

Research Update:

Milford, CT's Series 2025 GO Bonds Assigned 'AA+' Rating

October 8, 2025

Overview

- S&P Global Ratings assigned its 'AA+' long-term rating to [Milford](#), Conn.'s \$7.185 million series 2025 general obligation (GO) bonds.
- At the same time, S&P Global Ratings assigned its 'SP-1+' short-term rating to the city's \$16.160 million bond anticipation notes (BANs), maturing Oct. 27, 2026.
- S&P Global Ratings also affirmed its 'AA+' long-term rating on Milford's existing GO debt and affirmed its 'SP-1+' short-term rating on the city's notes outstanding.
- The outlook on the long-term rating is stable.

Rationale

Security

Milford's full-faith-and-credit pledge secures the bonds and BANs. The short-term rating on the BANs reflects our criteria for evaluating and rating BANs. Milford maintains a very strong capacity to make principal and interest payments when the notes come due. We view the city's market risk profile as low because it has strong legal authority to issue long-term debt to take out the BANs and it is a frequent debt issuer that regularly provides ongoing disclosure to market participants.

Series 2025 bond proceeds will permanently finance various capital improvement projects. Note proceeds will finance various school, general capital, and sewer projects and renew outstanding notes.

Credit highlights

The rating reflects our view of the city's stable reserve position despite mixed financial performance over the last five years and a strong, mature tax base with incomes that are higher than county and national averages. At the same time, Milford's comparatively high debt and retirement liabilities and fixed costs somewhat offset these strengths and could lead to

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budgetary pressure during the next few fiscal years. The GO rating incorporates our forward-looking view of the city's finances and additional debt plans. Moving forward, we expect credit stability, underpinned by a growing local economy outside of New Haven.

In line with expectations, the city's fiscal 2024 year-end results ended with a drawdown in reserves of approximately \$2.8 million for tax stability purposes, which the city has done in the past. Going forward, city officials and the board of alderman are committed to raising the mill rate in order to maintain reserves at or above current levels. We anticipate the fiscal 2025 year will end with a budgetary surplus of roughly \$12 million, bringing the unassigned fund balance to an estimated \$29 million, a sharp increase from the year prior. The town raised the mill rate for fiscal 2026 after several years of either decreasing it or maintaining it the same rate (it also raised it in fiscal 2024 and fiscal 2025). The fiscal 2026 budget totals \$264 million or a 3.2% increase from fiscal 2025 with the majority of the increase geared toward public safety and the education budget. Going forward, the city plans to rebuild reserves and keep its fund balance appropriation stable for future budgets. However, if the city were to deviate from this trend, our view of its financial performance could weaken, and the rating could be lowered.

Milford's pension and other postemployment benefits (OPEB) liabilities remain a credit weakness. In fiscal 2020, the city began implementing a five-year phase-in to further reduce the discount rate to 7.0% from 7.5% (currently at 7.1%, as of June 30, 2024). The annual reductions have resulted in increasing required contribution levels, which the city had not been meeting since fiscal 2015. Management indicates it has made its full contribution over the last four years and intends to do so again in fiscal 2027. In addition, while the city's local pension plan is well funded at 83.5% (despite the above-average discount rate (7.1%), we believe its OPEB liability of \$282 million as of June 30, 2024 remains large and weakens our view of the city's retirement liabilities. Therefore, we think that the city's exposure will likely continue to increase, and retirement costs will likely continue to add pressure to the budget.

Credit fundamentals supporting the rating include the following:

- The residential community outside of New Haven continues to grow due to management's efforts to attract development and private investments over the last few years. In addition, the town's economy is also supported by county-level economic output indicators that are on par with national averages and local income metrics that are higher than the county and U.S. averages.
- Financial performance is mixed over the last few years due to the city's history of using reserves to balance the budget and maintain a constant tax rate. Reserves are expected to remain stable or improve going forward as management plans to balance the budget by adjusting the mill rate instead of using reserves as was done in prior years.
- Solid budgeting framework using historical trends when developing the budget and monitoring of budget-to-actual performance. Officials maintain a rolling 5-year, long-term capital improvement plan that identifies capital projects and funding sources. Milford maintains formal debt management and reserve policies outlining uses and limits for debt along with specific reserve targets. The city is taking steps to insulate from cyber security risks.
- With \$188 million in total direct debt after this issuance, debt and retirement liabilities are high as a percentage of the budget and on a per capita basis, and we do not expect they will decrease materially during the two-year outlook time frame given the city's plans for additional debt in the near future. We also expect the city will continue to fully fund its actuarially determined contribution for pensions.

- For more information on our institutional framework assessment for Connecticut municipalities, see "[Institutional Framework Assessment: Connecticut Local Governments](#)," Sept. 9, 2024.

