

To: Mayor and City Council
From: Louis C. Vitola, Finance Director
Date: January 8, 2021
Re: November 2020 Financial Reporting Package

The November 2020 Month-to-Date and Fiscal Year-to-Date (YTD) Financial Reporting Package is enclosed for your review. The following executive summary highlights this month's notable developments and changes to the report.

- Pages 1-2: Cash and Reserve Balances
 - Cash and investment balances (page 1) remain strong through the first quarter, but the standard caution is that reserve requirements and funding commitments (page 2) encumber a significant portion of the balance in each fund, most notably the General Fund, Sewer Fund, the Municipal Street Aid (MSA) Fund and Realty Transfer Tax (RTT) Fund.
 - Aside from nominal investment advisory fees, no funds were distributed from Reserve accounts during November. This is not to say that no progress is being made on capital project initiatives. Rather, capital spending is met with operating cash through the ordinary requisition, purchase and accounts payable process. Then, funds are transferred to the Operating Cash accounts for all reserve-funded initiatives.
 - The interest earnings across Reserve Funds are extraordinarily low in November. This is not a concern; the majority of the reserves are invested in fixed income securities¹ that are intended to be held until the maturity date. While interest accrues daily on these securities, interest revenue is recorded for held-to-maturity investments only at the time of maturity, and no securities matured during the month of November. In other words, the securities are valued at their historical cost and are not “marked to market” (adjusted to current market value) as interest revenue accretes over the term of the investment.
- Page 3-6: Revenue & Expenditures
 - General Fund revenues continue the strong trend through the first five months of the fiscal year. YTD revenue as a function of the annual budgeted revenue is over 64%, but the figure is skewed by the annual property tax billing and the controlled recognition of transfers in and reserve-funded projects, which occur regularly to match the budget. Adjusted for property tax billing, incoming transfers and reserve-funded initiatives, YTD General Fund revenue is still a healthy 41.5% of the annual budget, while expenditures are being monitored closely, again measuring under the levelized budgeted expenditures at this point through the year.
 - Enterprise Fund revenues are likewise strong through the fiscal year so far, measuring 43.9% of annual budgeted revenue. However, as noted in previous Finance Reports, July and August are peak electric usage periods measured against a levelized revenue budget. The same can be said for Water and Sewer revenues this time of year, depending on temperature and precipitation. Strong electric revenues are offset by correspondingly high costs of wholesale power, while infiltration and inflow (I&I) are contributing to high sewer treatment costs, pushing those two key utility costs over the levelized YTD expense budget. Nevertheless, total expenses in the enterprise funds have been controlled well enough to offset the impact of purchased power and I&I, such that the FYTD through November can still be characterized as strong overall, as revenues exceeded the levelized budget by 5.5% while expenditures are 7.4% lower than the YTD budget.

cc: Mark Whitfield, City Manager
Finance Department

¹ Primarily certificates of deposit (CDs), which are diversified by issuer in denominations under \$250,000 to secure FDIC insurance protection on 100% of the portfolio. A very high credit quality, stable and insured investment with high liquidity and short duration such as a CD is consistent with the City's investment policy and highly unlikely to lose value. If the City invested in other investment-policy-eligible fixed-income securities that could fluctuate in value, such securities would be marked to market each monthly reporting period.



Financial Reporting Package
As of and For the Period Ended November 30, 2020

Cash & Investment Balance Rollforward
Restricted Cash Reserves Report
Revenue Report with MTD & YTD vs Annual Budget
Expenditure Report with MTD & YTD vs Annual Budget
Interservice Department Cost Allocation

City of Milford, Delaware
Cash and Investment Balance¹ Rollforward
For the Period Ended November 30, 2020

