



Milford City Hall Council Chambers 201 South Walnut Street Milford DE 19963

## CITY COUNCIL AGENDA Wednesday, March 23, 2022

Per the Limited Public Health Emergency Declaration issued by Governor John Carney on March 1, 2022, and the virtual meeting provisions provided in Senate Bill 94, Milford City Council Meetings and Workshops will be held in the Council Chambers at City Hall. Attendees are welcome to participate virtually as well. Public Comments are encouraged on the agenda items designated with a ©. Virtual attendees may alert the City Clerk that they wish to speak by submitting their name, address, and agenda item via the Zoom Q&A function or by using the Raise Your Hand function during the meeting. Those attending in person may comment when the floor is opened for that purpose. All written public comments received prior to the meeting will be read into the record.

*This meeting is available for viewing by the public by accessing the following link:*  
<https://zoom.us/j/95859380584>

*Members of the public may also dial in by phone using the following number:*  
Call 301 715 8592 Webinar ID: 958 5938 0584

### **6:00 P.M. WORKSHOP**

**WIIN Presentation  
Audit Presentation  
EV Charging**

**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.**

021622 021722 021822 030122 031022 031422

\*032122 Item removed by City Manager and placed on Executive Session

\*032822 Item(s) removed 1) Mayor Campbell 2) Executive Session Item moved to 032822 Agenda (Meeting)



Photo Credit: Tony Pratt

# Project WIIN

Danielle Swallow, Delaware Sea Grant



# Waterways Infrastructure and Investment Network (WIIN)

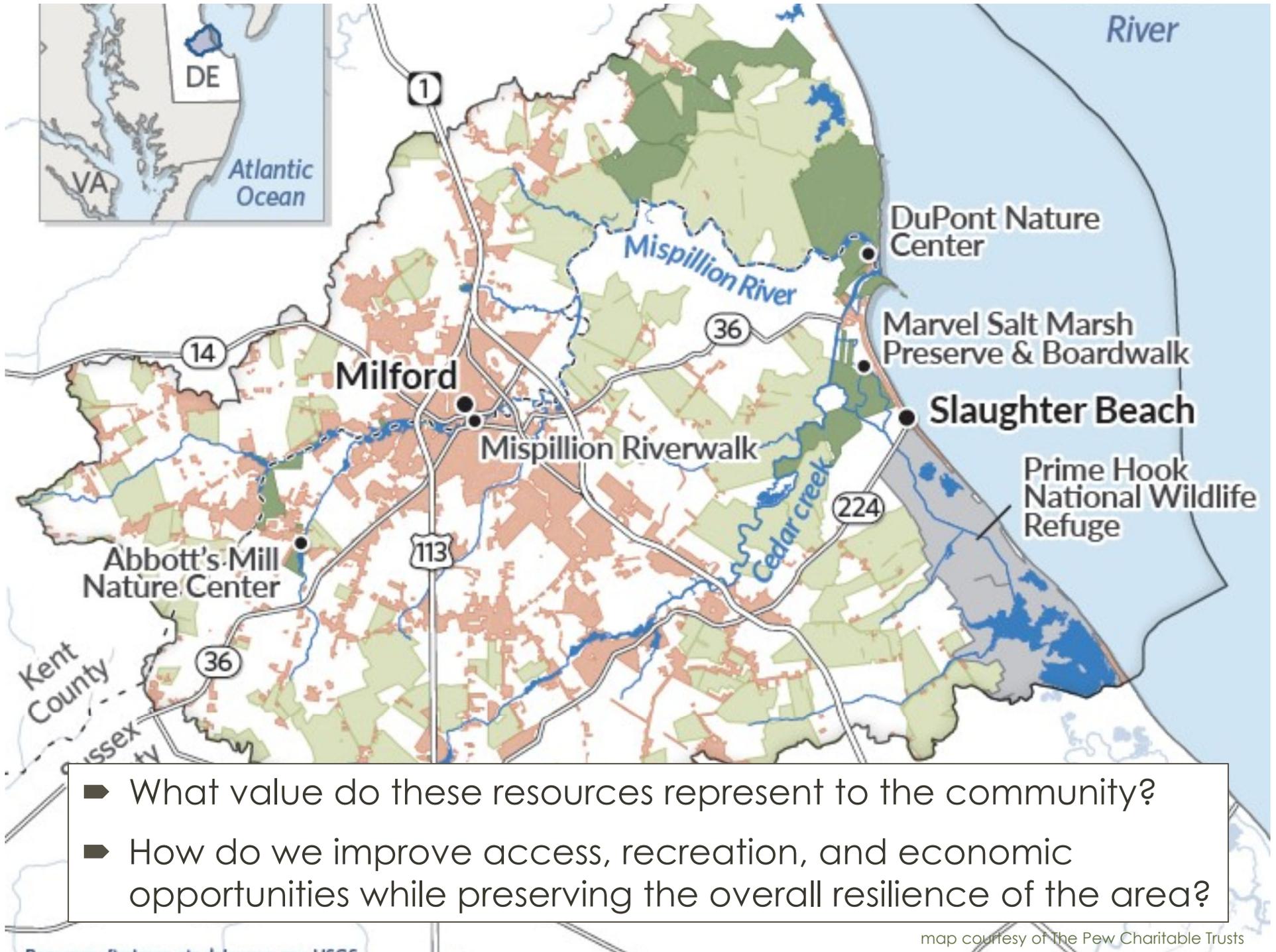
- Secured \$220K from the National Coastal Resilience Fund



I.G. Burton  
David Burton



DELAWARE DEPARTMENT OF  
NATURAL RESOURCES AND  
ENVIRONMENTAL CONTROL



# Project Components

Economic  
Valuation  
Study



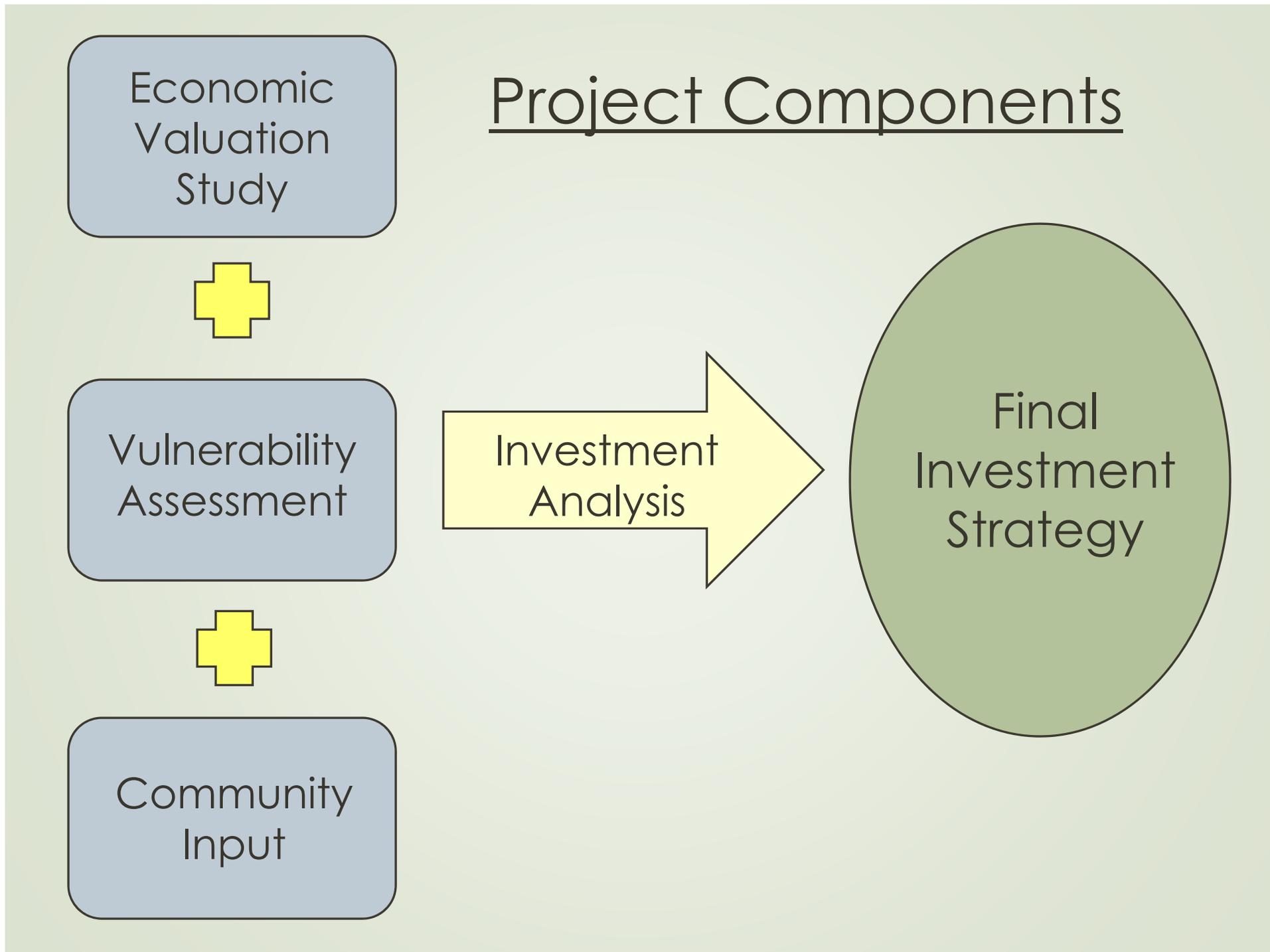
Vulnerability  
Assessment



Community  
Input

Investment  
Analysis

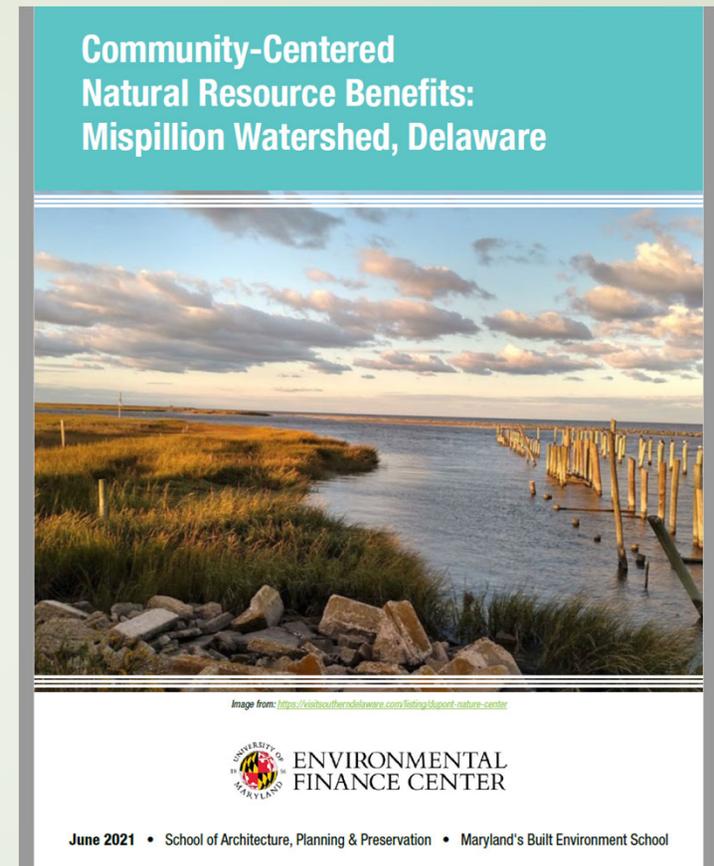
Final  
Investment  
Strategy



# Economic Study: Completed

Examined the value that residents and visitors place on the natural resources they interact with

*The study found that the area's natural resources are valued at several million dollars per year for leisure and recreation alone*

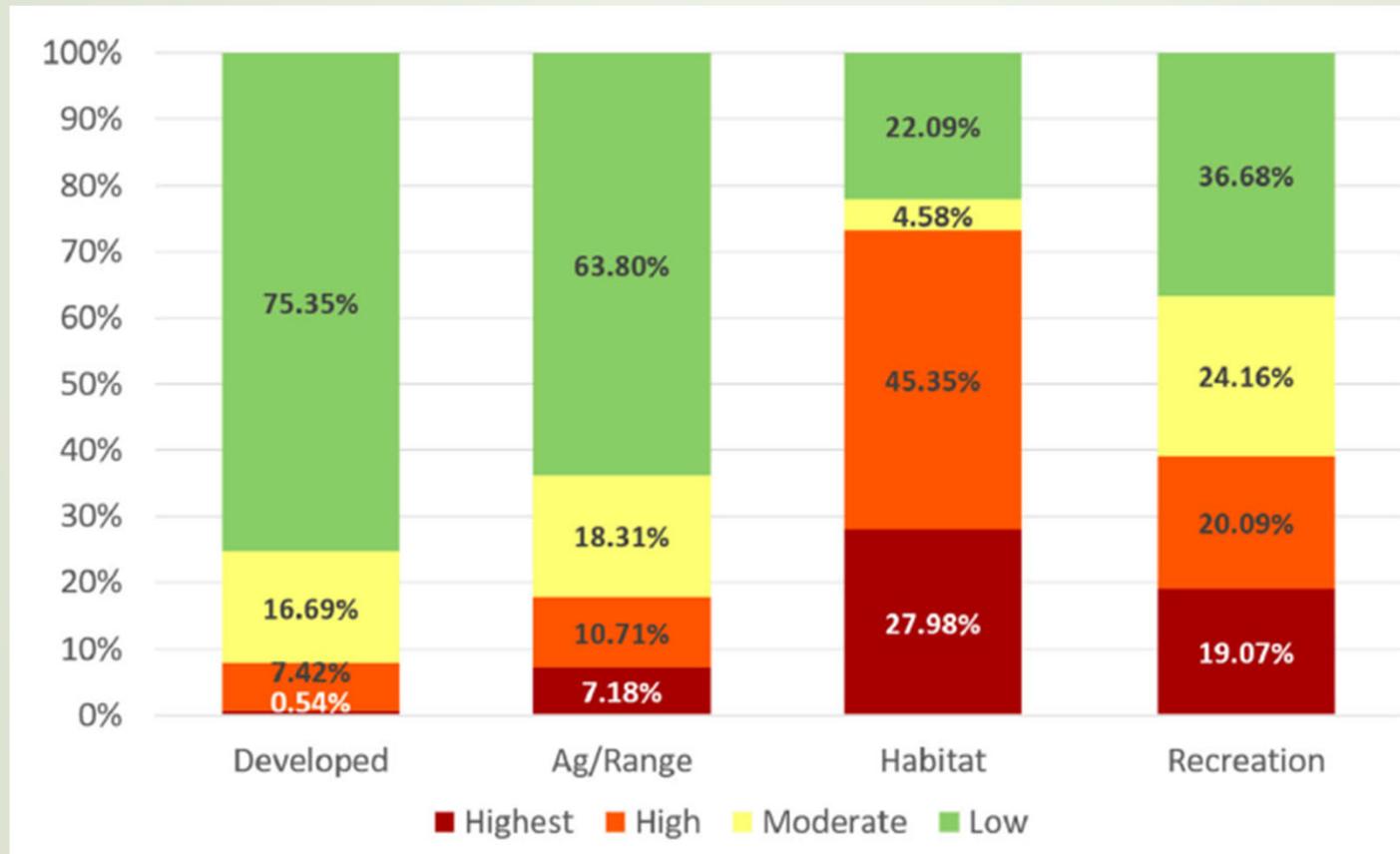


<https://www.derascl.org/wiin>

# Vulnerability Assessment

## Nearing completion

- Examines natural resources and community assets in the context of changing climate and land use patterns



