2,745</b>	<b>\$ 194</b>
<b>Fund Equity, Beginning of Year.....</b>	<b>N/A</b>	<b>17,803</b>	<b>19,246</b>	<b>18,588</b>	<b>15,840</b>	<b>15,646</b>
Residual Equity Transfer.....	-	-	-	-	3	-
<b>Fund Equity, End of Year.....</b>	<b>N/A</b>	<b>N/A</b>	<b>\$ 17,803</b>	<b>\$ 19,246</b>	<b>\$ 18,588</b>	<b>\$ 15,840</b>

**Analysis of General Fund Equity**

	<b>Adopted Budget <sup>1</sup> 6/30/2012</b>	<b>Estimated Actual <sup>1</sup> 6/30/2011</b>	<b>Actual 6/30/2010</b>	<b>Actual 6/30/2009</b>	<b>Actual 6/30/2008</b>	<b>Actual 6/30/2007</b>
Reserved for Encumbrances.....	N/A	N/A	\$ 3,319	\$ 3,154	\$ 2,612	\$ 1,868
Unreserved-Designated.....	N/A	N/A	2,000	3,750	1,750	2,500
Reserved (Other).....	N/A	N/A	22	22	21	43
Unreserved Undesignated.....	N/A	N/A	12,462	12,320	14,205	11,429
<b>Total Fund Equity.....</b>	<b>N/A</b>	<b>N/A</b>	<b>\$ 17,803</b>	<b>\$ 19,246</b>	<b>\$ 18,588</b>	<b>\$ 15,840</b>

<sup>1</sup> Budgetary Basis of accounting. Subject to audit. No assurances can be given that subsequent projections & the final result of operations will not change.

## **VII. Legal and Other Information**

### **Litigation**

The City Attorney has advised that the City of Milford, its officers, employees, boards and commissions, are defendants in a number of lawsuits. It is the opinion of the City Attorney that such pending litigation will not be finally determined so as to result individually or in the aggregate in a final judgment against the City which would materially adversely affect its financial position.

### **Transcript and Closing Documents**

Upon delivery of the Bonds and the Notes, the winning purchasers will be furnished with the following documents:

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

2. A Certificate on behalf of the City, signed by the Mayor, the Director of Finance, and the City Treasurer which will be dated the date of delivery and attached to a signed copy of the Official Statement, and which will certify, to the best of said officials' knowledge and belief, that at the time bids were accepted on the Bonds and the Notes, the descriptions and statements in the Official Statement relating to the City and its finances were true and correct in all material respects and did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in 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 City from that set forth in or contemplated by the Official Statement.

3. A receipt for the purchase price of the Bonds and the Notes.

4. Executed continuing disclosure agreements for the Bonds and the Notes substantially in the forms attached hereto as Appendices D and E, respectively.

5. The approving opinions of Robinson & Cole LLP of Hartford, Connecticut.

6. The City of Milford has prepared an Official Statement for the Bonds and the Notes which is dated October 12, 2011. The City deems such Official Statement final as of its date for purposes of SEC Rule 15c2-12(b)(1), but is subject to revision or amendment. The City will make available to the winning purchaser of the Bonds one hundred (100) copies and to each winning purchaser of the Lot A and Lot B Notes ten (10) copies of the final Official Statement at the City's expense. The copies of the Official Statement will be made available to the winning purchasers within seven business days of the bid opening. If the City's Financial Advisor is provided with the necessary information from the winning purchasers by noon of the day following the day bids on the Bonds and the Notes are received, the copies of the Official Statement will include an additional cover page and other pages indicating the interest rates, ratings, yields or re-offering prices, the name of the managing underwriter, and the name of the insurer, if any, on the Bonds and the Notes. The winning purchasers shall arrange with the Financial Advisor the method of delivery of the copies of the Official Statement. Additional copies of the Official Statement may be obtained by the winning purchasers at their own expense by arrangement with the printer.

A transcript of the proceedings taken by the City in authorizing the Bonds will be kept on file at the offices of U.S. Bank, National Association, 225 Asylum Street, Hartford, Connecticut 06103 and may be examined upon reasonable request.

### **Concluding Statement**

To the extent that any statements made in this Official Statement involve matters of opinion or estimates such statements are made as such and not as representations of fact or certainty, and no representation is made that any of such statements will be realized. Information herein has been derived by the City from official and other sources and is believed by the City to be reliable, but such information other than that obtained from official records of the City has not been independently confirmed or verified by the City and its accuracy is not guaranteed.

Any questions concerning this Official Statement should be directed to Mr. Peter A. Erodici, Jr., Director of Finance, City of Milford, 70 West River Street, Milford, Connecticut 06460, telephone number (203) 783-3220. This Official Statement has been duly prepared and delivered by the City, and executed for and on behalf of the City by the following officials:

### **CITY OF MILFORD, CONNECTICUT**

By: */s/ James L. Richetelli*

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James L. Richetelli, Jr., *Mayor*

By: */s/ Peter A. Erodici Jr.*

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Peter A. Erodici, Jr., *Director of Finance*

By: */s/ Libera C. Nosal*

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Libera C. Nosal, *City Treasurer*

Dated as of October 19, 2011

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## ***Appendix A***

### ***2010 General Purpose Financial Statements***

The following includes excerpts from the Comprehensive Annual Financial Report of the City of Milford, Connecticut for the fiscal year ended June 30, 2010. The supplemental data which was a part of that report has not been reproduced herein. A copy of the complete report is available upon request from Matthew A. Spoerndle, Managing Director, Phoenix Advisors, LLC, 53 River Street, Milford, Connecticut 06460. Telephone (203) 878-4945.

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Accounting | Tax | Business Consulting

## Independent Auditors' Report

To the Members of the Board of Alderman  
City of Milford, Connecticut

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Milford, Connecticut, as of and for the year ended June 30, 2010, which collectively comprise the City of Milford, Connecticut's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the 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 City of Milford, Connecticut, as of June 30, 2010 and the respective changes in financial position and cash flows, where applicable, thereof, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2010 on our consideration of the City of Milford, Connecticut's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's discussion and analysis on pages 3 through 11 and the budgetary comparison information on pages 49 through 54 are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Milford, Connecticut's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we express no opinion on them.

*Blum, Shapiro & Company, P.C.*

December 15, 2010

**CITY OF MILFORD, CONNECTICUT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**JUNE 30, 2010**

This discussion and analysis of the City of Milford, Connecticut's (the City) financial performance is provided by management to provide an overview of the City's financial activities for the fiscal year ended June 30, 2010. This is the ninth year of reporting in accordance with Statement No. 34 of the Governmental Accounting Standards Board. Please read this MD&A in conjunction with the transmittal letter and the City's financial statements, Exhibits I to IX.

**Financial Highlights**

- The City's net assets decreased as a result of this year's operations. Net assets of our business-type activities decreased by \$94 thousand and net assets of our governmental activities decreased by \$12.1 million.
- During the year, the City had expenses that were \$12.1 million more than the \$203.2 million generated in tax and other revenues for governmental programs.
- Total cost of all of the City's programs was \$215.8 million with no new programs added this year.
- The General Fund reported a fund balance this year of \$17.8 million and an unreserved, undesignated fund balance of \$14.5 million.
- The resources available for appropriation were \$432 thousand more than budgeted for the General Fund. Expenditures were \$1.3 million less than final appropriations.

**Overview of the Financial Statements**

This annual report consists of a series of financial statements. The statement of net assets and the statement of activities (Exhibits I and II, respectively) provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements are presented in Exhibits III to IX. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. The remaining statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside of the government.

**Government-Wide Financial Statements**

The analysis of the City as a whole begins on Exhibits I and II. The statement of net assets and the statement of activities report information about the City as a whole and about its activities for the current period. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

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

In the statement of net assets and the statement of activities, we divide the City into two types of activities:

- *Governmental activities* - Most of the City's basic services are reported here, including education, public safety, public services, health and welfare, and general administration. Property taxes, charges for services, and state and federal grants finance most of these activities.
- *Business-type activities* - The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's Golf Course and Harbor Management Fund are reported here.

### **Fund Financial Statements**

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

- *Governmental funds (Exhibits III and IV)* - Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The relationship (or differences) between governmental activities (reported in the statement of net assets and the statement of activities) and governmental funds is described in a reconciliation included with the fund financial statements.
- *Proprietary funds (Exhibits V, VI and VII)* - When the City charges customers for the services it provides, whether to outside customers or to other units of the City, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the statement of net assets and the statement of activities. In fact the City's enterprise funds (a component of proprietary funds) are the same as the business-type activities reported in the government-wide statements, but

provide more detail and additional information, such as cash flows, for proprietary funds. Internal service funds (the other component of proprietary funds) are used to report activities that provide supplies and services for the City's other programs and activities - such as the City's Health, Workers' Compensation, and Property and Casualty Internal Service Funds.

- *Fiduciary funds (Exhibits VIII and IX)* - The City is the trustee, or fiduciary, for its employees' pension plans. It is also responsible for other assets that, because of a trust arrangement, can be used only for the trust beneficiaries. All of the City's fiduciary activities are reported in separate statements of fiduciary net assets and changes in fiduciary net assets. These activities are excluded from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

### **Government-Wide Financial Analysis**

The City's combined net assets decreased from \$145.2 million to \$133 million. The analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the City's governmental and business-type activities.

**Table 1**  
**NET ASSETS**  
(In Thousands)

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
Current and other assets	\$ 100,090	\$ 97,792	\$ 624	\$ 659	\$ 100,714	\$ 98,451
Capital assets	269,460	264,120	3,284	3,341	272,744	267,461
Total assets	<u>369,550</u>	<u>361,912</u>	<u>3,908</u>	<u>4,000</u>	<u>373,458</u>	<u>365,912</u>
Long-term debt outstanding	199,185	134,571			199,185	134,571
Other liabilities	41,204	86,080	19	17	41,223	86,097
Total liabilities	<u>240,389</u>	<u>220,651</u>	<u>19</u>	<u>17</u>	<u>240,408</u>	<u>220,668</u>
Net assets:						
Invested in capital assets, net of debt	143,992	135,747	3,284	3,341	147,276	139,088
Restricted	259	260			259	260
Unrestricted	<u>(15,090)</u>	<u>5,254</u>	<u>605</u>	<u>642</u>	<u>(14,485)</u>	<u>5,896</u>
Total Net Assets	<u>\$ 129,161</u>	<u>\$ 141,261</u>	<u>\$ 3,889</u>	<u>\$ 3,983</u>	<u>\$ 133,050</u>	<u>\$ 145,244</u>

Net assets of the City's governmental activities decreased by 8.6% (\$129.1 million compared to \$141.3 million). Unrestricted net assets - the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements - decreased to a deficit of \$15.1 million at the end of this year. This was mainly due to the increased net OPEB obligation of \$18.4 million.

There was only a slight change in the net assets of business-type activities from 2009 to 2010. The City generally can only use these net assets to finance the continuing operations of the Milford Golf Course and the Harbor Management.

**Table 2**  
**CHANGES IN NET ASSETS**  
(In Thousands)

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
<b>Revenues:</b>						
<b>Program revenues:</b>						
Charges for services	\$ 7,251	\$ 7,585	\$ 319	\$ 328	\$ 7,570	\$ 7,913
Operating grants and contributions	28,258	27,647	38	74	28,296	27,721
Capital grants and contributions	454	4,081			454	4,081
<b>General revenues:</b>						
Property taxes	152,330	152,856			152,330	152,856
Grants and contributions not restricted to specific purposes	13,040	12,475			13,040	12,475
Unrestricted investment earnings	1,080	689	2	7	1,082	696
Other general revenues	809	375			809	375
<b>Total revenues</b>	<b>203,222</b>	<b>205,708</b>	<b>359</b>	<b>409</b>	<b>203,581</b>	<b>206,117</b>
<b>Expenses:</b>						
General government	7,542	7,796			7,542	7,796
Administration	3,625	3,677			3,625	3,677
Public safety	35,817	36,067			35,817	36,067
Public services	31,252	29,066			31,252	29,066
Education	124,894	123,520			124,894	123,520
Health and welfare	5,313	5,709			5,313	5,709
Grants to agencies	3,656	3,735			3,656	3,735
Interest on long-term debt	3,226	3,471			3,226	3,471
Milford Golf Course			115	92	115	92
Harbor management			335	420	335	420
<b>Total program expenses</b>	<b>215,325</b>	<b>213,041</b>	<b>450</b>	<b>512</b>	<b>215,775</b>	<b>213,553</b>
Transfers in / (out)	3		(3)		-	-
<b>Change in Net Assets</b>	<b>\$ (12,100)</b>	<b>\$ (7,333)</b>	<b>\$ (94)</b>	<b>\$ (103)</b>	<b>\$ (12,194)</b>	<b>\$ (7,436)</b>

The City's total revenues were \$203.6 million. The total cost of all programs and services was \$215.8 million. Our analysis below separately considers the operations of governmental and business-type activities.

### **Governmental Activities**

The City's revenues decreased \$2.5 million from 2009. This was mainly due to the decrease of \$3.6 million in Capital grants and contributions (mainly the final portion of Clean Water Fund grants to the Sewer Renovation Project). Investment earnings increased \$400 thousand due to more funds on deposit. Property taxes decreased by \$500 thousand, even though the Grand List increased. This was due to a reduction of the mill rate.

Table 3 presents the cost of each of the City’s three largest programs - public safety, public services, and education - as well as each program’s net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the City’s taxpayers by each of these functions.

**Table 3**  
**GOVERNMENTAL ACTIVITIES**  
(In Thousands)

	Total Cost of Services		Net Cost of Services	
	2010	2009	2010	2009
Public safety	\$ 35,817	\$ 36,067	\$ 33,828	\$ 35,194
Public services	31,252	29,066	28,699	23,478
Education	124,894	123,520	96,717	94,525
All others	23,362	24,388	20,118	21,637
Totals	\$ 215,325	\$ 213,041	\$ 179,362	\$ 174,834

**Business-Type Activities**

Revenues of the City’s business-type activities (see Table 2) decreased by 12.2% (\$359 thousand in 2010 compared to \$409 thousand in 2009) and expenses decreased by 12.1%. The decreased revenues were in Harbor Management. Even though expenses decreased, they did not decrease enough to yield positive results. Both of those occurrences caused a reduction in net assets.

**City Funds Financial Analysis**

**Governmental Funds**

As the City completed the year, its governmental funds (as presented in the balance sheet - Exhibit III) reported a combined fund balance of \$29.6 million, which is much improved over last year’s deficit of (\$19.8) million. The primary reason for the increases to fund balance was the large amount of bonds issued and the permanent financing of borrowing in the Sanitary Sewer Fund. Included in this year’s total change in fund balance, is a decrease of \$1.4 million in the City’s General Fund and \$500 thousand in Nonmajor Governmental Funds. The primary reasons for the General Fund’s decrease mirrors the governmental activities analysis highlighted in Exhibit IV.

***Proprietary Funds***

The Internal Service Funds net assets decreased \$1.2 million primarily due to increases to operating expenses and reduced employer contributions. The Enterprise Funds net assets decreased from last year by \$94 thousand.

### ***General Fund Budgetary Highlights***

- General Property Taxes and Assessments - property tax and assessment revenue was greater than budgeted by \$900 thousand due to a higher collection rate than was used in the budget.
- State aid was down \$2.3 million in the General Fund. Most of this decrease was due to the \$1.5 million reduction in the Educational Cost Sharing Grant (ECS). The \$1.5 million went directly to the Board of Education as part of the State Fiscal Stabilization Funds (SFSF) under the American Recovery and Reinvestment Act (ARRA). The money is accounted for in Special Education Grants, a special revenue fund. The Manufacturer's Machinery and Equipment Grant was reduced \$450 thousand. The remaining decrease was spread amongst several grants.
- Investment Income - revenues from the investment of idle funds were lower than budgeted by \$191 thousand due to lower interest rates and less money on deposit.
- Other Revenue was \$130 thousand greater than budget mainly due to a higher than budgeted sale of real property.
- Licenses, Permits and Other Charges were \$145 thousand below budget mainly due to lower than anticipated conveyance taxes for the sale of real estate (\$180 thousand) and building inspection fees (\$93 thousand). These income categories are directly related to the economy and decline in bad economic times.
- Department Expenditures - No departments overspent their budget. The municipal-controlled portions of the budget were responsible for the entire favorable variance of \$1.34 million.

The City's General Fund balance of \$17.8 million reported on Exhibit III differs from the General Fund's budgetary fund balance of \$14.5 million reported in the budgetary comparison in the required supplementary information. This is principally because budgetary fund balance includes a \$3.3 million of outstanding encumbrances at year end which are reported as expenditures for budgetary purposes.

## Capital Asset and Debt Administration

### Capital Assets

At June 30, 2010, the City had \$269.5 million invested in a broad range of capital assets, including land, buildings, park facilities, vehicles and equipment, roads, bridges, and water and sewer lines - Table 4. This amount represents a net increase (including additions and deductions) of \$5.4 million, or 2.0%, over last year.

**Table 4**  
**CAPITAL ASSETS AT YEAR-END (Net of Depreciation)**  
(In Millions)

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
Land	\$ 33.3	\$ 32.9	\$ 1.7	\$ 1.7	\$ 35.0	\$ 34.6
Construction in progress	98.8	91.4			98.8	91.4
Buildings and improvements	78.9	79.9	1.3	1.3	80.2	81.2
Machinery and equipment	7.2	8.3	0.3	0.3	7.5	8.6
Infrastructure	51.3	51.6			51.3	51.6
<b>Totals</b>	<b>\$ 269.5</b>	<b>\$ 264.1</b>	<b>\$ 3.3</b>	<b>\$ 3.3</b>	<b>\$ 272.8</b>	<b>\$ 267.4</b>

This year's major additions included (in thousands):

Police Vehicles	\$ 256
Public Works Equipment and Vehicles	184
Police Target Practice Building	351
Fire Department Equipment and Vehicles	227
Homeland Security Equipment	288
Roads	639
Land	460
School Additions and Renovations	5,756
Sewer Installations	685
Sewer Facilities Upgrade	<u>2,089</u>
<b>Total</b>	<b>\$ <u>10,935</u></b>

The City's fiscal-year 2010-11 capital plan has \$19.4 million of capital projects planned. School building renovations are estimated at \$6.9 million, sewer projects at \$3.4 million, and public service projects at \$9.1 million. Of the total estimated \$19.4 million, it is expected to finance \$13.4 million with bonds and \$8.0 million with grants. More detailed information about the City's capital assets is presented in Note 5 to the financial statements.

## Long-Term Debt

At June 30, 2010 the City had \$150 million in bonds and notes outstanding versus \$102.7 million last year - an increase of 46.1% - as shown in Table 5. Additional detail on the City's long-term debt can be found in Note 8.

**Table 5**  
**OUTSTANDING DEBT**  
(In Thousands)

	<b>Governmental</b>	
	<b>Activities</b>	
	<b>2010</b>	<b>2009</b>
General obligation bonds (backed by the City)	\$ 82,985	\$ 74,220
Bond anticipation notes (backed by the City)	23,633	26,410
Long-term note payable	43,426	2,062
Totals	<u>\$ 150,044</u>	<u>\$ 102,692</u>

## Economic Factors and Next Year's Budgets and Rates

The City's elected and appointed officials considered many factors when setting the fiscal year 2011 budget tax rates and fees that will be charged for the business-type activities. One of those factors is the economy. The City's unemployment rate has increased to 9.0% from 6.9%. In comparison, the figures for the State of Connecticut have increased to 9.3% from 8.4%. Inflation in the Bridgeport area was 1.4% and the State was 1.5%. This was used to factor in increases for supplies and services.

