

FINAL OFFICIAL STATEMENT DATED OCTOBER 29, 2014**NEW ISSUE: Book-Entry-Only****RATINGS: Moody's Investor Service: Aa1/MIG 1****Standard and Poor's Corporation: AA+/SP-1+****Fitch Ratings: AA+/F1+**

In the opinion of Bond Counsel, rendered in reliance upon and assuming the accuracy of and continuing compliance with certain representations and covenants relating to the applicable requirements of the Internal Revenue Code of 1986, as amended (the "Code"), under existing law, interest on the Bonds and the Notes is not included in gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax; however, with respect to certain corporations (as defined for federal income tax purposes) subject to the federal alternative minimum tax, such interest is taken into account in computing the federal alternative minimum tax. In the opinion of Bond Counsel, under 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. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds and the Notes. See "Tax Exemption of the Bonds and the Notes" herein.

**City of Milford, Connecticut****\$14,195,000****General Obligation Bonds, Issue of 2014 (the "Bonds")****Dated: Date of Delivery****Due: Serially, November 1, 2015 – 2034****As detailed below:**

Interest on the Bonds will be payable on May 1, 2015 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. Principal of, and interest payments on, the Bonds will be made by the City to The Depository Trust Company, New York, New York ("DTC"), or its nominee as registered owner of the Bonds. DTC will credit its participants in accordance with their respective holdings shown in the records of DTC. It is anticipated that the beneficial owners of the Bonds will receive payment or credit from DTC participants and other nominees of the beneficial owners. Ownership of the Bonds may be in principal amounts of \$5,000 or integral multiples thereof. (See "Book-Entry-Only Transfer System" herein.)

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

| Year | Principal | Coupon | Yield | CUSIP | Year | Principal | Coupon | Yield | CUSIP |
|-------------|------------------|---------------|--------------|--------------|-------------|------------------|---------------|--------------|--------------|
| 2015 | \$ 705,000 | 2.000% | 0.350% | 5993777R3 | 2025 | \$ 710,000 | 2.375% | 2.400% | 5993778B7 |
| 2016 | 710,000 | 3.000% | 0.500% | 5993777S1 | 2026 | 710,000 | 2.500% | 2.550% | 5993778C5 |
| 2017 | 710,000 | 4.000% | 0.750% | 5993777T9 | 2027* | 710,000 | 3.000% | 2.700% | 5993778D3 |
| 2018 | 710,000 | 4.000% | 1.000% | 5993777U6 | 2028* | 710,000 | 3.000% | 2.800% | 5993778E1 |
| 2019 | 710,000 | 4.000% | 1.250% | 5993777V4 | 2029* | 710,000 | 3.000% | 2.900% | 5993778F8 |
| 2020 | 710,000 | 4.000% | 1.500% | 5993777W2 | 2030 | 710,000 | 3.000% | 3.000% | 5993778G6 |
| 2021 | 710,000 | 4.000% | 1.750% | 5993777X0 | 2031 | 710,000 | 3.000% | 3.070% | 5993778H4 |
| 2022 | 710,000 | 5.000% | 2.000% | 5993777Y8 | 2032 | 710,000 | 3.125% | 3.125% | 5993778J0 |
| 2023 | 710,000 | 2.125% | 2.125% | 5993777Z5 | 2033 | 710,000 | 3.125% | 3.180% | 5993778K7 |
| 2024 | 710,000 | 2.250% | 2.250% | 5993778A9 | 2034 | 710,000 | 3.250% | 3.250% | 5993778L5 |

* Priced assuming redemption on November 1, 2022; however any such redemption is at the option of the City.

Roosevelt & Cross, Inc. and Associates**\$11,800,000****General Obligation Bond Anticipation Notes (the "Notes")****Lot A: \$9,990,000****Lot B: \$1,810,000**

Dated: November 10, 2014
Due: May 8, 2015
Rate: 1.00%
Yield: 0.11%
CUSIP: 5993778M3
Underwriter: Raymond James & Associates, Inc.

Dated: November 10, 2014
Due: November 9, 2015
Rate: 1.25%
Yield: 0.17%
CUSIP: 5993778N1
Underwriter: Raymond James & Associates, Inc.

Interest on the Notes will be payable at maturity. The Notes, when issued, will be registered in the name of Cede & Co., as Noteowner and nominee for The Depository Trust Company ("DTC"), New York, New York. Ownership of the Notes may be in principal amounts of \$1,000 or integral multiples thereof. So long as Cede & Co. is the Noteowner, as nominee for DTC, reference herein to the Noteowner or owners shall mean Cede & Co., aforesaid, and shall not mean the Beneficial Owners (as described herein) of the Notes. (See "Book-Entry Only Transfer System" herein.)

The Notes are NOT subject to redemption prior to maturity.

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 22, 2014.

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. (See "Security and Remedies" herein.)

The Bonds and Notes are offered for delivery when, as and if issued, subject to the approving opinion of Pullman & Comley, LLC, Bond Counsel, of Bridgeport and Hartford, Connecticut and certain other conditions. It is expected that delivery of the Bonds and Notes in book-entry-only form will be made to DTC on or about November 10, 2014. The Registrar, Transfer Agent, Paying Agent, and Certifying Agent will be U.S. Bank National Association.

No dealer, broker, salesman or other 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 by the City. 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. The information set forth herein has been obtained by the City from sources which are believed to be reliable but is not guaranteed as to accuracy or completeness.

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 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 herein as the opinion of Bond Counsel, Bond Counsel is not passing on and does not assume any responsibility for the accuracy or adequacy of the statements made in this Official Statement and makes no representation that it has independently verified the same.

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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.

| | |
|---|--|
| Date of Sale: | Wednesday, October 29, 2014 at 12:00 Noon (Eastern Time). |
| Location of Sale: | Office of the Mayor, City Hall, 110 River Street, Milford, Connecticut, 06460. |
| Issuer: | City of Milford, Connecticut (the "City"). |
| Issue: | \$14,195,000 General Obligation Bonds, Issue of 2014 (the "Bonds"). |
| Dated Date: | Date of delivery. |
| Interest Due: | Interest due May 1, 2015 and semiannually thereafter on November 1 and May 1 in each year until maturity. |
| Principal Due: | Principal due serially November 1, 2015 through November 1, 2034 as detailed in this Official Statement. |
| Authorization and Purpose: | The Bonds are being issued to permanently finance a portion of bond anticipation notes of the City maturing on November 10, 2014 and to provide new money to finance various public improvement, school and sewer projects authorized by certain bond ordinances adopted by the City. |
| Redemption: | The Bonds are subject to redemption prior to maturity as herein provided. |
| Security and Remedies: | 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. |
| Credit Rating: | The City received a "Aa1", "AA+" and "AA+" from Moody's Investors Service, Standard & Poor's Corporation and Fitch Ratings, respectively, on the Bonds. |
| Bond Insurance: | The City does not expect to purchase a credit enhancement facility. |
| Basis of Award: | Lowest True Interest Cost (TIC), as of the dated date. |
| Tax Exemption: | See "Tax Exemption of the Bonds and the Notes" herein. |
| Bank Qualification: | 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. |
| Continuing Disclosure: | 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 certain events with respect to the Bonds pursuant to a Continuing Disclosure Agreement to be executed by the City substantially in the form set forth in Appendix C to this Official Statement. |
| Registrar, Transfer Agent, Certifying Agent, & Paying Agent: | U.S. Bank National Association, Goodwin Square, 225 Asylum Street, Hartford, Connecticut 06107. |
| Legal Opinion: | Pullman & Comley, LLC, of Bridgeport, Connecticut will act as Bond Counsel. |
| Financial Advisor: | Phoenix Advisors, LLC of Milford, Connecticut will act as Financial Advisor. Telephone (203) 878-4945. |
| Delivery and Payment: | It is expected that delivery of the Bonds in book-entry-only form will be made to The Depository Trust Company on or about November 10, 2014 against payment in Federal Funds. |
| Issuer Official: | 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.

| | |
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| Date of Sale: | Wednesday, October 29, 2014 at 11:00 A.M. (Eastern Time). |
| Location of Sale: | Office of the Mayor, City Hall, 110 River Street, Milford, Connecticut, 06460. |
| Issuer: | City of Milford, Connecticut (the "City"). |
| Issue: | \$9,990,000 General Obligation Bond Anticipation Notes, Lot A (the "Lot A Notes"). |
| Dated Date: | Date of delivery. |
| Interest Due: | At maturity: May 8, 2015. |
| Principal Due: | At maturity: May 8, 2015. |
| Authorization and Purpose: | The Lot A Notes are being issued to finance various school projects authorized by certain bond ordinances adopted by the City. |
| Redemption: | The Lot A Notes are not subject to redemption prior to maturity. |
| Security and Remedies: | 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. |
| Credit Rating: | The City received a "MIG 1", "SP-1+" and "F1+" from Moody's Investors Service, Standard & Poor's Corporation and Fitch Ratings, respectively, on the Lot A Notes. |
| Bond Insurance: | The City does not expect to purchase a credit enhancement facility. |
| Basis of Award: | Lowest Net Interest Cost (NIC), as of the dated date. |
| Tax Exemption: | See "Tax Exemption of the Bonds and the Notes" herein. |
| Bank Qualification: | 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. |
| Continuing Disclosure: | 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 certain events with respect to the Lot A Notes pursuant to a Continuing Disclosure Agreement to be executed by the City substantially in the form set forth in Appendix C to this Official Statement. |
| Registrar, Transfer Agent, Certifying Agent & Paying Agent: | U.S. Bank National Association, Goodwin Square, 225 Asylum Street, Hartford, Connecticut 06107. |
| Legal Opinion: | Pullman & Comley, LLC, of Bridgeport, Connecticut will act as Bond Counsel. |
| Financial Advisor: | Phoenix Advisors, LLC of Milford, Connecticut will act as Financial Advisor. Telephone (203) 878-4945. |
| Delivery and Payment: | 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 10, 2014 against payment in Federal Funds. |
| Issuer Official: | 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.

| | |
|--|---|
| Date of Sale: | Wednesday, October 29, 2014 at 11:30 A.M. (Eastern Time). |
| Location of Sale: | Office of the Mayor, City Hall, 110 River Street, Milford, Connecticut, 06460. |
| Issuer: | City of Milford, Connecticut (the "City"). |
| Issue: | \$1,810,000 General Obligation Bond Anticipation Notes, Lot B (the "Lot B Notes"). |
| Dated Date: | Date of delivery. |
| Interest Due: | At maturity: November 9, 2015. |
| Principal Due: | At maturity: November 9, 2015. |
| Authorization and Purpose: | The Lot B Notes are being issued to finance various public improvement and sewer projects authorized by certain bond ordinances adopted by the City. |
| Redemption: | The Lot B Notes are not subject to redemption prior to maturity. |
| Security and Remedies: | 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. |
| Credit Rating: | The City received a "MIG 1", "SP-1+" and "F1+" from Moody's Investors Service, Standard & Poor's Corporation and Fitch Ratings, respectively, on the Lot B Notes. |
| Bond Insurance: | The City does not expect to purchase a credit enhancement facility. |
| Basis of Award: | Lowest Net Interest Cost (NIC), as of the dated date. |
| Tax Exemption: | See "Tax Exemption of the Bonds and the Notes" herein. |
| Bank Qualification: | 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. |
| Continuing Disclosure: | 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 set forth in Appendix C to this Official Statement. |
| Registrar, Transfer Agent, Certifying Agent & Paying Agent: | U.S. Bank National Association, Goodwin Square, 225 Asylum Street, Hartford, Connecticut 06107. |
| Legal Opinion: | Pullman & Comley, LLC, of Bridgeport, Connecticut will act as Bond Counsel. |
| Financial Advisor: | Phoenix Advisors LLC of Milford, Connecticut will act as Financial Advisor. Telephone (203) 878-4945. |
| Delivery and Payment: | 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 10, 2014 against payment in Federal Funds. |
| Issuer Official: | 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 the City's \$14,195,000 General Obligation Bonds, Issue of 2014 (the "Bonds") and its \$11,800,000 General Obligation Bond Anticipation Notes, comprised of \$9,990,000 General Obligation Bond Anticipation Notes, Lot A (the "Lot A Notes") and \$1,810,000 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.

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

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

The Bonds and the Notes are being offered for sale at public bidding. Notices of Sale for the Bonds and the Notes, each dated October 22, 2014, have been furnished to prospective bidders. Reference is made to the respective Notices of Sale for the terms and conditions of the bidding.

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

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.

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 timely notice of the occurrence of certain events with respect to the Bonds and the Notes pursuant to Continuing Disclosure Agreements to be executed substantially in the forms set forth in Appendix C to this Official Statement. The successful bidder's obligation to purchase the Bonds and the Notes shall be conditioned upon its receiving, at or prior to the delivery of the Bonds and the Notes, executed copies of the Continuing Disclosure Agreements.

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

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 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 the date of delivery and will bear interest at the rate or rates per annum specified by the successful bidder, payable on May 1, 2015 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 for the Bonds

Bonds maturing on or before November 1, 2022 are not subject to redemption prior to maturity. The Bonds maturing on November 1, 2023 and thereafter are subject to redemption prior to maturity, at the election of the City, on or after November 1, 2022 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:

| <i>Period During Which Redeemed</i> | <i>Redemption Prices</i> |
|--|---------------------------------|
| November 1, 2022 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 10, 2014 and will be due and payable as to both principal and interest at maturity, May 8, 2015. The Lot B Notes will be dated November 10, 2014 and will be due and payable as to both principal and interest at maturity, November 9, 2015. 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 Only Transfer System". The Notes are not subject to redemption prior to maturity.

Authorization and Purpose

The Bonds and the Notes are authorized and are being 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.

Use of Proceeds

The proceeds of the Bonds and Notes are anticipated to be used for the purposes set forth below:

| Project | This Issue: | | | |
|---|--|---|--|----------------------|
| | Total Amount of Authorization | Lot A Notes Due 5/8/2015 | Lot B Notes Due 11/9/2015 | The Bonds |
| Various Public Improvements (Feb 07)..... | \$ 4,620,300 | \$ - | \$ - | \$ 80,000 |
| Various Public Improvements (Apr 08)..... | 3,715,559 | - | - | 15,000 |
| Various Public Improvements (Feb 10)..... | 6,292,000 | - | - | 271,000 |
| Various Public Improvements (Feb 11)..... | 6,588,000 | - | 41,000 | 256,000 |
| Eastside Firehouse..... | 4,950,000 | - | - | 253,000 |
| Woodmont Beach FEMA (Mar 12)..... | 534,000 | - | 287,000 | 3,000 |
| Various Public Improvements (Feb 12)..... | 6,088,600 | - | 924,000 | 574,000 |
| Various Public Improvements (Feb 13)..... | 7,578,000 | - | 62,000 | 1,580,000 |
| Various Public Improvements (Feb 14)..... | 8,717,500 | - | 26,000 | 708,000 |
| Subtotal General Improvement..... | \$ 49,083,959 | \$ - | \$ 1,340,000 | \$ 3,740,000 |
| Various School Improvements (Feb 07) | 18,489,511 | - | - | 18,000 |
| Various School Improvements (Apr 08)..... | 1,440,000 | - | - | 490,000 |
| Various School Improvements (Feb 10)..... | 9,640,000 | - | - | 372,000 |
| Various School Improvements (Feb 11)..... | 5,630,000 | 5,000 | - | 20,000 |
| Various School Improvements (Feb 12)..... | 12,000,000 | 5,375,000 | - | 2,223,000 |
| Various School Improvements (Feb 13)..... | 9,344,966 | 4,137,000 | - | 2,739,000 |
| Various School Improvements (Feb 14)..... | 3,564,094 | 473,000 | - | 613,000 |
| Subtotal Schools..... | \$ 60,108,571 | \$ 9,990,000 | \$ - | \$ 6,475,000 |
| Wastewater Facilities Upgrade... ¹ | 33,150,940 | - | 200,000 | 270,000 |
| Sewers XIII..... | 2,555,000 | - | - | 94,000 |
| Sewers XV..... | 4,625,000 | - | 30,000 | 670,000 |
| Sewers XVI..... | 275,000 | - | - | 192,000 |
| Sewers XVII..... | 2,753,825 | - | 40,000 | 1,459,000 |
| Sewers XVIII | 4,254,000 | - | 200,000 | 1,215,000 |
| Sewers XIX | 187,000 | - | - | 80,000 |
| Subtotal Sewers..... | \$ 47,800,765 | \$ - | \$ 470,000 | \$ 3,980,000 |
| Totals..... | \$ 192,812,398 | \$ 9,990,000 | \$ 1,810,000 | \$ 14,195,000 |

¹ 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 \$33,150,940 reflecting Clean Water Fund grant and loan proceeds received.

Book-Entry-Only Transfer System

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Bonds and the Notes. The Bonds and the Notes 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 Bond certificate will be issued for each maturity of the Bonds in the aggregate principal amount of such maturity and will be deposited with DTC. For the Notes, one fully-registered Note certificate will be issued for each interest rate on the Notes.

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

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

To facilitate subsequent transfers, all the Bonds and the Notes deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Bonds and the Notes 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 Bonds or the Notes; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Bonds and Notes 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 Bonds within an issue are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds and the Notes unless authorized by a Direct Participant in accordance with DTC’s MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City 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 the Bonds and the Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, Interest and redemption payments with respect to the Bonds and the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or Agent, on the 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 nor its nominee, the Paying Agent, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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

DTC Practices

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

Replacement Bonds and Notes

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

Security and Remedies

The Bonds and the Notes will be general obligations of the City 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.

Unless paid from other sources, the Bonds and the Notes are payable from general property tax revenues of the City. The City has the power under Connecticut statutes to levy ad valorem taxes on all property subject to taxation by 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 and of qualified disabled persons taxable at limited amounts. There was, however, no such certified forest land on the last completed grand list of the 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. A Court of competent jurisdiction also has the power in appropriate proceedings to order a payment of a judgment on such Bonds and Notes from funds lawfully available therefor or, in the absence thereof, to order the 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 may 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 the Bonds and the Notes would also be subject to the applicable provisions of Federal bankruptcy laws, as well as other bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights and to provisions of other statutes, if any, heretofore or hereafter enacted by the Congress or the Connecticut General Assembly extending the time for payment or imposing other constraints upon enforcement insofar as the same may be constitutionally applied.

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 thereof, or by State law or 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 under Chapter 9 of Title 11 of the United States Code without the express prior written consent of the Governor. This prohibition applies to any town, city, borough, metropolitan district and any other political subdivision of the State of Connecticut having the power to levy taxes and issue bonds or other obligations.

THE CITY OF MILFORD 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 certain interest expense allocable to the Bonds or 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 the occurrence of certain events with respect to the Bonds and the Notes pursuant to Continuing Disclosure Agreements to be executed by the City substantially in the forms set forth in Appendix C, 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, operating data, and event notices pursuant to Rule 15c2-12(b)(5). In the last five years, the City has not failed to meet any of its undertakings under such agreements with the exception of its filing of the fiscal year ending June 30, 2009 CAFR in which the City inadvertently posted the fiscal year ending June 30, 2008 CAFR onto EMMA. On November 19, 2012, this was corrected.

Ratings

The City received ratings of "Aa1", "AA+" and "AA+" from Moody's Investors Service, Standard & Poor's Corporation 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 Corporation and Fitch Ratings, respectively. The City furnished to the Rating Agencies certain information and materials, some of which may not have been included in this Official Statement. Such ratings reflect 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 their 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 they 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.

Bond Insurance

The City does not expect to purchase a credit enhancement facility for the Bonds or the Notes.

Tax Exemption of the Bonds and the Notes

Federal Taxes. In the opinion of Pullman & Comley, LLC, Bond Counsel, under existing law, interest on the Bonds and the Notes is not included in gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax; however, with respect to certain corporations (as defined for federal income tax purposes) subject to the federal alternative minimum tax, such interest is taken into account in computing the federal alternative minimum tax.

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

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

Original Issue Discount. The initial public offering prices of the Bonds of certain maturities may be less than the stated principal amount. Under existing law, the difference between the stated principal amount and the initial offering price of each maturity of the Bonds will constitute original issue discount. The offering prices relating to the yields set forth on the cover page of this Official Statement for such Bonds is expected to be the initial offering prices to the public (excluding bond houses and brokers) at which a substantial amount of the Bonds are sold. Under existing law, original issue discount on the Bonds accrued and properly allocable to the owners thereof under the Code is excludable from gross income for federal income tax purposes if interest on the Bonds is excludable from gross income for federal income tax purposes.

Under the Code, for purposes of determining an owner's adjusted basis in a Bond purchased at an original issue discount, original issue discount is treated as having accrued while the owner holds such Bond and will be added to the owner's basis. Original issue discount will accrue on a constant-yield-to-maturity method based on regular compounding. The owner's adjusted basis will be used to determine taxable gain or loss upon the sale or other disposition (including redemption or payment at maturity) of such a Bond. For certain corporations (as defined for federal income tax purposes), a portion of the original issue discount that accrues in each year to such Bond will be included in the calculation of the corporation's federal alternative minimum tax liability. As a result, ownership of such a Bond by such a corporation may result in an alternative minimum tax liability even though such owner has not received a corresponding cash payment.

Prospective purchasers of Bonds at an original issue discount should consult their own tax advisors as to the calculation of accrued original issue discount, the accrual of original issue discount in the case of Bondowners purchasing such Bonds after the initial offering and sale, and the state and local tax consequences of owning or disposing of such Bonds.

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

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

State Taxes. In the opinion of Bond Counsel, under 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 for individuals, trusts and estates required to pay the federal alternative minimum tax.

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

Accrued original issue discount on a Bond is also 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 for individuals, trusts and estates required to pay the federal alternative minimum tax.

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

Owners of the Bonds should consult their tax advisors with respect to other applicable state and local tax consequences of ownership of the Bonds and the Notes and the disposition thereof.

Proposed Legislation and Other Matters. Tax legislation and administrative actions taken by tax authorities (whether currently proposed, proposed in the future, or enacted) and court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Bonds and the Notes under federal or state law or otherwise prevent beneficial owners of the Bonds and the Notes from realizing the full current benefit of the tax status of such interest. In addition, such legislation, actions or decisions could affect the market price for, or the marketability of, the Bonds and the Notes.

Prospective purchasers of the Bonds and the Notes should consult their own tax advisors regarding the foregoing matters.

General. The opinion of Bond Counsel is rendered as of its date, and Bond Counsel assumes no obligation to update or supplement its opinions to reflect any facts or circumstances that may come to its attention or any changes in law that may occur after the date of its opinion. Bond Counsel's opinions are based on existing law, which is subject to change. Such opinions are further based on factual representations made to Bond Counsel as of the date of issuance. Moreover, Bond Counsel's opinions are not a guarantee of a particular result, and are not binding on the Internal Revenue Service or the courts; rather, such opinions represent Bond Counsel's professional judgment based on its review of existing law, and in reliance on the representations and covenants that it deems relevant to such opinions.

The discussion above does not purport to deal with all aspects of federal or state or local taxation that may be relevant to a particular owner of the Bonds and the Notes. Prospective owners 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 owning and disposing of the Bonds and the Notes.

Legal Opinion

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

Registrar, Transfer Agent, Paying Agent and Certifying Agent

The Registrar, Transfer Agent, Paying Agent and Certifying Agent for the Bonds and the Notes will be U.S. Bank National Association, Goodwin Square, 23rd Floor, 225 Asylum Street, Hartford, Connecticut 06103.

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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 by population in New Haven County and eighteenth by population 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 City'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 buses run during peak hours serving the City's major office and industrial parks to the rail station and from commuter lots 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 \$6,540,000, Federal grants in excess of \$33,500,000, and State grants in the amount of \$20,210,000.

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. An 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

| <i>Office</i> | <i>Name</i> | <i>Manner of Selection</i> | <i>Current Term</i> | <i>Length of Service</i> | <i>Principal Employment Last Five Years</i> |
|-----------------------------------|---------------------------|---------------------------------------|--------------------------------|-------------------------------------|--|
| Mayor..... | Benjamin G. Blake | Elected | 11/13-11/15 | 2nd term | Attorney |
| Chairman, Board of Aldermen.... | Philip J. Vetro | Elected | 11/13-11/15 | 2nd term | Home Improvement Contractor |
| Town/City Clerk..... | Joanne M. Rohrig | Elected | 11/13-11/15 | 1st Term | Operations Manager |
| Director of Finance..... | Peter A. Erodici, Jr. | Appointed | Indefinite | 3.5 Years ¹ | City/Senior Accountant |
| City Treasurer..... | Libera C. Nosal | Appointed | Indefinite | 14 years | Acct./Cash Manager |
| Superintendent of Schools | Elizabeth E. Feser, Ed.D. | Appointed | Indefinite | 3.5 Years | Superintendent, Windsor Public |
| Deputy Superintendent of Ops..... | James Richetelli | Appointed | Indefinite | 3 years ² | Mayor, City of Milford |
| Director of Public Health..... | Andrew D. McBride, M.D. | Appointed | Contract | 10 years | State Health Director |
| City Attorney..... | Jonathon D. Berchem | Appointed | N/A | 3 years | Attorney |
| Chairman, Board of Education..... | Susan Glennon | Elected | 11/13-11/15 | 2nd Term | Early Childhood Practitioner |

¹ Mr. Erodici served as City Accountant with the City for 3 years prior to being appointed as Director of Finance on July 18, 2011.

² Mr. Richetelli served as Mayor of the City of Milford for 10 years prior to accepting the position as Deputy Superintendent of Operations.

Sources: Finance Director's Office, City of Milford

Benjamin G. Blake, Mayor

In November 2011, at age 33, Ben was elected the 10th Mayor of Milford, CT. He previously served eight years as a member of the Board of Aldermen, including terms as Minority Leader and as Chairman.

Ben was born in Milford and his parents, grandparents, and even a generation before that made Milford their home. He attended the University of Richmond in Virginia where he studied History and Government. He attended law school at Quinnipiac University, and from 2004 through 2011 practiced law on in Downtown Milford.

As Mayor, Ben has enacted a series of cost cutting initiatives and streamlined City operations to make Milford government more effective and efficient. He has implemented comprehensive conservation improvements within City buildings and infrastructure that have yielded significant energy savings for taxpayers. Most notably, Ben has led Milford through Storm Sandy and Blizzard Nemo, and has received widespread praise and appreciation for his management during two of the worst natural disasters in the City's history.

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. She earned a Bachelor's degree from St. Xavier College (Chicago), Master's degree from Boston College and Doctorate in Educational Administration from Teachers College, Columbia University.

Dr. Feser brings a wealth of experience to the Milford Public School district having served in three states and worked in both parochial and public school systems. Prior to her post in Milford, she served as the Superintendent of Windsor Public Schools for nine years and as Assistant Superintendent of Schools in the New Canaan Public School district for eight years. Earlier in her career, Dr. Feser was the Principal of Danbury High School. Prior to Danbury 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 currently is serving as Past President of CAPSS having just completed her tenure as President of the organization. She also serves on the CAPSS Assessment and Accountability Committee and the Leadership Development Advisor Committee. She is a member of the Commissioner's Roundtable. She is also a member of the Connecticut Superintendents' Network, a clinical study group focused on improving instructional practice and creating the conditions that foster student achievement.

Peter A. Erodici Jr., CPA, CGMA, 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/United Healthcare, 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 and Secretary 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.