Composite vulnerability across land use types

Source: Partnership for the Delaware Estuary

# Investment Analysis –

## Beginning Now



- Engage various stakeholders (ex: federal wildlife refuge, marine industry, recreation groups and businesses) in brainstorming ideas
- Assess economic profile of region and costs and planning associated with new infrastructure and assets
- Estimate benefits and costs of new ecotourism options and investments
- Integrate findings with vulnerability assessment and economic study
- Document recommendations and develop communications and investment toolkit

# Final Investment Strategy

- ▶ Based on community input and results of the economic valuation study and vulnerability assessment
- ▶ Identifies investments that produce a “return on environment” by supporting win-win strategies that balance economic opportunity with sustainability and resilience. For example:
  - ▶ Eco-tourism and edu-tourism projects
  - ▶ Restoration and preservation of natural resources
  - ▶ Environmentally-friendly industries such as aquaculture
- ▶ Establishes an initial marketing strategy for the region

What ideas come to mind for improving resident and visitor access to the area's natural resources?

Are there locations that would benefit from flood mitigation or habitat restoration or conservation?



# For More Information

- ▶ Check out <https://www.derascl.org/wiin> for updates and media coverage
- ▶ Contact Danielle Swallow (email: [dswallow@udel.edu](mailto:dswallow@udel.edu), 302-645-4258)



## ABOUT WIIN

The Waterways Infrastructure & Investment Network (WIIN) is a coalition of partners formed by the Resilient and Sustainable Communities League (RASCL) to help shape a vision for the Mispillion and Cedar Creek Watersheds that is community-driven and environmentally-sound

For a full list of WIIN partners, please visit our website: [www.derascl.org/wiin](http://www.derascl.org/wiin).



Milford and Slaughter Beach have a wealth of natural resources surrounding them and I support this coalition's efforts to find sustainable and creative options for investing in these communities."

**-Sussex County Councilman  
Mark Schaeffer**

## WHAT WE DO

WIIN is creating a stakeholder led vision and management plan to benefit the local economies and coastal resilience of Slaughter Beach, Milford, and their natural resources.

We are exploring ecotourism and nature-based investments that produce win-win benefits of economic opportunity and community resilience to climate and land use changes.

## We Welcome Your Input!

What do you value about the Mispillion and Cedar Creek Watersheds? For more information and to share your thoughts, please visit:



[www.derascl.org/wiin](http://www.derascl.org/wiin)

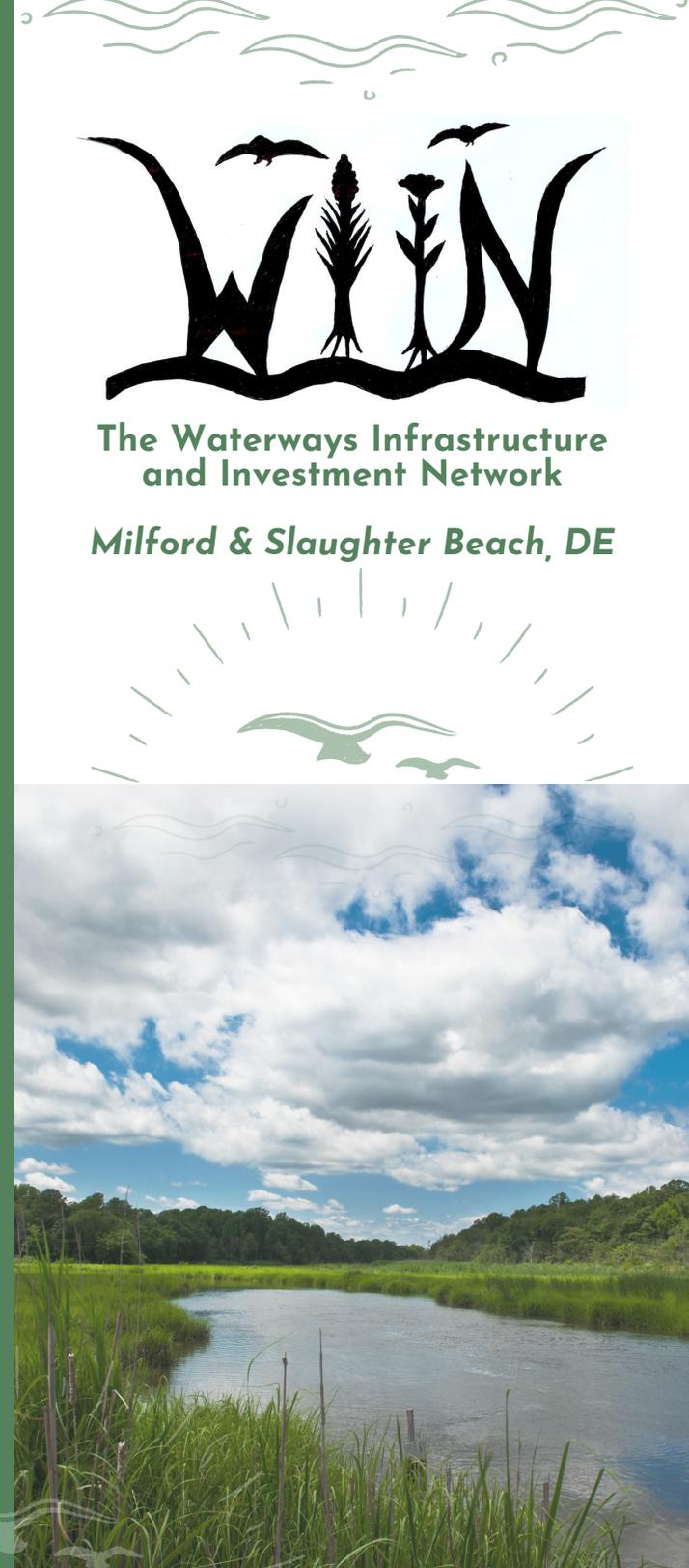


[rasclinfo@gmail.com](mailto:rasclinfo@gmail.com)



**The Waterways Infrastructure  
and Investment Network**

**Milford & Slaughter Beach, DE**



# WATERSHED FACTS



## ECONOMIC BENEFITS

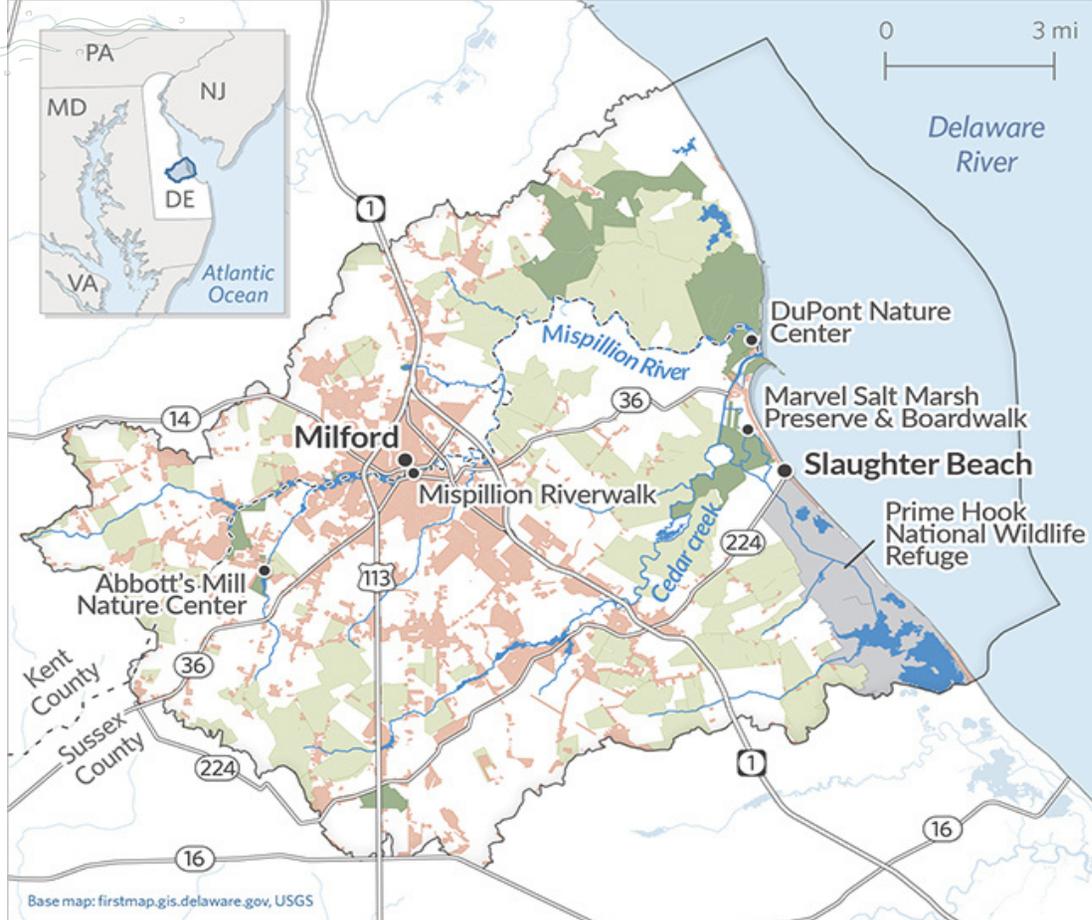
The Mispillion and Cedar Creek watersheds generate millions of dollars in economic benefits per year. See our website for the full economic valuation study.



## NATURAL RESOURCES

The Mispillion and Cedar Creek watersheds represent one of the largest remaining tracts of natural resources in Delaware.

Healthy watersheds support floodplain management and reduce flood losses. They also provide ample opportunity for fishing, hunting, boating, and wildlife viewing.



# WATERSHED MAP

## DID YOU KNOW?

# 128

The Mispillion River and Cedar Creek watersheds collectively drain approximately 128 square miles.

## THE PROJECT

WIIN secured a grant from the National Fish & Wildlife Foundation's National Coastal Resilience Fund to generate the following project outcomes:

01. ECONOMIC VALUATION STUDIES
02. VULNERABILITY ASSESSMENT
03. MANAGEMENT PLAN
04. NATURE-BASED INVESTMENTS

To: Mayor and City Council  
From: Louis C. Vitola, Finance Director  
Date: March 23, 2022  
Re: Fiscal Year 2021 Financial Statement Audit Update

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The first draft of the City's fiscal year 2021 financial statements is included with the packet materials for the March 23, 2022 council workshop. The draft is intended for your preliminary review concurrent with the audit process, which is ongoing. The delays in this year's process relate primarily to staffing levels in the finance department, and measures will be taken to bolster the department's ability to improve the financial reporting process and timing for next year's audit.

The City's financial performance was as strong as expected as we were making budget projections ahead of the FY22 budget process. Change in Net Position – the governmental reporting equivalent of net income in the private sector – was strong across the proprietary funds, registering nearly \$6 million compared to \$3.8 million in FY20. Similarly, the Net Change in Fund Balances in the governmental funds was \$1.48 million, slightly edging FY20's increase of \$1.44 million. The City's governmental cash balances increased by almost \$2 million, excluding the receipt of ARPA funding advanced before the end of the fiscal year, while cash and investment balances in the utility funds increased by almost \$5 million.

The City is required to implement GASB Statement No. 84, Fiduciary Activities for FY21, eliminating the Agency Fund, which centrally and separately reported certain Parks & Recreation funding, the Carlisle Fire Company Enhancement Funds, and the Kent County Sewer Impact Fee pass-through. The activity will now be reported in the governmental funds in the general fund, a non-major governmental fund, and the sewer fund, respectively, requiring a prior period adjustment.

The City received more than \$750,000 in federal funding during FY21, necessitating a "single audit," which is a consolidated review of the City's internal controls and financial reporting with respect to the use of federal grant and loan funding. We do not expect any negative findings with respect to the single audit. The Schedule of Expenditures of Federal Awards can be found on pages 47-48 of the draft financial statements.

Thank you for your continued patience with the production of the City's annual financial report. I look forward to the completion and delivery of a successful audit as soon as administratively possible.



The City of Milford, Delaware

Annual Financial Statements

Including Independent Auditors' Report

As of and for the Year Ended June 30, 2021

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The City of Milford, Delaware  
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MANAGEMENT'S DISCUSSION AND ANALYSIS  
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DRAFT



## TRANSMITTAL LETTER

March 21, 2022

The Honorable Mayor and Members of the City Council  
City of Milford, Delaware

The Finance Department and City Manager's Office are pleased to submit the Annual Financial Report for the City of Milford, Delaware, for the fiscal year ended June 30, 2021.

This report is published to provide the City Council, City staff, our citizens, bondholders and other interested parties with detailed information concerning the financial condition and activities of the City government. Responsibility for both the accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures, rests with the City.