The trend in health claims had leveled off and a 7.0% increase in health insurance claims was assumed. Property and casualty insurance is on a fully insured basis for FY11. It was also anticipated that property tax collection could slow down due to the general slowdown in the economy. Therefore a current year tax collection rate of 97.85% was used even though the actual collection rates for fiscal year 2009, 2008 and 2007 were 97.62%, 98.5% and 99.34%, respectively. State grants were assumed to fund only 8.02% of the 2011 budget as compared to 8.26% of the 2010 budget.

These indicators were taken into account when adopting the General Fund budget for 2010-11. The adopted budget for FY 2011 is \$175.5 million, an increase of 2.47% over the final 2010 budget of \$171.3 million. No new programs or initiatives were added to the 2011 budget. Property taxes will fund 87.2% of the 2011 budget as compared to 83.4% of the 2010 budget. The taxes raised were increased due to a 2.47% increase of the budget and the use of \$1.75 million less of fund balance.

It should be noted that both the 2009-10 and 2010-11 budgets are \$1.5 million lower because grant money that is normally recorded in the General Fund went directly to the Board of

Education Special Grants Fund. This \$1.5 million came from the Federal American Recovery and Reinvestment Act and is discussed under General Fund Budgetary highlights.

If these estimates are realized, the City's June 30, 2011 budgetary General Fund balance is expected to be \$2.0 million lower than the June 30, 2010 budgetary General Fund balance because of the use of that amount of money to balance the budget.

As for the City's business-type activities, we expect that the 2010-11 results will improve due to more rounds of golf and an increase in bookings at the marina.

### **Contacting the City's Financial Management**

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Department, City of Milford, 70 West River Street, Milford, Connecticut 06460.

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# **Basic Financial Statements**

## CITY OF MILFORD, CONNECTICUT

## STATEMENT OF NET ASSETS

JUNE 30, 2010

(In Thousands)

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets:			
Cash and cash equivalents	\$ 82,702	\$ 608	\$ 83,310
Investments	116		116
Receivables, net	16,292	22	16,314
Internal balances	6	(6)	-
Inventory	20		20
Prepaid items and other assets	929		929
Net pension asset	25		25
Capital assets:			
Capital assets not being depreciated	132,050	1,681	133,731
Capital assets being depreciated, net	<u>137,410</u>	<u>1,603</u>	<u>139,013</u>
Total assets	<u>369,550</u>	<u>3,908</u>	<u>373,458</u>
Liabilities:			
Accounts and other payables	16,248	19	16,267
Unearned revenue	1,323		1,323
Bond anticipation notes payable and interim financing	23,633		23,633
Noncurrent liabilities:			
Due within one year	15,297		15,297
Due in more than one year	<u>183,888</u>		<u>183,888</u>
Total liabilities	<u>240,389</u>	<u>19</u>	<u>240,408</u>
Net Assets:			
Invested in capital assets, net of related debt	143,992	3,284	147,276
Restricted for:			
Trust purposes:			
Expendable	259		259
Unrestricted	<u>(15,090)</u>	<u>605</u>	<u>(14,485)</u>
Total Net Assets	<u>\$ 129,161</u>	<u>\$ 3,889</u>	<u>\$ 133,050</u>

The accompanying notes are an integral part of the financial statements

## CITY OF MILFORD, CONNECTICUT

## STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2010

(In Thousands)

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 7,542	\$ 1,178	\$ 514	\$	\$ (5,850)	\$	\$ (5,850)
Administration	3,625				(3,625)		(3,625)
Public safety	35,817	1,834	155		(33,828)		(33,828)
Public services	31,252	1,385	714	454	(28,699)		(28,699)
Education	124,894	2,682	25,495		(96,717)		(96,717)
Health and welfare	5,313	172	1,380		(3,761)		(3,761)
Grants to agencies	3,656				(3,656)		(3,656)
Interest on long-term debt	3,226				(3,226)		(3,226)
Total governmental activities	<u>215,325</u>	<u>7,251</u>	<u>28,258</u>	<u>454</u>	<u>(179,362)</u>	<u>-</u>	<u>(179,362)</u>
Business-type activities:							
Milford Golf Course	115	70				(45)	(45)
Harbor Management	335	249	38			(48)	(48)
Total business-type activities	<u>450</u>	<u>319</u>	<u>38</u>	<u>-</u>	<u>-</u>	<u>(93)</u>	<u>(93)</u>
Total	<u>\$ 215,775</u>	<u>\$ 7,570</u>	<u>\$ 28,296</u>	<u>\$ 454</u>	<u>(179,362)</u>	<u>(93)</u>	<u>(179,455)</u>
General revenues:							
Property taxes					152,330		152,330
Grants and contributions not restricted to specific programs					13,040		13,040
Unrestricted investment earnings					1,080	2	1,082
Other general revenues					809		809
Transfers					3	(3)	-
Total general revenues and transfers					<u>167,262</u>	<u>(1)</u>	<u>167,261</u>
Change in net assets					(12,100)	(94)	(12,194)
Net assets, July 1, 2009					<u>141,261</u>	<u>3,983</u>	<u>145,244</u>
Net Assets, June 30, 2010					<u>\$ 129,161</u>	<u>\$ 3,889</u>	<u>\$ 133,050</u>

The accompanying notes are an integral part of the financial statements

## CITY OF MILFORD, CONNECTICUT

## BALANCE SHEET - GOVERNMENTAL FUNDS

**JUNE 30, 2010**  
(In Thousands)

	<u>General</u>	<u>Capital Nonrecurring Fund</u>	<u>Sanitary Sewer Fund</u>	<u>School Facilities Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>						
Cash and cash equivalents	\$ 29,168	\$ 6,608	\$ 10,079	\$ 7,863	\$ 14,336	\$ 68,054
Investments	116					116
Receivables, net	15,277	12			482	15,771
Due from other funds	624	768	2		667	2,061
Inventories					20	20
Prepaid items and other assets	852	77				929
Total Assets	<u>\$ 46,037</u>	<u>\$ 7,465</u>	<u>\$ 10,081</u>	<u>\$ 7,863</u>	<u>\$ 15,505</u>	<u>\$ 86,951</u>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Accounts and other payables	\$ 9,684	\$ 72	\$ 343	\$ 1,058	\$ 1,771	\$ 12,928
Other liabilities	1,545	55	152	379		2,131
Due to other governments	400	18				418
Due to other funds	830	1,102		3	330	2,265
Deferred revenue	15,775				202	15,977
Bond anticipation notes payable and interim financing		3,493	8,295	11,845		23,633
Total liabilities	<u>28,234</u>	<u>4,740</u>	<u>8,790</u>	<u>13,285</u>	<u>2,303</u>	<u>57,352</u>
Fund balances:						
Reserved	3,341	1,157	10,024	6,990	1,539	23,051
Unreserved, reported in:						
General Fund	14,462					14,462
Special Revenue Funds					7,265	7,265
Debt Service Fund					4,387	4,387
Capital Project Funds		1,568	(8,733)	(12,412)	11	(19,566)
Total fund balances	<u>17,803</u>	<u>2,725</u>	<u>1,291</u>	<u>(5,422)</u>	<u>13,202</u>	<u>29,599</u>
Total Liabilities and Fund Balances	<u>\$ 46,037</u>	<u>\$ 7,465</u>	<u>\$ 10,081</u>	<u>\$ 7,863</u>	<u>\$ 15,505</u>	<u>\$ 86,951</u>

(Continued on next page)

## CITY OF MILFORD, CONNECTICUT

## BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)

JUNE 30, 2010

(In Thousands)

Reconciliation of the Balance Sheet - Governmental Funds  
to the Statement of Net Assets:

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

Fund balances - total governmental funds	\$	29,599
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:		
Governmental capital assets	\$	392,817
Less accumulated depreciation		<u>(123,357)</u>
Net capital assets		269,460
Other long-term assets are not available to pay for current-period expenditures and, therefore, are not recorded in the funds:		
Net pension asset		25
Property tax receivables greater than 60 days		7,072
Interest receivable on property taxes		4,408
Assessments receivable		807
Interest receivable on assessments		90
Receivable from the state for school construction projects		2,367
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 assets.		
		9,984
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:		
Bonds and notes payable		(126,411)
Interest payable on bonds and notes		(564)
Compensated absences		(17,416)
Capital lease		(44)
Net OPEB obligation		(51,203)
Deferred charges on refunding		<u>987</u>
Net Assets of Governmental Activities (Exhibit I)	\$	<u><u>129,161</u></u>

The accompanying notes are an integral part of the financial statements

## CITY OF MILFORD, CONNECTICUT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDSFOR THE YEAR ENDED JUNE 30, 2010  
(In Thousands)

	<u>General</u>	<u>Capital Nonrecurring Fund</u>	<u>Sanitary Sewer Fund</u>	<u>School Facilities Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:						
Property taxes and assessments	\$ 146,157	\$	\$	\$	\$ 5,271	\$ 151,428
Fines, forfeitures, penalties and interest	993					993
Intergovernmental	22,212	2,533	454	2,442	9,266	36,907
Charges for services	2,260	1,184			4,165	7,609
Investment income	152	10			69	231
Other	3,869				2,248	6,117
Total revenues	<u>175,643</u>	<u>3,727</u>	<u>454</u>	<u>2,442</u>	<u>21,019</u>	<u>203,285</u>
Expenditures:						
Current:						
General government	3,419				1,562	4,981
Administration	2,397					2,397
Public safety	22,448				1,264	23,712
Public services	11,401				8,548	19,949
Education	106,657				9,214	115,871
Health and welfare	1,629				1,925	3,554
General charges	15,948					15,948
Grants to agencies	2,504					2,504
Capital outlay		4,571	4,726	5,126		14,423
Debt service	10,048					10,048
Total expenditures	<u>176,451</u>	<u>4,571</u>	<u>4,726</u>	<u>5,126</u>	<u>22,513</u>	<u>213,387</u>
Deficiency of revenues over expenditures	<u>(808)</u>	<u>(844)</u>	<u>(4,272)</u>	<u>(2,684)</u>	<u>(1,494)</u>	<u>(10,102)</u>
Other financing sources (uses):						
Issuance of bonds and notes		2,746	50,500	6,000		59,246
Proceeds from sale of refunding bonds	16,087					16,087
Payment to refunded bond escrow agent	(15,899)					(15,899)
Sale of capital assets	98					98
Transfers in	545	490			1,298	2,333
Transfers out	(1,466)	(545)			(319)	(2,330)
Total other financing sources (uses)	<u>(635)</u>	<u>2,691</u>	<u>50,500</u>	<u>6,000</u>	<u>979</u>	<u>59,535</u>
Net change in fund balances	(1,443)	1,847	46,228	3,316	(515)	49,433
Fund balance, July 1, 2009	<u>19,246</u>	<u>878</u>	<u>(44,937)</u>	<u>(8,738)</u>	<u>13,717</u>	<u>(19,834)</u>
Fund Balance, June 30, 2010	<u>\$ 17,803</u>	<u>\$ 2,725</u>	<u>\$ 1,291</u>	<u>\$ (5,422)</u>	<u>\$ 13,202</u>	<u>\$ 29,599</u>

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## CITY OF MILFORD, CONNECTICUT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - GOVERNMENTAL FUNDS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2010

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund  
Balances of Governmental Funds to the Statement of Activities:

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

Net change in fund balances - total governmental funds (Exhibit IV)	\$ 49,433
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Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital outlay	10,371
Depreciation expense	(4,306)

In the statement of activities, only the gain on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources.

Thus the change in net assets differs from the change in fund balance by the cost of the assets sold.	(725)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, and revenues recognized in the funds are not reported in the statement of activities:

School building grant receipts	(603)
Property tax receivable - accrual basis change	751
Property tax interest and lien revenue - accrual basis change	159
Sewer assessment receivable - accrual basis change	(361)
Sewer assessment interest receivable - accrual change	(9)
Net pension asset	(1)

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 has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are amortized and deferred in the statement of activities. The details of these differences in the treatment of long-term debt and related items are as follows:

Bond and note principal payments	9,378
Payments to bond refunding agent	15,899
Issuance of bonds and notes	(74,567)
Capital lease payments	40
Bond issuance costs	188
Premium on bonds refunded	(617)

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 the governmental funds:

Compensated absences	2,560
Accrued interest	(8)
Amortization of deferred charge on refunding	(103)
Net OPEB expense	(18,356)

Internal service funds are used by management to charge costs to individual funds. The net revenue of certain activities of internal services funds is reported with governmental activities.

(1,223)
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Change in Net Assets of Governmental Activities (Exhibit II)	<u>\$ (12,100)</u>
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The accompanying notes are an integral part of the financial statements

## CITY OF MILFORD, CONNECTICUT

## STATEMENT OF NET ASSETS - PROPRIETARY FUNDS

JUNE 30, 2010

(In Thousands)

	Business-Type Activities			Governmental
	Milford Golf Course	Harbor Management	Total	Internal Service
Assets:				
Current:				
Cash and cash equivalents	\$ 261	\$ 347	\$ 608	\$ 14,648
Receivables, net	22		22	431
Due from other funds			-	697
Total current assets	<u>283</u>	<u>347</u>	<u>630</u>	<u>15,776</u>
Capital assets, net	1,859	1,425	3,284	
Total assets	<u>2,142</u>	<u>1,772</u>	<u>3,914</u>	<u>15,776</u>
Liabilities:				
Current:				
Accounts payable and accrued liabilities	10	9	19	207
Due to other funds		6	6	487
Total current liabilities	<u>10</u>	<u>15</u>	<u>25</u>	<u>694</u>
Noncurrent:				
Risk management claims			-	5,098
Total liabilities	<u>10</u>	<u>15</u>	<u>25</u>	<u>5,792</u>
Net Assets:				
Invested in capital assets	1,859	1,425	3,284	
Unrestricted	<u>273</u>	<u>332</u>	<u>605</u>	<u>9,984</u>
Total Net Assets	<u>\$ 2,132</u>	<u>\$ 1,757</u>	<u>\$ 3,889</u>	<u>\$ 9,984</u>

The accompanying notes are an integral part of the financial statements

## CITY OF MILFORD, CONNECTICUT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS -  
PROPRIETARY FUNDSFOR THE YEAR ENDED JUNE 30, 2010  
(In Thousands)

	Business-Type Activities			Governmental
	Milford Golf Course	Harbor Management	Total	Internal Service
Operating revenues:				
Employer contributions	\$	\$	\$	\$ 27,392
Intergovernmental revenues		38	38	
Charges for services	70	249	319	4,648
Other			-	286
Total operating revenues	<u>70</u>	<u>287</u>	<u>357</u>	<u>32,326</u>
Operating expenses:				
Health and welfare	99	294	393	
Depreciation	16	41	57	
Insurance premiums and claims expense			-	33,589
Total operating expenses	<u>115</u>	<u>335</u>	<u>450</u>	<u>33,589</u>
Operating loss	(45)	(48)	(93)	(1,263)
Nonoperating revenue:				
Interest income	1	1	2	40
Transfers out		(3)	(3)	
Change in net assets	(44)	(50)	(94)	(1,223)
Total net assets, July 1, 2009	<u>2,176</u>	<u>1,807</u>	<u>3,983</u>	<u>11,207</u>
Total net assets, June 30, 2010	<u>\$ 2,132</u>	<u>\$ 1,757</u>	<u>\$ 3,889</u>	<u>\$ 9,984</u>

The accompanying notes are an integral part of the financial statements

## CITY OF MILFORD, CONNECTICUT

## STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2010

(In Thousands)

	Business-Type Activities			Governmental
	Milford Golf Course	Harbor Management	Total	Internal Service
Cash flows from operating activities:				
Cash received from contributions and charges for services	\$ 70	\$ 249	\$ 319	\$ 31,449
Grant receipts		38	38	
Cash paid to employees		(292)	(292)	
Cash paid to vendors	(99)		(99)	
Cash payments for claims paid			-	(34,005)
Net cash used in operating activities	<u>(29)</u>	<u>(5)</u>	<u>(34)</u>	<u>(2,556)</u>
Cash flows from investing activities:				
Interest and dividends received	<u>1</u>	<u>1</u>	<u>2</u>	<u>40</u>
Net cash provided by investing activities	<u>1</u>	<u>1</u>	<u>2</u>	<u>40</u>
Net decrease in cash and cash equivalents	(28)	(4)	(32)	(2,516)
Cash and cash equivalents at beginning of year	<u>289</u>	<u>351</u>	<u>640</u>	<u>17,164</u>
Cash and Cash Equivalents at End of Year	<u>\$ 261</u>	<u>\$ 347</u>	<u>\$ 608</u>	<u>\$ 14,648</u>
Reconciliation of operating loss to net cash used in operating activities:				
Operating loss	\$ (45)	\$ (48)	\$ (93)	\$ (1,263)
Adjustments to reconcile operating loss to net cash used in operating activities:				
Depreciation expense	16	41	57	
Decrease in due from other funds			-	(639)
Decrease in accounts receivable			-	(238)
Increase (decrease) in accounts payable and accrued liabilities		2	2	(416)
Net Cash Used in Operating Activities	<u>\$ (29)</u>	<u>\$ (5)</u>	<u>\$ (34)</u>	<u>\$ (2,556)</u>

The accompanying notes are an integral part of the financial statements

## CITY OF MILFORD, CONNECTICUT

## STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS

JUNE 30, 2010

(In Thousands)

	<u>Pension Trust Funds</u>	<u>Agency Funds</u>
Assets:		
Cash and cash equivalents	\$ 17,363	\$ 1,288
Investments:		
Certificate of deposits		150
Corporate bonds	45,119	
U.S. government obligations	5,210	
Marketable equity securities	184,183	
Asset backed securities	32,344	
Alternative investments	27,681	
Mutual funds	1,967	
Total investments	<u>296,504</u>	<u>150</u>
Receivables	<u>1</u>	
Total assets	<u>313,868</u>	<u>\$ 1,438</u>
Liabilities:		
Accounts and other payables	408	\$
Due to employees and students		<u>1,438</u>
Total liabilities	<u>408</u>	<u>\$ 1,438</u>
Net Assets:		
Held in Trust for Pension Benefits	<u>\$ 313,460</u>	

The accompanying notes are an integral part of the financial statements

## CITY OF MILFORD, CONNECTICUT

## STATEMENT OF CHANGES IN PLAN NET ASSETS - FIDUCIARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2010

(In Thousands)

	<b>Pension Trust Funds</b>
	<u>                    </u>
Additions:	
Contributions:	
Plan members	\$ <u>1,974</u>
Miscellaneous	<u>113</u>
Investment income:	
Net appreciation in fair value of investments	24,074
Interest and dividends	8,975
Net gain on sale of investments	<u>9,482</u>
	42,531
Less investment expense	<u>(2,519)</u>
Net investment gain	<u>40,012</u>
Total additions	<u>42,099</u>
Deductions:	
Benefit payments and withdrawals	17,703
Administration	15
Other	<u>130</u>
Total deductions	<u>17,848</u>
Net increase	24,251
Net assets held in trust for pension benefits, beginning of year	<u>289,209</u>
Net Assets Held in Trust for Pension Benefits, End of Year	<u><u>\$ 313,460</u></u>

The accompanying notes are an integral part of the financial statements

## **CITY OF MILFORD, CONNECTICUT**

### **NOTES TO FINANCIAL STATEMENTS**

(In Thousands)

#### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the City of Milford (the City) 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 City are described below.