1 **Operating Cash Balances**

2 Description	Opening Balance (Oct 31, 2020)	Receipts	Interest Earned	Disbursements	Closing Balance (Nov 30, 2020)
3 General Fund	\$ 5,376,522	\$ 1,030,121	\$ 1,317	\$ (1,438,143)	\$ 4,969,817
4 Electric Fund ⁶	5,602,062	1,846,537	2,744	(1,846,776)	5,604,567
5 Water Fund	828,682	236,697	1,492	(129,781)	937,090
6 Sewer Fund	456,140	330,938	638	(333,586)	454,130
7 Solid Waste Fund	378,068	107,184	89	(94,858)	390,483
8 Operating Cash Totals	\$ 12,641,475	\$ 3,551,477	\$ 6,280	\$ (3,843,145)	\$ 12,356,086

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

10 Description	Opening Balance (Oct 31, 2020)	Receipts	Interest Earned	Disbursements ³	Closing Balance (Nov 30, 2020)
11 General Improvement	\$ 380,186	\$ -	\$ 82	\$ (939)	\$ 379,328
12 Municipal Street Aid (MSA)	513,661	-	103	(34,989)	478,775
13 Realty Transfer Tax (RTT)	3,149,242	87,405	668	(41,667)	3,195,648
14 Economic Development	32,289	-	-	-	32,289
15 Special Purpose Cash Totals	\$ 4,075,377	\$ 87,405	\$ 853	\$ (77,595)	\$ 4,086,041

16 **Reserve Fund Cash Balances²**

17 Description	Opening Balance (Oct 31, 2020)	Receipts	Interest Earned ⁴	Disbursements	Closing Balance (Nov 30, 2020)
18 General Fund Capital Reserves	\$ 1,947,559	\$ -	\$ 4	\$ (56)	\$ 1,947,507
19 Water Fund Capital Reserves	9,588,629	-	27	(315)	9,588,342
20 Sewer Fund Capital Reserves	3,996,106	-	12	(133)	3,995,985
21 Electric Fund Capital Reserves	11,437,391	-	34	(394)	11,437,031
22 Reserve Fund Cash Totals	\$ 26,969,685	\$ -	\$ 77	\$ (898)	\$ 26,968,865

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

24 Description	Opening Balance (Oct 31, 2020)	Receipts	Interest Earned	Disbursements	Closing Balance (Nov 30, 2020)
25 Police & General Gov't Facilities	\$ 443,523	\$ 19,919	\$ -	\$ -	\$ 463,442
26 Carlisle Fire Co Permit Fund ⁵	556,623	6,639	-	-	563,263
27 Water Impact Fee Reserves	3,792,216	68,813	-	-	3,861,029
28 Sewer Impact Fee Reserves	2,216,720	36,355	-	-	2,253,075
29 Electric Impact Fee Reserves	942,590	9,600	-	-	952,190
30 Impact Fees & Police/GF Totals	\$ 7,951,672	\$ 141,327	\$ -	\$ -	\$ 8,092,999

31 Grand Totals⁵	\$ 51,638,210	\$ 3,780,208	\$ 7,210	\$ (3,921,637)	\$ 51,503,991
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32 ¹Balances reflect banking and investment account statements and are not indicative of funding availability

33 ²See enclosed Restricted Cash Reserves Report for breakdown of reserve funding commitments

34 ³Transfer to Police to support operating expenditures (line 13)

35 ⁴No maturities this month. Accrued interest on held-to-maturity securities constitutes majority of investment earnings but is not recorded until maturity.

36 ⁵Carlisle Fund moved from Revenue page. Accordingly, opening grand total (Oct 31) is reported higher than the Oct 31 ending balance on last month's report. We expect to distribute the check to Carlisle in January, 2021.

37 ⁶\$3 million of the Electric Fund Operating Cash has been targeted to redeem the outstanding 2016 electric system debt. Accordingly, \$3 million will be transferred to Electric Fund Reserves and reflected on the Reserves page in future Financial Reports.