To the best of our knowledge and belief, the enclosed data is accurate in all material respects, and is organized in a manner designed to fairly present the financial position and results of operations of the City as measured by the financial activity of its various funds. We also believe that all disclosures sufficiently inform that data to enable the reader to gain a complete understanding of the City's financial condition and performance.

### REPORT STRUCTURE

The accompanying financial section includes a Management's Discussion and Analysis (MD&A), basic financial statements and combining and individual fund statements, required supplementary information and schedules, and addition information and reports, as well as the independent auditor's report on the basic financial statements. Zelenkofske Axelrod LLC has issued **an unmodified opinion** on the City's financial statements for the year ended June 30, 2021. The independent auditor's report is located at the front of the financial section of this report.

The MD&A is a narrative introduction, overview, and analysis to accompany the basic financial statements. This letter of transmittal is designed to complement and should be read in conjunction with the MD&A. The City of Milford's MD&A can be found immediately following the report of the independent auditors.

The Financial Section described above is prepared in accordance with generally accepted accounting principles for governments as prescribed by the Governmental Account Standards Board (GASB) and other professional associations, as applicable.

## **CITY PROFILE**

### **Location & Demographics**

The City of Milford is the sixth largest city in population in the State of Delaware, serving more than 11,000 residents within a rapidly growing corridor along U.S. Route 113/DE Route 1 in Kent and Sussex Counties. Located on the Mispillion River, within both Kent and Sussex Counties, the City is approximately 95 miles from Philadelphia, Pennsylvania, 85 miles from Baltimore, Maryland, and 100 miles from Washington, D.C. Locally, the City is 19 miles south of Dover, the State Capital.

### **Form of Government**

The City is a home rule city operating under the Council-Manager form of government. The City Council is composed of the Mayor and eight Council members, who enact local laws, determine policies and adopt the annual budget. The City Manager is appointed by the City Council and is responsible for the daily management of the City. The Basic Financial Statements of the City include all government activities, organizations and functions for which the City is financially accountable as defined by the GASB. Based on these criteria, no other governmental organizations are included in this report.

## **OPERATIONS AND FINANCIAL MANAGEMENT**

### **Services Provided**

The City of Milford provides critical public services and utilities in the most efficient and cost-effective manner possible for the benefit of its citizens, the business community and non-resident utility customers. Major services provided under general government and enterprise functions include police protection, water and sewer services, electric services, sanitation services, park and recreational facilities, street improvements and general administrative services.

### **Accounting System and Budgetary Control**

The City's accounting records for general governmental operations are maintained on a modified accrual basis with revenues recognized when available and measurable, and expenditures recorded when goods or services are received and associated liabilities are incurred. Accounting records for the City's utilities and other proprietary activities are maintained on the accrual basis.

In developing and maintaining the City's accounting system, consideration is given to the adequacy of the internal control structure. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived, and (2) the evaluation of costs and benefits requires estimates and judgements by management.

All internal control evaluations occur within the aforementioned framework. We believe that the City's formal and informal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

The City Charter provides the City Council shall adopt the annual budget prepared by City Management. This budget is reviewed by the City Council and is formally adopted by the passage of a budget ordinance. The City Manager is authorized to transfer budgeted amounts between the items and departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council.

Budgetary control has been established at the major fund levels. Financial reports are produced showing current cash and investment balances, restricted and committed funding detail and actual expenditures by line item versus budget. Revenue performance versus levelized budgetary expectations is incorporated into the monthly financial report. The reporting package is published for public consumption and distributed monthly to City departmental and divisional management and presented to City Council in an open meeting for review and approval.

Internally, line-item detail is reviewed and analyzed for budgetary compliance at the purchase order level before discretionary spending is authorized. Personnel expenditures are monitored and controlled at the departmental level on a position-by-position basis, and capital expenditures are monitored to ensure compliance with budgetary approvals and funding methods.

## **OTHER INFORMATION**

### **Independent Audit**

The City Charter requires an annual audit of the accounts, financial records and transactions of the City by independent certified public accountants selected by the City Council. This requirement has been complied with, and the independent auditor's report has been included in this report. Additionally, the City of Milford's Director of Finance hears and reviews all recommendations made by the independent auditors.

### **Acknowledgements**

The preparation of this report could not have been accomplished without the efficient and dedicated service of the City's Finance Department staff. We sincerely appreciate the efforts made by the Finance team as well as dedicated employees throughout the City.

We sincerely thank the members of City Council and the Finance Committee for their earnest, responsible oversight of the City's independent audit process, but most important, the keen interest and enthusiastic support of our progressive improvements to the transparency and comprehensiveness of the City's financial planning and reporting processes.

Respectfully submitted,



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Mark A. Whitfield  
City Manager



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Louis C. Vitola  
Finance Director

# INDEPENDENT AUDITOR'S REPORT

[To be submitted by Zelenkofske Axelrod LLC]

DRAFT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The Administrative and Financial Management of the City of Milford, Delaware are pleased to offer readers of the City's financial statements this narrative overview and analysis of the financial activities and financial position of the City for the fiscal year ended June 30, 2021. In the broadest context, the financial well-being of a government lies in the underlying means and willingness of its citizens and property owners to fund their pro rata allocation of taxes to support the vision of the government's elected and appointed leadership to deploy tax receipts strategically to ensure the City's tax base, service levels, City assets and the City's desirability will be maintained not just for the current year but well into the future. Financial reporting is limited in its ability to provide this "big picture" but rather focuses on financial position and the net changes in financial position from year to year. In other words, are revenues and expenses higher or lower than the previous year? Have net assets (containing both short- and long-term assets and liabilities) or fund balances (the current "spendable" assets less current liabilities) of the City been maintained? We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal (pages i-iii of this report) as well as information contained in the City's annual budget and other community information that can be found by visiting the City's website at [www.cityofmilford.com](http://www.cityofmilford.com). It should be noted that the Independent Auditor's Report describes the auditor's association with the various sections of this report and that all of the additional information from the website and other City sources is unaudited and has not been updated for events that may have occurred subsequent to the issuance of the respective report.

### IN BRIEF

The assets of the City on a "government wide" or consolidated basis exceeded its liabilities at the close of the most recent fiscal year by approximately **\$93.9 million (net position)**. This number must be viewed in the context that a significant portion of the City's net position (**\$46.4 million, or 49.4%**) is invested in capital assets, net of related debt, and that most capital assets in government do not directly generate revenue nor can they be sold to generate liquid capital. Additionally, net assets restricted for specific purposes total **\$11.8 million (12.6%)**. **The remaining \$35.7 million** represents unrestricted net assets and may be used to meet the government's ongoing obligations to citizens and creditors in accordance with the City's fund designation and fiscal policies. Unrestricted net position **increased by approximately 2% or \$0.7 million** in fiscal year 2021.

As of the close of the is past fiscal year, the City's governmental activities (a subset of the government-wide information reported in the preceding paragraph) reported **\$25.9 million** combined ending net position. Within this total, **\$17.2 million (66%)** is invested in capital assets, net of related debt, **\$1.9 million** is restricted by specific legal requirements and **\$6.8 million** represents unrestricted fund balance.

The City's business-type activities include water, sewer, electric and trash operations and, combined with the governmental activities, constitute the balance of the activity measured on a

**CITY OF MILFORD, DELAWARE**  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021 (UNAUDITED)

government-wide basis. Business-type activities closed the year **with a \$3.8 million increase in net position to \$68 million, \$29.2 million** of which is invested in capital assets, net of related debt and **\$9.9 million of which is** restricted by specific legal requirements. The remaining **\$28.9 million** is unrestricted.

Additional details regarding the structure of the City's financial reporting segments and the performance of the City's various funds and departments can be found in the sections that follow.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis serves to introduce the City's basic financial statements, which are composed of four components: 1) government wide financial statements, 2) fund financial statements, 3) notes to the financial statements, and 4) required supplementary information, which includes this discussion and analysis. This report also contains other supplementary information as listed in the Table of Contents.

**Government Wide Financial Statements** – The government wide financial statements are designed to provide readers with a broad overview of the City's finances in a manner similar to a private-sector business. The Statement of Net Position presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets (similar to a private sector balance sheet). Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. The Statement of Activities presents information showing how the City's net assets changed during the fiscal year. All changes in net assets are reported when the underlying event giving rise of the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned by unused compensated absences).

The government-wide financial statements distinguish between functions of the City that are principally supported by (1) taxes and intergovernmental revenues (governmental activities) versus (2) functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government and administration, public safety, public works, and culture and recreation. The business-type activities of the City include water and sewer, electric and sanitation (refuse, or trash fund) operations. The government-wide financial statements can be found on **pages 12 and 13 of this report.**

**Fund Financial Statements** – A fund is a self-balancing set of accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories – governmental funds and proprietary funds.

**Governmental Funds** – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial

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FOR THE FISCAL YEAR ENDED JUNE 30, 2021 (UNAUDITED)

statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Non-financial assets such as governmental buildings, roads, drainage ways, park land and long-term liabilities such as bonds payable or long-term liabilities that will not be paid with current assets are excluded. Such information may be useful in evaluating a government's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

**Proprietary Funds** – The City maintains two types of proprietary funds. Enterprise funds are presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water, sewer, electric and sanitation operations.

Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses its internal service funds to account for its fleet services, billing services and City Hall building maintenance cost allocation programs. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water, Sewer, Electric, and Sanitation funds, because all are considered to be major funds of the City. All internal service funds are combined into a single aggregated presentation in the proprietary fund financial statements. The basic proprietary fund financial statements can be [found on pages 18 to 20 of this report](#).

**Notes to the Financial Statements** – The notes provide additional information that is essential to a full understanding of the data provided in the government wide and fund financial statements. The notes to the financial statements can be [found on pages 22 through 48](#).

**Other information** – In addition to the basic financial statements and accompanying notes, the basic financial statements contain required supplementary information including this discussion and analysis.

### **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

The following table (“*MDA Schedule 1*”) summarizes the City’s net position resulting from both the governmental activities and business-type activities reported in Milford’s government-wide financial statements as of June 30, 2021, including comparative tools as of June 30, 2020.

[\[Chart: MDA Schedule 1\]](#)

The following table (“*MDA Schedule 2*”) provides a summary of the City’s operations for the year ended June 30, 2021 with comparative tools for the year ended June 30, 2020.

[\[Chart: MDA Schedule 2\]](#)

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FOR THE FISCAL YEAR ENDED JUNE 30, 2021 (UNAUDITED)

As noted earlier, net position and especially net position by category may serve over time as a useful indicator of a government's financial position. In the case of the City, total net position was **\$93.9 million** as of June 30, 2020 (See MDA Schedule 1).

The largest portion of the City's net position, **\$46.4 million (49.4%)** reflects its investments in capital assets (e.g., land, building, equipment, improvements and infrastructure), less any debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending, and with the exception of business type assets, do not generate direct revenue for the City.

They do represent, however, an obligation on the part of the City to maintain these assets into the future. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources required to repay this debt must be provided from other sources, because the capital assets themselves cannot be used to liquidate these liabilities.

In addition to the capital assets, another **\$11.8 million (12.6%)** of the City's net position is subject to legal and local restrictions on use; the vast majority of the restricted funds are intended for investment in the repair, maintenance and replacement of the capital assets. The remaining balance of unrestricted net position may be used to meet the government's ongoing obligations to citizens and creditors.

**Total net position increased by \$3.8 million (4.2%)** during fiscal year 2021, lagging the more robust increase of **\$5.7 million (6.8%)** achieved during the prior fiscal year (See MDA Schedule 2). This year's increase, while positive, falls short of last year's increase by nearly \$2 million, which is spread relatively evenly between governmental activities (\$1.1 million) and business-type activities (\$0.9 million), the former of which is driven by increases in 2020 expenses versus 2019 and the latter of which is attributable to decreases in 2020 revenue versus 2019. The increased expenses in governmental activity and the reduced revenue among business-type activities are discussed individually in the two following sections.

The 2021 increase of **\$3.8 million** is composed of growth in current assets (about \$3 million) offset by less than **\$0.2 million** increases in current liabilities, netting about **\$2.9 million** in positive growth in liquid net assets. However, **\$2.2 million** of the increase is legally restricted for certain uses. Nonetheless, the remainder of **\$0.7 million** represents growth in unrestricted net position, which is relatively balanced across governmental activities (**\$0.4 million** growth in unrestricted net assets) and business-type activities (**\$0.3 million** growth in unrestricted net assets). The remaining **\$0.8 million** increase in net position reflects a nearly **\$1.2 million** increase in capital assets, net of related debt.

**Government Activities** – The **\$0.4 million** increase in unrestricted net position mentioned in the preceding paragraph was offset by decreases in net capital assets and restricted net position, such that total net position in the governmental activities actually decreased marginally (See MDA Schedule 2).

Excluding transfers from business-type activities and special items, total revenues for governmental activities were somewhat flat versus the prior year, increasing by 1%, or less than

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**FOR THE FISCAL YEAR ENDED JUNE 30, 2021 (UNAUDITED)**

\$0.1 million. The increase was primarily attributable to increases in property tax revenue, franchise tax receipts and miscellaneous revenue. However, the increases were almost completely offset by decreases in operating grants, realty transfer taxes and one-time sales of property that boosted prior year revenue. The increase in property tax revenue of \$0.2 million resulted from the combination of parcel growth (count) and growth in assessed value (new construction, not reassessment-driven). The City's property tax rate has not increased since 2007 and the last city-wide reassessment was conducted in 2012, so the property tax growth is driven entirely by new development in Milford, which is a positive sign.

Governmental expenditures increased by \$0.9 million in fiscal year 2020 versus 2019, approximately \$0.6 million of which is attributable to personnel expenses, \$0.2 million of which is related to claims and contingencies and \$0.1 million of which is directly related to operating and safety initiatives in response to the coronavirus pandemic.