##### **A. Reporting Entity**

The government is a municipal corporation governed by an elected mayor and 15-member Board of Aldermen. A 10-member Board of Education oversees all education activities. As required by GAAP, these financial statements present all of the governmental functions for which it is financially accountable.

##### **B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements. 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.

##### **C. 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 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.

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 City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. 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 and claims and judgments, are recorded only when payment is due.

Property taxes, charges for services, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received.

The City reports the following major governmental funds:

The General Fund is the City's primary operating fund. It accounts for all financial resources of the City, except those required to be accounted for in another fund.

The Capital Nonrecurring Fund is used to account for those projects of the City, except for those of the school buildings or sewers, which are capital nonrecurring in nature.

The Sanitary Sewer Fund is used to account for activities related to the construction of sanitary sewers.

The School Facilities Fund is used to account for construction of school buildings and additions.

The City reports the following major proprietary funds:

The Milford Golf Course Fund accounts for the activity of the municipal golf course.

The Harbor Management Fund is used to account for the activity of Harbor area.

Additionally, the City reports the following fund types:

The Internal Service Funds account for the City's and Board of Education's health insurance, the City's workers' compensation insurance and the City's and Board of Education's property and casualty insurance.

The Pension Trust Funds account for the activities of the Milford Retirement System, which accumulates resources for pension benefit payments to qualified City employees.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989 generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with, or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes and other charges between certain City's functions because the elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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 property taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Municipal Golf Course enterprise fund, the Harbor Management enterprise fund, and the City's internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service fund 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 City's policy to use restricted resources first, then unrestricted resources as they are needed.

#### **D. Deposits and Investments**

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the City to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements and certain other investments as described in Note 3.

Investments for the City are reported at fair value.

#### **E. 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." All trade and property tax receivables are shown net of an allowance for uncollectibles.

Property taxes are levied each June on the assessed value listed on the prior October 1 grand list for all taxable property located in the City. Although taxes are levied in June, the legal right to attach the property does not exist until July 1, and, as such, taxes are due and payable in equal installments on July 1 and January 1 following the date of the grand list. Taxes become overdue one month after the installment date. Interest accrues at the rate of 1.5% per month. Additional property taxes are assessed for motor vehicles registered subsequent to the grand list date and are payable in one installment due January 1.

In accordance with State law, the oldest outstanding tax is collected first. Prior to June 30 of each year, liens are automatically placed on outstanding real estate tax accounts, with legal demands and alias tax warrants used in the collection of personal property and motor vehicle tax bills.

Real estate, motor vehicle, and personal property accounts are no longer collectible 15 years after the due date in accordance with State Statutes. An amount of \$662 has been established as an allowance for uncollectible taxes. At June 30, 2010, this represents 8.0% of all property taxes receivable.

**F. Inventories and Prepaid Items**

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds 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 government-wide and fund financial statements.

**G. Capital Assets**

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), 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 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

Property, plant and equipment of the primary government are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	50
Infrastructure	35-70
Motor vehicles	5-20
Office and other equipment	5-15

**H. Compensated Absences**

Under the terms of its various union contracts, City and Board of Education employees are granted vacation in varying amounts based on length of service. Certain employees may carry over a limited number of unused vacation days to subsequent years and, in the event of termination, these employees are reimbursed for accumulated vacation.

Under the terms of its various contracts, City and Board of Education employees are granted sick leave in varying amounts. Certain employees may carry over a limited number of unused sick days to subsequent years and, in the event of termination, these employees are reimbursed for accumulated sick time. Accumulated vacation and sick time is recognized as a liability of the City in the government-wide statement of net assets.

**I. 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 assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of any significant applicable bond premium or discount. Significant bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

**J. Fund Equity**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. The following is a summary of fund balance reservations at June 30, 2010:

	<u>General Fund</u>	<u>Capital Nonrecurring</u>	<u>Sanitary Sewer</u>	<u>School Facilities</u>	<u>Other Nonmajor Funds</u>
Reserved for encumbrances	\$ 3,319	\$ 1,080	\$ 10,024	\$ 6,990	\$ 457
Reserved for other purposes	<u>22</u>	<u>77</u>	<u>          </u>	<u>          </u>	<u>1,082</u>
Total	<u>\$ 3,341</u>	<u>\$ 1,157</u>	<u>\$ 10,024</u>	<u>\$ 6,990</u>	<u>\$ 1,539</u>

**2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information**

Prior to February 1, the Mayor and the Board of Education submit proposed budgets for their respective shares of the General Fund to the Board of Finance. Prior to April 1, the Board of Finance submits to the Board of Aldermen the proposed fiscal budget. The Board of Aldermen then holds hearings on the Board of Finance’s proposed budget. The Board of Aldermen may reduce or delete any item contained in the Board of Finance’s budget by a simple majority. The Board of Aldermen may increase or add to any item in the Board of Finance budget by a two-thirds vote. The Board of Aldermen adopts the budget for the following fiscal year and sets the mill rate. This budget, at the department level, becomes the legal level of control. For management purposes, the Mayor is authorized to transfer budgeted amounts between like categories of line items within individual budgeted departments. All other transfers, as well as additional appropriations, must first be approved by the Board of Finance and then by the Board of Aldermen. Allocation transfers of \$29 were approved during the fiscal year. A negative appropriation of \$1,531 was also made to offset the grant revenue that went directly to the Board of Education.

All unencumbered appropriations lapse at year-end except those for Capital Projects and Special Revenue Funds. Appropriations for these funds are continued until completion of applicable projects, which generally extend more than one fiscal year.

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded as a reservation of fund balance, in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in all governmental fund types. For GAAP purposes, encumbrances outstanding at the year end are reported as reservations of fund balances since they do not constitute expenditures or liabilities.

The major difference between the budgetary and GAAP basis of accounting is:

- Encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which the purchase order is issued and, accordingly, encumbrances outstanding at year end are reflected in budgetary reports as expenditures in the current year whereas they are shown as a reservation of fund balance on a GAAP basis of accounting.
- In accordance with Governmental Accounting Standards Board Statement No. 24, *Accounting and Financial Reporting for Certain Grants and Other Financial Assistance*, the City reports on-behalf contributions made by the State of Connecticut to the Connecticut State Teachers' Retirement System as revenue and expenditures for GAAP purposes.
- At the end of each fiscal year, the Board of Education's summer payroll is charged to the subsequent year's budget. As these expenditures should be accrued, this adjustment is necessary to properly record expenditures on a GAAP basis.

**B. Deficit Fund Equity**

The following fund had a deficit fund balance at June 30, 2010:

	<u>Amount</u>
Major:	
School Facilities Fund	\$ (5,422)

This deficit will be reduced or eliminated through the receipt of grant funds, permanent financing or future transfers from the General Fund.

**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 Statute 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 does 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) and the State Tax Exempt Proceeds Fund (TEPF). These investment pools are 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.

**Deposits**

*Deposit Custodial Credit Risk* - Custodial credit risk is the risk that, in the event of a bank failure, the City’s deposit will not be returned. The City 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 its main place of business 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.

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$24,997 of the City’s bank balance of \$28,859 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 23,623
Uninsured and collateral held by the pledging bank’s trust department, not in the City’s name	<u>1,374</u>
Total Amount Subject to Custodial Credit Risk	<u><u>\$ 24,997</u></u>

**Cash Equivalents**

At June 30, 2010 the City’s cash equivalents amounted to \$73,585. The following table provides a summary of the City’s cash equivalents (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations. The pools all have maturities of less than one year.

	<u>Standard and Poor’s</u>
StateTax Exempt Proceeds Fund*	
State Short-Term Investment Fund (STIF)	AAA/m
Cutwater Asset Management	
- Connecticut Cooperative Liquid Assets Securities System (CLASS) Plus	AAA/m
State Short Term Investment Fund (STIF)	AAA/m
Money market funds*	

\*Not rated

## Investments

As of June 30, 2010, the City had the following investments:

Investment Type	Credit Rating	Fair Value	Investment Maturities (Years)		
			Less Than 1	1 - 10	More Than 10
Interest-bearing investments:					
U.S. Government obligations	AAA	\$ 5,210	\$	\$ 5,000	\$ 210
Asset backed securities	AAA	32,344			32,344
Corporate bonds	AAA to A-	18,346		15,548	2,798
Corporate bonds	BBB+ to B-	25,690		23,482	2,208
Corporate bonds	CCC+ to CC	1,083		1,083	
Certificates of deposit	*	266	150	116	
Total		82,939	\$ 150	\$ 45,229	\$ 37,560
Other investments:					
Equities		211,864			
Mutual funds		1,967			
Total Investments		\$ 296,770			

\*Subject to coverage by Federal Depository Insurance and collateralization.

*Interest Rate Risk* - The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The City limits their maximum final stated maturities to 15 years, unless specific authority is given to exceed. To the extent possible, the City will attempt to match its investments with anticipated cash flow requirements.

*Credit Risk - Investments* - As indicated above, State Statutes limit the investment options of cities and towns. The City has no formal investment policy that would further limit its investment choices.

*Concentration of Credit Risk* - The City has no policy limiting an investment in any one issuer that is in excess of 5% of the City's total investments.

*Custodial Credit Risk* - Custodial credit risk for an investment is the risk that, in the event of the failure of the counterparty (the institution that pledges collateral or repurchase agreement securities to the City or that sells investments to or buys them for the City), the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City does not have a policy for custodial credit risk. At June 30, 2010, the City did not have any uninsured and unregistered securities held by the counterparty, or by its trust department or agent that were not in the City's name.

#### 4. RECEIVABLES

Receivables as of year end for the City's individual major funds and nonmajor, internal service and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Capital Nonrecurring Fund</u>	<u>Milford Golf Course</u>	<u>Nonmajor and Aggregate Remaining Funds</u>
Receivables:				
Taxes	\$ 13,081	\$	\$	\$
Accounts	35	12	22	493
Special assessments	808			158
Intergovernmental	<u>2,398</u>			<u>263</u>
Gross receivables	16,322	12	22	914
Less allowance for uncollectibles:	<u>(1,045)</u>			
Net Total Receivables	<u>\$ 15,277</u>	<u>\$ 12</u>	<u>\$ 22</u>	<u>\$ 914</u>

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also deferred revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Delinquent property taxes receivable	\$ 11,480	\$
Taxes collected in advance		1,121
Assessments not yet due	807	
School building grant	2,367	
Grant drawdowns prior to meeting all eligibility requirements		8
Other deferred revenue		<u>194</u>
Total Deferred/Unearned Revenue for Governmental Funds	<u>\$ 14,654</u>	<u>\$ 1,323</u>

## 5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2010 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 32,937	\$ 460	\$ (98)	\$ 33,299
Construction in progress	91,326	8,064	(639)	98,751
Total capital assets not being depreciated	<u>124,263</u>	<u>8,524</u>	<u>(737)</u>	<u>132,050</u>
Capital assets being depreciated:				
Buildings and improvements	130,136	991		131,127
Improvements other than buildings	2,096			2,096
Machinery and equipment	34,563	954	(779)	34,738
Infrastructure	92,167	639		92,806
Total capital assets being depreciated	<u>258,962</u>	<u>2,584</u>	<u>(779)</u>	<u>260,767</u>
Less accumulated depreciation for:				
Buildings and improvements	(51,909)	(1,850)		(53,759)
Improvements other than buildings	(382)	(144)		(526)
Machinery and equipment	(26,203)	(1,379)	54	(27,528)
Infrastructure	(40,611)	(933)		(41,544)
Total accumulated depreciation	<u>(119,105)</u>	<u>(4,306)</u>	<u>54</u>	<u>(123,357)</u>
Total capital assets being depreciated, net	<u>139,857</u>	<u>(1,722)</u>	<u>(725)</u>	<u>137,410</u>
Governmental Activities Capital Assets, Net	<u>\$ 264,120</u>	<u>\$ 6,802</u>	<u>\$ (1,462)</u>	<u>\$ 269,460</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 1,681	\$ -	\$ -	\$ 1,681
Capital assets being depreciated:				
Buildings and system	468			468
Improvements other than buildings	1,231			1,231
Machinery and equipment	666			666
Total capital assets being depreciated	<u>2,365</u>	<u>-</u>	<u>-</u>	<u>2,365</u>
Less accumulated depreciation for:				
Buildings and system	(205)	(16)		(221)
Improvements other than buildings	(123)	(9)		(132)
Machinery and equipment	(377)	(32)		(409)
Total accumulated depreciation	<u>(705)</u>	<u>(57)</u>	<u>-</u>	<u>(762)</u>
Total capital assets being depreciated, net	<u>1,660</u>	<u>(57)</u>	<u>-</u>	<u>1,603</u>
Business-Type Activities Capital Assets, Net	<u>\$ 3,341</u>	<u>\$ (57)</u>	<u>\$ -</u>	<u>\$ 3,284</u>

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 78
Administration	141
Public safety	727
Public service	2,187
Education	903
Health and welfare	214
Grants to agencies	<u>56</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 4,306</u>
Business-type activities:	
Milford Golf Course	\$ 16
Harbor Management	<u>41</u>
Total Depreciation Expense - Business-Type Activities	<u>\$ 57</u>

## 6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

During the course of operations, transactions are processed through a fund on behalf of another fund. Additionally, revenues received in one fund are transferred to another fund. At June 30, 2010, the amounts due to and from other funds were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Capital Nonrecurring Fund	574
General Fund	Nonmajor Governmental Funds	46
General Fund	School Facilities Fund	3
General Fund	Harbor Management Fund	1
Sanitary Sewer	General Fund	2
Nonmajor Governmental Funds	Nonmajor Governmental Funds	31
Nonmajor Governmental Funds	Capital Nonrecurring Fund	41
Capital Nonrecurring Fund	Nonmajor Governmental Funds	138
Capital Nonrecurring Fund	General Fund	143
Capital Nonrecurring Fund	Internal Service Funds	487
Nonmajor Governmental Funds	General Fund	595
Internal Service Funds	General Fund	90
Internal Service Funds	Nonmajor Governmental Funds	115
Internal Service Funds	Capital Nonrecurring Fund	487
Internal Service Funds	Harbor Management Fund	<u>5</u>
Total		<u>\$ 2,758</u>

Interfund transfers:

	<b>Transfers In</b>			<b>Total</b>
	<b>Capital Nonrecurring</b>	<b>Nonmajor Governmental</b>	<b>General Fund</b>	
Transfers out:				
General Fund	\$ 171	\$ 1,295	\$ 545	\$ 1,466
Capital Nonrecurring Fund			545	545
Harbor Management		3		3
Nonmajor Governmental	319			319
<b>Total</b>	<b>\$ 490</b>	<b>\$ 1,298</b>	<b>\$ 545</b>	<b>\$ 2,333</b>

General Fund transfers are made in accordance with budget appropriations and authorized allocation transfers. The General Fund transfers to other funds are primarily for the purpose of establishing local funding for capital projects to reduce bonding. There are also public debt service transfers from the General Fund and Sewer Use Fund to fund our Sewer Debt Service Fund. In addition, there are post employment benefit transfers from the General Fund to fund our Other Post Employment Benefits Fund. Transfers are used to move unrestricted general fund revenues to fund various programs that must be accounted for separately in accordance with budgetary authorizations.

## 7. LEASES

### Capital Lease

The City of Milford Board of Education entered into a lease-purchase agreement with Banc of America Public Capital Corporation for the purchase of computer hardware and software in the amount of \$208.

The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of future minimum lease payments as of the date of inception. The following is a schedule of the minimum lease payments under the lease, and the present value of the future minimum lease payments reflected at June 30, 2010:

<u>Year Ending June 30,</u>	<u>Amount</u>
2011	\$ 45
Less amount representing interest	<u>(1)</u>
Present Value of Future Minimum Lease Payment	<u>\$ 44</u>

## 8. LONG-TERM DEBT

### General Obligation Bonds

Bonds payable at June 30, 2010 amounted to \$82,985 with interest rates ranging from 2.0% to 6.5% on bonds maturing at various dates through the year 2030. Grants receivable to offset future City principal payments totaled \$2,367 from State of Connecticut school construction grants.

Bonds authorized and unissued totaled \$40,874 at June 30, 2010. A summary of the long-term indebtedness transactions for the current fiscal year follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds payable:					
General obligation bonds	\$ 74,220	\$ 30,570	\$ (21,805)	\$ 82,985	\$ 7,125
Less deferred amounts on refunding	(680)	(410)	103	(987)	
Total bonds payable	<u>73,540</u>	<u>30,160</u>	<u>(21,702)</u>	<u>81,998</u>	<u>7,125</u>
Long-term note payable	2,062	43,997	(2,633)	43,426	1,950
Claims and judgments	6,062	32,625	(33,589)	5,098	5,098
Compensated absences	19,976		(2,560)	17,416	1,080
Capital lease	84		(40)	44	44
Net OPEB obligation	<u>32,847</u>	<u>26,093</u>	<u>(7,737)</u>	<u>51,203</u>	
Total Governmental Activities					
Long-Term Liabilities	<u>\$ 134,571</u>	<u>\$ 132,875</u>	<u>\$ (68,261)</u>	<u>\$ 199,185</u>	<u>\$ 15,297</u>

The following is a schedule of long-term debt maturity:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 7,125	\$ 3,006	\$ 10,131
2012	7,065	2,747	9,812
2013	6,480	2,496	8,976
2014	5,940	2,270	8,210
2015	5,810	2,059	7,869
2016	5,480	1,875	7,355
2017	5,445	1,687	7,132
2018	4,860	1,486	6,346
2019	4,545	1,300	5,845
2020	4,380	1,130	5,510
2021	3,990	966	4,956
2022	3,785	813	4,598
2023	3,625	667	4,292
2024	3,165	533	3,698
2025	2,740	415	3,155
2026	2,490	309	2,799
2027	2,115	215	2,330
2028	1,760	138	1,898
2029	1,430	73	1,503
2030	<u>755</u>	<u>15</u>	<u>770</u>
Total	<u>\$ 82,985</u>	<u>\$ 24,200</u>	<u>\$ 107,185</u>

### Long-Term Note Payable

The City has several State of Connecticut Clean Water serial notes outstanding. The interest rate is 2% and the notes are payable through May 31, 2029. The principal and interest payments are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 1,950	\$ 850	\$ 2,800
2012	1,988	812	2,800
2013	2,028	772	2,800
2014	2,068	732	2,800
2015	2,103	688	2,791
2016-2020	11,200	2,761	13,961
2021-2025	12,322	1,664	13,986
2026-2029	9,767	392	10,159
Total	<u>\$ 43,426</u>	<u>\$ 8,671</u>	<u>\$ 52,097</u>

### Interim Financing Obligations

The City is participating in capital projects under the State of Connecticut Clean Water Fund established in accordance with Section 22a-477 of the General Statutes of Connecticut. The Clean Water Fund is administered by the State Department of Environmental Protection and provides grant and loan funds to municipalities for “eligible water quality project costs.”

