

PRELIMINARY OFFICIAL STATEMENT DATED OCTOBER 14, 2010

NEW ISSUE: Book-Entry-Only

RATINGS: (See "Ratings" herein)

In the opinion of Bond Counsel, based on existing statutes and court decisions and assuming continuing compliance with certain covenants and procedures relating to requirements of the Internal Revenue Code of 1986, as amended (the "Code"), interest on the Bonds and the Notes is excluded from gross income for federal income tax purposes and is not treated as an item of tax preference for purposes of computing the federal alternative minimum tax and is not taken into account in the calculation of adjusted current earnings for the purpose of the alternative minimum tax imposed on corporations. See "Tax Matters" herein. In the opinion of Bond Counsel, based on existing statutes, interest on the Bonds and the Notes is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax.



City of Milford, Connecticut

\$13,240,000

General Obligation Bonds, Issue of 2010

Dated: November 1, 2010

Due: Serially, November 1, 2011 – 2030

As detailed below:

Interest on the Bonds will be payable on May 1, 2011 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
2011	\$ 665,000	___%	___%	599377__	2021	\$ 660,000	___%	___%	599377__
2012	665,000	___%	___%	599377__	2022	660,000	___%	___%	599377__
2013	665,000	___%	___%	599377__	2023	660,000	___%	___%	599377__
2014	665,000	___%	___%	599377__	2024	660,000	___%	___%	599377__
2015	665,000	___%	___%	599377__	2025	660,000	___%	___%	599377__
2016	665,000	___%	___%	599377__	2026	660,000	___%	___%	599377__
2017	665,000	___%	___%	599377__	2027	660,000	___%	___%	599377__
2018	665,000	___%	___%	599377__	2028	660,000	___%	___%	599377__
2019	660,000	___%	___%	599377__	2029	660,000	___%	___%	599377__
2020	660,000	___%	___%	599377__	2030	660,000	___%	___%	599377__

Electronic bids via PARITY for the Bonds will be received until 12:00 Noon (E.D.T.) on Thursday, October 21, 2010 at the Office of the Mayor, City Hall, 110 River Street, Milford, Connecticut 06460.

\$16,100,000

General Obligation Bond Anticipation Notes (the "Notes")

Lot A: \$10,585,000

Dated: November 4, 2010
Due: May 3, 2011
Rate: ___%
Yield: ___%
Underwriter: TBD
CUSIP: 599377__

Lot B: \$5,515,000

Dated: November 4, 2010
Due: November 3, 2011
Rate: ___%
Yield: ___%
Underwriter: TBD
CUSIP: 599377__

Sealed proposals and electronic bids via PARITY for the Notes will be received until 11:00 A.M. (E.D.T.) for the Lot A Notes and 11:30 A.M. (E.D.T.) for the Lot B Notes on Thursday, October 21, 2010 at the Office of the Mayor, City Hall, 110 River Street, Milford, Connecticut 06460. Telephone bids will be received by an authorized agent of Phoenix Advisors, the City's Financial Advisor, until 11:00 A.M. for the Lot A Notes and 11:30 A.M. for the Lot B Notes on the sale date at 203-783-3201.

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 14, 2010. The Bonds and the Notes, when issued, will be registered in the name of Cede & Co., as Bondowner and Noteowner and nominee for DTC, New York, New York. See "Book-Entry-Only Transfer System" herein.

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 the Notes are offered for delivery when, as and if issued, subject to the approving opinion of Robinson & Cole LLP, Bond Counsel, of Hartford, Connecticut and certain other conditions. It is expected that delivery of the Bonds and the Notes in book-entry-only form will be made to DTC on or about November 4, 2010. The Registrar, Transfer Agent, Paying Agent, and Certifying Agent will be U.S. Bank National Association.



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

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

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

Other than as to matters expressly set forth as the opinion of Bond Counsel, Bond Counsel are not passing on and do not assume any responsibility for the accuracy or adequacy of the statements made in this Official Statement and make no representation that they have independently verified the same.

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Issue Summary – The Bonds

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

Date of Sale:	Thursday, October 21, 2010 at 12:00 Noon (E.D.T).
Location of Sale:	Office of the Mayor, City Hall, 110 River Street, Milford, Connecticut, 06460.
Issuer:	City of Milford, Connecticut (the "City").
Issue:	\$13,240,000 General Obligation Bonds, Issue of 2010 (the "Bonds").
Dated Date:	November 1, 2010
Interest Due:	Interest due May 1, 2011 and semiannually thereafter on November 1 and May 1 in each year until maturity.
Principal Due:	Principal due serially November 1, 2011 through November 1, 2030 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 4, 2010 and to provide new money to finance various public improvements, 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:	Application for a rating on the Bonds has been made to Moody's Investors Service, Inc., Standard & Poor's, and Fitch Ratings. The City's outstanding bonds are rated as follows: "Aa1" from Moody's Investors Service, Inc.; "AA+" from Standard & Poor's Corporation; and "AA+" from Fitch Ratings.
Bond Insurance:	The City does not expect to direct purchase a credit enhancement facility.
Basis of Award:	Lowest True Interest Cost (TIC), as of the dated date.
Tax Exemption:	See "Tax Matters" 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 material events with respect to the Bonds pursuant to a Continuing Disclosure Agreement to be executed by the City substantially in the form attached as Appendix D to this Official Statement.
Registrar, Transfer Agent, Certifying Agent, & Paying Agent:	U.S. Bank National Association, Goodwin Square, 225 Asylum Street, Hartford, Connecticut 06107.
Legal Opinion:	Robinson & Cole LLP of Hartford, 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 4, 2010 against payment in Federal Funds.
Issuer Official:	Questions concerning the City or this Official Statement should be addressed to Ms. Judy L. Doneiko, 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.

Date of Sale:	Thursday, October 21, 2010 at 11:00 A.M. (E.D.T).
Location of Sale:	Office of the Mayor, City Hall, 110 River Street, Milford, Connecticut, 06460.
Issuer:	City of Milford, Connecticut (the "City").
Issue:	\$10,585,000 General Obligation Bond Anticipation Notes, Lot A (the "Lot A Notes").
Dated Date:	November 4, 2010.
Interest Due:	At maturity: May 3, 2011.
Principal Due:	At maturity: May 3, 2011.
Authorization and Purpose:	The Lot A Notes are being issued to finance various school and sewer 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:	Application for a rating on the Lot A Notes has been made to Standard & Poor's Corporation and Fitch Ratings. The City's 2009 Bond Anticipation Notes dated November 4, 2009 were rated "SP-1+" and "F1+" from Standard & Poor's Corporation and Fitch Ratings.
Bond Insurance:	The City does not expect to direct purchase a credit enhancement facility.
Basis of Award:	Lowest Net Interest Cost (NIC), as of the dated date.
Tax Exemption:	See "Tax Matters" 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 material events with respect to the Lot A Notes pursuant to a Continuing Disclosure Agreement to be executed by the City substantially in the form attached as Appendix E to this Official Statement.
Registrar, Transfer Agent, Certifying Agent & Paying Agent:	U.S. Bank National Association, Goodwin Square, 225 Asylum Street, Hartford, Connecticut 06107.
Legal Opinion:	Robinson & Cole LLP of Hartford, 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 4, 2010 against payment in Federal Funds.
Issuer Official:	Questions concerning the City and this Official Statement should be addressed to Ms. Judy L. Doneiko, 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:	Thursday, October 21, 2010 at 11:30 A.M. (E.D.T).
Location of Sale:	Office of the Mayor, City Hall, 110 River Street, Milford, Connecticut, 06460.
Issuer:	City of Milford, Connecticut (the "City").
Issue:	\$5,515,000 General Obligation Bond Anticipation Notes, Lot B (the "Lot B Notes").
Dated Date:	November 4, 2010.
Interest Due:	At maturity: November 3, 2011.
Principal Due:	At maturity: November 3, 2011.
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:	Application for a rating on the Lot A Notes has been made to Standard & Poor's Corporation and Fitch Ratings. The City's 2009 Bond Anticipation Notes dated November 4, 2009 were rated "SP-1+" and "F1+" from Standard & Poor's Corporation and Fitch Ratings.
Bond Insurance:	The City does not expect to direct purchase a credit enhancement facility.
Basis of Award:	Lowest Net Interest Cost (NIC), as of the dated date.
Tax Exemption:	See "Tax Matters" 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 attached as Appendix E 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:	Robinson & Cole LLP of Hartford, 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 4, 2010 against payment in Federal Funds.
Issuer Official:	Questions concerning the City and this Official Statement should be addressed to Ms. Judy L. Doneiko, 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 \$13,240,000 General Obligation Bonds, Issue of 2010 (the "Bonds") of the City and \$16,100,000 General Obligation Bond Anticipation Notes of the City comprised of \$10,585,000 General Obligation Bond Anticipation Notes, Lot A (the "Lot A Notes") and \$5,515,000 General Obligation Bond Anticipation Notes, Lot B (the "Lot B Notes") (the Lot A Notes and the Lot B Notes referred to collectively as the "Notes").

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

The Bonds and the Notes are being offered for sale at public bidding. Notices of Sale for the Bonds and the Notes dated October 14, 2010 have been furnished to prospective bidders. Reference is made to the respective Notices of Sale for the terms and conditions of the bidding.

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

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

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

Financial Advisor

Phoenix Advisors, LLC, of Milford, Connecticut has served as Financial Advisor to the City with respect to the issuance of the Bonds and the Notes (the "Financial Advisor"). The Financial Advisor is not obligated to undertake, and has not undertaken, either to make an independent verification of or to assume responsibility for the accuracy, completeness, or fairness of the information contained in the Official Statement and the appendices hereto.

The Financial Advisor is an independent firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

The Bonds

The \$13,240,000 principal amount of the Bonds will mature on November 1 in each of the years as set forth on the front cover of this Official Statement. The Bonds will be dated November 1, 2010 and will bear interest at the rate or rates per annum specified by the successful bidder, payable on May 1, 2011 and semiannually thereafter on November 1 and May 1 in each year until maturity, as set forth on the cover of this Official Statement. Interest will be calculated on the basis of twelve 30-day months and a 360-day year. Interest is payable to the registered owner as of the close of business on the fifteenth day of April and October in each year, or the preceding business day if such fifteenth day is not a business day, by check, mailed to the registered owner at the address as shown on the registration books of the City kept for such purpose, or so long as the Bonds are registered in the name of Cede & Co., as nominee of DTC, by such other means as DTC, the Paying Agent and the City shall agree.

Optional Redemption

Bonds maturing on or before November 1, 2018 are not subject to redemption prior to maturity. The Bonds maturing on November 1, 2019 and thereafter are subject to redemption prior to maturity, at the election of the City, on or after November 1, 2018 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, 2018 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 4, 2010 and will be due and payable as to both principal and interest at maturity, May 3, 2011. The Lot B Notes will be dated November 4, 2010 and will be due and payable as to both principal and interest at maturity, November 3, 2011. The Notes will bear interest calculated on the basis of twelve 30-day months and a 360-day year at such rate or rates per annum as are specified by the successful bidder or bidders. A book-entry system will be employed evidencing ownership of the Notes in principal amounts of \$1,000 or integral multiples thereof, with transfers of ownership effected on the records of DTC, and its participants pursuant to rules and procedures established by DTC and its participants. See "Book-Entry Transfer System". The Notes are not subject to redemption prior to maturity.

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

Authorization and Purpose

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

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

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

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

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

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

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

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

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

On March 6, 2006, the Board of Aldermen appropriated and authorized bonds in the amount of \$930,000 for the planning and design of sanitary sewers in various areas of the City.

On February 5, 2007, the Board of Aldermen appropriated and authorized bonds in the amount of \$12,937,000 for various school improvements including asbestos removal and tile replacement for various schools, for driveway safety improvements at Pumpkin Delight Elementary School, for Phase II addition and renovation of Jonathan Law and Foran High Schools, for Foran High School asbestos and lead abatement, for Phase II security enhancements for various schools, and for improvements and renovations for the Alternative High School. The appropriation and bond authorization was increased to \$18,489,511 on April 7, 2008. The total authorization has been reduced to \$13,269,300 due to grant payments received from the State of Connecticut.

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

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

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

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

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

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

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

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

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

Use of Proceeds

Project	Bonds Authorized	Previously Issued	Notes Due 11/04/10	Paid Down	The Lot A Notes Maturing 05/03/11	The Lot B Notes Maturing 11/03/11	The Bonds	Authorized But Unissued
Sewers:								
Wastewater Facilities Upgrade..... ¹	\$ 33,172,523	\$ 7,600,000	\$ 4,500,000	\$ -	\$ 1,500,000	\$ -	\$ 4,500,000	\$ 19,572,523
Sewers XIII	2,555,000	1,550,000	5,000	-	-	-	3,000	1,002,000
Sewers XIV Design Phase.....	930,000	589,400	-	-	-	-	-	340,600
East/West Interceptor.....	4,250,000	2,665,000	1,392,000	-	-	100,000	1,300,000	185,000
Buckingham Ave Force Main.....	4,650,000	500,000	1,648,000	-	-	1,000,000	1,500,000	1,650,000
Roger Ave Pump & High St Sewer.....	2,623,500	-	750,000	-	-	1,250,000	500,000	873,500
Total Sewers.....	\$ 48,181,023	\$ 12,904,400	\$ 8,295,000	\$ -	\$ 1,500,000	\$ 2,350,000	\$ 7,803,000	\$ 23,623,623
Schools:								
Feb 2007 School Improvements.....	\$ 13,269,300	\$ 11,392,000	\$ 1,140,000	\$ -	\$ 420,000	\$ -	\$ 550,000	\$ 907,300
April 2008 School Improvements.....	1,440,000	-	400,000	-	295,000	-	105,000	1,040,000
Aug 2009 J. Law Phase III Construction.....	4,050,680	-	4,005,000	-	2,007,000	-	2,000,000	43,680
Feb 2010 School Improvements.....	9,640,000	-	6,300,000	-	6,363,000	-	1,150,000	2,127,000
Total Schools.....	\$ 28,399,980	\$ 11,392,000	\$ 11,845,000	\$ -	\$ 9,085,000	\$ -	\$ 3,805,000	\$ 4,117,980
General Improvement:								
Recreational Facility Improvements.....	\$ 1,310,000	\$ 1,277,000	\$ -	\$ -	\$ -	\$ -	\$ 700	\$ 32,300
Milford Academy Renovations.....	2,650,000	2,275,000	-	2,250	-	211,000	22,000	139,750
Feb 2004 Various Public Improvements.....	2,483,065	2,374,065	-	-	-	-	7,700	101,300
Nov 2004 Various Public Improvements.....	3,279,447	2,777,500	-	-	-	275,000	70,000	156,947
Mar 2005 Various Public Improvements.....	1,134,500	1,030,500	-	150	-	-	7,500	96,350
Mar 2006 Road Resurfacing.....	715,000	660,000	-	-	-	-	17,000	38,000
Feb 2007 Public Improvements.....	4,620,300	3,290,935	63,000	-	-	150,000	204,750	974,615
April 2008 Public Improvements.....	3,715,559	2,417,000	480,000	-	-	224,000	328,350	746,209
Feb 2010 Public Improvements.....	6,292,000	-	2,950,000	-	-	2,305,000	974,000	3,013,000
Total General Improvements.....	\$ 26,199,871	\$ 16,102,000	\$ 3,493,000	\$ 2,400	\$ -	\$ 3,165,000	\$ 1,632,000	\$ 5,298,471
Grand Total.....	\$ 102,780,874	\$ 40,398,400	\$ 23,633,000	\$ 2,400	\$ 10,585,000	\$ 5,515,000	\$ 13,240,000	\$ 33,040,074

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 \$33,172,523 reflecting Clean Water Fund grant and loan proceeds received.

School Projects

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

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

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

<i>Projects approved on or after July 1, 1996</i>	<i>Authorized Amount¹</i>	<i>Approximate Reimbursement Rate</i>	<i>Estimated Grant Amount</i>	<i>City's Estimated Share of Project Cost</i>
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
Total.....	\$ 19,929,511		\$ 6,576,739	\$ 13,352,772

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.

In addition to the projects listed above, the City has authorized and has begun funding two other projects which have been approved by the State Department of Education and are awaiting approval by the State Legislature for State funding. The first project is for Jonathon Law High School Phase III Construction in the total amount of \$4,050,000 and the second is for Various School Improvements 2010 in the total amount of \$9,640,000.

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 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. One fully-registered bond certificate will be issued for each maturity of the Bonds, in the aggregate principal amount of such maturity, and one fully registered note certificate will be issued for each interest rate of the Notes in the aggregate amount of such maturity, and will be deposited with DTC.

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

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 Security (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds 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 or 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 Bonds and 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 does not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds and 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. Beneficial Owners of the Bonds and the Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds and the Notes, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of Bonds and Notes may wish to ascertain that the nominee holding the Bonds and the Notes for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds and 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 Bonds and Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on 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 payable date in accordance with their respective holdings shown on DTC’s records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with Bonds and Notes held for the accounts of customers in bearer form or registered in “street name,” and will be the responsibility of such Participant and not of DTC, Agent, or the 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 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 Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond and/or 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/or 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.

Security and Remedies

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

Unless paid from other sources, the Bonds and the Notes are payable from general property tax revenues. The City has the power under Connecticut statutes to levy ad valorem taxes on all taxable property in the City without limit as to rate or amount, except as to certain classified property such as certified forest land taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts. There was, however, no such classified property on the last completed Grand List of the City, and, under existing statutes the State of Connecticut is obligated to pay the City the amount of tax revenue which the City would have received except for the limitation on its power to tax such dwelling houses.

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

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

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

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

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

Qualification for Financial Institutions

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

Availability of Continuing Disclosure Information

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

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

The City has previously undertaken in continuing disclosure agreements entered into for the benefit of holders of certain of its general obligation bonds and notes to provide certain annual financial information and event

notices pursuant to Rule 15c2-12(b)(5). To date the City has not failed to meet any of its undertakings under such agreements.

Ratings

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

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

The City received short term ratings of "SP-1+" and "F1+" from Standard & Poor's and Fitch Ratings, respectively, on its November 2009 note issue totaling \$15,400,000. The City's outstanding ratings are as follows: "Aa1" from Moody's Investors Service, Inc.; "AA+" from Standard & Poor's Corporation; and "AA+" from Fitch Ratings.

Bond Insurance

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

Tax Matters

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

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

Bond Counsel expresses no opinion regarding any other federal income tax consequences caused by ownership or disposition of, or receipt of interest on, the Bonds and the Notes. Prospective purchasers of the Bonds and the Notes, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the Federal tax consequences of ownership and disposition of, or receipt of interest on, the Bonds and the Notes.

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

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

Original Issue Discount

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

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

Original Issue Premium

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

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

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II. The Issuer

Description of the Municipality

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

Primarily a residential community, Milford's population has essentially stabilized (52,305 by the 2000 Census). Residences in Milford are mainly single family units, and condominiums. Roughly fifty-eight percent of the land (8,810 acres) is developed residential with another twenty-five percent (3,783 acres) undeveloped residential. New single family construction has averaged about 150 units a year for the last ten years in an area where 33% of the housing stock was built since 1970, 45% between 1940 and 1970, and 22% prior to 1940.

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

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

The Milford Transit District provides intra-city bus service over four fixed routes in Milford covering more than fifty two miles. Special commuter bus runs during peak hours serve the City's major office and industrial parks to the rail station and from commuter lots also to the station. The District also operates a Federal Transit Administration Jobs Access bus service providing seamless transportation from Milford to Norwalk. A demand responsive door to door service offers transportation to the elderly and disabled with a fleet of sixteen vehicles. In addition to public transportation the District operates two train stations at the Metro-North commuter stop in Milford along with 500 parking spaces for commuter use. Since 1979, the publicly funded Transit District has received annual City support in excess of \$5,590,000, Federal grants in excess of \$28,000,000, and State grants in the amount of \$16,420,000.

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

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

Form of Government

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

PRINCIPAL MUNICIPAL OFFICIALS

<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.....	James L. Richetelli Jr.	Elected	11/09-11/11	5 th term	Production Manager
Chairman, Board of Aldermen....	Gregory M. Smith	Elected	11/09-11/11	1 st term	Technical Writer and Editor
Town/City Clerk.....	Linda Stock	Elected	11/09-11/11	1 st term	Zoning Enforcement Officer
Director of Finance.....	Judy L. Doneiko	Appointed	Indefinite	12 years	Director of Finance
City Treasurer.....	Libera C. Nosal	Appointed	Indefinite	11 years	Acct./Cash Manager
Superintendent of Schools (Acting)...	Michael Cummings	Appointed	4/10-12/10	9 Months	Assistant Superintendent
Deputy Superintendent of Ops.....	Philip G. Russell	Appointed	Indefinite	10 years	Deputy School Bus. Mgr.
Director of Public Health.....	Andrew D. McBride, M.D.	Appointed	Contract	7 years	State Health Director
City Attorney.....	Winthrop S. Smith, Jr	Appointed	N/A	2 years	Attorney
Chairman, Board of Education.....	Dr. Mark T. Stapleton	Elected	11/09-11/11	1 st term	Psychologist

Sources: Finance Director's Office, City of Milford

Deputy Superintendent of Operations, City of Milford Public Schools

James L. Richetelli Jr., Mayor

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

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

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

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

Michael Cummings, Assistant Superintendent of Schools

Mike Cummings holds the position of Assistant Superintendent of the Milford Public Schools. He has held this position since October 2007 and is serving as the interim Superintendent until that vacant post is filled (expected January 2011).

Mr. Cummings has spent the past 25 years in the Milford school district in many capacities as a professional educator.

After receiving a B.A. in history and politics from Fairfield University in 1984, followed by a M.A. in history from University of Notre Dame, Mr. Cummings began his career as a history teacher at Joseph A. Foran High School in 1986. During the first half of his career, he taught social studies at Meadowside and Orange Avenue Elementary schools, as well as West Shore Middle School. It was during this time he also received his 6th year certificate for Educational Administration at Southern Connecticut State University.

In 1995, Mr. Cummings was promoted to the position of principal of Meadowside School. He led the school until 2003, when he became the principal at Joseph A. Foran High School. In October 2007, he was named Assistant Superintendent of the district.

Mr. Cummings has been deeply involved in the continual improvement plan for the district throughout his career. He initiated an English language course for parents of immigrant students and developed and implemented a guided reading program still used throughout the district today. He served as chair of the kindergarten curriculum committee, the math curriculum committee, and the high school schedule revision committee. At the state level, Mr. Cummings was a member of the Visiting NEASC committee for Woodland High School in 2005, and a member of a subcommittee of the Connecticut Association of Schools studying the *Advancement of the Understanding of Issues Critical to the Principal.*

Over the years, Mr. Cummings has mentored new administrators and was responsible for overseeing the construction of an 8 classroom addition during his time at Meadowside Elementary.

A vibrant and long-time member of the Milford community, Mr. Cummings is a past member of the Milford Association of School Administrators (MASA), the American Red Cross, and the Milford Literacy Center,

having served in various leadership roles in each. He received the Milford Jaycees Outstanding Young Educator award, the Milford Association of Patriotic Organizations award, and the Foran High School Teacher of the Year award.

