

City of Milford



CITY COUNCIL COMMITTEE AGENDA November 8, 2021

Per the Declaration of a Public Health Emergency issued by Governor Carney on July 13, 2021 and the virtual meeting provisions as provided in Senate Bill 94, Milford City Council and Committees will be held in a hybrid format, unless otherwise indicated on the agenda. Public Comments are encouraged on the items as noted on the agenda. Virtual attendees may alert the City Clerk that they wish to speak at the appropriate time by submitting their name, address, and agenda item on which they would like to comment via the Zoom Q&A function or by using the Raise Your Hand function during the meeting. All written public comments received prior to the meeting will be read into the record.

*This meeting is also available for viewing by the public by accessing the following link:
<https://zoom.us/j/99156131279>*

*Members of the public may also dial in by phone using the following number:
Call 301 715 8592 Webinar ID: 991 5613 1279*

6:30 P.M.

FINANCE & PUBLIC WORKS COMMITTEE MEETING

Call to Order – Chairman Jason James Sr.

Investment Policy

Finance Report Update

Adjournment

All items on the Council Meeting Agenda are subject to a potential vote.

**SUPPORTING DOCUMENTS MUST BE SUBMITTED TO THE CITY CLERK IN ELECTRONIC FORMAT
NO LATER THAN ONE WEEK PRIOR TO MEETING; NO PAPER DOCUMENTS WILL BE ACCEPTED OR DISTRIBUTED
AFTER PACKET HAS BEEN POSTED ON THE CITY OF MILFORD WEBSITE.**

City of Milford, DE
Investment Policy Statement



Dated November 13, 2012

UPDATE DRAFT

As Revised September 10, 2021 and November 5, 2021

1.0 **Governing Authority**

It is the policy of the City of Milford to invest public funds under its control in a manner that will provide the highest investment return consistent with the maximum safety of principal, while meeting cash flow needs of the City. The investment program shall conform to all state and local statutes governing the investment of public funds. In the event of a conflict, state and local statutes will prevail.

2.0 **Scope**

This Investment Policy Statement (the "Policy") applies to all financial assets of the City of Milford for which the City retains direct or indirect daily control. Funds for which the City has retained outside investment advisory, fund management and/or brokerage services shall also be governed by this Policy. Bond proceeds shall be governed by the Trust Indenture and related obligation documented in connection with the debt issuance, subject to Internal Revenue Service (IRS) regulations. Police and Firefighter Pension assets, Municipal Employee / Civilian Pension assets, employee-directed post-retirement benefit funds and other pension assets beyond the City's control are not subject to the provisions of this Policy.

The City's investable funds may be segregated into three distinct categories:

2.1 **Liquidity**

The City's operating cash balances, Equipment Replacement Reserves (ERR) for assets being replaced in the current budget year, reserves restricted for capital projects being undertaken in the current budget year, and any component of the City's Minimum Cash Requirement (MCR) related to operating cash are included in the City's Liquidity investment group. The Liquidity investment group is limited to commercial checking and savings deposit accounts (subject to collateral considerations) and those investments specified in sections 8.1, 8.2, 8.3, 8.5, 8.6 and 8.9 provided that the investments are convertible to cash within one (1) business day.

2.2 **Intermediate**

The City's ERR and MCR restricted for asset replacement and capital projects scheduled at least one year in advance constitute the City's Intermediate investment group. The Intermediate investment group is eligible for investment in investments specified in all sections of paragraph 8.0, provided that the average duration is no longer than three (3) years and investments are convertible to cash within three (3) business days. Commercial checking and savings deposit accounts (subject to collateral considerations) are also permissible for this investment group.

2.3 **Growth**

The City's unrestricted cash not required for operations or intermediate capital requirements, the non-operating component of any MCR, and any cash restricted for a purpose at least three (3) years into the future comprise the City's Growth investment group. The Growth investment group is eligible for investment in investments specified in all sections of paragraph 8.0, provided that the average duration is no longer than five (5) years and investments are convertible to cash within five (5) business days. Commercial checking and savings deposit accounts (subject to collateral considerations) are also permissible for this investment group.

3.0 Objectives

The primary objectives of the City of Milford's investment activities, in order of importance shall be:

3.1 Safety

Preservation of principal is the foremost objective of the investment program. To attain this objective, funds shall be diversified among securities of high credit quality and liquidity, so that risk of loss of principal is minimized.

3.2 Liquidity

The City's investments shall be made for such periods as to enable the City to meet all operating requirements that may be scheduled or reasonably anticipated.

3.3 Return on Investments

A goal of the investment program shall be to maximize investment return within the constraints of Sections 3.1 and 3.2.

4.0 Delegation of Authority

Authority to manage the City of Milford's investment program is derived from this Policy, which is approved by City Council. The Finance Director shall be the administrator of all City funds.

The Finance Director shall:

- 1) Review this Policy annually and recommend changes, if any, to City Council;
- 2) Be charged with implementing the Policy, and may delegate authority to act pursuant to this Policy to an investment advisor, fund manager, brokerage firm, or other third-party agent authorized to trade securities (the "advisor"). The Finance Director shall be responsible for all investment transactions and shall establish controls to oversee the activities of any investment advisors.
- 3) Ensure that records of the City's investment activities are retained for a minimum of ten years or the time required by an applicable regulatory authority.

5.0 Prudence, Ethics and Conflicts of Interest

Any official of the City or investment advisor empowered to make investments on behalf of the City of Milford shall comply with the following:

5.1 "Prudent Person" Rule

Investment decisions shall be made with the judgment and care which persons of reasonable intelligence, under circumstances prevailing at the time the investment is made, would exercise in the management of their own investments assuming that their objectives are those shown in Section 3.0 of this policy.

5.2 Ethics and Conflict of Interest

The delegate authorized to make City investments shall act at all times in an ethical manner, and shall not engage in activity that could impair or be perceived to impair their ability to make impartial investment decisions. They shall disclose to the Mayor and City Council any material interests in financial institutions with which the City has financial dealings,

and which may be related to the performance of the investment program. Employees and officers shall refrain from undertaking personal investment transactions with the same individual(s) with whom business is conducted on behalf of the City.

6.0 Authorized Institutions and Dealers

All broker/dealers that desire to become qualified for investment transactions with the City shall meet the following:

1. Primary dealers and regional dealers that qualify under Securities and Exchange Commission Rule 15C3-1 (uniform net capital rule)
2. Capital of at least \$25,000,000 or capital of \$5,000,000 for firms incorporated in the State of Delaware
3. Registered as a dealer under the Securities Exchange Act of 1934
4. Member of the Financial Industry Regulatory Authority (FINRA)
5. Registered to sell securities in the State of Delaware
6. Engaged in the business of effecting transactions in U.S. government, federal agency, and corporate securities for at least five (5) consecutive years

To the extent the City utilizes the services of an outside Investment Advisor, it shall be the responsibility of the Investment Advisor to maintain an approved list of brokers.

7.0 Safekeeping and Custody

To ensure that securities are deposited in an eligible financial institution prior to the release of funds, all trades of marketable securities will be executed using the delivery vs. payment ("DVP") method.

Further, all securities will be held by an independent third-party custodian, in the name of the City of Milford, and evidenced by safekeeping receipts in the City's name. The custodian shall provide daily confirmation of securities held as well as a monthly transactions and holdings report. Fixed income securities must be reported at both the historical cost plus or minus accretion or amortization, respectively, and at market value quoted by an independent securities pricing service.

