

To: Mayor and City Council
From: Louis C. Vitola, Finance Director
Date: March 3, 2021
Re: January 2021 Financial Reporting Package

The January 2021 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. No significant changes were made to the presentation of the financial data or the report layout this month.

- Pages 1-2: Cash and Reserve Balances
 - Cash and investment balances (page 1) remain strong through the first seven months of the year, 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.
 - Disbursements were made from all four major reserve accounts (page 2, lines 18-21) during January. Aside from the \$236,000 disbursed from electric reserves for the acquisition of the budgeted and council-approved material handler and the nominal investment fees drawn from sewer reserves, the water and general fund activity consists of transfers to the operating cash accounts to reimburse accumulated capital expenditures initially disbursed through the ordinary accounts payable process in support of reserve-funded initiatives.
 - Transfers were made to record installment payments related to two interfund loans initiated from reserves:
 - Line 19 on page 1 reflects a transfer from solid waste operating funds to water fund reserves to satisfy the first of seven annual installments of \$71,430 to repay the water fund for a FY20 interfund equipment loan
 - Line 21 reflects a transfer from general operating funds to electric fund reserves to satisfy the second of four annual payments to satisfy a FY19 interfund loan to support garage equipment
- Page 3-6: Revenue & Expenditures
 - General fund revenues continue the strong trend into the New Year, as YTD revenue as a function of the annual budgeted revenue is almost 76%, 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 67% of the annual budget, while expenditures are being monitored closely, again measuring under the levelized budgeted expenditures through the end of January.
 - Enterprise fund revenues likewise remain strong through the first seven months of the year. After December's light results, revenue rebounded in January to exceed budget for all but the water fund and pushed the YTD revenue variance ahead of the levelized revenue budget by more than 5%.
 - In December, higher than expected power purchases (given the level of sales) in the electric fund, high infiltration and inflow (I&I) costs in the sewer fund and debt service payments in each of the two funds contributed to last month's weak results. By contrast, January's expenses tallied nearly \$0.8 million less than that recorded in December, helping push YTD expenditures almost 5% below the levelized YTD budget to mirror the success on the revenue side of the equation.
 - Despite the positive rebound from December's foreboding results, controllable operating expenses and capital spending funded by current operations have been held deliberately low through the fiscal year so far. Necessary operating and capital expenditures deferred to the second half of the year have the potential to contribute to a reversal of the positive budget variance experienced throughout the fiscal year.

cc: Mark Whitfield, City Manager
Finance Department



Financial Reporting Package
As of and For the Period Ended January 31, 2021

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 January 31, 2021

1 **Operating Cash Balances**

2 Description	Opening Balance (Dec 31, 2020)	Receipts	Interest Earned	Disbursements	Closing Balance (Jan 31, 2021)
3 General Fund	\$ 4,808,528	\$ 1,074,147	\$ 5,871	\$ (1,392,662)	\$ 4,495,884
4 Electric Fund	2,140,341	1,897,572	2,179	(1,899,751)	2,140,341
5 Water Fund	956,960	255,654	1,221	(143,561)	1,070,275
6 Sewer Fund	1,039,244	396,061	604	(437,056)	998,854
7 Solid Waste Fund ⁵	395,143	124,414	61	(165,258)	354,360
8 Operating Cash Totals	\$ 9,340,215	\$ 3,747,849	\$ 9,937	\$ (4,038,288)	\$ 9,059,713

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

10 Description	Opening Balance (Dec 31, 2020)	Receipts	Interest Earned	Disbursements ³	Closing Balance (Jan 31, 2021)
11 General Improvement	\$ 379,413	\$ -	\$ 66	\$ -	\$ 379,479
12 Municipal Street Aid (MSA)	478,883	68,284	95	-	547,261
13 Realty Transfer Tax (RTT)	3,200,574	53,580	555	(41,667)	3,213,043
14 Economic Development	32,289	-	-	-	32,289
15 Special Purpose Cash Totals	\$ 4,091,159	\$ 121,864	\$ 715	\$ (41,667)	\$ 4,172,071

16 **Reserve Fund Cash Balances²**

17 Description	Opening Balance (Dec 31, 2020)	Receipts ⁵	Interest Earned	Disbursements ⁴	Closing Balance (Jan 31, 2021)
18 General Fund Capital Reserves	\$ 1,865,261	\$ -	\$ 1,505	\$ (23,419)	\$ 1,843,347
19 Water Fund Capital Reserves	9,577,152	71,430	10,097	(12,906)	9,645,773
20 Sewer Fund Capital Reserves	3,971,847	-	4,087	(104)	3,975,831
21 Electric Fund Capital Reserves	14,416,039	10,000	11,081	(235,914)	14,201,206
22 Reserve Fund Cash Totals	\$ 29,830,300	\$ 81,430	\$ 26,770	\$ (272,343)	\$ 29,666,157