The changes in the City’s liability under the two-percent (2%) interim loan portion of the projects are as follows:

	<u>Amount</u>
Interim loan payable, July 1, 2009	\$ 40,597
Increases	3,549
Decreases	<u>(44,146)</u>
Interim Loan Payable, June 30, 2010	<u>\$ -</u>

The notes were permanently financed and the proceeds are reflected in the Sanitary Sewer Fund at June 30, 2010.

### Defeasance of Debt

On January 20, 2010, the City issued \$15.47 million in General Obligation Refunding Bonds for governmental activities debt with an average interest rate of 2.98% to advance refund \$2,980 in 1998, \$2,300 in 2002, \$5,115 in 2003, \$490 in 2004, \$770 in 2005, \$1,065 in 2006, \$990 in 2007, and \$1,350 in 2009 bonds with an average interest rate of 4.10%. The net proceeds of 15.89 million (after payment of \$188 in underwriting fees, insurance and other issuance costs) were used to purchase a portfolio of noncallable direct obligations of, or obligations guaranteed by, the United States of America. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded bonds. As a result, the refunded bonds are considered defeased and have been removed from the City’s financial statements.

The City advance funded the 1998-2006 Series bonds to reduce its total debt service payments over the next 14 years by \$410 and to obtain an economic gain (difference between the present values of the debt service payments on the old and the new debt) of \$566.

**Prior Year Defeasance of Debt**

In prior years, the City had defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City’s financial statements. At June 30, 2010, \$8,255 of bonds outstanding is considered defeased.

**Bond Anticipation Notes**

Bond anticipation notes, which serve as temporary financing for certain capital projects, were outstanding at June 30, 2010.

	<u>Amount</u>
Notes payable, July 01, 2009	\$ 26,410
Notes issued	37,063
Notes retired	<u>(39,840)</u>
Notes Payable, June 30, 2010	<u>\$ 23,633</u>

These notes serve as temporary financing for various public improvements, school and sewer projects. The notes are dated November 5, 2009 and mature as follows: \$13,430,000 on May 4, 2010 and \$1,970,000 on November 4, 2010 and carry nominal interest rates of 1% and 1.75%, respectively. These notes had premiums paid by the buyer which resulted in net interest cost of 0.412% and 0.6447%, respectively. On May 4, 2010, \$21,663,000 in notes were issued, maturing on November 4, 2010 and carrying a nominal interest rate of 1%. These notes had a premium paid by the buyer which resulted in net interest cost of 0.3283%.

**Other Obligations**

At June 30, 2010, the dollar value of City employees’ and Board of Education employees’ accumulated vacation and sick time has been valued using the vesting methods outlined in GASB Statement No. 16. These obligations are typically funded by the General Fund.

**Debt Limitation**

The City’s indebtedness does not exceed the legal debt limitations as required by the Connecticut General Statutes as reflected in the following schedule:

<u>Category</u>	<u>Debt Limit</u>	<u>Net Indebtedness</u>	<u>Balance</u>
General purpose	\$ 330,797	\$ 41,244	\$ 289,553
Schools	661,595	46,851	614,744
Sewers	551,329	101,455	449,874
Urban renewal	477,818		477,818
Pension deficit	441,063		441,063

The total overall statutory debt limit for the City is equal to seven times annual receipts from taxation (\$1,029,147).

The indebtedness reflected above includes long-term debt outstanding in addition to the amount of bonds authorized and unissued against which bond anticipation notes are issued and outstanding. School indebtedness is net of \$2,367 of State of Connecticut school building grant commitments.

## 9. RISK MANAGEMENT

The City and the Board of Education are exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and others; and natural disasters. For FY2010, the City and the Board of Education Property, General Liability, Auto Liability, Public Officials' Liability, Police Professional Liability, and Educators' Liability were insured by CIRMA with deductibles of \$1,000 for auto physical damage and \$-0- for other liability coverage. Law Enforcement/Public Officials/School Leaders has a \$25,000 deductible and Employee Benefits has a deductible of \$10,000. The Board of Education insures its Workers' Compensation with CIRMA.

The Property/Inland Marine Insurance and Boiler and Machinery Insurance are with CIRMA Insurance. The policy has a deductible of \$50,000. There is \$20,000,000 of coverage for flood damage under this policy. Flood Zones A and V have a deductible of \$1,000,000. The City has purchased coverage from the National Flood Program to cover this deductible. The National Flood Program has a maximum deductible of \$25,000.

All City deductibles and premiums for the City portion of insurance are paid from the City's Property and Casualty Self Insurance Fund. The Board of Education pays for its premiums and deductibles from its operations budget.

The Property and Casualty Self Insurance Fund is an internal service fund that was established by the Board of Aldermen in April 2003 along with a self insurance program for property and casualty insurance. This fund pays for claims that occurred between April 23, 2003 and June 30, 2008. The General Liability, Auto Liability, Public Officials' Liability, Police Professional Liability and Educator's Liability were self insured for the first \$250 thousand dollars of each claim. There is an excess coverage policy for up to \$5 million of losses provided by Genesis. The General Liability, Police Professional Liability and Auto Liability have additional coverage of \$10 million provided by Crum and Foster. There are several claims still open from this period.

The claims liability reported in the Internal Service Fund at June 30, 2010 is based on GASB Statement No. 10, which requires that a liability for estimated claims incurred but not reported be recorded.

	<u>Liability</u> <u>July 1,</u>	<u>Current Year</u> <u>Claims</u>	<u>Claim</u> <u>Payments</u>	<u>Liability</u> <u>June 30,</u>
06/30/09	\$ 1,895	\$ 1,176	\$ 1,537	\$ 1,534
06/30/10	1,534	681	1,281	934

The Workers' Compensation Internal Service Fund is used to account for and finance workers' compensation costs for City employees and City Grant Agency employees. Contributions to the Workers' Compensation Fund from the General Fund are made based upon actuarial calculations. Payments are made by Grant Agencies and the Sewer Fund based upon NCCI rates based on payroll.

The City carries an Excess Workers' Compensation Policy with Midwest Employers Casualty Company for \$400 per occurrence. For fiscal year 2010-11, there is an Excess Workers' Compensation policy with Safety National Casualty Corporation for \$500 per occurrence.

The General Fund will be used to cover any uninsured risks of loss.

Changes in the claims liability for the years ended June 30, 2010 and 2009, were as follows:

	<u>Liability</u> <u>July 1,</u>		<u>Current Year</u> <u>Claims</u>		<u>Claim</u> <u>Payments</u>		<u>Liability</u> <u>June 30,</u>
06/30/09	\$ 2,468	\$	865	\$	1,149	\$	2,184
06/30/10	2,184		885		1,024		2,045

The Health Insurance Service Fund is used to account for and finance indemnity medical coverage for eligible City, Board of Education and City Grant Agency employees and dependents, and prior employees and dependents entitled to continue participation in the City's plan under the provisions of COBRA. For the year ended June 30, 2010, the annual limit on individual medical claims chargeable to the Fund is \$100. Payments to the Health Insurance Fund are made by the Grant Agencies, the Sewer Use Fund, the Special Education Grants Fund, the Special Grants Fund, the Harbor Management Enterprise Fund and persons continuing coverage under COBRA in an amount equal to the premium an individual would pay for continuation coverage under the group program. The City makes General Fund contributions to the Health Insurance Fund based on budgeted amounts, which in conjunction with estimated Grant contributions, total the year's estimated expected losses.

Changes in the claims liability for the years ended June 30, 2010 and 2009, were as follows:

	<u>Liability</u> <u>July 1,</u>		<u>Current Year</u> <u>Claims</u>		<u>Claim</u> <u>Payments</u>		<u>Liability</u> <u>June 30,</u>
06/30/09	\$ 2,147	\$	28,693	\$	28,496	\$	2,344
06/30/10	2,344		31,059		31,284		2,119

## 10. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

### A. Plan Descriptions

The City of Milford is the administrator of a single-employer public employee retirement system (PERS) established and administered by the City to provide pension benefits for its full-time employees other than teachers who are covered by the Retirement System - State Teachers Retirement Board. The Retirement System is considered to be part of the City of Milford's financial reporting entity and is included in the City's financial reports as a pension trust fund. The City does not issue stand alone financial statements for the Pension Trust Fund.

The City of Milford Retirement System provides retirement benefits as well as death and disability benefits. Benefits vest after 10 years for General City members (5 years for Public Works, Supervisors, Custodians and Cafeteria Workers); there is no vesting for Police and Fire members. Except for Police and Fire, members who retire after age 60 with 10 years of service (5 years for Public Works, Supervisors, Custodians and Cafeteria Workers) or the age at which the sum of age and service equal 80 (79 for non-represented members and Board of Education Contract Secretaries) are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 2% or 2-1/4% of their final average salary for each year of credited service. Police and Fire members who retire after 20 years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 45% times average annual pay plus 2% times average annual pay times credited service over 20 years. Supplemental benefits for Police members who were hired prior to April 6, 1989 and Fire members are based on 1/2 of salary increases given to members in the grade that the member was in at the time of retirement.

Final average salary is the average of the 2 or 3 highest fiscal years compensation. General city members with 10 years of service (5 years for Public Works, Custodians and Cafeteria Workers) may retire at or after age 50 and receive a reduced benefit. If a member leaves covered employment or dies before meeting the vesting requirements, accumulated employee contributions with interest thereon are refunded. Benefits and employee contributions are fixed by contract and may be amended by union negotiation. The surviving spouse of a Fire active member or retiree who retired after November 1, 1988 receives a fixed pension supplement equal to 50% of average annual pay at death or retirement, payable monthly for life. The surviving spouse of a Police active member or retiree who retired after June 29, 2001 receives a fixed pension supplement equal to 50% of average annual pay at death or retirement, payable monthly for life.

Membership in the plan consisted of the following at July 1, 2009:

	<b>City of Milford Retirement System</b>
Retirees and beneficiaries receiving benefits	676
Terminated employees entitled to benefits but not yet receiving them	18
Active plan members	730
	<hr/>
Total	1,424
	<hr/> <hr/>

## **B. Summary of Significant Accounting Policies and Plan Asset Matters**

**Basis of Accounting:** The PERS financial statements are prepared using the accrual basis of accounting. Employee and employer contributions are recognized when due, pursuant to formal commitments, as well as per statutory or contractual requirements. Benefit payments and refunds are payable when due and payable in accordance with the terms of the PERS. All administrative costs are financed through investment earnings. All investments of the fund are reported at fair value.

## **C. Funding Status and Progress**

### **City of Milford Retirement System**

General City members are required to contribute 2.25% of annual compensation up to \$4,200 plus 5% of compensation in excess of \$4,200 (4 % of compensation in excess of \$4,200 for MEA and MSA members and non-represented members with 15 or more years of service); Fire employees are required to contribute 6% of annual compensation; if they have less than 15 years of service, 5% for years between 15 and 24, and 4% thereafter; Police employees are required to contribute 5.5% of annual compensation if they have less than 10 years of service, 5% for years between 10 and 14, and 4.5% thereafter. The contributions by employees are determined by collective bargaining. The City is required by ordinance to contribute the remaining amounts necessary to provide benefits for the members.

#### D. Annual Pension Cost and Net Pension Obligations

The City's annual pension cost and net pension obligation to the PERS for the current year were as follows:

	<b>City of Milford Retirement System</b>
	<hr/>
Annual required contribution	\$ -
Interest on net pension obligation	(2)
Adjustment to annual required contribution	<hr/> 3
Annual pension cost	1
Contribution made	<hr/> -
Decrease in net pension asset	1
Net pension asset, July 1, 2009	<hr/> (26)
Net Pension asset, June 30, 2010	\$ <hr/> <hr/> (25)

The following is a summary of certain significant actuarial assumptions and other PERS information:

	<b>City of Milford Retirement System</b>
	<hr/>
Actuarial valuation date	July 1, 2009
Actuarial cost method	Aggregate Cost
Amortization method	Not Applicable
Remaining amortization period	Not Applicable
Asset valuation method	Uncapped
Actuarial assumptions:	
Investment rate of return (including inflation rate of 3.5%)	8.5%/annum
Projected salary increases	3.0%/annum
Cost of living adjustments:	
Post-retirement benefit increases	None, except for Police hired after April 6, 1986 - 3%/annum

## E. Trend Information

City of Milford Retirement System			
Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)
2008	\$ 1,120	121.5%	\$ (27)
2009	1	-	(26)
2010	1	-	(25)

## F. Pension Plan Required Supplementary Information

### Schedule of Funding Progress\*

City						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) (b)	Funded (Unfunded) AAL (UAAL) (a-b)	Percentage Funded (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((a-b)/c)
7/1/07	\$ 354,675	\$ 274,820	\$ (79,855)	129.1%	\$ 39,633	(201.5)%
7/1/08	385,088	287,313	(97,775)	134.0	40,141	(243.6)
7/1/09	383,936	302,642	(81,294)	126.9	40,550	(200.5)

\* Schedule was prepared using the entry-age normal cost method as the aggregate cost method does not provide for this information.

### Schedule of Employer Contributions

City of Milford Retirement System		
Fiscal Year Ended	Annual Required Contribution	of ARC Percentage Contributed
6/30/05	\$ 961	100.0%
6/30/06	974	100.0
6/30/07	1,213	82.4
6/30/08	1,129	120.5
6/30/09	-	100.0
6/30/10	-	100.0

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation is presented in Section D above.

### State of Connecticut Police and Fire Survivors' Plan

The City makes monthly contributions to the State Survivors' Plan based upon an amount invoiced by the State. The State Survivors' Plan makes monthly payments to the surviving spouses of police and fire retirees. The City has no information concerning payments made by or the funding status of this plan. City contributions for the year ended June 30, 2010 were \$165.

## Connecticut State Teachers' Retirement System

All certified employees of the City of Milford school system participate in the State of Connecticut Teachers' Retirement System under Chapter 167a of the General Statutes of the State of Connecticut. A teacher is eligible to receive a normal retirement benefit if he or she has: 1) attained age 60 and has accumulated 20 years of credited service in the public schools of Connecticut or 2) attained any age and has accumulated 35 years of credited service, at least 25 years of which are service in the public schools of Connecticut. The City's Board of Education withholds 7.25% of all teachers' annual salaries and transmits the funds to the State Teachers' Retirement Board.

The retirement system for teachers is funded by the State based upon the recommendation of the Teachers' Retirement Board. Such contribution includes amortization of the actuarially computed unfunded liability. The City does not have any liability for Teacher Pensions. The amount contributed by the State on behalf of the City of Milford's Board of Education was \$7,554. This amount has been recorded in the General Fund as intergovernmental revenue and education expenditures.

The State of Connecticut Teacher Retirement System is considered to be a part of the State of Connecticut financial reporting entity and is included in the State's financial reports as a pension trust fund. Those reports may be obtained by writing to the State of Connecticut, Office of the State Comptroller, 55 Elm Street, Hartford, Connecticut 06106.

## 11. OTHER POSTEMPLOYMENT BENEFITS

### A. Plan Description and Benefits Provided

#### City

In addition to the pension benefits described in Note 10, all City employees retiring under the City of Milford Retirement Plan are provided post-employment benefits. Individual stand-alone statements are not issued. The level of these benefits is determined by contract for all union employees and by a City of Milford ordinance for all non-represented employees. Per contracts and ordinances, the City pays the full cost of these benefits. Benefits provided are as follows: 1) for retirees under 65, the City must currently provide Blue Cross/Blue Shield hospitalization, medical/surgical, prescription drug and major medical (varying deductibles) coverages with coverages provided to both the retired employee and eligible dependents; 2) for retired employees and their eligible dependents, the City must provide Blue Cross/Blue Shield 65 coverage and also reimburse the Medicare Part B premium for each eligible retiree and retiree spouse eligible for Medicare; 3) the City also provides life insurance coverage based on union contracts. Health care costs are as follows:

Pre-65:	
General City, other than MEA	\$6,474 per year
General City, MEA	\$6,396 per year
Fire	\$6,396 per year
Police	\$6,396 per year
Post-65:	
All	\$2,376 per year

## Board of Education

The Board of Education provides certain post-retirement benefits to retirees through negotiated contracts. Eligibility for benefits is as follows:

Teachers: Prior to age 65 pay full premium minus the Teachers' Retirement Board subsidy. Post 65, Board of Education pays premium in full for participant only, spouse pays premium minus subsidy.

Para-professionals: Retiree pays 50% of premium at age 60 with 15 years of service. No benefits after age 65.

Custodians: No cost until age 65 if at least age 60 with 10 years of service at retirement. At age 65, retiree must pay for prescription and dental coverage if elected.

Secretaries: No cost to retiree or spouse if retiree is at least 60 with 10 years of service at retirement or age plus service equals 79.

Cafeteria Workers: No cost to retiree or spouse until age 65 if employee is at least age 60 with 10 years of service at retirement. At age 65, retiree must pay for prescription and dental coverage if elected.

Administrators: If retire before age 65, must be receiving retirement allowance from the Teachers' Retirement Board to qualify for benefits. No cost to retiree or spouse if the percentage of premium that the employee pays prior to retirement is less than the Teachers' Retirement Board subsidy. If cost is greater than the subsidy, retiree pays the difference. If subsidy is eliminated, retiree pays percentage of cost in effect at time of retirement. At age 65, no cost to retiree or spouse.

The Board provides Medicare Part A and B supplemental coverage and life insurance for retirees over 65. The Board of Education does not provide any financial assistance to those teachers who retire prior to age 65. The State Teachers' Retirement Board provides a \$110 (single) and/or \$220 (two-person) per month per employee as a subsidy to offset the post employment costs. Life insurance is provided to Union employees as follows: Administrators 100% of salary; Teacher 50% of salary; support or non-certified staff \$10,000 or less. The Life Insurance Amount is fixed and does not get adjusted for inflation, cost of living, or any other index. Health care costs are as follows:

### Pre-65 (for current active members who retire):

Board of Ed-Café	\$5,898 per year
Board of Ed-Cust	\$6,423 per year
Board of Ed-Sec	\$5,872 per year
Board of Ed-Para	\$5,903 per year
Administrators	\$6,660 per year
Teachers	\$6,407 per year

### Pre-65 (for current retirees who are under 65):

Based on plan selected

### Post-65 (for current active members who retire and current retirees who are over 65):

Board of Ed-Café	\$2,611 per year
Board of Ed-Cust	\$2,611 per year
Board of Ed-Sec	\$2,611 per year
Board of Ed-Para	N/A
Administrators	\$4,430 per year
Teachers	\$4,457 per year

### Post-65 (for current retirees who are under 65):

Based on plan selected

**B. Membership**

Membership in the plan consisted of the following at July 1, 2008:

	<b>Board of Education Retiree Medical Benefit Plan</b>	<b>City of Milford Retiree Medical Benefit Plan</b>
Number of retirees and eligible surviving spouses	622	72
Number of active participants	1,072	530
Total	<u>1,694</u>	<u>602</u>

**C. Description of Actuarial Assumptions and Methods**

The following is a summary of certain significant actuarial assumptions and other PERS information:

	<b>Board of Education Retiree Medical Benefit Plan</b>	<b>City of Milford Retiree Medical Plan</b>
Actuarial valuation date	July 1, 2008	July 1, 2008
Actuarial cost method	Projected Unit Credit Cost	Projected Unit Credit Cost
Amortization method	Level dollar	Level dollar
Remaining amortization period	29 years - closed	29 years - closed
Actuarial assumptions:		
Investment rate of return	5.0%/annum	5.0%/annum
Projected salary increases	4.5%/annum	n/a

Retirement Assumptions:

**City**

General City: Age 62 or completion of 10 years of service if later, minimum age on valuation date plus one year.