Judy L. Doneiko, C.P.A., Director of Finance

Ms. Doneiko, Director of Finance, received a Bachelor of Science Degree in accounting from the University of Connecticut. Ms. Doneiko passed the CPA examination in Connecticut. Before her appointment in Milford in December 1998, Ms. Doneiko served as the Finance Director for the Town of Plainville for approximately 12 years. Prior to entering the public sector Ms. Doneiko was employed by Peat, Marwick, Mitchell & Co. (now KPMG Peat Marwick) in New York City where she rose to the level of audit manager. She was part of the team that performed the first independent audit of the City of New York. She was a Vice President at Chase Manhattan Bank working in the international part of the bank in budgeting and strategic planning. She also spent a year as a Project Manager at the Governmental Accounting Standards Board.

Ms. Doneiko was President of the Government Finance Officers Association (GFOA) of Connecticut in 1990-1991. She was on the Executive Board from 1998-2002 serving as Chairman of the Legislative Committee. Since that time, she has participated in the development of several pieces of legislation with the Legislative Committee. Ms. Doneiko is also a member of the Government Finance Officers Association of the United States and Canada. She is currently the Chair of the MBIA-CLASS Finance Committee and the CIRMA (Connecticut Interlocal Risk Management Agency) Investment Committee.

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

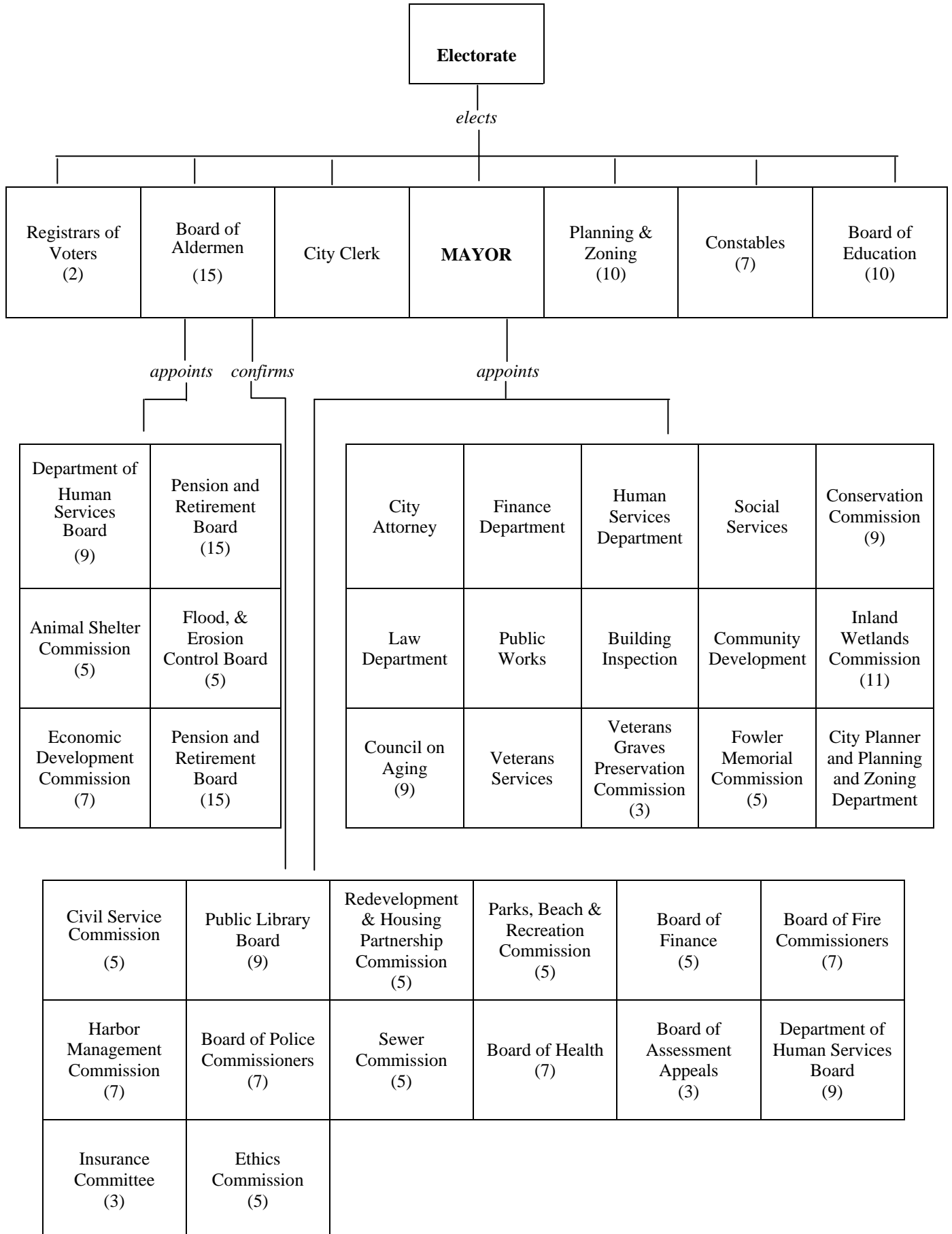
Philip Russell, Deputy Superintendent of Operations for the City of Milford Board of Education, graduated from Central Connecticut State University with a Bachelors of Science degree in Accounting in 1972. Before coming to Milford, Mr. Russell served as the Executive Director of Finance and Administration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

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

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

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ORGANIZATION CHART



Municipal Services

Police

The Milford Police Department is housed in a facility built in 1979. There are currently 112 sworn Officers and 18 Civilian personnel in the Department. Presently, department services include a Patrol Division, Detective Division, Records Division, and Crime Prevention Division. Specialized Units in the Department consist of a S.W.A.T. Team, Marine/Scuba Team, Training Unit, K-9 Unit, Crime Prevention Unit, Motorcycle patrol, Bicycle Patrol, Computer Crimes Unit and Honor Guard. The Department maintains a fleet of forty-eight vehicles plus a prisoner van, Scuba van, motorcycles, Mobile Command Vehicle and a S.W.A.T. Vehicle.

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

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

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

Fire

The Milford Fire Department is a "Class 1" ISO rated Fire Department which is the highest rating given. The Department consists of five active fire stations and a vehicle apparatus repair and maintenance facility. A Special Services Unit (Canteen Truck) is housed at a sixth fire station and is operated by retired members of the Department to provide fluid and food at long-term incidents.

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

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

The Department members are trained to the Firefighter II level, Haz-Mat Operations and EMT. They are also trained to handle special operations including water rescue, ice rescue, confined space, trench rescue, and hazardous materials spills. Some Department members are trained to provide Paramedic level care. Some are Certified Dive Rescue Specialists and Haz-Mat Technicians. All Fire Department Apparatus carry Water and Ice Rescue equipment, Advanced Life Support gear, and Cardiac Defibrillators. We have added three LUCAS Devices to our Emergency Medical Services inventory. These machines perform CPR on a patient during Advanced Life Support incidents.

The Department, led by Chief Louis A. LaVecchia, is comprised of 114 fire personnel, eight dispatchers and five civilian personnel. Two Assistant Chiefs fall under the direction of the Chief and are responsible for the Operations of the Department. One Assistant Chief is the Fire Marshal directing the Fire Prevention Bureau and acting as the Departments Administrative Officer. Another Assistant Chief is the Operations Officer whose responsibilities include the day-to-day activities of the Department as well as the accommodating of all training

needs, reviewing equipment inventories, purchasing and servicing of firefighting equipment, hose, and breathing apparatus.

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

The 911 Emergency Operations Center is located in Fire Headquarters and is housed in a Communications Center linking 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 7,500 emergency calls last year. The 911 dispatchers also monitor all fire alarms, wastewater alarms, and weather systems. Dispatchers handle over 28,000 911 calls and over 60,000 total calls a year.

Public Works

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

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

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

Service Contract - Solid Waste Disposal

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

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

For fiscal year ending June 30, 2010, the Authority billed each Participating Municipality a fixed charge of \$63 per ton of MSW actually delivered by or on behalf of each Participating Municipality.

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

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

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

Recent year's fee structures are listed below:

Current Contract			
Fiscal Year	Monthly Flat Fee	Hauling Fee (Per Ton)	Tipping Fee (Per Ton)
2011	\$ 28,987.47 ¹	\$14.00	\$64.09
2010	28,266.66	13.65	63.00
2009	28,266.66	13.65	63.00 ¹

¹ Beginning in January 2009.

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

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

² Until December 31, 2008.

Sewers

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

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

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

Milford Redevelopment & Housing Partnership

The Milford Redevelopment & Housing Partnership located in the City of Milford was created in November of 1948. There are currently 465 units of public housing, 403 elderly and mixed population (elderly and nonelderly-disabled), and 62 family units. Of the 465 public housing units, 330 are federally-funded units (HUD), and 135 are state-funded units (DECD).

Milford Council on Aging

The Milford Council on Aging/Milford Senior Center was founded in 1970 and is in its 40th 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 3,500 and the agency provides a wide range of services and programs for Milford residents aged 55 and older, such as Transportation, Lunch Programs, a Citywide Food Bank, a Respite Program, Outreach Services, Meals-on-Wheels Program, Blood Pressure Screening, Insurance Assistance, Notary Public, Evening Programs, Computer Courses, Educational Programs, Health Fairs, Flu Shot Clinics, Travel Events, Lectures, Foreign Language classes, and many other classes and activities.

Milford Department of Human Services / Milford Youth & Family Services

The Milford Department of Human Services, along with the Milford Youth and Family Services Department, has been providing services for the Milford Community since July of 1976. This department is responsible for providing all aspects of 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 five people, with an adjunct staff of twelve part-time therapists, provides services to the community. Service hours are Monday – Friday from 7:30 a.m. – 9:00 p.m. Samples of services include case management, outreach, program development, family therapy, counseling and youth programs.

Utilities

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

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

Recreational Facilities

The Milford Recreation Department provides a combination of over one hundred and fifty active and passive programs and activities meeting the needs of all population groups. Milford maintains five public beaches on Long Island Sound, two boat launching ramps for fishing and recreational boating, as well as two public fishing piers. Milford Lisman Landing at the Head of the Harbor welcomes recreational boaters visiting Milford and serves as the centerpiece to our waterfront community. The State has completed the first phase in the development of Silver Sands State Park with a new beachfront, parking, and a boardwalk. The State has begun construction of the Walnut Beach boardwalk that will join the Silver Sands boardwalk to the Burt Monroe Pier. The City provides eight open space public parks, nineteen playgrounds, twenty-five ball fields, ten multipurpose soccer/football facilities, twenty-five tennis courts, including twelve lighted courts, five indoor recreation facilities, and fifteen outdoor basketball courts. In addition, residents and non-residents alike enjoy golf at Milford's nine-hole, par 3 executive golf course known as "The Orchards" and the "Great River" championship 18 hole golf course. Two outdoor handball courts, an outdoor roller hockey rink, a private ice skating rink, a private indoor skateboard facility, as well as a state of the art outdoor skate/bike park provide alternative recreation needs. Two completed bocce ball courts at the Walnut Beach Park with two more at the Milford Academy Campus. Swimming lessons and public swimming are offered at the Joseph Foran High School Swimming Pool and the McCann Natatorium at Milford Academy. Additional facilities include the multi-service YMCA including a new indoor swimming pool and an indoor weight room for fitness and conditioning. Construction of a Boundless Playground at Eisenhower Park to begin September 2010. 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 Elks Pop Warner Football program, Milford Indians Wrestling Club, the Milford Tennis Association, and the Milford Youth Lacrosse program. Milford is home to five yacht clubs and marinas, a PBA bowling alley, a golf driving range, and a miniature golf course.

Business and Industry – 2009-10

A devastating fire burned the main plant of a local manufacturer to the ground just as they were in the process of expanding. The owner of the plant kept all 80 employees on the payroll while they searched for another location. Their suppliers stayed with them. They found available space in the former Bic complex and were up and running in 28 days. They are so pleased with their new location that they are going to stay there.

Composition Material Company was formerly leasing space in Milford. The company, a major manufacturer of Plastic Blasting Media, solidified their presence by purchasing a building for their headquarters and operation at 249 Pepes Farm Road.

Q-Tran, a specialty lighting manufacturer, moved to Milford from Bridgeport. They were able to modernize and streamline their operation on one floor in an old manufacturing plant that had been subdivided and modernized.

United Illuminating and NRG combined to build a peaking generation project called ConGen. This power plant will provide power to the grid at peak times and add significant tax dollars to the City. Iroquois Gas unveiled a compressor station that boosts the gas in the line as it passes through Milford and on to Long Island.

Much of the development of Milford is redevelopment of existing properties. A prime example of that is what ShowMotion did to a long neglected property. A former steel operation building that had been dormant for 20 years was renovated for their set design business as they moved to Milford from Norwalk.

The Boston Post Road strengthens its strong retail presence. Whole Foods and Sports Clips were added to the lifestyle mix of Milford MarketPlace. Valentines Diamond Center expanded and completely renovated their facility. PC Richard & Sons and Big Lots filled two large vacant spaces along the boulevard.

Milford's office park grouping saw limited activity in a difficult market. Two of the positives were the relocation from Bridgeport of Somerset Capital Group occupying 16,000s/f at Merritt Corporate Woods and RoadWerx, Inc., a national event marketing and management company, leasing 12,000s/f square feet of flex space at 60 Research Drive.

The purchase of Commerce Park for \$13 million, six buildings filled with the medical profession, showed that the investment community is still interested in the City.

The Village of Devon is finishing up a \$4.7 million project that has transformed the appearance of the community and Walnut Beach has developed a plan to revitalize that area as arts community with a \$1 million state grant.

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Employee Relations and Collective Bargaining

Municipal Employees

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
General Government.....	556.00	561.00	561.00	559.00	562.00
Board of Education. ¹	1,139.75	1,181.85	1,183.50	1,168.00	1,193.00
Total.....	1,695.75	1,742.85	1,744.50	1,727.00	1,755.00

¹ Includes employees funded by grants.

Source: City Attorney's Office, City of Milford

Director of Personnel, City of Milford Public Schools

Employee Bargaining Groups

General Government Unions	Positions Covered	Current Contract Expiration Date
Police Local 899, AFSCME.....	112.00	6/30/2012
International Firefighters Association, IAFF.....	112.00	6/30/2011
Milford Supervisors Association, NAGE.....	32.00	6/30/2011
Milford Employees Association.....	71.00	6/30/2011
Registered Professional Nurses Association.....	23.00	6/30/2011
Public Works Local 1566, AFSCME.....	143.00	6/30/2011
Dispatchers Local 4177, UPSEU.....	5.00	6/30/2011
Dispatchers Local 4620, IAFF.....	8.00	6/30/2011
Organized.....	506.00	
Non-Union.....	50.00	
Sub-Total.....	556.00	
Board of Education Unions ¹		
Milford Education Association (Teachers).....	667.90	8/31/2011 ²
Local 2018 Maintenance Workers, AFSCME.....	72.00	6/30/2010 ³
Milford Association of Education Secretaries.....	51.85	6/30/2011
Milford Administrators Association (Principals/Administrators).....	27.50	6/30/2013
Local 217, Cafeteria Workers, Hotel and Bartenders Association.....	71.00	6/30/2010 ³
Milford Federation of Paraprofessionals (Teacher's Aides).....	197.50	8/31/2011
Organized.....	1,087.75	
Non-Union.....	52.00	
Sub-Total.....	1,139.75	
Total.....	1,695.75	

¹ Reflects staff reductions due to the closing of Simon Lake Elementary School.

² An agreement has been reached, however the contract has not yet been agreed upon.

³ In negotiation.

Source: City Attorney's Office, City of Milford

Director of Human Resources, City of Milford Public Schools

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

Educational System

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

Milford is home to several private educational institutions. Lauralton Hall is a parochial girls preparatory school grades 9-12 with approximately 460 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 880 students enrolled. Training is provided in skilled occupations geared to area industrial job opportunities.

School Facilities

School	Grades	Date of Construction (Remodeling)	Type of Construction	Number of Classrooms	10/1/2010 Enrollment	Rated Capacity¹
Calf Pen Meadow...	3-5	1955 (61)(96)	Brick & Cinder	29	289	460
J.F. Kennedy.....	K-2	1967 (97)	Brick & Cinder	29	353	460
Live Oaks.....	K-2	1961 (68)(92)	Brick & Cinder	26	316	450
Mathewson.....	K-2	1961 (69)(95)(97)(01)	Brick & Cinder	26	489	530
Meadowside.....	3-5	1955 (93)	Brick & Cinder	29	359	460
Orange Avenue.....	PreK-2	1955 (61)(69)(92)(03)	Brick & Cinder	32	469	640
Orchard Hills.....	3-5	1961 (68)(92)(04)	Brick & Cinder	32	414	640
Pumpkin Delight....	3-5	1950 (56)(92)	Brick & Cinder	22	291	380
Harborside.....	6-8	1969 (92)(94)(98)(99)	Brick & Cinder	36	585	625
West Shore.....	6-8	1950 (56)(72)(91)(94)(99)	Brick & Cinder	36	562	625
East Shore.....	6-8	1952 (56)(68)(93)(94)(95)(99)	Brick & Cinder	38	560	620
Joseph A. Foran.....	9-12	1973 (91)(99)(05-10)	Brick & Cinder	76	1,026	1,300
Jonathan Law.....	9-12	1962 (91)(92)(99)(05-10)	Brick & Cinder	67	973	1,300
Sub-Total.....				478	6,686	8,490
Off-site: New Haven Magnet Schools, Alternative Education.....					71	
Special Education.....					33	
Total.....					6,790	

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

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

School Enrollment

School Year	K-5	6-8	Senior High 9-12	Pre-School	Total
Historical					
2001-02	3,378	1,821	2,037	153	7,389
2002-03	3,357	1,782	2,113	176	7,428
2003-04	3,439	1,819	2,134	186	7,578
2004-05	3,439	1,790	2,166	187	7,582
2005-06	3,493	1,722	2,230	152	7,597
2006-07	3,507	1,683	2,225	181	7,596
2007-08	3,357	1,717	2,123	177	7,374
2008-09	3,309	1,744	2,086	167	7,306
2009-10	3,215	1,707	2,070	174	7,166
2010-11	3,133	1,712	2,048	176	7,069
Projected¹					
2011-12	3,032	1,679	2,038	178	6,927
2012-13	2,943	1,681	2,016	180	6,820
2013-14	2,936	1,595	2,026	182	6,739
2014-15	2,881	1,582	2,003	184	6,650
2015-16	2,891	1,487	1,984	186	6,548

¹ Projected enrollment from the New England School Development Council.

Note: Special Education students allocated to individual grades.

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

III. Economic and Demographic Information

Population and Density

Year	Actual Population¹	% Increase	Density²
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
2008 ³	55,907	6.9	2,379

¹ 1950-2000, U.S. Department of Commerce, Bureau of Census.

² Per square mile: 23.5 square miles.

³ State of Connecticut Department of Public Health

Age Distribution of the Population

Age	City of Milford		State of Connecticut	
	Number	Percent	Number	Percent
Under 5.....	3,130	6.0%	223,344	6.6%
5 - 9.....	3,210	6.1	244,144	7.2
10 - 14.....	3,422	6.5	241,587	7.1
15 - 19.....	2,838	5.4	216,627	6.4
20 - 24.....	2,167	4.1	187,571	5.5
25 - 34.....	7,332	14.0	451,640	13.3
35 - 44.....	9,263	17.7	581,049	17.1
45 - 54.....	7,930	15.2	480,807	14.1
55 - 59.....	3,048	5.8	176,961	5.2
60 - 64.....	2,169	4.1	131,652	3.9
65 - 74.....	3,895	7.4	231,565	6.8
75 - 84.....	3,035	5.8	174,345	5.1
85 and over.....	866	1.7	64,273	1.9
Total.....	52,305	100.0%	3,405,565	100.0%
Median Age (Years).....	39.4		37.4	

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

Income Distribution

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

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

Income Levels

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

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

Educational Attainment Persons 25 Years and Older

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

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

Employment by Industry

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

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

**Employment Data
By Place of Residence**

Period	City of Milford		Percentage Unemployed		
	Employed	Unemployed	City of Milford	Bridgeport Labor Market	State of Connecticut
August 2010	30,610	3,028	9.0	8.6	9.3
Annual Average					
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
2003	26,606	1,516	5.4	6.7	5.5
2002	25,720	1,239	4.6	5.3	4.3
2001	25,007	820	3.2	4.1	3.3
2000	25,613	544	2.1	2.7	2.3

¹ Not seasonally adjusted.

² Revised May 2001.

Source: State of Connecticut, Department of Labor.

**Major Employers
As of November 2010**

Name	Business	Number of Employees
City of Milford Board of Education.....	Municipal School System	1,140
Milford Hospital.....	Healthcare	831
Subway World Headquarters.....	Corporate Headquarters - Food Franchiser	654
Schick.....	Manufacturer-Razors	627
City of Milford.....	Municipal Government	561
Neopost Hasler, Inc.....	Postage Meter Company	350
Stop & Shop Stores Combined.....	Grocery Store	337
Macy's.....	Retail Department Store	277
ShopRite of Milford.....	Grocery Store	247
Costco.....	Wholesale Club	243

Source: Office of Community Development, City of Milford.

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Building Permits

FYE 6/30	Residential		Commercial		Industrial		Multi-Family		Miscellaneous		Totals	
	No.	Value	No.	Value	No.	Value	No.	Value	No.	Value	No.	Value
2010	50	\$ 8,734,600	9	\$ 5,227,500	-	\$ -	3	\$ 660,000	1,064	\$ 36,060,175	1,126	\$ 50,682,275
2009	29	6,443,600	18	4,786,000	-	-	11	2,129,550	1,154	25,562,170	1,212	38,921,320
2008	34	7,195,100	11	7,187,500	1	640,000	2	1,870,000	3,220	79,996,941	3,268	96,889,541
2007	105	23,228,470	15	33,796,099	-	-	2	3,660,000	3,814	86,540,599	3,936	147,225,168
2006	137	18,661,444	22	44,752,000	-	-	2	1,025,000	4,278	70,116,334	4,439	134,554,778
2005	239	20,021,856	8	11,397,690	3	569,000	1	975,000	4,775	100,127,862	5,026	133,091,408
2004	75	30,260,540	8	6,807,700	4	658,300	-	-	3,329	46,750,960	3,416	84,477,500
2003	99	17,228,191	7	4,783,500	2	775,000	-	-	3,294	36,993,764	3,402	59,780,455
2002	148	23,468,708	6	3,572,000	3	1,215,000	-	-	3,456	44,567,259	3,613	72,822,967
2001	146	22,591,745	8	3,402,000	1	158,000	47	1,770,000	2,590	32,015,062	2,792	59,936,807

Source: Chief Building Inspector, City of Milford.

Age Distribution of Housing

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

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

Housing Inventory

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

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

Owner-Occupied Housing Values

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

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

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IV. Tax Base Data

Property Tax

Assessments

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

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

Motor vehicle lists are furnished to the City by the State of Connecticut and appraisals of motor vehicles are accomplished in accordance with an automobile price schedule developed by the Connecticut Association of Assessing Officials and as recommended by the State Office of Policy and Management. Section 12-71b of the Connecticut General Statutes provides that motor vehicles which are registered with the Commissioner of Motor Vehicles after the October 1 assessment date but before the next August 1 are subject to a property tax as if the motor vehicle had been included on the October 1 Grand List. The tax is prorated, and the proration is based on the number of months of ownership between October 1 and the following July 31. Cars purchased in August and September are not taxed until the next October 1 Grand List. If the motor vehicle replaces a motor vehicle that was taxed on the October Grand List, the taxpayer is entitled to certain credits.