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

24 Description	Opening Balance (Dec 31, 2020)	Receipts	Interest Earned	Disbursements	Closing Balance (Jan 31, 2021)
25 Police & General Gov't Facilities	\$ 482,978	\$ 25,150	\$ -	\$ -	\$ 508,128
26 Carlisle Fire Co Permit Fund	569,775	8,383	-	-	578,158
27 Water Impact Fee Reserves	3,925,541	78,950	-	-	4,004,491
28 Sewer Impact Fee Reserves	2,287,158	41,711	-	-	2,328,869
29 Electric Impact Fee Reserves	962,390	14,400	-	-	976,790
30 Impact Fees & Police/GF Totals	\$ 8,227,842	\$ 168,595	\$ -	\$ -	\$ 8,396,437

31 Grand Totals	\$ 51,489,516	\$ 4,119,737	\$ 37,422	\$ (4,352,297)	\$ 51,294,379
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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 ⁴Disbursements from Reserves include Council-approved Capital Spending, including Armory Renovations (line 18) and the Electric Division's Material Handler (line 21)

36 ⁵Solid Waste Operating Cash Disbursements (line 7) and Water Fund Reserves Receipts (line 19) include loan payment of \$71,430 from Solid Waste to Water to satisfy installment 1 of 7 annual payments against FY'20 interfund loan of \$500,000 for equipment purchase.

City of Milford, Delaware
Restricted Cash Reserves Report
As of January 31, 2021

General Fund Capital Reserves		Amount
Cash/Investment Balance (1/31/21)	\$	1,843,347
Restricted Funds:		
FY'19 Approved with Budget		(21,659)
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		(580,606)
FY'21 Capital - Council Approved		(244,690)
Funding for 5 Police Officers - Yr 3		(436,800)
Support Policy with RTT ²		2,000,000
Draft Reserve (MCR) Policy ³		(1,835,293)
Equipment Replacement Reserve ³		(293,902)
Uncommitted Reserve Balance	\$	137,102

Water Fund Capital Reserves		Amount
Cash/Investment Balance (1/31/21)	\$	9,645,773
Restricted Funds:		
NW & NE Front Street Waterline		(125,343)
Streets 2020 Utility Engineering		(3,226)
SE Second Street - Lead Gooseneck		(152,562)
Two Test Wells - 10th Street		(50,800)
Automated Blow-Off Valves		(48,628)
Lovers Lane & Mispillion St Group		(184,278)
Fencing & Water Source Study		(74,250)
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	\$	5,036,104

Sewer Fund Capital Reserves		Amount
Cash/Investment Balance (1/31/21)	\$	3,975,831
Restricted Funds:		
Vehicles: F250 Svc & H/D w/Plow		(42,524)
I&I Studies: & Shawnee/Truitt		(141,634)
DNREC Surface Water Grant		(50,000)
Mill Street - Line Rerouting		(5,439)
Streets 2020 Utility Engineering		(3,226)
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	\$	73,803

Electric Fund Capital Reserves		Amount
Cash/Investment Balance (1/31/21)	\$	14,201,206
Restricted Funds:		
SCADA / Smart Metering Wall		(100,000)
FY'19 Budgeted Capital		(297,150)
FY'20 Budgeted Capital		(181,961)
Early Redemption of Bond (1/1/22)		(4,060,000)
Draft Reserve (MCR) Policy ⁴		(5,185,486)
Equipment Replacement Reserve ⁴		(1,241,200)
Uncommitted Reserve Balance	\$	3,135,409

Municipal Street Aid Reserves		Amount
Cash/Investment Balance (1/31/21)	\$	547,261
Projected Receipts through FY'21:		69,964
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	\$	2,003

Realty Transfer Tax Reserves		Amount
Cash/Investment Balance (1/31/21)	\$	3,213,043
Projected Receipts through FY'21:		254,583
Restricted Funds:		
Transfer to Police Dept		(208,331)
Sidewalk Project Funding		(140,000)
Mispillion Street Group		(80,000)
Support GF Policies ²		(2,000,000)
Draft Reserve Policy ⁵		(1,000,000)
Uncommitted Reserve Balance	\$	39,295