City of Milford, Delaware
Restricted Cash Reserves Report
As of November 30, 2020

General Fund Capital Reserves	Amount
Cash/Investment Balance (11/30/20)	\$ 1,947,507
Restricted Funds:	
FY'19 Approved with Budget	(33,410)
FY'19 Capital - Council Approved	(55,830)
FY'20 Approved with Budget	(230,165)
FY'20 Capital - Council Approved	(7,300)
FY'21 Approved with Budget ¹	(667,670)
FY'21 Capital - Council Approved	(256,320)
Funding for 5 Police Officers - Yr 3	(436,800)
Support Policy with RTT Transfer ²	2,000,000
Draft Reserve (MCR) Policy ³	(1,835,293)
Equipment Replacement Reserve ³	(293,902)
Uncommitted Reserve Balance	\$ 130,817

Water Fund Capital Reserves	Amount
Cash/Investment Balance (11/30/20)	\$ 9,588,342
Restricted Funds:	
NW & NE Front Street Waterline	(131,718)
Streets 2020 Utility Engineering	(9,334)
SE Second Street - Lead Gooseneck	(152,562)
Two Test Wells - 10th Street	(80,000)
Automated Blow-Off Valves	(48,628)
Lovers Lane Water Lines	(44,950)
Fencing & Water Source Study	(54,500)
SE Regional Water Quality Study	(36,750)
Front Street Water Lines	(1,500,000)
Draft Reserve (MCR) Policy ⁴	(887,632)
Equipment Replacement Reserve ⁴	(1,546,200)
Uncommitted Reserve Balance	\$ 5,096,068

Sewer Fund Capital Reserves	Amount
Cash/Investment Balance (11/30/20)	\$ 3,995,985
Restricted Funds:	
Vehicles: F250 Svc & H/D w/Plow	(42,524)
I&I Studies: PY & Shawnee/Truitt	(155,577)
DNREC Surface Water Grant	(50,000)
Mill Street - Line Rerouting	(5,439)
Streets 2020 Utility Engineering	(9,333)
Fencing - Lighthouse Pump Station	(28,000)
Upgrade Line - Mispillion St Group	(28,618)
Backup Generator	(40,950)
Draft Reserve (MCR) Policy ⁴	(2,948,637)
Equipment Replacement Reserve ⁴	(613,000)
Uncommitted Reserve Balance	\$ 73,907

Electric Fund Capital Reserves	Amount
Cash/Investment Balance (11/30/20)	\$ 11,437,031
Restricted Funds:	
SCADA / Smart Metering Wall	(100,000)
International Line Truck (E110)	(8,125)
FY'19 Budgeted Capital	(297,150)
FY'20 Budgeted Capital	(466,400)
Early Redemption of Bond (1/1/22)	(1,060,000)
Draft Reserve (MCR) Policy ⁴	(5,185,486)
Equipment Replacement Reserve ⁴	(1,241,200)
Uncommitted Reserve Balance	\$ 3,078,670

Municipal Street Aid Reserves	Amount
Cash/Investment Balance (11/30/20)	\$ 478,775
Projected Receipts through FY'21:	138,248
Restricted Funds:	
Mispillion Street Group	(434,440)
Street Improvement Plan: 2020	(98,011)
Street Improvement Plan: 2019	(72,000)
Balance of Fisher, Plum, Masten, etc	(1,094)
Balance of Lovers Lane Project	(3,125)
Restricted for Bridge Improvements	(6,552)
Uncommitted Reserve Balance	\$ 1,801

Realty Transfer Tax Reserves	Amount
Cash/Investment Balance (11/30/20)	\$ 3,195,648
Projected Receipts through FY'21:	356,417
Restricted Funds:	
Transfer to Police Dept	(291,665)
Sidewalk Project Funding	(140,000)
Mispillion Street Group	(80,000)
Support GF Policies w Transfer ²	(2,000,000)
Draft Reserve Policy ⁵	(1,000,000)
Uncommitted Reserve Balance	\$ 40,400