James Richetelli, Chief Operations Officer, Board of Education

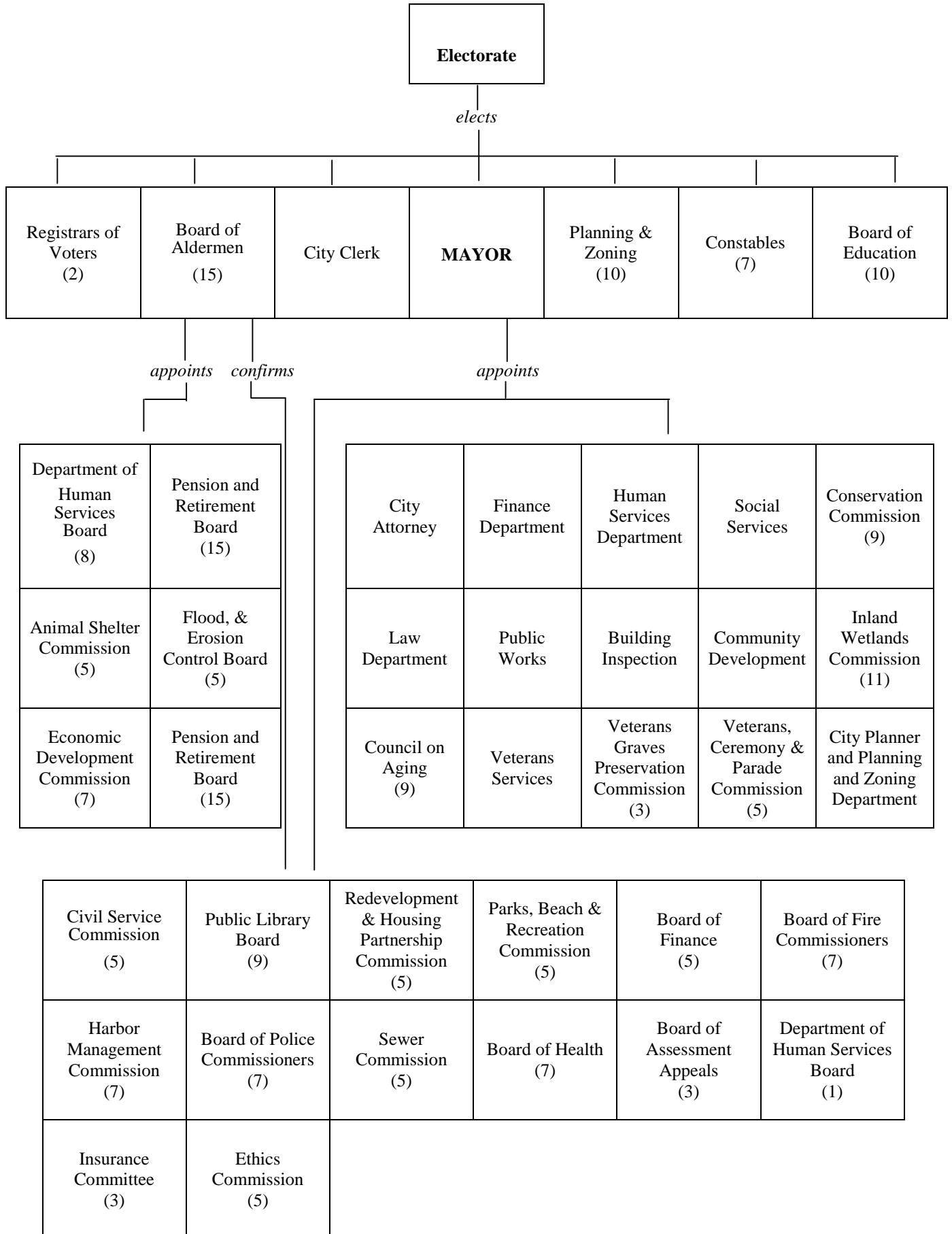
Mr. Richetelli graduated from Fordham University in 1983 with a Bachelor of Arts Degree. Prior to being appointed Chief Operations Officer in November 2011, he served as Mayor of the City of Milford for 10 years. Before that, Mr. Richetelli was employed in senior management positions in the manufacturing 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.

Mr. 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.

Mr. 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 was 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). Mr. Richetelli served as a *national panelist at the "100 Best Communities"* Washington D.C. meeting. He has also served as Secretary and Chairman of the South Central Regional Council of Governments and was Chairman of the Connecticut Conference of Municipalities Statewide Task Force on Children, Youth and Families.

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ORGANIZATION CHART



Municipal Services

Police

The Milford Police Department is housed in a facility built in 1979. There are currently 116 sworn Officers and 15 civilian personnel in the Department. Presently, department services include the following Divisions: Patrol, Detective, and Administrative. Specialized Units in the Department consist of a Regional Special Response Team, Marine/Scuba Team, Training Unit, K-9 Unit, Crime Prevention Unit, Motorcycle Unit, Bicycle Patrol, Computer Crimes Unit, Special Investigations Unit, Traffic Unit and a Tactical Unit. The Department maintains a fleet of sixty-five vehicles plus a Prisoner Van, Scuba Van, motorcycles, Mobile Command Vehicle, Crime Scene Van and an SRT Vehicle.

On an annual basis, the Department receives over 50,000 calls for service and/or complaints that are logged and tracked via a computer-aided dispatch system. The Department recently completed a radio upgrade, to include a new combined Fire-Police dispatch center. The center is state of the art and is located in Police Headquarters.

The Police Department maintains and manages its own State (P.O.S.T.) Certified Regional Police Academy, training police officers for other municipalities in the state, as well as its own. The regional facility is located at the former Simon Lake School.

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 its officers with communication capabilities in the field during critical incident operations as well as providing mobile policing needs to the community.

The Community Oriented Police Sub Station (COPSS) Unit continues to be an integral part of the department's community outreach program and has been very successful in addressing quality of life issues throughout the city.

Fire

The Milford Fire Department holds the designation of a "Class 1" ISO rated Fire Department, the highest rating given. The Department consists of four active fire stations, a vehicle / apparatus repair and maintenance facility. A Special Services Unit (Canteen Truck) is housed at a fifth location and is manned by retired members of the Department to provide food, hydration and rehabilitation at long-term incidents. The Department is in the process of receiving a U.S. Army storage facility through the BRAC (Base Closure and Realignment Commission) which will be used as an emergency management support and logistical center.

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 two reserve 1,000 G.P.M. Fire Pumpers and one 75-foot Quint for occasions when apparatus are being repaired or maintained or when additional units are needed for large scale incidents or high call volume. The Department has one full time transport capable paramedic unit, and one of the Engines on duty is also a full time staffed paramedic engine. A third paramedic unit is in service during periods when call volume is predicted to be high. The Department has ordered another Quint to put in service on the Eastside of the City. The new Quint is expected to be delivered early in 2015.

For water emergencies, there is a 27-foot Fire Rescue Boat, a 19-foot Inflatable Rescue Boat as well as a (PWC) Jet-Ski. 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, Fire Officer Certification, Fire Instructor and EMT. They are also trained to handle special operations including Water Rescue, Ice Rescue, Confined Space and Trench Rescue, and Hazardous Materials Incidents. Designated Department members are trained to provide advanced pre-hospital care at the Paramedic level. The Department deploys a Certified Dive Rescue Team and Level I Haz-Mat Team. All fire department apparatus carry water and ice rescue equipment, Advanced Life Support gear including cardiac defibrillators. The Department also deploys automatic chest compression devices on most responding units in order to provide CPR to the highest standard of care.

The Department is comprised of 113 fire personnel, eight dispatchers and four 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 including oversight of training, 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 staffed by fire department personnel in a combined police/fire dispatch facility. It is the link between 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 8,100 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 fifty-one 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 Wheelabrator Bridgeport, L.P., after first being processed through a transfer station located within City limits. The City also participates in the regional recycling program.

Service Contract - Solid Waste Disposal

In 2014, Milford joined the Greater Bridgeport Regional Solid Waste Interlocal Committee (GBRSW). The GBRSW is comprised of several municipalities which bundle their solid waste tonnage in an effort to obtain the most economical disposal agreement. The GBRSW successfully negotiated a new long term disposal agreement with Wheelabrator Bridgeport, L.P. with significant savings projected as Milford's cost per ton went from \$67.31 to \$59.75.

Recent year's fee structures are listed below:

| <i>Current Contract</i> | | | |
|--------------------------------|--------------------------------|-------------------------------------|-------------------------------------|
| <i>Fiscal Year</i> | <i>Monthly Flat Fee</i> | <i>Hauling Fee (Per Ton)</i> | <i>Tipping Fee (Per Ton)</i> |
| 2014* | \$ 30,610.00 | \$14.78 | \$59.75 |
| 2013 | 30,198.81 | 14.59 | 67.31 |
| 2013 | 29,662.88 | 14.33 | 64.31 |
| 2012 | 28,987.47 | 14.00 | 65.11 |
| 2011 | 28,987.47 | 14.00 | 64.09 |

**Per New 2014 disposal agreement with Wheelabrator Bridgeport, L.P.*

Private firms have direct contracts with condominiums for the collection of commercial and residential solid waste.

Sewers

The City of Milford, Wastewater Division consists of two treatment facilities with a combined capacity of 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).

Milford Council on Aging

The Milford Council on Aging/Milford Senior Center was founded in 1970 and is in its 44th 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, including, Transportation, Lunch Programs, the Milford Food Bank, a Respite Program, Outreach Services, a Meals-on-Wheels Program, Insurance Assistance, Notary Public, Evening Programs, Computer Courses, Educational Programs, Health Fairs, Flu Shot Clinics, Travel Events, Entertainment, Lectures, Foreign Language Classes, Ballroom Aerobics and Cardio Ball, Yoga, a Model Train Group, Wii Bowling, Pickle Ball, a Low Vision Support Group, Book Clubs and 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 provides services to the community. Service hours are Monday – Friday from 8:00 a.m. – 9:00 p.m. (Evening hours by appointment only). Samples of services include assessment and evaluation, case management, outreach and referral, fuel assistance, program development, family therapy, in school group counseling, and youth and family programming.

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 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 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 the waterfront community. The Walnut Beach boardwalk joins the Silver Sands State Park boardwalk with the Burt Monroe Pier at Walnut Beach. The community playground, Bodies’ Place, at Eisenhower Park and the Sandy Ground Project playground, in honor of James Mattioli both support child development and is barrier free

allowing all children, including those with disabilities, to play together. The City provides eight open space public parks, twenty playgrounds, twenty-five ball fields, ten multipurpose soccer/football facilities, twenty-five tennis courts, including twelve lighted courts, five indoor recreation facilities, and sixteen 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, a private ice skating rink, as well as a state of the art public 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. Outdoor enthusiasts enjoy approximately 15 miles of trails and 700 acres of recreation open space. 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, and the Milford Youth Lacrosse program. Milford is home to five yacht clubs and marinas, an indoor tennis facility, and an AMF bowling alley.

Business and Industry – 2014-15

In 2014, FCP Euro, an online retailer of automotive parts and accessories, opened their new corporate headquarters in Milford bringing with them new jobs and plans for expansion.

The redevelopment of 230 Cherry Street, the eventual site of ShopRite, is expected to reinvigorate the area with several pad sites dedicated to gas, retail and restaurants. The new store will be 68,000-square-feet or 20 percent larger than the current store. The plaza to be built on property vacant for 10 years will also include a 25,000-square-foot retail space yet to have a tenant, as well as a restaurant unit. The plaza is expected to be completed in 2016.

In and around the City a number of small business have opened including but not limited to Big Pictures Studios, Michael Anthony's Tuscan Grill, The J Spot Gym, Simply Dance, Savin Rock Creamery, L.P Dwyer and Sons, Fratelli's Italian Restaurant. Adam's Hometown Market underwent major renovations at their store and accompanying gas station in the Woodmont area.

Over the last year, Milford's downtown saw a number of new businesses open. Eli's on Whitney has opened at the former Daniel Street Grill site. Eli's has three other locations in Branford and Hamden. The downtown welcomes Sophie Claire's, a home and gift boutique, opened in the former Wanda's Sugar Shack. Other new ventures include MJKS Woodworking and The Lovet Shop, Psychic on the Green, Core Chiropractic & Rehabilitation, and Fresh Hair Salon.

In Walnut Beach, the revitalization effort showed signs of progress as the City completed projects financed with an approximately \$1 million state grant. These projects include a new streetscape on Naugatuck Avenue that includes a sidewalk of brick pavers, plantings, lampposts, banners, benches, bike racks and trash receptacles. West Shore Village, a formerly stalled project of condominiums and office/retail space, has matched streetscape improvements on Naugatuck Avenue and has begun construction on several new units as well as the marketing of rental space for new businesses. Scoot and Paddle expanded its business to a satellite site located on Walnut Beach offering single and tandem kayak rentals and paddleboard rentals and lessons.

On Boston Post Road, Bounce Town USA, opened a 14,500 square foot facility. It is the state's largest bounce facility and houses obstacle courses, rock climbs, slides and velcro walls. Carraba's Italian Grill, a Italian restaurant moved in to the former Panera site, Sundae Spa, a children's spa and UNIQLO, a clothing retailer, opened at the Westfield Mall. A new shopping center with a Panera Bread restaurant, a Sleep Number store, and a Verizon store are among the businesses that will replace the former Smiles Entertainment Center at 1595-1645 Boston Post Road. Hobby Lobby, a national arts and crafts chain, will open in the large retail space at 1777 Boston Post Road once occupied by Sports Authority. Cumberland Farms moved into the former Gloria's Garden Center with a 4,500 square foot convenience store.

The City's office park sector saw improvement. Thinklogical, a privately-held company that makes fiber optic switching systems and other equipment for the computing industry, has acquired the portion of its Washington Street headquarters that it did not already own. Dari Farms Ice Cream relocated from Bridgeport to a 3,500 square foot space in the Quarry Road business park. The Connecticut Cabinet Center opened on Research Drive.

In the medical field, Yale New Haven Hospital will open a unit at Milford Hospital, running a 24-bed inpatient rehabilitation unit on a floor of the facility. The new unit is expected to open in May 2015, and will treat patients who need extra time or service to recover from surgery and other procedures. ASAP Urgent Care, the fastest growing urgent care facility in the state, opened its doors at 199 Cherry Street.

Effects of Storm Sandy

On October 29, 2012, the City experienced Storm Sandy which caused damage in the City. However, there was no major damage to City-owned property as a result of Storm Sandy. City Departments have documented storm related costs and the City has filed for reimbursement from FEMA and/or insurance. Total emergency appropriations of \$1,414,848 from the general fund unassigned fund balance and \$119,958 from the Sewer Fund unassigned fund balance were approved by the Board of Alderman in Fiscal Year 2012-2013 to fund storm clean-up costs, with the expectation that the majority of these costs will be offset by FEMA and/or insurance reimbursement. To date, the City has received approximately \$1.3 million in FEMA reimbursements.

Employee Relations and Collective Bargaining

Municipal Employees

| | 2014 | 2013 | 2012 | 2011 | 2010 |
|--|----------|----------|----------|----------|-----------------------|
| General Government..... | 540.00 | 542.00 | 537.00 | 536.00 | 556.00 |
| Board of Education. ¹ | 1,076.17 | 1,106.24 | 1,111.97 | 1,120.75 | 1,139.75 ² |
| Total | 1,616.17 | 1,648.24 | 1,648.97 | 1,656.75 | 1,695.75 |

¹ Includes employees funded by grants.

² 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

| | Positions Covered | Current Contract Expiration Date |
|--|----------------------|-------------------------------------|
| General Government Unions | | |
| Police Local 899, AFSCME..... | 116.00 | 6/30/2016 |
| International Firefighters Association, IAFF..... | 110.00 | 6/30/2016 |
| Milford Supervisors Association, NAGE..... | 31.00 | 6/30/2015 |
| Milford Employees Association..... | 66.00 | 6/30/2014 ¹ |
| Registered Professional Nurses Association..... | 21.00 | 6/30/2016 |
| Public Works Local 1566, AFSCME..... | 136.00 | 6/30/2015 |
| Milford Police Dispatchers Union (Local 1303-454 AFSCME)..... | 4.00 | 6/30/2015 |
| Dispatchers Local 4620, IAFF..... | 8.00 | 6/30/2015 |
| Milford City Hall Employees Association (Local 1303-452 AFSCME)..... | 7.00 | 6/30/2014 ¹ |
| Organized..... | 499.00 | |
| Non-Union..... | 41.00 | |
| Sub-Total | 540.00 | |
| Board of Education Unions | | |
| Milford Education Association (Teachers)..... | 631.45 | 8/31/2017 |
| Local 2018 Maintenance Workers, AFSCME..... | 73.00 | 6/30/2014 ¹ |
| Milford Association of Education Secretaries..... | 48.85 | 6/30/2015 |
| Milford Administrators Association (Principals/Administrators)..... | 33.00 | 6/30/2016 |
| Local 217, Cafeteria Workers, Hotel and Bartenders Association..... | 70.00 | 6/30/2014 ¹ |
| Milford Federation of Paraprofessionals (Teacher's Aides)..... | 156.50 | 8/31/2014 ¹ |
| Local 1303-453 Security Guards, AFSCME..... | 4.00 | 6/30/2014 ¹ |
| Organized..... | 1,016.80 | |
| Non-Union..... | 59.37 | |
| Sub-Total | 1,076.17 | |
| Total | 1,616.17 | |

¹ 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 10-153a to 10-153n 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 must accept the last best offer of either party. In reaching its determination, the arbitration panel shall give priority to the public interest and the financial capability of the municipal employer, including consideration of other demands on the financial capability of the municipal employer. For binding arbitration of teachers' contracts, in assessing the financial capability of a municipality, there is an irrefutable presumption that a budget reserve of 5% or less is not available for payment of the cost of any item subject to arbitration. In the light of the employer's financial capability, the panel shall consider prior negotiations between the parties, the interests and welfare of the employee group, changes in the cost of living, existing employment conditions, and the wages, salaries, fringe benefits, and other conditions of employment prevailing in the labor market, including developments in private sector wages and benefits.

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 475 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

| <i>School</i> | <i>Grades</i> | <i>Date of Construction (Remodeling)</i> | <i>Type of Construction</i> | <i>Number of Classrooms</i> | <i>10/1/2014 Enrollment</i> | <i>Rated Capacity</i> ¹ |
|--|---------------|--|-----------------------------|-----------------------------|-----------------------------|------------------------------------|
| Calf Pen Meadow... | 3-5 | 1955 (61)(96) | Brick & Cinder | 29 | 260 | 460 |
| J.F. Kennedy..... | K-2 | 1967 (97) | Brick & Cinder | 29 | 379 | 460 |
| Live Oaks..... | K-2 | 1961 (68)(92) | Brick & Cinder | 26 | 300 | 450 |
| Mathewson..... | K-2 | 1961 (69)(95)(97)(01) | Brick & Cinder | 26 | 368 | 530 |
| Meadowside..... | 3-5 | 1955 (93) | Brick & Cinder | 29 | 398 | 460 |
| Orange Avenue..... | PreK-2 | 1955 (61)(69)(92)(03) | Brick & Cinder | 32 | 429 | 640 |
| Orchard Hills..... | 3-5 | 1961 (68)(92)(04) | Brick & Cinder | 32 | 324 | 640 |
| Pumpkin Delight.... | 3-5 | 1950 (56)(92) | Brick & Cinder | 22 | 374 | 380 |
| Harborside..... | 6-8 | 1969 (92)(94)(98)(99) | Brick & Cinder | 36 | 562 | 625 |
| West Shore..... | 6-8 | 1950 (56)(72)(91)(94)(99) | Brick & Cinder | 36 | 466 | 625 |
| East Shore..... | 6-8 | 1952 (56)(68)(93)(94)(95)(99) | Brick & Cinder | 38 | 489 | 620 |
| Joseph A. Foran..... | 9-12 | 1973 (91)(99)(05)(10) | Brick & Cinder | 76 | 912 | 1,400 |
| Jonathan Law..... | 9-12 | 1962 (91)(92)(99)(05)(10) | Brick & Cinder | 67 | 918 | 1,400 |
| Sub-Total | | | | 478 | 6,179 | 8,690 |
| Off-site: New Haven Magnet Schools, Alternative Education..... | | | | | 66 | |
| Total | | | | | 6,245 | |

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

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

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 certain reimbursement rates. The City does not currently have any school projects that were authorized under the old program.

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:

| Projects approved on or after July 1, 1996 | Authorized Amount¹ | Approximate Reimbursement Rate | Estimated Grant Amount | City's Estimated Share of Project Cost |
|---|--------------------------------------|---------------------------------------|-------------------------------|---|
| 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..... | 5,630,000 | 33.00% | 1,857,900 | 3,772,100 |
| School Improvements 2012..... | 12,000,000 | 55.00% | 6,600,000 | 5,400,000 |
| School Improvements 2013..... | 9,344,966 | 55.00% | 5,139,731 | 4,205,235 |
| School Improvements 2014..... | 3,564,094 | 41.00% | 1,290,680 | 2,273,414 |
| Total..... | \$ 64,158,571 | | \$ 25,982,750 | \$ 38,175,821 |

¹ 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.

| School Year | School Enrollment | | | | Total |
|--------------------|--------------------------|-------------------------------------|-------------------------|-------------------|--------------|
| | K-5 | 6-8 | Senior High 9-12 | Pre-School | |
| | | <u>Historical</u> | | | |
| 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 |
| 2012-13 | 2,846 | 1,680 | 2,006 | 127 | 6,659 |
| 2013-14 | 2,823 | 1,554 | 2,079 | 146 | 6,602 |
| 2014-15 | 2,651 | 1,517 | 1,896 | 181 | 6,245 |
| | | <u>Projected¹</u> | | | |
| 2015-16 | 2,528 | 1,430 | 1,886 | 180 | 6,024 |
| 2016-17 | 2,471 | 1,392 | 1,816 | 180 | 5,859 |
| 2017-18 | 2,464 | 1,285 | 1,747 | 180 | 5,676 |
| 2018-19 | 2,421 | 1,275 | 1,667 | 180 | 5,543 |
| 2019-20 | 2,420 | 1,211 | 1,595 | 180 | 5,406 |

¹ Projected enrollment from the New England School Development Council.

Note: Special Education students allocated to individual grades.

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

III. Economic and Demographic Information

Population and Density

| Year | Actual Population¹ | % Increase | Density³ |
|-------------------|--|-------------------|----------------------------|
| 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 |
| 2012 ² | 52,826 | 0.1 | 2,248 |

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

² American Community Survey, 2008-2012

³ Per square mile: 23.5 square miles.

Age Distribution of the Population

| Age | City of Milford | | State of Connecticut | |
|-------------------|------------------------|----------------|-----------------------------|----------------|
| | Number | Percent | Number | Percent |
| Under 5..... | 2,974 | 5.6% | 200,031 | 5.6% |
| 5 - 9..... | 2,634 | 5.0 | 221,806 | 6.2 |
| 10 - 14..... | 3,600 | 6.8 | 238,955 | 6.7 |
| 15 - 19..... | 2,871 | 5.4 | 254,462 | 7.1 |
| 20 - 24..... | 2,440 | 4.6 | 225,619 | 6.3 |
| 25 - 34..... | 6,428 | 12.2 | 421,617 | 11.8 |
| 35 - 44..... | 7,465 | 14.1 | 485,127 | 13.6 |
| 45 - 54..... | 9,091 | 17.2 | 570,253 | 16.0 |
| 55 - 59..... | 3,596 | 6.8 | 238,882 | 6.7 |
| 60 - 64..... | 3,306 | 6.3 | 205,639 | 5.8 |
| 65 - 74..... | 4,093 | 7.7 | 258,464 | 7.2 |
| 75 - 84..... | 3,077 | 5.8 | 166,552 | 4.7 |
| 85 and over..... | 1,251 | 2.4 | 84,806 | 2.4 |
| Total..... | 52,826 | 100.0% | 3,574,097 | 100.0% |

Median Age (Years)..... 42.5 40.0

Source: American Community Survey, 2008-2012.

Income Distribution

| Income | City of Milford | | State of Connecticut | |
|-----------------------------|------------------------|----------------|-----------------------------|----------------|
| | Families | Percent | Families | Percent |
| Less than \$10,000..... | 603 | 2.9% | 75,058 | 5.5% |
| \$10,000 to \$14,999..... | 736 | 3.5 | 54,957 | 4.0 |
| \$15,000 to \$24,999..... | 1,640 | 7.8 | 112,156 | 8.2 |
| \$25,000 to \$34,999..... | 1,257 | 6.0 | 106,343 | 7.8 |
| \$35,000 to \$49,999..... | 2,070 | 9.8 | 149,868 | 11.0 |
| \$50,000 to \$74,999..... | 3,625 | 17.2 | 227,033 | 16.7 |
| \$75,000 to \$99,999..... | 3,193 | 15.2 | 182,040 | 13.4 |
| \$100,000 to \$149,999..... | 4,120 | 19.6 | 229,474 | 16.9 |
| \$150,000 to \$199,999..... | 1,919 | 9.1 | 102,997 | 7.6 |
| \$200,000 or more..... | 1,908 | 9.1 | 120,258 | 8.8 |
| Total..... | 21,071 | 100.0% | 1,360,184 | 100.0% |

Source: American Community Survey, 2008-2012.

Income Levels

| | City of Milford | State of Connecticut |
|---|----------------------------|---------------------------------|
| Per Capita Income, 2012 ¹ | \$ 39,822 | \$ 37,807 |
| Per Capita Income, 2010..... | \$ 38,351 | \$ 35,078 |
| Median Family Income, 2012 ¹ | \$ 87,182 | \$ 99,085 |
| Percent Below Poverty, 2010..... | 3.3% | 7.2% |

¹ American Community Survey, 2008-2012

Source: U.S. Department of Commerce, Bureau of Census, 2010.

Educational Attainment Persons 25 Years and Older

| | City of Milford | | State of Connecticut | |
|---|------------------------|----------------|-----------------------------|----------------|
| | Number | Percent | Number | Percent |
| Grades 9-12 – no diploma..... | 1,228 | 4.1% | 171,105 | 8.9% |
| High School graduate..... | 7,441 | 24.9 | 503,526 | 26.3 |
| Some College or Associates Degree..... | 8,402 | 28.2 | 505,306 | 26.4 |
| Bachelors Degree..... | 12,775 | 42.8 | 734,511 | 38.4 |
| Total..... | 29,846 | 100.0% | 1,914,448 | 100.0% |
| Total high school graduate or higher (%)..... | 95.9% | | 91.1% | |
| Total bachelor's degree or higher (%)..... | 42.8% | | 38.4% | |

Source: American Community Survey, 2008-2012

Employment by Industry

| Sector | City of Milford | | State of Connecticut | |
|--|------------------------|----------------|-----------------------------|----------------|
| | Number | Percent | Number | Percent |
| Agriculture, forestry, fishing/hunting, & mining | 100 | 0.4% | 6,786 | 0.4% |
| Construction | 1,541 | 5.5 | 102,566 | 5.8 |
| Manufacturing | 3,899 | 13.9 | 197,445 | 11.2 |
| Wholesale trade | 701 | 2.5 | 43,172 | 2.4 |
| Retail trade | 2,894 | 10.3 | 193,133 | 11.0 |
| Transportation and warehousing, and utilities | 1,156 | 4.1 | 66,436 | 3.8 |
| Information | 695 | 2.5 | 43,327 | 2.5 |
| Finance, insurance, real estate, rental & leasing | 2,275 | 8.1 | 165,347 | 9.4 |
| Professional, scientific, management, administrative, and waste mgmt services | 3,568 | 12.7 | 190,556 | 10.8 |
| Education, health and social services | 7,365 | 26.2 | 459,463 | 26.1 |
| Arts, entertainment, recreation, accommodation and food services | 1,774 | 6.3 | 145,799 | 8.3 |
| Other services (except public administration) | 1,114 | 4.0 | 80,847 | 4.6 |
| Public Administration | 1,021 | 3.6 | 67,830 | 3.8 |
| Total Labor Force, Employed | 28,103 | 100.0% | 1,762,707 | 100.0% |

Source: American Community Survey, 2008-2012

**Employment Data
By Place of Residence**

| Period | City of Milford | | Percentage Unemployed | | |
|--------------------------|------------------------|-------------------|------------------------------|--------------------------------|-----------------------------|
| | Employed | Unemployed | City of Milford | Bridgeport Labor Market | State of Connecticut |
| August 2014 ¹ | 28,830 | 1,849 | 6.0 | 6.4 | 6.9 |
| Annual Average | | | | | |
| 2013 ¹ | 27,643 | 2,083 | 7.0 | 7.2 | 7.8 |
| 2012 ¹ | 28,324 | 2,275 | 7.4 | 7.8 | 8.3 |
| 2011 ¹ | 30,310 | 2,571 | 7.8 | 8.2 | 8.3 |
| 2010 ¹ | 30,321 | 2,835 | 8.6 | 8.4 | 8.8 |
| 2009 ¹ | 30,397 | 2,474 | 7.5 | 7.8 | 8.2 |
| 2008 ¹ | 30,816 | 1,606 | 5.0 | 5.3 | 5.8 |
| 2007 ¹ | 30,786 | 1,222 | 3.8 | 4.1 | 4.6 |
| 2006 ¹ | 30,260 | 1,165 | 3.7 | 3.9 | 4.3 |
| 2005 ¹ | 29,391 | 1,346 | 4.4 | 4.6 | 4.9 |
| 2004 | 27,014 | 1,285 | 4.5 | 5.6 | 4.6 |

¹ Not seasonally adjusted.

Source: State of Connecticut, Department of Labor.

**Major Employers
As of October 2014**

| Name | Business | Number of Employees |
|---|--|----------------------------|
| City of Milford Board of Education..... | Municipal School System | 1,350 |
| Subway World Headquarters..... | Corporate Headquarters - Food Franchiser | 929 |
| Milford Hospital..... | Healthcare | 800 |
| Schick..... | Manufacturer-Razors | 625 |
| City of Milford..... | Municipal Government | 542 |
| Neopost Hasler, Inc..... | Postage Meter Company | 392 |
| Macy's..... | Retail Department Store | 300 |
| Stop & Shop Stores Combined..... | Grocery Store | 288 |
| Costco..... | Warehouse Store | 255 |
| ShopRite of Milford | Grocery Store | 227 |

Source: Office of Community Development, City of Milford.