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 January 31, 2021

58.3% 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	32,946	467,433	57.5%
General Fund Reserves - New Officers	436,800	36,400	254,800	58.3%
Realty Transfer Tax - Police	500,000	41,667	291,667	58.3%
Real Estate Tax	4,316,000	4,111	4,245,653	98.4%
Business License	50,000	29,750	41,690	83.4%
Rental License	100,000	58,600	79,050	79.1%
Building Permits	250,000	38,193	254,939	102.0%
Planning & Zoning	47,000	16,400	36,750	78.2%
Grasscutting Revenue	16,000	1,333	9,333	58.3%
Police Revenues	508,375	6,905	355,977	70.0%
Misc. Revenues	417,100	56,296	195,933	47.0%
Transfers In	3,486,525	290,543	2,033,806	58.3%
Total General Fund Revenue	\$ 11,011,759	\$ 613,144	\$ 8,337,891	75.7%
Enterprise Funds:				
Water Fund Revenues	\$ 2,984,929	\$ 244,485	\$ 1,860,152	62.3%
Sewer Fund Revenues	2,528,345	217,629	1,523,810	60.3%
Kent County Sewer	1,900,000	167,426	1,173,449	61.8%
Solid Waste Fund Revenues	1,314,770	111,088	809,694	61.6%
Electric Fund Revenues	24,310,398	2,247,469	14,902,001	61.3%
Total Enterprise Fund Revenue	\$ 33,038,442	\$ 2,988,097	\$ 20,269,106	61.4%
Other Enterprise Expense		(2,445)	(4,171)	
Other Enterprise Revenue		1,685	8,380	
Total General & Enterprise Fund Revenue	\$ 44,050,201	\$ 3,600,481	\$ 28,611,206	65.0%

City of Milford, Delaware
Expenditure Report: MTD and YTD Actual vs Annual Budget
For the YTD Period Ended January 31, 2021

58.3% 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	\$ 40,745	\$ 320,461	51.4%	\$ 303,225
Operation & Maintenance (O&M)	191,289	5,360	71,555	37.4%	119,734
Capital	-	-	-		-
Subtotal: City Administration	814,975	46,105	392,016	48.1%	422,959
Planning & Zoning					
Personnel	158,111	12,462	89,041	56.3%	69,070
O&M	82,647	5,695	27,412	33.2%	55,235
Capital	-	-	-		-
Subtotal: Planning & Zoning	240,758	18,157	116,453	48.4%	124,305
Code Enforcement & Inspections					
Personnel	288,296	21,883	156,639	54.3%	131,657
O&M	91,722	2,998	32,153	35.1%	59,569
Capital	32,000	-	-	0.0%	32,000
Subtotal: Code Enforcement & Inspections	412,018	24,881	188,792	45.8%	223,226
Council					
Personnel	32,295	1,820	17,074	52.9%	15,221
Legal	45,000	-	9,415	20.9%	35,585
City Hall Building Expense	30,014	2,501	17,508	58.3%	12,506
Insurance	20,400	-	16,417	80.5%	3,983
Christmas Decorations	7,000	-	-	0.0%	7,000
Council Expense	34,200	2,445	13,227	38.7%	20,973
Employee Recognition	28,000	-	13,566	48.5%	14,434
Codification	15,000	-	6,728	44.9%	8,272
Carlisle Fire Company	140,000	140,000	140,000	100.0%	-
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	-	4,259	47.3%	4,741
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	146,766	339,054	60.4%	222,715

City of Milford, Delaware
Expenditure Report: MTD and YTD Actual vs Annual Budget
For the YTD Period Ended January 31, 2021

58.3% 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	77,858	336,401	66.7%	168,076
O&M	86,400	1,780	24,725	28.6%	61,675
Capital	-	-	-		-
Subtotal: Finance	590,877	79,638	361,126	61.1%	229,751
Information Technology					
Personnel	274,394	32,536	110,105	40.1%	164,289
O&M	276,418	9,051	85,299	30.9%	191,119
Capital	62,000	2,306	28,536	46.0%	33,464
Subtotal: Information Technology	612,812	43,893	223,940	36.5%	388,872
Police Department					
Personnel	4,969,863	391,033	2,674,517	53.8%	2,295,346
O&M	724,875	26,511	361,450	49.9%	363,425
Capital	105,700	-	93,987	88.9%	11,713
Subtotal: Police Department	5,800,438	417,544	3,129,954	54.0%	2,670,484
Streets & Grounds Division					
Personnel	353,451	26,199	187,478	53.0%	165,973
O&M	440,195	28,972	192,435	43.7%	247,760
Capital	-	-	-		-
Subtotal: Streets & Grounds Division	793,646	55,171	379,913	47.9%	413,733
Parks & Recreation					
Personnel	550,946	32,360	249,752	45.3%	301,194
O&M	368,020	7,943	205,161	55.7%	162,859
Capital	265,500	9,482	125,047	47.1%	140,453
Subtotal: Parks & Recreation	1,184,466	49,785	579,960	49.0%	604,506
Total General Fund Expenditures	\$ 11,011,759	\$ 881,940	\$ 5,711,208	51.9%	\$ 5,300,551