¹Includes \$347,899 for FY'21 General Fund Operating Budget Deficit-Funding
²Per discussions held at 11/17/2020 Council Retreat, implementation of GF Reserve Policies would require support from an eligible funding source
³Per 11/17 Retreat, initial draft of GF Policies recommend MCR of 60 days OpEx & Equip Repl Res of PY Equipment Depreciation Expense
⁴Per 11/17 Retreat, initial drafts of Enterprise Fund Policies recommend dynamic MCR based on formula developed in COS study, with separate Equip Repl Reserve of 20% of 5-yr CIP
⁵Per 11/17 Retreat, initial draft of RTT Fund Policy recommends dynamic MCR based on average of trailing-three-year RTT receipts

City of Milford, Delaware
 Revenue Report: MTD and YTD Actual vs Annual Budget
 For the YTD Period Ended November 30, 2020

41.7% of Year Elapsed

Account / Function	FY'21 Budget, as Approved	MTD Actual	YTD Actual	YTD Actual as % of Annual Budget
General Fund:				
Economic Development Fund	\$ 70,860	\$ -	\$ 70,860	100.0%
General Fund Reserves	813,099	27,014	317,207	39.0%
General Fund Reserves - New Officers	436,800	36,400	182,000	41.7%
Realty Transfer Tax - Police	500,000	41,666	208,333	41.7%
Real Estate Tax	4,316,000	1,870	4,234,581	98.1%
Business License	50,000	1,925	10,955	21.9%
Rental License	100,000	725	19,550	19.6%
Building Permits	250,000	21,939	172,544	69.0%
Planning & Zoning	47,000	9,540	19,050	40.5%
Grasscutting Revenue	16,000	1,333	6,667	41.7%
Police Revenues	508,375	7,308	245,288	48.2%
Misc. Revenues	417,100	44,597	123,630	29.6%
Transfers In	3,486,525	290,544	1,452,719	41.7%
Total General Fund Revenue	\$ 11,011,759	\$ 484,862	\$ 7,063,384	64.1%
Enterprise Funds:				
Water Fund Revenues	\$ 2,984,929	\$ 243,857	\$ 1,365,846	45.8%
Sewer Fund Revenues	2,528,345	194,539	1,088,503	43.1%
Kent County Sewer	1,900,000	145,891	839,719	44.2%
Solid Waste Fund Revenues	1,314,770	112,506	586,612	44.6%
Electric Fund Revenues	24,310,398	1,739,839	10,639,098	43.8%
Total Enterprise Fund Revenue	\$ 33,038,442	\$ 2,436,632	\$ 14,519,778	43.9%
Other Enterprise Expense		(91)	(1,627)	
Other Enterprise Revenue		-	3,845	
Total General & Enterprise Fund Revenue	\$ 44,050,201	\$ 2,921,403	\$ 21,585,380	49.0%

City of Milford, Delaware
Expenditure Report: MTD and YTD Actual vs Annual Budget
For the YTD Period Ended November 30, 2020