8.0 Authorized Investments and Trading of Securities

The Finance Director or authorized investment adviser may invest only in the types of securities listed below. The maximum stated maturity of any security shall be limited to 10 years at time of purchase, unless otherwise stated. For Agency mortgage-backed securities, the maximum maturity shall be defined as the weighted average life ("WAL"). WAL is a convention that estimates the expected weighted amount of time, in years, for the principal amount of an issue to be fully paid. For this sector, WAL shall be limited to 10 years, measured at the original purchase date, provided by Bloomberg Financial Markets or another independent pricing/research firm.

8.1 United States Government Securities

Marketable securities issued by the U.S. Government and -supported by the full faith and credit of the U.-S. Treasury either by statute or an opinion of the attorney general of the United States. Up to 100% of the portfolio may be invested in this sector.

8.2 Government Agency Securities

Debt securities issued by government-sponsored enterprises ("GSE"), federal agencies, and federal financing banks; the maximum stated maturity of any investment in this sector shall be limited to 10 years at time of purchase. Up to ~~100~~100% of the portfolio may be invested in this sector.

8.3 Certificates of Deposit and Time Deposits

8.3.1 Domestic Institutions: Issued or endorsed by a domestic bank, or a savings and loan association, organized and supervised under the laws of the United States and denominated in U.S. dollars; provided, however, that deposits are fully insured or guaranteed by the Federal Deposit Insurance Corporation ("FDIC").

If not insured by the FDIC:

- The banking institution must have assets of not less than \$5 billion; and Issuers must have a short-term rating of A-1 by Standard & Poor's and P1 by Moody's and a long-term rating of AA by Standard & Poor's or Aa by Moody's.

The maximum stated maturity of any investment in this sector shall be limited to 5 years at time of purchase. This sector shall not exceed 25% of the total portfolio. No single issuer shall exceed 5% of the City's portfolio.

8.3.2 Delaware-Domiciled Institutions: Issued by or endorsed by any bank or savings association domiciled in the State of Delaware and organized and supervised under federal or State of Delaware banking laws which does not meet the requirements of Section 8.3.1 hereto; provided, however, that:

- For each of the latest two years, the bank or association has had a return on total average assets of 0.50% or greater and an average capital ratio (defined as total equity capital to total assets) of at least 1 to 20, or the instrument is secured as set forth in Section 8, "Collateralization of City Deposits," hereto; and
- Not more than the lesser of \$10 million or 25% of an issuer's total equity capital may be invested in any one issuer. (Investments due to mature in one business day may be excluded from the computation of this percentage.)
- City Council affirms that, consistent with this Policy, Delaware banks and savings associations should be considered as an eligible source of investment.
- The maximum stated maturity of any investment in this sector shall be limited to 5 years at time of purchase. This sector shall not exceed 20% of the total portfolio. No single issuer shall exceed 5% of the City's portfolio.

8.4 Corporate Debt Instruments

Such instruments include commercial paper bankers' acceptances, and non-convertible senior debt securities (bonds and debentures).

8.4.1 Any such instrument must be issued by a U.S. corporation;

8.4.2 No single issuer shall exceed 5% of the City's portfolio.

- 8.4.3** Commercial Paper shall be limited to a final stated maturity of 270 days. This sector shall not exceed 20% of the total portfolio. Issuers shall be rated at least A-1 by Standard & Poor's and P-1 by Moody's.
- 8.4.4.** Bankers' Acceptances shall be limited to a final maturity of 365 days. This sector shall not exceed 20% of the City's Portfolio. Issuers shall be rated at least A-1 by Standard & Poor's and Pl by Moody's.
- 8.4.5** Corporate bonds and debentures shall be limited to a final stated maturity of 15 years. This sector shall not exceed 50% of the total portfolio. Issuers shall hold a long-term rating of at least BBB+ by S&P, Baa1 by Moody's or BBB+ by Fitch Ratings, though the dollar-weighted average credit rating of the securities invested pursuant to 8.4.5 must exceed the minimum rating at the time of purchase. Rebalancing shall not be automatically required if the dollar-weighted average credit rating of the securities invested pursuant to 8.4.5 fall below minimum rating.

8.5 Repurchase Agreements

The underlying collateral shall consist of U.S. government and/or GSE securities provided, however, that:

- 8.5.1** All repurchase agreements must be governed by a written master repurchase agreement;
- 8.5.2** Agreements will be entered into only with respect to underlying securities in which the investment manager may otherwise invest as described above, and only with a recognized U.S. Government/broker or a bank which meets the requirements set out under paragraph Section 8.3.1 or 8.3.2 above;
- 8.5.3** In the case of repurchase collateral held in book-entry form in the Federal Reserve System, all deliveries of securities must be made, for the transfer thereof, through the Federal Reserve book-entry system to the account designated by the investment manager for such purpose. Securities held in certificated form must be delivered to the investment manager or a custodian as directed by the investment manager.
- 8.5.4** Any collateral employed under this paragraph shall be counted towards the applicable maximum limits set forth within these guidelines for such type of investment, and such collateral shall be valued at market at not less than 103 percent of the maturity value of the agreement and marked-to-the-market as requested by the investment manager.
- 8.5.5** Repurchase agreements shall be limited to a maximum maturity of 90 days from date of purchase. No single issuer shall exceed 25% of the City's portfolio.

8.6 Registered Investment Companies (Money Market Funds)

Money market funds shall not be permitted to invest in or hold securities other than those approved in this Policy. No single fund shall exceed 50% of the City's portfolio. Money market funds shall be rated AAAM by S&P, Aaa-mf by Moody's or AAAMmf by Fitch Ratings. A current prospectus must be obtained before investing in any money market fund, and current holdings reports must be maintained at least each month.

8.7 Mortgage-Backed Securities

Mortgage-backed securities issued by the following: Government National Mortgage Association (GNMA), Federal National Mortgage Association (FNMA) or Federal Home Loan Mortgage Association (FHLMC). This sector shall not exceed 50% of the total portfolio.

8.8 Municipal Obligations

Taxable and tax-exempt securities issued by state and local governments and public authorities in the United States. The maximum stated maturity of any investment in this sector shall be limited to 15 years at time of purchase. This sector shall not exceed 40% of the City's portfolio. No single issuer shall exceed 5% of the City's portfolio. Issuers shall be rated at least BBB+ by S&P, Baa1 by Moody's or BBB+ by Fitch Ratings, though the dollar-weighted average credit rating of the securities invested pursuant to 8.4.5 must exceed the minimum rating at the time of purchase. Rebalancing shall not be automatically required if the dollar-weighted average credit rating of the securities invested pursuant to 8.4.5 fall below minimum rating.

8.9 State of Delaware Investments Pool

Delaware Local Government Investment Pool (DELGIP) (or equivalent): The investment in this pool or its equivalent is permitted in relation to the City's cash flow and the guidelines set forth by the State of Delaware. The investment in this pool will not exceed 75% of the total funds available and will be monitored by the City's Finance Department on a monthly basis.

8.10 Trading Securities

The Finance Director is hereby authorized to sell securities prior to their stated maturity date in the following circumstances:

1. A security with declining credit may be sold prior to its maturity to minimize loss of principal;
2. A security swap may be executed if it would improve the quality, yield, or target duration of the portfolio;
3. Securities may be sold to provide needed liquidity.