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

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

Levy

Property taxes are levied on all assessed property on the Grand List of October 1 prior to the beginning of the fiscal year. All property taxes except motor vehicle taxes of \$200 or less are payable in two installments on July 1 and January 1. Motor vehicle taxes of \$200 or less are due in one installment in July. Supplemental motor vehicle taxes (those vehicles registered between October 2 and July 31) are due in one installment in January. An estimate for delinquent taxes and outstanding interest and lien fees anticipated to be collected during the fiscal year is normally included as a revenue item in the budget. Delinquent taxes are billed at least two times a year, with interest charged at the rate of one and one-half percent per month with a minimum charge of \$2. In accordance with State law, the oldest outstanding tax is collected first. Outstanding real estate tax accounts are automatically liened each year prior to June 30 with legal demands and alias tax warrants used in the collection of personal property and motor vehicle tax bills.

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

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

The City of Milford has implemented an Elderly Tax Relief program. Elderly persons meeting the State elderly tax relief guidelines may also receive a tax credit from the City against real estate taxes due. No individual's tax credit may exceed \$600, and total tax credits for the year are limited to 0.05% of the total real estate tax assessed in the prior year. For fiscal year 2010-11, this limit is \$7,370,790.

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	Percent Growth
2009 ¹	66.7	20.3	7.0	6.0	\$ 5,552,659,794 ⁵	\$ 121,736,873	\$ 5,430,922,921	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 ³	17.42
2006 ¹	68.3	19.6	4.5	7.6	4,587,119,042	114,573,019	4,472,546,023 ³	17.24
2005	64.7	18.5	8.0	8.8	3,908,138,537	93,271,760	3,814,866,777 ³	(4.63)
2004	60.7	16.4	9.1	7.8	4,121,281,765	121,285,367	3,999,996,598 ³	0.40
2003	61.1	16.4	10.0	7.3	4,101,117,581	117,240,553	3,983,877,028	0.68
2002	63.8	18.9	9.8	7.5	4,082,360,137	125,543,697	3,956,816,440	1.43
2001	64.5	18.3	9.9	7.3	4,010,299,425	109,240,125	3,901,059,300	2.12
2000 ⁴	63.5	17.7	11.7	7.1	3,919,607,571	99,604,366	3,820,003,205	21.77

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 will be added each year. NOTE: Phase-in of assessments increases per revaluation were suspended after the 2nd year, Grand List 2007. Grand Lists 2008 through 2010 will only have 40 % of the increased value reflected instead of values increasing to 100% .

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.

³ See Disclosure after Ten Largest Taxpayers on page 33.

⁴ Revaluation.

⁵ Prior to the Property Tax Stabilization Agreement with GenConn which will result in a reduction in the Grand List. See Page 33.

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

Source: Assessor's Office, City of Milford.

Exempt Property

The following categories of exempt properties are not included in the net taxable Grand List of 10/1/09:

Public	Assessed Value ¹
State of Connecticut.....	\$ 76,903,148
City of Milford.....	207,228,557
United States of America.....	13,203,856
Sub-Total Public.....	\$ 297,335,561
Private	
Private Hospitals and Colleges.....	35,222,024
Scientific, Educational, Historical & Charitable.....	12,542,876
Cemeteries.....	3,398,004
Churches.....	48,534,612
Recreation Facilities.....	2,938,456
Veteran's Organizations.....	1,461,128
Volunteer Fire Companies and Miscellaneous.....	4,451,672
Sub-Total Private.....	\$ 108,548,772
Total Exempt Property.....	\$ 405,884,333
Percent Compared to Net Taxable Grand List.....	7.47%

¹ Based on the October 1, 2009 Net Taxable Grand List of \$5,430,922,921.

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 \$14,467,850. PILOTs (payments in lieu of taxes) have been (or will be) as noted below:

<u>Year</u>	<u>Payments</u>
2009-2010	\$ 433,264
2008-2009	408,420
2007-2008	433,793
2006-2007	457,349
2005-2006	436,835
2004-2005	421,337
2003-2004	386,303
2002-2003	380,955
2001-2002	328,813
2000-2001	360,150

¹ Subject to audit.

Property Tax Levies and Collections

(in thousands)

<u>Grand List of 10/1</u>	<u>Fiscal Year Ending 6/30</u>	<u>Net Taxable Grand List</u>	<u>Mill Rate</u>	<u>Adjusted Annual Levy</u>	<u>Percent of Annual Levy Collected at End of Fiscal Year</u>	<u>Percent of Annual Levy Uncollected at End of Fiscal Year</u>	<u>Percent of Annual Levy Uncollected as of 6/30/2010</u>
2009 ^{1,2}	2011	\$5,430,923 ⁴	28.44	\$ 148,537	IN PROCESS		
2008 ^{1,2}	2010	5,377,363	27.50	146,895	98.13	1.87	1.87
2007 ^{1,2}	2009	5,251,647	28.23	148,604	97.62	2.38	0.84
2006 ^{1,2}	2008	4,472,546	31.77	142,432	98.50	1.50	0.62
2005 ²	2007	3,814,867	34.36	130,409 ³	99.34	0.66	0.47
2004 ²	2006	3,999,996	32.18	122,782 ³	98.45	1.55	0.34
2003	2005	3,977,816	31.34	124,490	98.28	1.72	0.28
2002	2004	3,956,816	29.20	115,969	98.01	1.99	0.25
2001	2003	3,901,059	28.84	112,937	98.17	1.83	0.24
2000 ¹	2002	3,820,003	26.86	102,891	98.04	1.96	0.21

¹ Revaluation.

² See Disclosure after Ten Largest Taxpayers on page 33 of the Official Statement.

³ Does not include the assessment of the Milford Power Company in the Adjusted Annual Levy.

⁴ Prior to the Property Tax Stabilization Agreement with GenConn which will result in a reduction in the Grand List. See Page 33.

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

Property Tax Receivable

(in thousands)

<u>Fiscal Year Ending 6/30</u>	<u>Total Uncollected</u>	<u>Uncollected for Current Year of Levy</u>
2010	\$7,915	\$2,747
2009	7,329	3,152
2008	6,730	2,702
2007	6,301	2,254
2006	6,314	1,969

¹ Subject to audit.

Source: Tax Collector's Report, City of Milford Annual Audited Financial Statements, 2005-2009. 2010, City of Milford.

Ten Largest Taxpayers

Name	Nature of Business	Taxable Valuation	Percent of Net Taxable Grand List¹
Connecticut Post Mall.....	Connecticut Post Shopping Center	\$ 118,448,338	2.18%
Connecticut Light & Power.....	Utility	107,954,460	1.99%
Devon Power.....	Utility	57,358,982 ²	1.06%
Milford Crossing Investors LLC.....	Retail	50,119,294	0.92%
Smith Craft Real Estate.....	Real Estate Developer	44,896,566	0.83%
Crown Milford LLC.....	Office Park	29,215,850	0.54%
Schick Manufacturing Inc.....	Manufacturer – Razors	26,985,310	0.50%
JP Construction/Avalon Bay.....	Apartments	18,671,790	0.34%
D'Amato Investments LLC.....	Industrial Rentals/ Construction	18,611,146	0.34%
Keystone Milford LLC.....	Retail (Stop & Shop)	16,004,554	0.29%
Total.....		\$ 488,266,290	8.99%

¹ Based on the October 1, 2009 Net Taxable Grand List of \$5,430,922,921.

² Prior to the Property Tax Stabilization Agreement with GenConn which will result in a reduction in the Grand List. See Page 33.

Source: Assessor's Office, City of Milford

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

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

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

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

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

This Agreement has the following reopener events:

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

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

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

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

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V. Debt Summary
Principal Amount of Bonded Indebtedness ¹
As of November 4, 2010
(Pro-Forma)

Long-Term Debt			Amount of	Outstanding	Fiscal Year
Date	Purpose	Rate %	Original Issue	After This Issue	of Final Maturity
09/15/91	General Purpose.....	5.15 - 7.10	\$ 3,796,500	\$ 10,000	2012
09/15/91	Schools.....	5.15 - 7.10	3,819,300	115,000	2012
09/15/91	Sewer.....	5.15 - 7.10	569,200	35,000	2012
07/15/92	Schools.....	4.70 - 6.70	8,630,000	680,000	2012
07/15/92	Sewer.....	4.70 - 6.70	302,000	20,000	2012
07/01/93	General Purpose.....	4.00 - 5.50	610,000	96,000	2013
07/01/93	Schools.....	4.00 - 5.50	1,727,000	75,000	2013
07/01/93	Sewer.....	4.00 - 5.50	8,059,000	1,419,000	2013
11/01/01	General Purpose.....	3.25 - 4.75	1,004,940	552,717	2022
11/01/01	Schools.....	3.25 - 4.75	1,179,000	648,450	2022
11/01/01	Sewer.....	3.25 - 4.75	916,060	503,833	2022
11/01/02	General Purpose.....	3.00 - 5.00	7,371,000	370,000	2012
11/01/02	Schools.....	3.00 - 5.00	1,686,000	90,000	2012
11/01/03	General Purpose.....	2.50 - 4.05	5,238,000	524,000	2013
11/01/03	Schools.....	2.50 - 4.05	3,013,000	300,000	2013
11/01/03	Sewer.....	2.50 - 4.05	1,064,000	106,000	2013
12/01/03	General Purpose Refunding.....	2.00 - 4.50	6,954,000	5,976,000	2023
12/01/03	Schools Refunding.....	2.00 - 4.50	5,837,000	4,155,000	2023
12/01/03	Sewer Refunding.....	2.00 - 4.50	5,824,000	4,079,000	2021
11/01/04	General Purpose.....	3.00 - 5.00	1,940,500	1,164,300	2014
11/01/04	Schools.....	3.00 - 5.00	2,784,500	1,670,700	2014
11/01/04	Sewer.....	3.00 - 5.00	175,000	105,000	2014
11/01/05	General Purpose.....	3.75 - 5.00	5,725,000	3,705,000	2014
11/01/05	Schools.....	3.75 - 5.00	1,790,000	1,160,000	2014
11/01/05	Sewer.....	3.75 - 5.00	195,000	125,000	2014
11/01/06	General Purpose.....	3.60 - 5.50	2,892,000	1,880,000	2027
11/01/06	Schools.....	3.60 - 5.50	4,075,000	2,655,000	2027
11/01/06	Sewer.....	3.60 - 5.50	133,000	80,000	2027
11/01/07	General Purpose.....	3.625 - 5.00	2,764,600	1,924,000	2028
11/01/07	Schools.....	3.625 - 5.00	2,300,000	1,610,000	2028
11/01/07	Sewer.....	3.625 - 5.00	1,555,400	1,091,000	2028
05/01/09	General Purpose.....	2.125 - 4.125	2,500,000	2,125,000	2029
05/01/09	Schools.....	2.125 - 4.125	6,000,000	5,100,000	2029
05/01/09	Sewer.....	2.125 - 4.125	5,000,000	4,250,000	2029
11/01/09	General Purpose.....	3.00 - 5.00	2,746,000	2,605,000	2030
11/01/09	Schools.....	3.00 - 5.00	6,000,000	5,700,000	2030
11/01/09	Sewer.....	3.00 - 5.00	6,354,000	6,040,000	2030
02/02/10	General Purpose Refunding.....	2.00 - 4.50	7,373,700	7,117,000	2024
02/02/10	Schools Refunding.....	2.00 - 4.50	5,921,500	5,573,000	2024
02/02/10	Sewer Refunding.....	2.00 - 4.50	2,174,800	2,000,000	2024
Sub-Total.....			138,000,000	77,435,000	
<u>This Issue</u>					
11/01/10	General Purpose.....	<i>tbd</i>	1,632,000	1,632,000	2031
11/01/10	Schools.....	<i>tbd</i>	3,805,000	3,805,000	2031
11/01/10	Sewer.....	<i>tbd</i>	7,803,000	7,803,000	2031
Sub-Total.....			13,240,000	13,240,000	
Total All Bonds.....			151,240,000	90,675,000	
<u>Long-Term Note</u>					
09/30/06	Sewers – CWF 502D ²	2.00	2,409,308	1,867,472	2026
07/31/07	Sewers – CWF 111 ²	2.00	1,737,319	1,448,562	2027
07/31/96	Sewers – CWF 356C ²	2.00	148,605	44,507	2016
05/31/10	Sewers – CWF 532-C-1 ²	2.00	42,260,238	39,420,372	2029
Sub-Total.....			46,555,470	42,780,912	
Total Long Term Debt.....			\$ 197,795,470	\$ 133,455,912	

¹ Excludes Capital Lease agreements and 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 4, 2010
(Pro-Forma)

Project	Bonds Authorized	The Lot A Notes Maturing 05/03/11	The Lot B Notes Maturing 11/03/11
Sewers:			
Wastewater Facilities Upgrade.....	\$ 33,172,523	\$ 1,500,000	\$ -
East/West Interceptor.....	4,250,000	-	100,000
Buckingham Ave Force Main.....	4,650,000	-	1,000,000
Roger Ave Pump & High St Sewer.....	2,623,500	-	1,250,000
Total Sewers.....	44,696,023	1,500,000	2,350,000
Schools:			
Feb 2007 School Improvements.....	13,269,300	420,000	-
April 2008 School Improvements.....	1,440,000	295,000	-
Aug 2009 J. Law Phase III Construction.....	4,050,680	2,007,000	-
Feb 2010 School Improvements.....	9,640,000	6,363,000	-
Total Schools.....	28,399,980	9,085,000	-
General Improvement:			
Milford Academy Renovations.....	2,650,000	-	211,000
Nov 2004 Various Public Improvements.....	3,279,447	-	275,000
Feb 2007 Public Improvements.....	4,620,300	-	150,000
April 2008 Public Improvements.....	3,715,559	-	224,000
Feb 2010 Public Improvements.....	6,292,000	-	2,305,000
Total General Improvements.....	20,557,306	-	3,165,000
Grand Total.....	\$ 93,653,309	\$ 10,585,000	\$ 5,515,000

1

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 \$33,172,523 reflecting Clean Water Fund grant and loan proceeds received.

Capital Leases

The City of Milford has entered into the following capital lease agreements, which are subject to annual appropriation:

Banc of America Capital:

- *Board of Education* – Financial Software and two servers: Five year lease purchase agreement at \$45,280 per year. The lease commenced in 2006.

Other Obligations

The City of Milford has no other obligations.

Annual Bonded Debt Maturity Schedule ¹
As of November 4, 2010
(Pro-Forma)

Fiscal Year Ended	This Issue - Pro-Forma							Cumulative Principal Retired
	Principal	Interest	Total	General Purpose	Schools	Sewer	Total This Issue	
2011 ²	\$ 1,575,000	\$ 1,455,134	\$ 3,030,134	\$ -	\$ -	\$ -	\$ -	1.74%
2012	7,065,000	2,747,469	9,812,469	84,000	191,000	390,000	665,000	10.26%
2013	6,480,000	2,495,986	8,975,986	84,000	191,000	390,000	665,000	18.14%
2014	5,940,000	2,269,761	8,209,761	84,000	191,000	390,000	665,000	25.43%
2015	5,810,000	2,058,534	7,868,534	84,000	191,000	390,000	665,000	32.57%
2016	5,480,000	1,874,816	7,354,816	84,000	191,000	390,000	665,000	39.34%
2017	5,445,000	1,687,385	7,132,385	84,000	190,000	391,000	665,000	46.08%
2018	4,860,000	1,486,200	6,346,200	84,000	190,000	391,000	665,000	52.18%
2019	4,545,000	1,300,321	5,845,321	84,000	190,000	391,000	665,000	57.92%
2020	4,380,000	1,130,075	5,510,075	80,000	190,000	390,000	660,000	63.48%
2021	3,990,000	965,563	4,955,563	80,000	190,000	390,000	660,000	68.61%
2022	3,785,000	813,133	4,598,133	80,000	190,000	390,000	660,000	73.51%
2023	3,625,000	666,810	4,291,810	80,000	190,000	390,000	660,000	78.24%
2024	3,165,000	533,059	3,698,059	80,000	190,000	390,000	660,000	82.45%
2025	2,740,000	414,594	3,154,594	80,000	190,000	390,000	660,000	86.20%
2026	2,490,000	308,522	2,798,522	80,000	190,000	390,000	660,000	89.68%
2027	2,115,000	215,509	2,330,509	80,000	190,000	390,000	660,000	92.74%
2028	1,760,000	137,788	1,897,788	80,000	190,000	390,000	660,000	95.41%
2029	1,430,000	73,144	1,503,144	80,000	190,000	390,000	660,000	97.71%
2030	755,000	15,100	770,100	80,000	190,000	390,000	660,000	99.27%
2031	-	-	-	80,000	190,000	390,000	660,000	100.00%
Total.....	\$ 77,435,000	\$ 22,648,903	\$ 100,083,903	\$ 1,632,000	\$ 3,805,000	\$ 7,803,000	\$ 13,240,000	\$ 90,675,000

¹ Excludes long-term capital leases and clean water fund debt.

² Excludes \$5,550,000 in principal payments and \$1,551,234 in interest payments from July 1, 2010 through November 4, 2010.

Overlapping/Underlying Debt

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

Overlapping Debt

The City has no overlapping debt.

Underlying Debt

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

Jurisdiction	Debt Outstanding As of 11/4/10
Borough of Woodmont	None
Laurel Beach Association	None

Source: Treasurers of the above listed organizations.

Debt Statement ¹
As of November 4, 2010
(Pro-Forma)

Long-Term Debt Outstanding:

General Purpose (includes \$28,049,017 outstanding plus \$1,632,000 of this issue)	\$ 29,681,017
Schools (includes \$29,532,150 outstanding plus \$3,805,000 of this issue)	33,337,150
Sewers (includes \$19,853,833 outstanding plus \$7,803,000 of this issue)	27,656,833
State of Connecticut Clean Water Fund PLO.....	42,780,912
Total Long-Term Debt	133,455,912
Short-Term Debt:	
This Issue (Lot A and Lot B).....	16,100,000
Total Short-Term Debt	16,100,000
Total Overall Debt	149,555,912
Less: School Construction Grants Receivable (As of November 4, 2010) ²	(2,067,808)
Total Overall Net Debt	\$147,488,104

¹ Excludes capital leases.

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

Current Debt Ratios
As of November 4, 2010
(Pro-Forma)

Population ¹	55,907
Net Taxable Grand List (10/1/09) ²	\$ 5,430,922,921
Estimated Full Value (70%)	\$ 7,758,461,316
Equalized Grand List (10/1/07) ³	\$ 7,423,848,716
Money Income per Capita (2000) ¹	\$ 28,882

	Total Overall Debt	Total Overall Net Debt
Per Capita	\$2,675.08	\$2,638.10
Ratio to Net Taxable Grand List	2.75%	2.72%
Ratio to Estimated Full Value	1.93%	1.90%
Ratio to Equalized Grand List	2.01%	1.99%
Debt per Capita to Money Income per Capita	9.26%	9.13%

¹ State of Connecticut Department of Public Health, July 1, 2008.

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

³ Office of Policy and Management, State of Connecticut.

Bond Authorization

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

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

Emergency Appropriations

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

Maturities

General obligation bonds are required to be payable in maturities wherein a succeeding maturity may not exceed any prior maturity by more than 50% or aggregate annual principal and interest payments must be substantially equal. The term of an issue may not exceed twenty years except in the case of school and sewer bonds which may mature in up to thirty years.

Temporary Financing

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

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

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

Clean Water Fund Program

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

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

Amortization of each loan is required to begin one year from the earlier of the project completion date specified in the PLO, or the actual project completion date. The final maturity of each loan is twenty years from the scheduled completion date. Principal and interest payments are payable 1) in equal monthly installments commencing one month after the scheduled completion date, or 2) in a single annual installment representing 1/20 of total principal not later than one year from the project completion date specified in the PLO, and thereafter in monthly installments. Borrowers may elect to make level debt service payments or level principal payments. Borrowers may prepay their loans at any time prior to maturity without penalty. Each municipality must deliver to the State an obligation secured by the full faith and credit of the municipality and/or a dedicated source of revenue of such municipality.

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

Limitation of Indebtedness

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

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

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

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

Statement of Statutory Debt Limitation ¹
As of November 4, 2010
(Pro Forma)

Total Tax Collections (including interest and lien fees)

Received by the Treasurer for the year ended June 30, 2010 (Subject to Audit)..... \$146,106,256

Reimbursement For Revenue Loss:

Tax relief for elderly 10,000

Base for Debt Limitation Computation..... \$146,116,256

	General Purpose	Schools	Sewers	Urban Renewal	Unfunded Pension
Debt Limitation:					
2 1/4 times base.....	\$ 328,761,575	-	-	-	-
4 1/2 times base.....	-	\$657,523,151	-	-	-
3 3/4 times base.....	-	-	\$547,935,959	-	-
3 1/4 times base.....	-	-	-	\$ 474,877,831	-
3 times base.....	-	-	-	-	\$ 438,348,767
Total Debt Limitation	\$ 328,761,575	\$657,523,151	\$547,935,959	\$ 474,877,831	\$ 438,348,767

Indebtedness: ¹

Bonds Outstanding.....	28,049,017	29,532,150	19,853,833	-	-
Bonds – This Issue.....	1,632,000	3,805,000	7,803,000	-	-
Notes - This Issue.....	3,165,000	9,085,000	3,850,000	-	-
CWF Project Loan Obligation (PLO).....	-	-	42,780,912	-	-
Debt Authorized But Unissued.....	5,736,209	4,117,300	23,623,623	-	-
Total Indebtedness	38,582,226	46,539,450	97,911,368	-	-

Less:

State School Grants Receivable ²	-	(2,067,808)	-	-	-
Total Net Indebtedness	38,582,226	44,471,642	97,911,368	-	-

DEBT LIMITATION IN EXCESS

OF OUTSTANDING INDEBTEDNESS ... **\$ 290,179,349 \$613,051,509 \$450,024,591 \$ 474,877,831 \$ 438,348,767**

¹ Excludes capital leases.

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

Note: In no case shall total indebtedness exceed seven times annual receipts from taxation or \$1,022,813,790.