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Building Permits

| FYE | Residential | | Commercial | | Industrial | | Multi-Family | | Miscellaneous | | Totals | |
|-------------|--------------------|---------------|-------------------|--------------|-------------------|--------------|---------------------|--------------|----------------------|---------------|---------------|---------------|
| 6/30 | No. | Value | No. | Value | No. | Value | No. | Value | No. | Value | No. | Value |
| 2014 | 59 | \$ 11,471,300 | 8 | \$ 1,015,300 | - | \$ - | 4 | \$ 750,000 | 994 | \$ 27,817,927 | 1,065 | \$ 41,054,527 |
| 2013 | 48 | 6,120,300 | 19 | 4,520,285 | - | - | - | - | 1,179 | 37,972,718 | 1,246 | 48,613,303 |
| 2012 | 33 | 5,614,000 | 2 | 2,835,000 | - | - | - | - | 3,377 | 54,638,009 | 3,412 | 63,087,009 |
| 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 | 2,832 | 50,554,262 | 2,894 | 65,176,362 |
| 2009 | 29 | 6,443,600 | 18 | 4,786,000 | - | - | 11 | 2,129,550 | 2,714 | 37,746,949 | 2,772 | 51,106,099 |
| 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 |

Source: Chief Building Inspector, City of Milford.

Age Distribution of Housing

| Year Built | City of Milford | | State of Connecticut | |
|---------------------------------------|------------------------|----------------|-----------------------------|----------------|
| | Units | Percent | Units | Percent |
| Moved in 2010 or later | 1,457 | 6.9% | 116,710 | 8.6% |
| Moved in 2000 to 2009 | 9,633 | 45.7 | 660,636 | 48.6 |
| Moved in 1990 to 1999 | 4,776 | 22.7 | 260,183 | 19.1 |
| Moved in 1980 to 1989 | 1,848 | 8.8 | 137,647 | 10.1 |
| Moved in 1970 to 1979 | 1,615 | 7.7 | 90,062 | 6.6 |
| Moved in 1969 or earlier | 1,742 | 8.3 | 94,946 | 7.0 |
| Total Housing Units, 2010..... | 21,071 | 100.0% | 1,360,184 | 100.0% |
| Percent Owner Occupied, 2010..... | 77.2% | | 68.3% | |

Source: American Community Survey, 2008-2012

Housing Inventory

| Type | Units | Percent |
|-----------------------------|---------------|----------------|
| 1-unit, detached | 15,570 | 69.7% |
| 1-unit, attached | 1,227 | 5.5 |
| 2 units | 933 | 4.2 |
| 3 or 4 units | 1,194 | 5.3 |
| 5 to 9 units | 672 | 3.0 |
| 10 to 19 units | 829 | 3.7 |
| 20 or more units | 1,728 | 7.7 |
| Mobile home | 177 | 0.8 |
| Boat, RV, van, etc. | - | - |
| Total Inventory..... | 22,330 | 100.0% |

Source: American Community Survey, 2008-2012

Owner-Occupied Housing Values

| Specified Owner-Occupied Units | City of Milford | | State of Connecticut | |
|---------------------------------------|------------------------|----------------|-----------------------------|----------------|
| | Number | Percent | Number | Percent |
| Less than \$50,000..... | 238 | 1.5% | 17,515 | 1.9% |
| \$50,000 to \$99,999..... | 198 | 1.2 | 21,595 | 2.3 |
| \$100,000 to \$149,999..... | 275 | 1.7 | 60,303 | 6.5 |
| \$150,000 to \$199,999..... | 961 | 5.9 | 129,791 | 14.0 |
| \$200,000 to \$299,999..... | 5,467 | 33.6 | 272,261 | 29.3 |
| \$300,000 to \$499,999..... | 6,869 | 42.2 | 262,321 | 28.2 |
| \$500,000 to \$999,999..... | 1,869 | 11.5 | 121,757 | 13.1 |
| \$1,000,000 or more..... | 384 | 2.4 | 44,017 | 4.7 |
| Total..... | 16,261 | 100.0% | 929,560 | 100.0% |
| Median Sales Price..... | \$321,500 | | \$285,900 | |

Source: American Community Survey, 2008-2012

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IV. Tax Base Data

Property Tax

Assessments

The City revalued all real property as of October 1, 2011 and will revalue all real property 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 10/1/11).

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.

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 2014-15 this limit is \$8,315,850.

Comparative Assessed Valuations

| Grand List of 10/1 | Residential Real Property (%) | Commercial/Industrial Real Property (%) | Personal Property (%) | Motor Vehicle (%) | Gross Taxable Grand List | Less Exemption ² | Net Taxable Grand List ³ | Percent Growth |
|---------------------------|--------------------------------------|--|------------------------------|--------------------------|---------------------------------|------------------------------------|--|-----------------------|
| 2013 | 66.3 | 21.0 | 7.0 | 5.7 | \$ 6,550,986,290 | \$ 166,748,505 | \$ 6,384,237,785 | (0.53) |
| 2012 | 66.6 | 21.0 | 6.8 | 5.6 | 6,583,930,018 | 165,694,492 | 6,418,235,526 | 0.29 |
| 2011 ⁵ | 65.6 | 22.1 | 6.8 | 5.5 | 6,562,433,934 | 162,698,656 | 6,399,745,278 | 18.29 |
| 2010 ¹ | 66.9 | 20.1 | 6.0 | 6.0 | 5,560,338,591 | 150,269,811 | 5,410,068,780 | (0.38) |
| 2009 ¹ | 66.7 | 20.3 | 7.0 | 6.0 | 5,552,659,794 | 121,736,873 | 5,430,922,921 ⁴ | 1.00 |
| 2008 ¹ | 70.1 | 19.0 | 5.6 | 5.3 | 5,491,337,688 | 113,975,096 | 5,377,362,522 | 2.39 |
| 2007 ¹ | 70.0 | 19.0 | 4.4 | 6.6 | 5,370,617,245 | 118,970,570 | 5,251,646,675 | 17.42 |
| 2006 ¹ | 68.3 | 19.6 | 4.5 | 7.6 | 4,587,119,042 | 114,573,019 | 4,472,546,023 | 17.24 |
| 2005 | 64.7 | 18.5 | 8.0 | 8.8 | 3,908,138,537 | 93,271,760 | 3,814,866,777 | (4.63) |
| 2004 | 60.7 | 16.4 | 9.1 | 7.8 | 4,121,281,765 | 121,285,367 | 3,999,996,598 | -- |

¹ 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 was planned to 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 only had 40% of the increased value reflected instead of values increasing to 100%.

² 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 and the Grand List Year 2011. The program was phased out for the Grand List Year 2012.

³ See description of Property Tax Payment Agreements in "Ten Largest Taxpayers" below.

⁴ Prior to the Property Tax Payment Agreement with GenConn which will result in a reduction in the Grand List. See description of Property Tax Payment Agreements in "Ten Largest Taxpayers" below.

⁵ Revaluation.

Note: The October 1, 2006 Grand List prior to implementation of Phase-In was \$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 (10/1/13) ¹ |
|---|--|
| State of Connecticut..... | \$ 111,213,830 |
| City of Milford..... | 270,150,000 |
| United States of America..... | 14,574,660 |
| Sub-Total Public..... | \$ 395,938,490 |
| Private | |
| Private Hospitals and Colleges..... | \$ 52,867,220 |
| Scientific, Educational, Historical & Charitable..... | 17,143,120 |
| Cemeteries..... | 3,531,170 |
| Churches..... | 40,400,120 |
| Recreation Facilities..... | 3,191,640 |
| Veteran's Organizations..... | 1,433,330 |
| Volunteer Fire Companies and Miscellaneous..... | 16,223,270 |
| Sub-Total Private..... | \$ 134,789,870 |
| Total Exempt Property..... | \$ 530,728,360 |
| Percent Compared to Net Taxable Grand List..... | 8.31% |

¹ Based on the October 1, 2013 Net Taxable Grand List of \$6,384,237,785.

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 \$15,686,445. PILOTs (payments in lieu of taxes) have been (or will be) as noted below:

| Year | Payments |
|------------------------|-----------------|
| 2014-2015 ¹ | \$ 426,985 |
| 2013-2014 ¹ | 414,281 |
| 2012-2013 | 399,901 |
| 2011-2012 | 436,182 |
| 2010-2011 | 433,264 |
| 2009-2010 | 409,428 |
| 2008-2009 | 408,420 |
| 2007-2008 | 433,793 |
| 2006-2007 | 457,349 |
| 2005-2006 | 436,835 |

¹ Subject to audit.

Property Tax Levies and Collections (in thousands)

| Grand List of 10/1 | Fiscal Year Ending 6/30 | Net Taxable Grand List | Mill Rate | Adjusted Annual Levy | Percent of Annual Levy Collected at End of Fiscal Year | Percent of Annual Levy Uncollected at End of Fiscal Year | Percent of Annual Levy Uncollected as of 6/30/2014 ⁶ |
|---------------------------|--------------------------------|-------------------------------|------------------|-----------------------------|---|---|--|
| 2013 ² | 2015 | \$6,384,238 ⁵ | 27.22 | \$ 171,929 | IN PROCESS | | |
| 2012 ² | 2014 | 6,418,236 ⁵ | 26.28 | 166,317 | 98.3% | 1.7% | 1.70% |
| 2011 ^{1,2} | 2013 | 6,399,745 ⁵ | 25.60 | 162,234 | 98.6% | 1.4% | 0.68% |
| 2010 ² | 2012 | 5,410,069 ⁵ | 28.89 | 156,247 | 98.3% | 1.8% | 0.41% |
| 2009 ² | 2011 | 5,430,923 ⁴ | 28.44 | 154,259 | 97.8% | 2.2% | 0.31% |
| 2008 ² | 2010 | 5,377,363 | 27.50 | 146,895 | 98.1% | 1.9% | 0.26% |
| 2007 ² | 2009 | 5,251,647 | 28.23 | 148,604 | 97.6% | 2.4% | 0.20% |
| 2006 ² | 2008 | 4,472,546 | 31.77 | 142,432 | 98.5% | 1.5% | 0.20% |
| 2005 ² | 2007 | 3,814,867 | 34.36 | 130,409 | 99.3% | 0.7% | 0.21% |
| 2004 ² | 2006 | 3,999,996 | 32.18 | 122,782 ³ | 98.5% | 1.6% | 0.20% |
| 2003 | 2005 | 3,977,816 | 31.34 | 124,490 | 98.3% | 1.7% | 0.18% |

¹ Revaluation.

² See Description of Property Tax Payment Agreements in "Ten Largest Taxpayers" below.

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

⁴ Prior to the Property Tax Payment Agreement with GenConn which will result in a reduction in the Grand List. See Description of Property Tax Payment Agreements in "Ten Largest Taxpayers" below.

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

⁶ Subject to audit.

Property Tax Receivable (in thousands)

| Fiscal Year Ending 6/30 | Total Uncollected | Uncollected for Current Year of Levy |
|--------------------------------|--------------------------|---|
| 2014 ¹ | \$7,665 | \$2,850 |
| 2013 | 6,801 | 2,359 |
| 2012 | 8,157 | 2,730 |
| 2011 | 8,906 | 2,764 |
| 2010 | 8,290 | 2,747 |

¹ Subject to audit.

Source: Tax Collector's Report, City of Milford Annual Audited Financial Statements, 2010-2013. 2014 Finance Department.

Ten Largest Taxpayers

| Name | Nature of Business | Taxable Valuation | Percent of Net Taxable Grand List ¹ |
|-------------------------------------|----------------------------------|------------------------------|---|
| Connecticut Post Mall..... | Connecticut Post Shopping Center | \$ 135,014,355 | 2.11% |
| Connecticut Light & Power..... | Utility | 109,233,239 | 1.71% |
| Milford Crossing Investors LLC..... | Retail | 66,829,900 | 1.05% |
| Wolff..... | Office/Retail/Apartment | 51,282,461 | 0.80% |
| Crown Milford LLC..... | Office Park | 34,249,851 | 0.54% |
| JP Construction/Avalon Bay..... | Apartments | 28,200,980 | 0.44% |
| D'Amato Investments LLC..... | Industrial Rentals/ Construction | 24,507,957 | 0.38% |
| Schick Manufacturing Inc..... | Manufacturer – Razors | 22,719,047 | 0.36% |
| Keystone Milford LLC..... | Retail (Stop & Shop) | 21,639,975 | 0.34% |
| Devon Power | Utility | 20,046,600 | 0.31% |
| Total..... | | \$ 513,724,365 | 8.05% |

¹ Based on the October 1, 2013 Net Taxable Grand List of \$6,384,237,785.

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 was \$1,687,500 for each six month period from July 2005 through January 2009. Payments were \$1,875,000 for each six month period from July 2009 through January 2011 and will be \$1,750,000 for each six month period from July 2011 through January 2015. The MPC 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 began reimbursing the MPC a total of \$1,300,000 commencing in July 2009. This was 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 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 \$122,782,000 does reflect the reduction.

On May 15, 2009, the City settled a tax appeal with Connecticut Post Mall Limited Partnership (the "Partnership"). Under this settlement, the City lowered its real property assessment from \$133,273,859 for the 2008 Grand List to \$118,061,678. Additionally, the City adjusted its 2006 assessment to \$110,748,904 and its 2007 assessment to \$118,061,678. This resulted in a total credit due to the Partnership of \$1,248,516. By the terms of the court approved settlement, this credit has been given to the Partnership equally over three fiscal years in the form of a credit tax bill which began in July 2009 and ended in July 2011.

On June 24, 2013, the City settled another tax appeal with the Partnership. Under this settlement, the City lowered its real property assessment for the 2012 Grand List from \$147,529,970 to \$133,000,000. Additionally, the City adjusted its 2011 assessment to \$133,000,000. This resulted in a total credit due to the Partnership of \$752,764. By the terms of the court approved settlement, the credit will be given to the Partnership over two fiscal years in the form of a credit tax bill, which will begin in July 2013 and ended in July 2014.

On June 28, 2010, the City entered into a Property Tax Payment Agreement with GenConn Devon LLC. The City accepted a 30 year payment schedule calling for annual 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. GenConn is up to date with all of its payments.

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 \$154,259,000 does reflect the reduction.

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V. Debt Summary
Principal Amount of Bonded Indebtedness ¹
As of November 10, 2014
(Pro-Forma)

| Long-Term Debt | | | Amount of Original Issue | Outstanding After This Issue | Fiscal Year of Final Maturity |
|----------------------------------|---|---------------|---|---|--|
| Date | Purpose | Rate % | | | |
| 11/01/07 | General Purpose..... | 3.625 - 5.00 | \$ 2,764,600 | \$ 1,370,000 | 2028 |
| 11/01/07 | Schools..... | 3.625 - 5.00 | 2,300,000 | 1,150,000 | 2028 |
| 11/01/07 | Sewer..... | 3.625 - 5.00 | 1,555,400 | 780,000 | 2028 |
| 05/01/09 | General Purpose..... | 2.125 - 4.125 | 2,500,000 | 1,625,000 | 2029 |
| 05/01/09 | Schools..... | 2.125 - 4.125 | 6,000,000 | 3,900,000 | 2029 |
| 05/01/09 | Sewer..... | 2.125 - 4.125 | 5,000,000 | 3,250,000 | 2029 |
| 11/01/09 | General Purpose..... | 3.00 - 5.00 | 2,746,000 | 2,045,000 | 2030 |
| 11/01/09 | Schools..... | 3.00 - 5.00 | 6,000,000 | 4,500,000 | 2030 |
| 11/01/09 | Sewer..... | 3.00 - 5.00 | 6,354,000 | 4,780,000 | 2030 |
| 02/02/10 | General Purpose Refunding..... | 2.00 - 4.50 | 7,373,700 | 4,529,000 | 2024 |
| 02/02/10 | Schools Refunding..... | 2.00 - 4.50 | 5,921,500 | 3,466,000 | 2024 |
| 02/02/10 | Sewer Refunding..... | 2.00 - 4.50 | 2,174,800 | 1,270,000 | 2024 |
| 11/01/10 | General Purpose..... | 2.50 - 4.00 | 1,632,000 | 1,296,000 | 2031 |
| 11/01/10 | Schools..... | 2.50 - 4.00 | 3,805,000 | 3,041,000 | 2031 |
| 11/01/10 | Sewer..... | 2.50 - 4.00 | 7,803,000 | 6,243,000 | 2031 |
| 11/01/11 | General Purpose..... | 3.00 - 5.00 | 5,519,600 | 4,684,100 | 2032 |
| 11/01/11 | Schools..... | 3.00 - 5.00 | 5,110,000 | 4,343,500 | 2032 |
| 11/01/11 | Sewer..... | 3.00 - 5.00 | 4,700,400 | 3,992,400 | 2032 |
| 02/27/12 | General Purpose Refunding..... | 2.00 - 4.00 | 4,912,000 | 4,371,000 | 2026 |
| 02/27/12 | Schools Refunding..... | 2.00 - 4.00 | 3,179,000 | 2,840,000 | 2026 |
| 02/27/12 | Sewer Refunding..... | 2.00 - 4.00 | 674,000 | 534,000 | 2026 |
| 11/02/12 | General Purpose..... | 2.00 - 4.00 | 10,300,000 | 9,270,000 | 2033 |
| 11/02/12 | Schools..... | 2.00 - 4.00 | 2,005,000 | 1,804,000 | 2033 |
| 11/02/12 | Sewer..... | 2.00 - 4.00 | 11,085,000 | 9,976,000 | 2033 |
| 12/13/12 | General Purpose Refunding..... | 2.00 - 5.00 | 6,384,000 | 5,406,000 | 2027 |
| 12/13/12 | Schools Refunding..... | 2.00 - 5.00 | 5,032,000 | 3,892,000 | 2027 |
| 12/13/12 | Sewer Refunding..... | 2.00 - 5.00 | 2,629,000 | 1,717,000 | 2027 |
| 11/12/13 | General Purpose..... | 3.00 - 4.00 | 3,055,000 | 2,905,000 | 2034 |
| 11/12/13 | Schools..... | 3.00 - 4.00 | 6,400,000 | 6,080,000 | 2034 |
| 11/12/13 | Sewer..... | 3.00 - 4.00 | 6,545,000 | 6,215,000 | 2034 |
| Sub-Total..... | | | 141,460,000 | 111,275,000 | |
| <u>This Issue</u> | | | | | |
| 11/10/14 | General Purpose..... | 2.00 - 5.00 | 3,740,000 | 3,740,000 | 2035 |
| 11/10/14 | Schools..... | 2.00 - 5.00 | 6,475,000 | 6,475,000 | 2035 |
| 11/10/14 | Sewer..... | 2.00 - 5.00 | 3,980,000 | 3,980,000 | 2035 |
| Sub-Total..... | | | 14,195,000 | 14,195,000 | |
| Total All Bonds..... | | | 155,655,000 | 125,470,000 | |
| <u>Long-Term Note</u> | | | | | |
| 09/30/06 | Sewers – CWF 502D ² | 2.00 | 2,409,308 | 1,419,985 | 2026 |
| 07/31/07 | Sewers – CWF 111 ² | 2.00 | 1,737,319 | 1,134,369 | 2027 |
| 07/31/96 | Sewers – CWF 356C ² | 2.00 | 148,605 | 11,025 | 2016 |
| 05/31/10 | Sewers – CWF 532-C-1 ² | 2.00 | 42,260,238 | 32,125,827 | 2029 |
| Sub-Total..... | | | 46,555,470 | 34,691,207 | |
| Total Long Term Debt..... | | | \$ 202,210,470 | \$ 160,161,207 | |

¹ Excludes bonds previously refunded.

² 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 10, 2014
(Pro-Forma)

| Project | Total Amount of Authorization | Lot A Notes Due 5/8/2015 | Lot B Notes Due 11/9/2015 |
|---|--|---|--|
| Various Public Improvements (Feb 11)..... | \$ 6,588,000 | \$ - | \$ 41,000 |
| Woodmont Beach FEMA (Mar 12)..... | 534,000 | - | 287,000 |
| Various Public Improvements (Feb 12)..... | 6,088,600 | - | 924,000 |
| Various Public Improvements (Feb 13)..... | 7,578,000 | - | 62,000 |
| Various Public Improvements (Feb 14)..... | 8,717,500 | - | 26,000 |
| Subtotal General Improvement..... | 29,506,100 | - | 1,340,000 |
| Various School Improvements (Feb 11).... | 5,630,000 | 5,000 | - |
| Various School Improvements (Feb 12).... | 12,000,000 | 5,375,000 | - |
| Various School Improvements (Feb 13).... | 9,344,966 | 4,137,000 | - |
| Various School Improvements (Feb 14).... | 3,564,094 | 473,000 | - |
| Subtotal Schools..... | 30,539,060 | 9,990,000 | - |
| Wastewater Facilities Upgrade..... | 33,150,940 | - | 200,000 |
| Sewers XV..... | 4,625,000 | - | 30,000 |
| Sewers XVII..... | 2,753,825 | - | 40,000 |
| Sewers XVIII | 4,254,000 | - | 200,000 |
| Subtotal Sewers..... | 44,783,765 | - | 470,000 |
| Totals..... | \$ 104,828,925 | \$ 9,990,000 | \$ 1,810,000 |

Capital Leases

The City has no capital leases.

Other Obligations

The City has no other obligations.

Annual Bonded Debt Maturity Schedule ¹
As of November 10, 2014
(Pro-Forma)

| Fiscal Year Ended | Principal | Interest | Total | This Issue - Pro-Forma | | | | Total | Cumulative Principal Retired |
|----------------------------------|-----------------------|----------------------|-----------------------|-------------------------------|---------------------|---------------------|-----------------------------|-----------------------|---|
| | | | | General Purpose | Schools | Sewer | Total This Issue | | |
| 2015 ² | \$ 675,000 | \$ 1,920,119 | \$ 2,595,119 | \$ - | \$ - | \$ - | \$ - | \$ 675,000 | 0.54% |
| 2016 | 8,535,000 | 3,699,350 | 12,234,350 | 190,000 | 325,000 | 190,000 | 705,000 | 9,240,000 | 7.90% |
| 2017 | 8,940,000 | 3,415,044 | 12,355,044 | 190,000 | 325,000 | 195,000 | 710,000 | 9,650,000 | 15.59% |
| 2018 | 8,345,000 | 3,101,488 | 11,446,488 | 190,000 | 325,000 | 195,000 | 710,000 | 9,055,000 | 22.81% |
| 2019 | 8,015,000 | 2,789,413 | 10,804,413 | 190,000 | 320,000 | 200,000 | 710,000 | 8,725,000 | 29.76% |
| 2020 | 7,840,000 | 2,486,222 | 10,326,222 | 190,000 | 320,000 | 200,000 | 710,000 | 8,550,000 | 36.58% |
| 2021 | 7,445,000 | 2,193,919 | 9,638,919 | 190,000 | 320,000 | 200,000 | 710,000 | 8,155,000 | 43.08% |
| 2022 | 7,235,000 | 1,916,638 | 9,151,638 | 190,000 | 320,000 | 200,000 | 710,000 | 7,945,000 | 49.41% |
| 2023 | 7,070,000 | 1,654,431 | 8,724,431 | 190,000 | 320,000 | 200,000 | 710,000 | 7,780,000 | 55.61% |
| 2024 | 6,600,000 | 1,432,456 | 8,032,456 | 185,000 | 325,000 | 200,000 | 710,000 | 7,310,000 | 61.44% |
| 2025 | 6,155,000 | 1,241,009 | 7,396,009 | 185,000 | 325,000 | 200,000 | 710,000 | 6,865,000 | 66.91% |
| 2026 | 5,890,000 | 1,058,150 | 6,948,150 | 185,000 | 325,000 | 200,000 | 710,000 | 6,600,000 | 72.17% |
| 2027 | 5,510,000 | 879,534 | 6,389,534 | 185,000 | 325,000 | 200,000 | 710,000 | 6,220,000 | 77.13% |
| 2028 | 5,155,000 | 706,100 | 5,861,100 | 185,000 | 325,000 | 200,000 | 710,000 | 5,865,000 | 81.80% |
| 2029 | 4,825,000 | 539,003 | 5,364,003 | 185,000 | 325,000 | 200,000 | 710,000 | 5,535,000 | 86.21% |
| 2030 | 4,150,000 | 375,225 | 4,525,225 | 185,000 | 325,000 | 200,000 | 710,000 | 4,860,000 | 90.09% |
| 2031 | 3,395,000 | 248,597 | 3,643,597 | 185,000 | 325,000 | 200,000 | 710,000 | 4,105,000 | 93.36% |
| 2032 | 2,735,000 | 144,716 | 2,879,716 | 185,000 | 325,000 | 200,000 | 710,000 | 3,445,000 | 96.10% |
| 2033 | 1,960,000 | 65,400 | - | 185,000 | 325,000 | 200,000 | 710,000 | 2,670,000 | 98.23% |
| 2034 | 800,000 | 16,000 | - | 185,000 | 325,000 | 200,000 | 710,000 | 1,510,000 | 99.43% |
| 2035 | - | - | - | 185,000 | 325,000 | 200,000 | 710,000 | 710,000 | 100.00% |
| Total..... | \$ 111,275,000 | \$ 29,882,813 | \$ 138,316,413 | \$ 3,740,000 | \$ 6,475,000 | \$ 3,980,000 | \$ 14,195,000 | \$ 125,470,000 | |

¹ Excludes outstanding Notes, long-term capital leases, clean water fund debt and refunded bonds.

² Excludes \$8,215,000 in principal payments and \$2,042,631 in interest payments from July 1, 2014 through November 10, 2014.

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:

| <u>Jurisdiction</u> | <u>Debt Outstanding As of 11/10/2014</u> |
|----------------------------|---|
| Borough of Woodmont | None |
| Laurel Beach Association | None |

Source: Treasurers of the above listed organizations.

Debt Statement ¹
As of November 10, 2014
(Pro-Forma)

Long-Term Debt Outstanding:

| | |
|--|--------------------|
| General Purpose (Includes this issue)..... | \$ 41,241,100 |
| Schools (Includes this issue)..... | 41,491,500 |
| Sewers (Includes this issue)..... | 42,737,400 |
| State of Connecticut Clean Water Fund PLO..... | 34,691,207 |
| Total Long-Term Debt | 160,161,207 |

Short-Term Debt:

| | |
|--|-------------------|
| This issue Notes (Lot A due 5/08/15 and Lot B due 11/09/15)..... | 11,800,000 |
| Total Short-Term Debt | 11,800,000 |

| | |
|--|----------------------|
| Total Overall Debt | 171,961,207 |
| Less: School Construction Grants Receivable (As of June 30, 2014) ² | (746,203) |
| Total Overall Net Debt | \$171,215,004 |

¹ Excludes capital leases and refunded bonds.

² The State of Connecticut will reimburse the City for eligible principal and interest costs over the life of bonds issued for school construction 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 10, 2014
(Pro-Forma)

| | |
|---|------------------|
| Population ¹ | 52,759 |
| Net Taxable Grand List (10/1/13) | \$ 6,384,237,785 |
| Estimated Full Value | \$ 9,120,339,693 |
| Equalized Grand List (10/1/11) ² | \$ 9,154,001,283 |
| Money Income per Capita (2010) ¹ | \$ 38,351 |

| | Total Overall Debt | Total Overall Net Debt |
|---|-------------------------------|-----------------------------------|
| Per Capita..... | \$3,259.37 | \$3,245.23 |
| Ratio to Net Taxable Grand List..... | 2.69% | 2.68% |
| Ratio to Estimated Full Value..... | 1.89% | 1.88% |
| Ratio to Equalized Grand List..... | 1.88% | 1.87% |
| Debt per Capita to Money Income per Capita..... | 8.50% | 8.46% |

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

² 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.

Refunding bonds may be issued upon resolution of the Board of Aldermen (CGS Sec. 7-370c).

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, with the exception of refunding 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 no later than two years after the original date of issue (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 by the end of the third and each subsequent year during which such temporary notes remain outstanding in an amount equal to a minimum of 1/20th (1/30th for certain sewer and school 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 sewer and school projects, by the amount of time temporary financing has been outstanding.