**Business – Type Activities** – Net position from business-type activities increased by \$3.8 million, or 5.9% from \$64.2 million to \$68.0 million during fiscal year 2020 (See MDA Schedule 2). Almost all of the aforementioned growth in current assets is attributable to business-type activities, with the most liquid assets – cash and investments – up \$3.4 million over the prior period, partially offset by reductions in accounts receivable and inventories totaling \$0.5 million. Cash and investment balances in the electric fund increased by \$2.9 million since last year, driving substantially all of the \$3.0 million increase in business-type net position, \$2.7 million of which is legally restricted, and \$0.3 million of which is unrestricted. The electric fund's strong generation of cash and investments is largely a function of the sufficiency of the electric rate base to meet all capital expenditures in the current year, whereas the water, sewer and trash funds rely on the consumption of reserves and interfund transfers to supplement capital spending. Cost of service studies and rate studies were recently conducted for all business-type activities, and while the rates were recently updated for electric system users and for refuse collection services, water and sewer rate action has been delayed twice in an effort to reduce the burden on rate payers during the pandemic. The Net position invested in capital assets, net of related debt, increased by \$0.8 million during fiscal year 2020 on the investment in and development of capital assets and projects totaling almost \$3.4 million. \$2.2 million of the fiscal year 2020 capital was directed toward utility system infrastructure in the water and sewer funds, both of which are critical for the life, health and safety of Milford's residents.

Total revenue generated by business-type activities was \$1.6 million less than the prior fiscal year, \$1.3 million of which is accounted for by reduced electric fund revenue. Electric rates were relatively flat from fiscal year 2019 to 2020; 100% of the revenue variance is attributable to reduced consumption, which is due in part due to warmer fall weather in 2019 versus 2020 and in part due to significantly reduced consumption in the March through June period of 2020 versus 2019, which may be explained by a combination of weather and the impact of COVID-19.

**Investment Policies** – The City's accumulated cash surplus and reserves attributable to governmental and business-type activities are combined and invested pursuant to the City's investment policies, as amended. During the year, the City continued the initiative started in fiscal year 2020 to reallocate investment balances to more heavily weight money market funds in

**CITY OF MILFORD, DELAWARE**  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021 (UNAUDITED)

response to changes in the market to capture additional yield without being exposed to any incremental risk. Additional information about the City's investments can be found in **Note 8 on page 33**. MDA Schedule 3 exhibits a breakdown of the City's investments by broad asset type as of June 30, 2021 and 2020.

[Chart: MDA Schedule 3]

### **FUND FINANCIAL STATEMENT ANALYSIS**

**Governmental Funds** – The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balances may serve as a useful measure of a government's net resources available for spending in the next fiscal year. At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of **\$9.1 million** (See Governmental Funds Balance Sheet on page 14). Within this total, a small amount is categorized as “nonspendable” (prepaid expenses), **\$1.9 million** is restricted by specific legal requirements, primarily for street improvements, and **\$3.7 million** has been committed and assigned to specific types of expenditures. The remaining **\$3.3 million** represents unassigned fund balance in the general fund and can be used for any lawful purpose. In the general fund, the City budgeted (as amended) a fund balance decrease in the current year of **\$2.1 million** prior to the use of prior balances and reserves, although the actual general fund balance decreased by just **\$0.2 million (2% of the total budget)**. Actual general fund expenditures were nearly **10%** below total budgeted expenses due to cost control measures as uncertainty regarding the potential impact of the COVID-19 pandemic necessitated caution.

**Proprietary Funds** – The City's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail (See pages 18-19). Unrestricted net position in the enterprise funds totaled **\$28.9 million**, made up of the electric fund (**\$15.9 million**), water fund (**\$8.4 million**), sewer fund (**\$4.2 million**) and trash fund (**\$0.3 million**). The total of all enterprise funds' net position at the end of the fiscal year was **\$68.0 million**, representing an increase of **\$3.8 million** versus fiscal year 2019 as a result of positive increases in net position in the electric, water and sewer funds of **\$1.8 million**, **\$1.3 million** and **\$0.7 million**, respectively, partially offset by a minor reduction in the trash fund net position versus the prior period.

**General Fund Budgetary Highlights** – The City made revisions to the original appropriations approved by the City Council. Overall, these changes resulted in an increase in budgeted expenditures from the original budget of **\$0.1 million**, which was primarily driven by **public safety and recreation expenditures that are added to the budget controls when grant revenue is received and spent through the ordinary requisition, purchase order and accounts payable processes** (See page 50 for a detailed schedule).

## **DEBT ADMINISTRATION**

As of June 30, 2020, the City's bonded indebtedness and outstanding note obligations (See *MDA Schedule 4*) totaled \$15.7 million, all of which is backed by the full faith and credit of the City of Milford taxing authority.

[Chart: MDA Schedule 4]

During fiscal year 2021, the City's outstanding debt decreased by \$0.2 million as a result of scheduled payments of debt obligations totaling \$1.2 million offset by \$1.0 million in the new issuance related to phase two of the City's USDA sewer loan program.

The City's General Obligation Bond Rating is AA- as rated by S&P Global Credit. Additional information about the City's long-term debt obligations and a detailed rollforward of long-term liabilities can be found in [Note 10 on pages 37 to 40 of this report](#).

## **CAPITAL ASSETS**

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2021 amounts to **\$63.1 million (net of accumulated depreciation)**. This investment in capital assets includes land, building, equipment, improvements, and infrastructure assets. The total increase in the City's investment in capital assets, net of accumulated depreciation, for the current fiscal year was **\$1.4 million representing an increase of 2.2%** versus fiscal year 2020. Additional information on the City's capital assets can be found in [Note 9 on pages 34 to 36](#) of this report. Major capital asset purchases and projects initiated during fiscal year 2021 included the following:

### General Fund

- \$606 thousand in street and parking lot paving and construction in progress
- \$286 thousand in building improvements, technology upgrades, vehicles and equipment

### Interservice Funds

- \$45 thousand for billing equipment and public works vehicle replacement

### Electric Fund

- \$575 thousand for a bucket truck, material handler and other equipment replacement
- \$261 thousand for transformers, switches and other distribution upgrades

### Water Fund

- \$152 thousand for vehicles and equipment
- \$549 thousand to upgrade wells and service lines on SE 2<sup>nd</sup> St, Mispillion St, Lovers Ln

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MANAGEMENT'S DISCUSSION AND ANALYSIS  
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Sewer Fund

- \$1.1 million in sewer line upgrades, primarily NE and NW Front St sewer line replacement
- \$237 thousand in sewer equipment and vehicle replacement.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The fiscal year 2022 budget for general fund activity is 9.85% higher than fiscal year 2021. The balance between cost control and the delivery of a wide variety of services demanded by Milford residents was struck well during the 2022 budget process. Personnel costs in support of our valuable employees represent the largest contribution to general fund costs. Increases in personnel costs, capital expenditures and nonrecurring expenditures, such as a compensation study, citizen survey and property reassessment, contributed to the budget increase in FY22. While a portion of the higher general fund costs will be offset with expected proceeds through the American Rescue Plan Act (ARPA), economic development initiatives, organic growth in the City's tax base, and the inaugural water fund transfer to the general fund, the City was not immune from a property tax increase following a period of more than a decade without any increase. The COVID-19 pandemic has continued to cause disruptions in all manner of City operations, but staff remain steadfast in their dedication to service excellence, fiscal responsibility and efficiency. Moreover, City leadership and staff are aligned in their efforts to uphold and improve the quality of life in Milford through citywide accessibility to high-quality services, infrastructure, public safety, parks and recreation, backed by strategic investments in property, capital projects and infrastructure to support the City's growing population and thriving business community.

**REQUEST FOR INFORMATION**

The financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the City's financial structure and past performance. If you have questions about this report or if you would like to request additional information, please contact the Department of Finance, Attention: Finance Director, 10 SE 2nd Street, Milford, DE 19963, call 302-424-5141 or email the finance team at [finance@milford-de.gov](mailto:finance@milford-de.gov).

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## BASIC FINANCIAL STATEMENTS

[Chart: Statement of Net Position (Government Wide)]

[Chart: Statement of Activities (Government Wide) – Landscape]

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**CITY OF MILFORD, DE  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2021**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Non-Major Governmental Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 4,221,518	\$ 7,776,711	\$ 759,510	\$ 12,757,739
Investments	1,829,774	-	-	1,829,774
Taxes Receivable, net of allowance for doubtful accounts	58,283	140,749	-	199,032
Other Receivables	205,268	340,001	-	545,269
Prepaid Expenses	49,720	-	-	49,720
<b>Total Assets</b>	<u>\$ 6,364,563</u>	<u>\$ 8,257,461</u>	<u>\$ 759,510</u>	<u>\$ 15,381,534</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts Payable	\$ 233,180	\$ 68,156	\$ 1,817	\$ 303,153
Compensated Absences - Current	224,756	-	-	224,756
Deferred Revenue	98,575	2,942,196	-	3,040,771
Other Accrued Expenses	341,455	-	-	341,455
Other Payables	322,249	-	131	322,380
<b>Total Liabilities</b>	<u>1,220,216</u>	<u>3,010,352</u>	<u>1,948</u>	<u>4,232,516</u>
<b>Fund Balances:</b>				
Restricted	-	5,247,110	620,671	5,867,781
Nonspendable	49,720	-	-	49,720
Assigned	136,100	-	136,891	272,991
Unassigned	4,958,527	-	-	4,958,527
<b>Total Fund Balances</b>	<u>5,144,347</u>	<u>5,247,110</u>	<u>757,562</u>	<u>11,149,019</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 6,364,563</u>	<u>\$ 8,257,462</u>	<u>\$ 759,510</u>	<u>\$ 15,381,534</u>

*The accompanying notes are an integral part of these financial statements.*

**CITY OF MILFORD, DE**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Non-Major Governmental Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>				
Property Taxes	\$ 4,340,239	\$ -	\$ -	\$ 4,340,239
Real Estate Transfer Taxes	-	1,243,007	-	1,243,007
Fees and Fines	120,893	-	-	120,893
Licenses and Permits	1,095,516	-	133,880	1,229,396
Sale of Property and Equipment	-	-	-	-
Intergovernmental	415,987	999,124	-	1,415,111
Charges for Services	-	-	33,680	33,680
Investment Earnings	33,528	9,970	-	43,498
Miscellaneous	911,821	15,913	-	927,734
	<u>6,917,985</u>	<u>2,268,015</u>	<u>167,560</u>	<u>9,353,559</u>
<b>EXPENDITURES</b>				
Current:				
General Government	2,052,686	-	-	2,052,686
Public Safety	5,560,531	729,056	-	6,289,587
Public Works	644,166	-	-	644,166
Culture and Recreation	929,293	-	26,298	955,591
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Capital Outlay	922,672	422,755	-	1,345,428
	<u>10,109,349</u>	<u>1,151,811</u>	<u>26,298</u>	<u>11,287,458</u>
(Deficiency) Excess of Revenues Over Expenditures	<u>(3,191,364)</u>	<u>1,116,204</u>	<u>141,262</u>	<u>(1,933,899)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	3,668,047	-	-	3,668,047
Transfers Out	(293,618)	-	-	(293,618)
	<u>3,374,430</u>	<u>-</u>	<u>-</u>	<u>3,374,430</u>
Net Change in Fund Balances	183,066	1,116,204	141,262	1,440,531
<b>Fund Balances - Beginning (Restated)</b>	<u>4,918,581</u>	<u>4,130,906</u>	<u>616,301</u>	<u>9,665,788</u>
<b>Fund Balances - Ending</b>	<u>\$ 5,101,647</u>	<u>\$ 5,247,110</u>	<u>\$ 757,562</u>	<u>\$ 11,106,319</u>

*The accompanying notes are an integral part of these financial statements.*

**CITY OF MILFORD, DE**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2021**

	<b>Business Type Activities - Enterprise Funds</b>					<i>Governmental Activities -Internal Service Fund</i>
	<b>Electric</b>	<b>Water</b>	<b>Sewer</b>	<b>Solid Waste</b>	<b>Total</b>	
<b>ASSETS</b>						
<b>Current Assets</b>						
Cash and Cash Equivalents	\$ 5,186,835	\$ 6,020,424	\$ 3,911,689	\$ 513,485	\$ 15,632,433	\$ 343,742
Investments	14,220,312	9,357,413	3,953,792	71,430	27,602,946	-
Accounts Receivable, net of allowance for doubtful accounts	1,992,843	260,225	420,473	94,810	2,768,351	113,302
Other Receivables	21,099	182,509	967,183	2,465	1,173,256	-
Inventories	1,333,086	18,877	-	-	1,351,962	33,030
<b>Total Current Assets</b>	<b>22,754,174</b>	<b>15,839,448</b>	<b>9,253,137</b>	<b>682,190</b>	<b>48,528,949</b>	<b>490,073</b>
<b>Non-Current Assets</b>						
<b>Capital Assets</b>						
Land and Improvements	2,460,507	33,254	28,638	-	2,522,399	-
Utility System	19,661,288	23,017,679	23,436,573	-	66,115,540	-
Buildings and Improvements	7,056,015	123,078	164,057	5,650	7,348,800	21,340
Equipment and Vehicles	4,043,044	1,893,756	1,443,371	1,335,371	8,715,542	233,946
Less Accumulated Depreciation	(18,250,258)	(9,462,784)	(10,440,025)	(764,298)	(38,917,365)	(130,188)
<b>Net Capital Assets</b>	<b>14,970,597</b>	<b>15,604,983</b>	<b>14,632,614</b>	<b>576,722</b>	<b>45,784,916</b>	<b>125,099</b>
<b>Total Non-Current Assets</b>	<b>14,970,597</b>	<b>15,604,983</b>	<b>14,632,614</b>	<b>576,722</b>	<b>45,784,916</b>	<b>125,099</b>
<b>Total Assets</b>	<b>37,724,771</b>	<b>31,444,431</b>	<b>23,885,751</b>	<b>1,258,912</b>	<b>94,313,865</b>	<b>615,172</b>
<b>Deferred Outflows of Resources</b>						
<b>Deferred Charges on Refundings</b>	166,880	-	121,914	-	288,794	-
<b>LIABILITIES</b>						
<b>Current Liabilities:</b>						
Accounts Payable	1,578,409	240,046	780,725	37,296	2,636,477	104,149
Salaries and Wages Payable	20,786	9,297	9,030	60,742	99,855	23,138
Other Accrued Expenses	541,252	-	436,145	-	977,397	-
Customer and Other Deposits	668,043	-	-	-	668,043	250,776
Compensated Absences	23,058	190	190	5,717	29,155	1,906
Bonds, Notes and Loans Payable	230,000	258,334	312,653	-	800,987	-
<b>Total Current Liabilities</b>	<b>3,061,547</b>	<b>507,868</b>	<b>1,538,743</b>	<b>103,755</b>	<b>5,211,914</b>	<b>379,968</b>
<b>Non-Current Liabilities:</b>						
Compensated Absences	69,769	24,564	24,564	5,223	124,121	112,892
Bonds, Notes and Loans Payable	4,076,378	5,942,226	5,332,812	-	15,351,417	-
<b>Total Non-Current Liabilities</b>	<b>4,146,147</b>	<b>5,966,790</b>	<b>5,357,376</b>	<b>5,223</b>	<b>15,475,537</b>	<b>112,892</b>
<b>Total Liabilities</b>	<b>7,207,694</b>	<b>6,474,659</b>	<b>6,896,120</b>	<b>108,979</b>	<b>20,687,451</b>	<b>492,860</b>
<b>NET POSITION</b>						
Net Investment in Capital Assets	10,664,218	9,404,423	8,987,149	576,722	29,632,512	125,099
Restricted for Capital Improvements:						
Budgeted by City Council	362,000	1,946,899	482,226	71,430	2,862,555	-
Impact Fees	1,047,790	4,574,502	3,066,164	-	8,688,456	-
Unrestricted	18,609,948	9,043,948	4,576,006	501,781	32,731,684	(2,787)
<b>Total Net Position</b>	<b>\$ 30,683,957</b>	<b>\$ 24,969,772</b>	<b>\$ 17,111,545</b>	<b>\$ 1,149,934</b>	<b>\$ 73,915,208</b>	<b>\$ 122,312</b>