Fire: 20 years of service, minimum age 53, maximum age 60, minimum age on valuation date plus one year.

Police: 20 years of service, minimum age 45, maximum age 60, minimum age on valuation date plus one year.

**Board of Education**

Cafeteria Workers, Custodians, Secretaries: age 50 with 10 years of service, minimum age on valuation date plus one year.

Teachers and Administrators: age 60 with 10 years of service or age 55 with 20 years of service, minimum age on valuation date plus one year.

Para-professionals: age 60 with 15 years of service, minimum age on valuation date plus one year.

#### D. Annual OPEB Cost and Net OPEB Obligations

The City and Board of Education's annual OPEB cost and net OPEB obligation for the current year were as follows:

	<b>Board of Education Retiree Medical Benefit Plan</b>	<b>City of Milford Retiree Medical Benefit Plan</b>
Annual required contribution	\$ 12,414	\$ 14,070
Interest on net OPEB obligation	794	849
Adjustment to annual required contribution	(983)	(1,052)
Annual OPEB cost	<u>12,225</u>	<u>13,867</u>
Contribution made	<u>2,761</u>	<u>4,975</u>
Increase in net OPEB obligation	9,464	8,892
Net OPEB obligation, July 1, 2009	<u>15,874</u>	<u>16,973</u>
 Net OPEB Obligation, June 30, 2010	 <u>\$ 25,338</u>	 <u>\$ 25,865</u>

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation (asset) for the fiscal year ending June 30, 2010 is presented below.

<b>Board of Education</b>	<b>Annual OPEB Cost (AOC)</b>	<b>Actual Contribution</b>	<b>Percentage of AOC Contributed</b>	<b>Net OPEB Obligation (Asset)</b>
6/30/08	\$ 11,042	\$ 3,224	29.2%	\$ 7,818
6/30/09	11,500	3,444	30.0%	15,874
6/30/10	12,225	2,761	22.6%	25,338
<b>City</b>				
6/30/08	12,433	3,855	31.0%	8,578
6/30/09	12,953	4,558	35.2%	16,973
6/30/10	13,867	4,975	35.9%	25,865

#### Schedule of Funding Progress

The annual other post employment benefit (OPEB) cost is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation (asset):

#### City

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (b)</b>	<b>Underfunded AAL (OAAL) (b-a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a percentage of Covered Payroll ((b-a)/c)</b>
7/1/06	\$ -	\$ 114,337	\$ 114,337	-	\$ 31,600	361.8%
7/1/08	-	128,764	128,764	-	32,683	394.0

## Board of Education

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Underfunded AAL (OAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a percentage of Covered Payroll ((b-a)/c)
7/1/06	\$ -	\$ 107,159	\$ 107,159	-	\$ 60,440	177.3%
7/1/08	-	117,053	117,053	-	55,591	210.6

## 12. CONTINGENT LIABILITIES (Amounts not Rounded)

On June 30, 2005, the City and Milford Power Company, LLC (the Company) entered into a Property Tax Payment Agreement. The Company withdrew its assessment appeals for Grand Lists of 2001, 2002, 2003 and 2004. The assessment had been \$183,073,530 generating over \$5,000,000 in taxes. (The assessment and the taxes would have significantly decreased in future years due to depreciation of the personal property.) In return, the City accepted scheduled payments in lieu of taxes for the fiscal years of 2006 through 2015. Payments will be made in July and January of each fiscal year. The payment schedule is \$1,687,500 for each six-month period from July 2005 through January 2009. Payments will be \$1,875,000 for each six-month period from July 2009 through January 2011 and \$1,750,000 for each six-month period from July 2011 through January 2015. The Company made the July 2008 payment and is up to date with all their payments.

The City also entered into a Water Access Agreement with the Company. If the Company opts to terminate that agreement, the City will reimburse the Company a total of \$1,300,000 commencing in July 2009. This will be accomplished by reducing the scheduled July payment disclosed above by \$325,000 each year for four years from July 2009 through July 2012.

As a result of the Property Tax Payment Agreement, the Assessor issued a certificate of correction in June 2005 removing the \$183,073,530 from the Grand List of 2004. Since this occurred after the October 1, 2004 Grand List was signed, the reduction does not appear in any of the Grand List 2004 figures, including the Net Taxable Grand List (shown as \$3,999,996,598) in the Property Tax Levies and Collections. The Adjusted Annual Levy of \$121,498,000 does reflect the reduction.

On February 6, 2006, the City of Milford entered into a Property Tax Agreement with Devon Power, LLC (the Company). The Company withdrew its assessment appeals for Grand Lists 2003 and 2004. The assessment for both Real and Personal Property had been \$49,854,176 for 2003 and \$44,761,476 for 2004, generating close to a \$1,000,000 in taxes for each year. The assessment and the taxes would have been significantly reduced going forward due to depreciation of their personal property, which makes up approximately two-thirds of their assessment. The City accepted scheduled payments in lieu of taxes for the fiscal years of 2006 through 2009. Payments will be made in July and January of each fiscal year. The payment schedule is \$708,172 for January and \$250,000 for each six-month period from July 2006 through January of 2009. Devon Power is up to date with all their payments.

On May 15, 2009, the City settled a tax appeal with Connecticut Post Mall Limited Partnership. Under this settlement, the City lowered their real property assessment from \$133,273,859 for the 2008 Grand List to \$118,061,678. Additionally, the City adjusted their 2006 assessment to \$110,748,904 and their 2007 assessment to \$118,061,678. This resulted in a total credit due to the Partnership of \$1,248,516.

On June 28, 2010, the City of Milford entered into a Property Tax Payment Agreement with GenConn Devon LLC. The City accepted a 30 year payment schedule calling for payments in lieu of taxes to be made to the City through May 1, 2040. Payment amounts are as follows: 6/30/2010 - \$500,000; 5/1/2011 - \$2,500,000; 5/1/2012 - \$3,000,000; 5/1/2013 through 5/1/2040 - \$2,025,000.

There are various lawsuits and claims pending against the City's various Boards and Departments, none of which, individually or in the aggregate, is believed by counsel to be likely to result in a judgment or judgments which would seriously affect the City's financial position.

The City 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 the terms of the grant. Based on prior experience, City management believes that such disallowances, if any, will not be material.

### **13. SUBSEQUENT EVENTS**

On August 2, 2010, the Board of Aldermen rescinded \$1,689,699 of bond authorizations.

**Required Supplementary  
Information**

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## CITY OF MILFORD, CONNECTICUT

## GENERAL FUND

SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)

FOR THE YEAR ENDED JUNE 30, 2010

(In Thousands)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
General Property Taxes and Assessments:				
Current taxes	\$ 142,923	\$ 142,923	\$ 143,905	\$ 982
Personal property audit			336	336
Prior year's levies	2,200	2,200	1,821	(379)
Flood and erosion assessments	88	88	75	(13)
Suspense collections	18	18	20	2
Total general property taxes and assessments	<u>145,229</u>	<u>145,229</u>	<u>146,157</u>	<u>928</u>
Fines, Forfeitures Penalties and Interest:				
Interest and liens	<u>1,200</u>	<u>1,200</u>	<u>993</u>	<u>(207)</u>
Federal, State and Local Governments:				
Other State grants	250	250	743	493
School transportation aid - State	201	201	137	(64)
Education cost sharing	10,728	9,198	9,198	-
State realty in lieu of tax	550	550	488	(62)
Pequot State Aid	569	569	391	(178)
Elderly tax freeze	10	10	10	-
Elderly tax credit	499	499	461	(38)
Total disability exemptions			7	7
PILOT - private exemptions	456	456	450	(6)
Veteran grants	181	181	169	(12)
School debt - interest	121	121	121	-
School debt - principal	585	585	680	95
Telephone access grant	243	243	159	(84)
Municipal Video Corporate Trust Acct			68	68
Shellfish Taxes			2	2
State aid for health	74	74	76	2
OTB Wagering Share	60	60	62	2
Manufacture machinery, and equipment	1,352	1,352	1,171	(181)
Total Federal, State and local government	<u>15,879</u>	<u>14,349</u>	<u>14,393</u>	<u>44</u>
Investment Income:				
Investments in idle funds	300	300	105	(195)
Rental of other property	43	43	47	4
Total investment income	<u>343</u>	<u>343</u>	<u>152</u>	<u>(191)</u>

(Continued on next page)

## CITY OF MILFORD, CONNECTICUT

## GENERAL FUND

SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2010

	Budgeted Amounts		Actual	Variance - Favorable (Unfavorable)
	Original	Final		
Other Revenue:				
Rental of school property	\$ 8	\$ 8	\$ 24	\$ 16
Vandalism	1	1	1	-
PILOT - Water Authority	380	380	409	29
Power Plant Settlement	3,425	3,425	3,425	-
Miscellaneous other revenues	4	4	89	85
Inland wetland fees	6	6	6	-
Total other revenue	<u>3,824</u>	<u>3,824</u>	<u>3,954</u>	<u>130</u>
Licenses, Permits and Other Charges:				
Devices and amusements	4	4	20	16
Vending permits	7	7	8	1
Disposal area licenses	58	58	56	(2)
Fees and fines	26	26	27	1
Copying fees	4	4	4	-
Recording documents	328	328	374	46
Conveyance tax	797	797	617	(180)
General copying fees	47	47	66	19
Fire Department fees	1	1	1	-
Building inspection fees	750	750	657	(93)
Police fines and forfeits	30	30	30	-
False alarm fees	40	40	27	(13)
Fire Department false alarm fines			1	1
Street opening permits	7	7	5	(2)
Engineering fees	7	7	5	(2)
Residential waste fees	57	57	54	(3)
Health inspection fees	70	70	71	1
Planning and zoning fees	20	20	24	4
Zoning appeals fees	8	8	8	-
Recreation fees	37	37	41	4
Walnut Beach parking	12	12	19	7
Parking fines judicial	3	3	2	(1)
Vehicle violations judicial	15	15	17	2
Sewer assessments	25	25	44	19
Animal shelter redemption	4	4	5	1
Dog Fund - City share	11	11	10	(1)
Hunting and Angling Fund	2	2		(2)

(Continued on next page)

## CITY OF MILFORD, CONNECTICUT

## GENERAL FUND

SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2010

	Budgeted Amounts		Actual	Variance - Favorable (Unfavorable)
	Original	Final		
Licenses, Permits and Other Charges (continued):				
Sale of Other Property	\$	\$	\$ 15	\$ 15
Recycling revenues	30	30	47	17
PILOT - Federal payments	3	3	2	(1)
Sticker fees	1	1	1	-
Bingo permits share	1	1	2	1
Total licenses, permits and other charges	<u>2,405</u>	<u>2,405</u>	<u>2,260</u>	<u>(145)</u>
Total revenues	<u>168,880</u>	<u>167,350</u>	<u>167,909</u>	<u>559</u>
Other financing sources:				
Transfer in		545	545	-
Sale of capital assets	<u>225</u>	<u>225</u>	<u>98</u>	<u>(127)</u>
Total other financing sources	<u>225</u>	<u>770</u>	<u>643</u>	<u>(127)</u>
Total Budgeted Revenues and Other Financing Sources	\$ <u>169,105</u>	\$ <u>168,120</u>	168,552	\$ <u>432</u>
Budgetary revenues are different than GAAP revenues because:				
State of Connecticut on-behalf contributions to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted			7,554	
Special education excess cost grant is reported gross for GAAP			265	
Proceeds from sale of refunding bonds			16,087	
Encumbrances for purchases and commitments which were subsequently cancelled in the next fiscal year			<u>(85)</u>	
Total Revenues and Other Financing Sources as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV			\$ <u>192,373</u>	

## CITY OF MILFORD, CONNECTICUT

## GENERAL FUND

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)

FOR THE YEAR ENDED JUNE 30, 2010

(In Thousands)

	<u>Budgeted Amounts</u>		<u>Expenditures and Encumbrances</u>	<u>Uncommitted Balance</u>
	<u>Original</u>	<u>Amended</u>		
General Government:				
Board of Aldermen	\$ 7	\$ 7	\$ 5	\$ 2
Elections	65	65	65	-
Registrar of Voters	132	132	128	4
Milford Govt Access Television	13	13	10	3
Mayor's Office	252	251	250	1
General expenses	438	502	502	-
Community Development Department	102	102	102	-
City Clerk	379	379	375	4
Law Department	542	542	542	-
Ethics Commission	4	4		4
Probate Court	13	13	11	2
Board of Finance	1	1	1	-
Planning and Zoning Board	366	364	355	9
Board of Tax Review	2	3	2	1
Board of Zoning Appeals	14	14	11	3
Pension Board	4	4	3	1
Tree Commission	1	1	1	-
Park and Recreation Commission	1	1	1	-
Conservation Commission	1	1	1	-
Inland Wetlands Agency	112	112	110	2
Housatonic River Est Commission	1	1	1	-
Public library	1,025	1,025	1,009	16
Total general government	<u>3,475</u>	<u>3,537</u>	<u>3,485</u>	<u>52</u>
Administration:				
Finance Department	1,618	1,587	1,521	66
Data Processing Department	638	638	637	1
Personnel Department	249	257	253	4
Total administration	<u>2,505</u>	<u>2,482</u>	<u>2,411</u>	<u>71</u>
Public Safety:				
Police Department	9,917	9,824	9,709	115
Fire Department	10,465	10,459	10,340	119
Civil Preparedness	80	80	80	-
Animal Control	352	346	327	19
Building Inspection Department	414	417	400	17
Lighting hydrant water	1,579	1,579	1,565	14
Total public safety	<u>22,807</u>	<u>22,705</u>	<u>22,421</u>	<u>284</u>

(Continued on next page)

## CITY OF MILFORD, CONNECTICUT

## GENERAL FUND

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2010

(In Thousands)

	Budgeted Amounts		Expenditures and Encumbrances	Uncommitted Balance
	Original	Amended		
Public Services:				
Public Works Office	\$ 242	\$ 242	\$ 239	\$ 3
Highway-parks division	2,479	2,335	2,218	117
Building maintenance division	2,960	2,914	2,858	56
Engineering division	408	408	325	83
General garage division	1,170	1,160	1,142	18
Solid waste operations	4,547	4,687	4,604	83
Total public services	<u>11,806</u>	<u>11,746</u>	<u>11,386</u>	<u>360</u>
Board of Education:				
Private School textbooks	21	21	12	9
Educational audit fees	22	22	22	-
Employee benefits	1,053	1,053	980	73
Educational operations	82,929	81,398	81,398	-
Educational Contribution Health Insurance Fund	15,180	15,180	15,180	-
School Nurses	1,297	1,297	1,266	31
Total Board of Education	<u>100,502</u>	<u>98,971</u>	<u>98,858</u>	<u>113</u>
Health and Welfare:				
Health Department	876	876	871	5
Recreation Department	830	829	785	44
Total health and welfare	<u>1,706</u>	<u>1,705</u>	<u>1,656</u>	<u>49</u>
General Charges:				
Employee benefits - general	13,665	13,074	12,974	100
Insurance and bonds	2,698	2,606	2,606	-
Claims and refunds	420	380	380	-
Benefits and salary reserve	8	8		8
Unallocated contingency	25	5		5
Total general charges	<u>16,816</u>	<u>16,073</u>	<u>15,960</u>	<u>113</u>
Grants to Agencies:				
Milford Council on Aging	1,348	1,342	1,338	4
Milford Fine Arts Council	68	68	68	-
CMED	93	99	99	-
Regional Mental Health Board	3	3	3	-
Borough of Woodmont	166	166	166	-
Milford Transit District	328	328	328	-
Milford Mental Health	363	363	363	-
Veterans' Graves	3	3	3	-
U.S. Coast Guard Auxiliary	7	7	7	-

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## CITY OF MILFORD, CONNECTICUT

## GENERAL FUND

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2010

(In Thousands)

	Budgeted Amounts		Expenditures and Encumbrances	Uncommitted Balance
	Original	Amended		
Grants to Agencies (continued):				
Milford Historical District Commission	\$ 1	\$ 1	\$ 1	\$ -
Milford Progress Inc	10	10	10	-
Milford Historic #2	1	1	1	-
Visiting Nurses Association	41	41	41	-
Cemetery Association	9	9	9	-
Association of Patriotic Organizations	4	4	4	-
Homeless Shelter/CPAC	63	63	63	-
Total grants to agencies	<u>2,508</u>	<u>2,508</u>	<u>2,504</u>	<u>4</u>
Debt Service:				
Public Debt Service	6,365	6,088	6,088	-
School Debt	<u>3,917</u>	<u>3,917</u>	<u>3,771</u>	<u>146</u>
Total debt service	<u>10,282</u>	<u>10,005</u>	<u>9,859</u>	<u>146</u>
Other Financing Uses:				
Transfers out	<u>445</u>	<u>1,618</u>	<u>1,466</u>	<u>152</u>
Total	<u>\$ 172,852</u>	<u>\$ 171,350</u>	170,006	<u>\$ 1,344</u>

Budgetary expenditures are different than GAAP expenditures because:

State of Connecticut on-behalf payments to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted	7,554
Encumbrances for purchases and commitments ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year received for financial reporting purposes	(3,319)
Prior year encumbrances reported in the current year for financial reporting purposes	3,069
Special education excess cost grant is recorded gross for GAAP	265
Payment to refunded bond escrow agent	15,899
Issuance costs on bond refunding	188
Change in Board of Education's Summer Payroll originally charged to subsequent years budget for budgetary purposes	<u>154</u>

Total Expenditures and Other Financing Uses as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV

\$ 193,816

***Appendix B***

***Form of Legal Opinion of Bond Counsel – The Bonds***

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# ROBINSON & COLE LLP

280 Trumbull Street  
Hartford, CT 06103-3597  
Main (860) 275-8200  
Fax (860) 275-8299

## [FORM OF OPINION OF BOND COUNSEL]

November \_\_, 2011

City of Milford,  
Milford, Connecticut

Ladies and Gentlemen:

We have examined certified copies of the proceedings of the City of Milford, Connecticut (the "City"), a Tax Regulatory Agreement of the City, dated November 3, 2011, (the "Tax Regulatory Agreement"), and other proofs submitted to us relative to the issuance and sale of \$15,330,000 City of Milford, Connecticut General Obligation Bonds, Issue of 2011 dated November 1, 2011 (the "Bonds"), maturing on November 1 in each of the years in the principal amounts and bearing interest payable on May 1, 2012 and semiannually thereafter on November 1 and May 1 in each year until maturity or earlier redemption, at the rates per annum as follows:

<u>Year of Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate Per Annum</u>	<u>Year of Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate Per Annum</u>
2012	\$770,000	%	2022	\$765,000	%
2013	770,000		2023	765,000	
2014	770,000		2024	765,000	
2015	770,000		2025	765,000	
2016	770,000		2026	765,000	
2017	770,000		2027	765,000	
2018	765,000		2028	765,000	
2019	765,000		2029	765,000	
2020	765,000		2030	765,000	
2021	765,000		2031	765,000	

with principal payable at the principal office of U.S. Bank National Association, in Hartford, Connecticut, and with interest payable to the registered owner as of the close of business on the last business day fifteenth day of April and October in each year, or the preceding business day if such fifteenth day is not a business day, by check mailed to such registered owner at his address as shown on the registration books of the City kept for such purpose. The Bonds are subject to redemption prior to maturity as therein provided.