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

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

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 \$12.9 million under the State of Connecticut Clean Water Fund Program. As of this issue, the authorization has been reduced to \$33,150,940 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 ¹
As of November 10, 2014
(Pro Forma)

Total Tax Collections (including interest and lien fees)

Received by the Treasurer for the year ended June 30, 2014 (Subject to Audit)..... \$166,879,190

Reimbursement For Revenue Loss:

Tax relief for elderly -

Base for Debt Limitation Computation..... \$166,879,190

| | General Purpose | Schools | Sewers | Urban Renewal | Unfunded Pension |
|------------------------------------|----------------------------|----------------------|----------------------|--------------------------|-----------------------------|
| Debt Limitation: | | | | | |
| 2 1/4 times base..... | \$ 375,478,178 | - | - | - | - |
| 4 1/2 times base..... | - | \$750,956,355 | - | - | - |
| 3 3/4 times base..... | - | - | \$625,796,963 | - | - |
| 3 1/4 times base..... | - | - | - | \$542,357,368 | - |
| 3 times base..... | - | - | - | - | \$500,637,570 |
| Total Debt Limitation | \$ 375,478,178 | \$750,956,355 | \$625,796,963 | \$542,357,368 | \$500,637,570 |

Indebtedness:

| | | | | | |
|--|-------------------|-------------------|-------------------|----------|----------|
| Bonds Outstanding..... | 37,501,100 | 35,016,500 | 38,757,400 | - | - |
| Bonds – This Issue..... | 3,740,000 | 6,475,000 | 3,980,000 | - | - |
| Notes – This Issue..... | 1,340,000 | 9,990,000 | 470,000 | - | - |
| CWF Project Loan Obligation (PLO)..... | - | - | 34,691,207 | - | - |
| Debt Authorized But Unissued..... | 20,397,873 | 7,755,807 | 12,766,465 | - | - |
| Total Indebtedness | 62,978,973 | 59,237,307 | 90,665,072 | - | - |

Less:

| | | | | | |
|---|-------------------|-------------------|-------------------|----------|----------|
| State School Grants Receivable ¹ | - | (746,203) | - | - | - |
| Total Net Indebtedness | 62,978,973 | 58,491,104 | 90,665,072 | - | - |

DEBT LIMITATION IN EXCESS

OF OUTSTANDING INDEBTEDNESS ... **\$ 312,499,204 \$692,465,251 \$535,131,891 \$542,357,368 \$500,637,570**

¹ The State of Connecticut will reimburse the City for eligible principal and interest costs over the life of bonds issued for school construction 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 \$1,168,154,330.

**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 10, 2014
(Pro Forma)

| Project | Total | | | | This Issue: | | | | Authorized But Unissued | | | |
|---|----------------------------|-----------------|----------------------|---------------|-------------------------|-----------------|------------------|---------------|-------------------------|--------------|---------------|--|
| | Amount of Authorization | Bonds Issued | Statutory Paydown | Grants | Notes Due 11/10/2014 | Lot A Notes | Lot B Notes | The Bonds | General Purpose | Schools | Sewers | |
| | | | | | | Due 5/8/2015 | Due 11/9/2015 | | | | | |
| Recreation Facilities Improvements..... | \$ 1,310,000 | \$ 1,304,700 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 5,300 | \$ - | \$ - | |
| Pepe's Farm Rd & Woodmont Rd..... | 1,370,000 | 1,202,000 | - | - | - | - | - | - | 168,000 | - | - | |
| Stowe Property..... | 895,000 | 798,000 | - | - | - | - | - | - | 97,000 | - | - | |
| Senior Center Renovation..... | 1,950,000 | 1,909,000 | - | - | - | - | - | - | 41,000 | - | - | |
| Milford Academy Renovations..... | 2,650,000 | 2,570,500 | 2,250 | - | - | - | - | - | 77,250 | - | - | |
| Various Public Improvements (Feb 04)..... | 2,483,065 | 2,406,765 | - | - | - | - | - | - | 76,300 | - | - | |
| Various Public Improvements (Nov 04)..... | 3,347,500 | 3,152,200 | - | 68,053 | - | - | - | - | 127,247 | - | - | |
| Various Public Improvements (Mar 05)..... | 1,134,500 | 1,112,200 | 150 | - | - | - | - | - | 22,150 | - | - | |
| Road Resurfacing..... | 715,000 | 704,000 | - | - | - | - | - | - | 11,000 | - | - | |
| Various Public Improvements (Feb 07)..... | 4,620,300 | 3,557,185 | - | - | - | - | - | 80,000 | 983,115 | - | - | |
| Various Public Improvements (Apr 08)..... | 3,715,559 | 3,063,450 | - | - | - | - | - | 15,000 | 637,109 | - | - | |
| Various Public Improvements (Feb 10)..... | 6,292,000 | 5,555,600 | - | 12,725 | 7,000 | - | - | 271,000 | 452,675 | - | - | |
| Various Public Improvements (Feb 11)..... | 6,588,000 | 5,380,500 | - | - | 263,000 | - | 41,000 | 256,000 | 910,500 | - | - | |
| Various Public Improvements (Apr 11)..... | 1,685,000 | 1,432,000 | - | - | - | - | - | - | 253,000 | - | - | |
| Eastside Firehouse..... | 4,950,000 | 4,115,000 | - | - | - | - | - | 253,000 | 582,000 | - | - | |
| Woodmont Beach FEMA (Mar 12)..... | 534,000 | 120,000 | - | 62,819 | 287,000 | - | 287,000 | 3,000 | 61,181 | - | - | |
| Various Public Improvements (Feb 12)..... | 6,088,600 | 1,186,000 | - | 614,291 | 1,453,000 | - | 924,000 | 574,000 | 2,790,309 | - | - | |
| Various Public Improvements (Feb 13)..... | 7,578,000 | 840,500 | - | - | 555,000 | - | 62,000 | 1,580,000 | 5,095,500 | - | - | |
| Various Public Improvements (Feb 14)..... | 8,717,500 | - | - | - | - | - | 26,000 | 708,000 | 7,983,500 | - | - | |
| General Public Improvements..... | 1,775,538 | 1,751,800 | - | - | - | - | - | - | 23,738 | - | - | |
| Subtotal General Improvement..... | \$ 68,399,562 | \$ 42,161,400 | \$ 2,400 | \$ 757,889 | \$ 2,565,000 | \$ - | \$ 1,340,000 | \$ 3,740,000 | \$ 20,397,873 | \$ - | \$ - | |
| Various School Improvements (Feb 07) | 18,489,511 | 12,573,600 | - | 5,273,438 | 18,000 | - | - | 18,000 | - | 624,473 | - | |
| Various School Improvements (Apr 08)..... | 1,440,000 | 707,000 | - | 130,736 | 479,000 | - | - | 490,000 | - | 112,264 | - | |
| J. Law Phase III Construction (Aug 09)..... | 4,050,000 | 2,500,000 | - | 1,332,513 | - | - | - | - | - | 217,487 | - | |
| Various School Improvements (Feb 10)..... | 9,640,000 | 5,749,400 | - | 2,976,430 | 401,000 | - | - | 372,000 | - | 542,170 | - | |
| Various School Improvements (Feb 11)..... | 5,630,000 | 3,769,000 | - | 1,512,647 | 15,000 | 5,000 | - | 20,000 | - | 323,353 | - | |
| Various School Improvements (Feb 12)..... | 12,000,000 | 2,777,000 | - | - | 7,598,000 | 5,375,000 | - | 2,223,000 | - | 1,625,000 | - | |
| Various School Improvements (Feb 13)..... | 9,344,966 | 636,000 | - | - | 6,811,000 | 4,137,000 | - | 2,739,000 | - | 1,832,966 | - | |
| Various School Improvements (Feb 14)..... | 3,564,094 | - | - | - | 8,000 | 473,000 | - | 613,000 | - | 2,478,094 | - | |
| Subtotal Schools..... | \$ 64,158,571 | \$ 28,712,000 | \$ - | \$ 11,225,764 | \$ 15,330,000 | \$ 9,990,000 | \$ - | \$ 6,475,000 | \$ - | \$ 7,755,807 | \$ - | |
| Wastewater Facilities Upgrade. ¹ | 33,150,940 | 27,692,200 | - | - | 270,000 | - | 200,000 | 270,000 | - | - | 4,988,740 | |
| Sewers XIII..... | 2,555,000 | 1,998,400 | - | - | 94,000 | - | - | 94,000 | - | - | 462,600 | |
| Sewers XIV Design Phase..... | 930,000 | 589,400 | - | - | - | - | - | - | - | - | 340,600 | |
| East/West Interceptor..... | 4,250,000 | 4,065,000 | - | - | - | - | - | - | - | - | 185,000 | |
| Buckingham Ave Force Main..... | 4,650,000 | 4,030,000 | - | - | - | - | - | - | - | - | 620,000 | |
| Roger Ave Pump & High St Sewer..... | 2,623,500 | 1,500,000 | - | - | - | - | - | - | - | - | 1,123,500 | |
| Sewers XV..... | 4,625,000 | 2,450,800 | - | - | 700,000 | - | 30,000 | 670,000 | - | - | 1,474,200 | |
| Sewers XVI..... | 275,000 | 59,000 | - | - | 192,000 | - | - | 192,000 | - | - | 24,000 | |
| Sewers XVII..... | 2,753,825 | 653,000 | - | - | 1,325,000 | - | 40,000 | 1,459,000 | - | - | 601,825 | |
| Sewers XVIII | 4,254,000 | - | - | - | - | - | 200,000 | 1,215,000 | - | - | 2,839,000 | |
| Sewers XIX..... | 187,000 | - | - | - | - | - | - | 80,000 | - | - | 107,000 | |
| Subtotal Sewers..... | \$ 60,254,265 | \$ 43,037,800 | \$ - | \$ - | \$ 2,581,000 | \$ - | \$ 470,000 | \$ 3,980,000 | \$ - | \$ - | \$ 12,766,465 | |
| Totals..... | \$ 192,812,398 | \$ 113,911,200 | \$ 2,400 | \$ 11,983,653 | \$ 20,476,000 | \$ 9,990,000 | \$ 1,810,000 | \$ 14,195,000 | \$ 20,397,873 | \$ 7,755,807 | \$ 12,766,465 | |

¹ 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 \$33,150,940 reflecting Clean Water Fund grant and loan proceeds received.

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

| Long-Term Debt | 2014 ¹ | 2013 | 2012 | 2011 | 2010 |
|------------------------------|--------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Bonds..... | \$ 119,490,000 | \$ 111,570,000 | \$ 96,615,000 | \$ 89,100,000 | \$ 82,985,000 |
| Clean Water Fund..... | 35,390,320 | 37,459,934 | 39,488,000 | 41,476,000 | 43,426,318 |
| Sub-Total..... | 154,880,320 | 149,029,934 | 136,103,000 | 130,576,000 | 126,411,318 |
| Short-Term Debt | | | | | |
| Bond Anticipation Notes..... | 21,526,000 | 17,555,000 | 31,816,000 | 26,230,000 | 23,633,000 |
| Grand Total..... | \$ 176,406,320 | \$ 166,584,934 | \$ 167,919,000 | \$ 156,806,000 | \$ 150,044,318 |

¹ Subject to audit.

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

| Fiscal Year Ended 6/30 | Net Assessed Value (000s) | Estimated Full Value ¹ (000s) | Net Long-Term Debt ² (000s) | Ratio of Net Long-Term Debt to Assessed Value (%) | Ratio of Net Long-Term Debt to Estimated Full Value (%) | Population ³ | Net Long-Term Debt per Capita | Ratio of Net Long-Term Debt per Capita to Per Capita Income ⁴ (%) |
|-------------------------------|----------------------------------|---|---|--|--|--------------------------------|--------------------------------------|---|
| 2013 | \$ 6,399,745 | \$ 9,142,646 | \$ 148,010 | 2.31% | 1.62% | 52,759 | \$ 2,805.40 | 7.32% |
| 2012 | 5,410,069 | 10,578,867 | 134,763 | 2.49% | 1.27% | 52,759 | 2,554.31 | 6.66% |
| 2011 | 5,430,923 | 10,603,075 | 128,728 | 2.37% | 1.21% | 52,759 | 2,439.92 | 6.36% |
| 2010 | 5,377,363 | 10,546,040 | 80,622 | 1.50% | 0.76% | 52,759 | 1,528.12 | 3.98% |
| 2009 | 5,251,647 | 10,546,040 | 74,796 | 1.42% | 0.71% | 52,759 | 1,417.69 | 3.70% |
| 2008 | 4,472,546 | 9,992,784 | 67,116 | 1.50% | 0.67% | 52,759 | 1,272.13 | 3.32% |

¹ Assessment Ratio, 70% for fiscal year 2007; Fiscal years 2008-2012 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).

² 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.

³ U.S. Department of Commerce, Bureau of Census (2010).

⁴ Money Income per Capita: Census 2010 data: \$38,351 used for all calculations.

Note: Excludes capital leases.

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

| Fiscal Year Ended 6/30 | Principal | Interest | Total Debt Service | Total General Fund Expenditures ¹ | Ratio of General Fund Debt Service To Total General Fund Expenditures (%) |
|-------------------------------|------------------|-----------------|---------------------------|---|--|
| 2014 ² (est) | \$8,693 | \$3,955 | \$12,648 | \$192,051 | 6.59% |
| 2013 | 8,127 | 3,670 | 11,797 | 198,431 | 5.95% |
| 2012 | 8,282 | 3,811 | 12,093 | 195,785 | 6.18% |
| 2011 | 7,628 | 3,493 | 11,121 | 182,808 | 6.08% |
| 2010 | 6,993 | 3,143 | 10,136 | 177,917 | 5.70% |
| 2009 | 6,281 | 3,055 | 9,336 | 178,876 | 5.22% |

¹ GAAP basis of accounting. Includes Transfers out.

² Budgetary basis of accounting; subject to audit

Capital Improvement Program
(in thousands)

| Proposed Projects | Fiscal 2013-14 | Fiscal 2014-15 | Fiscal 2015-16 | Fiscal 2016-17 | Fiscal 2017-18 | Total |
|--------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|-------------------|
| Education..... | \$ 6,450 | \$ 10,700 | \$ 11,415 | \$ 11,450 | \$ 11,940 | \$ 51,955 |
| Sewers | 6,387 | 13,959 | 5,640 | 10,080 | 9,480 | 45,546 |
| Fire | 35 | 350 | - | 600 | - | 985 |
| Police..... | - | 1,503 | - | 13,473 | - | 14,976 |
| Roads/Drainage..... | 1,050 | 1,050 | 1,050 | 1,050 | 1,050 | 5,250 |
| Bridges..... | - | - | 500 | - | - | 500 |
| Buildings..... | 150 | - | 50 | 210 | - | 410 |
| Erosion/Flood Control... | 500 | 1,135 | 13,000 | - | - | 14,635 |
| Recreation..... | 3,500 | 425 | - | - | 125 | 4,050 |
| Total..... | \$ 18,072 | \$ 29,122 | \$ 31,655 | \$ 36,863 | \$ 22,595 | \$ 138,307 |

| | | | | | | |
|-------------------------|------------------|------------------|------------------|------------------|------------------|-------------------|
| Proposed Funding | | | | | | |
| Pay-As-You-Go..... | \$ 85 | \$ 385 | \$ 100 | \$ 50 | \$ 50 | \$ 670 |
| Bonds..... | 15,350 | 24,185 | 16,518 | 30,713 | 18,811 | 105,577 |
| Grants..... | 2,637 | 4,552 | 15,037 | 6,100 | 3,734 | 32,060 |
| Total..... | \$ 18,072 | \$ 29,122 | \$ 31,655 | \$ 36,863 | \$ 22,595 | \$ 138,307 |

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's 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. 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. 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. 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. 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, 2013, 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 Connecticut Interlocal Risk Management Agency (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 \$1,000. 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 is one claim open from this period.

Workers' Compensation Insurance

The City is self insured for Workers' Compensation. In Fiscal Year 2013-2014, 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 2012-2013, 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

The City of Milford administers 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'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 has actuarial reports prepared every other year. The most recent actuarial report was prepared as of July 1, 2013. Based upon that report, the actuarial value of assets and actuarial accrued liabilities (in thousands) were as follows:

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued 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) |
|---|--|--|---|--|------------------------------------|---|
| 7/1/2008 | \$385,088 | \$287,313 | \$97,775 | 134.0% | \$40,141 | 243.6% |
| 7/1/2009 | 383,936 | 302,642 | 81,294 | 126.9% | 40,550 | 200.5% |
| 7/1/2010 | 375,679 | 307,980 | 67,699 | 122.0% | 40,622 | 166.7% |
| 7/1/2011 | 372,126 | 307,306 | 64,820 | 121.1% | 41,597 | 155.8% |
| 7/1/2012 | 354,081 | 321,477 | 32,604 | 110.1% | 43,010 | 75.8% |
| 7/1/2013 | 341,045 | 341,706 | (661) | 99.8% | 42,773 | (1.5%) |

For valuation purposes, the City's actuary calculates an actuarial value of assets that smoothes fluctuations of value over a five year period. As of June 30, 2014, the City's Pension Plan held assets with a fair market value totaling \$353,027,606. For Fiscal Year 2014, the City made the ARC to the Plan. For Fiscal Year 2015, the City has budgeted 66.84% of the ADEC and has made payment to the Plan. For a description of the City's Pension Plan, see Note No. 9 to the City's audited general purpose financial statements at Appendix A.

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 its last valuation on July 1, 2012 of \$129.8 million.

- The Annual Required Contribution (ARC) for the Fiscal Year Ending 2011 was \$14.77 million, for Fiscal Year Ending 2012 was \$14.08 million, for Fiscal Year Ending 2013 was \$14.78 million, and for Fiscal Year Ending 2014 is \$12.2 million.
- The Fiscal Year Ending 2013 estimated “Pay as you go” cost that is an offset to the cash cost of funding the ARC was \$6.4 million.
- As a result, the net cost to the City for the Fiscal Year Ending 2013 was \$7.87 million, after adjustments.
- The City has made the following 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; Fiscal Year Ending 2013: \$500,000; Fiscal Year Ending 2014: \$500,000; Fiscal Year Ending 2015: \$500,000. These contributions have been deposited in an OPEB Trust which had a value of \$4,633,666 as of August 31, 2014. As of July 1, 2011, the City had converted its existing OPEB fund to an OPEB Trust.
- Since the plan was not fully funded, the Net OPEB Obligation as of June 30, 2013 is \$48.7 million.

Board of Education (BOE)

- The BOE has an actuarial accrued liability as of July 1, 2012 of \$142.4 million.
- The Annual Required Contribution (ARC) for the Fiscal Year Ending 2011 is \$13.04 million, for Fiscal Year Ending 2012 is \$13.70 million, for Fiscal Year Ending 2013 is 14.38 million, and for Fiscal Year Ending 2014 is \$14.5 million.
- The Fiscal Year Ending 2013 “Pay as you go” cost that is an offset to the cash cost of funding the ARC was \$3.7 million.
- As a result, the net cost to the BOE for the Fiscal Year Ending 2013 is \$10.1 million, after adjustments.
- 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 \$50,695 as of June 30, 2014. To date, the BOE has yet to create an OPEB Trust. 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, 2013 is \$53.9 million.

For a description of the City’s and BOE’s Other Post Employment Benefits, see Note No. 10 to the City's audited general purpose financial statements at Appendix A.

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 Short Term Investment; (4) 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 Note No. 9 to the City's audited general purpose financial statements at Appendix A.

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

| | Actual 6/30/2013 | Actual 6/30/2012 | Actual 6/30/2011 | Actual 6/30/2010 | Actual 6/30/2009 |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Assets: | | | | | |
| Cash and cash equivalents | \$ 34,433 | \$ 31,881 | \$ 35,649 | \$ 29,168 | \$ 31,206 |
| Investments | 117 | 116 | 116 | 116 | 114 |
| Receivables, net..... | 12,538 | 14,609 | 14,964 | 15,277 | 10,866 |
| Due from other funds | 2,937 | 2,344 | 1,895 | 624 | 1,602 |
| Prepaid items and other assets | 774 | 21 | 438 | 852 | 1,270 |
| Advances to other funds | - | - | - | - | - |
| Total Assets | 50,799 | 48,971 | 53,062 | 46,037 | 45,058 |
| Liabilities, Equity, & Other Credits: | | | | | |
| Current Liabilities | | | | | |
| Accounts and other payables..... | 9,036 | 9,461 | 10,372 | 9,684 | 9,087 |
| Other Liabilities | 3,683 | 1,741 | 1,753 | 1,545 | 1,752 |
| Due to other governments | 475 | 430 | 421 | 400 | 384 |
| Due to other funds | 255 | 1,788 | 485 | 830 | 907 |
| Deferred Revenues | 13,476 | 14,482 | 16,508 | 15,775 | 13,682 |
| Total Liabilities | 26,925 | 27,902 | 29,539 | 28,234 | 25,812 |
| Equity & Other Credits ¹ | | | | | |
| Nonspendable | 21 | 21 | 438 | 3,341 | 3,176 |
| Committed | 1,033 | 1,212 | 2,699 | - | - |
| Assigned | 7,875 | 4,198 | 7,545 | 2,000 | 3,750 |
| Unassigned..... | 14,945 | 15,638 | 12,841 | 12,462 | 12,320 |
| Total Equity & Other Credits | 23,874 | 21,069 | 23,523 | 17,803 | 19,246 |
| Total Liabilities, Equity & Other Credits ... | \$ 50,799 | \$ 48,971 | \$ 53,062 | \$ 46,037 | \$ 45,058 |

¹ Reflects fund balance classification changes as a result of GASB 54 implementation for the fiscal year ending June 30, 2011

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)

| | Adopted Budget ¹ 6/30/2015 | Estimated Actual ¹ 6/30/2014 | Actual 6/30/2013 | Actual 6/30/2012 | Actual 6/30/2011 | Actual 6/30/2010 |
|--|--|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Revenues: | | | | | | |
| Property Taxes & Assessments..... | \$ 170,456 | \$ 165,822 | \$ 164,236 | \$ 155,213 | \$ 153,080 | \$ 146,157 |
| Fines, Forfeitures, Penalties & Interest..... | 1,200 | 1,058 | 1,632 | 1,487 | 1,654 | 993 |
| Intergovernmental..... | 14,275 | 14,187 | 26,789 | 26,930 | 22,384 | 22,212 |
| Charges for Services..... | - | - | 2,382 | 2,111 | 2,204 | 2,260 |
| Investment Income..... | 59 | 75 | 64 | 62 | 113 | 152 |
| Net Appreciation in Fair Value of Investments.... | - | - | - | - | - | - |
| Other..... | 12,347 | 13,320 | 5,854 | 6,796 | 7,011 | 3,869 |
| Total..... | \$ 198,337 | \$ 194,462 | \$ 200,957 | \$ 192,599 | \$ 186,446 | \$ 175,643 |
| Expenditures: | | | | | | |
| General Government..... | \$ 4,216 | \$ 3,929 | \$ 3,894 | \$ 3,869 | \$ 3,968 | \$ 3,419 |
| Administration..... | 2,632 | 2,563 | 2,492 | 2,435 | 2,462 | 2,397 |
| Public Safety..... | 25,057 | 23,914 | 23,142 | 22,837 | 22,654 | 22,448 |
| Public Services..... | 12,181 | 11,722 | 11,527 | 11,455 | 11,696 | 11,401 |
| Education..... | 110,876 | 109,840 | 119,070 | 114,635 | 109,306 | 106,657 |
| Health & Welfare..... | 1,748 | 1,644 | 1,576 | 1,656 | 1,695 | 1,629 |
| General Charges..... | 24,163 | 22,016 | 19,324 | 21,295 | 15,453 | 15,948 |
| Grants to Agencies..... | 3,131 | 3,132 | 2,640 | 2,626 | 2,646 | 2,504 |
| Capital Outlay..... | - | - | - | - | - | - |
| Debt Service..... | 14,333 | 12,648 | 11,939 | 12,013 | 10,926 | 10,048 |
| Total..... | \$ 198,337 | \$ 191,408 | \$ 195,604 | \$ 192,821 | \$ 180,806 | \$ 176,451 |
| Excess (Deficiency) of Revenues | | | | | | |
| Over Expenditures..... | \$ - | \$ 3,054 | \$ 5,353 | \$ (222) | \$ 5,640 | \$ (808) |
| Other Financing Sources (Uses): | | | | | | |
| Lease Principal Payments..... | N/A | - | - | - | \$ - | \$ - |
| Proceeds from Advanced Refunding..... | N/A | - | 15,611 | 9,457 | - | 16,087 |
| Payment for Refunding Debt..... | N/A | - | (15,469) | (9,332) | - | (15,899) |
| Sale of Capital Assets..... | N/A | - | 116 | 11 | - | 98 |
| Operating transfers in..... | N/A | 1,307 | 21 | 596 | 456 | 545 |
| Operating transfers out..... | N/A | (643) | (2,827) | (2,964) | (2,002) | (1,466) |
| Net Other Financing Sources (Uses)..... | \$ - | \$ 664 | \$ (2,548) | \$ (2,232) | \$ (1,546) | \$ (635) |
| Excess (Deficiency) Of Revenues And Other Financing Sources Over Expenditures and Other Financing Uses..... | | | | | | |
| | \$ - | \$ 3,718 | \$ 2,805 | \$ (2,454) | \$ 4,094 | \$ (1,443) |
| Fund Equity, Beginning of Year..... | N/A | 23,874 | 21,069 | 23,523 | 19,429 ² | 19,246 |
| Residual Equity Transfer..... | - | - | - | - | - | - |
| Fund Equity, End of Year..... | N/A | N/A | \$ 23,874 | \$ 21,069 | \$ 23,523 | \$ 17,803 |

¹ Budgetary basis of accounting; subject to audit

² As restated.

Analysis of General Fund Equity

| | Adopted Budget ¹ 6/30/2015 | Estimated Actual ¹ 6/30/2014 | Actual 6/30/2013 | Actual 6/30/2012 | Actual 6/30/2011 | Actual 6/30/2010 |
|--|--|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Nonspendable..... | N/A | N/A | \$ 21 | \$ 21 | \$ 438 | \$ - |
| Committed..... | N/A | N/A | 1,033 | 1,212 | 2,699 | - |
| Assigned for Encumbrances..... | N/A | N/A | 2,875 | 4,177 | 3,524 | 3,319 |
| Assigned for Subsequent Year's Budget..... | N/A | N/A | 5,000 | - | 4,000 | 2,000 |
| Assigned for Other Purposes..... | N/A | N/A | - | 21 | 21 | 22 |
| Unassigned..... | N/A | N/A | 14,945 | 15,638 | 12,841 | 12,462 |
| Total Fund Equity..... | N/A | N/A | \$ 23,874 | \$ 21,069 | \$ 23,523 | \$ 17,803 |

¹ 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

Legal Matters

Pullman & Comley, LLC is serving as Bond Counsel with respect to the authorization and issuance of the Bonds and the Notes and will render its opinions in substantially the forms attached hereto as Appendix B.

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 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 Appendix C.
5. The approving opinions of Pullman & Comley, LLC, Bond Counsel, of Bridgeport and Hartford, Connecticut.
6. The City of Milford has prepared an Official Statement for the Bonds and the Notes which is dated October 22, 2014. 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 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/ Benjamin G. Blake

Benjamin G. Blake, *Mayor*

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

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

By: /s/ Libera C. Nosal

Libera C. Nosal, *City Treasurer*

Dated as of October 29, 2014

Appendix A

2013 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, 2013. 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 Aldermen
City of Milford, Connecticut

Report on the Financial Statements

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, 2013, and the related notes to the financial statements, which collectively comprise the City of Milford, Connecticut's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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 financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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, 2013 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 11 and the budgetary comparison information on pages 49 through 54 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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 section 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 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic

financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2013 on our consideration of the City of Milford, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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* in considering the City of Milford, Connecticut's internal control over financial reporting and compliance.

Blum, Shapiro & Company, P.C.

West Hartford, Connecticut
December 14, 2013

CITY OF MILFORD, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2013

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, 2013. This is the eleventh 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 position decreased overall as a result of this year's operations. Net position of our business-type activities increased by \$30 thousand and net position of our governmental activities decreased by \$4.8 million.
- During the year, the City had expenses that were \$4.8 million more than the \$224.9 million generated in tax and other revenues for governmental programs.
- Total cost of all of the City's programs was \$229.7 million with no new programs added this year.
- The General Fund reported a total fund balance this year of \$23.9 million and unassigned fund balance of \$14.95 million.
- The resources available for appropriation were \$4.1 million more than budgeted for the General Fund. Expenditures were \$2.3 million less than final appropriations.

Overview of the Financial Statements

This annual report consists of a series of financial statements. The statement of net position 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 position 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 position, along with the changes in net position. The City's net position, 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 position 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 position 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 position 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 position 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 and other postemployment benefit 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 position and changes in fiduciary net position. 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 position decreased from \$113 million to \$109 million. The analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the City's governmental and business-type activities.

Table 1
NET POSITION
(In Thousands)

| | Governmental Activities | | Business-Type Activities | | Total | |
|-----------------------------------|------------------------------------|-------------|-------------------------------------|-------------|--------------|-------------|
| | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 |
| Current and other assets | \$ 87,840 | \$ 89,724 | \$ 719 | \$ 649 | \$ 88,559 | \$ 90,373 |
| Capital assets | 329,447 | 312,846 | 3,163 | 3,200 | 332,610 | 316,046 |
| Total assets | 417,287 | 402,570 | 3,882 | 3,849 | 421,169 | 406,419 |
| Long-term debt outstanding | 273,890 | 242,441 | | | 273,890 | 242,441 |
| Other liabilities | 38,644 | 50,611 | 11 | 7 | 38,655 | 50,618 |
| Total liabilities | 312,534 | 293,052 | 11 | 7 | 312,545 | 293,059 |
| Net position: | | | | | | |
| Net investments in capital assets | 153,422 | 145,526 | 3,163 | 3,200 | 156,585 | 148,726 |
| Restricted | 255 | 252 | | | 255 | 252 |
| Unrestricted | (48,924) | (36,260) | 708 | 642 | (48,216) | (35,618) |
| Total Net Position | \$ 104,753 | \$ 109,518 | \$ 3,871 | \$ 3,842 | \$ 108,624 | \$ 113,360 |

Net position of the City's governmental activities decreased by 4.5% (\$104.8 million compared to \$109.5 million). Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements - increased to a deficit of \$47.5 million at the end of this year.