41.7% of Year Elapsed

Fund / Account / Divisional Groupings	FY'21 Budget, as Approved	MTD Actual	YTD Actual	YTD Actual as % of Annual Budget	Unexpended Balance
General Fund					
City Administration					
Personnel	\$ 623,686	\$ 48,587	\$ 241,572	38.7%	\$ 382,114
Operation & Maintenance (O&M)	191,289	23,035	56,124	29.3%	135,165
Capital	-	-	-		-
Subtotal: City Administration	814,975	71,622	297,696	36.5%	517,279
Planning & Zoning					
Personnel	158,111	12,525	64,139	40.6%	93,972
O&M	82,647	926	17,813	21.6%	64,834
Capital	-	-	-		-
Subtotal: Planning & Zoning	240,758	13,451	81,952	34.0%	158,806
Code Enforcement & Inspections					
Personnel	288,296	22,038	112,616	39.1%	175,680
O&M	91,722	6,994	23,798	25.9%	67,924
Capital	32,000	-	-	0.0%	32,000
Subtotal: Code Enforcement & Inspections	412,018	29,032	136,414	33.1%	275,604
Council					
Personnel	32,295	2,789	12,897	39.9%	19,398
Legal	45,000	-	6,860	15.2%	38,140
City Hall Building Expense	30,014	2,501	12,506	41.7%	17,508
Insurance	20,400	-	10,975	53.8%	9,425
Christmas Decorations	7,000	-	-	0.0%	7,000
Council Expense	34,200	225	10,740	31.4%	23,460
Employee Recognition	28,000	7,295	8,333	29.8%	19,667
Codification	15,000	-	6,728	44.9%	8,272
Carlisle Fire Company	140,000	-	-	0.0%	140,000
Museum	30,000	-	30,000	100.0%	-
Downtown Milford, Inc.	45,860	-	45,860	100.0%	-
Milford Public Library	25,000	-	25,000	100.0%	-
Economic Development	2,000	-	-	0.0%	2,000
Armory Expenses	9,000	-	3,017	33.5%	5,983
Kent Economic Partnership	30,000	-	-	0.0%	30,000
Election - Wages	6,000	-	-	0.0%	6,000
Election - Supplies	2,000	-	-	0.0%	2,000
Community Festivals	60,000	-	-	0.0%	60,000
Subtotal: Council	561,769	12,810	172,916	30.8%	388,853

City of Milford, Delaware
Expenditure Report: MTD and YTD Actual vs Annual Budget
For the YTD Period Ended November 30, 2020

41.7% of Year Elapsed

Fund / Account / Divisional Groupings	FY'21 Budget, as Approved	MTD Actual	YTD Actual	YTD Actual as % of Annual Budget	Unexpended Balance
Finance					
Personnel	504,477	45,375	213,318	42.3%	291,159
O&M	86,400	2,528	19,520	22.6%	66,880
Capital	-	-	-		-
Subtotal: Finance	590,877	47,903	232,838	39.4%	358,039
Information Technology					
Personnel	274,394	12,979	65,656	23.9%	208,738
O&M	276,418	19,733	67,360	24.4%	209,058
Capital	62,000	8,744	26,230	42.3%	35,770
Subtotal: Information Technology	612,812	41,456	159,246	26.0%	453,566
Police Department					
Personnel	4,969,863	377,124	1,849,560	37.2%	3,120,303
O&M	724,875	55,484	288,380	39.8%	436,495
Capital	105,700	1,215	93,987	88.9%	11,713
Subtotal: Police Department	5,800,438	433,823	2,231,927	38.5%	3,568,511
Streets & Grounds Division					
Personnel	353,451	25,269	133,410	37.7%	220,041
O&M	440,195	22,428	134,417	30.5%	305,778
Capital	-	-	-		-
Subtotal: Streets & Grounds Division	793,646	47,697	267,827	33.7%	525,819
Parks & Recreation					
Personnel	550,946	32,076	183,841	33.4%	367,105
O&M	368,020	31,090	169,049	45.9%	198,971
Capital	265,500	-	112,176	42.3%	153,324
Subtotal: Parks & Recreation	1,184,466	63,166	465,066	39.3%	719,400
Total General Fund Expenditures	\$ 11,011,759	\$ 760,960	\$ 4,045,882	36.7%	\$ 6,965,877

City of Milford, Delaware
Expenditure Report: MTD and YTD Actual vs Annual Budget
For the YTD Period Ended November 30, 2020