**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 4, 2010
(Pro Forma)**

Project	Bonds Authorized	Bonds Issued	Paid- Down	The Lot A Notes Due 5/3/2011	The Lot B Notes Due 11/3/2011	The Bonds	General Purpose	Schools	Sewers
Recreation Facilities Improvements.....	\$ 1,310,000	\$ 1,277,000	\$ -	\$ -	\$ -	\$ 700	\$ 32,300	\$ -	\$ -
Pepe's Farm Rd & Woodmont Rd.....	1,370,000	1,202,000	-	-	-	-	168,000	-	-
Stowe Property.....	895,000	690,000	-	-	-	-	205,000	-	-
Senior Center Renovation.....	1,950,000	1,909,000	-	-	-	-	41,000	-	-
Milford Academy Renovations.....	2,650,000	2,275,000	2,250	-	211,000	22,000	139,750	-	-
Various Public Improvements (Feb 04).....	2,483,065	2,374,065	-	-	-	7,700	101,300	-	-
Various Public Improvements (Nov 04).....	3,279,447	2,777,500	-	-	275,000	70,000	156,947	-	-
Various Public Improvements (Mar 05).....	1,134,500	1,030,500	150	-	-	7,500	96,350	-	-
Road Resurfacing.....	715,000	660,000	-	-	-	17,000	38,000	-	-
Various Public Improvements (Feb 07).....	4,620,300	3,290,935	-	-	150,000	204,750	974,615	-	-
Various Public Improvements (Apr 08).....	3,715,559	2,417,000	-	-	224,000	328,350	746,209	-	-
Various Public Improvements (Feb 10).....	6,292,000	-	-	-	2,305,000	974,000	3,013,000	-	-
General Public Improvements.....	1,775,538	1,751,800	-	-	-	-	23,738	-	-
Subtotal General Improvement.....	\$ 32,190,409	\$ 21,654,800	\$ 2,400	\$ -	\$ 3,165,000	\$ 1,632,000	\$ 5,736,209	\$ -	\$ -
Various School Improvements (Feb 07)..... ¹	13,269,300	11,392,000	-	420,000	-	550,000	-	907,300	-
Various School Improvements (Apr 08).....	1,440,000	-	-	295,000	-	105,000	-	1,040,000	-
J. Law Phase III Construction (Aug 09).....	4,050,000	-	-	2,007,000	-	2,000,000	-	43,000	-
Various School Improvements (Feb 10).....	9,640,000	-	-	6,363,000	-	1,150,000	-	2,127,000	-
Subtotal Schools.....	\$ 28,399,300	\$ 11,392,000	\$ -	\$ 9,085,000	\$ -	\$ 3,805,000	\$ -	\$ 4,117,300	\$ -
Wastewater Facilities Upgrade ²	33,172,523	7,600,000	-	1,500,000	-	4,500,000	-	-	19,572,523
Sewers XIII.....	2,555,000	1,550,000	-	-	-	3,000	-	-	1,002,000
Sewers XIV Design Phase.....	930,000	589,400	-	-	-	-	-	-	340,600
East/West Interceptor.....	4,250,000	2,665,000	-	-	100,000	1,300,000	-	-	185,000
Buckingham Ave Force Main.....	4,650,000	500,000	-	-	1,000,000	1,500,000	-	-	1,650,000
Roger Ave Pump & High St Sewer.....	2,623,500	-	-	-	1,250,000	500,000	-	-	873,500
Subtotal Sewers.....	\$ 48,181,023	\$ 12,904,400	\$ -	\$ 1,500,000	\$ 2,350,000	\$ 7,803,000	\$ -	\$ -	\$ 23,623,623
Totals.....	\$ 108,770,732	\$ 45,951,200	\$ 2,400	\$ 10,585,000	\$ 5,515,000	\$ 13,240,000	\$ 5,736,209	\$ 4,117,300	\$ 23,623,623

¹ Original authorization of \$18,489,511 has been reduced by \$5,220,211 due to grant payments received from the State of Connecticut.

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

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

Long-Term Debt	2010²	2009	2008	2007	2006
Bonds.....	\$ 82,985,000	\$ 74,220,000	\$66,905,000	\$66,500,000	\$65,605,000
Notes ¹	43,426,318	3,611,780	3,795,866	70,435	77,882
Sub-Total.....	126,411,318	77,831,780	70,700,866	66,570,435	65,682,882
Short-Term Debt					
Bond Anticipation Notes.....	23,633,000	26,410,000	13,430,000	21,625,000	14,493,000
Grand Total.....	\$ 150,044,318	\$ 104,241,780	\$84,130,866	\$88,195,435	\$80,175,882

¹ Represents Clean Water Fund debt.

² Subject to audit.

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

**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 (%)
2010	\$6,993	\$3,143	\$10,136	\$170,012	5.96
2009	6,281	3,055	9,336	178,876	5.22
2008	6,308	2,843	9,151	167,386	5.47
2007	6,287	2,830	9,117	164,791	5.53
2006	6,217	2,879	9,096	155,997	5.83
2005	5,575	3,153	8,728	147,912	5.90

¹ GAAP basis of accounting. Includes Transfers out.

² Budgetary basis of accounting; subject to audit

Capital Improvement Program
(in thousands)

Proposed Projects	Fiscal 2010-11	Fiscal 2011-12	Fiscal 2012-13	Fiscal 2013-14	Fiscal 2014-15	Total
Education.....	\$ 6,920.0	\$ 5,920.0	\$ 7,200.0	\$ 7,600.0	\$ 7,400.0	\$ 35,040.0
Sewers	3,420.0	3,100.0	4,100.0	5,500.0	8,650.0	24,770.0
Fire	3,900.0	-	-	-	-	3,900.0
Police.....	-	-	-	-	1,188.0	1,188.0
Roads/Drainage.....	1,050.0	4,850.0	1,050.0	1,050.0	1,050.0	9,050.0
Bridges.....	500.0	-	-	-	-	-
Buildings.....	500.0	500.0	450.0	210.0	-	1,660.0
Erosion/Flood Control...	835.0	900.0	500.0	-	-	2,235.0
Harbor.....	2,000.0	-	-	-	-	2,000.0
Recreation.....	235.0	275.0	700.0	350.0	-	1,560.0
Total.....	\$ 19,360.0	\$ 15,545.0	\$ 14,000.0	\$ 14,710.0	\$ 18,288.0	\$ 81,403.0
Proposed Funding						
Pay-As-You-Go.....	\$ 85.0	\$ 325.0	\$ 50.0	\$ 50.0	\$ 50.0	\$ 560.0
Bonds.....	16,226.0	7,112.0	10,792.0	11,346.0	15,002.0	60,478.0
Grants.....	3,049.0	8,108.0	3,158.0	3,314.0	3,236.0	20,865.0
Total.....	\$ 19,360.0	\$ 15,545.0	\$ 14,000.0	\$ 14,710.0	\$ 18,288.0	\$ 81,903.0

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

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VI. Financial Administration

Fiscal Year

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

Basis of Accounting

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

Budget Procedure

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

The budget making process is as follows:

- | | |
|---------------|---|
| By December 6 | Departments, Offices, Boards, Commissions, Committees, and Agencies except the Board of Education submit estimates of receipts and expenditures to the Mayor.

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, 2009, the general purpose financial statements of the various funds of the City were audited by Blum Shapiro.

Property and Liability Insurance

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

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

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

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

Workers' Compensation Insurance

The City is self insured for Workers' Compensation. In Fiscal Year 2009-2010, the self insured retention was \$400,000. The coverage in excess of the self insured retention was provided by Midwest Employers Casualty Company. For Fiscal Year 2010-2011, there is a self insured retention of \$500,000 on all employees and the coverage in excess of the self insured retention is provided by Safety National Casualty Corporation. The Board of Education Workers' Compensation insurance is carried through Connecticut Interlocal Risk Management Agency (CIRMA).

Pensions

See Note #10 of the General Purpose Financial Statements.

Other Post Employment Benefits (OPEB)

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

City

- The City has an actuarial accrued liability as of July 1, 2008 of \$128.76 million.
- The Annual Required Contribution (ARC) for the Fiscal Year Ending 2009 is \$13.06 million, and for Fiscal Year Ending 2010 is \$14.07 million
- The FY2009 estimated "Pay as you go" cost that is an offset to the cash cost of funding the ARC is \$4.56 million.
- As a result, the net cost to the City for the Fiscal Year Ending 2009 is expected to be \$8.50 million.
- The City has made contributions as follows: Fiscal Year Ending 2007: \$250,000; Fiscal Year Ending 2008: \$250,000; Fiscal Year Ending 2009: \$350,000; and Fiscal Year Ending 2010 \$350,000 to be made in October 2009. These contributions have been deposited in an MBIA CLASS account, which had a value of \$878,024 as of August 31, 2009. The Board of Aldermen has approved the creation of a fund and the investing of the money appropriated for OPEB. Without the creation of an OPEB Trust Fund, the investment options under State statute are the same as those for the deposit of public funds as described in note 4 of the financial statements. As of the date of this official statement, a trust fund ordinance has not been adopted by the City.
- Since the plan was not fully funded, the Net OPEB Obligation as of June 30, 2009 is \$16.97 million.

Board of Education (BOE)

- The BOE has an actuarial accrued liability as of July 1, 2008 of \$117.05 million.
- The Annual Required Contribution (ARC) for the Fiscal Year Ending 2009 is \$11.60 million and for Fiscal Year Ending 2010 is \$12.41 million.

- The estimated “Pay as you go” cost that is an offset to the cash cost of funding the ARC is \$3.33 million.
- As a result, the net cost to the BOE for the Fiscal Year Ending 2009 is expected to be \$5.72 million.
- The BOE made a contribution of \$50,000 in Fiscal Year Ending 2008. This contribution has been deposited in an MBIA CLASS account, which had a value of \$50,510.93. 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, 2008 is \$7.82 million.

Investment Practices

The operating and working capital funds of the City are invested at the discretion of the Director of Finance in the following short-term investments: (1) various certificates of deposit with Connecticut banks; (2) money market accounts with various banks; (3) MBIA Class (an investment fund managed by MBIA Municipal Investors Service Corp. which according to MBIA Class 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.

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

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

	Actual 6/30/2009	Actual 6/30/2008	Actual 6/30/2007	Actual 6/30/2006	Actual 6/30/2005
Assets:					
Cash and cash equivalents	\$ 31,206	\$ 33,215	\$ 25,436	\$ 27,350	\$ 25,689
Investments	114	112	4,049	4,054	102
Receivables, net.....	10,866	11,323	11,876	13,176	13,519
Due from other funds	1,602	3,282	1,250	988	1,405
Prepaid items and other assets	1,270	21	42	64	171
Advances to other funds	-	28	80	133	185
Total Assets	45,058	47,981	42,733	45,765	41,071
Liabilities, Equity, & Other Credits:					
Current Liabilities					
Accounts and other payables.....	9,087	9,216	9,029	8,695	9,020
Other Liabilities	1,752	240	170	174	166
Due to other governments	384	379	377	430	352
Due to other funds	907	1,210	1,724	1,237	711
Deferred Revenues	13,682	18,348	15,593	19,583	15,831
Total Liabilities	25,812	29,393	26,893	30,119	26,080
Equity & Other Credits					
Reserved	3,176	2,633	1,911	1,348	1,651
Unreserved:					
Designated for subsequent year	-	1,750	2,500	3,000	3,000
Undesignated	16,070	14,205	11,429	11,298	10,340
Total Equity & Other Credits	19,246	18,588	15,840	15,646	14,991
Total Liabilities, Equity & Other Credits ...	\$ 45,058	\$ 47,981	\$ 42,733	\$ 45,765	\$ 41,071

General Fund Revenues and Expenditures
Five Year Summary of Audited Revenues and Expenditures (GAAP Basis) and
Current Year Budget (Budgetary Basis)
(in thousands)

	Adopted Budget ¹ 6/30/2011	Estimated Actual ¹ 6/30/2010	Actual 6/30/2009	Actual 6/30/2008	Actual 6/30/2007	Actual 6/30/2006
Revenues:						
Property Taxes & Assessments.....	\$ 152,009	\$ 146,106	\$ 146,819	\$ 142,244	\$ 131,265	\$ 122,405
Fines, Forfeitures, Penalties & Interest.....	1,100	1,001	1,072	1,091	1,011	982
State/Federal Grants.....	13,807	14,394	24,521	49,611	21,200	21,078
Charges for Services.....	-	-	2,269	2,903	3,737	4,039
Investment Income.....	168	152	467	1,994	2,785	2,214
Net Appreciation in Fair Value of Investments....	-	-	-	-	23	40
Other.....	8,462	10,067	4,364	4,508	4,805	4,144
Total.....	\$ 175,546	\$ 171,720	\$ 179,512	\$ 202,351	\$ 164,826	\$ 154,902
Expenditures:						
General Government.....	\$ 4,075	\$ 3,494	\$ 3,322	\$ 3,348	\$ 3,238	\$ 3,139
Administration.....	2,566	2,442	2,404	2,417	2,338	2,205
Public Safety.....	23,156	22,298	22,427	21,396	20,813	19,925
Public Services.....	12,131	11,465	11,825	11,382	11,414	10,915
Education.....	101,122	98,846	106,963	128,653	95,431	91,148
Health & Welfare.....	1,737	1,657	1,649	1,644	1,601	1,567
General Charges.....	16,435	16,689	16,619	18,594	15,406	13,734
Grants to Agencies.....	3,103	2,934	2,561	2,500	2,484	2,437
Capital Outlay.....	20	20	-	-	-	-
Debt Service.....	11,201	10,136	9,001	9,142	9,117	9,032
Total.....	\$ 175,546	\$ 169,981	\$ 176,771	\$ 199,076	\$ 161,842	\$ 154,102
Excess (Deficiency) of Revenues						
Over Expenditures.....	\$ -	\$ 1,739	\$ 2,741	\$ 3,275	\$ 2,984	\$ 800
Other Financing Sources (Uses):						
Lease Principal Payments.....	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Proceeds from Advanced Refunding.....	N/A	16,006	-	-	-	-
Payment for Refunding Debt.....	N/A	(16,004)	-	-	-	-
Premium on Issuance of Debt.....	N/A	-	-	-	-	-
Cost of Debt Issuance.....	N/A	-	-	-	-	-
Sale of Capital Assets.....	N/A	-	22	-	10	1,750
Operating transfers in.....	N/A	545	-	1,000	149	-
Operating transfers out.....	N/A	(31)	(2,105)	(1,530)	(2,949)	(1,895)
Net Other Financing Sources (Uses).....	\$ -	\$ 516	\$ (2,083)	\$ (530)	\$ (2,790)	\$ (145)
Excess (Deficiency) Of Revenues And Other						
Financing Sources Over Expenditures and						
Other Financing Uses.....	\$ -	\$ 2,255	\$ 658	\$ 2,745	\$ 194	\$ 655
Fund Equity, Beginning of Year.....	N/A	19,246	18,588	15,840	15,646	14,991
Residual Equity Transfer.....	-	-	-	3	-	-
Fund Equity, End of Year.....	N/A	N/A	\$ 19,246	\$ 18,588	\$ 15,840	\$ 15,646

Analysis of General Fund Equity

	Adopted Budget ¹ 6/30/2011	Estimated Actual ¹ 6/30/2010	Actual 6/30/2009	Actual 6/30/2008	Actual 6/30/2007	Actual 6/30/2006
Reserved for Encumbrances.....	N/A	N/A	\$ 3,154	\$ 2,612	\$ 1,868	\$ 1,285
Unreserved-Designated.....	N/A	N/A	3,750	1,750	2,500	3,000
Reserved (Other).....	N/A	N/A	22	21	43	63
Unreserved Undesignated.....	N/A	N/A	12,320	14,205	11,429	11,298
Total Fund Equity.....	N/A	N/A	\$ 19,246	\$ 18,588	\$ 15,840	\$ 15,646

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

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 affects its financial position.

Transcript and Closing Documents

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

1. A Signature and No Litigation Certificate stating that at the time of delivery no litigation is pending or threatened affecting the validity of the Bonds or the Notes or the levy or collection of taxes to pay them.
2. A Certificate on behalf of the City, signed by the Mayor, the Director of Finance, and the City Treasurer which will be dated the date of delivery and attached to a signed copy of the Official Statement, and which will certify, to the best of said officials' knowledge and belief, that at the time bids were accepted on the Bonds and the Notes, the descriptions and statements in the Official Statement relating to the City and its finances were true and correct in all material respects and did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and that there has been no material adverse change in the financial condition of the City from that set forth in or contemplated by the Official Statement.
3. A receipt for the purchase price of the Bonds and the Notes.
4. Executed continuing disclosure agreements for the Bonds and the Notes substantially in the forms attached hereto as Appendices D and E, respectively.
5. The approving opinions of Robinson & Cole LLP of Hartford, Connecticut.
6. The City of Milford has prepared an Official Statement for the Bonds and the Notes which is dated October 14, 2010. The City deems such Official Statement final as of its date for purposes of SEC Rule 15c2-12(b)(1), but is subject to revision or amendment. The City will make available to the winning purchaser of the Bonds one hundred (100) copies and to each winning purchaser of the Lot A and Lot B Notes ten (10) copies of the final Official Statement at the City's expense. The copies of the Official Statement will be made available to the winning purchasers within seven business days of the bid opening. If the City's Financial Advisor is provided with the necessary information from the winning purchasers by noon of the day following the day bids on the Bonds and the Notes are received, the copies of the Official Statement will include an additional cover page and other pages indicating the interest rates, ratings, yields or re-offering prices, the name of the managing underwriter, and the name of the insurer, if any, on the Bonds and the Notes. The winning purchasers shall arrange with the Financial Advisor the method of delivery of the copies of the Official Statement. Additional copies of the Official Statement may be obtained by the winning purchasers at their own expense by arrangement with the printer.

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

Concluding Statement

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

Any questions concerning this Official Statement should be directed to Ms. Judy L. Doneiko, 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:

James L. Richetelli, Jr., *Mayor*

By:

Judy L. Doneiko, *Director of Finance*

By:

Libera C. Nosal, *City Treasurer*

Dated as of October __, 2010

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Appendix A

2009 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, 2009. The supplemental data which was a part of that report has not been reproduced herein. A copy of the complete report is available upon request from Matthew A. Spoerndle, Managing Director, Phoenix Advisors, LLC, 53 River Street, Milford, Connecticut 06460. Telephone (203) 878-4945.

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Accounting | Tax | Business Consulting

Independent Auditors' Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Milford, Connecticut, as of and for the year ended June 30, 2009 which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Milford, Connecticut, as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2009 on our consideration of the City'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

A-1

Blum, Shapiro & Company, P.C.

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testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

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

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

Blum, Shapiro & Company, P.C.

December 17, 2009

CITY OF MILFORD, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2009

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, 2009. This is the seventh year of reporting in accordance with Statement No. 34 of the Governmental Accounting Standards Board. Please read this MD&A in conjunction with the transmittal letter and the City's financial statements, Exhibits I to IX.

Financial Highlights

- The City's net assets decreased as a result of this year's operations. Net assets of our business-type activities decreased by \$103 thousand and net assets of our governmental activities decreased by \$7.3 million.
- During the year, the City had expenses that were \$7.3 million more than the \$205.7 million generated in tax and other revenues for governmental programs.
- Total cost of all of the City's programs was \$213.5 million with no new programs added this year.
- The General Fund reported a fund balance this year of \$19.2 million and an unreserved, undesignated fund balance of \$12.3 million.
- The resources available for appropriation were \$1.0 million more than budgeted for the General Fund. Expenditures were \$1.4 million less than final appropriations.

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

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

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

Government-Wide Financial Analysis

The City's combined net assets decreased from \$152.7 million to \$145.1 million. The analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the City's governmental and business-type activities.

Table 1
NET ASSETS
(In Thousands)

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Current and other assets	\$ 97,792	\$ 87,384	\$ 659	\$ 722	\$ 98,451	\$ 88,106
Capital assets	264,120	241,102	3,341	3,398	267,461	244,500
Total assets	<u>361,912</u>	<u>328,486</u>	<u>4,000</u>	<u>4,120</u>	<u>365,912</u>	<u>332,606</u>
Long-term debt outstanding	134,571	102,828		28	134,571	102,856
Other liabilities	86,080	77,064	17	6	86,097	77,070
Total liabilities	<u>220,651</u>	<u>179,892</u>	<u>17</u>	<u>34</u>	<u>220,668</u>	<u>179,926</u>
Net assets:						
Invested in capital assets, net of debt	135,747	141,359	3,341	3,398	139,088	144,757
Restricted	260	151			260	151
Unrestricted	<u>5,254</u>	<u>7,084</u>	<u>642</u>	<u>688</u>	<u>5,896</u>	<u>7,772</u>
Total Net Assets	<u>\$ 141,261</u>	<u>\$ 148,594</u>	<u>\$ 3,983</u>	<u>\$ 4,086</u>	<u>\$ 145,244</u>	<u>\$ 152,680</u>

Net assets of the City's governmental activities decreased by 4.9% (\$141.3 million compared to \$148.6 million). Unrestricted net assets - the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements - decreased to \$5.3 million at the end of this year.

There was only a slight change in the net assets of business-type activities from 2008 to 2009. The City generally can only use these net assets to finance the continuing operations of the Milford Golf Course and the Harbor Management.

Table 2
CHANGES IN NET ASSETS
(In Thousands)

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Revenues:						
Program revenues:						
Charges for services	\$ 6,479	\$ 7,305	\$ 328	\$ 350	\$ 6,807	\$ 7,655
Operating grants and contributions	27,647	52,237	74	74	27,721	52,311
Capital grants and contributions	4,081	6,803			4,081	6,803
General revenues:						
Property taxes	152,856	149,025			152,856	149,025
Grants and contributions not restricted to specific purposes	10,612	11,357			10,612	11,357
Unrestricted investment earnings	689	2,471	7	19	696	2,490
Other general revenues	3,344	1,509			3,344	1,509
Total revenues	<u>205,708</u>	<u>230,707</u>	<u>409</u>	<u>443</u>	<u>206,117</u>	<u>231,150</u>
Expenses:						
General government	7,796	5,609			7,796	5,609
Administration	3,677	3,811			3,677	3,811
Public safety	36,067	35,298			36,067	35,298
Public services	29,066	30,445			29,066	30,445
Education	123,520	139,957			123,520	139,957
Health and welfare	5,709	6,149			5,709	6,149
Grants to agencies	3,735	2,507			3,735	2,507
Interest on long-term debt	3,471	3,665			3,471	3,665
Milford Golf Course			92	78	92	78
Harbor management			420	285	420	285
Total program expenses	<u>213,041</u>	<u>227,441</u>	<u>512</u>	<u>363</u>	<u>213,553</u>	<u>227,804</u>
Change in Net Assets	\$ <u>(7,333)</u>	\$ <u>3,266</u>	\$ <u>(103)</u>	\$ <u>80</u>	\$ <u>(7,436)</u>	\$ <u>3,346</u>

The City's total revenues were \$206.1 million. The total cost of all programs and services was \$213.6 million. Our analysis below separately considers the operations of governmental and business-type activities.

Governmental Activities

The City's revenues decreased \$25 million from last year primarily due to decreased operating grants and contributions (\$24.6 million). The decrease in the State Teachers' Pension Fund contribution by the State was \$26 million and was offset by increases in various other grants. Capital grants and contributions decreased by \$2.7 million (mainly Clean Water Fund grants to the Sewer Renovation Project) and unrestricted grants and contributions decreased by \$700 thousand. Investment earnings decreased \$1.8 million due to the severe reduction in interest rates. Property taxes increased by \$3.8 million. In FY2009, billed taxes increased \$2.6 million.