There was only a slight change in the net position of business-type activities from 2012 to 2013.

Table 2
CHANGES IN NET POSITION
(In Thousands)

| | Governmental Activities | | Business-Type Activities | | Total | |
|--|------------------------------------|-------------------|-------------------------------------|----------------|-------------------|-------------------|
| | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 8,313 | \$ 7,250 | \$ 332 | \$ 341 | \$ 8,645 | \$ 7,591 |
| Operating grants and contributions | 29,867 | 29,730 | | | 29,867 | 29,730 |
| Capital grants and contributions | 1,753 | 3,426 | | | 1,753 | 3,426 |
| General revenues: | | | | | | |
| Property taxes | 170,870 | 161,252 | | | 170,870 | 161,252 |
| Grants and contributions not restricted to specific purposes | 11,327 | 14,103 | | | 11,327 | 14,103 |
| Unrestricted investment earnings | 1,735 | 1,600 | | 2 | 1,735 | 1,602 |
| Other general revenues | 1,019 | 1,301 | | | 1,019 | 1,301 |
| Total revenues | <u>224,884</u> | <u>218,662</u> | <u>332</u> | <u>343</u> | <u>225,216</u> | <u>219,005</u> |
| Expenses: | | | | | | |
| General government | 8,068 | 11,142 | | | 8,068 | 11,142 |
| Administration | 4,018 | 4,147 | | | 4,018 | 4,147 |
| Public safety | 41,506 | 38,471 | | | 41,506 | 38,471 |
| Public services | 25,314 | 27,673 | | | 25,314 | 27,673 |
| Education | 138,265 | 132,771 | | | 138,265 | 132,771 |
| Health and welfare | 5,728 | 5,929 | | | 5,728 | 5,929 |
| Grants to agencies | 4,051 | 3,889 | | | 4,051 | 3,889 |
| Interest on long-term debt | 2,703 | 2,085 | | | 2,703 | 2,085 |
| Milford Golf Course | | | 69 | 88 | 69 | 88 |
| Harbor management | | | 230 | 287 | 230 | 287 |
| Total program expenses | <u>229,653</u> | <u>226,107</u> | <u>299</u> | <u>375</u> | <u>229,952</u> | <u>226,482</u> |
| Transfers in (out) | <u>4</u> | <u>17</u> | <u>(4)</u> | <u>(17)</u> | <u>-</u> | <u>-</u> |
| Change in Net Position | <u>\$ (4,765)</u> | <u>\$ (7,428)</u> | <u>\$ 29</u> | <u>\$ (49)</u> | <u>\$ (4,736)</u> | <u>\$ (7,477)</u> |

The City's total revenues were \$225.9 million. The total cost of all programs and services was \$229.9 million. Our analysis below separately considers the operations of governmental and business-type activities.

Governmental Activities

The City's revenues increased by \$6.2 million from 2012. Most of the increase is attributable to property tax revenue including \$2.5 million in property tax revenue from the sale of delinquent tax liens.

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 | |
|-----------------|-------------------------------|-------------------|-----------------------------|-------------------|
| | 2013 | 2012 | 2013 | 2012 |
| Public safety | \$ 41,506 | \$ 38,471 | \$ 38,347 | \$ 35,853 |
| Public services | 25,314 | 27,673 | 23,109 | 25,543 |
| Education | 138,265 | 132,771 | 107,126 | 99,534 |
| All others | 24,568 | 27,192 | 21,138 | 24,771 |
| Totals | \$ <u>229,653</u> | \$ <u>226,107</u> | \$ <u>189,720</u> | \$ <u>185,701</u> |

Business-Type Activities

Revenues of the City's business-type activities (see Table 2) decreased by 3.2% (\$332 thousand in 2013 compared to \$343 thousand in 2012) and expenses decreased by 20% (\$299 thousand in 2013 versus \$375 thousand in 2012).

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 \$25.0 million, which is an increase of \$10.3 million over last year's fund balance of \$14.7 million. Included in this year's total change in fund balance, is an increase of \$2.8 million in the general fund, and increases of \$4.9 million in the Capital Non-recurring Fund and \$6 million in the Sanitary Sewer Fund. The fund balance decreased by \$4.2 million in the School Facilities Fund due to expenditures incurred and paid prior to the receipt of school grant revenue and the issuance of bonds which is anticipated. The primary reasons for the increases in fund balances for the first three funds aforementioned was the increase in revenues; and expenditures lower than budget in the General Fund. In addition, the issuance of bonds also contributed to the positive change in fund balance for the capital Non-recurring and sanitary sewer funds. Moreover, the primary reasons for the General Fund's increase mirrors the governmental activities analysis highlighted in Exhibit IV.

Proprietary Funds

The Internal Service Funds' net position increased \$1.2 million primarily due to a reduction in claims expense. The Enterprise Funds' net position increased from last year by \$29 thousand.

General Fund Budgetary Highlights

- General Property Taxes and Assessments - property tax and assessment revenue was greater than budgeted by \$3 million due to a higher collection rate than was used in the budget as well as the sale of delinquent tax liens.
- State aid revenue was greater than budgeted by \$43 thousand. This was due to both increases and decreases in various grants. The Manufacturer's Machinery and Equipment Grant was under budget by \$44 thousand. The Municipal Video Corporate Trust Account was \$268 thousand, while no amount was budgeted for. The remaining change was spread among several grants.
- Investment Income - revenues from the investment of idle funds were more than budgeted by \$3thousand due to slightly higher interest rates and more money on deposit.
- Other Revenue was \$285 thousand greater than budget due to an increase in miscellaneous other revenues.
- Licenses, Permits and Other Charges were \$285 thousand above budget mainly due to higher than anticipated conveyance taxes and recording fees. These income categories are directly related to the economy and can fluctuate due to the economy.
- Department Expenditures - No departments overspent their budget.

Capital Asset and Debt Administration

Capital Assets

At June 30, 2013, the City's governmental activities had \$329.4 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 \$16.6 million over last year.

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

| | Governmental Activities | | Business-Type Activities | | Total | |
|----------------------------|------------------------------------|-----------------|-------------------------------------|---------------|-----------------|-----------------|
| | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 |
| Land | \$ 36.5 | \$ 36.5 | \$ 1.7 | \$ 1.7 | \$ 38.2 | \$ 38.2 |
| Construction in progress | 143.1 | 140.1 | | | 143.1 | 140.1 |
| Buildings and improvements | 87.6 | 78.3 | 1.3 | 1.3 | 88.9 | 79.6 |
| Machinery and equipment | 8.7 | 7.8 | 0.2 | 0.2 | 8.9 | 8.0 |
| Infrastructure | 53.5 | 50.1 | | | 53.5 | 50.1 |
| Totals | <u>\$ 329.4</u> | <u>\$ 312.8</u> | <u>\$ 3.2</u> | <u>\$ 3.2</u> | <u>\$ 332.6</u> | <u>\$ 316.0</u> |

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

| | |
|--|-----------|
| Police Equipment and Vehicles | 484 |
| Public Works Equipment and Vehicles | 800 |
| Fire Department Equipment and Vehicles | 704 |
| East Side Fire Station CIP | 709 |
| Communication System - CIP | 2,656 |
| Trumbull Avenue Revetment - CIP | 1,460 |
| Senior Center Drainage | 820 |
| Eisenhower Park Pedestrian Bridge | 272 |
| School Additions and Renovations- CIP | 7,841 |
| School Additions and Renovations | 10,568 |
| Sewer CIP | 5,432 |
| Sewer Installations | 4,030 |
| Total: | \$ 35,776 |

The City's fiscal-year 2013-2014 capital plan has \$15.3 million of capital projects planned. School building renovations are estimated at \$5.5 million, sewer projects at \$4.3 million, and public service projects at \$5.5 million. Of the total estimated \$15.3 million, it is expected to finance \$11.8 million with bonds and \$3.7 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, 2013, the City had \$166.6 million in bonds and notes outstanding versus \$167.9 million last year – a decrease of 1% - as shown in Table 5. Additional detail on the City's long-term debt can be found in Note 7.

Table 5
OUTSTANDING DEBT
(In Thousands)

| | Governmental Activities | |
|---|--------------------------------|-------------------|
| | 2013 | 2012 |
| General obligation bonds (backed by the City) | \$ 111,570 | \$ 96,615 |
| Bond anticipation notes (backed by the City) | 17,555 | 31,816 |
| Long-term note payable | 37,460 | 39,448 |
| Totals | \$ <u>166,585</u> | \$ <u>167,879</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 2014 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 decreased from 8.2% to 7.1%. In comparison, the figures for the State of Connecticut have decreased from 9.2% to 8.1%.

These indicators were taken into account when adopting the General Fund budget for 2013-2014. The adopted budget for FY 2014 is \$194 million, an increase of 4.4% over the final 2013 budget of \$185.8 million. No new programs or initiatives were added to the 2014 budget, except for the addition of four school resource officers in the Police Department budget. State grants were assumed to fund only 7.5% of the 2014 budget as compared to 8.3% of the 2013 budget.

If estimates are realized, the City's June 30, 2014 budgetary General Fund balance is expected to be \$5 million lower than the June 30, 2013 budgetary General Fund balance because of the use of that amount to balance the budget. As for the City's business-type activities, we expect that the 2013-2014 results will improve due to more rounds of golf, higher operating fee revenue, 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

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CITY OF MILFORD, CONNECTICUT

STATEMENT OF NET POSITION

JUNE 30, 2013

(In Thousands)

| | <u>Governmental Activities</u> | <u>Business-Type Activities</u> | <u>Total</u> |
|---------------------------------------|------------------------------------|-------------------------------------|-------------------|
| Assets: | | | |
| Cash and cash equivalents | \$ 72,262 | \$ 701 | \$ 72,963 |
| Investments | 117 | | 117 |
| Receivables, net | 14,439 | 23 | 14,462 |
| Inventory | 45 | | 45 |
| Prepaid items and other assets | 813 | | 813 |
| Net pension asset | 22 | | 22 |
| Bond issuance cost | 142 | | 142 |
| Capital assets: | | | |
| Capital assets not being depreciated | 179,630 | 1,654 | 181,284 |
| Capital assets being depreciated, net | <u>149,817</u> | <u>1,509</u> | <u>151,326</u> |
| Total assets | <u>417,287</u> | <u>3,887</u> | <u>421,174</u> |
| Liabilities: | | | |
| Accounts and other payables | 18,699 | 11 | 18,710 |
| Unearned revenue | 1,902 | | 1,902 |
| Due to other governments | 493 | | 493 |
| Internal balances | (5) | 5 | - |
| Bond anticipation notes payable | 17,555 | | 17,555 |
| Noncurrent liabilities: | | | |
| Due within one year | 11,203 | | 11,203 |
| Due in more than one year | <u>262,687</u> | | <u>262,687</u> |
| Total liabilities | <u>312,534</u> | <u>16</u> | <u>312,550</u> |
| Net Position: | | | |
| Net investments in capital assets | 153,422 | 3,163 | 156,585 |
| Restricted for: | | | |
| Trust purposes: | | | |
| Expendable | 255 | | 255 |
| Unrestricted | <u>(48,924)</u> | <u>708</u> | <u>(48,216)</u> |
| Total Net Position | \$ <u>104,753</u> | \$ <u>3,871</u> | \$ <u>108,624</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, 2013

(In Thousands)

| Functions/Programs | Program Revenues | | | | Net (Expense) Revenue and Changes in Net Position | | |
|--|-------------------|----------------------|------------------------------------|----------------------------------|---|--------------------------|-------------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-Type Activities | Total |
| Governmental activities: | | | | | | | |
| General government | \$ 8,068 | \$ 1,562 | \$ 175 | \$ | \$ (6,331) | \$ | \$ (6,331) |
| Administration | 4,018 | | | | (4,018) | | (4,018) |
| Public safety | 41,506 | 2,932 | 154 | 73 | (38,347) | | (38,347) |
| Public services | 25,314 | 1,639 | 566 | | (23,109) | | (23,109) |
| Education | 138,265 | 1,702 | 27,757 | 1,680 | (107,126) | | (107,126) |
| Health and welfare | 5,728 | 478 | 1,215 | | (4,035) | | (4,035) |
| Grants to agencies | 4,051 | | | | (4,051) | | (4,051) |
| Interest on long-term debt | 2,703 | | | | (2,703) | | (2,703) |
| Total governmental activities | <u>229,653</u> | <u>8,313</u> | <u>29,867</u> | <u>1,753</u> | <u>(189,720)</u> | <u>-</u> | <u>(189,720)</u> |
| Business-type activities: | | | | | | | |
| Milford Golf Course | 69 | 80 | | | | 11 | 11 |
| Harbor Management | 230 | 252 | | | | 22 | 22 |
| Total business-type activities | <u>299</u> | <u>332</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>33</u> | <u>33</u> |
| Total | <u>\$ 229,952</u> | <u>\$ 8,645</u> | <u>\$ 29,867</u> | <u>\$ 1,753</u> | <u>(189,720)</u> | <u>33</u> | <u>(189,687)</u> |
| General revenues: | | | | | | | |
| Property taxes | | | | | 170,870 | | 170,870 |
| Grants and contributions not restricted to specific programs | | | | | 11,327 | | 11,327 |
| Unrestricted investment earnings | | | | | 1,735 | | 1,735 |
| Gain on sale of asset | | | | | 93 | | 93 |
| Other general revenues | | | | | 926 | | 926 |
| Transfers | | | | | 4 | (4) | - |
| Total general revenues and transfers | | | | | <u>184,955</u> | <u>(4)</u> | <u>184,951</u> |
| Change in net position | | | | | (4,765) | 29 | (4,736) |
| Net position, July 1, 2012 | | | | | <u>109,518</u> | <u>3,842</u> | <u>113,360</u> |
| Net position, June 30, 2013 | | | | | <u>\$ 104,753</u> | <u>\$ 3,871</u> | <u>\$ 108,624</u> |

The accompanying notes are an integral part of the financial statements

CITY OF MILFORD, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2013

(In Thousands)

| | <u>General</u> | <u>Sewer Fund</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> |
|--------------------------------------|------------------|-----------------------|--|------------------------------------|---------------------------------------|--|---|
| ASSETS | | | | | | | |
| Cash and cash equivalents | \$ 34,433 | \$ 4,723 | \$ 4,923 | \$ 640 | \$ 3,295 | \$ 11,668 | \$ 59,682 |
| Investments | 117 | | | | | | 117 |
| Receivables, net | 12,538 | 169 | 571 | | | 602 | 13,880 |
| Due from other funds | 2,937 | 123 | 77 | | | 4 | 3,141 |
| Inventories | | | | | | 45 | 45 |
| Prepaid items and other assets | 774 | | 39 | | | | 813 |
| Total Assets | <u>\$ 50,799</u> | <u>\$ 5,015</u> | <u>\$ 5,610</u> | <u>\$ 640</u> | <u>\$ 3,295</u> | <u>\$ 12,319</u> | <u>\$ 77,678</u> |
| LIABILITIES AND FUND BALANCES | | | | | | | |
| Liabilities: | | | | | | | |
| Accounts and other payables | \$ 9,036 | \$ 253 | \$ 667 | \$ 404 | \$ 1,272 | \$ 1,298 | \$ 12,930 |
| Other liabilities | 3,683 | | 221 | 542 | 287 | | 4,733 |
| Due to other governments | 475 | | 18 | | | | 493 |
| Due to other funds | 255 | 249 | 815 | 864 | 1,042 | 38 | 3,263 |
| Deferred revenue | 13,476 | 221 | | | | 8 | 13,705 |
| Bond anticipation notes payable | | | 3,440 | 4,955 | 8,971 | 189 | 17,555 |
| Total liabilities | <u>26,925</u> | <u>723</u> | <u>5,161</u> | <u>6,765</u> | <u>11,572</u> | <u>1,533</u> | <u>52,679</u> |
| Fund balances: | | | | | | | |
| Nonspendable | 21 | | 39 | | | 45 | 105 |
| Restricted | | | | | | 3,802 | 3,802 |
| Committed | 1,033 | 245 | 2,050 | 5,428 | 14,122 | 7,018 | 29,896 |
| Assigned | 7,875 | 4,047 | | | | 118 | 12,040 |
| Unassigned | 14,945 | | (1,640) | (11,553) | (22,399) | (197) | (20,844) |
| Total fund balances | <u>23,874</u> | <u>4,292</u> | <u>449</u> | <u>(6,125)</u> | <u>(8,277)</u> | <u>10,786</u> | <u>24,999</u> |
| Total Liabilities and Fund Balances | <u>\$ 50,799</u> | <u>\$ 5,015</u> | <u>\$ 5,610</u> | <u>\$ 640</u> | <u>\$ 3,295</u> | <u>\$ 12,319</u> | <u>\$ 77,678</u> |

(Continued on next page)

CITY OF MILFORD, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)

JUNE 30, 2013

(In Thousands)

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

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

| | | |
|--|----|--------|
| Fund balances - total governmental funds | \$ | 24,999 |
|--|----|--------|

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

| | | | |
|-------------------------------|----|------------------|---------|
| Governmental capital assets | \$ | 463,854 | |
| Less accumulated depreciation | | <u>(134,407)</u> | |
| Net capital assets | | | 329,447 |

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

| | |
|--|-------|
| Property tax receivables greater than 60 days | 22 |
| Interest receivable on property taxes | 5,969 |
| Assessments receivable | 4,514 |
| Interest receivable on assessments | 300 |
| Receivable from the state for school construction projects | 1,020 |

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

8,846

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 | (149,030) |
| Bond issuance costs | 142 |
| Interest payable on bonds and notes | (626) |
| Compensated absences | (17,720) |
| Net OPEB obligation | (102,548) |
| Bond premium | (1,496) |
| Deferred charges on refunding | <u>914</u> |

| | | |
|---|----|-----------------------|
| Net Position of Governmental Activities (Exhibit I) | \$ | <u><u>104,753</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, 2013
(In Thousands)

| | <u>General</u> | <u>Sewer Fund</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 | \$ 164,236 | \$ 7,472 | \$ | \$ | \$ | \$ | \$ 171,708 |
| Fines, forfeitures, penalties and interest | 1,632 | | | | | | 1,632 |
| Intergovernmental | 26,789 | | 1,514 | | 1,680 | 7,536 | 37,519 |
| Charges for services | 2,382 | 81 | 857 | 22 | | 3,968 | 7,310 |
| Investment income | 64 | 81 | 1 | | | 3 | 149 |
| Other | 5,854 | 622 | 4 | | | 1,135 | 7,615 |
| Total revenues | <u>200,957</u> | <u>8,256</u> | <u>2,376</u> | <u>22</u> | <u>1,680</u> | <u>12,642</u> | <u>225,933</u> |
| Expenditures: | | | | | | | |
| Current: | | | | | | | |
| General government | 3,894 | | | | | 933 | 4,827 |
| Administration | 2,492 | | | | | | 2,492 |
| Public safety | 23,142 | | | | | 1,987 | 25,129 |
| Public services | 11,527 | | | | | 708 | 12,235 |
| Education | 119,070 | | | | | 7,057 | 126,127 |
| Health and welfare | 1,576 | | | | | 2,111 | 3,687 |
| General charges | 19,324 | | | | | | 19,324 |
| Grants to agencies | 2,640 | | | | | | 2,640 |
| Capital outlay | | 7,628 | 10,238 | 5,155 | 7,893 | | 30,914 |
| Debt service | 11,939 | | | | | | 11,939 |
| Total expenditures | <u>195,604</u> | <u>7,628</u> | <u>10,238</u> | <u>5,155</u> | <u>7,893</u> | <u>12,796</u> | <u>239,314</u> |
| Excess (deficiency) of revenues over expenditures | <u>5,353</u> | <u>628</u> | <u>(7,862)</u> | <u>(5,133)</u> | <u>(6,213)</u> | <u>(154)</u> | <u>(13,381)</u> |
| Other financing sources (uses): | | | | | | | |
| Issuance of bonds and notes | | | 10,300 | 11,085 | 2,005 | 15 | 23,405 |
| Premium on refunding bonds | 1,566 | | | | | | 1,566 |
| Issuance of refunding bonds | 14,045 | | | | | | 14,045 |
| Payment to refunded bond escrow agent | (15,469) | | | | | | (15,469) |
| Sale of capital assets | 116 | | | | | | 116 |
| Transfers in | 21 | | 2,447 | | | 500 | 2,968 |
| Transfers out | (2,827) | (137) | | | | | (2,964) |
| Total other financing sources (uses) | <u>(2,548)</u> | <u>(137)</u> | <u>12,747</u> | <u>11,085</u> | <u>2,005</u> | <u>515</u> | <u>23,667</u> |
| Net change in fund balances | 2,805 | 491 | 4,885 | 5,952 | (4,208) | 361 | 10,286 |
| Fund balances, July 1, 2012 | <u>21,069</u> | <u>3,801</u> | <u>(4,436)</u> | <u>(12,077)</u> | <u>(4,069)</u> | <u>10,425</u> | <u>14,713</u> |
| Fund Balances, June 30, 2013 | <u>\$ 23,874</u> | <u>\$ 4,292</u> | <u>\$ 449</u> | <u>\$ (6,125)</u> | <u>\$ (8,277)</u> | <u>\$ 10,786</u> | <u>\$ 24,999</u> |

(Continued on next page)

CITY OF MILFORD, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2013

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) | \$ 10,286 |
|---|-----------|

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 | 20,853 |
| Depreciation expense | (4,228) |
| Loss on disposal of asset | (23) |

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 | (320) |
| Property tax receivable - accrual basis change | (774) |
| Property tax interest and lien revenue - accrual basis change | 64 |
| Sewer assessment receivable and interest - accrual basis change | (11) |
| 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 position. 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 | 9,475 |
| Payments to bond refunding agent | 15,469 |
| Issuance of bonds and notes | (23,390) |
| Refunding bonds issued | (14,045) |
| Bond issuance costs | 142 |
| Premium on bonds refunded | (1,566) |

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 | 562 |
| Accrued interest | (329) |
| Amortization of deferred charge on refunding | (180) |
| Net OPEB expense | (17,992) |

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.

1,243

Change in Net Position of Governmental Activities (Exhibit II)

\$ (4,765)

The accompanying notes are an integral part of the financial statements

CITY OF MILFORD, CONNECTICUT

STATEMENT OF NET POSITION - PROPRIETARY FUNDS

JUNE 30, 2013

(In Thousands)

| | Business-Type Activities | | | Governmental Activities |
|--|------------------------------------|------------------------------|-----------------|--------------------------------|
| | Milford Golf Course | Harbor Management | Total | Internal Service |
| Assets: | | | | |
| Current: | | | | |
| Cash and cash equivalents | \$ 301 | \$ 400 | \$ 701 | \$ 12,580 |
| Receivables, net | 23 | | 23 | 559 |
| Total current assets | <u>324</u> | <u>400</u> | <u>724</u> | <u>13,266</u> |
| Capital assets, net | <u>1,811</u> | <u>1,352</u> | <u>3,163</u> | |
| Total assets | <u>2,135</u> | <u>1,752</u> | <u>3,887</u> | <u>13,266</u> |
| Liabilities: | | | | |
| Current: | | | | |
| Accounts payable and accrued liabilities | | 11 | 11 | 410 |
| Due to other funds | | 5 | 5 | |
| Total current liabilities | <u>-</u> | <u>16</u> | <u>16</u> | <u>410</u> |
| Noncurrent: | | | | |
| Risk management claims | | | - | 4,010 |
| Total liabilities | <u>-</u> | <u>16</u> | <u>16</u> | <u>4,420</u> |
| Net Position: | | | | |
| Invested in capital assets | <u>1,811</u> | <u>1,352</u> | <u>3,163</u> | |
| Unrestricted | <u>324</u> | <u>384</u> | <u>708</u> | <u>8,846</u> |
| Total Net Position | <u>\$ 2,135</u> | <u>\$ 1,736</u> | <u>\$ 3,871</u> | <u>\$ 8,846</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 POSITION -
PROPRIETARY FUNDSFOR THE YEAR ENDED JUNE 30, 2013
(In Thousands)

| | Business-Type Activities | | | Governmental Activities |
|---------------------------------------|------------------------------------|------------------------------|-----------------|------------------------------------|
| | Milford Golf Course | Harbor Management | Total | Internal Service |
| Operating revenues: | | | | |
| Employer contributions | \$ | \$ | \$ - | \$ 32,210 |
| Charges for services | 80 | 252 | 332 | 5,412 |
| Other | | | - | 459 |
| Total operating revenues | <u>80</u> | <u>252</u> | <u>332</u> | <u>38,081</u> |
| Operating expenses: | | | | |
| Health and welfare | 53 | 209 | 262 | |
| Depreciation | 16 | 21 | 37 | |
| Insurance premiums and claims expense | | | - | 36,839 |
| Total operating expenses | <u>69</u> | <u>230</u> | <u>299</u> | <u>36,839</u> |
| Operating income | 11 | 22 | 33 | 1,242 |
| Nonoperating revenue: | | | | |
| Interest income | | | - | 1 |
| Transfers out | | (4) | (4) | |
| Change in net position | 11 | 18 | 29 | 1,243 |
| Total net position, beginning of year | <u>2,124</u> | <u>1,718</u> | <u>3,842</u> | <u>7,603</u> |
| Total Net Position, End of Year | <u>\$ 2,135</u> | <u>\$ 1,736</u> | <u>\$ 3,871</u> | <u>\$ 8,846</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, 2013

(In Thousands)

| | Business-Type Activities | | | Governmental Activities |
|---|--------------------------|-------------------|---------------|-------------------------|
| | Milford Golf Course | Harbor Management | Total | Internal Service |
| Cash flows from operating activities: | | | | |
| Cash received from contributions and charges for services | \$ 80 | \$ 252 | \$ 332 | \$ 38,272 |
| Cash paid to employees | | (201) | (201) | |
| Cash paid to vendors | (53) | | (53) | |
| Cash payments for claims paid | | | - | (37,019) |
| Net cash provided by operating activities | <u>27</u> | <u>51</u> | <u>78</u> | <u>1,253</u> |
| Cash flows to/from noncapital financing: | | | | |
| Transfers to/from other funds | | (4) | (4) | |
| Cash flows from investing activities: | | | | |
| Interest and dividends received | | | - | 1 |
| Net increase in cash and cash equivalents | 27 | 47 | 74 | 1,254 |
| Cash and cash equivalents at beginning of year | <u>274</u> | <u>353</u> | <u>627</u> | <u>11,326</u> |
| Cash and Cash Equivalents at End of Year | <u>\$ 301</u> | <u>\$ 400</u> | <u>\$ 701</u> | <u>\$ 12,580</u> |
| Reconciliation of operating income to net cash provided by operating activities: | | | | |
| Operating income | \$ 11 | \$ 22 | \$ 33 | \$ 1,242 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | | | |
| Depreciation expense | 16 | 21 | 37 | |
| (Increase) decrease in due from other funds | | 4 | 4 | 92 |
| (Increase) decrease in accounts receivable | | | - | 99 |
| Increase (decrease) in accounts payable and accrued liabilities | | 4 | 4 | (180) |
| Net Cash Provided by Operating Activities | <u>\$ 27</u> | <u>\$ 51</u> | <u>\$ 78</u> | <u>\$ 1,253</u> |

The accompanying notes are an integral part of the financial statements

CITY OF MILFORD, CONNECTICUT

STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS

JUNE 30, 2013

(In Thousands)

| | Pension Trust Funds | City OPEB Trust Fund | Agency Funds |
|---------------------------------------|------------------------------------|---|-------------------------|
| | <u> </u> | <u> </u> | <u> </u> |
| Assets: | | | |
| Cash and cash equivalents | \$ <u>20,421</u> | \$ <u>35</u> | \$ <u>1,366</u> |
| Investments: | | | |
| Certificate of deposits | | | 127 |
| Corporate bonds | 56,595 | | |
| U.S. government obligations | 13,304 | | |
| Marketable equity securities | 187,898 | 136 | |
| Asset backed securities | 10,985 | | |
| Alternative investments | 37,526 | | |
| Mutual funds | <u>825</u> | <u>2,823</u> | <u> </u> |
| Total investments | <u>307,133</u> | <u>2,959</u> | <u>127</u> |
| Receivables | <u>59</u> | <u> </u> | <u> </u> |
| Total assets | <u>327,613</u> | <u>2,994</u> | \$ <u><u>1,493</u></u> |
| Liabilities: | | | |
| Accounts and other payables | 6 | | \$ |
| Due to employees and students | <u> </u> | <u> </u> | <u>1,493</u> |
| Total liabilities | <u>6</u> | <u> </u> | \$ <u><u>1,493</u></u> |
| Net Position: | | | |
| Held in Trust for Retirement Benefits | \$ <u><u>327,607</u></u> | \$ <u><u>2,994</u></u> | |

The accompanying notes are an integral part of the financial statements

CITY OF MILFORD, CONNECTICUT

STATEMENT OF CHANGES IN PLAN NET POSITION - FIDUCIARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2013

(In Thousands)

| | Pension Trust Funds | City OPEB Trust Fund |
|--|------------------------------------|---|
| Additions: | | |
| Contributions: | | |
| Plan members | \$ 2,162 | \$ |
| Employer-current year | | 6,425 |
| Employer-additional | 324 | 500 |
| Total contributions | <u>2,486</u> | <u>6,925</u> |
| Miscellaneous | <u>25</u> | <u>1</u> |
| Investment income: | | |
| Net (depreciation) appreciation in fair value of investments | (1,457) | 77 |
| Interest and dividends | 8,384 | 58 |
| Net gain on sale of investments | <u>14,536</u> | <u>133</u> |
| | 21,463 | 268 |
| Less investment expense | <u>1,229</u> | <u>8</u> |
| Net investment gain | <u>20,234</u> | <u>260</u> |
| Total additions | <u>22,745</u> | <u>7,186</u> |
| Deductions: | | |
| Benefit payments and withdrawals | 21,356 | 6,425 |
| Administration | 1 | |
| Other | <u>3,009</u> | |
| Total deductions | <u>24,366</u> | <u>6,425</u> |
| Net (increase) decrease | (1,621) | 761 |
| Net position held in trust, beginning of year | <u>329,228</u> | <u>2,233</u> |
| Net position held in trust, end of year | <u>\$ 327,607</u> | <u>\$ 2,994</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 position 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 Sewer Fund is used to account for revenue from the operation of the sewer system. The major source of revenue is user fees and investment income.

