

Research Update:

Milford, CT Series 2026 GO Bonds Rated 'AA+'; Outlook Stable

October 8, 2026

Overview

- S&P Global Ratings assigned its 'AA+' long-term rating to [Milford](#), Connecticut's \$8.69 million series 2026 general obligation (GO) bonds.
- At the same time, S&P Global Ratings assigned its 'SP-1+' short-term rating to the city's \$11.17 million bond anticipation notes (BANs), maturing Oct. 26, 2027.
- 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 2026 bond and note proceeds will permanently finance portions of existing notes and fund various capital improvement projects.

Credit highlights

The rating reflects Milford's healthy incomes, growing property tax base, and record of stable reserves despite comparatively high debt and retirement liabilities and fixed costs relative to peers. Moving forward, we expect credit stability, underpinned by an improvement of reserves anticipated for fiscal 2026 and manageable debt plans in the near term.

Despite mixed financial performance over the last five years, the city achieved a healthy surplus in fiscal year 2025. This was driven by conservative budgeting—which resulted in lower-than-expected costs for public safety and public works—and revenue from property taxes and fees that outpaced original projections. City officials project a further \$12 million surplus in fiscal 2026,

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aided by rising property tax collections from a property revaluation currently being phased in over five years. Additionally, management implemented a spending freeze during the final three months of the fiscal year to mitigate costs from a new police contract, which included one-time staff retention bonuses. Reserves are expected to grow to above 17% of general fund revenue, significantly exceeding the city's fund balance policy minimum of 5% of expenditures. While the city may utilize a portion of these accumulated funds in the coming years, but we expect its overall financial position to remain healthy.

Milford's pension and other postemployment benefits (OPEB) liabilities remain a credit weakness; however, recent pension reform efforts are beginning to improve funded ratios, and the city has made full actuarial contributions over the last several years. In fiscal 2020, the city began implementing a five-year phase-in to further reduce the discount rate to 7.0% from 7.5% (now at 7.0% as of June 30, 2025). Management indicates it has made its full contribution over the last four years and intends to do so again in fiscal 2027. Additionally, while the city's local pension plan is well-funded at 89%, its \$262 million OPEB liability (as of June 30, 2025) remains substantial and weighs on our view of the city's retirement obligations. However, the city's \$18 million OPEB trust helps mitigate volatility in annual contributions.

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 city's economy is also supported by county-level economic output indicators that are on par with national averages. Local income metrics exceed both county and U.S. averages and continue to grow.
- Financial performance somewhat mixed over the last few years, as the city has historically used reserves to balance the budget and maintain a constant tax rate; however, recent operating results have trended positively. Reserves are expected to improve as economic growth supports major revenue streams, further bolstered by conservative year-to-year expenditure assumptions.
- Solid budgeting framework using historical trends when developing the budget and monitoring of budget-to-actual performance. Officials maintain a rolling five-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's cyber risk mitigation measures align with our view of its risk management policies and practices.
- With \$178 million in total direct debt after this issuance, debt and retirement liabilities are high on a per capita basis, but we do not expect they will increase materially due to manageable debt plans in the near future. We also expect the city will continue to fully fund its actuarially determined contribution for pensions.
- The city has some exposure to natural hazards, including potential coastal flooding given its location on the Long Island Sound. However, 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.
- For more information on our institutional framework assessment for Connecticut municipalities, see "[Institutional Framework Assessment: Connecticut Local Governments](#)," Sept. 9, 2024.

Outlook

The stable outlook reflects our expectation that Milford will improve its reserve position by increasing property tax revenue as needed 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

We could consider a positive rating action if the city's debt and retirement liabilities were to decrease, the city were to generate consistent improvement in available reserves through positive financial operations, and further improvement in economic indicators.

Milford, Connecticut--credit summary

Institutional framework (IF)	1
Individual credit profile (ICP)	1.95
Economy	1.0
Financial performance	2
Reserves and liquidity	1
Management	2.00
Debt and liabilities	3.75

Milford, Connecticut--key credit metrics

	Most recent	2025	2024	2023
Economy				
Real GCP per capita % of U.S.	--	--	102	103
County PCPI % of U.S.	--	--	101	99
Market value (\$000s)	--	11,404,390	9,644,599	9,512,204
Market value per capita (\$)	--	225,977	189,474	188,037
Top 10 taxpayers % of taxable value	--	5.9	7.1	7.1
County unemployment rate (%)	--	4.1	3.3	3.2
Local median household EBI % of U.S.	--	140	131	135
Local per capita EBI % of U.S.	--	154	144	144
Local population	--	50,467	50,902	50,587
Financial performance				
Operating fund revenues (\$000s)	--	277,960	266,697	258,748
Operating fund expenditures (\$000s)	--	270,972	271,290	257,941
Net transfers and other adjustments (\$000s)	--	489	1,759	2,052
Operating result (\$000s)	--	7,477	(2,834)	2,859
Operating result % of revenues	--	2.7	(1.1)	1.1
Operating result three-year average %	--	0.9	(0.4)	(0.2)

Milford, Connecticut--key credit metrics

	Most recent	2025	2024	2023
Reserves and liquidity				
Available reserves % of operating revenues	--	14.6	12.4	13.9
Available reserves (\$000s)	--	40,613	33,136	35,970
Debt and liabilities				
Debt service cost % of revenues	--	6.9	7.2	6.5
Net direct debt per capita (\$)	3,535	3,669	3,813	3,874
Net direct debt (\$000s)	178,405	185,177	194,088	195,967
Direct debt 10-year amortization (%)	70	69	68	--
Pension and OPEB cost % of revenues	--	8.0	7.0	7.0
NPLs per capita (\$)	--	1,148	1,633	1,798
Combined NPLs (\$000s)	--	57,918	83,113	90,956

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\$11,170,000 City of Milford, Connecticut, General Obligation Bond Anticipation Notes, dated: October 27, 2026, due: October 26, 2027

Short Term Rating SP-1+

US\$8,685,000 City of Milford, Connecticut, General Obligation Bonds, Issue of 2026, dated: Date of Delivery, due: October 15, 2046

Long Term Rating AA+/Stable

Ratings Affirmed

Local Government

Milford, CT Unlimited Tax General Obligation AA+/Stable

Milford, CT Unlimited Tax General Obligation BAN SP-1+

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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