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	
	2009	2008	2009	2008
Public safety	\$ 36,067	\$ 34,571	\$ 35,194	\$ 26,498
Public services	29,066	29,819	23,478	29,819
Education	123,520	139,957	94,525	86,958
All others	24,388	23,094	21,637	17,821
Totals	<u>\$ 213,041</u>	<u>\$ 227,441</u>	<u>\$ 174,834</u>	<u>\$ 161,096</u>

Business-Type Activities

Revenues of the City's business-type activities (see Table 2) decreased by 7.8% (\$409 thousand in 2009 compared to \$443 thousand in 2008) and expenses increased by 41.0%.

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 deficit fund balance of (\$19.8) million, which is a larger deficit than last year's deficit of (\$12.9) million. The primary reason for the deficit fund balance was the large amount of temporary borrowing in the Sanitary Sewer Fund (\$40.6 million in FY09; \$30.3 million in FY08). Most of this temporary financing will be permanently financed by FY10 with the first principal payment due in May 2010. Included in this year's total change in fund balance, is an increase of \$600 thousand in the City's General Fund and \$2.6 million in Nonmajor Governmental Funds. The primary reasons for the General Fund's increase mirrors the governmental activities analysis highlighted in Exhibit IV. In addition, these other changes in General Fund fund balances should be noted:

- Property taxes collected in the General Fund were \$3.8 million higher than in FY08 mainly due to more taxes billed in FY09. In FY09, taxes funded 83.4% of the budget as compared to 81.7% of the budget in FY08.
- Interest income was \$2.2 million lower than the previous year due to lower interest rates.
- State Aid was down \$25 million in the General Fund. Most of this decrease was for the contribution on behalf of the City's Board of Education to the State Teachers' Pension Fund (\$26 million).

- Departments continue to receive grants to supplement services and capital acquisitions provided by the General Fund.
- School renovation projects continued with the Jonathan Law and Foran High School renovations as the main focus. Work was also continued on the Alternative High School located at the former Milford Academy Property.
- Sewer projects continued with the Sewer Renovation and the East/West Interceptor projects as the main focus.

Proprietary Funds

The Internal Service Funds net assets increased \$1.9 million even though employer contributions into the Health Insurance Fund, the Worker's Compensation Fund, and the Property and Casualty Fund decreased. The Enterprise Funds net assets decreased from last year by \$103 thousand.

General Fund Budgetary Highlights

- General Property Taxes and Assessments - property tax and assessment revenue was greater than budgeted by \$1.6 million due to a higher collection rate than was used in the budget.
- Investment Income - revenues from the investment of idle funds were lower than budgeted by \$330 thousand due to lower interest rates.
- Other Revenue was \$159 thousand greater than budget mainly due to a higher than budgeted sale of real property and a reimbursement by an outside entity for an FY08 expenditure.
- Licenses, Permits and Other Charges were \$515 thousand below budget mainly due to lower than anticipated conveyance taxes for the sale of real estate (\$117 thousand) and building inspection fees (\$318 thousand).
- Department Expenditures - No departments overspent their budget. The municipal-controlled portions of the budget were responsible for the entire favorable variance of \$1,396 million.

The City's General Fund balance of \$19.2 million reported on Exhibit III differs from the General Fund's budgetary fund balance of \$16.1 million reported in the budgetary comparison in the required supplementary information. This is principally because budgetary fund balance includes a \$3.1 million of outstanding encumbrances at year end which are reported as expenditures for budgetary purposes.

Capital Asset And Debt Administration

Capital Assets

At June 30, 2009, the City had \$264.1 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 \$23.1 million, or 9.6%, over last year.

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

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Land	\$ 32.9	\$ 33.0	\$ 1.7	\$ 1.7	\$ 34.6	\$ 34.7
Construction in progress	91.4	69.5			91.4	69.5
Buildings and improvements	79.9	76.9	1.3	1.4	81.2	78.3
Machinery and equipment	8.3	9.1	0.3	0.3	8.6	9.4
Infrastructure	51.6	52.5			51.6	52.5
Totals	<u>\$ 264.1</u>	<u>\$ 241.0</u>	<u>\$ 3.3</u>	<u>\$ 3.4</u>	<u>\$ 267.4</u>	<u>\$ 244.4</u>

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

Senior Center Drainage	\$ 785
Police Cars	215
Public Works Equipment and Vehicles	572
Fire Department Equipment and Vehicles	446
School Additions and Renovations	8,286
Sewer Installations	3,708
Sewer Facilities Upgrade	<u>13,911</u>
Total	<u>\$ 27,923</u>

The City's fiscal-year 2009-10 capital plan has \$21.6 million of capital projects planned. School building renovations are estimated at \$10.9 million, sewer projects at \$4.5 million, and public service projects at \$6.2 million. Of the total estimated \$21.6 million, it is expected to finance \$13.4 million with bonds and \$8.0 million with grants. More detailed information about the City's capital assets is presented in Note 5 to the financial statements.

Long-Term Debt

At June 30, 2009 the City had \$76.3 million in bonds and notes outstanding versus \$69.1 million last year - an increase of 10.4% - as shown in Table 5.

Table 5
OUTSTANDING DEBT
(In Thousands)

	Governmental Activities	
	2009	2008
General obligation bonds (backed by the City)	\$ 74,220	\$ 66,905
Long-term note payable	2,062	2,174
Totals	<u>\$ 76,282</u>	<u>\$ 69,079</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 2009 budget tax rates and fees that will be charged for the business-type activities. One of those factors is the economy. The City's unemployment rate has increased to 6.9% from 5.6%. In comparison, the figures for the State of Connecticut have increased to 8.4% from 6.4%. Inflation in the Bridgeport area was 1.4% and the State was 1.5%. This was used to factor in increases for supplies and services.

The trend in health claims has been rising and a 10.0% increase in health insurance claims was assumed. Property and casualty insurance is now on a fully insured basis for FY10. It was also anticipated that property tax collection could slow down due to the general slowdown in the economy. Therefore a current year tax collection rate of 97.85% was used even though the actual collection rates for fiscal year 2008, 2007 and 2006 were 98.50%, 99.34% and 98.45%, respectively. State grants were assumed to fund only 9.15% of the 2010 budget as compared to 9.40% of the 2009 budget.

These indicators were taken into account when adopting the General Fund budget for 2009-10. The adopted budget for FY 2010 is \$172.9 million, an increase of .42% over the final 2009 budget of \$172.1 million. No new programs or initiatives were added to the 2010 budget. Property taxes will fund 82.7% of the 2010 budget as compared to 83.4% of the 2009 budget. The taxes raised were decreased due to a reduced City portion of the budget and the use of \$2 million more of fund balance.

If these estimates are realized, the City's June 30, 2010 budgetary General Fund balance is expected to be \$3.75 million lower than the June 30, 2009 budgetary General Fund balance because of the use of that amount of money to balance the budget.

As for the City's business-type activities, we expect that the 2009-10 results will improve due to more rounds of golf and an increase in bookings at the marina.

Contacting the City's Financial Management

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

CITY OF MILFORD, CONNECTICUT

STATEMENT OF NET ASSETS

JUNE 30, 2009

(In Thousands)

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and cash equivalents	\$ 80,004	\$ 640	\$ 80,644
Investments	114		114
Receivables, net	16,262	22	16,284
Internal balances	3	(3)	-
Inventory	22		22
Prepaid items and other assets	1,361		1,361
Net pension asset	26		26
Capital assets:			
Capital assets not being depreciated	124,263	1,681	125,944
Capital assets being depreciated, net	139,857	1,660	141,517
Total assets	<u>361,912</u>	<u>4,000</u>	<u>365,912</u>
Liabilities:			
Accounts and other payables	15,000	17	15,017
Unearned revenue	4,073		4,073
Bond anticipation notes payable and interim financing	67,007		67,007
Noncurrent liabilities:			
Due within one year	14,028		14,028
Due in more than one year	120,543		120,543
Total liabilities	<u>220,651</u>	<u>17</u>	<u>220,668</u>
Net Assets:			
Invested in capital assets, net of related debt	135,747	3,341	139,088
Restricted for:			
Trust purposes:			
Expendable	260		260
Unrestricted	5,254	642	5,896
Total Net Assets	<u>\$ 141,261</u>	<u>\$ 3,983</u>	<u>\$ 145,244</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, 2009

(In Thousands)

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 7,796	\$ 1,234	\$	\$	\$ (6,562)	\$	\$ (6,562)
Administration	3,677	101			(3,576)		(3,576)
Public safety	36,067	618	255		(35,194)		(35,194)
Public services	29,066	1,378	744	3,466	(23,478)		(23,478)
Education	123,520	2,679	25,701	615	(94,525)		(94,525)
Health and welfare	5,709	469	947		(4,293)		(4,293)
Grants to agencies	3,735				(3,735)		(3,735)
Interest on long-term debt	3,471				(3,471)		(3,471)
Total governmental activities	<u>213,041</u>	<u>6,479</u>	<u>27,647</u>	<u>4,081</u>	<u>(174,834)</u>	<u>-</u>	<u>(174,834)</u>
Business-type activities:							
Milford Golf Course	92	70				(22)	(22)
Harbor Management	420	258	74			(88)	(88)
Total business-type activities	<u>512</u>	<u>328</u>	<u>74</u>	<u>-</u>	<u>-</u>	<u>(110)</u>	<u>(110)</u>
Total	<u>\$ 213,553</u>	<u>\$ 6,807</u>	<u>\$ 27,721</u>	<u>\$ 4,081</u>	<u>(174,834)</u>	<u>(110)</u>	<u>(174,944)</u>
General revenues:							
Property taxes					152,856		152,856
Grants and contributions not restricted to specific programs					10,612		10,612
Unrestricted investment earnings					689	7	696
Other general revenues					3,344		3,344
Total general revenues					<u>167,501</u>	<u>7</u>	<u>167,508</u>
Change in net assets					(7,333)	(103)	(7,436)
Net assets, July 1, 2008					<u>148,594</u>	<u>4,086</u>	<u>152,680</u>
Net Assets, June 30, 2009					<u>\$ 141,261</u>	<u>\$ 3,983</u>	<u>\$ 145,244</u>

The accompanying notes are an integral part of the financial statements

CITY OF MILFORD, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2009

(In Thousands)

	<u>General</u>	<u>Capital Nonrecurring Fund</u>	<u>Sanitary Sewer Fund</u>	<u>School Facilities Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS						
Cash and cash equivalents	\$ 31,206	\$ 4,095	\$ 12,365	\$ 930	\$ 14,244	\$ 62,840
Investments	114					114
Receivables, net	10,866	52	402		401	11,721
Due from other funds	1,602	921	2		1,093	3,618
Inventories					22	22
Prepaid items and other assets	1,270	90			1	1,361
Total Assets	<u>\$ 45,058</u>	<u>\$ 5,158</u>	<u>\$ 12,769</u>	<u>\$ 930</u>	<u>\$ 15,761</u>	<u>\$ 79,676</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts and other payables	\$ 9,087	\$ 77	\$ 432	\$ 58	\$ 839	\$ 10,493
Other liabilities	1,752	70	1,177	404		3,403
Due to other governments	384	18				402
Due to other funds	907	1,148	708	10	900	3,673
Deferred revenue	13,682	545			305	14,532
Bond anticipation notes payable and interim financing		2,422	55,389	9,196		67,007
Total liabilities	<u>25,812</u>	<u>4,280</u>	<u>57,706</u>	<u>9,668</u>	<u>2,044</u>	<u>99,510</u>
Fund balances:						
Reserved	3,176	1,849	6,655	687	1,669	14,036
Unreserved, reported in:						
General Fund	16,070					16,070
Special Revenue Funds					6,485	6,485
Debt Service Fund					5,554	5,554
Capital Project Funds		(971)	(51,592)	(9,425)	9	(61,979)
Total fund balances	<u>19,246</u>	<u>878</u>	<u>(44,937)</u>	<u>(8,738)</u>	<u>13,717</u>	<u>(19,834)</u>
Total Liabilities and Fund Balances	<u>\$ 45,058</u>	<u>\$ 5,158</u>	<u>\$ 12,769</u>	<u>\$ 930</u>	<u>\$ 15,761</u>	<u>\$ 79,676</u>

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CITY OF MILFORD, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)

JUNE 30, 2009

(In Thousands)

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

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

Fund balances - total governmental funds	\$	(19,834)
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Governmental capital assets	\$	383,225	
Less accumulated depreciation		<u>(119,105)</u>	
Net capital assets			264,120

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

Net pension asset		26
Property tax receivables greater than 60 days		6,321
Interest receivable on property taxes		4,249
Assessments receivable		1,168
Interest receivable on assessments		99
Receivable from the state for school construction projects		2,970

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

11,207

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	(76,282)
Interest payable on bonds and notes	(556)
Compensated absences	(19,976)
Capital lease	(84)
Net OPEB obligation	(32,847)
Deferred charges on refunding	<u>680</u>

Net Assets of Governmental Activities (Exhibit I)	\$	<u><u>141,261</u></u>
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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 FUNDS

FOR THE YEAR ENDED JUNE 30, 2009

(In Thousands)

	<u>General</u>	<u>Capital Nonrecurring Fund</u>	<u>Sanitary Sewer Fund</u>	<u>School Facilities Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:						
Property taxes and assessments	\$ 146,819	\$	\$	\$	\$ 4,941	\$ 151,760
Fines, forfeitures, penalties and interest	1,072					1,072
Intergovernmental	24,521	1,418	3,466	2,043	6,501	37,949
Charges for services	2,269	113			4,338	6,720
Investment income	467	78			144	689
Other	4,364	2		25	2,155	6,546
Total revenues	<u>179,512</u>	<u>1,611</u>	<u>3,466</u>	<u>2,068</u>	<u>18,079</u>	<u>204,736</u>
Expenditures:						
Current:						
General government	3,322				1,269	4,591
Administration	2,404					2,404
Public safety	22,427				1,128	23,555
Public services	11,825				6,166	17,991
Education	106,963				6,981	113,944
Health and welfare	1,649				2,098	3,747
General charges	16,619					16,619
Grants to agencies	2,561					2,561
Capital outlay		5,175	17,291	8,202	77	30,745
Debt service	9,001					9,001
Total expenditures	<u>176,771</u>	<u>5,175</u>	<u>17,291</u>	<u>8,202</u>	<u>17,719</u>	<u>225,158</u>
Excess (deficiency) of revenues over expenditures	<u>2,741</u>	<u>(3,564)</u>	<u>(13,825)</u>	<u>(6,134)</u>	<u>360</u>	<u>(20,422)</u>
Other financing sources (uses):						
Issuance of bonds and notes		2,500	5,000	5,535	465	13,500
Sale of capital assets	22					22
Transfers in		1,558			1,774	3,332
Transfers out	(2,105)				(1,227)	(3,332)
Total other financing sources (uses)	<u>(2,083)</u>	<u>4,058</u>	<u>5,000</u>	<u>5,535</u>	<u>1,012</u>	<u>13,522</u>
Net change in fund balances	658	494	(8,825)	(599)	1,372	(6,900)
Fund balance, July 1, 2008	<u>18,588</u>	<u>384</u>	<u>(36,112)</u>	<u>(8,139)</u>	<u>12,345</u>	<u>(12,934)</u>
Fund Balance, June 30, 2009	<u>\$ 19,246</u>	<u>\$ 878</u>	<u>\$ (44,937)</u>	<u>\$ (8,738)</u>	<u>\$ 13,717</u>	<u>\$ (19,834)</u>

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CITY OF MILFORD, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2009

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)	\$ (6,900)
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Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital outlay	28,205
Depreciation expense	(4,719)

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

Thus the change in net assets differs from the change in fund balance by the cost of the assets sold.	(468)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, and revenues recognized in the funds are not reported in the statement of activities:

School building grant receipts	(615)
Property tax receivable - accrual basis change	654
Property tax interest and lien revenue - accrual basis change	442
Sewer assessment receivable - accrual basis change	(132)
Sewer assessment interest receivable - accrual change	8
Net pension asset	(1)

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are amortized and deferred in the statement of activities. The details of these differences in the treatment of long-term debt and related items are as follows:

Bond and note principal payments	6,297
Issuance of bonds and notes	(13,500)
Capital lease payments	40

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	(1,948)
Accrued interest	(33)
Amortization of deferred charge on refunding	(119)
Net OPEB expense	(16,451)

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.

1,907

Change in Net Assets of Governmental Activities (Exhibit II)	<u>\$ (7,333)</u>
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The accompanying notes are an integral part of the financial statements

CITY OF MILFORD, CONNECTICUT

STATEMENT OF NET ASSETS - PROPRIETARY FUNDS

JUNE 30, 2009

(In Thousands)

	Business-Type Activities			Governmental Activities
	Milford Golf Course	Harbor Management	Total	Internal Service
Assets:				
Current:				
Cash and cash equivalents	\$ 289	\$ 351	\$ 640	\$ 17,164
Receivables, net	22		22	193
Due from other funds			-	58
Total current assets	<u>311</u>	<u>351</u>	<u>662</u>	<u>17,415</u>
Capital assets, net	<u>1,875</u>	<u>1,466</u>	<u>3,341</u>	
Total assets	<u>2,186</u>	<u>1,817</u>	<u>4,003</u>	<u>17,415</u>
Liabilities:				
Current:				
Accounts payable and accrued liabilities	10	7	17	146
Due to other funds		3	3	
Total current liabilities	<u>10</u>	<u>10</u>	<u>20</u>	<u>146</u>
Noncurrent:				
Risk management claims			-	6,062
Total liabilities	<u>10</u>	<u>10</u>	<u>20</u>	<u>6,208</u>
Net Assets:				
Invested in capital assets	<u>1,875</u>	<u>1,466</u>	<u>3,341</u>	
Unrestricted	<u>301</u>	<u>341</u>	<u>642</u>	<u>11,207</u>
Total Net Assets	<u>\$ 2,176</u>	<u>\$ 1,807</u>	<u>\$ 3,983</u>	<u>\$ 11,207</u>

The accompanying notes are an integral part of the financial statements

CITY OF MILFORD, CONNECTICUT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS -
PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2009

(In Thousands)

	Business-Type Activities			Governmental Activities
	Milford	Harbor Management	Total	Internal Service
	Golf Course			
Operating revenues:				
Employer contributions	\$	\$	\$	\$ 28,105
Intergovernmental revenues		74	74	
Charges for services	70	258	328	4,259
Other			-	116
Total operating revenues	<u>70</u>	<u>332</u>	<u>402</u>	<u>32,480</u>
Operating expenses:				
Health and welfare	76	209	285	
Depreciation	16	41	57	
Capital outlay		170	170	
Insurance premiums and claims expense			-	30,734
Total operating expenses	<u>92</u>	<u>420</u>	<u>512</u>	<u>30,734</u>
Operating income (loss)	<u>(22)</u>	<u>(88)</u>	<u>(110)</u>	<u>1,746</u>
Nonoperating revenue:				
Interest income	3	4	7	161
Net depreciation in fair value of investments			-	
Net nonoperating revenue	<u>3</u>	<u>4</u>	<u>7</u>	<u>161</u>
Change in net assets	(19)	(84)	(103)	1,907
Total net assets, July 1, 2008	<u>2,195</u>	<u>1,891</u>	<u>4,086</u>	<u>9,300</u>
Total Net Assets, June 30, 2009	<u>\$ 2,176</u>	<u>\$ 1,807</u>	<u>\$ 3,983</u>	<u>\$ 11,207</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, 2009

(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	\$ 70	\$ 258	\$ 328	\$ 32,506
Grant receipts		74	74	
Cash paid to employees		(208)	(208)	
Cash paid to vendors	(67)	(169)	(236)	
Cash payments for claims paid			-	(31,344)
Net cash provided by (used in) operating activities	<u>3</u>	<u>(45)</u>	<u>(42)</u>	<u>1,162</u>
Cash flows from noncapital financing activities:				
Advances from other funds		(28)	(28)	
Net cash used in noncapital financing activities	<u>-</u>	<u>(28)</u>	<u>(28)</u>	<u>-</u>
Cash flows from investing activities:				
Interest and dividends received	<u>3</u>	<u>4</u>	<u>7</u>	<u>161</u>
Net cash provided by investing activities	<u>3</u>	<u>4</u>	<u>7</u>	<u>161</u>
Net increase (decrease) in cash and cash equivalents	6	(69)	(63)	1,323
Cash and cash equivalents at beginning of year	<u>283</u>	<u>420</u>	<u>703</u>	<u>15,841</u>
Cash and Cash Equivalents at End of Year	<u>\$ 289</u>	<u>\$ 351</u>	<u>\$ 640</u>	<u>\$ 17,164</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ (22)	\$ (88)	\$ (110)	\$ 1,746
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation expense	16	41	57	
Decrease in due from other funds				78
Increase in accounts receivable			-	(55)
Increase (decrease) in accounts payable and accrued liabilities	<u>9</u>	<u>2</u>	<u>11</u>	<u>(607)</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ 3</u>	<u>\$ (45)</u>	<u>\$ (42)</u>	<u>\$ 1,162</u>

The accompanying notes are an integral part of the financial statements

CITY OF MILFORD, CONNECTICUT

STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS

JUNE 30, 2009

(In Thousands)

	<u>Pension Trust Funds</u>	<u>Agency Funds</u>
Assets:		
Cash and cash equivalents	\$ 13,908	\$ 1,334
Investments:		
Corporate bonds	53,173	
U.S. government obligations	31,386	
Marketable equity securities	189,272	
Mutual funds	<u>1,602</u>	
Total investments	<u>275,433</u>	<u>-</u>
Receivables	<u>1</u>	
Total assets	<u>289,342</u>	<u>\$ 1,334</u>
Liabilities:		
Accounts and other payables	133	
Due to employees and students	<u> </u>	<u>1,334</u>
Total liabilities	<u>133</u>	<u>\$ 1,334</u>
Net Assets:		
Held in Trust for Pension Benefits	<u>\$ 289,209</u>	

The accompanying notes are an integral part of the financial statements

CITY OF MILFORD, CONNECTICUT

STATEMENT OF CHANGES IN PLAN NET ASSETS - FIDUCIARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2009

(In Thousands)

	<u>Pension Trust Funds</u>
Additions (reductions):	
Contributions:	
Plan members	\$ <u>2,015</u>
Miscellaneous	<u>41</u>
Investment income (loss):	
Net depreciation in fair value of investments	(32,958)
Interest and dividends	7,548
Net loss on sale of investments	<u>(52,267)</u>
	(77,677)
Less investment expense	<u>(2,134)</u>
Net investment loss	<u>(79,811)</u>
Total reductions	<u>(77,755)</u>
Deductions:	
Benefit payments and withdrawals	16,381
Administration	14
Other	<u>234</u>
Total deductions	<u>16,629</u>
Net decrease	(94,384)
Net assets held in trust for pension benefits, beginning of year	<u>383,593</u>
Net Assets Held in Trust for Pension Benefits, End of Year	\$ <u><u>289,209</u></u>

The accompanying notes are an integral part of the financial statements

CITY OF MILFORD, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS

(In Thousands)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

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

The various types included in the financial statements are described below:

Governmental Funds

Governmental funds are those through which most governmental functions typically are financed.

The *General Fund* the primary operating fund of the City. This fund is used to account for all financial transactions and resources except those required to be accounted for in another fund. Revenues are derived primarily from property taxes, state and federal grants, licenses, permits, charges for service and interest income.

Special Revenue Funds account for revenue derived from specific sources (other than major capital projects) that are restricted by legal and regulatory provisions to finance specific activities.