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 major sources of revenue for this fund are intergovernmental revenues and bond proceeds.

The Sanitary Sewer Fund is used to account for activities related to the construction of sanitary sewers. The major sources of revenue for this fund are proceeds from the sale of bonds.

The School Facilities Fund is used to account for construction of school buildings and additions. The major sources of revenue for this fund are State revenues and proceeds from the sale of bonds.

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.

The OPEB Trust Fund accounts for and accumulates resources for post-employment benefits due to the City's retirees.

All fiduciary funds, including agency funds, use the accrual, rather than the modified accrual, of accounting.

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. Unrestricted resources are used in the following order: committed, assigned then unassigned.

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. A total of \$978 has been established as an allowance for uncollectible taxes and interest.

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 position.

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 position. 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

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

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

Restricted Net Position - Net position is restricted when there are externally imposed restrictions by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position - This component of net position includes anything that does not meet the definition of “restricted” or “net investments in capital assets.”

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

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

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

Committed Fund Balance - This represents amounts constrained for a specific purpose by a government using its highest level of decision-making authority. The Board of Aldermen has the highest level of decision making authority for the City of Milford. In order for the City to establish, modify or rescind a fund balance commitment, the Mayor must make a recommendation to the Board of Aldermen, which has final authority.

Assigned Fund Balance - For all governmental funds other than the General Fund, this represents any remaining positive amounts not classified as nonspendable, restricted or committed. For the General Fund, this includes amounts constrained for the intent to be used for a specific purpose by a governing board (Board of Alderman) or a body or official (Director of Finance) that has been delegated authority to assign amounts by the City Charter.

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

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 \$2,205 were approved during the fiscal year.

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 assigned or committed 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 an assignment or commitment of fund balance 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 an assigned 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 funds had a deficit fund balance at June 30, 2013:

| | <u>Amount</u> |
|------------------------|---------------|
| Major: | |
| School Facilities Fund | \$ 8,277 |
| Sanitary Sewer Fund | 6,125 |
| Nonmajor Fund: | |
| School Renovations | 197 |

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*, \$48,417 of the City's bank balance of \$52,156 was exposed to custodial credit risk as follows:

| | |
|---|-------------------------|
| Uninsured and uncollateralized | \$ 45,250 |
| Uninsured and collateral held by the pledging bank's trust department, not in the City's name | <u>3,167</u> |
| Total Amount Subject to Custodial Credit Risk | <u><u>\$ 48,417</u></u> |

Cash Equivalents

At June 30, 2013, the City's cash equivalents amounted to \$43,435. 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 & Poor's</u> |
|--|----------------------------------|
| State Short-Term Investment Fund (STIF) | AAA/m |
| Cutwater Asset Management - Connecticut Cooperative Liquid Assets Securities System (CLASS) Plus | AAA/m |
| Money market funds * | |

*Not rated

Investments

As of June 30, 2013, 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: | | | | | |
| Asset-backed securities | AAA to AA- | \$ 2,974 | \$ | \$ 2,974 | \$ |
| Asset-backed securities | NR | 8,011 | | 1,083 | 6,928 |
| Treasury notes | AAA to AA- | 13,304 | | 9,941 | 3,363 |
| Corporate bonds | AAA to AA- | 2,388 | | 1,191 | 1,197 |
| Corporate bonds | A+ to A- | 16,171 | | 15,803 | 368 |
| Corporate bonds | BBB+ to BBB- | 14,109 | 468 | 13,641 | |
| Corporate bonds | BB+ to BB- | 10,423 | 461 | 9,928 | 34 |
| Corporate bonds | B+ to B- | 10,677 | | 10,677 | |
| Corporate bonds | CAA3 to CCC | 2,761 | | 2,761 | |
| Corporate bonds | NR | 66 | | 66 | |
| Certificates of deposit | * | 244 | 127 | 117 | |
| Total | | 81,128 | \$ 1,056 | \$ 68,182 | \$ 11,890 |
| Other investments: | | | | | |
| Equities | | 188,034 | | | |
| Alternative investments | | 37,526 | | | |
| Mutual funds | | 3,648 | | | |
| Total Investments | | \$ 310,336 | | | |

*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, 2013, 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>Sewer Fund</u> | <u>Milford Golf Course</u> | <u>Nonmajor and Aggregate Remaining Funds</u> |
|---------------------------------------|------------------|--|-----------------------|------------------------------------|---|
| Receivables: | | | | | |
| Taxes | \$ 11,712 | \$ | \$ 150 | \$ | |
| Accounts | 113 | 24 | 19 | 23 | 913 |
| Special assessments | 78 | | | | 59 |
| Intergovernmental | <u>1,613</u> | <u>547</u> | <u></u> | <u></u> | <u>248</u> |
| Gross receivables | 13,516 | 571 | 169 | 23 | 1,220 |
| Less allowance for uncollectibles: | <u>(978)</u> | <u></u> | <u></u> | <u></u> | <u></u> |
| Net Total Receivables | <u>\$ 12,538</u> | <u>\$ 571</u> | <u>\$ 169</u> | <u>\$ 23</u> | <u>\$ 1,220</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 | \$ 10,562 | \$ |
| Taxes collected in advance | | 1,900 |
| Assessments not yet due | 221 | |
| School building grant | 1,020 | |
| Grant drawdowns prior to meeting all eligibility requirements | <u></u> | <u>2</u> |
| | <u>\$ 11,803</u> | <u>\$ 1,902</u> |

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2013 was as follows:

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Transfers</u> | <u>Ending Balance</u> |
|--|------------------------------|------------------|------------------|------------------|---------------------------|
| Governmental activities: | | | | | |
| Capital assets not being depreciated: | | | | | |
| Land | \$ 36,533 | \$ 40 | \$ | \$ | \$ 36,573 |
| Construction in progress | <u>140,110</u> | <u>18,637</u> | | <u>(15,690)</u> | <u>143,057</u> |
| Total capital assets not being depreciated | <u>176,643</u> | <u>18,677</u> | <u>-</u> | <u>(15,690)</u> | <u>179,630</u> |
| Capital assets being depreciated: | | | | | |
| Buildings and improvements | 133,517 | | | 10,568 | 144,085 |
| Improvements other than buildings | 2,736 | 21 | | 820 | 3,577 |
| Machinery and equipment | 36,989 | 2,155 | (279) | | 38,865 |
| Infrastructure | <u>93,395</u> | | | <u>4,302</u> | <u>97,697</u> |
| Total capital assets being depreciated | <u>266,637</u> | <u>2,176</u> | <u>(279)</u> | <u>15,690</u> | <u>284,224</u> |
| Less accumulated depreciation for: | | | | | |
| Buildings and improvements | (57,078) | (1,902) | | | (58,980) |
| Improvements other than buildings | (862) | (197) | | | (1,059) |
| Machinery and equipment | (29,166) | (1,235) | 256 | | (30,145) |
| Infrastructure | <u>(43,329)</u> | <u>(894)</u> | | | <u>(44,223)</u> |
| Total accumulated depreciation | <u>(130,435)</u> | <u>(4,228)</u> | <u>256</u> | <u>-</u> | <u>(134,407)</u> |
| Total capital assets being depreciated, net | <u>136,202</u> | <u>(2,052)</u> | <u>(23)</u> | <u>15,690</u> | <u>149,817</u> |
| Governmental Activities Capital Assets, Net | <u>\$ 312,845</u> | <u>\$ 16,625</u> | <u>\$ (23)</u> | <u>\$ -</u> | <u>\$ 329,447</u> |
| Business-type activities: | | | | | |
| Capital assets not being depreciated: | | | | | |
| Land | \$ 1,654 | \$ | \$ | \$ | \$ 1,654 |
| Capital assets being depreciated: | | | | | |
| Buildings and system | 468 | | | | 468 |
| Improvements other than buildings | 1,231 | | | | 1,231 |
| Machinery and equipment | <u>693</u> | | | | <u>693</u> |
| Total capital assets being depreciated | <u>2,392</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>2,392</u> |
| Less accumulated depreciation for: | | | | | |
| Buildings and system | (251) | (16) | | | (267) |
| Improvements other than buildings | (146) | (6) | | | (152) |
| Machinery and equipment | <u>(449)</u> | <u>(15)</u> | | | <u>(464)</u> |
| Total accumulated depreciation | <u>(846)</u> | <u>(37)</u> | <u>-</u> | <u>-</u> | <u>(883)</u> |
| Total capital assets being depreciated, net | <u>1,546</u> | <u>(37)</u> | <u>-</u> | <u>-</u> | <u>1,509</u> |
| Business-Type Activities Capital Assets, Net | <u>\$ 3,200</u> | <u>\$ (37)</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 3,163</u> |

Depreciation expense was charged to functions/programs as follows:

| | | |
|---|----|---------------------|
| Governmental activities: | | |
| General government | \$ | 81 |
| Administration | | 166 |
| Public safety | | 1,180 |
| Public service | | 1,782 |
| Education | | 839 |
| Health and welfare | | 119 |
| Grants to agencies | | <u>61</u> |
| Total Depreciation Expense - Governmental Activities | \$ | <u><u>4,228</u></u> |
| Business-type activities: | | |
| Milford Golf Course | \$ | 16 |
| Harbor Management | | <u>21</u> |
| Total Depreciation Expense - Business-Type Activities | \$ | <u><u>37</u></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, 2013, the amounts due to and from other funds were as follows:

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> |
|---------------------------|---------------------------|------------------------|
| Capital Nonrecurring Fund | General Fund | \$ 77 |
| General Fund | Harbor Management | 4 |
| General Fund | Capital Nonrecurring Fund | 815 |
| General Fund | Nonmajor Governmental | 21 |
| General Fund | Sanitary Sewer | 864 |
| General Fund | School Facilities | 1,042 |
| General Fund | Harbor Management | 1 |
| General Fund | Sewer Use | 17 |
| General Fund | Sewer Use | 173 |
| Internal Service | Nonmajor Governmental | 17 |
| Internal Service | General Fund | 53 |
| Internal Service | Sewer Use | 57 |
| Nonmajor Governmental | General Fund | 2 |
| Nonmajor Governmental | Sewer Use | 2 |
| Sewer Use | General Fund | <u>123</u> |
| Total | | \$ <u><u>3,268</u></u> |

Interfund transfers:

| | Transfers In | | | |
|-------------------|----------------------------|----------------------------|-----------------------|---------------------|
| | <u>Capital</u> | <u>Nonmajor</u> | <u>General</u> | <u>Total</u> |
| | <u>Nonrecurring</u> | <u>Governmental</u> | <u>Fund</u> | |
| Transfers out: | | | | |
| General Fund | \$ 2,327 | \$ 500 | \$ | \$ 2,827 |
| Harbor Management | | | 4 | 4 |
| Sewer Use Fund | <u>120</u> | <u></u> | <u>17</u> | <u>137</u> |
| Total | \$ <u>2,447</u> | \$ <u>500</u> | \$ <u>21</u> | \$ <u>2,968</u> |

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. 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. LONG-TERM DEBT

General Obligation Bonds

Bonds payable at June 30, 2013 amounted to \$111,570 with interest rates ranging from 2.0% to 4.0% on bonds maturing at various dates through the year 2032. Grants receivable to offset future City principal payments totaled \$1,020 from State of Connecticut school construction grants. The General Fund is typically used to liquidate long-term liabilities.

Bonds authorized and unissued totaled \$49,177 at June 30, 2013. A summary of the long-term indebtedness transactions for the current fiscal year follows:

| | <u>Beginning</u> | <u>Additions</u> | <u>Reductions</u> | <u>Ending</u> | <u>Due Within</u> |
|------------------------------------|-------------------------|-------------------------|--------------------------|-----------------------|--------------------------|
| | <u>Balance</u> | | | <u>Balance</u> | <u>One Year</u> |
| Governmental Activities: | | | | | |
| Bonds payable: | | | | | |
| General obligation bonds | \$ 96,615 | \$ 37,435 | \$ (22,480) | \$ 111,570 | \$ 8,080 |
| Bond premium | | 1,566 | (70) | 1,496 | |
| Less deferred amounts on refunding | <u>(600)</u> | <u>(494)</u> | <u>180</u> | <u>(914)</u> | |
| Total bonds payable | 96,015 | 38,507 | (22,370) | 112,152 | 8,080 |
| Long-term note payable | 39,488 | | (2,028) | 37,460 | 2,060 |
| Claims and judgments | 4,100 | 36,839 | (36,929) | 4,010 | |
| Compensated absences | 18,282 | | (562) | 17,720 | 1,063 |
| Net OPEB obligation | <u>84,556</u> | <u>17,992</u> | <u></u> | <u>102,548</u> | <u></u> |
| Total Governmental Activities | | | | | |
| Long-Term Liabilities | \$ <u>242,441</u> | \$ <u>93,338</u> | \$ <u>(61,889)</u> | \$ <u>273,890</u> | \$ <u>11,203</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> |
|-----------------------------|--------------------------|-------------------------|--------------------------|
| 2014 | \$ 8,080 | \$ 3,660 | \$ 11,740 |
| 2015 | 8,090 | 3,428 | 11,518 |
| 2016 | 7,735 | 3,188 | 10,923 |
| 2017 | 8,140 | 2,932 | 11,072 |
| 2018 | 7,545 | 2,646 | 10,191 |
| 2019 | 7,215 | 2,358 | 9,573 |
| 2020 | 7,040 | 2,083 | 9,123 |
| 2021 | 6,645 | 1,823 | 8,468 |
| 2022 | 6,435 | 1,578 | 8,013 |
| 2023 | 6,270 | 1,343 | 7,613 |
| 2024 | 5,800 | 1,146 | 6,946 |
| 2025 | 5,355 | 978 | 6,333 |
| 2026 | 5,090 | 819 | 5,909 |
| 2027 | 4,710 | 665 | 5,375 |
| 2028 | 4,355 | 516 | 4,871 |
| 2029 | 4,025 | 375 | 4,400 |
| 2030 | 3,350 | 238 | 3,588 |
| 2031 | 2,595 | 141 | 2,736 |
| 2032 | 1,935 | 66 | 2,001 |
| 2033 | <u>1,160</u> | <u>17</u> | <u>1,177</u> |
| Total | \$ <u>111,570</u> | \$ <u>30,000</u> | \$ <u>141,570</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> |
|-----------------------------|-------------------------|------------------------|-------------------------|
| 2014 | \$ 2,060 | \$ 730 | \$ 2,790 |
| 2015 | 2,102 | 688 | 2,790 |
| 2016 | 2,144 | 644 | 2,788 |
| 2017 | 2,188 | 604 | 2,792 |
| 2018 | 2,232 | 554 | 2,786 |
| 2019-2023 | 11,857 | 2,096 | 13,953 |
| 2024-2028 | 12,547 | 864 | 13,411 |
| 2029 | <u>2,330</u> | <u>23</u> | <u>2,353</u> |
| Total | \$ <u>37,460</u> | \$ <u>6,203</u> | \$ <u>43,663</u> |

Defeasance of Debt

On November 29, 2012, the City issued \$14,045 million in General Obligation Refunding Bonds carrying interest rates of 2.0 - 4.0% to advance refund \$11.07 million of outstanding 2003 bonds with interest rates of 3.75 - 4.375%, \$3.905 million of outstanding 2006 bonds with interest rates of 4.0 - 4.125%. These advance refundings were undertaken to reduce total debt service payments by \$1.577 million and resulted in a net present value savings of \$1.541 million. The net proceeds (after payment of underwriting fees, insurance and other issuance costs) were used to purchase U.S. Government securities. 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 bonds are considered to be defeased. At June 30, 2013, \$14,045 million of the defeased debt is outstanding.

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, 2013, \$15,060 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, 2013.

| | <u>Amount</u> |
|------------------------------|------------------|
| Notes payable, July 1, 2012 | \$ 31,816 |
| Notes issued | 31,845 |
| Notes retired | <u>(46,106)</u> |
| Notes Payable, June 30, 2013 | <u>\$ 17,555</u> |

During the year, the City issued \$14,290 in notes dated November 2, 2012, which matured May 2, 2013. On May 2, 2013, the City issued \$17,555 in notes that mature on November 12, 2013 and carry an interest rate of 1%. These notes serve as temporary financing for various general purpose, school and sewer projects.

Other Obligations

At June 30, 2013, 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:

| Category | Debt Limit | Net Indebtedness | Balance |
|-----------------|-----------------------|-----------------------------|----------------|
| General purpose | \$ 373,577 | \$ 60,758 | \$ 312,819 |
| Schools | 747,153 | 59,847 | 687,306 |
| Sewers | 622,628 | 94,137 | 528,491 |
| Urban renewal | 539,611 | | 539,611 |
| Pension deficit | 498,102 | | 498,102 |

The total overall statutory debt limit for the City is equal to seven times annual receipts from taxation (\$1,162,238).

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 \$1,020 of State of Connecticut school building grant commitments.

8. 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 FY2013, 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 \$1,000. 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 is still one claim open from this period.

The claims liability reported in the Internal Service Fund at June 30, 2013 is based on GASB Statement No. 10, which requires that a liability for estimated claims incurred but not reported be recorded.

| | <u>Liability July 1,</u> | <u>Current Year Claims</u> | <u>Claim Payments</u> | <u>Liability June 30,</u> |
|----------|------------------------------|--------------------------------|---------------------------|-------------------------------|
| 06/30/12 | \$ 472 | \$ 1,531 | \$ 1,693 | \$ 310 |
| 06/30/13 | 310 | 1,179 | 1,268 | 221 |

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 Safety National Casualty Corporation with a self-insured retention per occurrence of \$500,000.

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

Changes in the claims liability for the years ended June 30, 2013 and 2012, were as follows:

| | <u>Liability July 1,</u> | <u>Current Year Claims</u> | <u>Claim Payments</u> | <u>Liability June 30,</u> |
|----------|------------------------------|--------------------------------|---------------------------|-------------------------------|
| 06/30/12 | \$ 2,033 | \$ 876 | \$ 894 | \$ 2,015 |
| 06/30/13 | 2,015 | 1,218 | 1,197 | 2,036 |

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, 2013, the annual limit on individual medical claims chargeable to the Fund is \$100,000. 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. Employee and applicable retirees under age 65 also make contributions to the fund through premium cost share.

Changes in the claims liability for the years ended June 30, 2013 and 2012, were as follows:

| | <u>Liability July 1,</u> | <u>Current Year Claims</u> | <u>Claim Payments</u> | <u>Liability June 30,</u> |
|----------|------------------------------|--------------------------------|---------------------------|-------------------------------|
| 06/30/12 | \$ 1,775 | \$ 34,689 | \$ 34,537 | \$ 1,775 |
| 06/30/13 | 1,775 | 34,442 | 34,464 | 1,753 |

9. 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, 2012:

| | City of Milford Retirement System |
|--|--|
| Retirees and beneficiaries receiving benefits | 737 |
| Terminated employees entitled to benefits but not yet receiving them | 14 |
| Active plan members | 723 |
| Total | <u>1,474</u> |

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:

| | City of Milford Retirement System |
|--|--|
| Annual required contribution | \$ 324 |
| Interest on net pension obligation | (2) |
| Adjustment to annual required contribution | 3 |
| | <hr/> 325 |
| Annual pension cost | |
| Contribution made | <hr/> 324 |
| Decrease in net pension asset | 1 |
| Net pension asset, July 1, 2012 | <hr/> (23) |
| Net pension asset, June 30, 2013 | <hr/> \$ (22) |

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

| | City of Milford Retirement System |
|--|--|
| Actuarial valuation date | July 1, 2012 |
| Actuarial cost method | Aggregate |
| Amortization method | None* |
| Remaining amortization period | Not Applicable |
| Asset valuation method | Market Value |
| Actuarial assumptions: | |
| Investment rate of return (including inflation rate of 3.5%) | 8.25%/annum |
| Projected salary increases | 3.0%/annum |
| Cost of living adjustments: | |
| Post-retirement benefit increases | None, except for Police hired after April 6, 1989 - 3%/annum |

* The aggregate actuarial cost method is used and it does not identify or separately amortize unfunded actuarial liabilities.

E. Trend Information

| City of Milford Retirement System | | | |
|-----------------------------------|---------------------------|-------------------------------|--------------------------------|
| Fiscal Year | Annual Pension Cost (APC) | Percentage of APC Contributed | Net Pension Obligation (Asset) |
| 2011 | \$ 1 | - % | \$ (24) |
| 2012 | 343 | 99.7 | (23) |
| 2013 | 325 | 99.7 | (22) |

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) |
| 7/1/09 | \$ 383,936 | \$ 302,642 | \$ (81,294) | 126.9% | \$ 40,550 | (200.5)% |
| 7/1/10 | 375,679 | 307,980 | (67,699) | 122.0 | 40,622 | (166.7) |
| 7/1/11 | 372,126 | 307,306 | (64,820) | 121.1 | 41,597 | (155.8) |
| 7/1/12 | 354,081 | 321,477 | (32,604) | 110.1 | 43,010 | (75.8) |

* Schedule was prepared using the entry-age normal cost method as the aggregate cost method does not identify or separately amortize unfunded actuarial accrued liabilities. The information presented is intended to serve as a surrogate for the funded status and funding progress of the plan.

Schedule of Employer Contributions

| City of Milford Retirement System | | |
|-----------------------------------|------------------------------|-------------------------------|
| Fiscal Year Ended | Annual Required Contribution | Percentage of ARC Contributed |
| 6/30/08 | \$ 1,129 | 120.5% |
| 6/30/09 | - | 100.0 |
| 6/30/10 | - | 100.0 |
| 6/30/11 | - | 100.0 |
| 6/30/12 | 342 | 100.0 |
| 6/30/13 | 324 | 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, 2013 were \$179.

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 \$10,360. 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.

10. OTHER POSTEMPLOYMENT BENEFITS

A. Plan Description and Benefits Provided

City

In addition to the pension benefits, all City employees retiring under the City of Milford Retirement Plan are provided postemployment benefits. Individual stand-alone statements are not issued. Effective July 1, 2011, the City established the OPEB Trust Fund, which converted the existing balance in the OPEB fund to the Trust. The City continues to make annual contributions to the OPEB Trust Fund. This trust fund was opened for the purpose of segregating balances for postemployment benefits. All related activity is now shown in the newly established OPEB Trust Fund. The level of these benefits is determined by contract for all union employees and by a City ordinance for all nonrepresented employees. Per contracts and ordinances, the City will pay a portion of the cost of these benefits. Effective July 1, 2012, some retirees will contribute toward the cost of benefits via cost share, but will not become significant contributions until fiscal year 2014. 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 coverage's (varying deductibles) 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 | \$9,558 per year |
| Fire | \$9,287 per year |
| Police | \$9,287 per year |
| Post-65: | |
| BC 65 Low Option | \$1,586 per year |
| Plan 82 | \$2,482 per year |
| Medicare Part B: | |
| Actives | \$1,319 per year |
| Retirees | \$1,199 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 retiree and spouse pay full premium minus the Teachers' Retirement Board subsidy (eligible if receiving a retirement allowance from the Teacher's Retirement Board). Post 65, Board of Education pays premium in full for participant only, spouse pays premium minus subsidy.

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

Custodians: No cost to retiree or spouse until age 65 if at least age 60 with 10 years of service at retirement. At age 65, retiree and spouse 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. (Note: Rule of 79 also applies to custodians and cafeteria workers.)

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 and spouse 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, there is no cost to the retiree or spouse for medical insurance. Retirement date on or after 7/1/2010, retiree and spouse must pay for dental coverage, regardless of age. .

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 | \$9,867 per year |
| Board of Ed-Cust | \$9,156 per year |
| Board of Ed-Sec | \$9,264 per year |
| Board of Ed-Para | \$9,173 per year |
| Administrators | \$9,216 per year |
| Teachers | \$9,173 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):

| | |
|--|-------------------------|
| Plan 82 only | \$1,076 per year |
| Hi Option with Plan 82 and Major Medical (\$50,000) | \$4,927 per year |
| Hi Option with Plan 82 and Major Medical (\$250,000) | \$5,058 per year |
| Hi Option with Plan 82 and No Rx | \$2,315 per year |
| Plan F with Rx | \$5,792 per year |
| Medicare Part B: | |
| Actives | \$1,326 per year (est.) |
| Retirees | \$1,259 per year |

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

| | |
|--------------------------------------|----------------|
| Based on plan selected - Dental plan | \$561 per year |
|--------------------------------------|----------------|

B. Membership

Membership in the plan consisted of the following at July 1, 2012:

| | Board of Education Retiree Medical Benefit Plan | City of Milford Retiree Medical Benefit Plan |
|---|--|---|
| Number of retirees and eligible surviving spouses | 687 | 572 |
| Number of active participants | 1,048 | 533 |
| Total | 1,735 | 1,105 |

C. Description of Actuarial Assumptions and Methods

Actuarial calculations reflect a long-term perspective. Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events into the future. Actuarially determined amounts are subject to continual revision, as results are compared to past expectations and new estimates are made about the future. Calculations are based on benefits provided under the terms of the plan in effect at the time of each valuation and on the pattern of sharing costs between the employer and plan members to that point. The following is a summary of certain significant actuarial assumptions and other PERS information:

| | Board of Education Retiree Medical Benefit Plan | City of Milford Retiree Medical Plan |
|-------------------------------|--|---|
| Actuarial valuation date | July 1, 2012 | July 1, 2012 |
| Actuarial cost method | Projected Unit Credit Cost | Projected Unit Credit Cost |
| Amortization method | Level dollar | Level dollar |
| Remaining amortization period | 26 years - closed | 27 years - closed |
| Actuarial assumptions: | | |
| Investment rate of return | 5.0%/annum | 5.0%/annum |
| Projected salary increases | 4.5%/annum | n/a |

Medical Trend rates - Board of Education and City retirees:

9% in 2010, reducing by 0.5% each year to a final 5% per year rate for 2020 and later for pre-age 65 plans.
8% in 2012, reducing by 1.0% each year to a final 5% per year rate for 2015 and later for post-age 65 plans
(changed from 10% in 2010, grading to 5% for 2015 and later).