8.11 Internal Control on such transactions

8.11.1 An investment report will be made available to the Council on a quarterly basis.

8.11.2 All investment reporting documents will be provided to the independent auditors.

8.11.3 Investment records will be kept by the City for ten (10) years.

8.11.4 The trading shall not involve any hedge, derivatives and/or borrowing funds for trading purposes.

9.0 Collateralization of City Deposits

If the City deposits funds in any financial institution, those funds will be subject to the following collateralization requirements. The financial institution shall:

9.1 Collateralize the City's daily ledger balance(s) if, for any quarter during the most recent eight quarters the bank has not met both of the following two criteria:

- Return on total average assets of 0.50 percent or greater.
- Average capital ratio (total equity to total assets) of 5.00 percent or greater.

9.2 If either criterion in paragraph 8.1 is not satisfied collateral must be pledged and shall consist of one or more of the following securities:

- U.S. Government securities
- U.S. Government agency securities
- Federal Home Loan Board letters of credit

- State of Delaware securities
- Securities of a political subdivision of the State of Delaware with a rating of A3 or better by Moody's, A- or better by S&P or A- or better by Fitch Ratings.

- 9.3** Ensure that the securities pledged as collateral (except for Federal Home Loan Board letters of credit) have a market value equal to or greater than 103 percent of the ledger balance(s) in the account(s) marked to market each day.
- 9.4** Ensure that securities pledged as collateral are housed at the Federal Reserve Bank or a mutually agreed upon third party depository. (The trust department of the winning vendor will not be acceptable.)
- 9.5** Provide reports on a monthly basis to the City Finance Department detailing the collateral pledged.
- 9.6** Provide a Call Report (Consolidated Report of Condition and Income, FFIEC 031) on a quarterly basis to the City Finance Department.

10.0 Policy Considerations

If securities owned by the City are downgraded by either ~~Standard & Poor's or Moody's of the three major credit ratings agencies~~ to a level below the quality required by this Policy, it shall be the City's policy to review the underlying credit situation and make a determination as to whether to sell or retain such securities in the portfolio.

~~If a security is downgraded one grade below the level required by this Policy and matures within 18 months, the security may be held to maturity. The Finance Director may determine to sell the security if it is determined that there is a probability of default prior to maturity.~~

~~If a security is downgraded two grades below the level required by this Policy and matures within 6 months, the security may be held to maturity. The Finance Director may determine to sell the security if it is determined that there is a probability of default prior to maturity.~~

If a security is downgraded more than two grades below the level required by the Policy by at least two of the three major credit ratings agencies, the security shall be sold immediately.

~~If a security is downgraded one grade below the level required by this Policy and matures within 6 months, the security may be held to maturity. The Finance Director may determine to sell the security if it is determined that there is a probability of default prior to maturity.~~

If a decision is made to retain a downgraded security in the portfolio, its presence in the portfolio will be monitored and reported monthly to the Finance Director.

11.0 Internal Controls

The Finance Director is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft, or misuse. The Finance Director shall also establish a process for an annual independent review by an external auditor to assure compliance with policies and procedures. The internal controls shall address the following:

- Control of collusion
- Separation of transaction authority from accounting and recordkeeping

- Custodial safekeeping
- Prohibition of physical delivery securities
- Clear, written delegation of authority to subordinate staff members
- Written confirmation of transactions for investments and wire transfers

12.0 Performance Standards

The City of Milford's investment decisions shall be made with the objective of obtaining a rate of return commensurate with the investment risk constraints and the cash flow needs. On a quarterly basis, the Finance Director shall compare the City's portfolio against the

Merrill Lynch 0-5 Year U.S. Treasury Index or a similar index of U.S. Treasury securities widely referenced in national financial publications, in terms of time-weighted total return and average duration for the period under review.

13.0 Reporting

At the end of each calendar quarter, the Finance Director will make available a report of all quarter-ending investments to the Mayor and City Council. Reports shall include the following:

- Listing of individual securities held as of last day of reporting period, sorted by Sector
- Par, market, and amortized cost values of each security
- Coupon, current yield, and final stated maturity date of each security

14.0 Investment Policy Adoption

The City of Milford's investment policy will be adopted by the City Council after review and recommendation of the Finance Committee. The policy will be reviewed at least once every year by the Finance Committee, which is charged with considering the existing policy and any recommendations to modify the policy. Any modifications to the policy must be approved by the City Council.

ATTACHMENT A

GLOSSARY

AGENCIES: Federal agency securities, otherwise known as "Government Sponsored Enterprises."

CERTIFICATE OF DEPOSIT (CD): A time deposit with a specific maturity evidenced by a certificate. Large denomination CD's are typically negotiable.

BANKERS ACCEPTANCE: A short-term credit investment which is created by a non-financial firm and whose payment is guaranteed by a bank.

COLLATERAL: Securities, evidence of deposit or other property which a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public monies.

COMMERCIAL PAPER: An unsecured obligation issued by a corporation or bank to finance its short-term credit needs. Maturities typically range from one (1) to 270 days.

COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR): The official annual report for the City of Milford. It includes five combined statements for each individual fund and account group prepared in conformity with GAAP. It also includes supporting schedules necessary to demonstrate compliance with finance-related legal and contractual provisions, extensive introductory material, and a detailed Statistical Section.

CORPORATE BONDS: A debt security issued by a corporation based in the United States of America. Such bonds usually have a par value of \$1,000, have a term maturity, and are traded on a major exchange.

DEALER: A dealer, as opposed to a broker, acts as a principal in all transactions, buying and selling for his own account.

DIVERSIFICATION: Dividing investment funds among a variety of securities offering independent returns, in an attempt to limit risk.

FEDERAL CREDIT AGENCIES: Agencies of the Federal government set up to supply credit to various classes of institutions and individuals, e.g., S&L's, small business firms, students, farmers, farm cooperatives, and exporters.

FEDERAL DEPOSIT INSURANCE CORPORATION (FDIC): A federal agency that insures bank deposits, currently up to \$250,000 per deposit.

FEDERAL FUNDS RATE: The rate of interest at which Fed funds are traded. This rate is currently pegged by the Federal Reserve through open-market operations.

FEDERAL HOME LOAN BANKS (FHLB): The institutions that regulate and lend to savings and loan associations. The Federal Home Loan Banks play a role analogous to that played by the Federal Reserve Banks vis-a-vis member commercial banks.

FEDERAL NATIONAL MORTGAGE ASSOCIATION (FNMA): FNMA, like GNMA was chartered under the Federal National Mortgage Association Act in 1938. FNMA is a federal corporation working under the auspices of the Department of Housing and Urban Development (HUD). It is the largest single provider of residential mortgage funds in the United States. Fannie Mae, as the corporation is called, is a private stockholder-owned corporation. The corporation's purchases include a variety of adjustable mortgages and second loans, in addition to fixed-rate mortgages. FNMA's securities are also highly liquid and are widely accepted.

FEDERAL RESERVE SYSTEM: The central bank of the United States created by Congress and consisting of a seven-member Board of Governors in Washington, D.C., 12 regional banks and about 5,700 commercial banks that are members of the system.

GOVERNMENT NATIONAL MORTGAGE ASSOCIATION (GNMA or Ginnie Mae): Securities influencing the volume of bank credit guaranteed by GNMA and issued by mortgage bankers, commercial banks, savings and loan associations, and other institutions. Security holder is protected by full faith and credit of the U.S. Government. Ginnie Mae securities are backed by the FHA, VA or FMHM mortgages. The term "passthroughs" is often used to describe Ginnie Mae's.

LIQUIDITY: A liquid asset is one that can be converted easily and rapidly into cash without a substantial loss of value. In the money market, a security is said to be liquid if the spread between bid and asked prices is narrow and reasonable size can be done at those quotes.