Debt Service Fund accounts for the accumulation of resources for, and the payment of, general long-term principal, interest and related costs of the sewer renovation projects.

Capital Project Funds account for all financial resources used for the acquisition or construction of major capital facilities not being financed by proprietary funds.

Proprietary Funds

Proprietary funds are used to account for activities that are similar to those often found in the private sector. These funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. The following are the City's proprietary funds:

Enterprise Funds account for operations that are financed in a manner similar to private business enterprises, where the intent is that costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The Milford Golf Course and the Harbor Management Funds are the City's enterprise funds.

Internal Service Funds account for the financing of goods or services provided by one department to other departments or agencies of the City on a cost-reimbursement basis. The Health Insurance, Workers Compensation and Property and Casualty Funds are the City's internal service funds.

Fiduciary Funds

Fiduciary funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, and other governments. Fiduciary funds are not included in the government-wide statements. The fiduciary funds are as follows:

Pension Trust Fund accounts for the City's Employee Retirement System and uses the economic resources measurement focus.

Agency Funds are custodial in nature (assets equal liabilities) and have no measurement focus. The City's Agency Funds consist of: the School System Student Activities Fund, Courthouse Repairs Fund, Employee Savings Bond Fund, Planning and Zoning Bond Fund and Inland/Wetlands Bond Fund.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service

expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

The City reports the following major governmental funds:

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

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

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

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

The City reports the following major proprietary funds:

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

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

Additionally, the City reports the following fund types:

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

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

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

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

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

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

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Deposits and Investments

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

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

Investments for the City are reported at fair value.

E. Receivables and Payables

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

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

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

Real estate, motor vehicle, and personal property accounts are no longer collectible 15 years after the due date in accordance with State Statutes. An amount of \$496 has been established as an allowance for uncollectible taxes. At June 30, 2009, this represents 6.8% of all property taxes receivable.

F. Inventories and Prepaid Items

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

G. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

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

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

H. Compensated Absences

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

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

I. Long-Term Obligations

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

J. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. The following is a summary of fund balance reservations at June 30, 2009:

	<u>General Fund</u>	<u>Capital Nonrecurring</u>	<u>Sanitary Sewer</u>	<u>School Facilities</u>	<u>Other Nonmajor Funds</u>
Reserved for encumbrances	\$ 3,154	\$ 1,760	\$ 6,655	\$ 687	\$ 351
Reserved for other purposes	<u>22</u>	<u>89</u>	<u></u>	<u></u>	<u>1,318</u>
Total	\$ <u>3,176</u>	\$ <u>1,849</u>	\$ <u>6,655</u>	\$ <u>687</u>	\$ <u>1,669</u>

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Prior to February 1, the Mayor and the Board of Education submit proposed budgets for their respective shares of the General Fund to the Board of Finance. Prior to April 1, the Board of Finance submits to the Board of Aldermen the proposed fiscal budget. The Board of Aldermen then holds hearings on the Board of Finance's proposed budget. The Board of Aldermen may reduce or delete any item contained in the Board of Finance's budget by a simple majority. The Board of Aldermen may increase or add to any item in the Board of Finance budget by a two-thirds vote. The Board of Aldermen adopts the budget for the following fiscal year and sets the mill rate. This budget, at the department level, becomes the legal level of control. For management purposes, the Mayor is authorized to transfer budgeted amounts between like categories of line items within individual budgeted departments. All other transfers, as well as additional appropriations, must first be approved by the Board of Finance and then by the Board of Aldermen. Allocation transfers of \$595 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 a reservation of fund balance, in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in all governmental fund types. For GAAP purposes, encumbrances outstanding at the year end are reported as reservations of fund balances since they do not constitute expenditures or liabilities.

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

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

B. Deficit Fund Equity

The following funds had a deficit fund balance at June 30, 2009:

	<u>Amount</u>
Major:	
Sanitary Sewer Fund	\$ (44,937)
School Facilities Fund	(8,738)

These deficits 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*, \$9,287 of the City's bank balance of \$10,760 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$	8,316
Uninsured and collateral held by the pledging bank's trust department, not in the City's name		<u>971</u>
Total Amount Subject to Custodial Credit Risk	\$	<u><u>9,287</u></u>

Cash Equivalents

At June 30, 2009 the City's cash equivalents amounted to \$89,240,324. The following table provides a summary of the City's cash equivalents (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations. The pools all have maturities of less than one year.

	<u>Standard and Poor's</u>	<u>Fitch Ratings</u>
StateTax Exempt Proceeds Fund*		
State Short-Term Investment Fund (STIF)	AAAm	
MBIA, Inc. - Cooperative Liquid Assets Securities System (CLASS)		AAA
Money market funds*		

*Not rated

Investments

As of June 30, 2009, the City had the following investments:

Investment Type	Credit Rating	Fair Value	Investment Maturities (Years)		
			Less Than 1	1 - 10	More Than 10
Interest Bearing Investments:					
U.S. Treasury bonds	AAA	\$ 195	\$	\$	\$ 195
U.S. Treasury notes	AAA	3,593		3,593	
U.S. Government agencies	AAA	27,598	5,499	7,435	14,664
Corporate bonds	AAA-BA	53,173	2,657	38,993	4,078
Corporate bonds	BBB-CCC+		198	7,043	204
Certificates of deposit	*	114	114		
Total		84,673	\$ 8,468	\$ 57,064	\$ 19,141
Other Investments:					
Equities		189,272			
Mutual Funds		1,602			
Total Investments		\$ 275,547			

*Subject to coverage by Federal Depository Insurance and collateralization.

N/A Not applicable

Interest Rate Risk - 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 an investment policy that allows the same type of investments as State Statutes.

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, 2009, 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 Non-recurring Fund</u>	<u>Sanitary Sewer</u>	<u>Milford Golf Course</u>	<u>Nonmajor and Aggregate Remaining Funds</u>
Receivables:					
Taxes	\$ 7,327	\$	\$	\$	\$
Accounts	65	52		22	222
Special assessments	986				182
Intergovernmental	<u>2,984</u>	<u></u>	<u>402</u>	<u></u>	<u>191</u>
Gross receivables	11,362	52	402	22	595
Less allowance for uncollectibles:	<u>(496)</u>	<u></u>	<u></u>	<u></u>	<u></u>
Net Total Receivables	<u>\$ 10,866</u>	<u>\$ 52</u>	<u>\$ 402</u>	<u>\$ 22</u>	<u>\$ 595</u>

* The Governmental Funds do not include accrued interest on property taxes and assessments receivable of \$4,348.

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	\$ 6,321	\$
Taxes collected in advance		3,411
Assessments not yet due	1,168	
School building grant	2,970	
Grant drawdowns prior to meeting all eligibility requirements		123
Other deferred revenue	<u></u>	<u>539</u>
Total Deferred/Unearned Revenue for Governmental Funds	<u>\$ 10,459</u>	<u>\$ 4,073</u>

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2009 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 33,033	\$ 1	\$ (97)	\$ 32,937
Construction in progress	69,534	26,468	(4,676)	91,326
Total capital assets not being depreciated	<u>102,567</u>	<u>26,469</u>	<u>(4,773)</u>	<u>124,263</u>
Capital assets being depreciated:				
Buildings and improvements	124,956	5,180		130,136
Improvements other than buildings	2,096			2,096
Machinery and equipment	33,743	1,329	(509)	34,563
Infrastructure	92,167			92,167
Total capital assets being depreciated	<u>252,962</u>	<u>6,509</u>	<u>(509)</u>	<u>258,962</u>
Less accumulated depreciation for:				
Buildings and improvements	(49,907)	(2,002)		(51,909)
Improvements other than buildings	(233)	(149)		(382)
Machinery and equipment	(24,620)	(1,624)	41	(26,203)
Infrastructure	<u>(39,667)</u>	<u>(944)</u>		<u>(40,611)</u>
Total accumulated depreciation	<u>(114,427)</u>	<u>(4,719)</u>	<u>41</u>	<u>(119,105)</u>
Total capital assets being depreciated, net	<u>138,535</u>	<u>1,790</u>	<u>(468)</u>	<u>139,857</u>
Governmental Activities Capital Assets, Net	<u>\$ 241,102</u>	<u>\$ 28,259</u>	<u>\$ (5,241)</u>	<u>\$ 264,120</u>
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 1,681	\$	\$	\$ 1,681
Capital assets being depreciated:				
Buildings and system	468			468
Improvements other than buildings	1,231			1,231
Machinery and equipment	666			666
Total capital assets being depreciated	<u>2,365</u>	<u>-</u>	<u>-</u>	<u>2,365</u>
Less accumulated depreciation for:				
Buildings and system	(189)	(16)		(205)
Improvements other than buildings	(114)	(9)		(123)
Machinery and equipment	<u>(345)</u>	<u>(32)</u>		<u>(377)</u>
Total accumulated depreciation	<u>(648)</u>	<u>(57)</u>	<u>-</u>	<u>(705)</u>
Total capital assets being depreciated, net	<u>1,717</u>	<u>(57)</u>	<u>-</u>	<u>1,660</u>
Business-Type Activities Capital Assets, Net	<u>\$ 3,398</u>	<u>\$ (57)</u>	<u>\$ -</u>	<u>\$ 3,341</u>

Depreciation expense was charged to functions/programs as follows:

Governmental activities:		
General government	\$	95
Administration		162
Public safety		871
Public service		2,286
Education		1,038
Health and welfare		215
Grants to agencies		<u>52</u>
Total Depreciation Expense - Governmental Activities	\$	<u><u>4,719</u></u>
Business-type activities:		
Milford Golf Course	\$	16
Harbor Management		<u>41</u>
Total Depreciation Expense - Business-Type Activities	\$	<u><u>57</u></u>

6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

At June 30, 2009, the amounts due to and from other funds were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Capital Nonrecurring Fund	\$ 661
General Fund	Nonmajor Governmental Funds	221
General Fund	School Facilities Fund	10
General Fund	Sanitary Sewer Fund	708
General Fund	Harbor Management Fund	2
Nonmajor Governmental Funds	Nonmajor Governmental Funds	1
Nonmajor Governmental Funds	Capital Nonrecurring Fund	487
Capital Nonrecurring Fund	Nonmajor Governmental Funds	625
Capital Nonrecurring Fund	General Fund	296
Capital Projects Fund	General Fund	2
Nonmajor Governmental Funds	General Fund	605
Internal Service Funds	General Fund	4
Internal Service Funds	Nonmajor Governmental Funds	53
Internal Service Funds	Harbor Management Fund	<u>1</u>
Total		<u><u>\$ 3,676</u></u>

Interfund receivables and payables generally represent temporary balances arising from reimbursement type transactions.

Interfund transfers:

	Transfers In			
	Capital Nonrecurring	Nonmajor Governmental	General Fund	Total
Transfers out:				
General Fund	\$ 331	\$ 1,774	\$	\$ 2,105
Nonmajor Governmental	<u>1,227</u>	<u></u>	<u></u>	<u>1,227</u>
Total	<u>\$ 1,558</u>	<u>\$ 1,774</u>	<u>\$</u>	<u>\$ 3,332</u>

Transfers are used to move unrestricted general fund revenues to fund various programs that must be accounted for separately in accordance with budgetary authorizations.

7. LEASES

Capital Lease

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

The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of future minimum lease payments as of the date of inception. The following is a schedule of the minimum lease payments under the lease, and the present value of the future minimum lease payments reflected at June 30, 2009:

<u>Year Ending June 30,</u>	<u>Amount</u>
2010	\$ 45
2011	<u>45</u>
	90
Less amount representing interest	<u>(6)</u>
Present Value of Future Minimum Lease Payment	<u>\$ 84</u>

8. LONG-TERM DEBT

General Obligation Bonds

Bonds payable at June 30, 2009 amounted to \$74,220 with interest rates ranging from 2.125% to 5.0% on bonds maturing at various dates through the year 2029. Grants receivable to offset future City principal payments totaled \$2,970 from State of Connecticut school construction grants.

Bonds authorized and unissued totaled \$35,727 at June 30, 2009. A summary of the long-term indebtedness transactions for the current fiscal year follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds payable:					
General obligation bonds	\$ 66,905	\$ 13,500	\$ (6,185)	\$ 74,220	\$ 6,590
Less deferred amounts on refunding	(799)		119	(680)	
Total bonds payable	<u>66,106</u>	<u>13,500</u>	<u>(6,066)</u>	<u>73,540</u>	<u>6,590</u>
Long-term note payable	2,174		(112)	2,062	114
Claims and judgments	6,510	30,734	(31,182)	6,062	6,062
Compensated absences	18,028	2,099	(151)	19,976	1,222
Capital lease	124		(40)	84	40
Net OPEB obligation	<u>16,396</u>	<u>16,451</u>		<u>32,847</u>	
Total Governmental Activities					
Long-Term Liabilities	<u>\$ 109,338</u>	<u>\$ 62,784</u>	<u>\$ (37,551)</u>	<u>\$ 134,571</u>	<u>\$ 14,028</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>
2010	\$ 6,590	\$ 2,838	\$ 9,428
2011	6,255	2,589	8,844
2012	6,200	2,347	8,547
2013	5,630	2,104	7,734
2014	5,110	1,883	6,993
2015	5,005	1,677	6,682
2016	4,705	1,491	6,196
2017	4,690	1,311	6,001
2018	4,115	1,142	5,257
2019	3,805	983	4,788
2020	3,655	831	4,486
2021	3,270	694	3,964
2022	3,065	568	3,633
2023	2,910	448	3,358
2024	2,455	340	2,795
2025	1,985	249	2,234
2026	1,735	173	1,908
2027	1,360	110	1,470
2028	1,005	62	1,067
2029	<u>675</u>	<u>28</u>	<u>703</u>
Total	<u>\$ 74,220</u>	<u>\$ 21,868</u>	<u>\$ 96,088</u>

Long-Term Note Payable

The City has a State of Connecticut Clean Water serial note outstanding. The interest rate on the note is 2% and is payable through September 30, 2025. The principal and interest payments are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 114	\$ 40	\$ 154
2011	116	38	154
2012	118	36	154
2013	120	34	154
2014	122	32	154
2015-2019	640	90	730
2020-2024	680	72	752
2025-2026	152	9	161
Total	\$ <u>2,062</u>	\$ <u>351</u>	\$ <u>2,413</u>

Interim Financing Obligations

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

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

	<u>Amount</u>
Interim loan payable, July 1, 2008	\$ 31,274
Increases	<u>10,323</u>
Interim Loan Payable, June 30, 2009	\$ <u>41,597</u>

The notes are reflected in the Sanitary Sewer Fund as a liability at June 30, 2009 pending completion of the projects.

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, 2009, \$8,555 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, 2009.

	<u>Amount</u>
Notes payable, July 1, 2008	\$ 13,430
Notes issued	52,185
Notes retired	<u>(39,205)</u>
Notes Payable, June 30, 2009	<u>\$ 26,410</u>

These notes serve as temporary financing for various public improvements, school and sewer projects. The notes outstanding carry an interest rate of 1.25% and matured on November 5, 2009.

Other Obligations

At June 30, 2009, the dollar value of City employees' and Board of Education employees' accumulated vacation and sick time has been valued using the vesting methods outlined in GASB Statement No. 16. These obligations are typically funded by the General Fund.

Debt Limitation

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

<u>Category</u>	<u>Debt Limit</u>	<u>Net Indebtedness</u>	<u>Balance</u>
General purpose	\$ 332,863	\$ 36,981	\$ 295,882
Schools	665,726	37,839	627,887
Sewers	554,771	101,128	453,643
Urban renewal	480,802		480,802
Pension deficit	443,817		443,817

The total overall statutory debt limit for the City is equal to seven times annual receipts from taxation (\$1,035,573).

The indebtedness reflected above includes long-term debt outstanding in addition to the amount of bonds authorized and unissued against which bond anticipation notes are issued and outstanding. School indebtedness is net of \$2,970 of State of Connecticut school building grant commitments.

9. RISK MANAGEMENT

The City and the Board of Education are exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and others; and natural disasters. For FY2009, the City and the Board of Education Property, General Liability, Auto Liability, Public Officials' Liability, Police Professional Liability, and Educators' Liability were insured by CIRMA with deductibles of \$1,000 for auto physical damage and \$-0- for other liability coverage. Law Enforcement/Public Officials/School Leaders has a \$25,000 deductible and Employee Benefits has a deductible of \$10,000. The Board of Education insures its Workers' Compensation with CIRMA.

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

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

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

The claims liability reported in the Internal Service Fund at June 30, 2009 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>
6/30/09	\$ 1,946	\$ 1,734	\$ 1,785	\$ 1,895
6/30/09	1,895	1,176	1,537	1,534

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

The City carries an Excess Workers' Compensation Policy with Midwest Employers Casualty Company for \$300 per occurrence. As of July 1, 2003, the self insured retention for Fire and Police was increased to \$400 per occurrence.

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

Changes in the claims liability for the years ended June 30, 2009 and 2008, were as follows:

	<u>Liability July 1,</u>	<u>Current Year Claims</u>	<u>Claim Payments</u>	<u>Liability June 30,</u>
6/30/08	\$ 2,586	\$ 1,079	\$ 1,197	\$ 2,468
6/30/09	2,468	865	1,149	2,184

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, 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, 2009, the annual limit on individual medical claims chargeable to the Fund is \$100. Payments to the Health Insurance Fund are made by the Grant Agencies, the Sewer Use Fund, the Special Education Grants Fund, the Special Grants Fund, the Harbor Management Enterprise Fund and persons continuing coverage under COBRA in an amount equal to the premium an individual would pay for continuation coverage under the group program. The City makes

General Fund contributions to the Health Insurance Fund based on budgeted amounts, which in conjunction with estimated Grant contributions, total the year's estimated expected losses.

Changes in the claims liability for the years ended June 30, 2009 and 2008, were as follows:

	<u>Liability July 1,</u>	<u>Current Year Claims</u>	<u>Claim Payments</u>	<u>Liability June 30,</u>
6/30/08	\$ 2,283	\$ 26,490	\$ 26,626	\$ 2,147
6/30/09	2,147	28,693	28,496	2,344

10. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

A. Plan Descriptions

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

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

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

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

	City of Milford Retirement System
Retirees and beneficiaries receiving benefits	648
Terminated employees entitled to benefits but not yet receiving them	20
Active plan members	737
	<hr/>
Total	1,405
	<hr/>

B. Summary of Significant Accounting Policies and Plan Asset Matters

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

C. Funding Status and Progress

City of Milford Retirement System

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

D. Annual Pension Cost and Net Pension Obligations

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

	City of Milford Retirement System
Annual required contribution	\$
Interest on net pension obligation	(2)
Adjustment to annual required contribution	3
Annual pension cost	1
Contribution made	-
Decrease in net pension asset	1
Net pension asset, July 1, 2008	(27)
	<hr/>
Net Pension asset, June 30, 2009	\$ (26)
	<hr/>

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

City of Milford Retirement System	
Actuarial valuation date	July 1, 2008
Actuarial cost method	Aggregate Cost
Amortization method	Not Applicable
Remaining amortization period	Not Applicable
Asset valuation method	5-year Smoothed Smoothed
Actuarial assumptions:	
Investment rate of return (including inflation rate of 3.5%)	8.5%/annum
Projected salary increases	3.0%/annum
Cost of living adjustments:	
Post-retirement benefit increases	None, except for Police hired after April 6, 1986 - 3%/annum

E. Trend Information

City of Milford Retirement System			
Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)
2007	\$ 1,213	82.4%	\$ 213
2008	1,120	121.5	(27)
2009	1	-	(26)

F. Pension Plan Required Supplementary Information

Schedule of Funding Progress*

City							
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)	
7/1/07	\$ 354,675	\$ 274,820	\$ (79,855)	129.1%	\$ 39,633	(201.5)%	
7/1/08	385,088	287,313	(97,775)	134.0	40,141	(243.6)	

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

Schedule of Employer Contributions

City of Milford Retirement System		
Fiscal Year Ended	Annual Required Contribution	of ARC Percentage Contributed
6/30/04	\$ -	100.0%
6/30/05	961	100.0
6/30/06	974	100.0
6/30/07	1,213	82.4
6/30/08	1,129	120.5
6/30/09	-	100.0

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, 2009 were \$169.

Connecticut State Teachers' Retirement System

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

The retirement system for teachers is funded by the State based upon the recommendation of the Teachers' Retirement Board. Such contribution includes amortization of the actuarially computed unfunded liability.

The City does not have any liability for Teacher Pensions. The amount contributed by the State on behalf of the City of Milford's Board of Education was \$7,118. Last year's contribution was significantly higher as the state sold bonds in order to properly fund the system. This amount has been recorded in the General Fund as intergovernmental revenue and education expenditures.

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

11. OTHER POSTEMPLOYMENT BENEFITS

A. Plan Description and Benefits Provided

City

In addition to the pension benefits described in Note 10, all City employees retiring under the City of Milford Retirement Plan are provided post-employment benefits. The level of these benefits is determined by contract for all union employees and by a City of Milford ordinance for all non-represented employees. Per contracts and ordinances, the City pays the full cost of these benefits. Benefits provided are as follows: 1) for retirees under 65, the City must currently provide Blue Cross/Blue Shield hospitalization, medical/surgical, prescription drug and major medical (varying deductibles) coverages with coverages provided to both the retired employee and eligible dependents; 2) for retired employees and their eligible dependents, the City must provide Blue Cross/Blue Shield 65 coverage and also reimburse the Medicare Part B premium for each eligible retiree and retiree spouse eligible for Medicare; 3) the City also provides life insurance coverage based on union contracts. Health care costs are as follows:

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

Board of Education

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

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

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

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

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

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

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

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

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

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

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

Based on plan selected

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

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

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

Based on plan selected

B. Membership

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

	Board of Education Retiree Medical Benefit Plan	City of Milford Retiree Medical Benefit Plan
Number of retirees and eligible surviving spouses	622	712
Number of active participants	1,072	530
Total	1,694	1,242

C. Description of Actuarial Assumptions and Methods

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, 2008	July 1, 2008
Actuarial cost method	Projected Unit Credit Cost	Projected Unit Credit Cost
Amortization method	Level dollar	Level dollar
Remaining amortization period	29 years	29 years
Actuarial assumptions:		
Investment rate of return	5.0%/annum	5.0%/annum
Projected salary increases	4.5%/annum	n/a

Retirement Assumptions:

City

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

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

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

Board of Education

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

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

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

D. Annual OPEB Cost and Net OPEB Obligations

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

	Board of Education Retiree Medical Benefit Plan	City of Milford Retiree Medical Benefit Plan
Annual required contribution	\$ 11,594	\$ 13,055
Interest on net OPEB obligation	391	429
Adjustment to annual required contribution	(485)	(531)
Annual OPEB cost	11,500	12,953
Contribution made	(3,444)	(4,558)
Increase in net OPEB obligation	8,056	8,395
Net OPEB obligation, July 1, 2008	7,818	8,578
Net OPEB Obligation, June 30, 2009	\$ 15,874	\$ 16,973

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation (asset) for the fiscal year ending June 30, 2009 is presented below. Data is only presented for two fiscal years as it is only the second year of implementation.