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 was as follows:

| | Board of Education Retiree Medical Benefit Plan | City of Milford Retiree Medical Benefit Plan |
|--|--|---|
| Annual required contribution | \$ 14,383 | \$ 14,785 |
| Interest on net OPEB obligation | 2,188 | 2,040 |
| Adjustment to annual required contribution | <u>(2,711)</u> | <u>(2,528)</u> |
| Annual OPEB cost | 13,860 | 14,297 |
| Contribution made | <u>3,741</u> | <u>6,424</u> |
| Increase in net OPEB obligation | 10,119 | 7,873 |
| Net OPEB obligation, July 1, 2012 | <u>43,758</u> | <u>40,798</u> |
| Net OPEB obligation, June 30, 2013 | \$ <u><u>53,877</u></u> | \$ <u><u>48,671</u></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 ended June 30, 2013 is presented below.

| | Annual OPEB Cost (AOC) | Actual Contribution | Percentage of AOC Contributed | Net OPEB Obligation (Asset) |
|---------------------------|---------------------------------------|--------------------------------|--|--|
| Board of Education | | | | |
| 6/30/11 | \$ 12,732 | \$ 3,627 | 28.0% | \$ 34,443 |
| 6/30/12 | 13,287 | 3,972 | 29.9% | 43,758 |
| 6/30/13 | 13,860 | 3,741 | 27.0% | 53,877 |
| City | | | | |
| 6/30/11 | \$ 14,464 | \$ 5,077 | 35.0% | \$ 35,251 |
| 6/30/12 | 13,659 | 8,112 | 59.4% | 40,798 |
| 6/30/13 | 14,297 | 6,425 | 44.9% | 48,671 |

Schedule of Employer Contributions

| City | | |
|--------------------------|-------------------------------------|--------------------------------------|
| Fiscal Year Ended | Annual Required Contribution | Percentage of ARC Contributed |
| 6/30/08 | \$ 12,433 | \$ 31.0% |
| 6/30/09 | 13,055 | 34.9 |
| 6/30/10 | 14,070 | 35.4 |
| 6/30/11 | 14,773 | 34.4 |
| 6/30/12 | 14,081 | 57.6 |
| 6/30/13 | 14,785 | 43.4 |

| Board of Education | | |
|--------------------------|-------------------------------------|--------------------------------------|
| Fiscal Year Ended | Annual Required Contribution | Percentage of ARC Contributed |
| 6/30/08 | \$ 11,042 | 29.2% |
| 6/30/09 | 11,594 | 29.7 |
| 6/30/10 | 12,414 | 22.2 |
| 6/30/11 | 13,035 | 27.8 |
| 6/30/12 | 13,698 | 29.0 |
| 6/30/13 | 14,383 | 26.0 |

Schedule of Funding Progress

The annual other postemployment 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

| 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 | \$ - | \$ 114,337 | \$ 114,337 | - | \$ 31,600 | 361.8% |
| 7/1/08 | - | 128,764 | 128,764 | - | 32,683 | 394.0% |
| 7/1/10 | - | 133,711 | 133,711 | - | 32,996 | 405.0% |
| 7/1/12 | 2,232 | 129,798 | 127,565 | 1.72% | 34,856 | 366.0% |

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% |
| 7/1/10 | - | 131,639 | 131,639 | - | 62,165 | 212.0% |
| 7/1/12 | - | 142,358 | 142,358 | - | 62,276 | 232.0% |

11. FUND BALANCE

Significant encumbrances at June 30, 2013 are contained in the above table in both the assigned and committed categories of the General Fund.

| | General Fund | Sewer Fund | Capital Nonrecurring Fund | Sanitary Sewer Fund | School Facilities Fund | Nonmajor Governmental Funds | Total |
|--------------------------|-----------------|---------------|---------------------------------|---------------------------|------------------------------|-----------------------------------|-----------|
| Fund balances: | | | | | | | |
| Nonspendable: | | | | | | | |
| Inventory | \$ 21 | \$ | \$ | \$ | \$ | \$ 45 | \$ 66 |
| Prepays | | | 39 | | | | 39 |
| Restricted for: | | | | | | | |
| Grants | | | | | | 3,802 | 3,802 |
| Committed to: | | | | | | | |
| Capital projects | | 245 | 2,050 | 5,428 | 14,122 | | 21,845 |
| General government | 1,033 | | | | | 1,070 | 2,103 |
| Education | | | | | | 1,799 | 1,799 |
| Debt service | | | | | | 4,149 | 4,149 |
| Assigned to: | | | | | | | |
| Subsequent year's budget | 5,000 | | | | | | 5,000 |
| General government | 697 | | | | | | 697 |
| Public safety | 115 | | | | | | 115 |
| Public services | 127 | 4,047 | | | | | 4,174 |
| Health and welfare | 27 | | | | | | 27 |
| Education | 1,909 | | | | | 118 | 2,027 |
| Unassigned | 14,945 | | (1,640) | (11,553) | (22,399) | (197) | (20,844) |
| Total Fund Balances | \$ 23,874 | \$ 4,292 | \$ 449 | \$ (6,125) | \$ (8,277) | \$ 10,786 | \$ 24,999 |

12. CONTINGENT LIABILITIES (Amounts not Rounded)

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 was \$1,687,500 for each six-month period from July 2005 through January 2009. Payments were \$1,875,000 for each six-month period from July 2009 through January 2011 and will be \$1,750,000 for each six-month period from July 2011 through January 2015. The MPC made the July 2012 and January 2013 payments 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 began reimbursing 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 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 \$122,782,000 does reflect the reduction.

On June 24, 2013, the City settled a tax appeal with the Connecticut Post Mall Limited Partnership. Under this settlement, the City lowered its real property assessment for the 2012 Grand List from \$147,529,970 to \$133,000,000. Additionally, the City adjusted its 2011 assessment to \$133,000,000. This resulted in a total credit due to the Partnership of \$752,764. By terms of the court-approved settlement, the credit will be given to the Partnership over two fiscal years in the form of a credit tax bill, which began in July 2013.

On June 28, 2010, the City entered into a Property Tax Payment Agreement with GenConn Devon LLC. The City accepted a 30-year payment schedule calling for annual 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. GenConn is up to date with all their payments.

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.

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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, 2013

(In Thousands)

| | <u>Budgeted Amounts</u> | | | <u>Variance -</u> |
|--|-------------------------|----------------|----------------|----------------------|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | <u>Favorable</u> |
| | | | | <u>(Unfavorable)</u> |
| General Property Taxes and Assessments: | | | | |
| Current taxes | \$ 159,059 | \$ 159,059 | \$ 160,573 | \$ 1,514 |
| Personal property audit | 450 | 450 | 396 | (54) |
| Prior year's levies | 1,600 | 1,600 | 3,201 | 1,601 |
| Flood and erosion assessments | 74 | 74 | 55 | (19) |
| Suspense collections | 13 | 13 | 11 | (2) |
| Total general property taxes and assessments | <u>161,196</u> | <u>161,196</u> | <u>164,236</u> | <u>3,040</u> |
| Fines, Forfeitures Penalties and Interest: | | | | |
| Interest and liens | <u>1,300</u> | <u>1,300</u> | <u>1,632</u> | <u>332</u> |
| Federal, State and Local Governments: | | | | |
| Other State grants | 200 | 200 | 38 | (162) |
| School transportation aid - State | 330 | 330 | 303 | (27) |
| Education cost sharing | 11,048 | 11,048 | 11,063 | 15 |
| State realty in lieu of tax | 459 | 459 | 447 | (12) |
| Pequot State Aid | 402 | 402 | 397 | (5) |
| Elderly tax freeze | 5 | 5 | | (5) |
| Elderly tax credit | 475 | 475 | 479 | 4 |
| Total disability exemptions | | | 6 | 6 |
| PILOT - private exemptions | 370 | 370 | 354 | (16) |
| Veteran grants | 190 | 190 | 149 | (41) |
| School debt - interest | 50 | 50 | 52 | 2 |
| School debt - principal | 300 | 300 | 320 | 20 |
| Telephone access grant | 110 | 110 | 114 | 4 |
| Property tax relief | 300 | 300 | 322 | 22 |
| Municipal Video Corporate Trust Acct | | | 268 | 268 |
| Shellfish Taxes | 2 | 2 | 2 | - |
| State aid for health | 108 | 108 | 112 | 4 |
| OTB Wagering Share | 75 | 75 | 85 | 10 |
| Manufacture machinery, and equipment | 1,111 | 1,111 | 1,067 | (44) |
| Total federal, state and local government | <u>15,535</u> | <u>15,535</u> | <u>15,578</u> | <u>43</u> |
| Investment Income: | | | | |
| Investments in idle funds | 14 | 14 | 17 | 3 |
| Rental of other property | 47 | 47 | 47 | - |
| Total investment income | <u>61</u> | <u>61</u> | <u>64</u> | <u>3</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, 2013

(In Thousands)

| | <u>Budgeted Amounts</u> | | | <u>Variance - Favorable (Unfavorable)</u> |
|--------------------------------------|-------------------------|--------------|---------------|---|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| Other Revenue: | | | | |
| Rental of school property | \$ 3 | \$ 3 | \$ 12 | \$ 9 |
| PILOT - Water Authority | 406 | 406 | 400 | (6) |
| Power Plant Settlement | 3,175 | 3,175 | 3,175 | - |
| Genconn PT | 2,025 | 2,025 | 2,025 | - |
| Miscellaneous other revenues | 4 | 4 | 281 | 277 |
| Inland wetland fees | 5 | 5 | 11 | 6 |
| Total other revenue | <u>5,618</u> | <u>5,618</u> | <u>5,904</u> | <u>286</u> |
| Licenses, Permits and Other Charges: | | | | |
| Devices and amusements | 33 | 33 | 34 | 1 |
| Vending permits | 11 | 11 | 12 | 1 |
| Disposal area licenses | 45 | 45 | 50 | 5 |
| Recording documents | 350 | 350 | 430 | 80 |
| Conveyance tax | 590 | 590 | 720 | 130 |
| General copying fees | 55 | 55 | 77 | 22 |
| Fire Department fees | 2 | 2 | 1 | (1) |
| Building inspection fees | 600 | 600 | 596 | (4) |
| Police fines and forfeits | 85 | 85 | 43 | (42) |
| Fingerprinting | | | 8 | 8 |
| False alarm fees | 30 | 30 | 31 | 1 |
| Fire Department false alarm fines | 1 | 1 | | (1) |
| Street opening permits | 7 | 7 | 6 | (1) |
| Engineering fees | 4 | 4 | 4 | - |
| Residential waste fees | 43 | 43 | 76 | 33 |
| Health inspection fees | 71 | 71 | 71 | - |
| Planning and zoning fees | 34 | 34 | 30 | (4) |
| Zoning appeals fees | 8 | 8 | 8 | - |
| Recreation fees | 43 | 43 | 56 | 13 |
| Walnut Beach parking | 11 | 11 | 16 | 5 |
| Parking fines judicial | 1 | 1 | 15 | 14 |
| Vehicle violations judicial | 16 | 16 | 20 | 4 |
| Mobile fee | 5 | 5 | 4 | (1) |
| Sewer assessments | 1 | 1 | 16 | 15 |
| Animal shelter redemption | 5 | 5 | 6 | 1 |
| Dog Fund - City share | 7 | 7 | 9 | 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, 2013

(In Thousands)

| | <u>Budgeted Amounts</u> | | | <u>Variance -</u> |
|--|-------------------------|-------------------|-------------------|----------------------|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | <u>Favorable</u> |
| | | | | <u>(Unfavorable)</u> |
| Licenses, Permits and Other Charges (continued): | | | | |
| Recycling revenues | \$ 35 | \$ 35 | \$ 41 | \$ 6 |
| PILOT - Federal payments | 2 | 2 | 1 | (1) |
| Sticker fees | 2 | 2 | 1 | (1) |
| Total licenses, permits and other charges | <u>2,097</u> | <u>2,097</u> | <u>2,382</u> | <u>285</u> |
| Total revenues | <u>185,807</u> | <u>185,807</u> | <u>189,796</u> | <u>3,989</u> |
| Other financing sources: | | | | |
| Transfer in | | | 21 | 21 |
| Sale of capital assets | | | 116 | 116 |
| Total other financing sources | <u>-</u> | <u>-</u> | <u>137</u> | <u>137</u> |
| Total Budgeted Revenues and Other Financing Sources | <u>\$ 185,807</u> | <u>\$ 185,807</u> | 189,933 | <u>\$ 4,126</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 | | | 10,360 | |
| Special education excess cost grant is reported gross for GAAP | | | 851 | |
| Premium on refunding bonds | | | 1,566 | |
| Proceeds from sale of refunding bonds | | | 14,045 | |
| Encumbrances for purchases and commitments that were subsequently cancelled in the next fiscal year | | | <u>(50)</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>\$ 216,705</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, 2013

(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 | \$ 6 | \$ 6 | \$ 5 | \$ 1 |
| Elections | 75 | 123 | 123 | - |
| Registrar of Voters | 139 | 142 | 138 | 4 |
| Milford Govt Access Television | 16 | 16 | 15 | 1 |
| Mayor's Office | 252 | 258 | 254 | 4 |
| General expenses | 544 | 533 | 521 | 12 |
| Community Development Department | 106 | 110 | 110 | - |
| City Clerk | 341 | 360 | 356 | 4 |
| Law Department | 506 | 520 | 495 | 25 |
| Ethics Commission | 1 | 1 | | 1 |
| Probate Court | 16 | 16 | 15 | 1 |
| Board of Finance | 1 | 1 | 1 | - |
| Planning and Zoning Board | 951 | 985 | 956 | 29 |
| Board of Tax Review | 3 | 3 | 2 | 1 |
| Board of Zoning Appeals | 14 | 14 | 14 | - |
| Pension Board | 4 | 4 | 4 | - |
| Tree Commission | 1 | 1 | 1 | - |
| Park and Recreation Commission | 1 | 1 | 1 | - |
| Conservation Commission | 1 | 1 | 1 | - |
| Flower memorial commission | 6 | 6 | 5 | 1 |
| Housatonic River Est Commission | 1 | 1 | | 1 |
| Public library | 1,026 | 1,055 | 1,028 | 27 |
| Total general government | <u>4,011</u> | <u>4,157</u> | <u>4,045</u> | <u>112</u> |
| Administration: | | | | |
| Finance Department | 1,544 | 1,573 | 1,550 | 23 |
| Data Processing Department | 660 | 678 | 674 | 4 |
| Personnel Department | 267 | 277 | 272 | 5 |
| Total administration | <u>2,471</u> | <u>2,528</u> | <u>2,496</u> | <u>32</u> |
| Public Safety: | | | | |
| Police Department | 10,409 | 10,592 | 10,194 | 398 |
| Fire Department | 10,569 | 10,868 | 10,770 | 98 |
| Civil Preparedness | 90 | 90 | 90 | - |
| Animal Control | 355 | 356 | 345 | 11 |
| Lighting hydrant water | 1,745 | 1,745 | 1,707 | 38 |
| Total public safety | <u>23,168</u> | <u>23,651</u> | <u>23,106</u> | <u>545</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, 2013

(In Thousands)

| | <u>Budgeted Amounts</u> | | <u>Expenditures and Encumbrances</u> | <u>Uncommitted Balance</u> |
|--|-------------------------|----------------|--|--------------------------------|
| | <u>Original</u> | <u>Amended</u> | | |
| Public Services: | | | | |
| Public Works Office | \$ 227 | \$ 227 | \$ 223 | \$ 4 |
| Highway-parks division | 2,439 | 2,384 | 2,356 | 28 |
| Building maintenance division | 2,815 | 2,765 | 2,711 | 54 |
| Engineering division | 354 | 367 | 355 | 12 |
| General garage division | 1,211 | 1,284 | 1,230 | 54 |
| Solid waste operations | 4,268 | 4,684 | 4,666 | 18 |
| Total public services | <u>11,314</u> | <u>11,711</u> | <u>11,541</u> | <u>170</u> |
| Board of Education: | | | | |
| Private School textbooks | 20 | 20 | 18 | 2 |
| Educational audit fees | 22 | 22 | 22 | - |
| Employee benefits | 1,077 | 1,077 | 991 | 86 |
| Educational operations | 86,882 | 86,882 | 86,732 | 150 |
| Educational Contribution Health Insurance Fund | 17,567 | 17,567 | 17,567 | - |
| Educational School Nurses | 1,246 | 1,246 | 1,211 | 35 |
| Total board of education | <u>106,814</u> | <u>106,814</u> | <u>106,541</u> | <u>273</u> |
| Health and Welfare: | | | | |
| Health Department | 884 | 916 | 848 | 68 |
| Recreation Department | 770 | 782 | 718 | 64 |
| Total health and welfare | <u>1,654</u> | <u>1,698</u> | <u>1,566</u> | <u>132</u> |
| General Charges: | | | | |
| Employee benefits - general | 17,348 | 17,348 | 16,836 | 512 |
| Insurance and bonds | 2,272 | 2,226 | 2,171 | 55 |
| Claims and refunds | 485 | 465 | 455 | 10 |
| Benefits and salary reserve | 648 | (312) | (312) | - |
| Unallocated contingency | 75 | | | - |
| Total general charges | <u>20,828</u> | <u>19,727</u> | <u>19,150</u> | <u>577</u> |
| Grants to Agencies: | | | | |
| Milford Council on Aging | 1,346 | 1,346 | 1,342 | 4 |
| Milford Fine Arts Council | 68 | 68 | 68 | - |
| CMED | 99 | 99 | 99 | - |
| Regional Mental Health Board | 3 | 3 | 3 | - |
| Borough of Woodmont | 220 | 220 | 220 | - |
| Milford Transit District | 345 | 345 | 345 | - |
| Milford Mental Health | 350 | 350 | 350 | - |
| Veterans' Graves | 3 | 3 | 3 | - |
| U.S. Coast Guard Auxiliary | 10 | 10 | 10 | - |

(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, 2013

(In Thousands)

| | <u>Budgeted Amounts</u> | | <u>Expenditures and Encumbrances</u> | <u>Uncommitted Balance</u> |
|--|-------------------------|-------------------|--|--------------------------------|
| | <u>Original</u> | <u>Amended</u> | | |
| 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 | 39 | 2 |
| Cemetery Association | 9 | 9 | 9 | - |
| Boys and Girls Club | 65 | 65 | 65 | - |
| Homeless Shelter/CPAC | 75 | 75 | 75 | - |
| Total grants to agencies | <u>2,646</u> | <u>2,646</u> | <u>2,640</u> | <u>6</u> |
| Debt Service: | | | | |
| Public Debt Service | 8,428 | 8,270 | 8,062 | 208 |
| School Debt | 3,983 | 3,983 | 3,735 | 248 |
| Total debt service | <u>12,411</u> | <u>12,253</u> | <u>11,797</u> | <u>456</u> |
| Other Financing Uses: | | | | |
| Transfers out | <u>490</u> | <u>2,827</u> | <u>2,827</u> | <u>-</u> |
| Total | <u>\$ 185,807</u> | <u>\$ 188,012</u> | 185,709 | <u>\$ 2,303</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 | 10,360 |
| 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 | (2,282) |
| Prior year encumbrances reported in the current year for financial reporting purposes | 3,533 |
| Special education excess cost grant is recorded gross for GAAP | 851 |
| Payment to refunded bond escrow agent | 15,469 |
| Issuance costs on bond refunding | 142 |
| Change in Board of Education's Summer Payroll originally charged to subsequent years budget for budgetary purposes | (83) |
| Nonbudgetary items and eliminations related to the Compensated Absences Fund | <u>201</u> |

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

\$ 213,900

Appendix B

Form of Opinions of Bond Counsel

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**FORM OF OPINION OF BOND COUNSEL
CITY OF MILFORD, CONNECTICUT
\$14,195,000 GENERAL OBLIGATION BONDS, ISSUE OF 2014**

November __, 2014

City of Milford
City Hall
110 River Street
Milford, Connecticut 06460

We have acted as Bond Counsel to the City of Milford, Connecticut (the “City”) in connection with the issuance by the City of its \$14,195,000 General Obligation Bonds, Issue of 2014, dated November 10, 2014 (the “Bonds”). In such capacity, we have examined a record of proceedings of the City authorizing the Bonds, a Tax Compliance Agreement of the City dated November 10, 2014 (the “Agreement”), such law and such other proceedings, certifications, and documents as we have deemed necessary to render this opinion.

As to questions of fact material to our opinion we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

We are of the opinion that when the Bonds are duly certified by U.S. Bank National Association, they will be valid and legally binding general obligations of the City payable as to both principal and interest 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 pursuant to Connecticut statutes. We are further of the opinion that the Agreement is a valid and binding agreement of the City and was duly authorized by the City.

The rights of the holders of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights generally and by equitable principles, whether considered at law or in equity.

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

In rendering the below opinions regarding the federal treatment of interest on the Bonds, we have relied upon and assumed (i) the material accuracy of the representations, statements of intention and

reasonable expectations, and certifications of fact contained in the Agreement, and (ii) continuing compliance by the City with the covenants set forth in the Agreement as to such tax matters.

In our opinion, under existing law, interest on the Bonds is not included in gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax; however, with respect to certain corporations (as defined for federal income tax purposes) subject to the federal alternative minimum tax, such interest is taken into account in computing the federal alternative minimum tax. We express no opinion regarding other federal income tax consequences caused by the ownership or disposition of, or receipt of interest on the Bonds.

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 for individuals, trusts and estates required to pay the federal alternative minimum tax. We express no opinion regarding other State income tax consequences caused by the ownership or disposition of, or receipt of interest on the Bonds.

We express no opinion herein regarding the accuracy, adequacy, or completeness of the Official Statement dated October 29, 2014 and other offering material relating to the Bonds.

We have not undertaken to advise whether any events after the date of issuance of the Bonds, including the adoption of federal tax legislation, may affect the tax status of interest on the Bonds.

Although we have rendered an opinion that interest on the Bonds is not included in gross income for federal income tax purposes, federal income tax liability may otherwise be affected by the ownership or disposition of the Bonds. We express no opinion regarding any tax consequence caused by ownership or disposition of, or receipt of interest income on, the Bonds not specifically described herein.

Respectfully,

PULLMAN & COMLEY, LLC

**FORM OF OPINION OF BOND COUNSEL
CITY OF MILFORD, CONNECTICUT
\$9,990,000 GENERAL OBLIGATION BOND ANTICIPATION NOTES, LOT A**

November __, 2014

City of Milford
City Hall
110 River Street
Milford, Connecticut 06460

We have acted as Bond Counsel to the City of Milford, Connecticut (the “City”) in connection with the issuance by the City of its \$9,990,000 General Obligation Bond Anticipation Notes, Lot A, dated November 10, 2014 (the “Lot A Notes”). In such capacity, we have examined a record of proceedings of the City authorizing the Lot A Notes, a Tax Compliance Agreement of the City dated November 10, 2014 (the “Agreement”), such law and such other proceedings, certifications, and documents as we have deemed necessary to render this opinion.

As to questions of fact material to our opinion we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

We are of the opinion that when the Lot A Notes are duly certified by U.S. Bank National Association, they will be valid and legally binding general obligations of the City payable as to both principal and interest 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 pursuant to Connecticut statutes. We are further of the opinion that the Agreement is a valid and binding agreement of the City and was duly authorized by the City.

The rights of the holders of the Lot A Notes and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights generally and by equitable principles, whether considered at law or in equity.

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

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

In our opinion, under existing law, interest on the Lot A Notes is not included in gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax; however, with respect to certain corporations (as defined for federal income tax purposes) subject to the federal alternative minimum tax, such interest is taken into account in computing the federal alternative minimum tax. We express no opinion regarding other federal income tax consequences caused by the ownership or disposition of, or receipt of interest on the Lot A Notes.

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

We express no opinion herein regarding the accuracy, adequacy, or completeness of the Official Statement dated October 29, 2014 and other offering material relating to the Lot A Notes.

We have not undertaken to advise whether any events after the date of issuance of the Lot A Notes, including the adoption of federal tax legislation, may affect the tax status of interest on the Lot A Notes.

Although we have rendered an opinion that interest on the Lot A Notes is not included in gross income for federal income tax purposes, federal income tax liability may otherwise be affected by the ownership or disposition of the Lot A Notes. We express no opinion regarding any tax consequence caused by ownership or disposition of, or receipt of interest income on, the Lot A Notes not specifically described herein.

Respectfully,

PULLMAN & COMLEY, LLC

**FORM OF OPINION OF BOND COUNSEL
CITY OF MILFORD, CONNECTICUT
\$1,810,000 GENERAL OBLIGATION BOND ANTICIPATION NOTES, LOT B**

November __, 2014

City of Milford
City Hall
110 River Street
Milford, Connecticut 06460

We have acted as Bond Counsel to the City of Milford, Connecticut (the “City”) in connection with the issuance by the City of its \$1,810,000 General Obligation Bond Anticipation Notes, Lot B, dated November 10, 2014 (the “Lot B Notes”). In such capacity, we have examined a record of proceedings of the City authorizing the Lot B Notes, a Tax Compliance Agreement of the City dated November 10, 2014 (the “Agreement”), such law and such other proceedings, certifications, and documents as we have deemed necessary to render this opinion.

As to questions of fact material to our opinion we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

We are of the opinion that when the Lot B Notes are duly certified by U.S. Bank National Association, they will be valid and legally binding general obligations of the City payable as to both principal and interest 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 pursuant to Connecticut statutes. We are further of the opinion that the Agreement is a valid and binding agreement of the City and was duly authorized by the City.

The rights of the holders of the Lot B Notes and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights generally and by equitable principles, whether considered at law or in equity.

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

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

In our opinion, under existing law, interest on the Lot B Notes is not included in gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax; however, with respect to certain corporations (as defined for federal income tax purposes) subject to the federal alternative minimum tax, such interest is taken into account in computing the federal alternative minimum tax. We express no opinion regarding other federal income tax consequences caused by the ownership or disposition of, or receipt of interest on the Lot B Notes.

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

We express no opinion herein regarding the accuracy, adequacy, or completeness of the Official Statement dated October 29, 2014 and other offering material relating to the Lot B Notes.

We have not undertaken to advise whether any events after the date of issuance of the Lot B Notes, including the adoption of federal tax legislation, may affect the tax status of interest on the Lot B Notes.

Although we have rendered an opinion that interest on the Lot B Notes is not included in gross income for federal income tax purposes, federal income tax liability may otherwise be affected by the ownership or disposition of the Lot B Notes. We express no opinion regarding any tax consequence caused by ownership or disposition of, or receipt of interest income on, the Lot B Notes not specifically described herein.

Respectfully,

PULLMAN & COMLEY, LLC

Appendix C

Form of Continuing Disclosure Agreements

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**FORM OF
CONTINUING DISCLOSURE AGREEMENT FOR BONDS
BY THE CITY OF MILFORD, CONNECTICUT**

**In Connection With The Issuance and Sale of
\$14,195,000 City of Milford, Connecticut
General Obligation Bonds, Issue of 2014**

This Continuing Disclosure Agreement (“Agreement”) is made as of November __, 2014, by the City of Milford, Connecticut (the “Issuer”) acting by its undersigned officers, duly authorized, in connection with the issuance of its \$14,195,000 General Obligation Bonds, Issue of 2014, dated November 10, 2014 (the “Bonds”).

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 Issuer pursuant to, and as described in, Section 2 of this Agreement.

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

“Final Official Statement” means the official statement of the Issuer dated October 29, 2014 prepared in connection with the issuance of the Bonds.

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

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

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

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

Section 2. Annual Reports.

(a) The Issuer shall provide or cause to be provided to the MSRB, in accordance with the provisions of the Rule and of this Agreement, the following annual financial information and operating data regarding the Issuer:

(i) Audited financial statements as of and for the year ending on its Fiscal Year End, prepared in accordance with generally accepted accounting principles, 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 Issuer per capita;
- (G) the ratios of total direct debt and total overall net debt of the Issuer to the Issuer's net taxable grand list;
- (H) a statement of statutory debt limitations and debt margins; and
- (I) the funding status of the Issuer's pension benefit obligations.

(b) The above-referenced information is expected to be provided by the filing of and cross reference to the Issuer's audited financial statements. The information may be provided in whole or in part by cross-reference to other documents provided to the MSRB, including official statements of the Issuer which will be available from the MSRB's internet web site or filed with the SEC. All or a portion of the financial information and operating data may be provided in the form of a comprehensive annual financial report or the annual adopted budget.

(c) Subject to the requirements of Section 8 hereof, the Issuer reserves the right to modify from time to time the specific types of information or data provided or the format of the presentation of such information or data, to the extent necessary or appropriate; provided that the Issuer agrees that any such modification will be done in a manner consistent with the Rule. The Issuer 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 Issuer shall provide the information and 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 data for the Fiscal Year End preceding the date of issuance of the Bonds is not contained in the Final Official Statement for the Bonds or has not otherwise been previously provided, the Issuer shall provide such information and data no later than eight

months after the close of such preceding Fiscal Year End. The Issuer agrees that if audited information is not available eight months after the close of any Fiscal Year End, it shall submit unaudited information by such time and will submit audited information when available.

Section 4. Event Notices.

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

- (i) principal and interest payment delinquencies;
- (ii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iii) unscheduled draws on credit enhancements reflecting financial difficulties;
- (iv) substitution of credit or liquidity providers, or their failure to perform;
- (v) adverse tax opinions, the issuance by the Internal Revenue Service 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 events affecting the tax status of the Bonds;
- (vi) tender offers;
- (vii) bankruptcy, insolvency, receivership, or a similar proceeding by the Issuer;
- (viii) Bond defeasances; and
- (ix) rating changes.

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

- (i) non-payment related defaults;
- (ii) modifications to rights of Bondholders;
- (iii) Bond calls;
- (iv) release, substitution, or sale of property securing repayment of the Bonds;
- (v) consummation of a merger, consolidation, acquisition involving the Issuer, other than the ordinary course of business, or the sale of all or substantially all the assets of the Issuer, or the entry into a definitive agreement to engage in such a transaction, or a termination of such an agreement, other than in accordance with its terms; and

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

Section 5. Notice of Failure. The Issuer agrees to provide or cause to be provided, in a timely manner to the MSRB, notice of any failure by the Issuer to provide the annual financial information described in Section 2(a) of this Agreement on or before the date set forth in Section 3 hereof.