LOCAL GOVERNMENT INVESTMENT POOL (LGIP): The aggregate of all funds from political subdivisions that are placed in the custody of the State Treasurer for investment and reinvestment.

MARKET VALUE: The price at which a security is trading and could presumably be purchased or sold.

MATURITY: The date upon which the principal or stated value of an investment becomes due and payable.

MORTGAGE-BACKED SECURITIES (MBS): An investment instrument that represents ownership of, and is backed by, an individual interest in a pool of mortgages such as those issued by Ginnie Mae or Freddie Mac. Principal and interest from the individual mortgages is used to pay principal and interest on the MBS.

MUNICIPAL NOTES AND BONDS: Securities issued by a state, city, or local government to finance operations or special projects.

PRUDENT PERSON RULE: An investment standard. In some states the law requires that a fiduciary, such as a trustee, may invest money only in a list of securities selected by the custody state--the so-called legal list. In other states the trustee may invest in a security if it is one which would be bought by a prudent person of discretion and intelligence who is seeking a reasonable income and preservation of capital.

QUALIFIED PUBLIC DEPOSITORIES: A financial institution which does not claim exemption from the payment of any sales or compensating use or ad valorem taxes under the laws of this state, which has

segregated for the benefit of the commission eligible collateral having a value of not less than its maximum liability and which has been approved by the Public Deposit Protection Commission to hold public deposits.

RATE OF RETURN: A measure of worth, either at security or aggregate portfolio level, over a period of time. There are many return conventions, including but not limited to yield to maturity at cost, yield to maturity at market, yield to worst, time weighted total return, dollar weighted total return.

REPURCHASE AGREEMENT (RP OR REPO): A holder of securities sells these securities to an investor with an agreement to repurchase them at a fixed price on a fixed date. The security "buyer" in effect lends the "seller" money for the period of the agreement, and the terms of the agreement are structured to compensate him for this. Dealers use RP extensively to finance their positions. Exception: When the Fed is said to be doing RP, it is lending money, that is, increasing bank reserves.

REVERSE REPURCHASE AGREEMENT: The purchase of a security by a dealer with the agreement to sell it back to the seller at a fixed price at a later date. Typically used by owners of securities to finance short-term needs without having to liquidate the security.

SAFEKEEPING: A service to customers rendered by banks for a fee whereby securities and valuables of all types and descriptions are held in the bank's vaults for protection.

TIME DEPOSITS: A savings account or CD held for a fixed term or with the understanding that the customer can withdraw only by giving advanced notice.

TREASURY BILLS: A short-term (less than one year) non-interest-bearing discount security issued by the U.S. Treasury department to finance the national debt. Most bills are issued to mature in three months, six months, or one year.

TREASURY BOND: Long-term U.S. Treasury securities having initial maturities of more than 10 years.

TREASURY NOTES: A non-interest-bearing discount security issued by the U.S. Treasury to finance the national debt. Most bills are issued to mature in three months, six months or one year.

UNIFORM NET CAPITAL RULE: Securities and Exchange Commission requirement that member firms as well as nonmember broker-dealers in securities maintain a maximum ratio of indebtedness to liquid capital of 15 to 1: also called net capital rule and net capital ratio.

Indebtedness covers all money owed to a firm, including margin loans and commitments to purchase securities, one reason new public issues are spread among members of underwriting syndicates. Liquid capital includes cash and assets easily converted into cash.

VARIABLE RATE MASTER DEMAND NOTES: A floating rate security with initial maturities and indexed rates chosen by the investor. The interest rate is adjusted periodically, usually off a standard such as that prevailing on a Treasury Bill or the prime interest rate.

YIELD: The rate of annual income return on an investment, expressed as a percentage.

INCOME YIELD is obtained by dividing the current dollar income by the current market price for the security.

NET YIELD or YIELD TO MATURITY is the current income yield minus any premium above par or plus any discount from par in purchase price, with the adjustment spread over the period from the date of purchase to the date of maturity of the bond.

City of Milford



RESOLUTION 2021-15

Adoption of the City of Milford Investment Policy

WHEREAS, it is the policy of the City of Milford to invest public funds under its control in a manner that will provide the highest investment return consistent with the maximum safety of principal, while meeting cash flow needs of the City; and

WHEREAS, the City investment program shall conform to all state and local statutes governing the investment of public funds; and

WHEREAS, the City investment policy is being adopted after the review and recommendation of the Finance Committee;

WHEREAS, the City Finance Committee will, no less than once a year, review the Investment Policy for any required updates and amendments; and

WHEREAS, the City Council has determined that it is appropriate and necessary to create the "Investment Policy for the City of Milford" to bring the policies in line with current financial practices, procedures, and strategies of the City of Milford.

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF MILFORD, DELAWARE, AS FOLLOWS:

Section 1: The City Council hereby adopts and approves the Investment Policy.

Section 2: The City Manager is authorized to take action, provide guidance, and create procedures with the input of the City Finance Director, to ensure the investment program authorized by this Resolution is implemented pursuant to the guidelines set forth in the Investment Policy.

IN WITNESS WHEREOF, I have hereunto set my hand and caused the Official Seal of the City of Milford to be affixed this 8th day of November 2021.

Mayor Arthur J. Campbell

Attest:

City Clerk Teresa K. Hudson

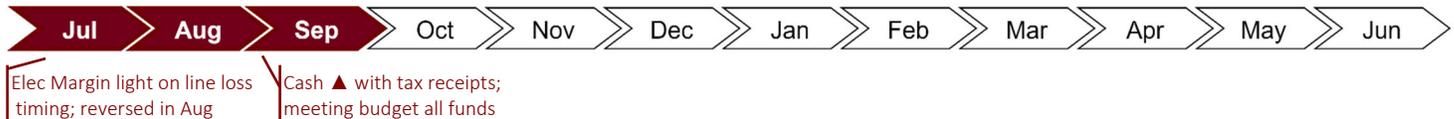
To: Mayor and City Council
Cc: Mark Whitfield, City Manager; Finance Department
From: Louis C. Vitola, Finance Director
Date: November 3, 2021
Re: September 2021 Financial Reporting Package

The Financial Reporting Package for September 2021 (FY22 Q1 / YTD) is enclosed for your review. The following executive summary highlights this month's notable developments and recaps any changes to the report. The Appendix on page 10 was added to show planned use of ARPA funding by category with actual spending updates; the Appendix will remain as part of the regular monthly reporting until the funds are exhausted. In addition, the new "Quick Reference" section of this memo will recap important financial highlights and summarize modifications made during FY22 to help shorten the executive summaries.

The September YTD results largely exceed budget expectations, though operating results in the electric and water funds are short of the first quarter last year. Cash balances have increased about \$2 million in total this month, driven almost entirely by the increase in general fund cash as the annual property tax bills were due on September 30. Capital spending has picked up pace with activity underway on NE & NW Front St, Second St, and the conclusion of the Boys & Girls Club paving, City Hall lower level retrofit and Mispillion St group of road and utility upgrade projects. Operating expenditures remain below even the seasonalized budget across funds for the third consecutive month, which is not surprising given our well-documented and indiscriminating staffing challenges, whose only silver lining is manifested in the reported savings versus the budget.