*The accompanying notes are an integral part of these financial statements.*

**CITY OF MILFORD, DE**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	<b>Business Type Activities - Enterprise Funds</b>					<i>Governmental Activities -Internal Service Fund</i>
	<b>Electric</b>	<b>Water</b>	<b>Sewer</b>	<b>Solid Waste</b>	<b>Total</b>	
<b>REVENUES</b>						
Charges for Services	\$ 24,861,521	\$ 2,972,221	\$ 4,667,142	\$ 1,371,098	\$ 33,871,982	\$ 2,647,117
Miscellaneous	392,082	250,778	1,070	2,033	645,962	-
<b>Total Operating Revenues</b>	<b>25,253,602</b>	<b>3,222,999</b>	<b>4,668,212</b>	<b>1,373,131</b>	<b>34,517,944</b>	<b>2,647,117</b>
<b>OPERATING EXPENSES</b>						
Personnel Services	2,584,069	313,390	519,127	453,951	3,870,537	1,641,971
Contractual Services	17,090,392	62,042	3,034,654	345,737	20,532,825	167,603
Utilities	4,913	222,640	282	-	227,834	3,745
Repairs and Maintenance	383,411	99,713	22,159	135,395	640,678	562,043
Other Supplies and Expenses	61,303	818,280	640,289	278,135	1,798,006	178,665
Insurance Claims and Expenses	81,218	20,663	12,181	10,322	124,385	8,428
Bad Debt Expense	23,780	82	1,355	3,436	28,653	-
Amortization	-	-	-	-	-	-
Depreciation	1,284,279	593,031	597,769	128,414	2,603,494	11,356
<b>Total Operating Expenses</b>	<b>21,513,366</b>	<b>2,129,840</b>	<b>4,827,816</b>	<b>1,355,389</b>	<b>29,826,412</b>	<b>2,573,810</b>
<b>Operating Income (Loss)</b>	<b>3,740,236</b>	<b>1,093,159</b>	<b>(159,605)</b>	<b>17,741</b>	<b>4,691,532</b>	<b>73,306</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>						
Interest and Investment Revenue	133,603	105,133	44,631	928	284,296	-
Impact Fees	203,650	1,539,487	811,723	-	2,554,860	-
Capital Grant	100,008	-	947,037	-	1,047,045	-
Miscellaneous	60,979	(71,430)	45,596	71,945	107,090	-
Interest Expense	(106,643)	(110,599)	(122,635)	-	(339,877)	-
<b>Total Non-Operating Revenues (Expenses)</b>	<b>391,597</b>	<b>1,462,591</b>	<b>1,726,351</b>	<b>72,873</b>	<b>3,653,413</b>	<b>-</b>
<b>Income (Loss) Before Transfers</b>	<b>4,131,834</b>	<b>2,555,750</b>	<b>1,566,746</b>	<b>90,615</b>	<b>8,344,945</b>	<b>73,306</b>
Transfers (Out) In	(2,500,000)	(428,570)	-	500,000	(2,428,570)	(156,310)
<b>Change in Net Position</b>	<b>1,631,834</b>	<b>2,127,180</b>	<b>1,566,746</b>	<b>590,615</b>	<b>5,916,375</b>	<b>(83,004)</b>
<b>Net Position - Beginning of Year</b>	<b>29,052,123</b>	<b>22,842,592</b>	<b>15,544,799</b>	<b>559,319</b>	<b>67,998,833</b>	<b>205,316</b>
<b>Net Position - End of Year</b>	<b>\$ 30,683,957</b>	<b>\$ 24,969,772</b>	<b>\$ 17,111,545</b>	<b>\$ 1,149,934</b>	<b>\$ 73,915,208</b>	<b>\$ 122,312</b>

*The accompanying notes are an integral part of these financial statements.*

## NOTES TO THE BASIC FINANCIAL STATEMENTS

### **NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

#### ***Introduction***

The City of Milford, Delaware (the "City"), operates under a Council-Manager form of government and provides the following services as authorized by its charter adopted on May 24, 1977, as amended: public safety (police), highways and streets, sanitation, health and social services, electric, water, parks and recreation, public improvements, planning and zoning, and administrative services.

The accounting and reporting policies of the City relating to the funds included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America (GAAP) applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB).

The accounting and reporting framework and the more significant accounting policies and practices are discussed in subsequent sections of this Note. The remainder of the notes are organized to provide explanations, including required disclosures, of the City's financial activities for the year ended June 30, 2021.

#### ***Financial Reporting Entity***

The City's basic financial statements include the accounts of all City operations. The criteria for including organizations as component units within the City's reporting entity, as set forth in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, include whether:

- the organization is legally separate (can sue and be sued in their own name)
- the City holds the corporate powers of the organization
- the City appoints a voting majority of the organization's board
- the City is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the City
- there is fiscal dependency by the organization on the City

Based on the aforementioned criteria, the City has no component units.

#### ***Use of Estimates***

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results may differ from those estimates.

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):**

***Encumbrances***

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in governmental funds. Encumbrances as of the end of the fiscal year are reported as reservations of fund balance because they do not constitute expenditures or liabilities, but rather serve as authorization for expenditures in the subsequent year. As of the end of the period, the City had no such encumbrances.

***Government-Wide and Fund Financial Statements***

The government-wide financial statements (statement of net position and statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which are normally supported by taxes and inter-governmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. Program revenues include (a) charges to customers who directly benefit from goods or services provided by a given function or activity and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or activity. Taxes and other items not properly included among program revenues are reported as general revenues.

Separate financial statements are provided by governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following governmental funds:

**General Fund** – The general fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

**Special Revenue Fund** – The special revenue fund accounts for revenues derived from earmarked revenue sources. Separate self-balancing funds are established to account for each restricted special revenue source.

**Parks and Recreation Fund** – The parks and recreation fund accounts for revenues derived from activities provided by the City's parks and recreation department, which include youth and adult sports leagues, summer camps and clinics, special events and festivals as well as fund raising activities.

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):**

***Government-Wide and Fund Financial Statements (continued)***

The City reports the following proprietary funds:

Enterprise Funds – The Enterprise Funds of the City include the electric, water, wastewater (“sewer”) and sanitation (“solid waste” or “trash”) funds. Enterprise funds are used to account for operations (a) which are financed and operated in a manner similar to private business enterprises; where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body had decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, or accountability.

Internal Service Fund – Consists of five internal funds which are used to account for the financing of goods and services provided by one department to other departments of the City on a cost-recovery basis.

Agency Fund – Prior to the implementation of GASB Statement No. 84, Fiduciary Activities for the fiscal year ended June 30, 2021, the City reported certain Parks and Recreation assets and assets held by the City in a trustee capacity for fees collected on behalf of Kent County and the Carlisle Fire Company in the Agency Fund. The Parks and Recreation assets are accounted for in the general fund,

***Measurement Focus, Basis of Accounting and Financial Statement Presentation***

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Financial resources used to acquire capital assets are capitalized in the government-wide financial statements, rather than reported as expenditures. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as a source of financing. Amounts paid to reduce long-term debt of the City are reported as a reduction of the related liability, rather than as an expenditure in the government-wide financial statements.

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter (within 60 days) to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due. Similarly, accrued compensated absences are recorded as expenditures only when paid.

Permits and fees, recreation fees, fines and court fees, franchise fees and taxes, other miscellaneous revenues and earned but unreimbursed state and federal grants associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Property taxes are measurable as of the date levied (assessed) and are recognized as revenues when they become available, which means when due, or past due, and received within the current period or collected soon enough thereafter to be used to pay liabilities of the current period. All other revenues are considered to be measurable and therefore only available and recordable upon receipt of cash.

***Budgets and Budgetary Accounting***

***Budgetary Process***

The City Council follows these procedures in establishing the budgetary data reflected within the financial statements:

- 1) In accordance with the City Charter, prior to June 1 each year, the City Manager submits to City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them for the upcoming year, along with estimates for the current year.
- 2) Public hearings are conducted to solicit comment from taxpayers and ratepayers.
- 3) Prior to June 30, the budget is legally enacted through passage of an ordinance.
- 4) The City Manager is required by the City Charter to present a monthly report to City Council explaining any variances from the approved budget.
- 5) Formal budgetary integration is employed as a management control device during the year for the general fund.
- 6) The budget for the general fund is adopted on a basis consistent with GAAP as applicable to governments.
- 7) The budgets for the special revenue fund are approved on a program-by-program basis by the funding agencies.
- 8) Budgetary amendments are approved by City Council as required throughout the year. If revenues in excess of those estimated in the budget become available, the Council, by ordinance, may make supplemental appropriations for the year up to the amount of such excess.

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):**

*Cash and Cash Equivalents*

Cash and cash equivalents consist of cash, checking and money market accounts generally maturing within three months.

*Receivables*

Receivables are shown net of the allowances for estimated uncollectible accounts. The allowance for uncollectible accounts is based upon historical data established according to experience and other factors which in the judgment of City officials should be recognized in estimating possible losses. Management believes that they have adequately provided for future probable losses.

*Interfund Receivables/Payables*

Advances between funds are accounted within the appropriate interfund receivable and payable accounts. These advances (reported as "due from/to other funds") are considered "available spendable resources."

*Inventories*

Inventory in the general fund consists of gasoline and diesel fuel held for consumption. Inventory in the internal service funds consist of garage and meter supplies held for consumption. The inventory acquisitions are recorded in the inventory accounts initially and charged to expenditures when used. The inventory is reported at cost and is presented on an average cost basis.

Inventories in the water and electric funds consist primarily of meters and other equipment and appurtenances required for service connection and revenue billing. The electric fund also carries certain system infrastructure components and replacement parts that serve the dual purpose of internal consumption for repair and maintenance as well as for sale to third party developers required to share in the cost of new connections to the electric system. Inventories in the water and electric funds are reported at cost and presented on an average cost basis.

*Capital Assets*

Capital assets which include land, buildings, improvements, equipment, vehicles and infrastructure assets, consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage and lighting systems, are reported on the applicable governmental or business-type activities columns in the government-wide financial statements and the proprietary fund financial statements. Capital assets are recorded at historical cost if purchased, and at fair market value if donated. The capitalization threshold for all capital assets is \$5,000. No dollar threshold is set for land. Capital asset depreciation is recognized using the straight-line method over the estimated lives of the respective assets.

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):**

*Compensated Absences*

A maximum of 30 days of vacation and 130 days of sick leave may be accumulated by each employee except for those hired before 1992, for whom carry-over is unlimited. The City accrues a liability for compensated absences which meet the following criteria:

- The City's obligation relating to employees' rights to receive compensation for future absences is attributable to employees' services already rendered.
- The obligation relates to rights that vest or accumulate.
- Payment of the compensation is probable.
- The amount can be reasonably estimated.

In accordance with the above criteria, the City has accrued a liability for vacation and sick pay which has been earned but not taken by City employees. For governmental funds, the liability for compensated absences is reported as a long-term liability in the government-wide financial statements because it is anticipated that none of the liability will be liquidated with expendable available financial resources. The liability for compensated absences is recorded in proprietary fund types as an accrued liability in accordance with GASBS No. 16 (GASB Cod. Sec. C60), *Accounting for Compensated Absences*.

*Pensions*

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Delaware Public Employees' Retirement System (DPERS) and additions to/deductions from DPERS fiduciary net position have been determined on the same basis as they are reported by DPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

*Long-Term Liabilities*

In the government-wide financial statements, and in the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business type activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are recorded net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and are amortized over the life of the related debt. In the fund financial statements, governmental fund types recognize bond premium and discounts, as well as debt issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):**

*Subsequent Events*

Subsequent events were evaluated through February 28, 2022, which is the date the financial statements were available to be issued. Management of the City have disclosed (1) the execution of a bond anticipation note (BAN) directly placed with a commercial bank as approved by City Council and authorized following a city-wide referendum authorizing approval of the issuance of debt for the construction of buildings and related equipment in support of Milford's Police Department and public safety initiatives, (2) the \$6.5 million acquisition of 182.3 acres of land on December 29, 2021 for the purpose of developing a business campus within the City of Milford, and (3) the \$0.5 million acquisition of 19.4 acres of land on December 15, 2021 for the purpose of assembling a greenway through Milford. Please see note 17: Subsequent Events for additional detail. Management of the City have determined that no events, including the disclosed events, resulted in any adjustment to the accounts reported in these financial statements.