The Bonds are originally registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), to affect a book-entry system for the ownership and transfer of the Bonds. So long as DTC or its nominee is the registered owner, principal and interest payments on the Bonds will be made to DTC.

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Bonds, and we express no opinion relating thereto, excepting only the matters set forth as our opinion in the Official Statement.

We are of the opinion that such proceedings and proofs show lawful authority for the issuance and sale of the Bonds under authority of the Constitution and General Statutes of Connecticut and that the Bonds are a valid general obligation of the City the principal of and interest on which is payable from ad valorem taxes which may be levied on all taxable property subject to taxation by the City 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. We are further of the opinion that the Tax Regulatory Agreement is a valid and binding agreement of the City.

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met at and subsequent to the issuance and delivery of the Bonds in order that interest on the Bonds be and remain excluded from gross income for federal income tax purposes. The City has covenanted in the Tax Regulatory Agreement that it will at all times perform all acts and things necessary or appropriate under any valid provision of law to ensure that interest paid on the Bonds shall be excluded from gross income for federal income tax purposes under the Code.

In our opinion, under existing statutes and court decisions, interest on the Bonds is excluded from gross income for federal income tax purposes and is not treated as an item of tax preference for purposes of computing the federal alternative minimum tax and is not taken into account in the calculation of adjusted current earnings for purposes of computing the federal alternative minimum tax imposed on corporations. We express no opinion regarding any other federal income tax consequences caused by ownership or disposition of, or receipt of interest on, the Bonds.

In rendering the foregoing opinions regarding the federal tax treatment of interest on the Bonds, we have relied upon and assumed (i) the material accuracy of the representations, statements of intention and expectations, and certifications of fact contained in the Tax Regulatory Agreement, and (ii) the compliance by the City with the covenants and procedures set forth in the Tax Regulatory Agreement as to such tax matters.

We are further of the opinion that, under existing statutes, interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax. We express no opinion regarding any other State or local tax consequences caused by the ownership or disposition of the Bonds.

The rights of owners of the Bonds and the enforceability of the Bonds and the Tax Regulatory Agreement may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors rights generally and by application of equitable principles, whether considered at law or in equity.

Very truly yours,

ROBINSON & COLE LLP

***Appendix C***

***Forms of Legal Opinion of Bond Counsel – The Notes***

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## [FORM OF OPINION OF BOND COUNSEL]

November \_\_, 2011

City of Milford,  
Milford, Connecticut

Ladies and Gentlemen:

We have examined certified copies of the proceedings of the City of Milford, Connecticut (the "City"), a Tax Regulatory Agreement of the City, dated November 3, 2011 (the "Tax Regulatory Agreement"), and other proofs submitted to us relative to the issuance and sale of \$3,045,000 City of Milford, Connecticut General Obligation Bond Anticipation Notes, Lot A, dated November 3, 2011 and maturing May 3, 2012, consisting of Note R-\_\_ in the aggregate principal amount of \$[\_\_\_\_], 000, bearing interest at the rate of \_\_% per annum, [Note R-\_\_ in the aggregate principal amount of \$[\_\_\_\_], 000, bearing interest at the rate of \_\_% per annum, and Note R-\_\_ in the aggregate principal amount of \$[\_\_\_\_], 000, bearing interest at the rate of \_\_% per annum,] with principal and interest payable at maturity (the "Notes"). The Notes are not subject to redemption prior to maturity.

The Notes are originally registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), to affect a book-entry system for the ownership and transfer of the Notes. So long as DTC or its nominee is the registered owner, principal and interest payments on the Notes will be made to DTC.

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Notes, and we express no opinion relating thereto, excepting only the matters set forth as our opinion in the Official Statement.

We are of the opinion that such proceedings and proofs show lawful authority for the issuance and sale of the Notes under authority of the Constitution and General Statutes of Connecticut and that the Notes are a valid general obligation of the City the principal of and interest on which is payable from ad valorem taxes which may be levied on all taxable property subject to taxation by the City 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. We are further of the opinion that the Tax Regulatory Agreement is a valid and binding agreement of the City.

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met at and subsequent to the issuance and delivery of the Notes in order that interest on the Notes be and remain excluded from gross income for federal income tax purposes. The City has covenanted in the Tax Regulatory Agreement that it will at all times perform all acts and things necessary or appropriate under any valid provision of law to ensure that interest paid on the Notes shall be excluded from gross income for federal income tax purposes under the Code.

In our opinion, under existing statutes and court decisions, interest on the Notes is excluded from gross income for federal income tax purposes and is not treated as an item of tax preference for purposes of computing the federal alternative minimum tax and is not taken into account in the calculation of adjusted current earnings for purposes of computing the federal alternative minimum tax imposed on corporations. We express no opinion regarding any other federal income tax consequences caused by ownership or disposition of, or receipt of interest on, the Notes.

In rendering the foregoing opinions regarding the federal tax treatment of interest on the Notes, we have relied upon and assumed (i) the material accuracy of the representations, statements of intention and expectations, and certifications of fact contained in the Tax Regulatory Agreement, and (ii) the compliance by the City with the covenants and procedures set forth in the Tax Regulatory Agreement as to such tax matters.

We are further of the opinion that, under existing statutes, interest on the Notes is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax. We express no opinion regarding any other State or local tax consequences caused by the ownership or disposition of the Notes.

The rights of owners of the Notes and the enforceability of the Notes and the Tax Regulatory Agreement may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally and by application of equitable principles, whether considered at law or in equity.

Very truly yours,

ROBINSON & COLE LLP

## [FORM OF OPINION OF BOND COUNSEL]

November \_\_, 2011

City of Milford,  
Milford, Connecticut

Ladies and Gentlemen:

We have examined certified copies of the proceedings of the City of Milford, Connecticut (the "City"), a Tax Regulatory Agreement of the City, dated November 3, 2011 (the "Tax Regulatory Agreement"), and other proofs submitted to us relative to the issuance and sale of \$10,145,000 City of Milford, Connecticut General Obligation Bond Anticipation Notes, Lot B, dated November 3, 2011 and maturing November 2, 2012, consisting of Note R-\_\_ in the aggregate principal amount of \$[\_\_\_\_], 000, bearing interest at the rate of \_\_% per annum, [Note R-\_\_ in the aggregate principal amount of \$[\_\_\_\_], 000, bearing interest at the rate of \_\_% per annum, and Note R-\_\_ in the aggregate principal amount of \$[\_\_\_\_], 000, bearing interest at the rate of \_\_% per annum,] with principal and interest payable at maturity (the "Notes"). The Notes are not subject to redemption prior to maturity.

The Notes are originally registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), to affect a book-entry system for the ownership and transfer of the Notes. So long as DTC or its nominee is the registered owner, principal and interest payments on the Notes will be made to DTC.

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Notes, and we express no opinion relating thereto excepting only the matters set forth as our opinion in the Official Statement.

We are of the opinion that such proceedings and proofs show lawful authority for the issuance and sale of the Notes under authority of the Constitution and General Statutes of Connecticut and that the Notes are a valid general obligation of the City the principal of and interest on which is payable from ad valorem taxes which may be levied on all taxable property subject to taxation by the City 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. We are further of the opinion that the Tax Regulatory Agreement is a valid and binding agreement of the City.

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met at and subsequent to the issuance and delivery of the Notes in order that interest on the Notes be and remain excluded from gross income for federal income tax purposes. The City has covenanted in the Tax Regulatory Agreement that it will at all times perform all acts and things necessary or appropriate under any valid provision of law to ensure that interest paid on the Notes shall be excluded from gross income for federal income tax purposes under the Code.

In our opinion, under existing statutes and court decisions, interest on the Notes is excluded from gross income for federal income tax purposes and is not treated as an item of tax preference for purposes of computing the federal alternative minimum tax and is not taken into account in the calculation of adjusted current earnings for purposes of computing the federal alternative minimum tax imposed on corporations. We express no opinion regarding any other federal income tax consequences caused by ownership or disposition of, or receipt of interest on, the Notes.

In rendering the foregoing opinions regarding the federal tax treatment of interest on the Notes, we have relied upon and assumed (i) the material accuracy of the representations, statements of intention and expectations, and certifications of fact contained in the Tax Regulatory Agreement, and (ii) the compliance by the City with the covenants and procedures set forth in the Tax Regulatory Agreement as to such tax matters.

We are further of the opinion that, under existing statutes, interest on the Notes is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax. We express no opinion regarding any other State or local tax consequences caused by the ownership or disposition of the Notes.

The rights of owners of the Notes and the enforceability of the Notes and the Tax Regulatory Agreement may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally and by application of equitable principles, whether considered at law or in equity.

Very truly yours,

ROBINSON & COLE LLP

***Appendix D***

***Form of Continuing Disclosure Agreement – The Bonds***

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[FORM OF CONTINUING DISCLOSURE AGREEMENT]

CONTINUING DISCLOSURE AGREEMENT

City of Milford, Connecticut  
\$15,330,000 General Obligation Bonds, Issue of 2011  
dated November 1, 2011

November 3, 2011

WHEREAS, the City of Milford, Connecticut (the "City") has heretofore authorized the issuance of \$15,330,000 in aggregate principal amount of its General Obligation Bonds, Issue of 2011, dated November 1, 2011 (the "Bonds"), and to mature on the dates and in the amounts and set forth in the City's Official Statement dated October 12, 2011 describing the Bonds (the "Official Statement"); and

WHEREAS, the Bonds have been sold by a competitive bid pursuant to a Notice of Sale, dated October 12, 2011 (the "Notice of Sale"); and

WHEREAS, in the Notice of Sale, the City has heretofore acknowledged that an underwriter may not purchase or sell the Bonds unless it has reasonably determined that the City has undertaken in a written agreement for the benefit of the beneficial owners of the Bonds to provide certain continuing disclosure information as required by Securities and Exchange Commission Rule 15c2-12(b)(5), as amended from time to time (the "Rule"), and the City desires to assist the underwriter of the Bonds in complying with the Rule; and

WHEREAS, the City is authorized pursuant to Section 3-20e of the General Statutes of Connecticut to make such representations and agreements for the benefit of the beneficial owners of the Bonds to meet the requirements of the Rule; and

WHEREAS, in order to assist the underwriter of the Bonds in complying with the Rule, this Continuing Disclosure Agreement (this "Agreement") is to be made, executed and delivered by the City in connection with the issuance of the Bonds and to be described in the Official Statement, all for the benefit of the beneficial owners of the Bonds, as they may be from time to time;

NOW, THEREFORE, the City hereby represents, covenants and agrees as follows:

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

"Annual Report" shall mean any Annual Report provided by the City pursuant to, and as described in, Sections 2 and 3 of this Agreement.

"Fiscal Year End" shall mean the last day of the City's fiscal year, currently June 30.

"Listed Events" shall mean any of the events listed in Section 4 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.

"Repository" shall mean the Electronic Municipal Market Access system as described in 1934 Act Release No. 57577 for purposes of the Rule, the MSRB or any other nationally recognized municipal securities information repository or organization recognized by the SEC from time to time for purposes of the Rule.

"SEC" shall mean the Securities and Exchange Commission of the United States or any successor thereto.

Section 2. Annual Reports.

(a) The City shall provide or cause to be provided to the Repository in electronic format, accompanied by identifying information, as prescribed by the MSRB, the following annual financial information and operating data regarding the City:

(i) Audited financial statements as of and for the year ending on its Fiscal Year End prepared in accordance with accounting principles generally accepted in the United States, as promulgated by the Governmental Accounting Standards Board from time to time or mandated state statutory principles as in effect from time to time; and

(ii) Financial information and operating data as of and for the year ending on its Fiscal Year End of the following type to the extent not included in the audited financial statements described in (i) above:

(A) the amounts of the gross and net taxable grand list;

(B) a listing of the ten largest taxpayers on the grand list, together with each such taxpayer's taxable valuation thereon;

(C) the percentage and amount of the annual property tax levy collected and uncollected;

(D) a schedule of the annual debt service on outstanding long-term bonded indebtedness;

(E) a calculation of the net direct debt, total direct debt, and total overall net debt (reflecting overlapping and underlying debt);

(F) the total direct debt, total net direct debt and total overall net debt of the City per capita;

(G) the ratios of total direct debt and total overall net debt of the City to the City's net taxable grand list;

(H) a statement of statutory debt limitations and debt margins; and

(I) the funding status of the City's pension benefit obligations.

(b) The above-referenced information is expected to be provided by the filing of and cross reference to the City's audited financial statements. The information may be provided in whole or in part by cross-reference to other documents previously provided to the Repository, including official statements of the City which will be available from the MSRB.

(c) Subject to the requirements of Section 8 hereof, the City reserves the right to modify from time to time the type of financial information and operating data provided or the format of the presentation of such financial information and operating data, to the extent necessary or appropriate; provided that the City agrees that any such modification will be done in a manner consistent with the Rule. The City also reserves the right to modify the preparation and presentation of financial statements described herein as may be required to conform with changes in Connecticut law applicable to municipalities or any changes in generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board from time to time.

Section 3. Timing. The City shall provide the financial information and operating data referenced in Section 2(a) not later than eight months after each Fiscal Year End subsequent to the date of issuance of the Bonds, provided, however, that if such financial information and operating data for the Fiscal Year End preceding the date of issuance of the Bonds is not contained in the Official Statement for the Bonds or has not otherwise been previously provided, the City shall provide such financial information and operating data no later than eight months after the close of such preceding Fiscal Year End. The City agrees that if audited financial statements are not available eight months after the close of any Fiscal Year End, it shall submit unaudited financial statements by such time and will submit audited financial statements information when and if available.

Section 4. Event Notices. The City agrees to provide, or cause to be provided, in a timely manner not in excess of ten (10) business days after the occurrence of the event, notice to the Repository in electronic format, accompanied by identifying information, as prescribed by the MSRB, of the occurrence of any of the following events:

- (i) principal and interest payment delinquencies;
- (ii) non-payment related defaults, if material;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;
- (vi) adverse tax opinions; the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (vii) modifications to rights of Bondholders, if material;
- (viii) Bond calls, if material, and tender offers;
- (ix) defeasances;
- (x) release, substitution, or sale of property securing repayment of the Bonds, if material;
- (xi) rating changes;
- (xii) bankruptcy, insolvency, receivership, or similar event of any obligated person;
- (xiii) the consummation of a merger, consolidation, or acquisition involving any obligated person or the sale of all or substantially all of the assets of any obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake any such an action or the termination of a definitive agreement relating to such actions, other than pursuant to its terms, if material; and
- (xiv) appointment of a successor or additional trustee or the change of name of a trustee, if any, if material.

Section 5. Notice of Failure. The City agrees to provide, or cause to be provided, in a timely manner to the Repository in electronic format, accompanied by identifying information, as prescribed by the MSRB, notice of any failure by the City to provide the annual financial information described in Section 2(a) of this Agreement on or before the date described in Section 3 of this Agreement.

Section 6. Termination of Reporting Obligation. The City's obligations under this Agreement shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds.

Section 7. Agent. The City 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 8. Amendment; Waiver. Notwithstanding any other provision of this Agreement, the City 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 City, 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 Bonds and (ii) this Agreement, as so amended, would have complied with the requirements of the Rule as of the date of this 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 Repository in electronic format. The Annual Report 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 financial information or operating data provided.

Section 9. Additional Information. Nothing in this Agreement shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Report or providing notice of the occurrence of any other event, in addition to that which is required by this Agreement. If the City chooses to include any other information in any Annual Report or provide notice of the occurrence of any other event in addition to that which is specifically required by this Agreement, the City shall have no obligation under this Agreement to update such information or include or provide such information or notice of the occurrence of such event in the future.

Section 10. Indemnification. The City agrees, pursuant to applicable law, to indemnify and save its officials, officers and employees harmless against any loss, expense or liability which they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorney's fees) of defending against any claim of liability hereunder, but excluding any loss, expense or liability due to any such person's malicious, wanton, or willful act. The obligations of the City under this Section shall survive termination of this Agreement.

Section 11. Enforceability. The City 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 Bonds. In the event the City shall fail to perform its duties hereunder, the City shall have the option to cure such failure after its receipt of written notice from any beneficial owner of the Bonds of such failure. In the event the City does not cure such failure, the right of any beneficial owner of the Bonds to enforce the provisions of this undertaking shall be limited to a right to obtain specific performance of the City's obligations hereunder. No monetary damages shall arise or be payable hereunder, nor shall any failure to comply with this Agreement constitute a default of the City with respect to the Bonds.

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

**City of Milford, Connecticut**

By: \_\_\_\_\_  
Name: James L. Richetelli, Jr.  
Title: Mayor

By: \_\_\_\_\_  
Name: Libera C. Nosal  
Title: City Treasurer

By: \_\_\_\_\_  
Name: Peter A. Erodici, Jr.  
Title: Director of Finance

## ***Appendix E***

### ***Forms of Continuing Disclosure Agreement – The Notes***

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[FORM OF CONTINUING DISCLOSURE AGREEMENT]

CONTINUING DISCLOSURE AGREEMENT

City of Milford, Connecticut  
\$3,045,000 General Obligation Bond Anticipation Notes, Lot A  
dated November 3, 2011

November 3, 2011

WHEREAS, the City of Milford, Connecticut (the "City") has heretofore authorized the issuance of \$3,045,000 in aggregate principal amount of its General Obligation Bond Anticipation Notes, Lot A, dated November 3, 2011 (the "Notes"), and to mature on the dates and in the amounts and set forth in the City's Official Statement dated October 19, 2011 describing the Notes (the "Official Statement"); and

WHEREAS, the Notes have been sold by a competitive bid pursuant to a Notice of Sale, dated October 12, 2011 (the "Notice of Sale"); and

WHEREAS, in the Notice of Sale, the City has heretofore acknowledged that an underwriter may not purchase or sell the Notes unless it has reasonably determined that the City has undertaken in a written agreement for the benefit of the beneficial owners of the Notes to provide certain continuing disclosure information as required by Securities and Exchange Commission Rule 15c2-12(b)(5), as amended from time to time (the "Rule"), and the City desires to assist the underwriter of the Notes in complying with the Rule; and

WHEREAS, the City is authorized pursuant to Section 3-20e of the General Statutes of Connecticut to make such representations and agreements for the benefit of the beneficial owners of the Notes to meet the requirements of the Rule; and

WHEREAS, in order to assist the underwriter of the Notes in complying with the Rule, this Continuing Disclosure Agreement (this "Agreement") is to be made, executed and delivered by the City in connection with the issuance of the Notes and to be described in the Official Statement, all for the benefit of the beneficial owners of the Notes, as they may be from time to time;

NOW, THEREFORE, the City hereby represents, covenants and agrees as follows:

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

"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.