City of Milford, Delaware

Excerpt from Expenditure Report: MTD and YTD Actual vs Annual Budget (as Amended)

For the YTD Period Ended January 31, 2021

58.3% 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	\$ 24,307	\$ 170,580	53.4%	\$ 149,018
O&M	1,542,611	116,400	772,987	50.1%	769,624
Capital	757,445	-	-	0.0%	757,445
Debt Service	365,275	-	182,636	50.0%	182,639
Subtotal: Water Division	2,984,929	140,707	1,126,203	37.7%	1,858,726
Sewer Division					
Personnel	307,738	23,611	167,776	54.5%	139,962
O&M	1,814,277	80,880	1,075,727	59.3%	738,550
Capital	-	-	-	-	-
Debt Service	406,330	17,962	303,129	74.6%	103,201
Subtotal: Sewer Division (excl. Kent County)	2,528,345	122,453	1,546,632	61.2%	981,713
Kent County Sewer¹	1,900,000	167,031	1,173,414	61.8%	726,586
Subtotal: Sewer Division (Comprehensive)	4,428,345	289,484	2,720,046	61.4%	1,708,299
Solid Waste Division					
Personnel	315,705	19,714	154,051	48.8%	161,654
O&M	999,065	137,628	631,801	63.2%	367,264
Capital	-	-	-	-	-
Subtotal: Solid Waste Division	1,314,770	157,342	785,852	59.8%	528,918
Subtotal: Water, Sewer & Solid Waste	8,728,044	587,533	4,632,101	53.1%	4,095,943
Electric Division					
Personnel	1,135,845	85,220	645,828	56.9%	490,017
O&M	2,605,859	161,489	1,366,067	52.4%	1,239,792
Transfer to General Fund	2,500,000	208,333	1,458,333	58.3%	1,041,667
Capital	947,529	8,471	77,449	8.2%	870,080
Debt Service	321,165	-	274,208	85.4%	46,957
Subtotal: Electric Division (excl. Power)	7,510,398	463,513	3,821,885	50.9%	3,688,513
Power Purchased	16,800,000	1,535,422	10,078,770	60.0%	6,721,230
Subtotal: Electric Division (Comprehensive)	24,310,398	1,998,935	13,900,655	57.2%	10,409,743
Total Enterprise Fund Expenditures	\$ 33,038,442	\$ 2,586,468	\$ 18,532,756	56.1%	\$ 14,505,686
Grand Total Operating Budget	\$ 44,050,201	\$ 3,468,408	\$ 24,243,964	55.0%	\$ 19,806,237

¹The Expenditure Report for the YTD Period ended January 31, 2021 omitted the Kent County Sewer billing of \$167,031 (in blue on row 76). Values reported in red in this report excerpt reflect the values that changed as a result of the correction. A clean version of this page will be incorporated into a corrected version of the published report.

City of Milford, Delaware
 Interservice Department Expenditures: MTD and YTD Actual vs Annual Budget
 For the YTD Period Ended January 31, 2021

58.3% 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	\$ 6,720	\$ 48,626	51.3%	\$ 46,126
Operation & Maintenance (O&M)	120,672	16,581	76,191	63.1%	44,481
Capital	-	-	-		-
Subtotal: Garage	215,424	23,301	124,817	57.9%	90,607
Public Works					
Personnel	727,521	53,584	362,644	49.8%	364,877
O&M	270,155	12,139	100,801	37.3%	169,354
Capital	216,773	-	-	0.0%	216,773
Subtotal: Public Works	1,214,449	65,723	463,445	38.2%	751,004
Tech Services					
Personnel	249,059	20,662	143,223	57.5%	105,836
O&M	445,181	27,700	213,358	47.9%	231,823
Capital	-	-	-		-
Subtotal: Tech Services	694,240	48,362	356,581	51.4%	337,659
Billing & Collections					
Personnel	662,726	44,107	325,924	49.2%	336,802
O&M	282,655	26,187	132,661	46.9%	149,994
Capital	49,500	-	20,479	41.4%	29,021
Subtotal: Billing & Collections	994,881	70,294	479,064	48.2%	515,817
City Hall Cost Allocation					
O&M	70,620	3,165	26,033	36.9%	44,587
Capital	-	-	-		-
Subtotal: City Hall Cost Allocation	70,620	3,165	26,033	36.9%	44,587
Interdepartmental Cost Allocation	\$ (3,189,614)	\$ (210,845)	\$ (1,449,940)	45.5%	\$ (1,739,674)
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.