*Deferred Outflows of Resources*

Decreases in net assets that related to future periods are recorded as deferred outflows of resources in a separate section of the City's government-wide statement of net position. Deferred outflows of resources are generally reported in the City's statement of net position for pension contributions made subsequent to the measurement date. Deferred outflows of resources also include the difference in the carrying value of refunded debt and its reacquisition price, which is then amortized over the shorter of the life of the refunded or refunding bond.

*Deferred Inflows of Resources*

Increases in net assets that apply to future periods are recorded as deferred inflows of resources in a separate section of its government-wide statement of net position. Deferred inflows of resources are reported in the City's statement of net position for actual pension plan investment earnings in excess of projected amounts included in determining pension expense. Deferred inflows of resources are attributed to pension expense over a total of 5 years, including the current year.

*Government-Wide and Proprietary Fund Net Positions*

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets net of accumulated depreciation and the outstanding balances of any borrowing spent for the acquisition, construction or improvements of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):**

*Governmental Fund Balances*

In the governmental fund financial statements, fund balances are classified as follows:

- Non-spendable - Amounts that cannot be spent either because they are in a non-spendable form or because they are legally or contractually required to be maintained intact.
- Restricted - Amounts that can be spent only for specific purposes because of the City Charter, the City code, state or federal laws, or externally imposed conditions by grantor or creditors.
- Committed - Amounts that can be used only for specific purposes determined by a formal action by City Council ordinance or resolution. This includes the Budget Reserve Account.
- Assigned - Amounts that are designated by the Mayor for a particular purpose but are not spendable until a budget ordinance is passed or there is a majority vote approval (for capital projects or debt service) by City Council.
- Unassigned - All amounts not included in other spendable classifications.

*Interfund Transactions*

During the course of normal operations, the City records transactions between funds to support operations in certain funds, to return a risk premium to certain funds, to allocate administrative and overhead costs among funds, to construct assets, to distribute grant proceeds and to coordinate other activities that impact more than one fund. These transactions are generally reflected as operating transfers, which are transfers from a fund authorized to receive certain revenues to the fund through which the resources are to be expended. Interfund loans having repayment terms beyond one year are reported separately as noncurrent assets (lending fund) and noncurrent liabilities (borrowing fund) in the statements of net position.

*Interest Capitalization*

Interest costs incurred for the acquisition and/or construction of capital assets are capitalized based on the guidelines established by GASBS No. 62, Capitalization of Interest Cost.

The interest capitalization period begins when the following conditions are present:

- Expenditures for the capital asset have been made.
- Activities necessary to prepare the capital asset for its intended use are in progress.
- Interest expense is being incurred.

The amount of interest expense to be capitalized is based on the weighted-average amount of accumulated expenditures for the period multiplied by the interest rate for the obligation incurred specifically to finance the construction of capital assets. No capitalizable interest was incurred during the year ended June 30, 2021.

**NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS:**

***Explanation of Certain Differences between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Assets***

The governmental fund balance sheet includes a reconciliation between total governmental fund balances and net assets of governmental activities in the government-wide statement of net assets. This difference primarily results from the long-term economic focus on the statement of net assets versus the current financial resources focus of the governmental fund balance sheets.

*Capital Asset Differences*

When capital assets (land, building, improvements and equipment) are purchased or constructed for use in governmental fund activities, the costs of those assets are reported as expenditures in the governmental funds. However, these costs are reported as capital assets in the statement of net assets. The details of these differences are presented below:

[Chart: Capital asset differences]

*Noncurrent Liability Differences*

Noncurrent liabilities are not due and payable in the current period and, therefore, are not reported in the governmental fund balance sheet. All liabilities (both current and long-term) are reported in the statement of net position. The details of these noncurrent liability differences are presented below:

[Chart: Noncurrent liability differences]

***Explanation of Certain Differences between the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances and the Government-Wide Statement of Activities.***

The governmental fund financial statements include a reconciliation between changes in fund balances in the governmental funds and changes in net assets in the government-wide statement of activities. The differences primarily result from the long-term economic focus of the statement of activities versus the current financial resources focus of the governmental fund financial statements.

*Capital Outlay Differences*

Capital Outlays are reported as expenditures in the statement of revenues, expenditures and changes in fund balances. They are reported as capital assets, with the costs allocated over the useful lives of the assets, as depreciation, in the statement of activities. The details of these differences are reported below:

[Chart: Capital outlay differences]

*Other Differences*

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Some items reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported in the governmental funds as expenditures. These items include the net changes during the year in the following accounts:

[Chart: Other differences]

**NOTE 3: FINANCIAL INSTRUMENTS:**

The City invests its eligible reserves in a variety of financial instruments pursuant to its investment policy and records investments at adjusted cost. The City estimates that the fair value of all financial instruments as of June 30, 2021 does not differ materially from the aggregate carrying values of its financial instruments as reported in the accompanying balance sheet and statement of net assets.

**NOTE 4: REAL ESTATE TAXES:**

The millage rate levied by City Council on all non-exempt real estate in the City of Milford for the fiscal year ended June 30, 2021 was 4.60 mills (\$4.60 per \$1,000 of assessed valuation, or "AV"), and is commonly expressed as \$0.46 per \$100 of AV. The City executes the annual tax billing, periodic supplemental billing and all real estate tax payment collection internally, though property assessment is conducted by a professional firm through a contractual arrangement. Delinquent taxes are subject to lien by the City. The schedules of real estate taxes levied for the fiscal year 2021 follow:

July 1:	Levy Date (effective date of enforceable lien)
August 1 - September 30:	Face Payment Period
October 1:	Penalty of 1% of cumulative past due balance each month

**NOTE 5: IMPACT FEES:**

All applications for new service connections to water, sewage, and electric systems within the City of Milford's utility service territories are required to contribute a one-time impact fee. The purpose of the fee is to compensate for the impact of new users to the existing water and sewage systems, in order to provide for future expansion. All impact fees collected are restricted for the construction, maintenance and expansion of the City's utility infrastructure systems resulting from the growth demands of new development. The commercial impact fees for the year ended June 30, 2021 were \$3,072 (\$2,954 in fiscal year 2020) and \$1,623 (\$1,561 in fiscal year 2020) per Equivalent Dwelling Unit (EDU) for water and sewage, respectively, and \$600 and \$1,200 for electric connections of 200 amps and 400 amps, respectively.

The City has recorded as revenue in the proprietary funds Statement of Revenues, Expenses and Changes in Net Assets and in the government-wide Statement of Activities the impact fee monies, as required by GASB No. 33. Restricted net assets as of June 30, 2021 attributable to cumulative impact fee collections is \$8,252,311.

**NOTE 6: INTERFUND TRANSACTIONS**

During the course of normal operations, the City has numerous transactions between funds including expenditures and transfers of resources primarily to provide services. The financial statements of the governmental and proprietary fund types generally reflect such transactions as transfers. Transfers that are not considered operating or residual equity transfers give rise to interfund receivables and payables within individual funds. As of June 30, 2021, no transfers qualified as interfund loans, and one interfund transaction among subsidiary funds related to funding of capital expenditures nets to \$0 in the governmental funds.

**NOTE 7: INTERGOVERNMENTAL RECEIVABLES**

Amounts due from other governmental units represent receivables for revenues earned by the City or collections made by another governmental unit on behalf of the City.

**NOTE 8: CASH AND INVESTMENTS**

Custodial credit risk is the risk of loss of City deposits in the event of financial institution failure. The City does not have a formal deposit policy for custodial credit risk. Deposits are classified as Category 1 if fully insured, registered or held by the City's agent in the City's name. Deposits are classified as Category 2 if collateralized with securities held by the pledging financial institution's trust department agent(s) in the City's name, or Category 3 if not collateralized, including bank balances that are collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the City's name. As of June 30, 2021, all of the City's bank balances constituted Category 1 deposits, and the financial institution balances were equal to the carrying amounts reported.

The City's investments are categorized according to the level of credit risk assumed as of the balance sheet date. Category 1 includes investments that are insured, registered or held by the City's agent in the City's name. Category 2 includes uninsured and unregistered investments held by the counterparty's trust department or agent in the city's name. Category 3 includes uninsured and unregistered investments held by the counterparty, its trust department or its agent but not in the City's name.

**[Chart: City Investments]**

**NOTE 9: CAPITAL ASSETS**

The following schedule presents the capital activity of governmental activities for the fiscal year:

**[Chart: Capital activity of governmental activities]**

The following schedule presents the capital activity of business-type activities for the fiscal year:

**[Chart: Capital activity of business-type activities]**

**NOTE 10: LONG-TERM DEBT OBLIGATION**

Long-Term liability activity for the year ended June 30, 2021 is summarized as follows:

[Chart: Long-term liability activity]

**General Obligation Bonds**

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the City. Annually, the City is required to compute the rate of property tax required to provide a fund to pay interest and principal at maturity. The City is in compliance with this requirement.

**General Obligation Bonds, Series 2016**

On December 6, 2016, the City issued General Obligation Bonds, Series 2016 in the aggregate principal amount of \$8,065,000, with interest rates ranging from 2.0% to 2.55%. The proceeds of the 2016 bond issuance were utilized to currently refund the outstanding principal balance of \$7,850,000 related to the General Obligation Bonds, Series 2011 A. The 2016 bonds are scheduled to mature January 1, 2037. Semi-annual interest payments commenced July 1, 2017, while annual principal payments commenced January 1, 2018. The bonds had an original issue premium of \$37,171, the unamortized portion of which is included in the balance reflected in the financial statements as of June 30, 2021. The current refunding resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of approximately \$1.3 million.

**United States Department of Agriculture (USDA)**

***Water Utility Loan***

In June 2013, the City issued bonds in an amount not to exceed \$5 million in connection with its Southeast Water Expansion project. The funding for the project was provided by the USDA under the federal direct loan for rural water and waste disposal systems program. Pursuant to program terms, the City was eligible for distributions of loan proceeds only after incurring project expenditures. The project was completed and the City expended a cumulative total of \$5 million through fiscal year 2017. The balance of the loan as of June 30, 2021 is \$4,098,969, which represents total project expenditures under the program less principal payments made. Under the terms of the note, the City is required to make quarterly payments in the amount of \$46,500, which include interest calculated at the fixed annual rate of 2% on the outstanding balance, which the remainder of each payment applied to the principal balance. The note is scheduled to mature June 28, 2053.

***Sewer Utility Loan***

In September 2015, Milford City Council approved a resolution to borrow an amount not to exceed \$1.6 million to finance various sewer infrastructure projects, including a supervisory control and data acquisition (SCADA) system, pump station upgrades, inflow and infiltration remediation, and related projects; collectively the “sewer project.” A financing agreement was reached with the USDA under the federal direct loan for rural water and waste disposal systems

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program in two phases. The borrowing limit in phase one is \$0.6 million subject to an annual rate of interest not to exceed 2.375%; the actual rate as determined at final loan closing in December 2019 was 1.75%. The borrowing limit in phase two is \$1 million subject to an annual rate of interest not to exceed 2.125%; the actual rate as determined at final loan closing in December 2020 was 1.25%. Pursuant to program terms, the City is eligible for distributions of loan proceeds only after incurring project expenditures. Certain project components were completed during fiscal year 2021 and the City expended a cumulative total of \$1 million through June 30, 2021 under phase two of the loan program to reach the cumulative total of \$1.6 million across both phases. The balance of the loan as of June 30, 2021 is \$1,574,506, which represents total project expenditures under both phases of the loan program less principal payments made. Under terms of the note, the City is required to make quarterly payments in the amount of \$13,186, which include interest calculated at the fixed annual rate of 1.75% and 1.25% on the outstanding balance of the phase one and two loans, respectively, with the remainder of each payment applied to the corresponding principal balance. The notes underlying loans phase one and two are scheduled to mature on December 31, 2059 and 2060, respectively.

**State of Delaware Revolving Funds**

***Water Pollution Control Revolving Fund (WPC RF)***

The City received funds in connection with its Wastewater Collection System Expansion project through financing agreements with the Delaware Water Pollution Control Revolving Fund. Funds received for the first part of the project were repaid in full during the fiscal year ended June 30, 2017. Additional funds were received for the second part of the project under a separate financing agreement. The balance of this obligation, as of June 30, 2021, is \$565,896. Semi-annual payments of \$32,852 include interest calculated at an annual rate of 2.0%. The note is scheduled to mature of July 1, 2030.

***Drinking Water State Revolving Fund (SRF)***

The City has also received funds from the State of Delaware in connection with its Washington Street Water Treatment Facility Replacement Project. The funds were provided by the Delaware Drinking Water State Revolving Funding only as expenditures were incurred by the City and approved by the State, subject to a maximum funding commitment of \$4 million. Interest only payments commenced September 1, 2012 and were due semi-annually at 1% per annum on the balancing outstanding as the project progressed. The project was completed during the fiscal year ended June 30, 2018 at a total cost of \$3,832,876. In accordance with the agreement, upon completion of the project, thirty-five percent of the amounts advanced were forgiven, resulting in forgiveness of debt in the amount of \$1,341,507 in fiscal year 2018. The remaining balance of \$2,491,369 is being amortized over a twenty-year period from the original advance date with interest at 1% per annum. The balance of this obligation as of June 30, 2021 is \$2,101,591. The note is scheduled to mature September 1, 2033.

**Kent County Levy Court**

***Sewer Infrastructure Improvement Loan***

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Kent County constructed a new southern transmission bypass sewer line and related facilities (the “bypass”) to remediate failing components of its sewer infrastructure. The County issued bonds to finance the cost of the improvements, as significant portion of which run through the City of Milford and benefit the users of Milford’s sewer system. Pursuant to the Agreement for Services, as amended, between the City and Kent County, the City is responsible for the pro rata portion of the debt service attributable to the costs of the bypass installed in the City’s sewer service territory. The City is required to remit payments in quarterly installments of \$12,735, which include interest at the fixed rate of 2.25% per annum. The balance of the obligation as of June 30, 2021 is \$1,096,077 and is scheduled to mature November 10, 2050.