"Repository" shall mean the Electronic Municipal Market Access system as described in 1934 Act Release No. 57577 for purposes of the Rule, the MSRB or any other nationally recognized municipal securities information repository or organization recognized by the SEC from time to time for purposes of the Rule.

"SEC" shall mean the Securities and Exchange Commission of the United States or any successor thereto.

Section 2. Event Notices. The City agrees to provide, or cause to be provided, in a timely manner not in excess of ten (10) business days after the occurrence of the event, notice to the Repository in electronic format, accompanied by identifying information, as prescribed by the MSRB, of the occurrence of any of the following events:

- (i) principal and interest payment delinquencies;
- (ii) non-payment related defaults, if material;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;
- (vi) adverse tax opinions; the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Notes, or other material events affecting the tax status of the Notes;
- (vii) modifications to rights of Noteholders, if material;
- (viii) Note calls, if material, and tender offers;
- (ix) defeasances;
- (x) release, substitution, or sale of property securing repayment of the Notes, if material;
- (xi) rating changes;
- (xii) bankruptcy, insolvency, receivership, or similar event of any obligated person;
- (xiii) the consummation of a merger, consolidation, or acquisition involving any obligated person or the sale of all or substantially all of the assets of any obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake any such an action or the termination of a definitive agreement relating to such actions, other than pursuant to its terms, if material; and
- (xiv) appointment of a successor or additional trustee or the change of name of a trustee, if any, if material.

Section 3. Termination of Reporting Obligation. The City'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 City 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 City 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 City, 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) this Agreement, as so amended, would have complied with the requirements of the Rule as of the date of this 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 Repository in electronic format. The Annual Report 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 financial information or operating data provided.

Section 6. Additional Information. Nothing in this Agreement shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or providing notice of the occurrence of any other event, in addition to that which is

required by this Agreement. If the City chooses to disseminate any other information or provide notice of the occurrence of any other event in addition to that which is specifically required by this Agreement, the City shall have no obligation under this Agreement to update such information or provide such information or notice of the occurrence of such event in the future.

Section 7. Indemnification. The City agrees, pursuant to applicable law, to indemnify and save its officials, officers and employees harmless against any loss, expense or liability which they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorney's fees) of defending against any claim of liability hereunder, but excluding any loss, expense or liability due to any such person's malicious, wanton, or willful act. The obligations of the City under this Section shall survive termination of this Agreement.

Section 8. Enforceability. The City 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 City shall fail to perform its duties hereunder, the City shall have the option to cure such failure after its receipt of written notice from any beneficial owner of the Notes of such failure. In the event the City 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 performance of the City's obligations hereunder. No monetary damages shall arise or be payable hereunder, nor shall any failure to comply with this Agreement constitute a default of the City with respect to the Notes.

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

**City of Milford, Connecticut**

By: \_\_\_\_\_  
Name: James L. Richetelli, Jr.  
Title: Mayor

By: \_\_\_\_\_  
Name: Libera C. Nosal  
Title: City Treasurer

By: \_\_\_\_\_  
Name: Peter A. Erodici, Jr.  
Title: Director of Finance

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[FORM OF CONTINUING DISCLOSURE AGREEMENT]

CONTINUING DISCLOSURE AGREEMENT

City of Milford, Connecticut  
\$10,145,000 General Obligation Bond Anticipation Notes, Lot B  
dated November 3, 2011

November 3, 2011

WHEREAS, the City of Milford, Connecticut (the "City") has heretofore authorized the issuance of \$10,145,000 in aggregate principal amount of its General Obligation Bond Anticipation Notes, Lot B, dated November 3, 2011 (the "Notes"), and to mature on the dates and in the amounts and set forth in the City's Official Statement dated October 19, 2011 describing the Notes (the "Official Statement"); and

WHEREAS, the Notes have been sold by a competitive bid pursuant to a Notice of Sale, dated October 12, 2011 (the "Notice of Sale"); and

WHEREAS, in the Notice of Sale, the City has heretofore acknowledged that an underwriter may not purchase or sell the Notes unless it has reasonably determined that the City has undertaken in a written agreement for the benefit of the beneficial owners of the Notes to provide certain continuing disclosure information as required by Securities and Exchange Commission Rule 15c2-12(b)(5), as amended from time to time (the "Rule"), and the City desires to assist the underwriter of the Notes in complying with the Rule; and

WHEREAS, the City is authorized pursuant to Section 3-20e of the General Statutes of Connecticut to make such representations and agreements for the benefit of the beneficial owners of the Notes to meet the requirements of the Rule; and

WHEREAS, in order to assist the underwriter of the Notes in complying with the Rule, this Continuing Disclosure Agreement (this "Agreement") is to be made, executed and delivered by the City in connection with the issuance of the Notes and to be described in the Official Statement, all for the benefit of the beneficial owners of the Notes, as they may be from time to time;

NOW, THEREFORE, the City hereby represents, covenants and agrees as follows:

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

"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.

"Repository" shall mean the Electronic Municipal Market Access system as described in 1934 Act Release No. 57577 for purposes of the Rule, the MSRB or any other nationally recognized municipal securities information repository or organization recognized by the SEC from time to time for purposes of the Rule.

"SEC" shall mean the Securities and Exchange Commission of the United States or any successor thereto.

Section 2. Event Notices. The City agrees to provide, or cause to be provided, in a timely manner not in excess of ten (10) business days after the occurrence of the event, notice to the Repository in electronic format, accompanied by identifying information, as prescribed by the MSRB, of the occurrence of any of the following events:

- (i) principal and interest payment delinquencies;
- (ii) non-payment related defaults, if material;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;
- (vi) adverse tax opinions; the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Notes, or other material events affecting the tax status of the Notes;
- (vii) modifications to rights of Noteholders, if material;
- (viii) Note calls, if material, and tender offers;
- (ix) defeasances;
- (x) release, substitution, or sale of property securing repayment of the Notes, if material;
- (xi) rating changes;
- (xii) bankruptcy, insolvency, receivership, or similar event of any obligated person;
- (xiii) the consummation of a merger, consolidation, or acquisition involving any obligated person or the sale of all or substantially all of the assets of any obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake any such an action or the termination of a definitive agreement relating to such actions, other than pursuant to its terms, if material; and
- (xiv) appointment of a successor or additional trustee or the change of name of a trustee, if any, if material.

Section 3. Termination of Reporting Obligation. The City'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 City 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 City 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 City, 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) this Agreement, as so amended, would have complied with the requirements of the Rule as of the date of this 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 Repository in electronic format. The Annual Report 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 financial information or operating data provided.

Section 6. Additional Information. Nothing in this Agreement shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or providing notice of the occurrence of any other event, in addition to that which is

required by this Agreement. If the City chooses to disseminate any other information or provide notice of the occurrence of any other event in addition to that which is specifically required by this Agreement, the City shall have no obligation under this Agreement to update such information or provide such information or notice of the occurrence of such event in the future.

Section 7. Indemnification. The City agrees, pursuant to applicable law, to indemnify and save its officials, officers and employees harmless against any loss, expense or liability which they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorney's fees) of defending against any claim of liability hereunder, but excluding any loss, expense or liability due to any such person's malicious, wanton, or willful act. The obligations of the City under this Section shall survive termination of this Agreement.

Section 8. Enforceability. The City 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 City shall fail to perform its duties hereunder, the City shall have the option to cure such failure after its receipt of written notice from any beneficial owner of the Notes of such failure. In the event the City 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 performance of the City's obligations hereunder. No monetary damages shall arise or be payable hereunder, nor shall any failure to comply with this Agreement constitute a default of the City with respect to the Notes.

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

**City of Milford, Connecticut**

By: \_\_\_\_\_  
Name: James L. Richetelli, Jr.  
Title: Mayor

By: \_\_\_\_\_  
Name: Libera C. Nosal  
Title: City Treasurer

By: \_\_\_\_\_  
Name: Peter A. Erodici, Jr.  
Title: Director of Finance

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***Appendix F***

***Notice of Sale – The Bonds***

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**NOTICE OF SALE**  
**\$15,330,000**

**CITY OF MILFORD, CONNECTICUT**  
**GENERAL OBLIGATION BONDS**  
**ISSUE OF 2011**  
**BOOK-ENTRY ONLY**

Electronic bids via **PARITY**® (as described herein) will be received by the **CITY OF MILFORD, Connecticut** (the “City”), until 12:00 NOON (E.D.T.) Wednesday,

**OCTOBER 19, 2011**

for the purchase of all, but not less than all, of the \$15,330,000 City of Milford, Connecticut General Obligation Bonds, Issue of 2011 (the “Bonds”). Electronic bids must be submitted via **PARITY**® (See “Electronic Bidding Procedures”).

**The Bonds**

The Bonds will be dated November 1, 2011, mature \$770,000 on November 1 in each of the years 2012-2017, both inclusive, and \$765,000 on November 1 in each of the years 2018-2031, both inclusive, bearing interest payable on May 1, 2012 and semiannually thereafter on November 1 and May 1 and in each year until maturity, or earlier redemption, as further described in the Preliminary Official Statement for the Bonds dated October 12, 2011 (the “Preliminary Official Statement”).

The Bonds maturing on or before November 1, 2019 are not subject to redemption prior to maturity. The Bonds maturing on November 1, 2020 and thereafter are subject to redemption prior to maturity, at the election of the City, on or after November 1 2019, at any time, in whole or in part and by lot within a maturity, in such amounts and in such order of maturity as the City may determine, at the respective prices (expressed as percentages of the principal amounts of Bonds to be redeemed) set forth in the following table, together with interest accrued and unpaid to the redemption date:

	<u>Redemption Dates</u>	<u>Redemption Price</u>
From:	November 1, 2019 and thereafter .....	100%

The Bonds will be issued by means of a book-entry system with no physical distribution of bond certificates made to the public or as fully registered certificates in the form described below. If issued in book-entry form, the Bonds will be issued in registered form and one bond certificate for each maturity will be issued to The Depository Trust Company, New York, New York (“DTC”), registered in the name of its nominee, Cede & Co., and immobilized in their custody. A book-entry system will be employed, evidencing ownership of the Bonds in principal amounts of \$5,000 or integral multiples thereof, with transfers of ownership effected on the records of DTC and its participants pursuant to rules and procedures adopted by DTC and its participants. The winning bidder, as a condition to delivery of the Bonds, will be required to deposit the bond certificates with DTC, or its custodian, registered in the name of Cede & Co. Principal of and interest on the Bonds will be payable by the City or its agent in same-day funds to DTC or its nominee as registered owner of the Bonds. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC; transfer of 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 City will not be responsible or liable for payments by DTC to its participants or by DTC participants to beneficial owners or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants.

The winning bidder may request that the Bonds be issued in the form of one fully registered physical certificate, rather than in book-entry form through the facilities of DTC. The winning bidder seeking the issuance of the Bonds in this manner shall bear any and all costs of any re-registration or transfer of Bonds from time to time. Any bidder seeking to have the Bonds issued in the form of a fully registered physical certificate, rather than in book-entry form, shall indicate this preference to the City at the time of the submission of its bid. The City reserves the right to decline any request to issue the Bonds in non-book-entry form if it should determine, in its sole discretion, that issuing the Bonds in this manner is not in its best interests.

### **Nature of Obligation**

The Bonds will be general obligations of the City for payment of which the City's full faith and credit will be pledged. The Bonds are payable unless paid from other sources, from ad valorem taxes which may be levied on all taxable property subject to taxation by the City 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.

### **Bank Qualification**

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

### **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 i-Deal LLC BiDCOMP Competitive Bidding System is required in order to submit an electronic bid and the City 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 Bonds 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 City. The City shall not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of, **PARITY®**, the use of such facilities being the sole risk of the prospective bidder.

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, 36<sup>th</sup> Street, 2<sup>nd</sup> Floor, New York, NY 10018, Attention: Customer Service Department (telephone: (212) 849-5021 - email notice: [www.parity@i-deal.com](mailto:www.parity@i-deal.com)).

For purposes of both the sealed proposal process and 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 electronic bids the net interest cost to the City, as described under "Bid Specifications/Basis of Award" below, and in the written form of Proposal for Bonds. All electronic bids shall be deemed to incorporate the provisions of this Notice of Sale and form of Proposal for Bonds.

## **Bid Specifications/Basis of Award**

Each bid must be for the entire \$15,330,000 of Bonds and must specify the rate or rates of interest therefor in a multiple of 1/20 or 1/8 of 1% per annum, provided such bid shall not state (a) more than one interest rate for any Bonds having like maturity, or (b) any interest rate for any Bonds which exceeds the interest rate stated in the proposal for any other Bonds by more than 2%. Interest shall be computed on the basis of twelve 30 day months and a 360 day year. No bid for less than all of the Bonds or for less than par and accrued interest will be considered. The right is reserved to reject any and all proposals and to waive any irregularity or informality with respect to any proposal. Unless all bids are rejected the Bonds will be awarded to the bidder offering to purchase them at the lowest true interest cost.

For the purpose of determining the successful bidder, the true interest cost to the City will be the annual interest rate, compounded semiannually, which, when used to discount all payments of principal and interest payable on the Bonds to November 1, 2011, the date of the Bonds, results in an amount equal to the purchase price for the Bonds, not including interest accrued to November 3, 2011, the delivery date of the Bonds. It is requested that each proposal be accompanied by a statement of the percentage of true interest cost computed and rounded to six decimal places. Such statement shall not be considered as a part of the proposal. The Bonds will be awarded or all bids will be rejected promptly after the bid opening and not later than 4:00 P.M. (E.D.T.) on October 19, 2011. The purchase price must be paid in Federal Funds.

## **Closing Documents and Legal Opinion**

The Bonds will be certified by US Bank National Association, in Hartford, Connecticut. The legality of the Bonds will be passed upon by Robinson & Cole LLP, Bond Counsel, Hartford, Connecticut, and the winning bidder will be furnished with their opinion without charge. The winning bidder will also be furnished with a signature and no litigation certificate, a receipt of payment satisfactory in form to Bond Counsel, a signed copy of the final Official Statement prepared for this sale, a certificate signed by the appropriate officials of the City relating to the accuracy and completeness of information contained in the final Official Statement, and an executed continuing disclosure agreement.

The legal opinion will further state that, under existing statutes and court decisions (i) interest on the Bonds is excluded from gross income for federal income tax purposes, (ii) such interest is not treated as an item of tax preference for purposes of computing the federal alternative minimum tax and is not taken into account in the calculation of adjusted current earnings for purposes of computing the alternative minimum tax imposed on corporations, (iii) under existing statutes, interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and (iv) such interest is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay federal alternative minimum tax. In rendering the legal opinion, Robinson & Cole LLP will rely upon and assume the material accuracy of the representations and statements of expectation contained in the Tax Regulatory Agreement entered into by the City for the benefit of the owners of the Bonds, and further, will assume compliance by the City with the covenants and procedures set forth in such Tax Regulatory Agreement. A copy of the opinion will be printed upon each of the Bonds, and a signed opinion and transcript of proceedings will be filed with US Bank National Association, in Hartford, Connecticut, and will be available for examination upon request.

## **Continuing Disclosure**

The City will undertake in a Continuing Disclosure Agreement entered into in accordance with the requirements of Rule 15c2-12(b)(5), promulgated by the Securities and Exchange Commission, to provide (i) certain annual financial information and operating data, including audited financial statements; (ii) timely notice of the occurrence of certain material events with respect to the Bonds; and (iii) timely notice of its failure to provide such annual financial information. The winning bidder's obligation to purchase the Bonds shall be conditioned upon its receiving, at or prior to the delivery of the Bonds, an executed copy of the Continuing Disclosure Agreement for the Bonds.

## **Settlement of the Bonds**

It shall be the responsibility of the winning bidder to certify to the City before delivery of the Bonds the prices at which a substantial amount of the Bonds of each maturity were initially offered and sold to the public.

The Bonds will be available for delivery on or about November 3, 2011. The deposit of the Bonds with DTC or its custodian under a book-entry system requires the assignment of CUSIP numbers prior to delivery. It shall be the responsibility of the winning bidder to obtain CUSIP numbers for the Bonds prior to delivery, and the City will not be responsible for any delay occasioned by the failure of the winning bidder to obtain such numbers and to supply them to the City in a timely manner. The City 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.

The Preliminary Official Statement is in a form "deemed final" by the City for purposes of SEC Rule 15c2-12(b)(1). The winning bidder will be furnished 100 copies of the final Official Statement prepared for the Bonds at the City's expense. Additional copies may be obtained by the winning bidder at its own expense by arrangement with the printer. The copies of the Official Statement will be made available to the winning bidder no later than seven business days after the bid opening at the office of the City's financial advisor. If the City's financial advisor is provided with the necessary information from the winning bidder by 12:00 p.m. (noon) on the day after the bid opening, the copies of the final Official Statement will include an additional cover page and other pages, if necessary, indicating the interest rates, ratings, yields or reoffering prices, the name of the managing underwriter, and the name of the insurer, if any, of the Bonds.

## **Related Information**

For more information regarding the Bonds and the City, reference is made to the Preliminary Official Statement. Copies of the Preliminary Official Statement may be obtained from the undersigned, or from Mr. Matthew A. Spoerndle, Managing Director, Phoenix Advisors, LLC, 53 River Street, Milford, CT 06460, Tel. (203) 878-4945.

JAMES L. RICHETELLI, JR.  
Mayor

LIBERA C. NOSAL  
City Treasurer

October 12, 2011

## ***Appendix G***

### ***Notices of Sale and Bid Forms – The Notes***

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**NOTICE OF SALE**  
**\$3,045,000**  
**CITY OF MILFORD, CONNECTICUT**  
**GENERAL OBLIGATION BOND ANTICIPATION NOTES**  
**LOT A**  
**BOOK-ENTRY ONLY**

Sealed proposals and electronic bids via *Parity*® (as described herein) will be received by the **CITY OF MILFORD**, Connecticut (the "City"), until 11:00 A. M. (E.D.T.) Wednesday,

**OCTOBER 19, 2011**

for the purchase of \$3,045,000 City of Milford, Connecticut General Obligation Bond Anticipation Notes LOT A (the "Notes"). Sealed proposals will be received at the Office of the Mayor, City Hall, 110 River Street, Milford, Connecticut 06460, in the manner specified below (See "Sealed Proposal Procedures"). Electronic bids must be submitted via *PARITY*®. (See "Electronic Bidding Procedures").

**The Notes**

The Notes will be dated November 3, 2011 and will be payable to the registered owner on May 3, 2012 as further described in the Preliminary Official Statement for the Notes dated October 12, 2011 (the "Preliminary Official Statement"). The Notes will bear interest (which interest shall be computed on a 360-day year, 30-day month basis) 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 1/1000 of 1% per annum.