Quick Reference for FY22 Financial Developments and Report Upgrades

Recap FY22 Financial Highlights



Summary of Modifications

- P.1 – Cash Rollforward
 - New Solid Waste Reserves Acct created by FY22 Water Fund interfund loan forgiveness; new variance indicators
- P.2 – Restricted Cash Reserves Report
 - The MSA and RTT reserves were combined into one shared summary to make room for Solid Waste Fund
 - Lines 3 & 17 added to show additions & interest earnings in the capital reserve accounts
 - Lines 12, 13, 24 & 25 feature updated MCR & ERR calculations for FY22 pursuant to cash reserve policy
- P.3 – The Enterprise Funds “P&L Style” Report features a new comparative column and four new rows
 - The rightmost column compares current vs prior FYTD periods by revenue and expense lines and subtotals
 - Rows 16 & 17 compare current & prior FYTD periods net surplus by fund
 - Rows 18 & 19 compare actual surplus vs seasonalized budget surplus for the current FYTD period
 - Variance indicators added for quick reference to both P&L reports
- P.4 – The General Fund “P&L Style” Report was created to complement the existing Enterprise Funds P&L Report
 - The new statement presents the same general fund financial performance available in the legacy Revenue and Expenditure Reports in a one-page consolidated executive summary
 - The scaled, common-size columns at right match the prior year comparability goals featured in the Enterprise Fund version of the report, while also putting general fund revenues and expenses in context for the first time in the monthly financial reporting package
 - Rows 19 & 20 allow for a comparison of the current and prior year FYTD periods by major function
 - Rows 21-22 show comparison of actual surplus vs seasonalized budget surplus for the current FYTD period
- P.5-8 – Revenue Report (p.5) & Expenditure Report (p.6-8) will continue to be produced indefinitely as “legacy” reports
- P.10 – Planned Use of ARPA Funding by Category compared to Actual Spending in this Sept upgrade to the report



Financial Reporting Package

As of and For the Period Ended September 30, 2021

Cash & Investment Balance Rollforward

Restricted Cash Reserves Report

Enterprise Funds YTD Revenue & Expenditure Report

General Fund YTD Revenue & Expenditure Report

Legacy Revenue Report with MTD & YTD vs Annual Budget

Legacy Expenditure Report with MTD & YTD vs Annual Budget

Legacy Interservice Department Cost Allocation

Appendix: ARPA Funding Plan vs Actual Expenses

City of Milford, Delaware
Cash and Investment Balance¹ Rollforward
For the Period Ended September 30, 2021

1 **Operating Cash Balances**

Description	Opening Balance (Aug 31, 2021)	Receipts	Interest Earned	Disbursements	Closing Balance (Sep 30, 2021)
General Fund	\$ 2,604,226	\$ 3,231,905	\$ 769	\$ (1,393,806)	\$ 4,443,094 ↑
Electric Fund	3,844,895	2,130,745	1,903	(2,414,217)	3,563,326 ↓
Water Fund	1,679,685	255,887	1,042	(181,312)	1,755,303 ↑
Sewer Fund	485,369	413,095	415	(360,521)	538,358 ↑
Solid Waste Fund	546,398	104,732	76	(100,465)	550,742 ↑
Operating Cash Totals	\$ 9,160,573	\$ 6,136,364	\$ 4,206	\$ (4,450,320)	\$ 10,850,824 ↑

9 **Federal, State and Other Special Purpose Cash Balances**

Description	Opening Balance (Aug 31, 2021)	Receipts ³	Interest Earned	Disbursements ²	Closing Balance (Sep 30, 2021)
General Improvement	\$ 268,098	\$ 58,727	\$ 45	\$ -	\$ 326,870 ↑
Municipal Street Aid (MSA)	624,692	0	87	-	624,779 ↑
Realty Transfer Tax (RTT)	3,922,125	127,680	560	-	4,017,031 ↑
Economic Development	681,714	-	-	-	681,714 →
ARPA Grant Fund	2,946,446	-	-	(16,130)	2,930,316 ↓
Special Purpose Cash Totals	\$ 8,443,076	\$ 186,407	\$ 692	\$ (16,130)	\$ 8,580,710 ↑

17 **Reserve Fund Cash Balances¹**

Description	Opening Balance (Aug 31, 2021)	Receipts	Interest Earned	Disbursements ²	Closing Balance (Sep 30, 2021)
General Fund Capital Reserves	\$ 1,784,957	\$ 216,000	\$ 9	\$ (51,732)	\$ 1,949,234 ↑
Water Fund Capital Reserves	9,225,335	-	59	(18,859)	9,206,535 ↓
Sewer Fund Capital Reserves	3,872,955	-	25	(440)	3,872,539 →
Solid Waste Fund Capital Reserves	71,433	-	1	(149)	71,285 →
Electric Fund Capital Reserves	14,067,825	-	69	(17,801)	14,050,094 ↓
Reserve Fund Cash Totals	\$ 29,022,505	\$ 216,000	\$ 163	\$ (88,981)	\$ 29,149,687 →

25 **Impact Fees and Police/General Facilities Cash Balances**

Description	Opening Balance (Aug 31, 2021)	Receipts ³	Interest Earned	Disbursements	Closing Balance (Sep 30, 2021)
Police & General Gov't Facilities	\$ 510,157	\$ 8,796	\$ -	\$ -	\$ 518,953 ↑
Carlisle Fire Co Permit Fund	410,334	115,932	-	-	526,266 ↑
Water Impact Fee Reserves	4,597,703	30,353	-	-	4,628,055 ↑
Sewer Impact Fee Reserves	2,640,654	16,036	-	-	2,656,690 ↑
Electric Impact Fee Reserves	1,055,590	8,400	-	-	1,063,990 →
Impact Fees & Police/GF Totals	\$ 9,214,437	\$ 179,517	\$ -	\$ -	\$ 9,393,954 ↑

Grand Totals	\$ 55,840,591	\$ 6,718,287	\$ 5,061	\$ (4,555,430)	\$ 57,975,175 ↑
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34 ¹Balances are not indicative of funding availability; see enclosed Restricted Cash Reserves Report for reserve funding commitments

35 ²Disbursements from General and Water Fund Reserves (lines 19-20) include the Mispillion St Project; Disbursements from Electric Reserves (line 23) supported the ongoing Data Security project; ARPA Funding reported separately in Appendix

36 ³Receipts include a CTF Grant Reimbursement related to the Boys & Girls Club Paving Project (line 11), RTT receipts (line 13) and Bond Bill funding for Parks & Rec and Carlisle Fire Co Capital (lines 19 & 28, respectively)

City of Milford, Delaware
Restricted Cash Reserves Report
As of September 30, 2021

General Fund Capital Reserves		Amount
Cash/Investment Balance (9/30/21)	\$	1,949,234
Expected Contributions & Interest		658,818
Restricted Funds:		
Vehicle & Equipment Replacement		(324,100)
Building Upgrades		(286,076)
Parking Enhancements		(200,000)
Parkland, Trails & Recreation		(606,595)
2020 Combined Utilities		(22,396)
OpEx Support (Tax R/A & PD R/M)		(497,000)
Support Policy with RTT ¹		2,000,000
Draft Reserve (MCR) Policy ²		(1,236,356)
Equipment Replacement Reserve ²		(764,100)
Uncommitted Reserve Balance	\$	671,430

Electric Fund Capital Reserves		Amount
Cash/Investment Balance (9/30/21)	\$	14,050,094*
Expected Contributions & Interest		1,999,956
Restricted Funds:		
Electric Vehicles & Equipment		(96,026)
Lighting & System Improvements		(593,628)
Traffic Signal Upgrades		(350,000)
Citywide Projects		(878,194)*
Early Redemption of Bond (1/1/22)		(4,060,000)
Draft Reserve (MCR) Policy ³		(6,345,238)
Equipment Replacement Reserve ³		(85,400)
Uncommitted Reserve Balance	\$	3,641,564