Environmental, social, and governance

We view Milford's environmental physical risks as elevated given its coastal location on the Long Island Sound, which exposes it to acute weather-related risks and coastal flooding. The city has a Hazard Mitigation Committee that oversees various flood and erosion control projects either planned or in progress. In addition, the city has previously relocated assets away from its shoreline and has received grants to improve drainpipes and make other sewer infrastructure upgrades. Notably, the city is one of five communities in the state that maintains a Community Rating System program, which rewards community efforts for going beyond minimum standards of the state's National Flood Insurance Program and thus reduces flood insurance premiums for residents. We have evaluated Milford's social and governance factors relative to its economy, financial measures, management, and debt and long-term liability profile, and view them as neutral in our credit rating analysis.

Outlook

The stable outlook reflects our expectation that Milford will improve its reserve position by increasing property tax revenue as needed, reducing its planned use of fund balance in future budgets, and managing its retirement costs and liabilities.

Downside scenario

We could lower the rating if the city draws on its reserves, reducing them to a level out of line with those of peers, with no plan to replenish them or if debt increases beyond expectations.

Upside scenario

While unlikely, we could consider a positive rating action if the city's debt and retirement liabilities were to decrease, the city were to generate consistent and material improvements in available reserves through positive financial operations, and income metrics were to increase to levels commensurate with those of higher-rated peers.

Milford, Connecticut--credit summary

Institutional framework (IF)	1
Individual credit profile (ICP)	2.50
Economy	1.5
Financial performance	3
Reserves and liquidity	2
Management	2.00
Debt and liabilities	4.00

Milford, Connecticut--key credit metrics

	Most recent	2024	2023	2022
Economy				
Real GCP per capita % of U.S.	--	--	92	92
County PCPI % of U.S.	--	--	98	98
Market value (\$000s)	--	9,644,599	9,512,204	9,395,261
Market value per capita (\$)	--	189,474	182,614	184,739
Top 10 taxpayers % of taxable value	--	7.1	7.1	7.6
County unemployment rate (%)	--	3.2	3.2	4.2
Local median household EBI % of U.S.	--	135	126	129
Local per capita EBI % of U.S.	--	144	130	135
Local population	--	50,902	52,089	50,857
Financial performance				
Operating fund revenues (\$000s)	--	266,697	258,748	231,788
Operating fund expenditures (\$000s)	--	271,290	257,941	235,427
Net transfers and other adjustments (\$000s)	--	1,759	2,052	722
Operating result (\$000s)	--	(2,834)	2,859	(2,917)
Operating result % of revenues	--	(1.1)	1.1	(1.3)
Operating result three-year average %	--	(0.4)	(0.2)	(1.4)
Reserves and liquidity				
Available reserves % of operating revenues	--	12.4	13.9	14.3
Available reserves (\$000s)	--	33,136	35,970	33,111
Debt and liabilities				
Debt service cost % of revenues	--	7.2	6.5	6.7
Net direct debt per capita (\$)	3,712	3,813	3,762	3,942
Net direct debt (\$000s)	188,929	194,088	195,967	200,478
Direct debt 10-year amortization (%)	69	68	--	--
Pension and OPEB cost % of revenues	--	7.0	7.0	7.0
NPLs per capita (\$)	--	1,633	1,746	1,743
Combined NPLs (\$000s)	--	83,113	90,956	88,654

Financial data may reflect analytical adjustments and are sourced from issuer audit reports or other annual disclosures. Economic data is generally sourced from S&P Global Market Intelligence, the Bureau of Labor Statistics, Claritas, and issuer audits and other disclosures. Local population is sourced from Claritas. Claritas estimates are point in time and not meant to show year-over-year trends. GCP--Gross county product. PCPI--Per capita personal income. EBI--Effective buying income. OPEB--Other postemployment benefits. NPLs--Net pension liabilities.

Ratings List

New Issue Ratings

US\$16.16 mil GO BANs dtd 10/28/2025 due 10/27/2026

Short Term Rating SP-1+

US\$7.185 mil GO bnds ser 2025 due 10/15/2045

Long Term Rating AA+/Stable

Ratings Affirmed

Local Government

Milford, CT Unlimited Tax General Obligation AA+/Stable

Milford, CT's Series 2025 GO Bonds Assigned 'AA+' Rating

Ratings List

Milford, CT Unlimited Tax General Obligation BAN	SP-1+
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The ratings appearing below the new issues represent an aggregation of debt issues (ASID) associated with related maturities. The maturities similarly reflect our opinion about the creditworthiness of the U.S. Public Finance obligor's legal pledge for payment of the financial obligation. Nevertheless, these maturities may have different credit ratings than the rating presented next to the ASID depending on whether or not additional legal pledge(s) support the specific maturity's payment obligation, such as credit enhancement, as a result of defeasance, or other factors.

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