Long-Term Debt outstanding as of June 30, 2021 is summarized as follows:

[Chart: Long term debt]

The annual requirements to amortize all debt outstanding as of June 30, 2021 follow:

[Chart: Annual requirements to amortize all debt outstanding]

#### **NOTE 11: COMMITMENTS AND CONTINGENCIES**

##### ***Open Claims/Judgments***

In the ordinary course of the City’s municipal and public utility operations, various commitments and contingent liabilities arise in addition to the normal encumbrances for the purchase of goods and services. The City does not anticipate material losses as a result of these transactions over and above the amounts reported in the statement of activities, which includes a provision for claims incurred during the fiscal year ended June 30, 2020 that remained open and adjudicated as of June 30, 2021.

##### ***Government Grant/Award Programs***

The City participates in a number of federal and state-assisted programs. These programs are subject to program compliance audits by the grantors or their representatives. Accordingly, the City’s compliance with applicable program requirements will be established at some future date. The amount, if any, of expenditures, not already disclosed, which may be disallowed by the granting agencies cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

#### **NOTE 12: DEFERRED COMPENSATION PLAN**

The City’s employee benefits program includes a deferred compensation plan under Internal Revenue Code (IRC) 457(b) which is available to substantially all full-time City employees. Participants may elect contributions through base salary deferral to the Plan not to exceed the lesser of the allowable calendar -year maximum under IRC 457(b)(2) and 100% of net compensation. The City matches 100% of employee contributions up to a maximum of 6.0% of the base salary. The City made contributions into the Plan totaling \$299,713 and \$289,139 for the years ended June 30, 2021 and 2020, respectively.

**NOTE 13: PENSION PLANS:**

***Defined Contribution Plan***

The City has a defined contribution plan under IRC 401(a) which was available to substantially all full-time City employees through December 31, 2004 (the “legacy plan”). For plan years beginning January 1, 2005, the City no longer makes contributions to the legacy plan, coinciding with the effective date of the City’s election to participate in the State of Delaware’s County and Municipal Pension Plans. All participants in the legacy plan will remain in the legacy plan until separation of employment from the City and may continue to invest funds in their respective accounts. The legacy plan is administered by VOYA Financial and was last amended and restated January 25, 2016 in order to comply with applicable IRS rules and regulations.

***State of Delaware County and Municipal Pension Plans***

Effective January 1, 2005, City Council elected, under provisions of the Delaware Code, to participate in the County and Municipal Police and Firefighter and the General Employees Retirement Funds. In connection with this election, the City agreed to fund prior service cost up to the maximum of fifteen (15) years of service for all eligible employees. Such funding was provided for from the City’s reserves in its Water and Sewer Funds, as well as from assets of its existing retirement funds. Descriptions of each of the State of Delaware Plans and important disclosures and information follow:

***Police and Firefighters’ Pension Plan***

The City contributes to a governmental cost-sharing multiple-employer defined benefit pension plan administered by the Delaware Public Employees’ Retirement System (DPERS) and managed by its Board of Pension Trustees (the Board). The plan, which is the State of Delaware County and Municipal Police and Firefighter Pension Plan, covers the City of Milford’s sworn police officers. The State of Delaware General Assembly is responsible for setting benefits and amending plan provisions. The State Board of Pension Trustees determines the contributions required. The board is composed of five members appointed by the Governor and confirmed by the State Senate, plus two ex-officio members.

**NOTE 13: PENSION PLANS (CONTINUED):**

Service benefits under the plan include 2.5% of final average monthly compensation multiplied by years of credited service up to 20 years, plus 3.5% of final average monthly compensation multiplied by years of service in excess of 20 years. The final monthly compensation is the monthly average of the highest three years of compensation. There are also disability benefits as well as survivor benefits provided by the plan. An employee is vested upon five years of credited service.

Employer contributions to the plan are determined annually by the Board of Pension Trustees. The employer contribution policy is set by State law and required contributions by active members and by participating employers. The contributions required by participating employers are based on an actuarial valuation and are expressed as a percentage of annual covered payrolls during the period for which the amount is determined. The employer contribution rate in fiscal year 2021 was 16.84% of payroll. In addition, employees are required to contribute 7% of compensation.

***Other Employees' Pension Plan***

The City contributes to a governmental cost-sharing multiple-employer defined benefit pension plan administered by the Delaware Public Employees Retirement System and managed by its Board of Pension Trustees (the Board). The plan, which is the State of Delaware County and Municipal Other Employees Pension Plan, covers all full-time non-uniformed City employees as well as elected officials. The State of Delaware General Assembly is responsible for setting benefits and amending plan provisions. The State Board of Pension Trustees determines the contributions required. The board is composed of five members appointed by the Governor and confirmed by the State Senate, plus two ex-officio members.

Service benefits include 1/60<sup>th</sup> of final average monthly compensation multiplied by years of credited service, subject to maximum limitations. For this plan, the final average monthly compensation is the monthly average of the highest five years of compensation. There are also disability benefits as well as survivor benefits provided by the plan. An employee is vested upon five years of credited service.

Employer contributions to the plan are determined annually by the Board of Pension Trustees. The employer contribution policy is set by State law and required contribution by active members and by participating employers. The contributions required by participating employers are based on actuarial valuation and are expressed as a percentage of annual covered payrolls during the period for which the amount is determined. The employer contribution rate in fiscal year 2021 was 7.28% of pension-creditable payroll. In addition, employees are required to contribute 3.0% of compensation in excess of \$6,000.

***Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

The components of the total net pension liability of each plan as of the June 30, 2020 measurement date were as follows:

**CITY OF MILFORD, DELAWARE**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021

The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate net pension liability was determined by rolling forward the Systems total pension liability as of June 30, 2019 to June 30, 2020. The City's proportionate share of the net pension liability was calculated utilizing the employer's one-year reported covered payroll as it related to the total one-year reported covered payroll. As of June 30, 2020 and 2019, the City's proportion for each plan is as follows:

[Chart: Proportion of net pension liability for police/firefighters and other employees]

For the year ended June 30, 2021, the City recognized pension expense for the plans as follows:

[Chart: Pension expenses for police/firefighters and other employees]

As of June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources

[Chart: Deferred outflows for police/fire and other employees]

### ***Actuarial Assumptions***

The total pension liability was determined by an actuarial valuation as of June 30, 2019, and update procedures were used to roll forward the total pension liability to June 30, 2020. The following actuarial assumptions were used and applied to all periods included in the measurement:

- Investment return – 7.0%, includes inflation at 2.50%
- Salary increases – Effective average of 2.50%, which reflects an allowance for inflation of 2.50%, plus merit.

The discount rate assumption of 7.0% is unchanged from the prior year. Mortality rates were based on the RP-2014 tables with gender adjustments for healthy annuitants and disabled retirees and an adjusted version on MP-2015 mortality improvement scale on a fully generational basis.

The total pension liabilities are measured based on assumptions pertaining to interest rates, inflation rates and employee demographics in future years. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates the larger the impact on the future financial statements.

### ***Investments***

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by an asset allocation percentage which is based on the nature and mix of current and expected plan investments, and by adding expected inflation.

**CITY OF MILFORD, DELAWARE**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021

Best estimates of geometric real rates of return for each major asset class as of June 30, 2020 are summarized in the following table:

[Chart: Asset class geometric real rates of return]

***Discount Rate***

The discount rate used to measure the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at rates determined by the Board of Pension Trustees, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

***Sensitivity of the City's Proportionate Share of the Net Pension Liability***

The following presents the City's net pension liability, calculated using the discount rate of 7.0% as well as what the resulting net pension liability if calculated using a discount rate one percentage point lower (6.0%) or higher (8.0%) than the current rate:

[Chart: Net pension liability]

***Pension Plan Fiduciary Net Position***

Detailed information about DPERS' fiduciary net position is available in DPERS Comprehensive Annual Financial Report which can be found on the System's website at <https://open.omb.delaware.gov>.

**NOTE 14: IMPLEMENTATION OF GASB STATEMENT NO. 84, FIDUCIARY ACTIVITIES:**

The City implemented GASB Statement No. 84, Fiduciary Activities, for the period ended June 30, 2021. As a result, a prior period adjustment was required to recognize certain Parks and Recreation permit revenue totaling \$93,400 through June 30, 2020 previously accumulated and reported as a fiduciary obligation related to the development of parks and recreation facilities. Parks and recreation permit fees of \$42,700 collected during the fiscal year ended June 30, 2021 were reported as cash and assigned fund balance on the Governmental Funds Balance Sheet and Statement of Net Position, as licenses and permits revenue on the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances, and as culture and recreation capital grants and contributions on the Government Wide Statement of Activities. Similarly, a prior period adjustment was required to recognize certain permit fee collections totaling \$486,792 through June 30, 2020 previously accumulated and reported as a fiduciary obligation to offset the impact of growth and development on local fire and rescue resources. Enhancement funding fees generated through building permit assessments totaling \$133,880 during the fiscal year ended June 30, 2021 were reported as cash and restricted fund balance on the Governmental Funds Balance Sheet and Statement of Net Position, as licenses and permits revenue on the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances, and as public safety capital grants and contributions on the Government Wide

**CITY OF MILFORD, DELAWARE**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021

Statement of Activities. Additionally, \$436,145 in sewer impact fees collected on behalf of Kent County in connection with the County's investment in sewer infrastructure utilized by the City of Milford for the treatment and disposal of wastewater were reported as cash and restricted net position on the Proprietary Funds and Government Wide Statements of Net Position. Through the period ended June 30, 2020, sewer impact fees collected on behalf of Kent County were reported in the fiduciary funds.

**NOTE 15: THE DELAWARE MUNICIPAL ELECTRONIC CORPORATION:**

The City is a member of the Delaware Municipal Electric Corporation (DEMEC). DEMEC is a public corporation constituted as Joint Action Agency and a wholesale electric utility. DEMEC was established in 1979 and represents eight municipal electric distribution utilities located in the State of Delaware and provides full requirements wholesale electric power supply service to all eight members, including the City of Milford, through the operation of owned generation assets and various wholesale supply contracts with external parties. The City purchases 100% of its electric supply requirements from DEMEC under a long-term full requirements service contract dated October 15, 2003 (the "Agreement"), which will remain in effect unless terminated upon one year's written notice by either party. The obligation of the City to purchase and pay for full requirements service, including its allocated costs under any then current forward contract for capacity and energy between DEMEC and a third party in effect as of the date of notice of termination, shall survive the termination of the Agreement. On May 1, 2001, the City entered into separate power sales agreements to purchase an interest in the capacity produced by Unit 1 of the Warren F. "Sam" Beasley Power Station located in Smyrna, Delaware (the "Facilities"). On May 1, 2011, the City entered into separate power sales agreements to purchase an interest in the capacity produced by Unit 2 of the Facilities. The City is entitled to 20.3 percent of all power supply and ancillary benefits produced from the existing nominal 45 MW and 50 MW natural gas-fired combustion turbine generators installed in connection with Units 1 and 2, respectively, for the useful life of the Facilities. Under the terms of the various agreements, DEMEC is authorized to act as agent for the City in all matters relating to the acquisition and delivery of its wholesale power supply and management of energy cost risk on behalf of the City in the deregulated energy markets.

**NOTE 16: IMPACT OF CORONAVIRUS (COVID-19):**

The World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities, including the City of Milford. Specific to the City of Milford, COVID-19 may impact various 2022 operations and financial results, including but not limited to the City's utility and real estate tax collections, utility revenue in the form of deferred rate increases, lodging tax revenue due to travel restrictions, Parks and Recreation Department activity due to safety and distancing requirements, and other events, as well as increases in expenditures for emergency preparedness initiatives and personnel costs. City Management is taking appropriate actions to mitigate any negative impact, including the delay or deferral of non-critical spending and the solicitation of federal and state grant proceeds to offset incremental emergency preparedness costs and employee safety initiatives. The full impact of COVID-19 on the City's financial condition is unknown, as events continue to develop into the subsequent fiscal

year. However, no events occurring during the reporting period and no events occurring during the period from July 1, 2021 through February 28, 2022 resulted in the need to recognize any additional expense or record any additional liabilities. Management's expectation is that the impact of the COVID-19 pandemic on the City's financial position will not reach the level of significant materiality, though Management and Council remain diligent in efforts to operate efficiently, avoid unnecessary spending, work safely, and maximize services to the community during the pandemic.

**NOTE 17: SUBSEQUENT EVENTS:**

***Bond Anticipation Note (BAN), Series 2021 – Police Facility***

The City closed on a bond anticipation note (BAN), series 2021 with PNC Bank, N.A. in an amount not to exceed \$20 million on November 30, 2021 as authorized by Council on December 14, 2020 and approved by referendum on January 26, 2021. The temporary, construction-period loan bears a variable rate of interest calculated daily based on the tax-exempt equivalent of the Bloomberg Short Term Bank Yield Index or "BSBY" plus a fixed margin, subject to a floor of 1.08%, billed monthly as applied only to outstanding principal balances drawn. The loan matures on November 30, 2024, at which point the entire principal balance is due and payable in full. The City anticipates satisfying the BAN in full on or before the maturity date with a permanent issuance of long-term, tax-exempt general obligation bonds at a fixed rate of interest. As of February 28, 2022, a total of \$41,245 was drawn against the BAN.

***Property Acquisition – Business Campus***

On December 15, 2021, the City acquired agricultural property containing 182 acres of land for the purpose of developing a business campus with commercial and industrial uses. The City's cash reserves were utilized for the acquisition; no debt issuance or other financing was used to support the acquisition. The City expects to fund the utility and road infrastructure with a combination of utility reserves, intergovernmental grants and ongoing permit fees, user charges and other revenues.

***Property Acquisition – Greenway/Trail System***

On December 15, 2021, the City acquired agricultural property containing 19 acres of land for the purpose of preserving undeveloped lands and creating a greenway through a natural corridor to interconnect several areas of the City with a series of parks, trails and open space. The City's cash reserves were utilized for the acquisition. The City's cash reserves were utilized for the acquisition; no debt issuance or other financing was used to support the acquisition. The City expects to fund development of parks and trails with a combination of governmental fund reserves, intergovernmental grants and ongoing permit fees, user charges and other revenues.

# The City of Milford

## Required Supplementary Information

As of and for the Year Ended June 30, 2021

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## **NOTE 1 – GENERAL**

Required supplementary information includes financial information and disclosures that are required by the Governmental Accounting Standards Board but are not considered part of the basic financial statements.