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

Section 7. Agent. The Issuer may, from time to time, appoint or engage an agent to assist it in carrying out its obligations under this Agreement, and may discharge any such agent, with or without appointing a successor agent.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Agreement, the Issuer may amend this Agreement, and any provision of this Agreement may be waived, if such amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, a change in law, or a change in the identity, nature or status of the Issuer, and is supported by an opinion of counsel expert in federal securities laws, to the effect that (i) such amendment or waiver would not materially adversely affect the beneficial owners of the Bonds and (ii) the Agreement as so amended would have complied with the requirements of the Rule as of the date of the Agreement, taking in account any amendments or interpretations of the Rule as well as any changes in circumstances. A copy of any such amendment will be filed in a timely manner with the MSRB. The annual financial information provided on the first date following adoption of any such amendment will explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating or financial information provided.

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

Section 10. Indemnification. The Issuer agrees to indemnify and save its officials, officers and employees harmless against any loss, expense and liabilities 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 such liabilities due to any such person's malicious, wanton, or willful act. The obligations of the Issuer under this Section shall survive, notwithstanding that such person may no longer be serving in such capacity.

Section 11. Enforceability. The Issuer agrees that its undertaking pursuant to the Rule set forth in this Agreement is intended to be for the benefit of and enforceable by the beneficial owners of the Bonds. In the event the Issuer shall fail to perform its duties hereunder, the Issuer shall have the option to cure such failure after its receipt of written notice from any beneficial owner of the Bonds of such failure. The present address of the Issuer is City of Milford, Finance Department, 70 W. River Street, Milford, Connecticut 06460, Attn: Director of Finance. In the event the Issuer 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 enforcement of the Issuer's obligations hereunder. No monetary damages shall arise or be payable hereunder nor shall any failure to comply with this Agreement constitute default of the Issuer with respect to the Bonds.

Section 12. Governing Law. This Agreement shall be governed by the laws of the State of Connecticut.

Section 13. Method of Filing. To the extent filings are required to be made to the MSRB under this Agreement, the Issuer shall transmit such filings or notices in an electronic format to the continuing disclosure service portal provided through MSRB's EMMA as provided at <http://emma.msrb.org/> or any similar system that is acceptable to the SEC.

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

CITY OF MILFORD, CONNECTICUT

By: _____
Benjamin G. Blake, Mayor

By: _____
Libera C. Nosal, City Treasurer

By: _____
Peter A. Erodici, Jr., Director of Finance

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**FORM OF
CONTINUING DISCLOSURE AGREEMENT FOR NOTES
BY THE CITY OF MILFORD, CONNECTICUT**

**In Connection With The Issuance and Sale of City of Milford, Connecticut
\$9,990,000 General Obligation Bond Anticipation Notes, Lot A
and
\$1,810,000 General Obligation Bond Anticipation Notes, Lot B
Dated November 10, 2014**

This Continuing Disclosure Agreement (“Agreement”) is made as of November __, 2014, by the City of Milford, Connecticut (the “Issuer”) acting by its undersigned officers, duly authorized, in connection with the issuance of its \$9,990,000 General Obligation Bond Anticipation Notes, Lot A, and its \$1,810,000 General Obligation Bond Anticipation Notes, Lot B, each dated November 10, 2014 (collectively, the “Notes”).

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

“EMMA” means the Electronic Municipal Market Access System as described in the 1934 Act Release #59062 and maintained by the Municipal Securities Rulemaking Board for the purposes of the Rule and as further described in Section 10 hereof.

“Final Official Statement” means the official statement of the Issuer dated October 29, 2014 prepared in connection with the issuance of the Notes.

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

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

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

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

Section 2. Event Notices.

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

- (i) principal and interest payment delinquencies;

- (ii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iii) unscheduled draws on credit enhancements reflecting financial difficulties;
- (iv) substitution of credit or liquidity providers, or their failure to perform;
- (v) adverse tax opinions, the issuance by the Internal Revenue Service 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 events affecting the tax status of the Notes;
- (vi) tender offers;
- (vii) bankruptcy, insolvency, receivership, or a similar proceeding by the Issuer;
- (viii) Note defeasances; and
- (ix) rating changes.

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

- (i) non-payment related defaults;
- (ii) modifications to rights of Note holders;
- (iii) Note calls;
- (iv) release, substitution, or sale of property securing repayment of the Notes;
- (v) consummation of a merger, consolidation, acquisition involving the Issuer, other than the ordinary course of business, or the sale of all or substantially all the assets of the Issuer, or the entry into a definitive agreement to engage in such a transaction, or a termination of such an agreement, other than in accordance with its terms; and
- (vi) appointment of a successor or additional trustee, or the change in the name of the trustee.

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

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

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

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

Section 7. Indemnification. The Issuer agrees to indemnify and save its officials, officers and employees harmless against any loss, expense and liabilities 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 such liabilities due to any such person's malicious, wanton, or willful act. The obligations of the Issuer under this Section shall survive, notwithstanding that such person may no longer be serving in such capacity.

Section 8. Enforceability. The Issuer agrees that its undertaking pursuant to the Rule set forth in this Agreement is intended to be for the benefit of and enforceable by the beneficial owners of the Notes. In the event the Issuer shall fail to perform its duties hereunder, the Issuer shall have the option to cure such failure after its receipt of written notice from any beneficial owner of the Notes of such failure. The present address of the Issuer is City of Milford, Finance Department, 70 W. River Street, Milford, Connecticut 06460, Attn: Director of Finance. In the event the Issuer does not cure such failure, the right of any beneficial owner of the Notes to enforce the provisions of this undertaking shall be limited to a right to obtain specific enforcement of the Issuer's obligations hereunder. No monetary damages shall arise or be payable hereunder nor shall any failure to comply with this Agreement constitute default of the Issuer with respect to the Notes.

Section 9. Governing Law. This Agreement shall be governed by the laws of the State of Connecticut.

Section 10. Method of Filing. To the extent filings are required to be made to the MSRB under this Agreement, the Issuer shall transmit such filings or notices in an electronic format to the continuing disclosure service portal provided through MSRB's EMMA as provided at <http://emma.msrb.org/> or any similar system that is acceptable to the SEC.

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

CITY OF MILFORD, CONNECTICUT

By: _____
Benjamin G. Blake, Mayor

By: _____
Libera C. Nosal, City Treasurer

By: _____
Peter A. Erodici, Jr., Director of Finance

Appendix D

Notices of Sale

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NOTICE OF SALE

CITY OF MILFORD, CONNECTICUT
\$14,195,000 GENERAL OBLIGATION BONDS, ISSUE OF 2014
(the “Bonds”)

ELECTRONIC BIDS via **PARITY®** will be received by the **CITY OF MILFORD, CONNECTICUT** (the “City”) at the Office of the Mayor, City Hall, 110 River Street, Milford, Connecticut 06460, until **12:00 P.M. (Eastern Time), WEDNESDAY**

OCTOBER 29, 2014

(the “Bid Date”) for the purchase of all (but not less than all) of \$14,195,000 General Obligation Bonds, Issue of 2014, of the City (the “Bonds”), when issued, at not less than par, which mature on November 1 in the years and amounts as follows:

| <u>Year</u> | <u>Amount</u> | <u>Year</u> | <u>Amount</u> |
|-------------|---------------|-------------|---------------|
| 2015 | \$705,000 | 2025 | \$710,000 |
| 2016 | \$710,000 | 2026 | \$710,000 |
| 2017 | \$710,000 | 2027 | \$710,000 |
| 2018 | \$710,000 | 2028 | \$710,000 |
| 2019 | \$710,000 | 2029 | \$710,000 |
| 2020 | \$710,000 | 2030 | \$710,000 |
| 2021 | \$710,000 | 2031 | \$710,000 |
| 2022 | \$710,000 | 2032 | \$710,000 |
| 2023 | \$710,000 | 2033 | \$710,000 |
| 2024 | \$710,000 | 2034 | \$710,000 |

The Issue

The full faith and credit of the City will be pledged for the prompt payment of the principal of, redemption premium, if any, and interest on the Bonds. The Bonds 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 limit as to rate or amount except as to classified property such as certified forest lands taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts pursuant to provisions of the Connecticut General Statutes, as amended. The Bonds will be dated November 10, 2014, with interest payable on May 1, 2015 and semiannually thereafter on each November 1 and May 1 in each year until maturity, or earlier redemption. The information in this Notice of Sale is only a brief summary of certain provisions of the Bonds. For further information about the Bonds, reference is hereby made to the Preliminary Official Statement, dated October 22, 2014.

Optional Redemption

The Bonds maturing on November 1, 2023 and thereafter are subject to redemption prior to maturity, at the option of the City, on or after November 1, 2022, 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 following redemption price (expressed as a percentage of the principal amount of Bonds to be redeemed) plus interest accrued and unpaid to the redemption date:

Redemption Period

November 1, 2022 and thereafter

Redemption Price

100%

The City, so long as a book-entry system is used for the Bonds, will send any notice of redemption only to DTC (or a 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.

Ratings

The City has applied to Moody's Investors Service, Standard & Poor's Corporation and Fitch Ratings for assignment of their municipal bond ratings to the Bonds. The assigned ratings may be obtained from the respective rating agency or will be posted through the facilities of **PARITY**® prior to sale.

Official Statement and Continuing Disclosure Agreement

The City has prepared a Preliminary Official Statement for the Bonds which is dated October 22, 2014, which is deemed final as of its date for purposes of SEC Rule 15c2-12(b)(1), except for omissions permitted thereby, but is subject to revision or amendment. The City will make available to the winning purchaser 100 copies of the Official Statement at the City's expense. The copies of the Official Statement will be made available to the winning purchaser at delivery of the Bonds or by the seventh business day after the day bids on the Bonds are received. If the City's financial advisor is provided with the necessary information from the winning purchaser by noon of the date following the day bids on the Bonds are received, the copies of the Official Statement will include an additional cover page and other pages indicating the interest rates, ratings, yields or reoffering prices, the name of the managing underwriter, and any corrections. The purchaser shall arrange with the financial advisor the method of delivery of the copies of the Official Statement to the purchaser. Additional copies of the Official Statement may be obtained by the purchaser at its own expense by arrangement with the printer.

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

The City will enter into a Continuing Disclosure Agreement with respect to the Bonds, substantially in the form attached as Appendix C-1 to the Official Statement (the "Continuing Disclosure Agreement"), to provide or cause to be provided, in accordance with the requirements of SEC Rule 15c2-12(b)(5), (i) annual financial information and operating data including audited financial statements, (ii) notice of the occurrence of certain events with respect to the Bonds within ten (10) business days of such event, and (iii) timely notice of a failure by the City to provide the required 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.

Electronic Proposals Bidding Procedure

Electronic bids for the purchase of the Bonds must be submitted electronically via **PARITY**®, in accordance with this Notice of Sale, until 12:00 P.M. (Eastern Time) on Wednesday, October 29, 2014,

but no bid will be received after the time for receiving bids specified herein. To the extent any instructions or directions set forth in **PARITY**[®] shall conflict with information in this Notice of Sale, the terms of this Notice of Sale shall control. For further information about **PARITY**[®], including any fee charged, potential bidders may contact i-Deal LLC at 1359 Broadway, 2nd Floor, New York, New York 10018, telephone: (212) 849-5021. Any prospective bidder must be a subscriber of i-Deal LLC's BiDCOMP competitive bidding system. The City neither will confirm any subscription nor be responsible for any failure of a prospective bidder to subscribe.

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

For the purpose of the electronic bidding process, the time maintained on **PARITY**[®] shall constitute the official time. For information purposes only, bidders are requested to state in their bids the true interest cost to the City, as described under "Award, Delivery and Payment" below, represented by the rate or rates of interest and the bid price specified in their respective bids. All electronic bids shall be deemed to incorporate the provisions of this Notice of Sale.

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

Bid Requirements

Each proposal for the purchase of the Bonds must specify the amount bid for the Bonds (which shall be the aggregate par value of the Bonds, and, at the option of the bidder, a premium), and shall specify in a multiple of one-eighth (1/8) or one-twentieth (1/20) of one percent (1%) the rate or rates of interest per annum which the Bonds are to bear, but shall not specify (a) more than one interest rate for any Bonds having a like maturity, or (b) any interest rate for any Bonds which exceeds the interest rate specified in such proposal for any other Bonds by more than three percent (3%). Interest shall be

computed on the basis of twelve 30 day months and a 360 day year. No bid for less than par will be considered.

Award, Delivery and Payment

Unless all bids are rejected, the Bonds will be awarded to the bidder whose bid will result in the lowest true interest cost ("TIC") to the City. The TIC 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 10, 2014, the date of the Bonds, results in an amount equal to the purchase price for the Bonds, excluding interest accrued to the date of delivery. In the event that two or more bidders offer bids at the same lowest TIC, the City will determine by lot which of such bidders will be awarded the Bonds. It is requested that each proposal be accompanied by a statement of the percentage of true interest cost computed and rounded to four decimal places. Such statement shall not be considered as a part of the proposal. The purchase price must be paid in Federal Funds.

Promptly upon verbal notification that a bidder's proposal may be accepted, the bidder shall confirm to the City the reoffering prices of all the Bonds of each maturity.

Bids will be finally accepted or rejected promptly after opening and not later than 3:00 p.m. (Eastern Time) on the Bid Date in accordance with the provisions herein.

Simultaneously with or before delivery of the Bonds, the purchaser shall furnish to the City a certificate acceptable to Bond Counsel for the City to the effect that the purchaser has either purchased the Bonds at the prices shown on such certificate for investment and not with a view toward distribution or resale and not in the capacity of a bond house, broker or other intermediary or has made a bona fide public offering of the Bonds to the public (i) at initial offering prices not greater than, or yields not lower than, the respective prices or yields shown on the certificate, and (ii) a substantial amount of each maturity of the Bonds was sold to the final purchasers thereof (not including bond houses and brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at prices not greater than or yields not lower than, such offering prices or yields. Bond Counsel advises that (i) such certificates must be made on the best knowledge, information and belief of the purchaser, (ii) the sale to the public of 10% or more of each maturity of the Bonds at prices not greater than or yields not lower than, the initial offering prices or yields would be sufficient for the purpose of certifying as to the sale of a substantial amount of the Bonds and (iii) reliance on other facts as a basis for such certification would require evaluation by Bond Counsel to assure compliance with the statutory requirement.

At or prior to the delivery of the Bonds the successful bidder shall be furnished, without cost, with the approving opinion of Pullman & Comley, LLC, of Bridgeport, Connecticut, Bond Counsel, substantially in the form set out in Appendix B-1 to the Official Statement. The successful bidder will also be furnished with a receipt of payment for the Bonds, a Signature and No Litigation Certificate dated as of the date of delivery of the Bonds, stating that there is no litigation pending, or to the knowledge of the signers thereof, threatened, affecting the validity of the Bonds or the power of the City to levy and collect taxes to pay them. A copy of the final Official Statement prepared for this Bond issue will also be furnished together with a certificate of City Officials relating to the accuracy and completeness of the Official Statement.

The Bonds will NOT be designated by the City as qualified tax-exempt obligations under the provisions of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for Federal income tax purposes of a portion of interest expense allocable to tax exempt obligations.

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

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

The Bonds will be delivered to The Depository Trust Company, New York, New York ("DTC") or its agent via Fast Automated Securities Transfer ("FAST") on or about November 10, 2014 against payment in immediately available Federal Funds. The deposit of the Bonds with DTC 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 Bonds prior to delivery, and the City will not be responsible for any delay occasioned by the inability to deposit the Bonds with DTC due to 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.

Right to Reject Bids; Waiver

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

Postponement; Change of Terms

The City reserves the right to alter any terms of the Bonds or this Notice of Sale and to postpone, from time to time, the date or time established for the receipt of the bids.

Book-Entry-Only Form

The Bonds will be issued by means of a book-entry system with no physical distribution of bond certificates made to the public. The Bonds will be issued in registered form and one bond certificate for each maturity will be issued to DTC, registered in the name of its nominee, Cede & Co., and immobilized in its custody. A book-entry system will be employed, evidencing ownership of the Bonds in the principal amount of \$5,000 or integral multiples thereof, with transfers of ownership effected on the records of DTC and its Participants pursuant to rules and procedures adopted by DTC and its Participants. The purchaser, as a condition to delivery of the Bonds, will be required to deposit the bond certificates with DTC, registered in the name of Cede & Co. Principal of, redemption premium, if any, and interest on the Bonds will be payable by the City or its agent to DTC or its nominee as registered owner of the Bonds. Principal, redemption premium, if any, and interest payments by DTC to Participants of DTC will be the responsibility of DTC; principal, redemption premium, if any, 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.

In the event that (a) DTC determines not to continue to act as securities depository for the Bonds and the City fails to identify another qualified securities depository to replace DTC, or (b) the City determines to discontinue the book-entry system of evidence and transfer of ownership of the Bonds, the

City will authenticate and deliver replacement Bonds in the form of fully registered Bond certificates directly to the Beneficial Owners of the Bonds or their nominees. (The record dates for the Bonds will be the close of business on the fifteenth day of October and April in each year, or the preceding business day if such fifteenth day is not a business day.)

Additional Information

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

BENJAMIN G. BLAKE
Mayor

LIBERA C. NOSAL
City Treasurer

PETER A. ERODICI, JR.
Director of Finance

October 22, 2014

NOTICE OF SALE
\$9,990,000
CITY OF MILFORD, CONNECTICUT
GENERAL OBLIGATION BOND ANTICIPATION NOTES, LOT A
BOOK-ENTRY ONLY

SEALED PROPOSALS, TELEPHONE BIDS and ELECTRONIC BIDS via **PARITY**[®] (as described herein) will be received by the **CITY OF MILFORD, CONNECTICUT** (the “City”) at the Office of the Mayor, City Hall, 110 River Street, Milford, Connecticut 06460, until **11:00 A.M. (Eastern Time), WEDNESDAY,**

OCTOBER 29, 2014

for the purchase of \$9,990,000 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 (See “Sealed Proposal Procedures”). Telephone bids will be received by an authorized agent of Phoenix Advisors, LLC, the City’s financial advisor (See “Telephone Bidding Procedures”). Electronic bids must be submitted via **PARITY**[®] (See “Electronic Bidding Procedures”).

The Notes

The Notes will be dated November 10, 2014 and will mature and be payable to the registered owner on May 8, 2015 as further described in the Preliminary Official Statement for the Notes dated October 22, 2014 (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 1/100 of 1% per annum.

Registration

The Notes will be issued by means of a book-entry system with no physical distribution of note certificates made to the public. The Notes will be issued in registered form and one note certificate for each interest rate will be issued to The Depository Trust Company, New York, New York (“DTC”), registered in the name of its nominee, Cede & Co., and immobilized in its custody. A book-entry system will be employed, evidencing ownership of the Notes in principal amounts of \$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, 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.

Financial institutions desiring to submit a bid to purchase the Notes for the purpose of investment (“Direct Placement Bidders”) may submit bids as set forth herein. In the event a Direct Placement Bidder is awarded the Notes, the Notes will be issued without CUSIP identification. A Direct Placement Bidder,

if awarded the Notes, must execute a letter addressed to the City acknowledging, among other things, that (1) the purchaser has knowledge and experience in financial and business affairs and that it is capable of evaluating the merits and risks of the purchase of the Note; (2) the purchaser is acquiring the Bond as a vehicle for making a commercial loan and without a present view to the distribution thereof (subject, nevertheless, to any requirement of law that the disposition of its property at all times be under its control) within the meaning of the Federal securities laws; (3) the purchaser is acquiring the Note solely for its own account and no other undisclosed person now has any direct or indirect ownership or interest therein.

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**[®]. 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**[®] 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. By submitting a bid for the Notes via **PARITY**[®], the bidder represents and warrants to the City that such bidder's bid for the purchase of the Notes is submitted for and on behalf of such prospective bidder by an officer or agent who is duly authorized to bind the prospective bidder by an irrevocable offer and that acceptance of such bid by the City will bind the bidder by a legal, valid and enforceable contract, for the purchase of the Notes on the terms described in this Notice of Sale. **The City shall not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of PARITY[®], or the inaccuracies of any information, including bid information or worksheets supplied by PARITY[®], the use of PARITY[®] facilities being the sole risk of the prospective bidder. Each Bidder is solely responsible for knowing the terms of the sale as set forth herein.**

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

For purposes of the sealed proposal process, the telephone bidding 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 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.

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

Sealed Proposal Procedures

Bids will be accepted in written form on the form of Proposal for Notes attached hereto, at the place and time indicated above. Bids must be enclosed in sealed envelopes marked “Proposal for Notes” and addressed to The Honorable Benjamin G. Blake, Mayor, City of Milford, Connecticut, 110 River Street, Milford, Connecticut 06460.

Telephone Bidding Procedures

Telephone bids will be received until 11:00 A.M. (Eastern Time) by an authorized agent of Phoenix Advisors, LLC, the City’s financial advisor. All telephone bids must be made to (203) 783-3201 and be completed by 11:00 A.M. (Eastern Time) on Wednesday, October 29, 2014.

Bidders shall recognize that a bid by telephone means that the bidder accepts the terms and conditions of this Notice of Sale and agrees to be bound by such and, further, such bidder recognizes and accepts the risk that its telephone bid may not be received by the City or may be received later than the time specified as the result of a failure in communications including, but not limited to, a failure in telephonic communications, or the inability to reach the City by the time required. A bid received after the time specified, as determined in the City’s sole discretion, will not be reviewed or honored by the City.

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 \$90,000, 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 its proposal. If a bidder is awarded only a part of the Notes bid for in its proposal, any premium offered in such proposal will be proportionately reduced so that the resulting net interest cost to the 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 Pullman & Comley LLC, Bond Counsel, Bridgeport, Connecticut, and the winning bidder(s) will be furnished, without cost, with such opinion, substantially in the form set out in Appendix B-2 to the Official Statement. 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 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.

In rendering the legal opinion, Pullman & Comley LLC 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 a certificate as to the issue price of the Notes within the meaning of the Code.

The Notes will be available for delivery on or about November 10, 2014. 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 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.

BENJAMIN G. BLAKE
Mayor

LIBERA C. NOSAL
City Treasurer

PETER A. ERODICI, JR.
Director of Finance

October 22, 2014

(See attached for form of Proposal for Notes)

PROPOSAL FOR NOTES

October __, 2014

BENJAMIN G. BLAKE, Mayor
LIBERA C. NOSAL, City Treasurer
PETER A. ERODICI, JR., Director of Finance
City of Milford, Connecticut
City Hall
110 River Street
Milford, CT 06460

Subject to the provisions of the Notice of Sale dated October 22, 2014, which Notice is made a part of this proposal, we offer to purchase the principal amount of the \$9,990,000 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 \$9,990,000) 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 | _____ % | Net Interest Cost | _____ % |
| | (Six Decimals) | | (Six Decimals) |
| Principal amount | _____ | Principal amount | _____ |
| Interest rate | _____ | Interest rate | _____ |
| Premium | _____ | Premium | _____ |
| Net Interest Cost | _____ % | Net Interest Cost | _____ % |
| | (Six Decimals) | | (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)

NOTICE OF SALE
\$1,810,000
CITY OF MILFORD, CONNECTICUT
GENERAL OBLIGATION BOND ANTICIPATION NOTES, LOT B
BOOK-ENTRY ONLY

SEALED PROPOSALS, TELEPHONE BIDS and ELECTRONIC BIDS via **PARITY**[®] (as described herein) will be received by the **CITY OF MILFORD, CONNECTICUT** (the “City”) at the Office of the Mayor, City Hall, 110 River Street, Milford, Connecticut 06460, until **11:30 A.M. (Eastern Time), WEDNESDAY,**

OCTOBER 29, 2014

for the purchase of \$1,810,000 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 (See “Sealed Proposal Procedures”). Telephone bids will be received by an authorized agent of Phoenix Advisors, LLC, the City’s financial advisor (See “Telephone Bidding Procedures”). Electronic bids must be submitted via **PARITY**[®] (See “Electronic Bidding Procedures”).

The Notes

The Notes will be dated November 10, 2014 and will mature and be payable to the registered owner on November 9, 2015 as further described in the Preliminary Official Statement for the Notes dated October 22, 2014 (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 1/100 of 1% per annum.

Registration

The Notes will be issued by means of a book-entry system with no physical distribution of note certificates made to the public. The Notes will be issued in registered form and one note certificate for each interest rate will be issued to The Depository Trust Company, New York, New York (“DTC”), registered in the name of its nominee, Cede & Co., and immobilized in its custody. A book-entry system will be employed, evidencing ownership of the Notes in principal amounts of \$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, 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.

Financial institutions desiring to submit a bid to purchase the Notes for the purpose of investment (“Direct Placement Bidders”) may submit bids as set forth herein. In the event a Direct Placement Bidder is awarded the Notes, the Notes will be issued without CUSIP identification. A Direct Placement Bidder,

if awarded the Notes, must execute a letter addressed to the City acknowledging, among other things, that (1) the purchaser has knowledge and experience in financial and business affairs and that it is capable of evaluating the merits and risks of the purchase of the Note; (2) the purchaser is acquiring the Bond as a vehicle for making a commercial loan and without a present view to the distribution thereof (subject, nevertheless, to any requirement of law that the disposition of its property at all times be under its control) within the meaning of the Federal securities laws; (3) the purchaser is acquiring the Note solely for its own account and no other undisclosed person now has any direct or indirect ownership or interest therein.

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**[®]. 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**[®] 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. By submitting a bid for the Notes via **PARITY**[®], the bidder represents and warrants to the City that such bidder's bid for the purchase of the Notes is submitted for and on behalf of such prospective bidder by an officer or agent who is duly authorized to bind the prospective bidder by an irrevocable offer and that acceptance of such bid by the City will bind the bidder by a legal, valid and enforceable contract, for the purchase of the Notes on the terms described in this Notice of Sale. **The City shall not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of PARITY[®], or the inaccuracies of any information, including bid information or worksheets supplied by PARITY[®], the use of PARITY[®] facilities being the sole risk of the prospective bidder. Each Bidder is solely responsible for knowing the terms of the sale as set forth herein.**

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

For purposes of the sealed proposal process, the telephone bidding 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 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.

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

Sealed Proposal Procedures

Bids will be accepted in written form on the form of Proposal for Notes attached hereto, at the place and time indicated above. Bids must be enclosed in sealed envelopes marked “Proposal for Notes” and addressed to The Honorable Benjamin G. Blake, Mayor, City of Milford, Connecticut, 110 River Street, Milford, Connecticut 06460.

Telephone Bidding Procedures

Telephone bids will be received until 11:30 A.M. (Eastern Time) by an authorized agent of Phoenix Advisors, LLC, the City’s financial advisor. All telephone bids must be made to (203) 783-3201 and be completed by 11:30 A.M. (Eastern Time) on Wednesday, October 29, 2014.

Bidders shall recognize that a bid by telephone means that the bidder accepts the terms and conditions of this Notice of Sale and agrees to be bound by such and, further, such bidder recognizes and accepts the risk that its telephone bid may not be received by the City or may be received later than the time specified as the result of a failure in communications including, but not limited to, a failure in telephonic communications, or the inability to reach the City by the time required. A bid received after the time specified, as determined in the City’s sole discretion, will not be reviewed or honored by the City.

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 \$10,000, 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 its proposal. If a bidder is awarded only a part of the Notes bid for in its proposal, any premium offered in such proposal will be proportionately reduced so that the resulting net interest cost to the 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 Pullman & Comley LLC, Bond Counsel, Bridgeport, Connecticut, and the winning bidder(s) will be furnished, without cost, with such opinion, substantially in the form set out in Appendix B-3 to the Official Statement. 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 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.

In rendering the legal opinion, Pullman & Comley LLC 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 a certificate as to the issue price of the Notes within the meaning of the Code.

The Notes will be available for delivery on or about November 10, 2014. 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 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.

BENJAMIN G. BLAKE
Mayor

LIBERA C. NOSAL
City Treasurer

PETER A. ERODICI, JR.
Director of Finance

October 22, 2014

(See attached for form of Proposal for Notes)

PROPOSAL FOR NOTES

October __, 2014

BENJAMIN G. BLAKE, Mayor
LIBERA C. NOSAL, City Treasurer
PETER A. ERODICI, JR., Director of Finance
City of Milford, Connecticut
City Hall
110 River Street
Milford, CT 06460

Subject to the provisions of the Notice of Sale dated October 22, 2014, which Notice is made a part of this proposal, we offer to purchase the principal amount of the \$1,810,000 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 \$1,810,000) 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 | _____ % | Net Interest Cost | _____ % |
| | (Six Decimals) | | (Six Decimals) |
| Principal amount | _____ | Principal amount | _____ |
| Interest rate | _____ | Interest rate | _____ |
| Premium | _____ | Premium | _____ |
| Net Interest Cost | _____ % | Net Interest Cost | _____ % |
| | (Six Decimals) | | (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)