**Registration**

At the option of the winning bidder(s), the Notes will be issued by means of a book-entry system with no physical distribution of note certificates made to the public or as fully registered certificates in the form described below. If issued in book-entry form, the Notes will be issued in registered form and one note certificate for each interest rate will be issued to The Depository Trust Company, New York, New York ("DTC"), registered in the name of its nominee, Cede & Co., and immobilized in their custody. A book-entry system will be employed, evidencing ownership of the Notes in principal amounts of \$1,000 or integral multiples thereof, with transfers of ownership effected on the records of DTC and its participants pursuant to rules and procedures adopted by DTC and its participants. The winning bidder(s) as a condition to delivery of the Notes, will be required to deposit the note certificates with DTC, or its custodian, registered in the name of Cede & Co. Principal of and interest on the Notes will be payable by the City or its agent in same-day funds to DTC or its nominee as registered owner of the Notes. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC; transfer of 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 City will not be responsible or liable for payments by DTC to its participants or by DTC participants to beneficial owners or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants.

The winning bidder(s) may request that the Notes be issued in the form of one fully registered physical certificate, rather than in book-entry form through the facilities of DTC. The winning bidder(s) seeking the issuance of the Notes in this manner shall bear any and all costs of any re-registration or transfer of Notes from time to time. Any bidder seeking to have the Notes issued in the form of a fully registered physical certificate, rather than in book-entry form, shall indicate this preference to the City at the time of the

submission of its bid. The City reserves the right to decline any request to issue the Notes in non book-entry form, if it should determine, in its sole discretion, that issuing the Notes in this manner is not in its best interests.

### **Nature of Obligation**

The full faith and credit of the City will be pledged for the prompt payment of the principal of and the interest on the Notes when due. The Notes will be general obligations of the City payable, unless paid from other sources, from ad valorem taxes which may be levied on all taxable property subject to taxation by the City 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.

### **Bank Qualification**

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

### **Electronic Bidding Procedures**

Any prospective bidder intending to submit an electronic bid must submit its electronic bid through the facilities of **PARITY**<sup>®</sup>. Subscription to i-Deal LLC's BiDCOMP Competitive Bidding System is required in order to submit an electronic bid and the City 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**<sup>®</sup> 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 City. The City shall not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of, **PARITY**<sup>®</sup>, the use of such facilities being the sole risk of the prospective bidder.

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

For purposes of both the sealed proposal process and the electronic bidding process, the time as maintained by **PARITY**<sup>®</sup> shall constitute the official time. For information purposes only, bidders are requested to state in their electronic bids the net interest cost to the City, as described under "Bid/Specifications/Basis of Award" below, and in the written form of Proposal for Notes. All electronic bids shall be deemed to incorporate the provisions of this Notice of Sale and form of Proposal for Notes.

## **Sealed Proposal Procedures**

Bids will be accepted in written form on the form of Proposal for Notes – Lot A at the place and time indicated above. Bids must be enclosed in sealed envelopes marked “Proposal for Notes - Lot A” and addressed to The Honorable James L. Richetelli, Jr., Mayor, City of Milford, Connecticut.

## **Bid Specifications/Basis of Award**

Proposals for the purchase of the Notes must be in the form of the proposal for purchase attached hereto or, if submitted electronically, 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 \$100,000, or a whole multiple thereof, except one such proposal for a part may include the odd \$45,000, and a separate proposal will be required for each part of the Notes for which a separate interest rate is bid. Proposals for the purchase of the Notes must be in the form of the proposal for purchase attached hereto. 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, 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 City, 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 City reserves the right to award to any bidder all or any part of the Notes bid for in his proposal. If a bidder is awarded only a part of the Notes bid for in his proposal, any premium offered in such proposal will be proportionately reduced so that the resulting net interest cost to the City 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 Federal Funds.

The City reserves the right to reject any and all bids and to waive any irregularity or informality with respect to any bid. The City further reserves the right to postpone the sale to another time and date in its sole discretion for any reason, including internet difficulties. The City will use its best efforts to notify prospective bidders in a timely manner of any need for a postponement.

## **Closing Documents and Legal Opinion**

The Notes will be certified by U. S. Bank National Association, of Hartford, Connecticut. The legality of the Notes will be passed upon by Robinson & Cole LLP, Bond Counsel, Hartford, Connecticut, and the winning bidder(s) will be furnished with their opinion without charge. Each winning bidder(s) will also be furnished with a signature and no litigation certificate, a receipt of payment satisfactory in form to Bond Counsel, a signed copy of the final Official Statement prepared for this sale, a certificate signed by the appropriate officials of the City relating to the accuracy and completeness of information contained in the final Official Statement and an executed continuing disclosure agreement.

The legal opinion will further state that, under existing statutes and court decisions (i) interest on the Notes is excluded from gross income for federal income tax purposes, (ii) such interest is not treated as an item of tax preference for purposes of computing the federal alternative minimum tax; but is, and is not taken into account in the calculation of adjusted current earning for purposes of computing the alternative minimum tax imposed on corporations, (iii) under existing statutes, interest on the Notes is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and (iv) such interest is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay federal alternative minimum tax. In rendering the legal opinion, Robinson & Cole LLP will rely upon and assume the material accuracy of the representations and statements of expectation contained in the Tax Regulatory Agreement entered into

by the City for the benefit of the owners of the Notes, and further, will assume compliance by the City with the covenants and procedures set forth in such Tax Regulatory Agreement.

### **Settlement of the Notes**

It shall be the responsibility of the winning bidder or bidders to certify to the City before the delivery of the Notes the price or prices at which a substantial amount of the Notes were initially offered and sold to the public.

The Notes will be available for delivery on or about November 3, 2011. The deposit of the Notes with DTC or its custodian under a book-entry system requires the assignment of CUSIP numbers prior to delivery. It shall be the responsibility of the winning bidder or bidders to obtain CUSIP numbers for the Notes prior to delivery, and the City will not be responsible for any delay occasioned by the failure of the winning bidder or bidders to obtain such numbers and to supply them to the City in a timely manner. The City 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.

The Preliminary Official Statement is in a form “deemed final” by the City for purposes of SEC Rule 15c2-12(b)(1). Each winning bidder will be furnished 10 copies of the final Official Statement prepared for the Notes at the City’s expense. Additional copies may be obtained by a winning bidder(s) at its own expense by arrangement with the printer. The copies of the Official Statement will be made available to the winning bidder no later than seven business days after the bid opening at the office of the City’s financial advisor. If the City’s financial advisor is provided with the necessary information from the winning bidder(s) by 12:00 p.m. (noon) on the day after the bid opening, the copies of the final Official Statement will include an additional cover page and other pages, if necessary, indicating the interest rates, ratings, yields or reoffering prices, and the name of the managing underwriter.

### **Continuing Disclosure**

The City will undertake in a Continuing Disclosure Agreement entered into in accordance with the requirements of Rule 15c2-12(b)(5), promulgated by the Securities and Exchange Commission, to provide timely notice of the occurrence of certain material events with respect to the Notes. The winning bidder’s obligation to purchase the Notes shall be conditioned upon its receiving, at or prior to the delivery of the Notes, an executed copy of the Continuing Disclosure Agreement for the Notes.

**Related Information**

For more information regarding the Notes and the City, reference is made to the Preliminary Official Statement. Bid forms and copies of the Preliminary Official Statement may be obtained from the undersigned, or from Mr. Matthew A. Spoerndle, Managing Director, Phoenix Advisors, LLC, 53 River Street, Milford, CT 06460, Tel. (203) 878-4945.

JAMES L. RICHETELLI, JR.  
Mayor

LIBERA C. NOSAL  
City Treasurer

October 12, 2011

(See attached for form of Proposal for Notes)

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PROPOSAL FOR PURCHASE  
LOT A

October \_\_, 2011

JAMES L. RICHETELLI, JR., Mayor  
LIBERA C. NOSAL, City Treasurer  
City of Milford, Connecticut  
City Hall  
110 River Street  
Milford, CT 06460

Subject to the provisions of the Notice of Sale dated October 12, 2011, which Notice is made a part of this proposal, we offer to purchase the principal amount of the \$3,045,000 City of Milford, Connecticut General Obligation Bond Anticipation Notes, LOT A, specified below at the stated interest rate (provided not less than \$100,000 of principal amount per interest rate is bid and the total of all principal amounts bid does not exceed \$3,045,000) plus the premium specified below, if any, and to pay therefor par plus the premium specified below, if any, on the date of delivery. We further provide our computation of net interest cost as to each bid, carried to six decimals, and made as provided in the above-mentioned Notice of Sale, but not constituting any part of the foregoing proposal.

Principal amount	_____	Principal amount	_____
Interest rate	_____	Interest rate	_____
Premium	_____	Premium	_____
Net Interest Cost	_____ % (Six Decimals)	Net Interest Cost	_____ % (Six Decimals)
Principal amount	_____	Principal amount	_____
Interest rate	_____	Interest rate	_____
Premium	_____	Premium	_____
Net Interest Cost	_____ % (Six Decimals)	Net Interest Cost	_____ % (Six Decimals)

The undersigned hereby agrees to accept delivery of and make payment for the indicated principal amount of the Notes in Federal Funds on the date of the Notes or as soon thereafter (but not later than 30 days thereafter) as such Notes may be prepared and ready for delivery by the City.

.....  
(Name of Bidder)

.....  
(Authorized Signature)

.....  
(Mailing Address)

.....  
(Telephone Number)

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**NOTICE OF SALE**  
**\$10,145,000**  
**CITY OF MILFORD, CONNECTICUT**  
**GENERAL OBLIGATION BOND ANTICIPATION NOTES**  
**LOT B**  
**BOOK-ENTRY ONLY**

Sealed proposals and electronic bids via *Parity*® (as described herein) will be received by the **CITY OF MILFORD**, Connecticut (the "City"), until 11:30 A.M. (E.D.T.) Wednesday,

**OCTOBER 19, 2011**

for the purchase of \$10,145,000 City of Milford, Connecticut General Obligation Bond Anticipation Notes, Lot B (the "Notes"). Sealed proposals will be received at the Office of the Mayor, City Hall, 110 River Street, Milford, Connecticut 06460, in the manner specified below (See "Sealed Proposal Procedures"). Electronic bids must be submitted via *PARITY*®. (See "Electronic Bidding Procedures").

**The Notes**

The Notes will be dated November 3, 2011 and will be payable to the registered owner on November 2, 2012 as further described in the Preliminary Official Statement for the Notes dated October 12, 2011 (the "Preliminary Official Statement"). The Notes will bear interest (which interest shall be computed on a 360-day year, 30-day month basis) 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 1/1000 of 1% per annum.

**Registration**

At the option of the winning bidder(s), the Notes will be issued by means of a book-entry system with no physical distribution of note certificates made to the public or as fully registered certificates in the form described below. If issued in book-entry form, the Notes will be issued in registered form and one note certificate for each interest rate will be issued to The Depository Trust Company, New York, New York ("DTC"), registered in the name of its nominee, Cede & Co., and immobilized in their custody. A book-entry system will be employed, evidencing ownership of the Notes in principal amounts of \$1,000 or integral multiples thereof, with transfers of ownership effected on the records of DTC and its participants pursuant to rules and procedures adopted by DTC and its participants. The winning bidder(s) as a condition to delivery of the Notes, will be required to deposit the note certificates with DTC, or its custodian, registered in the name of Cede & Co. Principal of and interest on the Notes will be payable by the City or its agent in same-day funds to DTC or its nominee as registered owner of the Notes. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC; transfer of 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 City will not be responsible or liable for payments by DTC to its participants or by DTC participants to beneficial owners or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants.

The winning bidder(s) may request that the Notes be issued in the form of one fully registered physical certificate, rather than in book-entry form through the facilities of DTC. The winning bidder(s) seeking the issuance of the Notes in this manner shall bear any and all costs of any re-registration or transfer of Notes from time to time. Any bidder seeking to have the Notes issued in the form of a fully registered

physical certificate, rather than in book-entry form, shall indicate this preference to the City at the time of the submission of its bid. The City reserves the right to decline any request to issue the Notes in non book-entry form, if it should determine, in its sole discretion, that issuing the Notes in this manner is not in its best interests.

### **Nature of Obligation**

The full faith and credit of the City will be pledged for the prompt payment of the principal of and the interest on the Notes when due. The Notes will be general obligations of the City payable, unless paid from other sources, from ad valorem taxes which may be levied on all taxable property subject to taxation by the City 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.

### **Bank Qualification**

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

### **Electronic Bidding Procedures**

Any prospective bidder intending to submit an electronic bid must submit its electronic bid through the facilities of **PARITY**<sup>®</sup>. Subscription to i-Deal LLC's BiDCOMP Competitive Bidding System is required in order to submit an electronic bid and the City 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**<sup>®</sup> 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 City. The City shall not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of, **PARITY**<sup>®</sup>, the use of such facilities being the sole risk of the prospective bidder.

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

For purposes of both the sealed proposal process and the electronic bidding process, the time as maintained by **PARITY**<sup>®</sup> shall constitute the official time. For information purposes only, bidders are requested to state in their electronic bids the net interest cost to the City, as described under "Bid/Specifications/Basis of Award" below, and in the written form of Proposal for Purchase. All electronic bids shall be deemed to incorporate the provisions of this Notice of Sale and form of Proposal for Purchase.

## **Sealed Proposal Procedures**

Bids will be accepted in written form on the form of Proposal for Notes – Lot B at the place and time indicated above. Bids must be enclosed in sealed envelopes marked “Proposal for Notes - Lot B” and addressed to The Honorable James L. Richetelli, Jr., Mayor, City of Milford, Connecticut.

## **Bid Specifications/Basis of Award**

Proposals for the purchase of the Notes must be in the form of the proposal for purchase attached hereto or, if submitted electronically, 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 \$100,000, or a whole multiple thereof, except one such proposal for a part may include the odd 45,000, 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, 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 City, 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 City reserves the right to award to any bidder all or any part of the Notes bid for in his proposal. If a bidder is awarded only a part of the Notes bid for in his proposal, any premium offered in such proposal will be proportionately reduced so that the resulting net interest cost to the City 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 Federal Funds.

The City reserves the right to reject any and all bids and to waive any irregularity or informality with respect to any bid. The City further reserves the right to postpone the sale to another time and date in its sole discretion for any reason, including internet difficulties. The City will use its best efforts to notify prospective bidders in a timely manner of any need for a postponement.

## **Closing Documents and Legal Opinion**

The Notes will be certified by U. S. Bank National Association, of Hartford, Connecticut. The legality of the Notes will be passed upon by Robinson & Cole LLP, Bond Counsel, Hartford, Connecticut, and the winning bidder(s) will be furnished with their opinion without charge. Each winning bidder(s) will also be furnished with a signature and no litigation certificate, a receipt of payment satisfactory in form to Bond Counsel, a signed copy of the final Official Statement prepared for this sale, a certificate signed by the appropriate officials of the City relating to the accuracy and completeness of information contained in the final Official Statement and an executed continuing disclosure agreement.

The legal opinion will further state that, under existing statutes and court decisions (i) interest on the Notes is excluded from gross income for federal income tax purposes, (ii) such interest is not treated as an item of tax preference for purposes of computing the federal alternative minimum tax; but is, and is not taken into account in the calculation of adjusted current earning for purposes of computing the alternative minimum tax imposed on corporations, (iii) under existing statutes, interest on the Notes is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and (iv) such interest is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay federal alternative minimum tax. In rendering the legal opinion, Robinson & Cole LLP will rely upon and assume the material accuracy of the representations and statements of expectation contained in the Tax Regulatory Agreement entered into

by the City for the benefit of the owners of the Notes, and further, will assume compliance by the City with the covenants and procedures set forth in such Tax Regulatory Agreement.

### **Settlement of the Notes**

It shall be the responsibility of the winning bidder or bidders to certify to the City before the delivery of the Notes the price or prices at which a substantial amount of the Notes were initially offered and sold to the public.

The Notes will be available for delivery on or about November 3, 2011. The deposit of the Notes with DTC or its custodian under a book-entry system requires the assignment of CUSIP numbers prior to delivery. It shall be the responsibility of the winning bidder or bidders to obtain CUSIP numbers for the Notes prior to delivery, and the City will not be responsible for any delay occasioned by the failure of the winning bidder or bidders to obtain such numbers and to supply them to the City in a timely manner. The City 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.

The Preliminary Official Statement is in a form “deemed final” by the City for purposes of SEC Rule 15c2-12(b)(1). Each winning bidder will be furnished 10 copies of the final Official Statement prepared for the Notes at the City’s expense. Additional copies may be obtained by a winning bidder(s) at its own expense by arrangement with the printer. The copies of the Official Statement will be made available to the winning bidder no later than seven business days after the bid opening at the office of the City’s financial advisor. If the City’s financial advisor is provided with the necessary information from the winning bidder(s) by 12:00 p.m. (noon) on the day after the bid opening, the copies of the final Official Statement will include an additional cover page and other pages, if necessary, indicating the interest rates, ratings, yields or reoffering prices, and the name of the managing underwriter.

### **Continuing Disclosure**

The City will undertake in a Continuing Disclosure Agreement entered into in accordance with the requirements of Rule 15c2-12(b)(5), promulgated by the Securities and Exchange Commission, to provide timely notice of the occurrence of certain material events with respect to the Notes. The winning bidder’s obligation to purchase the Notes shall be conditioned upon its receiving, at or prior to the delivery of the Notes, an executed copy of the Continuing Disclosure Agreement for the Notes.

**Related Information**

For more information regarding the Notes and the City, reference is made to the Preliminary Official Statement. Bid forms and copies of the Preliminary Official Statement may be obtained from the undersigned, or from Mr. Matthew A. Spoerndle, Managing Director, Phoenix Advisors, LLC, 53 River Street, Milford, CT 06460, Tel. (203) 878-4945.

JAMES L. RICHETELLI, JR.  
Mayor

LIBERA C. NOSAL  
City Treasurer

October 12, 2011

(See attached for form of Proposal for Purchase)

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PROPOSAL FOR PURCHASE  
LOT B

October \_\_, 2011

JAMES L. RICHETELLI, JR., Mayor  
LIBERA C. NOSAL, City Treasurer  
City of Milford, Connecticut  
City Hall  
110 River Street  
Milford, CT 06460

Subject to the provisions of the Notice of Sale dated October 12, 2011, which Notice is made a part of this proposal, we offer to purchase the principal amount of the \$10,145,000 City of Milford, Connecticut General Obligation Bond Anticipation Notes, Lot B, specified below at the stated interest rate (provided not less than \$100,000 of principal amount per interest rate is bid and the total of all principal amounts bid does not exceed \$10,145,000) plus the premium specified below, if any, and to pay therefor par plus the premium specified below, if any, on the date of delivery. We further provide our computation of net interest cost as to each bid, carried to four decimals, and made as provided in the above-mentioned Notice of Sale, but not constituting any part of the foregoing proposal.

Principal amount	_____	Principal amount	_____
Interest rate	_____	Interest rate	_____
Premium	_____	Premium	_____
Net Interest Cost	_____ % (Six Decimals)	Net Interest Cost	_____ % (Six Decimals)
Principal amount	_____	Principal amount	_____
Interest rate	_____	Interest rate	_____
Premium	_____	Premium	_____
Net Interest Cost	_____ % (Six Decimals)	Net Interest Cost	_____ % (Six Decimals)

The undersigned hereby agrees to accept delivery of and make payment for the indicated principal amount of the Notes in Federal Funds on the date of the Notes or as soon thereafter (but not later than 30 days thereafter) as such Notes may be prepared and ready for delivery by the City.

.....  
(Name of Bidder)

.....  
(Authorized Signature)

.....  
(Mailing Address)

.....  
(Telephone Number)

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