41.7% of Year Elapsed

Fund / Account / Divisional Groupings	FY'21 Budget, as Approved	MTD Actual	YTD Actual	YTD Actual as % of Annual Budget	Unexpended Balance
Enterprise Funds:					
Water Division					
Personnel	\$ 319,598	\$ 25,358	\$ 122,255	38.3%	\$ 197,343
O&M	1,542,611	105,404	544,680	35.3%	997,931
Capital	757,445	-	-	0.0%	757,445
Debt Service	365,275	-	136,136	37.3%	229,139
Subtotal: Water Division	2,984,929	130,762	803,071	26.9%	2,181,858
Sewer Division					
Personnel	307,738	24,442	120,852	39.3%	186,886
O&M	1,814,277	185,450	769,080	42.4%	1,045,197
Capital	-	-	-	-	-
Debt Service	406,330	-	35,922	8.8%	370,408
Subtotal: Sewer Division (excl. Kent County)	2,528,345	209,892	925,854	36.6%	1,602,491
Kent County Sewer	1,900,000	147,585	839,718	44.2%	1,060,282
Subtotal: Sewer Division (Comprehensive)	4,428,345	357,477	1,765,572	39.9%	2,662,773
Solid Waste Division					
Personnel	315,705	22,697	112,468	35.6%	203,237
O&M	999,065	71,817	418,705	41.9%	580,360
Capital	-	-	-	-	-
Subtotal: Solid Waste Division	1,314,770	94,514	531,173	40.4%	783,597
Subtotal: Water, Sewer & Solid Waste	8,728,044	582,753	3,099,816	35.5%	5,628,228
Electric Division					
Personnel	1,135,845	94,630	471,958	41.6%	663,887
O&M	2,605,859	178,172	980,749	37.6%	1,625,110
Transfer to General Fund	2,500,000	208,334	1,041,667	41.7%	1,458,333
Capital	947,529	-	48,922	5.2%	898,607
Debt Service	321,165	-	-	0.0%	321,165
Subtotal: Electric Division (excl. Power)	7,510,398	481,136	2,543,296	33.9%	4,967,102
Power Purchased	16,800,000	1,195,887	7,109,446	42.3%	9,690,554
Subtotal: Electric Division (Comprehensive)	24,310,398	1,677,023	9,652,742	39.7%	14,657,656
Total Enterprise Fund Expenditures	\$ 33,038,442	\$ 2,259,776	\$ 12,752,558	38.6%	\$ 20,285,884
Grand Total Operating Budget	\$ 44,050,201	\$ 3,020,736	\$ 16,798,440	38.1%	\$ 27,251,761

City of Milford, Delaware
Interservice Department Expenditures: MTD and YTD Actual vs Annual Budget
For the YTD Period Ended November 30, 2020

41.7% of Year Elapsed

Account / Divisional Groupings	FY'21 Budget	MTD Actual	YTD Actual	YTD Actual as % of Annual Budget	Unexpended Balance
Interservice Departments					
Garage					
Personnel	\$ 94,752	\$ 6,631	\$ 35,284	37.2%	\$ 59,468
Operation & Maintenance (O&M)	120,672	6,157	43,755	36.3%	76,917
Capital	-	-	-		-
Subtotal: Garage	215,424	12,788	79,039	36.7%	136,385
Public Works					
Personnel	727,521	54,853	254,236	34.9%	473,285
O&M	270,155	13,723	64,819	24.0%	205,336
Capital	216,773	-	-	0.0%	216,773
Subtotal: Public Works	1,214,449	68,576	319,055	26.3%	895,394
Tech Services					
Personnel	249,059	20,463	102,957	41.3%	146,102
O&M	445,181	12,078	128,872	28.9%	316,309
Capital	-	-	-		-
Subtotal: Tech Services	694,240	32,541	231,829	33.4%	462,411
Billing & Collections					
Personnel	662,726	46,544	235,395	35.5%	427,331
O&M	282,655	16,318	87,340	30.9%	195,315
Capital	49,500	-	13,866	28.0%	35,634
Subtotal: Billing & Collections	994,881	62,862	336,601	33.8%	658,280
City Hall Cost Allocation					
O&M	70,620	2,914	17,525	24.8%	53,095
Capital	-	-	-		-
Subtotal: City Hall Cost Allocation	70,620	2,914	17,525	24.8%	53,095
Interdepartmental Cost Allocation	\$ (3,189,614)	\$ (179,681)	\$ (984,049)	30.9%	\$ (2,205,565)
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.