Board of Education	Annual OPEB Cost (AOC)	Actual Contribution	Percentage of AOC Contributed	Net OPEB Obligation (Asset)
6/30/08	\$ 11,042	\$ 3,224	\$ 29.2%	\$ 7,818
6/30/09	11,500	3,444	30.0%	15,874
City				
6/30/08	12,433	3,855	31.0%	8,578
6/30/09	12,953	4,558	35.2%	19,973

Schedule of Funding Progress

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

City

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

Board of Education

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

12. CONTINGENT LIABILITIES (Amounts not Rounded)

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

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

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

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

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

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.

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, 2009

(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	\$ 143,525	\$ 143,525	\$ 144,920	\$ 1,395
Prior year's levies	1,600	1,600	1,764	164
Flood and erosion assessments	93	93	108	15
Water main assessments			3	3
Suspense collections	18	18	24	6
Total general property taxes and assessments	<u>145,236</u>	<u>145,236</u>	<u>146,819</u>	<u>1,583</u>
Fines, Forfeitures Penalties and Interest:				
Interest and liens	<u>1,000</u>	<u>1,000</u>	<u>1,072</u>	<u>72</u>
Federal, State and Local Governments:				
Other State grants	100	100	418	318
School transportation aid - State	198	198	207	9
Education cost sharing	10,729	10,729	10,753	24
State realty in lieu of tax	638	638	593	(45)
Pequot State Aid	616	616	616	-
Elderly tax freeze	16	16	15	(1)
Elderly tax credit	528	528	479	(49)
Total disability exemptions			7	7
PILOT - private exemptions	520	520	519	(1)
Veteran grants	211	211	181	(30)
School debt - interest	155	155	149	(6)
School debt - principal	585	585	615	30
Telephone access grant	271	271	212	(59)
Municipal Video Corporate Trust Acct			18	18
State aid for health	83	83	74	(9)
OTB Wagering Share	60	60	7	(53)
Manufacture machinery, and equipment	1,537	1,537	1,419	(118)
Total Federal, State and local government	<u>16,247</u>	<u>16,247</u>	<u>16,282</u>	<u>35</u>
Investment Income:				
Investments in idle funds	700	700	414	(286)
Rental of Circuit Court	-	-	2	2
Rental of other property	97	97	51	(46)
Total investment income	<u>797</u>	<u>797</u>	<u>467</u>	<u>(330)</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, 2009

	<u>Budgeted Amounts</u>			<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
Other Revenue:				
Rental of school property	\$ 3	\$ 3	\$ 9	\$ 6
PILOT - Water Authority	423	423	408	(15)
Power Plant Settlement	3,375	3,375	3,375	-
PILOT - Devon	500	500	500	-
Miscellaneous other revenues	2	2	177	175
Inland wetland fees	8	8	4	(4)
Total other revenue	<u>4,311</u>	<u>4,311</u>	<u>4,473</u>	<u>162</u>
Licenses, Permits and Other Charges:				
Devices and amusements	3	3	14	11
Vending permits	7	7	6	(1)
Disposal area licenses	55	55	54	(1)
Fees and fines	26	26	26	-
Copying fees	2	2	5	3
Recording documents	440	440	339	(101)
Conveyance tax	750	750	633	(117)
General copying fees	51	51	67	16
Fire Department fees	1	1	1	-
Building inspection fees	1,000	1,000	682	(318)
Police fines and forfeits	32	32	36	4
False alarm fees	35	35	31	(4)
Fire Department false alarm fines	1	1	-	(1)
Street opening permits	7	7	6	(1)
Engineering fees	8	8	6	(2)
Residential waste fees	57	57	64	7
Health inspection fees	75	75	66	(9)
Planning and zoning fees	25	25	19	(6)
Zoning appeals fees	13	13	7	(6)
Recreation fees	36	36	41	5
Walnut Beach parking	13	13	13	-
Parking fines judicial	8	8	3	(5)
Vehicle violations judicial	15	15	20	5
Sewer assessments	31	31	56	25
Animal shelter redemption	5	5	6	1
Dog Fund - City share	12	12	10	(2)
Hunting and Angling Fund	1	1	-	(1)

(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, 2009

	<u>Budgeted Amount</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Licenses, Permits and Other Charges (continued):				
Sale of Other Property	\$	\$	\$ 11	\$ 11
Recycling revenues	70	70	40	(30)
PILOT - Federal payments	3	3	6	3
Sticker fees	1	1	-	(1)
Bingo permits share	1	1	1	-
Total licenses, permits and other charges	<u>2,784</u>	<u>2,784</u>	<u>2,269</u>	<u>(515)</u>
Total revenues	<u>170,375</u>	<u>170,375</u>	<u>171,382</u>	<u>1,007</u>
Other financing sources:				
Sale of capital assets			22	22
Total other financing sources	<u>-</u>	<u>-</u>	<u>22</u>	<u>22</u>
Total Budgeted Revenues and Other Financing Sources	\$ <u>170,375</u>	\$ <u>170,375</u>	171,404	\$ <u>1,029</u>
Budgetary revenues are different than GAAP revenues because:				
State of Connecticut on-behalf contributions to the Connecticut State Teachers'				
Retirement System for Town teachers are not budgeted			7,118	
Special education excess cost grant is reported gross for GAAP			1,121	
Encumbrances for purchases and commitments which were subsequently cancelled in the next fiscal year			<u>(109)</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>179,534</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, 2009

(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	\$ 8	\$ 8	\$ 7	\$ 1
Elections	69	69	49	20
Registrar of Voters	132	132	129	3
Mayor's Office	251	252	252	-
General expenses	372	374	366	8
Community Development Department	103	103	103	-
City Clerk	384	384	363	21
Law Department	601	579	558	21
Ethics Commission	8	8		8
Probate Court	14	14	10	4
Board of Finance	1	1	1	-
Planning and Zoning Board	371	368	356	12
Board of Tax Review	4	4	3	1
Board of Zoning Appeals	15	15	13	2
Pension Board	3	3	3	-
Tree Commission	2	2	1	1
Park and Recreation Commission	1	1	1	-
Conservation Commission	1	1	1	-
Inland Wetlands Agency	115	115	109	6
Housatonic River Est Commission	1	1	1	-
Public library	1,027	1,027	1,009	18
Total general government	<u>3,483</u>	<u>3,461</u>	<u>3,335</u>	<u>126</u>
Administration:				
Finance Department	1,712	1,653	1,572	81
Data Processing Department	648	648	641	7
Personnel Department	256	256	205	51
Total administration	<u>2,616</u>	<u>2,557</u>	<u>2,418</u>	<u>139</u>
Public Safety:				
Police Department	10,034	9,904	9,846	58
Fire Department	10,338	10,316	10,218	98
Civil Preparedness	71	69	68	1
Animal Control	353	352	348	4
Building Inspection Department	443	441	417	24
Lighting hydrant water	1,431	1,528	1,516	12
Total public safety	<u>22,670</u>	<u>22,610</u>	<u>22,413</u>	<u>197</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, 2009

(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	\$ 243	\$ 243	\$ 241	\$ 2
Highway-parks division	2,597	2,432	2,411	21
Building maintenance division	2,961	2,906	2,863	43
Engineering division	478	478	442	36
General garage division	1,209	1,095	1,082	13
Solid waste operations	4,675	4,861	4,815	46
Total public services	<u>12,163</u>	<u>12,015</u>	<u>11,854</u>	<u>161</u>
Board of Education:				
Private School textbooks	21	21		21
Educational audit fees	22	22	22	-
Employee benefits	1,039	1,039	952	87
Educational operations	81,827	81,827	81,827	-
Educational Contribution Health Insurance Fund	15,238	15,238	15,238	-
School Nurses	1,299	1,300	1,263	37
Total Board of Education	<u>99,446</u>	<u>99,447</u>	<u>99,302</u>	<u>145</u>
Health and Welfare:				
Health Department	878	878	867	11
Recreation Department	847	847	792	55
Total health and welfare	<u>1,725</u>	<u>1,725</u>	<u>1,659</u>	<u>66</u>
General Charges:				
Employee benefits - general	13,737	13,387	13,297	90
Insurance and bonds	3,098	3,098	3,004	94
Claims and refunds	415	375	375	-
Benefits and salary reserve	26	26		26
Unallocated contingency	50	34		34
Total general charges	<u>17,326</u>	<u>16,920</u>	<u>16,676</u>	<u>244</u>
Grants to Agencies:				
Milford Council on Aging	1,368	1,360	1,358	2
Milford Fine Arts Council	71	71	71	-
CMED	93	93	93	-
Regional Mental Health Board	3	3	3	-
Borough of Woodmont	175	175	175	-
Milford Transit District	345	345	345	-
Milford Mental Health	373	373	373	-
Veterans' Graves	3	3	3	-
U.S. Coast Guard Auxiliary	8	8	8	-

(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, 2009

(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	14	14	14	-
Milford Historic #2	1	1	1	-
Visiting Nurses Association	41	41	41	-
Cemetery Association	9	9	9	-
Association of Patriotic Organizations	4	4	4	-
Homeless Shelter/CPAC	62	62	62	-
Total grants to agencies	<u>2,571</u>	<u>2,563</u>	<u>2,561</u>	<u>2</u>
Debt Service:				
Public Debt Service	5,990	5,627	5,627	-
School Debt	<u>3,692</u>	<u>3,692</u>	<u>3,374</u>	<u>318</u>
Total debt service	<u>9,682</u>	<u>9,319</u>	<u>9,001</u>	<u>318</u>
Other Financing Uses:				
Transfers out	<u>445</u>	<u>2,105</u>	<u>2,105</u>	<u>-</u>
Total	<u>\$ 172,127</u>	<u>\$ 172,722</u>	171,324	<u>\$ 1,398</u>

Budgetary expenditures are different than GAAP expenditures because:

State of Connecticut on-behalf payments to the Connecticut State Teachers'

Retirement System for Town teachers are not budgeted

7,118

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

(2,784)

Prior year encumbrances reported in the current year for financial reporting purposes

2,083

Special education excess cost grant is recorded gross for GAAP

1,121

Change in Board of Education's Summer Payroll originally charged to subsequent years budget for budgetary purposes

14

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

\$ 178,876

Appendix B

Form of Legal Opinion of Bond Counsel – The Bonds

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ROBINSON & COLE LLP

280 Trumbull Street
Hartford, CT 06103-3597
Main (860) 275-8200
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[FORM OF OPINION OF BOND COUNSEL]

November __, 2010

City of Milford,
Milford, Connecticut

Ladies and Gentlemen:

We have examined certified copies of the proceedings of the City of Milford, Connecticut (the "City"), a Tax Regulatory Agreement of the City, dated November 4, 2010, (the "Tax Regulatory Agreement"), and other proofs submitted to us relative to the issuance and sale of \$13,240,000 City of Milford, Connecticut General Obligation Bonds, Issue of 2010 dated November 1, 2010 (the "Bonds"), maturing on November 1 in each of the years in the principal amounts and bearing interest payable on May 1, 2011 and semiannually thereafter on November 1 and May 1 in each year until maturity or earlier redemption, at the rates per annum as follows:

<u>Year of Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate Per Annum</u>	<u>Year of Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate Per Annum</u>
2011	\$655,000	%	2021	\$660,000	%
2012	655,000		2022	660,000	
2013	655,000		2023	660,000	
2014	655,000		2024	660,000	
2015	655,000		2025	660,000	
2016	655,000		2026	660,000	
2017	655,000		2027	660,000	
2018	655,000		2028	660,000	
2019	660,000		2029	660,000	
2020	660,000		2030	660,000	

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

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

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

We are of the opinion that such proceedings and proofs show lawful authority for the issuance and sale of the Bonds under authority of the Constitution and General Statutes of Connecticut and that the Bonds are a valid general obligation of the City the principal of and interest on which is payable from ad valorem taxes which may be levied on all taxable property subject to taxation by the City without limitation as to rate or amount except as to classified property, such as certified forest lands taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts. We are further of the opinion that the Tax Regulatory Agreement is a valid and binding agreement of the City.

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

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

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

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

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

Very truly yours,

ROBINSON & COLE LLP

Appendix C

Forms of Legal Opinion of Bond Counsel – The Notes

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[FORM OF OPINION OF BOND COUNSEL]

November __, 2010

City of Milford,
Milford, Connecticut

Ladies and Gentlemen:

We have examined certified copies of the proceedings of the City of Milford, Connecticut (the "City"), a Tax Regulatory Agreement of the City, dated November 4, 2010 (the "Tax Regulatory Agreement"), and other proofs submitted to us relative to the issuance and sale of \$10,585,000 City of Milford, Connecticut General Obligation Bond Anticipation Notes, Lot A, dated November 4, 2010 and maturing May 3, 2011, consisting of Note R-__ in the aggregate principal amount of \$[____], 000, bearing interest at the rate of __% per annum, [Note R-__ in the aggregate principal amount of \$[____], 000, bearing interest at the rate of __% per annum, and Note R-__ in the aggregate principal amount of \$[____], 000, bearing interest at the rate of __% per annum,] with principal and interest payable at maturity (the "Notes"). The Notes are not subject to redemption prior to maturity.

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

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

We are of the opinion that such proceedings and proofs show lawful authority for the issuance and sale of the Notes under authority of the Constitution and General Statutes of Connecticut and that the Notes are a valid general obligation of the City the principal of and interest on which is payable from ad valorem taxes which may be levied on all taxable property subject to taxation by the City without limitation as to rate or amount except as to classified property, such as certified forest lands taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts. We are further of the opinion that the Tax Regulatory Agreement is a valid and binding agreement of the City.

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

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

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

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

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

Very truly yours,

ROBINSON & COLE LLP

[FORM OF OPINION OF BOND COUNSEL]

November __, 2010

City of Milford,
Milford, Connecticut

Ladies and Gentlemen:

We have examined certified copies of the proceedings of the City of Milford, Connecticut (the "City"), a Tax Regulatory Agreement of the City, dated November 4, 2010 (the "Tax Regulatory Agreement"), and other proofs submitted to us relative to the issuance and sale of \$5,515,000 City of Milford, Connecticut General Obligation Bond Anticipation Notes, Lot B, dated November 4, 2010 and maturing November 3, 2011, consisting of Note R-__ in the aggregate principal amount of \$[____], 000, bearing interest at the rate of __% per annum, [Note R-__ in the aggregate principal amount of \$[____], 000, bearing interest at the rate of __% per annum, and Note R-__ in the aggregate principal amount of \$[____], 000, bearing interest at the rate of __% per annum,] with principal and interest payable at maturity (the "Notes"). The Notes are not subject to redemption prior to maturity.

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

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

We are of the opinion that such proceedings and proofs show lawful authority for the issuance and sale of the Notes under authority of the Constitution and General Statutes of Connecticut and that the Notes are a valid general obligation of the City the principal of and interest on which is payable from ad valorem taxes which may be levied on all taxable property subject to taxation by the City without limitation as to rate or amount except as to classified property, such as certified forest lands taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts. We are further of the opinion that the Tax Regulatory Agreement is a valid and binding agreement of the City.

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

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

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

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

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

Very truly yours,

ROBINSON & COLE LLP

Appendix D

Form of Continuing Disclosure Agreement – The Bonds

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[FORM OF CONTINUING DISCLOSURE AGREEMENT]

CONTINUING DISCLOSURE AGREEMENT

City of Milford, Connecticut
\$13,240,000 General Obligation Bonds, Issue of 2010
dated November 1, 2010

November 4, 2010

WHEREAS, the City of Milford, Connecticut (the "City") has heretofore authorized the issuance of \$13,240,000 in aggregate principal amount of its General Obligation Bonds, Issue of 2010, dated November 1, 2010 (the "Bonds"), and to mature on the dates and in the amounts and set forth in the City's Official Statement dated October 21, 2010 describing the Bonds (the "Official Statement"); and

WHEREAS, the Bonds have been sold by a competitive bid pursuant to a Notice of Sale dated October 14, 2010 (the "Notice of Sale") and

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

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

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

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

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

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

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

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

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

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

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

Section 2. Annual Reports.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

available eight months after the close of any Fiscal Year End, it shall submit unaudited financial statements by such time and will submit audited financial statements information when and if available.

Section 4. Event Notices. The City agrees to provide, or cause to be provided, in a timely manner to the Repository in electronic format, accompanied by identifying information, as prescribed by the MSRB, notice of the occurrence of any of the following events, if material:

- (i) principal and interest payment delinquencies;
- (ii) non-payment related defaults;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;
- (vi) adverse tax opinions or events affecting the tax-exempt status of the security;
- (vii) modifications to rights of security holders;
- (viii) bond calls;
- (ix) defeasances;
- (x) release, substitution, or sale of property securing repayment of the securities; and
- (xi) rating changes.

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

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

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

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

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

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

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

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

City OF Milford, Connecticut

By: _____
Name: James L. Richetelli, Jr.
Title: Mayor

By: _____
Name: Libera C. Nosal
Title: City Treasurer

By: _____
Name: Judy L. Doneiko
Title: Director of Finance

Appendix E

Forms of Continuing Disclosure Agreement – The Notes

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[FORM OF CONTINUING DISCLOSURE AGREEMENT]

CONTINUING DISCLOSURE AGREEMENT

City of Milford, Connecticut
\$10,585,000 General Obligation Bond Anticipation Notes, Lot A
dated November 4, 2010

November 4, 2010

WHEREAS, the City of Milford, Connecticut (the "City") has heretofore authorized the issuance of \$10,585,000 in aggregate principal amount of its General Obligation Bond Anticipation Notes, Lot A, dated November 4, 2010 (the "Notes"), and to mature on the dates and in the amounts and set forth in the City's Official Statement dated October 21, 2010 describing the Notes (the "Official Statement"); and

WHEREAS, the Notes have been sold by a competitive bid pursuant to a Notice of Sale, dated October 14, 2010 (the "Notice of Sale"); and

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

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

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

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

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

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

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

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

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

Section 2. Event Notices. The City agrees to provide, or cause to be provided, in a timely manner to the Repository in electronic format, accompanied by identifying information, as prescribed by the MSRB, notice of the occurrence of any of the following events, if material:

- (i) principal and interest payment delinquencies;
- (ii) non-payment related defaults;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;
- (vi) adverse tax opinions or events affecting the tax-exempt status of the security;
- (vii) modifications to rights of security holders;
- (viii) bond calls;
- (ix) defeasances;
- (x) release, substitution, or sale of property securing repayment of the securities; and
- (xi) rating changes.

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

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

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

Section 6. Additional Information. Nothing in this Agreement shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or providing notice of the occurrence of any other event, in addition to that which is required by this Agreement. If the City chooses to disseminate any other information or provide notice of the occurrence of any other event in addition to that which is specifically required by this Agreement, the City shall have no obligation under this Agreement to update such information or provide such information or notice of the occurrence of such event in the future.

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

Section 8. Enforceability. The City agrees that its undertaking pursuant to the Rule set forth in this Agreement is intended to be for the benefit of and enforceable by the beneficial owners of the Notes. In the event the City shall fail to perform its duties hereunder, the City shall have the option to cure such failure after its receipt

of written notice from any beneficial owner of the Notes of such failure. In the event the City does not cure such failure, the right of any beneficial owner of the Notes to enforce the provisions of this undertaking shall be limited to a right to obtain specific performance of the City's obligations hereunder. No monetary damages shall arise or be payable hereunder, nor shall any failure to comply with this Agreement constitute a default of the City with respect to the Notes.

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

City of Milford, Connecticut

By: _____
Name: James L. Richetelli, Jr.
Title: Mayor

By: _____
Name: Libera C. Nosal
Title: City Treasurer

By: _____
Name: Judy L. Doneiko
Title: Director of Finance

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[FORM OF CONTINUING DISCLOSURE AGREEMENT]

CONTINUING DISCLOSURE AGREEMENT

City of Milford, Connecticut
\$5,515,000 General Obligation Bond Anticipation Notes, Lot B
dated November 4, 2010

November 4, 2010

WHEREAS, the City of Milford, Connecticut (the "City") has heretofore authorized the issuance of \$5,515,000 in aggregate principal amount of its General Obligation Bond Anticipation Notes, Lot B, dated November 4, 2010 (the "Notes"), and to mature on the dates and in the amounts and set forth in the City's Official Statement dated October 21, 2010 describing the Notes (the "Official Statement"); and

WHEREAS, the Notes have been sold by a competitive bid pursuant to a Notice of Sale, dated October 14, 2010 (the "Notice of Sale"); and

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

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

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

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

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

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

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

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

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

Section 2. Event Notices. The City agrees to provide, or cause to be provided, in a timely manner to the Repository in electronic format, accompanied by identifying information, as prescribed by the MSRB, notice of the occurrence of any of the following events, if material:

- (i) principal and interest payment delinquencies;
- (ii) non-payment related defaults;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;
- (vi) adverse tax opinions or events affecting the tax-exempt status of the security;
- (vii) modifications to rights of security holders;
- (viii) bond calls;
- (ix) defeasances;
- (x) release, substitution, or sale of property securing repayment of the securities; and
- (xi) rating changes.

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

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

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

Section 6. Additional Information. Nothing in this Agreement shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or providing notice of the occurrence of any other event, in addition to that which is required by this Agreement. If the City chooses to disseminate any other information or provide notice of the occurrence of any other event in addition to that which is specifically required by this Agreement, the City shall have no obligation under this Agreement to update such information or provide such information or notice of the occurrence of such event in the future.

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

Section 8. Enforceability. The City agrees that its undertaking pursuant to the Rule set forth in this Agreement is intended to be for the benefit of and enforceable by the beneficial owners of the Notes. In the event the City shall fail to perform its duties hereunder, the City shall have the option to cure such failure after its receipt

of written notice from any beneficial owner of the Notes of such failure. In the event the City does not cure such failure, the right of any beneficial owner of the Notes to enforce the provisions of this undertaking shall be limited to a right to obtain specific performance of the City's obligations hereunder. No monetary damages shall arise or be payable hereunder, nor shall any failure to comply with this Agreement constitute a default of the City with respect to the Notes.

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

City of Milford, Connecticut

By: _____
Name: James L. Richetelli, Jr.
Title: Mayor

By: _____
Name: Libera C. Nosal
Title: City Treasurer

By: _____
Name: Judy L. Doneiko
Title: Director of Finance

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Appendix F

Notice of Sale – The Bonds

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NOTICE OF SALE
\$13,240,000

CITY OF MILFORD, CONNECTICUT
GENERAL OBLIGATION BONDS
ISSUE OF 2010
BOOK-ENTRY ONLY

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

OCTOBER 21, 2010

for the purchase of all, but not less than all, of the \$13,240,000 City of Milford, Connecticut General Obligation Bonds, Issue of 2010 (the “Bonds”). Electronic bids must be submitted via **PARITY®** (See “Electronic Bidding Procedures”).

The Bonds

The Bonds will be dated November 1, 2010, mature \$655,000 on November 1 in each of the years 2011-2018, both inclusive, and \$660,000 on November 1 in each of the years 2019-2030, both inclusive, bearing interest payable on May 1, 2011 and semiannually thereafter on November 1 and May 1 and in each year until maturity, or earlier redemption, as further described in the Preliminary Official Statement for the Bonds dated October 14, 2010 (the “Preliminary Official Statement”).