Water Fund Capital Reserves		Amount
Cash/Investment Balance (9/30/21)	\$	9,206,535
Expected Contributions & Interest		608,180
Restricted Funds:		
Vehicle & Equipment Replacement		(201,953)
Streets 2020 Utility Engineering (Move		(122,765)
SE Second Street - Lead Gooseneck		(2,554)
Milford Business Campus		(6,500,000)
Draft Reserve (MCR) Policy ³		(2,695,121)
Equipment Replacement Reserve ³		(201,953)
Uncommitted Reserve Balance	\$	90,369

Solid Waste Reserves		Amount
Cash/Investment Balance (9/30/21)	\$	71,285
Expected Contributions & Interest		218,783
Restricted Funds:		
Draft Reserve (MCR) Policy ⁴		-
Equipment Replacement Reserve ⁴		(290,068)
Uncommitted Reserve Balance	\$	-

Sewer Fund Capital Reserves		Amount
Cash/Investment Balance (9/30/21)	\$	3,872,539
Expected Contributions & Interest		78,281
Restricted Funds:		
Sewer Vehicles & Equipment		(169,503)
Citywide Projects & Engineering		(29,256)
Utility Engineering		(231)
Draft Reserve (MCR) Policy ³		(3,327,000)
Equipment Replacement Reserve ³		(235,000)
Uncommitted Reserve Balance	\$	189,831

MSA & RTT Reserves		Amount
RTT Balance (9/30/21)		4,017,031
MSA Balance (9/30/21)		624,779
MSA & RTT Est Receipts thru FY22:		814,617
MSA: Street & Bridge Improvements		(415,958)
RTT: Transfer to Police Dept		(300,000)
RTT: Sidewalk Project Funding		(140,000)
MSA & RTT: Mispillion Street Group		(490,440)
MSA & RTT: 2020 Combined Utilities		(407,566)
RTT: Support GF Policies ¹		(2,000,000)
RTT: Draft Reserve Policy ⁵		(1,041,454)
Uncommitted Reserve Balance	\$	661,009

¹Approved GF Reserve Policies permit support from an eligible funding source; portion of RTT balance pledged to support GF Reserves for foreseeable future

²Approved GF Reserve Policies recommend MCR of 45 days OpEx & Equip Repl Res minimum of 110% of upcoming CIP budget

³Approved Reserve Policies split Minimum Cash Req'd from COS study into new MCR & Equip Repl Reserve (20% of CIP)

⁴Solid Waste Reserves initiated in FY22 with seed funding from interfund loan forgiveness. Through at least FY23, 100% of balance will be reserved for purchase of new vehicle per FY22-26 approved CIP

⁵Approved Reserve Policies recommend dynamic MCR based on average of trailing-three-year RTT receipts

*UPDATED 11/8/2021

City of Milford, Delaware
Enterprise Funds: Statement of Revenues & Expenditures
For the YTD Period Ended September 30, 2021 vs Prior FYTD & Current Budget (in thousands)

Enterprise Funds Profit & Loss (P&L) Statement		Electric	Water	Sewer	Solid Waste	Total	FY22 Total (as % of Rev)	FY21 Total (as % of Rev)
1	Operating Revenue	\$ 6,985	\$ 811	\$ 1,272	\$ 362	\$ 9,430	100.0%	100.0%
2	Cost of Revenue ¹	(4,881)	(76)	(654)	(102)	(5,713)	-60.6%	-59.1%
3	Gross Margin	2,104	735	618	260	3,717	39.4%	40.9%
4	Operating Expenses							
5	Operations & Maintenance	(582)	(239)	(211)	(160)	(1,191)	-12.6%	-12.8%
6	Personnel	(211)	(70)	(69)	(57)	(407)	-4.3%	-4.5%
7	Total Operating Expenses	(793)	(309)	(280)	(216)	(1,598)	-16.9%	-17.3%
8	Operating Income	\$ 1,311	\$ 426	\$ 338	\$ 44	\$ 2,118	22.5%	23.6%
9	Non-Operating Revenue (Expense)	13	3	1	0	18	0.2%	0.1%
10	Surplus (Deficit) for debt service & capital	1,323	429	339	44	2,136	22.7%	23.7%
11	Debt Service - Principal & Interest	-	(136)	(40)	-	(177)	-1.9%	-1.6%
12	Capital Spending / Contributions from (to) Reserves	(4)	-	(59)	-	(64)	-0.7%	-0.4%
13	Surplus (deficit) available for transfers	1,319	293	240	44	1,896	20.1%	21.7%
14	Transfers Out	(625)	(75)	-	-	(700)	-7.4%	-6.5%
15	Net Surplus (Deficit) - FYTD through Sep 2021	\$ 694	\$ 218	\$ 240	\$ 44	\$ 1,196	12.7%	15.2%
16	Net Surplus (Deficit) - FYTD through Sep 2020	\$ 905	\$ 353	\$ 198	\$ (2)	\$ 1,454	15.2%	
17	Current vs Prior - Favorable (Unfavorable)	↓ \$ (211)	↓ \$ (135)	↑ \$ 42	↑ \$ 46	↓ \$ (258)	-2.5%	
18	Net Surplus (Deficit) - Current FYTD Budget	\$ 91	\$ 26	\$ 23	\$ 15	\$ 156	1.7%	
19	Current vs Budget - Favorable (Unfavorable)	↑ \$ 603	↑ \$ 192	↑ \$ 216	↑ \$ 29	↑ \$ 1,040	11.0%	

¹Cost of Revenue reported in the electric fund reflects wholesale cost of power and serves as an ideal revenue offset to arrive at gross margin. Cost of revenue in the water, sewer and solid waste funds are estimated based on a limited set of known, direct inputs to the cost of providing the utility services billed. Aside from Kent County sewer treatment charges, costs of revenue in the water, sewer and solid waste funds are likely understated.

UPDATED 11/8/2021

City of Milford, Delaware

General Fund: Statement of Revenues & Expenditures¹

For the YTD Period Ended September 30, 2021 vs Prior FYTD & Current Budget (in thousands)

General Fund Sources and Uses of Funding	Admin & Council	Public Safety	Parks & Rec	Planning & All Other	Total	FY22 Total <i>(as % of Rev)</i>	FY21 Total ³ <i>(as % of Rev)</i>
Sources of Funding:							
Real Estate (Property) Taxes	\$ 4,664	\$ -	\$ -	\$ -	\$ 4,664	77.5%	69.7%
Permits, Licensing & Franchise Fees	43	-	-	64	107	1.8%	2.5%
Fines, Fees & Misc Revenue	4	149	-	-	153	2.5%	5.9%
General Revenue Subtotal	4,711	149	0	64	4,924	81.8%	78.0%
Utility Transfers & Cost Allocation	984	-	-	-	984	16.3%	14.4%
Grant Revenue	-	11	-	-	11	0.2%	2.1%
Application of Reserve Balances	-	100	-	-	100	1.7%	5.6%
General Fund Operating Support	984	111	0	0	1,095	18.2%	22.0%
Total Sources of Funding	\$ 5,695	\$ 260	\$ -	\$ 64	\$ 6,019	100.0%	100.0%
Uses of Funding:							
Operations & Maintenance	265	194	152	114	725	12.0%	21.3%
Personnel	277	964	102	140	1,484	24.6%	31.9%
Total Operating Expenses²	542	1,158	254	255	2,209	36.7%	53.2%
Surplus (Deficit) for Debt Svc & Capital	\$ 5,152	\$ (898)	\$ (254)	\$ (191)	\$ 3,810	63.3%	46.8%
Debt Service - Principal & Interest	-	-	-	-	-	0.0%	0.0%
Capital Spending / Transfers from (to) Reserves	-	-	-	-	-	0.0%	4.6%
Net Surplus (Deficit) - FYTD through Sep 2021	\$ 5,152	\$ (898)	\$ (254)	\$ (191)	\$ 3,810	63.3%	42.2%
Net Surplus (Deficit) - FYTD through Sep 2020³	\$ 3,877	\$ (683)	\$ (155)	\$ (480)	\$ 2,559	42.2%	
<i>Current vs Prior - Favorable (Unfavorable)</i>	\$ 1,275	\$ (214)	\$ (99)	\$ 289	\$ 1,251	21.1%	
Net Surplus (Deficit) - Current FYTD Budget⁴	\$ 5,353	\$ (1,356)	\$ (254)	\$ (234)	\$ 3,509	59.3%	
<i>Current vs Budget - Favorable (Unfavorable)</i>	\$ (200)	\$ 459	\$ 0	\$ 43	\$ 301	4.0%	