## **NOTE 2 – BUDGETARY BASIS**

The budgetary comparison schedule is prepared on a basis that is consistent with generally accepted accounting principles (GAAP).

## **NOTE 3 – PENSION PLANS**

The following notes pertain to both the County and Municipal Police and Firefighters Pension Plan and the County and Municipal Other Employees' Pension Plan.

### *Changes in Benefit Terms*

None

### *Changes in Assumptions*

The changes in assumptions used to determine total pension liability are described in [Note 13 to the basic financial statements](#).

### *Method and Assumptions used in calculations of actuarially determined contributions*

The actuarially determined contribution rates in the Schedule of Employers' Contributions are calculated as of the June 30 two years prior to the end of the fiscal year in which the contributions are reported. Complete descriptions of the methods and assumptions used to determine the contribution rates for Fiscal Year 2021 can be found in the June 30, 2019 actuarial valuation reports. The following actuarial methods and assumptions were used to determine contribution rates reported in that schedule:

- Actuarial Cost Method – Entry Age Normal
- Amortization Method – Open 10 Year Level Percent of Payroll
- Remaining Amortization Period – 10 Years
- Asset Valuation Method: 5 Year Smoothed Market
- Actuarial Assumptions
  - Discount Rate – 7.0%
  - Amortization Growth Rate 3.0%
  - Price Inflation – 2.5%

### *10-year Reporting Requirements*

The preceding required supplementary schedules, as related to pensions, are intended to show information for 10 years. Additional years will be displayed as they become available.

# The City of Milford

## Additional Information

As of and for the Year Ended June 30, 2021

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**CITY OF MILFORD, DELAWARE**  
**ADDITIONAL INFORMATION**  
**JUNE 30, 2021**

**Taxation**

The City annually adopts an assessment listing based on its own assessments of real property. Real Property was last reassessed in the City of Milford in 2012. The assessment reflected recorded sale data available in 2012. Assessments are based on 100% of the 2012 appraised value. Appraisals for all classifications of property are equal to estimated replacement cost less depreciation.

**Tax Assessments**

<b>Year</b>	<b>Assessment</b>	<b>Ratio, Assessed to Market Value</b>	<b>Market Value</b>
2021	\$ 1,322,462,352	69%	\$ 1,911,072,763
2020	1,304,217,652	74%	1,762,456,286
2019	1,108,131,359	78%	1,420,681,230
2018	1,076,761,765	75%	1,435,213,740
2017	1,064,336,304	81%	1,319,777,017
2016	1,049,526,712	89%	1,175,823,786
2015	1,038,988,192	91%	1,141,745,266
2014	1,030,515,982	95%	1,084,753,665
2013	1,012,236,303	96%	1,054,412,816
2012*	1,005,583,223	96%	1,047,482,524

*\*Reassessment completed in September 2012*

The City's property tax rate was \$0.46 per \$100 of assessed value throughout the FY21 reporting period. City Council approved the rate of \$0.48275 per \$100 of assessed value effective FY22. Milford also collects a Realty Transfer Tax (RTT) of 1.50% of the consideration of all property transfers within City limits effective July 1, 2001.

**Tax Appeals**

Milford City Council serves in the capacity of Board of Appeals to review assessments when appealed by property owners. There are generally few appeals of assessments each year.

<b>Ratable Classification</b>	<b>2021 Assessed Value (AV)</b>	<b>2021 Market Value (MV)*</b>	<b>AV ÷ MV</b>
Public Utilities	\$5,401,952	\$7,806,289	
Agriculture	878,100	1,268,931	
Residential	610,189,400	881,776,590	
Multi-Family	43,996,300	63,578,468	
Commercial	310,143,000	448,183,526	
Industrial	11,488,400	16,601,734	
Exempt	340,365,200	491,857,225	
<b>TOTAL</b>	<b>\$1,322,462,352</b>	<b>\$1,911,072,763</b>	<b>69%</b>

*\*Estimated based on City of Milford market sales data sampling*

**CITY OF MILFORD, DELAWARE**

ADDITIONAL INFORMATION

JUNE 30, 2021

**Top 20 Taxpayers**

<b>2021 Assessed Value</b>	<b>Land Use</b>	<b>Parcel Owner</b>	<b>2021 Tax Levy</b>
\$ 31,529,800	COMMERCIAL	CLARK AVENUE REALTY	\$ 145,037
18,827,600	COMMERCIAL	MILFORD PLAZA	86,607
16,426,800	COMMERCIAL	WAL-MART STORES	75,563
16,712,200	RESIDENTIAL	KEY PROPERTIES LLC	62,681
9,447,900	MULTI-FAMILY	RESERVE AT SAW MILL	43,460
9,203,100	MULTI-FAMILY	WATERGATE AT MILFORD	42,334
8,252,800	COMMERCIAL	MILFORD CENTER	37,963
6,869,500	COMMERCIAL	CYPRESS CAPITAL	31,600
6,734,300	MULTI-FAMILY	CASCADES	30,978
6,558,100	COMMERCIAL	BALTIMORE AIRCOIL COMPANY	30,167
6,547,100	COMMERCIAL	US COLD STORAGE	30,117
6,144,700	COMMERCIAL	HELMICK MILFORD	28,266
5,302,800	MULTI-FAMILY	CASE EDWARDS MANAGEMENT	24,393
5,162,300	INDUSTRIAL	PURDUE RE HOLDINGS	23,747
4,899,500	MULTI-FAMILY	PURDUE RE HOLDINGS	22,538
4,799,800	COMMERCIAL	TRAN CON BUILDERS	22,079
4,763,300	COMMERCIAL	SW ACQUISITIONS	21,911
4,530,600	COMMERCIAL	RIVERWALK CENTER AT MILFORD	20,841
4,431,600	COMMERCIAL	SHAWNEE FARM	20,385
4,280,000	MULTI-FAMILY	PARSON THORNE REALTY ASSOC	19,688

**Tax Collections and Delinquent Taxes**

<b>Year Ended June 30</b>	<b>Tax Collections</b>			<b>Past Due</b>
	<b>Taxes Budgeted</b>	<b>Cash Collections</b>	<b>Collections as % of Budget</b>	<b>Outstanding as of June 30</b>
2021	\$ 4,296,000	\$ 4,322,838	101%	\$ 180,783
2020	4,126,385	4,074,644	99%	241,673
2019	3,902,716	3,943,184	101%	210,077
2018	3,820,560	4,038,010	105%	178,337
2017	3,732,970	3,817,534	102%	344,177
2016	3,701,000	3,720,159	101%	307,883
2015	3,746,000	3,660,900	98%	359,772
2014	3,556,965	3,518,917	99%	358,545
2013	3,483,380	3,433,254	99%	281,371
2012	2,989,155	2,974,203	99%	231,245

**Selected Debt Ratios**

[Chart: Selected debt ratios]

**Direct Debt**

[Chart: Direct debt]

**Largest Employers**

The largest employers in and around the City of Milford follow:

<u>Name</u>	<u>Description</u>	<u>Employee Count*</u>
Perdue Farms, Inc.	Poultry Processing	1,550
Bayhealth, Inc.	Healthcare	800
Milford School District	Education	558
Dentsply Sirona, Inc.	Dental Supplies	525
Sea Watch International, Inc.	Seafood Processing	280
Kent-Sussex Industries, Inc.	Agricultural Products	117
City of Milford	Government	105
First State Manufacturing, Inc.	Industrial Sewing	100

***\*Employee counts represent estimates based on the City of Milford 2017 Comprehensive Plan***

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Honorable Mayor and Members of the City Council

City of Milford, Delaware

Page 1 of 2

[TO BE PREPARED BY AUDIT FIRM]

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[TO BE PREPARED BY AUDIT FIRM]

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON  
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Honorable Mayor and Members of the City Council

City of Milford, Delaware

Page 1 of 1

[TO BE PREPARED BY AUDIT FIRM]

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**CITY OF MILFORD, DE**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

<b>Federal Grantor/Pass-through Grantor/Program</b>	<b>Federal CFDA Number</b>	<b>Pass Through Entity Identifying Number</b>	<b>Passed Through to Subrecipients</b>	<b>Total Federal Expenditures</b>
US Department of Agriculture Community Facilities Loans and Grants Loan Grant	10.766	n/a	\$ - -	\$ 54,236 883,468
US Department of the Treasury American Rescue Plan Act	21.027	n/a	-	224,750
US Department of Justice Coronavirus Emergency Supplemental Funding	16.034	n/a	-	79,839
US Department of Justice Bulletproof Vest Partnership	16.607	n/a	-	1,119
US Department of Justice Edward Byrne Memorial Justice Assistance	16.738	n/a	-	38,522
Total expenditures of federal awards			<u>\$ -</u>	<u>\$ 1,281,934</u>

**CITY OF MILFORD, DE**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

**NOTE 1 – BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the City of Milford, Delaware under programs of the federal government for the year ended June 30, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only the selected portion of the operations of the City of Milford, Delaware, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City of Milford.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**NOTE 3 – INDIRECT COST RATE**

The City of Milford has elected to use the 10% de minimis indirect cost rate allowed by the Uniform Guidance.

**NOTE 4 – USDA COMMUNITY FACILITIES LOANS AND GRANTS**

The objective of the USDA Community Facilities Program is to provide loans or grant funds for the development of essential community facilities. The City received funds in the form of both loan draws and grants for its ongoing sewer improvements project. Federal expenditures presented in the Schedule were incurred pursuant to direct loan 9 and grant 10 in the amounts of \$54,236 and \$883,468, respectively, for a total of \$937,704.

CITY OF MILFORD, DE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2021

**SUMMARY OF AUDITOR'S RESULTS [TO BE PREPARED BY AUDIT FIRM]**

Financial Statements

Type of auditor's report issued: **Unmodified**

Internal control over financial report

Material weaknesses identified? **No**

Significant deficiencies identified? **None reported**

Noncompliance material to financial statements noted? **No**

Federal Awards

Internal control over major programs

Material weaknesses identified? **No**

Significant deficiencies identified? **None reported**

Type of auditor's report issued on compliance for major program: **Unmodified**

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? **No**

Major Program:

CFDA Number

Name of Federal Program

10766

Community Facilities Loans and Grants

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? **No**

## Agenda:

### 1. Background

- Size of Market/Fully Electric Vehicles
- Types of Chargers
- Locations
- Funding Opportunities

### 2. Process/Progress

- Site/Make Ready
  - Power Requirements
  - Charger Installs
- Procurement
  - Make v. Buy Decision

### 3. Questions

# Electric Vehicle (EV) Charging Station Update

Council Workshop

Wednesday, March 23<sup>rd</sup>, 2022

6:00 PM

Michael Svaby



# Some Perspective...

## 7 Biggest Electric-Only Car Companies By 2021 Sales

Ranking	Company	EVs Delivered in 2021	Market Cap*
#1	Tesla	936,172	\$948 Billion
#2	BYD	603,783	\$115 Billion
#3	XPeng	98,155	\$38.3 Billion
#4	NIO	91,429	\$47.7 Billion
#5	Li Auto	90,491	\$31.1 Billion
#6	Rivian	1,015	\$58.5 Billion
#7	Lucid Motors	577	\$63.7 Billion

## "Traditional" Car Companies That Produced the Most EVs in 2021

Ranking	Company	EVs Delivered in 2021*	Market Cap
#1	Volkswagen	762,400	\$134.6 Billion
#2	General Motors**	688,000 - 700,000	\$79.3 Billion
#3	Toyota	583,697	\$284.6 Billion
#4	Daimler	227,458	\$88.8 Billion
#5	Hyundai / Kia	220,000 - 250,000	N/A
#6	BMW	328,316	\$71.4 Billion
#7	Honda	107,060	\$52 Billion
#8	Renault	~100,000	\$11.1 Billion
#9	Ford**	70,000 - 100,000	\$86.5 Billion
#10	Nissan***	56,000 - 65,000	\$21 Billion

# Charger Types

**Level 2 Charging**  
10 to 20 miles of range per  
1 hour of charging



J1772 connector

**Level 1 Charging**  
2 to 5 miles of range per  
1 hour of charging



J1772 connector

**DC Fast Charging**  
60 to 80 miles of range per  
20 minutes of charging



CCS  
connector



CHAdeMO  
connector



Tesla  
connector

# Location Considerations

1. Attractors: Shopping Restaurants, Service Facilities

1. Duration of Parking, Parking Demand, Local Parking Market

2. Power Availability

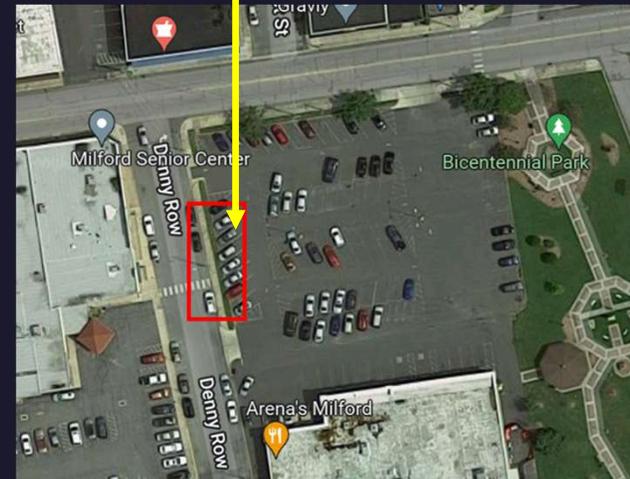
3. Corridor access

# Our Pilot Locations

Type III DC Fast  
Charge: Customer  
Service Parking Lot



Type II: Arena's  
Parking Lot



# Funding Opportunities

- DNREC Rebate (II's) – up to 90% of equipment costs of 6 charging ports
- III's/DC Fast Chargers: Volkswagen Diesel Settlement to the States – DE rec'd (\$9.6M) States are permitted to allocate up to 15% (\$1.4M) of this on EV Charging – up to 75% of all costs.
- 3. Biden Administration Infrastructure Plan - up to \$7.5B was identified for EV Infrastructure –into effect in 2023.

# Process/Progress

- Site/Make Ready
  - Power Requirements
  - Charger Installs
- Procurement
  - Workforce v. Turnkey
  - Design/Install

# Process/Progress

Questions??