The Bonds maturing on or before November 1, 2018 are not subject to redemption prior to maturity. The Bonds maturing on November 1, 2019 and thereafter are subject to redemption prior to maturity, at the election of the City, on or after November 1, 2018, at any time, in whole or in part and by lot within a maturity, in such amounts and in such order of maturity as the City may determine, at the respective prices (expressed as percentages of the principal amounts of Bonds to be redeemed) set forth in the following table, together with interest accrued and unpaid to the redemption date:

	<u>Redemption Dates</u>	<u>Redemption Price</u>
From:	November 1, 2018 and thereafter	100%

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

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

Nature of Obligation

The Bonds will be general obligations of the City for payment of which the City's full faith and credit will be pledged. The Bonds are payable unless paid from other sources, from ad valorem taxes which may be levied on all taxable property subject to taxation by the City without limitation as to rate or amount except as to classified property such as certified forest lands taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts.

Bank Qualification

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

Electronic Bidding Procedures

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

An electronic bid made through the facilities of **PARITY®** shall be deemed an irrevocable offer to purchase the Bonds on the terms provided in this Notice of Sale, and shall be binding upon the bidder as if made by a signed, sealed bid delivered to the City. The City shall not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of, **PARITY®**, the use of such facilities being the sole risk of the prospective bidder.

If any provisions of this Notice of Sale shall conflict with information provided by **PARITY®** as the approved provider of electronic bidding services, this Notice of Sale shall control. Further information about **PARITY®**, including any fee charged, may be obtained from **PARITY®**, 1359 Broadway, 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 both the sealed proposal process and the electronic bidding process, the time as maintained by **PARITY®** shall constitute the official time. For information purposes only, bidders are requested to state in their electronic bids the net interest cost to the City, as described under "Bid Specifications/Basis of Award" below, and in the written form of Proposal for Bonds. All electronic bids shall be deemed to incorporate the provisions of this Notice of Sale and form of Proposal for Bonds.

Bid Specifications/Basis of Award

Each bid must be for the entire \$13,240,000 of Bonds and must specify the rate or rates of interest therefor in a multiple of 1/20 or 1/8 of 1% per annum, provided such bid shall not state (a) more than one interest rate for any Bonds having like maturity, or (b) any interest rate for any Bonds which exceeds the interest rate stated in the proposal for any other Bonds by more than 2%. Interest shall be computed on the basis of twelve 30 day months and a 360 day year. No bid for less than all of the Bonds or for less than par and accrued interest will be considered. The right is reserved to reject any and all proposals and to waive any irregularity or informality with respect to any proposal. Unless all bids are rejected the Bonds will be awarded to the bidder offering to purchase them at the lowest true interest cost.

For the purpose of determining the successful bidder, the true interest cost to the City will be the annual interest rate, compounded semiannually, which, when used to discount all payments of principal and interest payable on the Bonds to November 1, 2010, the date of the Bonds, results in an amount equal to the purchase price for the Bonds, not including interest accrued to November 4, 2010, the delivery date of the Bonds. It is requested that each proposal be accompanied by a statement of the percentage of true interest cost computed and rounded to six decimal places. Such statement shall not be considered as a part of the proposal. The Bonds will be awarded or all bids will be rejected promptly after the bid opening and not later than 4:00 P.M. (E.D.T.) on October 21, 2010. The purchase price must be paid in Federal Funds.

Closing Documents and Legal Opinion

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

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

Continuing Disclosure

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

Settlement of the Bonds

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

The Bonds will be available for delivery on or about November 4, 2010. The deposit of the Bonds with DTC or its custodian under a book-entry system requires the assignment of CUSIP numbers prior to delivery. It shall be the responsibility of the winning bidder to obtain CUSIP numbers for the Bonds prior to delivery, and the City will not be responsible for any delay occasioned by the failure of the winning bidder to obtain such numbers and to supply them to the City in a timely manner. The City assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers, which charges shall be the responsibility of and shall be paid for by the purchaser.

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

Related Information

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

JAMES L. RICHETELLI, JR.
Mayor

LIBERA C. NOSAL
City Treasurer

October 14, 2010

Appendix G

Notices of Sale and Bid Forms – The Notes

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NOTICE OF SALE
\$10,585,000
CITY OF MILFORD, CONNECTICUT
GENERAL OBLIGATION BOND ANTICIPATION NOTES
LOT A
BOOK-ENTRY ONLY

Sealed proposals and electronic bids via *Parity*® (as described herein) will be received by the **CITY OF MILFORD**, Connecticut (the “City”), until 11:00 A. M. (E.D.T.) Thursday,

OCTOBER 21, 2010

for the purchase of \$10,585,000 City of Milford, Connecticut General Obligation Bond Anticipation Notes LOT A (the “Notes”). Sealed proposals will be received at the Office of the Mayor, City Hall, 110 River Street, Milford, Connecticut 06460, in the manner specified below (See “Sealed Proposal Procedures”). Electronic bids must be submitted via *PARITY*®. (See “Electronic Bidding Procedures”).

The Notes

The Notes will be dated November 4, 2010 and will be payable to the registered owner on May 3, 2011 as further described in the Preliminary Official Statement for the Notes dated October 14, 2010 (the “Preliminary Official Statement”). The Notes will bear interest (which interest shall be computed on a 360-day year, 30-day month basis) payable at maturity at the rate or rates per annum fixed in the proposal or proposals accepted for their purchase, which rates shall be in multiples of 1/1000 of 1% per annum.

Registration

At the option of the winning bidder(s), the Notes will be issued by means of a book-entry system with no physical distribution of note certificates made to the public or as fully registered certificates in the form described below. If issued in book-entry form, the Notes will be issued in registered form and one note certificate for each interest rate will be issued to The Depository Trust Company, New York, New York (“DTC”), registered in the name of its nominee, Cede & Co., and immobilized in their custody. A book-entry system will be employed, evidencing ownership of the Notes in principal amounts of \$1,000 or integral multiples thereof, with transfers of ownership effected on the records of DTC and its participants pursuant to rules and procedures adopted by DTC and its participants. The winning bidder(s) as a condition to delivery of the Notes, will be required to deposit the note certificates with DTC, or its custodian, registered in the name of Cede & Co. Principal of and interest on the Notes will be payable by the City or its agent in same-day funds to DTC or its nominee as registered owner of the Notes. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC; transfer of principal and interest payments to beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The City will not be responsible or liable for payments by DTC to its participants or by DTC participants to beneficial owners or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants.

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

Nature of Obligation

The full faith and credit of the City will be pledged for the prompt payment of the principal of and the interest on the Notes when due. The Notes will be general obligations of the City payable, unless paid from other sources, from ad valorem taxes which may be levied on all taxable property subject to taxation by the City without limitation as to rate or amount except as to classified property such as certified forest lands taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts.

Bank Qualification

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

Electronic Bidding Procedures

Any prospective bidder intending to submit an electronic bid must submit its electronic bid through the facilities of **PARITY**[®]. 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. The City shall not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of, **PARITY**[®], the use of such facilities being the sole risk of the prospective bidder.

If any provisions of this Notice of Sale shall conflict with information provided by **PARITY**[®] as the approved provider of electronic bidding services, this Notice of Sale shall control. Further information about **PARITY**[®], including any fee charged, may be obtained from **PARITY**[®], 1359 Broadway, 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 both the sealed proposal process and the electronic bidding process, the time as maintained by **PARITY**[®] shall constitute the official time. For information purposes only, bidders are requested to state in their electronic bids the net interest cost to the City, as described under "Bid/Specifications/Basis of Award" below, and in the written form of Proposal for Notes. All electronic bids shall be deemed to incorporate the provisions of this Notice of Sale and form of Proposal for Notes.

Sealed Proposal Procedures

Bids will be accepted in written form on the form of Proposal for Notes – Lot A at the place and time indicated above. Bids must be enclosed in sealed envelopes marked “Proposal for Notes - Lot A” and addressed to The Honorable James L. Richetelli, Jr., Mayor, City of Milford, Connecticut.

Bid Specifications/Basis of Award

Proposals for the purchase of the Notes must be in the form of the proposal for purchase attached hereto or, if submitted electronically, in accordance with the requirements prescribed herein. A proposal may be for all or any part of the Notes but any proposal for a part must be for \$100,000, or a whole multiple thereof, except one such proposal for a part may include the odd \$85,000, and a separate proposal will be required for each part of the Notes for which a separate interest rate is bid. Proposals for the purchase of the Notes must be in the form of the proposal for purchase attached hereto. Unless all bids are rejected, the Notes will be awarded to the bidder or bidders offering to purchase the Notes at the lowest net interest cost, computed as to each interest rate stated by adding the total interest which will be paid at such rate and deducting therefrom the premium offered, if any. As between proposals resulting in the same lowest net interest cost to the City, the award will be made on the basis of the highest principal amount of the Notes specified. No bid for less than par and accrued interest, if any, will be considered and the City reserves the right to award to any bidder all or any part of the Notes bid for in his proposal. If a bidder is awarded only a part of the Notes bid for in his proposal, any premium offered in such proposal will be proportionately reduced so that the resulting net interest cost to the City with respect to the Notes awarded is the same as that contained in the bidder's proposal with respect to the entire amount bid, carried to six decimal places. The purchase price must be paid in Federal Funds.

The City reserves the right to reject any and all bids and to waive any irregularity or informality with respect to any bid. The City further reserves the right to postpone the sale to another time and date in its sole discretion for any reason, including internet difficulties. The City will use its best efforts to notify prospective bidders in a timely manner of any need for a postponement.

Closing Documents and Legal Opinion

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

The legal opinion will further state that, under existing statutes and court decisions (i) interest on the Notes is excluded from gross income for federal income tax purposes, (ii) such interest is not treated as an item of tax preference for purposes of computing the federal alternative minimum tax; but is, and is not taken into account in the calculation of adjusted current earning for purposes of computing the alternative minimum tax imposed on corporations, (iii) under existing statutes, interest on the Notes is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and (iv) such interest is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay federal alternative minimum tax. In rendering the legal opinion, Robinson & Cole LLP will rely upon and assume the material accuracy of

the representations and statements of expectation contained in the Tax Regulatory Agreement entered into by the City for the benefit of the owners of the Notes, and further, will assume compliance by the City with the covenants and procedures set forth in such Tax Regulatory Agreement.

Settlement of the Notes

It shall be the responsibility of the winning bidder or bidders to certify to the City before the delivery of the Notes the price or prices at which a substantial amount of the Notes were initially offered and sold to the public.

The Notes will be available for delivery on or about November 4, 2010. The deposit of the Notes with DTC or its custodian under a book-entry system requires the assignment of CUSIP numbers prior to delivery. It shall be the responsibility of the winning bidder or bidders to obtain CUSIP numbers for the Notes prior to delivery, and the City will not be responsible for any delay occasioned by the failure of the winning bidder or bidders to obtain such numbers and to supply them to the City in a timely manner. The City assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers, which charges shall be the responsibility of and shall be paid for by the purchaser.

The Preliminary Official Statement is in a form “deemed final” by the City for purposes of SEC Rule 15c2-12(b)(1). Each winning bidder will be furnished 10 copies of the final Official Statement prepared for the Notes at the City’s expense. Additional copies may be obtained by a winning bidder(s) at its own expense by arrangement with the printer. The copies of the Official Statement will be made available to the winning bidder no later than seven business days after the bid opening at the office of the City’s financial advisor. If the City’s financial advisor is provided with the necessary information from the winning bidder(s) by 12:00 p.m. (noon) on the day after the bid opening, the copies of the final Official Statement will include an additional cover page and other pages, if necessary, indicating the interest rates, ratings, yields or reoffering prices, and the name of the managing underwriter.

Continuing Disclosure

The City will undertake in a Continuing Disclosure Agreement entered into in accordance with the requirements of Rule 15c2-12(b)(5), promulgated by the Securities and Exchange Commission, to provide timely notice of the occurrence of certain material events with respect to the Notes. The winning bidder’s obligation to purchase the Notes shall be conditioned upon its receiving, at or prior to the delivery of the Notes, an executed copy of the Continuing Disclosure Agreement for the Notes.

Related Information

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

JAMES L. RICHETELLI, JR.
Mayor

LIBERA C. NOSAL
City Treasurer

October 14, 2010

(See attached for form of Proposal for Notes)

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PROPOSAL FOR PURCHASE
LOT A

October __, 2010

JAMES L. RICHETELLI, JR., Mayor
LIBERA C. NOSAL, City Treasurer
City of Milford, Connecticut
City Hall
110 River Street
Milford, CT 06460

Subject to the provisions of the Notice of Sale dated October 14, 2010, which Notice is made a part of this proposal, we offer to purchase the principal amount of the \$10,585,000 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 \$10,585,000) plus the premium specified below, if any, and to pay therefor par plus the premium specified below, if any, on the date of delivery. We further provide our computation of net interest cost as to each bid, carried to six decimals, and made as provided in the above-mentioned Notice of Sale, but not constituting any part of the foregoing proposal.

Principal amount	_____	Principal amount	_____
Interest rate	_____	Interest rate	_____
Premium	_____	Premium	_____
Net Interest Cost	_____ % (Six Decimals)	Net Interest Cost	_____ % (Six Decimals)
Principal amount	_____	Principal amount	_____
Interest rate	_____	Interest rate	_____
Premium	_____	Premium	_____
Net Interest Cost	_____ % (Six Decimals)	Net Interest Cost	_____ % (Six Decimals)

The undersigned hereby agrees to accept delivery of and make payment for the indicated principal amount of the Notes in Federal Funds on the date of the Notes or as soon thereafter (but not later than 30 days thereafter) as such Notes may be prepared and ready for delivery by the City.

.....
(Name of Bidder)

.....
(Authorized Signature)

.....
(Mailing Address)

.....
(Telephone Number)

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NOTICE OF SALE
\$5,515,000
CITY OF MILFORD, CONNECTICUT
GENERAL OBLIGATION BOND ANTICIPATION NOTES
LOT B
BOOK-ENTRY ONLY

Sealed proposals and electronic bids via *Parity*® (as described herein) will be received by the **CITY OF MILFORD**, Connecticut (the “City”), until 11:30 A.M. (E.D.T.) Thursday,

OCTOBER 21, 2010

for the purchase of \$5,515,000 City of Milford, Connecticut General Obligation Bond Anticipation Notes, Lot B (the “Notes”). Sealed proposals will be received at the Office of the Mayor, City Hall, 110 River Street, Milford, Connecticut 06460, in the manner specified below (See “Sealed Proposal Procedures”). Electronic bids must be submitted via *PARITY*®. (See “Electronic Bidding Procedures”).

The Notes

The Notes will be dated November 4, 2010 and will be payable to the registered owner on November 3, 2011 as further described in the Preliminary Official Statement for the Notes dated October 14, 2010 (the “Preliminary Official Statement”). The Notes will bear interest (which interest shall be computed on a 360-day year, 30-day month basis) payable at maturity at the rate or rates per annum fixed in the proposal or proposals accepted for their purchase, which rates shall be in multiples of 1/1000 of 1% per annum.

Registration

At the option of the winning bidder(s), the Notes will be issued by means of a book-entry system with no physical distribution of note certificates made to the public or as fully registered certificates in the form described below. If issued in book-entry form, the Notes will be issued in registered form and one note certificate for each interest rate will be issued to The Depository Trust Company, New York, New York (“DTC”), registered in the name of its nominee, Cede & Co., and immobilized in their custody. A book-entry system will be employed, evidencing ownership of the Notes in principal amounts of \$1,000 or integral multiples thereof, with transfers of ownership effected on the records of DTC and its participants pursuant to rules and procedures adopted by DTC and its participants. The winning bidder(s) as a condition to delivery of the Notes, will be required to deposit the note certificates with DTC, or its custodian, registered in the name of Cede & Co. Principal of and interest on the Notes will be payable by the City or its agent in same-day funds to DTC or its nominee as registered owner of the Notes. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC; transfer of principal and interest payments to beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The City will not be responsible or liable for payments by DTC to its participants or by DTC participants to beneficial owners or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants.

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

Nature of Obligation

The full faith and credit of the City will be pledged for the prompt payment of the principal of and the interest on the Notes when due. The Notes will be general obligations of the City payable, unless paid from other sources, from ad valorem taxes which may be levied on all taxable property subject to taxation by the City without limitation as to rate or amount except as to classified property such as certified forest lands taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts.

Bank Qualification

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

Electronic Bidding Procedures

Any prospective bidder intending to submit an electronic bid must submit its electronic bid through the facilities of **PARITY**[®]. 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. The City shall not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of, **PARITY**[®], the use of such facilities being the sole risk of the prospective bidder.

If any provisions of this Notice of Sale shall conflict with information provided by **PARITY**[®] as the approved provider of electronic bidding services, this Notice of Sale shall control. Further information about **PARITY**[®], including any fee charged, may be obtained from **PARITY**[®], 1359 Broadway, 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 both the sealed proposal process and the electronic bidding process, the time as maintained by **PARITY**[®] shall constitute the official time. For information purposes only, bidders are requested to state in their electronic bids the net interest cost to the City, as described under "Bid/Specifications/Basis of Award" below, and in the written form of Proposal for Purchase. All electronic bids shall be deemed to incorporate the provisions of this Notice of Sale and form of Proposal for Purchase.

Sealed Proposal Procedures

Bids will be accepted in written form on the form of Proposal for Notes – Lot B at the place and time indicated above. Bids must be enclosed in sealed envelopes marked “Proposal for Notes - Lot B” and addressed to The Honorable James L. Richetelli, Jr., Mayor, City of Milford, Connecticut.

Bid Specifications/Basis of Award

Proposals for the purchase of the Notes must be in the form of the proposal for purchase attached hereto or, if submitted electronically, in accordance with the requirements prescribed herein. A proposal may be for all or any part of the Notes but any proposal for a part must be for \$100,000, or a whole multiple thereof, except one such proposal for a part may include the odd 15,000, and a separate proposal will be required for each part of the Notes for which a separate interest rate is bid. Unless all bids are rejected, the Notes will be awarded to the bidder or bidders offering to purchase the Notes at the lowest net interest cost, computed as to each interest rate stated by adding the total interest which will be paid at such rate and deducting therefrom the premium offered, if any. As between proposals resulting in the same lowest net interest cost to the City, the award will be made on the basis of the highest principal amount of the Notes specified. No bid for less than par and accrued interest, if any, will be considered and the City reserves the right to award to any bidder all or any part of the Notes bid for in his proposal. If a bidder is awarded only a part of the Notes bid for in his proposal, any premium offered in such proposal will be proportionately reduced so that the resulting net interest cost to the City with respect to the Notes awarded is the same as that contained in the bidder's proposal with respect to the entire amount bid, carried to six decimal places. The purchase price must be paid in Federal Funds.

The City reserves the right to reject any and all bids and to waive any irregularity or informality with respect to any bid. The City further reserves the right to postpone the sale to another time and date in its sole discretion for any reason, including internet difficulties. The City will use its best efforts to notify prospective bidders in a timely manner of any need for a postponement.

Closing Documents and Legal Opinion

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

The legal opinion will further state that, under existing statutes and court decisions (i) interest on the Notes is excluded from gross income for federal income tax purposes, (ii) such interest is not treated as an item of tax preference for purposes of computing the federal alternative minimum tax; but is, and is not taken into account in the calculation of adjusted current earning for purposes of computing the alternative minimum tax imposed on corporations, (iii) under existing statutes, interest on the Notes is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and (iv) such interest is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay federal alternative minimum tax. In rendering the legal opinion, Robinson & Cole LLP will rely upon and assume the material accuracy of the representations and statements of expectation contained in the Tax Regulatory Agreement entered into

by the City for the benefit of the owners of the Notes, and further, will assume compliance by the City with the covenants and procedures set forth in such Tax Regulatory Agreement.

Settlement of the Notes

It shall be the responsibility of the winning bidder or bidders to certify to the City before the delivery of the Notes the price or prices at which a substantial amount of the Notes were initially offered and sold to the public.

The Notes will be available for delivery on or about November 4, 2010. The deposit of the Notes with DTC or its custodian under a book-entry system requires the assignment of CUSIP numbers prior to delivery. It shall be the responsibility of the winning bidder or bidders to obtain CUSIP numbers for the Notes prior to delivery, and the City will not be responsible for any delay occasioned by the failure of the winning bidder or bidders to obtain such numbers and to supply them to the City in a timely manner. The City assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers, which charges shall be the responsibility of and shall be paid for by the purchaser.

The Preliminary Official Statement is in a form “deemed final” by the City for purposes of SEC Rule 15c2-12(b)(1). Each winning bidder will be furnished 10 copies of the final Official Statement prepared for the Notes at the City’s expense. Additional copies may be obtained by a winning bidder(s) at its own expense by arrangement with the printer. The copies of the Official Statement will be made available to the winning bidder no later than seven business days after the bid opening at the office of the City’s financial advisor. If the City’s financial advisor is provided with the necessary information from the winning bidder(s) by 12:00 p.m. (noon) on the day after the bid opening, the copies of the final Official Statement will include an additional cover page and other pages, if necessary, indicating the interest rates, ratings, yields or reoffering prices, and the name of the managing underwriter.

Continuing Disclosure

The City will undertake in a Continuing Disclosure Agreement entered into in accordance with the requirements of Rule 15c2-12(b)(5), promulgated by the Securities and Exchange Commission, to provide timely notice of the occurrence of certain material events with respect to the Notes. The winning bidder’s obligation to purchase the Notes shall be conditioned upon its receiving, at or prior to the delivery of the Notes, an executed copy of the Continuing Disclosure Agreement for the Notes.

Related Information

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

JAMES L. RICHETELLI, JR.
Mayor

LIBERA C. NOSAL
City Treasurer

October 14, 2010

(See attached for form of Proposal for Purchase)

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PROPOSAL FOR PURCHASE
LOT B

October __, 2010

JAMES L. RICHETELLI, JR., Mayor
LIBERA C. NOSAL, City Treasurer
City of Milford, Connecticut
City Hall
110 River Street
Milford, CT 06460

Subject to the provisions of the Notice of Sale dated October 14, 2010, which Notice is made a part of this proposal, we offer to purchase the principal amount of the \$5,515,000 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 \$5,515,000) plus the premium specified below, if any, and to pay therefor par plus the premium specified below, if any, on the date of delivery. We further provide our computation of net interest cost as to each bid, carried to four decimals, and made as provided in the above-mentioned Notice of Sale, but not constituting any part of the foregoing proposal.

Principal amount	_____	Principal amount	_____
Interest rate	_____	Interest rate	_____
Premium	_____	Premium	_____
Net Interest Cost	_____ % (Six Decimals)	Net Interest Cost	_____ % (Six Decimals)
Principal amount	_____	Principal amount	_____
Interest rate	_____	Interest rate	_____
Premium	_____	Premium	_____
Net Interest Cost	_____ % (Six Decimals)	Net Interest Cost	_____ % (Six Decimals)

The undersigned hereby agrees to accept delivery of and make payment for the indicated principal amount of the Notes in Federal Funds on the date of the Notes or as soon thereafter (but not later than 30 days thereafter) as such Notes may be prepared and ready for delivery by the City.

.....
(Name of Bidder)

.....
(Authorized Signature)

.....
(Mailing Address)

.....
(Telephone Number)

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