¹This Statement presents the same general fund financial performance available in the legacy Revenue and Expenditure Reports in a one-page consolidated executive summary. The common size reporting (two rightmost columns) benefits readers in two ways; first, each line is scaled with total revenue to add context, and second, the common size format is comparable across fiscal years and budgets. This report should be considered a working draft that will be improved over time to improve its usefulness to readers.

²The General Fund Operating Expenses totaling \$2.2 million reported in row 14 ties to the legacy expenditure report in row 58.

³This format presents expenditures in the context of funding sources while comparing subtotals (rightmost column) and the net surplus (deficit) to the prior YTD period (rows 19 & 20)

⁴In addition, the net surplus (deficit) may be compared to the current FYTD Seasonalized budget (lines 21 & 22).

UPDATED 11/8/2021

City of Milford, Delaware
 Legacy Revenue Report: MTD and YTD Actual vs Annual Budget
 For the YTD Period Ended September 30, 2021

25.0% of Year Elapsed

Account / Function	FY'22 Budget, as Approved	MTD Actual	YTD Actual	YTD Actual as % of Annual Budget
General Fund:				
Economic Development Fund	\$ 105,860	\$ -	\$ -	0.0%
General Fund Reserves	1,967,500	-	-	0.0%
ARPA Funding - Operating Support	568,233	11,105	11,105	2.0%
Realty Transfer Tax - Police	400,000	33,333	100,000	25.0%
Real Estate Tax	4,770,043	3,798	4,663,641	97.8%
Business License	72,000	1,130	4,625	6.4%
Rental License	103,000	1,600	3,475	3.4%
Building Permits	316,300	17,671	32,718	10.3%
Planning & Zoning	52,200	2,100	19,200	36.8%
Grasscutting Revenue	16,000	1,333	4,000	25.0%
Police Revenues	431,500	134,072	148,983	34.5%
Misc. Revenues	418,111	15,504	49,704	11.9%
Transfers In	3,835,178	378,013	984,040	25.7%
Total General Fund Revenue	\$ 13,055,925	\$ 599,659	\$ 6,021,491	46.1%
Enterprise Funds:				
Water Fund Revenues	\$ 2,824,888	\$ 280,316	\$ 817,282	28.9%
Sewer Fund Revenues	2,893,047	252,117	721,806	24.9%
Kent County Sewer	1,974,629	187,295	551,118	27.9%
Solid Waste Fund Revenues	1,479,370	121,332	362,640	24.5%
Electric Fund Revenues	25,250,410	2,421,498	6,994,260	27.7%
Total Enterprise Fund Revenue	\$ 34,422,344	\$ 3,262,558	\$ 9,447,106	27.4%
Other Enterprise Expense	-	(3,727)	(24,409)	
Other Enterprise Revenue	-	4,350	13,705	
Total General & Enterprise Fund Revenue	\$ 47,478,269	\$ 3,862,840	\$ 15,457,893	32.6%

City of Milford, Delaware
 Legacy Expenditure Report: MTD and YTD Actual vs Annual Budget
 For the YTD Period Ended September 30, 2021

25.0% of Year Elapsed

Fund / Account / Divisional Groupings	FY'22 Budget, as Approved	MTD Actual	YTD Actual	YTD Actual as % of Annual Budget	Unexpended Balance
General Fund					
City Administration					
Personnel	\$ 715,791	\$ 53,281	\$ 138,075	19.3%	\$ 577,716
Operation & Maintenance (O&M)	492,929	16,072	36,023	7.3%	456,906
Capital	230,000	-	-	0.0%	230,000
Subtotal: City Administration	1,438,720	69,353	174,098	12.1%	1,264,622
Planning & Zoning; Code					
Personnel	493,285	30,622	79,814	16.2%	413,471
O&M	138,135	8,685	40,859	29.6%	97,276
Capital	-	-	-	-	-
Subtotal: Planning & Zoning; Code	631,420	39,307	120,673	19.1%	510,747
Council					
Personnel	35,934	1,981	6,750	18.8%	29,184
Legal	35,000	-	-	0.0%	35,000
City Hall Building Expense	17,424	1,452	4,356	25.0%	13,068
Insurance	25,745	-	5,129	19.9%	20,616
Christmas Decorations	5,000	-	-	0.0%	5,000
Council Expense	35,000	777	10,378	29.7%	24,622
Employee Recognition	28,000	70	80	0.3%	27,920
Codification	15,000	-	3,397	22.6%	11,603
Carlisle Fire Company	140,000	-	-	0.0%	140,000
Museum	30,000	30,000	30,000	100.0%	-
Downtown Milford, Inc.	45,860	-	-	0.0%	45,860
Milford Public Library	25,000	-	-	0.0%	25,000
Transcription Service	15,000	-	-	0.0%	15,000
Armory Expenses	23,600	13,608	17,439	73.9%	6,161
Vehicle & Equipment Repl	6,500	-	-	0.0%	6,500
Resident Survey	18,500	-	17,300	93.5%	1,200
Election - Wages	6,000	-	-	0.0%	6,000
Election - Supplies	2,800	-	-	0.0%	2,800
Community Festivals	60,000	-	-	0.0%	60,000
Subtotal: Council	570,363	47,888	94,829	16.6%	475,534

City of Milford, Delaware
 Legacy Expenditure Report: MTD and YTD Actual vs Annual Budget
 For the YTD Period Ended September 30, 2021

25.0% of Year Elapsed

Fund / Account / Divisional Groupings	FY'22 Budget, as Approved	MTD Actual	YTD Actual	YTD Actual as % of Annual Budget	Unexpended Balance
Finance					
Personnel	456,230	28,337	74,042	16.2%	382,188
O&M	49,970	2,512	11,012	22.0%	38,958
Capital	-	-	-		-
Subtotal: Finance	506,200	30,849	85,054	16.8%	421,146
Information Technology					
Personnel	382,258	23,532	58,386	15.3%	323,872
O&M	228,241	10,988	129,912	56.9%	98,329
Capital	96,400	-	-	0.0%	96,400
Subtotal: Information Technology	706,899	34,520	188,298	26.6%	518,601
Police Department					
Personnel	5,129,212	355,958	964,145	18.8%	4,165,067
O&M	974,498	36,869	193,630	19.9%	780,868
Capital	108,100	-	-	0.0%	108,100
Subtotal: Police Department	6,211,810	392,827	1,157,775	18.6%	5,054,035
Streets & Grounds Division					
Personnel	382,587	21,666	60,498	15.8%	322,089
O&M	508,931	27,829	73,532	14.4%	435,399
Capital	73,000	-	-	0.0%	73,000
Subtotal: Streets & Grounds Division	964,518	49,495	134,030	13.9%	830,488
Parks & Recreation					
Personnel	589,633	40,554	101,805	17.3%	487,828
O&M	473,362	43,002	152,198	32.2%	321,164
Capital	963,000	-	-	0.0%	963,000
Subtotal: Parks & Recreation	2,025,995	83,556	254,003	12.5%	1,771,992
Total General Fund Expenditures	\$ 13,055,925	\$ 747,795	\$ 2,208,760	16.9%	\$ 10,847,165

City of Milford, Delaware
 Legacy Expenditure Report: MTD and YTD Actual vs Annual Budget
 For the YTD Period Ended September 30, 2021

25.0% of Year Elapsed

Fund / Account / Divisional Groupings	FY'22 Budget, as Approved	MTD Actual	YTD Actual	YTD Actual as % of Annual Budget	Unexpended Balance
Enterprise Funds:					
Water Division					
Personnel	\$ 328,260	\$ 25,349	\$ 70,344	21.4%	\$ 257,916
O&M	1,644,327	89,462	314,558	19.1%	1,329,769
Transfer to General Fund	300,000	25,000	75,000	25.0%	225,000
Capital	187,028	47,486	47,776	25.5%	139,252
Debt Service	365,273	46,500	136,137	37.3%	229,136
Subtotal: Water Division	2,824,888	233,797	643,815	22.8%	2,181,073
Sewer Division					
Personnel	\$ 319,977	24,720	68,558	21.4%	251,419
O&M	1,993,116	81,660	313,984	15.8%	1,679,132
Capital	168,528	346	786	0.5%	167,742
Debt Service	411,426	7,960	40,378	9.8%	371,048
Subtotal: Sewer Division (excl. Kent County)	2,893,047	114,686	423,706	14.6%	2,469,341
Kent County Sewer	1,974,629	187,251	550,915	27.9%	1,423,714
Subtotal: Sewer Division (Comprehensive)	4,867,676	301,937	974,621	20.0%	3,893,055
Solid Waste Division					
Personnel	334,276	25,169	56,659	16.9%	277,617
O&M	1,086,019	112,015	261,866	24.1%	824,153
Capital	59,075	-	-	0.0%	59,075
Subtotal: Solid Waste Division	1,479,370	137,184	318,525	21.5%	1,160,845
Subtotal: Water, Sewer & Solid Waste	9,171,934	672,918	1,936,961	21.1%	7,234,973
Electric Division					
Personnel	1,275,540	85,926	211,202	16.6%	1,064,338
O&M	2,759,848	183,462	581,710	21.1%	2,178,138
Transfer to General Fund	2,500,000	208,333	625,000	25.0%	1,875,000
Capital	1,549,021	-	4,189	0.3%	1,544,832
Debt Service	321,615	-	-	0.0%	321,615
Subtotal: Electric Division (excl. Power)	8,406,024	477,721	1,422,101	16.9%	6,983,923
Power Purchased	16,844,386	1,429,394	4,881,403	29.0%	11,962,983
Subtotal: Electric Division (Comprehensive)	25,250,410	1,907,115	6,303,504	25.0%	18,946,906
Total Enterprise Fund Expenditures	\$ 34,422,344	\$ 2,580,033	\$ 8,240,465	23.9%	\$ 26,181,879
Grand Total Operating Budget	\$ 47,478,269	\$ 3,327,828	\$ 10,449,225	22.0%	\$ 37,029,044

City of Milford, Delaware
 Legacy Interservice Department Expenditures: MTD and YTD Actual vs Annual Budget
 For the YTD Period Ended September 30, 2021

25.0% of Year Elapsed

Account / Divisional Groupings	FY'22 Budget, as Approved	MTD Actual	YTD Actual	YTD Actual as % of Annual Budget	Unexpended Balance
Interservice Departments					
Garage					
Personnel	\$ 123,933	\$ 6,680	\$ 17,896	14.4%	\$ 106,037
Operation & Maintenance (O&M)	120,813	12,363	25,163	20.8%	95,650
Capital	-	-	-		-
Subtotal: Garage	244,746	19,043	43,059	17.6%	201,687
Public Works					
Personnel	750,563	53,666	150,359	20.0%	600,204
O&M	293,510	14,462	47,324	16.1%	246,186
Capital	-	-	-		-
Subtotal: Public Works	1,044,073	68,128	197,683	18.9%	846,390
Tech Services					
Personnel	271,033	25,381	61,970	22.9%	209,063
O&M	472,729	36,444	98,003	20.7%	374,726
Capital	-	-	-		-
Subtotal: Tech Services	743,762	61,825	159,973	21.5%	583,789
Billing & Collections					
Personnel	632,304	41,625	119,624	18.9%	512,680
O&M	644,405	12,287	53,151	8.2%	591,254
Capital	-	-	-		-
Subtotal: Billing & Collections	1,276,709	53,912	172,775	13.5%	1,103,934
City Hall Cost Allocation					
O&M	45,000	3,798	11,555	25.7%	33,445
Capital	-	94,792	94,792		(94,792)
Subtotal: City Hall Cost Allocation	45,000	98,590	106,347	236.3%	(61,347)
Interdepartmental Cost Allocation	\$ (3,354,290)	\$ (301,498)	\$ (679,837)	20.3%	\$ (2,674,453)
Net Interdepartmental Costs¹	\$ -	\$ -	\$ -		\$ -

¹All costs reported here are allocated to and entirely funded by the various departments that use the services provided internally by these shared departments.

Appendix: Planned Use of Funding by Category vs Spending
American Rescue Plan Act of 2021 ("ARPA")

<i>Actual Spending by Category through</i>					
ARPA Eligibility Categories	Planned	8/31/2021	9/30/2021	10/31/2021	Notes
COVID-19 Health Impact					
Air Quality & Ventilation	\$ 147,450			-	
Behavioral Health Care	170,000	-	11,105	20,394	Behavioral Health Care Initiative
Operational Facilities	50,000			-	
COVID-19 Mitigation	1,676	598	598	598	Vaccination Incentive; COVID test kits
Administering COVID-19 Response	225,830			-	
COVID-19 Economic Impact					
Assistance to Community (Annual)	324,460	-	-	45,860	DMI Funding
Assistance to Community & Households	256,929			46,500	MHDC Affordability Grant
Rehiring Public Safety Staff	340,220			-	
Rehiring Critical Ops Staff	272,172			-	
Aid Tourism Recovery	27,392			7,845	Signage / Banner Upgrade
Parks & Rec Programming	2,625	2,625	2,625	2,625	Signage cost share with DMI
Infrastructure					
Water Quality	3,048,582	175,456	178,829	382,080	Mispyllion St Project; NE Front St Water Line Replacement
Flood/Pollution Control	724,600	31,076	32,665	63,565	4th St Drainage & Mispyllion St Project
Improve Resilience to Disasters	310,000			-	
Improve Wastewater Treatment	238,184	8,429	8,493	8,630	Sewer component of Mispyllion St Project
Revenue Recovery					
Public Safety Operations	89,011			-	
Parks & Rec Programming	97,000			-	
Economic Development	7,762			-	
Grand Total	\$ 6,333,893	\$ 218,184	\$ 234,315	\$ 578,096	